

N.C. Voters for Clean Elections

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Special Interest Money Plummet in State Insurance Race, Nov. 2008 New Program Allows Candidates to Run with only Small Donor and Public Support

A new public campaign financing program is helping reduce some candidates' dependence on special interest contributions. The Voter-Owned Elections Pilot Act of 2007 established a voluntary program available for candidates running for Commissioner of Insurance, State Auditor, and Superintendent of Public Instruction. Beginning this past election, candidates for these offices have the option of receiving a public campaign grant (between \$300,000 and \$380,409), but only if they agree to strict spending limits and prove their community support by collecting at least 750 small contributions (between \$10 and \$200) from registered voters in the state.

Under a privately financed campaign system, candidates for Council of State raise significant amounts of money from the industries that fall within their regulatory domain. Commissioner of Agriculture candidates might raise donations from state fair vendors (e.g. Meg Scott Phipps), while State Treasurer candidates from financial services groups who do business with the state. The reality is that the campaign money needs to come from somewhere, and if the public doesn't supply it, candidates must rely on those willing to pay. Too often for Council of State candidates, those people are the relatively small circle of interests and people who are regulated by these offices—a situation which at the very least creates the perception of a conflict of interest.

By providing Council of State candidates with an alternative source of “clean” public funding, candidates no longer need to raise money from the industries their agency regulates or does business with. As a result, the perception that powerful interests are using money to gain undue influence over or access to our elected officials is diminished.

The figures below illustrate how public financing significantly reduced the financial role of the insurance industry in the 2008 Commissioner of Insurance race. With both major party candidates participating, fundraising from regulated interests plummeted and candidates' average donations reached unprecedented lows. Money with ties to special interests (leading to actual or potential impropriety and conflicts of interest) was replaced with money with no ties at all.

- **Even though his race was not highly competitive, Commissioner of Insurance Jim Long raised \$353,816 in the 2004 cycle, 66% of which came from the insurance industry or other groups the Department of Insurance directly regulates.**
- **In 2008, the percentage of campaign money from regulated groups dropped to below 5% for both the Republican and Democratic candidates. Their participation in public financing allowed them (in fact required them) to run without raising large amounts of money from these sectors.**
- **Overall, the money from regulated industries went from \$192,231¹ in the 2004 cycle to \$31,269 in 2008—an 83% drop in total contributions from regulated industries.**
- **The average contribution in the 2004 cycle for Commissioner of Insurance Jim Long was \$500. In the 2008 election, the average for Commissioner of Insurance-elect Wayne Goodwin was \$70, or less than 1/7th of the 2004 average.**
- **In sum, the new public financing program increased the role of small donors in the Commissioner of Insurance race, while pushing big donors to the sideline.**

¹ Includes \$2,355 donated to 2004 Republican Commissioner of Insurance candidate C. Robert Brawley.

Reduced Use of Donations from the Insurance Industry and Self-Interested Donors during 2008 election for Commissioner of Insurance²

	Jim Long (2004)	John Odom (2008)	Wayne Goodwin (2008)
Total amount received during election cycle³	\$353,816	\$432,603	\$492,013
Received and spent for other races	\$0	\$0	\$20,932 ⁴
Family, un-itemized, interest, and refunds	\$67,385	\$2,364	\$3,200
Balanced raised⁵	\$286,431	\$430,239	\$467,881
Insurance and financial industry interests	\$138,728	\$3,705	\$19,004
Bail bondsmen and collection agencies	\$8,098	\$0	\$170
Manufactured housing and construction	\$13,600	\$5,875	\$2,280
Health care interests	\$29,450	\$0	\$235
Total Amount raised from regulated industries	\$189,876	\$9,580	\$21,689
Amount received from a Clean, publicly funded trust	\$0	\$380,409	\$380,409
Percent of Balance from regulated industries	66.3%⁶	2.2%	4.6%

*Contact Chase Foster at chase@ncvce.org with questions about methodology and for further details about the report.

² Data from the campaign reports and other reports filed with the State Board of Elections, analyzed by NC Voters for Clean Elections. A previous version of this report did not analyze donations raised from donors with unlisted occupations and included insurance department employees as part of the “interested industry” category, bringing % totals up for both the 2004 and 2008 elections.

³ Includes total amount raised during entire four-year election cycle, including fundraising for other offices.

⁴ This amount was raised and spent during the 2008 election cycle through the Wayne Goodwin for Labor Commissioner Committee.

⁵ Total includes all seed money, qualifying contributions, and public grants.