



# ETHICS COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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JOHN ST. CROIX  
EXECUTIVE DIRECTOR

Date: December 7, 2011

To: Members, Ethics Commission

From: John St. Croix, Executive Director  
By: Mabel Ng, Deputy Executive Director

Re: Proposed amendments to CFRO related to public financing program

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Since the Commission's last meeting, staff has held two Interested Persons meetings to discuss possible changes to the Campaign Finance Reform Ordinance ("CFRO"), San Francisco Campaign and Governmental Conduct Code section 1.100 et seq. related to the public financing program. As you know, on June 27, 2011, the U.S. Supreme Court issued a 5-4 decision in *Arizona Free Enterprise Club's Freedom Club PAC, et al. v. Bennett*, holding that Arizona's matching public funds program "substantially burdens protected political speech without serving a compelling state interest and therefore violates the First Amendment." At its July 2011 meeting, the Commission approved amendments to the CFRO that would have capped the amount of public funds that may be disbursed to each candidate for Mayor at \$900,000 and each candidate for Supervisor at \$89,000; candidates whose individual expenditure ceilings were adjusted could continue to raise private funds that would no longer be matched with public funds. However, these amendments did not receive the required eight votes at the Board of Supervisors to pass.

Partial public financing for candidates for the Board of Supervisors was approved by the voters when they passed Proposition O – a measure placed on the ballot by the Ethics Commission – in November 2000. The goals of the program were to encourage candidates to limit their spending, decrease the time candidates spend raising money, and increase the opportunity for candidates to run for office. See Proponent's Argument in Favor of Proposition O in the Voters Information Pamphlet, November 2000 election. The public financing program for candidates for Mayor was enacted into law in 2006, upon approval of legislation by the Ethics Commission and the Board of Supervisors that was signed into law by then Mayor Newsom. While public financing for Mayoral candidates had been in effect since the 2007 election, the November 2011 election was the first time that candidates qualified for funds.

Many of the comments received at the first Interested Persons meeting were based on the experience of the November 2011 Mayoral election, where nine candidates for Mayor received (as of 11/17/11) \$4,607,726; and where five of those candidates, whose public funds totaled \$2,365,722, each received less than five percent of the first-choice votes cast.

At the Interested Persons meetings, there was:

- General agreement that candidates must do more to show viability before receiving public funds.
- Sentiment that the disbursement of public funds should begin at a later date and that the matching formula should be changed.
- Discussion that the last date for filing nomination papers (now the 88<sup>th</sup> day before the election) could be moved up to earlier in the campaign season so that there is more stability and predictability in an election before the City disburses significant amounts of public funding to candidates. Staff recommends that the City Attorney look into whether this can be accomplished by amending the Municipal Elections Code or the Charter.<sup>1</sup>

Based on comments received at the Interested Persons meetings, staff proposes the following:

1. Changing the qualification thresholds for public funds;
2. Increasing the amount of public funds available;
3. Changing the matching formula for public funds;
4. Delaying the disbursement of public funds until the second Tuesday in June of the election year;
5. Changing the expenditure ceiling;
6. Retaining adjustable individual expenditure ceilings for certified candidates; and
7. Considering whether to adopt a method of addressing the so-called zombie candidates.

This memorandum discusses the proposals and sets forth decision points, some of which are alternate decision points. Based upon the Commission's policy decisions at the December 2011 meeting, staff expects to bring draft legislation for the Commission's consideration at the January 23, 2012 meeting. Staff anticipates that the amendments will be effective for the Board of Supervisors race in 2012.

Please note that two pieces of legislation affecting the public financing program that were earlier approved by the Ethics Commission are pending at the Board of Supervisors. One, introduced by Supervisor Scott Wiener on November 22, 2011, and assigned to the Rules Committee, would, if approved by a supermajority of the Board, 1) modify and streamline disclaimer and reporting requirements for candidates and third parties raising and spending funds in local elections; 2) require the Ethics Commission to provide public notice when thresholds are met; 3) eliminate the overall contribution limit on contributions to all candidates on the ballot in a single election; and 4) make various reporting and disclaimer requirements parallel to requirements in State law. The other, introduced by Supervisor Malia Cohen, if approved by a supermajority of the Board, would delay the certification of 2012 supervisorial candidates seeking public financing until the Redistricting Task Force completes its revision of supervisorial district boundaries.

