

# *Evaluating Seattle's Democracy Voucher Program*

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## Executive Summary

### **INTRODUCTION AND OVERVIEW**

In 2015, voters in Seattle directly passed a new initiative called "Honest Elections Seattle," or I-122. Within I-122, the Democracy Voucher Program (DVP) was born. The Seattle Ethics and Election Commission (SEEC), which is an independent agency within the City of Seattle, was tasked with creating a new voucher system that allowed voters to directly fund the candidates of their choice.

The program is funded by a ten-year property tax levy that collects around \$3 million annually, and each registered voter in Seattle has been provided with these vouchers during local elections in 2017 and 2019. Each voter receives four vouchers, each worth \$25, to give to the candidates of their choice. In 2017 and 2019, only City Council candidates and City Attorney candidates received the vouchers and not candidates for mayor.

Citizens that registered to vote after vouchers were allocated or lost their vouchers could request a voucher directly from the SEEC. This is the first program of its kind in the United States, where public financing has mainly matched donations or partially funded candidates at a local and state level (ex: NYC or Arizona).

The SEEC's main goal is to make local Seattle elections more democratic and broadly representative. The agency also had three major sub-goals in implementing the DVP: (1) achieve high rates of candidate participation with the program, (2) achieve high rates of voucher use by Seattle voters that have not previously donated to candidate campaigns and voters that have been previously underrepresented in elections, and (3) achieving high satisfaction with the program according to voters and candidates that participated in DVP.

### **KEY FINDINGS**

The program's first election cycle, 2017, successfully increased the number of residents participating in the campaign finance system. About 4% of Seattle residents participated, about triple the percent of residents who previously contributed donations to a campaign. The 2019 election cycle almost doubled DVP participation numbers — in 2017, 20,727 vouchers were returned and in 2019, 38,092 vouchers were returned. This may have been due to the addition of an online voucher submission system between the two election cycles. Candidate participation

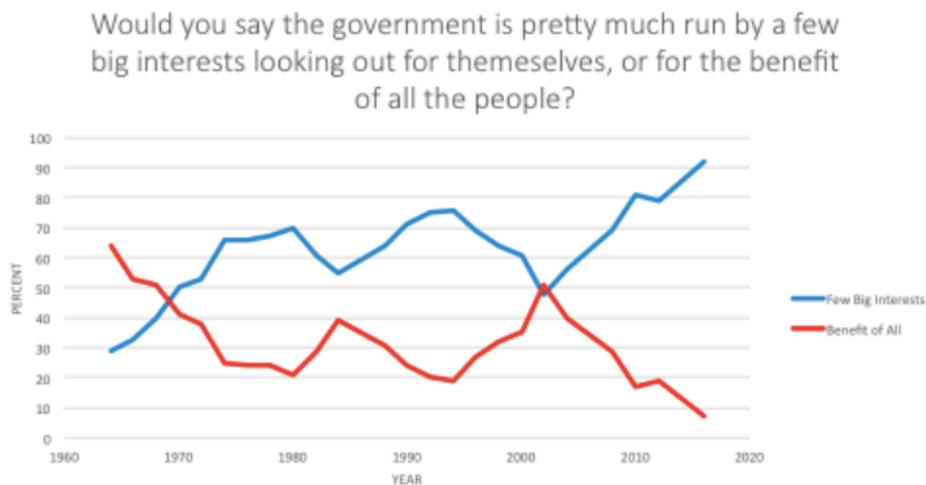
was even higher, as 53 candidates pledged to participate and 35 eventually completed the qualification process.

Though these high participation rates are heartening, voucher users continued to be more likely to be older, female, white, and live in middle class neighborhoods than the average Seattle resident. As such, bringing the program to Philadelphia would require a parallel program that increased participation more equitably. Other constitutional and research-supported issues may plague voucher systems as well, and these should be considered before replicating DVP in Philly.

