



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 21, 2023
By Electronic Mail Only

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

Re: Ethics Commission FY24-FY25 Budget Submission

Dear Mayor Breed:

Attached for your review and consideration is the Ethics Commission's budget proposal for FY24 and FY25.

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

- Strong laws that are 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;
- Organizational excellence through continuous improvement, accountability, and equity in the delivery of programs, services, and spending.

The Commission's proposed budget seeks to secure continued funding for its core transparency, compliance, and oversight functions at its current staffing level of 34 positions in FY24 and FY25. In the upcoming fiscal years, the funding for ten staff positions is set to expire across various program areas, which will severely affect the Commission's ability to deliver its essential business functions. As requested of all departments, the Commission has also identified proposed targeted cuts per the budget instructions issued by your office in December 2022. As a small department with roughly 86 percent of its funding attributable to personnel salaries and benefits, the required proposed targeted cuts would necessarily impact essential staffing resources. When combined with the position-related funding set to expire in the coming year, the target cuts of 5 percent in FY24 and 8 percent in FY25 will result in an effective reduction of 38 percent of the Commission's staffing during this period which will profoundly impact the Commission's capacity to fulfill its core mandates. Details regarding the positions affected and the impact of these reductions have been included in the attached budget proposal. Additional information regarding the Commission's mission, organizational structure, and functional divisions have also been included in Attachment A.

Over the past three years, the City has witnessed a string of federal corruption indictments and convictions against City officials and contractors related to bribery, fraud, self-dealing, and pay-to-play schemes, which has severely undermined public confidence in the City and County of San Francisco. As corruption scandals continue to unfold, they further undermine public trust in City government. The Ethics Commission was allocated additional staffing capacity during the last two years on a limited-term basis to help establish a culture of integrity in City government through expanded ethics training and outreach, timely and impactful investigations, and essential public transparency services. However, the funding for these initiatives is set to expire in FY24 and FY25, while there is an ongoing need to continue this important work to hold City officials accountable, change the culture of corruption in the City workforce, and restore public trust in City government. The Ethics Commission remains committed to advancing public trust to help ensure that the City is an organization in which corrupt practices cannot take root. A well-funded and well-functioning Ethics Commission is necessary for the City to achieve its broader policy goals and ensure equitable government for the people of San Francisco. Unethical practices and corruption scandals endanger the City's overall success in many ways, and the Ethics Commission exists to prevent such incidents.

To do this vital work, the Commission seeks an operating budget of \$7.4 million in FY24 and \$7.5 million in FY25. This represents 7.5 percent and 38.8 percent increase respectively over the Commission's base operating budget of \$6.9 million and \$5.4 million for these fiscal years.

Thank you for your consideration of the Ethics Commission's budget proposal. We look forward to the opportunity to discuss with you and your staff how the Commission's budget proposal and its programmatic priorities align with your priority to ensure accountable and equitable City services for all San Franciscans.

Sincerely,

Gayathri Thaikkendiyil
Acting Executive Director

I. Ethics Commission FY24-FY25 Departmental Budget Proposal Summary

ETH Annual Operating Budget Requests	FY24	FY25
Position Related Requests		
Retain existing limited-term positions expiring June 30, 2023 permanently as PCS positions:		
1043 Senior IS Engineer	\$241,735	\$247,706
1840 Client Support Specialist	\$136,889	\$140,784
Retain existing limited-term positions expiring June 30, 2024 permanently as PCS positions:		
1824 Ethics@Work Training & Outreach Manager		\$222,106
Two 1823 Ethics@Work Training & Outreach Specialists		\$388,658
1230 Ethics@Work Training Design Specialist		\$193,580
Three 1823 Senior Investigator & Legal Analysts		\$582,987
Retain existing limited-term 1823 Program Performance & Reporting Analyst position expiring June 30, 2024 as 3-year limited-term PEX position.		\$194,329
Reclassify existing 1844 Engagement & Compliance Officer position to 1823 Senior Program Administrator.	\$16,171	\$16,554
Total	\$394,795	\$1,986,704
Non-Personnel Related Requests		
Software Licenses (Support departmental operations including website)	\$14,166	\$48,102
Systems Consulting Services (CPI adjustment for e-filing system contract)		\$3,724
Professional Services (Language translation services to support COIT Digital Accessibility and Inclusion Standards and services to support investigative procedures in the Enforcement Division)	\$32,000	\$12,000
Total	\$46,166	\$63,826
Services of Other Departments		
Department of Human Resources Consulting Services (Workorder adjustments to reflect salary increases and overhead)	\$65,030	\$65,030
Department of Technology (DT) Contracts (Software license increases)	\$4,130	\$4,130
DT Projects (Support desktop services and Continuity of Operations Plans)	\$11,329	\$1,329
Total	\$80,489	\$70,489
ETHICS COMMISSION (ETH) REQUESTS TOTAL	\$521,450	\$2,121,019
ALLOCATED BASE OPERATING BUDGET	\$6,964,406	\$5,464,139
OPERATING BUDGET WITH ETH REQUESTS	\$7,485,856	\$7,585,158
INCREASE TO OPERATING BUDGET	7.5%	38.8%

