



February 1, 2019

**Department of Elections Proposed Budget:  
Fiscal Year 2019-20 and Fiscal Year 2020-21**

**Introduction**

The San Francisco Department of Elections (Department) conducts all public federal, state, district, and municipal elections in a manner that is free, fair, and functional.

The Department is responsible for conducting elections under the rules established by federal, state, and local laws – notably, the Voting Rights Act, the Help America Vote Act, the Americans with Disabilities Act, and the City's Language Access Ordinance; maintaining an open process that inspires public confidence in elections; providing and improving upon public outreach and education to engage eligible potential voters in San Francisco; and continuously refining its services by updating processes and anticipating the future needs of San Francisco voters.

Presently, the Department serves approximately 500,000 registered voters, of whom nearly 327,000 vote by mail and 8,000 vote as military or overseas voters. For each federal, state, and local election, the Department facilitates the filing of candidate nomination papers, ballot measures, and ballot arguments; produces and delivers voting materials, including official and sample ballots and Voter Information Pamphlets in English, Chinese, Spanish, and Filipino; provides voter education and services to registered voters and potential registrants; administers the vote-by-mail program and early voting, starting 29 days before every election; secures and prepares approximately 585 polling places for each election; recruits and trains nearly 3,000 poll workers to serve a linguistically and culturally diverse voter population for each election; organizes the collection of ballots and election results data on Election Night; manages ballot tabulation and reports election results; and ensures the accuracy and validity of election results in the official canvass.

This overview of the Department's proposed budget for FY2019-20 and FY2020-21 is organized as follows:

1. Budget Process
2. Operating Budget and Revenue
  - 2.1. Fixed Operating Costs
  - 2.2. Variable Operating Costs
  - 2.3. Interdepartmental Services
  - 2.4. Revenue
3. Budget Forms
4. Conclusion

**1. Budget Process**

The City's budget cycle began in December when the Mayor's Office and the Controller's Office issued budget instructions and forms to all City departments. The Department must complete and return these documents by February 21, 2019.

The Controller's Office consolidates all proposed department budgets for review by the Mayor's Office of Public Policy and Finance. Between March and June, the Mayor's Office analyzes and refines these budgets, then presents budget proposals for Enterprise departments on May 1 and on June 1 for all other City departments, including the Department of Elections. Between June 1 and August 1, the Board of Supervisors Budget and Finance Committee holds public hearings and makes recommendations on proposed budgets, then presents a citywide budget to the full board for approval by August 1. The approved citywide budget returns to the Mayor for final approval and passage. Finally, the Annual Appropriation Ordinance—which provides the legal authority for the City to spend funds in each fiscal year—is adopted, and departments implement their budgets.

## 2. Operating Budget and Revenue

The Department's proposed FY2019-20 and FY2020-21 budget contemplates funding for fixed and variable operating expenses of three elections: the November 5, 2019, Consolidated Municipal Election; the March 3, 2020, Consolidated Presidential Primary Election; and the November 3, 2020, Consolidated General Election.

The proposed budget reflects revenue the Department expects to receive from candidate filing fees and paid ballot argument fees in FY2019-20 and FY2020-21, as well as revenue recoveries from the Retirement System, San Francisco Community College District, San Francisco Unified School District, and Bay Area Rapid Transit District, which will all hold elections during these two fiscal years.

Table 1 below provides a snapshot of the Department's proposed operating budget, including projected expenditures and revenue, and the resulting net General Fund support necessary to support Department operations.

Table 1: Snapshot of the Department's proposed operating budget

	FY2019-20	FY2020-21
Total Expenditures	\$ 25,950,765	\$ 21,024,787
Total Revenue & Recovery	(\$ 881,709)	(\$ 960,916)
Total General Fund Support	<b>\$ 25,069,056</b>	<b>\$ 20,063,871</b>

### 2.1 Fixed Operating Costs

Among the fixed operating costs for FY2019-20 and FY2020-21 are those related to the salaries and benefits of permanent staff; leasing of the Pier 31 warehouse; contractual obligations for the database and ballot-sorting systems; voting machine and software costs; office expenses; vehicle fleet and equipment maintenance; and related on-going logistical expenses.

