

The Impact of Seattle's Democracy Voucher Program on Candidates' Ability to Rely on Constituents for Fundraising

Ron Fein

Free Speech For People
Issue Report 2018-01

May 2018

INTRODUCTION

When political candidates rely on non-constituent donors for a significant portion of their campaign funding, democratic self-government may be affected because the policies and preferences of non-constituent donors often differ from those of constituents.¹ The objective of this analysis was to examine whether Seattle’s recently-passed democracy voucher program led to candidates relying more on constituents, as opposed to non-constituent donors from other parts of the state or country, for their campaign funding. The results indicate that candidates who chose to participate in the voucher program raised a notably higher percentage of their funds from constituents than the typical percentages raised in pre-voucher elections, or by non-voucher-funded 2017 candidates.

In recent years, cities have experimented with different models of small donor public campaign financing programs, typically involving matching funds.² Seattle is the first, however, to use this type of democracy voucher program. The program was passed by a voter initiative in 2015.³ Under the program, every registered voter in Seattle is issued four “democracy vouchers” valued at \$25 each.⁴ Candidates for city office may choose to participate in the voucher program if they both qualify by collecting a specified number of \$10 contributions, and also agree to voluntary campaign spending limits.⁵ Voters may then assign their vouchers to participating candidates, who in turn present them to the Seattle Ethics and Elections Commission (SEEC) for redemption into cash to use for legitimate campaign expenses.⁶

The 2017 election was the first to feature democracy vouchers. In 2017, four offices were up for election: two city council seats (positions 8 and 9), both of which are

¹ See David Fontana, *The Geography of Campaign Finance Law*, 90 S. Cal. L. Rev. 1247 (2017).

² See generally Michael J. Malbin & Michael Parrott, *Small Donor Empowerment Depends on the Details: Comparing Matching Funds in New York and Los Angeles*, 15 *The Forum: A Journal of Applied Research in Contemporary Politics* 219 (2017), <http://bit.ly/MalbinParrott>; Michael J. Malbin, Peter W. Brusoe, & Brendan Glavin, *Small Donors, Big Democracy: New York City’s Matching Funds as a Model for the Nation and States*, 11 *Elec. Law. J.* 3 (2012), <http://bit.ly/MalbinBrusoe>.

³ See Seattle Ethics & Elections Comm’n (SEEC), *Initiative 122*, <http://bit.ly/Init122>, codified at Seattle Mun. Code §§ 2.04.600-690.

⁴ See Seattle Mun. Code § 2.04.620; see also SEEC, *Democracy Voucher Program: About the Program*, <http://www.seattle.gov/democracypoucher/about-the-program>.

⁵ See Seattle Mun. Code § 2.04.630.

⁶ See *id.* § 2.04.630.

elected citywide (at-large);⁷ city attorney, which is elected citywide; and mayor, which is elected citywide. However, the voter initiative specifically provided that “[t]o allow accumulation of Program funds, in the 2017 election only and notwithstanding other provisions of this subchapter, no Mayoral candidate shall be eligible to participate in the Program or receive or redeem Democracy Vouchers.”⁸ Thus, while there were four citywide offices up for election in 2017, three of them (city council positions 8 and 9, and city attorney) were eligible for vouchers, but the 2017 mayoral race was not.

Several analyses have examined the use and impact of the voucher program in the 2017 election—which saw some 20,000 Seattle residents contribute democracy vouchers totaling \$1.14 million—from a variety of angles.⁹ A report by SEEC, comparing the *number of contributors* in the 2015 city council election to the number of contributors in the 2017 city council election, observed that “the percentage of contributors from outside Seattle dropped from almost 29 percent to 7 percent in just two years.”¹⁰ Conversely, that effect was not observed in the (non-voucher-eligible) mayoral election, where the number of out-of-city contributors barely budged, from 23% in 2013 to 22.6% in 2017.¹¹

In contrast, the question examined here was whether the *amount* of campaign funding (as opposed to the number of contributors) shows that the program led to candidates relying more on constituents, as opposed to non-constituent donors from other parts of the state or country. The working hypothesis was that voucher-funded candidates would raise a meaningfully higher percentage of funds from within Seattle, thus enabling candidates to run for office by appealing mainly to constituents and without the need to rely on, or appease, out-of-city donors. This hypothesis would not be supported if either (1) 2017 voucher-funded candidates did not raise a meaningfully higher fraction of in-city funds than candidates for the same seats in pre-voucher elections, or (2) 2017 voucher-funded candidates did not raise a meaningfully higher fraction of in-city funds than 2017 non-voucher funded candidates for the same seats,

⁷ The other seven seats are elected by districts, and were not up for election in 2017. They will next stand for election in 2019.

