

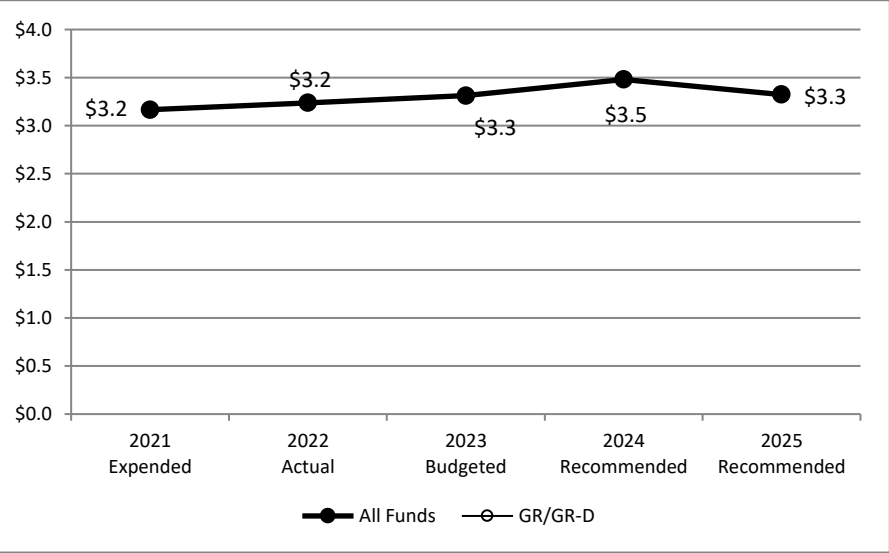
Texas Ethics Commission
Summary of Budget Recommendations - Senate

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J.R. Johnson, Executive Director
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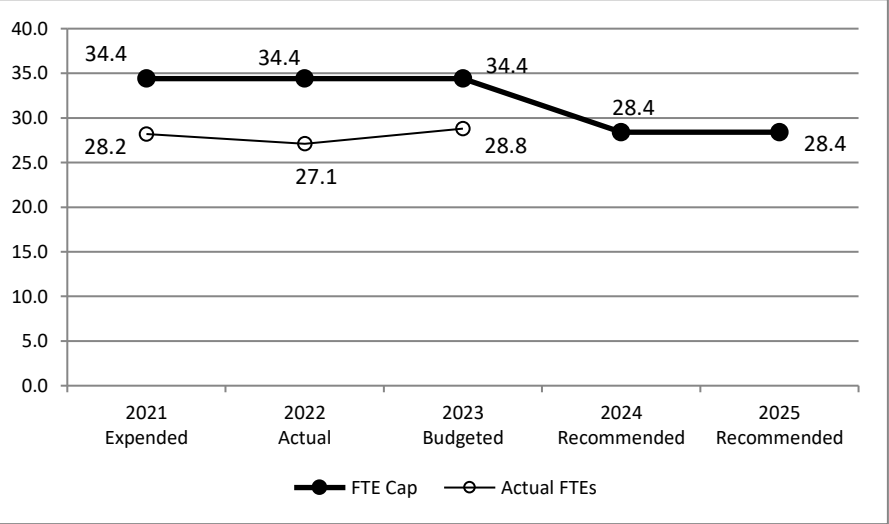
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$6,551,116	\$6,804,660	\$253,544	3.9%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$6,551,116	\$6,804,660	\$253,544	3.9%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$6,551,116	\$6,804,660	\$253,544	3.9%

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	28.8	28.4	(0.4)	(1.4%)

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Texas Ethics Commission
Summary of Funding Changes and Recommendations - Senate

Section 2

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Increase in General Revenue for the agency to complete transition of the Electronic Filing System to the cloud.	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	B.1.2
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
B)	Removal of one-time General Revenue funding for enhancement hours to the Electronic Filing System.	(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	B.1.2
C)	Increase in General Revenue for the statewide salary adjustment and Executive Director salary increase.	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3	B.1.1, C.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.3	\$0.0	\$0.0	\$0.0	\$0.3	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.5	\$0.0	\$0.0	\$0.0	\$0.5	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	As Listed

NOTE: Totals may not sum due to rounding.

