



ETHICS COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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EXECUTIVE DIRECTOR

By Hand Delivery

February 22, 2016

The Honorable Edwin M. Lee
Mayor
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Ethics Commission Budget Recommendations for FY17 and FY18

Dear Mayor Lee:

It is my privilege as the Ethics Commission's recently appointed Executive Director to provide you with the attached *Blueprint for Accountability*, a summary of the Ethics Commission's budget proposal for Fiscal Years 2017 and 2018. As one of the 38 General Fund Departments selected by the Mayor's Budget Office to initiate a two-year budget cycle, the Ethics Commission appreciates the opportunity to reflect on and convey in this document the strategic priorities that will guide our work over the next two fiscal years.

Embraced by a unanimous vote of the Ethics Commission at its January 25, 2016 regular meeting, this *Blueprint for Accountability* details the investments we believe are needed to begin to equip the Ethics Commission with the resources required to fully achieve the broad voter mandate it has been given the responsibility to achieve. This proposed budget is designed to move the Ethics Commission's own work to the next level of effectiveness, accomplishment, and public trust. It also reflects a renewal of our agency-wide commitment to working creatively, collaboratively, and energetically in support of transparent and accountable government City-wide.

We appreciate your review and consideration of our budget request, and we look forward to working with you and your staff as the Commission's FY17 and FY18 budgets are developed.

Sincerely,

LeeAnn Pelham
Executive Director

Attachments

cc: Kate Howard, Budget Director, Office of the Mayor
Anthony Ababon, Budget Analyst, Office of the Mayor



Blueprint for Accountability

FY17 and FY18 Budget Recommendations
for the San Francisco Ethics Commission

February 22, 2016

I. Introduction

In its search for its next Executive Director in the Fall of 2015, the San Francisco Ethics Commission identified several overarching priorities for the agency going forward:

- ✓ Organizational efficiencies: employing new structure, tools, and approaches that can better serve achievement of the Ethics Commission's mission;
- ✓ Effective enforcement: strengthening current structure and processes to ensure accountability for compliance with appropriate transparency and the most proactive, thorough, fair, timely, and consistent investigations and case resolution;
- ✓ Supporting compliance: providing enhanced guidance to a broad range of stakeholders to promote practical understanding of the laws and facilitate compliance; and
- ✓ Strengthened policy focus: initiating the development of sound policy and collaborating broadly to identify and address emerging issues through effective legislation and regulation.

This budget blueprint reflects this vision of the Commission's future and drives the core recommendation that the Commission must be right-sized to better align resources with its full Charter mission.¹

It is also premised on staff work that is committed to continuous improvement.

Organizations that continuously improve use the challenge of emerging issues, expanded mandates, and new technology as important opportunities for change. Toward that end, Commission Staff are committed to improving the efficiency and effectiveness of existing resources through ongoing innovation, by working to simplify the complex, and by identifying new, more nimble processes, structures, and systems for the agency's work. As part of this effort, over the coming year the staff will work to

- assess existing structures and functions for needed improvements;
- examine what approaches in the organization are, or should be changing, and why; and
- identify operational interdependencies to better understand where more collaborative approaches, both internally and with external stakeholders, would benefit the delivery of Commission programs and services.

Ultimately, achieving the voters' directives requires political will, sufficient resources, and the right legal and structural frameworks to lead change and implement it effectively. This blueprint for accountability presents a strategic and aggressive set of budget recommendations necessary to enable the Ethics Commission to achieve its mission consistent with the voters' continuing strong mandate for both good and effective governance in the City and County of San Francisco.

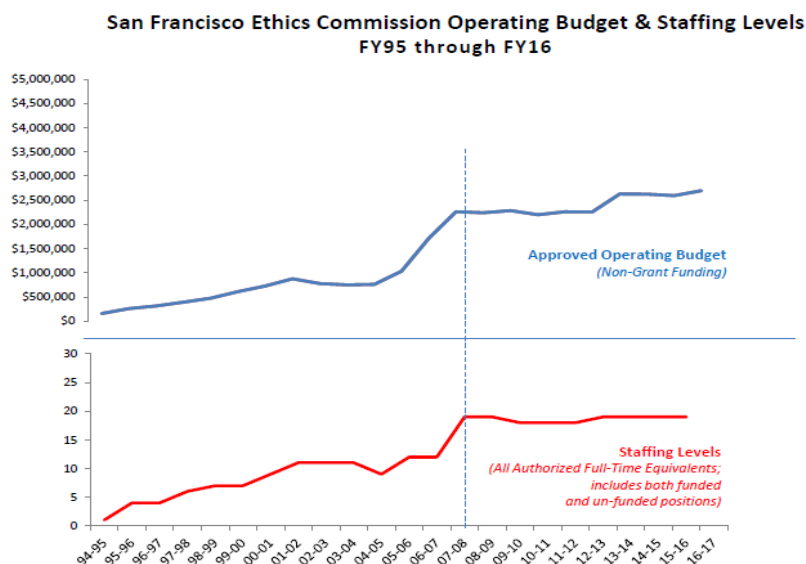
¹ See San Francisco Charter Sections C3.699-10 and C3.699-11 at Attachment 1.

