

Oklahoma



Ethics Commission

FY 2022 BUDGET REQUEST

The infographic features a central yellow sun-like shape with a circle in the middle containing the text 'Promote Trust in Government'. Ten yellow triangles radiate from this central circle. To the left, a teal circle contains a white square with a red checkmark. Below this is a yellow scroll with the text 'Trust in Fair Elections'. To the right, a teal rounded rectangle contains eight white human figures holding hands. Above this is a yellow circle containing a brown classical building icon. Below the figures is a yellow scroll with the text 'Trust in those Governing'.

**Promote
Trust in
Government**

**Trust in
Fair Elections**

**Trust in
those Governing**

Appointing mechanisms ensure Commissioners avoid fidelity to:

1. Any 1 branch of government

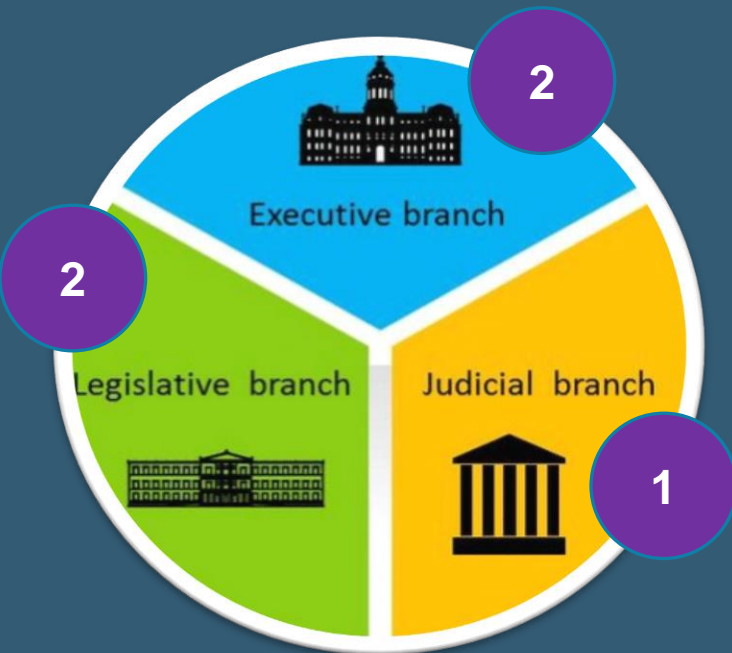
No Branch has a majority of appointments & appointees are not “at will”.

2. Any geographical area

Geographically balanced: 1 Commissioner / Congressional district

3. Any political party

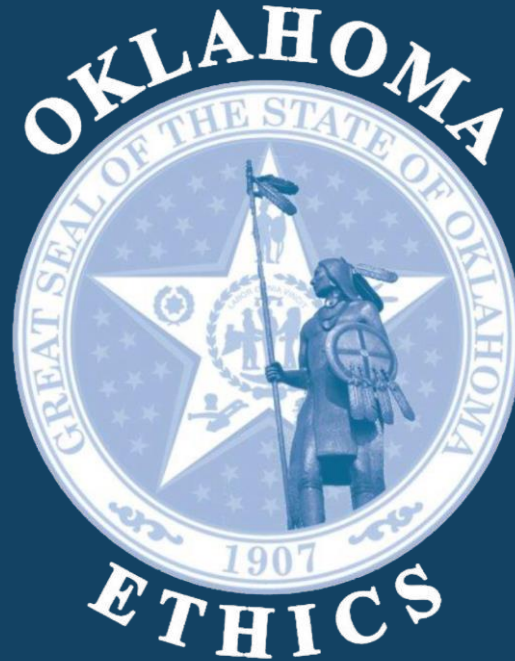
Bi-Partisan: No more than 3 from same political party





Current Status: Between a Rock and a Hard Place

**\$350,000
Increase**



**2 Budget
Neutral
Legislative
Fixes**

FY 22 GOAL

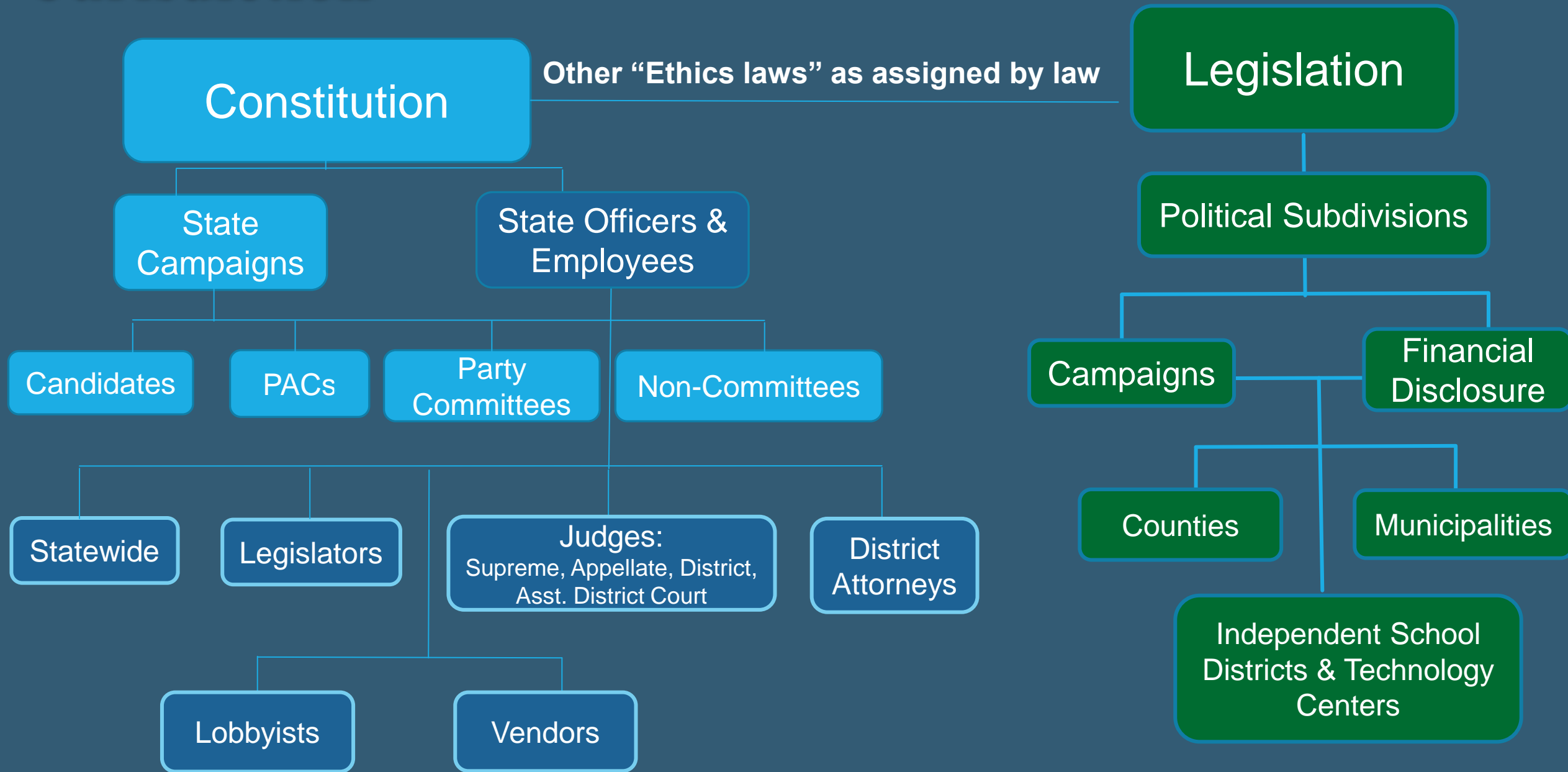
About the Commission

Jurisdiction: Constitutional & Statutory

What does the Constitution require of the Commission?

