



Memorandum

To: Elections Commission
From: John Arntz, Director
Date: January 27, 2023
RE: Department of Elections' Budget Proposals: Fiscal Years 2023-24 and 2024-25

This memorandum provides information on the Department of Elections' budget proposals for fiscal years 2023-24 and 2024-25. This document is intended to be read in conjunction with the enclosed budget forms required by the Mayor's Office of Public Policy and Finance and the Controller's Office. This memorandum is organized as follows:

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A. Budget Submission Process

In the fall of every year, all City departments prepare budget proposals. As most City departments, the Department of Elections (Department) operates on a rolling two-year budget; thus, this current budget submission contains proposed amendments to FY 2023-24 budget, which was approved last year, as well as a new budget proposal for FY 2024-25.

The Department will submit final versions of these FY 2023-24 and FY 2024-25 budget proposals to the Mayor's Office and the Controller's Office no later than the Charter-mandated deadline of February 21, 2023 (using the instructions and forms jointly issued by the Mayor's Office of Public Policy and Finance and the Controller's Office on December 15, 2022).

In accordance with San Francisco Administrative Code §3.3, the Department's final versions of these two budget proposals must first be subjected to public review in at least two public meetings, with the first meeting occurring at least 15 days before the meeting in which the Elections Commission approves the proposals.

Next, the Mayor's Office will develop and submit a proposed citywide budget to the Board of Supervisors (BOS) by June 1, 2023, who, in turn, will make recommendations and return a final balanced budget to the Mayor for signature by August 1, 2023. Only after the Mayor has signed this final budget will City departments, including this Department, can implement their budgets.

B. Citywide Priorities and Fiscal Outlook

Mayor Breed's four citywide budget priorities, which remain unchanged since the previous year, are: (1) Recovery of the local economy with a focus on downtown and economic core; (2) Improving public safety and street conditions; (3) Reducing homelessness and transforming mental health service delivery; and (4) Accountability and equity in services and spending.

However, the City's financial situation has changed. The City is projecting a budget shortfall of approximately \$728.3 million with a \$200.8 million deficit in FY 2023-24 and \$527.6 million in FY 2024-25. This deficit is primarily the result of slowed revenue growth and loss of temporary federal COVID-19 funding. The last time the City projected a shortfall around this size was two years ago, a year after the pandemic arrived. Prior to that, the two-year deficit has not been over \$600 million since around the time of the Great Recession over a decade ago. In light of the projected budget deficit, the Mayor directed City departments to:

- Reduce their General Fund support by 5% in FY 2023-24 and 8%, ongoing, in FY 2024-25;
- Prioritize filling or reclassifying vacancies for core departmental functions and Mayoral priorities, and propose remaining vacancies for budget savings;
- Maintain Mayoral initiatives and recommend ways to fund them more efficiently; and
- Prepare for outlook to worsen and instructions to be revised given the uncertain economic outlook.

C. Department's Budget Overview

Generally, the Department's fixed operating expenditures undergo minimal changes from one fiscal year to the next. Among the Department's fixed operating costs budgeted in FY 2023-24 and FY 2024-25 are those related to the salaries and benefits of year-round staff; leasing of the Pier 31 warehouse; contractual obligations for the Election Information Management System and Accessible Vote-By-Mail System, ballot-sorting and extraction equipment, and the voting system lease; regular office expenses; vehicle fleet and equipment maintenance; and related on-going logistical expenses.

However, many Department costs are not fixed. Accordingly, while revising its FY 2023-24 budget proposal (approved last year) and developing its FY 2024-25 budget proposal, the Department worked diligently to find ways to continue to maintain a high level of public service in the context of 1) recent changes to election laws, 2) the number and type of elections scheduled in the next two fiscal years, and 3) the Mayor's current citywide priorities, all while seeking to identify efficiencies and cost-savings in its operations. Each of these factors, as they relate to the Department's current budget proposals, are briefly described below.

Election Laws. As in all years, the Department's budget proposals for FY 2023-24 and FY 2024-25 are informed by a large number of federal, state, and local laws which require the Department to provide certain services, administer certain programs, develop certain materials, follow certain deadlines, and maintain certain technologies. Per these laws, the Department must, for example, produce an official ballot and Voter Information Pamphlet in multiple languages and formats; provide accessible and equitable voter outreach and education throughout San Francisco; administer a universal vote-by-mail program for all locally registered voters; facilitate accessible in-person early voting as well as Election Day voting; collect voted ballots during each early voting period as well as voted ballots and election results data on Election Night; and conduct the official Canvass.

This year, the Department's budget proposals are also informed by the passage of Measure H, through which local voters amended the City Charter to mandate that contests for Mayor, Sheriff, District Attorney, City Attorney and Treasurer be held in presidential elections and that local ballot measure contests be held only in even-numbered years or special elections (this law also changed the signature requirements for ballot initiatives from 5% of votes cast for mayor to 2% of registered voters). By eliminating San Francisco's municipal election in 2023, Measure H is expected to yield a net savings of approximately \$6.9 million with \$9 million less spent in 2023 but \$2.1 million in costs (e.g., production of a longer ballot and Voter Information Pamphlet) shifted to 2024 elections.

Additionally, this year's budget proposals are informed by the passage of Assembly Bill (AB) 1416, through which the state legislature directed the California Secretary of State to include the names of supporters and opponents on all ballot labels for statewide ballot measures and permitted county Board of Supervisors to authorize such listings for local ballot measures, provided the Board's action is completed at least 30 days before the applicable local ballot measure submission deadline. The Department estimates that implementation of AB 1416 will increase the space allotted to a ballot measure by 50%. Accordingly, the Department anticipates that this new law will increase the length of future San Francisco ballots and could possibly increase the ballot card count beyond the capabilities of current ballot-processing equipment.

