



## MEMO

To: Larry Parham, Citizen Action of New York  
From: Chloe Tribich, Center for Working Families  
Date: February 16, 2012  
Re: Public financing of elections and communities of color

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At your request, we reviewed relevant literature and found that public financing of elections has significant benefits for communities and candidates of color.

### Background

If there was ever doubt that big money dominates politics, the Supreme Court's 2010 *Citizens United* decision squelched it. The decision lifted caps on corporate and union independent expenditures. The results are a further erosion of the voices of regular voters and the dramatic amplification of corporate influence in politics. Already the 2012 presidential election is shaping up to be the most expensive on record, with "super PACs"—a new type of campaign committee that can raise unlimited sums—dominating the fundraising.<sup>1</sup>

State and local governments have taken steps to resist this trend by instituting publicly financed elections. In addition to combating corruption, these policies have helped to increase racial diversity among candidates for elected office and to engage voters from historically disenfranchised communities. There also are indications that publicly financed elections have facilitated better policy outcomes for these communities.

### Publicly financed elections increase candidate diversity

Candidates who want to raise funds primarily in their own districts, particularly in low-income neighborhoods, are at a disadvantage when compared to candidates willing and able to raise money from outside large or corporate donors. Public financing reforms mitigate this fundraising disadvantage by making it possible to put together an adequately financed campaign using small donations, supplemented by public funds. In other words, candidates who want or need to raise funds from a low-income base—rather than from big donors or lobbyists—are able to do so without giving up their competitiveness.

Below are examples of how public financing policies have increased opportunities for candidates of color.

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<sup>1</sup> Rick Perry's super PAC, Make Us Great Again, is planning on raising \$55 million, a record. See Paul Blumenthal, "Super PAC For Rick Perry Plans To Raise, Spend \$55 Million," *Huffington Post*, September 6, 2011, accessed October 25, 2011, [http://www.huffingtonpost.com/2011/09/06/rick-perry-super-pac-55-million\\_n\\_951206.html](http://www.huffingtonpost.com/2011/09/06/rick-perry-super-pac-55-million_n_951206.html).

Arizona’s system allows qualified candidates—those who raise a certain number of \$5 donations—to receive public grants and matching funds in return for forgoing private fundraising. A 2006 report from the Center for Governmental Studies explained how this impacted candidates of color:<sup>2</sup>

- In 2004, minority candidates represented only 16 percent of candidates in general elections but 30 percent of publicly financed candidates. (The system went into effect in 2000.)
- The number of Native American and Latino candidates nearly tripled in just two election cycles after public financing was implemented.

New York City is another example.<sup>3</sup> Term limits and shifting demographics have combined with a strong public financing system to help achieve the following:<sup>4</sup>

- A shift in the demographics of the New York City Council so that the body is now composed of a majority of people of color.
- An increase in the number of competitive primary races. This makes it easier to challenge entrenched political dynasties of all colors that are unresponsive to their constituents.
- A larger proportion of candidates, including many candidates of color, who hail from working and middle class backgrounds, such as community organizers and public sector workers.

Connecticut’s public financing system, passed into law in December 2005, has helped increase the number of the state’s Latino legislators from six to nine. Significantly, two of these newly elected leaders are the first Latinos to represent districts outside the state’s largest cities.

### **Publicly financed elections engage communities of color in the electoral process**

Contribution limits and public financing make small donations matter more. That helps real and potential small donors win a stronger voice in politics. Given the strong correlation between race and wealth, this is likely to benefit voters of color.<sup>5</sup>

Specifically, public financing of elections means that:

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<sup>2</sup> Steven M. Levin, “Keeping it Clean: Public Financing in American Elections,” (Center for Governmental Studies, 2006). Accessed on October 25, 2011, <http://www.policyarchive.org/handle/10207/bitstreams/4523.pdf>.

<sup>3</sup> It is expected that a New York State system of public financing will be based on New York City’s well-established model.

<sup>4</sup> Angela Migally and Susan Liss, “Small Donor Matching Funds: The NYC Election Experience,” (Brennan Center for Justice, 2010). Accessed on October 25, 2011, [http://brennan.3cdn.net/8116be236784cc923f\\_iam6benvw.pdf](http://brennan.3cdn.net/8116be236784cc923f_iam6benvw.pdf).

<sup>5</sup> Arizona’s public financing law “increased the ethnic, economic and geographic diversity of contributors, as demonstrated by an increase in donations from low and middle income zip codes and an increase in donations from areas with large Latino populations.” See Steven M. Levin, “Keeping it Clean: Public Financing in American Elections,” (Center for Governmental Studies, 2006). Accessed on October 25, 2011,

- Candidates are encouraged to focus on smaller donors from within the district, lessening the reliance on well-heeled corporate interests. Attending a house party could be as valuable as a corporate-sponsored fundraiser when a constituent's \$30 contribution is turned into \$210 by a 6-to-1 match.
- Small donors get excited about participating in politics because they see they can make a difference. The research of Professor Michael Malbin at the Campaign Finance Institute shows that New York City's system has motivated many small donors to get involved: In the 2009 City Council race, publicly financed candidates raised 65 percent of funds from donors giving less than \$250. Non-participants raised only 17 percent from that category of small donors. The experience of having a political impact can encourage deeper forms of civic participation and help restore voters' faith in government.<sup>6</sup>
- Total quantity of contributions tends to increase and average dollar value of contributions tends to decrease. There is also evidence that contributions become less concentrated in wealthy white neighborhoods. For example, Public Campaign, a non-profit, non-partisan election reform organization, found that Arizona citizens who donated to publicly financed candidates were more likely to be Latino and low-income than donors who did not.<sup>7</sup>

### **Publicly financed elections can limit attacks on voting rights**

In March 2010, Republican operative Karl Rove penned a *Wall Street Journal* editorial that spelled out the GOP's intentions to influence state redistricting processes.<sup>8</sup> The goal: Create Republican-leaning districts that would allow the party to increase control over national politics.

