



Oklahoma Ethics Commission

FY 2023 Budget Hearing Presentation

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Executive Director



The **Oklahoma Ethics Commission** serves as the state entity that **enacts, fairly enforces, and interprets civil laws for state campaigns, state officers, and employees, with limited oversight of local campaigns and financial disclosures.**

Founded in **1990**, this agency now encompasses the following divisions:

- 1) **Administration and General Operations**
- 2) **Information Technology**
- 3) **Political Subdivision Enforcement Division (unstaffed/unfunded)**

Agency Vision, Mission and Core Values

Vision: The Commission endeavors to increase citizen trust in state government by enacting and enforcing Rules that avoid conflicts between the public duties of state officers and employees and their private economic interests, as well as ensuring fair and transparent campaigns for an informed citizenry.

Mission: Fair Rules. Firm Enforcement.

Core Values: Fair. Consistent. Promote Trust in Government. Responsive. Tailor accountability.



Accomplishments & Challenges

Top accomplishments for FY 2021

- 1) Investigated and settled the largest Settlement in Commission history involving a Political Action Committee that acted as a conduit for out of state corporate contributions to be illegally contributed to state candidates.
- 2) Worked with Leadership to implement a funding mechanism for The Guardian System and increases funds for other areas.
- 3) Worked with Leadership for statutory changes to resume an administrative hearing process as an option to formal complaints and investigations for technical or less substantive alleged Rule violations.
- 4) Promulgated Ethics Rules to ensure as of January 1, 2022, only one set of Ethics Rules are effective and operational.

Challenges (current & upcoming years)

- 1) Funding for adequate staffing levels to fulfill the Commission's mission including funding for a Deputy Director to ensure continuity of operations.
- 2) Resources for independent I.T.
- 3) Resources for more timely investigations to either verify violations of the Rules have not occurred, or to prosecute and/or defend lawsuits.
- 4) Funding of the Political Subdivisions Enforcement Division
- 5) Develop and implement a plan for Political Subdivisions candidates and campaigns to file reports online rather than on paper forms.



Goals & Projects for FY 2023

Goals

- 1) Increase Commission's funding to ensure continuity of operations and communications
- 2) Hire and train a Deputy Director to assist in administration and improve response times in guidance on the application of Rules.
- 3) Increase Security of Commission's Data.
- 4) Develop a plan to implement online campaign finance and financial disclosure reporting for political subdivisions utilizing an incremental approach for a smooth transition from paper to online filing.
- 5) Resume routine educational programs for regulated entities.

Projects

- 1) Educate candidates and other participating in 2022 elections to minimize costly errors, ensure all committees receive similar levels of attention, and campaign finances are timely and accurately reported to the public as required by law.
- 2) Educate those elected to ensure a smooth transition to state service.
- 3) Reduce formal investigations by increasing administrative handling of alleged Rule violations.
- 4) Digitize paper campaign and lobbyist reports.
- 5) Solicit and track feedback on Commission processes to improve Rules, Reporting Experiences, and improve compliance.



