

MEMORANDUM

June 12, 2008

TO: Mayor Greg Nickels
Seattle City Council

FROM: Robert Mahon
Michele Radosevich
Ramsey Ramerman¹

RE: Seattle Campaign Public Finance Advisory Committee – Minority Report

INTRODUCTION

We are writing to explain the bases for our disagreement with the recommendation adopted by the majority of the Seattle Campaign Public Finance Advisory Committee (the "Committee"). Although the majority's recommendation is motivated by good intentions, it regrettably proposes a very expensive full public financing system without any evidence that the proposed system will achieve significant public good.

It is not enough that public financing achieve some public good—Seattle has an abundance of unfunded or under-funded public needs. Instead, the issue is whether the purported public good from taxpayer funding of political campaigns justifies taking limited tax dollars away from other more concrete public goods like police and fire protection, parks, road maintenance, and human services. By this measure, the majority's proposal for taxpayer funding of political campaigns falls short.

A more modest system of public matching of small contributions made by Seattle residents could do more public good—by encouraging smaller donors to participate in the system and encouraging candidates to spend more time reaching out to small donors—for a fraction of the cost of full taxpayer funding. Furthermore, a matching system is scalable. That is, the matching level can be easily adjusted to meet budgetary pressures.

We should also remind ourselves that the City of Seattle has a remarkably healthy and vibrant electoral process. We have a system that, in recent memory, has produced an abundance of diverse, well-qualified candidates, remarkably competitive elections, and significant turnover in elected offices. Seattle is also fortunate to have a strong Ethics and Elections Commission that assures transparency and fairness in our current system of campaign financing. When presented

¹ Ramsey Ramerman is serving as the King County Municipal League representative on this Committee. But due to the condensed schedule for this process, he was not able to get final approval from the League on his positions. He will, however, recommend that the League support the position expressed in this minority report.

with difficult spending decisions, it is worth remembering that our current system—while not perfect—is fundamentally sound.

The following is a more detailed examination of the costs and asserted benefits of taxpayer funded political campaigns.

ANALYSIS

A. The Cost of Full Taxpayer Funding Is Significant

Full taxpayer funding of political campaigns will be expensive. Staff estimates suggest that the costs of the majority's full funding proposal might reasonably range from \$3,525,000 to \$4,925,000 in non-mayoral election cycles and \$5,580,000 to \$7,850,000 in mayoral election cycles.² If the cost is spread annually (rather than concentrated in each election year), the annual budget for taxpayer funding would be \$2,300,000 to \$3,200,000.³ Even if these estimates are conservative (*i.e.*, high), full taxpayer funding will require Seattle to either (a) make painful cuts in an already challenging budget or (b) seeking approval for new taxes (*e.g.*, in the form of a property tax levy). Although raising property taxes would eliminate the need for spending cuts, funding political campaigns through a property tax levy makes it harder to tap property taxes for other public needs (*e.g.*, a new parks levy).

In contrast to full taxpayer funding, matching programs are easily scalable. The 3:1 match program outlined as an alternative in the Committee report could be reduced to 2:1 or lower to meet budgetary pressures. For example, assuming scenario 1 from the cost estimate appendices (four qualifying candidates per seat), reducing the match from 3:1 to 2:1 would save more than \$530,000 in mayoral election cycles and \$330,000 in non-mayoral cycles. The 2:1 match program would be \$2,098,000 cheaper than a full taxpayer funding in mayoral election cycles and \$1,283,000 cheaper in non-mayoral cycles.

B. Public Benefits to Full Taxpayer Funding Are Minimal, Speculative or Rebutted by Empirical Evidence.

Prior to our service on the Committee, we were hopeful that the public benefits of full taxpayer funding might outweigh the costs. However, the Committee's review of the political science evaluating justifications for public financing leads us to conclude that the public benefits to full taxpayer funding are minimal, highly speculative, or rebutted by the empirical evidence. A matching program would actually produces more public benefit at a lower cost.

1. Claimed Benefit: Improved Citizen Perceptions of Government

One of the most significant arguments in favor of full taxpayer financing is that it will improve citizen perceptions of government. According to this argument, the current campaign finance system (private fundraising with limited contributions and full public disclosure) creates a

² Seattle Campaign Public Finance Advisory Committee, *Report of the Campaign Public Advisory Committee* (2008), Appendix A.

³ *Id.*

perception of corruption that breeds distrust and cynicism. Unfortunately, this claimed benefit is not supported by the evidence.

As part of its due diligence, the Committee heard testimony from Kenneth R. Mayer, Professor of Political Science at the University of Wisconsin-Madison and an expert in public funding of political campaigns. Professor Mayer advised the Committee that there was no evidence that public financing increases voter perceptions of government or confidence in government. Professor Mayer's conclusion is confirmed by a 2006 study published in the *Election Law Journal* that concludes that, while *public disclosure* has a *positive* effect on citizen perceptions of government, *public financing* actually has a modest negative effect on citizen perceptions of government.⁴ Thus, the current political science suggests that the adoption of the majority's recommendation will have no positive impact on citizen confidence in government and may paradoxically harm citizen perceptions of government.

2. Claimed Benefit: Increased Citizen Participation in Electoral Process

As with citizen perceptions of government, Professor Mayer advised the Committee that there is no empirical evidence that that public financing makes any difference in voter turnout, volunteering, or other measures of citizen participation in the electoral process. In fact, full taxpayer funding eliminates one important avenue of political participation—contributing to political candidates that share your policy views or values.