Evidence suggests that Rove and his cohorts are attempting to exert influence in New York's elections. In the spring of 2011, for example, American Crossroads, a 527 organization founded by Rove, poured up to \$650,000 into the hotly contested race for the congressional seat in New York's 26<sup>th</sup> district.<sup>9</sup>

Even before that, Tea Party funder David H. Koch was pouring tens of thousands of dollars into New York State Republicans' coffers. In May 2008, for example, he donated \$25,000 to the NYS Senate Republican Campaign Committee. It's worth noting that the ultra-right wing efforts of Wisconsin Governor Scott Walker have been well funded by the Koch brothers.

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<sup>6</sup> Angela Migally and Susan Liss, "Small Donor Matching Funds: The NYC Election Experience," (Brennan Center for Justice, 2010). Accessed on October 25, 2011, [http://brennan.3cdn.net/8116be236784cc923f\\_iam6benvw.pdf](http://brennan.3cdn.net/8116be236784cc923f_iam6benvw.pdf).

<sup>7</sup> Accessed at Public Campaign's *All Over the Map* website, October 26, 2011, <http://publiccampaign.org/aotm#3>.

According to the Brennan Center, New York City's match system

"appears to have widened the circle of who gives. Candidates perceive the flowering of a more diverse and inclusive political culture." See Angela Migally and Susan Liss, "Small Donor Matching Funds: The NYC Election Experience," (Brennan Center for Justice, 2010). Accessed on October 25, 2011,

[http://brennan.3cdn.net/8116be236784cc923f\\_iam6benvw.pdf](http://brennan.3cdn.net/8116be236784cc923f_iam6benvw.pdf).

<sup>8</sup> Rove, Karl. "The GOP Targets State Legislatures." *Wall Street Journal*, 4 March 2010. Accessed on January 3, 2012 at <http://www.rove.com/articles/219>.

<sup>9</sup> Yadron, Danny. "American Crossroads Spends Big in House Election," *Wall Street Journal*, 10 May 2010.

Accessed on January 3, 2012 at <http://blogs.wsj.com/washwire/2011/05/10/american-crossroads-spends-big-in-n-y-house-election/>.

Relatedly, in 2011, Wisconsin eliminated its public financing system. It also joined 13 other states in passing voter restriction laws. Though New York was not one of the 14, three voter identification bills (A2868, A6867 and A3373) were introduced in the New York State Assembly.

Implementing a public financing policy that strictly limits campaign contributions could help mitigate the impact of donors who champion voter suppression laws.

A final point on voting rights: New Yorkers who are formerly incarcerated or paroled felons often do not know they can vote. By increasing engagement of voters in communities with high proportions of formerly incarcerated individuals, publicly financed elections can help create a climate of awareness among this population.

### **Examples of successes of candidates of color**

Publicly financed elections policies have made a difference for candidates of color across the country. Below are three examples.

- Ed Reyes, a Los Angeles City Council Member and first generation Mexican-American, credits his successful campaign to public financing and says the system allowed him to focus on individual donations, rather than donations from corporations and PACs.<sup>10</sup>
- Gary Holder-Winfield represents New Haven in the Connecticut state legislature. An African-American man from a low-income background, Holder-Winfield says the state's public financing system allowed him to fundraise effectively from his low-income constituents. Ultimately he was able to best the machine-backed candidate: "Public financing made it easier. I was instantaneously competitive."<sup>11</sup>
- John Loreda was first elected to the Arizona House of Representatives in 1996 and eventually served as the minority leader. He has become a major defender of public financed elections, arguing that as a result of Arizona's law, "corporate Arizona lost sway and voters have been in the driver's seat."<sup>12</sup>

### **Publicly financed elections facilitate better policy outcomes**

The passage of New York City's first public financing policy in 1988, along with other reforms that empowered the City Council over the Office of the Mayor, helped pave the way for these policy successes:

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<sup>10</sup> Steven M. Levin, "Keeping it Clean: Public Financing in American Elections," (Center for Governmental Studies, 2006). Accessed on October 25, 2011, <http://www.policyarchive.org/handle/10207/bitstreams/4523.pdf>.

<sup>11</sup> Ryan McKeen, "My interview with state rep. Gary Holder-Winfield," *A Connecticut Law Blog*, August 16, 2010, accessed October 25, 2011, <http://aconnecticutlawblog.com/2010/08/my-interview-with-state-rep-gary-holder-winfield-part-1/>.

<sup>12</sup> Bonnie Saunders and John Loreda, "Big money interests hope to neuter Clean Elections Act," *Arizona Daily Star*, April 2, 2010, accessed October 25, 2011, [http://azstarnet.com/news/opinion/article\\_b0789d23-c611-572b-883c-2f38eaea0b03.html](http://azstarnet.com/news/opinion/article_b0789d23-c611-572b-883c-2f38eaea0b03.html).

- A landmark law that banned smoking in schools and limited cigarette vending machine sales (1990)
- Pro-consumer legislation requiring that supermarkets individually price items (1992)
- Increased transparency around city contracting (1991)
- Strengthened anti-discrimination laws (1991)

More recently, New York City's lead paint abatement law (2004) tackled a problem that plagued communities of color almost exclusively: At the time, 95 percent of lead poisoned children were Black, Latino or Asian. Yet lead legislation had stalled for years due to vigorous opposition from the landlord lobby and Mayor Bloomberg. Why did it finally pass? Advocates said that public financing helped create more competitive elections, increased the proportion of Council Members of color, and made those Council Members more responsive to constituents.