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THW match small donor contributions to political campaigns.

Small Donor Public Financing Explained

Brennan Center, By Mariana Paez and Ian Vandewalker, 06/29/2023 (Abridged)

Over the years, small donor public financing has emerged as the most powerful antidote to the outsize influence of megadonors in our elections. By enabling and incentivizing candidates to rely on support from constituents rather than wealthy donors, public financing gives everyday Americans a greater say in their elections and government. And as more state and local governments enact new programs or strengthen existing ones, evidence of their benefits continues to grow.

What are the problems with money in politics today?

More and more money floods our elections every year, due mostly to the Supreme Court's controversial 2010 ruling in Citizens United v. Federal Election Commission. By allowing corporations and other outside groups to spend unlimited money on elections, the Court largely deregulated money in politics and supercharged the influence of wealthy donors and special interests.

Since then, just a handful of megadonors have spent enormous sums to gain access to politicians, influence voters, and push their own narrow agendas. In the 2022 midterms, millions of small donors together gave a record-breaking amount to congressional campaigns, but our analysis found just 100 big donors outspent these millions of Americans by 60 percent.

Further, people from underrepresented communities without access to wealthy networks are often unable to pay the high price of running for office, while those with backing from megadonors can run even with extremist platforms. With no alternative to traditional fundraising, politicians have every incentive to court wealthy donors and prioritize their needs. This imbalance undermines representative democracy and leaves everyday Americans feeling unheard.

What is small donor public financing?

Public financing programs — which are all optional — give candidates who can demonstrate sufficient community support an alternative to fundraising from wealthy donors or special interests. Small donor match systems use public funds to match low-dollar contributions from state or local residents to participating candidates. These programs help candidates build broad bases of support, allow elected officials to spend more time connecting with their constituents, and amplify the voices of everyday voters.

As an example, New York City's innovative small donor public financing program provides a multiple match on small-dollar contributions to candidates who opt in. The program currently provides a match of eight to one on eligible donations from city residents. That means a $10 contribution receives an $80 public match and becomes $90 for the candidate.

Public financing exists in other forms as well. Some programs offer each qualifying candidate a block grant to fund their entire campaign without private fundraising, as systems in Arizona and Maine have done for decades. Other programs provide vouchers that residents can donate to participating candidates, a system that Seattle pioneered in 2017.

What are key features of successful public financing programs?

They include careful enforcement of candidate rules, ample user support for campaigns, and transparency to preserve public trust. They also cap the total amount of public funds available per office to limit costs. Other features can help ensure that public funds are not wasted on frivolous or noncompetitive candidates. For instance, many programs require participants to be in contested races and demonstrate reasonable levels of support by collecting a minimum number of small donations from constituents before they are eligible. Reduced contribution limits for participating candidates further incentivize these candidates to focus fundraising efforts on everyday people.

What are the benefits of small donor public financing?

Public financing programs help candidates run competitive campaigns fueled by small-dollar contributions, even in the face of huge spending by corporations and special interest groups. Instead of calling lists of rich donors, candidates can fundraise in the community with house parties and barbeques. In Portland, Oregon's first elections with public financing in 2020, candidates raised a far higher percentage of their funds from individuals rather than special interest groups, just as New York City's long-standing program has seen. In Seattle, despite millions in corporate expenditures against candidates with grassroots support, publicly financed municipal candidates won four out of the six city council races in 2019.

Small donor public financing also increases opportunities for candidates who historically have faced barriers in private wealth–based politics, such as women, people of color, members of the LGBTQ+ community, and low-income Americans. Our analysis found that in New York City's 2021 city council primaries, public financing played an important role in addressing historical inequities in fundraising and helped voters elect the most diverse and representative legislature in the city's history. Public financing programs in Washington, DC, and Maryland's Montgomery County helped achieve similarly historic gains in diversity among elected officials.

Public financing programs also promote civic engagement by encouraging new and more diverse donors to give, particularly from historically underrepresented communities. In 2018, during the first cycle of the matching program in Berkeley, California, the average contribution was 62 percent lower than in the previous election. After public financing went into effect in Portland, Oregon, contributors were more evenly spread across low-income and wealthier neighborhoods, and a majority of small donors had never given to a candidate for city office before.

Where is public financing in use?

At least 14 states and 25 local governments across the country have enacted public financing programs, covering one-third of the population (click here for the full list and details).

In November 2022, New York State launched its groundbreaking small donor public financing program, following years of research and advocacy that the Brennan Center helped lead. Starting in the 2024 election cycle, the voluntary program provides participating statewide and legislative candidates with a multiple match on small donations they receive from constituents. The program is the most robust legislative response in the nation to Citizens United.

Other states with public financing programs include Connecticut, Florida, Hawaii, Maryland, and Michigan. Localities that have adopted public financing programs include Tucson, Arizona; Los Angeles, California; Denver, Colorado; Miami-Dade County, Florida; and Santa Fe, New Mexico. Other jurisdictions, including Maryland's Baltimore County and Prince George's County, are in the process of implementing programs for upcoming cycles.

Is small donor public financing popular?

