

CITIZENS LEAGUE REPORT



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SMALLER
CONTRIBUTIONS**

**A New Approach to the Public Regulation of
Financing Local Political Campaigns in Minnesota**

C I T I Z E N S L E A G U E R E P O R T

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A New Approach to the Public Regulation of
Financing Local Political Campaigns in Minnesota

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Approved by
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I N T R O D U C T I O N

The financing of campaigns continues to be a critical issue even after recent action by public bodies to open up the system.

- * The Minnesota Legislature, in 1974, began to guide campaign funding for state offices in passing the Ethics Act. From now on, candidates for state offices must disclose their receipts, contributions and financial interests. The amount of money spent and contributed is also broadly limited.

The newly created Ethics Commission, responsible for administering and enforcing the rules on campaign financing, is charged with recommending changes to an act which applies to state offices.

- * At the federal level, Congress called for disclosure in the Federal Election Campaign Act in 1971. It moved again, however, in 1974 to tighten up rules on contributions and spending and extended them to cover congressional races.

One largely untouched area where comparable steps have not been taken to control campaign financing is in local elections.

Concern about campaign funding arises because campaigns serve a vital function in the elective process . . . one in which public officials are selected and the consent of the people secured. Considerable activity before the election is indispensable to informing the voters about the upcoming election, the candidates, the issues, and in helping them make their choice. Much of this activity, however, frequently costs a considerable amount of money given the traditional way campaigns are conducted in populous districts.

Many disturbing questions arise, however, from the necessity for funds to pay for increasingly expensive literature, ads, lawn signs and for even more costly techniques such as voter profiling, direct mail, telephoning voters, and full-time workers. The availability of money, for example, may influence who will run for public office, while the amount spent can affect voter awareness of candidates, issues and the final decision about who is elected. Most importantly, a suspicion that undermines citizen confidence in the political process arises from the practice of relying on larger contributions to fund these costly campaigns.

This report does not allege there is substantial, documented corruption of the election process in Minnesota. The problem asserted, however, is the problem of public confidence in the process given the rise of certain practices in campaign fund-raising. This problem is not readily apparent to many -- particularly some who are in the system and so used to it that it seems impossible to change. Unless further significant action is taken soon in Minnesota to cover larger local campaigns and to address remaining troublesome questions, a major opportunity to increase confidence will be missed.

MAJOR IDEAS

- * This is a representative government, which means decisions are made by a few people selected by voters at elections. Support for this system and its effectiveness consequently depends on the process by which we elect people.

Campaigns for public office are as critical to the elective process as the election itself. They are the way people find out who the candidates are, where they come from, and where they may be going. Important public issues, differences between candidates, and support for each of them are discovered and aired in the campaign. These efforts before the election are central to getting people to vote and to making their choice of who should represent them.

The integrity of campaign efforts depends heavily on the way they are financed and conducted. We are now paying more attention to this, due to growing concern about the influence of larger contributions on the political process of elections and of public policymaking.

- * Public money is now appearing at the state and national level as a way of reducing reliance on larger contributions.

Congress, at the national level, has established a pool of public funds from the income tax check-off as a partial source of funding for presidential campaigns.

The Minnesota Legislature in 1974 created a similar tax check-off source of public funding for statewide and legislative races.

- * The basic policy in this country, however, is to have campaigns financed by private money which is regulated by the public.

The 1974 Minnesota Ethics Act essentially regulates private contributions by:

- Requiring timely disclosure and monitoring of contributions by a newly created Ethics Commission.

- Limiting private contributions to a percentage of limits placed on spending for statewide and legislative offices.

- Encouraging smaller private contributions of up to \$25 to state races by refunding them in combination with the federal government.

- * The 1974 Minnesota campaign finance law failed to deal with local races which are equally important. The hundreds of local races, where a lot is spent, were left untouched. These are races for important offices which make major land use, law enforcement, educational and property tax decisions. The same problems of possible influence from private contributions exist in these races, and in many cases the special-interest problem is more direct. There is

..... IN OUR REPORT

nothing to suggest the essence of the transaction is essentially any different in local races than for state or federal elections. The immediate contact between potential officeholder and contributors, however, makes this problem even more acute at the local level.

- * The problem is not spending. Campaign spending, even though a relatively small amount per voter, may be seen as excessive by many -- especially in closer races. The interest generated in these races, however, draws attention to them and encourages voter participation. Efforts to limit spending are likely to work against the challenger to the advantage of the incumbent. We concluded that, while a policy of restricting total spending has considerable appeal, it does not in itself get at the major problem of suspicion which accompanies larger contributions. We are not distressed if a candidate spends a considerable amount of money so long as it is raised from small contributions by large numbers of persons, by the political parties, or from his own resources.
- * Rather, the problem is contributions. The strategy to deal with the problem, we concluded, must be to put restraints on the amount of contributions by individuals and organizations to candidates and to broaden the base of smaller individual contributors and the role of the political party. Funds are needed for campaigning . . . and in some respects more should probably be spent in many local races, where voter turnout is frequently appallingly low. These dollars, however, should come from either large numbers of small contributors, the political parties or the candidate.
- * To secure the needed dollars, different sources must be opened up or expanded,

Self-financing of local campaigns is one legitimate and frequent source of funding. Where little is spent, this may be the largest source. Even in expensive races the use of the candidate's own funds do not raise the suspicions accompanying larger contributions by others.

Other sources -- the political party and the untapped mass of persons who have not contributed to campaigns -- must be opened up and encouraged as restrictions are placed on the size of contributions by individuals and organizations. The parties, as one source, can become a buffer between larger contributors and the candidate. Incentives must also be provided to encourage larger numbers of persons to make small contributions to the candidate and the parties.

- * Direct forms of public financing, such as the tax check-off, will be experimented with for state offices. The multitude of local races, however, makes this approach to funding a difficult and unworkable alternative to private financing for local offices. We concluded, however, that further experimentation with different forms of such financing and different approaches to conducting campaigns should be tried whenever the Metropolitan Council is made elective. These could include appropriation for media exposure of these candidates and/or for funds to match very small contributions.

Adopting a policy for funds to reach very small constituencies. These could include organizations for media exposure of their own activities. These should be cited whenever the Republican Council is made aware with different forms of such financing and different approaches to conducting campaigns should be cited whenever the Republican Council is made aware with different forms of such financing and different approaches to conducting campaigns for local offices. We concluded, however, that further organizational financing for local offices, such as the tax check-off, will be a part of many with for state offices. The majority of local races, however, when direct forms of public financing, such as the tax check-off, will be a part of many with for state offices. The majority of local races, however, when direct forms of public financing, such as the tax check-off, will be a part of many with for state offices.

F I N D I N G S

1. *Political campaigns . . . an essential part of the elective process . . . are largely financed from a narrow base of contributors. While some campaigns have successfully raised finances from many small contributors, the trend is toward larger contributions from organizations and individuals.*

The testimony we heard and the information we gathered from the Twin Cities area in our year of inquiry is that the system as it is operating has these features:

1. Organizations and individuals primarily with economic interests are putting large amounts of money into campaigns.

A number of trade and professional associations, labor unions and persons with economic interests in public policies are actively engaged in efforts to pool funds for political purposes. Some organizations . . . a few labor unions, for example . . . obtain their funds not from voluntary contributions but from dues, assessments and membership fees. They make sizable contributions, exceeding \$50-100, to the campaigns of many candidates. These funds provide the base or even almost all of the money for many campaigns -- particularly those of incumbent public officials.

Local races tend to be financed more from large contributions by individuals with economic interests, by comparison with state races which are more heavily financed by organizations.

In recent costly local elections, organizations and individuals were a major source of funds. In Minneapolis, for example, at least \$15,710 was contributed by 23 organizations. Similarly, in St. Paul a total of \$33,660 was contributed by 54 individuals and organizations.

Contributions from organizations and individuals are a major source of funds for some candidates. For example, four of the incumbent Minneapolis aldermen who each spent approximately \$7,000 financed more than 30-40% of their campaigns from fewer than 60 contributors, with the remainder largely coming from a fund-raising activity conducted by incumbent aldermen.

The amount of single contributions to a candidate by these special interests frequently totals hundreds and even thousands of dollars. For example, in the 1973 Minneapolis election there were at least 132 contributions from individuals and 23 from organizations that exceeded \$200. Of these, 34 came from interests who contributed this amount to more than one candidate.

Records from St. Paul in 1974 show 91 contributions of over \$200 (62 individuals and 29 organizations) with 34 also contributing this amount to more than one candidate. Four individuals and two organizations made single contributions exceeding \$1,000.

One feature of most of the less costly suburban elections is the absence of contributions from trade and labor organizations. Larger contributions from individuals, however, are often present. A couple of cities -- Edina and Brooklyn Center -- and some school districts also have organizations which resemble political parties as they function to seek out candidates and finance a major portion of these campaigns. These groups -- such as the Minneapolis Committee United for Responsible Education, Edina Good Government Group, and Brooklyn Center Citizens for Better Government -- are different from political parties, as they are not recognized or guided by state law.

2. Only a small number of people fund campaigns.

The base of financing for political campaigns is narrow. In a typical suburb with 30,000 people a moderate-cost campaign (\$1,200-1,500) is funded by 40-50 persons. In one where no contribution exceeded \$50 there were 140 contributors. In Minneapolis, wards of comparable population where much more is spent (\$4,000-8,000) the total number of contributors rarely increases beyond 150 and sometimes is as few as 15-20. In the city-wide elections in Minneapolis and St. Paul, where populations are in the hundreds of thousands, the number of contributors rarely reaches 1,000.

3. More and more candidates are borrowing funds.

Loans from individuals, candidates and banks increasingly are financing a large part of the cost of some campaigns. These funds may come as seed money at the beginning of campaigns, but more frequently are turned to in the closing moments or after the election to cover deficits. The practice of borrowing funds late in a campaign further leads to a round of post-election solicitation of contributions by candidates, particularly those who were elected. This technique was used extensively for the most expensive local races in Minneapolis and St. Paul and even some suburbs. In 1974, three candidates for mayor of St. Paul had loans outstanding at the end of the election of from \$10,800-20,000 each for campaigns spending \$30,000-55,000, while three non-incumbent candidates for the city council each had loans of \$1,000-3,000. In Minneapolis, five candidates took out loans of \$1,000-2,000 and another for \$6,300. Smaller loans of \$200-400 are owed by some suburban candidates in races where less than \$1,000 is spent.

4. Public officials and candidates themselves are becoming financiers of other candidates.

A number of public officials, legislators and city councilmen make sizable contributions to various local candidates. In Minneapolis, for example, a total of \$2,430 was contributed by six legislators, four councilmen, a park commissioner and a county board member to 12 candidates. Similarly, in St. Paul elections three legislators, a school board member, and a councilman gave \$1,310 to six candidates.

Some of the funds from public officials and candidates come from money contributed to their campaigns which is transferred to other candidates. Transfers of funds can be sizable. One candidate for Minneapolis park board received \$1,000, or one-third of what his committee spent in this manner. The amount transferred by five candidates ranged from \$250-\$1,000.

5. Members of the governing body in some cities as a group are soliciting funds which mostly go to their own campaigns.

Fund raising conducted by members of a legislative body for their own campaigns is a long-established practice in Minnesota and the Congress. It is done by both the Democratic and Republican caucuses of the Senate and the House. The prime prospects for contributions to this large pool are paid lobbyists who appear before these policy bodies.

