

File No. 190660

Committee Item No. 2

Board Item No. 1

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight
Board of Supervisors Meeting:

Date: Sept. 5, 2019
Date: Sept. 24, 2019

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Public Correspondence |

OTHER

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| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BLA Presentation – September 5, 2019</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BLA Policy Analysis Report – September 4, 2019</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Ethics Commission Motion No. 190529-02</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referrals FYI - June 12, 2019</u> |
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Prepared by: John Carroll
Prepared by: John Carroll

Date: August 30, 2019
Date: Sept. 11, 2019

1 [Campaign and Governmental Conduct Code - Public Campaign Financing]

2
3 **Ordinance amending the Campaign and Governmental Conduct Code to increase the**
4 **matching ratio for campaign contributions raised by candidates participating in the**
5 **City's public financing program and the amount of public funds available for those**
6 **candidates.**

7 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
8 **Additions to Codes** are in *single-underline italics Times New Roman font*.
9 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
10 **Board amendment additions** are in double-underlined Arial font.
11 **Board amendment deletions** are in ~~strikethrough Arial font~~.
12 **Asterisks (* * * *)** indicate the omission of unchanged Code
13 subsections or parts of tables.

14 Be it ordained by the People of the City and County of San Francisco:

15 Section 1. Chapter 1 of the Campaign and Governmental Conduct Code is hereby
16 amended by revising Sections 1.104, 1.140, 1.143, 1.144, and 1.152, to read as follows:

17 **SEC. 1.104. DEFINITIONS.**

18 Whenever in this Chapter 1 the following words or phrases are used, they shall mean:

19 * * * *

20 "Matching contribution" shall mean a contribution up to ~~\$500~~ \$150, made by an
21 individual, other than the candidate, who is a resident of San Francisco. Matching
22 contributions shall not include loans, contributions received more than 18 months before the
23 date of the election, qualifying contributions or contributions made by the candidate's spouse,
24 registered domestic partner or dependent child. Matching contributions must also comply with
25 all requirements of this Chapter. Matching contributions under \$100 that are not made by
written instrument must be accompanied by written documentation sufficient to establish the

1 contributor's name and address. The Ethics Commission shall set forth, by regulation, the
2 types of documents sufficient to establish a contributor's name and address for the purpose of
3 this subsection.

4 * * * *

5 **SEC. 1.140. ELIGIBILITY TO RECEIVE PUBLIC FINANCING.**

6 * * * *

7 (b) ADDITIONAL REQUIREMENTS FOR CANDIDATES FOR THE BOARD OF
8 SUPERVISORS. To be eligible to receive public financing of campaign expenses under this
9 Chapter, a candidate for the Board of Supervisors must:

10 (1) Be seeking election to the Board of Supervisors and be eligible to hold the
11 office sought;

12 (2) Have a candidate committee that has received at least \$10,000 in qualifying
13 contributions from at least 100 contributors *before by* the 70th day before the election; or, if the
14 candidate is an incumbent member of the Board of Supervisors, have a candidate committee
15 that has received at least \$15,000 in qualifying contributions from at least 150 contributors
16 *before by* the 70th day before the election;

17 (3) Be opposed by another candidate who has either established eligibility to
18 receive public financing, or whose candidate committee has received contributions or made
19 expenditures which in the aggregate equal or exceed \$10,000; and

20 (4) Agree that his or her candidate committee will not make qualified campaign
21 expenditures that total more than the candidate's Individual Expenditure Ceiling of ~~\$250,000~~
22 \$350,000, or as adjusted under Section 1.143 of this Chapter.

23 (c) ADDITIONAL REQUIREMENTS FOR CANDIDATES FOR MAYOR. To be eligible
24 to receive public financing of campaign expenses under this Chapter, a candidate for Mayor
25 must:

1 (1) Be seeking election to the office of Mayor and be eligible to hold the office
2 sought;

3 (2) Have a candidate committee that has received at least \$50,000 in qualifying
4 contributions from at least 500 contributors by the 70th day before the election; or, if the
5 candidate is the incumbent Mayor, have a candidate committee that has received at least
6 \$75,000 in qualifying contributions from at least 750 contributors by the 70th day before the
7 election;

8 (3) Be opposed by another candidate who has either established eligibility to
9 receive public financing, or whose candidate committee has received contributions or made
10 expenditures that in the aggregate equal or exceed \$50,000; and

11 (4) Agree that his or her candidate committee will not make qualified campaign
12 expenditures that total more than the candidate's Individual Expenditure Ceiling of ~~\$1,475,000~~
13 \$1,700,000, or as adjusted under Section 1.143 of this Chapter.

14 * * * *

15 **SEC. 1.143. ADJUSTING INDIVIDUAL EXPENDITURE CEILINGS.**

16 This Section 1.143 shall apply only if the Ethics Commission has certified that at least
17 one candidate for Mayor or the Board of Supervisors is eligible to receive public funds under
18 this Chapter 1.

19 (a) The Executive Director shall adjust the Individual Expenditure Ceiling of a
20 candidate for Mayor by \$250,000 when the sum of the Total Opposition Spending against that
21 candidate and the highest level of the Total Supportive Funds of any other candidate for
22 Mayor is greater than ~~\$1,475,000~~ \$1,700,000 by any amount. Thereafter, the Executive Director
23 shall further adjust a candidate's Individual Expenditure Ceiling in increments of \$250,000,
24 whenever the sum of the Total Opposition Spending against that candidate and the highest
25

1 level of the Total Supportive Funds of any other candidate for Mayor is greater than the
2 candidate's current Individual Expenditure Ceiling by any amount.

3 (b) The Executive Director shall adjust the Individual Expenditure Ceiling of a
4 candidate for the Board of Supervisors by \$50,000 when the sum of the Total Opposition
5 Spending against that candidate and the highest level of the Total Supportive Funds of any
6 other candidate for the same office on the Board of Supervisors is greater than ~~\$250,000~~
7 \$350,000 by any amount. Thereafter, the Executive Director shall further adjust a candidate's
8 Individual Expenditure Ceiling in increments of \$50,000, whenever the sum of the Total
9 Opposition Spending against that candidate and the highest level of the Total Supportive
10 Funds of any other candidate for the same office is greater than the candidate's current
11 Individual Expenditure Ceiling by any amount.

12 * * * *

13 **SEC. 1.144. DISBURSEMENT OF PUBLIC FUNDS.**

14 (a) PAYMENT BY CONTROLLER. Upon certifying that a candidate is eligible to
15 receive public financing under this Chapter, the Executive Director shall forward the
16 certification to the Controller, and the Controller shall disburse payments to the candidate from
17 the Election Campaign Fund in accordance with the certification and this Section.

18 (b) TIME OF PAYMENTS. The Controller shall not make any payments under this
19 Chapter to any candidate more than 142 days before the date of the election. Payments from
20 the Controller shall be disbursed to eligible candidates within two business days of the
21 Controller receiving notification from the Ethics Commission regarding the amount of the
22 disbursement, except that within fifteen calendar days before the election, such payments
23 shall be made within one business day.

24 (c) PAYMENTS FOR ELECTION EXPENSES TO CANDIDATES FOR MAYOR.

25 Candidates for Mayor certified as eligible to receive public financing for their election

1 campaigns will have access to funds from the Election Campaign Fund on a first-come, first-
2 served basis according to the following formula:

3 (1) Upon qualification the candidate shall receive a one-time payment of
4 ~~\$100,000~~ \$300,000 from the Election Campaign Fund.

5 (2) After the initial payment under ~~§~~subsection ~~(c)~~(1), for the first ~~\$425,000~~
6 \$150,000 in matching contributions raised by the candidate, the candidate shall receive ~~two~~ six
7 dollars from the Election Campaign Fund for each dollar raised. If the candidate is the
8 incumbent Mayor, after the initial payment under subsection (c)(1), for the first \$147,500 in matching
9 contributions raised by the candidate, the candidate shall receive six dollars from the Election
10 Campaign Fund for each dollar raised.

11 ~~(3) After the payments under Subsection (2), for the next \$25,000 in matching~~
12 ~~contributions raised by the candidate, the candidate shall receive one dollar from the Election~~
13 ~~Campaign Fund for each dollar raised. If the candidate is the incumbent Mayor, after the payments~~
14 ~~under Subsection (2), for the next \$12,500 in matching contributions raised by the candidate, the~~
15 ~~candidate shall receive one dollar from the Election Campaign Fund for each dollar raised.~~

16 ~~(4) (3)~~ The maximum amount of public funds a non-incumbent mayoral
17 candidate may receive is ~~\$975,000~~ \$1,200,000. The maximum amount of public funds an
18 incumbent mayoral candidate may receive is ~~\$962,500~~ \$1,185,000.

19 (d) PAYMENTS FOR ELECTION EXPENSES TO CANDIDATES FOR THE BOARD
20 OF SUPERVISORS. Candidates for the Board of Supervisors certified as eligible to receive
21 public financing for their election campaigns will have access to funds from the Election
22 Campaign Fund on a first-come, first-served basis according to the following formula:

23 (1) Upon qualification the candidate shall receive a one-time payment of ~~\$20,000~~
24 \$60,000 from the Election Campaign Fund.

1 (2) After the initial payment under ~~Subsection (d)(1)~~, for the first ~~\$50,000~~ \$32,500
2 in matching contributions raised by the candidate, the candidate shall receive ~~two~~ six dollars
3 from the Election Campaign Fund for each dollar raised. If the candidate is an incumbent
4 member of the Board of Supervisors after the initial payment under subsection (d)(1), for the first
5 \$32,000 in matching contributions raised by the candidate, the candidate shall receive six dollars from
6 the Election Campaign Fund for each dollar raised.

7 ~~(3) After the payments under Subsection (2), for the next \$35,000 in matching~~
8 ~~contributions raised by the candidate, the candidate shall receive one dollar from the Election~~
9 ~~Campaign Fund for each dollar raised. If the candidate is an incumbent member of the Board of~~
10 ~~Supervisors, after the payments under Subsection (2), for the next \$32,500 in matching contributions~~
11 ~~raised by the candidate, the candidate shall receive one dollar from the Election Campaign Fund for~~
12 ~~each dollar raised.~~

13 (4) ~~(3)~~ The maximum amount of public funds a non-incumbent candidate for the
14 Board of Supervisors may receive is ~~\$155,000~~ \$255,000. The maximum amount of public funds
15 an incumbent candidate for the Board of Supervisors may receive in ~~\$152,500~~ \$252,000.

16 * * * *

17 **SEC. 1.152. SUPPLEMENTAL REPORTING IN ELECTIONS FOR BOARD OF**
18 **SUPERVISORS AND MAYOR.**

19 (a) ELECTIONS FOR THE BOARD OF SUPERVISORS.

20 (1) In addition to the campaign disclosure requirements imposed by the
21 California Political Reform Act and other provisions of this Chapter, each candidate committee
22 supporting a candidate for the Board of Supervisors shall file a statement with the Ethics
23 Commission indicating when the committee has received contributions to be deposited into its
24 Campaign Contribution Trust Account or made expenditures that equal or exceed ~~\$5,000~~
25 \$10,000 within 24 hours of reaching or exceeding that amount.

1 (2) In addition to the supplemental report in ~~S~~subsection (a)(1) of this Section,
2 each candidate committee supporting a candidate for the Board of Supervisors shall file a
3 statement with the Ethics Commission disclosing when the committee has received
4 contributions to be deposited into its Campaign Contribution Trust Account or made
5 expenditures that in the aggregate equal or exceed \$100,000. The candidate committee shall
6 file this report within 24 hours of reaching or exceeding the threshold. Thereafter, the
7 candidate committee shall file an additional supplemental report within 24 hours of every time
8 the candidate committee receives additional contributions to be deposited into its Campaign
9 Contribution Trust Account or makes additional expenditures that in the aggregate equal or
10 exceed \$10,000.

11 (3) The Executive Director shall post the information disclosed on statements
12 required by this subsection on the website of the Ethics Commission within two business days
13 of the statement's filing.

14 * * * *

15
16 Section 2. Effective and Operative Dates.

17 (a) Effective Date. This ordinance shall become effective 30 days after enactment.
18 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance
19 unsigned or does not sign the ordinance within ten days of receiving it, or the Board of
20 Supervisors overrides the Mayor's veto of the ordinance.

21 (b) Operative Date. This ordinance shall become operative on January 1, 2020.
22

23 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
24 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
25 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal

1 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
2 additions, and Board amendment deletions in accordance with the "Note" that appears under
3 the official title of the ordinance.
4

5 Section 4. Severability. If any section, subsection, sentence, clause, phrase, or word
6 of this ordinance, or any application thereof to any person or circumstance, is held to be
7 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
8 shall not affect the validity of the remaining portions or applications of the ordinance. The
9 Board of Supervisors hereby declares that it would have passed this ordinance and each and
10 every section, subsection, sentence, clause, phrase, and word not declared invalid or
11 unconstitutional without regard to whether any other portion of this ordinance or application
12 thereof would be subsequently declared invalid or unconstitutional.
13

14 Section 5. Amendments to Campaign Finance Reform Ordinance. Under Campaign
15 and Governmental Conduct Code Section 1.103, the City may enact this ordinance without
16 voter approval only if (a) the ordinance furthers the purposes of Campaign and Governmental
17 Conduct Code Article I, Chapter 1; (b) the Ethics Commission approves the ordinance in
18 advance by at least a four-fifths vote of all its members; (c) the ordinance has been available
19 for public review at least 30 days before the ordinance is considered by the Board of
20 Supervisors or any committee of the Board of Supervisors; and (d) the Board of Supervisors
21 approves the proposed amendment by at least a two-thirds vote of all its members.
22

22 APPROVED AS TO FORM:
23 DENNIS J. HERRERA, City Attorney

24 By: 
25 ANDREW SHEN, Deputy City Attorney

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LEGISLATIVE DIGEST

[Campaign and Governmental Conduct Code - Public Campaign Financing]

Ordinance amending the Campaign and Governmental Conduct Code to increase the matching ratio for campaign contributions raised by candidates participating in the City's public financing program and the amount of public funds available for those candidates.

Existing Law

1. Matching contributions and ratios; maximum amount of public funds

After qualifying, candidates participating in the City's public financing program receive an initial grant of funds - \$20,000 for supervisory candidates and \$100,000 for mayoral candidates. S.F. Campaign & Gov'tal Conduct Code §§ 1.144(c)(1), (d)(1). Thereafter, campaign contributions raised by candidates would be matched with public funds in pre-determined ratios. Candidates can match up to \$500 of each contribution with public funds, *id.* § 1.104, in the following ratios.

For supervisory candidates, for the first \$50,000 that they raise in private campaign contributions, each dollar would be matched with two dollars in public funds. Thereafter, additional contributions received by supervisory candidates would be matched on a one-to-one basis. *Id.* § 1.144(d). For mayoral candidates, for the first \$425,000 that they raise in private campaign contributions, each dollar would be matched with two dollars in public funds. Thereafter, additional contributions received by mayoral candidates would be matched on a one-to-one basis. *Id.* § 1.144(c).

For the one-to-one tiers of matching public funds, non-incumbent and incumbent candidates would have slightly different amounts of public funds available to them. Incumbent supervisory candidates could match up \$32,500 in private contributions, while non-incumbent supervisory candidates could receive up to \$35,000. *Id.* § 1.144(d)(3). Incumbent mayoral candidates could match up to \$12,500 in private contributions, and non-incumbent mayoral candidates could receive up to \$25,000. *Id.* § 1.144(c)(3).

A non-incumbent supervisory candidate may receive up to a total of \$155,000 in public funds; an incumbent supervisory candidate may receive up to \$152,500. *Id.* § 1.144(d)(4). A non-incumbent mayoral candidate may receive up to \$975,000 in public funds; an incumbent mayoral candidate may receive up to \$962,500. *Id.* § 1.144(c)(4).

2. Individual expenditure ceilings

Candidates who participate in the City's public financing program are subject to an adjustable spending cap, referred to as an individual expenditure ceiling. As the election progresses, individual expenditure ceilings for publicly financed candidates increase based on the amount of funds spent by competing candidates and third-parties who oppose their candidacies. *Id.* § 1.143.

For supervisorial candidates, the initial individual expenditure ceiling is \$250,000. *Id.* § 1.143(b). The initial individual expenditure ceiling for mayoral candidates is \$1,475,000. *Id.* § 1.143(a).

Amendments to Current Law

1. Matching contributions and ratios; maximum amount of public funds

The proposed amendments would decrease the amount of a "matching contribution" – that is, the amount of each contribution that can be matched with public funds – from \$500 to \$150.

But the proposal would increase the amount matching ratios that apply to such contributions. For both supervisorial and mayoral candidates, the matching ratio be six-to-one – instead of the current two-to-one or one-to-one ratios. The proposal would also increase the initial grant of public funds for qualified candidates – to \$60,000 for supervisorial candidates and \$300,000 for mayoral candidates.

The maximum amount of public funds a candidate could receive would also increase. A non-incumbent supervisorial candidate may receive up to a total of \$255,000 in public funds; an incumbent supervisorial candidate may receive up to \$252,500. A non-incumbent mayoral candidate may receive up to \$1,200,000 in public funds; an incumbent mayoral candidate may receive up to \$1,185,000.

2. Individual expenditure ceilings

The proposed amendments would also increase the initial individual expenditure ceiling for participating candidates. For supervisorial candidates, the initial individual expenditure ceiling would increase to \$350,000. For mayoral candidates, the initial individual expenditure ceiling would increase to \$1,700,000.

3. Operative date

These changes to the City's public financing program would become operative on January 1, 2020.

