

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

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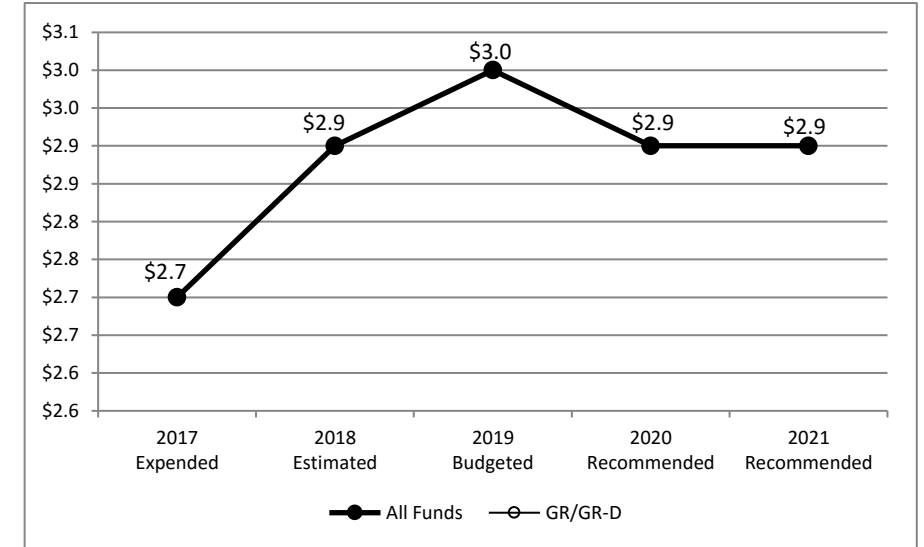
Seana Willing, Executive Director

John Montgomery, LBB Analyst

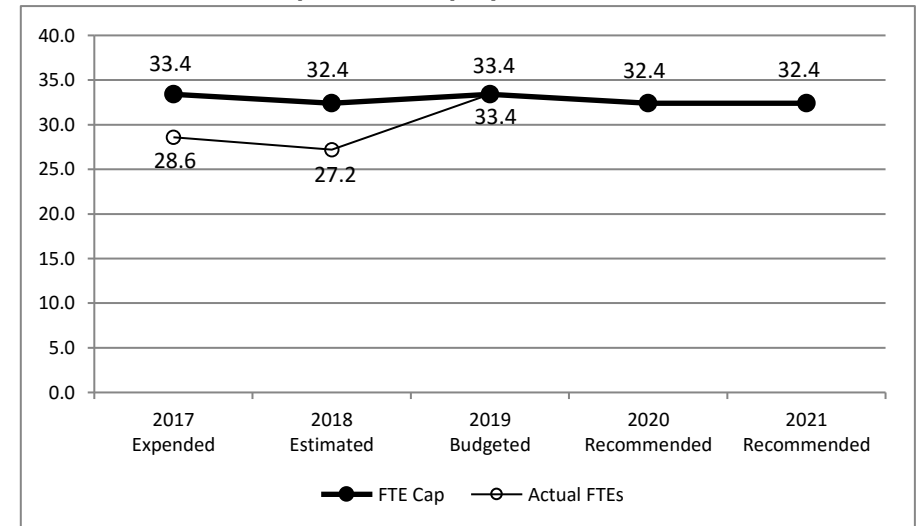
Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$5,870,492	\$5,870,492	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$5,870,492</i>	<i>\$5,870,492</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$15,580	\$16,380	\$800	5.1%
<b>All Funds</b>	<b>\$5,886,072</b>	<b>\$5,886,872</b>	<b>\$800</b>	<b>0.0%</b>

	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	33.4	32.4	(1.0)	(3.0%)

**Historical Funding Levels (Millions)**



**Historical Full-Time-Equivalent Employees (FTEs)**



The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

**Texas Ethics Commission**  
**Summary of Funding Changes and Recommendations - Senate**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	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) Increase in Appropriated Receipts, due to an anticipated increase from copy orders.	\$0	\$0	\$0	\$800	\$800	A.1.1.
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$800</b>	<b>\$800</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$0	\$0	\$0	\$800	\$800	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	\$0	\$0	\$0	\$0	\$0	As Listed

NOTE: Totals may not sum due to rounding.

**Texas Ethics Commission  
Selected Fiscal and Policy Issues - Senate**

1. **Electronic Filing Software System (EFSS)** – Recommendations continue funding of \$650,000 in All Funds and capital budget authority in the 2020-21 biennium for vendor maintenance and support of EFSS. Launched in 2015, EFSS is a management and search tool for statutory ethics filings, and facilitates filing applications for campaign finance, lobby, personal financial statements, and certificate of interested party disclosures.

The Commission plans to renew the EFSS maintenance contract with the vendor that designed and developed the system. The current contract will expire at the end of fiscal year 2019. The ongoing maintenance renewal fees to continue vendor support are estimated to be \$850,000 for 2020-21. Not included in the recommendations is the Commission request for an additional \$200,000 in General Revenue funds in 2020-21 to cover an increase in vendor support costs.

