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LEEANN PELHAM
EXECUTIVE DIRECTOR

Date: May 23, 2019
To: Members of the Ethics Commission
From: Pat Ford, Senior Policy Analyst
Re: **AGENDA ITEM 6 – Discussion of Staff Policy Report including review and possible action on quarterly Policy Prioritization Plan**

Summary: This memorandum provides updates on ongoing policy projects, pending local legislation, and other operational projects involving the Policy Division to assist the Commission, the public, and Staff in engaging with the Commission’s policy work. This month the memo also includes updates regarding the Policy Prioritization Plan.

Action Requested: That the Commission review the updates provided in this report and provide feedback on whether it wishes to see any reprioritization of its current policy priorities.

This memo provides an operational update on the Commission’s policy projects. Section I provides status reports about ongoing policy projects that the Commission has identified as policy priorities as part of its Policy Prioritization Plan. Section I also contains Staff’s recommendation for the Commission’s current Policy Prioritization Plan.

Section II provides information about ongoing operations and projects that, while not a part of the Commission’s Policy Prioritization Plan, regularly require ongoing attention and resources of the Policy Division.

I. Policy Prioritization Plan – Status of Ongoing Initiatives

The following sections describe the status of the Commission’s current policy priorities.

A. Review of the City’s Public Financing System

As part of the first phase of the Commission’s review of the City’s public campaign financing program, Policy presented draft regulations and a draft ordinance at the November 2018 meeting aimed at making the program more effective and workable. The Commission approved an amended version of the ordinance at its regularly scheduled February meeting. The ordinance (File No. 190287) was approved by the Board of Supervisors and Mayor and will become operative on June 9th. Policy is now working closely with the Engagement and Compliance Division on implementing the new provisions of the Code.

Also as part of the first phase of the review and in partnership with the Audits Division and the Engagement and Compliance Division, Policy worked to revise a set of comprehensive revisions to the written resources that are available to program participants, primarily the supplemental guides for candidates. The revisions provide greater detail about the requirements candidates must meet in order to be approved for public financing and to receive funds under the program. The revised guides have been published to the Commission's website.¹ The NetFile Filer Guide, which provides technical instruction in how to use the Commission's online filing system to submit requests for public financing was also incorporated into the Commission's written resources for candidates. This guide will assist candidates who seek to better understand the online filing system.

As part of the second phase of the review project, which examines more fundamental components of the program, Staff presented initial findings and recommendations for legislative improvements at the Commission's April meeting. Based on Commission feedback and further stakeholder engagement, Policy worked with the City Attorney's office to prepare a draft ordinance to carry out Staff's proposals. The draft ordinance, and a memo providing additional information about the review project, appear as Agenda Item 4.

B. Review of Campaign and Governmental Conduct Code Regulations

This project seeks to update and improve existing regulations and develop new regulations to clarify new provisions of the Code created by the Anti-Corruption and Accountability Ordinance. Policy presented a set of draft amendments to various regulations at the Commission's April meeting. These amendments would affect various regulations that support Article I, Chapter I (Campaign Finance Reform Ordinance), Article III, Chapter II (Government Ethics Ordinance), and Article III, Chapter VI (Behested Payments Disclosures). After receiving Commission feedback at the April meeting and continuing to engage with stakeholders, Policy made revisions to the proposed regulations and issued a public notice for the regulations on May 16th, allowing the Commission to take action on them at this meeting. The regulations and an explanatory memo appear as Agenda Item 5.

C. Paid Online Political Communications

This project seeks to identify ways to help the public better understand how political ads they see online are funded. Toward this end, Policy developed a new page for the Commission's website that helps inform the public about the law regarding these advertisements. The page provides basic information about disclaimers, which tell viewers who paid for a given advertisements. It also explains how to use the information in a disclaimer to look up more information about the funder on the Commission's website and how to contact an investigator if an advertisement fails to include a disclaimer. The page is available on the Commission's website under Compliance>Campaigns>Online Political Ads—Who Paid for Them? and is also posted in four other locations on the website.²

¹ Available at <https://sfethics.org/compliance/campaigns/candidates/public-financing-program>.

² Available at <https://sfethics.org/compliance/campaigns/online-political-ads-who-paid-for-them>.

II. Miscellaneous Policy Administrative Projects

A. Pending San Francisco Legislation

1. Initiative Ordinance – “Sunlight on Dark Money Initiative” (Mar)

As described in the March Policy Report, five members of the Board of Supervisors submitted an initiative ordinance to the Department of Elections that would amend provisions of the Campaign and Governmental Conduct Code to, among other things, prohibit political contributions from persons with a financial interest in a land use matter and change disclaimer requirements for certain political communications. Although this initiative ordinance does not require a vote of the Board of Supervisors, it will be the subject of a hearing before the election. Staff is reviewing the implications of these potential changes to City law and will be submitting written comment for the hearing.

B. Trustee Election Disclosures Implementation

In 2018, the Board of Supervisors and the Mayor approved amendments to the Administrative Code to institute financial reporting by candidates and third parties making expenditures in elections for members of the Retirement Board, Health Service Board, and Retiree Health Care Trust Fund Board. As the Commission’s Engagement & Compliance division operationalizes systems and processes for campaign disclosures in this spring’s “trustee elections,” Policy has continued to collaborate with E&C and EDDA staff to implement those new public disclosure requirements.

C. Form 700 E-Filing For All

Policy is assisting other Staff in developing approaches and processes to support a project in development to enable electronic filing of Form 700 filings by all filers in the City through a phased-in approach. Currently, only elected and appointed officials and department heads file the Form 700 in electronic format, and other designated City employees file in paper form with their respective departments. As indicated in Section III below, this project is a planned priority for Policy given the plan will likely involve negotiations with bargaining units and drafting regulations as the project continues to develop.

D. ACAO Implementation

Provisions of the Anti-Corruption and Accountability Ordinance (ACAO), which was approved by the Commission, the Board, and the Mayor in 2018, became operative on January 1, 2019. As the Engagement and Compliance and EDDA Divisions implement these new provisions, Policy is continuing to provide guidance and advice. The implementation process includes new disclosure forms, updates to the Commission’s website and candidate guides, and development of regulations to provide more clarity about the new law.

III. Update Regarding the Policy Prioritization Plan

As detailed in Section I above, Policy has been actively engaged on three policy projects: reviewing the public financing program, developing amendments to the regulations, and working toward better information being available regarding online political communications.

Currently, Policy is entering a new phase of work on both the public financing program review and the regulations amendment project. In these phases, both projects will still require attention in the coming months for legislative outreach, potential amendments, and, eventually, implementation. At the same time, progress also has been made on the third project to better inform the public about online political communications, as the public now has a designated web location to learn about online ads and how they are paid for, and further work on this project is not anticipated.

In addition, attention by the Policy division to supporting development of the Form 700 e-filing project will be required. Going forward over the next several months, however, as noted in the Executive Director's report this month, the Policy division will be functioning with only one filled position, as Policy Analyst Brian Cox has accepted an offer of employment to return to the San Francisco Public Defender's Office. His last day is May 29th. Consequently, the initiation of any new major policy review projects will not be possible in the near term, and the critical phases of continuing policy projects described above are the planned focus for the Policy division.