Background Information

Under Campaign and Governmental Conduct Code Section 1.103, the City may enact this ordinance without voter approval only if:

- (a) the ordinance furthers the purposes of Campaign and Governmental Conduct Code Article I, Chapter 1;
- (b) the Ethics Commission approves the ordinance in advance by at least a four-fifths vote of all its members;
- (c) the ordinance has been available for public review at least 30 days before the ordinance is considered by the Board of Supervisors or any committee of the Board of Supervisors; and
- (d) the Board of Supervisors approves the proposed amendment by at least a two-thirds vote of all its members.

On May 29, 2019, the Ethics Commission approved this ordinance by a 4-0 vote.

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

August 30, 2019

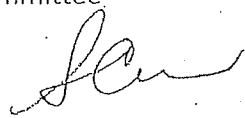
TO: Government Audit and Oversight Committee
FROM: Budget and Legislative Analyst 
SUBJECT: September 5, 2019 Government Audit and Oversight Committee Meeting

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<p>Item 2 File 19-0660</p>	<p>Department: Ethics Commission (Commission)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The proposed ordinance amends the City’s Campaign and Governmental Conduct Code to increase the amount of public financing available to candidates for the Board of Supervisors and Mayor. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The City gives matching public finance grants to candidates for Board of Supervisors and Mayor who meet fundraising thresholds defined in the Campaign and Governmental Conduct Code. The proposed legislation increases the amount of the initial grant to candidates, and increases the amount of the dollar-to-dollar match for candidates who raise funds above the initial fundraising threshold. • Under the proposed ordinance, the maximum public finance grant to non-incumbent candidates for Board of Supervisors increases from \$155,000 to \$255,000, and to incumbent candidates for Board of Supervisors increases from \$152,500 to \$252,500. The maximum public finance grant to non-incumbent candidates for Mayor increases from \$975,000 to \$1,200,000, and to incumbent candidates for Mayor increases from \$962,500 to \$1,185,000. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The Election Campaign Fund balance as of January 1, 2018 was \$7,034,525, which is the maximum fund amount authorized in the City’s Campaign Finance Reform Ordinance. The Election Campaign Fund allocated \$1,513,467 in public finance grants to 11 candidates for Board of Supervisors in the June 2018 and November 2018 elections. If the provisions of the proposed ordinance had been in effect in 2018, grants to the 11 candidates for the Board of Supervisors would have increased to \$2,802,000. • The FY 2019-20 allocation to the Election Campaign Fund, previously appropriated by the Board of Supervisors, is \$6,803,704. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approval of the proposed resolution is a policy decision for the Board of Supervisors. 	

MANDATE STATEMENT

According to Charter Section 2.105, the Board of Supervisors shall act only by written ordinance or resolution.

BACKGROUND

San Francisco currently operates a voluntary public financing program for candidates for the office of Board of Supervisors and for Mayor. In order to participate in the public financing candidates must first raise a required amount of funds from a specific number of private donors. The proposed ordinance would amend the City's Campaign and Governmental Conduct Code to increase the matching ratio for campaign contributions raised by candidates participating in the City's public financing program and increase the amount of public funds available to those candidates.

Under current code provisions, candidates for the Board of Supervisors must raise \$10,000 from 100 people or more who are residents of San Francisco before the 70th day before the election, while candidates for Mayor must raise at least \$50,000 from at least 500 San Francisco residents by the 70th day before the election.¹ Upon qualifying, candidates for the Board of Supervisors receive a public finance grant of \$20,000, while candidates for Mayor receive a public finance grant of \$100,000.

Candidates are eligible for additional matching funds after the initial public finance grant of \$20,000 to candidates for the Board of Supervisors, and \$100,000 to candidates for Mayor. Candidates for the Board of Supervisors shall receive \$2 in matching contributions for each \$1 raised by the candidate up to \$50,000, and \$1 in matching contributions for each \$1 raised by the candidate exceeding \$50,000 and up to \$85,000. Candidates for mayor shall receive \$2 in matching contributions for each \$1 raised by the candidate up to \$425,000, and \$1 in matching contributions for each \$1 raised by the candidate exceeding \$425,000 and up to \$450,000. The maximum publicly-financed matching contribution for candidates for Board of Supervisors is \$155,000, and for Mayor is \$975,000.

The City's Campaign and Governmental Conduct Code allows for an individual candidate's expenditure ceiling (the total amount a candidate can spend to finance their campaign) of \$250,000 for candidates for Board of Supervisors, and \$1,475,000 for candidates for Mayor. Eligibility for public financing is also dependent upon there being an opposition candidate who is also eligible for public financing, or a candidate who has spent \$10,000 on their campaign for Board of Supervisors or \$50,000 on their campaign for Mayor.

¹ Incumbents face higher thresholds for qualification for public financing and different ratios for matching. For information on the how codes apply to incumbents see Tables 1 and 2.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance amends the City’s Campaign and Governmental Conduct Code to increase the amount of public financing available to candidates for the Board of Supervisors and Mayor. Proposed changes for candidates for Mayor are described below in Table 1 and proposed changes for candidates for the Board of Supervisors are described below in Table 2.

Table 1: Proposed Amendment to San Francisco Campaign and Governmental Conduct Code for Public Financing of Campaigns for Mayor

	Current Code Provision	Proposed Amendment
Amount needed to qualify for public financing	\$50,000 from 500 people or more who are residents of San Francisco by the 70 th day before election (non-incumbent) \$75,000 from 750 people or more who are residents of San Francisco by the 70 th day before election (incumbent)	\$50,000 from 500 people or more who are residents of San Francisco by the 70 th day before election (non-incumbent) \$75,000 from 750 people or more who are residents of San Francisco by the 70 th day before election (incumbent)
Initial grant to candidate upon qualification for public campaign financing	\$100,000	\$300,000
Maximum amount of each contribution raised by candidate eligible for publicly-financed match	Up to \$500	Up to \$150
Matching ratios	\$2 for each \$1 raised for the next \$425,000 after the initial amount \$1 for each \$1 raised for additional contributions between \$425,000 and \$450,000	\$6 for each \$1 raised for the next \$150,000 after the initial amount (non-incumbent); \$6 for each \$1 raised up to \$147,500 after the initial amount (incumbent);
Maximum amount of public financing	\$975,000 (non-incumbent) \$962,500 (incumbent)	\$1,200,000 (non-incumbent) \$1,185,000 (incumbent)
Individual expenditure ceilings	\$1,475,000	\$1,700,000

Source: Proposed Ordinance

Table 2: Proposed Amendment to San Francisco Campaign and Governmental Conduct Code for Public Financing of Campaigns for San Francisco Board of Supervisors

	Current system	Change
Amount needed to qualify for public financing	<p>\$10,000 from 100 people or more who are residents of San Francisco <i>before</i> the 70th day before the election (non-incumbent)</p> <p>\$15,000 from 150 people or more who are residents of San Francisco <i>before</i> the 70th day before the election (incumbent)</p>	<p>\$10,000 from 100 people or more who are residents of San Francisco <i>by</i> the 70th day before the election (non-incumbent)</p> <p>\$15,000 from 150 people or more who are residents of San Francisco <i>by</i> the 70th day before the election (incumbent)</p>
Initial grant to candidate upon qualification for public campaign financing	\$20,000	\$60,000
Maximum amount of each contribution raised by candidate eligible for publicly-financed match	Up to \$500	Up to \$150
Matching ratios	<p>\$2 for each \$1 raised for the next \$50,000 after the initial amount raised</p> <p>\$1 for each \$1 raised for additional contributions between \$50,000 and \$85,000</p>	\$6 for each \$1 raised for the \$32,500 raised after the initial amount
Maximum amount of public financing	<p>\$155,000 (non-incumbent)</p> <p>\$152,500 (incumbent)</p>	<p>\$255,000 (non-incumbent)</p> <p>\$252,500 (incumbent)</p>
Individual expenditure ceilings	\$250,000	\$350,000

Source: Proposed Ordinance

The proposed ordinance was considered at the May 29, 2019 Ethics Commission meeting. The Commission approved a motion to approve provisions in the proposed ordinance shown in Tables 1 and 2 above, including (a) reducing the maximum amount of each contribution raised by the candidate that is eligible for a publicly-financed match; (b) increasing the initial grants to qualified supervisorial and mayoral candidates; (c) increasing the maximum amount of public financing per candidate, and (d) increasing the individual expenditure ceilings.

FISCAL IMPACT

The source of public funds used for campaigns is the City's Election Campaign Fund, administered by the Ethics Commission. The Fund is allocated \$2.75 per San Francisco resident each year whether there is an election or not. Additional funding is provided for special elections for Mayor.

The Election Campaign Fund balance as of January 1, 2018 was \$7,034,525, which is the maximum fund amount authorized in the City's Campaign Finance Reform Ordinance. The Election Campaign Fund allocated \$1,513,467 in public finance grants to 11 candidates for Board of Supervisors in the June 2018 and November 2018 elections. If the provisions of the proposed ordinance had been in effect in 2018 for candidates for the Board of Supervisors, the grants to the 11 candidates have increased to \$2,802,000.²

In addition to the \$1,513,467 in publicly-financed grants to candidates for the Board of Supervisors, the Election Campaign Fund granted \$2,660,762 to candidates for Mayor in the June 2018 election.

The FY 2019-20 allocation to the Election Campaign Fund, previously appropriated by the Board of Supervisors is \$6,803,704.

RECOMMENDATION

Approval of the proposed resolution is a policy decision for the Board of Supervisors.

² This does not account for the provision in the Campaign and Governmental Conduct Code that approximately 15 percent of the Fund can be used for Ethics Commission administrative activities.

PUBLIC CAMPAIGN FINANCING

Policy Analysis Report to Supervisor Gordon Mar

Presentation to:

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

September 5, 2019

Budget and Legislative Analyst

Public Financing of Campaigns in San Francisco

- Proposition O adopted in 2000: funds matched in proportion to private fundraising by candidate.
- Initially covered Board of Supervisors elections only
- Mayoral elections added 2006.
- Funding structure changed over the years.
- Public funds disbursed ranges from \$281,989 (2002) to \$4.7 million (2011), and from 12.2% to 42.3% of all candidate spending (average= 29%).
- Participation has ranged from 9 to 23 candidates and 12% to 67% of all candidates on ballot (average= 41%).
- Programs in place in other cities: New York City, Los Angeles, Berkeley, Portland, with \$6-to-\$1 match rates; Denver, Baltimore match rates of up to \$9-to-\$1.

Current structure: Board of Supervisors

Fundraising Tier	Maximum qualifying/matching contribution	Match Rate	Non-incumbent		Incumbent	
			Privately Raised Funds	Matching Public Funds Provided	Privately Raised Funds	Public Funds Provided
Tier 1: qualifying requirement (100/150 minimum number of donors)	\$100	\$2:\$1 & \$1.33:\$1	\$10,000	\$20,000 (2:1)	\$15,000	\$20,000 (1.33:1)
Tier 2: next fundraising increment	\$500	\$2:\$1	\$50,000	\$100,000 (2:1)	\$50,000	\$100,000 (2:1)
Tier 3: next fundraising increment	\$500	\$1:\$1	\$35,000	\$35,000 (1:1)	\$32,500	\$32,500 (1:1)
Subtotal			\$95,000	\$155,000	\$97,500	\$152,500
Total			\$250,000	\$250,000	\$250,000	\$250,000

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Current structure: Mayor

Fundraising Tier	Maximum qualifying/matching contribution	Match Rate	Non-incumbent		Incumbent	
			Privately Raised Funds	Matching Public Funds Provided	Privately Raised Funds	Public Funds Provided
Tier 1 increment: qualifying requirement (500/750 minimum number of donors)	\$100	\$2:\$1 & \$1.33: \$1	\$50,000	\$100,000 (2:1)	\$75,000	\$100,000 (1.33:1)
Tier 2: next fundraising increment	\$500	\$2:\$1	\$425,000	\$850,000 (2:1)	\$425,000	\$850,000 (2:1)
Tier 3: next fundraising increment	\$500	\$1:\$1	\$25,000	\$25,000 (1:1)	\$12,500	\$12,500 (1:1)
Subtotal			\$500,000	\$975,000	\$512,500	\$962,500
Total			\$1,475,000	\$1,475,000	\$1,475,000	\$1,475,000

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Proposed changes & policy objectives

Proposed legislative change

Reduce maximum private contribution amount that qualifies for public matching funds.

Increase public funds match rate range from \$1-to-\$1 to \$2-to-\$1 to:

\$6-to-\$1: non-incumbents

\$4-to-\$1 to \$6-to-\$1: incumbents.

Increase initial total spending limit for publicly financed campaigns and provide a greater amount of public funds to candidates.

Policy objectives

Enhance the impact of smaller sized donations.

Encourage candidates to enter City races regardless of whether their supporters and donors are not able to contribute relatively larger sums.

Amplify resources available to participating candidates for more effective, sufficiently resourced campaigns.

Provide participating candidates with more available resources to better make themselves and their policy views known to voters; reduce time spent fundraising.

Proposed changes & policy objectives (cont'd)

Proposed legislative change

After qualifying for public financing reduce funds that candidates must privately raise to qualify for all remaining public funds.

Reduce the number of tiers of private fundraising required to access public funds from three to two.

Policy objectives

Reduce the importance of raising larger sums of money to access public funds.

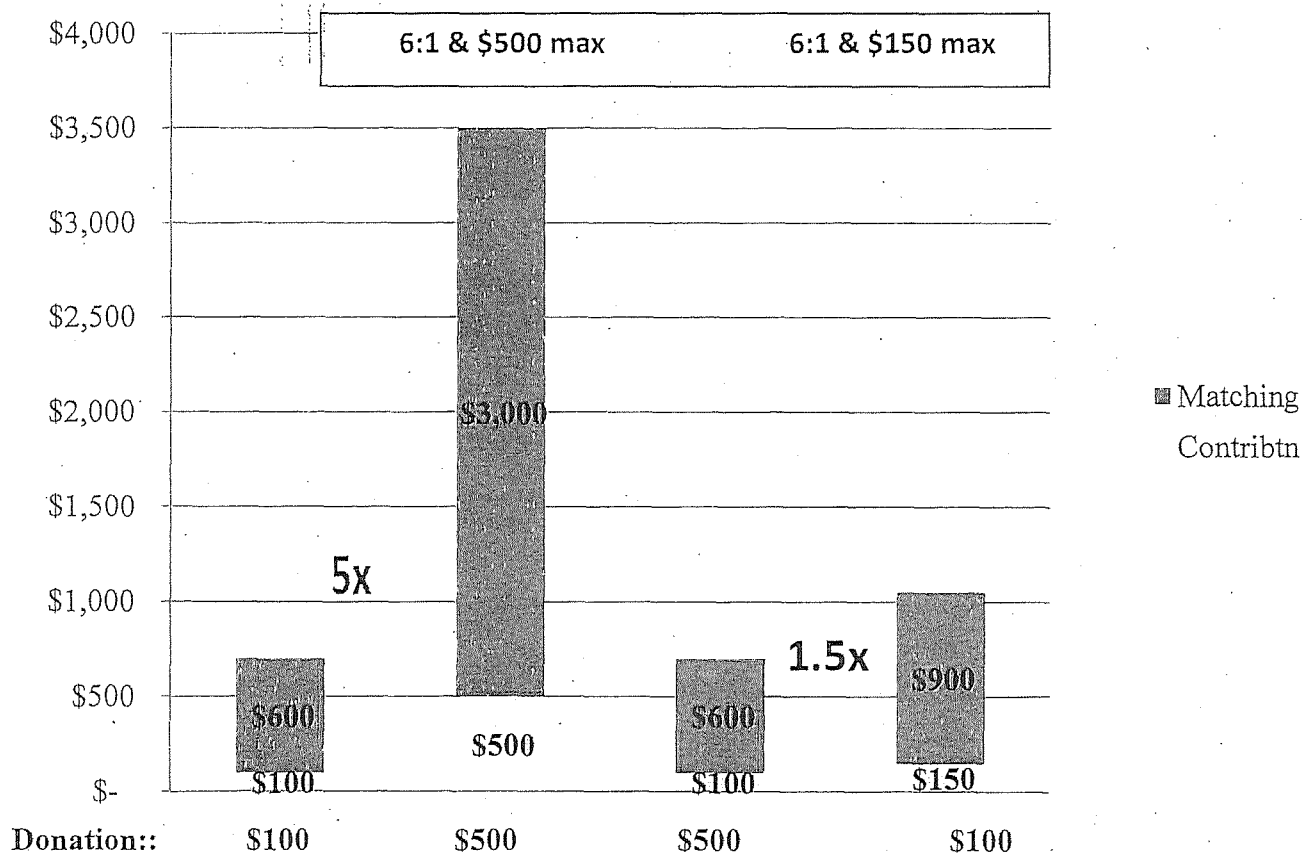
Key Proposed Changes for Board of Supervisors Candidates: Match Rate to 6:1

	Non-incumbent			Incumbent		
	Current	Proposed	Change	Current	Proposed	Change
Individual Expenditure Ceiling	\$250,000	\$350,000	+\$100,000	\$250,000	\$350,000	+\$100,000
Private Funds to Qualify	\$10,000	\$10,000	\$0	\$15,000	\$15,000	\$0
Maximum Public \$ Available per Candidate	\$155,000	\$255,000	+\$100,000	\$152,500	\$252,000	+\$99,500
Amount to be privately raised to release maximum public funds	\$95,000	\$42,500	-\$52,500	\$97,500	\$47,000	-\$50,500
Matching contribution, Tier 2	\$500	\$150	-\$350	\$500	\$150	-\$350
Total amount to be privately raised to allow candidate to expend Individual Expenditure Ceiling maximum	\$95,000	\$95,000	\$0	\$97,500	\$98,000	+\$500

