



ETHICS COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

PAUL A. RENNE
CHAIRPERSON

February 21, 2017

PETER KEANE
VICE-CHAIRPERSON

The Honorable Edwin M. Lee
Mayor
City Hall, Room 200

DAINA CHIU
COMMISSIONER

1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

BEVERLY HAYON
COMMISSIONER

Re: Ethics Commission Budget Submission for FY18 and FY19

QUENTIN L. KOPP
COMMISSIONER

Dear Mayor Lee:

LEEANN PELHAM
EXECUTIVE DIRECTOR

Attached for your review and consideration is the Ethics Commission's budget submission for FY18 and FY19.

As the Ethics Commission entered a new organizational chapter in 2016, its *Blueprint for Accountability* established four strategic priorities to guide its work on the public's behalf: enhanced compliance guidance; a strengthened policy focus; organizational efficiencies; and effective enforcement. Over the past year, these priorities have continued to closely drive our work. Through operational improvements and restructuring, new policy approaches, a new user-focused website, and new levels of transparency about our own work, our focus continues to be on fully and effectively achieving the broad set of responsibilities San Franciscans established us to achieve.

Building on this foundation over the next two years is essential if the Commission is to deliver on its full responsibilities under the law. This budget request addresses essential capacity-building investments in staffing and technology to help fulfill those responsibilities.

We recognize that the City is facing unusual uncertainty in its budget decisions this year. We also remain committed to doing our part for all of San Francisco by working creatively, collaboratively, and energetically in support of transparent and accountable government, City-wide.

Thank you for your consideration of our request. We look forward to working with you and your staff as the Commission's FY18 and FY19 budgets are developed.

Sincerely,

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

LeeAnn Pelham, Executive Director
Attachments



**Ethics Commission Budget Recommendations
For FY18 and FY19**

Building on a Blueprint for Accountability
February 21, 2017

The priorities the Ethics Commission identified in its January 2016 budget framework, *Blueprint for Accountability*, have closely driven the agency’s work over the past year. Existing organizational structures and functions have been assessed for improvement, new approaches and work methods have been launched for more effective programs and operations, and new levels of transparency about the Commission’s own work have been initiated. Importantly, these efforts have stayed a top priority even as program mandates continued to expand, unanticipated staff attrition occurred, and significant recruitment and hiring efforts remained underway.

While foundational elements for a right-sized organization were established in 2016, building on that foundation in FY18 is essential if the Commission is to fully deliver on its responsibilities under the law. Failure to complete the critical building process now will prevent progress on organizational efficiencies and programmatic improvements that are underway.

The Ethics Commission’s base operating budget for FY17 is roughly \$3.3 million and roughly \$3.49 in FY18. The base operating budget excludes onetime resources for non-recurring technology projects and services (such as the Commission’s FUSE Executive Fellow through September 2017), or funding provided by COIT, the city’s Committee on Information Technology) and for the required annual General Fund allocation to the Election Campaign Fund. For FY17 the Commission has 22 FTEs, with one FTE a limited term position that expires June 30, 2017. For FY18, the Commission will also be at 22 FTEs, as one information systems position was authorized in last year’s budget effective July 1, 2017. A current organizational chart appears as Attachment A.

As detailed in the following sections, the Ethics Commission has identified the following budget requests for FY18 and FY19:

- I. Personnel resources necessary to achieve core mandates
- II. Capacity-building investments in staff development and retention
- III. Technology required for expanding work
- IV. One-time work station reconfiguration in existing office footprint for improved safety and functionality
- V. Expanded document translation services to better engage diverse communities

Overall Budget Request

	FY18	FY19
Personnel	\$ 242,009	\$ 325,948
Non-Personnel	\$ 546,225	\$ 494,725
Total	\$ 788,234	\$ 820,673

I. Personnel resources necessary to achieve core mandates

To be effective as an agency, staff resources must align with the changing nature of the Commission's work. This package identifies two new Senior Administrative Analyst positions (1823) to ensure necessary day to day program management and oversight in two core areas: expanded disclosure, education and compliance guidance; and campaign and lobbying audits, needed to ensure timely and effective audits.

