Citizen Campaign Commission

First Report to the City Council and Citizens of Portland

April 2007

CITIZEN CAMPAIGN COMMISSION
c/o Office of the City Auditor
1221 SW Fourth Ave, Room 140
Portland, OR 97204

April 13, 2007

Mayor Tom Potter
Commissioner Sam Adams
Commissioner Randy Leonard
Commissioner Dan Saltzman
Commissioner Eric Sten

Reference: Citizen Campaign Commission First Report

Dear Mr. Mayor and Commissioners,

Two years ago, in May 2005, City Council created by City ordinance an innovative campaign finance reform program known as the Campaign Finance Fund. As a result, Portland was the first city in our nation to offer a fully funded publicly financing program, after qualification.

This ordinance also established a volunteer Citizen Campaign Commission to provide assistance to the Auditor and City Council in the implementation of the Campaign Finance Fund, and advising the Auditor on its operation and recommended changes.

This is the Commission's first report on this program, and we believe the recommendations reflect the comprehensive and detailed review that we performed. It is a system that shows promise in accomplishing its intended goals and we provide strategies for making it better.

The Citizen Campaign Commission greatly appreciates the constant technical support and availability of the Auditor and his staff during the 30 meetings of the 2006 election cycle.

We welcome the opportunity to present the report and key recommendations to you on April 26th as well as participate in subsequent Council deliberations.

It has been a pleasure serving in this volunteer capacity, and we look forward to reporting to the citizens of Portland on the Campaign Finance Fund.

Respectfully Submitted,

Leslie Hildula, Chairman

Christy Mason, Commissioner

Andrew Linehan, Vice Chairman

Len Norwitz, Commissioner

Stan Baumhofer, Secretary

Jessica Sweeney, Commissioner

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Executive Summary

In May 2005, the Portland City Council passed an innovative campaign finance reform program known as the Campaign Finance Fund. Portland became the first city in the nation to offer full publicly-funded campaign financing. The program was in place for the first time during the 2006 elections for two City Council positions.

The Campaign Finance Fund (CFF) is a voluntary program providing City funding for qualifying candidates for Auditor, Commissioner and Mayor. To qualify, candidates must gather a sufficient number of small contributions and agree to limit spending to the funding provided. They must also agree to strict limitations on the type of campaign expenditures and in-kind contributions, and face a range of penalties for violations, up to disqualification and repayment of all funds provided.

In anticipation of the need to regularly monitor and make recommendations for improvement, the Campaign Finance Fund ordinance created a voluntary Citizen Campaign Commission. This report of the Commission evaluates how the CFF fared in this first test. It provides recommendations to the citizens of Portland and the City Council for improvement of the CFF and assurance that the system responds to problems and changing circumstances.

Two of the three participating candidates complied with all the rules. Comments from their campaigns helped formulate the Commission's recommendations. However, the Emilie Boyles campaign clearly violated qualification rules. The Commission makes recommendations for additional safeguards to prevent the recurrence of qualifying process violations (for which an indictment has been returned against a campaign consultant, Volodymyr Golovan) and spending violations (for which Boyles was disqualified).

Citizen Campaign Commission Activities

In monthly meetings beginning in September 2005, the seven members of the Commission, with City Auditor Gary Blackmer and his staff, observed how the CFF operated in practice throughout the Primary Election. The Commission reviewed the objectives and issues of concern expressed by City Council and the public during the development of the system and consolidated them into six goals that became the basis of this evaluation.

The Commission interviewed candidates who successfully and unsuccessfully sought public campaign financing, as well as candidates who chose not to use the voluntary system. The Commission discussed the experience of the 2006 elections with candidates, other political leaders, and interested Portland citizens as it formulated its evaluation and recommendations.

The 2006 Elections

The 2006 election cycle was a very limited test of the CFF. Only the Primary Election was competitive, as two candidates each received more than 50% of the votes cast, thereby avoiding runoff races in the General Election. During the 2006 Primary Election, of the 14 candidates, 8 filed their intent to participate in the CFF for two City Council elections. Three candidates actually qualified for the CFF, including one (Emilie Boyles) who was later decertified as a candidate.

In the Primary Election for Position 2, two candidates (Ginny Burdick and Dave Lister) did not participate in the CFF but raised substantial funds to run strong campaigns against incumbent Commissioner Erik Sten. Emilie Boyles initially qualified for CFF but was disqualified and penalized for spending violations. In addition, her qualification efforts were discredited when reports emerged about one of her campaign consultants who was later indicted for 12 criminal acts of fraud, forgery, and identify theft.

In Position 3, Amanda Fritz, who participated in the CFF, lost to incumbent Commissioner Dan Saltzman. Saltzman did not participate in the CFF, but initially volunteered to limit individual contributions to $500 with a $150,000 spending limit, the same available to a participating candidate.

Incumbent Auditor Gary Blackmer ran unopposed and was thus ineligible to receive public Campaign Finance Funds.

Commission Findings about the CFF's Success in Meeting its Goals

The Commission identified six goals expressed by the public and City Council for the CFF:

1. **Reducing the perceived influence of large money donor and other special interests in campaigns**: The 2006 election does suggest that the CFF can help reduce the influence of large money donors. This conclusion must be tempered by the recognition of the historic success of incumbents. In the race between Ginny Burdick and incumbent Commissioner Erik Sten, Ginny Burdick (who did not participate in the CFF) raised more money, $230,086, including two contributions from business interests of $30,000 and $46,000. Erik Sten participated in the CFF and limited his spending to $204,894, which included matching funds triggered by Burdick's spending levels. Incumbent Commissioner Dan Saltzman, who opted not to participate in the CFF, limited his spending in order to be consistent with the spirit of the fund.

2. **Reducing overall campaign spending:** Compared with recent past Commissioner elections, less total money was spent for the two offices in 2006 than in 2004 ($935,000 in 2006 compared to $1.2 million when adjusted for inflation*[1]). However, one of the 2004 races was an open seat, and races involving incumbents have historically involved less total spending than in

[1] All comparisons of campaign spending are adjusted for inflation, expressed in 2006 dollars.

elections with open seats. Only by observing records of future elections with open seats will it be possible to determine whether the CFF has succeeded in reducing overall campaign spending.

3. **Supporting more competitive elections, including increasing the challenges to incumbents:** The CFF may not have increased the number of challenges to the incumbents in this first round of elections. It did increase the effectiveness of a first-time candidate, Amanda Fritz, who successfully qualified for the CFF and received 24.5 percent of the vote.

4. **Increasing representation of under-represented groups among candidates:** In this first round of City elections utilizing the CFF, it is unclear whether public funds increased the number of women or minority candidates. Out of 14 candidates, three women (one a person of color), sought public funds. (One other person of color filed but was removed from the ballot under state law for running for more than one office at the same time.) Whether or not the CFF will increase the involvement of women and minority candidates will take more time and open seats to determine.

5. **Increasing candidate contact with voters:** Interviews with candidates who used the CFF indicated that all the candidates believed that it allowed them to spend more time face-to-face with citizens rather than fund-raising. Commissioner Sten, for example, stated that he involved more supporters than he had in past races, which he attributed to the CFF's emphasis on person-to-person campaigning rather than fund-raising. A recent analysis by the Money in Politics Research Action Project (MiPRAP) had similar findings: Qualifying contributions to participating CFF candidates came from residents of virtually all of Portland's neighborhoods.

6. **To assure appropriate protection and management of public funds:** Erik Sten and Amanda Fritz both successfully participated in the CFF. They complied with all rules and qualification requirements. Emilie Boyles, however, was found by the City Auditor to have violated provisions of the CFF spending rules. In addition, her campaign consultant (Volodymyr Golovan) used fraudulent techniques in assisting the failed qualification process of Lucinda Tate, and in December 2006 he was indicted by a Grand Jury for theft of public funds, identity theft, and forgery. Golovan's indictments also raise questions about the validity of his work collecting qualifying contributions for Boyles. All these problems are addressed with Commission recommendations.

Commission Recommendations

The Commission examined every aspect that came into effect in this first campaign test. Its many recommendations range from fairly minor "house-keeping" corrections of rule language to more fundamental changes to the CFF parameters to address problems caused by Boyles and Golovan. The following paragraphs summarize key recommendations; all the recommendations and their rationale are provided in the body of this report.

A. **Training:** Establish mandatory training for all participating campaigns.

B. **Qualifying Period:** Currently candidates have from September 1 through March 31 to collect qualifying contributions. The Commission recommends that the qualifying period be changed to July 1 through January 31.

C. **In-Kind Money:** Increase the limit to 6% of the Campaign Finance Fund amount for the office, from the current 5%.

D. **Solicitation of Contributions:** Change the form that contributors sign to provide a clearer description of what the contributor is signing and the consequences if rules are violated; use a three-part form that produces a receipt for the contributor; allow third parties (in addition to other candidates) more time to review signature and contribution forms and file complaints.

E. **Form and Amount of Qualifying Contributions:** Leave the number, amount and form of qualifying contributions unchanged.

F. **Source of Qualifying Contributions:** Require that $5 qualifying contributions come from registered Portland voters (current rules allow for contributions from any Portland resident).

G. **Verification of Contributions:** Auditor's Office staff will obtain training in forgery detection and work with the County Elections Division to conduct a 100% check of signatures of qualifying contributions, using established verification methodology. Candidates will not be penalized for mistakenly receiving $5 contribution forms from persons who are not registered Portland voters. To avoid the risk of a large verification workload on the filing deadline, candidates will be required to submit a portion of qualifying contribution forms by the first business day of December preceding the Primary Election. The number, after verification, should be at least 30% (300 for Auditor and Commissioner, 450 for Mayor) of the required number of qualifying contributions.

H. **Challenges:** Allow public scrutiny and challenges of qualifying signatures.

I. **Reporting:** Utilize ORESTAR, the new online election finance reporting system managed by the Secretary of State, and require more frequent reporting by participating candidates.

J. **Campaign Funding and Spending Limits:** Leave the current public funding amounts, including matching amounts, as is.

K. **Uses of Public Campaign Funds:** Add restrictions on the use of public funds to prohibit their use for attorneys' fees, professional service fees in conjunction with arguing against penalties or decertification, and election night parties.

L. **Penalties:** Allow one spending violation of less than $1,000 without disqualification, but increase the penalty amount and deduct it from the candidate's public campaign funding. Increase penalties for reporting violations of non-participating candidates.

M. **Hearings:** Reduce the time periods for appeals to speed resolution of violations and penalties.

N. **Voluntary Contributions:** Establish a process for accepting voluntary contributions to the City's Campaign Finance Fund.

Introduction

As part of the public campaign financing system, the City Council created a seven-member volunteer Citizen Campaign Commission by Ordinance 179258 on May 18, 2005. The Commission is responsible for ongoing monitoring of the system and for making recommendations for improvements to City Council. This is the first required biennial report from the Commission, based upon observations and review of the first election cycle under the Campaign Finance Fund.

The Role of the Citizen Campaign Commission

The Citizen Campaign Commission was directed to:

1. Provide assistance to the Auditor and City Council in the development and implementation of the Campaign Finance Fund.

2. At the request of the Auditor, advise the Auditor on administrative judgments, recommended policy changes, administrative rule development, and operation of the Campaign Finance Fund.

3. Monitor Auditor elections and make Matching Fund decisions under Section 2.10.150 for all Candidates for Auditor if the incumbent Auditor is running for re-election.

4. Recommend to the Code Hearings Officer for appointment of Hearings Officers to review cases and make determinations under Section 2.10.230.

5. Adopt such operating policies and procedures as necessary to carry out its duties.

6. Prepare and submit to the City Council a biennial report which shall contain an overview and evaluation of the Campaign Finance Fund during the previous election period.

Creation of the Campaign Finance Fund

In the face of growing public concern over the rising costs of elections and the perceived role that money plays in politics, the Portland City Council created the Campaign Finance Fund by ordinance in 2005. As the first municipal government in the United States to implement a system of publicly financed campaigns, Portland completed the first election cycle under the new system in the May 2006 Primary Election.

The City Council was assisted through the input of citizens, interested groups, and City staff. The following timeline shows significant City events in the creation of the Fund:

Commissioner Sten and Auditor Blackmer submitted a memo to City Council on October 23, 2002, proposing a Clean Campaigns system.

After a public hearing, City Council unanimously adopted Resolution 36208 on April 7, 2004, which directed the City Auditor and the Commissioner of Public Works, with technical assistance from the City Attorney and Office of Management and Finance, to develop a clean campaign system.

On July 13, 2004, a draft of the proposed system was issued, with a cover letter from Mayor Vera Katz.

> **Over the course of my career in politics, I have become more and more concerned about the role of money in politics. I have been proud to raise money for my own campaigns and campaigns that I support. I have never let fundraising dictate decisions I have made on behalf of the City or State, but it is clear that politics and people's perceptions of politics are increasingly influenced by money.**
>
> **- Mayor Vera Katz, July 2004 Memo to Interested Parties**

In June 2004, the Commissioner and Auditor gathered a panel of experts, campaign veterans, members of Council staff, and representatives of interested groups to advise on critical aspects of the campaign finance system.

On August 17, 2004, the Auditor presented the proposed system at a Council Work Session, along with the document "Clean Money Campaigns, A Proposal for Portland."

There were also two periods when comments were accepted on the report and a first and second draft ordinance prepared by the Auditor and made available on the Elections website during summer of 2004 and then fall of 2004 through the spring 2005 hearings.

On April 7, 2005, City Council held the first reading of a proposed ordinance to add City Code Chapter 2.10 and amend Chapter 2.02. The Council meeting included public testimony.

On May 11, 2005, City Council held the second reading of proposed ordinance, with additional public testimony.

On May 18, 2005, City Council adopted Ordinance 179258 with a 4-1 vote.

In the following months the Auditor's Office developed administrative rules, candidate manuals, and reporting forms to explain the new system. The Citizen Campaign Commission conducted its first meeting on September 19, 2005.

The First Election Cycle with the Campaign Finance Fund

The qualification period for individuals interested in becoming CFF-certified candidates in the May 2006 Primary Election ran from September 2005 through March 2006. Three participating candidates were certified and appeared on the ballot in the May 2006 Primary Election (Table 1).

Table 1: Participants in the May 2006 Primary Election

Commissioner No. 2
4 Candidates filed a Declaration of Intent to participate
2 Requested certification
2 Were certified*
7 Candidates were on the ballot

The incumbent won the race as a CFF participating candidate.

Commissioner No. 3
9 Candidates filed a Declaration of Intent to participate
2 Requested certification
1 Was certified
7 Candidates were on the ballot

The incumbent won the race not participating in the CFF.

Auditor
0 Candidates filed a Declaration of Intent to participate
0 Requested certification
0 Were certified
1 Candidate was on the ballot

Without an opponent, the incumbent was eligible to participate but not eligible for Campaign Finance Funds.

**One of the participating candidates for Commissioner No. 2 was de-certified. The details are discussed in report Appendix 3.*

After only one election cycle, there are situations which have not yet occurred to help evaluate all the aspects of publicly financed elections in Portland, such as:

- All the positions in the May 2006 Primary involved incumbents seeking re-election, which creates a different campaign and spending dynamic than "open seats."
- All the positions were determined in the May Primary, without any runoffs in the General Election.
- The system has not yet had a Mayoral race, which does not allow an evaluation of the higher threshold of required qualifying contributions than a Commissioner race.
- Mayoral candidates who participate in the system are eligible for $200,000 in the Primary, rather than the $150,000 for Commissioner, which should also be evaluated.
- A vacancy in office could require specific changes to allow the system to operate in the shorter timelines of special elections.

This report discusses the aspects of the system that played out in the May 2006 Primary races, identifies alternatives considered by the Commission, and makes recommendations to address weaknesses.

The report was prepared by the members of the Citizen Campaign Commission:

Stan Baumhofer (Secretary)
Leslie Hildula (Chair)
Andy Linehan (Vice-Chair, Report Editor)
Christy Mason
Len Norwitz
Jared Spencer
Jessica Sweeney (Report Editor)

Additionally, the Commission received assistance from City staff:

Gary Blackmer, City Auditor
Diane Betcher, Chief Deputy Auditor
Andrew Carlstrom, City Elections Officer (started 7/10/2006)
Susan Francois, City Elections Officer (until 8/18/2006)

Evaluation of the Campaign Finance Fund's Success in Meeting Program Goals

The goals of the Campaign Finance Fund which are discussed below were gathered from a March 2005 report to Council that was prepared by Commissioner Erik Sten and City Auditor Gary Blackmer, as well as from the ordinance that established the Campaign Finance Fund. A direct comparison of the CFF with traditional privately-financed campaigns would be worthwhile but cannot be adequately determined based upon a single election cycle. The following sections begin a discussion of the program's success in regard to the goals set forth when this new system was proposed. They also serve as background to the recommendations contained in Chapter 3 of this report:

1. Reduce the perceived influence of large money donors and other special interests from campaigns
2. Reduce overall campaign spending
3. Support more competitive General Elections, including increasing the challenges to incumbents
4. Increase representation of under-represented groups among candidates
5. Increase candidate contact with voters
6. Assure appropriate protection and management of public funds

Goal 1: Reduce the perceived influence of large money donors and other special interests from campaigns

There is a perception among many voters that candidates who receive large contributions from private donors are beholden to them once in office. A primary goal of the Campaign Finance Fund (CFF) is to address that perception. Participants in the CFF must agree to limit contributions to one thousand $5 donations from residents of the City of Portland: Thus, no contributor can give more than any other contributor, ensuring that all donors are given equal consideration by the candidate.

