

City Ethics Commission
Full Public Financing Proposal
 Executive Summary

On November 14, 2006, the Los Angeles City Ethics Commission approved a comprehensive proposal to create a program in which eligible candidates for elective City offices could receive full public financing for their campaigns. The following chart summarizes the key provisions of the proposal and compares them to the City's existing Public Matching Funds program.

Key Provision	Current Law	Proposed Law	Additional Comments
<p>Trust Fund</p>	<p>The existing Public Matching Funds Trust Fund receives an annual appropriation of \$2 million, which has been adjusted for inflation to \$2.6 million. The fund balance may not exceed \$8 million (adjusted to \$10 million).</p> <p><u>Existing Citations:</u> Charter § 471(c)</p>	<p>The Public Campaign Funds Trust Fund would have the following sources of revenue:</p> <ol style="list-style-type: none"> The current General Fund appropriation of \$2.6 million, plus an additional \$9 million annually. Additional, discretionary General Fund appropriations. Private donations. Returned public campaign funds. Interest on the trust fund. <p>Once the fund balance reached \$50 million, the annual appropriation would not be mandatory.</p> <p><u>Proposed Citations:</u> Charter § 471(c) LAMC § 49.7.1.2 LAMC § 49.7.13.B LAMC § 49.7.13.H LAAC § 5.406</p>	<p>The current appropriation and trust fund cap are insufficient to adequately fund a full public financing program. The current General Fund appropriation was adopted by the voters and has been in place for 15 years. Maintaining this established, voter-approved appropriation and supplementing it will help the City provide full public funding for City campaigns.</p> <p>The other funding option is a tax. Only a special tax (requiring a ⅓ vote) ensures that the proceeds are dedicated to the full public financing program. The CLA's office has recommended a special parcel tax of \$0.407 per 100 square feet of improvements. The Commission does not believe that such a tax would pass by a ⅓ vote and, therefore, recommends a General Fund appropriation.</p>
<p>Qualifying Contributions</p>	<p>The matching funds program requires candidates to collect threshold levels of contributions:</p> <ol style="list-style-type: none"> \$25,000 for City Council. \$75,000 for Controller. \$75,000 for City Attorney. \$150,000 for Mayor. <p>Up to \$250 per contribution may be matched for Council seats and up to \$500 contribution may be matched for Citywide seats.</p> <p>Matching funds are provided only for contributions from individuals.</p> <p><u>Existing Citations:</u> LAMC § 49.7.19(A) LAMC § 49.7.20 LAAC § 24.5(i)(2) LAAC § 24.5(i)(3)</p>	<p>The proposed program would require qualifying contributions in the same amounts:</p> <ol style="list-style-type: none"> \$25,000 for City Council. \$75,000 for Controller. \$75,000 for City Attorney. \$150,000 for Mayor. <p>The contributions would also have the same maximums: \$250 for Council and \$500 for Citywide.</p> <p>Qualifying contributions must be made by individuals who reside in the City.</p> <p><u>Proposed Citations:</u> LAMC § 49.7.13.B LAMC § 49.7.13.F</p>	<p>Qualifying contributions are used as a means of gauging the viability of a candidate, which helps the City act as responsibly as possible with public monies. The existing contribution requirements remain the same, because the matching funds program was created as a starting point for public financing within the City.</p> <p>The Commission has asked for additional input regarding the amount of qualifying contributions (whether they should be smaller), as well as the source of qualifying contributions (whether they should come from registered voters within a candidate's district).</p>

