

**San Francisco  
Ethics Commission**



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# **Report on**

# **San Francisco's Limited**

# **Public Financing Program**

## **November 4, 2008 Board of Supervisors Election**

### **San Francisco Ethics Commission**

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## **PART A: Public Financing Report, Board of Supervisors Election, 2008**

This section is intended to satisfy the requirements set forth in Section 1.156(a) of the San Francisco Campaign and Governmental Conduct Code, which requires the Ethics Commission to produce a report following the November 2008 election stating the amount of public funds disbursed to campaigns in the election and other information that the Ethics Commission deems useful, such as the number of candidates who received public funds, the number of non-participating candidates, the amount of qualified campaign expenditures made by all candidates, and the amount of independent expenditures. The data presented is based on information reported in campaign disclosure statements covering through December 31, 2008 and from the Commission's record of public funds disbursements.<sup>1</sup>

### **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. The San Francisco Ethics Commission ("Commission") administered the public financing program in elections for candidates for the Board of Supervisors in 2002, 2004, 2006 and 2008. In 2006, the program was extended to include Mayoral candidates as well.

With respect to the disbursement formula and expenditure ceilings, the program as it was implemented in the 2008 supervisorial election was significantly different from the program that was administered in 2002, 2004, and 2006.<sup>2</sup> 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.

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<sup>1</sup> Unless otherwise noted, contribution figures in this report do not include contributions from candidates' personal funds, loans, or public grants. Because any candidate who receives contributions of \$5,000 or more must file electronic statements with the Ethics Commission, staff used the electronically filed reports to gather information for the purposes of this report. Staff believes that the electronic reports capture the information related to contributions and expenditures that is necessary to prepare this report. The cumulative amount of activity by any candidate who filed either Form 470 or 460 in paper form only should not exceed \$4,999.99, which is an amount staff believes will not skew the general information provided in this report. Accordingly, staff did not look to the content of the paper filings to prepare this report. Staff used the same process in gathering data for the report on the 2002, 2004, and 2006 public financing programs, thus allowing for a more direct comparison among the 2002, 2004 and 2006 data.

<sup>2</sup> See Appendix for a complete overview of the requirements of the public financing program as it was implemented in 2008.

## II. Report of the Public Financing Program of 2008

### A. Candidates Who Sought Office and Whether They Participated in the Public Financing Program

#### Candidates Who Expressed Interest in Receiving Public Funds

There are eleven supervisorial districts in San Francisco. In 2008, supervisorial elections were held in the six odd-numbered districts in San Francisco: Districts 1, 3, 5, 7, 9 and 11. In addition, the District 4 supervisorial seat was also subject to election. A total of 42 candidates in seven districts appeared on the November 2008 ballot.

Candidates running for the Board of Supervisors were required to submit a *Statement of Participation or Non-Participation (Form SFEC-142(a))* no later than the deadline for filing nomination papers to indicate whether they intended to apply for public financing. Of the 42 candidates who appeared on the ballot, 30 candidates initially expressed interest in participating in the public financing program. Twenty of these 30 candidates submitted a *Declaration for Public Funds* (“Declaration”) and *List of Qualifying Contributions (Forms SFEC-142(b)-1 and SFEC-142(c)-1)*, but one of them did not qualify because she did not demonstrate that she raised the required \$5,000 in qualifying contributions. Thus, 19 candidates qualified to receive public funds.

The 19 participants of the public financing program ran for office from six districts: Districts 1, 3, 4, 5, 9, and 11. The race in District 7 did not involve a participating candidate. Of the seven members of the Board of Supervisors who were elected to office in the November 4, 2008 election, five, or 71 percent of those elected, were participating candidates. Table 1 below lists the 2008 candidates who participated in the public financing program and whether the candidate was elected to office.

**Table 1: Candidates Who Participated in the Public Financing Program in 2008 and Whether They Were Elected to Office**

<b>Candidate</b>	<b>District</b>	<b>Elected/Defeated</b>
Sue Lee	1	Defeated
Eric Mar	1	Elected
Alicia Wang	1	Defeated
David Chiu	3	Elected
Anthony Gantner	3	Defeated
Lynn Jefferson	3	Defeated
Ron Dudum	4	Defeated
Ross Mirkarimi	5	Elected
Owen O'Donnell	5	Defeated
David Campos	9	Elected
Eric Quezada	9	Defeated
Eva Royale	9	Defeated

<b>Candidate</b>	<b>District</b>	<b>Elected/Defeated</b>
Mark Sanchez	9	Defeated
Thomas Valtin	9	Defeated
John Avalos	11	Elected
Eli Horn	11	Defeated
Randall Knox	11	Defeated
Julio Ramos	11	Defeated
Ahsha Safai	11	Defeated

In 2008, incumbents ran for office in three of the seven districts (District 4, 5, and 7). All three incumbents won re-election regardless of whether they participated in the public financing program. Similarly, in 2006, 2004 and 2002, all incumbents who ran for office won re-election regardless of whether they participated in the public financing program. See Table 2 for a list of candidates who were elected to office in 2008.

**Table 2: List of Candidates Elected in 2008**

<b>District</b>	<b>Candidate</b>	<b>Incumbent</b>	<b>Status<sup>3</sup></b>
1	Eric Mar	No	<b>P</b>
3	David Chiu	No	<b>P</b>
4	Carmen Chu	Yes	NP
5	Ross Mirkarimi	Yes	<b>P</b>
7	Sean Elsbernd	Yes	NP
9	David Campos	No	<b>P</b>
11	John Avalos	No	<b>P</b>

The Number of Non-Participating Candidates

As stated elsewhere in this report, 42 candidates running for the Board of Supervisors appeared on the November 2008 ballot. Twenty-three of these candidates did not participate in the public financing program. Candidates were able to submit the actual application for public funds beginning February 4 through August 26, 2008 (the 70th day prior to the date of the election). Table 3 below lists the 23 candidates who did not receive public financing, whether they initially indicated an intent to participate in the program, whether they were elected to office, and the amount of contributions they received through August 25, 2008.

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<sup>3</sup> Status refers to whether a candidate participated in the public financing program. P=Participating candidate; NP=Non-Participating candidate.

**Table 3: Whether non-participating candidates intended to participate, whether they were elected to office and the amount of contributions they received through August 25, 2008**

<b>Candidate</b>	<b>District</b>	<b>Intent to Participate in Public Financing Program</b>	<b>Elected or Defeated</b>	<b>Contributions Received through August 25, 2008<sup>4</sup></b>
Nicholas Belloni	1	Agreed	Defeated	No e-filing
Sherman D'Silva	1	Declined	Defeated	<\$1,000
George Flamik	1	Agreed	Defeated	No e-filing
Fidel Gakuba	1	Agreed	Defeated	No e-filing
Jason Jungreis	1	Agreed	Defeated	<\$1,000
Brian Larkin	1	Agreed	Defeated	No e-filing
Joseph Alioto Jr.	3	Declined	Defeated	\$108,160
Claudine Cheng	3	Declined	Defeated	\$96,204
Mike DeNunzio	3	Declined	Defeated	\$38,899
Denise McCarthy	3	Declined	Defeated	\$116,657
Wilma Pang	3	Agreed	Defeated	\$10,424
Mark Quessey	3	Did not file	Defeated	<\$1,000
Carmen Chu	4	Declined	Elected	\$133,216
David Ferguson	4	Agreed	Defeated	No e-filing
Rob Anderson	5	Declined	Defeated	<\$1,000
Sean Elsbernd	7	Declined	Elected	\$232,882
Julian Lagos	7	Agreed	Defeated	<\$1,000
Billy Bob Whitmer	7	Agreed	Defeated	No e-filing
Vern Mathews	9	Declined	Defeated	<\$1,000
Eric Storey	9	Agreed	Defeated	\$1,065
Adrian Bermudez	11	Declined	Defeated	<\$1,000
Mary Goodnature	11	Agreed	Defeated	\$300
Myrna Lim	11	Declined	Defeated	\$3,000