The perception that large private donors have influence over candidates is derived from undisputed historical data. A Money in Politics Research Action Project (MiPRAP) analysis of contributions to City Council Candidates in the 2004 elections found that:

- Contributors who donated $50 or less comprise less than 5% of all the money raised in the contested General Election;
- A substantial number of contributions in a competitive Council race came from contributors who donated to both candidates in the race, suggesting access to office-holders trumps ideological agreements;

- Candidates traditionally depend on a few sectors of the economy for the bulk of their campaign finances;
- Contributions are specific to a few key geographical areas in Portland, and those areas in surveys typically rate the provision of City services higher than areas that do not make as many political contributions;
- Additionally, since 1970, the candidate who raised the most money in City Council races won those races 87% of the time (source: City Auditor's report)

The public's perception of private donors having undue influence over office holders is directly correlated with trends in fundraising and residents' attitudes about their home communities. In 2004, Westside donors contributed a total of 60% of all City Council race contributions (source: MiPRAP). A 2006 citizen survey by the City Auditor's office showed Eastside residents were a third less likely to rate City services as "very good" in comparison to their Westside counterparts (source: City Auditor). These surveys have shown a consistent pattern of disparity between Eastside and Westside residents.

Letters to the editors of local newspapers highlight citizens' reasons for supporting the Campaign Finance Fund. In the 4/18/06 edition of *The Oregonian*, Jamie Partridge of Northeast Portland wrote that "Ordinary citizens have become just as accountable as downtown developers and big business when it comes to shaping City Council races with voter-owned elections," and Courtney Wilton of Southeast Portland wrote that "(the previous election system) was a system predominantly financed by those with substantial wealth and/or business dealings with the City." On 4/25/06, *The Oregonian* printed a letter by Paul Meyer of Southwest Portland observing that "public financing of elections is the best, albeit not the only, way out of big-money-bought elections." The 5/12/06 *Oregonian* included a letter by Lili and Irwin Mandel of Southwest Portland noting that "(City Council candidate Amanda) Fritz, using voter-owned election funds, is beholden to everyone." And finally, "I would rather deal with the (new system's) 'bugs' than continue to struggle with the 'predators' in our current system, where money can buy influence," writes Richard Osborn of Northeast Portland in the 4/18/06 *Oregonian*.

The May 2006 Primary, the first election in which Campaign Finance Funds were made available, included races for two City Council seats. The two most viable candidates for Position 3 were incumbent Dan Saltzman and Community Activist/ RN Amanda Fritz. City Commissioner Saltzman opted not to use public funds for his campaign and imposed a $500 cap on contributions, a limit he exceeded by accepting five contributions of $1,000, two contributions of $1,500, and one contribution of $2,000 as reported on his September 2005 supplemental and 2006 Primary disclosure reports. Saltzman also pledged to keep his fundraising limited to $150,000, in keeping with the Campaign Finance Fund cap, but went over this limit by $16,497. Amanda Fritz participated in the CFF, touting herself as "a leader who listens to all citizens… Not wealthy campaign contributors" in her campaign literature. As a guest columnist in the 4/27/06 BlueOregon blog,

Fritz wrote, "Because I qualified with 1045 five-dollar donations, gathered in 90 of Portland's 95 neighborhoods, I am responsible to individual citizens. And because my campaign is funded by all citizens (about 30 cents each), when elected I will be beholden to all citizens, and owned by the voters."

Saltzman won the race with 57.49% of the vote. Fritz was second with 24.61%. Saltzman's pledge to keep donations to a minimum and cap overall fundraising was consistent with the spirit of the Campaign Finance Fund. A newcomer to campaign-fundraising, Fritz' participation in the CFF helped her succeed at being a viable candidate, her success resting in large part on one of her main campaign themes of representing all citizens, not just large contributors.

Position 2's most viable candidates were incumbent Erik Sten and State Senator Ginny Burdick. City Commissioner Erik Sten, who championed the CFF early on, participated in the program. Sten, who observed that "it's not that it's that people in Portland are corrupt, it's just that we're human," at a League of Women Voters forum in Spring 2006, was able to run his most recent campaign without the support of the large contributors that have historically dominated his past re-election campaigns. His past experience fundraising and then acting as a City Official puts him in the unique position of "one who ought to know." In 2004 City Commissioner Erik Sten was quoted as saying "fundraising got much easier after my initial campaigns. I was a long shot early in 1996 and my fundraising included more of those valued but hard-won $50 contributions. Once in office, the money comes in easier and in bigger checks."(source: MiPRAP)

At a City Club forum on the Campaign Finance Fund in June 2006, Sten noted for the record that "the two times that I have sought re-election as a City Commissioner, what I generally would do before this system was in place, was ask the people who do business with the City of Portland for five to ten thousand dollars. Often they would say yes and give it to me from three or four different limited liability corporations, so you would never even know who was actually donating. They were not dishonest, I was not dishonest, that's the system. ...the City is like any corporation, like any household, like anywhere in the world, it will gravitate its attention towards those things that are driving it, so when money fuels city campaigns…I don't think that's a good system."

Sten's opponent, Ginny Burdick, opted out of the CFF. Using private donations, she raised the most money of all candidates for City Council in the May 2006 Primary ($230,086). She imposed no limits on donations made to her campaign and no limit for her overall spending. More than any other candidate in the May Primary, Burdick has been noted by the media for her close ties to, and contributions from, Portland's business community. The 4/28/06 *Portland Tribune* wrote that "it's no secret that before Burdick entered the race, The Portland Business Alliance and some of its more prominent members had tried to recruit candidates to run against Sten." The 5/5/06 edition of *The Oregonian* commented that "Many of her new donations came from Portland's business elite – the same group that encouraged her to run." The 4/13/06 issue of *The Mercury* observed that "…Burdick's war chest has been of most interest – her ties to corporations through her PR work at Gard & Gerber have led many to assume that corporate interests

2006 Commissioner Position No. 2 Candidates:
Ginny Burdick, Dave Lister and Erik Sten

would be funding her campaign. Turns out, those assumptions hit the mark." In fact, Burdick's largest contributors were the Portland Business Alliance ($30,000) and Gard & Gerber ($45,934) (source: City Auditor). Sten was re-elected with 50.51% of the vote to Burdick's 27.25%.

To summarize, the Campaign Finance Fund's goal of reducing the perceived influence of large money donors and other special interests shows promise. Amanda Fritz and Erik Sten both participated in the fund and ran campaigns that publicly credited the Campaign Finance Fund for their ability to raise funds at the grassroots level, asking for $5 qualifying contributions from one thousand Portland citizens and thereby eliminating the need to focus on large money donors. Dan Saltzman capped both his donation amount and total fundraising amount in order to be consistent with the Campaign Finance Fund. Ginny Burdick raised more money than any other City Commissioner candidate yet failed to see that translate into a winning campaign, arguably because of the strength of the other campaigns which put great focus on the absence of large money donors.

Goal 2: Reduce overall campaign spending

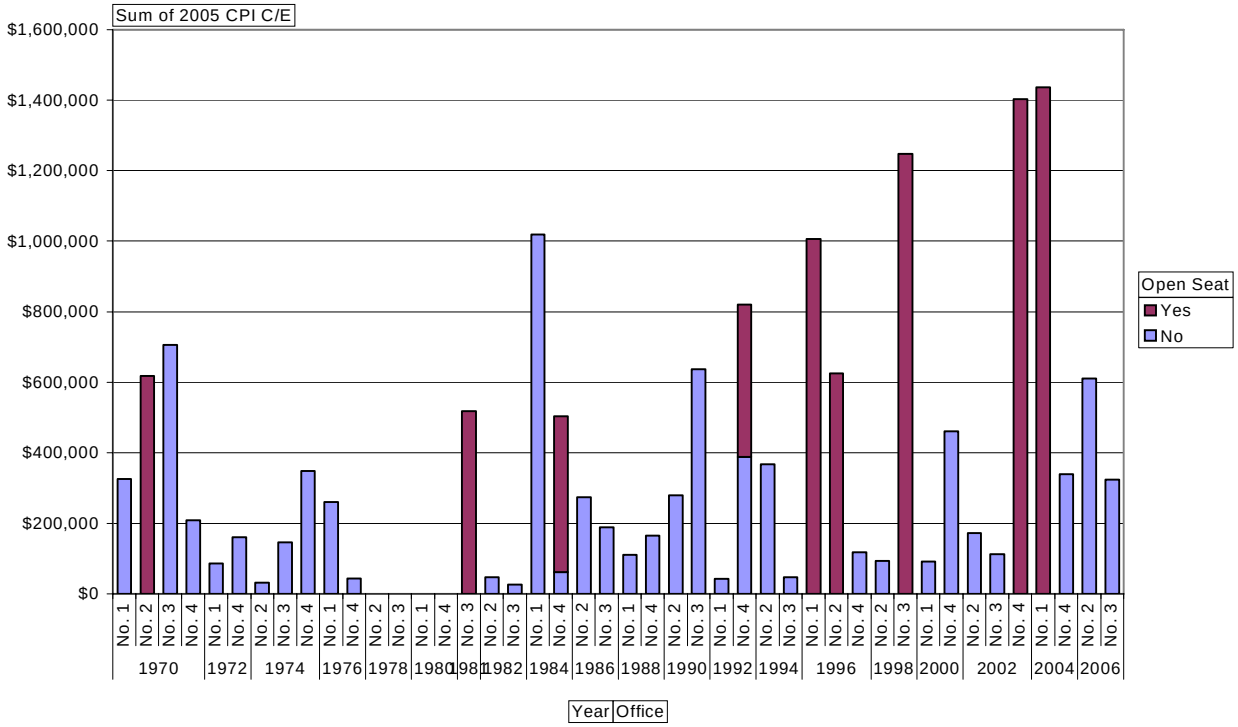
Another of City Council's goals in implementing the Campaign Finance Fund is to reduce the overall amount spent on financing campaigns for City office. Thus far it is too early to evaluate this goal. If one compares total spending on Commissioner races from 2004 and 2006, there is no question that the amount spent was far less in this election cycle: In 2004 an average of $196,000 was spent by the top three candidates in each commissioner race (Commissioner #1: Nick Fish, Sam Adams, Jason Newell; Commissioner #4: Randy Leonard, Mark Lakeman, Frank Dixon). In 2006 an average of only about $142,000 was spent by the top three candidates. This is a difference of $319,000.

However, the May 2006 Primary included two positions for City Commissioner, both with an incumbent. This is important because historically, the total amount

of money spent on open seats far exceeds the total spent on seats held by incumbents. It should be noted that in 2004, while $865,000 was spent in the Primary to win an open seat, only $268,000 was spent by an incumbent. In the May Primary, there was no open seat. Thus, we are unable to determine what kind of an impact the Campaign Finance Fund will have on races when there is no incumbent in the challenge.

In fact, when one compares the amount spent on seats held by incumbents in past races (Figure 1: Total Spending on Commissioner Races), it appears that in the May Primary the amount spent on closed seats exceeds that of previous election cycles. Presumably, this is due to the increased number of candidates that chose to run in the May Primary with the goal of using the Campaign Finance Fund.

Figure 1: Total Spending on Commissioner Races



The fund's existence allowed more candidates to mount a serious challenge to incumbents. The increased competition resulted in an overall increase of the total amount spent than typically seen for seats held by incumbents. Indeed, in our interviews, Chris Iverson, Jay Rubin, and Mike Caspar, all candidates who unsuccessfully attempted to qualify for Campaign Finance Funds, acknowledged that they would not have considered running were it not for the existence of the Campaign Finance Fund. Likewise, in past races incumbents often ran against contenders without substantial funds. Thus, the new candidates who successfully received Campaign Finance Funds encouraged spending by incumbents (one of whom also participated in the Campaign Finance Fund) that otherwise would have been unnecessary.

It is too early to demonstrate definitively whether the Campaign Finance Fund met City Council's goal of reducing overall campaign spending. The existence of the fund appears to have enabled more candidates to run viable campaigns in an attempt to unseat the incumbents, and the increased competition for seats held by incumbents appears to correlate with increased spending. However, the real test will occur when candidates vie for an open seat. The amount spent on those races has increased dramatically every year since 1984 (Figure 1). The Campaign Finance Fund's influence on future elections has yet to be determined.

Goal 3: Support more competitive elections, including increasing the challenges to incumbents

Once a politician is elected, his or her work garners publicity and generates a track record that unofficially begins the next campaign. In addition, because the elected officials vote and make decisions on vital economic and social issues in the community, stakeholders look for ways to have influence on outcomes affecting them. As noted previously, incumbents receive campaign funds simply because they currently hold the office, and they receive unpaid media exposure through their work as an office holder. These are two significant advantages in a political race. Historical trends in Portland show that incumbents win 92% of the time, and outspend challengers by 250%.

One hypothesis underlying the Campaign Finance Fund is that certified candidates' access to sufficient campaign funds should increase successful challenges to incumbents. The assumption underlying this hypothesis is that, if funding is relatively equal, then voters will choose candidates based upon the leadership qualities of the candidates rather than a candidate's ability to dominate the political discourse through a large imbalance of campaign dollars.

Portland often has a large field of candidates running for the highly visible, influential, and reasonably well-paid position of City Commissioner. (City Commissioners make $92,000 per year. The average annual wage for Portland residents was about $41,000 in 2005, the most recent year of available data.)

Historically, few challengers have been viable. It takes a significant budget to be competitive in a citywide race. The top two candidates for open seats in the past decade were typically spending $300,000 in the Primary and another $200,000 in the General Election. Most challengers cannot raise those amounts of money against incumbents. Under the previous private contributions-only system, contributors such as corporations, unions, and wealthy individuals tended to invest in only those candidates they deemed most likely to win. Most of the field had great difficulty raising money and apparently ran for purposes other than the goal of winning and holding office.

With the CFF, two candidates who in the past would probably have had difficulty raising enough funds to run an effective campaign were able to obtain $150,000. The Commission interviewed 10 of the 14 candidates in this election cycle. (The remainder did not respond to interview requests.) In interviews with the

Commission, all the candidates agreed that the fund provides a sufficient amount of money.

One challenger, Amanda Fritz, made an exceptional effort to gather 1,000 qualifying contributions. As a result, Ms. Fritz qualified for her campaign fund of $150,000. At that point, her race rested not on her ability to raise enough money but on her ability to persuade the voters that she was the better candidate than her opponent, sitting Commissioner Dan Saltzman.

2006 Commissioner Position No. 3 Candidates:
Amanda Fritz and Dan Saltzman

The CFF made the Primary race more competitive by providing Ms. Fritz the financial resources to run a viable campaign. As she shared with the Commission in June 2006, "Qualifying gave me status. Part of the status was from having a campaign chest of $150,000, but part of it was achieving the feat of qualifying. I was invited to every major campaign event," i.e. debates, candidates forums, newspaper interviews, etc.

Although the CFF did not increase the number of challenges to the incumbents in this round of elections, the effectiveness of the one first-time candidate who qualified is noteworthy. Amanda Fritz credited the CFF for making her a viable candidate, and of the six people who ran against the incumbent, Fritz finished second. Saltzman won, but in a relatively even financial fight compared to the typical race involving incumbents.

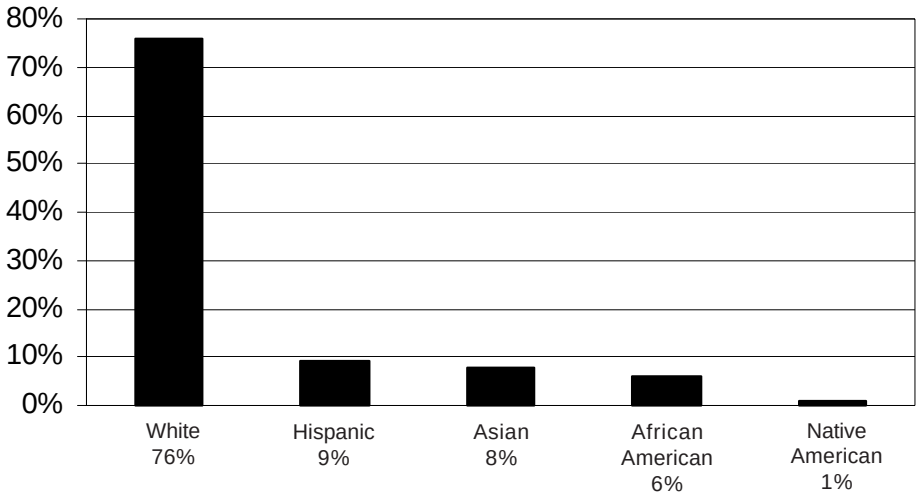
Goal 4: Increase representation of under-represented groups among candidates

Portland's City Council is currently comprised of five white men, one of whom is openly gay. This council, acknowledging that they do not themselves represent the full diversity of their City, created the CFF with the hope that it would provide access to campaign funds normally less available to women and minorities.

Portland City Council
(2006)

Since the first woman to serve on Council in 1943 (Dorothy McCollough Lee was appointed to fill a vacancy), eight women have filled elected City office for a total of 71 years, compared to 301 years by men. Two of the women were elected Auditor. Out of the 10 mayors since World War II we have had two women elected Mayor. Two people of color, both men, have served 19 years, compared with 353 years of service by Caucasians. It should be noted that three of the women and one minority male were appointed to fill vacancies and were later re-elected to full terms. Charter changes since that time now require elections to fill vacancies and allow appointments only in limited circumstances.

Figure 2: Race and Ethnicity in Portland



Source: 2005 American Community Survey

It is too early to conclude, based on this first round of City elections utilizing the CFF, whether public funds increased the number of women or minority candidates.

It is interesting to note that the Multnomah County's Board of County Commissioners has consistently had more women commissioners than the City of Portland. We interviewed County Commissioners Maria Rojo de Steffey and Serena Cruz-Walsh, both Hispanic elected officials. Both were supportive of the CFF and believed that it would make a positive difference in the future but thought that it alone was not enough to overcome the power of incumbency in this election. They stated that the combination of an open seat and the CFF would attract strong women and/or minority candidates in the future. Commissioner Rojo de Steffey noted that the benefit of traditional fund raising is that it forces a candidate to continually reach out to many people and this builds a candidate's network of support. She suggested that the challenge for a CFF candidate is to continue that network building after they have earned their campaign funds. Those networks, based upon personal relationships, translate into word-of-mouth recommendations among the groups most likely to vote.

