

Overview of San Francisco's Public Financing Program

Informational Presentation and Discussion

San Francisco Ethics Commission

July 20, 2018 Regular Meeting

Contents

- I. What are the **goals**, and how is the program **funded**?

- II. What **financing** may candidates receive under the program?

- III. What **steps** must a candidate complete in order to receive money under the program?
 - What are the requirements for each step?
 - What is the deadline for each step?

- IV. How do **spending limits** work?

I. Program Goals

Voter Information Pamphlet – Nov. 2000
Proposition O

- Incentivize candidates to limit their spending
 - *Limit IE spending*
- Decrease time candidates spend raising money
- Increase opportunity for candidates to run for office
- Insure the integrity of the electoral process

I. Program Goals

Purpose and Intent of CFRO
Section 1.100

- Reduce incumbent advantage/increase competitiveness
- Enhance discussion of issues - assist voters in making informed decisions
- Restore trust in government

I. Program Funding

Election Campaign Fund

- Each fiscal year, \$2.75 per resident is appropriated
 - Approximately 880,000 residents = \$2,420,000
 - Additional appropriations if vacancies occur
- Total fund level is capped at \$7 million

II. Public Financing Candidates May Receive

Three Sequential Phases

1. One-Time Initial Grant upon Qualification

- Mayoral Candidates: \$100,000
- Supervisorial Candidates: \$20,000

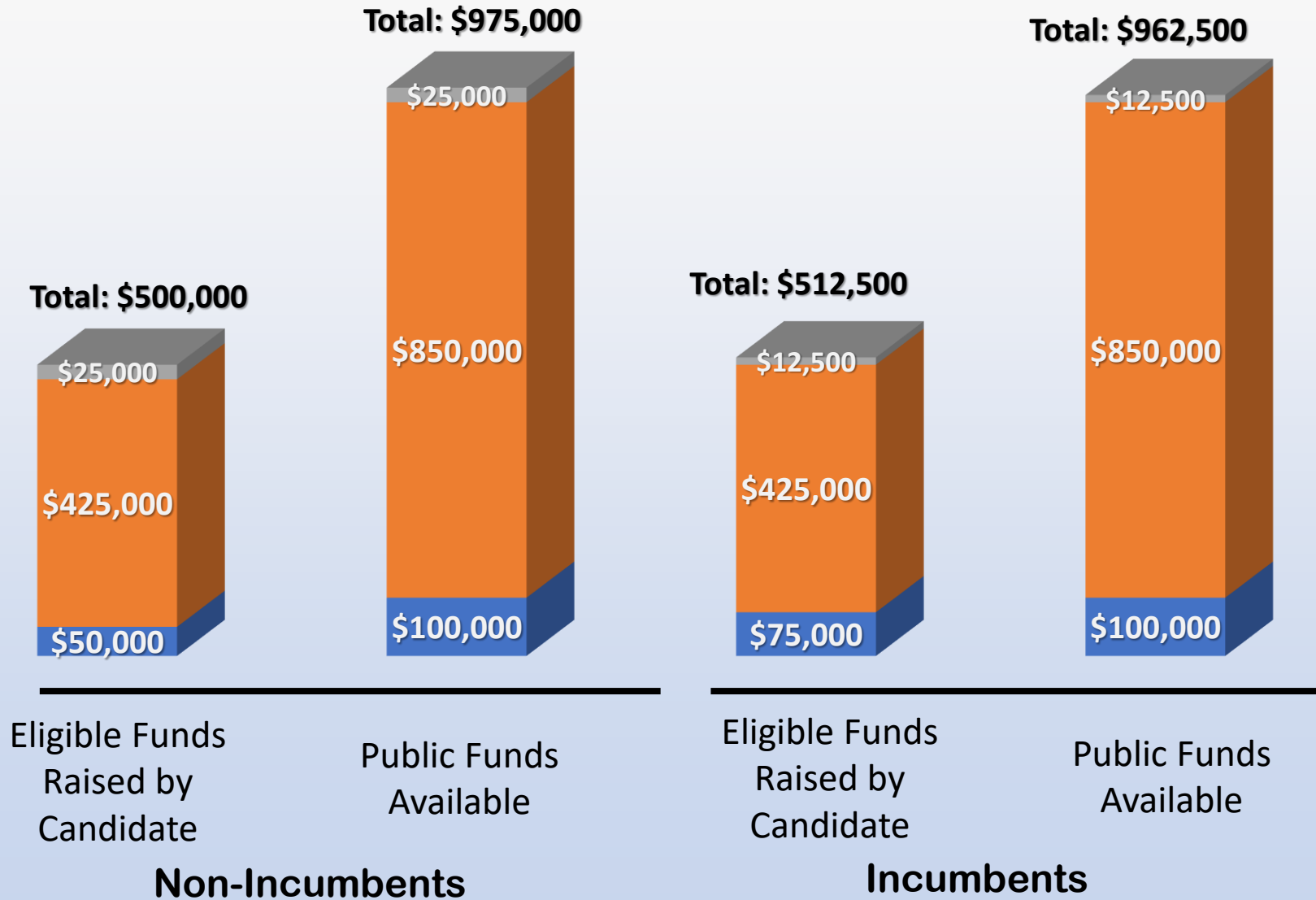
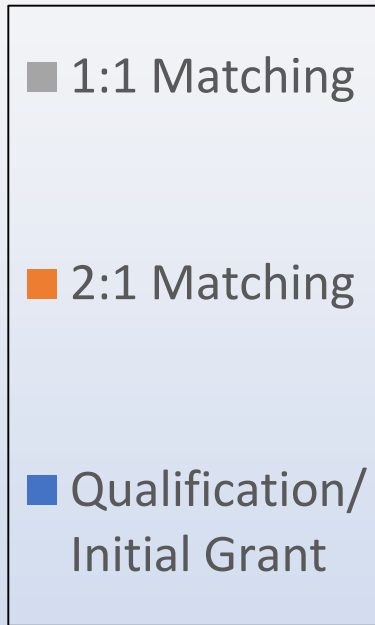
2. 2:1 Matching Phase

- Mayoral Candidates: First \$425,000 of matchable funds
- Supervisorial Candidates: First \$50,000 of matchable funds

