



San Francisco Ethics Commission

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February 21, 2024

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 FY25-FY26 Budget Submission

Dear Mayor Breed:

Attached for your review and consideration is the Ethics Commission's budget proposal for FY25 and FY26.

The Ethics Commission was established by San Francisco voters to serve as a neutral and objective oversight body in the City and County. The Commission serves to promote accountability and equity in how the City provides services and spends its budget. The conflict-of-interest and ethics rules administered by the Commission help ensure that services and spending are directed to where they can most benefit San Francisco communities and in no way are unduly used to benefit City officials. Likewise, the campaign finance rules the Commission administers help ensure that money spent on City elections is publicly disclosed and does not affect how elected officials make important decisions. With this core mission, the Commission helps the City as a whole become more trusted, more equitable, and more effective in achieving goals such as economic recovery and public safety. Without basic public trust in City government, the world is less likely to see San Francisco as a place it wants to work, travel, or do business.

In furtherance of this mission, some of the Commission's specific objectives in the next two fiscal years will include:

- Strengthen organizational capacity and effectiveness across program areas;
- Improve the timeliness and scope of campaign finance audits;
- Continue to improve the Enforcement program; and
- Expand the Commission's outreach and education functions to better serve the public and the Commission's regulated community.

The Commission's proposed budget seeks to secure continued funding for its core functions at its current baseline operating budget of 6.87 million in FY25. In FY26, the Commission proposes an additional \$127k to its 7.06 million baseline budget. The details of this proposal are provided in Sections I through III below.

As requested of all departments, the Commission has also identified proposed targeted cuts per the budget instructions issued by your office in December 2023. As a small department with roughly 87

percent of its funding attributable to personnel salaries and benefits, the required proposed targeted cuts would necessarily impact essential staffing resources, including one or more filled positions. When combined with the position-related funding set to expire in the coming year, the target cuts of 10 and 15 percent will impair the Commission's ability to meet its compliance, auditing, enforcement, and community engagement goals. Details regarding the positions affected and the impact of these reductions are provided in Section IV through VI below. Additional information regarding the Commission's mission, organizational structure, and functional divisions are included in Attachment A.

Over the past four years, the City has witnessed a string of federal and state corruption indictments and convictions against City officers, employees, and contractors related to bribery, fraud, self-dealing, and pay-to-play schemes. The effects of the ever-widening number of corruption cases are severe. In particular, perception of widespread corruption has undermined public confidence that the City is headed in the right direction. Without this trust, the City as a whole will have greater difficulty in meeting the myriad challenges before us. Supporting and promoting ethics is a crucial and ultimately cost-effective step toward fostering public trust.

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,

Patrick Ford
Executive Director

I. Ethics Commission FY25-FY26 Departmental Budget Proposal Summary

| Position Requests to Fill Vacancies and Reclassify Positions | FY25 | FY26 |
|---|-------------|-------------|
| Vacant Positions To Be Filled in FY25 1844 Engagement & Compliance Officer 1454 Executive Secretary | - | \$35,259 |
| Vacant Position To Be Reclassified and Filled in FY25 Reclassify 1840 Junior Management Assistant to 1844 Senior Management Assistant | | |
| Vacant Position To Be Filled in FY24 and Reclassified in FY25 Reclassify Director of Enforcement from 0922 (Manager I) to 0923 (Manager II) | | |
| Reclassify Currently Filled Positions Reclassify 1824 Audit Manager to 1686 Auditor III Reclassify 1822 Auditor to 1684 Auditor II (Three positions) Reclassify 1823 Senior Investigative Analyst to 1824 Principal Investigative Analyst (Two positions) | | |
| Total Needed | - | \$35,259 |

| Other Requests | FY25 | FY26 |
|--|-----------------|-----------------|
| Services of Other Departments | | |
| Department of Technology (DT) Contracts (Software license increases) | \$9,266 | \$9,266 |
| DT Projects (Support desktop services and security patch management) | \$5,000 | \$5,000 |
| <i>Total</i> | \$14,266 | \$14,266 |
| Non-Personnel Services | | |
| Software Licenses (Support departmental operations including website) | \$24,194 | \$59,796 |
| Systems Consulting Services (CPI adjustment for e-filing system contract) | \$7,126 | \$14,685 |
| <i>Total</i> | \$31,320 | \$74,481 |
| Materials & Supplies | | |
| Materials & Supplies | \$5,460 | \$3,260 |
| <i>Total</i> | \$5,460 | \$3,260 |
| Total Needed | \$51,046 | \$92,007 |
| Surplus available after position related changes | \$52,751 | - |
| NET TOTAL NEEDED | - | \$92,007 |

After applying position-related changes in FY25 a surplus of \$52,751 is estimated which will be used to fund non-salary related requests in the above table. Therefore, no additional funds are needed in FY25. Total additional funds needed in FY26 is \$127,266.

II. Ethics Commission FY25-FY26 Detailed Budget Proposal

POSITION RELATED REQUESTS

The Commission's budget proposal seeks to retain essential staffing and reclassify positions in critical program areas starting in FY25 as described below.

IMPROVE OUTCOMES OF AUDIT PROGRAM

The Audit Division is responsible for auditing campaign committees and registered lobbyists and for reviewing and approving requests for public campaign financing. All candidate committees that receive public financing are required under City law to be audited. These audits are thus mandatory. Additionally, the Division may, in its discretion, audit additional committees, including independent expenditure committees and ballot measure committees. City law requires that the Division audit at least one registered lobbyist per year. City law also requires that requests for public campaign financing be reviewed and resolved within short statutory deadlines. This Division consists of four filled positions, including an Audit Manager (1824) and three Auditors (1822).