Yes. Americans across the country and the political spectrum agree that the outsize influence of the wealthy few in our politics harms our democracy, and they demand change. A recent Pew study found that reducing the influence of money in politics is a top policy priority for a majority of Americans regardless of race, age, or political party affiliation. A 2019 Gallup poll found that only one in five Americans is satisfied with our campaign finance laws. These figures reveal a nationwide appetite for campaign finance reform…

Public financing has also proved to be popular at the ballot box, with 18 being approved through referendums. In 2022, voters in Oakland, California, approved a ballot measure establishing a voucher program that will provide eligible city residents with $100 in "Democracy Dollars" to assign to their preferred local candidates. In Portland, Maine, a majority of voters approved a measure establishing a fund to provide public financing to municipal candidates starting in 2023.

Three Problems with Taxpayer Financing of Election Campaigns

Cato Institute, By John Samples, 01/16/2019

The new Democratic majority in the House of Representatives has introduced H.R. 1, a bill with two public financing components: one a pilot program for vouchers, and the other a conventional if generous subsidy program for small donations. I focus here on the latter.

Public financing schemes have often focused on encouraging small donors in part to allegedly counter the influence of "Big Money." The financing of campaigns by taxpayers fits easily into a number of dichotomies that structure our public discourse: small/large, vulnerable/powerful, poor/rich, left/right, and of course, friend/enemy. The realities are less exciting and persuasive than the rhetoric.

It is an odd time to be pushing government spending on congressional candidates. Federal deficits are now approaching a trillion dollars annually. Small donor fundraising is much easier and much more successful than in the past. ActBlue, a "fundraising technology for the left [seeking] to democratize power and help small-dollar donors make their voices heard in a real way," had a record election in 2018. It funneled over $1.6 billion to Democratic candidates.

In that respect, this bill is entirely predictable in a highly partisan time. The government subsidy is six times the sum raised by small donations. A new majority is thus proposing a $9.6 billion (yes, billion) subsidy for its congressional candidates in the 2020 election. All things being equal, that would be a massive advantage for the party in that election.

But things need not be equal. Such a huge subsidy would encourage the GOP to find small donors. Maybe "ActRed" would ready for 2020 and enjoy equal success. That's not likely but let's assume it is for purposes of argument.

Where would the billions needed to finance this program come from? The funding would involve new taxes or borrowing since it is new spending. So either current or future taxpayers would finance the program.

Here's one problem: the government would be using its power of coercion to force people to support candidates and parties they do not support (indeed, to support people they don't want their children to marry). This coercion would happen more to Republicans than Democrats at first, but Republicans might get better at claiming the subsidies over time. We would end up with the government coercing everyone without regard to partisan commitments.

Advocates of taxpayer financing also might think the scheme takes the side of "the people" (small donors) against the elite (current donors). ActBlue reports they had 4.9 million unique donors in 2018. That's a large absolute number. But it constitutes about 3 percent of eligible voters in the United States. These ActBlue contributors are not average Americans. ActBlue donors are also a small portion of liberals in America. In 2016, about 26 percent of the nation identified as liberal or about 47 million people. Hence ActBlue got money from just over 10 percent of liberals. By any measure, ActBlue donors are a political elite. No doubt they are a political elite that believes their policy views represent what's good for the nation and the average American. But they are not average Americans.

Finally, this bill asks taxpayers to provide the parties with large sums for their campaigns. But ActBlue showed that the small donor elite can be mobilized, and Republicans have every incentive to match ActBlue's success. Given that private political entities are doing well with small donors, why should the taxpayer be forced to support candidates and parties they do not want to support? Don't taxpayers have better uses for $20 billion?

Florida Amendment 6 would repeal public financing for statewide campaigns

Reason Foundation   Spence Purnell   September 24, 2024

Florida Amendment 6 would repeal the state constitutional amendment providing public financing to candidates for the governorship and cabinet offices.

Summary

Florida Amendment 6 would repeal the state constitutional amendment providing public financing to candidates for the governorship and cabinet offices.

Fiscal Impact

Since 2010, Florida has collectively spent roughly $33 million on public campaign financing. The legislative analysis of Amendment 6 states:

"The repeal of public campaign financing will eliminate an expenditure that routinely occurs every four years from the General Revenue Fund typically ranging from $4 million to $13 million per election cycle. The first year of the anticipated cost avoidance would occur in the 2028-2029 fiscal year."

Proponents' Arguments

Supporters argue these funds should be used to support more critical government programs like education, beach restoration, and other public projects. Offices like the governor and the cabinet should be able to finance their own campaigns through fundraising rather than using taxpayer money.

Opponents' Arguments

Critics argue that if Florida removes its source of public funding, the wealthy and well-connected will be the only ones able to run for office. They assert that public financing provides a level playing field so that politically popular candidates without their own funds can compete on the same level as better bankrolled opposition.

Discussion

The idea of publicly financed campaigns has existed since the country's founding for the same well-intentioned reasons it does today. However, even then, there was constitutionally principled opposition to using public money to support candidates because it would use taxpayer money to support political speech that citizens might not support. Especially since Florida is a closed primary state, taxpayers could be forced to support a campaign they disagree with financially, a clear violation of the First Amendment right to free speech and association. Using taxpayer dollars, which citizens must pay, forces them to contribute to political speech. Since Florida's law is limited to the highest offices, there are fewer instances where this may occur, and the financial impact is not as significant, but the same constitutional risks still exist. It is also true that this money could be used for other potentially more productive purposes like paying down debt or supporting education.

