



Hon. Paul D. Lopez,
Clerk and Recorder

Fair Elections Fund Forecast

Deliberative for
Council and Mayor's
Office only.

SUMMARY

The 2023 Municipal Election Cycle will be the first cycle in Denver history where candidates are eligible to receive public matching funds. Under Denver ordinance, the first payments to participating candidates will occur in August of 2022. To prepare for these payments, the Office of Denver Clerk and Recorder Paul López has dedicated resources toward the administration of this program.

One of these new resources is a full-time campaign finance administrator housed in the OCR City Clerk division tasked with implementation of the Fair Elections Fund, and the re-engineering of a new campaign finance reporting system which the office did not have before 2020. As the chief elections official for the county, I consider the Campaign Finance Administrator, along with the Compliance and Policy Administrator the subject matter experts for policy regarding municipal campaigns. It is also the role of the campaign finance administrator to analyze and forecast how many candidates may participate in the Fund. This memo contains those forecasts.

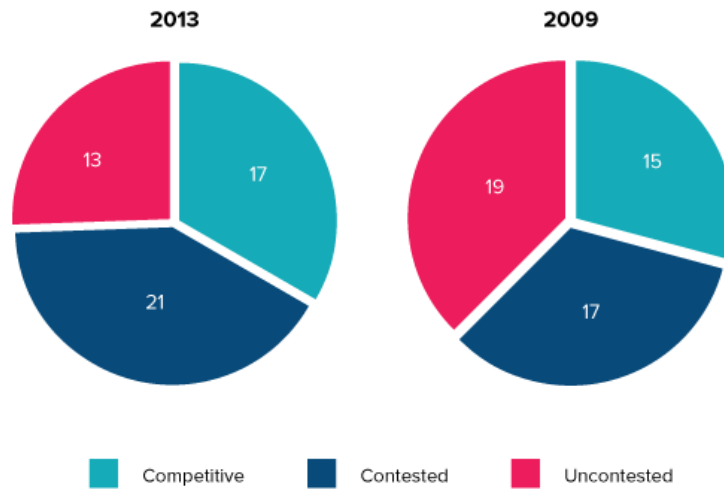
DATA AND ASSUMPTIONS

To begin, our office reviewed other jurisdictions that implemented a public matching system. We reviewed both municipalities and states to determine whether jurisdictions saw an increase in candidates after the jurisdiction implemented a public matching system. Based on our research, the full \$8,000,000 to implement the Fair Elections Fund will be required.

We primarily used New York City (NYC) as a model because it has a successful, well-publicized program that has been copied by jurisdictions across the country. Although its population size is obviously not comparable to Denver's, the program has become a national model. In NYC, the program contains an 8-to-1 match and matches donations of \$10.00 or more after a candidate hits a donor and donation amount threshold. ^[1] NYC reports that after it implemented the New York Fair Elections Fund, it experienced the following trends:

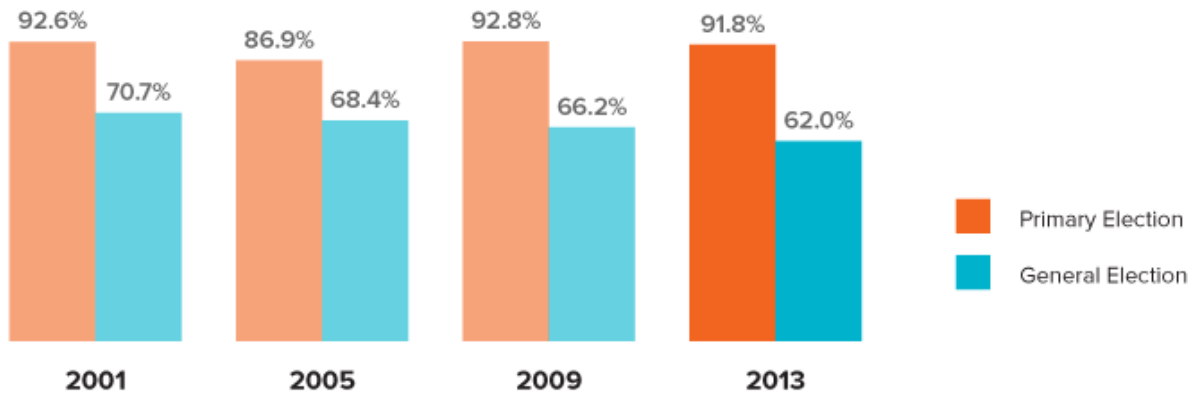
1. **More Competition:** "New York City's matching funds program has been instrumental in keeping candidates accountable to their constituents. By providing more candidates the means to run competitive and viable campaigns, the program ensures fewer incumbents get a free pass from the voters." [2]
2. **Expanded Primaries:** "New York City has seen in a major increase in both contested and competitive primary elections. These funds have been directly attributed to an increase in numerous more multi-candidate elections across the whole of the City of New York. They have also decreased the number of seats that have gone uncontested." [3]

