



# San Francisco Ethics Commission

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February 5, 2024

To: Members of the Ethics Commission

From: Patrick Ford, Executive Director

Subject: Agenda Item 8 - Presentation, public hearing, and possible action on Ethics Commission budget proposal for the Fiscal Year 2024-25 and Fiscal Year 2025-26

## 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 2024-25 (FY25) and 2025-26 (FY26). 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, 2024 and end June 30, 2026 must be submitted to the Mayor's Office by Tuesday, February 21, 2024. 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 Wednesday, January 24, 2024, 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 for the department's FY25-FY26 budget proposal at its regular monthly meeting on Friday, February 9, 2024. 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.

## Mayor's Budget Instructions

The Mayor issued [annual budget instructions](#) to City departments for FY25 and FY26 on December 13, 2023. The City is projecting a budget shortfall of approximately \$799 million with a \$245 million deficit in the first year and \$554 million in the second year. Therefore, City departments are required to propose cuts of 10% in FY25 and FY26 from their General Fund budgets. An additional proposed contingency cut of 5% is required each year as well. The budget instructions to departments are outlined below.

- Reduce general fund support by ongoing 10% in each year.
- Submit contingency proposals of ongoing 5% in each year.
- Do not add new FTE positions.

- Focus on core department operations & services. Eliminate costs supporting non-essential, discretionary or redundant service areas.

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

- Improving public safety and street conditions.
- Citywide economic vitality.
- 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, 2024. The Board of Supervisors then considers the budget and must send a balanced budget back to the Mayor for signature by August 1, 2024.

### Department's Budget Proposal

The Ethics Commission's budget proposal for FY25 and FY26 is detailed in Attachment I which outlines changes to programs, staffing, organization structure, and budget totals; projected savings; and approaches to meet the target cuts. An overview of the Commission's divisions also appears in Attachment II.

We look forward to receiving feedback from the Commission and public as part of finalizing our budget submission. Written comment on the Commission's budget proposal may be submitted to [ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org).



# City & County of San Francisco Ethics Commission



## FY24-25 and FY25-FY26 Budget Proposal Commission Meeting Agenda Item 8 - Attachment I Friday, February 9, 2024

Patrick Ford, Executive Director  
Gayathri Thaikkendiyil, Deputy Director & Chief Operating Officer

# FY25-FY26 Strategic Budget Priorities

- Strengthen organizational capacity and effectiveness across program areas.
- Build an effective and sustainable Audit program.
- Deepen engagement with City agencies and other regulated communities.
- Continue improvement of Enforcement program.
- Given cuts, preserve services to the public.





# Commission's Funding Snapshot

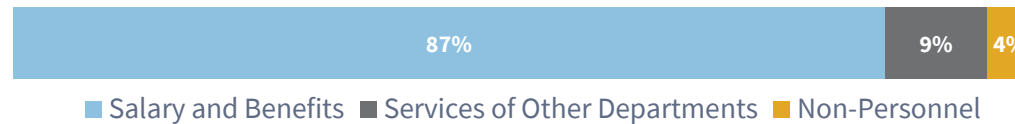


	<b>FY24 Approved</b> (July 1, 2023-June 30, 2024)	<b>FY25 Baseline</b> (July 1, 2024-June 30, 2025)	<b>FY26 Baseline</b> (July 1, 2025-June 30, 2026)
Annual Operating Budget	\$7.09m	\$6.87m	\$7.06m
Total Positions	34	32*	32
Funded Positions**	30.55	29.18	29.18

\* Staffing level in FY25 has decreased as funding for two positions will expire in FY24 by June 30, 2024.

\*\* Funded positions are lower than total positions as departments are required to meet attrition savings targets identified in their baseline budget.

