



ETHICS COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

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LEEANN PELHAM
EXECUTIVE DIRECTOR

February 21, 2020

The Honorable London Breed, Mayor
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Ethics Commission FY21 Budget Proposal

Dear Mayor Breed:

Established by local voters to act independently as a neutral and objective oversight body in the City and County of San Francisco to promote integrity, accountability and the public trust, the Ethics Commission has a unique duty to San Franciscans to advance the highest ethical standards in City government. Fundamental to this core mission, the Commission continues to focus its strategic operating priorities on leveraging all available resources to broaden the citywide impact of its core Charter-mandated duties to:

- create heightened awareness and promote compliance with ethics laws and practices;
- develop and recommend campaign finance, ethics, and lobbying laws that are strong, sensible, effective, and enforceable;
- strengthen public engagement in City elections and governance;
- conduct thorough, objective, and timely audits and investigations; and
- ensure independent, fair, and timely administrative enforcement when violations occur.

In its [past four annual budget submissions](#) the Commission has sought resources necessary to establish the operational capacity required to support its broad Charter mandates (Attachment 1). While funding levels authorized have allowed the Commission to make some fundamental progress toward that end, far more remains to be done if these mandates are to be fulfilled. The Commission continues to be insufficiently resourced for its essential programs and services.

At the same time, recent developments that continue to unfold publicly only underscore the ongoing need and heightened urgency for the City to re-assess and re-calibrate what must be done to better support and sustain integrity across City government. The FBI's arrest of then-San Francisco Public Works Director Mohammed Nuru on federal corruption charges in late January and its detailed 75-page charging document alleged deeply concerning activities. These events follow the resignation of the City's former Public Health Director less than 18 months ago amid allegations of a conflict of interests.

In supporting Proposition K to establish the Ethics Commission the Board of Supervisors wrote in the November 1993 ballot pamphlet that "[w]ithout constant oversight, the city's ethics rules are being flaunted." As you have reminded all City departments and the public, "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."

With its unique mandate and shared commitment to equipping City officials, employees, and the public with information and tools necessary to support and sustain a culture of high integrity in City government, the Ethics Commission strongly believes this vital work requires an urgent and collective focus. For the City to do this work effectively, is imperative that the Commission identify and be sufficiently resourced to fully pursue its Charter mandate and implement approaches that are needed to prevent corruption in all its forms from taking root.

Ethics Commission FY21 Budget Proposal

Building on the Commission's Fiscal Year 2020 operational budget, the Ethics Commission proposes an FY21 annual account request of \$1,757,827, for a total FY21 operational budget of approximately \$6.2 million. This funding is critical for the Commission to meet the duties it was vested by San Franciscans with the authority to achieve.

As detailed further in the attached budget submission overview:

Section I provides an overview of the Ethics Commission's FY21 budget proposal.

Section II addresses Annual Account Changes, including position and service-related changes and a new three-year Ethics Commission initiative, *Ethics@Work*. Designed as a new and needed comprehensive approach to applying ethics in practice, *Ethics@Work* would work to equip leaders at all levels of City service with tools and resources to effectively managing ethical issues that can arise in their service to the public. The Commission's budget proposal includes \$835,000 to fund four limited term positions and related costs to launch the initiative in FY21.

Section III addresses the Commission's Continuing Accounts, including the Election Campaign Fund for the City's voter authorized public financing system for qualified City candidates.

Section IV addresses the proposed targeted and contingency cuts identified in the FY21 budget instructions issued in December by the Budget and Policy Office. For the Ethics Commission, the expected target cuts of 3.5% in FY21 and 7% in FY22 would equate to cuts in those fiscal years of \$161,631 and \$323,262, respectively. Because the City's budget system prevents departments from submitting budget data that does not conform to the targeted cuts, the Commission's submitted FY21 budget reflects where those cuts would be required to be absorbed if enacted. Because the Ethics Commission is a small department of only 23 FTEs and little overhead, roughly 87% of the Commission's budget is allocated to personnel salaries and benefits. Imposition of the expected targeted cuts, therefore, would require the Commission to eliminate staff positions that are essential for its core work. Reflected as reductions to its Personnel Services Account, the impact of these cuts is discussed more fully in Section IV.

