



# ETHICS COMMISSION

## CITY AND COUNTY OF SAN FRANCISCO

NOREEN AMBROSE  
CHAIR

January 15, 2021

YVONNE LEE  
VICE-CHAIR

To: Members of the Ethics Commission

DAINA CHIU  
COMMISSIONER

From: LeeAnn Pelham, Executive Director

FERN M. SMITH  
COMMISSIONER

Subject: **Agenda Item 3 - Public Hearing on Ethics Commission FY22 Budget Priorities**

LARRY BUSH  
COMMISSIONER

LEEANN PELHAM  
EXECUTIVE DIRECTOR

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**Summary** The attached overview is presented for informational purposes only as background on the Ethics Commission's departmental budget.

**Action Requested** No action is required at this public hearing. The Agenda item has been noticed for both discussion and possible action should the Commission wish to take action at this meeting after receiving public comment on departmental budget priorities for FY22.

Departmental budget submissions for the Fiscal Year that begins July 1, 2021 and ends June 30, 2022 must be submitted to the Mayor's Office on February 23, 2021. As part of the annual budget process, departments are subject to requirements that took effect in 2020 under [Ordinance No. 294-19](#). That ordinance was adopted by the Board of Supervisors in December 2019 and modified the process for adopting the City's annual budget with the goal of expanding public input in the development of the City's annual budget.

### Public Hearing on Departmental Budget Priorities

Under the Ordinance, following the issuance of annual budget instructions from the Mayor departments are required to hold a public meeting concerning departmental budget priorities at which members of the public may provide input. The purpose of the meeting is to allow for public input on departmental budget priorities for the upcoming Fiscal Year prior to the department finalizing a proposed budget. For departments subject to the oversight of a commission, this requirement may be satisfied by holding a public hearing regarding budget priorities at a regular or special meeting subject to both the Brown Act and the Sunshine Ordinance. The meeting must be held at least 15 days prior to the commission's final approval of the agency's proposed budget.

### Subsequent Public Hearing on Department's Proposed Budget

The Ordinance also requires that by no later than February 14 each year, agencies must hold a public meeting concerning the department's proposed budget to allow for public input prior to the agency's submission of their proposed budget. At that meeting, information provided must include information about the agency's divisions; budget totals and major changes including new or reduced initiatives and staffing changes; changes in service levels; projected salary

savings; and how the agency is meeting budget instruction targets. The Ordinance requires this public meeting to occur no less than 15 days after the public meeting to obtain input on budget priorities. For Commissions, this requirement can be satisfied at a regular or special meeting at which it considers final approval of the agency's proposed budget.

### **Mayor's Budget Instructions for Fiscal Year 2022**

The Mayor issued annual budget instructions to City Departments for FY22 on December 16, 2020. Those instructions cited a projected shortfall for the upcoming two-year budget of \$653.2 million and the following Mayoral policy priorities for the fiscal year that begins July 1, 2021:

- Supporting small business and economic recovery;
- Prioritizing programs with demonstrated outcomes centered around equity;
- Implementing homelessness and mental health programming; and
- Continuing to respond to COVID.

The Mayor's budget instructions also include the following directives to City departments:

- mandatory reduction proposals of 7.5% adjusted General Fund support, with an additional 2.5% contingency;
- departments should prioritize core services and present clear tradeoffs;
- reduction proposals can include contract savings, efficiencies, new revenue sources, and reduction in personnel costs, including reduction in filled positions;
- emphasis on racial equity in departmental proposals;
- describe budget proposals through an equity lens; and
- internal racial equity work should be prioritized within existing budget.

### **Public Input on Ethics Commission Budget**

In preparation for submitting its FY22 budget to the Mayor's Office on February 23, as required, the Ethics Commission has planned the following specific opportunities to receive public input on its budget:

- In accordance Ordinance 294-19, the Ethics Commission has scheduled a remote public hearing on departmental budget priorities for Thursday, January 21, 2021. This meeting will be conducted via Webex and livestreamed via SFGovTV. For the January 21 public hearing, Commission Staff will present an overview of the budget and the Commission's Charter-based duties. The **budget overview appears in Attachment 1** and the **Commission's Charter-based duties appear in Attachment 2**.
- Also in accordance Ordinance 294-19, the Commission will schedule a public hearing related to the department's proposed budget at its next Regular Meeting on Friday, February 12, 2021. At this meeting Staff will provide a further presentation on the impact of the Mayor's budget instructions on the operating budget of the Ethics Commission and on the Commission's proposals for FY22. As a regular monthly meeting of the Commission, this meeting will be streamed via Webex and cablecast live on SFGovTV. Details and materials for this meeting will be posted in advance of the meeting as required by the Brown Act and Sunshine Ordinance no later than Tuesday, February 9.
- Written comment may also be submitted to [ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org).



