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SECRETARY PADILLA: Good morning everybody. Thank you very much for your patience. In case you have not heard, there was a flight delay out of Burbank this morning, but we made it nearly on time. So with a little bit of a minute to catch my breath and update some notes here, we’re ready to begin. So thank you all for joining us this morning and for your interest in the next generation of Cal-Access.

For those who may not know, my name is Alex Padilla, and it’s my privilege and honor to serve as your Secretary of State. And I’m going to run through some background, and that’s just an overview of the hearing, introduction of the folks up on the dais here with me.

But why we’re all here today. I think we can all agree that building a new system is long overdue. As users of Cal-Access, you’re no doubt familiar with the frustrations, with the limitations and with the instability of the current system. But equally important, as stakeholders, each of you has a critical role in this essential project. We’re here to hear from
you, gather your ideas on things like what features and functionality should be a priority of a new system? What would be your preferred data entry methods? How do you envision moving forward -- moving from a report-based system that we have currently to a data-driven system? And many other questions and issues.

But fundamentally, I believe your input is important if we’re going to achieve a new system that is the utmost benefit to the users and to the press and to the public, and certainly to the legislature, by the way.

So this meeting, and a previous meeting that was held just this last Friday in Los Angeles, is fulfilling the public outreach requirements required in Senate Bill 1349. Our purpose today is to listen, to hear your opinions, and to understand the features and functionalities you believe are the most important and to get a sense of your priorities. I want to stress that we are here to listen and to document your comments and within the time and budget limitations that we have, do our best to build a system that serves you well.

I do want to make the introductions of
the folks that are up on the stage with me. To my far left and to your right is Mary Wray, who is Acting Division Chief of our Political Reform Division. To my right is Christine McKenzie, who leads our Project Management Office and will be acting, also, as our timekeeper today. I’ll get to those rules in a minute. And I want to introduce Samantha Brown -- I don’t think it’s Samantha.

Oh, okay, Samantha Brown, how are you? And, sir, your name?

COURT REPORTER: Kent Odell.

SECRETARY PADILLA: Oh, Kent, you’re helping with the AV. Samantha’s helping with some court reporting?

MS. BROWN: Speaker cards.

SECRETARY PADILLA: Speaker cards. So if you’re interesting in speaking and offering your suggestions today, Samantha Brown is the person to talk to, but we do have a court reporter, who is taking notes and recording this meeting for the records.

We also have with us Jodi Remke from the FPPC, who many or all of you know, as well, certainly a key stakeholder in all of this. And
we’ve undergone the visioning part of all of this jointly, so thank you, Jodi, for joining us here this morning.

We have allotted two hours for this hearing. However, we will be flexible. If there are great ideas being shared and substantive recommendations being made, I won’t cut you off too quickly. We are asking folks to consider three minutes for making their comment when you come forward. And again, if you haven’t done so already, please complete a speaker card and submit it to make sure that we call you forward and give you an opportunity to share your thoughts, your suggestions, your recommendations.

If you have lengthier comments to make or background to share, we do invite you to submit written comments. You can provide it to us here today, or you can also email it. We’ve established a dedicated email address, prdcars@sos.ca.gov. It probably appears right over my head here, prdcars@sos.ca.gov. And we’ve also set up a site on our webpage where you can follow the project and receive status reports, www.sos.ca.gov/cars-updates.

So that’s sort of the overview of how the
hearing is going to function today.

Let me, before turning it over to Jodi for a few words, as well, just give us all a refresher course on how we’ve gotten here today.

Going back to 1974 when California voters overwhelmingly approved Proposition 9, the Political Reform Act of 1974, which required the disclosure of campaign contributions and expenditures, and to regulate state lobbying activity. Now the act was amended in 1997 by the Online Disclosure Act, a measure that paved the way for electronic and online submission of campaign lobbying disclosure information over the internet. Believe it or not, it was pretty new back then. And there were two primary objectives for this, for the act and for the amendment, number one, to provide greater public access to important information and, number two, to gradually eliminate paper filings of campaign finance and lobbying activity statements and reports.

The Online Disclosure Act led the Secretary of State to develop and deploy a public website called the California Automated Lobby Activity and Campaign Contribution and Expenditure
Search System. Say that ten times real fast. And so Cal-Access was deployed in 1999. And by 2001 the current reporting systems, Cal-Online and Cal-File format were installed.

And since 1999, the earlier of Cal-Access development, more than 1.2 million filings have been processed. Over the last four elections cycles alone, the Political Reform Division has averaged approximately 97,000 campaign and lobbying filings in election years and in non-election years, averaging about 61,000. Three dozen different forms are now used to report committee or lobbying entity type and activity, so clearly, a tremendous amount of load on a system that has aged.

Let’s go to the next slide.

