

# PUBLIC FUNDING FOR ELECTORAL CAMPAIGNS: HOW 27 STATES, COUNTIES, AND MUNICIPALITIES EMPOWER SMALL DONORS AND CURB THE POWER OF BIG MONEY IN POLITICS



June 28, 2017 | Juhem Navarro-Rivera, Emmanuel Caicedo

Decades of disastrous Supreme Court decisions have enabled wealthy individuals and corporations to have an outsized influence in our political system by allowing them to pour unlimited amounts of money into elections. Cities, counties, and states around the country have combatted this trend with innovative campaign finance reforms that provide public funding to qualified candidates.

Programs for public financing of elections provide limited public funds to help finance the campaigns of candidates who demonstrate popular support. These programs amplify the voices of local constituents while curbing the power of big money in elections. They accomplish this by reducing participating candidates' reliance on large individual, corporate, and out-of-jurisdiction donors, while providing incentives to reach out to constituents for small contributions.

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Today there are 27 active programs in states, counties, and cities across the country that provide public funds to candidates for political office.<sup>1</sup> The oldest programs have been in place for more than 4 decades, while new systems are being proposed. These programs vary in basic design, the scope of the offices they cover, and the amount of funding they provide to candidates.

Table 1. Active Public Funding Programs by Jurisdiction and Type

Location	Jurisdiction	Year enacted	Type	Offices
Minnesota	State	1974	Refunds	Governor, Statewide, Legislative
Connecticut	State	2005	Grants	Governor, Statewide, Legislative
Santa Fe, NM	Municipal	1987	Grants	Mayor, City Council, Municipal Judge
New York City, NY	Municipal	1988	Matching Funds	Mayor, Citywide, City Council
Long Beach, CA	Municipal	1994	Matching Funds	Mayor, City Attorney, City Auditor, City Prosecutor, City Council
Maine	State	1996	Grants	Governor, Statewide, Legislative
Tucson, AZ	Municipal	1987	Matching Funds	Mayor, City Council
New Jersey	State	1974	Matching Funds	Governor
New Mexico	State	2003	Grants	Public Regulation Commission, Supreme Court, Appellate Court
San Francisco, CA	Municipal	2000	Matching Funds	Mayor, Board of Supervisors
West Virginia	State		Matching Funds	State Supreme Court
Florida	State	1986	Matching Funds	Governor/Lt. Governor, Attorney General, Chief Financial Officer, Corporation Commissioner
Los Angeles, CA	Municipal	1990	Matching Funds	Mayor, City Council
Maryland	State	1974	Matching Funds	Governor & Lt. Governor
Rhode Island	State	1988	Matching Funds	Governor, Lt. Governor, Attorney General Secretary of State, General Treasurer
Arizona	State	1998	Grants	Governor, Statewide, Legislative
Albuquerque, NM	Municipal	2005	Matching Funds	Mayor, City Council
Michigan	State	1976	Matching Funds	Governor & Lt. Governor
Oakland, CA	Municipal	1999	Matching Funds	District City Council
Hawaii	State	1979	Matching Funds	Governor, Lt. Governor, Legislative, Mayor (Honolulu; Hawaii, Maui, Kauai), Prosecuting Atty (Honolulu; Hawaii; Kauai), City Council (Honolulu; Hawaii; Maui; Kauai), Office of Hawaiian Affairs Board of Trustees
Massachusetts	State	2003	Matching Funds	Governor/Lt. Governor, Attorney General, Auditor, Secretary, Treasurer
Vermont	State	1997	Grants	Governor & Lt. Governor
New Haven, CT	Municipal	2006	Matching Funds	Mayor
Austin, TX	Municipal	1992	Grants	Mayor, City Council
Boulder, CO	Municipal	2000	Matching Funds	City Council
Montgomery County, MD	Municipal	2015	Matching Funds	County Executive, County Council
Seattle, WA	Municipal	2015	Vouchers	City Council, City Attorney

Last Election	Participation (%) <sup>2</sup>	Administering Agency
2016	74	Campaign Finance and Public Disclosure Board of the Minn. Secretary of State
2016	72	State Elections Enforcement Commission
2016	67	City Clerk
2013	62	NYC Campaign Finance Board
2016	60	City Clerk
2016	55	Maine Commission on Governmental and Ethics & Election Practices
2015	55	City Clerk
2013	50	New Jersey Election Law Enforcement Commission
2016	45	Secretary of State
2016	43	City & County of San Francisco Ethics Commission
2016	40	Office of Campaign Finance of WV Secretary of State
2014	38	Division of Elections of the Fla. Department of State
2015	33	City of Los Angeles Ethics Commission
2014	33	Maryland State Board of Elections State Elections Enforcement Commission
2014	27	Campaign Finance Division of Rhode Island Board of Elections
2016	26	Arizona Citizens Clean Elections Commission
2015	25	City Clerk
2014	20	Secretary of State
2016	11	City of Oakland Public Ethics Commission
2016	10	Hawaii Campaign Spending Commission
2014	10	Office of Campaign and Political Finance
2016	0	Secretary of State
2015		Democracy Fund Board
		City Clerk
		City Clerk
		Campaign Finance Division of the State Board of Elections
		Seattle Ethics and Elections Commission

Note: Offices means "offices covered" by program. Last Election means the last general election where system was in place. Participation rate means the percentage of candidates who used the program from all potentially eligible candidates in the last election. This list doesn't include tax credits/tax programs.