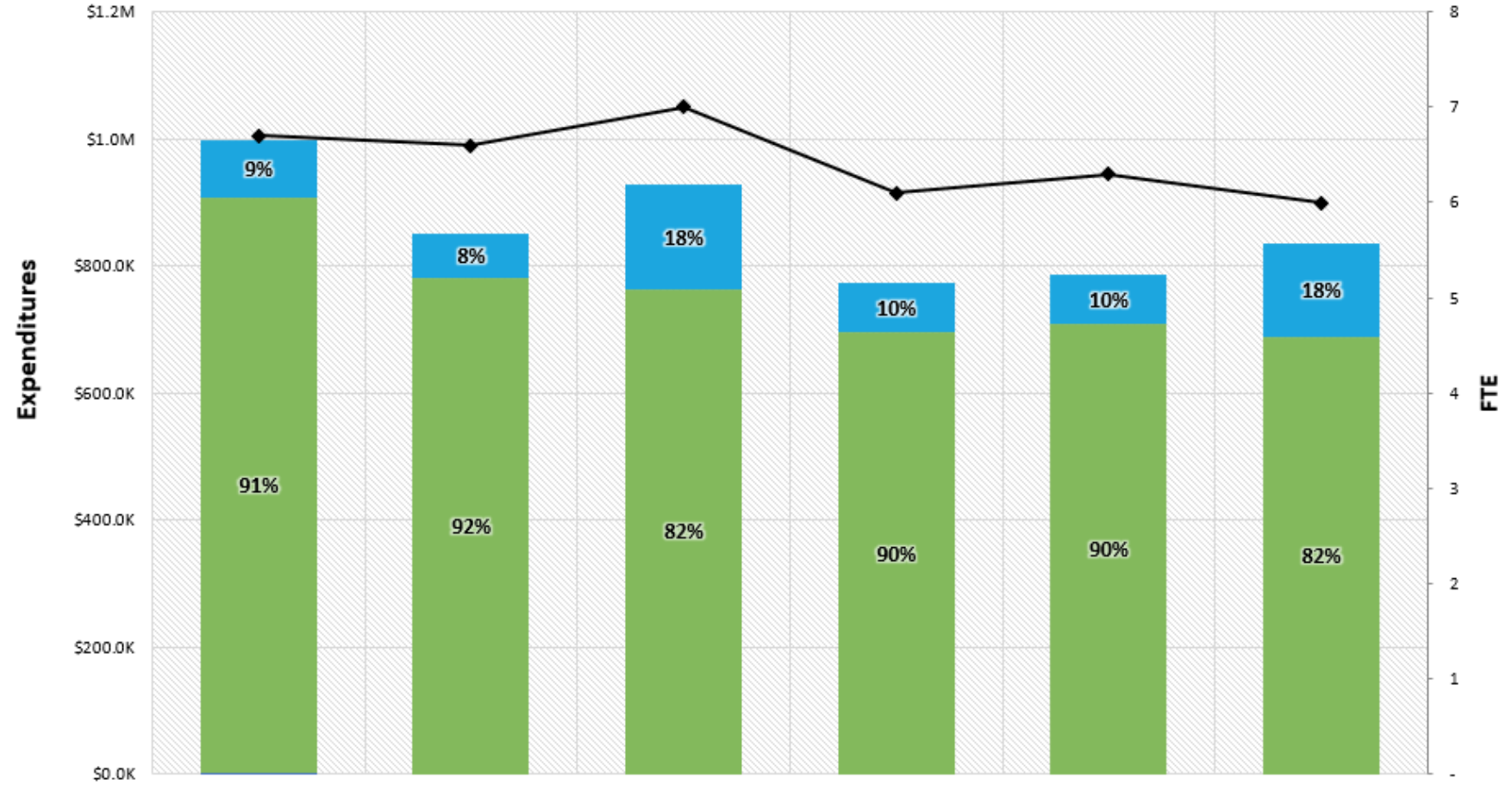
Savings & Efficiencies

The Commission's resources are at a level now where attempts to increase efficiencies and savings are hindering daily operations resulting in frustration by state offices, employees, candidates and other regulated entities, longer response times to time sensitive questions, longer investigations (a significant amount of which result in dismissal), decreased employee morale.



Historic Actual Expenditures (FY 17-21) and Current Year Budget (FY 22)

Historic Actual Expenditures and Current Year Budget



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 Budget
Appropriated	\$908.5K	\$780.5K	\$763.0K	\$695.1K	\$708.9K	\$688.0K
Revolving	\$88.7K	\$69.4K	\$165.1K	\$79.3K	\$77.4K	\$146.2K
Federal						
Total	\$997.2K	\$849.9K	\$928.1K	\$774.4K	\$786.2K	\$834.2K
FTE	7	7	7	6	6	6