New Ethics Commission Funding Model Should be Explored

To achieve its broad public service and programmatic mission, the Ethics Commission must have a strong operational foundation. Historically, however, the work of the Ethics Commission continues to be insufficiently resourced, even for its most 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 funding model that would provide sufficient sustainable resources to enable more effective planning and delivery of its work from year to year. Establishing a stable source of sufficient funding for the Ethics Commission's mandate would help ensure that the voters' mandate can be fulfilled and warrants serious consideration and development.

In recognition that the City's vision and mandate to deliver work of high integrity is a shared one, the Ethics Commission plans to seek discussions with your Budget and Policy Office, the Board of Supervisors, and the Controller's Office as part of the FY21 budget process to initiate consideration and development of a new Ethics Commission funding mechanism. The goal of identifying supplementary stable funding sources is to enable the Commission access to resources necessary to keep pace with and sustain the capacity necessary for the demands of its broad citywide mandate. We propose exploring how a *Citywide Integrity Fund* could be established by identifying how existing related program funding in the City could be realigned and consolidated going forward to better support the Ethics Commission's independent mandate and focused mission, including for the funding and implementation of key integrity initiatives such as *Ethics@Work*.

Thank you for your consideration of the Ethics Commission's budget request. The Commission looks forward to the opportunity to discuss with you and your staff how its FY21 budget proposal and the programmatic priorities it supports align with your priority to ensure a City government promotes equitable and fair outcomes and that is open, responsive, and accountable to all San Franciscans.

Sincerely,

A black rectangular redaction box covering the signature of LeeAnn Pelham.

LeeAnn Pelham
Executive Director

Attachments

Ethics Commission FY21 Budget Submission
Building Capacity to Meet Citywide Need

SECTION I – OVERVIEW OF ETHICS COMMISSION’S PROPOSED FY21 BUDGET

FY21 ETH Annual Account – Operating Budget	
Position Related Changes	
<i>Ethics@Work Initiative (one 1824 and three 1823s)</i>	\$740,000
<i>Director of HR, Finance, and Operations (0922)</i>	\$208,057
<i>Information Systems Engineer (1042)</i>	\$196,596
<i>Reclassification of 1823 Senior Policy Counsel to 1824</i>	\$24,721
<i>Removal of attrition savings and target cuts</i>	\$382,833
Total	\$1,552,207
Materials and Supplies	
<i>Materials and Supplies (Hardware and Software)</i>	\$12,500
Total	\$12,500
Non-Personnel Services	
<i>NetFile E-Filing System Improvements</i>	\$40,000
<i>DocuSign Technical Support Services</i>	\$6,000
Total	\$46,000
Services of Other Departments	
<i>Work Order: Controller’s Office</i>	\$34,320
<i>Tech Contracts with the Department of Technology</i>	\$17,800
Total	\$52,120
Ethics@Work Program Costs	
<i>Operational and Programmatic Costs</i>	\$95,000
Total	\$95,000
Annual Account Total Requested	\$1,757,827
FY21 ETH Continuing Account	
<i>1840 – E-Filing Customer Support Specialist for Form 700 E-filing Project (Requested through COIT)</i>	\$119,903
Continuing Account Total Requested	\$119,903

