STATE OF CONNECTICUT
OFFICE OF STATE ETHICS

TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS COMMITTEE

March 22, 2013

Statement of Carol Carson, Executive Director
Office of State Ethics

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, Senator Kane, Representative Miner, 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 ***House Bill 6353*** and ***House Bill 6354***.

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

House Bills 6353 and 6354 remove the three pillars of ethics oversight in state government by removing independence, enforcement authority and adequate resources from the Office of State Ethics. ***House Bill 6353*** removes the independent budgetary authority of the Office of State Ethics granted to it in 2004 by Public Act 04-204. ***House Bill 6354*** 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 will report directly to the Governor.

We strongly oppose *House Bill 6354* (Section 131 through 145) and *House Bill 6353*.

Two years ago, the OSE was one of nine formerly independent agencies consolidated into the Office of Governmental Accountability (GAC) to achieve savings in response to the serious budget crisis that the State faced and continues to face. As a result of the consolidation as well as budget cuts made in the two years prior to the consolidation, the OSE has experienced a reduction in positions of 38% since 2009 and has seen its budget decrease by 40% since then. In 2011 alone, the consolidation cut the already-reduced budget of the OSE by 32% from the previous year. 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.

Now, 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 annually responds in writing and over the phone to over 1,000 requests for advice. Over 2,800 individuals, including all State Marshals, file Statements of

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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. Lobbyist registration fees collected for this biennium are estimated to approach $1 million, or about 40% of the OSE's budget. 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 40 education sessions for 1,500 individuals and reaches thousands more with online training.

House Bill 6353 would return funding for the Office of State Ethics to a single, powerful, elected official.

In 2004, the General Assembly enacted §1-81a of the Connecticut General Statutes, which requires the Office of Policy and Management (OPM) secretary to include in the proposed budget documents that OPM submits to the legislature the estimated budget, together with any recommended adjustments and revisions, of the executive directors of the OSE. It also exempts the OSE from the Governor's statutory rescission authority. These protections were in response to attempts of the then Governor to slash the budget of the former State Ethics Commission. ***Section 4 of House Bill 6353*** would undo these important protections by authorizing the secretary of OPM to estimate the budget of the OSE and by reinstating the power of the Governor to reduce the OSE budget through the statutory rescission authority granted to him.

The OSE is not without suitable oversight. Its governing board, the Citizen's Ethics Advisory Board, consists of nine members who serve staggered, non-renewable, four-year terms. The OSE is subject to the same laws, regulations and rules as all other state agencies: among others, state personnel statutes, contracting provisions and freedom of information laws. The OSE is also regularly audited by the Auditors of Public Accounts.

In addition, ***Section 3(d) of House Bill 6353*** amends the decision-making authority of the OSE by removing decisions concerning budgetary issues. Instead, the OSE's decision-making authority would include only concerning the amounts appropriated to the OSE in the budget – which would be recommended by the OPM secretary rather than the executive director of the OSE as noted above.

House Bill 6354 would effectively dismantle the independent Office of State Ethics by removing its ability to provide advice and to enforce violations of the Code of Ethics.

Sections 131-145 of House Bill 6354 would result in individuals seeking advice to ensure compliance with the Code of Ethics no longer receiving fair, timely, non-partisan advice and risk confidential, fair, timely and sensitive evaluations and investigations. The bill would eliminate the position of ethics enforcement officer and transfer the staff attorneys of the OSE to a newly-created legal and enforcement division in the Office of Governmental Accountability overseen by an appointee of the Governor. The enforcement and advisory functions and authority 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; and 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 Governmental Accountability Commission should retain the authority to terminate the executive administrator.

Section 133 of House Bill 6354 would remove the current authority of the Governmental Accountability Commission (GAC) to terminate the employment of the executive administrator. The GAC is comprised of the chairpersons or their designees of the nine commissions, councils, boards or offices within the OGA and has the authority to make recommendations to the Governor for candidates for the executive administrator of the OGA and to terminate the executive administrator.

According to the legislative history of the creation of the OGA, the GAC is modeled on the General Assembly's Legislative Management Committee, which is made up of the leaders of the legislative caucuses, and has the authority to hire and fire the Executive Director of the Office of Legislative Management. This office provides administrative and operational support to the General Assembly. Similarly, the executive administrator of the OGA provides administrative and business office support for the nine independent divisions. The removal of GAC's authority to terminate the executive administrator would vest the authority to both hire and fire the administrative head of the OGA with the Governor. This would further erode the ability of the nine divisions of the OGA, including the OSE, to operate independently. The OSE suggests that the General Assembly consider giving the GAC the authority to both hire and fire the executive administrator.

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 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 advisory and enforcement functions and authority of the OSE with those of other separate and distinct watchdog entities, 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.