Generally, the Department's fixed operating costs undergo minimal changes from one fiscal year to the next. However, this year's budget submission includes increases in fixed operating costs in both FY2019-20 and FY2020-21, totaling \$326,818 and \$136,321 respectively. These increases are due in large part to recently determined leasing costs for the new voting system and the new warehouse facility, and outreach costs.

## 2.2 Variable Operating Costs

The Department's variable expenditures and revenues are dependent on the number and type of elections held in each fiscal year (e.g., statewide general, statewide primary, local). Net costs are affected by many fluctuating factors, including the impact of new election laws and regulations; public interest in upcoming elections; the number of candidates and measures expected to appear on a ballot and in the Voter Information Pamphlet, as well as actual voter turnout, which determines the number of cast ballots the Department must process. Additionally, factors related to the ever-changing electorate (e.g., increases in the number of registered voters or those who vote by mail, new language requirements, etc.) may necessitate modifications to Department processes.

This year's (FY2019-20) budget submission includes a one-time increase in variable operating costs totaling \$3,934,287 and on-going reduction in FY2020-21 totaling \$1,140,844. The upcoming election schedule dictates most variances from the base budget; there are two elections scheduled for FY2019-20: the November 5, 2019, Consolidated Municipal Election and the March 3, 2020, Consolidated Presidential Primary Election. Major factors contributing to the increase in variable operating costs follow. All estimates for variable expenses were calculated with expected ballot content and voter turnout in mind.

Variable expenses in this period will include those for additional ballot and vote-by-mail envelope production and assembly; production of Voter Information Pamphlets for traditional and non-citizen voters and translation of election-specific materials into all required languages; postage for vote-by-mail ballots and Voter Information Pamphlets; return postage for vote-by-mail ballots; polling place materials rental and supplies; poll worker and polling place provider stipends; drayage of equipment and supplies to and from polling places; seasonal employee salaries and overtime; and fleet vehicles for polling place support and ballot pick-up on Election Day.

In FY2019-20, the Department expects an increase in human resources expenditures, primarily as a result of the need to fund longer periods of staffing in key Department divisions while administering two elections in quick succession. Expansion of the temporary workforce at the City Hall Voting Center, in recognition of recent high voter turnout and the demonstrated popularity of Conditional Voter Registration, will also increase human resources expenditures.

In a proactive response to recent surges in turnout for primary presidential elections and the growing popularity of Conditional Voter Registration, the Department seeks a total of \$90,820 to acquire new equipment, processing stations, voting booths, signage, and miscellaneous supplies in order to expand its Voting Center at City Hall.

Costs associated with ballot printing and assembly are expected to increase approximately \$315,000 over last year's budget submission, due primarily to the fact that the November 2019 election ballot is now anticipated to have five cards (rather than four). This longer ballot is partially necessitated by unplanned election consolidations with the San Francisco Unified School District and Community College District. These unplanned consolidated contests will likely increase the length of the Voter Information Pamphlet as well as the number of ballot cards.

Poll workers stipends are expected to increase by a total of \$415,000; modestly larger stipends will alleviate some of the persistent difficulties the Department has experienced in recruiting and training poll workers. Without these increases, the Department is concerned the recruitment problem might be exacerbated by the imperative of providing comprehensive training on the new voting system.

The proposed voting system contract contemplates an annual cost of approximately \$2.2 million, or \$100,000 over last year's estimate. According to the San Francisco PORT Authority's estimate for the lease of the Department's warehouse facility at Pier 31, rent will increase by approximately \$225,000. As part of the roll out of the new voting system and transition to a new warehouse, the Department will need to purchase various miscellaneous materials such as security tags, storage units, power supplies, shrink wrap machines, and electric pallet jacks and stackers. Capital outlay for an additional server at the warehouse and two electric forklifts is projected to be approximately \$70,000.