Background

The Commission's **Education & Compliance** Division was created through an organizational restructuring in August 2016. It is the point of primary contact for all public disclosure, filing assistance, compliance guidance and training and education for the full range of programs administered by the Ethics Commission. Its focus is to assist the public, city officers and employees, lobbyists, permit consultants, major developers, and others with their responsibilities under the law to promote understanding and support compliance with the City's ethics, campaign finance, and lobbying laws and disclosure requirements. Among these are ongoing campaign filing obligations for city candidates and political committees; Form 700 filing obligations of 500+ City board and commission members, department heads and elected officials; contractor notices; and behested payment and travel reports by City officials. This division provides day to day advice and problem-solving for filers and others who seek guidance from the Commission about how to comply with these laws. A chart showing the division's structure, functions and mandates appears as Attachment B.

The day-to-day operations of the division have been administered jointly by two Education and Compliance Officers, both of which are Senior Management Assistants (1844s). The two 1844s are the senior positions in the division. Like the leads in other divisions, they report directly to the Executive Director. Compliance guidance is also provided by work one other staff member, a Management Assistant (1842). The Commission's Senior Clerk Typist (1406) is assigned to the division, but also provides general office-wide support as the sole administrative support position at the Commission.

However, no resources exist to ensure sufficient planning, coordination and communication are managed across all program areas. This impacts the Commission's ability to effectively oversee and maximize the effectiveness of its filing assistance, public disclosure work, compliance guidance and training duties. In the past year, this unmet need has become clear.

For example, with the launch of the Commission's new website in December 2016 and work undertaken by the Commission's FY6-17 FUSE Executive Fellow, new opportunities have been created to use that platform for new and improved compliance guidance. This requires resources that can meet those needs across programs with a coordinated plan of outreach and communication that is distinct from the division's day to day program duties. Existing staff resources are taxed fully with the day to day delivery of ongoing program services. The expanding nature of work in our Education and Compliance area requires a new level of day to day program management. A new Education and Compliance Manager position is warranted. We recommend authorizing and funding one new Senior Administrative Analyst (1823) to provide the level of daily program oversight required by the division's expanding workload.

The Commission's **Operations & Audits** Division was also created by organizational restructuring in August 2016. It is designed to lead the agency's cross-functional work to enhance performance and transparency across a range of operations and programs, with responsibility to conduct operational and program reviews, implement a staff development and training program, oversee all management analyses and reports, budget, and accounting, including qualification of eligible candidates to receive public financing. The Commission's Audit program, which conducts campaign and lobbying audits, as required by City law, is also part of this division. A chart showing the division's structure, functions and mandates appears as Attachment C.

Overall management responsibility for the Operations and Audits Division is assigned to the Commission's Assistant Deputy Director (Principal Administrative Analyst, 1824) who also has had direct oversight for a team of four Auditors. In addition to these duties, the Assistant Deputy Director also serves as primary staff liaison for the intake of media inquiries as the Commission does not have a Chief Information Officer position. Because the Commission has not historically had a dedicated position to act as Chief Financial Officer, a Budget Officer, a Departmental Personnel Officer, or a Chief Operations Officer, duties associated with these roles, among others (including all financial reporting, budget preparation, and performance reporting) are functions that have been assumed by the Assistant Deputy Director. They are in addition to duties to provide daily oversight and management of the campaign and lobbying audit programs, including: audit planning; audit work paper reviews; review and approval of draft findings; review and approval of written audit reports.

While assigning these related duties to one division is logical given the type of knowledge, skills and abilities they involve, assigning them to one individual is not sustainable. Due to the importance, breadth, necessity and ongoing nature of the city's budget and financial reporting requirements, these duties alone require significant attention time and attention by any department.

With these duties shared among existing audit staff resources, oversight necessary to ensure both thorough and timely Commission audits has been compromised. Existing staff resources in the Operations and Audits Division are taxed fully. A new level of day to day program management is required. A new Operations and Audit Manager position is warranted. We recommend authorizing and funding one new Senior Administrative Analyst (1823) to provide day to day oversight of operations and audits to recognize the oversight these program areas realistically require.

