Item 7
Action

Matching Funds Qualification

Executive Summary: This item analyzes a possible reduction in the aggregate contribution threshold, recommends clarifications to the debate/town hall requirements, and recommends technical amendments.

Recommended Action: Determine whether to amend the qualification requirements and approve the technical amendments.

Authors: Heather Holt, Executive Director
David Tristan, Deputy Executive Director

Presenters: Tyler Joseph, Director of Policy
David Tristan, Deputy Executive Director
Matching Funds Qualification

A. Introduction

In February 2018, the Ethics Commission undertook a substantive review of the campaign finance laws and recommended a number of amendments to the matching funds program. The City Council adopted the recommendations with two modifications, and those changes became effective on January 28, 2019.

One of the modifications reduced the per-contributor maximum (the limit on the amount of money from a single contributor that a candidate can use to qualify for and receive matching funds). The other modification reduced the aggregate contribution threshold (the total dollar amount of contributions that a candidate must obtain to qualify for matching funds) for City Council candidates only.

The City Council asked the Ethics Commission to consider and report on the modification to the aggregate contribution threshold. This item responds to that request, recommends clarifying the debate and town hall qualification requirement, and recommends making technical corrections. The recommendations are intended to apply to City elections that occur after the 2019 special election in City Council District 12.

B. Aggregate Contribution Threshold

The matching funds program provides limited public funding to help qualified City candidates pay for their campaigns. Los Angeles City Charter (Charter) § 471. To qualify for matching funds, a candidate must meet a number of criteria. Los Angeles Municipal Code (LAMC) § 49.7.23. One of those criteria is the aggregate contribution threshold, meaning the minimum dollar amount of contributions that a candidate must collect using the per-contributor maximum.

1. Background

To qualify for matching funds, a candidate must obtain a threshold dollar amount of contributions. The amount varies depending on which office the candidate seeks. As of January 28, 2019, the thresholds are $20,000 for City Council candidates, $75,000 for City Attorney and Controller candidates, and $150,000 for Mayoral candidates. LAMC § 49.7.23(C)(1)(a).

The amount per contributor that may be used toward that threshold is capped. Id. Since the program’s inception in 1993 until January 28, 2019, this per-contributor maximum had been $250 for City Council candidates and $500 for Citywide candidates. In August 2018, the Ethics Commission recommended a comprehensive package of amendments to the matching funds program, which did not include a change to the per-contributor maximums. See Council File No.
However, in response to public comment and a communication from Councilmembers Buscaino and Ryu, the City Council did reduce the per-contributor maximum, in an effort to give more value to smaller contributions. *Id.* The per-contributor maximums are now one-seventh of the per-person contribution limit for the office the candidate seeks. That results in current per-contributor maximums of $114 for City Council candidates and $214 for Citywide candidates.

Each component of the matching funds program is interdependent with the other program components, and a change in one can dramatically affect another. The change to the per-contributor maximum was made in isolation, without a corresponding change in the aggregate contribution threshold. As a result, qualifying for matching funds was made significantly more difficult. When the per-contributor maximum reduced by more than half, with no compensating adjustment in the aggregate contribution threshold, the minimum number of contributions required to reach the aggregate contribution thresholds is more than doubled. For example, City Council candidates would have to obtain a minimum of 219 contributions to reach an aggregate contribution threshold of $25,000, as opposed to a minimum of 100 contributions in the program recommended by the Ethics Commission.

In an attempt to rectify this, Councilmember Bonin introduced an amending motion, which would return the aggregate contribution thresholds to the original number of minimum contributions required to qualify. *Id.; see Attachment E.* For City Council candidates, returning to the original minimum (100 contributions) would require an aggregate contribution threshold of $11,400, a 54-percent reduction in the program’s original $25,000 (and a 43-percent reduction in the new $20,000 threshold).

The City Council referred Councilmember Bonin’s amending motion to the Ethics Commission for analysis. In the meantime, the City Council reduced the aggregate contribution threshold for City Council candidates by 20 percent to $20,000. LAMC § 49.7.23(C)(1)(a)(i). That reduction requires a candidate to receive a minimum of 176 contributions to meet the aggregate contribution threshold.

2. Considerations

   a. Trust Fund Sustainability

   A key consideration regarding a reduction in the aggregate contribution threshold is how it will affect the Public Matching Funds Trust Fund (the trust fund), which houses the public money that is used to pay qualified City candidates. An appropriation must be made every year to the trust fund, and it is adjusted annually to reflect changes in the Consumer Price Index (CPI). Charter § 471(c). The appropriation this fiscal year is $3,265,683. By the end of the current fiscal year, the trust fund balance is projected to be approximately $19 million, minus any payments made for the June 4 special primary election in City Council District 12.

