


<b>FROM</b>	NAME & TITLE	Robert Cenname, Chief <i>RC</i>	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, Citv Hall (410) 396-4941		
	SUBJECT	City Council Bill #19-0376: Financial Disclosures-Fixings Filers, Filing, and Filings		

DATE:

**TO**

The Honorable President and  
 Members of the City Council  
 Room 400, City Hall

July 8, 2019

The Department of Finance is responding to City Council Bill 19-0376: Financial Disclosures-Fixing Filers, Filing, and Filings. The bill establishes several requirements related to employee notifications, financial disclosures, and adverse actions resulting from noncompliance.

**Background**

Section 3-24: Appointees-Notice Requirements

City Council Bill 19-0376 requires that all appointed persons receive written notice in a form approved by the Ethics Board detailing the requirements of training courses, conflicts affidavit, and financial disclosures. The section also outlines the proper protocol for providing this notice to an appointed person. Finally, Section 3-24 requires that a signed copy of the notice be placed in the employee’s personnel file and submitted to the Ethics Board.

Section 7-1.1: Financial Disclosures

19-0376 requires each agency head to identify if a vacant position will require a financial disclosure. If so, then any advertisement or job posting must include notice of the requirement to file financial disclosures. The agency head must also provide the Board of Ethics with the appointee’s name and position number within 10 days of filling the position.

The section also requires the agency head and Director of Human Resources to annually disclose the names and position numbers of all public servants who are required to file statements with the Ethics Board under the following designations: election officials and staff, agency officials and staff, certain procurement staff, legislative liaisons, enforcement, and other personnel.

The section also requires the Finance Department to post on its website a searchable list of all persons that did business with the City for the calendar year immediately preceding the current calendar year. Finally, this section requires the Ethics Board to post on its website a searchable list of all lobbyists who have registered with the Board of Ethics for the calendar year immediately preceding the current calendar year.

Section 7-9: Persons required to file

This section of 19-0376 outlines in further detail the employees that are required to complete financial disclosure statements. These include certain procurement employees, legislative liaisons, enforcement personnel, and any other public servants whose gross annual compensation from the City of Baltimore is over \$60,000.

#### Section 7-24: Office, employment, etc.

This section of 19-0376 outlines the contents of the financial disclosure statements and pertains to an employee's family as well as connections to certain types of businesses including lobbyists and those that contract with the City.

#### Section 9-5.1: Failure to File Financial Disclosure Statement

This section of 19-0376, establishes several adverse actions for noncompliance, including fines, additional notices, and possible suspension.

#### **Impact**

Several City agencies would require additional resources per the new requirements added by this bill concerning the filing of financial disclosure statements. The Ethics Board does not currently have an operating budget and is supported by the staff of the Department of Legislative Reference (DLR). DLR would need an additional staff person to monitor the financial disclosure process as well as funds to implement technology updates to meet the new requirements concerning notifying employees about filing and failure to file disclosures. The current online filing systems needs to be updated to meet new State regulations; ensuring that these updates are made as needed could be added to the scope of work under a contract to implement the updates that would be needed under this bill. DLS has attempted to assess fees around late filings under the current financial disclosure regulations but has had to work around limitations within the current online filing system.

The Department of Human Resources (DHR) would not require significant additional resources to implement the new requirements of this bill, however the Recruitment Division has advised that the requirement that all public servants making over \$60,000 must complete disclosure statements may impact City recruiting efforts. The current filing requirement is limited to employees doing specific types of tasks; expanding the filing requirement to all employees making over \$60,000 in gross income would result in a large increase in the number of employees required to file and subject them to applicable fines for non-compliance. DHR has also stated that with proper management and implementation of the new ERP system, the new requirements outlined in this bill would be easier and more efficient.

The Department of Finance (Finance) has advised that any additional resources needed to implement the requirements of this bill and any fines or late fees collected per the new requirements would be minimal. The City currently compiles a list of all entities doing business with the City on or before February 1 for the preceding calendar year that is searchable by merging information from CitiBuy, City Dynamics, and Purchase Card data using existing staff resources within the Accounting, Procurement, and Finance Administration Departments. Finance notes that there is limited information currently available on the number of individuals who have historically filed financial disclosure statements and how many of those have filed the statements late. Regardless, Finance advises that it is anticipated that the proposed changes under this bill would have minimal operational impact on the department with regards to the collection of fines for non-compliance. The Bureau of Revenue Collections or the Bureau of Accounts and Payroll Services would need to implement a collections system to collect these fines in partnership with DLS.

#### **Conclusion**

The Department of Finance does not object to City Council Bill 19-0376.

cc: Henry Raymond  
Jeffrey Amoros