

CAMPAIGN FINANCE REFORM: LESSONS FROM LOS ANGELES

A FORUM ON LOCAL REFORM AND THE 2001 CITY ELECTIONS

PRESENTED BY

THE LOS ANGELES CITY ETHICS COMMISSION AND
THE UNIVERSITY OF SOUTHERN CALIFORNIA ANNENBERG SCHOOL FOR COMMUNICATION

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FORWARD

Drawing on more than a decade of reform, the Los Angeles City Ethics Commission and The USC Annenberg School for Communication recently held a day-long forum, *Campaign Finance Reform: Lessons from Los Angeles*, on the University of Southern California campus. Former candidates, elected officials, state and national experts and others involved in City elections convened at the Davidson Conference Center on October 12, 2001, to exchange views and debate possible reforms that might be merited to ensure that the City's comprehensive campaign finance laws remain strong, workable and enforceable in an era of term limits and escalating independent expenditures.

The City of Los Angeles campaign finance program has been evolving since 1985, when voters approved the enactment of limits on contributions to candidates for elective City office. In 1990, another voter-approved initiative - - Proposition H (drafted by a blue ribbon citizen's panel headed by Geoffrey Cowan) - - established our City's groundbreaking comprehensive system of partial public financing for City candidates who agree to limit their spending as well as the use of personal funds in their campaign. As a result of these and other reforms, today the City of Los Angeles has the most comprehensive campaign finance system of any municipality in the country.

Since it was first implemented in the 1993 City election, our City's matching funds program has met with many recognized successes and advances in the conduct of our local elections. Various studies over time reflect that our City's campaign finance system and laws have led to:

- competitive elections that enable voters to hold their elected officials accountable and have a real and meaningful choice among candidates;
- a diminution in the ability of any single person, entity, or particular group of interests to unduly influence elections or official decision-making through campaign contributions;
- reduction in the excessive advantages of incumbency and increase in the ability of viable challengers to compete; and
- an enhanced ability of candidates to focus on public discussion of issues rather than excessive fundraising and campaign expenditures.

As part of the City Ethics Commission's continuing efforts to sustain these achievements, it co-sponsored this forum to provide a unique opportunity for a public examination of the issues facing City elections, and to consider past challenges and accomplishments as we look toward future successes of campaign financing in the City of Los Angeles. What follows is a transcript of the day's discussions.

The City Ethics Commission and its staff thank all those who participated and assisted in bringing these important issues to the forefront of public debate. We encourage and welcome a vigorous and ongoing dialogue in regard to these issues as the City's comprehensive system of local campaign financing continues to evolve.

Miriam Aroni Krinsky
President
Los Angeles City Ethics Commission



INTRODUCTION AND GREETING

LEEANN PELHAM

Good morning. My name is LeeAnn Pelham and I'm the Executive Director of the City Ethics Commission. On behalf of our Commission and all of our staff members, I want to thank you for being here today for an important day of discussion. A day that we hope will be both informative and productive.

Just over a decade ago, a mandate by the voters of Los Angeles created the City Ethics Commission, a new semi-independent city agency that was established to administer and enforce the toughest, cleanest comprehensive set of ethics and campaign finance reform laws in the country. From that point on, one of our most important jobs has been to continually evaluate those laws so that we can ensure that they continue to be effective. These laws are ever evolving. It's important for us to take an opportunity like today to be able to step back, take stock, and consider where we've been and where we're going.

During this year's municipal elections, the city's reforms often appeared to be cited more for the challenges that they faced than the accomplishments that they were achieving. Today is a day that grows out of that experience, but it's one that's designed to be forward looking. In that vein, I draw your attention to a study just released by the City Ethics Commission. The report is two volumes of information. The report provides a snapshot of this year's election and it also provides a starting point for the deliberations that our Commission will be involved in over the coming months as we consider how to preserve the laws that are working, and how to improve on the laws that aren't working as well.

Before I introduce Dean Cowan for some opening comments, I want to take a brief moment to thank the Center for Governmental Studies for their assistance today. They've also issued a study on these important laws this week and we're pleased to see that as part of the debate as well. I also want to introduce our Ethics Commissioners who have demonstrated their commitment to this process by being here today.

First, Miriam Krinsky, our Commission President was appointed by former Controller Rick Tuttle. Miriam is a Federal Prosecutor in the U.S. Attorney's Office for the Central District of California, and since 1992 has been the Chief of the office's Criminal Appellate Section. Pam Emerson, our Vice President, has been a Planner at the California Coastal Commission since 1973 and was appointed to our Commission by then President Pro Tem of the City Council, Ruth Galanter. Rich Walch was appointed by former Council President, the late John Ferraro. Rich is the Executive Director of the Los Angeles County Bar Association, the nation's largest metropolitan bar association. Dale Bonner, who had a conflict for part of the morning, will probably be joining us later and we hope you have a chance to meet him then. He was appointed by former Mayor Richard Riordon and he's Counsel in the Los Angeles office of Hogan and Hartson, where he manages the firm's California healthcare practice. And last, but of course not least, David Fleming, our newest Commissioner. Commissioner Fleming is no stranger to city service and he was just appointed to his five year term by new City Attorney Rocky Delgadillo. A resident of the San Fernando Valley, Commissioner Fleming is Of Counsel to Latham and Watkins.

I also want to note that we have one of our founding Commissioners here today, Ed Guthman who has been a strong supporter of the Commission in its work over the years. We are pleased that he's able to join us. In addition, we also have former Council Member Marvin Braude here today, who also has always lent his support to these issues.

It gives me great pleasure now to introduce you to Geoffrey Cowan, Dean of the USC Annenberg School For Communication and our host today. For those of you who don't know, Geoff was the head of the Blue Ribbon Citizen's Panel that became his namesake and that was responsible for the creation of the City Ethics Commission and the most comprehensive set of municipal ethics laws in the country. Prior to coming to the Annenberg School, he was Director of Voice Of America and the International Broadcasting Bureau. Dean Cowan is a former Assistant Director of USIA and over the course of a very, very interesting career, has been involved in almost every facet of the communication field. As a communication law attorney, a playwright, a columnist, a best selling author, and Emmy award winning producer, he's clearly a true Renaissance man. We're very pleased to be here at the Annenberg School today. It's my privilege to introduce to you Dean Geoff Cowan.

GEOFF COWAN

Thank you LeeAnn. I noticed that by the schedule, I'm supposed to be finished by 9:10. I'm going to move very quickly and try to meet that time schedule. Actually, I do want to thank the City Ethics Commission and the Pew Charitable Trusts, which made this event possible and has funded a terrific program that we have at The USC Annenberg School.

I thank all of you. As I look around this room, I see this is really quite an extraordinary group. And I'm particularly thinking of the young people in the room and something that they should know; there are people who have been at this literally for generations. I look at my old and dear friend Bob Stern. Bob tells me that he was recently introduced as the grandfather of ethics reform. Of course, he wrote the law that created the Fair Political Practices Commission. You've been at it, I think, Bob, it's probably fair to say, for close to 30 years. The one good thing for the young people in the room to know is that this is a problem that will never go away. In times when you're wondering about full employment economies and jobs, you can know that there's a certain security in working in this field.

Twelve years ago when we first met to try to do something about these issues in Los Angeles, we had several basic principles that our Commission adopted. I should say Xandra Kayden was the Executive Director of that Commission. Sandy with us today, is a friend of many of you and of course, very active with and the President of the League of Women Voters. Anyway, the first principle that we adopted, or one of the first two or three, was that an ethics and campaign finance law could only be effective if there was an independent and aggressive and fully empowered Commission to enforce the laws and they had the power also to investigate transgressions, to issue reports, to issue fines. Because in the end, the only way an ethics and campaign finance law can work is if you have an enforcement mechanism that is prepared to even make tough decisions involving people who in the past have been their friends and their allies. For that reason, we created and insisted upon what is now the L.A. City Ethics Commission. I must say, it's a matter

of tremendous pride to me. I think for the others of us who were involved in those early stages that this has been such a wonderful Commission and that today, it stands here as your host of this event. And to you LeeAnn, all your colleagues and all of the Commissioners, congratulations on the extraordinary work that you continue to do.

At the time that we adopted this law, as LeeAnn said, it was widely heralded as the toughest, fairest, and most comprehensive in the nation. At that time, it was widely emulated by other cities around the country and widely studied for what it was trying to do. Since that time, many municipalities, states, and to some extent the Federal government, have been interested in the progress that we have here in Los Angeles. I believe that it's fair to say that there have been enormous successes that have been achieved as a result of the law that was adopted and of the work of this Commission.

We also know that as we look at the experience we now have with ten years of the actual law being in force, that there are some loopholes that people have found. The truth is, we've always known that it's something like an arms control race; you try to develop a defense mechanism, and then somebody develops a new way around it. Then you have to find a new way of defending against it or prosecuting or dealing with it.

This is a continuing process. There will be people whose job it is to make sure that the law's enforced and is changed. There are those whose job it will be to comply and there are those whose job it will be to find ways to expand the law way beyond the ways that anybody ever thought that it could have been applied in the past. We have seen in the last couple of years in Los Angeles ways in which the law, frankly, has been a disappointment to those of us who adopted it. It's been disappointing in ways that I think have the risk of leading to aspects of corruption that we all would have wanted to prevent.

And so it is that as you meet here today, part of what you're thinking about is how can this law be improved for the next generation of citizens of Los Angeles, of officeholders, and of public servants. In the end, by the way, we've always thought of this as something which, as much as anything else, was designed to protect the integrity and the reputation of people in public service.

When you suggest those changes and when they are adopted, I would say they will again be a model for the country. Because one of the great things about the American political process that we all know is that the cities serve as laboratories for each other. They serve as laboratories for states, and to some extent, they can serve as laboratories for the Federal government. So I think that the work you do today is not only relevant to continuing the process of improving the law here in Los Angeles, but also the process of continuing to improve the law throughout the country. That is something that, even in these days when our attention is so properly focused elsewhere, we have to remain concerned about to keep this, as it has been, the greatest democracy in the world. Thank you all for being here and I'll look forward to your results.



PANEL I: THE REALITIES OF BIG CITY CAMPAIGNS— A LOOK AT THE REALITIES OF RUNNING A LOCAL POLITICAL CAMPAIGN IN THE NATION’S SECOND LARGEST CITY

What helps foster open races and encourages candidates to run? What impediments exist for candidates considering a bid for City office? How do term limits play into it? What do candidates need to help them connect more or better with voters?

Moderator: Rebecca Avila, Project Manager, The USC Annenberg School for Communication
Panelists: Eric Garcetti, Councilmember, Thirteenth District
Alvin Parra, Former Council Candidate, Fourteenth District
Jan Perry, Councilmember, Ninth District
Rev. Madison Shockley, Former Council Candidate, Tenth District



REBECCA AVILA

Good morning. LeeAnn mentioned that this is going to be informal and I really do hope you participate. In addition to our panelists who I'm going to introduce in a moment, I see there are others of you in the audience who have experience running for office. We're going to be looking to you to also pitch in throughout the session this morning. The purpose of the first session is to give everyone here today a sense of what it's like to run for office. What it's like to be a candidate. What your experiences were like. So often we talk about campaign finance laws in a very legal way, in sometimes an abstract way. We thought it was important to start today's session with people who have experience living under those laws and who can tell us what it's like to run for office - - to put yourself out there in as big a city as Los Angeles.

Let me begin by introducing Councilmember Eric Garcetti. Councilmember Garcetti was elected to office in June. Prior to sitting on the City Council, he was a professor of Public Policy, Diplomacy, and World Affairs at Occidental College and he was also here at USC. He has not only run his own campaign, he has served on more than a dozen local, statewide, and national campaigns as a campaign manager, policy advisor, fundraiser, and volunteer.

Next to Councilmember Garcetti is Alvin Parra, a former candidate for the Los Angeles City Council District 14. Alvin ran in 1995 as a first time candidate against a two term incumbent. He earned 42 percent of the vote despite being out spent dramatically. Alvin ran again in 1999 in an open seat in the same district. He is currently field deputy for Los Angeles County Supervisor Gloria Molina, and like Councilmember Garcetti, has served on many campaigns. He brings to us a wealth of experience as a consultant, a staff assistant, and a volunteer.

Councilmember Jan Perry was elected this June to represent the Ninth Council District. Prior to her election, she was the Executive Director of the City of Los Angeles Census 2000 Outreach Project. Her public sector career also includes service as Chief of Staff to

the Ninth Council District, Legislative Deputy for the Tenth Council District, and Senior Planning Deputy for the Thirteenth Council District. Jan is intimately familiar with the workings of City Hall and is going to be sharing her experience with us as a candidate and as a staffer.

Reverend Madison Shockley was a candidate for the Los Angeles City Council for Council District Ten. In 1999, he garnered 46 percent of the vote in a runoff with a three term incumbent. He has served churches in Missouri, Denver, Seattle and Los Angeles. He has led over 200 meetings to bring together citizens of various races, religions and cultures in the aftermath of the 1992 Los Angeles uprising and riots. Currently, he is a coordinator for our community commentary workshop as part of the Institute for Justice in Journalism and a writer in residence here at the Annenberg School.

Thank you all for being here this morning. We wanted to start the discussion first with some questions to give people a feel for what it's like to run for office. So let me begin Madison, when you ran for office I'm sure you put a great deal of thought into the impact it was going to have on your private life, your family, the demands it was going to make. Maybe you could share with us what, if anything, surprised you about that experience. What happened that you did not anticipate when you first considered running?

MADISON SHOCKLEY

One of the surprising things in running for office was the impression that it gave to my family. My son went to elementary school each day, came back telling me, 'dad, everybody thinks we're rich.' I said, why in the world would they think that? 'Because you're running for office.' So that was one of the surprising things that is both serious and funny. There is this impression that you have to be personally wealthy to be involved in politics. And, surprising to me, that's not true. I'm certainly not personally wealthy, but I was able to raise money from people who believed and shared in my cause in order to get the ball rolling in the political campaign.

REBECCA AVILA

Thank you. Councilmember Perry, when you were considering whether you were going to throw your hat in the ring, what gave you pause? What was the obstacle that you thought was the greatest that you would have to overcome?

JAN PERRY

The obstacle that I thought was the greatest to overcome was making sure that I could develop a field operation to perform so that I could win.

REBECCA AVILA

That brings us to a good point. We live in such a geographically sprawling city. The districts for our City Council are huge. I think you represent something like a quarter of a million people. Maybe our panelists could tell us a little bit about how you tried to connect with the voters. What methods did you use to reach out and get your message out?

JAN PERRY

Well, in my decision on whether to run or not, the first threshold that I felt that I had to cross was voter support. If I had not had that, I would not have pursued it. What brought it forth to me more than anything was that this was an open seat. I was in a situation where I was basically a free agent able to make my own decisions about what I wanted to do with my future because it was an open seat and I was not tied to any elected official at that time. So in talking to people with whom I had developed relationships over the years, and in serving them, and developing friendships, and being supported by those as I had supported, I decided that I had that base. For me, it was mostly older women. Older women with whom I had worked over the years in volunteer activities, making sure that I served their neighborhood problems and resolved their issues. And also, helped them empower themselves by sharing the knowledge that I had gained over the years about how to work the system so that you can get out of the system what you need: the tree cutting, the stray dog, bulky item pickup, how to organize your block, how to write letters to government, how to lobby. The biggest surprise for me was the fact that I had developed such strong relationships. I didn't realize how much people meant and how much I had meant to them until after I had left my position as Chief of Staff for the Ninth Council District. I always thought maybe they think I'm just doing my job. But apparently, it meant more to people than I realized. The biggest surprise to me was to find that I had friends that I never knew I had. It was a real pleasure to discover that.

REBECCA AVILA

Thank you. Alvin, you faced a somewhat different situation. It wasn't an open seat. Your first race was against an incumbent. Can you tell us what that was like and what went through your mind as you were making those decisions?

ALVIN PARRA

I ran against then-Councilmember Richard Alatorre. I had always been an activist in the community. I had been very active and I felt compelled to run because I felt the Councilmember was not paying attention to the basic services. It was confirmed when I received 42 percent of the vote.

The biggest challenge I had was running against an incumbent. That is an awesome uphill battle that any challenger has to overcome. I knew that he had access to money which I did not.

I can share the same feeling as Madison. When I first approached my family and said, I'm running. They're like, 'you're not a Rockefeller, you're not a Kennedy, where do you expect to get this money?' It wasn't so much about that for me at the outset. I knew that there were friends that would contribute. I think I raised about \$28,000. Thank goodness for matching funds. I was able to get to about \$50,000 compared to [my opponent's] \$340,000, that was a big, big difference. But we still got 42 percent of the vote and that gave me the sense that what I was doing was correct. I was actually giving people the chance to vote. I felt like I did a service to the electorate by being a voice and an alternative to what they had. But most importantly, I think the Councilman heard the message that there were some voters thinking he wasn't paying enough attention to the district. Immediately thereafter, he started paying attention to the potholes, tree trimming, and making sure the trash was picked up. I actually went up to him after the election and congratulated him for being more accountable and responsive.

I think the biggest issue is not knowing who's going to support you. There are friends that were pushing me early on to fight for the community. The minute I put my name of the ballot, they were gone. But as Jan said, there were also friends that came out of the woodwork who were there walking precincts with you, helping you phone bank, giving you moral and financial [support]. All that support was a tremendous boost. I would also say that the ethics staff has been a tremendous boost. They're always there to help, train, whatever they can. Matching funds was definitely a boost. That allowed our campaign to at least send out three pieces of mail, compared to the 15 that [Alatorre] sent. It made us somewhat competitive and able to get our message out. So the bottom line is this, against an incumbent there are a lot of challenges.

When I ran for the open seat four years later, there were 14 candidates for that one seat. It was very difficult to connect with the voters because there were so many candidates and so many messages. It was the same issue: who has access to money and who doesn't? I didn't have any big endorsements. Despite that, I raised \$100,000 compared to the two top vote getters who raised almost \$300,000 each. Yet I missed a runoff by 200 votes.

MADISON SHOCKLEY

I wanted to chime in on the issue of running against an incumbent. People asked me about that often. My way of responding was this: the incumbency is a monster. It is a monster that makes it extremely difficult for challengers to be competitive. The incumbent has the power of political patronage and name recognition. They can do time targeted mailings that appear to be regular public communications, but which come during the election cycle. They can do other kinds of things that are not quite as open and above board in terms of political pressure.

When you talk about fundraising, the so called political money is basically on lockdown for anyone other than the incumbent. So, running against an incumbent is a peculiar challenge. I'm not sure how we ever can balance the scales. Because even if you have the same rules, there are advantages that the incumbent will always have. So you say, okay, everybody spends the same amount of money, but they still have other kinds of advantages. I don't know how you get rid of those non-monetary advantages, but I just

want to put that on the record. Running against an incumbent is very difficult because that incumbency is a monster.

