



ETHICS COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

DAINA CHIU
CHAIR

February 14, 2020

NOREEN AMBROSE
VICE-CHAIR

To: Members of the Ethics Commission

YVONNE LEE
COMMISSIONER

From: LeeAnn Pelham, Executive Director
Gayathri Thaikkendiyil, Deputy Director & Chief Programs Officer

FERN M. SMITH
COMMISSIONER

Subject: **Agenda Item 4 - Ethics Commission FY21 Budget Submission**

LATEEF H. GRAY
COMMISSIONER

Summary This memo provides an overview of the Ethics Commission's FY21 annual budget submission, which is due to the Mayor's Budget Office on February 21, 2020.

LEEANN PELHAM
EXECUTIVE DIRECTOR

Action Requested No action is required as this item is provided for informational purposes only, however it has been placed as an action item on the Commission's February 21 regular meeting agenda to allow the Commission to take action should it wish to do so.

As noted in the [January 17, 2020 budget overview](#) we presented to the Commission at its last regular meeting, all City departments are required to submit Fiscal Year 2021 budget requests to the Mayor's Budget Office on February 21, 2020. Following action by the Mayor to propose a budget for the City and subsequent action by the Board of Supervisors to adopt a City budget, the City's new fiscal year begins on July 1, 2020.

Overview of Ethics Commission FY21 Budget Submission: Building Capacity Necessary to Meet Citywide Need

The budget request detailed in last month's memo identified key initiatives for FY21 to broaden the impact of the Commission's programmatic mandates. Those initiatives remain essential as the Commission continues to build the organizational capacity needed to achieve the job voters established it to do. As noted last month, building on the Commission's existing operational budget of roughly \$4.5 million, the planned budget submission includes \$700,050 in new resources that are essential to ensure that core strategic initiatives underway at the Commission will not be derailed. Those resources are essential to fund position-related changes and key strategic investments necessary for the Ethics Commission to reach the organizational capacity that is required for it to meet its broad voter mandates: 1) strong laws that are effective and enforceable in practice; 2) heightened compliance and strengthened public engagement in City elections and governance; and 3) improved accountability through timely, thorough, and fair audits, investigations, and administrative enforcement.

Importantly, since the Commission's last meeting new developments have come to light through the public announcement of the FBI's arrest and charging of San Francisco Public Works Director Mohammed Nuru on federal corruption charges. Mr. Nuru resigned his City position on February 10 and is presumed innocent until and unless those charges are proven in federal court. Coupled with the resignation of the City's former Public Health Director less than 18 months ago amid allegations of a conflict of interests, the breadth of alleged activity detailed in late January in the FBI's nearly 80-page complaint has warranted a close re-assessment of what the City must do better.

In its proponent's argument in support of Proposition K to establish the Ethics Commission in November 1993, the Board of Supervisors stated: "Without constant oversight, the city's ethics rules are being flaunted." As Mayor Breed has emphasized, "Nothing matters more than restoring the public trust in our government. Our residents deserve it, and the hard-working men and women of our city deserve it. This requires us to not only hold anyone involved in any illegal or unethical actions accountable, but also to do the work to prevent corruption from occurring in our City."

Created directly by the voters as an independent and objective oversight body in City government, the Commission has a unique duty to San Franciscans to advance the practice of applying the highest ethical standards throughout City government. The Commission's mandate and commitment to supporting leadership in the city's workforce at every level in ethical decision making, and in creating and sustaining departmental cultures that reflect the highest standards integrity, must be a collective and immediate focus citywide. To do this meaningfully, is imperative that the Ethics Commission identify and secure the resources necessary to effectively address the prevention of corruption in all its forms before it can occur. The alleged schemes of public corruption brought to light over the past month only demonstrate the urgency of this work.

Ensuring that there is no room in City government for corruption to take root means investing now and investing broadly in new approaches.

Creating *Ethics@Work*

Beyond the budget items outlined to the Commission in January, the Ethics Commission's FY21 budget submission also proposes authorization and funding to establish a new *Ethics@Work* initiative. This initiative would fund new and necessary outreach, onboarding, and training infrastructure not currently in place but that is essential to effectively institutionalize integrity in city government. It would create actionable steps to heighten awareness of ethics rules and their practical application citywide, including by providing critical support to city leaders at all levels as they seek to effectively navigate ethical issues that arise in their public service.

