TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS COMMITTEE

February 28, 2019

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

HB 7148 – AN ACT CONCERNING THE STATE BUDGET

Senator Osten, Representative Walker, Ranking Members Formica and Lavielle, and distinguished members of the Appropriations Committee, thank you for the opportunity to submit written testimony for House Bill 7148, An Act Concerning the State Budget for the Biennium Ending June 30, 2021.

The Office of State Ethics (OSE) requests budgets of $1,547,991 for FY 2020 and $1,644,505 for FY 2020, which includes annualized funding for state employee wage adjustments.

Two years ago, the OSE requested budgets for the biennium that were higher than what was ultimately funded. At the time I stated, “Anything less than these amounts will place the office in a deficit.” I also noted that we were one hearing away from a deficit. Today, we are in the midst of a hearing, there are potentially two more hearings this year, and we are in a deficit.

Historically, the OSE has seen a long series of painful cuts beginning in 2008. In 2008, our budget was $2.2 million with a staff of 21. In 2011, the OSE was consolidated into the Office of Governmental Accountability and lost five of 18 staff members. In 2016, when the OSE once again became an independent agency, we had 13 staff members. We gained only one staff member, bringing our staff count to 14; our budget then was nearly $1.4 million. We have reached the point where we cannot continue to meet our statutory requirements without a reasonable increase in resources, as requested.

The OSE budget is a “pass-through” budget, pursuant to C.G.S. § 1-81a.

C.G.S. § 1-81a mandates that the OSE budget is a pass-through budget. The Governor’s budget, however, does not accurately reflect the budget submitted by the OSE, as requested above, throughout the Governor’s proposed budget.

Without additional funding, the OSE will continue to face budget deficits and will be unable to meet its basic mandates.

The proposed budget is unsustainable. Without additional resources, the OSE cannot meet its basic mandates. For example, the OSE does not have any clerical staff, which results in staff members who could better devote their time to more significant matters answering the phone and making copies. In addition, to meet our mandate to provide education to all state employees, we provide face-to-face
training, for which there is significant demand. As of February 25, 2019, we have conducted 11 trainings and we have 17 more on our calendar. We also provide on-line training, which desperately needs to be brought into the 21st century. We can’t do both without additional resources.

Training is integral to our mandate. It drives compliance. While a request for funding for a full-time trainer and clerical support was not included in the OSE’s original budget submission, we are requesting additional funding of $130,000 each year to add a full-time trainer to our staff to address the demand for multiple modes of up-to-date training and to hire part-time clerical support.

Credit card processing fees charged to the OSE in collection of lobbyist registration fees impact our operating expenses.

The OSE collects approximately $1 million in lobbyist registration fees over the legislative biennium, which represents approximately 35% of the total annual budget of the OSE. Lobbyist registration fees cover the cost to the State to administer the Code of Ethics for Lobbyists. They go directly to the General Fund. It costs the OSE approximately $25,000 in credit card processing fees to collect these funds. In FY 2019, nearly half of our inadequately-funded operating expenses will be used to pay credit card fees, leaving the OSE with approximately $30,000 for all other expenses. The OSE is proposing language which would allow the OSE to recover credit card processing fees by transferring the amount the OSE pays from the General Fund back to the OSE budget. This proposal mirrors language found in C.G.S. §1-1i, which applies to a program managed by the Department of Motor Vehicles. The OSE requests that you adopt the following proposed legislation:

In the fiscal year commencing July 1, 2019, and every fiscal year thereafter, an amount equal to the credit card processing fees charged to the Office of State Ethics in collection of lobbyist registration fees, in accordance with section 1-95 (b), shall be appropriated for use by the Office of State Ethics for purposes of administering the lobbyist registrations.

In conclusion, the first responsibility of government is to protect the integrity of democracy. In order to perform its mission in support of that responsibility, the Office of State Ethics needs independence, enforcement authority and, most urgently, adequate resources. The budget proposed in HB 7148 does not provide adequate resources.

Please fund the Office of State Ethics at $1,547,991 and $1,644,505 for FY 2020 and FY 2021, respectively, and add $130,000 each year so that we can provide a reasonable level of training to state employees and have a minimal level of clerical support. This level of funding will move the OSE closer to meeting its mandate to create and maintain an ethical culture in Connecticut state government.

Thank you for your consideration.