

# **Report of the Campaign Public Financing Advisory Committee**

June 12, 2008

Michele Radosevich, Chair  
Joaquin Avila  
George Cheung  
Allison Feher  
Rob Holland  
Bruce Laing  
Robert L. Mahon  
Ramsey Ramerman  
Craig Salins

## Executive Summary

By a vote of 6-3, the Committee recommends that the City Council submit for voter approval a ballot measure creating a lump sum program for financing all Citywide election campaigns. By a unanimous vote, with one abstention, the Committee recommends that the City Council place this measure before the voters in November 2009, to provide adequate time to carefully develop a program, and to provide adequate time for voters to consider the proposal. Also by a unanimous vote with one abstention, the Committee recommends that the program be in effect for the 2011 election. The Committee estimates that this preferred alternative would cost between \$2.3 and \$3.2 million annually.

### **1. Introduction**

On May 12, 2008, the City Council adopted Resolution 31061, establishing the Campaign Public Financing Advisory Committee (the “Committee”). The Committee was charged with “develop[ing] a recommendation for a proposed model for publicly financing local election campaigns in Seattle,” and encouraged to examine the following as part of its review:

- Rationale and purpose of publicly financing election campaigns;
- Models from other jurisdictions;
- The relative effectiveness of programs from other jurisdictions in meeting the stated intent and purpose for public financing;
- Seattle’s previous public campaign financing program;
- Election campaign contribution data from previous local elections in Seattle;
- Criteria for candidates to qualify for public election campaign funds;
- Potential program and administrative costs and funding sources; and
- Timeline for implementation.

The Committee’s membership was detailed in the resolution, which said that the Committee shall be comprised of the following numbered positions: (1) chair of the Seattle Ethics and Elections Commission; (2) former elected official; (3) representative of the Seattle League of Women Voters; (4) representative of the Seattle-King County Municipal League; (5) member of the Washington Public Campaigns organization; (6) person with legal expertise in elections law; (7) person with an academic background in campaigns and elections financing; (8) and (9) persons at-large from the community.

### **2. The process**

The Committee met six times over a five week period in order to meet the June 12, 2008 reporting deadline contained in Resolution 31061. The Committee spent the first three meetings discussing Seattle’s prior experience with public financing, discussing recent City elections, and learning about other municipal public financing programs. As part of these first three meetings, the Committee interviewed the following individuals:

- Gary Blackmer, Portland City Auditor
- Andrew Carlstrom, Portland City Elections Officer

- Selina Chan, Staff, San Francisco Ethics Commission
- Kenneth R. Mayer, Professor, Department of Political Science, University of Wisconsin-Madison
- Christian Sinderman, Northwest Passage Consulting
- John Wyble, Moxie Media

Professor Mayer discussed the academic research available on public financing programs, while the Portland and San Francisco officials discussed those cities' public financing programs. Christian Sinderman and John Wyble discussed what it costs to run a competitive election campaign in Seattle.

In its final three meetings, the Committee developed two proposals for the City Council and the Mayor, a “lump sum” proposal that was preferred by six of the Committee’s nine members, and a “super match” proposal. Given the limited time that was available to the Committee to complete its work, the Committee spent its time fleshing out the key elements of the two programs. The Committee ran out of time to address many of the program details that will be essential to implementing a successful program.<sup>1</sup>

### **3. Background regarding recent City elections**

The Committee believes that data from the last three election cycles, which shows (1) increasingly more expensive races, (2) fewer donors participating in the process, and (3) declining numbers of competitive races, combine to make a compelling cases for public financing.

#### **a. Fundraising for City Council elections: 2003 – 2007**

City Council races have grown more expensive over the past three election cycles. In the 2003 election cycle, just three of the ten general election candidates raised more than \$200,000. Funds raised by the ten general election candidates were as follows, with the names of the successful candidates italicized:

- |                            |           |
|----------------------------|-----------|
| • Heidi Wills              | \$258,118 |
| • Margaret Pageler         | \$223,766 |
| • <i>Tom Rasmussen</i>     | \$209,168 |
| • Judy Nicastro            | \$170,456 |
| • <i>Jean Godden</i>       | \$153,762 |
| • <i>David Della</i>       | \$156,985 |
| • <i>Peter Steinbrueck</i> | \$133,756 |
| • <i>Jim Compton</i>       | \$111,903 |

---

<sup>1</sup> If the City Council and the Mayor accept the Committee’s recommendation not to go to the ballot with a proposal this November, Committee members would be available for consultation on programmatic details. In the alternative, the Committee recommends that the City Council look to the Seattle Ethics and Elections Commission for advice on implementing a successful program.

- John Manning \$18,401
- Zander Batchelder \$1,337

In the 2005 election cycle, six of the eight general election candidates raised in excess of \$200,000. Funds raised by the eight general election candidates were as follows:

- *Richard Conlin* \$269,939
- *Jan Drago* \$253,577
- Paige Miller \$236,817
- Dwight Pelz \$232,563
- Casey Corr \$231,993
- *Richard McIver* \$214,627
- *Nick Licata* \$103,001
- Paul Bascomb \$7,468

In the 2007 election cycle, six of the nine general election candidates raised more than \$200,000. Funds raised by the nine general election candidates were as follows:

- *Tim Burgess* \$353,397
- *Bruce Harrell* \$290,077
- David Della \$261,226
- Venus Velazquez \$244,864
- *Jean Godden* \$227,560
- *Tom Rasmussen* \$201,795
- *Sally Clark* \$176,745
- Joe Szwaja \$96,025
- Judy Fenton \$6,199

In the 2003 and 2005 election cycles, just one councilmember per cycle – Peter Steinbrueck in 2003 and Nick Licata in 2005 – was elected with more than 70 percent of the votes cast. In the 2007 election cycle, three of the five councilmembers – Sally Clark, Jean Godden and Tom Rasmussen – were elected with more than 70 percent of the votes cast. For the first time in 20 years, a sitting Councilmember ran unopposed.

**b. Fundraising for Mayoral and City Attorney elections: 2001 and 2005**

In 2001, Mayor Nickels raised \$616,000 to defeat Mark Sidran, who raised \$731,000. Paul Schell raised \$385,000 in his primary campaign. Adjusting these figures for inflation using the Bureau of Labor Standards Inflation calculator yields the following totals in 2008 dollars: \$747,000 for Mayor Nickels, \$886,000 for Mark Sidran, and \$467,000 for Paul Schell.

