



Washington State Public
Disclosure Commission

ANNUAL REPORT

FOR FY2019



It is hereby declared by the sovereign people to be the public policy of the state of Washington:

... That the public's right to know of the financing of political campaigns and lobbying and the financial affairs of elected officials and candidates far outweighs any right that these matters remain secret and private.

— RCW 42.17A Declaration of Policy

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2019 ANNUAL REPORT

WASHINGTON STATE PUBLIC DISCLOSURE COMMISSION

"We proudly accept the responsibility to be the public's advocates for transparency and fair play."

MESSAGE FROM THE CHAIR

we have created more tools to help campaigns, lobbyists and public officials be successful, to focus enforcement where it can do the most good, and to make information available to the public in nearly real time.

In 2018-19, we made considerable headway in de-weaponizing the complaint process and achieving more timely resolution of cases. We expanded the resources available to filers to ensure they get it right the first time. And we continued to modernize our reporting systems and build interactive data tools.

The PDC has much more planned for 2020. We will continue to work with our legislative partners and the Governor to ensure that as the political landscape changes state law keeps pace and gives the PDC the resources it needs to continue to be a trailblazer. Replacements of our two most commonly used reporting systems — personal financial affairs disclosure (F-1) and the Online Reporting of Campaign Activity (ORCA) system — are coming. And as we continue to eliminate a historical backlog in enforcement, the PDC will re-invest those resources in making sure errors are caught early before they become major problems.

Seven million Washingtonians count on the PDC to arm them with the information needed to counter vast amounts of money that threaten to dilute their voice. We proudly accept the responsibility to be their advocates for transparency and fair play, on a nonpartisan basis. A well-informed electorate is crucial to self-government.

David Ammons
Public Disclosure Commission Chair
DECEMBER 2019

On behalf of the Public Disclosure Commission, I am pleased to present the 2019 annual report and a look ahead at the challenges and opportunities in 2020. It is my great privilege to lead the Commission this year. I have admired and followed the PDC for all of its life, from my early days as a statehouse reporter for The Associated Press — when Jolene Unsoeld visited the press houses to preach the gospel of financial disclosure and implore reporters to find the stories waiting to be discovered in PDC reports — to the present, as the agency enters a new era of delivering useful and relevant information about money in politics.

The PDC, like the initiative that created it, has changed the political landscape in this state over the past four decades. We take that legacy seriously. It inspires our commitment to remain a national leader in campaign finance and lobbying disclosure.

Our small but mighty independent agency has regulated more than \$1 billion in campaign spending over the last decade, and more than \$650 million in lobbying expenses. With the help of the Legislature and Gov. Jay Inslee over the past few years,

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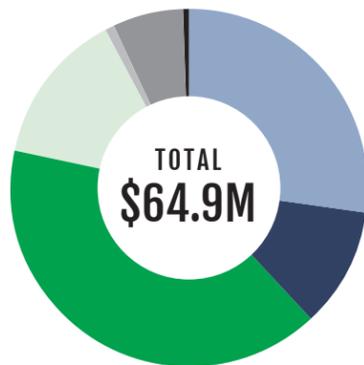
FIND US ON SOCIAL MEDIA



TRACKING THE MONEY

Who gave, how much?

Total contributions to candidates and political committees in 2019



- \$17,666,095 Business
- \$7,044,720 Political Action Committee
- \$26,171,586 Individual
- \$34,596 Caucus
- \$8,923,503 Other
- \$614,464 Party
- \$4,146,148 Union
- \$256,815 Self-financing

Note: Totals rounded to nearest dollar

Campaign finances

Contributions to candidates and political committees for the 2019 election totaled \$64.8 million, with campaigns reporting that the majority of donations came from individuals.

Total spending in 2019 elections topped \$55 million — most of it by political committees.

Among candidate campaigns, the race for the District 3 seat on the Seattle City Council led spending with \$1.3 million in expenditures by seven candidates. Another \$660,000 was spent by groups working to influence the election independent of candidate campaigns.

Outside of Seattle, the race attracting the most money was the Spokane mayoral race, with \$1.3 million spent by the candidates and independent groups.

Two statewide ballot initiatives in November 2019 also resulted in heavy spending.

Efforts to reestablish affirmative action in Washington state drew more than \$3.4 million in spending — more than half of it from supporters who pushed to get Initiative 1000 passed by the Legislature.

Top candidate campaign spending

For election year 2019

- Candidate expenditures
- Independent expenditures “for”
- Independent expenditures “against”

Heidi A. Wills, Seattle City Council
\$1,126,317

Egan R. Orion, Seattle City Council
\$1,003,300

Nadine Woodward, Spokane Mayor
\$814,285

Jim Pugel, Seattle City Council
\$779,507

Andrew J. Lewis, Seattle City Council
\$739,032

Phillip A. Tavel, Seattle City Council
\$612,314

Kshama V. Sawant, Seattle City Council
\$564,377

Cynthia C. Wendle, Spokane City Council Pres.
\$546,240

Alex Pedersen, Seattle City Council
\$446,672

Mark A. Solomon, Seattle City Council
\$436,608

Note: Totals rounded to nearest dollar

That passage resulted in opponents putting Referendum 88 on the ballot. The committees that worked in support of the measures also amassed more than \$1 million in debt that remained outstanding at year’s end.

