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Voter-Owned Elections – Continuing to Improve Portland Politics Analysis of the 2008 Portland Elections and the National Context for Reform

Updated with November Election Results

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National Context for Campaign Finance Reform

The extent to which Senator Barack Obama’s presidential fundraising has come from small donors and his opting out of the presidential public financing program have been cited as reasons to abandon Voter-Owned Elections and other models of public financing reform. Four points thoroughly rebut this myopic argument.

- 1) The presidential public financing program was developed in the post-Watergate era and hasn’t been significantly updated since. The result is a **broken reform program** that Senator Barack Obama has pledged to fix. Senator John McCain was a past co-sponsor of legislation to update the presidential reform program, but withdrew his sponsorship when he became a candidate. The **need for adjustments and updates is why the Portland Voter-Owned Elections ordinance included a Citizens Campaign Commission** charged with reviewing program operation and **making regular recommendations for improvement** to the City Council.
- 2) Senator Barack Obama is a co-sponsor of the Fair Elections Now Act for public financing reform for federal races. One critical factor in evaluating the need for this reform is that **the current private money system costs money in the form of policies that benefit campaign contributors and not typical constituents**. For example, it seems to be no coincidence that a “hands off” financial regulatory approach that resulted in the \$700 billion bailout occurred in an environment where financial industry interests are top donors to federal candidates.

- 3) Senator Barack Obama has been a pioneering leader in Internet fundraising and has gathered record amounts of money in small donations of \$200 or less. His efforts should have a lasting positive effect encouraging the “small d” democracy of future campaigns. But the facts are that **small donor fundraising is still a minor factor in Congressional races and state campaigns** as documented in studies by the Campaign Finance Institute and Institute on Money in State Politics. Michael Malbin, director of the Campaign Finance Institute said, “The role of the Internet and the growing role of small donors in the presidential race are healthy signs for democratic participation. But the congressional numbers show that there is a long, long way to go before we can walk away and declare ‘problem solved’.”¹
- 4) Empowering small donors is a key element of Voter-Owned Elections. Instead of viewing small donor fundraising by Senator Obama as a reason to think reform isn’t needed, it supports the idea that **public financing reform that empowers expanded small donor participation is a good investment**. A recent Gallup poll found that majority (57 percent) of Americans support spending limits. It should be noted that **public financing reform is the only constitutional way to require spending limits** that goes hand-in-hand with the small donor empowerment provided by Voter-Owned Elections.²

What Would Be Happening Without Voter-Owned Elections?

Picture for a moment, this year’s City Council races without Portland’s campaign finance reform system of Voter-Owned Elections. We’d be seeing record spending (half a million plus per candidate) funded by large contributions (\$1,000, \$5,000 and beyond) from special-interest players backing a select group of candidates. Candidates would prove their viability by dialing for dollars. The election’s short timeline would force them to target deep-pocketed donors rather than typical Portlanders. Time spent fundraising would take away from the time a candidate could spend engaging ordinary voters. Under that scenario, should we be surprised if the concerns of big contributors take precedence over community priorities?

From a March 18th guest editorial by the president of the League of Women Voters of Portland

Remember the 2004 city elections that set the stage for the May 2005 council enactment of Voter-Owned Elections? Voters said “No” to a million-dollar candidate in a campaign season where the lion’s share (69 percent) of the money candidates raised came in checks of \$1,000 or more, with those big spenders representing a small number (7 percent) of the donors. Now, because of Voter-Owned Elections (VOE) the ticket price for meaningful political participation in Portland is now an affordable \$5.00.

This analysis reviews the current Portland open seat race for City Commission Position #1 with an emphasis on contrasting it with the most recent comparable election in November of 2004. Due to Voter-Owned Elections the general race between Amanda Fritz and Charles Lewis is in stark contrast to the record setting private money fundraising seen in 2004 with only two viable

¹ *Small Donors not a factor in House Races*, Campaign Finance Institute, May 13, 2008 <http://www.cfinst.org/pr/prRelease.aspx?ReleaseID=190> and *No Small Change*, Institute on Money in State Politics, July 14, 2008, <http://www.followthemoney.org/press/ReportView.phtml?r=363>

² Gallup Poll, October 30, 2008 <http://www.gallup.com/poll/111652/Campaign-Financing-Appears-NonIssue-Voters.aspx?version=print>

candidates. Amada Fritz won on November 4th adding needed diversity to city hall. Fritz is a long time neighborhood activist and only the seventh woman to serve on the Portland City Council

All of the VOE candidates, however, have cited the reform program as a factor in their candidacy. For example, Amanda Fritz wrote in her campaign blog that “I’m told by elected officials who’ve run under Fundraising as Usual, that conversations with prospective Big Money donors are more like interviews, often including overt as well as unstated demands for policy direction and votes once elected. I would not be in this race, if I had to do that.”³

Primary elections for Commissioner Positions #2 and 4 and Mayor are also reviewed beginning on page 6 and other considerations and concerns are discussed on page 12 with a discussion of VOE costs and value on page 14.

City Commission Position #1

The general election campaign between two Voter-Owned Elections candidates, Amanda Fritz and Charles Lewis, is more competitive and grassroots oriented due to the reform program. In a private money system the vote differential in the primary between these two candidates would likely result in major donations going to the front-runner with the underdog facing fundraising difficulties.

Because of Voter-Owned Elections this November’s Position #1 campaign is more competitive because equal support is provided to both candidates. This prompts a front-runner to run a more vigorous grassroots campaign than probably would have occurred prior to the VOE option. A consistent trend due to VOE reform is empowerment of typical folks both as qualifying contributors and because these campaigns need their volunteer power.