Key Proposed Changes for Mayoral Candidates: Match Rate to 6:1

	Non-incumbent			Incumbent		
	Current	Proposed	Change	Current	Proposed	Change
Individual Expenditure Ceiling	\$1,475,000	\$1,700,000	+\$225,000	\$1,475,000	\$1,700,000	+\$225,000
Private Funds to Qualify	\$50,000	\$50,000	\$0	\$75,000	\$75,000	\$0
Maximum Public \$ Available per Candidate	\$975,000	\$1,200,000	+\$225,000	\$962,500	\$1,185,000	+\$222,500
Amount to be privately raised to release maximum public funds	\$500,000	\$200,000	-\$300,000	\$512,500	\$222,500	\$290,000
Matching contribution, Tier 2	\$500	\$150	-\$350	\$500	\$150	-\$350
Total amount to be privately raised for candidate to expend Individual Expenditure Ceiling maximum	\$500,000	\$500,000	\$0	\$522,500	\$515,000	-7,500

Impact of Combination of Proposed Increase in Match Rate and Reduced Matching Contribution Maximum



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Public Funds Generated: \$150 and \$500 Donations

Public Funds Provided Under:	\$150 Donation (@ \$2-to-\$1)	\$500 Donation (@ \$6-to-\$1) (\$150 matching contribution max.)	Difference
Current Program	\$300	\$1,000	\$700
Proposed Changes	\$900	\$900	\$0

Election Campaign Fund Impact based on 2018 Participation

	Actual 2018	Under Proposed Changes
Starting Balance, 2018	\$ 7,034,525	\$ 7,034,525
Expenditures	\$ 4,171,224	\$ 6,402,000
Balance	\$ 2,863,301	\$ 632,525

Maximum Funding Needed to Cover Varying Number of Candidates Participating in the Public Financing Program under Proposed Increases in Public Funding

	BOARD OF SUPERVISORS (@ \$255,000/CANDIDATE)			MAYOR (@ \$1,200,000 PER CANDIDATE)		
# PARTICIPATING CANDIDATES	11	15	27	5	7	9
MAXIMUM \$ NEEDED	\$2,805,000	\$3,825,000	\$6,885,000	\$6,000,000	\$8,400,000	\$10,800,000

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Funding Issues

5 provisions in Campaign and Government Conduct Code:

- \$2.75 per resident per year = \$2,365,000 (@ 860,000 residents)
- \$ 7 million cap on Election Campaign Fund
- Mayoral baseline allows for funding over the cap
- 15% administrative costs allowed for Mayoral and BOS baselines; but no allowance for administrative costs in other 3 provisions
- Board of Supervisors election baseline allows for only \$1,290,000.

Policy Options for Board of Supervisors

1. Consider adoption of the proposed legislation to support its policy goals: reducing the importance of larger donations and sums of money to access public funds, encouraging candidates to enter City races regardless of whether their supporters are able to make relatively larger contributions, increasing total public spending on Mayoral and Board of Supervisors campaigns, and reducing the amount of time to be spent fundraising by candidates participating in the public financing program.
2. Consider amending the City's Campaign and Government Conduct Code to raise \$7 million cap, consistent with baseline provision for Mayoral elections funding.
3. Consider amending the Code to clarify if all funding provisions allow for administrative costs of 15 percent.
4. Consider increasing the baseline level of funding for Board of Supervisors elections now set at \$1.50 per resident to a higher amount. Baseline funding of \$4.50 per resident would ensure that up to 15 Board of Supervisors candidates could participate in the public financing program and receive maximum public funds available per non-incumbent candidate of \$255,000 each. An appropriation for this funding would only be necessary if the Election Campaign Fund does not have sufficient funding to cover the election from rolled over funds and/or the Ethics Commission's regular annual appropriation, as has the been the case in most years of the program to date.



Questions and comments

PUBLIC CAMPAIGN FINANCING

Policy Analysis Report to Supervisor Gordon Mar

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Presentation to:

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

September 5, 2019

Project Staff : Amanda Guma
Fred Brousseau

Carroll, John (BOS)

From: Carroll, John (BOS)
Sent: Wednesday, September 4, 2019 5:03 PM
To: Loeza, Gabriela; Mar, Gordon (BOS); 'Brown, Vallie (vallie.brown@sfgov.org)'; Peskin, Aaron (BOS); Wright, Edward (BOS); Cancino, Juan Carlos (BOS); Yan, Calvin (BOS)
Cc: Calvillo, Angela (BOS); BOS Legislation, (BOS); Laxamana, Junko (BOS); Lew, Lisa (BOS); Major, Erica (BOS); Mchugh, Eileen (BOS); Somera, Alisa (BOS); Wong, Linda (BOS); Young, Victor (BOS); Campbell, Severin (BUD); Brousseau, Fred (BUD); Rose, Harvey (BUD); Guma, Amanda (BUD)
Subject: FW: September 4, 2019 - Public Financing of Campaigns
Attachments: BLA.PublicFinance.Campaigns.090419.pdf
Categories: 190660, 2019.09.05 - GAO


Thank you.

With the concurrence of the Office of Chair Mar—as the requestor of the report—I have added this BLA policy analysis to File No. 190660, which will be considered by the GAO committee tomorrow as agenda item number 2.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 190660](#)

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415) 554-4445

 Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form.

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation and archived matters since August 1998.

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From: Loeza, Gabriela (BUD) <gabriela.loeza@sfgov.org>
Sent: Wednesday, September 4, 2019 4:37 PM
To: Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>; Carroll, John (BOS) <john.carroll@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>; Laxamana, Junko (BOS) <junko.laxamana@sfgov.org>; Lew, Lisa (BOS) <lisa.lew@sfgov.org>; Major, Erica (BOS) <erica.major@sfgov.org>; Mchugh, Eileen (BOS) <eileen.e.mchugh@sfgov.org>; Somera, Alisa (BOS) <alisa.somera@sfgov.org>; Wong, Linda (BOS) <linda.wong@sfgov.org>; Young, Victor (BOS) <victor.young@sfgov.org>

Cc: Campbell, Severin (BUD) <severin.campbell@sfgov.org>; Brousseau, Fred (BUD) <fred.brousseau@sfgov.org>; Rose, Harvey (BUD) <harvey.rose@sfgov.org>; Guma, Amanda (BUD) <amanda.guma@sfgov.org>
Subject: September 4, 2019 - Public Financing of Campaigns

Attached please find a copy of the Budget and Legislative Analyst's report, *Public Financing of Campaigns*, prepared for Supervisor Mar. For further information about this report, please contact Fred Brousseau at the Budget and Legislative Analyst's Office: 553-4627 or fred.brousseau@sfgov.org.

Gabriela Loeza
Budget & Legislative Analyst's Office
1390 Market Street, Suite 1150
San Francisco, CA 94102
(415) 552-9292

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102
(415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Gordon Mar
From: Budget and Legislative Analyst's Office
Re: Public Financing of Campaigns
Date: September 4, 2019



Summary of Requested Action

You requested that our office analyze potential reforms to the City's public financing program for Board of Supervisors and Mayoral elections, including proposed legislation that addresses:

- Increasing the ratio for matching contributions or match rate
- Decreasing the amount of individual contributions that is matched
- Increasing the amount of public funds available to candidates
- Increasing the Individual Expenditure Ceiling, or total amount that candidates participating in the public financing program can expend on their campaigns.

For further information about this report, contact Fred Brousseau, Director of Policy Analysis, at the Budget and Legislative Analyst's Office.

Project Staff: Fred Brousseau, Amanda Guma

EXECUTIVE SUMMARY

- Like many cities in the U.S., the City and County of San Francisco (the City) has a voluntary public financing program in which candidates for the offices of Board of Supervisors and Mayor can participate.
- Participation in San Francisco's program is subject to candidates first raising a required amount of funds from private donors at which point they receive an initial grant of public funds. After that, participating candidates can receive additional public funds from the program, up to a set maximum, in proportion to additional privately raised funds.
- Public funds are granted to candidates participating in the public financing program at different rates. The initial grant matches the required qualifying raised funds at a \$2-to-\$1 rate for non-incumbent candidates and \$1.33-to-\$1 for incumbents. Once qualified for the program, both incumbent and non-incumbent candidates are eligible to receive a second tier of public funds, granted in proportion to privately raised funds at a \$2-to-\$1 matching rate, up to a set maximum amount.

Budget and Legislative Analyst

- After the second tier maximum amount is fully granted, candidates can receive a third and final tier of public funds, again awarded in proportion to privately raised funds, this time at a \$1-to-\$1 matching rate, up to a set maximum amount.
- The City's public financing program sets limits on participating candidates' expenditures, referred to in the City's Campaign and Governmental Conduct Code as Individual Expenditure Ceilings (IECs). IECs are composed of the maximum amount of public funds made available per candidate with the balance privately raised funds.
- IECs can be increased if a candidate's opponents report fundraising above the set IEC level. IEC increases are approved by the Ethics Commission based on reported fundraising by opposing candidates and independent expenditures by individuals or organizations that operate independent of candidates but advocate on behalf of a particular candidate or measure.

Details of the current program are presented in the body of this report. A glossary of terms is presented as an Appendix to this report.

Proposed Changes in Public Financing of Campaigns

We have analyzed the proposed legislation that would make changes to the City's public financing program. Specifically, the proposed legislation includes the following changes:

Proposed legislative change	Policy objectives
<p>Reduce the maximum private contribution amount that qualifies for public matching funds and increase the public funds match rate from the current range of \$1-to-\$1 to \$2-to-\$1 to \$6-to-\$1 for all matches for non-incumbents and a range of \$4-to-\$1 to \$6-to-\$1 for incumbents.</p>	<p>Enhance the impact of smaller sized donations.</p> <p>Encourage candidates to enter City races regardless of whether their supporters and donors are not able to contribute relatively larger sums.</p>
<p>Increase the initial total spending limit for publicly financed campaigns and provide a greater amount of public funds to candidates.</p>	<p>Amplify the level of resources made available to participating candidates to enable them to run effective, sufficiently resourced campaigns.</p> <p>Participating candidates will have more resources available to better make themselves and their policy views known to voters while reducing the amount of time they need to spend</p>

Budget and Legislative Analyst

	fundraising.
<p>After qualifying for public financing in a first tier of private fundraising, reduce the amount of funds that candidates must privately raise to qualify for all remaining public funds for which they may qualify.</p> <p>Reduce the number of tiers of private fundraising required to access public funds from three to two.</p>	<p>Reduce the importance of raising larger sums of money to access public funds.</p>

The specific proposed legislative changes and their impacts for Board of Supervisors candidates participating in the City's public financing program are summarized in Exhibit B below.

Exhibit B: Proposed changes in public financing for Board of Supervisors candidates

	Non-incumbent			Incumbent		
	Current	Proposed	Change	Current	Proposed	Change
Individual Expenditure Ceiling	\$250,000	\$350,000	+\$100,000	\$250,000	\$350,000	+\$100,000
Maximum Public \$ Available per Candidate	\$155,000	\$255,000	+\$100,000	\$152,500	\$252,000	+\$99,500
Total amount to be privately raised to release total available public funds	\$95,000	\$42,500	-\$52,500	\$97,500	\$47,000	-\$50,500
Total amount to be privately raised to allow candidate to expend Individual Expenditure Ceiling maximum	\$95,000	\$95,000	\$0	\$97,500	\$98,000	+\$500

Exhibit C presents the impacts of the proposed legislative changes for mayoral races.

Exhibit C: Proposed changes in public financing for Mayoral candidates

	Non-incumbent			Incumbent		
	Current	Proposed	Change	Current	Proposed	Change
Individual Expenditure Ceiling	\$1,475,000	\$1,700,000	+\$225,000	\$1,475,000	\$1,700,000	+\$225,000
Maximum Public \$ Available per Candidate	\$975,000	\$1,200,000	+\$225,000	\$962,500	\$1,185,000	+\$222,500
Amount needed to be privately raised to release maximum public funds	\$500,000	\$200,000	-\$300,000	\$512,500	\$222,500	-\$290,000
Total amount to be privately raised to allow candidate to expend Individual Expenditure Ceiling maximum	\$500,000	\$500,000	\$0	\$522,500	\$515,000	-7,500

- As can be seen by comparing Exhibits B and C, the nature of the proposed changes for mayoral candidates is similar to those for the Board of Supervisors.

Fiscal Impact of Proposed Changes

- The source of public funds used for campaigns is the City's Election Campaign Fund, administered by the Ethics Commission. The fund is allocated \$2.75 per resident each year whether there is an election or not. Additional funding can be appropriated to the Ethics Commission for special elections for Mayor and the Board of Supervisors, according to the Campaign and Government Conduct Code to ensure baseline amounts of funding for regular Mayoral and Board of Supervisors elections.
- Except for the Board of Supervisors election in 2004, the Fund has been sufficient to cover the public funds awarded to all candidates participating in the public financing program every year since 2002. This is because:
 - 1) participation in the program has never exceeded 50 percent of qualifying candidates (except for the special District 3 election in 2015 when two of three candidates participated),

2) matching public funds awarded have been less than the maximum amount that the candidates could have been awarded because not all candidates raise the minimum amount of private funds needed to receive the maximum amount of matching public funds available, and

3) fewer mayoral candidates, for whom public fund grants are much greater than those for Board of Supervisor candidates, have participated in the program over the years. In fact, Mayoral candidates have only participated in the public financing program in 2011 and 2018.

- Assuming that the proposed new higher levels of public funding were in place in 2018, that the Fund started the year with the approximately \$7 million balance as it actually had that year, and that the same level of candidate participation in the program occurred (14 participating candidates), the Fund would have been sufficient to cover the increased costs and there would have been a \$632,525 surplus at year end. This assumes that all fourteen participating candidates received the maximum amount of public funds possible.

Exhibit C: Election Campaign Fund Impact with Proposed New Public Funding Levels Based on 2018 Actual Experience

	Actual 2018	Under Proposed Changes
Starting Balance, 2018	\$ 7,034,525	\$ 7,034,525
Expenditures	\$ 4,171,224	\$ 6,402,000
Balance	\$ 2,863,301	\$ 632,525

- Though the Election Campaign Fund appears to be adequately funded at this time to accommodate the proposed new funding levels based on historical participation levels and public funds actually granted to candidates, a reduction in rolled over funds from previous years, which have been available most years of the program, and/or increased levels of program participation could result in the Fund being inadequate for future elections. This would also be true with current public funding levels, though it would take more participating candidates and higher levels of private fundraising to deplete the Fund.
- Besides a baseline annual appropriation equal to \$2.75 per City resident and funds rolled over from prior years, the Campaign and Government Conduct Code also allows for baseline funding levels to be appropriated to the Ethics Commission if needed to achieve a minimum level of funding. In the event that there were no rollover funds from prior years, these baseline amounts would be the sole source of funding for the public financing program.

Budget and Legislative Analyst

- For Mayoral elections, the baseline amount specified in the Code is equal to \$7.50 per resident, or \$6,450,000 based on a population of 860,000. For Board of Supervisors elections, the amount is \$1.50 per resident, or \$1,290,000. Based on past participation levels for Mayoral elections, the existing baseline funding seems sufficient, but for Board of Supervisors elections, the baseline amount would only provide a level of funding to cover five non-incumbent candidates if each received maximum public funds awards of \$255,000 each, the amount proposed in the legislation being considered. The annual appropriation to the Ethics Commission of \$2.75 per resident, on the other hand, would be better, generating \$2,365,000 with a population of 860,000 and would cover nine candidates at \$255,000 each in public funds awards.
- Program participation by candidates for the Board of Supervisors since 2012 has been as high as 12 in a number of elections so a higher baseline level of funding for Board of Supervisors elections than provided by the current baseline or annual appropriation amount to the Ethics Commission appears reasonable. A funding level of \$4.50 per resident, for example, would allow for baseline funding of \$3,870,000 and would cover 15 candidates at \$255,000 each. An appropriation to meet this baseline would only be necessary if the combination of the annual appropriation to the Ethics Commission and any rolled over funds are lower than the baseline amount specified for Board of Supervisors elections.
- There are a number of inconsistent funding provisions for the public financing program in the City's Campaign and Government Conduct Code. Some amendments to these provisions should be considered by the Board of Supervisors in the short term and some could be considered in conjunction with monitoring levels of participation in the program and actual public funds disbursement over the next two election cycles to determine if higher levels of funding will be needed.

Policy Options:

1. The Board of Supervisors should consider adoption of the proposed legislation if it chooses to support the policy goals of reducing the importance of larger donations and sums of money to access public funds, encouraging candidates to enter City races regardless of whether their supporters are able to make relatively larger contributions, increasing total public spending on Mayoral and Board of Supervisors campaigns, and reducing the amount of time to be spent fundraising by candidates participating in the public financing program.

