



CITY OF CHICAGO



BOARD OF ETHICS

To: The Honorable Jason Ervin, Chair,
Honorable Members, City Council Budget and Government Operations Committee
Date: October 17, 2023
From: Steven I. Berlin, Executive Director

OPENING STATEMENT/FISCAL YEAR 2024 BUDGET

Overview and Mission: Good morning, Chair Ervin and Members of the Committee on Budget and Government Operations. I appreciate the opportunity to address you. Now in our 36th year, the Board of Ethics administers, interprets, and enforces Chicago's Governmental Ethics Ordinance (the "Ordinance"). We promote integrity, transparency and accountability in City government by giving thousands of pieces of confidential advice each year, educating City employees and officials, vendors, lobbyists, and others subject to the Ordinance, regulating their conduct, and enforcing the Ordinance by adjudicating cases involving apparent violations of it. The Board has five (5) major program areas.

Highlights of 2023 Achievements and 2024 goals:

1. EDUCATION: To date, 82% of the City's workforce, 54% of the City's appointed officials, 21 City Council members, and all 854 registered lobbyists have completed their required 2023 on-line ethics training programs, created and administered by the Board. The deadline for officials and employees is before January 1, 2024. Violators are subject to daily \$250 fines and having their names and violations made public. We found 152 employees and officials in violation of the law for failing to complete their 2022 online training as required and fined them a total of \$3,250. Our all-new 2024 employee-elected official program will be available in February 2024; our 2024 appointed official program will be available in March 2024; our 2024 lobbyist program will be available in January 2024. And, in early 2024, we will resume face-to-face classes for the ~3,600 City employees and officials required to complete them once every four years. Classes were suspended during the pandemic.

We revise all educational programs annually; all cover sexual harassment. We also offer personalized training for community groups, Ward Offices, vendors, and City departments, upon request. And, we publish 35 educational guides on our website, and revise them regularly. In 2023, we published two new guides. In 2024, we will produce ethics training videos with the Mayor's Office and focus on public outreach and offer speakers for neighborhood meetings and Ward nights City-wide.

2. CONFIDENTIAL GUIDANCE: *The most effective way to prevent misconduct and foster a culture of ethical conduct is to enable and encourage persons to seek confidential ethics advice before they act.* Thus, our advisory function, coupled with regular education, is our most critical responsibility. Since October 2022, we have issued 4,397 advisory opinions—a 26% increase over the same period one year ago. 75% went to City personnel (we issue the most to City Council, followed by the Mayor's Office and Chicago Police Department). 15% went to lobbyists or potential lobbyists; the remainder went to attorneys, contractors, candidates, and campaign contributors. We issued seven *formal* opinions. As required by law, we publish formal opinions on our website, with confidential information redacted out (a common practice among government ethics agencies). We have a searchable index and summary of all 925+ formal opinions issued by the Board since its inception in 1986. It includes links to all opinions' full text. Most opinions we issue are *informal* and confidential. Persons who receive Board opinions can rely on them in the event of an investigation.

We work with other City departments and sister agencies on their own conflict of interest or gift policies. We meet regularly with ethics officers from our "sister agencies" and other government agencies: the CTA, CPS, CCC, CHA, MWRD, Park District, Cook County Assessor's Office, and Cook County Board of Ethics, to discuss ongoing matters of mutual concern.

The Board continues to work on a package of amendments to the Ordinance, which will be submitted to the Mayor and City Council in the next few months.

3. FINANCIAL DISCLOSURE: 4,025 employees and officials have filed annual Statements of Financial Interests (“FIS”) in 2023. We distribute, collect, and make publicly available forms going back seven years. Additionally, all candidates for City elected office were required to file. We contacted all candidates and posted their forms. For 2023, we found 62 employees and officials in violation of the law for failure to timely file, assessed \$16,750 in fines, and made their names, violations, and fines public. For 2024, we will work with ethics liaisons in all departments and ward and committee offices to ensure maximum compliance.

4. LOBBYING REGULATION: All individuals who lobby City personnel must register with the Board annually (there is a \$350 annual registration fee and \$75 client fee per client after the first; the Board waives fees for individuals lobbying on behalf of non-profits) and file quarterly activity reports. Currently, 854 are registered; we have collected \$391,425 in fees (38% of our 2024 request). Since October 2022, 36 were determined to have violated the Ordinance for failure to timely re-register or file activity reports. 17 were assessed \$32,250 in fines. Five were determined to have violated the law for failure to timely complete annual training on time and fined collectively \$3,250. We made their names and violations public.

5. ENFORCEMENT: Adjudications of Inspector General (OIG) Investigations. Since October 2022 the OIG has submitted seven (7) completed investigations to the Board. In four (4) of these, the Board found probable; the subjects are meeting with the Board to attempt to reverse the finding. The matters involve allegations of bribery of City inspectors, and that several elected officials misused their authority, breached their fiduciary duty, or authorized the improper use of City resources for personal or political goals. Three (3) were delivered to the Board in the past few days, and the Board will consider them for probable cause findings at its November 2023 meeting. Since October 2022, the Board has referred 35 complaints to the OIG and itself received a record number of complaints: 39. The Board handles every complaint by finding probable cause or referring the matter to the appropriate investigative agency.

Board-Generated Enforcement Actions. The Board finds probable cause—confidentially—where evidence made available to it or already in the public domain indicates the Ordinance was violated, but no factual investigation by the OIG is needed. After making that finding—which is not a finding of a violation—the Board affords the subject the right to attempt to rebut it. If it is not rebutted, the Board can find violations and publicly settle the matter for fines, or if no settlement is reached, make its determination public and impose appropriate fines. Board determinations are appealable to the Cook County Circuit Court. Since October 2022, the Board has handled 58 such cases. 17 of these were referred to various investigative agencies; 17 were dismissed after hearing from the subject; two were settled (for \$10,000 and \$5,000, respectively); in the remainder, the Board determined that the persons had committed minor violations—which, if repeated, would constitute non-minor violations, subjecting the persons to fines of up to \$20,000 per violation. These cases are all described in detail on the Board’s website.

Campaign Financing Database. In January 2023, the Board, working closely with the Mayor’s Office and sister agency personnel, rolled out a significantly enhanced database of persons who have done business with the City and/or its named sister agencies, to aid candidates, elected officials, and their campaign staff in identifying persons subject to the limits on political contributions in the City’s ethics laws.

Detailed information about all enforcement matters, including minor violations, and a guide to ethics enforcement procedures, are posted on our website and updated regularly. Names are made public as permitted by law.

I welcome your questions.