There have been comments in the press about the Position #1 race not garnering much attention. Higher profile U.S. Senate and ballot measure campaigns presumably account for much of that. But another factor is that spending by VOE candidates is capped, which results in limited use of television or radio advertising. Indeed, rather than being a sign of a problem the relatively low profile campaign of VOE candidates should be viewed as one element in the success of the reform program.

Because Position #1 was an open seat race with six primary candidates, five of them running with the Voter-Owned option, vying for the spot on the city council vacated by Sam Adams. Increased competition is one goal of the reform program that was realized during this primary. The pool of viable candidates in this race was also more diverse with a woman and African-American running as well as community and environmental advocates.

Without Voter-Owned Elections this election would likely be a repeat of the record setting fundraising in the last open seat race in Portland in 2004 between Nick Fish and Sam Adams. (See charts 1 and 2.) Before the VOE option, major donors from unions and the big business community, particularly development interests, dominated private money fundraising. Personal and family support was also a factor in these 2004 contests. In 2008, due to Voter-Owned Elections, even the perception of corruption due to large contributions from such political players is removed.

³ I’m Thankful for Public Campaign Financing, November 23, 2007 blog entry, <http://amandafritzforcitycouncil.com/node/44>

Chart 1: Top Contributors to Nick Fish, 2004

Contributor	Contribution	Percentage
Nick Fish	\$31,434	5.2%
AFSCME Local 189 (major city employees union)	\$28,905	4.8%
Portland Metro Fire Fighters PAC	\$15,000	2.5%
Gerding Edlen Development	\$10,000	1.7%
Metro Association of Portland Realtors	\$9,500	1.6%
Comcast Cable	\$9,000	1.5%
Meyers & Wyse LLP	\$7,900	1.3%
Tim Boyle and Schnitzer Group	\$7,500 each	1.3% each
AFSCME – Washington DC	\$6,500	1.1%
Oregonians for Affordable Housing and TB Dame	\$6,000 each	1.0% each
Portland Police Association, Natural Gas PAC, and John Loacker	\$5,500 each	1.5% each
Sam Wheeler	\$5,200	0.9%
Oregon Restaurant Association, Albert Solheim, RB Pamplin Corp, Stan Amy, William Rosenfeld Jr., Matt Chapman, Warren Rosenfeld, SEIU Local 1199 Political Action Fund, Standard Insurance Company	\$5,000 each	0.8% each
Contributors of \$5,000 or more Subtotal	\$218,939	36.5%
Miscellaneous Contributions of \$50 or less	\$13,223	2.2%
Remaining Contributions	\$367,653	61.3%
Total Contributions	\$599,814	

Contributions include cash and in kind contributions as well as loans. Percentages may not equal 100 due to rounding.

Chart 2: Top Contributors to Sam Adams, 2004 Primary

Contributor	Contribution	Percentage
Gay and Lesbian Victory Fund	\$35,345	5.1%
Sam Adams and Greg Eddie (Adams partner in 2004)	\$25,000 each	3.6% each
Elizabeth Kaufman	\$17,400	2.5%
Jane Ames	\$15,448	2.2%
Terry Richardson	\$13,500	1.9%
Jeanne Caswell	\$11,300	1.6%
Susanne Penkin	\$9,125	1.3%
Homer Williams	\$9,060	1.3%
American Property Management	\$8,072	1.2%
RB Pamplin Corp	\$8,000	1.2%
Comcast Cable and Winning Mark	\$7,500 each	1.1% each
Joseph Lee	\$6,600	1.0%
Wayne Kingsley, Lee Larson, and Carroll Investments LLC	\$6,000 each	0.9% each
Dirk Fournier	\$5,500	0.8%
Gerding Edlen Development, Thomas Lauderdale, John Stryker, Fred Bruning, Donald Sexton, Pearl Gateway LLC, Schnitzer Group, and Benson Hotel	\$5,000 each	0.7% each
Contributors of \$5,000 or more Subtotal	\$262,350	37.9%
Miscellaneous Contributions of \$50 or less	\$32,878	4.7%
Remaining Contributions	\$397,714	57.4%
Total Contributions	\$692,942	

Contributions include cash and in kind contributions as well as loans. Percentages may not equal 100 due to rounding.

The 2004 race between Sam Adams and Nick Fish for Commission Position #1 also gave rise to double giving, or when a contributor gives to both candidates in a race. The patterns of giving with this group of contributors suggest that they view their contributions as an opportunity to gain access

to a future office holder rather than as a way of expressing their desire to support one candidate over another. (See chart 3.)

Chart 3: Double Giving in 2004 Commissioner Position #1 Portland City Council Race

Double Giving Patterns	Primary				General			
	Adams		Fish		Adams		Fish	
	\$	%	\$	%	\$	%	\$	%
Hedge Bets All the Way - primary and general double giving	\$18,200	4.1%	\$11,200	3.4%	\$8,450	3.3%	\$15,000	5.6%
Bide Your Time & Then Hedge Bets - general double giving only					\$4,250	1.7%	\$7,249	2.7%
I like them both and/or keep them both happy early on - primary double giving only	\$8,450	1.9%	\$10,450	3.2%				
Hedged Bets Early - double giving in primary then gave only to Fish	\$9,050	2.1%	\$12,950	3.9%				
Hedged Bets Early - double giving in primary then gave only to Adams	\$1,900	0.4%	\$1,800	0.5%				
Only Gave to Adams in Primary then Double Giving in General					\$4,750	1.9%	\$7,150	2.7%
Only Gave to Fish in Primary then Double Giving in General					\$5,000	2.0%	\$5,000	1.9%
Double-Giving Total	\$37,600	8.6%	\$36,400	11.0%	\$22,450	8.9%	\$34,399	12.8%