The *Ethics@Work* team of four new positions at the Ethics Commission would be dedicated to partnering closely with City departments to assess, develop, and deliver tailored knowledge tools and training to support and equip leadership teams, managers, supervisors and staff leads to effectively navigate ethical issues they encounter in practice. The team would serve initially as a limited three-year project and will function as a dedicated team of advisors and outreach specialists highly versed in the practical application of ethics laws to provide enhanced practical guidance to support ethical decision making and action.

Proposed for funding and authorization beginning in the new fiscal year, this initiative would enable critical infrastructure to be put in place beginning in the summer of 2020. *Ethics@Work* would be evaluated based on progress indicators and performance measures developed by the Commission to assess its impact and determine whether and how the initiative should be revised or continued going forward.

As proposed, the Commission's *Ethics@Work* initiative would include the following deliverables:

- ☐ Creation of dedicated *Ethics@Work* onboarding materials and processes specifically for appointed City Board and Commission and new department heads in partnership with the Mayor's Office, targeted to support new appointees at the time of their appointment with a focused awareness of how the City's ethics standards apply in practical terms to their departmental leadership and oversight roles. Focus areas would include elevated attention to ensuring departmental Statements of Incompatible Activities are operational and current, and to ensuring actionable steps are in place to proactively detect and avoid conflicts of interests.
- ☐ Development and presentation of appropriate content and materials to begin ensuring that ethics is a part of every New Employee Orientation, 24+ Supervisory training, and manager training modules currently offered by the City. The Commission proposes to partner in close collaboration with the Department of Human Resources by leveraging current existing training opportunities to sharpen the City's collective focus on ethics and integrity in practice and deepen the awareness of new hires of expected ethical standards in City service.
- ☐ Actionable work plans developed in close collaboration with departmental leadership teams to support the active management of ethics issues that can arise in their work, including tools and tips they can use to help equip departmental staff to handle common ethics dilemmas and navigate ethics issues effectively. *Ethics@Work* deliverables would include materials to meet a range of learning styles and bandwidths such as practice tip sheets; video clips; team roundtables; and FAQs.
- ☐ Creation of targeted materials and outreach that leverages existing opportunities to inform City contractors and grantees about the City's expectations for ethics and integrity in its work. This would include building on provisions of the City's Whistleblower Protection Ordinance that apply to City contractors to ensure those seeking to do business with the City are supported with clear and timely information about their role in upholding high standards of ethics in practice.
- ☐ Development of outreach and reporting tools to promote community engagement and restore public trust in the accountability of City government by enlisting the public in advancing the City's work of integrity. Among deliverables would be the creation of an online Ethics Commission complaint form to ready methods of reporting wrongdoing by City employees and officials, and City contractors and bidders, as well as members of the public.

As noted further in Section II, this *Ethics@Work* initiative proposes a three-year limited term project of four exempt positions, with related supplies and materials, totaling approximately \$835,000 per year.

New Ethics Funding Model Should be Explored

To achieve its broad public service and programmatic mission, the Ethics Commission must have a strong operational foundation. However, the Commission continues to be insufficiently resourced for its essential operations. While the Commission's budget proposal for FY21 is designed to address ongoing fundamental and critical new needs, it also points to the need to explore an alternative model that would provide sustainable resources to enable the more effective planning and the more effective delivery of its work from year to year. Establishing a stable source of sufficient funding for the Ethics Commission mandate from year to year would help ensure that the voters' mandate can be fulfilled and warrants serious consideration and development.

By recognizing that the City's vision and mandate to deliver work of high integrity is a shared one, as part of the FY21 budget development the Commission plans to seek discussions with the Mayor's Office, Board of Supervisors, and the Controller's Office to initiate consideration and development of a new funding mechanism for the Ethics Commission. The Charter mandates that the General Fund make annual appropriations to the City's public financing *Election Campaign Fund*. Development and funding of a *Citywide Integrity Fund* should be explored to identify how existing related program funding in the City can be realigned and consolidated going forward to better support the Ethics Commission's independent mandate and focused mission, and to allow key integrity initiatives such as *Ethics@Work* to be funded, implemented, and sustained.