Small Donor Public Financing Plays Role in Electing Most Diverse New York City Council

Brennan Center, By Gregory Clark, Hazel Millard, and Marianna Paez, 11/05/2021

The city council primaries saw remarkable race and gender equity in fundraising, challenging typical trends in campaign finance.

On Tuesday, New York City voters elected the most diverse and representative legislature in the city's history. The numbers of women and people of color elected increased significantly, better reflecting their numbers in the city's general population, our analysis of candidate demographics found. A robust small donor public financing option for campaign fundraising, where candidates can join a city program that matches modest donations they earn from residents by $8-to-$1, played an important role in these trends.

Women, who are 52 percent of residents, will increase their representation on the city council from 27 percent now to 61 percent come January. People of color, who are 68 percent of residents, will increase their representation on the council from 51 percent now to 67 percent. Women of color in particular drove these racial and gender diversity gains, running and winning in sufficient numbers to more than double their seats in the 51-member body.

New York City's small donor public financing program "was one of the factors that opened the opportunity for more women from diverse backgrounds to run for office," Jessica Haller, executive director of 21 in '21, an organization devoted to gender equality on the council, told us. Her colleague and vice-chair, Yvette Buckner, explained that public matching dollars enabled women to invest in campaign tools such as digital outreach to broaden and diversify their levels of engagement, which was critical in a pandemic election.

Our analysis of city campaign finance records and the demographics of candidates bears out the strategists' observations. Among the women and people of color who won city council seats this week, 97 percent raised money through the voluntary small donor public financing program. Remarkably, they and other candidates of color and female candidates who were competitive in the primaries raised as much, on average, as their white and male counterparts. (In New York City, the primary election of the incumbent party, more than the general, tends to be the contest that matters most. Indeed, as of this writing, only one council district will definitely flip parties in 2022, even in a cycle that saw unusually high major-party competition.

These findings stand in stark contrast to typical trends in U.S. campaign finance, where historical disadvantages hinder candidates of color and female candidates in the race to raise big money from wealthy donors. Research shows women and people of color running for office tend to rely more on small donors than their male or white counterparts and, thus, especially benefit from public matching models.

To use New York City's small donor public financing program, a candidate first must show a sufficient level of public support by raising a threshold sum in small donations from a minimum number of residents. The candidate must also follow strict disclosure rules and contribution limits and earn every dollar they receive in public funds by raising matchable contributions from city residents. Participation is voluntary: candidates can, instead, raise money strictly through private donations.

The program has seen a number of improvements over its three decades, including increases in the size of the match. This year's was the first citywide election to happen after 80 percent of voters decided in a referendum to increase the public financing match from $6-to-$1 to $8-to-$1 and to slash contribution limits in city council races from $2,850 to $1,000. Many of this cycle's history-making candidates credit this increase for encouraging them to run and empowering their grassroots campaigns.

Our analysis found race and gender equity in fundraising across all competitive council candidates in the primary. Among these candidates, men and women raised, on average, nearly the same amounts, with women raising 4 percent more than men. White candidates and candidates of color also raised, on average, nearly the same amounts, with candidates of color raising 2 percent more than white candidates. These candidates also relied to similar degrees on small donations and public matching funds in their fundraising, regardless of their race or gender identity. This remarkable parity in fundraising trends held true not just for council candidates overall, but also in one-to-one contests when the top two candidates in a given district were of different races or genders.

To be sure, the city's small donor public financing program was not the only election reform in play this year. Term limits, in place since 1993, opened more than half the council seats to newcomers, a window of opportunity not seen in two decades. Ranked-choice voting, adopted by ballot referendum in 2019, converted the primary from a winner-take-all contest to one that cycled through voters' rankings of up to five candidates until one candidate received more than 50 percent of the vote. Research on term limits and ranked-choice voting, however, shows the policies do not always have the effect some proponents seek of increasing diversity and representation, sometimes resulting in the opposite. Indeed, the historical barriers that women, people of color, and particularly women of color face in traditional fundraising have impeded their ability to compete even for open seats.

New York City's public financing program continues to be a model for jurisdictions looking to address historical inequities in fundraising. In 2020, New York became the first state to enact a matching program since Citizens United. Last year, several cities held their first elections with either new public financing programs or recently increased matches. After enacting its program, Portland, OR, saw contribution sizes shrink but more small donors participate even in non-wealthy zip codes. In Washington, DC, the new Fair Elections Program diversified the donor pool, increasing participation most dramatically in areas where more people of color and lower-income residents live. Ahead of the 2020 elections, San Francisco increased its match from $2-to-$1 to $6-to-$1 and saw private funds become less important to candidate spending than in previous elections. These trends line up with research showing the policy increases diversity and participation among small donors and incentivizes candidates to seek more support from the constituents they seek to represent.

Candidates across the country attest to the democracy-enhancing benefits of small donor public financing. The policy enables them to spend more time with their constituents, improving the responsiveness of government, officials elected with public financing told us earlier this year. And it helps break down barriers to entry that historically have disadvantaged women and people of color. New York Attorney General Letitia James, who previously became the first Black woman to win citywide office using New York City's small donor public financing program, told us that "public financing is a critical tool to ensure that more people from more diverse backgrounds have the opportunity to hold elected office and serve our communities." She stressed, "It's imperative that our government be reflective of the people it represents."

