



**Legislative Department  
Seattle City Council  
Memorandum**

**Date:** May 28, 2013

**To:** All Councilmembers

**From:** Mike Fong and Tony Kilduff, Central Staff Analysts

**Subject:** **Campaign Public Financing – Decision Agenda II**

**BACKGROUND**

In 2008 the State Legislature passed legislation enabling local jurisdictions to adopt public campaign financing if approved by a vote of the people. The City Council convened a panel to review the merits of campaign financing in Seattle but the economic downturn and the City's stressed financial circumstances put further consideration on hold.

In December 2012, Councilmembers Clark, Licata, O'Brien and Rasmussen sent a memo (Attachment A) to the Seattle Ethics and Elections Commission ("Commission") requesting an examination of campaign public financing and development of a potential program model for implementation. Over the last several months, concurrent with the Commission's review, the Council has convened two panel discussions with representatives from cities currently providing public financing to candidates for local office and researchers who have studied the impacts of these types of programs.

On March 28, the Commission concluded its review and sent its findings and recommendations to the Council (Attachment B).

A Council Special Committee on Public Campaign Finance met for the first time on April 29<sup>th</sup> to hear the Commission's proposal and to explore the details of it with the Executive Director and members of the Commission who attended the meeting. That discussion was followed by a Council Central Staff ("Staff") presentation on some of the key issues involved in any potential campaign financing program. The discussion focused attention on the questions the Council would need to address should it choose to proceed with a program.

The Special Committee met again on May 13 to consider 15 questions relating to the establishment of a campaign financing program for Seattle. The answer to the first question established that the Committee wished to develop a program to place before the voters at the November 2013 election. The remaining questions fleshed out the structure of the program. Although the votes taken by the Committee outlined the elements of the program, a number of important questions still need to be resolved. This memo sets out those questions for the Committee's consideration.

## **List of Supporting Documents**

Attachment A: Letter of Request from Councilmembers to the Commission

Attachment B: Letter in Response from the Commission

Attachment C: Comparison of Seattle's Electoral Competitive to Portland, San Francisco, and Los Angeles

Attachment D: Brief History of Previous Seattle Programs

Attachment E: Examples based on the Commission's Recommended Program

Attachment F: Summary of Program Elements from other Cities

## Question Already Addressed

The following table will remind the Committee of the core decisions it made at the May 13<sup>th</sup> meeting. With just one exception—that of the spending limit for participating candidates—the Committee was unanimous in accepting the Commission’s recommendation. The Committee decided to take up the spending cap at the May 28 meeting.

Question	Answer
*Does a candidate need an opponent to qualify for matching funds?	<b>YES</b>
*How many contributors does a candidate need to qualify?	<b>600</b>
What is the minimum qualifying donation value?	<b>\$10</b>
What is the maximum value of a qualifying donation that will be matched?	<b>\$50</b>
At what rate will qualifying donations be matched?	<b>6:1</b>
*What is the maximum amount a participant can receive?	<b>\$180,000</b>
Must qualifying donations come from <i>residents</i> of Seattle?	<b>YES</b>
Must qualifying donations come from <i>registered voters</i> in Seattle?	<b>NO</b>
Must qualifying donations come from <i>individuals</i> ( <u>not</u> corporations or groups)?	<b>YES</b>
Are participants prohibited from taking donations from corporations or groups?	<b>NO</b>
Should participants be held to a spending limit?	<b>YES</b>
*What should that limit be?	<b>TBD</b>
*Should that limit be lifted in the event the <i>combined spending by an opponent and Independent groups supporting the opponent</i> exceed the limit?	<b>YES</b>
*Should the program <i>and</i> the administration of it be funded by a tax levy?	<b>YES</b>

***\*Answers to these questions require further clarification.***

**List of Additional Issues**

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## 1) Definition of Opponent

Considerations: While the Committee unanimously agreed that a candidate would need to be opposed to qualify for public funds, the question of when a candidate would be deemed to have an opponent remained unresolved. The simplest definition is when more than one person has *filed with the County* in the same race.

Discussion focused on the observation that a great deal of campaigning can occur in the interval between the official start of the election process and the deadline for filing with the County. Prior to that deadline persons raising or spending money on an election campaign must notify the Commission. However, they are not required at that time to identify the race they intend to contest and, even if they do, they can change races at will. Furthermore, it sometimes happens that persons file with the Commission but do not subsequently file with the County. This makes relying on anything other than official filing with the County to determine candidacy fraught with challenges. San Francisco, which at one time provided money to candidates prior to registration, has ceased to do so because of problems with too many underperforming candidates.

Question: Should a person be deemed to have an opponent for the purpose of participating in the program and receiving public funds only if, *more than one person files in the same race with the County?*

Yes

No

If the answer is No, Staff will work with Committee members to craft an alternative definition.

