



San Francisco Ethics Commission

25 Van Ness Avenue, STE 220
San Francisco, CA 94102-6053
ethics.commission@sfgov.org
415-252-3100 | sfethics.org

February 6, 2023

To: Members of the Ethics Commission
From: Gayathri Thaikkendiyil, Acting Executive Director
Subject: Agenda Item 11 - Public Hearing on the Ethics Commission FY24-FY25 Budget Proposal

Summary and Action Requested

This item provides an opportunity for the Commission to be briefed and receive public comment on the department's budget proposal for Fiscal Years 2023-24 (FY24) and 2024-25 (FY25). No action is required at this public hearing. This item has been noticed for both discussion and possible action should the Commission wish to take action at this meeting.

Background Information

Departmental budget submissions for the Fiscal Years that begin July 1, 2023 and end June 30, 2025 must be submitted to the Mayor's Office by Tuesday, February 21, 2023. As part of the annual budget submission process, departments are required to hold two hearings to receive public input on their budget priorities and budget proposals, respectively. The Commission held its first public hearing to receive feedback on the Commission's budget priorities on Friday, January 20, 2023, in which staff provided a [memo](#) and a [detailed presentation](#) regarding the Commission's funding overview, organizational structure, budgetary needs, Mayor's budget instructions to City departments, and impact of the required target cuts on the department's operations.

The Commission has scheduled a second public hearing related to the department's FY24-FY25 budget proposal at its regular monthly meeting on Friday, February 10, 2023. The information provided in this meeting must include description of 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. An overview of the Commission's organization structure and division information appears in Attachment I. A summary of the proposed budget appears in Attachment II. Written comment on the Commission's budget proposal may be submitted to ethics.commission@sfgov.org.

Mayor's Budget Instructions

The Mayor issued [annual budget instructions](#) to City departments for FY24 and FY25 on December 16, 2022. The City is projecting a budget shortfall of approximately \$728.3 million with a \$200.8 million deficit in the first year and \$527.6 million in the second year, out of an annual General Fund budget of approximately \$6.8 billion. Therefore, City departments are required to propose cuts of 5% in FY24 and 8% (an additional 3%) in FY25 from their General Fund budgets. The Mayor's target cut amounts for the Ethics Commission are \$339,597 in FY24 to meet 5% and \$543,355 in FY25 to meet 8%.

The budget instructions to departments are outlined below.

- Prioritize filling or reclassifying vacancies for core departmental functions and Mayoral priorities
- Propose remaining vacancies for budget savings
- Maintain Mayoral initiatives and recommend ways to fund more efficiently
- Prepare for outlook to worsen

The priorities that the Mayor has identified for the City are below.

- Recovery of the local economy with focus on downtown and economic core
- Improving public safety and street conditions
- Reducing homelessness and transforming mental health service delivery
- Accountability & equity in services and spending

Following submission of the budget proposals, the Mayor's Budget Office will evaluate the requests and develop the Mayor's proposed balanced budget to submit to the Board by June 1, 2023. The Board of Supervisors then considers the budget and must send a balanced budget back to the Mayor for signature by August 1, 2023.

Department's Strategic Priorities

Through its FY24-FY25 budget proposal, the Ethics Commission seeks to ensure funding to achieve its ongoing strategic goals as below:

- Strong laws, well implemented, with timely and effective oversight and accountability to enhance the impact of core Commission programs.
- Heightened awareness of the laws through organization-wide focus on practical tools and information, essential outreach, and accessible public disclosure to enhance understanding, promote improved compliance, and foster equitable and meaningful public engagement.
- Strive for excellence through continuous improvement, transparency, and accountability for Commission's work. Implement program and business process improvements and re-calibrate services as needed to maximize impact.

Department's Funding Needs

The Commission's funding needs in FY24-FY25 are outlined below:

Enable continuity of essential public disclosure functions by retaining 1043 Senior IS Engineer position in the Electronic Disclosure and Data Analysis Division.