Opponents of I-976, the initiative aimed at limiting motor-vehicle license fees, spent \$5.2 million in an unsuccessful attempt to defeat it. The committee supporting it carried \$500,000 in debt associated with 2018’s signature gathering for the measure.

Independent expenditures

Independent expenditures ballooned in the 2019 election, far exceeding the usual activity for an odd-numbered year.

Total spending by groups operating independently of candidates was more than \$6.4 million, nearly twice as much as the \$3.4 million reported during the 2015 election — the most comparable election year.

The 2019 election also saw significantly higher IE spending on local races than was reported in 2017. (Total IE spending in 2017 was \$8.4 million, but nearly \$6 million of that went to the 45th Legislative District race that determined control of the Senate.)

Much of the 2019 independent expenditures were concentrated in Seattle and Spokane, where City Council races and a mayoral contest attracted heavy spending.

IE spending totaled nearly \$4 million in the City of Seattle and more than \$1 million in Spokane — accounting for nearly 80 percent of the independent expenditures statewide.

In Seattle, the biggest difference between the 2015 and 2019 election cycles wasn’t the dollars spent, but the percentage of it done independent of candidate campaigns.

In Seattle, overall spending was twice what it was in 2015 and the share done independent of candidate campaigns was far higher. Total expenditures on City of Seattle races this year, by both independent expenditures and candidates, was \$9 million, compared to \$4.6 million in 2015. But 45 percent of the 2019 total was from independent expenditures, compared to 15 percent in 2015.

The biggest sponsor of independent expenditures in the Seattle races, where seven council seats were at stake, was the Civic Alliance for a Sound Economy, a business-backed group, at nearly \$1.8 million. In Spokane, it was the Washington Realtors Political Action Committee, pitching in \$632,000 out of its total IE spend of \$810,000 statewide.

Top independent expenditure sponsors

For election year 2019

Civic Alliance for a Sound Economy



Washington Realtors Political Action Committee



People for Seattle



UniteHere Local 8 PAC



Civic Alliance for a Progressive Economy



Citizens for Liberty and Labor



Seattle Firefighters PAC



Spokane Good Government Alliance



Moms for Seattle



Seattle Hospitality for Progress PAC



Note: Totals rounded



Lobbying expenses

Lobbyists employed to influence state legislation and rule-making reported more than \$70 million in compensation, political contributions and other expenses in FY 2019. That’s up from \$63 million in the previous fiscal year. The top-spending organizations included business groups, unions and the health care industry.

Top lobbyist employers

For fiscal year 2019

- Lobbying expenses and contributions
- Lobbyist compensation

Washington Assoc. of Realtors



Western States Petroleum Assoc.



SEIU 775



Puget Sound Energy Inc.



Washington Education Assoc.



Washington Federation of State Employees



Pharmaceutical Research/Mfg. of America



Washington State Assoc. for Justice



Assoc. of Washington Business



Washington Health Care Assoc.



Note: Totals rounded to nearest dollar



EMPOWERING THE PUBLIC

200+

Number of subscribers using the PDC's new case-tracking alerts



Modernizing enforcement case management

In 2019, the PDC made significant improvements to the technology used by the public and staff to track cases through the enforcement process.

The project, which went live in April 2019, upgraded internal tracking and notification systems as well as the information available on the PDC website.

The public can now view an up-to-date list of open and closed enforcement cases. Advanced searching capabilities allow filtering by respondent name, area of law, case status or resolution, giving the public access to four years of case data that was previously available only by records requests.

What's more, an option to subscribe to receive updates to ongoing cases allows interested members of the public to follow along as cases move toward resolution. More than 200 subscribers are using the case-tracking system.

A new chart on the website gives the

public a glimpse into PDC enforcement operations, showing the volume of incoming cases and how quickly the agency is assessing and resolving cases.

Those resolution times are getting shorter, in small part due to the new case tracking system that shaved weeks off staff times previously spent opening and closing cases.

The new system reduced both the number of steps in the case-opening process and the time staff spend waiting for documents to upload to the website. It also introduced efficiencies by consolidating case-closing processes and making use of electronic tools that allow the agency to more quickly communicate decisions.

Overall, the system saves an estimated 4.5 weeks of staff time over the course of a calendar year.

Improving filer experience

A new web-based application is simplifying the registration process for candidates and political committees.

Between May 13, 2019, when the system launched, and June 30, 2019, campaigns used the new system to file 1,603 registrations.