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<sup>1</sup> There was also discussion on whether to adopt a signatures requirement so that candidates can demonstrate viability in their district or the City before they can qualify for public funds. Because several questions remain unresolved, interested persons decided that this issue should not be pursued at this time.

In addition, Supervisor Jane Kim has introduced legislation to increase the available public funds for Board candidates to \$150,000 and to establish an adjustable individual expenditure ceiling that begins at \$245,000. This legislation is pending at the Rules Committee. Supervisor Kim’s proposal is as follows:

**Supervisor Kim’s<sup>2</sup> Pending Proposal (adjustable IEC initially set at \$242,500)**

	Private	Public
Initial	\$7,500	\$20,000
1:4	\$15,000	\$60,000
1:1	\$70,000	\$70,000
<b>Total</b>	<b>\$92,500</b>	<b>\$150,000</b>
<b>IEC</b>	<b>\$242,500<sup>3</sup></b> The IEC may be adjusted based on total supportive funds and opposition spending, which allows candidates to raise private funds that are <b>not</b> matched with public dollars.	

The appendix to this memo sets forth the current funding schemes for the Board of Supervisors program and the Mayoral program. It also sets forth alternative proposals that are discussed in the memo.

The Ethics Commission and the Board of Supervisors may amend the CFRO if (1) the amendment furthers the purposes of the law; (2) the Ethics Commission approves the proposed amendment by at least a 4/5 vote of all its members; (3) the proposed amendment is available for public review at least 30 days before the amendment is considered by any Board committee; and (4) the Board approves the proposed amendment by at least a 2/3 vote of all of its members.

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**Board of Supervisors Program**

The chart below sets forth the current scheme, which provides an initial individual expenditure ceiling (IEC) that starts at \$143,000 and may be adjusted based on total supportive funds and opposition spending.<sup>4</sup> If an IEC is adjusted, a candidate who has already received \$89,000 in

<sup>2</sup> Supervisor Kim’s legislation is co-sponsored by Supervisors Campos, Mirkarimi, Mar and Avalos.

<sup>3</sup> The legislation actually provides for an Independent Expenditure Ceiling of \$245,000.

<sup>4</sup> An “individual expenditure ceiling” (“IEC”) is 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. CFRO § 1.104(p). Under current law, the IEC for Mayoral candidates starts at \$1,475,000 and for Supervisorial candidates at \$143,000. The Executive Director may adjust the IEC of a candidate for Mayor to an amount equal to the sum of the Total Opposition Spending against that candidate and the highest level of Total Supportive Funds of any other candidate for Mayor if such amount is greater than \$1,475,000, provided that the Executive Director may adjust a candidate’s IEC only in increments of \$100,000. CFRO § 1.143(a). The Executive Director may adjust the IEC of a candidate for the Board of Supervisors to an amount equal to the sum of the Total Opposition Spending against that candidate and the highest level of the Total Supportive Funds of any other candidate for the same office on the Board, provided that the Executive Director may adjust a candidate’s IEC only in increments of \$10,000. CFRO § 1.143(b).

public funds may raise private funds that are then matched dollar for dollar with public funds, subject to certain limitations.

**Current Scheme (adjustable IEC initially set at \$143,000)**

	Private	Public
Initial	\$5,000	\$10,000
1:4	\$10,000	\$40,000
1:1	\$39,000	\$39,000
<b>Total</b>	<b>\$54,000</b>	<b>\$89,000</b>
<b>IEC</b>	<b>\$143,000</b> The Individual Expenditure Ceiling (IEC) may be adjusted based on total supportive funds and opposition spending, which allows candidates to raise private funds that are matched with public dollars.	

