

Board of Ethics

OPENING STATEMENT/FISCAL YEAR 2014 BUDGET

October 31, 2013

Overview and Mission: Now in our 27th year, the Board of Ethics administers, interprets and enforces Chicago's Governmental Ethics Ordinance and has assumed responsibility for several legal compliance functions. The Board's educational and regulatory programs (financial disclosure and lobbyist registration) promote integrity, transparency and accountability in City government. Through our casework program, we take in requests for and provide more than 6,300 advisory opinions yearly for persons (mostly City employees and officials) and through our enforcement program, we receive and refer complaints alleging violations, adjudicate cases (making final determinations as to whether ethics violations have occurred), enforce training and filing requirements for City employees, officials and lobbyists and assess penalties and/or issue recommendations for corrective action in accordance with the law's confidentiality provisions. Our all-new Board has now been seated for one year. Under changes to the Ordinance approved by City Council effective on July 1, 2013, our agency now dismisses, settles and/or adjudicates allegations of ethics violations after investigations conducted by the Inspector General and Legislative Inspector General, and has developed more training for employees, officials, lobbyists and City vendors.

Highlights of 2013 achievements, and 2014 goals:

1. EDUCATION: Educating persons about the Ordinance and other relevant rules and policies is a critical agency responsibility. We offer the following programs:

◆ **Mandatory Annual Online Ethics Training.** The Ordinance requires that ~675 lobbyists, 50 aldermen and ~32,000 City employees and officials complete an annual ethics training program designed by the Board. The Board has administered and revised this program every year, producing separate programs while constantly monitoring City-wide compliance. Chicago's programs remain models nationwide—we are one of few jurisdictions requiring annual ethics education for all employees, officials and lobbyists. With the assistance of Ethics Officers from every City department and aldermanic office, and under the Board staff's administration, the City achieved 100 percent compliance for 2006 through 2011: 37,643 in 2006; 36,598 in 2007; 35,776 in 2008; 34,138 in 2009; 32,832 in 2010; 31,250 in 2011; and 30,114 in 2012. Six employees were found to have violated the Ordinance for failing to complete their 2012 ethics training on time, and were fined a total of \$4,000; 344 were given one-time admonitions for failing to complete the training on time. Approximately 25,400 persons –79 percent – have completed their 2013 requirement. Our City's very high rate of compliance would be impossible without assistance from ethics Training Administrators.

Our 2013 programs included video and cartoons; for 2014, we will again revise the programs completely and implement technical enhancements.

Two marks of the success of our educational programs: the number of lobbyists and City employees and officials seeking confidential advice from our office continues to grow, and the number of employees and officials investigated for ethics violations continues to shrink. We receive three times the requests than we did in the period just prior to the implementation of City-wide, all-employee training. We have also consulted with both "sister agencies" and other governmental ethics agencies

around the country on creating effective training programs.

◆ **Mandatory Annual Lobbyist Training.** All registered lobbyists – currently 675 – must complete an annual ethics training program designed and administered by the Board. For the 2012-2013 training year, 21 lobbyists did not complete the training or completed it late, and each was fined, per the Ordinance.

◆ **Other Training.** We conduct face-to-face ethics training seminars for approximately 3,000 City personnel who are required by Ordinance to attend ethics training every four years (aldermen and staff, City Council Committee staff and senior executive service employees). We also design and conduct other seminars upon request, including classes for appointed officials and specific departments. Since November 2012, more than 450 City employees and officials have attended ethics seminars. The Board has also conducted three dozen classes for SSA Commissioners, Service Providers, vendors, foreign dignitaries and others. We have also posted an all-new training program for persons who have or are seeking City contracts.

◆ **Ethics Officers and Training Administrators.** Our work would be impossible without Ethics Officers from every City agency and every aldermanic office. They are our eyes and ears, referring their personnel with substantive legal questions and assisting us with required filings and educational requirements. We conduct training for them, so that they remain abreast of the law.

◆ **Educational Materials.** Our website includes Ordinances, Rules and Regulations, redacted opinions indexed by subject matter, brochures, Annual Reports, and training videos. Guides for the public and for City vendors are available at City Hall and on our website. In the past year, we revised, published and distributed 11 new guides, covering political activity, post-employment, contracting with the City, involvement in outside non-profit organizations, campaign contributions and general guides for businesses and the public.

2. **CONFIDENTIAL GUIDANCE AND CASEWORK:** Since November 2012, we have issued more than 6,300 confidential formal and informal advisory opinions. About 70 percent of these have been issued to City employees and officials. 16 percent were issued to lobbyists, and of the remainder, two-thirds were issued to attorneys, vendors, political committees or political contributors. In 2013, we have experienced a trebling of travel-related requests, since the Ordinance and City travel policy changed to require pre-clearance from the Board of Ethics for business travel paid by third parties. As provided by law, advisory opinions are made available for public review, with confidential information removed. All formal opinions issued by the Board since 1986 are on our website, indexed by subject matter. This is our “bread and butter” work. Helping City officials, employees and others comply with the law and stay on the straight and narrow is *the most effective way* to prevent misconduct and foster a culture of ethics in City government.

3. **FINANCIAL DISCLOSURE:** The revised Ethics Ordinance requires about 3,500 City employees and officials (including aldermen) to file annual Statements of Financial Interests with the

Board of Ethics 2014_Opening Statement

Board. The Board prints, distributes, reviews and makes publicly available forms going back seven years. Forms filed in 2009 and after are available on the internet; since 2011, we have instituted electronic filings. About 75 percent of filers file their forms electronically. Very few government bodies enable their personnel to file on-line **and** make this information available to the public on-line.

