

To: Mayor Snyder, City Council, City Manager and City Clerk
Public Funding of Portland Municipal Elections
Recommendations from Maine Citizens for Clean Elections
January 2023

I. The Charter

Portland's recent charter amendment requires the city to implement a public campaign funding system, to go into effect for the 2023 election. Designing the system will require addressing two essential components: the method by which participating candidates access public funds, and the financial restrictions to which they must agree in order to participate.

Method. Portland's charter language allows flexibility in shaping the city's public campaign funding program. There are two potential models that Portland could adopt:

1. A **block grant system**, akin to the Maine Clean Election Act program (see Appendix I), in which candidates qualify for lump sum grants by soliciting small qualifying contributions from constituents; or
2. A **voucher system**, in which constituents receive coupons that they can donate to candidates, who in turn redeem those coupons for campaign funds. (See Appendix III.)

Restrictions. Participating candidates will be limited or entirely prohibited from raising private money for their campaign, other than a small amount of initial seed money. Candidates will also be subject to limits on the amount of money they can raise through the public funding system. These restrictions are equally compatible with either of the above systems.

II. Pros of Each Model

Block grant system

- As it mirrors a system that already exists in Maine, it might be more familiar and require less upfront citizen education.
- Could potentially cost less in administrative overhead by avoiding the process of printing, distributing, and validating vouchers.
- Reduces the overall time candidates spend fundraising, and ensures that candidates have access to sufficient funds to run a competitive campaign.

- Potentially easier to implement on an accelerated timeline for the 2023 election.

Voucher system

- Incentivizes candidates to engage broadly and continually with constituents, since every single person is a potential donor.
- Does not require donors to contribute their own money, allowing even the least wealthy constituents to participate in the campaign finance process.

- Evidence suggests that this form of public funding is the one that engages the highest percentage of constituents as contributors.
- Engages marginalized communities and may contribute to increased voter turnout.

III. Our Recommendation

Because the public campaign funding system must be in place for the 2023 election, speed and simplicity are essential. **We recommend an iterative approach – enacting the essential core aspects of a block grant system this year, and then assessing improvements after the first year, including the capacity for voucher contributions or a hybrid system in future years.** The demonstrated public engagement value of voucher systems, and their commitment to enhancing the political voice and power of working-class people and people of color, fully embody the spirit of Portland’s charter amendment. Please see Appendix III for a detailed breakdown of voucher systems and how one could work in Portland.

IV. Implementation

A block grant (or Clean Elections) program allows candidates to qualify for public funding by demonstrating support among their electorate through receipt of \$5 qualifying contributions (QCs). The amount of public funding is calibrated to balance candidates’ interest in waging competitive campaigns with the city’s interest in providing no more than is reasonably required.

First, the City must decide the number of QCs candidates must submit to qualify for the program and the initial distribution. The qualifying threshold should bear some relationship to the size of the district for which the candidate is running and the competitiveness of the office. As a benchmark, state House of Representatives candidates need one QC or each approximately 150 people in their electorate.

Second, the City must determine the amount of funding for each office. If the Clean Elections model is followed, the funding will include an initial allocation amount as well as the amount of any supplemental distributions. Again, these amounts should bear some relationship to the district’s population and the competitiveness of the office. In general, higher offices are more hotly contested.

Third, the deadlines for starting a campaign, seeking qualification, and seeking supplemental distributions must reflect the structure of Portland municipal campaigns (which, unlike Clean Elections races at the state level, have no primary election). The City will set those deadlines in light of other dates and requirements unique to the City’s calendar and other considerations.