OVERVIEW OF ETHICS COMMISSION FY21 BUDGET SUBMISSION

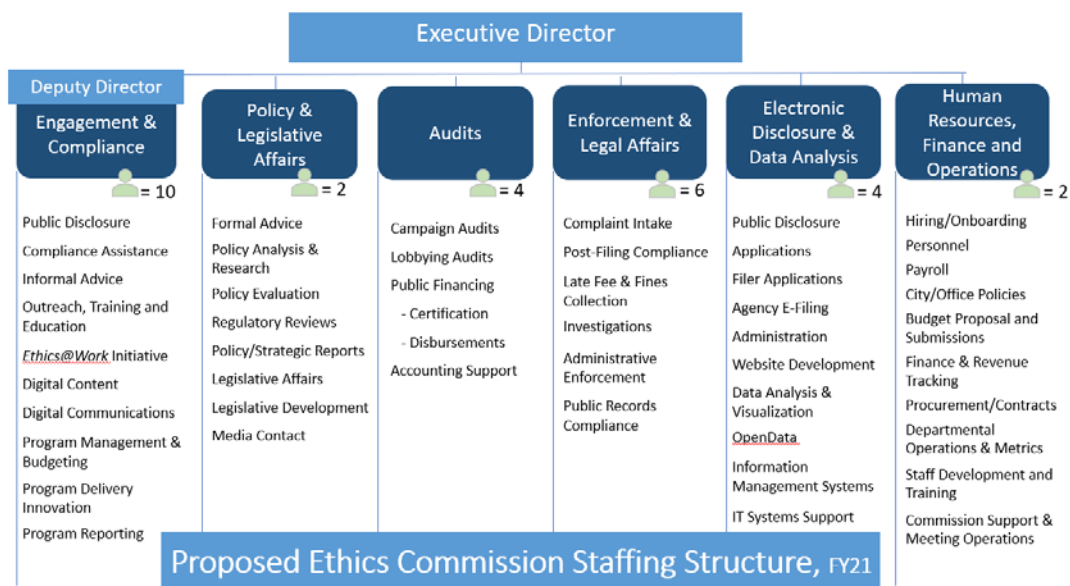
SECTION I – CURRENT AND PROPOSED STAFFING STRUCTURE

The Ethics Commission's current FY20 and proposed FY21 staffing structures are illustrated below in Charts 1 and 2 for reference.

Chart 1 – Ethics Commission FY20 Staffing Structure



Chart 2 - Ethics Commission Proposed FY21 Staffing Structure



SECTION II - ANNUAL ACCOUNT CHANGES

Position Related Changes

Approximate Total \$1,335,150

Several areas of the Commission's work have demonstrated an increased and sustained demand for duties of a more complex nature to meet the changing programmatic and operational needs of the Commission. These require dedicated roles at the right job classifications. Coupled with slated programmatic and operational improvements, these changes are highly aligned with the Mayor's FY21/FY22 Citywide budget priorities to ensure accountability for services provided and promote equitable outcomes throughout the City. The proposed Commission budget for FY21 will address additional positions and reclassification requests, required step and pay adjustments, and the removal of "attrition savings," which acts as a structural salary shortfall for fully staffed small departments. Position related estimates are required to be allocated at the top step of each classification per City's budgeting policy.

➤ ***Director of HR, Finance, and Operations (Classification 0922)***

A new, permanent exempt ("PEX") position

Approximately \$207,341/year (including salary and fringe benefits)

This new position is necessary to assume day to day responsibility for a broad range of management duties that are essential for ensuring appropriate required focus and attention on critical needs in the areas of human resources, budget development, financial oversight, and related departmental operations. A dedicated HR, budget, and financial resource at the Commission is also essential to allow for greater focus by existing managerial resources to be placed on the delivery of core programs and services across divisions.

In any organization these functions are essential and dedicated resources ensure their proactive and sustained management throughout the year. Unlike most other City departments, however, the Commission has no managerial level positions dedicated to administration, budgeting, finance, or personnel functions. Instead, these day to day functions have been assumed by both the Executive Director and the Deputy Director/Chief Programs Officer, aided in the past two years by a work order with the Department of Human Resources to assist on a limited basis.