# City & County of San Francisco Ethics Commission

## FY22 Departmental Budget Overview

Special Meeting of the Ethics Commission

January 21, 2021 | 9:30 a.m. | Webex Remote Meeting

LeeAnn Pelham, Executive Director

Steven Massey, Acting Chief Operating Officer  
& Director of Technology Services

[sfethics.org](https://sfethics.org)

[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org)

"Public office  
is a public trust..."

San Francisco Charter Section 15.103

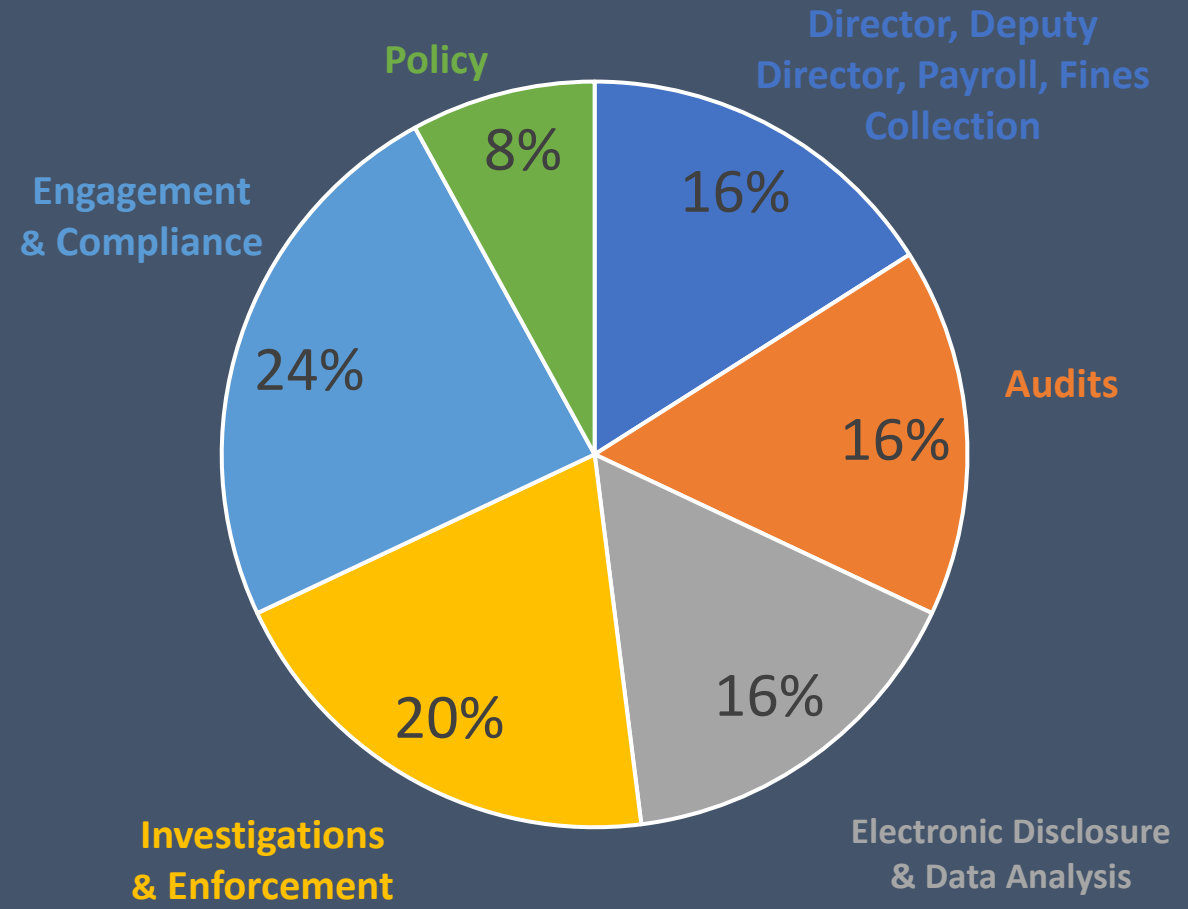


# Overview: Funding & FTEs

Budget	FY21	FY22 Base	FY23 Base
Operating Budget	\$4,724,515	\$5,300,268	\$5,455,207
Election Campaign Fund Contribution	\$0	\$0	\$0
Authorized Positions (Full-Time Equivalents or "FTEs")	24	25*	25
Temporary Staff	.75	.69	.67
Attrition Savings Target	-1.97	-1.34	-1.34
Budgeted FTEs	22.78	24.35	24.33

\*Reflects two full time FTEs that were authorized for only half a year in FY21

Distribution of Current Staffing Resources





## Mayor's Budget Instructions

Proposed Cuts

Ethics Commission Budget	FY22	FY23
<b>Base operating budget</b>	<b>\$5,300,268</b>	<b>\$5,455,207</b>
Base salary and fringe (85% of base operating budget)	\$4,528,987	\$4,683,926
<b>Mayor's proposed reductions</b>		
Attrition savings target (from salaries & fringe)	(\$236,969)	(\$245,269)
7.5% Cut	(\$372,468)	(\$372,468)
2.5% Contingency cut	(\$124,156)	(\$124,156)
<b>Total proposed cuts</b>	<b>(\$733,593)</b>	<b>(\$741,893)</b>



Duties and responsibilities of the Ethics Commission under the City Charter include to:

- ▶ Act as City's filing officer under Political Reform Act C3.699-11.3
- ▶ Provide assistance to agencies, officials, and candidates C3.699-11.5
- ▶ Investigate alleged violations of campaign finance, ethics, and conflicts of interests C3.699-11.4
- ▶ Make recommendations to Mayor and Board of Supervisors C3.699-11.6
- ▶ Submit to the voters charter amendments relating to campaign finance, conflicts of interest and governmental ethics C3.699-11.6
- ▶ Develop an educational program on ethics laws and the importance of ethics to the public's confidence in municipal government for newly elected and appointed officers and employees, candidates and campaign treasurers, and lobbyists C3.699-11.13
- ▶ Issue opinions and provide advice C3.699-12
