King County

Metropolitan King County Council

Response to Motion 12734

Date: May 12, 2008

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STAFF REPORT

SUBJECT: A discussion of local public campaign financing.

SUMMARY:

The council adopted Motion 12734 on April 14, 2008, which expressed the council's intent to research and study the subject of a public campaign financing system for King County. This report is in response to that motion.

For the purposes of this report, research focused upon the states of Maine and Arizona and upon the three cities of Portland, Albuquerque, and San Francisco. Additionally, past models used by both the City of Seattle and King County were researched. The study focused on specific public campaign financing (PCF) requirements and amounts for qualifying funds and expenditure limits.

Analysis shows that models and costs vary widely depending upon the way each jurisdiction implements PCF. Total costs for implementation ranged from $1.2 million to $7.2 million for models of public financing campaigns for County Executive and County Councilmember. These costs can vary widely depending on how a system is implemented and at what level expenditures are capped for various political races. Additional costs are also necessary to develop and implement the various models – including costs for voter education, administration, oversight, reporting, transparency, and enforcement.

This analysis has examined only the costs associated with a top two candidate scenario. Costs could be higher if more candidates participate in the program and implementation and oversight costs are considered. Consequently, should the Council decide to implement a public campaign financing program, it may be possible to "phase-in" a program by only including certain offices in the beginning and building upon that program over time.

If the Council chooses to move forward with a PCF system, there are several steps that would be taken next. First, decisions would need to be made on:

1) which county offices would be eligible for public financing,
2) whether the County or an independent commission would oversee expenditure of funds, and

3) the funding methodology to be used.

These decisions would likely need to be made prior to putting a ballot measure before the electorate.

BACKGROUND:

Public Campaign Financing (PCF) uses public tax dollars to finance campaigns for office. These programs are often referred to as “voter-owned” or “clean” campaigns for elected positions. PCF models provide candidates a choice to participate within the financing system established by the jurisdiction or to finance campaigns independently using traditional fund-raising methods.

Proponents of the public campaign financing movement are interested in providing the ability for all citizens to run for public office. There are certain underlying assumptions that support the concept:

1. PCF allows for “grass roots” participation in government,
2. PCF allows incumbents to consider legislation on the merits without undue influence by special interest groups,
3. Without PCF, special interest money primarily flows to incumbents making it difficult for challengers to unseat incumbents,
4. Fundraising takes significant time and comes at the expense of meeting with voters, and
5. Fundraising demands can potentially prohibit candidates from running for office.

Opponents of moving to a PCF model do not believe that the government should be publicly funding races for public office. These concerns can be categorized in several ways.

1. Local government resources should be used for the provision of local government services.
2. Fundraising is a very clear way to determine widespread support for an individual’s candidacy for office.
3. Publicly funded campaigns infringe upon an individual’s first amendment right to express free speech through spending one’s own resources on a campaign.
4. PCF systems coerce candidates to participate in the PCF system, and penalize those that do not participate.
5. In times of local government fiscal restraint, PCF systems would add additional demands on limited local government resources.

<u>History in Washington State:</u>

Seattle became the first local jurisdiction to adopt public campaign financing in 1978. The City of Seattle passed Ordinance 107772, **Attachment 1**, which limited contributions and expenditures for municipal election campaigns. King

County also adopted public campaign financing in 1989 by adopting Ordinance 8970, **Attachment 2**. Both the King County and City of Seattle systems provided for the availability of public matching funds for political campaigns.

In 1992, Washington voters passed Initiative 134, **Attachment 3,** which regulates political contributions and campaign expenditures. I-134 specifically prohibited the use of public funds to finance political campaigns for state or local offices. Additionally, the initiative created contribution limits and strengthened campaign finance disclosure requirements. Passage of I-134 resulted in immediate termination of Seattle's and King County's public financing program.

<u>Recent Changes (SB 5278):</u>
Public campaign financing of local races was once again made possible by a change in state law during the past legislative session, which removed a longstanding prohibition on the use of public funds in local campaigns. The Washington State Legislature passed Senate Bill 5278 that states that before a local government may adopt public financing, a proposed ordinance detailing the system must be submitted to the voters for approval or rejection. If a local government establishes a public campaign financing program, only funds derived from local sources may be used to fund the program. This bill will be reflected in RCW 42.17.128, **Attachment 4.**

<u>City of Seattle Response:</u> The Seattle City Council and Mayor Greg Nickels announced a plan on March 17, 2008 to appoint a joint task force to begin work as soon as possible on developing proposals for public financing of campaigns. The Seattle City Council is currently considering Resolution Number 31052 that would establish such a task force to develop a proposed model to publicly finance local campaigns. They will review:

- Rationale and purpose of publicly financing election campaigns
- Models from other jurisdictions
- Effectiveness of programs
- Seattle's previous model
- Contribution data from previous Seattle elections
- Criteria for candidates to qualify to run for office
- Potential program and administrative costs
- Timeline for implementation

Seven members are proposed to be selected for this advisory committee. Proposed members include

- Michele Radosevich, chair of the Seattle Ethics and Elections Commission
- *To be named,* former elected official
- Allison Feher, representative of the Seattle League of Women Voters
- *To be named,* representative of the Seattle-King County Municipal League
- Craig Salins, Member of the Washington Public Campaigns organization
- Robert (Bob) L. Mahon, Person with legal expertise in elections law

- Joaquin G. Avila, person with an academic background in campaigns and elections financing

King County Council Response:
Motion 12734 adopted by the council on April 14, 2008, expresses the council's intent to research and study the subject of a public campaign financing system for King County. The motion, **Attachment 5,** directed that research include:

1. Review of existing local law;
2. Review of trends in campaigns costs
3. Options for updating local law
4. Review of other jurisdictions' experiences
5. Review of local (Seattle and King County) public financing prior to I-134
6. Estimates of the costs
7. Options for funding those costs.

It should be noted that Proposed Ordinance 2008-0147, **Attachment 6,** has also been introduced for consideration by the Council. This proposal would place the question of public campaign matching funds before King County voters on November 4, 2008. This proposal would allow voters to decide whether the county should move forward with public matching funds to finance campaigns for election. As proposed, this ordinance would approve financing for the offices of executive, prosecutor, sheriff, county council, district court judges, and superior court judges. (Although this legislation mentions the assessor, the operative section discussing eligibility was omitted.)

ANALYSIS:

Local government public finance programs share many of the same general features: contribution limits, spending limits, qualification thresholds for public money, high spending opponent trigger provisions, limits on a candidate's use of personal funds, and debate requirements. Wide variation exists, however, in specific program details such as the dollar amount of limits and qualification thresholds, the public funds matching rate, and the total amount of public funds available to candidates. The following is a general discussion of the process. Specific model differences will be discussed later in this report.

The basic premise for public campaign financing is that a qualified candidate[1] would become eligible for public funds only after reaching a pre-determined "critical mass" of support to demonstrate credibility. Consequently, there are several steps in the process.

First, most candidates begin with "seed money" to begin to collect qualification contributions. Seed money is defined as amounts that may be raised by a candidate – often from family and friends – to begin the process to qualify for

[1] Any candidate participating in PCF must meet the qualifications of the office for which he/she is running as established by the jurisdiction.

public dollars. Jurisdictions usually establish an upper limit on the total amount that can be raised.

Second, a candidate will then begin to gather qualifying contributions from registered voters. These contributions are intended to show that the candidate is viable for election through a base of registered voters. As an example, a candidate may be required to obtain $5 contributions from 500 registered voters (equaling $2,500) to qualify for public funding. These contributions are intended to show the candidates commitment to running a competitive campaign.

These contributions must then be verified by the jurisdiction – usually by the jurisdictions' clerk, auditor, or elections personnel. Similar to seed money, the amount required to qualify has a set upper limit and is usually mandated by the jurisdiction.

All PCF candidates are required to sign a contract between the candidate and the jurisdiction to qualify for public funding. Some jurisdictions require this when a candidate declares his intention to run, while others require the contract to be signed when the qualifying amount is reached. This agreement shows that the candidate will abide by the local government's campaign finance regulations. These agreements for public funding typically set a limit or "cap" to the total amount per office that will be provided by the jurisdiction. As an example, a jurisdiction may limit the amount of public financing dollars to no more than the annual salary of the position for which a candidate is running.

Additionally, these agreements establish an expenditure ceiling for the amount that can be spent. For instance, a candidate's contract could state that the candidate will spend no more than a set amount. It should be noted that not all candidates running for office will opt to use public tax dollars for their campaign. In most of the PCF systems reviewed, if a situation arises where a non-participating candidate raises (or expends) more than the participating candidate, "rescue" funds are made available to even out expenditures. This criterion also often applies when studying "independent expenditures" or those funds spent by third parties either for a candidate or against the opponent. Most of the models reviewed factored these expenditures into the calculation of expenditures by each campaign.

Types of Funding Models

Seven states (Arizona, Connecticut, Maine, Massachusetts, New Mexico, New Jersey, North Carolina, and Vermont) and the cities of Albuquerque, Portland, and San Francisco have established public financing programs. For the purposes of this report, research was concentrated on the states of Maine and Arizona and the cities of Portland, Albuquerque, and San Francisco. Additionally, past models used by both the City of Seattle and King County were studied. This research is centered upon specific PCF requirements and amounts for qualifying funds and expenditure limits that vary widely depending on the jurisdiction. The two major types of PCF models are discussed next, followed by a discussion of the recent spending trends in King County elections and a more detailed discussion and cost analysis of the various PCF models in use nationwide.