Minneapolis aldermen have often used this technique to raise a large proportion of their campaign revenues. Fund-raising events which receive many large contributions are sponsored by members of each political caucus with most of the proceeds primarily distributed to their own campaigns and secondarily to challengers of members of the opposition party. In 1973, one of the caucuses raised at least \$29,000 at a dinner and other events. Approximately \$27,000 of this total was then divided between six incumbent aldermen. The average \$4,330 received by each of them provided 53-71% of the total receipts of these candidates. The remaining \$2,000 was split, with \$1,000 contributed to a candidate for mayor, \$600 to one candidate seeking a seat on the council, and \$100 each to four others.

6. Political parties are becoming a significant source of funds for state candidates but remain a small one for local races.

The two major political parties... particularly the Republicans. . . actively solicit and conduct fund-raising drives to finance contributions and other activities for endorsed candidates. At the state level, although all candidates may receive some funds, more are relatively given to likely and possible winners as contrasted with sure winners or probable losers. In addition to these state funds, however, many local units of the parties also collect money for candidates in their area.

Political party contributions to state representative races costing \$4,200 range from \$400-1,000 or 10-25% of the total. By contrast, in local races the parties--particularly the DFL--are conspicuously absent or make only limited contributions of \$100-200 to candidates with districts comparable in size to those of state representatives. In a few of the more costly races in Minneapolis and St. Paul the Republican party contributed \$1,000-2,000. Although the Republican party was a significant source in recent Minneapolis elections for nine candidates, its total reported contributions were \$10,500. The DFL, by contrast, contributed only \$1,500. The DFL party was completely missing as a source of candidate funds in St. Paul. The five Republican endorsees for city council, however, received \$3,000 with one of these receiving \$2,200 of the total. In five of the bigger suburbs in 1972-73 the Republicans contributed \$2,800 to ten candidates -- a significant proportion of what was spent in these races. However, it did not contribute to any candidates in six other comparably sized cities. The suburban activity of the DFL is limited to local city clubs which contributed \$721 to eight candidates in four cities.

7. Many candidates self-finance a major portion of their campaigns.

Candidates for local offices frequently pay for much of their campaigns from their own pockets. More often this appears to be the case in lower-spending campaigns, and for non-incumbents. Recent candidates for city council in Richfield and Edina, for example, paid 25-50% of their \$1,300, \$800, and \$200 campaigns. Other candidates who have borrowed funds or who have debts outstanding after elections may also end up self-financing a major portion of their campaigns to pay off these debts or obligations.

II. *In response to concerns about campaign financing, the 1974 Legislature took two steps applying only to state offices: 1) regulated the private system of campaign finance, and 2) started to put some public funds into state candidate campaigns.*

1. The 1974 Ethics Act fundamentally calls for a 'control system' based on pre-election disclosures of contributions and spending as monitored by a newly created Ethics Commission, puts some generous limits on spending, and sets some extremely high limits on contributions.

A. Disclosure of significant contributions and spending is made in reports to the Ethics Commission by each candidate and campaign-funding organization. The Ethics Act attempts to provide information to the voters before they go to the polls by:

- 1) Creating an Ethics Commission to collect and analyze financial reports. A new, six-member Ethics Commission was set up to collect, analyze and make the financial reports of candidates and campaign organizations available to the public. They are also charged with enforcing the limits on spending and contributions and other provisions of the law relating to reports on economic interests of the candidates, lobbyist registration and reporting, and conflict of interest statements of state public officials.
- 2) Defining campaign-funding organizations and requiring they register with the Commission. All organizations that receive or spend more than \$100 for political campaigns are required to register with the Commission and to have a treasurer who is responsible for keeping complete financial accounts. Each candidate must have a single campaign organization with a designated treasurer to receive and spend funds for an individual campaign. Only the candidate or treasurer may make expenditures of more than \$20 unless another person has prior authorization in writing.
- 3) Requiring significant contributions and expenditures for state races be periodically disclosed. Single or aggregate contributions in excess of \$50 a year for legislative candidates and \$100 a year for statewide candidates must be disclosed in reports to the Ethics Commission by the treasurers of political funding organizations. The treasurers, however, must further keep a record of each contribution of \$20 or more, with the name, address, occupation or employer, and amount and date of a contribution. Any anonymous contributions of

over \$20 must be turned over to the Commission. Disclosure reports contain the total receipts and expenditures and more detailed statements identifying persons or organizations making small or cumulative contributions of more than \$50 to legislative candidates or more than \$100 to statewide candidates, and all transfers and loans of over \$100. These reports must be filed twice in an off-election year and five times during the election year.

- B. Spending by state candidates is limited to no more than the highest amounts spent in the last election.

Spending limits are set for specified offices as follows: Governor - \$600,000; Attorney-General - \$100,000; Secretary of State, Auditor and Treasurer - \$50,000; State Senators - \$15,000; and State Representatives - \$7,500. These limits are only a slight brake, as they essentially were pegged near the maximum amount spent by persons seeking these offices in the most recent election . . . almost double the average per-candidate expenditure.

- C. Contributions are not limited to a specified amount but are only slightly constrained as a percentage of the spending limits.

Contributions by individuals and organizations other than political parties are limited to 10% of the spending limit: Governor - \$60,000; Attorney General - \$10,000; Secretary of State, Auditor and Treasurer - \$5,000; State Senators - \$1,500; and State Representatives - \$750. Individuals and organizations other than the candidate's committee are further allowed to spend up to 10% of the spending limits in their own separate activities supporting or opposing a candidate. These amounts have rarely been exceeded by these contributors.

Additional emphasis and encouragement is given to contributions from political parties as they are more broadly limited to 50% of the spending limit. The partisan legislative caucuses, however, are also favorably treated as they are defined as political parties and therefore allowed to contribute up to 50% of the limits on a candidate for the House or Senate.

The effectiveness of these contribution limits on individual campaigns will vary depending on how much is actually spent. Some major contributors, for example, might well provide the bulk of financing for campaigns in which much less is spent than what is allowed.

2. The Legislature made public funds more generally available to state campaigns in two ways: by indirect tax credits to encourage people to make small contributions, and by creating a pool of funds from a \$1 check-off which would be given directly as a contribution to a campaign.

A tax credit of up to \$12.50 per person may be taken on state income taxes for contributions made to state campaigns. When coupled with the comparable federal tax credit, it means contributions of \$25 or less will be returned to the contributor and paid by the public. The estimated total of just these state reimbursable contributions, if every taxpayer took advantage of them, would amount to \$13,700,000. Even if only 20% contributed as have checked off \$1 on their taxes the amount of credits would total \$2,740,000. For persons in higher tax brackets, the \$100 deduction for political contributions was continued as an alternative to the tax credit as it exists on federal

taxes. The actual amount of such deductions and the historical public subsidy provided, however, is not known, as tax department records do not tabulate such contributions from all others.

The \$1 tax check-off fund represents the first tentative steps by the state into direct financing of campaigns. Each taxpayer may simply check on his tax form that \$1 of his taxes is to be sent to a state elections campaign fund. This is the same practice as used on the federal income tax for the presidential campaign fund. The individual may designate his \$1 be sent to a candidate of a particular political party, or to a central pool to be distributed under a legislative formula. An estimated \$1,800,000 would be collected each year and directly sent to state candidates if every taxpayer did this. Even if only the 46% who have indicated in polls they would check off \$1 on their taxes did so, this would still result in \$828,000 to be distributed for funding of campaigns.

III, *As the Legislature took action to regulate state races, however, it did not deal with existing local ones.*

1. Local races are equally important and often bigger than state ones in terms of money spent and eligible voters.

A. Important decisions are made by local public officials.

Major decisions affecting the everyday life of citizens are made by public officials elected to county boards, school districts and municipalities. They make decisions that:

- Levy all property taxes.
- Adopt budgets which create demands for state aid in education, welfare and municipal expenses.
- Adopt and enforce ordinances regulating numerous activities of persons.
- Determine and regulate the land use within a community.
- License providers of many goods and services.
- Build and maintain streets, schools and public buildings.
- Collect and dispose of waste material.
- Set policies and deliver elementary, secondary and some post-secondary educational programs.
- Deliver many public social and health services.
- Provide parks and recreation programs.

B. Many major contributors to local elections frequently have direct economic interests in local decisions.

Local candidates -- at least by comparison with state candidates -- tend to have more contact with special economic interests who directly seek and need public approval for their proposal or for contracts awarded by governing bodies. The fact that they usually benefit in an economic way also makes these persons prime prospects for solicitation by campaign organizations.

Testimony we received indicated that contributions are solicited and contributed heavily from those who do business with the city or county or are regulated by them. These contributors are associated with a number of commercial and industrial activities which have a direct interest in many decisions made by these units of government. They include: awarding and regulating activities of licenses for liquor, approval of land-use and subdivision proposals, inspection of buildings, restaurants and food stores, and the enforcement of many local and state laws. In

addition, many contributors conduct a considerable amount of business with the city or county through the award of contracts for architectural, engineering, consulting and health care services; the purchase or rental of equipment, supplies and buildings, and the employment of people who receive wages, pensions and insurance benefits.

C. Spending for some local races frequently exceeds expenditures for state campaigns, while in many others candidates spend relatively little.

The amount spent in many local elections in the Twin Cities area, particularly in the cities of Minneapolis and St. Paul and the counties of Ramsey and Hennepin, is substantial and increasing.

-- Mayoral races in Minneapolis and St. Paul are, next to the governor, the most expensive in the state. In 1973, three candidates for Minneapolis mayor spent from \$25,000-119,700 each for a total of \$185,456. In St. Paul, three candidates for mayor in 1974 spent from \$30,100-55,700 for a total of \$126,306.

-- Expenditures for many county board, central city aldermanic, and some large suburban mayoral and council races exceed the average \$4,285 spent by candidates for Twin City area state representatives or the average \$7,500 spent by state senators. Ten of the candidates running citywide for councilman in St. Paul in 1974 spent \$4,300-22,500. In Minneapolis in 1973 four candidates for citywide offices spent \$9,000-18,000, while 16 candidates for alderman spent \$4,200-10,200. Seven candidates for Hennepin County Board in 1972 spent \$6,000-20,000, while two candidates for the Ramsey County Board spent \$13,200-16,260.

Three candidates for mayor or city council of Minnetonka and St. Louis Park each spent more than \$4,000 in 1973 races. An additional nine candidates in Minnetonka, St. Louis Park, Edina, Bloomington and Roseville each spent \$2,000-4,000.

-- By contrast with these higher-cost races, all candidates for office in many cities and school districts with 20,000-30,000 people spend less than \$1,000. Frequently, campaign organizations of successful candidates in these races purchase only a few lawn signs, possibly one piece of literature, and place an ad in the local newspaper. The amount spent further declines to less than \$500 in smaller cities with populations of less than 10,000.

Spending patterns for local elections vary considerably, depending on the population of the election district, the turn-out of voters, the base of the major contributors, and the competition for offices.

1) There are a large number (255) of local offices with districts larger than those for State Representative (28,250 population). Spending by candidates in many of these is likely to escalate.

Although much less is spent in campaigns for the bulk of local races by comparison with state races -- particularly in school boards and

some cities -- their cost will increase if greater efforts are made to contact voters.

