



City & County of San Francisco
Ethics Commission



Streamlining of Expenditure Ceilings & Reporting Requirements for the Public Financing Program

June 13, 2025



A black and white photograph of an ornate doorway. The door is highly decorative with intricate carvings and scrollwork. A dark mat with the words 'CITY HALL' in white, serif capital letters is placed on the floor in front of the door. A semi-transparent white rectangular box is overlaid on the center of the image, containing the text 'Project Overview'. A solid light blue triangle is positioned in the top-left corner of the image.

Project Overview

CITY HALL

Presentation Overview

1. Background

- Public Financing Program
- Individual Expenditure Ceiling
- Threshold Statements
- Voluntary Expenditure Ceiling

2. Findings

3. Preliminary Recommendations

4. Additional Findings & Recommendations

5. Next Steps



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Background



Public Financing Program

- Established by Prop O in 2000 to reduce the influence of money in politics and ensure that candidates with a demonstrated level of community support can secure sufficient resources to mount a viable campaign
 - Partial public financing for candidates for the Board of Supervisors (up to \$255,000) and Mayor (up to \$1,200,000)
- To qualify for public financing, candidates must agree to an expenditure ceiling
- All candidates in races with at least one publicly financed opponent must file supplemental threshold reports

Individual Expenditure Ceiling

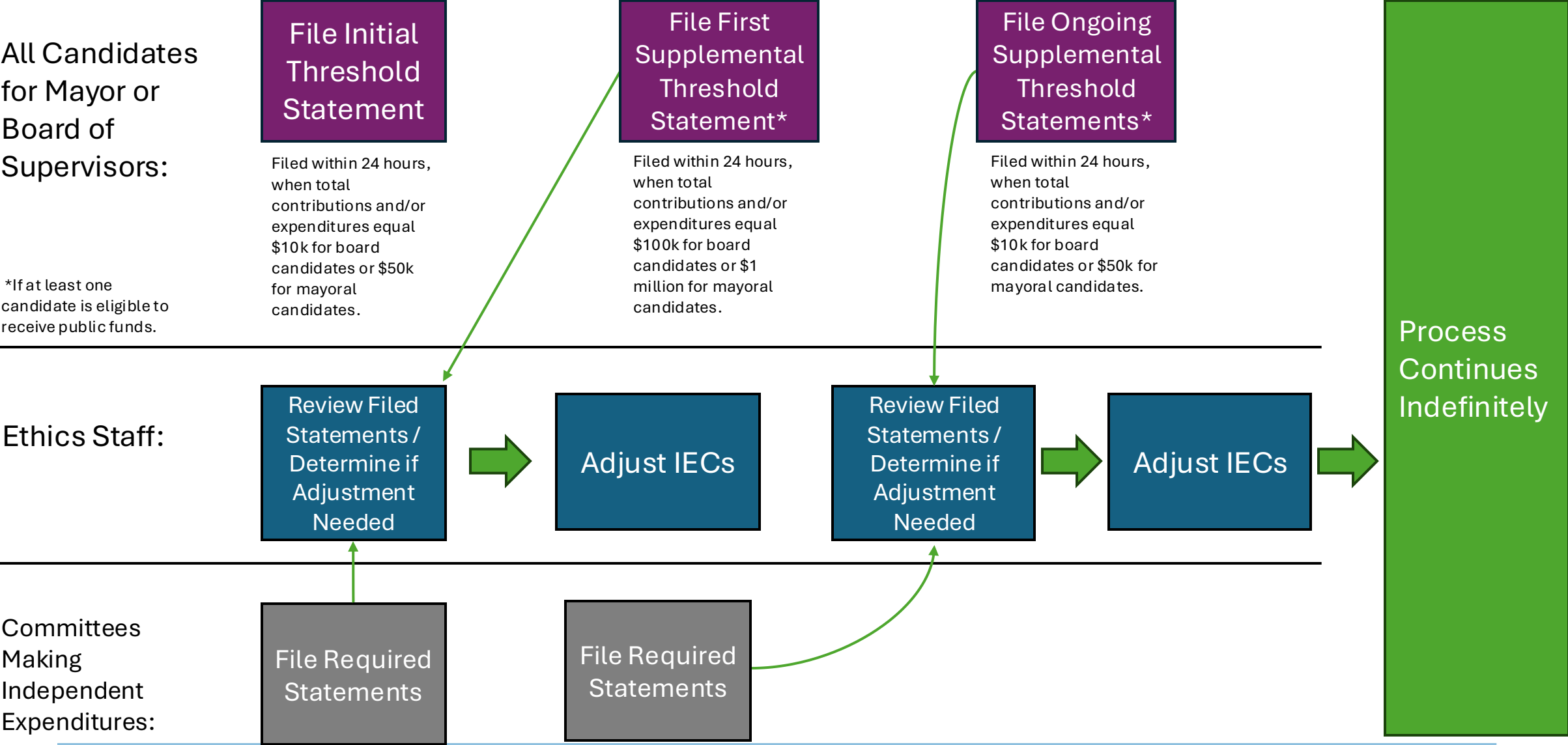
Individual Expenditure Ceiling (IEC): spending limit set for each candidate for Mayor or Supervisor certified to receive public funds.

