



EVERY VOICE

HB 2578: Small Donor Elections

Susan Mottet

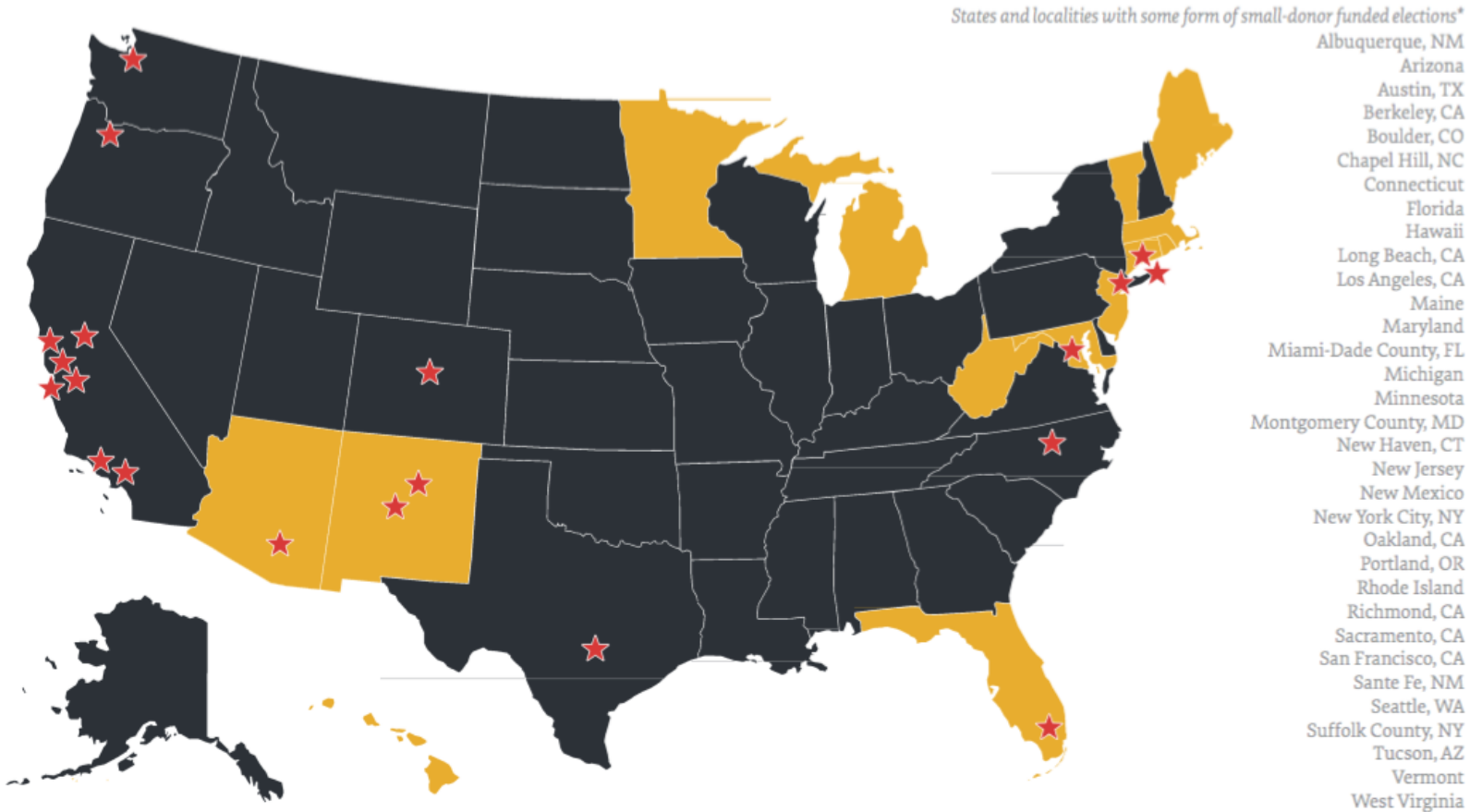
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Increasing the Voice of Everyday People

It's a Proven System That Works



**Some programs remain effective while others became underutilized by not keeping up with the rapidly rising cost of campaigns*

It is on solid legal footing

Constitutionality affirmatively upheld by the the U.S. Supreme Court, as long as the program:

- ✓ Is voluntary (*Buckley v Valeo*); and
- ✓ Does not use a certain type of trigger provision (*Arizona Free Enterprise v Bennett*)



