

**San Francisco
Ethics Commission**



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Report on

San Francisco's Limited

Public Financing Program

November 4, 2014 Board of Supervisors Election

San Francisco Ethics Commission

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Report of the Board of Supervisors Public Financing Program of 2014

This report is intended to satisfy the requirements set forth in Section 1.156 of the San Francisco Campaign and Governmental Conduct Code, which requires the San Francisco Ethics Commission (“Commission”) to produce a report following the November 2014 election stating:

- The amount of public funds disbursed to campaigns in the election;
- The number of candidates who received public funds;
- The number of nonparticipating candidates;
- The amount of qualified campaign expenditures made by all candidates in that election;
- The amount of independent expenditures made in connection with the election; and
- Other relevant information deemed useful by the Ethics Commission.

The data presented is based on information reported in campaign disclosure statements covering the period through December 31, 2014 and from the Commission’s record of public funds disbursements.

I. Introduction

San Francisco’s public financing program for candidates for the Board of Supervisors was adopted through a ballot measure (Proposition O) in November 2000. In 2006, the program was extended to include Mayoral candidates as well. The Commission administered the public financing program in elections for candidates for the Board of Supervisors beginning in 2002. Because no candidate for Mayor qualified for public funding in 2007, the Commission administered the public financing program in a Mayoral election for the first time in 2011.

With respect to the qualification thresholds, disbursement formula/amounts and expenditure ceilings, the program as it was administered in the 2012 and 2014 elections was significantly different from the program that was administered in prior years.¹ The public financing program provides candidates running for the Board of Supervisors or Mayor with partial public funding to fund their campaigns. The Commission developed the program with the intent that it would provide candidates a neutral source of additional funding, encourage more candidates to run for office, allow candidates to spend more time discussing the issues and spend less time fundraising, and encourage candidates to limit their spending.

¹ See Appendix for a complete overview of the requirements of the public financing program as it was implemented in 2014.

II. Supervisory Candidates on the November 4, 2014 Ballot and the Amount of Public Funds Disbursed in the November 4, 2014 Election

A. Candidates Who Sought Office, Whether They Participated in the Public Financing Program and Whether They Were Elected to Office

There are eleven supervisory districts in San Francisco. In 2014, supervisory elections were held in the five even-numbered districts: Districts 2, 4, 6, 8 and 10. A total of 17 candidates in five districts appeared on the November 2014 ballot and two of these candidates qualified to receive public funds.

The two participants of the public financing program ran for office from District 10 and they were non-incumbent candidates. All of the supervisory races in 2014 involved an incumbent and all of the incumbents were re-elected to office.

Table 1 below lists candidates for the Board of Supervisors whose names appeared on the November 4, 2014 ballot, whether they participated in the public financing program, and whether the candidates were elected to office.

Table 1: List of 2014 Supervisory Candidates, Whether They Participated in the Public Financing Program, and Whether They Were Elected to Office²

Candidate	District	Participation Status (P=participating candidate; NP=non-participating candidate)	Whether candidate was elected or defeated
Mark Farrell	2	NP	Elected
Juan-Antonio Carballo	2	NP	Defeated
Katy Tang	4	NP	Elected
Jane Kim	6	NP	Elected
Michael Nulty	6	NP	Defeated
David Carlos Salaverry	6	NP	Defeated
Jamie Whitaker	6	NP	Defeated
Tom Wayne Basso	8	NP	Defeated
George Davis	8	NP	Defeated
John Nulty	8	NP	Defeated
Michael Petrelis	8	NP	Defeated
Scott Wiener	8	NP	Elected
Malia Cohen	10	NP	Elected
Ed Donaldson	10	NP	Defeated
Tony Kelly	10	P	Defeated
Shawn M. Richard	10	NP	Defeated
Marlene Tran	10	P	Defeated

² In prior years, staff’s review of electronic filings did not capture activity that was less than \$5,000 because candidates were not required to file electronic statements unless their activity reached \$5,000. Beginning in 2013, all candidates who form a committee (i.e., reach \$1,000 in activity) must file electronic campaign statements. This report does not include data about fundraising and spending by candidates who raised and spent less than \$1,000.