FY25 Distribution of Operating Budget

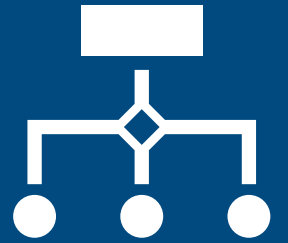
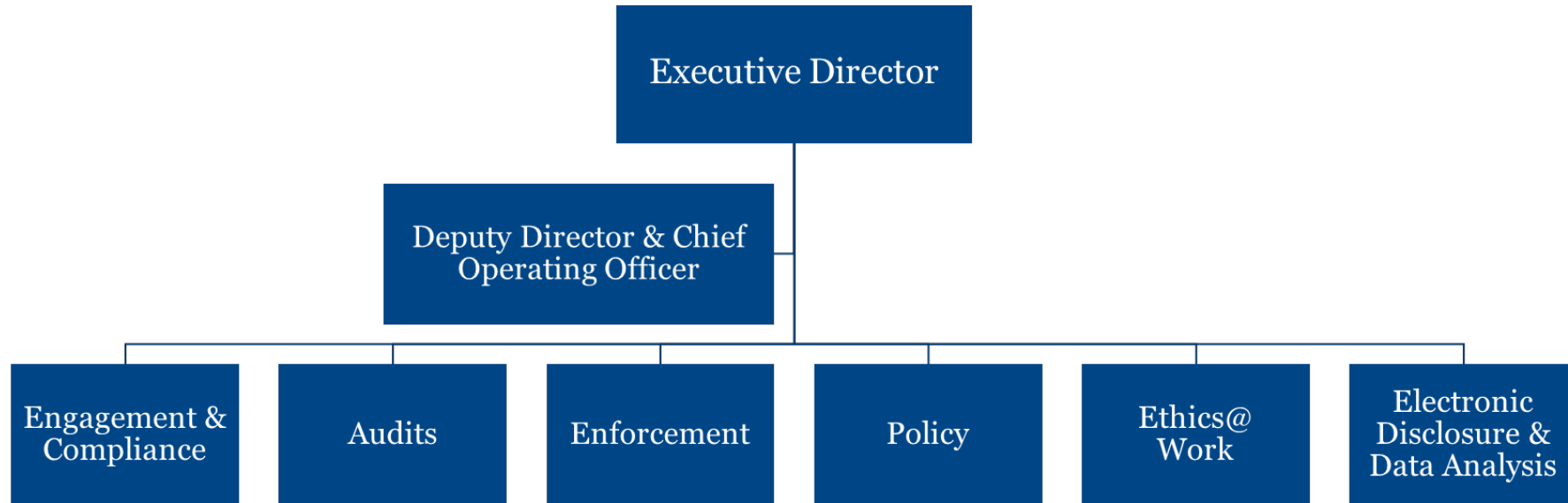