- ▶ Advocate understanding of charter & ordinances C.699-11.10
- ▶ Audit campaign statements C3.699-11.4
- ▶ Administer lobbying registration and disclosure C3.699-11.2
- ▶ Assist departments in developing and maintaining their conflict of interest codes C.699-11.9
- ▶ Prepare and publish manuals and instructions and explain applicable duties C3.699-11.13
- ▶ Prescribe forms for reports, statements, notices and other documents C3.699-11.12
- ▶ Levy fines and penalties for violations C3.699-13



## Administrative Support

Eliminate staffing focused primarily on departmental administrative support.

### Impact

- On-demand response for requests for assistance would be eliminated.
- Delay in revenue collection likely as new business processes are established and absorbed by program staff.
- Delay in ability to timely process essential procurement and payments for goods and services.
- Reduces staff hours available for programmatic duties as administrative functions will be absorbed by non-administrative staff.



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## Audits & Post-Filing Compliance

Reduce by 75% level of staffing to conduct audits and post-filing compliance reviews.

### Impact

- Independent oversight of campaign compliance will be reduced as discretionary campaign audits are halted or significantly delayed, thereby reducing deterrence and the accountability of campaigns.
- Oversight of lobbyist compliance will be reduced as development of audit program is suspended or delayed.
- No change in oversight of City officials' financial disclosure forms (Form 700).





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## Engagement and Compliance Programs

Reduce by 67% level of staffing available to provide compliance guidance, filer assistance, and public information about disclosure records.

### Impact

- Compliance assistance will be available only by correspondence or appointment and filers will likely face significant delays obtaining compliance assistance as remaining staff will be required to provide the most basic filing officer duties across all programs.
- Training opportunities for regulated entities and individuals will be reduced, likely increasing their time and cost to fully comply with the law.
- Enforcement actions would likely increase.