B. The Amount of Public Funds Disbursed in 2014

A total of \$4,372,039 in the Election Campaign Fund was available for disbursement. Eligible candidates were able to receive up to a maximum amount of \$155,000 in public funds (or up to \$152,500 for an incumbent). Unlike the public financing programs of 2008, 2010, and 2011, the 2014 public financing program did not provide for a mechanism for candidates to receive additional public funding beyond the \$155,000 cap (\$152,500 for incumbents). The two eligible candidates received a total of \$194,710 in public funds, an average of \$97,355 per candidate.

Table 2 below provides a breakdown of the amount of public funds disbursed to each qualifying candidate. It also shows the amount of total funds (public plus private) that was received by each candidate, participating and non-participating.

Table 2: Amount of Public Funds Disbursed as Compared to Total Funds Available to Candidates³

Candidate	District	Amount of Public Funds Disbursed to Participating Candidates	Total Funds Available to Candidates (private funds plus public funds, if any)	Public Funds as a Percentage of Total Funds
Mark Farrell	2		\$396,000	n/a
Juan-Antonio Carballo	2		\$52,485	n/a
District 2 Total		\$0	\$448,485	n/a
Katy Tang	4		\$126,970	n/a
District 4 Total		\$0	\$126,970	n/a
Jane Kim	6		\$272,274	n/a
Michael Nulty	6		\$3,081	n/a
David Carlos Salaverry	6		\$2,396	n/a
Jamie Whitaker	6		\$3,339	n/a
District 6 Total		\$0	\$281,090	n/a
George Davis	8		\$1,200	n/a
John Nulty	8		\$1,714	n/a
Michael Petrelis	8		\$3,156	n/a
Scott Wiener	8		\$263,247	n/a
District 8 Total		\$0	\$269,317	n/a
Malia Cohen	10		\$323,859	n/a
Ed Donaldson	10		\$21,637	n/a
Tony Kelly	10	\$135,644	\$235,928	57%
Marlene Tran	10	\$59,066	\$91,658	64%
District 10 Total		\$194,710	\$673,082	29%
Total		\$194,710	\$1,798,943	11%

³ Total funds in this table include total monetary contributions, loans, in-kind contributions, public funds and candidates' personal funds used for campaign purposes.

Public grants represented 29 percent of the total funds (public and private) that were available to all candidates in the District 10 race.

III. Candidate Spending

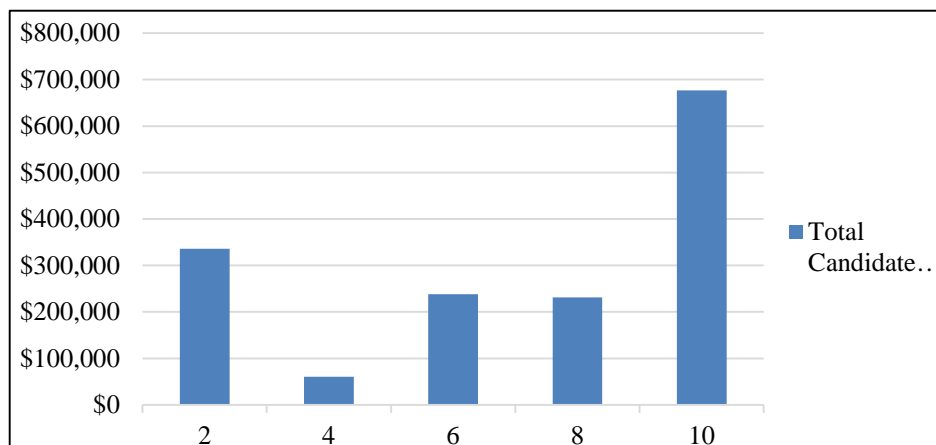
In 2014, candidate spending totaled \$1,542,751. This figure does not include spending by non-candidates. Table 3 below lists the amounts spent by candidates in 2014. The table also shows the highest level of a candidate's Individual Expenditure Ceiling, if the candidate was publicly financed. Publicly financed candidates were required to limit their expenditures to the amount of their Individual Expenditure Ceiling, which began at \$250,000 and was raised by the Ethics Commission based on the highest level of Total Supportive Funds of any opponent of a publicly financed candidate plus the Total Opposition Spending against such publicly financed candidate. Expenditure data includes both paid expenditures and debt.