## 2) Two-Candidate Primary

The treatment of situations where there are only two candidates in the primary, and hence neither will show on the ballot and both will proceed to the general election should be addressed.

Considerations: It is entirely possible to have one or both candidates in a two-candidate primary participate in the program. However, since each is guaranteed to proceed to the

general election, it is reasonable to argue that neither faces a challenge in the primary. That view would argue against providing the full match intended for a two-stage race.

Question: Should only \$90,000 of matching funds be available to candidates in a two-person race?

Yes

No

### **3) Timeframe for Collecting Contributions**

The Commission's proposal envisioned a candidate raising 600 qualifying donations between the start of the election year and the close of filing.

Considerations: The Commission proposed this as a test of the viability of a candidate's organization, but there is an argument to be made that the bar is set too high. There are many variants on the window for collecting the required contributions. Staff proposes the following options for consideration.

Question: Assuming that the window for securing at least 600 contributors, each donating at least \$10, closes with the close of filing, when should it start?

- A. The start of the election year (The Commission's proposal).
- B. At most 120 days prior to the close of filing.
- C. At most 180 days prior to the close of filing.
- D. The start of the *election process* for 200 of the required donations and the start of the *election year* for the remaining 400.

Or

- E. Other? Specify \_\_\_\_\_

#### 4) Spending Cap

While the Committee unanimously agreed there should be a spending cap there was not unanimous agreement on its size and the Committee chose to delay a decision on it until this meeting.

Considerations: The Commission's proposed cap is \$210,000. In contrast, the funds raised by successful candidates in the last four elections average \$243,000. If we exclude 2009 (which was only 63% of the other three years) as an outlier reflecting harsh economic times the average is \$267,000.

Question: Should the spending cap be:

- |  |            |
|--|------------|
| A. The Commission's proposal:              | \$210,000? |
| B. The average of the last four elections: | \$243,000? |
| C. The average excluding 2009:             | \$267,000? |
| D. Councilmember proposal:                 | \$300,000? |
| E. Other                                   | \$_____    |

#### 5) Primary-General Split

The Commission's proposal allocates half of the maximum allowable match of \$180,000 to the primary and half to the general. It does not, in contrast, divide the spending cap in the same way.

Considerations: The Commission's intent in splitting the matching funds evenly between the primary and general was to preserve the public purse since not all primary candidates will go through to the general. Reserving half of the match for the general election also helps to ensure that a candidate who continues to the general will have some funds to run a campaign. The Commission's recommendation on the split recognizes an electoral reality: while the primary and general are, in principle, a single election, in practice they function as two separate contests.

Staff proposes that the Committee also consider splitting the spending cap between the primary and the general. Doing so will help to mitigate against unlikely but possible situations arising from having the overall spending cap for the entire election apply equally to the two sub-elections in which the overall matching funds are split equally.

Question: Should the overall spending cap be split between the primary and the general?

Yes

No

## 6) Lifting the Cap

There was consensus that the cap should be lifted when the combined expenditures by an opponent and independent entities supporting the opponent exceed the spending cap.

Considerations: The outstanding question is whether the cap should be lifted completely or in increments. San Francisco raises its cap in increments of \$10,000. Other cities lift the cap completely. For both the regulator and candidates it will be administratively easier to deal with the removal of the cap in the event of a breach.

Question: Should the cap be lifted completely?

Yes

No

If the answer is No, by how much should the cap be lifted on each breach? \$\_\_\_\_\_

## 7) Opting Out

The issue here is whether, and under what circumstances, a candidate should be allowed to opt out of the program without penalty. The presumption is that all public funds received would be returned to the program.

Considerations: In Seattle's earlier implementation of campaign financing, candidates could opt out no later than 15 days after the close of filing for no reason. Los Angeles allows candidates

to opt out no later than five days after the close of filing, *but only if* an opponent has chosen not to opt in.

Question 7 A: Should a candidate be allowed to opt out for no reason?

Yes

No

Question 7 B: Should a candidate be allowed to opt out if an opponent is not participating?

Yes

No

The window within which these actions might be taken could be left to the Commission.

## **8) Amount of the Levy**

How large a levy lid lift to propose to the voters depends on the Committee's sense of how many candidates (on average) will participate in the program.

Considerations: The Commission assumed that all participating candidates would receive full funding in the primary and that one participating candidate would go on to the general election and also qualify for full funding. The following summarizes *annual* costs based on different assumptions about the number of candidates participating in each race *over the entire Council cycle of nine races*:

- A. Three participating candidates plus program administration would cost \$1,172,000 per year. That equals \$3.38 per year for the owner of a \$350,000 home; and
- B. Four participating candidates plus program administration would cost \$1,365,000 per year. That equals \$3.93 per year for the owner of a \$350,000.

There is some evidence from Seattle's earlier experience with a public financing model to support the Commission's assumption of three candidates. On the other hand, this is a new program and it is impossible to know how it will be received. If it is successful in the goal of increasing participation it may be oversubscribed.

