

**TESTIMONY OF DAVE THIELE**  
**EXECUTIVE DIRECTOR, NORTH DAKOTA ETHICS COMMISSION**  
**BEFORE THE**  
**HOUSE APPROPRIATIONS – GOVERNMENT OPERATIONS DIVISION**  
**January 14, 2021**

**Agency Update**

The Ethics Commission was created pursuant to Article XIV of the North Dakota Constitution which became effective January 5, 2019. On August 8, 2019, five Commission members were appointed by the Governor and Senate Majority/Minority leaders: Ron Goodman (Bismarck), Chair; Dr. Cynthia Lindquist (St. Michael), Vice-Chair; Paul Richard (Fargo), Secretary; Ward Koeser (Williston); and David Anderson (Bismarck) with appointments effective September 1, 2019. Allyson Hicks, Assistant Attorney General, has been assigned as legal advisor to the Commission.

To date, the Commission has: obtained office space and furniture; hired myself and Office Manager, Holly Gaugler; held 12 public meetings; created and adopted rules relating to the complaint process and gifts between public officials and lobbyists; created a public website <https://www.ethicscommission.nd.gov>; and adopted a mission statement and an internal Code of Ethics. There have been three complaints filed with all dismissed. There are two pending complaints with the Commission that will be reviewed at the end of January.

**Current Budget Status (Attachment #2)**

The 2019-21 biennial budget for the Ethics Commission is \$517,155 in general funds with no one-time funding. As of December 31, 2020, we have spent \$298,365 with a remaining balance of \$218,790. We have attached a current budget update as of December 31, 2020, (Attachment #2). Although our budget is a single budget line, we have included a detailed listing of our expenditures.

Our current budget includes five commission members and two FTE's to include myself as the Executive Director. I was hired in my position in January 2019. We did not fill the administrative position utilizing the second FTE to conserve resources as well as being

uncertain of the required workload. In April of 2019, we hired a temporary part-time office manager as we continue to assess the full administrative requirements.

Due to the delayed hiring and related savings in office costs, we are estimating a general fund turn-back of approximately \$65,000 to \$75,000. The Commission did not receive special or federal funding and we did not receive COVID-19 federal funding.

### **2021-23 Budget (Attachment #3)**

The 2021-23 budget submitted by the Ethics Commission included an adjusted base budget with a 5% general fund reduction (\$25,858) from our 2019-21 base of \$517,155 to \$491,297. Attachment #3 shows the reprioritization to meet that reduction by funding salaries for a full biennium and reducing operating costs to meet that requirement.

Our request also included an optional adjustment of \$150,708 to increase the 2021-23 budget to \$642,005 with \$475,989 in salaries and \$166,016 in operating costs. This is a net increase to the 2019-21 base budget of \$124,850. This included an increase of \$123,989 for salaries and \$861 for operating costs. No individual salary increases were requested in our submittal. The increase in salary costs is simply a reflection of a delay in hiring last biennium and full funding for five commissioners, the executive director and a part-time office manager. The vacant administrative FTE is retained in our budget request but not funded. We did not request any one-time funding.

The 2021-23 budget request funds one FTE, one part-time temporary employee and five commissioners for a total \$475,989. Operating costs consist of office rent (\$52,416); NDIT costs (\$38,900); estimated travel costs (\$37,600); investigative costs (\$20,000); rules notice advertising (\$10,000); and other miscellaneous operating costs (\$7,100) for a total of \$166,016.

The Governor's recommended budget of \$653,674 includes a total increase of \$136,519 to the base budget which fully funds salaries and benefits at \$487,705 with a recommended 2% increase each year of the biennium for the executive director position. This increase also provides \$165,969 in operational costs with \$50,000 of that amount in contingency costs. This contingency was part of the appropriated operating costs due to the uncertainty of overall costs for a full biennium.

In summary, the Governor' recommended budget of \$653,674 was \$11,669 higher than the Ethics Commission request of \$642,005. The Governor's budget included an increase of \$11,716 for the 2% salary increase for both years of the biennium and a net reduction of \$47 in operating expenses.