3. 1:1 Matching Phase

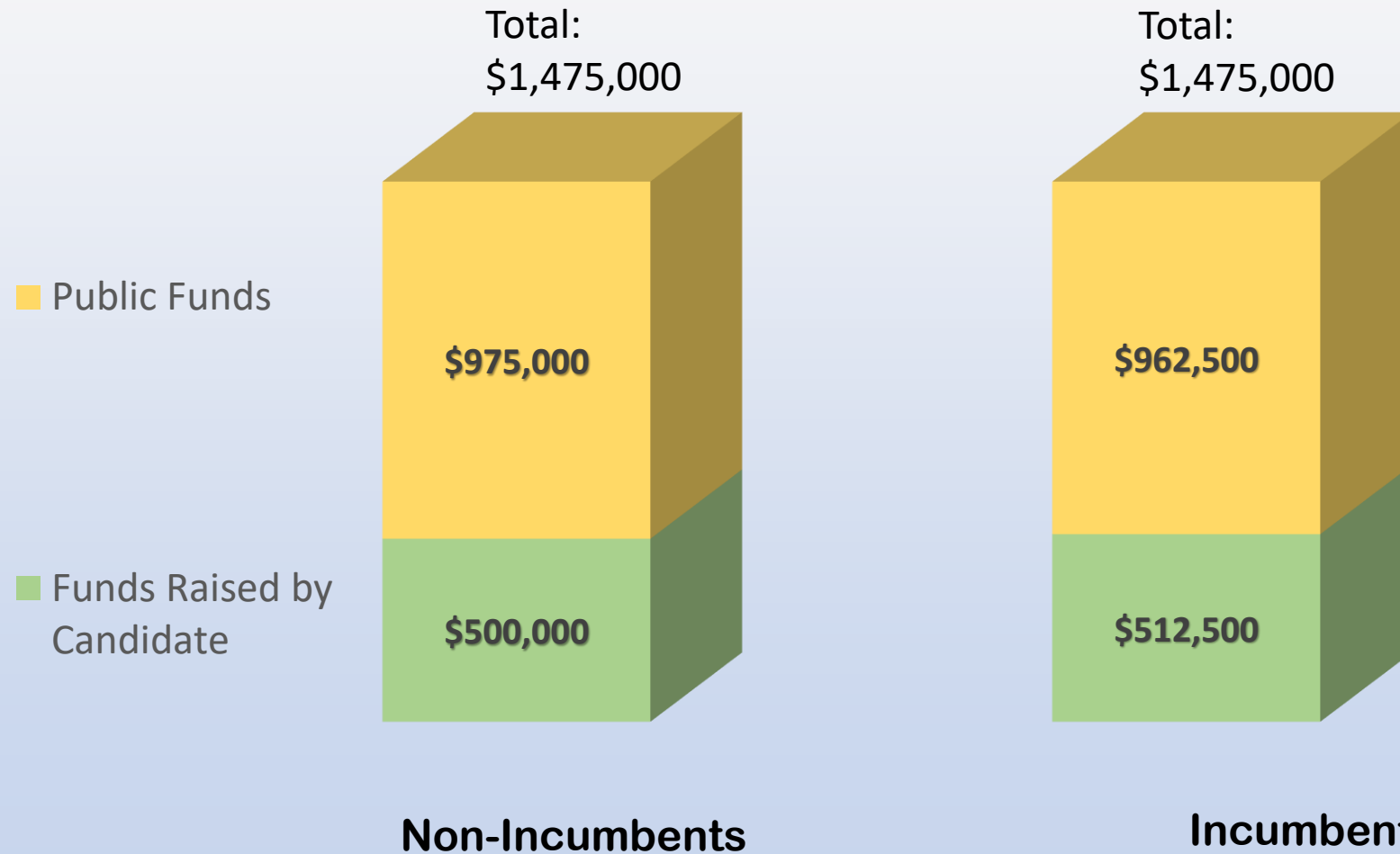
- Mayoral Candidates: Final \$25,000 of matchable funds (\$12,500 for incumbents)
- Supervisorial Candidates: Final \$35,000 of matchable funds (\$32,500 for incumbents)

