

# CHAPTER FOUR

## PUBLIC MATCHING FUNDS

The City's matching funds program helps candidates run for public office without having to rely on excessive fundraising. The program incentivizes candidates to engage directly with their community by amplifying smaller contributions from across the City.

### A. PARTICIPATING IN THE MATCHING FUNDS PROGRAM

You must file a Form 20 with the Ethics Commission to agree or decline to participate in the matching funds program. The form may be filed any time after you file your Form 12, but it must be filed by the end of candidate filing week.

Your decision applies to both the primary election and the general election. If you decide not to participate in the program for the primary, you cannot change your mind and participate in the program for the general.<sup>56</sup>

If you initially agree to participate and one of your opponents declines to participate, you have until 5:00 p.m. on February 18, 2022 (five business days after the end of candidate filing week), to withdraw from the program.<sup>57</sup> An amended Form 20 must be filed to withdraw.

### B. QUALIFYING FOR MATCHING FUNDS

After agreeing to participate in the program, you must meet certain qualification criteria in order to actually receive matching funds. If you participate, you are required to abide by the program rules, whether or not you actually qualify for or receive funds.

You must do all of the following to qualify for public matching funds:

1. Limit the amount you contribute or lend to your own campaign:

<b>City Council</b>	\$37,000
<b>Citywide</b>	\$148,100

<sup>56</sup> LAMC § 49.7.23(A).

<sup>57</sup> LAMC § 49.7.22(C).

2. Receive qualified contributions of \$5 or more from 100 individuals living in your City Council district or, for Citywide candidates, the City.
3. Receive a minimum cumulative threshold of qualified contributions from individuals residing in the City:

	Minimum Cumulative Threshold	Maximum Amount Per-Contributor That Counts Towards the Threshold
<b>City Council</b>	\$11,400	\$114
<b>Controller</b>	\$32,100	\$214
<b>City Attorney</b>	\$32,100	\$214
<b>Mayor</b>	\$64,200	\$214

4. Limit your campaign spending, as explained in Section C below, to the following amounts:

	Primary	General
<b>City Council</b>	\$571,000	\$476,000
<b>Controller</b>	\$1,332,000	\$1,000,000
<b>City Attorney</b>	\$1,498,000	\$1,165,000
<b>Mayor</b>	\$3,329,000	\$2,662,000

5. Be certified to appear on the ballot.
6. Be opposed by a candidate who is also certified to appear on the ballot.
7. Participate in a debate with one or more opponents who have qualified to appear on the ballot or, if no opponent agrees to debate you, conduct a town hall meeting. A debate must last at least 60 minutes, be moderated by an independent third party, and be open to the public. A town hall meeting must be open to the public, the media, and other candidates and last at least 60 minutes, a majority of which must be focused on you responding to questions posed by attendees.
8. Attend an Ethics Commission candidate training. Your treasurer must also attend a training.
9. File all required campaign statements.

**Note:** A qualified contribution is a contribution that you receive and that meets all of the following criteria:

- It is lawful.
- It is from a City resident other than you or your immediate family (spouse, domestic partner, dependent children).
- It is not a loan, a pledge, or a non-monetary contribution.
- It was received after the fundraising window opened, after you filed your Form 12, and no more than three months after the date of the election.

## C. EXPENDITURE CEILINGS FOR PARTICIPATING CANDIDATES

Once you agree to participate in the program, you are required to abide by an expenditure ceiling, regardless of whether you actually request or receive matching funds.<sup>58</sup> The ceilings for the 2022 elections are as follows:

	Expenditure Ceilings	
	Primary	General
<b>City Council</b>	\$571,000	\$476,000
<b>Controller</b>	\$1,332,000	\$1,000,000
<b>City Attorney</b>	\$1,498,000	\$1,165,000
<b>Mayor</b>	\$3,329,000	\$2,662,000

### 1. ALL CAMPAIGN EXPENDITURES COUNT TOWARD THE CEILING

Campaign expenditures include everything your committee spends its funds on, including all costs incurred before and after the election, accrued expenditures, and non-monetary (in-kind) contributions. The only exception is the filing fee paid during the primary election to be certified to appear on the ballot. The primary election and the general election are considered two separate elections<sup>59</sup>, and a primary committee's expenditures are counted separately from a general committee's expenditures.