II. Background and Context

In the past decade, issues confronting local government have become more complex and as public officials and employees pursue new and creative approaches to difficult public policy questions. Over this same period, the policy and political landscape for agencies that administer and enforce campaign finance, governmental ethics, lobbying regulation, and transparency laws have also continued to change.

In San Francisco, in just the past five years, three City and County Civil Grand Jury Reports² were issued that focus on the Ethics Commission's own role and responsibilities, with each report raising a series of important questions about how the Commission should most effectively pursue its voters' mandate for meaningful transparency and accountability in City and County government. Against this fluid and evolving backdrop, however, in the past decade the Ethics Commission's annual operating budget and staffing have remained relatively level, as Chart 1 below illustrates.

Chart 1



For FY17, the Ethics Commission recommends a total operating budget of \$3,394,954, and an FY18 operating budget of \$3,659,457. This includes new funding requests of \$656,046 for FY17 and \$841,492 for FY18. When compared to the Commission's FY16 operating budget of \$2,738,908, the proposed FY17 operating budget represents a roughly 24 percent increase over current levels. While robust, these recommendations are necessary to begin to equip the Commission with the resources needed to fully achieve the broad voter mandate it has been charged with the responsibility to achieve. As such, the recommendations are designed to move the Ethics Commission's own work to the next level of effectiveness, accomplishment, and public trust.

The priorities identified by the Commission to pursue these ends in FY17 and FY18 are detailed as new funding packages in the following section.

² See *San Francisco's Whistleblower Protection Ordinance Is In Need of Change*, City and County of San Francisco Civil Grand Jury 2014-15, May 2015; *Ethics in the City: Promise, Practice or Pretense*, City and County of San Francisco Civil Grand Jury 2013-14, June 2014; and *San Francisco Ethics Commission: The Sleeping Watch Dog*, City and County of San Francisco Civil Grand Jury 2010-11.

III. Priorities for New Funding

| Priority and Goals | Estimated Investment |
|---------------------------|-----------------------------|
|---------------------------|-----------------------------|

E-Filing Conversion Project

- ✓ Improve organizational efficiencies and strengthen public tools for meaningful transparency about government actions by establishing an integrated, searchable and downloadable framework for all Commission public disclosure programs.

To develop a comprehensive network of fully online systems, additional staff is required to develop project scope and specifications; design system features; and conduct testing.

| | |
|--|-----------------|
| One IS Business Analyst position (1052) to provide systems support | \$ 111,296 FY17 |
| for timely project development and implementation → | \$ 149,771 FY18 |

| | |
|---|-----------------|
| Phase I, project development and implementation → | \$ 300,000 FY18 |
|---|-----------------|

| | |
|---|-----------------|
| One IS Business Analyst-Assistant (1051) to serve as an E-Filing Project Assistant beginning in FY18; converted from an existing Jr. Management Assistant position (1840) first authorized for a three-year project basis only → | \$ 131,316 FY18 |
|---|-----------------|

| | |
|--|---------------------------|
| <i>E-Filing Conversion Project Package Total</i> | <u>\$ 111,296</u> in FY17 |
| | <u>\$ 581,087</u> in FY18 |

Effective Investigations & Enforcement

- ✓ Strengthen agency's capacity to fulfill its voter mandate for effective enforcement of ethics, campaign finance, disclosure, and lobbying laws, including resolution of Whistleblower and Sunshine complaints, by ensuring investigative and enforcement processes are thorough, timely, fair, and consistent.

| | |
|---|---------------------------------|
| Commitment of the balance of funds needed to fully fund one authorized, vacant Investigator (1823) position through retention of departmental "attrition savings" (In FY14-15, for example, these savings totaled approximately \$124,400) | <i>No new funding requested</i> |
|---|---------------------------------|

| | |
|--|-----------------|
| One Administrative Analyst (1822) position to serve as an Investigator → | \$ 101,323 FY17 |
| | \$ 136,365 FY18 |

| | |
|---|---------------------------------|
| Additional funds necessary to update enforcement tools and technology for improved functionality of legal and investigative research, teand to ensure appropriate access to process server and court reporter resources → | \$ 15,000 FY17 \$ 5,000 FY18 |
|---|---------------------------------|

| | |
|--|---------------------------|
| <i>Strengthened Enforcement Capacity Package Total</i> | <u>\$ 116,323</u> in FY17 |
| | <u>\$ 141,365</u> in FY18 |

Proactive Policy and Compliance Outreach

- ✓ Deepen policy engagement and heighten compliance outreach to improve the effectiveness of laws within the Commission’s jurisdiction by creating a dedicated Policy unit/function that provides broad, timely, and understandable guidance on the laws and their practical application; conducts regular, robust policy analysis and evaluation; and identifies and develops workable and enforceable approaches to emerging policy issues.

