

TEXAS ETHICS COMMISSION
P.O. Box 12070, Austin, Texas 78711-2070
(512) 463-5800

Steven D. Wolens, Chair
Chad M. Craycraft, Vice Chair
Randall H. Erben
Chris Flood

Mary K. "Katie" Kennedy
Patrick W. Mizell
Richard S. Schmidt
Joseph O. Slovacek

EXECUTIVE SESSION AGENDA

Date and Time: 2:00 p.m., Wednesday, October 3, 2018
Location: Room E1.014, Capitol Extension, Austin, Texas

1. Call to order; roll call.
2. **Executive session pursuant to Section 551.071, Government Code, Consultation with Attorneys, and Section 551.074, Government Code, Personnel Matters; Closed Meeting.**
3. Discussion of pending litigation to seek legal advice relating to the following:
 - A. Cause No. D-1-GN-17-001878: *Texas Ethics Commission v. Michael Quinn Sullivan*, in the 250th Judicial District Court in Travis County, Texas; Cause No. 03-17-00392-CV: *Michael Quinn Sullivan v. Texas Ethics Commission*, in the Third Court of Appeals at Austin, Texas; and Cause No. 18-0580: *Michael Quinn Sullivan v. Texas Ethics Commission*, in the Supreme Court of Texas.
 - B. Cause No. D-1-GN-14-001252: *Empower Texans, Inc. and Michael Quinn Sullivan v. State of Texas Ethics Commission; Natalia Luna Ashley, in her capacity as Executive Director of the Texas Ethics Commission; Tom Ramsay, individually and in his capacity as Commissioner; et al.*; in the 53rd Judicial District Court of Travis County, Texas; and related case, Cause No. 03-17-00770-CV: *Empower Texans, Inc., and Michael Quinn Sullivan v. Tom Ramsay in his individual capacity, et al.*; in the Third Court of Appeals, Austin, Texas.
 - C. Cause No. D-1-GN-15-004455: *Texas Ethics Commission v. Empower Texans, Inc. and Michael Quinn Sullivan*, in the 345th Judicial District Court of Travis County, Texas; and related case, Cause No. 03-16-00872-CV: *Empower Texans, Inc., and Michael Quinn Sullivan v. Texas Ethics Commission*, in the Third Court of Appeals, Austin, Texas.

For more information, contact Seana Willing, Executive Director, at (512) 463-5800.

- D. Cause No. D-1-GN-16-000149: *Texas Home School Coalition Association, Inc. v. Texas Ethics Commission*, in the 261st Judicial District Court of Travis County, Texas; and related case, Cause No. 03-17-00167-CV: *Texas Home School Coalition Association, Inc. v. Texas Ethics Commission*, in the Third Court of Appeals, Austin, Texas.
4. Discussion and seeking legal advice regarding the TEC's rulemaking authority.
 5. Discussion and seeking legal advice regarding referrals and orders under Subchapter F (Enforcement), Chapter 571, Texas Government Code.
 6. Discussion of personnel matters related to Executive Director, General Counsel and/or Director of Enforcement.
 7. **Reconvene in open session.**
 8. Adjourn.

CERTIFICATION: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Certifying Official & Agency Liaison: Seana Willing, Executive Director.

NOTICE: Under the Americans with Disabilities Act, an individual with a disability must have an equal opportunity for effective communication and participation in public meetings. Upon request, the Texas Ethics Commission will provide auxiliary aids and services, such as interpreters for the deaf and hearing impaired, readers, and large print or Braille documents. In determining the type of auxiliary aid or service, the Commission will give primary consideration to the individual's request. Those requesting auxiliary aids or services should notify Margie Castellanos at (512) 463-5800 or RELAY Texas at (800) 735-2989 two days before this meeting so that appropriate arrangements can be made. Please also contact Ms. Castellanos if you need assistance in having English translated into Spanish.

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PUBLIC MEETING AGENDA

Date and Time: 4:00 p.m., Wednesday, October 3, 2018
Location: Room E1.014, Capitol Extension, Austin, Texas

1. Call to order; roll call.

RULEMAKING

RULES FOR ADOPTION

2. Discussion and possible action on the adoption or proposal and publication in the Texas Register of an amendment to Ethics Commission Rules § 18.7, regarding the late filing of a report when the Commission's office is closed.
3. Discussion and possible action on the adoption or proposal and publication in the Texas Register of new Ethics Commission Rules Chapter 16 (Facial Compliance Review & Full Audits), including §§ 16.1 – 16.11, regarding procedures for facial compliance reviews and audits.
4. Discussion and possible action on the adoption or proposal and publication in the Texas Register of an amendment to Ethics Commission Rules § 26.1, regarding political advertising on the Internet.

PROPOSED RULES

5. Discussion and possible action on the proposal and publication in the Texas Register of new Ethics Commission Rules §16.12, regarding facial compliance reviews.

For more information, contact Seana Willing, Executive Director, at (512) 463-5800

6. Discussion and possible action on the proposal and publication in the Texas Register of an amendment to Ethics Commission Rules § 12.35. regarding frivolous complaints.
7. Discussion and possible action on the proposal and publication in the Texas Register of an amendment to Texas Ethics Commission Rules § 50.1 (Legislative Per Diem) relating to the legislative per diem required to be set under Article III, Section 24a, of the Texas Constitution.
8. Discussion and possible action on the proposal and publication in the Texas Register of an amendment to Ethics Commission Rules Chapter 34 (Regulation of Lobbyists) and new rule § 34.77, regarding the disclosure of foreign agent registration number on file with United States Attorney General.
9. Discussion and possible action on adjustments to reporting thresholds based on rate of inflation under Government Code § 571.064.

OTHER POLICY MATTERS

10. Discussion and possible action regarding the termination of a campaign treasurer appointment for the following inactive individuals:
 1. Frances V. Dunham (00070817)
 2. Gabriel D. Farias (00080116)
11. Report more than 30 days late: Discussion and possible action regarding the imposition of an additional fine on the following filers:

Personal Financial Statements

1. Lawrence Wade Johnson (00082419)
2. Robert Christopher Walden II (00082421)

Candidates/Officeholders

3. Bernardo T. Aldape III (00080183)
4. Phyllis J. Wolper (00066433)
12. Discussion and possible action on the approval of a format for electronic filing of campaign finance reports, as proposed by Lee County.
13. Adjourn.

CERTIFICATION: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Certifying Official & Agency Liaison: Seana Willing, Executive Director.

NOTICE: Under the Americans with Disabilities Act, an individual with a disability must have an equal opportunity for effective communication and participation in public meetings. Upon request, the Texas Ethics Commission will provide auxiliary aids and services, such as interpreters for the deaf and hearing impaired, readers, and large print or Braille documents. In determining the type of auxiliary aid or service, the Commission will give primary consideration to the individual's request. Those requesting auxiliary aids or services should notify Margie Castellanos at (512) 463-5800 or RELAY Texas at (800) 735-2989 two days before this meeting so that appropriate arrangements can be made. Please also contact Ms. Castellanos if you need assistance in having English translated into Spanish.

EXHIBIT A

Text of Proposed Rules

The proposed new language is indicated by underlined text.

Chapter 18. GENERAL RULES CONCERNING REPORTS

1 **§18.7. Timely Reports and Complete Reports.**

2 (a) A report is timely if it is complete and is filed by the applicable deadline using the reporting
3 method required by law.

4 (b) The deadline for any report filed electronically with the commission is midnight Central
5 Time Zone on the last day for filing the report under the law requiring the filing of the report.

6 (c) A report is late if it is:

7 (1) incomplete;

8 (2) not filed by the applicable deadline; or

9 (3) not filed by computer diskette, modem, or other means of electronic transfer and the
10 filer is required by law to file using one of these methods.

11 (d) A report filed electronically is not late if:

12 (1) the commission's office is closed on the deadline and the report is filed by midnight,
13 Central Time Zone, on the next regular business day, excluding a legal holiday, when the
14 commission's office is open; or

15 (2) the commission cannot accept reports on the deadline because the agency filing
16 system is not accessible or the agency network is inoperable and the report is filed by
17 midnight, Central Time Zone, on the next regular business day, excluding a legal holiday,
18 that the commission is able to accept reports.

19

EXHIBIT A

Text of Proposed Rules

The proposed new language is indicated by underlined text.

1 Chapter 16. FACIAL COMPLIANCE REVIEWS AND AUDITS

2
3 §16.1. Definitions.

4
5 The following words and terms, when used in this chapter, shall have the following
6 meanings, unless the context clearly indicates otherwise.

7
8 (1) Deficiency—An error, omission, inaccuracy, or violation of a law or rule
9 administered and enforced by the commission that is apparent on the face of a
10 statement or report filed with the commission.

11
12 (2) Compliance review report—A report sent to a filer detailing deficiencies in a
13 report that is the subject of a facial compliance review.

14
15 (3) Facial compliance review—A review conducted under section 571.069 of the
16 Government Code of the information disclosed on a report, randomly selected in
17 accordance with §16.15, filed with the commission for facial completeness,
18 accuracy, reliability, and compliance with the law.

19
20 (4) Report—A personal financial statement, lobby registration, lobby activities
21 report, or campaign finance report filed with the commission.

22
23 §16.2. Random Selection.

24
25 The report subject to a facial compliance review must be randomly selected from a list of
26 all reports filed by a particular filer type for a specific filing deadline.

27
28 §16.3. Corrected or Amended Report Filed During a Facial Compliance Review; Late
29 Fines.

30
31 (a) A correction filed for the report that is subject to the facial compliance review will not
32 be subject to a late fine if:

33
34 (1) The correction is filed not later than the 30th day after the date the filer receives
35 the compliance review report;

36
37 (2) The corrected information complies with the law; and

38
39 (3) The original report was filed in good faith and without an intent to mislead or
40 misrepresent the information contained in the report.

1 (b) A late fine will not be assessed for corrections filed to correct reporting errors made in
2 any report filed prior to the report that is subject to the facial compliance review if:

3
4 (1) The filer learned of the errors through the facial compliance review;

5
6 (2) The correction is filed not later than the 30th day after the date the filer receives
7 the compliance review report;

8
9 (3) The corrections comply with the law; and

10
11 (4) The original report was filed in good faith and without an intent to mislead or
12 misrepresent the information contained in the report.

13
14 (c) A correction filed in accordance with this section will not be considered a prior late
15 offense for purposes of determining the waiver or reduction of a fine under chapter 18 of
16 this title.

17
18 **§16.4. Additional Documents and Information Submitted in Response to a Facial**
19 **Compliance Review; Timeliness.**

20
21 (a) The commission may request from a filer documentation and other information used by
22 the filer to compile a report that is subject to a facial compliance review.

23
24 (b) Documentation and other information requested by the commission is timely submitted
25 if received by the commission not later than the 30th day after the date the filer receives
26 the request for additional documentation.

27
28 **§16.5. Commission Initiated Preliminary Review or Audit Resulting from a Facial**
29 **Compliance Review.**

30
31 (a) The commission may initiate a preliminary review as authorized by §571.124 of the
32 Government Code or perform a complete audit of a report that is subject to a facial
33 compliance review under §571.069 of the Government Code if:

34
35 (1) a correction is not resubmitted to the commission in accordance with §16.2;

36
37 (2) documentation or other information requested by the commission during a facial
38 compliance review is not submitted to the commission in accordance with §16.3; or

39
40 (3) the commission has determined by a vote of at least six commission members
41 that the correction filed in response to a compliance review report, does not comply
42 with the law.

1 **§16.6. Notice of Audit of Report.**

2
3 The commission shall notify a filer that the commission will perform a complete audit of a
4 report that is the subject of a facial compliance review not later than the seventh day after
5 the date the commission votes to initiate the audit.
6

7 **§16.7. Supporting Documentation in Response to Audit; Timeliness.**

8
9 (a) A filer must submit to the commission, upon request and where applicable, supporting
10 documentation in the possession, custody, or control of the filer or filer's agents that
11 contains information necessary for filing the report that is subject to the audit, such as:

12
13 (1) Bank statements;

14
15 (2) Cancelled checks;

16
17 (3) Receipts;

18
19 (4) Credit card statements;

20
21 (5) Invoices;

22
23 (6) Loan documents;

24
25 (7) Books or ledgers;

26
27 (8) Employee timesheets and payroll records;

28
29 (9) Certificates of formation or other business documents; and

30
31 (10) Real property records.

32
33 (b) A filer must submit to the commission the supporting documentation in response to an
34 audit not later than the 30th business day from the date the filer receives notice of the audit.
35

36 **§16.8. Complete Audit Report.**

37
38 (a) Commission staff must complete a draft audit report not later than the 30th day after
39 the commission receives from the filer the documentation requested under §16.6.

40
41 (b) The filer must have an opportunity to confer and object in writing to any findings in the
42 draft audit report before it is submitted to the commission for approval.
43

1 (c) Commission staff must consider the filer's objections before submitting the draft audit
2 report to the commission for approval.

3
4 (d) Upon approval of an audit, the commission shall send to the filer a final audit report
5 that includes:

6
7 (1) a notification that the commission has determined the report that was subject to
8 the audit complies with the law; or

9
10 (2) required corrective actions that the filer must take to cure any deficiency found
11 in the report that is subject to the audit.

12
13 (e) A filer must correct or amend a report to correct all deficiencies identified in a complete
14 audit report not later than the 30th day from the date the filer receives the complete audit
15 report.

16
17 **§16.9. Representation by Attorney.**

18
19 (a) A filer has the right to be represented by an attorney retained by the filer during a facial
20 compliance review or an audit initiated by the commission as a result of a facial compliance
21 review.

22
23 (b) A letter of representation must be submitted to the commission if the filer is represented
24 by an attorney.

25
26 **§16.10. Extension of Deadlines.**

27
28 The executive director may extend all deadlines related to this chapter except as provided
29 by §571.069(a) of the Government Code (relating to when a corrected or amended report
30 is considered filed as of the date the report was originally filed).

31
32 **§16.11. Waiver of Delivery by Certified Mail.**

33
34 A filer may waive the right under §571.032 of the Government Code to receive written
35 notices related to a facial compliance review or audit by registered or certified mail,
36 restricted delivery, return receipt requested, and may agree to receive written notices by
37 first class mail, electronic mail, or other means.

EXHIBIT A

Text of Proposed Rule Amendment

The proposed new language is indicated by underlined text.

The deleted language is indicated by [~~strikethrough~~] text.

1 **§26.1. Disclosure Statement.**

2
3 (a) A disclosure statement that is required by §255.001, Election Code, must
4 contain the words "political advertising" or any recognizable abbreviation, and
5 must:

6
7 (1) appear on one line of text or on successive lines of text on the face of
8 the political advertising; or

9
10 (2) be clearly spoken in the political advertising if the political
11 advertising does not include written text.

12
13 (b) A disclosure statement is not required on political advertising printed on
14 letterhead stationery if the letterhead contains the full name of one of the
15 following:

16
17 (1) the person who paid for the political advertising;

18
19 (2) the political committee authorizing the political advertising; or

20
21 (3) the candidate authorizing the political advertising.

22
23 (c) A disclosure statement is not required on: [~~on~~]

24
25 (1) campaign buttons, pins, or hats, or on objects whose size makes printing
26 the disclosure impractical; [~~impractical~~]

27
28 (2) political advertising posted or re-posted on an Internet website, as long
29 as the person posting or re-posting the political advertising.¹

30
31 (i) is not an officeholder, candidate, or political committee; and

32
33 (ii) did not make an expenditure exceeding \$100 in a reporting period
34 for political advertising beyond the basic cost of hardware messaging
35 software and bandwidth.²

¹ Proposed Rule 26.1(c)(2) effectively restates the amendment initially proposal by staff, creating an exception for members of the general public who, at little-to-no expense, express their political views on social media.

² In (c)(2)(ii), we offer for consideration an exception for *de minimis* expenditures. This exception recognizes that social media makes it easy for the politically unsavvy to pay a small fee to "boost" a post, not realizing

EXHIBIT A

1 (3) the Internet social media profile webpage of a candidate or
2 officeholder, provided the webpage clearly and conspicuously displays the
3 full name of the candidate or officeholder;³ or

4
5 (4) political advertising posted or re-posted by a person on an Internet
6 website,⁴ provided the advertising is posted with a link⁵ to a publicly
7 viewable Internet webpage that:

8
9 (i) contains the disclosure statement; or

10
11 (ii) is exempt from containing the disclosure statement under
12 Subsection (c)(3).

13
14 (d) For the purposes of Subsection (c), an “Internet social media profile webpage”
15 is an Internet webpage on a website where members of the public may, for no
16 charge, connect electronically with other members of the public and share text,
17 images, videos, and similar forms of communications.

that doing so subjects the individual to disclosure requirements. We set the exemption threshold at \$100, aligning it with the threshold for reporting direct expenditures. We believe \$100 is a reasonable limit for distinguishing between typical social media users and politically sophisticated users whom can reasonably be expected to know of and comply with the rules for political reporting and disclosure. That said, we would accept any dollar amount the Commission deems appropriate. We similarly understand if the Commission wishes to remove the *de minimis* exception by striking the words “or coordinate with one or more persons to make an expenditure exceeding \$100 in a reporting period.”

³ This exception relies on the same rationale expressed in Subsection (b), the exemption for political advertising printed on letterhead. Note that it would only apply to the profile page of a candidate or officeholder, and not to a page maintained by a specific-purpose political committee supporting a candidate or assisting an officeholder.

An alternative approach, one the Commission may wish to consider, would apply this exemption to anyone who publishes political advertising on his or her social media profile. Under this alternative, a disclosure statement would rarely be required. Notable exceptions would be banner ads and similar forms of advertising on social media and anonymous speech.

⁴ The original amendment to the rule did not account for situations in which a member of the public “retweets” or “shares” a post from an officeholder or candidate containing political advertising. Under the draft rule amendment, such an individual would be required to include a disclosure since the original content was paid for or authorized by a candidate or officeholder.

⁵ When an individual retweets or shares a post on social media, users are able to see the name of the original poster. By clicking on the name, users are linked back to the profile page of the person who originated the content.

EXHIBIT B

Text of Proposed Rule Amendment

The proposed new language is indicated by underlined text.

1 **CHAPTER 26. POLITICAL AND LEGISLATIVE ADVERTISING**

2 **§ 26.1. Disclosure Statement.**

3 (a) A disclosure statement that is required by §255.001, Election Code, must contain the
4 words "political advertising" or any recognizable abbreviation, and must:

5 (1) appear on one line of text or on successive lines of text on the face of the political
6 advertising; or

7 (2) be clearly spoken in the political advertising if the political advertising does not
8 include written text.

9 (b) A disclosure statement is not required on political advertising printed on letterhead
10 stationery if the letterhead contains the full name of one of the following:

11 (1) the person who paid for the political advertising;

12 (2) the political committee authorizing the political advertising; or

13 (3) the candidate authorizing the political advertising.

14 (c) A disclosure statement is not required on campaign buttons, pins, or hats, or on objects
15 whose size makes printing the disclosure impractical.

16 **(d) A disclosure statement is not required on political advertising appearing on an Internet**
17 **website if:**

18 **(1) no payment was made to create, publish, or broadcast the political advertising,**
19 **and**

20 **(2) the political advertising was not authorized by a candidate or political**
21 **committee.**

22 **(d-1) For purposes of subsection (d) of this section, "payment" does not include the use of**
23 **goods or equipment acquired for purposes other than political advertising or the**
24 **consumption of electricity.**

EXHIBIT A

Text of Proposed Rule

The proposed new language is indicated by underlined text.

1 **Chapter 16. FACIAL COMPLIANCE REVIEWS AND AUDITS**

2 **§16.12. Resolving Deficiencies in Total Amount of Political Contributions Maintained.**

3 (a) A difference greater than the threshold set by §20.50(c) between the total amount of political
4 contributions maintained disclosed in a report and the expected amount is a deficiency. A
5 deficiency is resolved by producing bank statements that show the total amount of political
6 contributions maintained in all of the filer's accounts as of the last day of the reporting period of
7 the report subject to review and, if necessary, correcting the total amount of political contributions
8 maintained in the report.

9 (b) The expected total amount of political contributions maintained in a report is calculated by:

10 (1) taking the sum of the total amount of political contributions maintained disclosed on
11 the immediately preceding report and all monetary political contributions, loans, and
12 credits disclosed on the report that is subject to the review; and

13 (2) subtracting from that amount all expenditures from political contributions disclosed on
14 the report that is subject to review, excluding the purchase of investments that can be
15 readily converted to cash.

16 (c) This section shall not be construed as limiting the commission's ability to vote to perform a
17 full audit as authorized by Gov't Code §571.069.

EXHIBIT A

Text of Proposed Rule Amendment

The deleted language is indicated by [strikethrough] text.

CHAPTER 12. SWORN COMPLAINTS

SUBCHAPTER A. GENERAL PROVISIONS AND PROCEDURES

1 §12.35. Frivolous Complaint.

2 [~~(a) By a record vote of at least six commissioners, the commission may order a~~
3 ~~complainant to show cause why the commission should not determine that the complaint~~
4 ~~filed by the complainant is a frivolous complaint.]~~

5 [(b)] In deciding if a complaint is frivolous, the commission will be guided by the Texas
6 Rules of Civil Procedure, Rule 13, and interpretations of that rule, and may also consider:

7 (1) the timing of the complaint with respect to when the facts supporting the alleged
8 violation became known or should have become known to the complainant, and
9 with respect to the date of any pending election in which the respondent is a
10 candidate or is involved with a candidacy, if any;

11 (2) the nature and type of any publicity surrounding the filing of the complaint, and
12 the degree of participation by the complainant in publicizing the fact that a
13 complaint was filed with the commission;

14 (3) the existence and nature of any relationship between the respondent and the
15 complainant before the complaint was filed;

16 (4) if respondent is a candidate for election to office, the existence and nature of any
17 relationship between the complainant and any candidate or group opposing the
18 respondent;

19 (5) any evidence that the complainant knew or reasonably should have known that
20 the allegations in the complaint were groundless; and

21 (6) any evidence of the complainant's motives in filing the complaint.

22 [~~(c) Notice of a show cause hearing must be given at least 10 business days before the date~~
23 ~~of the hearing. Notice shall be sent by registered or certified mail, restricted delivery, return~~
24 ~~receipt requested.~~

- 1 ~~(d) Notice of an order to show cause shall include:~~
- 2 ~~(1) an explanation of why the complaint appears to be frivolous; and~~
- 3 ~~(2) the date, time, and place of the show-cause hearing to be held under subsection (e) of~~
- 4 ~~this section.~~
- 5 ~~(e) Before making a determination that a complaint is a frivolous complaint, the~~
- 6 ~~commission shall hold a hearing at which the complainant may be heard and may be~~
- 7 ~~represented by counsel retained by the complainant.]~~

8
9

Exhibit A

Legislative Per Diem Rule Amendment

The deleted text is indicated by ~~text~~ text.

The amended proposed new language is indicated by text.

§ 50.1. Legislative Per Diem

(a) The legislative per diem is \$190 – 221 [~~\$190~~]. The per diem is intended to be paid to each member of the legislature and the lieutenant governor for each day during the regular session and for each day during any special session.

(b) If necessary, this rule shall be applied retroactively to ensure payment of the \$190 – 221 [~~\$190~~] per diem for 2019 [~~2015~~].

EXHIBIT A

Text of Proposed Rule

The proposed new language is indicated by underlined text.

Chapter 34. REGULATION OF LOBBYISTS

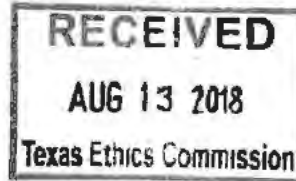
Subchapter C. COMPLETING THE REGISTRATION FORM

1 **§34.77. Disclosure of Registration under Foreign Agents Registration Act.**

2 The registration of any person who has also filed an active registration statement under the
3 Foreign Agents Registration Act of 1938, as amended (22 U.S.C. §611 et seq.), must
4 include the registration number assigned to the registration statement by the United States
5 Attorney General until the registration statement is terminated.



GIOVANNI CAPRIGLIONE
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 98



August 9, 2018

Mr. Steven D. Wolens
Chairman, Texas Ethics Commission
201 E. 14th Street, #10
Austin, TX 78701

Dear Chairman Wolens:

I am writing to request the Texas Ethics Commission review and consider revising your rules to increase transparency and accountability for lobbyists who are also registered foreign agents.

The issue of foreign influence in domestic affairs has been a significant topic of analysis and conversation in recent months. Most of the focus has been on federal affairs. However, state governments are not immune from attempted foreign influence. The right of the people to petition the government is a hallmark of Constitution and American democracy and should not be infringed. Transparency is also important to open and honest policy and political discussions.

Texas lawmakers and policymakers are on occasion visited by individuals representing foreign governments, including those required to register as foreign agents under U.S. law. That is why I respectfully request the Texas Ethics Commission to create a designation or process whereby Texans can know if lobbyists registered with the Texas Ethics Commission are also registered foreign agents under the federal Foreign Agents Registration Act (FARA).

"FARA is a disclosure statute that requires persons acting as agents of foreign principals in a political or quasi-political capacity to make periodic public disclosure of their relationship with the foreign principal, as well as activities, receipts and disbursements in support of those activities," according to the U.S. Justice Department website. "Disclosure of the required information facilitates evaluation by the government and the American people of the statements and activities of such persons in light of their function as foreign agents."

Texans would benefit by easier access to foreign agent registration and designation at the Texas Ethics Commission. Today, if a state official wanted to know if a visitor was a registered foreign agent, he or she would have to know to about and how to navigate the Justice Department's FARA website.

GIOVANNI.CAPRIGLIONE@HOUSE.TEXAS.GOV

CAPITOL OFFICE: P.O. BOX 2910 • AUSTIN, TEXAS 78768-2910 • (512) 463-0690
DISTRICT OFFICE: P.O. BOX 770 • KILLEB, TEXAS 76244-0770 • (817) 807-8010

Mr. Steven D. Wolens
August 9, 2018
Page 2

The Texas Ethics Commission could simply require Texans who register as lobbyists to check a box or otherwise simply disclose whether they are also required to register with the U.S. Justice Department under the Foreign Agents Registration Act. Such increased transparency will improve the system and help ensure that efforts to exert foreign influence on Texas state government are properly disclosed.

Thank you for your consideration.

Sincerely,



Giovanni Capriglione
State Representative
District 98



Sarah Davis
State Representative
District 134

TEXAS ETHICS COMMISSION

P.O. Box 12070, Capitol Station
Austin, Texas 78711-2070

Steven D. Wolens
Chair

Chad M. Craycraft
Vice Chair

Seana Willing
Executive Director



Commissioners

Randall H. Erben
Chris Flood
Mary K. "Katie" Kennedy
Patrick W. Mizell
Richard S. Schmidt
Joseph O. Slovacek

August 13, 2018

Representative Giovanni Capriglione
District 98
Room E2.610
P.O. Box 2910
Austin, Texas 78768

Representative Sarah Davis
District 134
Room GW.4
P.O. Box 2910
Austin, Texas 78768

Dear Representative Davis and Representative Capriglione:

Just a note to acknowledge receipt of your August 9, 2018 letter regarding possible changes to the lobby forms to require disclosure of registered foreign agents.