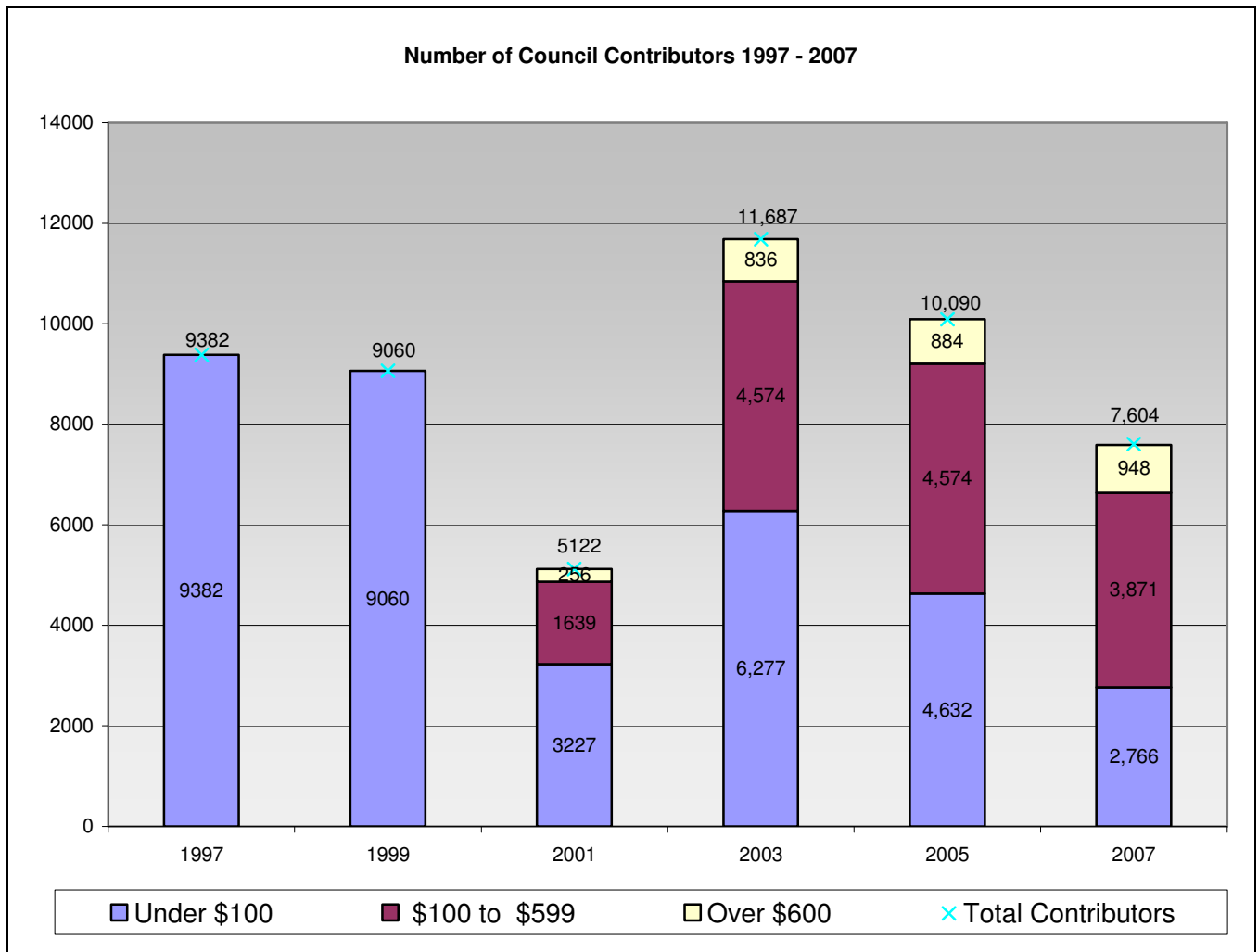
Also in 2001, City Attorney Tom Carr raised \$81,976 to defeat Edsonya Charles, who raised \$73,242.

In 2005, Mayor Nickels raised \$534,263 in his reelection effort, defeating Al Runte, who raised \$18,980. City Attorney Carr ran unopposed, raising \$5,608.

**c. Numbers of contributors to City Council campaigns: 2003 – 2007**

As **Figure 1** shows, as of the end of February, 2008, 7,604 contributors<sup>2</sup> participated in the 2007 City Council election, the lowest number since 2001, when 5,122 contributors gave to City Council candidates, and the second lowest total since the 1997 election. There were a total of 11,687 contributors in 2003, and 10,090 in 2005. The decline in the total number of donors to City Council campaigns over just these three election cycles measures almost 35 percent.

The number of contributors who gave less than \$100 in the 2007 election cycle was at its lowest level since the Commission began tracking contributions by size. 2,766 contributors gave less than \$100, compared to 3,227 in 2001, 6,277 in 2003 and 4,632 in 2005. The decline in the number of small donations stands at 56 percent.