Voter's Agree: Money in Politics is a Problem

- 84% of Americans believe money has too much influence in politics.
- 74% of Americans say elected officials “don’t care what people like me think.”
- In 2016, reducing the influence of big money in politics recently eclipsed the economy as the number one concern of voters.
- 60% of voters think that reducing the influence of big money in politics should be at or near the top of lawmakers’ priorities.
- As of November 2015, 69% of Oregonians support changing how campaigns can raise money and only 17% oppose.
- 72% of Oregonians believe that the middle class is struggling because wealthy people and special interests buy influence with politicians and rig the rules of the economy.
- 72% of Oregonians believe that unless we change the way elections are funded, elected officials will work for their donors.
- Small Donor Elections program are viewed as an effective solution to this problem, including by 60% Oregonians.



It Makes Participation More Representative

- Even though New York City is majority people of color, the City Council was always majority white and there had never been a woman of color elected to citywide office.
- After the 6:1 match was adopted, the City Council grew to reflect the racial makeup of the city more accurately and New York elected a woman of color to citywide office for the first time using the small donor matching program.

Racial Diversity of Donor Neighborhoods, by Average % of African-American Residents and Donation Level in 2009 Cycle

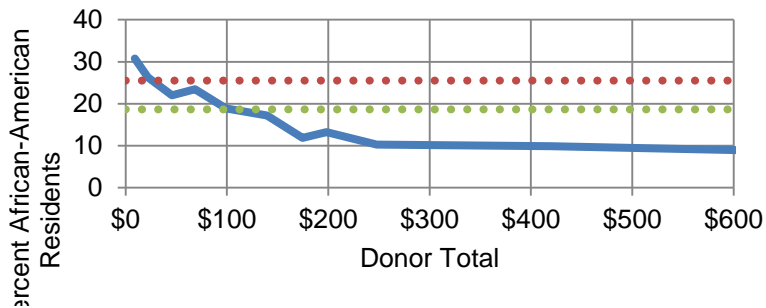
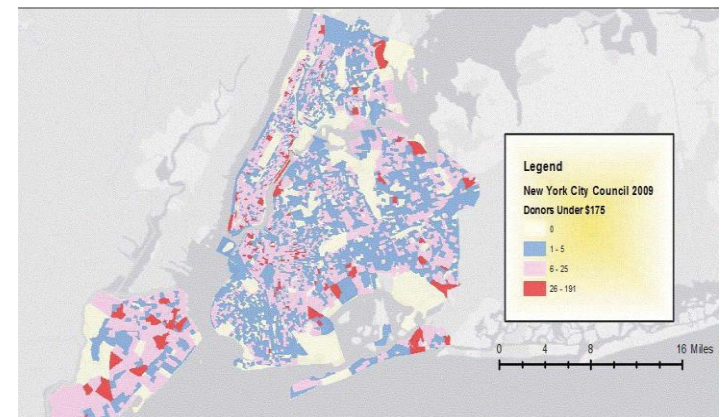
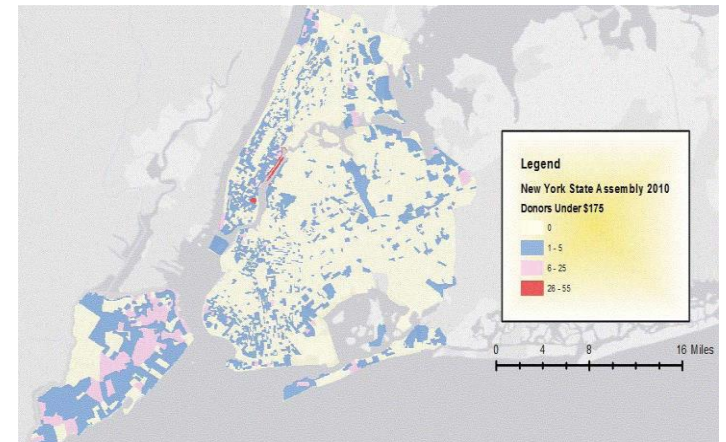


FIGURE 4. DONORS WHO GAVE \$1-175 TO CANDIDATES FOR THE NEW YORK STATE ASSEMBLY (2010) AND CITY COUNCIL (2009) BY CENSUS BLOCK GROUP.