One Administrative Analyst (1822) position \$ 101,323 FY17
to provide policy analysis and compliance outreach → \$ 136,365 FY18

One Senior Administrative Analyst (1823) position \$ 116,637 FY17
to provide senior level policy analysis and compliance outreach → \$ 156,948 FY18

Proactive Policy and Compliance Outreach Package Total \$ 217,960 in FY17
\$ 293,313 in FY18

Administrative Support and Transparency

- ✓ Heighten capacity to sustain timely, accurate, and complete public information and assistance (including for Immediate Disclosure Requests, Public Records Act request responses, and public meeting materials) by enhancing and tailoring administrative support roles to better match public and stakeholder information needs.

Fill existing vacant Senior Clerk Typist (1426) position.
This position has duties as assigned by the Executive Director for broad administrative support for the Commission and staff, including preparation and distribution of meeting materials and notices; handling of public inquiries and general front office duties, such as phones, photocopies, public counter assistance, and other administrative tasks as assigned. No new funding requested

Reclassify two authorized but vacant Senior Clerk(1406) positions into (\$ 89,278) FY17
one new Management Assistant (1842) position to provide a higher level of (\$ 89,278) FY17
administrative, hands-on support through a broader range of analytical and \$ 122,190 FY17
technological knowledge, skills, and abilities. → (\$ 56,365) FY17 net

Reclassify one existing, exempt Jr. Management Assistant (1840) position that functions as a Campaign Finance Officer to a Sr. Management Assistant (1844) to more appropriately align it with its more expansive and complex duties.
This position provides independent trouble-shooting guidance and hands-on training and compliance assistance to filers with reporting and e-filing obligations under the law; it analyzes, compiles and responds to data requests, and to public records and disclosure requests under state and City law; and has day to day responsibility for web and social media postings. → (\$ 109,270) FY17
\$ 138,084 FY17
\$ 28,814 FY17 net

Proactive Policy and Compliance Outreach Package Total (\$ 27,551) FY17 net

New Funding Request Total, FY17 **\$ 418,028**
New Funding Request Total, FY18 **\$1,015,765**

IV. Accountability: Indicators of Performance and Progress

Performance indicators for priority projects are valuable to ensure that the Ethics Commission can track progress toward its established goals. They are also important to enable appropriate transparency to elected policymakers and the public so that they can exercise sufficient oversight of the Commission's progress toward meeting those goals. Toward that end, Commission Staff are continuing to identify a range of accountability measures for all priority items, including, for example those shown in Attachment 2, to ensure appropriate accountability measures are in place with the beginning of the fiscal year.

Addendum: Background on Current Budget Components

The Ethics Commission's current budget is comprised of two main components: an operating budget, discussed in the foregoing sections (also referred to as "non-grant funding"), and the Election Campaign Fund ("Fund").

As a point of reference, for FY16, the Commission's expenditures can be broken down as follows:

Table 1

Ethics Commission Budgeted Expenditures, by Category, FY16

| | | | |
|--|----|-----------|--------------------|
| Total Salaries | \$ | 1,592,304 | |
| Total Benefits | \$ | 654,940 | |
| Total Salaries & Benefits | | | \$2,247,244 |
| Non-Air Travel and Local Field Expenses | \$ | 950 | |
| Training | \$ | 7,911 | |
| Membership Fees | \$ | 1,767 | |
| Court Reporters, Legal Services and Subscriptions | \$ | 16,763 | |
| Electronic Filing System | \$ | 117,000 | |
| Equipment, Copy Machine, Printing | \$ | 11,000 | |
| Delivery and Postage | \$ | 4,353 | |
| Other Current Expenses (i.e., document storage and retrieval, business cards and other miscellaneous expenses) | \$ | 4,000 | |
| Total Non-Personnel | | | \$163,744 |
| Total Materials and Supplies | | | \$13,466 |
| IT Services from DT to Ethics | \$ | 46,606 | |
| Televised Meetings | \$ | 24,347 | |
| Telephone Costs | \$ | 6,539 | |
| Mail Services | \$ | 2,033 | |
| Rent Paid to City | \$ | 91,690 | |
| Total Services of other departments to Ethics Commission | | | \$171,215 |
| Total Operating Expenses | | | \$2,595,669 |