Cal-Access was built on what is now very old technology. The current campaign finance and lobbying activity filing process is a paper file transfer protocol online hybrid model that is inefficient, to say the least, relies often on manual processes, has duplicate efforts, suboptimal data quality and reporting that, frankly, doesn’t meet stakeholder needs well anymore.
Technologically, Cal-Access is a suite of applications developed in 13 programming languages. It runs on a server cluster and associated components that are more than 15 years old, and runs on an uncommon version of the UNIX operating system called Tru64. It’s not nimble and it’s not elegant. And I think we’ve referred to it previously and accurately as a Frankenstein monster of outdated code.

So recognizing the system obstacles, our office, in 2015, partnered with MapLight and the Irvine Foundation to deploy Power Search, an open-source search tool for campaign contributions that improved the standard search functionality. The search tools allows for easier search across campaign committees, measures and contributions. We continued the partnership in 2016 when we launched MapLight’s Independent Expenditure Search Engine on our website, and followed that up last year by the Quick Guide to Props, a great tool for tracking campaign finance information for the many propositions that appeared on the November ballot.

While these tools have helped us keep Cal-Access alive and helpful to the public, our endgame has always been a new system. Users,
business groups, the legislature, the government organizations, journalists, the FPPC and staff have all supported a replacement system. And last year we began the preplanning process for a replacement of Cal-Access. And in September of 2016 the legislature passed and the Government signed Senate Bill 1349 which calls for the development of a new data-driven online filing and disclosure system. And that begins to bring us to today.

As we look at Senate Bill 1349 -- go on to the slide -- the legislation called for a few things, including consultation with the Assembly Committee on Elections and Redistricting, the Senate Committee on Elections and Constitution Amendments, the FPPC, users, filings, vendors and other stakeholders in a public meeting to gather comments.

It also calls for the design, development and implementation of an online filing and disclosure system that is user-friendly, that permits easy, free upload or data entry, and is data-driven rather than form-driven and facilitates public searches of the data. A system that permits future compatibility with local
campaign finance data, as well, and I know several of you are here to talk about that. And we all have a target implementation date in early 2019. That will be here before we know it.

So before starting the public comment period of today’s hearing, I do want to afford, Jodi, you an opportunity to say a few words as you open.

SECRETARY PADILLA: Sure.

MS. REMKE: Thank you. I’ll just be brief. I just want to thank the Secretary and his staff for undertaking this enormous project. It is a critical and important project.

As the Secretary mentioned, everyone in this room has been talking about the need for a new statewide online filing system for years. And I’m excited that we are now in the process of getting that up and running.

Obviously, over the years we see the impact of the current system which really has, unfortunately, impeded change in a lot of the areas we hope to gather more information, increase transparency, so this, again, is critical for that. It needs to be a user-friendly system that pushes out information. As I often say, in
California we have some of the strongest laws and toughest disclosure. So it’s not about gathering more information, it’s about putting the information we have out in that user-friendly format.

So not only will we increase transparency through the new system, the FPPC’s point of view is it will help us with our core functions, including enforcement. This will make all of that much easier, much easier to trace money, find noncompliance and the like.

So again, I’m excited to be here. And our agency is prepared to do whatever we can to assist in this process, and with the Secretary. So thank you and we’re excited to hear what you have to say.

SECRETARY PADILLA: Great. Thank you.

So at this point we want to turn the mikes over and hear your comments. A reminder, again, if you want to address us, please submit a speaker card. We’ll call your name. Mary will be calling your name, so we’d ask that you’d come forward to the podium here that’s been set up and, again, if you can keep your remarks to about three minutes. I’ll be a little bit flexible, depending
on how substantive and qualitative we are. But I invite you submit lengthier remarks and suggestions, either by -- you can submit them today, or you can email them to the email address that has been set up.

I mentioned that Christine is also going to serve as our timekeeper today, and think soccer. At the end of about two minutes, she’s going to flash a yellow card, all right? That’s your sign that you have one minute left. At the end of three minutes there’s a red card and you will be escorted out of the stadium, actually you can go back to your seat and listen to the rest of the hearing. But that red card means the three-minute mark has been reached and we’d ask you to kind of wind it down.

So with that being said, let’s call the first contestant on The Price Is Right.

MS. WRAY: Okay, Boss.

The first contestant is Loren “Skippy” Williams from MapLight.

SECRETARY PADILLA: Come on down. There you go.

And as you’re turning the mike on, do you want to call the next name or two so you can --
MS. WRAY: LeeAnn Pelham from San Francisco Ethics Commission, come on down.

SECRETARY PADILLA: All right, so we’ll give you over to the mike when you’re ready to go.

MS. WILLIAMS: Mike check? Super. Good morning, Mr. Secretary. My name is Skippy Williams from MapLight. Thank you for the kind words and for the opportunity to address you on this very important project. Out of respect for time, we will be submitting most of our testimony in written form. But we do want to draw attention to a point that we feel is especially important.

Before doing that, for anybody in the audience, we do this sort of work, and we may have other things available before 2019. So if you are interested, please come see me and we can talk about our other written comment and give you a chance to weigh in on our MapLight projects when those come forth.