We are looking at our authority to make this change and the feasibility and cost of doing so.

We will respond more fully to your request as soon as possible.

With kind regards,


Steven D. Wolens

Campaign Finance Reports: Section of Election Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
253.031(b)	The amount of political contributions or political expenditures permitted by a political committee before a campaign treasurer appointment is required	\$500.00	\$870.00
253.031(d)(2)	The amount of political contributions or political expenditures permitted by a county executive party of a political party before a campaign treasurer appointment is required	\$25,000.00	\$32,450.00
254.031(a)(1)	Threshold at which contributor information is required	\$50.00	\$90.00
254.031(a)(2)	Threshold at which lender information is required	\$50.00	\$90.00
254.031(a)(3)	Threshold at which information on the payee of a political expenditure is required	\$100.00	\$180.00
254.031(a)(5)	Threshold below which contributor information is not required	\$50 (ties to (a)(1))	\$90.00
254.031(a)(5)	Threshold below which payee information is not required	\$100 (ties to (a)(3))	\$180.00
254.031(a)(9)	Threshold at which the source of any credit, interest, return of deposit fee from pol. contributions or asset is required	\$100.00	\$130.00
254.031(a)(10)	threshold at which the proceeds from sale of a political asset is required to be reported	\$100.00	\$130.00

Campaign Finance Reports: Section of Election Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
254.031(a)(11)	threshold at which any gain from an investment purchased with political contributions is required to be reported	\$100.00	\$130.00
254.031(a)(12)	threshold at which any other gain from political contribution is required to be reported	\$100.00	\$130.00
254.0311(b)(1)	threshold at which contributor information for contributions to caucus from non-caucus members is required	\$50.00	\$90.00
254.0311(b)(2)	threshold at which lender information is required by a caucus	\$50.00	\$90.00
254.0311(b)(3)	threshold at which payee information for caucus expenditures is required	\$50.00	\$90.00
254.0311(b)(3)	threshold below which payee information for caucus expenditures is not required	\$50.00	\$90.00
254.0311(b)(4)	threshold below which contributor and payee information is not required	\$50.00	\$90.00
254.0312	Threshold at which the best efforts rule requires one to make a written or oral request for contributor information in order to be considered in compliance when contributor information is missing	\$500.00	\$690.00
254.036	threshold of political contributions and political expenditures below which a filer qualifies for the electronic filing exemption, if certain conditions are met	\$20,000.00	\$27,290.00

Campaign Finance Reports: Section of Election Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
254.038(a)	Contribution threshold triggering a Special Report Near Election by Certain Candidates and Political Committees during the 9 days before election	\$1,000.00	\$1,800.00
254.039	Contribution threshold triggering Special Report Near Election by GPACs during the 9 days before election	\$5,000.00	\$6,130.00
254.039	Direct Campaign expenditure thresholds triggering Special Report Near Election by GPACs (\$1,000 for single candidate or \$15,000 for group of candidates) during the 9 days before election	\$1,000 \$15,000	\$1,800/\$26,930
254.0611(a)(2)	threshold at which principal occupation/employer information for contributors to judicial filers is required	\$50.00	\$90.00
254.0611(a)(3)	threshold value at which the disclosure of an asset purchased with political contributions is required by judicial filers	\$500.00	\$900.00
254.0612	threshold at which principal occupation/employer information for contributors to statewide executive and legislative candidates is required	\$500.00	\$900.00
254.095	threshold of political contributions or political contributions below which a report is not required for officeholders that do not file with the Commission, unless also a candidate	\$500.00	\$900.00

Campaign Finance Reports: Section of Election Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
254.151(6)	threshold at which the principal occupation for GPAC contributors is required	\$50.00	\$90.00
254.1541(a)	threshold of political contributions and political expenditures below which a GPAC has a \$100 contribution itemization threshold, rather than \$50	\$20,000.00	\$26,000.00
254.1541(b)	contribution reporting threshold for GPACs qualifying under 254.1541 set to \$100	\$100.00	\$180.00
254.156(1)	MPAC threshold at which contributor, lender, and payee information is required for a political contribution, loan, or expenditure, respectively	\$10.00	\$20.00
254.156(2)	contribution, loan, and expenditure information for MPACs qualifying under 254.1541 set to \$20	\$20.00	\$40.00
254.181, 254.182, 254.183	Threshold of political contributions and political expenditures below which a candidate or SPAC may elect to avoid certain pre-election filing requirements (modified reporting)	\$500.00	\$900.00
254.261	Threshold at which a person making direct campaign expenditures in an election must disclose the expenditures, including payee information	\$100.00	\$130.00

Lobby Registrations and Reports: Section of Gov't Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
305.003(1)	expenditure threshold at which a person must register as a lobbyist	\$500, by TEC rule 34.41	\$790
305.003(2)	compensation/reimbursement threshold at which a person must register as a lobbyist	\$1,000, by TEC rule 34.43	\$1,570
305.004(7)	expenditure and compensation threshold below which a person lobbying on behalf of political party is excepted from the requirement to register as a lobbyist	\$5,000	\$8,980
305.005(g)(2)	reporting category for compensation less than \$10,000	\$10,000	\$17,950
305.005(g)(3)	reporting category for compensation between \$10,000 but less than \$25,000	\$25,000	\$44,880
305.005(g)(4)	reporting category for compensation between \$25,000 but less than \$50,000	\$50,000	\$89,750
305.005(g)(5)	reporting category for compensation at least \$50,000 but less than \$100,000	\$100,000	\$179,490
305.005(g)(6)	reporting category for compensation at least \$100,000 but less than \$150,000	\$150,000	\$269,230

Lobby Registrations and Reports: Section of Gov't Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
305.005(g)(7)	reporting category for compensation at least \$150,000 but less than \$200,000	\$200,000	\$358,970
305.005(g)(8)	reporting category for compensation at least \$200,000 but less than \$250,000	\$250,000	\$448,710
305.005(g)(9)	reporting category for compensation at least \$250,000 but less than \$300,000	\$300,000	\$538,460
305.005(g)(10)	reporting category for compensation at least \$300,000 but less than \$350,000	\$350,000	\$628,200
305.005(g)(11)	reporting category for compensation at least \$350,000 but less than \$400,000	\$400,000	\$717,940
305.005(g)(12)	reporting category for compensation at least \$400,000 but less than \$450,000	\$450,000	\$807,680
305.005(g)(13)	reporting category for compensation at least \$450,000 but less than \$500,000	\$500,000	\$897,420
305.005(g-1)	compensation/reimbursement threshold at which a registrant must report the exact amount of compensation/reimbursement	\$500,000	\$897,420
305.0061(c)(3)	threshold at which the name of a legislator who is the recipient of a gift, a description of the gift, and amount of the gift is required	\$50	\$90

Lobby Registrations and Reports: Section of Gov't Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
305.0061(e-1)	threshold below which an expenditure for food or beverages is considered a gift and reported as such	\$50	\$90
305.0063	expenditure threshold below which a registrant may file lobby activities reports annually instead of monthly	\$1,000	\$1,800

Personal Financial Statements: Section of Gov't Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
572.022(a)	any amount required to be reported in PFS by category must be reported using specified dollar ranges:		
572.022(a)(1)	category of amount less than \$5,000	less than \$5,000	less than \$8,980
572.022(a)(2)	category of amount at least \$5,000 but less than \$10,000	\$5,000 to less than \$10,000	\$8,980 to less than \$17,950
572.022(a)(3)	category of amount at least \$10,000 but less than \$25,000	\$10,000 to less than \$25,000	\$17,950 to less than \$44,880
572.022(a)(4)	category of amount of \$25,000 or more	\$25,000 or more	\$44,880 or more
572.005, 572.023(b)(1)	the source and category of amount of retainer received by a business in which PFS filer has substantial interest must be disclosed; 572.005 defines substantial interest, in part, as owning over \$25,000 of FMV of the business	\$25,000	\$44,880
572.023(b)(4)	threshold at which income from interest, dividends, royalties, and rents is required to be reported	500	\$900
572.023(b)(5)	threshold at which the identity of each loan guarantor and person to whom filer owes liability on a note is required	1,000	\$1,800
572.023(b)(7)	threshold value at which the identity of the source of a gift and a gift description is required	\$250	\$450

Personal Financial Statements: Section of Gov't Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
572.023(b)(8)	threshold at which the source and amount of income received as beneficiary of trust or trust asset is required to be reported	\$500	\$900
572.023(b)(15)	if the aggregate cost of goods or services sold under one or more contracts between a filer and a governmental entity or certain governmental contractors exceeds \$10,000, the filer must identify each contract where the sale of goods or services is \$2,500 or more, and the name of each party	exceeds \$10,000	
572.023(b)(15)(A)	itemization under (15) of contracts for sale of goods or services in the amount of \$2,500 or more to governmental entities	\$2,500 or more	
572.023(b)(16)(D)(i)	category of amount of bound counsel fees paid to legislator	less than \$5,000	
572.023(b)(16)(D)(ii)	category of amount of bound counsel fees paid to legislator	at least \$5,000 but less than \$10,000	
572.023(b)(16)(D)(iii)	category of amount of bound counsel fees paid to legislator	at least \$10,000 but less than \$25,000	
572.023(b)(16)(D)(iv)	category of amount of bound counsel fees paid to legislator	\$25,000 or more	
572.023(b)(16)(E)(i)	category of amount of bound counsel fees paid to individual's firm	less than \$5,000	

Personal Financial Statements: Section of Gov't Code	Threshold Type	Current Threshold Amount	Adjusted Amount Rounded up to Nearest \$10
572.023(b)(16)(E)(ii)	category of amount of bound counsel fees paid to individual's firm	at least \$5,000 but less than \$10,000	
572.023(b)(16)(E)(iii)	category of amount of bound counsel fees paid to individual's firm	at least \$10,000 but less than \$25,000	
572.023(b)(16)(E)(iv)	category of amount of bound counsel fees paid to individual's firm	\$25,000 or more	

Speaker Election Reports: Section of
Government Code

Threshold Type

Current Threshold Amount

Adjusted Amount Rounded
up to Nearest \$10

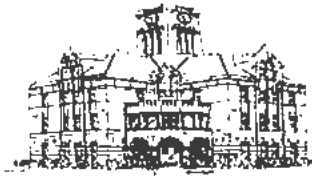
302.014(4)

Expenditure of campaign funds over
\$10 must be disclosed, including
payee's name and address and the
purpose

\$10.00

\$20.00

AGENDA 3, ITEM 11, EXHIBIT B



Lee County
Elections Administrator
P.O. Box 480
Giddings, TX 78942
Phone: 979/540-2731
Fax: 979/540-2732



September 4, 2018

Ms. Seana Willing
Executive Director, Texas Ethics Commission
P.O. Box 12070
Austin, TX 78711-2070

Ref: Lee County campaign finance filings

Dear Ms. Willing,

With this letter, Lee County Elections Administration is requesting permission to accept campaign finance filings from local filers through an electronic filing application. Specifically, we are requesting to use EasyCampaignFinance from EasyVote.

EasyVote's **EasyCampaignFinance** module is a comprehensive campaign finance software package that provides election offices with a robust, easy-to use online tool to automate the filing and management of the necessary forms for campaign finance reporting designed to meet state requirements.

If you require further information on the software from EasyVote, you may contact Mr. Jason M. Barnett, Director of Business Development at 512-378-3B34 or by email at jbarnett@easyvotesolutions.com.

We believe that automating the process, much as the Texas Ethics Commission has done for State filers, will make for a smoother process for both the filer and for the Lee County Elections Administrator.

If you require further information, please do not hesitate to contact me at 979-540-2731 or by email at carla.arldt@co.lee.tx.us.

Sincerely,

Carla R. Arldt, REO
Elections Administrator
Lee County, Texas

Attachments

The Lee County Elections Office is seeking a Campaign Finance System for receiving and processing of disclosure reports that improve efficiency for this office, the elected officials and candidates using the system, and the general public accessing the system's data. The Lee County Elections Office is interested in a campaign finance system that includes the following requirements and/or features:

- **Cloud Based**
Reducing the need for hardware/software support from the County IT department.
- **SaaS pricing model with no long term contracts**
Eliminating the need for a significant upfront investment.
- System specifically designed for Campaign Finance and supported by individuals with a clear understanding of Campaign Finance and Elections law.
- US based support
- **Secure Electronic Submission**
Candidates can quickly and efficiently submit their filings securely online, via a standard web browser. Within the module, each candidate completes, submits and updates all required forms. Submissions are time-stamped and cataloged by the system, ensuring an audit trail.
 - Each electronic submission will contain a sworn statement by the person required to file the report along with their digitized signature per Tex. Elec. 254.036(h) and in compliance with commission specifications.
- **Detailed Search & Reporting**
Election staff can view a complete history of all campaign finance events including form submissions and communication with the office.
- **Public Display**
Having a hosted system outside the county network, Election staff can quickly post submitted reports for public viewing. The public interface will provide access to current and archived reports for candidates.
- **Automated Communication & Notifications**
Election staff can easily and quickly communicate with candidates, directly or en masse via the system's online tool. Reporting deadlines and other regulatory initiated notifications are pushed to the appropriate campaign staff. Other custom notifications can be created/set by the election administrator.
- **Import Candidate History**
The system will allow us to import and or save historical information for candidates.
- **Searchable Document Retention System Tied to Statute**
Stores documents for the statutory retention period by candidate file or document type with a time stamp built in to know when the document can be discarded. System may include a search feature for ease of locating documents.

- **Personalized and Secure Candidate Profile**

Allow each new candidate to access the system, create an account, a profile, and allow them to submit forms or complete process(es) applicable to their situation.

What Makes EasyCampaignFinance Stand Out from the Competition?

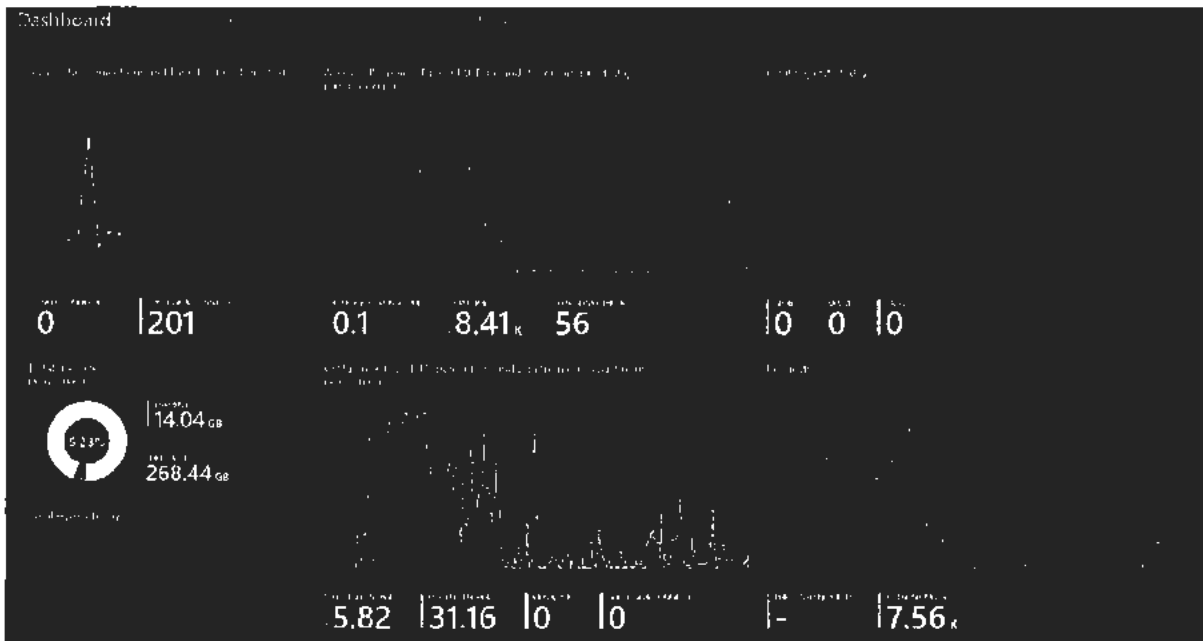
- Cloud based software with US support both locally and virtually;
- User friendly system with a dedicated portal for each user (county staff, candidate/ official, and public);
- Software is scalable to fit the evolving needs of the county and/or changes to law or regulation;
- Dedicated team of experts in the areas of campaign finance and elections both at the local and state level.

EasyVote System Recovery

1 Introduction

EasyVote is based on a SaaS (Software as a Service) model and operates with the assumption that all of our customers have access to an Internet connection. That being said, SaaS must be available 99.6% of the time so that no customers experience outages due to the infrastructure that we supply being inaccessible at any time. Since EasyVote is entirely based on a green field build out on Microsoft Azure, the benefits of Cloud Based computing are inherited from the core of the Azure redundant and scalable architecture.

Azure provides the highest enterprise level performance and recovery tools as well as services that warn of saturation points before they become a problem. Below is one of the Azure dashboards that are used 24/7 to ensure the level of performance required by our customers.



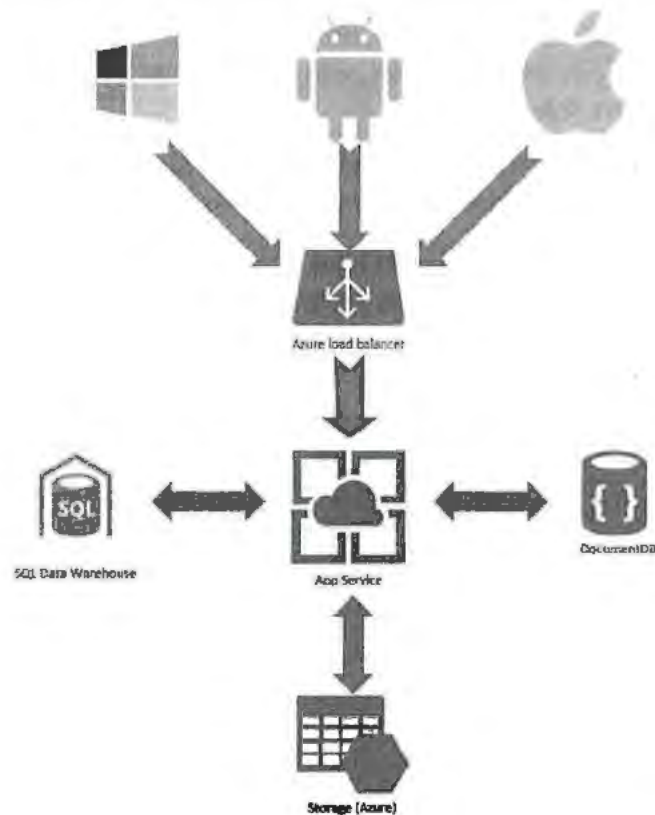
These dashboards allow the creation of Alerts that will send SMS and Emails to warn our administrators of any possible performance hampering issues.

1.1 Scale Out, Not Up

Adding more hardware is preferable to upgrading hardware. This is a new standard in the world of Cloud computing. As demand increases the Azure Auto Scale feature will initialize more hardware to handle the load, and as the load requirements diminish, hardware is taken offline.

2 Services and Data

EasyVote is built on your data, our services and the network. Below is a representation of how the data and services are assembled to allow continuous access to all of these services and your data.



Each part and level of EasyVote is built on a geographically redundant service and the SQL server has an added layer of protection called “Active geo-replicated”. This means that each SQL Server service is running on hardware that is physically located at different data centers around the United States.

NOTE: No data or services are allowed outside the U.S. borders.

2.1 SQL Server Details

The backbone of any searchable data storage is of course the database. With today's rise of the **NoSQL** databases, EasyVote has integrated this new technology into the appropriate places and taken full advantage of these new techniques.

EasyVote uses a hybrid approach by utilizing SQL based storage (Azure MSSQL Server) and NoSQL storage (Azure DocumentDB) to ensure the best performance as well as the maximum flexibility to satisfy our customer's feature requests.

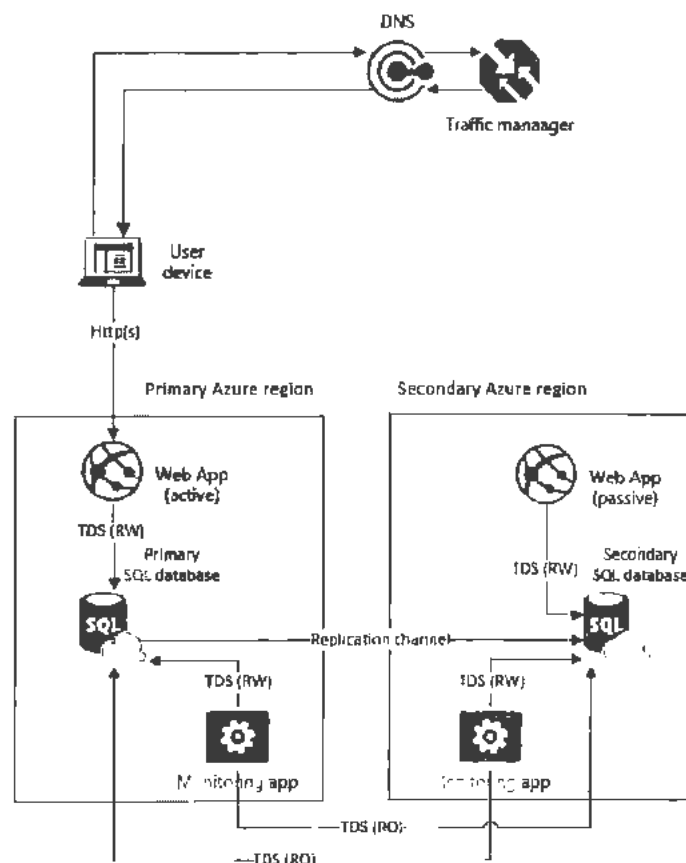
The EasyVote Microsoft SQL Server is replicated in Virginia as well as California. The physical separation of the primary and secondary databases ensures that your data is always available.

Log Shipping ensures that the databases are always in sync with each other so that when an issue arises, the Auto Fail Over will forward all SQL statements and queries to the secondary database. Once the issue is resolved the Fail Over recovery mechanism will resync the primary database and restore all edited data to the newly recovered production database.



Here are some more details about the Active geo-replication aspects of Azure SQL Server:

- Database-level disaster recovery goes quickly when you've replicated transactions to databases on different SQL Database servers in the same or different regions.
- Cross-region redundancy allows applications to recover from permanent loss of a datacenter caused by natural disasters, catastrophic human errors, or malicious acts.
- Online secondary databases are readable, and they can be used as load balancers for read-only workloads such as reporting.
- With automatic asynchronous replication, after an online secondary database has been seeded, updates to the primary database are automatically copied to the secondary database.



2.2 Disaster Recover Drills for SQL Server

Once a month, EasyVote DevOps performs a disaster recover drill. There is about a 25 second delay once the FAILOVER command is executed on the SQL Server and the secondary database takes over. All data is replicated before the test fail over is execute. Below is the TSQL command to execute to perform a test.

```
ALTER DATABASE <MyDB> FAILOVER;
```

In the event that disaster has occurred, the failover can be performed manually or automatically. Sometimes the automatic fail over does not react fast enough so the DevOps team can force the failover immediately by running the command below.

```
ALTER DATABASE <MyDB> FORCE_FAILOVER_ALLOW_DATA_LOSS;
```

2.3 File Storage

Azure File Storage is automatically protected from failure by the Microsoft Data Centers redundant servers and disk drives. This is a guaranteed service that requires no maintenance or testing from the DevOps as it is always available with a 99.90% uptime.

2.4 DocumentDB (NoSQL)

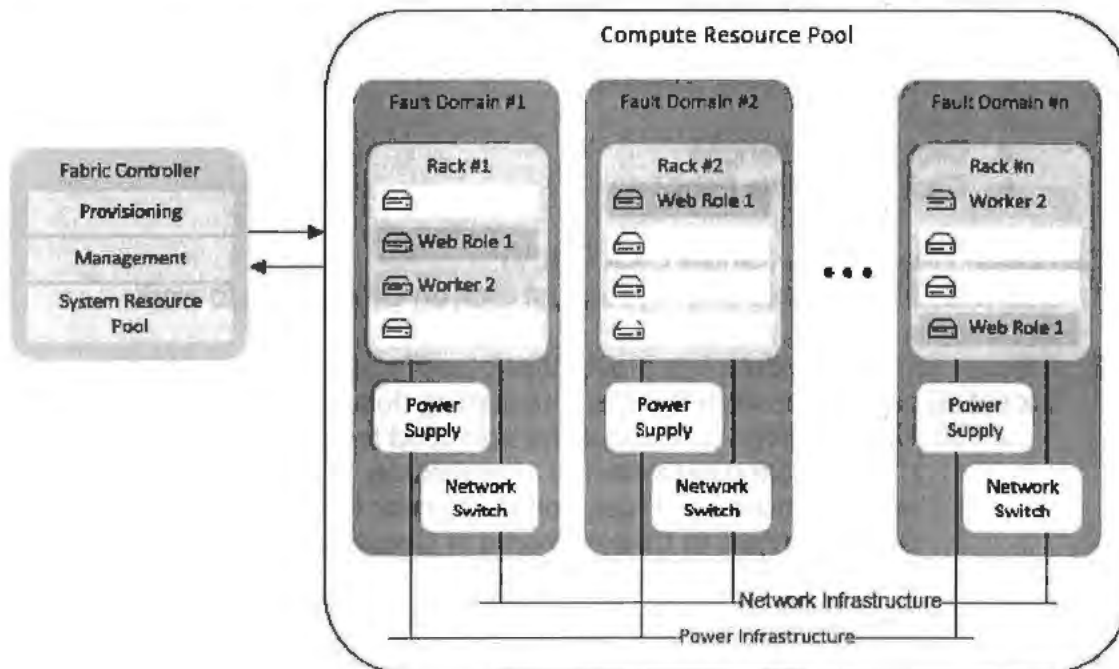
Azure DocumentDB is an enterprise level generic document (JSON/XML) storage and querying service that allows EasyVote to store unstructured data in a safe and efficient architecture.

DocumentDB has a 99.99% uptime and is by far the safest location for your custom fields and Campaign finance documents.

3 Web App Services

The Azure Fabric Controller (FC) is responsible for provisioning and monitoring the condition of the Azure compute instances. The Fabric Controller checks the status of the hardware and software of the host and guest machine instances. When it detects a failure, it enforces SLAs by automatically relocating the VM instances. The concept of fault and upgrade domains further supports the compute SLA.