Dollars from double givers comprised 8.6 percent of Adams’ and 11 percent of Fish’s primary fundraising. General election double giving to Adams was essentially the same at 8.9 percent. Double giving as a percentage of Fish's general election fundraising increased to 12.8 percent. A factor in this jump is that some Adams primary contributors gave to both Adams and Fish in the general election. Debbie Aiona, action chair with the Portland League of Women Voters, made the following comment in a 2004 press release on the double giving in this competitive race. “These double givers gave only to Adams in the primary and gave again to his general election campaign. Then, it appears that they looked at Fish’s solid primary returns and made the political calculation to ensure that they would back a winner by contributing to both candidates.”

Comcast Cable and RB Pamplin Corp. were the largest double givers. Comcast gave \$7,500 to Adams (\$5,000 in the primary and \$2,500 in the general election) and \$9,000 to Fish (split \$3,000 and \$6,000 between the primary and general elections.) RB Pamplin Corp. gave Adams \$8,000 (split \$7,000 and \$1,000 between the primary and general elections) and \$5,000 to Fish (\$2,000 in the primary and \$3,000 in the general). Gerding Edlen Development gave \$5,000 to Fish in the primary and then gave \$5,000 each to both Fish and Adams in the general election, ensuring that no matter who won they had a foot in the door of their City Hall office. The largest portion of double giving dollars came from donors who gave contributions to Adams and Fish in both the primary and general elections. These donors were hedging their bets from start to finish.

Double giving is a sign of the broken private money campaign finance system that has now been replaced with the Voter-Owned Elections option in Portland. Some qualifying contributors gave to more than one VOE candidate as a way to demonstrate support for the reform option. As time continues the small number of qualifying contributions linked to showing program support will likely decline. Even if it doesn’t a \$5 qualifying contribution doesn’t create the perception of corruption concerns, a perception that can be clearly deduced from Portland’s history of major donor domination of city campaigns.

City Commission Position #2

The Position #2 race was for an open seat due to the resignation of Commissioner Erik Sten. The previously scheduled May primary was used as the first step in this special election to fill this vacancy. A runoff wasn't needed, but it would have occurred in July if now-Commissioner Nick Fish hadn't received a majority of the primary vote.

The sudden and swift nature of special elections typically attracts candidates with pre-existing name recognition and access to resources. This can mean self-financed or candidates whose previous activities have involved media exposure. This is no slight on those candidates, just typically the political reality.

In 1984 Dick Bogle won the special election to replace Commissioner Charles Jordan. Bogle served in the Portland Police Department and was an assistant to a council member, but Portlanders primarily knew of him due to his 15 years as a news reporter at KATU-TV.⁴

In the fall of 1996, Erik Sten won a council seat replacing Earl Blumenauer after having unsuccessfully run in the May primary that year. In the fall of 2002, Randy Leonard replaced Charlie Hales in a contest that came down to a race between two current elected officials. Serena Cruz was a Multnomah County Commissioner and Leonard served 9 years in the Oregon legislature prior to his election to the Portland City Council.

Nick Fish first ran, unsuccessfully, in the 2002 September special election contest against Leonard and Cruz and then in the 2004 contest against Sam Adams. Given this history, it shouldn't be a surprise that he jumped into the race to fill the Position #2 seat created by Sten's resignation. Similarly the typical composition of his private money donors should be expected with its domination by major donors including many with ties to development interests. (See chart 4.)

It is commendable that Fish put a "soft cap" on his spending.⁵ Due to the tight fundraising timeline, it also isn't surprising or unreasonable that Fish did not limit the size of contributions to his campaign.

What is a surprise is that due to the VOE option, a candidate with community connections and city hall experience but without significant name recognition, Jim Middaugh, became Fish's major opponent. Middaugh received \$140,535 in public funds. This was the \$150,000 public funding allocation minus the value of his qualifying and seed money contributions.

Chart 4: Top Contributors to Nick Fish, Position #2 Primary 2008

Contributor	Contribution	Percentage
Nick Fish	\$14,318	8.9%
AFSCME Local 189	\$4,000	2.5%
Teachers Voice in Politics	\$3,500	2.2%
Meyer & Wyse LLP	\$2,825	1.7%
Randy Leonard, Albert Solheim, and Oregonians for Affordable Housing (Home Builders Association PAC),	\$2,500 each	1.5% each
David Pollock, John Loacker, and National Association of Industrial & Office Properties	\$2,000 each	1.2% each
Philip C. Smith	\$1,525	0.9%
Commercial Association of Realtors PAC, Edwards for	\$1,500 each	0.9% each