REBECCA AVILA

Councilmember Garcetti, Alvin mentioned that it's different to run in a crowded field in an open race. That's the situation you faced. It was, I think, the second most expensive Council race in the last election. Could you share with us, if you would, some of your thoughts about it?

ERIC GARCETTI

Sure. To follow up on what Madison was just talking about. The irony is, as our campaign laws are being strengthened, we're going to see the death of running against incumbents because of term limits. Folks are going to say, well, I can run in two years or six. Why don't I just wait until it's going to be a lot easier.

In my race it was kind of a free for all. Thirteen people tried to get on the ballot, I think, and nine or eight wound up on the ballot. I think there's a similar experience with voters where, by the end, they said 'just go away from my door and I'll vote for you,' because so many people had visited them, which actually does work. I do think that at the end of the day money is critical, but it's not the most important thing.

I think Jan and I, probably Alvin as well, ran very similar races in terms of who gets to the most doors and connects with human beings first. How much time are you going to spend actually walking and talking? If Alvin had a two to one or a three to one match, maybe he would have been in that runoff. I'm pretty sure he probably would have been in 1999. So it's a combination of both. But disproportionately, I spent at least half of my day, even with a match, raising money. Low limits cause that. So it doesn't really open up the amount of time you as a candidate spend talking to voters. I would spend five or six hours each day, for five or six months, doing that too. But I think that if we really want substantial reform, we have to find some way [to reduce time spent fundraising] or at least to measure each check equally so that a \$30 check from somebody who doesn't have that money to give is equal to that \$500 check that somebody doesn't have to think twice about.

JAN PERRY

For me, having limits worked to my advantage. I see this pattern happening over and over again when running for local office against people who are from Sacramento, or from other offices where they're accustomed to getting PAC money and getting money in much larger increments. I see those candidates as not fully comprehending how tedious the city process is. How much time they have to put in it. They don't truly embrace the concept of matching funds and use it to their advantage.

I got a lot of money from many women who did not work and were retired. I just had to work harder. I had to stay on the phones longer and I had to work harder. But they were

matchable checks. It's much more tedious and excruciating because you have to spend eight hours a day on the phone. And then you have to go walk. You have to stay on the phone and you can't be shy about it. Women are not always accustomed to giving money in the same amounts as men have done traditionally. Being very aggressive on the phones and asking for money is something that a lot of people don't understand how to do. That has less to do with running against an incumbent than it has to do with facing the technical, boldfaced, hideous realities about running for office. It's very technical, it's very painful, and you have to close every single loop if you want to get the money to be able to pay for your field operation.

ERIC GARCETTI

I think Jan's right. If you look at the case of CD 2 right now, whenever you read about [state Assembly Member and City Council candidate] Tony Cardenas, people say 'fundraising powerhouse.' Well, I think he's behind by maybe half or something in the race, because it is much more difficult to get many \$500 checks than to get a couple \$20,000 checks.

ALVIN PARRA

As a challenger who probably doesn't have access to all those \$500 checks, limits helped me. I can probably raise that \$200 check, or a \$40 check, and limiting my opposition to \$500 actually helps me. That keeps [the incumbent opponent] in check to a certain degree.

MADISON SHOCKLEY

It boils down to what your personal or human resources are. You're really right on the mark in terms of the incumbency being less relevant in the future because of term limits. I don't know if that's a good or a bad thing. If your opponent is either wealthy or has a lot of wealthy connections and you are not personally wealthy, but you can find some connections to large resources of money, then it does free you up to do the other kind of personal contact work. But limiting, as Alvin says, does it slow your opponent down enough for you to catch up? I'm not sure that it does. Those folks are still going to get those \$500 checks faster. They're going to get \$250 checks faster, they're going to get hundred dollar checks faster.

JAN PERRY

I ran against somebody who was coming out of Sacramento and the same assumptions were made about him. In the primary, he reached \$50,000 just three days ahead of me and he was basically an incumbent. In the general, he had already been reelected to the Assembly. The PACs and the interest money that had been coming to him [thought] he's elected now, we don't need to give him any more money. He plateaued and I kept going. The thing that surprised me about my campaign, people gave me money who I never would have thought had the money. I know a gentleman who worked on my campaign, 76

years old, drives around in a van, owns property in Mississippi and Tennessee, and lives in the district. This man had an enormous amount of money, but if you looked at him you would not have made that assumption. And another lady who lives off of 61st and Figueroa, gave me up to \$500. She was so happy and proud to give me money that she gave it to me in installments. I was very moved by that. I called all sorts of groups. Women's groups large and small. I said, can you help me out? A hundred dollars would be great. Fifty dollars would be great. Fifty dollars, I can buy a roll of stamps. A hundred dollars, I can buy stamps and the envelopes. Just make it personal and could you ask your sister to give me a check too? That's how I did it. You piece it together. There's not a lot of magic there. It's just that it's awfully tedious.

And for any candidate, they need to look at what type of life they have lived, what circles they move in, where they go. There's usually potential for money almost everywhere you are, you just have to be expansive in your thinking. The common belief is that people think they're going to get money from a lobbyist. Quite frankly, lobbyists don't give that much money. Actually, lobbyists don't usually get money or give money that's matchable. They usually get money from clients. Those are corporate checks. Corporate checks are not matchable and thus you don't leverage your fundraising opportunities. It's very difficult to get a personal check out of a lobbyist or from their client. You practically have to beat them down on the ground and twist their arms behind their back.

ERIC GARCETTI

Jan, let me ask you a question now. If the limit had been \$1,000 instead of \$500, do you think it would have changed?

JAN PERRY

No. It's actually harder to get more money. It's much easier to get \$250 from somebody. There are fewer people in the universe from whom to get \$500. For most people who are working, maybe they'll give you \$100 without straining too much.

ERIC GARCETTI

So you're saying it wouldn't have made a difference?

JAN PERRY

Oh, no. I can tell you, it's much more difficult to get \$500 in a personal check from somebody. The universe of people who give \$500 checks is much smaller than the universe of people who give \$250 checks.

MADISON SHOCKLEY

My point is that all of our stories are true. I think it really depends on your own personal story, your own personal history. I found it to be a little different. That is, if I had had a \$1,000 limit per contributor instead of \$500, I could have raised the money faster. I'm working on the presumption that either an incumbent, or a wealthy or well-financed candidate is going to reach the limit regardless of what the individual limits are.

The most important limit to me was the cap on spending. You assume that the well-financed candidates are going to get there more easily than everyone else. So how do you help the average person get to the spending limit so they can spend time in the district talking to voters?

REBECCA AVILA

What did you think about the amount of the spending limit? There's been some discussion about whether the limits for Council races are too low or too high. Do you all have any feeling about that?

MADISON SHOCKLEY

I think that, along with Eric, it's not only the number of people coming to your door, it's the amount of mail coming to your door. Most of that money goes into mail. I went to some doors and they had a trash box outside next to their mailbox. They told the post person to put all the political stuff in this trash box. So if we had more money to send out more mail, I'm not sure that [would matter]. I found [the limit] adequate.

REBECCA AVILA

You found it adequate. Alvin?

ALVIN PARRA

The question is whether spending limits of what, \$330,000, is fair or unfair. I really can't give an accurate answer to that. I think that the spending cap should reflect the wealth of the districts [or perhaps be related to the number of voters in the district].

ERIC GARCETTI

There's an argument at least to having some sort of mechanism that equalizes it. In the fifth district, you have to send to three times as many voters as in the 13th District, for instance. Because of turnout, there should be about the same chance throughout the City of connecting with voters.

QUESTION FROM THE AUDIENCE

I'm Tony Alperin from the Office of the City Attorney. I received somewhere between 130 and 150 pieces of mail in the primary. That's sort of incredible. So I'm interested in how many pieces did each of you send out? And did you send them out district-wide or did you target them?

ALVIN PARRA

I mentioned that in my first race in 1995, I sent out about three pieces of mail. That was targeted. In 1999, I sent out about ten pieces of mail. We raised more money. I targeted to 15,000 voters when the actual turnout was 20,000. So I think there were 5,000 voters that never heard my name. That's the bad part. So it's all about who you target and how much you send out as well. I made a choice whether I wanted to send out seven pieces to 20,000, or ten pieces to a smaller [group].

MADISON SHOCKLEY

I'll answer more directly. I mean likely voters, you know, people who have a record of voting in the past is how we targeted ours. I think in our primary, don't hold me to this, I think we sent out maybe five or six pieces of mail. In the runoff, we sent off about ten or twelve pieces of mail. I think it's going to depend whether it's an open seat with 20 candidates. You're going to get, you know, ten times twenty is 200 pieces. But if you only have four candidates, you know, then you'll get fifty. But that's what we did.

JAN PERRY

In the primary, I did about seven to ten. And I think in the general, probably about ten. They were targeted. Some were targeted towards age. Several pieces in Spanish and English. You know, tightening the message, focusing the issues, obviously on likely voters.

ERIC GARCETTI

I had about 20 pieces in the primary. About half of which were general, and half which were targeted to Latinos, to women, to seniors, to Armenians, and to Republicans.

QUESTION FROM THE AUDIENCE

I have a question that's going to digress just a minute from the money portion of the campaigning. I'm going to direct these two questions to Madison and Eric. In an open race, how do you distinguish your message from the other candidates? And when you're up against an incumbent, how do you turn around a voter?

ERIC GARCETTI

You need something very, very simple. It always comes down to most people aren't going to spend much time. You look at Bill Clinton just repeating over and over, hope versus fear, hope versus fear. I mean, something literally that digestible. I think for me it was new versus old. I wasn't running against an incumbent, but, in essence, I was, because one person was the brother of the incumbent; another person was a State Assembly Member who recently had lost an election; and Mike Woo, who had been there before and who essentially was an incumbent.

You've got to see what you're offering. For me, part of my message, as well as who I was, was youth and newness. So I think it kind of came down to saying new leadership versus old. In the runoff, in order to distinguish yourself, I think you have to just plug away at that same message. If things change too much, people won't trust what you said in the first place.

MADISON SHOCKLEY

In terms of running against an incumbent, one doesn't run against an incumbent unless you already perceive that there is a weakness in the incumbent. That there's a desire in the electorate for an alternative. So you don't really turn around voters until the very last part of the process. The first thing you have to do is establish your own identity, who you are, as an attractive alternative. And try to soak up the opposition votes. People who are looking for an alternative. And that you do in the primary. You just kind of say who you are, what you want to do for the district. And then after the primary, after the field is weeded down to the two of you, then that's when, whether it's an incumbent or a nonincumbent, you highlight the differences. It's really again about going after those undecided voters or the voters that voted for people who didn't make the runoff. Very little of our time was spent in trying to turn around voters who are committed to the other person.

REBECCA AVILA

Let me ask our panelists about reaching the voters. How easy do you think it is for a voter in your district to know who is running and to be able to distinguish amongst the candidates? And this is really the question that goes towards media coverage, if you would take a moment to comment on the media coverage.

JAN PERRY

Well, I think in the Council races, media coverage, at least television coverage, is almost irrelevant. I think spending money in a City Council race on T.V. is a waste of money. I think that when you're running on the local level you have to be very intimate. You have to go to everybody's door. I walked so much that I actually injured my foot. It was important to walk every single precinct in the entire district. And for those areas to which I could not gain access, it was important to try to find another way to communicate. In

some cases, I had to communicate by e-mail and then get access because buildings were just locked up so tight. Newspaper is helpful. But again, unless you can confine it to the boundaries of your district you're wasting money. For certain communities, radio can be very helpful if you've got a message that resonates, throwaways, going to religious institutions, maybe religious newspapers, things like that. Talking to a friend this morning about my campaign, I said one of the best things I ever did was that I went on a cable show filmed in somebody's living room. It was very fun. You know, she had leopard skin chairs and we just had a chat. I was absolutely stunned, it showed on Channel 36, at the amount of telephone calls that I got from that. It was a neighborhood community show where people watched this person because they knew her.

MADISON SHOCKLEY

I agree that mass media makes no sense. Free media is often helpful if you can create a media event. Oh, did I say create a media event? If you can get the media's attention to something that you're doing that helps. Because people do see that and they say, 'oh, I saw you on T.V.' when you come knock on the door for precinct walking. So that helps cement your face and the stature of the media gives you some stature in the voter's view. One quick story that I found just absolutely fascinating about the media. At the time I was running, there was a big controversy out in Riverside about a shooting. The Reverend Al Sharpton was in Southern California because of this shooting. I talked to some voters one time in the runoff who didn't vote for me in the primary, and I asked them why. And they said, 'well, the reason I didn't vote for you is, I couldn't figure out why the Reverend Al Sharpton was running for City Council of Los Angeles.' I said, no, I'm Reverend Shockley. So, the media cuts both ways. But, cable, local radio for ethnic communities, or any defined communities is extremely helpful. I remember there was a radio ad in my campaign that Johnny Cochran did where he said, in his classic way, 'if you don't respect him, you can't elect him. Vote for Madison Shockley.' So that resonated. So I think media can be helpful if it's appropriately used and targeted.

ALVIN PARRA

I want to add one thing about the media. I think sometimes the media tries to take the easy way out by selecting candidates, covering candidates by how much they raised, and who endorsed whom. I mentioned we had 14 candidates in our race and they only focused on really the top three. It was really unfortunate because there were ten other candidates.

MADISON SHOCKLEY

You've said exactly the right thing. I remember hearing, and the media controlled this absolutely, if a candidate has not raised \$50,000 by January 1st, they don't get covered, period. That \$50,000 can be self-financed, borrowed, any way you can. If you don't get that \$50,000, you don't get covered by the media. And that's that. Who made that rule?

ERIC GARCETTI

But if you do get covered, I would say for all the media folks that are out there, that print journalism in this city, with the exception of a couple neighborhood newspapers, is virtually irrelevant for the campaigns. The *L.A. Times* will do one piece, and they will make it so vanilla, because they're afraid of actually saying anything about anyone. They have to get through the list of everybody, and they've only assigned one reporter to do that one piece, maybe a second one, that it just does not matter at all. That's really disappointing.

QUESTION FROM THE AUDIENCE

I'm Olivia Mitchell. I'll identify myself as a person who's worked with young people forever. So that's my question. In each of your campaigns, what did you do to bring in the young people, to turn them into the next generation of most likely voters?

ERIC GARCETTI

I hope one of the hallmarks of my campaign was really to reach out to young people or to folks who are voting age, and never have registered, or never gotten out. We did everything that we could. Everybody said, 'you'll spend so much time on this, and it won't matter that much.' And at the end of the day, it's true that the amount of time that you spend can be better spent elsewhere. But it was such important work to me to do that it was all right to lose those hours. We did everything from a huge event with the Red Hot Chili Peppers and all kinds of bands at a club called Spaceland in the middle of Silver Lake. And, we had an all day voter registration drive where we weren't even doing anything with the campaign. Literally, just registering voters and had probably ten bands and packed 300 people newly registered from that campaign. We went out to every single high school in the area and recruited. I would go and speak to all the leadership classes in the high school to say, I don't care if you can't vote yet, we want you working on this campaign. Those were the troops that actually delivered for me. Every single day, young people going out there - - the student body president of a Los Angeles high school, the local young leaders. And giving them that experience and saying, this is something you can be doing in ten years is how we would constantly reach out to those folks.

ALVIN PARRA

I would add to that our campaign really focused on going to the high schools: Roosevelt High School, Wilson High School and Franklin High School and Eagle Rock High School. We made a concentrated effort to go out there, recruit them, and register them. A lot of them were going to turn 18 a month before the election, so that was an awareness campaign, education campaign for them as well. It was difficult. But I'm proud to say that I've got this great group of, like, ten kids who had the most energy, the most passion, and kept us older folks going. They were the best that we've had. Seeing them grow over the years, now a lot of them working in some government public service capacity, makes me so proud. I would also say that sometimes as candidates that we have limited dollars and

we need to target those voters that turn out. That's the unfortunate part. So, personally, each candidate can choose whether or not they want to invest that extra time. I think it's worth it.

MADISON SHOCKLEY

Young people don't have money but they have time and energy. So you enlist them absolutely as volunteers, the real hands-on part of the process. Voter registration is also critical and the idea that they can have that much access and personal contact with candidates is exciting in and of itself. Whether that candidate becomes an officeholder or not. The idea that they actually helped someone into office energizes young people. They're the people out there that you can count on.

JAN PERRY

Every district is different. If you understand the psychology of your community, and your district, maybe you'll understand why I approached it this way. I had a lot of young people. For me, I felt it was absolutely critical to not only hire them, but to pay them so that when they went to their schools, their families, they were able to say, 'look, this woman respects me enough, and wants to create a future for me and believes in me enough that she's working hard to raise the money to be able to pay me.' It teaches them a sense of responsibility, they know that I appreciated them and respected them, and what it's like to work and to be professional. So for me, I paid them. But I'll tell you something, some of the best precinct walkers I had who walked with me after the sun went down were 77 years old and 65 years old. The kids had a lot of enthusiasm and excitement, but older people who are still able to get out there and do it have the stamina. It's not just physical, it's mental. It's the ability to withstand stress and to manage it. And for us, walking, walking and pit bulls chasing us, and things like that, and going into areas where we may have the wrong colors on. The younger kids, they get a little sidetracked by that. A mature person with a lot more life experience actually was much more helpful to me.

REBECCA AVILA [REPHRASING A QUESTION FROM THE AUDIENCE]

We hear, see and experience increased cynicism in the public towards public office, towards the political process. Is there something else you learned in this process that you feel really helped make a contribution to restoring public confidence in our system?

JAN PERRY

Producing results. It's not only producing results about what you say you're going to do during your campaign, whether you are an incumbent or somebody who's running in an open field, it's a relationship. Somebody says, 'can you tell me how to do this,' or might want to figure out how to organize a Girl Scout troop in my community. It's things like that and we're all fortunate enough to have been in public life for a while, and we know our communities and we know how to organize. It's basically sharing information and sharing

knowledge, and making sure that people know how to implement that knowledge. I think those are the things that I did that transformed people's doubt into support.

ERIC GARCETTI

Go back to the original question [from the audience member who referred to] dirty money, the only way to truly have clean money is to have full public financing, to some degree, so that a \$30 check is equal to a \$500 one. So that we count the number of checks you have as the amount of support, and then give you the money to actually run a campaign. That's the first thing. The second thing, to be blunt, I think people's bull meters are pretty finely tuned. They often are stuck with choosing between the two least phony people. But I think they know, when you go someplace, where you're coming from, and they feel that. There was a neighborhood cleanup that was going on. I showed up there and I stayed the whole time. My opponent showed up with cameras to take a shot for his brochure, and left. And to this day, people in the streets say, 'oh, he's the one who stayed the whole time.' You know, I could have had a better day, met more voters, got more votes, if I had left. But if I'm going to show up at something, I want to stay. I don't want you to be as cynical. Often times, we're stuck with bad choices because nobody gets in there. The reason why Alvin was able to get, with so little money, more than 40 percent is because people can feel that. They can taste that. They know why you're there.