When multiple role instances are deployed, Azure deploys these instances to different fault domains. A fault domain boundary is basically a different hardware rack in the same datacenter. Fault domains reduce the probability that a localized hardware failure will interrupt the service of an application. You cannot manage the number of fault domains that are allocated to your worker or web roles. The Fabric Controller uses dedicated resources that are separate from Azure hosted applications. It has 100% uptime because it serves as the nucleus of the Azure system. It monitors and manages role instances across fault domains. The following diagram shows Azure shared resources that are deployed and managed by the FC across different fault domains.



4 Summary

By building the EasyVote platform on a proven enterprise level Cloud service, an unprecedented level of reliability and consistency is derived from the massive hardware and software investments of Microsoft.

EasyCampaignFinance Administration Initial Set-Up

A. Logging into System

1. Double Click the EasyVote Icon on your desktop
2. Enter your username (you will have to put the cursor in the box)
3. Enter your password
4. Choose Location from drop down menu
5. Click Login

B. Admin Tab (Single Click ONLY)

1. Click County Setup
2. Enter County Name (i.e. Franklin – do not include the word county)
3. Enter Address – City, State and Zip
4. Enter Phone and Fax number
5. Enter Filer ID (this is the Q number issued to you by the Ethics Department)
6. Upload County Logo (must be .png)
 - a. Click Upload under County Logo
 - b. Locate file on your computer
 - c. Click Open
 - d. Click Save Changes
 - e. Click Close This Form

C. Campaign Finance Tab (Single Click ONLY)

1. Dashboard is viewable only – you must click on Officials tab to work documents
2. Officials (once candidate has green check beside name you can begin accepting documents from them and uploading documents to public site)
 - a. To ACCEPT/REJECT document and send to ethics
 1. Highlight candidate/elected official name
 2. Highlight document name on right under Uploads/Filings
 3. Click Edit/View to Change name of Document, Click Save Changes, Click Close This Form
 4. Click Reject/Accept – Click Accept Submission to ACCEPT – Enter Reason if you want to REJECT and then Click Reject
 5. Once submission has been ACCEPTED – highlight document name and click Send to Ethics – If will ask if you are sure – click YES – it will ask if you want to make public – click YES
 - b. To Upload Scanned Document
 1. Find document and drag and drop under Uploads and Filings
 2. Once document has been dropped under the correct tab you can change date, type of document and description – click UPLOAD DOCUMENT

3. You would need to click on Edit/View and under Status click the circle beside ACCEPTED – click Save Changes – click Close This Form
4. You would then follow the steps above to Send to Ethics
3. All activity
 - a. This tab show all activity for all candidates/elected officials)

TABS ACROSS TOP

1. Access Request (this tab is used to approve candidate/elected official access)
 - a. Highlight name
 - b. Click Accept/Active or Deny/Inactive (if you click Deny – give reason)
2. Update Blog (like a personal website for candidates)
 - a. Click New Blog Entry
 - b. Choose Expiration Date
 - c. Enter a Subject
 - d. If applicable, insert URL
 - e. Enter information that you want your candidates/elected officials to know)
 - f. Click Save
 - g. Click Close This Form
3. Send Bulk E-Mail
 - a. Choose the candidates/elected officials you would like to send e-mail
4. Send Bulk SMS
 - a. Choose the candidates/elected officials you would like to send text
5. Email Content
 - a. You can personalize any of the emails that are automated. DO NOT remove the links that we have in the emails that have them to click to reset password or click to complete registration)
 - b. After Thank You, put in your contact information
 - c. You can change all email content before you have to Save Change
 - d. When all emails are complete – click Save Changes
 - e. Click Close This Form
6. Resend Invites (used if candidate/elected official does not complete registration)
 - a. When you click Resend Invites – it will resend the email asking them to complete their registration (at this time it sends to everyone that has not completed their registration – 2015 release you will be able to choose who to send to)
7. Doc Due Dates
 - a. Double Click on the dates that documents are due (at this point everything defaults to CCDR being due – but with new release in 2015 you will be able to select which document will be due)
 - b. You must enter document due dates for each of the four (4) tabs (Less than \$2500, \$2500 or More, \$5000 or More, Non Election Year)
 - c. Click Close This
8. Office List (you must enter each office that is elected in your city/county)
 - a. Click New Office

- b. Enter Name of Office
- c. Click Save

EasyCampaignFinance Candidate Instructions

1. Open browser of choice (IE, Firefox, Chrome, Safari, etc.)
2. Enter: easyvote.county.com in address bar
3. Click on Officials/Candidates at top right
4. Click Register (there is a video to the left after you click Register – if you need further assistance)
 - a. Select your County/City from drop down menu
 - b. Enter your email address
 - c. Enter your first name
 - d. Enter your last name
 - e. Cell Phone is optional
 - f. Choose the office you are running for from the drop down menu under Office Occupying/Running for
 - g. Enter code in box
 - h. Click REGISTER
 - i. You will be sent an email thanking you for registering
 - ii. After the Filing Clerk has approved you – you will receive an e-mail with a link to click to complete your registration.
 - iii. After your registration is completed – you will be ready to login and begin submitting your documents.

To Submit Documents

1. Follow Steps 1-3 from above
2. Click on Login
 - a. Enter your email that you registered with
 - b. Enter the **password** (if you forgot your password – click the link “Forgot Password?”)
 - c. Click Login
 - d. Click on File Reports (Instruction Video is a 5 minute video to give you instructions on how to complete the forms.)
 - i. Click Wizard/Upload next to the form that you want to complete
 - ii. Click Start Wizard
 - iii. The forms are broken down in to small snippets (after you complete each page – click NEXT STEP
 - iv. You will always be able to view your document before submitting (in pdf format) – if your document is complete on the review page – click E-Sign/Submit
 - v. Enter the **code on the right (security code)**
 - vi. Check the box next to “By checking this box you are certifying that statements on this form are complete, true and accurate.”
 - vii. Click Submit
 - viii. You will be defaulted back to the front page
 - ix. Click on My Submissions and look under STATUS and you will see that your form has been Submitted
 - x. When the Filing Clerk has accepted your form – the Submitted will be changed to Accepted
 - xi. When the Filing Clerk has faxed your form to Ethics – the Accepted will be changed to Faxed to Ethics

- xii. When you look under STATUS and it says NEW – that means that you have not E-Signed/Submitted your form.



Lee County
Elections Administrator
P.O. Box 480
Giddings, TX 78942
Phone: 979/540-2731
Fax: 979/540-2732



LEE COUNTY ELECTIONS - CAMPAIGN FINANCE SECURITY FORM

This document is the undersigned's submission for the purpose of receiving access to file electronic campaign related reports with Lee County. (This document is NOT for use by those required to file with the Texas Ethics Commission.)

Name _____
Last First Middle

Committee Name: _____

Mailing Address: _____
Street City State Zip

Email Address: _____

Phone Number: _____

Signature and Affirmation: I swear, or affirm, under penalty of perjury, that I am the person required by law under the Texas Ethics Commission jurisdiction to file Campaign Finance reports with Lee County.

Date: _____ Signature _____

TEXAS ETHICS COMMISSION
P.O. Box 12070, Austin, Texas 78711-2070
(512) 463-5800

Steven D. Wolens, Chair
Chad M. Craycraft, Vice Chair
Randall H. Erben
Chris Flood

Mary K. "Katie" Kennedy
Patrick W. Mizell
Richard Schmidt
Joseph O. Slovacek

PUBLIC MEETING AGENDA

Date and Time: 9:00 a.m., Thursday, October 4, 2018
Location: Room E1.014, Capitol Extension, Austin, Texas

1. Call to order; roll call.
2. Comments by Commissioners.
3. Discussion about policy for Texas Ethics Commission spokesperson.
4. Update regarding Texas Ethics Commission Legislative Appropriations Request for FY 2020-2021.
5. Approve minutes for the following meetings:
 - o Executive Session – June 26, 2018; and
 - o Public Meeting – June 27, 2018.

ADMINISTRATIVE WAIVERS, REDUCTIONS, APPEALS OF FINES

6. Discussion and possible action on appeal of fines increased by the Commission, and on appeals of determinations made under Ethics Commission Rules §§ 18.25 and 18.26 relating to administrative waiver or reduction of a fine, for the following individuals and legislative caucus:
 1. Larry S. Smith (00080158)
 2. Laura R. Thompson (00080388) – reconsideration
 3. Amanda J. Marzoulo (00065422)
 4. Perry L. Fowler (00067017)
 5. Kelly Sullivan (00081216)
 6. Cooke W. Kelsey (00082053)

For more information, contact Seana Willing, Executive Director, at (512) 463-5800

7. Cheryl Surber (00082432)
 8. Daniel "Dan" Wyde (00058687)
-
7. Discussion and possible action to waive or reduce the late-filing penalty in connection with a corrected report or to determine whether the corrected report as originally filed substantially complied with the applicable law for the following individuals and political committees:
 1. Ana Lisa Garza (00065756)
 2. Katherine Elizabeth "Katy" Boatman (00082007)
 3. Melissa Johnson, Treasurer, "CCRW" Clear Creek Republican Women (00054674)
 4. Christopher A. Miller (00082030)
 5. Stuart M. Lane, Treasurer, "DFW Conservative Voters" Dallas/Fort Worth Conservative Voters (00050436)
 6. Jill A. Wolfskill (00082329)
 7. Robert J. Ramos (00081852)
 8. Roman James Alfred McAllen (0081739)
 9. Sheri Soltes (00081732)
 10. Tom Banning, Treasurer, Texas Academy of Family Physicians PAC (00016860)
 11. Susan R. Barrick, Treasurer, "TDW PAC" Texas Democratic Women PAC (00053935)
 12. Sarah J. Roddy, Treasurer, "Tex Hy-PAC" Texas Dental Hygienists' Political Action Committee (00015952)
 13. Christopher S. "Chris" Shields, Treasurer, Ag Air PAC (00016365)
 14. Patricia A. "Pat" Hardy (00051772)
 15. Eric L. Johnson (00065751)
 16. J.D. Sheffield (00066222)
 17. Carlos Antonio Raymond (00080137)
 18. David E. Gibson, Treasurer, Texas Corn PAC of the Corn Producers Association of Texas (00068159)
 19. Dabney D. Bassel (00080342)
 20. Kirsten B. Cohoon (00081710)
 21. Mark J. Beausoleil (00082310)
 22. Christopher V. Tyrone, Treasurer, "HCFRCFRG" Haltom City Firefighters Committee for Responsible Government (00065031)
 23. Abel J. Austin, Treasurer, "SSPFRG" Sulphur Springs Professional Firefighters for Responsible Government (00082694)
 24. Charles Shockley, Treasurer, "CFFRG" Carrollton Firefighters for Responsible Government (00053132)
 25. Jay A. Thompson, Treasurer, "AFACT" Association of Fire & Casualty Cos. of Texas PAC (00017277)

26. Aida R. Rojas (00065785)
27. Jason B. Huddleston (00081916)
28. Don Dyer, Treasurer, New Leadership PAC (00082072)
29. Scott Janson, Treasurer, Texas Beverage Alliance of the Texas Package Stores Association (00016036)
30. Greg Hitt (00081849)
31. Audra L. Conwell, Treasurer, "IPRX PAC" Independent Pharmacists RX PAC (00068711)
32. Claudia Natali Hurtado (00082288)
33. Kristin Tassin (00082010)
34. Lillie J. Schechter, Treasurer, "HCDP" Harris County Democratic Party (CEC) (00015507)
35. Henry G. "Hank" Segelke (00082315)
36. Steven Halvorson, Treasurer, "TOP PAC" TOP Political Action Committee (00066821)
37. Whitney Tymas, Treasurer, Texas Justice & Public Safety PAC (00082400)
38. Kent W. Johns (00082373)
39. Guadalupe "Lupe" Valdez (00082283)
40. Karrie C. Washenfelder, Treasurer "FBEP-COPE" Fort Bend Employee Federation Committee on Political Education (00055453)
41. American Wind Action, Entity Filing Direct Campaign Expenditure (DCE) Reports (00082640)

ADVISORY OPINIONS

8. Discussion of Advisory Opinion Request No. SP-14: Whether a judge or a candidate for judicial office may use public resources for campaign purposes, and whether an associate judge may wear judicial robes and use the title "associate judge" in political advertising.

This opinion request construes sections 255.003 and 255.006 of the Election Code and section 39.02 of the Penal Code.

9. Update regarding Advisory Opinion Request No. AOR-628: Whether section 572.069 of the Government Code would prohibit a former employee of a state agency from accepting employment from a person to which the state agency had awarded a contract.

This opinion request was withdrawn by the requestor.

OTHER POLICY MATTERS

10. Discussion of possible recommendations for statutory changes to the 86th Legislature as required by § 571.073 of the Government Code.
11. Discussion and possible action on a petition for rulemaking concerning the designation of a corporation's political contributions made to a general-purpose committee for administrative expenses under § 253.100(a) of the Election Code.
12. Discussion and possible action on the proposal and publication in the Texas Register of new and amended Ethics Commission rules regarding corporations and labor organizations making political expenditures to finance the establishment and administration of, and solicitation of political contributions to, a general-purpose committee and making political contributions to a political committee for supporting or opposing measures exclusively under §§ 253.096 and 253.100 of the Election Code.
13. Discussion of unfinished business from the Public Meeting Agenda for October 3, 2018.
14. Adjourn.

CERTIFICATION: I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements. Certifying Official & Agency Liaison: Seana Willing, Executive Director.

NOTICE: Under the Americans with Disabilities Act, an individual with a disability must have an equal opportunity for effective communication and participation in public meetings. Upon request, the Texas Ethics Commission will provide auxiliary aids and services, such as interpreters for the deaf and hearing impaired, readers, and large print or Braille documents. In determining the type of auxiliary aid or service, the Commission will give primary consideration to the individual's request. Those requesting auxiliary aids or services should notify Margie Castellanos at (512) 463-5800 or RELAY Texas at (800) 735-2989 two days before this meeting so that appropriate arrangements can be made. Please also contact Ms. Castellanos if you need assistance in having English translated into Spanish.

Texas Ethics Commission

LEGISLATIVE APPROPRIATIONS REQUEST

INDEX TO EXHIBITS

<u>TAB</u>	<u>DESCRIPTION</u>
A	Administrator's Statement, Version 2
B	Tabs to Legislative Appropriations Request
C	TEC Response to LBB Questions
D	Tony McDonald's 9-12-18 letter to LBB and legislators

ADMINISTRATOR'S STATEMENT
86th Regular Session, Agency Submission, Version 2
September 14, 2018

TEXAS ETHICS COMMISSION

The Texas Ethics Commission (TEC) remains focused on its mission to promote public confidence in government by administering and enforcing the State's campaign finance, lobby, and other ethics laws. The agency provides to the public the ability to access information about public officials, candidates for public office, and lobbyists, and assists people in understanding their responsibilities under laws administered by the TEC. The goal is to enhance the potential for individual participation in electoral and governmental processes. The agency aims to fairly and effectively uphold and enforce the laws under its authority.

The TEC began operations in January 1, 1992, after a constitutional amendment was passed by voters. Pursuant to Article III, section 24a of the Texas Constitution, the TEC's governing body is comprised of eight Commissioners, four of whom are appointed by the Governor, two by the Lieutenant Governor, and two by the Speaker of the House of Representatives. By law, four members must be selected from the Republican Party and four must be selected from the Democratic Party.¹ The current Commissioners are as follows:

Board Member	Hometown
Chad M. Craycraft, Vice Chair	Dallas
Randall H. Erben	Austin
Chris Flood	Houston
Mary K. "Katie" Kennedy	Houston
Patrick W. Mizell	Houston
Richard S. Schmidt	Corpus Christi
Joseph O. Slovacek	Houston
Steven D. Wolens, Chair	Dallas

The TEC works to ensure that: (1) responses to sworn complaints are completed within five working days after filing as required by Texas Government Code, Section 571.123(b); (2) campaign finance reports filed with the TEC are available to

¹ Article III, section 24a(a)(1)-(4)

the public within two working days of receipt as required by Texas Election Code, Section 254.0401(a); and (3) responses to advisory opinion requests are processed within 60 days as required by Texas Government Code, Section 5721.092(a).²

By law,³ the TEC must meet at least once every calendar quarter, but may meet at other times at the call of the presiding officer. Since September 1, 2013, due to the high volume of work, the TEC has met nearly seven times per year.⁴

Despite funding reductions of \$1,541,000⁵ imposed on the agency over the past two bienniums, the TEC recently implemented a new electronic filing system for Form 1295 certificates, made changes to the forms and software in response to an amendment to the Form 1295 law, and has assisted Form 1295 filers and government entities with technical and legal questions related to the Form 1295 laws.⁶ The TEC also made changes to the electronic filing and disclosure database software to address legislative changes to the Personal Financial Disclosure report.⁷

Since September 1, 2012, the State has collected over \$1,882,310⁸ in penalties for violations of campaign finance, lobby, and personal financial disclosure laws. None of these funds are dedicated to or received by the TEC.

² Since FY 2015 (starting September 1, 2014), the TEC has responded to 43 requests for advisory opinions, resulting in the issuance of 24 advisory opinions (as of August 31, 2018).

³ Section 571.025, Texas Government Code.

⁴ In FY 2017-2018 (September 1, 2016 through August 31, 2018), sixty-six percent have been two-day meetings. The average cost for a two-day meeting is \$4,070 (see Tab 1).

⁵ This amount represents a 21% overall reduction since August 31, 2015.

⁶ H B 1295 was passed by the 84th Legislature in 2015. It requires businesses contracting with government agencies to complete and file a certificate of interested parties (Form 1295). The legislature directed that all Form 1295 certificates be filed with the TEC; however, no additional funding was appropriated to the TEC for this mandate. In 2017, the 85th Legislature amended the Form 1295 law. It also appropriated \$22,890 per year to the TEC for certain enhancements to the Form 1295 application, including adding Form 1295 certificates to the TEC's electronic filing system. The \$22,890 annual appropriation partially covers the requested enhancements, but does not cover the 6.25% increase in the cost to maintain the electronic filing system as a result of adding the 1295 application. There are over 11,600 Form 1295 filers that currently use the TEC's electronic filing system, filing close to 7,000 certificates per month. The number of 1295 filings increases each year by 3%. The TEC handles over 4,000 calls every year involving Form 1295. The TEC needs additional funding in FY 2020-2021 to support and expand network and server capacity to handle the increase in filings and any changes to the application as a result of future amendments to the law.

⁷ S.B. 42 (effective 9/1/17) was passed by the 85th Legislature (2017). It amended Section 572.035, Texas Government Code, to require the TEC to remove or redact from any PFS the residence address of a federal or state judge or their spouse before providing it to public. H B. 502 (effective 1/8/19) requires the TEC to amend its PFS form and electronic filing application due to additional disclosure requirements imposed on filers.

⁸ As of August 29, 2018 (See Tab 2).

Budget Request

The TEC requests:

1. Restoration of 10% Reduction (\$293,524 per year) (see paragraphs A - C below):

- A. **Outside Counsel Fees (\$150,000 per year):** Since August 22, 2014, the Office of the Attorney General (OAG) has declined to represent the TEC in five lawsuits and seven appeals challenging the constitutionality of laws passed by the Legislature. From August 22, 2014 through August 31, 2018, the TEC has paid **\$474,254** out of its own budget to cover the costs of litigation and the work of outside counsel in defense of these lawsuits.⁹

To date, outside counsel has resolved two cases,¹⁰ and has prevailed on appeal in the remaining three cases.¹¹ The costs to defend the TEC in the three pending cases and related appeals will continue to accrue throughout the FY 2020-2021 biennium. The TEC has no way to predict when the remaining cases will be tried on the merits, what the cost will be to defend the cases at trial and on appeal, or if the OAG will decline to represent it in future cases. The 10% reduction jeopardizes the ongoing work of outside counsel.

- B. **Hardware/Software Fees and Licenses (\$99,000 per year):** The TEC's computer services division (IT) is responsible for the hardware and software that support the electronic filing and disclosure database system and the web server used by over 20,000 filers to file campaign finance reports, lobby reports, financial disclosure reports, and Form 1295 certificates.¹² The TEC network infrastructure relies on maintaining the costs of hardware and

⁹ See Tab 3.

¹⁰ Cause No. 2016-27417, *Briscoe Cain v. Charles G. Untermeyer, et al.*, was filed on April 27, 2016 and resolved on November 29, 2016 (the total cost to the TEC in this litigation was \$28,380, including payment of a \$20,743 judgment for attorney fees and court costs); Cause No. 14-06508-16; *Texas Ethics Commission v. Michael Quinn Sullivan*, was filed in Denton County on August 22, 2014. The case, and related appeals in Cause No. 02-15-00103-CV, *Texas Ethics Commission v. Michael Quinn Sullivan*, and Cause No. 15-0917, *Michael Quinn Sullivan v. Texas Ethics Commission*, were resolved in favor of the TEC on April 3, 2017 after the 2nd Court of Appeals ruled that venue was improper in Denton County and the Texas Supreme Court denied Michael Quinn Sullivan's petition for review (the total cost to the TEC in this litigation was \$20,084).

¹¹ The remaining cases are: (a) Cause No. D-1-GN-14-001252, *Empower Texans, Inc. and Michael Quinn Sullivan v. State of Texas Ethics Commission, et al.* (filed on April 30, 2014); and related appeals in Cause No. 03-16-00019-CV, *Empower Texans, Inc., and Michael Quinn Sullivan v. State of Texas Ethics Commission, et al.*; and Cause No. 03-17-00770-CV, *Empower Texans, Inc., and Michael Quinn Sullivan v. Texas Ethics Commission, et al.*; (b) Cause No. D-1-GN-15-004455, *Texas Ethics Commission v. Empower Texans, Inc., and Michael Quinn Sullivan* (filed on October 5, 2015); and related appeal in Cause No. 03-16-00872-CV, *Empower Texans, Inc., and Michael Quinn Sullivan*; and (c) Cause No. D-1-GN-17-001878, *Texas Ethics Commission v. Michael Quinn Sullivan* (filed on May 4, 2017); and related appeals in Cause No. 03-17-00392-CV, *Michael Quinn Sullivan v. Texas Ethics Commission*; and Cause No. 18-0580, *Michael Quinn Sullivan v. Texas Ethics Commission* (to date, the cost to the TEC in these remaining cases is \$446,532, which will continue to accrue until the matters are finally resolved).

¹² The TEC receives more than 30,000 electronically filed reports each year.

software fees and licenses. If these fees are not paid, and the licenses expire, (a) the TEC will have no support from industry vendors; (b) software will not receive updates, including security fixes; and (c) any repairs to hardware will not be covered by vendors.¹³

C. **Electronic Filing System Maintenance Hours (\$44,524 per year):** The 10% reduction will prevent the vendor that designed and developed the electronic filing and disclosure database system from correcting source code error defects, fixing software errors, and conducting performance testing.¹⁴ Without access to the technical expertise of the vendor, the TEC will be unable to resolve these problems itself which would negatively impact filers trying to meet statutory filing deadlines.

2. **Exceptional Item Funding (\$963,690 in FY 2020 and \$733,690 in FY 2021)** (see paragraphs A - L below):

A. **Electronic Filing/Disclosure Database System Maintenance and Enhancements (\$237,500 per year):**

1) **Maintenance (\$100,000 per year):** The cost of vendor services covered by the maintenance contract¹⁵ has increased by 25% since FY 2016, leaving the TEC with an additional **\$100,000** shortfall. Without the additional funding, the vendor will reduce its level of service to the TEC, causing delays in resolving problems, correcting code defects, or completing performance testing. Without additional funding to address these issues, filers may not be able to file statutorily required reports by the filing deadline and may incur penalties.

2) **Enhancements (\$137,500 per year):** The TEC does not have funding for enhancements to the electronic filing and disclosure database system in response to legislative changes and requests from filers. This includes any changes to the filing software or changes to campaign finance, lobby, or personal financial disclosure reports or Form 1295 certificates. The cost of vendor services for enhancements is not covered by the maintenance contract. Without the additional funding, changes to forms or the software in response to new laws or amendments to existing laws will not happen.

B. **Network Switch Replacement (\$75,000 one-time cost in FY 2020):** Seven network switches¹⁶ have reached "end of life."¹⁷ This equipment is the TEC's network backbone, providing routing services, DHCP¹⁸ services,

¹³ See Tab 4.

¹⁴ See Tab 5

¹⁵ Starting September 1, 2019, the TEC must pay the vendor \$425,000 per year to maintain the electronic filing and disclosure database system. This includes an additional \$25,000 per year needed to maintain the system due to the 6.25% increase in the cost to maintain the system after the addition of the Form 1295 application. The total capital budget appropriated for the system is \$347,890 per year. The current budget structure prevents the agency from transferring funds or FTEs from other divisions into the IT Division to cover any increases in system maintenance or enhancement costs (See Tabs 6 and 7).

¹⁶ A network switch is a hardware device that directs all network traffic.

network connectivity for computers, printers, telephones, and servers, including the TEC's web server. If these switches are not replaced before they fail, the entire TEC network will shut down. This will result, among other things, in the TEC website and filing application being inaccessible to filers and the public.

- C. **Two Programmer Positions (\$130,000 per year):** The IT Division requires two programmers to meet the growing demands of maintaining the electronic filing and disclosure database system and providing technical support to filers¹⁹ and to the other divisions within the TEC. The architecture of the electronic filing system is complex,²⁰ as is understanding the complexities of the campaign finance and disclosure laws the system was designed to address. The TEC must offer competitive salaries to attract and retain IT professionals with superior technical expertise and the ability to understand the laws administered and enforced by the TEC.²¹ With the August 2018 retirement of the longest tenured programmer, the IT Division will be critically understaffed, which will negatively impact its ability to maintain the TEC electronic filing and disclosure software system, protect the integrity and security of the TEC IT infrastructure, and provide valuable technical assistance to filers.²²
- D. **Case Management System (\$77,000 in FY 2020 and \$22,000 in FY 2021):**

- 1) **Software License (\$55,000 one-time cost in FY 2020):** A case management system would allow the TEC to move to a paperless environment, which will save the TEC and the State money by reducing costs associated with paper, copying, printing, postage, and storage. It would also provide a secure location for electronic storage of confidential data, including sworn complaint files and filers' sensitive financial information. A case management system would allow managers, attorneys, and legal support staff to reduce the time spent on each

¹⁷ The TEC has 8 network switches, one of which is no longer operational. In the past, the vendor, Cisco, would replace switches that failed with refurbished switches; however, due to the age of the switches (7 of which are more than 5 years old), Cisco will no longer support or replace them. The TEC cannot predict when any of these old network switches will fail; they are no longer under warranty and will not be replaced by the vendor when they do fail (See Tab 8).

¹⁸ Dynamic Host Control Protocol for agency IP addresses

¹⁹ In FY 2018 (September 1, 2017 through August 31, 2018), the IT Division handled over 8,536 technical support calls

²⁰ The code base for the electronic filing system consists of over 900,000 lines of Java code that run in a virtualized Red Hat JBOSS environment, requiring the unique expertise of IT professionals familiar with the design and development of the system to maintain and make enhancements to it.