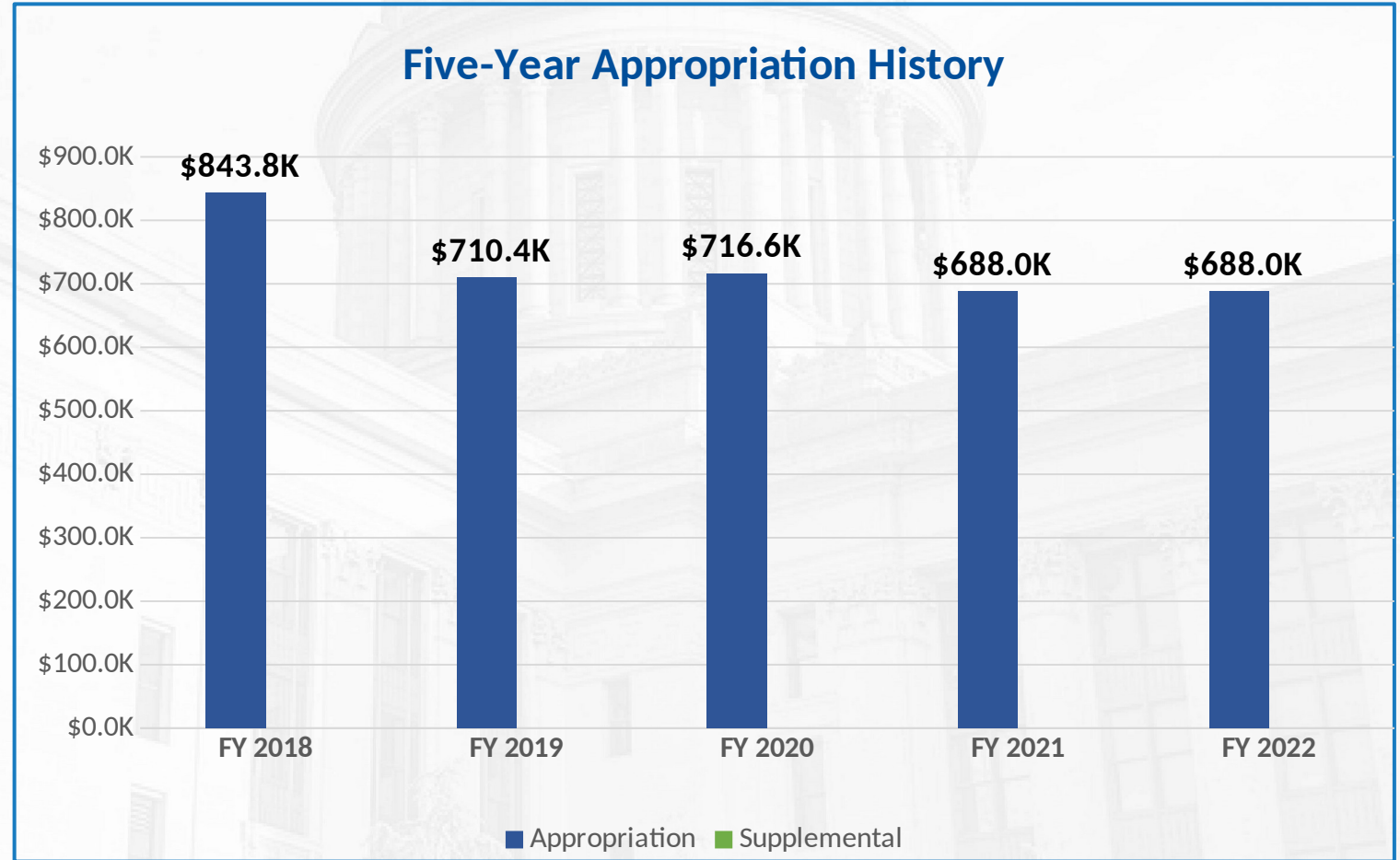


FY 2022 Budgeted Full Time Equivalents (FTE)

	FY 2022 Budgeted FTE
Total FTE	6
Supervisor FTE	2
Supervisors to Total FTE Ratio (%)	1/3

Appropriation History

Fiscal Year	Appropriation (\$) (include supplemental if applicable)
FY 2018	843,767
FY 2019	710,351
FY 2020	716,621
FY 2021	687,957
FY 2022	\$687,957



Appropriated Carryover History and Justification

	FY 2017 (Actuals)	FY 2018 (Actuals)	FY 2019 (Actuals)	FY 2020 (Actuals)	FY 2021 (Actuals)	FY 2022 (Planned)
Total appropriated carryover amount expended (\$)	0	0	0	0	0	0

Fiscal Year of the original appropriation	Projected amount carried over to FY 2023 (\$)	Describe how projected carryover will be used in FY 2023
FY 2022	0	Per Constitution, Article 29, the Ethics Commission is unable to carryover appropriations.
FY 2021	0	Per Constitution, Article 29, the Ethics Commission is unable to carryover appropriations
Total projected FY 23 Carryover (\$)		



Available Cash Description and Justification

Available cash is unbudgeted cash that is not restricted by federal partners, statute, or contractual obligations.

Class Fund #	Available Cash amount (\$)
200	unknown
210	0
211(restricted)	0
Total Available Cash:	

Fiscal Year	Agency's plan to deploy available cash (include amounts):
FY 2023	200 fund: any available funds will be utilized for terminal leave and other unexpected expenditures that may arise.
FY 2024	200 fund: any available funds will be utilized for terminal leave and other unexpected expenditures that may arise.
FY 2025	200 fund: any available funds will be utilized for terminal leave and other unexpected expenditures that may arise.