ALVIN PARRA

I would add to what Eric said that I think there are folks who run for office just for power's sake and you can see it. There are people who truly believe in public service as a means to improve their society. When you see those folks, you've got to help them. They need help. Where it all starts is in basic, honest dialogue on the issues. One of the things that I made sure that I did, was to honestly talk about the issues in my community that need to be addressed. Whether that be the basic services or the lack of services, and not talk about phony issues. There are some candidates that talk about other issues that have no relevance to what a Councilmember can be do. It's up to the voters to buy it or not buy it.

MADISON SHOCKLEY

Let me speak for the other side of the issue. I was in a dirty campaign. I don't know what yours was like, but to go back to answer the earlier question of what was the thing that surprised me most. The thing that surprised me most was to find out that there is no law against lying in a political campaign. The stuff that went on in our campaign was scurrilous, it was scandalous. I was called everything, including the anti-Christ. Literally. By the time the voters get all of that junk mail, they are very cynical. It degrades the entire process and it makes it difficult for new people to emerge trying to claim the mantle of integrity. It really does make it difficult. People don't know the candidates. If they were at that event, Eric, and knew you stayed until the end, they felt that way. But if they weren't at that event, and just got the brochure, they felt the other person there was just like you.

JAN PERRY

Well, I have a funny story. I'll tell you something, Madison, my campaign was just like, who let the dogs out? That's how bad it was. It was personal. They attacked my family. But their attacks on me actually helped me. I don't need to go into the details, but when I would go to people's door, I'd say 'yes, I'm that girl. You know, the one you read about. Here's the article.' People would start asking me questions. And I said, 'the thing that makes me most angry is my opponents accused me of being wealthy. And I'm mad because I'm not wealthy!' People would start laughing. That would open the door for me to communicate with them. The other hilarious thing about my campaign in the general was the piece that was done in the primary that had one fellow attacking another. It was, to me, the gift that just kept on giving because he did this mail piece and he spent his own money. They all marginalized me, because they just figured she's not going to win because she's stupid, she's a woman. We would laugh everyday. I wonder how much he paid for that piece. It had four colors, a lot of text. I would go to the door and people still had that mail piece. And they'd say, 'oh, well, now that's that you-know-who boy.' I didn't send the mail piece out, but for me it was a bargain. All it did was clear the path for me because they were tearing each other to shreds. It opened the door for me. It was great.

QUESTION FROM THE AUDIENCE

One of the things I was interested in hearing from you is the role of independent spending, non-candidate spending in your races. Each of you, to varying degrees and from varying sources, had some independent expenditures made in your campaigns. I'm curious as to your thoughts about what dynamic that introduced into your campaigns, from the perspective of being a candidate.

JAN PERRY

During my campaign, we would occasionally get calls from voters who said, 'we got a call from your phone bank and the person's name was such and such and they were very rude to me.' I became aware then that there was an I.E. ("Independent Expenditure"). I didn't like it. It did not help me at all because I had laid such a strong foundation. There was quality control in my campaign. I had the phone bank on site with phone bank supervision, tight script and people who had been trained. I don't know what those folks were doing in that I.E., but I think whatever they did was probably very uneven. Obviously, as a candidate we didn't interact with them and thus had no control over what they say or do. For me, my primary focus and what I relied on completely was my campaign and how I spent my money to make sure that I spent it most effectively. At least in the City Council level, I don't really think independent expenditures help all that much.

ALVIN PARRA

In my race in the primary, I don't think there were many independent expenditures. I think they waited until the runoff. I do believe that unchecked independent expenditures are very dangerous to democracy. Our efforts [in County Supervisor Gloria Molina's office]

right now are with the state legislature to clean up mysterious telephone calls and other types of mailers that go out without any notice of who is actually funding it. I know there's that argument of free speech, but it can be very dangerous. We need to start thinking of creative ways to address this constitutionally.

MADISON SHOCKLEY

I again say I think all our stories are true. It depends on the peculiar circumstances of your situation. The Johnny Cochran ad I mentioned was an independent expenditure that I was very glad to receive. There were others that were done with quality and taste that were helpful. Clearly the opportunity for abuse is always there. And again, if you're up against a well-financed or a wealthy candidate, sometimes these could be offsetting or compensating campaigns to help you catch up.

ERIC GARCETTI

I was the victim of an independent expenditure in favor of me. Which is to say that the Apartment Association of Greater Los Angeles decided that they liked me more than Mike Woo and took out ads that I don't think changed anybody's mind. On radio I heard it one night and I was kind of blown away. It was mostly anti-Tom Hayden, which had nothing to do with my race, but did suggest that people should vote for Eric Garcetti and Cindy Miscikowski and a whole bunch of other people. That allowed my opponent do a phone bank which said that 'Eric Garcetti's going to raise your rents. He's backed by the big apartment owners. He wants to raise your rent, don't vote for him or else your rent's going up.' There were a number of phone calls that went out. I'm glad to see that we're asking for more accountability with independent expenditures. I had a number of those phone calls from somebody who sounded like Richard Riordan saying, 'protect the Riordan legacy, vote for Eric Garcetti for City Council.' That just went out to Democrats. 'Make sure, now that Mayor Riordan is retiring, to protect the legacy of Mayor Riordan. Get out there, vote for Eric Garcetti.' If it had said at the end, 'paid for by Mike Woo for City Council,' people would have understood it. But then all these people were telling me that they had gotten this call from the Mayor and they weren't sure if they were going to vote for me anymore.

QUESTION FROM THE AUDIENCE

I'm Tracy Weston from the Center for Governmental Studies. I'd like to ask you a political question. Several of you have talked about the value of public financing and matching funds. Eric has even called for full public financing, which I think is a worthy goal. On the other hand, this also has been a discussion about public mistrust of money. What the public sees is a lot of this money being put into negative campaign mailers and attack ads and vicious innuendo and so forth. How do you create a political environment that will support public financing when the public may view that their taxpayer dollars are going to be spent on stuff they don't like? The reason that's important is that without that public support, either you will never get the full public financing or there's the risk that it will be

repealed. There have been instances of repeals being put on the ballot. The public says 'no, I don't want my money to go for these terrible attack ads.'

ALVIN PARRA

I would say that I haven't had one voter personally tell me that they had made the correlation between negative campaigning and public financing. For me, public financing levels the playing field. Secondly, I think it establishes some accountability. By receiving matching public funds, I'm that much more accountable to the voters of the 14th District as opposed to the special interests. That's one thing that I can advocate is public financing. I think it's incumbent on the voters to start telling candidates that we don't like that negative campaigning.

ERIC GARCETTI

It's incumbent upon the press. Your answer's with the press, really. I think people unfortunately have to get over their feelings about negative campaigning, because there's some negative campaigning that I think is truthful and there's some negative campaigning that's not. It's really up to the press to have some coverage of races to sift through all the accusations that fly and they don't. Negative campaigning is not new. Study 19th century races, it's just part of politics. It is something I don't think we can ever get rid of or legislate out and I don't think we should. Negative isn't nice, but sometimes it's necessary if people have done wrong things. What's wrong is there is no press to say that a negative accusation actually has some truth to it and other ones do not. The truth meters and things like that you find in newspaper articles are great, but they don't happen at the local level. Nobody sifts through mailers to say who's truthful and who's not. And you'll have to excuse me because I think our quorum's probably being held up in City Council, so I'm going to have to race over there for the meeting. But thank you.

MADISON SHOCKLEY

I would add that the public has to make up the public's mind. Negative campaigning wouldn't be done if it didn't work, if the public didn't respond to it. And they respond to it both ways. It turns some people off and it helps other people make up their mind. But as Alvin said, if the public rewards people who campaign positively with their vote, then people will stop doing it. Short of that, I don't know that you can attach money only to positive campaign activities and restrict it from negative campaign activity.

QUESTION FROM THE AUDIENCE

I'm with the California Clean Money Campaign. Does choosing to run using public funds level the playing field?

MADISON SHOCKLEY

Substantially. Yes. I was holding my breath to find out whether the incumbent I was challenging was going to accept matching funds or not. I was holding my breath to hear that announcement. I was very pleased when he did because I felt that gave me some kind of a fighting chance as opposed to the person being able to raise three times the amount of the campaign finance limits that you accept when you accept matching funds. That's a very important point.

QUESTION FROM THE AUDIENCE

I'm Cindy O'Connor. Did you find that the Campaign Watch Commission sponsored by the League of Women Voters to give some recourse to negative campaigning was helpful?

JAN PERRY

I think that group and other groups that monitor and watch campaigns were helpful in taking a look at some of the more negative aspects of my campaign in the larger city community, not necessarily within my district, because I don't think that had any influence on the voters. It created a dialogue about what's going on here, why is this happening, what kind of candidate is this, in the larger, more global picture, I think that it was helpful, yes.

REBECCA AVILA

I think we're out of time now. I'd like to give the candidates the opportunity to say anything in closing and perhaps consider one last question. And that is, if we had not had a partial public financing system in the City of Los Angeles, would you have run?

MADISON SHOCKLEY

I don't think there's any doubt in my mind that I would not have run if I hadn't been able to access matching funds. I wouldn't have had the dream or hope that I could challenge an incumbent or to participate substantially. So, if I didn't make it clear before, let me make it clear now, matching funds were critical in my decision to run and critical in what success we were able to achieve in the campaign.

JAN PERRY

I think I would have run anyway because it was an open seat. I was willing to do what I had to do, which was walk, walk to the death, and talk until I couldn't talk anymore. The fact that there were matching funds did level the playing field because I was willing to do the very tedious work that had to be done to qualify for matching funds and to maximize my opportunity. I actually appreciated the spending limits, because again, if you have to spend a lot of money then you probably don't know how to run a tight campaign. If you

put your own money in it, in some ways you hurt yourself. When you raise money from people, it's almost like public relations on your behalf. If somebody is willing to take a chance on you and give you a personal check, they may go and talk to two people, who will talk to four people, who will talk to six people. That's why putting in the time to raise money can actually help you as opposed to being a self-funded candidate. We don't need to go into the examples of people who funded their own campaigns and didn't place. I think public financing is important because it opens the door even wider. Also, a candidate needs to understand, you shouldn't just run because you think the incumbent's stupid, they make you mad, or something like that. Once you get out there and the rubber meets the road, quite frankly, the voters don't care about things like that as long as you meet their needs. An incumbent can be the biggest jerk in the world, but the incumbent's taking care of business. At the local level, that's where it's at. You really you have to understand the districts in which you run and find out where your niche is. Find out how you really focus on your "yes" votes, and where you build new "yes" votes, and how you turn your votes out. That's the key, defining your "yes" universe and making sure the people who feel strongly about you go out and vote.

ALVIN PARRA

If matching funds were not available to me, I would still run. However, matching funds gave me a chance of winning and I think that's the big difference. It made me more passionate and more energetic and gave me a real chance at a level playing field. I think that was very instrumental. I will go out on a limb here. I think one of the things that candidates don't have that the Ethics Commission can probably explore in the future, is that a lot of newcomer candidates don't really know how to run a campaign. I mean, we spend a lot of time just trying to figure out how to hook up our telephones! If there was some sort of a training for candidates on campaign logistics that might help all the candidates start on a more equal starting block so that we can all have a better chance at having a more competitive election.

JAN PERRY

Let me just add one more thing. For me, campaigning is a long, lonely nasty road. In the primary I went before many groups as a show of my respect. I went into those situations knowing that those people were hostile to me. I hardly had any elected official support in the primary. But I had prepared mentally to be rejected and to be treated in a hostile manner and I had to just keep in my head. People said, 'we really want you to do this.' A lot of them were women and they kept me grounded. They said a lot of prayers for me. I'll tell you, there were many nights when I went into professional associations or groups and I was utterly and absolutely humiliated and I would get knocked down. I'd feel pretty bad for about an hour or two and I would get back up. I would tell you that this is something that I don't think people talk about a lot. I was intimidated out there in the streets, cursed at, followed, harassed, you name it. But, I was absolutely determined to defy stereotypes and to defy gender stereotypes. Because I was completely marginalized in my race, not only by the other candidates but by much of the elected leadership. There were some people who took a chance on me. It just made me more determined. You go the distance

until you just can't go anymore. I remember the night of the election, we were walking until 8:00 and we cut ourselves on some chain link fences running from dogs. But I said I don't want to be in this race, have a 20 vote difference, and then go through a recount. I said, I can't deal with that. I don't want to do it. So we'll just keep going until it's done. I think that's something that people don't know until they get really far into it.

MADISON SHOCKLEY

I think the last thing I do want to do is to leave the wrong impression. I'm very glad I ran. It was a thrilling and exciting experience. To this day some of the best friendships I have came out of the campaign. People I met knocking on doors. People I worked with in the campaign. I meet people still to this day that I had never met before say 'I voted for you,' and they're still proud of that. And I'm still proud of that. It's awesome to think that someone who's never met you would be so involved in your life and follow you so closely, send you a \$25 check. They never met you but they believe in what they understand you to be about. That's a benefit that I derived to this day. And so for all of you who are thinking about running, if you maintain your own pride and integrity as you go about it, it will pay dividends for a long, long time.



PANEL II: INDEPENDENT EXPENDITURES I: PERSPECTIVES

Why have independent expenditures increased in City elections and what effect have they had? What issues do the regulation or disclosure of these activities present for those who wish to engage in independent spending on campaigns? What role will independent expenditures continue to play? A panel of participants who have engaged in or been affected by independent expenditures in recent elections shares views.

Moderator: Jeffrey Rabin, Staff Writer, *Los Angeles Times*

Panelists: Mike Feuer, Former Fifth District Councilmember and City Attorney Candidate
Judith Hirshberg, Former Council Candidate, Third District
Robert Hunt, General Counsel, Service Employees International Union Local 347
Stephen Kaufman, Partner, Smith Kaufman LLP



JEFFREY RABIN

Good morning. I'm Jeff Rabin. I'm a reporter for the *Los Angeles Times*. I had the honor and privilege of covering money in politics during the citywide election campaigns, the Mayor's race in particular, this election cycle. At the end of this long, arduous, election campaign, I did an analysis piece on what we had seen and the first line of it still rings true today. It wasn't supposed to be this way. What we saw was an explosion in campaign spending and unregulated soft money in Los Angeles, the nation's second largest city. Vast amounts of campaign cash flowed through political parties into local races. Billboard companies plastered candidates' names across the city in free advertising that was worth hundreds of thousands of dollars. Indian tribes used casino profits to finance a last minute blitz of attack ads and mailers. Wealthy donors spent heavily to elect their candidate or slate for city offices. And all of this took place in a city with a complex system of partial public financing of political campaigns, a city where the public paid almost eight and a half million dollars in tax money to finance political campaigns.

So 11 years after voters in Los Angeles approved a campaign reform law that was considered a model for the nation to limit special interest influence and control runaway spending and provide partial public financing in local races, the system began to break down in the election campaign that ended in June. In fact, I see in the Commission's report that I was handed this morning that expenditures by non-candidates to advocate the election or defeat of city candidates reached unprecedented levels as spending by business, political parties, unions and others to support or oppose candidates reached \$3.2 million. The total amount of independent expenditures and member communication payments were over four times the amount in the entire decade leading to the 2001 elections.

Before we begin looking in depth at how special interests found new ways around the city's complex campaign finance laws, I need to define some terms. Just what do we mean when we say independent expenditures? Well, these are expenditures that are made outside the city system of contributions and spending limits and partial public financing. In theory, independent expenditures are supposed to be just that. They're supposed to be independent of the candidate's own campaign. As we saw this year in L.A., there are no limits to what a

wealthy individual, business, special interest group or organization can spend on these independent expenditures. This independent spending by various groups is different from what's come to be known as member-to-member or membership communications.

The voters of California enshrined membership communications in law when they passed Proposition 34 last year. That measure explicitly defined communications by a political party, by a labor union, as a separate and distinct class of political giving. Such membership communications supporting or opposing a candidate are by law not considered independent expenditures as long as the spending was not made for general public advertising, such as broadcasting, billboards or newspaper advertisements. This language carved a hole in the city's efforts to regulate campaign fundraising and spending. It also set the stage for some difficult times between the city's Ethics Commission and the state's Fair Political Practices Commission. It left voters with limited disclosure of the source and amount of such funds being spent on local races.

Our panel today is uniquely qualified to discuss these critical issues of independent expenditures and independent spending on membership communications. Let me start first by introducing Judith Hirshberg who ran a hard fought race in the Third Council District in the West Valley and came up just 88 votes short, out of 42,000 votes cast in that race. The Third Council District race saw the highest non-candidate expenditures among all Council races. Independent spending accounted for nearly 30 percent of the total funds spent on her opponent's campaign. And this was a race where the winning candidate, Dennis Zine, spent the least amount among the field. Judith Hirshberg's career includes time with the office of Mayor Tom Bradley, the L.A. Community Development Department and the office of former L.A. City Councilman Marvin Braude. Currently she serves on the League Of Women Voters of Los Angeles Education Fund and as a consultant to the League on campaign finance reform.

Sitting next to her is Robert Hunt, General Counsel of the Service employees International Union Local 347, for the past 10 years. Before that he was a business agent for that union. That local serves over 10,000 city employees in Los Angeles and is the largest union representing civilian employees in the city. The organization was active, as were many labor unions in this year's elections, and they spent to support Jim Hahn's candidacy for Mayor.

Next to him is someone who you probably recognize, Mike Feuer. Attorney Mike Feuer served for the past six years on the Los Angeles City Council. In his first Council race in 1995, he participated in the city's public matching funds program. He faced an opponent with name recognition who outspent him in the primary, but he ultimately beat his opponent in the general election by a margin of better than two to one. During this race, a third of the campaign funds came from the matching funds program and he received 95 percent of his contributions from individuals rather than businesses, unions, corporations or PACs. As you know, this year he ran for City Attorney and he faced Rocky Delgadillo in a heated June runoff. If anyone at this conference can talk to us about the impact of independent expenditures, it's Mike Feuer. By the time all the votes had been counted in that race, billboard companies had spent more than \$425,000 providing free space to his opponent Rocky Delgadillo. Our former Mayor, Mr. Richard Riordon spent over \$285,000

to help elect Mr. Delgadillo. Faced with such massive independent expenditures and a well financed opponent, as you know, Mr. Feuer lost the City Attorney's race.