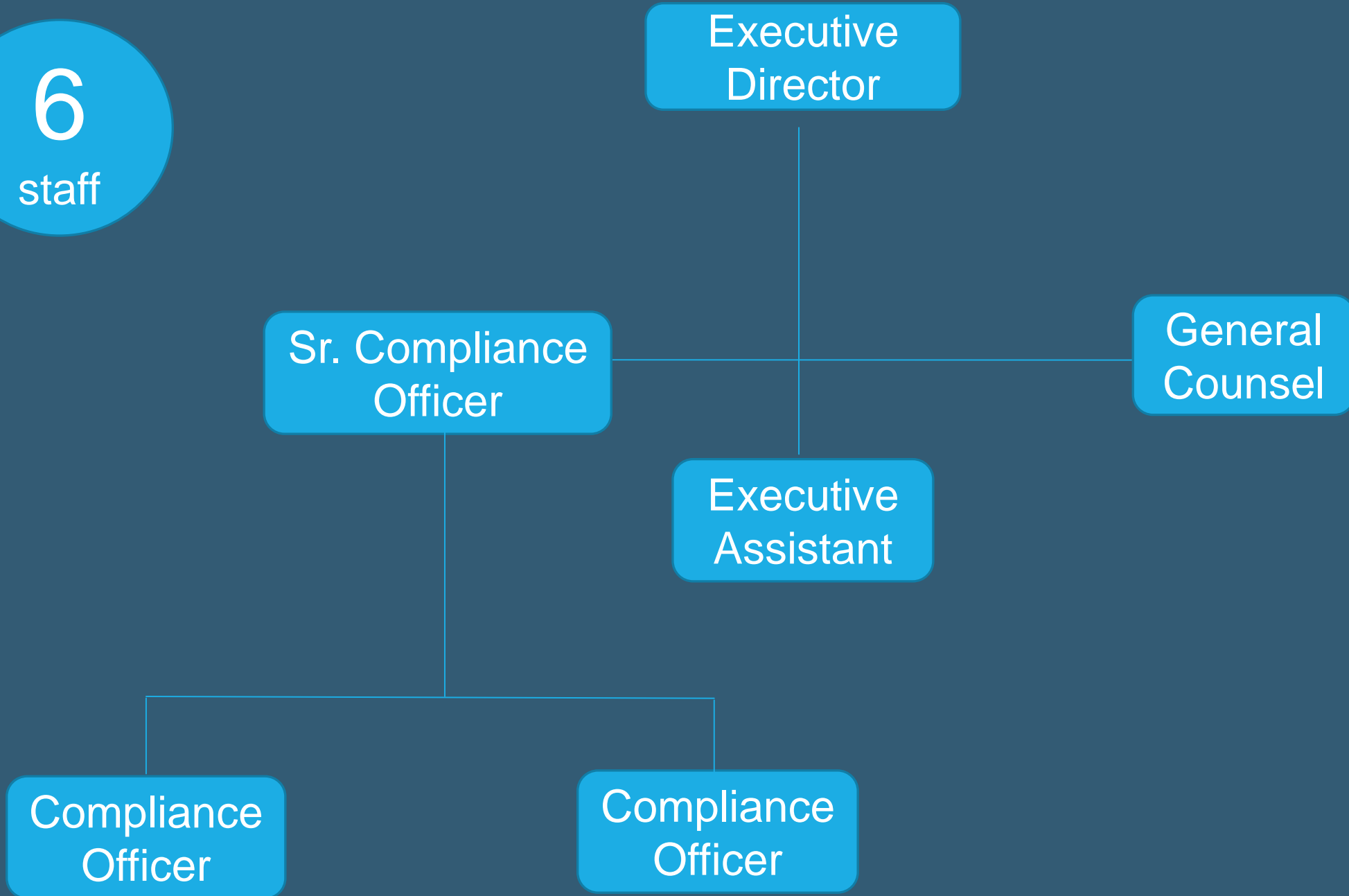
1. Enact, modify, repeal civil Ethics Laws regarding:
 - State campaigns
 - State Officers & Employees
2. Shall investigate alleged violations of Rules
3. May litigate alleged violations in district court or enter settlements
4. May issue binding Advisory Opinions interpreting the Rules
5. Enforce other “ethics laws” as assigned by law.

Jurisdiction

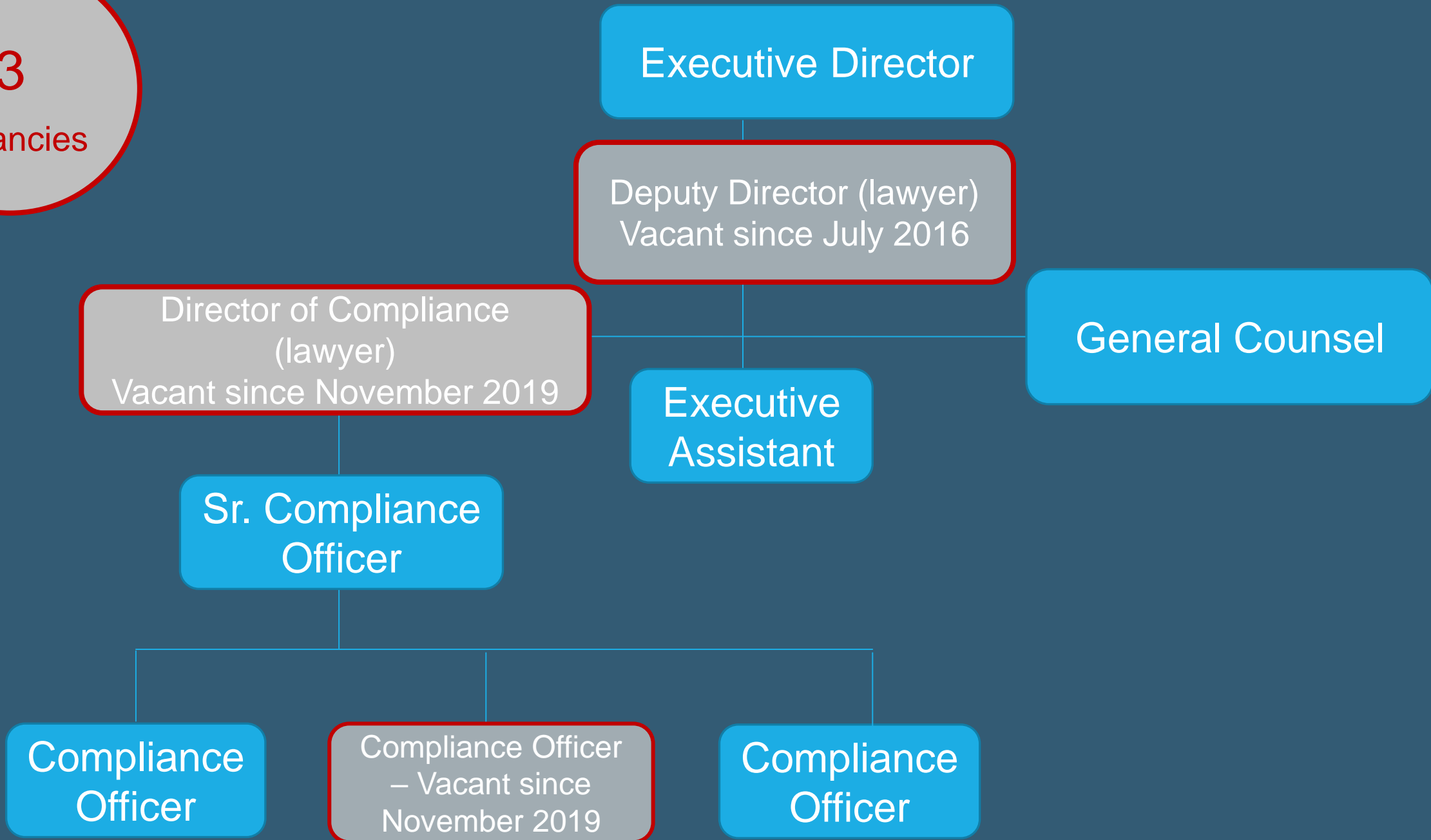


Commission Staff

6
staff



3
Vacancies



What the Commission does

Rulemaking, Compliance, Enforcement

Rulemaking

Ethics Rules are not APA Rules, but the equivalent of Statutes, & published in Title 74

