

STATE OF CALIFORNIA

SECRETARY OF STATE

PUBLIC MEETINGS ON CAL-ACCESS REPLACEMENT SYSTEM

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Secretary of State Auditorium

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Reported by:

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PUBLIC

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Loren "Skippy" Williams, MapLight

LeeAnn Pelham, San Francisco Ethics Commission

Kim Alexander, California Voter Foundation

Nicolas Heidorn, California Common Cause

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Katie Talbot, KTLX Fox40

Jim Heerwagen, Voters Right to Know

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P R O C E E D I N G S

1
2 February 9, 2017

10:42 A.M.

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

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

18 But why we're all here today. I think we
19 can all agree that building a new system is long
20 overdue. As users of Cal-Access, you're no doubt
21 familiar with the frustrations, with the
22 limitations and with the instability of the
23 current system. But equally important, as
24 stakeholders, each of you has a critical role in
25 this essential project. We're here to hear from

1 you, gather your input, your ideas on things like
2 what features and functionality should be a
3 priority of a new system? What would be your
4 preferred data entry methods? How do you envision
5 moving forward -- moving from a report-based
6 system that we have currently to a data-driven
7 system? And many other questions and issues.

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

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

25 I do want to make the introductions of

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

10 Oh, okay, Samantha Brown, how are you?

11 And, sir, your name?

12 COURT REPORTER: Kent Odell.

13 SECRETARY PADILLA: Oh, Kent, you're
14 helping with the AV. Samantha's helping with some
15 court reporting?

16 MS. BROWN: Speaker cards.

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

23 We also have with us Jodi Remke from the
24 FPCC, who many or all of you know, as well,
25 certainly a key stakeholder in all of this. And

1 we've undergone the visioning part of all of this
2 jointly, so thank you, Jodi, for joining us here
3 this morning.

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

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

25 So that's sort of the overview of how the

1 hearing is going to function today.

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

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

22 The Online Disclosure Act led the
23 Secretary of State to develop and deploy a public
24 website called the California Automated Lobby
25 Activity and Campaign Contribution and Expenditure

1 Search System. Say that ten times real fast. And
2 so Cal-Access was deployed in 1999. And by 2001
3 the current reporting systems, Cal-Online and Cal-
4 File format were installed.

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

16 Let's go to the next slide.

17 Cal-Access was built on what is now very
18 old technology. The current campaign finance and
19 lobbying activity filing process is a paper file
20 transfer protocol online hybrid model that is
21 inefficient, to say the least, relies often on
22 manual processes, has duplicate efforts,
23 suboptimal data quality and reporting that,
24 frankly, doesn't meet stakeholder needs well
25 anymore.

1 Technologically, Cal-Access is a suite of
2 applications developed in 13 programming
3 languages. It runs on a server cluster and
4 associated components that are more than 15 years
5 old, and runs on an uncommon version of the UNIX
6 operating system called Tru64. It's not nimble
7 and it's not elegant. And I think we've referred
8 to it previously and accurately as a Frankenstein
9 monster of outdated code.

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

23 While these tools have helped us keep
24 Cal-Access alive and helpful to the public, our
25 endgame has always been a new system. Users,

1 business groups, the legislature, the government
2 organizations, journalists, the FPPC and staff
3 have all supported a replacement system. And last
4 year we began the preplanning process for a
5 replacement of Cal-Access. And in September of
6 2016 the legislature passed and the Government
7 signed Senate Bill 1349 which calls for the
8 development of a new data-driven online filing and
9 disclosure system. And that begins to bring us to
10 today.

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

19 It also calls for the design, development
20 and implementation of an online filing and
21 disclosure system that is user-friendly, that
22 permits easy, free upload or data entry, and is
23 data-driven rather than form-driven and
24 facilitates public searches of the data. A system
25 that permits future compatibility with local

1 campaign finance data, as well, and I know several
2 of you are here to talk about that. And we all
3 have a target implementation date in early 2019.
4 That will be here before we know it.

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

9 SECRETARY PADILLA: Sure.

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

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

19 Obviously, over the years we see the
20 impact of the current system which really has,
21 unfortunately, impeded change in a lot of the
22 areas we hope to gather more information, increase
23 transparency, so this, again, is critical for
24 that. It needs to be a user-friendly system that
25 pushes out information. As I often say, in

1 California we have some of the strongest laws and
2 toughest disclosure. So it's not about gathering
3 more information, it's about putting the
4 information we have out in that user-friendly
5 format.

