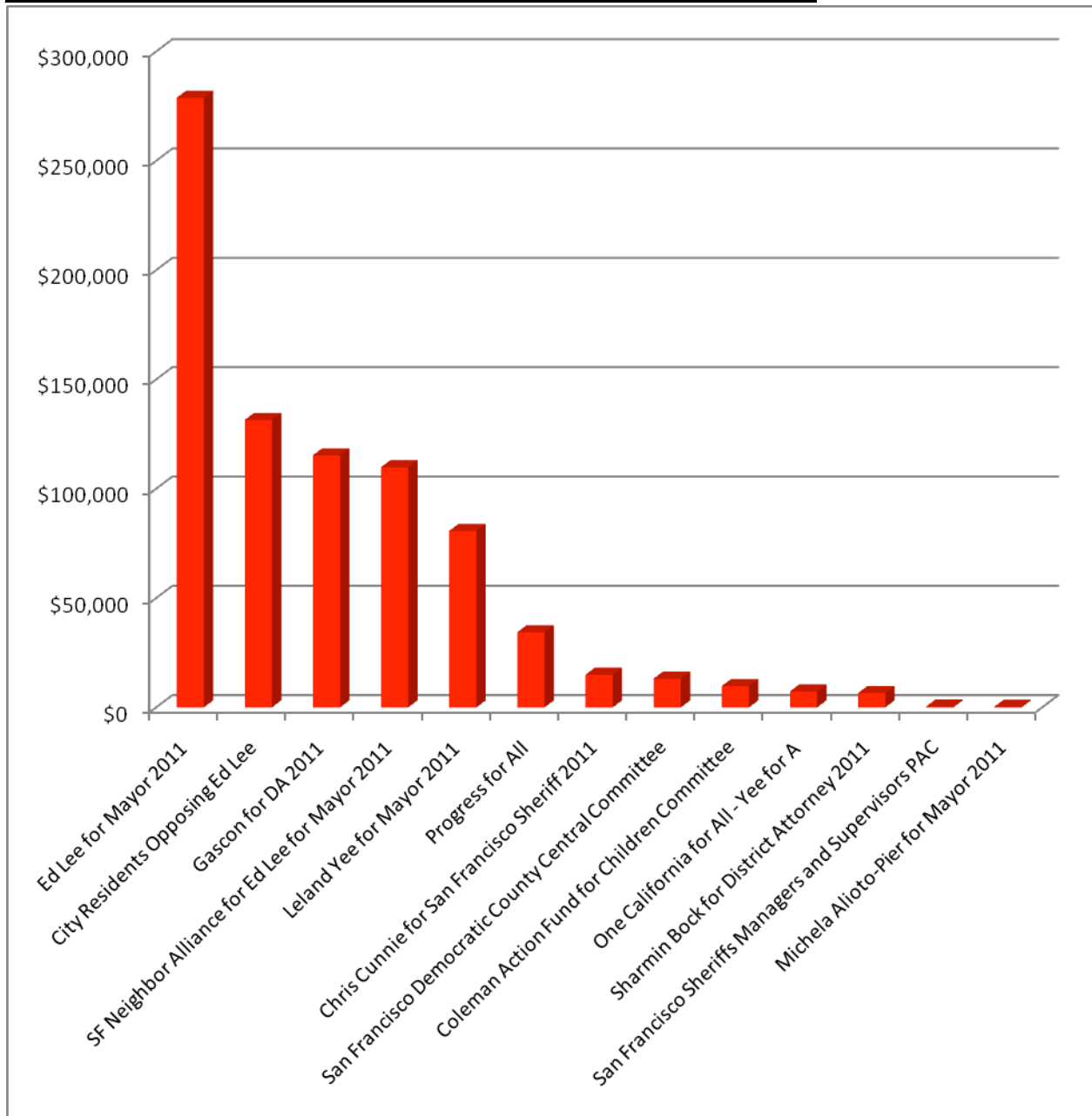


From: Finance Wrap Up for San Francisco’s 2011 Election, By Oliver Luby.

**Section 5 –
Insolvent Committees**

Committees Over Budget (Available Cash minus Unpaid Debt) – There has been no public disclosure of who will pay for these campaign expenses



The data points in the above chart were derived from the table at the end of this section.