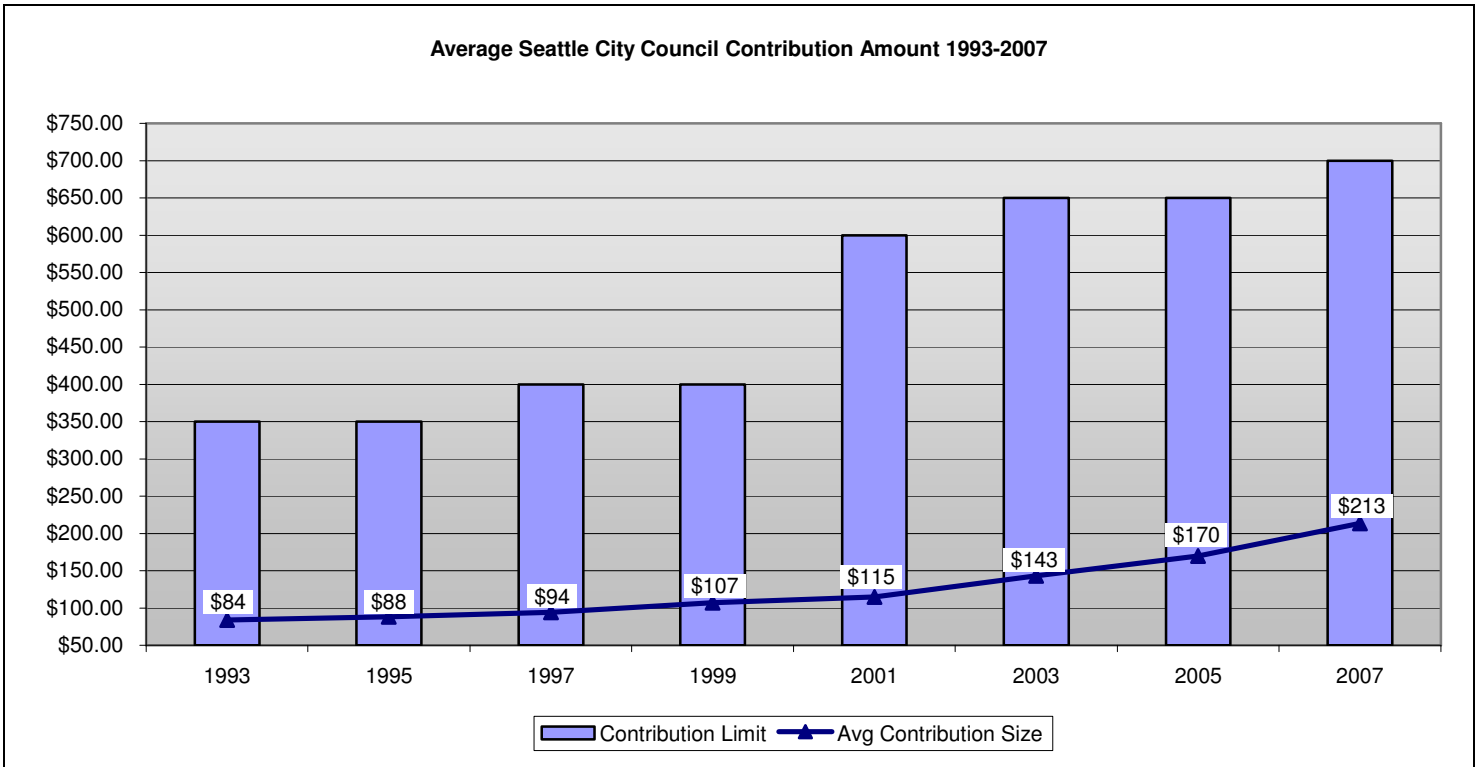


**Figure 1**

<sup>2</sup> This number factors out individual contributors who made more than one contribution to a single campaign, but counts as two contributors one individual who gave to two or more campaigns.

**2. The average value of contributions to City Council campaigns continued to increase.**

As **Figure 2** below shows, the rate of increase in the average contribution has accelerated since 2001. For 2007, the average contribution totaled \$213, almost doubling in three election cycles.<sup>3</sup> The average contribution increased by 24 percent between 2001 and 2003, 19 percent between 2003 and 2005, and 25 percent between 2005 and 2007. In contrast, it increased by just five percent between 1993 and 1995, seven percent between 1995 and 1997, 14 percent between 1997 and 1999, and seven percent between 1999 and 2001.



**Figure 2**

<sup>3</sup> The average contribution size excludes contributions from candidates, so it is not skewed by candidates who spent large sums of money on their own campaigns.

#### 4. Rationales underlying public financing programs

The most common justifications put forth for public financing programs are as follows:

- **Reduce barriers to entry, leading to more choices for voters, and more competitive races.**

It seems reasonable to suspect that the need to raise \$250,000 or more to run in a competitive City Council race discourages candidates from competing, especially candidates without ready access to capital, or family, friends or associates with the capacity to make substantial contributions. If people didn't face the prospect of being vastly outspent, or spending an inordinate amount of time fundraising, they might stand for election, presenting voters with more choices. More choices would mean more competitive races.

Professor Ken Mayer, in a 2005 paper, concluded that public financing programs were in fact leading to more competitive races.<sup>4</sup> He wrote:

...There is compelling evidence that Arizona and Maine have become much more competitive states in the wake of the 1998 Clean Elections programs. The fact that indicators of competitiveness in Arizona have remained stable through the 2002 and 2004 cycles is evidence that the electoral dynamic has changed. We have revised our view of the impact of Maine's program: based on the 2002 elections, we concluded that it was too early to tell whether public funding had changed the electoral landscape. With the 2004 results in hand, we can say that public funding appears to have significantly increased the competitiveness of State House elections, based on the percentage of incumbents who face major party opponents and run in reasonably close races. Minnesota's program continues to show a high degree of efficacy.

Hawaii and Wisconsin are examples of ineffective programs; the key characteristic of both states is that public funds make up only a fraction of what candidates raise and spend.

...

[T]he evidence points strongly to the conclusion that, under the right set of circumstances, public grants can significantly increase the level of election competition.

- **Reduce the time that officeholders and challengers spend raising money, freeing up time for them to interact with Seattle residents, study up on the issues, and perform their work.**

Officeholders and challengers spend a significant amount of time raising money in an election year, and sometimes in advance of an election year. That is time that they cannot spend

---

<sup>4</sup> The paper contains a wealth of data, and can be accessed at: [http://campfin.polisci.wisc.edu/Wisc\\_Camp\\_Fin\\_Proj\\_-\\_Public\\_Funding\\_and\\_Competition.pdf](http://campfin.polisci.wisc.edu/Wisc_Camp_Fin_Proj_-_Public_Funding_and_Competition.pdf)

talking to people who are not likely campaign contributors, studying the issues facing the City and, in the case of incumbents, performing their public duties.

➤ **Reduce the influence – or even the appearance of influence – of campaign contributors on government decision-making.**

True or not, many people suspect that campaign contributions give contributors access to government decision-makers. That suspicion alone harms our democracy. Public financing, the argument goes, enhances the public's confidence in government.

The Committee notes that Professor Mayer reported that there is no empirical support for the proposition that public financing programs enhance public confidence in government, or lead to increasing levels of voter turnout.

➤ **Reduce incentives for campaigns to attempt to outspend one another, or to make campaign strategy decisions based on the fear that they will be outspent.**

The spending caps that are usually a part of a public financing program allow campaigns to make sensible decisions about how to get their message out effectively. They eliminate the incentive to raise and spend as much money as possible because of the prospect that one's opponent will do so.

