



Holding Power Accountable

Public Financing of Campaigns:



People-Powered Elections

About Common Cause

Common Cause was founded in 1970 by John Gardner as a vehicle for citizens to make their voices heard in the political process and to hold their elected leaders accountable to the public interest. Today, Common Cause is one of the most active, effective, and respected nonprofit organizations working for political change in America. Common Cause strives to strengthen our democracy by empowering our members, supporters and the general public to take action on critical policy issues. Now with nearly 400,000 members and supporters and 36 state organizations, Common Cause remains committed to honest, open and accountable government, as well as encouraging citizen participation in democracy.

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Overview

Modern Campaign Finance and its History

The modern era of U.S. campaign finance reform begins with the passage of the Federal Election Campaign Act (FECA) of 1971 and its 1974 amendments.¹ FECA brought about limits on individual contributions to campaigns, established partial public financing of Presidential campaigns, broadened disclosure requirements, created the Federal Election Commission (FEC), and limited both individual and candidate campaign spending. Although the individual and candidate spending limits were struck down by the U.S. Supreme Court, the goal of limiting wealth and its influence on elections continues.

What is public financing of campaigns?

Public financing of campaigns are programs that provide public funds to help candidates run for office. In exchange, candidates voluntarily agree to meet certain qualifications and adhere to various restrictions. They can be used to fund candidates for a local city council all the way up to the President of the United States. Funding is determined by the jurisdiction; sometimes funding comes out of the general fund and sometimes it is paid for by a specific revenue source, like a parcel tax.

Numerous states and cities have enacted public financing such as Arizona, Maine, New York City, Los Angeles City, and Seattle. There are a number of public financing systems, small donor matching funds, vouchers and clean money.

What is wrong with privately-financed campaigns?

The costs to run a campaign are high and continue to rise. Candidates must rely more and more on personal wealth or wealthy donors in order to run a competitive campaign. This reliance can push politicians to put the needs of their donors over the needs of their constituents and opens the door to undue influence and outright corruption. Because of the pressures to raise a sizeable war chest, elected officials spend a lot of their time fundraising—taking time away from policy work and constituents.

Finally, most Americans are not extremely wealthy themselves or **don't have extremely wealthy people/interests in their network;** access to wealth serves as a gatekeeper keeping ordinary people from running for and winning office, which also reduces the racial and economic diversity of the pool of viable candidates. Money plays a big role in elections and most of that money is coming from a small number of individuals and special **interests that are unrepresentative of the American public.** **"In the 2016 election cycle less than 0.52 percent of Americans gave over \$200 to a federal candidate, party, or PAC, yet they were responsible for 67.8 percent of all political giving."**² These individuals and interests have a disproportionate amount of access to and influence on public officials and can sway public policy to promote their interests over that of the public.



¹ Wikipedia, "[Campaign Finance Reform in the United States](#)"

² Jonathan Stein, "[Public financing analysis and opportunities for the City of Oakland](#)," Memorandum to Oakland Public Ethics Commission, April 12, 2017. History

Why Advocate for Campaign Contribution Limits and Disclosure?



In his 1907 State of the Union Address, President Theodore Roosevelt pushed for public financing of elections.³ He believed it would provide a safeguard from the influence of large donors.

In the wake of the Watergate scandal, public financing for presidential elections was established and worked well for a few decades.⁴ The program did not undergo any reforms to adapt to the flood of money pouring into elections and is no longer viable.

Although legal, in jurisdictions that have high contribution limits or none at all, there is the risk of large contributors buying influence over officials. For example, in 2008, while still on the Montebello City Council, Councilmember Rosemarie Vasquez supported the award of a \$150 million waste hauling contract to Athens Services.⁵ The following year Athens Services contributed \$45,000 to her reelection campaign.⁶ The city of Montebello does not have any contribution limits. In the end, former-councilmember Vasquez was not convicted.⁷ Nonetheless, the appearance and possibility of bought influence erodes the public trust in government and its institutions. Vasquez lost her reelection campaign, and Montebello citizens recalled two fellow councilmembers that were also sued for wrongdoing in supporting the contract.⁸

The amount of money being spent on elections continues to increase while voter turnout has declined.⁹ Public financing is a step toward a more accountable and responsive government by regulating campaign contributions and disclosure. Additionally, it does remove the appearance and actuality of corruption through direct contributions to the candidate.

