

**SUPPLEMENTAL GUIDE FOR PUBLIC FINANCING**  
**CANDIDATES FOR BOARD OF SUPERVISORS**  
**NOVEMBER 2019 ELECTION**



**SAN FRANCISCO ETHICS COMMISSION**

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This guide is intended to assist candidates in the process of applying for public financing. Candidates should use it as a supplement to the **Candidates' Guide for San Francisco City Elective Office**, which details requirements of **all candidates for City elective office**.

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## I. INTRODUCTION

This guide summarizes State and local laws applicable to candidates for the San Francisco Board of Supervisors who would like to participate in San Francisco’s public financing program. It is intended to answer the most frequently asked questions about these laws, and therefore is necessarily general. Any specific questions regarding these laws should be directed to the San Francisco Ethics Commission (the “Commission”) at (415) 252-3100 or [ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org). In addition, candidates should consult the Commission’s [Candidates’ Guide for City Elective Office](#) and [FPPC Manual 2](#), which are available at the office of the Ethics Commission and online. Please be aware that additional requirements and restrictions may apply. To the extent this guide conflicts with State or local law, the law controls.

Additionally, if you plan to use NetFile to file public financing documents with the Ethics Commission, it is important that you read the Filer Guide. This guide is produced by NetFile, the Ethics Commission’s electronic filing service provider, and provides step-by-step instructions on how to use the free electronic filing system to file public financing documents. As discussed below, you must electronically file all public financing documents through NetFile or another compatible third party system. The Filer Guide contains useful instructions about filing procedures not included in this Supplemental Guide. You can access the Filer Guide by [creating a NetFile account](#) and, after you log in to NetFile, clicking “Help & Support.” Under the category “Public Financing” you will find the “San Francisco Filer Guide.”

Please note that the dates/deadlines listed in this supplemental guide apply to the November 2019 election.

### **Agency Contact Information:**

Although the Ethics Commission administers and enforces several of the laws described in this guide, the Commission does not have authority to interpret or enforce all of these or related laws. In addition to the Commission, the California Secretary of State (SOS), the California Fair Political Practices Commission (FPPC), and the San Francisco Department of Elections administer and enforce laws regulating candidates and elections. They may be contacted as follows:

Secretary of State	<a href="http://www.sos.ca.gov">www.sos.ca.gov</a>	(916) 653-6814
FPPC	<a href="http://www.fppc.ca.gov">www.fppc.ca.gov</a>	(866) 275-3772
SF Dept of Elections	<a href="http://www.sfelections.org">www.sfelections.org</a>	(415) 554-4375

### **What is the public financing program?**

In November 2000, the voters of San Francisco adopted Proposition O, the Fair Elections Ordinance. Among other things, Proposition O amended the San Francisco Campaign Finance Reform Ordinance (“CFRO”), San Francisco Campaign and Governmental Conduct Code (“S.F. C&GC Code”) section 1.100 *et seq.*, to provide for partial public financing for candidates for the Board of Supervisors to help defray the costs of election campaigns. Under the program, candidates for the Board of Supervisors certified as eligible to receive public financing may receive up to a maximum of \$155,000 (non-incumbent candidates) or \$152,500 (incumbent candidates).

See S.F. C&GC Code § 1.144.

## II. Recordkeeping

Even before you apply for public financing, it is vital that you implement a good system of recordkeeping for all contributions, expenditures, or other financial activity of your candidate committee. All publicly financed candidates are subject to mandatory audits, and candidates who do not participate in the program may be selected for audit, as well. Keeping good records will also help you in applying for public financing because, as described below, you must submit supporting documentation for each contribution that you hope to get matched through the program.

All candidates are required to retain records related to all contributions and expenditures for four years from the date of filing the campaign statement to which they relate, even if the candidate does not participate in the public financing program. Such records are necessary for the preparation of accurate and complete campaign statements and must be submitted in the event the candidate is audited.

The list below outlines the types of documents and records committees are expected to maintain:

- records related to contributions (i.e., deposit slips, deposit receipts, copies of contribution checks, money orders or cashiers/official/travelers checks; documentation of credit card contributions);
- bank statements & check registers;
- any other records reflecting a continuous computation of campaign account balances;
- signed, dated, and completed contributor cards for contributions made by cash;
- letters, emails, texts, or other records describing non-monetary contribution and how the value was determined;
- records related to electronic receipts/payments (including debit cards, internet transactions, credit cards, etc.);
- petty cash register and related receipts;
- copies of records related to advertisements, mass mailing, and other outreach communications (i.e., proof and sample of each mass mailing, recording of each television or online ad, transcript of recorded telephone calls made to voters);
- documentation for all expenditures (canceled checks, invoices, receipts, bills, and payment authorizations);
- correspondence (i.e., to/from contributors or vendors)

For more information regarding recordkeeping requirements, you may refer to [FPPC Manual 2](#), Chapter 4 of the FPPC [Political Reform Act](#) and the Ethics Commission's [Records Required for Audit](#) and [Guidelines for Organizing Records](#). Regardless of whether you seek public funding, you must keep detailed records of your receipts and expenses. Please note that candidates seeking public financing are required to submit records for each contribution that is to be matched with public funds.

See Cal. Gov't Code [§ 84104](#), 2 Cal. Code of Regs. [§ 18401](#), S.F. C&GC Code [§ 1.109](#) and [SFEC Regulations](#) § 1.142-3.

### **Organize Records from Day 1**

Track your contributions by organizing them in numbered deposit batches (for instructions on deposit batch numbering, see “Deposit Batch Lists & Batch Numbers” in Chapter IV below). Keep a list of all contributions (include contributor names, date of contributions, contribution amounts) for each deposit. Attach this list to the corresponding copies of contribution checks and correspondence (or contributor cards for cash contributions or merchant verification reports for credit card/online contributions). Keep these items with your records for all contributions regardless of whether they will be used for public financing.

## **III. What Do You Need to Know About Public Financing?**

### **Getting Started with Public Financing**

**Know what you’re signing up for:** Read and understand the applicable laws and rules related to the public financing program. These laws can be found in the “[Laws](#)” section of the Commission’s web-site. Additional information can be found on the “[Public Financing Section](#)” and in this Supplemental Guide. Whether or not you participate in public financing, you are responsible for filing certain forms required for candidates. See the [Candidates’ Guide for City Elective Office](#).

**To participate or not to participate?:** After reviewing the rules of the program, electronically file a [Statement of Participation or Non-Participation](#) and indicate whether or not you wish to participate by checking the appropriate box. This form must be filed no later than the deadline for filing nomination papers. All forms and filings for the public financing program must be submitted electronically using either the Commission’s [free electronic filing system](#) or a private software vendor of your choosing. **New or amended Statement of Participation forms will not be accepted after the deadline. You are advised to file your Statement of Participation before the last day to submit the form, in case you experience technical difficulty or require assistance from Staff.**

**Establish a good recordkeeping system from the start:** Regardless of their intent to participate in the public financing program, candidates and their treasurers are responsible for maintaining detailed records, pursuant to California Government Code (“Cal Gov’t Code”) Section [84104](#) (*see also* 2 Cal. Code of Regs. [§ 18401](#)). This includes organizing contributions and supporting documents into numbered batches and maintain complete bank records of deposits. It is easier to implement these practices from the start, rather than trying to organize records later when applying for public financing. ***Remember: All publicly financed candidates will be audited; complete and detailed records will assist you not only in filing successful requests for public funds, but also complying with the audit process.***

**Submit Your Application:** If you have indicated you wish to participate, have raised the minimum required contributions, and have met all requirements to be eligible for the program (described below), it is time to submit your Qualifying Request. No sooner than nine months before the election and no later than the 70<sup>th</sup> day before the election, submit a Qualifying Request with supporting documentation to establish eligibility. **You are advised to file your Qualifying Request before the last day to submit the form, in case you experience technical difficulty or require assistance from Staff.**