   Reducing the aggregate contribution threshold is likely to result in more candidates who qualify for public funds. This, in turn, will affect the trust fund balance. To determine whether the trust fund can sustain lower aggregate contribution thresholds, Ethics Commission staff made
projections about appropriations and payouts through the 2030 elections. Attachments A through D provide four different projection scenarios:

A) The current thresholds are maintained (the original thresholds apply to Citywide candidates and, as adopted by the City Council, a 20-percent reduction in the original threshold applies to City Council candidates);

B) All thresholds are reduced by 20 percent;

C) All thresholds are reduced by 40 percent; and

D) All thresholds are reduced by 54 or 57 percent (the reductions resulting from Councilmember Bonin’s motion).

The projections are based on data from every City election from 2007 through 2017. The projections also make several assumptions based on that historic data: 1) The average number of candidates who met the relevant contribution threshold in each scenario will qualify for matching funds; 2) In primary elections, half of all qualifying candidates will receive the maximum amount of matching funds and half will receive 50 percent of the maximum; 3) Every open seat race will go to a general election, and both candidates in every general election will receive maximum matching funds; and 4) No incumbent race will go to a general election. Finally, all relevant numbers are adjusted for CPI where required by law.

Based on these assumptions, the trust fund is sufficient to support all of the projections in Attachments A through D. The highest balance is in Attachment A, which maintains the current aggregate contribution thresholds (i.e., makes no change to the law) and results in a projected trust fund balance of nearly $8 million in 2030. See Attachment A. The lowest balance is in Attachment D. If Councilmember Bonin’s motion is adopted, all aggregate contribution thresholds will be reduced by 54 or 57 percent, and the trust fund balance in 2030 is projected to be just over $5 million. See Attachment D.

Attachments B and C consider two other scenarios. Attachment B reduces all aggregate contribution thresholds (not just the threshold for City Council candidates) by 20 percent. Attachment C reduces all aggregate contribution thresholds by 40 percent, a middle-ground alternative. Both of these projection scenarios result in a 2030 trust fund balance of at least $6 million.

We are confident in the reasonableness of the projections. They take into consideration reliable data and assumptions. Other balancing factors are also at play. For example, while the program may allow more candidates to qualify, it will likely be more challenging to receive maximum funding. More contributions will be required to reach maximum funding, even at the new 6:1 match rate, because of the reduced per-contributor maximums.

However, it is important to keep in mind that the projections are merely projections. They are based on historic data in a program that had very different entry points and parameters from those that exist in today’s program. Therefore, it will be critical to reevaluate the trust fund’s sustainability after having experienced at least one full four-year election cycle.
The 2020 elections will have two open City Council seats, and all three Citywide seats will be open in the 2022 elections. Those elections will provide a better understanding of how the new program will affect each type of seat. Importantly, they will also provide insight into how the program will affect highly competitive, and therefore costly, open-seat races. For example, maximum funding per Mayoral candidate is currently $2,208,700 per election cycle. If more Mayoral candidates receive maximum funding than anticipated based on historic data, the projections will certainly need to be revisited. Reevaluating after the 2020 and 2022 elections will help shed light on whether further adjustments or refinements are necessary to ensure that the trust fund continues to provide full funding for all qualified candidates.

b. Program Goals

Another key consideration is the goals of the matching funds program. Those goals include promoting public discussion of important issues by helping candidates raise enough money to communicate their views, encouraging competition for public office by reducing the financial advantage of incumbents, and reducing the need for excessive fundraising. Charter §§ 471(a)(2)(A), (B), (F).

It is essential to these important goals that the program be attractive to candidates and actually infuse money into the campaign process. The program must also ensure the proper stewardship of public resources. To that end, its qualification criteria are a series of ways candidates demonstrate that their receipt of matching funds is a responsible use of public money. The qualification criteria appropriately impose a level of rigor on candidates, but they should not be unattainable for all but a select few.

Originally, City Council candidates had to obtain the equivalent of 100 contributions of $250 to meet the aggregate contribution threshold. City Attorney and Controller candidates had to obtain the equivalent of 150 contributions of $500, and Mayoral candidates had to obtain the equivalent of 300 contributions of $500. As the program now stands, City Council candidates must obtain the equivalent of 176 contributions of $114, City Attorney and Controller candidates must obtain the equivalent of 350 contributions of $214, and Mayoral candidates must obtain the equivalent of 701 contributions of $214. This is an increase of 76 to 134 percent in the number of contributions required to qualify for matching funds.