Profile of Funds: Mayoral Candidates



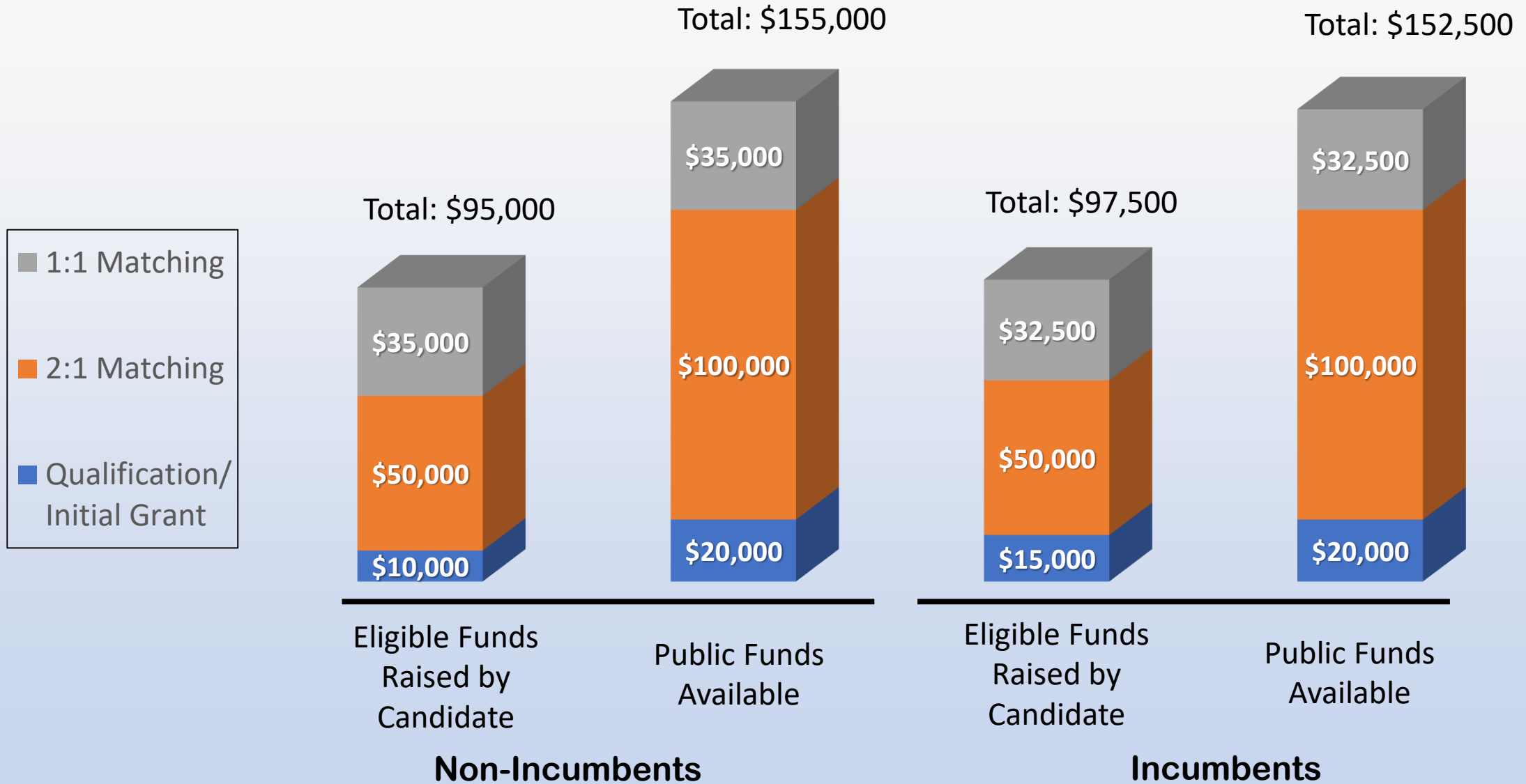
Profile of Funds: Mayoral Candidates

Candidate's Total Funds



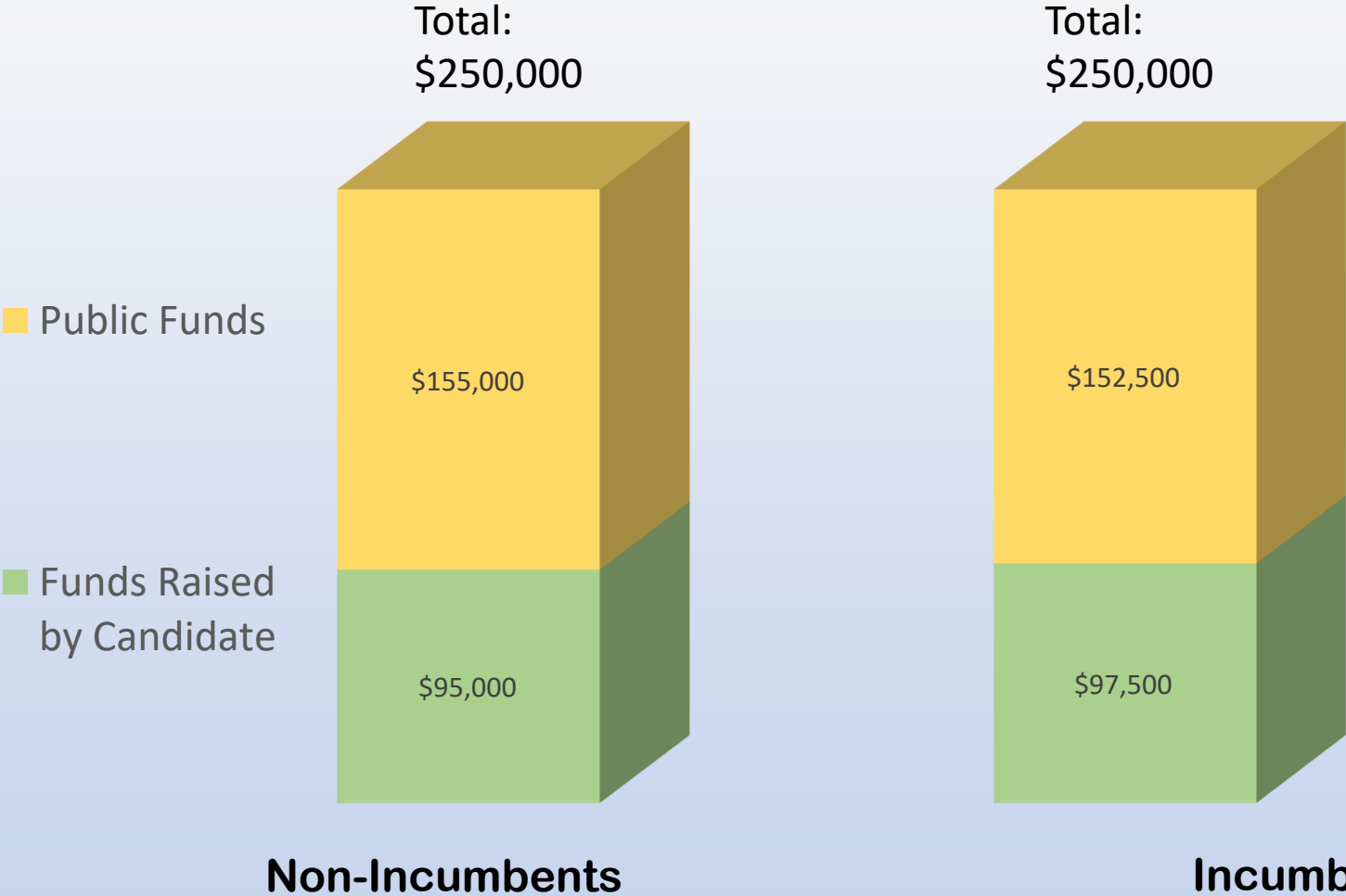
***Publicly financed mayoral candidates may not spend more than \$1,475,000. (This limit can be raised, as discussed in Section III).