One of the Department's major objectives for 2019-20 is to provide San Francisco voters with information on the new ranked-choice voting (RCV) ballot format, which allows for selection of up to ten candidates in each contest. Outreach on this topic will begin in 2019 with a robust, comprehensive voter education campaign that alerts voters of the new RCV ballot and information on how to correctly mark the ballot. The outreach campaign will include mailings to every household in the City; advertising on Muni buses and bus stops; and announcements prepared for radio, newspapers, public service announcements, media interviews, social media postings, press releases; and the development of printed instructional materials that will appear in the voter information pamphlet, in all voting booths, and the Department's website.

To implement this broad outreach effort on the new RCV format, the Department seeks approval for a one-time expense of \$250,000; this would allow the Department to develop a grant program for community organizations interested in collaborating on RCV outreach projects. Such grants will fund the development of the outreach mechanisms that directly deliver RCV educational content to San Francisco's voters in each Supervisorial District and will allow the Department to partner with organizations and support their engaging with communities regarding the new RCV ballot. Communities likely to benefit from focused outreach on RCV include those with limited English proficiency, seniors, and persons with disabilities, residents of historically low voter-turnout neighborhoods, and first time voters.

The Department plans to build its 2019 RCV outreach on the successes of its 2004 RCV educational campaign, which the Department administered as part of the initial implementation of this voting method in San Francisco. The Department intends to create fresh comprehensive and accessible materials and to strengthen collaborative partnerships with community organizations, the media, and the press, to deliver an RCV outreach plan, which will reach all communities in every neighborhood of the City. Past experience indicates that the adequate amount for such a campaign is on the order of approximately \$750,000, which amount is reflected in the current budget proposal.

Despite the costs inherent in administering two significant elections while transitioning to new voting technology, a new election cycle, and a new storage facility, the Department is committed to meeting its sustainability and efficiency targets.

First and foremost, for the November 2019 election, the Department will refine its previously established plan for consolidation of polling places to further reduce related operating costs, such as poll worker stipends, polling place fees, costs for Parking and Traffic officers to retrieve ballots, and some non-personnel expenses (e.g., vehicle rentals, polling place supplies). In accordance with election laws, the Department will return to the full allotment of voting precincts for the March 2020 primary election.

Though the Department will retain some temporary employees for longer than usual periods in the next fiscal year, the retention of trained personnel in key positions is prudent in that it is likely to be more cost-effective than hiring and rehiring temporary staff in several potentially disruptive waves.

Similarly, the Department plans to recruit poll workers to work in at least two elections, rather than hiring and training these large groups of people in staggered cycles. The Department also plans to work with polling place providers to secure facilities for at least two elections. Finally, the Department is in process of developing flexible outreach materials, designed for use in all three upcoming elections.

The November 3, 2020 Consolidated General Election will fall in FY2020-21, and may well end up being the largest election in the City's history. As a corollary to the Department's projections, it is expected that this presidential election will be notable in its workload and complexity, with a significant uptick in voter registration, increased public interest and media attention. It is likely to require a very long ballot and a complex Voter Information Pamphlet, as well as a workforce equipped to handle very high voter turnout and vendor contracts robust enough to allow for substantial increases in the volume of key services such as translation and printing.

### **2.3 Interdepartmental Services**

The Department maintains 21 interdepartmental City service accounts. Twenty of these departments provide services to Elections; through the last account with Retirement Systems, the Department generates revenue by providing election services. Some interdepartmental services are centrally loaded by the Mayor's Office and contribute to the Department's fixed operating costs, while others are specific to the Department and fluctuate based on the factors described in section 2.2. Variable Operating Costs.

Fixed interdepartmental charges include those incurred for services from the Department of Technology; the Public Utilities Commission (for light, heat, and power); the General Services Agency's fees (for maintaining the City's Risk Management Program and the City's 311 customer service call center); and from Central Shops (for maintaining the Department's fleet).

