

# CAMPAIGN FINANCE REFORM

***“We really truly believe with democracy vouchers, a lot of folks across the city who never imagined or considered donating to a campaign before will all of a sudden have a tool they can use,”***

—Chris Genese, Washington Community Action Network

## THE PROBLEM

Big money interests play too large a role in municipal elections. This limits who can run, who can win, and who governs. Through political action committees, Super PACs, large contributions directly to candidates, and rising outside spending in the wake of Citizens United, corporations and wealthy special interests and spending heavily to influence local races. Local candidates generally raise significantly less than those running for state or federal office, so just a few large checks can have a big impact. Moreover, the role of big money in our elections is a barrier that disproportionately prevents people of color and women from running, being elected, and representing the communities they live in.

As a result, it is increasingly important for localities to pass their own laws that address the barriers that prevent non-wealthy people from running for office and prevent wealthy donors from having disproportionate impact in local elections.

## THE SOLUTION

There are three primary methods through which local governments can advance regulations that diminish the influence of money in political campaigns: disclosure, contribution limits or bans, and public financing.

**PUBLIC FINANCING:** Some localities have enacted public financing systems to amplify and diversify the voices of all residents and make it possible for many more people of color and women to run and win elected office. When candidates opt-in to these programs, they agree to limit the size of the donations they will accept (usually

less than \$200) and in exchange they receive public funds for their campaign based on the amount of small donors they are able to attract. Some programs match small contributions from local residents with public funds, so a \$20 contribution can be worth \$140 or more to a grassroots candidate. Others provide residents with coupons or “vouchers” that they can use to contribute directly to local candidates. These programs facilitate broader engagement in the political process, particularly by marginalized communities. Small-donor elections break down the barriers money creates for those running for office so that candidates can reflect the racial, gender, and economic diversity of the country. These programs change the way that candidates run for office, putting voters in the community—not just wealthy donors—at the center of campaigns.

**CONTRIBUTION LIMITS:** Many localities have also established contribution limitations, which can vary significantly depending on the office that a candidate is seeking and whether the donor is an individual or a political committee. Most jurisdictions limit the amount of money individuals and corporations to give direct campaign contributions to candidates and many jurisdictions ban direct contributions from corporations entirely. Some municipalities also have specific bans or limits on direct contributions to candidates of corporations or individuals who are doing business with the city or are registered lobbyists. Contribution limits can promote faith in democracy; give candidates without access to networks of large donors a better chance to run competitive campaigns; and ensure that super-wealthy

donors cannot bankroll favored candidates' entire campaigns.

**DISCLOSURE:** Timely and comprehensive disclosure of campaign contributions and independent expenditures is important even though it does not directly reduce the role of money in politics because it helps voters make informed decisions and hold politicians and others trying to influence voters accountable. It is important for the public to know who is backing elected officials and having an impact on the laws and regulations they attempt to pass. Disclosure ordinances typically require individuals and groups that work to influence local elections to disclose their electoral spending once it reaches a certain threshold—either continuously or at certain specified times throughout the election cycle. Although *Citizens United* and recent Supreme Court jurisprudence prevent laws imposing expenditure limits on so-called independent spending in elections, governments still have the power to mandate transparency of this independent spending. These ordinances can vary greatly in their level of specificity, frequency of reporting, and whether or not they embrace electronic reporting. Disclosure filings should require regular and comprehensive reporting and be made available online in user-friendly formats.

#### EXAMPLES OF POLICIES IN ACTION

**Seattle, WA** passed an innovative “democracy voucher” system on the 2015 ballot. Each resident who is eligible to vote will receive and can use four \$25 coupons to contribute to their preferred local candidates. In return for accepting democracy vouchers, candidates agree to spending, contribution limits and reporting guidelines. The program will go into effect for the 2017 election cycle, and advocates expect it to give a broader set of Seattle residents a stake in their local democracy.

**New York City**, a pioneer on this issue, has taken an active approach to regulating local election campaigns since the Campaign Finance Act of 1988. The updated Act allows qualified candidates for mayor, comptroller, public advocate, borough president, and city council to agree to strict spending limits in return for a six-to-one public match on small contributions from city residents. Studies have shown that the program has been effective at encouraging contributions from communities of color and middle- and low-income residents, and has enabled a more diverse set of candidates to run for office, affecting the makeup of the city council. Candidates who opt out of the voluntary public funding program must still comply with disclosure requirements. In response to a flurry of outside spending during the 2013 election, New York also updated its disclosure laws, banning anonymous campaign communications and requiring disclosure of top donors that finance committees making independent political expenditures.

In December 2015, the **Washington, D.C.** City Council introduced the Citizens Fair Election Act, which would match small donations from voters with limited public funds for those candidates who agree to turn down large contributions. The bill is still under consideration.

In 2014, the **Montgomery** County Council unanimously passed a bill creating an independent and bipartisan Committee to Recommend Funding for the Public Election Fund. The Committee has recommended the Fund be provided with \$10 million by May of 2017 to encourage candidates to participate in the program, empowering them to seek grassroots support from individuals in their communities.

**Philadelphia's** campaign finance law (i) sets limits on political contributions to candidates, (ii) requires candidates and political committees to electronically disclose campaign finance information, and (iii) creates a board with authority to enforce and provide guidance to candidates and donors. Many large cities, including **Los Angeles, Berkeley, and Seattle** also have disclosure laws that include similar provisions.

#### LANDSCAPE AND RESOURCES

The **Campaign Disclosure Project** helps governments to pass legislation to increase transparency in elections. The **Brennan Center for Justice** has written extensively on campaign finance and has produced a 2010 guide to drafting state and local campaign finance laws. **Demos** is a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy. **Every Voice** is a national nonpartisan organization fighting for a democracy that works for everyone. The **Center for Popular Democracy** works with national partners, base-building organizations and state and local allies around the country to expand the voice of voters and communities in our democracy.

#### NOTES

- 1 “Our Voices Our Democracy.” Public Citizen. February 2016. Accessed June 14, 2016. <<http://www.citizen.org/documents/our-voice-our-democracy-report-february-2016.pdf>>
- 2 Vandewaker, Ian. “Letter to Montgomery County Council: Adequately Fund New Public Financing Program.” Brennan Center for Justice. April 1, 2016. Accessed June 14, 2016. <https://www.brennancenter.org/analysis/letter-montgomery-county-council-adequately-fund-new-public-financing-program>.
- 3 Campaign Finance, City of Philadelphia Board of Ethics (available at <http://www.phila.gov/ethicsboard/campaignfinance/Pages/default.aspx>).

*Co-authored by Demos*