Matching Fund Model

In these models, candidates who meet the eligibility requirements will receive public matching funds. While the models vary, in general, candidates solicit private donations, much as they do now. After the candidate has received a donation, the jurisdictions would match that amount. Typically this amount is matched at a dollar-for-dollar ratio; however, San Francisco's model is somewhat different. This model will be discussed later in the report. Also, PCF systems that use matching funds do not necessarily change the contributions limits, but most models cap the amount matched by the local jurisdiction. This amount is typically $50, but can go as high as $75 in the models reviewed.

In most of these models the public is effectively funding approximately one half the costs of the election expenditures. Candidates who participate in the public campaign program may be eligible to receive public matching funds even if their opposition does not participate in the program. King County and Seattle have both used a form of a matching funds PCF system in the past.

Lump Sum Model

Under this model, the local government makes a lump-sum payment to candidates who meet various criteria establishing their viability as a candidate for the office in question. A typical version of this model would require a candidate to gather a pre-set number of $5 contributions. These are known as "qualifying contributions". Once this requirement is met, the local government would pay the candidate a predetermined payment equal to the spending limit for the race (or the primary election, depending on the jurisdiction). Under this system, a candidate's personal contributions are typically prohibited or limited to an "early" or exploratory period, and private donations are prohibited (except for the $5 qualifying contributions).

Both lump-sum and matching funds models can contain "rescue" clauses whereby candidates who choose not to participate in the public financing program, and spend campaign funds over the established campaign spending limit are "penalized". The penalty in these models is that participating candidates receive extra payments of public campaign funds. In many models, this excess amount is unlimited because it is tied to the spending of the other candidates in the race. In others, the total amount of excess funds is capped ahead of time, or is tied to the availability of funds in the PCF system.

King County Election Trends

This analysis researched King County elections between the years of 2000 to 2007. This provided at least two elections for all county-wide elections. All financial data was obtained from the Washington State Public Disclosure Commission (PDC). The timeframe was chosen because all elections data starting in 2000 is available on the PDC's website. Within the timeframe allowed for this study, it seemed prudent to take the data set most readily available. The following positions and number of elections were included in the study:

<u>County-wide Races</u>

- King County Executive (2 elections)
- King County Sheriff (2 elections)
- King County Prosecuting Attorney (3 elections)
- King County Assessor (2 elections)
- Superior Court Judge (2 full election cycles)

<u>District Races</u>

- King County Councilmember (4 election cycles)
- District Court Judge (4 election years, 2 full election cycles)

In general, it is clear that the amount of money being spent in King County electoral campaigns is increasing. This section will concentrate on the races listed above by both election cycle and the number of contested races.

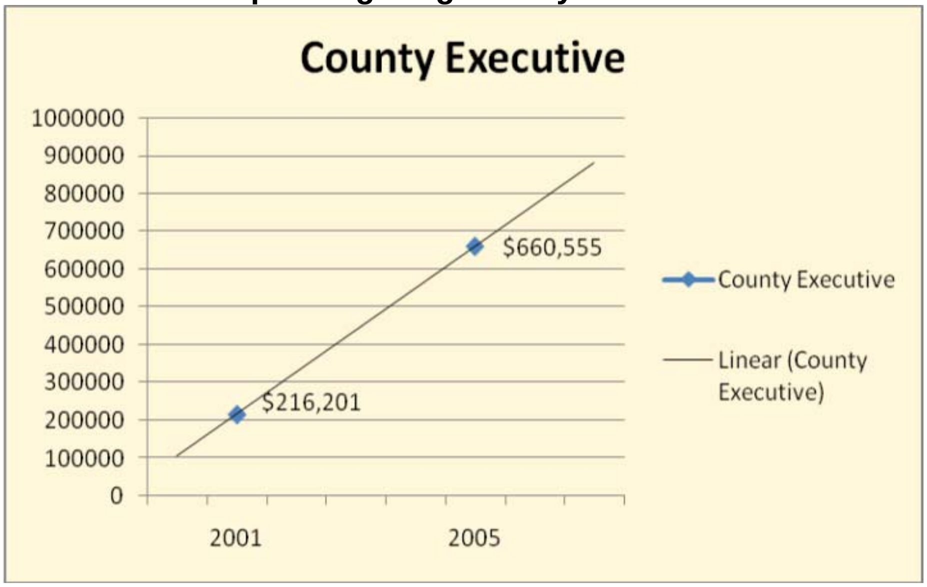
At the conclusion of the trending section, there is a discussion of possible costs associated with applying different PCF models to King County offices.

COUNTY-WIDE RACES

<u>King County Executive:</u>

The two most recent races for King County Executive have shown a dramatic increase in the amount of money spent by the candidates. The 2005 campaign cycles showed a 206% increase in the average amount spent by the two major candidates. In the 2001 cycle, approximately $327,000 was spent in total by the two filed candidates. The 2005 cycles showed an increase of about $1,000,000 to a total of $1,321,000. Also important to note is that the winning candidate spent more than three times the amount in 2005 than was spent by the winning candidate in 2001. The winning candidate in 2001 spent $216,000. In 2005, the winning candidate spent $769,000. Chart 1 shows the trending of the average spending of the top two candidates in the most recent races for King County Executive.

Chart 1: Spending King County Executive Races

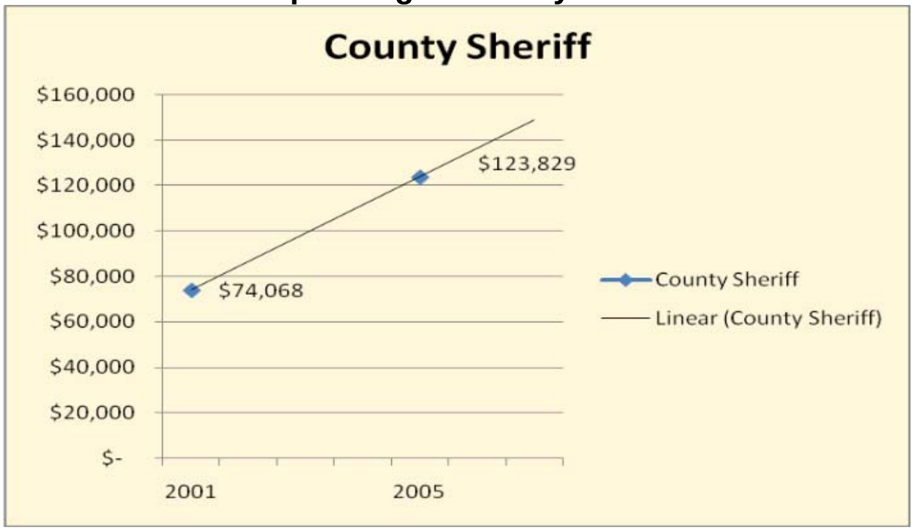


King County Sheriff:

Beginning with the discussion of the races for County Sheriff, an issue emerges that hampers a true analysis of the cost of county campaigns. That issue is the lack of challenged races. In the timeframe covered by the study, there was only one contested race for County Sheriff. While it is unknown what would have happened if the 2001 race were contested, some information can be gleaned by looking at what was raised in the election cycle.

The 2005 race showed a dramatic increase over the 2001 race. The total spent in 2005 was $248,000 as opposed to only $74,000 spent in 2001 – an increase of 234%. While the 2001 race showed $74,000 spent by the winning candidate, it is interesting to note that when the average spending in 2005 for the top two candidates was averaged, a spending level of $124,000 was found. However, the winning candidate spent $187,000, outspending the other challenger by approximately $127,000. Chart 2 shows the two most recent races for County Sheriff.

Chart 2: Spending in County Sheriff Races

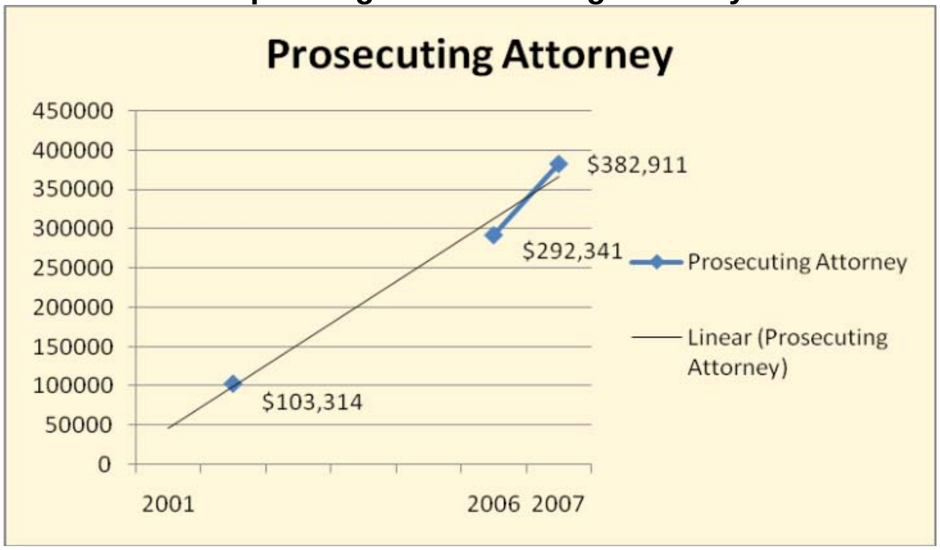


<u>Prosecuting Attorney:</u>
There is a unique financial history when looking at Prosecuting Attorney's races. The first two races covered by the study were races in which the incumbent prosecutor ran unopposed. With the untimely passing of the incumbent in 2007, there was an opportunity to view a contested race, and one on a somewhat compressed timeframe.