For a number of reasons, longer ballots will mean higher costs. Some of these necessary increases will be due to the need for more materials and staffing resources, such as more paper (for more ballot cards), more postage (for heavier ballot packets delivery and return), and higher staffing levels (due to the need to process an increased number of ballot cards). Other necessary increases will result from vendor services, such as translation, printing, and assembly.

Number and Type of Elections Scheduled. The Department's variable expenditures and revenues in any given fiscal year are always closely linked to the number and type of elections held in that fiscal year (e.g., statewide primary, statewide general, local). Election-related expenditures fluctuate greatly, being affected by, for example, the number of candidates and measures on the ballot and in the Voter Information Pamphlet; these factors will, in turn, interact with legal and logistical changes.

In FY 2023-24, the Department will conduct the March 5, 2024 Presidential Primary Election. Given the somewhat complicated rules unique to presidential primaries, the Department plans to develop a robust voter education program and anticipates slightly higher than usual voter outreach and voter support expenses. Voter education about this presidential primary election will begin several weeks earlier than usual and will focus on 1) how a voter's registered political party preference determines

the presidential contest on their ballot and 2) how a voter registered with No Party Preference (27% of local electorate) can request a ballot with presidential candidates. Since the Department expects to receive an increased number of telephone and email voter inquiries as compared to any recent elections, the Department plans to open its expanded phone bank earlier than for most other elections.

When the Department submitted its FY 2023-24 budget last year, neither Measure H nor AB 1416 had yet passed and the Department therefore expected the ballot for the 2024 presidential primary election to be approximately the same length as the ballot for the 2020 presidential primary election, i.e., two cards for voters registered with political party preferences, and one card for voters registered without political party preferences (except for those specially requesting ballots with presidential candidates). Given the passage of Measure H and AB 1416, the Department now expects the ballot for the 2024 presidential primary election to be at least one card longer for all types of voters and the current FY 2023-24 proposal reflects this increase.

In FY 2024-25, the Department will conduct the November 5, 2024 Consolidated General Election, which may be one of the largest and most complex elections in San Francisco's history. The three primary factors informing this expectation are: 1) the historically high voter turnout for presidential elections, 2) a long ballot, and 3) and a correspondingly large Voter Information Pamphlet. The combination of these factors will create exponentially more work for the Department, with most processes affected. Accordingly, the Department developed its FY 2024-25 budget proposal commensurate with the projected workload, including processing a large volume of new registrations and updates; delivering robust voter outreach and education; producing a seven-card ballot and a 300-page Voter Information Pamphlet; maintaining convenient and equitable election services; processing hundreds of thousands of ballot envelopes; and tabulating over two million ballot cards.

Citywide Priorities. The Department's budget proposals for FY 2023-24 and FY 2024-25 reflect the Mayor's directive to focus on ensuring equitable outcomes in serving San Francisco's residents and the Department's corresponding commitment to embedding principles of equity and inclusion into its programs and services. Accordingly, these proposals include funding to continue administering election programs designed to serve the general public as well as the City's most vulnerable residents – including those who do not speak English fluently, people with disabilities, people involved with the justice system, and people experiencing homelessness. Such programs include universal vote-by-mail, in-person voting, emergency ballot delivery to homebound or hospitalized voters, and ballot delivery to incarcerated voters.

While last year, the Department maintained 34 ballot boxes for the duration of each voting period, the current budget proposals include the funding necessary to support installation of an additional 17 ballot boxes – the additional boxes would increase the citywide total up to 51 ballot boxes, or one ballot box for every 10,000 voters. This proposed expansion would also incorporate the provisions of Assembly Bill 2815, which became operative in 2023, requiring the Department to provide at least three more ballot boxes, including a ballot box on the main campus of any California State University within the jurisdiction (the Department may also request permission to maintain a ballot box on any University of California campus within the jurisdiction).

Finally, the Department's budget proposals for FY 2023-24 and FY 2024-25 include funding for a robust voter outreach and education program designed to build awareness of election services and encourage voter participation. To this end, the Department's budget proposals reflect the importance of the critical role of community-based organizations in connecting local residents with public services. Consequently, to supplement the Department's direct efforts to educate San Franciscans about key election topics over the next two fiscal years, the current budget proposals seek grant funding for local organizations that are well-situated to help disseminate vital election information to members of the City's hard-to-reach and vulnerable populations as well as soon-to-be voters.

Efficiencies and Cost Savings. The Mayor has directed every City Department to reduce its General Fund support by 5% in FY 2023-24 and 8% in FY 2024-25. To meet these directives in its budget proposals, the Department sought to identify areas of operations in which the introduction of efficiencies would be feasible. Some of the projects the Department intends to undertake to realize cost savings over the next two fiscal years are described below.

Hiring Practices. For each election, the Department must hire and onboard approximately 200 temporary staff to complete various tasks in a timely manner. In recent years, the Department has implemented strategies to cut human resources costs associated with hiring such a large workforce. For example, the Department has recently adopted group interviews for seasonal positions, which reduce the time that permanent staff devote to interviewing job applicants by approximately 90%. The Department has also already enhanced and streamlined its training programs for temporary personnel, paving the way for a staggered hiring approach, through which a large proportion of staff can be onboarded and trained later in a given election cycle.

