



# ETHICS COMMISSION

## CITY AND COUNTY OF SAN FRANCISCO

DAINA CHIU  
CHAIR

March 5, 2019

NOREEN AMBROSE  
VICE-CHAIR

Angela Calvillo, Clerk of the Board of Supervisors  
City Hall, Room 244

QUENTIN L. KOPP  
COMMISSIONER

1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

YVONNE LEE  
COMMISSIONER

**Re: Proposed Ordinance – First Phase of Ethics Commission’s Review of the Public Campaign Financing Program**

FERN M. SMITH  
COMMISSIONER

Dear Ms. Calvillo:

LEEANN PELHAM  
EXECUTIVE DIRECTOR

At its February 15, 2019 Regular Meeting, the Ethics Commission voted by a four-fifths majority to support several procedural amendments to City law that seek to strengthen the City’s public campaign financing program. The ordinance would amend the Campaign and Governmental Conduct Code (the “Code”) to update several operational components of the program that the Commission believes would serve to further encourage candidate participation. The Ethics Commission is hereby formally transmitting the attached ordinance to the Board of Supervisors for the Board’s consideration and urges the Board to enact the ordinance into law. The Commission requests that the ordinance be introduced at the next possible meeting of the Board.

### **Background**

The Commission is currently engaged in detailed review of the public financing program. This review is being undertaken in two phases. The first phase focused on procedural aspects of the program with the goal of improving candidate participation rates and program outcomes by reducing candidate compliance burdens without affecting the program’s basic parameters. This phase of the review resulted in a revised set of regulations, revisions to administrative review processes, improvements to written candidate materials, and the approval of the ordinance that is attached to this letter. The second phase of the review, which is currently ongoing, examines more foundational aspects of the program, such as the qualification requirements for candidates, the total amount of public financing that candidates may receive, and the model under which candidates receive funds.

### **Overview of Proposal**

The ordinance would make three procedural changes to the public financing program.

Allow Participating Candidates to Use One Consolidated Campaign Account. First, the Commission’s proposed ordinance would end the requirement that publicly financed candidates maintain two separate bank accounts. Under current law, a candidate must keep

all contributions in a “trust account.” However, if the candidate receives contributions in excess of her spending limit, any excess contributions must be moved to a separate “contingency account.” This requirement has not strengthened the program’s outcomes and, therefore, has resulted in an unnecessary compliance step required of participants. The ordinance would change the Code to allow participants to keep all contributions in a single campaign trust account but would still require them to abide by their applicable spending limit.

Allow Additional Time for All Candidates to File the Required Statement of Participation or Non-Participation. Secondly, the ordinance would move the deadline for the filing of candidates’ Statement of Participation or Non-Participation, which all candidates must file in order to be eligible for the program. Currently, the deadline is the same day that candidate nomination papers are due under the Elections Code. The ordinance would change the deadline for candidates to file the Statement of Participation or Non-Participation to the third day *after* the deadline for filing nomination papers. This change would allow all candidates additional time to submit their required filing, and also allows candidates who may decide to enter a race only shortly before the deadline for filing nomination papers to have a full opportunity to consider participation in the program.

Increase the Increments by which Individual Expenditure Ceilings Must be Adjusted. Lastly, the ordinance would increase the minimum increments by which spending limits are adjusted for participating candidates when those limits are required to be adjusted. Although all participants must agree to abide by an initial spending limit to qualify for the program, that limit may be periodically increased based on opponent activity in their race. By increasing the minimum increment for spending limit increases, the ordinance would reduce the overall number of spending limit increases that a candidate must track while still raising spending limits to the same levels as under current law. This would diminish undue complexity for participating candidates in complying with the spending limits when they are adjusted.

During its meeting on February 15, 2019, the Commission approved a motion by a vote of 4-1 to recommend adoption of the proposed ordinance. The Commission urges the Board’s support for the proposed ordinance.

If you have any questions for the Ethics Commission or would like any additional information from our office, please feel free to contact me at (415) 252-3100.

Sincerely,

***LeeAnn Pelham***

LeeAnn Pelham  
Executive Director