## **Important Dates for Candidates Seeking Public Financing**

<b><u>Deadline</u></b>	<b><u>Date</u></b>
<b>Election Date</b>	Tuesday, November 5, 2019
<b>Date Range for Eligible Qualified Contributions</b>	Saturday, May 5, 2018 - Tuesday, August 26, 2019
<b>First Date a Qualifying Request (Form SFEC-142(b)) May be Filed</b>	Tuesday, February 5, 2019
<b>Deadline to File Statement of Participation (Form SFEC-142(a))</b>	Tuesday, June 11, 2019
<b>First Date Public Funds Can Be Disbursed</b>	Monday, June 17, 2019
<b>Last Date to File (Or Refile) A Qualifying Request (Form SFEC-142(b))</b>	Tuesday, August 27, 2019
<b>Last Date to Resubmit a Qualifying Request (For SFEC-142(b))</b>	Friday, September 6, 2019
<b>Deadline for Executive Director to Make Final Determinations on Qualifying Requests</b>	Wednesday, September 11, 2019
<b>Deadline to Forfeit Funds Remaining in Contingency Account</b>	Friday, November 15, 2019
<b>Deadline to Submit Matching Requests (Form SFEC-144(c)/144(d))</b>	5:00 PM on Thursday, December 5, 2019

## **What must a candidate do to qualify for public financing?**

To qualify for public financing, you must do the following:

<b>Action Required with Corresponding Deadlines</b>	<b>Deadline</b>
File a <i>Statement of Participation or Non-Participation</i> (Form SFEC-142(a)) with the Ethics Commission indicating that you intend to participate in the program	06/11/2019
Raise at least \$10,000 (non-incumbents) or \$15,000 (incumbents) in qualifying contributions	05/05/2018 through 08/26/2019
Submit a <i>Qualifying Request</i> (Form SFEC-142(b)) with supporting documentation to establish eligibility	02/05/2019 through 08/27/2019

Additionally, in order to qualify for public financing, you must:

- seek election to the Board of Supervisors and be eligible to hold office if elected. Filing and eligibility requirements to seek and hold office are not covered here. Contact the Department of Elections to learn more about these requirements;
- be opposed by a candidate who has qualified for public financing or who has received contributions and/or made expenditures of \$10,000 or more;
- agree to campaign spending limits (Individual Expenditure Ceiling) of \$250,000 (amount subject to adjustment by the Ethics Commission);
- not accept any loans to your campaign from anyone except yourself, and not loan or donate more than \$5,000 of your own money to your campaign;

- bear the burden of proving that each contribution you rely upon to establish eligibility is a qualifying contribution and that expenditures made with public funds were used only for qualified campaign expenditures;
- not make any payments to a contractor or vendor in return for the contractor or vendor making a campaign contribution to your committee; and not make more than a total of fifty payments to a contractor or vendor who contributed to your committee;
- agree to participate in at least three debates with your opponents;
- have paid any outstanding fines owed to the City by you or any committee for which you were the controlling candidate or treasurer;
- have filed any outstanding statements, reports, or forms owed to the City by you or any of your campaign committees; and
- have no finding by a court within the past five years that you knowingly, willfully, or intentionally violated CFRO or the campaign finance provisions of the Political Reform Act.

See S.F. C&GC Code § 1.140 and SFEC Regulations § 1.140-1

### **24-Hour Notification Upon Reaching Certain Thresholds**

Supervisory candidates must file Threshold Notices (Form SFEC-152) when their contributions (including public financing) or expenditures reach certain levels.

#### Initial Threshold Notice

Each candidate for the Board of Supervisors must file the Threshold Notice once the candidate has either received contributions (including loans, nonmonetary contributions, and public financing) that total \$10,000 or more, or has made expenditures that total \$10,000 or more. For purposes of determining whether a candidate has reached the threshold, the candidate must use the greater of contributions or expenditures. The initial Threshold Notice must be filed within twenty-four hours of reaching or exceeding this threshold. All candidates who reach the \$10,000 threshold must file the initial Threshold Notice.

#### Supplemental Threshold Notices

If at least one candidate in a supervisory race has been certified as eligible to receive public funds, every other candidate running for the same seat must file a supplemental Threshold Notice within twenty-four hours after:

- (1) the candidate has received contributions (including loans, nonmonetary contributions, and public financing) that total \$100,000 or more, or has made expenditures that total \$100,000 or more; and
- (2) thereafter, the candidate has received additional contributions, has made additional expenditures, that total an additional \$10,000. For example, supplemental Threshold Notices must be filed upon reaching \$110,000, \$120,000, \$130,000, \$140,000, and every increment of \$10,000 thereafter. If, in a single day, a candidate receives contributions or makes expenditures that surpass two supplemental thresholds, the candidate only needs to file one Threshold Notice. For example, if a candidate has already spent \$105,000 (and has filed the \$100,000 Threshold Notice) and subsequently spends an additional \$20,000 in one day, the candidate can file a single Threshold Notice to indicate that the candidate's expenditures have exceeded \$120,000.

**Please note:** The date a contribution is received is the date your committee obtains possession of the written instrument or cash, not the date you deposit it into the bank account.

Expenditures are considered made when goods or services are received or when payment is made, whichever occurs first.

## IV. Submitting a Qualifying Request

In order to establish eligibility to receive public funds, you must submit a *Qualifying Request* along with supporting documentation. The Qualifying Request and supporting documentation *must* be submitted electronically using the Commission's [free electronic filing system](#), or a compatible third party software vendor. Please refer to the NetFile Filer Guide for instructions on how to submit a Qualifying Request through NetFile.

When preparing your Qualifying Request, you will need to identify qualifying contributions **totaling at least \$10,000 (or \$15,000 if you are an incumbent)** from at least **100 unique contributors (or 150 contributors for incumbents)**.

### What is a qualifying contribution?

A qualifying contribution is:

- ✓ made by an individual who is a San Francisco resident;
- ✓ \$10 - \$100 per contributor (cumulatively);
- ✓ made within 18 months prior to the election (May 5, 2018) and no later than the 71<sup>st</sup> day before the election (August 26, 2019); and
- ✓ supported by appropriate documentation.

For contributions greater than \$100, you can still submit the contribution on a Qualifying Request, but only the first \$100 counts as a qualifying contribution. You may submit the remainder as a matching contribution on a matching request after you are certified as eligible. See "[Submitting a Matching Request](#)" for information about matching contributions.

Qualifying contributions do not include contributions that are:

- × made by an individual who is not a San Francisco resident;
- × made after the 71<sup>st</sup> day before the election or earlier than 18 months prior to the date of the election;
- × loans or non-monetary contributions;
- × from the candidate or his/her immediate family;
- × less than \$10 (cumulatively) from a single contributor;

### What if a contributor donates less than \$10?

If a contributor has donated less than \$10 (cumulatively), her/his contribution is not a qualifying contribution. However, if the contributor donates \$9, and later donates \$1, the two contributions taken together may be a qualifying contribution.

- × made in violation of local or State law;
- × drawn on a business account, including “sole proprietorships;”
- × not accompanied by adequate supporting documentation;
- × made by an entity; or
- × not deposited into the candidate’s account, returned to the contributor, or not posted to the candidate’s trust account (e.g. “bounced checks”).

Qualifying contributions do not include contributions made to a candidate to support the candidate’s election to a different office, or to support the candidate’s election to the same office in a different election year, where those contributions were unexpended and carried forward as contributions to a new campaign. However, if a candidate redesignates her committee to run in an election that occurs earlier than the election for which the committee was originally designated, contributions received no more than eighteen months before, and at least 71 days before, the earlier election may be counted as qualifying contributions.

See S.F. C&GC Code § 1.104 and SFEC Regulations § 1.104-2.

### **How many contributions should I include on a Qualifying Request?**

As detailed above, non-incumbent supervisorial candidates must demonstrate having received at least 100 valid qualifying contributions that total at least \$10,000, and incumbent candidates must demonstrate having received at least 150 valid qualifying contributions that total at least \$15,000. Although these are the minimum requirements, oftentimes not all qualifying contributions are accepted on the first submission because the contributions lack adequate supporting documentation. This means that your Qualifying Request may not be accepted on the first submission if you only submit the minimum number and minimum total value of contributions. You are therefore encouraged to submit more than the minimum requirement if you hope to have your qualifying request approved on the first submission.

### **Required Information for Qualifying Contributions**

When completing a Qualifying Request, you must provide the following information for each contribution:

- name of contributor;
- address of contributor’s primary residence (business, P.O. Box, or other non-residential addresses are not acceptable);
- amount of qualifying contribution and the date it was received;
- deposit date and deposit batch number;
- method of payment; and
- occupation and employer information if the cumulative amount that you received from the contributor for the calendar year is \$100 or more.

