

FY19 Operating Budget Testimony
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As Chair of the Board of Ethics, it is my pleasure to present this testimony. As you know, the Board of Ethics of the City of Philadelphia is an independent, five-member City board established in 2006 through voter approval of an amendment to the Philadelphia Home Rule Charter. Our current Board members are proud to report on the Board's continued progress and accomplishments and to outline our plans and needs for FY2019.

The mission of the Board of Ethics is to promote public confidence in City government through the administration and enforcement of the City's Public Integrity Laws which include the Campaign Finance, Ethics, Lobbying, and Financial Disclosure Laws. Administration and enforcement of these laws advance honesty, integrity and transparency in City government. The Board also promotes transparency in City government by making detailed campaign finance and lobbying information easily accessible to the public on its website.

At the core of the Board's mission are training and advice for compliance with the Public Integrity Laws so that City officers and employees, candidates and their treasurers, political committees, and those involved in lobbying can avoid violations of the law. When necessary, the Board investigates complaints and enforces these laws to protect the public's interest in a fair and effective City government.

Accomplishments and Goals

Training and Outreach

Because of the importance it places on training, the Board continued to expand the number and variety of ethics training classes that were presented in FY18. In FY17, Board staff members conducted 56 ethics training classes. There have been 60 ethics classes to date in FY18, with another 13 already scheduled for the remainder of the fiscal year. Board staff also conducted three campaign finance classes.

The ethics classes are not all alike. There are at least five types of ethics training including: new employee training, training for City Council and Council staff, training for City board and commission members, department-specific refresher classes, and train-the-trainer classes. This volume of training activity requires the attention of several Board of Ethics staff members who schedule, design, revise and present the in-person ethics training sessions. Training for new employees differs from refresher training for current employees, and the content of each class is reviewed and made as specific as possible to the needs of the attendees. Recent examples of ethical issues "ripped from the headlines" are discussed to make each class real and relevant.

The Board continues to publish valuable educational documents about the City's Public Integrity Laws. In FY18, the Board created a document addressing frequently asked questions regarding the Charter political activity restrictions and also issued a new, improved set of frequently asked questions related to the City Campaign Finance Law. The Board is creating additional educational documents to address other subjects under the Board's jurisdiction.

The Board actively began to use the City's new Learning Management System (LMS) in FY18 to register employees for ethics training classes. The LMS maximizes the Board's limited staff resources because it permits staff members to manage several administrative functions associated with an active training program, including registration for and tracking attendance at in-person courses. The LMS ultimately will permit the Board to offer a variety of online classes, including ethics training for City employees and members of City boards and commissions, campaign finance training for candidates and treasurers, and lobbying training for lobbyists and principals.

Even with the LMS, however, the Board will continue to offer in-person ethics training to new City officers and employees because we believe it is the most effective training method for complex ethics concepts.

Advice

The Board provides advice to City officials and employees through informal general guidance and written advisory opinions. At every opportunity, we encourage City officials, employees, candidates, campaigns, and lobbyists to ask for advice before they act because this is the most effective tool to prevent potential violations of the Public Integrity Laws.

Informal guidance is provided in phone calls, emails and in-person meetings. Staff members receive and field new inquiries on a daily basis and help hundreds of requestors each year to understand the legal requirements and to comply with the laws. The willingness of Board staff to respond quickly to questions, whenever possible and appropriate, has contributed to a growing demand for this type of advice.

A heavy demand for informal guidance continues in FY18. Board staff has already responded to more than 600 requests for informal guidance covering various topics, including lobbying, gifts, political activity, conflicts of interest, campaign finance, and post-employment restrictions. We are currently experiencing an increase in informal guidance requests due to the May 1, 2018, financial disclosure deadline, and we expect a high volume of financial disclosure questions to carry into the beginning of May.

Although the vast majority of questions are addressed through informal guidance, the Board also provides advice via advisory opinions. Advisory opinions are written opinions that offer a detailed analysis of the application of the Public Integrity Laws to specific facts provided by a requestor regarding prospective behavior that the requestor is contemplating. Requestors can choose to receive a non-public advisory opinion, which in its published form is redacted to conceal facts that are reasonably likely to identify a requestor. In FY18, the Board published six advisory opinions on topics including financial disclosure and political activity. Notably, in two instances, the Board assisted newly-created entities with determining the application of the Public Integrity Laws to them and with related compliance issues.