Congress could be next. A small donor public financing program for U.S. House races currently awaits passage as part of the Freedom to Vote Act. The legislation would provide congressional candidates the opportunity to opt into a match similar to New York's. Congressional public financing would help close the fundraising gap that persists for women, candidates of color, and especially women of color, and increase diversity on Capitol Hill as it has in City Hall.

For $200, a Person Can Fuel the Decline of Our Major Parties

The New York Times, by Thomas B. Edsall, Aug. 30, 2023

Mr. Edsall contributes a weekly column from Washington, D.C., on politics, demographics and inequality.

One of the most important developments driving political polarization over the past two decades is the growth in small-

dollar contributions.
Increasing the share of campaign pledges from modest donors has long been a goal of campaign-finance reformers, but it turns out that small donors hold far more ideologically extreme views than those of the average voter.
In their 2022 paper, “Small Campaign Donors,” four economists — Laurent Bouton, Julia Cagé, Edgard Dewitte and Vincent Pons — document the striking increase in low-dollar ($200 or less) campaign contributions in recent years. (Very recently, in part because Donald Trump is no longer in the White House and in part because Joe Biden has not been able to raise voter enthusiasm, low-dollar contributions have declined, although they remain a crucial source of cash for candidates.)
Bouton and his colleagues found that the total number of individual donations grew from 5.2 million in 2006 to 195.0 million in 2020. Over the same period, the average size of contributions fell from $292.10 to $59.70.
In an email, Richard Pildes, a law professor at N.Y.U. and an expert in campaign finance, wrote: “Individual donors and spenders are among the most ideological sources of money (and are far more ideological than the average citizen). That’s particularly true of small donors.”
As a case in point, Pildes noted that in the 2022 elections, House Republicans who backed Trump and voted to reject the Electoral College count on Jan. 6 received an average of $140,000 in small contributions, while House Republicans who opposed Trump and voted to accept Biden’s victory received far less in small donations, an average of $40,000.
In a 2019 article, “Small-Donor-Based Campaign-Finance Reform and Political Polarization,” Pildes wrote:
It is important to recognize that individuals who donate to campaigns tend, in general, to be considerably more ideologically extreme than the average American. This is one of the most robust empirical findings in the campaign-finance literature, though it is not widely known. The ideological profile for individual donors is bimodal, with most donors clumped at the “very liberal” or “very conservative” poles and many fewer donors in the center, while the ideological profile of other Americans is not bimodal and features strong centrist representation.
The rise of the small donor has been a key element driving the continuing decline of the major political parties.
Political parties have been steadily losing the power to shape the election process to super PACs, independent expenditure organizations and individual donors. This shift has proved, in turn, to be a major factor in driving polarization, as the newly ascendant sources of campaign contributions push politicians to extremes on the left and on the right.
The 2010 Supreme Court decision Citizens United v. F.E.C. was a crucial factor in shaping the ideological commitments of elected officials and their challengers.
“The role of parties in funding (and thus influencing) campaigns at all levels of government in America has shifted in recent decades,” Thad Kousser, a political scientist at the University of California-San Diego, wrote in an email.
“Parties often played a beneficial role,” he added, “helping to bind together broad coalitions on one side or the other and boosting electoral competition by giving in the most competitive races, regardless of a candidate’s ideology. Then much of their power was taken away, and other forces, often more ideologically extreme and always less transparent, were elevated.”
This happened, Kousser continued, “through an accretion of campaign finance laws, Supreme Court decisions and F.E.C. actions and inactions. This has led us toward the era of independent expenditures and of dark money, one in which traditional parties have lost so much power that Donald Trump was able to win the Republican nomination in 2016, even though he began with little support among the party’s establishment.”
The polarizing effects of changing sources of campaign contributions pose a challenge to traditional reformers.
Raymond La Raja and Brian Schaffner, political scientists at the University of Massachusetts-Amherst and Tufts, wrote in their 2015 book, “Campaign Finance and Political Polarization: When Purists Prevail”:
The public intensely dislikes how campaigns are financed in the United States. We can understand why. The system of private financing seems rigged to favor special interests and wealthy donors. Much of the reform community has responded by calling for tighter restrictions on private financing of elections to push the system toward “small donor democracy” and various forms of public financing. These strategies seem to make sense and, in principle, we are not opposed to them.
But our research and professional experience as political scientists have led us to speculate that these populist approaches to curtailing money in politics might not be alleviating but contributing to contemporary problems in the political system, including the bitter partisan standoffs and apparent insensitivity of elected officials to the concerns of ordinary Americans that appear to characterize the current state of U.S. politics.
La Raja and Schaffner argued that “a vast body of research on democratic politics indicates that parties play several vital roles, including aggregating interests, guiding voter choices and holding politicians accountable with meaningful partisan labels. Yet this research seems to have been ignored in the design of post-Watergate reforms.”
The counterintuitive result, they wrote, has been a system in which interest groups and intensely ideological — and wealthy — citizens play a disproportionately large role in financing candidates for public office. This dynamic has direct implications for many of the problems facing American government today, including ideological polarization and political gridlock. The campaign finance system is certainly not the only source of polarization and gridlock, but we think it is an important part of the story.
Nathan Persily, a professor of law and political science at Stanford, observed in a telephone interview that the trend in

campaign finance has been to “move money from accountable actors, the political parties, to unaccountable groups.” “The parties,” he pointed out, “are accountable not only because of more stringent contribution disclosure requirements but also by their role in actual governance with their ties to congressional and executive branch officials and their involvement with legislative decision making.”

