



Los Angeles City Ethics Commission

April 23, 2018

The Honorable Budget and Finance Committee
c/o Richard Williams
200 North Spring Street
City Hall Room 395
Los Angeles CA 90012

Re: Proposed Ethics Commission Budget for Fiscal Year 2018-19
FOR COUNCIL CONSIDERATION

Dear Committee Members:

For Fiscal Year 2018-19, with the City's budgetary constraints in mind, we made very modest requests for our budget. We asked that the two resolution authority positions we received in the 2017-18 budget be regularized, and we asked for status quo for as-needed salaries. The Mayor's proposed budget would regularize one position, and we thank the Mayor's office for that. However, the proposed budget would not regularize the second position, it would cut as-needed salaries, and it would cut contractual services. We understand the need to ensure financial stability for the City, and all of our requests are essentially cost-neutral compared to this year's budget. But they are critical in our quest to meet our legal mandates, and we urge you to grant them.

The first request we make of the Budget and Finance Committees is to maintain and regularize one Auditor I position. The Mayor's proposal would maintain the position but not regularize it. Auditing is one of our core mandates, and we have been attempting to close the gap in completion timelines ever since our audit staff was cut from six auditors to just one. While our audit division has slowly increased in size over the past several years, we have not returned to pre-downturn levels. In addition, the cuts continue to have far-reaching impacts on the completion of mandatory audits, despite the many efficiencies we have implemented, such as adopting a policy that permits committees to cure excess contributions, adopting a policy that permits committees to resolve certain audit findings without the need for enforcement, and creating electronic tools to help committees identify possible issues before an audit is initiated.

The mandatory audits for the 2013 City and LAUSD elections were not completed until June 2017. With the additional auditors we have regained, we have improved audit completion timelines. However, even with five auditors, the 2015 audits are not expected to be completed before December of this year, and the 2017 audits are not expected to be completed before September 2020. This delay in the audit schedule harms both candidates and the public. It deprives candidates of information about how to improve their compliance with the campaign finance laws, and it deprives the public of information about how well candidates do comply. In addition, our campaign finance audits are highly nuanced and require extensive knowledge on the part of our auditors. This Auditor I position was just filled in January, because only six-month funding was provided, and the

individual is still in the learning stage. If this exempt position is not regularized, we face the very real possibility of individuals deciding to move on to more secure employment. When that happens, we lose the extensive training invested in an experienced auditor and revert to longer delays in the audit schedule. Regularizing the Auditor I position will require no additional funding in our budget but will generate great benefits toward achieving and maintaining timely audits.

The second request we make to the committee is that funding in our as-needed salaries account remain at the same level as this year. The Mayor's proposal would cut our as-needed salaries by \$25,000. Our current as-needed salaries budget is \$105,000, and all of that funding was exhausted by the end of last month. We have been forced to limit overhead and printing expenses so that we can transfer \$21,500 into our as-needed account in order to continue to utilize these much needed resources through the end of this fiscal year. As-needed salaries are critical to our work. We have a multitude of legal mandates but do not have any regular permanent clerical support for the staff or for the members of the commission. As-needed staff provide that essential support, including interacting with the public at the front desk, handling phone calls, and helping respond to Public Records Act requests. As-needed staff are also essential for assisting with our programmatic work. Our work is cyclical, and as-needed staff can assist with the most pressing needs of the office, which shift from time to time over the course of a year. Maintaining our current funding for as-needed salaries next year will cost no more than this year's budget but will significantly improve our ability to operate next year.

The Mayor's proposal would also impose a one-time cut of \$50,000 to our contractual services account. In the spirit of cooperation, we do not oppose this proposed cut, as long as the cut is one-time only and the funds can be restored if we need them during the course of the year, either through an appropriation or through use of the special prosecutor funds mandated by Charter § 710(c).

We remain committed to working with our City partners to develop a fair and sustainable budget, and our modest budget requests reflect that. We urge you to invest the very small amount necessary to regularize two positions and maintain current funding for as-needed salaries. Granting all three of our requests would increase our budget in Fiscal Year 2018-19 by just \$25,000 over the Mayor's proposals for these items.

Thank you for your consideration. We will be available to answer questions at committee and City Council budget hearings, and I am happy to talk with you or your staff at any time.

Sincerely,



Heather Holt
Executive Director

cc: John Chavez, Budget Director, Mayor's Office
Heather Smith, Analyst, CAO's Office