See SFEC Regulation 1.142-2(c) and 1.142-3(a)

### **What Supporting Documentation is Needed?**

For every contribution that you include on a Qualifying Request (or Matching Request), you must provide sufficient supporting documentation to establish:

- 1) the **contribution was received** by the committee;

- 2) the **contribution was deposited** into the committee’s bank account; and
- 3) the **contributor is a resident of the City & County of San Francisco.**

Supporting documentation must be attached to the corresponding contribution entry when completing the Form SFEC-142(b) in NetFile or another electronic filing system. (Please refer to the NetFile Filer Guide for further instructions on how to attach supporting documentation.) The only exception is for online/credit card contribution reports; proof of receipt for such contributions is demonstrated through a credit card vendor report that must be sent directly from the vendor to the Ethics Commission (see “[Contributions Made by Credit Card](#)” below). Any other kind of supporting documentation that is not filed electronically with your Qualifying Request or Matching Request will not be considered or reviewed. The kind of supporting documentation that is required varies depending on the payment method (e.g. cash, credit card, check). Each payment method is addressed separately below.

***Please note: The information contained in your supporting documentation (such as contributor name and address) must match the information listed in your Qualifying Request. Any discrepancies or inconsistencies may result in a contribution not being approved, including instances where the contributor’s name or address have changed. All documents must contain the contributor’s current name and address and must be consistent with what is listed on your Qualifying Request or Matching Request.***

S.F. C&GC Code § 1.109 and SFEC Regulations 1.104-2 and 1.142-3

## **Contributions Made by Check**

### Receipt

To prove that a check contribution was received, provide a copy of the check. Attach the copy to the entry for that contribution on your Qualifying Request or Matching Request.

### Deposit

To prove that a check contribution was deposited into your committee’s bank account, you must submit both a deposit batch list and a document produced by your committee’s bank verifying the deposit of that batch. The bank document verifying deposit can be a bank statement or a deposit receipt. The amount of the deposit shown on the statement or receipt must match the value of the batch shown on the deposit batch list. (See “Deposit Batch Lists & Batch Numbers” below for instructions on how to create a batch list.)

For example, you might deposit five checks with a total value of \$2,500 at the same time. You must provide a statement or receipt from your bank showing that a deposit of \$2,500 was made into your committee’s account. Additionally, you must provide a batch list that shows that a \$2,500 batch was deposited and describes the five checks that were included in that deposit batch. (You may include both check and cash contributions in a single deposit batch.)

When attaching deposit batch lists and proof of deposit in NetFile, you need only attach such documents one time per filing. You do not need to attach duplicate batch lists and proof of deposit for every contribution in the same deposit batch if they appear on the same Qualifying Request or Matching Request. In the example above, if you include on your Qualifying Request all five of the checks that were deposited in the same batch, you only need to attach the batch list and proof of deposit to one of those five contributions. Please note, however, that you may not rely on supporting documentation submitted with a prior submission

when submitting contributions on a subsequent submission. Each submission is reviewed separately, and Ethics Staff will not reopen a prior submission to locate supporting documentation that was submitted at an earlier time.

### Residency

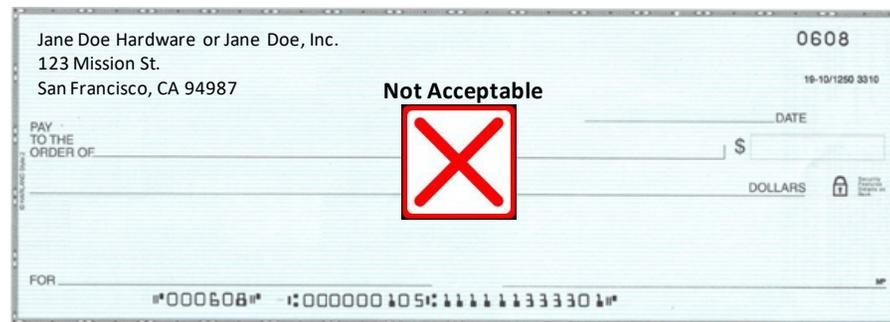
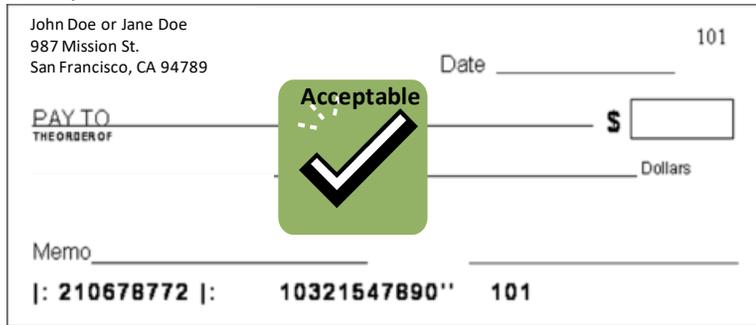
If the contributor's correct name and current San Francisco residential address are pre-printed on the check, the Commission will accept the information as proof of San Francisco residency. If the address is not pre-printed on the check or is out-of-date, you must provide separate proof of residency, as described in detail under "Supporting Documentation for Proving San Francisco Residency" below.

**One Check from Two Accountholders:** A contribution drawn from an account with two accountholders (i.e., a check with two names on it), the accountholder who signs the check is considered the "contributor." Therefore, if the check is intended to be from both accountholders, both should sign the check. Alternatively, the person who did not sign the check must provide a signed statement (signed at the time the contribution was made) identifying the portion of the check that should be attributed to him/her.

See [2 Cal. Code of Regs § 18533](#)

**Checks Drawn on Business Accounts:** Checks drawn on business accounts cannot be included in a Qualifying Request. All qualifying contributions must be donated from an individual's personal funds, not from business accounts, even if such funds have been "earmarked" for personal use. A business entity includes a "sole proprietorship."

Examples:



See SFEC Regulations 1.104-1, 1.104-2.

### **Contributions Made by Credit Card**

#### Receipt

To prove that a credit card contribution was received, provide documentation that is produced by your credit card processing vendor showing that the contribution was received by your committee. This "vendor report" must include the following:

- the contributor's full name;

- the date of the contribution;
- the amount of contribution;
- the contributor’s billing address;
- AVS verification of the contributor’s billing address (optional);
- Proof of transfer/transmission to committee and method of transfer (check or electronic deposit); and
- All credit card refunds processed by the vendor.

To ensure the authenticity of documents and records for credit card contributions, **vendor reports from credit card vendors must be sent directly to the Ethics Commission from the vendor**. Alternatively, the committee may demonstrate to Ethics staff that documentation is authentic by logging into their account at the Ethics Commission’s offices and creating reports as staff stands by to view the process. Candidates may request to speak to an auditor to review whether their credit card vendor report is acceptable prior to submitting a Qualifying Request or Matching Request.

### Deposit

To prove that a credit card contribution was deposited into your committee’s bank account, provide:

- the vendor report described above showing that the contribution was transferred to your committee by check or electronic transfer and identifying the date of transfer (and any identifying information such as check number);
- a statement or receipt from your bank indicating that the check or electronic transfer from the credit card vendor was deposited into your account; and
- if the credit card contribution was transferred to you by the vendor through a check, a copy of the check.

Please note: You do not need to provide a deposit batch list if you provide a vendor report that shows which contributions were included in a particular transfer from the vendor to your committee’s bank account. If your vendor report does not include this, you will also need to submit a batch list indicating which contributions were included in the transfer.

### Residency

The Address Verification Service (AVS) is the system used by credit card processors to verify that the address provided by a person using the credit card is the billing address listed for the credit card account. If AVS information on a vendor report confirms a San Francisco billing address that matches the residential address listed for the contributor on the Qualifying Request or Matching Request, this is sufficient to prove the San Francisco residency of the contributor. In the event that the address is not verified by AVS, if AVS information is not included at all in a vendor report, or if the AVS-confirmed billing address is different from the contributor’s residential address, then the committee will be required to provide separate documentation to verify the contributor’s San Francisco residency as described under “Supporting Documentation for Proving San Francisco Residency” below.

**Note: Credit Card Vendor Documents You Should Retain**

Although the following documents do not need to be included on a Qualifying Request or Matching Request, you should retain them in case they are requested by the Ethics Commission.