Mr. Chairman, that concludes my testimony and I will gladly stand for any questions you may have.

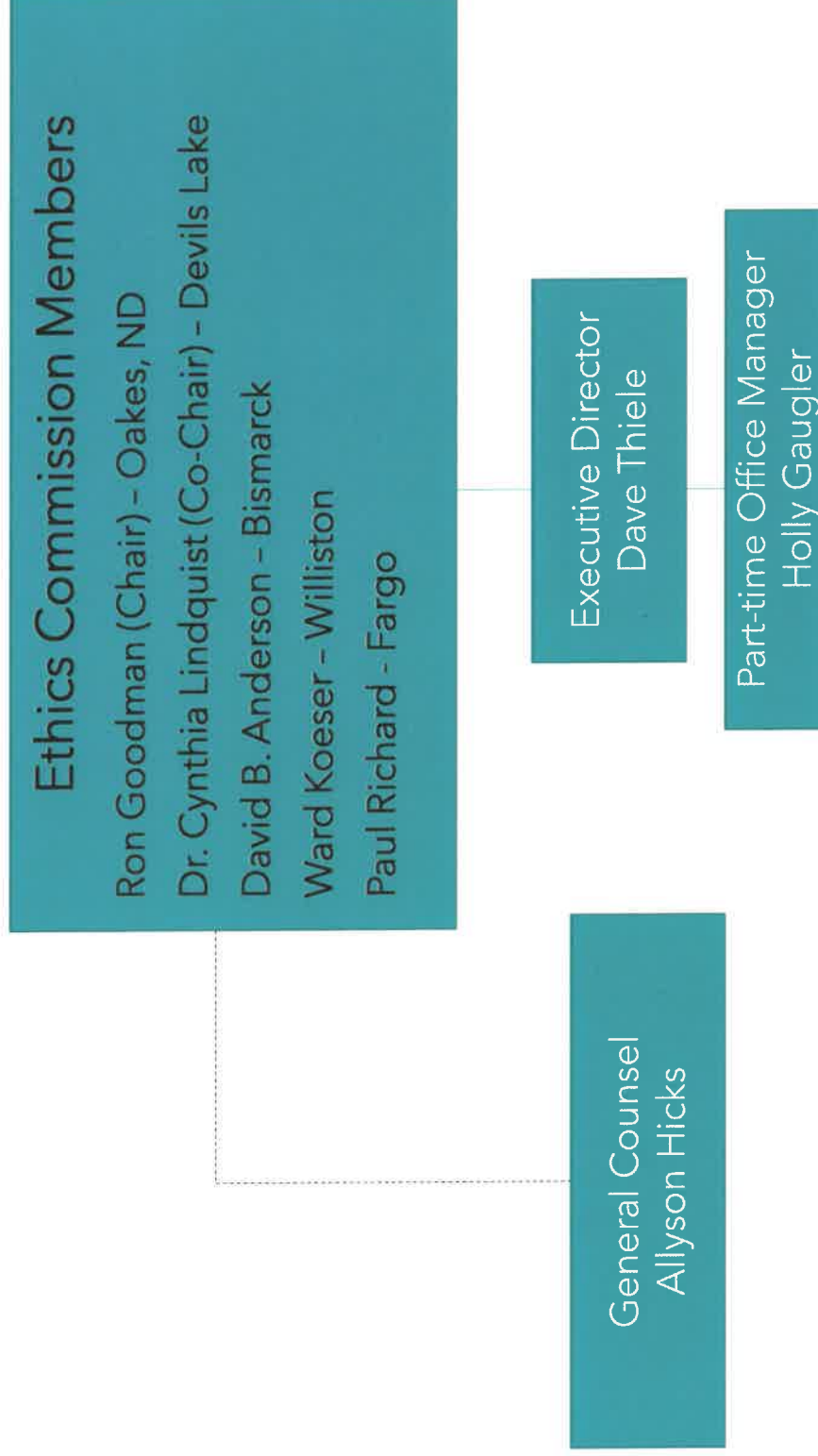
**Attachments**

1. Organization chart
2. Budget status as of December 31, 2020
3. Governor's budget comparison

# North Dakota Ethics Commission

Organization chart

ATTACHMENT #1



**ND Ethics Commission  
2019-21 Budget Status as of December 31, 2020**

**SUMMARIZED**

<u>Decription</u>	<u>2019-21 Base Budget</u>	<u>Expenditures as of December 31, 2020</u>	<u>Remaining Balance</u>
Salaries and Benefits	\$ 352,000.00	\$ 208,390.00	\$ 143,610.00
Operating Expenses	\$ 165,155.00	\$ 89,975.00	\$ 75,180.00
Total General Funds	\$ 517,155.00	\$ 298,365.00	\$ 218,790.00

**DETAIL**

<u>Decription</u>	<u>Code</u>	<u>2019-21 Base Budget</u>	<u>Expenditures as of December 31, 2020</u>	<u>Remaining Balance</u>
<b>Salaries and Benefits</b>				
Salaries - Permanent	511000	\$ 241,000.00	\$ 144,249.00	\$ 96,751.00
Temporary Salaries	513000	\$ 54,000.00	\$ 25,608.00	\$ 28,392.00
Fringe Benefits	516000	\$ 57,000.00	\$ 38,533.00	\$ 18,467.00
		\$ 352,000.00	\$ 208,390.00	\$ 143,610.00
<b>Operating Expenses</b>				
Travel	521000	\$ 24,000.00	\$ 10,886.00	\$ 13,114.00
Miscellaneous Supplies	535000	\$ 1,000.00	\$ 224.00	\$ 776.00
Office Supplies	536000	\$ 3,500.00	\$ 1,141.00	\$ 2,359.00
Printing	542000	\$ 500.00	\$ 68.00	\$ 432.00
Office Equip & Furn Supplies	553000	\$ 14,999.00	\$ 14,622.00	\$ 377.00
Rentals/Leases-Equip & Other	581000	\$ 2,300.00	\$ 1,331.00	\$ 969.00