Budget Request

- ✓ Two Senior Administrative Analyst (1823) positions
Reflects an approximate salary (\$115,000) and fringe (\$48,000) per position, and with the first year of each position authority budgeted at .77 per City budgeting practice

	FY18	FY19
Education and Compliance	\$121,005	\$163,000
Operations and Audits	\$121,005	\$163,000
<i>Program Oversight Staff</i>	\$242,009	\$326,000

II. Capacity-building investments in staff development and retention

By June 30, 2017, one-half of the Ethics Commission’s staff positions will be filled by individuals who joined the Commission since January 2016. This package identifies essential capacity-building resources that are necessary to effectively onboard and develop staff in core technical skill and subject matter areas to support work effectiveness, staff retention and job success. Higher FY18 costs reflect one-time training for an entirely new investigative staff of four.

Background

Historically, minimal Ethics Commission resources have been dedicated to the tools and training that help retain and develop staff. In FY17 less than \$4,000 was allocated for staff training. This historic trend needs to be corrected to better onboard new employees and support the success of staff already on board. Regular training opportunities are important for promoting a strong, current knowledge base and for ensuring strong service delivery. Regular training opportunities that deepen employees’ knowledge, skills and abilities also helps retain, develop and position all staff to advance in their careers.

Budget Request

Staff training and development related items identified for FY18 and FY19 include the following:

	FY18	FY19
Investigator onboarding (deposition training; 4 investigators)	\$ 7,000	n/a
Investigator training	\$ 4,000	\$ 4,000
Auditor training (4 auditors)	\$ 4,000	\$ 4,000
IS Business Analyst – Tableau Tools Training (1 position)	\$ 5,000	\$ 5,000
Skills training, other staff	\$ 5,000	\$ 5,000
Annual COGEL Annual Conference attendance (3 staff)	\$ 6,000	\$ 6,000
Professional organization membership dues	\$ 500	\$ 500
	FY18	FY19
<i>Staff training and development</i>	\$31,500	\$24,500

III. Technology required for expanding work

Additional technology resources are necessary to implement new unfunded public disclosure mandates that require significant expansion of current online technology capabilities. Funding is also included for investigative case management software to improve oversight and timely resolution of investigative caseload; and equipment and licenses to maintain office technology infrastructure.

Background

Recent ordinances adopted or proposed by the Board of Supervisors will further expand the public disclosure needs of the Commission’s current online filing capabilities effective January 1, 2018. Funding for those transparency requirements, however, has not been included in the proposed ordinances. IT

development and support costs to address known new requirements and potential new systems are likely to total \$60,000 in FY18 and \$400,000 in FY19.

Technology funding also includes funding for investigative case management software to improve daily oversight of enforcement caseloads and timeliness of case resolution. The Commission has historically employed a series of spreadsheets to track the Commission’s complaint caseload, and until early 2016, matters in preliminary review were not tracked. With the number of matters in preliminary review more than doubling from 43 in April 2016 to 102 in December 2016, and two dozen active formal complaints ongoing, staff began assessing possible system improvements. Options in discussions with other enforcement agencies began in late 2016 and staff is actively pursuing opportunities to obtain software to improve case management. Employing a new system will be critical as caseloads are expected to increase with additional incoming investigative resources.

Case management software is essential for the efficient and effective processing, tracking, and streamlining of investigations and litigation matters. Cases, for example, can be taken online from the website, generating a new case file for each complaint, and eliminating manual work to enter that data. Systems can also alert potential complainants if their complaint falls outside the agency’s jurisdiction and re-direct them to other responsible agencies. Case management software allows files to be managed according to automatically generated case numbers that follow the file throughout its life and beyond closure. Cases can be searched to identify overlapping issues or respondents, and to assess over time how penalties are being assessed to help ensure fair and consistent fines based on the type of case and its severity. Case management software can also create templates, letters and forms to support effective communication among staff and with complainants and respondents about key milestones and deadlines.