While candidates often tout their fiscal responsibility when seeking to become leaders of government, it is not rare for their election campaigns to be effectively bankrupt. Candidate committees, Ballot Measure committees (BMCs), and General Purpose Committees (GPCs) alike will periodically report debts for services rendered that far exceed the money they have in the bank. I refer to these committees as “insolvent.”

While most businesses do not accept IOUs from their clients, many campaigns appear to enjoy a fair amount of latitude in this area, despite the fact that below market rate transactions legally qualify as a form of reportable campaign contribution. Commentators have pointed out that accrual of unpaid campaign debt can be used as a means to circumvent various campaign finance reform laws. Gratuitous credit can be extended by vendors such as contractors who back the candidate or campaign consultants (perhaps flush with funds from other clients), thereby masking loans as debt. Campaign contributors unpopular with the public can be concealed until after an election. Scandals of this sort have been previously reported on by this author and others.

San Francisco has already passed one reform law regarding accrued debt. After Gavin Newsom’s 2003 mayoral campaign took years to pay down many hundreds of thousands of dollars, the Ethics Commission and the Board of Supervisors passed a law that turns campaign debt into a campaign contribution if it is not paid after 6 months. However, the reform only applies to San Francisco’s candidates, not BMCs and GPCs, and six months is ample time in the span of an election season to make nefarious use of unpaid debt.

The chart above and table below show that problems with accrued debt continue in our elections. For our District Attorney, George Gascon, the amount of his Unpaid Debt Exceeding Cash is more than ¼ of his total reported contributions – thus, we still do not know the identity of over 1 in 5 contributors Gascon will use to pay down his total 2011 campaign expenses¹.

For our Mayor, Ed Lee, his committee reports being in the red by over \$275,000 (over 1 in 10 contributors when combined with his contributions reported from Table 1 in Section 1). The amount of Lee’s Unpaid Debt Exceeding Cash is 15% of his total contributions (when including both those reported and those still needed to pay down the debt). While 15% might not seem like a large percentage, imagine the turmoil our City would be in if 15% of the City’s \$6.8 billion budget was unfunded.

SF November 2011 election committees insolvent as of 12/31/11

Name	Election position	Available cash	Outstanding debt
<i>Candidate committees</i>			
Michela Alioto-Pier for Mayor 2011	Yes on Alioto-Pier for Mayor	\$291	\$553
Sharmin Bock for District Attorney 2011	Yes on Bock for DA	\$1,282	\$7,820

Name	Election position	Available cash	Outstanding debt
Chris Cunnie for San Francisco Sheriff 2011	Yes on Cunnie for Sheriff	\$58,799	\$73,692
Gascon for DA 2011	Yes on Gascon for DA	\$1,254	\$116,546
Ed Lee for Mayor 2011	Yes on Lee for Mayor	\$17,908	\$296,695
Leland Yee for Mayor 2011	Yes on Yee for Mayor	\$8,526	\$89,224
<i>Ballot Measure committees</i>			
One California For All – Yee for A	Yes on Measure A & Yee for Mayor	\$11,613	\$18,882
<i>General Purpose committees</i>			
City Residents Opposing Ed Lee for Mayor 2011	No on Lee for Mayor & Yes on Yee for Mayor	\$221	\$131,670
San Francisco Democratic County Central Committee	Yes on Avalos & Herrera for Mayor, Bock & Onek for DA, Mirkarimi for Sheriff, & Measures A, B, C, & G; No on Measures E, F, & H	\$2,546	\$15,665
Coleman Action Fund for Children Committee	Yes on Avalos for Mayor	\$3,727	\$13,468
Progress for All	Yes on Lee for Mayor	\$1,514	\$35,890
SF Neighbor Alliance for Ed Lee for Mayor 2011	Yes on Lee for Mayor	\$1,500	\$111,338

A legislative remedy to Accrued Debt Problems with Campaigns: San Francisco could pass a balanced campaign budget law which bans campaign committees from accruing debt that they do not have the cash on hand to pay for.

ⁱ See Table 1 in Section 1 of this article to compare candidates regarding Unpaid Debt Exceeding Cash and Receipts.