Of the 11 non-participating candidates who initially expressed an interest in receiving public funding, two candidates filed Form 470; that is, these candidates received less than \$1,000 in contributions and spent less than \$1,000. Six others did not file electronic campaign statements (candidates who receive contributions totaling less than \$5,000 are not required to file electronic campaign statements). Two candidates filed electronic statements but received less than \$5,000 in contributions and therefore did not meet the threshold requirements to qualify for public funds. One candidate submitted an application for public funds but did not qualify because she did not raise \$5,000 in qualifying contributions. In conclusion, all non-participating candidates

<sup>4</sup> In order to qualify for public funds, a candidate was required to raise at least \$5,000 in qualifying contributions before the 70<sup>th</sup> day before the election, which fell on August 25, 2008. Candidates whose contributions are noted as “<\$1,000” filed the FPPC Form 470. Form 470, which is not filed electronically, is used by candidates who do not receive contributions or make expenditures that total \$1,000 or more. The “No e-filing” notation identifies candidates who filed Form 460 in paper form but were not required to file electronically. Only one candidate, Fidel Gakuba, failed to file complete reports by the time the data was collected for this report.

who initially expressed an interest to participate, did not raise the \$5,000 in qualifying contributions that is needed to establish eligibility.

**B. The Amount of Public Funds Disbursed in 2008**

There was approximately \$4 million in the Election Campaign Fund for the disbursement of public grants. On the 59<sup>th</sup> day before the election the Executive Director was required to calculate the Per Candidate Available Disbursement Limit. Prior to this date eligible candidates could receive up to \$87,500. The Per Candidate Available Disbursement Limit was initially determined to be \$207,189. The final Per Candidate Available Disbursement Limit was \$218,093 (one of the 20 candidates who had applied for public funds was deemed ineligible). The 19 eligible candidates received a total of \$1,315,470 in public funds. Because the individual expenditure ceiling was raised for candidates involved in races in Districts 1, 3, 4, and 11, a total of five candidates in these districts received more than \$87,500 in public funds. The average distributed per candidate was \$69,235. Table 4 below provides a breakdown of the amount of public funds disbursed to each qualifying candidate. It also shows the amount of total funds that were available to all candidates, participating and non-participating.

**Table 4: Total Funds Available to Candidates<sup>5</sup>**

Candidate	Dist.	Amount of Public Funds Received	Total Funds Available to Participating Candidates	Public Funds as a Percentage of Total Funds	Funds Available to Non-Participating Candidates
Sue Lee	1	\$79,356	\$184,326	43%	n/a
Eric Mar	1	\$89,049	\$183,785	48%	n/a
Alicia Wang	1	\$61,887	\$104,904	59%	n/a
<b><i>District 1 Total</i></b>		<b>\$230,292</b>	<b>\$473,015</b>		
Joseph Alioto Jr.	3	n/a	n/a	n/a	\$306,476
Claudine Cheng	3	n/a	n/a	n/a	\$275,706
David Chiu	3	\$123,445	\$330,319	37%	n/a
Mike Denunzio	3	n/a	n/a	n/a	\$95,307
Anthony Gantner	3	\$64,757	\$101,703	64%	n/a
Lynn Jefferson	3	\$61,309	\$107,483	57%	n/a
Denise McCarthy	3	n/a	n/a	n/a	\$198,321
Wilma Pang	3	n/a	n/a	n/a	\$12,779
<b><i>District 3 Total</i></b>		<b>\$249,511</b>	<b>\$539,505</b>		<b>\$888,589</b>
Carmen Chu	4	n/a	n/a	n/a	\$241,403
Ron Dudum	4	\$72,539	\$137,636	53%	n/a
<b><i>District 4 Total</i></b>		<b>\$72,539</b>	<b>\$137,636</b>		<b>\$241,403</b>
Ross Mirkarimi	5	\$57,200	\$145,379	39%	
Owen O'Donnell	5	\$58,413	\$130,446	45%	

<sup>5</sup> Contributions in this table include total monetary contributions, loans, in-kind contributions, public grants and candidates' personal funds used for campaign purposes.

Candidate	Dist.	Amount of Public Funds Received	Total Funds Available to Participating Candidates	Public Funds as a Percentage of Total Funds	Funds Available to Non-Participating Candidates
<b><i>District 5 Total</i></b>		<b>\$115,613</b>	<b>\$275,825</b>		
Sean Elsbernd	7	n/a	n/a	n/a	\$248,153
<b><i>District 7 Total</i></b>					<b>\$248,153</b>
David Campos	9	\$73,331	\$137,873	53%	
Eric Quezada	9	\$65,450	\$121,798	54%	
Eva Royale	9	\$50,912	\$75,637	67%	
Mark Sanchez	9	\$64,519	\$106,467	61%	
Eric Storey	9	n/a	n/a	n/a	\$10,787
Thomas Valtin	9	\$17,168	\$32,246	53%	
<b><i>District 9 Total</i></b>		<b>\$271,380</b>	<b>\$474,021</b>		<b>\$10,787</b>
John Avalos	11	\$87,745	\$174,351	50%	
Mary Goodnature	11	n/a	n/a	n/a	\$12,847
Eli Horn	11	\$28,360	\$42,205	67%	
Randall Knox	11	\$92,058	\$176,897	52%	
Myrna Lim	11	n/a	n/a	n/a	\$57,925
Julio Ramos	11	\$62,940	\$122,345	51%	
Ahsha Safai	11	\$105,033	\$190,500	55%	
<b><i>District 11 Total</i></b>		<b>\$376,136</b>	<b>\$706,298</b>		<b>\$70,772</b>
<b><i>Total</i></b>		<b>\$1,315,470</b>	<b>\$2,606,300</b>	<b>50%</b>	<b>\$1,459,704</b>

The total amount of funds available to all candidates was \$4,066,004 of which 36 percent was available to ten non-participating candidates and 64 percent was available to the 19 participating candidates.<sup>6</sup>

Of the total funds (public and private) that were available to candidates who received public funding, public grants represented 50 percent of their total funds. In 2008, five participating candidates were elected to office, one of whom was an incumbent and three of whom received public funds greater than \$87,500 when the individual expenditure ceilings were lifted. The other two candidates who were elected to office were non-participating candidates; both were incumbents and raised more funds than any other candidate in their respective districts.

The average amount of public funds disbursed by district is shown in Table 5 below.

<sup>6</sup> There were more than ten non-participating candidates. However, as stated elsewhere in this report, detailed information regarding contributions and expenditures was obtained only for those candidates who filed electronically.

**Table 5: Average of Public Grants by District**

District	No. of Candidates who Received Public Grants	Average Disbursement
District 1	3	\$76,764
District 3	3	\$83,170
District 4	1	\$72,539
District 5	2	\$57,807
District 9	5	\$54,276
District 11	5	\$75,227
<b>Total</b>	<b>19</b>	<b>\$69,235</b>

**C. Summary of Contribution Data**

State and local disclosure requirements do not require the itemization of contributions that total less than \$100. Instead, candidates generally report contributions that total less than \$100 in a lump sum amount; that is, for these contributions, candidates are not required to disclose detailed information about individual contributors and individual contribution amounts. Table 6 below lists the amount of itemized and unitemized monetary contributions. The table also shows the percentages of unitemized contributions. As stated above, contributions that total less than \$100 are not required to be itemized; even so, some candidates may have itemized such contributions. Therefore, the unitemized percentages that are based on the itemized and unitemized amounts reported by candidates may not necessarily be representative of the actual contributions that total less than \$100.

The table below shows the breakdown of itemized and unitemized contributions. Candidates raised a total of \$2,409,455 in contributions. Of this total, unitemized contributions represented 6.12 percent (\$147,563).