Over the years, the Commission's Audit program has experienced challenges with timely completing the statutorily required audits of publicly financed candidate committees and lobbyists, resulting in a large backlog of audits. These audits are typically not completed until years after the election. In recent years, the Division has also not been conducting any discretionary audits of other types of political committees. There are multiple factors that have contributed to the poor outcomes from the Audit Division. One critical factor is a structural deficiency related to the classifications currently assigned to perform audits. The division has been fully staffed since November 2021 and has still not been able to produce the level of audits required to carry out the Ethics Commission's mandates. The positions in this division need to be reclassified 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.

In its [August 2020 performance audit](#) of the Ethics Commission, the Budget and Legislative Analyst (BLA) noted the usefulness of the Commission's campaign audits as a significant "tool to detect violations of campaign finance laws...." The report also found that "long review timelines for discretionary audits compromise the effectiveness of this tool." The Commission shares the concern noted in the BLA finding that "a lengthy audit process reduces the relevancy of potential findings for the public, as audits are completed long after the election occurred and also hinders the Department's ability to take enforcement action within the statute of limitations." The BLA report recommended in part that audits from the previous election cycle should be completed before the next election cycle candidate filing period begins, when auditors are needed to determine qualification for the public financing election program. The Ethics Commission fully agrees with this recommendation but lacks the proper staffing resources to carry it out.

The Board of Supervisors introduced [Resolution No. 528-22 \(File No. 221211\)](#) during its December 6, 2022 meeting urging the Ethics Commission to timely complete its backlog of outstanding campaign finance and lobbyists audits. The Resolution urged the Ethics Commission to:

- (1) create the core components of a long-term, sustainable, and timely auditing function with ongoing audit plans to be reviewed by the Commission and promptly implemented; and
- (2) immediately seek and obtain external auditing services or auditing services from the City Controller to substantially shorten the projected time frames for the outstanding audit backlog for mandatory campaign and lobbyist audits.

The Commission has achieved the second prong of the resolution by entering into a contract with an external vendor, Macias Gini & O'Connell LLP, to address current backlog by completing the remaining candidate committee audits from the 2020 and 2022 election cycles. However, because of the structural inadequacy of the current classifications assigned to perform audits, the Commission is not able to fully implement the first prong of the resolution, which is to "create the core components of a long-term, sustainable, and timely auditing function...." To accomplish this, the Commission seeks to reclassify the auditor positions to higher and more specialized classifications.

If the four positions are reclassified as described below, the Ethics Commission expects to be able to achieve the following performance targets:

- Complete all audits of publicly financed candidate committees within 12 months of the end of the election reporting period.
- Restart discretionary audits of ballot measure, independent expenditure, and general purpose committees. Complete discretionary audits within 24 months of the end of the election reporting period.
- Increase the number of lobbyist audits above the statutorily required one audit per year.

➤ **Reclassify 1824 Principal Administrative Analyst (Audit Manager) to 1686 Auditor III position.**

The nature of the work required of the Audit Division Manager does not match the current classification of this position (1824 Principal Administrative Analyst) and would be more appropriately classified as a 1686 Auditor III. The Commission's audit programs demand the application of highly complex and specialized auditing procedures and the possession of skills related to developing and executing audit plans and supervising the work of other auditors. These are the core skills and duties of the 1686 Auditor III classification, which is more highly specialized and skilled than the 1824 Principal Administrative Analyst classification.

The essential duties and the knowledge, skills, and abilities of the 1686 Auditor III would directly match what is required to properly staff the Audit Division and fulfill the Commission's auditing mandates, including:

- Developing audit scope and objectives, and preparing detailed audit programs, time budgets, and milestone dates;
- Auditing and investigating a wide variety of programs, functions, processes, and activities to evaluate their legal compliance;

- Auditing fieldwork, including collecting, analyzing, and documenting audit evidence as it relates to the audit objectives;
- Developing audit findings and recommendations that are fully supported by analysis;
- Reviewing team members' work for completeness, technical accuracy, organization, content, tone, and grammatical accuracy; and
- Preparing and reviewing written audit reports that effectively communicate audit results.¹

➤ **Reclassify three 1822 Administrative Analyst (Auditor) positions to 1684 Auditor II.**

The level and nature of the work required of the Commission's auditors does not match the current classification of these three positions (1822 Administrative Analyst). They would be more appropriately classified as 1684 Auditor II. The Commission's audit programs demand the application of highly complex and specialized auditing procedures and the possession of skills related to developing and executing audit plans. These are the core skills and duties of the 1684 Auditor II classification, which is more highly specialized and more highly classed in terms of both skills and compensation than the 1822 Administrative Analyst classification.

The essential duties and the knowledge, skills, and abilities of the 1684 Auditor II would directly match what is required to properly staff the Audit Division and fulfill the Commission's auditing mandates, including:

- Developing audit scope and objectives, and preparing detailed audit programs, time budgets, and milestone dates;
- Auditing and investigating a wide variety of programs, functions, processes, and activities to evaluate their legal compliance;
- Auditing fieldwork, including collecting, analyzing, and documenting audit evidence as it relates to the audit objectives;
- Developing audit findings and recommendations that are fully supported by analysis;
- Reviewing team members' work for completeness, technical accuracy, organization, content, tone, and grammatical accuracy; and
- Preparing and reviewing written audit reports that effectively communicate audit results.²

Although the job functions of the Auditor II (1684) classification are similar to that of the Auditor III (1686) classification, this role performs less complex audits and analyses.

FORMALIZE DUTY REALIGNMENT IN ENFORCEMENT PROGRAM

Over the last two years, significant progress has been made in improving the Commission's enforcement program. Through the Commission's budget in FY22, three new 1823 investigator positions were added to the Enforcement Division and later filled. This brought the Division's staffing to one 0922 Manager I (Director of Enforcement) and five 1823 Senior Administrative Analysts.³ Thanks to this enhanced

¹ Drawn from SF CAREERS, [1686—Auditor III, Job Classification](#).

² Drawn from SF CAREERS, [1684—Auditor II, Job Classification](#).