²¹ The IT Division currently employs four IT professionals, including the Division Director. In August 2018, a Programmer IV (\$73,814) retired after 22 years with the TEC. The remaining four staff have a combined 30 years' service with the TEC. TEC salaries for programmers fall as much as 21% below the state average

²² Filers who cannot get assistance from the TEC when they experience technical problems risk missing critical filing deadlines or filing reports that are inaccurate or incomplete. This can result in civil penalties or criminal prosecution. Reduced filer compliance creates more work for the Enforcement and Disclosure Filings Divisions of the TEC, at an increased cost to the State.

casefile, manage and meet deadlines, and speed up the investigation and resolution of enforcement cases. It would allow automation of preparing correspondence, notices, and orders.²³ A case management system would speed up the retrieval of data and improve the accuracy of reports requested by Legislators and the LBB during the session and in response to interim charges. The current manual system for managing casefiles and storing and retrieving data is inefficient, time-consuming, imprecise, and redundant.

2) **Annual Hosting and Maintenance (\$22,000 per year):** After the installation of the case management system, the TEC will be required to pay the vendor an annual fee to host and maintain the system.

E **Statewide Ethics Training (\$15,000 per year):** By law,²⁴ the TEC (1) must provide training to legislators and their staff at the beginning of each legislative session and work with state agencies to provide ethics training to state employees, and (2) may provide training seminars to the regulated community. Current funding and staffing levels allow for local training sessions in Austin²⁵ and one large, full-day training outside Austin. On average, the cost to host a large training program outside Austin is \$10,215.²⁶ Additional funding would allow the TEC to host two more training sessions outside Austin per year, providing instruction on compliance with campaign finance, lobby, Form 1295, and other ethics laws. Attendees regularly praise the TEC for the quality of the legal information, guidance, and practical training provided at these seminars, which regularly attract standing-room-only crowds. TEC ethics seminars are approved by the State Bar of Texas and the State Board of Public Accountancy for continuing legal and professional education credit.

F **Ethics Helpline Attorney (\$65,000 per year):** Each year, TEC staff attorneys handle an average of 20,000 calls, providing information and guidance about Texas election laws, lobby laws, financial disclosure laws, Form 1295 laws, and other ethics laws to legislators, filers, judges, state officials, state employees, the media and the public.

Having an experienced staff attorney dedicated to handling ethics calls, similar to how the State Bar of Texas operates its Attorney Helpline, would allow the TEC attorneys to focus on ethics training, enforcement, advisory

²³ In FY 2018 (September 1, 2017 through August 31, 2018), the TEC received 374 sworn complaints. On average, sworn complaints require a minimum of four letters to the complainant, five letters to the respondent, and at least one final order; cases that require a preliminary review hearing will generate additional letters, notices, and orders. With an automated case management system, the time spent drafting and finalizing thousands of letters and orders each year could be reduced, tracked, and better managed for improved efficiencies, allowing staff to focus on other tasks for greater overall productivity (See Tabs 9 and 10).

²⁴ Section 571.071, Texas Government Code.

²⁵ In FY 2018 (September 1, 2017 through August 31, 2018), TEC legal staff conducted 16 ethics presentations, training approximately 2,300 people

²⁶ This is based on the cost of the last six training seminars hosted by the TEC in El Paso (150 attendees), San Antonio (193 attendees in 2015; 232 attendees in 2016), Lewisville (151 attendees), Houston (173 attendees), and Laredo (110 attendees) (See Tab 11)

opinions, and rule drafting,²⁷ while continuing to provide the same level of exceptional customer service to the regulated community and the public.

G. Adjust Staff Salaries (\$162,000 per year): In FY 2017, the TEC experienced a 27.1% turnover rate due to eight employees leaving the agency to work at other state agencies for higher salaries and through retirement. By the end of FY 2018, the turnover rate will be 37.7% as a result of six employees going to work for other state agencies and four retirements.²⁸ High turnover has had the hardest impact within the Legal and IT Divisions. When the statewide government hiring freeze was lifted for FY 2018, four TEC staff attorneys left the TEC to work for other state agencies for significantly higher pay.²⁹ In IT, two programmers left - one to work in the private sector for a significant salary increase.

Turnover in any division at the TEC has a negative effect on the quality of service provided to filers and the public. It results in fewer service calls being handled; longer resolution times for sworn complaints; delays in answering requests for ethics advisory opinions; delays in responding to ethics calls; fewer ethics trainings; delays in resolving late penalty waiver requests and appeals; slower collection of late penalties; and late report notice letters being sent in error.³⁰ Because of the complex electronic filing and disclosure database system and the unique areas of law under the TEC's administration and enforcement, it takes a minimum of two years for TEC IT and Legal Staff to become fully trained to competently perform the responsibilities of their respective jobs.³¹ Increasing TEC staff attorney salary levels by 25%, IT programmer and software engineer salaries by 15%, and administrative and legal

²⁷ Since FY 2016 (September 1, 2015 through August 31, 2018), TEC staff attorneys have resolved 822 sworn complaints; answered 27 ethics advisory opinion requests; spoken at over 40 ethics training seminars around the State (reaching over 5,000 attendees); responded to 1,854 requests for public information; drafted 70 rules and rule amendments that were adopted by the TEC; and handled over 47,250 ethics calls.

²⁸ Staff who left the TEC in FY 2017-2018 had a cumulative total of 85 years of experience at the TEC (See Tab 12)

²⁹ The TEC is currently funded to pay staff attorneys with 1-3 years' experience (Attorney I) an annual salary of \$50,000. In FY 2018, a TEC attorney (Attorney I) left after less than a year to work for the Agriculture Commission as an Attorney II for \$62,100 per year; another TEC attorney (Attorney I) left after 9 months to work for the Board of Dental Examiners as an Attorney I for \$60,000 per year. Another TEC attorney (an Attorney IV at \$67,086) left to work at the Department of Licensing and Regulation as an Attorney IV for \$77,420. Finally, a TEC attorney (an Attorney III at \$55,843) left to work at the Board of Dental Examiners as an Attorney II for \$62,000 per year. Exit interviews revealed that none of the departing staff attorneys expressed dissatisfaction with their employment at the TEC; all cited the higher salary as a key factor in their decision to leave.

³⁰ In a recent Customer Satisfaction Survey conducted in May, 2018, TEC staff was praised for the level of service provided to filers and the public. Examples of the service include: (a) the TEC Disclosure Filing Services (DFS) Division receives an average of 29,400 filed reports each year and sends an average of 2,200 notices to late filers each year; and (b) the IT Division responds to close to 10,000 calls for technical support each year. In FY 2018, the IT Division handled over 8,536 technical support calls.

³¹ The greatest area of turnover has been with employees with less than four years of experience; this group accounted for 63.33 % of the TEC's turnover over the past five years (See Tab 13).

professional salaries by 15% will bring these salaries on par with salaries at other state agencies³² and will help the TEC achieve a more stable, tenured work force, saving the State money over time.

- H **Lump Sum Payments to Retiring Employees (\$80,000 per year):** The TEC is required to pay retiring employees a lump sum for unused annual leave.³³ Currently, eight TEC employees are eligible for retirement,³⁴ and eight more will be eligible in FY 2020-2021, at an estimated cost of **\$19,000** each.
- I. **Adjust Executive Director and General Counsel Salaries (\$14,000 per year):** The TEC is requesting a 5.5% increase in the salaries of the Executive Director and General Counsel to bring them in line with the state and industry averages.³⁵

The Executive Director is the chief administrative officer of the TEC. In addition to managing four divisions, 33 FTEs, a biennial budget of \$5,927,878, and the day-to-day operations of the TEC, the director must testify before the Legislature on appropriations and legislative matters affecting the agency; prepare the TEC's budget, strategic plan, and biennial report; prepare all meeting agendas and minutes; and serve as the public spokesperson for the TEC.

The Executive Director has additional functions related specifically to the administration and enforcement of the laws under the TEC's jurisdiction. By rule, all powers of the TEC that do not require a vote have been delegated to the Executive Director. Those duties include, but are not limited to, the following:

- Making the initial determination to accept jurisdiction of a sworn complaint;
- Entering into agreed orders and assurances of voluntary compliance (AVOCs) in certain cases;

³² A survey of public sector salaries reveals that TEC staff attorney salaries are 25%-50% below the state average; IT staff salaries are more than 12% below the state average; and salaries for administrative professionals are more than 14% below the state average (See Tab 14).

³³ Section 661.091, Texas Government Code.

³⁴ Three employees, with a cumulative total of 51 years with the TEC, have recently announced that they will retire in the last quarter of FY 2018 and the first quarter of FY 2019.

³⁵ According to a 2018 report on Executive Compensation at State Agencies (<http://www.sao.texas.gov/reports/main/18-705.pdf#page=2>), the State Auditor's Office (SAO) identified a 9% gap between the TEC Executive Director's salary of \$133,463 and the current industry average of \$146,418. The SAO report took into account the size of the agency's annual appropriation, the number of FTEs authorized for the agency, the market average compensation (including salaries for executive positions in the private sector and government salaries in other states) for similar executive positions, and the specialized education required for the position. The SAO report placed the TEC Executive Director position among 35 "Tier II" state agency executive director positions based on agency size and budget. The salary range for the Tier II executive director positions is \$117,500-\$184,792. The TEC Executive Director's salary falls near the very bottom of that range (#31 out of 35). The current Executive Director has been licensed to practice law in Texas since November 1993 and has more than 19 years of managerial experience, including previous service as the general counsel and executive director of a state agency.

- Waiving late fines and granting payment plans for late filers in certain cases;
- Issuing orders suspending contribution and expenditure limits for judicial candidates when appropriate;
- Executing orders approved by the TEC in the sworn complaint process;
- Extending deadlines in the sworn complaint process;
- Prescribing all forms for statements and reports required to be filed with the TEC and approving forms submitted to the TEC for use by local filers.

Due to the complex and unique areas of law under the TEC's jurisdiction, the job description for the TEC Executive Director requires the candidate to have a law degree and significant legal experience, as well as policy, administrative, managerial, and litigation experience. The current salary for the TEC Executive Director falls below the industry average of \$146,418 for Executive Directors at similar agencies by nearly 9%.

The TEC's General Counsel serves as legal counsel to the Commissioners, providing legal advice on decisions related to policy, personnel, procedures, and guidance on open meetings and open records laws. The General Counsel must be a licensed attorney and have extensive legal knowledge, including the laws, regulations and rules under the TEC's administration and enforcement.³⁶ Additional duties include, but are not limited to, the following:

- Advising staff and the public on the interpretation, application, and enforcement of agency laws and regulations;
- Assisting in TEC representation by the Office of the Attorney General or outside legal counsel in civil actions brought by or against the TEC;
- Reviewing drafts of laws, rules, and regulations affecting TEC operations and administration;
- Serving as a liaison and working with government agencies, universities, the media, law enforcement, and the Legislature in pursuit of the goals, objectives, and mission of the TEC;
- Serving on agency committees and task forces;
- Directing and overseeing the functions of the Office of General Counsel, including personnel management functions and assuring compliance with EEO/AA, ADA, and agency safety and ethics requirements.

Increasing the Executive Director's and General Counsel's salaries will allow the TEC to attract and retain highly skilled personnel in key leadership positions and bring these exempt salaries in line with the state average.

J. **CAPPS Position (\$50,000 one-time cost in FY 2020):** The TEC is scheduled to begin its mandatory transition to the Comptroller's new Centralized Accounting and Payroll/Personnel System (CAPPS). The first phase

³⁶ A survey of public sector salaries for reveals that the General Counsel's salary falls below the average salary for similar positions at other state agencies in Texas by 4% (See Tab 15). The current General Counsel has been licensed to practice law in Texas since November 2004. He has been with the TEC since November 2004, and was appointed General Counsel by the Commissioners in August 2015.

(Accounting/Financial) starts in FY 2019. The second phase (Payroll/Personnel) starts in FY 2020 ³⁷ The TEC is a small agency with one employee who handles all of the day-to-day human resources and accounting responsibilities for the agency. That employee will attend all Comptroller trainings leading up to and throughout the CAPPs transition, which means an additional staff person will be needed to perform these duties while she is out of the office for significant periods during FY 2020.

K. **Replace Cipher Locks (\$50,000 one-time cost in FY 2020):** One-time funding to replace four obsolete cipher locks, one in the interior which is broken (server room 1075A), on the 10th Floor of the Sam Houston Building And install badge readers on 3 exterior doors and the door to the TEC server room. Neither DPS nor the Facilities Commission will service or replace the old cipher locks, which are malfunctioning and becoming inoperable ³⁸ With the security of the TEC server room and TEC staff at risk, replacing these locks is critical.

L. **Adjustments to Budget Structure (\$8,190 per year)**

Provide:

- Unexpended balance (UB) authority allowing greater budget flexibility to target specific agency contingencies;
- Ability to transfer funds and FTEs from other divisions into the IT Division where additional funding and staffing is critical to maintaining the integrity and security of the electronic filing and disclosure database system and the entire IT infrastructure; and
- Removal of the contingency rider allowing the appropriation of \$8,190 for copy orders to go directly to the TEC's baseline budget.³⁹

³⁷ The TEC was appropriated \$40,000 and an FTE in FY 2019 to handle the first phase of the CAPPs Financial/Accounting transition. In order to prepare for the second phase (CAPPs payroll/personnel), the TEC is requesting to retain that FTE with additional funding for FY 2020.

³⁸ See Tab 16.

³⁹ Due to electronic filing of campaign finance reports, financial disclosure reports, and Form 1295 certificates, all of which can now be obtained electronically, public demand for copies of TEC records has significantly declined over the past three years. As a result, it is difficult to meet the \$8,190 threshold for copy orders. The TEC is requesting removal of the contingency rider and that the \$8,190 be appropriated in its baseline budget.

TEC
Joint Budget Hearing

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Commission Meetings

FY 2010	(6)	# Days	FY 2011	(6)	# Days
Oct-09	\$1,277.10	1	10/21/2010	\$2,601.95	1
Dec-09	\$2,382.18	1	*11/11/2010	\$346.66	1
Feb-10	\$847.36	1	12/6/2010	\$1,890.02	1
Apr-10	\$1,914.75	1	2/22/2011	\$1,930.99	1
Jun-10	\$1,967.68	1	4/22/2011	\$1,606.33	1
Aug-10	\$1,836.35	1	6/8/2011	\$2,049.30	1
	<u>\$10,225.42</u>		8/10/2011	\$2,266.19	2
				<u>\$12,691.44</u>	

FY 2012	(6)	#Days	FY 2013	(5)	# Days
10/3/2011	\$1,477.02	1	11/29/2012	\$1,458.74	1
*11/7/2011	\$12.00	1	1/31/2013	\$1,269.49	1
12/13/2011	\$4,404.40	1	3/27/2013	\$1,467.27	1
*1/16/2012	\$1,223.30	1	5/30/2013	\$1,618.35	2
2/7/2012	\$1,509.34	2	8/8/2013	\$1,705.17	2
4/17/2012	\$2,127.89	1		<u>\$7,519.02</u>	
*5/10/2012	\$1,140.06				
6/6/2012	\$856.30	1			
8/30/2012	\$1,545.65	2			
	<u>\$12,818.94</u>				

FY 2014	(8)	# Days	FY 2015	(6)	# Days
10/30/2013	\$2,129.63	2	10/29/2014	\$1,673.70	1
12/3/2013	\$1,941.06	2	12/2/2014	\$2,129.00	1
2/13/2014	\$1,893.58	2	2/13/2015	\$2,138.68	2
3/17/2014	\$1,335.14	1	4/16/2015	\$1,941.60	1
4/3/2014	\$1,506.40	1	6/11/2015	\$2,338.15	1
5/29/2014	\$2,477.33	2	8/7/2015	\$1,709.51	1
6/25/2014	\$1,996.04	1		<u>\$11,930.64</u>	
8/20/2014	\$2,123.19	2			
	<u>\$15,402.37</u>				

FY 2016	(6)	# Days	FY 2017	(7)	# Days	FY 2018	(5)	# Days
10/5/2015	\$1,740.86	1	10/14/2016	\$5,029.69	2	9/28/2107	\$3,514.32	2
11/30/2015	\$2,019.36	1	12/8/2016	\$4,503.90	2	11/13/2017	\$4,131.78	1
2/1/2016	\$1,316.44	1	2/15/2017	\$4,362.78	2	1/30/2018	\$3,748.72	2
4/8/2016	\$2,071.59	1	3/30/2017	\$3,100.89	1	3/27/2018	\$4,323.15	2
6/1/2016	\$1,457.20	1	5/17//2017	\$3,354.04	1	6/26/2018	\$3,906.31	2
8/15/2016	\$2,385.67	1	6/22/2017	\$2,219.08	1		<u>\$19,624.28</u>	
	<u>\$10,991.12</u>		7/11/2017	\$3,166.32	2			
				<u>\$25,736.70</u>				

Revenue Collected

Late Penalties (COBJ 3717)

Document Code	FY2013		FY2014		FY2015		FY2016		FY2017		FY2018	As of 08/29/2018
	Count	Amount Received	Count	Amount Received	Count	Amount Received	Count	Amount Received	Count	Amount Received	Count	Amount Received
PAID - IH	426	\$ 210,960.00	388	\$ 171,746.58	434	\$ 182,861.50	260	\$ 132,991.26	512	\$ 209,131.17	437	\$ 222,799.35
PAID - AG	55	\$ 37,305.00	45	\$ 59,748.01	73	\$ 49,833.17	43	\$ 58,588.80	49	\$ 31,011.87	70	\$ 72,490.84
PAID - WH	33	\$ 9,484.38	22	\$ 11,269.56	17	\$ 4,294.61	20	\$ 9,640.62	18	\$ 9,009.83	17	\$ 9,251.94
TOTALS	514	\$ 257,749.38	455	\$ 242,764.15	524	\$ 236,989.28	323	\$ 201,220.68	579	\$ 249,152.87	524	\$ 304,542.13

IH=Collected by TEC In House

AG=Collected by OAG

WH=Collected through Comptroller Warrant Hold

Sworn Complaints

FY 2013	\$	95,500	
FY 2014	\$	38,798	
FY 2015	\$	78,625	
FY 2016	\$	45,046	(\$41,400 Collected in House; \$3,645.81 Collected by OAG)
FY 2017	\$	53,205	(\$50,705 Collected in House; \$2,500 Collected by OAG)
FY 2018	\$	78,717	(\$74,000 Collected in House; \$4,717.77 Collected by OAG)

Lobby Registration (COBJ 3175)

FY 2013	\$1,129,200.00
FY 2014	\$933,750.00
FY 2015	\$1,113,450.00
FY 2016	\$894,000.00
FY 2017	\$1,084,650.00
FY 2018	\$922,617

Copy Order (COBJ 3719)

FY 2013	\$25,967.00
FY 2014	\$17,649.00
FY 2015	\$27,254.85
FY 2016	\$9,152.32
FY 2017	\$16,399.23
FY 2018	\$12,913.78

Outside Counsel Fees and Legal Services Expenditures
FY 2017 - 2018

Beck Redden Contract for ET/MQS cases:
Contract #2014-356-0323
Amended 10/30/17

Current Contract Cap:	\$525,000.00
Cumulative Expenditures (FY 14 - 18):	(\$446,532.41) *
Remaining Contract Balance:	\$78,467.59

* Includes invoices awaiting OAG approval

**All Legal Services (including outside counsel fees) expended in FY 17
from appropriated \$150,000 (Rider 4)**

Appropriated :	\$150,000.00
Expended	(\$216,660.00)
Unexpended Balance to be Lapsed in FY 17:	-\$66,660.00

**All Legal Services (including outside counsel fees) expended in FY 18
from appropriated \$300,000 (baseline)**

Appropriated :	\$300,000.00
Expended	(\$120,711.00) *
Unexpended Balance to be Lapsed in FY 18:	\$179,289.00

Total Expenditures for Briscoe Cain Litigation (FY 17):	\$28,380.00
Contract #2016-356-0639	
Outside Counsel Fees & Expenses:	\$7,637.00
Judgment:	\$20,743.00

Total Expenditures for MQS Denton County Litigation (FY 14 - 17):	\$20,084.00
Contract #2014-356-0204	

Hardware and Software Licenses and Fees

What the TEC spends on licenses and fees varies from year to year because we have 3-year terms for some of the licenses and warranties, and 1-year terms for other licenses and warranties.

FY2018

Software:	\$104,972	
Filing System		
Maintenance:	\$325,000	[NOTE: \$100,000 prepaid in FY2017]
<hr/>		
Total:	\$429,972	
Hardware:	\$ 4,704	

FY2019

Software:	\$99,182	
Filing System		
Maintenance:	\$325,000	[NOTE: \$100,000 prepaid in FY2017]
<hr/>		
Total:	\$424,182	
Hardware:	\$ 67,070	

**TEC's cloud backup system renewal for 3 years for \$60,000 is due in FY2019

Electronic Filing System Defects - FY2018

Issue Type	Issue key	Summary
Bug	TECEXT-3996	PTYCORP 50B does not create RTF when report is filed
Bug	TECEXT-3995	reports are being filed but no filer_event_report entry is created so FAM shows missing
Enhancement	TECEXT-3994	Add Telephone to generic_code delivery_method table
Bug	TECEXT-3993	FAM - Late reports report - duplicate rows
Task	TECEXT-3992	Error check performance improvements
Bug	TECEXT-3991	Lobby REG: Misspelling on "Client Information: Organization Type" navigation page
Bug	TECEXT-3990	1295-Certificate PDF is not being created
Bug	TECEXT-3989	FAM - Late reports report - getting null pointer exception
Bug	TECEXT-3988	CF-GPAC-Cannot start a July semiannual report
Bug	TECEXT-3987	1295 public notices can't be fully read
Bug	TECEXT-3986	FAM - Late report does not show in late report list
Bug	TECEXT-3985	When marking a PAC treasurer as outgoing the email address field is not cleared from the screen
Enhancement	TECEXT-3984	1295 - Remove the Security / challenge questions from 1295
Bug	TECEXT-3983	CF-MPAC-Error Check fails to return a response
Bug	TECEXT-3982	CF-COH-Correction of RUNOFF report-Cannot Access/Edit Correction Aff from menu
Bug	TECEXT-3981	CFS No way for SCC filer to change final report to something else
Bug	TECEXT-3980	CF-COH-PDF-Notices from Committee-Only 1 out of 3 Notices are being rendered
Bug	TECEXT-3979	FAM - Second report entry on paper report correction can not be entered
Task	TECEXT-3978	PFS filer generated password reset needs to be longer
Bug	TECEXT-3977	Cover Sheet Memo not saved for any filer type reports
Bug	TECEXT-3976	FAM - Search by filer id when the filer id is an email doesnt work anymore
Bug	TECEXT-3975	FAM - Missing reports is not including missing reports that are in progress
Bug	TECEXT-3974	FAM - New filer note displays entered by UNKNOWN. Upon edit, the user name is correctly displayed.
Bug	TECEXT-3973	FAM-Entity Search is not working
Enhancement	TECEXT-3972	Make the filed and received dates separate fields on the late and missing reports in FAM
Enhancement	TECEXT-3971	Add office held and filers prefix to the late and missing reports in FAM
Task	TECEXT-3970	FAM - Filer search performance fixes
Task	TECEXT-3969	Performance improvements to lobby mashup jobs
Bug	TECEXT-3968	Slow PDF Generation
Enhancement	TECEXT-3967	Daily Report period covered enhancements
Bug	TECEXT-3966	LOBB-REG-Non Profit-Cannot file with HIGH Error on missing EIN when EIN is present on Employer/Client
Bug	TECEXT-3965	CF-JCOH-Ending period covered for Primary Runoff report was incorrect
Bug	TECEXT-3964	30B GLOBAL RTF- 8B RTFs get created with no period end date or due date
Task	TECEXT-3963	Add logging in the setting of report_type_covered.report_type_cd code
Enhancement	TECEXT-3962	PFS - Redact all dependents on scrubbed PDFs and on exported CSV files
Enhancement	TECEXT-3961	PFS - Redact all phone numbers on scrubbed PDFs and on exported CSV files
Enhancement	TECEXT-3960	Changes for Lobby interval
Bug	TECEXT-3959	LOBB-Monthly LA - App tells filers that March report is already filed but it is not
Bug	TECEXT-3958	CF: Original due dates on Daily RTFs are being changed when a CORrection is filed
Bug	TECEXT-3957	LOBB-2018 REG still shows as UNPAID after CC payment on 2-7-2018
Enhancement	TECEXT-3956	PFS correction affd checkbox for year affidavit needs more boxes or supply year
Bug	TECEXT-3955	PFS filer - maintain phone number screen - Us checkbox doesn't work right
Bug	TECEXT-3954	PFS cannot edit and save primary phone number from profile management
Bug	TECEXT-3953	PFS get exception starting report