The appeal of extreme candidates well to the right or left of the average voter can be seen in the OpenSecrets listing of the top five members of the House and Senate ranked by the percentage of contributions they have received from small donors in the 2021-22 election cycle:

Bernie Sanders raised $38,310,351, of which $26,913,409, or 70.25 percent, came from small donors; Marjorie Taylor Greene raised $12,546,634, of which $8,572,027, or 68.32 percent, came from small donors; Alexandria Ocasio-Cortez raised $12,304,636, of which $8,326,902, or 67.67 percent, came from small donors; Matt Gaetz raised $6,384,832, of which $3,973,659, or 62.24 percent, came from small donors; and Jim Jordan raised a total of $13,975,653, of which $8,113,157, or 58.05 percent, came from small donors.

Trump provides an even better example of the appeal of extremist campaigns to small donors.

In a February 2020 article, “Participation and Polarization,” Pildes wrote: “In 2016, Donald Trump became the most successful candidate ever in raising money from small donors, measured either in aggregate dollars or in the percentage of his total contributions. In total small-donor dollars for the 2015-16 cycle, Trump brought in $238.6 million.”

Significantly, Pildes continued, “small donations ($200 or less) made up 69 percent of the individual contributions to Trump’s campaign and 58 percent of the Trump campaign’s total receipts.”

Michael J. Barber, a political scientist at Brigham Young, argued in a 2016 paper, “Ideological Donors, Contribution Limits and the Polarization of American Legislatures,” that “higher individual contributions lead to the selection of more polarized legislators, while higher limits on contributions from political action committees (PACs) lead to the selection of more moderate legislators.”

In addition to the impact of the small donor on weakening the parties, Pildes wrote in his email, a second major development is the rise of outside spending groups, such as super PACs, that are not aligned with the political parties and often work against the party’s leadership. Many of these 501(c) (tax exempt) groups back more ideologically extreme candidates — particularly during primaries — than either the formal party organizations or traditional PACs. The threat of such funding also drives incumbents to the extreme, to avoid a primary challenger backed by such funding.

Details of the process Pildes described can be found in a 2020 study, “Assessing Group Incentives, Independent Spending and Campaign Finance Law,” by Charles R. Hunt, Jaclyn J. Kettler, Michael J. Malbin, Brendan Glavin and Keith E. Hamm.

The five authors tracked the role of independent expenditure organizations, many of which operate outside the reach of political parties, in the 15 states with accessible public data from 2006 (before Citizens United) to 2016 (after Citizens United).

The authors found that spending by ideological or single-issue independent expenditure organizations, the two most extreme groups, grew from $21.8 million in 2006 to $66 million in 2016.

More important, the total spending by these groups was 21.8 percent of independent expenditures in 2006 (including political parties, organized labor, business and other constituencies). Ten years later, in 2016, the amount of money spent by these two types of expenditure groups had grown to 35.5 percent.

Over the same period, spending by political parties fell from 24 percent of the total to 16.2 percent.

Put another way, in 2006, spending by political parties and their allies was modestly more substantial than independent expenditures by more ideologically extreme groups; by 2016, the ideologically extreme groups spent more than double the amount spent by the parties and their partisan allies.

On a national scale, Stan Oklobdzija, a political scientist at Tulane, has conducted a detailed study of so-called dark money groups using data from the Federal Election Commission and the I.R.S. to describe the level of influence wielded by these groups.

In his April 2023 paper, “Dark Parties: Unveiling Nonparty Communities in American Political Campaigns,” Oklobdzija wrote:

Since the Citizens United decision of 2010, an increasingly large sum of money has decamped from the transparent realm of funds governed by the F.E.C. The rise of dark money — or political money routed through Internal Revenue Service (IRS)-governed nonprofit organizations who are subject to far less stringent disclosure rules — in American elections means that a substantial percentage of American campaign cash in the course of the last decade has effectively gone underground.

Oklobdzija added that “pathways for anonymous giving allowed interest groups to form new networks and to create new pathways for money into candidate races apart from established political parties.” These dark money networks “channel money from central hubs to peripheral electioneering groups” in ways that diminish “the primacy of party affiliated organizations in funneling money into candidate races.”

What Oklobdzija showed is that major dark money groups are much more significant than would appear in F.E.C. fund-raising reports. He did so by using separate I.R.S. data revealing financial linkages to smaller dark money groups that together create a powerful network of donors.

Using a database of about 2.35 million tax returns filed by these organizations, Oklobdzija found that “these dark money groups are linked via the flow of substantial amounts of grant money — forming distinct network communities within the larger campaign finance landscape.”

Intense animosity toward Trump among Democrats and liberals helped drive a partisan upheaval in dark money contributions. “In 2014,” Oklobdzija wrote by email, “dark money was an almost entirely Republican phenomenon. The largest networks — those around Crossroads GPS and Americans for Prosperity — supported almost exclusively conservative candidates.”

In 2018, however, with Trump in the White House, Democratic dark money eclipsed its Republican counterpart for the first time. Oklobdzija wrote:

In that year’s midterms, liberal groups that did not disclose their donors spent about twice what conservative groups did. Democrats also developed a network similar to those developed by the Koches or Karl Rove with the 1630 Fund, which spent about $410 million total in 2020, either directly on elections or propping up liberal groups. In 2020, Democratic-aligned dark money outspent Republican-aligned dark money by almost 2.5 to one. In 2022, total dark money spending was about 55 percent liberal and 45 percent conservative, according to the Center for Responsive Politics.

