

# 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

# Public Financing of Campaigns in San Francisco

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- 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
<b>Tier 1: qualifying requirement</b> (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)
<b>Tier 2: next fundraising increment</b>	\$500	\$2:\$1	\$50,000	\$100,000 (2:1)	\$50,000	\$100,000 (2:1)
<b>Tier 3: next fundraising increment</b>	\$500	\$1:\$1	\$35,000	\$35,000 (1:1)	\$32,500	\$32,500 (1:1)
<b>Subtotal</b>			\$95,000	\$155,000	\$97,500	\$152,500
<b>Total</b>			<b>\$250,000</b>		<b>\$250,000</b>	

# Current structure: Mayor

			Non-incumbent		Incumbent	
Fundraising Tier	Maximum qualifying/matching contribution	Match Rate	Privately Raised Funds	Matching Public Funds Provided	Privately Raised Funds	Public Funds Provided
<b>Tier 1 increment:</b> <b>qualifying requirement</b> (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)
<b>Tier 2: next fundraising increment</b>	\$500	\$2:\$1	\$425,000	\$850,000 (2:1)	\$425,000	\$850,000 (2:1)
<b>Tier 3: next fundraising increment</b>	\$500	\$1:\$1	\$25,000	\$25,000 (1:1)	\$12,500	\$12,500 (1:1)
<b>Subtotal</b>			\$500,000	\$975,000	\$512,500	\$962,500
<b>Total</b>			<b>\$1,475,000</b>		<b>\$1,475,000</b>	

# Proposed changes & policy objectives

<b>Proposed legislative change</b>	<b>Policy objectives</b>
<p>Reduce maximum private contribution amount that qualifies for public matching funds.</p> <p>Increase public funds match rate range from \$1-to-\$1 to \$2-to-\$1 to:</p> <p>    \$6-to-\$1: non-incumbents</p> <p>    \$4-to-\$1 to \$6-to-\$1: 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 initial total spending limit for publicly financed campaigns and provide a greater amount of public funds to candidates.</p>	<p>Amplify resources available to participating candidates for more effective, sufficiently resourced campaigns.</p> <p>Provide participating candidates with more available resources to better make themselves and their policy views known to voters; reduce time spent fundraising.</p>

# Proposed changes & policy objectives (cont'd)

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<b>Proposed legislative change</b>	<b>Policy objectives</b>
<p>After qualifying for public financing reduce funds that candidates must privately raise to qualify for all remaining public funds.</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>