³ An additional 1823 Senior Administrative Analyst position within the Division is vacant and set to expire at the end of FY24. An 1822 Administrative Analyst position within the Division has been kept vacant to meet attrition targets and will remain so through FY25 and FY26 under the proposed budget.

staffing level and changes to the Division's business processes, the Division eliminated its case backlog and increased the overall volume and quality of its caseload to meet the ongoing demands of complaints, Whistleblower Program referrals, due process requirements, and BLA and Controller recommendations.

Some of the process improvements that have recently been implemented have helped identify new skills and duties that are necessary for certain positions within the Division.

➤ **Reclassify two 1823 Senior Investigative Analyst positions to 1824 Principal Investigative Analysts**

In order to reduce case resolution times and improve case outcomes, two of the Division's 1823 Senior Administrative Analyst positions need to perform traditional prosecutorial functions. This includes having primary responsibility for the timely completion of cases, performing complex legal research, drafting and negotiating settlement agreements with respondents' attorneys, drafting legal briefs, drafting protocols and template legal documents, supervising aspects of the other investigators' work, and trying cases through administrative hearings. These two positions require reclassification to 1824 to appropriately reflect the level of skill, autonomy, responsibility, and supervisory work that is required of the positions' essential duties and knowledge, skills, and abilities. Under the City's job classification specifications, "[c]lass 1824 Principal Administrative Analyst is distinguished from Class 1823 Senior Administrative Analyst by its assignment to greater and/or more complex financial responsibilities, its performance and supervision of more difficult, complex, and sensitive projects and negotiations, and its greater independence of action and consequence of error in formulating recommendations and decisions."⁴

Additionally, under this proposed budget, certain positions within other divisions will have to be kept vacant to meet attrition savings targets and target budget cuts. The two 1823 positions in question will be required to perform new, additional legal support functions to assist the Commission's other divisions that will not be fully staffed, including the policy and compliance divisions. These new duties further indicate that reclassification to 1824 is warranted.

➤ **Reclassify Director of Enforcement position from 0922 (Manager I) to 0923 (Manager II)**

The essential duties of the Director of Enforcement position have also changed as part of the recent changes to the Division's business processes. These changes have helped improve the Division's operations, and they warrant reclassification of the position from 0922 to 0923. Specifically, the Director of Enforcement position is now responsible for supervising a larger number of investigators and a wider array of program areas and functions than in the past. Under the City's job classification specifications, "Manager I is distinguished from the Manager II class by the latter's responsibility for one or more large section(s) or functional areas. Manager I is further distinguished from Manager II by the latter's responsibility for providing complex, diverse programs or services."

Given the shifting of investigator duties into two distinct roles, as described above, the Director of Enforcement Position is now responsible for overseeing the separate work of positions performing

⁴ SF CAREERS, [1824—Principal Administrative Analyst, Job Classification](#).

investigative work and positions performing prosecutorial work. The Director of Enforcement position is responsible for planning and managing a wide array of core functions that warrant reclassification 0923, including:

- Overseeing the timely investigation and resolution of all enforcement cases, including complaints, Whistleblower referrals, and internally initiated cases;
- Expertise in all areas of the law administered by the Commission: campaign finance, campaign consultant, lobbyist, Form 700, conflict-of-interest, behested payment, public records, whistleblower retaliation, major developer, and permit expediter;
- Form 700, lobbyist, and campaign finance late fines and non-filer remediation programs;
- Public records requests;
- Probable cause hearings and hearings on the merits;
- Support to the Audits Division.

The level of this work exceeds the current classification of this position as this program demands the application of highly complex policies and procedures, and requires strong strategic thinking abilities, analytical skills, independent sound judgement, and management skills. There has been a consistent and dramatic decrease in the time to resolve enforcement cases and an improvement in the quality of case outcomes since the duties of the Director of Enforcement position were enhanced. This new level of responsibility should be reflected in the Commission's structure in a permanent manner by reclassifying the position to 0923. This change will also avoid compaction issues with the reclassification of 1823 positions to 1824 classification in this Division. The Director of Enforcement position is currently vacant and needs to be filled at the earliest in FY24 and reclassified in FY25.

ENABLE CRITICAL COMPLIANCE FUNCTIONS

➤ **Fill vacant 1844 Engagement & Compliance Officer position in the Engagement & Compliance Division.**

The Engagement & Compliance Division consists of six positions of which two are currently vacant, as shown in the organization chart in Section III. The 1844 Engagement & Compliance Officer is one of the open positions which became vacant at the end of September 2023 due to normal attrition. The other vacancy in the Division, 1406 Senior Clerk, became vacant in October 2023 and has been left vacant to meet attrition savings targets in the upcoming fiscal years. The recruitment for the 1844 position was delayed due to the City's FY24 mid-year budget cut process, which required the Commission to pause its hiring efforts until budget decisions could be made by the Mayor's Budget Office. After receiving budget approval, the recruitment was initiated in December 2023 but had to be put on hold again due to future budget uncertainties following the FY25-FY26 budget instructions to City departments. This Division has lost one-third of its capacity which poses critical operational and programmatic constraints in fulfilling the Commission's core compliance mandates across program areas.

This Engagement & Compliance Officer role provides ongoing support to City departments, filers, and filing officers on Form 700 and Conflict of Interest related filing assisting, compliance guidance,

and advice. It is also responsible for creating compliance resources and trainings serving over 5,000 Form 700 filers and over 80 departmental filing officers through-out the year. In addition, the role provides day-to-day administration for these program areas by conducting regular compliance reviews, filer notifications, performance reporting, and business process improvements. This role serves as a back-up staff member for other programs such as Campaign Finance and Lobbying by providing coverage during peak periods and staffing shortages. The 1844 position also provides critical capacity in the Engagement & Compliance Division to administer the Notification of Contract Approval (SFEC-126f2 and 126f4) program and support custom business processes employed by the Clerk of the Board and Mayor's Office.

