

Joint Legislative Ethics Committee

Senate Finance and Financial Institutions Committee

Jonathan Lee, Budget Analyst

Legislative Service Commission

May 13, 2003

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LSC Redbook

for the

Joint Legislative Ethics Committee

Senate Finance and Financial Institutions Committee

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Attachments:

***Compare Document: Permanent and Temporary Law,
As Introduced to As Passed by the House***

LSC Budget Spreadsheet, Executive to House Passed Comparison

May 13, 2003

Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

Joint Legislative Ethics Committee

- Total recommended budget of \$1,151,000 for the biennium
- Revenue from financial disclosure filings goes to the GRF
- Filing fee revenue from lobbyists goes toward the Committee's budget

OVERVIEW

The Joint Legislative Ethics Committee (JLEC) was established to monitor compliance with Ohio's Ethics Law as it applies to the Legislative Branch. The Joint Legislative Ethics Committee is authorized to interpret and enforce the Ethics Law's provisions, receive and review Financial Disclosure Statements, and render Advisory Opinions on ethical issues raised by officials and employees of the Ohio General Assembly. The Joint Legislative Ethics Committee consists of 12 members of the General Assembly, six members of the House of Representatives, and six members of the Senate. The Committee employs an executive director and a staff of five, known as the Office of the Inspector General (OLIG), and is responsible for the actual implementation of the provisions of the Ethics and Lobbying Laws and administers legislative agent registrations and filings. The Office of the Inspector General also publishes a newsletter, *The Inspector*. The purpose of the newsletter is to disseminate information which provides answers to lobbyist questions, sets forth and explains advisory opinions which impact lobbying activity, and provides a general forum for issues and information of general concern and interest.

The Governor's FY 2004 recommendations represent an 8.2% decrease from FY 2003 estimates, and FY 2005 recommendations represent a 3.4% increase above FY 2004 recommendations. Total recommended funding for the biennium is \$1,151,000.

ANALYSIS OF EXECUTIVE PROPOSAL

Joint Legislative Ethics Committee

Purpose: To monitor compliance with Ohio’s Lobbying Law and Ohio's Ethics Law as it applies to the Legislative Branch.

The following table shows the line items that are used to fund this agency, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
GRF	028-321	Legislative Ethics Committee	\$532,000	\$551,000
4G7	028-601	Joint Legislative Ethics Committee	\$34,000	\$34,000
Total funding: Joint Legislative Ethics Committee			\$566,000	\$585,000

Program Description: Established in May 1994, the Office of the Legislative Inspector General (OLIG) is responsible for the day-to-day administration of the Committee’s duties and activities and is accountable to the Committee. The Office of the Inspector General has six employees, including an executive director, an administrative assistant, chief legal counsel, an executive secretary, a data entry clerk, and a financial disclosure clerk. The Committee is authorized to interpret and enforce the Ethics Law, receive and review financial disclosure statements, and render advisory opinions on ethical issues raised by officials and employees of the Ohio General Assembly.

To accomplish the task of interpreting and enforcing the Ethics Law, the Committee is authorized to promulgate rules and regulations, to administer oaths and affirmations, subpoena witnesses and compel their attendance, and require the production of documents and records. The Committee is statutorily mandated to provide a program of continuing education and information concerning the ethics law and related statutes and may recommend legislation relating to ethics, conflicts of interest, and financial disclosure.

The Committee also enforces the Legislative Code of Ethics and the House and Senate Rules, which are applicable only to members and employees of the General Assembly. The Committee has jurisdiction over members and employees of, and candidates for, the General Assembly, and employees of the Legislative Service Commission.

Furthermore, the Committee is also responsible for administering Ohio's Lobbying Laws. The Committee reviews lobbyists’ registration, expenditure, and financial transaction statements, and investigates violations of Chapters 101. and 121. of the Revised Code.

Funding Source: GRF and registration filing fees from lobbyists

Line Items: 028-321 and 028-601

Implication of the Executive Recommendation: The Governor’s FY 2004 recommendations represent an 8.2% decrease from FY 2003 estimates, and FY 2005 recommendations represent a 3.4% increase above FY 2004 recommendations. Total recommended funding for the biennium is \$1,151,000. These recommended funding levels will permit the Joint Legislative Ethics Committee and the Office of the Legislative Inspector General to fulfill their statutory duties and continue their activities at current levels. The OLIG reports that the recommendation does not take into account expected rises in personnel costs for expected higher health care coverage.