As the next step in its efficient hiring initiative, the Department will modify all seasonal job descriptions for the next hiring cycle with the goal of merging the hiring and training process for positions with similar qualifications and duties (e.g., Voter Data Processing Clerks and Voting Center Representatives). Although this type of consolidation will not lead to a net reduction in the seasonal workforce, it will, as with the adoption of group interviews, significantly reduce the amount of time that permanent staff dedicate to selecting and onboarding candidates and also increase the number of tasks each seasonal employee is trained to do from the outset, which in turn will yield greater flexibility and efficiency.

Another cost-effective strategy the Department is likely to employ is attendance at local job fairs a few months before each election; by utilizing this strategy, a relatively small number of Department staff will interact with a potentially large number of local job seekers and potential poll workers. Although not strictly a cost-saving goal, presenting at local job fairs would help make the seasonal hiring process more equitable and convenient for job seekers throughout the city.

Vehicle Rentals. For every election cycle, the Department rents vehicles to support a wide range of tasks, such as locating polling places, conducting onsite polling places surveys, delivering and retrieving polling place materials, collecting vote-by-mail ballots from drop boxes during the 29-day early voting period, deploying field support and backup poll workers on Election Day, transporting staff and materials to and from voter outreach events held across the City, and collecting ballots and vote data on Election Night. As part of an effort to reduce the expense of vehicle rental hours in the next election cycle, the Department plans to rent vehicles with the best fuel mileage and to continue to optimize its driving routes, consolidating tasks wherever possible, by, for example, scheduling multiple tasks on the same trip.

Processing Space. Two elections scheduled in the next two fiscal years are expected to be high voter turnout elections with multi-card ballots. Accordingly, the Department will need to consider identifying space sufficient to process several million ballot cards in four main stations: 1) the Agilis Ballot Sorting System units, 2) the OPEX envelope opener and contents extractors, 3) the table area used for flattening and sorting ballot cards, and 4) the computer stations used for ballot adjudication and remake. With such a high volume of ballot cards expected to be processed and all of its equipment in operation, the Department's current foot-print in City Hall and ballot processing schedule would be insufficient.

In the last presidential election, the Department leased extra ballot processing space at Bill Graham Civic Auditorium (BGCA) in the fall of 2020, when many events had been canceled due to the pandemic. Although maintaining the ballot processing space at BGCA was necessary to safely process a high volume of cards, the fact that the site lacked a secure fiber connection meant the Department was only able to complete certain ballot processing activities, namely ballot extraction, adjudication, remake, and the scanning and tabulation of accepted ballots, at BGCA. Preliminary ballot envelope sorting through the Agilis

system and signature verification activities were still conducted at City Hall and staff therefore had to transfer batches of accepted envelopes from City Hall to BGCA for extraction and vote counting on a daily basis. Thus, combined with the fact that BGCA has resumed on-site events and alternative space in the area is very expensive, the Department is considering maximizing existing space by organizing its ballot processing schedule into two shifts: day and night, as well as considering relocating of some of the ballot processing tasks to its warehouse on Pier 31.

Digital Voter Self-Help Tools. Over the last few years, the Department has been expanding the repository of digital self-help tools available on its website. These online tools – including the Voter Portal, which allows voters to review their registration information, track their ballots, locate their assigned polling places, view sample ballots, identify their elected officials, and opt in or out of paper Voter Information Pamphlet mailings – have proven to be an effective way for many voters to easily access essential elections information. Over the next two fiscal years, the Department plans to further expand these digital tools in order to grow its services while finding human resource efficiencies (i.e., time employees spend providing information over the phone, in person, or via email). More specifically, in preparation for the March 2024 presidential primary election, the Department will launch a *Presidential Primary Ballot Tool* to help voters understand their ballot options and take any actions necessary to receive different ballots.

D. Elections Commission Request for Information

This section contains information requested by the Elections Commission in its *List of Regularly Requested Information*.

1. For each contract the Department has (e.g. sole-source or resulting from an RFP), show which budget line items the contract contributes to, as well as name of the entity the contract is with, the contract’s start and end date, the dollar amount for each year, what the contract is about, and whether the contract was sole-source or from competitive bidding.

The Department’s budget proposals for FY 2023-24 and FY 2024-25 include contracts with five vendors. Table 1 below provides the information requested above, followed by a brief description of the purpose of each of these contracts.

Table 1: Department’s Contracts

Budget Account	Vendor	Start Date	End Date	Dollar Amount	Procurement Authority
527990 Other Professional Services	Dominion Voting Systems	01/30/2019	03/31/2024	\$2,100,000	Bidding
527610 Systems Consulting Services	DFM Associates	10/01/2021	09/30/2031	\$191,100	Sole Source
529990 Other Equip Maint	OPEX Corporation	07/01/2022	06/30/2027	\$28,633.50	Sole Source
527610 Systems Consulting Services	Runbeck Election Services	08/05/2014	08/05/2023	\$68,923 (fluctuates)	Sole Source
527610 Systems Consulting Services	Democracy Live	04/01/2021	12/31/2023	\$49,000	Sole Source

Voting System Contract. The current contract with Dominion Voting Systems for the use of Dominion’s voting system to conduct San Francisco elections will expire at the end of March 2023, and includes two 1-year extension options. In order to avoid an abrupt change in operations and procedures, the Department intends to exercise the contract extension options so local voters will be able to continue using the same voting system for the 2024 Presidential Election cycle that includes the March 5, 2024 Presidential Primary Election and the November 5, 2024 Consolidated General Election.

