

FY 2023-25 Biennial Budget

Special City Council Meeting

Nicolas Heidorn, Executive Director

Suzanne Doran, Senior Analyst/Project Lead
Democracy Dollars



Public Ethics | CITY OF
Commission | **OAKLAND**



Mission Statement

The Public Ethics Commission (PEC) ensures compliance with government ethics, campaign finance, transparency, and lobbyist registration laws intended to promote fairness, openness, honesty, and integrity in Oakland City government.

Service Inventory Summary

Lead/Collaborate – Lead by example and facilitate City policy, management, and technology changes to further PEC goals.

Educate/Engage – Provide education, advice, technical assistance, mediations, and legal opinions to promote awareness and understanding of campaign finance, ethics, and transparency laws.

Disclose/Illuminate – Facilitate accurate and accessible disclosure of government integrity data, including campaign finance, conflicts of interest/gifts, and lobbying, which help detect noncompliance.

Detect/Deter – Conduct investigations and audits to monitor compliance with the laws within the Commission's jurisdiction.

Prosecute – Enforce violations of the laws within the Commission's jurisdiction through administrative or civil remedies.



Over 1,975 requests for information, advice or technical assistance



More than 6,000 training participants reached



67 public records request mediations completed



Caseload 71 complaints and proactive cases



212 cases resolved



\$460,000+ in monetary penalties imposed for violations



5,000+ campaign and lobbyist disclosure reports reviewed



25 disclosure datasets published online

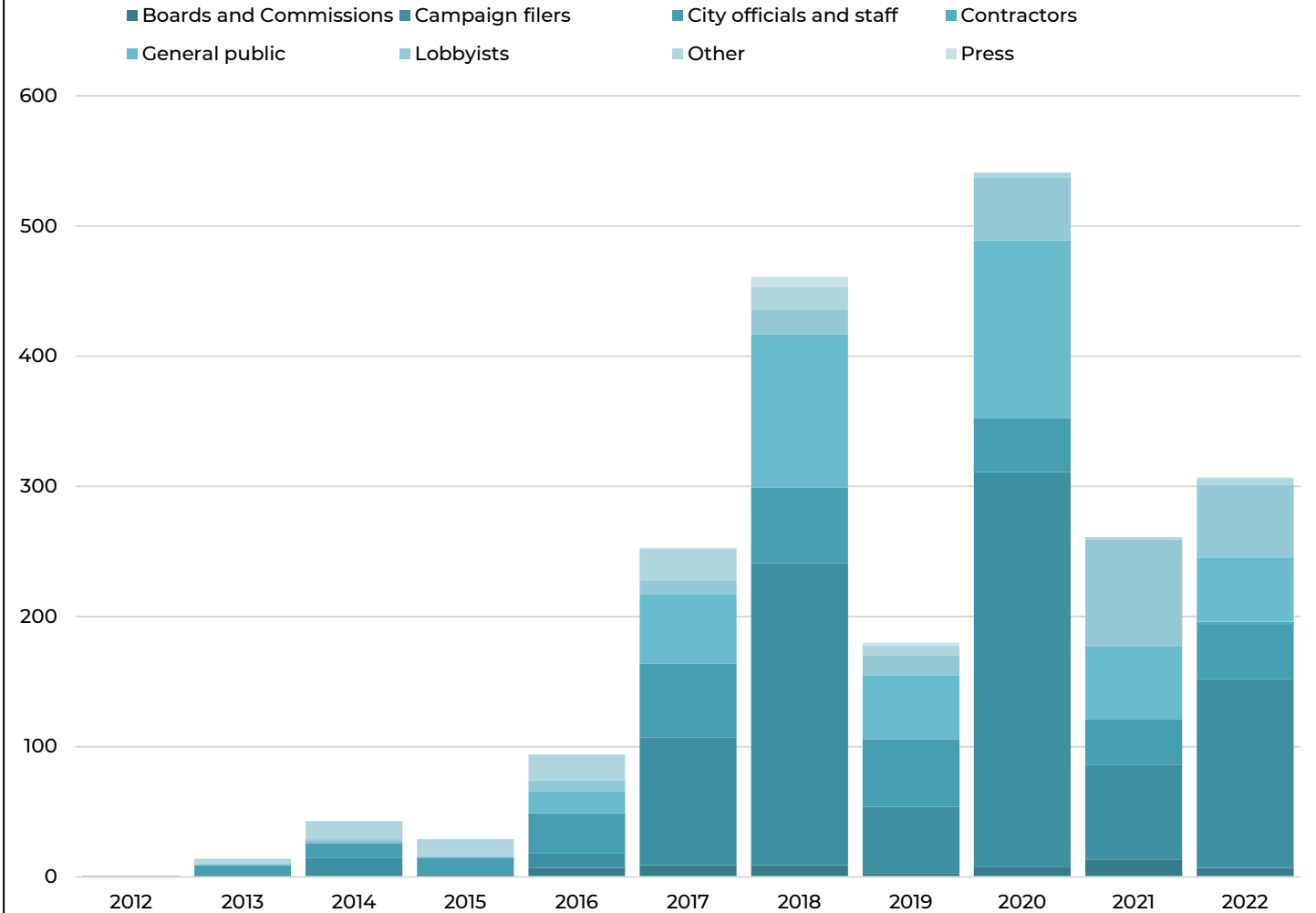


10 interactive disclosure data visualizations and tool published

PEC Impact

Since the charter amendments increasing PEC independence and staff in 2014, the Commission has greatly expanded its impact.