In an organization undergoing transformation over the past several years, this approach was taken as a conscious step to allow a departmental focus first on direct program support and service delivery needs and resources. However, given the pace and expanded scope of the Commission's programmatic responsibilities, and coupled with significant ongoing duties required of a City department for specialized HR, budget, and financial operations, that initial approach is not sustainable going forward. Continued assumption of these broad day to day duties by the executive and deputy directors and no dedicated capacity to manage HR, budget and finance results in untenable delays in implementing core programmatic priorities timely and efficiently, including Charter mandated duties to provide assistance to agencies, public officials, and candidates, and developing educational programs to promote improved understanding of Commission's laws and requirements.

Goals served by this new position include to:

- *Ensure effective and timely delivery of specialized HR functions including position recruitment and hiring; staff onboarding, training, and professional development; supervision of payroll functions; development and daily management of departmental policies; and tracking and managing departmental compliance with City policies.*
- *Provide day to day management and oversight of Commission's funds and expenses, including monitoring and analysis of departmental budget, ensuring allocation of approved budget across account lines, managing fund accounts to track expenses on a day-to-day basis, authorizing, tracking, and analyzing use of Election Campaign Fund, facilitating departmental procurements to ensure timely delivery of required services, tracking departmental revenue, managing vendor contracts, generating critical financial reports for the Controller's Office and Mayor's Office, authorizing and initiating fund transfer/adjustment requests throughout the year as needed, documenting department's accounting procedures, and ensuring departmental compliance with Controller and other City policies.*
- *Ensure effective and timely delivery of departmental operations including Commission support activities, developing and collaborating with division leads to gather, prepare, and analyze departmental performance indicators, reporting departmental performance metrics to the Controller's Office on a regular basis, producing annual reports, maintaining department's disaster recovery & business continuity plans, handling day to day office operations, and acting as department's liaison for administrative requests throughout the year from central departments such as Controller's Office, Mayor's Office, Department of HR etc.*

➤ **Information Systems Engineer (Classification 1042)**

Funding and authority for a three-year limited term exempt position

Approximately \$196,596/year (including salary and fringe benefits)

In its FY20 budget submission, the Ethics Commission had requested a three-year limited term position in the Electronic Disclosure & Data Analysis (EDDA) division. This position was designed to work on a three-year project to convert disclosure forms to electronic format, integrate Commission databases with City's open data platform (DataSF) for improved public accessibility, develop data analysis and visualization tools for the public, and to conduct outreach to help equip and train the public in using the Commission's online resources to strengthen public engagement in City elections and governance. In the approved City budget for FY20, the Commission was allocated only one year's funding for this position, only for FY20.

With this one-year position in FY20, EDDA division has been able to make significant progress on the department's technology priorities. The team is in the final stages of publishing the electronic Form 700 disclosure data to DataSF which will allow the public to access Form 700 data in an easier searchable format. EDDA has converted complex City business processes to automated electronic systems including contracting disclosures filed by the Board of Supervisors and Mayor, and it is in the process of deploying multiple new electronic form processes by the end of FY20. In addition, campaign disclosure dashboard tools for November 2019 and March

2020 elections have been built and updated daily. These dashboards provide insightful visualizations of the election campaign data for the public and the media.

Without this position, the Commission will not be able to create dashboard tools for upcoming elections including the November 2020 election, further automation of new forms and the maintenance of existing electronic forms will be significantly impacted, and disclosure data integration efforts and community outreach will be halted.

To ensure that the Commission can effectively serve its core public disclosure mandate, however, and as the need for automation, data integration, disclosure tools, and outreach only continues to expand, this position is critical to retain in the Commission's operating budget for a full three-year term.