To secure a next voting system, the Department plans to issue a Request for Proposals (RFP) in the spring of 2024. This RFP bidding process, which would likely take approximately 10 months, would begin with gathering proposals from the voting system vendors approved for use in California by the Secretary of State. Then, a selection panel of subject-matter experts would invite responsive RFP applicants to publicly demonstrate their voting systems; the panel would then evaluate the systems and proposed bids, and select the voting system. Next, the Department would need to negotiate and execute a new contract, and complete various steps, including obtaining the Board of Supervisors’ approval.

Following execution of the contract, the Department would need to coordinate the delivery of new voting equipment to its warehouse on Pier 31. Once the equipment was safely stored at the Department’s warehouse and Department staff had completed all necessary system training, the next step would be to revise all affected internal procedures, staff and poll worker training materials, and voter outreach materials. The Department would also need to develop a robust voter education and outreach program to familiarize local voters with the voting equipment.

Table 2 below shows the approximate timeline for securing and implementing a new voting system.

Table 2: Voting System Timeline

Activity	Timeline
Current voting system contract ends	March 31, 2025
Date RFP for new voting system issued	Approx. April 2024
RFP bid and contract negotiation period	Approx. May 2024 – October 2024
Board of Supervisors’ approval of contract	Approx. November 2024 – February 2025
Implementation and outreach period	Approx. March 2025 – March 2026
First election in which new voting system used	June 2, 2026

Election Information Management System Contract. Currently, only two systems are certified by the California Secretary of State (SOS) to be used in tandem with VoteCal, the statewide voter database system: the Election Information Management System (EIMS) and the Data Information Management System (DIMS) and the vast majority of California counties use EIMS. The Department uses EIMS to manage a myriad of legally-required election processes, including voter record maintenance; the processing of new voter registrations; the recording of voter histories; the processing of local petitions and local candidate filings; the tracking of vote-by-mail ballots from delivery through return and processing; the organization of poll workers and polling place assignments; and the administration of street index, voting district map, and precinct data.

Vote-by-Mail Ballot Sorting Equipment Maintenance Contract. Department personnel use two Agilis Ballot Sorting System units, provided by Runbeck Election Services, to process returned vote-by-mail ballot packets. These units allow staff to 1) capture a digital image of each envelope, including the voter’s signature, 2) scan the barcode on the envelope, and 3) link the

ballot envelope image to the recipient voter file in EIMS. After staff verify a ballot envelope signature compares to signature(s) on file, that ballot envelope will be sorted and readied for opening and counting. (If a given signature does not match, the envelope is stored separately until the challenge is resolved, at which point the envelope can be re-scanned for opening.) Only Runbeck Election Services can provide maintenance for the Agilis Ballot Sorting System units owned by the Department. Consequently, although the Department's current contract with Runbeck Election Services will expire in August 2023, the Department's FY 2023-24 and FY 2024-25 budget proposals include anticipated maintenance costs under a new contract.

Vote-by-Mail Ballot Extraction Equipment Maintenance Contract. The Department owns eight OPEX Model 72 envelope opener and content extractors, provided by OPEX Corporation. These machines assist Department staff in extracting ballot cards from accepted vote-by-mail ballot envelopes while protecting the secrecy of each ballot, which is the most labor-intensive part of vote-by-mail ballot processing. The Department intends to continue using and maintaining these units in the upcoming elections; therefore, the Department's FY 2023-24 and FY 2024-25 budget proposals include anticipated maintenance costs under an ongoing contract with OPEX.

Accessible Vote-by-Mail System Contract. State law requires all county election officials to maintain an Accessible Vote-by-Mail (AVBM) System that allows any voter to access, navigate, mark, and print their ballot online using assistive technology. Accordingly, the Department has offered this service in every election since 2018 via the OmniBallot Secure Select System provided by Democracy Live, which is currently the only AVBM system certified in California offering a single link to access and mark a ballot. Although the contract between the Department and Democracy Live expired in December 2022, it included a 1-year extension option the Department intends to exercise through December 31, 2023. Thus, the Department's FY 2023-24 and FY 2024-25 budget proposals include anticipated costs under a new contract for the same system.

2. *Include a breakdown of the "Non-Personnel Services" line item.*

Table 3 below provides a breakdown of expenses budgeted in this account.

Table 3: Breakdown of the "Non-Personnel Services" Line Item

Account Items	Dollar Amount FY 2023-24	Dollar Amount FY 2024-25
Professional Staff Development	\$ 50,000	\$ 50,000
Membership Fees for Attendance of Workshops	\$ 1,200	\$ 1,200
Interpretation Services for ASL & Other Languages	\$ 1,000	\$ 1,000
Fees for Outreach Event Attendance	\$ 5,850	\$ 5,850
Payments to Poll Workers	\$ 623,280	\$ 623,280
Systems Consulting Services (EIMS, AVBM, & Agilis Ballot Processing System)	\$ 289,111	\$ 289,111
Other Professional Services (Voting System Contract, VIP Translation & Typesetting, & Election Night Staffing)	\$ 3,135,100	\$ 3,135,100
Scavenger Services	\$ 13,080	\$ 13,080
Pest Control	\$ 5,000	\$ 5,000
Security for School Sites & Ballot Staging Area	\$ 27,000	\$ 27,000
Office Equip Maintenance	\$ 6,360	\$ 6,360
Other Equip Maintenance (Opex Envelope Extractor, Fire Extinguisher, etc.)	\$ 12,210	\$ 12,210