- Funding for this existing position expires effective June 30, 2023. This role needs to be retained as an ongoing PCS position starting in FY24.
- This position is the sole engineering position of the department tasked with building and maintaining essential technology services and systems infrastructure.
- Key responsibilities of this role include development and maintenance of:
 - Campaign Finance Dashboards for the 2024 election cycle
 - Open data resources on DataSF for all program areas

- Online complaint form and Case Management System
- Electronic filing systems for local forms for all program areas
- Sfethics.org web site services and infrastructure
- Citywide contract disclosure system for administration of contractor contribution ban

Strengthen direct support for e-filing compliance and guidance across program areas by expanding Client Support Services in the Engagement & Compliance Division.

- Funding for the existing 1840 Client Support Specialist position expires effective June 30, 2023. This role needs to be retained as an ongoing PCS position starting in FY24.
- This position provides telephone and online technical support, compliance guidance, and educational materials to 5,000+ departmental Form 700 filers and 80+ departmental filing officers throughout the year. This role is critical to enable streamlined and timely support that filers currently rely on to comply with their filing requirements and plays an integral role in the division to provide day-to-day support for the program administration.

Ensure complex program administration work necessary to achieve strong compliance in the Campaign Finance program is supported by job classification that reflects the full nature and level of that work.

- Reclassify vacant 1844 Engagement & Compliance Officer position to 1823 Senior Program Administrator position to provide compliance assistance, outreach, training, and program support for the Campaign Finance program.
- This work demands application of significant strategic thinking, analytical skills, independent sound judgement, and strong program management skills that have impact on filers, public, and the Commission's operations.

Ensure continued funding for the Ethics@Work training and outreach program to provide City officers, employees, and contractors with the resources they need to actively contribute to a citywide culture of integrity.

- Funding for the Ethics@Work program, which includes the following four positions, will expire on June 30, 2024. These roles need to be retained as ongoing PCS positions starting in FY25.
 - 1824 Ethics@Work Program Manager
 - Two 1823 Training & Outreach Specialists
 - 1230 Training Design Specialist
- This program is essential to equip the city's leadership and workforce with practical tools and information to constructively navigate ethical issues that can emerge in their work to sustain and support the highest standards of integrity in city government.

Ensure continued funding for investigative resources to reduce case resolution times and increase the number, proportion, and severity of cases investigated by the Commission.

- Funding for three Senior Investigator and Legal Analyst positions will expire on June 30, 2024. These positions need to be retained as ongoing PCS positions starting in FY25.

- These positions are critical to conduct independent and proactive investigations into matters that result in the most severe public harm to fair and accountable government.

Ensure funding to develop and implement standardized methods to track and regularly report on the performance of the department's core functions.

- Funding for the 1823 Program Performance and Reporting Analyst position will expire on June 30, 2024. This position has not yet been filled due to hiring backlog. It needs to be retained as a 3-year limited term PEX position starting in FY25.
- This position is needed to identify effective program performance metrics and regularly report on the performance of the Commission's operations to support data driven decision-making and greater public engagement.

Maintain core business functions by funding essential technology, professional services, and services of other departments.

- Essential technology includes software tools to support core services for filers, public, and Commission staff.
- Funding for translation services to expand the Commission's language access for its online compliance materials to meet City's web accessibility standards.
- Funding to meet maintenance cost increase for NetFile e-filing system per consumer price index adjustment.
- Funding for the Department of Technology to cover cost increases for office software tools, DocuSign public disclosure e-filings, device support services, cyber security support services, and website hosting charges.