Profile of Funds: Supervisorial Candidates



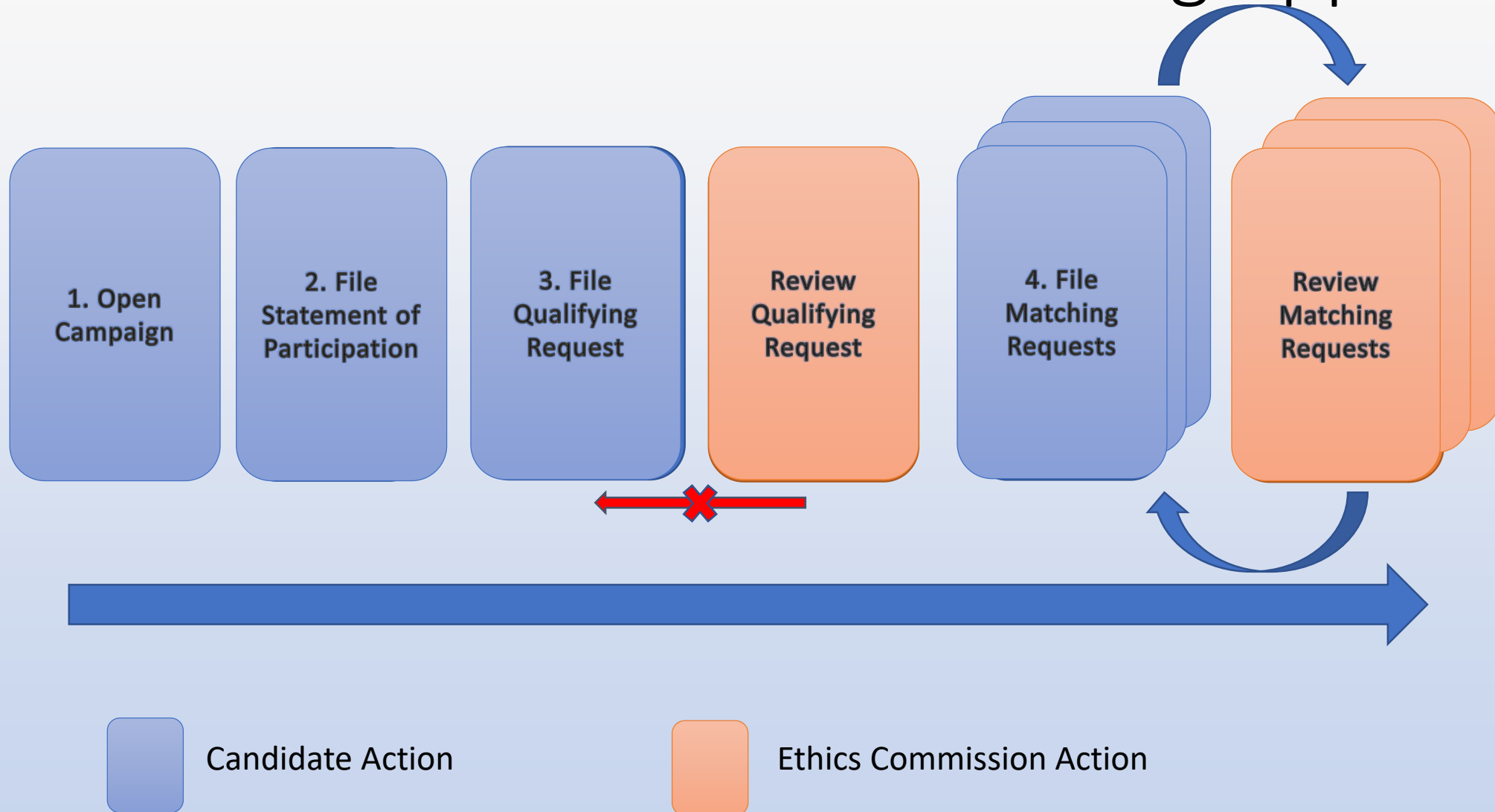
Profile of Funds: Supervisorial Candidates

Candidate's Total Funds



***Publicly financed supervisorial candidates may not spend more than \$250,000. (This limit can be raised, as discussed in Section III).

III. Overview of Public Financing Application

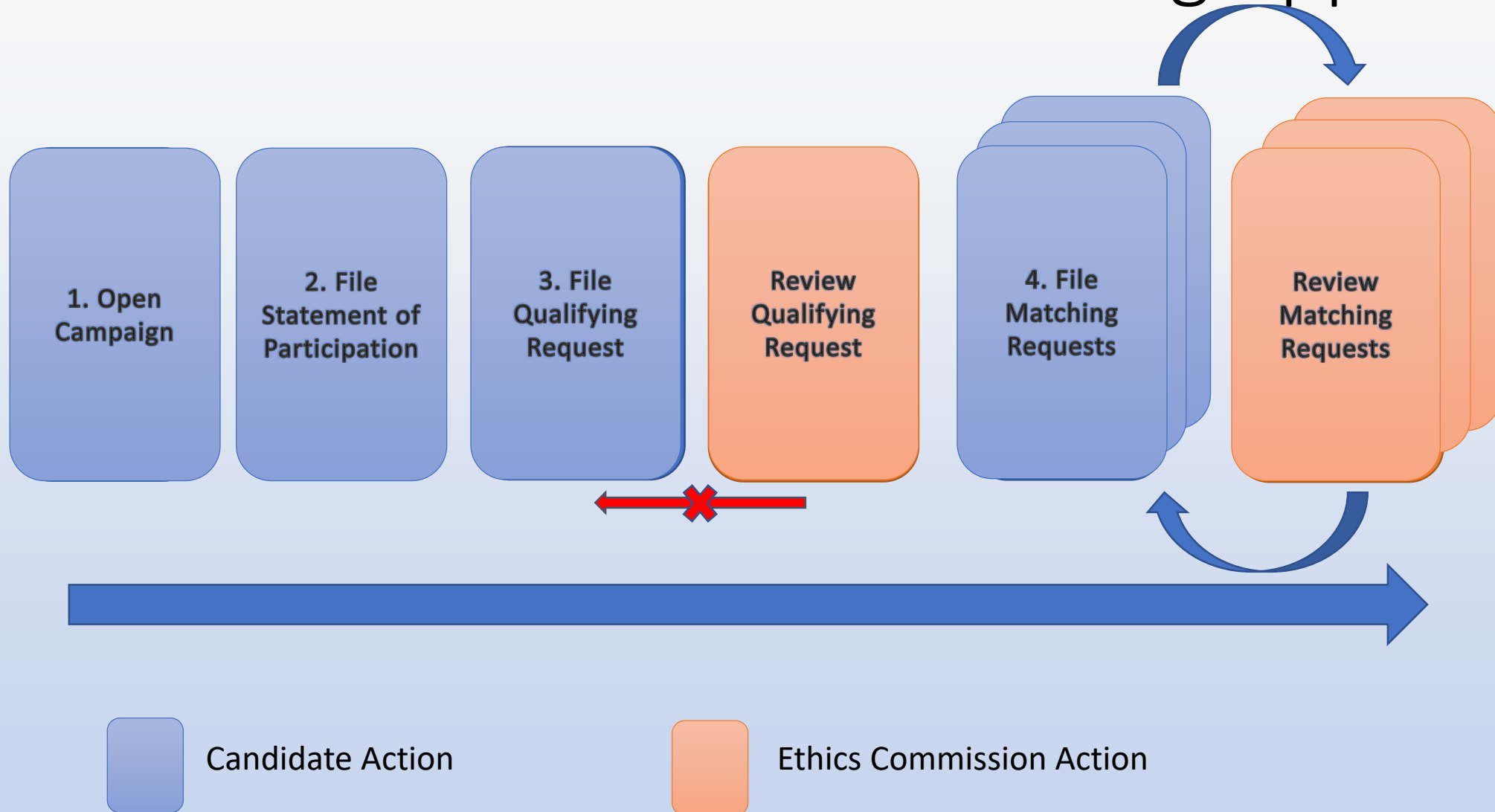




1. Open
Campaign

- File Nomination Papers and Declaration of Candidacy with Elections Department
 - Deadline: 147 day before the election
- File Candidate Intention Statement (Form 501)
 - Deadline: before raising or spending any money
- Open committee bank account
- File Statement of Organization (Form 410)
 - Deadline: within 10 days of receiving \$2,000 in contributions