Next to him is Steve Kaufman, a partner in a firm bearing his name. Smith Kaufman specializes in campaign finance, election law, conflict of interest and government ethics. The firm represents clients in state, local, and Federal races. They include elected officials, candidates, political parties, corporations, union, ballot measures committees, major donors and political consultants. In the last round of city elections, his law firm represented former Assembly Speaker Antonio Villaraigosa as well as several City Council candidates, two of whom were here this morning, Jan Perry and Eric Garcetti, as well as Janice Hahn. He's an expert on government procedures and recounts and had the honor of spending a fair amount of time in Florida after the last Presidential election as a recount attorney for the Gore-Lieberman campaign where he became an expert on hanging chads. With such a record he and his firm were recently selected to assist with legal counsel for the re-election campaign of Governor Gray Davis.

So welcome to the panelists. I'd like to start with the two candidates from this last election. Specifically to Mike Feuer and Judith Hirshberg, what was the impact, from your perspective, of the independent expenditures that you faced in your campaigns.

MIKE FEUER

The impact was, in fact, very significant. I think that most objective observers felt as though, I think, the billboard expenditure was probably the largest independent expenditure during the history of Los Angeles. And, if that's so, I think it had a telling impact. It surely benefited my opponent, by both raising name identification and importantly giving, especially to lower propensity voters who nonetheless turned out, a sense of credibility. Mayor Riordon's meaningful independent expenditure also, I think, had a significant impact. If you combine those two independent expenditures, you exceed the amount of money which I actually raised in the campaign. So, we know that money has a very major impact on the outcome of races and I think it's very likely true in my situation. It easily could've been the case that my opponent would've won anyway. But the amount of money that was contributed in a so-called independent way clearly had a defining impact.

JUDITH HIRSHBERG

Well, somebody said to me, what difference did it make that my opponent had a huge independent expenditure campaign? I did have one independent expenditure made for \$1,400. I believe it was the animal rights people. I'm not sure to this day what they did and how they did it. But anyway, just for your information, \$1,400 was spent for me and I don't know who, what, when, where, or why. That was in the primary. But he, my opponent, got \$47,000 plus in the primary and well over \$50,000 in the general. What it meant was that while I was on the telephone, and you heard that from Jan Perry, I was on the telephone at 9:00 in the morning and I got out at 5:00 at night, and then I would walk, he was walking because he didn't have to raise that kind of money. He did raise some of that money. It was very serious. The independent campaign affected me also by the

organization that provided the independent campaign. Cops walked for him. People are very impressed, with good reason, if a police officer knocks on your door, not in uniform or whatever, and says we'd like for you to vote for our person Dennis Zine. A lot of people tend to want to vote for them. So he had that going for him. The independent campaign also blocked endorsements that I might have gotten, even from some female candidates who said I needed the support of the Police Protective League and that was his independent campaign. So I lost out on some endorsements also. So it affected me financially, when people were walking, with endorsements and it affected me with votes, tremendous amount of votes. You can do a lot of mailers in my district for \$100,000. You can put a lot out. I believe that it would've been a slam dunk for me had he not had all that support of the Police Protective League.

MIKE FEUER

I want to be rather specific about a point that I did not refer to in my general comment. There are, and this will get to prescriptions as we go on in the morning and the afternoon, in addition to the raw value of the independent expenditure campaigns that were conducted, the city's ethics rules which have a major flaw embedded within them. In my case, it meant that my opponent got to receive the benefit of independent expenditures, but there's also a rule that says once independent expenditures reach a threshold in the race, the spending limits are lifted for all candidates. Intuitively, one would think that the rule would be spending limits no longer apply for the candidate who was the beneficiary of the independent expenditure campaign. But in fact, that's not how the rules are structured. So that so-called, and I purposely refer to them this way in this campaign, so-called independent campaigns can leverage all kinds of other really good stuff for a candidate. Suddenly [a candidate is] liberated to raise as much money as he or she wants, completely undermining the point of the matching funds component of the city's ethics rules, which among other things, were designed to, first, limit the input from a donor in a particular campaign and secondly, to limit the amount of expenditures in a campaign. So once we've received matching funds, we have agreed to spending limits that are suddenly thrown out the window by so-called independent campaigns that benefit the candidate in several ways at the same time. It makes a travesty of the underlying fundamental purposes of what the city's ethics laws were drafted to accomplish. This can be changed. I have, actually, a motion pending before the City Council that I drafted before I left that would change that. And I think we can be providing some incentives and disincentives to those who would try to distort the process through independent campaigns through law. Not really Charter Changes, but actual ordinance changes.

JEFFREY RABIN

I want to come back to that specific point, but I first want to give our two attorneys who are so active in this process, a chance to comment on what we've already heard. I'd like to go first to Robert Hunt. You were involved in these city elections in this Mayor's race. Labor was involved heavily in the Villaraigosa campaign. Can you give us a sense of how this independent expenditure issue plays out in your mind in terms of also the first

amendment issues involved in protecting a union's right to communicate with its members and a political party to speak to its registered voters?

ROBERT HUNT

In the first case, the incentive is heavily weighted to get involved in independent expenditures. When you're supporting or opposing a candidate and you're strictly limited to direct contributions of \$500 for a Council candidate or a \$1,000 in a Mayoral race, you realize that's not going to have any significant impact whatsoever. So you have this strong incentive to get involved in some form of independent expenditure campaign, from the donor's point of view, because of the limits on individual campaign contributions. We went through in the last go around and complied with the interim regulations for the spring campaign. We didn't have any problem, on a philosophical basis, notifying the Ethics Commission that we were spending money in support or opposition in a given race. I think our main concern though, in terms of getting too far into the disclosure issue, is we certainly see a need to protect our own members' privacy rights. Our union is a 10,000 person member union. Most of our contributions are small. I'm not sure we want to tell the world John Doe gave us \$50 or Mary Smith gave us \$100. When you start dealing with larger organizations, you know, we saw with the Republican party, the Democratic party and other organizations, individuals start writing \$50,000 checks, \$100,000, the calculus may change. This is a very difficult issue. In our country, we do preserve the organizational right of association. We believe that should be cherished. Where you strike the balance is a very difficult, difficult area.

JEFFREY RABIN

Steve, you've been involved in many elections, not just the city elections. Tell us your experience this time around, and your experience in the larger scheme of independent expenditures and independent spending in California.

STEPHEN KAUFMAN

I think what made this election unique compared to certainly state races, there are three factors that really changed the dynamic here. One is the contribution limits. As Mr. Hunt said, most organizations don't feel that giving \$500 or \$1000 is going to make much of an impact on the process. So you have low contribution limits, which essentially limit the person's ability to try to effect an election. Then you have the cost of campaigning in the City of L.A. Frankly, I think if we study this issue, there's probably a distinction that can be made between the City Council races and citywide races. It costs a lot of money to communicate with voters on a citywide basis in Los Angeles. I noted that even Bob Stern's report that came out a couple of days ago suggested that it might be time to raise the spending limits in the Mayor's race because I don't think that those are realistic spending limits in an environment that we have today. Particularly so because of the third factor that I think really impacts the situation here, and that's term limits. This is the first election we've had term limits in place in Los Angeles on a citywide basis where both the citywide

officials have been essentially termed out of office so we've had a lot of open seats. And state legislators were being termed out of office so they were looking for places to run. In this environment, you end up having a situation where you have a number of "incumbents" facing off against each other. These aren't just normal open seats. You generally find that you have a lower tier of candidate, grass roots people, community activists, who are running for office. Then you have a number of people at the upper tier who may be like Mr. Feuer, an incumbent city official, or an incumbent state official, who each have constituencies and backing and people who are looking to provide them with assistance in conducting their campaign. So I think all of this creates a dynamic where you've got a lot of people out there who are looking to support people that have been good to them in office for quite some time. And you've got a mechanism by which they can do it, that they're unable to do under city law. Particularly, in this last election where we had a number of state legislators running in the City of Los Angeles, a lot of their supporters are used to being able to impact the race and larger dollars like they had at the state level for a long time. Now they were presented with a situation and a city where they really couldn't do that. That led to a proliferation in this last election of independent spending.

I also think it's important to note a distinction between political parties and unions. When we talk about member communications, we're talking about money that's being paid by an organization to communicate within its organization, not putting billboards on the side of the highway, but communicating with its own members. In the case of unions, again, you are talking about money that's coming from dues, from people who are contributing \$25 or \$50 to have their own organization communicate within that organization. I see that as very distinct from a lot of the independent spending that was taking place that was communicating to the outside world, and even to some degree political party spending, which is a member communication but the sources of funding for that communication can come from various sources. So that's how I see the world.

JUDITH HIRSHBERG

I was interested in your definition of an independent campaign and what I want to know is how independent truly are these independent campaigns. The Mayor gave Rocky Delgadillo a ton of assistance and money. Rocky Delgadillo worked for the Mayor. Did they never speak of this? Was there no communication through all those months between the two gentlemen about what was going on? As far as my campaign, Dennis Zine was the secretary of the Police Protective League. They voted on running an independent campaign. Was he thrown out of the room and never spoken to during that time that they decided to do this? Was he completely and totally unaware of what was going on? I would imagine that in a lot of independent campaigns you have a lot of winking going on when the reports are written. And who's to say? Who's to say? Who has investigated that what they call an independent campaign is truly what its supposed to be?

JEFFREY RABIN

One of the things I found particularly interesting covering the money in the Mayor's race was the three Indian tribes who got involved in the campaign had all used the same themes.

Their mailers carried similar messages. Their research was similar research. And even the graphics and the appearance and the photographs were seemingly well coordinated, often emulating the themes that were coming from the candidate that they were supporting. Not the independence that you would like to see. It wasn't at arm's length. I'd like to go back to the point that Mike Feuer made a few minutes ago picking up on the point Steve made. We basically have a system of side-by-side giving. A number of donors are giving the maximum amount they can in a city race and then they're going outside that system and setting up an independent expenditure committee or writing checks directly from their bank account to support a given candidate. So, in one sense, they're operating under the limits but as soon as they go outside that system they're free to spend what they want. Isn't this the best of all possible worlds for a political donor that wants to influence not only the elections but influence government and policy that they can essentially spend whatever they want outside the framework of the city ethics laws?

STEPHEN KAUFMAN

I know. Lawyer. Politician. One word answer, there's something wrong here. Of course there is. This whole issue has several dimensions to it. Assuming, which I think is not a universally held assumption, that unbridled independent expenditure campaigns are a bad idea. I think they are but others will disagree with that. There is a question as to definition as Judith pointed out. A question regarding enforcement, both the content and the timing of enforcement, as Judith pointed out. And a question regarding prescription. What can I do to meaningfully deter this activity within the bounds created by the First Amendment? Is it okay or not that there be independent expenditures without limit? Some might say, 'why not, I've made a lot of money in my life, why shouldn't I be able to influence the outcome of, in this case, politics?' 'I have a First Amendment right to do it,' some might argue. I think that those rationales are at odds with the voter's intent when enacting the ethics reform measures that are currently in place under the Charter. If the voters felt that that was a good idea, that there be unbridled spending by entities or individuals who had the wherewithal to do it, they wouldn't have said you should cap the amount of money that you spend per candidate in an election via contribution. So I think we need to recognize that there is real tension between the theory that I can give whatever I want to and what the voters intended to do. If the intent is the desire, then something needs to change. And it needs to change, I think, on several different levels very quickly. One of which is the content of enforcement and the other is the timing. I think it's true that the ethos that pervades politics in the United States today, and indeed most sectors of our society, is you win. Win first, deal with consequences later, because winning is the value, is the thing we value the most. I think that whether or not we intend it to be so, that is the message that we send by the structure and content of enforcement in the city now. Ethics does not have enough people to meaningfully enforce. They have to contend with the problem that candidates tend to try to use them, and therefore they don't want to be too out front in making quick judgments regarding allegations in the midst of a campaign. Then afterwards, the results of an audit or finding are relatively meaningless. Someone's in office. They're not going to be kicked out of office, the election is not going to be declared invalid. They pay a small fine, life goes on. Most voters think all elected officials do something crummy once in a while, and that's the price we pay and that's the way it goes.

That needs to change. The prescriptions I mentioned earlier are a part of that, but unless we recognize that something has to change on each of these levels, this will continue.

JUDITH HIRSHBERG

What can I say? He's been very eloquent. I agree with everything he said. We really have to look at the independent campaign, what it's doing, and how it's being done and how it's not enforced. I can also say truly, I love some independent campaigns if they're for my candidate or for my issues or with my values and they get a ton of money, that's wonderful as far as I'm concerned. At some point, not in my race, I may think differently about these expenditures, particularly in Congress and things like that. But I also feel it just bothers the heck out of me to see that the person who's underwriting this is "Citizens For Better Government" or "Taxpayers For Something Marvelous." Whatever the name is. And you don't know truly who is the person and the real organization that's behind this. And I think that has to be divulged immediately so we know.

STEPHEN KAUFMAN

Judith hit enough of the issue I think. When you're looking at independent expenditures, a lot of it relates to what the content of the independent expenditure is. Would we be outraged that somebody was doing a radio ad for a candidate if it weren't the type of ad that the Indians put on the radio attacking one of the Mayoral candidates, which happened to be my client? And doing it in such a cynical way to appeal to a certain sector of our city? Those ads ultimately did have disclosure but it was kind of deceptively put on there. If people know where the money is coming from, you know, go at it. You can criticize it if you don't like it. Ultimately, we put on radio ads responding to those radio ads that I think were very effective. I think ultimately that expenditure didn't have much of an impact. There were some mailers in the general election that I think did. But in that particular instance, I think it backfired, and we were able to use who was paying for those ads to put a response up and react to it. Of course it takes money to do that. Getting back to something you said Mike, in terms of holding the limits for the candidate in whose favor the independent expenditure is being made and still lifting it for the other candidate, I think as Eric Garcetti said earlier, candidates don't always welcome these independent expenditures. I realize there's extremes with everything, but I'm not sure we can take a broad brush approach to this issue like that. Eric was referring earlier to an Apartment Association independent expenditure that was made on his behalf that he didn't necessarily welcome. And that may not have served the purposes of his campaign and the message he was trying to get out. If these expenditures truly are independent, and candidates do not have control over them, it's difficult to penalize one of the candidates under that scenario.

JEFFREY RABIN

Under the current system, you had independent expenditures in your race Mr. Feuer, of over \$100,000 that kicked out the spending limits. You had agreed in accepting public financing [to limit your spending, but in this case] you can still take the money and run.

MIKE FEUER

In the most liberal sense, that's right, yes.

JEFFREY RABIN

So when we talk this afternoon about potential solutions to this problem and potential refinements to the city's law, that one seems to be one that should be on the agenda for discussion. Whether or not it makes sense to be providing public matching money and then be able to blow out those spending limits due to these huge independent expenditures. Let's keep that one in mind for after lunch. I saw a number of hands over there.

QUESTION FROM THE AUDIENCE

There's a theory that it is the floor that mattered not the ceiling. If voters don't have enough information about the candidates to even know their name, there is no chance that a candidate can win. For many years the argument was that it didn't matter how much you spent because the voters would make up their own mind. The example we used at the Federal level was Ted Kennedy. Everybody had an opinion about Ted Kennedy. It wouldn't matter how much money he spent, you would still have that same opinion. The other point I wanted to make is that there is one way that independent expenditures can be curbed. There was, I think, in the 1980 Presidential Primary when the campaign managers pulled together all the known independent spenders, told them their strategy in the beginning of the election campaign, and then said 'now you cannot make independent expenditures because you have been in contact with us.' I know that campaign managers do not like independent expenditures on the whole because they do things that you don't really like. I'd like to know whether you really believe this theory about it doesn't matter about the ceiling and the floor?

MIKE FEUER

From my experience, I disagree with the ceiling point. The ceiling point is everything in this. There is no doubt in my mind that unbridled spending has an enormous impact on outcomes and here's why. I don't want to be very personal in talking about my own experience, but let me just take one small example. Most people in city elections don't know much about the candidates. I ran, I was an incumbent, but not for the seat for which I was running. My polls, and *The Times*' polls showed the same thing, that about half the voters knew who I was. Within that universe, vast majorities, I don't know, 80 percent were supportive of me. But the other half of the electorate had no idea who I was. I think that experience is replicated for most people running, especially for municipal office, particularly in an era of term limits when one doesn't have the opportunity to hold office for 20 or 30 years. So I think my experience in that regard, including my polling, is pretty common. In that world getting to that other half of the electorate in a meaningful way means repetition. Repetition is the key to campaigns. I wish I could say that principle was the key, or policy was the key, or accomplishments were the key. It is repetition that is the key, particularly for that relatively low propensity, but nonetheless participating, voting

group in that other half. For that universe, money's everything. It just is. Ceilings are everything. Signing on to matching funds, and then having those spending limits lifted because of independent campaigns is perfection from the standpoint of someone who needs to be able to communicate very broadly when the universe doesn't know who they are. And that is at the core of this discussion in a very nuts and bolts way. All the theory aside, how do you get to repeat your message to people who don't know who you are before the other person defines that in the eyes of those folks?

ROBERT HUNT

I have a slightly different point of view. I am not sure the ceiling is as important as the floor. I mean, in my view of Los Angeles politics, I think if it was known who was sending out the mailing and who was doing the phone calls, that would make a big difference. Because those people who are looking at it will say, 'I know that that SOB's for this candidate, I'm for the other one,' or, 'that person's with that candidate, that's good enough for me.' People make decisions based on the associations. I think the other problem with that is there's very little coverage of politics on broadcast media. There is coverage in *The Times*, the alternative papers, the *Daily News*, but you don't see it on the T.V. stations, which is where the vast majority of people get their knowledge. We heard the story from the candidates. I could spend a million dollars sending out mailers, but by the second mailer I'm no longer reading the mailers. Part of the problem is not a legal problem, it's our own culture that we are not actively engaged in politics as a community. So I think the spending has the potential to be very dramatic in a given case. I think if you draw a general rule, spending will always matter. But, I don't think the evidence supports that. I think we've seen cases where people have come out of nowhere, not with huge amounts of money. We've seen where a complete unknown can be elected someplace. I think we need to keep in mind that it's not just a regulatory scheme, but also an educational and a community problem as well.

STEPHEN KAUFMAN

Getting back to the floor-ceiling, I think I'm going to split the difference between these two guys. I think that the matching funds program, particularly in City Council races, does provide a floor, particularly for grass roots, unknown candidates. It gives them an ability to play, to participate. But ultimately when you're looking at the top levels, it's all about the ceilings because that's where everybody's going.