SECTION II - ANNUAL ACCOUNT CHANGES

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 – Current

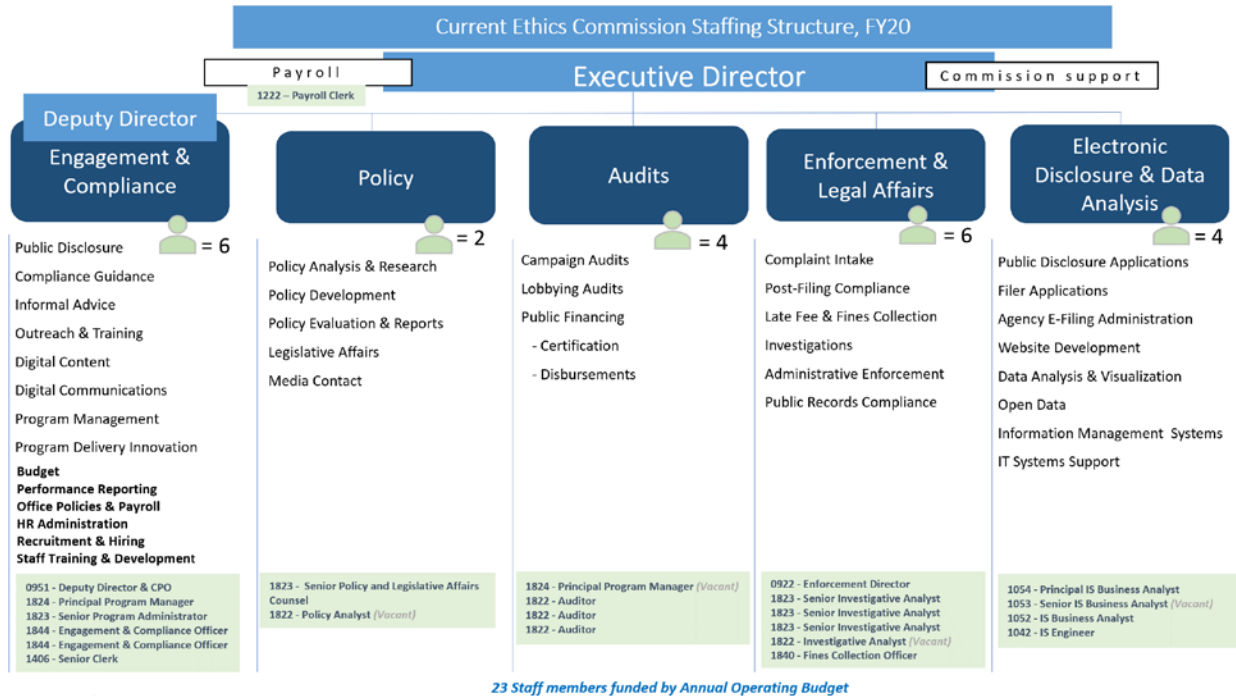
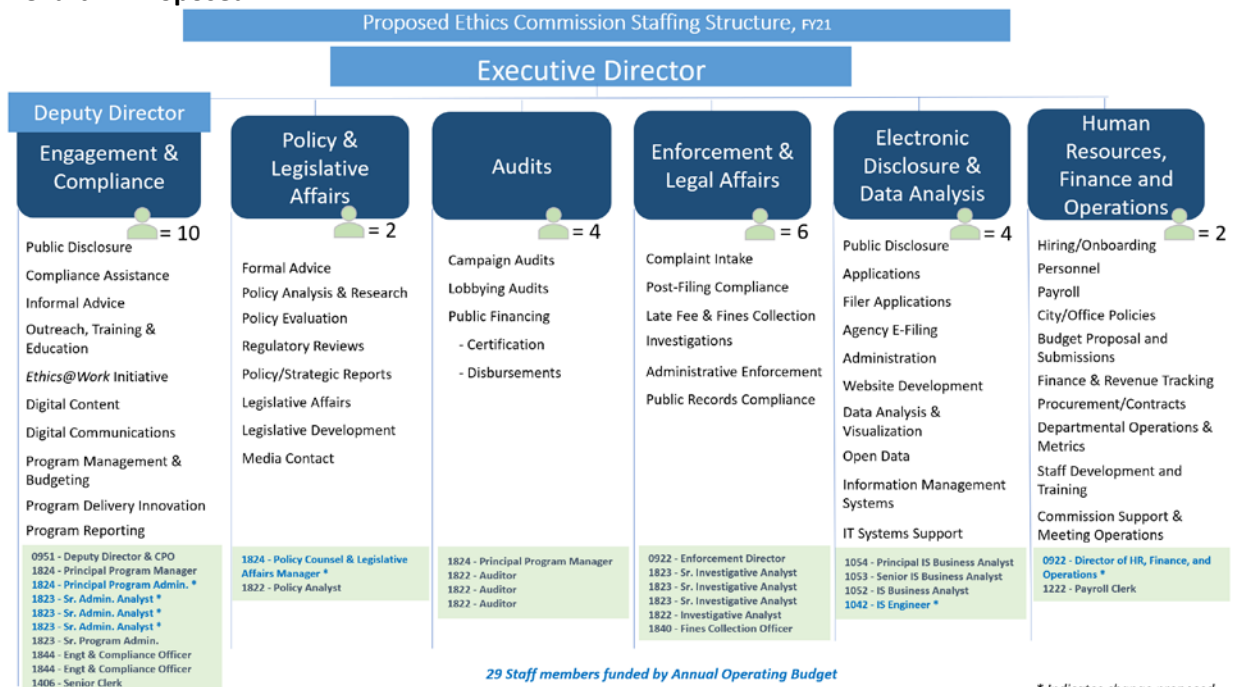


