

# Americans for Campaign Reform

Voluntary Public Funding of Federal Elections



## CASE STATEMENT

### OUR VISION

Our leaders will be elected based on their ability and character.

Our leaders will be accountable to the voters.

Our citizens will have confidence in their leaders.

Our citizens will be energized to participate in the political process.

## INTRODUCTION

### The Current System

Our country's system for selecting our leaders is seriously flawed. America's private money system of financing political campaigns distorts our nation's agenda, limits electoral competition, and undermines democratic values. It deprives our citizens of considering many of our finest leaders for high office. Money has emerged as the primary qualifier for achieving public office. Most Americans are increasingly locked out of meaningful participation in politics. The symptoms are severe:

- Wealthy special interests distort our national priorities through the purchase of governmental access and influence.
- Campaigns for federal office frequently lack meaningful competition, with only those candidates who possess or can raise large sums of money presenting a viable challenge. In each of the last four election cycles, more than 98% of incumbents who ran for reelection were successful, and one in six incumbents ran unopposed.
- America faces a crisis of political involvement, with participation of just half of eligible voters in the presidential selection process and only a third in mid-term elections. Meanwhile, more than 70% of citizens polled believe a few big interests control government, without regard for the public good.

If America is to meet its many and diverse challenges in the 21<sup>st</sup> Century, while upholding the promise of political equality for all, we must work creatively to address the profound role that private money plays in our public elections. As long as dollars—not ideas—determine who can run a competitive race, and qualified candidates are locked out of meaningful competition for lack of money, we can expect little progress as a nation.

We believe public funding of our federal elections is a requirement if our democracy is to be vital.

There are two methods of implementing voluntary public funding:

#### 1. Voluntary Grant System:

Under a grant system, candidates who receive a predetermined number of small campaign contributions and signatures will receive a full federal grant for the cost of their campaigns. Candidates who accept grants of public funds must limit their expenditures to the amount established by the independent commission.

Candidates who do not accept public funds may raise private funds or use their own funds according to laws at the time.

#### 2. Voluntary Match System:

Under a match system, candidates who qualify will receive matching funds for every small campaign contribution they receive. For example, if the match is 4:1, candidates would receive \$4 of public funds for every \$1 raised privately.

Candidates who accept matching funds must comply with the donation limits and total expenditure limits established in the legislation.

Candidates who do not accept public funds may raise private funds or use their own funds according to laws at the time.

## OVERVIEW | Private v. Voluntary Public Funding of Elections

### PRIVATE FUNDING

### VOLUNTARY PUBLIC FUNDING

Leadership	<ul style="list-style-type: none"><li>▪ Restricts the field of potential candidates to those with access to the necessary financial resources or those with a famous name.</li><li>▪ Allows big financial backers of campaigns to exercise undue influence in determining who may or may not run for office.</li><li>▪ Limits competition, with Congressional incumbents winning reelection at a rate over 98 percent. Such incumbency advantages are due, in large part, to the financial obstacles challengers face in mounting credible campaigns and to incumbents' access to special interest resources through committee assignments.</li></ul>	<ul style="list-style-type: none"><li>▪ Expands the field of potential candidates by removing financial barriers for otherwise qualified candidates.</li><li>▪ Provides fair and open competition, in which values and ideas—not special-interest dollars—prevail. Raises the potential for candidates who lack financial means but exhibit the character and ability to seek and win federal office.</li></ul>
Policy Priorities	<ul style="list-style-type: none"><li>▪ Distorts our national priorities and public policy decisions by granting disproportionate access and influence to wealthy special interests who provide more than 80% of all political money.</li><li>▪ Limits most Americans' access to government and influence on public policy decisions while granting ready access to large donors.</li></ul>	<ul style="list-style-type: none"><li>▪ Offers all citizens a voice in determining our national priorities.</li><li>▪ Ensures that elected officials have ample opportunity to communicate with constituents and legislate without the constant need to raise money for campaigns.</li></ul>
Political Speech	<ul style="list-style-type: none"><li>▪ Limits the ability of all but those with access to significant campaign funds from communicating with most voters.</li><li>▪ Partial reform efforts that regulate expenditures risk violating the First Amendment by restricting speech.</li></ul>	<ul style="list-style-type: none"><li>▪ Encourages speech and ensures that candidates who qualify receive sufficient funds to communicate their values, ideas and perspectives to voters. Enables qualifying candidates to adequately respond to attacks from opponents or independent groups.</li><li>▪ Respects the First Amendment.</li></ul>

## PRIVATE FUNDING

### Public Funding Works. Elections Cannot Be Bought

- While candidates who do not have the financial resources to provide voters with sufficient information almost always lose, the reverse is not true. A candidate with unlimited financial resources cannot buy an election if his/her opponent has the financial resources necessary to give the voters sufficient information for them to make an informed choice.
- Forbes, Perot, D'Amato, Coors and Huffington— among many other wealthy, self-financed candidates—could not buy victory despite overspending their opponents by significant margins.
- In the last three election cycles, Congressional challengers raised just 32 cents to the dollar of their incumbent opponents—in most cases amounts insufficient to effectively communicate with voters. More than 98% of incumbents won re-election and approximately 20% of the races were not contested.