But getting back to the project at hand, I feel that it’s very important that we ask you to require that the new system be released in an open-source license. I want to make the point by using Cal-Access as an example.

State-of-the-art today will be inadequate
20 years from now; laws change, technology changes, and needs change. You will no doubt find something very shortly after launch that you would have changed if you could turn back time and do it all over again. One of the few laws in software is you never get it perfect the first time.

Your plan could be to live with what you get, wait another 20 years and replace it all, or you could resist that and not look at this as a one-time expense, despite budgeting pressures that may come. California doesn’t build roads without planning to repave them, and we don’t abandon buildings when the first drain overflows. Software deserves the same planning, and open-source is a really key part of this maintenance.

If you release the software as open-source, you will have a lower cost. Imagine in the converse what would happen if a system is built entirely by a contractor who holds sole power to modify the software. When you need to make a change, will the vendor offer the lowest possible rate to the people of California out of the goodness of their hearts? They will not. Will California’s best and brightest have the chance to make competing proposals and offer
cheaper solutions? They will not. But they would
if the software was freely available for them to
review and modify. It’s a certain way to save the
state money, and it’s the right thing to do. The
people of California are paying for the software
and they deserve to own it.

In addition, open-source software would
be a gift to cities and counties, who would adopt
it for free and modify it for their own specific
needs. We see this as a path for Cal-Access to
achieve its greatest potential, not just one
innovative step but a path that guides the entire
state towards innovation in money and politics
disclosure.

Thank you for your time. And thank you
for committing to improve transparency in this
very important field.

SECRETARY PADILLA: Thank you. Thank you
very much.

MS. WRAY: LeeAnn Pelham, San Francisco
Ethics Commission, followed by Kim Alexander.

MS. PELHAM: Thank you, and good morning.
It’s good to see you, Mr. Secretary. Good to see
you again. And we appreciate the distinguished
panel and the opportunity to provide comment on
behalf of the San Francisco Ethics Commission.

This 15-year Cal-Access and the Cal-
Format have, obviously, a very large impact on
local filing authorities. We share our
recommendations in a letter that we have submitted
to your staff this morning and posted on our
website.

As an agency with a strong history of
advocating for improved online public access with
significant experience implementing the Political
Reform Act and local laws, a filing officer and an
enforcement agency, and with the unique experience
of having been both the developer of an in-house
system, as well as a client of a software as a
service, or software as a service - SaaS, agency
system, with that the first-hand knowledge of both
the benefits and the challenges of attempting to
do that development of each type of system. And
also as an agency that’s been aggressively
pursuing delivering information in ways that the
public is looking to receive and conceive that
information.

We offer three recommendations. I want
to just highlight them briefly and, as I said, our
written comments, flesh them out a bit further.
But first, we believe that it’s important to closely engage stakeholders in meaningful design planning to ensure that the effective -- that the system provides effective public disclosure. We urge you to implement a meaningful stakeholder engagement process that would develop clear goals, clear objectives and clear outcomes for what the improved Cal-Access system will deliver.

Knowing what we are attempting to build, clearly, is important to being able to build it. And it’s -- we want to avoid, as you referenced earlier, something being simple the next-generation Frankenstein. So we think this is a process of engaging candidates who use this system, local filing authorities, technology vendors who have been using the system, and members of the public and media who are using mobile apps, data visualization and other ways of consuming information that provides it meaningfully to the public. We don’t think this needs to be a lengthy process, but we do think it’s critical to ensuring the ultimate success of the program.

We also think the program needs to be
modernized, moving from the form-based system to a
data-driven system. We know that the data-driven
system provides less complexity, it provides more
flexibility, and it removes constraints to policy
development, administration and enforcement.

Finally, as to how to deliver this, that
really is the big elephant in the room. And as
Chair Remke noted, many conversations over many
years have gone into how we can deliver an
improved Cal-Access process. In short, our view
is that we need to change our paradigm. We need
to deliver a modernized Cal-Access system with a
business model that’s sustainable over the long
haul. We should be looking at parsing out pieces
of the project so that the best vendors or
agencies and staff who can deliver certain
components have the opportunity to do that. We
may need to look at other ways of delivering
projects, whether it’s in-house development
combined with adopting a software service model.

We know these are challenging issues, but
we believe that there are people in the building
and people in the state who can make it happen.
And we very much appreciate your leadership on
this issue moving forward. And we look forward to
further discussions with you.

Thank you.

SECRETARY PADILLA: Thank you very much.

Good to see you again.

MS. WRAY: Kim Alexander from California Voter Foundation, followed by Nicolas Heidorn, California Common Cause.

MS. ALEXANDER: Good morning. Thank you for this hearing. I’m Kim Alexander with the California Voter Foundation. We’re online at calvoter.org. We have written comments that we submitted this morning via email. And they’re also on our website, so anyone who would like to read them can see them there now.

