

Hey Big Spender: Financial Dominance in California Ballot Initiatives and Implications for 2014 Budgets

What does it cost to be a big spender in California's ballot initiative wars? Do the higher budgets translate to better results? And how can past initiative spending patterns be used to set budgets for the next cycle?

The price of maintaining financial advantage in a ballot initiative race – spending more than your opponents – rose 83% from 2010 to 2012, according to an analysis of state campaign expenditure reports by Forward Observer.

The “big spender” among the 11 major ballot initiatives in the 2010 cycle spent, on average, \$20.3 million. Just two years later, this cost jumped to an average of \$37.1 million for the eight major initiatives in the 2012 election cycle.

Forward Observer's analysis also shows that big spenders fared worse in 2012 (4 wins, 4 losses) than they did in 2010 (7 wins, 4 losses) despite the higher budgets.

Winning big spender campaigns spent an average of \$43.2 million in 2012, while losing campaigns spent an average of \$31.0 million. The reverse was true in 2010, when on average the losing big spender campaigns spent more (\$22.6 million) than the winners (\$19.0 million) on the statewide initiative ballot.

“What we're seeing here is everybody involved – winners, losers, politicians, big business, billionaires – is spending way too much money on the initiative process,” said Zocalo Public Square California editor Joe Mathews. “As more money gets put in, the money matters less – there is no reason initiative budgets should be this high or climbing this fast.”

Budgeting Initiatives

In the case of some “no” campaigns, participating in a ballot fight isn't voluntary but rather a necessary response to something put on the ballot by others. What is voluntary for both “yes” and “no” campaigns, however, is the amount of money spent.

One way to set a maximum budget for a 2014 California initiative is to base it on the amount spent by successful campaigns in the previous cycles.

There were 11 “yes” big spender campaigns in 2010 and 2012, and 5 of them were successful – at an average cost of \$18.4 million per initiative. (The median amount spent was \$20.3 million.)

There were 8 “no” big spender campaigns in California in the past two cycles. Six of these campaigns were successful, spending an average of \$35.6 million per initiative. (The median amount spent was \$37.6 million.)

This turns conventional wisdom on its head: generally speaking, “no” campaigns are easier to run than “yes” campaigns.

Even if one tosses out No on 29 as a special case (since the tobacco industry was the target), the average cost of the remaining 5 successful “no” campaigns in the 2010 and 2012 cycles was \$33.7 million, and the median was \$31.2 million – a spending level still well above successful “yes” campaigns.

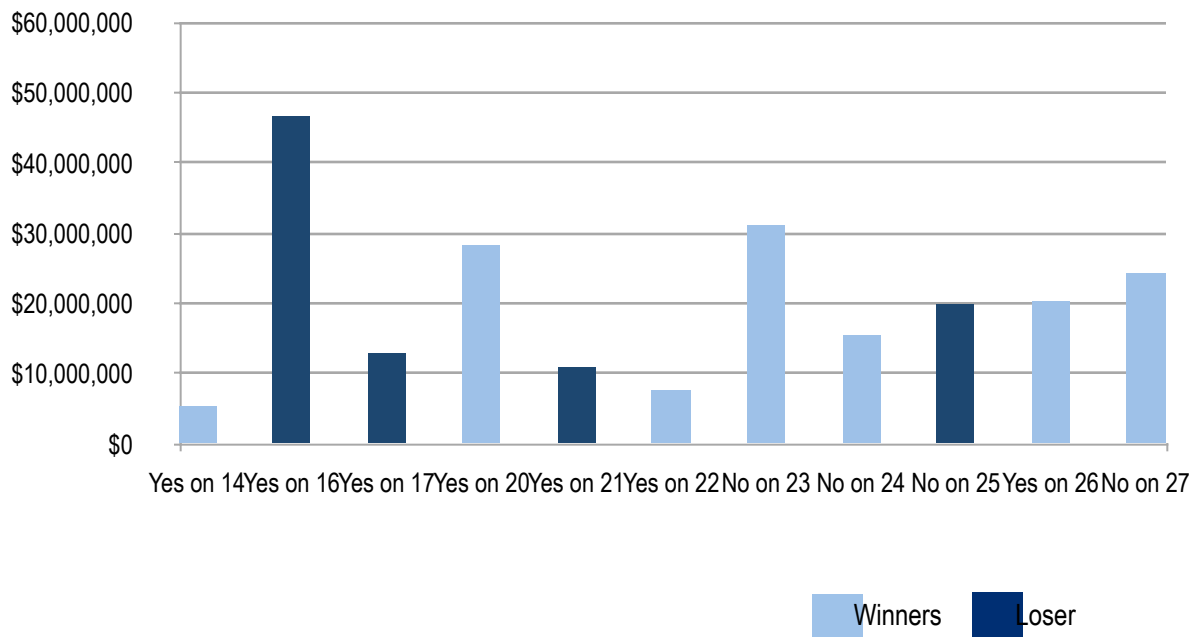
The average cost of all successful big spender campaigns in 2010-2012 (both yes and no) was \$25.5 million, and the median was \$28.3 million.

Therefore, the maximum “no” campaign budget in 2014 should lie somewhere between \$25.5 million and \$33.7 million. The maximum “yes” campaign budget in 2014 should lie somewhere between \$18.4 million and \$25.5 million.