If the lid lift takes effect at the start of 2014, the program would have two full years of levy revenue available before the next election. On the other hand, the next election will have five

Council races. Here are two scenarios to give the Committee a sense of how the program might work in 2015.

Using the Commission's assumptions of *three* participating candidates per race with *one* going through to the general, the program would have more than enough funds in 2015 if the levy was set to generate \$1,172,000 per year.

If all five races had *four* participating candidates in each race the program would face a shortfall of \$206,000 if the levy was set to generate \$1,172,000 per year. If we layer onto this the assumption of *two* participating candidates going on to the general in at least four of the races, the program would have insufficient funds even with the levy was set to generate \$1,365,000 per year.

It is worth noting that the ballot measure would set the maximum amount of the levy. The actual amount of the levy is set by the Council each year. The Committee may deem it prudent to set the levy high enough to allow the buildup of a sizable fund balance in the first two years. In subsequent years the amount of the levy could be lowered. For example, a levy set to collect \$2,000,000 in the first year would cost the owner of a \$350,000 home around 65 cents per month. Staff recommends the higher levy in the first two years to reduce the likelihood of oversubscription, something we address below.

Question: At what level should the levy be set? \$ \_\_\_\_\_

## **9) Insufficient Funds**

There is always the possibility that fund available for participating candidates will be insufficient to provide the stated full match to all participating candidates.

Considerations: Other cities that have similar programs have dealt with the problem of oversubscription in one of two ways: give matching funds up to the maximum on a first come, first served basis, or reduce the maximum match available to all candidates on a pro-rata basis.

To make the pro-rata reduction approach work in practice, the Commission would have to assume that all participating candidates would eventually collect enough qualifying donations to reach that maximum match. It could then adjust the maximum accordingly for the first

round of matching. If, subsequently, some candidates were not eligible for the maximum match the residual funds could be distributed to those who did, also on a pro-rata basis.

Question: in the event of insufficient funds, should the maximum match be reduced on a pro-rata basis?

Yes

No

If the answer is No, should the funds be distributed on a first come, first served basis?

Yes

No

## **10) Term of Levy**

The Committee will need to determine how long the levy lid lift should be in place.

Considerations: Although a regular lid lift can be of any duration, the Committee may want to consider a term long enough to allow three elections. That would have a levy in place from 2014 through the end of 2019, or six years. Three elections should provide enough experience with the program for a future Council to determine if it is meeting the public policy goals set for it.

Question: Should the term of the levy lid lift be six years?

Yes

No

If the answer is No, what term should the levy be? \_\_\_\_ years.

## 11) Modifications to the Program

The Council may wish to reserve the authority to modify certain aspects of the program after it has been approved by the voters.

Considerations: The evidence from other cities that have established programs is that they needed to be adjusted to make them function as intended. However, there is an obvious tension between presenting voters with a defined program and holding out the possibility that it may be changed later at the discretion of the Council. The two elements most likely to need adjustments to improve the functioning of the program are:

- A. The number of contributors needed to qualify. Experience may reveal that the threshold of 600 is too high and fewer candidates qualify than the Council had anticipated. It is also possible that the number proves too low; and
- B. The minimum value of qualifying donations. The \$10 minimum may be too low, resulting in candidates qualifying who do not have an adequate campaign apparatus to be viable in a serious race. On the other hand, it may be too high and, coupled with the requirement to get 600 contributors, may discourage participation.

If the Council wanted to reserve the right to change either of these but at the same time wanted to present a tightly defined program to the voters, it could limit its authority explicitly. It could also require a super majority of the Council to change the elements.

To be specific, in the case of (A), the ballot measure could limit the amount by which the Council could raise or lower the number of contributors. For example, the ballot measure could allow the Council to raise the threshold as high as 650 or lower it to as little as 500. Similarly, for the minimum qualifying donation.

Question 11 A: Should the ballot measure allow the Council to adjust the minimum number of contributions necessary to qualify *after each election*?

Yes

No

Question 11 B: If yes, within explicit limits?

Yes

No

If Yes, within what limits: As low as \_\_\_\_\_ ; As high as \_\_\_\_\_ ?

Question 11 C: Should the ballot measure allow the Council to adjust the minimum qualifying donation *after each election*?

Yes

No

Question 11 D: If yes, within explicit limits?

Yes

No

If Yes, within what limits: As low as \$\_\_\_\_\_ ; As high as \$\_\_\_\_\_ ?

**Attachment A: Letter of Request from Councilmembers to the Commission**



**Legislative Department  
Seattle City Council  
Memorandum**

**Date:** December 14, 2012

**To:** Seattle Ethics and Elections Commission

**From:** Council President Sally Clark  
Councilmember Nick Licata  
Councilmember Mike O'Brien  
Councilmember Tom Rasmussen

**Subject:** Request for evaluating campaign public financing models and recommending a proposal to the City Council

First of all, we want to thank the Commission for your careful consideration of regulatory changes related to surplus campaign funds and limiting the election cycle fundraising period. Your feedback and guidance was an important part of the Council's deliberations earlier this year. We appreciate that you share our ongoing interest in improving Seattle's electoral system.