Oregon Small Donor Elections - Summary

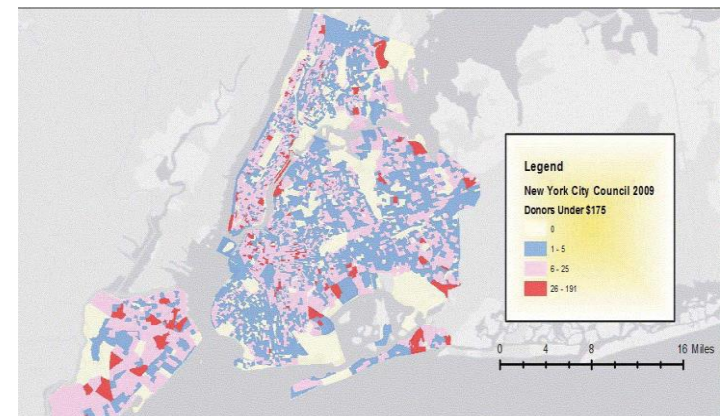
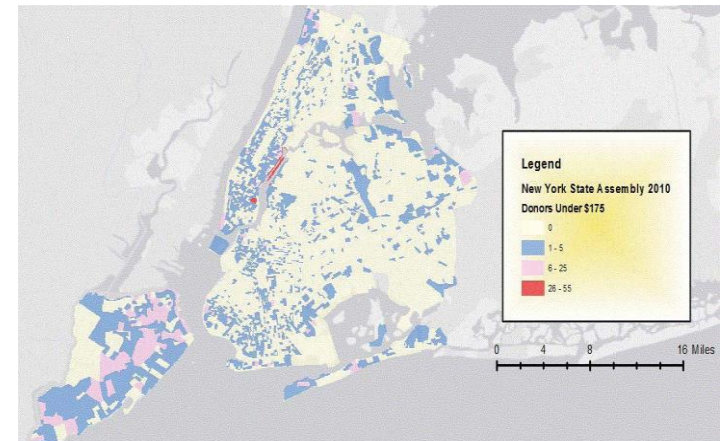
Candidates qualify to participate by collecting small contributions:

- Statewide : 1,000 contributions = \$25,000
- Legislative: 500 contributions = \$12,500
- Judicial: 250 contributions = \$6,250

Seed money in any amount from any source is permitted up to:

- Statewide : \$12,000
- Legislative: \$6,000
- Judicial: \$3,000

FIGURE 4. DONORS WHO GAVE \$1-175 TO CANDIDATES FOR THE NEW YORK STATE ASSEMBLY (2010) AND CITY COUNCIL (2009) BY CENSUS BLOCK GROUP.



Oregon Small Donor Elections - Summary

- Participating candidates may only accept small contributions (\$125/election) and contributions from small donor PACs
- Small contributions from individuals are matched 6:1
 - To enable candidates to raise enough to win without accepting large contributions
 - Qualifying contributions are matched
 - Participating candidates may accept contributions from individuals and entities
 - Only contributions from individuals are matched



Oregon Small Donor Elections - Model

- Where do these numbers come from? The Oregon model.
- Every Voice put over 100,000 contributions from the last four elections cycles into a model that enables us to determine how to design a successful program.
- It shows how much it costs to win competitive races, the size of donor bases, and the nature of donors (inside or outside of OR, individual or entity, large or small donor, etc.).
- Key: design program so that most winning candidates choose the program.