Variable interdepartmental charges include those incurred for services from the Reproduction and Mail Services Division (for printing and reproduction of mailers and other election materials); the Sheriff's Department (for ballot security and collection services); the MTA (for Election Night collection of memory packs and results cartridges); and SFGTV (for outreach video production, etc.).

### **2.4 Revenue**

Projected expenses will be partially offset by projected revenue, thereby decreasing the General Fund contribution to the Department. In each election cycle, the Department generates revenue primarily through candidate filing, statement, and paid ballot argument fees, all of which are imposed by state or local laws. In even-numbered years, when the San Francisco Unified School District (SFUSD), Community College District (CCD), and Bay Area Rapid Transit District (BART) consolidate their elections with the November general election, the Department realizes additional revenue for election administration. The Department's revenue will thus fluctuate significantly between FY2019-20 and FY2020-21.

The Department is projecting an increase in revenues for FY2019-20 resulting from the administration of elections SFUSD and CCD will hold to fill unexpected vacancies on the Board of Education and Community College Board.

### 3. Budget Forms

The following FY2019-20 and FY2020-21 budget forms from the Mayor's office are enclosed with this document:

- Form 1A – Summary of Major Changes in Department's Proposed Budget
- Form 1B – Sustainability and Efficiency Savings Proposals
- Form 1C – Department Budget Summary
- Form 2A – Department Revenue Report
- Form 2B – Fees and Fines
- Form 2C – Fee Cost Recovery
- Form 3A – Expenditure Changes
- Form 3B – Position Changes
- Form 4 – Contingency Proposals
- Prop J – Several forms for proposals to contract out services

**Form 1A – Summary of Major Changes in Department's Proposed Budget** requests detailed information on 11 specific topics, as well as explanations for any proposed changes in the department's budget. The topics are organized as changes in expenditures and revenues; major initiatives and legislative changes; and position changes.

**Form 1B – Sustainability and Efficiency Savings Proposals** contrasts the Department's requested changes in given fiscal years with the target reductions set by the Mayor's Office Policy Instructions. Departments are instructed to submit sustainability and efficiency proposals in their budget submissions, including on-going savings equal to 2% of base General Fund support for FY2019-20 as well as on-going savings equal to 2% of base General Fund support in FY2020-21.