Account Items (cont.)	Dollar Amount FY 2023-24 (cont.)	Dollar Amount FY 2024-25 (cont.)
Property Rent (Staging Area at Cow Palace)	\$ 39,160	\$ 39,160
Garage Rent	\$ 65,120	\$ 75,200
Misc Facilities Rental (Warehouse Lease & SFUSD Poll Sites)	\$ 1,708,222	\$ 1,708,222
Payments for Private Poll Sites	\$ 91,000	\$ 91,000
Vehicle Rental (for use by Deputy Sheriffs, Field Support, & Transport of Materials & Staff)	\$ 271,795	\$ 271,795
Other Equipment Rentals (Forklift, Dollies, Tents, etc.)	\$ 49,000	\$ 49,000
Freight-Delivery	\$ 5,000	\$ 5,000
Copy Machine	\$ 46,500	\$ 46,500
Printing (Ballots, VIPs, PW Manuals, etc.)	\$ 4,137,194	\$ 6,993,603
Postage (Mailing of Election Materials & Ballot Return Postage)	\$ 856,188	\$ 856,188
Subscriptions (Online VIP Hosting)	\$ 18,258	\$ 18,258
Outreach Advertising	\$ 196,486	\$ 196,486
Software Licensing Fees for Various Web Applications	\$ 53,479	\$ 53,479
Fees Licenses Permits (Permits for Potta-potty Placement)	\$ 17,128	\$ 17,128

E. Budget Forms

The Mayor’s Office and the Controller’s Office require city departments to submit their budget proposals by using the forms jointly issued by these offices and by completing corresponding entries in the City’s Budget Formulation and Management System. Enclosed with this memorandum are all of these required budget forms, with their descriptions provided in this section. Please note that budget forms’ “Budget Year” (BY) and “Budget Year Plus 1” (BY+1) refer to FY 2023-24 and FY 2024-25, while “Prior Year” (PY) and “Current Year” (CY) refer to FY 2021-22 and FY 2022-23, respectively.

1. Form 1A and 1B: High Level Summary

Form 1A: Summary of Major Changes in the Department’s Proposed Budget. This form provides a high-level overview of the changes submitted in the Department’s budget proposals, and includes ten specific requests for information: a summary of major changes the Department is proposing; an explanation of how the Department met its target reductions; a comparison of current year staffing levels with previous years and a description of any proposed position changes; a summary of major spending changes; a summary of revenue changes; a description of any legislative changes sought; a description of continuing and proposed contracting work under Prop J; an explanation of any requested Transfers of Functions of positions; an explanation of any requested interim exceptions for positions; and a description of how the department has considered equity in its budget submission.

As shown in Table 4 on the next page, the Department’s FY 2023-24 budget proposal of \$24,110,883 and FY 2024-25 budget proposal of \$27,598,153 show a decrease of \$6,592,699 million and an increase of \$483,197 respectively, as compared to the base amount approved during last year’s budget cycle.

Table 4: Snapshot of the Department’s Budget Proposals

	FY 2023-24			FY 2024-25		
	Base Amount	Final Amount	Changes	Base Amount	Final Amount	Changes
Total Expenditures	\$ 30,857,235	\$ 24,265,112	(\$6,592,123)	\$ 27,254,247	\$ 28,267,062	\$ 1,012,815
Total Revenue & Recovery	\$ 153,653	\$ 154,229	\$576	\$ 139,291	\$ 668,909	\$ 529,618
Total General Fund Support	\$ 30,703,582	\$ 24,110,883	(\$6,592,699)	\$ 27,114,956	\$ 27,598,153	\$ 483,197

Form 1B: Department Budget Summary. This form compares the Department’s budgets across three fiscal years, i.e., it compares its FY 2023-24 proposed budget with its current FY 2022-23 budget as well as its FY 2024-25 proposed budget with its FY 2023-24 proposed budget. This form is automatically generated from data in the City’s Budget Formulation and Management System.

2. Form 2A, 2B, and 2C: Sources

The Department’s projected revenue and revenue recoveries total \$154,229 for FY 2023-24 and \$668,909 for FY 2024-25; these totals reflect revenues the Department expects to receive from the following sources:

1. *Candidate Filing and Paid Ballot Argument Fee Collections.*

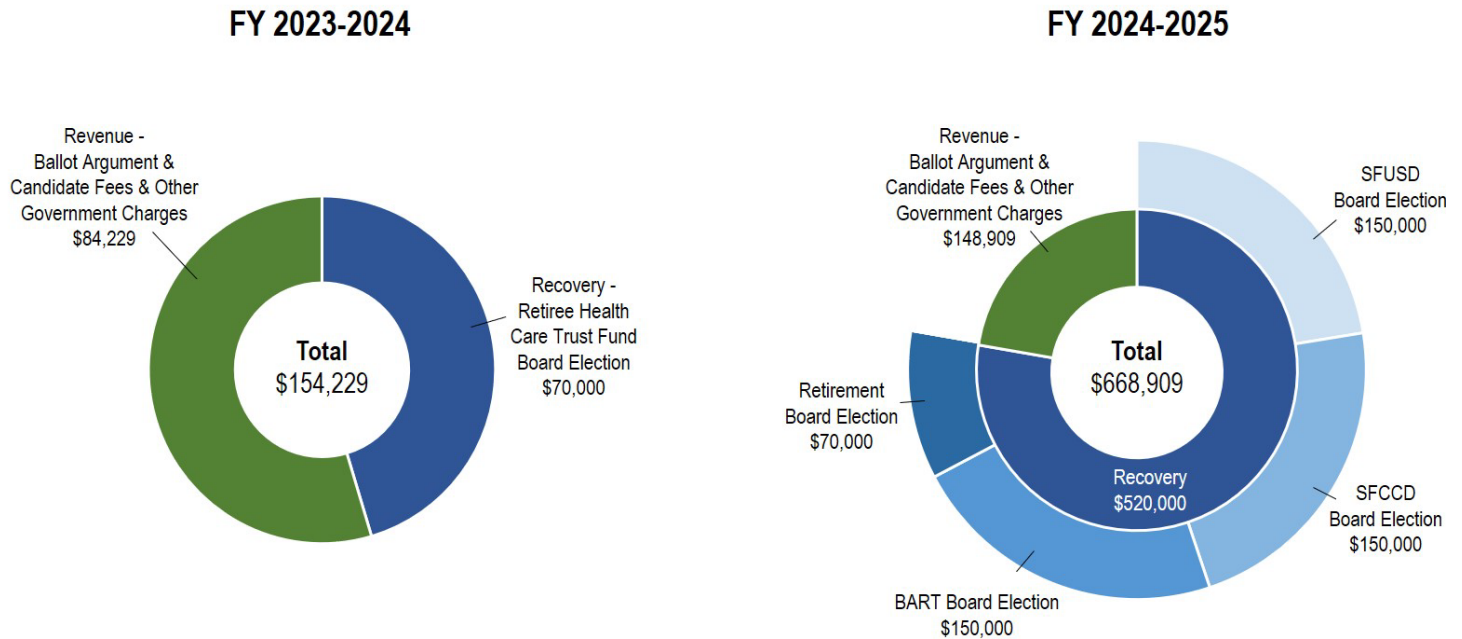
State and local laws prescribe the collection procedures and fee amounts for candidate filing and submission of paid ballot argument fees. In estimating these revenues for elections scheduled in FY 2023-24 and FY 2024-25, the Department considered historical filling data in similar past elections, as well as the impact of Proposition H, passed in 2022, on the elections schedule.

2. *District and Agency Elections.*

Per state law, the Department may conduct district and agency elections and seek reimbursement to recoup the costs associated with administering such elections. The Department expects to realize revenue recoveries from conducting one agency election in FY 2023-24, namely the San Francisco Retiree Health Care Trust Fund Board election, and one agency election in FY 2024-25, namely the San Francisco Retirement Board Election. In addition, the Department expects to receive revenue recoveries in FY 2024-25, 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 8, 2024 General Election.

Graph 1 below illustrates projected revenue and recoveries in FY 2023-24 and FY 2024-25.

Graph 1: Revenue and Recoveries



Form 2A: Revenue Report. This form describes changes in projected revenues and revenue recoveries and associated sources projected in the FY 2023-24 and FY 2024-25 budget proposals compared to the base budget approved during last year’s budget cycle. Due to the elimination of San Francisco’s municipal election in 2023, the Department’s budget proposals reflect a reduction in revenue from candidate and paid ballot argument filing fees in FY 2023-24 compared to the base budget. However, since these contests will be shifted to the November 2024 ballot, the FY 2024-25 budget proposal reflects a parallel increase in revenue from such fees.

Form 2B: Fees and Fines. This form details projected fees, including a breakdown of fee descriptions, amounts, and the applicable code sections authorizing the collection of fees projected in the FY 2023-24 and FY 2024-25 budget proposals.

Form 2C: Fee Cost Recovery. This form lists new or modified fees, fines, or service charges sought. *This form is not applicable, as the Department is not proposing any changes to existing fees.*

3. Form 3A and 3B: Uses

The Department’s projected expenditures total \$24,265,112 for FY 2023-24 and \$28,267,062 for FY 2024-25 and are grouped into seven major accounts, as listed in Form 1B. These accounts along with brief descriptions of major expenditures budgeted in each account follow.

Salaries include salary expenses for Department permanent and temporary employees as well as overtime expenses incurred during an election cycle.

Mandatory Fringe Benefits include expenses for various benefits (e.g., Health, Retirement) the City provides to its employees.

Non-Personnel Services include many different expenses necessary for the Department to operate, including contractual obligations; vehicle fleet and ballot processing equipment maintenance; ballot production, printing, assembly, and mailing; production, translation, and mailing of the Voter Information Pamphlet; poll worker and polling place provider stipends; polling place facility rental fees; vehicle and garage rental fees; outreach programs; and on-going logistical expenses.

City Grant Program include expenses for administering the Department’s Outreach Grant Program through partnership with local community-based organizations.

