

Memo

To: Seattle Ethics and Elections Commission

From: Wayne Barnett

Date: September 9, 2020

Re: Potential Changes to the MCV

Overview

The Democracy Voucher Program maximum campaign valuation (MCV) for each race was established by the initiative drafters and based on the prior spending in election cycles for each race. The initiative grants the Commission authority to adjust the MCV. SMC 2.04.690.D.

At the time of drafting, city council district elections had not yet occurred, but given the smaller geographical areas, the Program's drafters established a lower MCV for district contests.

After the 2017 election year, the City Attorney MCV was raised from \$150,000 to \$300,000 to align it with the at-large City Council positions instead of the district seats.

Data

The table below shows the percent of MCV reached for the 2017 election and the 2019 district elections – excluding Council District 3. District 3 is not included because it such an outlier, with the top two candidates spending more than double the MCV last year.

In 2017, mayoral candidates were not eligible to participate in the Program.

Average Candidate Spending as Percent of MCV.

	Primary-Only % Over MCV	Top-Two % Over MCV	MCV
2019 City Council Districts 1-2, 4-7	-45%	29%	\$150,000
2017 Mayor	-91%	1%	\$800,000
2017 City Council Position 8	-69%	36%	\$300,000
2017 City Council Position 9	-99%	-22%	\$300,000
2017 City Attorney	n/a	25%	\$150,000

Findings

1. Primary-only candidates on the whole do not show significant spending. Many primary only candidates are not competitive however.

2. The 2017 top-two Mayoral spending *averaged* only 1% less than the MCV. The winning candidate spent 27% more than what would have been the MCV for the race, and the losing candidate spent 29% less.
3. The 2019 top-two candidates in the most competitive districts (1, 2, 4, 6, 7) averaged 40% above the MCV.

Potential courses of action

1. Keep the current Mayor and City Attorney MCVs and review after next year’s elections. Increase the MCV for all City Council positions by 25% for 2021 and thereafter.
2. Increase the MCV for all contests by 25%.
3. Maintain the status quo.

The Current Budget

The Program is funded by a \$3 million per year property tax that sunsets at the end of 2025. The initiative requires the program set aside enough funds to fully cover six candidates in each race as well as fund all administrative costs.

Given the requirement to set aside funding for six candidates per race, the 2025 election year is currently over budget by \$1,470,000.

Although candidates are increasingly using vouchers to help fund their campaigns, the current candidate set aside has not been fully utilized in either of the first two cycles

The table below summarizes each year’s candidate budget as well as actuals paid out.

	2017	2019	2021	2023	2025
Budgeted	\$3,000,000	\$4,200,000	\$6,800,000	\$4,200,000	\$6,800,000
Actuals	\$1,140,525 (38% of budget)	\$2,454,475 (58% of budget)			

Additionally, candidates are using both private contributions and vouchers to fund their campaigns. Vouchers as a percent of a program candidate’s MCV averaged 65% in 2019 and 70% in 2017.

Increasing all MCVs by 25% and requiring a set aside equal to four MCVs for each race would yield the following figures:

	2021	2023	2025
Budgeted	\$6,375,000	\$3,937,500	\$6,375,000

This change would reduce the 2025 budget overage from \$1,460,000 to \$350,000.

Revisiting the language in [2.04.690.G](#) would address this new set aside expectation and ideally eliminate the perception that the program is limited to fully funding a set number of candidates.