



AGENDA REPORT

TO: Honorable Mayor & City Council

FROM: District 4 Councilmember
Janani Ramachandran,
& District 6 Councilmember
Kevin Jenkins

SUBJECT: Campaign Reform Act: Temporary
Increase in Contribution Limits

DATE: September 12, 2024

RECOMMENDATION

Councilmembers Ramachandran and Jenkins recommend that the City Council adopt a proposed ordinance to amend the Oakland Campaign Reform Act, OMC 3.12.050 and 3.12.060, to Temporarily Raise Limitations on Contributions to Candidates.

EXECUTIVE SUMMARY

The proposed amendment seeks to *temporarily* raise individual contribution limits back to the 2022 levels of \$900, and the broad-based committee contribution limits to \$1800 for any individual election until Democracy Dollars is implemented for that respective election. This temporary increase of contribution limits will sunset – regardless of whether or not Democracy Dollars is implemented, after the 2026 election cycle. The goal of this ordinance is to bridge the gap in potential funding sources for candidates due to the present unavailability of Democracy Dollars Program, and severely curtailed funding for the Limited Public Financing Program.

BACKGROUND / LEGISLATIVE HISTORY

On November 8, 2022, Oakland voters approved ballot Measure W, the Oakland Fair Elections Act, which created a new public campaign finance program that would disperse \$100 in vouchers to eligible Oakland residents, allowing residents to then donate to the candidate of their choice. The program, called Democracy Dollars, would have enhanced Oaklanders' ability to engage in local elections through financial contributions.

In light of extreme fiscal necessity, the City Council suspended the Charter-mandated minimum budget set asides for the Fiscal Year 2023-2025 budget cycle for the Democracy Dollars Fund. Due to the impending budget deficit, on July 12, 2023, the Public Ethics Commission voted to postpone the distribution and use of Democracy Dollars vouchers for the November 2024

election cycle. Thus, the program funding (including vouchers and staff to run the program) was not allocated.

ANALYSIS AND POLICY ALTERNATIVES

Rationale

This ordinance is in line with the spirit of voter-passed initiatives including Measure W. While Measure W reduced candidate contribution limits, it did so with the hope that a fully-funded Democracy Dollars program would be implemented. Unfortunately, this is not an active program for 2024 elections, which is why this amendment increasing the ability for candidates to fundraise independently, without reliance on powerful independent expenditures, is consistent with the measure.

Councilmembers Ramachandran and Jenkins are proposing an amendment that operates under similar logic of the temporary change in Limited Public Financing enacted earlier this year: although Measure W expressly rescinded the Limited Public Financing Program, the Public Ethics Commission and City Council agreed that it was not simply just acceptable, but specifically fair and just to candidates to reinstate a 2024 version of the Limited Public Financing Program in order to bridge the gap in funding for 2024 candidates, who could not take advantage of Democracy Dollars. This ordinance to increase contribution limits serves as a similar bridge while candidates wait for full funding of Democracy Dollars to take place.

The aim of this amendment is to address the concerns that increased contribution limits may be implemented in just a few short weeks before the election date. In our personal experiences in election fundraising, as well as those shared by the vast majority of candidates in local races, the highest rate of contributions typically comes in the final month of campaigns, and continues even after ballots have already been mailed. This will make a substantial difference to candidates seeking to close gaps in critical fundraising efforts and be able to send out mailers, pay for bilingual canvassers, and conduct targeted outreach to low-propensity voters.

Partial Funding Scenarios

It is clear that Democracy Dollars may be implemented for certain races and not others in 2026 as the program ramps up based on available funding through the upcoming biennial budget. This amendment ensures that any individual race in which there is implementation of the Democracy Dollars program, at least with partial funding, applies the lower contribution limits, defined by Measure W. The legislation defines what partial funding for individual races will be to trigger the lower contribution limits articulated by Measure W: at least \$25,000 in vouchers available per candidate in that race (understanding that given the Democracy Dollars model of voter choice, not all candidates will be able to receive this entire amount).

The PEC is already statutorily required to publish its projections for Democracy Dollars by the end of the 2025, and will be able to determine by then if it will have the financial ability to fund Democracy Dollars for certain races. Thus, by January 1, 2026, there will be a public notice of which, if any, races have been selected for Democracy Dollars funding by the PEC, and those races will immediately revert to the lowered contribution limits defined by Measure W.