Agency Key Performance Metrics

Metric		Goal	FY 20 Actuals	FY 21 Actuals	FY 22 Target	FY 23 Target
1	Review routine filings and provide feedback on filings with candidate committees in the current election prioritized	Before next filing period	54%	(est) 50%	60%	80%
2	Process Compliance Orders for late filings of Contributions and Expenditures reports and Lobbyist or Liaison Expenditure Reports	Within 10 days	N/A	N/A	100%	100%
3	Process and preliminarily verify facts of Complaints filed with the Commission alleging violations of the Ethics Rules	Within 30 days	(est) 50%	(est) 40%	80%	100%
4	Track phone calls and emails of those seeking guidance on the Rules and responses	within 3 days	(Est) 90%	(Est) 80%	100%	100%
5	Review, Assess, and Allocate resources according to prioritization of Commission	Weekly	80%	60%	70%	80%



Budget & Supplemental Request Summary

Request Name		FY 23 Appropriated Request Amount (\$)	Type of Request: Operating, One-time, or Supplemental
1	Deputy Director Funding (Supplemental)	\$72,000	One time
2	Legal services (Supplemental) Estimated & will become more certain by legislative session	\$180,000	One time
3	Deputy Director Funding	\$143,000	Operating
4	Educational Programs and Materials Position	\$75,000	Operating
5	Cost of services increase	\$15,000	Operating
6	Political Subdivisions Enforcement Fund	\$150,000	One-Time



(1) Budget Request

Deputy Director

Type: FY 22 Supplemental

\$72,000

TIME CRITICAL. 2022 Gubernatorial election cycle. Commission needs an additional professional staff (law degree required) to be trained ASAP in order to provide substantive guidance on the Ethics Rules in a timely manner for the 2022 election cycle.

** Duplicate these slides as needed to describe all requests.*



(2) Budget Request

Legal Services

Type: FY 22 Supplemental

\$180,000
ESTIMATE

Pending motion of attorneys fees & costs in federal court where Commission may be required to pay over \$100,000 in attorneys fees & costs.

Had to retain outside counsel to prosecute variety of campaign violations including accepting/failure to report corporate contributions and excessive contributions, misuse of campaign funds, etc. Outside counsel ensures Commission staff is available to prepare for 2022 elections and normal office operations.

** Duplicate these slides as needed to describe all requests.*



(3) Budget Request

Deputy Director

Type: FY 23 Operational

\$143,000

Continuity of operations and increase of services. The Commission needs a secondary administrator and lawyer to ensure continuity of operations when Executive Director is unavailable, to assist in providing guidance to the regulated community to increase ability to respond and educate on the Ethics Rules.

TIME CRITICAL. 2022 Gubernatorial election cycle. Commission needs an additional professional staff (law degree required) to be trained ASAP in order to provide substantive guidance on the Ethics Rules in a timely manner for the 2022 election cycle.

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(4) Budget Request

Educational Resources and Materials Position

Operating

\$45,000 - \$75,000

Until 2020, the Commission developed and updated Guides, Resources, and routine educational programs to ensure those regulated by the Commission had opportunities to learn the Rules that applied to that entity. That position has been vacant since the end of 2019 and those job duties are unable to be reassigned and absorbed by another staff member.

The educational and resource program is a discretionary program that is routinely requested and provides critical support for mandatory programs. The Commission proposes at least a part time position assisting with resources or materials, but a full time position is what is needed.

** Duplicate these slides as needed to describe all requests.*



(5) Costs of Services Increase

Educational Resources and Materials Position

Operating

\$15,000

Accommodate an increase in the costs of services already provided to the Commission by 3rd parties.

** Duplicate these slides as needed to describe all requests.*



(6) Political Subdivision Enforcement Fund

Political Subdivisions Enforcement Division

One time (hopefully)

\$150,000

The Political Subdivision Enforcement Division and associated fund was created in 2014 to ensure a division within the Commission was dedicated to compliance efforts at the political subdivision level consistent with that at the State Level. Due to budget shortfalls that fund has never been activated. Commission staff consistently receives requests from political subdivisions seeking assistance and compliance efforts which the Commission staff is unable to fulfill in a meaningful way.

