

Section 1

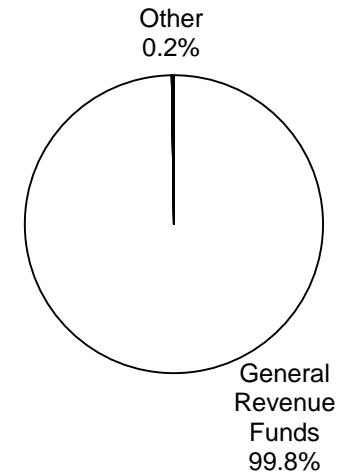
**Texas Ethics Commission
Summary of Recommendations - House**

Page: I-44
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Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$7,473,712	\$7,176,256	(\$297,456)	(4.0%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$7,473,712</i>	<i>\$7,176,256</i>	<i>(\$297,456)</i>	<i>(4.0%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$26,380	\$16,380	(\$10,000)	(37.9%)
All Funds	\$7,500,092	\$7,192,636	(\$307,456)	(4.1%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



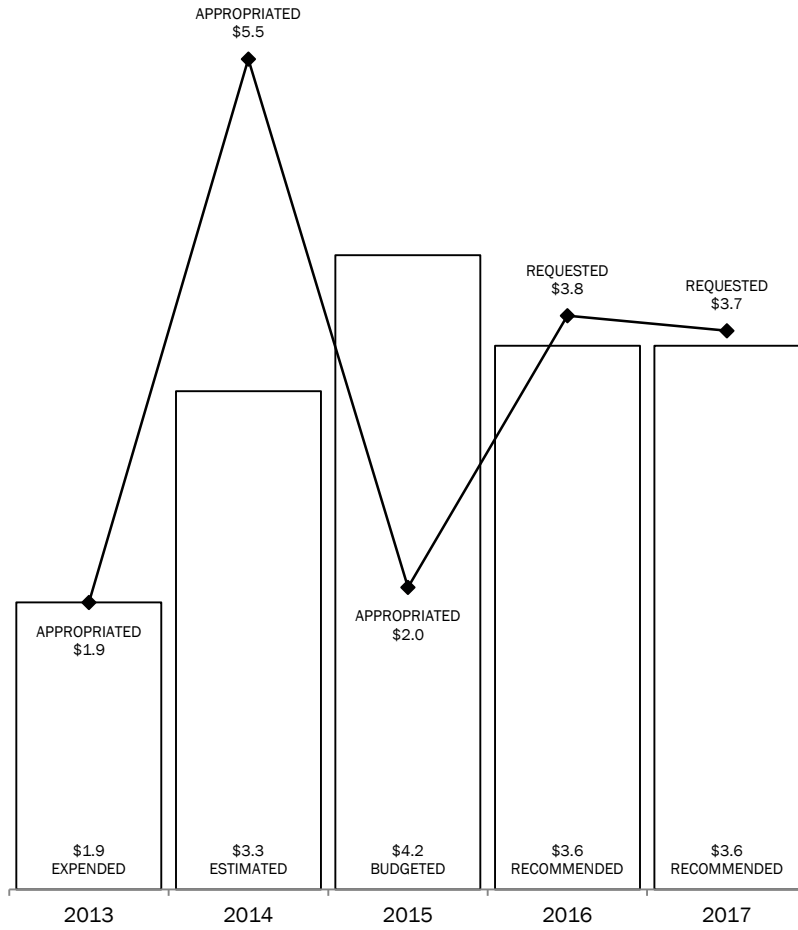
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	36.0	35.0	(1.0)	(2.8%)

