



Oregon

John A. Kitzhaber, MD, Governor

Government Ethics Commission

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April 15, 2013

To: Honorable Members of the General Government Subcommittee of
Joint Ways and Means

From: Ronald A. Bersin, Executive Director, Oregon Government Ethics Commission

Re: Phase II Budget Presentation

Attached, you will find the relevant pages from the Commission's Governor's Balanced Budget. These pages include:

- The Commission's two policy packages.
 - Electronic Reporting System
 - Re-Class Investigator position from a Compliance Specialist 1 to a Compliance Specialist 2, including current PICs report
- 10/25% reduction plan

My phase II presentation will focus on these enclosed documents.

7. Policy Packages

The agency is requesting two policy packages. They are as follows:

a. Policy Package No. 100, Develop and implement electronic reporting system for statutorily-required reports \$800,000 (Other Funds)

The agency is requesting a one-time assessment to state agencies and local governments to fund the development and implementation of an electronic reporting system to collect its Statement of Economic Interest (SEI) filings, and reports from lobbyists and the entities that lobbyists represent. The system will include features that will allow the public officials, lobbyists and entities to file registrations and reports on-line. The agency publishes, prints and mails over 13,000 reports annually. The system will eliminate the costs of printing and mailing the required reports. The agency has responded to 114 public records requests for these reports so far this year. This is a significant burden on the agency's personnel resources, and the electronic reporting system will make these reports viewable on-line, thereby eliminating the need for public records requests. Oregonians will no longer have to contact the agency to request electronic copies of these reports, or visit the office to review the records. Lastly, the electronic reporting system will eliminate the current practice of receiving paper reports that the agency is required to sort and file. A significant portion of the office staff's time is currently used to open the mail containing these reports, and then to sort and file the reports. Along with eliminating the costs associated with handling the paper records, the system will automatically send late filers reminder notices to ensure compliance. Currently, the late notices are manually sent after reviewing the database and files for unfiled reports. This elimination of the manual practice will create time for staff to perform statutorily-mandated audits of the reports to ensure they are correct and complete.

c. Policy Package No. 101, Re-class Investigator/Compliance Specialist 1 to Compliance Specialist 2 \$4,729 (Other Funds)

The 2007 legislature included an additional investigator for the agency. The position was classed at a Compliance Specialist 1 (CS1) level. The idea behind the position was that the agency's current Investigator 3 would work the more complex investigations and the new CS1 the less complex. In practice, however, the agency was unable to separate the investigations in that manner and the CS1 position description was changed to reflect the work they were actually performing. This resulted in the DAS compensation unit reviewing the amended position description and classifying it at a Compliance Specialist 2 level. This policy

package would fund the reclassification, making it permanent. This package was rejected by the 2010 Legislature for the 2011-13 biennium. The agency continues to see the need for this re-class and is again asking for approval in the 2013-15 biennium.

8. Major Information Technology Projects

None

9. Sustainability

Not applicable to this agency

10. Regulatory Streamlining

Not applicable to this agency

BUDGET NARRATIVE

Policy Package 100: Electronic Reporting System

Purpose:

The agency is required to have an operational electronic reporting system by January 1, 2015. The 2007 legislative session, in the passage of SB 10, required the agency to create and make operational an electronic reporting system for both lobbyists and Statement of Economic Interest filers. The agency began the process and was ready to issue a Request for Proposal (RFP), but, unfortunately, the budget shortfalls during the 2007-09 biennium required the agency to return the funding from the General Fund that it needed to create the system. The 2009 legislature, in the passage of SB 30, moved the implementation date to January 2013 and that date was moved forward again by the 2011 legislature to January 2015.

