

## Let's Get The Big Money Out Of Municipal Elections

The municipal level of government, more than any other, affects our daily lives. Policing, homelessness, urban planning and much more is addressed - or not - at City Hall. Yet most of us do not vote in municipal elections and even fewer donate to a municipal candidate's campaign.

Public disinterest during municipal elections creates a power vacuum into which corporate dollars flow. In 2016, Bill 181 banned corporate and union contributions, but this had little effect on the big money. Eleven of the twenty-four seats on Ottawa city council are held by people who received a majority of their 2018 campaign contributions from the developer industry<sup>1</sup>. The problem is not new and it is not confined to one city or industry. Undue corporate influence over municipal councils has been well documented in Ottawa, Toronto, the GTA and thirteen municipalities of the Lake Simcoe watershed<sup>2</sup>.

We argue that any attempt at reforming municipal elections finance should have three goals:

1) providing transparency so that voters can see who is contributing to which candidates, before they vote; 2) increasing voter participation, so that most campaign funds raised by candidates come from small donor fundraising; and 3) reducing barriers to participation for challenger candidates.

### **1) databases provide transparency**

The New York City Campaign Finance Board operates a searchable database showing every contributor, candidate and third party advertiser, for contributions above \$175<sup>3</sup>. Similar databases are operated by the Los Angeles City Ethics Commission<sup>4</sup> and Horizon Ottawa for the 2018 municipal election.<sup>5</sup> The New York and Los Angeles databases show voters contribution information before they vote. Either could serve as a model for an Elections Ontario database, tracking all municipal campaigns in the next election.

### **2) dollar matching restores participation**

As corporate donations are reduced, public funds will be needed to replace them. Tax credits are already in use at the provincial and federal levels, while in the U.S., block grants and dollar matching are also in use. When combined with a lowered contribution limit, dollar matching at \$6 of public funds for every \$1 donated has been shown to be the most effective means of encouraging small donor fundraising.<sup>6</sup> (Matching funds do not work on donors spontaneously. They work by giving candidates a stronger incentive to seek contributions from small donors.) Candidates would qualify for the program by achieving a minimum level of fundraising. Public funds would be limited to a percentage of the candidate's spending limit. At a public cost of \$25M or \$1.80 per resident, this is certainly within Ontario's means.<sup>7</sup>

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<sup>1</sup> <https://development.money/city-council-overview/>

<sup>2</sup> Prof. Robert McDermid, "Campaign Fairness Report 2016" ; [https://www.thestar.com/news/city\\_hall/2016/04/09/corporate-and-union-campaign-donations-still-loom-large-at-city-hall.html](https://www.thestar.com/news/city_hall/2016/04/09/corporate-and-union-campaign-donations-still-loom-large-at-city-hall.html) ; Alex Cullen, Ottawa Municipal Election Reports 2010, 2006, 2003

<sup>3</sup> <https://www.nyccfb.info/FTMSearch/Home/FTMSearch>

<sup>4</sup> <https://ethics.lacity.org/data/campaigns/contributions/>

<sup>5</sup> <https://development.money>

<sup>6</sup> <https://www.demos.org/sites/default/files/publications/Public%20Financing.pdf>

<sup>7</sup> ref. Appendix: the cost of dollar matching

New York's matching funds program has resulted in a majority of funds contributed to council candidates coming from small donors.<sup>8</sup> A study from the Center for Urban Research at the CUNY Graduate Center found that registered voters who contributed to a 2013 New York City campaign were far more likely to vote in those elections than voters who did not make a contribution, certainly a welcome side effect of the program.<sup>9</sup>

### **3) barriers for challengers must be reasonable**

Challengers play a vital role in a democratic system. They engage voters, stimulate the discussion of important issues, hold power to account and stimulate democratic renewal. But for promising candidates with new ideas to come forward, the prospect of victory must be within reach. Incumbency can present a seemingly insurmountable challenge, due to the advantage of the incumbent's name recognition and their ability to mail out newsletters at taxpayer expense for three years prior to the campaign. By reducing the time available to pay for and conduct a campaign, Bill 181 made it more difficult to challenge an incumbent.<sup>10</sup> The campaign start date should be restored to January 1.