II. Ethics Commission FY24-FY25 Detailed Budget Proposal

Position Related Requests

Total in FY24: \$394,795 FY25: \$1,986,704

The Commission's FY24-FY25 budget proposal seeks to maintain current staffing level of 34 positions, which will require funding the following needs.

➤ **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 position is the sole engineering position within the department and is tasked with building and maintaining essential technology services and systems infrastructure that support the Commission's core business functions. 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

This position needs to be retained as an ongoing PCS position starting in FY24.

Funding request: FY24: \$241,735 FY25: \$247,706

➤ **Strengthen direct support for e-filing compliance and guidance to filers by funding Client Support Services in the Engagement & Compliance Division.**

Funding for the existing 1840 Client Support Specialist position expires effective June 30, 2023. This position has been instrumental in implementing and sustaining new business processes and practices in the Engagement & Compliance Division that enable direct streamlined e-filing support to City officials and staff to comply with their Form 700 (Statement of Economic Interests) filing requirements, resulting in more efficient compliance services and greater operational tracking. This position provides telephone and online technical support, outreach, compliance guidance, and educational materials to 5,000+ departmental Form 700 filers and 80+ departmental filing officers throughout the year. The functions performed by this role enable effective program administration on a daily basis and ensure timely assistance that filers currently rely on to fulfill their filing obligations.

This position needs to be retained as an ongoing PCS position starting in FY24.

Funding request: FY24: \$136,889 FY25: \$140,784

➤ **Ensure continued funding for the Ethics@Work proactive 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 Commission's new Ethics@Work Training and Outreach program, which includes the following four positions, will expire on June 30, 2024.

- 1824 Ethics@Work Program Manager
- Two 1823 Training & Outreach Specialists
- 1230 Training Design Specialist

The purpose of this program is to establish and implement outreach and training infrastructure that is essential to effectively institutionalize integrity in City government. It will create initiatives to heighten awareness of ethics rules and their practical application citywide, including by providing critical support to City leaders and staff as they seek to effectively navigate ethical issues that arise in their public service. Ethics@Work deliverables will include actionable work plans developed in close collaboration with departmental leadership teams and educational materials to meet a range of learning styles, such as online resources, brochures, training videos, learning modules, and FAQs. The scope of this work also includes providing greater web accessibility and language accessibility for Commission's online materials and services. With the division fully staffed as of January 2023, program development is underway with the initial set of deliverables and outreach to City departments targeted to launch in FY23 Q4.

To provide City departments and other stakeholders timely and effective ongoing ethics education and resources that support their evolving needs and to enable this program to deliver its full scope of objectives, including the following, this work needs to be funded permanently.

- Creation and maintenance of a broad range of ethics training curriculum for City employees.
- Creation and maintenance of onboarding materials for appointed City Board and Commission members and new department heads, targeted to support new appointees at the time of their appointment with a focused awareness of how the City's ethics standards apply in practical terms to their departmental leadership and oversight roles.
- Development and maintenance of content and materials to ensure that ethics is a part of every New Employee Orientation, Supervisory training, and manager training modules offered by the City.
- Creation and maintenance of targeted materials and outreach that leverages opportunities to inform City contractors and grantees about the City's expectations to ensure those seeking to do business with the City are supported with clear and timely information about their role in upholding high standards of ethics in practice.
- Development and maintenance of outreach and reporting tools to promote community engagement to broaden the impact of this work. The Ethics@Work team would partner closely with City departments to leverage existing opportunities for community outreach to heighten awareness of the City's integrity work.