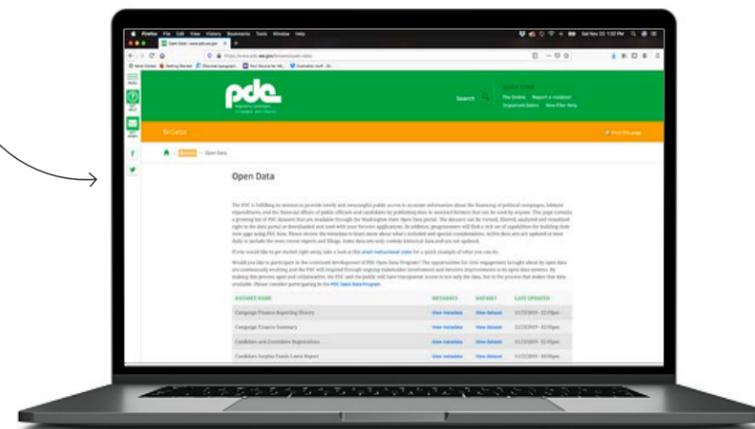
The application replaced a system that

required many filers to enter information twice, increasing the chance for errors. Another improvement: The new system allows filers to use either a mobile device or a desktop computer.

The PDC built the new system through a process that engaged interested members of the public as part of the project team. Prior to launch, internal and external users participated in usability studies to identify needed improvements — a first for the PDC.

Work to develop the application represented the first major step in the process of replacing the PDC's Online Reporting of Campaign Activity (ORCA) software, which is more than a decade old, with a modern web-based system for tracking and reporting campaign finances.

VISIT ONLINE
(<https://www.pdc.wa.gov/browse/open-data>)



+7M

Number of records available in PDC's Open Data catalog.



EXPERT-LEVEL GUIDANCE

Universal electronic reporting in the offing

Electronic filing helps reduce errors and gives the public quicker and more complete access to campaign data.

That's in large part why the PDC has stepped up efforts to increase online filing opportunities and to train candidates, elected officials, lobbyists and campaigns in using the new reporting systems.

The addition of two filer assistance specialists in mid-2018 doubled the team's



Customer service help desk

For fiscal year 2019

TYPE OF REQUEST	NUMBER OF REQUESTS	AVERAGE FIRST RESPONSE TIME
Simple requests	4,457	2 hours and 47 minutes
Complex requests	3,990	6 hours and 48 minutes
TOTAL FY 2019	8,447	

size and has allowed the PDC to continue to provide faster and more robust response to filer requests for help.

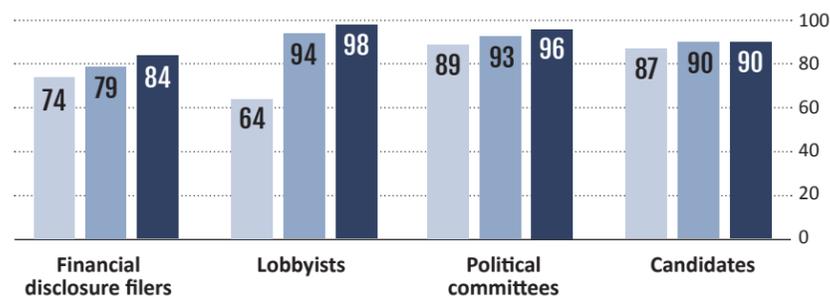
This effort took on even greater importance in 2019, with the passage of Substitute House Bill 1195, which made electronic filing mandatory when the commission has provided an e-filing system.

In June 2019, the PDC began a staged approach to implementing electronic reporting for lobbyists, candidates and other filers. The agency expects that by 2020, thousands of reports previously filed on paper will be submitted electronically.

Rates of electronic filing by calendar year

Amounts shown in percentage

- 2017
- 2018
- 2019 (through Nov.)



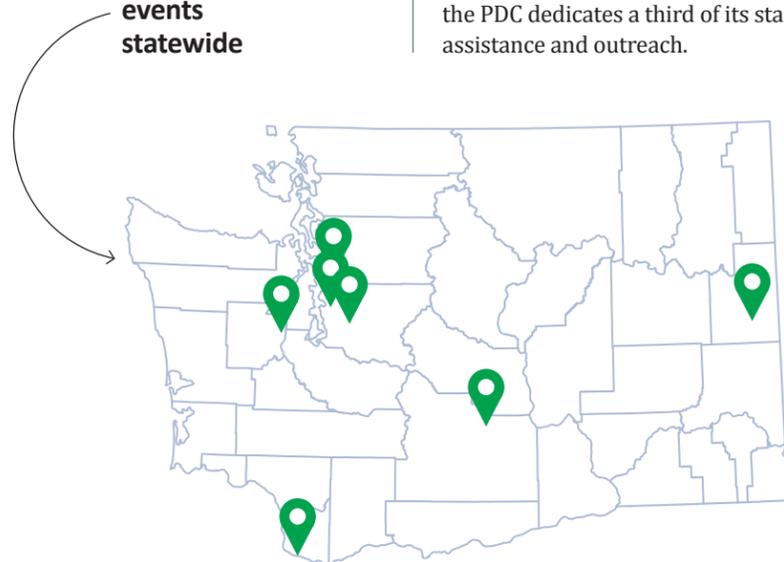
2.1M

page views on the PDC website in FY 2019

Outreach and education

To ensure that campaigns, candidates, elected officials and lobbyists get it right, the PDC dedicates a third of its staff to filer assistance and outreach.