Whether or not the CFF will increase the involvement of women and minority candidates in the election process will take "open" races and more time to determine.

Goal 5: Increase candidate contact with voters

In establishing the CFF, the Council indicated that it sought to increase the opportunities for voters to learn directly, fairly, and cost-effectively from candidates their qualifications and approach to City leadership. In turn, candidates will reach out and hear from many members of the community in gathering their $5 contributions. In interviews with the Commission, candidates reported that they believed that the CFF was successful in achieving this goal. One 2006 campaign organization, describing the CFF program to campaign volunteers, touted that their candidate's extensive contact with ordinary citizens would help with more informed governance after getting elected.

Commissioner Sten reported that in this race, he involved more supporters than he had in past races. He said that in his previous election he had a small number of large donors and he knew each one – typical of incumbents – but in this race he had many more $5 contributors, most of whom were new to him. Even candidates who didn't qualify reported to the Commission that the outreach succeeded.

Analysis by the Money in Politics Research Action Project of relative numbers of contributors to participating and non-participating candidates also illustrates greater public participation in CFF races. Sten collected seed money and qualifying contributions from approximately 1,428 donors while Burdick raised money from an estimated 522 donors. Saltzman raised money from an estimated 424 donors and Fritz raised seed money and qualifying contributions from 1,405 donors.

MiPRAP analysis also reveals that contributions to CFF candidates were also from donors from essentially all parts of the city, especially compared with contributions to non-participating candidates whose contributions were more concentrated from donors from downtown and wealthier parts of Portland. This is shown in Table 2.

Table 2: Campaign Contributions by Geographical Area, 2006 Primary Election

	Private Money System	Campaign Finance Fund
Candidate self-funded	9.30%	0.00%
Unclaimed/Unknown	12.30%	4.80%
Outside Portland	15.80%	9.2%[2]
Downtown	21.60%	6.10%
West/Northwest	17.90%	11.60%
Southeast Uplift	5.60%	18.70%
Southwest	5.70%	16.60%
Southwest Hills	5.50%	2.80%
Northeast	2.40%	17.40%
East Portland	1.30%	2.40%
Central Northeast	0.80%	5.40%
North Portland	0.60%	4.70%
Unaffiliated Neighborhoods	1.10%	0.20%
	100.00%	**100.00%**

Here is an excerpt from the Commission's interview with candidate Chris Iverson in April 2006:

> "The VOE[3] [CFF] program inspired me to run for office because I saw no other way to engage in the political system to get my messages out and those of the communities I represent. I am an outsider and not connected with any special interests so I didn't have a chance to run in a race for office without the [CFF] funds….It was the perfect excuse to engage my communities, friends and family in the local political system. I found that many people I knew were inspired to hear of such a program and almost without exception they all thought it was a great idea….I was able to bring people into the political process who wouldn't otherwise even care because of the fact that the [CFF] is so new and revolutionary. The [CFF] program is a 'tool of inspiration' to get people re-involved with politics, especially on a local level. …. Most of my time was spent meeting with people and attending various functions where people would be present. Instead of focusing on a few wealthy contributors it allowed me to reach fully out into the community …. and try and raise this money. Since the amount

[2] Seed money contributions can come from any entity allowed to make contributions under Oregon state law and, unlike qualifying contributions, can come from outside of Portland.

[3] VOE (Voter Owned Elections) is the name applied by members of the community to Portland's Campaign Finance Fund.

Chris Iverson, Candidate for Commissioner No. 3, May 2006 Primary Election

being asked for was only $5 it made for a much easier time asking people for donations. The amount wasn't high enough though that people felt like I 'owed' them something when elected."

Goal 6: Assure appropriate protection and management of public funds

Protection and good management of public funds is vital to the success and viability of the Campaign Finance Fund. Protection begins with the qualifying process, with a focus on making certain that candidates have followed each rule and regulation in order to be eligible to receive public monies. Effective management continues through each campaign, with continuous review of each candidate's financial reporting and management. At each stage, the Auditor should exercise the full authority of that office as set out in the Code and regulations, in order to safeguard public monies.

In the first election, the Fritz and Sten campaigns successfully complied with the more restrictive spending rules of the City as well as State Elections laws. Their reports were timely and complete, and when requested by the Auditor's Office, they submitted sufficient detailed information on their campaign spending to answer all questions.

However, public campaign funds were provided to Emilie Boyles whose spending decisions, combined with one of her campaign consultant's efforts, resulted in her disqualification, penalties, demands for the return of all funds, and criminal charges against the consultant (Volodymyr Golovan).

Boyles was active in neighborhood issues in the East Portland area - and also seemed to represent the Russian immigrant community – the kind of committed "grassroots" candidate who at first appeared to be a model candidate for public funding.

While Boyles signed an agreement to follow all the rules to obtain the funds, she admitted in her hearing that she did not understand them and made little attempt to obtain any explanations. For the one spending question she posed to the Auditor's Office, she acted in direct violation of the answer.

Once her spending violations were discovered, the consequences of repayment and penalties had little effect, due to Boyles' admission that she had minimal financial assets or little disposable income. In contrast, Amanda Fritz explained her close adherence to the rules by stating that she was risking her children's college fund if she broke any rules.

But for the questionable efforts of the consultant Volodymyr Golovan, who gathered about 950 of her 1,000 contributions, Emilie Boyles probably would not have had a sufficient community base to qualify for the public funds.

As collection efforts and criminal prosecution continue, the story of Emilie Boyles and Volodymyr Golovan (detailed in Appendix 3) is an example of the abuses that public campaign finance systems must be designed to reduce. It should be noted that traditional campaigns financed by private contributions have also generated many stories of questionable or illegal activities by contributors and elected officials.

Writing more rules and laws may not discourage all future violators or criminals as much as penalties and prosecution can. Earlier and better mechanisms for detection of violations may reduce the amount of funds at risk. While new requirements and closer scrutiny are important, efforts should be taken to ensure that they don't become bureaucratic obstacles that dominate or distract from effective campaigning by legitimate CFF candidates.

RECOMMENDED CHANGES

Based on the preceding evaluation of the effectiveness of the Campaign Finance Fund in terms of its goals, the Citizen Campaign Commission developed the following recommendations, which are organized by the key stages in the election cycle.

3.a Exploratory Phase

This is the phase of the election cycle when potential candidates consider running for office and decide whether to attempt to use the CFF process for their campaigns. It ends with each candidate submitting a Declaration of Intent to qualify for the CFF. The Commission's recommendations for this phase focus on training.

3.a.1 Training

Issue: As expected with a new process, candidates and their staff raised many questions with this first round of the Campaign Finance Fund. Candidates varied widely in their previous election experience and in their efforts to abide by the City's code and policies.

Background: The principles of public campaign financing are straightforward, but some aspects add complexity for candidates. Training can help candidates and their staffs understand the scope of prohibitions and requirements, as well as encourage them to contact the Auditor's Office if they are uncertain about a situation.

The first candidate to qualify, Amanda Fritz, asked the Elections Officer numerous questions. Other prospective candidates contacted the Elections Officer regularly. In contrast, Emilie Boyles, disqualified for inappropriate spending, testified at her hearing that she was "just a citizen" who should not be held responsible for understanding complicated law.

The Commission recognizes that information to guide the campaigns was available on the City Auditor's website, in printed handouts describing the program, and by telephone calls or office visits with City staff. While questions are welcome, and, in many cases, justified due to the newness of the system, adherence to the Code and rules is required of all candidates.

To assist candidates, however, the Auditor should provide an early information workshop for prospective candidates as well as a mandatory training when candidates declare their intent to participate in the CFF program.

Recommendation 1: The Auditor should establish an optional workshop for potential CFF participants. This session will be introductory in nature, and would be held prior to the beginning of the qualifying period, with additional information sessions to be conducted, if necessary, early in that period.

R***ecommendation 2:*** The Auditor should establish a mandatory training program, for at least one campaign staff member and preferably both the candidate and treasurer, after that candidate files a Declaration of Intent. This workshop will assist prospective candidates in understanding the CFF and how to qualify. In particular, it will cover the Code and Rules of the CFF, with special emphasis on the regulations pertaining to the proper use of CFF public funds. The sessions should be offered as needed at the beginning of the campaign season, and later, if deemed helpful by the Auditor with consultation with the Commission.

3.a.2 Disqualification for Outstanding Money Judgment

Issue: Potential CFF candidates who have outstanding money judgments may demonstrate a failure to honor previous financial arrangements or claims or an inability or unwillingness to comply with rules and regulations.

Background: Public funds are tied to an expectation of accountability. Participating candidates are personally liable for repaying all public funds if they are found to be in violation of state or local election laws. However, the penalty of repayment loses its deterrent effect if a candidate has already displayed disregard for paying outstanding money judgments. (A money judgment is a court decision directing the payment of money, usually the result of a civil hearing or trial in which damages are assessed against the defendant.) In 2006, despite a court ruling that requires full repayment of CFF funds, Emilie Boyles only returned the unspent portion of the CFF allocation. Research by a newspaper reporter revealed that Emilie Boyles had an outstanding money judgment imposed by the State of Alaska prior to the time she filed her Declaration of Intent to run under the CFF program.

The determination of any outstanding money judgments is a simple and inexpensive process for the Auditor's Office. Requiring resolution of a money judgment before allowing an interested candidate to begin collection of qualifying contributions ensures that the City of Portland will not compete with other judgments if decertification requires repayment of public funds. Since the existence of a money judgment may be contested by an interested candidate or due to an error by a credit agency or overzealous collection activities, it is recommended that a potential CFF candidate may simply present evidence of satisfaction of any outstanding judgment before being allowed to continue as a CFF candidate, without the requirement of a formal hearing.

Recommendation 3: Resolution of outstanding money judgments should be required before an interested candidate is allowed to participate in the CFF.

3.b Qualifying Period

During this phase of the election cycle, candidates declare their intent to use the CFF and collect enough qualified $5 signatures to qualify for public funding. This period begins when candidates file a Declaration of Intent to use the CFF and ends when they qualify, which is currently within a window running from September 1st through the end of March. The following issues arose and need discussion and/or revision.

3.b.1 Qualifying Period Start and End Dates

Issue: A candidate who qualified on the last possible day currently allowed would be at a significant disadvantage in mounting a practical campaign. In addition, a slightly longer qualifying period that includes the summer months could help the candidates better reach voters who have not yet begun thinking about political campaigns.

Background: Our interviews with candidates and campaign managers indicated that the length of the qualifying period needs to be changed. Testimony was consistent that the period should begin earlier than September 1 and end before March 31. We heard that it would be helpful to end before the candidate-filing deadline, with enough time to get information into the voter's pamphlet, both of which have deadlines in mid-March.

Oregon law currently specifies that the 270th day before the Primary Election is the first day to file for candidacy in a City race (9/13/2007). However, prospective candidates can form committees and begin gathering contributions before officially filing for office. In the same manner, they could declare their intent to participate in public campaign financing with the Auditor's Office and begin gathering the $5 qualifying contributions earlier than they officially file to run for the office.

Only three candidates were able to qualify with 1,000 contributions within the timeframe while as many as ten were making legitimate attempts. Starting the program in July rather than September allows candidates to use the longer days of summer and more public events to contact voters for contributions. Since an earlier deadline may result in more candidates filing for qualification at the same time, a 10-day period for Auditor's Office verification should accompany this change.

If the program is going to truly reach out and include a wider range of Portland's citizenry as potential candidates then it will need to start earlier to take advantage of summer months.

Recommendation 4: Change the date of startup for qualifying collection to July 1st and run the period for seven months, through January 31.

3.b.2. Seed Money

Issue: Public campaign financing systems include provisions for a limited amount of "seed money," consisting of small contributions (up to $100) to assist in gathering the qualifying checks at the beginning of the election period.

Placing a limit that is too high on seed money may encourage professional contribution gatherers or simply allow large contributions from fewer supporters. A limit that is too low may not allow reasonable campaign start-up costs. Raising the $100 limit may run counter to the grassroots nature of the qualification process by favoring candidates who can more easily gather the larger contributions.

***Background*:** One candidate raised the issue that the seed money limit ($100) on each contribution was too low. In short, seed money fundraising may begin during the exploratory period and can continue into the qualifying period, but this particular campaign started relatively late and could have raised seed money faster if the seed money limit per donor was higher. In Commissioner races, candidates are allowed to raise $15,000 or 10% of the $150,000 spending limit in contributions of $100 or less during the qualification period. The seed money and qualifying contribution amounts are deducted from public funding so every qualifying candidate still has only $150,000 to spend. The money is intended to assist candidates with the expenses of qualifying and campaign start-up. Common expenditure examples are telephones, stationery, postage and volunteer parties.

In 2006, Amanda Fritz did not raise any seed money contributions, whereas Erik Sten gathered approximately $13,000. Emilie Boyles raised about $60 in seed money. Fritz was able to finance early expenses with the $5,000 in qualifying contributions and thus raised no seed money. Sten's spending covered start-up costs as well as early staff salaries.

The overall limit of seed money could be raised or lowered. Additionally, the limit per contribution could be raised above the $100 limit.

Seed money worked as intended by providing cash to the fledgling campaigns to pay for brochures, staff, office space and telephones. The 10 percent and $100 limits were sufficient but required some careful budgeting. Overall, the limits fit into the CFF program and its emphasis on a grassroots qualification process.

Seed money was also a useful category to place $5 contributions from non-residents or otherwise unqualified contributors. This reduces the administrative burden of reporting and returning invalid or questionable qualifying contributions discovered by the candidate prior to requesting certification. When reported as seed money, their value will still be deducted from the public funds allocation.

Recommendation 5: Leave the current limits in place.

3.b.3 In-Kind Contributions

Issue: Should in-kind contribution limits be changed?

***Background*:** In addition to the $150,000 in cash, participating candidates running for Commissioner may also receive up to $7,500 of in-kind contributions (5% of the $150,000 limit). This rule was corrected for non-participating candidates during the campaign to allow them to similarly receive limited in-kind contributions in excess of $150,000 without triggering matching funds.

The two participating candidates, Fritz and Sten, reported in-kind contributions of $3,156 and $6,855, respectively. Burdick reported receiving $4,489; Saltzman $6,538; and Lister $7,810. In recent years, in-kind contributions have been as high as $55,000 in a Primary (Adams, 2004) but are typically in the $8,000 to $12,000 range.

None of the candidates expressed significant concerns about the in-kind limit during interviews, though there was some discussion about the ability of incumbents to more easily collect in-kind contributions. However, a non-incumbent, Dave Lister, raised more in-kind contributions than any of the incumbent candidates.

The limits could be raised or lowered. There was no evidence that the current limit caused discernable problems.

In-kind contributions are a valid way to contribute to candidate campaigns so allowing limited amounts of these types of donations is still recommended by the Commission.

However, a recommendation by the Commission to not allow use of campaign finance funds for election parties (see 3.c.5) prompted a recommendation to slightly increase the amount of allowed in-kind contributions. Campaign events such as election night parties are often dependent upon contributions of food, beverages, various supplies, and music.

Recommendation 6*:* Increase the limit to six percent of the candidate fund amount, rather than the current five percent limit. For a Commissioner Primary the in-kind limit would increase from $7,500 to $9,000.

3.b.4 Number and Amount of Qualifying Contributions

Issue: The program set thresholds for a dollar amount of campaign contributions ($5) and for the number of contributions for Commissioner/Auditor races (1,000) and for the Mayor's race (1,500). Should they be changed?

Background: These components worked well for the two Commissioner races in 2006. Nearly all candidates and campaign staff were encouraged that the numbers of contributions and the amount of the donation were workable and reachable – with the right planning and implementation.

Raising the amount to $10 would be a significant commitment from each contributor – raising the bar for citizen/voter interest.

Because only three of the dozen or so candidates that attempted to qualify were able to get initial certification, it appears that raising the contribution or changing the threshold of contributors would be premature after only one election cycle. As previously stated, a strong majority of the candidates interviewed strongly supported the present dollar amount and thresholds and many believed, or shared information that have us believing, that they fell short due to lack of organization, limited personal commitment and/or poor time management.

Recommendation 7: Retain two important components of the program – the $5 contribution and signature and the 1,000 contribution threshold for Council and Auditor's races and 1,500 contribution threshold for the Mayor's race. However, a more verifiable receipt program needs to be established for cash contributors.

3.b.5 Form of Qualifying Contributions

Issue: The system presently allows contributions to come in the form of cash, and personal and bank checks (money orders). Should credit card/debit card transactions and "PayPal" electronic transactions be allowed to meet the needs of shifting demographics? One campaign staff person told the Commission that we need to adapt the system to match "how folks transact their business." Another issue considered by the Commission was how to best assure a paper trail of qualifying contributions.

Background: At least one candidate's campaign strongly proposed allowing contributions in credit card or electronic form to invite more participation. Another commentator suggested that cash contributions do not provide an adequate paper trail. (Only the City elections program in Albuquerque, New Mexico allows credit card contributions at this time.)

Allowing credit cards or electronic transactions and disallowing cash were changes that were discussed.

Commissioners are concerned about verification of contributions. Clearly credit/debit card or electronic transactions should be easiest to verify. However, inappropriate use of credit cards can also occur, so even if there is a paper trail, it may not be a paper trail that accurately reflects a donation by the person named on the card. In addition, most commissioners expressed concern that email/internet solicitation campaigns that rely on credit cards could reach contribution thresholds with very limited personal contact. The CFF program is designed to encourage and reward a face-to-face qualification process. Many of those we interviewed were wary of moving toward more expedient and clearly impersonal activities that include electronic contributions. On the other hand, cash contributions provide no automatic paper trail.