You may recall that when we first initiated a discussion with the Commission on potential local campaign finance reforms, we articulated our vision for a broader conversation around what could be possible at the local level to address a growing concern about money in politics and other institutional barriers to more people choosing elected public service. We are now ready to have that broader discussion and would like to focus on a specific concept: public financing of campaigns.

In 2008, the Council convened an advisory committee, with participation of the SEEC, to examine public financing and propose possible models for implementation. This report

provided a foundation for discussion later that year by the Full Council. Interest was strong to advance a proposal for consideration by Seattle’s voters. However, with an emerging economic downturn that ultimately plunged the nation into recession and certainty that deep City budget cuts were on the horizon, Council decided to shelve consideration of public financing given other pressing priorities. Four years later, we are now ready to revisit the 2008 advisory committee proposals.

### **Policy Goals**

For this new effort, we want to provide some clarity around our goals. The 2008 report highlighted a number of potential objectives but also provided additional insight as to the relative effectiveness of public financing to achieve those goals. We believe that any new proposal ultimately presented to the voters should reasonably achieve the following:

- 1. Increase electoral competitiveness.** The proposed public financing system should help increase the number of candidates running for local office. Given the electorate more choices is a positive outcome for the democratic process.
- 2. Reduce financial barriers to entry for candidates.** A corollary to goal one, the public financing model should reduce the current perception that it “costs too much” to run for office. The model should provide for a reasonable financial path to running a competitive campaign.
- 3. Increase the role and emphasis of small donors participating in the electoral process.** As stated in SMC 2.04.400, “the City finds it is in the public interest to encourage the widest participation of the public in the electoral process, to reduce the dependence of candidates on large contributions...” The public financing proposal should create an incentive for candidates to pursue small contributions from Seattle’s residents.

### **SEEC Review**

This is a policy area where the ground is constantly shifting. Since 2008, new case law has narrowed what is legally permissible for public financing. We are also eager to learn if any local programs across the country have changed and whether new models are now in place as lessons have been learned. Furthermore, we are always open to hearing about new research, findings and perspectives that have emerged regarding public financing programs. For these reasons, we would like to call upon the Commission for your assistance once again. We are requesting that the Commission:

1. Review the 2008 report and examine the two models proposed by the Committee;

2. Examine the impact of new case law and noteworthy changes to existing programs from other local jurisdictions and any new programs that have emerged since 2008;
3. Explore any new research or findings related to the effectiveness of public financing programs in meeting stated goals;
4. Review new local election fundraising data since 2008 and any other data that would help inform the discussion; and
5. Recommend a Seattle specific public financing model and the reasons why the proposal best meets the stated goals for Council consideration.

We ask that the Commission give some consideration to the potential budget implications for funding the model proposed. Though the Council will make the ultimate decisions on funding, we encourage the SEEC to develop a preliminary cost estimate for the program (including potential administrative costs). The Council could choose to fund public financing through an existing City revenue source or ask voters to approve a tax levy. We welcome the Commission's thoughts on these and other funding approaches.

As the Commission begins its consideration, the Council intends to concurrently host a few "brown bag" panel discussions with public financing experts and administrators from across the country. We encourage the Commission to join us for these discussions to help inform your deliberations.

Finally, we recognize that the Commission has other matters and priorities on its 2013 work program. In order to allow for adequate time for the Council to thoroughly consider placing a public financing proposal before voters in 2013, we request that your report and recommendations be finalized and submitted to us no later than March 1. To assist you in your review, we have assigned Mike Fong from our Council Central Staff to join Director Barnett, his staff, and Jeff Slayton from the Office of the City Attorney to help provide analytical support to your efforts.

Again, thank you for your ongoing service on behalf of Seattle's residents. Your work is invaluable to the community as well as to the Council. Please do not hesitate to contact any of us if you have questions. We look forward to your final report.

## **Attachment B: Letter in Response from the Commission**

March 28, 2013

### **BY E-MAIL**

Council President Sally J. Clark  
Councilmember Nick Licata  
Councilmember Mike O'Brien  
Councilmember Tom Rasmussen  
City Hall  
Seattle, WA 98104

*Re: Request to Evaluate Local Campaign Finance Reform Measures*

Dear Councilmembers:

On December 12, 2012, the four of you wrote to the Commission asking that it evaluate two potential campaign finance reforms. Over the last 100 days, the Commission worked diligently to study the issues and provide advice to the City Council.

