

Should NYC's Campaign Finance System Be a Model for NY State (and others)?

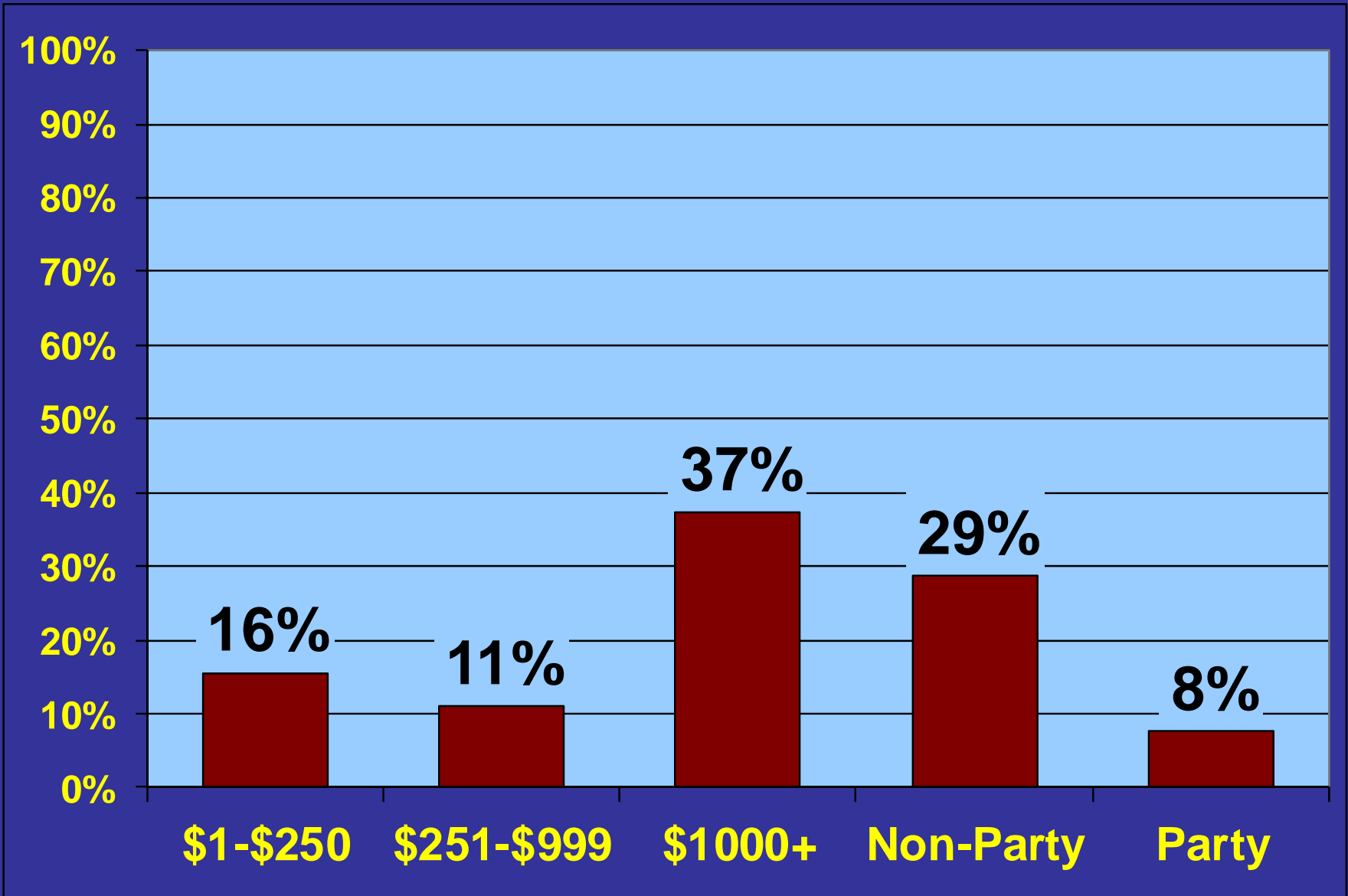
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