## **5. Two public financing proposals.**

The Committee developed two proposals for the Mayor and the Council's consideration. By a 6-3 vote, with Committee members Mahon, Radosevich and Ramerman dissenting, the Committee expressed its support for a lump sum program similar to the program in place in Maine, Arizona, Portland and Albuquerque. By two votes of 7-2, Committee members indicated that they would support the adoption of either proposal. The majority of Committee members were persuaded that a lump sum program presents the best hope for meeting the goals outlined above. Committee member Craig Salins made the case for the lump sum program in a memorandum which is included as Appendix A. A minority report authored by the dissenters is attached to this report.

### **a. Lump sum program**

#### **1. City Council and City Attorney**

Under the lump sum program the Committee designed for City Council and City Attorney candidates, a candidate would need to collect 1,000 signatures, backed by a \$10 contribution, from registered voters in the City of Seattle in order to qualify for public financing. Signatures and qualifying contributions could be accepted between January 1<sup>st</sup> of the election year and the close of the window for registering one's candidacy with the County. Upon qualifying, the candidate would receive up to \$30,000 in public funds, for a total of \$40,000. The disbursement would be reduced by any seed money that the candidate had collected during the qualifying phase. Seed money, which candidates can collect in denominations up to \$100, would be capped at \$25,000.

For the primary, a candidate would be eligible to receive up to an additional \$110,000 once an opposing candidate had filed for office and raised in excess of \$10,000. In the general election, a participating candidate would be eligible to receive up to \$100,000, giving the candidate a total campaign budget of \$250,000.

If a participating candidate faced a high-spending opponent, or independent expenditures made in support of his or her opponent, or against the candidate, "fair fight" funds would be provided to the candidate to match the spending dollar for dollar. Under no circumstances could a candidate receive more than two times the amount of the original award.

Participating candidates could accept in-kind contributions up to Seattle's contribution limit. A City Council candidate who accepted in-kind contributions exceeding \$2,000 in the aggregate from all sources would have his or her public funds allotment reduced by the amount of the in-kind contributions over \$2,000.

## 2. Mayor

Under the lump sum program the Committee designed for mayoral candidates, a candidate would need to collect 1,500 signatures, backed by a \$10 contribution, from registered voters in the City of Seattle in order to qualify for public financing. Signatures and qualifying contributions could be accepted between January 1<sup>st</sup> of the election year and the close of the window for registering one's candidacy with the County. Upon qualifying, the candidate would receive up to \$105,000 in public funds, for a total of \$120,000. The disbursement would be reduced by any seed money that the candidate had collected during the qualifying phase. Seed money, which candidates can collect in denominations up to \$100, would be capped at \$50,000.

For the primary, a candidate would be eligible to receive up to an additional \$330,000 once an opposing candidate had filed for office and raised \$15,000 or more. In the general election, a participating candidate would be eligible to receive up to \$300,000, giving the candidate a total campaign budget of \$750,000.

If a participating candidate faced a high-spending opponent, or independent expenditures made in support of his or her opponent, or against the candidate, "fair fight" funds would be provided to the candidate to match the spending dollar for dollar. Under no circumstances could a candidate receive more than two times the amount of the original award.

Participating candidates could accept in-kind contributions up to Seattle's contribution limit. A mayoral candidate who accepted in-kind contributions exceeding \$6,000 in the aggregate from all sources would have his or her public funds allotment reduced by the amount of the in-kind contributions over \$6,000.

**b. The matching fund program**

1. City Council and City Attorney

Under the matching fund program the Committee designed, a participating candidate would need to raise \$10,000 in increments of \$100 or less from registered voters in the City of Seattle. Once a candidate had gathered \$10,000 in qualifying contributions, the City would match the candidate's fundraising with \$30,000 in public funds, bringing the candidate's total budget to \$40,000. This 3:1 match is scaleable, meaning that it could be reduced to 2:1 or even some lower amount. Although the fundamental design of the program would not change, some programmatic changes would be required by a smaller match.

Following that initial disbursement, the City would match a candidate's contributions up to \$250 from registered voters in the City of Seattle on a 3:1 basis, up to a total budget of \$150,000 for the primary, and another \$100,000 for the general election, bringing the candidate's total budget to \$250,000. The release of any funds in excess of \$30,000 would be contingent upon a candidate having an opponent who has raised \$10,000 or more.

If a participating candidate faced an opponent who raised or spent in excess of \$250,000, the expenditure cap would be lifted, permitting the participating candidate to raise in excess of \$250,000. Contributions from registered Seattle voters would be matched 1:1 up to \$700. The expenditure cap would be raised in increments of \$25,000. The City would stop matching contributions dollar for dollar once the candidate's total budget was twice the amount of the original award.

With one exception, the same rules would apply in the case of independent expenditures made opposing a participating candidate or supporting his or her opponent. In the case of independent expenditures, however, aggregate spending would have to exceed \$25,000 in order to trigger this provision.

The Super Match proposal is scaleable. The Council could reduce the match from 3:1 to 2:1 or some lower amount without significantly impacting the fundamental elements of the program.

2. Mayor

Under the matching fund program the Committee designed, a participating candidate would need to raise \$30,000 in increments of \$100 or less from registered voters in the City of Seattle. Once a candidate had gathered \$30,000 in qualifying contributions, the City would match the candidate's fundraising with \$90,000 in public funds, bringing the candidate's total budget to \$120,000. As discussed above, this 3:1 match is scaleable.

Following that initial disbursement, the City would match a candidate's contributions up to \$250 from registered voters in the City of Seattle on a 3:1 basis, up to a total budget of \$450,000 for the primary, and another \$300,000 for the general election, bringing the candidate's

total budget to \$750,000. The release of any funds in excess of \$90,000 would be contingent upon a candidate having an opponent who has raised \$30,000 or more.

If a participating candidate faced an opponent who raised or spent in excess of \$750,000, the expenditure cap would be lifted, permitting the participating candidate to raise in excess of \$750,000. Contributions from registered Seattle voters would be matched 1:1 up to \$700. The expenditure cap would be raised in increments of \$25,000. The City would stop matching contributions dollar for dollar once the candidate's total budget was twice the amount of the original award.

With one exception, the same rules would apply in the case of independent expenditures made opposing a participating candidate or supporting his or her opponent. In the case of independent expenditures, however, aggregate spending would have to exceed \$25,000 in order to trigger this provision.

The Super Match proposal is scalable. The Council could reduce the match from 3:1 to 2:1 or some lower amount without significantly impacting the fundamental elements of the program.