NEW ETHICS RULES Required
to start at Commission
Public Hearing Required

Legislature

No Action

Rejection

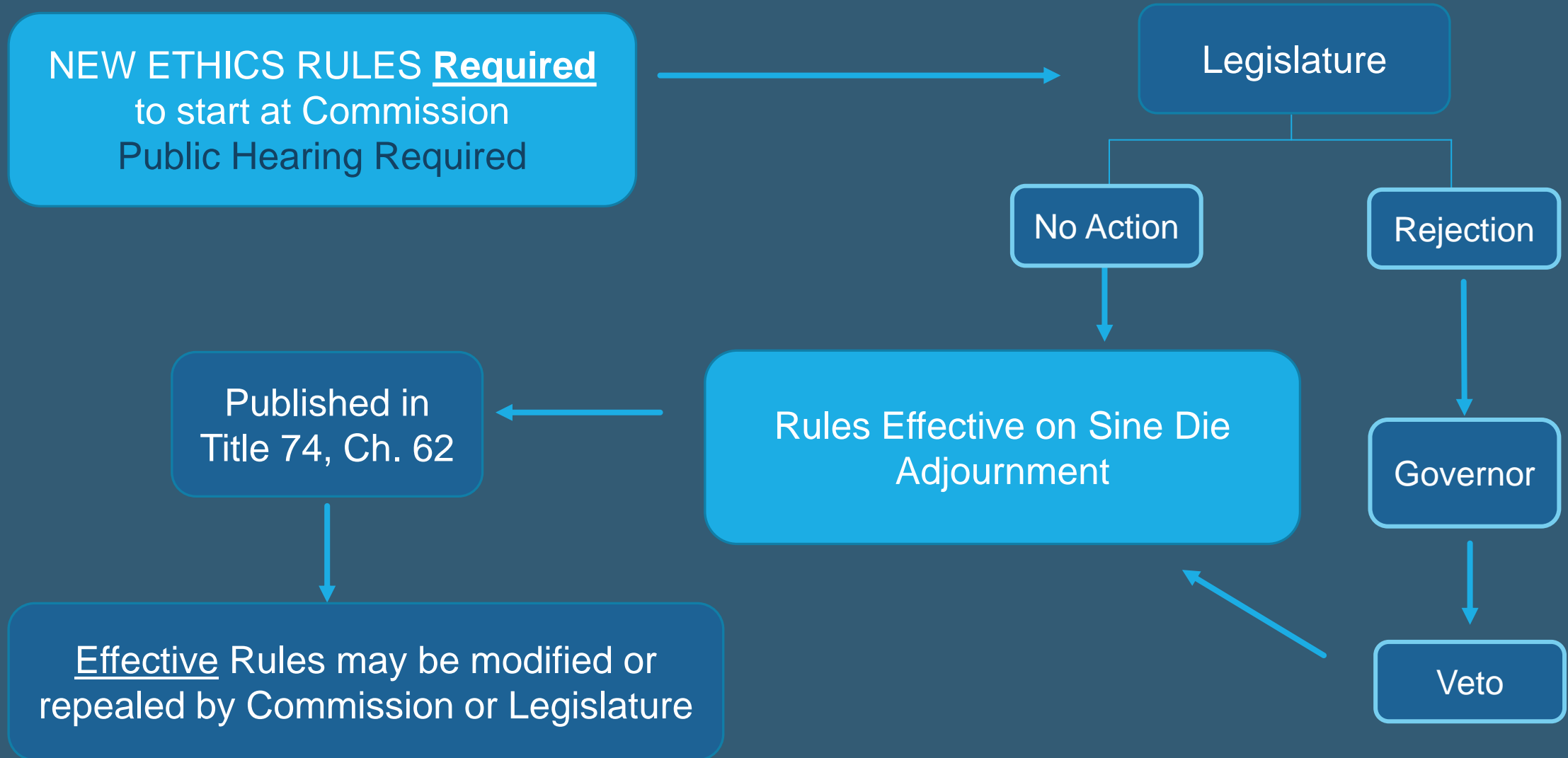
Published in
Title 74, Ch. 62

Rules Effective on Sine Die
Adjournment

Governor

Veto

Effective Rules may be modified or
repealed by Commission or Legislature



Maintain Online Reporting Systems

Online Filing, Immediate Public Access to Filed Reports,
Downloadable Data, & Pre-Formatted Statistics

OKLAHOMA ETHICS COMMISSION

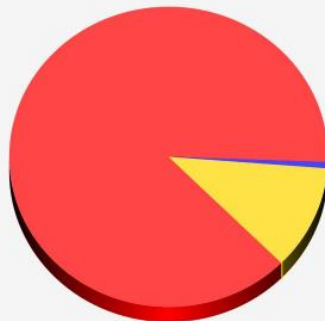
THE GUARDIAN

OKLAHOMA ETHICS COMMISSION ELECTRONIC REPORTING SYSTEM



Committee Expenditures in 2020

Candidate Expenditures	\$11,993,349.21
Electioneering Communications	\$91,911.00
Independent Expenditures	\$1,534,590.74



Lobbyist Expenditures in 2020

Caucus Events	\$99,805.73	Gifts to State Officer or Employee	\$350.95
Committee/Subcommittee Events	\$1,003.64	Meals and Other Food and Beverage	\$129,046.09
Events to which all Legislators are invited	\$117,391.05	Out of State Events	\$0.00
Gifts to Family Member of State Officer or Employee	\$99.00	Plaques or Similar Gifts	\$683.50



Quick Stats Details

- › Candidate Committees - Contributions and Other Funds
- › Candidate Committees - Expenditures
- › Limited Political Action Committees - Contributions and Other Funds
- › Limited Political Action Committees - Expenditures
- › Unlimited Political Action Committees - Contributions and Other Funds.
- › Unlimited Political Action Committees - Expenditures
- › Independent Expenditures or Electioneering Communications
- › State Question Communication Expenditures
- › Committees Funds on Hand
- › Lobbyist Principal Expenditures
- › Lobbyist Expenditures
- › Legislator Recipients of Gifts from Lobbyists and Lobbyist Principals
- › Non-Legislator Meals and Gifts from Lobbyists and Lobbyist Principals

Why is Publicly Accessible Data Important?

Informed
Citizens

Informed
Media

Informed
Campaigns
Strategy Decisions

Identify
Trends

Who is supporting Oklahoma campaigns?
Oklahomans? Out of State entities? Foreign entities?

Are funds spent how contributors expect?
Campaign expenses? Officeholder Expenses? Other?

Who is providing gifts to state officers/employees? Why?

Increases Trust in Fair Elections, Increases Trust in State
Officers & Employees

State Compliance: Reporting

Assist



Review



Respond

...as resources allow



~12,000 filings in CY 2020

9,707

Reports:
Lobbyists &
Committees

1,717

Registrations:
Lobbyists &
Committees

405

Personal Financial
Disclosure Reports

State Compliance: Process & Maintain Campaign Finance & Lobbyist Data

Active Candidates, Committees,

Candidate Committee	372
Political Action Committee	237
Political Party Committee	83
Special Function Committee	132
Total Registered Committees	824

824

1,100



Legislative Lobbyist Only	74
Executive Lobbyist Only	22
Both Legislative and Executive Lobbyist	306
Legislative Liaison	168
Total Registered Lobbyists	570

