

Voter-Owned Elections – Portland’s Campaign Finance Fund

More Choices. New Voices.

History, Successes, Concerns, and National Context

THE PROBLEM BEFORE VOTER-OWNED ELECTIONS

The private money fundraising system in Portland elections through 2004 was broken as documented by analysis of campaign contributions in city elections since 1992. For example, campaign fundraising was dominated by big donations. During the 2004 campaign the lion’s share (69 percent) of the money raised by all city candidates came in checks of \$1,000 or more, with those big spenders representing a small number (7 percent) of the donors.

There was typically an increase in the size of the average itemized contribution from a council member's first race to subsequent races. Asked to comment on this increase, then-Commissioner Erik Sten, said, "Fundraising got much easier after my initial campaign. Once in office the money comes easier and in bigger checks."

This sets the stage for incumbents to easily win re-election with nominal opposition or fundraising while the occasional open seat races get more and more expensive. In 2004, open seat City Council and Mayor’s races set new fundraising records with one candidate raising a total of \$1,096,130.

Contributions to Portland candidates have been dominated by the business sector, particularly the real estate industry. From 1992 through 2003, 71 percent of dollars contributed to City Council members came from donors with business affiliations, particularly those with financial and real estate interests. This trend continued with 68 percent of contributions to all candidates in 2004 city races coming from business donors.

"Typically the regular ask [for a campaign contribution] from a City Council member to a real estate developer who will be in front of us is \$5,000."
Commissioner Erik Sten at
May 18, 2005 Council hearing

Portland politics have also historically been dominated by contributions from downtown and Westside zip codes. Contributions from only ten Portland zip codes comprised 56.4 percent of total fundraising from 1992 through 2004 elections. Only two of those top contributing zip codes were east of the Willamette River; the rest came from downtown and the Westside hills.

"They [Portland voters] told me during [the November 2004 election] that they believed that candidates who accepted less money, who abide by some kind of campaign finance controls should get elected. So I support Voter-Owned Elections."
Mayor Potter at April, 17 2005 Council hearing

THE SOLUTION

The Portland City Council adopted a Voter-Owned Elections (VOE) ordinance in May 2005 after 18 months of review and input. There were three public hearings in Council chambers packed with supporters, analysis by the City Auditor and the Office of Management and Finance, two comment periods, input from a technical review committee and expressions of support from over 40

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businesses and community organizations as well as 10,000 postcards from individuals expressing support for VOE.

VOE participating candidates run for office without big money in a way that requires broad citizen involvement in the candidate selection process. Candidates collect a large number (1,000 for council and auditor candidates and 1,500 for mayoral candidates) of \$5 qualifying contributions to demonstrate community support and then limit campaign spending relying only on a regulated amount of public funds. Eligible council candidates receive \$150,000 for primary races and \$200,000 for general election. Eligible mayoral candidates receive \$200,000 and \$250,000. The annual cost of the program per Portland resident has been \$1.05.

"On the funding issue... forgoing just one unnecessary tax abatement could more than pay for the costs [of Voter-Owned Elections]"

Commissioner Sam Adams at April 7, 2005 Council hearing

OPPOSITION FROM MAJOR CAMPAIGN CONTRIBUTORS AND *THE OREGONIAN*

Opponents during City Council hearings in 2005, most of them major contributors to past city campaigns, hid their real concern – that they’d lose power in City Hall – and instead argued over the enactment process. The 2005 City Council, however, did what we elected them to do – make tough and innovative decisions – and adopted the Voter-Owned Elections ordinance.

This set the stage, however, for a referral on the November 2010 ballot to Portland voters from City Council on retaining our city’s Voter-Owned elections system. But reform opponents didn’t wait and began to gather signatures for a repeal initiative aimed for the May 2006 ballot. Contributors to the repeal effort were not everyday Portlanders; most were major contributors to city candidates in 2004. For example, the Portland Metro Association of Realtors gave \$19,875 to city candidates in 2004 while the Oregon Restaurant Association gave \$19,200. The Portland Business Alliance gave \$21,400 while individual and business members of this group gave \$200,508 to candidates for city contests in 2004.

Top donors to the 2006 repeal initiative were the Portland Business Alliance PAC, Taxpayers Association of Oregon, Oregon Restaurant Association, Gard & Gerber, Portland General Electric and Qwest who gave contributions ranging from \$7,500 to \$32,000. But deep-pocketed opponents couldn’t qualify their repeal initiative in 2006 because they didn’t have the grassroots support needed to collect enough valid signatures.

These opponents, though, will be back in 2010 to try and take away Voter-Owned Elections. They want to remove the ability of typical Portlanders to play a meaningful role in candidate selection for city offices.

The *Oregonian* editorial board also opposes Voter-Owned Elections and often cites former Mayor Tom Potter’s success running under self-imposed contribution limits as a reason reform isn’t needed. But during the May 18, 2005 Council hearing Mayor Potter said, “I really support this. I was an anomaly [in my mayoral race]. I don’t think [how I ran] is possible for others.”

