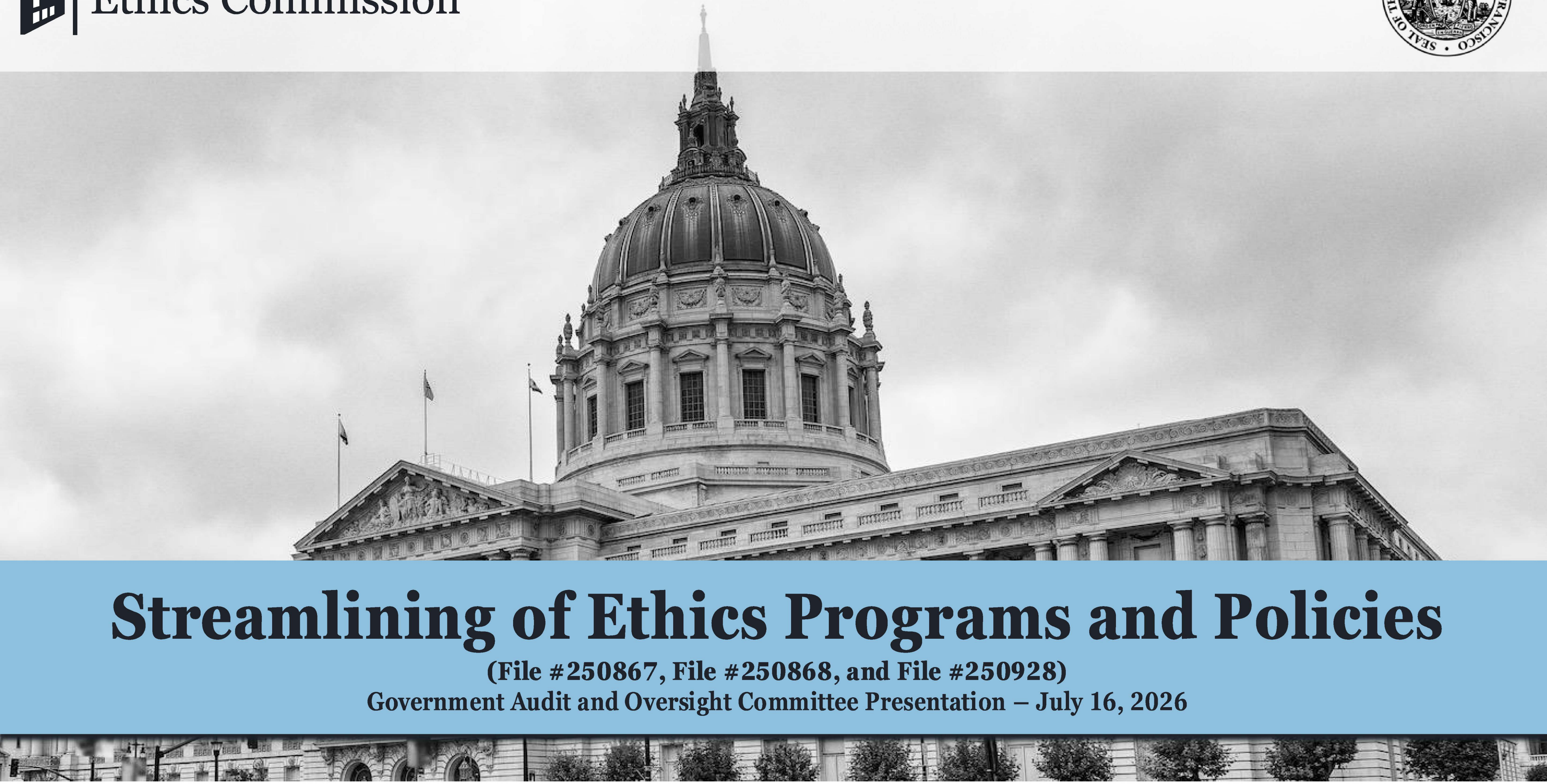
City & County of San Francisco
Ethics Commission



Streamlining of Ethics Programs and Policies

(File #250867, File #250868, and File #250928)

Government Audit and Oversight Committee Presentation – July 16, 2026

Project Overview

- Evaluate whether existing programs are effective, efficient, and furthering the Commission’s mission.
- San Francisco is a leader on ethics rules, often trying new, unique approaches.
- Must ensure that the programs add value and are worth the continued cost to administer.
- If not, programs and policies may need to be scaled down or otherwise revised.
- This allows the Commission to focus on its core functions and administering the programs and policies that are most impactful.