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Issue Type	Issue key	Summary
Bug	TECEXT-3952	CF: Entering data on Schedule A1 results in an exception
Bug	TECEXT-3951	PFS filer was allowed to login and start a report without verification screen input
Bug	TECEXT-3950	PFS - Does not give a user friendly message on leg continuance when the Style, Cause Number, Court and Jurisdiction is > 100
Bug	TECEXT-3949	Optimistic lock exception when trying to edit a legislative continuance
Bug	TECEXT-3948	LOBB-All online REG payments receive an "Error 5" message-Cannot pay fee
Bug	TECEXT-3947	PFS - PFS reports not always linking to the existing RTF
Bug	TECEXT-3946	PFS exception starting report
Bug	TECEXT-3945	CFS 8B report, system is calculating the date range incorrectly
Bug	TECEXT-3944	Global RTFs - 8b RTFs added as part of the 30b RTF global add have the wrong period covered
Bug	TECEXT-3943	Report_type_covered sometimes has a row but no report type specified
Bug	TECEXT-3942	LOBB modified filers missing annual Jan for 2019
Bug	TECEXT-3941	LOBB rtf generation missing creation of RTFs
Bug	TECEXT-3940	LOBB lobbyists paid by check not getting RTFs generated
Bug	TECEXT-3939	LOBB monthly filers getting setup as annual filers
Bug	TECEXT-3938	LOBB new lobbyist have nothing in their lobby_reporting_interval_cd
Bug	TECEXT-3937	LOBB-ACH payment was processed twice by texas.gov
Bug	TECEXT-3936	Can not file a correction if using the background error check processing
Enhancement -	TECEXT-3935	Add mailing address to all late report lists in FAM
Bug	TECEXT-3934	LOBB-Lobbyist cannot pay 2018 Lobby fee after filing an amendment to 2018 REG
Bug	TECEXT-3933	GPAC filer can not start Report
Bug	TECEXT-3932	JCOH start a new report says you are not an officeholder but that is not the case
Bug	TECEXT-3931	JCOH - Schedule AJ1 Saving a record as an individual and then changing to an entity does not clear the law firm fields
Bug	TECEXT-3930	LOBB invoices being created for old registrations
Bug	TECEXT-3929	Lobby Index out of bounds when clicking on error certain check result
Bug	TECEXT-3928	LOBB missing EIN on non-profit registration is not creating an error
Bug	TECEXT-3927	LOBB Activity Report memo pages don't show up in print preview
Enhancement -	TECEXT-3926	Login Page for local filer text needs an update
Bug	TECEXT-3925	Lobby RTF generator - incorrectly creating RTFs for amended 2017 reports when the amendment filed in 2018
Bug	TECEXT-3924	application allows more characters on challenge answer than it will accept on forgot password
Bug	TECEXT-3923	LOBB phone number does not copy over on copy clients
Bug	TECEXT-3922	LOBB-Annual LA filers-Annual LA gets set to MONTHLY in report_info record and PDF
Bug	TECEXT-3921	Error Check - Change the AddressValidation service to use the CachedLookupService instead of CodeCheckService
Bug	TECEXT-3920	LOBB confirmation email not being sent to confirmation email id
Bug	TECEXT-3919	LOBB Schedule G Charity misspelled in title
Bug	TECEXT-3918	LOBB annual filers get DEC report when starting new LA
Bug	TECEXT-3917	FAM - If i filer files two timely corrections on a late report the filer tree incorrectly shows the original as not late at the event level
Bug	TECEXT-3916	LOBB-Monthly LA filer-App tells filer that there is no Current Registration.Do they want to file a new REG
Bug	TECEXT-3915	Lobby- Amending a 2018 REG from Annual to Monthly causes a bad activity report prompt
Bug	TECEXT-3914	LOBB annual lobby RTFs are being created with the wrong filer_event_cd
Enhancement -	TECEXT-3913	LOBBY: filing a correction to filer's address needs to be reflected in lobby_client_mashup
Bug	TECEXT-3912	Final Report not saving currently officeholder yes/no regression
Bug	TECEXT-3911	CF-JCOH-Correcting 2014 report-Viewing Contrib list causes system error
Enhancement -	TECEXT-3910	JCOH needs to report error on missing Job Title in contributions/pledges

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Issue Type	Issue key	Summary
Bug	TECEXT-3909	Lobby - Intermittent null pointer exception when starting a new la report
Enhancement	TECEXT-3908	CF reports are automatically filling box 11 on cover sheet
Enhancement	TECEXT-3907	FAM: Background Error Checking shows no email
Bug	TECEXT-3906	Lobby - Cannot start a new LA report
Enhancement	TECEXT-3905	COH SS report doesn't accept upload of pledges
Bug	TECEXT-3904	CF-COH-SS report contribution records are not being copied when starting a 2018 JAN SA report
Enhancement	TECEXT-3903	Set the due date on SS report events to 30 days after report end date
Bug	TECEXT-3902	FAM-Allow a Special Session Event to be edited and saved from the Treeview
Bug	TEC-5023	FAM - Reports with no filer events report is only returning campaign finance reports
Improvement	TEC-5020	Navigator Calls Validation Service
Bug	TEC-5019	Report Validation Page Doesn't Show Progress Message
New Feature	TEC-5018	SinglepartUpload Service File Type Consistency Checks
New Feature	TEC-5016	Report Retrieval Service - Implement Alternate Disk Location
Improvement	TEC-5015	Find And Correct Performance Issues With Error Check
Task	TEC-5014	List Average Report Size In PermanentReport Job Output
Task	TEC-5013	FAM - Late reports report - Make sure that the filer_event.not_required_flag is taken into consideration
Enhancement	TEC-5010	Make Changes To Electronic Payment Pursuant To DIR Changes Effective 8/31/2018
Enhancement	TEC-5005	Use Dovico Enhancement Task-FAM late csv exports don't display properly in excel
Task	TEC-5001	Find And Correct Performance Issues With Lobby Registration Report
Bug	TEC-4996	AMS-Adding PFS Appointments in the Appointments Tab gets errors
Enhancement	TEC-4993	Use Dovico Enhancement Task-Daily Report period covered enhancements
Task	TEC-4992	Use APM tools to examine and address java hotspots in the TEC FAM application
Bug	TEC-4991	PermanentReport Job Not Comitting Often Enough
Improvement	TEC-4990	Fix Inefficiencies In Report Generators
Improvement	TEC-4989	Use Database Views In Report Generators
Improvement	TEC-4988	Modify PermanentReport Job To Start DB Transaction Only When Needed
Bug	TEC-4986	LOBBY-Error using error check link
Bug	TEC-4984	Some TEC Tables Allow Nulls In the Delete_Flag Column
Bug	TEC-4983	Some TEC Tables Allow Nulls In the Update_Oper/Update_User Columns
Task	TEC-4982	Examine dynatrace output to identify if there are any bottlenecks in PDF generation
Bug	TEC-4979	Lobby RTF generator incorrectly creates annual events instead of monthly under certain circumstances
Task	TEC-4978	Recover TEC Changes After Subversion Data Loss
New Feature	TEC-4977	Add Batch Job Group For DB Migration
Bug	TEC-4976	It is possible to get two rows in report_type covered for the same report with the same report_type_cd
Bug	TEC-4974	Lobby - CSV upload - Non Profit reg - Don't allow an entity client without an EIN to be uploaded
Bug	TEC-4972	It is possible to bypass the profile verification page in the filing app
Bug	TEC-4967	Optimistic lock exception when trying to edit a legislative continuance
Bug	TEC-4965	Lobby RTF Generator Job - Get latest filed registration or > 1000 before generating RTFs
Bug	TEC-4964	PFS reports not always linking to existing PFS events
Bug	TEC-4963	Final Reports do not display to the user their previously entered answers
Bug	TEC-4962	Can not file a correction if using the background error check processing
Enhancement	TEC-4960	Use Dovico Enhancement tasks - Update to landing page local filer language
Bug	TEC-4959	GPAC filer gets an error starting report

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Issue Type	Issue key	Summary
Bug	TEC-4958	JCOH - Schedule AJ1 Saving a record as an individual and then changing to an entity does not clear the law firm fields
Bug	TEC-4956	FROM TEC - application allows more characters when adding challenge answers than it will when using them to reset a password
Bug	TEC-4955	Latest version of report makup scripts dont have text annotation rows for annual lobby activity reports
Bug	TEC-4954	Lobby RTF generator - incorrectly creating RTFs for amended 2017 reports when the batch is run in a different year
Enhancement	TEC-4953	Use Dovico Enhancement tasks - PFS uploaded part 10b trustee statement PDF is not included on the perm or scrubbed reports.
Bug	TEC-4952	Monthly lobby filer gets the annual report screen
Bug	TEC-4951	FromTEC- LOBB phone number does not copy when copying clients from another REG
Bug	TEC-4950	Lobby Client Upload is not allowing an Entity to be uploaded for Private Corp/Shareholder
Task	TEC-4949	Implement CodeCheckService Style Methods In CachedLookupService
Bug	TEC-4947	FAM - If i filer files two timely corrections on a late report the filer tree incorrectly shows the original as not late at the event level
Bug	TEC-4945	LOBB-NPE Starting an Activity Report from the missing reports list
Task	TEC-4943	Test and verify the lobby registration December processing to make sure it works correctly
Enhancement	TEC-4942	Use Dovico Enhancement tasks - PFS part 10B Trustee statement - Add the uploaded trustee statement PDF as the last page of the generated PDF
Bug	TEC-4941	CF- Election Date is incorrectly rendering for an A10 report
Bug	TEC-4939	Lobby Activity Cover Backing NPE
New Feature	TEC-4938	Add a new column to xls and SQL generators called root_form_type_cd
Task	TEC-4937	Research Production mode for Angular
Task	TEC-4936	EncryptionUtil Issues
Task	RFDFRMWRK	Provide More Convenient Way To Suspend A Job Schedule
Bug	RFDFRMWRK	Batch Processor Password Change Fails With ull value in column "pbkdf2_iteration_count"
Bug	RFDFRMWRK	Batch Job Elapsed Time Incorrect for AUTOMATIC Jobs
Task	RFDFRMWRK	Change Project References To Nexus
Improvement	RFDFRMWRK	Batch Processor Job Status Page Should Show Elapsed Time With Days As Needed
New Feature	RFDFRMWRK	Add StringUtils method to clean up commas in a string
New Feature	RFDFRMWRK	Add FIRM/REG to list of valid code items in JPA generator
Bug	RFDFRMWRK	Web Service Client Incompatible With Jackson 2

Maintenance and Enhancement Hours

The TEC has spent the following amounts with the vendor (RFD) on maintenance hours for the past 3 years

FY2016: 1,463 hours @ \$110/hr = \$160,930
FY2017: 844 hours @ \$110/hr = \$ 92,840
FY2018: 183.12 hours @ \$125/hr = \$ 22,890 [this is earmarked for Form 1295 only
from appropriated funding in FY18-19]

The Maintenance Contract with RFD:

FY2016: \$339,050

[A discount was negotiated due to the high amount of errors in the code upon release of the new electronic filing and disclosure database system and discounted for a 2 year pre-payment. The vendor had originally specified that the cost would be 18% of the total development cost (\$395,000)].

FY2017: \$351,120

[Same comment as FY2016, but cost higher due to so many bug fixes delivered in FY2016, plus prepaid in 2015].

FY2018-FY2019: \$425,000 per year

[Cost increased due to additional enhancements added to the system, including adding the Form 1295 application to the maintenance agreement]

FY2020-FY2021: \$425,000 per year

If Vendor uses employer vehicles to conduct work on behalf of TEC or a Contracting Entity, Vendor shall provide the insurance coverage listed below.

5) Business Automobile Liability Insurance

Business Automobile Liability Insurance must cover all owned, non-owned, and hired vehicles with a minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. Alternative acceptable limits are \$250,000 bodily injury per person, \$500,000 bodily injury per occurrence, and at least \$100,000 property damage liability per accident. The policy shall contain the following endorsements in favor of TEC and/or Contracting Entity:

- a) Waiver of Subrogation;
- b) 30-day Notice of Termination; and
- c) Additional Insured.

7. Pricing / Invoicing / Payments – TEC Contracting Entity

Full invoicing requirements will be provided to the Vendor by TEC upon commencement of the Contract. In addition, the following invoicing requirements shall also apply. TEC will not make payment on any invoice containing omissions or errors.

7.1 Pricing

Pricing for the TEC Contracting Entity for maintenance services based on the maintenance scope described in Section 5.1 is \$425,000 per 2018 and 2019 fiscal contract year. The payment schedule is as follows:

Pricing Details

Fiscal Year	Included Hours for Changes under Section 5.4	Payment Schedule
FY2017 8/24/2017-8/31/2017	0	\$200,000.00
FY2018 9/1/2017-8/31/2018	1250	\$325,000.00
FY2019 9/1/2018-8/31/2019	1250	\$325,000.00
TOTAL	2500	\$850,000.00

TEC has the option to purchase additional hours for changes under Section 5.4 *Source Code Changes and Modifications* from the Vendor at a blended hourly rate of \$125/hour on an as needed basis.

7.2 Invoicing

The Vendor may submit annual invoices to TEC as defined in the above *Pricing Details* table. TEC may choose to make advance payments. In the event that TEC chooses to make an

Seana Willing - Fwd: Replace Network Switches: Pricing for LAR Budget Hearing Notebook

From: Cristina Hernandez
To: Seana Willing
Date: 8/24/2018 4:04 PM
Subject: Fwd: Replace Network Switches: Pricing for LAR Budget Hearing Notebook
Attachments: Q-70218-3850.xlsx; Q-70218-9300.xlsx

Here are the quotes for the Switches.

Cristina Hernandez, CTPM
 Director of Finance and Administration
 Texas Ethics Commission
 Voice: [\(512\) 463-5784](tel:5124635784)
 Fax: [\(512\) 463-5777](tel:5124635777)

>>> Jessie Haug 8/24/2018 2:25 PM >>>

>>> "Martin, Jerry" <Jerry.Martin@Insight.com> 7/13/2018 5:02 PM >>>

Jessie,

The attached comparative quotes include the requested three years of maintenance. Given the longevity required before your next replacement, you may want to consider the 9300 series. We do not have information on the life of the 3850's and they are very solid. However, I would hate for you to put something in and then find out they are being EOL in a short period. Also, as we discussed, the 9300's are priced similarly, as a promotional opportunity at the current time. If that changes, we'll sure try to keep you informed.

The estimated services pricing to decommission your current switches and install the new ones is say \$2,685. That includes consolidating from the 7 smaller switches to 4 new ones.. We did not include bring the firewalls in-line with that estimate.

Please don't hesitate to let us know if you have questions or need more information. Thank you for giving us an opportunity to provide this information!

Sincerely,
Jerry



Jerry Martin | Sr. Account Executive | Insight Public Sector
 t. 512.691.2015 | c. 512.750.6051 | jerry.martin@insight.com | ips.insight.com

Insight Public Sector
 6820 South Harl Avenue
 Tempe, A 85283

Sales Rep : Jerry Martin
 Phone: 512-750-6051
jerry.martin@insight.com

Sales Solution Rep: Nichole David
 Phone: 512-691-2008
 Fax: 512-691-9480
nichole.david@insight.com



Sales Quote: **Q-70218-9300**
 Date: **7/13/2018**
 Buyer: **Jessie Haug**
 Name: **Texas Ethics Commission**
 Phone:
 Email:

DIR Contract# DIR-TSO-4167

Part Number	Description	Quantity	List Price	Discount	Unit Price	Extended Price
C9300-48P-E	Catalyst 9300 48-port PoE+, Network Essentials	4	\$ 9,490.00	36.00%	\$ 6,073.60	\$ 24,294.40
CON-SNTP-C93004PE	SNTP-24X7X4 Catalyst 9300 48-port PoE+, Network- 3 years	4	\$ 8,613.00	18.00%	\$ 7,062.66	\$ 28,250.64
C9300-NW-E-48	C9300 Network Essentials, 48-port license	4	\$ -	36.00%	\$ -	\$ -
S9300UK9-168	UNIVERSAL	4	\$ -	36.00%	\$ -	\$ -
PWR-C1-715WAC	715W AC Config 1 Power Supply	4	\$ -	36.00%	\$ -	\$ -
C9300-SPS-NONE	No Secondary Power Supply Selected	4	\$ -	36.00%	\$ -	\$ -
CAB-TA-NA	North America AC Type A Power Cable	4	\$ -	36.00%	\$ -	\$ -
STACK-T1-50CM	50CM Type 1 Stacking Cable	4	\$ 100.00	36.00%	\$ 64.00	\$ 256.00
CAB-SPWR-30CM	Catalyst Stack Power Cable 30 CM	4	\$ 95.00	36.00%	\$ 60.80	\$ 243.20
PWR-C1-BLANK	Config 1 Power Supply Blank	4	\$ -	36.00%	\$ -	\$ -
C9300-DNA-E-48	C9300 DNA Essentials, 48-Port Term Licenses	4	\$ -	36.00%	\$ -	\$ -
C9300-DNA-E-48-3Y	C9300 DNA Essentials, 48-port - 3 Year Term License	4	\$ 1,120.00	36.00%	\$ 716.80	\$ 2,867.20
C9300-NM-NONE	No Network Module Selected	4	\$ -	36.00%	\$ -	\$ -
NM-BLANK-T1	Cisco Catalyst Type 1 Network Module Blank	4	\$ -	36.00%	\$ -	\$ -
C9300-NM-8X=	Catalyst 9300 8 x 10GE Network Module, spare	2	\$ 2,550.00	36.00%	\$ 1,632.00	\$ 3,264.00
SFP-10G-SR=	10GBASE-SR SFP Module	4	\$ 995.00	36.00%	\$ 636.80	\$ 2,547.20

Sales Quote is valid for 30 days

TOTAL \$ 61,722.64

TERMS AND CONDITIONS

Transaction is governed by the applicable contract between Insight Public Sector and the Texas Department of Information Resources Pursuant to that contract, the warranties and disclaimers located at the following URL apply to this transaction: www.insight.com/pages/legal.web# The above referenced contract and warranties and disclaimers are hereby incorporated herein by this reference. INSIGHT PUBLIC SECTOR SPECIFICALLY OBJECTS TO ANY ADDITIONAL TERMS BEING ADDED THROUGH A PURCHASE ORDER OR OTHER SIMILAR DOCUMENT OR COMMUNICATION. BY ORDERING ANY OF THE ITEMS IDENTIFIED HEREIN, CUSTOMER AGREES THAT ANY ADDITIONAL TERMS CONTAINED IN A PURCHASE ORDER SHALL NOT BECOME PART OF THE AGREEMENT BETWEEN THE PARTIES AND SPECIFICALLY THAT THE TERMS AND CONDITIONS CONTAINED HEREIN OR INCORPORATED HEREIN BY REFERENCE SHALL SUPERSEDE ANY CONFLICTING, CONTRARY, OR ADDITIONAL TERMS AND CONDITIONS IN A PURCHASE ORDER.

Insight Public Sector
 6820 South Harl Avenue
 Tempe, A 85283

Sales Rep : Jerry Martin
 Phone: 512-750-6051
 jerry.martin@insight.com

Sales Solution Rep: Nichole David
 Phone: 512-691-2008
 Fax: 512-691-9480
 nichole.david@insight.com



Sales Quote: **Q-70218-3850**
 Date: **7/13/2018**
 Buyer: **Jessie Haug**
 Name: **Texas Ethics Commission**
 Phone:
 Email:

DIR Contract# DIR-TSO-4167

Part Number	Description	Quantity	List Price	Discount	Unit Price	Extended Price
WS-C3850-48P-L	Cisco Catalyst 3850 48 Port PoE LAN Base	4	\$ 10,610.00	36.00%	\$ 6,790.40	\$ 27,161.60
CON-SNTP-WSC388PL	SNTP-24X7X4 Cisco Catalyst 3850 48 Port PoE LAN Base- 3 Years	4	\$ 9,621.00	18.00%	\$ 7,889.22	\$ 31,556.88
S3850UK9-166	UNIVERSAL	4	\$ -	36.00%	\$ -	\$ -
CAB-TA-NA	North America AC Type A Power Cable	4	\$ -	36.00%	\$ -	\$ -
STACK-T1-50CM	50CM Type 1 Stacking Cable	4	\$ 100.00	36.00%	\$ 64.00	\$ 256.00
CAB-SPWR-30CM	Catalyst Stack Power Cable 30 CM	4	\$ 95.00	36.00%	\$ 60.80	\$ 243.20
PWR-C1-BLANK	Config 1 Power Supply Blank	4	\$ -	36.00%	\$ -	\$ -
PWR-C1-715WAC	715W AC Config 1 Power Supply	4	\$ -	36.00%	\$ -	\$ -
C3850-NM-BLANK	Cisco Catalyst 3850 Network Module Blank	4	\$ -	36.00%	\$ -	\$ -
C3850-NM-2-10G=	Cisco Catalyst 3850 2 x 10GE Network Module	2	\$ 2,550.00	36.00%	\$ 1,632.00	\$ 3,264.00
SFP-10G-SR=	10GBASE-SR SFP Module	4	\$ 995.00	36.00%	\$ 636.80	\$ 2,547.20

Sales Quote is valid for 30 days

TOTAL \$ 65,028.88

TERMS AND CONDITIONS

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 The above referenced contract and warranties and disclaimers are hereby incorporated herein by this reference.
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Seana Willing - Fwd: WingSwept--Pricing

From: Cristina Hernandez
To: Seana Willing
Date: 8/24/2018 4:05 PM
Subject: Fwd: WingSwept--Pricing
Attachments: Current Commercial Price List 11282017.pdf

Cristina Hernandez, CTPM
Director of Finance and Administration
Texas Ethics Commission
Voice: [\(512\) 463-5784](tel:5124635784)
Fax: [\(512\) 463-5777](tel:5124635777)

>>> Jessie Haug 8/24/2018 2:16 PM >>>
This is for the budget hearing notebook.

>>> Kevin Doepp <kevin.doepp@wingswept.com> 4/11/2018 3:48 PM >>>
Jessie,

Thanks again to you and your colleagues for taking part in our demo today. We appreciate your time and interest. I wanted to provide you with the pricing you mentioned. I'm attaching the pricing sheet for your reference and am also computing the approximate total for you. Pricing usually increases in late Aug/early September so this cost would be higher if we surpass that time.

For the 1-15 user band for the base licenses, QuickStart (onboarding), end user onsite training (and travel costs), annual maintenance (with 20 support incidents), and cloud server setup and hosting, first year cost would be about \$57K. The hosting is not listed on the pricing sheet. Those costs are \$3,000.00 server setup and \$1,000.00 monthly server hosting. Annual recurring costs would be the monthly hosting and the annual maintenance.

I hope this information helps. Please let me know if you have further questions or needs.

Thanks and have a great day!

Best regards,

Kevin

Kevin Doepp
Government Account Executive
CMTS (Case Management & Tracking System)
WingSwept
kevin.doepp@wingswept.com
[919-600-5102](tel:9196005102)
<https://securecasemanagement.com/>

"If it was easy everyone would do it. It's the hard which makes it great."



CMTS

Case Management & Tracking System

Commercial Pricing
(Effective November 28, 2017)

1. Base Perpetual License

The Base Perpetual License price represents the cost of CMTS for a one-time perpetual license.

- Establishes user access to CMTS
- Covers a set number of users for a single organization/install
- Allows for up to one install for failover/COOP purposes

Base License	Price
1-15 Users	\$20,580.04
16-30 Users	\$25,920.66
31-50 Users	\$32,666.72
51-75 Users	\$42,036.23
76-100 Users	\$49,531.84

2. QuickStart Implementation

Remote implementation which allows our experienced staff to install CMTS with initial technical support, including configuration.

- Provides your organization with everything it needs to manage cases consistently and comprehensively.
- Includes our consulting expertise to ensure a smooth transition & implementation that meets or exceeds your organizational needs from day one.

QuickStart Imp	Price
1-15 Users	\$6,533.35
16-30 Users	\$8,820.00
31-50 Users	\$11,025.00
51-75 Users	\$16,537.50
76-100 Users	\$19,293.75



Schedule a free demo:

Call **919.600.5102** or



email **cmts@wingswept.com**

3. Training Support

CMTS Training ensures that all users of CMTS are ready to use the system to its full potential.

- Provides users' with a thorough understanding of software functionality.
- Offered either by remote web-conferencing (up to 8 hours) or by a single day, on-site event at your location.

Training Support	Price
Remote Web-Conference	\$1,707.03
On-site	\$3,430.01*

*Additional travel costs may apply based on location

4. Annual Maintenance Support Agreement

Includes system upgrades providing new software features as well as CMTS support.

- Annual maintenance support cost is based on the number of users and support incidents selected.

Maintenance	10 Incidents	20 Incidents	30 Incidents
1-15 Users	\$5,026.44	\$7,213.20	\$8,765.40
16-30 Users	\$7,615.20	\$9,316.92	\$11,383.32
31-50 Users	\$9,572.16	\$11,699.28	\$14,282.28
51-75 Users	N/A	\$14,606.40	\$17,705.88
76-100 Users	N/A	N/A	\$20,754.84

For agencies with more than 100 users, call **919.600.5102** or email **cmts@wingswept.com** for a pricing addendum.

Cost Savings for Case Management System

Calculating the 3-year average cost of paper and postage, the TEC anticipates the following cost savings with a Case Management System, as well as by going to a paperless office environment and utilizing electronic transmission instead of mail.

On average, the TEC spends \$22,344 on paper and postage. This would almost cover the cost of the CMS annual license over the biennium.

The TEC also anticipates a 25% increase in productivity among legal staff, which is included in the cost savings measure as a percentage of salaries.

