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After Exporting Raisins, Tech Pioneer Brought Campaign Finance Disclosures Online

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By **Sara Bloomberg** San Francisco Public Press

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Q&A with David Montgomery of NetFile, which tracks S.F. election contributions, spending and lobbyists

Tens of thousands of pages of campaign finance documents, and not a searchable PDF in sight.



While election spending **has been regulated** in California since 1974 — thanks to **Watergate** — the information reported was not always easily searchable or accessible. Paper forms were filled out manually, and absent an audit, errors could go unchecked. To search through the data, you had to get a physical copy and look through it one page at a time. In some places, that's still the case.

Over the past two decades, however, California — and San Francisco, in particular — has made the information reported by candidates and other campaigns more accessible and transparent through electronic filing. In 1997, then-Gov. Pete Wilson signed **SB49** into law, which mandated that the state develop such an e-filing system, and by 1998, San Francisco began requiring that certain reports be filed electronically. State-level races are now tracked by the Secretary of State through its own portal, known as **Cal-Access**. (Gov. Jerry Brown signed **legislation** last fall to upgrade the system so voters, journalists, researchers and other members of the public can access campaign finance and lobbying information “in a robust and flexible manner, including through searches and visual displays such as graphs and maps.”)

Founded in 1998, **NetFile** pioneered e-filing in California. Today, the privately held company based in Mariposa, outside Yosemite, has a staff of 12 and provides software and support to more than 150 local agencies around the state. Since 2007, San Francisco has contracted with NetFile to create and manage its system, which tracks campaign finance disclosures, campaign consultants, statements of economic interests and lobbyists. In 2016, the city paid NetFile \$117,000, according to public records. Local candidates have free access to NetFile's e-filing software, which provides all disclosure and compliance forms.

David Montgomery, founder of NetFile, which tracks campaign finance records for San Francisco and 150 other localities statewide. "E-filing is becoming more common, but it isn't required — or even implemented — everywhere," he said. "Campaign finance is low priority for funding."

ABOUT THE AUTHOR



Sara Bloomberg

Sara Bloomberg is a freelance journalist who has been published in the San Francisco Bay Guardian, 48 Hills Online, the Ingleside Light, El Tecolote, KQED and Fog City Journal. She studied journalism at City College of San Francisco and politics and language studies at the University of California at Santa Cruz.

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The Public Press spoke with the company's founder, David Montgomery, about the evolution of campaign finance reporting, its pitfalls and what the future of e-filing could look like.

Public Press: Let's talk about campaign finance and e-filing in California.

David Montgomery: I don't claim to be a legal expert. I'm a tech guy who is trying to make the paper law work in a technological environment.

How long have you lived in California?

Apart from three years when my wife and I were in Denver, Colo., for her military service, I've lived in California my whole life. Was born and raised in Fresno.

You studied marketing and Russian at Fresno State. Where did you learn software engineering?

I was always a bit of a hobbyist as a kid, back in the Apple II days. Strictly speaking, the first personal computer I used for programming was a **TI-99/4**, in 1982. It was not my plan to go into software engineering. Never thought I'd be a small business owner doing campaign finance disclosure, either.

So, how did you get into creating what we now know as NetFile?

My first real job out of college, after we got back from Colorado, was exporting raisins and prunes outside of the Central Valley to Europe. A friend of mine working in then-Gov. Pete Wilson's office approached me, since I had a lot of down time, and asked me to write a campaign finance program to track filings. I said, no, I'm an exporter. But he

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said, well, give it a try. So, we took a mortgage out on our home in July 1997, then SB49 was enacted, requiring candidates, campaign committees and lobbyists to file reports electronically, and we became the only certified provider for e-filing. So everyone became our clients for a little while.

In 2003, we started doing local agency systems. Santa Clara contacted the state and was referred to us. Then we built a commercial off-the-shelf e-filing system that functions very similar to the Secretary of State's system. Even the largest counties, like San Francisco and Los Angeles, don't have the resources to maintain such a system. The Secretary of State has not upgraded its own system in years. Campaign finance is low priority for funding.

But technically everyone, from the governor to candidates in the smallest counties, is supposed to file reports electronically?

E-filing is becoming more common, but it isn't required — or even implemented — everywhere. We've now sold our system to more than 150 localities in California. Sixty-six cities and counties use our campaign finance system; others only track a single form, the statement of economic interests, electronically. San Francisco and San Diego are our biggest clients. San Francisco has been instrumental in pushing for more public disclosure. Others have mostly only been interested in collecting and automating correspondence; it cuts down on people coming in for paper forms. Correspondence management is a huge time suck. Like the city of Santa Clara — it has one person for campaign finance management.

When a larger county like San Francisco asks for a new feature, it benefits everyone, right?

Camps for the Homeless?

Yes! It's pretty cool that we can provide this to smaller cities. Over the last two years we had a public-financing feature in production. It's a relatively major piece of software because it's based on San Francisco's regulations. Some custom features can't be used across different municipalities, though, because local requirements vary. But we're trying to build common e-filing systems that local governments can share.

Former Secretary of State Debra Bowen has said we need to update Cal-Access — the state-level system — to the tune of \$10 million. So the idea that a small city is going to build its own e-filing system is ludicrous. Like Microsoft Word became the standard for word processing, that's how we see ourselves going forward.