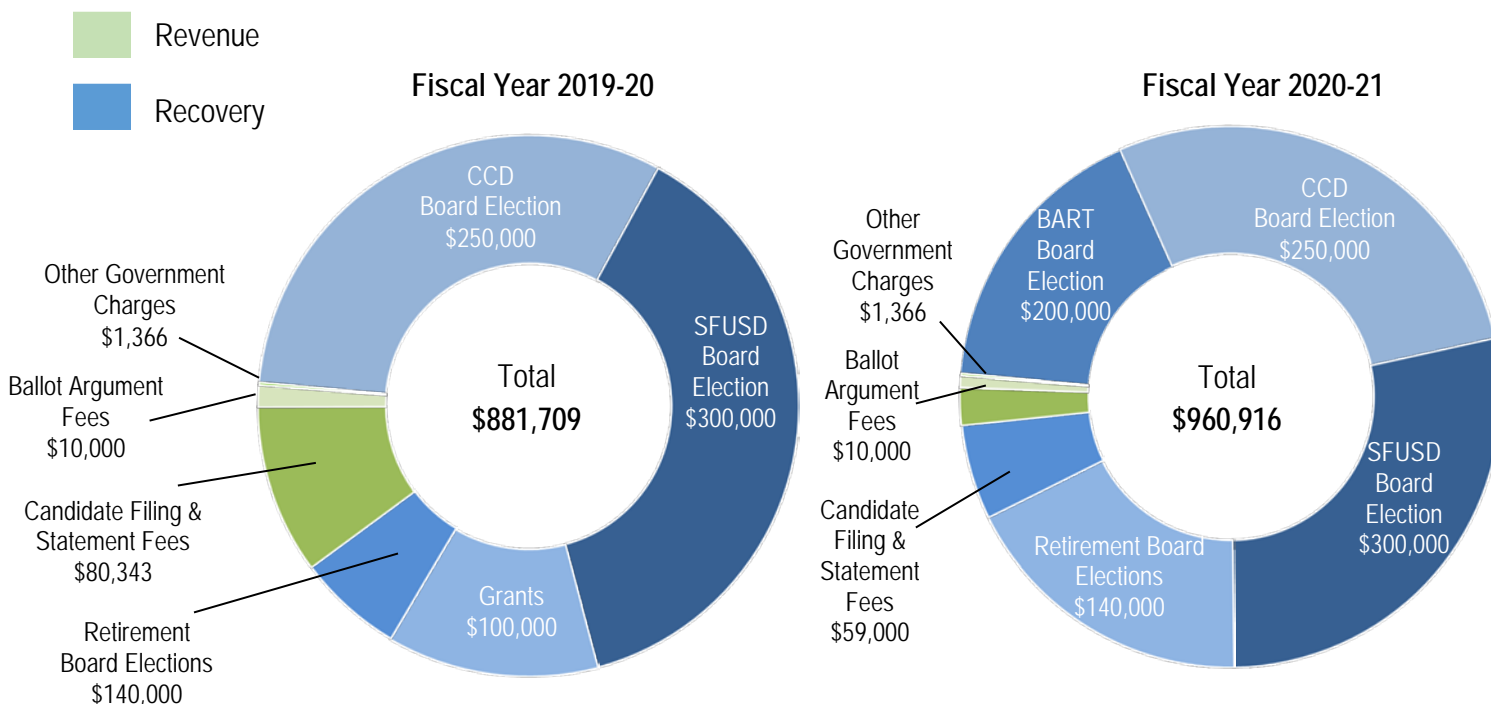
Although the Department is requesting a one-time increase in FY2019-20 in order to conduct two elections, the Department was still able to meet the goal of identifying a 2% on-going reduction in FY2019-20 (\$122,924) as described in Form 3A and will surpass the cumulative 4% on-going target reduction for FY2020-21 (\$245,848).

**Form 1C – Department Budget Summary** compares the approved budget in FY2017-18 to the proposed FY2018-19 budget, as well as the proposed FY2018-19 budget to the proposed FY2019-20 budget. These comparisons illustrate changes in both revenues and expenditures.

**Form 2A – Department Revenue Report** explains any variances in projected revenues and reimbursements from the approved base amount. The Department generates revenues through collection of candidate filing, statement, and paid ballot argument fees, as well as from miscellaneous over-the-counter sales. Reimbursements are recovered from pass-through state and federal grants and from districts who pay the Department to conduct their elections.

**Form 2B – Fees and Fines** provides a breakdown of projected fee recoveries, along with fee descriptions, amounts, and relevant code sections. The form also incorporates any revenue or recoveries previously budgeted for FY2018-19, as well as the Department's FY2018-19 year-end projections. Figure 1 below illustrates the projected revenue, recoveries and associated sources.

Figure 1: Total Projected Revenue and Recoveries by Main Source



**Form 2C – Fee Cost Recovery** is not applicable as the Department is not submitting any new or modified fees, fines, or service charges in its budget proposal.