Contested and Competitive Primary Elections Primary elections, 2009 & 2013

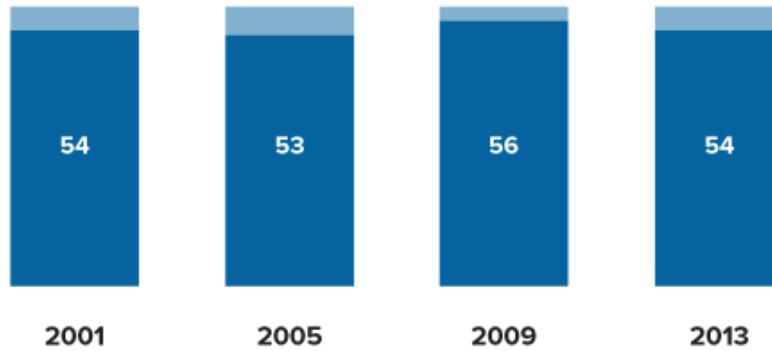


3. **Overwhelming Candidate Participation in the Campaign Finance Program** within primary elections. Unlike Denver, New York has primary and general elections while Denver has Run-off Elections. [4]

Candidate Participation in the Campaign Finance Program Citywide Primary and General Elections, 2001 – 2013



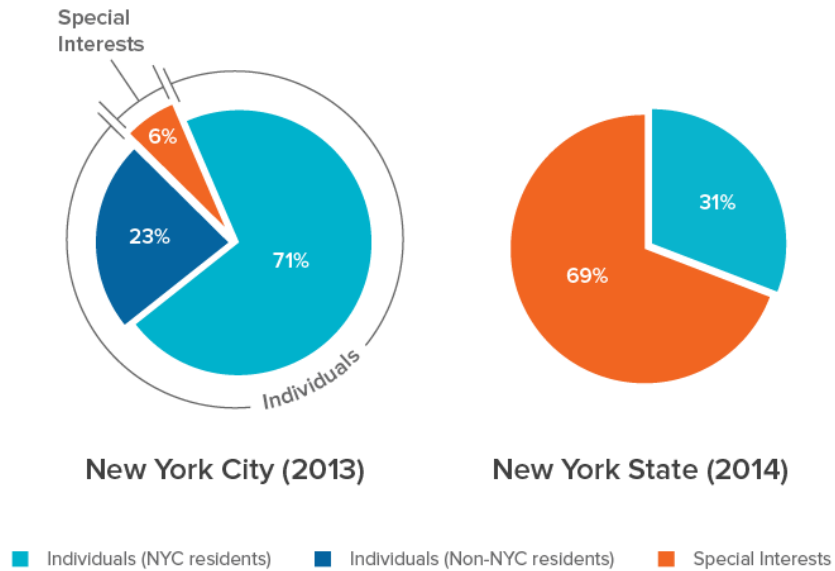
Campaign Finance Program Participants Elected to Office (out of 59)
2001 – 2013



4. **Making Elections More Competitive.** In two citywide primary races, Program participants won against wealthy self-funders, despite being significantly outspent by their opponents. Overall, more than 90 percent of candidates running in the primary election participated in the Program, while nearly 75 percent participated in the general election. [5]

5. **Limiting influence of special interests:** Individual contributors from New York City are, by far, the largest source of contributions to candidates in city elections. In the 2013 citywide elections, more than 90 percent of funds raised came from individual contributors, not political committees or unions. There was the largest number of contributors in New York City in any election, ever. More than 2/3 of contributions were \$175 or less. NYC’s focus on individual contributors creates a stark comparison with New York State elections, where nearly 70 cents of every dollar raised comes from a special interest — a corporation, LLC, political action committee, union, or party committee. [6]

6. **Source of Contributions [7]**



Other Studies:

1. “A 2010 study by a University of Illinois professor found that, in each election since their public funding programs were implemented, both Maine and Arizona have enjoyed a general decline in races with unopposed incumbents. In other words, with public financing, elected officials in those states are increasingly more likely to face a challenger when they run for re-election.”[8]
2. “A 2008 study conducted by a Stanford Graduate School of Business professor similarly found that elections in Maine and Arizona between incumbents and publicly financed challengers are much more competitive than was true before public financing was adopted.[9] This finding confirms that public financing can provide newcomers with the ability to mount effective campaigns against incumbents.”
3. “A study by a postdoctoral associate at Yale University concluded that public financing encourages experienced challengers within the incumbent party to run for open seats more often than they would without public financing. Hence, public financing not only encourages more individuals to run, it also attracts high quality candidates.” [10]
4. “Increased number of donors Connecticut legislators who participate in the state’s Clean Elections Program receive contributions from a wider set of donors than those who do not participate, because they need a minimum number of in-district donors to qualify for a public grant.” [11]
5. “Greater racial and class diversity among donors - City council candidates who participate in New York City’s matching funds program receive contributions from a more diverse pool of donors—by race and class—than New York State Assembly candidates representing the same jurisdictions.” [12]

Next, our office reviewed Denver-specific data to determine whether past candidates would have qualified for public matching funds.

For the 2019 municipal election, we decided to review the District 8 race as a sample study because it contained the highest number of challengers vying to unseat an incumbent Councilperson. Councilman Herndon faced five petition-qualified candidates and one write-in candidate for a total of six challengers. Because we think that it is appropriate to forecast and prepare for a “worst-case” scenario, this race is a good sample. **Additionally, our research from NYC indicates that even more challengers run for office when they have access to public funds.**

Councilman Herndon prevailed, but here we attempt to forecast the 2023 elections based on each campaign’s donors and whether they would have qualified for the match. We cannot forecast how much each campaign would have received, but at the very least it shows each campaign’s support levels. Based on this analysis, we project that five candidates or 71.42% would have likely received all or a percentage city funds.

We then performed the same analysis for the 2011 and 2019 Mayoral Elections and, based on contributor information, projected how many candidates would have received public matching funds and what percentage of the maximum amount they would have received.

2019 District 8:

Christopher Herndon - Would Qualify – Likely Full amount
Blair Taylor - Would Qualify – Likely 75% - 100%
Miguel Ceballos-Ruiz - Would Qualify – Likely 50
Patrick Thibault - Would Qualify – Likely Full amount
LaMone Noles – Likely Not Qualify
Erik Penn – Likely Not Qualify
Jon Bowman – Would not qualify

2011 Mayoral Election:

Carol Boigon - Would Qualify – Likely 75% - 100%
Michael B. Hancock - Would Qualify – Likely Full amount
Doug Linkhart - Would Qualify – Likely 50 – 75%
Danny F. Lopez – Likely Not Qualify
James Mejia - Would Qualify – Likely Full Amount
Chris Romer - Would Qualify – Likely Full Amount
Kenneth R. Simpson – Would not qualify
Theresa Spahn - Would Qualify – Likely 50 – 75%
Thomas Andrew Wolf – Would not qualify
Jeff Peckman– Would not qualify
Marcus Giavanni– Would not qualify

2019 Mayoral Election:

Michael Hancock - Would Qualify – Likely Full Amount
Jamie Giellis - Would Qualify – Likely Full Amount
Lisa Calderón - Would Qualify – Likely Full Amount
Penfield Tate - Would Qualify – Likely 50 – 75%
Kayvan Khalatbari - Would Qualify – Full amount (if not have dropped out but would have claimed some payments)
Kalyn Heffernan - Would Qualify – Likely 10%
Stephan Evans – Would not qualify
Marcus Giavanni – Would not qualify
Kenneth Simpson – Would not qualify
Paul Fiorino – Would not qualify
Leatha Scott – Would not qualify

We also expect there to be substantial interest in running for office in Denver’s 2023 elections because numerous political groups are recruiting and training candidates for municipal offices across the country, including Denver. While these groups have not been active in raising funds for qualification in the past, they are building large donor lists and asking their members and donors for funds to help train candidates. We conducted a public information search to identify organizations that have a training program, an independent expenditure arm that spent money on municipal candidates, fundraises on behalf of their endorsed campaigns, and have listed trainings. We also looked for public trainings hosted in person within 15 miles of Denver and online options. Finally, we assumed that some organizations not listed meet these criteria and that we are unable to find them through a public search.