Potential 2023 Timeline

Jan	Organizational meetings; stakeholder groups
Feb	Public input on a straw proposal
Mar	Program design finalized; terms of participation
Apr-May	Ordinance drafting, public hearings, enactment; design system, forms and protocols for verifying QCs and eligibility
May-Jun	Clerk's Office implementation, IT work, educational materials developed for candidates and public
Jun 15	Candidates may begin collecting QCs
Jul 1	Candidates may apply for certification
Aug 31	Last day for candidates to apply for certification
Oct 15	Last day for candidates to apply for supplemental funding (supplemental QCs)
Nov 7	Election Day
Dec 19	Deadline for participating candidates to return surplus funds to Portland Clean Elections Fund; 42-day Post Election campaign finance reports due
Early 2024	City Clerk reports on program; offers recommendations for improvement; public comment

V. Parameters

Design parameters for a Portland Clean Elections program can be calibrated based on two benchmarks: (1) the Maine House Clean Elections model, and (2) historical spending patterns for Portland city office campaigns. Using these benchmarks (shown in Appendix II), we have created a recommended set of parameters as a starting point for the Portland program:

Portland Block Grant Program Suggested Parameters						
	Maine House	Mayor	Council At Large	Council District	School Board At Large	School Board District
Population	9,176	68,313	68,313	13,662	68,313	13,662
Seed money allowed (contributions ≤ \$100)	\$1,000	\$5,000	\$2,000	\$1,000	\$1,000	\$500
# of QCs to qualify for initial distribution	60	300	150	60	60	40
Amount of initial distribution	\$5,475	\$40,000	\$8,000	\$4,000	\$3,000	\$1,500
# of QCs to qualify for supplemental rounds (up to 8)	15	50	20	15	12	8
Maximum amount of supplemental funding	\$11,000	\$80,000	\$24,000	\$8,000	\$6,000	\$3,000
Total potential public funding	\$16,475	\$120,000	\$32,000	\$12,000	\$9,000	\$4,500

VI. Administrative Considerations

- It is important to communicate the parameters of the program to potential candidates as early as possible, even if not yet codified in an ordinance, so candidates can decide whether or not to run for office and whether or not they will seek to use this program.
- Program parameters must include not only qualifying requirements and distribution amounts, but the full list of conditions to which candidates must agree, and how they will be held to those agreements.
- A rigorous methodology for verifying candidates' eligibility is of the utmost importance. This will mean creating a means of checking whether those giving a QC are registered voters eligible to vote for the candidate. It will also require contributors to formally attest that they are the source of the QC, and require a system for managing the QC forms and money received.
- Administration of the Portland Clean Election Fund will require attention. Time is of the essence in any campaign, and if possible the administration should ensure that no candidates experience a long delay between their submission and the receipt of funding. Electronic funds transfer is ideal.
- Consideration must be given to handling alleged violations of the terms of participation. In a contested campaign, there will be questions and challenges which must be

processed transparently but expeditiously. It must be clear who has the authority to certify a candidate or de-certify a candidate in the event of violations. The possibility of disqualification or other sanction must be spelled out in advance.

- Preparing to administer as much of the program online as possible will help achieve efficiencies. There may be open-source providers who can assist and add value.
- The city is not permitted to hinder or disadvantage candidates who choose not to participate. Candidates have a constitutional right to use private funding provided they comply with contribution limits and other rules.
- The budget requirement for this program cannot be known in advance, but can be estimated by projecting the number of candidates who will qualify for each office in an election year, and the amount of supplemental funding they will utilize in their campaigns. The funding cycle is quadrennial, as each mayoral year is likely to incur higher demands on the Fund.
- We recommend starting the Fund with an amount at the higher range of potential spending, since its first year of usage will be a mayoral year, and otherwise setting by ordinance a standard amount to go into the Fund in each budget. Money that is not used or returned by candidates stays in the Fund, allowing resources to build up for high-demand years.