A Case Management System would provide the TEC with the following anticipated cost savings and productivity benefits in FY 2020-FY2021:

Paper and Postage Savings:	\$ 44,688
Staff Productivity Gains:	\$ 409,416

TOTAL BENEFITS:	\$ 454,103

TEXAS ETHICS COMMISSION

Ethics Trainings: Cost Comparison

Training	Registered	Attended	% Did Not Attend	Location Cost*	Staff Travel	Materials Cost **	Total
11-14-13 El Paso	175	150	14.29%	\$1,235.24	\$6,327.71	unknown	\$7,562.95 (\$50/person)
1-23-15 San Antonio	236	193	18.22%	\$10,330.14	\$3,124.72	\$3,024.00	\$16,479 (\$85/person)
April – September 2015 (25 two hour local trainings)	763	523	31.45%				
1-29-16 San Antonio	291	232	20.27%	\$11,175.19	\$3,885.98	\$3,780.00	\$18,841 (\$81/person)
7-8-16 Lewisville	228	151	33.77%	\$2,431.00	\$4,268.45	\$2,530.00	\$9,229 (\$61/person)
1-6-17 Austin (two ½ day legislative trainings)	133	69	48%	\$0	\$0	\$1,162.50	\$1,162.50
10-20-17 Houston	240	172	28.4%	\$3,232.00	\$3,812.46	\$2,867.50	\$9,911.96 (\$58/person)
11-30-17 Laredo (½ day training)	114	110	3.5%	\$0	\$240	\$1,860.00	\$2,100.00 (\$19/person)

* - includes venue, insurance and audio/visual costs, and food if applicable

** - estimate; does not include cost of folders

FY 2017 - (8)

Employee & Position #	Date Hired	Date terminated	Years of Service
Anderson, Allicia 13003602	1/1/2016	6/22/2017	1yr 5 mos
Ashley, Natalia 13002102	9/26/1994	12/31/2016	22 yrs 3 mos
Delgado, Rebecca	7/5/2016	9/27/2016	3 mos
Douglas (Miller), Robbie 13001143	9/5/2000	4/30/2017	16 yrs 7 mos
Gregorczyk, Lauren 13003608	12/28/2015	10/14/2016	10 mos
Hontanosas, Ferjie R. 13003615	9/12/2016	7/14/2017	10 mos
Moore, John D. 13031401	1/15/2014	3/31/2017	3 yrs 2 mos
Rannefeld, William 13007611	4/13/2016	12/13/2016	8 mos

FY 2018 (10)

Employee & Position #	Date Hired	Date terminated	Years of Service
Abdullah-Levy, Anitra 13003158	11/1/2014	11/30/2017	3 yrs
Bennett, Ronald	5/15/2017	11/7/2017	6 mos
Gonzales, Michelle 13001614	5/16/2016	12/17/2017	1 yr 7 mos
Griggs, Jennifer 13001613	5/9/2016	2/28/2018	1yr 9 mos
Haley, Lucas 13007605	1/1/2016	1/26/2018	2 yrs
Hurtado, Jessica 13003154	5/26/2014	10/15/2017	3 yrs 5 mos
Anandan, Kavitha 13007606	1/1/2016	3/9/2018	2 yrs 2 mos
Ruby, Christopher 13801029	7/8/1996	8/31/2018	22 yrs 1 mo
Subash, Sonya	10/1/2017	7/15/2018	9 mos
Taylan, Aylin 13001616	10/3/2016	3/20/2018	1 yr 5 moe

FY 2019

Employee & Position #	Date Hired	Date terminated	Years of Service
Barden (Simms), Amy 13031042	1/1/1992	10/31/2018	26 yrs 9 mos
Levy, Becky	3/1/1996	11/30/2018	22 yrs 1 mo
			7 month break in between

Termed Employees

FY 2015-2018

Year	Number Termed	# Invol Sep	Invol Turnover Rate	# Vol Sep	Vol Turnover Rate	# Retired	Retired Turnover Rate	Avg Annual Headcount	TI Seperation	TI Avg Turnover rate
2015	9.00	2.00	6.8%	2.00	6.8%	3.00	10.2%	29.50	7.00	23.7%
2016	11.00	2.00	6.5%	7.00	22.6%	2.00	6.5%	31.00	11.00	35.5%
2017	8.00	0.00	0.0%	5.00	16.9%	2.00	6.8%	29.50	7.00	23.7%
2018	11.00	1.00	3.8%	9.00	34.1%	1.00	3.8%	26.40	11.00	41.7%
<hr/>										
67.00										

BY Division

DFS

Year	Number Termed	# Invol Sep	Invol Turnover Rate	# Vol Sep	Vol Turnover Rate	# Retired	Retired Turnover Rate	Avg Annual Headcount	TI Seperation	TI Avg Turnover rate
2015	2	0	0.0%	1	12.8%	1	12.8%	7.8	2	25.6%
2016	7	1	14.3%	5	71.4%	1	14.3%	7	7	100.0%
2017	2	0	0.0%	1	16.1%	1	16.1%	6.2	2	32.3%
2018	5	1	17.9%	4	71.4%	0	0.0%	5.6	5	89.3%

Legal

2015	4	1	8.80%	3	26.50%	0	0.00%	11.3	4	35.40%
2016	2	0	0.00%	1	7.90%	0	0.00%	12.6	2 (1-Death)	15.90%
2017	4	0	0.00%	3	23.80%	1	7.90%	12.6	4	31.70%
2018	3	0	0.00%	3	25.90%	0	0.00%	11.6	3	25.90%

Information Resources

2015	3	0	0.0%	2	31.3%	1	15.6%	6.4	3	46.9%
2016	1	0	0.0%	1	16.1%	0	0.0%	6.2	1	16.1%
2017	1	0	0.0%	1	17.2%	0	0.0%	5.8	1	17.2%
2018	3	0	0.0%	2	38.5%	1	19.2%	5.2	3	57.7%

Administration

2015	0	0	0.0%	0	0.0%	0	0.0%	4	0	0.0%
2016	1	0	0.0%	0	0.0%	1	25.6%	3.9	1	25.6%
2017	1	0	0.0%	0	0.0%	1	25.0%	4	1	25.0%
2018	0	0	0.0%	0	0.0%	0	0.0%	4	0	0.0%

TEC Staff Sal / Comparison

ALL TEC STAFF

Title	Agency	Current Compensation	State Average	Difference %	Salary Adjustment (8/1/18)	LAR Salary Adjustment
Legal Assistant II	Texas Ethics Commission	\$42,244	\$43,090.00	(\$846.00)		
Legal Assistant IV	Texas Ethics Commission	\$72,170	\$61,857.00	\$10,313.00		
Director IV	Texas Ethics Commission	\$110,000	\$129,312.00	(\$19,312.00)		
Administrative Asst III	Texas Ethics Commission	\$20,800	\$35,690.00	(\$14,890.00)		
Auditor III	Texas Ethics Commission	\$51,750	\$62,694.00	(\$10,944.00)		
Programmer I	Texas Ethics Commission	\$43,000	\$52,325.00	(\$9,325.00)		
Programmer IV	Texas Ethics Commission	\$68,777	\$73,814.00	(\$5,037.00)		
Director II	Texas Ethics Commission	\$83,475	\$102,631.00	(\$19,156.00)		
Administrative Asst II	Texas Ethics Commission	\$34,500	\$38,198.00	(\$3,698.00)		
Attorney I	Texas Ethics Commission	\$50,000	\$74,257.00	(\$24,257.00)		
General Counsel	Texas Ethics Commission	\$118,387	\$123,263.00	(\$4,876.00)		
Attorney IV	Texas Ethics Commission	\$72,467	\$86,169.00	(\$13,702.00)		
Director IV	Texas Ethics Commission	\$110,000	\$129,312.00	(\$19,312.00)		
Systems Support Specialist IV	Texas Ethics Commission	\$52,807	\$51,324.00	\$1,483.00		
Attorney II	Texas Ethics Commission	\$51,750	\$82,260.00	(\$30,510.00)		
Program Specialist I	Texas Ethics Commission	\$40,000	\$43,406.00	(\$3,406.00)		
Administrative Asst II	Texas Ethics Commission	\$34,500	\$38,198.00	(\$3,698.00)		
Staff Svcs Offer I	Texas Ethics Commission	\$47,105	\$45,361.00	\$1,744.00		
Administrative Asst II	Texas Ethics Commission	\$32,517	\$38,198.00	(\$5,681.00)		
Legal Secretary V	Texas Ethics Commission	\$51,032	\$53,350.00	(\$2,318.00)		
Administrative Asst III	Texas Ethics Commission	\$38,374	\$35,690.00	\$2,684.00		
Attorney IV	Texas Ethics Commission	\$90,000	\$86,169.00	\$3,831.00		
Programmer V	Texas Ethics Commission	\$74,135	\$84,862.00	(\$10,727.00)		
Legal Assistant IV	Texas Ethics Commission	\$50,948	\$61,857.00	(\$10,909.00)		
Executive Director	Texas Ethics Commission	\$133,463	\$142,135.00	(\$8,672.00)		
Attorney I	Texas Ethics Commission	\$50,000	\$74,257.00	(\$24,257.00)		
Program Supervisor II	Texas Ethics Commission	\$50,000	\$48,573.00	\$1,427.00		
		\$1,674,201	\$1,898,252	(\$224,051) 13.38%		
Total shortage to be competitive with median (Resource Texas Tribune)				(\$317,457)		
Retention Amount Requested (per year) for FY 20-21 (9/1/19-8/31/21)				\$161,861.00		
Per Year Increase in Exempt Salaries for FY 20-21 (9/1/19-8/31/21)				\$13,548.00		

TEC Staff Salary Comparison

INFORMATION RESOURCES

Title	Department	Current Compensation	State Avg	Difference		
Director IV	Texas Ethics Commission	\$110,000	\$129,312.00	(\$19,312.00)	\$115,000.00	\$14,312.00
Programmer I	Texas Ethics Commission	\$43,000	\$52,325.00	(\$9,325.00)	\$47,300.00	\$5,025.00
Programmer IV	Texas Ethics Commission	\$68,777	\$73,814.00	(\$5,037.00)	\$68,777.00	\$5,037.00
Programmer V	Texas Ethics Commission	\$74,135	\$84,862.00	(\$10,727.00)	\$74,135.00	\$10,727.00
Systems Support Specialist IV	Texas Ethics Commission	\$52,807	\$51,324.00	\$1,483.00	\$52,807.00	
						(\$1,483.00)
		\$348,719	\$391,637	(\$42,918)	12.31%	\$35,101.00

ATTORNEYS

Title	Department	Current Compensation	State Avg	Difference		
Attorney I	Texas Ethics Commission	\$50,000	\$74,257.00	(\$24,257.00)	48.51% \$60,000.00	\$14,257.00
Attorney I	Texas Ethics Commission	\$50,000	\$74,257.00	(\$24,257.00)	48.51% \$60,000.00	\$14,257.00
Attorney II	Texas Ethics Commission	\$51,750	\$82,260.00	(\$30,510.00)	58.96% \$60,000.00	\$22,260.00
Attorney IV	Texas Ethics Commission	\$72,467	\$86,169.00	(\$13,702.00)	18.91% \$80,000.00	\$6,169.00
Attorney IV	Texas Ethics Commission	\$90,000	\$86,169.00	\$3,831.00	-4.26% \$90,000.00	(\$3,831.00)
Director IV	Texas Ethics Commission	\$110,000	\$129,312.00	(\$19,312.00)	17.56% \$115,000.00	\$14,312.00
		\$424,217	\$532,424	(\$108,207)	25.51%	\$71,255.00

EXEMPT POSITIONS

Title	Department	Current Compensation	State Avg	Difference		
Executive Director	Texas Ethics Commission	\$133,463	\$142,135.00	(\$8,672.00)	\$133,463.00	\$8,672.00
General Counsel	Texas Ethics Commission	\$118,387	\$123,263.00	(\$4,876.00)	\$118,387.00	\$4,876.00
		\$251,850	\$265,398	(\$13,548)	5.38%	\$13,548.00

LEGAL ADMINISTRATIVE STAFF

Title	Department	Current Compensation	State Avg	Difference		
Administrative Asst III	Texas Ethics Commission	\$20,800	\$35,690.00	(\$14,890.00)	\$20,800.00	\$14,890.00
Auditor III	Texas Ethics Commission	\$51,750	\$62,694.00	(\$10,944.00)	\$57,000.00	\$5,694.00
Legal Assistant II	Texas Ethics Commission	\$42,244	\$43,090.00	(\$846.00)	\$43,090.00	\$0.00
Legal Assistant IV	Texas Ethics Commission	\$50,948	\$61,857.00	(\$10,909.00)	\$50,948.00	\$10,909.00
Legal Assistant IV	Texas Ethics Commission	\$72,170	\$61,857.00	\$10,313.00	\$56,000.00	\$5,857.00
Legal Secretary V	Texas Ethics Commission	\$51,032	\$53,350.00	(\$2,318.00)	\$51,032.00	\$2,318.00

TEC Staff Salary Comparison

Investigator	Texas Ethics Commission	\$0				
		\$288,944	\$318,538	(\$29,594)	10.24%	\$39,668.00

CENTRAL ADMINISTRATION

Title	Department	Current Compensation	State Avg	Difference		
Administrative Asst II	Texas Ethics Commission	\$32,517	\$38,198.00	(\$5,681.00)	\$32,517.00	\$5,681.00
Director II	Texas Ethics Commission	\$83,475	\$102,631.00	(\$19,156.00)	22.95% \$92,475.00	\$10,156.00
Staff Svcs Offer I	Texas Ethics Commission	\$47,105	\$45,361.00	\$1,744.00	\$47,105.00	(\$1,744.00)
		\$163,097	\$186,190	(\$23,093)	14.16%	\$15,837.00

DISCLOSURE FILINGS

Title	Department	Current Compensation	State Avg	Difference		
Administrative Asst II	Texas Ethics Commission	\$34,500	\$38,198.00	(\$3,698.00)	\$38,198.00	\$0.00
Administrative Asst II	Texas Ethics Commission	\$34,500	\$38,198.00	(\$3,698.00)	\$38,198.00	\$0.00
Administrative Asst III	Texas Ethics Commission	\$38,374	\$35,690.00	\$2,684.00	\$38,374.00	(\$2,684.00)
Program Specialist I	Texas Ethics Commission	\$40,000	\$43,406.00	(\$3,406.00)	\$43,406.00	\$0.00
Program Supervisor II	Texas Ethics Commission	\$50,000	\$48,573.00	\$1,427.00	\$50,000.00	(\$1,427.00)
Director I	Texas Ethics Commission	\$0	\$93,406.00	(\$93,406.00)		
Staff Services Officer I	Texas Ethics Commission	\$0	\$45,361.00	(\$45,361.00)		
		\$197,374	\$342,832	(\$145,458)	3.39%	(\$4,111.00)

Total shortage to be competitive with median **(\$362,818)**

Staff Retention exceptional item requested per year \$161,861.00

Executive increase exceptional item requested per year \$13,548.00

General Counsel Salary Comparison

<u>Title</u>	<u>Entity</u>	<u>Department</u>	<u>Compensation</u>
<u>General Counsel</u>	<u>State Comptroller Payroll</u>	<u>Texas Ethics Commission</u>	\$118,387
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$118,900
<u>General Counsel III</u>	<u>State Comptroller Payroll</u>	<u>Texas Education Agency</u>	\$119,775
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Texas Department of Criminal Justice</u>	\$119,861
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Department of Family and Protective Services</u>	\$120,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$120,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Department of Licensing and Regulation</u>	\$120,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Department of Public Safety</u>	\$120,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$120,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Fifth Court of Appeals District</u>	\$120,615
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$120,818
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Supreme Court of Texas</u>	\$124,025
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Ct Crim Appeals</u>	\$124,025
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$125,114
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Texas Public Finance Authority</u>	\$126,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Real Estate Commission</u>	\$126,300

General Counsel Salary Comparison

<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Office of the Governor</u>	\$127,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Texas Workforce Commission</u>	\$127,500
<u>General Counsel</u>	<u>State Comptroller Payroll</u>	<u>Texas Legislative Council</u>	\$128,102
<u>General Counsel</u>	<u>State Comptroller Payroll</u>	<u>State Auditor's Office</u>	\$128,400
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$128,400
<u>General Counsel III</u>	<u>State Comptroller Payroll</u>	<u>Alcoholic Beverage Commission</u>	\$128,500
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$130,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Board of Pharmacy</u>	\$130,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$130,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Public Utility Commission of Texas</u>	\$130,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Public Utility Commission of Texas</u>	\$130,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Treasury Safekeeping Trust Company</u>	\$130,008
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$130,059
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$132,085
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Board of Nurse Examiners</u>	\$133,418

General Counsel Salary Comparison

<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Department of Public Safety</u>	\$133,991
<u>General Counsel</u>	<u>Midwestern State University</u>	<u>General Counsel</u>	\$134,278
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Texas Juvenile Justice Department</u>	\$135,390
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Consumer Credit Commission</u>	\$135,812
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Office of Court Administration</u>	\$136,527
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Department of Licensing and Regulation</u>	\$137,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Texas Commission on Environmental Quality</u>	\$137,350
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Texas Department of Motor Vehicles</u>	\$138,529
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Railroad Commission</u>	\$139,050
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Teacher Retirement System</u>	\$139,300
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>State Office of Administrative Hearings</u>	\$140,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Water Development Board</u>	\$140,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Texas Department of Insurance</u>	\$140,004
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$140,227
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$140,672

General Counsel Salary Comparison

<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$141,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$141,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$142,000
<u>General Admin Counsel- Juv District Crt</u>	<u>Bexar County</u>	<u>District Courts-Juvenile</u>	\$142,788
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Department of Housing and Community Affairs</u>	\$146,259
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$147,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Department of Banking</u>	\$147,422
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Texas Department of Insurance</u>	\$147,500
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Board of Public Accountancy</u>	\$147,649
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$147,762
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Securities Board</u>	\$148,688
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Real Estate Commission</u>	\$152,100
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Teacher Retirement System</u>	\$155,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Teacher Retirement System</u>	\$155,000
<u>General Counsel IV</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$155,000

General Counsel Payroll Comparison

<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Alcoholic Beverage Commission</u>	\$155,000
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Alcoholic Beverage Commission</u>	\$155,000
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Texas Workforce Commission</u>	\$155,000
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Texas Workforce Commission</u>	\$155,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Treasury Safekeeping Trust Company</u>	\$156,168
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Texas Department of Criminal Justice</u>	\$156,267
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Teacher Retirement System</u>	\$157,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Teacher Retirement System</u>	\$157,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Savings and Loan Department</u>	\$157,320
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$159,670
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$165,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$165,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$165,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Department of Public Safety</u>	\$165,137
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Department of Public Safety</u>	\$165,137

General Counsel Salary Comparison

<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Comptroller of Public Accounts</u>	\$166,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Texas Department of Transportation</u>	\$168,629
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Department of Information Resources</u>	\$169,401
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Texas Education Agency</u>	\$172,500
<u>General Counsel</u>	<u>State Comptroller Payroll</u>	<u>Texas Higher Education Coordinating Board</u>	\$178,225
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Health and Human Services Commission</u>	\$179,375
<u>General Counsel</u>	<u>Dallas ISD</u>	<u>Legal Services</u>	\$179,772
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$180,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$180,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$180,000
<u>General Counsel V</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$180,000
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Teacher Retirement System</u>	\$183,000
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Employees Retirement System</u>	\$193,650
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Department of Public Safety</u>	\$198,164
<u>General Counsel VI</u>	<u>State Comptroller Payroll</u>	<u>Texas Lottery Commission</u>	\$207,960
		Total	\$13,096,965
		Average	\$145,522

Chair
Robert D. Thomas

Commissioners
William Allensworth
Steve Alvis
Patti C. Jones
Mike Novak
Rigoberto Villarreal



Interim Executive Director
John S. Raff, P.E.

Mailing address:
P. O. Box 13047
Austin, TX 78711-3047
(512) 463-3446
www.tfc.state.tx.us

June 13, 2018

Cristina Hernandez
Texas Ethics Commission
Sam Houston Building
201 East 14th Street
Austin, TX

Re: Install new card readers with hardware on four doors located on the 10th floor.
Install new S2 control panel power supply, with 20 amp/20 volt dedicated circuit in 10th floor telephone room.

Dear Cristina Hernandez,

Texas Facilities Commission's Minor Construction Department is in receipt of your Portal Request 20821 as of May 7, 2018. Minor Construction is looking forward to working with you on your project. The estimated cost of the project will be **\$49,440.02**, see Attachment A.

Your Work Order Number for this project is 639189. We have an experienced team that will be devoted to providing you with a quality result. Following is information about the Minor Construction team member who will be working with you.

Teionne Woods has been assigned as the Project Manager. Teionne may be contacted by phone at 512-463-4202, by cell phone at 512-215-1935 or by e-mail at teionne.woods@tfc.state.tx.us.

We've included a Maintenance Approval Letter (MLA) for review and signature.

I trust the above information provides you with the contacts you may need when making any inquiries during this project. Please feel free to contact me directly as I am always interested in hearing from you and knowing about the quality of our work and performance. Upon review and approval, please have the original signed and return signed original to my attention at the address listed here, or scan and send to my email address below.

Texas Facilities Commission
Attn: Nathania Morehead
Minor Construction – Room 140
1711 San Jacinto Boulevard
Austin, Texas 78701

Sincerely,

Nathania Morehead
Minor Construction
Tel: (512) 475-2461
Cell: (512) 851-7563
Fax: 512-236-6178
E-mail: nathania.morehead@tfc.state.tx.us

**MAINTENANCE LETTER AGREEMENT
BETWEEN
THE TEXAS FACILITIES COMMISSION
AND THE
TEXAS ETHICS COMMISSION (356)**

WHEREAS, the Texas Facilities Commission (TFC) is the State agency with a primary responsibility for maintenance and repair of State buildings, grounds, and property; and

WHEREAS, the Texas Ethics Commission (ETHICS) has requested the TFC provide an estimate for a proposed project through Work Order No. 639189 / Portal Request No. 20821 and TFC has reviewed the request and proposes a preliminary estimated budgetary amount of Forty-Nine Thousand Four Hundred Forty and 02/100 Dollars (\$49,440.02).

NOW, THEREFORE, pursuant to the Interagency Cooperation Act, Chapter 771, Texas Government Code, and in consideration of the mutual agreements contained herein, the parties agree as follows:

1. The proposed amount of the project requested under Work Order No. 639189 / Portal Request No. 20821 is Forty-Nine Thousand Four Hundred Forty and 02/100 Dollars (\$49,440.02); and is as further described on the detailed budget attached hereto and incorporated herein as Attachment A. The proposed amount is based on information provided to TFC by ETHICS and shall remain valid for a period of thirty (30) days from the date of Texas Facilities Commission's letter, June 13, 2018. Failure to approve this work order estimate within thirty (30) days shall render this estimated budget amount null and void, and will result in the work order being closed.
2. If the work order estimate provided above is under Fifty Thousand and No/100 Dollars (\$50,000.00), then this letter agreement may serve as the agreement between the parties, upon execution by Texas Facilities Commission, to move forward with the project. If the estimate provided is over Fifty Thousand and No/100 Dollars (\$50,000.00), then execution of an interagency cooperation contract between the parties shall be required; however, Texas Ethics Commission may request the issuance of an interagency cooperation contract for work proposed under Fifty Thousand and No/100 Dollars (\$50,000.00).
3. Expenses will be based on the actual costs of the work for the Project. Services may include but not be limited to services required for research, pricing, estimate gathering, construction document development, and bid monitoring, coordination and evaluation services commenced by TFC as of the date of this portal request. In addition, if the scope of work changes upon agreement by TFC and ETHICS, the estimated budget amount may change. An Interagency Transaction Voucher or Invoice (ITV) for the completed services will be prepared by TFC and Texas Ethics Commission shall reimburse TFC within thirty (30) days from receipt of ITV or invoice.
4. Pursuant to Rider 15 entitled *Capital Construction on Behalf of State Agencies* for TFC found in the GAA, Acts 2017, S.B. 1, 85th Leg., R.S., art. I (Facilities Commission), any capital items related to construction of buildings and facilities including minor construction projects greater than \$250,000 performed by TFC on behalf of other state agencies do not apply to TFC for the purpose of the capital budget rider limitations specified in the GAA, Acts 2017, S.B. 1, 85th Leg., R.S., art. IX, sec. 14.03. By signing this Contract, Texas Ethics Commission certifies it has the requisite capital budget authority to fund the services to be provided under this Contract.

This letter agreement shall be effective upon execution by TFC, and it shall continue in effect until completion of the Project. If the work proposed is over Fifty Thousand and No/100 Dollars (\$50,000.00), an interagency cooperation contract between the parties shall be drafted by TFC and submitted to Texas Ethics Commission for execution.

TEXAS ETHICS COMMISSION

TEXAS FACILITIES COMMISSION

Cristina Hernandez

Date of Execution: _____



Craig Wingfield

Date of Execution: 6-13-2018

Cc
Tw
Rk
Cw
Nm

ATTACHMENT A

Portal Request: # 20821
Work Order: # 639189
Building: SHB

Prepared by T.F.C.
Minor Construction

Estimate/Scope
Date:06/13/2018

Material Description	Quantities	Item	Price	Amount
Box, Junction, 4" x 2-1/8" Deep	3	Ea.	\$1.50	\$4.50
Conduit, EMT, 3/4"	100	Ft.	\$0.40	\$40.00
Connector, EMT, Compression, Steel, 3/4"	7	Ea.	\$0.50	\$3.50
Cover, Metal, Blank, 4"	2	Ea.	\$0.60	\$1.20
Cover, switch	1	Ea.	\$0.60	\$0.60
Straps/Hardware	1	Ea.	\$150.00	\$150.00
Wire, Stranded, #12 THHN, Copper	400	Ft.	\$0.14	\$56.00
Coupling, EMT, Compression, Steel, 3/4"	10	Ea.	\$0.50	\$5.00
Conduit, Flex, Steel, 1/2"	6	Ft.	\$0.45	\$2.70
Breaker, 20 amp	1	Ea.	\$25.00	\$25.00
Connector, Flex, Steel, 1/2"	2	Ea.	\$0.90	\$1.80
Sub Total for Materials				\$290.30
Contractor (Security)				\$25,000.00
Contractor (DIR)				\$7,000.00
Sub Total for Contractors				\$32,000.00
TFC Carpenter	0	Hr. @	\$63.00	\$0.00
TFC Electrician	48	Hr. @	\$63.00	\$3,024.00
TFC Painter	0	Hr. @	\$63.00	\$0.00
Sub Total for In-House Labor				\$3,024.00
Sub Total				\$35,314.30
Project Coordination				\$7,062.86
Contingency				\$7,062.86
Design Contingency				\$0.00
Total				\$49,440.02
20% Accessible Route Corrections				\$0.00
Grand Total				\$49,440.02

Scope of Work:

Install new card readers, electronic lock hardware, REX motion and door contacts on four doors located on the 10th floor.

Install a new S2 control panel power supply, and plywood will be installed at 10th Floor Telephone Room.

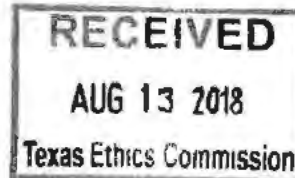
Install one 20 amp/120 volt dedicated circuit for the new security panel.

This quote is based on preliminary pricing.

OK
RIL
6-13-18



GIOVANNI CAPRIGLIONE
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 98



August 9, 2018

Mr. Steven D. Wolens
Chairman, Texas Ethics Commission
201 E. 14th Street, #10
Austin, TX 78701

Dear Chairman Wolens:

I am writing to request the Texas Ethics Commission review and consider revising your rules to increase transparency and accountability for lobbyists who are also registered foreign agents.

The issue of foreign influence in domestic affairs has been a significant topic of analysis and conversation in recent months. Most of the focus has been on federal affairs. However, state governments are not immune from attempted foreign influence. The right of the people to petition the government is a hallmark of Constitution and American democracy and should not be infringed. Transparency is also important to open and honest policy and political discussions.

Texas lawmakers and policymakers are on occasion visited by individuals representing foreign governments, including those required to register as foreign agents under U.S. law. That is why I respectfully request the Texas Ethics Commission to create a designation or process whereby Texans can know if lobbyists registered with the Texas Ethics Commission are also registered foreign agents under the federal Foreign Agents Registration Act (FARA).

"FARA is a disclosure statute that requires persons acting as agents of foreign principals in a political or quasi-political capacity to make periodic public disclosure of their relationship with the foreign principal, as well as activities, receipts and disbursements in support of those activities," according to the U.S. Justice Department website. "Disclosure of the required information facilitates evaluation by the government and the American people of the statements and activities of such persons in light of their function as foreign agents."

Texans would benefit by easier access to foreign agent registration and designation at the Texas Ethics Commission. Today, if a state official wanted to know if a visitor was a registered foreign agent, he or she would have to know to about and how to navigate the Justice Department's FARA website.

GIOVANNI.CAPRIGLIONE@HOU.SL.TEXAS.GOV

CAPITOL OFFICE: P.O. BOX 2910 • AUSTIN, TEXAS 78768-2910 • (512) 463-0690
DISTRICT OFFICE: P.O. BOX 770 • KELLER, TEXAS 76244-0770 • (817) 807-8010

Mr. Steven D. Wolens
August 9, 2018
Page 2

The Texas Ethics Commission could simply require Texans who register as lobbyists to check a box or otherwise simply disclose whether they are also required to register with the U.S. Justice Department under the Foreign Agents Registration Act. Such increased transparency will improve the system and help ensure that efforts to exert foreign influence on Texas state government are properly disclosed.

Thank you for your consideration.