I wanted to share a story about my first experience using California’s disclosure forms. I was a college student at UC Santa Barbara and we were in the midst of the divestment campaign to get the University of California to divest from South Africa. And I used the UC Regent’s Conflict of Interest statements to find out that several of them held stock in the companies we were asking them to divest from. And that information got reported in the Los Angeles Times. And they had to recuse themselves from voting and the
So it was an incredibly empowering experience for a young California student at UC Santa Barbara, and set me on a path of making a career out of promoting transparency of money in politics in California. I’m happy to say that that included leading the effort, among other people in this room, to get the law passed in 1997 that catapulted California to the forefront of online disclosure. We’re now somewhat in the rear because we’ve been at it for so long. So I really welcome this opportunity to think it through again, and the leadership here, particularly from Chair Remke and Secretary of State Padilla.

I want to echo the comments from MapLight and say that we, too, want to see a different platform. Fortunately, the Secretary of State, I think, can particularly understand the value of that, given your engineering background and understanding of technology. And the L.A. Voting Systems Assessment Project might provide a good model that you could emulate in that process.

We have extensive comments, so I’m just going to hit on some of the highlights. We would like to see the new system be beta tested with a
variety of users before it goes live, and not just
people who are casual -- I’m sorry, not just
journalists and experts, but also people who are
casual users and people with limited internet
experience.

We’d like to see Cal-Access be better
integrated with the Secretary of State’s other
information services, like the Voter Information
Guide, like the Certified List of Candidates, and
like the initiative tracking page, which are all
organized through the Elections Division and
aren’t currently married up with the content
coming from the Political Reform Division. So
we’d like to see some stitching together of those
resources, and that’s detailed in our letter.

We’d also like the Secretary of State and
FPPC to coordinate on statements of economic
interest and make those more apparent when people
look up campaign finance data. And also with leg
counsel, to make sure that bills can be accessed
through lobbying disclosure statements so people
can actually see, when they look at lobbying
disclosure statements, what actual legislation is
being lobbied. And all this information is
online. We’ve just to go stitch it together for
people.

I also want to highlight, we’ve done a lot of work with many people in this room to ensure voters can easily access top ten donors lists, and that’s something we need to continue to work on and make sure that that information is consistent across all platforms, whether it’s FPPC, Secretary of State, the app, the web, we need the same content going out.

So I invite you to read our written comments for more, and appreciate your listening today. Thank you.

SECRETARY PADILLA: Thank you very much.


MR. HEIDORN: Good morning.

SECRETARY PADILLA: Good morning.

MR. HEIDORN: Nicolas Heidorn with California Common Cause. We were part of the coalition proponents in favor of SB 1349. And we’re incredibly excited about the prospect of having a new Cal-Access which will help filers, which will help the public. So this is a wonderful start to this process and we’re very excited about what’s to come.
I wanted to talk specifically about the lobbying side of Cal-Access. We are going to be submitting written comments with more detailed items that we’d like to see included. But I wanted to offer some high-level comments, just on three elements that we think need to be looked at.

First is the idea of adaptability -- we want to make sure this is a system that can be adapted as we go forward -- have interconnectivity, similar to what Kim Alexander talked about, and usability, also for the filer, the public and third parties. And let me give a little bit more detail on each.

So first, adaptability. One of the big problems that we’ve seen with Cal-Access is its limitation on adding new fields. So the FPPC, about a year ago, added some wonderful new disclosure categories for the other payments of interest field. But unfortunately what should have been either a radial button or a dropdown to indicate what type of category of OPI spending this was, it couldn’t be done with the current Cal-Access system. So that information had to be loaded into a name and address field, I believe. And there was a lot of little workarounds within
our current Cal-Access because of that.

You’re, of course, going to fix this with the new Cal-Access. But the important thing is you need to create a system that going forward has the ability to add fields and add subfields in an easy way. Because as was mentioned by the representative from MapLight, we’re going to come up with other things, better ways to display it, and we’re going to need that adaptability to the system.

The next thing I want to talk briefly about is interconnectivity. I very much agree with the comments of Kim Alexander. When we talk about disclosure within the state, we’re actually talking about a lot of related fields that kind of have connections. So, for example, the campaign finance information, on lobbying forms you have to indicate your campaign finance activity. If you’re a lobbyist employer, you should be indicating your FPPC number, and there should be an easy way that the user can click from that information, their lobbying information, to get over to the campaign finance side of things.

We also think interconnectivity can help the filer. So the FPPC puts forward wonderful
manuals on how to fill out these forms. When you
look at the actual hardcopy form, it has
descriptions of what you’re supposed to be doing,
but that’s not present on Cal-Access. So the
ability of having a user who has questions about
what they’re supposed to be filling out quickly
link back to those resources would be a wonderful
example of interconnectivity.

The last thing I’ll just mention for
lobbying forms, we do mention the bills we lobby
on. And having an ability to link to those bills,
because a voter won’t just know what a bill number
means, would be useful.