The four of you articulated your goals as follows:

- 1. Increase electoral competitiveness.** The proposed public financing system should help increase the number of candidates running for local office. Given the electorate more choices is a positive outcome for the democratic process.
- 2. Reduce financial barriers to entry for candidates.** A corollary to goal one, the public financing model should reduce the current perception that it “costs too much” to run for office. The model should provide for a reasonable financial path to running a competitive campaign.
- 3. Increase the role and emphasis of small donors participating in the electoral process.** As stated in SMC 2.04.400, “the City finds it is in the public interest to encourage the widest participation of the public in the electoral process, to reduce the dependence of candidates on large contributions...” The public

financing proposal should create an incentive for candidates to pursue small contributions from Seattle's residents.

Based on its review, the Commission offers the following comments on the ability of public financing to serve the goals outlined by the Council members:

1. **There is little academic support for the proposition that public financing increases competitiveness.** Professor Mayer's research evidenced initial increases in competitiveness under public financing, with the effect dissipating over time. While there is evidence that public financing can attract more candidates, the races themselves do not appear to become more competitive. (Much of the literature on these programs characterizes a race as "competitive" when the successful candidate wins by fewer than 20 percentage points.)
2. **Public financing reduces barriers to entry.** As noted in the preceding paragraph, public financing does appear to lead to more candidates vying for office. The Commission expects that enabling candidates to compete while raising \$30,000 instead of \$250,000 will alter the decision-making of some prospective candidates.
3. **Public financing can draw new contributors into the political process.** Perhaps more than any other factor, the Commission was impressed by the potential for public financing, properly designed, to involve Seattleites in the political process who might otherwise not participate. There is research out of New York City showing that that City's matching program is leading to contributions from individuals in different areas of the City – areas both more diverse and less wealthy – than existed prior to the introduction of that City's 6:1 matching program. See Michael Malbin et al., *Donor Diversity Through Public Matching Funds*, available at <http://www.cfinst.org/pdf/state/NY/DonorDiversity.pdf>. According to Professor Mayer, contributing to a candidate correlates with other indicia of civic involvement, such as volunteering for that candidate and ultimately voting in the election.

Based on its deliberations, the Commission recommends that Council consider placing on the ballot a program with the following three key elements:

1. **Eligibility for the program should be contingent on candidates receiving a substantial number of contributions from Seattle residents in a relatively short period of time.** In order to qualify for the program, candidates will need to collect a minimum of 600 contributions from City residents in increments of \$10 or more between January 1 of the election year and the last day on which candidates can file for office. The Commission's goal in crafting the eligibility threshold was to ensure that only candidates who demonstrated a strong base of support could qualify to receive public funds. In recent elections, approximately half of the candidates have garnered 600 contributions over the course of the entire election cycle.
2. **Once a candidate qualifies for the program, the City will match up to \$50 of each contribution with \$300, with up to \$90,000 available to candidates in the primary election and another \$90,000 available to candidates in the general election.** A significant

match is designed to create incentives, or at a minimum reduce barriers, to candidates actively seeking small contributions. A fundraiser that costs \$200 to stage and garners only \$300 is of questionable value, while a fundraiser that costs \$200 to stage and garners \$2,100 seems a better investment of a campaign's time and energy. There is evidence that New York City's 6:1 match is changing the pool of contributors to New York City campaigns. See Michael Malbin et al., *Donor Diversity Through Public Matching Funds*, available at <http://www.cfinst.org/pdf/state/NY/DonorDiversity.pdf>.

- 3. Program participants must agree to limit their spending to \$210,000.** Under the plan endorsed by the Commission, candidates who raise \$30,000 will have the opportunity to receive matching funds of up to \$180,000. The Commission believes that candidates should limit their spending to that \$210,000 in exchange for receiving public dollars. The Commission also endorsed the idea that in order to make the program attractive to candidates, it should be possible to lift or raise that cap under certain circumstances, such as when a participant's opponent spends in excess of \$210,000.

Here are some other notable facts about the plan:

- 1. The proposal crafted by the Commission would only fund City Council races.** The Commission wanted to see how public financing would work for City Council races before tackling the issue of public financing for mayoral or City Attorney candidates. In recent cycles, the mayor's race has attracted far more candidates, and public funding for such races would materially increase the cost of a program. Races for City Attorney have traditionally not been as expensive to wage as races for Mayor or City Council.
- 2. The proposal is expected to cost between \$1.16 million and \$1.4 million per year.** While it is impossible to know with any degree of certainty how many candidates will participate in the program, the Commission estimated the costs assuming three to four participating candidates for each of the nine positions. This estimate also assumes that it will cost the Commission 15 percent of program outlays to administer the program.

The Commission thanks the City Council for the opportunity to assist with this work, and commissioners look forward to providing whatever further assistance the City Council requires.