A separate examination of the views of donors compared with the views of ordinary voters, “What Do Donors Want? Heterogeneity by Party and Policy Domain,” by David Broockman and Neil Malhotra, political scientists at Berkeley and Stanford, found:

Republican donors’ views are especially conservative on economic issues relative to Republican citizens, but are typically closer to Republican citizens’ views on social issues. By contrast, Democratic donors’ views are especially liberal on social issues relative to Democratic citizens’, whereas their views on economic issues are typically closer to Democratic citizens’ views. Finally, both groups of donors are more pro-globalism than citizens are, but especially Democratic donors.

Broockman and Malhotra made the case that these differences between voters and donors help explain

a variety of puzzles in contemporary American politics, including: the Republican Party passing fiscally conservative policies that we show donors favor but which are unpopular even with Republican citizens; the focus of many Democratic Party campaigns on progressive social policies popular with donors, but that are less publicly popular than classic New Deal economic policies; and the popularity of anti-globalism candidates opposed by party establishments, such as Donald Trump and Bernie Sanders.

Some of Broockman and Malhotra’s specific polling results:

52 percent of Republican donors strongly disagree that the government should make sure all Americans have health insurance, versus only 23 percent of Republican citizens. Significant differences were found on taxing millionaires, spending on the poor, enacting programs for those with low incomes — with Republican donors consistently more conservative than Republican voters.

On the Democratic side, donors were substantially more liberal than regular voters on abortion, same-sex marriage, gun control and especially on ending capital punishment, with 80 percent of donors in support, compared with 40 percent of regular voters.

While most of the discussion of polarization focuses on ideological conflict and partisan animosity, campaign finance is just one example of how the mechanics, regulations and technology of politics can exacerbate the conflict between left and right.

The development of microtargeting over the past decade has, for example, contributed to polarization by increasing the emphasis of campaigns on tactics designed to make specific constituencies angry or afraid, primarily by demonizing the opposition.

The abrupt rise of social media has, in turn, facilitated the denigration of political adversaries and provided a public forum for false news. “Platforms like Facebook, YouTube and Twitter likely are not the root cause of polarization, but they do exacerbate it,” according to a 2021 Brookings report.

Some of those who study these issues, including La Raja and Schaffner, argue that one step in ameliorating the polarizing effects of campaign financing would be to restore the financial primacy of the political parties.

In their book, La Raja and Schaffner proposed four basic rules for creating a party-centered system of campaign finance: First, “limits on contributions to the political parties should be relatively high or nonexistent.” Second, “modest limits should be imposed on contributions to candidates.” Third, “no restrictions should be imposed on party support of candidates. Political parties should be permitted to help their candidates as much as desired with direct contributions or in-kind support.” Fourth, “public financing should support party organizations.”

Persily, however, voiced strong doubts about the effectiveness of these proposals. “You cannot put the toothpaste back in the tube,” he said, noting that polarization is becoming embedded in the personnel and decision-making processes of political parties, especially at the state and local levels, making a return to the parties’ past role as incubators of moderation unlikely.

Broockman, Nicholas Carnes, Melody Crowder-Meyer and Christopher Skovron provided support for Persily’s view in their 2019 paper, “Why Local Party Leaders Don’t Support Nominating Centrists.” Broockman and his colleagues surveyed

1,118 county-level party leaders and found that “given the choice between a more centrist and more extreme candidate, they strongly prefer extremists, with Democrats doing so by about two to one and Republicans by 10 to one.”
If what Broockman and his co-authors found about local party leaders is a signal that polarized thinking is gaining strength at all levels of the Democratic and Republican Parties, the prospects for those seeking to restore sanity to American politics — or at least reduce extremism — look increasingly dismal.

Wealthy donors influence elections with their wallets. Small donor public financing would benefit everyday Americans.

Chicago Sun Times, By Joanna Zdanys Jan 25, 2024, 7:00am EDT
More states and localities are adopting small donor matching. A growing body of evidence shows it can deepen voter engagement and counteract the influence of big money, a Brennan Center expert writes.
A woman seated at a table with ballots hands them out to two voters.
The 2024 elections are already on track to be the most expensive on record. And it’s a safe bet that just a handful of ultra-wealthy donors will funnel millions to their favored politicians, drowning out the dollars and preferences of everyday working voters.
In 2022, just 100 wealthy Americans gave $1.2 billion, compared to just over $747 million from all 3.7 million small donors combined. Without big money to spend, most voters get squeezed out while the wealthiest few dominate politics.
It’s no surprise that voters of all political stripes say major donors have too much influence in our democracy and are eager for change. That’s why more than three dozen states and localities across the country have turned to public campaign financing to offset the distorting effects of wealth in our politics. These programs boost the voices of everyday voters by matching their small donations with public funds.
Enthusiasm for this reform continues to grow. Last September, Evanston adopted a multiple-match program for mayoral races. New York State’s program, the most robust small donor matching program enacted anywhere in the country, is now in its first run for the 2024 election cycle, with more than 180 candidates already enrolled. And there are pushes to either expand existing systems or create new ones in states including Minnesota and Virginia.
Experience across the country shows the transformative power of these programs. They give donors of modest means far more clout, and incentivize candidates to engage with the communities they serve instead of seeking big checks from donors. At a time of deep political divisions, polling shows strong bipartisan support for public financing and robust participation among candidates across the political spectrum.