Appendix I: Mechanics of Clean Elections Funding Illustrated by Maine House Races

Clean Election funding in races for the Maine House of Representatives generally adheres to the following sequence of events, which may help guide the development of a program for Portland:

1. A person interested in running for the House of Representatives officially registers to become a candidate and names a treasurer. A candidate intending to use Clean Elections files a "declaration of intent" to begin the process.
2. The candidate may raise a small amount of startup money ("seed money") from individual contributors to cover the cost of launching their campaign and collecting \$5 qualifying contributions (QCs). There are strict rules for the size and total amount of seed money contributions, and they cannot come from corporations. There are also rules intended to prevent candidates from starting too early. The candidate is not required to raise seed money. Candidates using Clean Elections must establish a separate bank account for all campaign funds.
3. To qualify, a House candidate must collect at least 60 QCs from registered voters within their district during the qualifying period. A QC may be in the form of cash, a check, money order, or credit card payment in the amount of five dollars or more.
4. The candidate collects at least the required number of QCs and the accompanying forms which contributors are required to sign or otherwise execute. Only a registered voter in the district may provide a QC. The Ethics Commission has an online system for handling QCs, or they may be submitted on paper. (This is separate from the process a candidate must follow with the Secretary of State to place their name on the primary ballot.)
5. The candidate submits a package, including their QCs and acknowledgement forms, for verification by the Ethics Commission. The ordinary deadline for House candidates is approximately April 20 of the election year. (Special elections have other deadlines).
6. The candidate signs a binding agreement not to raise private money (including their own funds) or violate the terms of participation set forth by the Commission and state law.
7. The Ethics Commission promptly verifies whether each QC came from a registered voter in the candidate's district. Careful verification is essential to ensure that Clean Election funding is only provided to candidates who comply with all requirements.
8. During verification the Ethics Commission also checks to make sure the candidate did not violate seed money rules.
9. Upon verification, the Commission certifies the candidate and then immediately issues payment of the initial distribution. The amount is fixed in advance, and depends on whether the race is contested or uncontested.
10. If a House candidate anticipates needing more funding, they may submit additional QCs in groups of 15. Each 15 verified QCs earns an additional \$1,375. The candidate may repeat this eight times, submitting up to 120 supplemental QCs to obtain up to \$11,000 in supplemental funding for their campaign.
11. After any candidate obtains the maximum amount of supplemental funding, the candidate is not eligible to receive any more money from the Clean Election fund or any other source. This is a hard cap on participating candidates' total spending.

12. Candidates participating in the Clean Election system are only allowed to spend their funds on specified campaign-related expenses.
13. The cutoff date for seeking supplemental funds is about three weeks before Election Day.
14. After the election, any unspent funds must be returned to the Clean Election fund. Participating candidates must comply with the same campaign finance reporting requirements as traditionally funded candidates.
15. A participating candidate's campaign records are subject to possible audit by the Ethics Commission.
16. State Senate and Gubernatorial races also follow this model, but qualifying requirements and funding amounts are proportionately higher. Also, all gubernatorial candidates are subject to audit, while legislative candidates are audited at random.

Maine Legislative Candidate Clean Elections Parameters
21-A M.R.S.A. 1121 et seq.

	Maine Senate Candidates	Maine House Candidates
Maximum Seed Money	\$3,000	\$1,000
QCs Needed to Qualify	175	60
Initial Distribution Amount	\$21,850	\$5,475
QCs Needed for each Tranche of Supplemental Funding	45	15
Distribution Amount for each Tranche of Supplemental Funding	\$5,475	\$1,375
Number of Tranches of Supplemental Funding Possible	8	8
Maximum Supplemental Funding Possible	\$43,800	\$11,000
Maximum Potential Public Funding	\$65,650	\$16,475
Average Population per District	38,914	9,020