Very truly yours,

Wayne Barnett  
Executive Director

cc: All other Councilmembers  
Mayor Mike McGinn  
City Attorney Peter Holmes

**Attachment C: Comparison of Seattle's Electoral Competitive to Portland, San Francisco, and Los Angeles**

**Electoral Competitiveness Comparison - West Coast Municipalities**

Criteria	Seattle	Portland	Los Angeles	San Francisco
Election Cycles Reviewed	9	7	8	7
Total Seats	42	16	62	46
"Incumbent" Seats	31 (74%)	11 (69%)	45 (73%)	28 (61%)
"Open" Seats	11 (26%)	5 (31%)	17 (27%)	18 (39%)
# of races where margin of victory less than 20% points (all seats)	14 (33%)	3 (19%)	15 (24%)	N/A
# of races where margin of victory less than 20% points (open seats only)	5 (46%)	2 (40%)	12 (71%)	N/A
# of races where incumbents lost re-election	5	0	1	4
Incumbent re-election rate	84%	100%	98%	86%
Completely uncontested races	1	1	14	4
Average candidates running per contest (all seats)	3.8	4.6	3.3	6.8
Average candidates running per contest (open seats only)	5.4	6.3	5.7	10.1
Most recent election "cost per vote" spent by winning candidates	\$1.96	\$2.11	\$37.92	\$13.72
District or At-large voter turnout (range)	160,000 - 200,000	100,000 - 135,000	10,000 - 30,000	20,000 - 30,000

**Notes:**

SF - Rank Choice Voting. Two 4-year term limits. Public financing in place during all cycles reviewed. District elections.

LA - Run-Off if no one gets 50% vote in Primary. Three 4-year term limits (since 2006), two 4-year term limits prior to 2006.

Public financing in place during all cycles reviewed. District elections.

Portland - Run-Off if no one gets 50% vote in Primary. Public financing in place for 2006, 2008 and 2010 election cycles only. At-large.

Prepared by: Mike Fong, Council Central Staff (2/13/2013)

## **Attachment D: Brief History of Previous Seattle Programs**

In 1978, the City adopted a partial public financing program. The program was only in place for two election cycles (1979 and 1981). In 1982, the program expired through a sunset clause. As a result, no program was in place for 1983 and 1985.

Seattle adopted a new matching campaign fund program in 1984 via ordinance 112005. The City found that it was “in the public interest to encourage widest participation” in the electoral process and justified that at a “reasonable cost” to the City, a public financing program should be created.

In 1992, Initiative 134 passed by state voters regulated political contribution and campaign expenditures and prohibited the use of public funds to finance political campaigns for state and local offices.

During the 2007 legislative session, the Legislature adopted E2SSB 5278, which lifted the prohibition against the use of public funds to finance campaigns for local office, if approved by a vote of the people.

### **1987 Program**

The program was available to candidates for Mayor, City Council, and City Attorney.

#### **Spending Limits:**

Mayor: \$250,000  
Council and City Attorney: \$110,000

#### **Key Elements:**

<b>Office</b>	<b>Contributors</b>	<b>Amount</b>	<b>Public Match</b>
Mayor	300 to qualify	\$10 or more from each to qualify	\$1 for every \$1 up to \$50 per contributor
Council and City Attorney	200 (to qualify)	\$10 or more from each to qualify	\$1 for every \$1 up to \$50 per contributor

Additional provisions:

- Candidate eligible to receive matching funds until it is determined at filing that the candidate has no opponent;
- Following the election, 50% of expended funds returned to the City;
- Participating candidate could opt out within 15 days after the closing date of filing – provided that an opponent of the candidate doesn't participate in the public financing program and the candidate returns all public funds received to date.

**Attachment E: Examples Based on Commission’s Recommended Program**

	<b>Candidate #1</b>	<b>Candidate #2</b>	<b>Candidate #3</b>	<b>Candidate #4</b>
<b>Contributions from Seattle residents</b>	1000 \$20 contributions	600 \$50 contributions	300 \$10 contributions, 200 \$50 contributions, and 100 \$300 contributions	400 \$10 contributions, 300 \$25 contributions, 100 \$50 contributions, 100 \$100 contributions, and 100 \$500 contributions
<b>Total private contributions</b>	\$20,000	\$30,000	\$43,000	\$76,500
<b>Total matching funds available for the primary</b>	<p>\$90,000</p> <p>6:1 match on \$20,000 raised in \$20 contributions = \$120,000</p> <p><i>Public funds during primary capped at \$90,000</i></p>	<p>\$90,000</p> <p>6:1 match on first \$25 of each contribution</p>	<p>\$63,000</p> <p>6:1 match on \$3,000 raised in \$10 contributions = \$18,000.</p> <p>6:1 match on first \$25 of remaining contributions = \$45,000</p> <p>\$18,000 + \$45,000 = \$63,000</p>	<p>\$90,000</p> <p>6:1 match on \$4,000 raised in \$10 contributions = \$24,000</p> <p>6:1 match on first \$25 of 600 contributions of \$25 or more = \$90,000</p> <p>\$24,000 + \$90,000 = \$114,000</p> <p><i>Public funds during primary capped at \$90,000</i></p>
<b>Total matching funds available for the general</b>	<p>\$30,000</p> <p>\$30,000 in matching funds unavailable for primary due to cap available in general.</p>	<p>\$90,000</p> <p>6:1 match on second \$25 of each contribution</p>	<p>\$45,000</p> <p>6:1 match on second \$25 of the 300 contributions of \$50 or more</p>	<p>\$43,500</p> <p>\$24,000 in matching funds unavailable for primary due to cap available in general.</p> <p>6:1 match on second \$25 of the 300 contributions of \$50 or more = \$45,000</p>