### 2. WHEN THE EXPENDITURE CEILING MAY BE LIFTED

In the following specific circumstances, your expenditure ceiling may be lifted:

- a. A candidate in your race who is not participating in the program spends more than your expenditure ceiling. **All candidates must notify the Ethics Commission in writing on the day they raise more than the expenditure ceiling and again on the day they spend or incur expenditures totaling more than the ceiling, even if the ceiling has already been lifted.**<sup>60</sup> You may send this notification via email.
- b. Independent expenditure communications (IEs) to support or oppose a single candidate in your race exceed the following amounts:

<b>City Council</b>	\$92,000
<b>City Attorney / Controller</b>	\$184,000
<b>Mayor</b>	\$368,000

<sup>58</sup> LAMC § 49.7.22(B).

<sup>59</sup> Charter § 470(b)(3).

<sup>60</sup> LAMC § 49.7.26.

An IE communication is a communication that expressly advocates the election or defeat of a clearly identified candidate or, taken as whole and in context, unambiguously urges a particular result in an election but is not authorized, distributed, paid for, or behested by the affected candidate or committee.<sup>61</sup>

If either of those circumstances occurs, the Ethics Commission will lift the expenditure ceiling and notify all participating candidates that it no longer applies. You may not exceed the expenditure ceiling until after you have received notice from the Ethics Commission that it has been lifted.

If you are elected to office and exceed an expenditure ceiling when it has not been lifted, you may not repay yourself the balance of any personal loan you made. The outstanding loan amount is considered a personal contribution to your campaign.<sup>62</sup>

#### D. MAXIMUM FUNDING FOR A PARTICIPATING CANDIDATE

The amount of funding available to each qualified candidate is limited.<sup>63</sup> The limits vary, based on the office sought and the type of election. For the 2022 elections, the maximum funding is as follows:

	Maximum Matching Funds	
	Primary	General
<b>City Council</b>	\$161,000	\$201,000
<b>Controller</b>	\$428,000	\$482,000
<b>City Attorney</b>	\$482,000	\$562,000
<b>Mayor</b>	\$1,071,000	\$1,284,000

For each election, the Ethics Commission is required to evaluate the balance of the Public Matching Funds Trust Fund to determine what level of funding is available to eligible candidates. If the trust fund balance is insufficient to fully fund each qualified candidate, the Ethics Commission must approve a reduced maximum, distributed on a pro-rata basis.<sup>64</sup>

61 LAMC § 49.7.2(L).

62 LAMC § 49.7.9(F).

63 LAMC § 49.7.29.

64 LAMC § 49.7.30(C); LAAC § 24.33(d).

## E. MATCHING FUNDS FORMULA

Qualified contributions from individuals are matched at a 6-to-1 rate. Up to \$114 per contributor may be matched for City Council candidates, and up to \$214 per contributor may be matched for Citywide candidates.<sup>65</sup> At the 6-to-1 match rate, contributions of those amounts have approximately the same value as maximum per-person contributions.

Consider the following examples:

Seat	Contribution Amount	Matchable Portion	Match Rate	Matching Funds Payment	Total Value
City Council	\$5	\$5	6:1	\$30	\$35
City Council	\$114	\$114	6:1	\$684	\$798
City Council	\$200	\$114	6:1	\$684	\$884
City Attorney	\$200	\$200	6:1	\$1,200	\$1,400
Controller	\$214	\$214	6:1	\$1,284	\$1,498
Mayor	\$500	\$214	6:1	\$1,284	\$1,784

The following **cannot** be matched<sup>66</sup>:

- Contributions from you or your immediate family (spouse, domestic partner, dependent child).
- Contributions from non-individuals (businesses, unions, PACs, etc.).
- Contributions from individuals who do not reside within the City.
- Contributions received before they are allowed (*i.e.*, before you file a Form 12).
- Contributions received more than three months after the election.
- Loans, pledges, and non-monetary contributions.
- Returned or unpaid contributions (*i.e.*, bounced checks).

<sup>65</sup> LAMC § 49.7.27.

<sup>66</sup> LAMC § 49.7.2(T).