PDC training events statewide



An online customer service helpdesk portal helps campaigns and the public quickly get answers to thousands of questions, with PDC staff providing same-day responses to most requests.

In FY 2019, the agency continued to build an online library of video tutorials for filers, while also expanding its in-person training program. For the first time in several years, the PDC took its training efforts on the road, offering classes and information sessions in Shelton, Lynnwood, Renton, Spokane, Vancouver, Yakima and Seattle, the latter in partnership with the Seattle Ethics and Elections Commission. Classes also were offered at PDC offices in Olympia. Altogether, PDC staff offered 28 trainings during the fiscal year.

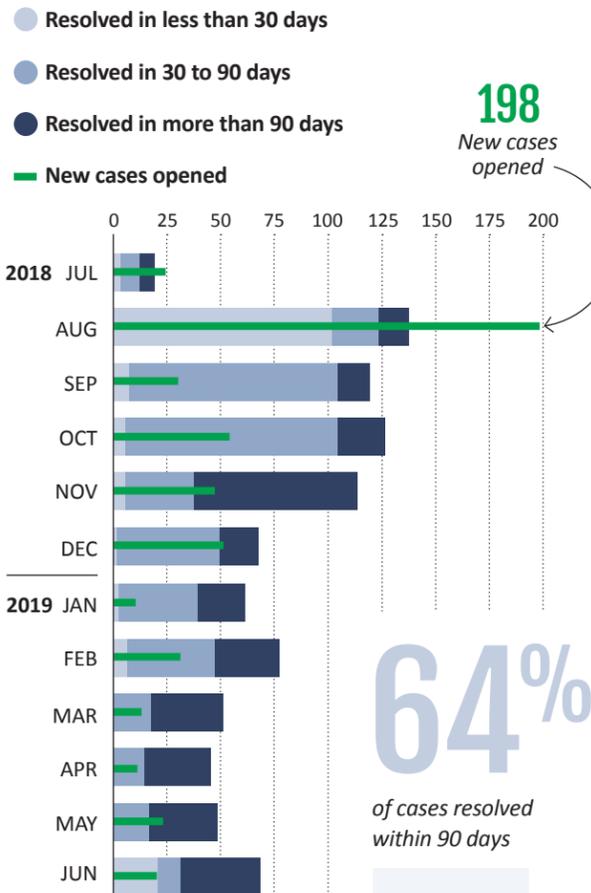
PDC also responded to requests for outreach efforts from a half dozen groups and associations. These presentations helped explain PDC's role in campaign finance regulation to filers and to interested citizens.

In the run-up to the 2018 general election, the agency began an effort to keep filers up-to-date and on track with online filer tips that cover everything from deadlines for reports and registrations to how to report donations of cryptocurrency.

The feature allows the PDC to both call attention to resources already available on the website and to capture tips based on new questions from filers, helping to build a catalog of filer assistance online.