The three tables on the next page identify the aggregate contribution thresholds that are reflected in the original program and in the scenarios in Attachments A through D. They also indicate the corresponding minimum number of contributions required to reach the minimum dollar amounts.
Aggregate Contribution Threshold

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c. Caveats

It is important to keep in mind that the new matching funds program is just that: new. As a result, we do not have any actual data on participation rates, max-out rates, or any other number associated with the new program. We will have more precise data after the 2022 elections, and it may show that assumptions based on historic data must be updated. Therefore, we again urge a reevaluation of the program and the trust fund after the 2022 elections.

It is also important to keep in mind that the program has an effect not only on candidates but also on Ethics Commission staff. For example, when a candidate submits a claim for matching funds, the Ethics Commission has four business days to process the claim, evaluate the legitimacy of every contribution identified in the claim, and determine the amount of matching
funds the candidate is entitled to based on that claim. Los Angeles Administrative Code (LAAC) § 24.34(d)(1)(C). When the per-contributor maximum is reduced, more contributions are required to both qualify (meet the aggregate contribution threshold) and to receive maximum funds. In addition, an audit is mandatory for every committee controlled by each candidate who receives any matching funds. Charter § 702(d); LAAC § 24.41.

As a result, increases to both temporary and permanent staff may be necessary to comply with the administrative obligations associated with the program. As with data regarding participation and payment rates, we will be better able to assess budgetary needs after the 2022 elections.

3. Recommendations

The Ethics Commission has always supported a matching funds program that encourages broad participation in the electoral process and carefully safeguards the sustainability of the trust fund. Reducing the contribution thresholds will help to ensure that the matching funds program remains attractive and accessible to candidates. And, after evaluating the trust fund in light of the new laws and the assumptions made in the projections, we believe that the trust fund will remain viable if the program returns to the minimum number of contributions that existed in the original program. It is likely to infuse into City campaigns more of the funds that the voters have set aside for that purpose without threatening the trust fund balance.

In addition, we believe that it is important to apply the same calculation to the aggregate contribution threshold for every elected seat. In other words, the percentage reduction applied to City Council candidates must also be applied to Citywide candidates. The one exception to this is the scenario presented in Councilmember Bonin’s motion, under which the thresholds are adjusted to reflect the minimum number required in the original program, rather than the minimum dollar amount. In that case, the percentage reductions would be slightly different for City Council candidates and Citywide candidates.

If the reduction in Councilmember Bonin’s motion is preferred, the aggregate contribution thresholds may be modified with the following amendments.

LAMC § 49.7.23(C)(1).
PARTICIPATION AND QUALIFICATION REQUIREMENTS.

1. The candidate and the candidates’ controlled committee received qualified contributions that meet the following criteria:

   a. The contributions meet or exceed the following aggregate amounts:

      i. $20,000 for City Council candidates, an amount equal to 100 times the maximum per-contributor amount in Section 49.7.27;

      ii. $75,000 for City Attorney and Controller candidates, an amount equal to 150 times the maximum per-contributor amount in Section 49.7.27;
iii. **$150,000** For Mayoral candidates, an amount equal to 300 times the maximum per-contributor amount in Section 49.7.27.

For each contributor, the maximum that may be counted toward these thresholds is one-seventh of the per-person City campaign contribution limit that applies under Section 49.7.3(B)(2)(a) or 49.7.3(B)(2)(b) to the elected City office that the candidate seeks, rounded to the nearest dollar. Loans, pledges, and non-monetary contributions do not count toward the thresholds.

If a reduction to the dollar value of the aggregate contribution thresholds is preferred, as projected in Attachments B [and C], the following amendments may be made.

LAMC § 49.7.23(C)(1). PARTICIPATION AND QUALIFICATION REQUIREMENTS.

1. The candidate and the candidates’ controlled committee received qualified contributions that meet the following criteria:
   
a. The contributions meet or exceed the following aggregate amounts:
   
   i. **$20,000** for City Council candidates;
   
   ii. **$75,000-$60,000** for City Attorney and Controller candidates;
   
   iii. **$150,000-$120,000** for Mayoral candidates.

   For each contributor, the maximum that may be counted toward these thresholds is one-seventh of the per-person City campaign contribution limit that applies under the maximum per-contributor amount in Section 49.7.27 or 49.7.3(B)(2)(b) to the elected City office that the candidate seeks, rounded to the nearest dollar. Loans, pledges, and non-monetary contributions do not count toward the thresholds.

C. Debate / Town Hall Meeting

Another qualification criteria for the matching funds program is participating in a debate or town hall meeting. This requirement was recently amended, and we believe clarity through further refinement is desirable.