**Unique Merchant Account Agreement and Statements:** A merchant account with a credit card processing vendor is established by contract. The contract outlines the terms and conditions of the merchant account and demonstrates whether it is a unique (not shared or pooled) account specific to your campaign. Additionally, the agreement might contain AVS specifications and the fee schedule being charged. The campaign must keep this document, as well as any addenda or changes to it, and submit it to the Ethics Commission upon request.

**Web-site Content and Processing Documents:** You must retain copies of your campaign’s web content, completed Credit Card Contributor Cards (including printouts of those completed on the web-site) and all above-referenced processing documents.

*If you have any questions regarding your committee’s process for accepting credit card contributions, please contact the Ethics Commission.*

**Contributions Made by Cash**

Methods of payment that are considered “cash” include:

- paper money
- money order
- cashier’s or travelers check
- postal money order

**What if a contributor gives you \$100 in cash?**

Cash contributions must be \$99.99 or less (cumulatively). If you accept the \$100 in cash, you are violating the law. You may not give change to a contributor who gives you \$100 in cash or “refund” any amount over the limit on cash contributions. You may also not accept smaller cash contributions that in aggregate equal or exceed \$100.

Receipt

To prove that a cash contribution was received, you must provide a contributor card that was completed, signed, and dated by the contributor at the time the contribution was made. Contributor cards are discussed in greater detail below. (Please note that a contributor card will only establish that the contribution was received.

Deposit

To prove that a cash contribution was deposited into your committee’s bank account, you must submit both a deposit batch list and a document produced by your committee’s bank verifying the deposit of that batch. Refer to the instructions above for proving the deposit of a check contribution, which explain the requirements regarding bank statements or receipts and batch lists. These requirements also apply to cash contributions. Also refer to the “Deposit Batch Lists & Batch Numbers” section below for more information about batch lists.

Residency

To prove the residency of a cash contributor, you must follow the instructions below under “Supporting Documentation for Proving San Francisco Residency.”

## Contributor Cards

A contributor card is a form that a contributor fills out, signs, and dates that provides the contributor's name and residential address, the name of the committee receiving the contribution, and the amount of the contribution. As discussed above, contributor cards are mandatory for cash contributions. You may choose to have other contributors prepare and sign a contributor card as well (e.g. check or credit card contributors). The committee may use any style or format for a contributor card, but at a minimum it should include the full name and FPPC ID number of the committee and have fields to collect all required contributor information. Additional information regarding the solicitation of contributions and a sample contributor card is available on the Commission's [web-site](#). Committees are encouraged to contact the Ethics Commission with questions regarding the content of the contributor information card.

## Supporting Documentation for Proving San Francisco Residency

In addition to providing supporting documentation evidencing that each contribution was received and deposited into the committee's trust account, you must also provide documentation demonstrating that the contributor is a resident of San Francisco. This is required because only contributions from City residents can be matched through the public financing program.

The committee can demonstrate that the contributor is a San Francisco resident by providing evidence of any of the following:

- (1) the contributor uses a San Francisco residential address as the address on any bank account or any account with a financial institution, through the submission of copies of **recent bank statements, personal checks, or Address Verification Service information** listing the account holder's address;
- (2) the contributor uses a San Francisco residential address as a billing address, through the submission of copies of **recent credit card or utility bills**;
- (3) the contributor lives at a San Francisco address, through the submission of copies of a **current deed or lease**;
- (4) the contributor uses a San Francisco residential address as a mailing address, through the submission of copies of **recent mail** received by the contributor;
- (5) the contributor is currently **registered to vote in San Francisco**;
- (6) the contributor has represented to a government agency that he or she lives at a San Francisco address, through the submission of copies of a **driver's license, passport, government-issued identification card, or tax returns**.

("Address Verification Service" shall mean the system used by credit card processors to verify that the address provided by a person using the credit card is the billing address for the credit card account.)

Addresses that are post office box facilities, office/business addresses, or any other non-residential address will not be accepted. Supporting documentation for residency must show the contributor's name and primary residential address and must be current and valid (e.g., an expired driver's license will not be accepted). In the case of voter registration, you must provide the contributor's unique voter ID (the number assigned by the Department of Elections to registered voter). Ethics Staff will look up the contributor's voter registration, and the contributor's name and address as it appears on the current voter roll for the City and County of San Francisco must match what is listed on the Qualifying Request.

**Please note:** All contributor information included in your Qualifying or Matching request (e.g. residential address, contributor name) must match any supporting documentation provided. Any discrepancies or inconsistencies between information provided in the public financing request and the supporting documentation will not be deemed "adequate" and the contribution may not be approved for matching funds.

See SFEC Regulation 1.142-3.

## HELPFUL TIPS:

Collecting residency documentation such as leases, credit card bills, or driver's licenses can be difficult and time consuming if you wait until after the contribution has been made. Try to ensure at the time you receive a contribution that you have the necessary documentation to prove the contributor's San Francisco residency. To help you be efficient, here are some tips for proving residency:

- For credit card contributions, check your credit card processor's vendor report frequently and check to see if the AVS check shows a confirmed San Francisco residential address. If it does not, and you believe the contributor lives in San Francisco, follow up with the contributor right away to seek one of the other forms of proof of residency listed above.
- For check contributions, look at the check at the time you receive it to see if the contributor's San Francisco address is pre-printed on the check. If it is not, and you believe the contributor lives in San Francisco, ask the contributor at that time to provide you with other forms of proof of residency.
- For any contribution that is not (a) a credit card contribution with an AVS-confirmed address, or (b) a check contribution with a pre-printed address, ask the voter if he or she is registered to vote in San Francisco. If so, obtain the contributor's voter registration number and include it on your Qualifying Request.
- **AVS address confirmation, pre-printed addresses on checks, and voter registration are the easiest and most common ways to prove the residency of a contributor.** Try to use these methods first before you resort to other methods.

### Example:

On August 8, Larry Cyrus contributes \$75 in cash. You ask him to complete, sign and date a contributor card because you need proof of each contribution. On the contributor card, he must provide all the information you requested such as his name, address, date of contribution, amount of contribution, method of payment and any other information you need from him. In addition, you must obtain proof that Larry is a San Francisco resident. When preparing your *Qualifying Request*, you must list each contribution separately along with the details of each contribution. For supporting documentation, you will provide the contributor card for the \$75 cash contribution as well as proof of San Francisco residency (i.e., voter registration or a copy of a driver's license). To show that the contribution was deposited, include proof of deposit (e.g. bank deposit receipt) and a deposit batch list showing all contributions in that deposit.

### Example:

Jane Smith contributes \$60 on August 5 with a personal check that does not show her residential address. You must gather additional documentation to prove that her current residential address is in San Francisco. She provides a copy of her driver's license. In the *Qualifying Request*, you list her residential address. As supporting documentation, you provide a copy of the check and the driver's license. To show that the contribution was deposited, include. To show that the contribution was deposited, include proof of deposit (e.g. bank deposit receipt) and a deposit batch list showing all contributions in that deposit.

**Example:**

Larry Johnson contributions \$100 with a personal check with a pre-printed address and a contributor card that indicates his current residential address is different from what is printed on his check. Larry provides you with a copy of a residential utility bill with a billing address that matches his contributor card. As supporting documentation, you provide a copy of the check, the completed contributor card, and the utility bill. To show that the contribution was deposited, include proof of deposit (e.g. bank deposit receipt) and a deposit batch list showing all contributions in that deposit.

**Deposit Batch Lists & Batch Numbers**

Each time you deposit cash or checks into your committee’s bank account, the cumulative deposit is called a “batch.” You must assign each batch a unique “batch number,” and you must include the batch number for each contribution that you submit for qualification or matching. You may establish any batch numbering system as long as you use it consistently for all deposits. In addition to numbering deposit batches, you must maintain itemized lists of all contributions in each deposit, regardless of whether the contribution(s) will be used for the public financing program.