**c. Justification for spending limits**

In order for a public financing program to be successful, it will need to attract competitive candidates, giving them a shot at victory. In the 2005 City Council elections, two candidates raised in excess of \$250,000 and two did not. In the 2007 City Council elections, two candidates raised in excess of \$250,000 and three did not. All five candidates who were elected with less than \$250,000 were incumbents. Christian Sinderman and John Wyble told us that they advised challengers that they would need to spend between \$250,000 and \$300,000 to overcome the advantages inherent in incumbency. The mayoral expenditure limit was also designed to be attractive to candidates in a competitive mayoral campaign. In short, the Committee was persuaded that unless a public financing program provides candidates with the capacity to run a competitive campaign, the best candidates will opt out of the program. An ineffective program would be no better –in fact, worse – than no program at all.

**d. Cost estimates**

Penciling out the cost of a public financing program is difficult. Several variables are beyond control, chiefly the number of candidates who qualify and use the program. Similarly, there is no way to predict with any confidence the level of independent expenditures and whether a self-financing candidate would spend beyond the expenditure cap, triggering fair fight funds. The lump sum proposal, and to a lesser extent the matching fund proposal, reduce incentives for such expenditures by ensuring that candidates have access to adequate funding to battle such spending.

Appendices B and C, which were prepared by Council Central Staff for illustrative purposes, provide an apples to apples cost comparison of the two proposals developed by the Committee. The proposals assume the same level of independent spending and spending by a

self-financed candidate in excess of the expenditure cap. Costs are analyzed under three scenarios, one in which there are three publicly financed candidates standing for election in every position, one in which there are four, and one in which there are five.

## **6. Implementation timeline**

Eight Committee members supported placing a measure on the ballot in 2009, with any program going into effect in time for the 2011 City elections.

There was some fear that the measure might get little attention in a presidential election year, and that giving Seattle voters just five months to digest such a dramatic change in the way campaigns are funded would work to the program's disadvantage. Several Committee members thought that the proposal would benefit from being on the ballot with City offices, which would encourage candidates to discuss and take a position on the program. Several Committee members thought that if voters approved the measure in November 2008, implementing a program late in the 2009 election cycle would prove chaotic.

## **7. Other issues**

a. *Indexing.* The Committee recommended indexing the dollar figures in the proposal for inflation.

b. *Ballot notation.* A majority of the Committee recommended that participants in the public financing program be identified as such on the ballot.

c. The Committee touched on several issues, including potential funding sources, penalties for violations, and reporting requirements for non-participating candidates, but ran out of time to develop reasoned proposals on these subjects. As noted above, Committee members remain available for consultation on programmatic details. In the alternative, the Committee recommends that the City Council look to the Seattle Ethics and Elections Commission for advice on implementing a successful program.

d. *Public input.* The limited time that the Committee had to complete its work made it infeasible for the Committee to engage the public in any meaningful way. The Committee recommends that the City Council and the Mayor engage the public in this process before placing a measure on the ballot.

e. *Accountability.* The Committee recommends that any public financing program be studied on a regular basis following implementation to ensure that it is accomplishing its goals and to ensure that public dollars are being well spent.

f. *Additional resources.* As noted above, the Committee held six meetings, each lasting approximately three to four hours. Five of the six meetings were recorded by the Seattle Channel, and will be available for streaming at <http://www.seattlechannel.org/videos/>.

Information about Portland's public financing program is available at <http://www.portlandonline.com/auditor/index.cfm?c=27115> Information about San Francisco's program can be accessed from [http://www.sfgov.org/site/ethics\\_index.asp](http://www.sfgov.org/site/ethics_index.asp).

The Seattle program in place from 1979 to 1991 remains part of the Seattle Municipal Code, and is available at SMC 2.04.400 *et seq.* Information about the program, including public dollars expended, is available at Appendix D below.

## Appendix A

# Memo

To: Seattle Campaign Public Finance Advisory Committee  
From: Craig Salins  
Date: June 6, 2008  
Re: Summarizing the case for a lump-sum model of public campaign financing

---

At the first meeting of the CPFAC, May 8th, staff director Wayne Barnett circulated a memo outlining suggested justifications for Public Financing Programs. There was discussion of these proposed policy goals, and although there was no formal vote, I believe there was consensus that the listing provided a good measuring stick to evaluate and eventually settle on program choices and details:

- A) Reduce barriers to entry, leading to more choices for voters.
- B) Reduce the time that officeholders and challengers spend raising money, freeing up time for them to interact with voters, study up on the issues, and perform their work.
- C) Reduce the influence - or even the appearance of influence - of campaign contributors on government decision-making.
- D) Reduce incentives for campaigns to attempt to outspend one another, or to make campaign strategy decisions based on the fear that they will be outspent.

The City Council resolution (#31052) establishing the CPFAC asks the Advisory Committee to "develop a recommendation for a proposed model for publicly financing local election campaigns in Seattle" (Section 2), implying that the Council would prefer that the CPFAC indicate a preferred model if we submit more than one (and of course, we've already tentatively decided to submit a matching model and a lump-sum model, each for consideration).

Now that the CPFAC is in the final hours of deciding details and choosing a preferred model to publicly finance campaigns for public office in Seattle, I believe it's useful to consider the case for a lump-sum model (Portland-style) as a preferred alternative.

### **1. There are clear benefits to a lump-sum model, in meeting certain public policy goals:**

- a) A lump-sum model totally sidesteps the troublesome see-saw choice between limiting maximum allowable contributions from donors (to reduce influence and to broaden the spectrum of candidates who can afford and therefore would choose to run), but thereby requiring even more donors and therefore more time dialing for dollars.
- b) A lump-sum model accomplishes - clearly, cleanly and totally - the public policy goal of candidate selection based upon community support, likely voter support and fitness for office,

rather than fund raising ability. In many ways, this is the essence, the core rationale, of why public financing of campaigns is desirable.

By contrast, a matching program keeps us wedded to fund raising ability as a way to determine who can run and be competitive. Such a program design will always be hampered by this fundamental limitation. This becomes obvious as anyone struggles to arrive at details that achieve the public purpose promise of public financing within the confines of the matching fund model.

For example, a matching fund program of any design provides benefits to incumbents in likely campaign cash because it amplifies their incumbent-generated access to donors much more than would a lump-sum model where the financial playing field is inherently more equal.