This legislation establishes a clear sunset of this temporary contribution limit increase after the 2026 election cycle of January 1, 2027, regardless of whether or not Democracy Dollars is implemented for respective races by then.

Commitment to Implementing Measure W

Councilmembers Jenkins and Ramachandran remain committed to ensuring the full implementation of Measure W, including the establishment of the Democracy Dollars Program. However, it is also obvious that given our budget situation and forecasts for the next few years, it may not practically be implemented by 2026 as currently intended given the numerous start-up costs and staffing needs that have not been fully funded in the 2023-2024 budget, and the \$4,000,000 minimum required amount to be committed to the program in implementation years. Not only was there a very steep budget deficit that the City struggled to close in order to maintain a fully balanced budget over the past two years— but there are also projections from the City’s Finance Department that the next five years will continue to be strained in terms of generating revenue from a variety of sources, factoring in the realities, in which Oakland is not alone, of rebounding from the pandemic with a slower tourism and sales industry, dealing with a difficult real estate market due to high interest rates and corresponding declines in real estate transfer taxes, among other factors.

While the program will ideally be implemented as soon as possible, this legislation would ensure that the overarching goal that all candidates – especially those from marginalized and historically under-represented economic, racial, and other societal backgrounds – are fully supported in their abilities to adequately raise funds to run a successful campaign, is met. We recognize the realities that lowered contribution limits – absent public funding from the Democracy Dollars program, and a reduced Limited Public Financing Program – will severely impact candidates’ abilities to run successful campaigns and instead amplify the voices of those candidates with access to the backing of high-sum independent expenditures.

Conclusion

In conclusion, the proposed amendment seeks to *temporarily* raise individual contribution limits back to the 2022 levels of \$900, and the broad-based committee contribution limits to \$1800 until Democracy Dollars is implemented – in order to further the voter-approved goals of ensuring that diverse candidates are supported financially to have viable campaigns.

FISCAL IMPACT

There is no fiscal impact to Oakland's budget. The proposed change would allow candidates to accept additional contributions to fund their campaigns until the sunset of this legislation.

PUBLIC OUTREACH / INTEREST

Councilmembers Ramachandran and Jenkins conducted outreach to Oakland candidates – those who have filed declarations of intent to be on the 2024 ballot as well as those that are prospective candidates for future races. Other groups who were consulted in the course of preparing this legislation include: community organizations, constituent groups, experts on campaign finance, election law analysts, and others.

COORDINATION

Councilmember Ramachandran and Councilmember Jenkins have worked in very close collaboration with the City Attorney's office as well as the Executive Director of the Public Ethics Commission. They have completed the statutory requirement of reaching out to the Public Ethics Commission to formally seek their feedback.

SUSTAINABLE OPPORTUNITIES

This ordinance would allow all candidates for elected office to compete on an equal playing field. Currently, candidates with more political connections and access to big donors of independent expenditure campaigns are at a huge advantage, as they will have ads and mailers funded on their behalf to spread their message more broadly, while newer, unexperienced candidates have less of a chance for success due to the burdens of fundraising. The proposed change would ensure that candidates will be able to raise enough funds to communicate their view and positions adequately to the public.

Under the proposed ordinance, candidates who do not have historical wealth or self-funded campaigns will be able to compete and have a fair chance at creating change in their community. Given that many of these candidates are people of color and represent other underserved communities, including LGBT+, immigrant, and low-income communities, this ordinance would make Oakland elections more equitable, accessible, and fair.

ACTION REQUESTED OF THE CITY COUNCIL

Councilmember Ramachandran and Councilmember Jenkins recommend that the City Council support our proposed ordinance to amend the Oakland Campaign Reform Act, OMC 3.12.050 and 3.12.060, to Temporarily Raise Limitations on Contributions to Candidates.

For questions regarding this report, please contact Janani Ramachandran, District 4 Councilmember at 510-238-7004, and Kevin Jenkins, District 4 Councilmember at 510-238-7006.

Respectfully submitted,

A handwritten signature in blue ink that reads "Janani Ramachandran". The signature is written in a cursive style with a long, sweeping underline.

Councilmember Janani Ramachandran,
District 4

Kevin Jenkins

Councilmember Kevin Jenkins,
District 6

Prepared by: Rebecca Dean,
Legislative & Community Coordinator
Office of Councilmember Janani Ramachandran