Table 3: Candidate Spending in 2014

Candidate	District	Highest Level of Candidate's Individual Expenditure Ceiling	Total Expenditures Incurred
Mark Farrell	2		\$283,380
Juan-Antonio Carballo	2		\$52,535
<i>District 2 Total</i>			\$335,916
Katy Tang	4		\$60,777
<i>District 4 Total</i>			\$60,777
Jane Kim	6		\$229,926
Michael Nulty	6		\$3,109
David Carlos Salaverry	6		\$1,844
Jamie Whitaker	6		\$3,339
<i>District 6 Total</i>			\$238,218
George Davis	8		\$1,200
John Nulty	8		\$1,854
Michael Petrelis	8		\$2,347
Scott Wiener	8		\$225,599
<i>District 8 Total</i>			\$231,000
Malia Cohen	10		\$341,551
Ed Donaldson	10		\$21,238
Tony Kelly	10	\$320,000	\$231,343
Marlene Tran	10	\$320,000	\$82,709
<i>District 10 Total</i>			\$676,841
<i>Total</i>			\$1,542,751

The chart below shows total candidate spending by district.

Chart 1: Total Candidate Spending in 2014



IV. Spending by Third Parties

In 2014, third parties were required to report independent expenditures, member communications, and electioneering communications on the Commission’s Third Party Disclosure Form. Third party spending regarding Supervisorial candidates in the November 2014 election as disclosed on the Third Party Disclosure Form totaled \$96,610 (\$76,326 in spending was considered to be neutral, \$20,284 was considered to be supportive spending and there was no opposition spending).⁴

The table below summarizes the data reported on the Third Party Disclosure Form related to the candidates.