⁴ <http://www.photographicimage.com/bios.ihtml?pid=5&step=2>

⁵ http://www.nickfish2008.com/fishing_votes

State Treasurer, Portland Metropolitan Association of Realtors PAC, and The Standard/Standard Insurance		
Fifty + One	\$1,338	0.8%
Portland Trail Blazers	\$1,250	0.8%
Bay City LLC, Shorenstein Realty Services, Seng Noinola, Northwest Cedars Management Inc, Russell Pyne, Loen Dozono, Matt Chapman, Robert S. Walsh, Maryann T. Fish, Marcela Alcantar, Buena Vista Investments, LLC, Mark Edlen, R.B. Pamplin Corp, Otak Inc, Wayne Kingsley, Harsch Investment Properties, Alan Tressider, Laborers' Local 483, Homer Williams, Howard Shapiro, J. Douglas Macy, Alliance-PAC (Portland Business Alliance PAC, Ellsworth Ingraham, Dean Alterman, Pacific NW Regional Carpenters Separate Segregated Fund, Jeffery Batchelor, Ted K. Gilbert, Joshua L. Sheinkman, Bradley Malsin	\$1,000 each	0.6% each
Jeff Bachrach and Joint Council of Teamsters No 37 Political Fund	\$800 each	0.5% each
Samuel C. Wheeler, Ronald L. Tammen, Local 48 Electricians PAC, and Kell, Alterman & Runstein LLP	\$750 each	0.5% each
David Lezak	\$700	0.4%
Top Contributors Subtotal	\$82,556	51.1%
76 donors giving \$500	\$38,000 from 76 \$500 donors	23.5%
Miscellaneous Contributions of \$100 or less	\$14,991	9.3%
Remaining Contributions	\$26,080	16.1%
Total Contributions	\$161,627	

Data through May 2008 primary plus about \$4,000 given through the summer. Contributions include cash and in kind contributions as well as any loans received. Percentages may not equal 100 due to rounding.

City Commission Position #4

The purpose of campaign finance reform is not to defeat incumbents, but rather address the financial advantage of incumbency. If one's goal is to defeat incumbents, then the reform to support is term limits.

Beating an incumbent is always difficult and it shouldn't be surprising that campaign finance reform helps but doesn't ensure victory for a challenger. This was demonstrated by Amanda Fritz, a VOE candidate who unsuccessfully challenged incumbent Commissioner Dan Saltzman in 2006. That was a financial fair fight, however, since, due to VOE, Saltzman self-imposed a cap on contributions and a spending limit on par with the public funding allocation.⁶

It should also be realized that without VOE, the difficult job of beating an incumbent is all the more daunting. And VOE has been a crucial factor in electoral upsets in other jurisdictions with VOE. For example, a Republican bank executive in Maine only took on a powerful 16-year incumbent Democrat because of that state's clean elections program – and won.⁷

Nevertheless, as demonstrated in the Position #4 primary where Randy Leonard faced no significant challenger, the power of incumbency is difficult to overcome. His 2008 fundraising reflects the

⁶ Saltzman didn't completely comply with these limits but that 2006 race was still a fair financial fight compared to past elections. See the discussion on page 9 of the limitations of voluntary limits in the 2008 mayoral campaigns.

⁷ Klein, Rick, *Clean Elections Act Alters Terrain in Maine*, CommonDreams.org at <http://www.commondreams.org/headlines01/0226-02.htm>

need to raise relatively few dollars and the historical strength of his support from labor unions. As an incumbent, however, he has also attracted more diverse funding than in his first campaign in the 2002 special election contest. For example, now major donors include the Trail Blazers and development players including Singer Family LLC and Mark Edlen. (See charts 5 and 6.)

Chart 5: Top Contributors to Randy Leonard, Position #4 Primary 2008

Contributor	Contribution	Percentage
Laborers' Local 483 and Local 48 Electricians PAC	\$5,000 each	7.1% each
Portland Trail Blazers	\$4,300	6.1%
Bay City LLC, Mark Edlen, Martin Kehoe, Robert Sacks and Singer Family LLC,	\$2,500 each	3.6% each
Barry Schlesinger and Portland Metro Fire Fighters PAC	\$2,000 each	2.9% each
Ron Tonkin Chevrolet, Teachers Voice in Politics and Wayne Rembold,	\$1,500 each	2.1% each
Bradley Malsin and Elizabeth Malsin	\$1,250 each	1.8% each
Hotel Deluxe, Aegean Corp, Northwest Cedars Management Inc, Albert Solheim, Oregonians for Affordable Housing, Aspen Imperial LLC, DBA Hotel Lucia, Atlas Investments, LLC, Portland Hotel LLC, DBA The Westin Portland, Ronald Beltz, Joseph W Angel II, Deering Management Group, Inc, Bill Naito Co, Harsch Investment Corp, Fountain Village Development, Clear Channel, Schumacher Custom Homes, Ted K. Gilbert	\$1,000 each	1.4% each
International Union of Painters and Allied Trades	\$650	0.9%
Western Advocates Inc	\$593	0.8%
Top Contributors Subtotal	\$56,043	79.7%
Miscellaneous Contributions of \$100 or less	\$963	1.4%
19 \$500 donors	\$95,000 from 19 \$500	13.5%
Remaining Contributions	\$6,664	5.2%
Total Contributions	\$70,170	

Data through May 2008 primary plus nominal contributions made through the summer. Contributions include cash and in kind contributions as well as any loans received.