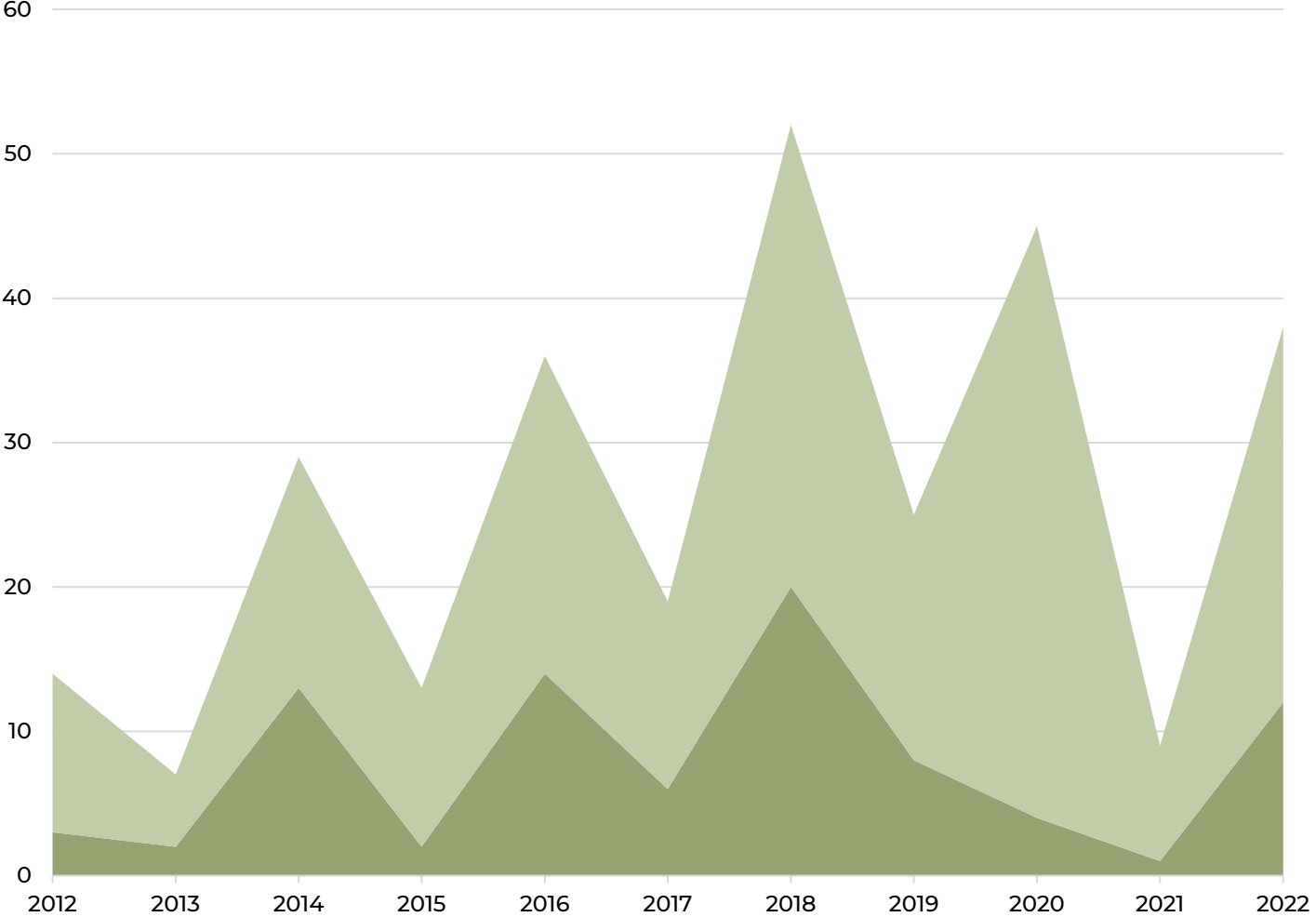
Requests for Assistance by Client



Education and
Advice

Enforcement Caseload Remains High

■ PEC-initiated ■ Complaint

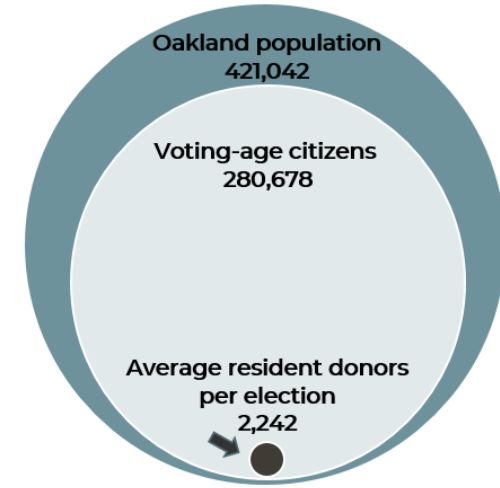


Enforcement
Cases

Bringing Equity to Campaign Finance:

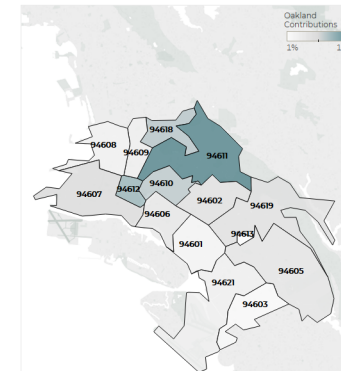
Oakland Fair Elections Act / Measure W (2022) – 74% Yes

Less Than 1% of Residents Donate to Oakland Candidates

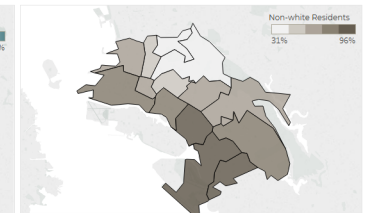


Election Cycles 2014, 2016 and 2018

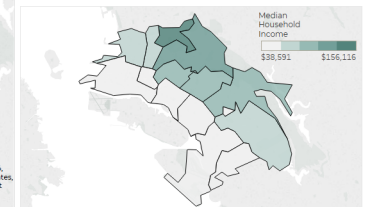
Over Half of Oakland Campaign Donors Clustered in Four Zip Codes



Campaign Donors Concentrated in Majority-White Neighborhoods



Campaign Donors Concentrated in Wealthiest Neighborhoods



DATA SOURCE: Campaign Statements filed with the City of Oakland for candidates on 2014, 2016 and 2018 ballots; U.S. Census Bureau, 2018 American Community Survey 5-Year Estimates, Tables B02002, B09001 and B09003, generated by REC staff using <https://data.census.gov/>. Last accessed 24 July 2020.