570

525



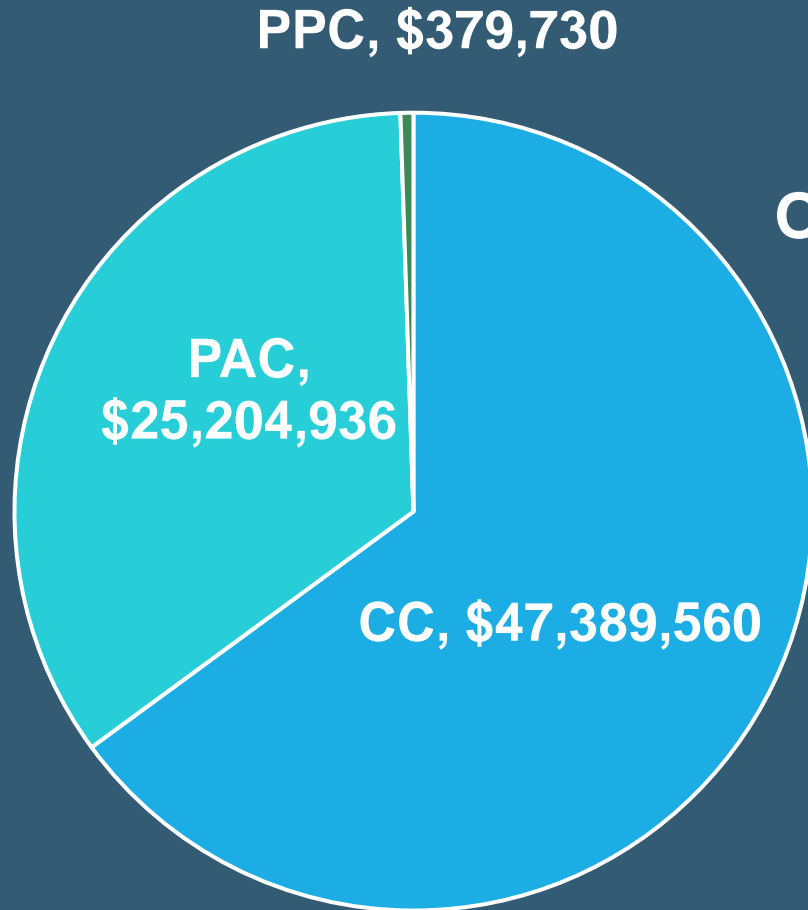
Lobbyists/Liaisons

800-
1,100

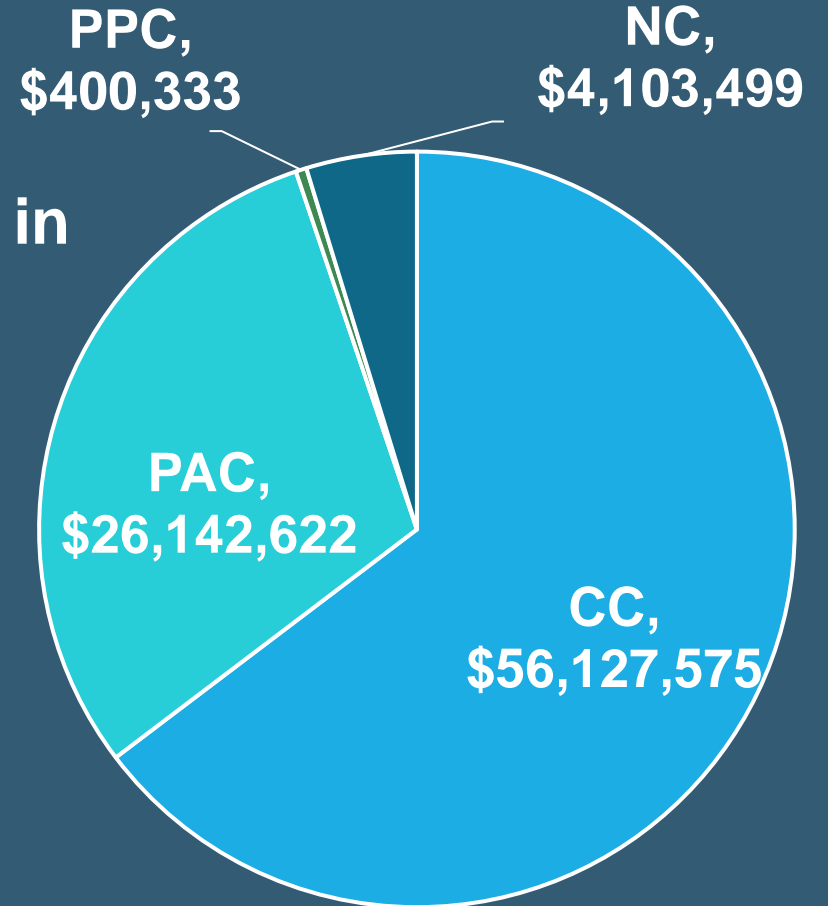
Lobbyist Principals

Campaign Finance Transactions (CY 2018)

2018 Contributions \$72,974,226



2018 Expenditures \$86,774,029



**Over 300,000 transactions in
CY 2018**

CC: Candidate Committee

PAC: Political Action Committee

PPC: Political Party Committee

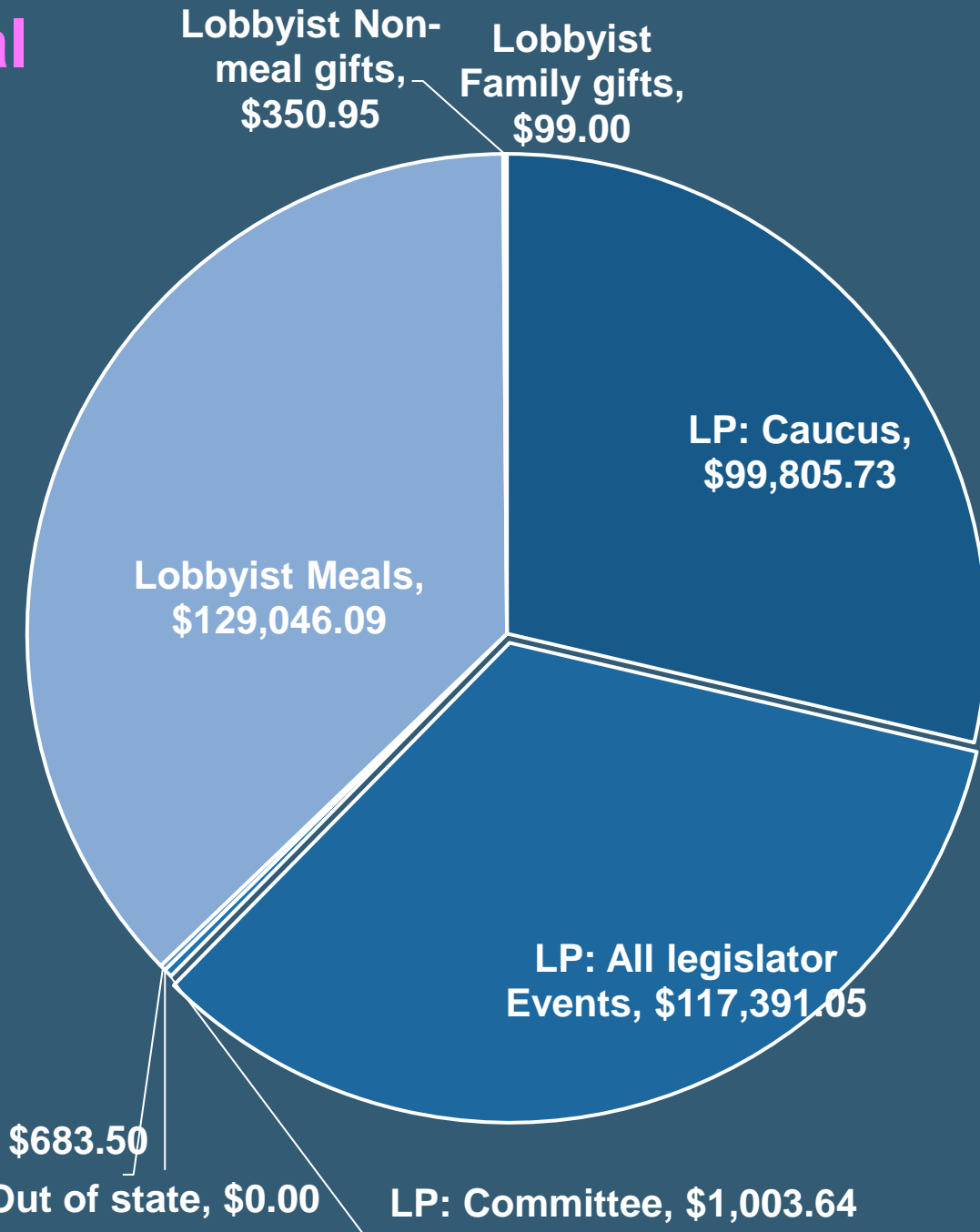
NC: Non-Committee (Corporation, association, etc.)

Lobbyist, Liaison and Lobbyist Principal Expenditures CY 2020 TOTAL:

\$348,379.96

Lobbyist, Liaison, Principal gifts

LP: Caucus	\$99,805.73
LP: All legislator Events	\$117,391.05
LP: Committee	\$1,003.64
LP: Out of state	\$0
LP: Plaques	\$683.50
Lobbyist Meals	\$129,046.09
Lobbyist Non-meal gifts	\$350.95
Lobbyist Family gifts	\$99.00



Guidance on Rules: Assisting State Officers & Employees on Identifying and Resolving Conflicts of Interest & Assisting Political Committees, Lobbying Entities on Reporting & Requirements in the Rules

**~35,000
State
Officers and
Employees**

**Campaign
Finance
~850 cmte**

**~40
municipalities**

**>500
Independent
Schools &
Technology
Centers**

**Lobbying
570 lobbyist
1,000 lobbyist
principals**

**>600
County
offices**

Enforcement

Rule violations differ in severity. Remedies should match violation.

Compliance

Violations

Why is Reviewing Activity Important?

Verify Conduct Does
NOT violate Rules

Correct
Problematic
Behavior

Ensure
Accurate Data
is Available

Deter Conduct that
Erodes trust

Phone call

Letter

Meeting

Complaint
Investigations

Enforcement

Compliance

Violations

2018

Education/Prevention: Programs & Resources to learn the Rules, best practices, solutions to common mistakes, etc.

Compliance Order Process: Fees for Late filings & similar technical Rule Violations

Hearing with an Administrative Law Judge, Max Fee \$1,000/occurrence

Formal Complaints & Investigation Process (Constitutionally Provided)

Formal Investigation Opened, Investigatory Subpoena Power, Opportunity to Respond

→ Dismissal, Settlement, District Court Case (Fines start at \$5,000)

Enforcement

Compliance

Violations

CURRENT: Due to Unintended Consequences in Revolving Fund Language Changes

Education/Prevention: Programs & Resources to learn the Rules, best practices, solutions to common mistakes, etc.