**2. Comparison of costs - public outlays - suggest that a lump-sum model is nearly as affordable as a matching model, and therefore competitive and preferable on a cost-benefit basis.**

The difference between the matching model as proposed by the CPFAC to date, and a Portland-style lump-sum model is insignificant, contrasted with benefits to campaign finance reform achieved by the lump sum model:

- a) Selecting candidates based on community support rather than fund raising prowess;
- b) Eliminating time spent dialing for dollars by candidates;
- c) Reducing financial barriers to entry, and more easily leveling the financial playing field.

**3. A majority of Seattle voters are unlikely to be swayed away from PFC simply due to relatively small differences in cost between a lump-sum model rather than a matching model, especially given the clear public policy benefits of a full-funding model.**

Proposing a model that totally meets public policy goals, even if it requires a somewhat larger public outlay, is more likely to garner public support than a model which costs not much less but which is weakened by not really achieving public policy goals. This consideration carries more weight if a model is proposed for implementation in a future year when the economy and city revenues might be healthy or on the rebound such that public resources would be available for a preferred choice.

**4. Lump-sum models are working in several states and at least one city, and are popular and widely supported by the public, elected officials and most stakeholders concerned about campaigns.**

The "Clean Elections" programs in Maine and Arizona, North Carolina, New Mexico, New Jersey and other states, and the "Voter-Owned Elections" program in Portland, Oregon, are increasingly used by incumbents and challengers; the programs are popular and have resisted repeated attempts at repeal by opposition forces; evaluations show the programs are meeting public policy goals; and there is an increasing amount of advice and technical support to any jurisdiction that would like to follow in the footsteps or even improve on these models.

**5. If implementation of any PFC model is proposed for the 2011 election cycle, there is time to work out details, develop appropriate oversight and rule making, and budget needed resources.**

All along everyone seems to agree that it's more important to choose and design wisely rather than quickly. Suggesting that program implementation of any program be delayed until the 2011 cycle (placed on the 2009 ballot as a referendum to voters) - as already proposed by the CPFAC - provides ample time to work out details, prepare a well-written ordinance, decide on a funding source and arrange a necessary budget, educate voters and allow time for public input, and encourage voter support. These advantages seem to alleviate possible concerns about any public financing model, including and perhaps especially the lump-sum model.

## Appendix B

### **Campaign Public Financing Advisory Committee Full Financing Model**

#### **I. Proposal - Basic Concept for City Council and City Attorney Races**

##### In order to qualify

Candidate must secure 1,000 signatures and \$10,000 in donations of \$10 increments from those supporters prior to qualifying for public financing. This is intended to prove and demonstrate candidate viability.

Match Limit	Candidate \$ Raised	Signatures Gathered	Public \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Public)
\$10	\$10,000	1,000	\$140,000	14:1	\$150,000

##### Primary Election

The primary election expenses are capped at \$150,000. Candidate cannot access the entirety of these funds until he or she has a declared opponent. A qualifying candidate may access \$30,000 of these funds prior to having an opponent.

##### General Election

After the primary, public financed candidates would receive an additional allotment of \$100,000 in public funds for the general election. Total campaign expenditures are capped at \$250,000.

##### Full Financing Totals

Match Limit	Candidate \$ Raised	Signatures Gathered	Public \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$10	\$10,000	1,000	\$240,000	24:1	\$250,000

#### **II. Proposals - Basic Concept for Mayoral Races**

##### In order to qualify

Candidate must secure 1,500 signatures and \$15,000 in donations of \$10 increments from those supporters prior to qualifying for public financing. This is intended to prove and demonstrate candidate viability.

Match Limit	Candidate \$ Raised	Signatures Gathered	Public \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Public)
\$10	\$15,000	1,500	\$435,000	29:1	\$450,000

### Primary Election

The primary election expenses are capped at \$450,000. Candidate cannot access the entirety of these funds until he or she has a declared opponent. A qualifying candidate may access \$105,000 of these funds prior to having an opponent.

### General Election

After the primary, publicly financed candidates would receive an additional allotment of \$300,000 in public funds for the general election.

### Full Financing Totals

Match Limit	Candidate \$ Raised	Signatures Gathered	Public \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$10	\$15,000	1,500	\$735,000	49:1	\$750,000

### **Additional Provisions:**

- Publicly financed candidate will be noted with an asterisk on the actual ballot
- If publicly financed candidate (PFC) has an opponent that exceeds the expenditure caps for the race (\$250k for council/city attorney and \$750,000 for mayor), then the PFC candidate's cap would be raised and public funds allotted as follows:
  - Primary = Match \$ =  $1 + [(n-1)/2]$  (n = # of participating candidates in the race) multiplied by the amount of spending over the cap. This amount is then divided among the publicly financed candidates.
  - General = 1:1 (\$1 for every dollar above the cap raised by non-publicly financed candidate)
- Independent expenditures apply the same way as described above for a opt-out candidate against publicly financed candidates.

### **Projected Costs:**

#### Scenario 1 Assumptions

- **4 candidates** qualify for public financing in all races
- All candidates attain maximum matching funds
- Independent Expenditures: \$100k in Council only years and \$150k in Mayor years
- 2 "high spending" candidates that opt-out of public financing that raise \$350k each and one in a Mayoral race that raises \$850k.

<b>Expenditure</b>	<b>5 City Council Races</b>	<b>4 City Council, City Attorney &amp; Mayoral Races</b>
Primary Funds	\$2,800,000	\$4,540,000
General Funds	\$1,000,000	\$1,600,000
Opt-Out High Spender Match	\$100,000	\$150,000
Independent Expenditures Match	\$200,000	\$300,000
Administrative Costs	\$125,000 (1.5 FTE)	\$125,000 (1.5 FTE)
<b>Totals:</b>	<b>\$4,225,000</b>	<b>\$6,715,000</b>

Compared with matching fund model:

- Independent expenditure match is double
- Opt-out high spender match is double
- Administrative costs the same

Rationale for the difference: in the “matching” program, there is a true 1:1 match based on the candidate’s ability to raise dollar for dollar what the public would be funding. In the “full financing” model, the dollar for dollar match is based on expenditure, not what the publicly financed candidate raises.

So, a match of \$100,000 of independent expenditure money would equal a full \$100,000 provided to a candidate under the “full financing” model, while, in the “matching” program model, the publicly financed candidate would still need to raise \$50k to get another \$50k. So, the taxpayer cost is cut in half.

**Scenario 2 Assumptions**

- **3 candidates** qualify for public financing in all races
- All candidates attain maximum matching funds
- Independent Expenditures: \$100k in Council only years and \$150k in Mayor years
- 2 “high spending” candidates that opt-out of public financing that raise \$350k each and one in a Mayoral race that raises \$850k.