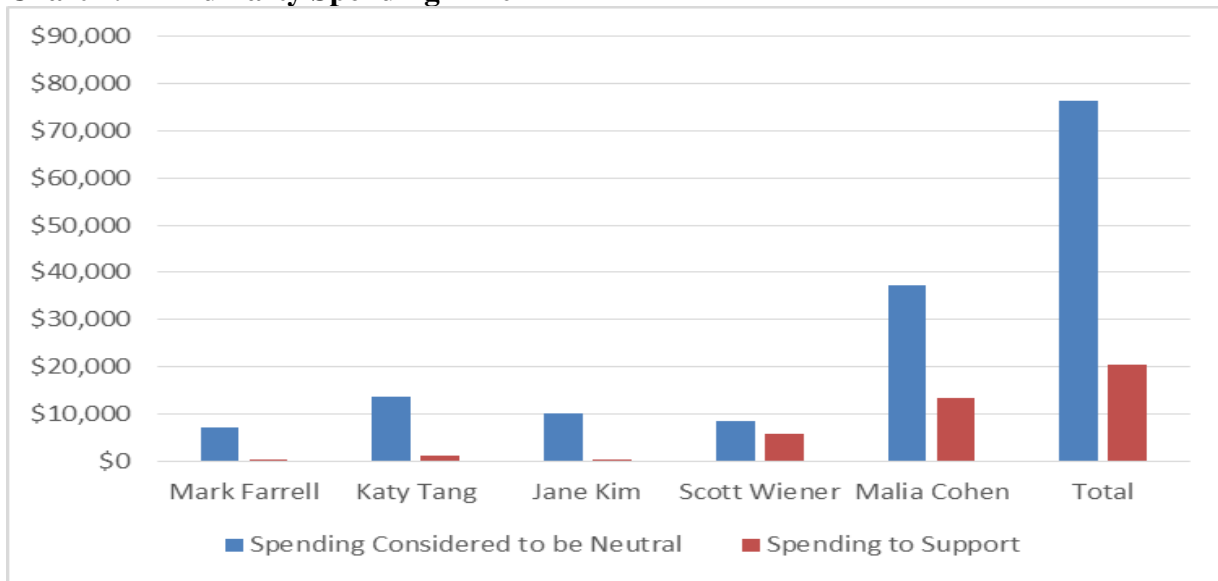
Table 4: Third Party Spending in 2014

Affected Candidate	District	SFEC Third Party Disclosure Form	
		Spending Considered to be Neutral	Spending to Support
Mark Farrell	2	\$7,172	\$199
Katy Tang	4	\$13,538	\$1,009
Jane Kim	6	\$10,056	\$181
Scott Wiener	8	\$8,377	\$5,639
Malia Cohen	10	\$37,183	\$13,255
Total		\$76,326	\$20,284

⁴ This data was derived exclusively from the Third Party Disclosure Form, which requires disclosure of independent expenditures as well as member communications and electioneering communications.

The chart below displays third party spending regarding candidates in graphic form.

Chart 2: Third Party Spending in 2014



V. Public Financing at a Glance

It is difficult to identify the effects of the public financing program on the outcome of the elections. Although public financing has now been implemented in elections for candidates for the Board of Supervisors since 2002, there are many variables relating to these elections. In 2002 elections took place in districts where only two-year terms had elapsed, ranked choice voting was implemented in 2004, and the even-numbered districts were voted on in some years whereas seats in the odd-numbered districts were voted on in others. Over the years, significant provisions of the public financing program have changed, such as the threshold for qualifying for public financing, the deadline for applying for public financing, the deadline for filing nomination papers, the maximum amount of public funds that participants could seek, and whether candidates could receive greater than the initial maximum amount when a participating candidate’s Individual Expenditure Ceiling is raised. In conclusion, it is difficult to distinguish between the effects of these factors from the effects of the public financing program on the outcome of the elections.

Based on data from the 2014 election and prior elections, participating candidates are generally elected in races where no incumbent is involved. Except for one race in 2012, whenever an incumbent was involved in an election, the incumbent won regardless of whether the incumbent was a participating candidate. The table below provides summary data of the 2014 election as well as data from prior elections.

Table 5: Summary Data from the 2014 and Past Elections

Election Year	2014	2012	2010	2008	2006	2004	2002
Amount of Public Funds Disbursed	\$194,710	\$1,228,097	\$1,477,713	\$1,315,470	\$216,784	\$757,678	\$281,989
Average Amount of Public Funds Disbursed	\$97,355	\$102,341	\$67,169	\$69,235	\$36,131	\$32,943	\$31,332
Number of Candidates who Qualified for the Ballot	17	26	46	42	26	65	28
Number of Participating Candidates	2	12	22	19	6	23	9
Number of Seats up for Election	5	6	5	7	5	7	5
Number of Contested Seats	4	4	4	7	5	7	4
Percentage of Candidates who were Publicly Financed	12%	46%	48%	45%	23%	35%	32%
Percentage of Elected Candidates who were Publicly Financed	0%	50%	60%	71%	20%	43%	60%
Percentage of Incumbents Re-Elected	100%	80%	100%	100%	100%	100%	100%
Total Amount of Candidate Spending	\$1,542,741	\$2,987,290	\$3,581,175	\$3,875,551	\$1,781,148	\$3,654,616	\$2,213,316
Amount of Third Party Spending ⁵	\$96,610	\$1,507,057	\$1,305,460	\$1,324,241	\$543,063	\$251,201	\$261,906

⁵ For the 2002, 2004 and 2006 elections, the amounts for third party spending were obtained from FPPC Form 465. For the 2008, 2010, 2012 and 2014 elections, the amounts listed here for third party spending were obtained from San Francisco Ethics Commission forms that require the disclosure of independent expenditures, member communications and electioneering communications (FPPC forms require disclosure of only independent expenditures).