Recommended funding also permits OLIG to allocate \$68,000 during the biennium from their GRF line item for unexpected costs incurred as a result of extraordinary investigative activity. In the FY 2002-2003 biennium OLIG was appropriated \$76,305 for this purpose. The OLIG notes that there is no way to anticipate whether or not such an effort will be necessary in the future. Since OLIG investigations are confidential by law, it was felt that funds should be available to conduct investigative activity without the necessity of coming to the General Assembly for funds. The money is returned to the GRF in the event no such extraordinary activity is necessary. Usually, such activity is the result of one or two cases that are particularly complex, therefore requiring significantly above average expenses to investigate.

ADDITIONAL FACTS AND FIGURES

Joint Legislative Ethics Committee - Staffing Levels						
Legislative Inspector General	2000	2001	2002	2003	Estimated	
					2004	2005
Full-time staff*	6	6	6	6	6	6
Totals	6	6	6	6	6	6

*Positions include the Executive Director, Administrative Assistant, Chief Legal Counsel, Executive Secretary, Data Entry Clerk, and Financial Disclosure Clerk. The OLIG plans to employ the same number of employees in the same positions for the 2004-2005 biennium.

Filing fee revenue (Non-GRF revenue)

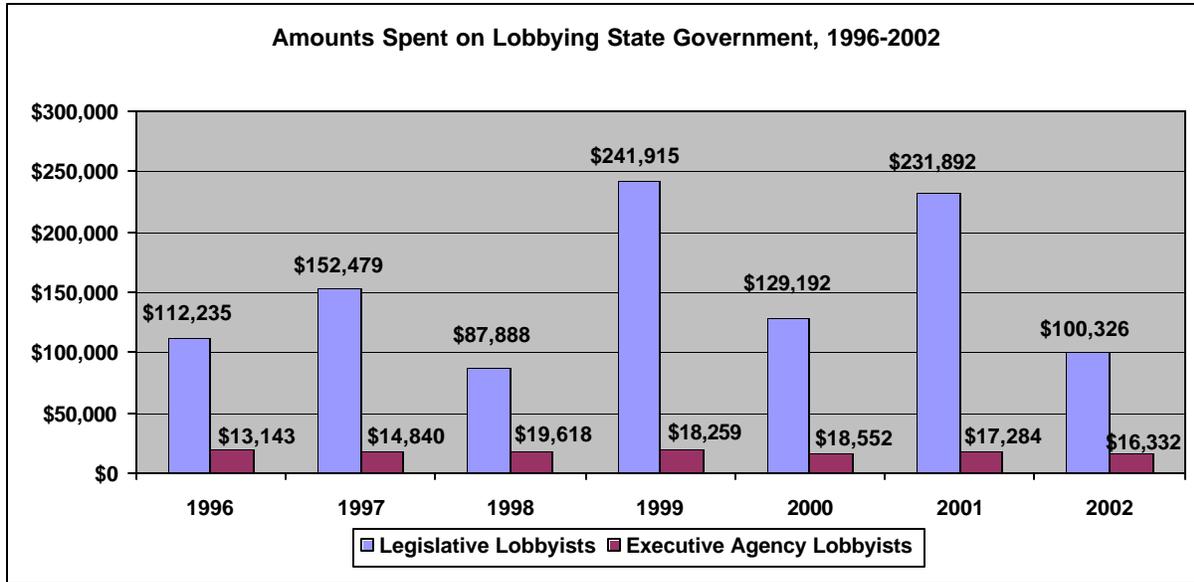
The Joint Legislative Ethics Committee (JLEC) collects filing fee revenue from (1) legislators filing financial disclosure forms required under Revised Code section 102.02, and (2) lobbyist registration filing fees. However, only filing fee revenue from lobbyists goes toward the Committee’s budget. Revenue from financial disclosure filings goes to the General Revenue Fund.

Executive agency lobbyists must register every year with the Committee. Legislative lobbyists have to register with JLEC every two years, at the start of each new General Assembly. In 2002, there were 2,140 lobbyists registered with the OLIG. This is the approximate number of lobbyists expected to re-register for the 2003 year. All lobbyists must report on their lobbying activities and expenses three times per year in January, May, and September. In addition, all employers of lobbyists must report their expenses to the Committee the same three times a year as the lobbyists.