1. **Background**

Since 1993, candidates have had to agree to participate in debates with opponents to qualify for matching funds. They did not have to actually participate in a debate, because an opponent could easily deny the candidate matching funds by refusing to debate. The Ethics Commission recommended, and the City Council adopted, a change that would require a candidate to actually participate in a debate with opponents or conduct a town hall meeting at
which opponents and the public can ask the candidate questions. LAMC § 49.7.23(C)(6); LAAC §§ 24.31(b)(11); 24.34(a)(5). The town hall meeting was adopted as an alternative to the preferred debate, to continue to safeguard against a candidate not qualifying for matching funds simply because no opponent agreed to debate.

As of January 28, 2019, a candidate must document compliance with the requirement by submitting a copy of the invitation to or announcement of the debate or town hall meeting with a request for qualification (Form 22). LAAC § 24.34(a)(5).

2. **Considerations**

Public comment provided to the City Council, after the Ethics Commission transmitted its recommendations, raised questions about whether a town hall meeting was always an option instead of a debate and also about whether a town hall meeting could become simply another campaign rally.

3. **Recommendation**

We recommend providing clarification regarding the availability and character of a town hall meeting. First, we recommend amending the law to specify that a debate is required for matching funds candidates, unless it is not an option because all opponents refuse to debate. Second, we recommend amending the definition of “town hall meeting”, to clarify that a majority of the meeting must be focused on a question-and-answer session, during which the candidate must respond to questions from attendees.

The clarifications could be implemented with the following updates to one section of the Campaign Finance Ordinance (CFO) and two sections of the matching funds regulations in the LAAC.

**LAMC § 49.7.23(C)(6).**

**PARTICIPATION AND QUALIFICATION REQUIREMENTS.**

The candidate has either participated in a debate with one or more opponents or, if no opponent agrees to debate, conducted a town hall meeting with the public.

**LAAC § 24.31(b)(11).**

**PROCEDURAL REGULATIONS FOR THE PUBLIC MATCHING FUNDS PROGRAM.**

“Town Hall Meeting” means an event conducted by a participating candidate, at which the public is able to ask the candidate questions, and which is open to the public, the media, and other candidates, and at which a majority of the time is focused on the participating candidate responding to questions posed by attendees.
ACCEPTING AND QUALIFYING FOR MATCHING FUNDS.

The candidate understands that the candidate must either participate in a debate with one or more opponents or, if no opponent agrees to debate, conduct a town hall meeting;

D. Technical Recommendations

In any policy review, the inevitable close scrutiny of existing laws is likely to reveal language that should be corrected or clarified. This review follows suit, and we recommend technical amendments to three sections of the CFO.

1. Proper Citation

City law regulates virtually every financial aspect of running a campaign for elected office. Loans and credit are among those financial aspects, and a section of the CFO addresses them specifically. One of the provisions in that section states that winning candidates may not repay personal loans they made to their campaigns beyond the personal loan limit for matching funds candidates. However, the section incorrectly refers to a qualification criteria about appearing on the ballot, rather than to the qualification criteria that limits personal loans.

This reference may be corrected with the following technical amendment.

LAMC § 49.7.9(E).
LOANS AND CREDIT.

Following an election, candidates who are elected to the offices they sought during that election may not repay personal loans to themselves from their controlled committees for elected City office in excess of the limitations on personal funds in Section 49.7.23(C)(45).

2. Filing Deadline

The CFO requires all candidates to file information with the Ethics Commission about their electronic media, including email addresses, web sites, and social media accounts. The requirement specifies that amendments must be filed within 10 days of any change in the original information, but it does not specify when the original filing must be submitted.

To reflect the actual practice that has been in effect since this section was adopted, and to ensure consistency with the deadline for several other candidate filings, we recommend the following amendment. See, e.g., Charter §§ 470(c)(2), (g).
3. **Expenditure Ceiling**

The CFO lists all of the qualification criteria that apply to candidates who want to receive matching funds. One of the criteria is that the candidate may not spend more than the expenditure ceiling for the candidate’s race. The matching funds regulations make this clear by specifying that a request for qualification must state that the candidate “has not made and will not make expenditures in excess of the expenditure ceilings ….” LAAC § 24.32(a)(3)(C). However, the way the CFO currently refers to that requirement is that a candidate must simply “agree[] in writing not to exceed” the expenditure ceiling.

To reflect the actual practice that has been in effect since the inception of the matching funds program, the matching funds regulations, and the existing language for other qualification criteria, we recommend the following amendment.

See, e.g., LAMC §§ 49.7.23(C)(5), (C)(10), (C)(11).