The significant differences in spending for local campaigns in part is a result of the size of election districts. These range from 960,000 population for four officials elected at-large from Hennepin County, down to fewer than 2,000 population in each of 667 municipalities and school districts which elect an estimated 3,335 officials. Voter contact and awareness of the candidates and issues is likely to cost little in these less populous districts where people are more likely to know persons running for office and door-to-door campaigning by the candidates is feasible. As the size of the district increases, however, other techniques which cost money are used, such as literature drops or mailing, lawn signs, newspaper ads, billboards, and, in very large districts, spot ads on radio and television. Most of these efforts are undertaken simply to obtain name recognition by the voters. They also have the cumulative effect of alerting voters to an upcoming election.

- 2) Elections for local offices, which are held at many different dates, attract only 15-35% of the voters, by contrast with 70% for state and national elections.

The low turnout by voters for local elections has two effects on campaigns: 1) Lower interest and awareness of elections, due in part to the various dates elections are held, tends to reduce the amount spent by candidates who limit their efforts in contacting only those who vote. 2) The low turnout also suggests the influence of large contributors is increased as there is less candidate exposure to large numbers of voters which could operate to diffuse the impact of contributions.

Local elections in contrast with state and federal are held at many different times throughout the year. A citizen is asked in some communities to select some school board members in May, city officials in March, April, June or November, and county officials when state and national officials are selected. The local elections dates for local units include:

Municipalities: Villages or statutory cities - November of odd-numbered years. Charter cities hold elections various times every two to four years with some held in March, April, June or November.

School districts: Elections are held in May of every year other than for Minneapolis, St. Paul, Duluth and South St. Paul, where school board elections are held at the same time as municipal elections.

Counties: Hold elections in November of even-numbered years with the state elections.

The election machinery must be activated for each of these elections with a separate set of election judges and polling places.

- 3) The greater level of economic activity within some communities influences the amount of funds contributed to many campaigns.

Cities with a larger or growing industrial-commercial base or with many jobs tend to have campaigns where larger contributions are made by individuals and organizations. Some suburban communities, for example, lack any significant base of local business contributors. Candidates, in these cases, may have to rely upon their own resources and those of friends and relatives, which cumulatively may result in lower amounts of funds than available in communities with many more economic activities.

- 4) The sporadic competition for local offices tends to keep down the amount spent in many elections.

Some of the essentially administrative local offices -- such as sheriff, auditor, city clerks and treasurers -- tend to infrequently attract candidates who seriously challenge the incumbents. Similarly, the competition for many local policy-making offices is sporadic, depending frequently on a number of local issues and the perceived ability of a challenger to unseat an incumbent. When major efforts are mounted to challenge an incumbent, spending will dramatically increase.

2. Local campaigns remain covered by the same law that proved inadequate for state elections.

- A. The state Fair Campaign Practices Act which governs local campaigns touches only a few aspects of campaign financing in selective local elections.

The primary effect of this act, which essentially evolved from the earlier Corrupt Practices Act, is to provide some information about total candidate receipts and spending for a number of local offices. Its major features relating to campaign financing include:

- Limited disclosure of campaign funding is required, but only of total contributions and expenditures.
- Covers candidates for county offices and those in municipalities of over 20,000 population.
- Sets some tight spending limits of one-third of the salary of an office or a minimum of \$100 where compensation is paid or a maximum of \$100 for offices that do not receive any compensation.

- B. Loopholes, omissions and lack of enforcement are characteristic of the Fair Campaign Practices Act that make it a completely inadequate law for local campaigns.

- One loophole -- the volunteer committee -- removes responsibility for campaign finance from the candidate. He is not responsible for these committees and is required to report only his own personal expenses.

- The low spending limits of the act apply only to personal spending of the candidate. They are readily exceeded by use of one or more volunteer committees, which are not limited in the amount they can spend.
- Reports on contributions and spending are not itemized, and therefore provide little detailed information about major contributors, loans, or in-kind contributions.
- School board elections and municipal elections in sizable, growing cities of over 10,000-20,000 population are not covered.
- Enforcement is difficult and minimal. Volunteer committees report only after the primary and general elections. Until they come forward, however, the auditor or clerk does not know of their existence.

IV. *At present, no one is thinking about how campaigns for any new local offices, such as the Metropolitan Council, should be conducted or financed.*

1. Election of the Metropolitan Council is a real possibility, yet nothing is necessarily settled about how campaigns for these new offices would be conducted or financed.

All of the considerable discussion about election of the Council focuses on the need or desirability of doing this. Little attention is paid, however, to some important questions about campaigns for these offices, including:

- * Would Council campaigns fit into the rules for state elections under the Ethics Act or those for existing local races under the Fair Campaign Practices Act?
- * Will the traditional ways of campaigning and funding elections be followed with candidates making all of the decisions in conducting campaigns and raising funds?
- * What different approaches might be tried from the outset in campaigns for this single level of government emerging between the state and local units?

2. Serious questions are raised in the election of the Council if the traditional pattern of conducting and financing campaigns is followed.

- A. Election districts for Metropolitan Council members, if elected, will be much larger than state senatorial and practically all local ones.

An election district may well exceed 200,000 population for Council members. This is larger than all but six statewide offices, a couple of countywide offices in Hennepin and Ramsey counties, and citywide races in Minneapolis and St. Paul.

B, The cost of conventional campaigning will be high.

The larger size of election districts with traditional campaign techniques means candidates will attempt to use the more costly approaches of radio, television and billboards and direct mailing as ways of getting their names before the voters. This suggests spending thousands of dollars and comparable efforts to raise these funds. The high cost might also result in these elections seeking out candidates who can raise money and have easily recognizable names.

C, Major economic interests will be affected by decisions of the Council.

The Council's decisions on urban development, sewers, transportation facilities, parks and housing will directly and indirectly affect many developers, builders, land owners, contractors, workers and taxpayers. Many of these interests, under the conventional system of campaign financing, are likely to make large contributions or be solicited for them.

8. The cost of conventional campaigning will be high.

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9. Major economic interests will be affected by decisions of the Council.

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C O N C L U S I O N S

- I. The trend of candidates being increasingly dependent on larger and larger contributions from relatively few individuals and organizations is of concern, and sound public policy should resist it.

1. The problem is contributions -- particularly the larger ones by individuals and organizations.

A public suspicion that undermines confidence in government surrounds large contributions to campaigns. The concern is that contributions of possibly more than \$100 are made either to receive or pay for a favor, to buy preferential access, or for insurance that the interest of a contributor will be favorably considered when decisions are made.

It makes no difference whether large contributions come from individuals or organizations other than political parties. While the self-interest of an individual may appear to be narrow in contrast with a group, contributions by organizations are usually given to further or protect the joint interests that bring and keep people together in the organizations. These groups include neighborhood associations, commercial clubs, trade associations, labor unions, and professional associations. Contributions by these groups are also of central importance as they have the capacity by pooling funds from members to make substantial contributions and thereby possibly exert considerable influence on the election or on subsequent decisions by public officials.

2. The fundamental problem is not expenditures, and the response is not spending limits.

Campaign spending is a concern of many people. This concern, however, is with many different things:

- Relatively high amount totally spent in some races.
- A dislike for some activities such as spot ads on radio and television, lawn signs, billboards, literature drops, and newspaper ads.
- The barrage of ads, signs, literature drops, etc. in the closing weeks of a campaign.

While the total amount spent in some races may be excessive....particularly when there is little opposition....in many local elections it can be argued that too little rather than too much is spent. If voter turn-out is any indication, the amount spent for many elections is insufficient to interest or attract even half of the voters.

Efforts to limit spending, we concluded, would not directly alleviate the suspicion which surrounds larger contributions. If campaigns were funded only from many small contributions, the actual amount raised and spent would be much less troublesome. At that point, spending

limits would do little more than possibly reduce voter fatigue in the closing weeks of a few campaigns. Spending limits are not likely to change the way campaigns are conducted, to increase the discussion of issues, nor to reduce significantly the solicitation or contribution of larger amounts from persons or groups with special interests.

A reduction in voter fatigue which might occur under tightly limited spending for campaigns might be useful. However, it is almost impossible to determine what amount is reasonably necessary to alert voters to an upcoming election and the candidates for office or which techniques better serve this public purpose.

Any spending limit figure will be arbitrary. It could be pegged at the highest amount spent to date as it was in the Ethics Act with later upward adjustments by incumbents as campaign costs escalate. Or, as an alternative they could be set very low, which would simply increase the advantages of name recognition and greater visibility the incumbent enjoys over a challenger. Even if the challenger raised a fair amount from small contributions, he would be precluded from spending it in his bigger task of becoming known if low limits are placed on spending.

3. Disclosure of contributions is needed, but by itself will not overcome the suspicion surrounding larger contributions.

Essential information about significant contributions and expenditures by itemized candidate disclosure to the public is a necessary first step toward public knowledge about how campaigns are financed. The disclosure step has already been taken for state offices and should be extended in comparable form to all offices in populous counties, municipalities and school districts. This means that:

- The present confusion in local campaigns over responsibility for record-keeping and disclosure between the candidate, volunteer committees and contributing organizations must be eliminated.
- Disclosure, to be meaningful, must reveal significant contributors and include itemized contributions of cash, purchase of tickets to fund-raisers, and those made in-kind of goods or compensated services.
- A simpler mechanism for handling disclosure reports should be established for local elections than what is required for state campaigns due to the overwhelming job of providing timely information to voters before they go to the polls. However, responsibility for distributing necessary forms and information to candidates, for collecting and checking the disclosure reports, and for making them available to the public, must be clearly established and centralized in a local office.

Disclosure, by itself, however, is not sufficient:

- More importantly - while disclosure might well discourage some larger contributions, it will not reduce suspicion from those that are made. The initial effect of recent voluntary disclosure may well have been to increase suspicions. This subject has certainly become more of an issue in campaigns.

- The public will not routinely receive this information in any meaningful form before the election. Few reports will be published. Even when they are, however, the voter is left to guess at the motives of larger contributors, which may or may not be related to the place of employment or occupation disclosed for contributions to state campaigns.
- Most of the information about contributions will come from the opposing candidates. In close races that receive a number of large contributions, however, the voter will be left in a quandary by the charges and counter charges.
- Last minute and post-election contributions cannot be appraised by voters since they will not know of them before they go to the polls.

II. Efforts should be made to diffuse the impact of larger campaign contributions and to broaden the base of contributors.

1. First, certain defensive measures must be taken:

A. Limit contributions to candidates by individuals and organizations.

The suspicion surrounding larger contributions can best be alleviated by tightly limiting the amount of a contribution given directly to candidates.

This limited amount should apply to contributions made by individuals or organizations other than political parties. Organizations such as trade associations or labor unions may derive their funds from small contributions or the dues of members, but when they direct a sizable contribution to a candidate it has an equal or greater ability to exert influence on the candidate than one made by an individual.

Organizations in the public arena largely operate to protect or encourage decisions which primarily advance their interests and those of their members. In the event such organizations choose to continue heavily funding campaigns, they should be able to do so by directing these contributions to the political parties. They would continue to be able to publicize their views about various issues and encourage their members to individually work for and contribute to individual candidates.

B. Place restraints on contributions to candidates by the political caucuses of governing bodies.

State legislators and city councils that are organized along partisan political lines recognize the political party affiliation of members. Yet the political party is frequently a secondary source of campaign funds behind contributions collected and distributed by the legislative caucuses.

