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December 29, 2017

The Senator Holly Mitchell  
Chair, Joint Legislative Budget Committee  
State Capitol, Room 5019

The Senator Ricardo Lara  
Chair, Senate Appropriations Committee  
State Capitol, Room 2206

The Assemblymember Lorena Gonzalez Fletcher  
Chair, Assembly Appropriations Committee  
State Capitol, Room 2114

Re: Secretary of State Report to the Legislature Regarding the on-line filing and disclosure System (Senate Bill 1349, 2016 Cal. Stat.)

Dear Senator Mitchell, Senator Lara, and Assemblymember Gonzalez Fletcher:

In September of 2016, the Governor signed into law, Senate Bill (SB) 1349 the Political Reform Act of 1974: Secretary of State: online filing and disclosure system. The bill requires the Secretary of State, in consultation with the Fair Political Practices Commission (FPPC), to develop and certify for public use an online filing and disclosure system for campaign statements and reports that provides public disclosure of campaign finance and lobbying information in a user-friendly, easily understandable format.

The law calls for the Secretary of State to submit a report to the chairs of the Joint Legislative Budget Committee and the fiscal committees of the Legislature, on or before December 31, 2017, and on or before every April 15, July 15, October 15, and January 15 thereafter, that certifies whether changes are anticipated to the project's scope, schedule, or budget and any problem is considered to be a risk to the project's completion according to the approved project schedule and budget.

This report is written in satisfaction of the reporting requirements of SB 1349 Political Reform Act of 1974.

### **BACKGROUND**

The California Automated Lobbyist and Campaign Contribution and Expenditure Search System (CAL-ACCESS) was developed to provide greater public access to campaign contribution and expenditure data, and state lobbying financial activity.

CAL-ACCESS was deployed in June 2000, and, since that time, nearly two (2) million filings have been submitted by filers. However, CAL-ACCESS is an old and fragile system, that is at the end of life, operating on an unsupported information technology platform. The current system design has technological restrictions that prevent it from being modified or updated. It lacks data display and reporting features that are commonly used for data analytics.

**Exhibit A** provides additional background information on the CAL-ACCESS system and its limitations.

## **STATUS OF THE PROJECT**

Below is a summary of the Secretary of State's efforts on the CAL-ACCESS replacement system focused on three key areas - planning, outreach and procurement.

### **Planning**

Although the project was specifically exempted in Legislation from information technology procurement requirements, the Secretary of State elected to follow the best practices guidance provided in the California Project Management Framework (CA-PMF) and the four stages of the Project Approval Lifecycle (PAL) to manage this effort through the entire project lifecycle.

An Executive Steering Committee (ESC) for the project has been formed and a project charter was adopted. Members of the ESC include the Secretary of State, and his Chief Deputy, Secretary of State Executive Management and Legal Counsel, representatives from the Project Management Office, Political Reform Division, Management Services Division, Information Technology Division, and the Department of Finance, Information Technology Consulting Unit (ITCU). The Secretary of State's Project Management Office is responsible for the CAL-ACCESS replacement system project delivery. Since the project was initiated, the project team has completed a Stage 1 Business Analysis (S1BA), Stage 2 Preliminary Analysis (S2PA) and the Stage 2 Alternatives Analysis (S2AA).

Specifically, the project team has accomplished:

- Completed Project Management Plan (PMP) and Subordinate Project Documents
- Completed Development of Project Policies
- Initial Risk Register
- Completed Development of the Preliminary Plans
- Completed Project Approval Lifecycle (PAL) Documents
- Completed Planning Process Phase Checklist

The Secretary of State staff is working with a group of consultants including Enterprise Architects, Business Analysts, Independent Validation and Verification consultants, and subject matter experts that include staff from the FPPC. Collaborative working groups have produced the following work products: architecture diagrams of the current system, business requirements both functional and non-functional, use cases, "as is" and "to be" business process diagrams. Detailed business rules are currently under development.

These artifacts and other project documents can be found on the Secretary of State's website at <http://www.sos.ca.gov/campaign-lobbying/cal-access-replacement-system-project-cars-updates/cars-rfo/> in the CARS Resource Library.

The Secretary of State decided that for this project, rather than using a traditional "waterfall" application development model, this project would employ the more results- oriented "iterative" application development approach. Secretary of State believes that this application development and delivery model will allow more flexibility to adapt to changes.

Iterative application development is characterized using "iterations", a cyclic process of prototyping, testing, analyzing, and refining a process. Testing is conducted with business subject matter experts, testers, ITD staff and vendor support. Based on the results of testing the most recent iteration of a design, changes and refinements are made. Feedback from all users/testers is used to shape the subsequent iterative stage so that potential problems are identified early and corrected in a next version, rather than at a later stage in the development and testing process.

### **Outreach**

SB 1349 requires the Secretary of State to hold at least one public hearing to receive input about developing the online filing and disclosure system and record format prior to July 31, 2017. The Secretary conducted two meetings in February of 2017; one in Los Angeles and a second in Sacramento. The meetings were well attended and resulted in numerous comments that demonstrate a clear desire for a robust electronic filing system that is data-driven, paperless, and replete with tools for reporting and search capabilities, data visualization and graphic displays.

Comments from stakeholders were included in the preparation of the business functional requirements. A complete list of the functional and non-functional requirements are included in the RFO and are available for review at <http://prd.cdn.sos.ca.gov/pdf/rfo-17-025-cars-system-integrator.pdf> beginning on page 75. As a part of the RFO response, each vendor will respond to the requirements individually. At that time, Secretary of State staff will review the proposed solutions to determine how well they respond to the requirements.

The SOS has established a web page to provide the latest information to those interested in the progress on the project. In addition to the webpage, Secretary of State staff maintains a list of over 500 interested persons and uses ConstantContact® (email marketing software) to advise of project updates. A dedicated email box collects CAL-ACCESS replacement project correspondence for review and response.

Additional outreach was accomplished with local jurisdictions to respond to the specific issue of incorporating local filings through the aggregation of local data and/or accepting state-wide filings.

## Local Filings

SB 1349 directs the Secretary of State to consider and report back on the feasibility of accepting local filings (e.g., County elected officers, candidates for these offices, their controlled committees, committees formed or existing primarily to support or oppose candidates or local measures, City elected officers, candidates for city office, their controlled committees, committees formed or existing primarily to support or oppose candidates or local measures, or elected officers in jurisdictions other than legislative districts.) in the future.

The Secretary of State hired a consultant to conduct outreach to local jurisdictions. With the help of the California State Association of Counties, the League of Cities, and the City Clerk's Association of California, they conducted a survey of 540 local jurisdictions (58 counties and 482 cities) to gather detailed information and gauge interest of local jurisdictions in a statewide electronic system for campaign finance filing. Over 36 percent participated in the survey or follow-up interviews.

From the responses two alternatives were identified:

- A statewide data aggregation and reporting system that collects data from local jurisdictions, combines it with state filing data, and presents it on a comprehensive website.
- A centralized statewide e-filing system that processed filing for both state and local jurisdictions and presents the data on a comprehensive website.

The report recommends, and the Secretary of State concurs, that a data aggregation and reporting system is more practical than a statewide e-filing system, for a host of reasons. Most local jurisdictions are paper based. Requiring local jurisdictions to install and operate an e-filing system seems daunting, not only in terms of cost to implement, but also in the effort necessary for collaboration, cooperation, planning, development and deployment. **Exhibit B** is the full report and survey results. The possibility of a state-wide e-filing system will require leadership and may be revisited once the new CAL-Access system is implemented.

The suggestion to collect and aggregate data is not included in the preliminary deployment of the CAL-ACCESS replacement system. It is anticipated that this will be an undertaking following the design, development and implementation of the CAL-ACCESS system.

However, recognizing that there is no centralized state archive for local campaign finance reports and the ease of finding them online varies greatly by jurisdiction, the Secretary of State has expanded the website display of hyperlinks for all local jurisdictions that provide any means to publicly view campaign reports on their websites to comply with Senate Bill 358, 2017 Cal. Stat. This information is available at <http://www.sos.ca.gov/campaign-lobbying/cal-access-resources/city-and-county-electronic-filings/>.

## Procurement

The Secretary of State released the Request for Offers (RFO) on October 19, 2017. The RFO was distributed to 30 vendors on the Department of General Services IT Master Services Agreement (MSA) list. The published due date for responses was January 8, 2018.

Requests for clarifications from the vendor community were due to Secretary of State on November 3, 2017. A second vendor question period concluded December 1, 2017. The questions resulted in approximately 100 questions.

The Secretary of State CARS project team reviewed all the questions for response. It was apparent during the review that there was concern about some of the administrative requirements in the RFO. Specifically, vendor comments suggested that it appeared that larger, mature software development firms were the target group for this RFO. That was not the intent of the RFO, and Secretary of State responded in Addendum #1. The Secretary of State revised requirements to be less restrictive allowing for participation from a greater number of vendors. The following chart provides some examples and discussion of the changes.

Change	Impact
<ul style="list-style-type: none"><li>❑ Annual gross revenue reduced from \$150M to \$30M</li><li>❑ Previous projects with project budget &gt; ... reduced from \$20M to \$10M</li><li>❑ Previous experience, changed from "State of California" to "governmental organization".</li><li>❑ Contractor design, development, testing, and training development activities can be conducted remotely.</li><li>❑ SOS now maintain the overall project schedule.</li><li>❑ Vendors can submit samples of look and feel from existing implementations or product.</li><li>❑ Allowed to also bid on data conversion contract</li><li>❑ Extended the response deadline to 2/2/2018</li></ul>	<ul style="list-style-type: none"><li>✓ More vendors, including mid size.</li><li>✓ Vendors with system outside the State of California can also make an offer.</li><li>✓ Vendor has better control over their staff.</li><li>✓ SOS can evaluate previous implementations and their approach to the look and feel.</li></ul>

To allow sufficient time for vendors to respond to Addendum#1, the RFO response due date has been extended until February 2, 2018. This is an impact to schedule and it is unclear until vendor responses are opened if the vendor community believes that the February 2019 or December 2019 implementation targets are achievable.

### Unique Identifier

Finally, SB 1349 requires the Secretary of State to submit a report that includes a plan for integrating statements that permits the public to track and aggregate contributions from the same contributor across filers using a permanent unique identifier assigned by the Secretary of State for this purpose. At minimum, major donors would have this unique identifier.

The use of a unique identifier was the subject of a study conducted by a consultant, Technology Management Solutions (TMS). A unique identifier (UID) is an alpha-numeric string of characters assigned to a single individual or entity. To permit the public to track and aggregate contribution information, additional functionality and potentially additional reporting requirements may be required.

Currently, filing data provides limited identifiable attributes about a contributor; name, address, employer and occupation. The new CAL-ACCESS will likely use a combination of hypocoristic and soundex algorithms to identify a contributor. If a match is not found, it will be flagged for additional match reviews, such as other combinations of attributes (employer or occupation).

If more accurate entity identification is required, enhanced matching may require additional personally identifying information (PII) from each contributor. This would require change in legislation and may have the unintended consequence of discouraging contributions if contributors may not be willing to provide additional personal information to recipients.

Secretary of State will work with the successful vendor to improve the system ability to track and aggregate contributions initially for major donors to comply with the requirements of SB1349.

### **CONCLUSION**

The Secretary of State submits this report in compliance with the SB 1349. If you have any questions about this report, please contact me at (916) 695-1524.

cc: The Assembly Committee on Elections and Redistricting and the Senate Committee on Elections and Constitutional Amendments

Mary Wray  
Division Chief, Political Reform Division  
California Secretary of State  
1500 11<sup>th</sup> Street,  
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## **Exhibit A – CAL-ACCESS Background Information**

In 1974, California voters overwhelmingly approved Proposition 9, the Political Reform Act of 1974 (PRA). The PRA requires the disclosure of campaign contributions and expenditures, and state lobbying financial activity. The PRA as amended has, among its provisions, the following objectives:

- Providing greater public access to vitally important information
- Gradually eliminating paper filings of campaign finance and lobbying activity statements and reports

The California Automated Lobbyist and Campaign Contribution and Expenditure Search System (CAL-ACCESS) was developed to respond to the objectives of the Online Disclosure Act, added to the PRA by Ch 866, Stats of 1997. CAL-ACCESS is the public's window into California's campaign disclosure and lobbying financial activity, providing financial information supplied by state candidates, donors, lobbyists, lobbyist employers, and others.