Goals served by this limited term position include to:

- *Provide more robust access to key disclosure data that San Franciscans continue to demand about their City elections and governance. This involves ensuring the public has full and searchable access to key data by integrating and maintaining electronically filed form data including Form 700 – Statement of Economic Interests for all designated filers in the City; campaign finance disclosures, lobbyist reports, and other disclosure programs in machine-readable formats via the City's open data system.*
- *Convert all remaining paper-based disclosure processes to electronic formats to improve filing efficiency and accuracy for the filer, automate manual administrative processes to maximize operational efficiencies, and provide near-instantaneous public access to disclosure information after filings are received to support timely information across programs for the public.*
- *Create data analysis and visualization tools to allow the public to easily view data summaries and analyze the latest campaign finance information for each election, including November 3, 2020 election. Maintain these visualization tools daily, including through required manual updates as necessary during the entire election season, to ensure that the data is current for the public and the media.*
- *Develop and conduct outreach and training for the public, community groups, and the media to provide direct support and information in working with disclosed information and using the Commission's new data services and tools to more fully understand the role of money in City campaigns. This includes offering group training, developing user guides and examples, and working with external organizations on projects that connect to Commission data resources to heighten awareness and understanding and broaden the impact of the City's public disclosure requirements and processes.*

➤ **Policy Counsel and Legislative Affairs Manager (1824)**

Reclassification of an existing Senior Policy and Legislative Affairs Counsel position (1823)

Approximately \$27,213/year (including salary and fringe benefits)

Since establishment of the Commission's first dedicated policy unit in 2017, the duties of the lead policy position role at the Ethics Commission have significantly expanded to have much broader organization-wide responsibility and impact. This permanent exempt 1823 position (a "Senior Administrative Analyst") performs complex policy analysis, policy development, legislative drafting, and stakeholder engagement to support the Commission's core goal of strong and effective laws over which it has jurisdiction to administer and enforce. However, it has also increasingly become necessary to rely upon this position for duties beyond these day to day functions and that appropriately fall within the scope of an 1824 classification, including the longer-term planning and coordination of more cross-functional activities related to timely and effective legislative affairs, interdepartmental policy outreach and City-wide coordination, and media communications.

As the pace and breadth of the Commission's policy and legislative work have only increased, so too are the demands required of this position. This position classification must keep pace with the heightened need to perform specialized legal research, in-depth legal analysis, and to develop, plan, and implement key strategic initiatives that are essential to the Commission's ongoing development of and public engagement on core policy issues. The level and impact of the work of this position exceeds the level of the Senior Administrative Analyst position that was created in 2017 when the Policy unit was initially created. The position requires right sizing through reclassification to an 1824 (Principal Administrative Analyst).

Goals served by this reclassification include to:

- *Ensure effective, comprehensive, and timely planning and execution of initiatives to develop, implement, and evaluate highly complex policy and legislation with Citywide impact, including development of timely outreach and feedback methods to support effective interdepartmental input in assessing the impact of existing, newly enacted, or proposed regulations and legislation in developing Commission findings and recommendations.*
- *Ensure timely and effective development and implementation of a strategic multi-layered stakeholder engagement plan for all high-priority policy/legislative initiatives that includes priority-level operational focus across Commission functions in coordination with Engagement & Compliance and Electronic Disclosure and Data Analysis teams and creates new opportunities to engage with local communities in raising awareness of the Commission's mission and expand the impact of the Commission's programs and services.*

➤ **Attrition Savings and Pay Step Adjustments**

Approximately \$164,000

For the Commission to operate under its full capacity, full retention of base salaries & fringe benefits for all authorized positions will be required by closing structural salary account shortfalls.

➤ **Ethics@Work Initiative** (NEW)

Funding and authority for four three-year limited term exempt positions

Approximate total of \$740,000/year for three years (including salary and fringe benefits)

The Commission's *Ethics@Work* initiative proposes four full-time exempt staff for a three-year limited term project to achieve the goals identified above. As proposed, these positions would be one Principal Program Administrator (1824) and three Senior Administrative Analysts (1823s) that would have focused responsibility for the development and execution of this extensive new Citywide project. The positions would provide practical expertise as advisors and outreach specialists highly versed in the application of ethics laws to support ethical decision making and action. These positions will be responsible for conducting needs assessments; developing and managing a range of departmental action plans and deliverables against multiple identified deadlines; developing and supporting strategic partnerships among City departments. including through; developing training content and materials for practical application in diverse organizational settings; conducting and evaluating outreach and training, including in both digital environments and in community settings; and developing, tracking, and publicly reporting on performance metrics to gauge the project's impact and effectiveness.

Materials & Supplies

Total \$ 12,500

➤ **Hardware and Software Services – approximately \$12,500**

This request is to fund essential hardware devices such as network switches for connectivity and laptops for staff, and software licenses for office tools and website maintenance to ensure continuity of critical departmental operations. These items were funded through one-time allocation in prior years and they need to be allocated as part of department's ongoing operating budget.

