

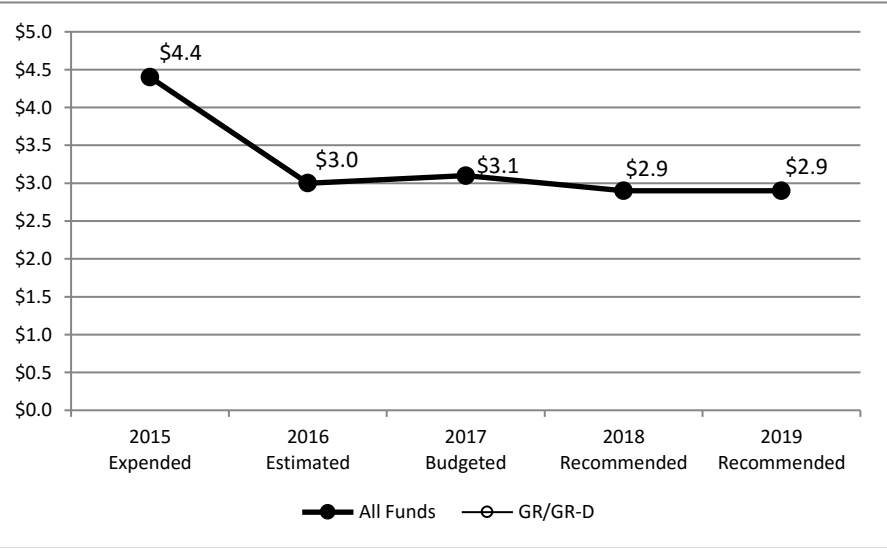
**Texas Ethics Commission
Summary of Recommendations - Senate**

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Ian Steusloff, Interim Executive Director
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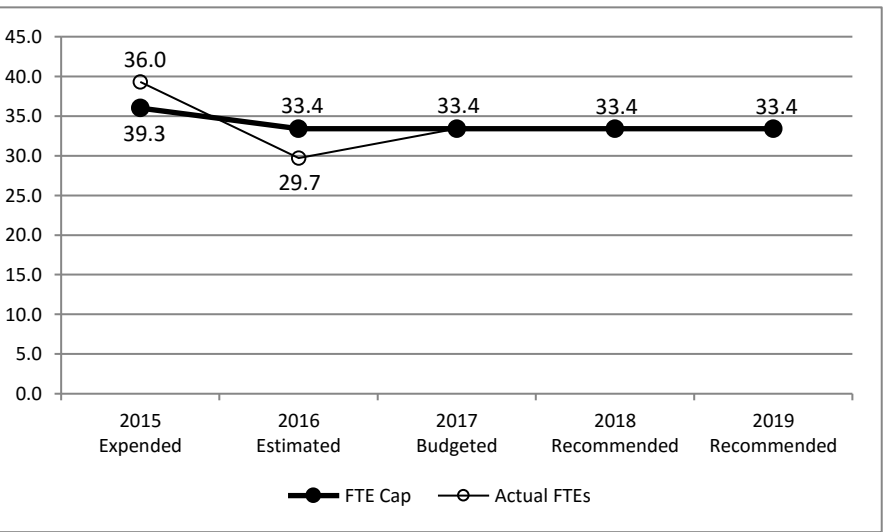
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$6,096,182	\$5,852,335	(\$243,847)	(4.0%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$6,096,182	\$5,852,335	(\$243,847)	(4.0%)
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$16,380	\$16,380	\$0	0.0%
All Funds	\$6,112,562	\$5,868,715	(\$243,847)	(4.0%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	33.4	33.4	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Texas Ethics Commission
Summary of Funding Changes and Recommendations - Senate

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
A)	Reduction in 1.0 FTE position in the Disclosure Filing Division, pursuant to 4% reduction.	(\$64,000)				(\$64,000)	A.1.1
B)	Reduction in operating costs for symposium training and travel, pursuant to 4% reduction.	(\$29,847)				(\$29,847)	A.1.2, A.1.3
C)	Reduction in lump sum payments to retiring employees, pursuant to 4% reduction.	(\$150,000)				(\$150,000)	B.1.1
TOTAL OTHER Funding Changes and Recommendations		(\$243,847)				(\$243,847)	As Listed
<i>OTHER Funding Increases</i>		\$0				\$0	
<i>OTHER Funding Decreases</i>		(\$243,847)				(\$243,847)	As Listed

Texas Ethics Commission
Selected Fiscal and Policy Issues - Senate

1. **House Bill 1295.** The 84th Legislature charged the Commission with the implementation of House Bill 1295, a transparency bill, which prohibits a governmental entity or state agency from entering into certain contracts unless the business entity submits a disclosure of interested parties form at the time the business entity submits the contract to the governmental body. The new law applies to contracts entered into on or after January 1, 2016.