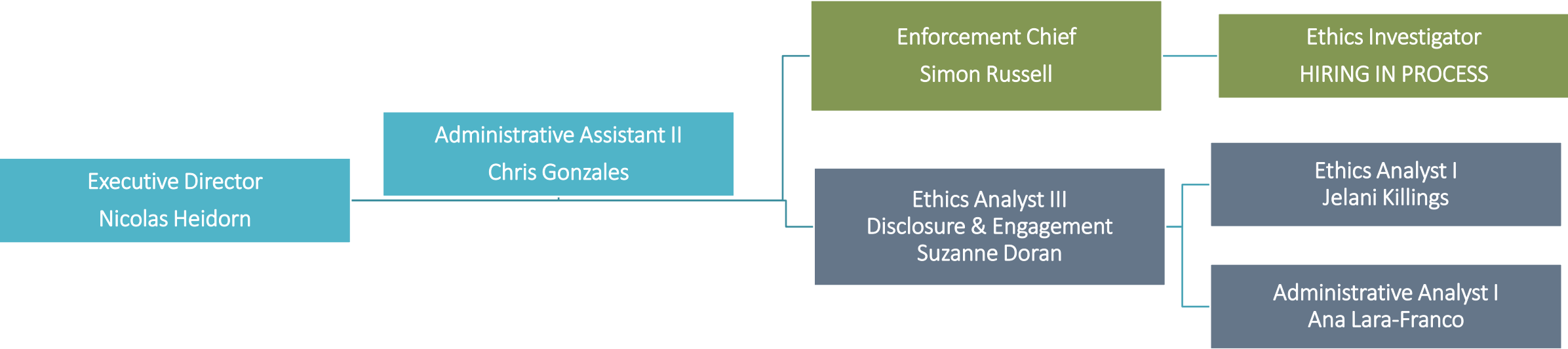
Measure W Overview

- Every registered voter receives 4 x \$25 voucher (\$100 total)
- Applies to:
 - Mayor
 - City Council
 - City Attorney
 - City Auditor
 - School Board

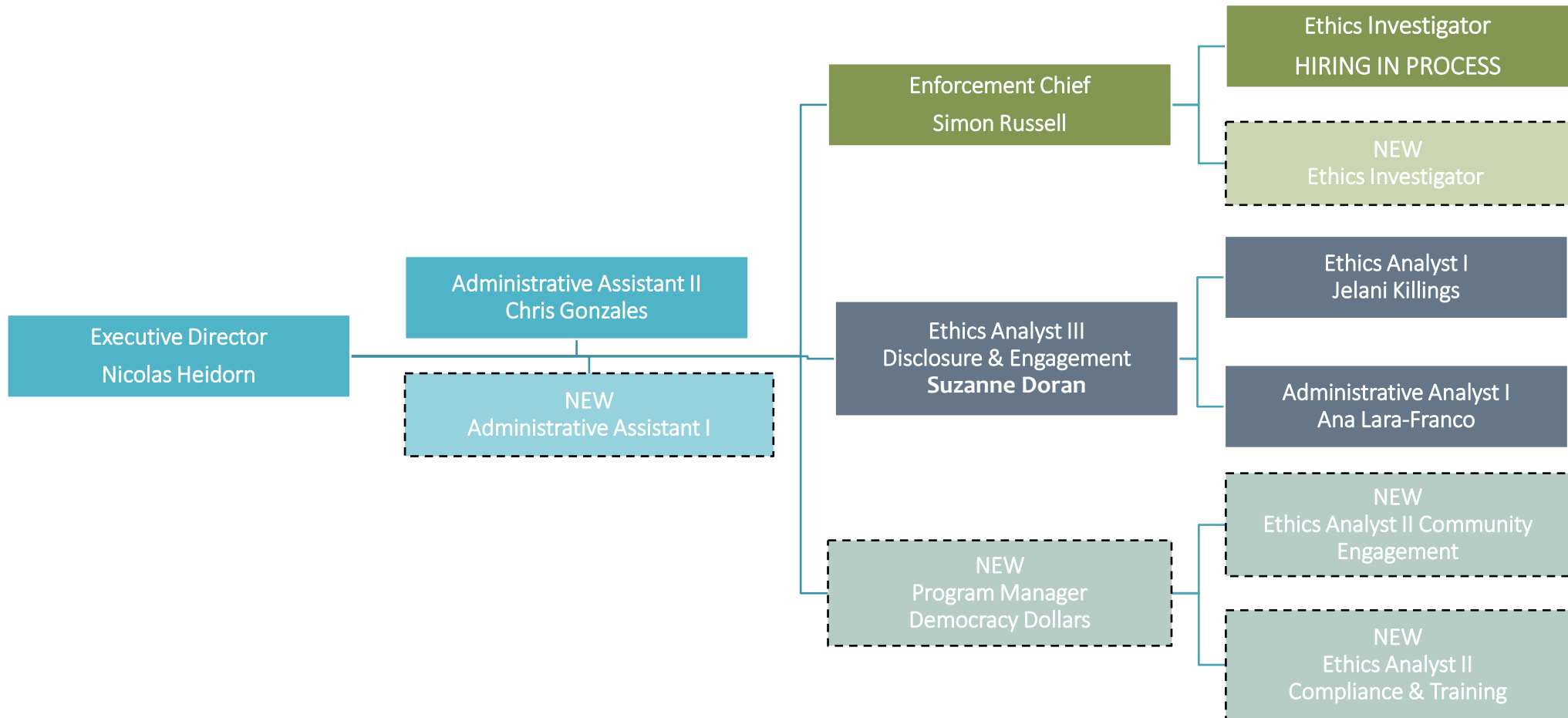
Measure W Budgetary Overview

- Requires, for FY 2023-2025:
 - “Sufficient funding” to administer, including at minimum:
 - 4 FTE in program staff
 - \$4,000,000 for candidate vouchers
 - \$350,000 in overhead
 - \$700,000 in one-time startup costs
- Permits the City to reduce these budget set-asides if the City faces an “extreme fiscal necessity”