*All four positions in this Division need to be retained as ongoing PCS positions starting in FY25.
Funding request: FY25: \$804,344*

➤ **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 in the Enforcement Division will expire on June 30, 2024. The Commission has historically not had sufficient staffing resources to

fully support the volume of investigative work in this Division on a timely basis, resulting in long case resolution times over the years. With the addition of these new positions in the Commission’s budget in October 2021, the Division was able to hire additional staff members in 2022 and make substantial progress in reducing case resolution times and deepening the investigative work carried out on all cases investigated. For example, the table below provides the average case resolution times for the last four fiscal years, including FY23 up to February 21, 2023. There has been a consistent and dramatic decrease in the time to resolve enforcement cases since the additional investigator positions were authorized and hired.

Fiscal Year	Average Number of Days to Resolve Enforcement Cases
FY20	350
FY21	246
FY22	147
FY23 (through 2/21/23)	63

Not continuing funding for half of the Commission’s senior investigator positions on a permanent basis will significantly affect the Commission’s investigative capacity and blunt the City’s ability to conduct independent and proactive investigations into matters that result in the most severe public harm to fair and accountable government.

*These three positions need to be retained as ongoing PCS positions starting in FY25.
Funding request: FY25: \$582,987*

➤ **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 was added to address BLA’s 2020 Audit recommendation to develop standardized tools to regularly report on the progress toward Commission’s organizational objectives. This role is needed to identify effective performance metrics across program areas, implement methods to gather data that inform those metrics, evaluate operational performance in achieving organizational objectives, and develop tools to report on the effectiveness of the Commission’s core functions. This work will enable more data-driven decision-making and better engage the public in helping shape the Commission’s priorities.

*This position needs to be retained as a three-year limited-term position starting in FY25.
Funding request: FY25: \$194,329*

➤ **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.**

The Commission seeks to reclassify the vacant 1844 Engagement & Compliance Officer position in the Engagement & Compliance Division to 1823 Senior Program Administrator position to provide comprehensive compliance assistance, outreach, training, and campaign finance program support

for candidates for office and campaign committees. The level of this work exceeds the current classification of this position as this program demands the application of highly complex campaign finance policies and procedures, and requires strong strategic thinking abilities, analytical skills, independent sound judgement, and program management skills that have impact on filers, public, and the Commission's operations.

Funding request: FY24: \$16,171 FY25: \$16,554

Non-Personnel Services

Total in FY24: \$46,166 FY25: \$63,826

The Commission's FY24-FY25 budget proposal requests funding for the following non-personnel services.

- Funding for software tools used by staff to perform core business functions and essential technology to enable critical departmental operations, including software services to maintain the Commission's website. *FY24: \$14,166 FY25: \$48,102*
- Funding to meet maintenance cost increase for NetFile e-filing system per consumer price index adjustment. *FY25: \$3,724*
- Funding for language translation services to support COIT Digital Accessibility and Inclusion Standards and for professional services needed to serve documents to support investigative procedures in the Enforcement Division. *FY24: \$32,000 FY25: \$12,000*

Services of Other Departments

Total in FY24: \$80,489 FY25: \$70,489

The Commission's FY24-FY25 budget proposal requests funding for the following services of other departments.

- Funding to increase the Commission's work order with the Department of Human Resources (DHR) for Consulting Services as requested by DHR to reflect cost of living salary adjustments and administrative overhead. Funding for FY24 (\$65,030) has been covered using attrition savings in the budget proposal. Funding for the second year needs to be allocated. *FY25: \$65,030*
- Funding for the Department of Technology (DT) to cover cost increases for software services that are centrally managed by DT for the City, such as office software tools, DocuSign e-filings used by the Commission for public disclosures, training development tools, and website hosting services. *FY24: \$4,130 FY25: \$4,130*
- Funding for DT Projects to enable desktop support services for the Commission's equipment and support the development of security policies to be incorporated in the department's Continuity of Operations Plans. *FY24: \$11,329 FY25: \$1,329*

Election Campaign Fund

The Ethics Commission's current budget is comprised of two main components: an operating budget, discussed above in the proposed budget, and the Election Campaign Fund. This 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. Depending on the balance of the Fund in any fiscal year, additional funds may need to be appropriated to comply with the formula and caps provided in the law.

III. 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%. These cuts need to be applied in addition to the ten positions for which funding will expire during FY24 and FY25 as described in Section II.

In order to meet the Mayor's target cuts, the following additional positions will be impacted as they will need to remain vacant in FY24 and FY25.