**E. Conclusion**

We make several recommendations intended to apply to elections that occur after the 2019 special election in City Council District 12. First, we recommend determining what the aggregate contribution thresholds should be for matching funds candidates and applying the same calculation to all elected seats, as discussed in Section B. Second, we recommend clarifying the debate requirement and the definition of “town hall meeting”, as specified in Section C. Finally, we recommend approving the technical recommendations in Section D.

Written public comments are provided in Attachment F. Any approved recommendations will be transmitted to the City Council for their consideration and action.
Attachments

A  Trust Fund Projections (Current Thresholds)
B  Trust Fund Projections (20% Reduction in Thresholds)
C  Trust Fund Projections (40% Reduction in Thresholds)
D  Trust Fund Projections (54/57% Reduction in Thresholds)
E  Amending Motion, Council File No. 12-1269-S5
F  Public comment
City Elections 2020 – 2030

Projected Matching Funds Payments and Trust Fund Balance

- Current Qualifying Thresholds -

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Assumptions:
- The number of qualifying candidates is the average number of candidates for each seat who met the relevant contribution threshold in each City election from 2007 to 2017.
- Half of the qualifying candidates receive the maximum matching funds, and half receive 50% of the maximum.
- Both candidates in a runoff election receive the maximum matching funds.
- Every open seat race (assuming two terms for Citywide candidates and three terms for City Council candidates) goes to a runoff.
- No incumbent race goes to a runoff.
- The trust fund appropriation and the maximum per-candidate funding are adjusted annually for CPI.
# Projected Matching Funds Payments and Trust Fund Balance

## City Elections 2020 – 2030

### Assumptions:
- The number of qualifying candidates is the average number of candidates for each seat who met the relevant contribution threshold in each City election from 2007 to 2017.
- Half of the qualifying candidates receive the maximum matching funds, and half receive 50% of the maximum.
- Both candidates in a runoff election receive the maximum matching funds.
- Every open seat race (assuming two terms for Citywide candidates and three terms for City Council candidates) goes to a runoff.
- No incumbent race goes to a runoff.
- The trust fund appropriation and the maximum per-candidate funding are adjusted annually for CPI.

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### Starting Balance
- 2020: $19,378,163
- 2021: $19,605,488
- 2022: $21,970,496
- 2023: $13,535,279
- 2024: $16,019,982
- 2025: $16,706,303
- 2026: $19,315,494
- 2027: $13,064,365
- 2028: $15,807,283
- 2029: $15,594,173
- 2030: $18,474,523

### Appropriation
- 2020: $3,347,325
- 2021: $3,431,008
- 2022: $3,516,783
- 2023: $3,604,703
- 2024: $3,694,821
- 2025: $3,787,191
- 2026: $3,881,871
- 2027: $3,978,918
- 2028: $4,078,391
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- 2030: $4,284,859

### Total Disbursements
- 2020: $3,120,000
- 2021: $1,066,000
- 2022: $1,120,000
- 2023: $3,008,500
- 2024: $1,178,000
- 2025: $5,466,500
- 2026: $1,236,000
- 2027: $4,291,500
- 2028: $1,300,000
- 2029: $14,569,000

### Ending Balance
- 2020: $19,605,488
- 2021: $21,970,496
- 2022: $13,535,279
- 2023: $16,019,982
- 2024: $16,706,303
- 2025: $19,315,494
- 2026: $13,064,365
- 2027: $15,807,283
- 2028: $15,594,173
- 2029: $18,474,523
- 2030: $8,190,383
### City Elections 2020 – 2030

#### Projected Matching Funds Payments and Trust Fund Balance

- All Qualifying Thresholds Reduced by 40%

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<th>Seat</th>
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<tr>
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**Assumptions:**

- The number of qualifying candidates is the average number of candidates for each seat who met the relevant contribution threshold in each City election from 2007 to 2017.
- Half of the qualifying candidates receive the maximum matching funds, and half receive 50% of the maximum.
- Both candidates in a runoff election receive the maximum matching funds.
- Every open seat race (assuming two terms for Citywide candidates and three terms for City Council candidates) goes to a runoff.
- No incumbent race goes to a runoff.
- The trust fund appropriation and the maximum per-candidate funding are adjusted annually for CPI.
City Elections 2020 – 2030

Projected Matching Funds Payments and Trust Fund Balance

- All Qualifying Thresholds Reduced by 54-57% (Bonin Motion) -

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<th>Seat</th>
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Assumptions:

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- Both candidates in a runoff election receive the maximum matching funds.
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- No incumbent race goes to a runoff.
- The trust fund appropriation and the maximum per-candidate funding are adjusted annually for CPI.
MOTION