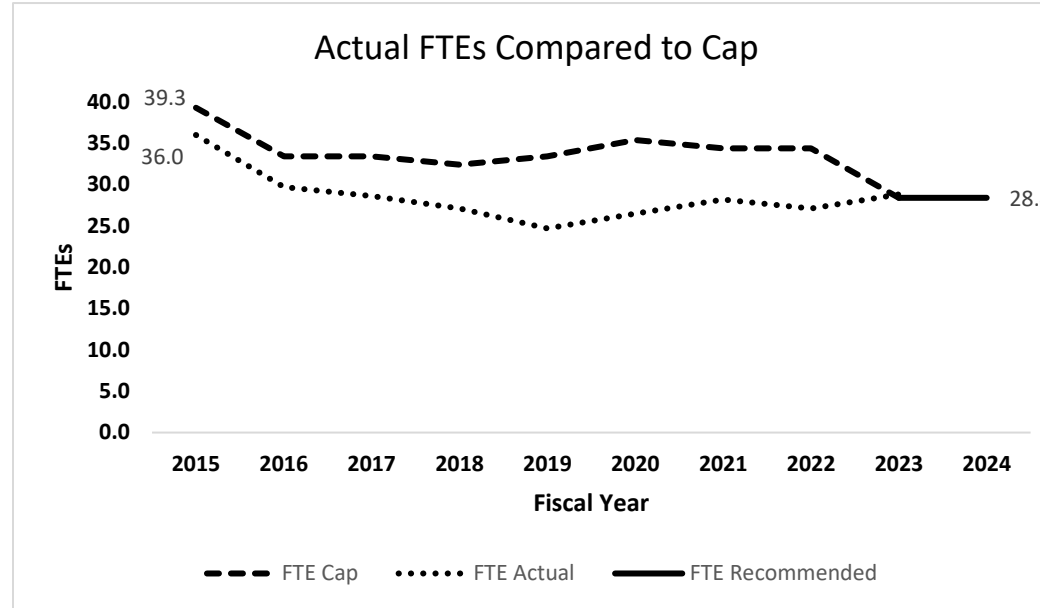
**Texas Ethics Commission
Selected Fiscal and Policy Issues - Senate**

1. Agency Full-Time Equivalent (FTE) Cap Does Not Reflect Historical Staffing Levels.

Since fiscal year 2015, the Texas Ethics Commission has been substantially below authorized FTE caps. According to the agency, this gap between authorized and actual FTEs has been due to the inability of the agency to offer competitive salaries to the skilled legal and technical professionals who are required for its statutory enforcement and electronic reporting duties.

Because the agency has identified these positions as unfunded, and because the agency has been substantially below its appropriated cap since fiscal year 2015, the recommendation includes a reduction in the agency's FTE cap by 6.0 FTEs to 28.4. This reduced cap reflects historical staffing levels at the agency and its current level of activity.

Agency Exceptional Item 3, "Fund Unfunded FTE Positions to Allow Agency to Serve Filers and the Public More Effectively," requests an additional \$1,090,482 and 8.0 FTEs to address existing limitations in information technology management, vendor oversight, budget analysis and agency operations, and statutory legal duties including administrative fine appeals and public information requests.



2. Electronic Filing System (EFS) Update and Additional Oversight Provisions

The commission launched an Electronic Filing Software (EFS) system in 2015. The EFS is a management and search tool for statutory ethics filings. The database facilitates filing applications for campaign finance, lobby registrations and activity reports, personal financial statements, and certificate of interested party disclosures. In June 2022, the operation of the EFS failed during a quarterly reporting period when candidates attempted to make an amount of disclosure filings beyond the design limits of the system. Following this failure, the agency requested and received a deficiency grant from the Office of the Governor for \$200,000. According to the agency, this amount, in addition to \$882,313 in pre-purchased services from the existing software vendor, was used to improve the capabilities of the EFS in advance of a candidate filing deadline in October, 2022.