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

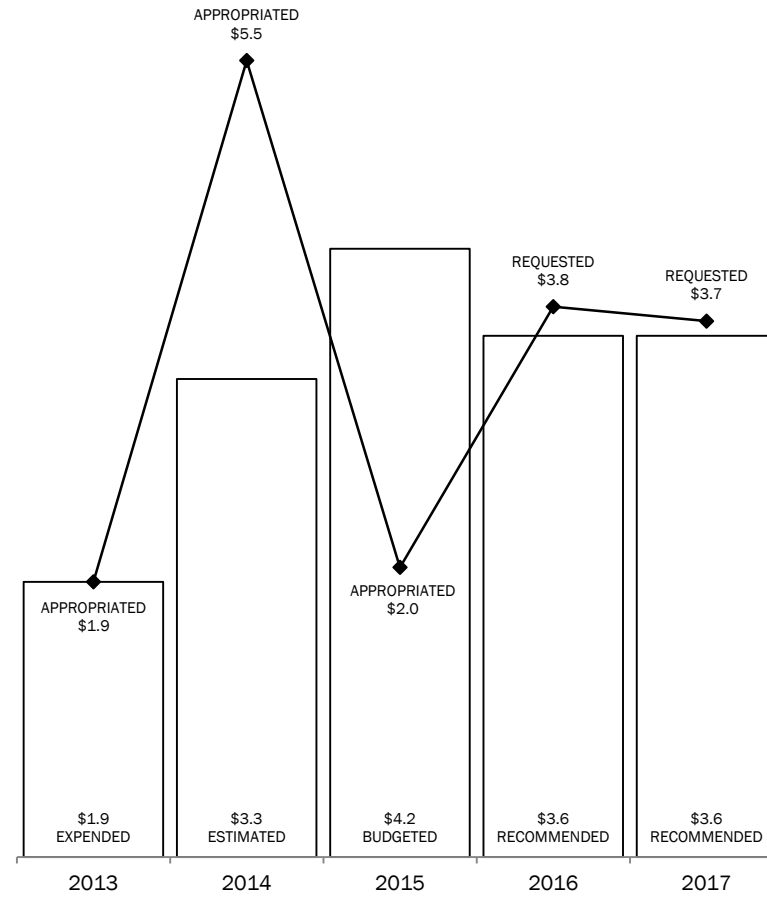
Section 1
Texas Ethics Commission
 2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$7.2 MILLION

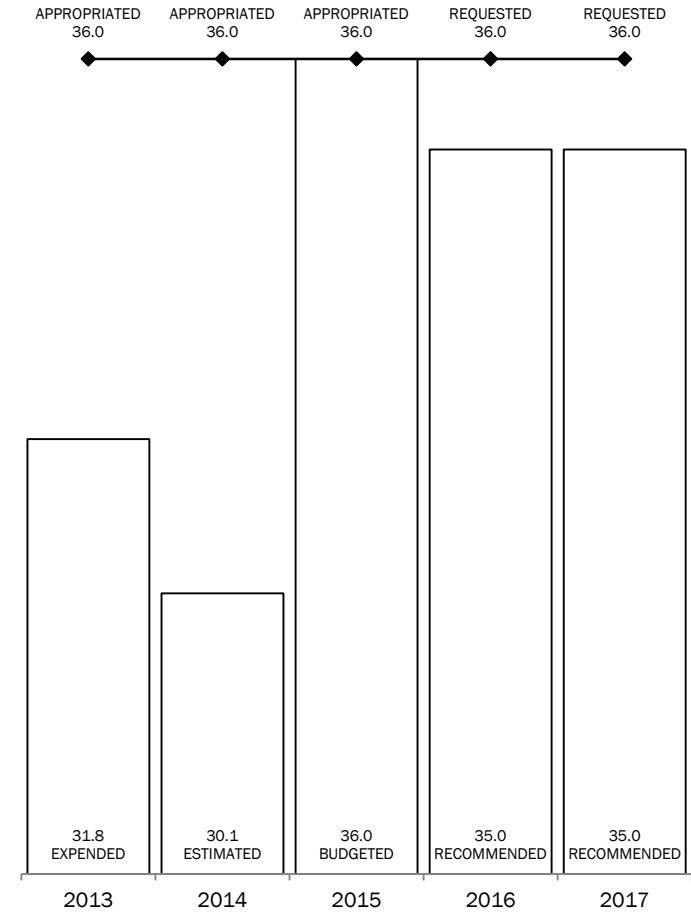
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Texas Ethics Commission
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
DISCLOSURE FILING A.1.1	\$778,428	\$780,088	\$1,660	0.2%	Recommendations reflect a decrease of \$10,000 in Appropriated Receipts for copies related to public requests for information due to the increased use of databases on the agency's website. This amount was offset by an increase of \$11,660 in General Revenue related to the biennialization of the general state employee pay raise.
LEGAL GUIDANCE AND OPINIONS A.1.2	\$752,974	\$843,392	\$90,418	12.0%	
ENFORCEMENT A.1.3	\$967,364	\$1,556,994	\$589,630	61.0%	
Total, Goal A, ADMINISTER ETHICS LAWS	\$2,498,766	\$3,180,474	\$681,708	27.3%	
CENTRAL ADMINISTRATION B.1.1	\$673,118	\$1,047,004	\$373,886	55.5%	
INFORMATION RESOURCES B.1.2	\$4,328,208	\$2,965,158	(\$1,363,050)	(31.5%)	
Total, Goal B, INDIRECT ADMINISTRATION	\$5,001,326	\$4,012,162	(\$989,164)	(19.8%)	
Grand Total, All Strategies	\$7,500,092	\$7,192,636	(\$307,456)	(4.1%)	