The Election Campaign Fund appears to be sufficient to cover the increases in public funding in the proposed legislation based on historical participation levels and because the Fund has generally been higher than the baseline appropriation allowed by the Campaign and Government Conduct Code due to rolled over funds from prior years. However, if rolled over funds are not available in the future, the current funding

formulae could prove insufficient to cover program costs, whether the proposed legislation is adopted or not. Therefore, the Board of Supervisors could:

2. Consider amending the City's Campaign and Government Conduct Code to allow the Election Campaign Fund to be funded at levels over \$7 million, by amending Section 1.138 (b)(1) since funding over the cap is now allowed under Section 1.154 by allowing for an appropriation of \$7.50 per resident plus 15% for administrative costs for Mayoral elections.
 3. Consider amending the City's Campaign and Government Conduct Code to clarify which funding provisions allow for administrative costs of 15 percent.
 4. Consider increasing the baseline level of funding for Board of Supervisors elections now set at \$1.50 per resident in Campaign and Government Conduct Code section 1.154(2) to a higher amount such as \$4.50 that the Ethics Commission could request in the event the Election Campaign Fund balance is lower than this amount. Baseline funding of \$4.50 per resident would ensure that up to 15 Board of Supervisors candidates could participate in the public financing program and receive maximum public funds available per non-incumbent candidate of \$255,000 each. An appropriation authorized by the Board of Supervisors for this baseline funding would only be necessary if the Election Campaign Fund had insufficient funding to cover the election from rolled over funds and/or the Ethics Commission's regular annual appropriation, both of which have provided adequate funding levels in recent years of the program.
-

Public Financing of Campaigns in San Francisco

In November 2000, the voters of San Francisco approved Proposition O, a ballot measure that established voluntary public financing for candidates for the Board of Supervisors. Codified in the City's Campaign and Government Conduct Code as the Campaign Finance Reform Ordinance, Mayoral candidates also became eligible to receive public funding through amendments to the ordinance in 2006.

A number of other cities in the U.S. have also established public financing programs for their municipal elections. Among these jurisdictions are New York City, Los Angeles, Seattle, and Berkeley. Other cities such as Denver, Portland, Oregon, and Baltimore have initiated or enhanced existing programs in the recent past.

In accordance with the Campaign Finance Reform Ordinance, the City's Election Campaign Fund receives a General Fund allocation of \$2.75 per resident, up to a maximum of \$7 million, per fiscal year. Qualifying candidates can receive public funds to match eligible campaign contributions up to maximum levels established by the Campaign Finance Reform Ordinance, as codified in the City's Campaign and Government Conduct Code.

Based on their level of private fundraising, public funds are currently distributed to candidates in three tiers, each with its own funding match rate and maximum qualifying or matching contribution amounts. The structure sets minimum levels of private fundraising and number of donations needed to qualify for participation in the public financing program (Tier 1). Once a candidate has raised the qualifying private fundraising amount, he or she is allowed to participate in the public financing program and receives a first allocation of public funds at a rate of \$2-to-\$1 for non-incumbents and \$1.33-to-\$1 for incumbents relative to the qualifying amount raised (\$10,000 for non-incumbent and \$15,000 for incumbent candidates for the Board of Supervisors and \$50,000 for incumbent and \$75,000 for incumbent Mayoral candidates). Once participating in the program, candidates receive public matching funds up to set maximum amounts in proportion to privately raised funds in two more tiers, first at a \$2-to-\$1 match rate for the second tier, then at a lower \$1-to-\$1 match rate for the third tier.

Candidates can receive less than the maximum amount of public funds if their private fundraising is less than the total maximum matching amounts allowed by the program. Candidates may accept donations in excess of the matching contribution amounts in Tier 1 (currently \$100 per contribution for Board of Supervisors and Mayoral candidates) but only up to the legally allowed individual

contribution maximum of \$500. However, only the amount designated by the program as qualifying is counted for matching public funds (e.g., only \$100 of a \$500 contribution would generate matching public funds of \$200 for Tier 1). Any such excess funds raised in Tiers 1 and 2 can be transferred to the subsequent tier, where they will count as matching fund contributions. So \$100 of a \$500 Tier 1 donation would be counted as a matching contribution for Tier 1, and the remaining \$400 would be counted as a matching contribution for Tier 2.

Exhibits 1 and 2 present the current structure of San Francisco's public financing program, with descriptive information for each tier following the tables.

Exhibit 1: Current Public Financing Model - Board of Supervisors

Fundraising Tier	Maximum qualifying/matching contribution	Match Rate	Non-incumbent		Incumbent	
			Privately Raised Funds	Matching Public Funds Provided	Privately Raised Funds	Public Funds Provided
Tier 1: qualifying requirement (100/150 minimum number of donors)	\$100	\$2:\$1 & \$1.33:\$1	\$10,000	\$20,000 (2:1)	\$15,000	\$20,000 (1.33:1)
Tier 2: next fundraising increment	\$500	\$2:\$1	\$50,000	\$100,000 (2:1)	\$50,000	\$100,000 (2:1)
Tier 3: next fundraising increment	\$500	\$1:\$1	\$35,000	\$35,000 (1:1)	\$32,500	\$32,500 (1:1)
Subtotal			\$95,000	\$155,000	\$97,500	\$152,500
Total			\$250,000		\$250,000	

Source: San Francisco Campaign and Government Conduct Code, Article I, Chapter I

Exhibit 2: Current Public Financing Model - Mayor

Fundraising Tier	Maximum qualifying/matching contribution	Match Rate	Non-incumbent		Incumbent	
			Privately Raised Funds	Matching Public Funds Provided	Privately Raised Funds	Public Funds Provided
Tier 1 increment: qualifying requirement (500/750 minimum number of donors)	\$100	\$2:\$1 & \$1.33:\$1	\$50,000	\$100,000 (2:1)	\$75,000	\$100,000 (1.33:1)
Tier 2: next fundraising increment	\$500	\$2:\$1	\$425,000	\$850,000 (2:1)	\$425,000	\$850,000 (2:1)
Tier 3: next fundraising increment	\$500	\$1:\$1	\$25,000	\$25,000 (1:1)	\$12,500	\$12,500 (1:1)
Subtotal			\$500,000	\$975,000	\$512,500	\$962,500
Total			\$1,475,000		\$1,475,000	

Source: San Francisco Campaign and Government Conduct Code, Article I, Chapter I

A glossary of terms used in this report appears as an appendix.

Qualifying 1st tier: *Minimum level of private fundraising required to qualify for public financing of campaign and to receive a first award of public funds*

Board of Supervisors

To qualify for public financing, non-incumbent candidates for the Board of Supervisors must raise \$10,000 in at least 100 contributions since the maximum qualifying contribution for this tier is \$10,000 (\$100 contributions x 100 contributors = \$10,000). Contributions in excess of \$100 can be accepted¹ but the amount above \$100 does not count towards the \$10,000 threshold to qualify for public funding. Once \$10,000 has been raised from at least 100 contributors, non-incumbent candidates for the Board of Supervisors participating in the program receive \$20,000 in public funds, or a match rate of 2-to-1.

Incumbent candidates for the Board of Supervisors must raise \$15,000 or \$5,000 more than non-incumbents to qualify for public financing, in at least 150 contributions as the maximum qualifying contribution per individual is also \$100 (\$100 x 150 donations = \$15,000). These candidates then also qualify to participate in the program, with a first matching grant of public funds of \$20,000. Therefore, incumbents' public funding match rate is \$1.33-to-\$1, or less than the \$2-to-\$1 match rate for non-incumbents.

Mayor

The structure for the Mayoral campaigns is similar to that of the Board of Supervisors though the amounts are larger for this Citywide office. Non-incumbents must raise \$50,000 in at least 500 donations since \$100 of each is the maximum qualifying amount of each donation that qualifies for matching public financing (500 contributors x \$100 = \$50,000). With a match rate of \$2-to-\$1, achieving the \$50,000 threshold for privately raised funds results in a \$100,000 allocation of public funds for non-incumbent candidates.

To qualify for public financing of their campaigns, Incumbent candidates for Mayor must raise \$75,000 (\$25,000 more than non-incumbents), in at least 750 donations of at least \$100 (\$100 x 750 contributors = \$75,000). When this threshold is reached, incumbent candidates can receive \$100,000 in public funding, for a match rate of \$1.33-to-\$1, the same as the rate for incumbent candidates for the Board of Supervisors.

¹ Donors are allowed by law to contribute up to \$500 per individual.

2nd tier: Largest allocation of matching public funds provided at a rate of \$2-to-\$1 in proportion to a candidate's privately raised funds up to a set maximum

Board of Supervisors

The next increment of privately raised funds needed to qualify for a second round of public funds is the same for non-incumbent and incumbent candidates for the Board of Supervisors. Privately raised funds of up to \$50,000 are matched with public funds at a rate of \$2-to-\$1, up to \$100,000 in public funds per candidate. Funds are distributed in proportion to the amount raised up to the \$50,000 cap.

Any contributions in excess of the \$100 maximum qualifying contribution from the first tier of fundraising may be applied to the private fundraising threshold for the second tier of the program. To the extent those funds aren't sufficient to fully meet the second tier threshold, candidates have to raise additional funds to receive the full second tier amount of public funding made available through the program. Unlike first tier contributions, for which only the first \$100 is considered a qualifying contribution, second tier contributions up to \$500 each, the legal limit for individual donations, fully qualify for matching funds.

Mayor

The second tier of public financing candidates for Mayor is also the same for non-incumbents and incumbents. All candidates receive a match at the rate of \$2-to-\$1 for up to \$425,000 in privately raised funds, for a maximum allotment of \$850,000 in public funds.

3rd tier: Smaller allocation of matching public funds provided at a rate of \$1-to-\$1 in proportion to a candidate's privately raised funds, up to a set maximum

Board of Supervisors

The next and third increment of privately raised funds are matched at a rate of \$1-to-\$1 for up to \$35,000 in privately raised funds for non-incumbents and the slightly lower \$32,500 for incumbents.

Mayor

The third tier for Mayoral candidates is similar to the structure for the Board of Supervisors. The match rate is \$1-to-\$1 and the public funding provided is \$25,000 for non-incumbents and \$12,500 for incumbents.

Impacts of Reforming San Francisco’s Approach to Public Financing

Your office requested an analysis of the impacts of the proposed legislation that would reform a number of aspects of San Francisco’s public financing program. Key proposed changes are:

- ✓ Increase the maximum amount of public funds available to qualifying candidates.
- ✓ Increase the match rate by which public funds are provided to candidates in proportion to funds privately raised from between \$1-to-\$1 and \$2-to-\$1 to between \$4-to-\$1 and \$6-to-\$1,
- ✓ Reduce the total amount of private funds that must be raised for candidates to be awarded public funds.
- ✓ Reduce the amount of each privately raised matching contribution (the amount of a contribution that qualifies for public fund matching) from \$500 to \$150 to enable candidates to be awarded public funds with a greater number of smaller donations.

The current program and specific proposed changes for Board of Supervisors campaigns are presented in Exhibit 3.

Exhibit 3: Current and Proposed Public Financing Model – Board of Supervisors

	Fundraising Tier	Maximum qualifying/ matching contribution	Match Rate	Non-Incumbent		Incumbent	
				Privately Raised Funds	Public Funds Provided	Privately Raised Funds	Public Funds Provided
current	Tier 1 qualifying requirement (100/150 donors minimum)	\$100	2:1/1.33:1	\$10,000	\$20,000	\$15,000	\$20,000
	Tier 2: next fundraising increment	\$500	2:1	\$50,000	\$100,000	\$50,000	\$100,000
	Tier 3: final fundraising allowance	\$500	1:1	\$35,000	\$35,000	\$32,500	\$32,500
	<i>Subtotal</i>			<i>\$95,000</i>	<i>\$155,000</i>	<i>\$97,500</i>	<i>\$152,500</i>
	Total (Individual Expenditure Ceiling)			\$250,000	\$250,000		
proposed	Tier 1 qualifying requirement (100/150 donors minimum)	\$100	6:1/4:1	\$10,000	\$60,000	\$15,000	\$60,000
	Tier 2: next fundraising increment	\$150	6:1	\$32,500	\$195,000	\$32,000	\$192,000
	Tier 3: final fundraising allowance	\$0	n.a.	\$52,500	\$0	\$51,000	\$0
	<i>Subtotal</i>			<i>\$95,000</i>	<i>\$255,000</i>	<i>\$98,000</i>	<i>\$252,000</i>
	Total (Individual Expenditure Ceiling)			\$350,000	\$350,000		

The details of the proposed changes for Board of Supervisors campaigns as shown in Exhibit 3 are as follows.

- Increase the initial campaign spending limit, or Individual Expenditure Ceiling, for candidates participating in the public financing program from

Budget and Legislative Analyst

\$250,000 to \$350,000 per candidate, consisting of privately raised and public funds as detailed below.

- Keep the amount to be privately raised to qualify to participate in the program and receive Tier 1 public funds at \$10,000 for non-incumbents and \$15,000 for incumbents, each of which must still be raised from a minimum of 100 donors for non-incumbents and 150 for incumbents.
- Increase the amount of Tier 1 public funds that non-incumbent and incumbent candidates receive upon qualifying for the program from \$20,000 at present to \$60,000.
- Increase the Tier 2 match rate from \$2-to-\$1 to \$6-to-\$1 and reduce the portion of each contribution that qualifies for matching funds (the "matching contribution") from \$500 to \$150 for both non-incumbents and incumbents.
- Based on a higher matching rate of \$6-to-\$1, reduce the maximum amounts that candidates need to raise to obtain all available Tier 2 public funds from \$50,000 to \$32,500 for non-incumbents and from \$50,000 to \$32,000 for incumbents.
- Increase the maximum amount of Tier 2 public funds that non-incumbents will be granted in proportion to their private fund raising from \$100,000 to \$195,000. For incumbent candidates, increase the maximum amount of Tier 2 public funds that will be granted in proportion to the amount of private funds raised from \$100,000 to \$192,000.
- Eliminate Tier 3 as a mechanism to grant public funds to candidates as all public funds would be awarded in their entirety through Tiers 1 and 2 under the proposed legislation. However, candidates would still be allowed to continue to raise and spend additional privately raised funds up to set maximums of \$52,500 for non-incumbents and \$51,000 for incumbent candidates. Candidates would not receive any public funds to match these amounts.
- Non-incumbent candidates who are successful in raising the amounts required to be granted the full \$255,000 in public funds will have raised a total of \$42,500 in private funds. If non-incumbent candidates further raise the \$52,500 in non-matching privately raised funds (\$51,000 for incumbents) allowed under the proposed program changes, they will have raised a total of \$95,000 in private funds and been granted \$255,000 in public funds, for a grant total of \$350,000, or the proposed new Individual Expenditure Ceiling, at their disposal to spend on their campaign.

Budget and Legislative Analyst

Incumbent candidates will have raised \$98,000 through private fundraising and received \$252,000 in public funds that, when combined also amounts to the Individual Expenditure Ceiling total of \$350,000 that they would be allowed to expend on their campaign (\$98,000 + \$252,000 = \$350,000).

- As with the present program structure, candidates under the proposed changed could raise more than the \$95,000 and \$98,000 in private funds needed to obtain all public funds available for non-incumbents and incumbents, respectively, but they cannot spend any excess funds unless their Individual Expenditure Ceiling is raised, discussed further below.

For comparison, other cities with public financing programs have higher match rates than San Francisco, such as New York City, the City of Los Angeles, the City of Portland, and the City of Berkeley, all with a \$6-to-\$1 rate. Denver voters passed an initiative in November 2018 that will establish the public financing match rate of \$9-to-\$1.

A summary of the impacts of the key proposed changes for Board of Supervisors campaigns are presented in Exhibit 4.

Exhibit 4: Key Proposed Changes for Board of Supervisors Candidates

	Non-incumbent			Incumbent		
	Current	Proposed	Change	Current	Proposed	Change
Individual Expenditure Ceiling	\$250,000	\$350,000	+\$100,000	\$250,000	\$350,000	+\$100,000
Maximum Public \$ Available per Candidate	\$155,000	\$255,000	+\$100,000	\$152,500	\$252,000	+\$99,500
Total amount to be privately raised by candidates to release total available public funds	\$95,000	\$42,500	-\$52,500	\$97,500	\$47,000	-\$50,500
Total amount to be privately raised to allow candidate to expend Individual Expenditure Ceiling maximum	\$95,000	\$95,000	\$0	\$97,500	\$98,000	+\$500

Currently the City's public financing program requires non-incumbent Board of Supervisors candidates to raise a total of \$95,000 to be entitled to \$155,000 in

public funds and be granted the maximum Individual Expenditure Ceiling total of \$250,000 ($\$95,000 + \$155,000 = \$250,000$) to spend on their campaign. Under the proposed legislation with its higher match rates and increased public funding, non-incumbent candidates would need to raise \$42,500 from donors, or \$52,500 less than the \$95,000 presently required, to be entitled to a higher maximum of \$255,000 in public funds available per candidate, or \$100,000 more than under the current program. This would occur in Tiers 1 and 2 of the program as opposed to three tiers of private fundraising under the current program..

Although they would have obtained the maximum public funds available in Tiers 1 and 2 under the proposed legislation, candidates would still need to raise additional private funds to have sufficient funds to spend up to the maximum Individual Expenditure Ceiling. For non-incumbent candidates, this would mean raising an additional \$52,500 in private funds. For incumbent candidates, this would mean raising an additional \$51,000. When all of the private and public funds are combined, candidates would be able to spend up to the Individual Expenditure Ceiling amount of \$350,000 under the proposed legislation.

In summary, the proposed legislation would reduce the amounts that candidates for the Board of Supervisors would need to privately fundraise to be granted larger sums of public funds than is presently made available to program participants.

Mayor

A similar pattern would be established for Mayoral races under the proposed legislation, as shown in Exhibit 5. Key objectives of the changes in public financing for Mayoral campaigns would be:

- ✓ Provide an increased maximum amount of public funds to qualified participating candidates..
- ✓ Increase the match rate by which public funds are provided in proportion to privately raised funds from between \$1-to-\$1 and \$2-to-\$1 to between \$4-to-\$1 and \$6-to-\$1.
- ✓ Retain the amount of private funds that must be raised for candidates to qualify to participate in the program, but reduce the total amount of private funds that subsequently must be raised for candidates to receive the maximum public funds available through the program through smaller donations.
- ✓ Retain the maximum amount of each privately raised contribution that qualifies for public fund matching in the first tier of fundraising to qualify

for participation in the program but reduce the matching contribution maximum from \$500 to \$150 for the second tier of fundraising to enable candidates to receive maximum public funds through smaller donations.