- **Initial limits:** \$350,000 for Supervisorial candidates; \$1.7M for Mayoral candidates (unchanged since 2019)
- **Trigger:** Once one candidate in a race is certified for public funds, all participating candidates must adhere to their personal IEC.

Adjusting the Individual Expenditure Ceiling

- **Why it adjusts:** IECs can be raised to allow candidates to respond to high third-party spending or well-funded opponents.
- **Adjustment criteria:**
 - Total Supportive Funds (TSF)
 - Total Opposition Spending (TOS)
- **Adjustment formula:** IEC increases when a candidate's TOS plus the highest TSF of an opponent, exceeds the candidate's current IEC.
- **Increments:** \$50,000 for Supervisorial races; \$250,000 for Mayoral races.
- **Announcements:** When determinations made, notice provided.

Figure 1: Current Process for Making IEC Adjustments



Voluntary Expenditure Ceiling (VEC)

- Applies to candidates for Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Treasurer, Board of Education, and College Board
 - Does not apply to candidates for Mayor or Board of Supervisors
- VEC limits (unchanged since 2009):
 - \$243,000 for citywide executive offices
 - \$104,000 for Board of Education and College Board
- Candidates must opt in by nomination filing deadline; once filed, cannot withdraw

Lifting the Voluntary Expenditure Ceiling

- VEC is *lifted* for all candidates in a race if:
 - A non-participating candidate exceeds the VEC
 - Independent expenditures or communications exceed the VEC
 - A participating candidate exceeds their own VEC
- No ongoing Threshold Statements like IEC; instead, candidates must file a notice within 24 hours of surpassing the VEC
- Commission staff monitor activity to determine when to lift the ceiling and must notify all candidates within one business day of such a determination

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Findings



Findings

Ineffective at Limiting Candidate Spending

- Record high total candidate (\$26.8M) and third-party (\$19M) spending in 2024
- **295 IEC increases** -- frequent IEC increases don't meaningfully limit spending (2024)
 - Just 12 *actually* restricted spending
- Primary goal of program is not to limit spending, but enable viable campaigns facing high IE spending

Administrative Burden on Candidates and City Resources

- Daily monitoring, calculating, and communicating IEC changes:
 - 263 Threshold Statements (2024)
 - Ongoing Independent Expenditure Reporting
- Burden extends to campaigns and treasurers
 - Candidates must file within 24 hours of each threshold crossed
 - Disproportionate impact on first-time, under-resourced candidates

Findings Cont.

Comparison to Similar Programs in Other Jurisdictions

| Feature | San Francisco (Current) | Other Jurisdictions |
|-----------------------------------|---|--|
| Ceiling Application | Per-Candidate Ceiling | Per-Race Ceiling (or None) |
| Trigger for Adjustment | Third-party and opponent fundraising/spending | N/A - single financial threshold |
| Adjustment Frequency | Ongoing, Incremental | One-time lift or no adjustment needed |
| Treatment of Third-Party Spending | 100% threshold triggers adjustment | Often lifted before reaching 100% |
| Administrative Burden | High: continuous tracking & communication | Lower: simpler rules, fewer calculations |