Section 2

Texas Ethics Commission
Summary of Recommendations - House, By Method of Finance -- 1 - General Revenue Fund

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comment
					Recommendations reflect a combined increase of \$0.7 million in General Revenue in Strategies A.1.2, Legal Guidance and Opinions and A.1.3, Enforcement for the agency to fill 3.0 vacant full-time equivalent (FTE) positions for an Attorney, Auditor, and Investigator (\$0.4 million) to address additional workload related to sworn complaints and legal guidance, and to provide for legal services (\$0.3 million) including court reporters, forensic analysis and outside attorney fees
DISCLOSURE FILING A.1.1	\$752,048	\$763,708	\$11,660	1.6%	
LEGAL GUIDANCE AND OPINIONS A.1.2	\$752,974	\$843,392	\$90,418	12.0%	
ENFORCEMENT A.1.3	\$967,364	\$1,556,994	\$589,630	61.0%	
Total, Goal A, ADMINISTER ETHICS LAWS	\$2,472,386	\$3,164,094	\$691,708	28.0%	
CENTRAL ADMINISTRATION B.1.1	\$673,118	\$1,047,004	\$373,886	55.5%	Recommendations reflect an increase in General Revenue to provide salary increases to retain experienced staff (\$0.2 million) and lump sum termination payments (\$0.2 million) for staff eligible to retire during the 2016-17 biennium.
INFORMATION RESOURCES B.1.2	\$4,328,208	\$2,965,158	(\$1,363,050)	(31.5%)	Recommendations reflect a decrease in General Revenue primarily related to a reduction of \$3.5 million in one-time funding for an electronic filing system. This amount was offset by an increase of \$2.1 million related to supporting the full implementation of the electronic filing system and allowing for any necessary enhancements following implementation, as well as providing the staff and training to allow the agency to maintain the system in-house (see Selected Fiscal and Policy Issue #1).
Total, Goal B, INDIRECT ADMINISTRATION	\$5,001,326	\$4,012,162	(\$989,164)	(19.8%)	
Grand Total, All Strategies	\$7,473,712	\$7,176,256	(\$297,456)	(4.0%)	Recommendations include an increase of \$24,924 in General Revenue for a biennialization of the fiscal year 2015 statewide salary increase across all strategies.

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Texas Ethics Commission Selected Fiscal and Policy Issues - House

1. **Reallocation of One-time Funding.** Recommendations include approximately \$3.2 million in General Revenue from a partial reallocation of one-time funding received in the 2014-15 biennium for the following items related to ongoing support of the electronic filing system and fulfilling ongoing agency operational needs.