Chart 2 - Proposed



Several areas of the Commission's work have demonstrated a sustained increased 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 Commission's proposed budget for FY21 addresses 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. Per the City's budgeting policy, position related estimates are calculated using the top step of each classification.

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

A new, permanent exempt ("PEX") position

Approximately \$208,057/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 for part-time services of an HR consultant 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 no longer sustainable. Continued assumption of these broad day to day duties by the executive and deputy director 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. Meeting a key project milestone in January, the team published the electronic Form 700 disclosure data to DataSF which now allows the public to access full 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 delayed or halted, and disclosure data integration efforts and community outreach will not be possible.

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 \$24,721/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 have 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 rightsizing 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.*

➤ **New Initiative: *Ethics@Work***

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 new *Ethics@Work* initiative proposes a limited three-year project with a dedicated team of advisors and outreach specialists to support and equip leadership teams, managers, supervisors and staff leads with enhanced practical guidance to effectively navigate ethical issues they encounter in practice.

The project would fund four full-time exempt staff for an initial three-year limited term project to achieve the goals and deliverables discussed more fully below. As proposed, these positions would be one Principal Program Administrator (1824) and three Senior Administrative Analysts (1823) that would have focused responsibility for the development and execution of this 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 have the following responsibilities:

- Strategically partner with multiple City departments to conduct needs assessments and manage development of actionable outreach plans tailored to the department's unique work;

- Develop and deliver tailored knowledge tools and training;
- Develop training content and materials for practical application in diverse organizational settings;
- Conduct and evaluate outreach and training, including in both digital environments and in community settings; and
- Develop, track, and publicly report on performance metrics to gauge the project's impact and effectiveness.

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.

Goals served by this new initiative include the following:

- *Ethics@Work* would provide authorization and funding for the Ethics Commission to establish and implement 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.

Planned deliverables made possible by the new initiative include the following:

- 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. The *Ethics@Work* team would partner closely with City departments to leverage existing opportunities for community outreach to heighten awareness of the City’s integrity work. Among deliverables would be the creation of an online Ethics Commission complaint process to allow ready methods of reporting wrongdoing by City employees and officials, and City contractors and bidders, as well as members of the public.

➤ **Attrition Savings and Target Cuts**

Approximately \$382,833

For the Commission to operate under its full capacity, full retention of base salaries and fringe benefits for all authorized positions will be required by closing structural salary account shortfalls. The Commission’s budget proposal for FY21 would remove attrition savings and target cuts totaling approximately \$382,833 in FY21 and \$550,359 in FY22.

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 the 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 \$ 52,120

➤ **Work Order: Controller's Office – approximately \$34,320**

The Commission proposes this new Work Order to 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. The Commission has no accounting or finance positions on its staff. In addition, 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 allows the Commission to comply with citywide cybersecurity policies and 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 must cover DocuSign usage fee for filings received.

Ethics@Work (Non-Position Costs)

Approximate Total \$ 95,000

- This request covers 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.

Prior COIT funding has supported the Commission’s Form 700 e-filing technology. This request builds on that prior work to secure additional funding through COIT for a new one-year limited term position which will be dedicated to assisting Form 700 filers and filing officers citywide 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.