Compliance Order Process: Fees for Late filings & similar technical Rule Violations

Hearing with an Administrative Law Judge, Max Fee \$1,000/occurrence

Hybrid Compliance / Investigation Process (Beginning) TEMPORARY SOLUTION

Compliance Order Option to Pay using Late Filing Payment Schedule → L/F Complaint

Formal Complaints & Investigation Process (Constitutionally Provided)

Formal Investigation Opened, Investigatory Subpoena Power, Opportunity to Respond

Dismissal, Settlement, District Court Case (Fines start at \$5,000)

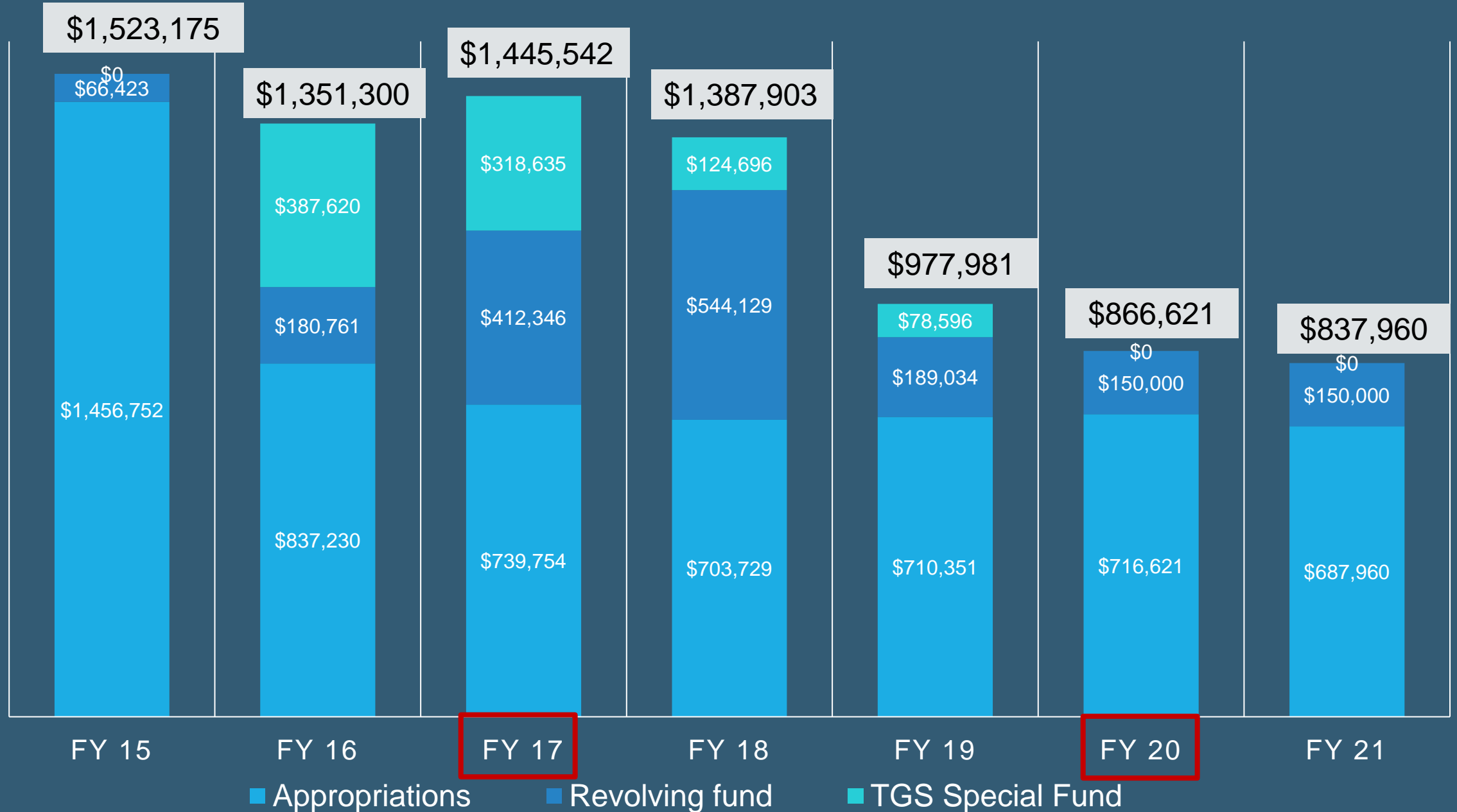
Funding

12-month Appropriation & Fees

No Carryover Funding

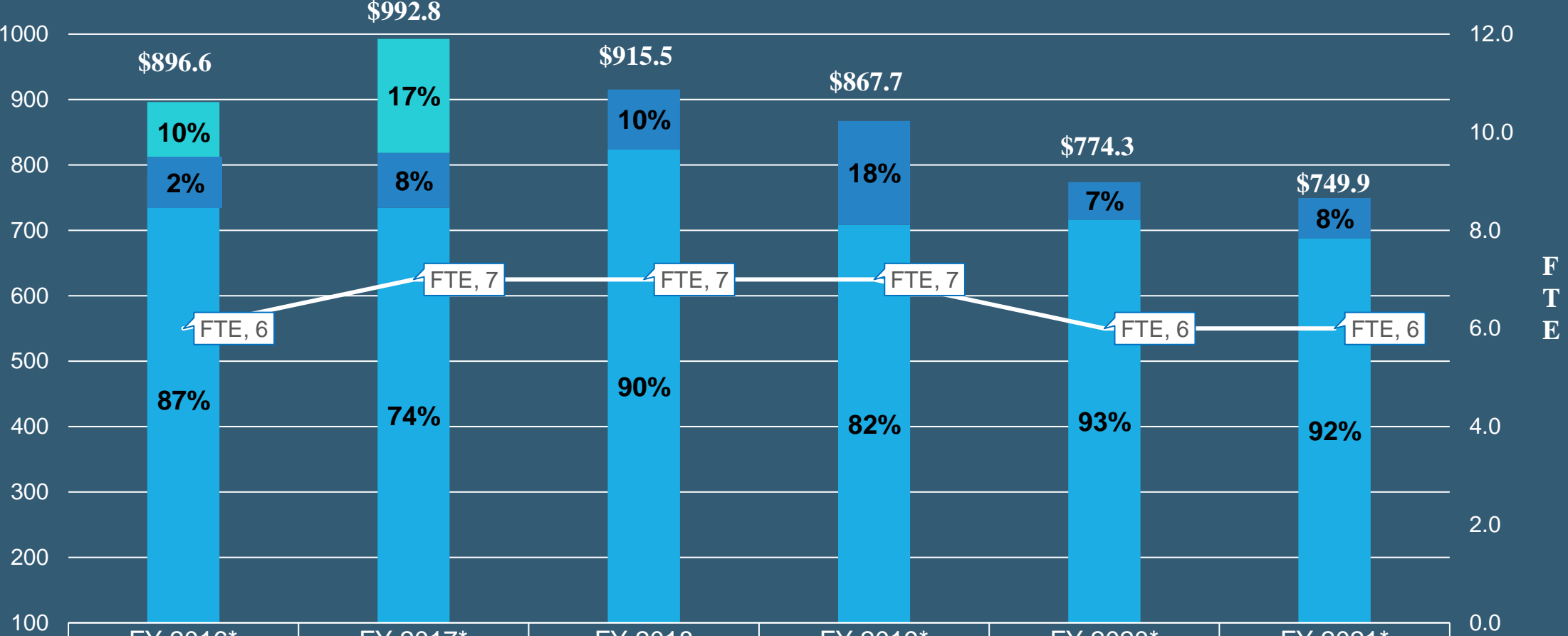
- Article 29 Appropriation vs. Article 5, sec. 55 appropriation
 - 12-month appropriation not a 30-month appropriation
 - Unspent/Unencumbered funds returned to GRF
- Alternatives:
 - Annual Re-Appropriation Language (often forgotten)
 - Revolving Funds

FUNDS AVAILABLE FOR EXPENDITURE BY CATEGORY



Historical Actual Expenditures and Current Fiscal Year

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Special Accounts	FY 2016*	FY 2017*	FY 2018	FY 2019*	FY 2020*	FY 2021*
Federal	93	173.9				
Revolving	20.7	84.1	91.5	159.2	57.5	61.7
Appropriated	782.7	734.6	823.8	708.3	716.6	688
Total	896.6	992.8	915.5	867.7	774.3	749.9
FTE	6	7	7	7	6	6

FY 21: Current Budget

**\$0.17 /
citizen**
Appropriated

\$687,960: Appropriations

\$150,000: Fees/Revolving Fund

\$837,960: Total FY 21 Budget

CARES ACT REIMBURSEMENT:

\$6,851.55

Revolving Fund Cap Issues:

1. Ongoing Liabilities: Annual Leave Obligations = \$52,210.75
2. Removes/Limits ability to respond to unexpected expenses:
 - a) Defending lawsuits (2 filed in FY 20, 1 still pending)
3. Removes/Limits ability to update The Guardian System
 - a) due to changes in the law; or
 - b) to enhance user experience
4. Removes opportunity for enforcement using method other than formal Complaints & Investigations process – Compliance Orders
5. Removes ability to have routine continuing education programs

FY 22 Budget Request

Accomplish FY 22 goals with \$350,000 & Legislative Budget Neutral Solutions

1. Use FY 20 appropriation as baseline	\$716,621
2. Establish a Guardian System Revolving fund (H.B. 1744)	Budget Neutral
3. Restore the Ethics Commission Revolving Fund statute to the 2018 version or raise amount of the Cap (H.B. 1744)	Budget Neutral
4. Request funds for in house I.T. to include: 1 I.T. person, etc. (H.B. 1746)	\$200,000
5. Funding of the existing Political Subdivisions Enforcement Fund (HB 1746)	\$150,000
TOTAL FY 22 Request:	\$1,066,621

(1) New Revolving Fund: Guardian System Fund

- **Budget Neutral & Self-Funding**
- **Restricted Fund:** Stabilize funding for Guardian System & pay for Commission's costs in processing and administering Reports filed with the Commission
- **Funds used for:**
 - Required Maintenance/Service/Hosting: \$4,000/month
 - Changes Required to TGS to stay in compliance with changes in laws or enhancements to improve use of TGS

