



CLEAN ELECTIONS: THE ARIZONA EXPERIENCE

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May 14, 2003

CLEAN ELECTIONS IN ARIZONA

The results of Arizona's second election cycle under the Clean Elections system can be summed up in a few short phrases: More candidates participating. Less private money. Greater equity.

The 2002 election saw a doubling in the number of legislative candidates participating in the state's relatively new public funding system, as well as a doubling in the number of Clean Elections candidates who won their races. In addition, the majority of the major-party statewide candidates opted into the system, and Clean Elections candidates won seven of the nine statewide races.

The Clean Elections system allows candidates to receive full public funding for their campaigns if they agree to accept limited personal and seed-money contributions from private individuals for their races.

A review of campaign finance data for three election cycles — two under the Clean Elections system and one before public funding was put into place — shows:

- The amount of money in Arizona's legislative politics increased in 2002 over both the 2000 and the 1998 election cycles. But the sources of that money changed. More than half of the \$6.5 million available for legislative campaigns in 2002 came from the Clean Elections system, and the amount of money raised from private sources actually dropped from both the 2000 and 1998 elections.
- The number of legislative candidates totaled 214¹ in 2002, increasing from 212 in 2000 and 156 in 1998 — the last election cycle in which all candidates raised all their funds from private sources.
- The amount of money raised by winning legislative candidates was, on average, virtually the same for Clean Elections and nonparticipating candidates in the 2002 election cycle.
- Losing candidates who participated in the Clean Elections program in 2002 had far more money for their campaigns than did losing candidates who relied on private funds, and the average amount losing Clean Elections candidates raised was far higher than the average amount that losing candidates raised in 1998.
- Clean Elections candidates made up 36 percent of the legislative winners in 2002.
- Clean Elections candidates won 78 percent of the statewide offices — seven of nine races.

¹ The Institute's candidate figures are based on campaign finance data published by the Secretary of State's office. The totals used in this report excludes candidates who did not raise money for their races, candidates who raised money but did not run for office in 2002, and all write-in candidate except one, who participated in the Clean Elections program.

HOW THE SYSTEM WORKS

In 1998, Arizona voters approved a citizen initiative to provide an optional public funding system for candidates who agree to limit their campaign spending and to forgo the use of special interest money. In addition, candidates must agree to accept limited private money from individuals and may contribute only a small amount of personal money to their political campaigns. The system first went into effect in the 2000 election cycle.

Under this program, candidates must collect a certain number of \$5 contributions in addition to collecting the nominating petition signatures required of all candidates. The number of \$5 qualifying contributions required varies depending on the office sought. A legislative candidate, for example, must collect 200 \$5 qualifying contributions from registered voters. But a gubernatorial candidate must collect 4,000 contributions.

Candidates turn these contributions over to the state, which uses the money to help fund the Clean Elections program. However, the program is funded primarily by a 10 percent surcharge on civil and criminal fines.

During the qualifying period, candidates also may accept a limited amount of private contributions as seed money for their campaigns. The process of gathering \$5 qualifying contributions and nominating petition signatures does entail expenses, including printing, mailing, and travel.

Once candidates have qualified for the program, accepted public funding and reached their seed-money limit by the end of the qualifying period, they can no longer take contributions from private sources. At this point, the remainder of their funding comes from the state's Clean Elections fund, and they may not accept any other contributions.

Participating candidates who collect early contributions of private money may receive a maximum individual contribution of \$110. The total amount of private money that may be collected during the qualifying period varies from office to office. For example, legislative candidates in 2002 could receive up to \$2,650 in early contributions, while gubernatorial candidates could receive up to \$42,440.

Participating candidates are eligible for matching funds of up to three times the original grant they receive for the primary or general elections. Matching funds can be received by either the spending or fundraising of a nonparticipating opponent or by activities of independent expenditure committees. Any monies spent by a traditional opponent over the original grant the Clean Elections candidate received is matched up to three times the base grant. For example, if a Clean Elections candidate received \$15,000 as the grant, he or she could receive as much as \$45,000 if the matching fund triggers are met. Independent expenditures are matched if they benefit any opponent, participating or nonparticipating, or are detrimental to the Clean Elections candidate.