If this position is not filled, City officers and employees will not receive timely assistance and guidance regarding their ongoing ethics filing obligations. The Commission's ability to provide effective compliance support across other program areas will also be impacted.

ESTABLISH CORE ADMINISTRATIVE SUPPORT

To improve the agency's overall effectiveness, it is necessary to increase administrative capacity, including at the executive level, to perform essential functions that support departmental and Commission operations. This will enable greater leadership support and oversight of programs and faster decision-making on key projects and initiatives to strengthen the Commission's programmatic impact. Currently, many administrative functions are also distributed across staff positions in various divisions, which must be consolidated to not only streamline those operations but also to enable effective program delivery department wide. With the continued growth in both the department's programmatic responsibilities and its staffing levels over the years, ensuring a full level of administrative support that provides consistency in coverage is necessary. To achieve these goals the following two vacant positions must be filled as described below.

➤ Reclassify vacant 1840 Junior Management Assistant to 1844 Senior Management Assistant

The Commission currently has an 1840 Junior Management Assistant position which has been vacant in recent years due to budget constraints. This position needs to be reclassified to 1844 Senior Management Assistant role to assume day-to-day responsibilities for a broad range of complex administrative duties that are essential to meet critical needs in the areas of procurement, contracting, accounting, finance, operational reporting, office operations, and Commission support. These functions are essential to run the day-to-day operations of the department and a dedicated senior level position is needed to ensure proactive and sustained management of those functions throughout the year.

Key responsibilities of this role include:

- Administer the Commission's finances, including monitoring available budget, tracking expenses, tracking revenue, ensuring compliance with City policies, and documenting departmental procedures.
- Manage the Commission's Election Campaign Fund including tracking balances and estimating funding needs.

- Handle department's procurement and contracting functions to ensure timely delivery of required services.
- Produce a variety of operational and programmatic reports, including budget reports, annual reports, and Commission meeting reports.
- Identify effective performance metrics across program areas to enable data-driven decision-making. Develop tools to gather and report on the Commission's core functions.
- Assist with developing new business processes and as needed support existing business processes where there are staffing shortages, for example, the Notification of Contract Approval (SFEC-126f2 and 126f4) program.
- Support Commission activities as needed including agenda preparations, meeting facilitation, and post-meeting follow up tasks.
- Assist with other operations including revising departmental policies, maintaining department's business continuity plans, and addressing emerging needs of the office.

➤ **Fill vacant 1454 Executive Secretary position**

The Commission was allocated a new 1454 *Executive Secretary* position in its FY23 budget to perform administrative and Commission meeting support functions that are absorbed by various positions department-wide. Distributing these functions across divisions impacts staff bandwidth to fulfill required programmatic work. This position has not been filled since its allocation, as it needed to be kept vacant to meet attrition savings and target cuts due to ongoing budgetary constraints. This position must be filled to help centralize departmental administrative functions and Commission support responsibilities to achieve operational and programmatic efficiencies across the department.

This role will support the following functions:

- Coordinate preparation, posting, and distribution of Commission meeting Agenda, Meeting Summary, and Minutes of the Commission's monthly meetings.
- Provide Commissioner support for onboarding, training, and technology.
- Serve as clerk at regular and special meetings by supporting meeting facilitation, calling out agenda items, monitoring time allotments for public comment, and providing parliamentary support.
- Act as a point of contact for the public to provide information regarding the Commission.
- Maintain Commission records, information, and correspondence, including notes for preparation of Meeting Summary and Minutes.
- Assist with other departmental operations as needed.

Services of Other Departments

Total in FY25: \$14,266 FY26: \$14,266

The Commission's FY25-FY26 budget proposal requests funding for the following services of other departments.

- 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. *FY25: \$9,266 FY26: \$9,266*

- Funding for DT Projects to cover cost increases from DT to provide services to patch and protect Commission equipment from known Cybersecurity risks. *FY25: \$5,000 FY26: \$5,000*

Non-Personnel Services

Total in FY25: \$31,320 FY26: \$74,481

The Commission's FY25-FY26 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 and campaign finance dashboards for elections, including November 2024 election. *FY25: \$24,194 FY26: \$59,796*
- Funding to meet maintenance cost increase for NetFile e-filing system per consumer price index adjustment. Providing the electronic filing service is required by multiple local laws. *FY25: \$7,126 FY26: \$14,685*

Materials & Supplies

Total in FY25: \$5,460 FY26: \$3,260

The Commission's FY25-FY26 budget proposal requests funding for the following materials and supplies.