Current Organizational Chart



Organizational Chart if Measure W were fully implemented



FY 2023-25

Proposed Biennial Budget

Overview – Overall Proposed Budget

- Proposed Expenditures:

Type	FY21-22-Actuals	FY22-23-Midcycle	FY23-24-Biennial	FY24-25-Biennial
Public Ethics	\$1,372,593	\$1,811,986	\$2,009,726	\$2,199,355
TOTAL	\$1,372,593	\$1,811,986	\$2,009,726	\$2,199,355

- Maintains existing staffing levels (7 FTE)

Type	2022-23 Midcycle Authorized FTE	2023-24 Proposed Budget FTE	2024-25 Proposed Budget FTE
Administrative Analyst I	1.00	1.00	1.00
Administrative Assistant II	1.00	1.00	1.00
Enforcement Chief, Public Ethics Comm	1.00	1.00	1.00
Ethics Analyst I	1.00	1.00	1.00
Ethics Analyst III	1.00	1.00	1.00
Ethics Investigator	1.00	1.00	1.00
Exec Dir, Public Ethics Comm	1.00	1.00	1.00
TOTAL	7.00	7.00	7.00

Overview – *Non-Measure W* Significant Changes

- **New Revenue:** Adds annual lobbyist registration fee - \$70,000
- **Savings:** Cuts Limited Public Financing (LPF) - (\$155,000)
(program repealed by Measure W)
- **New Spending:** Adds one-time funds for election-year candidate education and engagement - \$50,000

Overview – Measure W Significant Changes

- Postpones public financing implementation to 2026
- Eliminates funding for candidate vouchers and program staffing, and significantly reduces startup and O&M funds
- Allocates \$525,000 in startup funding, including to develop the database to distribute, process, and track vouchers

Measure W – Funding Changes from Baseline

	Measure W Baseline	Proposed Budget	Reduction
Candidate Funds (Vouchers)	\$ 4,000,000.00	\$ -	\$ (4,000,000.00)
Staff Positions (min. 4 FTE)	\$ 2,550,000.00	\$ -	\$ (2,550,000.00)
Startup & O&M Costs	\$ 1,450,000.00	\$ 525,000.00	\$ (925,000.00)
Total	\$ 8,000,000.00	\$ 525,000.00	\$ (7,475,000.00)