⁸ See Seattle Mun. Code § 2.04.690(a).

⁹ See generally SEEC, *Democracy Voucher Program: Program Data*, <http://www.seattle.gov/democracvoucher/program-data>; SEEC, *Democracy Voucher Program Biennial Report 2017*, <http://bit.ly/DVPBR2017> (Mar. 15, 2018); SEEC, *2017 Election Report*, <http://bit.ly/2017ElecRpt> (Mar. 9, 2018); SEEC/BERK Consulting, *Seattle Democracy Voucher Program Evaluation*, <http://bit.ly/SDVPE>; Jennifer Heerwig & Brian J. McCabe, *Expanding Participation in Municipal Elections: Assessing the Impact of Seattle’s Democracy Voucher Program*, <http://bit.ly/HeerwigMcCabe>; WIN/WIN Network & Every Voice Ctr., *First Look: Seattle’s Democracy Voucher Program*, <http://bit.ly/FLSDVP> (Nov. 15, 2017).

¹⁰ SEEC, *2017 Election Report*, *supra* note 9, at 9.

¹¹ *Id.* at 14.

or (3) 2017 voucher-funded candidates did not raise a meaningfully higher fraction of in-city funds than 2017 candidates for other, non-voucher-eligible races. None of these turned out to be the case.

The results indicate that voucher-funded candidates indeed raised much higher percentages of funds from Seattle residents than a pre-voucher baseline or non-voucher 2017 candidates, lending support to the hypothesis. The effect is most striking in the city council races, and analysis of data from the city attorney and mayoral races fails to support any alternative explanation other than the impact of the voucher program.

METHODOLOGY

As noted earlier, the 2017 election was the first election featuring democracy vouchers. The races for city council positions 8 and 9 (both at-large) and city attorney were eligible for vouchers. At the August 2017 primary election, over 20 candidates competed for the mayoral race, and seven or more for each of the at-large city council races. For simplicity, this analysis focused just on the two candidates for each seat who advanced to the November 2017 general election. The top two candidates for both position 8 and position 9 participated in the voucher program. For comparison purposes, the analysis also examined the top two candidates for those same city council positions in 2015, before vouchers. The analysis also included the top two candidates for mayor in 2017 and in 2013, and for city attorney in 2017 and 2009.¹²

Thus, the races and candidates analyzed were:

- City Council Position 8, 2015 (Burgess vs. Grant)
- City Council Position 8, 2017 (Grant vs. Mosqueda)
- City Council Position 9, 2015 (Bradburd vs. González)
- City Council Position 9, 2017 (González vs. Murakami)
- Mayor, 2013 (McGinn vs. Murray)
- Mayor, 2017 (Durkan vs. Moon)
- City Attorney, 2009 (Holmes vs. Carr)
- City Attorney, 2017 (Holmes vs. Lindsay)

Campaign contribution data for the candidates listed above were downloaded from the Washington Public Disclosure Commission (PDC) at <https://www.pdc.wa.gov/> as comma-separated value files, and imported into Microsoft Excel. The PDC's data output lists each contribution as a separate row. Column "C" is City, and column "I" is Amount. Democracy voucher contributions are reported to the PDC (on Form C-3) as if

¹² The 2009 city attorney race was used as a baseline because in 2013 the incumbent, Peter Holmes, ran unopposed.

they were cash contributions.¹³ Consequently they simply appear in candidate reports (and hence PDC data) like any other contributions, without being distinguished from cash contributions.¹⁴

The total contributions raised were calculated by a simple “Sum” formula that sums a range of cells (in this case, Amount). The percentage of money raised in-city was calculated with a “SumIf” formula that sums a range of cells (in this case, Amount) based on a criterion (in this case, that the City field is “SEATTLE”).¹⁵ The Seattle subtotal was then divided by the total to derive a percentage, which (like all figures in this analysis) was rounded to the nearest integer.