In addition, the Commission is requesting an additional \$275,000 in General Revenue in 2020-21 to implement changes to EFSS, not included in the recommendations. Enhancements are required by legislation passed in the 85<sup>th</sup> Legislative Session (HB 501, HB 776, HB 998, SB 42, and SB 1576), and in response to filer requests to improve system functionality. These include improvements to certification process forms, as well as the mandatory redaction of judicial candidates' personal information from filings.

2. **Legal Services for Enforcement** – Recommendations continue 2018-19 baseline funding of \$300,000 per fiscal year in General Revenue. First received in the 2016-17 biennium, this funding is used to compensate outside counsel for lawsuits in which the Office of the Attorney General (OAG) does not represent the Commission. The Commission has expended \$474,254 from fiscal years 2014 to 2018 on outside representation in five lawsuits and seven appeals.
3. **Settlements and Judgments** – Recommendations do not include the Commission request to revise rider 3 and maintain current language to cover judgments and settlements that arise from both state and federal lawsuits prosecuted or defended by the Attorney General. Currently, only judgments and settlements awarded against the Commission in a federal lawsuit prosecuted or defended by the Office of the Attorney General are paid by the Comptroller. Since the enactment of this provision by the 82<sup>nd</sup> Legislature, the Comptroller has covered \$262,703 in federal settlements and judgments while the Commission has been required to cover \$209,938 in state settlements and judgments.

**Texas Ethics Commission**  
**Items Not Included in Recommendations - Senate**

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	Increased maintenance costs for the Electronic Filing Software System.	\$200,000	\$200,000	0.0	Yes	Yes	\$1,100,000
2)	Implement enhancements to the Electronic Filing System, including those required by legislation enacted by the 85th Legislature.	\$275,000	\$275,000	0.0	Yes	Yes	\$275,000
3)	Update end-of-life network switch gear that supports the statewide filing system.	\$75,000	\$75,000	0.0	Yes	Yes	\$8,400
4)	Administrative Assistant to assist with CAPPS implementation.	\$50,000	\$50,000	0.0	Yes	No	\$0
5)	Two Programmers to fill vacancies and support agency-wide IT operations.	\$260,000	\$260,000	2.0	No	No	\$260,000
6)	Case Management Software to digitize and streamline the sworn complaint enforcement process.	\$55,000	\$55,000	0.0	Yes	Yes	\$0
7)	Ongoing Case Management Software maintenance and cloud hosting.	\$44,000	\$44,000	0.0	Yes	No	\$55,000
8)	Provide two more full-day elections ethics trainings outside the Austin area.	\$30,000	\$30,000	0.0	No	No	\$0
9)	A staff attorney to support the processing of legal guidance and opinion inquiries.	\$130,000	\$130,000	1.0	No	No	\$0
10)	Increase staff compensation across the agency to counter high turnover.	\$324,000	\$324,000	0.0	No	No	\$324,000
11)	Cover eight to 16 lump sum retirement payments for unused annual leave.	\$160,000	\$160,000	0.0	No	No	\$0
12)	Increase the Executive Director and General Counsel exempt salaries by 5.5 percent.	\$28,000	\$28,000	0.0	No	No	\$28,000
13)	Transfer Appropriated Receipts Method of Finance to the agency's baseline budget due to low collections.	\$16,380	\$16,380	0.0	No	No	\$16,380

**Texas Ethics Commission  
Items Not Included in Recommendations - Senate**

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

**Agency Requested Rider Revisions Not Included**

15)	Modify Rider 3 to require Comptroller payment of both state and federal settlements.	\$0	\$0	0.0	No	No	\$0.0
16)	New Rider 4 to authorize unexpended balance authority within the 2020-21 biennium.	\$0	\$0	0.0	No	No	\$0.0
17)	New Rider 5 to authorize transfers between strategies without limitation.	\$0	\$0	0.0	No	No	\$0.0

<b>TOTAL Items Not Included in Recommendations</b>		<b>\$1,647,380</b>	<b>\$1,647,380</b>	<b>3.0</b>			<b>\$2,066,780</b>
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**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	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
DISCLOSURE FILING A.1.1	\$734,459	\$651,020	(\$83,439)	(11.4%)	Recommendations reflect a decrease of \$83,439 in General Revenue for the reduction of one FTE from the Disclosure Filing Division.
LEGAL GUIDANCE AND OPINIONS A.1.2	\$791,931	\$827,964	\$36,033	4.6%	Recommendations reflect an increase of \$36,033 in General Revenue relating to the transfer of Attorney duties between the Enforcement and Legal Guidance and Opinions divisions.
ENFORCEMENT A.1.3	\$1,745,967	\$1,752,590	\$6,623	0.4%	Recommendations reflect an increase of \$6,623 in General Revenue relating to the transfer of Attorney duties between the Enforcement and Legal Guidance and Opinions divisions.
<b>Total, Goal A, ADMINISTER ETHICS LAWS</b>	<b>\$3,272,357</b>	<b>\$3,231,574</b>	<b>(\$40,783)</b>	<b>(1.2%)</b>	
CENTRAL ADMINISTRATION B.1.1	\$751,653	\$793,236	\$41,583	5.5%	Recommendations reflect: 1) \$100,000 increase in General Revenue for the addition of one FTE 2) \$40,000 decrease in General Revenue for one-time CAPPs funding; and 3) \$18,417 decrease in General Revenue for operating expense adjustments.
INFORMATION RESOURCES B.1.2	\$1,862,062	\$1,862,062	\$0	0.0%	
<b>Total, Goal B, INDIRECT ADMINISTRATION</b>	<b>\$2,613,715</b>	<b>\$2,655,298</b>	<b>\$41,583</b>	<b>1.6%</b>	
<b>Grand Total, All Strategies</b>	<b>\$5,886,072</b>	<b>\$5,886,872</b>	<b>\$800</b>	<b>0.0%</b>	