Chart 6: Top Contributors to Randy Leonard, Special Election September "primary" 2002

Contributor	Contribution	Percentage
Portland Metro Fire Fighters PAC	\$30,800	17.3%
Oregon Laborers Political Committee	\$16,000	9.0%
AFSCME Local 189 (major city employees union)	\$15,000	8.4%
Keep Portland Safe PAC	\$12,000	6.7%
Schnitzer Group	\$10,000	5.6%
International Brotherhood of Electrical Workers COPE Local 125 and Plumbers & Steamfitters	\$5,000 each	2.8% each
Bob Ball	\$4,986	2.8%
Pacific Northwest Regional Council of Carpenters	\$3,500	2.0%
SEIU, School Employees Local 140	\$3,000	1.7%
Committee to Election Randy Leonard – Leonard's PAC for previous legislative races	\$2,698	1.5%
RB Pamplin Corp, PGE Candidate Assistance Fund and Koin Center Limited Partnership	\$2,500 each	1.4% each
Kroger (Fred Meyers) and Joan Kingsley	\$2,000 each	1.1% each
Top Contributors Subtotal	\$119,484	67.1%
Miscellaneous Contributions of \$100 or less	\$8,409	4.7%
Remaining Contributions	\$50,160	28.2%
Total Contributions	\$178,053	

Contributions include cash and in kind contributions as well as loans. Percentages may not equal 100 due to rounding.

Mayor

Both mayoral candidates deserve an “A” for effort in their laudable self-imposed cap of \$500 on the size of contributions and a spending limit of \$200,000 commensurate with what would have been the VOE public funding allocation. Reining in campaign costs and reducing special interest influence by at least ratcheting down the size of contributions are in keeping with the goals of VOE. These steps were taken in the 2008 mayoral primary due to an interest by the major candidates to operate in a manner akin to the spirit of the reform program. However, as discussed in more detail below, there are limits to the effectiveness of voluntary actions to achieve reform goals, especially since fundraising can continue after the election in the private money system.

The value of incumbents opting into the reform option is demonstrated by ongoing fundraising on the part of non-VOE elected officials. In the case of Mayor-elect Sam Adams this has been due to wanting to pay off past campaign debts, but historically post-election fundraising by private money elected officials is done to build up war chests. But under VOE candidates don’t have debt since their spending is limited. It is also important to note that any unspent funds in VOE campaigns are returned to the city and a VOE elected official does not have a war chest with which to scare off potential challengers. This is another reason why Voter-Owned Elections is an incumbent improvement rather than an incumbent protection program.

Nevertheless due to VOE, self-imposed contribution caps and spending limits resulted in contributions patterns in the 2008 mayoral campaign that were significantly different from the 2004 mayoral campaigns when Jim Francesconi broke past fundraising records with all the top 20 contributions being \$5,000 or more including a single \$20,000 contribution from RB Pamplin.

However, the 2008 mayoral campaigns were not as grassroots funded or free from special interests as the contributions to Tom Potter in 2004. As Potter himself said, however, this victory of a financial underdog was an anomaly due to Potter’s name recognition from being police chief. Mayor Potter has consistently expressed support for VOE.

The contributors to 2008 mayoral candidates raise the issue that campaign finance reform isn’t just about the size of contributions, but also about the source of the money. This is why contribution limits and VOE are complimentary reforms. The Portland program addresses what could be done at the city level, while contribution limits must be addressed at the state level.

Compare 2004 and 2008 mayoral primary fundraising in charts 7 -11 below.

Chart 7: Top Contributors to Jim Francesconi, Mayoral Primary 2004

Contributor	Contribution	Percentage
RP Pamplin	\$20,000	2.8%
AFSCME Local 189 (major city employees union)	\$15,000	2.1%
Harsch Investment Corp	\$12,500	1.7%
Utility Contractors Association of OR and SW WA, Automobile Dealers Association of Portland & Mark Wattles	\$10,000 each	1.4% each
American Property Management	\$8,017	1.1%
Portland Business Alliance PAC	\$7,500	1.0%
Freightliner and Sulzer Pumps	\$7,000 each	1.0% each
Bay City LLC	\$6,973	2.9%
Gerding Edlen Development	\$6,000	0.8%
Schnitzer Group	\$5,700	1.7%
AFSCME DC	\$5,500	1.7%

Natio Corporation	\$5,125	0.7%
Pacific Crest, Peter Stott, Weston Holding Co, Peter Brinx, Greenbrier Companies, Tim Boyle, Oregon American Electronics Association/AEA PAC, Guardian Management, Comcast Cable, Kroger (Fred Meyers), Hoyt Street Properties, Building a Better Oregon (Associated General Contractors) PAC, Buena Vista Investments, Aegean Corp, and Warren Rosenfeld	\$5,000 each	0.7% each
Top 20 Contributors Subtotal	\$216,815	30.3%
Miscellaneous Contributions of \$100 or less	\$6,321	0.9%
Remaining Contributions	492,402	68.8%
Total Contributions	\$715,538	

Contributions include cash and in kind contributions as well as loans. Percentages may not equal 100 due to rounding. The top 20 contributor list may include more than 20 contributors due to ties in the lowest amount.

Chart 8: Top Contributors to Tom Potter, Mayoral Primary 2004

Contributor	Contribution	Percentage
Tom Potter	\$2,892	3.5%
Basic Rights Elect-PAC	\$410.12	0.5%
Douglas Oblatz	\$400	0.5%
Ernest Munch	\$375	0.5%
Ken Ross	\$275	0.3%
Ernest Bonyhadi, Charles Hinkle, Glenn Bridger, Arnold Rochlin and Jeannie Gretz	\$200 each	0.2% each
Sam Galbreath	\$175	0.2%
Jo Zettler and Stan Amy	\$150 each	0.2% each
Northwest Veterinary Hospital, Douglas Nebert and Jack Bowsky	\$125 each	0.2% each
Joan Hansen	\$120	0.1%
Top Contributors Subtotal	\$6,321	7.6%
Miscellaneous Contributions of \$100 or less	\$65,174.55	78.3%
Remaining Contributions	\$11,725	14.1%
Total Contributions	\$83,221	

Contributions include cash and in kind contributions as well as loans. Percentages may not equal 100 due to rounding.