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## Introduction

Campaign finance reform is seeing resurgence in interest in the United States, and especially within municipalities on the city and state level. Interestingly, and perhaps contrary to popular belief, there has been more state legislation expanding voting rights than contracting voting rights between 2018 and 2020, according to the Brennan Center for Justice’s 2019 report (Latner 16). The topic may also seem particularly timely, since money in politics is seen as a crucial problem on both the right and left. Large donors have become more influential in non-federal elections – since 2010 independent election spending has increased between four and twenty times in governor’s elections around the country (Schuck 218). 90% of voters from both sides of the ideological spectrum believe the government works for the interests of big donors, not all people:



Source: American National Elections Survey, CBS News, New York Times, Washington Post, Merit, PIPA, WPO, University of Maryland Program for Public Consultation, Gallup.

A tiny fraction of Americans donates to campaigns directly, and an even smaller amount donates to campaigns in high amounts. In 2016, 0.52% of all American adults made a contribution over \$200 in a federal election. This

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miniscule percentage of all Americans is also much wealthier than the average voter, so “the campaign finance system has emerged as a likely mechanism for the transmission of affluent policy preferences to American policymakers” (McCabe 1). The City of Seattle has notably countered that trend, and in 2015 it instated a system by which all registered voters were eligible to donate city-sponsored vouchers to candidates in municipal elections.

The Philadelphia Board of Ethics has worked to bring innovative campaign finance policies to our city multiple times but is particularly interested in this so-called “Democracy Voucher Program” and its successes and failures during its two rounds of campaign finance intervention during the Seattle municipal elections of 2017 and 2019. As a full-time Masters of Public Administration student within the Fels Institute of Government, I have taken on the task of evaluating the Seattle's DVP and whether this policy could be implemented in Philadelphia's municipal elections as well. Below is my concise evaluation, and my hope is that this short document will aid lawmakers and members of the Philly Board of Ethics as they seek to pass campaign finance legislation in future years.

### **Seattle and the “DVP”**

The idea of vouchers is not particularly new, but Lawrence Lessig, a proponent of net neutrality and open culture, was a key advocate in Seattle's implementation of Democracy Vouchers. He developed a campaign finance voucher program in his 2011 book “Republic, Lost” and was consulted by the developers of the 2015 initiative. Before Lessig, Professors Bruce Ackerman and Ian Ayres in their 2004 book called “Voting with Dollars” floated the idea of allocating money to candidates through vouchers (Hasan 561). Interestingly,

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Ackerman and Ayers developed a type of “stabilization algorithm” where each subsequent election would expand the value of the vouchers in order to keep up with independent expenditures (Schuck 262).

How the DVP was actually implemented was a result of a direct voter initiative called “Honest Elections Seattle,” or I-122. When I-122 passed in 2015, the Democracy Voucher Program (DVP) was born. A number of nonprofits around the country were advocates and writers of I-122, and these included Every Voice, the Brennan Center for Justice, the Campaign Finance Institute, and the Sightline Institute. After the initiative was passed, the Seattle Ethics and Election Commission (SEEC) took on the job of structuring the program and determining exact rules and regulations for voters and candidates.

So then what are the nuts and bolts of Seattle's Democracy Voucher Program? Since the 2017 election, every registered voter in Seattle receives four democracy vouchers, each totaling \$25 each, and all four can be donated to candidates running for municipal election. If voters register to vote between the voucher's allocation and Election Day, or if the vouchers are lost for any reason, those voters can apply to receive replacement vouchers from the SEEC.

In order to qualify for these vouchers, the candidates running for office must prove they have contributions of \$10 from at least 150 voters, which is intended to protect against “non-credible” candidates. Once they are accepted into the DVP system, candidates are regulated by strict spending caps and cannot receive donations above \$250 from any voter, (though this amount doesn't count vouchers.) Additionally, *all* municipal campaigns, even those that *don't* participate in the DVP system, also have an individual contribution cap of \$500 per voter (Cagé 273). Candidates who receive vouchers cannot spend

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more than \$75,000 in the primary election and then an additional \$75,000 in the general election. However, candidates are “released” from these caps if an “independent entity” spends more than \$75,000 supporting their rival candidate. The program is funded by a ten-year property tax levy that collects around \$3 million annually, and each registered voter in Seattle has been provided with these vouchers during local elections in 2017 and 2019 (Scruggs). On average, the program costs each property-owner affected by the new tax around \$11.50 a year (Cagé 274).