How Achieved:

The agency is ready to issue its RFP. It simply needs the funding to issue the RFP and hire the successful contractor to create and implement the system. The agency is proposing a one-time assessment to state and local governments (same assessment system as current agency funding model) to pay for the development and implementation of the electronic reporting system. The agency is requesting \$800,000 (\$400,000 from state and \$400,000 from local governments), which is the amount the agency forecasts the costs of development and implementation to be. This one-time assessment from Other Funds will ensure compliance with the January 1, 2015 implementation date currently required by statute. The system will save the agency printing and postage costs currently paid for the production of paper reports filed by public officials (SEIs), lobbyists and the entities they represent. The system will save the filers money and time by allowing them to file their required reports electronically at no cost to them. The public will benefit by having on-line access to the information contained on the reports. The public will no longer have to contact the agency through a public records request to view this data.

Staffing Impact:

None

Revenue Source:

Increase Other Funds – \$800,000

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Oregon Government Ethics Commission
 Pkg: 100 - Special Assessment-IT Project

Cross Reference Name: General Program
 Cross Reference Number: 19900-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Admin and Service Charges	-	-	400,000	-	-	-	400,000
Tsfr From Administrative Svcs	-	-	400,000	-	-	-	400,000
Total Revenues	-	-	\$800,000	-	-	-	\$800,000
Services & Supplies							
IT Professional Services	-	-	800,000	-	-	-	800,000
Total Services & Supplies	-	-	\$800,000	-	-	-	\$800,000
Total Expenditures							
Total Expenditures	-	-	800,000	-	-	-	800,000
Total Expenditures	-	-	\$800,000	-	-	-	\$800,000
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

BUDGET NARRATIVE

Policy Package 102: Re-class Investigator, Compliance Specialist 1 to Compliance Specialist 2

Purpose:

The agency was granted an additional investigator in the 2007-09 biennium. The person was hired as a Compliance Specialist 1. Through a routine check of this person's duties, it was discovered that the duties were outside of what was allowed for a Compliance Specialist 1. Following a DAS compensation review, it was determined the person was performing duties at a Compliance Specialist 2 level. The agency considered reducing the duties of the position, but felt the value of the work would not be helpful to the agency's mission; therefore, the agency is proposing reclassification of the position to a Compliance Specialist 2.

How Achieved:

The 2007-09 legislature granted the agency an additional investigator in the position of Compliance Specialist 1. The person was hired and trained. The original plan was for the agency's Investigator 3 to handle the more complex cases and the new Compliance Specialist 1 the less complex. Unfortunately, the cases did not separate by complexity and it became apparent the new Compliance Specialist 1 would be needed on cases at the higher level. The position description was changed to reflect the new duties and results of the DAS compensation unit review. The DAS compensation unit determined the position was indeed at the higher Compliance Specialist 2 level. The director considered removing the duties that were outside of the current Compliance Specialist 1 level, but rejected that consideration because the work of the agency required the higher level work to be completed by the position.

Staffing Impact:

Reclass UA Compliance Specialist 1 to a UA Compliance Specialist 2

Revenue Source:

Increase Other Funds – \$4,705

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Oregon Government Ethics Commission
 Pkg: 102 - Reclass Compliance Specialist

Cross Reference Name: General Program
 Cross Reference Number: 19900-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	3,696	-	-	-	3,696
Public Employees' Retire Cont	-	-	705	-	-	-	705
Social Security Taxes	-	-	282	-	-	-	282
Mass Transit Tax	-	-	22	-	-	-	22
Total Personal Services	-	-	\$4,705	-	-	-	\$4,705
Total Expenditures							
Total Expenditures	-	-	4,705	-	-	-	4,705
Total Expenditures	-	-	\$4,705	-	-	-	\$4,705
Ending Balance							
Ending Balance	-	-	(4,705)	-	-	-	(4,705)
Total Ending Balance	-	-	(\$4,705)	-	-	-	(\$4,705)

01/11/13 REPORT NO.: PPDPLWSBUD
 REPORT: DETAIL LISTING BY SUMMARY XREF AGENCY
 AGENCY: 19900 GOVERNMENT ETHICS COMMISSION
 SUMMARY XREF: 010-00-00 102 General Program