Additionally, the Commission created an electronic filing application and requires that it be used to file the disclosure of interested parties form. To date, over 23,000 persons have used the filing application to file or acknowledge receipt of disclosure forms, and it is estimated that approximately 85,200 of those forms will be filed yearly. The Commission estimates they will receive approximately 8,760 telephone calls annually related to House Bill 1295 and is requesting funding for a Systems Support Analyst in the 2018-19 biennium.

2. **Electronic Filing Software System (EFSS).** The Commission launched an Electronic Filing Software System in 2015 that includes filing applications for campaign finance, lobby, personal financial statements, and certificate of interested party disclosures and the Commission's management system for the applications. Recommendations include \$650,000 and capital budget authority in fiscal years 2018-19 to maintain the system.

The Commission is requesting an additional \$150,000 in General Revenue funds in 2018-19 for additional vendor support, not included in recommendations. The Commission plans to extend the current maintenance contract with the vendor that designed and developed the new system to make adjustments to the filing applications and work with the Commission IT programming staff to provide hands-on learning of the code base so the Commission staff can modify and eventually maintain the code base in-house. The current contract will expire in August 2017. The Commission plans to extend the maintenance agreement with the vendor for approximately eight additional years, but will revisit the contract negotiation at a two-year interval in order to re-negotiable the cost of the contract. The annual maintenance renewal fees to maintain vendor support are estimated to be \$400,000 for FY 2018-19.

3. **Legal Services for Enforcement.** Recommendations do not include the agency's request to increase appropriated amounts in the rider by \$150,000 in General Revenue each fiscal year. Current rider provisions include \$300,000 in General Revenue funds for the 2018-19 biennium. The agency has requested additional funding in order to seek outside counsel for lawsuits in which the Office of the Attorney General (OAG) does not represent the Commission. Fiscal Year 2016 is the first year in which the Commission has had this appropriation. The Commission plans to lapse approximately \$120,000 in FY 2016, however, the Commission anticipates expenses in Fiscal Year 2017 to exceed \$150,000. The Commission is currently involved in eight lawsuits, three of which they are not being represented by the OAG.

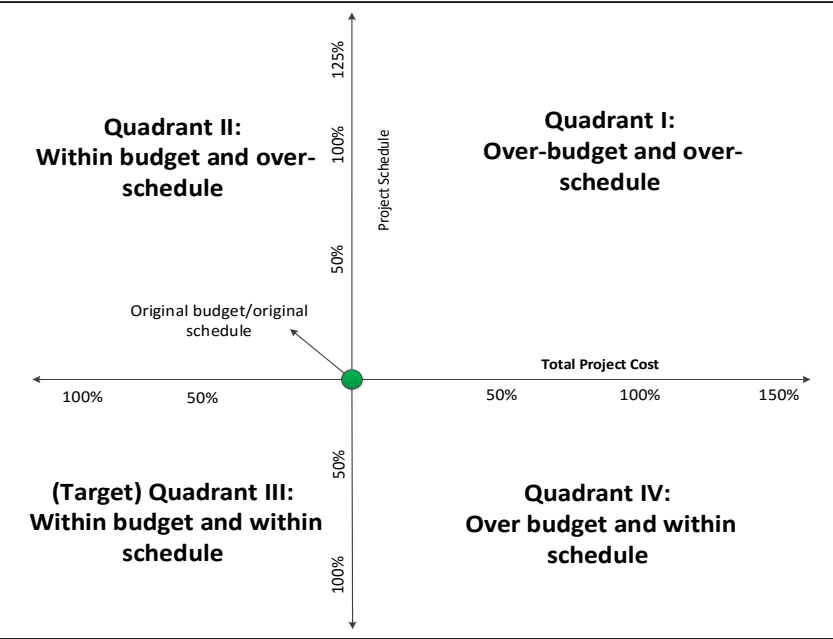
Texas Ethics Commission
Quality Assurance Team Highlights - Senate

Section 3c

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team

	Original Projected Costs	Current Projected Costs	Difference in Costs	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Difference in Time	% Complete	
Project Name									
1 Electronic Filing Software	\$4.4	\$4.5	\$0.1	\$4.5	23	24	1	100%	●
Project Totals (1)									
	\$4.4	\$4.5	\$0.1	\$4.5					

Major Information Resources Projects



- Legend**
- Project which is within budget and within schedule
 - Project which exceeds budget OR schedule
 - Project which is over budget and behind schedule

*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Legislative Budget Board, the State Auditor’s Office, and the Department of Information Resources.