Lastly, on the usability side, we think
for the public, having some form of summary
information will be incredibly useful. The use of
graphs makes it easier for the public to
understand those materials, so we’d encourage you
to look at that.

I also want to talk about, briefly,
searchability by field. A lot of users are going
to want to see things like who are the lobbyist
employers who spend over X amount and be able to
search like that, where they don’t necessarily
know what they’re searching, or they’ll say I want
to find out who lobbied on this bill, so making sure that the searchability isn’t just by name or by interest but you have a way that people can actually find information they might be looking for.

And simply on the last part with the filer, I’m sure you’ll hear a lot of this today, but there’s a lot of automation that could be done to make filers lives a lot easier, and we hope that that will be included, as well.

Thank you.

SECRETARY PADILLA: Thank you very much.

MS. WRAY: Gavin Baker, followed by Katie Talbot.

MR. BAKER: Hi. Good morning. I’m Gavin Baker with California Common Cause. Thank you, Secretary Padilla and Chair Remke, for the opportunity to comment today. And we appreciate all your efforts to modernize Cal-Access. My colleague discussed the lobbying side, so I’ll focus on the campaign-finance side of Cal-Access.

And both the disclosure and the filing components, we think there are real opportunities to make it more user-friendly, more data-driven, and provide better transparency and a better user
experience.

For instance, on the disclosure side, we look forward to having more summaries and graphical displays of information in the new Cal-Access system, such as a list of the largest donors to a candidate. And we would suggest that the Secretary’s Office could look to California’s local Ethics Commissions, as well as to the Federal Election Commission, to see some of the features that are already being offered by other colleague agencies in this area.

One thing in particular that I’d like to suggest is that the new system provide a way for users to search and browse judicial candidates, all of whom currently file electronically with the Secretary of State, provided they’re above the monetary threshold. But there’s no particular way in the current Cal-Access system to find judicial candidates in the way that you can find candidates who are running for assembly or the Board of Equalization or for governor.

And I would hope that in the new system, when you are browsing a list of donors or recipients, when you’re looking at one filing and there is an ID for the committee that was the
donor or the recipient there, that you would be able to simply click on that ID number and go directly to the filings that that committee has made in order to get more information about who that donor or recipient is.

And as the Secretary mentioned in the opening, one of the things that the bill calls for and that we really look forward to is to having Cal-Access evolve into a statewide database of filings, regardless of wherever they’re currently filed so that the public can find this data on a statewide level and, for enforcement purposes, that the agencies, including the FPPC, will be able to search through all of this data and have it electronically available, rather than having to deal with paper filings.

On the filing side, I think a lot of the principles that Mr. Heidorn mentioned, as well as Ms. Alexander mentioned, in terms of integrating the instructions from the forms and the FPPC manuals directly into the filing system so that users can have a little bit more background about what exactly they’re supposed to be doing, providing more features that auto-fill and auto-sum totals, rather than making the user do the
math manually, and providing more opportunity to
save draft statements in the system with the
ability to return to it later, rather than just
one at a time, and offering electronic
correspondence so that committees can have access
to everything electronically that they may have
received from the Secretary’s Office, rather than
only on paper.

So thank you for your consideration, and
we look forward to continuing working with you on
this project.

SECRETARY PADILLA: Thank you very much.
Next speaker.

MS. WRAY: Katie Talbot from KTXL Fox40,
followed by Jim Heerwagen, Voters Right to Know.

MS. TALBOT: Good morning. Thank you so
much for having me here today.

One thing that I’d like to see is a more
user-friendly platform in terms of mobile devices.
Right now there’s a lot of glitches when you
search for something on a mobile device in terms
of searching for something on a computer. And a
lot of times I don’t have the luxury of being at
my desk. So being able to search for something
and rely on it more on my cell phone is helpful.
And also, considering, I think, in terms of the casual user, a lot of people have access to cell phones and maybe don’t have access to desktops or laptops. So having a more user-friendly platform there would be great.

Also, the ability to subscribe to certain politicians or donors, it would be really helpful. The California Department of Social Services offers something similar right now. You can subscribe to a certain facility and they’ll send you updates when something changes. Something like that with a politician or a donor, like maybe a user name where you can log in and they send you an alert when a new donation is added or a new donor is added would be fantastic.

Thank you.

SECRETARY PADILLA: Thank you.

MS. WRAY: Jim Heerwagen, followed by Trudy Schafer, League of Women Voters of California.

MR. HEERWAGEN: Thank you, Secretary Padilla and Chair Remke, for paying so much attention to this important matter.

I think in the Secretary we have a
visionary leader who has some background, technical background to really understand what’s possible and apply it in the service to the citizens, and also Chair Remke and the FPPC, the number one user. I wanted to just touch on two points.