**1. Changing the qualification threshold for receipt of public funds**

a. *Shall the monetary and contributor thresholds be changed?*

Interested persons stated that a key goal of the public financing program is to ensure that candidates establish sufficient community support before they become eligible for public funds. To qualify for public financing, a candidate for the Board currently must raise \$5,000 in qualifying contributions from at least 75 contributors before the 70<sup>th</sup> day of the election. *See* CFRO § 1.140(b)(2). At the Interested Persons meetings, while one person indicated support for the \$5,000 threshold in order to ensure that grassroots candidates can obtain funds in order to communicate their issues, most participants expressed a belief that the current thresholds are too low and that meeting them does not necessarily indicate that candidates have sufficient support in their district. In the November 2010 election, \$284,183 in public funds was disbursed to six candidates who received five percent or fewer votes in the first round of voting in their respective districts. One way to ensure that candidates have sufficient community support is to raise the initial qualifying threshold. Thus, interested persons suggest and staff proposes to change the qualifying thresholds so that so that a candidate for the Board must raise at least \$10,000 in qualifying contributions from at least 100 contributors. By raising the monetary threshold to \$10,000 and the contributor threshold to 100, staff believes that the goal of demonstrating support could be advanced without imposing an unreasonable burden on grassroots candidates seeking to participate in the program.

**Decision Point 1a:**

Shall the Commission approve changing the qualification threshold so that a candidate for the Board of Supervisors must raise \$10,000 in qualifying contributions from 100 contributors?

b. *Shall a certain number of qualifying contributions come from the candidate's district?*

It was suggested at the Interested Persons meetings that at least a set amount of the \$10,000 in qualifying contributions<sup>5</sup> or a set number of the qualifying contributors must come from within the district of the candidate to show that he or she has support within the district. Staff supports this change as it would tend to show that a candidate has community support. But residents in some districts are much more likely to make campaign contributions than residents in other districts. Thus, many at the Interested Persons meeting and staff recommend that a candidate may meet this threshold by showing that at least 50 of the minimally required 100 contributors who make qualifying contributions come from the district. There is no recommendation that a certain amount of the \$10,000 must come from within the district.

**Decision Point 1b:**

Shall the Commission approve a requirement that a candidate show that at least 50 percent of the contributors whose contributions are deemed qualifying contributions came from the candidate's district?

**2. *Increasing the amount of available public funds***

Under current law, the amount of public funds available to a candidate is \$89,000, unless the candidate's individual expenditure ceiling is adjusted based on the sum of the total opposition spending against that candidate and the highest level of the total supportive funds of any other candidate for the same office. *Arizona Free Enterprise v. Bennett*, referenced above, generally provides that additional public funds may not be disbursed based on spending by privately financed opponents or third parties. Given this limitation, staff recommends that the amount of available public funds be increased for each candidate who participates in the program.

In the discussions at the Interested Persons meeting regarding what the public funds maximum should be, there was disagreement whether it should be \$100,000, \$125,000 or \$150,000. While few said that \$100,000 was an appropriate amount, another said that \$100,000 is only \$11,000 more than the current \$89,000 amount and would not be sufficient to meet the challenges of third party or non-publicly financed candidate spending. Several persons advocated for \$125,000 because it seems an appropriate amount that would allow a candidate to be competitive and yet take into account the current difficult budgetary times. One other person advocated for \$150,000 because the *Bennett* decision means that no further public funds would be available once the maximum amount is reached, regardless of the amount of opposition spending. Setting the maximum amount of public funds at \$150,000 would allow a candidate to mount a sufficient defense against opposition spending. Staff recommends \$150,000 for this same reason. In the November 2010 election, three candidates (all from District 8) received more than \$100,000 in public funds (\$104,764, \$121,406, and \$140,572), and one candidate in District 6 received more than the initial \$89,000 amount (\$90,817). In the November 2008 election, two candidates received more than \$100,000 in public funds (\$123,445 in D3 and \$105,033 in D11), and one candidate in District 11 received more than the initial \$89,000 amount (\$92,058). Based on these