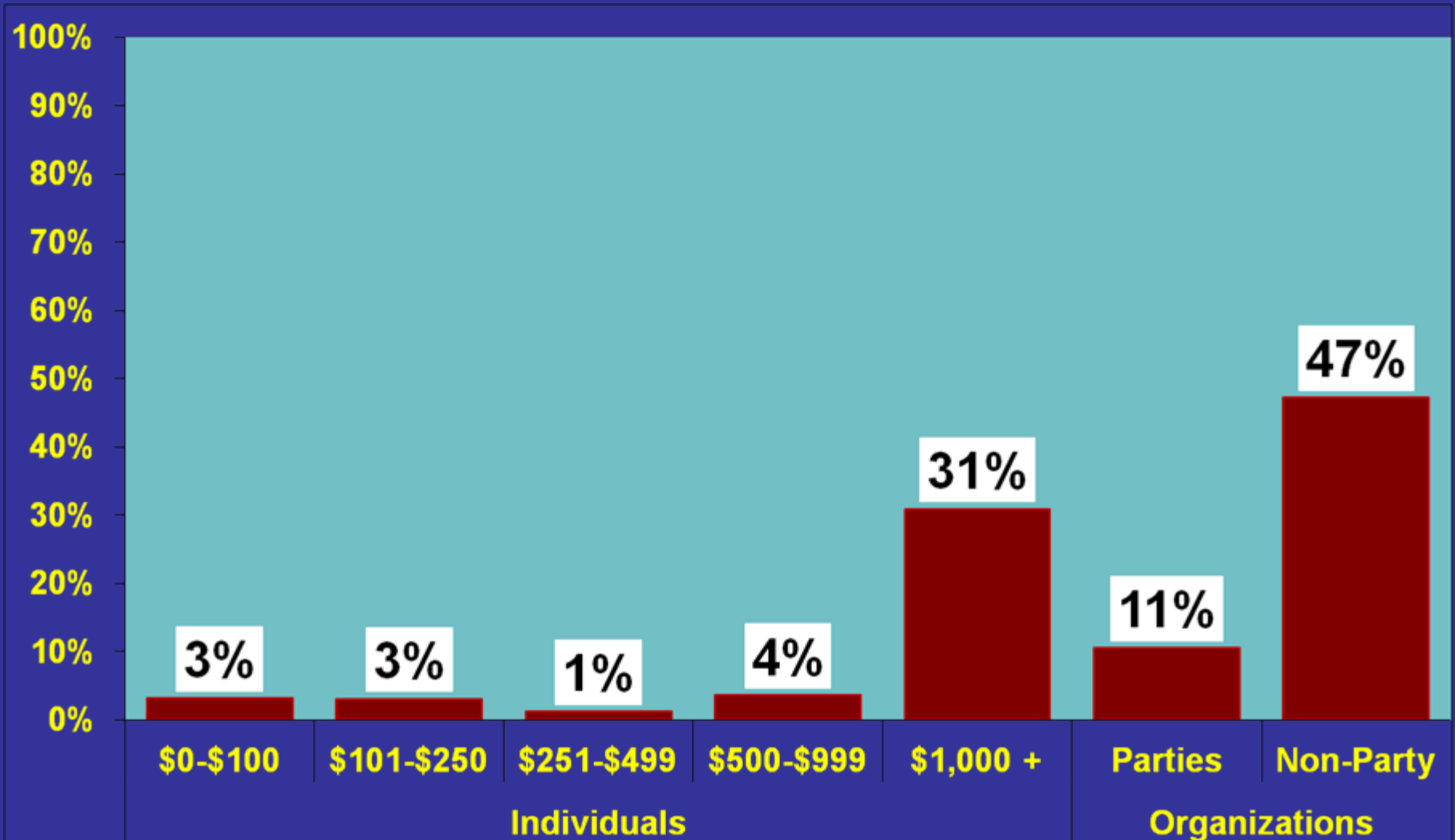
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Political Finance in US is typically dominated by a handful of donors.