Budget Package

The Commission’s FY18 and FY19 budget request includes the following for technology:

	FY18	FY19
<i>Technology for public disclosure mandates</i>	\$ 60,000	\$ 400,000
<i>Enforcement case management software</i>	\$ 202,000	\$ 32,000
<i>Office technology infrastructure</i>	\$ 66,225	\$ 33,225
<i>Technology for expanding work</i>	\$ 328,225	\$ 465,225

IV. One-time work station reconfiguration in footprint of existing office for improved safety and functionality.

Modifications are needed to safely accommodate staff work stations needed for staff levels within the footprint of existing office space, and to ensure functional space for conducting confidential enforcement matters, including interviews with complainants, witnesses and respondents.

Background

At is present Staff levels, the Ethics Commission offices are now occupied at maximum capacity. In FY17, a former public computer room space was cleared to house two new Policy staff. One conference room remains the only meeting space in the office, however its size cannot accommodate a full staff meeting or other expanded training that the Commission plans to conduct in the coming year. While these factors suggest an office re-location may be best in the long-term, constraints on existing City office space appear to make that not an option for the next several years.

To optimize use of existing office space, reconfiguration of work stations is essential. The office requires suitable work space for its employees, including space to conduct collaborative team projects. It also requires suitable space to conduct confidential enforcement matters, including interviews with complainants, witnesses and respondents.

Based on current estimates from the Department of Real Estate, reconfiguration of office work spaces could be approximately \$181,500. At present, no dedicated funding exists for this purpose.

Budget Request

Reconfiguration identified for FY18 includes the following budget request:

	FY18	FY19
<i>Workstation reconfiguration</i>	\$ 181,500	n/a

V. Expanded document translation services to better engage diverse communities

Translation of new tools and information about governmental transparency and accountability into multiple languages is important to support broader community engagement. No agency funding has historically been dedicated for these purposes. Future expansion of services will be based on assessing what information is most useful and on staff resources to coordinate services on an ongoing basis.

Background

In late 2015 the Ethics Commission identified a need to fund the expansion the materials it has translated into multiple languages for broader community engagement. While the Commission has translated 17 documents to date (ranging from candidate guides and checklists, ballot measure and general purpose guides, independent spending information, and treasurers training), more can be done. Ensuring sufficient funds for translations on a regular basis going forward has not yet been accomplished. To improve how the Commission delivers important information to San Franciscans in languages other than in English, additional resources are needed.

Budget Request

	FY18	FY19
<i>Translation Services</i>	\$ 5,000	\$ 5,000

Restricted Funding

Election Campaign Fund. The Ethics Commission’s current budget is comprised of two main components: an operating budget, discussed in the sections above (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. No more than 15 percent of the total in the Fund for any given election may be used for administering the public financing program. CFRO section 1.138(b)(2). As of February 17, 2017, the balance of the Fund had reached \$7.2 million. Under program requirements, disbursements of public funds to qualified candidates would begin mid-June 2018 for a November 2018 election, and mid-June 2019 for the 2019 election. Staff projects no disbursements until mid-June 2018. Because the Fund has reached its maximum of \$7 million, no General Fund allocation is being requested for FY18.

Prop. C (2015) and Prop. T (2016). Two other sources of restricted funding for the Ethics Commission’s work are funds from Proposition C, passed by San Francisco voters in November 2015, and Proposition T, which was approved on the November 2016 ballot. Upon passage of Prop. C, 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 because they cannot be used for general operations. With passage of Prop. T, a \$115,000 supplemental appropriation was made in November 2016 to implement new restrictions on lobbyist political contributions, gifts and bundling that become operational on January 1, 2018.

Investing in Accountability:

Key progress indicators for all programs

For appropriate oversight of the public’s investment in the Commission’s work, clear progress indicators need to be implemented and regularly and publicly reported across all program areas. As noted in the Commission’s 2016 Blueprint for Accountability, indicators of progress are valuable to ensure that the Ethics Commission can track progress toward its established goals. They are also important to enable the public and elected officials to better understand the Commission’s progress toward meeting those goals. In 2016, toward that end, Commission Staff initiated tracking systems to benchmark progress in the enforcement program area and have been reporting on caseloads on a roughly monthly basis since mid-2016.

Budget Request

No budget impact. Expanding these approaches organization-wide to track and reporting regularly on progress will be implemented by staff with lead oversight in each programmatic area.