ENSURING COMPLIANCE

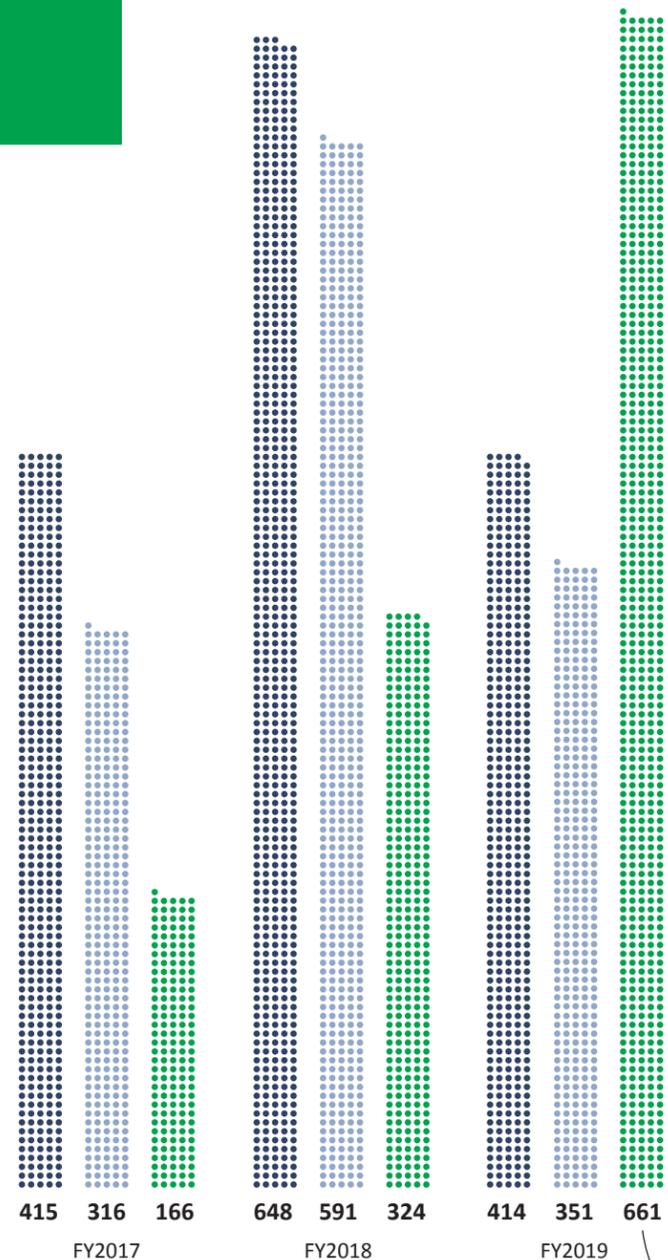
Cases opened and closed and the time to resolution



Complaint-generated case trends

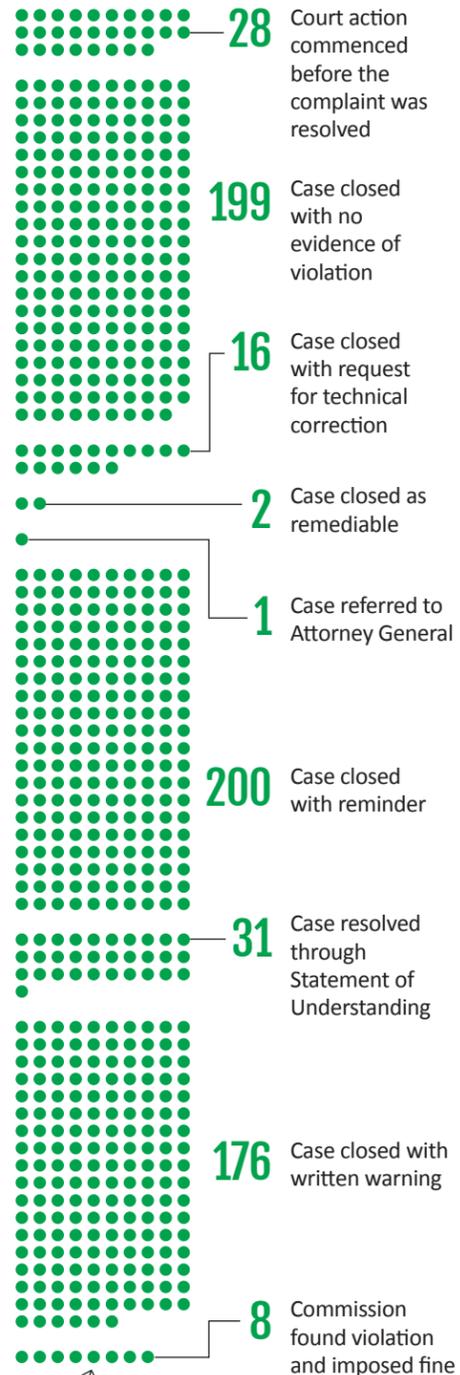
By fiscal year 2019

- Complaints received
- Cases opened
- Cases closed



How the 661 cases were resolved

For fiscal year 2019



COMMISSION HEARINGS

Enforcement cases

The full Commission heard 30 enforcement cases during FY 2019. Among them were these cases.

PDC Case 34985

Re-Elect John McCoy

The campaign of John McCoy, a state senator from the 38th Legislative District, was late in reporting contributions received during the period of 2015-2018, according to a stipulated agreement. Specifically, the agreement stated that during the period:

- A total of \$38,926 in contributions were reported anywhere from 80 days to more than two years late.
- The campaign was tardy in reporting expenditures, ranging from 58 days to nearly three years late.

The campaign also failed to timely deposit \$17,700 in monetary contributions received during the period 2015-2017, the agreement added. The Commission assessed a \$5,000 penalty with \$2,500 suspended, provided there are no further violations for four years.

PDC Case 42719

United Food & Commercial Workers Local 21 PAC

UFCW Local 21 PAC is a continuing political committee registered with the PDC since 2009. UFCW Local 21 PAC supports legislative and local candidates by making contributions to other PACs and by making contributions directly to candidates.