<b>Expenditure</b>	<b>5 City Council Races</b>	<b>4 City Council, City Attorney &amp; Mayoral Races</b>
Primary Funds	\$2,100,000	\$3,405,000
General Funds	\$1,000,000	\$1,600,000
Opt-Out High Spender Match	\$100,000	\$150,000
Independent Expenditures Match	\$200,000	\$300,000
Administrative Costs	\$125,000 (1.5 FTE)	\$125,000 (1.5 FTE)
<b>Totals:</b>	<b>\$3,525,000</b>	<b>\$5,580,000</b>

**Scenario 3 Assumptions**

- **5 candidates** qualify for public financing in all races
- All candidates attain maximum matching funds
- Independent Expenditures: \$100k in Council only years and \$150k in Mayor years
- 2 “high spending” candidates that opt-out of public financing that raise \$350k each and one in a Mayoral race that raises \$850k.

<b>Expenditure</b>	<b>5 City Council Races</b>	<b>4 City Council, City Attorney &amp; Mayoral Races</b>
Primary Funds	\$3,500,000	\$5,675,000
General Funds	\$1,000,000	\$1,600,000
Opt-Out High Spender Match	\$100,000	\$150,000
Independent Expenditures Match	\$200,000	\$300,000
Administrative Costs	\$125,000 (1.5 FTE)	\$125,000 (1.5 FTE)
<b>Totals:</b>	<b>\$4,925,000</b>	<b>\$7,850,000</b>

**Summary Totals Full Financing:**

<b>Scenario</b>	<b>Annual Budget</b>	<b>4-year Cycle Budget</b>
Scenario 1 (4 candidates each race)	\$2.7 million	\$10.9 million
Scenario 2 (3 candidates each race)	\$2.3 million	\$9.1 million
Scenario 4 (5 candidates each race)	\$3.2 million	\$12.8 million
<b>Ranges for Program Budget:</b>	<b>\$2.3 - \$3.2 million</b>	<b>\$9.1 - \$12.8 million</b>

**Appendix C**

**Campaign Public Financing Advisory Committee  
Matching Fund Model**

**III. Proposal - Basic Concept for City Council and City Attorney Races**

In order to qualify

Candidate must raise all \$10,000 prior to receiving any public matching funds. This is intended to prove and demonstrate candidate viability. In order to be eligible for additional matching dollars beyond the initial \$30,000, the candidate must have an opponent that has raised at least \$10,000.

Match Limit	Candidate \$ Raised	Public Match \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$100	\$10,000	\$30,000	3:1	\$40,000

Primary Election

After the first \$10,000 has been raised, every subsequent dollar raised by the candidate is matched 3:1. There is no minimum threshold, but there is a \$150,000 cap on expenditures by candidates in the primary. More private funds may be raised, but they will not be matched unless candidate makes it to the general election.

Match Limit	Candidate \$ Raised	Public Match \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$250	\$27,500	\$82,500	3:1	\$110,000
<b>Primary Totals:</b>	<b>\$37,500</b>	<b>\$112,500</b>	<b>3:1</b>	<b>\$150,000 Cap</b>

General Election

After the primary, candidates can continue to raise private funds to receive a 3:1 public match. The overall campaign spending cap is \$250,000.

Match Limit	Candidate \$ Raised	Public Match \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$250	\$25,000	\$75,000	3:1	\$100,000
<b>Campaign Totals:</b>	<b>\$62,500</b>	<b>\$187,500</b>	<b>3:1</b>	<b>\$250,000</b>

Any amount of private funds raised beyond the levels of what can be matched or for an individual donation that exceeds the \$250 limit counts against your matching dollars. In other words, any dollar

raised above the private fundraising limits would represent a corresponding reduction in the public matching funds. The ultimate cap is \$250,000 in total private + public funds.

**IV. Proposals - Basic Concept for Mayoral Races**

In order to qualify

Candidate must raise all \$30,000 prior to receiving any public matching funds. This is intended to prove and demonstrate candidate viability. In order to be eligible for additional matching dollars beyond the initial \$90,000, the candidate must have an opponent that has raised at least \$30,000.

Match Limit	Candidate \$ Raised	Public Match \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$100	\$30,000	\$90,000	3:1	\$120,000

Primary Election

After the first \$30,000 has been raised, every subsequent dollar raised by the candidate is matched 3:1. There is no minimum threshold, but there is a \$450,000 cap on expenditures by candidates in the primary. More private funds may be raised, but they will not be matched unless candidate makes it to the general election.

Match Limit	Candidate \$ Raised	Public Match \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$250	\$82,500	\$247,500	3:1	\$330,000
<b>Primary Totals:</b>	<b>\$112,500</b>	<b>\$337,500</b>	<b>3:1</b>	<b>\$450,000 Cap</b>

General Election

After the primary, candidates can continue to raise private funds to receive a 3:1 public match. The overall campaign spending cap is \$750,000.

Match Limit	Candidate \$ Raised	Public Match \$	Ratio (Public \$: Candidate Raised)	Total Funding (Candidate + Match)
\$250	\$75,000	\$225,000	3:1	\$300,000
<b>Campaign Totals:</b>	<b>\$187,500</b>	<b>\$472,500</b>	<b>3:1</b>	<b>\$750,000</b>

Any amount of private funds raised beyond the levels of what can be matched or for an individual donation that exceeds the \$250 limit counts against your matching dollars. In other words, any dollar raised above the private fundraising limits would represent a corresponding reduction in the public matching funds. The ultimate cap is \$750,000 in total private and public funds.

**Additional Provisions:**

- Publicly financed candidate will be identified as such on the ballot.
- If publicly financed candidate (PFC) has an opponent that exceeds \$250,000 in funds raised, then the PFC candidate’s cap would be raised accordingly in \$25,000 increments. (This would apply to the mayoral cap as well) Example: Opponent raises \$260,000; the PFC candidate cap would be raised to \$275,000.
- Every dollar beyond the original \$250,000 cap raised by a PFC candidate will be matched at a 1:1 ratio up to \$125,000 beyond the original cap (\$500,000 total). (this would apply to the mayoral cap as well). These will be referred to as “rescue funds.” The contribution limitations are lifted for these “rescue funds.” (in other words, candidate can solicit up to \$700 individual contributions – though they must be new contributions).
- 30 days after a candidate has raised the pre-qualify funds (\$10,000 for Council or City Attorney or \$30,000 for Mayor) or by the filing deadline (whichever comes first), a candidate must declare whether they are participating in the Public Financing Program.
- Independent expenditures for or against a publicly financed candidate that cumulatively total more than \$25,000 will be matched 1:1 with funds provided to the publicly financed candidate.