Non-Personnel Services

Total \$ 46,000

➤ **NetFile E-Filing System Improvements – approximately \$40,000**

The Commission's budget currently does not have funds allocated to enable critical updates needed in the NetFile e-filing system. Staff have identified essential improvements needed to simplify and streamline the disclosure processes. This proposal identifies additional funding necessary to support improvements to the campaign and lobbyist filing systems based on user feedback, and to implement cyber security related system requirements per the City's IT policies. Without necessary funding, these essential changes cannot be incorporated into the e-filing system.

➤ **DocuSign Technical Support Services – approximately \$6,000**

Given the volume of disclosure forms now received electronically via DocuSign, it is essential to ensure that the Commission can avail support services from DocuSign experts to resolve technical issues encountered in the existing forms as well as to optimally automate new forms. This service will have a direct impact on the department's ability to provide effective support to its electronic filers to ensure timely compliance.

Services of Other Departments**Total \$ 46,400**

➤ **Work Order: Controller's Office** – *approximately \$28,600*

This new item will secure necessary procurement and accounting services from the Controller's Office to support essential functions such as processing requisitions, accounts payable, accounts receivables, and journal entries for the Commission. Procurement and accounting functions require segregation of duties, however the Commission currently does not have staff positions that can function in different roles required by City policies in procurement and accounting functions (for example, initiator of a request, one who approves it, or the "receiver" of the item procured). In recent years, the Systems Division of the Controller's Office was assisting the Commission with some of these functions without charging the department for these services, however, in May 2019, their office indicated that they can no longer support these tasks for our department. Since then, the Commission has been heavily reliant on limited support hours from the Accounting Operations Division of the Controller's Office to fulfil these tasks on a temporary basis. As they do not have necessary dedicated capacity allocated for the Commission, their support level varies depending on the schedule and time availability of their accounting staff. This causes delays in procuring necessary services for Commission's operations. With this new work order, the Commission will have the needed resources to secure a timely and consistent level of support from the Controller's Office to fulfil fundamental procurement and accounting services.

➤ **Technology Contracts with the Department of Technology** – *approximately \$17,800*

This request is to cover license cost increases for Microsoft and Adobe software tools that are essential for staff to perform their day to day duties. It also includes an allocation for continued support of the desktop software patch management program which enables the maintenance of departmental desktop/laptop devices in an automated manner. As several paper forms have now been automated through DocuSign, the department also has to cover DocuSign usage fee for filings received.

Ethics@Work (NEW)**Approximate Total \$ 95,000**

- This request is to cover non-position related costs to support the Commission's new *Ethics@Work* initiative. This roughly \$95,000 in annual funding would cover essential programmatic needs as well as staffing-related tools, such as workspace, laptops, software licenses, and compliance and training tools for the three-year duration of the project.

SECTION III - CONTINUING ACCOUNTS

➤ **1840 – E-Filing Customer Support Specialist for Form 700 E-filing Project**

Funding and authority from the City's Committee on Information Technology (COIT) for a one-year limited term exempt position

Approximately \$119,903 (including salary and fringe benefits)

As a top priority project, the Ethics Commission is working toward implementing electronic filing for all designated filers of Form 700 – Statement of Economic Interests, effective January 2021. This would enable roughly 3,500 City employees who currently must file the form on paper with their respective departments to use the City's online filing system to submit their financial disclosure statements. While easing and making the filing process more efficient for filers, the electronic filing of these forms will also support improved transparency for the public.

The Form 700 E-filing project has been funded by COIT and this request is to secure additional funding through COIT for a new one-year limited term position which will be dedicated to assisting filers and filing officers during the roll-out of this project to ensure smooth transition of City departments to electronic filing. City department staff and bargaining units representatives alike have expressed an increased need for outreach, training, and filing assistance for designated filers and filing officers, and this position will be dedicated to serve that objective.