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

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

17 SECRETARY PADILLA: Great. Thank you.

18 So at this point we want to turn the
19 mikes over and hear your comments. A reminder,
20 again, if you want to address us, please submit a
21 speaker card. We'll call your name. Mary will be
22 calling your name, so we'd ask that you'd come
23 forward to the podium here that's been set up and,
24 again, if you can keep your remarks to about three
25 minutes. I'll be a little bit flexible, depending

1 on how substantive and qualitative we are. But I
2 invite you submit lengthier remarks and
3 suggestions, either by -- you can submit them
4 today, or you can email them to the email address
5 that has been set up.

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

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

19 MS. WRAY: Okay, Boss.

20 The first contestant is Loren "Skippy"
21 Williams from MapLight.

22 SECRETARY PADILLA: Come on down. There
23 you go.

24 And as you're turning the mike on, do you
25 want to call the next name or two so you can --

1 MS. WRAY: LeeAnn Pelham from San
2 Francisco Ethics Commission, come on down.

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

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

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

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

25 State-of-the-art today will be inadequate

1 20 years from now; laws change, technology
2 changes, and needs change. You will no doubt find
3 something very shortly after launch that you would
4 have changed if you could turn back time and do it
5 all over again. One of the few laws in software
6 is you never get it perfect the first time.

7 Your plan could be to live with what you
8 get, wait another 20 years and replace it all, or
9 you could resist that and not look at this as a
10 one-time expense, despite budgeting pressures that
11 may come. California doesn't build roads without
12 planning to repave them, and we don't abandon
13 buildings when the first drain overflows.

14 Software deserves the same planning, and open-
15 source is a really key part of this maintenance.

16 If you release the software as open-
17 source, you will have a lower cost. Imagine in
18 the converse what would happen if a system is
19 built entirely by a contractor who holds sole
20 power to modify the software. When you need to
21 make a change, will the vendor offer the lowest
22 possible rate to the people of California out of
23 the goodness of their hearts? They will not.
24 Will California's best and brightest have the
25 chance to make competing proposals and offer

1 cheaper solutions? They will not. But they would
2 if the software was freely available for them to
3 review and modify. It's a certain way to save the
4 state money, and it's the right thing to do. The
5 people of California are paying for the software
6 and they deserve to own it.

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

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

18 SECRETARY PADILLA: Thank you. Thank you
19 very much.

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

22 MS. PELHAM: Thank you, and good morning.
23 It's good to see you, Mr. Secretary. Good to see
24 you again. And we appreciate the distinguished
25 panel and the opportunity to provide comment on

1 behalf of the San Francisco Ethics Commission.

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

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

23 We offer three recommendations. I want
24 to just highlight them briefly and, as I said, our
25 written comments, flesh them out a bit further.

1 But first, we believe that it's important
2 to closely engage stakeholders in meaningful
3 design planning to ensure that the effective --
4 that the system provides effective public
5 disclosure. We urge you to implement a meaningful
6 stakeholder engagement process that would develop
7 clear goals, clear objectives and clear outcomes
8 for what the improved Cal-Access system will
9 deliver.

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

25 We also think the program needs to be

1 modernized, moving from the form-based system to a
2 data-driven system. We know that the data-driven
3 system provides less complexity, it provides more
4 flexibility, and it removes constraints to policy
5 development, administration and enforcement.

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

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

1 further discussions with you.

2 Thank you.

3 SECRETARY PADILLA: Thank you very much.
4 Good to see you again.

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

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

15 I wanted to share a story about my first
16 experience using California's disclosure forms. I
17 was a college student at UC Santa Barbara and we
18 were in the midst of the divestment campaign to
19 get the University of California to divest from
20 South Africa. And I used the UC Regent's Conflict
21 of Interest statements to find out that several of
22 them held stock in the companies we were asking
23 them to divest from. And that information got
24 reported in the Los Angeles Times. And they had
25 to recuse themselves from voting and the

1 divestment vote passed.

2 So it was an incredibly empowering
3 experience for a young California student at UC
4 Santa Barbara, and set me on a path of making a
5 career out of promoting transparency of money in
6 politics in California. I'm happy to say that
7 that included leading the effort, among other
8 people in this room, to get the law passed in 1997
9 that catapulted California to the forefront of
10 online disclosure. We're now somewhat in the rear
11 because we've been at it for so long. So I really
12 welcome this opportunity to think it through
13 again, and the leadership here, particularly from
14 Chair Remke and Secretary of State Padilla.