## Benefits

Public campaign funding programs have been successful in diversifying the donor base of candidates in terms of class and race. In some places, these programs have also succeeded in diversifying the gender, racial, and class makeup of candidate pools. Program benefits include:

- **Greater racial and class diversity among donors**

City council candidates who participate in New York City's matching funds program receive contributions from a more diverse pool of donors—by race and class—than New York State Assembly candidates representing the same jurisdictions.<sup>3</sup>

- **More women running for office**

Money can be a barrier to women's representation, since many lack the wealth or access to wealthy networks that white men possess. Common Cause's analysis of the early years of the Arizona and Maine "clean elections" programs found that after enactment, more women started running for and getting elected to office.<sup>4</sup>

- **Increased number of donors**

Connecticut legislators who participate in the state's Clean Elections Program receive contributions from a wider set of donors than those who do not participate, because they need a minimum number of in-district donors to qualify for a public grant.<sup>5</sup>

- **More quality time with constituents**

Candidates who have participated in the Connecticut Citizens Clean Elections program report that they are able to spend more time with their constituents and receive different feedback than from big-money donors.<sup>6</sup> Political science research also finds that candidates who receive public funds spend more time with their constituents rather than fundraising.<sup>7</sup>

## A Short Description of Public Funding Systems Currently in Use<sup>8</sup>

- **Small-Donor Matching Programs**

Matching fund programs match small contributions to qualifying candidates with public funds, according to a specified ratio. Today's highest matching funds ratio is in New York City, where participating candidates receive \$6 for every \$1 in small contributions. This means that a \$50 contribution from an individual donor can actually be worth \$350 or more to a participating candidate. The goal is to amplify the voices of regular voters by incentivizing candidates to seek donations from a broad base of constituents rather than a few wealthy donors.

- **Grant-based Programs**

Grant-based programs—often referred to as “clean elections,” “fair elections” or “citizen-funded elections”—provide full funding for candidates to run their campaigns. Participating candidates receive a lump-sum grant from a public fund and no further fundraising is required (or allowed), so every participating candidate has equal resources with which to campaign. To qualify for the program, candidates must raise a threshold number of very small contributions (often \$5) to demonstrate broad support in the community. Newer systems can allow for further fundraising given the challenge of increasing outside spending.

- **Voucher Programs**

Voucher programs provide a “coupon” to individuals to donate to a candidate (or sometimes a party or political committee), who can then redeem the voucher for campaign funds.

- **Tax Credits/Refunds**

Tax credit programs generally allow those who file long-form tax returns to claim a full or partial credit for small political contributions made during the filing year to candidates (and sometimes parties or PACs). The tax credit can be refundable (available to those without tax liability) or not. Other programs refund the contributor's money immediately, so donors do not have to wait for tax time.

Matching fund, voucher and tax credit/refund programs often (but need not) require participating candidates to accept restrictions on their fundraising or spending in order to qualify for public funds.

## Endnotes

1. The list comes from 3 sources: (1) List of municipal programs from the *Illinois Campaign for Political Reform* (<http://www.ilcampaign.org/wp-content/uploads/2014/07/Municipal-Public-Finance-Programs-2-Sheet1.pdf>); (2) the book chapter "Public Financing in the States and Municipalities" by Robert M. Stern in Costas Panagopoulos' *Public Financing in American Elections* (2011) Philadelphia: Temple University Press. And (3) Dēmos research

2. Information about state programs come from the National Institute on Money in State Politics ([followthemoney.org](http://followthemoney.org) (<https://www.followthemoney.org/>)). Information about municipal and county programs come from public information released by their respective administering agencies.

3. Elisabeth Genn et al., *Donor Diversity Through Public Matching Funds* (<http://cfinst.org/pdf/state/ny/DonorDiversity.pdf>), Brennan Center for Justice and Campaign Finance Institute, 2006; Adam Wolkoff, *Public Financing of Campaigns: Constitutional Issues and Impact* (<https://www.cga.ct.gov/2006/rpt/2006-R-0175.htm>), Connecticut General Assembly, 2006.

4. Arn Pearson and Nick Nyhart, *Evaluation of Latest GAO Report on Impact of Clean Elections in Arizona and Maine* (<http://cfinst.org/pdf/state/ny/DonorDiversity.pdf>), Common Cause, 2010; Mimi Murray Digby Marziani and Adam Skaggs, *More than Combating Corruption: The Other Benefits of Public Financing* (<https://www.cga.ct.gov/2006/rpt/2006-R-0175.htm>), Brennan Center for Justice, 2011.

5. J. Mijin Cha and Miles Rapoport, *Fresh Start: The Impact of Public Campaign Financing In Connecticut* (<http://www.demos.org/publication/fresh-start-impact-public-campaign-financing-connecticut>), Demos, 2012.

6. Cha and Rapoport, *Fresh Start: The Impact Of Public Campaign Financing In Connecticut* (<http://www.demos.org/publication/fresh-start-impact-public-campaign-financing-connecticut>); Marziani and

Skaggs, *More than Combating Corruption: The Other Benefits of Public Financing* (<https://www.brennancenter.org/analysis/more-combating-corruption-other-benefits-public-financing>).

7. Adam Wolkoff, *Public Financing of Campaigns: Constitutional Issues and Impact* (<https://www.cqa.ct.gov/2006/rpt/2006-R-0175.htm>), Connecticut General Assembly, 2006.

8. Definitions taken from *Designing Public Financing Systems to Advance Equity and Independent Political Power* (<http://www.demos.org/publication/designing-public-financing-systems-advance-equity-and-independent-political-power>), Demos, 2016.

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