The Commission submitted this proposal to COIT on January 17 and Staff will be meeting with COIT representatives on February 27 to review the proposed one-year project.

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 in Mayor's 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 in addition to expected attrition savings for each year. In developing target proposals, departments were instructed to prioritize core functions, minimize service impacts, and avoid lay-offs. The amounts of the targeted cuts for the Ethics Commission are shown below.

	FY21	FY22
Mayor's Office Expected Target Cuts	\$ 161,631 (3.5%)	\$ 323,262 (7%)
Expected Attrition Savings	\$221,202	\$227,097
Total Targeted Cuts	\$382,833	\$550,359

In order to enter their budget submissions into the City's budget system, departments are required to reflect that the mandated cuts have been absorbed. Because departments are required to enter budget submission data in the City's budget system that reflect the mandated target cuts, to meet the cut targets the Commission's budget entries submitted for FY21 must reflect cuts in its Personnel Services Account (Salary & Benefits). As shown in the following table, the Ethics Commission is a small department of only 23 FTEs and little overhead, with roughly 87% of its budget allocated to personnel salaries and benefits.

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 <i>Real Estate, Telecommunications, Technology Infrastructure, SFGov TV, HR services etc.</i>	\$303,770	\$6,500	6.7%
Total	\$4,520,166	\$49,700	

Impact of Expected Target Cuts

Imposition of the expected targeted cuts mean that the Commission would be faced with eliminating two staff positions, its Principal Program Manager for Audits (1824) and its Policy Analyst (1822). Both positions are essential for the Commission's core work. Due to the focused support necessary to manage the City's lengthy exam-based hiring processes and the Commission's limited work order for HR resources, however, these positions have remained vacant this fiscal year following vacancies from attrition in mid-2019. Cutting the positions, however, would cause critical delays in key services to Commission stakeholders and non-compliance with the Commission's mandated duties in the areas of campaign and lobbying audits and would significantly limit the Commission's ability to provide Ethics Commission advice and input in evaluating and developing laws to achieve needed improvements.

☐ **Principle Program Manager for Audits (1824)**

Key Impacts: Campaign committee audits; Lobbyist audits; Public Financing Certification Reviews

Should the Commission be required to absorb cuts in its Personnel Services Account, it would face the elimination of critically needed staffing resources in its Audit division.

The Principle Program Manager function was created to fill a critical need to provide day to day management oversight and strategic leadership of the Commission's campaign and lobbying audit programs. Under the law, each candidate who receives public financing in his or her campaign is required to be audited by the Commission. City law also requires the Commission to conduct random lobbying audits. Importantly, this position was also established to develop and implement new audit procedures to improve the administration of each program to maximize their effectiveness. Public

financing eligibility and disbursement determinations are also managed within the Commission's audit team under the management of this position.

Absent this position, the Commission will be unable to implement a lobbying audit program and will continue to be out of compliance with existing statutory requirements to perform lobbying audits on an annual basis. Moreover, candidates for City office whose campaigns qualify for public financing will likely be faced with keeping their campaign committees open longer, or be faced with re-opening a closed committee, as Commission campaign audits will likely be delayed, including beyond statutorily-required timeframes.

- Campaign audits required for the 2020 election cycle would be delayed and the timeliness of resolving any audit findings that require resolution through the administrative enforcement process would be significantly compromised, creating unnecessary confusion and expense for committees that may have already closed by the time those processes are able to be initiated.
- Steps underway to strengthen audit program effectiveness will not be completed or implemented, as assessments to identify program gaps, develop best practices, implement and monitor program performance tools for more effective audit management, and improve transparency and accountability for program effectiveness will not be possible.
- Required public financing eligibility and disbursement certification determinations will be at risk for undue delay, and appropriate program oversight will be compromised. At the same time, newly expanded public financing provisions have just been implemented beginning with the 2020 elections. Given the lack of senior oversight, implementation of eligibility and disbursement reviews may be delayed. Candidates for office, including a potentially large number of first-time candidates drawn to participate in the program under its expanded funding formulas, may face undue delays and complexities as a result.