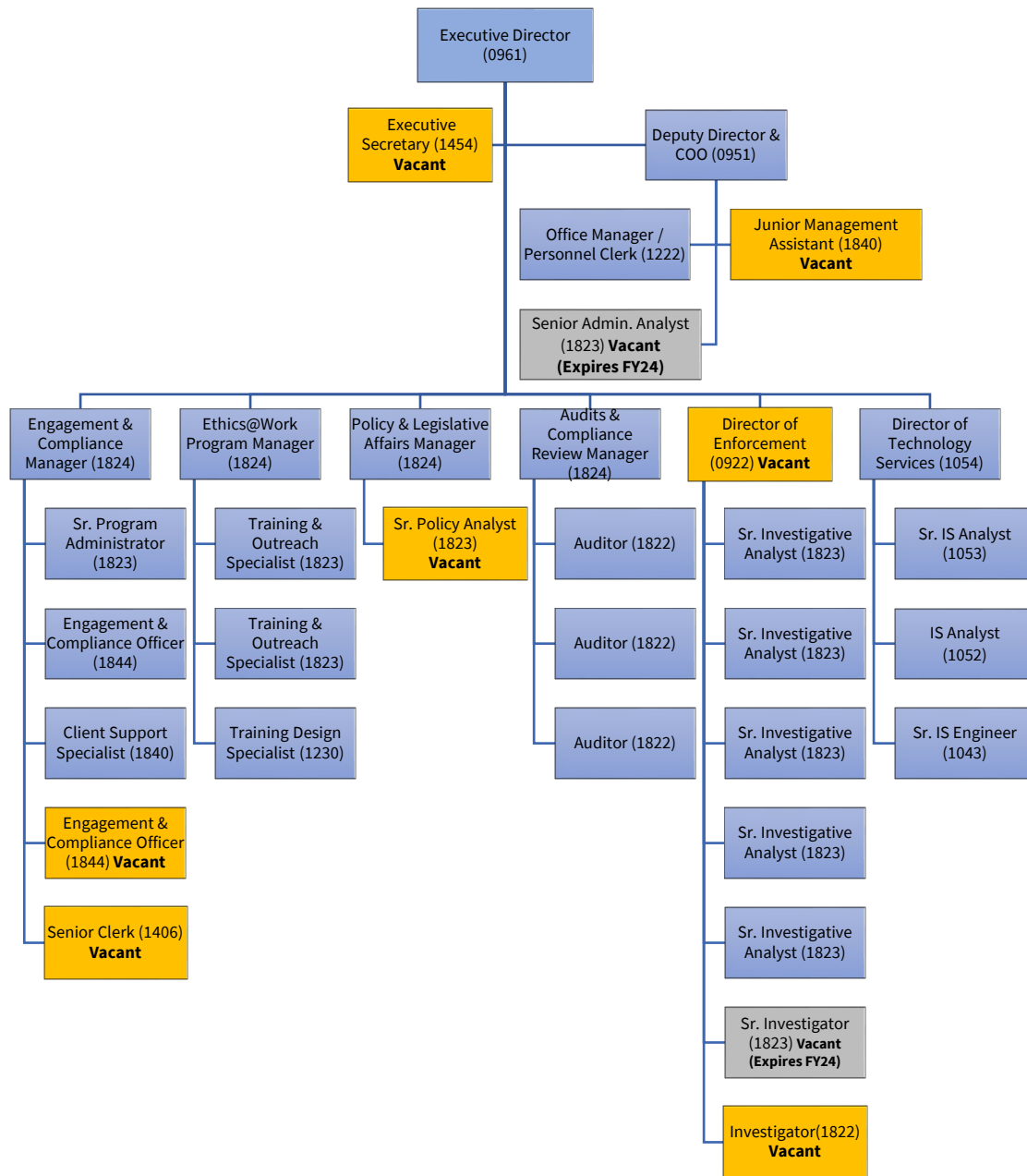
- Funding for replacement laptops, peripherals, and basic office supplies required of all staff to complete required tasks. *FY25: \$5,460 FY26: \$3,260*

Election Campaign Fund

This Fund is established in the City's Campaign Finance Reform Ordinance (CFRO) to provide partial public financing for candidates for Mayor and the Board of Supervisors who meet the required eligibility criteria. This is a separate fund which is not a part of the Commission's operating budget. The Fund currently has a balance of \$4 million and is capped at a maximum of \$7 million. The City's baseline budget for this fund for FY25 and FY26 currently provides an additional allocation of \$3,702,199 and \$446,860 respectively. Additional funds may be needed in FY25 to be able to fully support the public financing program for the November 2024 election.