Why do we want publically-financed campaigns?

We want every voice in the community to be heard, not just the voices with wealth or influence.

Our representatives wield immense power and influence. We want to strengthen our democracy by reconnecting politicians with their constituents. Public financing programs open the doors to a more responsive and representative government.

Reducing or even eliminating candidates' reliance on wealthy donors and the need to perpetually fundraise frees candidates and officials to spend more time with their constituents and to focus on the most pressing issues of their community. It also promotes public trust in officials and in government.



³ ["Overview of State Laws on Public Financing," National Conference of State Legislatures.](#)

⁴ Julian Zelizer ["It took a scandal to get real campaign finance reform," CNN,](#) January 23, 2012.

⁵ Nicolas Heidorn, ["No Limits: Campaign Contributions in Local Elections,"](#) April 2016.

⁶ Ibid.

⁷ *City of Montebello v. Vasquez* (2016).

⁸ Ibid.

⁹ Drew Desilver et al., ["As more money flows into campaigns, Americans worry about its influence,"](#) Pew Research Center.

Public financing breaks down barriers of entry into running for public office, leveling the playing field for grassroots candidates, women, and people of color. It provides the opportunity for ordinary citizens to run for public office and win without the requirement of personal wealth or wealthy donors.

"I truly believed that there were policies that needed to be changed, and knowing that public financing was an option for my campaign was one of the factors that influenced my decision to enter the race."

- Jovanka Beckles, Richmond, CA Councilmember

DeNora Getachew and Ava Mehta, "Breaking Down Barriers: The Faces of Small Donor Public Financing," Brennen Center for Justice, June 9, 2016.

Public financing engages the general public to participate in politics and to invest in their representatives. After the first election with **Seattle's voucher system, voter turnout increased to 40.5% for the 2017 primary election from 30.4% in 2015, and 35% in 2013.**¹⁰ A University of Washington study found that voucher users were substantially more likely to vote even after accounting for previous political engagement.¹¹ Public financing helps amplify the voices of the average constituent and minimize the influence of large contributors.

Potential candidates often decide not to run for public office due to the daunting amount of money needed to run a campaign and win. With public financing, officials would better reflect the community at large and hold similar values.

We must reform our campaign finance system to support any American who wants to run for office, not just those who can afford it

-Letitia James, New York City Public Advocate

"Breaking Down Barriers: The Faces of Small Donor Public Financing," Brennen Center for Justice

Why is public financing important to you?

Campaign finance is the one issue that affects all other issues. All areas in need of reform require the support of legislators. When we elect legislators whose interests are aligned with the people rather than their major donors, a huge barrier to reform is removed. Public financing provides greater assurance that policy decisions and public funds are being made and used for the public good.

When you take the money from the public, you are beholden to the public only, and not any other corporate interest."

-Jovanka Beckles, Richmond, CA, Councilmember

"Breaking Down Barriers: The Faces of Small Donor Public Financing," Brennen Center for Justice

The public funds used to help candidates' campaigns are a small investment that encourages fiscal responsibility and beneficial policies for your community. Your voice will have a greater impact on policy decisions and official actions. The goal of public financing is to impart confidence and trust in the actions of our representatives, and our government.

¹⁰ SEEC Election Reports: [2013](#), [2015](#), [2017](#)

¹¹ Jennifer Heerwig et. al., "[Expanding Participation in Municipal Elections: Assessing the Impact of Seattle's Democracy Voucher Program](#)," University of Washington Center for Studies in Demography and Ecology.

Public Financing Systems

How does public financing work?