(2) Restore Existing Revolving Fund to 2018 status

- **Remove or Lift Limits by Restoring 2018 Language for Title 74 O.S. 4259**
- **Budget Neutral & Self-Funding**
- **Funds Used to:**
 - Restore: Administrative Compliance Order Process
 - Restore, when funds permit, routine Educational Programs and Resources

(3) Information Technology

Hiring of 1 FTE to provide I.T. Services for Commission

- **Expertise and Continuity for TGS:**
 - **Subject Matter Expertise:** A reporting system like TGS requires IT expertise and familiarity with Oklahoma law such as campaign finance reporting, lobbyist reporting, personal financial disclosure reporting, and Open Records law.
 - **Background:** The implementation of The Guardian System was overseen by the Deputy Director of the Commission. However, this position has been vacant since July 1, 2016. At this time, the only Commission staff member with the in depth knowledge of TGS is the Executive Director
- **Security and Maintenance:** Ensure only the Ethics Commission has access and control of Commission records to protect against the access, use, modification, deletion, or release of highly sensitive information for personal or political gain.
- **Customer Service:** I.T. support for those users that have issues using TGS due to their own personal equipment or software of which current staff has little expertise.
- **Future Planning for Online Reporting for Political Subdivisions:** Develop a plan to bring political subdivision filing of campaign reports and financial disclosure reports online in TGS for unified, statewide online reporting in TGS

(4) Funding for the “Political Subdivisions Enforcement Fund” established in SB 1745 (2014)

- **Goal:** uniform campaign finance and financial disclosures laws and Enforcement at all levels of government in Oklahoma.
- **Created:** A **Political Subdivision Enforcement Division** within the Ethics Commission Established a **Political Subdivision Enforcement Revolving Fund** specifically for that division [Provided no funding for FTEs]
- **Enforcement:** Required *only so long as* the fund has at least \$100,000 but provides automatic transfer of funds in excess of \$150,000 to the GRF.

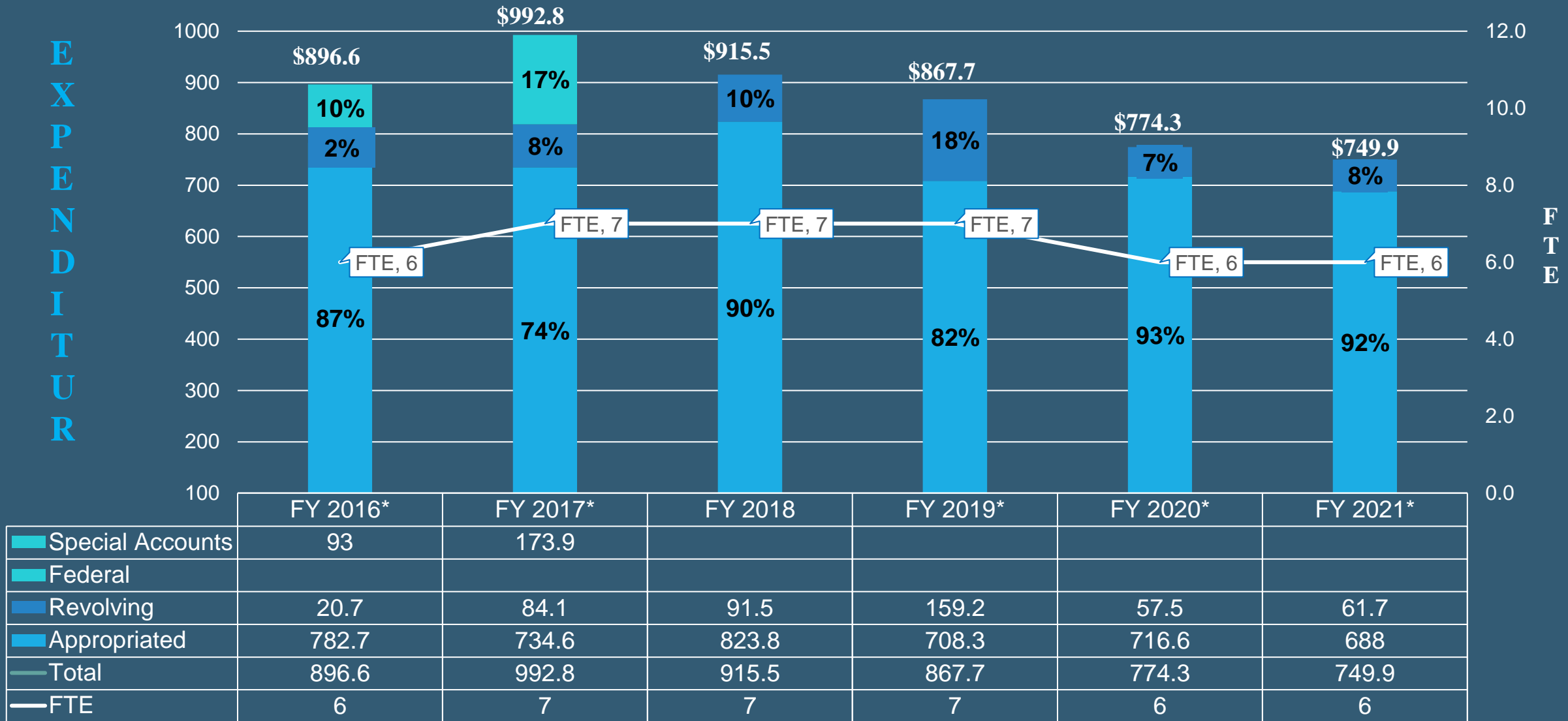
\$350,000 New Appropriations

Budget-Neutral: Online Filings Revolving Fund

**Budget Neutral: Increase/Remove Limits on Existing Revolving Fund
(Title 74 O.S. 4258)**

Questions?

Historical Actual Expenditures and Current Fiscal Year



TGS Fund expiration = \$100,000 increase in Commission appropriation. SHORTFALL led to legislature requesting Commission to assess fees to fund TGS and for Education, and Compliance.

Revolving Fund In 2019, Leg. Implemented a Cap on the revolving fund at \$150,000.

Enforcement

Rule violations differ in severity. Remedies should match violation.

Compliance

Violations

Reasonable belief that entity violated one or more Rule(s)?

Harm resulted?

Repeated Activity?

Identified & Corrected
Timely?

Did they cooperate in
investigation?

Conduct violating Civil
and Criminal Law

Actual or perceived
conflict of interest?

Filing late

Failing to
Register/File
Reports

Dark Money Coordination

Implicate other law

Incorrect wording on
campaign literature
disclosure

Use of State Position
for Personal Gain

Embezzlement from
Campaign Fund

Hiding Activity?

Repeatedly Filing
Reports Late

Exceeding Contribution
Limits

Hiding Source of
Contributions

Accepting Illegal
Corporate Contributions
(Routine, intentionally,
significant amounts)

Exceeded limit: Duplicate
Entry? Refunded? Funds Used?

Personal Use: minor &
immediately corrected

Intentional Inaccurate
Reporting

1989 Anticipated Funding Level: \$600,000-\$700,000

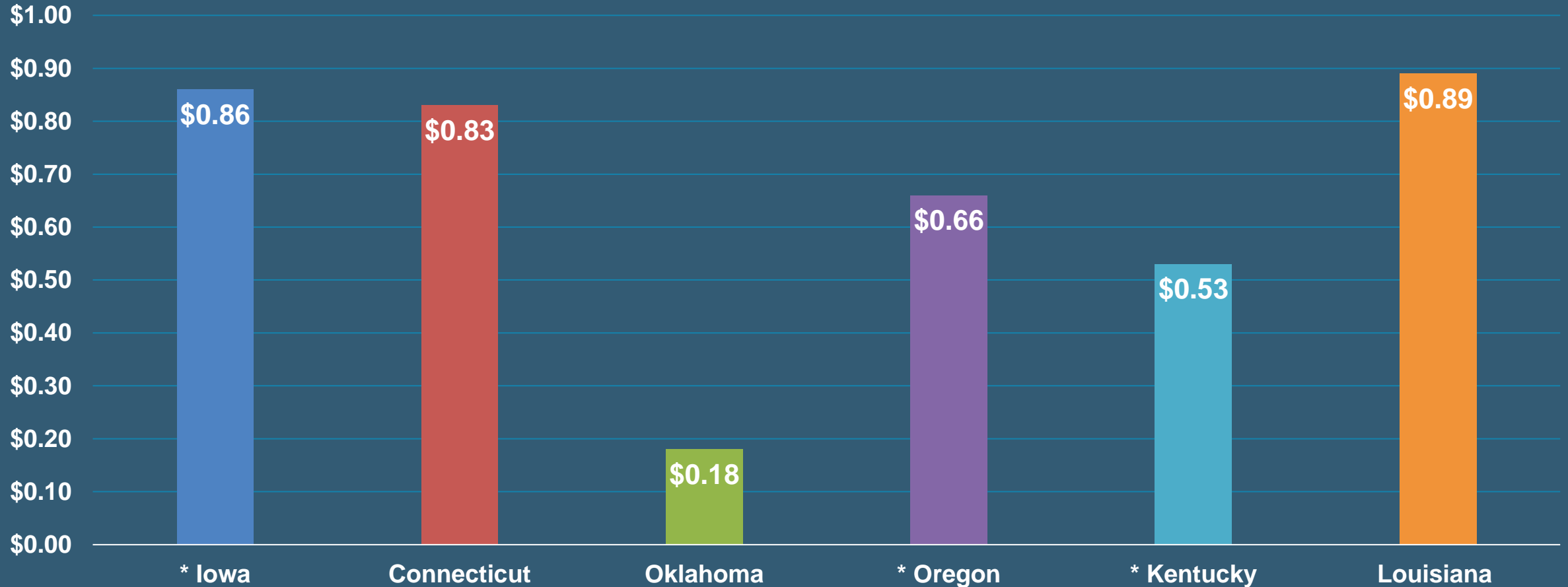
30 years later...