Exhibit 5 presents the current and proposed changes for Mayor’s campaigns.

Exhibit 5: Current and Proposed Public Financing Model – Mayor

	Maximum qualifying/ matching	Match Rate	Non-incumbent		Incumbent	
			Privately Raised Funds	Public Funds Provided	Privately Raised Funds	Public Funds Provided
current						
Fundraising Tier						
Tier 1 qualifying requirement (500/750 donors minimum)	\$100	2:1/1.33:1	\$50,000	\$100,000	\$75,000	\$100,000
Tier 2: next fundraising increment	\$500	2:1	\$425,000	\$850,000	\$425,000	\$850,000
Tier 3: next fundraising increment	\$500	1:1	\$25,000	\$25,000	\$12,500	\$12,500
<i>Subtotal</i>			\$500,000	\$975,000	\$512,500	\$962,500
Total (Individual Expenditure Ceiling)			\$1,475,000		\$1,475,000	
proposed						
Tier 1 increment: qualifying req. (500/750 donors minimum)	\$100	6:1/4:1	\$50,000	\$300,000	\$75,000	\$300,000
Tier 2: next fundraising increment	\$150	6:1	\$150,000	\$900,000	\$147,500	\$885,000
Tier 3: next fundraising increment	\$500	n.a.	\$300,000		\$292,500	
<i>Subtotal</i>			\$500,000	\$1,200,000	\$515,000	\$1,185,000
Total (Individual Expenditure Ceiling)			\$1,700,000		\$1,700,000	

As can be seen in Exhibit 5, details of the proposed changes are as follows.

- The Individual Expenditure Ceiling, or spending limit, for Mayoral candidates would be increased from \$1,475,000 to \$1,700,000 per candidate, consisting of \$500,000 in required privately raised funds and \$1,200,000 in public funds for non-incumbents and \$515,000 in required privately raised funds and \$1,185,000 in public funds for incumbent candidates.
- There would be no change in the \$50,000 Tier 1 privately fundraised minimum amount needed to qualify for participation in the program for non-incumbents and \$75,000 for incumbents. If these amounts are raised, candidates would then be entitled to receive their Tier 1 award of public funds. These qualifying private funds must still be raised from a minimum of 500 donors for non-incumbents and 750 donors for incumbent candidates.
- Public funds provided once candidates have met the Tier 1 qualifying level of fundraising would be increased from \$100,000 to \$300,000 for both non-incumbents and incumbents.
- The Tier 2 match rate would be increased from \$2-to-\$1 to \$6-to-\$1 and the maximum matching contribution amount, or the amount of a donation that qualifies for matching public funds would be reduced from

\$500 to \$150 for both non-incumbents and incumbents. The corresponding maximum amounts of privately raised funds needed to qualify for Tier 2 public funds would be reduced from \$425,000 to \$150,000 for non-incumbents and from \$425,000 to \$147,500 for incumbents.

- As with proposed changes for Board of Supervisors candidates, the Tier 3 private fundraising maximum to qualify for a third tier of public funds for Mayoral candidates would be eliminated since total maximum public funding available for candidates would already have been awarded earlier through Tiers 1 and 2. However, non-incumbent candidates could continue to raise and spend up to \$300,000 and incumbents could continue to raise and spend up to \$292,500 from private donors after they have received all public funds through Tiers 1 and 2. These additional private funds could be raised and spent because, together with all public funds granted and previous privately raised funds, the total amount available for a candidate would be within the Individual Expenditure Ceiling of \$1,700,000.
- Under the current and proposed systems, candidates can continue to privately raise funds in excess of their Individual Expenditure Ceiling but they cannot spend any excess donations unless their Individual Expenditure Ceiling is increased by the Ethics Commission, as described and discussed further below.

Exhibit 6 summarizes the key changes that would occur for Mayoral campaigns if the proposed changes are implemented.

Exhibit 6: Key Proposed Changes for Mayoral Candidates

	Non-incumbent			Incumbent		
	Current	Proposed	Change	Current	Proposed	Change
Individual Expenditure Ceiling	\$1,475,000	\$1,700,000	+\$225,000	\$1,475,000	\$1,700,000	+\$225,000
Maximum Public \$ Available per Candidate	\$975,000	\$1,200,000	+\$225,000	\$962,500	\$1,185,000	+\$222,500
Amount needed to be privately raised to release maximum public funds	\$500,000	\$200,000	-\$300,000	\$512,500	\$222,500	-\$290,000
Total amount to be privately raised to allow candidate to expend Individual Expenditure Ceiling maximum	\$500,000	\$500,000	\$0	\$522,500	\$515,000	-7,500

As shown in Exhibit 6, Individual Expenditure Ceilings, or the total amount of privately raised funds and public funds that candidates participating in the program are allowed to spend, would be increased. Non-incumbent and incumbents would both be allowed to spend up to \$1,700,000 on their campaigns, an increase of \$225,000 from the current limit of \$1,475,000. Additional spending beyond these limits could be allowed but is subject to approval by the Ethics Commission based on when certain circumstances are met, as discussed below.

Non-incumbent Mayoral candidates would be eligible to receive up to \$1,200,000 in public funds, or \$225,000 more than under the current system. Maximum public funding for Incumbent candidates would be increased from \$962,500 under the current system to \$1,185,000 under the proposed changes, or \$222,500 more than is presently provided.

With higher match rates of \$6-to-\$1 under the proposed legislation as compared to the current match rate of \$2-to-\$1, private fundraising requirements for candidates to receive the maximum public funds available would be reduced. Non-incumbent candidates would be required to privately raise \$200,000 instead of the current \$500,000, a \$300,000 reduction. Incumbent candidates would be required to raise \$222,500 under the proposed legislation instead of the current \$512,500, a \$290,000 reduction. And, as discussed above, the amount of public

funds provided if these private fundraising requirements are met would be \$1,200,000 for non-incumbent candidates, or \$225,000 more than is presently provided. Incumbent candidates would be entitled to \$1,185,000 in public funds if they fully meet the private fundraising requirements, an increase of \$222,500 under the current program.

The final significant change would be that non-incumbent Mayoral candidates could continue to privately fundraise up to \$300,000 or more after having received all total public funding in Tiers 1 and 2. However, no additional matching public funding would be awarded for those additional funds raised. Under the current system, non-incumbent candidates who raise up to \$25,000 in the current third tier of the program are entitled to \$1-to-\$1 matching funds of \$25,000, which, when received, completes the public funds award for a candidate. Under the proposed changes, after non-incumbent candidates have received the full \$1,200,000 in public funds through Tiers 1 and 2 private fundraising, public fund awards will be complete. Candidates could still raise up to \$300,000 in private funds as the new Tier 3 but these funds won't be matched with public funds. Candidates who raise the full \$300,000 in the new Tier 3 would then have a total of \$1,700,000 in private and public funds, or the proposed new Individual Expenditure Ceiling, to spend on their campaigns

For incumbent candidates, the comparable amounts for Tier 3 are currently \$12,500 in privately raised funds required to obtain \$12,500 in public funds, with the current \$1-to-\$1 match rate. This would change so that incumbent candidates would be allowed to raise and spend up to \$292,500 more after raising the required amounts from private donors for Tiers 1 and 2 and receiving the entirety of public funds made available to Mayoral candidates. Incumbent candidates who raise the full \$292,500 in private funds and receive all public funds available would be entitled to expend the full increased Individual Expenditure Ceiling of \$1,700,000.

Under the current and proposed systems, candidates can continue to privately fundraise in excess of the Individual Expenditure Ceiling, but they cannot spend those excess funds unless their Individual Expenditure Ceiling is increased by the Ethics Commission, as described and discussed further below.

Adjustments to Individual Expenditure Ceilings

Pursuant to the City's Campaign and Government Conduct Code, candidates who receive public funds must agree to limit their campaign spending to the amount of their Individual Expenditure Ceiling (IEC), or total maximum amount that can be spent on qualified campaign expenditures for program participants. As identified

above, the current maximum amount of public and private funds allowed for a candidate's campaign starts at \$250,000 for Board of Supervisors candidates and \$1,475,000 for Mayoral candidates. The Ethics Commission may increase these amounts to the sum of the highest level of Total Supportive Funds among a candidate's opponents for the same office and the Total Opposition Spending against that candidate whenever it is greater than \$250,000 for Board of Supervisors candidates and \$1,475,000 for Mayoral candidates. Any such increases are made in increments of \$50,000 for Board of Supervisors candidates and \$250,000 for Mayoral candidates.

The proposed legislation would increase the initial threshold amounts over which adjustments would be made to reflect the new Individual Expenditure Ceilings: \$350,000 for Board of Supervisors candidates instead of the current \$250,000 and \$1,700,000 for Mayoral candidates to replace the current \$1,475,000.

How the Proposed Legislative Changes Shifts Emphasis from Big Donations

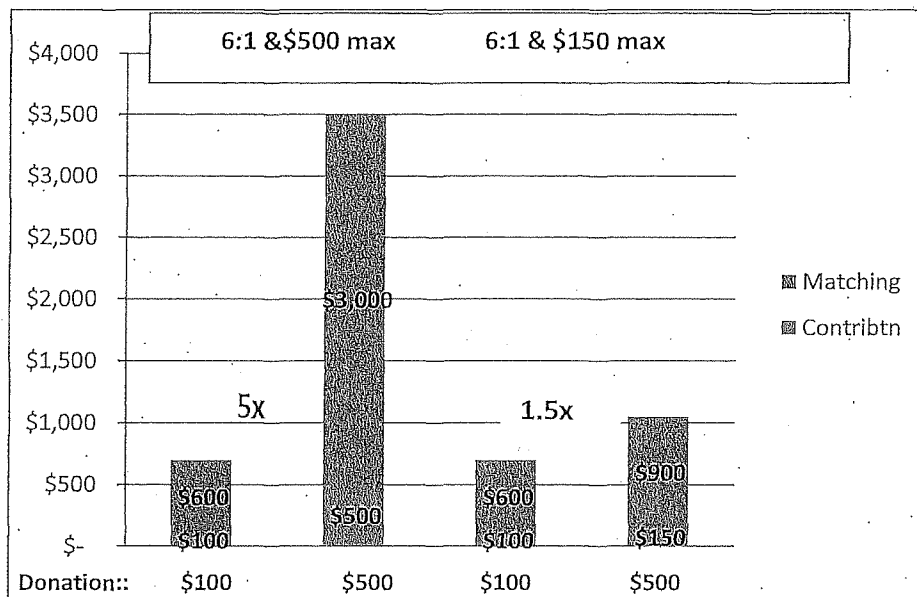
To illustrate the impact and interaction of two of the key proposed changes to the public financing program, Exhibit 7 shows the impact of both increasing the Tier 2 match rate from \$2-to-\$1 to \$6-to-\$1 *and* reducing the matching contribution amount of each private donation from \$500 to \$150, as the legislation proposes for Tier 2.

Increasing the match rate from \$2-to-\$1 to \$6-to-\$1 as proposed would provide a greater level of public funding to match all private donations compared to the existing match rate of \$2-to-\$1. However, with this change alone and no change in the matching contribution amount of \$500, the differential between a \$100 donation and the highest qualifying Tier 2 donation amount of \$500 would be 5x, as shown in Exhibit 7, continuing to give significantly more weight to larger donations. A \$500 donation would thus result in a candidate having \$3,500 at their disposal (the \$500 donation and $(\$500 \times 6)$ in public funds) = \$3,500 at \$6-to-\$1) as compared to a \$100 donation, which would produce \$700 for the candidate (the \$100 donation and $(\$100 \times 6)$ in public funds) = \$700 at \$6-to-\$1).

By lowering the matching contribution amount from \$500 to \$150, as proposed for Tier 2 in the subject legislation, the differential between a \$100 donation and a \$500 donation, only \$150 of which would be matched with public funds, would be 1.5x. This would reduce the gap and inequity based on contribution size in terms of public funds provided. A \$500 donation would generate \$1,050 in private and public funds for a candidate ($\$150$ matching contribution + $(\$150 \times 6)$) = \$1,050, or only 1.5 times more than the \$700 generated in private and public funds by a \$100 donation ($\100 matching contribution + $(\$100 \times 6)$) = \$700). The additional

\$350 raised with a \$500 contribution that wouldn't count as a matching contribution could still be used by the candidate for their campaign, but it would not draw any matching public funds under the proposed legislation.

Exhibit 7: Impact of Combination of Proposed Increase in Match Rate and Reduced Matching Contribution Maximum



Minimum Number of Donors

The proposed legislation would not necessarily change the minimum number of donors contributing to a candidate but it would make it possible for candidates to receive all available public funds available through the program from smaller contribution amounts than is presently the case. By lowering the Tier 2 matching contribution maximum from \$500 to \$150, candidates who receive donations in smaller increments than \$500 would likely gain access to public funds faster than they do under the current structure.

As shown in Exhibit 8, a \$150 donation under the current system would generate \$300 in matching funds at the \$2-to-\$1 match rate. A \$500 donation, on the other hand, would generate \$1,000 in public funds for the candidate since \$500 is the current maximum matching contribution amount. Under the proposed legislation, with a \$6-to-\$1 match rate and a \$150 maximum matching contribution, a \$150 and a \$500 donation would both generate \$900 in public funds (\$150 x6).

Candidates receiving donations in lower increments would be at less of a disadvantage in terms of receiving public funds under the proposed structure.

Exhibit 8: Public Funds Generated for \$150 and \$500 Donations under Current and Proposed Program

Public Funds Provided Under:	\$150 Donation (@ \$2-to-\$1)	\$500 Donation (\$150 matching contribution max.) (@ \$6-to-\$1)	Difference
Current Program	\$300	\$1,000	\$700
Proposed Changes	\$900	\$900	\$0

Trends in Program Participation and Performance

Because the public finance program is voluntary, the number (and percentage) of candidates participating has varied in every election cycle since 2002 when it began. Exhibit 9 below provides a summary of participation in elections since 2002.

Exhibit 9: Public Financing for San Francisco Campaigns, 2002 to 2018

General Election Year	Total Amount of Spending- All Candidates	Total Public Funds Disbursed	% Public Funds	Average Public Funding Per Participating Candidate	Number of Participating Candidates	Total Qualifying Candidates	Participating Candidates % Total Qualifying Candidates
2002	\$2,213,316	\$281,989	12.7%	\$31,332	9	28	32%
2004	\$3,654,616	\$757,678	20.7%	\$32,943	23	65	35%
2006	\$1,781,148	\$216,784	12.2%	\$36,131	6	26	23%
2008	\$3,875,551	\$1,315,470	33.9%	\$69,235	19	42	45%
2010	\$3,581,175	\$1,477,713	41.3%	\$67,169	22	46	48%
2011*	\$11,360,505	\$4,696,390	41.3%	\$521,821	9	16	56%
2012	\$2,987,290	\$1,228,097	41.1%	\$102,341	12	26	46%
2014	\$1,542,741	\$194,710	12.6%	\$97,355	2	17	12%
2015	\$1,075,617	\$307,500	28.6%	\$153,750	2	3	67%
2016	\$3,916,575	\$1,522,296	38.9%	\$126,858	12	28	43%
2018*	\$11,438,188	\$4,171,224	36.5%	\$347,602	14	34	41%

Source: Ethics Commission Reports, 2002 to 2018

*Includes participation of candidates for Mayor

As shown above in Exhibit 9, total spending by all candidates has nearly doubled since the program began from approximately \$2.2 million in 2002 to \$11.4 million in 2018. The total amount of public funds disbursed by the City to eligible candidates increased significantly since the public financing program began, from

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\$281,989 in 2002 to over \$4 million in 2011 and 2018 (both years of which included a Mayor's race). Though changes in the program's funding formula occurred over the years, average public funding per candidate increased over these years from \$31,332 in 2002 to \$347,602 in 2018. Generally, the percentage of qualifying candidates participating in the program has been fairly flat since 2008, aside from 2014, when participation was exceptionally low, and the District 3 election in 2015, when participation was high.

With the exception of the election in 2015 in which there was a Board of Supervisors campaign for one supervisorial district only and two of the three candidates participated in the program², participation in the program has been 56 percent or less of candidates on the ballot.

Current Financing Provisions and Impact of Proposed Changes on City Costs

As mentioned above, the Ethics Commission receives an annual appropriation for the Election Campaign Fund of \$2.75 per City resident per year to cover the costs of the public financing program. Unused funds in a particular year can be carried over to subsequent years, though the Fund is not to exceed \$7 million according to the Campaign and Government Conduct Code.³ This mandate provides baseline funding of \$2,365,000 per year assuming a population of 860,000.

There are four other key provisions in the City's Campaign and Governmental Conduct Code pertaining to public financing of Board of Supervisors and Mayoral campaigns. In years when there will be a Mayoral election, the Ethics Commission is allowed by the Code to request a supplemental appropriation if the Election Campaign Fund is not equal to \$7.50 per resident plus 15 percent of that amount for administrative expenses. This would be equal to approximately \$6.45 million in funding for candidates plus \$967,500 for administrative expenses at 15 percent for a total of \$7,417,500.⁴ It is unclear in the Code if this amount would need to be reduced by \$417,500, so that the Election Campaign Fund does not exceed \$7 million, the cap mandated elsewhere in the Code.

The Code allows the Ethics Commission to make a similar supplemental appropriation request in years when there will be a Board of Supervisors election. The requirement for these elections is that the Campaign Election Fund have the equivalent, after subtracting 15 percent for administrative expenses, of \$1.50 per

² The 2015 general election included a Board of Supervisors District 3 race to cover the unexpired term of the member from that district.