	A	B	C	D	E	F	G	H	I	J
1	Contributor	Candidate	Cycle	State	Total	Contributor Type	Sector	Office Short	Election Status	Election Type
2271	STANDARD INSURANCE CO	STARR, BRUCE	2014	OR	\$9,500	Non-Individual	Finance, Insurance & Real Estate	SENATE	Lost-General	Standard
2273	JENSEN, BARBARA	JENSEN, BARBARA	2014	OR	\$9,338	Individual	Candidate Contributions	HOUSE	Lost-Primary	Standard
2306	SERVICE EMPLOYEES LOCAL 49	MCLAIN, SUSAN	2014	OR	\$9,298	Non-Individual	Labor	HOUSE	Won-General	Standard
2307	UNITEMIZED DONATIONS	WILLIAMSON, JENNIFER	2014		\$9,287	Other	Unitemized Contributions	HOUSE	Won-General	Standard
2311	ALTRIA	MCLANE, MICHAEL R (MIKE)	2014	CA	\$9,260	Non-Individual	General Business	HOUSE	Won-General	Standard
2314	PETERSEN, AGNES MARIE	PETERSEN, AGNES MARIE	2014	OR	\$9,055	Individual	Uncoded	CIRCUIT COURT	Lost-Primary	Standard
2319	ALTRIA	WINTERS, JACKIE	2014	VA	\$9,000	Non-Individual	General Business	SENATE	Won-General	Standard
2320	BLANCHARD, JESSE	PETERSON, JOHN ADAM	2014	OR	\$9,000	Individual	Uncoded	CIRCUIT COURT	Lost-General	Standard
2323	COALITION FOR A HEALTHY OREGON	KOMP, BETTY	2014	OR	\$9,000	Non-Individual	Ideology/Single Issue	HOUSE	Won-General	Standard
2326	DOCTORS FOR HEALTHY COMMUNITIES	DEVLIN, RICHARD	2014	OR	\$9,000	Non-Individual	Health	SENATE	Won-General	Standard
2346	FARMER'S EMPLOYEE & AGENT PAC OF OREGON (3396)	STARR, BRUCE	2014	OR	\$9,000	Non-Individual	Uncoded	SENATE	Lost-General	Standard
2349	GOSS, DARR	GOSS, KATHY B	2014	OR	\$9,000	Individual	Uncoded	HOUSE	Lost-General	Standard
2358	HADLEY, ALLAN	RICHARDSON, DENNIS M	2014	OR	\$9,000	Individual	Uncoded	GOVERNOR	Lost-General	Standard
2359	JONES, KATHLEEN W	RICHARDSON, DENNIS M	2014	OR	\$9,000	Individual	Uncoded	GOVERNOR	Lost-General	Standard
2365	NORTHWEST NATURAL GAS CO	JOHNSON, MARK	2014	OR	\$9,000	Non-Individual	Energy & Natural Resources	HOUSE	Won-General	Standard
2374	OREGON ASSOCIATION OF HOSPITALS & HEALTH SYSTEMS	DAVIS, JOHN	2014	OR	\$9,000	Non-Individual	Health	HOUSE	Won-General	Standard
2376	OREGON ASSOCIATION OF HOSPITALS & HEALTH SYSTEMS	STARR, BRUCE	2014	OR	\$9,000	Non-Individual	Health	SENATE	Lost-General	Standard
2382	OREGON BEVERAGE RECYCLING COOPERATIVE	COURTNEY, PETER	2014	OR	\$9,000	Non-Individual	General Business	SENATE	Won-General	Standard
2385	OREGON STATE FIRE FIGHTERS COUNCIL	HOYLE, VALERIE (VAL)	2014	OR	\$9,000	Non-Individual	Labor	HOUSE	Won-General	Standard
2394	QUINN THOMAS PUBLIC AFFAIRS	GILLIAM, VICTOR S (VIC)	2014	OR	\$9,000	Non-Individual	Lawyers & Lobbyists	HOUSE	Won-General	Standard
2396	THOMAS, RICK	RICHARDSON, DENNIS M	2014	OR	\$9,000	Individual	Lawyers & Lobbyists	GOVERNOR	Lost-General	Standard
2397	THOMAS, RICK	THOMPSON, JIM	2014	OR	\$9,000	Individual	Lawyers & Lobbyists	HOUSE	Lost-Primary	Standard
2398	WALSH, TOM	KITZHABER, JOHN A	2014	OR	\$9,000	Individual	Construction	GOVERNOR	Won-General	Standard
2399	UNITEMIZED DONATIONS	JOHNSON, MARK	2014		\$8,995	Other	Unitemized Contributions	HOUSE	Won-General	Standard
2400	UNITEMIZED DONATIONS	TAYLOR, KATHLEEN	2014		\$8,783	Other	Unitemized Contributions	HOUSE	Won-General	Standard
2401	COALITION FOR A HEALTHY OREGON	COURTNEY, PETER	2014	OR	\$8,750	Non-Individual	Ideology/Single Issue	SENATE	Won-General	Standard
2402	FRIENDS OF CHIP SHIELDS	BRUCE, ROBERT R	2014	OR	\$8,750	Non-Individual	Candidate Contributions	SENATE	Lost-General	Standard
2403	HEARD FAMILY LLC	HEARD, DALLAS	2014	OR	\$8,750	Non-Individual	Uncoded	HOUSE	Won-General	Standard
2404	HOOD RIVER DISTILLERS INC.	HOYLE, VALERIE (VAL)	2014	OR	\$8,620	Non-Individual	Uncoded	HOUSE	Won-General	Standard
2405	ELECTRICAL WORKERS LOCAL 48	KOTEK, TINA	2014	OR	\$8,600	Non-Individual	Labor	HOUSE	Won-General	Standard
2407	ALTRIA	JOHNSON, ELIZABETH K (BE)	2014	CA	\$8,500	Non-Individual	General Business	SENATE	Won-General	Standard
2408	DOCTORS FOR HEALTHY COMMUNITIES	KOMP, BETTY	2014	OR	\$8,500	Non-Individual	Health	HOUSE	Won-General	Standard
2409	DOCTORS FOR HEALTHY COMMUNITIES	KOTEK, TINA	2014	OR	\$8,500	Non-Individual	Health	HOUSE	Won-General	Standard
2410	ELI LILLY & CO	HOYLE, VALERIE (VAL)	2014	IN	\$8,500	Non-Individual	Health	HOUSE	Won-General	Standard