Despite uncontested races in both 2002 and 2006, the spending in the Prosecuting Attorney race increased from $103,000 in 2002 to $292,000 in 2006 – an increase of 183%. When the position became vacant in 2007, the spending in the race jumped to $805,000, with the winner spending $512,000, an amount second only to the County Executive race in 2005 during the timeframe covered by this study. The average spent, arrived at by examining the top two candidates' expenditures, also grew to $383,000.

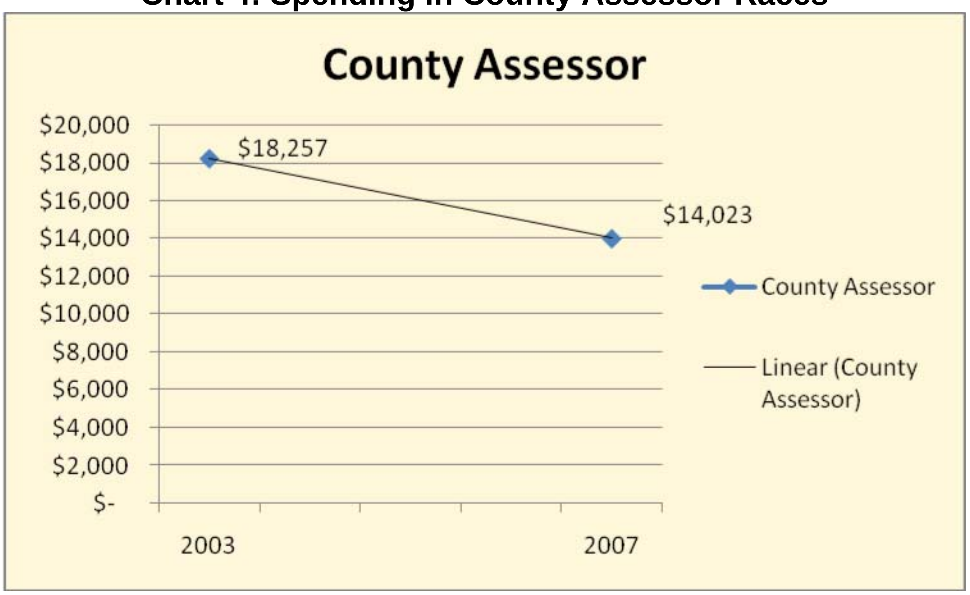
What is unclear from this data is whether the 2007 race was a unique situation where candidates and parties were treating the vacancy as a one-time opportunity to win a position that had remained stable for a long time period, or whether this level of expenditure is what should be expected in a challenged, county-wide race for prosecuting attorney. Chart 3 shows the spending in the most recent races for County Prosecutor. It should be noted that with the addition of a third data point in this table, for the first time, the line of best fit is shown to vary from the points on the graph. This is intended to show growth over time.

Chart 3: Spending in Prosecuting Attorney Races



<u>County Assessor:</u>
The position of County Assessor is the one county-wide position which has not shown significant growth over the timeframe of the study. Despite being challenged by a major party candidate in the 2007 election cycle, the incumbent assessor actually spent less to retain his seat than was spent in the 2003 election cycle. In winning the 2007 election, the assessor spent $17,991 compared to spending $18,257 in 2003. The total spent in the race did increase from $20,000 to $28,000 largely due to two major party candidates filing for the position. Chart 4 shows the average spent in the last two County Assessor races.

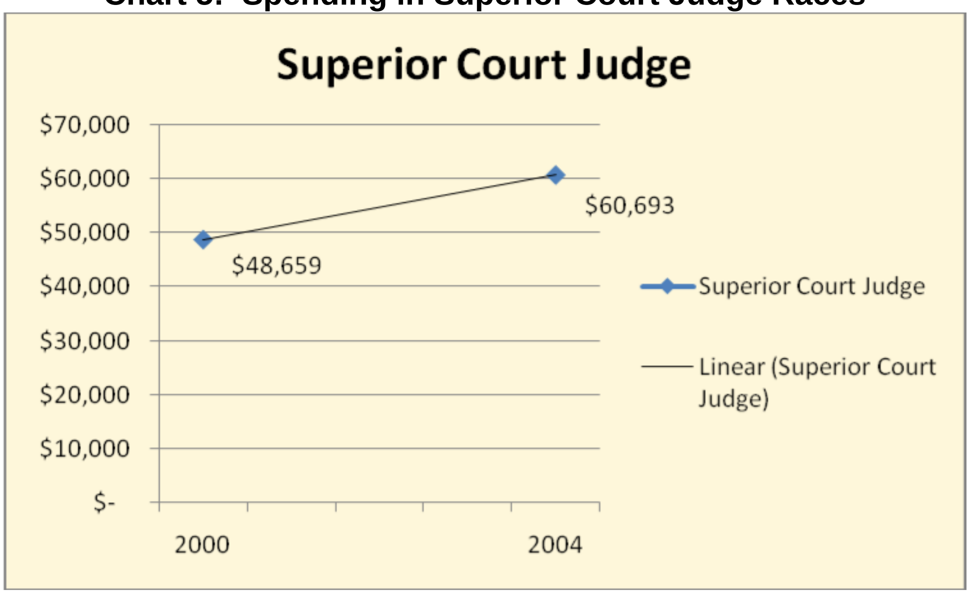
Chart 4: Spending in County Assessor Races



Superior Court Judge:
The countywide races for Superior Court Judge present somewhat of a challenge to examine spending. Superior Court judges only proceed to the general election if challenged. Therefore, there are many PDC filings as candidates file for reelection, but there are a limited number of contested races. In the two major election cycles covered by this study (2000 and 2004), there were approximately 12 challenged elections where multiple candidates filed and spent campaign funds. This is despite all 50+ positions being open in each election cycle.

When a challenged race did occur, the campaign spending varied widely from a low of $20,000 (position 13, 2004) to a high of $198,000 (position 45, 2004). The amount spent by the winning candidate also varied widely from a low of $12,000 (position 13, 2004) to a high of $139,000 (position 45, 2004). When looking at the changes between 2000 and 2004, the average spent by the top two candidates in contested races grew from $49,000 to $61,000. Chart 5 shows the change in spending for contested Superior Court judgeships between 2000 and 2004.

Chart 5: Spending in Superior Court Judge Races



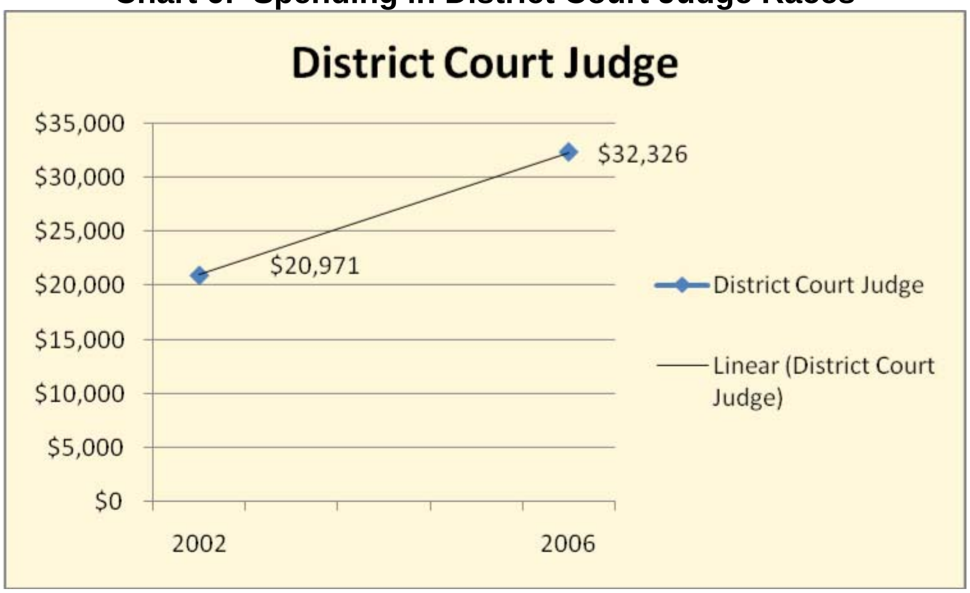
DISTRICT BASED RACES

The following section discusses county positions that are not elected through county-wide elections. District Court Judges are split amongst the various eleven Judicial Districts. The Metropolitan King County Council membership is split between nine Council districts.

District Court Judge:
In looking at the District Court contested races, there were fewer instances to examine than with the Superior Court. In the 2002 and 2006 election cycles,

there was only one seriously challenged seat in each election cycle. The lack of challenges is unclear. In the challenged races, the spending increased from an average of $21,000 in 2002 to $32,000 in the 2006 cycle – an increase of approximately 50%. The amount spent by winning candidates, however, did not increase as dramatically, despite each winning candidate facing multiple challengers. The winning candidate in 2002 spent $40,000, while the winning candidate in 2006 spent $51,000, an increase of 28%. Each race had at least four candidates file and expend over $1,000, with at least three candidates spending over $10,000. Chart 6 shows the spending in the recent contested District Court races.