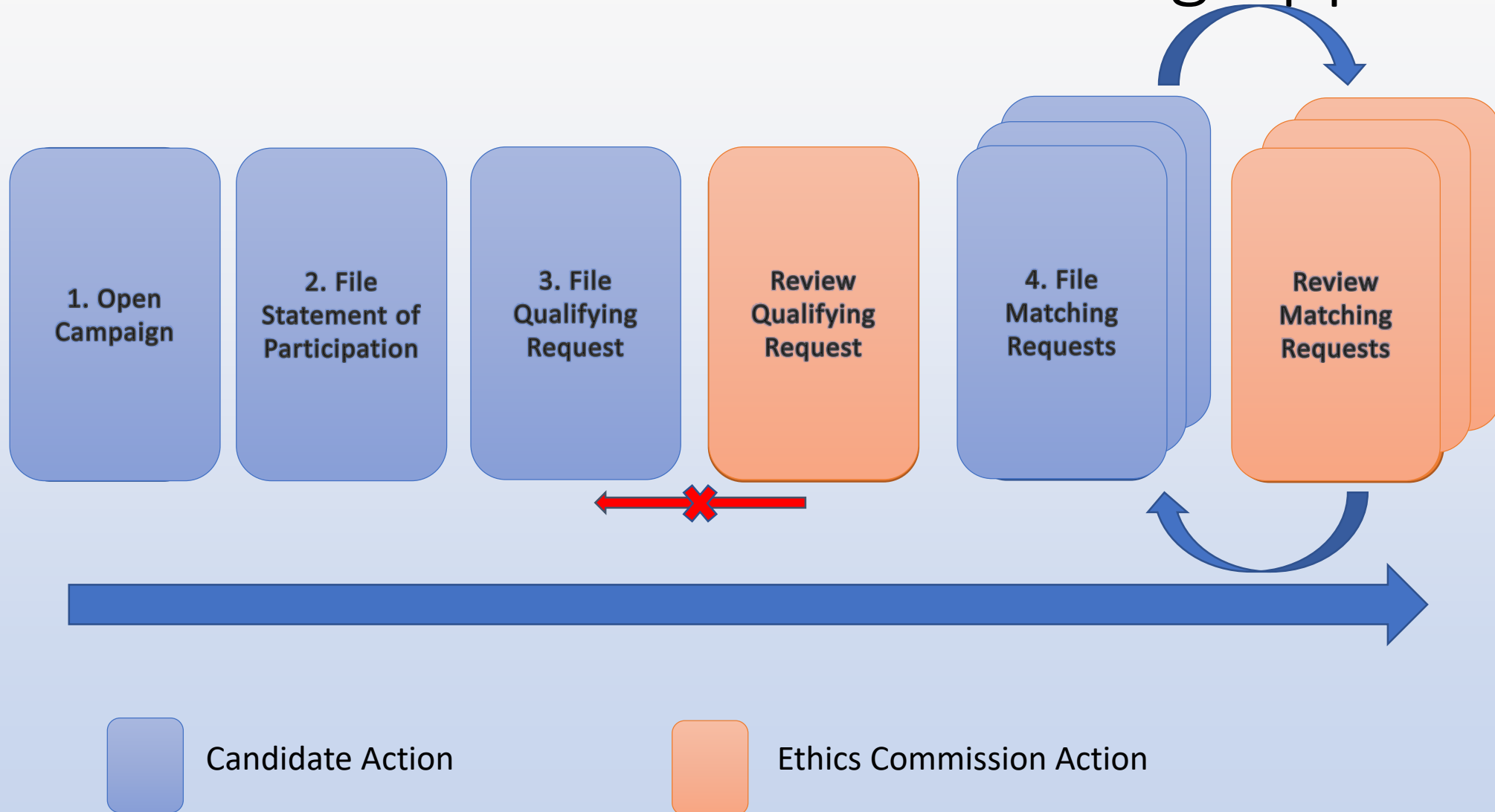
III. Overview of Public Financing Application



2. File Statement of Participation

- File Statement of Participation (Form SFEC-1.142(a))
 - To declare intention to participate in public financing program
 - Deadline: same day as deadline for candidate nomination papers (147th day before the election, unless extended)

III. Overview of Public Financing Application




3. File Qualifying Request

File Qualifying Request (Form SFEC-142(b)-2)

1. Declaration that candidate meets all **program requirements:**

- Is opposed by at least one candidate who has raised a certain level of funds (or qualified for public financing)
- Has raised the required level of **Qualifying Contributions:**
 - \$50,000 for non-incumbent mayoral candidates (\$75,000 for incumbents)
 - \$10,000 for non-incumbent supervisorial candidates (\$15,000 for incumbents)
 - Between \$10-100 in size
 - From SF residents (excluding family members)
 - Received between 18 months and 70 days before election
- Has no outstanding filings or penalties
- Will comply with all program rules

2. **Supporting documentation** to prove qualifying contributions



3. File
Qualifying
Request

File Qualifying Request (Form SFEC-142(b)-2)