				<p>\$24,000 + \$45,000 = \$69,000          \$43,500 is available because <i>Candidate #3</i> hits the \$210,000 spending cap upon receiving an additional \$43,500 in matching funds.</p>
<b>Total spending (private + public)</b>	140,000 (\$20,000 + \$120,000)	\$210,000 (\$30,000 + \$180,000)	\$151,000 (\$43,000 + \$108,000)	\$210,000 (\$76,500 + \$90,000 + \$43,500)

**Attachment F: Summary of Program Elements from other Cities**

	<b>New York</b>	<b>San Francisco</b>	<b>Los Angeles</b>	<b>Albuquerque</b>	<b>Portland (ended in 2010)</b>	<b>SEEC Proposal for Seattle</b>
<b>Matching or Lump Sum</b>	<b>Matching:</b> 6:1 up to \$175 individual contribution = \$1,050 in public funds per donor match	<b>Hybrid:</b> Lump sum initial payment if minimum threshold met. Then subsequent tiers of 2:1 and 1:1 matching	<b>Matching:</b> 2:1 in Primary and 4:1 in General (only for in-city limit contributions)	<b>Lump Sum:</b> \$1 for each registered voter in the district a candidate is running for. \$0.33 for each registered voter in the district if there is a runoff election.	<b>Lump Sum:</b> \$200,000 for Mayoral candidates and \$150,000 for Commissioner or Auditor candidates. "Rescue Matching Funds" available if participating candidate outspent by Independent Expenditure or Non-Participating candidate.	<b>Matching:</b> 6:1 up to \$50 individual contribution = \$300 per donor match
<b>Threshold(s) for Eligibility</b>	Mayor: \$250,000 raised/1,000 contributors Council: \$5,000 raised/75 contributors Public Advocate & Comptroller: \$125,000/500 contributors Borough President: \$10,000 - \$50,094/100 contributors	Mayor: raise \$50,000 in qualifying contributions = \$100,000 lump sum of public funds Candidate raises up to another \$425,000 = 2:1 match up to \$850,000 Candidate raises up to another \$25,000 = 1:1 match up to \$25,000  Board of Supervisors : raise \$10,000 in qualifying contributions = \$20,000 lump sum of public funds Candidate raises up to another \$50,000 = 2:1 match up to \$100,000 Candidate raises up to another \$35,000 (\$32,500 if incumbent) = 1:1 match up to \$35,000	Mayor: \$150,000 raised in individual contributions of \$500 or less to qualify City Attorney/Controller: \$75,000 raised of \$500 or less City Council: \$25,000 raised of \$250 or less	\$5 qualifying contributions and petition signatures.  Mayor: 1% of all registered voters in the City (2009 = approx. 3,200 voters) must make \$5 contributions AND 2% of all registered voters in the City (2009 = approx. 6,500 voters) must sign petition.  City Council: 1% of registered voters in the district must make \$5 contributions and 500 registered voters in the district must sign petition.  Thresholds need to be met during the "qualifying period" (May 1 – May 31 for Council/Feb 16 – March 31 for Mayor)	Mayor: collect 1,500 \$5 contributions Commissioner: collect 1,000 \$5 contributions Auditor: collect 1,000 \$5 contributions  Thresholds need to be met during the "qualifying period" (September 10, 2009 – January 29, 2010 for May 2010 Primary)	Council: collect 600 individual donations of at least \$10  Threshold needs to be met between January 1 and the campaign filing deadline of the year of the election.
<b>Maximum Public Funds</b>	Mayor: \$3,534,000 (2009) Council: \$92,400 (2009) Public Advocate/Comptroller: \$2,209,900 (2009) Borough President: \$795,300 (2009)	Mayor: \$900,000 (2011)* Board of Supervisors: \$89,000 (2010)*  * Mechanism in place to increase this threshold by the Ethics Commission Director by a certain date. However, this may no longer exist as a result of ruling in Arizona court case.	Mayor: \$667,000/\$800,000(primary/general) City Attorney: \$300,000/\$350,000 Controller: \$267,000/\$300,000 City Council: \$100,000/\$125,000	Mayor: 2009 = approx. \$300,000 Council: 2011 = \$30-35,000  Formula = \$1 x total number of registered voters	Mayor: \$200,000/\$250,000 (primary/general) Commissioner and Auditor: \$150,000/\$200,000  Rescue matching funds available if participating candidate outspent by a non-participating candidate or an independent expenditure. Rescue funds cannot exceed \$150,000 per office in Primary and \$300,000 per office in General.	Council: \$90,000/\$90,000 (primary/general)  \$15,000 raised in increments of \$50 or less would yield \$90,000 in public funds for the primary and again for the general
<b>Spending Cap</b>	Mayor: \$6,426,000 (per election: Primary/General) Council: \$168,000 Public Advocate/Comptroller: \$4,018,000	Mayor: \$1,475,000* Board of Supervisors: \$250,000*	Mayor: \$2.8M/\$2.2M (primary/general) City Attorney: \$1.3M/980k Controller: \$1.1M/\$840k City Council: \$480k/\$400k	Cap is the amount distributed for each candidate for each race.	Cap is the amount distributed for each candidate for each race. (minor exceptions related to "seed money" during qualifying period and some in-kind donations permitted. Also,	Council: \$210,000 total combined for primary and general election  Spending cap could be lifted if non-participating candidate opponent or IE