Median State: Tennessee – 2006



NY State – 2010



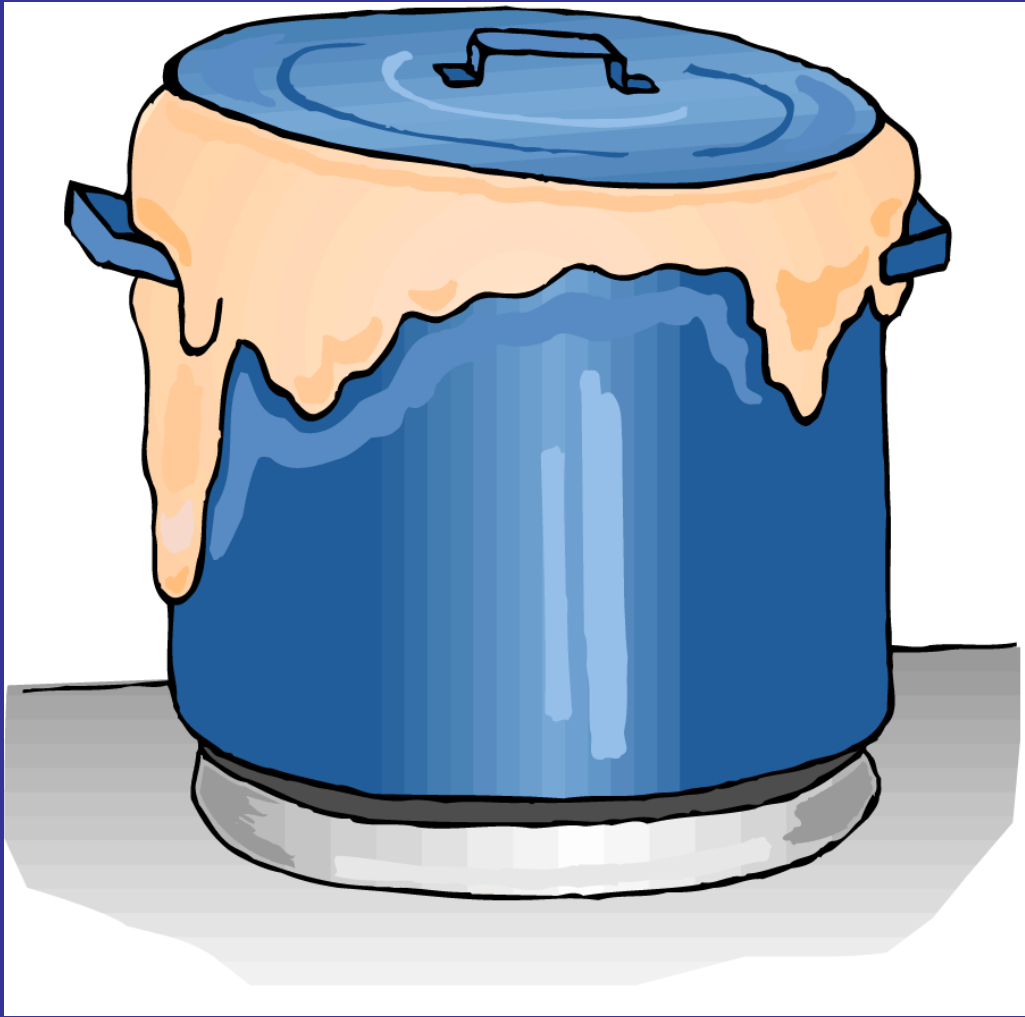
This raises obvious concerns:

- **\$1,000 donor: not the average person.**
- **Not representative.**

**What, if anything,
should be done?**

- **Strategy for the past 30 years:**
- **Squeeze the top.**
Sit on the lid.

How has it worked?



Where it has brought us?



Time to Shift Paradigms

- **Transform the system.**
- **Bring more people in.**
- **Empower the many:**
 - **Small Donors and Volunteers**

Great theory, but:

Does it work?