**Table 6: Contributions Received by Candidates**

Candidate	Itemized Monetary Contributions	Unitemized Monetary Contributions	Total Monetary Contributions	Unitemized Percentage
Sue Lee	\$101,875	\$2,771	\$104,646	2.65%
Eric Mar	\$76,191	\$13,045	\$89,236	14.62%
Alicia Wang	\$40,130	\$2,887	\$43,017	6.71%
<b><i>District 1 Total</i></b>	<b><i>\$218,196</i></b>	<b><i>\$18,703</i></b>	<b><i>\$236,899</i></b>	<b><i>7.89%</i></b>
Joseph Alioto Jr.	\$297,580	\$8,096	\$305,676	2.65%
Claudine Cheng	\$138,452	\$3,016	\$141,468	2.13%
David Chiu	\$193,211	\$12,575	\$205,786	6.11%
Mike DeNunzio	\$62,849	\$2,358	\$65,207	3.62%
Anthony Gantner	\$33,345	\$3,189	\$36,534	8.73%



<b>Candidate</b>	<b>Itemized Monetary Contributions</b>	<b>Unitemized Monetary Contributions</b>	<b>Total Monetary Contributions</b>	<b>Unitemized Percentage</b>
Lynn Jefferson	\$37,335	\$3,092	\$40,427	7.65%
Denise McCarthy	\$162,012	\$5,899	\$167,911	3.51%
Wilma Pang	\$8,710	\$2,069	\$10,779	19.19%
<b><i>District 3 Total</i></b>	<b><i>\$933,494</i></b>	<b><i>\$40,295</i></b>	<b><i>\$973,789</i></b>	<b><i>4.14%</i></b>
Carmen Chu	\$233,750	\$6,426	\$240,176	2.68%
Ron Dudum	\$58,885	\$3,212	\$62,097	5.17%
<b><i>District 4 Total</i></b>	<b><i>\$292,635</i></b>	<b><i>\$9,638</i></b>	<b><i>\$302,273</i></b>	<b><i>3.19%</i></b>
Ross Mirkarimi	\$83,424	\$4,655	\$88,079	5.29%
Owen O'Donnell	\$31,770	\$1,687	\$33,457	5.04%
<b><i>District 5 Total</i></b>	<b><i>\$115,194</i></b>	<b><i>\$6,342</i></b>	<b><i>\$121,536</i></b>	<b><i>5.22%</i></b>
Sean Elsbernd	\$245,120	\$2,228	\$247,348	0.90%
<b><i>District 7 Total</i></b>	<b><i>\$245,120</i></b>	<b><i>\$2,228</i></b>	<b><i>\$247,348</i></b>	<b><i>0.90%</i></b>
David Campos	\$60,330	\$3,732	\$64,062	5.83%
Eric Quezada	\$39,118	\$16,680	\$55,798	29.89%
Eva Royale	\$20,973	\$3,752	\$24,725	15.17%
Mark Sanchez	\$33,233	\$6,255	\$39,488	15.84%
Eric Storey	\$1,958	\$425	\$2,383	17.83%
Thomas Valtin	\$6,155	\$3,923	\$10,078	38.93%
<b><i>District 9 Total</i></b>	<b><i>\$161,767</i></b>	<b><i>\$34,767</i></b>	<b><i>\$196,534</i></b>	<b><i>17.69%</i></b>
John Avalos	\$69,712	\$16,374	\$86,086	19.02%
Mary Goodnature	\$1,000	\$710	\$1,710	41.52%
Eli Horn	\$5,875	\$2,970	\$8,845	33.58%
Randall Knox	\$77,256	\$5,083	\$82,339	6.17%
Myrna Lim	\$7,800	\$125	\$7,925	1.58%
Julio Ramos	\$53,224	\$5,481	\$58,705	9.34%
Ahsha Safai	\$80,620	\$4,847	\$85,467	5.67%
<b><i>District 11 Total</i></b>	<b><i>\$295,486</i></b>	<b><i>\$35,590</i></b>	<b><i>\$331,076</i></b>	<b><i>10.75%</i></b>
<b><i>Total</i></b>	<b><i>\$2,261,892</i></b>	<b><i>\$147,563</i></b>	<b><i>\$2,409,455</i></b>	<b><i>6.12%</i></b>

Unitemized contributions represented the highest percentage of total contributions (30 percent or more) for three publicly funded candidates, Thomas Valtin, Eli Horn, and Eric Quezada, and one non-participating candidate, Mary Goodnature. In other words, these four candidates reported the greatest portion (by percentage of dollar amount) of contributions that were cumulatively less than \$100 from each individual contributor.

Table 7 below shows detailed information regarding the average amount and number of contributions received by candidates for the Board of Supervisors in 2008. The total number of

contributions that were itemized by candidates in 2008 was 8,882. Of these 8,882 contributions, 8,372 contribution entries or 94 percent of total contribution entries, were made by contributors who were individuals. The remaining 510 contributions were made by business organizations, political committees or other groups.

**Table 7: Analysis of Monetary Contributions that were Itemized on Schedule A<sup>7</sup>**

Candidate	Total contr.	Average contr.	Number of contributions			Percentage from individuals
			Total	From individuals	From other types of contributors	
Sue Lee	\$101,875	\$279	365	341	24	93%
Eric Mar	\$76,191	\$194	392	374	18	95%
Alicia Wang	\$40,130	\$225	178	163	15	92%
<b><i>District 1 Total</i></b>	<b><i>\$218,196</i></b>	<b><i>\$233</i></b>	<b><i>935</i></b>	<b><i>878</i></b>	<b><i>57</i></b>	<b><i>94%</i></b>
Joseph Alioto Jr.	\$297,580	\$296	1,007	958	49	95%
Claudine Cheng	\$138,452	\$258	537	511	26	95%
David Chiu	\$193,211	\$238	811	793	18	98%
Mike DeNunzio	\$62,849	\$247	254	250	4	98%
Anthony Gantner	\$33,345	\$251	133	127	6	95%
Lynn Jefferson	\$37,335	\$235	159	155	4	97%
Denise McCarthy	\$162,012	\$271	597	571	26	96%
Wilma Pang	\$8,710	\$145	60	58	2	97%
<b><i>District 3 Total</i></b>	<b><i>\$933,494</i></b>	<b><i>\$262</i></b>	<b><i>3,558</i></b>	<b><i>3,423</i></b>	<b><i>135</i></b>	<b><i>96%</i></b>
Carmen Chu	\$233,750	\$308	760	686	74	90%
Ron Dudum	\$58,885	\$237	248	235	13	95%
<b><i>District 4 Total</i></b>	<b><i>\$292,635</i></b>	<b><i>\$290</i></b>	<b><i>1,008</i></b>	<b><i>921</i></b>	<b><i>87</i></b>	<b><i>91%</i></b>
Ross Mirkarimi	\$83,424	\$268	311	276	35	89%
Owen O'Donnell	\$31,770	\$213	149	147	2	99%
<b><i>District 5 Total</i></b>	<b><i>\$115,194</i></b>	<b><i>\$250</i></b>	<b><i>460</i></b>	<b><i>423</i></b>	<b><i>37</i></b>	<b><i>92%</i></b>
Sean Elsbernd	\$245,120	\$343	714	638	76	89%
<b><i>District 7 Total</i></b>	<b><i>\$245,120</i></b>	<b><i>\$343</i></b>	<b><i>714</i></b>	<b><i>638</i></b>	<b><i>76</i></b>	<b><i>89%</i></b>
David Campos	\$60,330	\$271	223	214	9	96%
Eric Quezada	\$39,118	\$140	280	263	17	94%
Eva Royale	\$20,973	\$200	105	97	8	92%
Mark Sanchez	\$33,233	\$160	208	207	1	100%
Eric Storey	\$1,958	\$140	14	13	1	93%
Thomas Valtin	\$6,155	\$131	47	47	0	100%
<b><i>District 9 Total</i></b>	<b><i>\$161,767</i></b>	<b><i>\$184</i></b>	<b><i>877</i></b>	<b><i>841</i></b>	<b><i>36</i></b>	<b><i>96%</i></b>
John Avalos	\$69,712	\$165	423	392	31	93%
Mary Goodnature	\$1,000	\$111	9	9	0	100%

<sup>7</sup> The figures provided in this table include only itemized contributions. Because unitemized contributions are reported as a lump sum by reporting period, it is not possible to count the number of unitemized contributors or to determine the average contribution amount; unitemized contributions are therefore not included in this metric.