# Election Campaign Fund

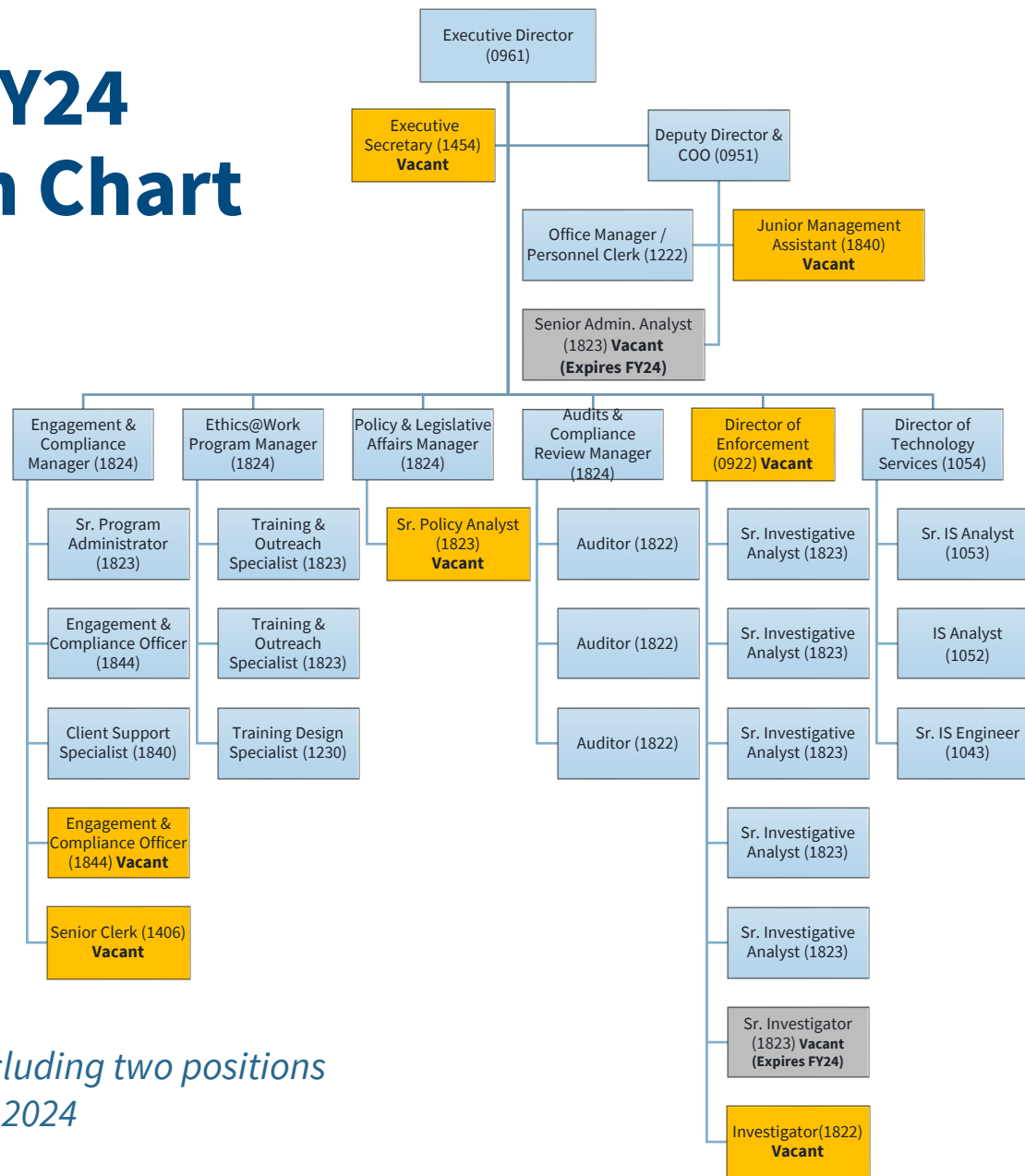
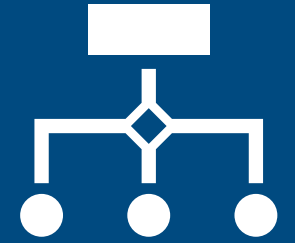
- Established in the City's Campaign Finance Reform Ordinance to provide partial public financing for candidates for Mayor and the Board of Supervisors who meet the required eligibility criteria.
- Separate fund which is not a part of the Commission's operating budget.
- Fund is capped at a maximum of \$7 million and has a current balance of \$4 million.
- City's baseline budget for FY25 and FY26 currently provides an additional allocation of \$446,860 each year.



# Ethics Commission Divisions FY24



# Current FY24 Organization Chart



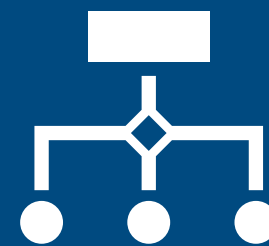
- 25 staff positions filled
- Nine positions vacant including two positions which expire on June 30, 2024





