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October 11, 2023

Blake G. Washington
Director of the Budget
New York State Division of the Budget
State Capitol
Albany, New York 12224

Dear Mr. Washington:

On behalf of the New York Commission on Ethics and Lobbying in Government (“COELIG”), enclosed is a response to your letter of September 20, 2023.

COELIG’s management team has worked diligently to meet the agency’s statutory mandates with available resources, and it will continue to do so to the best of its ability, while at the same time recognizing that robust resources are needed to meet our agency’s statutory mandates. In support of the State’s commitment to controlling spending and achieving greater efficiency in government, as well as to restoring the public’s faith in the integrity of our State government and ensuring strict compliance with the State’s ethics and lobbying laws and regulations, COELIG submits a budget request of \$7,929,277 for Fiscal Year 2024-2025. This request assumes modest growth over the agency’s appropriation for Fiscal Year 2023-2024 while also implementing the legislative mandate to our agency, embodied in the Ethics Commission Reform Act of 2022, substantially to maintain and strengthen its capacity and capabilities in several crucial areas, including investigations and enforcement, lobbying regulation, mandatory workforce-wide ethics training, and guidance. It is critical to our agency that it have the financial resources and staffing necessary to meeting that legislative mandate and to carrying out its mission to restore public confidence in our State’s government.

Very truly yours,

Hon. Sanford N. Berland (ret.)
Executive Director

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POLICY ADVICE ON REQUEST

New York State Division of the Budget All Funds Budget Request FY 2024-2025 Statement of the Chair

Agency: **New York State Commission on Ethics and Lobbying in Government**

The Commission on Ethics and Lobbying in Government (“COELIG” or the “Commission”) oversees and regulates ethics and lobbying in New York State. The Commission has broad oversight over officers and employees at State agencies and departments including commissions, boards, State public benefit corporations, public authorities, SUNY, CUNY, and the statutory closely-affiliated corporations, the four statewide elected officials and members of the Legislature (and candidates for those offices), employees of the Legislature, certain political party chairpersons, and registered lobbyists and their clients.

The Commission provides information, education, training and advice regarding current ethics and lobbying laws, and promotes compliance with these laws through audits, investigations, and enforcement proceedings. Additionally, the Commission fosters transparency by making publicly available the disclosures required to be filed by the people and entities under its oversight. These disclosures include, but are not limited to, the more than 36,000 Financial Disclosure Statements (“FDSs”) filed by State officers and employees subject to the Commission’s jurisdiction, as well as tens of thousands of activity and expenditure reports filed by the 6,150 registered lobbying entities and their 5,040 clients who spent more than \$330 million to influence both State and local public officials in 2022.

To streamline operations and improve the Commission’s efficiency and effectiveness, and to comply with statutory requirements, the Commission’s mission is carried out by five principal divisions and one shared unit, structured to evenly distribute responsibilities and best manage agency resources: the Ethics, Lobbying, Investigations and Enforcement, Communications and Public Information, and Administration Divisions, and the Training and Audit Unit. The Commission’s advisory and financial disclosure functions are within the Ethics Division. The

Commission's Lobbying guidance and filings programs constitute the Lobbying Division. The Commission's education and auditing programs and training functions are shared between the Ethics and Lobbying Divisions in its Training Unit. Staff is assigned accordingly throughout. The Commission's organizational structure allows it to allocate staff as needed to handle critical functions and meet its mandates.

The Commission generates revenues from lobbying registration fees, filing fees, late fees and fines and penalties, which are deposited into the State General Fund. To date, for State Fiscal Year ("SFY") 2023-2024, the Commission has assessed or collected approximately \$656,480 in such revenues. By statute, the current registration fee schedule calls for a fee of \$200 to be paid for a biennial registration period, and a prorated \$100 when registering during the second year. Lobbying clients submit a filing fee of \$50 with each of their semi-annual filings. The Commission estimates that at least 70% of its revenues come from lobbying fees over a biennial period. As the second half of the biennial registration cycle runs from January 2024 through December 2024, the Commission projects that its total revenue collections will be approximately \$850,000 in the 2023-2024 fiscal year, with late fees accounting for approximately 50% of that figure. In addition, a number of investigative and enforcement actions were pursued that resulted in settlements totaling \$111,917 in 2022.

