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Executive Director

**Sub. H.B. 153 – Testimony of the Ohio Ethics Commission Executive Director
Senate Finance Committee
May 5, 2011**

Sen. Chris Widener, Chair
Sen. Shannon Jones, Vice Chair
Sen. Michael J. Skindell, Ranking Minority Member

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Sen. David T. Daniels	Sen. Tom Patton
Sen. Keith Faber	Sen. Tom Sawyer
Sen. Eric Kearney	Sen. Shirley A. Smith
Sen. Peggy Lehner	Sen. Jimmy Stewart

Chairman Widener and members of the Senate Finance Committee, I am Paul M. Nick, the Executive Director of the Ohio Ethics Commission. I am here to testify in support of the FY2012-2013 Budget for the Ohio Ethics Commission as submitted by the Governor and reviewed by the House Transportation Subcommittee of the Finance and Appropriations Committee. As requested, I will keep my remarks brief but will be happy to answer any questions you may have.

Overview of the Commission

The Ohio Ethics Commission was created in 1974 to administer Ohio's Ethics Law to all persons engaged in any form of public service at the state and local level, except for judges, legislators, and their staff. The Commission has oversight over an estimated population of 600,000 public officials and employees. This number includes an estimated 60,000 employees in state service to all of the Constitutional state officeholders; all elected officials and employees serving Ohio's 88 counties, 1308 townships, 700+ school districts and educational centers, as well about 900 taxing districts, such as public libraries, port authorities, and regional authorities. The Commission also has oversight over all those serving on 168 state boards and commissions, the 38 public colleges and universities in the state, and any individual or company performing public duties as a "public agent" or "public servant." In addition to those in the public sector, the Commission also has significant duties over those in the private and non-profit sectors.

Duties and Responsibilities

By statute, the Commission has five primary duties: to render advice and guidance; to provide education sessions; to administer the financial disclosure requirement; to conduct confidential investigations; and to assist the General Assembly on ethics-related legislation.

- 1) Advice: The Commission employs two staff attorneys and one advisory chief to provide advice and guidance to public officials to protect against personal, family and

business conflicts of interest. In FY2010, the Commission closed 213 individual advisory requests and provided guidance in over 3,000 advisory calls.

- 2) Education and Public Information: The Commission employs one education administrator and one trainer to conduct statewide education sessions for both public and private sector audiences. In FY2010, the Commission conducted 195 sessions reaching over 15,000 individuals.
- 3) Financial Disclosure: The Commission employs two administrative staff to process the 11,400 annual filings it receives each year from about 1,400 separate entities, while obtaining a 99% compliance rate. The Commission must also review the interests disclosed in confidential statements of uncompensated board members, such as university trustees, about 2,200 statements each year.
- 4) Investigation and Enforcement: The Commission employs 5 special investigators, one investigative attorney, and an investigative chief to conduct complex, confidential investigations of allegations of misconduct, often as part of a task force with other federal and state prosecutors and investigating agencies. In 2010, the Commission had 189 active investigations and received 450 investigative requests. Of those investigations, 20 were pending before prosecutors or courts statewide, 49 were referred to the Commission's expanding settlement docket for resolution, and 27 were dismissed as unsubstantiated.

The Commission also initiated 152 complaints against persons who failed to file required financial disclosure statements, 45 of which ended in prosecutorial referrals and 60 of which were dismissed due to ultimate compliance.

- 5) Legislative Reform: The Commission has participated in a number of recent legislative efforts, including: criminal statute of limitations enhancements for ethics violations; enhanced ethics oversight of community-based correctional facilities; and the creation of the constitutionally-mandated Casino Control Commission. The Commission has no funded legislative liaison staff.

Budget Request

The budget as submitted will continue funding of the Ethics Commission's five major statutory duties. As set forth in the Red Book, the budget request provides for a 6.9% reduction in GRF funding to the Commission in FY2012, and a 0%, no change, in funding in FY2013. However, the budget request also provides for an increase in filing fees which have remained unchanged since January 2004. The fee increases range from \$10-\$35 per statement, depending on the individual's filing capacity. The budget request further provides for increasing the penalties for filing late statements, from \$10 per day for a maximum of \$250 to \$20 per day for a maximum of \$500. This fee increase will realign the GRF : non-GRF funding streams from their current 70% : 30% level to 60% : 40%, thus reducing the Commission's use of GRF funding and increasing its use of non-GRF funding from sources that directly benefit from and are affected by the Commission's programs of advice, education, financial disclosure, investigation, and legislative reform.

The budget will also address a recent state Court of Appeals ruling that the Ethics Commission could not receive court-ordered costs of investigation because it lacked the statutory authority to accept

such repayments. It also reappropriates the unexpended and unencumbered balance of Fund 5HSO appropriation line item 146602 to be used for the performance of the Ethics Commission's casino-related activities.

The relatively minimal cost to inform, educate, and advise against conflicts of interest is far outweighed by the dramatic tangible and intangible costs to taxpayers of unaddressed ethical misconduct. More and more, the public has called upon the Ethics Commission to provide its independent, bipartisan assistance to advise and investigate matters concerning expenditures of public funds. We are grateful for the funding recommendation before you and appreciate your time and attention to our budget. We look forward to working with the General Assembly to meet the needs of Ohio's Citizens.