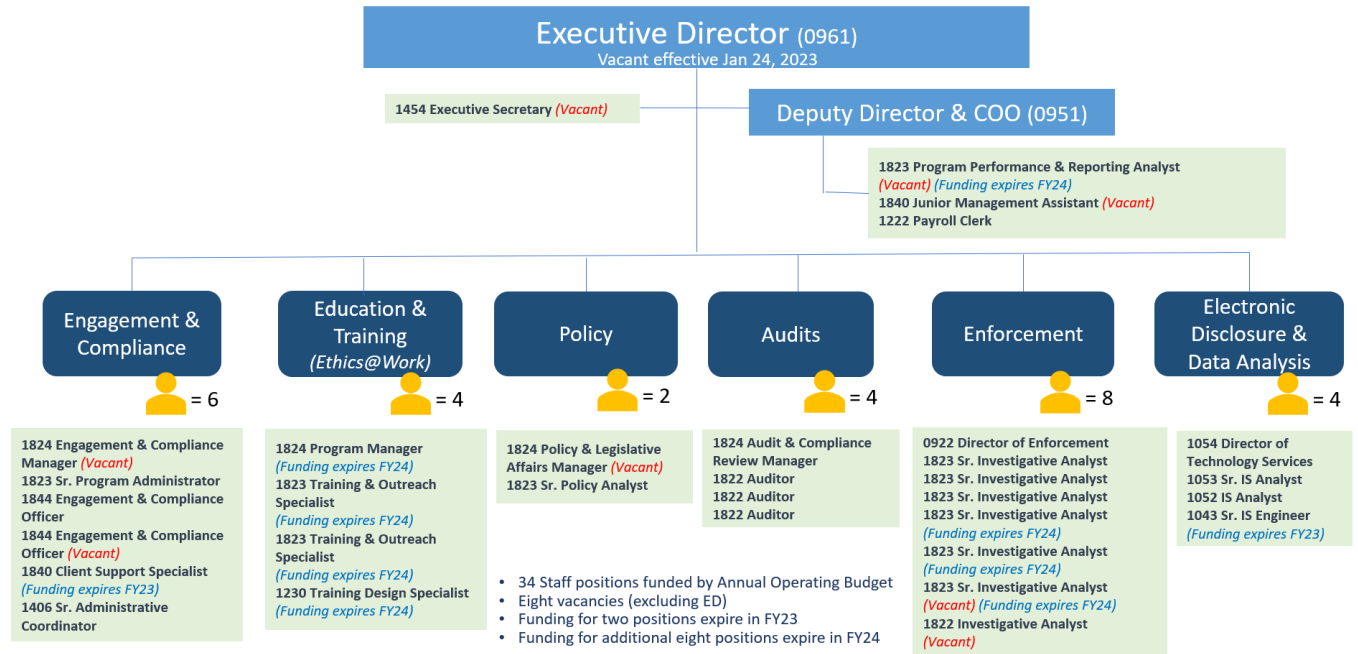
The Ethics Commission's budget proposals for FY24 and FY25 are detailed in Attachment II. The Commission's proposed budget seeks an FY24 operating budget of \$7.4 million and FY25 operating budget of \$7.5 million. This represents 6.8 percent and 37.6 percent increase respectively over the Commission's base operating budget of \$6.9 million and \$5.4 million for those fiscal years.

We look forward to receiving feedback from the Commission and public as part of finalizing our budget submission.