San Francisco Ethics Commission

Ethics Commission
(Five Members)

21-Feb-17

Executive Director
1.0 FTE - 0961

FUSE Executive Fellow (1.0 FTE through Sept 2017)

Education & Compliance	Policy	Operations & Audits	Enforcement & Legal Affairs	Electronic Disclosure & Data Analysis
<p>Education & Compliance Officers</p> <p>2.0 FTEs - 1844 Senior Management Assistants</p>	<p>Senior Policy Analyst</p> <p>1.0 FTE - 1823 (Senior Administrative Analyst)</p> <p>Senior Policy Analyst</p>	<p>Assistant Deputy Director</p> <p>1.0 FTE - 1824 Principal Administrative Analyst</p>	<p>Deputy Director</p> <p>1.0 FTE - 0951 Deputy Director</p>	<p>Electronic Disclosure & Data Analysis Manager</p> <p>1.0 FTE - 1053 IS Business Analyst - Senior</p>
<p>1.0 FTE - 1842 (Management Assistant) Education & Compliance Assistant</p> <p>1.0 FTE - 1840 (Jr. Mgmt Assistant) <i>Limited term position expires 6/30/2017</i></p> <p>1.0 FTE - 1406 (Senior Clerk) Staff Assistant</p>	<p>1.0 FTE - 1822 (Administrative Analyst)</p> <p>Policy Analyst</p>	<p>4.0 FTEs - 1822 (Administrative Analysts) Auditors</p> <p>1.0 FTE - 1222 (Sr. Personnel & Payroll Clerk)</p>	<p>3.0 FTEs - 1823 (Senior Administrative Analyst) Investigator/Legal Analyst</p> <p>1.0 FTE - 1822 (Administrative Analyst) Investigative Analyst</p> <p>1.0 FTE - 1840 (Junior Management Assistant) Fines Collection Officer</p>	<p>1.0 FTE - 1052 (IS Business Analyst) IS Business Analyst</p> <p>1.0 FTE - 1051 <i>(effective July 1, 2017)</i> IS Business Assistant</p>

Education & Compliance

Staffing Resources

Education & Compliance Officers 2.0 FTEs - 1844 Senior Management Assistants	1.0 FTE - 1842 (Management Assistant) Education & Compliance Assistant	1.0 FTE - 1406 (Senior Clerk) Office Staff Assistant
	1.0 FTE - 1840 (Jr. Mgmt Assistant) Staff Assistant <i>Limited term position expires June 30, 2017</i>	

Functional Duties

Public Disclosure	Compliance Training
Compliance Assistance	Outreach & Education
Records Management	Public Outreach Support Services

Program Mandates

Campaign Finance Ordinance	Lobbying Ordinance
Public Financing for Campaigns	Campaign Consultant Disclosure
Government Ethics	Permit Consultants
Economic Interest Filings	Contract Campaign Disclosure
Behested Payments Reporting	Travel Disclosure Reports

Examples of Unmet Needs

- Elimination of backlog in unposted disclosure reports across all programmatic areas
- Plan to operationalize Prop T by 1/1/2018
- Plan to operationalize commissioner behested payments filings by 1/1/2018
- Proactive compliance guidance across all program areas
- Sustaining timely web content driven by user needs (post FUSE-Fellow)

Operations & Audits

Staffing Resources

Assistant Deputy Director

1.0 FTE - 1824
Principal
Administrative Analyst

4.0 FTEs - 1822
(Administrative Analysts)
Auditors

1.0 FTE - 1222
(Sr. Personnel
& Payroll Clerk)

Functional Duties

Budget & Accounting

Operational Reviews

Personnel & Payroll

Staff Development & Training

Management Analysis & Reports

Media Inquiries

Program Mandates

Campaign Audits

Lobbying Audits

Public Financing Qualification

Public Financing Disbursements

Budget & Finance

Payroll

Examples of Unmet Needs

- Full implementation of lobbying audit program
- Assessment of campaign auditing methods and templates
- Implementation of strengthened audit approaches, as indicated
- Completion of audits prior to the next round of audit selection
- Development and implementation of key progress indicators across all program areas