	Borough President: \$1,446,000				qualifying contributions are subtracted from allocation.)	expenditures exceed the cap.
<b>Individual Contribution Limits (non-participating candidates)</b>	Mayor/Public Advocate/Comptroller: \$4,950 Council: \$2,750 Borough President: \$3,850	Mayor and Board of Supervisors: \$500**  ** A donor can only give \$500 x the number of positions up for election in any given year. Example: Mayor's race and 3 other seats up – than no one person can give more than \$500 x 4 = \$2,000 that cycle.	City Council: \$700*** (each election) Mayor, City Attorney, Controller: \$1,300*** (each election) *** Similar provision as San Francisco on individual donor aggregate total per election. 2013 max is \$9,500 per donor - all races. Unclear exactly what the formula is.	Mayor: \$5,200 (2013)**** City Council: \$875 (2013)****  ****Calculation is based on 5% of the current salary for each office.	Mayor/Commissioner/Auditor: No limit (apparent concerns regarding compatibility of limits with Oregon Constitution)	\$700 individual contribution limit (per SMC)
<b>Jurisdiction Sizes – votes cast in races</b>	Mayor 2009 turnout: 1,000,000 City Council 2009 turnout (Districts): 20-25,000 Public Advocate/Comptroller: 1,000,000 Borough President: 100-250,000  2012 Registered Voters: approx. 4.1M	Mayor 2011 turnout: 200,000 Board of Supervisors 2010 turnout (Districts): 20-30,000 No Primary Election – Just General  2012 Registered Voters: approx. 490,000	Mayor 2009 turnout: 274,000 (P) City Attorney 2009 turnout: 265,000 (P) Controller 2009 turnout: 257,000 (P) City Council (Districts): 7,000 - 32,000 (P) Note: General is for runoff only ≤ 50% in Primary  2012 Registered Voters: approx. 1.6M	Mayor 2009 turnout: 83,213 City Council (Districts): 5,000 – 11,000  Note: General is for runoff only ≤ 40% in Primary  2012 Registered Voters: approx. 300,000	Mayor, Commissioners and Auditor all elected citywide. 2010 turnout (no mayor's race):100,000 (P). 2012 turnout (mayor's race): 135,000 (P)  Note: Spring Primary, General is for runoff only ≤ 50% in Primary  2008 Registered Voters: approx. 350,000	City Council 2009 turnout:
<b>Program Budget</b>	2009: \$27.9M (Mayoral race year) Non-Capital City General Fund Budget: \$40B Total City Budget: \$66B % of Non-Capital City Budget: .07% (election year)  Mayor's race: \$3.7M in public funds Council races: \$11.4M in public funds (219 "participating candidates") Other races: \$12.8M	2011: \$4.7M (Mayoral race only) 2010: \$1.5M (Board of Supervisors only) 2008: \$1.3M (Board of Supervisors only)  City General Fund Budget: \$3.2B % of General Fund Budget: .15% (mayoral year)	2013: \$12M of General Fund (for all races) projected for 2013  City General Fund Budget: \$4.4B % of General Fund Budget: .07% (annually)  \$3.1M annual appropriation for 2013 – original \$2M mandated appropriation adjusted annually to CPI	2013: \$475,000 (annually)  City General Fund Budget: \$475M % of General Fund Budget: .1% (annually)  1/10 <sup>th</sup> of 1% of annual General Fund by City Code 2007 actual: \$140,000 2009 actual: \$1.1M	2010: \$900,000 (annually)  City General Fund Budget: \$450M (2010) % of General Fund Budget: .2% (annually)  2/10 <sup>th</sup> of 1% annual General Fund by City Code 2006 actual: \$400,000 2008 actual: \$1.2M 2010 actual: \$175,000	\$1.16 - \$1.4M per year + 15% administrative costs