CAL-ACCESS, which is mission critical for the SOS administration of the program, is an amalgamation of component applications that were developed at different times using multiple, now obsolete, coding languages, platforms, and technologies. The campaign finance and lobbying activity process is a paper/File Transfer Protocol (FTP)/online hybrid model that results in inefficient (often manual) processes, duplicate efforts, sub-optimal data quality, and public disclosure reporting that does not meet the needs of many of PRD's stakeholders. The earliest stages of CAL-ACCESS were developed and deployed in June 2000, and, since that time, nearly two (2) million filings have been submitted by filers.

CAL-ACCESS users and stakeholder groups have identified the following business problems:

Program business operations are negatively affected by system design.

PRD and stakeholder operations are hindered by technological limitations. The current system design dictates that registration data be entered manually from filer-submitted paper forms, which is time-consuming and subject to human error. Some of the forms submitted by filers are not complete or contain non-standardized data, or inaccuracies, in part because the system lacks data-validation mechanisms and/or is dependent on free-form text fields to capture required data. The time needed to confirm and correct these errors results in delays in compliance and public access to filing information.

Program business operations are at risk due to an old, unsupported information technology platform.

CAL-ACCESS is an old and fragile system. It is increasingly difficult to find staff or vendor support with the necessary skills to sustain and maintain the system's applications. Additionally, the system is not well-documented. It cannot be patched or modified to be more robust or feature-laden. The system cannot generally be modified to respond to changes in legal requirements and/or concomitant filing processes, particularly when those changes trigger modifications to the forms used by filers and viewed by the public.

PRD and stakeholders have limited information access and reporting capabilities.

The system design does not provide user-friendly, intuitive and reliable methods for staff and stakeholders to search for and find information, methods that are widely available with more modern technology. Data cannot always be retrieved in a useful manner, and must often be compiled, analyzed and parsed. The system lacks basic reports for system and program management. Staff cannot run basic queries and there is limited ability to aggregate and report data in a meaningful way using the automation tools available in CAL-ACCESS. The new system will replace the existing CAL-ACCESS system and will be a data driven system rather than a form driven system. These limitations have resulted in costly manual workarounds, staff and stakeholders compromising on the information they need or want, and diminished reporting capabilities.



## Exhibit B – Local Filings Alternatives Analysis

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## 1. Executive Summary

This report presents the findings from the Local Filings Alternatives Analysis undertaken by the Secretary of State Political Reform Division (SOS) as part of the CAL-ACCESS Replacement System (CARS) Project. The purpose of the project is to:

*Conduct an analysis that “identifies the feasibility and alternative methods of including local filings in the new statewide system, and prepare a comprehensive analysis (i.e. issue paper) on the range of possible scenarios for including those local filings in the current CARS Project.”*

The first phase of the project consisted of outreach to local jurisdictions through a survey of all 540 jurisdictions and 24 follow-up interviews to gather more detailed information. The outreach effort focused on determining the interest of local jurisdictions in a statewide electronic system for campaign finance filings, as well as their perception of the potential benefits and barriers to participating in such a system.

Of the 540 local jurisdictions (58 counties and 482 cities), over 36 percent participated in this survey and/or interviews. Among counties, the participation rate was nearly 60 percent. As a result of this outreach, two possible approaches to the system were identified:

- A statewide **data aggregation and reporting system** that collects data from local jurisdictions, combines it with state filing data, and presents it on a comprehensive website.
- A **centralized statewide e-filing system** that processes filings for both state and local jurisdictions and presents the data on a comprehensive website. Statewide implementation of this approach would provide e-filing in the hundreds of jurisdictions that are currently paper-based.

Local jurisdictions recognize the potential for a statewide system to improve transparency and accountability in campaign finance. However, they also harbor significant concerns about the state’s ability to develop a system involving 540 jurisdictions’ data and systems, and possibly thousands of local filers. Some jurisdictions also question the appropriateness of the state taking on roles now held by local government (for example, serving as the system of record for local campaign finance data).

Some local jurisdictions currently use e-filing systems, either purchased from private vendors or developed in-house. These jurisdictions, primarily counties, report a very high level of satisfaction with the functionality of the systems, the efficiencies achieved, and the quality of customer service provided by the vendors. These jurisdictions indicated that they would expect a state-developed system, if it were going to compete with or replace these private sector systems, would provide the same benefits at similar or less cost.

Of the two alternative approaches described above, local jurisdictions that currently have an e-filing system generally prefer the data aggregation approach, which maintains local control over local data, technology, and customer service. Among primarily paper-based jurisdictions, the idea of a statewide e-filing system is generally appealing, provided that the cost to them would be minimal and the system would be configurable to meet their local needs.

### ***Recommendation***

The first alternative – a data aggregation and reporting system – is recommended for the following reasons:

- The vast majority of local jurisdictions are paper-based. The first alternative would require them to develop a process for providing data to the statewide system, which would be cumbersome, but much less so than the second alternative, which would require them to install and operate an e-filing system.
- The second alternative, a centralized statewide e-filing system, would require 58 counties and 482 cities to work together to develop and maintain a complex automated system. Not only would staff in the 540 jurisdictions need to be trained to use the system, thousands of local filers would also have to be brought up to speed and provided ongoing help desk support. Historically, the state has often struggled to develop systems involving just the 58 counties. The second alternative would present a significant challenge in both development and deployment that would likely exceed the state's financial resources and stretch its technological capacity to the limits.

In short, there is no simple, rapid, or inexpensive approach to developing a statewide campaign finance system. However, the first alternative is the more practical of the two.

## 2. Background

In 1974, California voters overwhelmingly approved Proposition 9, the Political Reform Act of 1974 (PRA). The PRA requires the disclosure of campaign contributions and expenditures, as well as state lobbying financial activity. The PRA, as amended (Ch. 866, Stats of 1997; Gov. Code section 84600-84615) has among its provisions the following objectives:

- Providing greater public access to vitally important information
- Gradually eliminating paper filings of campaign finance and lobbying activity statements and reports

The Political Reform Division (PRD) was established within the Secretary of State (SOS) to serve as the filing office for state-level campaigns and lobbying entities. The PRD also administers the state filing requirements as set forth in the PRA. The PRD conducts a broad range of program activities to ensure compliance with reporting requirements and to allow for public access, wide dissemination and analysis of disclosed information. At the current time, filings for local elections are handled by the various city and county jurisdictions in which they are held.

The California Automated Lobbyist and Campaign Contribution and Expenditure Search System (CAL-ACCESS) was developed to respond to the objectives of the Online Disclosure Act, added to the PRA by Ch. 866, Stats of 1997; Gov. Code section 84600-84615. CAL-ACCESS is the public's window into California's campaign disclosure and lobbying financial activity, providing financial information supplied by state candidates, donors, lobbyists, lobbyist employers and others.

CAL-ACCESS, which is mission critical for the SOS' administration of the PRA, is an amalgamation of component applications that were developed at different times using multiple, now obsolete, coding languages, platforms, and technologies. The campaign finance and lobbying activity process is a paper/File Transfer Protocol (FTP)/online hybrid model that results in inefficient and often manual processes, duplicate efforts, sub-optimal data quality, and public disclosure reporting that does not meet the desires of many of the PRD's stakeholders. The earliest stages of CAL-ACCESS were developed and deployed in June 2000, and, since that time, more than 1.2 million filings have been submitted by filers. In September of 2016, the Governor approved SB 1349. This bill directs the SOS to develop and deploy an online, data-driven filing and disclosure system to replace the current CAL-ACCESS system that is ready for use no later than February 1, 2019. The implementation deadline necessitates an expeditious implementation schedule and the bill provides that "the information technology procurement requirements described in Chapter 5.6

(commencing with Section 11545) of Part 1 of Division 3 of Title 2 of this code, and in Section 12100 of the Public Contract Code, do not apply to development of the online filing and disclosure system.”<sup>1</sup>

Specifically, SB 1349 calls for a solution that: “To the extent feasible, is compatible with potential future capability to accept statements from filers specified in subdivisions (b) to (e), inclusive, of Section 84215” [Local Filers]. SB 1349 also requires the SOS to: “No later than December 31, 2017, submit a report to the Assembly Committee on Elections and Redistricting and the Senate Committee on Elections and Constitutional Amendments that includes a plan for the online filing and disclosure system, describes how members of the public will be able to query and retrieve data from the system, and includes a plan for integrating statements as specified in clause (iv) of subparagraph (A) of paragraph (1)” [Local Filers]. See Appendix A of this report for excerpts from relevant legislation.

In June of 2017, the SOS retained Alexan RPM (Alexan) to develop content for the report due to the Legislature in December of 2017. Specifically, Alexan’s charge was to conduct a stakeholder engagement process with local jurisdictions that *“identifies the feasibility and alternative methods of including local filings in the new statewide system, and prepare a comprehensive analysis (i.e. issue paper) on the range of possible scenarios for including those local filings in the current CARS Project. Alternative analysis must include discussion of legal and technical feasibility as well as schedule and cost estimates.”* Specifically, the outreach to local campaign finance officials was to consist of:

1. An electronic survey distributed to all counties and cities throughout California.
2. In-depth interviews with 21 cities/counties selected to generally reflect the significant variations among local jurisdictions (large and small, those with and without electronic filing systems, etc.).

The following pages present Alexan’s final report summarizing the project approach, findings from the survey and interviews, analysis of CAL-ACCESS Replacement system alternatives that would include local filings per SB 1349, and a recommended path forward for SOS and the state.

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<sup>1</sup> [http://www.leginfo.ca.gov/pub/15-16/bill/sen/sb\\_1301-1350/sb\\_1349\\_bill\\_20160929\\_chaptered.pdf](http://www.leginfo.ca.gov/pub/15-16/bill/sen/sb_1301-1350/sb_1349_bill_20160929_chaptered.pdf)

### 3. Project Approach and Methodology

This section details the approach Alexan took to accomplish the two activities required by SOS: a survey of local jurisdictions and follow-up interviews with a targeted sampling of jurisdictions. Together, the primary purposes for the survey and interviews were to:

- Assist SOS in identifying patterns, trends, costs, and current processes related to local filings, including using statistical extrapolation.
- Better understand the process, statutory, and/or technical challenges, risks and issues to be expected in integrating local filing activities into the upcoming CAL-ACCESS replacement system.

Alexan designed a survey instrument and interview guide (provided in Appendix C respectively) to ensure involvement of a diversity of local jurisdictions based on the following SOS-specified criteria:

- Large, mid-size, and small counties and cities.
- Geographic diversity, i.e. representation from throughout California.
- Counties and cities that use primarily electronic filing and those who use primarily paper filing.

#### 3.1 Validating the Overall Approach

To validate the survey and interview guide, Alexan sought input from a pilot jurisdiction and various stakeholder groups. Not only were the survey and interview questions vetted, but input was received regarding the outreach process, and ideas were discussed regarding methods to promote and encourage participation in the survey and interviews.

San Francisco was selected as the pilot jurisdiction based upon their high level of interest in the project, as well as their role as both a city and county. Several other organizations agreed to support the effort and provided input on the outreach process, including the California Fair Political Practices Commission (FPPC), California Association of Clerks and Election Officials (CACEO), California State Association of Counties (CSAC), and the League of California Cities. Alexan also attended a summit meeting of California Ethics Commissions to inform meeting attendees about the outreach process, elicit their input, and request their support in encouraging other jurisdictions to participate.