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Preliminary Recommendations

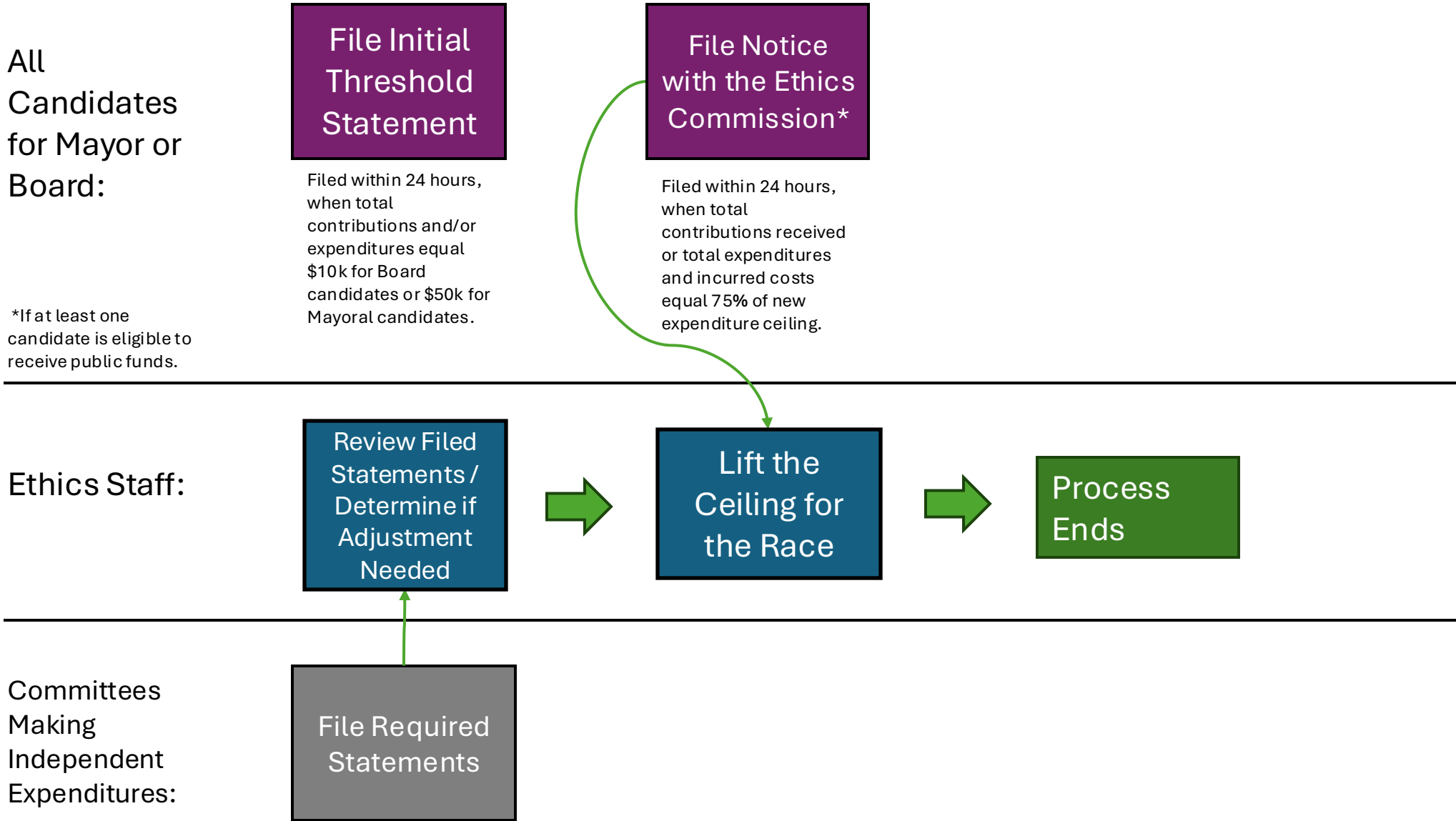


Preliminary Recommendation

1. Adopt a more streamlined expenditure ceiling & reporting mechanisms

- “One-and-done” expenditure ceiling lifted entirely when certain criteria are met
- Uniformly applied to all candidates
- Criteria for lifting:
 1. A non-participating candidate, not subject to the expenditure ceiling, makes expenditures or receives contributions in excess of 75% percent of the ceiling in their race, or
 2. Independent expenditures made in the race exceed 75% of the current expenditure ceiling in the race.
- Simplified Reporting requirements:
 - Candidates give notice when reaching 75% threshold
 - Staff will monitor independent expenditures to identify threshold crossings
 - Supplemental Threshold Statements eliminated

Figure 2: Proposed Process for Lifting Expenditure Ceilings



Preliminary Recommendation Summary

- Reformulate the current expenditure ceilings and apply new limits across the entire race, rather than individualized to specific candidates.
- Set a threshold and criteria that must be met for an expenditure ceiling to be permanently lifted for a given race and discontinue the current policy of adjusting limits indefinitely.
- Adjust requirements to the additional reporting that is required under the current Public Financing Program to reflect that this level of ongoing reporting is not necessary under the revised model.

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Additional Findings & Recommendations



Additional Findings Related to the City's Campaign Finance Rules

Outdated Contribution Limits

- Contribution limits help prevent overreliance on wealthy donors and reduce risk of corruption
- San Francisco's \$500 contribution limit was set in 2009 and has never been adjusted since.

Disclaimer Requirement Changes

- AB 1637 mandates ".gov" web domains for local governments by 2029
- Current campaign ad disclaimers referencing "sfethics.org" will soon become outdated
- Disclaimer language must be updated to ensure on going compliance

Recommendations Related to the City's Campaign Finance Rules

Recommendation 2: Adjustment of Contribution Limits for Inflation

- Inflation-adjusted limit would be \$900 (rounded to nearest \$100)
 - Comparable to State average (\$777) and City of Los Angeles (\$900)
 - Still well below state limit (\$5,900)
- Codifying mechanism for ongoing CPI-based adjustments to nearest \$100 to ensure predictable, incremental updates over time

Recommendation 3: Advertising Disclosure Changes

- Update the disclaimer language required for campaign advertisements to reflect the Ethics Commission's upcoming transition to a new ".gov" web domain, as mandated by state law (AB 1637).

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Next Steps



Next Steps

- Discussion and feedback today
- Staff are working with the City Attorney's Office to draft legislation
- Draft language will be brought to a subsequent Commission meeting for review and a potential vote.



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Thank You!

CITY HALL