In 2017, UCFW Local 21 PAC stipulated that it failed to timely report monetary contributions totaling \$253,210, and expenditures totaling \$279,076. The Commission assessed a penalty of \$40,000, with \$20,000 suspended provided there are no further violations for four years.

PDC Case 42387

North Cascade Jobs Enterprise Washington

North Cascade Jobs Enterprise Washington is a continuing political committee registered with, and reporting to, the PDC since 2016. The committee is sponsored by, and affiliated with, Enterprise Washington Jobs PAC, a continuing committee registered with the PDC since 2008.

In 2018, North Cascade Jobs Enterprise Washington stipulated that it failed to timely report electioneering communications totaling \$182,323, filed 88-114 days late, and failed to timely report expenditures totaling \$174,763, filed 27-113 days late.

The Commission assessed a penalty of \$65,000 with \$32,500 suspended, provided there are no further violations for four years.

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ENSURING COMPLIANCE



925

Total number of cases resolved in FY 19

Clearing the backlog

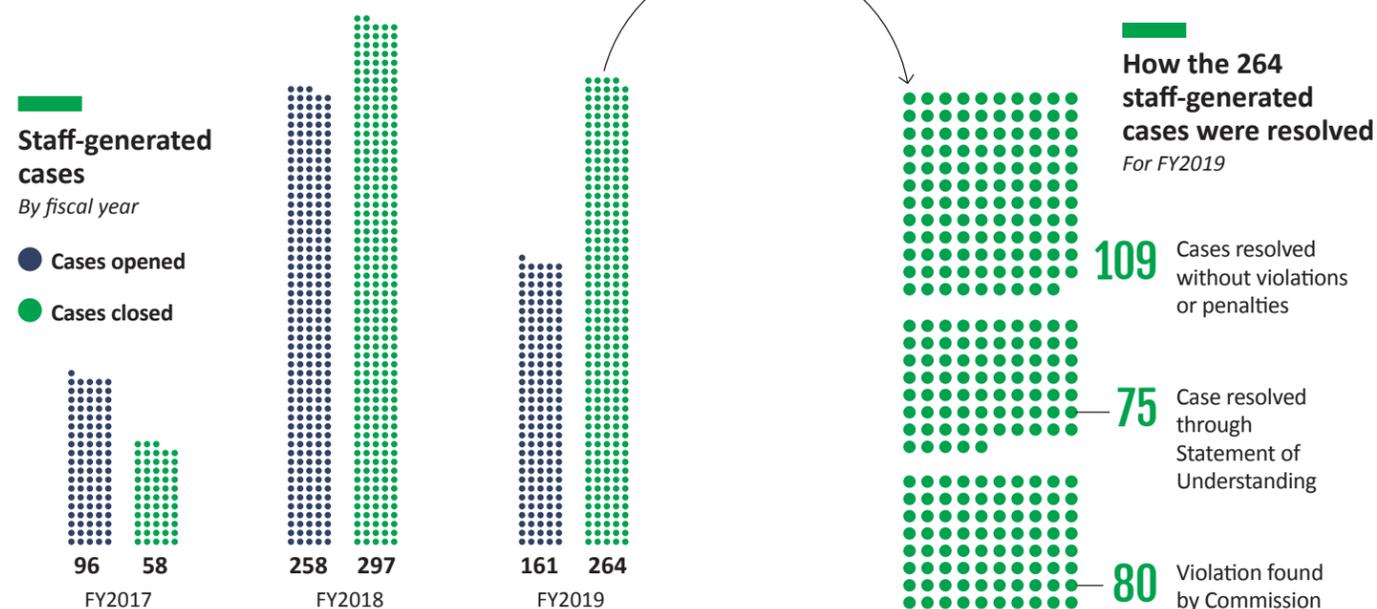
New staff resources helped the PDC continue its work of clearing a backlog of old cases, while at the same time meeting a new 90-day timeline for acting on incoming cases.

The Legislature, as part of the passage of Engrossed Substitute House Bill 2938 in 2018, funded additional PDC staff. The appropriation that came with that legislation allowed the PDC to expand its enforcement team from four members to eight.

That same legislation helped the agency make the most of the new resources by giving the PDC primary jurisdiction over alleged violations and putting limits on citizen action lawsuits that had previously encouraged complainants to file large numbers of complaints simultaneously with the PDC and Attorney General's Office.

The new law also created additional alternatives — technical corrections and remediable violations — to assist the agency in closing cases involving unintentional minor errors.

Together, the reforms helped reduce the number of duplicate complaints, allowed staff to focus on closing cases from PDC's backlog, led to timelier conclusion of new cases and contributed to more than doubling the number of cases closed over FY 2018.



ENFORCEMENT CASES CONTINUED

PDC Case 39159

Citizens for Progress Enterprise Washington

Citizens for Progress Enterprise Washington is a continuing political committee registered with the PDC since 2016. The committee is sponsored by, and affiliated with, Enterprise Washington Jobs PAC, a continuing committee registered with the PDC since 2008.