³ San Francisco Campaign and Governmental Conduct Code Sect. 1.138.

⁴ San Francisco Campaign and Governmental Conduct Code Sect. 1.154

resident, or approximately \$1,290,000 in funds for candidates plus \$193,500 for administrative expenses, resulting in a grand total of \$1,483,500 assuming a population of 860,000. This amount would be under the \$7 million cap.

If the Office of the Mayor becomes vacant and an election is needed to fill the vacancy for the remainder of a term, the City's Campaign and Government Code states that funds are to be appropriated to ensure the equivalent of \$8 per resident (approximately \$6.9 million assuming a population of 860,000) is in the Election Campaign Fund for that election and the next regularly scheduled Mayor's election. There is no requirement to provide funding of 15 percent of the Fund's value or any other amount for administrative expenses in these circumstances, as is required in the funding provisions for Mayoral elections cited above.⁵

If an office of the Board of Supervisors becomes vacant and an election is held to fill that vacancy for the remainder of the term, the City is to appropriate an additional \$0.25 per resident to the Fund (approximately \$215,000 based on a population of 860,000). Again, there is no mention in this provision to include funding for administrative expenses, as is required in the previous funding provision for regular Mayoral and Board of Supervisors elections cited above.⁶ Unlike the funding provisions for regular Board of Supervisors and Mayoral elections and vacancy-induced Mayoral elections, this provision for vacancy-induced Board of Supervisors elections states that this funding would not be subject to the \$7 million cap on the Election Campaign Fund.

Taken together, these provisions appear to allow for at least \$7 million in the Election Campaign Fund in a given year. However, this cap of \$7 million is contradicted by the provision that in years of Mayoral elections, the Fund should have at least \$7.50 per resident plus 15 percent in administrative expenses, which as pointed out above, results in an amount in excess of \$7 million based on a population of 860,000 ($860,000 \times \$7.50 = \$6,450,000$ plus \$967,500 in administrative expenses = \$7,417,500). The formula for minimum funding for Board of Supervisors races would not result in an appropriation over \$7 million.

The provisions for Mayoral and Board of Supervisors elections in the Code that call for funding for administrative expenses at the rate of 15 percent of the baseline amount in the Election Campaign Fund are not consistent across the other funding formulae. There are no allowances for administrative expenses in the three other public financing funding provisions in the Code, making it unclear how

⁵ San Francisco Campaign and Governmental Conduct Code Sect. 1.1.138(b)(3)

⁶ San Francisco Campaign and Governmental Conduct Code Sect. 1.1.138(b)(4)

much of these appropriations are to be used for public funding of campaigns and how much can be used for administrative costs. Resolution of these issues through amendments to the Campaign and Government Conduct Code would help determine the maximum amount available for public financing of campaigns and provide clarity to the Ethics Commission about how much of the funding can be used for administrative expenses.

Finally, three of the five funding provisions in the Code are mandates, but the two establishing baseline funding levels for regular Mayoral and Board of Supervisors elections are discretionary, allowing the Ethics Commission to request supplemental appropriations but without a guarantee of the funding levels specified. On the other hand, the baseline \$2.75 per resident and the amounts for vacancy-induced elections for Mayor and the Board of Supervisors mandate that certain amounts be appropriated.

Program Participation and Spending History

A review of the history of the City's campaign public financing program and the funding provisions of the Campaign and Governmental Conduct Code show that if present participation trends continue, current funding is adequate to accommodate the increased level of public funding proposed in the legislation. However, if participation levels increase or if candidates' rates of private fundraising increase, additional funding and/or changes in the funding provisions in the Campaign and Governmental Conduct Code may be necessary.

Exhibit 10 shows that, except for 2004, funding available based on the current formula or the formula in effect at the time was more than sufficient for every election, including those that provided funding for more costly Mayor's races. Further, the Fund was sufficient to cover all participating candidates if they had been awarded the maximum public funds available in that year. Any balances remaining in the Fund after elections are over are rolled forward for future elections.

Exhibit 10: Actual Disbursements from Election Campaign Fund and Amounts Needed if all Qualified Candidates had Received Maximum Public Funds: 2002 – 2018

	Number of Participating Candidates	Total Available* In Election Campaign Fund	Total Funds Disbursed	Maximum Disbursements Possible**	Additional Cost to the City	Unspent Funds
2002	9		\$281,989	\$393,750	\$111,761	(\$393,750)
2004	23	\$670,000	\$757,678	\$1,006,250	\$248,572	(\$336,250)
2006	6	\$600,000	\$216,784	\$262,500	\$45,716	\$337,500
2008	19	\$4,200,000	\$1,315,470	\$4,143,767	\$2,828,297	\$56,233
2010	22	\$6,454,341	\$1,477,713	\$6,358,000	\$4,880,287	\$96,341
2011	9	\$11,094,247	\$4,696,390	\$8,100,000	\$3,403,610	\$7,690,637
2012	12	\$5,613,030	\$1,228,097	\$1,855,000	\$626,903	\$3,758,030
2014	2	\$4,372,039	\$194,710	\$310,000	\$115,290	\$4,062,039
2016	12	\$7,000,000	\$1,522,296	\$1,855,000	\$332,704	\$5,145,000
2018	14	\$ 7,034,525	\$ 4,171,224	\$ 4,622,500	\$ 451,276	\$2,412,025

* The City had not created the Election Campaign Fund in 2002, and there is no reported information on the funds set aside for public financing in that year. In 2004, the City had initially only allocated \$670,000, but agreed to meet the maximum disbursement level if all 23 candidates reached it.

** in 2012, the current formula was introduced. From 2004 to 2006, candidates earned a match at a \$4-to-\$1 rate, up to a maximum public funding amount of \$43,750. From 2008 to 2012, the maximum public funding available to candidates was calculated on the 59th day prior to an election, based on the total funds available and number of participating candidates

Adequacy of Election Campaign Fund to Absorb Proposed Changes in Public Financing of Campaigns

Given the history presented in Exhibit 10, it appears that the existing funding mechanisms are sufficient to absorb the additional costs associated with the proposed changes in the public financing program. Specifically, the proposed increases in public funding for participating candidates for the Board of Supervisors from a maximum of \$155,000 to \$255,000 for non-incumbent candidates, from \$152,500 to \$252,000 for incumbent candidates, from \$975,000 to \$1,200,000 for non-incumbent Mayoral candidates, and from \$962,500 to \$1,185,000 for incumbent Mayoral candidates would have been more than covered by funds in the Election Campaign Fund in the 2018 election if the same number of candidates had participated in the program and each received the maximum public funds available.

As shown in Exhibit 11 below, had the proposed changes been in effect in the 2018 election, when 11 candidates for the Board of Supervisors and three Mayoral candidates participated in the public financing program, the \$7,034,525 in the

Budget and Legislative Analyst

Election Campaign Fund would have been sufficient to cover the \$6,402,000 for full public funding of all participating candidates. Further, there would have been a \$632,535 balance left, also shown in Exhibit 11.

Given that only 14 of 34 candidates who qualified for the ballot participated in the program in 2018, an unusually high cost year for the program due to multiple special and regular elections, and the history of the program presented in Exhibit 9 which shows that, except for two years, participation has never exceeded half the candidates qualifying to be on the ballot, it appears that the existing funding does not immediately need to be changed if the total amount of public funds available per candidate is increased as proposed. Further, as shown in Exhibit 10 above, not all candidates have historically qualified for the full amount of public funds available since the amount provided for Tiers 2 and 3 is dependent on the amount of funds the candidates privately raise. For example, in 2016, the average amount of public funds received per candidate was \$126,858, for Board of Supervisors candidates, less than the maximum available of \$155,000 for non-incumbents and \$152,500 for incumbents.

Exhibit 11: Election Campaign Fund Impact with Proposed New Public Funding Levels Based on 2018 Actual Participation of Mayoral and Board of Supervisors Candidates

	Actual 2018	Under Proposed Changes*
Starting Balance, 2018	\$ 7,034,525	\$ 7,034,525
Expenditures	\$ 4,171,224	\$ 6,402,000
Balance	\$ 2,863,301	\$ 632,525

*Note: Assumes one incumbent Board of Supervisors candidate ten non-incumbents and three non-incumbent Mayoral candidates each receiving the maximum in public funding as proposed.

The Election Campaign Fund has maintained balances sufficient to provide public funds to candidates participating in the public financing program with a combination of baseline appropriations and the rolling over of unused funds from prior years. This has provided sufficient funding for the program to date and would likely continue to do so absent significant increases in program participation. However, a reduction in funds that have contributed to the Election Campaign Fund to date could result in insufficient funding for the public financing program, whether the legislative changes are adopted or not.

In the event that rollover funds were not available in a given year or were insufficient to cover program costs, the Campaign and Government Conduct Code

sets baseline appropriations for which the Ethics Commission may request supplemental appropriations for Mayoral and Board of Supervisors elections. The Mayoral election baseline is \$7.50 per resident, as mentioned above, and with a population of 860,000 would produce \$6,450,000 for the Fund, or enough to cover five non-incumbent Mayoral candidates at \$1,200,000 in public funds each, as shown in Exhibit 12.

This appears to be an adequate funding level given Mayoral candidate participation in the past with three candidates being the highest number to participate in a single election in 2018. However, as the population of San Francisco grows, it will result in funding in excess of the \$7 million cap specified in Section 1.138 (b)(1) of the Code. Further, the Code now allows for 15 percent of the baseline funds to be added to the \$7.50 per resident appropriation and allocated to the Fund to cover administrative expenses. This also results in funding levels in excess of the \$7 million cap with a population of 860,000.

The Code's baseline minimum for Board of Supervisors elections is \$1.50 per resident, or \$1,290,000, assuming a population of 860,000. However, the general baseline annual appropriation for the Ethics Commission, \$2.75 per resident, would produce a greater amount for the Election Campaign Fund, \$2,365,000, and would more than cover the Board of Supervisors baseline. If the annual appropriation baseline were all that was available for a year with a Board of Supervisors election (in the event of no funds being rolled over from prior years), it would only cover nine non-incumbent Board of Supervisor candidates, assuming they each receive the maximum of \$255,000 in public funds available ($\$2,365,000/\$255,000 = 9.3$), as proposed in the subject legislation.

The Board of Supervisors may want to consider increasing baseline funding for which the Ethics Commission can request a supplemental appropriation for Board of Supervisors elections since past participation has ranged from two to 23 candidates. Increasing the baseline funding for Board of Supervisors elections from the \$1.50 per resident now in Section 1.154(b)(2) would ensure that funding would be adequate to cover more than nine Board of Supervisors candidates. For example, by increasing this baseline minimum to \$4.50 per resident, funding would be ensured to cover the \$3,825,000 that would be needed for 15 participating candidates for Board of Supervisors ($\$4.50 \times 860,000$ residents = \$3,870,000), assuming each received the maximum public funds available. Appropriating these additional funds would only be necessary to the extent the Election Campaign Fund had no rollover funds in it in a given year.

Exhibit 12 shows the amounts that would be needed to cover full funding for varying numbers of program participants under the proposed new funding levels.

Budget and Legislative Analyst

Exhibit 12: Maximum Funding Needed to Cover Varying Number of Candidates Participating in the Public Financing Program under Proposed Increases in Public Funding

# Participating Candidates	Board of Supervisors (@ \$255,000/candidate)			Mayor (@ \$1,200,000 per candidate)		
	11	15	27	5	7	9
Maximum \$ Needed	\$2,805,000	\$3,825,000	\$6,885,000	\$6,000,000	\$8,400,000	\$10,800,000

Finally, clarifying how the 15 percent administrative costs are calculated relative to the amount for funding candidates in the Campaign and Government Conduct Code would help determine the exact amount available for funding candidates and the amount available for Ethics Commission program administration. Since the Code already allows for administrative costs for Mayor's elections that exceed the \$7 million cap, and some funding provisions do not specify any amount for administrative costs at all, there is further need for reconsidering the cap and making the various program funding provisions consistent. The \$7 million cap should also be reconsidered, to allow for funding in excess of that amount that will be occurring due to population growth in San Francisco, and the inclusion of the 15 percent administrative costs.

Policy Options:

1. The Board of Supervisors should consider adoption of the proposed legislation if it chooses to support the policy goals of reducing the importance of larger donations and sums of money to access public funds, encouraging candidates to enter City races regardless of whether their supporters are able to make relatively larger contributions, increasing total public spending on Mayoral and Board of Supervisors campaigns, and reducing the amount of time to be spent fundraising by candidates participating in the public financing program.

The Election Campaign Fund appears to be sufficient to cover the increases in public funding in the proposed legislation based on historical participation levels and because the Fund has generally had more than a baseline appropriation due to rolled over funds from prior years. However, if participation increases significantly in the future and/or rolled over funds are not available, the current Fund and funding formulae could prove insufficient to cover program costs, whether the proposed legislation is adopted or not. Therefore, the Board of Supervisors could:

2. Consider amending the City's Campaign and Government Conduct Code to allow the Election Campaign Fund to be funded at levels over \$7 million, by amending Section 1.138 (b)(1) since funding over the cap is now allowed under Section

- 1.154 by allowing for an appropriation of \$7.50 per resident plus 15% for administrative costs for Mayoral elections.
3. Consider amending the City's Campaign and Government Conduct Code to clarify if all funding provisions allow for administrative costs of 15 percent.
 4. Consider increasing the baseline level of funding for Board of Supervisors elections now set at \$1.50 per resident in Campaign and Government Conduct Code section 1.154(2) to a higher amount such as \$4.50 that the Ethics Commission could request in the event the Election Campaign Fund balance is lower than this amount. Baseline funding of \$4.50 per resident would ensure that up to 15 Board of Supervisors candidates could participate in the public financing program and receive maximum public funds available per non-incumbent candidate of \$255,000 each. An appropriation authorized by the Board of Supervisors for baseline funding would only be necessary if the Election Campaign Fund had sufficient funding to cover the election from rolled over funds and/or the Ethics Commission's regular annual appropriation, as has been the case in most years of the program to date.

APPENDIX: GLOSSARY OF TERMS USED IN THIS REPORT

Contribution: A payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes.

Independent expenditure: An expenditure made by any person, including a payment of public moneys by a state or local governmental agency, in connection with a communication which expressly advocates the election or defeat of a clearly identified candidate or the qualification, passage or defeat of a clearly identified measure, or taken as a whole and in context, unambiguously urges a particular result in an election but which is not made to or at the behest of the affected candidate or committee. An expenditure is not considered independent and shall be treated as a contribution from the person making the expenditure to the candidate on whose behalf or for whose benefit the expenditure is made, if the expenditure is made at the request, suggestion, or direction of, or in cooperation, consultation, concert or coordination with, the candidate on whose behalf, or for whose benefit, the expenditure is made.

Individual expenditure ceiling: The expenditure ceiling established for each individual candidate for Mayor or the Board of Supervisors whom the Ethics Commission has certified as eligible to receive public funds under San Francisco's Campaign and Government Conduct Code.

Match rate: The ratio of public funds provided to candidates participating in public campaign financing relative to amounts they have raised through private fundraising.

Matching contribution: A contribution up to \$500, made by an individual, other than the candidate, who is a resident of San Francisco. Matching contributions shall not include loans, contributions received more than 18 months before the date of the election, qualifying contributions or contributions made by the candidate's spouse, registered domestic partner or dependent child. Matching contributions must also comply with all requirements of the Campaign and Government Conduct Code. Matching contributions under \$100 that are not made by written instrument must be accompanied by written documentation sufficient to establish the contributor's name and address. The Ethics Commission shall set forth, by regulation, the types of documents sufficient to establish a contributor's name and address for the purpose of this subsection.

Qualified campaign expenditures: Excluding filing fees, expenses incurred in connection with an administrative or judicial proceeding, payments for administrative, civil or criminal fines, including late filing fees, costs incurred after the election that do not directly affect the outcome of the election, including but not limited to utility bills, expenses associated with an audit, and expenses related to preparing postelection campaign finance disclosure reports as required by the California Political Reform Act, California Government Code Section 81000, et seq., and the provisions of City's Campaign and Government Conduct Code, or for inaugural activities or officeholder expenses.

Qualifying contribution: A contribution of not less than \$10 and not more than \$100 that is made by an individual who is a resident of San Francisco and that complies with all requirements of this Chapter. Qualifying contributions shall not include loans, contributions received more than 18 months before the date of the election or contributions made by the candidate or the candidate's spouse, registered domestic partner or dependent child. Qualifying contributions under \$100 that are not made by written instrument must be accompanied by written documentation sufficient to establish the contributor's name and address. The Ethics Commission shall set forth, by regulation, the types of documents sufficient to establish a contributor's name and address for the purpose of this subsection.

Total opposition spending: The sum of any expenditures made or expenses incurred by any person or persons for the purpose of making independent expenditures, electioneering communications or member communications in opposition to a specific candidate for Mayor or the Board of Supervisors.

Total supportive funding: The sum of all contributions received by a candidate committee supporting a candidate for Mayor or the Board of Supervisors, other than any funds in the candidate's Campaign Contingency Account exceeding the candidate committee's Trust Account Limit, plus the expenditures made or expenses incurred by any person or persons for the purpose of making independent expenditures, electioneering communications or member communications in support of that same candidate.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: John Arntz, Director, Department of Elections
Ben Rosenfield, City Controller, Office of the Controller
Sophia Kittler, Mayor's Office

FROM: Victor Young, Assistant Clerk
Rules Committee *Victor Young*

DATE: June 12, 2019

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed legislation on June 4, 2019:

File No. 190660

Ordinance amending the Campaign and Governmental Conduct Code to increase the matching ratio for campaign contributions raised by candidates participating in the City's public financing program and the amount of public funds available for those candidates.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

c: Todd Rydstrom, Office of the Controller
Andres Power, Mayor's Office

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

June 12, 2019

Ethics Commission
Attn: LeeAnn Pelham, Executive Director
25 Van Ness Ave, Suite 220
San Francisco, CA 94102

Dear Commissioners:

On June 4, 2019, Supervisor Mar introduced the following legislation:

File No. 190660

Ordinance amending the Campaign and Governmental Conduct Code to increase the matching ratio for campaign contributions raised by candidates participating in the City's public financing program and the amount of public funds available for those candidates.

