

Testimony before the Appropriations Committee Budget Hearing

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The Office of State Ethics (OSE) is a relatively new agency that was created in 2005 as a successor to the State Ethics Commission. It has had a rocky start as an agency and it wasn't until 2008 that most of the pieces were in place to move from getting ready to be an agency to actually being an agency doing its work. The mission of the OSE is to ensure honesty, integrity and accountability through education, interpretation and accountability in state government. It does so by providing legal advice, guidance and education to public officials, state employees and lobbyists; by sensibly interpreting and, when necessary, fairly and impartially enforcing the applicable laws; by administering the lobbyist and financial disclosure filing systems; and by providing the public with access to nonexempt information.

Background

This current fiscal year, 2008-2009, the OSE has a \$1.8 million budget for personal services and all other expenditures, with an additional one-time appropriation of \$400,000 for an IT initiative account. In addition, a carry-forward of \$384,000 from the FY 2007-2008 IT initiative account brought total funds available to the OSE up to approximately \$2.6 million.

The IT initiative account, totaling \$784,000, provided funds to update and enhance the online lobbyist filing system, which is mandatory, and the online financial disclosure system, which is voluntary. Both systems were created more than 10 years ago and are obsolete by today's technology standards. A total of \$550,000 has been committed, \$400,000 for a contract to update and enhance the lobbyist filing system and nearly \$150,000 for a contract to update and enhance the Statement of Financial Interests filing system. Both contracts will be completed later this spring. The new systems will provide reliable data to the public, enable the OSE to administer the systems with a minimum of staff, and enable filers to complete their filings with a user-friendly and intuitive system that will help to increase compliance and transparency.

In November 2008, \$234,000 from the IT initiative account that would lapse at the end of the fiscal year was cut from the OSE budget. This January, \$150,000 was cut from personal services, representing funds that would lapse at the end of the year due to the hiring freeze imposed by the Governor. These combined cuts reduce the OSE's total funds available by 15%, bringing the total down to \$2.2 million. The hiring freeze has resulted in the OSE being unable to fill three vacant positions that together represent 14% of the OSE staff.

The OSE collected lobbyist registration fees totaling \$552,000 for the 2007-2008 biennium session. An analysis, pursuant to §1-95(b), which provides “the lobbyist registration fees cannot” exceed the cost of administering the form, plus collecting, filing, copying and distributing the information . . .” is being conducted to determine whether the fee can be raised. The fee has been \$150 per biennium and \$75 per year since the mid-1990s.

FY 2009-2010 and 2010-2011 Budget

The OSE has proposed a budget of \$2 million for FY 2009-2010 and \$2.2 million for FY 2010-2011. This budget provides for a staff of 21 in 2010 and, with the addition of a legislative liaison/education position, staff of 22 in 2011. Currently, one staff member is responsible for all of the OSE’s outreach efforts, which in 2008 included 49 educational programs attended by nearly 3,000 people, an upgrade to the website, the creation of a new training DVD that is also available as a streaming video on the website, monthly communications with agency liaisons and compliance officers and the organization of Ethics Day in September 2008. The legislative liaison role is currently the responsibility of an assistant general counsel whose regular assignment is to respond to written requests for legal advice and provide responses to frequent callers who consult the OSE.

For both FY 2009-2010 and FY 2010-2011, approximately 82% of the OSE budget comprises salaries for the staff. The other 18% covers all operational expenses of the agency, including funds to pay for judge trial referees and an account to pay attorneys fees for individuals who are found not to have violated the Code of Ethics following a hearing alleging a violation. Finally, the OSE is proposing \$50,000 each year for the IT initiative account to provide for amendments, upkeep and security to the new lobbyist filing and financial disclosure systems.

Governor Rell’s Proposed Budget

As part of her budget recommendations for FY 2009-2010 and 2010-2011, the Governor proposes to repeal Connecticut General Statutes 1-81a. This section of the Code of Ethics provides:

(a) Notwithstanding any provision of the general statutes, the appropriations recommended for the Office of State Ethics, as established in section 1-80, shall be the estimates of expenditure requirements transmitted to the Secretary of the Office of Policy and Management by the executive director of the Office of State Ethics and the recommended adjustments and revisions of such estimates shall be the recommended

adjustments and revisions, if any, transmitted by said executive director to the Office of Policy and Management.

(b) Notwithstanding any provision of the general statutes, the Governor shall not reduce allotment requisitions or allotments in force concerning the Office of State Ethics.

The OSE opposes the repeal of §1-81a. Section 1-81a was enacted in 2004 to protect the OSE from potential political retaliation by the Governor's office. In 2004, the bill had wide bipartisan support in both the House and the Senate. Repealing this section will again expose the OSE in the future to actions that may be politically rather than policy driven. Indeed, independence, freedom from political pressure and adequate funding make up the foundation for a strong ethics agency. Connecticut deserves nothing less.

The Governor's budget also proposes reducing the OSE budget by \$126,000 in FY 2009-2010 and \$178,000 in FY 2010-2011. The cuts proposed by the Governor will result in the continuation of three vacancies for two more years. The OSE has outlined an ambitious program over the next two years to increase Connecticut citizens' trust in the integrity of state government. In order to do so, it needs to be fully operational for the first time in its existence and thus needs all of its positions filled. By seeking to provide education, guidance and legal advice to all 55,000 state employees and officials, by fairly and vigorously enforcing violations of the Code of Ethics and by administering the lobbyist filing and financial disclosure systems to ensure compliance and transparency, the OSE will make inroads toward the challenging goal of transforming the ethical culture of state government in Connecticut.