<sup>5</sup> A "qualifying contribution" is a contribution between \$10 and \$100 that is made by a resident of San Francisco that is received no earlier than 18 months before the date of the election from persons other than the candidate, the candidate's spouse, registered domestic partner or dependent child. See CFRO § 1.104(w).

figures, staff recommends that the amount of available public funds be set at \$150,000; but staff also believes that the \$150,000 public funds amount will not be reached by most candidates. Nonetheless, having this amount available at the outset would tend to encourage rather than discourage participation in the program.

Decision Point 2a asks the Commission if the amount of public funds should be increased to \$150,000. Decision Point 2b asks the Commission whether the amount of public funds should be increased to \$125,000; and Decision Point 2c asks if the amount of public funds should be increased to \$100,000.

**Decision Point 2a:**  
 Shall the Commission approve increasing the amount of available public funds to \$150,000?

**Decision Point 2b:**  
 Shall the Commission approve increasing the amount of available public funds to \$125,000?

**Decision Point 2c:**  
 Shall the Commission approve increasing the amount of available public funds to \$100,000?

**3. Changing the formula for matching public funds**

There was general consensus at the Interested Persons meetings that the 1:4 matching formula resulted in too much public funds being disbursed too soon to candidates who did not really have widespread support. While this sentiment applied generally to the mayoral election that had just occurred, staff found that there was support for a change in the matching formula for the supervisorial program as well. It seemed to several persons that the 1:4 match worked to encourage candidates to enter into a race early and fundraise rapidly so that they could quadruple the amount of their funds even before they realized that their campaigns needed to establish a message. The 1:4 match may have created an artificial showing of strength in the campaign.

There was also general consensus that a 1:2 match made the most sense and was reasonable – staff agrees and recommends the adoption of a 1:2 matching ratio after the initial disbursement of funds. This change would address concerns that public funds are disbursed too easily and too soon under the current system. A 1:2 match also enables certified candidates to mount effective campaigns without having to focus too heavily on fundraising.

Under the following proposal, with a hypothetical expenditure ceiling of \$300,000, the disbursement scheme could be as follows:

	Private	Public
Initial	\$10,000	\$20,000
1:2	\$40,000	\$80,000
1:1	\$50,000	\$50,000
<b>Total</b>	<b>\$100,000</b>	<b>\$150,000</b>
<b>Non-matching</b>	<b>\$50,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$300,000</b>	

If the Commission approved a 1:2 match, regardless of the expenditure ceiling amount, the disbursement formula would be a 1:2 initial qualifying match; a 1:2 match for some funds; a final 1:1 match for some funds; and possibly no match for additional private funds raised.

Staff recommends that the 1:4 matching formula be changed to a 1:2 matching formula for the Mayoral program as well.

**Decision Point 3:**

Shall the Commission approve changing the 1:4 matching formula to a 1:2 matching formula in both the Supervisorial and Mayoral programs?

**4. Changing the disbursement date for public funds**

Under current law, public funds may be disbursed to certified candidates as early as nine months prior to the election. It was suggested at the Interested Persons meetings that this initial disbursement date should occur much later in the calendar year, possibly five to six months before the election. Staff recommends that no public funds be disbursed until the second Tuesday of June of the election year. This four-month delay in releasing public funds would address concerns that public funds are too easily accessible too soon, even before it's clear that the candidate is indeed a viable candidate. A June start date would provide some time for candidates to organize their campaigns and assess their opposition, and yet it would still be timely enough for candidates to utilize public funds to mount an effective campaign.

One person at an Interested Persons meeting suggested an August disbursement date, which staff believes is too late in the campaign season. Another person suggested disbursing funds beginning six months before the election, or in May – staff does not oppose this disbursement date. When public financing first began, no funds were disbursed until August, but the Commission and the Board determined that this date was too late and hence adopted a February disbursement date.