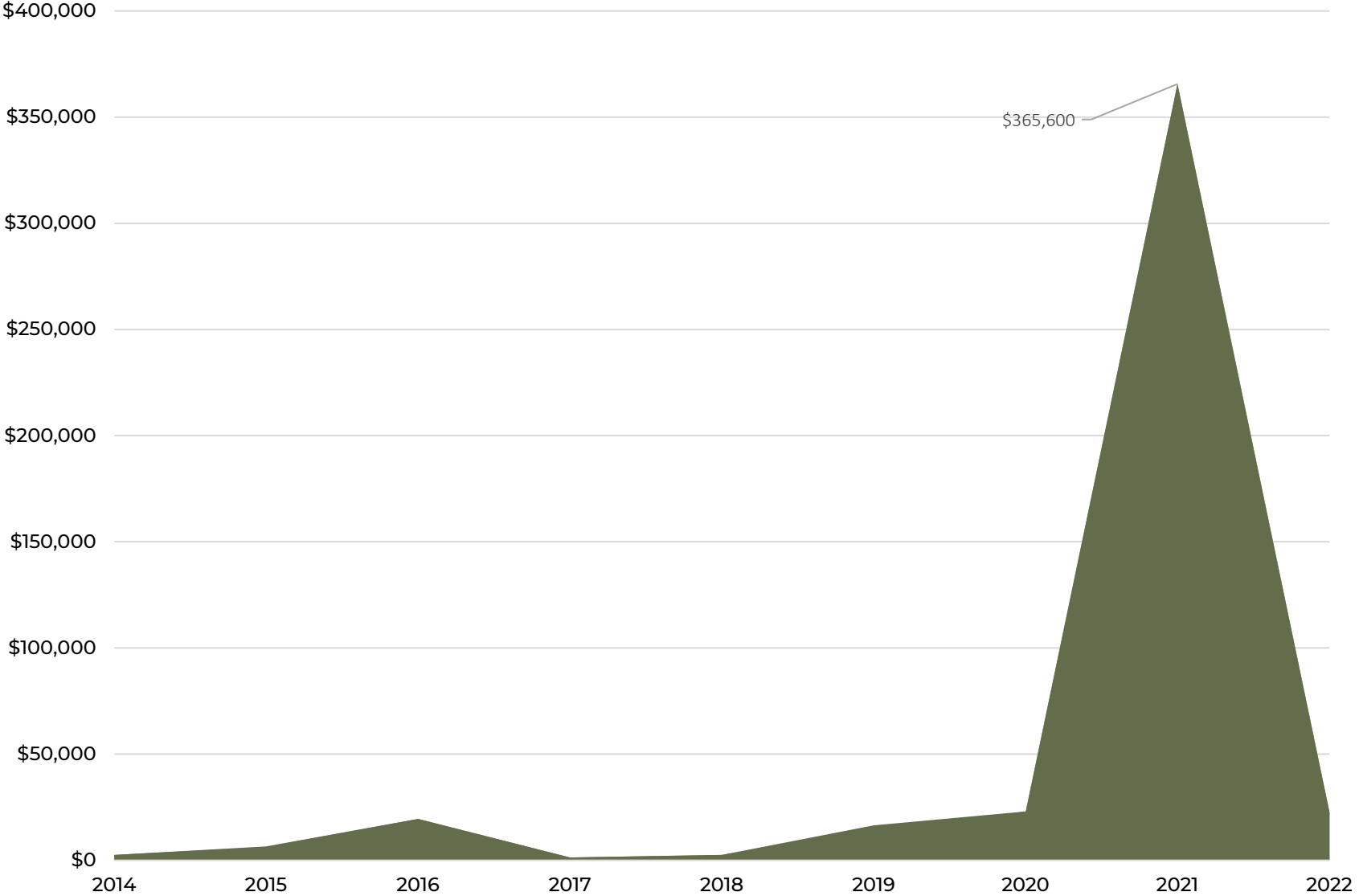
Measure W Funding Cuts – Service Impact & Equity Considerations

- **Service Impact:**
 - No public financing available for 2024 election
 - Reduced candidate fundraising ability for some candidates due to decreased contribution limits (\$900 to \$600) without offsetting increase in public financing
- **Equity Considerations:**
 - **Candidates:** opportunity loss particularly for candidates lacking connections to personal wealth or wealthy donor networks due to historical and ongoing effects of racism
 - **Residents:** opportunity loss particularly for residents from low-income communities of color the program is designed to draw into greater civic engagement.

Measure W – Cost for Scaled Down Pilot

- PEC directed staff to explore a limited pilot for council district elections-only in 2024 at its May 2023 meeting
- Districts-only pilot would reduce voucher, mailing, outreach, and some staff costs
- PEC staff estimates a \$3.2 million pilot cost for FY2023-2025
 - This represents a \$2.7 million increase from the \$525,000 already in the Proposed Budget

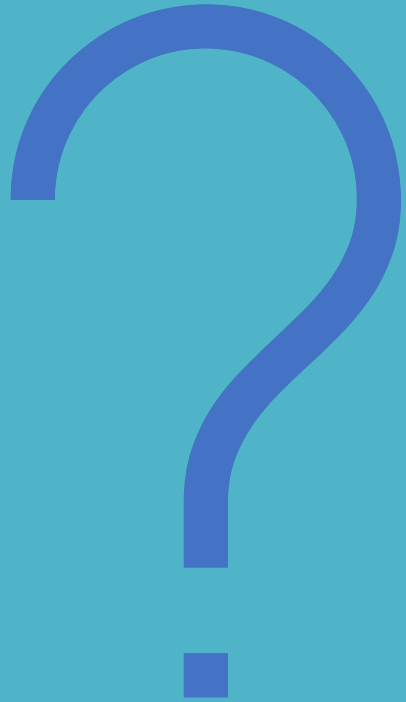
Commission Issues Its Highest Enforcement Fine Ever in 2021



Enforcement
Outcomes

Measure W – Districts Only Pilot PEC Staff Cost Estimate

	Measure W Baseline	Districts Pilot
Candidate Funds (Vouchers)	\$ 4,000,000	\$ 1,100,000
Staff Positions	\$ 2,550,000	\$ 1,425,000
Startup & O&M Costs	\$ 1,450,000	\$ 675,000
Total	\$ 8,000,000	\$ 3,200,000



Questions/Discussion