Chart 6: Spending in District Court Judge Races



<u>King County Councilmember:</u>
Due to several factors, the time period covered by this study actually covers four County Council election cycles. There were contested council races in 2001, 2003, 2005 and 2007. The 2005 election cycle was a full cycle with all nine county council seats available. The 2001, 2003 and 2007 races were comprised of seats representing approximately half the council in each cycle.

One issue that may affect the reliability of the numbers presented in this study is that a large percentage of county council races are unopposed. Sixteen of the twenty-seven council races covered by this study were either unopposed or the incumbent was not challenged by a major party challenger.

In looking at campaign expenditure totals between the 2001 election and the 2007 election cycle, the average spent by the top two candidates increased from $106,000 to $166,000 – an increase of 57%[2]. Also interesting is the disparate

[2] For data integrity purposes, if a race was uncontested, we used only the amount spent by the winner. This has likely increase the average slightly in all four election cycles.

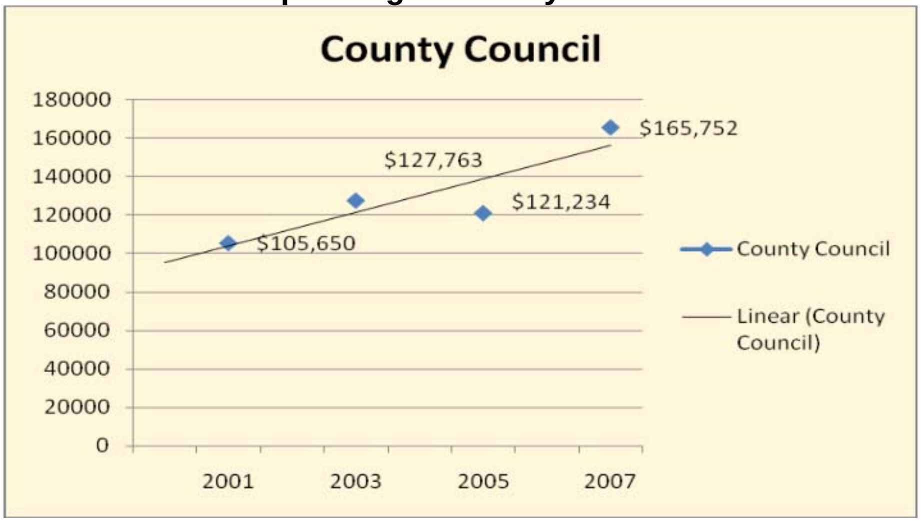
range between amounts spent by winning candidates. Over the four election cycles, the winning candidate has spent between a low of $8,426 and a high of $428,000.

In attempting to determine the "typical" amount spent in a council campaign, this review looked at the most recent challenged races. These include:

- District 1: 2005[3] – Total Spent ($331,000), Winner Spent ($172,000)
- District 9: 2005[4] – Total Spent ($726,000), Winner Spent ($352,000)

While both of these races pitted two incumbent County Councilmembers against each other, this range of expenditures might be expected in a situation where well-funded candidates were contending for the same County Council seat. This range of $175,000 to $350,000 is slightly higher than the averages shown in Chart 7, which includes the other races where a variety of factors have kept costs lower than otherwise might be expected. It should be noted, once again, that the data points in this chart represent the average spent by the top two candidates in contested races and the spending by the winner in uncontested races.

Chart 7: Spending in County Council Races



Trends Conclusion:

When examining the trends in King County elections since 2000, in almost all cases the spending in campaigns is increasing. The exception to this are the races for King County Assessor which actually showed a slight decrease over the timeframe covered by the study.

The Countywide races for Executive, Sheriff and Prosecuting Attorney showed the most dramatic increases over the timeframe covered by this study. While the countywide races for Superior Court Judge and the district based positions of

[3] Race included two incumbent Councilmembers
[4] Race included two incumbent Councilmembers

District Court Judge and County Councilmember showed moderate increases over the timeframe covered by the study. [5]

PCF Funding Models

Each jurisdiction examined is discussed individually below. The model assumptions for each jurisdiction were applied to show how that particular model would effect countywide elections. The following table summarizes the results of the analysis for the costs of a 4-year election cycle when applied to campaigns for council and executive offices within King County. One of the decisions (as noted in the Executive Summary) that would need to be made is what offices are included in the PCF system. Councilmembers have expressed a desire to examine a phased approach that might begin with the office of Executive and Councilmember, or only Councilmember. These costs are presented below. Also, in the sections discussing various models, the report also estimates costs associated with expanding the program to other county offices, as discussed in Proposed Ordinance 2008-0147.

MODEL (applied to King County)	council only	executive only	Total Executive & Council
Maine	$ 500,904	$ 784,000	$1,284,904
Seattle	1,050,000	300,000	1,350,000
King County	1,260,000	525,000	1,785,000
San Francisco	1,575,000	1,700,000	3,275,000
Arizona	2,160,000	1,140,000	3,300,000
Albuquerque	1,995,012	1,989,628	3,984,640
Portland	6,300,000	900,000	7,200,000

omits other county offices & independent expenditures to provide an “apples to apples” comparison)

Other county and judicial races are not included in this table, although costs have been estimated for those offices in some of the models examined. Costs estimates are provided by office to provide a “menu” for examination should there be a desire to implement campaign financing through a phased model.

Arizona

Arizona voters adopted a public campaign financing model in 1998. This program appears to be the most broadly defined program of the models examined and applies to candidates for:

- Governor
- Secretary of State
- Attorney General
- Treasurer
- Superintendent of Public Instruction
- Corporation Commission

[5] For purposes of this study, we have defined dramatic growth as that over 60% increase between 2000 and 2007. We have defined moderate growth as growth less than 60% between 2000 and 2007.

- Mine Inspector
- Legislature

Similar to other lump sum models, the Arizona Model allows candidates to accept limited private donations for use as "seed" money, as well as requiring candidates to collect a number of qualifying $5 contributions to meet the thresholds for public financing. Arizona categorizes these private seed money donations as "early" money. Candidates are also limited to donating personal funds to their campaigns of only $1,160 for statewide offices and $580 for legislative offices.

The Arizona Model also has a revenue generating mechanism to off-set part of the cost of running the program. In order to qualify for the program, a candidate seeking the following offices must solicit <u>exactly</u> a $5 donation from the number of registered voters noted below.

Governor	$4,200
Secretary of State and Attorney General	2,625
Treasurer, Superintendent of Public Instruction, Corporation Commission	1,575
Mine Inspector	525
Legislature	210

This model also includes rigorous reporting requirements and a "qualifying period" which includes the use of a small amount of "seed money". There is also a limit to the amount of early funding that can be raised and spent under the Arizona model. These amounts are capped at the following levels:

Governor	$46,440
Secretary of State and Attorney General	23,820
Treasurer, Superintendent of Public Instruction, Corporation Commission	11,910
Mine Inspector	5,950
Legislature	2,980

Much the same as the Portland and Maine models, the Arizona Model makes initial lump sum payments only for the primary elections. Candidates who advance to the general election receive a second payment once the outcome of the primary is certain. Currently, the primary election payments are as follows:

Governor	$453,849
Secretary of State, Attorney General	95,550
Treasurer, Superintendent of Public Instruction, Corporation Commission	47,770
Mine Inspector	23,890
Legislature	11,945

The current payments to candidates advancing to the general election are as follows:

Governor	$680,774
Secretary of State, Attorney General	143,325
Treasurer, Superintendent of Public Instruction, Corporation Commission	71,655
Mine Inspector	35,835
Legislature	17,918

The Arizona Model also includes a "matching funds" clause designed to keep participating candidates financially competitive with non-participating candidates who spent more than the public financing expenditure limits. The Arizona Model, as with Maine, also caps the amount of matching funds (equalizing funds, in their terminology) at two times the initial payment. These amounts are capped regardless of what their opponent(s) might spend.

As with the other models, independent expenditures are calculated into the amounts a candidate can receive from matching funds. The Arizona model does cap the amount of equalizing funds that can be disbursed to three times the spending limit for each election.

For King County comparison purposes, this analysis used ½ the expenditure limits for the office of Governor to determine costing for the County Executive race and the spending limit for Treasurer, Superintendent of Public Instruction and Corporation Commission to represent the costing for County Council races. The total matching funds for Governor would be $1.13 million. This appears to be significantly higher than the amount spent in prior County Executive races. However, ½ that amount is $570,000 which is reasonable considering the most recent County Executive race. The limits for the office of Treasurer, Superintendent of Public Instruction and Corporation Commission are $120,000 which is a number similar to prior County Council races. This amount will be used for costing purposes in County Council races.

As noted earlier, the "qualifying contributions" of $5 per registered voter are paid to the State. These contributions can be treated as revenues for the purposes of this analysis. Under this comparison model, there would be revenue flowing into the public financing system other than just an annual budget appropriation. Specifically, revenues could be estimated in the following ways:

- County Executive: 2 candidates x $5 contribution x 4,200 registered voters = $42,000
- County Council: 18 candidates x $5 contribution x 1,575 registered voters = $141,750

The Arizona Model may provide a good incentive for both County Executive candidates and County Council candidates to participate in the public financing system. For raising the qualifying contributions of $21,000, a candidate for County Executive would receive $570,000 in public financing – assuming both candidates participated and stayed within spending limits. For raising qualifying contributions of $7,875, a County Council candidate would receive $119,425 in public funding. This assumption assumes no independent expenditures or "non-participating" candidates exceeding the spending limits.