COELIG administers and provides mandatory ethics training programs to State officers and employees, directly and through the employing agencies, including programs specifically tailored to the needs of individual agencies. In accordance with the requirements of the Ethics Commission Reform Act of 2022 ("ECRA"), these programs, previously mandated only for executive branch FDS filers, are being extended to all state executive branch officers and employees going forward, *a more than ten-fold increase in the number of state employees who will be receiving mandatory ethics training annually*. Further, the mandatory training cycle has been accelerated, such that the live comprehensive ethics training course ("CETC") must be administered to each employee biennially, with annual online refresher training in the intervening year (previously, such training was administered on a tri-annual cycle and only to FDS filers). The aggregate effect of these changes is a thirty-fold increase in the number of state officers and employees receiving mandatory ethics training annually. COELIG also administers a mandatory online lobbying ethics training program, which, too, has been expanded pursuant to ECRA, which requires that lobbying clients, who so far in the current biennial registration cycle already number over 5,000, also receive ethics training. To meet these substantially increased requirements, the Commission is adding two associate counsel to its Ethics Divisions and at least two training associates to its Training Unit.

Commission staff members continue to identify measures to improve the Commission's efficiency and accountability to New Yorkers, as well as to demonstrate its leadership with respect to ethics and lobbying compliance. To that end, we have added an additional compliance auditor and a compliance analyst in our Compliance Audit and Review Unit, as well as a supervising filing analyst in our FDS unit. The Commission's website is new, and its two filing applications – FDS and lobbying – have been improved to afford greater public access to information and to streamline the reporting processes for filers and staff, and it is making the entire lobbying database publicly available on the OpenNY data platform, where it will be by far the largest dataset hosted on that platform. The maintenance and upgrading of these systems, both to meet new statutory requirements and to address heightened security concerns – particularly in the wake of a systems attack last year – requires significant staff and technological resources.

Demands for lobbying staff resources continue to grow based on historically high industry activity. As noted above, and notwithstanding the lingering effects of the pandemic, last year over \$330

POLICY ADVICE ON REQUEST

million in lobbying industry spending was recorded, the highest in the history of New York State lobbying regulation; as a result, Commission staff were tasked with processing registration statements and activity reports for 6,150 registered lobbyists and 5,040 clients of lobbyists. For this reason, the Commission has added, and filled, three assistant filing specialists/filings examiner positions to facilitate the timely processing of statutory reports.

Further, not only has the number and breadth of investigations and enforcement actions increased, but a series of high-profile, complex investigations have emerged over the past two years, requiring dedicated resources, and stretching an already-thin staff to its limit. Accordingly, the Commission added two investigative counsel, two confidential investigators and an electronic discovery specialist to address these growing needs and is in the process of substantially upgrading its case management and litigation support system.

Fully mindful of the Budget Director's September 20, 2023, letter, the Commission has respectfully submitted a proposed budget for SFY 2024-2025 of \$7,929,277, which assumes modest growth over the 2023-2024 Enacted Budget and also implements the legislative mandate embodied in the Ethics Commission Reform Act of 2022 to strengthen its capacity and capabilities in several key areas, including investigations and enforcement, training and guidance.

The Commission acknowledges the difficult financial straits in which the State finds itself and is committed to doing its part to address this challenge; nevertheless, the Commission remains concerned about its ability to continue to meet its mandates without additional support in the future. Moreover, both the markedly increased mandatory ethics training requirements and the ever-increasing demand for greater accountability and disclosure by public officers, State employees, and those seeking to influence government decisions together mean that the Commission must have the resources dictated by its mandate and its statutory mission. It is critical for this Commission to succeed in providing training, guidance, monitoring compliance, and enforcing the ethical standards mandated by the Public Officers Law and the Lobbying Act to ensure transparency and to continue to rebuild trust in State government. The Commission looks forward to the Division of Budget's support in this endeavor.

**New York State
Division of the Budget
All Funds Budget Request FY 2024-25
Agency Summary
Recapitulation of Current Year Adjusted Appropriations
and Requested Changes for the Next Fiscal Year**

Agency: NYS Commission on Ethics and Lobbying in Government

(A)	(B)	(C)	(D)
Appropriation Category/Fund Type	Adjusted Appropriations 2024-25	Requested Change	Total Request (Column B+C) 2024-25
State Operations			
General Fund	7,787,000	142,277	7,929,277
Special Revenue - Federal			0
Special Revenue - Other			0
Enterprise			0
Internal Service			0
Private Purpose Trust			0
Subtotal	7,787,000	142,277	7,929,277
Aid to Localities			
General Fund			0
Special Revenue - Federal			0
Special Revenue - Other			0
Enterprise			0
Subtotal			0
Capital Projects			
Capital Projects Fund			0
Special Revenue - Other			0
Enterprise			0
Internal Service			0
Subtotal			0
Debt Service			0
Agency Total	7,787,000	142,277	7,929,277