[→ CFI's research agenda]

I'm here to say:

YES

The research suggests that:

**a small donor participation
program could transform
US politics**

Let's look today at NYC

Data from City Council elections of 2009

In NYC public matching fund system

- 6-for-1 match; first \$175**
- Candidates have a choice:**
- Participate or not.**

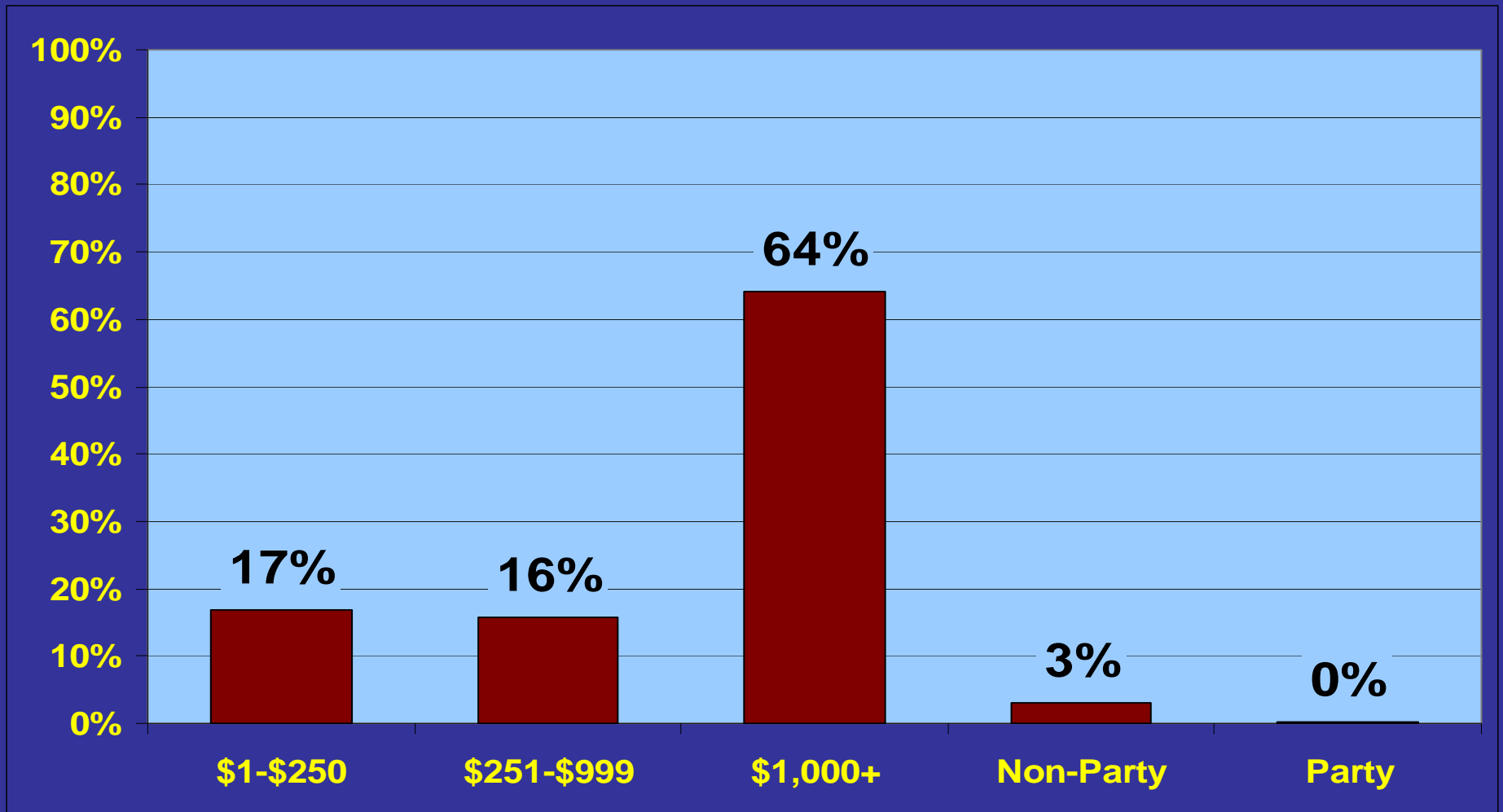
For non-participants

(not in public funding system):

**Chart looks like most state/federal
elections.**

New York City Council (2009)