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

23 We have extensive comments, so I'm just
24 going to hit on some of the highlights. We would
25 like to see the new system be beta tested with a

1 variety of users before it goes live, and not just
2 people who are casual -- I'm sorry, not just
3 journalists and experts, but also people who are
4 casual users and people with limited internet
5 experience.

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

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

1 people.

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

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

13 SECRETARY PADILLA: Thank you very much.

14 MS. WRAY: Nicolas Heidorn, California
15 Common Cause, followed by Gavin Baker.

16 MR. HEIDORN: Good morning.

17 SECRETARY PADILLA: Good morning.

18 MR. HEIDORN: Nicolas Heidorn with
19 California Common Cause. We were part of the
20 coalition proponents in favor of SB 1349. And
21 we're incredibly excited about the prospect of
22 having a new Cal-Access which will help filers,
23 which will help the public. So this is a
24 wonderful start to this process and we're very
25 excited about what's to come.

1 I wanted to talk specifically about the
2 lobbying side of Cal-Access. We are going to be
3 submitting written comments with more detailed
4 items that we'd like to see included. But I
5 wanted to offer some high-level comments, just on
6 three elements that we think need to be looked at.

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

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

1 our current Cal-Access because of that.

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

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

24 We also think interconnectivity can help
25 the filer. So the FPPC puts forward wonderful

1 manuals on how to fill out these forms. When you
2 look at the actual hardcopy form, it has
3 descriptions of what you're supposed to be doing,
4 but that's not present on Cal-Access. So the
5 ability of having a user who has questions about
6 what they're supposed to be filling out quickly
7 link back to those resources would be a wonderful
8 example of interconnectivity.

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

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

20 I also want to talk about, briefly,
21 searchability by field. A lot of users are going
22 to want to see things like who are the lobbyist
23 employers who spend over X amount and be able to
24 search like that, where they don't necessarily
25 know what they're searching, or they'll say I want

1 to find out who lobbied on this bill, so making
2 sure that the searchability isn't just by name or
3 by interest but you have a way that people can
4 actually find information they might be looking
5 for.

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

11 Thank you.

12 SECRETARY PADILLA: Thank you very much.

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

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

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

1 experience.

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

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

22 And I would hope that in the new system,
23 when you are browsing a list of donors or
24 recipients, when you're looking at one filing and
25 there is an ID for the committee that was the

1 donor or the recipient there, that you would be
2 able to simply click on that ID number and go
3 directly to the filings that that committee has
4 made in order to get more information about who
5 that donor or recipient is.

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

17 On the filing side, I think a lot of the
18 principles that Mr. Heidorn mentioned, as well as
19 Ms. Alexander mentioned, in terms of integrating
20 the instructions from the forms and the FPPC
21 manuals directly into the filing system so that
22 users can have a little bit more background about
23 what exactly they're supposed to be doing,
24 providing more features that auto-fill and auto-
25 sum totals, rather than making the user do the

1 math manually, and providing more opportunity to
2 save draft statements in the system with the
3 ability to return to it later, rather than just
4 one at a time, and offering electronic
5 correspondence so that committees can have access
6 to everything electronically that they may have
7 received from the Secretary's Office, rather than
8 only on paper.

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

12 SECRETARY PADILLA: Thank you very much.
13 Next speaker.

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

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

18 One thing that I'd like to see is a more
19 user-friendly platform in terms of mobile devices.
20 Right now there's a lot of glitches when you
21 search for something on a mobile device in terms
22 of searching for something on a computer. And a
23 lot of times I don't have the luxury of being at
24 my desk. So being able to search for something
25 and rely on it more on my cell phone is helpful.

1 And also, considering, I think, in terms of the
2 casual user, a lot of people have access to cell
3 phones and maybe don't have access to desktops or
4 laptops. So having a more user-friendly platform
5 there would be great.

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

16 Thank you.

17

18 SECRETARY PADILLA: Thank you.

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

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

25 I think in the Secretary we have a

1 visionary leader who has some background,
2 technical background to really understand what's
3 possible and apply it in the service to the
4 citizens, and also Chair Remke and the FPPC, the
5 number one user. I wanted to just touch on two
6 points.