*Wise counsel from a stakeholder organization:*

*“Don’t forget that the vast majority of the 482 cities are small or very small; very few have a staffperson dedicated specifically to campaign filings.”*

Survey and interview topics included:

- Demographic information, such as type of jurisdiction and population size
- Filing specifics, such as filing mechanisms, volume, requirements, form usage, and public access to filing data
- Specific technological environments, software, and staffing associated with electronic filings
- Local statutory and regulatory differences from State requirements
- Strengths and challenges of the jurisdiction's current system (whether paper or electronic)
- Level of interest in interfacing with or adopting a statewide filing system
- Local priorities regarding filing, data, and accessibility
- Barriers and advantages of interfacing with or adopting a statewide filing system
- For those counties and cities with no electronic filing, prior automation efforts and associated challenges

### **3.2 Survey Outreach**

The finalized survey was made available online to all local jurisdictions in California, including 58 counties and 482 incorporated municipalities. It was disseminated through SOS' mailing list of Offices of the Registrar, as well as the CSAC newsletter and the League of Cities listserv. The survey was administered in SOS' preferred tool, Constant Contact, and was distributed using SOS-identified distribution mechanisms. Analysis of the responses was conducted utilizing tools within Constant Contact as well as SPSS (IBM's statistical analysis software) and Microsoft Excel.

The survey was opened on August 30<sup>th</sup>, 2017, giving respondents until September 15<sup>th</sup> to respond. The deadline was extended and reminder emails were sent through CSAC's contact list on September 20<sup>th</sup>, and Alexan followed up directly with non-responders to encourage participation. The survey closed on Friday, September 29<sup>th</sup>.

### **3.3 Interview Outreach**

Interviews were conducted with 24 jurisdictions that were identified using the selection criteria identified by SOS, which took into consideration geographic location, population size diversity, and technology capability. The following table describes the specified categories and the jurisdictions within them that were interviewed.



*Table 1 – Cities and counties interviewed*

Local Offices	Large Counties and Cities with Electronic Filing	Mid-size Counties and Cities with Electronic Filing	Small Counties and Cities with Electronic Filing	Counties and Cities Without Electronic Filing
Counties	Los Angeles Riverside San Diego	Sacramento San Francisco	Nevada	Humboldt Solano Sonoma
Cities	Los Angeles Oakland San Diego	Berkeley Carlsbad Pasadena Santa Clara	Chico Pleasanton Santa Barbara Santa Monica	Hayward Salinas Tustin Union City

As with the survey, Alexan consulted with the FPPC, CSAC, and the League of California Cities to gather input, share preliminary ideas, and explore options for partnering in the outreach process.

### *Interview Methodology*

The purpose of the interviews was to obtain additional understanding of the survey responses, as well as the context and nuances of the issues and perspectives expressed by survey respondents. Prior to conducting interviews, Alexan sent the survey to the local jurisdiction if they had not already completed it to obtain preliminary information prior to the conducting the in-depth interviews. Specific interview topics included:

- Filing processes and user experience
- Budget, staffing, and technological requirements
- Advantages and limitations of that jurisdiction’s current system
- Local priorities regarding filing, data, and accessibility
- Thoughts regarding integrating or interfacing with a statewide filing system

### **3.4 Additional Stakeholder Outreach**

Prior to the efforts described in this report, the CARS project conducted a broad stakeholder outreach effort that included a web-based effort in 2013 and two public hearings in February of 2017 that were well attended by a wide variety of stakeholders. After reviewing the transcripts and reports from those previous efforts, as well as the extensive submissions from various stakeholders, it was decided by the PRD staff that this analysis should focus on the perspectives, ideas, and concerns of local jurisdictions. In a process conducted in parallel with this project, SOS staff conferred directly with other stakeholders to gather input and feedback.

### **3.5 Participation of Local Jurisdictions**

The survey and interview outreach yielded a high level of participation by both cities and counties.

#### *Survey Responses*

Based on response rates for similar surveys conducted in the past, including several by SOS, and the nature of the jurisdictions to be surveyed, the Local Filings Alternatives Analysis Team anticipated an overall survey response rate of 10-15 percent. The vast majority of jurisdictions are small or very small cities where staff assigned responsibility for campaign filings typically have many other duties and demands on their time.

In an effort to achieve a higher response rate, the team repeatedly communicated with local jurisdictions directly and through various organizations including FPPC, CACEO, CSAC, and others. During the initial phase of the survey period, emails were sent to remind local jurisdictions of the survey deadline and the importance of giving their input. Then, as the deadline approached, SOS sent out emails directly to those jurisdictions that had not responded and twice extended the deadline to facilitate participation. The final survey response rate was 36 percent overall, and among counties the rate was 59 percent.

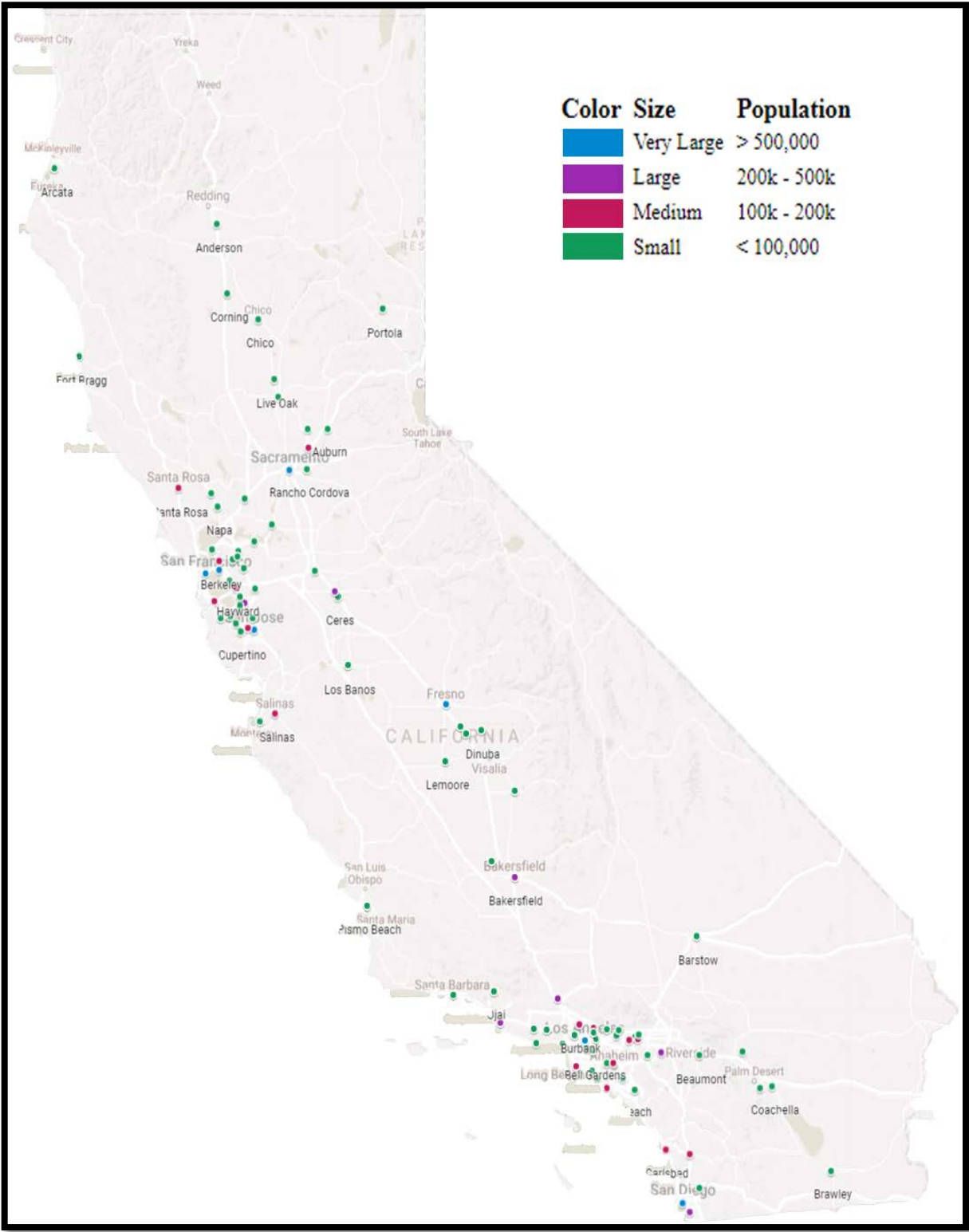
#### *Interviews Conducted*

The project plan called for interviews with 21 local jurisdictions in various categories, as described above. The Alexan team worked with SOS staff and some of the above-listed partner organizations to identify 21 cities and counties that would provide diversity in size, geographical location throughout the state, experience with electronic filing systems, and other factors. As the interviews were being conducted, the Alexan team added three more jurisdictions to provide additional depth regarding some of the interview topics.

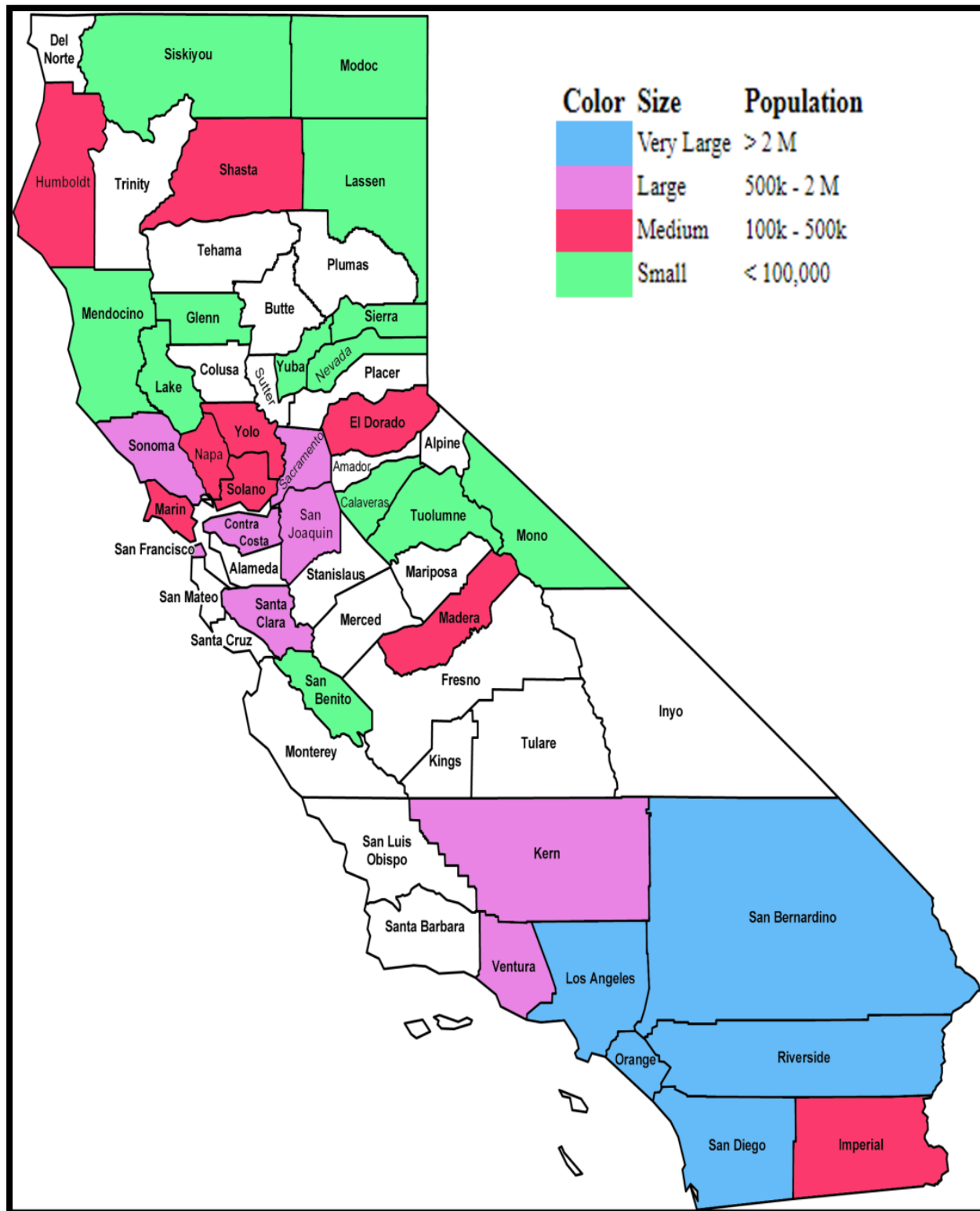
#### *Maps of Participating Cities and Counties*

The maps on the following two pages illustrate the geographic distribution of the 101 cities and the 35 counties that participated in the survey and/or interviews. However, not shown on the map are 32 survey respondents who chose not to identify their jurisdiction by name. Fortunately, most of these jurisdictions did identify their size and other demographic characteristics, and answered the substantive survey questions, so their responses are included in the total of number of responses to specific questions. The first map indicates participating cities, the second participating counties. The size of the participating jurisdiction is indicated by color-coding.