## F. CLAIMING MATCHING FUNDS

You must submit a Form 22 in order to request qualification or claim a payment of matching funds. Your request for qualification may also serve as your first claim for payment. The Ethics Commission staff processes every Form 22, to verify that you have met all the qualification requirements and to determine the amount of matching funds you are eligible to receive.<sup>67</sup>

**Note:** Please ask the Ethics Commission staff for assistance before submitting a Form 22.

### 1. REQUIRED DOCUMENTATION

- a. A spreadsheet listing all contributions, alphabetical order, for which matching funds are requested. A spreadsheet template is available on the Ethics Commission's website.
- b. The following information for every contribution<sup>68</sup>:
  - i. The contributor's name, residence address, occupation, and employer (or, if contributor is self-employed, the name of the contributor's business);
  - ii. The complete contributor certification identified in Section 3.G.6;
  - iii. The date the contribution was received;
  - iv. The amount of the contribution;
  - v. The cumulative amount of contributions received from that contributor for the same election;
  - vi. The portion of the contribution for which matching funds are claimed;
  - vii. Previous amounts of matching funds already received for that contributor for the same election; and
  - viii. Whether the contributor's residence address is within the City and, for City Council candidates, within the district.
- c. A contributor certification for every contribution. Sample certifications are provided in Appendix D.

<sup>67</sup> LAMC §§ 49.7.28, 49.7.30.

<sup>68</sup> LAAC § 24.34(a)(8).

- d. Proof of every contribution. This means a copy of the check or the electronic transaction receipt. Transaction receipts must identify the date, the amount, the name on the card or account, the card or account number or partial number, and the transaction identification number.
- e. For qualification requests, the invitation to or announcement of the debate or town hall meeting in which you participated.<sup>69</sup>

## 2. CERTIFICATION

You and your treasurer must sign the Form 22, to certify that all contributions are from City residents, have been deposited into the campaign checking account, and that, to the best of your knowledge, all supporting documentation is true and complete.

## 3. SUBMISSION

Form 22, the accompanying spreadsheet, and supporting documentation for every contribution in the spreadsheet must be submitted to [ethics.matchingfunds@lacity.org](mailto:ethics.matchingfunds@lacity.org).

## 4. TIMING

You may submit a Form 22 at any time after you have filed your Form 20. The Ethics Commission staff will process your submissions as they are received, but payments cannot be issued unless you have been certified to appear on the ballot and have otherwise qualified to receive matching funds.<sup>70</sup> The City Clerk typically certifies which names will be on the ballot three to four months prior to a primary election.

**The deadline to submit claims for qualification is the date of the election.** You may submit claims for payment up to three months after the date of the election.

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<sup>69</sup> 2 CCR § 2434(a)(5).

<sup>70</sup> LAAC § 24.32(b).

## 5. MINIMUM DOLLAR AMOUNT PER CLAIM

Each claim must represent a certain amount of matchable contributions.<sup>71</sup>

- Up to 15 days before the election, a claim must represent at least **\$10,000** in matchable portions of qualified contributions.
- During the 14 days immediately preceding the election, a claim must represent at least **\$1,000** in matchable portions of qualified contributions.
- At any time, a claim may represent **any amount** in matchable portions of qualified contributions if it will result in you receiving a final payment for the maximum amount of matching funds available to you for that election.

## 6. COLLECTING MATCHING FUNDS PAYMENTS

The Controller's office issues payments within two business days after it receives authorization from the Ethics Commission. You may submit paperwork to have payments directly deposited into your bank account, or you may elect to receive checks. If you elect to receive checks, you will be notified when payment is available for pick up at the Ethics Commission's office. You must provide written notice of individuals who are authorized to pick up your payments, and they must present photographic identification at the time of pick up.

## 7. SUBMITTING FALSE CLAIMS

Making a false claim is a misdemeanor, and all matching funds received as a result of a false claim must be returned. In addition, a false claim may lead to a court determination that a candidate who has been elected to office must be removed from office.<sup>72</sup>

## 8. UPDATES AND CORRECTING CLAIMS

The Ethics Commission will review your claim and provide you with a list of rejected contributions, as well as the reasons the contributions cannot be matched. If you need to update or correct a contributor's information, you must submit an amended claim that includes written clarification from the contributor. The amended claim and supporting documentation may be submitted to [ethics.matchingfunds@lacity.org](mailto:ethics.matchingfunds@lacity.org).

<sup>71</sup> LAAC §§ 24.34(c)(2)(A)-(B).