Candidate	Total contr.	Average contr.	Number of contributions			Percentage from individuals
			Total	From individuals	From other types of contributors	
Eli Horn	\$5,875	\$178	33	33	0	100%
Randall Knox	\$77,256	\$213	363	340	23	94%
Myrna Lim	\$7,800	\$312	25	20	5	80%
Julio Ramos	\$53,224	\$301	177	157	20	89%
Ahsha Safai	\$80,620	\$269	300	297	3	99%
<b><i>District 11 Total</i></b>	<b><i>\$295,486</i></b>	<b><i>\$222</i></b>	<b><i>1,330</i></b>	<b><i>1,248</i></b>	<b><i>82</i></b>	<b><i>94%</i></b>
<b><i>Total</i></b>	<b><i>\$2,261,892</i></b>	<b><i>\$255</i></b>	<b><i>8,882</i></b>	<b><i>8,372</i></b>	<b><i>510</i></b>	<b><i>94%</i></b>

The average contribution amount in 2008 was \$255. The average amount of contributions received by non-participating candidates was \$288 and the average contribution amount received by participating candidates was \$225.

**Table 8: Average Contribution and Percentage of Contributions Received from Individuals by Participating and Non-Participating Candidates**

Status	Average Contribution	Percentage of Contributions from Individuals
Participating Candidates	\$224.13	95%
Non-Participating Candidates	\$288.31	93%

**D. Candidate Spending and Acceptance or Rejection of the Expenditure Limit**

In 2008, candidate spending totaled \$3,875,551. This figure does not include spending by non-candidates. Table 9 below lists the amounts spent by candidates in 2008. The table also shows whether the candidate agreed to abide by the voluntary expenditure ceiling and the highest level of his/her individual expenditure ceiling, if the candidate was publicly financed. Expenditure data includes both paid expenditures and debt reported as of December 31, 2008.

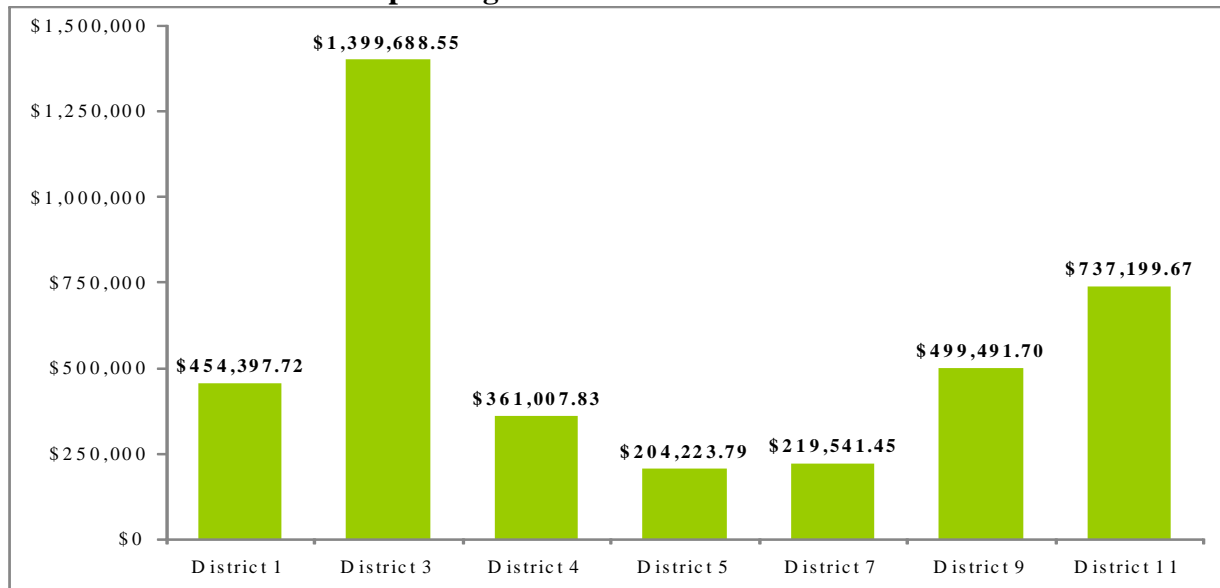
**Table 9: Candidate Spending in 2008**

<b>Candidate</b>	<b>Whether Candidate Accepted Voluntary Expenditure Ceiling</b>	<b>Highest Level of Candidate's Individual Expenditure Ceiling</b>	<b>Expenditures Incurred</b>
Nicholas Belloni	Accepted		No e-filing
Sherman D'Silva	Accepted		<\$1,000
George Flamik	Accepted		No e-filing
Fidel Gakuba	Accepted		No e-filing
Jason Jungreis	Accepted		<\$1,000
Brian Larkin	Accepted		No e-filing
Sue Lee	Accepted	\$210,000	\$167,647
Eric Mar	Accepted	\$250,000	\$181,847
Alicia Wang	Accepted	\$250,000	\$104,904
<b><i>District 1 Total</i></b>			<b><i>\$454,398</i></b>
Joseph Alioto Jr.	Did not Accept		\$296,773
Claudine Cheng	Did not Accept		\$277,982
David Chiu	Accepted	\$360,000	\$329,499
Mike DeNunzio	Did not Accept		\$94,590
Anthony Gantner	Accepted	\$360,000	\$101,679
Lynn Jefferson	Accepted	\$360,000	\$103,828
Denise McCarthy	Did not Accept		\$184,377
Wilma Pang	Accepted		\$10,961
Mark Quessey	Did not File		<\$1,000
<b><i>District 3 Total</i></b>			<b><i>\$1,399,689</i></b>
Carmen Chu	Did not Accept		\$225,904
Ron Dudum	Accepted	\$230,000	\$135,104
David Ferguson	Accepted		No e-filing
<b><i>District 4 Total</i></b>			<b><i>\$361,008</i></b>
Rob Anderson	Accepted		<\$1,000
Ross Mirkarimi	Accepted	\$140,000	\$120,648
Owen O'Donnell	Did not File	\$140,000	\$83,576
<b><i>District 5 Total</i></b>			<b><i>\$204,224</i></b>
Sean Elsbernd	Did not Accept		\$219,541
Julian Lagos	Accepted		<\$1,000
Billy Bob Whitmer	Did not File		No e-filing
<b><i>District 7 Total</i></b>			<b><i>\$219,541</i></b>
David Campos	Accepted	\$140,000	\$136,611
Vern Mathews	Accepted		<\$1,000
Eric Quezada	Accepted	\$140,000	\$121,329
Eva Royale	Accepted	\$140,000	\$75,626
Mark Sanchez	Accepted	\$140,000	\$126,879

Candidate	Whether Candidate Accepted Voluntary Expenditure Ceiling	Highest Level of Candidate's Individual Expenditure Ceiling	Expenditures Incurred
Eric Storey	Accepted		\$7,039
Thomas Valtin	Accepted	\$140,000	\$32,008
<b><i>District 9 Total</i></b>			<b><i>\$499,492</i></b>
John Avalos	Accepted	\$190,000	\$173,625
Adrian Bermudez	Accepted		<\$1,000
Mary Goodnature	Accepted		\$5,237
Eli Horn	Accepted	\$190,000	\$20,764
Randall Knox	Accepted	\$190,000	\$174,839
Myrna Lim	Accepted		\$54,046
Julio Ramos	Accepted	\$190,000	\$117,771
Ahsha Safai	Accepted	\$190,000	\$190,918 <sup>8</sup>
<b><i>District 11 Total</i></b>			<b><i>\$737,200</i></b>
<b><i>Total Spending</i></b>			<b><i>\$3,875,551</i></b>

Thirty-three candidates accepted the voluntary expenditure ceiling and 19 candidates (every publicly financed candidate) agreed to abide by an individual expenditure ceiling. In the November 2008 election, the voluntary expenditure ceiling was lifted for Districts 1, 3, 4, 7, and 11, but remained in place in Districts 5 and 9. Individual expenditure ceilings were continually adjusted based on Total Supportive Funds and Total Opposition Spending. The chart below shows total candidate spending by district.