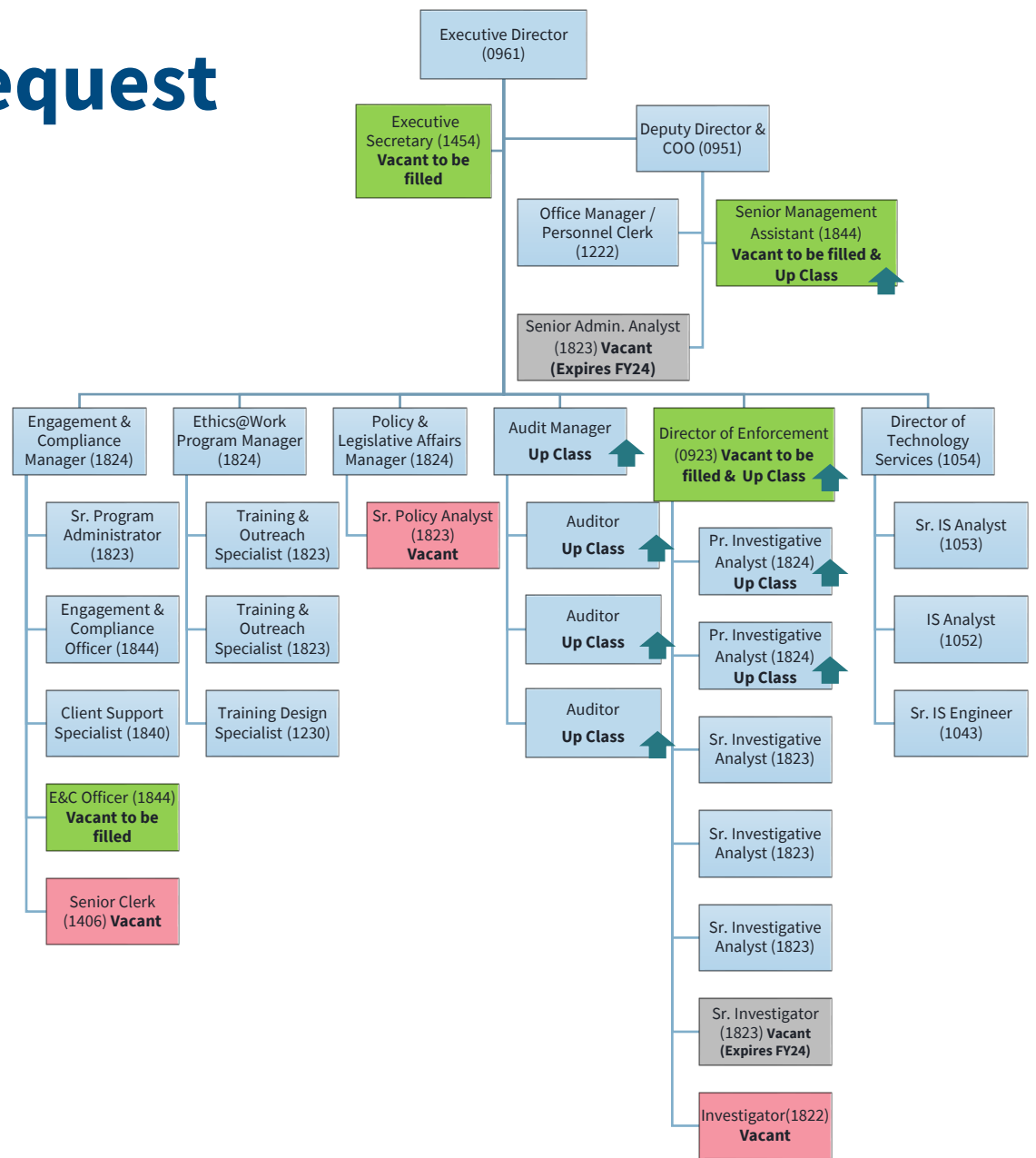
# FY25-FY26 Budget Request

- Reclassify positions in the Audit Division to higher classifications to support timely completion of audits, audits of greater complexity and volume, and more rigorous standards for auditing campaign committees and lobbyists.
- Reclassify positions in the Enforcement Division to implement the Commission's new investigative functions and business processes. Enforcement will also play a larger role in advising other staff, including audits and policy, on legal and internal advice matters.
- Improve the agency's overall effectiveness by increasing capacity and at the executive level, providing for greater support and oversight of programs. Also consolidate administrative functions that are currently distributed across staff positions department-wide.
- Fill operation-critical vacancies to support Form 700 & Ethics compliance, Enforcement, and administrative functions.
- No target cuts to departmental budget.



# FY25-FY26 Budget Request Organization Chart

- Vacant positions to be filled.
- ↑ Position reclassifications.
- Positions held vacant for attrition savings.
- Positions expiring on June 30, 2024.