All Candidates:

- Personal contributions to the campaign can only be made during the "seed" period.
- Independent expenditures are factored into calculations regarding spending limits.

Costs per 4-Year Election Cycle

Analysis Assumptions:

- All County Council races and the County Executive race will be contested.
- All candidates for all positions will participate in the public financing program.
- There will be $330,000 (approximately 10% of expenditures) in matching (excess funds) paid in the election cycles. This could arise from independent expenditures in either the County Executive or County Council races.

County Executive:

- 2 qualifying and participating candidates
- $570,000 per campaign ($227,000 for Primary + $343,000 for General)
- = **$1,140,000 in public funding.**

County Council:

- 18 Campaigns (2 campaigns per district)
- $120,000 per campaign ($48,000 for Primary + $72,000 for General)
- **=$2,160,000 in public funding**

Total Costing When Arizona Model is Applied to King County:

- $1,140,000 County Executive
- $2,160,000 County Council
- $ 330,000 Matching Funds for excess expenditure
- ($ 183,750) in revenue from Qualifying Contributions
- **$3,446,250 in public funding**

Maine

Maine voters adopted a public campaign financing model in 1996. Maine's program applies to the offices of Governor, State Senator and State Representative. Similar to other lump sum models, the Maine Model allows candidates to accept limited private donations of up to $100 for “seed” money, as well as requiring candidates to collect a number of qualifying $5 contributions to meet the thresholds for public financing.

The Maine Model also has a revenue generating mechanism to off-set part of the cost of running the program. In order to qualify for the program, a candidate for state Senator must gather exactly a $5 contribution from 150 registered voters in the Senate District. A candidate for Legislator must gather a contribution of exactly $5 from 50 registered voters in the Legislative District. Candidates for Governor must solicit contributions of 2,500 registered voters in the State. The Maine Model also includes rigorous reporting requirements and a “qualifying period” which includes the use of a small amount of “seed money”. The use of seed money is limited to $1,500 for Senate candidates, $500 for legislative candidates and $50,000 for gubernatorial candidates.

Similar to the Portland Model, and the Arizona Model, the Maine Model makes initial lump sum payments only for the primary elections. Candidates who advance to the general election receive a second payment once the outcome of the primary is certain.

The public campaign financing program in Maine makes disbursements to candidates, even if they are uncontested in their races. Currently, the primary election payments are as follows:

Governor	$105,000
Senator (contested)	7,746
Senator (uncontested)	1,927
Legislator (contested)	1,504
Legislator (uncontested)	512

The current payments to candidates advancing to the general election are as follows:

Governor	$287,000
Senate (contested)	20,082
Senate (uncontested)	8,033
Legislator (contested)	4,362
Legislator (uncontested)	1,745

The Maine Model also includes a “matching funds” clause designed to keep participating candidates financially competitive with non-participating candidates who spent more than the public financing expenditure limits. However, differing from the Portland and Albuquerque models, the Maine Model caps the amount of matching funds at two times the initial payment.

For State Senate candidates this would result in a total of $23,238 for the primary and $60,246 for the general election. For Legislative candidates the maximum would be $4,512 for the primary and $23,238 for the general election. Candidates for Governor can receive up to $315,000 for the primary and $861,000 for the general election. These amounts are capped regardless of what their opponent(s) might spend. As with the other models, independent expenditures are calculated into the amounts a candidate can receive from matching funds.

For King County comparison purposes, the expenditure limits for the office of Governor were used to determine costing for the County Executive race and the spending limits for State Senator to represent the costing for County Council races. The legislative limit of $5,868, assuming the full amount of matching, is sufficiently low as to appear unreasonable for County Council races.

As noted earlier, the "qualifying contributions" of $5 per registered voter are paid to the state. These contributions can be treated as revenues for the purposes of this analysis. Under this model there would be revenue flowing into the public financing system other than just an annual budget appropriation. Specifically, revenues could be estimated in the following ways:

- County Executive: 2 candidates x $5 contribution x 2,500 registered voters = $25,000
- County Council: 18 candidates x $5 contribution x 150 registered voters = $13,500

The Maine Model may provide a good incentive for County Executive candidates to participate in the public financing system. For raising the qualifying contributions of $12,500, a candidate for County Executive would receive $392,000 in public financing – assuming both candidates participated and stayed within spending limits. A County Council candidate, however, would only receive $27,828 assuming both candidates participated and stayed within the spending limits. Since 2001, there have only been three County Council races where the winning candidate spent less than $27,828. Only one of those three races was contested.

All Candidates:

- Personal contributions to the campaign can only be made during the "seed" period.
- Independent expenditures are factored into calculations regarding spending limits.
- The candidate or a designated staff must attend training on the policies, rules and procedures of the public financing program.

<u>Costs per 4-Year Election Cycle</u>

<u>Analysis Assumptions:</u>

- All County Council races and the County Executive race will be contested.

- All candidates for all positions will participate in the public financing program.
- There will be $128,490 (approximately 10% of expenditures) in matching (excess funds) paid in the election cycles. This could arise from independent expenditures in either the County Executive or County Council races.

County Executive:

- 2 qualifying and participating candidates
- $392,000 per campaign ($105,000 for Primary + $287,000 for General)
- = **$784,000 in public funding.**

County Council:

- 18 Campaigns (2 campaigns per district)
- $27,828 per campaign ($7,746 for Primary + $20,082 for General)
- **=$500,904 in public funding**

Total Costing When Maine Model is Applied to King County:

- $ 784,000 County Executive
- $ 500,904 County Council
- $ 128,490 Matching Funds for excess expenditure
- ($ 38,500) in revenue from Qualifying Contributions
- **$1,374,894 in public funding**

City of Albuquerque

In 2007, the City of Albuquerque, NM passed regulations implementing the Open and Ethical Elections Code contained within their City Articles. This financing model also makes a lump-sum payment to candidates who meet various criteria establishing their viability as a candidate for the office in question. The Albuquerque model also includes a "rescue" clause whereby candidates who choose not to participate in the public financing program, and spend campaign funds over the established campaign spending limit are "penalized". The penalty in this model is that participating candidates receive extra payments of public campaign funds equal to the amount over the limit the non-participating candidate spent. The Albuquerque Model applies only to the offices of Mayor and City Council (Councilor).

The Albuquerque Model also has a revenue generating mechanism to off-set part of the cost of running the program. In order to qualify for the program, a candidate for mayor must gather exactly a $5 contribution from 1% of the registered voters in the City. A candidate for City Councilor must gather a contribution of exactly $5 from 1% of the registered voters in the Council district. These funds are payable to the appropriate elections fund administered by the City Clerk. The Albuquerque Model also includes rigorous reporting requirements and a "qualifying period" which includes the use of a small amount of “seed money”. The intent of this period is to enable candidates the time and ability to gather the appropriate number of contributions to become a participating candidate.

King County currently has just fewer than one million registered voters (994,814 as of November 2007). If these criteria were applied to King County elections, candidates for the office of County Executive would be required to gather a $5 donation from 9,948 registered voters. Candidates for the office of King County Councilmember would be required to gather a $5 donation from approximately 1,105 registered voters. However, it should be noted that there is a difference of 44,271 registered voters between the high and low based on Council districts. Therefore, a candidate for District 5 would only need to collect 839 contributions due to a registered voter count of 83,866, but a candidate for District 3 would need to collect contributions from 1,281 registered voters due to a registered voter count of 128,137.

Upon qualification, the candidate would receive $1 for each registered voter in either the City of Albuquerque for the Office of Mayor or the City Council District for City Councilors. This is also the maximum allowable spending limit for participating candidates in those races.

Under this model, qualifying candidates for King County Executive would receive $994,814 in public financing upon certification of the candidate as qualifying under the program. Candidates for County Council would receive an average of $110,500. However, as noted above, that amount would actually be $1 per registered voter in each Council district. This amount would vary from a high of $128,137 to a low of $83,866.

This study noted that the amount of public financing that would be made available to County Council candidates under the Albuquerque Model actually tracks relatively closely to the actual average amounts spent by the top two candidates in the recent County Council races. What this does not factor in, however, is that when looking only at contested races, the average expenditures for County Council races is actually much higher.

As noted earlier, the “qualifying contributions” of $5 per registered voter are actually paid to the City of Albuquerque. Under this model there would be revenue flowing into the public financing system other than just an annual budget appropriation. Specifically, revenues could be estimated in the following ways:

- County Executive: 2 candidates x $5 contribution x 9,948 registered voters = $99,480
- County Council: 18 candidates x $5 contribution x 1,105 registered voters = $99,450

The Albuquerque Model appears to provide a good incentive for candidates to participate in the public financing system. For raising the qualifying contributions of $49,740, a candidate for County Executive would receive $994,000 in public financing. A County Council candidate would receive an average of $110,500 for raising qualifying contributions totaling $5,525.

All Candidates:

- Candidate contributions to the campaign are limited to $500 and allowed only in the Exploratory Period. Individual contributions are capped at $100 and only available during the Exploratory Period.
- Independent expenditures are factored into calculations regarding spending limits if they mention a specific candidate or office/title.

County Council:

- Expenditures not to exceed $1 per registered voter in a given district.
- Collect exactly $5 from 1% of registered voters in a district.

County Executive:

- Expenditures limited to $1 per registered voter in the County.
- Collect exactly $5 from 1% of registered voters in the County.