Chart 9: Top Contributors to Sho Dozono, Mayoral Primary 2008

Contributor	Contribution	Percentage
Nothwest Strategies Inc. (Len Bergstein) for Mid-December poll (IK)	\$27,295	9.4%
Azumano Travel (IK)	\$10,996	3.8%
Leon Dozono (all but \$100 IK)	\$3,961	1.4%
Brian and Elizabeth Playfair, Confederated Tribes of the Siletz Indians, Northwest Cedars Management, and Chinook Winds (all cash)	\$1,000 each	0.3% each
Lawrence Black (cash)	\$1,000	0.4%
A to Z Wine Works (IK)	\$936	0.3%
Grant Yoshihara (cash)	\$905	0.3%
Melvin Mark and William and Karen Early (cash)	\$900 each	0.3% each
Top Contributors Subtotal	\$48,994	16.9%
188 contributions of \$500	\$94,000 from 188 \$500 donors	32.5%
Miscellaneous Contributions of \$100 or less	\$79,678	27.5%
Remaining Contributions	\$66,826	23.1%
Total Contributions	\$289,498	

Data through May 2008 primary plus nominal contributions made later that month. Contributions include cash and in kind contributions as well as any loans received. Percentages may not equal 100 due to rounding.

Voluntary standards are difficult to meet, especially in a high profile, contested race, like the 2008 mayoral campaign. This led to not including in-kind contributions in the self-imposed spending limit. To the extent that a VOE candidate would have been allowed up to \$12,000 of in-kind contributions factoring that into a self-imposed limit makes sense. But beyond that, the distinction between in-kind and cash contributions is not pertinent to establishing a meaningful spending limit. This distinction, however, is being factored into the current discussion, which is why charts 9, 10 and 11 identify the type of contribution.

After not being certified as a VOE candidate due to exceeding the in-kind contribution cap of \$12,000, Sho Dozono self-imposed a cap of \$500 on contributions and an expenditure limit. However, this limit was exceeded with \$289,498 raised, with 85 percent (\$245,963) being cash contributions and 15 percent (\$43,535) coming as in-kind donations. (See chart 9 above.)

Sam Adams raised \$311,539 in cash and in-kind contributions between the announcement of his candidacy for mayor and May 20, the day of the primary election. Eighty percent of this total, \$294,332, was cash contributions with 20 percent or \$62,097 coming as in-kind donations. As was also the case with the Dozono campaign this was considerably more than the \$200,000 allocation for a VOE candidate plus the \$12,000 allowed in in-kind contributions. Even when evaluating the Adams pledge as applying to just cash contributions, this voluntary limit was exceeded. Indeed the \$294,332 in cash raised by the Adams campaign even exceeded their revised cap of \$227,000 based on setting a limit that factored in the \$27,000 contribution of a poll to Sho Dozono. (See chart 10.)

The ineffectiveness of voluntary limits is also demonstrated by fundraising after the primary election. (See chart 11.) In the case of Sam Adams much of this was due to having outstanding debts from his 2004 race. Nevertheless after May 20 and as reported on ORESTAR through October 30 the Adams PAC has raised an additional \$76,935. Of this amount 64 percent or \$49,477 were cash contributions with \$27,458 as in-kind donations. The earlier \$500 contribution cap was raised to \$1,000. Evidently the new cap was made clear to donors, but this increase points to the changeable nature of voluntary commitments.

Chart 10: Top Contributors to Sam Adams, Mayoral Primary 2008 –prior to Election day

Contributor	Contribution	Percentage
Gay and Lesbian Victory Fund (all IK)	\$26,074	8.4%
Water Avenue Properties, LLC (all IK)	\$5,192	1.7%
Friends of Randy Leonard (all IK)	\$4,963	1.6%
North, Inc (all IK)	\$4,650	1.5%
Oregon League of Conservation Voters PAC (all IK)	\$3,000	1.0%
SEIU Oregon State Council (all IK)	\$2,374	0.8%
City Center Parking (cash and IK)	\$2,031	0.7%
Pacwest Center (all IK)	\$1,760	0.6%
Terrence Bean (cash and IK)	\$1,640	0.6%
Assurety Northwest (cash)	\$1,500	0.5%
AFSCME, Local 189 (IK)	\$1,313	0.5%
C&E Systems (IK)	\$1,250	0.4%
E. Walter Van Valkenburg (cash)	\$1,150	0.4%
Brian Wannamakr (cash and IK), Bart Aikens (cash), Comcast Cable cash and IK, Lisa Czysz (cash), Melvin Mark Jr (cash), Michelle Cardinal (cash), Warren Jimenez (cash and IK) and Plumbers and Steamfitters PAC (cash)	\$1,000 each	0.3% each
Mark Madden (cash and IK)	\$886	0.3%
John Venekamp (cash) and Peter Bro (IK)	\$750 each	0.2% each

5 East Side Stories, LLC (IK)	\$650	0.2%
Jennifer Yocom (IK and cash)	\$526	0.2%
Lindsay Desrochers (cash)	\$519	0.2%
Top Contributors Subtotal	\$68,326	21.9%
301 \$500 dollar donors	\$150,500 from 301 \$500 donors	48.3%
Miscellaneous Contributions of \$100 or less	\$42,961	13.8%
Remaining Contributions	\$47,752	16.0%
Total Contributions	\$311,539	

Contributions include cash and in kind contributions as well as any loans received. Percentages may not equal 100 due to rounding.