Staff recommends that the same disbursement date for public funds apply to both the Supervisorial and Mayoral programs.

**Decision Point 4a:**

Shall the Commission approve changes to the law so that no public funds are disbursed until the second Tuesday in June of an election year?

**Decision Point 4b:**

Shall the Commission approve changes to the law so that no public funds are disbursed until the second Tuesday in May of an election year?

**5. Changing the expenditure ceiling**

The current individual expenditure ceiling for certified Board candidates starts at \$143,000. In 2008, average spending by winning candidates was \$198,239. In 2008, in races where there was no incumbent, the winner spent \$181,847 (D1), \$329,499 (D3), \$136,611 (D9), and \$173,625 (D11), or an average of **\$205,396**. (All of these winning candidates were publicly financed candidates.) In 2010, the average spent by winning candidates was \$213,447; in races where there was no incumbent, the winner spent \$260,467 (D2), \$249,969 (D6), \$246,666 (D8), and \$172,117 (D10), or an average of **\$232,305**. (Except for D2, all these winning candidates were publicly financed.) Based on these figures, and factoring in an anticipated increase in third party spending in upcoming elections, staff recommends that the expenditure ceiling be set at \$300,000. Not every candidate will reach this level of spending, which staff believes is sufficiently high to enable non-incumbents to mount a successful candidacy.

However, there was some concern at the Interested Persons meetings that an expenditure limit of \$300,000 is too high, and that the limit should be \$250,000 instead. Staff does not oppose this suggestion, particularly if the Commission determines that an adjustable spending cap, discussed in section 6 below, should be retained.

**Decision Point 5a:**

Shall the Commission approve an expenditure ceiling of \$300,000 for Board of Supervisors candidates?

**Decision Point 5b:**

Shall the Commission approve an expenditure ceiling of \$250,000 for Board of Supervisors candidates?

**6. Determining whether to adopt a hard spending cap or retaining an adjustable individual expenditure ceiling**

Under current law, a certified candidate is subject to an individual expenditure ceiling (“IEC”) that begins at \$143,000 and that is adjusted if the sum of total opposition spending against that candidate and the highest level of total supportive funds of any other candidate in the races is greater than the IEC by at least \$10,000. *See* C&GC Code § 1.143. Under current law, a candidate whose IEC is raised and who has already received \$89,000 in public funds may continue to receive public funds at the rate of one dollar for each dollar of a matching contribution raised, subject to the Per Candidate Available Disbursement Limit (the total amount of non-administrative funds in the Election Campaign Funds divided by the number of qualified candidates) and the candidate’s Trust Account Limit (the amount of funds in the candidate’s campaign contribution trust account such that the expenditure of this amount would cause the candidate to reach, but not exceed, the candidate’s IEC). *See* C&GC Code §§ 1.104(bb), 1.144.

Staff recommends that whatever type of spending cap the Commission approves for Supervisorial candidates should also apply to Mayoral candidates.



a. *Shall the Commission retain an adjustable expenditure ceiling?*

The Commission could decide that adjustable individual expenditure ceilings should be retained, as long as no additional public funds exceeding the established amount of available public funds are made available to any candidate. In other words, if the Commission decides that the amount of available public funds for Board candidates should be set at \$150,000, then no candidate may receive more than \$150,000 in public funds, even if the candidate's adjusted IEC reaches \$350,000. In this scenario, if, for example, the initial individual expenditure ceiling were set at \$300,000 and the matching formula set out in the discussion for Decision Point 3 were used, then the candidate with an adjusted IEC of \$350,000 could raise up to a total of \$60,000 in private funds that would not be matched with public funds. The advantage for retaining adjustable expenditure ceilings is that it allows publicly financed candidates to raise private funds to counter opposition spending. It also allows the public to gauge the amount of third party spending that occurs during the election, as non-candidate committees will continue to be required to file third party reports under the CFRO. The disadvantage of an adjustable expenditure ceiling is that publicly financed candidates may not really be subject to any spending limit if such limits are always increased; data shows that IECs almost always outdistance actual spending.