For example, if you deposit three checks and \$50 in cash on June 6, 2019, you might decide to call this batch 2019.06.06. If you include any of these contributions on a Qualifying Request or Matching Request, you will need to include this batch number with the contribution. Additionally, you must keep a list of the contributions that were included in this batch. Your list might look like the following:

<b><u>Batch 2019.06.06 – Deposited June 6, 2019</u></b>	
1. Bob Jones	\$100.00 (check)
2. Joe Smith	\$500.00 (check)
3. Jane Smith	\$500.00 (check)
4. Tom Alvarez	\$50.00 (cash)
<b>Batch Total:</b>	<b>\$1,150.00</b>

If you accept contributions through a credit card vendor, you will deposit the contributions in your committee’s bank account either by receiving a check from the vendor that aggregates all of the contributions you have received since your last check from the vendor, or the vendor will electronically transfer the funds into your committee’s bank account. Whichever method you use, the contributions must be included in a numbered batch. You can create a unique batch for each credit card vendor transfer, or, for transfers made by check, you may combine check and cash contributions in the same batch. For example, what if on June 6, 2019 you also received a check from your credit card vendor for \$2,000 representing contributions from four individuals? You could deposit the three checks and cash listed above *and* the credit card vendor check and combine them into a single batch. Your list for this batch might look like the following:

<b><u>Batch 2019.06.06 – Deposited June 6, 2019</u></b>		
1.	Bob Jones	\$100.00 (check)
2.	Joe Smith	\$500.00 (check)
3.	Jane Smith	\$500.00 (check)
4.	Tom Alvarez	\$50.00 (cash)
5.	Fred Lee	\$500.00 (credit card)
6.	Jose Rodriguez	\$500.00 (credit card)
7.	Alice Howard	\$500.00 (credit card)
8.	Alex Kim	\$500.00 (credit card)
<b>Batch Total:</b>		<b>\$3,150.00</b>

## V. Review of Application

The Executive Director will review your *Qualifying Request* and supporting documentation to determine if you are eligible to receive public funds. The Executive Director may audit your committee records, interview contributors and take whatever steps he or she deems necessary to determine eligibility.

See S.F. C&GC Code [§ 1.142\(c\)](#).

### **What happens if you are certified as eligible to receive public financing?**

If the Executive Director determines that you have satisfied all the requirements described above (and detailed in section 1.140 of the CFRO), he or she will notify you and certify to the Controller that you are eligible to receive public funds. The Executive Director will make the determination whether to certify you within 30 days from the date that you submit your *Qualifying Request* and supporting documentation, but not later than the 55<sup>th</sup> day before the election.

The Executive Director may conditionally certify you if you satisfy all the requirements of section 1.140 except that you are not yet opposed by another candidate who has either established eligibility to receive public financing or who has received contributions or made expenditures that equal or exceed \$10,000.

See S.F. C&GC Code [§ 1.142\(e\)](#); [SFEC Regulations § 1.142-6](#).

### **Payment is not final determination**

A payment of public funds to the candidate does not constitute a final determination of the amount that the candidate is entitled to receive. Post-election audits may lead to a determination that payments to the candidate were in excess, in which case the Ethics Commission will notify the Controller and the candidate. In addition to any other penalties, the candidate must pay back an amount equal to the amount of excess payments.

## **What happens if you are not certified?**

If your Qualifying Request or supporting documentation is incomplete or otherwise inadequate to establish eligibility, you will not be certified, and the Executive Director will notify you in writing of this decision. If your Qualifying Request is not approved, you may be able to refile or resubmit your Qualifying Request, as described below.

### **Refiling**

If, prior to the 70<sup>th</sup> day before the election, the Executive Director declines to certify a candidate as eligible to receive public financing based on an inadequate Qualifying Request, the candidate may refile the Qualifying Request on or before the 70<sup>th</sup> day before the election. This refiling may include qualifying contributions and supporting documentation not included in previously submitted requests. Before you refile your rejected Qualifying Request, you must notify the Ethics Commission in writing (email is acceptable) that you intend to withdraw the rejected Qualifying Request and refile a new Qualifying Request. Candidates may continue to withdraw and refile new Qualifying Requests provided that no refiling is submitted after the 70<sup>th</sup> day before the election (August 27, 2019).

### **Resubmission**

If, after the 70<sup>th</sup> day before the election, the Executive Director declines to certify a candidate is eligible to receive public financing, the candidate may, within five business days of the date of notification and in no event later than the 60<sup>th</sup> day before the election, resubmit the Qualifying Request and supporting documentation. This resubmission may not include additional qualifying contributions but may include additional supporting documentation. If you do not resubmit by the deadline, the Executive Director's decision not to certify you is final. Additional resubmissions may be permitted in the Executive Director's discretion, provided that no resubmissions for certification may be made later than the 60<sup>th</sup> day before the election. If you fail to resubmit by the deadline, or if no resubmissions are permitted, the Executive Director's decision is final.

### **Appeal to the Ethics Commission**

If the Executive Director makes a final determination that a candidate's timely filed Qualifying Request fails to establish eligibility for public financing, the candidate may appeal to the Ethics Commission. The candidate must deliver the written appeal to the Ethics Commission within five calendar days of the Executive Director's final determination. A candidate who has failed to timely file a Statement of Participation or Qualifying Request may not appeal his or her failure to meet a deadline to the Commission.

See S.F. C&GC Code [§ 1.142\(g\)](#); [SFEC Regulations § 1.142-6](#)

## **What if you withdraw or fail to qualify to have your name on the ballot?**

If you withdraw or fail to qualify to have your name printed on the ballot in the election for which the public funds were provided, you must repay to the Election Campaign Fund the full sum of public funds you received from the Fund. In addition, if you cease to be a candidate, you must: 1) return contributions you received to persons who made such contributions on a last-in, first-out basis; 2) donate such contributions to the City or a charitable organization; or 3) use the contributions to pay outstanding campaign debts or expenses associated with terminating a committee.

See S.F. C&GC Code [§ 1.122\(b\)](#) and [1.148\(b\)](#).

## VI. Disbursement of Public Funds

Once a determination regarding a candidate's eligibility to participate in public financing has been made, The Executive Director will notify the candidate in writing and certify to the Controller that the candidate is eligible to receive public financing. The Controller will disburse payments to candidates in accordance with the determinations made by the Executive Director. To be eligible to receive payments, committees must submit a signed form W-9 to the Ethics Commission to obtain a vendor identification number. Prior the disbursement of any public funds, committees must submit a "Statement of Understanding Regarding Audits" signed and dated by the candidate and the committee treasurer (as listed on the Statement of Organization, Form 410).

### **When will you receive public funds if you are certified?**

The 142<sup>nd</sup> day before the election is the earliest date on which you may receive public funds. For the November 2019 elections, this is Monday, June 19<sup>th</sup>, 2019. Candidates may be certified as eligible for public financing prior to this date, however, public funds will not be disbursed until this deadline.

Candidates who have been certified as eligible to receive public financing have access to funds from the Election Campaign Fund on a first-come, first-served basis.

### **How can you obtain public funds?**

The Controller's office will issue payments for public financing by check to your campaign committee. Authorized payments are disbursed to eligible candidates within two business days, except during the 15 days preceding the election date, when payments will be disbursed within 24 hours.

#### **Payments Issued by Check**

Check payments may be collected by authorized individuals at the Ethics Commission office during normal business hours. Candidates can identify individuals authorized to receive public financing payments on the Qualifying Request form (SFEC Form 1.142(b)). These individuals must present valid identification and sign a form acknowledging receipt of payment when collecting checks. The Ethics Commission must be notified in writing by the candidate or treasurer of any new authorized individuals.

#### **Payments Issued by Electronic Transfer (ACH)**

Committees may also be eligible to receive payments by electronic transfer (ACH). After you receive the vendor identification number, please visit the Controller's website at <http://www.sfcontroller.org/> to register your committee as a vendor using the vendor identification number assigned to you. Please note that establishing eligibility for electronic payments can take time, and processing payments may take an additional one to two business days.

See S.F. C&GC Code § 1.144(a) & (d)

### **How much public funding will you receive initially?**

Once you are certified as eligible to receive public funds, the Controller will pay you an initial amount of \$20,000 from the Election Campaign Fund. After you have been certified eligible for public financing, you may submit a *Matching Request* with supporting documentation to demonstrate matching contributions.

See S.F. C&GC Code [§ 1.144\(d\)](#), [SFEC Regulations § 1.144\(f\)-1](#).

## **VII. Submitting a Matching Request**

Once certified as eligible to receive public financing, a candidate is eligible to receive additional public funds. The amount of funds approved for disbursement will be dependent on the amount of matching contributions raised by the candidate and documentation timely submitted claim.