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## Citywide E-Filing of Form 700

Suspend Citywide Form 700 electronic filing project.

### Impact

- Public transparency of potential conflicts of interest of City officials will be blunted as Form 700 statements continue to be filed on paper for at least the next three years.
- Limited oversight of City officials' financial disclosure forms (Form 700) remains, coupled with reduced capacity to audit campaign committees.
- Filing and technical assistance will be reduced across all program areas due to cuts in IT and compliance staff.



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## Broad Based Program Cuts

Spread required reductions across all program areas.

### Impact

- Development, enactment, and implementation of policy solutions to address corruption issues will lack the Commission's full and timely input.
- Limited oversight of City officials' financial disclosure forms (Form 700) remains, coupled with reduced capacity to audit campaign committees.
- Information technology support will be reduced across all program areas, restricting capacity for development of new e-filing systems and disclosure tools.



*“Providing proactive outreach on the City’s ethics laws promotes voluntary compliance with these laws, reducing the need for enforcement efforts against those who want to comply...”*

Budget and Legislative Analyst, Performance Audit of Ethics Commission, August 10



Invest in funding necessary to launch *Ethics@Work* - an ETH outreach team of four training specialists for a 3-year limited-term project to develop and conduct targeted, practical ethics trainings for City employees and officials based on an assessment of their specific training needs and addresses areas of risk specific to their job function

**New Investments:**

- Four training specialists
- Funding for training software, materials, and supplies

FY22

FY23

+\$600k

+\$790k



*“The length of time to close investigations detracts from the Department’s mission to promote public confidence in government and ensure the deterrence effect of enforcement.”*

Budget and Legislative Analyst, Performance Audit of Ethics Commission, August 10



Invest in staffing levels and tools necessary to resolve investigative matters within 24 months while also increasing the Division’s capacity to investigate and resolve more complex matters

An online case management system is essential to enable the effective intake, review, investigation, and resolution of complaints

**New Investments:**

- Three additional Enforcement staff to reduce length of time to resolve investigative matters
- Professional services funds for online case management system

FY22

FY23

+\$480k

+\$600k



At the Commission's Special Meeting on January 21, the Commission welcomes all public comment on its FY22 budget priorities.

- To provide public comment at the Commission's January 21 meeting, please see the instructions on how to participate on the Commission's Special Meeting Agenda.
- Written comment may be submitted to [ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org).

## Ethics Provisions Under the City Charter

SF Ethics Commission January 21, 2021 Special Meeting Agenda | Item 3 Attachment 2

### **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.

### **C3.699-12 REQUESTS FOR AND ISSUANCES OF OPINIONS; ADVICE**

- (a) Any person may request the commission to issue a written opinion with respect to that person's duties under provisions of this charter or any ordinance relating to campaign finance, conflicts of interest, lobbying or governmental ethics. The commission shall, within 21 days, transmit its proposed opinion to the City attorney and district attorney, provided that the commission, or its executive



director, can extend this time for good cause. Within ten working days of receipt of the proposed opinion, the City attorney and district attorney shall advise the commission whether they concur in the proposed opinion. If either the City attorney or district attorney do not concur with the proposed opinion, he or she shall inform the commission in writing concerning the basis for disagreement. No person who acts in good faith on an opinion issued by the commission and concurred in by the City attorney and district attorney shall be subject to criminal or civil penalties for so acting, provided that the material facts are as stated in the opinion request. The commission's opinions shall be public records and may from time to time be published.

(b) The commission may authorize its staff to issue informal oral advice to any person with respect to that person's duties under provisions of this charter or any ordinance relating to campaign finance, conflicts of interest, lobbying or governmental ethics. Reliance on such oral advice shall not be a defense in any enforcement proceeding.

(c) Subject to the civil service provisions of this charter, the commission may employ individuals who have graduated from a state accredited law school for the purpose of assisting the commission prepare opinions and providing advice under this section. These employees shall have no authority to provide advice to or represent the City and County or any of its officers or employees.

(d) Nothing in this section shall be construed to prevent City and County officers and employees from seeking advice from the City attorney concerning conflict of interest and governmental ethics laws.