**Decision Point 6a**

Shall the Commission retain adjustable expenditure ceilings for certified candidates for the Board of Supervisors or Mayor?

b. *Shall the Commission approve a hard spending cap instead?*

A hard spending cap means that a certified candidate may not spend beyond the cap, regardless of opposition or third party spending. Unless it is set sufficiently high, a hard cap may discourage candidates from participating in the program. However, a hard cap also helps to ensure that a primary goal of public financing – limiting overall expenditures in campaigns – is met.

**Decision Point 6b**

Shall the Commission approve a hard spending cap for certified candidates for the Board of Supervisors or Mayor?

**7. *Allowing a publicly funded candidate who withdraws to pay accrued debts***

Under current law, any candidate who receives public financing but who withdraws or fails to qualify to have his or her name printed on the ballot in the election for which the public funds were provided must repay the Election Campaign Fund the full sum received from the Fund. In media reports and at the Interested Persons meetings, there was discussion that some publicly funded candidates in the November 2011 election were reluctant to withdraw from the election because of this rule, even though it appeared that the candidates were no longer viable in the race. As one interested person said, there is a “perverse incentive” to continue a non-viable candidacy. It was suggested that the law be changed to allow a certified candidate to withdraw, as long as it is done via a process that involves written contact with the Ethics Commission and

the Department of Elections by a date certain, such as the last day before ballots are printed. The candidate would then be allowed to pay accrued expenses and return all remaining funds, if any, to the Ethics Commission, subject to the amount of public funds actually received. After such repayment, if the candidate has any funds left over, the candidate could repay personal loans made to the campaign, and then return funds to contributors on a last-in, first-out basis or donate them to the City or a charitable organization. Staff recommends the consideration of such a plan, provided that a candidate who withdraws is subject to an audit by the Commission to ensure that all funds were used appropriately.

Staff recommends that if the Commission approves a process that allows a publicly financed candidate for the Board to pay accrued debts, that such a process also govern publicly financed candidates for Mayor.

**Decision Point 7:**  
 Shall the Commission adopt a process to allow a publicly financed candidate who withdraws from the race to pay all accrued debts and then return all remaining public funds to the Ethics Commission?

\* \* \*

**Mayoral Program**

The chart below sets forth the current scheme, which provides an initial IEC that starts at \$1,475,000 and may be adjusted based on total supportive funds and opposition spending. If an IEC is adjusted, a candidate who has already received \$900,000 in public funds may raise private funds that are then matched dollar for dollar with public funds, subject to certain limitations.

**Current Scheme (adjustable IEC initially set at \$1,475,000)**

	Private	Public
Initial	\$25,000	\$50,000
1:4	\$100,000	\$400,000
1:1	\$450,000	\$450,000
<b>Total</b>	<b>\$575,000</b>	<b>\$900,000</b>
<b>IEC</b>	<b>\$1,475,000</b> The Individual Expenditure Ceiling (IEC) may be adjusted based on total supportive funds and opposition spending, which allows candidates to raise private funds that are matched with public dollars.	

**8. Changing the qualification threshold for receipt of public funds for Mayor**

To qualify for public financing, a candidate for Mayor currently must raise \$25,000 in qualifying contributions from at least 250 contributors before the 70<sup>th</sup> day of the election. See CFRO § 1.140(c)(2). Except for one individual, interested persons expressed concerns that these thresholds are too low. As mentioned earlier, in the November 2011 election, nine candidates for

Mayor received (as of 11/17/11) \$4,607,726; and where five of these candidates, whose public funds totaled \$2,365,722, each received less than five percent of the first-choice votes cast.

