

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

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To: Rules, Elections, and Intergovernmental Relations Committee

From: Miguel A. Santana, City Administrative Officer 
Sharon M. Tso, Chief Legislative Analyst 

Subject: **REPORT ON VOTER DRAWING (C.F. NO. 13-1364)**

INTRODUCTION

The Municipal Elections Reform Commission (Commission) was formed to address the decline in voter participation in municipal elections. On June 5, 2014, the Commission submitted its report with recommendations on how to improve voter turnout, to the Rules, Elections, and Intergovernmental Relations Committee. In response to the Commission's recommendations, the Ethics Commission submitted a report dated August 27, 2014, which supported the Commission's recommendations. However, the Ethics Commission stated that many of the Commission's suggestions could not occur immediately, and recommended the implementation of a pilot program which would randomly award financial prizes through a drawing, to individuals who cast lawful ballots in City elections, in order to increase voter turnout in Los Angeles.

On September 19, 2014, your Committee instructed the Offices of the City Administrative Officer and Chief Legislative Analyst to provide a cost analysis and options for the implementation of a potential Voter Drawing Program for the 2015 municipal elections. The following report provides a number of options for the implementation of a Voter Drawing Program (Program), presents a number of cost factors, and an outline of next steps, if Council desires to establish such a program.

Federal and state laws govern allowable voter incentive activities in various elections. Federal law makes it unlawful to pay, or offer to pay or accept payment either for registering to vote or for voting in an election in which there is a federal office on the ballot. Any type of incentive is considered "payment," even rewards such as cookies or admission to an entertainment event. California and Alaska are the only states in the United States that allow financial incentives to encourage voter turnout. Although a voter incentive program could legally be established in Los Angeles, it can only be done when there is no federal candidate on the ballot. Should the City move its municipal elections to a County consolidated June/November even year election cycle, the Program would have to be discontinued.

BACKGROUND

There are many approaches to increasing voter turnout. A recent and short-term approach includes voter incentive programs, which provide rewards or prizes to voters who vote in elections. Our Offices were not able to find a governmental entity in the United States that operates a voter incentive program, such as a voter drawing, on a regular basis. However, a voter drawing program was used in a 1995 municipal election in Evenes, Norway and during a 2005 parliamentary election in Bulgaria. The impact on voter turnout was different in each instance. Evenes, Norway, with approximately 800 voters, increased voter turnout by 10 percent by offering a travel voucher for a trip to South Norway, valued at approximately 1,600 USD. Bulgaria, with approximately 6.7 million eligible voters, saw a decrease in voter turnout by almost 10 percent in the election when prizes including a car, computer equipment, electronic appliances, and mobile phones were offered to voters. Bulgaria allocated approximately 2.05 million EUR from the state budget for the election drawing. The drawing generated negative perception because it was seen as an attempt to “buy” votes for the ruling party. Only 20 percent of those who voted and were eligible to participate, registered in the drawing.

In the United States, there has been a recent attempt to implement a voter incentive program. In 2006, Proposition 200, the “Arizona Voter Reward Act” (Reward Act) a citizens’ initiative, was placed on the Arizona State ballot. The Reward Act was created with the intent to increase voter turnout by providing a \$1 million prize to be given to a randomly selected eligible voter who voted in the Arizona primary or general election. The drawing would have been administered by Arizona’s State Lottery Commission. The prize and the administration of the Reward Act would have been funded by unclaimed State lottery winnings, estimated to be approximately \$1.5 million each fiscal year. Up to seven percent of the unclaimed State lottery winnings (approximately \$105,000) would be available for administration costs. The ballot initiative was not approved by the voters.

PROGRAMMATIC CONSIDERATIONS

If a voter incentive program were to be established, the following items must be addressed:

- program administrator;
- source of funds for the prizes and administration of the Program;
- eligibility for participation in the drawing;
- manner in which the program winners would be selected; and
- determination of the appropriate amount and types of award.

Program Administrator. Council may designate that the Program be administered either by the City or a non-profit organization. However, regardless of the designated administrator, approximately four and a half months remain before the 2015 primary municipal election, which provides a limited timeframe to design, implement, and raise funds for the Program.

If the City were to administer the program in 2015, then the City Clerk could be an appropriate administrator of the Program. However, it should be noted that the City Clerk does not have sufficient staff or resources to design, administer, and implement the Program for the 2015

municipal elections, and additional resources would need to be allocated. The City Clerk would need to request an interim appropriation.

If a non-profit organization were to administer and fund the Program, then the City can work cooperatively with the non-profit to provide the documentation necessary to determine voters who are eligible to participate in the Program. The City and the non-profit would enter into a Memorandum of Understanding (MOU) to delineate the services that would need to be provided between the City and the non-profit organization.

Source of Funds. There are a number of potential sources of funds for this Program.

General Fund. The City Attorney indicates that the use of General Fund monies for a voter incentive program would be a legally permissible use. The Council, with concurrence of the Mayor, will have to appropriate additional funds for the cost of the administration and prize amounts for the Program.

Private Donations. The City can solicit donations to fund the Program. However, private donations would be an inconsistent source of funds because private entities have no obligation to fund public programs. Further, given that only four and a half months remain until the 2015 primary municipal election, the time in which the City has to secure such donations would be limited.

Matching Campaign Funds Trust Fund (Trust Fund). The Ethics Commission proposed using a portion of the Trust Fund to finance the prizes. However, the use of the Trust Fund for the Program or for any other purpose outside of those specified in the Charter, is not allowable. A Charter amendment, which would require a vote of the electorate, is necessary to repurpose or expand the uses of the Trust Fund. Such changes cannot be implemented in sufficient time for the 2015 municipal elections.