Transforming New York state

New York State’s new public financing program is at the heart of its transformation from a capital of corruption to a national leader on pro-voter campaign finance reform. It was enacted after years of concerted organization across non-governmental organizations, community-based organizations, civic leaders, dogged accountability journalism by major news outlets, and the persistence of political leaders with courage and vision. It provides a compelling example for the rest of the country to follow.
New York’s program matches small contributions of $250 or less from district residents with public funds at a ratio of up to 12 to one. That means that a contribution of $10 from a local voter can be matched with $120 in public funds, making it worth $130 to a campaign.
An analysis of state campaign data shows the program’s promise to make small donors far more important in the political process. In the 2022 statewide elections, before public financing was available, small donors were responsible for only 11% of campaign funding. If the state’s public financing program had been in place, small donors could have increased their influence sixfold, from 11% to 67% of campaign funding. This program is a game-changer in a state where, in the last statewide elections, just 200 wealthy donors out-gave more than 206,000 small donors combined.
New York State’s program builds on the demonstrated benefits of New York City’s small-donor matching program, in effect for more than 30 years. A Brennan Center study found that publicly financed candidates in New York City engage more donors from within their own districts and raise a larger portion of their funds from district residents, compared to non-publicly financed candidates. The program has also played a key role in making city government more diverse and more representative of the city’s population as a whole.
Big money, big problems. Deep-pocketed, self-funding candidates and dark money mar Illinois politics
There’s also encouraging evidence that public financing can deepen voter engagement in the political process. An October 2023 study found that Seattle’s program increased voter turnout by nearly 5 percentage points. In the 2021 elections, the program was a factor in increasing donor participation among Black, Latino and young voters.
Public financing isn’t just a reform for state and local races. It has been available to U.S. presidential candidates since the 1970s. That program worked effectively for decades but fell into disuse. Proposals to update the federal system and expand it to include congressional elections were included in legislation that has passed the House of Representatives multiple times and nearly passed the Senate in the last Congress. It remains at the top of congressional Democrats’ policy agenda.
For too long, the voices of millions of everyday Americans have been drowned out by big donors. We should be encouraged by continued efforts to address that imbalance. Reforming the role money plays in our nation’s politics will

require strong political will. But as states, cities and counties across the country are showing, public financing will make elected government stronger, fairer and more representative of the people it serves.
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Small Donor Public Financing Can Help More Women Get Elected

MS Magazine, by MARINA PINO and JULIA FISHMAN, 4/25/2024

By amplifying the value of small donations, public financing turns a challenge for women candidates—reliance on a broad network of small donors—into an opportunity.

small-donor-donations-public-financing-women-politics

In recent years, the share of women in public office has surged.

In 2000, just 65 women served in Congress. Today, the number is 151, more than a quarter of the total 535 voting members.

Likewise at the state level, women now make up about a third of elected officials.

Yet despite these historic gains, women—who make up roughly half of the population—remain starkly underrepresented in government. And for women of color, the disparity is even greater.

No single factor created this gap, and no single change will fix it. But part of the problem is how campaigns are funded—and changing that will make a significant difference.

It's expensive to run for office: Political ad spending in the 2024 election cycle is expected to exceed $16 billion. And the price of campaigning is a greater barrier for women, who typically have less access than men to the wealthy donors who provide most of this money.

Enter: public financing, a simple but powerful reform that uses public funds to boost small donations to candidates. It's a policy that can help any candidate willing to engage with a broad base of voters—but some of its biggest beneficiaries are women, particularly women of color, who make up 25 percent of the country's population but less than 10 percent of state and federal elected offices.

Just ask New York Attorney General Letitia James, who got her start in New York City politics without the benefit of wealthy supporters and has said, "I wouldn't be where I am today if not for public financing." Public financing also amplifies the community-based support of other candidates who have faced barriers under the status quo, including members of the LGBTQ+ community.

While public financing on its own will not resolve the gender inequities in our politics, it's a vital tool for ensuring this pipeline continues to exist.

Women candidates rely more heavily than men on small donors, typically defined as those giving $200 or less. From 2012 to 2018, women running for the U.S. House raised on average a 70 percent greater share of their funds from small donors than their male opponents. But it's tough to run a competitive campaign this way if opponents have access to big checks.

Unsurprisingly, women candidates have historically raised less money than men. In 2018, for example, women running for Congress in the most competitive districts raised an average of $500,000 less than their male counterparts.

Public financing is the most powerful reform available to address this fundraising gap. The policy comes in a variety of forms, but most seek to boost the power of small donations.

In one popular model—the small donor match system—modest contributions are multiplied with public funds. An example is New York state, where a groundbreaking program is in place for its first electoral cycle this year.

There, in-district donations to state legislative candidates of under $250 are matched on a sliding scale, offering the highest match to the smallest donations.

For statewide races, eligible donations are matched six to one. That means a donation to a statewide candidate of say, $10, is boosted by $60 in matching funds, and becomes worth $70 to the candidate.

By amplifying the value of small donations, public financing turns a challenge for women candidates—reliance on a broad network of small donors—into an opportunity.