To ensure that candidates have sufficient community support, several persons propose to raise the initial qualifying threshold so that a candidate for Mayor must raise at least \$50,000 in qualifying contributions from at least 500 contributors. Others suggest that a candidate for Mayor must raise at least \$80,000 in qualifying contributions from 800 contributors. Until staff is able to obtain additional data about fundraising by candidates in the last election cycle, staff is not prepared to make a recommendation on whether the initial amount should be \$50,000 or some other number.

**Decision Point 8a:**

Shall the Commission approve changing the qualification threshold so that a candidate for Mayor must raise \$50,000 in qualifying contributions from 500 contributors?

**Decision Point 8b:**

Shall the Commission approve changing the qualification threshold so that a candidate for Mayor must raise \$80,000 in qualifying contributions from 800 contributors?

**9. Increasing the amount of available public funds**

In the 2011 election, no publicly financed candidate was able to achieve the maximum \$900,000 in public funds. For this reason, staff is reluctant to recommend an increase in available public funds beyond \$900,000.

However, one member of the public has proposed that the level of available public funds be increased to \$1,000,000 and another has recommended \$1,225,000, much for the same reasons as articulated above for the proposed increase in available public funds for Board candidates – that is, it is likely that third party spending will increase significantly and it will be more costly to run campaigns four or eight years from now.

**Decision Point 9a:**

Shall the Commission approve keeping the amount of available public funds for Mayoral candidates at \$900,000?

**Decision Point 9b:**

Shall the Commission approve increasing the amount of available public funds for Mayoral candidates to \$1,000,000?

**Decision Point 9c:**

Shall the Commission approve increasing the amount of available public funds for Mayoral candidates to \$1,225,000?

**10. Changing the expenditure ceiling**

In the November 2003 election, the Newsom 2003 Mayoral Committee spent \$5,151,623; in 2007, the Newsom Mayoral Committee spent approximately \$1.6 million. Based on reports filed at the Ethics Commission during the November 2011 election, the five highest spending candidates spent \$6,688,984, or an average of \$1,337,797; the winner spent \$1,722,714. Third party spending to support candidates totaled \$2,109,460; third party spending to oppose candidates totaled \$443,078. Based on this data, staff recommends that the expenditure ceiling be increased to \$1,750,000, particularly if the Commission approves an adjustable expenditure ceiling.

However, a member of the public has recommended that the expenditure ceiling be increased to \$1,975,000. Another person has recommended an increase to \$2,000,000.

**Decision Point 10a:**

Shall the Commission approve an expenditure ceiling of \$1,750,000 for the Mayoral program?

**Decision Point 10b:**

Shall the Commission approve an expenditure ceiling of \$1,975,000 for the Mayoral program?

**Decision Point 10c:**

Shall the Commission approve an expenditure ceiling of \$2,000,000 for the Mayoral program?

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***Other issues:***

At one of the Interested Persons meeting, there was discussion about possibly requiring candidates who seek public funds to use recyclable paper products only or explain why they cannot. It was also suggested that candidates spend at least 50 percent of public funds locally. Staff believes that these suggestions are worthy of consideration.

## Appendix

### Board of Supervisors

#### Current Scheme (adjustable IEC initially set at \$143,000)

	Private	Public
Initial	\$5,000	\$10,000
1:4	\$10,000	\$40,000
1:1	\$39,000	\$39,000
<b>Total</b>	<b>\$54,000</b>	<b>\$89,000</b>
<b>IEC</b>	<b>\$143,000</b> The Individual Expenditure Ceiling (IEC) may be adjusted based on total supportive funds and opposition spending, which allows candidates to raise private funds that are matched with public dollars.	