In 2018, Citizens for Progress Enterprise Washington stipulated that it failed to timely report electioneering communications totaling \$65,689, filed 39-71 days late and 34-50 days after the primary election.

The committee also stipulated that it failed to properly describe expenditures on summary reports, totaling \$408,047, during the 2018 primary and general elections.

The Commission assessed a penalty of \$21,000 with \$10,500 suspended, provided there are no further violations for four years.

PDC Cases 42326 and 42398

AG Water and Power Users of Grant County

AG Water and Power Users of Grant County is a political committee participating in the 2018 primary and general elections. The committee stipulated that it failed to timely register as a political committee after making two \$15,000 contributions to candidates for Grant County PUD Commissioner. The committee also stipulated that it failed to timely and accurately report monetary contributions received and expenditures made totaling \$55,804, filed 72-178 days late.

The Commission assessed a penalty of \$10,000 with \$7,500 suspended, provided there are no further violations for four years.

PDC Case 24627

Bruce Chandler 2014, 2016, 2018 Campaigns & Surplus Funds Account

Bruce Chandler, a state representative from the 15th Legislative District, stipulated that for the 2014 campaign, he failed to timely deposit and report monetary contributions totaling \$13,382, and expenditures totaling \$21,821.

For the 2016 campaign, Rep. Chandler stipulated that he failed to timely deposit and report monetary contributions totaling \$110,940, and expenditures totaling \$113,306.

For the 2018 campaign, Rep. Chandler stipulated that he failed to timely deposit and report monetary contributions totaling \$50,850, and expenditures totaling \$2,122.

In addition, Rep. Chandler stipulated that he failed to timely report the transfer of \$187,520 in campaign surplus funds into his surplus funds account, along with expenditures totaling \$127,482 from November 2013 to August 2018.

The Commission assessed a \$25,000 penalty with \$10,000 suspended, provided there are no further violations for four years.

LEGISLATION UPDATE

Several pieces of legislation enacted or taking effect in FY 2019 made important changes to the way the PDC interacts with and serves campaigns and the public.

The new laws strengthened disclosure requirements, made reforms to make reporting easier and more meaningful and improved the public's access to information.

SUBSTITUTE HOUSE BILL 1195 was requested by the PDC based on feedback from the regulated community and the public.

It made many changes to reporting and disclosure requirements, among them:

- Mandatory electronic filing when the PDC has made an e-filing system available.
- A larger exemption from filing the personal financial affairs disclosure (F-1) report for candidates and elected officials in the smallest jurisdictions. The threshold was raised to 2,000 registered voters from 1,000.
- Relief for judges, prosecutors and sheriffs, and their immediate family members, from having to disclose their residential address on the F-1.
- Better protection for filers seeking permission to not have to disclose certain information based on personal safety concerns.

SUBSTITUTE SENATE BILL 5991, known as the Disclose Act, aimed to shed more light on the growing campaign spending by nonprofit organizations.

The legislation stated: "The Legislature finds that many nonprofit organizations wish to use the provisions of current law to anonymously contribute to campaign activity, frustrating the purposes of public disclosure laws."

The Disclose Act required — for the first time in Washington — that some nonprofit organizations making campaign contributions or expenditures above \$25,000 in election campaigns register with the PDC and disclose certain contributors, regardless of the organization's primary purpose.

These new entities are known as incidental committees and must file periodic reports with the PDC.

HOUSE BILL 1375 established that contribution limits apply to all port district offices, regardless of the size of the port district.

Previously, the limits applied only to port districts with more than 200,000 registered voters — which meant only the ports of Seattle and Tacoma were included.

Port district candidates are now subject to the same contributions limits as statewide candidates: no more than \$2,000 per election from an individual, a union or business, or a political action committee.

HOUSE BILL 1379 required political committees that buy political advertising to provide more information about the sources of money for ads.

Political committees running political advertising for a ballot measure with a cost of at least \$1,000 in the aggregate or making an independent expenditure for or against a candidate now must go beyond identifying their Top 5 contributors in some cases. If the Top 5 list includes political committees, the sponsor must determine the Top 3 individuals or entities that gave to those committees.

Looking ahead

In 2020, the PDC will request legislation in these areas:

- Require additional disclosure in political advertising
- Reform financial affairs disclosure (F-1) reporting
- Authorize project-based spending for the Transparency Fund
- Permit commissioner political activity in areas outside of PDC regulation



Streamlining exemption requests

The PDC invested considerable time engaging with the Legislature and other stakeholders to improve the process for filers who seek permission to exclude certain details — such as residential addresses — from their personal financial affairs disclosure (F-1) reports.

In fall 2018, PDC staff worked with public officials who had sought such exceptions, called reporting modifications, and associated organizations to identify ways to make the process easier while ensuring that the Commission gets the information it needs.

That work led to the creation of new modification applications that significantly reduced the paperwork required for the most common types of requests.