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

21 Also, as a part of that, the
22 implementation of a modern technology stack that
23 doesn't get stranded, using operating systems,
24 database, web stack and so forth that are open
25 will give us extensibility into the future. And

1 deployment on a flexible hosting environment that
2 will scale, a cloud service will also give us
3 those iterative capabilities.

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

18 And thank you, Secretary, thank you.

19 SECRETARY PADILLA: Thank you very much.

20 MS. WRAY: Trudy Schafer, League of Women
21 Voters of California, followed by Nikki Moore,
22 California Newspaper Publishers.

23 MS. SCHAFER: Thank you, Secretary
24 Padilla and Chair Remke. We very much welcome
25 this meeting and the opportunity to give public

1 comment. I will touch on a few things that are
2 going to be followed up in a letter.

3 As Chair Remke said, California does have
4 very strong disclosure laws. But if we're going
5 to have transparency and accountability, we have
6 to have a system that enhances the required
7 reporting. And that is going to be necessary for
8 effective monitoring and enforcement, essentially
9 by providing easier public access to the
10 information that is already being reported.
11 Modernizing Cal-Access will increase transparency,
12 without requiring new disclosure rules.

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

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

25 We do believe that it's important that

1 there be the ability for users to get as much
2 information as possible, and that they shouldn't
3 have to know all the nuisances of reporting and
4 the mechanisms and the requirements for reporting
5 to be able to find all the information about a
6 particular candidate, a ballot measure, or
7 lobbying activity, and that means at all levels of
8 government.

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

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

23 We'd also mention compliance. And the
24 fact that Chair Remke is here and talked about
25 that sort of interaction with the design of the

1 system is heartening to us. We believe that the
2 system should make compliance as easy as possible,
3 assist filers in their compliance efforts. And
4 there are ways, of course, that that can be done.
5 Some of them are mentioned, even in the bill. But
6 definitely there should be things such as the
7 capacity to detect if there's a missing or an
8 invalid or a late filing, and automatic notice be
9 given to both the staff and to the filers.
10 Similarly, that will make it easier for the FPPC
11 to continue with better enforcement actions, which
12 are going to be necessary.

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

18 Thank you.

19 SECRETARY PADILLA: Thank you very much.

20 MS. WRAY: Nikki Moore, California
21 Newspaper Publishers Association, followed by
22 David Montgomery, NetFile.

23 MS. MOORE: Thank you. Journalists are
24 very avid users of the Cal-Access system. And it
25 has crashed on occasions when we need access to

1 it, so we definitely support having a consistent
2 system. And I would point to the stakeholders,
3 particularly Common Cause, in how we can increase
4 access to information that we do collect.

5 SECRETARY PADILLA: Thank you.

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

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

19 Additionally, the NetFile system is a
20 completely off-the-shelf replacement for the
21 current Cal-Access system that supports the entire
22 current Cal-e-filing specifications. When we
23 first started building our system in 2003, it was
24 for the intent to create an equivalent to Cal-
25 Access that was affordable to agencies of any

1 size, from the largest counties to the smallest
2 municipality.

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

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

24 So by using NetFile's off-the-shelf
25 solution to replace Cal-Access, there's no chance

1 of project failure because the system is in
2 operation and working today by many of the
3 agencies and treasurers in this room.

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

14 And one final observation is that of all
15 the data currently hosted in the Cal-Access
16 system, more than two-thirds of it has come from
17 NetFile at this point. And while it may seem a
18 little bit crass to make a sales pitch in an
19 interested persons' meeting, I acknowledge this,
20 I'd just like to point out that the 15 state-
21 survey prepared by this agency in 2012 that
22 outlined the state of e-filing in the country, in
23 100-page document filed to mention NetFile, that
24 we exist.

25 So -- and, also, people that are media

1 folks in this room, please our Cal-Access.com
2 search engine. It does let you search through the
3 entire roughly 20 million transactions of campaign
4 finance data that we have.

5 Thank you very much.

6 SECRETARY PADILLA: Thank you.

7 Next speaker.

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

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

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

18 And one thing you might want to think
19 about, I used to work for Mozilla that makes
20 Firefox. One thing they did was they have a dot
21 com that does the business side of the business,
22 the capitalist part of the business, and then they
23 have a nonprofit foundation which manages the
24 intellectual property and the licenses from the
25 over 10,000 contributors to Firefox software. So

1 there is precedence for the Secretary of State's
2 Office to create a nonprofit. People in this room
3 can share that history. Such a nonprofit would be
4 able to be agile and set up open-source
5 distribution systems.

