

CITY OF OAKLAND
Public Ethics Commission

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Daniel D. Purnell, Executive Director

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TO: Public Ethics Commission
FROM: Daniel Purnell
DATE: June 7, 2004

RE: A Staff Report And Action To Be Taken Regarding Proposed Amendments To The Limited Public Financing Act

At its regular meeting of May 3, 2004, the Commission directed staff to prepare a series of amendments to the Limited Public Financing Act based upon a set of administrative and policy recommendations previously made to the Commission. (See staff report dated May 3, 2004.)

Attached is a "redline" version of the Act showing the proposed amendments. **Attachment 1.** A brief background and explanation for each proposed amendment is provided in the "Comment" section following each amended section. Where Commission direction was not clear or was unresolved, Commission staff has proposed several options for the Commission to consider.

Perhaps the most significant decision before the Commission is which local offices to fund and at what level. At the May 3, 2004, meeting, Commission staff advised the Commission that funding for the matching fund program for the 2005-2007 fiscal year may again face competing budget priorities. During the 2003-2005 budget deliberations in May, 2003, the City Council rejected a proposed budget item requesting \$300,000 to administer the program during the March, 2004, election and \$120,000 for the November, 2004, run-off election. The City Council ultimately decided to suspend the matching fund program for the 2004 election cycle.

At the May 3, 2004, meeting, the Commission considered a proposal to raise the maximum amount which candidates may receive in matching funds from 15 percent of their voluntary expenditure ceiling to 25 percent of the voluntary ceiling. As a way of "financing" this increase, Commission staff suggested that the program could be eliminated for school district candidates and/or for Citywide candidates. The Commission directed staff to prepare language to raise the maximum funding amount to 25 percent and to suspend the program for school board candidates for as long as the district was under the control of the state-appointed administrator.

All Citywide races and district City Council races would be eligible to receive public matching funds at a 25 percent level under the pending proposal.

Chart No. 1 demonstrates the projected costs for funding the program in the 2006 election cycle based on the Commission's latest direction to exclude school board races and to fund district City Council and Citywide races at a 25 percent level:

CHART NO. 1

MARCH 2006 RACES (05-06 Budget)	Maximum Funds Available Per Candidate (25%)(*)	Cost Assuming 2 Candidates Receive 100% Of Eligible Funds	Cost Assuming 1 Candidate Receives 100% And 1 Candidate Receives 50% Of Eligible Funds
CC Dist 2	\$23,750.00	\$47,500.00	\$35,625.00
CC Dist 4	\$25,500.00	\$51,000.00	\$38,250.00
CC Dist 6	\$25,000.00	\$50,000.00	\$37,500.00
	SUBTOTAL	\$148,500.00	\$111,375.00
Mayor	\$83,000.00	\$166,000.00	\$124,500.00
City Auditor	\$59,250.00	\$118,500.00	\$88,875.00
	SUBTOTAL	\$284,500.00	\$213,375.00
	GRAND TOTAL	\$433,000.00	\$324,750.00

(*) Based on January 2004 expenditure ceilings.

Chart No. 2 demonstrates the projected costs to fund the program during the 2006 election cycle for **all** races at the current 15 percent level:

CHART NO. 2

March 2006 Races	Maximum Funds Available Per Candidate (15%)(*)	Cost Assuming 2 Candidates Receive 100% Of Eligible Funds	Cost Assuming 1 Candidate Receives 100% And 1 Candidate Receives 50% Of Eligible Funds
Mayor	\$49,800.00	\$99,600.00	\$74,700.00
City Auditor	\$35,550.00	\$71,100.00	\$53,325.00
CC Dist 2	\$14,250.00	\$28,500.00	\$21,375.00
CC Dist 4	\$15,300.00	\$30,600.00	\$22,950.00
CC Dist 6	\$15,000.00	\$30,000.00	\$22,500.00
School Dist 2	\$ 9,450.00	\$18,900.00	\$14,175.00
School Dist 4	\$10,200.00	\$20,400.00	\$15,300.00
School Dist 6	\$ 9,900.00	\$19,800.00	\$14,850.00
	TOTAL COST	\$318,900.00	\$239,175.00

(*) Based on January 2004 expenditure ceilings.

As the above charts demonstrate, retaining the Citywide races for Mayor and Auditor at the increased 25 percent level adds significant costs to the program. Funding all City races in the 2006 election, including school board races, at the existing 15 percent level totaled only \$318,900.00 or \$239,175.00, respectively. Thus the cost of the program actually increases even when eliminating school board races and permitting Citywide candidates to be eligible at the 25 percent level. The above totals also do not reflect any amount that might have to be reserved or requested for run-off elections should the Commission not take action to reduce or eliminate funding for run-off candidates.

Commission staff continues to recommend that the maximum eligible amount be increased from 15 to 25 percent of the voluntary expenditure limit. However, Commission staff has concerns whether the program can obtain sufficient funding if all Citywide races are eligible for matching funds and if no action is taken to limit or restrict matching funds for run-off candidates.

Commission staff recommends that the Commission take further public comment on the proposed amendments before considering whether to recommend them to the City Council for adoption.

Respectfully submitted,

Daniel D. Purnell
Executive Director