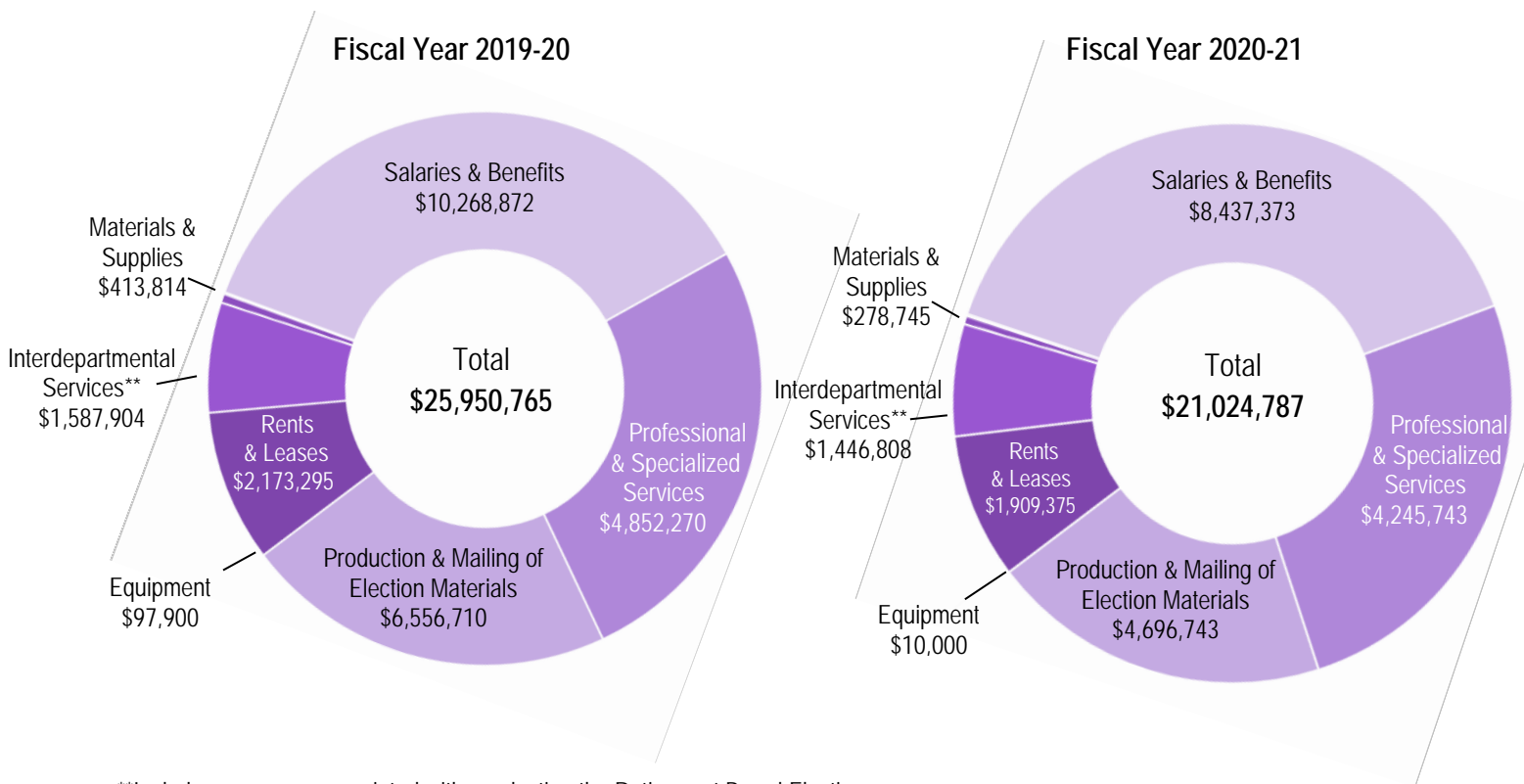
**Form 3A – Program Expenditure Report** compares expenditures for FY2019-20 and FY2020-21 (Columns AC and AF) with the base budget (Column AA) and provides explanations (Column AH). Base budget funds provided to the Department at the start of each budget period, are determined in the previous year's adopted budget.

Operating budget expenditures fall into six major categories: Salaries and Benefits, Contracts and Other Services, Rents and Leases, Materials and Supplies, Production and Mailing of Election Materials, Equipment Purchases, and Intradepartmental City Services.



Figure 2 below illustrates the Department's projected expenditures in each category.

**Figure 2: Total Projected Expenditures**



\*\*Includes expenses associated with conducting the Retirement Board Election

The projected expenditures listed on Form 3A are presented in accordance with the City's Chart of Accounts and are itemized with appropriate account codes. These expenditures are described below and organized by account code; accounts in which there is no change to the base amount will not appear in this list.