### Cost of Campaigns

- Senate incumbents raised an average of \$11.3 million in 2006, \$8.6 million in 2004 and \$5.8 million in 2002—averaging \$8.6 over the last three election cycles. In 2006, Senate incumbents raised nearly nine times more than their challengers. House incumbents raised an average of \$1.3 million in 2006. Over the last three cycles, House incumbents raised an average of \$1.1, on average, 500% more than their challengers.
- Fundraising costs for federal campaigns comprise an estimated 20 to 30 percent of total campaign expenditures.
- Private funding allows a few special interests to influence government policies, and benefit at the expense of most taxpayers. The considerable tax breaks, subsidies, and relaxation of regulations given to large donors and contributing industries —costing taxpayers an estimated \$100 billion each year—far exceed the \$1.8 billion annual cost for public funding of all federal elections.

## VOLUNTARY PUBLIC FUNDING

- Public funding enables candidates who may lack financial resources, but can demonstrate a significant level of public support, to effectively compete with privately financed opponents.
- Since it is voluntary, public funding does not limit constitutionally protected campaign expenditures of privately financed candidates and independent political organizations.
- With a grant system public funding of all federal elections, at a level sufficient to ensure adequate competition, will cost Americans approximately \$1.8 billion per year, or Just \$6 per citizen. The cost of a match system, assuming a 3:1 or 4:1 match, is comparable.
- Amounts applicable to each race would be determined by an independent commission and presented to Congress for an up or down vote.
- The cost of public funding would be reduced if Congress mandates free television and radio airtime and if candidates increase their reliance on the Internet for communicating with voters.
- There are several potential sources for the public funds, including the federal budget.

## PRIVATE FUNDING

### Candidate Recruitment

- Recruitment of potential candidates by parties focuses on a candidate's ability to raise large amounts of campaign funds, candidates who can invest significant personal financial resources into a campaign, or candidates with a famous name. Qualities most valued by the voters, such as character, independence, and courage—not to mention experience and ideas—are considered secondary.
- Lack of money is emerging as the primary factor in determining the outcome of elections.
- Campaigns virtually always fail if they are under funded. With only a few exceptions, challengers for the U.S. House needed to spend a minimum of \$1 million to have an opportunity to win.

### Candidate Time

- Raising the money to finance a successful campaign frequently consumes more than 30 percent of a congressional candidate's time, while some presidential candidates report spending half of their time raising campaign funds.
- As fundraising has come to dominate modern campaigns, elected officials are increasingly burdened by the money chase while in office. Some US Senators spend as much as half of their working hours in pursuit of funds.

### Citizen Participation

- Fundraising takes time away from listening and talking to citizens and involving them in the political process.

## VOLUNTARY PUBLIC FUNDING

- Recruitment of candidates will focus on those qualifications that are more indicative of how well an individual would serve his/her constituents in public office than on his/her ability to raise money.
- To qualify for public funds, candidates must first raise a large number of small qualifying contributions and signatures from individual citizens in their jurisdiction. Such a system shifts a candidate's focus in the early months of a campaign from the now dominant handful of large contributors to the electorate-at-large. Incumbents will be challenged more frequently in primaries.

- With the grant system, an incumbent can focus on the responsibilities of the position without spending time and energy raising funds. Likewise, challengers will be free to use their time meeting with citizens rather than focusing on potential donors.

- Forums will replace fundraisers.

- Since public funding is voluntary, those candidates who qualify for and accept public funds must meet certain requirements such as participation in defined debates and public forums. Their focus will necessarily shift from donors to voters.

## COST ANALYSIS | PUBLIC FUNDING of Federal Elections Using the Grant System

### I. ASSUMPTIONS

1. Campaign expenses will decline by approximately 25% due to the elimination of fundraising costs other than for initial seed money.
2. At least one candidate in each race will not accept public funds but rather use his/her personal resources, or raise private funds in accordance with current laws.
3. All candidates must generate broad public support to meet the qualifying requirements to receive public funds.
4. Incumbents will be challenged more frequently in primaries by candidates with financing sufficient for voters to learn of their ideas and ideals.
5. Each candidate who meets the qualifying requirements regardless of the number of competitors in a primary will receive the allocated funds to assure that voters learn about lesser-known candidates.
6. Special elections, occurring at random for various federal offices, cost an additional \$30 million per year.

### II. COST OVERVIEW (APPROXIMATE)

	Frequency of Elections Years	Number of Elections	Number of Qualifying Candidates*	Cost Per Candidate Millions <sup>+</sup>	Cost Per Calendar Year Millions
President	4	1			
Primaries			7	\$125	\$220
General			3	\$125	\$95
US Senate	2	34			
Primaries			170	\$5	\$425
General			70	\$5	\$175
US House	2	435			
Primaries			2,200	\$0.5	\$550
General			880	\$0.6	\$265

\* See Assumptions 2,3,4  
above + See Assumptions 1, 5

### III. CONCLUSIONS

Total cost per year (approximate): \$1.8 billion

US citizens: 298 million

Cost per citizen per year (approximate): Just \$6