There was a strong suggestion to allow credit card/electronic contributions, but cap the amount that can come in this form, for example, allowing a certain percentage of qualifying contributions as credit/debit. This would address the concern that the qualifying process would become "click here" email alerts instead of promoting contact with citizens, but it still allows for this option in an environment where people are more likely to have credit/debit cards than checkbooks. Any credit card contributions over the percentage threshold would become seed money contributions.

However the Commission feels that retaining the person-to-person nature of the qualification process is of utmost importance. If potential supporters are without cash or checks, ATM machines are within a short walk throughout the city. In addition, the administrative challenges involved in corroborating the numbers of electronic transactions were not encouraging. The Commission is recommending a new contributor form that is designed to make sure that signatories and contributors are not fraudulent. Finally, eliminating cash was not an attractive option, due to the significant support for the "five-dollar-bill" contribution by candidates and solicitors involved in the process.

Recommendation 8: Continue to exclude credit card/electronic contribution methodologies. Monitor how other jurisdictions around the country move forward around these issues – especially experience with credit card use in Albuquerque.

3.b.6 Contributor Form

Issue: The qualifying contribution form allows for multiple signatures on a page and provides little explanation of the CFF program and the requirements of each contributor. Should the form be changed?

Background: Candidates should be held to the strictest standards during the determination of whether or not certification should be granted. Keeping a potential candidate who is not following the rules from obtaining public funds in the first place is the best protection of those funds. The current standards in place in the Code and regulations do not appear sufficient to ensure that only those candidates who have gathered the required amount of valid signatures and contributions in strict compliance with all applicable rules will be certified. Certain improvements to enforcement of these standards are necessary, especially when it comes to refining the process through which contributors memorialize their support.

Signatures gathered by Volodymyr Golovan on behalf of Emilie Boyles and Lucinda Tate were scrutinized by the Auditor's office, *Oregonian* staff and, ultimately, Department of Justice investigators. Dissimilarities between the signatures of the same individuals were noted. In addition, the order of the signatures on sheets allegedly completed on different dates was the same. The *Oregonian* reported that nine of the individuals did not remember making the

contribution. Several appeared to be signed by other family members, which is in violation of the Code.

The Code requires that each individual personally sign an actual piece of paper attesting that $5 was contributed to a CFF candidate. Because the form currently in use resembles an initiative petition sheet, contributors may not be aware that a signature without the $5 does not meet CFF requirements. The sheet does not highlight the importance of each person signing, or the criminal penalties that occur when one signs another's name as part of this process. As a result, it is not readily apparent that the contributor is making a significant, legal commitment by filling out the form and contributing $5.

Recommendation 9: Change the form that contributors sign to provide a clear description of what the contributor is signing, and the consequences if the rules are violated. The form should reflect the recommended change supported elsewhere in the report requiring qualifying contributions only from Portland residents who are also registered voters. The form should also clearly set out the penalties for both the person seeking signatures (candidate, volunteer or paid campaign staff) and the person signing and contributing. Additionally, making the form available in other languages, similar to Voter Registration, would provide further clarity for contributors who are not fluent in English. See proposed draft form in Appendix 3.

3.b.7 Qualifying Contributions

Issue: Presently, the program allows qualifying contributions to come from any citizen of the City of Portland. Much of the controversy in the first year of the program centered on possible fraudulent efforts to solicit contributions and signatures from unverifiable residents.

Background: The intention of allowing all Portland residents regardless of voting status to donate qualifying contributions was to open the electoral process up to more people. Those populations include young people and those who chose not to, or are not eligible to vote. Studies show that as many as 25% or more of eligible voters are not registered nationally. And for that reason alone – the possibility of including that many people into the political process – in addition to those under 18-years-old, is a powerful argument.

In addition, there was concern about how to reduce the administrative burden on the Elections Officer. Participating candidates were required to verify residency by using the Portland Maps website. While there were a few reported examples of the failure of the website to verify residency accurately, even a slight problem in the capability to determine whether a qualifying contribution came from a resident was significant due to the "one strike" provision that called for disqualification if there was even one error.

Further, those who were putting together the CFF program in 2004 discussed allowing only registered voters to make qualifying contributions. However, concern about the cost and timeliness of turning to Multnomah County Elections, which maintains all voter files, for verification of the registration status of qualifying contributors ruled out this requirement.

However, the fraudulent efforts that seem to have occurred in this first election cycle seriously damaged the credibility of the program and possibly the candidates who chose to participate. One candidate, Sharon Nasset, stated that the negative publicity around questionable contributions and unverifiable signatures forced her to abandon her attempt to qualify under the system. The story about possible fraud related to signatures and donations grabbed the headlines and brought confusion and concern to many. It is of utmost importance that donated money and signatures are fully and easily verifiable.

A potential compromise would allow those unregistered, who are eligible to vote (18 years old, U.S. citizen), to contribute if they submit a completed voter registration form before the candidate turns in the signature sheets. Money collected from individuals who fail to register could be used for seed money or turned over to the Campaign Finance Fund for general use if the fund was set up to accept such contributions. This approach might motivate more people to register and get engaged in the political process. For example, people collecting qualifying contributions could carry voter registration cards and comply with the rules for submission of the cards to the Elections Office. State rules disqualify signatures on petitions if the voter registration card is not submitted the same day, which would not necessarily apply for qualifying signatures.

This combination of requirements allows use of voter registration files to evaluate the actual existence of a qualifying contributor and provides a method for linking a contributor action to an actual contributor by comparing signatures on the qualifying form with signatures on voter files.

This change requires changes in the verification process and to the current "one strike and you're out" rule if an invalid qualifying contribution is submitted. For example, Erik Sten's campaign manager Jennifer Yocom sees the merit in this change but believes that no candidate could have met the "one strike and you're out" standard under a voter registration requirement. Elections staff are trained in signature verification. A candidate or campaign staff would not usually have that expertise. Thus, if a campaign reviewed all the signatures they received and felt they only submitted matches, there could be a valid difference of opinion with the Auditor's office coming to a different conclusion on whether or not a signature matched. Furthermore, signatures change and there could be a valid reason for a signature on a qualifying form not matching a signature in the voter file.

At the same time, it is important that the certification process is taken seriously by participating candidates and that they make every effort to comply with all the rules and meet the qualifying threshold. What is unwanted is a process where there is no review by the candidate and the burden shifts entirely to the Auditor's

office, and a participating candidate is not penalized for sloppy work and can keep coming back again and again with new qualifying contributions and signatures until they finally meet the threshold.

Recommendation 10: Qualifying contributions must come from City residents who are also registered voters. Campaigns are strongly encouraged to register eligible voters as part of their qualification process. As long as the voter is registered by the date of the qualification review, it should be counted.

3.b.8 Verification Process

Issue: Develop administrative tests to determine in an efficient and timely manner, and with reasonable confidence, whether a candidate has met the qualification requirements. Each of the qualification requirements recommended in the previous section needs a verification test, presented in the order in which they would be conducted.

Background: To determine whether a candidate qualifies for public Campaign Finance Funds, the Auditor's Office must evaluate the documents and evidence presented by the candidate. In the case of the 2006 Commissioner candidates, within the five-day limit allowed, the Auditor's Office examined the submitted documents for the following:

1. Did the candidate submit forms with more than 1,000 contributions of $5?
2. Did each contributor provide a name, address, and signature attesting that he/she contributed $5 and was a resident of Portland?
3. Did the person soliciting contributions sign each page attesting that the people on the page contributed $5?
4. Did 300 randomly selected contributors all list their address within the city limits of Portland?
5. Were campaign finance reporting forms properly prepared?
6. Were other campaign finance rules complied with (such as limited in-kind and seed money contributions)?

The documents submitted by Amanda Fritz, Erik Sten and Emilie Boyles met all the qualification tests. About six weeks after Boyles qualified, a newspaper story raised questions about her contributions. Boyles was later disqualified on spending violations and her contractor for contribution gathering was indicted on criminal charges related to the qualification contributions process. (See Appendix C for a more detailed discussion of the case.)

The documents submitted by Lucinda Tate did not pass the qualification tests – for failure to return unqualified contributions and improper reporting – and her application was denied. In addition, evidence of possible illegal activity by her consultant, Volodymyr Golovan, who also worked for Boyles, triggered a criminal investigation.

While the possibility of prosecution for forgery, identity theft, and aggravated theft should provide some deterrent effect for unscrupulous contribution gatherers in the future, Portland still needs a stronger verification process to accompany the more stringent qualification requirements.

Tests associated with qualifying: When a candidate submits contribution forms, the Auditor's Office should conduct a series of reviews related to qualification requirements.

To ensure timely and thorough reviews of qualifying contributions and to avoid a large workload at the end of the qualifying period, candidates should be required to submit a significant portion of the contribution forms at a date preceding the qualifying deadline. In addition, the Auditor's Office should have 10 days for review to ensure adequate time in case large numbers of contributors from multiple candidates need to be checked. This requirement can benefit candidates who will obtain confirmed counts of qualified contributions from the Auditor's Office.

Qualifying contrubution submissions should undergo the following tests:

1. Qualifying contributions should only be accepted when reported on the proper form
The Auditor's Office should check that the candidate only submitted the authorized form for reporting qualifying contributions, and that all required information is reported.

2. Contributions only with cash, checks, or money orders
The Auditor's Office should check that the solicitor indicated only cash, check, or money order as the form of contribution. The Auditor's Office could require the candidate to provide copies of the bank records of campaign funds to resolve any questions about contribution sources.

3. Contributions received within proper time period
Every form should be examined to ensure that the date of the contribution did not occur prior to July 1. Thirty percent (after verification) of the total qualifying contributions should be submitted by early December preceding the Primary Election.

4. Contributor must be registered to vote in Portland
Multnomah County Elections personnel have agreed to assist the Auditor's Office in reviewing the contributor forms to determine whether they are registered to vote in Portland. The name and address from every contributor form should be checked against the Secretary of State's centralized voter registration file for registration in Portland. Unlike initiative petitions, contributors should just need to be registered by the date of the verification testing, which would allow candidates to accept contributions from Portland residents and also assist them with voter registration. In cases when residents move or die the contributions should qualify if the resident was registered at the time of the contribution. Duplicate contributors should be flagged and removed from the count.

One alternative approach should be to draw a random sample of contributors to develop a reasonable level of assurance that they match voter rolls. This could avoid the need for earlier reviews of batches of contributors, but the signature appears when voter registration is determined and should only save a small amount of effort in the general verification process.

5. Signature on Contribution Form matches voter rolls
Auditor's Office personnel should be trained in signature verification and forgery detection and should assist Multnomah County Elections personnel in comparing every contributor's signature to that on the voter rolls.

6. Candidate must gather the requisite number of $5 contributions
When verification of contributors is completed, the Auditor's Office should also report the number of qualified contributions on the website, and confirm when a candidate has exceeded the requisite number. Candidates will not be disqualified for submitting contributions from unregistered voters in Portland, or for obtaining more than the requisite number of contributions.

The Auditor's Office should also be monitoring campaign efforts for compliance with rules and laws:

7. Seed money and in-kind contributions did not exceed limits
The Auditor's Office should regularly monitor contribution and expenditure information filed by candidates to ensure that reported seed and in-kind contributions did not exceed the limits set by the rules.

8. Compliance with other Campaign Finance Rules
The Auditor's Office should routinely monitor candidate spending reports and administrative filings for compliance with rules as well as State Elections Law. Any violations will be identified and acted upon.

In addition, public reporting will allow scrutiny and challenges.

9. Post information on qualifying contributors

With each batch of submitted contributors, candidates should be required to report the individual contribution information in the new online ORESTAR system, rather than the paper forms previously required. The Auditor's website should provide a link to this information for public review.

Creating a more open process during the qualification period allowed between submission of signatures and determination about certification should decrease the opportunity for candidates who have failed to collect valid signatures to be awarded public monies. With the scrutiny of the Auditor's office, plus that of other parties - including Citizen Campaign Commission members, other candidates and the media - it is less likely

that questions will arise after qualification.

10. Allow for public challenges

With increased and ongoing public scrutiny, the period for questioning contributions is expanded as well as opening up challenges to members of the public. Currently, only other candidates have five days after a candidate submits qualifying forms to challenge contributions. The five-day deadline for challenges should still apply to the final qualifying batch to avoid a prolonged period of uncertainty for candidates. The five days should also allow the Auditor's Office to review the challenge submitted and complete the other verification steps within the 10 day period being proposed.

11. Auditor authority to re-open qualification review

If sufficient evidence is obtained by the Auditor that could disqualify a candidate who is already certified, the Auditor should be able to re-open the certification review. If a candidate were decertified all Campaign Funds should have to be repaid immediately following any appeal hearing.

Recommendation 11:

a. To avoid the risk of a large verification workload on the filing deadline, require candidates to submit a portion of qualifying contribution forms by the first business day of December preceding the Primary Election. The number, after verification, should be at least 30% (300 for Auditor and Commissioner, 450 for Mayor) of the required number of qualifying contributions.
b. Check the qualifying submittals from candidates to ensure that they are all on the proper forms, paid properly, and within the proper time period.
c. Check that every contributor is a registered voter in Portland and that every signature matches the voter rolls signature with no indications of forgery. Accepting contributions from non-registered voters should not be grounds for disqualifying a candidate.
d. Track and report the number of qualified contributions received from candidates toward the requisite number to qualify.
e. Regularly monitor the Secretary of State's ORESTAR contribution and expenditure reporting system to ensure compliance with both CFF rules and State election laws.
f. Post contributor information on the internet for public review.
g. Allow members of the public to challenge qualifying contributions up to five days after qualifying submission dates.
h. Grant the Auditor authority to re-open a certification review if sufficient evidence is obtained that could disqualify a candidate.

3.b.9 Repayment if Decertified

Issue: Increase authority of Auditor to allow for recovery of public funds due to certification process violations.

Background: Currently the Code does not allow reconsideration of a certification decision or the Auditor to seek recovery of funds *after* they have been paid out following the granting of certification, except for expenditure violations. In the event that discovery of potential violations is delayed, the Auditor should be authorized to seek return of those funds when violations come to light.

Accompanying the reconsideration of a certification decision, the Auditor should have the authority to begin immediate recovery of funds if the review discloses violations. The candidate would still have the opportunity to appeal the decision to a Hearings Officer. Immediate recovery ensures that campaign funds are returned before being spent and that the Auditor can develop a repayment plan with the candidate.

Recommendation 12: The Auditor should also be allowed to seek immediate revocation for qualifying period infractions and require immediate repayment.

3.c Election Period

Once a candidate qualifies and Campaign Finance Funds are provided, the activities of the candidate and the Auditor's Office change their focus to spending issues. The Auditor's Office needs to closely monitor the spending of both participating and non-participating candidates. Participating candidates must conform to spending restrictions and nonparticipating candidates must report contributions or expenditures that exceed the campaign threshold as well as comply with state disclosure laws. When violations are identified avenues of appeal must be provided, and when they are upheld penalties must be determined.

3.c.1 Reporting of Contributions and Expenditures

Issue: Reporting by all candidates is a key element to ensure that they comply with contribution and expenditure rules. Should reporting schedules be revised to address (1) questions about timely payment of matching funds and (2) whether or not public funds are spent appropriately?

Background: In the CFF system, timely reporting by nonparticipating candidates is especially important to prompt payment of matching funds to participating candidates as soon as those payments are authorized by the rules. Timely reporting by participating candidates also allows the Auditor's office to determine that those candidates are complying with regulations on allowed expenditures.

A public campaign financing system requires additional reporting of contributions and expenditure – more reporting than has been required by Oregon election laws in the past. In 2005 the Oregon Legislature adopted House Bill 3458, which significantly modified campaign financing reporting for state and local offices. Key features of HB 3458 were development of an online reporting system and a shift to transaction-based disclosure. This system replaces the two pre-election reports and one post-election report. HB 3458 went into effect on January 1, 2007 with the ORESTAR system. Now, any campaign contribution and expenditure must be reported within 30 days of its occurrence. In the 42 day period before

any Primary and General Election, transactions must be reported within seven days.

Improved reporting under ORESTAR, however, does not eliminate the need for separate reporting of qualifying contributions, such as the submission of signed forms, or for filing of Increment Reports by non-participating candidates when they exceed $150,000 ($200,000 for mayoral candidates) in contributions or expenditures.

Code currently requires non-participating candidates to file Increment Reports within two business days of exceeding the limit, and within one business day of exceeding the limit in the week prior to the election. Timely notification of large contributions by a non-participating candidate in the final days of the Primary Election is necessary to allow participating candidates to request and receive matching funds for their campaign, a feature of the system intended to provide better parity to participating candidates. The Commission did identify the need to increase penalties for inaccurate or delayed Increment Reports, as discussed elsewhere in this report.

The timing of contributions during the 2004 and 2006 Primary Elections were reviewed to see how early in a campaign aggregate contributions reached the level that would trigger Increment Reports. This analysis was performed to evaluate whether tracking compliance with the Increment Reporting requirement would be facilitated by shifting to seven day reporting earlier than the regulation requiring such seven-day reports starting 42 days before the election.

The Commission also discussed the need for increased reporting to ensure compliance by participating candidates with rules for spending the public funds they receive. Review of the Emilie Boyles timeline, for example, indicates that her early spending was out of compliance with rules and, if they had occurred under ORESTAR timelines, would have occurred when only 30 day reporting was required. This indicates the possibility of significant delay before administrative review identifies a violation, even under ORESTAR.

In general, use of public funds requires close scrutiny, which raises the issue of moving to a more frequent interval for participating candidates earlier than the current onset 42 days before an election. Since deadlines other than ORESTAR no longer apply for the filing of disclosure reports, regular and ongoing administrative review should be established. Reporting on a 14 day timeline that begins when public funds are issued, then shifts to a seven day reporting 42 days before the election tightens the review process.

