

GO COMMITTEE #8  
May 2, 2019

**Worksession**

**MEMORANDUM**

April 30, 2019

TO: Government Operations and Fiscal Policy Committee  
FROM: Jean Arthur, <sup>JCA</sup> Legislative Analyst  
SUBJECT: **Worksession: FY20 Operating Budget: Ethics Commission**  
PURPOSE: Make recommendations on the budget for the Ethics Commission

*Those expected to attend this worksession include:*  
Robert Cobb, Executive Director, Ethics Commission  
Phil Weeda, Office of Management and Budget

**Budget Summary:**

- **The Executive is recommending a budget of \$469,955 for the Ethics Commission for FY20, a 1.44 percent increase over FY19.**

**Council Staff Recommendation:**

- **Council staff recommends approval as submitted by the County Executive.**

Relevant pages from the FY20 Recommended Operating Budget are attached on ©1-4.

The Ethics Commission's annual report for calendar year 2018 can be found at:  
<https://www.montgomerycountymd.gov/Ethics/Resources/Files/pdfs/Annual%20Report%20for%20Calendar%20Year%202018.pdf>

**BACKGROUND**

The Ethics Commission consists of five County residents appointed by the County Executive and confirmed by the Council. Commissioners serve staggered four-year terms.

The Commission aims to promote the public’s trust of County government through the independent administration, including enforcement, of laws designed to ensure impartiality and ethical behavior of County employees, including elected officials, in the execution of their responsibilities.

The Commission’s primary duties are the administration of these programs: financial disclosure, lobbying disclosure, and outside employment approval. In addition, the Commission drafts ethics regulations and legislation for the Council’s consideration and provides ethics training for County employees.

**BUDGET OVERVIEW**

For FY20, the County Executive recommends a total of \$469,955, an increase of \$6,672 over the current approved budget of \$463,283. The recommended budget funds three full-time positions for 3 FTEs.

	<i>FY18 Actual</i>	<i>FY19 Approved</i>	<i>FY20 Recommended</i>
<i>Expenditures by fund</i>			
General Fund	\$431,216	\$463,283	\$469,955
<i>Expenditures by type</i>			
Personnel Cost	\$398,036	\$404,400	\$431,072
Operating Expenses	\$33,180	\$58,883	\$38, 883
<b>Total Expenditures</b>	<b>\$431,216</b>	<b>\$463,283</b>	<b>\$469,955</b>
<i>Positions</i>			
Full-Time	3	3	3
Part-Time			
<b>FTEs</b>	<b>3</b>	<b>3</b>	<b>3</b>

**FY20 HIGHLIGHTS**

**Ethics regulations** – The Council approved Executive Regulation 22-16AM on July 24, 2018. The new regulations amended certain rules to accommodate current life situations as well as addressed several new issues.

As part of implementing the new regulations, the Ethics Commission is working with the Department of Technology Services to create an online application process for outside employment of police officers.

County regulations require a police officer to apply to both the Police department and the Ethics Commission for permission for outside employment. The new electronic form is intended to serve as an application to both entities.

**Lobbyists Registration** – Lobbyists registrations continue to trend down in 2019 (calendar year). There is no obvious explanation for the dramatic reduction in lobbyist registering with the County in the last approximately eighteen months.

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# Ethics Commission

**RECOMMENDED FY20 BUDGET**  
**\$469,955**

**FULL TIME EQUIVALENTS**  
**3.00**

☀ **ROBERT W. COBB, DIRECTOR**

## MISSION STATEMENT

The Ethics Commission exercises authorities granted to it under the Public Ethics Law to promote the public's trust of County government and to ensure the impartiality of County employees, including elected officials, in the execution of their responsibilities.

## BUDGET OVERVIEW

The total recommended FY20 Operating Budget for the Ethics Commission is \$469,955, an increase of \$6,672 or 1.44 percent from the FY19 Approved Budget of \$463,283. Personnel Costs comprise 91.73 percent of the budget for three full-time position(s) and no part-time position(s), and a total of 3.00 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 8.27 percent of the FY20 budget.

## COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following is emphasized:

◆ **Effective, Sustainable Government**

## DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable). The FY19 estimates reflect funding based on the FY19 Approved Budget. The FY20 and FY21 figures are performance targets based on the FY20 Recommended Budget and funding for comparable service levels in FY21.

Measure	Actual FY17	Actual FY18	Estimated FY19	Target FY20	Target FY21
<b>Program Measures</b>					
Percentage of Executive Branch public financial disclosure filers in compliance with ethics training requirement	NA	99%	99%	99%	99%
Number of financial disclosure statements required (calendar year)	1,768	1,786	1,786	1,786	1,786
Number of formal opinions, waivers and guidance (calendar year)	22	15	15	15	15
Number of lobbyists registered (calendar year)	270	172	172	172	172
Number of lobbyist activity reports (calendar year)	405	259	259	259	259
Number of outside employment requests processed (calendar year)	1,045	882	882	882	882

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## **ACCOMPLISHMENTS**

- ☑ Based on initiatives of the Ethics Commission, the County Council amended the County's public ethics law and approved regulations the Ethics Commission submitted addressing employee conduct and ethics program administration.
- ☑ More than 99% of executive branch public financial disclosure filers attended mandatory ethics training between May 17, 2017 and July 1, 2018.