As mentioned, the program has been implemented within Seattle for two election cycles: 2017 and 2019. In the 2017 election, three offices that were up for election were eligible for DVP: City Council at-large seats in Position 8 and Position 9 and the City Attorney position. All three positions are citywide positions, and thus, are elected by the electorate at large (Fein 2). In 2019, seven City Council seats were up for election and those races were eligible for DVP vouchers. Four of those races were fully open, while three had incumbents running against new challengers (Ballotpedia).

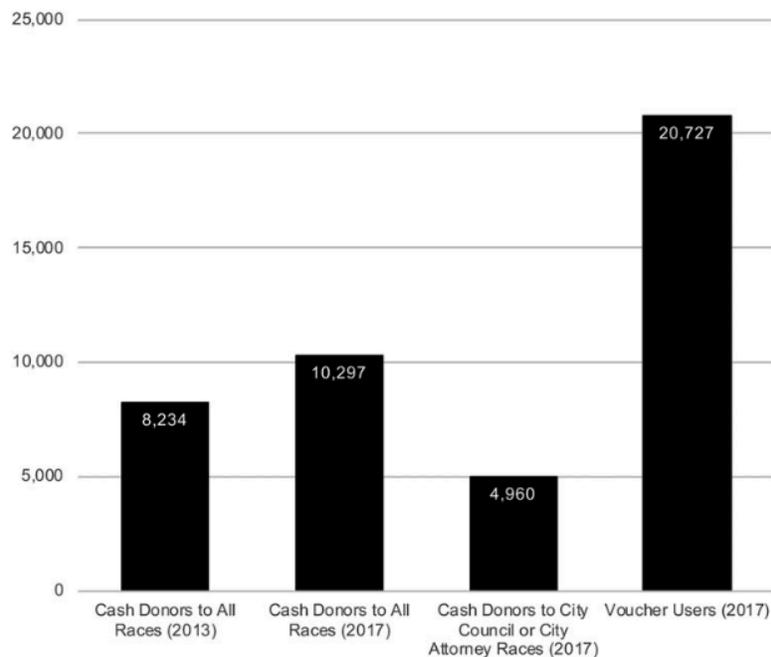
### **What Worked? What Didn't Work?**

According to the SEEC, the agency hoped to realize four major goals through the DVP: (1) expand the number and diversity of voters who participate in funding municipal elections, (2) achieve high rates of candidate participation with the program, (3) achieve high satisfaction with the program overall and (4) enhance “democracy and accountability” in Seattle elections. Moving forward, these are the parameters I will use to evaluate the DVP in the ways it succeeded and also in the ways it perhaps felt short.

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The first goal, to expand the number of local donors within municipal elections, was undoubtedly achieved to some extent. As graphed in the 2019 Election Law Journal article “Diversifying the Donor Pool” by McCabe and Heerwig, we can see that The amount of DVP participants was triple the number of voters who donated with cash to similar campaigns. However, note that these 20,000 voucher users only represent about 4% of registered voters in Seattle. This number did almost double in 2019, though, so around 8% is the more contemporary evaluation of the number of participants in 2020 (Grow 5).