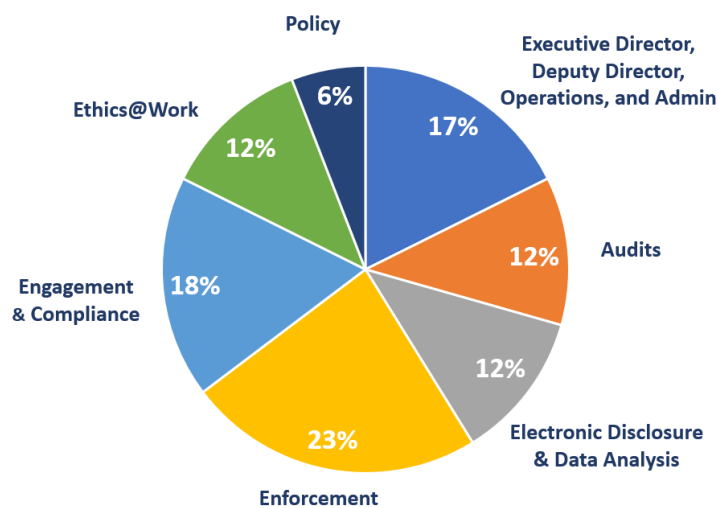
ATTACHMENT I

Organizational Structure and Division Information

Ethics Commission Current Organization Structure - Fiscal Year 2022-23 (FY23)



Ethics Commission FY23 Staffing Distribution



Division Information

Engagement & Compliance: As part of its duty to promote governmental accountability, the Ethics Commission provides information and guidance to city officers and employees, candidates for public office, the public, and others to help them understand and comply with their responsibilities under the law. The Engagement and Compliance Division publishes compliance materials and provides informal advice that applies the City's ethics, campaign finance, and lobbying laws to circumstances faced in practice. The Commission also acts as filing officer for a wide range of public disclosure statements filed by designated local officials, candidates seeking local office, and lobbyists who seek to influence governmental decisions in the city and County of San Francisco.

Ethics@Work Program: This Division will implement the new Ethics@Work program by creating training and outreach resources necessary to deliver practical education on navigating ethical issues across City departments based on an assessment of specific training needs to promote and support ethical leadership at all levels of departmental decision making.

Electronic Disclosure & Data Analysis (EDDA): This Division serves filers, Commission staff, and the public by providing integrated and effective technology solutions for compliance, agency operations, and access to electronic disclosure records and data. The EDDA Division develops integrated technology solutions to support the Commission's various programs. The Division maintains the electronic disclosure platforms for campaign finance, lobbyist, Form 700, and other filings. The Division also ensures that the public has complete and timely access to the disclosures, such as through the campaign finance data dashboards and the City's open data portal.

Policy: This Division leads the Commission's public policy research, analysis, and legislative work. It is responsible for analyzing how well current laws and programs are achieving their intended purposes and formulating new regulatory and legislative approaches to ensure the City's political reform laws are strong, workable, and enforceable. Related duties assigned to the Division include media relations, interpreting and advising on the law, and stakeholder outreach and engagement. The Division also administers the Commission's opinion and waiver programs.

Audits: To help fulfill the Ethics Commission's oversight function, the Audit Division is responsible for conducting campaign audits pursuant to the Commission's Charter authority and mandate under City law to determine whether committees have materially complied with applicable requirements of State and local laws. The Division also administers the Public Campaign Financing Program qualification and claim review process to determine candidate eligibility and public funds disbursements. In addition, the Audit Division is responsible for conducting audits required under City law related to the lobbyist registration and reporting and for conducting post-filing compliance reviews of other disclosures, such as public economic interest filings by City officials.

Enforcement: To fulfill the Ethics Commission's oversight mandate as an independent administrative enforcement agency, the Enforcement Division is charged with ensuring fair, thorough, and timely investigations and case outcomes that serve as an effective deterrent and promote accountability in government. The Division has responsibility to identify, investigate, and remedy unlawful conduct within the scope of the Commission's jurisdiction. The Division's investigators are responsible for investigating alleged violations of the law to ensure allegations are fully and objectively evaluated

and that those who violate the law are held publicly accountable for their actions. This can include imposition of monetary penalties levied by the five-member Ethics Commission as provided for under the law.