Candidates return any unused public funding to the state at the close of their campaigns.

THE 2002 ELECTION CYCLE

More than half of the legislative candidates in 2002 chose to accept public funding for their campaigns, as did the majority of candidates for statewide office.

The number of Clean Elections candidates running for a House seat more than doubled, from 40 in 2000 to 87 in 2002. The number of Clean Elections House winners also doubled, going from 12 to 27. The number of publicly funded Senate candidates increased from 14 in 2000 to 26 in 2002. Five of these candidates won their races, compared with two Clean Elections winners in 2000. Thus 32 of the 90 legislative candidates elected in 2002 were Clean Elections candidates, representing 36 percent of the Legislature.

Clean Elections candidates ran for all statewide offices: governor, attorney general, superintendent of public instruction, secretary of state, state treasurer, state mine inspector and corporation commissioners. Seven of the nine winning statewide candidates participated in the Clean Elections program, or 78 percent.

CAMPAIGN FUNDS AND THEIR SOURCES

Legislative Races

The amount of money available from both public and private sources for legislative campaigns totaled \$6.5 million in 2002 — a significant increase over the \$4.3 million raised by legislative candidates in 1998, when all campaign funds came from private sources. However, public funds made up fully half of the legislative campaign dollars in 2002. So the amount of private dollars actually decreased by almost 32 percent from 1998, from \$4.3 million to \$2.96 million. Private funds decreased 33 percent from 2000, when candidates who didn't participate in the public funding system raised \$4.4 million in funds from private contributors. The following table shows this change in the type of money candidates received over the past three election cycles.

PUBLIC/PRIVATE FUNDING, LEGISLATIVE CAMPAIGNS, 1998-2002

TYPE OF FUNDS	2002	2000	1998
Clean Elections Funds	\$3,262,134	\$1,559,456	\$0
Private Funds	\$2,956,156	\$4,414,340	\$4,325,519
TOTAL FUNDS	\$6,517,329	\$5,973,796	\$4,325,519

The 113 legislative candidates participating in the Clean Elections system in 2002 received the bulk of their money — nearly 92 percent — from public funds. The remainder of their funds came from the seed money, which was limited to \$2,650 per candidate, and personal contributions, which were limited to \$530 per candidate. Meanwhile, the remaining 101 legislative candidates drew 60 percent of their funds from five economic sources: contributions they made to their own campaigns; lawyers and lobbyists; the health industry; the finance, insurance and real estate industries; and retirees, civil servants and other nonbusiness contributors.

The following chart shows the amount of funds nonparticipating candidates and participating candidates received from the different industry groups.

SOURCES OF FUNDS, ARIZONA 2002 LEGISLATIVE CAMPAIGNS

TYPE OF CAMPAIGN FUNDS	NONPARTICIPATING CANDIDATES		PARTICIPATING CANDIDATES	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Clean Elections Funds	\$0	0%	\$3,262,134	91.6%
Private Funds	\$2,956,156	100%	\$299,039	8.4%
TOTAL FUNDS	\$2,956,156	100%	\$3,561,173	100%
ECONOMIC INTEREST				
Candidate Self-Finance	\$527,561	17.8%	\$16,709	0.5%
Lawyers & Lobbyists	\$412,858	14%	\$33,083	0.9%
Health	\$289,122	9.8%	\$14,644	0.4%
Finance, Insurance & Real Estate	\$278,431	9.4%	\$26,250	0.7%
Other/Retiree/Civil Servants	\$266,427	9%	\$66,476	1.9%
General Business	\$204,304	6.9%	\$21,314	0.6%
Construction	\$94,719	3.2%	\$10,965	0.3%
Energy & Natural Resources	\$79,596	2.7%	\$3,486	0.1%
Transportation	\$72,318	2.4%	\$4,531	0.1%
Political Party	\$72,294	2.4%	\$11,348	0.3%
Labor	\$72,117	2.4%	\$595	0.02%
Agriculture	\$68,705	2.3%	\$3,005	0.08%
Non-Contributions ²	\$57,681	2%	\$5,232	0.15%
Communications & Electronics	\$40,928	1.4%	\$5,218	0.15%
Ideology/Single Issue	\$5,420	0.2%	\$500	0.01%
Defense	\$4,350	0.15%	\$420	0.01%
Unknown/Unidentifiable	\$409,326	13.8%	\$75,243	2.1%