One is that within SB 1349 the Secretary of State is given benefits of procurement flexibility that can enable some different approaches to the development. And I know that you know this, sir, but using an agile and user-centered design process that’s currently employed by agencies such as the Federal Digital Service or a nonprofit group called Code for America could have big benefits. This building, using an agile and iterative process is the basis of all major public-facing web systems now. And the budget and procurement flexibility could allow you to structure contracts that support that in a phased way.

Also, as a part of that, the implementation of a modern technology stack that doesn’t get stranded, using operating systems, database, web stack and so forth that are open will give us extensibility into the future. And
deployment on a flexible hosting environment that will scale, a cloud service will also give us those iterative capabilities.

The last point I wanted to make was regarding the interplay of unique identifiers for major donors and this potential for a local government offering. I think we can easily envision a cloud service offering that can be possible for locals to implement. And that could give us a picture of the influence of what is now undisclosed campaign and lobbying money that’s flowing down increasingly into the states and local. And the result would be an instrumentation for a complete picture of the influence of political money here in California that is a showcase for other states and the United States in general.

And thank you, Secretary, thank you.

SECRETARY PADILLA: Thank you very much.


MS. SCHAFER: Thank you, Secretary Padilla and Chair Remke. We very much welcome this meeting and the opportunity to give public
comment. I will touch on a few things that are going to be followed up in a letter.

As Chair Remke said, California does have very strong disclosure laws. But if we’re going to have transparency and accountability, we have to have a system that enhances the required reporting. And that is going to be necessary for effective monitoring and enforcement, essentially by providing easier public access to the information that is already being reported.

Modernizing Cal-Access will increase transparency, without requiring new disclosure rules.

We certainly support all of the provisions of SB 1349 and the requirements that they make. And I’d like to highlight just a few of the aspects that we think are especially important for you to keep in mind.

As you’ve heard, and I apologize that most of what I will say has been touched on in way or another by other speakers, I’ll try to go quickly, the system should, of course, be data-driven, rather than form driven, easy for the public to access and searchable across all types of filings. And that’s been commented on.

We do believe that it’s important that
there be the ability for users to get as much
information as possible, and that they shouldn’t
have to know all the nuisances of reporting and
the mechanisms and the requirements for reporting
to be able to find all the information about a
particular candidate, a ballot measure, or
lobbying activity, and that means at all levels of
government.

We strongly recommend that the redesign
really emphasize the capacity to include all state
and local filings. And -- because, as you know,
currently, although there are filings at all local
-- by all candidates and measures in local
agencies, they can often be very hard for the
public to access, and they’re very often not
available electronically. So we hope that the
design of the system will make it possible for
that to be integrated, and as quickly as possible.

It’s been mentioned, the need for
flexibility and for the system to be able to adapt
and be amended, and that is definitely a high
priority for us.

We’d also mention compliance. And the
fact that Chair Remke is here and talked about
that sort of interaction with the design of the
system is heartening to us. We believe that the system should make compliance as easy as possible, assist filers in their compliance efforts. And there are ways, of course, that that can be done. Some of them are mentioned, even in the bill. But definitely there should be things such as the capacity to detect if there’s a missing or an invalid or a late filing, and automatic notice be given to both the staff and to the filers. Similarly, that will make it easier for the FPPC to continue with better enforcement actions, which are going to be necessary.

We also -- there was mention of the interaction with the FEC’s system of filing. And we would like you to look at that, so that there can be as many parallels as possible for the good of the filers and the public.

Thank you.

SECRETARY PADILLA: Thank you very much.


MS. MOORE: Thank you. Journalists are very avid users of the Cal-Access system. And it has crashed on occasions when we need access to
it, so we definitely support having a consistent
system. And I would point to the stakeholders,
particularly Common Cause, in how we can increase
access to information that we do collect.

SECRETARY PADILLA: Thank you.

MS. WRAY: David Montgomery, NetFile,
followed by Ray Kiddy, OpenCalAccess.org.

MR. MONTGOMERY: Hi. The next generation
statewide e-filing system that you folks are
mandated to build under 1349 already exists, and
it’s called NetFile. The 66 cities and counties
using NetFile for their campaign finance e-filing
system all share one common platform, hosted at
our Bay Area data center. Our local city and
county agencies pay an all-inclusive annual
service fee based on the size of their
jurisdiction and the number of filers that
participate in the e-filing system.

Additionally, the NetFile system is a
completely off-the-shelf replacement for the
current Cal-Access system that supports the entire
current Cal-e-filing specifications. When we
first started building our system in 2003, it was
for the intent to create an equivalent to Cal-
Access that was affordable to agencies of any
size, from the largest counties to the smallest municipality.

Our system could be used today to provide all of the database functionality provided by the Cal-Access system currently. By using NetFile’s existing e-filing system, Secretary of State can focus on the project that really matters to you, which is the public disclosure campaign website, to get people the best data visualization possible of this campaign finance data. It could be set on top of the existing APIs that NetFile already publishes for that local campaign finance data.

