

CITY OF OAKLAND

Public Ethics Commission

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Whitney Barazoto, Executive Director

TO: Public Ethics Commission
FROM: Whitney Barazoto, Executive Director
DATE: September 26, 2014
RE: Limited Public Financing Act Program 2014; Re-Distribution of Funds

The Public Ethics Commission will review the status of implementation of the Limited Public Financing Program for the 2014 election and will consider re-distributing funds that are not being used by candidates who opted into the program in early September.

Background

The Limited Public Financing Act (LPF Act) provides District City Council candidates with some public funds to be used for campaign expenses, with the goal of helping ensure that all individuals have a fair and equal opportunity to participate in the elective and governmental process. The process for applying for LPF funds began in late August after the City Clerk certified the names of all of the November 2014 candidates for City office.

PEC staff conducted mandatory LPF trainings for candidates to inform them of the process and guidelines for receiving public funds. At a special meeting on August 21, 2014, the Commission approved 1) the equal distribution of LPF funds to all candidates who opt into the program by September 2, 2014, and 2) PEC staff's recommendation that LPF funds would be re-assessed for redistribution after the September 19th deadline for submission of a candidate's first claim for reimbursement. The purpose of the re-distribution to occur in early October is to maximize the use of all of the money available in the fund by pooling money left unused by non-participating candidates and reallocating it to candidates who are using the funds.

This memorandum provides background information and a recommendation to assist in the Commission's determination.

Phase I – Initial Distribution of Funds

The combined total amount in the Limited Public Financing Election Campaign Fund for fiscal years 2013-14 and 2014-15 is \$155,000, available for the November 2014 election. The Commission is authorized to receive 7.5%, or \$11,625 to cover the costs of administering the provisions of the Act. Therefore, the remaining balance of **\$143,375** is available for distribution to the candidates who participate in the program.

As of August 18, 2014, the City Clerk’s final certification list included 12 candidates running for election to the office of District City Councilmember in districts 2, 4, and 6.

11 of the 12 certified candidates elected to opt in to the LPF program by submitting LPF Form 1 by the September 2nd deadline. The funds were distributed equally among the candidates who elected to opt in, resulting in a total amount of \$13,034 for each candidate for Phase I.

The chart below shows the breakdown of the number of candidates that opted in per district race, the voluntary expenditure ceiling and maximum potential LPF amount per candidate for each district, and the total amount of allocated funds that are available to participating candidates in Phase I.

District Number	Number of Candidates that Opted-In	Expenditure Ceiling	Maximum Potential LPF Amount for Each Candidate Under the Law	Total Amount Allocated to Each Candidate in Phase I
2	4	\$127,000	\$38,100	\$13,034
4	3	\$121,000	\$36,300	
6	4	\$121,000	\$36,300	

Phase II – Re-Distribution of Funds

The intent of staff in administering the LPFA program is to distribute the full amount allocated in the general election fund of \$143,375. In each prior election cycle, substantial funds have gone undistributed, which in turn could have doubled a participating candidate’s subsidy in some cases and funding participating candidates closer to the maximum amount at 30% of the voluntary expenditure ceiling. This issue results from candidates opting to participate in the LPFA program but never requesting reimbursement. In 2012, 14 candidates stated they would accept public dollars, but only 6 submitted and received reimbursements.

During the required LPF training, participants were informed that there would be a Phase II redistribution of funds following a September 19 deadline. Participants were instructed to submit LPF Form 2 application and their first LPF Form 3 claim for reimbursement by September 19, in order to continue to participate and receive any LPF reimbursement. They were also advised and that there would be a redistribution of funds that could potentially increase their allocated amount, depending on how many candidates submit their initial reimbursement by that deadline.

Eight out of the 11 candidates who opted in also timely filed LPF Forms 2 and 3 by the Phase II September 19 deadline and are situated to continue to participate in the LPF program.

Three candidates did not meet the Phase II deadline. One candidate had not raised any money from donors and has used only his own money of less than \$1,000. Another candidate had contributed his own money and exceeded the 10% limit on personal funds. An additional

candidate had neither raised nor spent enough to meet the 5% threshold requirements for contributions or expenditures and was not close to meeting either threshold.

The remaining funds from the three candidates who will not go on to Phase II totals \$39,102. This gives each participating candidate an additional \$4,887 to add to their original allotment of \$13,034, for a total of \$17,921.

The table below reflects the LPFA fund allocation after the initial Phase I based upon candidates who filed LPFA Form 1 to accept public financing, the number of candidates that have actually filed LPFA Form 3 for reimbursement, and how funds would be re-allocated to participating candidates upon a re-distribution.

District	Maximum Potential LPFA Amount for Each Candidate (if fully funded)	Number of Candidates that Filed Form 1	Number of Candidates that Filed Form 3	Total Amount Available to Each Candidate after Initial Phase I Allocation	Total Amount Participating Candidate would receive upon Phase II Redistribution
2	\$38,100	4	4	\$13,034	\$17,921
4	\$36,300	3	2		
6	\$36,300	4	2		

Recommendation

Staff recommends that the Commission approve a redistribution of LPF funds as outlined above, and that each participating candidate’s portion be augmented by an additional \$4,887. Funds will continue to be distributed through the Commission’s existing process at these revised amounts for each candidate.