ATTACHMENT II
FY24 - FY25 Departmental Budget Overview
February 10, 2023 Meeting Presentation



City & County of San Francisco
Ethics Commission

FY24 - FY25 Departmental Budget Proposal Overview

Commission Meeting Agenda Item 11 - Attachment II

Friday, February 10, 2023

Gayathri Thaikkendiyil, Acting Executive Director

sfethics.org

ethics.commission@sfgov.org

Departmental Budget Submission

Key Dates

- Budget submissions for the Fiscal Years that begin July 1, 2023 and end June 30, 2025 must be submitted to the Mayor's Office by February 21, 2023
- The Mayor is expected to submit a balanced budget proposal to the Board of Supervisors by June 1, 2023
- The Board must send a balanced budget back to the Mayor for signature by August 1, 2023

Budget Instructions to City Departments

Mayor's Budget Instructions to City Departments

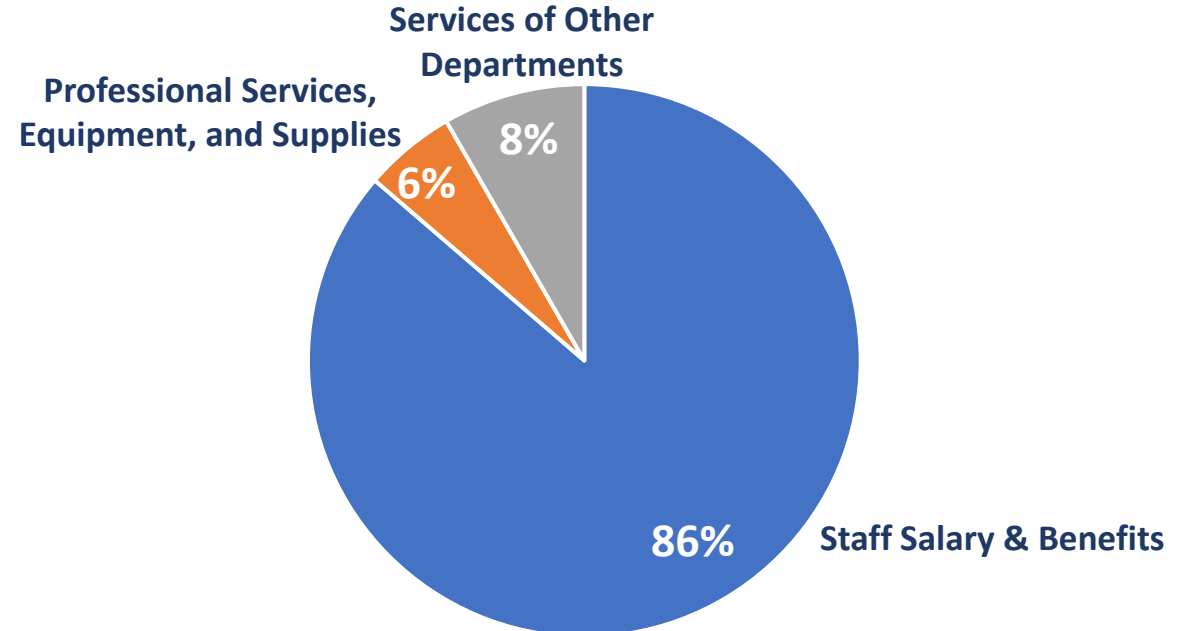
- Propose cuts of 5% in Fiscal Year 2023-24 (FY24) and 8% (an additional 3%) in Fiscal year 2024-25 (FY25) from their General Fund budgets
- Prioritize filling or reclassifying vacancies for core departmental functions and Mayoral priorities
- Propose remaining vacancies for budget savings
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Ethics Commission Funding Snapshot

Operating Budget Allocations	FY23 Approved (July 1, 2022 - June 30, 2023)	FY24 Baseline (July 1, 2023 - June 30, 2024)	FY25 Baseline (July 1, 2024 - June 30, 2025)
Annual Operating Budget	\$7.1 million	\$6.9 million	\$5.4 million
Number of Staff Positions	34	32	24

The Commission also administers a separate Election Campaign Fund to provide partial public financing for candidates for Mayor and the Board of Supervisors who meet required eligibility criteria. This fund has a balance of \$3.5 million with additional allocations of \$446,860 planned each year in FY24 and FY25.