Sincerely,



Giovanni Capriglione
State Representative
District 98



Sarah Davis
State Representative
District 134

TEXAS ETHICS COMMISSION

P.O. Box 12070, Capitol Station
Austin, Texas 78711-2070

Steven D. Wolens
Chair

Chad M. Craycraft
Vice Chair

Seana Willing
Executive Director



Commissioners

Randall H. Erben
Chris Flood
Mary K. "Katie" Kennedy
Patrick W. Mizell
Richard S. Schmidt
Joseph O. Slovacek

August 13, 2018

Representative Giovanni Capriglione
District 98
Room E2.610
P.O. Box 2910
Austin, Texas 78768

Representative Sarah Davis
District 134
Room GW.4
P.O. Box 2910
Austin, Texas 78768

Dear Representative Davis and Representative Capriglione:

Just a note to acknowledge receipt of your August 9, 2018 letter regarding possible changes to the lobby forms to require disclosure of registered foreign agents.

We are looking at our authority to make this change and the feasibility and cost of doing so.

We will respond more fully to your request as soon as possible.

With kind regards,


Steven D. Wolens

www.ethics.state.tx.us

(512) 463-5800 • FAX (512) 463-5777 • TDD (800) 735-2989
Promoting Public Confidence in Government

TEXAS ETHICS COMMISSION

P.O. Box 12070, Capitol Station
Austin, Texas 78711-2070

Steven D. Wolens
Chair

Chad M. Craycraft
Vice Chair

Seana Willing
Executive Director



Commissioners

Randall H. Erben
Chris Flood
Mary K. "Katie" Kennedy
Patrick W. Mizell
Richard S. Schmidt
Joseph O. Slovacek

August 28, 2018

Representative Giovanni Capriglione
District 98
Room E2.610
P.O. Box 2910
Austin, Texas 78768

Representative Sarah Davis
District 134
Room GW.4
P.O. Box 2910
Austin, Texas 78768

Re: Lobby Disclosure/Registered Foreign Agents

Dear Representative Davis and Representative Capriglione:

I am following up on my August 13, 2018 letter to you, in response to your August 9, 2018 letter, regarding changes to the lobby forms to require disclosure of registered foreign agents.

The vendor estimates it will cost approximately \$10,000 for the forms to be changed. This amount is not included in the Commission's budget request for the next biennium.

The Commission is planning to address any related proposed rules at its next scheduled meeting on October 3 and 4.

Please let us know if you have any questions.

With kind regards,


Steven D. Wolens

www.ethics.state.tx.us

(512) 463-5800 • FAX (512) 463-5777 • TDD (800) 735-2989
Promoting Public Confidence in Government

Seana Willing - Fwd: Lobby FARA quote from Jessie's cell phone

From: Jessie Haug
To: Seana Willing
Date: 8/28/2018 1:27 PM
Subject: Fwd: Lobby FARA quote from Jessie's cell phone

This text was sent to me from Erik Dietz/RFD on 8/14/2018.

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Jessie Haug
Director, Computer Services / Disclosure Filings
Texas Ethics Commission
512-463-5816
jessie.haug@ethics.state.tx.us

>>> <+15126998293@tmomail.net> 8/28/2018 1:25 PM >>>
>

.....
When I look at it I see 40-80 hours based on what is in the attachment and the mashup job. I think if you use 80 total for development and test that would more than cover it and any gotchas



This message was sent to you by a T-Mobile wireless phone.

**TEC Responses to
LBB Questions for Joint Budget Hearing**

1. What are the Commission's main goals heading into the 2020-2021 biennium?
 - a) Keep pace with the increasing volume of filings:
 - Form 1295 Certificates: The TEC receives more than 30,000 electronically filed reports each year. Starting on January 1, 2015, more than 11,600 Form 1295 filers have been using the TEC's electronic filing system, filing close to 7,000 certificates per month. The number of 1295 filings increases each year by 3%. The certificates have absorbed more than 2/3 of the planned 10-year growth of TEC's electronic resources for campaign finance, lobby, and personal financial statements combined. As of September 12, 2018, Form 1295 Certificates account for 67% of all filers in our system, 77% of our PDFs, and 78% of all reports generated in the system. The TEC will continue to purchase additional hard drives to allot more space on our filing system to accommodate these filings. (See Footnotes 6 and 15 of the TEC Administrator's Statement (the "AS")).
 - Calls for technical and legal assistance: From September 1, 2016 through August 31, 2018, the IT Division handled over 18,536 technical support calls. Close to 4,000 calls each year involve Form 1295. During this time, the TEC lawyers have handled close to 35,000 ethics calls. The volume of calls for assistance increases during an election year. (See Footnotes 27 and 30 of AS.)
 - Sworn Complaints: From September 1, 2015 through August 31, 2018, TEC staff attorneys have resolved 822 sworn complaints. The TEC cannot predict the number of complaints filed each year, but the volume typically increases during an election year. In FY 18 (September 1, 2017 through August 31, 2018), the TEC received 374 sworn complaints, the highest number filed in the past 5 years.
 - Advisory Opinions: From September 1, 2015 through August 31, 2018, TEC staff attorneys answered 27 ethics advisory opinion requests.
 - Rulemaking: From September 1, 2015 through August 31, 2018, TEC staff attorneys have drafted 70 rules and rule amendments that were adopted by the TEC
 - b) Maintain the TEC electronic filing system and replace network switches: The TEC maintains hardware and software that support the electronic filing and disclosure database system as well as a web server used by over 20,000 filers to file campaign finance reports, lobby reports, financial disclosure reports, and Form 1295 certificates. The TEC must ensure that fees are paid and that licenses do not expire. If that were to occur (a) the TEC will have no support from industry vendors; (b) software will not receive updates, including security fixes; and (c) any repairs to hardware will not be covered by vendors (See Parts 1.B, 1.C, 2.A, 2.B of AS).
 - c) Reduce staff turnover: Since September 1, 2016, the TEC has experienced a 27.1% turnover rate due to eight employees leaving the agency to work at other state agencies for higher salaries and through retirement. By the end of FY 2018, the turnover rate will be 37.7% as a result of six employees going to work for other state agencies and four retirements. The departing employees had a cumulative total of 85 years of experience at the TEC. High turnover has had the hardest impact within the Legal and IT Divisions. When the statewide government hiring freeze was lifted for FY

2018, four TEC staff attorneys left the TEC to work for other state agencies for significantly higher pay. In IT, two programmers left - one to work in the private sector for a significant salary increase. (See Part 2 G, Footnotes 28- 29, and Tabs 12-13 of AS).

2. What are the main challenges for the Commission heading into the 2020-2021 biennium?

See responses to Question 1 above.

3. Describe the strategy used in producing the 10% reduction schedule for 2020-2021.

(a) Outside Counsel Funding: The 85th Legislature appropriated additional funding to the TEC budget in FY 2018-2019 to pay for outside counsel's legal fees and litigations costs. When these costs exceed the amounts appropriated, the TEC must use funding from other strategies to cover the shortfall. This occurred in FY 2017, preventing the TEC from filling 2 vacancies in the Legal Enforcement Division. (See Tab 3 of the AS). The TEC's reliance on outside counsel to defend it in 5 lawsuits, including 7 appeals, has been unavoidable; but it negatively impacts the TEC's budget. From August 22, 2014 through August 31, 2018, the TEC has paid **\$474,254** out of its own budget to cover the costs of litigation and the work of outside counsel in defense of these lawsuits. The costs to defend the TEC in the remaining cases and related appeals will continue to accrue throughout the FY 2020-2021 biennium. The TEC has no way to predict when the remaining cases will be tried on the merits, what the cost will be to defend the cases at trial and on appeal, or if the OAG will decline to represent it in future cases. If these costs exceed the appropriation for legal services or if the legal services budget is reduced, it will harm the ongoing efforts of outside counsel to defend the TEC. (See Tab 3 of the AS);

(b) Hardware and Software Licenses and Fees: All of TEC's hardware and software require the purchase and upkeep of licenses and warranties, which protect the ongoing security and functions of the TEC IT infrastructure. If the fees are not paid and the licenses expire, (a) the TEC will have no support from industry vendors; (b) software will not receive updates, including security fixes; and (c) any repairs to hardware will not be covered by vendors. Because of budget restrictions, the TEC cannot use appropriations from other strategies or divisions to cover these costs in the event of a 10% reduction. (See Parts 1 B, 1.C, 2.A, 2.B of AS). (See Tab 4 of the AS); and

(c) Maintenance Hours: The vendor that designed and developed the electronic filing and disclosure database system continually maintains the system in order to ensure it functions properly. The 10% reduction will delay or prevent the TEC from having the vendor correct errors and defects, which will affect the performance of the system and negatively impact filers trying to meet statutory filing deadlines. Because of budget restrictions, the TEC cannot use appropriations from other strategies or divisions to cover these costs in the event of a 10% reduction. (See Tabs 6-7 of the AS).

4. Describe any staffing needs/challenges at the Commission, and your strategy to address them.

The TEC's staffing needs are outlined in the TEC Administrator's Statement (AS):

- a) Two programmers for the IT Division: these positions are needed to meet the growing demands of maintaining the electronic filing and disclosure database

system and providing technical support to filers and to the other divisions within the TEC. The architecture of the electronic filing system is complex, as is understanding the complexities of the campaign finance and disclosure laws the system was designed to address. The TEC must offer competitive salaries to attract and retain IT professionals with superior technical expertise and the ability to understand the laws administered and enforced by the TEC. In August 2018, the longest tenured programmer retired leaving the IT Division critically understaffed. This will negatively impact the TEC's ability to maintain the electronic filing system and places the entire IT infrastructure at risk. It also delays the TEC's ability to provide valuable technical assistance to filers. (See Item 2.C of the AS)

- b) An attorney for the ethics helpline: Each year, TEC staff attorneys handle an average of 20,000 calls, providing information and guidance about Texas election laws, lobby laws, financial disclosure laws, Form 1295 laws, and other ethics laws to legislators, filers, judges, state officials, state employees, the media and the public. Having an experienced staff attorney dedicated to handling ethics calls, similar to how the State Bar of Texas operates its Attorney Helpline, would allow the TEC attorneys to focus on ethics training, enforcement, advisory opinions, and rule drafting, while continuing to provide the same level of exceptional customer service to the regulated community and the public. (See Item 2.F of the AS)
- c) A CAPPs staff person: Starting on September 1, 2018, the TEC began its mandatory transition to the Accounting/Financial phase of the Comptroller's new Centralized Accounting and Payroll/Personnel System (CAPPs). The second phase of this transition involving Payroll and Personnel is scheduled to begin on September 1, 2019. The Legislature has appropriated \$40,000 and an FTE to assist with the first phase of the transition in FY 2019. In order to prepare for the second phase, the TEC is requesting to retain that FTE with additional funding for FY 2020. (See Item 2.J of the AS).

The challenges to staffing are:

- a) Salaries at the TEC fall below the state average in all areas and are not competitive in a strong Austin job market. (See Tabs 14-15 of the AS).
- b) The TEC loses institutional knowledge and experience through staff retirements and due to staff moving to other state agencies for higher pay, leaving remaining staff to take on additional duties for little to no increase in pay. (See Footnotes 21, 28, 29, 31, 34; Tabs 12-13 of the AS).

Strategies to address these challenges include:

- a) Expanding networks for sharing job postings and utilizing social media to recruit well-qualified, experienced applicants;
- b) Cross-train current staff in other job areas to facilitate career advancement within the agency and ensure continuity of work when experienced staff retire;
- c) Implementing productivity efficiencies and training staff on new technologies and automation. (See Item 2.D of the AS)

- 5. Electronic Filing System: Describe any trends in utilization of the system. What are the changes that will need to be made to this system in response to legislation?

- d) HB1295 was an unfunded mandate passed by the 84th Legislature that required Certificates of Interested Parties to be filed with the TEC (Form 1295 Certificates). Since January 1, 2015, these certificates have absorbed more than 2/3 of the planned 10-year growth of TEC's electronic resources for campaign finance, lobby, and personal financial statements combined. As of September 12, 2018, Form 1295 Certificates account for 67% of all filers in our system, 77% of our PDFs, and 78% of all reports generated in the system. These numbers continue to climb, with filings increasing by 3% each year (See Footnote 6 of AS). The TEC has had to purchase additional hard drives to allot more space on our filing system. Adding the Form 1295 application to the filing system maintenance contract increased the annual contract cost by \$25,000, which has been partially covered in FY 2018-2019 as a result of a \$22,890 appropriation from the 85th Legislature (See Footnotes 6 and 15 of AS).
- e) The TEC is requesting funding to implement a Case Management System to move the TEC to a paperless environment. This will result in a cost savings to the TEC by reducing costs associated with paper, copying, printing, postage, and storage. It would also provide a secure location for electronic storage of confidential data, including sworn complaint files and filers' sensitive financial information. CMS would allow managers, attorneys, and legal support staff to reduce the time spent on each casefile, manage and meet deadlines, and speed up the investigation and resolution of enforcement cases. It would allow automation of preparing correspondence, notices, and orders. On average, sworn complaints require a minimum of four letters to the complainant, five letters to the respondent, and at least one final order; cases that require a preliminary review hearing will generate additional letters, notices, and orders. With an automated case management system, the time spent drafting and finalizing thousands of letters and orders each year could be reduced, tracked, and better managed for improved efficiencies, allowing staff to focus on other tasks for greater overall productivity. CMS would also speed up the retrieval of data and improve the accuracy of reports requested by Legislators and the LBB during the session and in response to interim charges. The current manual system for managing casefiles and storing and retrieving data is inefficient, time-consuming, imprecise, and redundant. (See Item 2.D of AS).
- f) The TEC faces a challenge with the dramatic increase in the size of campaign finance reports from a very small number of filers (i.e., SPAC 00051153 Texans for Greg Abbott) that have been taxing our filing system limits. We have spent \$62,000 for enhancement hours and our vendor has donated an additional \$26,000 of enhancement hours to make changes to the system to accommodate these non-standard, extremely large reports. These changes benefit less than 1% of our filers and are costly to implement.

Changes from the 85th Legislative Session are:

- a) State law is requiring stricter control on the release of personal identifying data information for security reasons. The law requiring redaction of home addresses from Personal Financial Statements (PFS) of judges was extended to include all PFS filers. The law allowing redaction of the names of dependent children upon written request was extended to require redaction of the names of dependent children for all PFS filers. We are paying our software vendor \$125/hour to change our filing system to make these redactions electronically. The anticipated total cost is \$100,000. (We are making redactions manually until this work is completed.)

- b) The 85th Legislature passed a bill adding 3 new sections to the Personal Financial Statement. These changes go into effect in January 2019. We are paying our vendor \$125/hour to make these changes. The anticipated total cost will be \$33,000
 - c) Legislation passed by the 86th Legislature may result in changes required for our electronic filing system. In August 2018, two Legislators asked the TEC to consider issuing a rule requiring lobbyists who are, or work for, foreign agents to disclose this information in their lobby registration form. The likely cost to make this change to the lobby registration form and the electronic filing system would be 80 hours of work by the vendor at \$125/hour (\$10,000). (See Tabs 16-17).
6. Legal Guidance/Opinions: Describe any trends in the types of opinions being requested/issued (any rule in particular causing more work for this division?).
- a) Calls: TEC staff attorneys annually handle about 20,000 calls for guidance about Texas election laws, lobby laws, financial disclosure laws, Form 1295 laws, and other ethics laws from legislators, filers, judges, state officials, state employees, the media and the public (See Part 2.F – page 6 - of the AS). The volume of calls increases during an election year. The calls are generally answered by referring the caller to the relevant statutes, rules, and advisory opinions.
 - b) Advisory Opinions: From September 1, 2015 through August 31, 2018, TEC staff attorneys answered 27 ethics advisory opinion requests. The most common advisory opinion requests involve questions about:
 - 1) the proper use of public funds for communications about a measure or candidate/officeholder;¹
 - 2) whether certain expenditures of political funds by a candidate/officeholder constitute a conversion to personal use;² and
 - 3) whether a former state employee's acceptance of a subsequent job, or working on a particular matter, would violate the revolving door laws.³

¹ Independent School Districts and other political subdivisions often ask the TEC to decide whether flyers, a website, or other literature violates section 255.003 of the Election by advocating for the passage of a measure, rather than merely explaining its purpose. Officeholders also ask whether constituent newsletters constitute political advertising, or whether uses of public property for political advertising would violate section 255.003. At its next meeting in October 2018, the TEC will consider whether a judge may use a photograph taken of the judge in the judge's courtroom in political advertising

² Since it was created in 1992, the TEC has issued more than 70 advisory opinions answering whether certain uses of political funds constitute a conversion to personal use. The proper use of political contributions continues to be a major question answered by TEC through advisory opinions, informally over the phone, and through the sworn complaint process. In 2018, the TEC already issued two advisory opinions on conversion to personal use. The first answered whether a judge may use political contributions to pay the costs associated with membership in an organization that helps its members develop leadership skills. The second answered whether a candidate may use political contributions to pay childcare expenses to facilitate the candidate's participation in campaign activities.

³ State employees transitioning to the private sector ask whether the state revolving door laws (sections 572.054 or 572.069 of the Government Code) would prohibit them from accepting employment from a particular employer or regarding a particular matter. These requests are often fact intensive and can require a significant amount of research and fact-gathering from the requestor

- c) Sworn Complaints: From September 1, 2015 through August 31, 2018, TEC staff attorneys have resolved 822 sworn complaints. The TEC cannot predict the number of complaints filed each year, but the volume typically increases during an election year. In FY 18 (September 1, 2017 through August 31, 2018), the TEC received 374 sworn complaints, the highest number filed in the past 5 years.
 - d) Rule Making: One potential emerging trend is members of the regulated community petitioning for rulemaking as authorized under the Administrative Procedure Act. In 2018, for the first time in at least five years, the TEC initiated a rulemaking proceeding in response to a petition. The petition requested a rule clarifying corporations' ability to fund general-purpose political committees. Starting in July 2017 and continuing through June 2018, the TEC has approved a comprehensive package of procedural rules intended to codify a fair and efficient sworn complaint process. The TEC is currently considering a rule to clarify how the political advertising disclosure law applies to Internet advertising.
7. Enforcement: Describe general trends and any challenges related to defending the state's ethics laws. How has the reliance on outside counsel affected the agency's operations?

The TEC's reliance on outside counsel has an impact on the budget. From August 22, 2014 through August 31, 2018, as a result of the OAG's decision not to represent the TEC, the TEC has spent about \$450,000 from its budget to defend itself through outside counsel in 5 lawsuits, including 7 appeals.

The TEC has been well-represented by Beck Redden attorneys, Eric Nichols, Amanda Taylor, and Amy Penn, who have been attentive, responsive, and have provided exceptional service at a reduced rate. As a result of their work, outside counsel has been able to resolve two of the cases (See Footnote 10 of AS) and they have obtained favorable outcomes on appeal in the remaining three matters (See Footnote 11 of AS). To date, none of these cases has been tried on the merits and the TEC is unable to predict when the cases will go to trial. This uncertainty means further reliance on the services of outside counsel through FY 2020-2021.

8. Disclosure Filing: Describe trends or challenges in the collection of document filing revenue.

At Tab 2 of the AS, the TEC provided revenue collection data for late penalties, sworn complaint fines, lobby registrations, and copy orders covering the past 6 fiscal years. Based on the data in Tab 2:

- a) The number of initial late notices sent to filers averages 1200 to 1400 notices per year.
- b) TEC's average collection rate per year is 42% of the total amount of assessed penalties, which includes payment directly to the TEC, payments to the Comptroller through warrant holds, and payments recovered through collection actions by the OAG.
- c) TEC's delinquent filer list contains 850 filers with \$1,835,800 owed in unpaid fines as of September 12, 2018. This list has been growing since 2006.

The TEC faces the following challenges collecting penalties:

- a) Collection Procedures: TEC relies on the OAG to collect unpaid penalties. The OAG has a policy that it will not begin collection until a filer's unpaid penalties reach or exceed \$2,500. Most penalties for late-filing are set by statute at \$500, and by statute, cannot be raised for nonpayment until the filer is notified by registered mail that the report is more than 30 days late. Elec. Code § 254.042(b). When possible, the TEC will raise the late filing penalty to a collectable level at which point the matter can be referred to the OAG for collection. By law, the TEC cannot raise the fine to a collectable amount without confirmation that the filer received the statutorily-required registered notice letter. On average, the TEC refers 160 filers per year to the OAG for collection.
- b) Payment Processing: Under Comptroller rules and procedures, credit card service fees must come out of the agency budget and not out of the penalties paid. The TEC discontinued collecting fines via credit card as a result of this rule. An alternative is to implement a new credit card payments collection system using Texas.gov; however, integrating the Texas.gov payment system into the TEC electronic filing system will require paying an outside vendor for the enhancements at \$125/hour.
- c) Warrant Holds: Most filers are not state employees (and they are not winning the lottery, from which funds could also be withheld). Therefore, the State collects only about \$9,000 per year through warrant holds. As of September 12, 2018, 384 filers with outstanding penalties are currently on active warrant holds.

The draft meeting minutes will be available on our website the day before the meeting, at <https://www.ethics.state.tx.us/DraftMinutes>.

If you would like a copy of the draft minutes, please provide your email address below, and return this sheet to Ethics Commission staff at the meeting.

Email address:

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ETHICS ADVISORY OPINION NO.

June 27, 2018

Whether a judge or a candidate for judicial office may use public resources for campaign purposes, and whether an associate judge may wear judicial robes and use the title “associate judge” in political advertising. (SP-14)

SUMMARY

Section 39.02(a)(2) of the Penal Code and section 255.003(a) of the Election Code prohibit a judge from using the courtroom in which the judge presides to create a photograph for political advertising. These statutes do not prohibit a judge from using the public steps of a courthouse to create a photograph for political advertising. Section 39.02(a)(1) of the Penal Code may, depending on all applicable laws, prohibit a judge from using the public steps of a courthouse to create a photograph for political advertising. These statutes do not apply to a person who is a candidate for judicial office and is not otherwise a public servant.

Section 255.006 of the Election Code does not prohibit an associate judge from wearing judicial robes or referring to the judge in political advertising as “Associate Judge, 1000th District Court, Texas County.”

ANALYSIS

The Texas Ethics Commission (“Commission”), on its own initiative, issues this advisory opinion to address whether a judge may use the courtroom in which the judge presides, including the bench located in the courtroom, or the public steps of a courthouse to create a photograph for political advertising. To resolve this question, we must address sections 39.02(a)(2) and 39.02(a)(1) of the Penal Code and section 255.003(a) of the Election Code, which restrict the use of public resources for political advertising. We also address whether an associate judge may wear judicial robes or use the title “associate judge” in political advertising under section 255.006 of the Election Code.

Use of Public Resources for Political Advertising

Section 39.02(a)(2), Penal Code

Section 39.02(a)(2) of the Penal Code states that a public servant may not, with intent to obtain a benefit or harm or defraud another, intentionally or knowingly “misuse[] government property, services, personnel, or any other thing of value belonging to the government that has come into

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the public servant's custody or possession by virtue of the public servant's office or employment."¹ Penal Code § 39.02(a)(2). A public servant includes an officer, employee, or agent of government or a candidate for nomination or election to public office.² A "misuse" means:

[T]o deal with government property contrary to:

- (A) an agreement under which the public servant holds the property;
- (B) a contract of employment or oath of office of a public servant;
- (C) a law, including provisions of the General Appropriations Act specifically relating to government property, that prescribes the manner of custody or disposition of the property; or
- (D) a limited purpose for which the property is delivered or received.

Id. § 39.01(2).

The use of government resources for campaign purposes is a misuse contrary to the state constitutional requirements that public money be used for a public purpose. Tex. Const. art. III, §§ 51, 52(a).³ Section 39.02(a)(2) of the Penal Code applies only to a misuse of government resources that have "come into the public servant's custody or possession by virtue of the public servant's office or employment." Whether a particular government resource is in a public servant's custody or possession by virtue of the public servant's office or employment depends upon the specific facts. In our opinion, a judge would have custody or possession⁴ of the

¹ We assume for purposes of this opinion that the judge acts with intent to obtain a benefit or to harm or defraud another. "Benefit" is defined, in pertinent part, as "anything reasonably regarded as pecuniary gain or pecuniary advantage." Penal Code. § 1.07(a)(7).

² *Id.* § 1.07(41)(A), (E).

³ Tex. Const. art. III, §§ 51 (legislature may not authorize grant of public money to any individual, association, municipal or other corporation), 52(a) (legislature may not authorize any county, city, town or other political corporation or subdivision of the state to grant public money or thing of value in aid of or to any individual, association, or corporation). *See also* Ethics Advisory Opinion Nos. 386 (1997) (use of state equipment or state employees to handle campaign contributions or prepare campaign finance reports for officeholders is a misuse of government resources), 172 (1993) (state employees' work time may not be used to handle campaign contributions or expenditures); Gov't Code § 556.004 (prohibiting use of legislatively appropriated money and other resources for campaign purposes); Attorney General Opinions DM-431 (1997), JM-685 (1993) (both holding that governmental entity may not pay costs in connection with election contest involving government officeholder), MW-36 (1979) (public body has no authority to contribute public funds to or on behalf of an individual or organization).

⁴ "Custody" is defined as "[t]he care and control of a thing or person for inspection, preservation, or security." Black's Law Dictionary 467 (10th ed. 2014). "Possession" is defined as "[t]he fact of having or holding property in one's power; the exercise of dominion over property," and "[t]he right under which one may exercise control over something to the exclusion of all others." *Id.* at 1351.

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courtroom in which the judge presides by virtue of being a judge, and therefore section 39.02(a)(2) of the Penal Code would prohibit a judge from using the courtroom in which the judge presides, including the bench located in the courtroom, to create a photograph for political advertising. With respect to the use of the public steps of a courthouse to create a photograph for political advertising, in our opinion, such an area would not be in the “custody or possession” of a judge. Therefore, section 39.02(a)(2) of the Penal Code would not prohibit a judge from using the public steps of a courthouse to create a photograph for political advertising. We do not address in this opinion the use of a government facility that is a public forum.⁵

With respect to whether a candidate for judicial office may use a courtroom or the public steps of a courthouse for political advertising, we do not think section 39.02(a)(2) of the Penal Code would apply to a person whose only status as a public servant is as a candidate for judicial office because a candidate does not have an “office or employment” as a candidate.

Section 39.02(a)(1), Penal Code

Section 39.02(a)(1) of the Penal Code states that a public servant may not, with intent to obtain a benefit or harm or defraud another, intentionally or knowingly “violate[] a law relating to the public servant’s office or employment.” Penal Code § 39.02(a)(1).⁶ Section 39.02(a)(2) of the Penal Code and the constitutional requirement to use public money for a public purpose are laws relating to the judge’s office or employment. Therefore, in our opinion, a judge would violate section 39.02(a)(1) of the Penal Code by using the courtroom in which the judge presides, including the bench located in the courtroom, to create a photograph for political advertising. We also do not think section 39.02(a)(1) of the Penal Code applies to a person who is a public servant only by virtue of being a candidate for judicial office or to the use of the steps of a courthouse that are operating as a public forum.