For instance, we have a statewide search system called Cal-Access.com which allows you to search all of the e-file data in the Secretary of State’s system, along with all 66 local jurisdictions that we provide e-filing services for. That can be done today and you guys can focus on the project that matters to you, which is the public disclosure website. And if the Secretary of State is really anxious to get going, we could support every state filer next week. This is off the shelf. We have it now.

So by using NetFile’s off-the-shelf solution to replace Cal-Access, there’s no chance
of project failure because the system is in operation and working today by many of the agencies and treasurers in this room.

The Secretary of State would be able to spend the vast majority of their time and budget allocated to work to the project that really matters, which is the public disclosure portal. And the media and the public would have a great new research tool in a common e-filing disclosure portal. And the public would obviously benefit by saving the money, not rebuilding the Cal-Access database from scratch, which is a very large and complicated system.

And one final observation is that of all the data currently hosted in the Cal-Access system, more than two-thirds of it has come from NetFile at this point. And while it may seem a little bit crass to make a sales pitch in an interested persons’ meeting, I acknowledge this, I’d just like to point out that the 15 state-survey prepared by this agency in 2012 that outlined the state of e-filing in the country, in 100-page document filed to mention NetFile, that we exist.

So -- and, also, people that are media
folks in this room, please our Cal-Access.com search engine. It does let you search through the entire roughly 20 million transactions of campaign finance data that we have.

    Thank you very much.

SECRETARY PADILLA: Thank you.

Next speaker.

MS. WRAY: Ray Kiddy, OpenCalAccess.org, followed by Laura Cottrell, who is the final card that I have. If anyone has any additional speaker cards, please deliver them to Sam.

MR. KIDDY: Hi. So just FYI, OpenCalAccess.org is a Potemkin village. I registered the domain quite a while ago. But, for instance, OpenCalAccess.gov is open, just FYI.

    In the talk about the open sourcing of this system, I can only say hallelujah, you know?

    And one thing you might want to think about, I used to work for Mozilla that makes Firefox. One thing they did was they have a dot com that does the business side of the business, the capitalist part of the business, and then they have a nonprofit foundation which manages the intellectual property and the licenses from the over 10,000 contributors to Firefox software. So
there is precedence for the Secretary of State’s
Office to create a nonprofit. People in this room
can share that history. Such a nonprofit would be
able to be agile and set up open-source
distribution systems.

A nonprofit like that, for instance,
would be able to coordinate with Mr. Montgomery in
ways that the state, bound by its procurement
laws, cannot -- you know, he’s a commercial
entity. You know, there’s certain -- the state
does not acknowledge that a commercial entity can
be interested in the system in any other way. So
a nonprofit created by the Secretary of State’s
Office could run an open-source process.

The other thing I wanted to mention, a
long time ago, several years ago, I realized that
a problem with how Cal-Access was built is that
there are sort of two masters. You have the
Secretary of State’s Office which has a mandate to
receive filings, process filings and display the
information, and you have the FPPC which has a
mandate to make sure that people have filed and to
prosecute, prosecutable events coming out of that
data, but nobody really has a mandate to make sure
that the information that’s filed makes sense;
right?

I mean, if we’re doing a data-driven approach, then perhaps the state could ask -- could let filers know, we’re going to correct structural problems with your filings. If you put character terms in the middle of the field, the .pdf generation of the site doesn’t show that data. Technically the data is there, but the public can’t see it because the .pdf generation throws an exception, and so it’s not visible from the outside.

You know, if somebody files and says they’re from Los Angeles, California, that’s something that could be corrected, but not in the current system. Several times I’ve asked SOS people, what does this mean, and they say this means that this was what was filed. And I say, no, but what does it mean? And they say this means that this is what was filed; right? So the data, you know?

I’m going to wrap it up.

Have the data filings follow the standards which you all published ten years ago-plus, that would be big because that’s not done. So if we can go to a more data-centric?
SECRETARY PADILLA: Thank you very much.
Next speaker.
MS. WRAY: Laura Cottrell, Houston Magnani and Associates.
MS. COTTRELL: Hi. Thank you.
SECRETARY PADILLA: That’s the last card we have at this point. A reminder, if there’s anybody else who wishes to offer comments, suggestions or recommendations, please fill out a speaker card and submitted it.

MS. COTTRELL: Thank you. Thank you for taking my comment. I am an executive assistant and officer manager at a lobbying firm. And I quarterly file the lobbyist employer reports on behalf of about 30 of our clients. So I definitely have day-to-day experience working in the system.

I’ve used a private online filing system. And then recently, last year I switched to the Secretary of State’s system. The private was costing probably about $1,200 a quarter, so that’s why we switched over. And I have seen some features that I do like better on the Secretary of State’s system, but there are certainly some
features that need to be more user-friendly. And so I just wanted to express my desire to work with the Secretary of State to make sure it’s user-friendly for folks like myself that are using it.