Non-participating Candidates (Private Money)

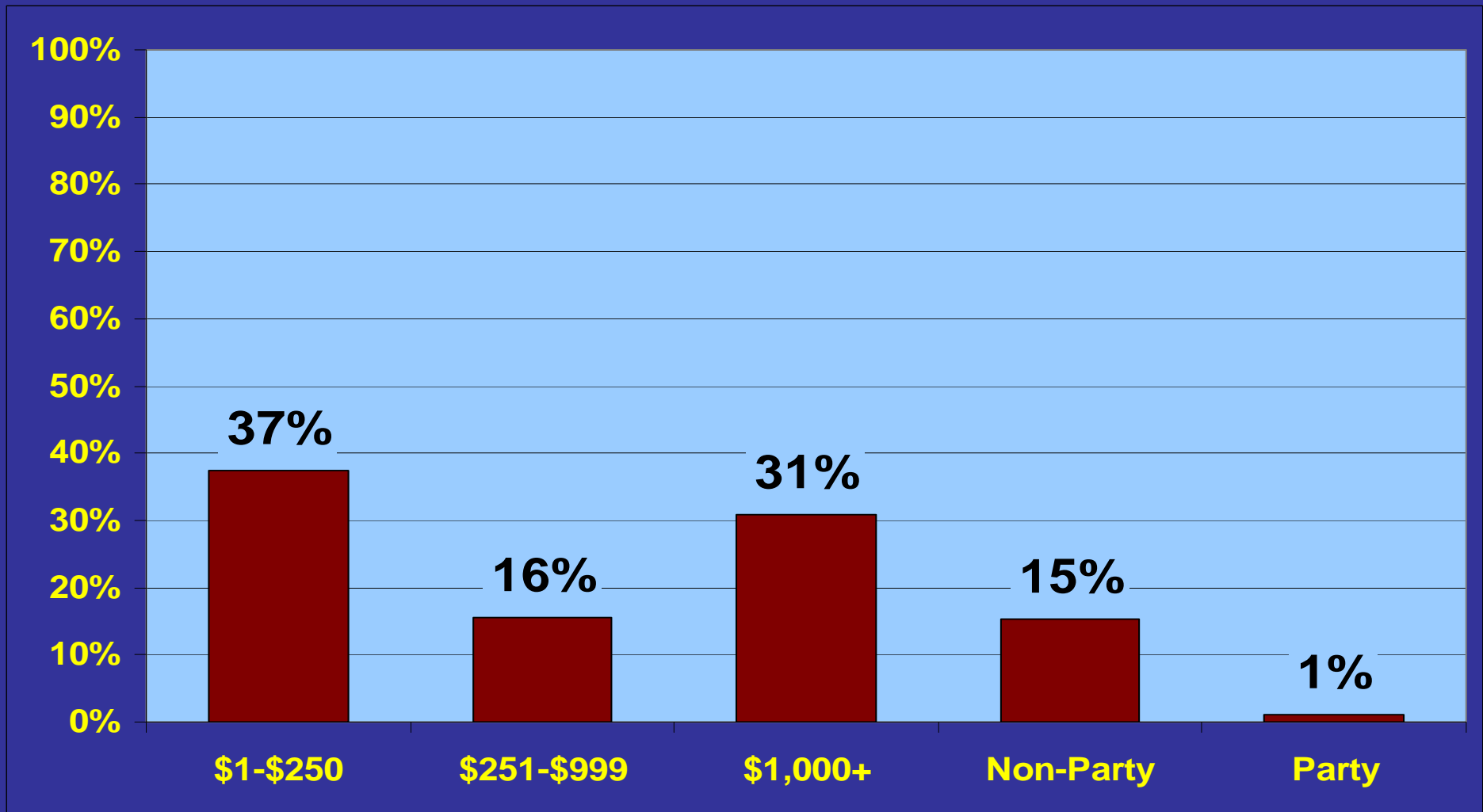


But for participating candidates who took public money:

- Matching funds → different incentives → different mix of donors.
- Next chart:
participating candidates
private funds only.