Texas Ethics Commission
Quality Assurance Team Highlights - Senate

Section 3c

Significant Project Highlights

1 Electronic Filing Software Project

This project was authorized to begin in FY 2014 as a two year project and was appropriated \$3.5 million for project development (General Revenue).

The Electronic Filing System had an overall successful budget and duration. However, in FY 2015 the agency had minor issues with the electronic filing system during testing and extended the Deliverables-Based IT Services (DBITS) contract for an additional month to resolve and correct source code defects. This delay did not effect the overall project cost.

One of the system's goals was to develop an intuitive system that helps filers identify possible errors with data entry. According to the agency the Campaign Finance mobile application project was released in April 2015, and the Lobby and Personal Financial statement applications were released in September 2015. These new filing applications are web-based and are accessible to users on personal computers and modern mobile devices with Internet access. The campaign finance application may be used by all filers regardless of whether they file with the Commission or with a local filing authority.

Note: The agency was appropriated \$300,000 in FY 2016-17 (General Revenue) for vendor support for the electronic filing system. For FY 2018-19 the agency is requesting \$800,000 (General Revenue) to extend the current maintenance contract with the development vendor for enhancements to the filing system. This will also allow staff to provide hands-on learning of the source code so staff can modify and maintain the code base in-house in the future.

* Note: The agency originally estimated approximately \$600,000 for maintenance cost related to hardware and software after project implementation.

QAT Budget Highlights (in millions)

Project Name	2016-17 Base	2018-19 Requested	2018-19 Recommended
Maint. Support Electronic Filing System	\$0.3	\$0.8	\$0.7
Total	\$0.3	\$0.8	\$0.7

* Requested amounts for 2018-19 include all baseline and exceptional item funding requested by the agency. Recommended amounts for 2018-19 include baseline funding only. Request is General Revenue.

* Note: The 2016-17 Recommended funding levels were for vendor support and Online training modules.

Texas Ethics Commission
Rider Highlights - Senate

None.

Texas Ethics Commission
Items Not Included in Recommendations - Senate

Section 5

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Amend Rider 4. Legal Services for Enforcement and increase funding to pay for legal services to be able to retain outside counsel for cases in which OAG is not representing them.	\$300,000	\$300,000	0.0	No	Yes	\$300,000
2)	Funding to extend the current maintenance contract for the Electronic Filing Software System.	\$150,000	\$150,000	0.0	Yes	Yes	\$0
3)	Funding to increase the Internet network bandwidth from 100 Mbps to 250 Mbps in order to handle the increase in network traffic.	\$117,600	\$117,600	0.0	Yes	No	\$117,600
4)	Funding to modify software in order to redact covered confidential information, from campaign finance reports, lobby report, personal financial statements, and other documents maintained by the Commission.	\$216,000	\$216,000	0.0	Yes	Yes	\$0
5)	Revision to Rider 3. Judgments and Settlements to include judgments and settlements awarded under state law to be paid by the Comptroller and not from funds appropriated to the Commission.	\$0	\$0	0.0	No	No	\$0
6)	Systems Support Analyst to respond to an increase in phone calls related to the implementation of HB 1295.	\$130,000	\$130,000	1.0	No	No	\$130,000
7)	Administrative Assistant to assist with CAPPS.	\$40,000	\$40,000	1.0	Yes	No	\$0
8)	Funding for additional training to provide education on laws administered and enforced by the agency.	\$50,000	\$50,000	0.0	No	No	\$0
9)	Staff Services Officer to assist with educational and outreach efforts.	\$116,000	\$116,000	1.0	No	No	\$116,000
10)	Attorney to oversee facial compliance reviews, work on sworn complaints and participate in ethics trainings throughout the state.	\$150,000	\$150,000	1.0	No	No	\$150,000
11)	Two Auditors to increase the number of facial compliance reviews conducted on reports filed with the Commission.	\$220,000	\$220,000	2.0	No	No	\$220,000

TOTAL Items Not Included in Recommendations

\$1,489,600

\$1,489,600

6

\$1,033,600

**Texas Ethics Commission
Appendices - Senate**

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* Appendix is not included - no significant information to report