Oregon Small Donor Elections - Model

- We enter different program design options into the model and it uses the data of past winning candidates to show whether the program as designed enables them to raise enough money to win.
- We use Oregon data to make these determinations, as well as data from jurisdictions with small donor elections systems, which helps predict how enabling candidates to focus fundraising efforts entirely on small donors will increase their small donor base.
- *Note: The data in the chart below is in the aggregate for all candidates in races, which helps estimate what the program will cost. However, the data in the chart is not based on the program design in HB 2578.*

	.. WITH 1-TO-1 REPLACEMENT METHOD					WITH NEW UNIFORM BEHAVIOR		
	w/Large\$		w/Small Only			w/Small Only		
	Total Match	Avg Match	Total Match	Avg Match	Avg Est Donors	Total Match	Avg Match	Avg Est Donors
30 GOVERNOR	\$10,051,861	\$5,584,367	\$10,270,084.71	\$5,705,603	3,804	\$17,262,000	\$9,590,000	17,369
31 SECRETARY OF STATE	\$1,611,180	\$1,150,843	\$1,668,621	\$1,191,872	795	\$2,660,000	\$1,900,000	6,517
32 ATTORNEY GENERAL	\$936,273	\$936,273	\$963,670	\$963,670	642	\$1,420,000	\$1,420,000	4,695
33 LABOR COMMISSIONER	\$505,850	\$505,850	\$522,527	\$522,527	348	\$1,100,000	\$1,100,000	2,760
34 TREASURER	\$557,914	\$557,914	\$574,061	\$574,061	383	\$980,000	\$980,000	1,399
35 SENATE	\$4,172,729	\$278,182	\$4,189,542	\$279,303	186	\$7,512,085	\$500,806	405
36 HOUSE	\$10,274,329	\$175,330	\$10,320,348	\$176,115	117	\$27,091,138	\$462,306	426
37 SUPREME COURT	\$603,655	\$335,364	\$631,767	\$350,982	234	\$900,000	\$500,000	2,805
38 APPELLATE COURT	\$47,528	\$22,632	\$49,752	\$23,691	16	\$84,000	\$40,000	365
39 CIRCUIT COURT	\$113,045	\$13,299	\$116,835	\$13,745	9	\$274,333	\$32,274	112

Oregon Small Donor Elections - Model

This is an anonymized example of how the model can show whether the program will enable the vast majority of winning candidates to raise enough to win, without being overly generous.