In contrast to full taxpayer funding, a more limited matching program could enhance public participation by encouraging small contributions by Seattle residents. If subject to a public match, candidates would have a greater incentive to pursue smaller contributions made by Seattle residents and Seattle residents would have a greater incentive to make such contributions. This was the premise of Seattle's former matching program.⁵

The signature gathering/very low donor system of qualifying for full funding that is proposed by the majority is not likely to signify meaningful citizen support. One of the most efficient ways to gather \$10 donations is to canvass in the parking lots of large stores in much the same way that initiative signature gatherers or Girl Scout cookie sellers do. Shoppers are often willing to part with small amounts of money in response to a direct request without a lot of questions about the candidate or cause. In contrast, a candidate in a matching system that can accept up to \$100 is likely to find coffee hours and small group events better venues for fund-raising. These events offer a far greater opportunity for exchanging views, and the resulting donations signal real support.

3. Claimed Benefit: Increased Electoral Competitiveness

Unlike other claimed benefits, Professor Mayer advised that there is evidence that public financing increases the competitiveness of elections (*e.g.*, by increasing the number of challengers, increasing the likelihood that incumbents will have competitive races, and

⁴ David Primo & Jeffrey Milyo, *Campaign Finance Laws and Political Efficacy: Evidence from the States*, 5 *Election Law Journal* 23 (2006).

⁵ Seattle Municipal Code § 2.04.400 (Supporting the City's matching program by finding that "it is in the public interest to encourage the widest participation of the public in the electoral process")

increasing the likelihood that incumbents will lose their reelections). Although some studies disagree with Professor Mayer's conclusions, the more fundamental problem with this justification is that Seattle elections, unlike many those for many other federal, state, or local positions, are already remarkably competitive. Seattle simply does not have entrenched incumbents that regularly skate to reelection with token opposition.

Congressman McDermott, whose district includes most of Seattle, was elected to Congress in 1988. By any measure, Congressman McDermott's subsequent reelections have not been particularly competitive.⁶ In contrast, the office of mayor and every city council seat have cycled multiple times during this period. Since the 1993 election (4 elections for each city council position), we have elected 22 council members—more than 2.4 per seat.⁷ Position 7 has seen the election of a new councilmember in each of the four elections; positions 1, 3, and 9 have seen the election of 3 different council members in the four election cycles.⁸

4. Claimed Benefit: Reduced Barriers to Entry for Candidates

As a corollary to competitiveness, Seattle's current system produces diverse, well-qualified candidates. Open seats of the Seattle City Council typically result in great public interest and draw a relatively large field of candidates. Unlike many other non-City offices incumbents in Seattle draw serious challengers on a regular basis. For example, even in 2005, an election that resulted in the reelection of four incumbents, three of the incumbents drew serious challengers.⁹ In three of the four races in 2005, the challengers collectively out-spent the incumbent and held the incumbent to under 50% in the primary election.

Some number of additional candidates may be enticed to run as a result of full taxpayer funding of political campaigns. However, adding choices to an already crowded field of candidates offers little public benefit. This is particularly true when some number of new candidates may be running merely to access public funds to make a personal or political point without any serious expectation of election. For example, nothing would prevent residents of the Montlake neighborhood from collecting the necessary signatures to qualify a candidate for the sole purpose of raising the profile of the SR 520 project or some other narrow public issue—almost \$200,000 of public money could educate a lot of voters about SR 520. Similarly, political parties and organizations that have had little historic success in Seattle (*e.g.*, the Freedom Socialist Party, Green Party, Republican Party) might reasonably attempt to access public funds in order to build their parties, advance their ideological agendas, or just tweak the system without serious intention of electing a candidate to office.

⁶ This is not to disparage Congressman McDermott's public service in any way. It simply is an observation that Seattle's current system produces significant competition in a similar geographic area.

⁷ See Seattle Ethics and Elections Commission, 1995, 1997, 1999, 2001, 2003, 2005, and 2007 Election Reports, available at www2.seattle.gov/ethics/elpub/archive.asp.

⁸ While some turnover is due to incumbents declining to run for reelection, Seattle voters have not hesitated to deny reelection to incumbents.

⁹ Seattle Ethics and Elections Commission, 2005 Election Reports, available at <http://www2.seattle.gov/ethics/elpub/2005Report.pdf>.

5. Claimed Benefit: Reduced Time Spent on Fundraising

While full taxpayer funding would reduce the need for candidates to spend time fundraising, there is little obvious *public* (as opposed to private) benefit from doing so. The Committee heard testimony from two well-respected political consultants that getting city candidates off the telephone would not, as suggested by some, result in more door-belling or grass roots politicking. The city is simply too big for a candidate to effectively engage in door-to-door retail politics.

While a matching program would not eliminate the need for candidates to spend time raising money, it would provide an incentive for candidates to raise that money by engaging smaller contributors within the city. House parties, pancake breakfasts, and similar low-cost, grassroots fundraising events become more attractive under a system that matches small contributions.

CONCLUSION

Full taxpayer funding of political campaigns, regrettably, will achieve very little public good at a significant cost to taxpayers and to the detriment of other public services. In contrast, a more limited system of public matching could do more public good for a fraction of the cost.

cc: Seattle Campaign Public Finance Advisory Committee
Wayne Barnett, Executive Director, Seattle Ethics and Elections Commission