On-Going Support of Electronic Filing System

Recommendations include approximately \$2.1 million during the 2016-17 biennium for the following items related to supporting the electronic filing system. The funding would provide support for the full implementation of the new filing system and enable the agency to maintain the system in-house, reducing future contracting costs.

- \$179,400 for hardware and software licenses to support the new electronic filing system;
- \$86,800 for hardware warranties to support the servers and other IT hardware purchased for the new system;
- \$350,000 for an extended contract with the developer of the electronic filing system for maintenance and training of agency staff necessary to implement the new system and allow for future maintenance to be completed in house; and
- \$170,000 to fill a current vacant full-time equivalent (FTE) position with a Java programmer designated to support the new electronic filing system and the agency's website to improve user navigation of the site through mobile devices.
- \$300,000 to produce online training modules for filers;
- \$110,000 to fill a current vacancy with a Systems Support Analyst III (1.0 FTE) to support local filers; and
- \$900,000 for enhancements to the electronic filing system for items beyond the initial design of the contract.

Agency Operations

Recommendations include approximately \$1.1 million during the 2016-17 biennium for the following items related to agency operations. The funding would provide resources to the agency to address staff's increased workload from ongoing lawsuits and recent staff turnover, including hiring and retaining staff to minimize future turnover of experienced staff:

- \$150,000 to fill a current vacancy with an Attorney IV position (1.0 FTE) to address increased workload of existing legal staff in responding sworn complaints and other legal questions;
- \$110,000 to fill a current vacancy with an Auditor III (1.0 FTE) position that would analyze reports filed with the commission for compliance to reduce staff time spent resolving sworn complaints related to minor reporting infractions;
- \$90,000 to fill a current vacancy with an Investigator III (1.0 FTE) to investigate sworn complaints;
- \$200,000 for staff salary adjustments to retain professional staff. The agency indicated that they experienced nearly 25 percent turnover of staff in fiscal year 2014 which significantly impacted agency's productivity and increased remaining staff's workload. The funding would allow the agency to provide salary increases to staff based on performance;
- \$200,000 for anticipated lump sum payments to retiring/terminating staff. The agency anticipates that by fiscal year 2017, half of current employees will be eligible for retirement;
- \$300,000 for legal services costs related to enforcement of laws under the Commission's jurisdiction and include a new rider identifying appropriations for this purpose. Due to the increase in lawsuits the agency is involved in, there is an increase in legal

Section 3

services the agency needs. This includes costs related to subpoenas, court reporting services, depositions, transcripts, litigation support, forensic analysis, expert witnesses, and outside attorney's fees;

- \$33,524 for PC and tablet replacement, and add the agency to Art. IX, Sec. 9.04, Information Technology Replacement, requiring coordinated bulk purchasing efforts with the Department of Information Resources;
- \$13,200 for updated Microsoft Office licenses; and
- \$16,000 for additional travel costs for commissioners due to a 100 percent increase in the number of meeting days in FY 2014, which are expected to continue into the 2016-17 biennium to fulfill Commission duties.

Recommendations do not include the agency's request to reallocate approximately \$0.1 million in General Revenue and 1.0 FTE during the 2016-17 biennium to fill a current vacancy with an Staff Support Officer I (1.0 FTE) to coordinate ethics symposiums and online training webinars.

Section 3

**Ethics Commission
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	36.0	36.0	36.0	35.0	35.0
Actual/Budgeted	31.8	30.1	36.0	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$115,000	\$126,500	\$126,500	\$126,500	\$126,500
General Counsel	\$105,000	\$115,500	\$115,500	\$115,500	\$115,000

Recommendations reflect a reduction of 1.0 unfilled FTEs for a Staff Services Officer position.

The agency is not requesting any changes to its Exempt Positions.

State Auditor's Office Report 14-705, *Executive Compensation at State Agencies*, indicates a market average of \$144,675 for the Executive Director position. No changes to the current Group 4 classification were recommended.

The SAO report did not address the General Counsel exempt position.