Lobbyists and their employers are charged \$10 for the initial registration filing. The bulk of filing fee revenue is received in odd-numbered years when all lobbyists must register. There is no fee for updating registration information or for the expenditure reports that are required to be filed three times per year. The Committee is authorized to levy a late filing fee of \$12.50 a day, up to a maximum of \$100 for delinquent updated registration statements filed by legislative agents and their employers. Currently, there is no late filing fee charged to executive agency lobbyists. The only recourse for the Committee in the event of chronic delinquencies is the referral of those matters to the appropriate prosecuting authority.

Lobbyist Expenditures

The chart below shows the amounts that executive and legislative lobbyists reported spending during the past seven years, executive and legislative lobbyists combined have spent an average annual amount of \$167,707. Over the past seven years legislative lobbyists have spent a total of \$1,055,927 and executive agency lobbyists spent a total of \$118,028. On average, legislative lobbyists have spent nine times the amount that executive agency lobbyists have spent.



PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the Office of the Inspector General's activities and spending decisions during the next biennium.

There are no permanent or temporary law provisions with fiscal effects on this agency.

REQUESTS NOT FUNDED

The Joint Legislative Ethics Committee's budget request was fully funded.

As required by section 107.03(B) of the Revised Code, the Governor has made no alterations to the funding requests of agencies of the legislative branch of government. Recommended amounts are as requested by the agency.

General Revenue Fund

GRF 028-321 Legislative Ethics Committee

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
\$458,329	\$446,995	\$415,492	\$566,651	\$550,000	\$550,000
	-2.5%	-7.0%	36.4%	-2.9%	0.0%

Source: GRF

Legal Basis: ORC 101.34(C) (established by Am. Sub. H.B. 492 of the 120th G.A.)

Purpose: To pay personnel, maintenance, and equipment costs for the agency.

State Special Revenue Fund Group

4G7 028-601 Joint Legislative Ethics Committee

2000	2001	2002	2003 Estimate	2004 House Passed	2005 House Passed
\$50,069	\$46,052	\$26,305	\$50,000	\$0	\$0
	-8.0%	-42.9%	90.1%		N/A

Source: SSR: Initial, update, and late registration fees paid by lobbyists and their employers

Legal Basis: ORC 101.34(C) (established by Am. Sub. H.B. 492 of the 120th G.A.); ORC 101.72

Purpose: To pay for computer upgrades, data storage and the computerization of lobbyist registration.

As Introduced

As Passed by the House

Subject: Filing Fee Increase and Elimination of Fund 4G7

No provision.

R.C. 101.34, 101.72, 121.62, and Section 63

Increases from \$10 to \$25 the registration fee that each legislative agent and employer, and each lobbyist and employer, are charged for filing an initial registration statement. Specifies that all money collected from registration fees must be deposited into the General Revenue Fund of the state replacing current law's provision that all such money collected be deposited to the credit of the Joint Legislative Ethics Committee Fund. Eliminates FY 2004 and FY 2005 appropriations in the Joint Legislative Ethics Committee Fund (Fund 4G7) and transfers the current remaining balance (estimated at \$224,915), half in FY 2004 and half in FY 2005 to the GRF. Fiscal effect: Based on approximately 2,600 legislative lobbyists engagements (who pay filing fees every 2 years) and approximately 2000 executive lobbyist engagements (who pay filing fees every year), by increasing the registration filing fee from \$10 to \$25, JLEC is likely to gain approximately \$50,000 above their current collection of approximately \$33,000. JLEC may experience minimal administrative costs for informing registered lobbyists of the fee change through publications and/or other methods of communication. JLEC may experience minimal administrative savings for no longer administering Fund 4G7.

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2003</i>	<i>As Introduced 2004</i>	<i>House Sub Bill 2004</i>	<i>% Change Est. 2003 to House 2004</i>	<i>As Introduced 2005</i>	<i>House Sub Bill 2005</i>	<i>% Change House 2004 to House 2005</i>
<i>JLE Joint Legislative Ethics Committee</i>									
GRF	028-321	Legislative Ethics Committee	\$566,651	\$ 532,000	\$ 550,000	-2.9%	\$ 551,000	\$ 550,000	0.0%
General Revenue Fund Total			\$ 566,651	\$ 532,000	\$ 550,000	-2.9%	\$ 551,000	\$ 550,000	0.0%
4G7	028-601	Joint Legislative Ethics Committee	\$50,000	\$ 34,000	----	N/A	\$ 34,000	----	N/A
State Special Revenue Fund Group Total			\$ 50,000	\$ 34,000	----	N/A	\$ 34,000	----	N/A
Total All Budget Fund Groups			\$ 616,651	\$ 566,000	\$ 550,000	-10.8%	\$ 585,000	\$ 550,000	0.0%