## Reclassifications

- 1840 Junior Management Assistant to 1844 Senior Management Assistant
- 1824 Auditor Manager to classification TBD
- 1822 Auditor to classification TBD (Three positions)
- Director of Enforcement from 0922 (Manager I) to 0923 (Manager II)
- 1823 Senior Investigative Analyst to 1824 Principal Investigative Analyst (Two positions)

# Budget Request Totals



	<b>FY25</b> (July 1, 2024-June 30, 2025)	<b>FY26</b> (July 1, 2025-June 30, 2026)
Baseline Operating Budget*	\$6,872,970	\$7,061,175
Requested Budget**	\$6,872,970	\$7,138,434
<b>Additional Funding</b>	-	<b>\$77,259</b>

\* *Accounts for meeting the required attrition savings targets.*

\*\**Includes funding for staffing related changes and additional technology needs such as devices, software licenses, and services from the Department of Technology.*

Proposed operational changes in the budget request can be performed within the baseline budget in the first year.

# Mayor's Budget Instructions to City Departments



- 1. Reduce general fund support:** 10% in FY24-25 and 10% in FY25-26.
  - *For the Ethics Commission 10% translates to **\$680k in each year.***
- 2. Submit contingency proposals:** Ongoing additional 5% in each year.
  - *For the Ethics Commission 5% translates to **\$340k in each year.***
- 3. No new FTE positions.**
- 4. Focus on core department operations & services:** Eliminate costs supporting non-essential, discretionary or redundant service areas.

# Funding Gap with Target Cuts



	FY25 (July 1, 2024-June 30, 2025)	FY26 (July 1, 2025-June 30, 2026)
Attrition Savings	\$(644,659)	\$(646,076)
10% Budget Cut	\$(680,000)	\$(680,000)
<b>Funding Gap for 10% Cut</b>	<b>\$(1,324,659)</b>	<b>\$(1,325,076)</b>
Additional 5% Contingency	\$(340,000)	\$(340,000)
<b>Funding Gap for 15% Cut</b>	<b>\$(1,664,659)</b>	<b>\$(1,666,076)</b>

# Achieving Target Cuts



- Majority of the cuts will need to be accounted for using salary savings from vacancies.
- In addition, the following non-salary savings identified will be used.

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Direct Netfile Lobbyist System Maintenance Fees to the Expenditure	59k
Lobbyist Project Funding (instead of charging it to operating budget)	
Reduce the workorder for the Department of Human Resources by 50%	140k
Total	199K

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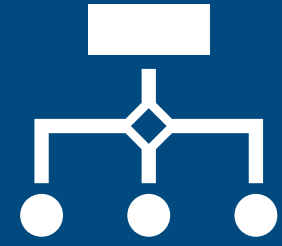


# Operational Changes - 10% Cut Scenario

- Reclassify positions in the Audit and Enforcement Divisions to strengthen those program areas. Audit Division capacity will be reduced by one Auditor position.
- Fill the Engagement & Compliance Officer position (1844) to support Form 700 and Ethics program administration.
- Administrative positions (1454 and 1840) will not be filled, resulting in continued impact department-wide due to insufficient staffing for basic support, departmental, and commission responsibilities.



