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# MEMORANDUM

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**To:** *General Government Services Subcommittee*

**From:** *John Borden, Legislative Fiscal Office*  
*(503) 986-1842*

**Date:** May 19, 2015

**Subject:** *House Bill 2019-A*  
*Work Session Recommendations*

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House Bill 2019A relates to the Oregon Government Ethics Commission. The measure has an emergency clause and is effective on passage.

The work session packet, including a ***draft*** budget report and a –A4 amendment, are available on the Oregon Legislative Information System (OLIS).

## **Amendment**

The –A4 amendment provides Other Funds expenditure limitation for the Governemnt Ethics Commission in the amount of \$255,076 for administration and \$200,000 for the development of an electronic case management system.

**Motion #1: Move adoption of the –A4 amendment to HB 2019.**

## **Measure as Modified**

The measure, as amended by the –A4, is recommended to be moved to the full Committee on Joint Ways and Means.

**Motion #2: Move HB 2019 to the full committee with a “do pass” recommendation, as modified by the –A4 amendment.**

## **Carriers:**

**Full Committee Carrier:** \_\_\_\_\_

**Second Chamber Carrier:** \_\_\_\_\_

**78<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2015 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 2019 - A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep.  
Carrier – Senate: Sen.**

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**Action:**

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Travis Miller, Department of Administrative Services

**Reviewed By:** John Borden, Legislative Fiscal Office

**Meeting Date:**

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Agency

Oregon Government Ethics Commission

Biennium

2015-17

## **Budget Summary**

<b><u>Budget Summary*</u></b>		<b>2013-15 Legislatively Approved Budget<sup>(1)</sup></b>	<b>2015-17 Current Service Level</b>	<b>2015-17 Committee Recommendation</b>	<b>Committee Change from 2013-15 Leg. Approved</b>	
					<b>\$ Change</b>	<b>% Change</b>
Other Funds Limited		\$ -	\$ -	\$ 455,076	\$ 455,076	0.0%
Total		\$ -	\$ -	\$ 455,076	\$ 455,076	0.0%
<b><u>Position Summary</u></b>						
Authorized Positions		0	0	1	1	
Full-time Equivalent (FTE) positions		0.00	0.00	0.88	0.88	
<sup>(1)</sup> Includes adjustments through December 2014						
* Excludes Capital Construction expenditures						

## **Revenue Summary**

The agency's funding comes from an assessment equally shared between state agencies and local government entities. State agencies are assessed based upon their number of full-time equivalent positions. Local entities are assessed based upon a formula connected to the Municipal Audit charge collected by the Secretary of State. This measure would increase the 2015-17 assessment of \$1.6 million by \$455,076 to \$2,057,174. An assessment adjustment will be made in the end-of-session omnibus budget measure.

## **Summary of General Government Subcommittee Action**

The Subcommittee approved a \$455,076 Other Funds expenditure limitation for the Government Ethics Commission and the establishment of one permanent, full-time position (1.00 FTE). The measure has an emergency clause and is effective on passage; however, it is not anticipated that there will be any expenditures during the current 2013-15 biennium.

The measure expands the membership of the Commission from seven member to nine members, modifies the appointment process for commissioners, establishes new criteria for the composition of the Commission, reduces the number of days allowed for the preliminary review phase of an ethics investigation from 135 to 30 days and requires advisory opinions and specified statements to be made available online by January 1, 2017. This applies to cases filed on or after the effective date of the measure.

Historically, the seven-member Commission had three of its members directly appointed by the Governor. With this measure, the Commission is expanded to nine members and the number of members who are directly appointed by the Governor is reduced to one. While still appointed by the Governor, the other eight members must first receive two recommendations from the leadership of the Democratic and Republican parties within the two chambers of the Legislative Assembly. All appointees to the Commission remain subject to Senate confirmation.

The Commission would hire one permanent full-time Compliance Specialist 3 (0.88 FTE) at a cost of \$152,309 with associated services and supplies of \$27,317 beginning in September of 2015. There would be a one-time expense of \$10,000 for the construction of an office space for the position.

For the online posting of agency findings in a searchable format, the agency would contract with a private vendor to develop a case management system. The measure requires online posting to operative by January 1, 2017. Currently, the agency processes cases manually. The vendor would fund all upfront application and development costs as well as ongoing maintenance costs. The agency would hire a project management firm to work with the agency, the vendor, and the Department of Administrative Services to implement the project and provide oversight at a one-time cost of \$200,000. Upon completion, the agency would be charged a subscription fee by the vendor of \$47,450 for the final six months of the 2015-17 biennium. The annual subscription fee would be \$88,200 beginning in the 2017-19 biennium.

The Legislature in 2013 approved an electronic reporting system for statements of economic interest with a statutory implementation date of January 1, 2016. There would be no overlap between the electronic reporting system and the proposed case management system, according to the agency.

Commissioner per diem costs, due to the increase in the number of Commission members and an expected increase in the number of Commission meetings in order to comply with the reduction in statutory timelines. This cost is estimated to be \$18,000 per biennium.

The 2017-19 cost of the measure is estimated to be \$311,487 (1.00 FTE) after the elimination of one-time expenditures and the incorporation of annual subscription fees.

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 2019**

1 On page 7 of the printed A-engrossed bill, after line 38, insert:

2 **“SECTION 5. (1) Notwithstanding any other law limiting expendi-**  
3 **tures, the amount of \$255,076 is established for the biennium beginning**  
4 **July 1, 2015, as the maximum limit for payment of expenses for ad-**  
5 **ministration from fees, moneys or other revenues, including Miscella-**  
6 **neous Receipts and reimbursements from federal service agreements,**  
7 **but excluding lottery funds and federal funds not described in this**  
8 **subsection, collected or received by the Oregon Government Ethics**  
9 **Commission.**

10 **“(2) Notwithstanding any other law limiting expenditures, the**  
11 **amount of \$200,000 is established for the biennium beginning July 1,**  
12 **2015, as the maximum limit for payment of expenses for an electronic**  
13 **case management system from fees, moneys or other revenues, in-**  
14 **cluding Miscellaneous Receipts and reimbursements from federal ser-**  
15 **vice agreements, but excluding lottery funds and federal funds not**  
16 **described in this subsection, collected or received by the Oregon Gov-**  
17 **ernment Ethics Commission.”.**

18 In line 39, delete “5” and insert “6”.