These organizations include, but are not limited to:

Organization Name	Actively training in Denver	Independent expenditure	Raises money for campaigns
Bold Progressives	x	x	x
Colorado Black Women for Political Action	x	x	
Democracy for America	x	x	x
Emerge	x	x	x
Emily's List	x	x	x
Gay and Lesbian Victory Fund	x	x	x
New American Leaders Project	x		
Run for Something	x		
Running Start	x		
She Should Run	x		
The Veterans Campaign	x	x	x
VoteRunLead	x		
Working Families Party	x	x	

Our office is also aware of numerous digital firms that are building donor qualification business programs to help candidates qualify for the fair election funds. This will be a low-cost option for candidates to ensure qualification for the Fair Election Fund while reaching outside of their personal network for support.

Further, at multiple office levels we have observed like-minded candidates help each other achieve donor thresholds. For example, in the 2020 Democratic Primary for President, Senator Mike Gravel emailed his donors asking them to contribute to Marianne Williamson and, in return, Marianne Williamson asked her donors to give to his campaign. This helped Marianne Williamson achieve the donor threshold for a Democratic Debate. As a result, we do not think it is unreasonable to assume that candidates in Denver will help each other reach the minimum qualifying contributions.

Nationally, 2020 has also shown us the power of small dollar donors across the country with platforms like Actblue and WinRed. These platforms allow quick, easy donation collections and let campaigns focus more time on fundraising through their reporting functions. According to the Federal Elections Commission donor search function, from 2019-2020 Denver residents have given 639,000 donations to federal races across the country. So, we know that Denver residents can mobilize for candidates.

Finally, we expect the 2023 elections to be more active than previous ones. In 2023, there will be open seats for Mayor, both at-large Councilmembers, and one Council District, but others could opt not to run for re-election in their current district, creating more open seats. With expanded attention on municipal elections, current elected officials may face challenges from more high-profile candidates with higher name identification. Numerous outside groups will look at this moment to change the direction of the City and County of Denver in alignment to their political ideals and will spend heavily to do so.

REVENUE IMPACT

Scenario 1: Large Candidate Pool, but many candidates receive partial matches

Office	Forecasted Candidates	Averaged Percent Match Achieved	Total FEF Dollars	Total Dollar Amount
Mayor	2	100%	\$750,000	\$1,500,000
Mayor	3	50%	\$375,000	\$1,125,000
Mayor	4	25%	\$187,500	\$750,000
Mayor	5	10%	\$75,000	\$375,000
Auditor	1	100%	\$250,000	\$250,000
Auditor	1	50%	\$125,000	\$125,000
Clerk and Recorder	1	100%	\$250,000	\$250,000
Clerk and Recorder	1	50%	\$125,000	\$125,000
At- Large Council	2	100%	\$250,000	\$500,000
At- Large Council	2	50%	\$125,000	\$250,000
At- Large Council	6	25%	\$62,500	\$375,000
City Council	4	100%	\$125,000	\$500,000
City Council	5	75%	\$93,750	\$468,750
City Council	5	50%	\$62,500	\$312,500
City Council	8	25%	\$31,250	\$250,000
City Council	10	10%	\$12,500	\$125,000
	60		Total:	\$7,281,250

Scenario 2: Numerous Fully Matched Candidates.

Office	Forecasted Candidates	Averaged Percent Match Achieved	Total FEF Dollars	Total Dollar Amount
Mayor	3	100%	\$750,000	\$2,250,000
Mayor	3	50%	\$375,000	\$1,125,000
Mayor	4	25%	\$187,500	\$750,000
Auditor	1	100%	\$250,000	\$250,000
Auditor	1	50%	\$125,000	\$125,000
Clerk and Recorder	1	100%	\$250,000	\$250,000
Clerk and Recorder	1	50%	\$125,000	\$125,000
At- Large Council	3	100%	\$250,000	\$750,000
At- Large Council	2	50%	\$125,000	\$250,000
At- Large Council	3	25%	\$62,500	\$187,500
City Council	6	100%	\$125,000	\$750,000
City Council	4	75%	\$93,750	\$375,000
City Council	2	50%	\$62,500	\$125,000
City Council	3	25%	\$31,250	\$93,750
	37		Total:	\$7,406,250

Scenario 3: (Worst Case Scenario) We looked at the last time each seat was open and omitted our assumption that the Fund’s existence will entice others to aim for it. (Note: we used 2011 for At-Large data but due to redistricting we will be using 2015 or 2019 data.

