



STATE OF CONNECTICUT

OFFICE OF STATE ETHICS

TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS COMMITTEE

February 19, 2016

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

**HB 5044 – AA Making Adjustments to State Expenditures
for the Fiscal Year Ending June 30, 2017**

Senator Bye, Representative Walker, Ranking Members Senator Kane, Representative Ziobron and distinguished members of the Appropriations Committee, thank you for the opportunity to submit written testimony for House Bill 5044, An Act Making Adjustments to State Expenditures for the Fiscal Year Ending June 30, 2017.

In order to perform its mission, the Office of State Ethics needs independence, enforcement authority and adequate resources. Each of the core services of the Office of State Ethics is integrally related to the others and, in total, they drive compliance with the Code of Ethics.

Training drives compliance both through increased requests for advice and increased complaints. Providing legal advice drives compliance through timely and accurate advice that ensures state employees and public officials are meeting the state's ethical standards. Enforcing the law drives compliance by ensuring that violations have consequences. Providing transparency through statements of financial interests and lobbyist registration and reporting drives compliance through disclosure.

PROPOSED BUDGET CUTS IMPACT CORE SERVICES

The program of the Office State Ethics is holistic. In order to achieve approximately \$200,000 in savings, the amount proposed to be cut by the Governor, the Office of State Ethics will be required to make cuts to its core services in ways that will render **all** of the core services ineffective. In particular, the Office of State Ethics will no longer have the resources to adequately provide training, legal advice, enforcement and lobbyist disclosure (which collects approximately \$1.2M in lobbyist registration fees over the legislative biennium, and represents more than one third of our total annual budget) because of the potential loss of three staff members.

It is important to note the Office of State Ethics is a small, highly-specialized agency with independent decision-making authority, where all employees – regardless of title or position – are called upon to engage in multiple aspects of the division's business and each employee has multiple roles that impact our core services.

The proposed budget for the Office of State Ethics is a current services budget that supports 15 employees and funds expenses. Approximately 93% of the budget goes to salaries; the other 7% of the budget covers operating expenses, which includes phone services, office supplies, printer leases; access to legal research technology; statutory payments to Citizen's Ethics Advisory Board members; travel for investigatory and educational purposes; and the costs associated with enforcement hearings.

Notwithstanding statutory budgetary independence,¹ eight years of continuous cuts to the Office of State Ethics budget have resulted in the loss of 6 positions (from 21 to 15) with the potential for 3 more; budget decreases from \$2.2M in FY 2008 to this year's proposed \$1.4M; and consolidation resulting in a significant loss of support services. In FY 2016, the Office of State Ethics experienced a reduction of \$114,871 (7.3% of its initial budget), leaving approximately \$70,000 for all other expenses and the high likelihood of a deficit that could exceed \$20,000.²

The Office of State Ethics requests that the line item of \$31,588 for "IT Initiatives" within the Office of Governmental Accountability budget proposal be permanently consolidated into the line item of the Office of State Ethics. That line item has been part of the Office of State Ethics budget since 2005 and has been used to maintain our disclosure applications. In addition, the proposed movement of 'fringe benefits' to individual agencies should be in the Office of State Ethics line item and not the Office of Governmental Accountability line item.

Most importantly, the Office of State Ethics requests that it be funded at \$1,600,405, a maintenance budget that will enable us to continue with what amounts to a skeleton staff of 15 and to cover all other expenses.

The first responsibility of government is to protect the integrity of democracy. Funding the Office of State Ethics at a maintenance budget allows the work to create an ethical culture in State Government to continue.

Thank you for your consideration.

¹ C.G. S. §1-81a provides:

(a) Notwithstanding any provision of the general statutes, the appropriations recommended for these divisions within the Office of Governmental Accountability established under section 1-300, which divisions shall have a separate line item within the budget for the Office of Governmental Accountability, shall be the estimates of expenditure requirements transmitted to the Secretary of the Office of Policy and Management by the executive administrator of the Office of Governmental Accountability and the recommended adjustments and revisions of such estimates shall be the recommended adjustments and revisions, if any, transmitted by said executive administrator to the Office of Policy and Management. (C.G.S. §§ 1-81a, 9-7C,1-205a)

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

² The largest cut, \$63,226 pursuant to PA 15-1 passed in the December 2015 Special Session, was a 4% cut of the total budget of the OSE, rather than 4% of other expenses, the net result of which was a 40% cut to other expenses. But for personnel changes, which resulted in lower salaries for two new employees, the potential deficit would be close to \$80,000.