



STATE OF CONNECTICUT

OFFICE OF STATE ETHICS

TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS COMMITTEE

February 22, 2021

Statement of Peter Lewandowski, Executive Director, Office of State Ethics

H.B. 6439 – AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE THIRTIETH, 2023, AND MAKING APPROPRIATIONS THEREFOR.

Senator Osten, Representative Walker, Senator Miner and Representative France, and distinguished members of the Appropriations Committee, thank you for the opportunity to submit written testimony for House Bill 6439, An Act Concerning the State Budget for the Biennium Ending June Thirtieth, 2023, and Making Appropriations Therefor.

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 \$1,626,228 for FY 2022 and \$1,684,727 for FY 2023, which includes funding for state employee wage adjustments and the impact of the 27th payroll period during FY2023.

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 Office of State Ethics.

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 14 staff members and are authorized to have 16.

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 2021 invoice for credit card processing fees alone totaled \$14,498.19.

As of February 15, 2021, the OSE has collected over \$757,500.00 in lobbyist registration fees for the biennium that commenced on January 1, 2021. Over each legislative biennium, the OSE collects approximately \$1 million in lobbyist registration fees, which represents approximately 35% of the total annual budget of the OSE. 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.

Finally, please note that the line item for the Information Technology Initiatives (line T52 in H.B. 6439) was previously consolidated into one budget line item (See Public Act No.19-117). **We would like to request that the amounts currently noted in the IT Initiatives line item be consolidated into one budget line item, as these amounts essentially correspond to the funding for state employee wage adjustments and the impact of the 27th payroll period during FY2023.**

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 **\$1,626,228** and **\$1,684,727** for FY 2022 and FY 2023, respectively.

Thank you for your consideration.

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