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

PAGE 2
 PROD FILE
 2013-15
 PICS SYSTEM: BUDGET PREPARATION

POSITION NUMBER	AUTH NO	ORG STRUC	F POS PKG Y TYP	CLASS COMP	S T RNG P	POS CNT	FTE	BUDGET RATE	MOS	GF SAL	OF SAL	FF SAL	LF SAL	T R K
0035009	001023040	010-01-00-00000	102 0 PF UA	C5246 AA	21 05	1-	1.00-	3,332.00	24.00-		79,968-			
EST DATE: 2013/07/01 EXP DATE: 9999/01/01														
0035009	001023040	010-01-00-00000	102 0 PF UA	C5247 AA	25 02	1	1.00	3,486.00	24.00		83,664			
EST DATE: 2013/07/01 EXP DATE: 9999/01/01														
			102				.00		.00		3,696			
							.00		.00		3,696			
							.00		.00		3,696			

BUDGET NARRATIVE

Reduction Options

A 10% budget reduction would be approximately \$157,000. A budget reduction of such magnitude would likely render the agency unable to perform its duties in any viable manner. The Government Ethics Commission budget is such that approximately two-thirds are devoted to personal services. Government Ethics Commission responsibilities are defined in statute and require certain activities by the agency, such as collecting public official and lobbyist forms, and requiring associated records to be created and maintained.

In order for the Government Ethics Commission to continue the administration of these programs and provide service to effect compliance with the various filing requirements, certain costs for overhead cannot be reduced. A reduction could be made in personal services; however, this would require the elimination of a position or the conversion of full-time positions to part-time. Alternatively, to continue operations under a potential reduction utilizing existing staff, a revision of statute to remove or amend currently mandated functions would be needed.

Any reduction in FTE would have an impact on the ability of the Government Ethics Commission to meet its performance measures in most areas, including training, investigations, compliance review, and records maintenance. It would seriously degrade the timeliness and quality of service offered to stakeholders and the public. This would have a direct impact on meeting Oregon Benchmark No. 35, Public Management Quality.

A reduction of 25% would essentially move the agency back to 2006 funding. The agency would not be able to employ any trainers and just one investigator. The agency would no longer have any support staff to process the increased number of forms filed with the agency. The agency would be reduced to one investigator, a program analyst and the Director. The agency would find it impossible to meet its statutory deadlines.

10/25% REDUCTION OPTIONS (ORS 291.216)

ACTIVITY OR PROGRAM (WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)	DESCRIBE REDUCTION (DESCRIBE THE EFFECTS OF THIS REDUCTION. INCLUDE POSITIONS AND FTE IN 2011-13 AND 2013-15)	AMOUNT AND FUND TYPE (GF, LF, OF, FF. IDENTIFY REVENUE SOURCE FOR OF, FF)	RANK AND JUSTIFICATION (RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)
1. Eliminate OS2 Position, Administrative Support	Elimination of position would prevent the agency from answering telephones, opening mail, and processing reports timely. The agency also would find it very difficult to answer public records requests.	\$107,016 OF (10%)	1
2. Eliminate CS1 position, Investigations	Agency would not be able to meet its statutory deadlines to complete investigations. Agency would be severely restricted from completing its mission (8.9 months)	\$50,010 OF (10%)	2
Continue elimination of CS1	(15.1 months)	\$85,257 OF (25%)	
3. Eliminate AS1 position	Elimination of position would prevent the agency from answering telephones, opening mail, and processing reports timely. Lobbyist and Statement of Economic Interest Forms could not be processed timely	\$112,680 OF (25%)	3
4. Reduce Attorney General Charges	Reduction of Attorney General charges would severely restrict the agency from using the Attorney General's office for advice and services. This could result in increased costs due to lack of advice.	\$37,603 (25%)	4