There are three types of public financing programs in use today: small donor matching funds, voucher, and clean money programs. All three programs are voluntary, meaning a candidate must opt-in to using the public financing system. Public financing can be set up by a jurisdiction by passing a law to allow an allocation of funds from their budget in the form of matching funds to what a candidate raises, money **vouchers distributed to citizen's to then contribute to a candidate's campaign, full public financing of the candidates campaign and other systems.** In all of these examples, certain requirements are put in place such as a fundraising threshold, qualifying expenditures, and running opposed to ensure proper use of public funds.

All public financing programs help to diversify the base of contributors, provide opportunity for new candidates, and encourage greater civic participation.



A common concern is the waste of funds on candidates that are not viable. Although not every participating candidate can win office, the funds prevent the appearance and actuality of a rigged system. Participating candidates that do not win have the opportunity to voice the opinions of their supporters. They can help raise the visibility of certain issues that the winner may address to gain support or to improve the community.

Small Donor Matching Funds system

Matching funds provide a public match of an individual's small dollar contribution to a qualified candidate. For example, a 1:1 match rate provides one public dollar for every private dollar that is contributed up to a certain limit, for example \$200. The match has two purposes. First, to incentivize candidates to seek small-dollar contributors by multiplying the worth of a small contribution. Second, to provide contributors the feeling that their contributions matter and have a greater impact.

In Berkeley, CA, there is public financing available for Mayor and City Council races.¹² The **program funds are allocated from Berkeley's General Fund. Their match rate is 6:1. For every dollar a candidate receives, the city will match it with six public dollars.** At the maximum match contribution amount (\$50), a candidate receives \$350 total—\$50 from the individual and \$300 from public funding.

High match rates (5:1; 6:1) are much more effective than a low match rate (1:1; 2:1).¹³ The higher the rate, the more incentives candidates have to participate in the program and to engage the public. In the Brennan Center for Justice 2012 report *Donor Diversity Through Public Matching Funds*, they conclude that ... “public financing system give candidates and incentive to reach out to a **broader and more diverse array of constituents to fund their campaigns.**”



Another incentive is to place a high threshold for the maximum amount and percentage of funding provided. Raising the maximum amount and percentage allows candidates to seek less money from **special interests and have the public constitute a larger portion of the candidates' funds.** Raising incentives increases the likelihood of candidates participating in the program and in turn promotes public engagement.

Pros: Increases candidate-public participation and amplifies the importance of small-donor voices.

Cons: Does not effectively promote engagement from those that are unable to give.

Vouchers System

Vouchers are the newest innovation in public financing. Public funds in the form of vouchers are mailed to a subset of the public, such as registered voters. In Seattle, residents not registered to vote are also able to participate upon request. The vouchers can only be used to support qualified candidates participating in the program.

Seattle, Washington is so far the first and only jurisdiction to implement a voucher system. Each election, the city sends four \$25 vouchers to registered voters to contribute to their preferred candidate(s). The voucher program is available to candidates running for city council. Seattle voucher program costs approximately \$11 per person. ([City of Seattle Website](#))



A sheet of three City of Seattle "democracy vouchers" from 2017 municipal elections

¹² [City of Berkeley Website](#)

¹³ Michael Malbin, et. al., "Would Revising Los Angeles' Campaign Matching Fund System Make a Difference?" The Campaign Finance Institute, 2016.

Pros: Vouchers help expand the diversity of contributors by providing constituents the means to contribute to a candidate when they may not have the economic means to do so otherwise. They incentivize candidates to reach out to a new base of contributors and engage with the broader community.

Cons: Implementation costs may be higher than other systems. In 2017, the Seattle program spent \$1,036,600 in administration costs compared with only \$1,140,525 being distributed to the candidates.¹⁴ However, this is the first time a voucher system has been implemented so the administration costs of future cycles may be much lower.