APPENDIX: Overview of San Francisco's Limited Public Financing Program

A. Introduction

In 2014, San Francisco's limited public financing program for candidates running for Board of Supervisors provided eligible candidates up to \$155,000 (or up to \$152,500 for incumbent candidates). The total annual cost of the public financing program, including program administration, cannot exceed \$2.75 per year per resident of San Francisco.

B. Criteria and Conditions for Qualifying for Public Financing

In order to qualify for public financing, a candidate for the November 2014 election was required to:

- seek election to the office of the Board of Supervisors and be eligible to hold office if elected;
- file *Form SFEC-142(a) Statement of Participation or Non-Participation* with the Ethics Commission indicating that he/she intends to participate in the Board of Supervisors Public Financing Program;
- raise at least \$10,000 (Non-Incumbents) or \$15,000 (Incumbents) in qualifying contributions from at least 100 residents (Non-Incumbents) or 150 residents (Incumbents) of the City in contribution amounts ranging from \$10 to \$100;
- agree to limit spending on his or her campaign to no more than his/her Individual Expenditure Ceiling of \$250,000 or as raised by the Ethics Commission;
- submit a declaration (*Form SFEC-142(b)-1*), a qualifying contributions list (*Form SFEC-142(c)-1*), and supporting documentation to the Ethics Commission to establish eligibility to receive public financing;
- be opposed by a candidate who has qualified for public financing or by a candidate who has received contributions or made expenditures that in the aggregate equal or exceed \$10,000;
- bear the burden of proving that each contribution relied upon to establish eligibility is a qualifying contribution and that all contributions received comply with the Campaign Finance Reform Ordinance ("CFRO");
- bear the burden of proving that expenditures made with public funds were used only for qualified campaign expenditures;
- not make payments to a contractor or vendor in return for the contractor or vendor making a campaign contribution to the candidate; and not make more than a total of 50 payments to a contractor or vendor who has made a contribution to the candidate;
- not accept any loans to the campaign from anyone except the candidate, and not loan more than \$5,000 of the candidate's own money to his/her campaign;
- agree to participate in at least three debates with opponents;
- have paid any outstanding fines owed to the City by the candidate or any of the candidate's campaign committees;
- have filed any outstanding statements, reports or forms owed to the City by the candidate or any of the candidate's campaign committees; and

- have no finding by a court within the past five years that the candidate knowingly, willfully or intentionally violated the CFRO or the campaign finance provisions of the Political Reform Act.

Candidates were prohibited from using public funds to pay administrative, civil, or criminal fines, or to pay for inaugural activities or officeholder expenses. Under the law, all qualified candidates are subject to a mandatory audit.

C. Applying for Public Funds

In order to be certified by the Executive Director of the Ethics Commission as having met the requirements to receive public financing, candidates were required to submit, along with other items:

- 1) no later than June 10, 2014, the deadline for filing nomination papers, a *Statement of Participation or Non-Participation (Form SFEC-142(a))* indicating an intent to participate in the public financing program; and
- 2) beginning February 4 and no later than August 26, 2014, a *Declaration for Public Funds* along with a list of qualifying contributions (*Forms SFEC-142(b)-1 and SFEC-142(c)-1*) and other supporting material.

Candidates agreed to comply with all the eligibility requirements set forth above by signing and submitting the *Declaration for Public Funds*. On the accompanying list of qualifying contributions, candidates were required to include the contributor's full name, street address, occupation and employer if the contribution was \$100 or more; the total amount contributed; the amount of the contributor's qualifying contribution; the date the qualifying contribution was received; the date the qualifying contribution was deposited; and the deposit batch number. Supporting materials include photocopies of the written instruments used by the contributors to make the qualifying contributions, deposit receipts and other items such as evidence of San Francisco residency. Claims for additional public funds were required to be submitted in a similar manner.