I MOVE that the matter of the Rules, Elections, and Intergovernmental Relations Committee Report and Ordinance First Consideration relative to revisions to the Regulations of the City Ethics Commission concerning matching funds, Item No. 1 on today’s Council Agenda (CF’s 12-1269-S5 and 15-1088-SI), BE AMENDED to adopt the following in lieu of Recommendation 3 (a) of the Report:

Recommendation 3 (a) Relative to LAMC Section 49.7.23 (C)(1)(a) regarding Participation and Qualification requirements, and qualified contributions received by the candidate that exceed the following aggregate amounts: (i) 100 times the maximum per contributor that receives matching funds per Section 49.7.27 for City Council candidates, (ii) 150 times the maximum per contributor that receives matching funds per Section 49.7.27 for City Attorney and Controller candidates, and (iii) 300 times the maximum per contributor that receives matching funds per Section 49.7.27 for Mayoral candidates, and tie these amounts to the Consumer Price Index.

i. Strike the language stating that the first $500 of each contribution counts toward the threshold for Citywide candidates, and the first $250, of each contribution counts toward the threshold for City Council candidates.

ii. Add language stating: For each contributor, the maximum that may be counted toward these thresholds is one-seventh of the per-person City campaign contribution limit that applies under Section 49.7.3(B)(2)(a) or Section 49.7.3(B)(2)(b) to the elected City office that the candidate seeks, rounded to the nearest dollar.

PRESENTED BY: MIKE BONIN
Councilmember, 11th District

SECONDED BY: 

October 5, 2018
Los Angeles Ethics Commission  
200 North Spring Street  
City Hall, 24th Floor  
Los Angeles, CA 90012

To the Commissioners,

As an organization that is based in the Los Angeles area, we are grateful that the Ethics Commission has been working to improve the Matching Funds program for LA City candidates. The more robust public financing system we have, the more candidates and elected officials will be able to spend time speaking with and effectively representing a diverse constituency rather than a smaller group of powerful interests.

Recent changes to increase the public funds match rate to $6 to $1, cap donations that qualify for matches at $114, and requiring candidates seeking matching funds to attend a debate or town hall are all positive steps in the right direction. We now write to express our support for additional changes that will protect the integrity of the electoral process and make it easier for candidates to mount a viable campaign without relying primarily on a few wealthy donors.

Lowering the qualifying threshold to $11,400

The current threshold for city council candidates to raise $20,000 in small dollar donations to qualify for matching funds is a very high bar—especially for those running for office for the first time. We believe lowering that threshold to $11,400, while still a high bar, would be a significant improvement.

As any local elected official can attest, raising significant amounts of money from small donor contributions is a challenge. In fact, research shows that less than 1 percent of the population gives political contributions over $200. So for a candidate to reach the proposed $11,400 threshold, they still need a substantial amount of support.

We believe that it is important for candidates to have a meaningful base of support before they receive matching funds, but that $11,400 in small dollar contributions unequivocally constitutes a meaningful base of support. Therefore, we strongly urge you to lower the qualifying threshold from $20,000 to $11,400.

Clarifying the requirements for a debate and town hall

We commend the recent change requiring matching funds recipients to participate in a debate or town hall event. Candidates should be accessible to their constituents and debates are one of the best ways for voters to learn the differences between candidates. Unfortunately, we live in an age when we need to be clear about what constitutes a town hall or a debate, to ensure that candidates comply with the spirit of the law.
To that end, we support refining the definition of a town hall and debate to ensure that the events are put on in concert with an independent third party that is not affiliated with the candidate or candidate committee. We recommend the Los Angeles City’s Department of Neighborhood Empowerment (DONE) as an organization that can organize at least one such town hall or debate for any candidate seeking to be a matching funds recipient.

DONE’s relationship with Neighborhood Councils would allow them to work effectively in a candidate’s district and ensure that community stakeholders are involved in the process. If DONE is unable to facilitate a town hall or debate, we would support the decision to allow another independent third party to host the event.

Limiting developer contributions, as desired by a majority of Los Angeles voters

In 2011, 75% of Los Angeles voters—an overwhelming majority—supported Measure H to ban contributions from entities bidding or planning to bid for city contracts. Such contributions can lead to decisions that are not based entirely on what is best for residents, but rather on what rewards influential contributors. In a city with affordable housing issues like Los Angeles, it is especially important that developers do not have undue influence over the Los Angeles City Council.

We therefore urge this commission to support a proposal to limit undue influence by developers, including but not limited to restrictions on contributions by persons involved in large development projects—including property owners, officers, managers, and/or agents or representatives of a developer—both before, while, and after seeking city approval. Restricting those contributions will ensure a more equitable discussion of critical issues.