Project Overview Cont.

- Project launched in February of 2025.
- Led to recommendations that are reflected in three ordinances:
  - ➢ **File No. 250867:** Regarding campaign consultants, supplemental recusal notifications, and major developers.
  - ➢ **File No. 250868:** Regarding expenditure ceilings and contribution limits.
  - ➢ **File No. 250928:** Regarding the disclosure and reporting requirements in trustee elections.
- In June 2025, the Commission authorized the Chair to write to the Board requesting File No. 250928 be introduced and in September 2025, Ethics Commission voted unanimously to approve the other two ordinances which were then referred to the Board.
- The final ordinance regarding campaign finance before you today has been amended in response to feedback from good government groups

File No. 250867 - Regarding **campaign consultants**, supplemental recusal notifications, and major developers.

Campaign Consultant Disclosure Requirement

Current Law

- Campaign Consultants are required to register and file quarterly reports.
- This disclosure requirement was created in 1997, before campaign finance was available electronically.
- This **disclosure requirement is redundant** as the same information is available online via campaign disclosures
- Similar disclosure requirements do **not exist in other jurisdictions**.

Ordinance Would

- **Discontinue the registration and reporting requirements for campaign consultants.**
- Instead require consultants to supply their clients with the information necessary to report the consultant's activities through the campaign committee's other existing campaign finance disclosures.

Reasoning: Program provides little value-add in exchange for burden on City and consultants

File No. 250867 - Regarding campaign consultants, **supplemental recusal notifications**, and major developers.

Supplemental Recusal Notifications

Current Law	**Ordinance Would**
• Members of City boards and commissions who have a financial conflict of interest in a matter are required to recuse themselves from discussing or voting on the matter. • Additionally, these individuals must file a disclosure with the Ethics Commission whenever they recuse. • This supplemental recusal **notification is redundant**	• **Remove the City's requirement to file supplemental recusal notifications** with the Ethics Commission. • Retain the existing recusal procedures that occur during the meeting in which the recusal is made, which would have members of other boards and commissions follow the same process that is required for the Board of Supervisors.

Reasoning: Supplemental requirement provides little value and does not advance the goal of the program

File No. 250867 - Regarding campaign consultants, supplemental recusal notifications, and **major developers**.

Major Developer Disclosures

Current Law

- Requires developers to disclose certain donations to nonprofit organizations that have contacted City officers regarding developer's major projects.
- Requires registration fee and the filing of four quarterly reports
- Disclosures **occur retroactively offer unclear benefit** to officers or the public.
- Similar rules do **not exist in other jurisdictions**.

Ordinance Would

- **Eliminate the registration and reporting components on major developers.**
- Require major developers that pay or donate to a nonprofit in exchange for lobbyist services, to provide the person performing the services with the information they would need to register and report that activity under the City's existing lobbyist rules.

Reasoning: The post-hoc reporting does not provide information to decision-makers before a decision is made, and disclosures do not provide transparency into unlawful activity

File No. 250868 - Regarding **contribution limits,** matching funds, and expenditure ceilings.

Contribution Limits

Current Law	**Ordinance Would**

• Contribution limits help prevent overreliance on wealthy donors
• Overly strict contribution limits can make it harder for campaigns to compete with outside spending which is not subject to those same limits
• San Francisco's $500 contribution limit was set in 2000 and has **never been adjusted** since.
• No clear mechanism in the Code to make inflationary adjustments.
	• Adjust the contribution for inflation from $500 to $1,000.
	  ◦ Comparable to State average ($777) and City of Los Angeles ($900).
	  ◦ Still well below state limit ($5,900).
	• Codify a mechanism for ongoing CPI-based adjustments that are ***rounded down*** to the nearest $100 to ensure gradual updates in the future.

Reasoning: Adjust limit for inflation and increase viability of community-supported campaigns against outside spending

File No. 250868 – Regarding contribution limits, **matching funds, and expenditure ceilings.**

Current Law

- The City's Public Financing Program was established by Prop O in 2000 and helps ensure that candidates with a demonstrated level of community support can secure resources to mount a viable campaign.
- The program currently matches eligible contributions at a 6:1 ratio.
- To participate in the Public Financing Program, candidates agree to adhere to an **expenditure ceiling**.
- San Francisco has a unique process by which these ceilings **are incrementally adjusted indefinitely** for each participating candidate.
- Most other public financing programs in the country do not have expenditure ceilings, and none have an adjustment process like ours

File No. 250868 - Regarding contribution limits, **matching funds, and expenditure ceilings**.