**Projected Costs:**

**Scenario 1: Assumptions**

- **4 candidates** qualify for public financing in all races
- All candidates attain maximum matching funds
- Independent Expenditures: \$100k in Council only years and \$150k in Mayor years
- 2 “high spending” candidates that opt-out of public financing that raise \$350k each and one in a Mayoral race that raises \$850k.

<b>Expenditure</b>	<b>5 City Council Races</b>	<b>4 City Council, City Attorney &amp; Mayoral Races</b>
Qualifying Matching Funds	\$600,000	\$960,000
Primary Matching Funds	\$1,650,000	\$2,640,000
General Matching Funds	\$750,000	\$1,200,000
Opt-Out High Spender Match	\$50,000	\$75,000
Independent Expenditures Match	\$100,000	\$150,000
Administrative Costs	\$125,000 (1.5 FTE)	\$125,000 (1.5 FTE)
<b>Totals:</b>	<b>\$3,275,000</b>	<b>\$5,150,000</b>

**Scenario 2: Assumptions**

- **3 candidates** qualify for public financing in all races
- All candidates attain maximum matching funds
- Independent Expenditures: \$100k in Council only years and \$150k in Mayor years
- 2 “high spending” candidates that opt-out of public financing that raise \$350k each and one in a Mayoral race that raises \$850k.

<b>Expenditure</b>	<b>5 City Council Races</b>	<b>4 City Council, City Attorney &amp; Mayoral Races</b>
Qualifying Matching Funds	\$450,000	\$720,000
Primary Matching Funds	\$1,237,500	\$1,980,000
General Matching Funds	\$750,000	\$1,200,000
Opt-Out High Spender Match	\$50,000	\$75,000
Independent Expenditures Match	\$100,000	\$150,000
Administrative Costs	\$125,000 (1.5 FTE)	\$125,000 (1.5 FTE)
<b>Totals:</b>	<b>\$2,712,500</b>	<b>\$4,250,000</b>

**Scenario 3: Assumptions**

- **5 candidates** qualify for public financing in all races
- All candidates attain maximum matching funds
- Independent Expenditures: \$100k in Council only years and \$150k in Mayor years
- 2 “high spending” candidates that opt-out of public financing that raise \$350k each and one in a Mayoral race that raises \$850k.

<b>Expenditure</b>	<b>5 City Council Races</b>	<b>4 City Council, City Attorney &amp; Mayoral Races</b>
Qualifying Matching Funds	\$750,000	\$1,200,000
Primary Matching Funds	\$2,062,500	\$3,300,000
General Matching Funds	\$750,000	\$1,200,000
Opt-Out High Spender Match	\$50,000	\$75,000
Independent Expenditures Match	\$100,000	\$150,000
Administrative Costs	\$125,000 (1.5 FTE)	\$125,000 (1.5 FTE)
<b>Totals:</b>	<b>\$3,837,500</b>	<b>\$6,050,000</b>

**Summary Totals Matching:**

<b>Scenario</b>	<b>Annual Budget</b>	<b>4-year Cycle Budget</b>
Scenario 1 (4 candidates each race)	\$2.1 million	\$8.4 million
Scenario 2 (3 candidates each race)	\$1.7 million	\$7.0 million
Scenario 4 (5 candidates each race)	\$2.5 million	\$9.9 million
<b>Ranges for Program Budget:</b>	<b>\$1.7 - \$2.5 million</b>	<b>\$7.0 - \$9.9 million</b>

## Appendix D

### Seattle's Public Financing Program: 1979 – 1991

Year	Contribution Limit	Expenditure Limit for Participating Candidates	Public Dollars Spent
1979	\$250 for individuals \$500 for groups of 10 or more	\$150,000 for mayor \$50,000 for other elected offices	\$153,907
1981	\$250 for individuals \$500 for groups of 10 or more	\$150,000 for mayor \$50,000 for other elected offices	\$42,203
1983-85	<i>No program</i>		
1987	\$350	\$250,000 for mayor \$75,000 for other elected offices	\$39,772
1989	\$350	\$250,000 for mayor \$75,000 for other elected offices	\$332,595
1991	\$350	\$250,000 for mayor \$110,000 for other elected offices	\$248,621

1979

Candidates participating (11): **Kraabel**, Sheehan, Crowley, Licata, Moffett, **Sibonga**, Horiuchi, **Richards**, Staten, Stensager, Hara. Candidates not participating (16): Daly, Hill, Giles, Ruckert, Taylor, Bingen, Lantz, **Rice**, Weigelt, Brooks, Burke, Duree, **Smith**, Woodley, Bott, Cooley

1981

Candidates participating (4): Bushong, **Galle**, Murphy, Pietromonaco. Candidates not participating (27).

1987

Candidates participating (4): **Kraabel**, Sanchez, Pageler, Jansons. Candidates not participating (12).

1989: No data available

1991<sup>5</sup>

Candidates participating (13): Alaniz (\$25,989; \$8,003), **Choe** (\$118,724; \$33,365)<sup>6</sup>, **Donaldson** (\$55,181; \$16,078), Drago (\$70,070; \$17,638), Durham (\$15,662; \$6,709), Hara (\$42,472; \$12,727), **Harris** (\$109,120; \$37,562), Kelly (\$16,853; \$5,039), Nelson (\$98,916; \$27,860), **Pageler** (\$103,832; \$30,922), Patu (\$41,633; \$12,611), Sedlick (\$58,884; \$10,431), **Street** (\$70,680; \$21,314). Candidates not participating (10): Wheeler, Ambalada, Doyle, Haggerty (\$399), Taylor (\$44,000), Jackson, Smith (\$29,908)<sup>7</sup>, Crome, Pino (\$795), Allen.

<sup>5</sup> Figures after the candidates' names show (1) total dollars raised, and (2) total matching funds disbursed. Reports were not available for every candidate.

<sup>6</sup> Ms. Choe returned \$4422.34 to the City, half the amount by which she overspent the expenditure ceiling.

<sup>7</sup> Mr. Smith was the only City Council candidate in the General Election who did not participate in public financing.