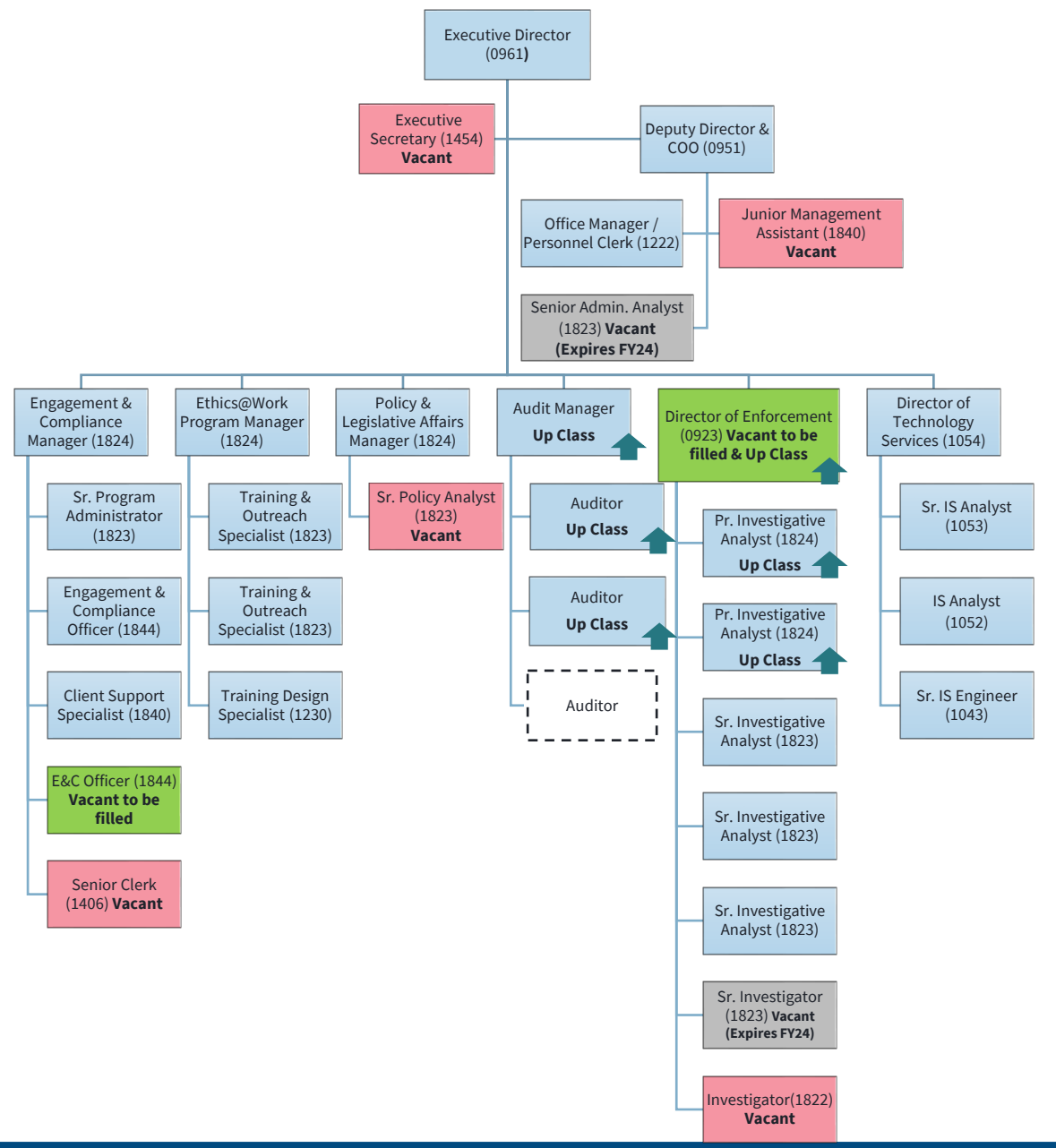
# 10% Budget Cut Scenario



- Vacant positions to be filled.
- Position reclassifications.
- Positions held vacant for attrition savings and budget cuts.
- Position to be vacated.
- Positions expiring on June 30, 2024.

## Reclassifications

- 1824 Auditor Manager to classification TBD
- 1822 Auditor to classification TBD (Two positions)
- Director of Enforcement from 0922 (Manager I) to 0923 (Manager II)
- 1823 Senior Investigative Analyst to 1824 Principal Investigative Analyst (Two positions)



# Operational Changes - 15% Cut Scenario

- Audit Division's capacity will be reduced by two Auditor positions. The Audit Manager and remaining one Auditor position will be reclassified to higher classifications. Audit program will be moved under the Enforcement Division.
- Engagement & Compliance Officer position (1844) supporting Form 700 and Ethics program administration will not be filled until FY26.
- Administrative positions (1454 and 1840) will not be filled, resulting in continued impact department-wide due to insufficient staffing for basic departmental and commission responsibilities.