Financial Disclosure

Several thousand City employees and members of City boards and commissions must file one or more annual financial disclosure forms. Administration of these financial disclosure requirements for City officers and employees, and board and commission members requires cooperation among the City's Records and Human Resources Departments and the Board. Departmental Human Resource managers work closely with employees in their City departments to ensure compliance with filing requirements.

Board staff members conduct a widespread outreach effort to notify as many financial disclosure filers as possible of their financial disclosure obligations. In early April, Board staff, with assistance from the Office of Human Resources, issued a blast email to more than 6,000 City employees who were identified as financial disclosure filers. Our staff also sent financial disclosure filing reminder emails to hundreds of members of City boards and commissions and sent more than 500 old-fashioned letters to City employees who left City government during the past year, but still have to file one last time.

In addition to the reminder letters and emails, Board of Ethics and Records Department staff members provided an in-person Filer Support Center and Board staff provided telephone filing assistance to hundreds of callers.

Enforcement

The Board's enforcement staff has conducted numerous investigations of potential violations of the Public Integrity Laws over the past fiscal year. Through this enforcement activity, the Board seeks to ensure that the public has the benefit of complete and accurate financial disclosure and lobbying information, that City officers and employees comply with the City's gift, political activity and political fundraising restrictions, and that the City Campaign Finance Law's reporting requirements and contribution limits are enforced. Enforcement of these laws provides public access to required candidate contribution and expenditure information and details of lobbying activity in the City.

Over the past fiscal year, the Board approved 17 settlement agreements resulting in the imposition of \$99,800 in civil monetary penalties. These settlement agreements resolved violations of major provisions of the Public Integrity Laws, including the financial disclosure, gift, conflict of interest, lobbying registration and reporting, political activity and campaign finance requirements.

FY19 Goals

The Board believes that compliance with the Public Integrity Laws is best promoted through training, outreach and easily accessible educational materials. The Board will therefore continue during FY19 to maintain and expand the frequency and variety of its training and outreach activity and respond to all requests for formal and informal advice. The Board also plans to propose new regulations to offer clear rules in plain language for compliance with the Public Integrity Laws and to expand the educational materials and content on its website.

Budget Summary & Overview

The Board's total appropriation in the Administration's operating budget for FY19 is \$1,074,792. This includes \$964,792 for salaries (Class 100), \$96,000 for the purchase of services (Class 200), and \$14,000 for supplies and equipment (Classes 300 and 400). The amounts appropriated in Classes 200, 300, and 400 have remained unchanged since FY13. The small increase in Class 100 over FY18 is for contract mandated pay raises.

The Board submitted a Justification to the Administration in January 2018 and requested \$37,500 in additional funding in Class 100 to be used to convert an existing vacant entry level position to a Staff Attorney position. The change in this position would not increase the Board's current number of budgeted positions (12). The Board was disappointed that this request was not included in the proposed budget for FY19.

The Board now respectfully requests that Council consider approval of \$37,500 in additional Class 100 funds for the specific purpose of converting its still-vacant position to a Staff Attorney position.

The additional staff attorney would support administration of the City's Public Integrity Laws by performing tasks such as preparing and conducting training, preparing educational materials, and drafting regulations. These tasks support the Board's mission and core functions and will immediately enable the Board to expand its training and outreach activity, including the preparation of online training courses. The additional staff attorney would increase the Board's capacity to enact new regulations and to respond quickly to the need for new and updated educational materials that will expand the content of the Board's website.

Conclusion

The Board and the members of our staff remain enthusiastic about our mission to promote honesty, integrity and transparency in Philadelphia government and we look forward to continuing to serve all Philadelphians. We believe that our actions help to maintain public confidence in City government.

Thank you for receiving this testimony. I will be happy to respond to any questions you may have. We would also be pleased to meet with you at your convenience if you wish to discuss any of these matters.