Too often the sources of contributions to these caucuses are the lobbyists who appear before the legislative bodies. Such contributions are made either because the lobbyist believes it is in his self-interest to receive a hearing or favorable consideration, or because he is solicited directly by the caucus and feels he cannot turn down their request.

We concluded this troublesome relationship can be alleviated by limiting the contribution a caucus can make to a candidate to no more than that of any other organization. If there is a surplus in any caucus campaign fund, it can be transferred to the appropriate political party.

C. Place restraints on a few specific funding practices: transfers, borrowing of funds, and the use of membership fees, dues and assessments by organizations in raising funds for political contributions.

1) Borrowing funds late in a campaign encourages large post-election contributions and should be restrained.

The borrowing of funds, which has become a significant fund-raising mechanism for costly elections, may be necessary early in a campaign. However, this practice poses many troublesome questions when employed late in a campaign to fund last-minute spending or to cover obligations incurred in anticipation of contributions. Larger loans taken out in the last weeks of a campaign are likely to require large contributions after the candidate is elected, either from the loan guarantors or from individual contributors.

Post-election contributions to retire a debt potentially may carry greater weight with elected officials, as they come at a time when they owe something to others. Attempts to prohibit borrowing, however, would directly interfere in the funding of campaigns and deny this source of money early in a campaign when it may be necessary and could reasonably be repaid with subsequent contributions.

A better way to discourage any possible abuses from large contributions to retire debts is to require continuous reporting of such debts and ensure that the limitation on personal contributions extends beyond the election through almost all of the term of office the candidate serves or would have served. The need for such contributions would be further reduced by broadly limiting the amount of loans outstanding from financial institutions and by tightly limiting loans from individuals prior to the election.

2) The transfer of funds between candidates siphons contributions from one candidate to another without consent of the contributor, and should be limited.

The transfer of funds in the form of contributions from one candidate's campaign to another is a limited practice which is

troublesome. It permits a candidate to use funds contributed by an individual or organization to his campaign for another one which the original contributor may not have supported. It also permits a candidate who has sufficient resources to assist another and thereby aid in electing someone who may be somewhat indebted to the contributing candidate as a fellow member of a public body or as chief executive. The possible abuses resulting from such transfers can be alleviated if the amount of the transfer is disclosed and limited to what an individual may contribute.

- 3) Solicitation of funds by officeholders between elections provides incumbent public officials with leverage for contributions that comes from their positions, and should be discouraged.

Efforts by incumbent public officials to obtain funds between campaigns appears to be only a limited practice for most offices. Whenever it is done, however, it is for the purpose of either paying off debts incurred in the past campaign, to build a fund for the next one, or to maintain or increase political support while in office.

Such activities should be discouraged, as campaigns deal with candidates -- not public officials. When this practice is employed, it is likely to result in solicitation from larger, interested contributors and provide the incumbent with decided advantages over a challenger beyond those resulting from public exposure while in office. Limiting the amount of a contribution from any single individual or organization to a period covering almost all of the term of office would serve to limit this practice.

- 4) The practice of pooling funds by some organizations -- not from voluntary contributions but by using membership fees, dues, or assessments -- limits the choice people have in making political contributions and should be controlled.

Where membership in some organizations is required for a job by labor unions or employers, the use of dues, fees or assessments in effect compels payment of political contributions by members. This undesirable practice is further compounded when these involuntary funds are distributed not by the vote of members but by an executive committee one step removed from them. This method of indirectly choosing whom to support financially for elections deprives members of the choice they otherwise would have individually.

Part of the difficulty with the use of such funds would be reduced as funds from such organizations are limited. Further, however, requiring a vote of members in the distribution of political money derived from dues would bring these decisions closer to the members.

2. Since campaigns do require money, steps must be taken to open up or permit alternative sources.
 - A. There should not be any limits on contributions to a political party, but the party should be limited in its contributions to candidates to a higher amount than those available to individuals and all other organizations.

Political parties are unique organizations in the political process. Membership is open to all who desire to participate as contributors, precinct delegates and workers; and some of their activities, such as precinct caucuses, are regulated by law. Their primary purpose as distinguished from other organizations is to seek out candidates, to help get them elected, and to adopt platforms and issue statements on public issues. Funds received by them come from voluntary contributions and are distributed by a committee in the party.

Financial contributions by political parties when made to local campaigns sometimes come early as seed money or can be sufficiently anticipated to permit early spending by candidates. As such, these funds are extremely important in encouraging persons to run for office. Political parties may also assist candidates in districts with lower-income constituencies with funding their campaigns. Other contributions in the form of sample ballots, workers and advice are also important to the political process and to voter awareness.

Political parties should not be limited in the amount they may receive. They can operate as a buffer for large contributions so long as the party committee that distributes funds is representative of the members and they are free to make contributions to whomever they select. This means contributions to the party cannot be earmarked.

Their unique function also suggests the parties not be limited in the amount they can contribute to candidates. However, although they are open to any interested voter, participation in them is relatively low. This condition suggests some limit be placed on the amount they can contribute to avoid the possibility of candidates becoming indebted to a political party that provides nearly all of the funds of a campaign yet is made up of only a handful of people. Such a limit, which should be much higher than those applying to other organizations, is also desirable to encourage parties to fund a number of campaigns rather than to concentrate nearly all of their resources on a few.

More participation in the political parties by persons interested in local elections, we believe, would be achieved if caucuses to elect delegates for endorsing conventions were held just months before these elections.

Formal endorsement of candidates by conventions made up of delegates elected at precinct caucuses is done for some local offices in Minneapolis, St. Paul, some suburban municipalities, and Hennepin and Ramsey Counties. The delegates who attend these local endorsing conventions, however, are usually elected at the caucuses held in the state general election year, 1½ years before, when the focus is on state and national candidates and issues. This practice deprives interested voters from active participation in the endorsement process before local elections when different issues and candidates are seeking support.

- B. Self-financing of campaigns by candidates. . . a significant source of funds for lower-cost campaigns. . . should be permitted within higher limits than those available to individuals or organizations.

While candidates should not be expected to fund their own campaigns, many of them do put their own resources into them. . . especially where only a few hundred dollars are spent. Others may have to self-finance any debts left after a campaign. This practice does not raise the same concerns as larger contributions from others, as they cannot influence the candidate.

The only question about self-financing arises in costly campaigns where self-financing could give persons with considerable wealth an advantage over a less affluent candidate. This concern suggests there should be some limit on the candidate's personal contribution but one which is higher than on individuals and organizations.

- C. Incentives rather than direct public funding need to be developed that will attract larger numbers of small contributors and larger numbers of voters to the polls.

Direct public funding of local elections from a tax check-off or appropriation might appear at first glance to be a way out of many problems with the way campaigns are now financed.

We concluded, however, that the complexities of devising any formula for allocating funds to the multiplicity of local campaigns make the more direct public funding approach unworkable. There are many more local offices than state ones. The responsibility and function of these offices vary considerably, as do the size of election districts and spending patterns. These differences make the task of distributing a pool of state funds extremely complex and difficult. Further, there is some doubt that public money should be put directly into a campaign when decisions about how it is spent are left entirely to the candidate.

- 1) Tax credits will provide a financial incentive for people to make smaller contributions and should be allowed for contributions to local candidates.

The state tax credit should operate to encourage people to make contributions to state candidates in the same way the federal credit does for contributions to any candidates for public office. Restricting the state tax credit to only contributions for state candidates is not reasonable and should be removed. This step would go far in encouraging people to contribute to local candidates. The requirement for attaching contribution receipts to state tax returns could discourage some from claiming a credit. It adds a burden that is unnecessary and otherwise not required for numerous deductions.

- 2) Payroll savings plans for political contributions should be permitted and encouraged.

Another incentive to encourage and assist people in making contributions would be to make it possible for them at their place of employment to contribute to candidates and parties of their choice. Such payroll savings plans, however, should insure that any savings would be held by a third party not under the control of the employer and with the contributor solely able to decide who will receive any funds. Arrangements need to provide that employees may instruct the savings plan operator to distribute specified amounts to candidates or political parties or to return it to the employee.

- 3) The obstacles of multiple local election dates should be eliminated to increase voter and potential contributor participation in local elections.

Voter turnout for local elections is poor to appalling. The large number of local units of government and many different election dates for these offices contribute to the falloff in voter interest and participation.

One of the functions of campaign spending is to alert voters to upcoming elections. However, the scattering of days for elections also means the impact of campaign spending is diffused. In places such as Minneapolis and St. Paul, where school and city elections are held at the same time, voter turnout is substantially higher than where they are held separately.

Focusing attention on county, school and city races by holding all local elections on the same date would be a major step toward increasing voter and contributor participation. It would also reduce the total expenditures for administering various elections. This step would require a change in the date and terms of office of almost all offices for school districts, and some municipalities. Most school boards are elected at one time, but this is in May of every year for three-year terms. Municipalities now have the option of moving to a uniform election day in November of the odd-numbered year, and many have done so. County offices are now elected uniformly for four-year terms in the state general election. However, these candidates must compete for contributions and support with the more prominent statewide and legislative candidates.

- 4) The use of private corporate facilities for campaign meetings should be permitted.

The use of rooms in buildings owned by corporations presently is a questionable activity, as corporations are prohibited from making political contributions. This overall prohibition should not be lifted. However, the use of corporate rooms, if made available to all candidates for a particular office, would bring the candidates and discussion of issues closer to where many people live or work. This exposure could well increase both voter interest and possible contributions from many people who would have another opportunity for direct contact with the candidates.

III. *The Legislature should move on from dealing with state races to local ones in 1975.*

1. Funding patterns for recent local races in many populous cities, counties and school districts present most of the same problems as state races.

- Decisions by local public officials affect many people with major economic interests . . . possibly even more directly than state legislative ones. These range from land uses to liquor licenses, public improvement contracts, public employee agreements, assessments of property and property taxes.
- The base of contributors to local elections is small . . . possibly even narrower than for state races. Campaigns funded by as few as 50-100 people are typical. Some of these are individuals and organizations who make sizable contributions, while others are legislative caucuses in Minneapolis, and candidates or public officials. Some candidates borrowed funds largely left to be repaid after elections.
- The amounts spent for some local races are large . . . often exceeding the spending for state races in election districts of comparable size. Many Minneapolis aldermanic candidates and a few candidates in suburbs of equal size to state house districts, for example, recently spent as much or more than the \$4,200 average spent for house races in the Twin Cities area. Candidates in other local contests with larger election districts, such as the cities of St. Paul and Minneapolis and Hennepin and Ramsey Counties, frequently spent \$10,000-20,000 and even more . . . amounts equaled at the state level only by a few candidates for the senate and for statewide office.
- Voter turnout is low for most local elections that are held on many different dates . . . particularly those of school districts and many cities. The low level of general participation is a concern in itself but further permits the influence from contributions to go unnoticed and unquestioned.

2. The large size of hundreds of local districts, coupled with important decisions made by local officials, suggests spending for many presently low-cost campaigns will increase in the future and further raise concerns about their funding.

- Spending may substantially increase for many campaigns in the 255 local offices that have election districts as large or larger than state representatives. Increases are also possible for the approximately 413 additional offices in frequently growing districts with 10,000-28,500 population. The dramatic increases in spending this year for Hennepin County attorney and sheriff and for recent school district races is some indication of this trend.
- Increased numbers of large contributions will be made by individuals and organizations who are starting to pool funds or substantially increase existing ones. This trend, which is obvious at the national and state levels with the milk producers and teachers, will likely begin to appear soon in contributions to local candidates.