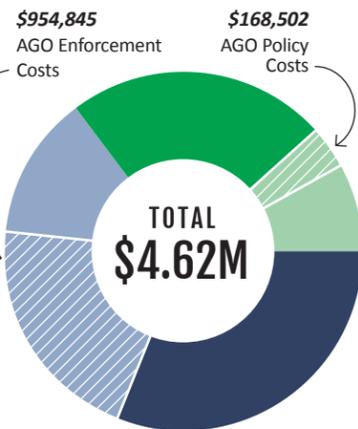
The Commission furthered the effort in Substitute House Bill 1195, agency-request legislation passed in the 2019 legislative session. It created a blanket residential-address exemption for judges and certain law enforcement, allowing those filers to bypass the modification process.

The new law also allows modification applications made for personal safety reasons to be protected from disclosure at a public hearing.

BUILDING OUR ORGANIZATION

Expenditures

For fiscal year 2019



- \$1,446,018 Access
- \$1,091,146 Operations
- \$1,561,686 Enforcement
- \$533,641 Policy

Note: Totals rounded to nearest dollar

Strong fiscal stewardship continues

The PDC spent \$4.6 million in FY 2019, up from nearly \$3 million in the previous fiscal year.

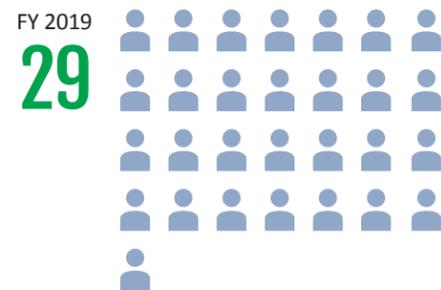
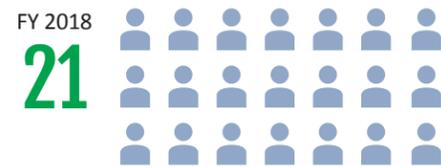
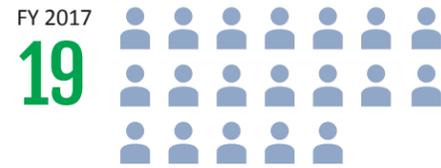
The two biggest expenditures were Attorney General's Office (AGO) legal fees and compensation for the PDC's expanded 29-person staff. An increase in funding from the Legislature helped to address a backlog of cases and a need for more filer assistance by providing additional staff dedicated to that work.

Total agency spending can be divided into four core service areas: Access, Enforcement, Policy and Operations.

A total of 34 percent of agency expenditures — the largest percentage among the four categories — was devoted to enforcement activity. This includes expenditures for agency staff, and just under \$1 million in reimbursements to the AGO for legal assistance in enforcement cases.

Providing access to campaign finance information for the public and assistance for the regulated community was close

Staffing levels



behind, accounting for 31 percent of agency spending.

Operational costs made up 24 percent of FY 2019 spending, and the cost for policy development and oversight amounted to 11 percent of PDC spending during the fiscal year.

34%

Percent of agency expenditures was devoted to enforcement activity

GOVERNOR-APPOINTED

Agency leadership

The PDC is governed by a five-member Commission appointed by the governor, with no more than three commissioners from the same political party. The Commission hires the executive director and provides budget and policy guidance for the agency.

For enforcement matters, commissioners act in a quasi-judicial capacity, presiding over hearings, determining whether violations have occurred and, if warranted, setting appropriate penalties.



David Ammons

COMMISSION CHAIR



Russell Lehman

COMMISSION VICE CHAIR



Anne Levinson

COMMISSION MEMBER



Bill Downing

COMMISSION MEMBER



Fred Jarrett

COMMISSION MEMBER



Jack Johnson

COMMISSION MEMBER
(Served through Sept. 2018)



Peter Lavalley

EXECUTIVE DIRECTOR

STRATEGIC PLAN: 2017-2020

Promoting confidence in the political process

Empower the public to "follow the money" in politics:

- Provide real-time access to meaningful data
- Ensure compliance with campaign-finance laws and regulations
- Pursue proactive and equitable enforcement
- Enhance outreach

Continue to build a better, more agile, and more responsive organization:

- Exercise flexible and nimble resource allocation
- Seek enhanced funding/staffing
- Identify and respond to emerging trends and issues
- Implement timely process improvements
- Plan for succession needs

Help regulated community achieve and maintain compliance:

- Provide expert guidance
- Facilitate e-filing for all disclosures with accessible, technologically up-to-date options
- Understand and anticipate filer needs
- Provide additional training opportunities and methods

Attract and retain a talented and dedicated workforce:

- Sustain culture of clean and open government, as embodied in agency's grassroots heritage
- Provide and encourage opportunities for growth
- Accommodate work/life integration

VISION: The PDC will lead the nation in fostering full disclosure of money in politics



CONTACT US

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