The Commission also identified the issue of non-participating candidates delaying transactions or invoicing for transactions until the weekend when City offices are closed. In the 2006 Primary, representatives of one campaign complained about a supplemental report from a non-participating candidate received by the Auditor's Office at 4:55 pm on the Friday before the election. If the Auditor's office staff were on-call to authorize matching funds during that last weekend before the election, participating candidates could proceed to budget for funds that would

be issued the following Monday. Fast turnaround for matching funds is crucial in the final days of campaigning. The candidate could decide whether to decline the funds, or to develop a spending plan and commit to making payments when the money becomes available.

Recommendation 13: Utilize the Secretary of State's ORESTAR online campaign reporting system to monitor candidate activities. Use current timelines for the 2008 elections, with one change: require 14 day reporting by participating candidates when spending of public funds for campaign expenses begins, and shift to seven day reporting 42 days before the election.

Recommendation 14: Because there are no longer deadlines by which paper reports have to be turned in to the Auditor's office, that office should establish a regular and ongoing timeline for actual administrative review of all relevant reporting. That timeline should be at least every seven days during the final 42 days before an election. Prior to the 42 day window, that timeline should be at least every 14 days.

Recommendation 15: Treat the Saturday and Sunday before the election as regular working days for the Auditor's staff for determining time limits for filing Increment Reports and notifying participating candidates that they are eligible for additional funds.

Figure 3: Contribution and Expenditure Reports Data, Commissioner No. 2, May 2006 Primary Election

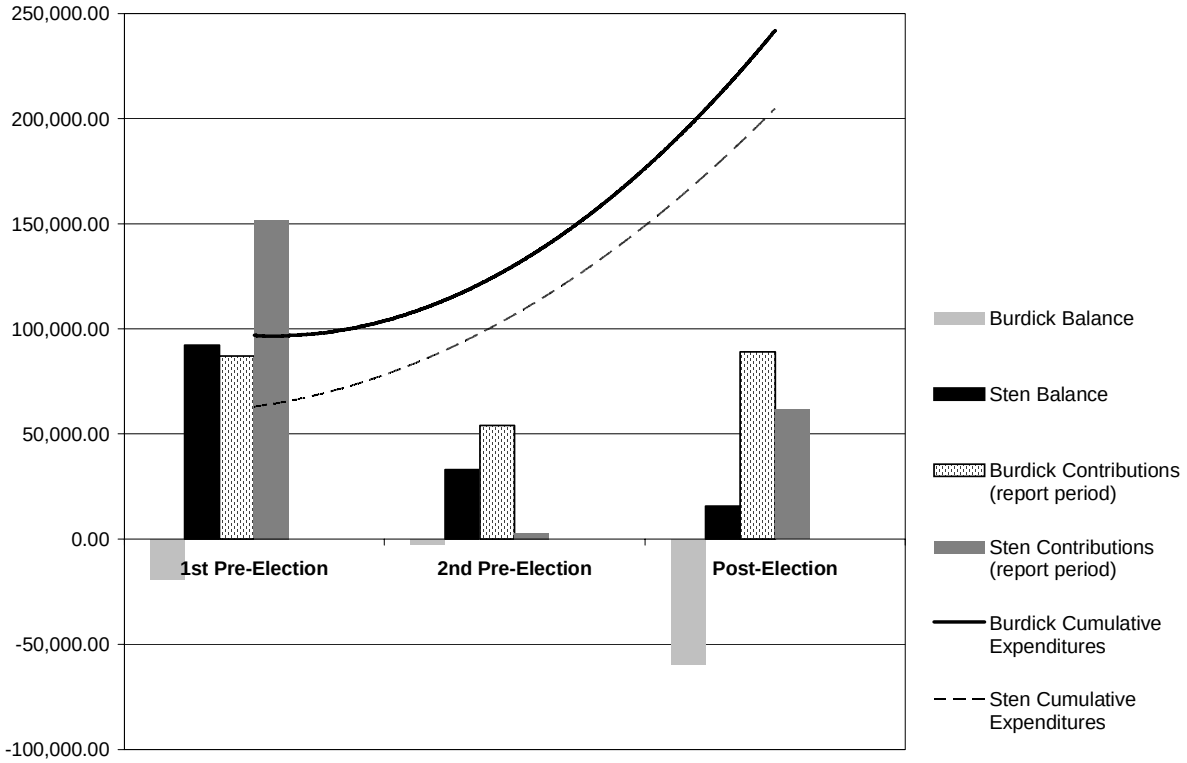


Table 3: Contributions by Reporting Period, Commissioner No. 2
May 2006 Primary Election

	1st Pre-Election	2nd Pre-Election	Post-Election
Burdick Contributions	37.87%	23.46%	38.67%
Sten Contributions	70.06%	1.36%	28.58%

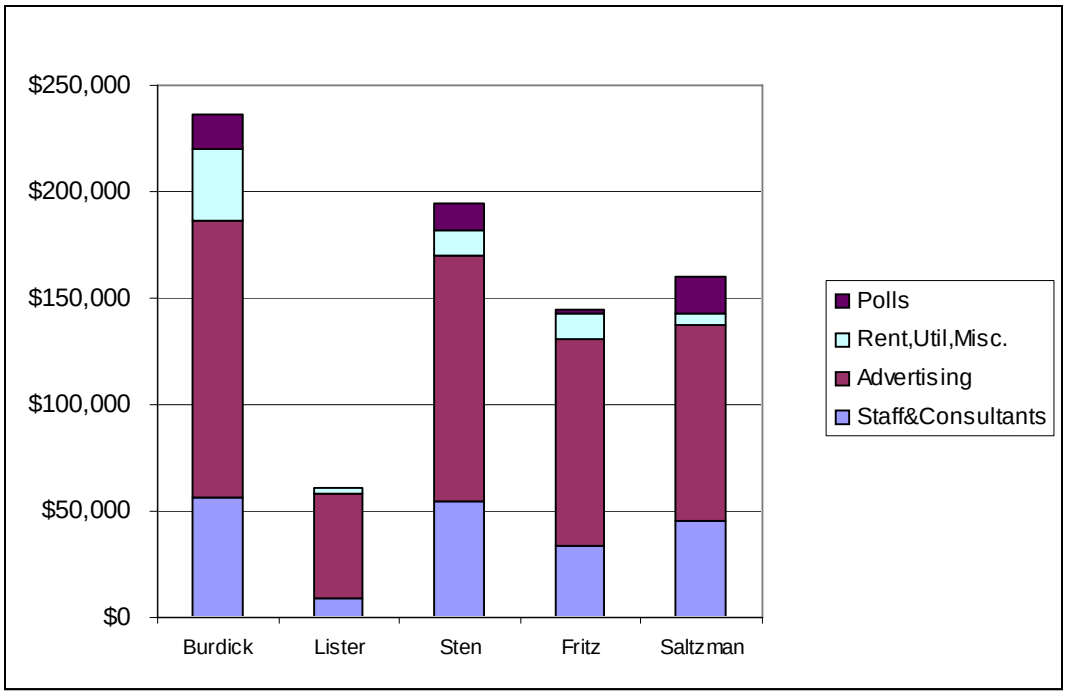
3.c.2 Campaign Funding and Spending Amounts

Issue: Should the campaign funding amount/spending limit be raised or lowered?

Background: Participating candidates limited their spending to $150,000. This amount was comprised of public campaign funds, the qualifying contributions and any seed money they raised. Sten also requested and received matching funds in response to Burdick expenditures. Fritz was eligible but did not request matching funds.

The chart below shows total campaign expenditures for each of the five major candidates, split into four broad spending categories. Boyles is not included because she suspended her campaign activities in mid-April, before most of her advertising costs were incurred.

Figure 4: Campaign Spending



The greatest risk in lowering the limit is the possibility that serious candidates will decide not to participate because they could not conduct an adequate campaign. The benefit of reduced limits is taxpayer savings. The greatest risk in raising the limit is unnecessarily increasing the cost to taxpayers for unnecessary campaign spending.

The funding was sufficient to attract serious candidates who were able to develop a credible campaign to promote their candidacy.

In interviews, Sten and Fritz both believed that the $150,000 was sufficient. The amount seemed to allow a candidate to communicate with voters through selective mailings or limited radio advertising. Fritz spent largely on mailings, while Sten spent on mailings and radio. Saltzman spent nearly all his advertising dollars on the radio with a small TV buy.

The amount was sufficient to attract 12 candidates to attempt to qualify and run against one of the two incumbents. Most did not qualify, but each incumbent faced one or two serious challengers, which is a departure from usual patterns in the past. As in the past, there were a half-dozen "hobby" candidates who filed for the races as well.

Recommendation 16: Leave the limit at $150,000 for Commissioner races but continue to monitor spending and interview candidates in future campaigns to ensure that the amount remains adequate, but not excessive.

3.c.3 Independent Expenditures

An independent expenditure is a political activity intended to assist or oppose a specific candidate for office which is made without a candidate's cooperation, approval, or direct knowledge. Most commonly this takes the form of advertising. In some races independent expenditures may even exceed direct spending by the candidate's campaigns. But in the May 2006 Primary Election cycle for City Commission races there were no independent expenditures reported or determined by the Auditor's Office.

Background: Even though no independent expenditures were reported or determined in Portland's elections this past year, they play a large role in present-day American politics. The Commission believes that a number of ideas about independent expenditures should be discussed further and monitored as we enter the 2008 election cycle.

The Commission considered the experiences in other jurisdictions with public campaign financing and looked at the current rules (most of which were derived from those jurisdictions) to determine whether any additional changes were needed.

1. Arizona's program of Campaign Finance is adopting language that includes the activity – and the monetary costs of "push polling" or aggressively persuading voters under the guise of an "independent poll" toward a

certain pro or con position. Thus, independent push polling expenses would be deemed as Independent Expenditures – and trigger matching funds for the offended candidate(s).

2. Another issue being discussed in other jurisdictions revolves around the concept of "slate mailers or flyers" which advocate for or oppose a number of candidates (most are political party mailers/flyers). Even though our races are non-partisan, a scenario might arise where a combination of candidates running for office could form a slate (i.e. get lumped together), expending resources that should trigger matching funds or possibly qualify as Independent Expenditures.
3. Maine's program imposes penalties on participating candidates if it is deemed that independent expenditures aid their candidacies, regardless if they are running against other participating candidates or private money candidates. In the case of Maine, publicly financed money is held back. Since the City of Portland's fund pre-pays, this could be a difficult situation.

Recommendation 17: No changes at this time.

3.c.4 Matching Funds

Issue: Should the provisions for matching funds be modified?

Background: When a non-participating candidate's contributions or expenditures exceed the threshold, in this case $150,000 for a Commissioner race, then the information must be reported to the Auditor's Office. The matching amount is divided among the participating opponents who request it with each receiving an equal fraction of the total amount ($150,000).

Both participating candidates had non-participating opponents, but in different contests. Both of their opponents exceeded the threshold and one candidate requested the matching funds, while the other did not. There were no multiple participating opponents or independent expenditures in the 2006 Primary to evaluate these aspects of the matching funds.

In general, the mechanism for providing matching funds for participating candidates was workable. Non-participating candidates notified the Auditor's Office when the limits were exceeded. There was some confusion caused by accounts payable and receivable and better tracking forms need to be developed. The Auditor's Office was able to obtain checks and distribute them to candidates within one day of notification. The timing issue also depends upon reporting, particularly during the weekend before Election Day. Those issues and recommendations are addressed elsewhere in this report.

No system can give every participating candidate complete financial parity with a non-participating opponent, and some situations will arise that are simply consequences of the campaign funding system that need to be accepted by the candidates. A participating candidate should gain some advantage by building a grass roots qualification campaign and relinquishing large special interest contributions.

Recommendation 18: Continue to monitor the matching provisions but make no changes at this time, except to improve the reporting of accounts payable and accounts receivable.

3.c.5 Limits on Types of Expenditures

Issue: What types of expenditures using Campaign Finance Fund revenues should be either limited or prohibited?

***Background*:** The first election cycle using the Campaign Finance Fund brought the perspective of clarity to issues, including allowable expenditures using the Fund, that were not obvious prior to implementation.

1. Attorney and other Professional Fees. Because certified candidates are personally liable for Campaign Finance Fund revenues received, they are also personally responsible for legal issues that arise from misuse of Fund revenues, or applied penalties, including decertification. While the one decertified candidate (Boyles) chose self representation in the May 2006 administrative hearing, likely due to lack of resources, it would have been a conflict of interest for the Campaign Finance Fund to reimburse candidate expenditures used to explain or try to resolve misuse of the Fund itself. In the same vein, other professional services (i.e. accountants) used to argue a case against penalties, including decertification, by the Fund administrators should not be paid by the Fund. Other uses of attorney fees should likewise be prohibited, as likely uses for attorney services will cross into non-campaign purposes.

2. Post-election parties. These parties either conclude a campaign, in the event of an outright win or loss, or kickoff the campaign for the General Election. Much of the event takes place after polls are closed, and as such is not a campaign event, in the sense that it adds little value to the goal of the campaign. Since it is difficult to separate expenditures prior to and after the polls close, and since this constitutes public funding of an event that takes place largely after a campaign has ended, and since the public perception would consider this a frivolous, unrelated expense, election night parties should be a prohibited use of the Campaign Finance Fund.

3. Employment of family members. At least one candidate interviewed by the Commission suggested that family members should not be employed by participating candidates, primarily due to public perception issues that arose from Emilie Boyles' expenditures. Ms. Boyles employed her daughter at non-market rates for non-bona fide services, for which she was penalized. In fact, such a prohibition was considered as part of the original CFF Code. The City Attorney's opinion on the subject stated that such a prohibition against family members was legally unenforceable. The practice is discouraged, and the CFF handbook warns that such employment relationships would be subjected to extra scrutiny.

It is important to note that both the use of attorneys and election night parties as Fund expenditures were not issues in the 2006 Primary Election cycle.

Recommendation 19:

Prohibit use of Campaign Finance Fund revenues for the following:

- Attorney fees for any use
- Accountant and other professional service fees in conjunction with arguing against penalties or decertification, or any civil or criminal infraction
- Election night and post-election parties

3.c.6 Penalties

Issue: Once certified, in the current code, any spending violation requires decertification, the repayment of all public funding, and the possibility of additional penalties. Some candidates have stated that one minor violation should not result in such severe consequences.

Background: In general, penalty provisions are designed to allow a range of sanctions against violators, depending upon the seriousness of the violation. In public campaign financing, because public money is involved, as well as the adversarial nature of political campaigns, strict compliance with the rules is expected of the candidates. In 2006, two candidates successfully followed the spending rules and one did not. In a November runoff, voters could feel deprived of a contest if one of the final two candidates were to be decertified.

Another consideration in developing the system of penalties is the range of discretion given the Auditor. Because an entire contest can be determined by the Auditor's interpretation and application of a rule, a campaign for City office can be derailed by any identified penalty. Clear rules and certain penalties provide a level playing field for all candidates.

When spending violations occurred during the 2006 campaign the Auditor decertified the candidate, required repayment of all funds, some of which were already spent, and imposed $14,000 in penalties. Four violations received the minimum penalty because doubling the amount of each violation was less than the current $1,000 minimum, and one penalty received the maximum, because doubling the dollar amount of the violation exceeded the $10,000 maximum (detailed in Appendix 3).

Another area of penalties is that imposed on non-participating candidates. The only requirement of non-participating candidates is mandatory reporting of contributions or expenditures when they exceed the spending threshold for the race (e.g., $150,000 for a Commissioner Primary) and whenever they reach additional increments of $5,000. These reports make participating candidates eligible for matching funds if they choose to request them. A non-participating candidate who fails to properly report funds over the threshold can gain a considerable advantage over candidates who have limited their campaign spending.

Currently, the Auditor can impose a sliding-scale penalty for non-participating candidates who fail to submit timely reports on contributions or expenditures that exceed the threshold. Failing to report transactions less than $2,000 invokes a penalty of $100; up to $10,000 is a $1,000 penalty; and $10,000 for transactions exceeding $10,000.

The current standard of "one strike, you're out" for any participating candidate violation is unambiguous, but could decertify candidates for minor or inadvertent violations. While two candidates successfully complied with the rules in 2006, the likelihood of a spending decertification will increase as more candidates participate and more rules are established. For example, reporting an expenditure a couple days later than the new 14-day or 7-day time limits would at worst generate a state financial penalty, but it could disqualify a candidate under the City's current rules. Voters might conclude that public campaign financing does more harm to participating candidates and the election system than not participating.

For a minor violation, imposing a stiff penalty but allowing a candidate to remain certified is another approach to generally deter violations. In this alternative, the penalty would be paid from campaign funds, reducing the candidate's ability to compete. For serious or repeated violations, candidates would still be decertified and required to repay all funds as well as penalties.

The current standard is easier to enforce than an alternative that requires judgment in determining when the line is crossed. To enforce a more flexible penalty system would require that the code and rules draw a clear line when a candidate's violation or violations crossed the decertification threshold.

If latitude is granted a candidate before decertification then materiality and number of violations should be the considerations. Candidates should be allowed one spending violation before decertification. In addition, setting a maximum of $1,000 for the improper expenditure would limit candidates to a small violation before decertification occurred. Small improper financial transactions are unlikely to win an election, but they could cause a candidate to lose an election if the opponent used them to highlight the candidate's lack of attention. In addition, penalizing the candidate without decertifying would still allow the voters to make the decision. The decertification of Emilie Boyles in 2006 would still have occurred under this alternative.

One scenario considered by the Commission is a non-participating candidate who raises $45,000 in a one-week period close to the election but does not report it until required by state law. The maximum penalty would be $10,000 when found out, but the candidate still has a significant time advantage over a participating candidate. Because a non-participating candidate can gain such an advantage by under-reporting a large group of contributions, the penalties need to better match the amount of the infraction.