CITY PARTICIPANTS



## COUNTY PARTICIPANTS



## Participant Demographics

A total of 195 survey responses were received and 24 interviews were conducted. The following table shows the number of cities and counties that participated in the process. However, as noted above, 32 survey respondents did not identify their jurisdiction by name.

*Table 2 – Breakdown of participating jurisdictions by city vs. county*

	Number	Percentage
Cities	127	65%
Counties	37	19%
Other or Unidentified	33	16%
TOTAL	197	100%

**Size.** The respondents represented a broad size diversity based on population.

*Table 3 – Breakdown of participating jurisdictions by size*

	Number	Percentage
Population under 25,000	41	21%
Population of 25,001-100,000	73	37%
Population of 100,001-500,000	41	20%
Population of 500,001-1,000,000	8	4%
Population over 1,000,000	7	3.5%
TOTAL	197	100%

The Local Filings Alternatives Analysis Team recognizes that population is an imperfect indicator of size in regard to campaign finance filings. Based on information from several sample counties, we estimate that a large jurisdiction may have four or five times the population of a small jurisdiction, but process only two to three times the number of filings. This is the result of several factors, including that the number of campaigns conducted in a given jurisdiction is not based on population, but on the number of elected offices, which has less variance between large and small jurisdictions.

*The number of elected offices in the City of Los Angeles is 18, including 15 City Council members; in San Francisco the total is 17 including 11 Council members; most smaller cities have between 5 and 9 elected officials.*

Taking into consideration the limitations of population as a basis for determining the relative size of local jurisdictions, the survey also asked respondents to indicate the number of filings processed annually by their jurisdiction. As shown in the table below, the vast majority of survey respondents process fewer than 1,000 filings annually.

*Table 4 – Volume of Local Filings*

<b>Filings Processed by Local Jurisdictions</b>	<b>Number</b>	<b>Percentage</b>
Less than 1,000 filings annually	163	83%
1,001 or more filings annually	6	3%
No Response	28	14%
<b>TOTAL</b>	<b>197</b>	<b>100</b>

However, the total number of filings processed annually is not an effective measure, due to several factors. For example:

- Annual volume fluctuates significantly, with major increases in election years. In most jurisdictions elected positions are held for 4 years, and elections may either be staggered (a portion of the Board of Supervisors, for example, coming up for election every 2 years) or all local elected positions may be on the ballot every four years. In non-election years, the campaign finance filing workload is far less. Thus, many smaller jurisdictions do not have a staff resource dedicated to processing campaign finance filings, but during the peak periods in election years all staff in the filing officer's domain may be called upon.
- Most jurisdictions' filing volume includes more than just campaign finance filings – they also process the Statement of Economic Interest (Form 700) or other financial disclosure forms. Many also handle filings for dozens of other entities that have elected positions (e.g. school boards and other special districts such as fire, water, etc.). Some counties process filings for cities within their jurisdiction. A relatively small number of survey respondents (15 percent) also have responsibility for lobbying filings in their jurisdiction.
- Approximately 20% of participating jurisdictions indicated that they have enacted campaign finance filing requirements beyond those of the state. These include data requirements (e.g. additional information fields on forms, additional forms), as well as process requirements (e.g. additional filings, such as a third filing period during the election cycle).

*Nevada County handles filings for three cities and approximately 30 special districts, Humboldt for nearly 80 districts. Santa Clara County only processes countywide filings (elected offices and ballot measures).*

## 4. Results and Findings

This section presents the following information:

- 4.1. Overall Survey Results.** Presents the responses to survey questions from all respondents.
- 4.2. Segmented Survey Results.** Presents the survey responses segmented as follows:
  - By size
  - Cities vs. counties
  - Jurisdictions utilizing e-filing vs. paper-based systems
- 4.3. Interview Themes.** Presents a summary of the recurring themes from the local jurisdiction interviews as well as the comments entered into survey responses.

### 4.1 Overall Survey Results

This section presents survey data from all respondents. The questions represented in this data focus on:

- The jurisdiction’s level of interest in data sharing or system integration.
- Perceived benefits of participating in such a system.
- Perceived technical hurdles or barriers.

#### *Interest in Data Sharing or System Integration*

Survey respondents were generally receptive to the concept – in theory – of sharing data or integrating with a statewide filing system. The question “*Please indicate your jurisdiction’s level of interest*” for each of the specified alternatives resulted in the responses shown in the table below.

*Table 5 – Level of Interest in data sharing and/or integration*

Interest in the Three Approaches	Not at all Interested	Slightly Interested	Neutral	Somewhat Interested	Very Interested
Sharing data on a “batch” basis	11%	9%	37%	17%	23%
System collects data continuously from local jurisdictions’ systems	11%	9%	24%	24%	30%
Centralized e-filing system receives and processes local filings	13%	6%	21%	18%	39%

For the various alternatives, the combined responses of “*somewhat interested*” and “*very interested*” ranged from 40 to 57 percent. Thus, roughly half of all respondents indicated a

level of interest in a statewide system of some type. Based on additional information gathered in interviews, these survey responses are more complex than they initially appear:

Virtually all interviewees support the greater transparency and accountability that could be achieved through a system that would offer statewide reporting of campaign finance information (from both the state and local filings). However, few of the interviewees in city/county clerk offices could think of a significant benefit to their own office's functions of this aggregated statewide data.

Regarding a statewide e-filing system, most interviewees were concerned that developing such a system may be technologically infeasible and/or cost-prohibitive. Almost all indicated that, as a practical matter, their jurisdiction would be unlikely to participate if it would increase their workload or operational costs, or would compromise the level of customer service provided to their local filers. Jurisdictions that currently use e-filing systems indicated that a statewide system would need to provide the same or better features and customer service as private vendors' systems, while costing the same or less.

### *Potential Benefits of a Statewide System*

Two survey questions provide further evidence that local jurisdictions see the potential benefits that might be achieved through either statewide data sharing or a centralized statewide e-filing system. The first question provided a list of potential advantages that could result from a statewide data sharing system – that is, a system that would collect data from local jurisdictions and makes it available to the public. Respondents were asked to identify the potential benefits that would be the highest priority to their local office. The table below shows the items that were selected by respondents as “*somewhat a priority*” or “*a high priority*.” Respondents were asked to mark all of the potential benefits identified by their office, without ranking them.

*Table 6 – Priorities among potential advantages of a statewide system*

Potential Advantages of Data Sharing	Somewhat a Priority	A High Priority	Total
Standardized and validated reporting	23%	41%	64%
A more consistent user experience	23%	41%	64%
Improved access to campaign information	28%	29%	57%
Improved transparency of campaign data statewide and across jurisdictions	32%	8%	40%

The second question provided a list of potential benefits from a centralized statewide e-filing system (e.g. one that would receive and process campaign finance filings). The table below indicates how many respondents selected each of the items.



*Table 7 – Benefits of combining local filings into a statewide e-filing system*

Potential Benefits of a Centralized e-Filing System	Number	Percentage
Improve public access to data	92	70%
Increased data transparency	79	60%
Eliminate paper filings	77	58%
Consistent user experience	76	57%
Centralized maintenance of system	72	54%
Reduce manual processes	67	51%
No specific benefits identified	30	23%

### *Perceived Barriers to a Statewide System*

While clearly perceiving the potential benefits of a statewide system, survey respondents also identified potential barriers to the development of such a system. The following table shows that each of the listed items was identified by more than half (between 53 and 73 percent) of respondents as “*somewhat a barrier*” or “*a major barrier*” to a statewide system.

*Table 8 – Potential barriers to a statewide system seen as somewhat or a major barrier*

Potential Barriers to a Statewide System	Somewhat a Barrier	A Major Barrier	Total
Cost of data sharing	29%	44%	73%
Local staffing capacity	35%	32%	67%
Technological compatibility	35%	26%	61%
Loss of local control	34%	24%	58%
Data conversion	34%	22%	56%
Data standardization and validation	33%	21%	54%
Local jurisdictions’ technology capabilities	30%	23%	53%

## 4.2 Segmentation by Jurisdiction Type and Size

This section segments the overall survey responses presented in the previous section. It analyzes responses according to three different types of local jurisdictions:

- Cities vs. counties
- Small vs. medium vs. large jurisdictions
- E-filing vs. paper-based jurisdictions

### Segmentation 1: Cities vs. Counties

**Interest in a Statewide System.** The survey question regarding the level of interest in a statewide system listed three alternative approaches to developing such a system. The following table compares cities and counties responses of “*somewhat interested*” and “*very interested*” regarding each alternative.

Table 9 – Cities vs. counties interest in the three alternative approaches to a statewide system

Interest in the Three Approaches	CITIES	COUNTIES
Sharing data on a “batch” basis	43%	34%
System collects data continuously from local jurisdictions’ systems	58%	44%
Centralized e-filing system receives and processes local filings	65%	43%

The above table reveals that:

- On the whole – looking at the responses regarding all three types of systems – the cities show a higher level of interest than the counties in the concept of a statewide system.
- Among cities, 65 percent prefer a centralized e-filing system, whereas only 43 percent of counties expressed being somewhat or very interested in that approach.

In the interviews with cities and counties, the consulting team explored this question in detail, discussing each alternative and the reasons their jurisdiction might be interested in it. Through these discussions it became clear that one reason cities have a higher level of interest in a statewide system, particularly the third option, is that very few currently have e-filing systems. (This is corroborated by the data presented below regarding e-filing vs. paper-based jurisdictions.) Interviewees explained that they saw the third option as potentially providing them an e-filing system at little or no cost, since they anticipated that the state would develop and operate it.

**Potential Benefits of a Statewide System.** The following two tables present potential advantages and benefits identified by cities vs. counties. The first table presents the advantages that were listed in the survey for a statewide data sharing system. The numbers and percentages show how many cities vs. counties rated the given item as “somewhat a priority” or “a high priority” advantage of a statewide data system.

*Table 10 – “Somewhat or high priority” potential advantages of a statewide data collection system*

Potential Advantages of Data Sharing Selected as Somewhat or a High Priority	CITIES		COUNTIES	
	Number	Percentage	Number	Percentage
Standardized and validated reporting	64	67%	13	56%
A more consistent user experience	66	69%	11	40%
Improved access to campaign information	55	57%	14	64%
Improved transparency of campaign data statewide and across jurisdictions	59	61%	16	70%

The second table presents the potential benefits of a centralized statewide e-filing system, and how many cities vs. counties selected each item. Again, respondents marked all items they considered potential benefits, without ranking them.

*Table 11 – Potential benefits of combining local filings into a statewide e-filing system*

Potential Benefits of a Centralized e-Filing System	CITIES		COUNTIES	
	Number	Percentage	Number	Percentage
Improve public access to data	70	71%	18	67%
Increased data transparency	63	64%	13	48%
Eliminate paper filings	61	62%	13	48%
Consistent user experience	59	60%	14	52%
Centralized maintenance of system	61	62%	9	33%
Reduce manual processes	53	54%	10	37%
No specific benefits identified	24	24%	7	26%

The above two tables indicate that each of the potential advantages/benefits was identified by more than half of the cities; counties varied more widely but each item was selected by at least one-third of the counties.