Costs per 4-Year Election Cycle

Analysis Assumptions:

- All County Council races and the County Executive race will be contested.
- All candidates for all positions will participate in the public financing program.
- There will be $398,000 (approximately 10% of expenditures) in matching (excess funds) paid in the election cycles. This could arise from independent expenditures in either the County Executive or County Council races.

County Executive:

- 2 qualifying and participating candidates
- $1 per registered voter
- 994,814 registered voters
- = **$1,989,628 in public funding.**

County Council

- 18 Campaigns (2 campaigns per district)
- $1 per registered voter in the district
- Average of 110,534 registered voters per district
- **=$1,995,012 in public funding**

Total Costing When Albuquerque Model is Applied to King County:

- $1,989,628 County Executive
- $1,995,012 County Council
- $ 398,000 Matching Funds for excess expenditure
- ($ 198,930) in revenue from Qualifying Contributions
- **$4,581,570 in public funding**

City of Portland

The City of Portland has passed ordinances and adopted administrative rules governing the use of Campaign Financing. The program began in 2005 to prepare for the May 2006 primary election. Under this model, the local government makes a lump-sum payment to candidates who meet various criteria establishing their viability as a candidate for the office in question. The Portland model also includes a "rescue" clause whereby candidates who choose not to participate in the public financing program, and spend campaign funds over the established campaign spending limit are "penalized". The penalty in this model is that participating candidates receive extra payments of public campaign funds equal to the amount over the limit the non-participating candidate spent. The Portland Model applies to the offices of Mayor, City Commissioner and City Auditor.

The Portland Model also has a revenue generating mechanism to off-set part of the cost of running the program. In order to qualify for the program, a candidate for mayor must gather exactly a $5 contribution from 1,500 registered voters in the City. A candidate for City Commissioner and City Auditor must gather a contribution of exactly $5 from 1,000 registered voters in the City. The Portland Model also includes rigorous reporting requirements and a "qualifying period" which includes the use of a small amount of "seed money". The use of seed money is limited to $20,000 for mayoral candidates and $15,000 for Commission and Auditor candidates.

As with other models, upon certification in the Portland Model, candidates receive an initial lump-sum payment for the primary election only. After the outcomes of the primary elections are known, the City distributes a second payment to the candidates eligible for the general election.

Currently the primary election payments are as follows:

Mayor	$200,000
Commissioner	150,000
Auditor	150,000

The current payments to candidates advancing to the general election are as follows:

Mayor	$250,000
Commissioner	200,000

Auditor	200,000

Each candidate for Mayor who advances to the general election would be eligible for $450,000 (total) in public funding. Each candidate for Commissioner or Auditor would receive $350,000 (total) in public funding. For purposes of this cost estimate, a costing model was used that is similar to the Portland Model which uses only the offices of County Executive and County Councilmember.

As noted earlier, the "qualifying contributions" of $5 per registered voter are paid to the candidate's campaign. However, these qualifying contributions are deducted from the public funding payments in the system. These contributions can be treated as revenues for the purposes of this analysis. Under this model there would be revenue flowing into the public financing system other than just an annual budget appropriation. Specifically, revenues could be estimated in the following way:

- County Executive: 2 candidates x $5 contribution x 1,500 registered voters = $15,000
- County Council: 18 candidates x $5 contribution x 1,000 registered voters = $90,000

The Portland Model appears to provide a good incentive for candidates to participate in the public financing system. For raising the qualifying contributions of $7,500, a candidate for County Executive would receive $450,000 in public financing. A County Council candidate would receive public funding of $350,000 for raising qualifying contributions totaling $5,000.

All Candidates

- Personal contributions to the campaign can only be made during the "seed" period.
- Independent expenditures are factored into calculations regarding spending limits.
- The candidate or a designated staff must attend training on the policies, rules and procedures of the public financing program.

Costs per 4-Year Election Cycle

Analysis Assumptions:

- All County Council races and the County Executive race will be contested.
- All candidates for all positions will participate in the public financing program.
- There will be $720,000 (approximately 10% of expenditures) in matching (excess funds) paid in the election cycles. This could arise from independent expenditures in either the County Executive or County Council races.

County Executive:

- 2 qualifying and participating candidates
- $450,000 per campaign ($200,000 for Primary + $250,000 for General)
- = **$900,000 in public funding.**

County Council:

- 18 Campaigns (2 campaigns per district)
- $350,000 per campaign ($150,000 for Primary + $200,000 for General)
- **=$6,300,000 in public funding**

Total Costing When Portland Model is Applied to King County:

- $ 900,000 County Executive
- $6,300,000 County Council
- $ 720,000 Matching Funds for excess expenditure
- ($ 105,000) in revenue from Qualifying Contributions
- **$7,815,000 in public funding**

City of San Francisco

The combined City and County Government of San Francisco created a public campaign financing program in 2000. This model is a form of a "matching funds" public financing model. San Francisco's program appears to be a very broad program applying to the following positions:

- Mayor
- Board of Supervisors
- Board of Education (San Francisco Unified School District)
- Governing Board Member (San Francisco Community College District)
- Assessor
- Public Defender
- City Attorney
- Treasurer
- District Attorney
- Sheriff

However, only candidates for the offices of Mayor and Board of Supervisors are actually eligible to receive public financing. The inclusion of the other offices appears to be an attempt to merely limit the amount of money spent in the other races. Candidates agree to not spend in excess of a pre-set amount, but do not receive public financing to help them reach their spending goals.

Similar to other examined models, the San Francisco Model allows candidates to accept limited private donations for use as "seed" money, as well as requiring candidates to collect a number of qualifying contributions to meet the thresholds for public financing. A qualifying contribution in San Francisco is known as an amount of not less than $10 and not more than $75. To be eligible for public financing, a candidate for mayor must raise at least $25,000 in qualifying contributions from at least 250 contributors. A candidate for Board of Supervisors must raise at least $5,000 in qualifying contributions from at least 75 contributors.

Participating in the public financing systems includes both a cap on the amount of public funding that can be received and a limit on the total amount that can be spent in the campaign. Candidates for Mayor are capped at $850,000 in public financing and must agree not to spend more than $1,375,000. Candidates for Supervisor are capped at receiving no more than $87,500 in public funding and cannot spend more than $140,000.

The San Francisco model has a somewhat more complicated payment plan than in other matching funds states. The amount of public financing is segmented into categories and there are various matches associated at each level. In effect, the payment schedule shows a hybrid approach between a traditional lump-sum public financing system and a matching funds system. The payment schedules are discussed below.

For the Office of Mayor:

- Upon certification as a candidate eligible for public financing a candidate for Mayor receives a lump-sum payment of $50,000.
- For the next $100,000 in matching contributions (different from "qualifying contributions" in that matching contributions can be up to $500 per individual) the Candidate would receive $4 in public funding for every $1 raised privately. *Ratio = 4:1*
- For the next $400,000 in matching contributions, the candidate would receive $1 in public funding for each $1 raised privately. *Ratio = 1:1*
- If, due to independent expenditures, the expenditure limit is increased by the Elections Department, the match continues at a rate of $1 in public funding for every $1 raised privately. *Ratio = 1:1*

For the Office of Supervisor:

- Upon certification as a candidate eligible for public financing a candidate for Supervisor receives a lump-sum payment of $10,000.
- For the next $10,000 in matching contributions, the candidate would receive $4 in public funding for every $1 raised privately. *Ratio = 4:1*
- For the next $37,500 in matching contributions, the candidate would receive $1 in public funding for each $1 raised privately. *Ratio = 1:1*
- If, due to independent expenditures, the expenditure limit is increased by the Elections Department, the match continues at a rate of $1 in public funding for every $1 raised privately. *Ratio = 1:1*

As with the other models, independent expenditures are calculated into the amounts a candidate can receive from matching funds. The San Francisco Model also includes a "rescue" clause designed to keep participating candidates financially competitive with non-participating candidates who spent more than the public financing expenditure limits. The excess matching funds limit is not pre-set; is it an amount determined by the current expenditure limit in the race.

For comparison purposes, this analysis used ½ the expenditure limits for the office of Mayor to determine costing for the County Executive race and the spending limit for Supervisor to represent the costing for County Council races. The spending limit for County executive would therefore be set at $687,500 and the limit for County Council would be $140,000.

All Candidates

- Personal contributions to the campaign are limited and pre-set.
- Independent expenditures are factored into calculations regarding spending limits.
- The candidate or campaign treasurer must attend a training session.
- All independent expenditures are assumed to benefit one of the candidates.

Costs per 4-Year Election Cycle

Analysis Assumptions:

- All County Council races and the County Executive race will be contested.
- All candidates for all positions will participate in the public financing program.
- There will be $327,500 (approximately 10% of expenditures) in matching (excess funds) paid in the election cycles. This could arise from independent expenditures in either the County Executive or County Council races.