3. The control system on local campaigns is inadequate as a basis of regulation for these campaigns in the future.

The 1974 Legislature in passing the Ethics Act began to take hold of state races. However, they left local ones under the inadequate law which previously had regulated state campaigns. This law . . . the Fair Campaign Practices Act . . . essentially requires only minimal information about total receipts and expenditures by candidates in counties and cities of over 20,000 population.

Loopholes and omissions of this law effectively:

- Remove responsibility for campaign financing from candidates.
- Result in no disclosure of major contributors.
- Do not limit contributions.
- Set spending limits which are readily exceeded by the volunteer committee.
- Do not cover school board elections or those in cities of less than 20,000 population.
- Result in no enforcement. Many apparent violations can be easily avoided while harsh penalties further discourage enforcement efforts.

- IV. *Election of persons to a single new unit of government, such as the Metropolitan Council, presents a number of campaign problems and a real opportunity to start from scratch in trying fundamentally different ways of conducting and funding campaigns.*

The Metropolitan Council has been an innovator in handling many regional issues such as sewers and parks. In itself the Council is an original approach to a regional decision-making organization. The possibility of electing members presents another opportunity to explore and test new approaches to conducting and financing part or all of the campaigns and to addressing problems associated with existing campaigns.

1. Other approaches than traditional candidate literature and advertising need to be tried to increase the identification and discussion of issues before elections.

The traditional ways of conducting campaigns are directed primarily to candidate name recognition. This interest of candidates appears to be relatively well-served in many well-funded campaigns. In addition, however, these techniques help alert voters to the election and help them know who is running and who may support them. These efforts are directed by each candidate and their campaign managers. However, there are too few opportunities for voters to learn about what issues are important and how candidates approach them . . . particularly in populous election districts such as those possible for the Council. Door-to-door candidate contact, candidate forums, interviews, newspaper coverage, public media interviews and newspaper voter's guides are largely the only ways this is done. Usually they are undertaken by people other than the candidate.

While helpful, many of these public educational efforts are currently limited in their effectiveness. They cannot be expected at present levels to provide any significant increase of voter information for any new races. In large election districts such as those for the Metropolitan Council, candidates will find it extremely difficult to go door to door. Candidate forums where opposing candidates appear will be helpful, but, because of the inconvenience to voters, are not likely to be heavily attended. Public media interviews of opposing candidates would help, but the cost of public service interviews on radio and television for the large number of Council districts would probably result in very limited, if any, such activity. Similarly, although a newspaper's voter's guide is an aid, it does not reach all of the voters. Additional alternative ways of conducting campaigns which entirely or largely use a public information approach can and should be explored for Metropolitan Council campaigns.

2. Rather than letting campaigns rely basically on private contributions under the existing or new local rules we propose any new elections for the Metropolitan Council offer the opportunity to experiment with various forms of direct public funding.

Some of the possible changes in conducting campaigns which would increase voter information and discussion of issues serve the public interest in campaigns. They might be partially financed by the private sector but are also appropriate for direct public funding. Similarly, apart from the tax credit, other alternatives that use public funds might be tried to further stimulate funding of elections exclusively from small contributions.

RECOMMENDATIONS

- I. We recommend the 1975 Minnesota Legislature adopt a Local Campaign Finance Act applying to candidates for office in all counties, municipalities and school districts exceeding 10,000 population.

The most serious problems with the way campaigns are financed generally arise in races in the most populous election districts. The state law would not apply to the great number of elections held in local units of government with smaller populations but only to candidates in the 76 counties, 55 municipalities and 75 school districts exceeding 10,000 population.

We also urge the governing bodies of local units not covered by the state law, however, to adopt resolutions or ordinances incorporating the principles of the state law to guide campaign financing practices for their elections.

We believe the goal of public efforts should be to have a system of candidate campaign financing broadly based on large numbers of small contributions and those of political parties.

1. Limits of \$100 should be placed on contributions to the candidate by individuals other than the candidate and all organizations other than the political party. Certain funding practices that encourage or permit large contributions should also be restrained.

To increase public confidence in the political process and to reduce suspicions associated with larger contributions, we specifically recommend the following restraints and limits:

- A. Individuals -- Contributions from individuals, other than the candidate, to the single campaign committee should be limited to not more than \$100 for the term of office of the candidate, beginning six months before the election scheduled for this office until six months before the next regular election. These limits would apply to a special election held to fill a vacancy by covering the period from six months before the special election through the unexpired term until six months before the next regular election. Candidates, however, would not be subject to these limitations.
- B. Organizations -- All organizations making contributions to campaigns, other than political parties, should be limited to \$100 for the same period as individuals, provided these funds are voluntarily contributed by members for the express purpose of campaign funding.

Organizations include but are not limited to: trade associations, commercial clubs, labor unions, and legislative caucuses. This limitation, however, is not intended to apply to joint fund-raisers sponsored for the purpose of joint fund-raising by two or more responsible candidate campaign committees where proceeds to a candidate may exceed \$100. However, the contributions of organizations and individuals to them should be disclosed and not exceed totally the \$100 limit to a candidate.

Any organizations which use funds derived from other than voluntary contributions by members -- such as from membership fees, assessments or dues -- would be able to contribute these funds to candidates within the \$100 limit only if their members are notified and given an opportunity to participate by voting on their distribution.

- C. Transfers -- The direct transfer of funds from one candidate committee to another should be prohibited. Such transfers, however, could be made as a non-earmarked contribution to a political party or as an expense for payment of joint campaign purchases whose costs are vouchered and equally divided between two or more candidate committees. These joint purchases might include lawn signs, advertisements, offices or equipment.
 - D. Loans from other than financial institutions -- The amount of loans outstanding and their terms should be continuously reported until they are repaid or contributed within the limits on individuals. At the last report before the election, loans from individuals or organizations other than financial institutions should not exceed \$100. Any loans remaining after the election would be chargeable as contributions which continued with others may not exceed \$100 totally six months before the next regular election for this office.
 - E. Earmarking of funds -- Contributions made to any organization including political parties which are designated for a particular candidate would be prohibited and may not be accepted by the organization or by the candidate campaign committee.
2. Political parties and candidates within broad limits should have a larger role in financing campaigns as an alternative to substantial contributions by individuals and organizations.

To provide money needed early in campaigns and to buffer the impact of larger contributions, we specifically recommend the following:

- A. Political parties -- There should be no limits on the amount of contributions to a political party. However, the combined contributions by all units of a political party (state, county, senatorial districts and cities) to each campaign committee of endorsed candidates should be limited to an amount equal to \$.05 times the decennial census population of the election district. Where a candidate is not endorsed, political parties should be limited to \$100, the same amount as organizations.
- We further suggest the political parties provide voters with the opportunity to participate in the endorsing process for local elections by holding precinct caucuses annually . . . perhaps not more than six months before the elections.
- B. Self-financing by candidates -- Candidates would be broadly limited in the amounts they can contribute from their own personal resources to the same amount as political parties - \$.05 per capita in their district.

- C. Loans from financial institutions -- The amount of debts outstanding to financial institutions seven days before the election should not exceed an amount equal to \$.05 times the population of the election district. Any such loans must further be continuously reported and repaid within the contribution limits on individuals, organizations and candidates six months before the next regular election for this office. If the outstanding loan is not repaid by this time it would be considered a contribution of the guarantors or the candidate and a violation if the amount owing each exceeds their contribution limit.

We recommend these limitations and restraints be enforced by the county auditor and county attorney, with violations chargeable as a gross misdemeanor.

Enforcement. Contributions in excess of the limitations would be illegal and may not be accepted by any candidate campaign committee. The treasurer of such committee or organization making campaign contributions should sign a statement accompanying the disclosure report that no one, other than the candidate or political party where a candidate is endorsed to the best of his knowledge has made a contribution exceeding \$100.

The county auditor, in examining the disclosure reports for a campaign committee, should ascertain whether there are any excessive contributions and, if so, notify the county attorney. Complaints about violations of these limitations may also be made by individuals to the county attorney and the State Ethics Commission. The Commission should also each year selectively audit the work of the county auditor and the reports of candidates for the same office where more than \$1,000 is spent.

Penalties. Violations of these limits would be a gross misdemeanor. These violations include:

- Persons, including the candidate, who knowingly make or receive contributions exceeding the limitations.
- Contributors who falsify the nature or source of their contributions.
- Treasurers of campaign organizations who knowingly accept contributions exceeding the limits or do not repay loans of more than \$100 to individuals before the election.
- Persons engaged in a conspiracy to evade the limitations. These include borrowing funds before the election without intent to repay them, by earmarking funds through an organization, by creating organizations for the purpose of making contributions beyond the limits, or charging for materials or services below market rate to make an excessive contribution.

The amount of a contribution in excess of limitations should not be returned to the contributor, but be turned over to the county general fund.

3. Disclosure of all contributions over \$50 in reports itemizing receipts and expenditures should be required of all candidates and contributing organizations.

To provide the public with information on how campaigns are financed and the source of major contributions, we recommend:

- A. The candidate and campaign treasurer be responsible for records and accounting procedures.

Candidates for local public office should set up a single campaign committee and designate a treasurer responsible for maintaining records on all receipts and expenditures and for providing information to be disclosed. The candidate may be the treasurer. Expenditures may be made only by the candidate, treasurer, or a person who has received prior written authorization from either of them. All expenditures exceeding \$20 must be made by check from a single depository designated and reported by the candidate's campaign committee.

Organizations that contribute to political campaigns would also designate a treasurer, maintain records of their receipts and expenditures, and provide information to be disclosed.

- B. Contributions exceeding \$20 should be recorded.

All cash contributions, including the sale of tickets to fund-raisers, exceeding \$20 must be made by check or money order, and recorded by the treasurer with the date, amount, name and address of the contributor. Contributions in-kind with a market value in excess of \$20 must also be recorded. These include contributions of goods or personal services when a person working in a campaign is on the payroll of an organization. They do not include, however, the services of unpaid volunteers.

- C. Contributions from all sources and expenditures of over \$50 should be disclosed.

Reports disclosing the total receipts and expenditures and an itemized list of all single or cumulative dollar and in-kind contributions, loans - their terms and guarantors - transfers, or expenditures exceeding \$50 per person should be filed by the candidate campaign committee organization with the county auditor. The itemized list would contain the name, address, amount and date of contributions and expenditures in alphabetical order. A copy should also be sent to the clerk of the municipality or school district, as appropriate, in which the candidate has filed for election. These reports should be filed five days before the election and include contributions and spending for the period up to seven days before the election; 30 days after the primary and general elections; and every three months thereafter until all debts and outstanding obligations are paid. Reports would not have to be notarized.

- D. Administration and enforcement of reporting and disclosure should rest primarily with the county auditor and county attorney.

The county auditor would be charged with ensuring campaign reports are filed, complete and available to the public within 48 hours after they

are filed. In the event a candidate or organization making political contributions has not filed a report when due, the auditor would immediately notify them. If the candidate or contributing organization does not respond within ten days, the auditor should publish the names of delinquent candidates and organizations monthly in a newspaper of general circulation and notify the county attorney to commence legal proceedings.

The State Ethics Commission could perform a valuable service by preparing the forms and instructions to be used in making reports and by providing training sessions and assistance to candidates and campaign treasurers on procedures for recordkeeping.