Issues with Current Ceiling Adjustment Process:

Rarely Limits Spending

- In 2024, ceilings were **adjusted 295 times**, and at the end of the election were **only limiting the spending of a single candidate**.
- Ceilings are often increased before the candidates have raised enough money to spend beyond their ceiling.

Too Easily Influenced by Independent Spending

- Currently, **any amount of independent spending can lead to an adjustment**, triggering a cascade of additional adjustments.

Administrative Burden on Candidates and City Resources

- Places additional burden on candidate campaigns:
  - In 2024, candidates were **required to file 263 threshold statements**.
  - Candidates must file the statements **within 24** hours of each threshold crossed.
  - Takes time and campaign resources that could be **better spent engaging with voters**.
  - Disproportionate **impact on first-time, under-resourced candidates**.
- Daily monitoring, calculating, and communicating on ceiling adjustments by Ethics Commission auditors, this is **time that could be spent performing additional audits**.

File No. 250868 - Regarding contribution limits, **matching funds, and expenditure ceilings.**

Ordinance Would

- Increase matching funds from 6:1 to 8:1 for eligible contributions
- Instead of indefinite adjustments, a candidate's ceiling would **only be removed if there is a large amount of independent spending against that candidate** (or for their opponents) or if a non-participating candidate is on track to spend beyond the ceiling.
  - IEs against candidate or supporting candidate's opponents exceed 50% of ceiling
  - Non-participating candidates raises or spends more than 75% of ceiling
- This **simplifies the process** and eliminates ongoing 24-hour threshold reports.
- Create **more effective expenditure ceilings** on the front-end and allows publicly financed candidates to run more viable campaigns when those ceilings become ineffective
- Based on historical data, this change would have resulted in the following (across the last three election cycles in the 15 races with publicly financed candidates):
  - *In **six races**, no candidate's ceiling would have been lifted.*
  - *In **six races**, some, but not all the candidate ceilings would have been lifted.*
  - *In **three races**, all the candidates would have had their ceilings lifted.*

File No. 250868 - Regarding contribution limits, matching funds, and expenditure ceilings.

RAISE CONTRIBUTION LIMIT

$500 -> $1,000

INCREASE PUBLIC FINANCING MATCH

6:1 -> 8:1

REDUCE BURDEN AND MAKE CEILINGS WORK FOR CANDIDATES

Single threshold per-candidate

File No. 250868 - Regarding contribution limits, matching funds, and expenditure ceilings.

Amendments Based on Stakeholder Feedback

1. **Changed adjustment mechanism for expenditure ceilings:** Instead of applying one ceiling to the entire race, the amended legislation applies and lifts the ceilings on a per candidate bases, thus ensuring that outside spending in support of a candidate will never result in that candidate's ceiling being lifted.

2. **Slowed future contribution limit increases:** Instead of rounding future inflationary adjustments to nearest $100, the amended legislation would round the adjustments down to the nearest $100, slowing the rate of future increases.

3. **Removed inflationary adjustment for loan limit:** Instead of retroactively adjusting this amount for inflation, the current amounts would be retained, but the ordinance would still allow for future inflationary adjustments.

4. **Increased public financing match ratios:** The amended legislation increases the match ratio from 1:6 to 1:8. This does not increase the maximum public funds that can be received but it would help candidates get access to funds earlier and some candidates would receive more funding.

File No. 250928 - Regarding the disclosure and reporting requirements in trustee elections.

Current Law	Ordinance Would
• San Francisco has three benefit-related boards that manage retirement and health benefits for City employees and retirees • Since 2018, candidates for these positions have been required to follow strict campaign finance reporting requirements, despite only a **single candidate raising a total of $78.60 in funds** • These requirements provide **minimal public benefit**, impose **disproportionate and unnecessary burdens on candidates**, and continuing to administer the requirements is a **poor use of City resources**.	• **Remove the Trustee Election Filing Requirements.**

Reasoning: These elections are not open to the public and impose a disproportionate burden on candidates and staff for private elections where little to no money is spent

Thank You & Questions