4. LOBBYIST REGULATION: The Ordinance requires all who lobby City personnel to register annually with the Board and file quarterly activity reports with detailed information about their lobbying clients, gifts they have offered and political contributions they have made. Since November 2012, the Board has collected more than \$360,000 in lobbyist registration fees. In September 2011, amendments to the Ordinance took effect that, among other things: i) require full-time employees or officers of membership-based non-profits to register as lobbyists (though the Board can waive their registration fees); and ii) require Shakman-exempt Executive branch employees and Mayoral appointees to sign an ethics pledge binding them to a two-year lobbying ban after they leave City service. A list of pledges is posted on our website.

5. CAMPAIGN FINANCING: Recent amendments to the Governmental Ethics Ordinance merge the former Campaign Financing Ordinance into one master ethics law. The law limits the amount of money that certain persons or entities (registered lobbyists, persons doing or seeking to do business with the City or its sister agencies) may contribute to elected City officials and candidates for elected City office, or to their political committees. The amended law also provides that both the excess contributor and the political committee that accepted the excessive contributions have a certain time to reconcile the excess, or are each subject to fines, and their names being made public if the Board determines that there has been a violation of the Ordinance. The Board is now working to transition its monitoring function to each Inspector General. In September 2013, the Board issued an educational advisory opinion regarding the new campaign contribution laws and will offer briefings for all elected officials and their political staff.

6. ENFORCEMENT:

◆ **Executive branch investigations.** Since November 2012, the Board has been robustly enforcing the Ordinance. It has found 7 Executive branch employees and 3 appointed officials in violation of various substantive provisions of the Ordinance, and recommended various sanctions, including termination, fines and lawsuits for disgorgement of profits for contracts performed in violation of the Ordinance. It has also found 44 employees and 19 appointed officials in violation of the Ordinance for failing to file 2013 Statements of Financial Interests on time and assessed fines totaling about \$12,000.

◆ **Legislative branch investigations.** The Board is responsible for determining whether there is reasonable cause to authorize the Legislative Inspector General (LIG) to investigate signed and sworn complaints alleging misconduct by City Council members and employees. The Board also evaluates completed investigative reports submitted by the LIG, and may dismiss the matter or enable the subject to have a hearing, and then determine whether there has been a violation.

Board of Ethics 2014_Opening Statement

◆ **Lobbyist Investigations.** Lobbyists who fail to timely register or report are subject to fines (as are their clients) and/or suspension of their registration; the City may cancel contracts awarded based on unregistered lobbying. The Board has aggressively enforced these requirements. For calendar 2013, 23 lobbyists were found in violation of the Ordinance and fined \$12,400, the registrations of 3 were terminated and 144 were given a one-time admonition against future late filings. Since November 2012, the Board has commenced 115 investigations of delinquent lobbyists. In 4, it determined that a lobbyist failed to file reports as required, assessed fines, terminated their registration and ordered that the fines would need to be paid were the lobbyists ever to lobby activity again; the other lobbyists brought themselves into compliance with the law.

◆ **Under amendments that became effective July 1, 2013,** the Board no longer investigates allegations that persons subject to the Ordinance have violated it (with the exception of persons who fail to file lobbyist reports or registrations or statements of financial interests timely, or who fail to timely complete required training. Instead, the Board refers all complaints to the appropriate investigating authority. At the completion of investigations involving violations of the Ethics Ordinance, the Board will consider the final investigative report and dismiss or find probable cause to believe that the Ordinance may have been violated. If it concludes that there is probable cause, it shall impose fines, settle cases and/or recommend or assess appropriate corrective action or penalties. All complaints, investigations and recommendations are confidential, as provided by Ordinance. Since November 2012, the Board has received, dismissed and/or referred 13 complaints, all to either the Inspector General, Legislative Inspector General or Inspectors General of sister agencies.

The Board prepares written reports of all findings, determinations and recommendations it makes on all investigations presented to or conducted by it.

◆ **Legal Compliance.** In this past year, the Board designed and administered training for more than 10,000 City employees from all departments on complying with identity protection laws, and has reviewed and assisted in updating the City's ambulance billing policy.

Board of Ethics

2014 Budget Hearing

MBE/WBE Data

Period: 2013-2014

Total Purchases: Nearly all purchases are made through City-wide service and supply contracts. The narration for our training dvd is \$750, and paid to an MBE owned by an African-American male; InterCity Supply, owned by an African-American woman, is our vendor for office supplies not covered by the City-wide Office Depot contract.

	MBE	WBE
WBE		
Asian		
African-American	\$10,975	
Hispanic		
Total Purchases	\$10,975	

Staffing Data

Department Ethnicity and Gender				
	Male	Female	Total	%
Asian	-	-	-	-
Black	1	1	2	22
Hispanic		2	2	22
White	3	2	5	55
Total				
	44%	55%	9	

New Hires Ethnicity and Gender <i>None</i>				
	Male	Female	Total	%
Asian				
Black				
Hispanic				
White				
Total			0	

Department Managers Ethnicity and Gender				
	Male	Female	Total	%
Asian	-	-	-	-
Black	1		1	25
Hispanic		1	1	25
White	2	1	3	50
Total				
	60	40%	4	100

Interns

School	Gender	Race
<u>Texas Christian University</u>	<u>Female</u>	<u>African-American</u>
<u>Richards Career Academy (CPS)</u>	<u>Female</u>	<u>Hispanic</u>

BOARD OF ETHICS
OCTOBER 2013

BOARD OF ETHICS

7 MEMBERS APPOINTED BY THE MAYOR WITH CONFIRMATION BY CITY COUNCIL

ENFORCEMENT

EDUCATION

CASEWORK

REGULATION

DISCLOSURE
FORMS

ADMINISTRATION

COMPLIANCE