### **How Do You Make a Claim for Matching Funds?**

You must file claims for additional public funds by submitting a *Matching Request*. Filing a Matching Request and supporting documentation is very similar to filing a Qualifying Request and supporting documentation to establish eligibility for the program. Similar to a Qualifying Request, a Matching Request is filed electronically through NetFile or a compatible third party system. Also, a Matching Request must be accompanied by supporting documentation to prove the receipt and deposit of each contribution and the San Francisco residency of each contributor, even if the contribution/contributor was approved in a prior submission (remember that each submission is reviewed independently).

For instructions on how to file a Matching Request through NetFile, refer to the NetFile Filer Guide. For information about what supporting documentation is required to prove the receipt and deposit of each contribution and the San Francisco residency of each contributor, please refer to the “What Supporting Documentation is Needed?” section in Chapter IV (Submitting a Qualifying Request).

### **What is a matching contribution?**

A matching contribution:

- ✓ is a contribution (including cumulative contributions) up to \$500;
- ✓ has not already been matched for public funds (Example: If the Ethics Commission counts the first \$100 of a \$250 contribution as a “qualifying contribution,” you may only claim the remaining \$150 as a “matching contribution”);
- ✓ is made by an individual who is a San Francisco resident;
- ✓ is made no sooner than 18 months prior to the election and no later than the 30<sup>th</sup> day following the date of the election; and
- ✓ is supported by appropriate documentation.

See S.F. C&GC Code [§ 1.104](#)

### Is There a Minimum Amount of Contributions Required for a Matching Request?

Yes. Any submission of a claim for public funds must include a minimum of \$1,000 of matching contributions, unless that submission is made during the final 14 days before an election, when a claim for public funds must include a minimum of \$200 of matching contributions.

### How often may you submit a claim?

Claims for additional funds are accepted on a continuous first come, first served basis. Once a determination on an existing request has been made, you are eligible to submit a new claim. This means you may only submit and have one request pending before the Ethics Commission at any time.

### When is the last day you may request matching funds?

All claims for public funds must be submitted no later than 5:00 PM on the 30<sup>th</sup> day after an election (December 5, 2019).

See S.F. C&GC Code [§ 1.144\(e\)](#)

### How much can you receive after the initial payment?

If you certified as eligible to receive public funds, you may apply for additional funding by submitting *Matching Requests*. As shown in the table below, after the initial payment of \$20,000, for each dollar of matching contributions that you raise up to \$50,000, you will receive two dollars from the Election Campaign Fund. Thereafter, for each additional dollar of matching contributions that you raise up to \$35,000 (Non-Incumbents) or \$32,500 (Incumbents), you will receive one dollar from the Election Campaign Fund. The maximum amount of public funds issued to a candidate is \$155,000 for non-incumbents and \$152,500 for incumbents.

	Non-Incumbent Candidates		Incumbent Candidates	
	Private Contributions	Matching Public Funds	Private Contributions	Matching Public Funds
<b>Initial Grant</b>	\$10,000	\$20,000	\$15,000	\$20,000
<b>1:2</b>	\$50,000	\$100,000	\$50,000	\$100,000
<b>1:1</b>	\$35,000	\$35,000	\$32,500	\$32,500
<b>Subtotals</b>	<b>\$95,000</b>	<b>\$155,000</b>	<b>\$97,500</b>	<b>\$152,500</b>
<b>Total Public &amp; Private Funds</b>	<b>\$250,000</b>		<b>\$250,000</b>	

See S.F. C&GC Code [§ 1.144\(d\)](#)

## VIII. Understanding Individual Expenditure Ceilings

Candidates for the Board of Supervisors or Mayor are not subject to a voluntary expenditure ceiling (VEC), which may apply when candidates run for Assessor, City Attorney, District Attorney, Public Defender, Sheriff, Treasurer, the Board of Education for the San Francisco Unified School District or the Governing Board of the San Francisco Community College District. Instead, if candidates for the Board of Supervisors or Mayor participate in the public financing program, they are subject to an individual expenditure ceiling.

### **Individual Expenditure Ceiling (IEC)**

Individual expenditure ceiling is a limit on the total amount of expenditures a candidate for Board of Supervisors may make during their campaign. IEC limits apply to candidates who have submitted a Qualifying Request, or who have been certified as eligible to receive public financing. For all supervisorial candidates seeking public financing, the IEC starts at \$250,000. This means that a candidate for Supervisor cannot spend more than \$250,000 on his or her campaign until the IEC has been raised.

**Candidate Supportive Funds (CSF):** The sum of all funds (including monetary contributions, loans, in-kind contributions and public funds) received by a candidate other than funds in the candidate’s campaign contingency account (see “[VIII: The Campaign Contingency Account](#)”)

**Third Party Supportive Funds (TPS):** Expenditures made or expenses incurred by any person (other than a candidate) for independent expenditures, electioneering communications or member communications to support that candidate.

**Total Supportive Funds (TSF):** The sum of a Candidate Supportive Funds and Third Party Supportive Funds supporting that candidate.

**Total Opposition Spending (TOS):** The sum of all expenditures made or incurred by any person (other than a candidate) for independent expenditures, electioneering communications or member communications to oppose a specific candidate.

### **Adjusting Individual Expenditure Ceilings**

The Executive Director of the Ethics Commission will adjust the IEC of a certified candidate in increments of \$10,000 when the Total Supportive Funds of one of the candidate’s opponents, together with the Total Opposition Spending against the candidate, exceeds the candidate’s own Individual Expenditure Ceiling.

The Ethics Commission’s Executive Director may raise an IEC incrementally, but it cannot be reduced or removed it altogether. This means that a certified publicly funded candidate will always be bound by an IEC, regardless of whether they have received public funds. Because IEC limits are adjusted on an individual basis, candidates in the same race may have different expenditure ceilings.

See S.F. C&GC Code [§ 1.143\(b\)](#); [SFEC Regulations § 1.143-1 & -2](#).

### Example:

The District 1 race initially features two candidates, Candidates Alvin and Biao. Candidate Biao has been certified for publicly financing, but Candidate Alvin has not. The IEC of Candidate Biao is \$250,000. Only one third party expenditure has been reported.

#### Candidate Alvin

Not a public financing candidate (NP)  
Has raised \$240,000 in contributions

#### Candidate Biao

Certified public financing candidate (PF)  
Current IEC: \$250,000  
Has raised \$240,000 in contributions and public financing

#### Third Party Committees

Spends \$25,000 against Candidate Biao  
No spending for/against Candidate Alvin

Candidate Name	Initial IEC	Total Supportive Funds (TSF)	Total Opposition Spending (TOS)	Opponent's TSF + TOS	New IEC
Candidate Alvin (NP)	N/A	\$240,000	\$0	\$240,000	N/A
Candidate Biao (PF)	\$250,000	\$240,000	\$25,000	\$265,000	\$260,000

#### **Explanation of the IEC adjustment in District 1:**

Candidate Alvin's Total Supportive Funds (TSF), as a non-public financing candidate, equals the value of all contributions raised (\$240,000) and third-party supportive spending (\$0). Candidate Alvin's TSF = \$240,000.

Candidate Biao's Total Supportive Funds (TSF) equals the value of all funds received up to his current IEC limit (\$240,000) and third-party supportive spending (\$0). Candidate Biao's TSF = \$240,000. Third Party Committees spent \$25,000 opposing Candidate Biao, therefore, Total Opposition Spending (TOS) against Candidate Biao equals \$25,000.

The Executive Director will adjust the IEC of the candidates as follows:

- For Candidate Alvin, there will be no adjustment because Candidate Alvin is not a publicly financed candidate and is not subject to an IEC.
- For Candidate Biao, the Executive Director will add the total supportive funds of Candidate A (\$240,000) to the total opposition spending against B (\$25,000), which equals \$265,000. Because the Executive Director can adjust IECs only in increments of \$10,000, s/he will raise Candidate Biao's IEC to \$260,000.

**Example:**

One week later, there are now 4 candidates the District 1 race, and three of four candidates have been certified eligible to receive public financing. There is one new expenditure by third party committees.