However, we caution that additional legal restrictions may apply to the use of any public resources, including other state or local laws or policies, and such restrictions may constitute law relating to a public servant’s office or employment under section 39.02(a)(1) of the Penal Code. This prohibition has a wide application and “allows for a vast array of potential means of

⁵ Whether a governmental body has the legal authority to designate any facility as a public forum should be directed to the respective governmental body or to the Office of the Attorney General. *See, e.g.*, Attorney General Opinion No. DM-64 (1991) (addressing whether state appropriations act prohibits police department from designating its property as a public forum for distributing literature and soliciting funds). Whether any restriction on the use of a public forum for speech or political expression is enforceable must be considered in light of the First Amendment. *See United States v. Grace*, 461 U.S. 171, 177 (1983) (quoting *Perry Educ. Ass’n v. Perry Local Educators’ Assn.*, 460 U.S. 37, 45 (1983)) (a governmental body may enforce “reasonable time, place, and manner regulations in a public forum as long as the restrictions are content-neutral, are narrowly tailored to serve a significant government interest, and leave open ample alternative channels of communication”).

⁶ “Law relating to a public servant’s office or employment” means a law that specifically applies to a person acting in the capacity of a public servant and that directly or indirectly: (A) imposes a duty on the public servant; or (B) governs the conduct of the public servant. *Id.* § 39.01(1). “Law” means the constitution or a statute of this state or of the United States, a written opinion of a court of record, a municipal ordinance, an order of a county commissioners court, or a rule authorized by and lawfully adopted under a statute. *Id.* § 1.07(a)(30).

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committing the offense.” *State v. Martinez*, 2018 Tex. App. LEXIS 2590, 16 (Tex. App. 13th—Corpus Christi – Edinburg) (Apr. 12, 2018) (indictment alleging an offense under this provision must specify which law or laws relating to the public servant’s office or employment were allegedly violated). Accordingly, we cannot provide assurance that section 39.02(a)(1) of the Penal Code, depending upon all applicable laws, would not prohibit a judge from using other government resources, including the public steps of a courthouse, to create a photograph for political advertising.⁷

Section 255.003(a), Election Code

Section 255.003(a) of the Election Code states that an officer or employee of a political subdivision may not knowingly “spend or authorize the spending of public funds for political advertising.” Elec. Code § 255.003(a).⁸ The “spending” of public funds includes the use of a political subdivision employee’s work time or a political subdivision’s equipment or facilities.⁹ “Political advertising” is defined, in pertinent part, as a communication supporting or opposing a candidate for nomination or election to a public office or a public officer that is published or broadcast in return for consideration or appears in various forms of writing or on an Internet website. *Id.* § 251.001(16).

In our opinion, this statute would prohibit a judge from using the courtroom in which the judge presides, including the bench located inside the courtroom, to create a photograph for political advertising.¹⁰ However, this statute only applies to an officer or employee of a political subdivision and therefore does not apply to a person who is a candidate for judicial office and is not also an officer or employee of a political subdivision. Additionally, we do not think a judge’s use of the public steps of a courthouse to create a photograph for political advertising would constitute spending, or the authorization to spend, public funds for political advertising, and therefore would not violate section 255.003(a) of the Election Code.

Use of “Associate Judge” in Political Advertising

⁷ We cannot opine on laws outside our jurisdiction. Gov’t Code §571.091 (specifying the laws subject to an advisory opinion by the Commission).

⁸ This law would apply to a judge who is an officer or employee of a political subdivision, whereas section 39.02 of the Penal Code applies to any public servant, including a state judge. *See* Penal Code § 1.07(41) (defining “public servant” to include an officer, employee, or agent of government).

⁹ *See, e.g.* Ethics Advisory Opinion Nos. 443 (2002) (placement of campaign flyers in a school district teachers’ lounge would involve the spending of public funds), 45 (1992) (distribution of political advertising using school district equipment or school district employees on school district time is prohibited); Attorney General Opinion No. KP-177 (2018) (this statute prohibits the use of school district staff, facilities, or other resources to advertise for or against a candidate or measure).

¹⁰ As noted above in this opinion, we do not address the use of a government facility that is a public forum.

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We also address in this opinion whether an associate judge, who is also a candidate for state district judge, may wear judicial robes or refer to himself in political advertising in the following manner: “John Smith, Associate Judge, 1000th District Court, Texas County.”

Section 255.006 of the Election Code states:

(a) A person commits an offense if the person knowingly enters into a contract or other agreement to print, publish, or broadcast political advertising with the intent to represent to an ordinary and prudent person that a candidate holds a public office he does not hold at the time the agreement is made.

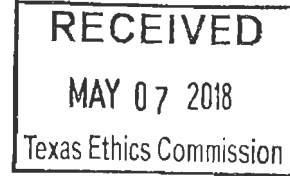
(b) A person commits an offense if the person knowingly represents in a campaign communication that a candidate holds a public office he does not hold at the time the representation is made.

That law generally does not prohibit a judge from using the title “judge” in political advertising or campaign communications for another judicial office as long as the communications do not suggest that the judge holds a public office the person does not hold. *See, e.g.*, Ethics Advisory Opinion No. 171 (1993) (a part-time municipal judge seeking the office of district or county court-at-law judge may use the title “judge” in political advertising); *see also* Elec. Code §§ 251.001(16), (17) (defining “political advertising” and “campaign communication”).

For purposes of this opinion, the issue is whether wearing judicial robes or the use of the title “associate judge” would represent that the judge holds a public office, not whether the judge is actually a judge. In this instance, wearing judicial robes or using a reference to the associate judge as “Associate Judge, 1000th District Court, Texas County” does not, by itself, represent that the judge holds an office the judge does not hold, and therefore would not violate section 255.006 of the Election Code.

DOCKET NO. _____

RULEMAKING PETITION OF § BEFORE THE TEXAS ETHICS
ONE REALCO CORPORATION § COMMISSION
§
§



ORIGINAL PETITION FOR RULEMAKING

COMES NOW, One Realco Corporation (Petitioner) on its own behalf and files this rulemaking petition with the Texas Ethics Commission (TEC) seeking to add a rule to be designated as 1 TAC §24.18.

1. Petitioner

Petitioner is a Texas corporation that intends to make political expenditures to finance the establishment, administration, maintenance, or operation of a Texas general-purpose committee.

2. Legal Authority

This petition is brought pursuant to Texas Government Code § 571.062(b) and Texas Government Code § 2001.021.

3. Current Rule

There is currently no rule that provides guidance on the manner for designating a corporate contribution to a general-purpose committee to be used for establishing, administering, maintaining, or operating such committee.

4. Proposed Rule

§ 24.18. Designation of Contribution for Administrative Purposes. Any of the following will serve to designate a corporate expenditure as restricted to the establishment, administration, maintenance, or operation of a general-purpose committee:

- (a) A contemporaneous written instruction that the expenditure is restricted to the administration, maintenance or operation of the committee accepting the expenditure;
- (b) The negotiable instrument conveying the contribution contains language indicating that the entity is a corporation, including but not limited to “Inc.”, “Incorporated”, “Corp.”, or “Corporation”; or
- (c) The general-purpose committee accepting the contribution reports the contribution as monetary contribution or monetary support from a corporation or labor organization on the committee’s campaign-finance report.

5. Reason for Rule

The Third Court of Appeals has opined that:

There is no such thing as a legal undesignated corporate political contribution. Individuals can legally make undesignated political contribution, but corporations cannot. A corporation must designate the purpose of the political contribution by contributing to a political committee that is exclusively devoted to measures, by making expenditures for the maintenance or operation of a corporate political committee, or by contributing to a political party under certain narrowly defined conditions.

Ex parte Ellis, 309 S.W.3d 71, 88 (Tex.App. – Austin 2010).


Despite this opinion, no state law nor administrative rule provides guidance as to how a corporation is to “designate” that its expenditures and contributions are for the establishment, administration, maintenance, or operation of a general-purpose committee. Arguably, failure of a corporation to properly “designate” that a contribution is for the establishment, administration, maintenance, or operation of a general-purpose committee could subject that corporation to civil and criminal penalties. The proposed rule sets forth the circumstances in which a corporate contribution is deemed properly “designated.”

As proposed, the rule would provide three mechanisms for properly designating a contribution as intended for administrative purposes. First, the contribution can be accompanied by a written designation restricting the use of the funds to administration of the receiving general-purpose committee. Second, if the check itself contains language indicating that the contribution is from a corporation, that language will serve as a designation of the contribution for administrative uses (or, at the very least, clear and conspicuous notice to the recipient general-purpose committee). Third, if the recipient general-purpose committee reports the contribution as originating from a corporation, the contribution is deemed to have been properly designated. Any of these three options would provide evidence of the contributing corporation's or labor organization's designation for administrative purposes.

6. Request for Rulemaking. For the reasons stated above, the Petitioner requests the TEC to initiate a rulemaking proceeding and to adopt 1 TAC §24.18 to establish methods for properly designating a corporate contribution to a general-purpose committee.

Signed on this the 4th day of May, 2018.

Respectfully submitted,

By: 
Ross Fischer
State Bar No. 24004647
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P.O. Box 341016
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(512) 354-1786, Fax (877) 437-5755

ATTORNEYS FOR PETITIONER

EXHIBIT A

Text of Proposed New Rules and Amendments

The proposed new language is indicated by underlined text.
The deleted language is indicated by ~~strike through~~ text.

1 **Chapter 20. REPORTING POLITICAL CONTRIBUTIONS AND**
2 **EXPENDITURES**

3 **Subchapter H. RULES APPLICABLE TO A POLITICAL PARTY ACCEPTING**
4 **CONTRIBUTIONS FROM CORPORATIONS OR LABOR ORGANIZATIONS**

5 **§20.521. Restrictions on Use of Contributions from Corporations or Labor**
6 **Organizations.**

7 A political party that accepts a contribution authorized by §253.104 of the Election Code
8 ~~[§24.19 of this title (relating to Contribution to a Political Party)]~~ may use the contribution
9 only for the following purposes:

10 (1) to defray normal overhead and administrative or operating costs incurred by the
11 party; or

12 (2) to administer a primary election or convention held by the party.

13

14 **§20.523. Separate Account Required.**

15 (a) Contributions authorized by §253.104 of the Election Code ~~[§24.19 of this title (relating~~
16 ~~to Contribution to a Political Party)]~~ must be maintained in an account separate from other
17 contributions accepted by a political party

18 (b) Interest and other income earned from contributions authorized by §253.104 of the
19 ~~Election Code~~ ~~[§24.19 of this title (relating to Contribution to a Political Party)]~~ must be
20 maintained in the account required by subsection (a) of this section.

21 (c) Proceeds from the sale or rent of assets purchased either with contributions authorized
22 by §253.104 of the Election Code ~~[§24.19 of this title (relating to Contribution to a Political~~

1 Party} or with interest or other income earned from such contributions must be maintained
2 in the account required by subsection (a) of this section.

3
4 **§20.525. Record of Contributions and Expenditures and Contents of Report.**

5 (a) The party chair of a political party is required to maintain a record of all contributions
6 from corporations and labor organizations and all expenditures from such contributions.

7 (b) The party chair of a political party shall preserve the record required by subsection (a)
8 of this section for at least two years after the filing deadline for the report containing the
9 information on the record.

10 (c) The party chair of a political party that accepts contributions authorized by §253.104 of
11 the Election Code [~~§24.19 of this title (relating to Contribution to a Political Party)~~] shall
12 report all contributions and expenditures made to and from the account required by §20.523
13 of this title (relating to Separate Account Required), in accordance with the reporting
14 schedule in §20.529 of this title (relating to Reporting Schedule for Political Party
15 Accepting Corporate or Labor Organization Contributions).

16 ...

17
18 **Subchapter I. RULES APPLICABLE TO A POLITICAL PARTY'S COUNTY**
19 **EXECUTIVE COMMITTEE**

20 **§20.561. County Executive Committee Accepting Contributions from Corporations**
21 **and/or Labor Organizations.**

22 (a) A county executive committee that accepts contributions from corporations or labor
23 organizations authorized by §253.104 of the Election Code [~~§ 24.19 of this title (relating~~
24 ~~to Contribution to a Political Party)~~] is subject to the provisions set out in Subchapter II of
25 this chapter (relating to Rules Applicable to a Political Party Accepting Contributions from
26 Corporations or Labor Organizations).

1 ..
2
3 **Chapter 24. RESTRICTIONS ON CONTRIBUTIONS AND EXPENDITURES**
4 **APPLICABLE TO CORPORATIONS, [AND] LABOR ORGANIZATIONS, AND**
5 **CERTAIN POLITICAL COMMITTEES**

6 §24.19. Establishment and Administration of a General-Purpose Committee.

7 (a) Section 253.100 of the Election Code authorizes a corporation or labor organization to
8 make political expenditures only to:

9 (1) finance the establishment of a general-purpose committee; and

10 (2) finance the administration, including the maintenance and operation, of a
11 general-purpose committee or the solicitation of political contributions to a general-
12 purpose committee if the corporation or labor organization established the
13 committee.

14 (b) A corporation or labor organization may make a political expenditure authorized by
15 §253.100 of the Election Code to a general-purpose committee by either:

16 (1) making the expenditure directly from its own funds to pay an expense incurred
17 by the committee;

18 (2) making a political contribution of funds to a separate account maintained by the
19 committee and restricted to be used solely for a purpose authorized by §253.100 of
20 the Election Code; or

21 (3) making an in-kind political contribution of its resources to the committee, such
22 as the grant of office space or furniture, and restricted to be used solely for a purpose
23 authorized by §253.100 of the Election Code.

24 (c) For purposes of subsection (b) of this section, a political contribution is restricted to be
25 used solely for an authorized purpose if:

1 (1) the contribution is made by check, money order, or other negotiable instrument
2 or transfer that clearly indicates in writing that the contribution is restricted for use
3 for an authorized purpose; or

4 (2) the contribution is accompanied by a writing, signed by the contributor, that
5 clearly indicates that the contribution is restricted for an authorized purpose.

6 (d) A general-purpose committee may not use a political contribution accepted under
7 section 253.100 of the Election Code from a corporation or labor organization, or interest,
8 income, or proceeds from such contributions, for any purpose other than those authorized
9 by section 253.100 of the Election Code. This subsection does not prohibit a general-
10 purpose committee from using such contributions to make purely nonpolitical
11 expenditures.

12
13 **§24.21. Separate Account Required.**

14 Political contributions accepted by a political committee from a corporation or labor
15 organization authorized by subchapter D, chapter 253, of the Election Code, and interest,
16 income, and proceeds from such contributions, must be maintained in an account separate
17 from other contributions.

18
19 **§24.23. Measure-Only Political Committees.**

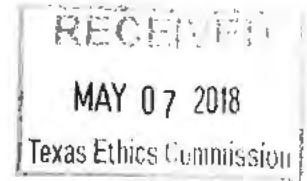
20 Section 253.096 of the Election Code permits a political committee that supports or
21 opposes measures exclusively to use political contributions accepted from a corporation or
22 labor organization, or interest, income, or proceeds from such contributions, only to
23 support or oppose measures.

AGENDA 4, ITEM 12, EXHIBIT C

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DOCKET NO. _____

RULEMAKING PETITION OF § BEFORE THE TEXAS ETHICS
ONE REALCO CORPORATION § COMMISSION
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ORIGINAL PETITION FOR RULEMAKING

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There is currently no rule that provides guidance on the manner for designating a corporate contribution to a general-purpose committee to be used for establishing, administering, maintaining, or operating such committee.

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§ 24.18. Designation of Contribution for Administrative Purposes. Any of the following will serve to designate a corporate expenditure as restricted to the establishment, administration, maintenance, or operation of a general-purpose committee:

- (a) A contemporaneous written instruction that the expenditure is restricted to the administration, maintenance or operation of the committee accepting the expenditure;
- (b) The negotiable instrument conveying the contribution contains language indicating that the entity is a corporation, including but not limited to “Inc.,” “Incorporated”, “Corp.,” or “Corporation”; or
- (c) The general-purpose committee accepting the contribution reports the contribution as monetary contribution or monetary support from a corporation or labor organization on the committee’s campaign-finance report.

5. Reason for Rule

The Third Court of Appeals has opined that:

There is no such thing as a legal undesignated corporate political contribution. Individuals can legally make undesignated political contribution, but corporations cannot. A corporation must designate the purpose of the political contribution by contributing to a political committee that is exclusively devoted to measures, by making expenditures for the maintenance or operation of a corporate political committee, or by contributing to a political party under certain narrowly defined conditions.

Ex parte Ellis, 309 S.W.3d 71, 88 (Tex.App. – Austin 2010).

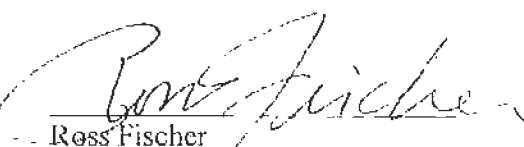
Despite this opinion, no state law nor administrative rule provides guidance as to how a corporation is to “designate” that its expenditures and contributions are for the establishment, administration, maintenance, or operation of a general-purpose committee. Arguably, failure of a corporation to properly “designate” that a contribution is for the establishment, administration, maintenance, or operation of a general-purpose committee could subject that corporation to civil and criminal penalties. The proposed rule sets forth the circumstances in which a corporate contribution is deemed properly “designated.”

As proposed, the rule would provide three mechanisms for properly designating a contribution as intended for administrative purposes. First, the contribution can be accompanied by a written designation restricting the use of the funds to administration of the receiving general-purpose committee. Second, if the check itself contains language indicating that the contribution is from a corporation, that language will serve as a designation of the contribution for administrative uses (or, at the very least, clear and conspicuous notice to the recipient general-purpose committee). Third, if the recipient general-purpose committee reports the contribution as originating from a corporation, the contribution is deemed to have been properly designated. Any of these three options would provide evidence of the contributing corporation's or labor organization's designation for administrative purposes.

6. Request for Rulemaking. For the reasons stated above, the Petitioner requests the TEC to initiate a rulemaking proceeding and to adopt 1 TAC §24.18 to establish methods for properly designating a corporate contribution to a general-purpose committee.

Signed on this the 4th day of May, 2018.

Respectfully submitted,

By: 

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(512) 354-1786, Fax (877) 437-5755

ATTORNEYS FOR PETITIONER

CERTIFICATE OF SERVICE

I, Ross Fischer, attorney for the Petitioner, certify that a copy of the foregoing pleading was served on this the 4th day of May, 2018.

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Executive Director
Texas Ethics Commission
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ROSS FISCHER

ETHICS ADVISORY OPINION NO. __

August 14, 1998

Whether a corporation may make political contributions to defray administrative expenses of a general-purpose political committee that has no other connection to the corporation. (AOR-444)

The Texas Ethics Commission has been asked whether a corporation may make expenditures to defray administrative expenses of a general-purpose political committee that has no other connection to the corporation.

As a general rule, a corporation may not make a political contribution or expenditure. Elec. Code § 253.094.¹ There are, however, exceptions to that general rule. This request has to do with the following exception:

¹The prohibition applies to a corporation covered by Election Code section 253.091 as well as to an association covered by Election Code section 253.093, regardless of whether the association is incorporated.

A corporation, acting alone or with one or more other corporations, may make one or more political expenditures to finance the establishment or administration of a general-purpose political committee.

Id. § 253.100(a). The question raised here is whether that provision permits a corporation to make political expenditures to defray administrative expenses of a general-purpose committee even if the corporation did not establish the committee and has no other connection to the committee.

The language of section 253.100(a) is susceptible of the interpretation that any corporation may make political expenditures to finance the administration of any general-purpose political committee. The legislative history of section 253.100(a), however, suggests that the legislative intent underlying that section was that a corporation could make expenditures to defray administrative expenses of a general-purpose political committee only if the corporation had participated in the establishment of the committee.

In 1975, the legislature created several exceptions to the longstanding prohibition on political contributions and expenditures by corporations. Acts 1975, 64th Leg., ch. 711, § 8 at 2257, 2262-63. *See generally* Acts 1951, 52nd Leg., ch. 492, at 1097, 1190-91 (creating Election Code and prohibiting corporate political contributions and expenditures). One of the exceptions provided that, for purposes of the prohibition on political contributions and expenditures, the phrase “contribution

or expenditure” did not include expenditures for “the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization.” Acts 1975, 64th Leg., ch. 711, § 8, at 2257, 2263. The quoted language was a verbatim duplication of Congress’s 1972 amendment to the federal prohibition on corporate campaign contributions and expenditures in connection with federal elections.² Federal Election Campaign Act of 1971, Pub. L. No. 92-225, § 205, 86 Stat. 10 (1972). Federal Election Commission rules have interpreted that language to mean that a corporation may provide administrative support only to a separate segregate fund (a PAC) that the corporation itself established.³ 11 C.F.R. §§ 102.14(c) (name of separate segregated fund must contain name of its connected organization), 114.5(b) (corporation may use general treasury funds to establish and administer its separate segregated fund). In our view, that is the most reasonable interpretation of that language. *See Eckerdt v. Frostex Foods, Inc.*, 802 S.W.2d 70, 72 (Tex. App.—Austin 1990, no writ) (in construing state statute, court may consider how similar federal statute has been implemented).

Since 1975, the Texas legislature has on several occasions amended the language of the provision regarding corporation expenditures for the administrative expenses of a general-purpose

²The Texas law carried forward even the failure to include the preposition “of” to connect the words “establishment” and “administration” to the phrase “a separate segregated fund.” The omission has since been corrected in the Texas law, but not in the federal law.

³There have been minor changes to the wording of the federal law since 1972. Pub. L. 94-283, Title 1, § 112(2), May 11, 1976, 90 Stats. 490; Pub. L. 96-187, Title 1, §§ 105(5), 112(d), Jan. 8, 1980, 93 Stat. 1354, 1366. The provision is now codified at 2 U.S.C. § 441b(b)(2)(C).

political committee. In 1977, the legislature amended the provision to state that, for purposes of the prohibition on political contributions and expenditures by corporations, the phrase “contribution or expenditure” did not include expenditures for “the establishment, administration and solicitation of contributions from the members and their families of one or more labor organizations, or from the stockholders, employees and their families of one or more corporations, or from the members and their families of one or more associations to a separate segregated fund or other general purpose political committee to be utilized for political purposes by one or more corporations or one or more labor organizations.” Acts 1977, 65th Leg., ch. 276, § 6, at 735, 738. By pluralizing the references to corporations and labor organizations, the legislature made clear that corporations could pool their resources in establishing and administering political committees. The changes did not, however, indicate that a corporation that had not been involved in the establishment of a political committee would be permitted to make expenditures to defray the committee’s administrative expenses.

In 1987, the legislature adopted the current language of section 253.100(a) as part of an across-the-board revision of the campaign finance law. Acts 1987, 70th Leg., ch. 899, § 1, at 2995, 3010. After the revision the words “establishment” and “administration” were connected by “or” rather than “and” so that the law states:

A corporation, acting alone or with one or more other corporations, may make one or more political expenditures to finance the establishment or administration of a general-purpose political committee.

Id. The use of “or” instead of “and” gives an entirely new cast to the provision and suggests that there need be no connection between a corporation that establishes a general-purpose political committee and a corporation that makes expenditures to defray the committee’s administrative expenses. In our view, however, the legislature did not intend the revision to change the scope of the exception set out in section 253.100(a). The recommendation for revision to the Election Code from the Texas Legislative Council to the 69th Legislature indicates that the language in section 253.100(a) was intended as a nonsubstantive change. TEX. LEGIS. COUNCIL, REPORT OF THE ELEC. CODE STUDY COMM. ELEC. CODE VOLUME II, p. 189 (Feb. 1985).⁴ Furthermore, in 1991 the legislature amended the campaign finance law to permit a corporation (or labor organization) to make contributions to the state or county executive committee of a political party to be used to defray administrative expenses. Acts 1991, 72nd Leg., ch. 304, §§ 5.08, 5.19, at 1290, 1327, 1330-31 (codified at Elec. Code §§ 253.104, 257.002 - .005). The addition of that provision would have

⁴Although the recommendations from the Texas Legislative Council were submitted to the 69th Legislature, S.B. 1068 proposed by Senator Edwards which incorporated the suggested revisions did not pass during the 69th Session. The Bill analysis for the House substitute to S.B. 1068, however, also indicates that section 253.100 was derived from the statutory predecessor and not new language. HOUSE COMM ON ELECTIONS, BILL ANALYSIS, C.S.S.B. 1068, 69th Leg., R.S., at 4 (1985). During the 70th Legislature, H.B. 1818 was amended by a proposal from Senator Edwards. The amendment contained the same language under section 253.100 as the Texas Legislative Council’s report and S.B. 1068. SEN. AMEND NO. 1 to H.B. 1818, 70th Leg., R.S. (filed May 30, 1987).

been unnecessary had Election Code section 253.100(a) already permitted the state or county executive committee of a political party (by definition, a general-purpose political committee) to accept corporate contributions to defray administrative expenses. We conclude, therefore, that a corporation may make expenditures to defray administrative expenses of a general-purpose political committee only if the corporation participated in the establishment of the general-purpose political committee.⁵ *See generally* Ethics Advisory Opinion No. 163(1993) (Elec. Code § 253.100(b) allows corporation or corporations to solicit only stockholders, employees, or families of stockholders or employees of corporation or corporations assisting committee under Elec. Code § 253.100(a)).

Corporations and general-purpose political committees that rely on section 253.094 should be aware of the type of expenditures that are permissible as expenditures for the “administration” of a general-purpose political committee. Administrative expenses are, in essence, expenses for a committee’s infrastructure. Examples of administrative expenses are expenditures for rent and utilities. Ethics Advisory Opinion No. 132, at 4 (1993). In contrast, expenditures for fund raising⁶

⁵In a case in which a nonprofit corporation has corporate members, the corporate members may make expenditures to defray administrative expenses of a general-purpose political committee established by the nonprofit corporation. *See generally* Ethics Advisory Opinion Nos. 217 (1994), 163 (1993).

⁶A corporation may make political expenditures to finance the solicitation of political contributions to a general-purpose political committee that the corporation assists from the corporation’s stockholders, employees, or families of stockholders or employees. Elec. Code § 253.100(b); *see* Ethics Advisory Opinion No. 163, at 2 n.3 (1993) (corporation may pay costs of soliciting its *own* stockholders, employees and families of stockholders and employees, not those of any other corporation).

for the committee or for support of candidates are not administrative expenses. *Id.*; *see also* Ethics Advisory Opinion No. 216 (1994) (payment of fine is administrative expense).

SUMMARY

A corporation may make expenditures to defray administrative expenses of a general-purpose political committee only if the corporation participated in the establishment of the general-purpose political committee.