In 2021, New York City elected its most demographically representative city government in history, thanks in part to public financing. Women more than doubled their representation from 27 percent to 61 percent. And people of color increased their representation from 51 percent to 67 percent. Notably, women and people of color who won or were competitive in their primaries raised as much, on average, as their white and male counterparts.

In recent years, public financing has also boosted representation of women, including women of color, in Albuquerque, N.M., Montgomery County, Md., and Washington, D.C.

Changes like these at the local and state level also have long-term effects for women's representation in the U.S. Congress, where nearly half of current members previously served in state legislatures. While public financing on its own will not resolve the gender inequities in our politics, it's a vital tool for ensuring this pipeline continues to exist.

Fortunately, it has momentum; 14 states and 26 localities across the country have adopted the reform, with more actively considering it. And at the federal level, the Freedom to Vote Act would establish a public financing option for U.S. House candidates.

A diverse and broadly representative government is better able to understand and address the priorities of all Americans, from reproductive rights to social programs to commonsense gun control. With more jurisdictions adopting or expanding existing public financing programs, including efforts in Minnesota, Hawaii and Chicago, this crucial reform can continue to help improve representation for women across the country.

The Intriguing Role Public Financing of Campaigns Played in the Eric Adams Indictments

Washington Monthly, by Ciara Torres-Spelliscy September 27, 2024

NYC's stringent accounting for publicly funded elections raised a very big red flag,

On Thursday, the Department of Justice unsealed an indictment of Eric Adams, making him New York City's first sitting mayor to be indicted while in office. He is scheduled to be arraigned on Friday.

The first-term Democrat stands accused of wire fraud, in violation of Title 18, United States Code, Section 1343; soliciting, accepting, and receiving a campaign contribution by a foreign national, in violation of Title 52, U.S. Code, Section 30121(a)(2); and bribery, in violation of Title 18, U.S. Code, Section 666(a)(1)(B). The mayor declares he is innocent and vows to vigorously fight the charges relating to foreign travel, hotels, and other benefits totaling more than $100,000.

What myriad news accounts aren't emphasizing—and should—is that New York City's admirable public finance system for city offices laid the groundwork for the federal indictment. Adams, who insists he will not resign, intimated, without proof, that he was a target of the investigation because he had stood up to the Joe Biden administration's policies toward migrants.

Campaign finance irregularities in Adams's mayoral campaign 2021 were flagged by New York City's Campaign Finance Board (CFB), which administers the city's excellent public finance system. In 2021, Adams, a police officer for much of his career and an elected official, including Brooklyn borough president, ran and won his first campaign for the city's highest office using public funding. That meant he was subject to CFB's notoriously rigorous post-election audits to ensure taxpayer funds were appropriately used.

As a publicly funded candidate, Adams needed to account for every cent going into and out of his mayoral campaign. Simply put, the numbers did not add up, with a $2.3 million gap, which is a huge red flag. As the New York Times reported of the audit, Adams's campaign seemed to have "secret bundlers [and] sham donations." The Justice Department, in its indictment, accuses Adams of violating the wire fraud statute by getting public matching funds through fraudulent means. While Adams received over $10 million in public financing in his 2021 mayoral bid, only a small portion of that is allegedly connected to straw donor scheme outlined in the indictment…(abridged)

Fake Donations Helped a Candidate Get $162,000 From Taxpayers

New York Times, By Jay Root and Bianca Pallaro, 06/11/2024

New York's new matching-funds campaign system rewards candidates who raise money from small donors, but weak oversight may already have led to abuses.

In the heart of Flushing, Queens, a second-floor apartment seemed to be a modest hotbed of interest in a local State Assembly race, with three family members donating small amounts of cash to an obscure Democrat, according to campaign records.

A taxi driver, Ahmad Zadran, was listed as a $40 donor to the candidate, Dao Yin. Mr. Zadran's brother was shown as giving $25; his son, Raheem Zadran, was listed as giving $50.

Under New York State's new generous system for publicly financing political campaigns, Mr. Yin claimed the Zadrans' modest donations as eligible for $1,380 in matching funds. Yet in interviews, the Zadrans said they had not given money to Mr. Yin, nor had they even heard of him.

"This is crazy," Raheem Zadran, 27, said. "I never donated to this guy. I don't know who the hell he is."

His father was equally incredulous. "I don't care about politics," Ahmad Zadran said. "I never donate a penny to anybody."

The Zadrans are among scores of New Yorkers who supposedly made small cash donations to Mr. Yin, a businessman who immigrated to New York from Shanghai in the late 1990s. He is the lesser known of two candidates in the Democratic primary who are challenging longtime Assemblyman Ron Kim in a predominantly Asian district east of La Guardia Airport.

Despite his lack of name recognition, Mr. Yin is now one of New York's top recipients of public matching funds — $162,800 at last count — after reporting the highest percentage of cash, the least traceable form of donation, of any state candidate who received matching funds this year.

But after canvassing many of the homes in Flushing associated with 55 people listed as cash donors to Mr. Yin's campaign, The Times found at least 19 who said they had not contributed. Eleven others no longer lived at the addresses listed for them. Some had moved to other cities or states years ago, including one who left New York in 2013 and said he had not donated. Only seven of those interviewed said they had donated small sums to Mr. Yin.

One supposed donor after another stood at the doors of their Flushing apartments with the same dumbfounded looks on their faces….(abridged)