As an organization that works on campaign finance reform at the federal level, we believe it is important for Los Angeles to set an example for other cities across the country to follow. Therefore, we strongly encourage you to work toward a campaign finance system that makes it easier for individuals to mount competitive campaigns for elected office, and for individuals to have a meaningful say after elections have taken place.

We believe the changes recommended above would give voters in Los Angeles greater ownership in local elections, and broaden political participation. In a time of increasing wealth inequality, it is imperative that everyone have equal access to the political process. We strongly urge you to promptly pass the reforms supported by Common Cause and other organizations throughout the city of Los Angeles.

Sincerely,

David Edward Burke
President and Founder
Citizens Take Action

5042 Wilshire Blvd. #41644
Los Angeles, CA 90036

info@citizenstakeaction.org
www.citizenstakeaction.org
Public Comment on Campaign Finance and Matching Funds Policy

Dear Los Angeles Ethics Commission,

Attached is our public comment on behalf of California Common Cause for the topics being discussed at the upcoming Ethics Commission meeting on 2.19.2019.

Best,

Kiyana

Kiyana Asemanfar
Policy Outreach Coordinator
California Common Cause
453 S. Spring St, Suite 401
Los Angeles, CA 90013
(o) 213.623.1216 | (m) 310.507.4048
Kiyana@commoncause.org
www.commoncause.org/CA
February 13, 2019

Dear Los Angeles City Ethics Commission Members,

We would like to thank you for working with us over the years to finally move a proposal through Los Angeles City Council to improve the public Matching Funds program for LA City candidates. At the outset, we have always had several goals in mind as we helped to establish the system in 1990, increase the money in the Trust Fund in 2012, and slowly increase the match rate to a Super Match with in-district requirements this past December.

The main goals with the LA Matching Funds program are to:
1) **increase the diversity** of candidates able to run for office so they are more representative of the city’s gender, racial, and class composition;
2) **incentivize candidates to communicate with a much broader and diverse set of constituents**, not just the wealthy, and well-connected establishment; and to
3) elect representatives to City Council and other city offices who are **responsive to the needs of all their residents**, not just those who are able to make major campaign donations.

The Los Angeles City Charter also establishes that one of the purposes of the Matching Funds program is to “help restore public trust in governmental and electoral institutions”. The program also sets out to “avoid corruption or the appearance of corruption by providing an alternate source of funding for campaigns and reducing real or perceived ties between elected officials and special interests.”

The recent changes before the City Council take us in the right direction by:
1) increasing the match rate to $6 public funds for every $1 of individual LA resident donations raised,
2) capping donations that qualify for matches at $114, and
3) requiring candidates seeking public Matching Funds to participate in a debate or town hall, rather than just agreeing to appear at one.

We now raise two issues that still need to be addressed to ensure that LA Matching Funds program fulfills these goals and purposes:

1) **Lowering the qualifying threshold**: We support Councilmember Bonin’s amendment to return the qualifying threshold standard to the previous requirement: 100 times the eligible match limit, which would amount to $11,400 with the current eligible limit of $114. A requirement of any higher aggregate qualification threshold would serve as another prohibitive barrier for new candidates. As we see more young and female candidates of color stepping forward to run for office, we ask the City Council to adjust the aggregate threshold to ensure that the systemic barriers that have previously blocked new candidates are not inadvertently reinforced in the new reforms. A qualifying
threshold of $11,400 is still a considerable amount of money for new candidates to raise; those that are able to meet this number would have demonstrated a significant enough level of support and viability and should therefore become eligible to receive matching funds to jumpstart their campaigns. We also understand that the Ethics Commission’s recent analysis finds that there are sufficient funds to support this proposal.

2) **Clarifying the debate and town hall requirements and definitions:** We commend the recent move to require matching funds recipients to participate in a debate or town hall event. This requirement should be further strengthened to ensure that candidates fulfill the spirit of the law, which is to “promot[e] public discussion of the important issues involved in political campaigns” as stated in the Los Angeles Charter Code.

- Debates are mandatory in races where more than one candidate is seeking matching funds. For races where only one candidate is seeking matching funds or whether other candidates are unwilling to debate in a timely manner, a town hall event can be substituted;
- Debates and town halls are organized by independent third parties who are not supporting or opposing any candidates, issue campaigns, or political parties, to ensure that they are conducted in a fair and even-handed manner; and
- Event organizers invite all matching funds candidates running for a certain office to participate.

By strengthening these two features of the Matching Funds program, we can ensure that the 2020 election cycle invites a diverse universe of candidates to run for office, talk to a broad set of their constituents, and engage in meaningful discussions and debates with each other on the issues that matter most to Angelenos.