### **C3.699-13 INVESTIGATIONS AND ENFORCEMENT PROCEEDINGS**

The commission shall conduct investigations in accordance with this subdivision of alleged violations of this charter and City ordinances relating to campaign finance, lobbying, conflicts of interest and governmental ethics.

(a) Investigations.

If the commission, upon the receipt of a sworn complaint of any person or its own initiative, has reason to believe that a violation of this charter or City ordinances relating to campaign finance, lobbying, conflicts of interest or governmental ethics has occurred, the commission immediately shall forward the complaint or information in its possession regarding the alleged violation to the district attorney and City attorney. Within ten working days, after receipt of the complaint or information, the district attorney and City attorney shall inform the commission in writing regarding whether the district attorney or City attorney has initiated or intends to pursue an investigation of the matter

If the commission, upon the sworn complaint or on its own initiative, determines that there is sufficient cause to conduct an investigation, it shall investigate alleged violations of this charter or City ordinances relating to campaign finance, lobbying, conflicts of interest and governmental ethics. A complaint filed with the commission shall be investigated only if it identifies the specific alleged violations which form the basis for the complaint and the commission determines that the complaint contains sufficient facts to warrant an investigation.

Within 14 days after receiving notification that neither the district attorney nor City attorney intends to pursue an investigation, the commission shall notify in writing the person who made the complaint of the action, if any, the commission has taken or plans to take on the complaint, together with the reasons for such action or non-action. If no decision has been made within 14 days, the person who made the complaint shall be notified of the reasons for the delay and shall subsequently receive notification as provided above.

The investigation shall be conducted in a confidential manner. Records of any investigation shall be considered confidential information to the extent permitted by state law. Any member or employee of the commission or other person who, prior to a determination concerning probable cause, discloses information about any preliminary investigation, except as necessary to conduct the investigation, shall be deemed guilty of official misconduct. The unauthorized release of confidential information shall be

sufficient grounds for the termination of the employee or removal of the commissioner responsible for such release.

(b) Findings of Probable Cause.

No finding of probable cause to believe that a provision of this charter or City ordinances relating to campaign finance, lobbying, conflicts of interest or governmental ethics has been violated shall be made by the commission unless, at least 21 days prior to the commission's consideration of the alleged violation, the person alleged to have committed the violation is notified of the alleged violation by service of process or registered mail with return receipt requested, is provided with a summary of the evidence, and is informed of his or her right to be present in person and to be represented by counsel at any proceeding of the commission held for the purpose of considering whether probable cause exists for believing the person committed the violation. Notice to the alleged violator shall be deemed made on the date of service, the date the registered mail receipt is signed, or, if the registered mail receipt is not signed, the date returned by the post office. A proceeding held for the purpose of considering probable cause shall be private to the extent permitted by state law unless the alleged violator files with the commission a written request that the proceeding be public.

(c) Administrative Orders and Penalties.

(i) When the commission determines there is probable cause for believing a provision of this charter or City ordinance has been violated, it may hold a public hearing to determine if such a violation has occurred. When the commission determines on the basis of substantial evidence presented at the hearing that a violation has occurred, it shall issue an order which may require the violator to:

- (1) Cease and desist the violation;
- (2) File any reports, statements or other documents or information required by law; and/or
- (3) Pay a monetary penalty to the general fund of the City of up to five thousand dollars (\$5,000)

for each violation or three times the amount which the person failed to report properly or unlawfully contributed, expended, gave or received, whichever is greater. Penalties that are assessed but uncollected after 60 days shall be referred to the bureau of delinquent revenues for collection.

In addition, with respect to City officers other than those identified in Section 8.107 of this charter, when the commission determines on the basis of substantial evidence presented at the hearing that a violation has occurred, the commission may recommend to the appointing officer that the officer be removed from office.

When the commission determines that no violation has occurred, it shall publish a declaration so stating.

(d) In addition to any other penalty that may be imposed by law, any person who violates any provision of this charter or of a City ordinance relating to campaign finance, lobbying, conflicts of interest or governmental ethics, or who causes any other person to violate any such provision, or who aids and abets any other person in such violation, shall be liable under the provisions of this section.