We are forecasting at least 95% of campaigns would have accepted fair elections funding based on data of candidates who accepted the program from cities and counties who have a fair matching fund which is detailed above. Please remember that in NYC, 90% of candidates participated in the fund during their primary election.

Office	Last Open Year	# of Candidates	Averaged Percent Match Achieved	Total FEF Dollars	Total Dollar Amount
Mayor	2011	3	100%	\$750,000	\$2,250,000
		1	75%	\$562,500	\$562,500
		2	50%	\$375,000	\$750,000
		5	0%	\$0	\$0
Auditor	2015	2	100%	\$250,000	\$500,000
Clerk and Recorder	2019	2	100%	\$250,000	\$500,000
		1	Not Qualified / less than 20%	\$0	\$0
At- Large Council	2011	3	100%	\$250,000	\$750,000
		1	75%	\$187,500	\$187,500
		1	Not Qualified / less than 20%	\$0	\$0
City Council 1	2019	3	100%	\$125,000	\$375,000
		1	75%	\$93,750	\$93,750
		1	50%	\$62,500	\$62,500
		1	25%	\$31,250	\$31,250
		1	Not Qualified / less than 20%	\$0	\$0
City Council 2	2015	2	100%	\$125,000	\$250,000
		2	75%	\$93,750	\$187,500
		1	Not Qualified / less than 20%	\$0	\$0
City Council 3	2019	2	100%	\$125,000	\$250,000
		1	25%	\$31,250	\$31,250
		1	Not Qualified / less than 20%	\$0	\$0
City Council 4	2015	2	100%	\$125,000	\$250,000
		1	50%	\$62,500	\$62,500
City Council 5	2015	1	100%	\$125,000	\$250,000
		1	75%	\$93,750	\$93,750
		1	50%	\$62,500	\$62,500
		1	Not Qualified / less than 20%	\$0	\$0
City Council 6	2015	2	100%	\$125,000	\$250,000
City Council 7	2015	2	100%	\$125,000	\$250,000
		1	75%	\$93,750	\$93,750
		1	50%	\$62,500	\$62,500
		2	25%	\$31,250	\$62,500

		4	Not Qualified / less than 20%	\$0	\$0
City Council 8	2019	2	100%	\$125,000	\$250,000
		1	75%	\$93,750	\$93,750
		1	50%	\$62,500	\$62,500
		3	Not Qualified / less than 20%	\$0	\$0
City Council 9	2019	2	100%	\$125,000	\$250,000
		2	Not Qualified / less than 20%	\$0	\$0
City Council 10	2019	2	100%	\$125,000	\$250,000
		1	75%	\$93,750	\$93,750
		1	25%	\$31,250	\$31,250
City Council 11	2015	2	100%	\$125,000	\$250,000
		1	75%	\$93,750	\$187,500
		2	25%	\$31,250	\$62,500
				Total:	\$9,750,000

Explanation of on our numbers

The Clerk and Recorder's Office predicts that numerous council districts will face a high number of challengers based on the current political climate, open seats, and expanded electoral engagement. We also expect the Fair Elections Fund's existence to entice candidates who would normally not run for office. Based on all these factors, we expect one of largest candidate classes in recent history.

While we are providing numerous scenarios, we strongly feel first provided will likely align closely with a likely number of candidates. We are expecting 60 plus candidates for office making a credible attempt to receive fair elections funds.

In 2019, we saw between three and six challengers for contested races that had an incumbent running for re-election. Races without incumbents had between three and five challengers. Based on the addition of the Fair Elections Funds, we forecast this numbers to increase because of the access to additional funds to run for political office. And, for races where incumbents were not challenged, we assume that there will be at least one credible challenger per district in 2023.

****Please note that the above forecast scenarios do not include run-off election payments.**

What happens if the fund is not fully funded?

Put simply, if our office does not receive the full \$8 million for the Fair Elections Fund, we do not expect to have enough money to fully administer this program for the 2023 elections. This had the potential to upend the political process as early qualifiers will receive access to early funds and campaigns will be planning and budgeting on the understanding of the payment calendar.