County Executive:

- 2 qualifying and participating candidates
- $25,000 per candidate upon certification ($50,000 in public funding)
- For the first $50,000 raised a 4:1 matching ratio is used ($400,000 in public funding)
- For the next $200,000 raised a 1:1 matching ratio is used ($400,000 in public funding)
- = **$1,700,000 in public funding.**

County Council:

- 18 Campaigns (2 campaigns per district)
- $10,000 per candidate upon certification ($180,000 in public funding)
- For the first $10,000 raised a 4:1 matching ratio is used ($720,000 in public funding)
- For the next $37,500 raised a 1:1 matching ratio is used ($675,000 in public funding)
- **=$1,575,000 in public funding**

Total Costing When San Francisco Model is Applied to King County:

- $1,700,000 County Executive
- $1,575,000 County Council
- $ 327,500 Matching Funds for excess expenditure
- **$3,602,000 in public funding**

PAST MODELS:

As noted earlier in this report, both King County and the City of Seattle had public campaign financing programs until 1992 when Initiative 134 specifically prohibited the use of public funds to finance political campaigns for state or local offices. This section will examine these two previous programs as they were enacted prior to termination. Both use a matching fund model.

As noted earlier in this report, Proposed Ordinance 2008-0147 has been introduced for consideration by the council. This ordinance would place the question of public campaign matching funds before King County voters on November 4, 2008. This proposal would allow voters to decide whether the county should move forward with public matching funds to finance campaigns for election. As proposed, this ordinance is based upon the previous county model discussed below.

City of Seattle – *previous model*

In November of 1978, the Seattle City Council passed Ordinance 107772 which established public financing of local campaigns. This ordinance established the offices of Mayor, City Council, City Attorney, City Comptroller and City Treasurer as those eligible for public financing. For the purposes of this report, this example will be termed the "Seattle Model".

The Seattle Model does not include public financing for municipal court judges. However, in costing the model, the study assumes that all county offices would be included in the program. This would provide a highest-cost estimate. The analysis is presented based upon a "per office" cost, so Councilmembers will be able to use the estimate like a "menu" in deciding which offices to include/exclude from the program.

County offices included in the cost estimate will be: 1) Executive, 2) County Councilmember, 3) Sheriff, 4) Prosecuting Attorney, 5) County Assessor, 6) Superior Court Judge, and 7) District Court Judge.

Under the Seattle Model, those participating would be limited in expenditures to $150,000 for the office of Mayor and $50,000 for other offices. It should be noted however, that these were the limits imposed in 1978. It is unclear what limits would be most appropriate today. For purposes of this cost estimate, those limits have been doubled. The limits for the following positions and in the following amount are as follows:

County Executive	$300,000
All other County offices	100,000

It should be noted, however, that the limitations to $100,000 for the offices of County Prosecutor and County Executive would significantly reduce the amount of funds the candidates would be eligible to expend. This might provide a disincentive to candidates in the decision of whether to participate in the public financing program. For County Council and Sheriff, the $100,000 cap might require some candidates to reduce expenditures over prior elections. For Superior Court Judge, District Court Judge and County Assessor – based upon past history – there would be very few instances where candidates would need to reduce expenditures over prior elections.

To be eligible for public financing, the candidates for Mayor must raise at least $20,000 from at least 100 contributors or receive 300 contributions of $10 or more. Candidates for other offices must raise $7,500 from at least 100 contributors or receive 200 contributions of $10 or more. Only contributions from residents of the City of Seattle are counted.

Candidates who qualify for the public matching program receive a $1:$1 match up to a maximum of $50 per contributor. This effectively means that the public will be funding ½ the cost of the election expenditures. Candidates who participate in the public campaign program are eligible to receive public matching funds even if their opposition does not participate in the program.

In many ways, the only key difference between the Seattle Model and the model envisioned in Proposed Ordinance 2008-0147 is the difference in the maximum amount spent by each candidate. The Seattle Model's limits are significantly lower than what would be allowed by Proposed Ordinance 2008-0147. Even with doubling the limits established in 1978 to more accurately reflect the current state of campaign spending, the total program costs are still lower.

All Candidates:

- Personal contributions to the campaign are limited to $1,000 in any campaign year.
- No more than 75% of expenditure limits could be spent prior to the Primary Election.
- Independent expenditures are not factored into calculations regarding spending limits.

County Council, Sheriff, Prosecuting Attorney, Assessor, Superior Court Judge, District Court Judge:

- Expenditures not to exceed $100,000.
- Raise $7,500 from one hundred residents or collect 200 donations of $10 or more.

County Executive:

- Expenditures limited to $300,000.
- Raise $20,000 from at least 100 contributors or collect 300 contributions of $10 or more.

Costs per 4-Year Election Cycle

Analysis Assumptions:

- All County Council races will be contested.
- 1/3 of County Council races will have at least one third party candidate file and qualify for public financing and raise the $50,000 necessary to "spend" the maximum (3 races).
- All races for Executive, Prosecutor, Sheriff and Assessor will be contested.
- 1/3 Superior Court races will be challenged (17 elections)
- 1/3 District Court races will be challenged (8 elections)
- Publicly funded candidates for County Council, Executive, Sheriff, and Prosecutor will all expend the maximum allowed for that race.
    - County Council: $100,000
    - County Executive: $300,000
    - Prosecutor: $100,000
    - Sheriff: $100,000
- Candidates for Assessor will expend ½ the maximum allowable amount ($50,000)
- Candidates for Judgeships will expend the maximum allowable amount for the race.
    - Superior Court: $100,000
    - District Court: $100,000

Estimated Costs:

County Council:

- 9 races x 2 candidates per race = 18 candidates
- Add 3 "third party" candidates for a total of 21 campaigns / 4 year cycle
- 21 campaigns x $100,000/candidate maximum spending limit = $2,100,000 expended
- 50% of total expenditures publicly matched = **$1,050,000** in public funds.

County Executive:

- 1 race x 2 candidates per race = 2 candidates
- 2 campaigns x $300,000 / candidate maximum spending limit = $600,000 expended.
- 50% of total expenditures publicly matched = **$300,000** in public funds.

Sheriff:

- 1 race x 2 candidates per race = 2 campaigns

- 2 campaigns x $100,000 / candidate maximum spending limit = $200,000 expended.
- 50% of total expenditures publicly matched = **$100,000** in public funds.

Prosecutor:

- 1 race x 2 candidates per race = 2 campaigns
- 2 campaigns x $100,000 / candidate maximum spending limit = $840,000 expended.
- 50% of total expenditures publicly matched = **$100,000** in public funds.

Assessor:

- 1 race x 2 candidates per race = 2 campaigns
- 2 campaigns x $50,000 per candidate estimate = $100,000
- 50% of total expenditures publicly matched = **$50,000** in public funds.

Superior Court Judge:

- 17 races x 2 candidates per race = 34 campaigns
- 34 campaigns x $100,000 estimated per candidate = $3,400,000 expended
- 50% of total expenditures publicly matched = $1,700,000 in public funds.

District Court Judge:

- 8 races x 2 candidates per race = 16 campaigns
- 16 campaigns x $100,000 estimated per candidate = $1,600,000 expended.
- 50% of total expenditures publicly matched = $800,000 in public funds.

Total Costing When Seattle Model is Applied to King County

- $ 300,000 County Executive
- $1,050,000 County Council
- $ 100,000 Sheriff
- $ 100,000 Prosecutor
- $ 50,000 Assessor
- $1,700,000 Superior Court Judge
- $ 800,000 District Court Judge
- **$4,100,000 in public funding**

Total Costing for this Model with Only Executive & County Council

- $ 300,000 County Executive
- $1,050,000 County Council
- **$1,350,000 Total Public Funding**

King County – *previous model*

In May of 1989, the Council passed Ordinance 8970 which established public financing of county campaigns. The ordinance established the offices of Executive, Council, Prosecuting Attorney, Sheriff and Superior and District Court judges as those eligible for public financing. This model is a “matching funds” model allowing a 1:1 match of funds.

All Candidates (Assessor is not included in the Ordinance)

- Cannot make personal donations exceeding 10% of the expenditure limit for the campaign.
- Independent expenditures, as defined, are not included in the computation of this amount.
- $1:$1 match public v. donated funds with a $50 match limit per contributor. Normal limits for total contribution would still apply, but the public match would be capped at $50/person.

County Council

- Expenditures not to exceed annual salary for the position.
- Gather two hundred contributions of $10 or more from King County residents.
- Be opposed by a candidate who has qualified for local public matching funds, or who has raised or has cash on hand of $10,000 or more.

All other County Offices (Executive, Prosecutor, Sheriff, District Court Judge, Superior Court Judge)

- Expenditure not to exceed 3 times the annual salary
- Gather five hundred contributions of $10 or more from King County residents.
- Be opposed by a candidate who has qualified for local public matching funds, or who has raised, spent, or has cash on hand of $45,000.

Approximate Current Salaries:

County Executive	$175,000
Sheriff	150,000
Prosecutor	140,000
Superior Court Judge	130,000
District Court Judge	130,000
County Councilmember	120,000
Assessor	140,000

Costs per 4-Year Election Cycle

Analysis Assumptions*:*

- All County Council races will be contested.

- 1/3 of County Council races will have at least one third party candidate file and qualify for public financing and raise the $60,000 necessary to "spend" the maximum (3 races).
- All races for Executive, Prosecutor and Sheriff will be contested.
- 1/3 Superior Court races will be challenged (17 elections)
- 1/3 District Court races will be challenged (8 elections)
- Publicly funded candidates for County Council, Executive, Sheriff, and Prosecutor will all expend the maximum allowed for that race.
    - County Council: $120,000
    - County Executive: $525,000
    - Prosecutor: $420,000
    - Sheriff: $450,000
- Candidates for Judgeships will expend 1/3 the maximum allowable amount for the race.
    - Superior Court: $130,000
    - District Court: $130,000

Estimated Costs

County Council:

- 9 races x 2 candidates per race = 18 candidates
- Add 3 "third party" candidates for a total of 21 campaigns / 4 year cycle
- 21 campaigns x $120,000/candidate maximum spending limit = $2,252,000 expended
- 50% of total expenditures publicly matched = **$1,260,000** in public funds.

