



STATE OF CONNECTICUT OFFICE OF STATE ETHICS

TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS COMMITTEE

February 20, 2013

**Statement of Carol Carson, Executive Director
Office of State Ethics**

HB 6350 – An Act Concerning the Budget for the Biennium Ending June 30, 2015

HB 6353 – An Act Concerning State Budget Reform

**HB 6354 – An Act Implementing the Governor's Budget Recommendations Concerning
General Government**

Good Afternoon, Senator Harp, Representative Walker and distinguished members of the Appropriations Committee, thank you for the opportunity to present testimony today. My name is Carol Carson, and I am the Executive Director of Office of State Ethics (OSE). I'm here to testify on the budget of the Office of State Ethics.

The loss of an independent, adequately-funded Office of State Ethics will weaken trust in the integrity of state government by Connecticut citizens.

Governor Malloy's FY 2014-15 state budget, *House Bill 6350*, takes away the three pillars of ethics oversight in state government by removing independence, enforcement authority and adequate resources from the Office of State Ethics. According to *House Bill 6354*, the budget proposes moving the authority to provide guidance and advice, and to investigate and prosecute alleged violations of the Codes of Ethics to the Office of Governmental Accountability whose administrator reports directly to the Governor. In addition, the budget reduces the staff of the Office of State Ethics from 13 to 8 employees and cuts the Office of State Ethics budget by 54%. Finally, *House Bill 6353* removes the independent budgetary authority of the Office of State Ethics. **We strongly oppose *House Bill 6350* concerning budget cuts to the Office of State Ethics, *House Bill 6354* (Section 131 through 145) and *House Bill 6353*. Similar proposals to consolidate watchdog agencies failed in 1991, 1992, 2003 and 2010; this proposal should fail again now.**

Two years ago, the OSE was one of nine formerly independent agencies consolidated into the OGA to achieve savings in response to the serious budget crisis that the State faced and continues to face. As a result of the consolidation, the OSE experienced a reduction in positions from 18 to 13 and a budget cut of 32%. The deficit mitigation legislation passed in December 2012 further cut the budget by an additional 2% and the OSE is now projecting a deficit of approximately \$13,000. These cuts have had consequences to the operation of the OSE, including significantly fewer audits of lobbyist filings, increased late filings of Statements of Financial Interests by departing officials and decreased training and education.

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The stated purposes of the consolidation – to save money and streamline functions – will not be achieved.

The Governor's proposal achieves less than \$200,000 in savings by not filling two positions which are currently vacant, savings which could be achieved without the further upheaval and costs that a second consolidation in two years would cause. The proposed changes could result in individuals seeking advice to ensure compliance no longer receiving fair, timely, non-partisan advice and risk confidential, fair, timely and sensitive evaluations and investigations.

Under the proposed consolidation, the enforcement and advisory functions of the OSE would be shared by the same attorneys who would also be responsible for enforcing and providing advice about the Freedom of Information Act; campaign finance and other elections laws; matters involving misconduct by judges; firearms permits and procurement matters among others. Each of these areas requires highly specialized knowledge by experienced attorneys. Attorneys whose job requires them to become experts in many distinctly different and complex areas of law would likely be masters of none. The end result will be inefficiency, backlogs and delays.

The Governor's budget proposes savings of \$185,794 in 2014 and \$198,170 in FY 2015, hardly worth disassembling several effective and efficient operations.

The Office of State Ethics Budget Proposal

The OSE consists of a staff of 13 divided into three divisions as well as the nine member Citizen's Ethics Advisory Board. The OSE receives an average of 25 phone calls per day seeking assistance and advice, and annually responds in writing and over the phone to over 1,000 requests for advice. Over 2,800 individuals, included all State Marshals, file Statements of Financial Interests, 10% of which are audited. The OSE receives thousands of financial reports filed by over 1,000 communicator lobbyists, client lobbyists, and in-house communicator lobbyists. The Enforcement Division conducts over 200 reviews of potential violations of the Codes of Ethics annually, resolving most matters by consent order or other informal resolution. The OSE holds approximately 50 education sessions for 1,500 individuals and reaches thousands more with online training.

The OSE collects approximately \$1M in lobbyist registration fees over the legislative biennium, which represents 40% of our total annual budget. These funds go to the general fund. Reducing the resources devoted to this program could have a negative effect on the state's ability to collect these funds.

The OSE budget, proposed pursuant to section 1-81a of the Connecticut General Statutes, calls for a modest increase to allow the OSE to maintain the level of services public officials, state employees, lobbyists and the citizens of Connecticut have grown to expect. The consolidation and the associated budget cuts have left the OSE without adequate resources to complete its mission. As I noted earlier, the December deficit mitigation plan, which cut our budget by 2%, left us with a projected deficit.

The OSE continues to take steps to streamline its operation. Last summer, the OSE went through a strategic planning process creating a long-term strategic plan with three key initiatives: efficiency, technology and communications. The Citizen's Ethics Advisory Board also participated in this work and developed its own strategic plan to improve Board operations. Steps taken under the plan are already starting to pay off.

The OSE has focused on low cost and no cost solutions to doing more with less. In five years, the number of online filers of Statements of Financial Interests has grown from 74% to just under 90%. This has been accomplished first by the introduction of an updated filing application and, more importantly, by providing support and outreach to filers to help move them from paper filings to the online system. Our single IT system administrator has been able to take a case management system provided to us for free by another state's ethics agency and create a beta version for the OSE to use as well as continue to develop and maintain existing systems. We are currently in the testing phase, which has been stalled because of our lack of resources.

The OSE is also effective. Two recent court rulings have upheld the work of the Office. In one, the appellate court agreed that a state employee using her public office to operate private businesses is a violation of the code of ethics. In another, the Connecticut Supreme Court affirmed an advisory opinion that concluded that workers compensation hearing clerks could not do work for private clients on state time.

Currently, the OSE has a part-time office assistant to provide clerical support the entire staff. The OSE needs a full-time office assistant, rather than a part-time one, and additional funds to support and update its online filing applications, which are now five years old and need more care and maintenance. An additional IT position has been requested to allow us to continue to support the online filing systems as well as to move to more online training programs, such as webinars, which would allow us to provide more education using fewer resources.

The Office of State Ethics should maintain its independence

The OSE has a separate and distinct responsibility to integrity in government by providing advice, guidance and education to public officials, state employees and lobbyists about the application of the Codes of Ethics; by sensibly interpreting and, when necessary, fairly and impartially enforcing applicable laws; by administering the lobbyist and financial disclosure filing systems; and by providing the public with access to non-exempt information.

Less than eight years ago, the State of Connecticut, following ethics scandals that ended with convictions and jail terms for a Governor and several other high ranking state officials, made a commitment to strengthen government ethics with the creation of the OSE, an effective and efficient agency. **Now, Connecticut is ranked second in the nation** in the Center for Public Integrity's rankings of states with effective ethics oversight. Combining the watchdogs, for savings of less than \$200,000 a year is not worth the decreased oversight. The proposed changes will drastically reduce Connecticut's rank and reignite Connecticut's former reputation as "Corrupticut."

Thank you for your consideration of the Office of State Ethics views on the proposed budget.