**Chart 1: Total Candidate Spending in 2008**



<sup>8</sup> The \$190,918 figure includes expenses, such as candidate filing fees and returned contributions, that are not counted towards the candidate's individual expenditure ceiling. Staff determined from a preliminary review of the candidate's filings that the candidate has not exceeded his individual expenditure ceiling.

The total spending in District 3 was significantly higher than in any other district. The voluntary expenditure ceiling was lifted in this district in early September, triggered by a candidate who did not accept the ceiling and made expenditures in excess of 100% of the ceiling (\$140,000). District 3 also had the highest percentage of candidates who did not accept the voluntary expenditure ceiling (56%).

All candidates in Districts 1, 9, and 11 accepted the voluntary expenditure ceiling, which was not lifted until October 24 in District 1 and October 28 in District 11. As mentioned previously, the voluntary expenditure ceiling remained in place in District 9.

Publicly financed candidates in all districts were required to abide by their individual expenditure ceiling (IEC), in addition to the voluntary expenditure ceiling (VEC), if the candidate accepted the VEC.<sup>9</sup>

### G. Spending by Third Parties

In past reports, this section was based upon FPPC Form 465 filings for independent expenditures affecting candidates. Since the 2006 supervisorial election, the Campaign Finance Reform Ordinance has been amended to require that third parties report independent expenditures, member communications, and electioneering communications on Form SFEC-152(a)-3. Data from Form SFEC-152(a)-3 filings are used to adjust individual expenditure ceilings. The analysis below summarizes the data reported on Form SFEC-152(a)-3 and Form 465.

Third party spending in the November 2008 election totaled approximately \$1.3 million (\$1,324,241, according to Form SFEC-152(a)-3 filings; or \$1,309,097, according to FPPC Form 465 filings.)

The table below displays third party spending, as filed on Forms SFEC-152(a)-3 and Form 465, divided by candidate and district.

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<sup>9</sup> In the November 2008 election, 18 of 19 publicly financed candidates accepted the VEC. Publicly financed candidates in districts where the VEC was still in place were limited to expenditures of \$140,000 if they accepted the VEC, even if their IECs were raised to an amount greater than \$140,000.

**Table 10: Candidates Affected by Third Party Spending in 2008**

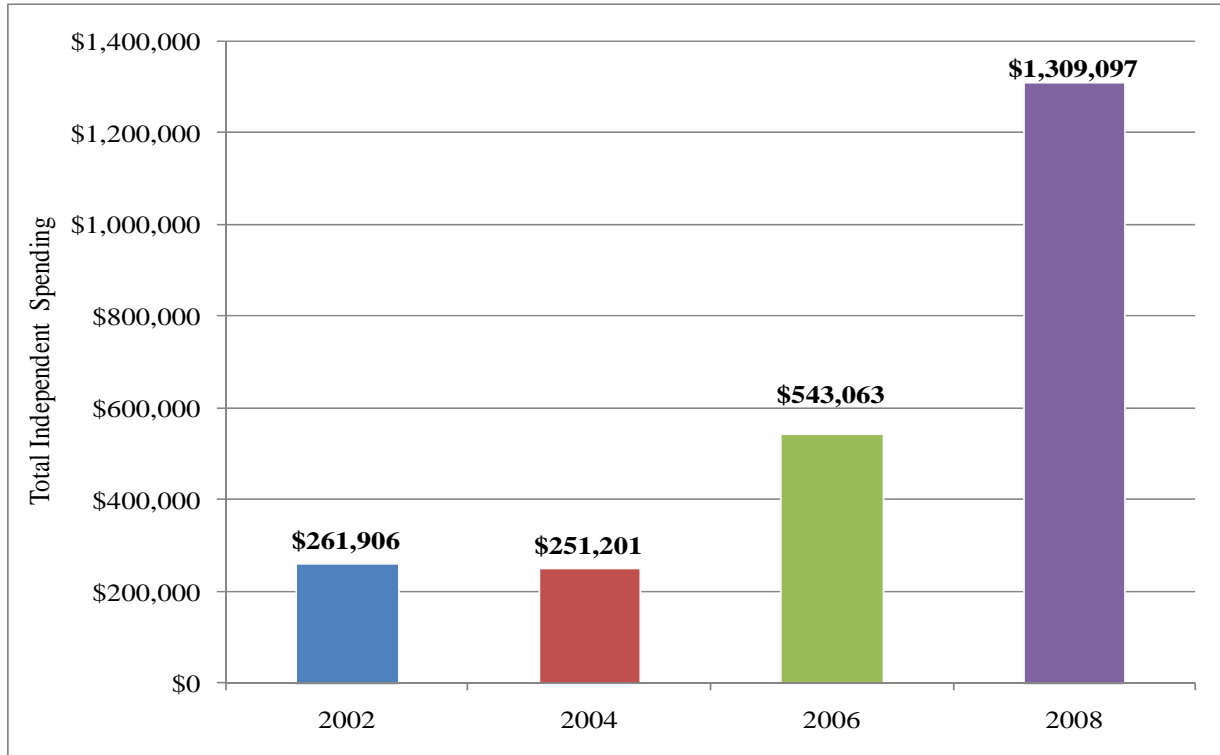
Affected Candidate	Form SFEC-152(a)-3		FPPC Form 465	
	Spending to Support	Spending to Oppose	Spending to Support	Spending to Oppose
Sue Lee	\$116,147	\$40,512	\$135,215	\$15,628
Eric Mar	\$194,168	\$177,738	\$169,420	\$194,776
Alicia Wang	\$11,924		\$15,044	
<b><i>District 1 Total</i></b>	<b><i>\$322,239</i></b>	<b><i>\$218,250</i></b>	<b><i>\$319,679</i></b>	<b><i>\$210,404</i></b>
Joseph Alioto Jr.	\$74,161		\$65,107	
Claudine Cheng	\$15,946		\$17,262	
David Chiu	\$118,583	\$135,377	\$112,796	\$141,513
Mike DeNunzio	\$12,014		\$11,048	
Lynn Jefferson	\$5,319		\$6,215	
Denise McCarthy			\$7,450	
<b><i>District 3 Total</i></b>	<b><i>\$226,023</i></b>	<b><i>\$135,377</i></b>	<b><i>\$219,877</i></b>	<b><i>\$141,513</i></b>
Carmen Chu	\$9,077		\$10,973	
<b><i>District 4 Total</i></b>	<b><i>\$9,077</i></b>	<b><i>\$0</i></b>	<b><i>\$10,973</i></b>	<b><i>\$0</i></b>
David Campos	\$7,347		\$7,347	
Eric Quezada	\$7,024		\$7,024	
Eva Royale	\$19,098		\$20,296	
<b><i>District 9 Total</i></b>	<b><i>\$33,469</i></b>	<b><i>\$0</i></b>	<b><i>\$34,668</i></b>	<b><i>\$0</i></b>
John Avalos	\$139,553	\$150,207	\$153,276	\$157,786
Myrna Lim	\$7,417		\$6,967	
Ahsha Safai	\$61,155	\$21,475	\$41,665	\$12,288
<b><i>District 11 Total</i></b>	<b><i>\$208,125</i></b>	<b><i>\$171,682</i></b>	<b><i>\$201,908</i></b>	<b><i>\$170,074</i></b>
<b><i>Total Independent Spending</i></b>	<b><i>\$798,933</i></b>	<b><i>\$525,308</i></b>	<b><i>\$787,104</i></b>	<b><i>\$521,992</i></b>

In some cases, there are substantial differences in the values reported, with greater reporting occurring on either of the two forms. Possible causes for the discrepancy include the different thresholds for using the two forms, the different types of communications reported on each form, and unfamiliarity with filing requirements. Furthermore, certain Form 465 filers may have made expenditures within a district that exceeded \$1,000 but were below the \$5,000 threshold to file Form SFEC-152(a)-3.