Appendix II: Portland Campaign Spending

Average and High Spending in Recent Portland Municipal Races

	Year	Total	#	Average	High
Council At-Large	2010	\$3,668	4	\$917	\$2,698
	2012	\$16,469	2	\$8,234	\$14,614
	2013	\$17,308	5	\$3,462	\$7,488
	2015	\$1,106	3	\$369	\$1,106
	2016	\$32,822	3	\$10,941	\$27,389
	2017	\$91,727	3	\$30,576	\$50,932
	2018	\$48,449	2	\$24,224	\$41,752
	2019	\$8,988	1	\$8,988	\$8,988
	2020	\$47,430	4	\$11,858	\$24,068
	2021	\$66,624	4	\$16,656	?
	Council District	2009	\$5,039	3	\$1,680
2010		\$11,484	2	\$5,742	\$7,194
2011		\$11,169	3	\$3,723	\$9,125
2012		\$1,524	3	\$508	\$1,175
2013		\$300	1	\$300	\$300
2014		\$23,837	5	\$4,767	\$6,968
2015		\$61,030	8	\$7,629	\$15,686
2016		\$12,914	2	\$6,457	\$12,914
2017		\$35,522	5	\$7,104	\$19,850
2018		\$30,358	4	\$7,590	\$21,018
2019		\$42,494	5	\$8,499	\$12,200
2020	\$20,935	4	\$5,234	\$7,010	
2021	\$50,067	4	\$12,517	?	
Mayor	2011	\$309,835	15	\$20,656	\$90,270
	2015	\$182,059	3	\$60,686	\$117,537
	2019	\$395,651	3	\$131,884	\$176,085
School Board	2009	\$5,452	3	\$1,817	\$1,989
	2010	\$2,679	5	\$536	\$1,370
	2011	\$905	3	\$302	\$355
	2012	\$6,428	5	\$1,286	\$3,563
	2013	\$15,520	6	\$2,587	\$3,853
	2014	\$1,785	3	\$595	\$860
	2015	\$1,177	2	\$589	\$846
	2016	\$9,067	4	\$2,267	\$5,556
	2017	\$6,937	1	\$6,937	\$6,937
	2018	\$25,258	3	\$8,419	\$14,361
	2019	\$3,514	3	\$1,171	\$1,622
2020	\$20,265	6	\$3,377	\$6,560	
2021	\$10,569	4	\$2,642	?	

Appendix III: What is a Democracy Voucher system?

Voucher systems are a form of public campaign financing in which constituents receive coupons that they can donate to candidates, who can in turn redeem those coupons for campaign funds. This is distinct from block grant systems like the Maine Clean Election Act (MCEA) program, in which candidates qualify for lump grants by soliciting qualifying contributions from constituents.

How could this look in Portland for 2023?

A Portland voucher program could look much like Seattle's (see below). Some potential differences are explored under "Key Questions to Answer." Below is a potential timeline for rolling out a voucher program in Portland this year:

ASAP:	Roll-out of cash donation qualification system; contribution and spending limits announced; voucher value and quantity set; public education begins
Jan-Apr:	Portland builds capacity for vouchers – hiring, printing, online portal for tracking, etc.
Apr 17:	Two \$25 vouchers* mailed to each registered voter
Apr 21:	Candidate qualification deadline
Apr-Nov:	Portland processes and authenticates submitted vouchers, disburses funds, oversees campaign reporting and spending
Nov 7:	Election Day
Nov 30:	Deadline for voucher submission
Dec or Jan:	Public report on the program's implementation and use
2024+:	Earlier voucher mailing; build process for candidates to qualify with vouchers; add eligibility for all Portland residents; allow voucher redemption online

*Draft methodology for voucher value: $\left(\frac{\text{Contribution Budget}}{\text{Utilization Rate}} \right) \div \text{Eligible Contributors}$

Using a contribution budget of **\$250,000**, a utilization rate of **9.4%** (the average in Seattle), and **50,551** eligible contributors (total Portland registered voters), we get a value of **\$52.61 per voter**

Key questions to answer

- 1. Calibration** - How much money will candidates need, and what are the vouchers worth? Is this different in mayoral election years or depending on how many seats are being contested? What are the qualifying threshold(s)? What about contribution and spending limits?
- 2. Total budget** - How much money will be spent on the program, both on payments to candidates and on administration? What are the additional costs for needed technology, such as the online portal, online tracking, or signature matching?
- 3. Implementation timeline and phasing** - What are Day 1 requirements vs. phased-in features? For example, it might be possible to allow cash qualifying in year one, with a spring mailing of vouchers. Earlier voucher mailing and voucher qualifying could be a

second phase feature. Additional examples of features that could be implemented over time include an online portal (online tracking of vouchers would be a Day 1 requirement, but online redemption of vouchers could wait); signature matching (voucher validations by name and address, by spot-checking donors, and by tracking redemption amounts per person would be Day 1, but signature matching could wait); or eligibility for constituents beyond registered voters.