This methodology has some limitations. At the big picture level, the primary focus is on the two citywide city council races, and the analysis does not include the large number of losers in the city council or mayoral primaries,¹⁶ nor characteristics that may differentiate the types of races, nor other potential unidentified factors that could help explain the observed variations in percentages of money raised in-city. At a more granular level, the PDC’s raw data was not independently validated, error-checked, or otherwise adjusted, and appears to contain a few minor anomalies. Furthermore, PDC data files indicate a small amount of unitemized “small contributions” or “miscellaneous receipts” from individuals who contributed less than \$25.00 total.¹⁷ This analysis conservatively addresses this issue by counting all contributions in the denominator, but only attributing contributions to Seattle (for the numerator) if the City field is set to “SEATTLE.” This likely underestimates the percentage of contributions raised from Seattle residents, as very small dollar cash contributions are probably more likely to have been raised and delivered in-city than out-of-city. However, since these miscellaneous contributions could not be confidently attributed to Seattle residents, this analysis errs conservatively on the side of *undercounting* the impact of the voucher program.¹⁸

¹³ See PDC, *Commission Interpretation Regarding the Seattle Democracy Voucher Program*, PDC Interpretation No. 17-01, <http://bit.ly/PDCInterp17-01> (Feb. 23, 2017) (“Candidates who receive voucher proceeds must report them as contributions received from the individual assigning the voucher.”); PDC, *Public Disclosure Commission Discussion: Seattle Democracy Vouchers*, <http://bit.ly/2HUemNW> (Jan. 26, 2017).

¹⁴ Detailed voucher contribution data are also available from SEEC. See SEEC, *Democracy Voucher Data - 01_05_2018*, <http://bit.ly/Vouchers2017XLS> (Jan. 5, 2018) (Excel file).

¹⁵ For example, for M. Lorena González’s 2017 city council race, the formula is SumIf (C2:C4655, “SEATTLE”, I2:I4655).

¹⁶ There was no primary for city attorney in 2017 because there were only two candidates.

¹⁷ See Rev. Code. Wash. § 42.17A.235(3). For example, the PDC data file for M. Lorena González’s 2017 city council race shows \$586.15 in such miscellaneous receipts.

¹⁸ In theory, this method could slightly overcount Seattle contributions if pre-voucher candidates raised a much higher percent of unitemized contributions than 2017 candidates, but this does not appear to be the case.

ANALYSIS

The first question examined was whether the 2017 general election candidates for city council positions 8 and 9, all of whom participated in the voucher program, raised proportionally more funds from within the city than did the 2015 (pre-voucher) candidates for those same seats. Table 1 compares contribution data from the general election candidates for city council positions 8 and 9 in 2017 versus 2015, and shows that the percentage of funds raised from Seattle residents increased substantially. (Tables 2 and 3, in the following pages, provide the actual dollar figures.)

Table 1: Percent of funds in campaigns for city council positions 8 and 9 raised from Seattle residents ¹⁹				
	2015		2017	
Position 8	Burgess, Timothy (i)	83%	Mosqueda, Teresa (p)	88%
	Grant, Jonathan	65%	Grant, Jonathan (p)	96%
Position 9	González, M. Lorena	65%	González, M. Lorena (i) (p)	95%
	Bradburd, William	82%	Murakami, Pat (p)	98%

Table 1 shows a clear shift towards candidates relying on Seattle residents for funding their campaigns, with 2015 candidates raising 65-83% of funds in-city and 2017 candidates raising 88-98% of funds in-city.²⁰ The *highest* percent of in-city fundraising in 2015 (Burgess, 83%) was lower than the *lowest* percent of in-city fundraising in 2017 (Mosqueda, 88%). Moreover, the fact that two of the four candidates (Grant and González) ran for these seats in *both* 2015 (pre-voucher) and 2017 (with vouchers) fortuitously helps eliminate the possibility that this difference is due to the nature of the candidates themselves. Both Grant and González shifted from just 65% in-city funds to 95%-96% in-city funds. Furthermore, the possibility of an incumbency effect is ruled out by the fact that three of the four 2017 city council general election candidates were non-incumbents, and they raised 88-98% of their funds in-city, at or nearly at the same rate as the one incumbent (González), who raised 95% of her funds in-city.

¹⁹ The first listed candidate in each cell is the victor. (i) indicates the incumbent, if any. (p) indicates that the candidate participated in the voucher program.

²⁰ This analysis did not quantitatively characterize the geographic distribution of non-Seattle contributions, but a visual inspection indicates that out-of-city funds came from a mix of suburbs of Seattle (particularly affluent suburbs such as Bellevue and Redmond); affluent areas elsewhere in the country, such as northern California; and miscellaneous other areas.

