



February 1, 2018

VIA E-MAIL

Budget & Finance Committee
Board of Supervisors
City and County of San Francisco
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Re: File No. 180001 [Campaign and Government Conduct Code – Campaign Finance and Conflict of Interest]

Dear Supervisors Cohen, Fewer, and Stefani:

On behalf of Northern California Grantmakers (NCG) and our foundation members —The San Francisco Foundation, East Bay Community Foundation, and Silicon Valley Community Foundation, we write to share our concerns regarding File No. 180001 and the proposed changes to the Campaign and Governmental Conduct Code. While we strongly support policies that target corruption and build public trust in government, we have strong concerns that the legislation, as currently drafted, will impair civic engagement, hinder public-private partnerships, and discourage public service and charitable contributions.

NCG is a regional association of more than 180 grantmaking organizations and over 1500 individuals whose combined grantmaking exceeds \$3 billion annually. NCG brings philanthropy together with nonprofits, business, and government to build healthy, thriving, and just communities in Northern California. Over \$625 million in grant dollars was invested in San Francisco in 2016 alone, supporting areas such as education, health, human services, community and economic development, and arts and culture. Of this, the San Francisco Foundation, East Bay Community Foundation, and Silicon Valley Community Foundation contributed \$111.5 million to San Francisco's economy, funding over 650 organizations in the city.

The Legislation Would Hinder Public-Private Partnerships

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 dialogue with local government are critical to ensuring that philanthropy



resources are leveraged strategically. Homelessness and affordable housing are just two examples of critical issues in San Francisco that have benefited from public-private partnerships to implement new policies and strategies.

We have strong concerns that the legislation as currently written would have a strong chilling effect on public-private partnerships – impeding rather than promoting philanthropic collaboration with public partners. The broad definition of “interested party” under Section 3.600, which includes anyone who “actively supports or opposes a governmental decision”, raises strong concerns that any foundation staff, trustee, or donor who is civically engaged, even as a private citizen, could be subject to behested payment reporting requirements for their grantmaking decisions. Such reporting requirements would deter charitable contributions and grantmaking in partnership with the city or deter members of philanthropy from civic engagement – both deeply alarming outcomes.

In particular, community foundations would be constrained from using all of the tools at their disposal to fulfill their mission – to improve the lives of people in their community. Community foundations are grantmaking public charities that are dedicated to improving the lives of people in a defined geographic area and often play a key role in fostering public-private partnerships with local government. As advocates for their community, many community foundations are also actively involved on matters of public policy and engage their donors to make a larger impact their communities.

Rooted in the Bay Area for 70 years, The San Francisco Foundation and its donors have been firmly committed to serving the people of San Francisco and the Bay Area. Its public-private partnerships are working to address our region’s most critical issues, including affordable housing. As you know, The HOPE SF Initiative is the nation’s first large-scale public housing transformation collaborative aimed at disrupting poverty, reducing social isolation, and creating inclusive mixed-income communities without mass displacement of current residents. The Partnership for HOPE SF, which has three institutional lead organizations: the San Francisco Mayor’s Office, The San Francisco Foundation (where it is housed), and Enterprise Community Partners, is a public-private partnership that could be negatively impacted by the proposed legislation.

Under the legislation, significant portions of a community foundation’s grantmaking portfolio could become subject to the behested payment reporting requirement. By virtue of being advocates for their community and exercising their legal right to take public positions on policy matters, community foundations could find themselves required to report any and all grants that support public-private partnerships. Such a reporting requirement would threaten the ability of community foundations and local officials to engage in forthright, honest conversations about how philanthropic dollars can best be leveraged to address the city’s most pressing needs. Thus, while we strongly support efforts to prevent corruption at all levels of government, we urge the Committee to consider the unintended consequences of this legislation, specifically in



discouraging public-private partnerships and potentially depriving the city and its residents of valuable philanthropic support.

The Legislation Would Harm Civic Engagement

Promoting civic engagement and supporting a strong, robust democratic society has long been a cornerstone of philanthropy. The ability for individuals to meet and freely share their perspectives with their local officials is fundamental to our democratic republic. We have strong concerns that the legislation as currently written threatens to undermine the basic relationship between city officials and the constituents whom they serve.

While we support transparency in the interest of advancing shared democratic interests, the language of the legislation is overbroad and would taint many innocent interactions between the members of the public and city officials, making them suspect of corruption and thus requiring disclosure. Under the proposed legislation, the definition of “interested party” in Section 3.600 encompasses *anyone* who takes a public position in support or opposition to a governmental decision – regardless of whether the party has a financial interest in the matter – and brings them under the purview of the behested reporting requirement. For example, a teacher who advocates on behalf of his school and subsequently donates to a local afterschool program at the suggestion of a school board member would be subject to the same reporting requirements as a businessman who is waiting for a permit and engages in *quid pro quo* with an official to get the approval needed. Thus, in an effort to root out alleged corruption, the legislation paints virtually every interaction between city officials and members of the public as potentially corrupt.

The implication of corruption – whether justified or not – would have a strong chilling effect on individuals’ willingness to participate in the local government. San Francisco has a rich and vibrant history of robust civic engagement that continues today, and active participation in our political processes should be celebrated and encouraged. Rather than promoting civic participation, the effect of the proposed legislation is likely to discourage individuals from engaging with their government officials on the issues that matter most.

The Legislation Would Discourage Public Service

We are also concerned that the proposed legislation 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 legislation, 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.

Investing and supporting a strong democratic government is a fundamental tenet of philanthropy. However, the legislation as currently written is likely to hinder, rather than strengthen, our collective efforts to foster a better San Francisco for all. For the foregoing reasons, we urge you to amend the above sections through a deliberative legislative process.

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. Thank you for your time and consideration.

Yours truly,

A handwritten signature in black ink, appearing to read "Ellen LaPointe".

Ellen LaPointe
President & CEO
Northern California Grantmakers

A handwritten signature in black ink, appearing to read "Fred Blackwell".

Fred Blackwell
CEO
The San Francisco Foundation

A handwritten signature in black ink, appearing to read "James W. Head".

James W. Head
President & CEO
East Bay Community Foundation

A handwritten signature in black ink, appearing to read "Emmett D. Carson".

Emmett D. Carson
CEO & President
Silicon Valley Community Foundation

cc: President London Breed, Board of Supervisors
Supervisor Aaron Peskin, Board of Supervisors
Supervisor Katy Tang, Board of Supervisors
Supervisor Jane Kim, Board of Supervisors
Supervisor Norman Yee, Board of Supervisors
Supervisor Jeff Sheehy, Board of Supervisors



Supervisor Hillary Ronen, Board of Supervisors
Supervisor Ahsha Safai, Board of Supervisors