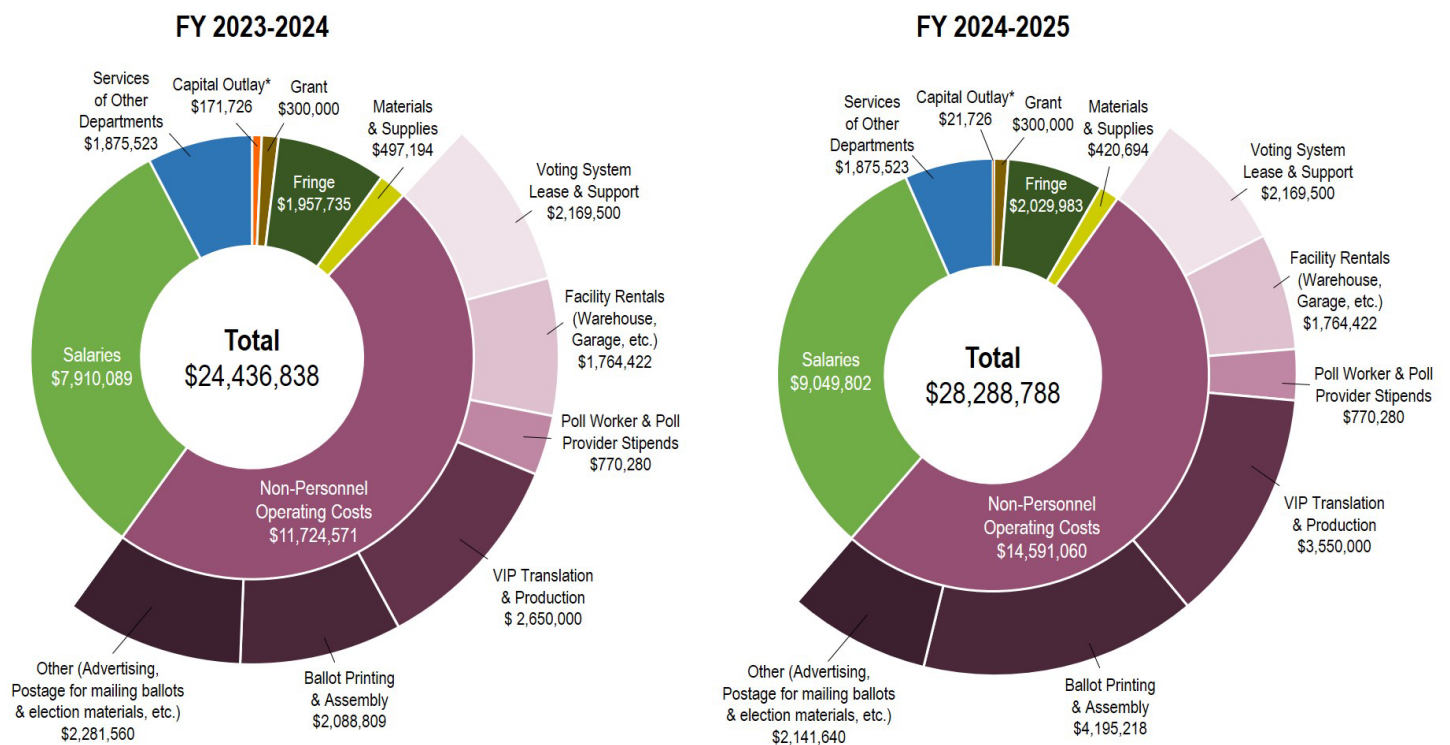
Capital Outlay include costs of new equipment proposed in the Department’s budget.

Materials and Supplies include expenses associated with various types of supplies and materials (e.g., polling place supplies, office supplies).

Services of Other Departments include costs of services performed for this Department by other City departments.

Graph 2 below illustrates the projected expenditures in each of the major accounts and draws attention to expenditures that may be of interest to the Commission.

Graph 2: Expenditures



*Capital outlay includes costs of new equipment. In accordance with the City’s Budget System, these costs are not included in the totals of proposed budgets until formally approved by the Mayor’s Office.

Form 3A. Expenditure Changes. This form describes changes (increases or decreases) in proposed expenditures and associated accounts in FY 2023-24 and 2024-25 budgets compared to the base budget.

Overall, the Department proposes a \$6,592,123 decrease in its expenditures in FY 2023-24 and \$1,012,815 increase in FY 2024-25.

Although the Department's budget proposals show decreases in many accounts, it is not the case that the Department is proposing to cut any election programs or services, all of which are critical. The Department is unable to make any major changes to its previously budgeted programs and services because the Department is bound by its mission to continue providing a high level of service to all City voters and prospective voters in a manner that is both equitable and convenient. The savings in the current budget proposals are instead driven mainly by the fact that the Department will conduct only one election in each of the upcoming fiscal years rather than the two elections previously budgeted in the base budget.

It must be emphasized that the costs to conduct an election overall have increased in recent years and are likely to continue to increase due to several factors outside of the Department's control. These factors include a number of mandatory wage increases under the new 2022-2024 Memorandum of Understanding between SEIU Local 1021 and the City, which impact nearly all permanent and seasonal staffing outlays, recent changes to election laws which will increase production and wage costs, and economic factors such as inflation, which are expected to continue to result in increased expenses in the form of, for example, rising transportation and delivery costs.

Form 3B. Position Changes. This form shows any proposed changes to the positions already approved under last year's Annual Salary Ordinance.

The Department does not propose adding any permanent positions to its classification structure already approved under the last year's Annual Salary Ordinance and only seeks one substitution.

The Department seeks to substitute a 1222 Senior Payroll and Personnel Clerk for a 1241 Human Resources Analyst to align the tasks expected to be performed by a person in this position with the City's classification structure. This substitution will result in ongoing increase of \$28,608 in salaries.

4. Form 4A and 4B: Equipment and Fleet Requests

Form 4A: New Equipment Requests. This form details requests for equipment expenses proposed in the Department's budget, defined as items with a total unit cost of \$5,000 or more, including taxes and fees, and that have a useful life of three years or more.

While the typical industry server lifespan is 5 years, with careful maintenance, the Department has historically been able keep its servers in use longer. Replacing two servers per fiscal year would allow the Department to reach its 5-year replacement goal. Last year, the Department's request to purchase two servers in FY 2023-24 was approved. Because four of the ten servers housing San Francisco's critical election applications have now exceeded their lifespans, the Department is seeking approval of \$21,700 for the purchase of two additional servers in FY 2024-25. This purchase aligns with the City's disaster recovery goals by ensuring availability of replacement hardware for servers running mission critical applications.