Deadline: 70th day before the election

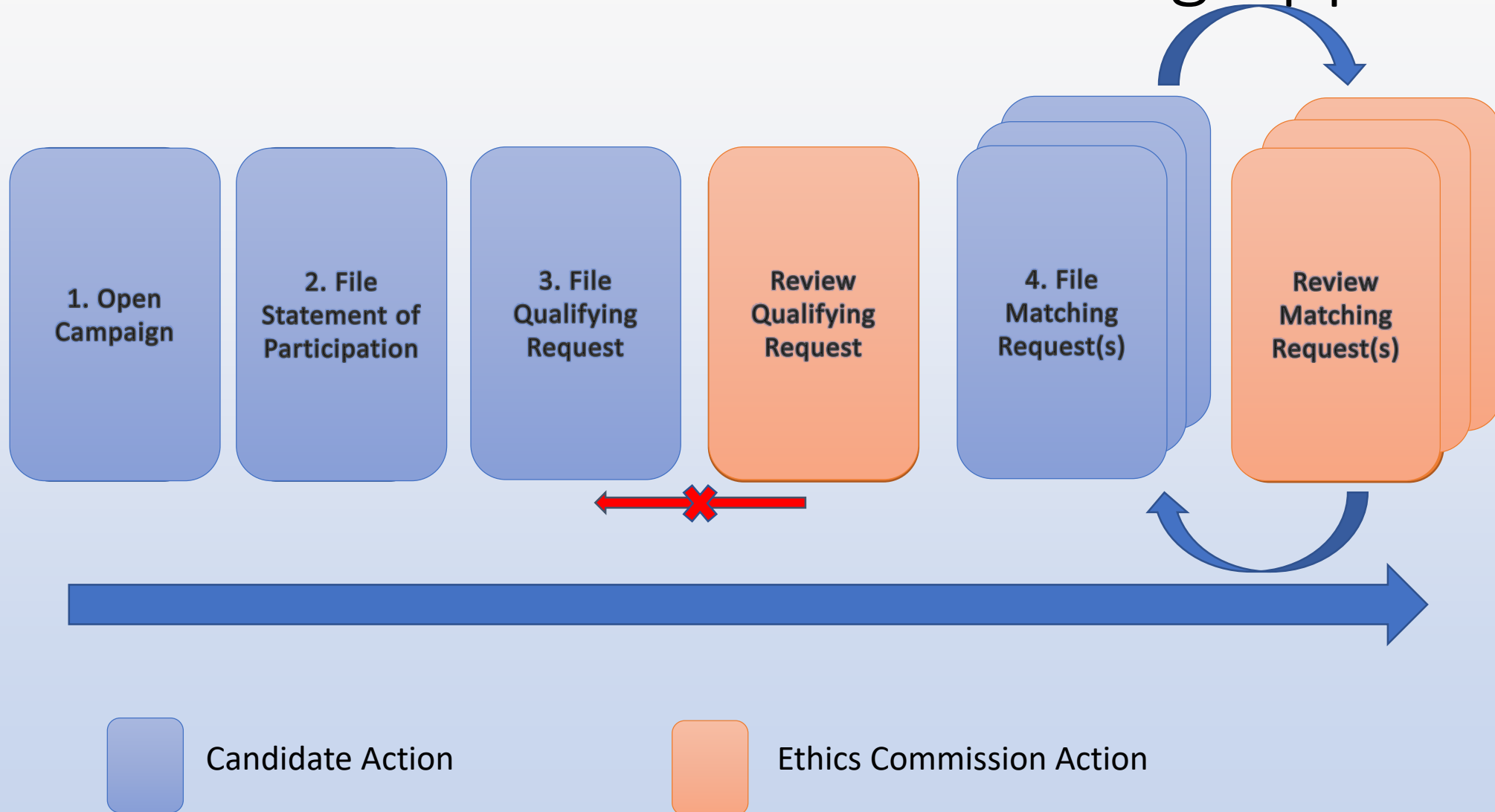
Refiling

- Withdraw and refile new request
- Any time before E-70

Resubmission

- After rejection, amend request and resubmit
- Within 5 days of rejection, AND before E-60

