

Item 6 - Staff Report - LPFA Program 2020 Summary



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TO: Public Ethics Commission
FROM: Jelani Killings, Ethics Analyst
Whitney Barazoto, Executive Director
DATE: November 25, 2020
RE: 2020 LPF Program Summary

This memorandum provides the Commission with an overview of the disbursement of public financing through the administration of the LPF program during the November 2020 election.

Background of the Limited Public Finance Act

The Limited Public Financing Act (LPFA or Act), enacted in 1999 and last amended in 2010, provides District City Council candidates with some public funds by way of reimbursements for certain qualified expenditures, 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 stated purposes of the Act are as follows:

- To ensure that all individuals and interest groups in our city have a fair and equal opportunity to participate in elective and governmental processes.
- To reduce the influence of large contributors with a specific financial stake in matters under consideration by the city, and to counter the perception that decisions are influenced more by the size of contributions than by the best interests of the people of Oakland.
- To reduce the pressure on candidates to raise large campaign war chests for defensive purposes, beyond the amount necessary to communicate reasonably with voters.
- To encourage competition for elective office.
- To allow candidates and office holders to spend a smaller proportion of their time on fundraising and a greater proportion of their time dealing with issues of importance to their constituents and the community.
- To ensure that serious candidates are able to raise enough money to communicate their views and positions adequately to the public, thereby promoting public discussion of important issues involved in political campaigns.
- To help preserve public trust in governmental and electoral institutions.

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2020 Implementation

The process for applying for LPF funds began in late August after the City Clerk certified the names of all the November 2020 candidates running for City Council District offices, a total of 17. The combined total amount in the Election Campaign (LPF) Fund for fiscal years 2019-20 and 2020-21 was \$153,000 available for the November 2020 election.

Initially, all 17 certified candidates were invited to the LPF training and given the opportunity to participate in the LPF program. 16 candidates and/or their representatives attended the mandatory LPF training conducted by Commission staff as required for program eligibility. Only one candidate chose not to attend the training stating that they were not interested in receiving public financing. Of the 16 candidates that attended the training, 15 opted in to receive public financing. One candidate never responded to staff communications to submit LPF Form 1 and subsequently became ineligible for program participation. Consequently, there were 15 participating candidates that opted in to the program and were permitted to apply for an initial allocation of \$10,200 each, which is the amount of the election fund balance divided among the 15 candidates.

To maximize the use of LPF funds by candidates, staff continued the two-phased process of reimbursement allocations first implemented in the 2014 election cycle. Under the two-phased approach, candidates were required to file their first reimbursement claim by September 18 to use their first allotment and to remain eligible for a second redistribution of the remaining funds.

After the Phase-1 deadline, eight of the 15 candidates were ineligible to receive funds. All 8 candidates became ineligible because they had not met the required 5% contribution and expenditure threshold necessary to qualify for the program. According to filed pre-election statements, none of the candidates reached the 5% threshold even after the September 18 deadline.

Therefore, the initial disbursement of \$10,200 previously allocated to each of the eight now-ineligible candidates could be redistributed to the other participating candidates. This redistribution resulted in a new maximum amount of \$21,857 for each remaining eligible candidate, an increase of \$11,657 each.

Below is a list of the participating candidates and the total amount received by each through the LPF program.

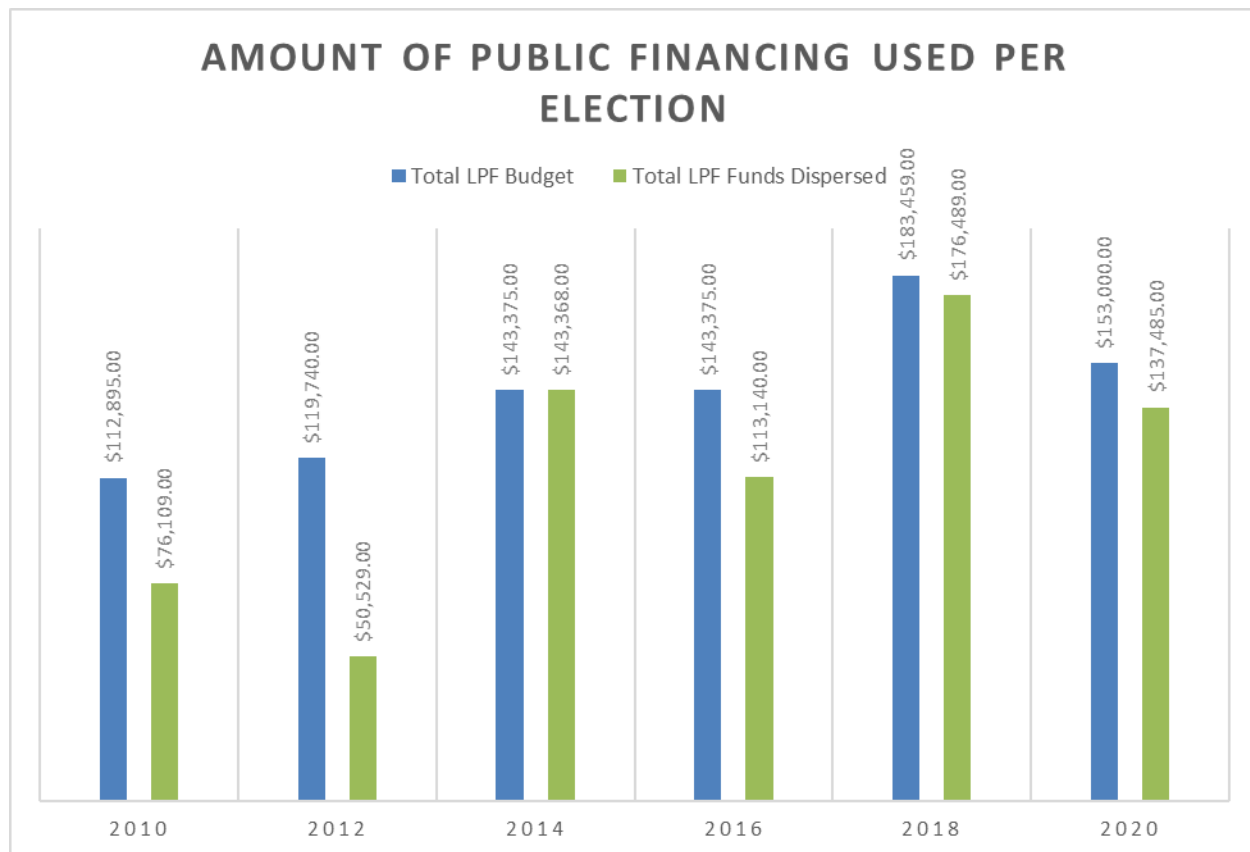
Candidate	District	Total Public Funds Received	Percent of Funds Available to the Candidate
Stephanie Dominguez Walton	1	\$21,857	100%
Dan Kalb (Incumbent)	1	\$21,857	100%
Carroll Fife	3	\$18,319	84%
Lynette Gibson McElhaney (Incumbent)	3	\$21,857	100%
Noel Gallo (Incumbent)	5	\$21,857	100%
Richard Santos Raya	5	\$21,857	100%
Treva Reid	7	\$9,880*	45%