Rentals/Leases - Bldg/Land	582000	\$ 39,612.00	\$ 26,508.00	\$ 13,104.00
IT - Data Processing	601000	\$ 40,000.00	\$ 27,961.00	\$ 12,039.00
IT - Communications	602000	\$ 1,500.00	\$ 908.00	\$ 592.00
Professional Development	611000	\$ 6,000.00	\$ 1,935.00	\$ 4,065.00
Operating Fees and Services	621000	\$ 11,744.00	\$ 4,211.00	\$ 7,533.00
Fees - Professional Services	623000	\$ 20,000.00	\$ 180.00	\$ 19,820.00
		\$ 165,155.00	\$ 89,975.00	\$ 75,180.00
Total General Funds		\$ 517,155.00	\$ 298,365.00	\$ 218,790.00

**TOTAL AUTHORIZED FTE's**

**2**

**ND Ethics Commission  
2021-23 Governor's Budget Comparison**

**SUMMARIZED**

**ATTACHMENT #3**

	2019-21		2021-23		2021-23 Agency		2021-23 Governor's	
	Base Budget	Adjustments for 5% Reduction	Adjusted Base Budget Request	Optional Adjustments Request	Total Budget Request	Agency 2021-23 Total Budget Request	Agency 2021-23 Total Budget Request	Recommendation
Salaries and Benefits	\$ 352,000.00	\$ 123,989.00	\$ 475,989.00	\$ -	\$ 475,989.00	\$ 475,989.00	\$ 475,989.00	\$ 487,705.00 *
Operating Expenses	\$ 165,155.00	\$ (149,847.00)	\$ 15,308.00	\$ 150,708.00	\$ 166,016.00	\$ 166,016.00	\$ 166,016.00	\$ 165,969.00
<b>Totals</b>	<b>\$ 517,155.00</b>	<b>\$ (25,858.00)</b>	<b>\$ 491,297.00</b>	<b>\$ 150,708.00</b>	<b>\$ 642,005.00</b>	<b>\$ 642,005.00</b>	<b>\$ 642,005.00</b>	<b>\$ 653,674.00</b>

\* Salary increase is due to Governor's recommended 2% increase for one full-time employee for both years of the biennium with benefits.