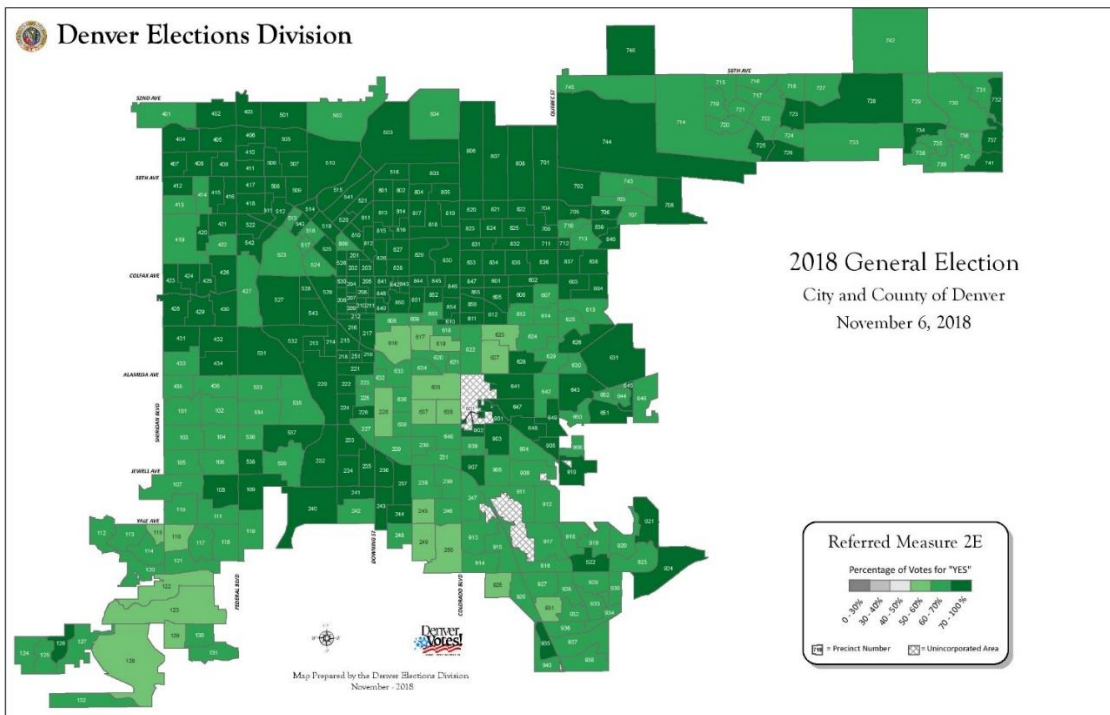
Declaring that the Fund is out of money would change the rules mid-way though the election and will benefit those campaigns who have been running the longest as well as self-funded candidates. Currently there are currently five candidates who are pursuing matching funds, all of whom are incumbent officeholders. It is our analysis that short-changing the fund now would only benefit incumbents with access to pre-existing donor lists.

The 2023 municipal election will also be the first with this program in place and, in order to accurately forecast and budget for future elections, it must be administered as intended rather than short - changing the fund and continuing to make non data-informed assumptions in 2027.

Sources

1. New York City Campaign Finance Board
2. New York City Campaign Finance Board
3. New York City Campaign Finance Board
4. New York City Campaign Finance Board
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7. New York City Campaign Finance Board
8. Michael G. Miller, Clean Elections vs. Political Speech 2 (2011), available at <http://www.mainelections.org/assets/files/Clean%20Elections%20v%20Political%20Speech%20Miller%20March%202011.pdf>.
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10. Conor Dowling, Public Financing and Candidate Participation in Gubernatorial Elections, in Public Financing in American Elections, supra note 1010, at 184, 196.
11. J. Mijin Cha and Miles Rapoport, Fresh Start: The Impact of Public Campaign Financing In Connecticut, Demos, 2012.
12. Elisabeth Genn et al., Donor Diversity Trough Public Matching Funds, Brennan Center for Justice and Campaign Finance Institute, 2006; Adam Wolkoff, Public Financing of Campaigns: Constitutional Issues and Impact, Connecticut General Assembly, 2006.

Voter approval of the Fair Elections Fund:



https://www.denvergov.org/media/denverapps/electionresults/maps/20181106/L--11-20-2018-Final_Official_Results/Referred_Measure_2E_FINAL_OFFICIAL.pdf

We welcome discussion to expand on our logic listed above. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]