Recommendation 20: Allow a candidate to commit one spending violation of less than $1,000 without decertification, but increase the penalty and deduct it from the candidate's public campaign funding.

Recommendation 21: Increase the penalties for improper reporting of contributions or expenditures by non-participating candidates to equal the amount involved, with a $1,000 minimum.

Recommendation 22: The Auditor should have authority to seek the immediate recovery of funds for qualifying period infractions as well as spending violations after certification.

3.c.7 Hearings

Issue: Should appeal hearings procedures be changed?

Background: Candidates should have an opportunity to appeal a decision of the Auditor's Office about qualification or spending violations and receive a timely decision. To ensure an independent and impartial review of the case the City Code currently directs the Citizen Campaign Commission to select a hearings officer to conduct hearings under the powers and procedures granted in the City Code.

The Citizen Campaign Commission selected the State of Oregon Office of Administrative Hearings to conduct hearings and the Auditor's Office established an intergovernmental agreement with the agency to perform the work.

The time from the Auditor's declaration of a violation to the decision of the hearings officer took about six weeks. As a result of this declaration, Boyles suspended her campaign during the period when the bulk of activities and expenditures would normally be occurring. Below is a chronology of events:

- April 10 - Boyles campaign filed its 1st Pre-Election Contributions and Expenditures Report
- April 11 - Auditor requested additional documentation regarding expenditures
- April 18 - Boyles filed additional information on the last day allowed by code
- April 19 - Auditor's Office sent a letter to Emilie Boyles identifying a spending violation and imposed a penalty and decertified her as a participating candidate
- April 26 - After further review of her spending documentation the Auditor notified Boyles of four additional violations
- May 3 – On the last day allowed by code Boyles filed an appeal of the first decision
- May 10 - On the last day allowed Boyles filed an appeal of the four additional violations
- May 31 - the appeal of all five violations was held
- June 2 - the Administrative Court Judge issued a decision in favor of the Auditor

In the most expedited circumstances an appeal would take almost three weeks from the notice of violation to the decision of the Judge. Below is an example of the absolute minimum time allowed by the current code.

- April 10 - Candidate files 1st Pre-Election Contributions and Expenditures Report
- April 11 - Auditor requests additional documentation regarding expenditures
- April 12 – Candidate files additional information on the next day
- April 13 - Auditor's Office sends a letter identifying a spending violation
- April 13 – Candidate files an appeal
- April 27 - the appeal is held
- May 1 - the Administrative Court Judge issues a decision

The code currently specifies a minimum two-week period from filing an appeal until the appeal can be heard.

Swift adjudication of alleged violations of the Code is necessary to allow the quick pace of the election cycle to continue. It is also important to emphasize that the system works in a timely way. Candidates need to know if they are certified or not; and the public and other candidates need to know the status of candidates as quickly as possible as the election progresses.

During the last cycle, a process that could have lasted three weeks dragged on for six weeks. The Code was interpreted to allow a candidate to wait a full 14 days after a Notice of Penalty to request a hearing. The Auditor's office interpreted City Code to allow for up to 21 days to conduct the hearing.

The differences in timing between Certification and Penalty hearings should be eliminated. If "penalty" allows for decertification, the consequences of a finding of a violation are the same as the same kind of finding during the certification process.

Recommendation 23: Reduce the maximum amount of time that a written request for a hearing must be filed from 14 to 7 days after the notice of violation. In addition, reduce the maximum amount of time from request of a hearing to actual hearing from 21 to 14 days.

3.d Post-Election Phase

In the period immediately following the election, unspent funds must be returned to the Campaign Finance Fund by participating candidates, with allowances being made for unpaid campaign obligations. Determination of unspent disbursements and return to the CFF must be swift. And while some transactions will be outstanding for a period of time, the existing sixty-day end point will not be changed as to maintain expeditious close-out of candidates' accounts with the CFF. The Oregon Secretary of State's new continuous online reporting system, ORESTAR, requires that transactions made the final six weeks up to (and including) Election Day be reported within seven days. This will assist rapid determination and verification of unspent funds less outstanding obligations.

3.d.1 Accounting/Account Close-Out

Issue: How should accounts be closed out? When should Campaign Finance Fund revenues be returned to the City? What are the factors affecting close-out? How are payables and receivables classified?

Background: At the end of Election Day, most campaign committees will still have outstanding accounts with individuals and vendors, as well as possibly money owed the campaign (i.e. final bills or refunds of deposits on equipment or an office). Since campaign finance reporting terms can differ from conventional accounting terms, definitions of accounts payable and accounts receivable need to be clarified for users of the Campaign Finance Fund. Additionally, a timeline needs to be established that will allow the Auditor to accept payments, or estimated payments for outstanding accounts, which should be allowed to be paid through any source, including fund disbursements, which is not allowed under current code.

The timeline for return of unspent funds by decertified candidates, barring administrative hearings, should be expedited to ensure rapid return of public funds to the City.

Being clear with the classification of accounts payable and receivable will ensure that accounts payable are reported as expenditures, and accounts receivable are reported as contributions. The proposed definitions are listed in the housekeeping section for this subject (see Appendix 5 for details), as is the timeline for allowing the Auditor to accept an estimated payment if there are still accounts payable and receivable open. This timeline is sixty days, and is the only change to the amount of unspent funds that are due to the City. A payment plan and schedule should be detailed by the campaign to show the Auditor the status of the outstanding accounts, and when they will be closed.

The majority of unspent funds by certified candidates should be returned within thirty days of the election date. This was the case for the first cycle, but the return of funds was pegged to the traditional C&E reports, which went away January 1, 2007, with the Secretary of State's continuous reporting system. In the case of return of unspent funds by decertified candidates, this amount is due immediately after decertification; there is no need to extend this timeline for an entire month.

Allowing the Auditor to accept payments or estimated payments of accounts payable and receivable should permit enough time for billing cycles to work their way through, especially given that the timing of elections will not be on the same schedule and that there are likely to be spikes of expenditure activity in the waning days of a campaign.

Recommendation 24:

1. Unspent funds from decertified candidates must be returned to the Auditor immediately.

2. Unspent funds in excess of open accounts from certified candidates must be returned to the Auditor within thirty days of the election. Additionally, a payment plan for these open accounts must be filed with the Auditor.
3. Accounts receivable payments and accounts payable must be settled within sixty days of the election.
4. Housekeeping changes should clarify the reporting of accounts payable and accounts receivable; A/P is an expenditure; A/R is a contribution.

3.e Other Recommendations

Issue: Provide a mechanism for citizens to participate with financial assistance after a candidate has gained certification.

Background: Interviews with several campaigns indicated that they had to turn away a number of people who wanted to make contributions after certification. If the end of the qualifying period is moved to the end of January, there would be more time and presumably more people who would be interested in the Primary race and interested in helping out.

The City could establish a process for accepting voluntary contributions made out to the Campaign Finance Fund, or signed over to the Fund, by the already-certified candidate. The voluntary contributions process and any needed forms may need to look different from the qualifying contribution forms to avoid confusion.

Candidates suggested they be allowed to continue gathering $5 contributions after they qualify, but convey them to the CFF. This would defray public costs for campaigns and allow candidates to continue to engage more citizens in the campaign process.

Recommendation 25: Continue to allow qualifying contributions after a candidate's certification by establishing a process for accepting voluntary contributions to the Campaign Finance Fund and making the contributions payable to the Fund.

3f. Modify Code Language for Clarity and Consistency

Issue: During the first election minor issues of clarity in the code and rules were identified. These housekeeping issues do not change the policies or operations, merely clarify or provide better consistency of language between sections of the code.

Recommendation 26:

1. Clarify that prohibited expenditures also apply to campaign spending during the qualifying period in regard to seed money and qualifying contributions and clarify that only direct allowed expenditures are permissible.
2. Clarify language about not incurring debt on anticipated public campaign funds.

3. Add definitions of accounts payable and accounts receivable.
4. Clarify repayment deadlines for Special Elections as well as candidates who win outright in the Primary.
5. Allow Auditor to accept an estimated payment if a candidate still has accounts payable and receivable at the deadline, but require final payment within 60 days.

Appendices

Appendix A: Candidate Interviews
May 2006 Primary Election

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Note: VOE (Voter Owned Elections), the name applied by members of the community to Portland's Campaign Finance Fund, appears in some of the following interviews.

PORTLAND CITIZEN CAMPAIGN COMMISSION
ATTACHMENT – COMMISSION MEETING MINUTES, MAY 8, 2006

COMMISSION INTERVIEW: DAVE LISTER, CANDIDATE, CITY COMMISSIONER, POSITION #2

Mr. Lister chose not to participate in the the Public Funded Campaign (PFC) process.

Questions from the Commission and "responses from the Candidate" are direct quotes unless noted otherwise.

1. WHY DID YOU DECIDE NOT TO PARTICIPATE IN THE PFC PROCESS?
   a. My tax dollars should not be used for a candidate that I object to, or do not support.
   b. Gives unfair advantage to incumbents.

2. WHAT DID YOU FIND POSITIVE ABOUT THE PFC PROCESS?
   a. It reduced campaign funding amounts. The $150,000 amount served to cap spending.

3. WHAT WORKED ABOUT THE PROCESS, AND WHAT DID NOT WORK?
   a. Public was very confused about the mechanics of PFC, and about the average $150,000.
   b. Needed public vote to establish the system
   c. Needed better verification of the signers for candidate eligibility;
   - Registered voters only.
   - Traceable $5 contributions – check, credit card or money order.
   - Public vote on the concept.

4. WHAT WAS GOOD ABOUT THE PFC PROCESS?
   a. $1,000 qualifying amount is good.
   b. Has reduced campaign spending.
   c. Possibly should have term limits.

PORTLAND CITIZEN CAMPAIGN COMMISSION
ATTACHMENT - COMMISSION MEETING MINUTES – APRIL 10, 2006
COMMISSION INTERVIEW OF CANDIDATE JAY BOSS RUBIN, POSITION #2

Declaration of Intent, 1-3 1-06. Withdrew as Candidate 3-9-06, for personal reasons unrelated to the Public Funded Campaign (PFC) process.

Mr. Rubin shared the following thoughts about the PFC, without the need for questioning or prompting from the Commission:

1. He was undecided about filing as a candidate, but PFC procedures convinced him to run. He secured approximately 50-60 signatures.

2. The use of cash for $5 contributions was fine. Use of checks from signers was not practical or efficient.

3. He filed his *Declaration of Intent* on 1-3 1-06 because he "just got around to it then". He had visited Scottsdale, Arizona, "the most desirable city in which to live" before filing for office.

4. The Candidate, or his volunteers, should secure all support signatures and $5 contributions.

5. He did not like the Burnside/Couch Street couplet plan, which partially prompted him to run for Council.

6. The $5 amount, and 1,000 signatures, are "good" numbers for the VOE to use.

7. Some minimum age is needed to contribute $5 and sign support form. (He didn't suggest a number)

8. Soliciting signatures on the street did not work.

9. Overall the VOE is a great idea. Portland should keep the process.

10. He would run again - after he travels the world some more.

PORTLAND CITIZEN CAMPAIGN COMMISSION
ATTACHMENT – COMMISSION MEETING MINUTES, JUNE 12, 2006

COMMISSION INTERVIEW: ERIK STEN, INCUMBENT CANDIDATE, POSITION #2

Questions from the Commission and "responses from the Candidate" are direct quotes unless noted otherwise.

1. WHY DID YOU PARTICIPATE IN THE PUBLIC FUNDED CAMPAIGN (PFC) PROCESS?
   a. *To reduce the focus on fundraising. I have now run under both systems.*
   b. *Would allow more issue focus in the campaign.*

2. DID YOU SPEND YOUR CAMPAIGNING TIME DIFFERENTLY UNDER PFC?
   a. *It allowed more time to organize issues.*
   b. *A greater issue oriented campaign.*
   c. *Seeking the qualifying signatures and $5 contributions, was a good reason to meet new voters.*

3. WERE THE PFC FUNDS DISTRIBUTED TO CANDIDATES AT A CONVENIENT TIME?
   a. *Seemed OK. I let the staff handle that and determine timing of spending the funds.*

4. WERE THE 1,000 SIGNATURES AND $5 AMOUNTS APPROPRIATE LEVELS?
   a. *Yes.*

5. FOR THE $5 QUALIFYING CONTRIBUTIONS, SHOULD CASH, CHECKS, MONEY ORDER AND ON-LINE BE USED?
   a. *Yes, although a more verifiable system is needed, possibly use only registered voters.*

6. WHAT PROMPTED THE ENACTMENT OF PFC PROCESS, WITHOUT VOTER APPROVAL?
   a. *We felt the process needed a couple of election cycles' experience before the voters could give it a fair consideration.*

7. WHAT CHANGES WOULD YOU RECOMMEND IN THE PFC PROCESS?
   a. *Use only registered voters for qualifying signatures.*
   b. *Have some means of verifying the $5 contributions.*
   c. *<u>One</u> error on the Qualifying Report should not disqualify the candidate from the PFC process.*
   d. *Allow a process for citizens' complaints, not just candidates.*

8. IS THE SEED MONEY AMOUNT OK? IS IT NEEDED?
   a. *Amount seems OK, and yes, it is needed. It does give a slight advantage to an incumbent.*

I have another appointment that I need to go to. However, you are welcome to visit further with my campaign manager, Jennifer Yocum, who is here. Thank you to the volunteer Commissioners for the time you are spending on the PFC process.

PORTLAND CITIZEN CAMPAIGN COMMISSION
ATTACHMENT - COMMISSION MEETING MINUTES, MAY 8, 2006

COMMISSION INTERVIEW: BRUCE BROUSSARD, CANDIDATE, CITY COMMISSIONER POSITION #3

Declaration of Intent, 10-10-05; Withdrew as a Candidate, 11-29-05, as he disagreed with the PFC rules that permitted non-registered citizens of any age, as signers on the qualifiing form. Mr. Broussard later filed as a candidate for the Republican nominee in the 2nd U.S. Congressional District, Oregon.

Questions from the Commission and *"responses by the Candidate* " are direct quotes, unless noted otherwise.

1. WHY DID YOU DECIDE TO PATICIPATE IN THE PUBLICLY FUNDED CAMPAIGN (PFC) PROCESS?

I liked the idea of PFC, because fundraising is very difficult. Would not have run otherwise. I had budgeted (some funds) to obtain the public funding qualifying signatures and $5 amounts.

2. WHAT DID YOU FIND POSITIVE ABOUT YOUR EXPERIENCE?

It was a good opportunity to educate the public on PFC.

3. WHAT WORKED ABOUT THE PROCESS, AND WHAT DID NOT WORK?

a. Didn't realize you could sign the "qualifying" form and contribute $5 without being a registered voter.
b. ... and kids could sign. No age requirement.
c. I wanted to get the registered voter involved ... and that wasn't a requirement.

4. WHAT RULES WOULD YOU CHANGE?

Allow only registered voters to sign the "qualifying" form and contribute the $5.

Miscellaneous comments by Mr. Broussard:

a. Cash, check, or money order for $5 contributions are all OK; it would be OK to eliminate Cash.
b. $1,000 requirement for eligibility is OK But candidate should personally collect at least had
c. Public should have been involved in originating this PFC concept.
d. I'm disenchanted with the style of media coverage of PFC.

PORTLAND CITIZEN CAMPAIGN COMMISSION
ATTACHMENT - COMMISSON MEETING MINUTES -APRIL 10, 2006
COMMISSION INTERVIEW OF CANDIDATE MIKE CASPER, POSITION #3

Declaration of Intent, 9-1-05; did not secure sufficient signatures and $5 contributions to qualify.

Questions from Commission and *"responses by Candidate"* are direct quotes, unless noted otherwise.

1. WHY DID YOU DECIDE TO PARICIPATE IN VOE?
Looked like a good system to speak directly with constituents, who are very frustrated with current City government.

2. WHAT DID YOU FIND POSITIVE AND/OR SUCCESSFUL ABOUT YOUR EXPERIENCE?
A progressive, democratic system. Provided a good way to communicate with constituents. They are very mad at present City government and election process.

3. WHAT WORKED ABOUT THE SYSTEM, AND WHAT DID NOT?
This system is doable. I lacked a system and organizational team to get I,000 signatures in the allotted time.

4. WHAT RULES WOULD YOU CHANGE?
Not many ... 1,000 signatures seemed ok at first. Proved very hard to get 1,000 signatures; more time needed to secure signatures. I was concerned about requesting cash, so investigated using money orders. They were impractical to use.

5. WAS THERE A REASON YOU STARTED TRYING TO QUALIFY WHEN YOU DID?
In Sept. 2005... ..wished I had started earlier.

6. DO YOU THINK THE PROCESS INCREASES CANDIDATE CONTACT WITH VOTERS?
Absolutely. Would be glad to try the process again.

PORTLAND CITIZEN CAMPAIGN COMMISSION
ATTACHMENT - COMMISSION MEETING MINUTES, JUNE 12, 2006

COMMISSION INTERVIEW: AMANDA FRITZ, CANDIDATE, CITY COMMISSIONER POSITION #3.

Questions from the Commission and *"responses by the Candidate"* are direct quotes, unless noted otherwise.

1. WHY DID YOU PARTICIPATE IN THE PUBLICLY FUNDED CAMPAIGN (PFC) PROCESS?

a. Was going to run anyway.
b. This concept was needed; the old, existing system was not good.
c. I wanted to be part of a "clean" campaign concept.

2. WHAT DID YOU FIND POSITIVE OR SUCESSFUL ABOUT YOUR EXPERIENCE?

a. I was the first to qualify under the new PFC program. I am very proud of that.
b. This PFC program, although difficult to adhere to the rules, and difficult to administer, it demonstrated, "This is how we do things in Portland."