**DIVERSIFYING THE DONOR POOL**



**FIG. 1.** Total number of cash donors and voucher users.

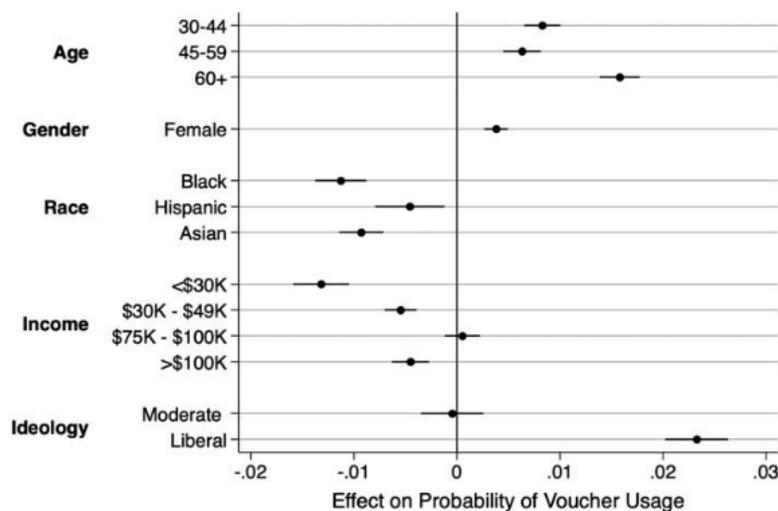
The DVP also slightly changed the composition of *who* donated to municipal campaigns; users of vouchers had different demographic characteristics than those who donated cash. Women were more likely to participate in the voucher system – 55% of DVP users were female as compared

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to 51% of the Seattle Electorate. A study by two organizations, Win/Win and Every Voice, compared the voters who participated in the DVP program for the 2017 city council races with donors to the 2017 mayoral race, which didn't use the DVP system. Findings showed that DVP donors were more likely to have incomes under \$50,000 a year and less likely to have incomes over \$150,000 than the standard mayoral campaign donors (Cagé 274).

The McCabe and Heerwig study supports this conclusion that DVP donors are more economically diverse than standard cash donors in municipal elections. However, the results are mixed. Middle-income voters with incomes between \$50,000 and \$74,999 were slightly higher represented in the DVP system than both the very rich and very poor (Heerwig 9). Additionally, voucher users were disproportionately white, older, ideologically liberal, and politically engaged. Below is another graphic from Heerwig and McCabe's research that displays these demographic trends. It would be fair to say that the voting public expanded slightly, but was only a moderate success since the voucher electorate still skewed greatly toward overrepresented demographic groups.

**DIVERSIFYING THE DONOR POOL**



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Additionally, Ron Fein in his 2018 report for "Free Speech for People" illustrates that the DVP had an impact on where campaigns got their funding. According to Fein, before the DVP was put into effect, campaigns for municipal office raised around 65-80% of their funds from Seattle residents, (rather than outside-city sources.) In 2017, City Council Positions 8 and 9 raised more than 93% of their funds from Seattle voters, and city attorney 90% (Fein 10).

Now we move to the SEEC's second goal – to achieve high rates of candidate participation in the voucher program. The straight data shows that a majority of candidates attempted to use DVP -- In 2019, out of 72 candidates for municipal office in Seattle, 53 pledged to participate in DVP. In 2017, 80% of City Council's 15 candidates in the primaries participated in DVP.

However, even as candidates hoped to utilize the DVP in their campaigns, actually qualifying for the program was difficult. While those 12 City Council candidates participated in 2017, only five ended up gathering the necessary 400 contributions and signatures to gain certification from the SEEC. So although voters in 2017 may have submitted vouchers for all 12 candidates who pledged to use DVP, only five actually received those funds as campaign donations through the SEEC (Berk Consulting 13). The elections of 2019 had a much higher rate of candidates fully qualifying and receiving the value of vouchers, but any new voucher program should watch out for this particular pitfall.

There also exists research that vouchers, and campaign financing more generally, isn't adequate on its own to fully even the playing field and diversify the backgrounds of candidates running for office. Though public financing seems to encourage a more diverse range of candidates, the existence of financing doesn't fully even the playing field. As Carnes in "The Cash Ceiling" notes, there are still

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considerable roadblocks for candidates as they try to *qualify* for that financing. (179). We see that this proved to be the case in Seattle, since the number of candidates in 2017 and 2019 promising to take DVPs ended up falling short of the number who actually qualified.