Goals served by this limited term position include to:

- *Provide technical assistance and support to departmental filers and filing officers during project planning phase and post implementation to establish their filer accounts in the NetFile system and help them file the form electronically.*
- *Create user guides, technical manuals, web content, and other compliance tools to enable filers to timely comply with their filing requirements.*
- *Receive incoming support requests from departments and filers, track issues, resolve problems, and generate reports for the program administration team to evaluate programmatic areas that require improvement.*
- *Conduct outreach to stakeholders to provide customized hands-on system training for departmental filers and filing officers.*
- *Gather user feedback through surveys and in-person interviews to identify processes that need improvement.*

➤ **Election Campaign Fund**

The Ethics Commission's current budget is comprised of two main components: an operating budget, discussed in Section I (also referred to in the City's budget books as "non-grant funding"), and the Election Campaign Fund ("Fund"). The Fund is established in the City's Campaign Finance Reform Ordinance ("CFRO"). Under CFRO, the Fund is capped at a maximum of \$7 million.

Allocations to the Fund are based on a formula of \$2.75 per resident, unless the Fund has already reached its maximum. Funds may need to be appropriated to the fund in FY21 up to the formula and caps provided in the law.

SECTION IV

Target Cuts for Ethics Commission Annual Operating Budget as Identified by Mayor's Office FY21/FY22 Budget Instructions

In budget instructions issued to all City Departments, the Mayor's Office of Public Policy and Finance has targeted required proposals to reduce General Fund allocations by each department that are equivalent to 3.5 percent of the Department's General Fund spend in the first budget year, growing by another 3.5 percent to 7 percent in the second budget year. These targeted cut amounts for the Ethics Commission are shown below.

	FY21	FY22
Mayor's Office Expected Target Cuts	\$ 161,631 (3.5%)	\$ 323,262 (7%)

Impact of Target Cuts on the Ethics Commission's Operations

In preparation for the formal submission of the Commission's FY21 budget proposal, Commission staff have been closely evaluating the impact of required targeted cuts on the Commission's operations.

As can be seen in the table below, more than 87 percent of the Ethics Commission's operating budget is allocated to the human resources that perform the work of the Commission. Funds in its non-position related accounts are limited and cannot accommodate a budget cut without significantly impacting the core infrastructure required to support the Commission's essential operations. Achieving a 7 percent cut, therefore, will require eliminating critical positions that are essential if the Commission is to fulfill its broad set of mandates as envisioned under the Charter.

Overview of the Ethics Commission's FY20 budget allocation

Account	FY20 Baseline Budget Amount	Additional One-time FY20 Funding	% of Ethics Baseline Operating Budget
Salaries and Fringe Benefits	\$3,952,144		87.4%
Non-Personnel Services <i>E-filing System Services, Staff Training, Office Administrative Services etc.</i>	\$240,744	\$6,000	5.3%
Materials & Supplies <i>Desktop Devices, Software Licenses, Office Supplies etc.</i>	\$23,508	\$37,200	0.5%

Services of Other Departments	\$303,770	\$6,500	6.7%
<i>Real Estate, Telecommunications, Technology Infrastructure, SFGov TV, HR services etc.</i>			

Total	\$4,520,166	\$49,700	
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As a small City department with majority of its operating budget owing to the salaries and benefits of its employees, the Ethics Commission is faced with having to impact its Personnel Services Account in order to achieve the targeted cuts proposed in the Mayor's budget instructions. Should the Commission be required to absorb cuts through this Account, it would face the elimination of critical staffing resources. Two vacant positions would need to go unfilled, causing further critical delays in the Commission's mandated duties in the areas of campaign and lobbying audits, and formal advice and policy evaluation.

Notably, the City's budget process requires that departments submit their annual funding proposals into a budget system in the Mayor's Office that assumes the expected targeted cuts have been incorporated. Consequently, in order to submit the Commission's annual budget request as required on February 21, the Commission must reflect how it would plan to absorb the expected targeted cuts. In effect, the Commission will need to reflect these cuts in its Personnel Services Account.

We understand from the Mayor's Budget Office that departments are free to submit separate communications explaining their departmental requests and the impact of targeted cuts. As has been the Commission's past practice, Staff will provide that information on February 21.

We also understand that the Mayor's budget team will use much of the month of March to evaluate departmental requests as it prepares the funding recommendations it will bring to the Mayor for her consideration. After we have completed our budget submissions, Staff will continue to seek to work with the Mayor's Budget Office to discuss the needs presented in this memo.