The self-funding provision is another route for corporate money to find its way into campaigns, by secret donation to the candidate.<sup>11</sup> It also limits diversity, giving an unfair advantage to wealthier candidates. Self-funding should be banned, as dollar matching at 6:1 removes the need for it.

Corporate donations to third party advertisers are still allowed.<sup>12</sup> Clearly, there is very little difference between a corporation contributing to a candidate's campaign and contributing to a third party who supports the candidate and advertises in their favour. This too should be disallowed.

The electoral process decides who will speak for us. And the campaign period is a perfect time for citizens to connect with candidates, share ideas and communicate our priorities. If we want our interests served by City Hall, we need to reform Ontario's Municipal Elections Act. Transparency, voter participation and democratic renewal can restore our confidence in City Hall.

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<sup>8</sup> [http://www.cfinst.org/pdf/books-reports/LosAngeles\\_PublicFundingReport\\_2016.pdf](http://www.cfinst.org/pdf/books-reports/LosAngeles_PublicFundingReport_2016.pdf)

<sup>9</sup> [www.blueprintsfordemocracy.org/model-matching-funds-program](http://www.blueprintsfordemocracy.org/model-matching-funds-program)

<sup>10</sup> <https://www.cbc.ca/news/canada/ottawa/ottawa-election-starts-new-rules-1.4640855>

<sup>11</sup> [https://www.ola.org/en/legislative-business/committees/finance-economic-affairs/parliament-41/transcripts/committee-transcript-2016-may-05#P169\\_38186](https://www.ola.org/en/legislative-business/committees/finance-economic-affairs/parliament-41/transcripts/committee-transcript-2016-may-05#P169_38186)

<sup>12</sup> <https://www.cbc.ca/news/canada/ottawa/provincial-changes-municipal-election-rules-allow-corporate-union-donations-1.3883831>

### Appendix: the cost of dollar matching

- In 2017, the voters of New York City elected a 51-member council. Dollar matching at 6:1 cost them \$9M.<sup>13</sup>
- Ontario, with **14M residents** and 444 municipalities, is represented by 2,400 municipal councillors.<sup>14</sup> With 47 times as many councillors to be elected, Ontario would expect to pay **\$423M** for dollar matching (47 x NYC's cost of \$9M) *for campaigns of similar cost*.
- But in NYC, candidates spent \$24.3M, or **\$476,000 per elected councillor**. Candidates in Ontario spend much less.
- I was unable to find the average spend per elected councillor in Ontario. But clearly, from the municipalities sampled below, the New York City spending is far above what is spent in Ontario.
- In 2014, in nine municipalities within the GTA excluding Toronto, candidates spent \$8.4M, or \$105,000 per elected councillor.<sup>15</sup>
- In 2014, candidates in 13 municipalities around the Lake Simcoe watershed spent \$1.65M, or \$16,700 per elected councillor.<sup>16</sup>
- In 2018, Ottawa candidates spent \$551,000, or \$24,000 per elected councillor.<sup>17</sup>
- if we take Ottawa's spending per councillor as representative of the provincial average - and Ottawa's is almost certainly higher, given that Ottawa is the province's second largest city and spending tends to increase with the size of the municipality - Ontario campaign spending is at most **\$24,000 per elected councillor**.
- the proposed maximum public funds available to a candidate would be **65% of their spending limit**. In NYC, the maximum is **55%**.
- the public funds needed to implement 6:1 dollar matching in Ontario would be \$25.2M ( $\$423M \times \$24,000 / \$476,000 \times 65\% / 55\%$ ), or \$1.80 per resident ( $\$25.2M / 14M$ ).

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<sup>13</sup> [https://www.nyccfb.info/VSApps/WebForm\\_Finance\\_Summary.aspx?as\\_election\\_cycle=2021](https://www.nyccfb.info/VSApps/WebForm_Finance_Summary.aspx?as_election_cycle=2021)

<sup>14</sup> [this AMO report](#)

<sup>15</sup> Prof. Robert MacDermid's "Campaign Fairness Report 2016"

<sup>16</sup> Prof. Robert MacDermid's "Campaign Fairness Report 2016"

<sup>17</sup> <https://development.money/wp-content/uploads/2020/05/Follow-The-Money.pdf>