

April 16, 2021

Re: Prop H is Worth the Investment in Democracy. The Real Costs are Modest.

Dear Austinites:

We are writing to express our support for Proposition H and Democracy Dollars. This is a proposal on the May 1, 2021 City ballot in which registered voters will receive one \$25 voucher to give to a qualifying mayoral candidate and one to a council candidate in their district. Today in Austin, campaigns are funded overwhelmingly by wealthy, special interests and not average Austinites. Democracy dollars will greatly increase small donors, voting, and independent candidates.

This proposal has been thoroughly vetted by legal and policy experts and has worked well elsewhere. We are writing to express our view that the wild cost estimates of opponents to Proposition H reflect misinformation about how the program operates and are grossly inflated. The total annual cost, based on experience in Seattle, will be \$850,000 a year in total—or 2/100 of 1% of the City's operating budget. Costs and potential funding sources are explained below. In summary:

- **Opponents can't explain why Seattle's program has 4 times more vouchers than Austin's program, but they "project" Austin's program will cost twice Seattle's.**
- **Opponents' numbers don't add up. We explain why below. As the Austin Chronicle noted in endorsing Prop H, its costs are "modest."**
- **Prop H opponents cost estimates are false and based on misunderstandings on how the program works or what it cost in Seattle based on a much larger Democracy Dollars program. We support the in-depth cost analysis of the Austin Charter Review Commission in 2018 that Democracy Dollars would cost in total for vouchers and administration \$850,000 a year or 2/100 of 1% of the City's operating budget.**
- **Prop H has no tax levy for the program (unlike Seattle), so Council should fund it out of existing revenue. The City of Austin could fund the program for years by eliminating the City's unnecessary \$1.5-2 million annual tax break to the incredibly profitable Domain Complex. They are many other special interest tax breaks and expenditures that can fund the program.**

**I. Cost of Vouchers annually is \$500,000. The City is only required to fund the vouchers for at least \$500,000 a year. See Charter Amendment, Art. III, Sec 10 (E)(4).**

Council will not fund the program for more than \$500,000 because:

1) Incumbents do not like competition. With these negative budget incentives, Council will fund the program only modestly;

2) Based on Seattle's experience, Prop H's vouchers should not cost over \$500,000 a year. Seattle's voucher's cost around \$550,000 a year the first election period, and \$1.2 million a year the second election. **But Seattle's program has four times the number of vouchers as under Prop H.** Every Seattle eligible resident gets four \$25 vouchers every two years, or eight \$25 vouchers over 2 elections. Seattleites can give the \$25 vouchers to any qualifying candidate regardless of whether the candidate is running in their district. In contrast, Austinites can donate only one \$25 voucher for a qualifying mayoral candidate and one \$25 voucher to a council district candidate they can vote for. Austinites have to be able to vote for the candidate (mayor or their council district) to donate a \$25 voucher. Since the mayor's office and district council offices are up for election only once every 4 years, Austinites can give only two \$25 vouchers every four years- four times Seattle's number.

3) **No matter the number of vouchers submitted, the City CANNOT BY LAW spend more than the amount Council appropriated.** Charter Amendment Article III, Section (G). For example, if Council appropriates \$500,000 a year (a million dollars an election cycle) for vouchers; and then voters submitted \$2 million in vouchers by face value, each voucher's face value is reduced in half to \$12.50 dollars (equaling \$1 million). The city cannot by law spend more than council appropriated.

**Opponents contends the vouchers will cost much more, up to \$35 million. This is a BIG LIE. We know the \$35 million is false, because similar allegations were made in Seattle, and its vouchers costs were \$550,000 a year for its first election with four times the number of vouchers as under Prop H.**

Opponents apparently don't understand that:

- 1) Not all candidates qualify for vouchers because they must get a number of signatures and contributions to show community support. Furthermore, many qualifying candidates do not raise significant funds under the program because voters don't support them.
- 2) Even if candidates have huge district resident support, their voucher total is limited to \$75,000 per election. Vouchers cannot be redeemed after \$75,000.
- 3) No matter how many vouchers are submitted, the total cost is limited by the Council appropriation, or \$500,000 a year.

**II. Program Administration: \$350,000 annually. Based on Seattle's experience and much larger program, Prop H will cost approximately \$350,000 a year. Here are the realistic major administrations costs as well as the false inflated numbers of opponents:**

- **Producing and Mailing Vouchers:** \$150,000 on mayoral election years, and \$75,000 on non-mayoral election years. Prop H would require mailing vouchers once every four years for mayoral elections with 5 council members to 275,000-300,000 households (Since there are 2.2 voters per household in Austin, we can double up and save mailing

costs by mailing all vouchers for a household in one envelope). On non-mayoral plus 5 council member election years, the City would send one \$25 voucher to every household in the 5 districts only or 150,000 households. Since reasonable mailings cost 50 cents per piece, the mailings' cost would be \$150,000 for mayoral election years and \$75,000 for non-mayoral elections years. Seattle's total mailing costs averaged \$340,000 for the entire 2-year election cycle, and were sent to every resident unlike under Prop H. Seattle also has four times the number of vouchers we have. Opponents' arguments that mailing costs will be \$650,000 (or since mysteriously changed to \$365,000) are grossly inflated and reflect misinformation about how the program works.

- Contracting services for Voucher Signature verification: \$10,000 once every two years. Seattle's cost for signature verification its first year was \$18,500 and they had four times the number of vouchers Prop H proposes. Opponents' estimates of \$250,000 are fanciful.
- Advertising and outreach: Reasonable estimate are \$40,000-60,000 once every two years. Seattle averaged \$40,000 on advertising and \$15,000 for regular events per year. We could save money and advertise for only 12 months, starting in October before election year. We believe outreach could be done in house with the city's current personnel, which would save even more funds. PSAs can be used. Opponents' contention this item will cost \$175,000 is made-up.
- Personnel Costs: No more than \$250,000 a year. The Charter Commission concluded the program could be done in house with no additional personnel by the City's current personnel since most services (mailing, verification) are contracted out. But if the City needs additional personnel, Seattle has 3 employees dedicated to its much bigger program and its cost is around \$350,000 a year for a project manager, business system analyst and outreach director. We believe we can do the outreach in house so the cost would be no more than \$250,000 a year for a project manager and system analyst.

**III. Technology Start-up Costs:** The program involves the use of routine software technology for voucher tracking and a portal. Austin's world-renowned high-tech community has indicated they would be glad to provide these software services free to the City. If the City insists on rejecting their assistance, these one-time costs can be funded out of the City's General Fund contingency fund. This fund has been used for start-up technology costs in the past and it is now well above normal funding levels with a surplus of \$39 million available (which is far above the programs routine software needs.

In short, Austin's Democracy Dollars program will cost \$850,000 or 2/100<sup>th</sup> of 1% of the City's budget. Prop H would be 1/4<sup>th</sup> the size of Seattle's program; certainly, Austin can run a much smaller program without the grossly inflated, misinformed costs of our opponents' "estimates."

Sincerely,

Bill Aleshire  
Susana Almanza

Bill Bunch  
Martha Cotera  
Michael Curry  
Tori Guerrero  
Anthony Gutierrez  
Mary Ingle  
Ann-Linh Kearney  
David King  
Bobby Levinski  
Fred Lewis  
Barbara McArthur  
Kevin McLaughlin  
Allan McMurtry  
Megan Meisenbach  
Kathy Mitchell  
Bob Murray  
Jessica Palvino  
Joanne Richards  
Frank Rodriguez  
Michael Searle  
Patty Stephens  
Roy Waley  
Ingrid Weigand