Full Public Financing (a.k.a. “Clean Money”) System

Full public financing programs, also known as “Clean Money Elections” or “block grant” programs, provide each qualified candidate with lump-sum funding to conduct their entire campaign. To qualify, candidates must raise a set number of extremely small-dollar contributions, typically \$5, and agree to other conditions. Candidates are not allowed to fundraise any further than the required amounts needed to qualify for the program. However, some systems allow further fundraising if there is significant outside spending. Funds are disbursed to candidates depending on their office and whether it is the primary or general election. Maine funds their clean elections system allocating \$3,000,000/year from their general fund.

Providing full funding eliminates the influence of private contributions and limits the amount of money a candidate can spend on an election. Large contributions from special interests and the wealthy are not needed and even prohibited when participating in a full public financing program. This removes the burden of fundraising on candidates and enables them to fully engage with the community regarding their ideas for change.

Pros: Lump-sum funding minimizes the amount and time candidates need to fundraise to run a campaign. Once candidates raise the threshold amount, the funding provides enough money to run the **rest of their campaign without further fundraising. Candidates’ campaigns are almost exclusively funded** by public dollars, making them indebted solely to their constituents.

Cons: Providing a lump sum to qualifying candidates can become costly. Additionally, there is no viable mechanism for extra funding if candidates are outspent by opponents or independent expenditures.

Other Systems

A hybrid system is used in New Mexico’s judicial elections where candidates are given an initial grant and then receive matching funds from small donors.¹⁵ There are other programs enacted that provide tax refunds, for example Minnesota¹⁶. However, these systems are usually used by those that already contribute and are already involved in the political process. These systems do not provide enough incentive to encourage candidates to reach out to constituents nor do they encourage new political participants.

¹⁴ [Democracy Voucher Program Biennial Report 2017](#), Seattle Ethics & Elections Commission.

¹⁵ [“New Mexico Passes Bill to Strengthen Clean Elections Public Financing Law,”](#) Brennan Center for Justice, March 15, 2013.

¹⁶ Vermont Legislative Research Shop, [“Minnesota’s Campaign Finance Program.”](#)

What types of public financing programs have been enacted?

Public campaign financing has been enacted in about 30 different jurisdictions.¹⁷ Here is a sample of existing programs by type:

Matching funds:

- New York City, NY – has a 6:1 match rate program for mayoral, public advocate/comptroller, borough president, and city council candidates. It is overseen by their campaign finance board that regularly updates and reviews the program ([New York City Campaign Finance Board Website](#)).
- Berkeley, CA – The city has a 6:1 matching funds program for mayoral and city council candidates. The program is funded from the general fund. ([City of Berkeley Website](#))
- Los Angeles, CA – The city has a dual-tiered match rate depending on qualifications met by the candidates. The rates are 1:1 for the general and primary for candidates that meet the minimum criteria, and 2:1 for the primary; 4:1 for the general for candidates who meet the additional criteria. In addition, all qualified candidates who move on to a general election receive an initial one-fifth grant of the maximum matching funds available for that election. ([Los Angeles City Ethics Commission Website](#))
- Richmond, CA – The city has a block grant matching program disbursing up to \$25,000 in \$5,000 lump sums after each threshold has been met. The match is available for mayor and city council. The program is funded by appropriations from the city treasury. ([Richmond, CA Code of Ordinances, Article II, Chapter 2.43](#))
- Washington, D.C. – has a hybrid program that provides an initial lump sum after qualifying and then a 5:1 match rate for mayoral, city council, attorney general, ward councilmember, and board of education members. ([Washington D.C. Fair Elections Act of 2017](#))

Vouchers:

- Seattle, WA – has a voucher program for city council candidates. The city disburses four \$25 vouchers to registered voters that can only be used to contribute to participating candidates. They hope to expand the program to mayoral candidates.