Eligible participants. Los Angeles City residents who are eligible to vote, registered to vote, and have voted in the designated primary or general municipal elections would be eligible to participate in any proposed incentive program. The City Clerk administers elections for the Los Angeles Unified School (LAUSD) and the Los Angeles Community College District (LACCD). These elections are held at the same time as the City's municipal elections. It would be prudent to clarify that only City residents who are voting for City offices/measures would be eligible to participate in the drawing.

Number of entries. Voters may be provided with either one or two entries for participation in the municipal elections. Although there are two elections in one year (the primary in March, and the general in May) the City would not be able to host two separate drawings. A drawing immediately following the primary election is not feasible since the City Clerk is currently allowed only 21 days to certify the results of the primary in March, and has a short period to prepare for the general election in May. Therefore, one drawing could take place after the general election for both elections. If one drawing is held after the general election, then the Council would need to decide whether to allow voters to only have one entry, regardless of whether they voted in the primary and/or the general election, or whether to allow voters two entries; one if they voted in the primary election, and another if they voted in the general election. Providing two entries for

participation could provide increased incentive to vote as it would increase ones chances of winning the drawing.

Entry. The following are options through which eligible voters can be identified for inclusion in the Program (if administered by the City):

1) Automatic Entry - the City may automatically enter all the registered voters who cast a ballot in the designated municipal elections. The City would generate a list of eligible program participants based on the signatures on the Roster of Voters from each polling place and the list of individuals confirmed to have submitted a vote-by-mail or provisional ballots by the City Clerk.

Benefits:	Disadvantages:
<ul style="list-style-type: none">• Simple automated process• No registration for the drawing required	<ul style="list-style-type: none">• Does not provide voters with the ability to confirm entry in the drawing• Does not provide opt-out option for those who object to participating.

2) Electronic Entry - the City, or contractor, would create a database in which eligible participants can actively register to participate in the Program. The City would verify the participants' eligibility.

Benefits:	Disadvantages:
<ul style="list-style-type: none">• Allows eligible voters to actively register and confirm entry into the drawing	<ul style="list-style-type: none">• Use of contractor would involve a Request for Proposal process• Increased cost related to creating and maintaining database• Increased cost for verifying that registrants are all eligible to participate

Selection of Winners. There are various methods through which the drawing of the winner for the Program can be administered. The following are two options for selecting a winner of the drawing:

1) In the "Automatic Entry" scenario, the City can automatically create the list of eligible voters, and draw from the list. The City could proceed with randomly selecting the winner from the list of eligible voters. The drawing would consist of entering each name on paper or through a database for selection of a winner. The winner(s) would subsequently be notified.

2) In the "Electronic Entry" scenario, the City, or a contractor creates a database for voters to enter the drawing. The City would need to take additional steps in comparison to the first scenario. The City would need to specify a period of time during which voters can enter the drawing. After the entry period, the City would be required to verify the voter's eligibility. Individuals who were deemed ineligible, would then be provided with a protest period during which they could submit documentation to confirm eligibility. At the conclusion of the protest period, the City could use the database to compile the list of participants to be entered into the

drawing. If the City wished to use this database for an electronic drawing, the contractor would need to incorporate this component into the system.

In either scenario, the drawing and the announcement of the winners of the drawing would need to be done in public, to ensure accountability and transparency. In addition, the City may wish to use an independent auditor to ensure that the drawing and the selection of the winner was completed in a manner consistent with the approved "Voter Incentive Program."

Prize Structure. The City may use financial incentives, other non-cash incentives such as mobile phones, cars, vacation packages, or a combination of both as prizes for the Program. Research studies reviewed by our Offices did not provide insight on which form of reward would be more effective. However, a study by the University of Massachusetts suggests that a lottery system where there are numerous winners and moderate payoffs would be more successful than one with very few winners and large payouts. Therefore, instead of the Arizona Reward Act model of one \$1 million prize and potential second prizes, subject to funding availability, a model that offers multiple prizes to a greater number of people such as 100 prizes of \$10,000 each instead of one \$1 million prize may be more effective in increasing turnout because of the increased potential odds of winning.

COST FACTORS

The designated administrator and decisions regarding various programmatic aspects would impact the cost of the Program.

If the Program were to be funded and administered by a non-profit organization, then the City's costs will be limited to that of developing the list of individuals who voted in the designated municipal elections. The City Clerk does not currently collect information regarding individual voting participation. The City Clerk estimates that it will cost approximately \$10,000 in staff and expense costs to gather voter information within a two week timeframe.

Because of the many cost variables for a Voter Drawing Program, our Offices can provide an estimate for the total costs of the program once the following parameters have been defined:

- Prize: The number and amount of the prizes to be offered.
- Registration database: If a database is used to determine those who will be entered into the drawing, then the cost of creating and maintaining the database will be necessary.
- Verification: Staff costs to investigate and verify eligibility for the drawing.
- Drawing System: Costs for creating a system that can randomly draw from a pool of eligible voters.
- Auditor: Costs to review the work of City staff and validate program results.
- City Clerk staff and expense costs for the administration, including educational and marketing efforts for the Program, as well as the cost of the creation of a registration database and drawing system.

RECOMMENDATION

If the Council decides to move forward with a Voter Drawing Program, then our Offices would require Council direction concerning the proposed administration of the Program, eligibility criteria, selection of winners, and prize structure.