Penalties - Non-compliance by the treasurer or a knowing candidate with the reporting, disclosure and recordkeeping requirements would be a misdemeanor, and falsifying a report would be a gross misdemeanor.

II. We recommend the 1975 Legislature create a number of incentives to encourage voter participation in local elections and the funding of these campaigns.

Public direction to control various campaign funding arrangements, while necessary, may not be sufficient in itself to remake the system by building a large base of small contributors. Incentives to attract smaller contributions and increased participation are also needed. Specifically, we recommend:

1. The state tax credit should be extended to cover contributions to local campaigns.

Contributions made to local campaigns should be made eligible for the \$12.50 state tax credit as they are under the federal credit. This step will not result in any greater loss of total revenue to the state than previously, as we do not propose the amount of the credit be increased. Since the actual loss and amount of contributions claimed on tax returns is presently unknown, we recommend the State Revenue Department be directed to report on the total amount of funds claimed each year by taxpayers for political contributions whether by deductions or by tax credit, and the type of office (federal, state or local) to which they were contributed.

Procedures for claiming contributions as a tax credit should not require an accompanying receipt but instead be simplified and treated in the same manner as the federal tax credit.

2. Political parties, schools, and the public media should undertake educational programs alerting people to the need for contributions and the availability of the tax credit.

Substantial efforts to inform voters about how campaigns are financed, the changes in rules guiding this activity, and the desirability of increasing the number of small contributions are needed and should help to increase confidence in the political process. Publicity about the tax credit in the months preceding elections and before filing of tax returns would direct the taxpayer to this painless form of contributing.

3. Employers should be allowed and encouraged to establish political contribution payroll savings plans.

These plans have been a proven way for employees to set aside a small amount of money each payday for savings or contributions. Such plans, however, must be maintained by someone other than the employer with control and knowledge about the use of the funds resting only with the employee. The proceeds should be distributed at the direction of an employee, either to specified candidates, political parties, or returned to the contributor. The funds should also be registered with the State Ethics Commission.

4. A statewide uniform local election day in November of the odd-numbered years should be set for school board, county and municipal elections.

Voter awareness and participation in local elections would be increased by having a single local election day. This step would require terms of office for local officials be an even number of years. Such elections would be conducted in the same manner as state elections, with the county auditor handling the filings of candidates, ballot preparation and canvassing. Voting precincts and selection of election judges would be determined by the municipalities and by the counties in unincorporated areas. Provisions would be made in polling places for the use of separate voting machines or ballots by persons who may live in different school districts.

5. Corporations should be permitted and encouraged to make their facilities available for open candidate forums on a non-restrictive basis.

Use of these facilities will create another place and opportunity for voters to know the candidates. Such meetings, however, must be open to the public with invitations sent to all candidates seeking a particular office.

6. Communications media should be strongly encouraged to give more systematic coverage to candidates and campaign issues.

Techniques which could implement this recommendation might include: Coverage by a "Campaign Week in Review" plus articles and broadcasts which would involve both candidate statements on issues and reporter coverage. In addition, public broadcasting stations could program more extensively around campaign issues and candidates in the time before elections.

III. We recommend the Metropolitan Council and the Legislature come up with a plan for conducting and financing the election of Council members in the next year.

The election of the Metropolitan Council provides an opportunity to test out a number of ways to improve voter information and discussion of issues in larger election districts. The Council ought to seize this and move to design a new system.

1. New approaches to conducting campaigns should be considered when a new set of local officers for the region are elected.

We suggest the Council consider at least the following alternatives as they draft proposals to the Legislature:

- A. A brochure with candidate biographies and statements be sent to voters--
Candidates would be invited to submit a brief biography, a statement of their personal finances similar to the one now filed with the State Ethics Commission, a short statement of the issues they believe are important and their views on them. These statements would then be put together in a brochure and distributed to each household.
 - B. Reservation of time on educational and cable television for Council candidate discussion -- The publicly subsidized educational television station or cable television companies might be requested or directed to set aside blocks of public interest time at prime viewing hours for issue discussions between candidates for the Council.
 - C. Purchase of commercial television and radio time for opposing candidate discussions by individuals and organizations -- Individuals and organizations, including corporations, might be permitted and encouraged to purchase blocks of time in excess of a few minutes on radio and/or television for a discussion of regional issues by candidates.
2. The probable high cost and traditional funding of conventional campaigns in large election districts suggests the Council evaluate some approaches to direct public funding of these elections.

A couple of alternative arrangements which would more directly employ public funds should be explored. The objective of these, however, should be either to reduce the cost of campaigning to the candidate and/or to increase the incentives for smaller contributions. The alternatives include:

- A. Appropriation of funds for specified activities such as blocks of television and radio time -- These funds might be made available equally to all candidates after the primary. If this partial public payment for some campaign activity was done, then private contributions by organizations and individuals might be limited to \$50.
- B. Matching of small private contributions with public funds -- A matching of small private contributions of up to possibly \$20 with public funds would tend to further encourage candidates to develop a broad base of small contributors.

DISCUSSION OF RECOMMENDATIONS

I. What are the similarities and differences between the campaign financing rules for state elections in the Ethics Act and our recommendation for local campaign financing?

1. Similarities and slight differences between the two include:

- A. Disclosure of itemized receipts and expenditures is required at periodic intervals before and after elections by both. Responsibility for reporting is placed on the treasurer of candidate campaign committees and contributing organizations for recording receipts and expenditures over \$20 and disclosure of contributors of \$50 or more.

Our proposal for local campaigns provides for somewhat simpler rules of disclosure, however, than those applying to state ones. The disclosure information of both calls for the name, address and amount of contributions, but we do not suggest the listing of occupation or place of business be required for local offices. This information, we concluded, requires considerable additional work for the treasurer and frequently provides little information about the motives of the contributor.

We also propose a reduction in the frequency of filing disclosure information. The state act requires reports six times -- on January 7, July 7, and five days before the primary, 30 days after the primary, five days before the general election, and 30 days after the last election a candidate stands for. Our proposal, however, would reduce this total to four times -- five days before the primary and general elections, and 30 days after each. We concluded that, while information on how campaigns are funded is necessary and important, it will be most useful to the public just before the election or more likely after the election is over. The largest amount of contributions are usually received late in a campaign when the largest expenditures are made. The difficulty of getting this information to the voters further suggests any use of it in following the actions of public officials or in analyzing their records for any excessive contributions will come after the election when complete statements are available. Any candidate committees with debts or bills outstanding, we suggest, should also continuously report their financial status and contributions they receive every three months until these obligations are retired or they become contributions six months prior to the next election for the office.

- B. Tax credits are proposed to encourage small contributions by the state law and in our recommendations for local campaigns. We note with approval the state action to give contributors a credit for their contributions to state campaigns. We simply suggest this also be extended and made available for contributions to local candidates.

2. More significant differences between the Ethics Act and our proposal appear in the area of spending limits, contribution limits, and direct public funding by the tax check-off.
 - A. Spending limits are set for state races while we suggest they not govern local campaigns. We concluded that, with adequate controls on contributions and with incentives for small contributors, the gravest concerns about possible influence of larger contributions would be alleviated. We also note that in many smaller local races too little rather than too much is spent in campaigns. One of the functions of a campaign is to alert voters to upcoming elections. Where very little is spent, as in some local races, campaigns fall short of even achieving this objective.
 - B. Contributions are more tightly limited for individuals and organizations in our proposal than in state law. We suggest an absolute level of \$100 per individual or organization instead of the graduated amounts provided for state offices. The state limits are \$750 for state representatives, \$1,500 for state senators, \$5,000 for statewide officials, \$10,000 for attorney general, and \$60,000 for governor. We concluded that the possible influence from larger contributions is not related to the total amount spent but can exist whenever a large contribution is made. The \$100 limit allows a parity between candidates, since, although candidates in more populous districts may well have more expensive campaigns, the number of possible contributors is also proportionately larger.
 - C. A relatively larger role for political parties in funding campaigns is recognized in both the state act and our proposal. The state law permits the political party to contribute up to 50% of the spending limits in contrast with the 10% limit on others. We suggest the parties be enabled to contribute up to \$.05 per capita of the election district in contrast with the \$100 limit on others.
 - D. Certain funding practices such as the use of dues, borrowing, transfers and solicitation of funds between campaigns are tightly restricted under our proposal. The state act permits organizations to make contributions from funds derived from dues. We recommend organizations be limited to a \$100 contribution to candidates, and, if dues are the source, the dues-paying members be notified and by majority vote decide which candidate will receive the organizations's contribution. Organizations receiving funds indirectly from dues through subsidiary organizations would be required to go back to the original group and members for a vote to send these funds to political candidates. This will encourage all political contributions to be made voluntarily, and, if they are not, it will give the assessed or dues-paying members the opportunity to voice their support for individual candidates.
1. Borrowing of funds. The state act does not limit borrowing. It discourages use of this source only to the extent spending is limited. We suggest, however, that any loans from individuals or organizations, directly or as guarantors of loans from financial institutions, be treated as contributions within the \$100 limit, if they are still outstanding six months before the next election for the office.

2. Solicitation between elections. We suggest the \$100 contribution limit apply from six months before the election to six months before the next election to an office. This will effectively limit activities to solicit funds between elections. In contrast, the state act implicitly permits such fund-raising activities but simply limits them to 20% of the spending limit each year or \$1,500 for state representatives, \$3,000 for state senators, \$20,000 for attorney general, and \$120,000 for governor.

3. Transfers. We suggest transfers between candidate committees be prohibited. The state law, by contrast, permits an amount equal to 10% of the spending limit.

4. We see legislative caucuses as organizations whose contributions should be tightly limited, whereas the state act views them as a part of the political party that can make substantial contributions. The state act, in treating caucuses as part of the political party, limits their contributions to 50% of the spending limit in contrast with the 10% limit on other organizations. We concluded that caucuses, however, are not under the control of political party organizations but instead are simply separate organizations for the election and political purposes of incumbents. We recommend they be limited to \$100 per candidate, as are other organizations.

E. Direct public funds to candidates through the tax check-off are a feature of the state law we do not propose for local campaigns. We concluded there would be enormous problems in devising any formula for the distribution of state funds directly to the multitude of different kinds of local offices and therefore did not suggest this source of funds be used for local campaigns. Apart from this practical difficulty, however, we also question the desirability of substituting direct public funds for private contributions unless these public dollars help to achieve a public purpose. Such purposes might include financing of changes to the way campaigns are conducted that will increase candidate discussion of issues or improvements in information to the voters. As an alternative, these funds could also be used to encourage candidates by matching funds to seek out more small contributions.

II. Should the basic principles we recommend for local races of campaign funding from many small contributors and political parties with limits on large contributions equally apply to state campaigns?

Yes. The Ethics Act has many sound features. We particularly commend the Legislature for setting up the system for reporting and disclosure of campaign receipts and spending and for adopting the tax credit incentive for small contributions. We believe, however, that the approach we suggest for local campaigns merits consideration in a discussion of proposals for changes in the near future to the Ethics Act.

We suggest the Ethics Commission, this fall, apply the basic principles we recommend for local campaigns to state ones in its job of reporting to the Legislature. After evaluating our proposals as they might apply to the Ethics Act, the Commission should make recommendations to the 1975 Legislature.

III. Will limits on large contributions merely drive major contributors underground or result in a proliferation of organizations?