***Perceived Barriers to a Statewide System.*** From the list of potential barriers in the survey, the following table presents which were selected as “*somewhat a barrier*” or “*a major barrier*” by cities and counties.

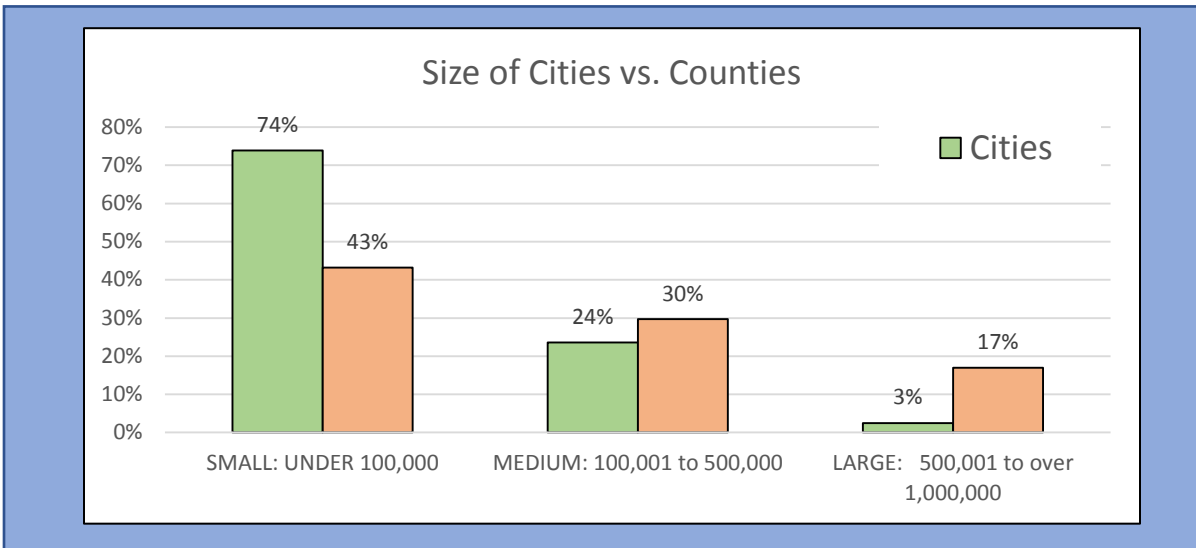
*Table 12 – Potential barriers to a statewide system seen as somewhat or a major barrier*

Potential Barriers to a Statewide System Selected as Somewhat or a Major Barrier	CITIES		COUNTIES	
	Number	Percentage	Number	Percentage
Cost of data sharing	74	75%	18	67%
Local staffing capacity	63	64%	19	70%
Technological compatibility	62	62%	16	58%
Loss of local control	53	54%	20	72%
Data conversion	57	57%	15	56%
Data standardization and validation	55	56%	14	52%
Local jurisdictions’ technology capabilities	51	52%	16	58%

As shown in this table, all of the potential barriers were selected by more than 52% of the respondents (whether they represented cities or counties). Among cities, the most-cited was “cost of data sharing,” selected by 75 percent of city respondents. Among counties the most-cited was “loss of local control,” which was identified as a barrier by 72 percent of county respondents.

## Segmentation 2: Small vs. Medium vs. Large Jurisdictions

For context, it is helpful to look at the difference in size of the respondent cities and counties. As shown in the bar graph below, 74 percent of cities report that their population is under 100,000; in contrast, the majority of the counties (57 percent) report populations over 100,000. The following graph indicates the percentage of cities and counties in each of the three categories: small, medium, and large.



The following table further breaks down the number and percentage of cities and counties in each of the three categories that will be used to segment the survey data on the following pages.

Table 13 – Size of cities vs. counties

Local Jurisdiction Size	CITIES		COUNTIES	
	Number	Percentage	Number	Percentage
<b>SMALL: UNDER 100,000</b>	<b>90</b>	<b>73.9%</b>	<b>16</b>	<b>43.2%</b>
Population under 25,000	34		5	
Population of 25,001-100,000	60		11	
<b>MEDIUM: 100,001 to 500,000</b>	<b>30</b>	<b>23.6%</b>	<b>11</b>	<b>29.7%</b>
<b>LARGE: 500,001 to over 1,000,000</b>	<b>3</b>	<b>2.5%</b>	<b>10</b>	<b>17.0%</b>
Population of 500,001 -1,000,000	2		4	
Population over 1,000,000	1		6	

**Level of Interest in the Approaches.** The following two tables segment the responses of small, medium, and large jurisdictions regarding their level of interest in the three approaches to a statewide system. The first table presents the percentage of small, medium, and large jurisdictions that indicated being “*not at all*” or “*slightly*” interested.

*Table 14 – Jurisdictions not at all or slightly interested in the approaches to a statewide system*

Percentage of Jurisdictions Not at All or Slightly Interested	Small	Medium	Large
Sharing data on a “batch” basis	14%	27%	50%
System collects data continuously from local jurisdictions’ systems	16%	18%	67%
Centralized e-filing system receives and processes local filings	14%	17%	50%

The second table presents the percentage of small, medium, and large jurisdictions that indicated being “*somewhat*” or “*very*” interested.

*Table 15 – Jurisdictions somewhat or very interested in the approaches to a statewide system*

Percentage of Jurisdictions Somewhat or Very Interested	Small	Medium	Large
Sharing data on a “batch” basis	52%	41%	25%
System collects data continuously from local jurisdictions’ systems	60%	68%	25%
Centralized e-filing system receives and processes local filings	63%	72%	33%

**Potential Benefits of a Statewide System.** The following two tables present potential advantages and benefits identified by respondents. The first table focuses on a statewide data collection system and the potential advantages that were rated as either a “*somewhat*” or “*high*” priority by small, medium, and large jurisdictions.

*Table 16 – Potential advantages of a statewide data collection system seen as somewhat or high priority*

Advantages of <u>Data Sharing</u> (Somewhat or High Priority)	SMALL		MEDIUM		LARGE	
	Number	Percentage	Number	Percentage	Number	Percentage
Standardized validated reporting	37	67%	21	64%	4	53%
More consistent user experience	36	65%	22x	66%	3	43%
Improved access to information	34	61%	20	62%	4	53%
Improved transparency of campaign data statewide	33	60%	23	68%	5	70%

The second table presents the number and percentage of jurisdictions that selected each of the potential benefits of a centralized statewide e-filing system.

Table 17 – Potential benefits of combining local filings into a statewide e-filing system

Potential Benefits of a <u>Centralized e-Filing System</u>	SMALL		MEDIUM		LARGE	
	Number	Percentage	Number	Percentage	Number	Percentage
Improve public access to data	43	71%	24	70%	6	67%
Increased data transparency	37	64%	22	65%	5	58%
Eliminate paper filings	36	62%	21	62%	4	42%
Consistent user experience	32	55%	26	76%	5	58%
Centralized system maintenance	33	57%	20	59%	5	58%
Reduce manual processes	34	59%	16	47%	2	33%
No specific benefits identified	12	21%	16	18%	26	33%

**Perceived Barriers to a Statewide System.** The following table presents the potential barriers listed in the survey, and which were selected as “somewhat a barrier” or “a major barrier” by small, medium, and large jurisdictions.

Table 18 – Potential barriers to a statewide system seen as somewhat or a major barrier

Barriers to a Statewide System: “Somewhat or Major” Barriers	SMALL		MEDIUM		LARGE	
	Number	Percentage	Number	Percentage	Number	Percentage
Cost of data sharing	40	71%	25	73%	5	70%
Local staffing capacity	30	52%	13	39%	6	90%
Technological compatibility	31	54%	21	61%	6	67%
Loss of local control	26	46%	15	45%	7	93%
Data conversion	30	52%	16	47%	7	84%
Data standardization and validation	28	48%	21	63%	5	64%
Local jurisdictions’ technology capabilities	29	50%	13	40%	2	33%

### Segmentation 3: E-Filing vs. Paper-based Jurisdictions

Of the 195 total survey responses, 44 indicated that they use an e-filing system (about 23%).

The following table compares e-filing and paper-based jurisdictions' responses to the survey question regarding their level of interest in three alternative approaches to a statewide system.

- For all three alternatives, the “not at all” or “slightly” interested responses constitute roughly 20 percent for both cities and counties.
- The level of “somewhat” or “very” interested responses differs. Jurisdictions with e-filing systems are most interested in the second alternative; paper-based jurisdictions prefer the third.

Table 19 – E-Filing vs. Paper-based interest in the three alternative approaches to a statewide system

Interest in the Three Approaches	E-FILING		PAPER-BASED	
	Not at all or Slightly Interested	Somewhat or Very Interested	Not at all or Slightly Interested	Somewhat or Very Interested
Sharing data on a “batch” basis	20%	36%	19%	41%
System collects data continuously from local jurisdictions' systems	28%	52%	18%	54%
Centralized e-filing system receives and processes local filings	28%	40%	16%	66%

**Potential Benefits of a Statewide System.** The survey included two questions regarding potential benefits of a statewide system. The following table presents responses regarding a statewide data sharing system – the number and percentage of jurisdictions that rated each of the potential advantages as either “somewhat a priority” or “a high priority.”

Table 20 – “Somewhat or high priority” potential advantages of a statewide data collection system

Potential Advantages of Data Sharing Selected as Somewhat or a High Priority	E-FILING		PAPER BASED	
	Number	Percentage	Number	Percentage
Standardized and validated reporting	13	54%	57	69%
A more consistent user experience	12	50%	57	69%
Improved access to campaign information	17	71%	45	54%
Improved transparency of campaign data statewide and across jurisdictions	18	76%	51	61%



The following table presents the responses to the second question – the number and percentage of e-filing and paper based jurisdictions that selected each item from a list of potential benefits of a centralized statewide e-filing system.

*Table 21 – Potential benefits of combining local filings into a statewide e-filing system*

Potential Benefits of a Centralized e-Filing System	E-FILING		PAPER BASED	
	Number	Percentage	Number	Percentage
Improve public access to data	17	68%	63	71%
Increased data transparency	16	64%	55	62%
Eliminate paper filings	8	32%	61	69%
Consistent user experience	12	48%	52	58%
Centralized maintenance of system	9	36%	55	62%
Reduce manual processes	5	20%	57	64%
No specific benefits identified	7	28%	19	21%

***Perceived Barriers to a Statewide System.*** The following table presents the potential barriers listed in the survey, and which were selected as “*somewhat a barrier*” or “*a major barrier*” by e-filing and paper based jurisdictions.

*Table 22 – Potential barriers to a statewide system seen as somewhat or a major barrier*

Potential Barriers to a Statewide System Selected as Somewhat or a Major Barrier	E-FILING		PAPER BASED	
	Number	Percentage	Number	Percentage
Cost of data sharing	17	68%	69	77%
Local staffing capacity	15	60%	60	66%
Technological compatibility	17	68%	55	60%
Loss of local control	14	56%	53	59%
Data conversion	17	68%	51	56%
Data standardization and validation	14	56%	48	54%
Local jurisdictions’ technology capabilities	8	35%	53	59%

### 4.3 Interview Themes

The following eight statements summarize responses that were expressed most frequently by interviewees and in survey comments.

#### *1. Local jurisdictions support the concept of a statewide data set.*

All interviewees recognized that a statewide data set including local filings would be beneficial to stakeholders such as the FPPC, good government organizations, the media, and/or the public. However, even when pressed, few of the city/county clerk's offices were able to identify significant benefits or advantages to the local jurisdictions themselves.

#### *2. Local jurisdictions would participate in a statewide system under certain conditions.*

Filing officers of jurisdictions already using e-filing conveyed a willingness to consider integrating with a statewide system, as long as the following conditions were met:

- No reduction in the level of customer service provided to their local filers.
- No additional cost to utilize the statewide system, and many expressed that there would need to be significant cost savings for their office.
- No additional tasks or workload for local filing officers and their staff.

Paper-based jurisdictions indicated that a statewide system would need to reduce staff workload, and they would not be interested if it cost more or offered fewer features than systems available from private vendors.