FY23 Operating Budget Distribution



Position Needs to Maintain FY23 Capacity Levels

Positions	Division	FY24	FY25
<i>Positions for which funding expire in FY24</i>			
1043 Senior IS Engineer	Electronic Disclosure & Data Analysis	+238K	+242K
1840 Client Support Specialist	Engagement & Compliance	+137k	+141K
<i>Additional positions for which funding expire in FY25</i>			
1824 Program Manager	Ethics@Work	Funded	+222K
1823 Training & Outreach Specialist	Ethics@Work	Funded	+194K
1823 Training & Outreach Specialist	Ethics@Work	Funded	+194K
1230 Training Design Specialist	Ethics@Work	Funded	+194K
1823 Senior Investigator & Legal Analyst	Enforcement	Funded	+194K
1823 Senior Investigator & Legal Analyst	Enforcement	Funded	+194K
1823 Senior Investigator & Legal Analyst	Enforcement	Funded	+194K
1823 Program Performance & Reporting Analyst	Administrative	Funded	+194K
<i>Total</i>		+375K	+1,963K

Departmental Requests Summary

Funding needed to maintain FY23 staffing and service levels

Description	FY24 (July 1, 2023 - June 30, 2024)	FY25 (July 1, 2024 - June 30, 2025)
Allocated Operating Budget	\$6.9 million	\$5.4 million
ETH Requests		
Funding for Expiring Positions	\$375k	\$1,963k
Position Reclassification (1844 to 1823)	16K	17K
Non-Position Related Requests	\$83k	\$75k
Total Request	\$474k	\$2,055k
Proposed Operating Budget	\$7.4 million	\$7.5 million
Increase from allocated budget	6.8%	37.6%

Mayor's Target Cuts

The Mayor's target cut amounts for the Ethics Commission are \$339,597 in FY24 to achieve 5% and \$543,355 in FY25 to achieve 8% (an additional 3%).

In addition to the ten positions for which funding expires during these fiscal years, the following positions will be impacted to achieve Mayor's target cuts.

- *1844 Senior Management Assistant*: This position is essential to administer the Campaign Finance program and has been identified for reclassification to *1823 Senior Program Administrator* position due to the complexity of that work. Not filling this position will severely impact the Commission's ability to provide compliance support, guidance, training, and outreach to candidates and campaign committees for the upcoming elections.
- *1454 Executive Secretary*: This position was added to the Commission's budget starting in FY23 to perform administrative and meeting support functions and act as a point of contact for the public. Not filling this position will continue to impact programmatic work as these functions have been currently absorbed by program staff across divisions.
- *1822 Investigator*: Not filling this position will further impact the Enforcement division's ability to perform detailed investigations, reduce case resolution times, and increase the number, proportion, and severity of cases investigated by the Commission.

Impact Summary: Mayor's cuts and expiring positions

Services and programs impacted starting in FY24:

- 25% reduction in enforcement resource capacity
- Ongoing development and maintenance of New Case Management System and online complaint form
- Administration of Campaign Finance program including assistance to candidates and campaign committees
- 2024 Primary Election Campaign Finance Dashboards will not be produced
- Form 700 filer and filing officer direct support assistance and compliance materials
- Maintenance of open data resources at DataSF for all program areas
- Maintenance of electronic filing systems for state and local forms for all program areas
- Maintenance of citywide contract disclosure system for administration of contractor contribution ban
- Maintenance of Sfethics.org web site backend infrastructure
- Commission administrative support
- Dedicated performance assessment and reporting will not be feasible
- Essential technology and services to support core business functions

Services and programs impacted starting in FY25 (*in addition to the impact identified for FY24*):

- Ethics@Work training and education programs will be halted
- 50% total reduction in enforcement resource capacity (from FY23 staffing levels)
- 2024 General Election campaign finance dashboards will not be produced