JUDITH HIRSHBERG

In all the City Council races, the press refused to write much about them until the last week of election or the last week of primary. I don't think they wrote much about your race, Mike. It was a citywide election and nobody had a clue. So I do fault the press in one way. To me the form of government that's closest to the people, the ones who pick up your trash and make sure your sidewalk doesn't kill you as you're walking out the front door, is the City Council. And no one knows who you are and where you're coming from. I will

say that I was interviewed twice on public television stations, which was very kind of them. They did run those interviews over and over again, and people called me and said, 'oh, I saw you on Channel 36,' which was one advantage. But God forbid that ABC, unless you shot your grandmother in front of somebody, would even think of interviewing you. Frankly, that is the media's fault and I think the media should be taken to task for it. You know, my opponent had a ton of money coming in and they said, 'okay, the limits are raised.' You know, I had to raise that money, and I had to sit in a dark closet and call people and ask them and beg them and plead with them. People who had never seen me, didn't know who I was, had not a clue that there was a race going on because it wasn't in the paper and it wasn't on the T.V. And I couldn't do it. I couldn't match that money if my life depended on it and I thought I had a very good base of support. I had women's groups, I had the state party, I had some, not all, labor groups, and I had a bunch of people since I had worked in a Council office for nine years, who knew me and knew that I did good work. It didn't help and I could never have raised the amount of money that the independent campaign raised for my opponent. So what good does that do?

QUESTION FROM THE AUDIENCE

I'm Jim Hilfenhaus, the Political Director for Laborers 300, the largest construction union. Mike, do you feel that there's a chilling effect on Councilmembers? Eller Media, because Mike voted on an issue before Council that led the charge, [made independent expenditures as] a direct retaliation and that's something to really worry about. Mike was nailed on something that he did that he thought was right. That was not covered by *The Times* very well. They covered the story of the monies. Now we're looking at a run off in the Fourth District with Tom LaBonge going to every lobbyist in town and self funding. It was earlier mentioned in the Second District, Tony Cardenas is having a hard time raising money based on the fact that his relationship with Indian gaming has generated funds. Wendy [Greuel] has got Spielberg backing her. *The Times* ran a half page article about the campaign without noting that 20 percent of their advertising revenue comes from DreamWorks. Now we're going to have to find out if there's an editorial firewall between advertising and the interests of the editorial department over there. Nobody's mentioned the fact that she was hired by DreamWorks to get 90 million dollars in taxpayer subsidies for Playa Vista when DreamWorks were in there. They high-tailed it, but she was the lobbyist for that entity. Nowhere in an article was that covered. It's still 'DreamWorks loves Wendy Gruel.' So I'm saying there's a relationship between media and the campaigns and I'd like Mike's comment about what that shows our politicians.

MIKE FEUER

Many people have said to me, including members of the Council during the campaign, that the message that they thought was intended to be sent was not merely directed at me. There were a lot of things at stake, let's be clear and still pending matters, in fact, where the office to which I aspired can play an important role that affects in millions of dollars the bottom line of, say, the billboard companies. No question. So that is, I think, at the core. It was a business decision, and a heavy-weight business decision. But I think that there was this residual impact that was certainly, if it wasn't intended to be felt, nonetheless had

that impact and continues to have that impact. I think that it unfortunately may prove instructive for other industries or individuals with significant pending City Hall business because you can get a lot of bang for your buck.

QUESTION FROM THE AUDIENCE

Mr. Feuer and Mr. Kaufman, do you think there should be a ten day to thirty day delay before you can start spending your money and require a statement of organization and a declaration? Allow the person to have the freedom of spending the money, but have notice in the Ethics Commission Office before they can start spending it.

STEPHEN KAUFMAN

No, I don't think there needs to be any kind of pre-notice. I think the way it's set up now, you need to notify the Ethics Commission and therefore the world, that you've spent X amount of dollars and when you spent it, not necessarily when the ad runs, adequately addresses that situation. I think the more difficult issue thus far has been to get the appropriate disclosure or disclaimers when the ad runs, the mail piece goes out, or whatever it is that's actually being communicated, to make sure that the public can connect who's behind that piece with whatever notice is being provided.

MIKE FEUER

I agree with Steve that the answer is no to the basic question you've asked. But the important issue that underlies a lot of this discussion, certainly ethics rules generally, is the issue of disclosure and the value of disclosure. I think there's a false premise that underlies much of our discussion about disclosure. In a Mayor's race, there is some limited attention paid to who supported whom. Almost nowhere else does disclosure matter. The reason it doesn't matter and the reason that all this disclosure talk is fallacious, I think, is because as Judith pointed out, there is so little press coverage in any municipal race, even at high levels. Because outside of that coverage almost no member of the public cares to take the effort to find out who's supporting whom, disclosure doesn't matter. It's an empty theory. Disclosure's only as good as the means by which the public receives information about that which is being disclosed. In L.A., no information, tantamount to no disclosure. Except perhaps in the case of the Indian tribe commercials. They got a little bit of last minute news coverage in *The Times*.

STEPHEN KAUFMAN

It's pretty clear that in the last election, really the only stories that were making the front page were Mayoral campaign stories dealing with money. I suppose in the last days of the campaign there were some comparisons when it got to the general election, but pretty much every candidate in the primary had their money story. There was an angle on everybody's money. I don't think that same analysis was done at the lower levels and the

only time you really did see coverage at the lower levels was if it involved some kind of money issue.

JUDITH HIRSHBERG

Yes, I was just going to say that I guess they think my campaign manager is a whiner because he did send several articles out and they were never published. So, sometimes you can say this is happening and people may be interested in it, but unless they can find it, so what? Also, if the Ethics Commission would get a valid complaint about something that was being done wrong that could be proven immediately and they took that to the media, wouldn't that be interesting? Instead of having to wait two to four years before you find out that anything happened. I don't want to sound like a whiner. I have to tell you, I had a wonderful race, and it was a wonderful year and a half. I'm still looking for those 88 people who forgot to vote for me. For the most part, what has happened had been very positive, 75 to 95 percent. But there was that five percent that could make you nuts.

STEPHEN KAUFMAN

If I could just make one more point on top of Judith's point, that's exactly why it does take so much money to run these races. You send articles to the newspapers, they're not getting published, so what are you going to do? You've got to buy a mail piece and send it to the voters. That's the way to communicate with the voters. That's why it's expensive to run these races.

MIKE FEUER

But one must be careful about the potential implication of that. [That appears to indicate that] therefore we should be very open to independent expenditure campaigns because they supplement that which is otherwise inadequate to the task. I think that's a non sequitur. I wouldn't want people to view the implication that it is a good idea.

QUESTION FROM THE AUDIENCE

My question has to do with control and punishment of violations of independent expenditures. I worked for a candidate several years ago who was courting a group of people who were fighting the garbage companies in Granada Hills. BFI did an independent expenditure saying they were supporting her. They might as well have shot her in the head. The question is, can you control independent expenditures with Buckley v. Valeo and can you punish the obvious violations? That was just dirty politics. They didn't support her. We certainly didn't support them.

JEFFREY RABIN

I think you've heard the panel talk about how they think there needs to be more enforcement. Perhaps that's a question that can be best addressed this afternoon when we talk about prescriptions for dealing with these kind of independent expenditures. Now that's our second example of a candidate getting an unwelcome independent expenditure on their behalf by someone, as you said, who might as well have taken them out and shot them.

QUESTION FROM THE AUDIENCE

I have another question that follows up on what Judith said. It goes to the timing of disclosure and enforcement. What suggestions do you have for how disclosure could come out sooner and could be more meaningful?

ROBERT HUNT

We've construed that when we make a commitment to make the independent expenditure, versus when we've actually spent, that we were obligated to report within 24 hours. For instance, we contract to do a mailer. Even though we haven't written the check to the mailing house or the printer, I'm construing the city's regulation as we need to let the world know within 24 hours. I'm not sure we can do it much quicker.

QUESTION FROM THE AUDIENCE

How does the public find out about the expenditures? It seems what everyone is complaining about is that the public is not finding out about it and enforcement comes after the fact when someone is already in office.

MIKE FEUER

That is not my message. My message is that, first, to focus on disclosure in any manner as an antidote to the problem raised by independent expenditures, completely misses the point. That's what I'm trying to say. In any event, beyond independent expenditures, rules around disclosure have almost no efficacy in this electorate, in this media market, right now. Which is not to say we should throw them out. But they are not going to define, in any meaningful way, the outcome or what it means to say good politics in Los Angeles. Other much more directed changes need to happen to the ethics rules than disclosure.

QUESTION FROM THE AUDIENCE

The real question that an analyst must consider when a political system is amended, is whether or not the election process has introduced some kind of significant distortion or departure from optimality. There's two ways. One way is extorted campaign contributions. That is, during the campaign the contribution is extorted. Second of all,

after the person takes office, the policy is distorted. That is, different policies are passed than would be optimum for the community. In my era in the Mayor's office, there was a notorious member of the City Council who allegedly would consider business before his committee only if there were an attributed campaign contribution. That is a warning against using any attribution because any attribution can be a means of distortion. My question now is, apart from present company, do we know if any distortions of this kind allegedly are continuing? That is, extorted campaign contributions or distortions by people on the Council because of the support they receive.

STEPHEN KAUFMAN

All I can say is that the laws are written to prevent that type of behavior from happening. The enforcement schemes are in place to try and prevent that. Has there ever been a situation where somebody gives money and doesn't expect something in return? I'm sure not. It happens all the time. Whether words are said or nod or winks occur. Everybody has to try and prevent those situations from arising.

MIKE FEUER

From my experience, it's much more subtle than that and therefore, much harder to regulate. And, extremely important because of the natural human instinct to do, Steve, what you're suggesting. People, generally speaking, want to be nice to people who have in some manner helped them. Which every contributor and every lobbyists tries to take advantage of in City Hall. There are other rules beyond the independent expenditure rules that, as you know, I've tried to promote in City Hall, like precluding lobbyists from fundraising or contributing, for precisely that reason. Not that it will eliminate this, but it will diminish the significance of that more subtle psychological connection that people try to take advantage of. I don't think that there's a rule that we can fashion that is going to eliminate that. But, on point for this seminar today, independent expenditures of enormous magnitude cannot help but accentuate this problem. You feel some degree of beholdedness, not in a real pejorative way, just when someone is nice, when someone gives you \$1,000. Think when someone gives you \$400,000. That was precisely what the ethics rules were supposed to prevent. That gets us back to being on point here. That's what the ethics rules were supposed to prevent and this has completely distorted that original intent of the voters.

JUDITH HIRSHBERG

I don't want to sound like a sore loser. I really don't. But I would ask that you watch what happens to the hours that policemen are serving. Whether a 36 hour week is going through and see if that goes back to any assistance that the Police Protective League has given to anybody in any race, including the Mayor, City Attorney, and other Councilmembers. That's all I'm saying. On the other hand, it's true, if someone gives me \$500 that does not give them access to my brain power, my thoughts, or anything else. I may indeed smile at them if I know who they are. A small amount of money, and I consider \$500 in a

campaign where you have to spend \$300,000 is a small amount of money, does not affect you. I think an independent campaign of \$100,000 or \$500,000 or \$1,000,000 is going to be a totally different thing.

JEFFREY RABIN

I would say that perhaps this is the law of unintended consequences that a secondary target in this discussion became the media. I fully appreciate the complaint that I've heard now in both panels this morning about the lack of media attention. That is a problem that has been in existence for the 25 years that I've been in journalism. I'm sure it's another one of those problems that will be with us for generations to come. However, that doesn't mean we can't do a better job. There is an important message that I heard this morning which I will certainly take back to the editors who make these coverage decisions. They do need to be paying much closer attention to the City Council races and find ways to cover those in more than just one or two stories as well as what was a very important City Attorney's race that didn't get the full attention that it deserved. So I will take back that critique to the *L.A. Times* and I assure you that your message will be carried there. Thank you very much.



PANEL III: INDEPENDENT EXPENDITURES II: PRESCRIPTIONS

How important is regulation in this area and what options exist for doing so? Is disclosure enough? What are the boundaries of regulation?

Moderator: Miriam Krinsky, President, Los Angeles City Ethics Commission
Panelists: Karen Getman, Chair, Fair Political Practices Commission
Lance Olson, Partner, Olson Hagel Waters & Fishburn LLP, General Counsel to the California Democratic Party
Joshua Rosenkranz, President, Brennan Center for Justice, New York University



MIRIAM KRINSKY

I would like to welcome everyone back to an afternoon that I expect will now look beyond the problems and the concerns to a free flow discussion in regard to what are some of the solutions. I would note that I think that our panel here faces a dual challenge. We have not simply that “post lunch everybody’s digesting challenge,” so it’s not simply the practical challenge, but also the challenge that has been presented to us by virtue of the fact that we’ve heard many perspectives over the course of the morning. In regard to the perceptions of those who have been part of our system, as to what has worked, but also the areas for improvement. It’s our purpose to start thinking about some of the ways that we deal with improving the system. Not surprisingly, over the course of the morning, we heard from both panels that independent spending, independent expenditures, by far is the biggest challenge that our system faces as we sit here today in the wake of the election that we just passed through.

The numbers and reports that have been issued this week reinforce those conclusions. Those numbers reflect a dramatic increase over the course of this past election in independent spending. Spending that was four times greater than the combination of the independent spending over all of the prior elections. So there’s not simply that bit of information that’s eye opening in and of itself, but also the fact that in this one election alone, we saw a tenfold increase over independent spending in the next highest election of independent spending, the 1993 election. So the challenge is there and it’s one that our panel needs to consider with a balance in mind. A balance that looks at some of the constitutional constraints, the First Amendment free speech overlay that we have to bear in mind. A challenge that tries to recognize the balance that we seek to achieve in our matching funds local system here. One that provides for sufficient funds for candidates to deal with the many realities we heard about earlier this morning of running a campaign, getting the message out and reaching the voters, but also tries to deal with establishing an open, competitive, level playing field over the course of our elections. I think that challenge was aptly described by one of Josh’s colleagues in a publication that has been put out by the Brennan Center. That colleague of Josh’s referred to money and politics as a volatile mix. When the mix gels properly he wrote, it funds the enormous amount of speech and information needed by voters in a complex democracy. But, when the mix sours, it decays into corruption, undue influence and political inequality. So our objective,

I think, over the next hour plus is to look at how we can combine the mix together in a way that reaches the solutions and in a way that gels rather than sours. We have a panel that is very much a mix of perspectives.

The panel of experts comes to us today with different backgrounds that I expect will lead to differing views in regard to the issue we'll be facing. First, to the far right, not intended in any literal fashion but simply geographically, is Karen Getman who is the chair of our state's Fair Political Practices Commission. She was appointed to that position in 1999 by Governor Gray Davis. She too has had a life prior to government service. Before her appointment she worked in the private sector, both in northern California and in Washington, D.C. for many years. At that time she became known as a specialist in political and election law and constitutional litigation. During her stint in D.C., she represented, among others, the Congressional Caucus on Women's Issues. So Karen brings to us that private sector perspective as well as her incredibly critical role today as chair of our state's Fair Political Practices Commission.

Next to Karen, also from the northern reaches of our state, is Lance Olson who's a founding and managing partner of a firm that bears his name, Olson Hagel Waters & Fishburn. He's also general counsel to the California Democratic Party. We've already heard earlier this morning about some of the spending by the party in our recent election and I expect that we may be discussing that more over the course of the next hour. He, too, is viewed as an expert in the area of political law. Having had clients that include candidates, elected officials, PACs, ballot measure committees as well as individuals and entities involved in the political process. He was the co-founder and former president of the California Political Attorney's Association and also was appointed in 1999 and served on the bipartisan Commission on the Political Reform Act that made major recommendations to our state legislature for changes in our state election scheme. He's also one of the principal drafters of Proposition 34 that was also referred to over the course of our day earlier.

Finally, Josh Rosenkranz, who has traveled furthest to be with us today having come from the great state of New York. Josh is the founder and President of the Brennan Center for Justice at NYU, a group whose mission is to develop and implement innovative and nonpartisan areas of scholarship, public education and legal action that look to promote a quality and human dignity while also safeguarding fundamental freedoms. Obviously a lofty objective if one can achieve it. The Center's Democracy Program collaborates with many grassroots groups as well. In addition to all he does with the Brennan Center and all he's done prior to that, has also found the time somehow to author 19 legal publications on law and policy issues that have ranged from election law, legal practice to legal education to moral philosophy to environmental law. So, anyone who wants to delve into those other areas can catch Josh after the program.

That's the group we have assembled today. You'll notice that there is an empty fourth seat here and it's not that we have any stealth panel member coming. That's the seat reserved for all of you. Given the expertise that we have in the room, I expect that we'll have a healthy exchange and that as we're looking to craft solutions and generate ideas, all of you will serve as our fourth panelist, both over the course of our discussion and then in Bob's continued discussion as we try to look forward and see where we go from here. Now let

me throw it open to our panelists to offer their introductory comments on the question that we're grappling with.

We've heard the concerns that were identified earlier today. We've heard the concern that there have been escalating independent expenditures that distort our system of matching funds and the system that we have in place in Los Angeles. We've heard that when the source of those expenditures isn't fully disclosed, there is a resulting lack of accountability. We've heard that they can in many ways circumvent the spending and contribution limits that are in place in our city. We also may well have reason to be concerned that if the pattern we've seen continues to escalate, that they may well result in serious disincentives to participation in our matching funds program. How do we grapple with those issues? And let me throw it open to each of our panelists to offer us some of their introductory thoughts.

KAREN GETMAN

Thank you and let me take a moment to thank the Los Angeles Ethics Commission for holding this forum today. One of the things that I think the Los Angeles Ethics Commission does better than anybody else in this state is take the time to look back at all the information that those of us involved in this field gather everyday. We spend an awful lot of time taking in tons of information about how money is spent. But Los Angeles does the right thing which is take the time to look back at that information and analyze it and see where we go from here.

Independent expenditures are a tough issue partly because I'm having a hard time, even after this morning, understanding exactly what the problem is and if there's even an agreement in this room on what the problem is. What some people call distortion, other people call having a voice. One of the things that struck me during the luncheon speech was the mention of campaign finance reform as being a civil rights issue and what that brought to mind was during the last presidential campaign. A lot of the largest independent expenditure advertising campaigns were a series of very powerful and emotional ads put on by the NAACP National Voter Foundation, in which they took then-candidate Bush to task for his failure to sign a hate crimes bill when he was the Governor of Texas. That was the kind of ad that I think many candidates would be too scared to run because it was out of the main stream. That was also the kind of ad that gave a group that had been marginalized an ability to make its voice heard and to bring to the forefront of a campaign an issue that was of tremendous importance. I don't think any of us in the room would want to squelch the ability of groups outside the main stream to make their voices heard and to bring to the table issues of importance to them. At the same time, it is obviously of tremendous concern to us that candidates feel that they can't have their voices heard in a campaign. How you can balance those two counter balanced issues is a very tough area. I think there are no magic solutions.