*Candidate returned full amount of public financing received back to the City, stating that she did not require the funds.

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The total amount of reimbursement funds distributed to candidates during the November 2020 election was \$137,485 or 90% of the total funds available.

In the past four elections, the percentage of total funds used, and overall participation percentages have continued to be high, which in part is attributable to the implementation of the two-phased approach in addition to more direct and earlier Commission Staff outreach to candidates. Below is a summary of the total funds available and disbursed out of the program for the last six elections.



The table below illustrates the number of certified candidates per election and the percentage that participated in the LPF program over the same period.

Year	Total Ballot Certified Candidates	Candidates Opted-In to LPF	LPF Opt-In Rate	Total Candidates Receiving Reimbursements	LPF Participation Percentage ¹
2010	12	N/A	N/A	5	42%
2012	20	15	75%	6	30%
2014	12	11	92%	8	67%
2016	9	7	78%	4	44%
2018	15	12	80%	10	67%
2020	17	15	88%	7	41%

¹ LPF participation percentage reflects candidates that met all program eligibility requirements and received public financing.

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Analysis

The continued participation and use of public funds by candidates during election cycles suggests that candidates find the Limited Public Financing program helpful. All the candidates that received public financing indicated that it had a positive effect on their campaign, with one stating that “it helped immensely.” All participating candidates also indicated that they would participate in the LPF program in a future campaign.

The number of candidates that were deemed ineligible due to not meeting the 5% required threshold was considerably noticeable this year as it eliminated over half of the participating candidates. Candidates that did not receive public financing indicated that they would like to see the eligibility requirements reduced but did not indicate to what amount. The table below shows the candidates that were deemed ineligible, their reported contributions as of September 19 and October 17 (pre-election statements), and if they ever reached the 5% contribution threshold during the election cycle.

Candidate Name	District	Oakland contributions reported as of 9/19/2020*	Oakland contributions reported as of 10/17/2020*	Meet 5% Eligibility Threshold
Tri Ngo	1	\$0.00	0.00	No
Alexus Taylor	3	\$0.00	0.00	No
Meron Semedar	3	\$700.00	\$1,350.00	No
Faye Taylor	3	\$0.00	\$0.00	No
Seneca Scott	3	\$600.00	\$1,700	No
Zoe Lopez-Meraz	5	\$1,760.00	\$3,790.66	No
Marchon Tatmon	7	\$950.00	\$1,850.00	No
Marcie Hodge	7	\$800.00	\$2,050.00	No

*Amount does not include non-itemized contributions or non-Oakland addresses reported

With eight candidates initially opting-in but failing to meet Phase II deadline, the two-phase approach proved effective in that it allowed unused money to be re-distributed to candidates, resulting in an increase to each participating candidate’s maximum allotment and ensuring that monies in the election fund were maximized. It also prevents candidates from opting in merely to earmark funds for themselves, not their opponents, with no intent to use funds. Additionally, the deadline of September 18 helps get candidates to file their first claim early, which results in better understanding of the required paperwork and the items qualifying for reimbursement earlier in the process while allowing them more time before the election to submit additional claims.

Conclusion

In implementing the Limited Public Financing Program as currently designed, staff recommends continuing the two-phased distribution process. In addition, Staff will continue to focus on early education resources to help first-time candidates understand program eligibility requirements. While this memorandum focuses on reviewing the administration of the existing public financing program, Commission staff notes that the Commission’s report, *Race for Power*, published earlier this year, made recommendations for rethinking how the process could be redesigned to expand participation and equity in the campaign finance and public financing system.