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

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

1 right?

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

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

21 I'm going to wrap it up.

22 Have the data filings follow the
23 standards which you all published ten years ago-
24 plus, that would be big because that's not done.

25 So if we can go to a more data-centric?

1 SECRETARY PADILLA: Thank you very much.
2 Next speaker.

3 MS. WRAY: Laura Cottrell, Houston
4 Magnani and Associates.

5 MS. COTTRELL: Hi. Thank you.

6 SECRETARY PADILLA: That's the last card
7 we have at this point. A reminder, if there's
8 anybody else who wishes to offer comments,
9 suggestions or recommendations, please fill out a
10 speaker card and submitted it.

11

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

19 I've used a private online filing system.
20 And then recently, last year I switched to the
21 Secretary of State's system. The private was
22 costing probably about \$1,200 a quarter, so that's
23 why we switched over. And I have seen some
24 features that I do like better on the Secretary of
25 State's system, but there are certainly some

1 features that need to be more user-friendly. And
2 so I just wanted to express my desire to work with
3 the Secretary of State to make sure it's user-
4 friendly for folks like myself that are using it.

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

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

20 Another things would be I know currently
21 for the registration documents you have to turn in
22 the original form with the original signature.
23 More law firms are actually allowing you to submit
24 a copy of a signature. So I'm just curious why we
25 have to give an original signature? Because a lot

1 of our clients are like, what, we have to FedEx a
2 form now? So those are a couple of things.

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

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

8 Anybody else wishing to be heard today,
9 wishing to offer suggestions? We've got one more
10 taker. We've got one more contestant.

11 MR. MONTGOMERY: David Montgomery from
12 NetFile.

13 MS. WRAY: David Montgomery from NetFile.

14 MR. MONTGOMERY: I'd like to make a
15 comment about --

16 SECRETARY PADILLA: Round two?

17 MR. MONTGOMERY: -- the Cal-Format? Is
18 it okay? Sorry.

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

23 First and foremost, the Schedules A, B, C
24 and D of the Form 460, you can have the election
25 cycle to date cumulative totals appear. Right now

1 those election cycles are not actually directly
2 tied to the record you're looking at. So if
3 you're looking at Schedule A it says I had a \$100
4 contribution today, and I have my election cycle
5 to date for the primary, \$100, the general, \$100,
6 you actually don't know what transaction you're
7 looking at is actually for the primary or the
8 general. So it would be really nice if we could
9 actually attach that to the record we're looking
10 at currently on the Schedule A.

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

1 like that over time.

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

20 And then also we've got a problem where
21 text memos, because of the age of the Cal-Access
22 format, text memos are being used for things like
23 travel descriptions and things like that that
24 really should be their own separate record
25 structures that we should probably say, okay, you

1 know, travel expenses have dates and where you
2 went and things like that, and make it an actual
3 top-level record structure of the Cal-Format.

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

6 SECRETARY PADILLA: Thank you. Thank
7 you.

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

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

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

15 SECRETARY PADILLA: Okay. Well, then
16 what I would like to do as we bring it to a close
17 here is just to remind everybody, this is the
18 second of the two hearings required under the
19 legislation. The first was last Friday in Los
20 Angeles in the Reagan Building Auditorium. We
21 have the notes from that hearing, as we've taken
22 notes from here today. And we promise to
23 seriously consider the input that has been
24 provided through the course of these two hearings
25 as we develop the project requirements for the new

1 online filing and disclosure system.

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

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

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

24 (The meeting adjourned at 11:37 a.m.)

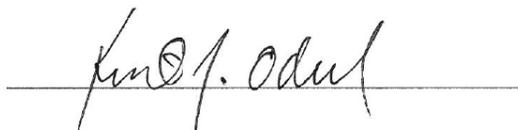
25

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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 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.

A handwritten signature in black ink, appearing to read "Kent Odell", is written over a horizontal line.

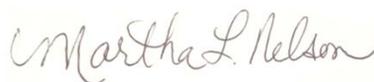
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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber.

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



MARTHA L. NELSON, CERT**367