**New York State
Division of the Budget
All Funds Budget Request FY 2024-25
Program Recapitulation
of Current Year Adjusted Appropriations
and Requested Changes for the Next Fiscal Year**

Agency: NYS Commission on Ethics and
Lobbying in Government

Category:

State Operations

(A)	(B)	(C)	(D)
Program/Fund Type	Adjusted Appropriations 2024-25	Requested Change	Total Request (Column B+C) 2024-25
Program			
General Fund	7,787,000	142,277	7,929,277
Special Revenue - Federal			0
Special Revenue - Other			0
Enterprise			0
Internal Service			0
Private Purpose Trust			0
Program Total	7,787,000	142,277	7,929,277
Program			
General Fund			0
Special Revenue - Federal			0
Special Revenue - Other			0
Enterprise			0
Internal Service			0
Private Purpose Trust			0
Program Total	0	0	0
Program			
General Fund			0
Special Revenue - Federal			0
Special Revenue - Other			0
Enterprise			0
Internal Service			0
Private Purpose Trust			0
Program Total	0	0	0
All Program Recapitulation			
Program	7,787,000	142,277	7,929,277
Program			0
Program			0
Agency Total	7,787,000	142,277	7,929,277

**NYS Division of the Budget
Miscellaneous Receipts BRM Report**

Receipt Name	Fund	Subfund	Account	Product Code	Periodicity	Fee/Fine	Fee/Fine Unit Desc	2022-23 Revenue Amt Distributed	Indicator	Law/Section	
Agency : 3810000 - Ethics and Lobbying, Independent Commission on											
1	Administrative Late Fees	003	10050	31131	201050	As Necessary	\$100.00	Fee assessed to	\$0.00	Statutory	Public Officers Law section 73-
2	Client Filing fee	003	10050	31301	201051	Six Months	\$50.00	Client semiannual	\$412,150.00	Statutory	Lobbying Act 1-j(c)(3)
3	FOIL Fees	003	10050	31301	300077	As Necessary	\$0.01 - \$0.25	Copying fees for	\$0.00	Statutory	Freedom of Information Law
4	Lobbying Late Fees	003	10050	31406	201055	Daily	\$10.00 - \$1,000.00	late filing fee for	\$386,400.00	Statutory	Lobbying Act 1-e(e)(iii), 1-
5	Lobbyist Civil Penalty Fine	003	10050	31406	201054	As Necessary	\$2,000.00 - \$50,000.00	Fine for various violations of the Lobby Act	\$102,417.00	Statutory	Lobbying Act 1-o(b)(i),(ii),(iii),(v),(vi)
6	Lobbyist Registration Fee	003	10050	31301	201053	Two Year	\$100.00 - \$200.00	Lobbyist registration	\$1,044,900.00	Statutory	Lobbying Act Section 1-e(e)(iii)
7	Public Officers Law Civil Assessment Fee	003	10050	31406	201056	As Necessary	\$0.01 - \$40,000.00	civil penalty assessed for violations of POL &	\$8,000.00	Statutory	Executive Law section 94(14)

**New York State
Division of the Budget
All Funds Budget Request FY 2024-25
State Operations and Aid to Localities
Recapitulation of Current Year Adjusted and
and Requested New Year Appropriations**

Agency: NYS Commission on Ethics and Lobbying in Government
Program:
Division/Institution:

Fund Type: General
Fund: General
Subfund:

(A)	(B)	(C)	(D)
Object and Subobject of Appropriation/Aid Purpose	Adjusted Appropriations 2024-25	Change	Requested Appropriations (Column B+C) 2024-25
State Operations			
Personal Service			0
Personal Service -- Regular	6,830,000	14,106	6,844,106
Temporary Service			0
Holiday/Overtime Compensation	45,000		45,000
Total PS	6,875,000	14,106	6,889,106
Nonpersonal Service			
Supplies and Materials	80,000	0	80,000
Travel	40,000	0	40,000
Contractual Services	742,000	128,171	870,171
Equipment	50,000	0	50,000
Fringe Benefits			0
Indirect Costs			0
Total NPS	912,000	128,171	1,040,171
Maintenance Undistributed			
Personal Service -- Regular			0
Temporary Service			0
Holiday/Overtime Compensation			0
Supplies and Materials			0
Travel			0
Contractual Services			0
Equipment			0
Fringe Benefits			0
Indirect Costs			0
Total MU	0	0	0
Total State Operations	7,787,000	142,277	7,929,277
Aid to Localities			
Purpose:			
--			0
--			0
--			0
--			0
--			0
Total Aid to Localities	0	0	0
Grand Total SO and ATL	7,787,000	142,277	7,929,277