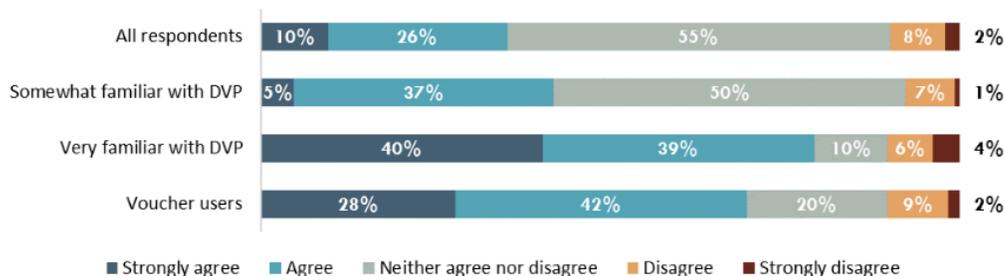
Additionally, there is no significant difference between the demographics of candidates in states with public financing than those without. As an example, studies find that women candidates are more likely to take public financing money, but not that the existence of public financing makes them more likely to run. (Carnes 181) As for financial diversity, public financing in states seemed to make working-class candidates slightly more likely to run, but the increase was only 2% and these working class candidates in public financing states did not seem to win at higher rates even when they ran (Carnes 182).

The SEEC’s third goal of achieving high satisfaction with the program also yielded mixed results. According to surveys run by Berk Consulting for the 2017 elections, those who actually sent in vouchers or had high awareness of the program had the highest level of agreement that the DVP had reached its goals:

**Exhibit 31. Survey Respondents' Level of Agreement That the DVP Met its Goals**

Survey question: The goals of the Democracy Voucher Program are to increase the number of campaign contributors in Seattle and increase the number of candidates who run for office. Participating City Council and City Attorney candidates were also required to adhere to campaign spending and contribution limits. In 2017, do you believe the program met its goals?

**Representative Survey**



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This could be seen as positive or as a sign that only a small percentage of the electorate successfully interacted with DVP. One ray of good news is that although awareness of DVP varied, communities of colors were actually *most* aware of the program. Only 5% of members of the Hispanic, Latino or Spanish community had “never heard of it” as compared to 38% of white voters (Berk 36).

The SEEC's last goal enhancing “democracy and transparency” is open to interpretation. We have examined DVP and seen how it succeeded in expanding the electorate, engaging candidates, and fulfilling its aims to a degree of success, but can we say this actually enhanced the state of democracy in Seattle? In exploring the research related to campaign finance and the DVP, I would argue that the most concerning trend is the rise of satellite spending and outside money in municipal elections. The limited successes of DVP are surely under attack by the trends that threaten, arguably, the entire American experiment.

According to Ballotpedia.org, the 2019 municipal races in Seattle saw a record-breaking \$4.2 million in outside spending. In 2015—the last time the seven City Council seats were open—external spending only totaled \$785,000. In a post-*Citizens United* world, public financing is fundamentally challenged by outside money, which is essentially limitless (Hasan 563). How can public financing keep up with these arguably infinitely rising rates of campaign spending, and should the government even *try* to?

## **DVP-Style Reform in Philadelphia**

The Philadelphia Board of Ethics has attempted to bring campaign finance reform, and city-sponsored candidate funding in particular, to Philadelphia a

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number of times. However, these previous proposals were based on a “matching” model that exists in San Francisco and New York City – voters donate to campaigns, and then the city “matches” those funds with a predetermined ratio.

Regardless of whether the Board of Ethics moves forward with a matching model or something similar to DVP in Philadelphia, I thought it was important to bring up a couple of additional points concerning campaign finance beyond the city limits of Seattle. First, I wanted to bring some important research to the table that some critics argue that public financing may actually *help* incumbents hold onto power – scholarly research in 1978, 1990, 1991, and 2004 found that “election outcomes are influenced significantly by levels of challenger spending but not necessarily to incumbent spending” (Panagopoulos 177). If donation caps and campaign expenditure limits support incumbents over well-funded challengers, campaign finance may have inherent flaws beyond the particularities of implementation models