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**Texas Ethics Commission
Performance Measure Highlights - House**

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none"> <i>Number of Sworn Complaints Processed</i> <p><i>Recommendations reflect an decrease in targets related to the decreasing number of sworn complaints filed with the commission over the past several fiscal years. Recommendations provide for Attorney IV position that would not affect number of complaints processed by the commission.</i></p>	251.0	273.0	311.0	311.0	311.0
<ul style="list-style-type: none"> <i>Average Time (Working Days) to Answer Advisory Opinion Requests</i> <p><i>Recommendations reflect an increase in targets related to the timing of commission meetings, which are scheduled every 60 days, and can affect the length of time required for an advisory opinion request to be approved. Recommendations provide for Attorney IV position that would not handle advisory opinions.</i></p>	39.70	41.00	60.00	60.00	60.00

Section 4

**Texas Ethics Commission
Performance Review and Policy Report Highlights - House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Texas Ethics Commission Rider Highlights - House

2. (revised) **Capital Budget.** Revise rider to align with recommendations.
4. (new) **Enforcement Legal Services.** Add rider to identify appropriations for legal services costs related to enforcement of laws under the Commission's jurisdiction.

Section 6

**Texas Ethics Commission
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	All Funds
Agency Exceptional Items - In Agency Priority Order		
1. Funding and 1.0 FTE for Staff Services Officer I position to coordinate ethics training and perform purchasing and travel accounting functions.	\$ 90,000	\$ 90,000
Total, Items Not Included in the Recommendations	\$ 90,000	\$ 90,000

Section 7

**Texas Ethics Commission
Summary of 10 Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts				Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		
1	Enhancements to new Electronic Filing Software System	It is hoped that a Commission staff Java programmer and other staff with software engineering experience can, in the long run, accomplish some of the priority enhancements.	\$200,000	\$200,000		\$0	12%	No
2	Training Modules for Filers	Existing agency personnel would be used to develop some production and programming of new training modules for filers. Reductions in this item would result in training modules taking longer to produce and the training modules would not be produced by a professional with experience in this area.	\$100,000	\$100,000		\$0	6%	No
3	Website Redesign	This item is important as evidenced by the many comments about our website from the customer service surveys. The website redesign would still be undertaken by using Commission staff. Because the staff will be focusing primarily on the new Electronic Filing System, the website redesign will take longer	\$50,000	\$50,000		\$0	4%	Yes
4	Systems Support Specialist III Position	Elimination of this new position would impact filers. With any new system there is initial confusion from filers who would be contacting the information resources staff for assistance in using the new system. Loss of this position would create long wait times for filers seeking agency assistance.	\$110,000	\$110,000	1.0	\$0	8%	No
5	Training Events Coordinator Position	The lapse of a significant portion of the training symposium funds in FY 2014 was due to lack of staff time to plan, prepare, and conduct the symposiums. Loss of this new position for a training events coordinator would put the agency back in the same position of having to use existing resources to properly plan, prepare, and conduct training events.	\$116,000	\$116,000	1.0	\$0	54%	Yes
6	Auditor III Position	Loss of this new position would negatively impact agency efforts to vigorously enforce the laws under the Commission's jurisdiction.	\$110,000	\$110,000	1.0	\$0	8%	No
7	PCs Refresh	By FY 2017, all of the agency's PCs will be over five years old. Loss of or reduction of this item would take the agency off its life cycle replacement schedule. Continued use of outdated technology may negatively impact agency productivity.	\$33,541	\$33,541		\$0	2%	No
8	Staff Salary Adjustments	Our staff is our most valuable asset. We are enduring a loss of experienced personnel due to higher salaries at other state agencies. Reduction of funds to adjust our staff salaries to remain competitive would result in an even larger turnover rate.	\$21,500	\$21,500		\$0	1%	No

TOTAL, 10% Reduction Options

\$741,041 \$741,041 3.0 \$0

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Texas Ethics Commission
Summary of 10 Percent Biennial Base Reduction Options - House
Agency 10% Reduction Options by Category of Reduction