This is a possibility and needs to be watched. Our recommendations do not limit the amount that can be contributed to campaigns generally but only to candidates. Major contributors, whether individuals or organization, can give as much as they desire to the political parties. They are limited only in the amount they can earmark by a contribution to individual candidates.

If some persons or groups choose by indirect means to make a contribution beyond the \$100 limit, they face the possibility of a fine and penalty for this action. The further difficulty of one group splitting into many, each of which may contribute \$100 and yet maintaining control, is likely to deter most organizations from doing this. However, this needs to be watched carefully in the contribution reports of organizations, and is one area in which further steps may be needed to discourage such activities in the future.

IV. Will limits on contributions also limit the amount spent?

This is possible . . . particularly for a few years in races that have spent large amounts of money in the past. A period of transition from large to small contributions may result in some reductions in spending for a few campaigns. These generally more expensive ones, however, also tend to be more visible to the public from press and media coverage. Even in these cases, however, assuming past contributions of more than \$100 are not allowed, the reduction would not be more than 20%. In the races where little is spent, our proposed contribution limits would seldom reduce the amount spent.

V. Are there constitutional problems with contribution limits?

We were unable to determine if there are any significant legal problems with a system of tight contribution limits. The case history in the courts, to date, provides few clear answers as to whether such limits would be an infringement of free speech. Some legal authorities argue they would, but others suggest the public good of having confidence in the elective system would mitigate against any deprivation of free speech. We felt we were unable to answer satisfactorily this question, and instead recommend the Legislature proceed to get the limitations in place and give the courts the opportunity to resolve the issue.

VI. Why should political parties have a larger role in funding essentially non-partisan local races?

We are recommending the political parties as defined in state law, which at present means the two major parties, be permitted to approach local campaigns with funding only where they decide to endorse candidates. The parties already selectively endorse candidates for non-partisan offices in Hennepin and Ramsey Counties and in a number of suburban city elections. They traditionally do not endorse persons in school board races and for many offices in smaller cities and in many counties. The principle of political party involvement in elections, we believe, is a sound one so long as the party

is open in membership and representative of the persons who identify with it. The resources and interest of the party in city, county and school issues, however, will continue to govern their role in non-partisan local races, and may not significantly increase for many local races in the near future.

VII. Why not have the State Ethics Commission or county ethics commissions handle local campaign reports instead of the county auditor and the county attorney?

We considered these alternatives but rejected them in favor of placing responsibility for handling and enforcing the local campaign finance law with the county auditor and county attorney. These offices are already established to perform this work. They are much more accessible to voters and candidates in local elections than the State Ethics Commission. In addition, we concluded that the Commission already has a substantial job in simply handling state elections. We believe the Commission, however, can provide valuable assistance to the auditors and local candidates with forms and procedures and a degree of back-up in checking on the work of the auditor in analyzing reports.

Creation of a number of county or regional ethics commissions was also considered and rejected. While this administration and enforcement mechanism at first glance has many attractive features to ensure reports are filed and analyzed, it also means many new commissions would have to be established.

We are not sure at this time that, with clear legislative direction to the auditor and county attorney on their duties, they will sufficiently do this job. We concluded, however, that permitting citizens and candidates to register complaints with the county attorney and the State Ethics Commission, and with periodic monitoring of the auditor's work by the Commission, there would be some checks and a way of determining in the future whether those officers can do the job.

VIII. Can't steps be taken to reduce the cost of campaigns and thereby problems which arise with financing?

We considered various approaches to reduce the amount spent in costly campaigns from limits on the use of various campaign techniques such as billboards, TV and radio spot ads, direct mailing of literature and lawn signs to a reduction in the time for campaigning.

Some techniques are offensive to many people because of their visual appearance, the interruptions they cause in regular programming or because of the limited information they convey to voters. We were reminded, however, that two of the purposes of a campaign are to alert people about an upcoming election and to identify the candidates. We were unable to find any evidence or agreement, however, that any of these techniques were not effective for these limited campaign purposes. We also felt that to the degree possible, within conventional approaches to campaigns, candidates should be free to choose how to conduct their campaigns and to decide upon what items they wanted to spend money.

One area . . . a limit on the time for campaigns . . . might reduce the cost and deserves further study. A much shortened time for campaigning to possibly eight weeks might also work to reduce voter fatigue with campaigns. However, a short campaign could result in depriving a candidate of the door-to-door contact which requires considerable time and costs little. In addition, it could also simply encourage greater use of expensive techniques, such as media spot ads and direct mail.

WORK OF THE COMMITTEE

Background

In the past few years, campaign financing has come to the forefront as a major issue and concern. In 1971, numerous studies and proposals resulted in a new national campaign law for disclosure in federal elections and the beginning of discussion in the Minnesota Legislature. Subsequent disclosures about funding of the 1972 presidential elections further escalated the national concern and state discussion.

The subject of campaign financing has long been on the list of possible research projects of the Citizens League, and in 1972 was seriously considered but did not make the final list of projects. The growing concern and high level of public discussion led the League in August 1973 to authorize the formation of a League committee on political campaigns, with the following assignment:

"Issues relating to the financing of political campaigns will receive priority attention by the Minnesota Legislature in 1974. These issues relate to public financing of campaigns, disclosure and reporting of campaign finances, limitations on contributions and spending, coordination of federal and state campaign finance laws, regulatory framework, penalties, and which elective offices are to be covered. In addition, questions are beginning to be raised about the public interest in the conduct of political campaigns and the relationship of the use of public funds which are made available for political campaigns to advancing the public interest. We would consult with party leaders, candidates, office holders and others. We would reach conclusions on the problems with the present methods of financing campaigns and make recommendations to the 1974 Legislature."

Committee Membership

A total of 28 persons participated actively in the deliberations of this committee. It was co-chaired by Roger Hale, a vice-president of Tennant Company, and William Sands, a vice-president of Western State Bank of St. Paul. Other members were: Josef L. Altholz, Bjarnie R. Anderson, Jack L. Armstrong, Earl A. Arneson, Gerald D. Brennan, David E. Broden, Lynn W. Carlson, Mary E. Carlson, John L. Carr, Ann S. Duff, Normandy Hamilton, Mel Hansen, Mike Hartigan, Richard Konrad, Lois E. Mizuno, Duane Mourlam, Jim Newland, David L. Norrgard (to May 22), Don Paterick, Joseph W. Skovholt, Ron Speed, Ruth H. Stack, Arthur J. Stock, James J. Strauss, William P. Walsh, and Vernie Wolfsberg.

The committee was assisted by Clarence Shallbetter, Citizens League research associate, and Jean Bosch of the clerical staff.

Committee Procedures

The committee met 34 times from November 14, 1973, to September 12, 1974, mostly in 2-3 hour sessions. Detailed minutes of the meetings were prepared of both presentations made to the committee and its deliberations.

The committee began by looking at the financing of state campaigns and proposals under discussion in the Legislature. Information summarizing receipts and expenditures of legislative candidates was collected and made available to the committee. From January to March the committee primarily engaged in internal discussion during which it developed a number of basic principles for campaign financing. The Legislature at the same time was moving to final consideration of the Ethics Act, which passed late in March. The committee decided at this point to concentrate on financing of local campaigns . . . a large area untouched by the Act. It subsequently met with resource persons familiar with local campaigns and received information from campaign reports filed by many local candidates. Several drafts of findings, conclusions and recommendations were prepared before committee consensus was reached and the report submitted to the Citizens League Board of Directors.

The following persons met with the committee:

Arlen Erdahl, former Minnesota Secretary of State.
Byron E. Starns, Deputy State Attorney General.
Robert J. Brown, State Senator and Chairman of State Republican Party.
Tom Berg, State Senator.
Henry F. Fischer, Chairman of State DFL Party.
Stephen Keefe, State Senator.
Michael Berman, attorney and campaign fund-raiser.
David Durenberger, former assistant to Minnesota Governor Harold LeVander.
James R. Heltzer, State Commissioner of Economic Development, and former City Councilman of St. Louis Park.
Charles Backstrom, professor of political science, University of Minnesota.
Robert King, editor, Minneapolis Star.
John Finnegan, editor, St. Paul Dispatch & Pioneer Press.
Bernie Shellum, political reporter, Minneapolis Tribune.
J. Robert Stassen, State Senator.
Martin O. Sabo, State Representative and Speaker of the House.
John Turner, professor of political science, University of Minnesota.
Robert Forsythe, former Republican Party officer.
Ernest Lindstrom, former State Representative.
Donald M. Fraser, United States Congressman.
William E. Frenzel, United States Congressman.
Thomas Byrne, former mayor of St. Paul.
Lyall A. Schwarzkopf, former Hennepin County Republican Party chairman and State Representative.
Richard Curtin, former Minneapolis Alderman.
Janet Yonehiro, former councilman and mayoral candidate of Minnetonka.
Henry Moore, campaign chairman for a Minneapolis alderman.
Robert Scarlett, fund-raiser for many candidates in Ramsey County.
Arne Carlson, State Representative.
Paul Uselmann, former City Councilman of Eagan.
Richard O. Hanson, Hennepin County Commissioner.
Gladys Brooks, former Minneapolis Alderman and candidate for mayor.
Kenneth Wolfe, former City Councilman and Mayor of St. Louis Park, and former State Senator.
Philip Cohen, Mayor of Brooklyn Center.
Anthony Danna, Ramsey County Commissioner.
James Johnson, public relations, Dayton Hudson Co.

B A C K G R O U N D

1. Expenditures for Local Elections

Information on the amount spent by candidates and their volunteer committees for local offices is spotty and incomplete. Expenditure reports are not required or filed by candidates for some offices such as for school boards or offices in cities of less than 20,000 population. In cities of over 20,000 and in counties, reports are filed by candidates. However, in some cases reports are not filed by the volunteer committees. The completeness of reports and the consistency from earlier to later reports also varies considerably. For example, a volunteer committee may file a report after the primary election but none after the general election. In other cases the amount reported spent after the primary is not the same amount reported for this earlier period on the report filed after the general election.

Expenditure reports filed in many city elections in the past couple of years are much more complete than in earlier years. Many candidate committees are not only doing a more complete job of reporting expenditures but also voluntarily disclosing contributions. This was most apparent in recent reports from many candidates in Minneapolis and St. Paul.

Chart 1 describes expenditures made by candidates for various city offices in the Twin Cities area and for school board races in Minneapolis and St. Paul. The list is not all-inclusive, as it is based only on the information available in the offices of city clerks in the listed cities.