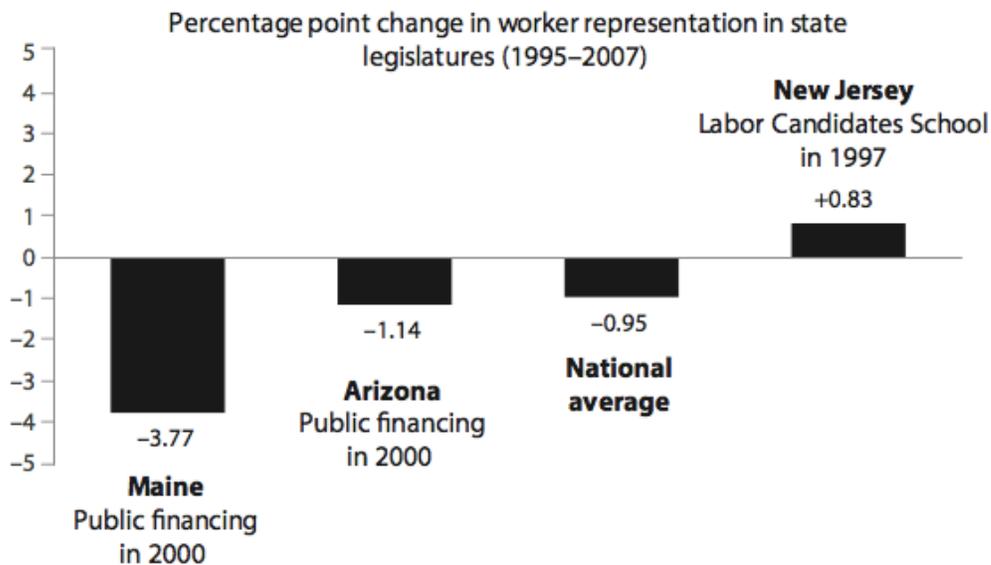
Second, there is a specter of constitutionality looming overhead as well. Under the Supreme Court's recent 2011 decision in *Arizona Free Enterprise Club v. Bennett*, the Court struck down a voluntary voucher public financing ballot measure called the “Free Elections Act.” (Hasan 575) I would want to caution any future campaign finance legislation to look into constitutionality more closely, in case future challenges come through the judicial system.

In light of these issues, as well as some of the issues the DVP faced in Seattle, there may be a more useful model to encourage more diverse candidates from underrepresented groups, one of the major goals of the DVP. Especially within our current pandemic, when the Philadelphia political environment is racked by budget limitations, a candidate pipeline may offer a

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better model. The Working Families Party, an independent progressive party started in the late 1990s, has been amazingly successful with its own pipeline model. In 2015, the Working Families Party recruited and brought 111 candidates into local New York elections; 64% won their races (Carnes 190). In fact, when you compare states that instated public financing models with states that established candidate schools, such as New Jersey, candidates from working class backgrounds were much more successful in the later (Carnes 196):

FIGURE 5.9. Worker Representation Grew after New Jersey's Candidate School Opened



Source: Carnes and Hansen 2016; Wyatt 2002.

This is not to say that campaign finance, and the voucher system in particular, is not a possible option for Philadelphia. I do believe, however, that other policy options may encourage increased participation from voters and more diverse candidates running for office, and are less expensive and easier to instate during our particular budget crunch. I believe these options should be explored by the

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city of Philadelphia and the Board of Ethics as well.

### **Conclusion**

By using the SEEC's own goalposts as parameters of success, Seattle's Democracy Voucher Program has been moderately successful in increasing the number and diversity of voters who participate in funding municipal elections, reaching higher rates of candidate participation with the program over time, achieving relatively high satisfaction with the program, according to people aware of the DVP, and enhancing "democracy and accountability" in Seattle elections. Still, these achievements have been mixed and have only reached a relatively small percentage of 8% of the electorate within Seattle as of 2019.

I strongly believe that Philadelphia Board of Ethics should spend more time developing a plan for its own campaign finance reform, rather than copy-and-pasting Seattle's DVP. First, the successes of the DVP are mixed, and it would be helpful to see how the program fares in the 2021 elections. Second, the DVP's funding model gives me pause in Philadelphia. Raising real estate taxes would be extremely controversial in Philly, and the current budget is in freefall due to the coronavirus pandemic. Third, I believe there are more types of interventions to explore that could be cheaper and offer more immediate progress in encouraging a more civically engaged public, and a more fully representative government in the city of Philadelphia.

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