## **INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS**

- ☀ The Commission worked with Department of Technology Services (DTS) to develop and implement an electronic payment system to collect lobbying registration fees.
- ☀ With the assistance of the DTS, the Commission initiated changes to the outside employment online system and the lobbying registration and activity reporting system based on amendments to the ethics law and newly approved regulations. These changes will improve the operation of ethics programs and facilitate use of the online systems.

## **PROGRAM CONTACTS**

Contact Robert Cobb, Director of the Ethics Commission at 240.777.6674 or Phil Weeda of the Office of Management and Budget at 240.777.2780 for more information regarding this department's operating budget.

## **PROGRAM DESCRIPTIONS**

### ☀ **Ethics Program Compliance**

**Financial Disclosure:** The Public Ethics Law requires filing of financial disclosure reports by certain County employees. The Ethics Commission administers the electronic filing system for reporting and coordinates with the Office of Human Resources and all County agencies regarding the status of filers. It resolves all anomalous circumstances and questions from filers that routinely arise associated with the filing of financial disclosure reports and the system designed for that purpose.

**Outside Employment:** The Public Ethics Law requires that County employees obtain approval from the Ethics Commission prior to engaging in any employment other than County employment. The Ethics Commission administers an online process pursuant to which requests are made and reviewed by the employee's agency. The Ethics Commission staff prepares all requests for consideration by the Ethics Commission, including obtaining additional information from requestors and County agencies and conducting preliminary legal analysis of requests. The Ethics Commission approves requests, as appropriate, setting conditions on approval as necessary to ensure compliance with ethics requirements, and staff notifies requestors by letter of the disposition of requests. The Ethics Commission publishes and updates approved outside employment information required to be made public by the Public Ethics Law.

**Lobbying:** The Public Ethics Law requires certain persons who spend or receive over \$500 to communicate with County officials and employees to register as lobbyists and to file semi-annual activity reports with the Ethics Commission. Annual registration fees are required and are paid to the Ethics Commission and processed and deposited in the General Fund. The Ethics

Commission publishes and updates information required to be made public by the Public Ethics Law.

Complaints, Investigations, and Hearings: Pursuant to the Public Ethics Laws, the Ethics Commission receives complaints and, as appropriate, conducts investigations, and/or hearings; makes findings,; and imposes sanctions and penalties if warranted.

Advisory Opinions, Waivers, and Advice: In accordance with the Public Ethics Law, the Ethics Commission answers inquiries on the application of the Public Ethics Law, publishes opinions, and grants waivers of Ethics Law requirements, as appropriate.

Education: The Ethics Commission conducts public education and other information programs regarding the Public Ethics Law.

Legislative and Regulatory: The Ethics Commission recommends and prepares new ethics legislation and regulations.

Coordination and Outreach: The Staff of the Ethics Commission coordinates with the Office of the County Attorney and the Office of the Inspector General as necessary on legal and investigative matters. The staff also serves as the principal public resource on the County's Ethics Laws, including managing a website that reflects Ethics Commission programs, activities, and publications such as annual reports, approvals of outside employment requests, lobbying data, and waivers and opinions.

Administration: The staff of the Ethics Commission is responsible for ensuring that Ethics Commission meetings are conducted in accordance with the Open Meetings Act and other applicable law, and the Ethics Commission members are informed and advised as to all material matters under their jurisdiction, Ethics Commission staff is also responsible for budget, procurement, human resources, and resource management for the operation of the office in accordance with Montgomery County policies.

## BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	320,982	325,812	333,820	345,243	6.0 %
Employee Benefits	77,054	78,588	81,844	85,829	9.2 %
<b>County General Fund Personnel Costs</b>	<b>398,036</b>	<b>404,400</b>	<b>415,664</b>	<b>431,072</b>	<b>6.6 %</b>
Operating Expenses	33,180	58,883	47,464	38,883	-34.0 %
<b>County General Fund Expenditures</b>	<b>431,216</b>	<b>463,283</b>	<b>463,128</b>	<b>469,955</b>	<b>1.4 %</b>
<b>PERSONNEL</b>					
Full-Time	3	3	3	3	—
Part-Time	0	0	0	0	—
FTEs	3.00	3.00	3.00	3.00	—
<b>REVENUES</b>					
Miscellaneous Revenues	23,875	30,000	30,000	30,000	—
<b>County General Fund Revenues</b>	<b>23,875</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>—</b>

**FY20 RECOMMENDED CHANGES**

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY19 ORIGINAL APPROPRIATION</b>	<b>463,283</b>	<b>3.00</b>
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Annualization of FY19 Personnel Costs	13,638	0.00
Increase Cost: FY20 Compensation Adjustment	10,904	0.00
Increase Cost: Retirement Adjustment	2,130	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY19	(20,000)	0.00
<b>FY20 RECOMMENDED</b>	<b>469,955</b>	<b>3.00</b>

**FUTURE FISCAL IMPACTS**

**CE RECOMMENDED (\$000S)**

Title	FY20	FY21	FY22	FY23	FY24	FY25
<b>COUNTY GENERAL FUND</b>						
<b>EXPENDITURES</b>						
<b>FY20 Recommended</b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>470</b>
No inflation or compensation change is included in outyear projections.						
<b>Labor Contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>470</b>	<b>470</b>