County Executive:

- 1 race x 2 candidates per race = 2 candidates
- 2 campaigns x $525,000 / candidate maximum spending limit = $1,050,000 expended.
- 50% of total expenditures publicly matched = **$525,000** in public funds.

Sheriff:

- 1 race x 2 candidates per race = 2 campaigns
- 2 campaigns x $450,000 / candidate maximum spending limit = $900,000 expended.
- 50% of total expenditures publicly matched = **$450,000** in public funds.

Prosecutor:

- 1 race x 2 candidates per race = 2 campaigns
- 2 campaigns x $420,000 / candidate maximum spending limit = $840,000 expended.
- 50% of total expenditures publicly matched = **$420,000** in public funds.

Superior Court Judge:

- 17 races x 2 candidates per race = 34 campaigns
- 34 campaigns x $130,000 estimated per candidate = $4.420,000 expended
- 50% of total expenditures publicly matched = **$2,210,000** in public funds.

District Court Judge

- 8 races x 2 candidates per race = 16 campaigns
- 16 campaigns x $130,000 estimated per candidate = $2,080,000 expended.
- 50% of total expenditures publicly matched = $1,040,000 in public funds.

Total Costing When King County Model is Applied

- $ 525,000 County Executive
- $1,260,000 County Council
- $ 450,000 Sheriff
- $ 420,000 Prosecutor
- $ 50,000 Assessor
- $2,210,000 Superior Court Judge
- <u>$1,040,000</u> District Court Judge

$5,905,000 in public funding

Total Costing for this Model with Only Executive & County Council

- $ 525,000 County Executive
- $1,260,000 County Council
- **$1,785,000 Total Public Funding**

<u>Effectiveness of Public Financing Models</u>

Some of the system models reviewed are still too new to have a sufficient amount of measurable data to truly evaluate their effectiveness. However, some public campaign financing systems have been operating for over 20 years. The table below shows the inception years for the program models reviewed in the study.

Jurisdiction	Year begun
Seattle	1978-1992
King County	1989-1992
Maine	1996
Arizona	1998
San Francisco	2000
Portland	2005
Albuquerque	2007

Many of the early reviews on the Maine and Arizona systems are reported to be positive. Candidates, political observers, and voters believe that these systems meet their intended goals. For instance, the Maine model that has been in effect since 1996 has shown an 80% increase in the number of candidates and the races that went uncontested decreased from 16.5% to 2%. Arizona has had an increase in minorities seeking office.

However, the results of the public financing efforts appear to be mixed with some models working well and others seeming to flounder. Some of the system models reviewed are still too new to have a sufficient amount of measurable data to truly evaluate their effectiveness. An example of a questionable result is shown in the Portland model. In 2006, only two candidates participated in the PCF system. In one of those campaigns, violations were identified by the campaign commission and the candidate returned half the public money.

One factor Councilmembers may want to consider in deciding on a PCF system is whether the inherent differences in elections between those that are statewide and those that are local impact the success of the program. The two models which would be deemed “most successful” have both been statewide programs. However, the PCF systems at the local level have had much more mixed results. If Councilmembers choose to move forward with PCF, this aspect may be an area that could benefit from additional research.

Additional Costs

Under most of the models reviewed, the campaign fund-raising and spending activities were overseen by either separate commissions or dedicated staff within the appropriate elections agency, such as the auditor, elections division, or clerk. Campaign fundraising and the spending activities of participating candidates are monitored by a government administrative agency to ensure compliance with the law. Consequently, in addition to expenditures for actual campaigns, a jurisdiction’s public financing program would most likely incur costs for voter education, administration, oversight, reporting, transparency, and enforcement.

Additionally, the models reviewed included extensive implementing laws, rules and/or regulations that were very detailed bodies of work and would likely consume significant amounts of time and would incur costs to develop and implement prior to full utilization of a financing program.

A basis for estimating these costs may be found in the experience of Arizona, which has had a state level program in place since 2000 and has a population roughly comparable to Washington’s[6]. According to the 2003 to 2006 annual reports of the Arizona Citizens Clean Elections Commission 5, Arizona’s average annual expenditures for voter education for its program for the years 2003 to 2006 were $1,574,519. Administration and enforcement costs were $609,536, for an average annual total of $2,184,055. King County represents roughly 30%

[6] 2005 population estimates: Washington = 6,287,759; Arizona = 5,939,2924

of the population of the State of Washington. If you assume King County could administer the program as effectively as the State of Arizona, King County may expend approximately $655,000 (30% of Arizona's administrative costs of $2,184,055) to administer the PCF program.

At the time of this report, the estimated possible costs for development, implementation, administration and oversight has not yet been completed. A key factor in this decision may be whether the Council is interested in having existing elections personnel administer and oversee the program or whether it should be overseen by an independent commission. In completing this report, both models have been used and implemented in governments using PCF.

Possible Funding Strategies

Other cities and states use a variety of revenues to fund their public finance systems, and many combine funding from multiple sources. Many of these sources, however, will not produce a significant amount of revenue to support a full program and are unlikely to provide sole source revenue for campaign financing.

Before proceeding with this discussion, it should be noted that state or local laws may restrict the county from using some of the options. In the time frame provided, this report did not explore the legal viability of these options. They will need further investigation if the county decides to move forward with PCF.

- Property tax check-offs***.*** Many states with public financing and the federal government allow taxpayers to check a box on their income tax form to designate a portion of their tax to be used in a public financing program fund. Seven states use a tax add-on, which allows a participant to donate a portion of his or her tax refund to public campaign financing. Within the county, it may be possible to provide for a voluntary check on property tax forms.

  Councilmember may remember the discussion in 2007 regarding the legislation requiring homeowners whose mortgage companies pay their property taxes receiving a copy of their actual tax statement. It is now known that roughly 40% of homeowners do not pay their taxes directly. There may be equity issues associated with a property tax check-off in that such a large portion of the population does not actually receive a property tax bill.

- Candidate filing fees or voter pamphlet fees***.*** Filing fees paid by candidates running for office, as well as the fees candidates pay to appear in the voter's guide, could be diverted into a public financing fund.

- Voluntary donations***.*** A campaign financing fund could be established to accept donations from people supportive of public financing.

- Qualifying contributions raised by candidates. When a candidate raises qualifying contributions, a portion or percentage of these contributions could be diverted to a public financing fund.

- Penalties for violations of campaign finance laws. When candidates are forced to pay a fine for violating any aspect of jurisdictional campaign finance laws, a surcharge could be added or a portion diverted into a public financing fund.

- General Fund overhead model. PCF costs could be distributed countywide through a general fund overhead model. Under this approach, public financing could be included as a cost of government to be shared among county agencies. The City of Portland Auditor has recommended Portland use this approach. It is unclear whether this type of funding mechanism would be legal in Washington State. The policy basis would be that those elected from the PCF system are policy makers for all County funds, not simply the County's general fund.

- Special Levy. The County could choose to ask the voters for a special levy to fund PCF activities. Based upon the costs estimates contained within this analysis this would be a small levy. The amount necessary to fund the majority of the models discussed in this report would be less than $.01 per $1,000 assessed value.

- General Fund Appropriation. The costs associated with the elections function of county government are funded by the County's general fund. A general fund appropriation could be used to fund the needs of the PCF system. Ideally, to smooth out the payments to the PCF system, an estimate of the needs for a 4-year election cycle would be used and annual disbursements would be made to the PCF system.

Most local jurisdictions and at least some states rely on some form of annual general fund appropriation to finance their campaign systems. This allows flexibility to provide adequate funding as participation in a program increases or decreases. However, it should be noted that this would require a funding decision as part of the annual budget process. If existing general fund revenues are used for a PCF program rather than new revenues generated through another method, the program would need to receive an annual appropriation similar to other county programs.

Phasing of a New Model

As a reminder, this analysis has examined only the costs associated with a top two candidate scenario. Costs could be higher if more candidates participate in the program. This scenario could become more likely if the program itself becomes popular.

Should the Council decide to implement a public campaign financing program, it may be possible to "phase-in" a program by only including certain offices in the beginning and building upon that program over time. For instance, council offices could be a pilot to determine candidate interest and implementation costs. For consideration of this scenario, each jurisdictional model included costs for individual races.

NEXT STEPS:

If Councilmembers are interested in the implementation of a PCF funding model, staff could be directed to prepare options for Council consideration. The formal model for PCF would be contained in an ordinance that would go to the voters for approval. The following decisions would likely need to be made prior to asking for voter approval:

- Type of Model – Matching Funds or Lump-Sum?
- Offices Included in the PCF system –
- Expenditure limits for the included offices
- Oversight of the program – internal or independent commission
- Funding – if a levy were the option, it would require a second ballot measure
- Responsibility for:1) implementing legislation and 2) administrative rules

ATTACHMENTS:

1. Seattle Ordinance 107772, dated November 7, 1978
2. King County Ordinance 8970, dated May 22, 1989
3. Initiative 134, dated November 3, 1992
4. ESSSB5278
5. Motion 12734, dated April 14, 2008
6. Proposed Ordinance 2008-0147