Election Campaign Fund (“Fund”). Established in the City’s Campaign Finance Reform Ordinance (“CFRO”). Under CFRO, the Fund is capped at a maximum of \$7 million, and no more than 15 percent of the total amount of funds in the Fund for any given election may be used for administering the public financing program. CFRO section 1.138(b)(2). As of January, 2016, the balance of the Fund had reached its maximum. Staff projects that disbursements for the 2016 November election to be approximately \$4,099,650. Allocations to the Fund are based on a formula of \$2.75 per resident, unless the Fund has already reached its maximum.

Prop. C Funding. One other area of funding available to the Ethics Commission derives from Prop. C. Upon passage by the voters of Prop. C in November 2015, funding was allocated in the General Reserve for an electronic filing system for Expenditure Lobbyist disclosures, and for staff costs for education and outreach during the first year of the Expenditure Lobbyist program. While the \$560,000 established for those purposes is accessible to the Ethics Commission (and will roll over if not used), those funds are not included in the Commission’s general operating budget.

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.

Attachment 2

SF Ethics Commission Overview of Proposed Operating Budget, FY17 & FY18

Goal

Approach

Request

Sample Indicators of Performance

Priority

E-Filing Conversion Project

\$ 111,296 in FY17
\$ 581,087 in FY18

Improve organizational efficiencies and strengthen public tools for meaningful transparency about government actions

Establish an electronic framework for all SFEC disclosure programs that is integrated, searchable and downloadable, and that facilitates full and timely compliance.

- One IS Business Analyst position (1052) for timely project
- Project development and implementation
- development/implementation
- Conversion of existing 1840 to a IS Business Analyst-Assistant (1051) for E-filing Project Assistant

- ✓ increased number and proportion of timely filings across all mandated disclosure programs
- ✓ improved timeliness of public access to mandated disclosures
- ✓ improved methods for publicly accessing required disclosure data
- ✓ reduced time processing paper

Effective Investigations & Enforcement

\$ 116,323 in FY17
\$141,365 in FY18

Strengthen capacity to fulfill SFEC voter mandate for effective enforcement of ethics, campaign finance, disclosure, and lobbying laws

Ensure investigative and enforcement processes are timely, thorough, fair, and consistent. improve functionality of legal and investigative research, and to ensure appropriate access to process server and court reporter resources

- Balance of funds to fully fund vacant Investigator position (1823)
- One Administrative Analyst position (1822) to serve as an Investigator
- New investments for updated enforcement tools and resources

- ✓ reduced complaint timeframes
- ✓ increased types of investigations that reflect fuller breadth of laws
- ✓ higher proportion of cases that contain most serious violations or patterns of violations
- ✓ broader range of cases brought to Commission for hearing on the merits

Proactive Policy & Compliance Outreach

\$ 217,960 in FY17
\$ 293,313 in FY18

Deepen policy engagement and heighten compliance outreach to improve the effectiveness of laws within the Commission's jurisdiction

Create dedicated Policy Unit that provides broad, timely, & understandable guidance on the laws and their practical application; conducts regular, robust policy analysis and evaluation; and identifies and develops workable and enforceable approaches to emerging policy issues.

- One Senior Administrative Analyst position (1823) to serve as Senior Policy & Compliance Analyst
- One Administrative Analyst position (1822) to serve as Policy & Compliance Analyst

- ✓ increased number and frequency of compliance guidance contacts
- ✓ increased frequency and scope of evaluations of existing policies and programs for needed improvements
- ✓ more regular and timely analysis of emerging issues and development of potential policy approaches
- ✓ broadened policy outreach/input

Administrative Support and Transparency

(\$ 27,551) FY17 net

Increase organizational capacity for providing thorough and timely administrative support for Immediate Disclosure Requests and Public Records Act request responses; ensure timely compilation and distribution of accurate public information and meeting materials.

Enhance and tailor administrative support structures, roles, and tools to better match public and stakeholder information needs

- Convert 2 authorized but vacant Senior Clerk (1406) positions into one Management Assistant position (1842)
- Reclassify exempt Junior Management Assistant (1844) to Senior Management Assistant (1844)

- ✓ ensure systems that ensure full and timely IDR and PRA request responses
- ✓ increased timeliness of distribution of public materials and information
- ✓ establish baseline knowledge across agency programs of stakeholder information needs and align/re-align transparency efforts to better support identified approaches