**Texas Ethics Commission  
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	33.4	32.4	33.4	32.4	32.4
Actual/Budgeted	28.6	27.2	33.4	NA	NA

**Schedule of Exempt Positions (Cap)**

Executive Director	\$133,463	\$133,463	\$133,463	\$133,463	\$133,463
General Counsel	\$118,388	\$118,388	\$118,388	\$118,388	\$118,388

Notes:

a) Fiscal years 2017, 2018, and 2019 actual FTE figures are less than the FTE Cap limits due to several staff vacancies (two Programmers, two Administrative Assistants, one Investigator, and one Attorney). Vacancies are caused by high staff turnover driven by non-competitive wages. According to the Commission, agency wages are on average 13% below other state agencies for similar position classifications.

b) The State Auditor's Office Reports, *Executive Compensation at State Agencies* (Report 18-705, August 2018), indicates a market average salary of \$146,418 for the Executive Director position at the Texas Ethics Commission but does not recommend changing the salary group for this position.

c) The Commission requests that the Executive Director's salary be increased to \$140,803 from \$133,463. Exceptional item 11 requests \$14,680 in General Revenue for this salary. The Commission also requests that the General Counsel's salary be increased to \$124,900 from \$118,388. Exceptional item 11 requests \$13,024 in General Revenue for this salary.



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

	<b>Expended 2017</b>	<b>Estimated 2018</b>	<b>Budgeted 2019</b>	<b>Recommended 2020</b>	<b>Recommended 2021</b>
<ul style="list-style-type: none"> <li>• <i>Number of Reports Due Filed Electronically</i></li> </ul> <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 by allowing the additional 11,600 form 1295 filers to report electronically.</i></p>	117,390	114,998	124,998	109,998	124,998
<ul style="list-style-type: none"> <li>• <i>Number of Sworn Complaints Processed</i></li> </ul> <p><i>Measure Explanation: The Commission responds to complaints and enforces applicable statutes administered by the Ethics Commission. The Commission received 299 sworn complaints, or 96% of the goal, through the third quarter of fiscal year 2018.</i></p>	190	333	311	311	311
<ul style="list-style-type: none"> <li>• <i>Average Time (Working Days) to Respond to Sworn Complaints</i></li> </ul> <p><i>Measure Explanation: The commission has been statutorily required to respond to a sworn complaint within 5 business days since 2004. A response can be a simple acknowledgement of receipt, and the Commission has been able to meet this statutory limit for 100% of its complaints. The Commission estimates they will be able to continue respond to 100% of sworn complaints filed within five working days.</i></p>	4.04	4.14	4.06	5.00	5.00

**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	Program GR/GR-D Total	Included in LBB Recs?
			GR & GR-D	All Funds	FTEs				
1)	Outside Counsel Fees	According to the Commission, costs to defend the agency in the three pending cases and related appeals will continue to accrue throughout the FY 2020-2021 biennium. Reducing funds for outside counsel would jeopardize the state's defense in these ongoing cases.	\$300,000	\$300,000	0.0	\$0	17%	\$1,752,590	No
2)	Hardware Purchase and Maintenance Fees	The Commission's computer services division is responsible for hardware support for the electronic filing system, the disclosure database system, and the web server used by over 20,000 filers. According to the Commission, reducing hardware maintenance fees and failing to purchase replacement equipment will result in the suspension of vendor support and compromise service reliability.	\$99,000	\$99,000	0.0	\$0	5%	\$1,862,062	No
3)	Software Purchase and License Fees	The Commission's computer services division supports the software that underpins the electronic filing and disclosure database system used by over 20,000 filers. According to the Commission, a reduction in software maintenance fees or the expiration of software licenses would result in software not receiving security updates, and service reliability being compromised for the state's ethics filing system.	\$99,000	\$99,000	0.0	\$0	5%	\$1,862,062	No
4)	Electronic Filing Software System Maintenance Hours	According to the Commission, the proposed reduction will prevent the vendor that designed and developed the Electronic Filing Software System from correcting source code error defects, fixing software errors, and conducting performance testing. Reducing vendor activity will delay the Commission's correction of issues, which would negatively impact filers trying to meet statutory filing deadlines.	\$89,049	\$89,049	0.0	\$0	5%	\$1,862,062	No
<b>TOTAL, 10% Reduction Options</b>			<b>\$587,049</b>	<b>\$587,049</b>	<b>0.0</b>	<b>\$0</b>			