Thus, in just one election cycle, both winning and losing candidates for these positions went from being dependent on non-constituents for 17-35% of their funding to just 2-12%. These differences are unlikely to be due to chance or candidate-specific factors.

Tables 2 and 3 drill down further into the 2015 and 2017 data respectively.

Table 2: Details on funds raised for positions 8 and 9 (2015)			
Candidate	Total \$ raised in Seattle	Total \$ raised	Seattle %
Burgess	\$359,386	\$432,786	83%
Grant	\$48,761	\$75,135	65%
Position 8 subtotal ²¹	\$408,147	\$507,921	80%
González	\$148,022	\$229,084	65%
Bradburd	\$69,353	\$84,190	82%
Position 9 subtotal	\$556,169	\$737,005	69%
Total for these candidates	\$118,114	\$159,325	76%

As Table 2 shows, in 2015, 76% of the funds of the top two candidates for each at-large city council position were raised within Seattle. Table 3 (next page) shows that, just two years later, that number had risen to 93%.

²¹ The Position 8 and Position 9 subtotals include the entire fundraising for those two candidates for both the primary and general elections, but do not include funds raised by primary election candidates who failed to advance to the general election.

Table 3: Details on funds raised for positions 8 and 9 (2017)					
Candidate	\$ from vouchers ²²	Total \$ raised in Seattle ²³	Total \$ raised	Voucher % ²⁴	Seattle %
Mosqueda	\$300,000	\$404,732	\$458,960	65%	88%
Grant	\$300,000	\$345,177	\$358,929	84%	96%
Position 8 subtotal ²⁵	\$600,000	\$749,909	\$817,889	73%	92%
González	\$213,175	\$281,967	\$297,158	72%	95%
Murakami	\$152,675	\$172,327	\$175,397	87%	98%
Position 9 subtotal	\$365,850	\$454,294	\$472,555	77%	96%
Total for these candidates	\$965,850	\$1,204,203	\$1,290,444	75%	93%

Furthermore, Table 3 suggests that the voucher program is mostly responsible for this increase. Focusing again on candidates Grant and González (who ran both years), candidate Grant raised about the same dollar amount of *non-voucher* donations in 2017 (both in-city and out-of-city) as he had in 2015; his increased in-city money came mostly from voucher funds. Candidate González actually raised significantly less in non-voucher-donations in 2017 than she had in 2015, shifting to a more voucher-heavy funding base that, naturally, resulted in more reliance on in-city donors. Finally, while there are only four data points, in 2017 there was a monotonically increasing association between the percentage of funds raised from vouchers and the percentage of funds raised from Seattle residents. As Figure 1 shows, the more that a particular candidate relied on *vouchers* for funding, the more that candidate relied on *constituents* for funding.

²² SEEC, *Program Data: Final Democracy Voucher Funds Allocated to 2017 Candidates*, <http://www.seattle.gov/democracyvoucher/program-data>.

²³ Including vouchers, cash, and in-kind.

²⁴ Percentage of total funds raised that derived from vouchers.

²⁵ The Position 8 and Position 9 subtotals include the entire fundraising for those two candidates for both the primary and general elections, but do not include funds raised by primary election candidates who failed to advance to the general election. See *supra* note 21.

Figure 1: Percent Seattle funds vs. percent voucher funds in 2017 city council races



The city attorney’s race provides an interesting comparison to the city council races. The data for these races, which also became eligible for vouchers in 2017, is consistent with the pattern in the city council races. But the city attorney race also presented a natural experiment: one candidate (Holmes) chose to participate in the voucher program, while the other candidate (Lindsay) did not.²⁶ Table 4 compares the percentage of funds raised from Seattle residents for this race in 2009 (pre-vouchers)²⁷ and 2017.

Table 4: Percent of funds in campaigns for city attorney raised from Seattle residents				
	2009		2017	
City attorney	Holmes, Peter	66%	Holmes, Peter (i) (p)	91%
	Carr, Thomas (i)	79%	Lindsay, Scott	73%

In 2009, the percentages of in-city contributions were 66-79%, roughly comparable to the 2015 city council races. In 2017, incumbent Holmes dramatically increased his percentage of in-city contributions from 66% to 91%, like the 2017 city council races. On the other hand, challenger Lindsay—who chose not to participate in the voucher

²⁶ Daniel Beekman, *Seattle residents spent \$1.14 million in ‘democracy vouchers’*, Seattle Times, Dec. 4, 2017, <https://www.seattletimes.com/seattle-news/politics/seattle-residents-spent-1-14-million-in-democracy-vouchers/>.