III. Overview of Public Financing Application

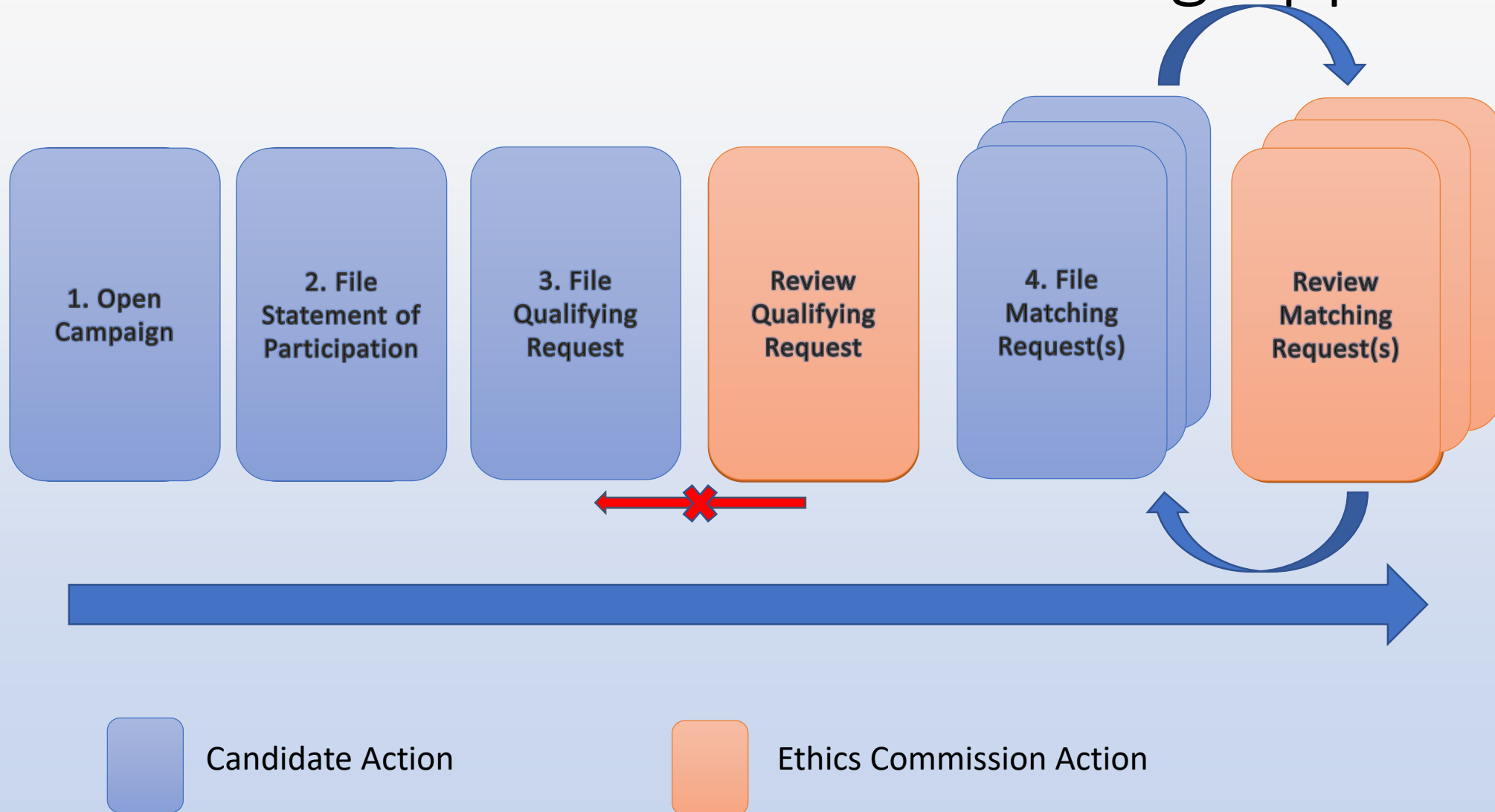


4. File Matching Request(s)

File Matching Request(s) up to maximum amount

- An eligible matching contribution must be:
 - From SF residents (excluding family members)
 - Received between 18 months before and 30 days after election
- Matching requests must be submitted in minimum batch sizes
 - Mayoral candidates: \$5,000 (\$1,000 within final 14 days)
 - Supervisorial candidates: \$1,000 (\$200 within final 14 days)

III. Overview of Public Financing Application



Threshold Filings

(Not formally part of the application process)

- *All* mayoral and supervisorial candidates must report when their contributions or expenditures reach:
 - Mayoral candidates: \$50,000
 - Supervisorial candidates: \$10,000
- Once one candidate is certified for public financing, *all* candidates in that race must *additionally* continue to report:
 - Mayoral candidates: \$1,000,000, and every \$50,000 beyond that (\$1,050,000, \$1,100,000, \$1,150,000, ...)
 - Supervisorial candidates: \$100,000, and every \$10,000 beyond that (\$110,000, \$120,000, \$130,000, ...)

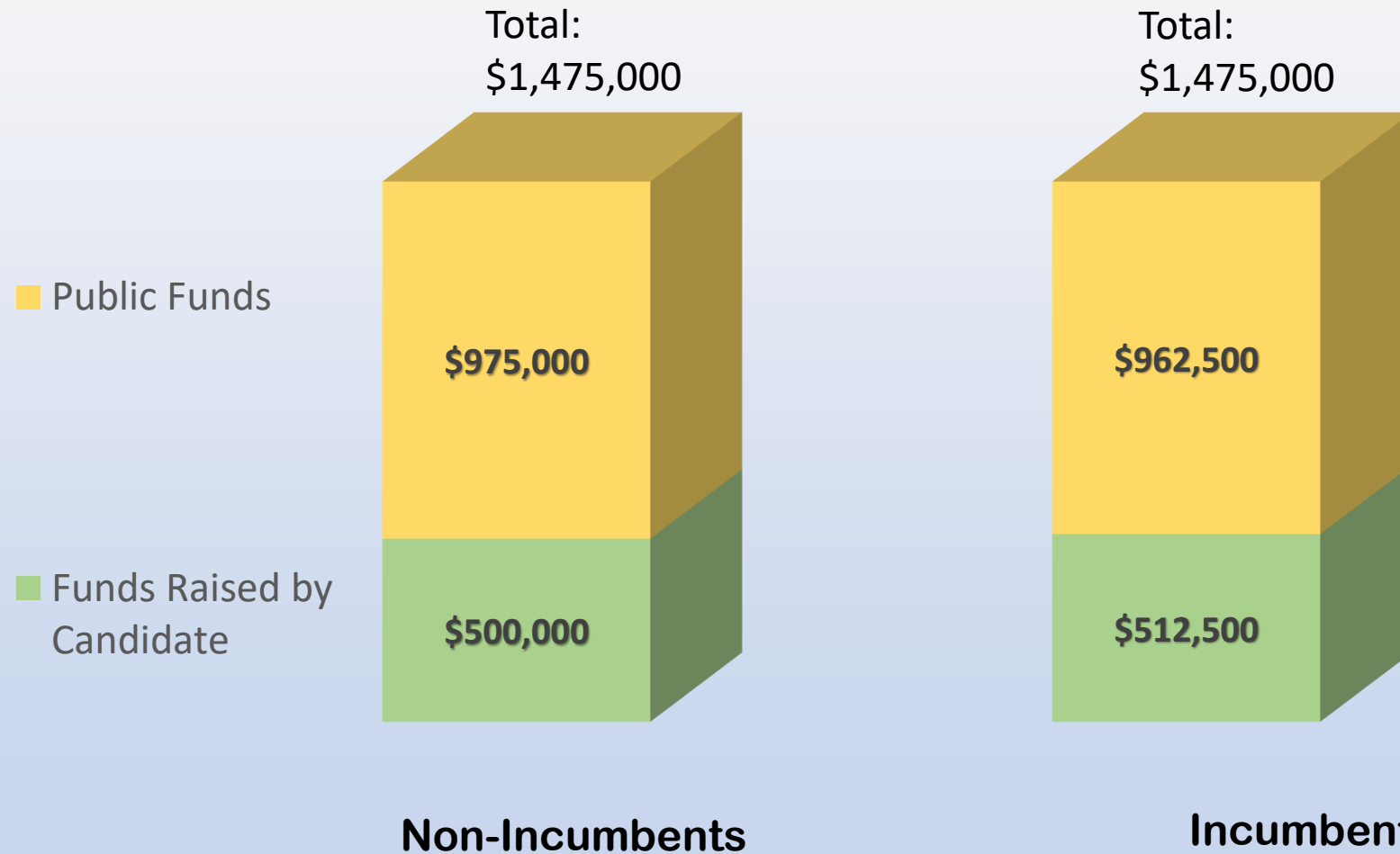
IV. Spending Limits

- Individual Expenditure Ceiling (IEC)
- All publicly financed candidates begin with the same IEC
 - Mayoral: \$1,475,000
 - Supervisorial: \$250,000

(Initial IEC is equal to maximum public funds attainable + private needed to achieve this)