Among its other Charter mandates, the Commission has the responsibility and duty under San Francisco Charter Section C3.699-11(4) "to audit campaign statements and other relevant documents." Under S.F. Campaign and Governmental Conduct Code (C&GC Code) section 1.150, all candidates who receive public funding for their campaigns must be audited. These mandatory audits must begin "within 60 days after the date the candidate committee's first post-election campaign disclosure report is required to be filed." S.F. C&GC Code § 1.150(a).

Since mid-2014, San Francisco Campaign and Governmental Conduct Code has provided that lobbyists be audited by the Ethics Commission. Section 2.135(c) provides: "On an annual basis, the Executive Director shall initiate audits of one or more lobbyists selected at random." Four lobbyists were randomly selected in 2015 for their activities in 2014, and the most recent random selection occurred at the Commission's March 2016 regular meeting, with four lobbyists identified for audits. Due to ongoing staff resource constraints and competing programmatic mandates, however, those audits have not proceeded, and subsequent lobbyist audit selections planned were not pursued pending resolution of audits from those prior audit cycles.

□ **Policy Analyst (1822)**

Key Impacts: Analysis and evaluation of existing laws in all areas of the Commission's jurisdiction; Advice Program; Stakeholder and public engagement on complex public policy issues.

Should the Commission be required to absorb cuts in its Personnel Services Account, it also would face the elimination of a critical position necessary for the research and evaluation of public policy and provision of legal guidance in the areas of governmental ethics, conflicts of interests, campaign finance, and lobbying.

The Policy Analyst was created in 2017 to fulfill the Commission's core mandate to develop and recommend City laws that are strong, sensible, effective and enforceable and to ensure that Commission programs are administered in accordance with the law and in furtherance of the Commission's policy goals. Among the key duties of this position are the responsibility to perform independent research and analysis for the Commission on emerging public policy issues, and to regularly evaluate the effectiveness of existing laws and programs by conducting data gathering and analysis to identify areas in need of improved effectiveness. Importantly, the position has responsibility to work collaboratively with stakeholders in identifying and shaping the Commission's recommendations, and to provide practical compliance advice on a range of complex issues to a wide variety of stakeholders to promote compliance and an understanding of both the letter and spirit of the law. Additionally, the position has responsibility to help guide the administration of Commission programs by contributing critical subject matter expertise to support strong implementation of the laws and fulfill the Commission's mandate.

Absent this position, the Commission's ability to perform its core mandate to effectively evaluate and administer existing laws and engage the public in its ongoing policy work will be severely hampered. Without this position, the Commission will be faced with foregoing already overdue reviews of existing laws and regulations in the areas of government ethics, conflicts of interests, lobbying, permit consulting, campaign consulting, and major developers.

If the 1822 Policy Analyst position were eliminated, much of the work expected to be performed by that position would be required to be redirected to the Commission's 1823 Senior Policy and Legislative Affairs Counsel. That position, however, plays a unique and critical role in shaping the Commission's policy making and administration of the law. The Senior Policy and Legislative Affairs Counsel leads many core functions, including engagement with stakeholders on new initiatives, maintaining key relationships with other City departments, and the administration of important functions such as ethics waiver requests, updates to Statements of Incompatible Activities, requests for formal opinions and complex advice. It also provides policy support related to litigation matters, public financing appeals, legislative affairs, and media relations. Without the necessary resources provided by the 1822 Policy Analyst, these key roles served by the Senior Policy and Legislative Affairs Counsel will necessarily suffer as available staffing resources to perform them will necessarily be reduced. Elimination of the 1822 position, therefore, will result in a diminished capacity by the Ethics Commission to ensure the effectiveness of San Francisco's government reform laws.

Charter Mandates of the San Francisco Ethics Commission

C3.699-10 ADMINISTRATION AND IMPLEMENTATION

The Commission shall have responsibility for the impartial and effective administration and implementation of the provisions of this charter, statutes and ordinances concerning campaign finance, lobbying, conflicts of interest and governmental ethics.