#### *3. Local jurisdictions value their current e-filing systems.*

Many of the local filing offices interviewed use an e-filing system. Some implemented their systems as early as 2001; others are currently transitioning. The majority of interviewees use the NetFile system (14 out of 17), while the remainder use SouthTech or chose to build their own system. For those jurisdictions that have fully implemented e-filing systems utilizing an established vendor, the following themes were expressed consistently:

- Regardless of which vendor, respondents are very satisfied with their e-filing systems. They spoke highly of the vendors' responsive customer service to the jurisdiction's staff and to filers.
- When Alexan probed for limitations of the current systems, respondents reported no specific limitations and that the systems are meeting or exceeding expectations.

*"They [the vendor] know more about the filing process and forms than our staff. They are extremely helpful to our filers because they are so knowledgeable."  
- An e-filing jurisdiction*

- In addition to the high level of customer service provided, interviewees identified the following other benefits of the systems:
  - Less burden on local jurisdictions for assisting filers, manual redaction of information, and fielding requests from media, the public, and other stakeholders for campaign finance information (because it is available online). Many of the filing officers interviewed worked in their offices when the transition from paper-based to e-filing occurred, and indicated that the workload of their staff has been reduced as a result of implementing the electronic filing system, most importantly during their busiest time when elections are taking place.
  - According to interviewees, filers find e-filing is user-friendly and provides them the needed guidance to fill in the information required. They noted that this is especially important for grassroots candidates or those running for office for the first time. Filing officers indicated that their vendors will do short trainings for new filers and bring local filers up to speed when a local office migrates over to that vendor's e-filing system. No need for ongoing training was identified. Feedback from both professional treasurers and grassroots candidates to local jurisdictions has been positive and offices report that there are fewer mistakes or miscalculations with the electronic filing system.
  - Local media and the public are reportedly happy with the data accessibility that e-filing systems provide. There is a public-facing, searchable interface that provides access to information about candidates and their campaign financing. Filing officers stated that this accessibility virtually eliminates data requests in their office from the public or media.

#### *4. Offices using paper filing are more interested in integration than data sharing.*

Local filing officers did not generally express a need to have access to a statewide canonical dataset for their own use. While recognizing the overall benefit to the public of greater transparency and access to campaign finance information, they expressed concern that establishing a statewide data repository might increase costs and/or workload for local jurisdictions, with little offsetting internal benefit to the jurisdictions themselves.

- Paper-based jurisdictions expressed that a statewide e-filing system could potentially provide them with an e-filing system while avoiding the burden of selecting and implementing one on their own. They did not anticipate any ongoing reduction in their staffing level, since campaign finance filings represent a small portion of their small staff's workload. The primary benefit would be a greater ability to handle the peak workload during election cycles. Thus, implementation of an electronic system ranks low on the priority list in their office and in the city/county budgeting process. For some, even a modest expense (\$5,000-10,000 per year) is prohibitive.

### *5. Local jurisdictions with additional filing requirements have concerns.*

At least 120 local jurisdictions, including some of the larger cities and counties, have enacted local requirements for additional filings. These include:

1. Additional data – for example, requirements to submit additional data beyond that specified on state forms.
2. Additional processes – for example, requirements to provide additional filings or meet additional filing criteria.

Concerns expressed by local jurisdictions with additional filing requirements include:

- A statewide system would presumably be considered by users as the “one-stop” source for statewide information, even if it excluded additional data per local filing requirements. Filers and consumers using the system might be unaware of these additional local requirements and the information the local jurisdiction provides. Considering the investment they have made in adopting ordinances and policies, processing information, and presenting more robust data to stakeholders, they would not welcome a statewide system that did not include this important aspect of the service they provide.
- If a statewide system were designed to accommodate the additional filing requirements, the system would need to be updated regularly to reflect changes to local requirements. Local jurisdictions are concerned that a statewide system might not be updated promptly, thus would not provide up-to-date information to local filers and stakeholders.

### *6. Local jurisdictions are already working to accommodate several statewide initiatives that require fundamental changes to their business processes.*

Several statewide initiatives are underway that affect local campaign filing processes. These initiatives reduce the time and resources available in local jurisdictions to coordinate with the SOS on implementation of a statewide filing system.

- **VoteCal.** Local jurisdictions are adapting to the implementation of VoteCal, and anticipate further changes as some features of VoteCal are implemented in the future (e.g. centralized distribution of documents to voters).
- **Vote Centers.** Per the Voter’s Choice Act, the state is moving forward with establishing “vote centers” in pilot counties. Beginning in 2018, 14 counties are allowed to conduct elections using this model; all other counties will be allowed to conduct Voter’s Choice Act elections beginning in 2020.
- **Motor Voter.** Per AB 1461, the Department of Motor Vehicles (DMV) and SOS are establishing a new California Motor Voter Program, which will use DMV transactions to automatically register any person who is qualified to vote unless that person opts out of registration. Initial implementation is projected to take place in April 2018.

### *7. Local jurisdictions are concerned about local responsibilities and control.*

Local offices expressed the importance of maintaining local control, and concern whether integration into a statewide system would mean that some or all local jurisdictions' functions and responsibilities for local filing would transfer to the state. They noted that integrating local filings into a statewide system would potentially require redefinition and clarification of roles, legal authority and responsibility, and business process rules for both the state and local jurisdictions. Filing officers generally do not want to transfer their local filing responsibilities to the state; they want to continue to be a resource and provide support to local filers as well as consumers of campaign filing data.

### *8. Local jurisdictions are leery of potential cost and workload increases.*

Most interviewees that use e-filing systems surmise that it would not be overly difficult for their electronic data to be shared in a common statewide data set. However, the vast majority of jurisdictions are paper-based or, if e-filing, may still accept paper filings in some instances. Thus, interviewees utilizing both e-filing and paper-based systems expressed significant concern regarding how information from paper records would be entered into a statewide canonical data set; fearing that local jurisdictions would incur increased costs, workloads, or both. Additionally, local filing officers expressed resistance to manually entering data from paper records into a statewide system on behalf of local filers, seeing this as outside of their role and responsibility.

## **Summary of Interview Findings**

Interviews with local jurisdictions showed that there is shared agreement on the value of more transparency and access to information by providing "one stop" access to local campaign finance data for the public, the media, and good government organizations. While generally supportive of the idea in concept, there are significant concerns about the feasibility of developing and operating it, the functionality such a system would provide to various users (filers, local jurisdictions, data users, etc.), and potential increases in costs and/or workload for local staff and filers. Without knowing how a system would perform, local officials would be unlikely to participate in its development or commit to using it. However, most of the local officials interviewed would be willing to participate in discussions with SOS about the design and development of a statewide system to further refine the concept, explore options, and assess feasibility. Some also expressed that, were a system to be developed, they would be interested in participating in piloting its implementation.

*"A statewide system would need to be beneficial for everyone—the filer, the state, the counties, and the data users. It would have to be a really amazing system to get the buy-in."*

*- An interviewee*

## 5. Two Alternative Approaches to a Statewide System

### 5.1 Overview

The purpose of the Local Filings Alternatives Analysis project is to conduct an analysis that “identifies the feasibility and alternative methods of including local filings in the statewide [CARS] system, and prepare a comprehensive analysis (i.e. issue paper) on the range of possible scenarios for including those local filings in the current CARS Project.”

From the standpoint of developing an automated system, the local campaign finance filing process is rife with complexity and complicating factors, many of which go beyond technological challenges into the realms of policy, the role of state and local government, funding for capital projects and ongoing system operation, etc. The following are a few examples of the complexities that would need to be accommodated in developing a statewide system.

- Many counties and a few larger cities utilize e-filing systems, unlike most of the smaller or medium-sized jurisdictions that are paper-based. The statewide system would need to work with or replace existing local e-filing systems. It would also need to address the lack of technology and technical support in most of the 540 jurisdictions that only process paper filings.
- About one-third of local jurisdictions have enacted ordinances establishing local filing requirements in addition to those mandated by the state.
- Many local jurisdictions process campaign finance filings for other jurisdictions, primarily school boards and other special districts; some do not.
- In some areas of the state, there are substantial limitations on electronic systems. For example, rural areas may have little wireless service and thus be reliant on dial-up technology. Many jurisdictions report that a notable segment of the population – including some local filers – have limited computer literacy and may not have ready access to a computer, raising issues of equal access.

One of the primary purposes of the Local Filings Alternatives Analysis was to obtain ideas from local jurisdiction regarding how a statewide system could work – that is, how it would operate in day-to-day use. As noted in the previous section, the survey presented three possible approaches for local jurisdictions to become part of a statewide system:

- Share a standardized dataset with a statewide system on a periodic (“batch”) basis.
- Connect their local office to a statewide data collection system that obtains data continuously from local jurisdictions’ systems.
- Integrate into a statewide centralized e-filing system that receives and processes state and local filings.

The survey asked respondents to suggest any other approaches they could imagine that would create a statewide system. No additional approaches were suggested. Then, in the interviews with local jurisdictions, the consulting team probed for ideas that might constitute a different approach. Surprisingly, the result was not an additional approach, but collective agreement that the first two approaches described in the survey were so similar as to be fundamentally the same.

*“We didn’t see the difference between option 1 and option 2 as significant. It’s just two ways of doing the same thing – collecting data in batches, or collecting data continuously.”*

*- An Interviewee*

As a result of this feedback, this report combines the first two of the three approaches presented in the survey, resulting in two distinctly different approaches:

**Alternative A: A Statewide Data Collection and Reporting System.** The system would collect local jurisdictions’ data into a combined statewide data set (either through “batch” submissions or through continuous electronic data uploading from local systems). The information would be provided on a “single source” website.

**Alternative B: A Centralized Statewide e-Filing System.** The system would receive and process campaign finance filings for both state and local jurisdictions. The information would be provided on a “single source” website.

These two approaches are described further in the table below. The subsequent section analyzes the advantages and disadvantages of the two alternative approaches.

## 5.2 Analysis of the Two Alternative Approaches

The following pages present the following information regarding each option:

1. A Description of the Concept
2. Possible Implementation Variations
3. Key Advantages
4. Key Issues and Considerations
5. Stakeholder Perspectives
6. Business and Technical Risks and/or Issues
7. High-Level Cost Estimates

## *ALTERNATIVE A: A Statewide Data Aggregation and Reporting System*

### *1. Concept*

A state-level electronic system would collect data from local jurisdictions and aggregate it with data collected by SOS into a single statewide data set. This would be made available via a comprehensive web portal developed as part of the CAL-ACCESS Replacement system. Presumably SOS would be responsible for the design, development, implementation, maintenance, and updating of the electronic system. Local filers would continue to file their forms through local jurisdictions, which would continue to serve as the System of Record.

### *2. Implementation Variations*

The following are some of the variations that could be implemented either as part of a phased development or as the long-term design of the system.

- A1. *Data could be collected only from the 58 counties.*** This would significantly reduce the number of jurisdictions and systems that would need to be accommodated in the data collection system. Also, many counties have e-filings systems, so by including only counties, the number of local jurisdictions participating in the system that utilize a paper-based process would be much smaller than if cities were included. This would somewhat simplify the development and management of the system. However, data from the 482 cities would be excluded from the system, falling short of the “single source” objective.
- A2. *Data could be collected only from local jurisdictions that utilize an e-filing system.*** This approach could greatly simplify the process of data collection by minimizing the number of paper filings that would need to be digitized. The statewide system would only need to interface with a small number of e-filing systems – a few developed by private sector vendors (e.g., NetFile, SouthTech) and a few developed by local jurisdictions (e.g., the City of Los Angeles and the County of Los Angeles).
- A3. *Participation could be voluntary.*** The system could be implemented with participation being voluntary instead of mandated. In this scenario, the state would work with a limited number of local jurisdictions that were motivated to develop a statewide system, essentially as a proof of concept. It would, like the variations described above, fall short of the “single source” objective.
- A4. *Additional data collected by local jurisdictions could be included.*** As noted previously, 120 local jurisdictions have enacted ordinances requiring filers to either submit additional data or to adhere to additional rules governing the filing process. A statewide data set could be designed to include the additional information provided as a result of these local filing requirements.