One that we have grappled with a lot this year is whether increased disclosure will help and it was troubling to hear this morning from some people that disclosure will do nothing. Maybe that's because we haven't looked at disclosure in the right ways. Maybe it's because what we focus on are getting lots of minute pieces of information into computerized

databases. Instead what we need to do is look at disclosure in a totally new way, which some private groups are doing out there. I think about the California Voter Foundation, which now has on its web site something that I think is terrific, which is a database of campaign promises. What they do is they capture promises that are made in the course of a political campaign. Those little things that appear on candidates' web sites, things that they say they're going to do, issue papers, they take them and they preserve them. Six months later you can go back and see whether your candidate, in fact, kept his or her promise. That's disclosure in a whole new level. Perhaps part of what we need to do is think about disclosure at a whole new level to deal with independent expenditure ads. Focusing not just perhaps on where the money is coming from, but on such things as instant disclosure on the face of the advertisement itself, which is something that's happening at the state level. Focusing on ways in which the Ethics Commissions, including the state Commission, would take more of an active role in getting that information out to the public.

One thing that we don't do is take great pains to get that information out to the public during the course of a campaign. We rely on the public to get it themselves. Maybe we need to refocus our efforts and get out there and say not only are we the people who take this information in, but we have a duty and an obligation to the public to report it back in a real time way, in an analyzed way, not just as kind of hard dollars and figures, but in something that perhaps makes more sense. Of course there's always danger in that. I mean, as people were talking about enforcement in the middle of a campaign, we were sitting back there chuckling. If I could even begin to tell you the number of complaints that candidates level at each other in the course of a political campaign. I don't think there were a lot of candidates in the last L.A. election who didn't file some piece of paper with the state agency complaining about their opponent breaking the law and we had to step in there right away and take care of it. It is critical that we not be used as a tool of a political campaign and we will not be used as a tool of a political campaign. I'm a little bit worried that if we start getting information out there quicker, we've got to do that in a way in which we're not being used as a campaign strategy.

We heard a little bit about the media and the role of the media. I think that's another thing that the ethics agencies can do something about. To work more closely with members of the media and find out what it is that they need, what kind of information they need during the course of a campaign. What can we supply them that would make them more willing and more likely to report on the issues that voters care about? How can we work with private groups like the California Voter Foundation to get information out there in other ways? With the League Of Women Voters, with Bob Stern's groups? Other groups that are out there doing things that perhaps we should be feeding into. Then there's also disclosure in a way that makes sense across the state. I think part of what happened in Los Angeles was in a sense a natural result of the fact that you are an incredibly important and large city. You matter across the state. What happens within your borders matters tremendously in Sacramento and San Francisco and Fresno and elsewhere in the state. People who are based in Sacramento and Fresno and elsewhere in the state want to have an influence because they feel that what happens here will have an influence on them. That's obviously a good and a bad thing. It means that you can't be a hermetically sealed city because people care about what you do.

One of the things that I think we should talk about are ways in which we need to stop thinking about each jurisdiction in each electionary as a hermetically sealed area. There is absolutely no reason I can think of why the City of Los Angeles and the state of California have two completely different campaign finance reporting systems that don't talk to each other. That makes no technological sense, it makes no sense for the voters, it makes no sense for those of us on Commissions who find ourselves having a hard time working together. We should just be sharing all this information. Those are the kinds of things that I think we can do. What they involve is tearing down some of these concepts of borders. So one suggestion I would have is that we look beyond just ways in which we can keep your election hermetically sealed and acknowledge to some extent that you can't do that and what we need to do is find ways to get to make that breaking of a seal work for the voters of Los Angeles.

Then I just want to mention one other thing, which I think is the elephant in the room that people aren't talking about. Issue advocacy was a problem, but what the big problem that I think you're going to have are when people are doing issue ads that aren't independent expenditures. That's what happened at the Federal level and that's going to happen at the state level, we're seeing it already. It will happen in Los Angeles, too. Then what do you do? Somebody comes out with an issue ad. They don't mention a candidate, they don't say vote for or against the candidate. And it falls outside our system altogether. So what we do this year with issue advocacy, we'll stop one leak, but then two years from now we'll be sitting in this room trying to figure out what we do with the issue ads that we couldn't control. So we can keep plugging the leaks in the dike. I'd suggest that we also spend a great deal of time trying to figure out some system other than dikes.

MIRIAM KRINSKY

Lance, let me turn it over to you. I think we've heard from Karen perspectives from someone who sits in the seat of a regulator. Now obviously your seat is a somewhat different one. You've represented candidates or entities or groups that have been involved in actually engaging in independent spending. And some in a very substantial way. Do you agree that there's a problem? If so, what would be your definition of the problem and what are your first-blush thoughts on how we address that problem?

LANCE OLSON

I'm glad you asked that question because the point I was going to make is, you introduce the topic by suggesting that independent expenditures was the biggest problem facing the City of Los Angeles, at least in terms of its campaign finance reform ordinance. I did want to offer to you that there's a different perspective on that. I'm not sure it's completely represented in this room, but I think one of the reasons I'm here maybe is to suggest to you that there is a different perspective. That there are groups and organizations out there that think independent spending is actually a very good thing. As a lawyer in private practice, I represent a lot of those groups and organizations. Interestingly enough, Karen reminded me of one. I was one of the people who got to see those ads before you folks all saw them run on television because we were very much involved in advising and counseling with

respect to the NAACP ads that they ran in connection with the presidential election. I thought we were doing something very important and we had a situation where an organization wanted to get a message out, but because of existing laws, was unable to get that message out essentially in a way maybe that they would have liked to, but we found a way for them to be able to do that. I represent a lot of labor organizations and they, I think, rightfully feel that many of these laws work to the disadvantage of working men and women in this state who collectively come together, pool their resources and many instances in very small amounts of money, some as little as ten, 20 dollars a year, but collectively put that money together. Because of various finance laws they're unable to spend that money maybe in the ways that they would like to do and so end up spending the money in terms of independent expenditures. I think the bottom line is that if you are going to have any type of campaign finance reform system that imposes limits on campaign contributions to candidates, you're going to have independent expenditures. There's no way around it, nobody should be surprised by that. There's lots of money out there that wants to get spent in the political process. If you try and clamp down on it one way, it's going to find another way to come out. One of the ways it comes out is in the form of independent expenditures. We can argue that's good or bad, but that's a reality. It's a reality that I think is going to be with us for quite some time because I don't see the United States Supreme Court anytime soon changing its position in *Buckley v. Valeo* with respect to independent expenditures. I think they have this year given us a pretty clear signal about how they feel about campaign contributions. I see no wavering in terms of the basic analysis that the Supreme Court came down with in 1976, which essentially says you cannot restrict or limit independent expenditures. Unless the court changes, I don't see that changing. Josh may have something to say about this, but I think it's commonly viewed that there are probably six votes on the Supreme Court right now that would overturn *Buckley v. Valeo*. Unfortunately, or fortunately depending on your perspective, three would overturn it in one direction and three in the other direction. So there are not, if you will, five votes for a consensus. And then there are, I think, the remaining three justices, including the Chief Justice, who are more or less satisfied with the result that came out in *Buckley v. Valeo*. So I don't see that changing. I think any efforts to try and limit independent expenditures are not going to be successful. We saw an effort very recently in Albuquerque, New Mexico where a Federal District Court judge decided that, apparently, *Buckley v. Valeo* didn't mean what it said. I don't remember whether the judge was male or female, I think she was female, but in any event, was summarily reversed by the Tenth Circuit, which is the appellate court for that district. It's pretty clear what the Supreme Court means when it comes to independent expenditures. It doesn't mean there aren't things you can't do in that area.

One is disclosure. Actually, I think L.A. has about as good a system as you can have with disclosure. I did not agree with your former Councilmember on the earlier panel that disclosure isn't important and nobody pays attention. I heartily disagree with that. I represent a lot of candidates. I tell you, it may not be the *L.A. Times* writing about it, but the one person who usually is paying attention is your political opponent. Assuming they have the ability to send a message out, meaning money, to send a piece of mail or buy some T.V. or whatever, if they think you're taking the wrong kind of money, or getting the wrong kind of support, I think they're going to get that message out. The last area which, actually, I hope we spend a little bit of time talking about is defining independent expenditures. It's remarkable to me this agency, the Ethics Commission, does really not

have any clear guidance or guidelines. This is no reflection on the current chair, but there is really only one advice letter in the history of the FPPC that discusses really what is an independent expenditure. There is a regulation, I'll give you that. But it's not a regulation that necessarily provides a lot of clarification of what it is we're talking about here. If you wanted to spend some energy and time, one area you might actually think about is how do we define an independent expenditure? You actually might find that many independent expenditures going on out there maybe truly are not independent expenditures. Maybe they're really campaign contributions which are constitutionally subject to limitation and, in fact, subject to limitation here in the City of Los Angeles.

MIRIAM KRINSKY

I think we'll be coming back to a number of the areas that Lance has raised. I certainly want to come back in a couple of minutes to the question of the constitutional constraints, Buckley v. Valeo and so on. So don't worry Josh about touching that base right at the moment. Let me focus you in on what I think I heard, in passing, Lance suggest, which is independent expenditures are a reality. It won't be fruitful to try to limit them and there's really not good reason to try to do so. What do you say to that?

JOSHUA ROSENKRANZ

First I want to say how honored I am to be at this gathering. Honored and somewhat daunted. I'm not daunted only because Scott Harshbarger has said that I'm prepared to answer any question that you have on anything. I'm daunted because I realize that I'm the only one here to address L.A. ethics laws who's not from California. So, I come at this with what I would say is a sense of being completely unencumbered by any facts and unencumbered by a deep and intimate understanding of the political dynamic here in California. I come to you the Chauncey Gardener of L.A. ethics, just praying, hoping against hope that I will say something, anything, that someone in this room will misinterpret as insightful. I'm also daunted because this is a panel that is supposed to address a problem that is what is described in the materials, yet from what I'm hearing, I'm the only one who actually believes that there's a very strong argument that there is a problem. To respond to Miriam's question, we can debate exactly the nature of the problem and how big a problem it is, but it seems to me if, as the L.A. ethics law purports, the L.A. ethics law is about promoting competition, reducing the amount of time and energy that a candidate has to spend raising money, and reducing the level of beholdenness that a candidate has to major monied interests, then the independent expenditure problem is indeed a problem. It does undermine, at a very fundamental level, all of the structural elements of L.A. ethics law that were designed to implement those three goals. Now, my role as Miriam said was to propose solutions. I'll talk only about the independent expenditures, although I'll maybe sort of drop a footnote here that I believe that a lot of what I'm going to say about independent expenditures as I think of them, applies with equal force to the political party spending. But I'm going to put them aside and talk about them only if the issue arises.

It seems to me the solutions fall into two basic approaches. One is to tempt down the sheer volume of independent expenditures and the other is to empower candidates to respond to an influx of independent expenditures. So let me take them one at a time. How do you tempt down on the sheer volume of independent expenditures when everyone knows that independent expenditures are constitutionally protected? Well the answer, I think, in the L.A. context is actually quite simple. It turns on exactly the nature of the constitutional protection and who it protects. It is very clear, Supreme Court law, that in the electoral context, the protection for unlimited independent expenditures applies only to human beings not to corporations, not to Native American tribes, not to unions. You could tomorrow pass a law that prohibits any non-human being or aggregations of human beings in political action committees from spending a single penny on independent expenditures. Now that's not to say, as Karen points out, that would be the end of the problem. Because immediately what will happen is that all those players who feel in need to engage in independent expenditures will shift their spending to another breed of spending. Not what I would call issue advocacy, but what I would call sham issue advocacy. Campaign ads that waddle, quack, and smell like campaign ads, but only leave out a couple of magic words. So I would caution you that if you do impose what I would call source restrictions, that you think very, very carefully about how you define the line distinguishing electioneering, which is regulatable, from all other speech.

The second major category, of course, is how you empower candidates to respond to an influx of independent advocacy. It seems there are really three major approaches and L.A. ethics law has some elements of some of them. First you allow candidates to respond in kind. That is to say, you lift the limits on their spending. Second, you allow them to raise money quicker by lifting limits on contributions. And third, you empower them with a greater infusion of public funding, whether it's an outright grant, or a continued match up to a certain level, or an increased match. Now notice that what I said was raise the caps, whether it's fundraising or spending, not lift them entirely. That, I think, is also a possible flaw in the L.A. ethics laws. Notice that I said lift the caps for the responding candidate and not lift the caps for all candidates. So those are the basic approaches and we can go into them more as the conversation merges.

MIRIAM KRINSKY

Okay, let me shatter your unencumbered world for a minute Josh, and encumber you and encumber Lance to encumber you, with the overlay of the constitutional constraints. Lance, let me start with you. Josh has identified some ideas, some possible ways to respond to what he would identify as a problem that has created tension in the objectives of our local system. Are his ideas constitutional?

LANCE OLSON

No.

MIRIAM KRINSKY

Josh, what do you think?

JOSHUA ROSENKRANZ

Yes. Next question.

MIRIAM KRINSKY

And why? Lance do you have more comments?

LANCE OLSON

Well no, I heard Josh suggest source prohibitions. I disagree that the state of the law is so abundantly clear in this country that an absolute prohibition on anyone other than a human being would be constitutional. I'm sure the cases that Josh is thinking about, the context in which those cases have arisen have always been situations where, well not always but the main ones, corporate and labor in particular, have been circumstances in which there is an alternative method or form in which those entities can still participate in the political process: I.E. PACs, sponsored PACs, separate segregated funds, whatever the term you want to call it. Labor unions and corporations, as I suspect everyone in this room is well aware, even though they are prohibited from making campaign contributions in connection with Federal elections, are very much big major players in Federal elections because they're permitted to sponsor and operate these political action committees. I think that if you were to, for example, prohibit labor unions and corporations from making contributions or even making independent expenditures without some other alternative form for them to participate, I think that would be a constitutional problem. I'm intrigued by the idea of lifting or raising the caps for the responding party. In terms of an independent expenditure, it really suggests that it would be very clear who the responding candidate was.

I got here late, but I heard a lady make a comment in the earlier panel about some situation in which BFI endorsed the candidate and that was like shooting them in the head. So who's the responding candidate there? Even though BFI's doing what appears to be a pro ad for a particular candidate, that candidate actually feels like that's the end of their campaign. So are you going to lift the lid for the other candidate? Who's going to make that judgment? Is it going to be the Ethics Commission that's going to decide that an ad is politically damaging to the candidate? I think that's pretty dangerous ground.

MIRIAM KRINSKY

As a follow up before we return to Josh's defense of yes, what about the fact that there already are models out there where regulatory bodies are making those exact calls. I believe Maine has that system in place. Minnesota at one time had that kind of system in place and I believe that there are others.

LANCE OLSON

This may have less to do with the constitutionality as the practical problems. I think it wouldn't take me long to come up with some creative situations where we could turn that law around to our benefit or to the benefit of the candidate we really want to benefit. I think that's the problem that I was trying to address.

MIRIAM KRINSKY

Let me now turn it over to you Josh. You obviously would not have thrown out ideas that you believe to be constitutionally defective. When we overlay the many splintered opinions in Buckley and what the Supreme Court has done since then and how one reads those tea leaves, why do you believe that the Constitution would allow the kinds of ideas you've thrown out? And do you believe that there are further outer limits that could be crafted that would be constitutionally permissible?

JOSHUA ROSENKRANZ

First, I did feel myself encumbered by the Constitution as I was delivering the exposition on what was possible. I was just happy and unencumbered by the facts. I thought you were going to throw facts at me, so I feel totally comfortable in this area. Just to be clear, Lance and I have not yet disagreed even though it may seem like we have. On the source restrictions, I did sort of sneak in there very quickly human beings and aggregations of human beings that form themselves with common interests in a political action committee. I did not mean to say that political action committees can be banned. They cannot constitutionally be banned. Corporations spending out of their corporate treasuries can be. Unions spending out of their union treasuries can be. I would applaud a law that limits those entities to the creation of political action committees. I guarantee you that the sheer volume of independent expenditures will go down drastically because individuals are a lot less likely to give money in those volumes at the levels of the corporate treasury. Secondly, Lance was careful at the end to say that he had not offered a constitutional argument against them. The constitutional argument for them, of course, is the answer to speech under the First Amendment, it's always first and foremost more speech. All you are empowering when you lift the limits to a higher level is more speech in response to speech. I'm not at all troubled, quite frankly, by the policy objection relating to lifting of limits and being able to identify who's being targeted or attacked and who's being promoted. What made that one story so interesting was that it was, in fact, so unique. There are other jurisdictions that have done this. New York City, for example, has had absolutely no trouble determining whether an ad was an attack ad or not. Yes, that is what Commissions are for and that's what they do well.

Finally, further outer limits. I could go on for quite some time. I've done two books already on the topic of how far you can push the Constitution. One can pose an argument for why independent expenditures should be, in light of the experience of the past 25 years or so, constitutionally prohibited. But unless someone really wants to get into that, I'm comfortable playing on the terrain of what's actually permitted by current doctrine.

QUESTION FROM THE AUDIENCE

In answering the constitutional analysis, you're both focusing on the money and solely on the restrictions on the money. Are there other types of restrictions that we could be looking at that might play into this? I'm thinking, for instance, time, place, and manner restrictions? Could we be looking at some sort of time, place, and manner restrictions on independent expenditures, which say yes, you can do your independent expenditures, but let's say the last two weeks before the election belong to the candidates?

JOSHUA ROSENKRANZ

It's a really interesting idea. I think that it's a nonstarter under current Supreme Court law. What the Supreme Court would say is, look, that is the one period in which the voters are most engaged, in which the speech is most powerful. I think the Supreme Court would have a point there.

MIRIAM KRINSKY

Let me broaden the question a little bit. We heard some reference this morning to a couple of areas that might well play into the notion of time, place and manner restrictions. We heard concerns about independent expenditures that are done in the final hour with no notice having been given to candidates at an earlier stage that might have enabled them to better prepare or, if there is to be an increased subsidy, to receive that increased subsidy at a pertinent time. We also heard discussion earlier this morning that I think leads to the conclusion that perhaps not all independent expenditures are created equally and that when one is talking about independent expenditures that result in use of a limited resource, namely billboards, that there can be greater concerns that are triggered. Can one look to craft restrictions that would focus more on the nature of the spending, especially in those instances where the spending occurs in regard to resources that candidates can't readily on their own go out and try to purchase to neutralize the impact? What are your thoughts?