Chart 11: Top Contributors to Sam Adams, Mayoral Primary 2008—after Election day

Contributor	Contribution	Percentage
Service Employees International Union Local 49 (all IK)	\$15,595	20.3%
AFSCME, Local 189 (all IK)	\$6,334	8.2%
Gay and Lesbian Victory Fund (all IK)	\$3,239	4.2%
Blitz Bar (all IK)	\$2,650	3.4%
Harold Schnitzer, Daniel Petrusich, Diamond and Jewelry Buyers Co, R.B. Pamplin Corp, Portland Trail Blazers, Portland Metro Fire Fighters PAC, PacifCorp, Oregon Pacific Investment Development Co, Natural Gas PAC, Qwest Oregon Employees' PAC, Jim Mark, Markowitz, Herbold, Glade & Mehlhaf, PC, Mark Edlen, Joseph W. Angel II, Yocream International, Inc, Karen Williams, Nike Inc and Affiliates, Arlene Schnitzer, Boly/Welch Inc, and Bill Naito Company (all cash contributions)	\$1,000 each	1.3% each
Top Contributors Subtotal	\$47,818	62.2%
26 \$500 dollar donors	\$13,000 from 26 \$500 donors	16.9%
Miscellaneous Contributions of \$100 or less	\$6,708	8.9%
Remaining Contributions	\$9,409	12.2%
Total Contributions	\$76,935	

Contributions include cash and in kind contributions as well as any loans received as reported through October 31, 2008. Percentages may not equal 100 due to rounding.

Considerations and Concerns

Independent expenditures and matching funds

Independent expenditures did not occur in the Portland 2008 elections, a repeat of the 2006 elections in this regard. Voter-Owned Elections, however, addresses independent spending more effectively than the private money system replaced by the city's reform program. VOE provides participating candidates with additional funding for more speech if they are targeted by independent expenditures that benefit opposing candidates who have already reached overall spending limits. Providing matching funds triggered by independent expenditures has been found to be constitutional, while bans on such spending has been consistently overturned by the courts.⁸

Matching funds were not triggered during the 2008 Portland primary. In the case of the Position #1 primary all but one candidate was a program participant and the "opt out" opponent did minimal

⁸ The one exception is that courts have upheld limits on independent expenditures with funds from either union or corporate treasuries. The rationale is that such organizations can pay for such advertising from affiliated PACs. There has also been one case from the 1980's where matching funds for independent expenditures were overturned. This case was cited in a nonbonding U.S. Supreme Court opinion on a related topic, but the court declined a recent opportunity to revisit a more recent case in the 4th Circuit upholding matching funds.

fundraising. This illustrates the seemingly paradoxical aspect of VOE that costs can be contained in multiple candidate races if all or essentially all the players run using the reform program. Spending is on a more even par between the two main contenders in the Position #2 race and matching funds have not been triggered for the VOE participant.

VOE candidates are taking a risk that they could be outspent even with matching funds. The constitutionality of VOE candidates agreeing to limit their campaign spending, however, is based on the voluntary nature of their participation.

The Citizens Campaign Commission and election administrators are to be applauded for their work on **improving independent expenditure and matching funds procedures prior to the 2008** campaign season. Though not needed during the 2008 elections, actions had been taken to ensure swift distribution of matching funds, especially close to election day. The possibility of inaccurate or delayed reports by non-participating candidates still exists but shouldn't minimize the fact that the matching funds option in VOE better addresses late attacks against candidates than the private money fundraising system it replaces.

Special elections

Addressing special elections in administrative rules is typical in jurisdictions that have adopted VOE. The Citizens Campaign Commission's work on **special elections** rules was in progress, but not complete, when Commissioner Erik Sten caught them by surprise by announcing his resignation last January. The Commission and city elections administrators thought they were making the right call by focusing on the independent expenditure improvements last summer and fall before turning to special elections rulemaking. Unfortunately, circumstances didn't break their way since special election provisions ending up being needed first.

The Citizens Campaign Commission stepped up the plate, however, and provided a thorough and thoughtful recommendation for a public funding allocation in the event of a July run-off to fill Sten's unanticipated vacancy. The strength of the Citizens Campaign Commission is that they gather expert input and review the data to develop their recommendations. Part of the process is that their suggestions go to the City Council. The Council debated the recommendation and made a compromise decision in regard to the runoff allocation. In other words, **the system worked to resolve the 2008 special election issue.**

Valid questions have also surfaced about when VOE candidate Jim Middaugh knew about the vacancy given his position as Sten's chief of staff. But it shouldn't be surprising that **campaign finance reform doesn't eliminate political dynamics related to endorsements and "who knows whom" connections of certain candidates.** Also to be expected are political calculations about when it is advantageous – or not – to use the Voter-Owned Elections option. Campaign finance reform programs themselves cannot prevent political maneuvering or non-monetary advantages of candidates or their allies in city hall. That said, more timely disclosure by Sten of his resignation would have helped both the VOE program and the general political environment regarding the Position #2 race.

Administrative rigor needed

Sho Dozono appropriately lost his public financing certification due to receiving the results of a \$27,000 poll in excess of the \$12,000 cap on in-kind contributions during the VOE qualifying period to mayoral candidates. This problem, however, would have never occurred if the poll had been reported correctly and on time by Dozono allies when its results were conveyed to Dozono in December. These allies are presumably clients of Len Bergstein's Northwest Strategies lobbying

and public affairs firm, which is shown on the Dozono's campaign ORESTAR report as having made a December 22, 2007 in-kind contribution. Unfortunately, an error by the state elections division that resulted in the Friends of Dozono committee not being designated appropriately as a candidate-controlled PAC contributed to confusion about when Dozono was a candidate and how to report the poll. Nevertheless, the Auditor's decision to certify Dozono as a VOE participant was appropriately overturned by the administrative law judge.