Kind of like a one-stop shop for filings?

Yeah. And these campaign treasurers are under intense deadlines. You still have to understand the paper filing process first to understand the e-filing process.

Also, contributions can be difficult to track because of different filings made by the same entity.

Candidates are required to close a campaign before opening a new one. So, potentially you've got the same guy, running for the same seat, and filing under different committees. Reforms at the state aren't really going to make any material changes to the process.

Our company is very non-political. We are providing infrastructure — just trying to give the same level of service to everybody.

I'm happy people are looking at our data. It's one of my dreams to have one central directory of all the candidates in California and all of

the committees connected to them — from local to state office. That's one of my goals over the next year.

We're trying to make things better for the research community, journalists and academics. The progress is slow, because we don't have a lot of resources.

What is the biggest obstacle for making progress towards that goal?

Our biggest bottleneck is time and staffing. As we bring on more city agencies, our support burden increases. We see opportunities to expand in California over the next three to five years. Right now, we service more than 150 localities in the state. We would like to convince the Secretary of State to use us, too, because we can do it more efficiently. One way we keep costs down is by maintaining just one software platform on a shared hosted system, which is based in Oakland. We will need to hire more staff, but we could support the whole state with only three or four more staff.

So, what are some improvements to NetFile that you would like to see implemented over the next several years?

The main thing that would make it useful to the layperson would be data normalization. Instead of having the same guy listed 200 times, you have him just once. Then you show that guy's relationships with many organizations. Kind of like a phone book, where you can look anyone up.

Let's use David Chiu as an example. He is now a state legislator, but he was a San Francisco politician first. He is the same person, no matter what office he holds. There's not a lot of ability to see these relationships without a lot of digging.

This concept is step one: identify all of the individual actors once. They may have moved, gotten married, things like that. It's the same person that you're tracking over time.

Step two is being able to discern the relationship between actors: if someone owns a business or owns property or significant portions of a company that is affected by your actions as a representative.

There are companies out there to match up and expose these relationships, but that does take human review. You would still need to have humans looking over all of the transactions going through this pipeline — oversight. Then we can say, OK, this is the same Joe Smith over here. You have to have human judgment involved, because it could behoove someone to not link one copy of Joe Smith with another Joe Smith, if they wanted to obscure some relationships.

This seems so obvious, like a “duh” idea. Again, what’s the biggest obstacle to making this candidate-tracking “phone book” a reality?

It would be a glorious resource. The delay is mostly software development time, and secondarily the ongoing human component takes time. There are lots of data projects, like at Google, where people are aggregating data. You need human involvement to make connections between two or more entries, though. The software gets you 85 percent there.

So there’s still a need for local control and administration of campaign finance reporting?

Yeah, so we would still let people to administer their own filings, but they would use a central system. We want the ability to see across

multiple jurisdictions. The Secretary of State is talking about being a one-stop shop for filings, but charter cities can have additional requirements that the state doesn't.

The Public Press has found errors in local campaign finance data. What are the most common types of human errors, and can mistakes be prevented?

There are a lot fewer errors than in the paper days. Missing info was the primary error in the old system. When e-filing, one thing that can be problematic is the CAL format — the filing standards set by the state. For example, a date can be interpreted as a number. Anybody who's using commercial e-filing software is going to be immune from that. But **the error you found** happened before we started managing San Francisco's system. Back then, people were allowed to upload Excel sheets into the old system.

Our program prompts you to fill out and review the info before submitting it. With paper filing, sheets can accidentally drop out — 20 pages become 15 — or be out of order. You just don't know. With e-filings, we know if the data has ever been modified, and we can prevent that from happening and can guarantee it hasn't been modified. Cal-Access is a different system, so I can't say for sure what checks and balances are in its code. But for us, we have checksums, so the code changes if the data is modified — basically, an alarm goes off because we're monitoring the document.

Committees are allowed to file amended reports, though. So when that happens, it becomes an entirely new document, with a new code associated with it?

Yes, exactly.

What about issues or concerns with public data being held in private hands?

We can't change the data. It stays in a read-only state forever. And the data is owned by the city or agency that uses it.

The public presentation of the data should be separate from the original filings, though. What you want to present to the public is an accurate summarization of the data and then provide a public reference to the source data for audits and the public.

That's one of my problems with Cal-Access, the state-level filing system. People assume that by replacing Cal-Access we will get better disclosure tools, and that's not necessarily true. As a tech guy, the biggest reason for replacement of Cal-Access is stability. It has stability issues and a huge ongoing issue of maintenance.

Then you can use a system to summarize it. If you talk to people at Open Secrets, they go through all sorts of gyrations to summarize their data. One of my experiences is that anyone who builds an e-filing system without experience does it wrong. We scrapped our first system. And we regularly update and maintain our system, and train others to use it. We don't build and drop; we provide an ongoing service.

Are there any projects you're particularly excited about right now?

We created a site that searches through campaign finance filings from state-level to local campaigns: **cal-access.com**, in reference to the state's Cal-Access system. You can type in any name and it will pull up records, like a Google search, but just for electronic records from the Secretary of State's website and the local databases we maintain across California.

Is that a prototype for a centralized “phone book” of candidates?

Not quite. It’s just a search engine right now.

**Filed in: Elections Politics San Francisco Cal-Access
campaign finance David Chiu David Montgomery e-
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