Our Analysis:

California Ballot Initiative Campaigns – Big Spenders 2010

| Average Spending – Big Spenders | |
|---------------------------------|----------------|
| All Campaigns: | \$20.3 million |
| Winning Campaigns: | \$19.0 million |
| Losing Campaigns: | \$22.6 million |



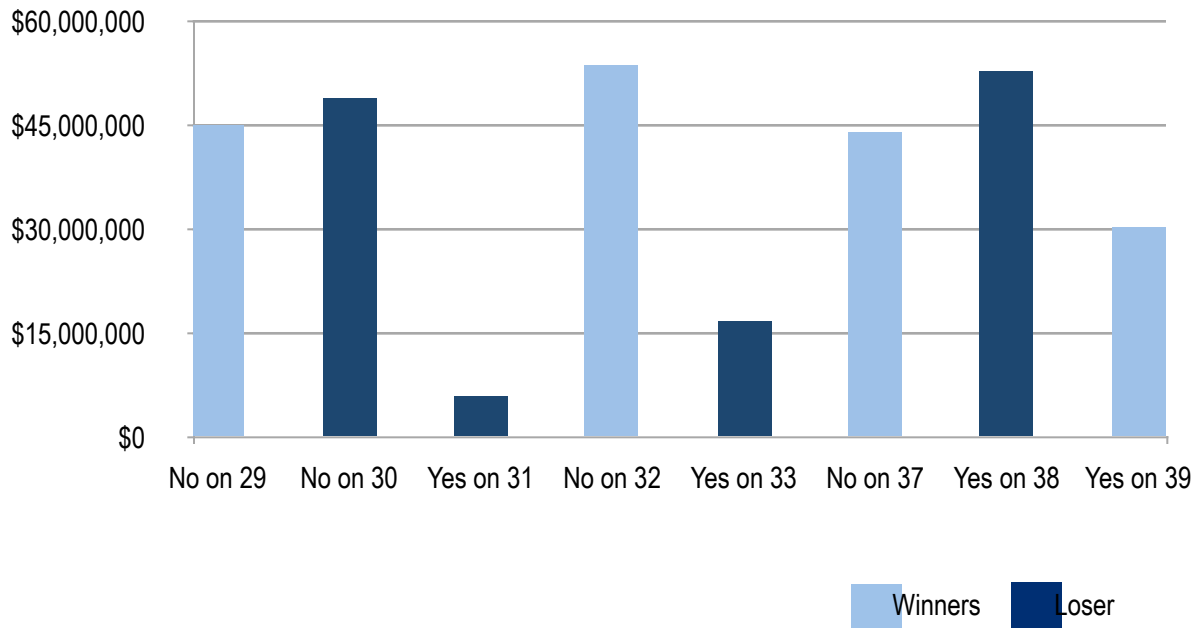
Appendix: Election Results and Summary Descriptions

| Proposition | Summary Description | Outcome |
|-------------|--|---------|
| 14 | Institute top-two open primary system | PASSED |
| 16 | Require two-thirds vote of the electorate to approve public electricity providers | FAILED |
| 17 | Allow car insurance to be based on a driver's history of insurance coverage | FAILED |
| 20 | Redistricting; adds task of drawing congressional district to the commission created by Proposition 11 in 2008 | PASSED |
| 21 | Increase vehicle license fees by \$18; use revenues to fund state parks | FAILED |
| 22 | Prohibit state government from using certain local funds | PASSED |
| 23 | Suspend the Global Warming Solutions Act until unemployment falls below 5.5% for one year | FAILED |
| 24 | Eliminate three business tax breaks | FAILED |
| 25 | Change 2/3 legislative vote requirement for the budget to simple majority | PASSED |
| 26 | Require 2/3 legislative vote to pass certain state and local fees | PASSED |
| 27 | Eliminate state commission on redistricting | FAILED |

Sources: California Secretary of State, Ballotpedia, and MapLight Voter's Edge California

California Ballot Initiative Campaigns – Big Spenders 2012

| Average Spending | |
|--------------------|----------------|
| All Campaigns: | \$37.1 million |
| Winning Campaigns: | \$43.2 million |
| Losing Campaigns: | \$31.0 million |



Appendix: Election Results and Summary Descriptions

| Proposition | Summary Description | Outcome |
|-------------|--|---------|
| 29 | Increase the tax on cigarettes to fund cancer research | FAILED |
| 30 | Governor Jerry Brown's tax increase; revenues for general fund and education | PASSED |
| 31 | Establish 2-year state budget cycles and change spending authorities of legislature and governor | FAILED |

| | | |
|----|---|--------|
| 32 | Ban on corporate and union contributions to state and local candidates and their committees | FAILED |
| 33 | Car insurance rates can be based on a person's history of insurance coverage ("persistence discounts") | FAILED |
| 37 | Mandatory labeling of genetically engineered foods and food products | FAILED |
| 38 | Molly Munger's State income tax increase for education | FAILED |
| 39 | Require multistate businesses to calculate their California income tax liability on the percentage of their sales in California | PASSED |

Sources: California Secretary of State, Ballotpedia, and MapLight Voter's Edge California

NOTE: Proposition 29 appeared on the June 5, 2012, statewide primary ballot. Propositions 30, 32, 33, and 37 appeared on the November 6, 2012, general election ballot.

Methodology: Forward Observer accessed online campaign records on file with the California Secretary of State for every ballot initiative with a total spend (YES + NO) greater than \$5 million. The only expenditures not included in the analysis were campaign contributions from one committee to another committee or political cause. For example, in 2012, one No on 30 committee donated nearly \$11M to another No on 30 committee. These campaign contributions were not included in order to refrain from counting the expenditure twice – once as a contribution and again as campaign-related expenditures.