The chart below displays independent spending made per election for supervisorial candidates from 2002 to the present.<sup>10</sup> The data is based on FPPC Form 465 filings of independent expenditures.

<sup>10</sup> In 2000, San Francisco returned to district elections. All eleven seats were open in that election and spending totaled \$7,070,000. This figure was not included in the trend graph. Candidates elected in even-numbered districts

**Chart 2: Trends in Independent Spending**



It should be noted that during the years 2002 to 2008, campaign finance laws changed from one election to the next, which makes it difficult to determine trends in independent spending. The graph shows a surge of independent spending in 2008, compared to previous years. There are many factors that may have contributed to this increase. Such factors include: changes to the provisions of the public financing program; the injunction against contribution limits to committees making expenditures to support or oppose local candidates<sup>11</sup>; more open seats in the November 2008 election than in the previous elections; and the greater availability of public funds that may have stimulated a more competitive race.

#### H. Feedback from Persons Involved in the November 2008 Election

The analysis below is based upon responses to the questionnaire distributed by staff, as well as other relevant comments noted by staff through interactions with the public.

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in 2000 served two-year terms and were up for re-election in 2002. In 2004, San Francisco changed the election method to ranked choice voting. In 2006, the corporate contribution limit went into effect. In 2008, the Commission implemented individual expenditure ceilings for publicly funded candidates and additional filing requirements on third-parties that expended funds related to candidates.

<sup>11</sup> In November 2000, when the voters approved the public financing program by voting for Proposition O, they also approved a \$500 per contributor per year limit on contributions to committees (excluding candidates' own campaign committees) that make expenditures to support or oppose local candidates and an overall contribution limit of \$3,000 per contributor to all committees that make expenditures affecting local candidates. These sections (S.F. C&GC Code § 1.114(c)(1) and (c)(2)) are currently not being enforced due to a preliminary injunction issued on September 20, 2007.



The questionnaire was distributed to all 42 candidates who ran for office in the November 2008 election and their treasurers, general purpose committees, and interested persons, in addition to being available on the Commission's website and in the public area of the Commission office.<sup>12</sup> The questionnaire was initially distributed by email on the day after the election and a follow up was sent in January 2009, inviting the public to provide feedback at any time, in person at a Commission meeting or in writing. A notably low number of written responses were received. Less than ten percent of those who were provided with a questionnaire responded.

### **General Sentiments about the Public Financing Program**

Most respondents felt that the availability of public financing encouraged candidates to run for public office, but that the public financing program should not be expanded to other City elective offices and should remain a partial public financing program. The primary argument against changing to a full public financing program was to prevent unqualified candidates from using public funds. Several respondents felt that the qualification threshold for eligibility was too low, citing the same reason. Another suggestion was to set the deadline to qualify for public financing earlier in the election season and shorten the time frame in which candidates could apply.

The ratio of public funds disbursed was generally considered to be appropriate, although some respondents suggested that the ratio be changed. Those who felt the ratio was too generous felt that contributions should be matched on a 1:1 basis only. Others felt that the ratio should be higher during the final weeks preceding the election.

### **Candidates who Received Public Financing**

Of the candidates who received public financing, very few provided feedback by completing the questionnaire, but staff consistently received comments from such candidates and their staff during phone conversations, in person, and via email. Overall, candidates felt that public financing helped them to compete more effectively and spend more time communicating with voters rather than fundraising. Candidates expressed frustration with the process of proving that contributions were matchable, but most seemed to accept that this burden was a fair tradeoff for the benefit of public funds. Most candidates were pleased with the turnaround time of claims for public funds.

### **Reporting Requirements**

Most candidates knew what they were required to file, either from the guides/checklist or from reading staff outreach emails and letters reminding them of upcoming filing deadlines. Many of the third party filers, however, seemed to have had a difficult time understanding when filings were due and how to fill out forms. Most filers, candidates or otherwise, agreed that there were too many forms and that certain forms should be combined. Third party filers expressed frustration that a single expenditure for a communication in the final 16 days preceding the

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<sup>12</sup> The questionnaire was emailed to persons with a valid email address on file with the Ethics Commission and sent by U.S. postal mail to persons who did not provide an email address.

election could trigger filing of multiple forms. There was also confusion regarding the exact circumstances under which Form SFEC-152(a)-3 should be filed.

### **Expenditure Ceilings, Third-Party Spending**

Respondents generally felt that the \$140,000 threshold for the Voluntary (VEC) and the initial Individual Expenditure Ceiling (IEC) was appropriate and were in favor of restricting spending of publicly financed candidates by imposing expenditure ceilings. There was some confusion among candidates and other members of the public regarding how Total Supportive Funds and Total Opposition Spending affected candidates' ceilings.

Candidates who were the subject of third party expenditures seemed to feel that such expenditures worked to their disadvantage, whether the expenditures were made for positive or negative communications. One respondent commented that "third party spending was used to disadvantage publicly financed candidates" and led to a preference for negative independent expenditures because of the higher threshold that had to be met before opposition spending affected publicly financed candidates' ceilings. Another respondent felt that public financing was a "handicap" because third parties held back expenditures until it would be too late for candidates to respond after their ceilings were adjusted on the fourth business day following a Form SFEC-152(a)-3 filing. A respondent associated with a political action committee (PAC) commented, "Third parties had to spend because unqualified candidates got public funds."

### **Resources<sup>13</sup>**

The most valuable resources available in the November 2008 election, according to the responses, were outreach from SFEC staff, contact initiated by the respondent with SFEC staff, the Candidates' Guide to City Elective Office, and the Supplement for Candidates for the Board of Supervisors Seeking Public Funding. The least useful resources were Information for Persons Making Expenditures Related to Candidates for City Elective Office Guide, FPPC Manual C, and the mandatory Ethics Commission training.

Consistent with these results, feedback regarding Ethics Commission staff was generally positive, although some respondents noted that they received inconsistent information. For example, one respondent stated, "Some were extremely knowledgeable and detail-oriented and helpful. Others were impatient and gave inaccurate information and seemed unfamiliar with the rules." Another respondent stated that his/her experience with the Ethics Commission staff was "Pretty bad. I would get different answers depending on who I talked to, and they often didn't know their own laws." Other respondents noted, "Overall the staff is very friendly and exceptionally helpful" and "Totally professional, helpful and very nice. Every interaction with the staff was pleasant."

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<sup>13</sup> Responses of "Never used" were excluded from this analysis because such respondents would be unable to judge the effectiveness of resources they did not use.