JOSHUA ROSENKRANZ

I'm probably going to say in essence the same thing that Lance would say and he probably would say it better than me. All really interesting ideas. All very difficult from a constitutional perspective. First, I should mention that L.A. actually has a fairly unique time, place and manner restriction. Fairly unique in the country, which is the restriction on raising money for campaigns. I don't know that it's ever been challenged. I'm startled to hear that it hasn't. It's very clever. It is a way of shortening the shear on the fundraising cycle. Notice we've grappled with this quite a bit. I heard the concern both in the audience and the panel. I don't think that there is any way to tell someone who is constitutionally entitled to engage in independent expenditures, to tell us in advance that they're going to do it on pain of not being allowed to do it. I think, for example, of New York City's campaign which is going on right now. You know, September 11th changed the entire atmosphere of the campaign. It would have been difficult to argue that people closer to the

day of the election should have been prohibited from expressing their views just because they didn't know in advance of them that the terrain would change.

Billboards. You know, there's certainly a theory in constitutional law about scarcity and it applies to broadcast. A lot of the reforms that we've been developing have sort of capitalized on the notion that broadcast is subject to special regulation precisely because it's scarce. Also because the airwaves are public commodities. The Supreme Court and lower courts have never taken that further, for example, to newspapers, which are a scarce resource also in a sense. Or to billboards, which are arguably even scarcer than newspapers. The one place where there is a lot of opportunity for regulation is in the definition of coordination. I hear so many people throughout the day talking about so called independent expenditures, as if everyone knows that they're not really independent. There's a lot of room there, I think, for both investigation and regulation.

LANCE OLSON

I certainly wouldn't disagree about the prior notice constitutional problems. There's some practical problems, I think, as well. Let me just remind everyone what I believe your definition down here is, which is the same as the state in terms of notice requirements triggered by the writing of the check or the actual communication, whichever is the earlier of those two events. So you're not in the situation where somebody can literally decide to pay the printer, if you will, or make the expenditures after the election to avoid the disclosure. There's a trigger. It's either the earlier, the actual communication or the payment. So I think there's already pretty good protection there in terms of disclosure and notice. It has come up enough that it can be a problem where clients have thought they were going to engage in an independent expenditure and, for whatever reason, decided near the very end not to do that. Given that your ordinance, independent spending can lift the limits, if somebody were to be required to say we're thinking about doing it, what effect would that have in terms of your limits? Would you lift them and then they legitimately change their mind? Maybe the poll shows the guy's going to win anyway or he's going to lose. So why bother to spend the money?

MIRIAM KRINSKY

Let me return to a topic that I think Josh and Lance have both raised. And it's one, Karen, that I believe Lance raised in the context of local as well as state laws, which is the so called independent problem. Whether, in fact, independent expenditures are not truly coordinated expenditures. How can the law do more? How should the law do more to avoid what everybody is nibbling around the edges of, namely, these aren't truly independent?

KAREN GETMAN

I think Lance is exactly right. The law's done nothing in this area. We have not taken hardly any actions at all to try to focus on defining this in a way in which we can enforce.

Because right now, with a lack of definition, it is a very hard thing to enforce. I think that we can try pushing the envelope there and start defining what coordination means, start defining what independent means and start coming up with some presumptions of when something's independent or coordinated. That could go quite a long way toward at least confining the independent expenditure problem, if that's what it is, to a much more discrete group.

The other thing, I think, that we can do is see whether we should continue talking about independent expenditures as though they're all alike. It seems to me that there is something intuitively different about some large billboard financed by a corporation as opposed to some of what people talked about this morning, which were neighborhood walk programs. Now again, there are a lot of people who would think that a neighborhood walk program by a group of individuals who has an interest in a campaign is something to encourage rather than discourage. Because then you've got people doing what often times campaign finance reform folks tell us that we should be out there trying to encourage, which is getting that direct communication with an interested person. So maybe independent expenditures that are spent on things like that should be kind of put in one basket and independent expenditures that are spent on big media campaigns should be put in a different basket and we should be looking at a regulatory response to them that's different and not lumping them all together.

MIRIAM KRINSKY

Under L.A. city law, something's not an independent expenditure if it's made at the behest of the candidate, which includes under the direction or control, in cooperation, consultation, coordination, in concert with, or at the request or suggestion of, or at the express prior consent of the candidate. Then there are presumptions that arise as well. What's missing from that definition? Is it a definitional problem when it comes to L.A. law or is it an enforcement problem? Is it a problem of not being able to get at what's going on with a wink and a nod?

LANCE OLSON

Well, that definition you read is the state definition. I think you incorporated that into your ordinance. There's a lot of problems with that definition. Those are nice sounding words but what do they actually mean on a practical level? I see a few smiles around the room from some private practitioners who have the same experience I do, which is, you sit down with somebody and they start asking you is this an independent expenditure? Can we endorse? Can we contribute? Can we interview the candidate and find out where they stand on the positions? Can we encourage our volunteers to work in their campaign? We were involved with that candidate two years ago and learned an awful lot about that candidate. They're going to run again and we have all sorts of knowledge with respect to that candidate and that type of campaign they're going to run. Somebody within the organization is the brother-in-law of the campaign manager, or the candidate, or whatever. I mean, there's all sorts of connections that you can draw. If you draw enough of them, you might actually conclude this doesn't look like an independent expenditure. Looks like

it's actually being made at the behest of the candidate. Like it's being done in cooperation, coordination. The FEC, after how many years, finally got around to sort of defining what coordination meant, at least in the context of independent expenditures. They did a pretty thorough job. You may not agree with what they did, but at least they really debated it and talked about it and used examples and hypotheticals and things to try and figure out what is truly an independent expenditure. I think there's lots of room for improvement.

I did want to respond to something Karen said. I think it would be helpful to have some guidance. Now, in fairness to the FPPC, the state law never had campaign contribution limits. Unless you have them, you don't have independent expenditures. So now we have them again and I suspect you're going to start seeing them again and you're going to start seeing more complaints.

MIRIAM KRINSKY

Josh, let me turn over to you not only the question of what more should be done in crafting a line of demarcation that truly treats only independent expenditures in the way that the law does, but also let me ask you to offer any thoughts in regard to the state law that carves out spending by parties to every member of that party, even if coordination is going on. So in those instances, it doesn't even matter that the spending is not truly independent if the party is spending money to communicate to every member, every Democrat or every registered Republican. Under state law that's not even viewed as an independent expenditure.

JOSHUA ROSENKRANZ

I'll start with coordination. I actually agree again with a lot of what Lance said. There are two extremes on the definition of coordination. And by the way, let me just back up and say, based upon what I've read, the law that currently applies to L.A., I do think that the primary problem is an enforcement problem. Or at least it's a threshold problem. If the Commission doesn't develop regulations and take on people who aren't coordinated under that definition then no definition is going to make a difference. Okay, two extremes. One is, coordination isn't proven unless there's a direct request from a candidate. The other is, if you so much as talk to a candidate, you've coordinated. Those are the two extremes that anywhere in that spectrum is where you might fall. The FEC actually ended up pretty close to the extreme of nothing but a direct request. It did that in part because a lower court sort of pushed it into that position at one point. Which is not to say that the lower court was right, I think it was wrong. If that is the definition, or if it's anywhere near there, you may as well not have regulation of independent expenditures at all. At least, you shouldn't have regulation about coordination because anyone can figure out a way to get a message across in extended conversation without specifically asking for the money to be spent. Whatever you do has to be done with great precision. The one thing that we do know is that you never want to put a speaker, a spender, in the position of having to divine whether or not the next words that speaker or spender is about to utter are going to be subject to sanction. That would raise serious First Amendment problems. But there are all kinds of very precise presumptions that can be applied. Like if you share a common

consultant who's developing the message. If you've in fact had conversations about the political message and so forth.

Finally, on the political party member communications, you asked a question about California law and its relationship to L.A. law, which I don't really want to venture an answer to. But what I can say is, there's absolutely no constitutional problem with treating a political party that coordinates with a candidate on a message on spending, even to its own members, as a contribution. That is the import of the Supreme Court's most recent campaign finance case. And if that's the direction in which the L.A. Ethics Commission wanted to go, and if that were consistent with California law, which again, I don't want to venture into that terrain, it would certainly be constitutional.

QUESTION FROM THE AUDIENCE

With regard to the prescription side of the thing, leaving the source restriction issue aside for a moment, the other prescriptions Josh mentioned are precisely what is pending before the Ethics Commission right now, in the motion which I [Mike Feuer] referred to earlier. And I think Josh was very astute in pointing out that he and Lance actually agree that there is no constitutional infirmity surrounding any of those changes. The only issue before the Commission, the full City Council and the Mayor is the issue that Lance raised. And that is, as a practical matter, do we want to be vesting this Commission with the authority, in some manner, to determine what's independent and what's not. If you reach that question, then I think you get to the meat of the next point Josh made, which is, do you want your Ethics Commission to matter or not? If you want the Commission to matter, then you should have no trouble vesting them with that discretion. If you don't want them to matter, then they shouldn't exist. This is sort of the heart of what it means to vest discretion in a Commission of residents of the city who are charged with this responsibility. So since this is only going to be a useful exercise, if it actually leads to specific conclusions in the city, I wanted to point out the areas of strong agreement here, and what the issue really boils down to.

With regard to a point that Lance raised, the only reason that I even wanted to venture a discussion about the value of notice and disclosure, disclosure in particular, is to take it off the table as a potential antidote to anything meaningful about the independent expenditure problem. With regard to the last point I want to make, Karen mentioned the discussion, or others did, about the billboards. The Supreme Court has treated billboards for other purposes, for First Amendment purposes, differently than other forms of communication. In particular, noting that unlike a newspaper, for example, or even a T.V. set, which could be turned off, notwithstanding the public airwaves argument you raised, you can't just [avoid the billboard]. You have to physically turn yourself away from what is assaulting you or accosting you or is just there in front of you. And because that's true, one wonders whether billboards could, in fact, be treated differently for the purpose of independent expenditure analysis?

JOSHUA ROSENKRANZ

It's a really interesting point. There are billboard cases that are about zoning and, you know, someone claiming the First Amendment right to put up as many billboards as they want. There is no such right. Which creates the scarcity. Then there's the hostage audience case, which is about being in a motor vehicle, in a bus, and being assaulted with a particular message. And whether the owner of the bus gets to make decisions of whether those messages are appropriate for the audience. I just don't see those two lines of cases adding up to the ability of a regulator, a legislature, for example, to pass a law that says we're going to limit the ability of candidates to use billboards. Because billboards are, in fact, privately owned. There are commercial powers at play. I don't know how you translate the scarcity argument, which some would argue is dying of its own weight right now in the Supreme Court, but the scarcity argument that has been applied to broadcast media, to billboards, that's probably a lack of imagination.

MIRIAM KRINSKY [REPHRASING A QUESTION FROM THE AUDIENCE]

The question of whether there is anything that can be done in regard to [better media coverage], is that an area where there's anything at all that election regulatory agencies can do?

KAREN GETMAN

That's one of the areas that shows the most promise. One of the things that bothers me about the solutions we've been throwing around up here is that they all involve throwing more money after money after money. And much of this debate, particularly the public financing and the Los Angeles system started with the way it kind of capped down the amount of money that people have to spend in politics. I don't know that money is the only solution here. I think responsibility is another way of doing it. I agree that the media has a responsibility to the public to do this and that they won't do it unless there is some public pressure, which started as part of McCain-Feingold. It's something that I'd love to see us carry at the state level as well. In terms of newspapers, let's face it, newspapers are businesses also. And so there needs to be some outcry. There are newspapers out there that do a tremendous coverage on local races. Encouraging that kind of behavior has two benefits. One, you are getting materials to the people in a way that they will see it. And in that sense, I think disclosure will matter. It doesn't always matter when we get it [posted to our agency's] website, but it will matter if you get it in your newspaper or on your TV screen. The other thing is that it doesn't involve either the Ethics Commission or somebody else having to throw yet more money into this system. The fact that we don't spend as much on politics as we do on soap isn't necessarily a bad thing.

QUESTION FROM THE AUDIENCE

I was not satisfied with Mr. Olson's answer to my question this morning about BFI. I'd like to give a more extreme example and see if there's any method of control of independent expenditures that are obviously an attempt to sabotage a candidate. My last

name is Sedita. What if I'm a candidate and there's an independent expenditure against me that says we urge you to vote for all candidates with Italian names, such as Sedita or Russo, et cetera, and they sign it Southern California Mafia. Now obviously that was an ad that would be an attempt to sabotage my campaign. Is there any rule that makes an independent expenditure effort responsible to anybody?

LANCE OLSON

The one rule that has been floated here that might address that would be the lifting of the caps. Those are extreme examples, but I want to give one that I confronted a few years ago when Tom [Hayden] and Jane were still together. They had an organization called Campaign for Economic Democracy. It was a client of our firm. They had decided to do some independent expenditures in connection with a local race and the candidate got wind of this. It was in a rural community up in Northern California. Not a kind of a place where Jane and Tom were real popular. But the candidate was the right kind of candidate from their perspective and they were actually going to do an independent expenditure. That candidate was begging and pleading, which kind of gets to the question, is that coordination? But [the candidate] was begging, pleading that they not do an independent expenditure. They had heard that there might be one and they absolutely didn't want it to happen because it would ruin their campaign if it got out that this candidate was supported by Jane Fonda. So, I don't know if that's an answer to your question, but it's a real problem when you start trying to pick and choose which side is the message really on, or whose benefit and who's getting hurt.

MIRIAM KRINSKY [REPHRASING A QUESTION FROM THE AUDIENCE]

What about the idea of anonymous contributions?

KAREN GETMAN

Well, you know, we have a partial attribution system and it's sort of interesting. In essence, we have this already. If you are an individual, you have to give us your real name. If you are a group, you can call yourself whatever you want. We have no restrictions on what you call yourself, we have no sort of truth in naming law. I don't know if we could have a truth in naming law. But that is another thing that I think is on the table that people want to be thinking about. Is there something that we can do so that if you do have a group that's making an independent expenditure, there is something about their identity and their name that tells you who they really are?

JOSHUA ROSENKRANZ

I'll just respond quickly. First clearly, yes, Karen, to the first half. You can have a law that requires every entity that engages in electioneering to be disclosed. The name of every human being who contributes funds that ultimately find their way into the kitty that's being spent electioneering. On the broader point, very clever idea. I would recommend a book,

for anyone who's interested, by Bruce Ackerman and Ian Yuris that's going to come out in March describing in far greater detail and drawing the analogy to secret voting. Voting was, at one point before the turn of the century in the late 1800s, a very public act where you held up your ballot and they were color coded. Secret voting was imposed specifically to avoid the broad problems.

QUESTION FROM THE AUDIENCE

Joshua, your familiarity is with New York. We've heard today about New York's four to one match. Can you tell us, in New York are there independent expenditures or do you really have, from what I perceive at a distance, a more active democracy with lower thresholds, caps, four to one match, grassroots people can get involved? And the dialogue takes place in community groups and by going door to door with people that support you? Now that's what we're all desiring to see as an end result. Is that true or is that a mythology?

JOSHUA ROSENKRANZ

It's not a myth. First of all, we should be clear. New York has had a four to one match only for one election cycle, this past one. And it was magical. Against Mayor Giuliani, every Mayoral candidate, every candidate for Public Advocate and Controller, and 36 City Council candidates defending the law against the Mayor's attempt to take away the four to one match. The stories that emerged from it were just breathtakingly wonderful stories about democracy. Immigrants, new citizens saying I've been a community leader my whole life, there is no way I would ever have run but for this four to one match. I am campaigning in a completely different way. I can now do small gatherings because a \$50 contribution is now worth \$250. My public is the people I talk to about issues. Not, as Judith mentioned this morning, sitting in a dark closet making phone calls. The one thing that strikes me as strange, I can't figure it out, is New York has had no independent spending problem. It's only a matter of time before New York, as with all other things, catches up with L.A.

KAREN GETMAN

You know, Josh, one of the things that's real interesting is that California's unique in some sense. I grew up on the east coast, also a New Yorker, and it's a smaller community in a sense. You have politically active people. You have neighborhoods. You have folks who walk. California is different. We've kind of created our own problem out here because we are a much more media dependent state. We are much less good at talking face to face and getting into grass roots organization. One of the things that we've done on the state level, is what we can do to go back and encourage that kind of grassroots, political activism that has somehow taken hold in the east coast and not as effective out in California.

MIRIAM KRINSKY

I think that's probably a very good note to stop and pause and take our break. Let me simply underscore that this is the beginning and not the end of the dialogue. Certainly our Ethics Commission intends to move forward in the next few months and solicit continued ideas as we embark upon grappling with these issues and trying to determine what may well be potential areas of change or reform. Just as Bob intends after our break to solicit more ideas and engage in a group dialogue in regard to some of these issues. Thank you to our panelists.



PANEL IV: THE LOCAL EXPERIENCE – WHERE FROM HERE?

To further promote open and participatory City campaigns within the framework of comprehensive campaign reforms, what steps should be taken to help foster accountability and help candidates better engage the voters? What can local ethics agencies provide voters to promote their trust in the political process and those seeking public office? What lessons has a decade of reforms taught us about where the City goes from here? Robert Stern, President of the Center for Governmental Studies, guides a discussion with the audience to consider the possibilities.



LEEANN PELHAM

We're going to get started with the last session of the day. This session, as you can see from the program, is one that's designed to engage all of us. This is a little bit of a departure from the earlier sessions of the day because we want to hear from you. We want to go through what your ideas are and use it as a brain storming time for us. Bob Stern is going to graciously lead us through this guided discussion. This is your opportunity to be a participant yourself. So, we're going to try and keep it lively. We're glad you're here and this is going to be, I think, a very interesting and productive session.

ROBERT STERN

First of all, I just want to say that I've attended a lot of conferences on campaign financing for the last 30 years or so. I have to say, that for a single day, this is probably the best conference on campaign financing I've ever attended. The panelists have been just phenomenal and your questions have been terrific. I want to thank LeeAnn and the Ethics Commission and the Annenberg School for putting this on. I've learned a lot today. I have some notes that I've taken and I hope you have too. Now it's your turn to participate. If you have not received a copy of [the Center for Governmental Studies] recommendations, please raise your hand. Also, we do have copies of the report up front here. Paul Ryan, who is distributing the recommendations, wrote the report for us and we're very, very pleased with the results.

You notice there are 11 recommendations [made by the Center for Governmental Studies] for 11 years of the ethics law. It really wasn't deliberately done that way. Please, do not feel constrained by these recommendations. It's just an idea that we had that perhaps you could take a look at what we are recommending in terms of changes for the ethics law. This will go, obviously, to the Ethics Commission and also to the City Council. I'm just going to quickly go through these recommendations and then turn it over to you. You are the hard-core. You are the ones who've stuck it out throughout and we're very pleased to have you here. We're very interested in your comments.

On the first recommendation, for example, I learned something today that perhaps we might want to adjust this. That's lowering the Council primary spending limit from

\$330,000 to \$275,000. This morning the comment was perhaps we should take a look at registered voters within the district and adjust the spending limits depending on the registered voters. I thought about that before, but there was some comment this morning about why we should do that and so that's something that we should really be considering. Should we have different spending limits for different sized districts based on registered voters? Somebody said we don't have to send as many mailings when we only have 50,000 registered voters as compared to another district that might have a 100,000 registered voters. They have to send to many more people.