- **1844 Engagement & Compliance Officer:** This is the sole position in the Ethics Commission to conduct filing officer duties for the Campaign Finance program as mandated by the Charter and provide compliance resources and assistance to candidates and campaign committees. This position has been identified for reclassification to 1823 Senior Program Administrator position in Section II due to the complexity of the work involved in administering the Campaign Finance program. 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 starting with the 2024 elections.
- **1454 Executive Secretary:** This position was added to the Commission's budget starting in FY23 to perform administrative and Commission meeting support functions currently absorbed by various positions department-wide, as it impacts staff bandwidth to fulfill required programmatic work. This position is also intended to act as a point of contact for the public to provide timely information and assistance. Not filling this position will continue to impact programmatic work across divisions due to lack of needed administrative capacity.
- **1822 Investigator:** This position is under the Enforcement Division. Not filling this position, in addition to the three Senior Investigator positions for which funding expire at the end of FY24, will further impact the division's ability to perform detailed investigations, reduce case resolution times, and increase the number, proportion, and severity of cases investigated by the Commission.

The Commission's base operating budget incorporates attrition savings targets in FY24 and FY25 required of all City departments to account for potential attrition that can occur during the normal course of business. In prior years, the Commission has been able to meet its attrition savings targets due to staff attrition and vacancies. However, the budget impact in FY25 is severe and there is a risk that the Commission may not be able to meet its attrition savings targets. If attrition targets are not met then

one more position may need to remain vacant in addition to the three positions listed above, which will further deepen the operational impact of the target cuts.

The Mayor's target cuts have been reflected in the Commission's operating budget in the budget system in the form of additional attrition savings amounts.

IV. Impact Summary: Mayor's Target Cuts and Expiring Positions

Below is a summary of the combined operational impact of the ten positions for which funding is set to expire in FY24/FY25 and the three positions that will need to remain vacant to meet Mayor's target cuts. This will result in an overall reduction of 38% of the Commission's staffing by the beginning of FY25 compared to FY23 levels, including impact to eight expiring limited-term positions that are currently occupied by staff.

Ethics@Work Program

- The Commission's new fully staffed Training and Outreach program to provide proactive ethics education and outreach to City departments will need to be halted entirely as the funding for all four positions in this program team is set to expire by June 30, 2024.

Enforcement

- The enforcement capacity will be reduced by 50% by June 30, 2024 from FY23 staffing levels, which will severely impact the Commission's ability to perform detailed investigations, reduce case resolution times, and increase the number, proportion, and severity of cases investigated.
- Insufficient technical resources to continue the development and maintenance of technology systems necessary to support enforcement processes such as the new Case Management System and Online Complaint Submission Form.

Campaign Finance Oversight

- Lack of staffing resources to administer the Campaign Finance program, conduct Charter mandated filing officer duties, and assist candidates and campaign committees during the upcoming election cycles starting in 2024.

Conflict of Interest Oversight

- Lack of staffing resources to provide direct filing assistance and compliance materials to City officials, designated employees, and departmental filing officers to fulfill their Form 700 related requirements.

Disclosure Resources

- Development and maintenance of Election Campaign Finance Dashboards on the Commission's website will be discontinued for future elections starting in 2024. This is the primary tool used by the public and press to track campaign finance activity during the election.

- Insufficient resources to maintain open data resources at DataSF for all program areas which will affect online public access to disclosure information.
- Insufficient resources to maintain electronic filing systems for state and local forms for all program areas.
- Insufficient resources to maintain citywide contract disclosure system for administration of contractor contribution ban.
- Insufficient resources to maintain Sfethics.org web site backend infrastructure.

Organizational Performance

- Insufficient resources to provide administrative assistance to the Commission, perform meeting support functions, and assist the public.
- Insufficient resources to conduct effective program performance evaluation of the department's operations and provide regular reporting to the public.

