



November 17, 2017

*Via Email*

LeeAnn Pelham  
Executive Director  
San Francisco Ethics Commission  
25 Van Ness Avenue, Suite 220  
San Francisco, CA 94102

**Re: Proposed Revisions to the Campaign Finance Reform Ordinance**

Dear Ms. Pelham:

On behalf of Northern California Grantmakers (NCG), I write to share our concerns regarding the Ethics Commission's proposed revisions to the Campaign Finance Reform Ordinance. NCG is a regional association of more than 180 grantmaking organizations and over 1500 individuals whose combined grantmaking exceeds \$3 billion annually. Over \$650 million in grant dollars supported San Francisco-based organizations in 2015 alone. NCG brings philanthropy together with nonprofits, business and government to build healthy, thriving and just communities in Northern California.

As part of its mission to advance the social good, philanthropy complements government efforts by catalyzing and fueling innovative solutions to complex social problems. Strong partnerships and robust, open discourse with local government are critical to ensuring that philanthropic resources are leveraged strategically. For example, for the last two years, NCG has convened city leaders from San Francisco, Oakland, and San Jose, private institutional funders, and nonprofits to address the displacement of nonprofit organizations around the Bay Area.

While we strongly support policies that target corruption and build public trust in government, we are concerned that the proposed ordinance would likely impede, rather than promote, philanthropic collaboration with public partners, and could undermine individual engagement in public service.

### ***Chilling Effect on Public-Private Partnerships***

The originally proposed ban on behested payments would have had a strong chilling effect on public-private partnerships and would have discouraged city officials from frank, open discourse with philanthropy about the city's needs and opportunities for meaningful investment.

We agree that transparency is essential to advancing shared democratic interests. We nevertheless have strong concerns that the new proposal for expanded behested payment disclosure will have the similar effect of discouraging public-private partnerships due to the burdensome reporting requirements. The \$1000 threshold, which triggers disclosure, is extremely low and far below the state mandated behested payment reporting requirement of \$5000. Such a low threshold will likely fail to illuminate the alleged corruption this disclosure is intended to expose, while creating significant administrative burdens on all reporting parties. These burdensome reporting requirements may, in practice, have the effect of discouraging robust collaboration between city officials and philanthropy, hindering opportunities to address some of San Francisco's urgent issues such as homelessness and economic affordability.

### ***Discouraging Public Service***

We are also concerned that several provisions in the proposed ordinance will discourage public service and volunteerism among our philanthropic members, depriving San Francisco of innovative and thoughtful leaders.

Section 3.209(b) would enact a severe consequence for repeated recusals – removal from office. Given that our members' grantmaking portfolios often overlap with their areas of expertise, it is foreseeable that there will be occasions where they may need to recuse themselves to avoid a conflict of interest. Under the proposed section, individuals run the risk of removal from office for disclosing conflicts and practicing good governance. Such harsh ramifications for essentially following the law will deter our members from serving on San Francisco's many commissions and deprive the city of valuable leaders and experts.

Similarly, the broad definition of "city contractor" in Section 1.126 will discourage members of philanthropy from serving on nonprofit organization boards of directors. Because of their expertise and commitment to the social good, philanthropic leaders are often invited to serve on the boards of directors for nonprofit organizations as volunteers. Because of this same commitment to the social good, many of our members are also civically engaged, actively participating in local campaigns. Under the proposed ordinance, they could unknowingly run afoul of the law for actions or contributions made in their private capacity. This risk will undoubtedly have

a chilling effect and deter many of our members from taking up leadership positions with the city's nonprofit organizations.

Investing in and supporting a strong democratic government is a fundamental tenet of philanthropy. However, the proposed ordinance is likely to hinder, rather than strengthen, our collective efforts to foster a better San Francisco for all. For the foregoing reasons, we oppose the proposed revisions to the Campaign Finance Reform Ordinance and urge the Commission to reconsider the above provisions.

If you have any questions or concerns, please do not hesitate to contact us by phone at (415) 872-1016 or email at [cchen@ncg.org](mailto:cchen@ncg.org). Thank you for your time and consideration.

Yours truly,

Emily Katz  
Director, Policy and Communications

Cecilia Chen  
Manager, Public Policy