This administrative error is a major concern, but violations are still caught faster than in the private money system. Experience in other locales indicates that reform program violations can occur and that it can take time for election administrators to get their minds around effective implementation of VOE. That's one reason why the Portland VOE ordinance included the formation of a volunteer Citizens Campaign Commission to monitor program administration and suggest improvements. This Commission anticipates recommending additional safeguards and administrative guidelines to ensure increased effectiveness of the reform program.

Qualifying timeline and thresholds

Another topic suggested for review by the Citizens Campaign Commission is the length of the qualifying period and threshold required for certification. **The 2008 primary revealed two types of VOE candidates.** Program participants in the race for Position #1 took longer to reach the qualifying threshold than Jim Middaugh for the Position #2 race or Sho Dozono in his attempt to participate in the VOE program. Some commentators felt that if a candidate could qualify for VOE in two to three weeks, then they aren't people for whom the reform program was designed. Democracy Reform Oregon's belief is that it is great to see candidates with political and community connections opt into the reform program and qualify on a tight timeline. These are the kinds of candidates likely to be successful in the private money fundraising game and it is commendable that they attempt to run in a manner that eliminates even the perception of special interest influence. Their success, however, raises the question of possibly shortening the current qualifying timeline and/or increasing the threshold requirement.

Annual VOE Cost per Resident is \$1.05; Cost of Improved Democracy - Priceless

The cost of the Voter-Owned Elections program to date comes to \$1,736,567. This includes \$389,490 for the 2006 elections and \$1,224,849 for the 2008 elections as well as \$122,228 in administrative costs since the program began in 2005. The 2008 figure may decrease since any unspent public funds from either the Fritz or Lewis campaigns would be returned to the city. The three years of VOE program expenses, \$1,736,567, is a tiny 0.045 percent of the total budget for those years. This is less than the 0.143 percent estimated prior to program enactment and represents \$1.05 per year per Portland resident.

In other words, for less than the cost of one cup of coffee or one gallon of gas, Portlanders get a reform program that protects their interests in city hall. While the annual cost per resident is \$1.05, the cost of improved democracy could be considered priceless. As participation grows the cost will increase, but even a three-fold increase in use of the VOE program would still result in a per resident annual cost equivalent to one latte. Lattes may be considered a luxury, but empowering small dollar donors and reducing special interest influence in city hall is a good investment.

It is also important to note that the total cost of the VOE program cannot be allocated to another city program. This is because the VOE program is funded along with other core city services, such as the city's election office, from the city's overhead fund whose dollars are obtained from each city bureau commensurate with that bureau's portion of the budget.

Another note regarding Voter-Owned Elections costs is that is slightly less than 1.5 percent of the city budget allocations to pay for urban renewal debt redemption and other costs. In other words more prudent future management of urban renewal programs could reduce those costs to the city to the level that would more than pay for the VOE program.

One factor in evaluating the question of reform program costs is timing. Recommendations from the Center for Governmental Studies includes “jurisdictions should fund public financing programs at least through three elections” and cites Portland as an example of allowing voters to evaluate the program’s effectiveness before a referral to the ballot.⁹

The ultimate evaluation of the value of Voter-Owned Elections, then, will be made by the voters in the anticipated referral as the Portland VOE goes through the three election cycles recommended by the Center for Governmental Studies.

Factors to consider now, however, in evaluating this question require review of reform goals include:

- Both VOE and non-participating candidate efforts with spending caps due to VOE have resulted in reduced costs per campaign.
- Both VOE and non-participating candidate efforts with spending caps due to VOE have resulted in more grassroots campaigns.
- The VOE option has increased the diversity of the pool of viable candidates.
- Both VOE and non-participating candidate efforts with spending caps due to VOE results in reduced special interest influence. This influence is more decisively limited in regard to VOE candidates.

At the May 7, 2005 hearing on VOE before the Portland City Council, former chief financial officer and businessman Mark Gardiner, said, “Rarely in Oregon do we see openly corrupt pay to play, but it does happen. And a close observer could clearly detect the effect of campaign contributions on access to public decision makers on matters that are of interest to major contributors. I’ve seen this happen both from the inside and outside. Even if you’re willing to make the ridiculous assumption that contributions have no effect on policy, public campaign financing would still be an investment worth making because it liberates you and our other elected officials from vast hours of time and energy begging for cash. I submit that the value return to Portland citizens as a result of an investment in public financing reform far outweighs the cost.”¹⁰

The value of this reform can also be identified by opposition from many major donors to past Portland campaigns who bankrolled the failed signature gathering effort in 2006 to repeal the VOE program. Their opposition seems to bear out Gardiner’s analysis.

What Amanda Fritz wrote in a 2006 guest op-ed submitted but not published by the *Oregonian* still seems to apply, “I want to be elected to represent the neighbors of Portland, not large corporations or outsider influence.”¹¹

⁹ Levin, Steven M., **Keeping It Clean: Public Financing in American Elections**, Center for Governmental Studies, 2006, page 77.

¹⁰ Contact Democracy Reform Oregon for transcript of May 7, 2005 hearing.

¹¹ Amanda Fritz on Voter-Owned Elections, guest opinion published on Blue Oregon, http://www.blueoregon.com/2006/04/amanda_fritz_on.html