In FY 2023-24, the Department is also seeking approval of \$150,000 to purchase an additional Agilis Ballot Sorting System unit. The Department currently uses two such units to process vote-by-mail ballot return packets. The speed at which these systems operate is partially determined by the thickness of the packets. With a seven-card ballot projected for the November 2024 election, the Department expects that processing rate of each system will decrease significantly and will be compounded by high voter turnout during Presidential elections. Having three systems instead of two will mitigate the reduced capacity of each system, increase capacity overall, and aid the Department in meeting legally-mandated deadlines.

Form 4B: Fleet Requests. This form describes new or replacement vehicle requests sought. *This form is not applicable, as the Department is not requesting any fleet in its proposed budget.*

5. Organizational Chart

The Department has 39.5 permanent positions (FTEs) approved in the last year's Annual Salary Ordinance; organizational chart included with the budget forms shows both filled and vacant positions, including one proposed position substitution.

6. Prop J Contracting: Reporting Requirements

Prop J authorizes an outside service only when the private service provider can perform the service for less than it would cost for city employees to perform the same service. This form provides a comparative cost analysis for such service sought.

Every year since FY 2007-08, the Department has received approval to outsource the assembly and mailing of vote-by-mail ballot packets and again seeks approval to obtain the services for the March 2024 election in its FY 2023-24 budget proposal.

7. Interdepartmental Services Balancing

The Interdepartmental Services Balancing form details costs associated with unbalanced interdepartmental services (IDS).

IDS budget requests must be discussed and agreed to by both requesting and performing departments. As of this writing, the Department is awaiting the Sheriff's Department, the Municipal Transportation Agency, and the Recreation and Park Department to complete their budget entries so that the IDS accounts can be balanced.

The Department maintains IDS accounts with 10 city departments and agencies. Most of these accounts provide election-related services while some provide general services to City Departments.

The funds for general services IDS accounts are centrally loaded by the Mayor's Office and contribute to the Department's fixed operating costs. Among fixed IDS charges are those incurred for services from the Department of Technology (for general support and telecommunication services), the Public Utilities Commission (for light, heat, and power); and the General Services Agency's fees (for general accounting support).

The funds for IDS accounts specific to election services fluctuate based on the number of scheduled elections in a fiscal year. Among variable IDS accounts are those 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); and the Municipal Transportation Agency (for Election Night collection of results data).

F. Elections Commission's Budget

The Elections Commission's budget is contained within the Department of Elections' budget but under separate accounts, as noted in Table 5 on the next page. Should the Commission decide to submit changes to its budget, it must provide those changes along with justification for each change to the Director by February 17, 2023, so that the Department has sufficient time to enter any proposed changes into the City's Budget system and forms by the Charter-mandated deadline of February 21, 2023.

Table 5: Elections Commission's Budget

Account	Account Item	Charts Title	Dollar Amount FY 2023-24	Dollar Amount FY 2024-25
530310	Misc Facilities Rental	Non-Personnel Operating Costs	\$267	\$267
549990	Other Materials & Supplies	Non-Personnel Operating Costs	\$487	\$487
535610	Postage	Non-Personnel Operating Costs	\$583	\$583
516010	Dental Coverage	Personnel - Fringe Benefits	\$554	\$570
515710	Dependent Coverage	Personnel - Fringe Benefits	\$5,069	\$5,411
515010	Health Service-City Match	Personnel - Fringe Benefits	\$2,724	\$2,907
519120	Long Term Disability Insurance	Personnel - Fringe Benefits	\$198	\$207
513010	Retire City Misc	Personnel - Fringe Benefits	\$7,599	\$6,742
515020	Retiree Health-Match-Prop B	Personnel - Fringe Benefits	\$315	\$328
515030	RetireeHlthCare-CityMatchPropC	Personnel - Fringe Benefits	\$194	\$202
514020	Social Sec-Medicare (HI Only)	Personnel - Fringe Benefits	\$736	\$767
514010	Social Security (OASDI & HI)	Personnel - Fringe Benefits	\$3,146	\$3,278
517010	Unemployment Insurance	Personnel - Fringe Benefits	\$-	\$-
501010	Perm Salaries-Misc-Regular**	Personnel - Salaries & Wages	\$50,745	\$52,873

***These budgeted salaries are associated with the Commission's Secretary position -- 1450 Executive Secretary I, budgeted as 0.5 Full Time Equivalent.*

G. Conclusion

In developing its budget proposals for FY 2023-24 and FY 2024-25, the Department worked to strike a careful balance between supporting the City in its efforts to close a large projected budget shortfall and continuing to provide equitable access to voting and election-related services to City residents while conducting free, fair, and functional elections. Given the magnitude of the projected budget deficit, the Department recognizes the need to implement cost-saving strategies and efficiencies whenever possible, but must also, above all, preserve the vital election services and programs the San Francisco community expects and deserves.

This need to preserve vital elections services must also be understood in the context of the election landscape for the near future. The Department will conduct two historic elections in the next two fiscal years. Both the presidential primary and the general election are likely to involve very high turnout and very high usage of the Department's human resources, programs, and services. Consequently, these budget proposals reflect the Department's ongoing dedication to maintaining robust voter outreach and education programs as well as the provision of a wide range of multilingual and barrier-free voter programs and services. It is only with stable support from the General Fund that local voters can be provided with accessible, equitable and convenient voting options.