*The following charts set forth several proposals that vary based on the amount of public funds available (\$150,000, \$125,000 or \$100,000) and the expenditure ceiling (\$300,000 or \$250,000). All of them could be used with a hard expenditure cap that may not be adjusted or an adjustable individual expenditure ceiling; and all of them follow a matching formula of an initial 1:2 match, a subsequent 1:2 match and a 1:1 match.*

#### Proposal A for BoS

\$150,000 public funds available; Expenditure Ceiling ("EC") = \$300,000	Private	Public
Initial	\$10,000	\$20,000
1:2	\$40,000	\$80,000
1:1	\$50,000	\$50,000
<b>Total</b>	<b>\$100,000</b>	<b>\$150,000</b>
<b>Non-matching</b>	<b>\$50,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$300,000</b>	

#### Proposal B for BoS

\$125,000 public funds available; EC = \$300,000	Private	Public
Initial	\$10,000	\$20,000
1:2	\$40,000	\$80,000
1:1	\$25,000	\$50,000
<b>Total</b>	<b>\$75,000</b>	<b>\$125,000</b>
<b>Non-matching</b>	<b>\$100,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$300,000</b>	

**Proposal C for BoS**

\$100,000 public funds available; EC = \$300,000	Private	Public
Initial	\$10,000	\$20,000
1:2	\$30,000	\$60,000
1:1	\$20,000	\$20,000
<b>Total</b>	<b>\$60,000</b>	<b>\$100,000</b>
<b>Non-matching</b>	<b>\$140,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$300,000</b>	

**Proposal D for BoS**

\$150,000 public funds available; EC = \$250,000	Private	Public
Initial	\$10,000	\$20,000
1:2	\$40,000	\$80,000
1:1	\$50,000	\$50,000
<b>Total</b>	<b>\$100,000</b>	<b>\$150,000</b>
<b>Non-matching</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$250,000</b>	

**Proposal E for BoS**

\$125,000 public funds available; EC = \$250,000	Private	Public
Initial	\$10,000	\$20,000
1:2	\$40,000	\$80,000
1:1	\$25,000	\$25,000
<b>Total</b>	<b>\$75,000</b>	<b>\$125,000</b>
<b>Non-matching</b>	<b>\$50,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$250,000</b>	

**Proposal F for BoS**

\$100,000 public funds available; EC = \$250,000	Private	Public
Initial	\$10,000	\$20,000
1:2	\$30,000	\$60,000
1:1	\$20,000	\$20,000
<b>Total</b>	<b>\$60,000</b>	<b>\$100,000</b>
<b>Non-matching</b>	<b>\$90,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$250,000</b>	

Mayor

**Current Scheme (adjustable IEC initially set at \$1,475,000)**

	Private	Public
Initial	\$25,000	\$50,000
1:4	\$100,000	\$400,000
1:1	\$450,000	\$450,000
<b>Total</b>	<b>\$575,000</b>	<b>\$900,000</b>
<b>IEC</b>	<b>\$1,475,000</b> The Individual Expenditure Ceiling (IEC) may be adjusted based on total supportive funds and opposition spending, which allows candidates to raise private funds that are matched with public dollars.	

**Proposal A for Mayor**

\$900,000 public funds available; EC = \$1,750,000	Private	Public
Initial	\$50,000	\$100,000
1:2	\$200,000	\$400,000
1:1	\$400,000	\$400,000
<b>Total</b>	<b>\$650,000</b>	<b>\$900,000</b>
<b>Non-matching</b>	<b>\$200,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$1,750,000</b>	

**Proposal B for Mayor**

\$1,975,000 public funds available; EC = \$1,975,000	Private	Public
Initial	\$50,000	\$100,000
1:2	\$425,000	\$850,000
1:1	\$275,000	\$275,000
<b>Total</b>	<b>\$750,000</b>	<b>\$1,225,000</b>
<b>Non-matching</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$1,975,000</b>	

**Proposal C for Mayor**

\$1,000,000 public funds available; EC = \$2,000,000	Private	Public
Initial	\$80,000	\$160,000
1:2	\$320,000	\$640,000
1:1	\$200,000	\$200,000
<b>Total</b>	<b>\$600,000</b>	<b>\$1,000,000</b>
<b>Non-matching</b>	<b>\$400,000</b>	<b>\$0</b>
<b>Expenditure Ceiling</b>	<b>\$2,000,000</b>	