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SUCCESESSES

It Works: Candidates who used the Voter-Owned Elections option won in both 2006 and 2008. Erik Sten, the major reform proponent inside City Hall, bucked the trend for incumbents to rely on fundraising capacity and instead ran under the spending limits required by Voter-Owned Elections. Sten defeated an opponent recruited by the business community in May of 2006 and, because of Voter-Owned Elections, ran a more grassroots campaign with increased volunteer participation.

More Diversity: In 2008, Commissioner Amanda Fritz became only the seventh woman to serve on the City Council in its 157-year history. Fritz was a long time neighborhood activist who served on the Portland Planning Commission and says she would not have run except for Voter-Owned Elections. The field for the open seat won by Commissioner Fritz also included African-American and environmental activists who also attributed their candidacies to Voter-Owned Elections.

More Competition: Now-Commissioner Fritz first ran in 2006 using the Voter-Owned Elections option, providing an atypically viable challenge to incumbent Dan Saltzman. Saltzman voted for the reform ordinance but stated that he wouldn’t opt into the program because it was intended for people who didn’t look like him. However, Saltzman self-imposed a limit on the size of contributions and an overall cap on spending. Though opponents sometimes call campaign finance reform incumbent protection, Voter-Owned Elections is encouraging incumbents to take innovative action like self-imposing limits on contributions

Defeating an incumbent, even when a challenger uses the reform option, is difficult. This has been characterized by some as a reform failure. If defeating incumbents was the goal, though, we’d be talking about term limits. Instead Voter-Owned Elections addresses the fundraising advantage of incumbents. It ensures that voters mark their ballot by evaluating the record of incumbents in competitive campaigns with challengers having comparable resources.

Reduced Spending: Campaign spending by each candidate was reduced in both 2006 and 2008 not only on the part of Voter-Owned Elections candidates but also because of voluntary self-imposed contribution and spending caps by nonparticipating candidates. For example, the record combined fundraising of \$1,292,756 in a 2004 open seat race was not repeated due to Voter-Owned Elections in a 2008 open seat race with candidates operating under spending limits.

The trend towards lower fundraising was also seen in the 2008 mayoral race where both Sam Adams and Sho Dozono self-imposed a cap on contribution size and an overall spending limit. These voluntary steps deserve an “A” for effort, but the candidates ultimately didn’t adhere to their self-imposed limits, indicating the value of Voter-Owned Elections whose spending limits are mandatory. Nevertheless, total fundraising in the 2008 mayoral primary was far less than the record \$715,538 raised by only one candidate in the May 2004 contest.

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Reduced Special Interest Influence: Reduced fundraising and small contributions means that even for non-participating candidates special interest influence has also been reduced.

People Power From Across Portland: The entry fee for playing a genuine role in selecting who runs for office in Portland is now an affordable \$5. Thousands of Portlanders from each neighborhood in the city have made qualifying contributions. This people-powered qualification process sets the stage for more grassroots, volunteer-oriented campaigns.

CONCERNS

Administrative errors occurred in 2006 and 2008. Errors have occurred in other jurisdictions with public funding programs, which is a reflection that administering a new system can be difficult. Violations in Portland were caught and the ongoing review provided by the Citizens Campaign Commission has proven effective in suggesting improvements. New City Auditor Lavonne Griffin-Valade is a more rigorous enforcer of program rules.

In 2006, one candidate, Emilie Boyles, should not have been certified to receive public financing. She was removed from the program for other violations and money was recovered. An indictment against Boyle’s campaign consultant resulted in nine months in jail. This is far faster and tougher action than the typical response to violations of rules governing the private fundraising system.

In 2008, an administrative error was overturned using the program’s complaint process. Mayoral candidate Sho Dozono’s certification as a participating candidate was an error because he received poll results whose costs exceeded a cap on in-kind contributions. It is commendable that Dozono continued as a candidate and self-imposed contribution and spending caps, especially since the entire controversy would not have occurred if the poll’s cost had been accurately disclosed by the group for whom it was conducted.

NATIONAL CONTEXT

President Obama was a co-sponsor of the Fair Elections Now Act when he was in the Senate. The current version of this bill to provide public financing for federal offices has bi-partisan sponsorship and 125 co-sponsors in the U.S. House. Co-sponsors include Oregon Representatives Earl Blumenauer, Peter DeFazio, and David Wu.

Some have pointed to President Obama opting out of the presidential public funding program and his success in raising small donations as reasons to doubt public financing. The presidential reform is ineffective because it is out of date. That can’t happen here because an ongoing review mechanism, the Citizens Campaign Commission, is built into Voter-Owned Elections to ensure that regular recommendations for improvement go to City Council.

President Obama was a pioneer in Internet and small donor fundraising but this success is not being widely replicated in local, state, or congressional elections. Empowering small donors is a key element of Voter-Owned Election. The reform program is the best way to elect candidates in Portland and should be exported to Salem and Washington D.C.

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