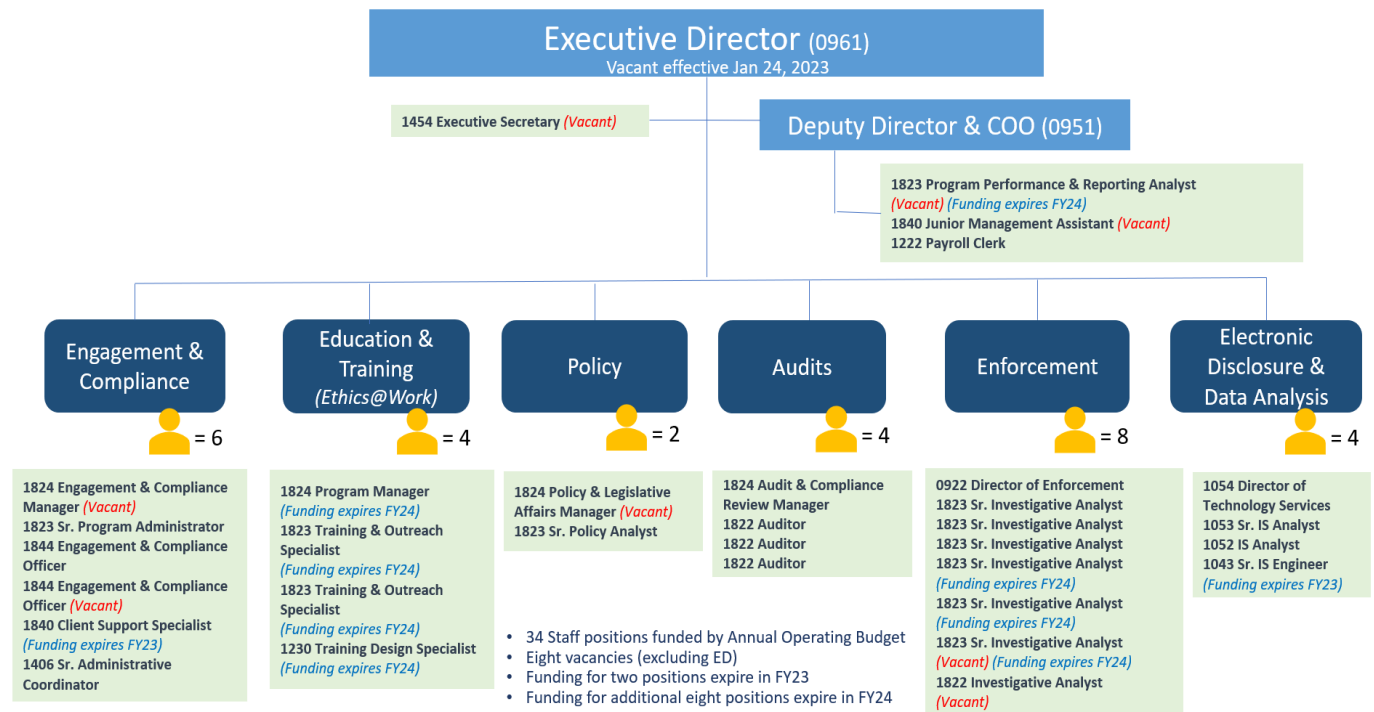
ATTACHMENT A:

About The Ethics Commission

The San Francisco Ethics Commission was created directly by the City’s voters with the passage of Proposition K in November 1993. The Commission is composed of five members, with one each appointed by the Mayor, the Board of Supervisors, City Attorney, District Attorney and the Assessor-Recorder. The Commission’s mission is to practice and promote the highest standards of integrity in government by delivering impactful programs that promote fair, transparent, and accountable governmental decision making for the benefit of all San Franciscans.

Through its staff, the Commission is responsible for the independent and impartial administration and enforcement of laws related to campaign finance, governmental ethics, conflicts of interests, and registration and public disclosure reporting by lobbyists, campaign consultants, permit consultants, and major developers. The Commission acts as filing officer for over 80 different types of public disclosure statements; audits statements for compliance with state and local laws; investigates complaints alleging ethics and political reform law violations; raises public awareness of these laws; researches and proposes legislative changes; and provides guidance and advice about the applicability of the City’s political reform laws to City candidates, officers, employees and the general public. The Commission also administers a Public Campaign Financing Program which provides partial public financing for qualified candidates for Mayor and the Board of Supervisors.

Current Organizational Structure



Functional Divisions

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, campaign committees, lobbyists, and the public to help them understand and comply with their responsibilities under the law. The Engagement and Compliance Division publishes compliance materials, conducts trainings, and provides filing assistance and advice to filers to ensure timely compliance with various requirements under the City's ethics, campaign finance, lobbying, and other laws. This Division performs filing officer duties for a wide range of public disclosure statements filed by designated local officials, candidates seeking local office, campaign committees, lobbyists, campaign consultants, major developers, and permit consultants.

Ethics@Work program: This is the Commission's new outreach and training program designed to equip City leaders and staff with practical tools and skills to support them in navigating ethical challenges in public service. This Division has focused responsibility to partner with City departments in conducting needs assessments and developing training resources and actionable outreach plans tailored to their unique work to promote 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 Form 700 filed 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.