4. **Administration** - How are returned vouchers validated? At a minimum, do administrators want to verify that someone by that name lives at the address provided? Can constituents track or even assign their vouchers online? How are voucher contributions made public online – and is this sufficient for catching and preventing fraud? Would signature validation be required later on?
5. **Recipient eligibility** - Who receives vouchers – all registered voters, plus unregistered eligible voters and other lawful adult permanent residents, or just registered voters? If the former, how do nonvoters request and receive vouchers? How are requests validated?
6. **Escape valve** - if a nonparticipating candidate outspends a participating candidate, can the participating candidate be released from the spending cap or reporting requirements? What is the mechanism for requesting this kind of exemption?

Seattle

Seattle is currently the only municipality with a currently-operating voucher program; other cities are currently implementing or exploring similar programs.

Seattle (pop. 733,919) has partisan local elections, with primaries in August before general elections in November. Candidates may declare their intention to run and begin to qualify for the Democracy Voucher program 18 months before the primary election. To qualify for the program, candidates need 50 or 100 signatures (depending on which office they seek) plus 50 or 100 cash contributions of \$10 or more. *(Note: an alternative for the future could be to accept qualifying contributions in the form of vouchers instead of cash.)* Qualifying candidates can continue to raise private money, but they agree to abide by lower individual contribution limits (\$550 per donor for mayor and \$300 per donor for other positions, vs. \$600 per donor for nonparticipating candidates) and overall spending limits:

Campaign Spending Limits	City Attorney	City Council At-Large	City Council District	Mayor
Primary Election	\$187,500	\$187,500	\$93,750	\$400,000
Combined Primary and General Election	\$375,000	\$375,000	\$187,500	\$800,000

Vouchers are mailed to registered voters in February of the election year. Other legal residents (such as green card holders) do not receive vouchers through the mail, but can request them

online or in person. Each constituent receives four \$25 vouchers. People can assign their vouchers directly to the candidate or turn them in to the city designating the candidate. They can do this on paper with a wet signature or through an online portal provided by the city. Qualifying candidates are also given “substitute voucher forms,” which they may distribute to constituents who want to contribute but who cannot find their vouchers. Signature matching, transparency, and tracking ensure that no one contributes more than their share of vouchers. Candidates can redeem vouchers for an equivalent amount of campaign cash at any point in their campaign so long as their total amount raised is less than the overall spending limit for the office they are seeking. Because of this latter feature, not all of the vouchers which candidates collect are ultimately redeemed.

Constituents may assign their vouchers to at-large candidates, to candidates running in their own district, and to candidates running in other districts of the city as well. This latter feature is advantageous to minority candidates whose supporters are not congregated in specific areas.

Candidates accepting vouchers who face high-spending, non-voucher opponents have an option to be released from the lower contribution limits and the spending cap by appealing to the Seattle Ethics and Election Commission. After that point, however, released candidates cannot redeem more vouchers.

Buying vouchers is strictly illegal and carries stiff penalties. Voucher assignments are public information, which allows journalists and candidates to conduct oversight and catch any potential fraud – which has not been a problem so far.

Participation in the program has steadily increased since its inception in 2017. In 2021, 9.4% of those who received vouchers submitted them, and 73.3% of submitted vouchers were ultimately converted to campaign cash. (Not all the vouchers were converted because some candidates exceeded their total contribution limit.) Participation rates have grown most dramatically among Black and Hispanic residents, people aged 18-29, and low-income households. Low-propensity voters who use vouchers are 10 times as likely to vote as similar voters who do not use their vouchers.

Since launching its voucher program, Seattle has spent \$4.9 million on administrative overhead and \$7 million on disbursements to candidates. (The city spent an additional \$1.2 million on one-time implementation costs, primarily in the first year of the program.) One factor in the relatively high administrative costs is Seattle’s incorporation of extensive voter outreach and education work into the program, conducted through grants to nonprofit community-based organizations.