Full Public Financing/Partial Grants:

- Maine – provides a block grant for qualified gubernatorial, state senate, and state house candidates. The program is funded by taxes from the general fund and various revenue streams. ([State of Maine Website](#))
- Connecticut – provides a block grant for qualified gubernatorial, state senate, state house, and other statewide office candidates. The program is mostly funded through the sale of abandoned property owned by the State of Connecticut. ([State of Connecticut Website](#))
- Minnesota – provides a partial grant for qualifying candidates running for governor, attorney general, secretary of state, state auditor, senate and state representative. The grant is funded through a tax check-off and refunds contributors up to \$50. ([State of Minnesota Website](#))
- Arizona – provides a block grant for qualifying candidates running for governor, secretary of state, the legislature, and other statewide offices. The program is funded by funded by a ten percent surcharge on certain civil penalties and criminal fines. ([State of Arizona Website](#))

¹⁷ “Public Funding for Electoral Campaigns: How 27 States, Counties, and Municipalities Empower Small Donors and Curb the Power of Big Money in Politics,” Demos, 2017. In addition to the 27, Howard County, MD; Washington, D.C.; and Berkeley, CA have enacted public campaign finance programs.

Steps for Success

Common Cause has been successful in implementing and improving public financing of campaigns in many states. Some have an initiative process to allow voters to support reforms. Others require legislative efforts to make change.

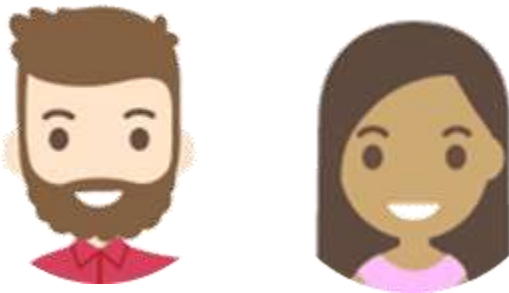
1. Setting a goal and understanding the political landscape

- What do you aim to achieve by implementing a public financing system? *Reduce reliance on big money? Increase the size and diversity of the small donor base? Enable community candidates to run for office?*
- Do your research
 - Has this been introduced before?
 - What issue(s) are you trying to address?
 - Who should be at the table?
 - Are there resources available to enact a program?
 - What laws may enable or restrict public financing?

2. What is the path to enactment? Is it the state legislature, board of supervisors, city council, or by ballot initiative?

3. Query elected officials: Inspire a city official(s) to support your vision. Write them a letter or meet with them to get your proposal on the agenda.

4. Look for bipartisan support: Secure support from leaders of both major parties. These can be current legislators, former elected officials, or local party clubs leaders.



5. Query local coalitions and grassroots to see if you have their support: It is important to build broad coalition. Start conversations about what the problem is and be open to crafting a solution together. Think about including groups that could be instrumental as supporters or dangerous if they oppose. Ultimately, including partners early can ensure that supportive groups will be willing to play key roles in public education, the decision about policy, the production and distribution of materials, managing the **speakers' bureau, and activating their membership.**

6. Query about volunteer support

7. Strategize about potential opposition early

- Reach out to groups that may potentially oppose. Understand and research their concerns.
- Can you change their minds or compromise? If not, plan to counter their opposition.

8. Understand procedural steps to implement a public financing system

9. Test public opinion: Test messaging with regular voting constituencies, but also with uninvolved constituencies.

10. Put your campaign plan together

Develop a plan that includes field and communications strategies that help you connect to voters, constituents, and the media. Consider social media outreach, holding town halls, inserting articles in newsletters, canvassing voters. Some state organizations have letter writing campaigns to elected leaders or decision makers to urge change.

- Funding – What resources are needed to see the campaign through to the end? Are volunteers and grassroots support enough or are there funding needs to run public education, media, or other campaigns.
- Direct actions:
 - Testimony
 - Protest
 - Rally
- Education:
 - Community Events
 - Public meetings/forums
 - Presentations
 - Media
 - Research
- Persuasion:
 - Lobby visits
 - One-on-ones
 - Letter writing or sending emails
 - Petitions
 - Phone banks
 - Op-eds/LTE
- Develop talking points—why are you seeking change? What reform do you support?

11. Keep revisiting the campaign plan and amend it as needed

- Situations may arise and require a change in strategy. Be prepared to adapt to potential issues and change your plan accordingly.