3. WHAT WERE THE HARD OR DIFFICULT POINTS?

a. Being the first election under the PFC program was very difficult. We were so focused on adhering to the new rules, it impaired concentration on the campaign strategy. We were the guinea pigs.
b. It was very difficult to collect the qualifying signatures and $5 amounts,
c. Very difficult paper work. And one mistake disqualified the candidate.
d. It took several hours every day for nearly 3 months for myself and 4 volunteers to gather signatures. All together I had about 10 volunteer solicitors.

4. WHAT CHANGES WOULD YOU SUGGEST IN THE SYSTEM?

Please see my 12 pages of suggestions and comments. But some of the important suggestions:
a. Allow more than 1,000 signatures, so non-qualifying signatures could be thrown out, and the $5 converted to "seed" money.
b. Some Administrative Rule changes. See my typed suggestion memo.
c. Need a Candidates Handbook. Include rule explanations and list of vendors for campaign services.

5. DID THE PFC CHANGE THE STYLE OF CAMPAIGNING?

a. Yes! Much more phoning for signatures and $5 contributions.
b. Didn't allow campaigning the first 3 months of the campaign.
c. Spent more time explaining PFC, than discussing the City's issues.

6. IS THE 1,000 SIGNATURE THRESHOLD AND THE $5 CONTRIBUTION AMOUNT OK?

Yes, those numbers are OK, but:
a. Set earlier qualifying date, so it can be included in Voters Pamphlet.
b. Allow at least 6-7 months to qualify.

c. Commission (or City Council) should spend time and resources educating the public on PFC.
d. Checks OK, but should not be required. If checks required, lower signatures to 500.
e. No credit cards. Too much hassle.
f: No on-line. Eliminates the personal contact we are trying to establish.

7. OTHER SUGGESTIONS? *Sponsor certified candidate seminar for training and public education."*

CANDIDATE CHRIS IVERSON COMMENTS REARDING VOE PARTICIPATION
APRIL 10, 2006

COMMISSION INTERVIEW: CHRIS IVERSON, CANDIDATE, CITY COMMISSIONER POSITION #3.

WHY DID YOU DECIDE TO PARTICIPATE?
The VOE program inspired me to run for office because I saw no other way to engage in the political system to get my messages out and those of the communities I represent. I am an outsider and not connected with any special interests so I didn't have a chance to run in a race for office without the VOE funds. What did you find positive and/or successful about your experience?

It was the perfect 'excuse' to engage my communities, friends and family in the local political system. I found that many people I knew where inspired to hear of such a program and almost without exception they all thought it was a great idea. The repetition of having to ask many people for the signature and $5 donation also allowed me to 'practice' talking about my platform and the issues that are important to me and the communities I represent. I was able to bring people into the political process who wouldn't otherwise even care because of the fact that the VOE is so new and revolutionary. The VOE program is a 'tool of inspiration' to get people re-involved with politics, especially on a local level.

DID PUBLIC CAMPAIGN FINANCING CHANGE HOW YOU SPENT YOUR TIME CAMPAIGNING? HOW?
Most of my time was spent meeting with people and attending various functions where people would be present. Instead of focusing on a few wealthy contributors it allowed me to reach fully out into the community and other sub-communities to try and raise this money. Since the amount being asked for was only $5 it made for a much easier time asking people for donations. The amount wasn't high enough though that people felt like I 'owed' them something when elected.

WHAT WORKED ABOUT THE PROCESS AND WHAT DIDN'T?
What worked: the amount of people needed to qualify (1,000) seems to be a good number. The amount of the contribution allowed ($5) also seems to be appropriate. The timeline needs to be extended to one full year. What didn't work: too short qualifying time. Not tough enough validation process. System too open for abuse from unethical people. Minimum age to sign and donate should be 18. At least half the signers need to be registered to vote.

WAS THE TIMING FOR DISTRIBUTION OF CAMPAIGN FUNDING ALRIGHT?
The timing seems fine for distribution of funds. There is a problem with the March deadline as it is far too close to the time when the voter's pamphlet comes out at the end of April. That would leave only one month for candidates to get their messages out. I think this is not nearly enough time and could encourage a waste of money if people are feeling pressed for time to get their messages out.

WHAT RULES WOULD YOU CHANGE?

I would like to see some kind of City sponsored class/workshop on the VOE program that is mandatory for all candidates to attend if they plan on engaging the VOE program. This way there would not be any question about the rules and people could never claim ignorance to the rules.

I would like to see a full one-year time period allowed for collecting these donations. I don't think seven months is enough time for anyone who has to work at the same time as trying to qualify. I would like to see everyone who qualified receive the money at the same time. When candidates get the money early they have an advantage that I think goes against the VOE concept. If the qualifying period was one full year then everyone who qualified within that time period could be issued the money at the same time which would even things out. When Amanda Fritz qualified early I thought the media started focusing on her exclusively and not on anyone else who was still trying. From the point that the first candidate qualifies I think it gives them an unfair advantage and makes it even harder for the others.

ANY OTHER CHANGES YOU WOULD SUGGEST?
Only allow people who are registered 20 vote be allowed to sign and donate (or at least make a minimum of 500 people who are registered to vote needed to qualify.) A much better validation process that validates that each person actually lives at the address. I thought just simply validating the address and not checking the name against the address would leave the system open for abuse like, we seem to be seeing. Proof that the $5,000 in donations actually went into the bank account. Was there a reason why you started trying to qualify when you did?

*I wasn't interested in qualifying or running until the end of January. After a friend declined to run for City Council because the timing wasn't right I decided to step in and attempt to qualify. I knew that we didn't hav*e much time but figured that any experiences would help in the *future.*

DO YOU THINK THE PROCESS INCREASES CANDIDATE CONTACT WITH VOTERS?
Absolutely.

COMMISSION INTERVIEW OF CANDIDATE SHARON NASSET, POSITION #3 - APRIL 10, 2006

DECLARATION OF INTENT, 1-30-06. (WOULD HAVE DECLARED EARLIER, BUT NEEDED TO FINISH A CONTRACT JOB BEFORE FILING FOR OFFICE) DID NOT QUALIFY. HAS RUN FOR CITY COMMISSION TWICE BEFORE.

PROBABLE INTERVIEW QUESTIONS FOR PARTICIPATING CANDIDATES

WHY DID YOU DECIDE TO PARTICIPATE?
In Portland it is near impossible to get campaign contributions from any one with substantial means due to public exposure of their names on C&E's. 'The former Mayor Katz created a chilling effect, causing a fear of retribution. Secondly the Oregonian does not consider what is in the best interest of Portland when considering publishing information on candidates. Unlike radio, there are no laws imposing equal coverage of all the candidates. The Oregonian has an ongoing practice of discrimination when it comes to informing the public regarding all official candidates running for office. The Oregonian gives uneven coverage, the candidates with substantial means receive more print. Other official candidates are not given the opportunity to have their voices heard. This practice eliminates viable candidates, keeping them from print coverage, group events and the public's eye. Due to these facts, and the lack of an election process in place in Portland, I agreed to try to participate in VOE. I had testified against it previously stating that it did not level the playing field and that there is no campaign process in Portland. I chose to use a system that we have. Similar to tax write-offs that I do not support but must take.

WHAT DID YOU FIND POSITIVE AND/OR SUCCESSFUL ABOUT YOUR EXPERIENCE?
Nothing.

DID PUBLIC CAMPAIGN FINANCING CHANGE HOW YOU SPENT YOUR TIME CAMPAIGNING?
How? Absolutely. It was a huge waste of time. took me far from my message, and made me focus on what citizen's could do for me, not what I could do for them. What worked about the process and what didn't? Nothing worked. There are several people who had to drop out of the race. Those that have staved in but did not qualify have been tagged as losers. The challengers have not been taken seriously by the major forums or media outlets due to the problems with VOE.

WAS THE TIMING FOR DISTRIBUTION OF CAMPAIGN FUNDING ALRIGHT?
No, see below my ideas for a better process.

WHAT RULES WOULD YOU CHANGE?
All of them

ANY OTHER CHANGES YOU WOULD SUGGEST?
Those wishing to use VOE would have to sign up by August 1" in the previous calendar year. The last two weekends in September and the first two weekends in October I suggest all day forums in a central location for citizens interested in change to come hear the candidates. This would provide a forum for the candidates to collect signatures from supporters of VOE. November second would be the deadline for turning in signatures. Signers should be over the age of 18 with no financial obligation attached.

WAS THERE A REASON WHY YOU STARTED TRYING TO QUALIFY WHEN YOU DID?
Yes. Due to my ongoing involvement with transportation issues I was unaware of the negative comments of The Oregonian, Portland Business Alliance, Schnitzer Steel and the repeal VOE movement. These negative comments made it impossible to succeed.

DO YOU THINK THE PROCESS INCREASES CANDIDATE CONTACT WITH VOTERS?
No. If anything it lessened it.

PROBABLE INTERVIEW QUESTIONS FOR NON-PARTICIPATING CANDIDATES

WHY DID YOU DECIDE NOT TO PARTICIPATE?
Because I found such strong animosity from every sector both Public and Private to the VOE process. I still needed help to fund my campaign so withdrew from VOE.

DID PUBLIC CAMPAIGN FINANCING CHANGE HOW YOU SPENT YOUR TIME CAMPAIGNING? HOW? DID PRIVATE CAMPAIGN FINANCING CHANGE HOW YOU SPENT YOUR TIME CAMPAIGNING? HOW?
I spend all of my time on the phone trying to raise funds due to time wasted pursuing the VOE funding. Would you reconsider public campaign financing if you were to run again? With the changes I have suggested to the campaign process, yes.

WHAT WORKED ABOUT THE PROCESS AND WHAT DIDN'T?
What has worked is that by going out to solicit contributions I am able to set my message heard. Due to the unfair coverage by the Oregonian candidates voices have not gotten to the public.

WHAT RULES WOULD YOU CHANGE?
None

CAUTIONS?
None.

ANY OTHER CHANGES YOU WOULD SUGGEST?
None.

PORTLAND CITIZENS CAMPAIGN COMMISSION
ATTACHMENT – COMMISSION MEETING MINUTES, JULY 10, 2006

COMMISSION INTERVIEW: DAN SALTZMAN, INCUMBENT, CITY COMMISSIONER POSITION #3

Questions from the Commission and "*responses by the incumbent*" are direct quotes, unless noted otherwise.

1. WHAT DID YOU FIND POSITIVE OR SUCCESSFUL ABOUT THE FACT THAT WE HAD THE PUBLICLY FUNDED CAMPAIGN OPTION THIS ROUND?

   I think it kept the cost of the election down considerably from past endeavors. Speaking personally from my past elections, two elections prior, was definitely the least costly of the three. So I think that's a very positive impact. I want to say I think it encouraged more people to come forward and certainly encouraged a lot of people initially to consider the option. Ultimately only three people actually qualified, which—I don't know whether to judge that as a success or not. I can tell a lot of people went out thinking about the option more seriously. I certainly sense that from just being out and about on the campaign trail. This is something that certainly has a future—backbone of our elections system I think will encourage more people to get involved.

2. SO YOU'VE TALKED TO PEOPLE WHO YOU SEE AS CANDIDATES IN THE FUTURE?

   I think there are a lot of people who are thinking more about the option now as a result and I think there are people who, probably, if they'd had more time to get their act together could have actually gotten a thousand $5 contributions. I think as it was it was not news to us but to most of the public, like a lot of things around here it doesn't dawn on people when something's around until they read it out of the newspapers for the first time which often could mean a lag time of six or seven months. So, I think as it becomes more ingrained in the public mindset that this is an option available that many of the candidates who maybe made initial efforts and ultimately rely on this money I think it's really hard to do this right if they start having more time at the front end to think about that and make them do it right.

3. HOW DID HAVING A CANDIDATE WHO WAS PUBLICLY FUNDED CHANGE HOW YOU SPENT YOUR TIME CAMPAIGNING?

   I don't really think it affected the amount of time I spent campaigning or the manner of my campaign really. I mean, I set off to run for reelection and I was determined to determine my own campaign plan and then execute it or implement it. I think that's the way you have to be.

4. YOU PREDICTED THAT YOU WOULDN'T HAVE TO RAISE AS MUCH MONEY OR SPEND AS MUCH MONEY?

   Well, I made a conscious effort not to raise as much money, which was nice. I don't have a problem with that. But yeah, I mean was a conscious effort to target more or less the $150,000 as, you know that my campaign budget was going to be although it ultimately ended up going over that. But not in any major degree.

5. WOULD YOU MIND SHARING WITH US A LITTLE BIT ABOUT YOUR REASONING BEHIND THAT RATHER THAN…I MEAN, I HAVE ALL THESE ASSUMPTIONS ABOUT WHY YOU DID THAT STRATEGY, THEN I REALIZED I SHOULD ASK YOU, WHY DID…WHY, THINKING THAT YOU'LL JUST STICK TO THE $150,000? BECAUSE AS AN INCUMBENT WE CAN ASSUME—I ASSUME THAT YOU COULD HAVE RAISED CONSIDERABLY MORE IF YOU HAD WANTED TO, SO WHY DIDN'T YOU?

   Yes, I could have. Well I think the fundamental point of the matching funds, kicking in at $150,000 this seemed to not make sense for me to raise money that's only going to dollar for dollar benefit my opponent. Within a certain degree I did go over by $16,000 roughly. And to me that's not a significant amount and I felt ultimately it kind of happened late in the game and ultimately it…I felt if I could determine—if I could spend the money more wisely than my opponents could then I would do that, and take the risk that they might spend the money as wisely or might not. So, I think that the overall dampening effect, and I also limited my contributions to $500 and I think that was a response. I think the peoples' reactions about elections getting too expensive also, so I think probably that action of myself to limit contributions plus the $150,000 limit for matching funds was a combination for the reasons I made that decision—the reasons that I spent about that much.

6. THE FACT THE YOU LIMITED YOUR CONTRIBUTIONS TO $500, DOES THAT MEAN YOU HAD TO WORK HARDER THEN TO RAISE THAT $150,000, OR WAS IT STILL PRETTY EASY BECAUSE AGAIN, SORT OF THE ADVANTAGE OF THE INCUMBENCY?

   In many respects, I don't know if my campaign people would agree with this, but I think it was easier because I was only asking for $500 and I think it's frankly—a lot of people feel relieved—you ask them for $500. Actually, I think some of my campaign staff…you got to call this many more people, but I compare it to the number of times you have to sort of call people maybe over and over again if you're asking for a larger contribution or stuff like that. I think that people just that was the asking, and many of them responded. Not all responded to $500 but I think it was just much more of a sort of an upfront. And a lot of people lauded the effort to limit contributions as well. People appreciated that as well. So I don't think it was that much of an impediment.

7. YOU DID DO SOME LATER FUNDRAISING THAT KIND OF KICKED YOU OVER THAT SELF-IMPOSED LIMIT? HOW DID THAT COMPARE WITH PREVIOUS CYCLES?

   I initially reached the $150,000 or probably overshot it by a little bit, and stopped fundraising at that point. And that was about January. Later on in the campaign I did reactivate fundraising just because my expenses were greater than I anticipated. But yes, that's a big difference too. And it's a big difference not to have to worry, or invest time in fundraising which I don't think anybody likes to do.

8. SO, IT REALLY KIND OF PUT AN END TO IT EARLIER THAN IN YOUR PREVIOUS RACES?

   Yes, and I'm not sure if it necessarily means that I spent more time campaigning. It probably means I was able to spend more time doing this job, my current job.

9. SO, WHEN YOU THINK ABOUT THIS FIRST ROUND OF HAVING THAT OPTION IN PLACE OF THE PUBLICLY-FUNDED CAMPAIGNS, WHAT DO YOU THINK WENT RIGHT ABOUT THE PROCESS, AND WHAT DIDN'T GO RIGHT ABOUT THE PROCESS?

   Well I think given some of the issues that came out in the other race there need to be some changes…I'm sure I mean that you probably think here too that we can learn from a—this is something that needs to be fine tuned. I think the few things about are certainly the issues about having a paper trail associated with the $5 contributions. The issue of registered voters or not, I, you know, still kind of open on that one—more concerned about a paper trail on the contributions. And also I—Gary knows when we were first talking about this as a piece of legislation I felt strongly that there shouldn't be the ability to hire relatives. I guess I've come back around…this policy. I think that publicly-financed candidates are just going to have to be held to a higher standard in that regard and that there shouldn't be any ability to hire relatives. It just raises too much room for doubts, uncertainties and ultimately blemishes on the Voter-Owned Elections. So those are really the, the only two things that really stick out in my mind.

10. CAN YOU EXPAND A LITTLE BIT ON THE PAPER TRAIL IDEA?

    It seems like the ability for somebody to go out with a signature sheet and then turn in signatures and cash to say those match these signatures is just too much of a loophole, I think. It allows too much…I'm not saying necessarily…well, I'm not necessarily saying it happened but I think it does create the ability for things to happen.

11. SO WHAT DO YOU THINK IT SHOULD BE?

    I think it should be a check. Money order, or credit card, whatever. But something that can be traceable to a bona fide person that meets all the other criteria of Voter-Owned Elections to contribute $5.

12. WHAT ABOUT THE DISTRIBUTION OF THE CAMPAIGN FUNDS? DID YOU HAVE A SENSE OF HOW WELL THAT WORKED?

    I don't, but it seemed like it worked pretty expeditiously. It seems like you distributed the money as complete as you were allowed to. I should say in the beginning there was an issue about in-kind contributions, where initially we were not determined to be able to raise $7,500 in kind. Whereas Amanda could, and we couldn't…I think that's…always taken care of by Susan. And then I guess, you know, the other continuing vulnerability I see in voter-owned elections is the 3rd party expenditure issue, particularly if it had happened to me, I would have been in a very severe disadvantage. Not only could I have had 3rd parties expending money on me but not responded and my opponent would benefit from that, so I'm not sure if I have the answer but I think that that continues and there's probably even ways to figure it out that still need to be resolved. So, I guess that's another issue I think that still needs to be thought about more by people like you.