Candidate Alvin

Certified public financing candidate (PF)

Current IEC: \$250,000

Has raised \$260,000 in contributions & public financing

Candidate Biao

Certified public financing candidate (PF)

Current IEC: \$260,000

Has raised \$280,000 in contributions & public financing

Candidate Carlos

Not a public financing candidate (NP)

Has raised \$255,000 in contributions

Candidate Del

Certified public financing candidate (PF)

Current IEC: \$250,000

Has raised \$190,000 in contributions & public financing

Third Party Committees

Spends \$25,000 against Candidate Biao

Spends \$20,000 supporting Candidate Del

No spending for/against Candidates Alvin and Carlos

<b>Candidate Name</b>	<b>Initial IEC</b>	<b>Total Supportive Funds (TSF)</b>	<b>Total Opposition Spending (TOS)</b>	<b>Highest Opponent's TSF + TOS</b>	<b>New IEC</b>
Candidate Alvin (PF)	\$250,000	\$250,000	\$0	\$260,000	\$260,000
Candidate Biao (PF)	\$260,000	\$260,000	\$25,000	\$280,000	\$280,000
Candidate Carlos (NP)	N/A	\$255,000	\$0	\$260,000	N/A
Candidate Del (PF)	\$250,000	\$210,000	\$0	\$260,000	\$260,000

### **Explanation of the IEC adjustment in District 1:**

Candidate Alvin's Total Supportive Funds (TSF) equals the value of funds raised up to his current IEC limit (\$250,000) and third-party supportive spending (\$0). Candidate Alvin's TSF = \$250,000.

Candidate Biao's Total Supportive Funds (TSF) equals the value of funds raised up to his current IEC limit (\$260,000) and third-party supportive spending (\$0). Candidate Biao's TSF = \$260,000. Third Party Committees spent \$25,000 opposing Candidate Biao, who's Total Opposition Spending (TOS) equals \$25,000.

Candidate Carlos' Total Supportive Funds (TSF), as a non-public financing candidate, equals the value of all funds raised (\$255,000) and third-party supportive spending (\$0). Candidate Carlos' TSF = \$255,000.

Candidate Del's Total Supportive Funds (TSF) equals the value of funds raised up to his current IEC limit (\$190,000) and third-party supportive spending (\$20,000). Candidate Del's TSF = \$210,000.

The Executive Director will adjust the IEC of the candidates as follows:

- For Candidate Alvin, the Executive Director will add the highest opponent's TSF (Candidate Biao - \$260,000) to the total opposition spending against Candidate Alvin (\$0), which equals \$260,000. Candidate Alvin's IEC is adjusted to \$260,000.
- For Candidate Biao, the Executive Director will add the highest opponent's TSF (Candidate Carlos - \$255,000) to the total opposition spending against Candidate Biao (\$25,000), which equals \$280,000. Candidate Biao's IEC is adjusted to \$280,000.
- For Candidate Carlos, there will be no adjustment because Candidate Carlos is not a publicly financed candidate and is not subject to an IEC.
- For Candidate Del, the Executive Director will add the highest opponent's TSF (Candidate Biao - \$260,000) to the total opposition spending against Candidate Del (\$0), which equals \$260,000. Candidate Del's IEC is adjusted to \$260,000.

Candidates Alvin and Biao have received funds (contributions + public financing) in excess of their current IEC. Therefore, these excess funds were not counted toward their Candidate Supportive Funds and not included in the Total Supportive Funds amount used to calculate IEC's. Until the IEC is raised for these candidates, they cannot use these excess funds.

[See SFEC Regulations § 1.143-2](#) for additional examples of IEC adjustments

### **What happens if you exceed your IEC?**

If you receive public funds and, at any time during your campaign, you exceed your IEC by 10 percent or more, you must return **all** public funds received. You are also subject to other enforcement penalties.

See S.F. C&GC Code [§ 1.150\(b\)](#)

## IX. The Campaign Contingency Account (CCA)

Candidates certified eligible to receive public funds have a limit on the amount of funds they can have in their trust account (CCTA). This limit is called the Trust Account Limit (TAL) and is tied to the candidate's individual expenditure ceiling (IEC). The Campaign Contingency Account (CCA) is a separate account a candidate can open and transfer funds to in order to stay under their TAL. This allows candidates to continue raising funds in anticipation of their IEC being adjusted, which would increase their TAL thus giving candidates access to these additional funds.

### **Trust account limit (TAL)**

The amount of funds in your CCTA such that the expenditure of this amount would cause you to reach but not exceed your individual expenditure ceiling.

TAL = Current IEC – Total Campaign Expenditures (Paid & Accrued)

Funds deposited into the CCTA are not deemed to exceed the TAL if they are transferred from the CCTA to the CCA within two business days of the date of deposit.

### **How Do I Establish & Use a Campaign Contingency Account?**

The contingency account must be established at the same bank as your trust account. If you open a CCA, you must file *Form SFEC-108* within 10 days of opening the account. All funds received by the committee (private contributions and public financing) must first be deposited into the trust account before being transferred to a contingency account. The committee must report on their campaign statements any funds in the CCA as if they were in the committee's CCTA. Additionally, no expenditures may be made from the CCA. All expenditures must be made using funds in the trust account.

### **Do I need a contingency account?**

It depends. If you are certified as eligible to receive public funds, and are at or near your trust account limit, you may wish to maintain a contingency account. The CCA would then allow you to continue receiving and depositing contributions in anticipation of your IEC being adjusted. If you do not have a CCA, you may not accept or deposit funds that would cause you to exceed your TAL.

### **What if I Want to Transfer Funds Between the CCA and CCTA?**

If you decide to transfer funds from your campaign contingency account (CCA) into your campaign contribution trust account (CCTA), you can only transfer enough to reach (but not exceed) your Trust Account Limit (TAL). If at any time you exceed the TAL for your campaign contribution trust account, within two business days of depositing those contributions in the CCTA, you must transfer the excess back to the campaign contingency account.

## **The CCA After the Election**

After the election date, candidates are no longer allowed to maintain multiple accounts and must, within ten days of the election date, close their CCA and submit a Form SFEC-108 to the Ethics Commission verifying that the CCA balance is zero and the account is closed. Any funds remaining in the CCA after the election date may be subject to forfeiture (see [“XI: After the Election”](#))

Important points to remember:

- All contributions that you deposit into the CCA must be reported on FPPC Form 460 as if they were in your campaign contribution trust account.
- You may not transfer funds into the CCA such that the amount of funds in your CCTA is below your Trust Account Limit.
- You may not make any expenditures from the CCA.
- You may transfer funds from your CCA to your CCTA, provided that the amount of funds in your CCTA does not exceed your Trust Account Limit.
- All funds that qualify as matching contributions and that are transferred from your CCA to your campaign contribution trust account will be matched with public funds in accordance with procedures set forth in the law (and described in this guide).
- Within 10 days after the date of the election, the CCA must be closed.
- Unexpended funds, up to the amount of public funds you received, in your CCTA 30 days after the election date must be returned to the City.

See S.F. C&GC Code [§ 1.108](#); [SFEC Regulations § 1.108-2](#).

### **Example:**

Joan, a candidate for the Board of Supervisors, has been certified as eligible to receive public funds from the Election Campaign Fund. Joan’s individual expenditure ceiling begins at \$250,000. Joan’s campaign contribution trust account balance is \$200,000. Joan has incurred \$30,000 in accrued and paid expenditures. Joan’s trust account limit is now \$220,000.

Joan’s Current IEC	\$250,000
Total Expenditures (paid and accrued)	- \$30,000
Trust Account Limit (TAL)	\$220,000

<b>Is a Campaign Contingency Account Required?</b>
----------------------------------------------------

No – Joan’s trust account balance (\$200,000) is below her TAL (\$220,000). Therefore, Joan is not required to open a CCA.
----------------------------------------------------------------------------------------------------------------------------

### **Example:**

Joan’s individual expenditure ceiling has been raised to \$260,000. Joan’s current campaign contribution trust account balance is now \$210,000 and Joan has incurred a total of \$80,000 in expenditures. Joan’s trust account limit is now \$180,000.

Joan’s Current IEC	\$260,000
Total Expenditures (paid and accrued)	- \$80,000
Trust Account Limit (TAL)	\$180,000

**Is a Campaign Contingency Account Required?**

Yes – Joan’s trust account balance (\$210,000) is above her TAL (\$180,000). Joan must open a Campaign Contingency Account and transfer \$30,000 from her CCTA to the CCA within two business days.