Texas Ethics Commission
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
DISCLOSURE FILING A.1.1	\$827,417	\$763,417	(\$64,000)	(7.7%)	Recommendations include a decrease of \$64,000 in General Revenue for the reduction of one FTE from the Disclosure Filing Division.
LEGAL GUIDANCE AND OPINIONS A.1.2	\$976,394	\$960,547	(\$15,847)	(1.6%)	Recommendations include: 1) \$7,847 decrease in General Revenue for symposium training; 2) \$8,000 decrease in General Revenue related to travel.
ENFORCEMENT A.1.3	\$1,473,967	\$1,459,967	(\$14,000)	(0.9%)	Recommendations include a decrease of \$14,000 in General Revenue related to travel.
Total, Goal A, ADMINISTER ETHICS LAWS	\$3,277,778	\$3,183,931	(\$93,847)	(2.9%)	
CENTRAL ADMINISTRATION B.1.1	\$861,653	\$711,653	(\$150,000)	(17.4%)	Recommendations include a decrease of \$150,000 in General Revenue relating to a reduction in lump sum payments to retiring employees.
INFORMATION RESOURCES B.1.2	\$1,973,131	\$1,973,131	\$0	0.0%	
Total, Goal B, INDIRECT ADMINISTRATION	\$2,834,784	\$2,684,784	(\$150,000)	(5.3%)	
Grand Total, All Strategies	\$6,112,562	\$5,868,715	(\$243,847)	(4.0%)	

**Texas Ethics Commission
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	36.0	33.4	33.4	33.4	33.4
Actual/Budgeted	39.3	29.7	33.4	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director	\$126,500	\$133,463	\$133,463	\$133,463	\$133,463
General Counsel	\$115,500	\$118,388	\$118,388	\$118,388	\$118,388

Notes:

- a) Fiscal year 2015 actual FTE figure is greater than the FTE Cap limit primarily due to 3.3 FTEs contracted for the Election Filing Software System project.
- b) Fiscal year 2016 actual FTE figure is less than the FTE Cap limits due to staff vacancies (attorneys and vacancies in the Disclosure Filing Division).
- c) The State Auditor's Office Reports, *Executive Compensation at State Agencies* (Report 16-706, August 2016), indicates a market average salary of \$144,955 for the Executive Director position at the Texas Ethics Commission and does not recommend changing the Group classification for the position. The agency is not requesting any changes to its Exempt Positions.

Texas Ethics Commission
Performance Measure Highlights - Senate

Appendix D

	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
<ul style="list-style-type: none"> Number of Reports Due Filed Electronically <p><i>Measure Explanation: The 84th Legislature charged the Commission with the implementation of HB 1295, a transparency bill, which prohibits a governmental entity or state agency from entering into certain contracts unless the business entity submits a disclosure of interested parties form. The Commission's Electronic Filing Software System (EFSS) has assisted with the increase files and allowed files to be reported electronically. As of August 2016, approximately 23,618 persons have used the filing application and approximately 85,537 forms have been submitted through the EFSS.</i></p>	28,362	85,537	125,000	90,000	125,000
<ul style="list-style-type: none"> Number of Sworn Complaints Processed within Five Working Days after Filing <p><i>Measure Explanation: The Commission responds to complaints and enforces applicable statutes. The Commission will enforce compliance with laws administered by the Ethics Commission by responding quickly and impartially to sworn complaints. The Commission estimates they will be able to respond to 100% of sworn complaints filed within five working days.</i></p>	241	257	311	311	311

Texas Ethics Commission
Summary of Ten Percent Biennial Base Reduction Options Recommendations - Senate

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
1)	Programmer Position	According to the agency, elimination of this position would impact filers. The position assists filers with submitting their reports electronically as well as fixing programming errors with filing applications. The loss of this position would create longer wait times for filers seeking agency assistance.	\$110,000	\$110,000	1.0	\$0	1.9%	No
2)	Attorney Position	According to the agency, elimination of this position would impact the Commission legal division. During filing periods, this position assists callers with information about statutory filing information and answers questions on what is required on their filing reports. The loss of an attorney would result in longer wait and response time to callers' questions.	\$120,000	\$120,000	1.0	\$0	2.1%	No
3)	Training Symposium	The Commission currently travels across the state of Texas to conduct training symposiums for filers in their areas in order to ensure they may receive in-person training about the laws enforced by the Commission. Budget reductions would no longer allow the agency to conduct training in local or rural areas.	\$63,233	\$63,233		\$0	1.1%	No
4)	Investigator Position	According to the agency, elimination of this position would impact the Commission's ability to carry out its core functions and would impact the level of service the Commission provides to the regulated community. The loss of this position would delay the investigations on sworn complaints.	\$90,000	\$90,000	1.0	\$0	1.5%	No
5)	Programmer Position	According to the agency, elimination of this position would impact filers. This position assists filers with submitting their reports electronically, as well as, fixing programming errors with filing applications. The loss of this position would create longer wait times for filers seeking agency assistance.	\$100,000	\$100,000	1.0	\$0	1.7%	No
6)	Attorney Position	According to the agency, elimination of this position would impact the legal division. This attorney processes sworn complaints and assist callers with statutory rules. The loss of an attorney would result in delays in processing sworn complaints and having these complaints resolved in a timely manner.	\$102,000	\$102,000	1.0	\$0	1.7%	No
TOTAL, 10% Reduction Options			\$585,233	\$585,233	5.0	\$0		