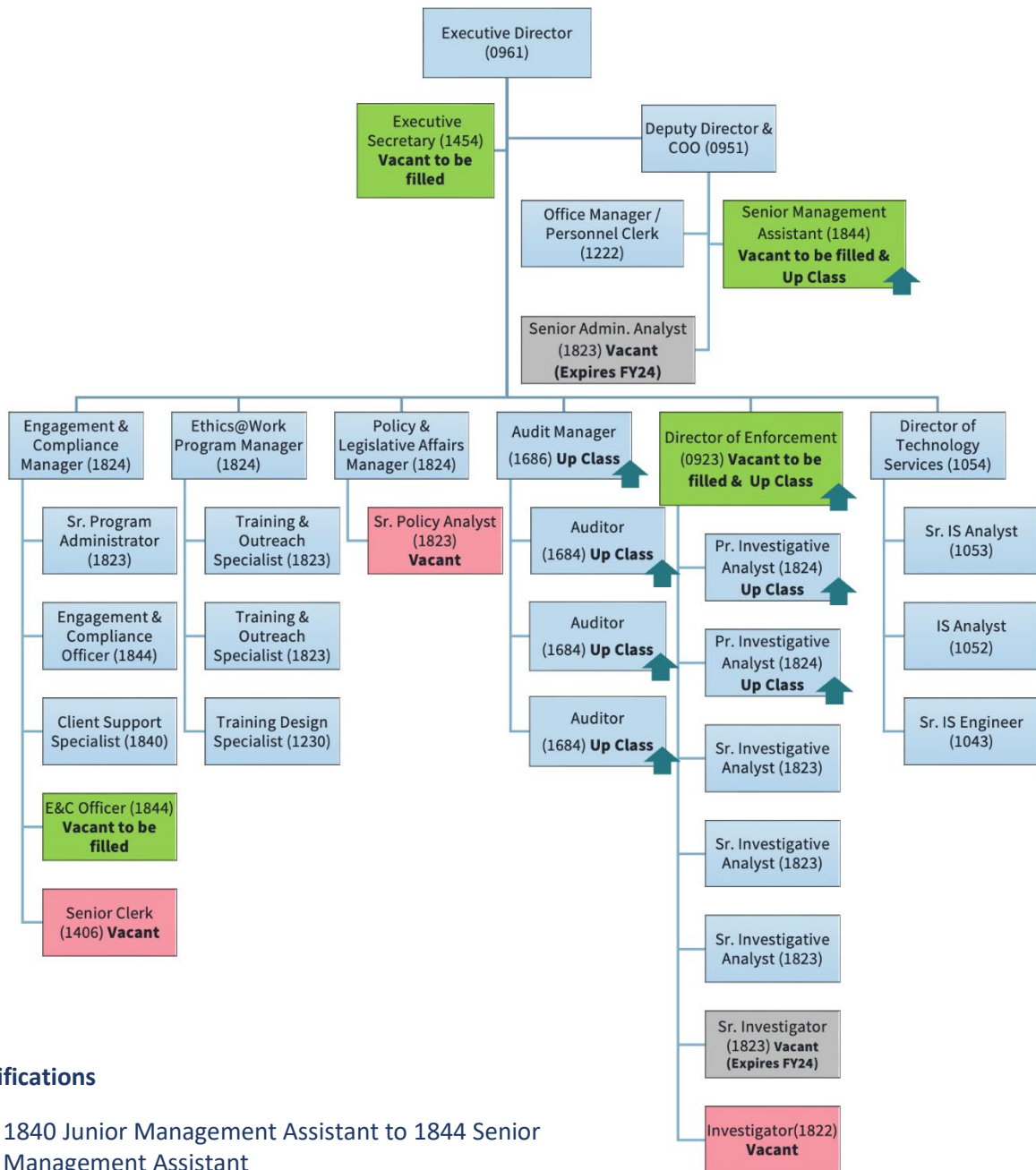
III. Organization Charts

Current Organization Chart (FY24)



- Twenty-five positions are currently filled.
- Nine positions are vacant including two positions which will expire on June 30, 2024.

Proposed Organization Chart (FY25) – ETH Budget Request



Reclassifications

- 1840 Junior Management Assistant to 1844 Senior Management Assistant
- 1824 Audit Manager to 1686 Auditor III
- 1822 Auditor to 1684 Auditor II (Three positions)
- Director of Enforcement from 0922 (Manager I) to 0923 (Manager II)
- 1823 Senior Investigative Analyst to 1824 Principal Investigative Analyst (Two positions)

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

IV. Mayor's Target Cuts

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 ongoing cuts of 10% in FY25 and FY26 from their General Fund budgets. An additional proposed ongoing contingency cut of 5% is required in FY25 and FY26. The Mayor's target cut amounts for the Ethics Commission are summarized below.

| Target Cuts | FY25 | FY26 |
|-------------|----------|--------------------|
| 10% | \$680,00 | Maintain \$680,000 |
| 5% | \$340,00 | Maintain \$340,000 |

These target cuts need to be applied to the baseline budget in FY25 and FY26 which incorporate attrition savings targets as summarized in the table below. The attrition savings are required of all City departments to account for potential attrition that can occur during the normal course of business.

| 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) |
| Funding Gap for 10% Cut | \$(1,324,659) | \$(1,325,076) |
| Additional 5% Contingency | \$(340,000) | \$(340,000) |
| Funding Gap for 15% Cut | \$(1,664,659) | \$(1,666,076) |

As a small department with roughly 87 percent of its budget allocated to salaries and benefits, the Commission will need to keep several positions vacant as described in Sections V and VI to meet the attrition savings targets and Mayor's target cuts. In addition to salary savings, the following non-salary accounts will also need to be adjusted to meet the targets.

| Potential Savings from Non-Salary Accounts | FY25 | FY26 |
|--|----------|----------|
| Direct Netfile Lobbyist System Maintenance Fees to the Expenditure Lobbyist Project Fund (Charge to Continuing Fund instead of Non-Personnel Services account under Operating Budget) <i>The Expenditure Lobbyist project funding was allocated through a ballot measure in 2015 and can only be used to support the Lobbyists programs. The current balance in this fund was set aside by the department for future use to redesign and enhance the Lobbyist e-filing system.</i> | \$59,007 | \$60,778 |

| | | |
|---|------------------|------------------|
| <i>Redirecting the system maintenance funds to this account will deplete the funds available for such enhancements.</i> | | |
| Reduce the workorder for the Department of Human Resources by 50% <i>Through this work order, DHR provides client services to the Ethics Commission to support the department's hiring and personnel needs.</i> | \$140,00 | \$140,000 |
| Total Savings | \$199,007 | \$200,778 |