And I just found out about this meeting from the Capitol Morning Report. I never received a letter indicating this meeting was taking place. And I’m sure there are other lobbying firms, other lobbyist employers that might want to also have a stake in how this system is put together. So that’s my recommendation, too.

I do have two items that, if possible, and I’m not sure what the constraints are, if they could be implemented immediately that would be great, and with the Cal-Online system, when it does kick you out it does not allow you to log back in for ten minutes, and that’s frustrating because you’re working within a limited time frame to get your reports filed.

Another things would be I know currently for the registration documents you have to turn in the original form with the original signature. More law firms are actually allowing you to submit a copy of a signature. So I’m just curious why we have to give an original signature? Because a lot
of our clients are like, what, we have to FedEx a form now? So those are a couple of things.

But, yes, if you could keep me onboard with this, I would love it. Thank you.

SECRETARY PADILLA: Okay. Thank you very much. And again, we invite you to submit additional comments, providing if you choose.

Anybody else wishing to be heard today, wishing to offer suggestions? We’ve got one more taker. We’ve got one more contestant.

MR. MONTGOMERY: David Montgomery from NetFile.

MS. WRAY: David Montgomery from NetFile.

MR. MONTGOMERY: I’d like to make a comment about --

SECRETARY PADILLA: Round two?


So there are four small changes to the Cal-Format that would help people to analyze the data out of the Cal-Format tremendously, in no particular order.

First and foremost, the Schedules A, B, C and D of the Form 460, you can have the election cycle to date cumulative totals appear. Right now
those election cycles are not actually directly tied to the record you’re looking at. So if you’re looking at Schedule A it says I had a $100 contribution today, and I have my election cycle to date for the primary, $100, the general, $100, you actually don’t know what transaction you’re looking at is actually for the primary or the general. So it would be really nice if we could actually attach that to the record we’re looking at currently on the Schedule A.

Also, we’ve had some non-starter issues in the state where we’re like we want to keep an entity ID value on our contributors or vendors, so that people that are analyzing transactions could actually perform a roll-up of contributions, for instance. You know, the idea is to use like the driver’s license number or the last four of the social, things like that. Those are non-starters. But if the format could at least provide a database key value so that the filer that’s submitting the document, from their point of view this contributor or vendor has this unique ID number, at least that would help us that are analyzing the data to be able to attribute changes in address and occupation and employer and things
like that over time.

    Also, the Schedules D, E, F and G on the
Form 460 that identify expenditures, that
really -- now that we’re going to assume that e-
filings is going to be the way we’re all kind of
progressing over the long term, those schedules
actually could be combined into one master
expenditure report that shows actually debt or
expenditure made, along with detail items that
show the Schedule D allocation page, who did this
benefit, who did this oppose. It could also show
the sub vendors that are right now to the Schedule
G all on one report so that you actually have
direct hard linking between an expenditure
activity and the sub payments or the candidate’s
support or opposition that you’re providing on
those current four schedules that are now
completely a big pile of mess for anyone who
actually tries to analyze those things as data.

    And then also we’ve got a problem where
text memos, because of the age of the Cal-Access
format, text memos are being used for things like
travel descriptions and things like that that
really should be their own separate record
structures that we should probably say, okay, you
know, travel expenses have dates and where you went and things like that, and make it an actual top-level record structure of the Cal-Format.

So those are our four comments. Thank you very much.

SECRETARY PADILLA: Thank you. Thank you.

Anybody else? A lot more note takers than speakers here today.

If not, before we begin to go over next steps and bring this hearing to a close, Jodi, anything you want to add?

MS. REMKE: No, not at this time. Thank you.

SECRETARY PADILLA: Okay. Well, then what I would like to do as we bring it to a close here is just to remind everybody, this is the second of the two hearings required under the legislation. The first was last Friday in Los Angeles in the Reagan Building Auditorium. We have the notes from that hearing, as we’ve taken notes from here today. And we promise to seriously consider the input that has been provided through the course of these two hearings as we develop the project requirements for the new
online filing and disclosure system.

A solicitation document will be released in the late summer or early fall of this year. And we’re also required to provide a report to the legislature in December of this year. Once a vendor is in place, we begin design, development and implementation, followed by testing. And again, our target date or time frame to deploy is February 2019. So it sounds like, oh, we’ve got two years. It goes by fast. And this is obviously a big commitment and priority for our agency.

I want to thank you all for your participation today. I look forward to bringing forward a robust, user-friendly system that will make California once again the nation’s model for public disclosure of campaign finance and lobbying information. We invite you to follow the progress and status of the project at sos.ca.gov/cars-updates.

And if there’s nothing further, I want to thank you all again for being here. This hearing is adjourned.

(The meeting adjourned at 11:37 a.m.)
REPORTER’S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of February, 2017.

[Signature]

Kent Odell
CER**00548
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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber.

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IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of February, 2017.

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MARTHA L. NELSON, CERT**367