The proposed ordinance is being transmitted to the Ethics Commission pursuant to Campaign and Governmental Conduct Code, Section 1.103, for public hearing and recommendation. A four-fifths votes of the Ethics Commission is required in advance prior to consideration by the Board of Supervisors.

The ordinance is pending before the Rules Committee and will be scheduled for hearing upon receipt of your response.

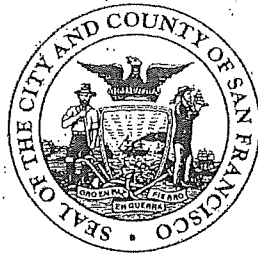
Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script that reads "Victor Young".

By: Victor Young, Clerk
Rules Committee

Attachment

President, District 7
BOARD of SUPERVISORS



Bo 11, Aides, COB,
Deps, Rules, CAO,
Dep. City Atty
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Tel. No. 554-6516

Fax No. 554-7674

TDD/TTY No. 544-6546

Norman Yee

PRESIDENTIAL ACTION

Date: 6/12/2019

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

2019 JUN 21 PM 3:24
NO. 100-100000-00000

Transferring (Board Rule No 3.3)

File No. 190660

Mar

(Primary Sponsor)

Title.

Campaign and Governmental Conduct Code - Public Campaign
Financing

From: Rules

Committee

To: Government Audit & Oversight

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For:

(Date)

(Committee)

Meeting

Norman Yee, President
Board of Supervisors

Carroll, John (BOS)

From: Board of Supervisors, (BOS)
Sent: Wednesday, September 11, 2019 6:21 PM
To: BOS-Supervisors; Carroll, John (BOS)
Subject: FW: Public Financing 6:1 Match Proposal - SUPPORT
Attachments: 2019.09.11 ACLU Letter of Support - SF 6-1 Match Proposal - BoS.pdf

Categories: 2019.09.17 - BOS, 190660

From: Angela Castellanos <ACastellanos@aclunc.org>
Sent: Wednesday, September 11, 2019 3:13 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: Christina E. Fletes <CFletes@acluca.org>
Subject: Public Financing 6:1 Match Proposal - SUPPORT

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Board of Supervisors:

Please see the attached letter regarding the ACLU of Northern California's support of the Public Financing 6:1 Match Proposal.

Should you have any questions, please do not hesitate to contact Christina Fletes-Romo, Voting Rights Attorney, at cfletes@aclunc.org.

Kindly,
Angela Castellanos
Litigation Assistant
ACLU of Northern California

39 Drumm St., San Francisco, CA 94111
(415) 293-6388 | acastellanos@aclunc.org
Pronouns: she/her/hers



AMERICAN CIVIL LIBERTIES UNION

Northern
California

September 11, 2019

Via Email

Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, California 94102

Re: Public Financing 6:1 Match Proposal - SUPPORT

Dear Board of Supervisors:

ACLU of Northern California ("ACLU") is pleased to support the 6:1 Match Public Financing Proposal, sponsored by Supervisor Mar, which strengthens the current public financing program by among other things, increasing the match from 2:1 to 6:1 up to \$150 of a contribution and increases the initial grant, maximum funding, and initial expenditure ceiling.

Over the last few years, the ACLU has engaged Bay Area organizations focused on organizing and building power among historically marginalized communities, extensively researched campaign finance, and explored publicly financed elections as an option to help address political inequality. Based on this work, we believe that this proposed system of small donor public financing will be a critical tool that works for San Francisco and will be effective in ensuring the participation and competitiveness of community-based candidates who would otherwise not have a viable opportunity to run for office. Also, we believe the 6:1 match will incentivize and ensure that candidates focus their time and energy on reaching the community members they hope to represent rather than a small number of large donors. Finally, we trust that this system will ultimately result in the empowerment of politically underrepresented San Franciscans.

For all of these reasons, the ACLU strongly supports the 6:1 Match Public Financing Proposal.

Sincerely,

Christina Fletes-Romo
Voting Rights Attorney
ACLU of Northern California

American Civil Liberties Union of Northern California

EXECUTIVE DIRECTOR Abdi Soltani • BOARD CHAIR Magan Pritam Ray

SAN FRANCISCO OFFICE: 39 Drumm St. San Francisco, CA 94111 • FRESNO OFFICE: PO Box 188 Fresno, CA 93707
TEL (415) 621-2493 • FAX (415) 255-1478 • TTY (415) 863-7832 • WWW.ACLUNC.ORG

Carroll, John (BOS)

From: Wright, Edward (BOS)
Sent: Thursday, September 5, 2019 2:04 PM
To: Carroll, John (BOS)
Subject: Fw: File No. 190660 / Public Financing of Elections
Attachments: Brennan Center letter File No 190660.pdf
Categories: 2019.09.17 - BOS, 190660, 2019.09.05 - GAO

Hi John,

We'd like to add this letter to the legislative record for File 190660

Edward Wright
Legislative Aide
Office of Supervisor Gordon Mar, District 4
(415) 554-7464

From: Mar, Gordon (BOS) <gordon.mar@sfgov.org>
Sent: Thursday, September 5, 2019 1:57 PM
To: Wright, Edward (BOS) <edward.w.wright@sfgov.org>
Subject: FW: File No. 190660 / Public Financing of Elections

From: Ian Vandewalker <vandewalkeri@brennan.law.nyu.edu>
Sent: Thursday, September 05, 2019 10:58 AM
To: Brown, Vallie (BOS) <vallie.brown@sfgov.org>; Mar, Gordon (BOS) <gordon.mar@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>
Cc: Joanna Zdanys <zdanysj@brennan.law.nyu.edu>
Subject: File No. 190660 / Public Financing of Elections

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors Brown, Mar, and Peskin:

Attached please find a letter from the Brennan Center in support of the proposed ordinance strengthening San Francisco's public election financing program, File No. 190660.

Please let me or my colleague Joanna Zdanys, cc'd here, know if we can be of assistance to the Board in this area.

Sincerely,

Ian Vandewalker
Senior Counsel, Democracy Program

Brennan Center for Justice at NYU School of Law
120 Broadway, Suite 1750
New York, NY 10271
646.292.8362
ian.vandewalker@nyu.edu
Pronouns: he | him

BRENNAN CENTER FOR JUSTICE

September 5, 2019

San Francisco Board of Supervisors
Attn: Government Audit and Oversight Committee
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, California 94102

Re: File No. 190660, Amendments to the Campaign and Governmental Conduct Code

To the Members of the Government Audit and Oversight Committee:

The Brennan Center for Justice at NYU School of Law is a nonpartisan law institute that focuses on the fundamental issues of democracy and justice and has long studied the democracy-enhancing effects of public financing programs. We appreciate the opportunity to write in support of the proposed ordinance currently before this committee to strengthen the city's small donor public financing program.¹ As explained below, there is evidence that increasing the matching ratio as proposed will have the positive effect of giving more of a voice to small donors. In addition, in increasing the expenditure limit, San Francisco will be following the lead of other successful public financing programs in keeping up with changing times and ensuring the system continues to attract candidate participants.

1. National Momentum for Empowering Small Donors through Robust Public Matching Ratios

Public financing programs fundamentally strengthen democracy by acting as a counterweight to the power of wealth in influencing government.² The people of San Francisco took an important step in promoting this principle when they first adopted the city's public financing program via ballot measure in 2000.³ But the reality of election

¹ See File No. 190660, Ordinance amending the Campaign and Governmental Conduct Code to increase the matching ratio for campaign contributions raised by candidates participating in the City's public financing program and the amount of public funds available for those candidates (June 12, 2019) <https://sfgov.legistar.com/View.ashx?M=F&ID=7305601&GUID=72EA4DF5-7F98-4F45-AEEE-77563848A24D>.

² Testimony of Ian Vandewalker, Senior Counsel, Brennan Center for Justice, before the New York City Charter Revision Commission, June 14, 2018, <https://www.brennancenter.org/analysis/testimony-new-york-city-charter-revision-commission-strengthening-public-financing>.

³ City and County of San Francisco Ethics Commission, "Public Financing – Campaign Finance Disclosure," <https://sfethics.org/disclosures/campaign-finance-disclosure/campaign-finance->

financing has changed significantly since then, with deregulatory Supreme Court cases like *Citizens United* opening the floodgates of election spending. Public financing systems must keep pace. A system that provides a multiple match on small contributions – as the proposed ordinance would – is the most powerful tool available to lift the voices of all San Franciscans in the age of unlimited spending by a wealthy few.

There is great momentum across the nation to enact multiple match public financing systems and strengthen existing ones, because these programs help provide candidates the option to run people-powered campaigns and eschew corporate interests. This surge of reform stems from a commitment to transform political fundraising. In order to do that, public financing programs must be sufficiently robust, and two key features of a strong program are a high match ratio and spending limits set a reasonable level that will encourage candidate participation.

The U.S. House of Representatives recently passed a six-to-one multiple match system for congressional and presidential elections as part of its historic democracy reform package, the For the People Act (H.R. 1).⁴ This would be the first program publicly financing congressional elections and would raise the match ratio for the presidential public financing system. In 2015, Maine strengthened its long-running public financing program by offering supplemental matching funds.⁵ Last November, the people of New York City overwhelmingly approved amendments to the city’s charter to increase the match ratio available to candidates to eight-to-one.⁶ In April of this year, a commission was appointed to design a public financing system for New York State elections. Washington, D.C., Denver, Baltimore, and three Maryland counties recently enacted multiple match programs,⁷ all recognizing the power that regular people can have in elections. And closer to home, the voters of Berkeley, California adopted a six-to-one match for mayoral and

disclosure-public-financing (San Francisco’s public financing program for the Board of Supervisors was adopted in November of 2000 via ballot measure and expanded in 2006 to include mayoral candidates).

⁴ For the People Act of 2019, H.R. 1, 116th Cong. §§ 502-547 (2019).

⁵ Maine Question One (2015), <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=IB0001&item=1&snum=127>.

⁶ N.Y.C. Charter § 1052a(18) (providing eight-to-one match on small contributions to participating candidates); *see also* “What’s New in the Public Financing Program,” New York City Campaign Finance Board, accessed August 16, 2019, <https://www.nyccfb.info/program/what-s-new-in-the-campaign-finance-program-2/> (describing changes to program approved by voters in the 2018 election, including increased matching rate and the amount of public funds available to candidates per election).

⁷ Hazel Millard, “Another Election Winner – Public Financing,” *Brennan Center for Justice*, November 12, 2018, <https://www.brennancenter.org/blog/another-election-winner-%E2%80%94-public-financing>; Bill Turque, “Montgomery Council approves plan for public finance of local campaigns,” *Washington Post*, Sept. 30, 2014, https://www.washingtonpost.com/local/md-politics/montgomery-council-approves-plan-for-public-finance-of-local-campaigns/2014/09/30/b3e2b15c-482d-11e4-b72e-d60a9229cc10_story.html.

council elections in 2016.⁸ San Francisco can join this vanguard by adopting the ordinance currently before the Board of Supervisors.

2. *Higher Match Ratios on Lower Amounts Will Amplify the Voices of Regular San Franciscans*

Currently, San Francisco's public financing program provides a two-to-one match on up to \$500 of an eligible contribution, up to a certain limit depending on the office; after that, a one-to-one match ratio applies until a candidate reaches the maximum amount of public funds allowed by law.⁹ The proposed ordinance would match contributions up to \$150 at a rate of six-to-one.¹⁰ This approach will more effectively amplify the impact of small donors. When modest contributions are matched at a multiple rate, their value is increased and candidates look to bring in more, and new, constituents as donors. They have the option of fundraising without currying favor with special interests and wealthy individuals.

New York City increased its one-to-one match ratio in 2001 to four-to-one, and again in 2009 to six-to-one.¹¹ The higher matching ratio has resulted in candidates raising more of their money from small donors. As peer-reviewed research shows, after the ratio increased, the number of small donors increased, and the percentage of funds they provided to candidates also went up.¹² Across all candidates, small donors and public funds provided an average of 59 percent of fundraising under the four-to-one match and 63 percent under the six-to-one match.¹³ This is a significant increase from the 45 percent from small donors and public money under the one-to-one match.¹⁴ The average number of small donors to candidates also increased, from 176 per 100,000 constituents under the one-to-one match, to 218 per 100,000 under six-to-one.¹⁵

A high match ratio is important to increasing the participation of small donors and their significance to candidates. By contrast to New York City, the Los Angeles public financing program, which moved from a one-to-one match to a two-to-one match for most candidates

⁸ "Public Financing Program," City of Berkeley, accessed August 14, 2019, https://www.cityofberkeley.info/Clerk/Elections/Public_Financing_Program.aspx.

⁹ S.F. Campaign & Governmental Conduct Code § 1.44(d)(2)-(3).

¹⁰ File No. 190660, Ordinance amending the Campaign and Governmental Conduct Code to increase the matching ratio for campaign contributions raised by candidates participating in the City's public financing program and the amount of public funds available for those candidates (June 12, 2019) <https://sfgov.legistar.com/View.ashx?M=F&ID=7305601&GUID=72EA4DF5-7F98-4F45-AEEE-77563848A24D>.

¹¹ New York City most recently raised the ratio to eight-to-one but has not yet conducted a full election cycle under the new policy.

¹² Michael J. Malbin and Michael Parrott, "Small Donor Empowerment Depends on the Details: Comparing Matching Fund Programs in New York and Los Angeles," *The Forum* 15 (2017): 232, available at https://www.nyccfb.info/pdf/EC2017_Michael_Malbin_Testimony.pdf.

¹³ *Id.* at 233.

¹⁴ *Id.*

¹⁵ *Id.*

in 2013, did not see an increase in the number or portion of money from small donors.¹⁶ A larger match ratio makes the system more effective.

The multiplier effect of a high match ratio benefits both candidates and their constituents. Candidates receive the benefit of having an alternative to dialing for dollars and courting wealthy donors, freeing up time to engage instead with everyday constituents and prioritize the issues that matter to them.¹⁷ The match helps candidates fundraise and campaign simultaneously.¹⁸ This in turn can help increase trust in public officials by combatting the idea that politicians are beholden to big donors.¹⁹ As participating candidate in the public financing system in Richmond, California, Councilmember Jovanka Beckles, explained: “When you take money from the public, you are beholden to the public only, and not any other corporate interest. That has really made a difference and helped the voters come to a place where they can say that they trust me.”²⁰

Public financing breaks down barriers by making community support, even from less affluent individuals, more valuable in financing campaigns. In New York City, the multiple match public financing system likely has helped to bring about a diverse and representative candidate pool.²¹ And it can promote civic engagement: as the nonpartisan Campaign Finance Institute found, New York City’s multiple match public financing program has “brought more low-dollar donors into the system,” leading to a “substantial increase not only in the proportional role of small donors but in their absolute numbers per candidate.”²² By making regular people an important part of funding campaigns, the

¹⁶ *Id.* at 231. The two-to-one match applies to candidates in first-round elections. A higher ratio applies to top-two runoffs, but most candidates only run in the first round. *Id.* at 225. The Los Angeles program also has a cap on public funds that is much lower as a portion of the participant spending limit than New York City’s.

¹⁷ *The Case for Small Donor Public Financing in New York State*, Brennan Center for Justice, 2019, 8-9, <https://www.brennancenter.org/publication/small-donor-public-financing-ny>.

¹⁸ *Id.* at 4.

¹⁹ *Id.*

²⁰ DeNora Getachew & Ava Mehta, eds., *Breaking Down Barriers: The Faces of Small Donor Public Financing*, Brennan Center for Justice, 2016, 3, <https://www.brennancenter.org/publication/breaking-down-barriers-faces-small-donor-public-financing>.

²¹ *By the People: The New York City Campaign Finance Program in the 2013 Elections*, New York City Campaign Finance Board, 2014, 47, http://www.nyccfb.info/PDF/per/2013_PER/2013_PER.pdf; Angela Migally & Susan Liss, *Small Donor Matching Funds: The NYC Election Experience*, Brennan Center for Justice, 2010, 21, <https://www.brennancenter.org/publication/small-donor-matching-funds-nyc-election-experience>; *New Yorkers Make Their Voices Heard: A Report on the 2009 Elections*, New York City Campaign Finance Board, 2010, 141-42, http://www.nyccfb.info/PDF/news_media/reports/2009_PER.pdf.