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<p>Funding Levels</p>	<p>The matching funds program provides dollar-for-dollar matches of qualified contributions, up to the following limits for primary elections:</p> <ol style="list-style-type: none"> \$100,000 for City Council. \$267,000 for Controller. \$300,000 for City Attorney. \$667,000 for Mayor. <p>The limits for general elections are:</p> <ol style="list-style-type: none"> \$125,000 for City Council. \$300,000 for Controller. \$350,000 for City Attorney. \$800,000 for Mayor. <p>If a race involves wealthy candidate spending (expenditures by a nonparticipating opponent that exceed the spending limit and include personal funds valued at more than 50% of the spending limit) or an independent expenditure (money spent by a third party to support or oppose a candidate), the limits for a general election are raised to the following amounts:</p> <ol style="list-style-type: none"> \$150,000 for City Council; \$360,000 for Controller. \$440,000 for City Attorney. \$1,000,000 for Mayor. <p><u>Existing Citations:</u> LAMC § 49.7.22</p>	<p>The proposed program would provide public funds to qualified candidates in the following amounts for primary elections:</p> <ol style="list-style-type: none"> \$350,000 for City Council. \$1,000,000 for Controller. \$1,500,000 for City Attorney. \$3,500,000 for Mayor. <p>The amounts for general elections are:</p> <ol style="list-style-type: none"> \$300,000 for City Council. \$750,000 for Controller. \$1,200,000 for City Attorney. \$3,000,000 for Mayor. <p>Candidates in general elections also receive additional reserve funds that may be spent only to respond to independent expenditures or wealthy candidate spending:</p> <ol style="list-style-type: none"> \$100,000 for City Council. \$250,000 for Controller. \$400,000 for City Attorney. \$1,000,000 for Mayor. <p>Participating candidates who are elected to office receive \$75,000 per year, in lieu of officeholder funds.</p> <p><u>Proposed Citations:</u> LAMC § 49.7.12.A.1 LAMC § 49.7.13.B LAMC § 49.7.13.I</p>	<p>One of the goals of full public financing is to encourage more people to run for office. To do that, funding levels must be sufficient to enable candidates to communicate their names and viewpoints. The proposed funding levels are based on historic spending patterns for every election since the 2001 regular elections (when term limits and independent expenditures first became significant factors).</p> <p>Another goal of full public financing is to eliminate the influence that special interests may have when they donate to a candidate. If that goal is met by providing public funding during a campaign, it makes sense to continue to meet that goal with public funds once a candidate is elected to office.</p> <p>There is no limit to the amount that can be spent through independent expenditures or by wealthy candidates, but it is important to provide at least some funds with which a candidate can respond. Reserves are provided in generals, because independent expenditures and wealthy candidate spending are 2½ times more likely to occur then.</p>
<p>The Process</p>	<p>Currently, City candidates may begin fundraising either 24 months (Citywide) or 18 months (Council) prior to a primary election.</p> <p>Candidates who seek matching funds must file a statement with the Commission by the deadline for filing notice of intent to be a candidate named on the ballot (about 4 months before a primary).</p> <p>Candidates can request matching funds in increments of \$10,000 or more until two weeks before the primary, at which time they can file in increments of \$1,000 or more.</p> <p>Approved payments are made to candidates within 4 business days of a request.</p> <p><u>Existing Citations:</u> LAMC § 49.7.7 LAMC § 49.7.18 LAMC § 49.7.21 LAMC § 49.7.23 LAAC § 24.5(c) LAAC § 24.5(f)</p>	<p>Under the proposed program, fundraising for all candidates begins 12 months before a primary election. Those seeking public funds must file a statement at that point, to indicate their interest in participating in the program.</p> <p>The next three months are the qualifying period, during which candidates who have filed may collect qualifying contributions. Applications for public funds are due at the end of the qualifying period.</p> <p>Eligible candidates receive funds three times:</p> <ol style="list-style-type: none"> Half of the funds for a primary are received within 15 business days of the application deadline. Half of the funds for a primary are received within 10 business days after the ballot is certified. All funds for a general are received within 5 business days after the ballot is certified. <p><u>Proposed Citations:</u> LAMC § 49.7.13.C LAMC § 49.7.13.D LAMC § 49.7.13.J</p>	<p>Candidates who want to receive full public financing must give notice so that the Commission can review the balance of the trust fund and determine funding levels.</p> <p>The fundraising window is the same for all candidates, so no candidate is disadvantaged by not being able to solicit contributions while others can. The window is shortened to 12 months, because it may be extremely difficult for candidates (particularly challengers) to garner enough support to qualify for the program more than a year before an election.</p> <p>In addition to public funds, candidates may spend the qualifying contributions they collect and a limited amount of personal funds (\$10,000 for Council candidates and \$25,000 for Citywide candidates).</p>