V. 10% Budget Cut Scenario: Position Changes and Impact

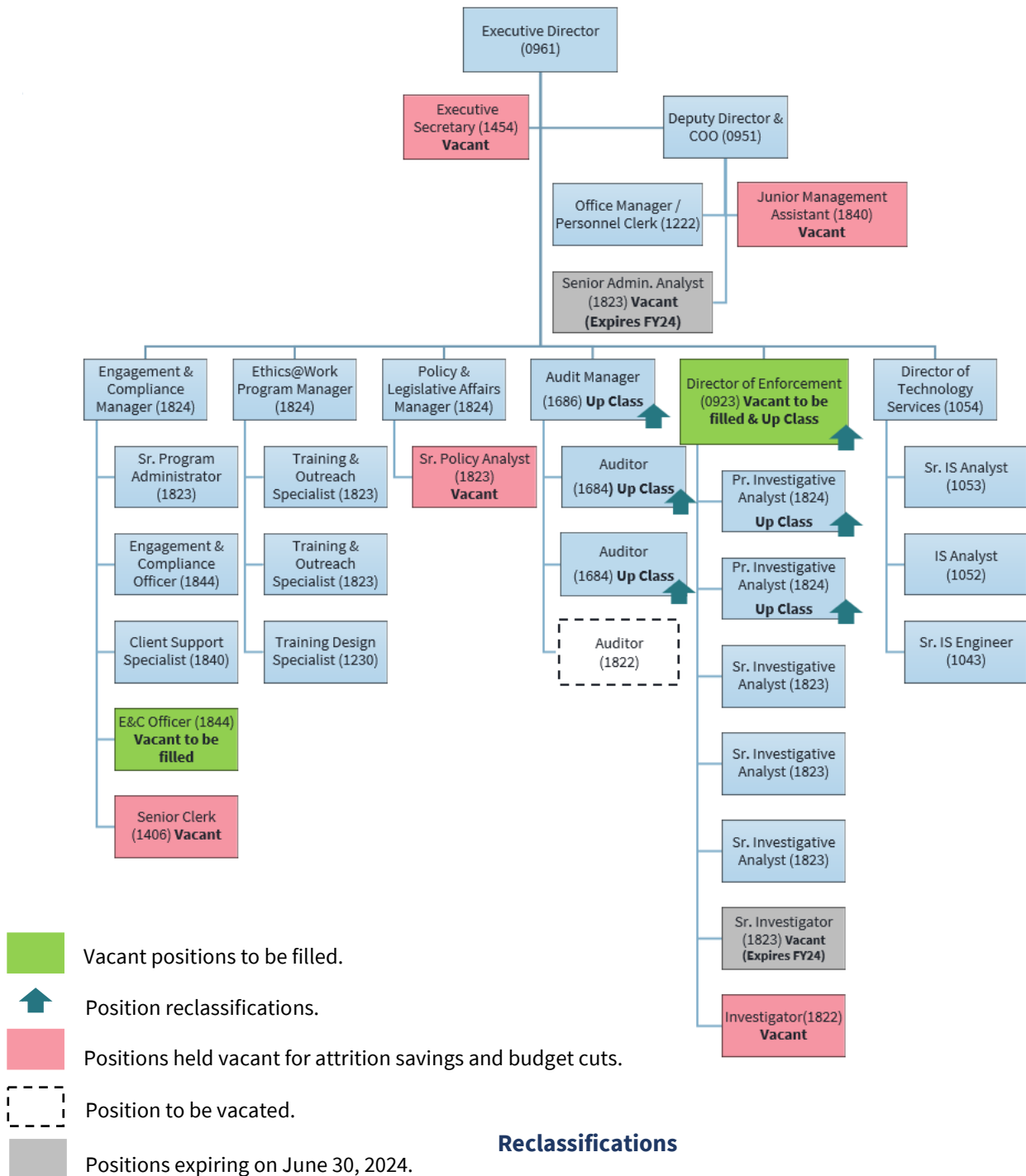
In order to meet the Mayor's target cuts, multiple positions will be impacted as they will need to remain vacant in FY25 and FY26. One of these positions is currently filled.

The Commission's base operating budget incorporates attrition savings targets in FY25 and FY26 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.

The 10% targets cuts have been reflected in the Commission's operating budget in the budget system, as required by the Mayor's instructions.

The following organization chart reflects how the Ethics Commission would meet the 10% target cut.

Organization Chart FY25-FY26 – 10% Budget Cut Scenario



Reclassifications

- 1824 Audit Manager to 1686 Auditor III
- 1822 Auditor to 1684 Auditor II (Two positions)
- Director of Enforcement from 0922 (Manager I) to 0923 (Manager II)
- 1823 Senior Investigative Analyst to 1824 Principal Investigative Analyst (Two positions)

10% Budget Cut Impact

To meet the 10% target cut in addition to attrition savings, the Ethics Commission would take the following actions:

Reduce the number of positions in the Audit Division by one Auditor position. The remaining three positions on the Division will be reclassified as described above in Section II. The three reclassified auditor positions would likely not be able to meet all of the performance targets identified in Section II. The performance targets would likely be as follows:

- Complete all audits of publicly financed candidate committees within 12 months of the end of the election reporting period.
- Restart discretionary audits of ballot measure, independent expenditure, and general purpose committees, but perform fewer such audits, likely only one or two per election cycle. Discretionary audits may not be completed within 24 months of the end of the election reporting period.
- Only perform one statutorily required lobbyist audit per year.

Reclassify three positions in the Enforcement Divisions as described above in Section II. This will be particularly important in the 10% cut scenario, as the Enforcement Division will likely need to provide more direct support to the Audit Division.

Administrative positions (1454 and 1840/1844) will not be filled. This will result in continued impact department-wide due to insufficient staffing for basic departmental and commission responsibilities. Greater executive oversight of departmental operations will not be possible because executive leadership will continue to absorb administrative workloads, directly impacting the quality and timeliness of departmental services.