### 3. *Advantages*

The statewide data aggregation and reporting system provides a number of advantages as compared to Alternative B. Some pertain more directly to local jurisdictions' concerns; other advantages pertain to the state in its role of developing and operating the system.

The following advantages of this approach address local jurisdictions' concerns regarding local control and responsibility.

- Local filers would continue to file with the local jurisdiction, which would provide customer service and assistance to those filers.
- The local jurisdiction would continue to be the system of record.
- If the statewide data aggregation and reporting system functioned automatically with little or no action required locally, it would:
  - Be seamless for local jurisdictions and filers
  - Require minimal staff time for local jurisdictions
  - Improve access to statewide information for users of the data

The following advantages center around less complexity and thus greater feasibility of developing and operating the system. For example:

- The statewide system would not become the system of record.
- The statewide system would not be used by thousands of local filers to e-file their campaign finance information.
- The statewide system would be less complex to design, develop, and implement. Thus, it would cost less and be able to be deployed more rapidly as compared to Alternative B.

### 4. *Issues and Considerations*

While the concept of aggregating and reporting data from local jurisdictions may seem relatively uncomplicated, in reality there are many complicating factors. For example:

- Local paper filings would need to be digitized and aggregated statewide. This would be costly and require significant effort, involving hundreds of local jurisdictions.
- The system would need to communicate with at least five commercial and locally-developed e-filing systems, requiring a common data architecture, security measures, and communication protocols. This would be the case not only at the outset, but as local jurisdictions modified their e-filing systems or implemented new systems in the future.
- Governance methods would need to be established for keeping the data consistent between the system of record and the consolidated data set. Changes to data in the system of record (e.g. updates to information, error corrections, etc.) would have to be communicated by the local jurisdiction to SOS and periodic evaluation would be needed to ensure ongoing data accuracy.

- The majority of the 540 local jurisdictions are small, and among those, many of the filing offices have limited staff resources, technology and technical support. A statewide system that required them to implement new technology could be very problematic for both the state and these filing offices.
- For the first three implementation variations listed above (A1-A3), the statewide system would contain only a portion of the statewide data. This would fall short of the goal of providing a “single source” for state and local campaign finance information, and depending on its limitations, might prove to be of limited usefulness.
- Regarding implementation variation A4, if the system did not include additional information collected by local jurisdictions per locally-adopted requirements, this too would fall short of providing a single source for statewide information.

## 5. Stakeholder Perspectives

- Most local jurisdictions expressed clearly that they would not welcome a statewide system that increased either their costs or workload, or compromised their level of customer service to local filers.
- Local jurisdictions that do not have e-filing systems foresaw difficulties if they were required to convert paper filings to digital format in order to make the data available for collection and aggregation by the statewide system.
- The issue of additional local filing requirements presents major concerns for some jurisdictions. At least one jurisdiction regularly adds information and improves how data is presented on their website, and most jurisdictions make changes from time to time. They question whether a state-operated system would make these changes in a timely manner on behalf of the 120 local jurisdictions that currently have additional requirements. On the other hand, were this local data and more comprehensive reporting excluded from the statewide system, it would represent a loss to data users. In addition, it would most likely incite opposition from local elected officials and offices that have invested substantial capital and ongoing effort in order to provide this more complete information.
- Many local filing officials were skeptical that the state would be able to develop a statewide data aggregation and reporting system, given the complexity and cost.

*“A statewide portal would be considered the “single source,” but would exclude our additional data and broader range of information. Having a link to our website would not be effective – most users don’t click on links, especially if they had to go to several or possibly dozens of local websites.”*

*- An Interviewee*

## 6. *Business and Technical Risks and/or Issues*

### Security

Bringing data from multiple local systems into a statewide system on an ongoing basis creates a persistent exposure to potential threats. In addition to scrupulously maintaining its security posture, SOS would need to implement processes to quarantine incoming data to verify its integrity before loading into the production data set. Given the purpose of the system and the data it contains, SOS may experience an increase in intrusion activity (attacks from outside the organization) and potentially even misuse (attacks from within the organization). SOS would need processes and tools such as an Intrusion Detection System (IDS) and a Security Information and Event Management (SIEM) system that enable:

- Monitoring and analyzing both user and system activities
- Analyzing system configurations and vulnerabilities
- Assessing system and file integrity
- Recognizing patterns typical of attacks
- Analyzing abnormal activity patterns
- Tracking user policy violations

### Data Quality

Because the local jurisdiction's data would exist in a minimum of two places, the source system and the SOS consolidated system, there is the possibility that the information may differ. This could be due to edits being applied in local jurisdiction data without sending updates to SOS, errors in transmission, or errors in the methods/tool used to consolidate the data. This would create inaccuracies in the SOS data set that would affect the credibility of the information. A process for ongoing data quality monitoring and issue resolution would be needed to maintain consistency between the two data sets, and SOS might need to consider auditing the data set on a periodic basis to ensure confidence in the data.

### Data Normalization

Data normalization involves making data names, types and scaling of incoming data consistent with the destination system. Most of this alignment is achieved during the Extract-Transform-Load (ETL) process, which effectively pulls data from one source, mapping or modifying it as necessary, then loading it to the destination system. Because there are multiple electronic systems in use in the local jurisdictions, there is potential that data names, types, and scaling may differ. This could be especially problematic if paper-based jurisdictions take an even wider variety of approaches to converting their data. Establishing a formal, common data format and data-field definition for use by local jurisdictions could overcome the problem.



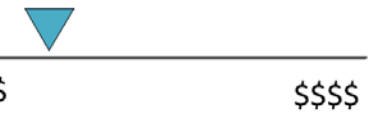
## 7. High-Level Cost Estimates

The parties most affected by Alternative A would be SOS and paper-based jurisdictions.

- SOS would likely see the highest costs relative to local jurisdictions. The state would presumably bear most or all of the cost of designing, developing, and operating the centralized data aggregation and reporting system. Complexities that would contribute to project costs are the need for establishing the common format for data sharing, establishing and operating the quarantine environment, data quality management, and roll-out support and ongoing help desk support for local jurisdictions submitting data.
- Paper-based jurisdictions, which would incur costs for implementing a conversion process and for ongoing paper-to-digital conversion processes, would likely see higher costs relative to electronic jurisdictions. Costs to local jurisdictions using an e-filing system would likely be lower because their data would be extracted from their electronic system in the common format and provided to SOS. Costs incurred would likely include changes to and occasional updating of the local e-filing application.

The following chart summarizes the relative cost factors for SOS, local jurisdictions using paper-based approach, and jurisdictions using an e-filing system.

*Table 23 – Relative cost of this alternative to SOS and local jurisdictions*

Stakeholder	Relative Costs to Stakeholders	One Time and Ongoing Costs
SOS		Establishing and maintaining the common data format Developing and maintaining the extract-transformation-load routine Establishing and operating the quarantine environment Data quality validation Audits Help desk support
Paper-Based Jurisdictions		Establishing and maintaining paper-to-digital conversion process and technology Data conversion and validation Submittal of data sets
Jurisdictions with e-Filing		Development and maintenance of the extraction routine Data extraction and validation Submittal of data sets

## ALTERNATIVE B: A Centralized Statewide e-Filing System

### *1. Concept*

A statewide electronic campaign finance filing system would receive and process campaign finance filings for both state and local jurisdictions. The aggregated data would be provided through a web portal as part of the CAL-ACCESS Replacement system. This would achieve the goal of “one-stop shopping” for state and local campaign finance filing information.

Presumably the state would be responsible for the design, development, implementation, maintenance, and updating of the centralized electronic filing system. Local filers would submit their filings via a web interface; the statewide system would be the System of Record for this data. As compared to Alternative A, the system would:

- Require local jurisdictions not just to upload data, but to implement and maintain an IT system that processes all local filings. The vast majority of local jurisdictions (primarily small-to-medium sized cities and counties) have minimal technology support.
- Need to provide “help desk” support not only to 540 local jurisdictions, but also thousands of local filers who would utilize it to file their campaign finance information.

If the state were to develop this centralized statewide e-filing system, it would logically include a mandate for all jurisdictions to adopt electronic filing (via the state system only, or including e-filing systems from private vendors). A voluntary system might only be adopted by a few local jurisdictions, in which case there would be little benefit to the state in developing the system. Even if the system were provided at no cost to local jurisdictions, the outreach conducted in this project indicates that many would opt out (given other priorities and the required commitment of staff time to participate in a statewide system).

### *2. Implementation Variations*

The following are some of the variations that could be implemented either as part of a phased development or as part of the long-term design of the centralized statewide e-filing system.

**B1. *The statewide system could involve only the 58 counties.*** As with Alternative A, this variation would significantly reduce the number of jurisdictions that would need to be accommodated in the design, development, and operation of the system. This is particularly significant for Alternative B, given that local filers would be using the system to enter their information. This variation would eliminate data from most of the local jurisdictions (they do not currently have an e-filing system), and would eliminate the advantage of providing their filers an e-filing system.

- B2. *The statewide system could either be an option in addition to existing e-filing systems, or replace them altogether.*** The statewide system could be mandated, thus replacing all other systems. Or, local jurisdictions could be offered three choices: the statewide system, commercially available systems (e.g. NetFile, SouthTech), or a locally-developed system. In this case the statewide system would essentially compete with the private sector options. Also, the statewide system would need to aggregate data from the other systems – it would be a hybrid of Alternative A and B, with most of the complexities and issues related to both.
- B3. *Requirements enacted by local jurisdictions could be included.*** This variation would be even more problematic than in Alternative A, because the system would need to include local requirements in the e-filing portal. As local jurisdictions changed their requirements, the statewide system would need to implement these changes very rapidly in order for filers to be in compliance with local ordinances.

### 3. Advantages

Alternative B provides the following advantages (as compared to Alternative A):

- Because local jurisdictions currently using e-filing systems report significant improvement in accuracy and consistency of data, a statewide e-filing system would certainly increase the accuracy and consistency of information submitted by local filers across the state.
- All local jurisdictions would utilize an e-filing system, providing advantages to both local filing offices and local filers.
- If the statewide system were mandated for all jurisdictions, replacing other e-filing systems, filers across the state would utilize a single system, which could potentially simplify the task of educating filers and providing technical support.

### 4. Issues and Considerations

- If participation were mandatory, the State would take responsibility for developing a system for use by 540 jurisdictions and thousands of filers. This would require:
  - Addressing the need for some local jurisdictions to upgrade their computing infrastructure to accommodate the system's requirements.
  - Understanding and staying current with the evolving business, technical, and security requirements of 540 jurisdictional entities, each with its own internal interests and dynamics.
  - Timely and effective communication between SOS and local jurisdictions to ensure that user accounts are established, maintained, and terminated promptly.
  - Training staff in the local filing offices, including in hundreds of small jurisdictions whose staff most likely have never used an electronic filing system.

- Providing help desk support to local users – jurisdiction staff as well as filers.
- Strong testing and validation disciplines, especially with regard to regression testing to ensure changes made to accommodate a particular jurisdiction’s needs does not impact other jurisdictions.
- If e-filing was mandatory but local jurisdictions could select from a variety of systems, including commercially available or locally developed, the state would still take on the above responsibilities for all jurisdictions that opted to use its system. Also, providing statewide data would require developing and maintaining an interface that would, as in Alternative A, aggregate data from multiple systems.
- Incorporating additional requirements enacted by local jurisdictions would be so cumbersome and problematic as to be beyond realistic consideration.

## 5. Stakeholder Perspectives

- As noted in Alternative A, most local jurisdictions would not welcome a statewide system that increased either their costs or workload. A statewide e-filing system has the potential to reduce the workload in local filing offices in the long run, but would require staff time for initial implementation as well as upgrades to the jurisdiction’s technology.
- Most local filing officials were skeptical that the state would be able to develop, implement, and support a statewide e-filing system, given the complexity and cost.