FY 21: Commission funded at \$687,960

Population Rankings 2010 Census

Rank in the fifty states, 2017	Rank in all states & territories, 2010	State or territory	Population estimate, July 1, 2017 [4]	Census population, April 1, 2010
25	25	 Louisiana	4,684,333	4,533,479
26	26	 Kentucky	4,454,189	4,339,349
27	27	 Oregon	4,142,776	3,831,073
28	28	 Oklahoma	3,930,864	3,751,616
—	29	 Puerto Rico	3,337,177	3,726,157
29	30	 Connecticut	3,588,184	3,574,118
30	31	 Iowa	3,145,711	3,046,869

Oklahoma and 5 States Closest in Population Ethics Investment Per Citizen



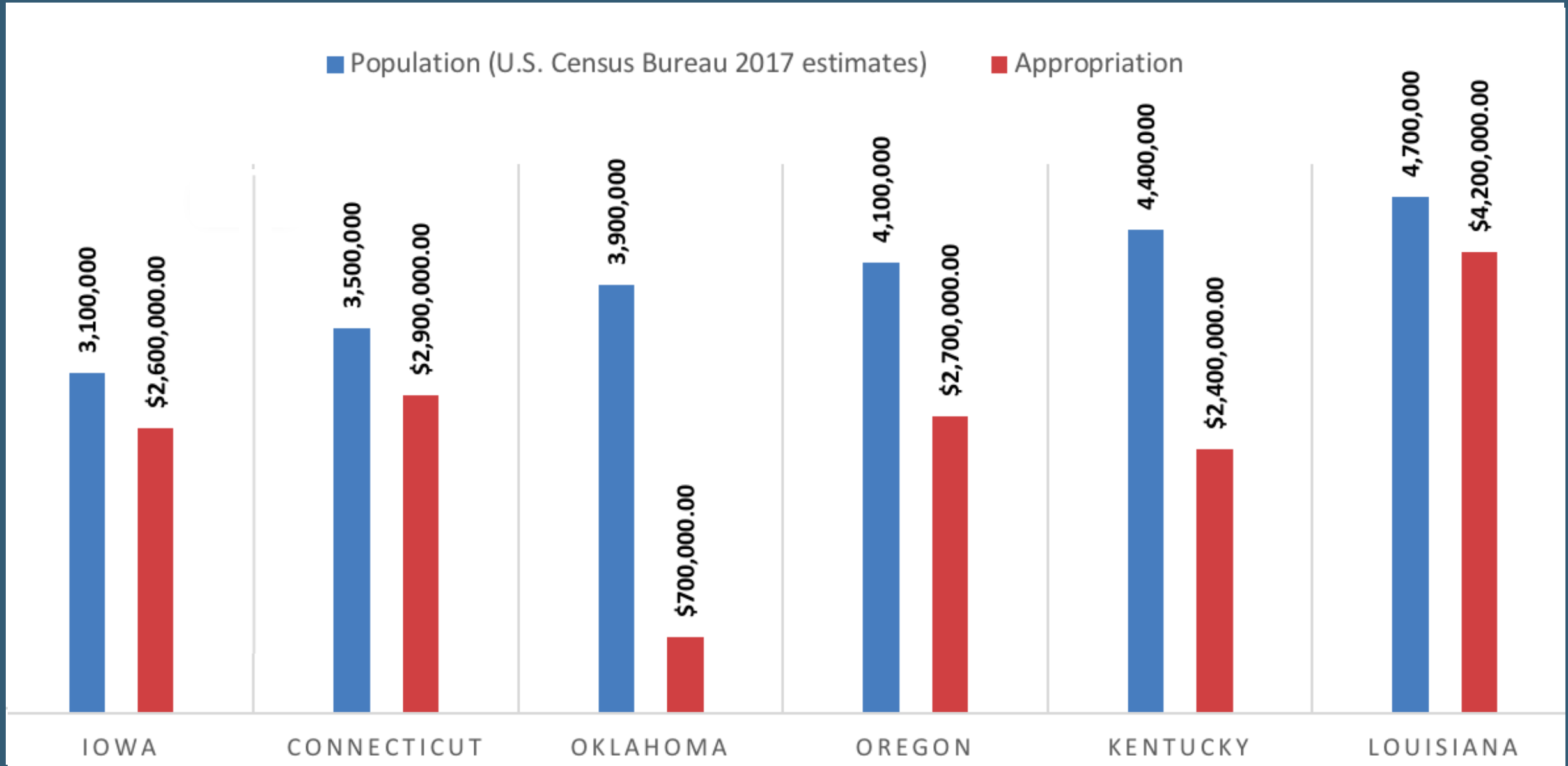
* Indicates a State with fewer areas of regulation than OEC

Jurisdiction Comparison

	Executive Lobbying	Executive O/E COI	Campaign Finance	Legislative Lobbying	Legislative O&E COI	Other
Iowa	X	X	X			
Connecticut	X	X	X	X	X	X
Oklahoma	X	X	X	X	X	X
Oregon	X	X		X	X	
Kentucky	X	X	X			
Louisiana	X	X	X	X	X	

Appropriation and Population Comparison

■ Population (U.S. Census Bureau 2017 estimates) ■ Appropriation

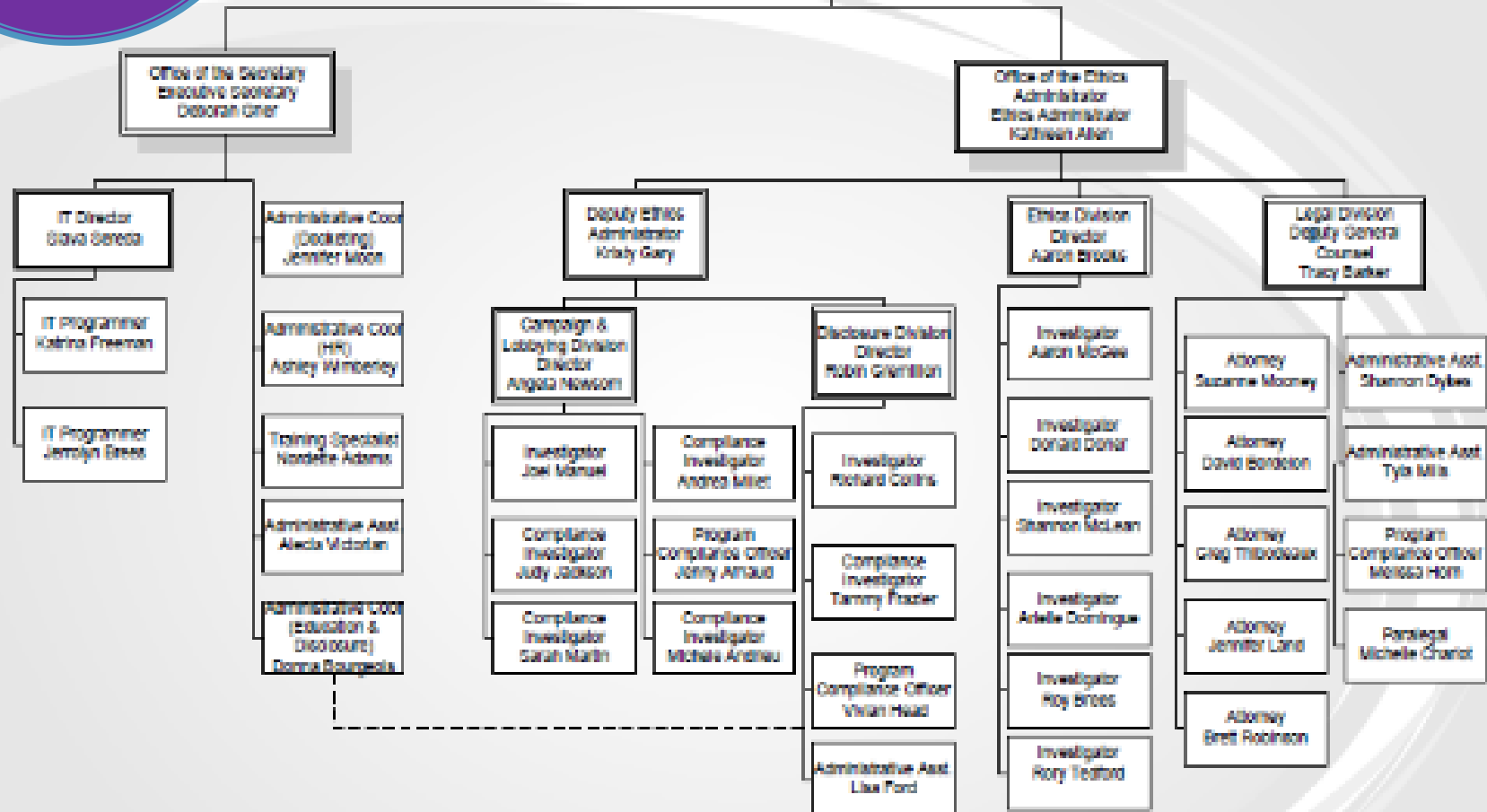


Political Subdivision in other states:

	County / Regional Unit	Municipality	Municipality over 10,000	School District	Career Technology Districts / regions
Iowa	99	742	41	367	15
Connecticut	9	176	97	170	17
Oklahoma	77	599	43	425	29
Oregon	36	353	55	197	15
Kentucky	120	492	39	173	
Louisiana	64	444	60	70	12

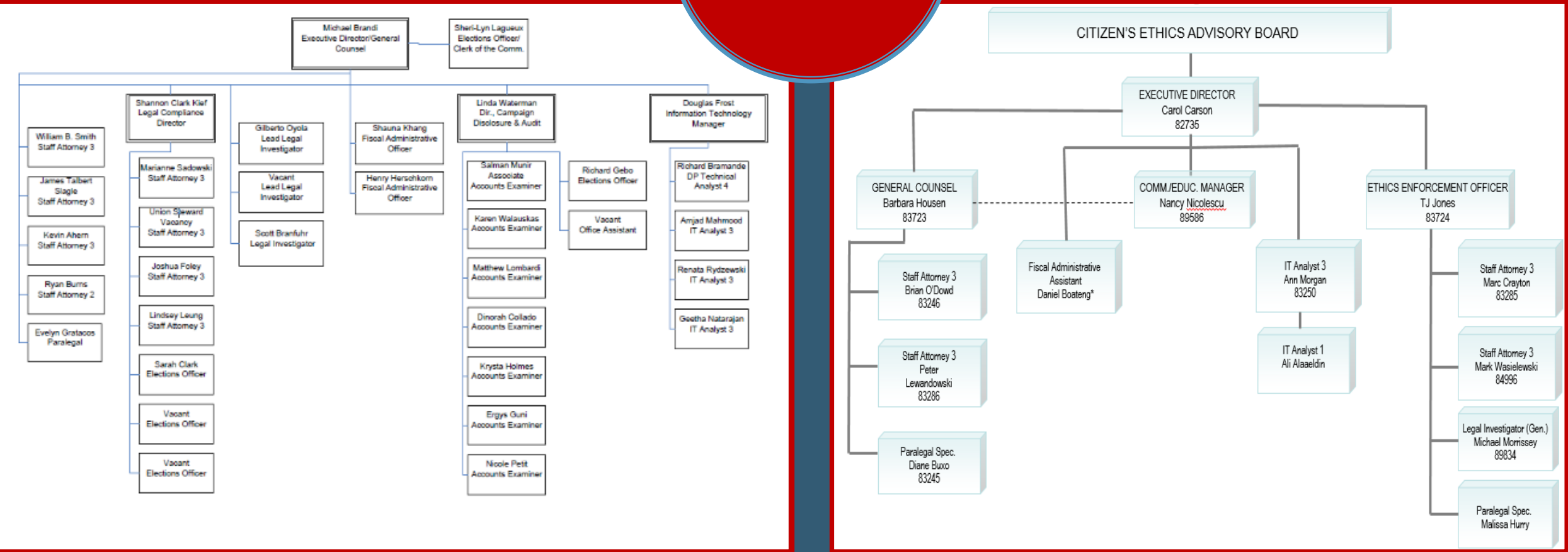
40

LOUISIANA BOARD OF ETHICS

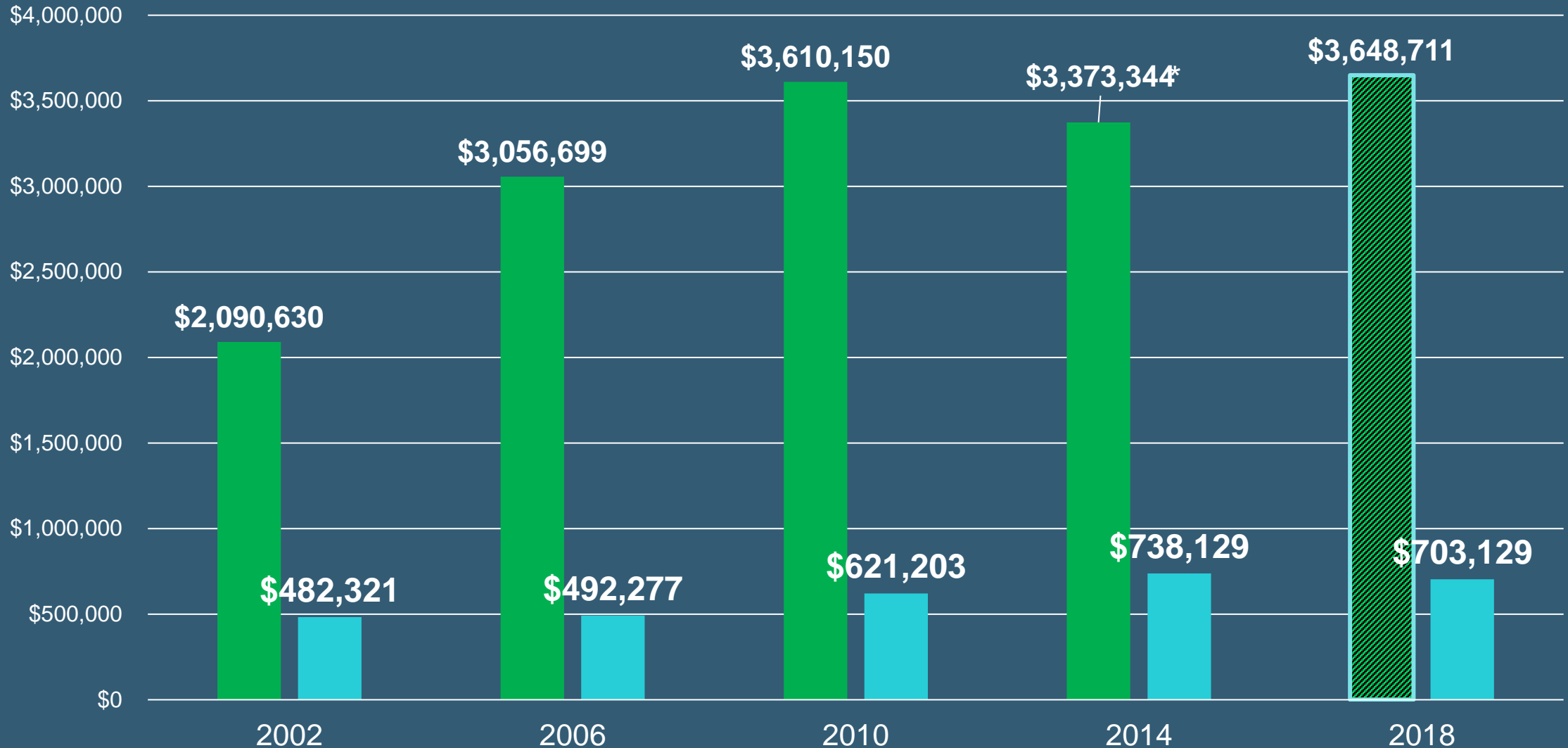


Connecticut: 2 agencies

49



5% of All Contributions v. Actual Appropriation State Races Only



*Pre-2016 PAC estimates are 50% of CC contributions (in 2016 races it was 63%)

■ 5% All Contributions ■ Actual

*Pre 2018 does not include contributions to DA or Judicial Races

Jurisdiction Comparison

	Executive Lobbying	Executive O/E COI	Campaign Finance	Legislative Lobbying	Legislative O&E COI	Other
Iowa	X	X	X			
Connecticut	X	X	X	X	X	X
Oklahoma	X	X	X	X	X	X
Oregon	X	X		X	X	
Kentucky	X	X	X			
Louisiana	X	X	X	X	X	