²⁷ The relevant pre-voucher baseline for the city attorney race is 2009 rather than 2013 because incumbent Holmes ran unopposed in 2013.

program—raised money in-city at a percentage consistent with pre-voucher levels (in fact, a bit less than Holmes’s 2009 opponent). If the city council races suggest that pre-voucher in-city fundraising is generally 65-80% and in-city fundraising for voucher participants is generally 90% or more, then the city attorney’s race shows that Holmes’s increase in in-city funding from 2009 to 2017 is consistent with the voucher program. Conversely, Lindsay’s campaign, which did not participate in the voucher program, relied on out-of-city donors at more historical (pre-voucher) levels.

Of course, the data from the city attorney’s race is not as strong as the data from the city council races. The necessary use of an earlier baseline, a possibly different incumbency effect, and differences in the offices themselves limit the force of the data from this race. Still, the fact that it is consistent with the pattern seen in the city council races is highly suggestive.

Finally, a comparison to the open 2017 mayoral election, which was *not* voucher-eligible in 2017, shows that the pronounced shift of voucher-funded candidates towards raising funds in-city was not an incidental byproduct of some unrelated trend, because it did not extend to the mayoral race. In the 2013 race, the percentages of funds raised from within Seattle by the top two candidates were 73% (McGinn) and 74% (Murray). These numbers are about the same as the percentages of in-city funds raised by the 2015 city council candidates. And as Table 5 shows, the 2017 mayoral candidates raised funds in-city at about the same level.

Table 5: Percent of funds in campaigns for mayor raised from Seattle residents				
	2015		2017	
Mayor	Murray, Edward	74%	Durkan, Jenny	70%
	McGinn, Michael (i)	73%	Moon, Cary	28-84%

In 2017, the percentage of funds raised from within Seattle by candidate (and victor) Jenny Durkan was 70%, similar to the 2013 levels. Candidate Cary Moon’s data complicates the analysis, because she self-funded 67% of her campaign.²⁸ The percentage of funds raised from Seattleites could be calculated as the percentage of Moon’s total contributions raised from *Seattleites other than herself* (28%), or as the percentage of funds that Moon raised from other people which came from Seattleites

²⁸ This was determined via the formula `SumIf(B2:B1299, "MOON CARY*", I2:I1299)`. Of the total \$571,524 raised by her campaign, she provided \$383,883. Of the remaining \$187,642 contributed by others, \$158,338 was contributed by Seattle residents and \$29,303 by non-Seattle residents.

(84%), or, probably least usefully, the percentage of total contributions that came from Seattleites *including Moon herself* (95%).²⁹ Consequently, Moon's data is not an ideal comparator. But however Moon's percentage of funds raised in Seattle are calculated, it is fair to say that her data certainly does not reveal any broader, non-voucher-related trend of movement towards raising campaign funds from Seattle residents.

CONCLUSION

Before the voucher program, recent candidates for Seattle city office generally raised 65-80% of their funds from in-city. In the first voucher election, city council positions 8 and 9 saw a dramatic increase in the percentage of contributions from Seattle residents, with 93% or more of contributions coming from in-city. The city attorney candidate who participated in the voucher program saw a similar increase into the 90% in-city range from 2009 to 2017. In contrast, candidates who did not use the voucher program—either because they chose not to participate in the program, or ran in the mayoral race, which was not eligible for vouchers—raised funds in-city consistent with pre-voucher levels.

While this analysis has some acknowledged limitations, the overall trend is clear. The democracy voucher program enables candidates to raise the vast majority of their funds from constituents, as opposed to out-of-city donors.

²⁹ This issue does not arise for any of the other three mayoral candidates examined, whose contributions to their own campaigns were relatively small.

ACKNOWLEDGMENTS

Thanks to Adam Lioz and Stephen Weissman for commenting on earlier drafts of this analysis.

ABOUT THE AUTHOR

Ron Fein is the Legal Director for Free Speech For People. Mr. Fein previously served as Assistant Regional Counsel in the United States Environmental Protection Agency's New England office, where he received the EPA's National Gold Medal for Exceptional Service. Earlier, Mr. Fein clerked for the Honorable Kermit Lipez of the United States Court of Appeals for the First Circuit and the Honorable Douglas Woodlock of the United States District Court for the District of Massachusetts. He graduated Order of the Coif from Stanford Law School and *summa cum laude* from Harvard College.

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