## 6. Business and Technical Risks and/or Issues

### Security

Adding 540 local-jurisdiction accounts to the CAL-ACCESS Replacement system – as well as thousands of local filers – would require SOS to be especially diligent in Identity and Access Management (IAM). Creating accounts with the minimum privileges necessary, monitoring accounts and activities for anomalies, and deleting accounts quickly when access is no longer needed would require that SOS have close contact with the jurisdictions to ensure accounts are updated as staffing changes occur. As with Alternative A, given the purpose of the system and the data it contains, SOS may experience an increase in intrusion activity (attacks from outside the organization) and potentially even misuse (attacks from within the organization). SOS would need the same processes and tools for Intrusion Detection and Security Information and Event Management as listed for Alternative A.

### System Availability

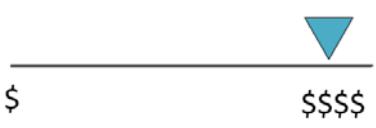
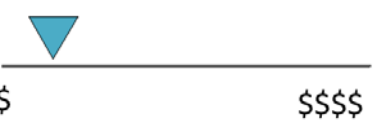
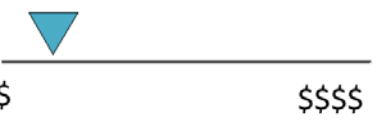
As the central system for e-filing, unplanned system outages would have a significant impact on local jurisdictions’ business operations and local filers. SOS’ internal business continuity plan and technology recovery plan would have to take these needs into consideration and be especially responsive during peak periods of activity.

## Expanded SOS Role and Responsibilities

In this alternative, SOS effectively becomes a Software-as-a-Service (SaaS) provider, being responsible for the local filings application, its implementation and operation, and the underlying infrastructure that would be required. SOS as currently structured and staffed does not have the resources necessary to meet these requirements. Significant additional staffing and technological expertise would be required to meet the service level expectations of local jurisdictions, provide timely and effective help desk services to jurisdictions and filers, and accommodate variance in data and process needs for 540 jurisdictions and thousands of filers. Given the concerns expressed by jurisdictions regarding loss of control and the high level of satisfaction with current e-filing systems, there is potential for low customer satisfaction if SOS cannot perform to the expectations of local jurisdictions and their filers.

### *7. High-Level Cost Estimates*

In this alternative, SOS is by far the most affected stakeholder. Because it is taking on the role of Software-as-a-Service provider, SOS is responsible for planning, developing, operating, maintaining a system that meets the needs of up to 540 jurisdictional entities. As such, its costs would be highest relative to other stakeholders. Paper jurisdictions and current electronic jurisdiction that migrate to the SOS system would have a low cost (for seat licenses) relative to other stakeholders, as they would simply become users of the system.

Stakeholder	Relative Costs to Stakeholders	One Time and Ongoing Costs
SOS		Design, development, implementation, maintenance, and user support IAM, IDS and SIEM processes, tools, and support System availability / redundancy Training Help desk support
Paper-Based Jurisdictions		Creation and maintenance of paper-to-digital conversion process Data conversion and validation Submittal of data sets
Jurisdictions with e-Filing		Development and maintenance of the extraction routine Data extraction and validation Submittal of data sets



## 6. Summary Recommendation and Rationale for Selection

### 6.1 Recommendation: Alternative A

Based on the information collected in the survey and interviews, as well as Alexan's technical analysis of potential complexities and costs, it is recommended that the state consider Alternative A, a statewide data aggregation and reporting system. In moving forward to develop such a system, it will be necessary for SOS to take a thoughtful and vigilant approach, as is required in developing any large system involving multiple entities.

### 6.2 Rationale for Selection





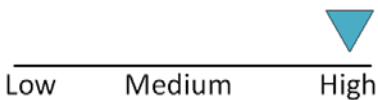

To develop a statewide system that would provide a "single source" for state and local campaign finance information, there is no approach that is simple, fast, and inexpensive. Both Alternative A and B would be very complex, requiring SOS to contract with a system development vendor with a high level of technical expertise and depth of experience developing systems involving large numbers of government entities.

In determining the most feasible approach to developing a statewide system, it is helpful to consider the state's past experience developing systems involving multiple entities. In recent years, the state has successfully completed numerous smaller projects and a few larger ones through at least the first planned phase, if not several phases. However, particularly among the larger projects involving multiple organizations, projects have proved to be unexpectedly costly, often exceeding initial cost estimates significantly, and problematic.

In selecting the recommended approach from the two alternatives described above, Alexan applied the following as the primary criteria. Note that the numbering is for convenience in referring to the criteria and it is not a ranking of priority.:

1. Potential functionality and benefits of the system.
2. Feasibility of developing the system, including complexity, the technical capabilities and capacity required for development, required level of collaboration with local jurisdictions and their level of technology support, and cost.
3. Feasibility of system operation, including cost and relative simplicity of providing ongoing maintenance, system integrity and security, upgrades as required, and user support.

The following chart compares the advantageous qualities per the three criteria on a scale of low, medium, and high.

Criterion	Alternative A	Alternative B
1. Potential functionally / benefits		
2. Feasibility of development		
3. Feasibility of operation		

Of the two alternatives, Alternative A is far the more practical, both in terms of initial development and ongoing operation. Thus, Alexan recommends that the state further explore the first alternative – a data aggregation and reporting system. This recommendation also reflects the following consideration:

- The vast majority of local jurisdictions are paper-based. The first alternative would require them to develop a process for providing data to the statewide system, which would involve implementation of technology and staff training that would be costly and cumbersome. However, this would be less cumbersome and costly than the second alternative, which would require them to install and operate an e-filing system (not only would staff in the 540 jurisdictions need to be trained to use the system, thousands of local filers would also have to be brought up to speed and provided ongoing help desk support).
- The second alternative, a centralized statewide e-filing system, would require 58 counties and 482 cities to work together to develop and maintain a complex automated system. Historically, the state has often struggled to develop systems involving just the 58 counties. The second alternative would add 482 local jurisdictions, presenting a significant challenge in both development and deployment that would likely exceed the state's financial resources and stretch its technological capacity to the limits.

The first alternative –a data aggregation and reporting system – is the less complex and costly system to develop and implement. It will nonetheless be a complex and costly system to design, develop, implement, and operate.

### **6.3 A Measured Approach to Development and Implementation**

The following outlines an example of the thoughtful and vigilant approach Alexan recommends if the state decides to move forward in developing a statewide system that includes local campaign finance information.

1. Confer with stakeholders, including local jurisdictions, filers, good government groups, the media, and others to understand in greater detail:
  - The functions and features of a statewide system that would be either essential or desirable to them.
  - The level of conceptual support and participation the state could anticipate from each stakeholder group in developing a system that provided most or all of their essential features and some of the desirable ones.
  - What, if any, aspects of a statewide system would be considered “deal breakers” if they were, or were not, included (e.g., additional information required by local jurisdictions beyond the state-required data set).
  - Whether local jurisdictions would willingly contribute some level of effort and funding to the development and operation of such a system.
2. Assemble a technical project team to develop system specifications and the documentation required by state protocols for approval of such a system, including cost and timeline estimates.
3. Outline a scenario for system development that would be phased, for example:
  - (a) Develop a system that would collect and aggregate information from local jurisdictions, beginning with a pilot program involving 4-6 counties that are well established in the use of an e-filing system. In parallel, develop and test a methodology for enabling jurisdictions that are paper-based to participate in the statewide system.
  - (b) Based on the pilot, revise the system and expand it to additional counties.
  - (c) Once the system is operational in the counties, assess expanding it to the cities.
  - (d) Consider development of a complete statewide e-filing system.
4. Develop a detailed project plan and proceed with the first phase of system development.

## 7. Appendices

### Appendix A – Excerpts from Relevant Legislation

#### *Senate Bill 1349, 2017 Cal. Stat.*

In September of 2016, the Governor approved SB 1349. This bill directs the SOS to develop and deploy an online, data-driven filing and disclosure system to replace the current CAL-ACCESS system that is ready for use no later than February 1, 2019, with a potential extension to December of 2019. Specifically, SB 1349 calls for a solution that:

“To the extent feasible, is compatible with potential future capability to accept statements from filers specified in subdivisions (b) to (e), inclusive, of Section 84215” [Local Filers]. SB 1349 also requires the SOS to: “No later than December 31, 2017, submit a report to the Assembly Committee on Elections and Redistricting and the Senate Committee on Elections and Constitutional Amendments that includes a plan for the online filing and disclosure system, describes how members of the public will be able to query and retrieve data from the system, and includes a plan for integrating statements as specified in clause (iv) of subparagraph (A) of paragraph (1)” [Local Filers].

Public Records Act of 1974 (as amended), Clause (iv):

*“To the extent feasible, is compatible with potential future capability to accept statements from filers specified in subdivisions (b) to (e), inclusive, of Section 84215.”*

Public Records Act Section 84215, subdivisions (b) to (e):

*“(b) Elected officers in jurisdictions other than legislative districts, State Board of Equalization districts, or appellate court districts that contain parts of two or more counties, candidates for these offices, their controlled committees, and committees formed or existing primarily to support or oppose candidates or local measures to be voted upon in one of these jurisdictions shall file the original and one copy with the elections official of the county with the largest number of registered voters in the jurisdiction.*

*(c) County elected officers, candidates for these offices, their controlled committees, committees formed or existing primarily to support or oppose candidates or local measures to be voted upon in any number of jurisdictions within one county, other than those specified in subdivision (d), and county general purpose committees shall file the original and one copy with the elections official of the county.*

*(d) City elected officers, candidates for city office, their controlled committees, committees formed or existing primarily to support or oppose candidates or local measures to be voted upon in one city, and city general purpose committees shall file the original and one copy with the clerk of the city and are not required to file with the local elections official of the county in which they are domiciled.*

*(e) Elected members of the Board of Administration of the Public Employee's Retirement System, elected members of the Teacher's Retirement Board, candidates for these offices, their controlled committees, and committees formed or existing primarily to support or oppose these candidates or elected members shall file the original and one copy with the Secretary of State, and a copy shall be filed at the relevant board's office in Sacramento. These elected officers, candidates, and committees need not file with the elections official of the county in which they are domiciled."*

## **Appendix B – Interview Guide**

Instructions for interviewers: Interviews should take into consideration information previously gathered from local jurisdictions from the survey instrument. This guide is designed to be semi-structured and unscheduled to allow for flexibility in the interview.

For localities with electronic filings:

- 1) *Describe the process for filing on your system from the user perspective.*
- 2) *Cost of the current system in terms of staffing, technology, vendor support, etc.?*
- 3) *What are the advantages of your current system?*
- 4) *What are the limitations of your current system?*
- 5) *What kind of aggregate data do you collect and make available to the public?*
- 6) *What are your current priorities in making data more accessible/transparent?*
- 7) *What do you think about providing data to a statewide data collection system for aggregation of local data? Pros and cons?*
- 8) *What are your thoughts about integrating all of your local filings into a statewide system? Pros and cons?*
- 9) *How interested is your office in participating further with the Secretary of State on a pilot of statewide data integration?*

For localities without electronic filings:

- 1) *Describe the process for filing on your system from the user perspective.*
- 2) *Have you attempted automation for filings previously? If so, what were the issues and challenges?*
- 3) *Is your office in the process of trying to automate its filings? If so, what are the options under consideration?*
- 4) *What are the costs of your current system for filing in terms of staffing, help desk support, etc.?*
- 5) *What are the advantages of your current system for filings?*
- 6) *What are the limitations or challenges to your current system for filings?*
- 7) *Do you make aggregate data available to the public?*
- 8) *What are your current priorities for data collection, aggregation, and accessibility to the public?*
- 9) *What are your thoughts about participating with a statewide system for data collection and aggregation? How do you see your office's capacity to share data with a statewide system?*
- 10) *What are your thoughts about migrating all of your filings into a statewide system? What are your ideas for how this might be accomplished?*
- 11) *What do you see are the pros and cons of integrating into a statewide system?*
- 12) *How interested is your office in participating further with the Secretary of State on a pilot of statewide data integration?*