### **Permanent Salaries (Account 501010)**

This account funds the salaries of existing permanent employees as authorized under the Annual Salary Ordinance as well as proposed position substitutions. It also funds wages for seasonal as-needed employees working in support positions that range from one day to four months long. Seasonal employees assist with candidate filings, voter roll maintenance, preparation of ballots and supplies, poll worker recruitment and training, and securing of polling places. Such employees provide support to polling places on Election Day, process voted ballots, and help conduct post-election canvassing. Bilingual seasonal employees assist the Department in ensuring all Department services and materials are available in Chinese, Spanish, and Filipino as well as English.

### **Premium Pay (Account 509010)**

This account funds additional compensation for bilingual employees.

### **Overtime Pay and Holiday Pay (Accounts 511010 and 501070)**



These accounts fund overtime and holiday pay for permanent and seasonal employees.

**Retirement, Social Security, Health Service, Dental Coverage, Unemployment Insurance, Other Fringe Benefits (Accounts 513010 - 519990)**

These accounts enumerate mandatory fringe benefit costs, which are calculated automatically by the budget system.

**Travel, Training, Employee Expenses and Fees (Accounts 521010 - 526990)**

These accounts detail costs associated with staff attendance at workshops and seminars; reimbursement for field expenses; and membership fees for the California Association of Clerks and Election Officials (CACEO).

**Professional and Specialized Services (Accounts 527100 - 527990)**

The Department's projections in these accounts show expenses related to the Election Information Management System (EIMS) database, the City's voting system, the remote accessible vote-by-mail system, and the Agilis ballot-sorting system. Costs associated with the facilitating voting for over half a million San Franciscans include:

- Translation, transliteration, and review of the official ballot in four languages and facsimile ballots in three additional languages;
- Production and assembly of nearly 350,000 vote-by-mail packets;
- Typesetting, translation, and printing, and assembly of approximately 540,000 copies of the Voter Information Pamphlet and Sample Ballot (VIP)
- Production of the VIP in four languages and alternative formats (large print, audio, HTML and XML formats);
- Stipends for over 2,500 poll workers who assist voters and secure results at the polls;
- Agency fees for staff who receive ballots at the Processing Center on Election Night; and
- Language Line Solutions contracts, to provide year-round access to over-the-phone voter translation services

**Maintenance Services – Buildings and Structures; Equipment (Accounts 528010- 529990)**

These accounts fund shredding and recycling for ballots and other election-related materials as required by state law, monthly trash disposal at the Department's warehouse, and annual inspection of fire extinguishers.

**Rents and Leases – Buildings and Structures (Accounts 530100 - 530510)**

Projections in these accounts document fees associated with space rental for outreach events; contracts for more than 550 polling place space rentals; our warehouse lease; parking for nearly 250 rental vehicles on Election Day; and rental of alternative space during election week when parking around the Department's warehouse is unavailable.

**Rents and Leases – Equipment (Accounts 531210 - 531990)**

Projections in these accounts tally rental fees associated with forklifts and pallet jacks for staging equipment and supplies prior to delivery to polling places; rental of nearly 250 vehicles, from small cars to box trucks, to transport voting machines and ballots; and rental fees for portable toilets provided at polling places on Election Day.

**Other Current Expenses (Accounts 535210 - 535990)**

These accounts inventory the costs associated with printing election materials, such as official ballots; poll worker training materials; voter educational materials; advertisements in or on Muni busses, BART stations, and newspapers; envelopes to preserve the secrecy of ballots; polling place signage; and rosters. Related costs for postage to mail mandated voter notices and the projected 300,000 vote-by-mail packets and 500,000 Voter Information Pamphlets in every election cycle, and to

allow voters to return their vote-by-mail ballots free of charge, as required by San Francisco law, are also listed here. Publication of legal notices, software licensing fees, and server support are also detailed here.

#### **Taxes; Licenses and Permits (Account 552210)**

This account funds annual USPS permits (purchased to facilitate mailing and receipt of vote-by-mail ballots and other election materials) as well Department of Public Works permit fees (for placing portable toilets at polling places on Election Day).