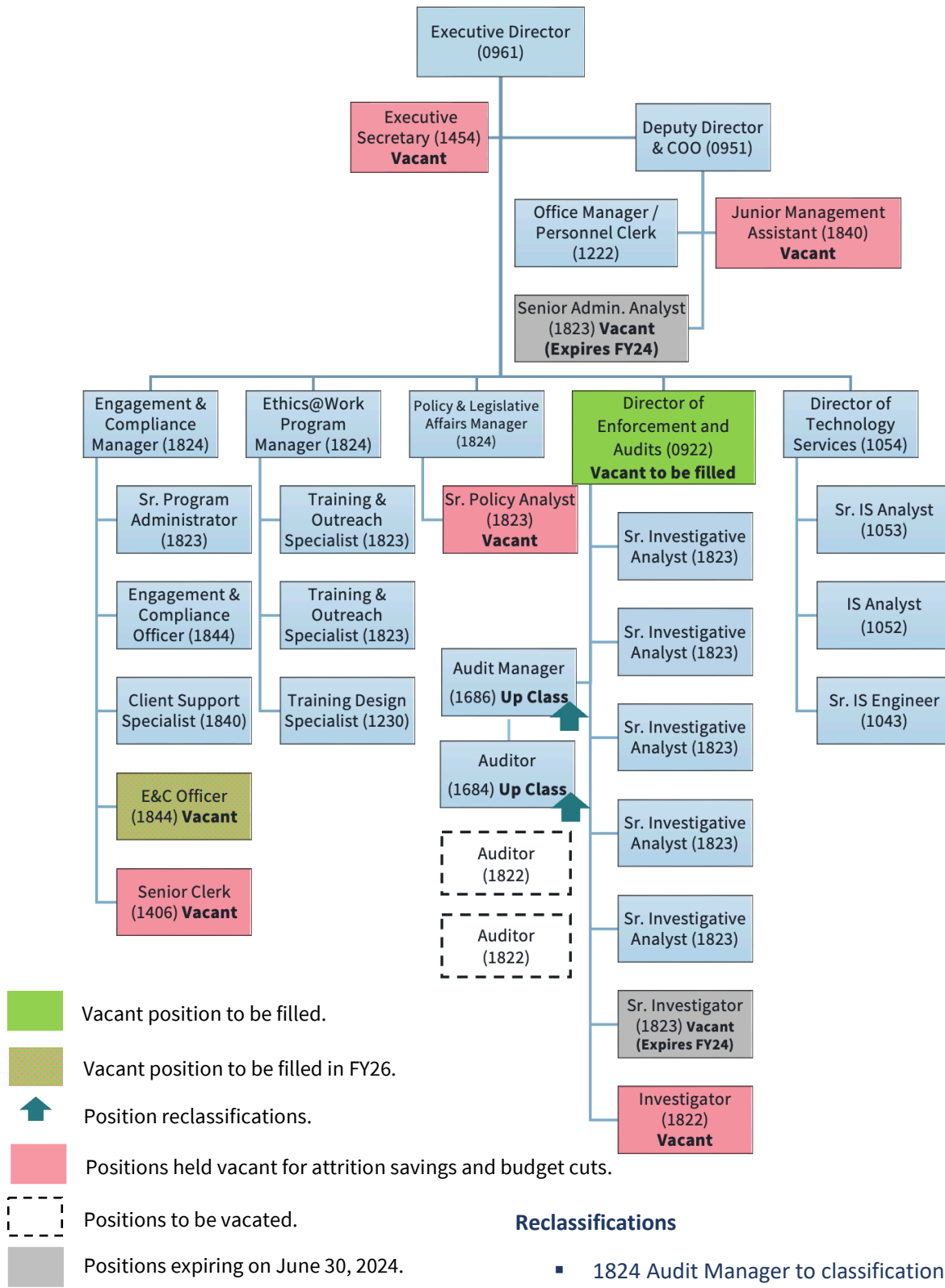
Fill the Engagement & Compliance Officer position (1844) to support Form 700 and Ethics program administration.

VI. 15% Scenario: Position Changes and Impact

In order to meet the Mayor's target cuts, multiple positions will be impacted as they will need to remain vacant in FY25 and FY26. Two of these positions are currently filled.

The following organization chart reflects how the Ethics Commission would meet the 15% target cut.

Organization Chart FY25-FY26 – 15% Budget Cut Scenario



Reclassifications

- 1824 Audit Manager to classification 1686
- 1822 Auditor to classification 1684 (One position)

Audit program will be moved under the Enforcement Division.

Impact – 15% Budget Cut Scenario

To meet the 15% target cut in addition to attrition savings, the Ethics Commission would take the following actions:

The number of auditor positions will be reduced by two Auditor positions. The remaining two positions on the Division will be reclassified as described above in Section II. The two reclassified auditor positions would be combined into the Enforcement Division in order to conserve management resources. The two auditors will likely not be able to meet all of the performance targets identified in Section II. The performance targets would likely be as follows:

- Complete all audits of publicly financed candidate committees within 18 months of the end of the election reporting period.
- Perform no discretionary audits.
- Only perform one statutorily required lobbyist audit per year.

Positions in the Enforcement Division cannot be reclassified (as described in Section II) to achieve continued improvements. This will jeopardize the recent improvements to the Division's case resolution timelines and the quality of its case outcomes. For example, the Commission would likely lack the staffing resources to carry out administrative hearings if these positions are not filled with qualified incumbents on an ongoing basis.

Administrative positions (1454 and 1840/1844) will not be filled. This will result in continued impact department-wide due to insufficient staffing for basic departmental and commission responsibilities. Greater executive oversight of departmental operations will not be possible because executive leadership will continue to absorb administrative workloads, directly impacting the quality and timeliness of departmental services.

The Engagement & Compliance Officer position (1844) to support Form 700 and Ethics program administration will not be filled until FY26. The lack of this position will directly impact the Ethics Commission's Form 700 program because the position has primary responsibility for assisting Form 700 filers and providing filing system support. Other positions will likely be partially repurposed to fill this operational need, further negatively affecting the Commission's training and advice services.

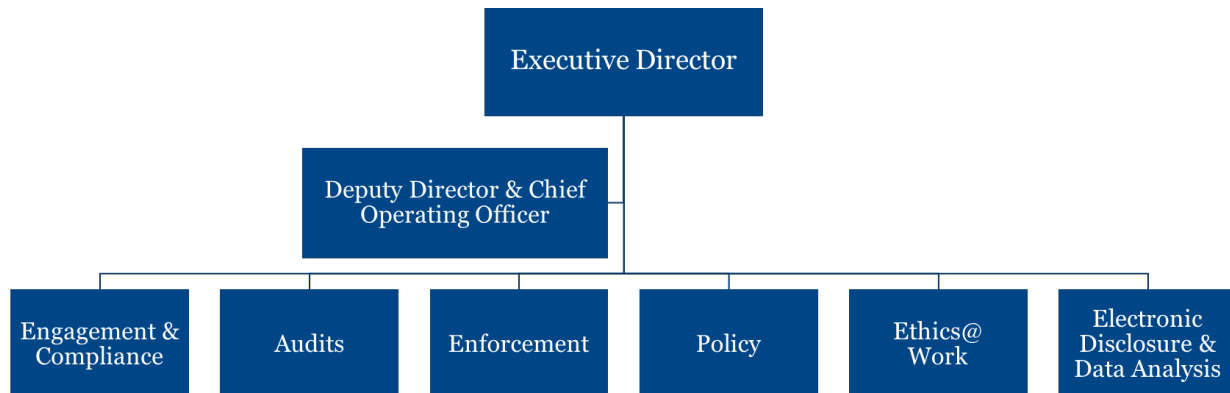
ATTACHMENT A:

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.

Functional Divisions



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.