**Example:**

Joan’s individual expenditure ceiling has been raised to \$300,000. Joan’s current campaign contribution trust account balance is still \$180,000 and Joan has incurred no new expenditures. Joan’s trust account limit is now \$220,000. Joan’s campaign contingency account balance is \$30,000.

Joan’s Current IEC	\$300,000
Total Expenditures (paid and accrued)	- \$80,000
Trust Account Limit (TAL)	\$220,000

**Is a Campaign Contingency Account Required?**

Yes – Joan has already opened the CCA account, so it should remain open in case additional funds in excess of her TAL are received. Since Joan’s total contribution trust account balance (\$180,000) is below her current TAL (\$220,000), Joan may transfer the \$30,000 from her CCA to her CCTA.

**X. Uses of Public Funds**

A candidate must deposit all public financing payments received from the City and County of San Francisco into the candidate committee Campaign Contribution Trust Account. A candidate may use public funds to pay for qualified campaign expenditures and to repay loans used to pay for qualified campaign expenditures.

**What is a Qualified Campaign Expenditure?**

A **qualified campaign expenditure** is any expenditure that a candidate committee makes for the purpose of influencing or attempting to influence the actions of the voters for the candidate’s election to the Board of Supervisors. A qualified campaign expenditure includes a non-monetary contribution to the candidate committee. It also includes the total cost that your committee actually pays for or incurs for a slate mailing or other campaign literature produced or authorized by more than one candidate.

**Examples of Qualified Campaign Expenditures:**

- Campaign literature & mailings
- Campaign office rent and utility expenses (up to 30 days after the election date)
- Radio & television ads
- Staffing expenses related to campaign activities

Public funds that remain in a candidate’s account after the election date can also be used to pay for a limited range of expenses associated with an audit such as bank fees, expenses related to an audit, and expenses related to post-election campaign disclosure reports.

## **What are Non-Qualified Campaign Expenditures?**

There are several types of expenditures a candidate may **not** use public funds to pay for and instead must use private contributions or loans. These include (but are not limited to):

- expenses incurred in connection with an administrative or judicial proceeding,
- to pay administrative, civil or criminal fines, including late filing fines,
- to pay for inaugural activities or officeholder expenses after the election date.
- any costs incurred after the election date that did not directly affect the outcome of the election

**Remember:** if a candidate uses any portion of loan to pay for non-qualified campaign expenditures, that portion of the loan may not be repaid with public funds.

## **What happens if I use public funds on non-qualified campaign expenditures?**

If the Ethics Commission determines that a candidate used any amount of public funds for something other than qualified campaign expenditures, the candidate shall pay to the Ethics Commission an amount equal to the improper expenditure.

See S.F. C&GC Code [§ 1.104](#) & [1.148](#); [SFEC Regulations § 1.148-1](#)

## **XI. After the Election**

### **The Audit**

Adopted by San Francisco voters, S. F. Charter [§ C3.699-11\(4\)](#) authorizes the Ethics Commission to conduct [campaign audits](#) of City candidates and committees. The CFRO requires the Ethics Commission to audit all candidates who are certified to receive public funds for compliance with both state and local law. The audits will begin within 60 days after your first post-election campaign report is due. This post-election campaign statement is due on January 31 of the following year.

See S.F. C&GC Code [§ 1.150](#)

## **What happens if you have funds remaining in your Campaign Contingency Account?**

If you have any funds remaining in your campaign contingency account after the election because you reached your trust account limit and were not able to transfer these funds to your campaign contribution trust account, you must turn over these funds to the City. Within ten days after the election, a candidate who elected to establish a CCA must submit a money order, certified check or other written instrument prepared by the financial institution, made payable to the Ethics Commission for an amount equal to the amount of funds in his/her campaign contingency account at the close of the election date, and submit it to the Ethics Commission along with [Form SFEC-108](#) verifying that this amount is accurate and that the CCA has been closed.

See S.F. C&GC Code [§ 1.108\(b\)](#)

## **What happens if you have funds remaining in your Campaign Contribution Trust Account?**

### **Unexpended public funds**

Funds that remain in your campaign contribution trust account on the 30th day after the election are unexpended funds. Unexpended funds include all contributions in your campaign contribution trust account, even if those contributions did not come from public matching funds. Unexpended funds will not total more than the amount of public funds you received. Committees must forfeit unexpended public funds to the City for deposit into the Election Campaign Fund within 30 days of:

- 1) an election;
- 2) your withdrawal from an election;
- 3) your failure to qualify for public funding; or
- 4) the completion of the Ethics Commission's audit of your campaign committee,

whichever event happens the latest.

### **Use of Unexpended Public Funds**

You may use unexpended public funds to pay for expenses associated with an audit such as bank fees, treasurer fees and storage fees until the Commission completes its audit of your committee. The amount of funds used to pay these expenses is deducted from the total amount of unexpended public funds owed to the Ethics Commission.

Funds in your trust account designated as unexpended public funds *cannot* be used to pay new invoices or outstanding invoices from vendors for campaign expenses such as staff and vendor reimbursements, contractor invoices, reporting/disclosure fees, etc.

### **Funds Raised After the Election**

Any funds raised between the election date and the 30<sup>th</sup> day after the election will still qualify as “unexpended public funds” if these funds remain in your trust account after the 30<sup>th</sup> day after the election. Funds that you raise more than 30 days after an election day do not constitute unexpended public funds and may be used for any lawful purpose such as settling outstanding debts from the campaign.

See S.F. C&GC Code [§ 1.148\(c\)](#).

### **Example:**

You received \$40,000 in public funds. On the 30<sup>th</sup> day after the election, you have \$12,000 remaining in your trust account. This \$12,000 is deemed “unexpended public funds” even if you believe that some of these funds came from private contributors. As a publicly financed candidate, you are subject to mandatory audit. During the audit of your committee, you incurred \$2,000 in related expenses. You are required to repay the remaining \$10,000 in unexpended public funds to the Election Campaign Fund no later than 30 days after the audit is completed.

### Example:

You received \$20,000 in public funds. After the election, you have \$60,000 remaining in your trust account. A maximum of \$20,000 is deemed “unexpended public funds” because the amount of unexpended public funds cannot exceed the total amount of public funds you received. You must repay \$20,000 (minus any expenses related to an audit) to the Election Campaign Fund.

## XII. Conclusion

As noted above, this supplemental guide is intended to answer the most frequently asked questions about laws applicable to local candidates seeking public funding and is by necessity general. Any specific questions regarding these laws should be directed to the **Ethics Commission** at 415.252.3100, the **California Secretary of State** at 916.653.6814, the San Francisco **Department of Elections** at 415.554.4375 or the **California Fair Political Practices Commission** at 866.275.3772.

### XIII. Appendix

The check list below outlines the general steps and requirements candidates must complete to qualify for public financing. This is by no means an exhaustive or chronological list of all requirements and should only be used as a general guide by candidates.

- File nomination papers with the [San Francisco Department of Elections](#) to seek election to the Board of Supervisors and be eligible to hold office if elected;
- No later than the deadline to file nomination papers, file a *Statement of Participation or Non-Participation* form, indicating your intent to participate;
- Non-Incumbents: raise at least \$10,000 in qualifying contributions from at least 100 individuals; or Incumbents: raise at least \$15,000 in qualifying contributions in contribution from at least 150 individuals. Qualifying contributions must be between \$10 to \$100, from individuals who reside in the City, received by the 71<sup>st</sup> day before the election.
- Submit a *Qualifying Request* (Form SFEC-1442(b)) with supporting documentation to establish eligibility no later than the 70<sup>th</sup> day before the election;
- Be opposed by at least one 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;
- Agree to spending limits (Individual Expenditure Ceiling) starting at \$250,000, or as raised by the Ethics Commission;
- Not accept any loans to your campaign from anyone except yourself, and not loan or donate more than \$5,000 of your own money to your campaign;
- Not make any payments to a contractor or vendor in return for the contractor or vendor making a campaign contribution to your committee; and not make more than a total of 50 payments to a contractor or vendor who has made a contribution to your committee;
- Agree to participate in at least three debates with your opponents;
- Have paid any outstanding fines owed to the City by you or any of your campaign committees;
- Have [filed any outstanding statements, reports or forms](#) owed to the City by you or any of your campaign committees (see also this [checklist](#)); and
- Have no finding by a court with the past five years that you knowingly, willfully, or intentionally violated the CFRO or the campaign finance provisions of the Political Reform Act.