


Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Kwame R. Brown  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** December 6, 2011

**SUBJECT:** Fiscal Impact Statement – “Board of Ethics and Government Accountability Establishment and Comprehensive Ethics Reform Amendment Act of 2011”

**REFERENCE:** B19-511, draft shared with the Office of Revenue Analysis on December 5, 2011.

---

**Conclusion**

Funds are not sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the proposed legislation. Implementation of the proposed legislation is projected to cost \$311,000 in FY 2012 and \$2.9 million over the four-year financial plan period.

Sufficient resources exist to cover the implementation costs in FY 2012, but not the out-years of the financial plan. The proposed legislation will have a fiscal impact of \$1.5 million over the remainder of the FY 2012 through FY 2015 financial plan period.

**Background**

The proposed legislation would establish an independent Board of Ethics and Government Accountability (“Board”) to administer and enforce the Code of Conduct, and to administer and enforce the Open Meetings Amendment Act of 2010.<sup>1</sup> The Board would be composed of three members with this legislation governing the qualifications of board members, procedures for removal of board members, terms of appointment, meetings procedures, investigations procedures, hearings requirements, penalties including criminal penalties, suspension or revocation of a member of the Council of the District of Columbia’s committee vote or committee chairmanship, waiver of the prohibition against recall during the first and fourth years of an elected term for

---

<sup>1</sup> D.C. Law 18-350, D.C. Official Code § 2-571 *et seq.*, effective March 31, 2010.

violation of the Code of Conduct. The Board would also be tasked with issuing advisory opinions to public officials requesting compliance guidance for ethics issues. The legislation establishes the position of Director of the Board to conduct the day-to-day duties of the Board including investigations of allegations of violations of the Code of Conduct and the position of General Counsel to the Board.

The proposed legislation also amends the District of Columbia Government Comprehensive Merit Personnel Act of 1978<sup>2</sup> to require public officials to receive annual training and to certify they have received the training. The proposed legislation would restrict constituent services funds by amount and use, prohibit the provision of discounted legal services to elected officials by lobbyists, and require rolling on-line publication of lobbyist registration. The legislation would also create and establish filing and reporting requirements for legal defense, transition, and inauguration committees.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the provisions of the proposed legislation.

The OCFO projects the proposed legislation will cost \$311,000 in FY 2012 and \$2.9 million over the FY 2012 through FY 2015 financial plan period to implement.

The Office of Open Government was funded at \$350,000 in FY 2012 with authorization for 3 FTEs. No FTEs have been hired and none of the \$350,000 has been spent to date this fiscal year. Under this proposed legislation, the Board would assume all duties and responsibilities of the Office of Open Government and would be given its \$350,000 budget for FY 2012, and for each year thereafter. This \$350,000 annually will be used to offset the new costs of the Board, its staff and office space requirements.

The net fiscal impact of implementing the proposed legislation would be \$0 for FY 2012 and \$1.5 million over the FY 2012 through FY 2015 financial plan period.

The legislation establishes the three-member Board with salaries of \$26,500 for the Chair and \$12,500 for the other two members. The OCFO projects the salary of the Board's Director to be Salary Grade E-5 and approximately \$119,000 annually plus benefits, and the salary of the General Counsel to be Grade 15 and approximately \$113,000 annually plus benefits. The OCFO assumes the Board will be appointed and on the District's payroll by April 1st, and the Director, General Counsel and other staff will be hired by June 1st and will be on the District's payroll for one-third of FY 2012.

To fulfill the requirements of this proposed legislation, including providing advisory opinions, performing investigations, holding ethics hearings, conducting annual ethics training for over 1,200 public officials, and reviewing filings for legal defense, transition, and inauguration committees, the OCFO projects the Board will additionally need two staff attorneys (Grade 13, \$82,000 each plus benefits), three auditors/investigators (Grade 12, \$62,000 each plus benefits) and an assistant (Grade 10, \$46,000 plus benefits).

---

<sup>2</sup> D.C. Law 2-139; D.C. Official Code § 1-601.01 *et seq.*, effective March 3, 1979.

Ethics training for the estimated 1,200 public officials can be set up either in an online, self-guided form or as classroom-based training with the resources allocated to the new Board of Ethics here. The OCFO reviewed the practices and resources used by ethics offices in other jurisdictions to fulfill the advisory opinion function and found that between 10 and 15 formal, written opinions are likely to be requested annually, but many more advice requests on ethics-related issues will be made informally.

Based on consultation with the Department of General Services, the OCFO projects the staff will require office space that costs approximately \$22,000 per year. This assumes the staff will be located at One Judiciary Square, and that the Board will conduct hearings at the Wilson Building or other equivalent public hearing space. The OCFO also projects a one-time cost in FY 2012 of \$40,000 for technology and equipment.

Estimated Costs of Implementation of Board of Ethics and Government Accountability Establishment and Comprehensive Ethics Reform Amendment Act of 2011					Four-Year Costs
	FY 2012	FY 2013	FY 2014	FY 2015	
Director	\$46,000	\$144,000	\$149,000	\$154,000	\$551,000
General Counsel	\$44,000	\$137,000	\$142,000	\$147,000	\$527,000
Staff Attorney (2)	\$64,000	\$198,000	\$205,000	\$212,000	\$710,000
Auditor/Investigator (3)	\$73,000	\$227,000	\$235,000	\$244,000	\$816,000
Assistant	\$18,000	\$56,000	\$58,000	\$60,000	\$200,000
Board Members (3)	\$26,000	\$52,000	\$52,000	\$52,000	\$193,000
Office & Technology	\$40,000	\$22,000	\$22,000	\$23,000	\$255,000
<b>Total Costs</b>	<b>\$311,000</b>	<b>\$835,000</b>	<b>\$863,000</b>	<b>\$892,000</b>	<b>\$2,902,000</b>
Budgeted resources from Office of Open Government	\$350,000	\$350,000	\$350,000	\$350,000	\$1,400,000
<b>Net Fiscal Impact</b>	<b>\$0</b>	<b>\$485,000</b>	<b>\$513,000</b>	<b>\$542,000</b>	<b>\$1,502,000</b>

**Table Notes**

1. All salary information is from current DC Department of Human Resources salary schedules.  
[http://www.dchr.dc.gov/dcop/cwp/view.a.1219.q.529980.dcopNav.\[31656\].asp](http://www.dchr.dc.gov/dcop/cwp/view.a.1219.q.529980.dcopNav.[31656].asp)
2. Office space is estimated to be for 220 square feet for each of the 8 new FTEs and will cost \$12 per foot annually in rent according to the Department of Government Services. DGS has an office suite at One Judiciary Square that can be used for FY 2012 at no additional costs.
3. Technology costs are one-time, \$5,000 for each FTE to purchase computers and other equipment.