



CITY OF CHICAGO



BOARD OF ETHICS

To: The Honorable Jason Ervin, Chair,
Honorable Members, City Council Budget and Government Operations Committee
Date: November 9, 2024
From: Steven I. Berlin, Executive Director

OPENING STATEMENT/FISCAL YEAR 2025 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 37th year, the Board of Ethics administers, interprets, enforces, and recommends changes to Chicago’s Governmental Ethics Ordinance (“Ordinance”). We promote integrity and accountability in City government by giving thousands of pieces of confidential advice annually, 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 ethics violations. The Board has five (5) major program areas.

Highlights of 2024 Achievements and 2025 goals:

1. EDUCATION: To date, 91 percent of the City’s workforce, 54 percent of the City’s appointed officials, 45 elected officials, and all but two registered lobbyists have completed their required 2024 on-line ethics training programs, created and administered by the Board. The deadline for officials and employees is before January 1, 2025. Violators are subject to daily \$250 fines and having their names and violations made public. We found 162 employees and officials in violation of the law for failing to complete their 2023 online training as required and fined them a total of \$16,100. Our all-new 2025 employee-elected official program will be available in February 2025; our 2025 appointed official program will be available in March 2025; the 2025 lobbyist program will be available in January 2025. And, in May 2024, we resumed twice-weekly in-person classes for the approximately 3,600 City employees and officials required to complete them once every four years, as classes were suspended during the pandemic. To date, 1,975 have attended. Classes will continue through 2025.

We revise all educational programs annually. All our trainings cover sexual harassment. We also offer personalized training for community groups, Ward Offices, vendors, and City departments, upon request. We publish 37 educational guides on our website, and revise them regularly. In 2024, we published three new guides. In 2025, we will 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 people to seek confidential ethics advice before they act.* Thus, our advisory function, coupled with education, is our most critical responsibility. Since November 2023, we have issued 4,281 advisory opinions. 77 percent went to City personnel (we issue the most to City Council, followed by the Mayor’s Office and Chicago Police Department). 15 percent went to lobbyists or potential lobbyists; the remainder went to attorneys, contractors, candidates, and campaign contributors. We issued two *formal* opinions. As required by law, we publish formal opinions on our website, with confidential information redacted (a common practice among government ethics agencies). We have a searchable index and summary of all more than 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. Those 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 ethics gift policies. We meet regularly with ethics officers from our "sister agencies" and other government agencies: CTA, CPS, CCC, CHA, MWRD, Park District, Cook County Assessor's Office, and Cook County Board of Ethics, to discuss matters of mutual concern.

3. FINANCIAL DISCLOSURE: There are 3,989 employees and officials who have filed annual Statements of Financial Interests ("FIS") in 2024. We distribute, collect, and make publicly available forms going back seven years. In 2024, we found 72 employees and officials in violation of the law for failure to timely file, assessed \$15,350 in fines, and made their names, violations, and fines public. For 2025, we again 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 fee per client after the first; the Board waives fees for those lobbying on behalf of non-profits) and file quarterly activity reports. Currently, 865 are registered; we have collected \$385,275 in 2024 registration fees. Since November 2023, 14 were determined to have violated the Ordinance for failure to timely re-register or file activity reports. Four were assessed \$4,000 in fines, collectively. Five were determined to have violated the law for failure to timely complete annual training on time and fined collectively \$32,500. We made their names and violations public. Note that the City's lobbying laws changed *significantly* in July 2024. The Board published a guide to these new laws.

5. ENFORCEMENT: Adjudications of Inspector General (OIG) Investigations. Since November 1, 2023, the OIG has submitted 14 investigations to the Board (1 matter involves 4 different subjects). The Board found probable cause in 11 (2 will be taken up in December; another has been continued pending federal litigation). Subjects may then meet with the Board to attempt to reverse that finding. If they cannot, the Board can find violations, assess fines and publicly settle matters or proceed to a confidential administrative hearing, after which time it will then make a final determination. In 10 cases, the Board voted to determine that the subjects violated the law and assess, collectively, more than \$55,000 in penalties. In three of these cases, the Board determined that the subjects committed minor violations. In two of these cases, and in three cases from the prior year, the subjects are challenging the Board's findings in administrative hearings.

Board-Generated Enforcement Actions. The Board finds probable cause—confidentially—where evidence made available to it or in the public domain indicates the Ordinance was violated, but no factual investigation by the OIG is needed. After making that finding—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. Final Board determinations are appealable to the Cook County Circuit Court. Since November 2023, the Board has handled 12 such cases. Five of these involved contributions to the Mayor's committee by registered lobbyists in violation of a 2012 Mayoral Executive Order, and were dismissed for lack of jurisdiction. But this resulted in the codification and expansion of that Executive Order, which the Board can now enforce. In another, the Board fined the committee of an unsuccessful Mayoral candidate \$10,500 for accepting contributions exceeding the Ordinance's limitations. Four were referred to the OIG; in another the Board fined a lobbyist \$500 for failing to disclose a contribution to the Mayor's committee as required; the last was dismissed when a campaign contributor received reimbursement of an excess contribution. These cases are all described in detail on the Board's website.

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

I welcome your questions. Thank you.