Public Financing Aspects

Common Cause strongly believes representatives should act only the best interests of their constituents—regardless of who their donors are. Public financing systems should reign in the undue influence of large contributors and make representatives more responsive to their constituents. We want every voice in the community to be heard, not just the voices with wealth or influence.

There is no one size fits all approach to public financing. Activists should identify issues in the target community that they aim to address such as lack of diversity of contributors/candidates, excessive outside contributions/spending, or predominant large contributors. Understanding the political landscape and electoral history is important to advocate for the selection and impact of a particular program.

Source of program funding – What funding sources are available or possible to implement a campaign (special tax, tax check-off, or other revenue streams)?

Qualifying threshold – What should the required amount of or number of small donor contributions be from the jurisdiction in order to receive public funding?

Location of contributors – Should there be a location restriction for qualifying contributions? Are there large amounts of money coming from outside the jurisdiction?

Contribution limits – Should participating candidates have lower contribution limits to encourage small donors?

Use of personal funds – How should personal funds be handled? Should it be capped at a certain limit?

Expenditure limit – **Should candidates' total spending be limited if they accept public funds? Under what conditions, e.g. high independent expenditure spending, should this cap be lifted?**

Fundraising – Should candidates agree to not fundraise after meeting the expenditure limit?

Mechanism for disbursement of funds – The beginning of a campaign is crucial. The quicker the funds can get into the hands of the campaign the better chance a candidate can succeed.

Repayment system – Should candidates be allowed withdraw? What type of repayment system should be placed?

Penalties – What penalties should be in place for violations?

Audits of candidates – Audits are important to encourage proper use of funds and to root out any misuse.

Cash contributions – Accepting cash contributions opens up the potential of fraud, but it allows people without a checking or savings account to participate. Note: CA state law only allows you to accept cash up to \$99.

Ancillary requirements – Should participating candidates be required to do anything else, like participate in public debates/town halls?

Enforcement – Some programs have had little impact due to the lack of mandatory funding and the lack of oversight and administration. Programs need constant monitoring in case officials or other opposition attempt to dismantle them.

- It is highly recommended to ensure mandatory funds and to establish an oversight commission in order to have and maintain an effective public campaign financing

system. In addition, all limits should be tied to inflation. Programs that have taken half measures or poor structures do not have a significant impact on candidates or donors.

- Alternatively, instead of creating their own enforcement agency, cities and counties may contract with an existing agency to enforce their local campaign finance ordinances. There is a bill in the California legislature, AB 2880, pending that will allow all California **counties and municipalities to contract California's state commission, the Fair Political Practices Commission** to enforce their local campaign finance ordinances.

Public Participation and Transparency

- Reach out to communities and gauge how proposed reforms would affect their participation and why.
- Would a public education campaign help increase approval and participation?

Which offices should be eligible for public funds?

Public funds only work well when certain thresholds and incentives are met. Many programs have little to no effect in terms of results when they are poorly structured or underfunded. The larger the office, the more likely additional funds are needed to foster change. There are a variety of factors that should be considered before deciding which offices are eligible for public financing:

- What amount of funds are available for the program from the budget of the jurisdiction?
- Is there a specific office(s) that need effective ethical and representation due to scandal, uncompetitive seats, or unethical conduct? If so, how likely is the program to impact that change?
- Are there enough funds left to effectively change the culture of other offices?

Common Cause Track Record on Public Campaign Finance Reforms

**“Join the movement for fair
elections”**

Over the years, Common Cause has led and supported several successful campaigns at the state and local levels to pass and improve citizen funded election programs, including in Connecticut; Arizona; Maine; New York City; Los Angeles, CA; Montgomery County, MD; Howard County, MD; Suffolk County, NY; Berkeley, CA; Portland, OR; Seattle, WA; Santa Fe, NM; Albuquerque, NM; and Washington, DC.

On the federal level, we are supportive of several bills in Congress that would create a public campaign finance matching system, including the Government By The People Act and the Fair Elections Now Act.