<sup>72</sup> LAMC § 49.7.28(D).

## G. ADDITIONAL INFORMATION

### 1. USE OF MATCHING FUNDS

Matching funds may only be spent for purposes reasonably related to influencing the outcome of your race. Using the funds in any other way is a misappropriation of public money.<sup>73</sup> Public funds may not be used to violate any law, to pay fines or penalties, or to pay inauguration expenses.

### 2. EXCESS PAYMENT

A payment of matching funds is not a final determination of the amount you are qualified to receive.<sup>74</sup> All payments are subject to post-payment audits and adjustments. If you receive more matching funds than you are entitled to, you must refund the amount in excess to the Public Matching Funds Trust Fund within 15 calendar days of notice. Candidates who do not refund excess matching funds are subject to legal action for collection.<sup>75</sup>

### 3. SURPLUS MATCHING FUNDS

Surplus matching funds (determined using the first-in, first-out accounting method) are the amount of unspent matching funds that you have after you have withdrawn your candidacy or an election has occurred and you have paid all expenditures incurred in that election. If you receive matching funds and do not have campaign debt, those funds are surplus matching funds.

You must repay all surplus matching funds to the Public Matching Funds Trust Fund within 90 calendar days after the election or, if you withdraw from the election, within 10 calendar days after the withdrawal.<sup>76</sup>

### 4. POST-ELECTION CONTRIBUTIONS

Contributions received after an election are eligible for matching funds if they were received<sup>77</sup>:

- a. During the three months immediately following the election; and
- b. For the purpose of retiring debt that was incurred during the election.

<sup>73</sup> LAAC § 24.38(a).

<sup>74</sup> LAAC § 24.34(g).

<sup>75</sup> LAAC § 24.36(d).

<sup>76</sup> LAAC § 24.36(b).

<sup>77</sup> LAMC § 49.7.10(C); LAAC § 24.34(c)(3).

## KEY DATES FOR THE MATCHING FUNDS PROGRAM

**2022 Elections**

This schedule is intended only as a general guide to the deadlines established for the public matching funds program.

Date	Event
Mar. 8, 2020	Opening of the Citywide fundraising window. First day Controller, City Attorney, and Mayoral candidates may file Form 20 ("Declaration of Acceptance or Rejection of Matching Funds").
Sep. 8, 2020	Opening of the City Council fundraising window. First day City Council candidates may file Form 20 ("Declaration of Acceptance or Rejection of Matching Funds").
Feb. 12, 2022 12:00 p.m.	Last day to file Form 20 ("Declaration of Acceptance or Rejection of Matching Funds"). A candidate who fails to file by the deadline may not participate in the matching funds program.
Feb. 18, 2022 5:00 p.m.	Last day for a candidate who originally accepted matching funds to notify the Ethics Commission in writing that the candidate has chosen to withdraw from the program <i>[permitted only if another candidate in the same race has rejected matching funds]</i> .
Mar. 24, 2022	Last day for Ethics Commission to determine whether the trust fund balance is adequate to provide maximum matching funds to all qualified participants in the primary elections.
May 24, 2022	First day the claim minimum for Form 22 ("Matching Funds Request for Qualification or Claim for Payment") is lowered from \$10,000 in matchable portions of qualified contributions to \$1,000.
Jun. 7, 2022	Last day to file a Form 22 ("Matching Funds Request for Qualification or Claim for Payment") to request qualification for matching funds.
Jun. 7, 2022	PRIMARY ELECTION
TBD	Last day for the Ethics Commission to determine whether the trust fund balance is adequate to provide maximum matching funds to all qualified participants in the general elections <i>[within 40 days after the primary election results are certified]</i> .
Sep. 7, 2022	Last day qualified candidates may submit a Form 22 ("Matching Funds Request for Qualification or Claim for Payment") to claim payment for the primary election.
Nov. 8, 2022	Last day to file a Form 22 ("Matching Funds Request for Qualification or Claim for Payment") to request qualification for matching funds <i>[applies only to candidates not qualified in the primary election]</i> .
Nov. 8, 2022	GENERAL ELECTION
Feb. 8, 2023	Last day qualified candidates may submit a Form 22 ("Matching Funds Request for Qualification or Claim for Payment") to claim payment for the general election.