We've also suggested increasing the Mayoral spending limit from \$2.2 million to \$4 million in the primary election and \$1.6 to \$3 million in the general. We're reflecting some reality in what has gone on for the last three Mayoral elections since the law went into effect.

Our third suggestion is to provide full public financing to general election Council candidates that are adhering to spending limits. That's full public financing, meaning they get the spending limit amount if they agree to the spending limits. That should be a fairly controversial recommendation. It's very similar to the presidential election. As you know, those candidates accepting spending ceilings in the Presidential general election get the full public financing. And do not have to fundraise at all for the general election.

We are suggesting increasing the matching funds rate for small contributions to City Council candidates to two to one instead of one to one. Josh was talking about four to one in New York and how successful that has been.

Our fifth suggestion is a suggestion that you heard this morning from Mike Feuer, he also gave us this suggestion when we interviewed him: do not eliminate spending limits for candidates who benefit from independent expenditures. We also heard the problems that may cause. Very frankly, I wrote the provision 11 years ago that said that the spending limits were lifted for all candidates because of some of the concerns that were raised this morning. The question being, how do you determine who is benefiting from it? However, Maine has a system and other jurisdictions have a system. The question is, do we have confidence in the Ethics Commission to be able to solve this? That is a very interesting question of debate in terms of can you have a group that can make decisions that are rational, that don't cause dislocations in the program?

Our sixth recommendation is increase matching funds for candidates facing wealthy opponents or large independent expenditures. They would get benefits. The question arises there is, what happens when you have two candidates who are benefiting from independent expenditures? Do both get increased matching funds? Do you offset one against the other? It's a tough, tough question there.

We're also suggesting shortening the fundraising period. The L.A. Ethics Commission had recommended that, to shorten the fundraising period by six months. Mayor Hahn, one of his first actions as Mayor, vetoed the bill. Maybe not for that reason, maybe for other reasons, it's a little unclear why he vetoed the bill.

Our eighth recommendation is to limit candidate loans to their own campaigns. Right now, as you know, candidates are allowed under Supreme Court ruling to give unlimited contributions. There's nothing you can do about that. But you may, according to court decisions, limit how much they can lend their campaigns. There was a court case out Kentucky and several jurisdictions do that. The state now limits loans to state campaigns to \$100,000. We are very concerned about candidates lending money, winning, and then after the election going to all the special interests and receiving money and just putting it right in their pocket.

Our ninth recommendation is to repeal the provision that raises the contribution limits when personal wealth expenditures exceeds \$30,000. L.A. law has said for a long time, even before matching funds, that if you're faced with a wealthy candidate, you can then raise money above the contribution limits up to the amount of money that the wealthy candidate puts in. There is another higher limit that you're subject to. So, for example, in the last primary election, the Mayoral candidates, instead of having a \$1,000 contribution limit, were allowed to raise up to \$7,000. For instance, Mayor Hahn raised, I believe, over a hundred contributions averaging about three thousand dollars. We're suggesting, because of the matching funds program, that that provision be repealed.

Our tenth recommendation is to cap the officeholder account balance at \$75,000. The late John Ferraro had in his office holder account about \$550,000. We thought that was a little excessive.

And finally, adjust the spending and contribution limits for changes in the cost of living. At some point, the contribution and spending ceilings are going to become unrealistic. We've seen that in other jurisdictions where the percentage of candidates accepting the program goes down year after year as they spending limits are not raised.

So those are our 11 recommendations. You are certainly not restricted to those recommendations. LeeAnn is going to put your suggestions on the board and I'm going to open it up to any comments, questions.

SANDY ELSTER

I'm with the California Clean Money Campaign. The questions I raised to you before about bringing municipalities under the master campaign, would you mind addressing that?

ROBERT STERN

The Clean Money folks are now in the process of drafting legislation for a clean money system for the state of California. As some of you may know, there are four states that have something called clean money. It's Arizona, Massachusetts, Vermont and Maine. Basically you get a certain number of contributions, five dollar contributions or signatures perhaps. You are then given full public financing for the spending ceilings. Maine and Arizona have had elections under the system. Massachusetts has not. The legislature has refused to appropriate the money for it, even though the people passed this. Vermont, the

program is having some fits and starts because not all the candidates are agreeing to it. The governor, who signed the legislation is a big supporter of clean money, decided not to come under the system. So the question is for California, if a clean money initiative is being drafted, should it cover not only state candidates, but should it also cover cities and counties? Sandy mentioned that to me about an hour ago and I was sort of taken aback by it because I hadn't heard that before. The real question of course becomes cost, number one because you're talking about tremendous costs. Number two, how would you craft the initiative? Would it be that the cities and counties shall provide for clean money and adopt their own systems? I have a little trouble with drafting something that would cover all campaigns. It's a very interesting question. One that we really need to take a look at, but I have not yet looked at it.

XANDRA KAYDEN

I actually like the Clean Money Campaign myself. I think that's the ultimate solution. However, in terms of your recommendations, I was at a meeting last night at LAFCO on secession. After all the conversation, a Latino got up and said that Hispanics make up 47 percent of the valley population, but only 20 something percent of the vote. Five years from now, he said we're going to have many more people eligible to vote. If we only provide for funding based on eligible voters or registered voters, I think we're doing a disservice to democracy. The people who are not yet registered, or not yet eligible to register, are an important part of the fabric of Los Angeles. So I just want you to think that one through more.

The other one is an argument that you and I have been having for 11 or 12 years, and that is about the time of allowed for fundraising. It seems to me that I've always liked a longer period of time rather than a shorter period of time. With term limits, it seems to me that what we have now is a probability that we will have very competitive elections when there are open seats and not terribly competitive elections in the second term. The people who run in the eighth year have been thinking about it for seven years and so we saw over a hundred candidates running for office this last time in Los Angeles. I think that we need to consider lengthening the period of time, not necessarily seven years, because challengers are thinking about it and when you have open seats, the advantage that you presume for the incumbent just is irrelevant. If money is communication, the more they have, the more they can communicate.

ROBERT STERN

I understand that, and part of our study was looking at that. And very frankly, no nonincumbent raises money early on. With exception of a few people running for the open seats. Janice Hahn was the one who started raising money earliest. She started raising money the day that she could start raising money. The other person who started raising money the day he could start raising money was Jim Hahn. So the Hahns were the two people who raised money immediately when the period began and they were successful, yes. But nobody else did. The average candidate for City Council, the median was about a year before. People who are not incumbents don't raise money until closer to the election.

We've seen that every single step. We see it at the legislative level. Mayor Riordan is now starting to raise money, right? But Gray Davis started raising money the day after the election. Our theory is, and we may be wrong on this but at least the statistics back up, is that the incumbents are the ones who start raising money the earliest. And the closer you bring it to the election, the more advantage you give to the challenger.

XANDRA KAYDEN

Well that's because of the term limits. You know there's going to be an open seat coming.

ROBERT STERN

Well what about, for example, in state legislator then? The law now is 18 months. We're suggesting 12 months. As Josh pointed out, L.A. has one of the toughest restrictions on that.

LEEANN PELHAM

Bob, let me just jump in here with one observation that speaks to Sandy's point about open seat races. One of the things that I would draw your attention to is in the study that the Ethics Commission released today. We actually found some trends that appear to be different than what one might expect in open seat races. And that is, with term limits and the turnover that results, there are an increasing number of incumbents, or people who have been former incumbents, running in those seats. That's an interesting dynamic to continue to watch, because that could speak to the same issues about incumbents' advantages in these races. Paul Turner from the Greenlining Institute might also want to talk in a bit about the experience that they have seen in those kinds of races.

PAUL TURNER

One of the issues that came out in our 50 executive interviews with minority community leaders around California was how party officials troll minority districts seeking a winner. What concerns them is the influx of party money that comes into a district and the use of party machines, usually king and queen makers that are elected officials. If you are not part of their machine, you don't get the party money, which by and large picks the winner. I was wondering, which of these recommendations, or combination of recommendations, will address the influx of party money that goes in and picks a winner in most cases in minority districts?

ROBERT STERN

I don't think these recommendations address that. The big question, of course, that I am concerned about is the whole Prop 34 loophole. Unfortunately, that has allowed the parties to make these unlimited contributions to campaigns all across the state, city, and county

without as much disclosure, although SB 34 will close the loophole in terms of disclosure for state races, and also subject to no restrictions. So what we've seen is, with Prop 34 coming in, the parties are given tremendous power. The parties have not been as powerful because we're not a very partisan state. But with Prop 34, I think you will see the parties really re-emerging or emerging as much more powerful because of the unlimited amounts of money that they can raise and that they can distribute. I think you're going to see more of what you're talking about and we have not addressed that in here. The Ethics Commission and the FPPC are at sort of loggerheads over this. Miriam, maybe you'd want to comment on that?

MIRIAM KRINSKY

I think your recommendation number six that tries to neutralize the impact both of wealthy candidates and of independent spending, if one included a great subsidy for spending by the party, spending that is defined under state law as membership communications, then there would be a neutralizing effect. Let me raise another area. I think we heard this morning, Bob, a number of candidates and former candidates talk about their concerns. Not simply from a monetary standpoint, but when it comes to the impact of spending on decision-making and on good decision-making that's free from outside influence. I think we heard a couple of candidates raise the problem where independent spending occurs and someone is currently in office, or soon thereafter is elected into office, and feels beholdenness. There is at a minimum, a perception that spending has influenced the decision-making. Much of what we've talked about really hasn't tried in any way to address that kind of conflict, or concern of corruption, appearance of corruption, perception of corruption. I'm curious whether there are thoughts that you have, or that others have, in regard to those kind of conflict concerns.

ROBERT STERN

Those are really good points. Up until term limits, and of course up until contribution limits, we didn't have independent expenditures. I've always said that in legislative races where you have 80 percent or 90 percent of the legislative races are non-competitive if an incumbent is running. You really don't have to worry, there are no independent expenditures because they're so non-competitive, there's no way to knock the person out. But when you have a competitive election, clearly independent expenditures will make a difference. And Josh's recommendation about considering no non-individual independent expenditures is maybe a way to address that to some degree. Say the billboard companies can't make the independent expenditures. The billboard companies have a PAC and then the president of the billboard gave the PAC a million dollars. I assume that would be permitted. If you cannot limit contributions to the independent expenditure PACs, then you have the problems all over again.

Nobody in any jurisdiction has said that if you receive a campaign contribution directly, that you're disqualified from voting on a particular matter. There are some FPPC rules where if you're sitting on a Commission and sitting on some boards and you receive contributions, you're disqualified. I don't think we can get into disqualification in terms of

independent expenditures. You would not want that, I don't think. At least I would not want the official to be disqualified on voting on a matter.

I thought I had read Rocky Delgadillo as City Attorney received a lot of independent expenditures from billboard companies. Did I read somewhere that he has disqualified himself from participating in decisions on that? Am I wrong on that? I thought I had read somewhere where there's some law suit dealing with the billboard companies and he personally had decided that he was not going to participate in the decision. Does anybody have any answers for Miriam? Because I don't think I do.

MIRIAM KRINSKY

I don't know that it is the answer. You threw out the notion of disqualifications. I think I saw some reference as well to the fact that Rocky voluntarily agreed to bow out. Should the law have required that? Not when there's any independent spending, but when it surpasses some threshold amount. Should there be some mechanism to deal with the conflict concern? I don't know if there's a mechanism other than disqualification, but should there be some kind of conflict provision that is triggered by [large independent expenditures]?

ROBERT STERN

Yes, because clearly we have contribution limits so there's no need for disqualification when you have contribution limits.

JIM HILFENHAUS

Is it unconstitutional to allow nonincumbents to raise for a longer period? You can understand, incumbents are re-elected at a 97 percent or 98 percent rate. And I have a secondary question, we've completely dropped off the table what used to be the ultimate evil, slate cards. That used to be the thing. I got so upset with Prop A, which we were helping to fund, funding slate cards for Villaraigosa. I was going, wait a second, you're channeling \$400,000 that is unrestricted and unreported. But it's a proposition, so it can take unlimited amounts but they're carrying candidates for office and attributing portions of the slate card for free or at reduced rates and charging the proposition, which is unregulated. That's what's sitting in houses that appears to be Citizens For Good Government or whatever. They want to design their slate card to be totally a money raising entity and a political device. I mean, seniors don't do senior slates, Latinos don't do the Latino slate, it's a corporation that sets up a half dozen of them. And they take the money. It's almost like there's a never ending sieve of money that's going to flow out from where you regulate to where consultants are going to be looking to figure out how to get around it.

ROBERT STERN

Yes, and the whole question of issue ads as well has been raised this morning. That's another big issue that we need to talk about. We had the independent expenditures here in Los Angeles this year, we did not have the issue ads. But if you clamp down on independent expenditures, I guarantee you the issue ads will be the approach taken. And then what's after issue ads? Now, that's not to say that you don't want to regulate them. I suppose you could just throw up your hands and say, okay, we're just going to have disclosure. Some people will argue for that.

ROBERT HUNT

I want to comment on the no non-individual expenditures. I'm not necessarily opposed to that, but it could create a problem. A Dick Riordan could go spend half a million dollars on an independent expenditure. Our locals, a ten thousand person local, we wouldn't spend that in a 20 year cycle. So you may create some significant imbalances in the system with that kind of suggestion. I would make the suggestion on one of the proposals here, and that's your item six, increasing the matching funds for candidates facing wealthy opponents or large independent expenditures. You may want to give that candidate the option of allowing increased individual contribution. I mean, raising the limits on individual donors, as an option to the matching funds.

ROBERT STERN

How much would you raise it to?

ROBERT HUNT

I don't have a dollar amount.

ROBERT STERN

Would it be unlimited? I'm trying to get an idea.

ROBERT HUNT

I don't specifically have one. Somebody's facing \$100,000 worth of independent expenditures, you're in the last couple weeks of the campaign. The needy candidate, if you will, may be able to reach out, get two or three or four people to write \$20,000 checks. It's not going to happen in every case, but if they had that option that may allow some flexibility.

AUDIENCE MEMBER

You said that money is speech. Yet, in the [former Proposition] 208 situation, Appellate Courts were sending it back saying money is not speech, money is money, and so forth. Is that something to consider? Where did they get that from?

ROBERT STERN

No, I don't think the Appellate Court said that. They just said that the District Court was incorrect in declaring Prop. 208 unconstitutional and needed to re-evaluate it. The District Court was re-evaluating it until Prop 34 came along.

JEFFREY RABIN

I'd like to just ask a question now in my role as a reporter as opposed to making a suggestion. Can you explain the rationale, Bob, for why contributions from residents outside the City of Los Angeles, in fact residents of other states, can be matched in this system? In the New York system they only match contributions from within the City of New York.

ROBERT STERN

I think that the rationale is that the law was to encourage individual contributions. And if I'm running for City Council, and my sister who lives in Vermont wants to give a contribution, or friends of mine from New York want to give contributions, that should be allowed. I think part of this may have been that Mike Woo was the author of the L.A. law. Mike Woo has gone throughout the country and raised money from the Asian community. I believe that he wanted to preserve that opportunity to go outside. He felt it would help minority candidates to be able to go outside of L.A. and raise money from individuals. Now I'm not sure that's correct, but I believe that's a rationale for it. I live outside of the City of Los Angeles. I work in the City of Los Angeles. The question is, should my contribution be matched? I think an argument can be made both ways. You could certainly say I have a real interest in government in Los Angeles because I'm working in Los Angeles.

JEFFREY RABIN

Okay, the other issue, when you start talking about the match, can you create a greater match for a contribution from residents of the city, than outside the city? After all, it's city taxpayers money that's paying the matching money.

ROBERT STERN

You could. I guess the question is has there been a problem? Has there been an abuse? We've seen a lot of candidates not being able to reach the maximum in any event. It's

difficult to raise money in individual amounts of \$250 or less. Particularly for the City Council candidates. So it hasn't been a big problem.

JEFFREY RABIN

And what about citywide races?

ROBERT STERN

They have not had the problem. At least the Mayoral candidates have not had that problem.

CINDY O'CONNOR

Cindy O'Connor, League Of Women Voters. I haven't heard much discussion today about the other effect of Prop. 34 on local campaigns. That is, the inflow of partisan money into races that are supposed to be nonpartisan. I'm also concerned about the influence of large amounts of money flowing into the parties that will then make parties beholden to large contributors. What influence that will have on the independence of parties themselves.

ROBERT STERN

I think you've raised an excellent point. I do know the courts have ruled that you cannot prohibit the parties from participating in non-partisan elections. So as long as the courts have said that, then the parties are clearly free to do that. I just think it needs to be regulated more in terms of disclosure and in terms of limitations. San Francisco was the first jurisdiction that had the problem. L.A. clearly has had the problem. The interesting thing was, I believe that only one candidate that the party has supported actually won in Los Angeles. I don't think it was necessarily a backlash against the parties, but they certainly did not cause their candidates to get elected.

PAUL TURNER

That's what we discovered in our research. Across the board, African-Americans, Latinos, and Asian Americans, are very discontent with the party. And again, their major concern with campaign finance reform is that it is not genuine unless you control, or put some limits on party spending in minority districts. They have the power to pick winners and losers and that may have been the big reason why there may have been a backlash.

ROBERT STERN

There was a fascinating comment this morning that the former state legislators are not getting elected down here. These are very talented, powerful people who are not getting

elected in the City of Los Angeles. Across the board. It really pretty amazing. Okay, thank you so much for your participation. This was terrific.

LEEANN PELHAM

I want to again, echo our Commission's appreciation for those here today. As Miriam Krinsky said a while ago, this is a beginning of a process for us at the Commission. For those of you who have been following, you know that there is a lot of momentum right now in the city for addressing some of these issues that came out of this year's election cycle. Our Commission will be starting hearings on these and other issues in the coming months with a view toward putting together recommendations and policy suggestions that make sense.

To do that effectively, we want to encourage you to continue to participate in this process with us. For those of you who might not have left an address or e-mail, or other contact information with us, but you want to be involved in this process on an ongoing basis, please do leave your contact information. On October 30 and November 15 the Commission will start an in depth discussion of the issues we've heard about today. The debate will continue in that forum. We've heard a lot again today about the challenges and the successes and the process. We do welcome your continuing participation.

Again, we are very appreciative of the Annenberg School here at USC for giving us this wonderful venue and such strong assistance in sponsoring this event with us. Dean Cowan wasn't able to be here all day, but we were very thrilled to have him join us this morning. As well as to the assistance of the Center For Governmental Studies, who's always been a terrific ally in these efforts.

Again, thank you very much for attending. We look forward to your continued discussion with us.



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