Chart 1

Expenditures Reported by Candidates for Local Office

CC - City Council C - Comptroller CB - County Board E&T - Board of Estimate & Taxation LB - Library Board M - Mayor PB - Park Board SB - School Board T - Treasurer				* Elected		
	<u>Less than \$500</u>	<u>\$501-1000</u>	<u>\$1001-2000</u>	<u>\$2001-4000</u>	<u>\$4001-8000</u>	<u>\$8001 +</u>
Minneapolis 1973 (Citywide - Pop. 434,400)	E&T - \$305	LB - \$500*	SB - \$1989 E&T - 1844* PB - 1778* T - 1593 E&T - 1010	LB - \$3711 LB - 2500*	T - \$5151* C - 4304 SB - 4070	M - \$119,741* M - 40,645 M - 25,070 SB - 18,590* PB - 12,808 SB - 9,567* C - 9,040*

(continued on next two pages)

	<u>Less than \$500</u>	<u>\$501-1000</u>	<u>\$1001-2000</u>	<u>\$2001-4000</u>	<u>\$4001-8000</u>	<u>\$8001 +</u>
St. Paul 1974 (Citywide - Pop. 309,866)	CC - \$410 SB - 185* CC - 125	CC - \$826	SB - \$1720 SB - 1691 SB - 1325 SB - 1269* SB - 1147*	CC - \$2323 SB - 2294	CC - \$5669* CC - 4377	M - \$55,743* M - 40,455 M - 30,108 CC - 22,504* CC - 16,900* CC - 16,086* CC - 10,205* CC - 9,894* CC - 9,392 CC - 9,216* CC - 8,407
Ramsey County Board, 1972. Dist.-St.Paul Pop. 309,866						CB - \$16,260 CB - 13,210*
Henn. County Board, 1972. Dist.- Pop. 192,016					CB - \$6009*	CB - \$13,596 CB - 10,084* CB - 7,093
Bloomington 1973 (At-large - Pop. 81,970)			M - \$1911* CC - 1583* CC - 1324 CC - 1239	M - \$3004 CC - 2450*		
Mpls. 1974 (Park Bd. Dst. Pop. 72,333)		PB - \$992* PB - 917 PB - 882	PB - \$1049	PB - \$3252		
St. Louis Park, 1973. (At-large - Pop. 48,883)	CC - \$346		CC - \$1741*	M - \$2650	M - \$4969*	
Richfield '72 (At-large - Pop. 47,231)	CC - \$389	CC - \$766*				
Edina - '71 (At-large - Pop. 44,046)		CC - \$887		M - \$3630 M - 3288 CC - 3465		
Minnetonka - '73 (At-large - Pop.35,776)	CC - \$338*	CC - \$724*		M - \$3592	M - \$6865* CC - 5634	
Brooklyn Center - '72 (At-large -		CC - \$840	CC - \$1743 CC - 1717* CC - 1500*			

	<u>Less than \$500</u>	<u>\$501-1000</u>	<u>\$1001-2000</u>	<u>\$2001-4000</u>	<u>\$4001-8000</u>	<u>\$8001 +</u>
Roseville - '73 (At-large - Pop. 34,438)	CC - \$300 CC - 252		CC - \$1886*	CC - \$2063 CC - 2059*		
Mpls. - 1973 (Wards - Pop. 33,384)		CC - \$948 CC - 919 CC - 883	CC - \$1866 CC - 1706 CC - 1688		CC - \$7737* CC - 7478* CC - 7415* CC - 7324* CC - 7347 CC - 7314* CC - 7091* CC - 7080 CC - 6733* CC - 6294 CC - 6158 CC - 6155* CC - 6062* CC - 5039* CC - 4178	CC - \$10,278* CC - 10,104* CC - 8,420
Dakota County 1972 (Districts - Pop. 27,961)		CB - \$959* CB - 787	CB - \$1991* CB - 1981 CB - 1848* CB - 1222			
Maplewood 1973 (At-large - Pop. 25,186)	CC - \$371 CC - 338	M -- \$971* M - 768 CC - 555* CC - 531*				
Golden Valley 1972 (At-large - Pop. 24,246)	CC - \$483	CC - \$578	CC - \$1833* CC - 1059*			
New Hope '73 (At-large - Pop. 23,180)		CC - \$923* CC - 644 M - 594*				
St. Louis Park - '73 (Wards - Pop. 12,220)		CC - \$640	CC - \$1800 CC - 1345*	CC - \$2265*		
Minnetonka 1973 (Wards - Pop. 8944)			CC - \$1921 CC - 1456*			

Population of election districts

Our proposal for a Local Campaign Finance Act would not apply to the bulk of local officials who are elected in the 794 municipalities and 409 school districts with populations of less than 10,000 in the state. They would affect only some officials elected in 75 counties, 55 municipalities and 68 school districts where the election district exceeds 10,000 population.

The number of counties, municipalities and school districts which have some public officials elected from districts exceeding 10,000 population is as follows:

Chart 2

Number of Counties, Municipalities and School Districts
with Populations in Excess of 10,000 in 1970

<u>Population</u>	<u># of Counties</u>	<u>In 7- County Metro Area</u>	<u># of Municipi- palities</u>	<u>In 7- County Metro Area</u>	<u># of Districts</u>	<u>In 7- County Metro Area</u>
Over 56,500 (State Senate Districts)	8	(5)	5	(3)	7	(5)
Over 28,250 (State Rep. Districts)	17	(2)	13	(10)	10	(9)
Over 20,000	17	-	9	(7)	13	(9)
Over 10,000	<u>33</u>	-	<u>28</u>	(15)	<u>38</u>	(8)
Total	75	(7)	55	(35)	68	(31)

The number of public officials elected in more populous districts of over 10,000 population is approximately three times (642) the number elected to the Legislature (201). Although only 198 local units of government exceed this population, frequently there are 5-7 or more positions in these limits where candidates run at-large or from districts exceeding this population.

The number of persons elected in local districts with more than 10,000 population is estimated in Chart 3.

Chart 3

Number of Public Officials from
Election Districts of Over 10,000 Population

	<u>County</u>	<u>Municipalities</u>	<u>School Districts</u>	<u>Special Districts</u>	<u>Total</u>
Over 100,000	23	11	20	15	69
Over 56,500	15	12	20	6	53
Over 28,250	27	60	69		156
Over 20,000	5	38	79		122
Over 10,000	<u>20</u>	<u>106</u>	<u>116</u>	<u>21</u>	<u>242</u>
	90	227	304	21	642

The largest proportion of these elected positions is found in the Twin Cities metropolitan area. The job of the county auditors and attorneys will be significantly greater in these counties -- Hennepin, Ramsey, Anoka, Dakota, Washington and St. Louis Counties -- than in most others throughout the state.

The number of persons elected in local districts with more than 10,000 in these six counties is estimated in Chart 4.

Chart 4

Number of Public Officials from Election
Districts over 10,000 Population in Six Counties

<u>County</u>	<u># in County</u>	<u># in Municipalities</u>	<u># in School Districts</u>	<u># in Special Districts</u>	<u>Total</u>
Hennepin	7	73	79	21	180
Ramsey	9	39	32		80
Anoka	8	22	25		55
Dakota	8	26	33		67
Washington	12	10	20		42
St. Louis	8	26	33		67
Totals	<u>52</u> = 58% of	<u>196</u> = 86% of	<u>222</u> = 73% of		<u>491</u> = 76% of
	total #	total #	total #		total #

3. Voter Turnout for Local Elections

The turnout of persons who are eligible to vote (basically those who are 18 years old and over) falls dramatically from one type of election to another. Whereas approximately 70% vote for national elections, only 30% do so for city elections and 11% for elections to school boards. The actual turnout in a given election may be higher -- particularly when there are heavily contested races that may generate more voter interest. However, the turnout for local elections -- particularly for most school boards -- is extremely low.

Charts 5 and 6 illustrate the voter turnout for recent elections in most municipalities and school districts with more than 10,000 population in the Twin Cities area.

Chart 5

Number and Percentage of Eligible Voters Who
Voted in Recent City Elections in Cities of Over
10,000 Population in Twin Cities Area

	<u>Year of</u> <u>Election</u>	<u>Number of</u> <u>Eligible</u> <u>Voters-1970</u>	<u>Number Who Voted</u> <u>(Ballots cast)</u>	<u>Percentage</u> <u>Who Voted</u>
Minneapolis	73	318,867	127,178	40%
St. Paul	74	211,733	65,388	31
Bloomington	73	46,520	14,804	32
St. Louis Park	73	33,058	10,251	31
Richfield	73	31,203	2,134	7
Edina	73	27,772	4,817	17
Minnetonka	73	20,273	8,679	43
Roseville	73	20,859	6,567	31
Brooklyn Center	73	19,772	4,161	21
Crystal	73	17,941	2,875	16
Fridley	72	16,519	11,767	71 *
South St. Paul	73	15,564	4,680	30
Brooklyn Park	73	15,066	9,500	63
Maplewood	72	14,776	4,634	31
Coon Rapids	73	14,614	4,387	30
Columbia Heights	73	14,761	3,227	22
Golden Valley	73	14,564	3,063	21
New Hope	73	12,870	1,786	14
West St. Paul	72	12,712	9,634	76 *
White Bear Lake	72	12,441	2,962	24
New Brighton	73	11,582	2,956	26
Robbinsdale	72	11,531	8,647	75 *
Blaine	73	10,486	2,807	27
Burnsville	73	10,310	2,768	27
Plymouth	73	10,168	2,925	29
Hopkins	73	9,427	996	11
Anoka	73	8,480	1,515	18
Hastings	72	7,055	2,354	33
North St. Paul	72	6,769	4,634	68 *
Stillwater	72	6,191	2,408	39 *
Cottage Grove	73	6,160	1,304	21
Inver Grove Hts.	73	6,128	452	7
Shoreview	73	6,060	1,008	17
St. Anthony	73	5,889	1,352	24
Mounds View	73	5,884	432	8
Apple Valley	73	4,994	2,897	64
Average				29%

* City elections held at same time as state elections.

Chart 6

Number and Percentage of Estimated Number of Eligible Voters
Who Voted in Recent School Board Elections in the Twin Cities Area

	<u>Year of Election</u>	<u>Population 1970</u>	<u>Estimated Number of Eligible Voters</u>	<u>Number Who Voted (Ballots Cast)</u>	<u>Percentage Who Voted</u>
Anoka #11	74	80,690	45,186	6,803	15%
Bloomington #271	74	80,936	46,134	4,661	10
Brooklyn Center #286	74	9,276	5,195	191	4
Burnsville #191	73	21,651	11,259	1,196	11
Columbia Hts. #13	73	28,125	17,438	1,215	7
Edina #273	73	40,668	25,621	3,121	12
Fridley #14	74	19,597	10,974	1,117	10
Golden Valley #275	74	6,281	3,769	597	16
Hopkins #274	74	40,154	25,699	3,798	15
Minneapolis #1	73	434,400	318,867	127,178	40*
Minnetonka #276	74	26,374	15,033	1,675	11
Mounds View #621	74	47,702	28,144	2,618	9
N. St. Paul #622	73	41,633	24,147	2,317	10
Osseo #279	73	43,542	24,819	908	4
Richfield #280	74	49,816	49,816	1,688	3
Robbinsdale #281	72	104,146	63,529	3,046	5
Roseville #623	74	51,130	31,189	1,592	5
St. Anthony #282	73	10,455	6,482	1,167	18
St. Louis Park #283	73	47,402	31,759	3,416	11
St. Paul	74	309,866	211,733	65,388	31*
S. St. Paul #6	73	24,923	15,452	4,680	30*
West St. Paul #197	74	27,820	18,082	1,728	10
White Bear Lake #624	73	35,565	19,205	4,423	23

* School board elections held at the same time as city or state general elections.

ABOUT THE CITIZENS LEAGUE . . .

The Citizens League, founded in 1952, is an independent, non-partisan educational organization in Twin Cities area, with some 3,600 members, specializing in questions of government planning, finance and organization.

Citizens League reports, which provide assistance to public officials and others in finding solutions to complex problems of local government, are developed by volunteer research committees, supported by a fulltime professional staff.

Membership is open to the public. The League's annual budget is financed by annual dues of \$15 (\$25 for family memberships) and contributions from more than 500 businesses, foundations, and other organizations.

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