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

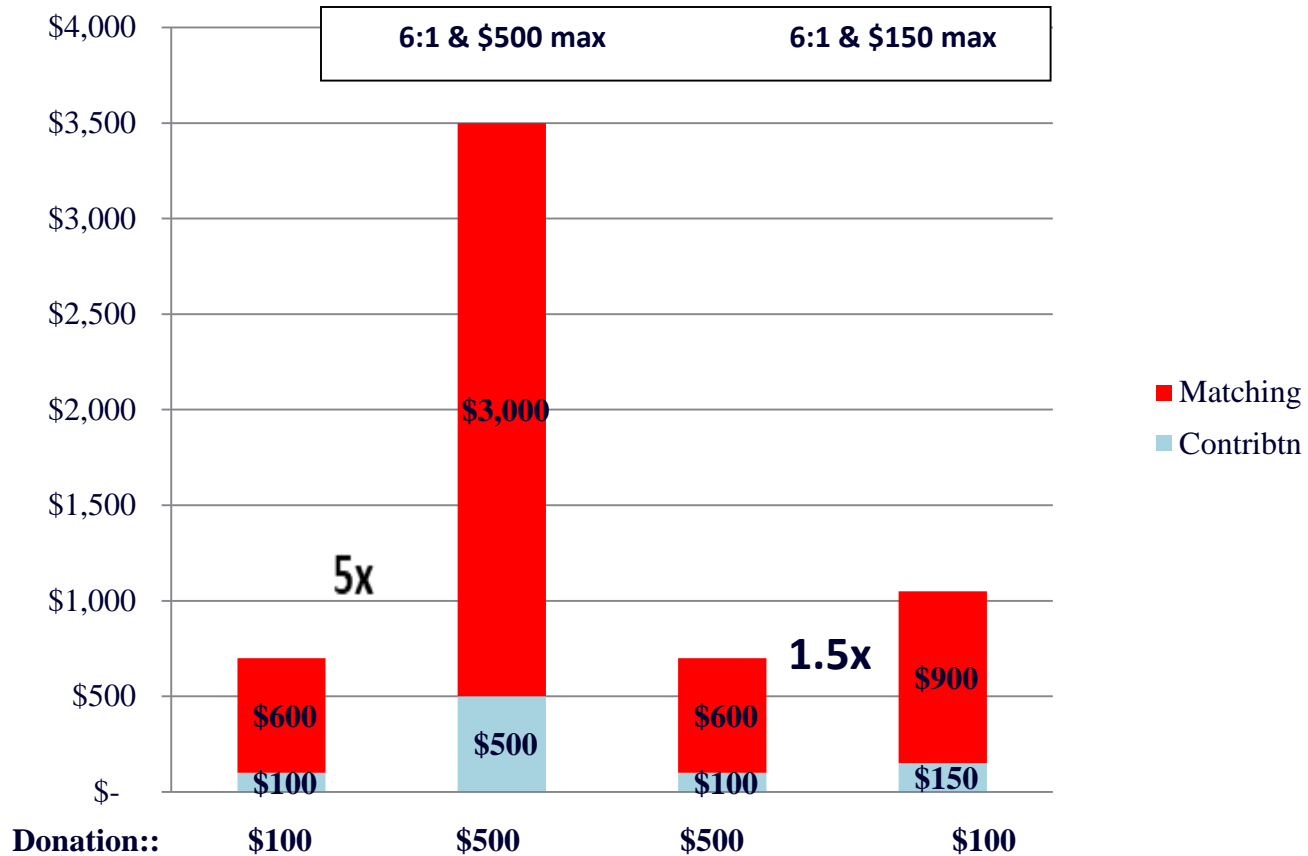
	Non-incumbent			Incumbent		
	Current	Proposed	Change	Current	Proposed	Change
<b>Individual Expenditure Ceiling</b>	\$250,000	\$350,000	+\$100,000	\$250,000	\$350,000	+\$100,000
<b>Private Funds to Qualify</b>	\$10,000	\$10,000	\$0	\$15,000	\$15,000	\$0
<b>Maximum Public \$ Available per Candidate</b>	\$155,000	\$255,000	+\$100,000	\$152,500	\$252,000	+\$99,500
<b>Amount to be privately raised to release maximum public funds</b>	\$95,000	\$42,500	-\$52,500	\$97,500	\$47,000	-\$50,500
<b>Matching contribution, Tier 2</b>	\$500	\$150	-\$350	\$500	\$150	-\$350
<b>Total amount to be privately raised to allow candidate to expend Individual Expenditure Ceiling maximum</b>	\$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
<b>Individual Expenditure Ceiling</b>	\$1,475,000	\$1,700,000	+\$225,000	\$1,475,000	\$1,700,000	+\$225,000
<b>Private Funds to Qualify</b>	\$50,000	\$50,000	\$0	\$75,000	\$75,000	\$0
<b>Maximum Public \$ Available per Candidate</b>	\$975,000	\$1,200,000	+\$225,000	\$962,500	\$1,185,000	+\$222,500
<b>Amount to be privately raised to release maximum public funds</b>	\$500,000	\$200,000	-\$300,000	\$512,500	\$222,500	\$290,000
<b>Matching contribution, Tier 2</b>	\$500	\$150	-\$350	\$500	\$150	-\$350
<b>Total amount to be privately raised for candidate to expend Individual Expenditure Ceiling maximum</b>	\$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



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

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

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## Election Campaign Fund Impact based on 2018 Participation

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	<b>Actual 2018</b>	<b>Under Proposed Changes</b>
<b>Starting Balance, 2018</b>	\$ 7,034,525	\$ 7,034,525
<b>Expenditures</b>	\$ 4,171,224	\$ 6,402,000
<b>Balance</b>	\$ 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**

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

# Funding Issues

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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

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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

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