The Gubernatorial Race

Arizona held its first gubernatorial election under the Clean Elections system in 2002. Six of the gubernatorial candidates were Clean Elections candidates, including Democrat Janet Napolitano, who won the primary and faced Matt Salmon, a nonparticipating candidate, in the general election. Napolitano won the race.

Napolitano received 98 percent of her campaign funds from the Clean Elections system. Meanwhile, Salmon received about half of his \$2.18 million in private funds from six top-contributing economic groups: the finance, insurance and real estate industries; retirees, civil servants and other nonbusiness contributors; general business; lawyers and lobbyists; construction; and the health industry.

The following chart shows the breakdown in the types of funds for the two general-election candidates and the amounts contributed by various economic interests.

² Non-contributions include such items as interest income, refunds and other monies that are not direct contributions.

SOURCES OF FUNDS, ARIZONA 2002 GUBERNATORIAL CAMPAIGN

TYPE OF FUNDS	MATT SALMON		JANET NAPOLITANO	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Clean Elections Funds	\$0	0%	\$2,254,740	97.8%
Private Funds	\$2,183,212	100%	\$49,236	2.1%
TOTAL FUNDS	\$2,183,212	100%	\$2,303,976	100%
ECONOMIC INTEREST				
Finance, Insurance & Real Estate	\$260,573	11.9%	\$2,660	0.12%
Other/Retiree/Civil Servants	\$220,546	10%	\$16,720	0.7%
General Business	\$181,909	8.3%	\$2,290	0.1%
Lawyers & Lobbyists	\$160,434	7.3%	\$14,310	0.6%
Construction	\$111,334	5%	\$770	0.3%
Health	\$101,327	4.6%	\$2,155	0.1%
Transportation	\$98,110	4.5%	\$565	0.2%
Political Party	\$75,827	3.5%	\$130	0.006%
Agriculture	\$56,279	2.6%	\$370	0.02%
Communications & Electronics	\$37,530	1.7%	\$590	0.03%
Energy & Natural Resources	\$35,097	1.6%	\$490	0.02%
Labor	\$1,500	0.07%	\$1,210	0.05%
Defense	\$1,385	0.06%	\$0	0%
Unknown/Unidentifiable	\$835,206	38%	\$4,971	0.2%

Napolitano received the maximum Clean Elections funding possible, because of both Salmon's private fundraising and independent expenditure committee activities. As a result, Napolitano actually had slightly more money for her campaign than did Salmon.

WHO'S RUNNING NOW?

The number of legislative candidates increased significantly between 1998, when no public funding was available, and 2000, the first year under the Clean Elections program — from 156 to 212. The overall number of legislative candidates increased only slightly in 2002, to 214.

However, the number of Clean Elections candidates increased significantly between 2000 and 2002 — more than doubling from 54 to 113.

The table below illustrates the changes in the number and types of legislative candidates during the three election cycles.

PUBLICLY/PRIVATELY FUNDED LEGISLATIVE CANDIDATES, 1998-2002

CANDIDATE TYPE	HOUSE			SENATE		
	1998	2000	2002	1998	2000	2002
Clean Elections		40	87		14	26
Nonparticipating	108	126	73	48	54	38
TOTAL	108	146	150	48	66	64

While an increase in the number of candidates indicates that competition may be increasing in legislative races, competitiveness also can be measured by looking at how many challengers ran against incumbent candidates, who typically have advantages in both fundraising and name recognition.