#### **Building and Construction Supplies, Safety, Food, and Other Materials and Supplies (Accounts 542210 - 549510)**

These accounts fund costs associated with polling place, office, IT, and hardware supplies. The requested funding reflects a need to replace or replenish supplies, such as ballot test decks needed for Logic & Accuracy testing of voting equipment; boxes for post-election ballot storage; shrink-wrap used to secure ballots during the retention period; threshold mats and ramps used to achieve polling place accessibility; power strips and adapters for voting equipment; voting booth repairs; mandated tamper-evident security seals for voting equipment; ballot pens; "I Voted" stickers and required poll worker name badges; and office paper.

The projections also include expenses associated with hosting various meetings such as the Ballot Simplification Committee, Poll Worker Network, Voter Information Network, and Voting Accessibility Advisory Committee.

#### **Equipment Lease/Purchase (Account 560000)**

This account funds the purchase of new or replacement equipment. The City defines equipment as an asset costing \$5,000 or more with a useful life of three years or more. Equipment requests are submitted electronically to the Mayor's Office along with a description of the items and their operational use.

#### **Interdepartmental Service Requests with City Departments (Accounts 581051 – 581930, and Account 486640)**

These accounts fund expenses associated with 21 interdepartmental City service accounts.

**Form 3C - Position Changes** shows any changes to Department staffing structure. The Department does not propose changes to the number of budgeted positions at this time but does request two substitutions in order to properly align position classifications with the nature of work now in fact performed.

**Form 4 – Contingency Proposals** outlines proposed contingency savings equal to 1% of base General Fund support for FY2019-20 (\$61,000) and 2% of base General Fund support in FY2020-21 (\$122,000). Due to the uncertain effect of labor negotiations and City revenues on the City's projected deficit, departments are required to provide contingency proposals that would reduce General Fund support. Per the Mayor's Office Budget Policy instructions, these proposed reductions are not loaded into budget submissions.

The Department cannot currently identify contingency savings. In the upcoming two years, the Department expects to implement a new voting system, significantly increase outreach and voter education of the new system, which will also focus on the new ballot format for ranked-choice voting contests. Additionally, the Department will conduct the November 2020 Presidential election which will likely be the largest election in the City's history due to expected high voter turnout, a minimum of five ballot cards per ballot, and the production of a voter information pamphlet that will likely require a page count among the highest of any pamphlet in the City's history. Yet, even in consideration of these factors, the Department,

still expects the new system to provide the City the opportunity to realize savings since the new system will require less handling and processing steps for ballot counting.

**Prop J** - Several forms are used for proposed service contracts. Last year, the Department received approval to contract out the assembly and mailing of vote-by-mail ballot packets in the November 2019 and March 2020 elections; information about these contracts is not duplicated in the current budget submission. The Department now seeks to contract out the same services for the November 2020 election. The comparative cost analysis for contracting out this work versus performing the same services with City resources is presented on the Prop J form of the enclosed budget packet.

#### **4. Conclusion**

The Department of Elections' proposed FY2019-20 and FY2020-21 budget reflects the Department's efforts to maximize the reach and effectiveness of its resources while continuing to improve the quality and effectiveness of its services to voters and members of the public.

The Department continues to exercise responsible budgeting and fiscal discipline and to seek added efficiencies whenever possible. This is especially important in light of the diverse and ever-changing San Francisco electorate and the constantly-evolving nature of election administration. With every election, the bar rises, with new regulations and requirements intended to increase voter engagement and participation for an ever-increasing and changing electorate. Our own constant efforts to improve access to and satisfaction with services for all voters and potential voters necessitates a steady expansion of programs and services, more advanced technology, more detailed training, and greater efforts to educate and encourage voters to participate, all of which naturally drive up the costs of conducting elections.

Consistent General Fund support remains a crucial factor in the Department's ability to achieve its mission to conduct free, fair and functional elections. The Department's proposed FY2019-20 and FY2020-21 budget includes requests for the vital resources needed to properly administer three elections in this budget period.