Recommendations include a rider that requires quarterly reports of vendor transactions related to the EFS and mandates that the agency consult with the Department of Information Resources to analyze the costs and benefits of transitioning the EFS to a solution managed by the statewide Data Center Services program (see page 4).

Recommendations also include continuation of base funding of \$895,780 for the biennium for current vendor maintenance and support of the EFS and \$247,000 for completion of its transition to the cloud. The recommendations remove \$275,000 in one-time funding for enhancements to the EFS.

**Texas Ethics Commission
Rider Highlights - Senate**

Modification of Existing Riders

2. **Capital Budget.** Recommendations revise the rider to include \$247,000 for managed cloud services for the Electronic Filing System.
4. **Appropriations for Retirement Payments.** Recommendations revise this rider to reflect updated costs of \$227,670 for the 2024-25 biennium as identified by the agency in its Legislative Appropriation Request.

New Riders

5. **Electronic Filing System Monitoring and Oversight.** These recommendations include the addition of a rider to provide enhanced monitoring and oversight of the Electronic Filing System (EFS). The rider requires quarterly reports to the Legislative Budget Board on payments and expenditures relating to the EFS and requires the Texas Ethics Commission to deliver a report in consultation with the Department of Information Resources on transitioning the operation of the EFS to the State Data Centers program.

Texas Ethics Commission
Items Not Included in Recommendations - Senate

Section 5

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

Agency Base Requests Not Included

A)	Agency-identified unfunded positions in Enforcement and Information Resources, including an Attorney, Investigator, Administrative Assistant, and three Programmers. Funding for these positions is included in agency exceptional item 3 (see page 3).	\$0	\$0	6.0	No	No	\$0
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Agency Exceptional Items Not Included (in agency priority order)

1)	Adjust General Counsel Salary. Agency request for authority and additional appropriations to fund a requested salary increase for the General Counsel from \$121,644 to \$143,594 in fiscal year 2024 and \$150,773 in fiscal year 2025, the SAO midpoint salary for a General Counsel III.	\$51,079	\$51,079	0.0	No	No	\$58,258
2)	Salary Adjustments for Non-exempt Positions. Agency request to increase compensation for agency employees who are currently below the median salary for their positions.	\$692,293	\$692,293	0.0	No	No	\$925,382
3)	Fund Unfunded FTE Positions to Allow Agency to Serve Filers and the Public More Efficiently. Agency request for funding to fill the six unfunded positions removed in these recommendations as well as two additional positions. The request would also raise the agency FTE cap by 8.0 for a net increase of 2.0 over fiscal year 2023.	\$1,090,482	\$1,090,482	8.0	No	No	\$1,118,980
4)	Electronic Filing System Enhancement, Updates & Improvements. Agency request to add a filer dashboard displaying unpaid penalties, an online payment portal, a streamlined process for penalty waivers, and automatic redaction of certain personal information.	\$275,000	\$275,000	0.0	Yes	Yes	\$275,000
5)	Improve Agency Website User Interface. Agency request to improve website usability by hiring an outside vendor to improve existing user interfaces.	\$150,000	\$150,000	0.0	Yes	Yes	\$0
6)	Case Management Software including Public Information Module. Agency request to add a module to the agency's case management system to track public information requests.	\$76,657	\$76,657	0.0	Yes	Yes	\$89,023

Texas Ethics Commission
Items Not Included in Recommendations - Senate

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
7)	Digitize Office Documents for Searchable Records and Shred after Double Verification. Agency request for one-time funding for the outsourced scanning, indexing, and shredding of paper documents and microfiche currently stored on premise and at Texas State Library and Archives Commission.	\$650,592	\$650,592	0.0	Yes	Yes	\$0
8)	Lumpsum and Retirement Payments. Agency request to fund lump sum payments for potential retirees.	\$227,670	\$227,670	0.0	No	No	\$254,020
Agency Rider Requests Not Included							
1)	Rider 3, Judgments and Settlements. Agency requests the removal of this rider, which would eliminate the current requirement under rider that the Commission pay judgments and settlements from suits in which it is not represented by the Office of the Attorney General.	\$0	\$0	0.0	No	No	\$0
2)	Rider 4, Appropriations for Retirement Payments. Agency requests an amendment to this rider that removes language requiring any funds appropriated for this purpose and unused to be lapsed at the end of the biennium.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$3,213,773	\$3,213,773	8.0			\$2,720,663