13. DAN, THIS IS A FAIRLY NEW AND COMPREHENSIVE CHANGE TO OUR WHOLE ELECTION PROCESS. WHAT WERE YOUR THOUGHTS ABOUT LETTING THIS GO THROUGH AND BE APPROVED BY THE CITY COUNCIL RATHER THAN HAVE THE VOTERS THEMSELVES APPROVE THIS CHANGE?

Well, I was part of that City Council that approved it so I guess I felt comfortable with it. Ultimately at some point the voters do have to have the chance to vote on this, but I think it's probably better that they have an opportunity to see it in action maybe a couple cycles before they vote on it.

14. FROM YOUR PERSPECTIVE, THE 1,000 $5 CONTRIBUTIONS—WAS THAT THE RIGHT AMOUNT?

    It seems like it was. It seemed like sufficiently large enough to not be doable by just anybody that on a whim decides they want to do this. I truly believe it's not easy to collect 1,000 $5 contributions. It takes a lot of work and may sound easy, but I'm sure it isn't.

15. WOULD YOU EVER CONSIDER IT IF YOU WERE RUNNING AGAIN?

    I don't know? I mean, I sort of said at the time I voted for this that I would not do this myself for a couple reasons. As somebody who is a well-known incumbent I have the ability to raise funds. Secondly, I'm just not comfortable using—philosophically myself using taxpayer dollars, so it would be hard for me to deviate from that position internally, to be internally consistent. And externally consistent. So that's kind of were I am.

16. YOU WERE ABLE TO STOP FUNDRAISING IN JANUARY. THAT SOUNDS LIKE THAT WOULD PROBABLY BE QUITE CONVENIENT FOR YOUR JOB AS A CITY COMMISSIONER. DO YOU FEEL LESS PRESSURE ON YOURSELF FROM FINANCIAL CONTRIBUTORS WHO…OPENLY ASK RAISE A LOT LESS MONEY?

    Well, I ready don't feel that anybody who has ever contributed to me is looking for a quid pro quo. And I think even more so around, apparently less so because I adopted a $500 limit as more so than I've become more of a known commodity to people and I think what do like about me is maybe a sense of independence and fairness. And I think that's really what made the asking—I mean, as much as the $500 limit I think it was as much some of the positions I've taken on issues that have gained me a lot broader support. I just don't think anybody…even back in the days when I collected larger contributions that's never been associated with quid pro quo. …and I can't sit here and look you in the eyes and say that it's not a factor that crosses my mind, who is a supporter and who is not at any point here conducting policy decisions or City Council business or anything like that. But then, you know, I think back to one of the first public quotes from Amanda when she was running how she doesn't forget who gave her $5 and who doesn't. So, we're all like elephants. We have long memories.

17. YOU VOTED TO HAVE THIS FOR THE CITY. WOULD YOU SUPPORT THE COUNTY HAVING IT?

    Well, yes, I think if it's a good enough for the City it should be good enough for the County. The County also has some pretty strained dynamics right now, and I'm not necessarily trying to sit there and politically advise them. This would be the first thing that the new County Commission should take on. I think ultimately it's a good concept. I mean, we need to make it work better.

PORTLAND CITIZEN CAMPAIGN COMMISSION
ATTACHMENT - COMMISSION MEETING MINUTES MAY 8,2006
COMMISSION INTERVIEW, DON SMITH, CANDIDATE, COMMISSIONER POSITION #3.

Declaration of Intent, 1-3-06; Withdrew as a Candidate 3-9-06, because his political base disagreed with the PFC concept. Mr. Smith stated he was a registered Libertarian
Questions from the Commission and *"responses by the Candidate "* are direct quotes, unless noted otherwise.

1. WHY DID YOU DECIDE TO PARTICIPATE IN THE PUBLICLY FUNDED CAMPAIGN (PFC) PROCESS?

I was recruited in September, 2005, with the understanding that public funds would be available to fund the campaign.

2. WHAT DID YOU FIND POSITIVE OR SUCCESSFUL ABOUT YOUR EXPERIENCE?
Nothing.

a. My (voter) base objected, saying, 'Taxes are not a good use for campaigns.'
b. Voters were not asked to bless the 'Voter Owned Election 'process.
c. I couldn't run without public funds, and my base was lost because of public funding.
d. My base wants pot holes fixed; streets paved; cops on the street.

3. WHAT RULES WOULD YOU CHANGE?

a. Rules all OK - but concept of PFC is bad.
b. OK to use credit cards, cash, check or money orders for $5 qualifying amounts.

4. ANY OTHER CHANGES YOU WOULD SUGESTED?

a. Need someway to verify $5 contributors.
b. Need much more public education in advance of the process.

Appendix B: Proposed Qualifying Contribution Form

City of Portland
Qualifying Contribution Form
$5 Contribution – May 2008 Primary Election

CANDIDATE NAME _____

OFFICE SOUGHT (circle one): Mayor Commissioner No. 1 Commissioner No. 4

CONTRIBUTOR NAME _____

ADDRESS _____ **Portland, OR Zip** _____
(must be within the City of Portland)

EMAIL ADDRESS (optional) _____

PHONE NUMBER (optional) _____

I, the CONTRIBUTOR, UNDERSTAND AND AFFIRM THAT:

- **I reside in the City of Portland;**
- **I have registered to vote;**
- **I have written all of my own personal information and signed my own name below;**
- **I have contributed $5 to the candidate (fill in name) _____;**
- **I support allocation of public funds to this candidate;**
- **I have received nothing of value in return for my signature and contribution.**

I ALSO DECLARE, UNDERSTAND AND AFFIRM THAT THE ABOVE STATEMENTS ARE TRUE AND SUBJECT TO PENALTY FOR PERJURY, A CLASS C FELONY PUNISHABLE UP TO 5 YEARS IN JAIL AND A $125,000 FINE.

Note to contributor: you may NOT sign this form on behalf of a family member or friend.

_____ _____
signature of contributor *date of contribution*

I, THE UNDERSIGNED SOLICITOR, AFFIRM UNDER PENALTY OF PERJURY THAT I WITNESSED THE SIGNATURE AND RECEIVED A $5 QUALIFYING CONTRIBUTION FROM THE PERSON NAMED ABOVE, AND GAVE NOTHING OF VALUE IN RETURN. I HEREBY DECLARE THAT THE STATEMENTS MADE BY THE CONTRIBUTOR ABOVE ARE TRUE, TO THE BEST OF MY KNOWLEDGE AND BELIEF.

SOLICITOR'S NAME: _____

ADDRESS: _____
Address City State Zip

_____ _____
signature of solicitor *date*

RECEIVED (circle one) $5 cash $5 check $5 money order

Appendix C: Summary of Emilie Boyles' Candidacy

Most aspects of Portland's CFF were tested by the activities of the candidates in 2006 and the large majority worked as intended. The activities of Emilie Boyles and her consultant Volodymyr Golovan helped identify some of the areas needing further review and strengthening.

Background

Emilie Boyles filed her form of intent to qualify as a participating candidate and received her materials and instructions from the Auditor's Office on September 26, 2005. Unlike the other candidates, the Auditor's Office received very few questions from the Boyles campaign during the startup period. On September 28 Boyles asked whether there were any rules that prohibited payments for collecting qualifying contributions. (The Auditor's Office responded that such payments were permissible except that they could only be paid with seed money and Qualifying Contributions.) Sometime in September Boyles had telephone service installed in her residence, which she paid for with campaign funds.

Boyles entered into contracts with Aaron Minoo on October 10, 2005, to be her campaign manager, with her daughter Kimberly Boyles on November 1, 2005, for office management and marketing services, and with Volodymyr Golovan (unknown date) to gather qualifying contributions. Each of these contracts contained a commitment to make back payments for work starting on October 1, 2005, if Boyles successfully qualified for public funds.

In late January or early February the Auditor's Office received a series of questions about preparing the necessary forms and materials to qualify from the Boyles campaign, and on February 15, 2006, Boyles submitted her qualification materials. The Auditor's Office drew a random sample of contributors to verify the following:

- Presence of contributor signature, contribution-gatherer signature, and candidate signature on form, for at least 1,000 contributions
- Each contributor address was in Portland city limits
- Qualifying forms were all submitted and properly filled out
- Reported financial transactions were in compliance with local and state contribution and spending rules

The qualifying contribution forms contained mostly Slavic names and signatures were either in cursive Cyrillic alphabet, cursive Latin alphabet, or printed Latin alphabet. Earlier news stories indicated that Boyles was very engaged in the Slavic community in East Portland, which helped explain the large number of Slavic contributors and the involvement of Volodymyr Golovan. Golovan was a recognized leader in the Slavic community, head of the Russian Chamber of Commerce and a community outreach worker with the nonprofit Immigrant

and Refugee Community Organization, among other activities. He collected 950 of Boyles' contributions.

On February 21, the Auditor's Office certified Boyles as a participating candidate, and issued her a check for $144,905 on February 24. In accordance with the back pay terms of the contracts that she signed in September, Boyles wrote a series of checks to Golovan, her campaign manager Aaron Minoo, and her office manager and daughter Kimberly Boyles. In addition, on February 28 she paid in full for a one-year lease on an office space for her campaign headquarters.

Boyles purchased office equipment, computers, cell phones and supplies typically used in a campaign. She bought advertising in newspapers, paid for a website and her Voter's Pamphlet Statement, and was one of the participants in a City Club debate on March 10. Along with the news stories, the Auditor's Office began hearing vague rumors that some of Boyles' qualification activities might have been done incorrectly.

The Oregonian submitted a public records request in late March, obtaining copies of the Boyles qualification forms the same day. On March 30 the Oregonian published an article alleging that nine persons listed on the forms said they did not recall contributing to the Boyles campaign and six or seven signatures appeared to be written by a spouse or family member. To develop these allegations, the reporter examined the contribution forms and found entries with very similar handwriting and signatures raising questions about whether or not the person had signed for his or herself, and contacted contributors individually using a Russian translator.

On the same day another candidate, Lucinda Tate, submitted her qualification documents to the Auditor's Office, also with the assistance of Volodymyr Golovan who collected 424 of Tate's contributions in a one-week period. Tate was disqualified for procedural and reporting violations.

On April 3 the Auditor's Office identified the same order of contributions on Boyles Sheet #42 and Tate Sheet #2 which were gathered three months apart. In addition, the signatures were dissimilar between the two sheets. At that point, the period of time had passed to decertify Boyles on the basis of a qualification violation.

The Auditor's Office contacted the Police Bureau on April 3 and requested a criminal investigation. Detectives obtained the assistance of the Oregon Attorney General's Office because the case involved a candidate for City Council and they believed an independent investigation would be in the best public interest.

On April 10 the Boyles campaign filed its First Pre-Election Contributions and Expenditures Report, as required by State law. The report listed the expenditures for staff, office space, telephones, equipment and supplies. The next day, the Auditor's Office requested additional documentation regarding expenditures for staff, office space, and telephones of all three participating candidates.

On April 18 Boyles filed additional information, including a copy of the one-year lease for office space. The next day the Auditor's Office sent a letter to Boyles identifying the spending violation, imposed a penalty and decertified her as a participating candidate. The letter also indicated that the review was still underway and additional violations could be identified. On April 26 the Auditor's Office notified Boyles of four additional violations.

The violations were:

- Expenditure on unrelated campaign expense – one-year lease when only four or five months was necessary - $10,000 penalty
- Expenditure on a utility in a personal residence – telephone service in Boyles' home - $1,000 penalty
- Non-market rate payments for non-bona fide services – contracts with Golovan and her daughter - $1,000 penalty
- Expenditures of public campaign funds to repay a debt incurred prior to certification – payments to Minoo, Kimberly Boyles, and Golovan - $1,000 penalty

Boyles filed an appeal of the first violation on May 3 and on May 10 regarding the four additional violations. The hearing was conducted on May 31 of all four violations and on June 2 the Administrative Court Judge issued a decision in favor of the Auditor's Office on all four violations.

Criminal investigators from the Oregon Attorney General's Office and Portland Police Bureau submitted their case to a Multnomah County Grand Jury which voted on December 12 to indict Golovan on aggravated theft, attempted aggravated theft, unsworn falsification, six counts of forgery in the first degree, and three counts of identity theft.

Recommendations that address Boyles issues:

<u>Qualification</u>

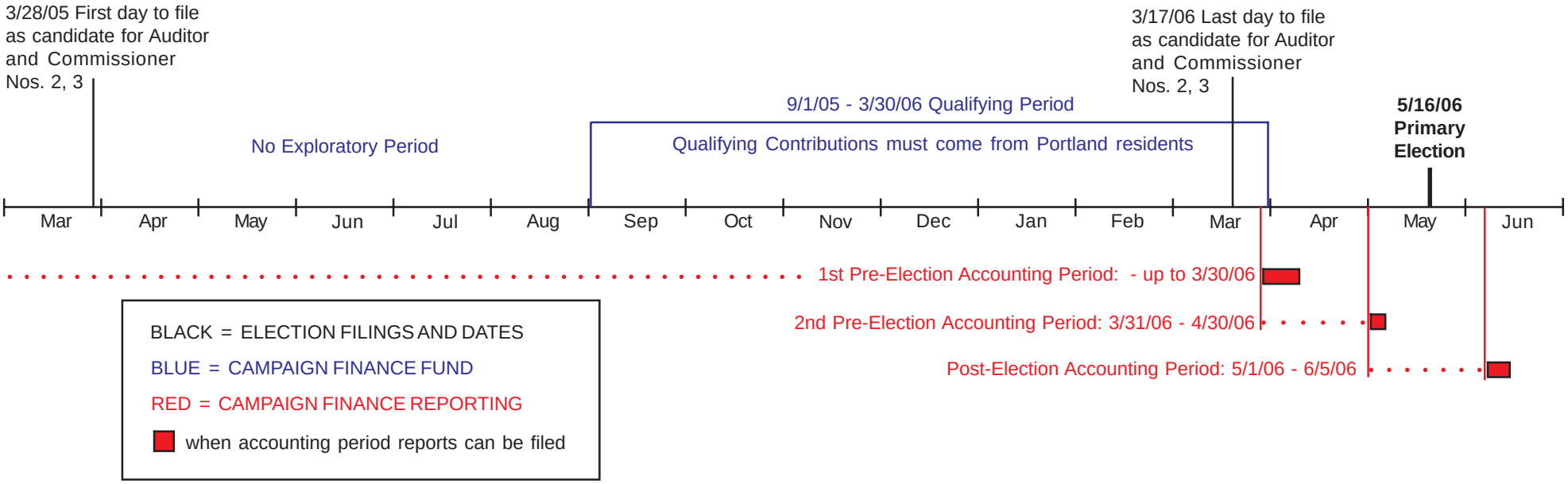
- Criminal investigation of possible violations will help deter future scams
- Require outstanding money judgments to be resolved before candidate can participate
- Change language on qualification sheet to include threat of perjury
- Change look of qualification sheet to distinguish from petition
- Verify signatures of all contributions from registered voters
- Allow public challenges of qualifying contributions
- Train candidates on qualification rules
- Provide additional staffing and backup to handle bulges in elections workload

<u>Spending</u>

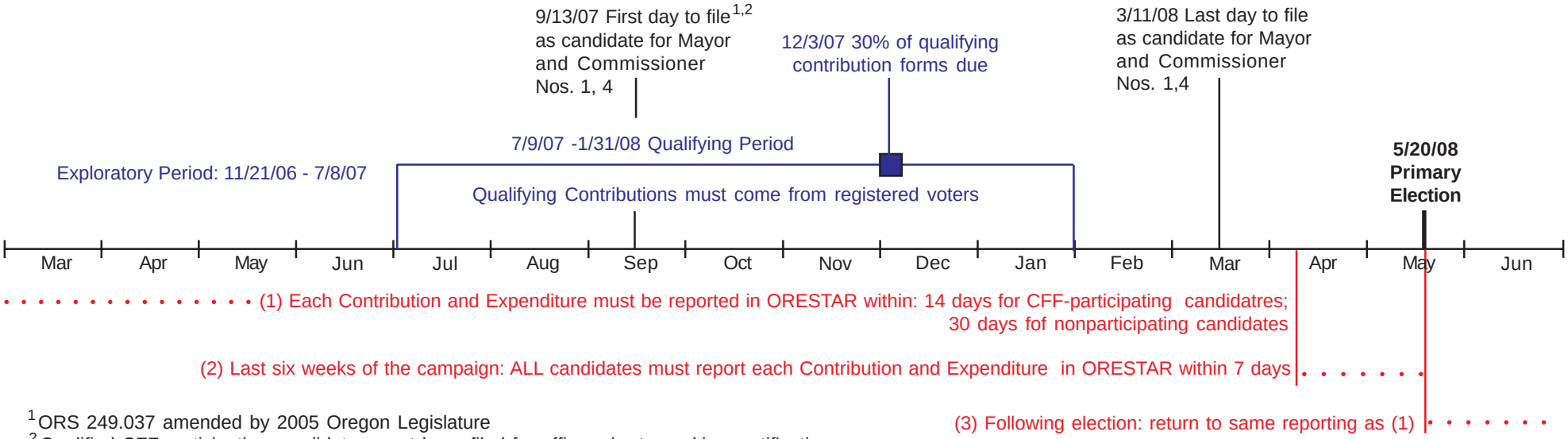
- Court judgment actions will help deter future misspending
- Require more frequent reporting of campaign expenses to quickly identify problems
- Train candidates on campaign spending rules

Appendix D:
Overview:
2006 vs. 2008 Timelines

2006 Primary Election



2008 Primary Election: Proposed Changes



[1] ORS 249.037 amended by 2005 Oregon Legislature
[2] Qualified CFF-participating candidates must have filed for office prior to seeking certification