**DETAIL**

	2019-21		2021-23		2021-23		2021-23 Governor's	
	Base Budget	Adjustments for 5% Reduction	Adjusted Base Budget Request	Optional Adjustments Request	Agency 2021-23 Total Budget Request	Agency 2021-23 Total Budget Request	Agency 2021-23 Total Budget Request	Recommendation
Salaries - Permanent	\$ 241,000.00	\$ 51,320.00	\$ 292,320.00	\$ -	\$ 292,320.00	\$ 292,320.00	\$ 292,320.00	\$ 292,320.00
Salary Increase	-	-	-	-	-	-	-	8,154.00
Benefit Increase	-	-	-	-	-	-	-	1,516.00
Health Increase	-	-	-	-	-	-	-	22.00
Retirement Increase	-	-	-	-	-	-	-	2,024.00
Temporary Salaries	\$ 54,000.00	\$ 48,960.00	\$ 102,960.00	\$ -	\$ 102,960.00	\$ 102,960.00	\$ 102,960.00	\$ 102,960.00
Fringe Benefits	\$ 57,000.00	\$ 23,709.00	\$ 80,709.00	\$ -	\$ 80,709.00	\$ 80,709.00	\$ 80,709.00	\$ 80,709.00
<b>Totals</b>	<b>\$ 352,000.00</b>	<b>\$ 123,989.00</b>	<b>\$ 475,989.00</b>	<b>\$ -</b>	<b>\$ 475,989.00</b>	<b>\$ 475,989.00</b>	<b>\$ 475,989.00</b>	<b>\$ 487,705.00</b>

**Operating Expenses**

Travel	\$ 24,000.00	\$ (24,000.00)	\$ -	\$ 37,600.00	\$ 37,600.00	\$ -	\$ -	\$ -
Miscellaneous Supplies	\$ 1,000.00	\$ (1,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ 3,500.00	\$ (2,500.00)	\$ 1,000.00	\$ 2,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 1,000.00
Printing	\$ 500.00	\$ (500.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Equip & Furn Supplies	\$ 15,000.00	\$ (15,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rentals/Leases-Equip & Other	\$ 2,300.00	\$ (2,300.00)	\$ -	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ -
Rentals/Leases - Bldg/Land	\$ 39,612.00	\$ (39,612.00)	\$ -	\$ 52,416.00	\$ 52,416.00	\$ 52,416.00	\$ 52,416.00	\$ -
IT - Data Processing	\$ 40,000.00	\$ (35,692.00)	\$ 4,308.00	\$ 31,692.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00	\$ 4,969.00
IT - Communications	\$ 1,500.00	\$ (1,500.00)	\$ -	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ -
Professional Development	\$ 6,000.00	\$ (6,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Fees and Services	\$ 11,743.00	\$ (1,743.00)	\$ 10,000.00	\$ 20,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Fees - Professional Services	\$ 20,000.00	\$ (20,000.00)	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -
Miscellaneous Expenses	-	-	-	-	-	-	-	\$ 50,000.00 **
Operating Budget Adjustment	-	-	-	-	-	-	-	\$ 100,000.00 **
<b>Totals</b>	<b>\$ 165,155.00</b>	<b>\$ (149,847.00)</b>	<b>\$ 15,308.00</b>	<b>\$ 150,708.00</b>	<b>\$ 166,016.00</b>	<b>\$ 166,016.00</b>	<b>\$ 166,016.00</b>	<b>\$ 165,969.00</b>

<b>Totals</b>	<b>\$ 517,155.00</b>	<b>\$ (25,858.00)</b>	<b>\$ 491,297.00</b>	<b>\$ 150,708.00</b>	<b>\$ 642,005.00</b>	<b>\$ 642,005.00</b>	<b>\$ 642,005.00</b>	<b>\$ 653,674.00</b>
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**TOTAL AUTHORIZED FTE's**      2      0      2      2      0      2      2      2

\*\* The Governor's budget added \$100,000 to fund operating expenses and a \$50,000 operating expense contingency.