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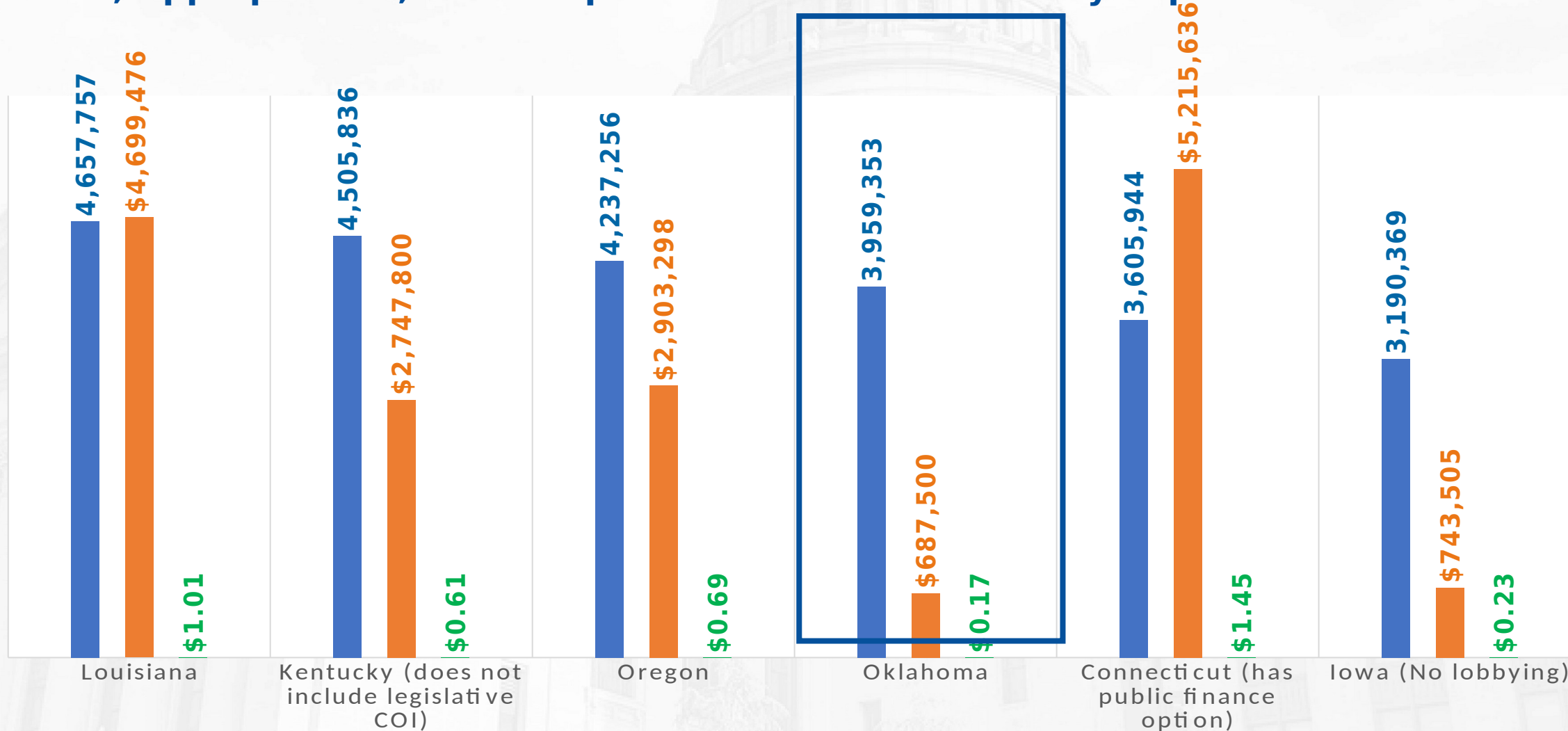




Appendix

How does Oklahoma's investment in Government Ethics Compare?

Population, Appropriation, & Per Capita Investment of Similarly Populated States



2022 elections impact FY 22 & FY 23:

2018 Gubernatorial Election Year & Campaign Finances

Only STATE LEVEL Activity during 2018

CONTRIBUTIONS:

\$74.9 Million

via 258,423 transactions



EXPENDITURES:

\$88.5 Million

via 55,234 transactions

\$163.4 Million Dollars Activity

Over 300,000 transactions

FY 22: 2 (1 less than 2018) dedicated Compliance Officers (6 FTE)