²² Michael Malbin, Peter W. Brusoe, and Brendan Glavin, “Small Donors, Big Democracy: New York City’s Matching Funds as a Model for the Nation and States,” *Election Law Journal* 11 (2012): 3, 14, <http://www.cfinst.org/pdf/state/nyc-as-a-model-elj-as-published-march2012.pdf>.

program brings more citizens, especially those from traditionally disenfranchised communities, into politics and amplifies the people's say in how they are governed.²³

3. *Increasing Expenditure Limits Incentivizes Candidate Participation in the Public Financing Program*

The ordinance's modest increase of the initial expenditure limits is a step in the right direction.²⁴ Candidate participation is a necessary prerequisite for any of the benefits of a public financing program, and updating the program to keep pace with election costs is an important factor.²⁵ During the 2018 Supervisorial race, candidates spent an average of \$311,000. Mayoral candidates spent even more, on average spending more than \$1,000,000 per candidate.²⁶ And in approving the proposed amendments, the Ethics Commission found that candidates almost always exceed the initial spending limits, requiring increases in spending limits to be made as the race goes on.²⁷

Ensuring that spending limits are high enough for participants to run competitive campaigns is all the more important in the current era of unlimited outside, or "third-party," spending. The 2018 Board of Supervisors elections saw \$2.1 million in independent expenditures.²⁸

New York City's successful public financing program has increased spending limits multiple times over the years to keep pace with campaign costs. Similarly, Maine significantly strengthened its clean elections program in 2015 by making supplemental funds available to participating candidates who collect additional qualifying small contributions.²⁹

²³ Testimony of Ian Vandewalker, Senior Counsel, Brennan Center for Justice, before the New York City Charter Revision Commission, June 14, 2018, <https://www.brennancenter.org/analysis/testimony-new-york-city-charter-revision-commission-strengthening-public-financing>.

²⁴ Current law requires participating supervisorial and mayoral candidates to limit their initial expenditures to \$250,000 and \$1,475,000, respectively. Raising these limits to \$350,000 for supervisorial candidates and \$1,700,000 for mayoral candidates is a step in the right direction.

²⁵ Michael Malbin, *Citizen Funding for Elections*, Campaign Finance Institute, 2015, 10-14, http://www.cfinst.org/pdf/books-reports/CFI_CitizenFundingforElections.pdf.

²⁶ Trisha Thadani, "Money spent on San Francisco's elections reaches staggering heights," *San Francisco Chronicle*, March 26, 2019, <https://www.sfchronicle.com/politics/article/Money-spent-on-San-Francisco-s-elections-13715699.php?psid=fBrwT>.

²⁷ Ethics Comm'n. of the City and County of San Francisco, *Public Financing Program Review – Phase II Legislative Recommendations* (April 8, 2019), 16.

²⁸ Ethics Comm'n. of the City and County of San Francisco, *Report on San Francisco's Public Campaign Financing Program* (March 15, 2019), <https://sfethics.org/wp-content/uploads/2019/03/2018-Public-Financing-Post-Election-Report-FINAL.pdf>.

²⁹ Maine Question One (2015), <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=IB0001&item=1&snum=127>.

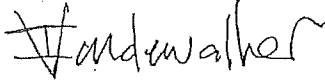
Increasing spending limits for San Francisco's program better aligns the program with the realities of running for office and helps to ensure that publicly financed candidates can run competitive campaigns while focusing on the support of small donors.

In a city where the gap between the ultra-wealthy and regular San Franciscans continues to widen, it is ever more important to take steps to ensure that everyday constituents have a voice in politics. By adopting the reforms proposed in this ordinance, San Francisco can take meaningful action to transform political fundraising. The Brennan Center endorses the proposed amendments to the city's public financing program and urges this committee and the full Board of Supervisors to adopt them promptly.

Sincerely,



Joanna Zdanys
Counsel, Democracy Program
Joanna.Zdanys@nyu.edu



Ian Vandewalker
Senior Counsel, Democracy Program
Ian.Vandewalker@nyu.edu

Carroll, John (BOS)

From: Carroll, John (BOS)
Sent: Wednesday, September 4, 2019 4:02 PM
To: Mar, Gordon (BOS); 'Brown, Vallie (vallie.brown@sfgov.org)'; Peskin, Aaron (BOS)
Cc: Wright, Edward (BOS); Cancino, Juan Carlos (BOS); Yan, Calvin (BOS); 'Calvillo, Angela (angela.calvillo@sfgov.org)'; Somera, Alisa (BOS); agraham@campaignlegalcenter.org
Subject: FW: Campaign Legal Center Letter to Government Audit & Oversight Committee Regarding Public Financing Ordinance
Attachments: CLC Letter to Government Audit & Oversight Committee.pdf
Categories: 190660, 2019.09.05 - GAO


Good afternoon, Chair Mar and GAO members.

The attached letter was submitted this afternoon, relating to agenda item number 2 on tomorrow's GAO agenda. File No. 190660.

I have retained a copy of this communication for the official file in this ordinance.

Best to you all,

John Carroll
Assistant Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415) 554-4445

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From: Austin Graham <agraham@campaignlegalcenter.org>
Sent: Wednesday, September 4, 2019 3:06 PM
To: Carroll, John (BOS) <john.carroll@sfgov.org>
Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Campaign Legal Center Letter to Government Audit & Oversight Committee Regarding Public Financing Ordinance

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Mr. Carroll,

Please find attached a letter from the Campaign Legal Center to the Government Audit & Oversight Committee in support of the proposed ordinance to amend San Francisco's public financing program (File No. 190660). I ask that you please provide the letter to members of the Committee and relevant staff in advance of the Committee's meeting tomorrow morning. Thank you.

Regards,
Austin Graham

Austin Graham
Legal Counsel, State & Local Program

202.856.7915

Campaign Legal Center
1101 14th St. NW, Suite 400
Washington, DC 20005
campaignlegalcenter.org

[Facebook](#) | [Twitter](#)



September 4, 2019

Submitted electronically to john.carroll@sfgov.org

The Honorable Gordon Mar
Chair, Government Audit & Oversight Committee
San Francisco Board of Supervisors

Dear Chair Mar and Members of the Committee,

The Campaign Legal Center (“CLC”) respectfully submits this letter in support of the proposed ordinance to amend San Francisco’s public financing program.¹ CLC is a nonpartisan, nonprofit organization dedicated to protecting and strengthening American democracy across all levels of government. Since the organization’s founding in 2002, CLC has participated in every major campaign finance case before the U.S. Supreme Court, and in numerous legislative and regulatory proceedings. Our work promotes every citizen’s right to participate in the democratic process and to know the true origin of funds spent to influence elections.

CLC strongly supports the proposed ordinance as a measure to expand San Franciscans’ participation in city campaigns and promote engagement between local candidates and their prospective constituents. The vast amount of money being raised and spent in U.S. elections has left many Americans feeling excluded from the political process, and campaign contributions increasingly come from a small group of wealthy and well-connected donors.² As an alternative to campaigns financed entirely by private contributions, public financing can amplify the voices of all citizens in our elections—not just those who can afford to provide large contributions—and expand political participation among the public at large. Accordingly, public financing advances both the goals of the San Francisco

¹ File No. 190660,
<https://sfgov.legistar.com/LegislationDetail.aspx?ID=3975469&GUID=9F32D481-9A00-4470-ADFC-60FE40F1E456>.

² In 2016, half of all campaign contributions to federal candidates came from only 15,810 individuals. By comparison, 73,926 individuals accounted for half of all contributions given to federal candidates in 2000. See NATHANIEL PERSILY, ROBERT F. BAUER, & BENJAMIN L. GINSBURG, BIPARTISAN POLICY CTR., CAMPAIGN FINANCE IN THE UNITED STATES: ASSESSING AN ERA OF FUNDAMENTAL CHANGE 22 (Jan. 2018), <https://bipartisanpolicy.org/wp-content/uploads/2018/01/BPC-Democracy-Campaign-Finance-in-the-United-States.pdf>.

Campaign Finance Reform Ordinance and the underlying aims of the U.S. Constitution.³

The proposed ordinance would make two key changes to San Francisco's public financing program. First, the proposal would increase the maximum amount of public funding available to city candidates in the program. Additionally, it would heighten the program's matching funds rate to six-to-one for contributions of up to \$150 made by city residents to participating candidates. Both changes would advance the objectives of the public financing program by providing stronger incentives for local candidates to maximize their voter outreach and for San Francisco residents, in turn, to become more involved with city campaigns.

A substantial body of research demonstrates that public financing programs offering competitive levels of funding and a high rate of public-to-private dollar matching can substantially boost local participation in elections. An analysis of New York City's matching funds program, which allows the maximum amount of public funding available to participating candidates to exceed more than half of the candidates' expenditure limits, found that the city's implementation of a four-to-one matching funds rate, in 2001, resulted in significant increases both in the number of individual donors of \$250 or less to city campaigns and in the proportional significance of those donors' contributions to competitive city council candidates participating in the program.⁴ These findings were generally consistent across challengers, incumbents, and open-seat candidates.⁵ A separate study of New York City's program similarly concluded that the city's decision to increase its matching funds rate to six-to-one, beginning in 2009, further increased the number of campaign contributions from donors of \$250 or less, and resulted in candidates raising a higher percentage of their total campaign funds from that bloc of donors.⁶

Research has also found that New York City's matching funds program has bolstered political participation among a larger and more demographically diverse portion of the city's population. A statistical assessment of donors to New York City campaigns found that 89% of the city's census-block groups had at least one resident who donated \$175 or less to a city candidate during the 2009 municipal elections.⁷ By comparison, in 2010, only 30% of New York City's census-block groups contained at least one individual donor of \$175 or less to candidates for the New York State

³ See S.F. Campaign & Gov't Conduct Code § 1.100.; see also Stephen Breyer, *Our Democratic Constitution*, 77 N.Y.U. L. REV. 245 (2002).

⁴ Michael J. Malbin et al., *Small Donors, Big Democracy: New York City's Matching Funds as a Model for the Nation and States*, 11 ELECTION L.J. 3, 9-10 (2012), http://www.cfinst.org/pdf/state/NYC-as-a-Model_ELJ_As-Published_March2012.pdf.

⁵ *Id.*

⁶ Michael J. Malbin & Michael Parrott, *Small Donor Empowerment Depends on the Details: Comparing Matching Fund Programs in New York and Los Angeles*, 15 FORUM 219, 232-33 (July 2017), <https://www.degruyter.com/downloadpdf/j/for.2017.15.issue-2/for-2017-0015/for-2017-0015.pdf>.

⁷ ELISABETH GENN ET AL., BRENNAN CTR. FOR JUSTICE, DONOR DIVERSITY THROUGH PUBLIC MATCHING FUNDS 10 (2012), https://www.brennancenter.org/sites/default/files/legacy/publications/DonorDiversityReport_WEB.PDF.

Assembly, who are *not* eligible for matching funds.⁸ In addition, the study determined that census-block groups with at least one donor of \$175 or less to a city candidate were statistically less affluent and more racially diverse than census-block groups with at least one “large donor,” defined as an individual contributor of \$1,000 or more, strongly suggesting that the matching funds program has fostered electoral engagement among politically underrepresented groups.⁹

Building on the successes of the city’s matching funds program, over 80% of New York City voters approved a set of charter amendments last November in order to further expand participation in local campaigns. Starting in 2021, all participating candidates in New York City’s program will be eligible to receive matching funds at an eight-to-one rate for contributions made by city residents.¹⁰ Likewise, the charter amendments will increase the maximum amount of public funding available to candidates in New York City’s program.¹¹ Along with New York City, Los Angeles also amended its public financing program last year, increasing both the program’s matching funds rate, to six-to-one, and the total amount of public funds available to participating candidates in the program.¹²

CLC urges the Committee to support the proposed amendments to San Francisco’s public financing program so that these important changes are in effect for the city’s 2020 election. If it would be helpful to the Committee in its consideration of the proposed ordinance, we would be happy to provide additional information about public financing programs in other cities and states.

Respectfully submitted,

/s/

Austin Graham
Legal Counsel, State & Local Reform

⁸ *Id.*

⁹ *Id.* at 14.

¹⁰ *Proposal 1: Campaign Finance*, N.Y.C. Campaign Fin. Bd., <https://www.nycffb.info/nyc-votes/vgwelcome/state-general-2018/ballot-proposals/proposal-1/?languageType=English>.

¹¹ *Id.*

¹² Press Release, L.A. Ethics Commission, Small Contributions Now Have Greatest Impact in Los Angeles History (Jan. 28, 2019), <https://ethics.lacity.org/news/small-contributions-now-have-greatest-impact-in-los-angeles-history/>.

Carroll, John (BOS)

From: Hamsini Sridharan <hamsini@maplight.org>
Sent: Tuesday, September 3, 2019 8:54 AM
To: Mar, Gordon (BOS); Brown, Vallie (BOS); Peskin, Aaron (BOS); Carroll, John (BOS); Board of Supervisors, (BOS); Daniel G. Newman
Subject: Public Financing 6:1 Match Proposal - SUPPORT
Attachments: MapLight Letter of Support_SF 6-1 Match Proposal.pdf
Categories: 190660, 2019.09.05 - GAO

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Members of the Government Audit and Oversight Committee,

Please see the attached letter regarding MapLight's support of the Public Financing 6:1 Match Proposal.

Please do not hesitate to contact me if you have any questions.

Best,

Hamsini

Hamsini Sridharan
Program Director
MapLight
(973) 704-1871
She/Her/Hers

MapLight

REVEALING MONEY'S INFLUENCE ON POLITICS

September 3, 2019

Via Email

Supervisor Gordon Mar
Supervisor Vallie Brown
Supervisor Aaron Peskin
San Francisco Government Audit
& Oversight Committee
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Re: Public Financing 6:1 Match Proposal - SUPPORT

Dear Members of the Government Audit & Oversight Committee:

MapLight is pleased to support the 6:1 Match Public Financing Proposal, sponsored by Supervisor Mar, which strengthens the current public financing program by increasing the match ratio from 2:1 to 6:1 up to \$150 of a contribution and increases the initial grant, maximum funding, and initial expenditure ceiling.

MapLight has long worked to promote public funding of elections as a tool to reduce the disproportionate influence of money in politics and encourage candidates to campaign at the grassroots rather than focusing on wealthy donors. Through data analysis of money in politics in communities across the country, we have seen how money influences who can afford to run for office, who they talk to when they run, who wins, and what policies they pass in office. We were instrumental in the passage of a 6:1 small donor matching program in Berkeley in 2016, which has already proven to help diverse candidates campaign to represent their communities—including several first-time candidates. Our experience suggests that small donor matching programs work best with higher match ratios. Upgrading San Francisco's system to a 6:1 match will incentivize candidates to participate, level the playing field for candidates without wealthy networks, and further amplify the voices of small donors, leading to more representative and responsive local democracy. For these reasons, MapLight strongly supports the 6:1 Match Public Financing Proposal.

Sincerely,

Daniel G. Newman
President and Co-Founder
MapLight

CC: John Carroll, Clerk for Government Audit & Oversight Committee (john.carroll@sfgov.org);
Clerk of the Board (Board.of.Supervisors@sfgov.org)

Carroll, John (BOS)

From: Angela Castellanos <ACastellanos@aclunc.org>
Sent: Monday, August 26, 2019 5:00 PM
To: Mar, Gordon (BOS); Brown, Vallie (BOS); Peskin, Aaron (BOS)
Cc: Carroll, John (BOS); Board of Supervisors, (BOS); Christina E. Fletes
Subject: Public Financing 6:1 Match Proposal - SUPPORT
Attachments: 2019-08-26 ACLU Letter of Support - SF 6-1 Match Proposal - FINAL.pdf

Categories: 190660

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Dear Members of the Government Audit and Oversight Committee,

Please see the attached letter regarding the ACLU of Northern California's support of the Public Financing 6:1 Match Proposal.

Should you have any questions, please do not hesitate to contact Christina Fletes-Romo, Voting Rights Attorney, at cfletes@acluca.org.

Kindly,
Angela Castellanos
Litigation Assistant
ACLU of Northern California

39 Drumm St., San Francisco, CA 94111
(415) 293-6388 | acastellanos@aclunc.org
Pronouns: she/her/hers



AMERICAN CIVIL LIBERTIES UNION

Northern
California

August 26, 2019

Via Email

Supervisor Gordon Mar
Supervisor Vallie Brown
Supervisor Aaron Peskin
San Francisco Government Audit
& Oversight Committee
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Re: Public Financing 6:1 Match Proposal - SUPPORT

Dear Members of the Government Audit & Oversight:

ACLU of Northern California (“ACLU”) is pleased to support the 6:1 Match Public Financing Proposal, sponsored by Supervisor Mar, which strengthens the current public financing program by among other things, increasing the match from 2:1 to 6:1 up to \$150 of a contribution and increases the initial grant, maximum funding, and initial expenditure ceiling.

Over the last few years, the ACLU has engaged Bay Area organizations focused on organizing and building power among historically marginalized communities, extensively researched campaign finance, and explored publicly financed elections as an option to help address political inequality. Based on this work, we believe that this proposed system of small donor public financing will be a critical tool that works for San Francisco and will be effective in ensuring the participation and competitiveness of community-based candidates who would otherwise not have a viable opportunity to run for office. Also, we believe the 6:1 match will incentivize and ensure that candidates focus their time and energy on reaching the community members they hope to represent rather than a small number of large donors. Finally, we trust that this system will ultimately result in the empowerment of politically underrepresented San Franciscans.

For all of these reasons, the ACLU strongly supports the 6:1 Match Public Financing Proposal.

Sincerely,

Christina Fletes-Romo
Voting Rights Attorney
ACLU of Northern California

CC: John Carroll, Clerk for Government Audit & Oversight Committee (john.carroll@sfgov.org);
Clerk of the Board (Board.of.Supervisors@sfgov.org)

American Civil Liberties Union of Northern California

EXECUTIVE DIRECTOR Abdi Soltani • BOARD CHAIR Magan Pritam Ray

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Introduction Form

By a Member of the Board of Supervisors or Mayor

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AK

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Mar

Subject:

[Campaign and Governmental Conduct Code - Public Campaign Financing]

The text is listed:

Ordinance amending the Campaign and Governmental Conduct Code to increase the matching ratio for campaign contributions raised by candidates participating in the City's public financing program and the amount of public funds available for those candidates.

Signature of Sponsoring Supervisor:

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