### **III. 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 the 2002, 2004, 2006 and 2008 elections, there are many variables relating to these elections. In 2002, elections took place in districts where only two-year terms had elapsed. In 2004, ranked choice voting was implemented, which caused many prior constants to change, i.e., there were no more run-off elections. In 2002 and 2006, the even-numbered districts were voted on whereas seats in the odd-numbered districts were voted on in 2004 and 2008. Significant provisions of the public financing program changed over the years. The threshold for qualifying for public financing and the deadline for applying for public financing were changed after the 2002 public financing cycle. The maximum amount of public funds that participants could seek was significantly higher in 2008 (it was \$87,500 in 2008) than the maximum amount available in prior years (the amount available in prior years was \$43,750). In addition, the 2008 public financing program had a provision whereby candidates could receive greater than the maximum amount if the Commission determined the per candidate available disbursement limit to be greater than the \$87,500 limit. In 2008, participating candidates were required to abide by an individual expenditure ceiling, which did not exist in prior years. Furthermore, the amount of the voluntary expenditure ceiling was significantly higher in 2008 than it was in prior years. In 2008, there were additional filing requirements on persons making third-party expenditures. 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. However, based on the data provided in this report and reports of prior years, whenever an incumbent is involved in an election, the incumbent wins regardless of whether the incumbent is a participating candidate and generally in races where no incumbent is involved, a participating candidate wins. The table below provides summary data of the 2008 election as well as data from prior elections.

**Table 11: Summary Data from the 2008 and Past Elections**

<b>Election Year</b>	<b>2002</b>	<b>2004</b>	<b>2006</b>	<b>2008</b>
Amount of Public Funds Disbursed	\$281,989	\$757,678	\$216,784	\$1,315,470
Average Amount Disbursed in General Election	\$31,332	\$32,943	\$36,131	\$69,235
Number of Seats up for Election	5	7	5	7
Number of Contested Seats	4	7	5	7
Percentage of Candidates who were Publicly Financed	32%	35%	23%	45%
Percentage of Elected Candidates who were Publicly Financed <sup>14</sup>	60%	43%	20%	71%
Percentage of Incumbents Re-Elected	100%	100%	100%	100%
Average of Itemized Contributions Received by Participating Candidates	\$173	\$212	\$290	\$225
Average of Itemized Contributions Received by Non-Participating Candidates	\$295	\$277	\$226	\$288
Percentage of Contributions from Individuals	84%	81%	87%	94%
Total Amount of Candidate Spending	\$2,213,316	\$3,654,616	\$1,781,148	\$3,875,551
Amount of Third-Party Spending	\$261,906	\$251,201	\$543,063	\$1,309,097

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<sup>14</sup> In 2002, one of two non-participating candidates who were elected to office had applied for public financing but was not eligible to receive public funds because she ran unopposed. No publicly financed candidate ran for office in District 2 in 2006 and District 7 in 2008. If these districts were eliminated from the calculation of the percentage of elected candidates that were publicly financed, the percentages would be 25 percent for 2006 and 83 percent for 2008.

## **PART B: Feasibility and Costs of a Full Public Financing Program**

This section is intended to satisfy the requirements set forth in Section 1.156(b) of the San Francisco Campaign and Governmental Conduct Code, which requires the Ethics Commission to produce a report following the November 2008 election regarding the feasibility and costs of converting the partial public financing program for candidates for the Board of Supervisors into a full public financing program.

### **I. Introduction**

The provisions of a full public financing program can vary greatly in terms of characteristics such as qualification thresholds and disbursement limits. For the purposes of this study, the Commission staff made the following assumptions about the structure of a hypothetical full public financing program:

- Analysis: Staff used data from the supervisory elections held in 2008 to project the cost of a full public financing program, looking at data covering through the December 31, 2008 reporting period.<sup>1</sup>
- Qualification threshold and criteria: Staff believes that candidates must demonstrate eligibility in order to receive public funds. Staff applied the qualification threshold and other eligibility criteria as they existed in 2008 to the hypothetical full public financing scheme.
- Disbursement: Once a candidate demonstrates eligibility to receive public funds, the candidate would cease private fundraising and receive a pre-determined amount of public funds.
- Expenditure Ceilings: Staff assumed that while individual expenditure ceilings could be raised, for the purposes of this report, their raising would not hinder any candidate from receiving public funds.

To hypothesize the cost of converting to a full public financing program, staff based its analysis on the above-referenced assumptions, using the actual expenditure data reported by candidates on campaign statements in 2008.

### **II. Data**

#### **A. Disbursements Based on Expenditures Made by Candidates Involved in the 2008 Election**

Staff used expenditure data to project disbursements because expenditures are an appropriate benchmark to gauge the amount of funds necessary to run a campaign. Contribution data could also be used but is not necessarily a reliable or exact indicator of

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<sup>1</sup> Staff believes that it was not useful to use data from 2002, 2004 or 2006 because the expenditure ceilings were different in those years: it was \$140,000 in 2008 but much lower, \$83,000 or \$75,000, in prior years. Using such data would have an impact on how much the candidates ultimately raised and spent. Thus, if data from the prior years were used, the result may be a lowering of the cost of a full program.

the amount of funds that is needed to run a campaign because there may be a significant amount of contributions that are unspent at the end of the campaign or there may be a significant amount of debt that must be repaid.

Staff evaluated the average amount of expenditures made by candidates, as well as the expenditures made by the two candidates with the highest number of votes within each district. As mentioned in Part A of this report, in 2008, 19 candidates qualified to receive public funding, and with respect to candidates who did not receive public funding, seven candidates received at least \$5,000 in contributions before the deadline to apply for public financing. To obtain the cost of a hypothetical full public financing program, staff considered any candidate who received \$5,000 in total contributions through August 25, 2008, as having met the qualification threshold. The table below shows all candidates for the Board of Supervisors from the 2008 election who received \$5,000 through August 25, 2008.

**Table 1: Expenditures Made by Candidates who Received \$5,000 or More in Contributions by August 25, 2008**

<b>Candidate</b>	<b>Expenditures Incurred</b>	<b>Expenditures Incurred by Winning Candidates</b>	<b>Expenditures Incurred by Runner-Up Candidates</b>
Sue Lee	\$167,647		\$167,647
Eric Mar	\$181,847	\$181,847	
Alicia Wang	\$104,904		
<b><i>District 1 Summary</i></b>	<b><i>\$454,398</i></b>	<b><i>\$181,847</i></b>	<b><i>\$167,647</i></b>
Joseph Alioto Jr.	\$296,773		\$296,773
Claudine Cheng	\$277,982		
David Chiu	\$329,499	\$329,499	
Mike DeNunzio	\$94,590		
Anthony Gantner	\$101,679		
Lynn Jefferson	\$103,828		
Denise McCarthy	\$184,377		
Wilma Pang	\$10,961		
<b><i>District 3 Summary</i></b>	<b><i>\$1,399,689</i></b>	<b><i>\$329,499</i></b>	<b><i>\$296,773</i></b>
Carmen Chu	\$225,904	\$225,904	
Ron Dudum	\$135,104		\$135,104
<b><i>District 4 Summary</i></b>	<b><i>\$361,008</i></b>	<b><i>\$225,904</i></b>	<b><i>\$135,104</i></b>
Ross Mirkarimi	\$120,648	\$120,648	
Owen O'Donnell	\$83,576		\$83,576
<b><i>District 5 Summary</i></b>	<b><i>\$204,224</i></b>	<b><i>\$120,648</i></b>	<b><i>\$83,576</i></b>
Sean Elsbernd	\$219,541	\$219,541	
<b><i>District 7 Summary</i></b>	<b><i>\$219,541</i></b>	<b><i>\$219,541</i></b>	

<b>Candidate</b>	<b>Expenditures Incurred</b>	<b>Expenditures Incurred by Winning Candidates</b>	<b>Expenditures Incurred by Runner-Up Candidates</b>
David Campos	\$136,611	\$136,611	
Eric Quezada	\$121,329		
Eva Royale	\$75,626		
Mark Sanchez	\$126,879		\$126,879
Thomas Valtin	\$32,008		
<b><i>District 9 Summary</i></b>	<b><i>\$492,453</i></b>	<b><i>\$136,611</i></b>	<b><i>\$126,879</i></b>
John Avalos	\$173,625	\$173,625	
Eli Horn	\$20,764		
Randall Knox	\$174,839		
Julio Ramos	\$117,771		
Ahsha Safai	\$190,918		\$190,918
<b><i>District 11 Summary</i></b>	<b><i>\$677,917</i></b>	<b><i>\$173,625</i></b>	<b><i>\$190,918</i></b>
<b><i>Total Spending</i></b>	<b><i>\$3,809,230</i></b>	<b><i>\$1,387,675</i></b>	<b><i>\$1,000,897</i></b>

The average amount of expenditures made by the candidates listed above is \$146,509 (\$3,809,230/26). Using \$146,509 as the amount necessary to run a supervisorial campaign, the disbursement amount per candidate would be \$141,509, which is equal to the amount of funds necessary to run the campaign (\$146,509) minus the \$5,000 the candidate raises to establish eligibility.