Year	Status	Office Sh	Total Contribs	Previous Election Data					COMPARE ACTUAL & MODEL
				#All Donors	#OR Donors	#Unitem Donors	#SM Donors	#LG Donors	Actual/Model (PP+LG+SM)
2014	Won-General	SENATE	\$941,207	105	103	61	81	22	135%
2014	Won-General	SENATE	\$934,572	426	422	337	405	17	56%
2014	Won-General	SENATE	\$920,735	770	757	622	718	39	51%
2014	Won-General	HOUSE	\$843,031	78	74	47	59	15	146%
2014	Won-General	HOUSE	\$802,902	104	102	74	89	13	112%
2014	Won-General	SENATE	\$765,443	578	573	425	527	46	48%
2014	Won-General	HOUSE	\$675,605	133	132	100	116	16	98%
2014	Won-General	HOUSE	\$663,984	371	364	272	340	24	58%
2014	Won-General	HOUSE	\$633,640	75	70	36	46	24	119%
2014	Won-General	HOUSE	\$616,828	269	267	204	252	15	57%
2014	Won-General	HOUSE	\$592,974	201	194	117	169	25	62%
2014	Won-General	HOUSE	\$526,911	436	429	327	395	34	46%
2014	Won-General	SENATE	\$523,519	99	97	74	87	10	103%
2014	Won-General	SENATE	\$471,973	46	45	31	38	7	141%
2014	Won-General	SENATE	\$456,795	230	222	72	169	53	39%
2014	Won-General	SENATE	\$398,028	193	193	158	175	18	40%
2014	Won-General	SENATE	\$390,102	140	138	90	120	18	54%
2014	Won-General	HOUSE	\$354,653	299	297	249	285	12	35%
2014	Won-General	HOUSE	\$336,452	177	176	147	167	9	36%
2014	Won-General	HOUSE	\$325,843	555	514	378	488	26	26%
2014	Won-General	HOUSE	\$320,440	145	145	118	135	10	42%

Oregon Small Donor Elections - Summary

Public matching funds are capped:

- Governor: \$9,590,000
- Secretary of State: \$1,900, 000
- Attorney General: \$1,420,000
- Treasurer: \$980,000
- Commissioner of Labor and Industries: \$1,100,000
- Senator: \$1,150,000
- Representative: \$740,000
- Supreme Court: \$500,000
- Other judicial: \$40,000
- Unopposed candidates are capped at 30% of the numbers above
- Caps are updated each cycle
- Only public funds are capped.



Ensuring the Program is Accountable

- Public funds can only be spent on legitimate campaign expenses, not:
 - Salaries for family members
 - Purchases from a business owned by the candidate or candidate's family
 - Paying higher than fair market value for goods or services
 - Additional expenditures by rulemaking
- Privately raised money is governed by existing Oregon law.
- Spot checks and audits ensure compliance.
- Unspent public funds must be returned to the state.
- Participating candidates may not coordinate with entities making independent expenditures related to their race.

Oregon Small Donor Elections - Cost

- Oregon currently spends \$16 million per biennium on political campaigns via the political contribution tax credit.
- The vast majority of the tax credit goes to households that make more than the household median income in Oregon.
- The Small Donor Elections program will more equitably use public funds to ensure ordinary Oregonians are in the center of its democracy by focusing on small donors.

Taxpayers who make cash contributions to political candidates or parties or political action committees. Usage of the credit is generally highest during presidential election years. The table below shows usage of this credit for tax year 2010.

2010 Personal Income Tax Filers				
Income Group of Full-Year Filers*	Number of Filers Using Credit	Average Revenue Impact of Credit	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
Below \$12,100	3,100	\$27	\$0.1	1%
\$12,100 - \$25,000	7,520	\$41	\$0.3	5%
\$25,000 - \$44,100	12,730	\$53	\$0.7	11%
\$44,100 - \$77,000	24,620	\$63	\$1.5	25%
Above \$77,000	46,920	\$78	\$3.7	58%
All Full-Year Filers	94,880	\$66	\$6.3	100%
Part-Year and Nonresident Filers	3,340	\$63	\$0.2	

*Each income group contains 20 percent of the full-year filers (approximately 316,000)

Median Oregon Household Income

- Given Oregon's budget climate, it is possible to bring the cost of the program down to \$10 million annually for the next biennium by adjusting the design and delaying implementation of statewide races.

Oregon Small Donor Elections - Values

Every Voice Matters.

Our country's strength is grounded in our ability to take many perspectives and work together as one. That's why it is important that every voice be heard in the political process.

Breaking Down Barriers to Participation and Reflective Representation.

The increasing cost of campaigns too often makes those who can only give small contributions unimportant in elections and prevents talented leaders with community support from running for office. Breaking down these barriers will make our government more reflective of our communities.

Voter Confidence that their Government is Of, By, and For the People

The founders envisioned that in a democracy, the government is supposed to be of, by, and for the people. But right now, too many people don't see that. They see a government that works for wealthy donors and special interests. We need to take steps to raise the voices of everyday people, reduce the power of big money, and make sure everyone's voice is heard.



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