The number of legislative candidates challenging an incumbent increased significantly between 1998 and 2000, from 51 to 72. The number of candidates running for an open seat also increased between those election cycles, from 41 to 69.

But in 2002, redistricting led to more open seats and more incumbents running for a new seat, making it difficult to compare the election cycles. In addition, term limits are increasing the number of open seats and encouraging incumbents to run for a seat in the other chamber when they are prohibited from running again for their own House or Senate seat. There were 198 candidates running for open seats in 2002, and 59 of them were incumbents who had previously served in a different district or a different chamber.

CLOSING THE GAPS

The average amount raised by legislative candidates who are challenging incumbents has increased about 30 percent between 1998 and 2002. Thus challengers are coming closer to raising the amounts of money raised by their opponents — another measure of the competitiveness of a race. In 1998, legislative challengers raised 45 percent of the amount their opponents raised, on average. In 2000, the average for challengers was 60 percent of that for incumbents; in 2002, it was almost 57 percent.

AVERAGE AMOUNTS, LEGISLATIVE INCUMBENTS/CHALLENGERS

CANDIDATE TYPE	1998	2000	2002	% INCREASE 1998-2002
Incumbents	\$36,879	\$37,600	\$38,217	3.6%
Challengers	\$16,630	\$22,698	\$21,608	29.9%
Open Seats	\$27,248	\$24,201	\$27,437	0.06%

While the average amount raised by winning legislative candidates has remained relatively stable over Arizona's past three election cycles, the amount raised by losing candidates has risen sharply, by 59 percent. In addition, the gap between the average amounts raised by winning candidates and losing candidates has closed significantly. In 1998, losing candidates raised just 53 percent of the average amount raised by winning candidates. In 2000, that percentage had increased to 86 percent. While it dropped to about 80 percent in 2002, it was still markedly higher than in 1998.

AVERAGE AMOUNTS, LEGISLATIVE WINNERS/LOSERS

CANDIDATE STATUS	1998	2000	2002	% INCREASE 1998-2002
Winners	\$33,446	\$35,579	\$35,711	6.7%
Losers	\$17,865	\$30,928	\$28,410	59.0%
Primary Losers	\$23,940	\$17,865	\$25,505	6.5%

And finally, winning legislative candidates who participated in the Clean Elections system raised roughly the same amount as those who raised private funds. But losing candidates who participated in the program had far more money to wage their campaigns than did losing candidates who did not participate.

AVERAGE AMOUNTS, PARTICIPATING/NONPARTICIPATING CANDIDATES

CANDIDATE STATUS	2002 CE	2002 NON-CE	2000 CE	2000 NON-CE	1998
Winners	\$35,753	\$35,688	\$31,968	\$36,457	\$33,446
Losers	\$36,005	\$2,462	\$34,486	\$27,454	\$17,865
Primary Losers	\$24,469	\$26,842	\$22,368	\$14,406	\$23,940

CONTRIBUTION AND SPENDING LIMITS

Legislative candidates who qualified for Clean Elections funds were eligible to receive up to \$10,790 in public funds for the primary election and an additional \$16,180 for a contested general election. If a nonparticipating opponent spent more than those amounts, the Clean Elections candidate could receive matching funds of up to three times the original grant. Clean Elections candidates who have no opponents in either the primary or general election receive only the amount submitted in \$5 qualifying contributions.

Nonparticipating candidates are subject to limits on the amounts that individuals and Political Action Committees (PACs) may contribute. In 2002, legislative candidates who relied on private campaign contributions could receive \$270 from individuals or PACs, \$1,380 from certified "Super PACs," and a combined total of \$6,910 from all PACs other than political parties. Statewide candidates were limited to \$700 in contributions from individuals and PACs, \$3,460 from Super PACs and a combined total of \$69,120 from all PACs other than political parties.