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 by Strategy - Senate -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
DISCLOSURE FILING 1.1.1	\$672,220	\$630,436	(\$41,784)	(6.2%)	Increase of \$9,210 in General Revenue for professional fees, Texas State Library and Archives Commission rental expenses, and telecommunications costs offset by a decrease of \$50,994 for longevity pay, other personnel costs and other operating expenses.
OFFICE OF THE GENERAL COUNSEL 1.1.2	\$1,016,550	\$1,015,934	(\$616)	(0.1%)	Increase of \$1,874 in General Revenue for merit and projected longevity raises offset by a \$2,490 reduction in other operating expenses.
ENFORCEMENT 1.1.3	\$1,723,408	\$1,727,308	\$3,900	0.2%	Increase of \$16,820 in General Revenue for merit and projected longevity raises, professional fees, and other operating expenses offset by a \$12,920 reduction in travel and consumables.
Total, Goal 1, ADMINISTER ETHICS LAWS	\$3,412,178	\$3,373,678	(\$38,500)	(1.1%)	
CENTRAL ADMINISTRATION 2.1.1	\$802,074	\$853,534	\$51,460	6.4%	Increase of General Revenue of \$20,260 for Executive Director salary and \$33,616 for merit and projected raises, professional fees, and consumables offset by a \$2,416 decrease in other operating expenses.
INFORMATION RESOURCES 2.1.2	\$2,336,864	\$2,316,164	(\$20,700)	(0.9%)	Reduction of \$275,000 in General Revenue for one-time funding for enhancement hours to the Electronic Filing System and \$75,110 in other operating expenses, including software/hardware maintenance renewal budget cuts. General Revenue increase of \$247,000 to complete the transition of the Electronic Filing Sytem to the cloud and \$82,410 for increases in projected merit and longevity raises as well as other office expenses offset these reductions.
Total, Goal 2, INDIRECT ADMINISTRATION	\$3,138,938	\$3,169,698	\$30,760	1.0%	
SALARY ADJUSTMENTS 3.1.1	\$0	\$261,284	\$261,284	100.0%	Increase in General Revenue for the statewide salary adjustments.
Total, Goal 3, SALARY ADJUSTMENTS	\$0	\$261,284	\$261,284	100.0%	
Grand Total, All Strategies	\$6,551,116	\$6,804,660	\$253,544	3.9%	

Texas Ethics Commission
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2021	Actual 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	34.4	34.4	34.4	28.4	28.4
Actual/Budgeted	28.2	27.1	28.8	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$139,097	\$139,097	\$139,097	\$145,850	\$152,604
General Counsel	\$121,644	\$121,644	\$121,644	\$121,644	\$121,644

Notes:

a) The State Auditor's Office is the source for the fiscal year 2021 and fiscal year 2022 annual average (actual) FTE levels. Fiscal years 2022 and 2023 FTE figures are lower than the FTE cap due to recruitment and retention difficulties in the Disclosure and Information Resources divisions.

b) Fiscal years 2024 and 2025 FTE cap is reduced to reflect historical staffing patterns at the agency (see page 3).

c) The State Auditor's Office Report Executive Compensation at State Agencies (Report 22-706, August 2022) indicates a market average salary of \$152,604 for the Executive Director position at the Ethics Commission. The report does not indicate a market average salary for the General Counsel position. The agency is requesting an increase in the General Counsel salary to \$143,594 in fiscal year 2024 and \$150,773 in fiscal year 2025.