City of Seattle

Ethics and Elections 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 for Evaluating Campaign Public Financing Models*

Dear Councilmembers:

On December 14, 2012, the four of you asked the Commission to evaluate public financing and make a recommendation to the City Council. Over the last 100 days, the Commission worked diligently to study the issues and develop a proposal.

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.

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

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 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.

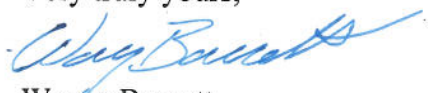
Here are some other notable features of the Commission's proposal:

1. **The proposal 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 candidates for Mayor or City Attorney. 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