Based on 2008 data where 26 candidates received at least \$5,000 by the deadline to apply for public funds, staff projects that 26 candidates would qualify for full public funding. Total disbursements under full public financing based on a pre-determined disbursement amount of \$141,509 would be **\$3,679,234** (\$141,509 x 26).

Disbursements based on expenditures made by the two candidates with the highest number of votes within each district is shown in the table below.<sup>2</sup>

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<sup>2</sup> District 7 is excluded from this analysis because there was only one candidate in the district who received contributions or made expenditures of \$5,000 or more.

**Table 2: Disbursements Based on Expenditures Made by Candidates with the Highest and Second-Most Votes**

District	Expenditures by Winning Candidates	Expenditures by Runner-Up Candidates	Disbursements to Winning Candidates	Disbursements to Runner-Up Candidates
1	\$181,847	\$167,647	\$176,847	\$162,647
3	\$329,499	\$296,773	\$324,499	\$291,773
4	\$225,904	\$135,104	\$220,904	\$130,104
5	\$120,648	\$83,579	\$115,648	\$78,579
9	\$136,611	\$126,879	\$131,611	\$121,879
11	\$173,625	\$190,918	\$168,625	\$185,918
Total disbursements			\$1,138,134	\$970,900
Average disbursement (total disbursements/6)			\$189,689	\$161,817
Projected disbursements under full public funding (Average disbursement x 26)			\$4,931,914	\$4,207,242

As shown in the table above, the range of disbursements, based on expenditures made by the runner-up and winner in every district, would be **\$4,207,242** to **\$4,931,914**, respectively.

**B. Funds Required in Election Campaign Fund**

The table below utilizes the expenditure and disbursement data presented above to calculate the amount of funds required in the Election Campaign Fund (ECF). The administrative cost reflected below is the maximum amount allowed under S.F. C&GC Code § 1.138(b), 15 percent of the total funds available in the ECF. Disbursements to candidates represent 85 percent of the funds that must be allocated to the Fund. The amount required in the ECF is calculated using the following formulas:

Funds required in ECF = Amount disbursed + Administrative cost

Amount disbursed = 0.85 \* (Funds required in ECF)

Administrative cost = 0.15 \* (Funds required in ECF)

If disbursements are based on the average amount of expenditures made by candidates, the amount required in the ECF is **\$4,328,511**, calculated as shown in Table 3 below.

**Table 3: Required Allocation to Election Campaign Fund, by Average Expenditure Amount**

Disbursement Amount (0.85)*(X)	Administrative Cost (0.15)*(X)	Total Required in ECF (X)
\$3,679,234	\$649,277	\$4,328,511



If disbursements are based on the expenditures made by the top two vote getters in each district, the range of funds required in the ECF is **\$4,949,696** to **\$5,802,252**, as shown in Table 4 below.

**Table 4: Required Allocation to Election Campaign Fund, by Expenditures of Winning and Runner-Up Candidates**

<b>Range</b>	<b>Disbursement Amount (0.85)*(X)</b>	<b>Administrative Cost (0.15)*(X)</b>	<b>Total Required in ECF (X)</b>
Runner-Up Data	\$4,207,242	\$742,454	\$4,949,696
Winner Data	\$4,931,914	\$870,338	\$5,802,252

C. Conclusion

Based on the analysis performed above, the cost of a hypothetical full public financing program may range from \$4.3 million to \$5.8 million. Depending on what the parameters of an actual program are, the costs of such program could be significantly higher than hypothesized in this study. Whether it is feasible to have a full public financing program depends on whether there is sufficient funding available to administer such program. If funding is available, the Commission is willing to consider and implement a full public financing program.

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

### **A. Introduction**

Under current law, San Francisco's limited public financing program for candidates running for the Board of Supervisors provides eligible candidates up to \$87,500 in the general election (or up to the amount of the per candidate available disbursement limit if the per candidate available disbursement limit is greater than \$87,500). 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 2008 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 \$5,000 in qualifying contributions from at least 75 residents 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 \$140,000 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 \$5,000;
- 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 August 8, 2008, 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, 2008, 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 is \$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 \$10,000. After the initial payment of \$10,000, 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.<sup>1</sup> The maximum amount of additional public funds that candidates were able to receive was \$77,500.<sup>2</sup> After the initial payment of \$10,000, for each dollar of matching contributions up to the

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<sup>1</sup> 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.

<sup>2</sup> The exact amount of funds available to each candidate may be less than or greater than \$87,500, depending on the per candidate available disbursement limit. Please see Section E below.

next \$10,000 that candidates raised, they received four 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 of public funds a candidate could have received until the per candidate available disbursement limit was determined was \$87,500, as shown in the table below:

<b>Candidate raises</b>	<b>Election Campaign Fund pays</b>
\$5,000 in qualifying contributions	\$10,000 (initial payment)
Up to \$10,000 in matching contributions	Up to \$40,000 (4 to 1 match)
Up to \$37,500 in matching contributions	Up to \$37,500 (1 to 1 match)
<b><i>Total available to a qualified candidate</i></b>	<b><i>Up to \$87,500</i></b>

E. Per Candidate Available Disbursement Limit

This is the amount of public funds available to each candidate who has qualified to receive public funding. On the 59th day before the election, the Executive Director of the Ethics Commission divides the total amount of non-administrative funds in the Election Campaign Fund by the total number of qualified candidates. The result is the per candidate available disbursement limit.

If the per candidate available disbursement limit is less than or equal to \$87,500, candidates will have access to funds from the Election Campaign Fund on a first-come first-served basis up to a maximum of \$87,500. If the per candidate available disbursement limit is greater than \$87,500, candidates will have access to the amount of the per candidate disbursement limit, but no candidate may receive public funds that would cause him or her to exceed his or her individual expenditure ceiling. For the November 4, 2008 election, the per candidate available disbursement limit was \$218,093.

F. 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 \$140,000 and may be raised under certain circumstances. The ceiling may be raised in \$10,000 increments if (a) the total supportive funds of any other candidate seeking election to the office of the Board of Supervisors exceeds \$140,000 in increments of at least \$10,000, or (b) the total opposition spending against a candidate exceeds \$140,000 in increments of at least \$10,000.

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

All candidates for the Board of Supervisors were required to file *Form SFEC-152(b)-1* if they received contributions, made expenditures, or had funds in their campaign contribution trust accounts that in the aggregate equaled or exceeded \$5,000. 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 \$5,000 or more. If the Ethics Commission certified at least one candidate for the Board of Supervisors as eligible to receive public funds in a district, all candidates for the Board of Supervisors seeking office in the same district were required to file *SFEC-152(a)-2* within 24 hours of receiving contributions, making expenditures or having funds that equaled or exceeded \$100,000. Thereafter, such candidates were required to file *Form SFEC152(a)-2* within 24 hours of each time that they received additional contributions, made additional expenditures, or had additional funds that equaled or exceeded \$10,000.

#### H. Additional Reporting Requirements for Third party Spending

In a district 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. 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.