Profile of Funds: Mayoral Candidates

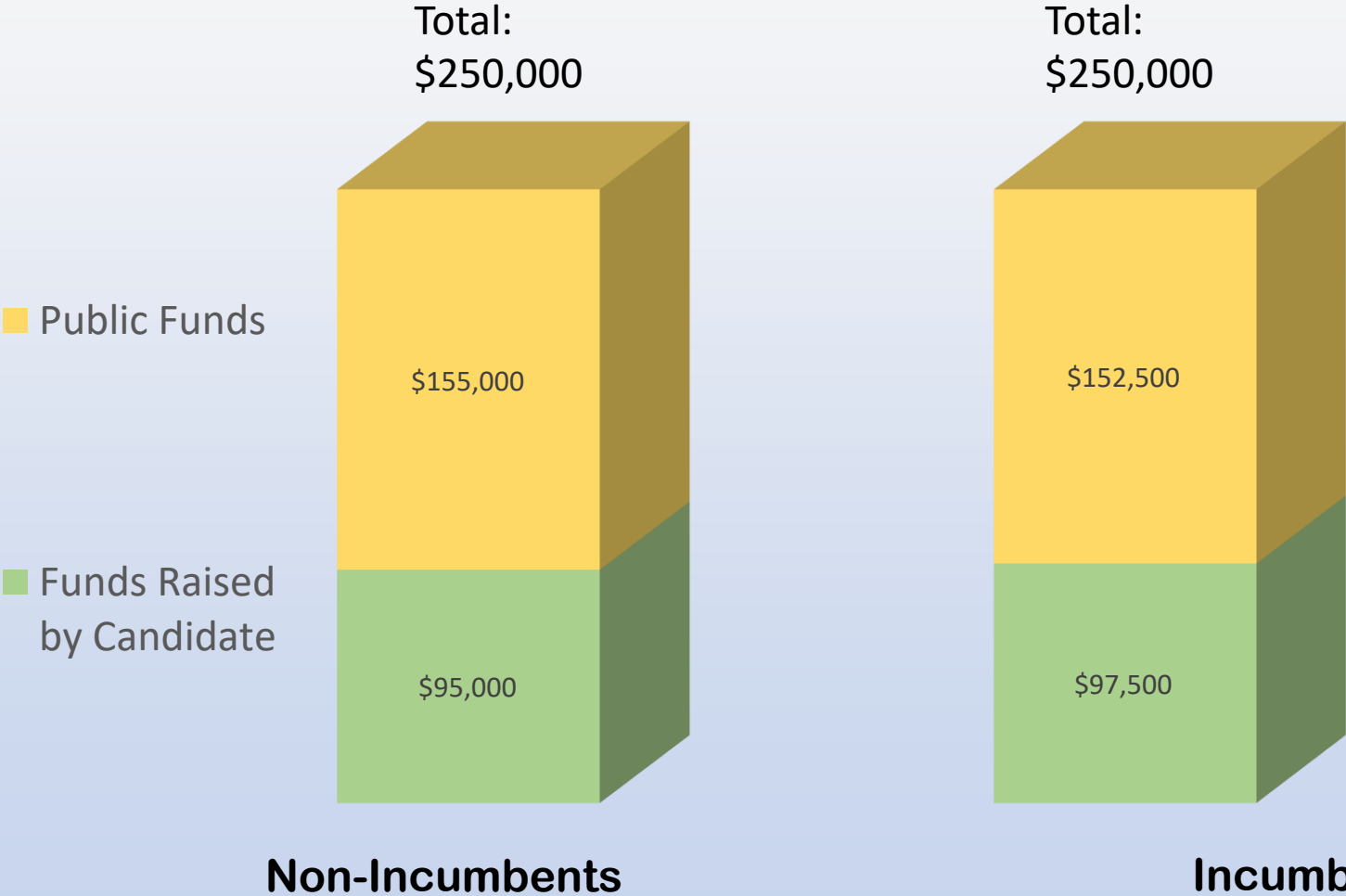
Candidate's Total Funds



***Publicly financed mayoral candidates may not spend more than \$1,475,000. (This limit can be raised).

Profile of Funds: Supervisorial Candidates

Candidate's Total Funds



***Publicly financed supervisorial candidates may not spend more than \$250,000. (This limit can be raised).

Raising the IEC

- The IEC can be raised
 - Candidate-by-candidate determination (there is no general IEC for a given race)
- Raised in increments
 - \$100,000 for mayoral candidates
 - \$10,000 for supervisorial candidates
- ED makes determination based on filings received
 - Threshold forms (1.152) and Campaign Statements (460)
 - IE Reports (496)
 - Electioneering Communications (1.162) & Member Communications (1.163)

Formula for Raising the IEC

Supportive Funds (of best-funded opponent)

+

Opposition Spending (against the candidate)

= **New IEC for the Candidate***

*Rounded down to nearest increment

Formula for Raising the IEC

Supportive Funds

- Money that supports a given candidate
 - **Contributions raised by the candidate** (excluding funds raised in excess of the candidate's IEC, if publicly financed)
 - **IE Spending** in support of the candidate
 - **Electioneering Communications** in support of the candidate
 - **Member Communications** in support of the candidate

First step in IEC raise: determine which of the candidate's opponents has the highest level of Total Supportive Funds

Formula for Raising the IEC

Opposition Spending

- **IE Spending** against the candidate

Second step in IEC raise determination: what is the level of Total Opposition Spending against the candidate?

Formula for Raising the IEC

Supportive Funds (of best-funded opponent)

+

Opposition Spending (against the candidate)

= **New IEC for the Candidate***

*Rounded down to nearest increment

Formula for Raising the IEC - Example

IEC = \$300,000



IEC = \$250,000



1) Total Supportive Funds (Opponent)

- Candidate 2 Raises **\$200,000**
- IE groups spend **\$85,000** supporting Candidate 2

Total Supportive Funds for Candidate 2 = \$285,000

2) Total Opposition Spending (Candidate 1)

- IE groups spend **\$20,000** opposing Candidate 1

Opposition Spending against Candidate 1 = \$20,000

\$305,000

Next Steps

Policy Division is engaged in evaluating the Public Financing program.

- Is the program effective?
 - Analysis of recent elections
 - Comparison to other jurisdictions (including Seattle)
 - Are funds misused?
- What changes could improve the program?
 - Application process?
 - Model of candidate funding?
 - Expenditure limit mechanism?

Resources for Candidates

- Supplemental Guide

- <https://sfethics.org/wp-content/uploads/2018/01/Supplemental-Guide-for-Candidates-for-the-Board-of-Supervisors-2018.pdf>

- Website

- <https://sfethics.org/compliance/campaigns/candidates/public-financing-program>

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