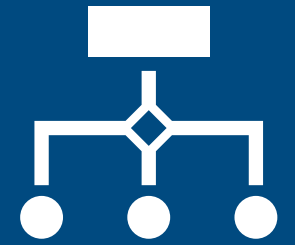
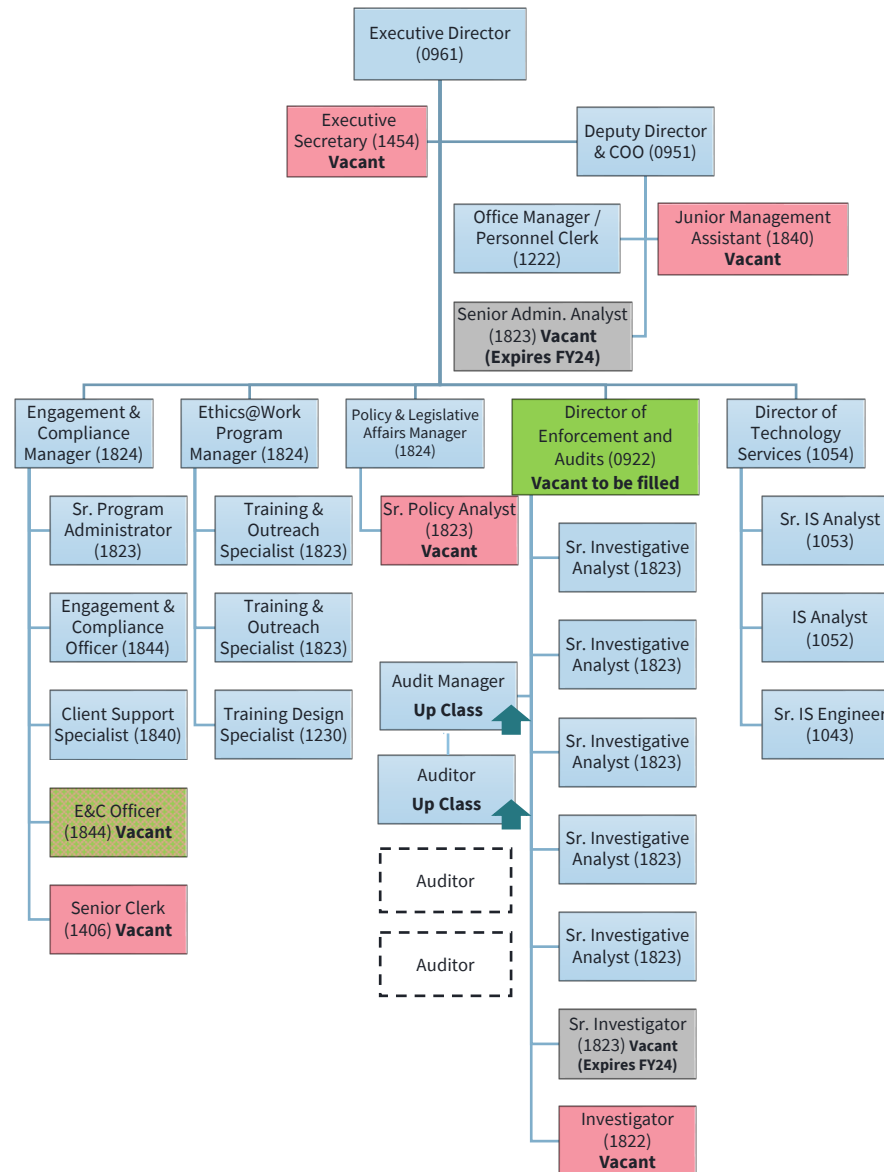
# 15% Budget Cut Scenario

- Vacant position to be filled.
- Vacant position to be filled in year-2.
- Position reclassifications.
- Positions held vacant for attrition savings and cuts.
- Position to be vacated.
- Positions expiring on June 30, 2024.

## Reclassifications

- 1824 Auditor Manager to classification TBD
- 1822 Auditor to classification TBD (One position)

Audit program will be moved under the Enforcement Division.



# Budget Submission – Key Dates

- **By February 21, 2024:** Departments must submit their budget proposals to the Mayor’s Office.
- **By June 1, 2024:** The Mayor’s proposed budget must be submitted to the Board of Supervisors.
- **By August 1, 2024:** The Board of Supervisors must send a balanced budget back to the Mayor for signature.



## ATTACHMENT II - Ethics Commission Divisions Overview

### Agenda Item 8 - FY25-FY26 Departmental Budget Proposal

#### Commission Meeting - February 9, 2024

**Audits:** 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.

**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.

**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.

**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 is responsible for implementing the Commission's new Ethics@Work Program by creating training and outreach resources necessary to deliver practical ethics education across City departments based on their specific training needs to promote and support ethical leadership at all levels of departmental decision making.



**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.