

Democracy North Carolina

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Successful Council of State Pilot Program Should Be Expanded

The success of the Voter-Owned Elections pilot program for 3 Council of State positions in 2008 provides ample reason to support legislation to expand the program to include more executive branch offices. A new bill in the NC House (H-586) will add 5 more offices to the program.

The public campaign financing pilot in 2008 covered the Commissioner of Insurance, State Auditor, and Superintendent of Public Instruction. The program:

- enjoyed high levels of participation by all types of candidates
 - facilitated more grassroots-oriented campaigning
 - reduced the conflict of regulated industries being a chief source of campaign funds
 - freed candidates from the need to constantly fundraise
 - allowed candidates more time to spend with voters throughout the state
- Bipartisan Participation: Four of six general election candidates for the three positions qualified to receive public financing: two Republicans and two Democrats. A fifth candidate, Beth Wood opted into the program but did not qualify. The others qualified by receiving hundreds of small donations from registered voters and by becoming their party's nominee.
- Diverse, Broad Participation: Nine of 11 candidates opted into the program during the primary. They included incumbents and challengers, blacks and whites, men and women, as well as several first-time candidates who said the program empowered them to run. No initial public grant is awarded in the primary, but qualified candidates are eligible for a limited amount of "rescue" or matching funds if they are faced with high-spending opposition.
- Small Donors Rule: Candidates raised over 4,000 small contributions between \$10 and \$200 from registered voters in all 100 counties. The average contribution fell dramatically in all of the races. For example, the average contribution in the Commissioner of Insurance race dropped from \$500 in 2004 to just \$70 in 2008. For the other two races the average was less than \$50. Registered voters, as small donors, authorized candidates to receive public grants.
- Less Fundraising, More Listening: Participating candidates stopped all fundraising after May 6 and spent hundreds of additional hours listening to the concerns of people throughout the state.
- Pay-to-Play Conflict Reduced: Contributions from industries with financial ties to Council of State agencies dropped dramatically. In the Insurance Commissioner race, the amount donated by regulated industries dropped from 66% of the total donations in 2004 to under 5% in 2008.
- Low Cost: The total cost of grants during the 2008 cycle was \$1.36 million. 527 groups did not overwhelm the program and no matching money was triggered.
- Support for Expansion: The majority of members of the 2009 Council of State supports Voter-Owned Elections and would like to see the program expanded. More than 50 House members are sponsoring legislation to add five more agency offices to the program, beginning in 2012.

H-586: EXPAND VOTER-OWNED ELECTIONS FOR MORE COUNCIL OF STATE OFFICES

More than 50 House members are co-sponsoring H-586

Purpose	<p>The Act gives candidates for Council of State agency heads (<u>8 of 10 Council of State offices</u> excluding Lt. Gov. and Gov.) a voluntary option to finance their campaigns using a publicly supported fund <u>but only if</u> hundreds of registered voters authorize them to do so. It:</p> <ul style="list-style-type: none">• gives candidates an alternative to the money chase• eliminates the reliance on donors who do business with the agency• encourages voter involvement and voter “ownership” of elections• puts realistic limits on campaign spending and fund-raising• allows candidates to spend more time with voters
When Does It Begin?	<p>The program began in 2008 for State Auditor, Superintendent of Public Instruction, and Commissioner of Insurance. This bill expands the program to cover Treasurer, Attorney General, Secretary of State and Commissioners of Labor and Agriculture beginning in 2012.</p>
How Does It Work?	<p>Candidates must first demonstrate that they have earned the public’s trust to be eligible for money from the N.C. Voter-Owned Elections Fund. To qualify, you follow 3 steps:</p> <p><u>STEP 1.</u> Declare your intent to participate in the VOE program. If you spend over \$20,000 for campaign-related purposes before filing this declaration, you can’t participate.</p> <p><u>STEP 2.</u> Raise hundreds of small, qualifying donations (<u>\$10 to \$200</u>) from <u>registered voters</u>. The larger the grant for the office, the more small donations required (900 to 2,300).</p> <p><u>STEP 3.</u> Submit a record of the qualifying contributions and also agree to:</p> <ul style="list-style-type: none">• stop all fund-raising after the qualifying period• accept a total spending limit and use the public funds only for campaign purposes• return any unused public funds to the Voter-Owned Elections Fund
What Does A Certified Candidate Get?	<p>Candidates who qualify receive a competitive amount of public money for the general election. If you have an opponent, the amount is the average amount spent by <u>winning</u> candidates in the general election in contested races for that office in the last three elections, but not less than \$300,000. The grant sizes would likely range from \$300,000 for the State Auditor to \$1.7 million for the Attorney General. No public funds are provided if you have no opponent. Your party can provide in-kind support of up to \$30,000.</p> <p>If an opposing candidate or outside group (including certain 527 or “issue advocacy” groups) spends above the limits accepted by a participating candidate, then that candidate can receive “rescue” or matching funds to stay competitive (up to 200% of the original grant in general election and up to 100% the maximum of qualifying donations in the primary).</p>
What Does It Cost?	<p>There is no appropriation in this bill. It only authorizes expanding the program, because of the state’s fiscal climate. The program ultimately needs \$3.5 to \$4 million per year to work.</p>
Who Oversees the Act?	<p>The state Board of Election administers the Act, with advice from a 5-member Advisory Council appointed by the Gov. It will recommend refinements to improve the program.</p>

For more, contact N.C. Voters for Clean Elections at 919-521-4121 or partners: Democracy North Carolina at 919-286-6000, Center for Voter Education 919-839-1200, or Common Cause 919-836-0027