C3.699-11 DUTIES

The ethics commission shall have the following duties and responsibilities:

1. To administer the provisions of the San Francisco Municipal Elections Campaign Contribution Control Ordinance, and Proposition F, adopted by voters at the June 1986 election, which appears as Appendix K to this charter or any successors to these ordinances.
2. To receive documents required to be filed pursuant to, and to otherwise administer, the provisions of the city's lobbyist registration ordinance.
3. To act as the filing officer and to otherwise receive documents in any instance where the clerk of the board of supervisors, the registrar of voters and, with respect to members of the boards and commissions, department heads would otherwise be authorized to do so pursuant to Chapters 4 and 7 of the California Political Reform Act of 1974 (Government Code sections 81000, et seq.), as amended.
4. To audit campaign statements and other relevant documents and investigate alleged violations of state law, this charter and city ordinances relating to campaign finance, governmental ethics and conflicts of interest and to report the findings to the district attorney, city attorney and other appropriate enforcement authorities. Commission investigation of alleged violations of state law shall be conducted only after the commission has provided to the district attorney and city attorney the information set forth in Section 3.699-12 and the district attorney and city attorney notify the commission that no investigation will be pursued.
5. To provide assistance to agencies, public officials and candidates in administering the provisions of this charter and other laws relating to campaign finance, conflicts of interest and governmental ethics.
6. To make recommendations to the mayor and the board of supervisors concerning (a) campaign finance reform, (b) adoption of and revisions to city ordinances laws related to conflict of interest and lobbying laws and governmental ethics and (c) the submission to the voters of charter amendments relating to campaign finance, conflicts of interest and governmental ethics. The commission shall report to the board of supervisors and mayor annually concerning the effectiveness of such laws. The commission shall transmit its first set of recommendations to the board of supervisors and mayor no later than July 1, 1995.
7. To maintain a whistleblower hot line and administer the provisions of the city's improper government activities ordinance.
8. To annually adjust any limitation and disclosure thresholds imposed by city law to reflect any increases or decreases in the Consumer Price Index. Such adjustments shall be rounded off to the nearest hundred dollars for the limitations on contributions.
9. To assist departments in developing and maintaining their conflict of interest codes as required by state law.
10. To advocate understanding of the charter and city ordinances related to campaign finance, conflicts of interest, lobbying, governmental ethics and open meetings and public records, and the roles of elected and other public officials, city institutions and the city electoral process.
11. To have full charge and control of its office, to be responsible for its proper administration, subject to the budgetary and fiscal provisions of the charter.
12. To prescribe forms for reports, statements, notices and other documents required by this charter or by ordinances now in effect or hereafter adopted relating to campaign finance, conflicts of interest, lobbying and governmental ethics.
13. To prepare and publish manuals and instructions setting forth methods of bookkeeping, preservation of records to facilitate compliance with and enforcement of the laws relating to campaign finance, conflicts of interest, lobbying and governmental ethics, and explaining applicable duties of persons and committees.
14. To develop an educational program, including but not limited to the following components:
 - (a) Seminars, when deemed appropriate, to familiarize newly elected and appointed officers and employees, candidates for elective office and their campaign treasurers, and lobbyists with city, state and federal ethics laws and the importance of ethics to the public's confidence in municipal government.
 - (b) Annual seminars for top-level officials, including elected officers and commissioners, to reinforce the importance of compliance with, and to inform them of any changes in, the law relating to conflicts of interest, lobbying, governmental ethics and open meetings and public records.
 - (c) A manual which will include summaries, in simple, non-technical language, of ethics laws and reporting requirements applicable to city officers and employees, instructions for completing required forms, questions and answers regarding common problems and situations, and information regarding sources of assistance in resolving questions. The manual shall be updated when necessary to reflect changes in applicable city, state and federal laws governing the ethical conduct of city employees.
 - (d) A manual which will include summaries, in simple, non-technical language, of city ordinances related to open meetings and public records, questions and answers regarding common problems and situations, and information regarding sources of assistance in resolving questions. The manual shall be updated when necessary to reflect changes in applicable city ordinances related to open meetings and public records.