D. Formula for Disbursing Public Funds

Candidates who were certified as eligible to participate in the public financing program received a grant of \$20,000. After the initial payment, candidates were able to seek additional public funds based on the amount of matching contributions raised and documented in timely claims submitted to the Ethics Commission.¹ After the initial payment of \$20,000, for each dollar of matching contributions up to the next \$50,000 that candidates raised, they received two dollars from the Election Campaign Fund. Thereafter, for each additional dollar of matching contributions raised, candidates received one dollar of public funds until reaching the maximum. The maximum amount

¹ A matching contribution is a contribution that is not a qualifying contribution or a loan, is made by an individual who is a resident of San Francisco (other than the candidate or the candidate's immediate family), is not received more than 18 months before the November election, and complies with all the requirements of the CFRO and its implementing regulations.

of public funds a candidate could have received was \$155,000 (Non-Incumbents) or \$152,500 (Incumbents), as shown in the table below:

	Private Funds Raised by Non-Incumbents	Matching Public Funds	Private Funds Raised by Incumbents	Matching Public Funds
Initial	\$10,000	\$20,000	\$15,000	\$20,000
1:2	\$50,000	\$100,000	\$50,000	\$100,000
1:1	\$35,000	\$35,000	\$32,500	\$32,500
Total	\$95,000	\$155,000	\$97,500	\$152,500
Total Public and Private Funds	\$250,000		\$250,000	

E. Campaign Spending Limits

To receive public funds, candidates were required to agree to limit their spending to the amount of the Individual Expenditure Ceiling, the expenditure ceiling that is established for each candidate for the Board of Supervisors who is certified by the Ethics Commission as eligible to receive public funds. Each candidate’s Individual Expenditure Ceiling starts at \$250,000 and may be raised under certain circumstances. The ceiling may be raised in \$10,000 increments if the highest level of Total Supportive Funds of any opponent of a publicly financed candidate plus the Total Opposition Spending against such publicly financed candidate exceeds \$250,000 by at least \$10,000.

F. Additional Reporting Requirements for Participating and Non-Participating Candidates

All candidates for the Board of Supervisors were required to file *Form SFEC-152(a)-1* if they received contributions, or made expenditures that equaled or exceeded \$10,000. These statements serve to inform the Commission of candidates’ financial activities so that the Commission could determine whether a candidate who had applied for public financing met the requirement of being opposed by a candidate who either qualified to receive public financing or received contributions or made expenditures of \$10,000 or more. If the Ethics Commission certified at least one candidate for the Board of Supervisors as eligible to receive public funds, all candidates running for office from the same district were required to file *SFEC-152(a)-2* within 24 hours of receiving contributions or making expenditures that equaled or exceeded \$100,000. Thereafter, such candidates were required to file *Form SFE-152(a)-2* within 24 hours of each time that they received additional contributions or made additional expenditures that equaled or exceeded \$10,000.

G. Additional Reporting Requirements for Third Party Spending

In a race where the Ethics Commission had certified at least one candidate as eligible to receive public funds, any person who made \$5,000 or more in independent expenditures, electioneering communications, or member communications that clearly identified any candidate for the Board of Supervisors, was required to file a statement within 24 hours

of reaching or exceeding the threshold. Other filing requirements relating to third party spending regarding a candidate for City elective office, such as a candidate for the Board of Supervisors, included the reporting of independent expenditures for mass mailings that total \$1,000 or more, or payments for electioneering communications that total \$1,000 or more. These statements served to inform the Ethics Commission of Total Supportive Funds and Total Opposition Spending relating to candidates so that the Commission could determine whether the Individual Expenditure Ceiling of any candidate should be adjusted.