While strengthening the Matching Funds program remains a priority, we also recognize that our city is experiencing a period of heightened crisis as news of corruption probes and alleged violations of ethics has been revealed. The recent news implicates members of local government in potential criminal acts with business interests. As the public is now focused on the city's ethics issues and potential corruption, the Los Angeles Ethics Commission and City Council have a real opportunity to take swift action.

We call for measures to limit wealthy, special interest influence on council members’ activities and decision-making. Los Angeles voters overwhelmingly approved a similar initiative reining in pay-to-play politics at City Hall in 2011, banning campaign contributions from entities bidding or planning to bid for city contracts. Today, similar special interests continue to operate similar tactics with our elected officials. Through generous contributions, developers can secure city approval of development projects and even get tax exemptions or overrides on traditional zoning rules. These contributions circumvent the democratic process, disincentivizing our government officials from considering the needs of Los Angeles residents and giving developers a pass as a reward for their contributions.
Limiting the disproportionate influence of special interests on our city government is a top priority. We support proposals that restrict wealthy, special interests’ ability to buy favorable treatment from city officials. This proposal should include:

1. a ban on corporate donations with a people-only policy that restricts all contributions from non-individuals;
2. additional restrictions on contributions from real estate developers, who wield heavy influence on the city’s development project approval process, and include restrictions on their agents and immediate family members; and
3. limitations on behested payments.

We ask the Ethics Commission to research these 3 measures and propose a strong, comprehensive policy to reinforce the democratic processes in our city and ensure that our elected officials are fulfilling their primary duty to Los Angeles residents first over any other special interests.

Best,
Kiyana Asemanfar, Policy Outreach Coordinator
California Common Cause
February 13, 2019

To: President Melinda Murray  
Vice President Andrea Sheridan Ordin  
Commissioner Araceli Campos  
Commissioner Shedrick (Rick) Davis  
Los Angeles City Ethics Commission

Cc: Executive Director Heather Holt  
Deputy Executive Director David Tristan

Re: Policy Review on Developer Contributions and Matching Funds

Dear Honorable Members of the LA City Ethics Commission:

We would like to thank the commission for its continued focus on both improving our matching funds program and addressing the influence of developer contributions. We look forward to reviewing the upcoming report and providing additional comment at that time.

For now, we respectfully submit the following general recommendations:

1. **Developer Ban**: We strongly support a ban on developer contributions. The scope of coverage should be extensive, and extend well past the project’s completion. For this policy to be effective it must include not only owners of the property, but include principals, employees, contractors, subcontractors, architects, and anyone else with a significant financial interest in the project.

2. **People Only Model**: The strongest anti-corruption package would include both a developer ban and a people only model in which corporations and LLCs are unable to directly contribute to candidates. This would offer administrative clarity, auditing clarity, and greater transparency for the public. In 2013 the voters of LA passed Proposition C with nearly 77% of Angelenos in support. This resolution demanded a constitutional amendment to overturn Citizens United and address corporate political spending. While that fight continues, there is nothing stopping the City from banning direct corporate contributions, just as the federal government does.

3. **Behested Payments**: There are many ways by which the undue influence of behested payments can be addressed. Developers, lobbyists, and major contractors must be banned from making behested payments. Furthermore, city officials and their immediate staff should be banned from soliciting
behested payments (aside from limited exemptions for emergency/disaster relief and efforts to address homelessness).

4. **$11,400 Aggregate Threshold:** Our December 10th letter, signed by over 50 local, state, and national organizations, explains in detail why we strongly support Councilmember Bonin’s motion to lower the aggregate threshold. Because of changes the City Council made to the reform package initially proposed by the Ethics Commission, candidates will need to secure a minimum of nearly 2x as many contributors to reach the threshold. CA Clean Money Campaign’s report shows that this would have a severe impact on the number of candidates qualifying. We understand the Commission never intended to make it harder for candidates to qualify, and this amendment ensures the City adheres to the same standards that have been in place for nearly three decades.

5. **Debate Requirement:** The current debate requirement needs to be clarified to ensure that candidates do not try to game the system, and avoid participating in a real debate. The town hall option was introduced into the conversation as a way of preventing circumvention, not a means through which circumvention of the debate requirement would become routine. A town hall should only be available to candidates who have clearly made a good faith effort to secure a debate with their opponents.

   Thank you for your consideration of this matter, we look forward to working with you on these important reforms.

Sincerely,

American Indian Movement SoCal
Bernie Sanders Brigade
California Clean Money Campaign
California Common Cause
Coalition to Preserve Los Angeles
Humanity First
LA Forward
League of Women Voters of Los Angeles
Me Too March International
Occupy ICE LA
Our Gov LA
Represent.Us, Los Angeles - San Gabriel Valley chapter
Unrig LA