



STATE OF CONNECTICUT

OFFICE OF STATE ETHICS

BUDGET PRESENTATION BEFORE THE APPROPRIATIONS COMMITTEE

February 16, 2023

Peter Lewandowski, Executive Director, Office of State Ethics

Senator Osten, Representative Walker, Senator Berthel and Representative Nuccio, and distinguished members of the Appropriations Committee, thank you for the opportunity to discuss the Office of State Ethics budget for Fiscal Years 2024 and 2025.

The Office of State Ethics' ("OSE") mission is to ensure honesty, integrity and accountability in state government through education, interpretation and enforcement of the State of Connecticut Codes of Ethics.

The OSE requests budgets of \$1,935,050 for FY 2024 and \$1,964,230 for FY 2025, which include funding for the annualized cost of existing wage agreements and to provide for additional personnel costs and software license renewals.

The OSE budget is a "pass-through" budget, pursuant to General Statutes § 1-81a. The proposed appropriations generally reflect the appropriation requirements transmitted to the Secretary of the Office of Policy and Management by the executive director of the OSE.

Historically, the OSE has seen a long series of painful cuts beginning in 2008. In 2008, our budget was \$2.2 million with a staff of 21. In 2011, the OSE was consolidated into the Office of Governmental Accountability and lost five of 18 staff members. In 2016, when the OSE once again became an independent agency, we had 13 staff members. **Presently, we have 15 staff members and are authorized to have 16.**

In the proposed budget, **the OSE seeks to obtain additional funding to replace or reclassify a previously funded office assistant position with a staff attorney as the agency's 16th authorized staff member.** Due to an increased demand for education and compliance advice, the new staff attorney for the Legal Division will play a hybrid role in issuing legal opinions as well as assisting in ethics trainings and other education initiatives. In the past, the OSE's Legal Division had three staff attorneys and a General Counsel. We lost one of those staff attorney positions to budget cuts in 2015.

Although during the Budget adjustment for Fiscal Year 2023 the OSE received funding to hire an office assistant as the agency's 16th staff member, because of the changing work environment since the pandemic, where most of the inquiries we receive come through email and phone directly to our attorneys, the OSE could at best justify having only a part-time office assistant. In contrast, responding to a steadily increased demand in ethics compliance and education will benefit the agency and the state in the long run.

The OSE has always been sensitive to the budgetary constraints facing the State during the last several years. In fact, through a memorandum of understanding, the OSE, together with the Freedom of Information Commission and the State Elections Enforcement Commission, now shares fiscal, administrative, human resources and IT functions, without sacrificing each agency's independence and enforcement authority.

Most of the OSE's budget is devoted to personal services to cover salaries and wages. Less than 10% of the budget each fiscal year covers operating expenses, which include, among other things, Board member fees, mileage reimbursements, equipment, legal research subscriptions and credit card processing fees charged to the OSE by banks in collection of lobbyist registration fees.

Credit card processing fees comprise the largest share of our operating expenses and are most prone to increases as more lobbyists shift to credit card payments and banks increase their fees. This one cost most frequently impacts our operating expenses budget. Currently, during a lobbyist registration biennium, it costs the OSE between \$25,000 to \$30,000 in credit card processing fees to collect the lobbyist registration fees. In fact, our January 2023 invoice for credit card processing fees alone totaled \$14,070.66.

As of February 15, 2023, the OSE has collected over \$791,750.00 in lobbyist registration fees for the biennium that commenced on January 1, 2023. Over each legislative biennium, the OSE collects approximately \$1 million in lobbyist registration fees. Lobbyist registration fees cover the cost to the State to administer the Code of Ethics for Lobbyists. These registration fees go directly to the General Fund.

In conclusion, we would appreciate your help in moving the OSE closer to meeting its mandate to create and maintain an ethical culture in Connecticut state government. To this end, please fund the Office of State Ethics at **\$1,935,050** and **\$1,964,230** for FY 2024 and FY 2025, respectively.

Thank you for your consideration.

For further information, please contact: Peter Lewandowski, Executive Director, at 860-263-2392.