New York City Council (2009)

Participating Candidates – Private Money Only

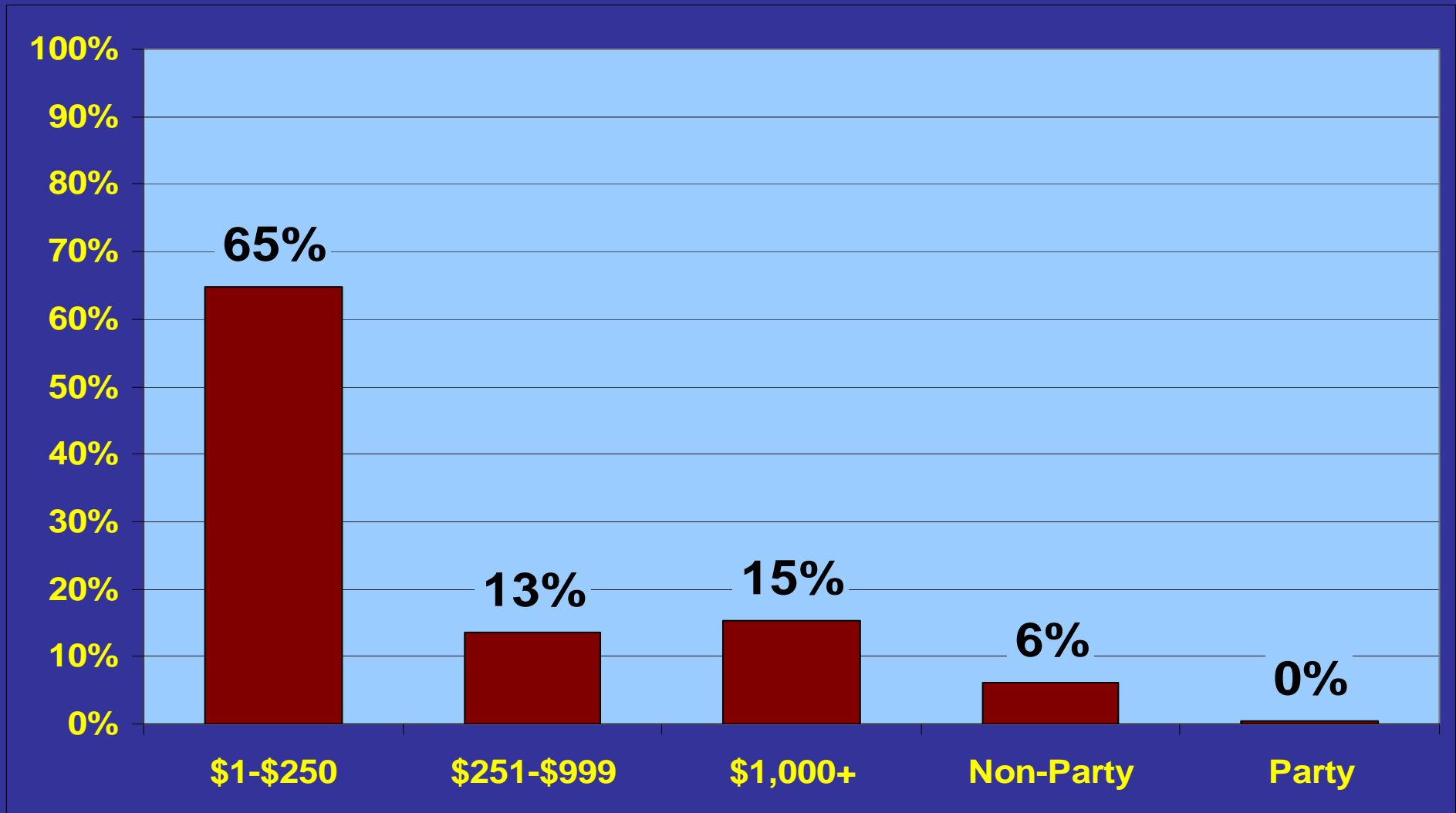


Private funds show: participating candidates / donors reacting to different incentives.

What happens when you add public matching funds?

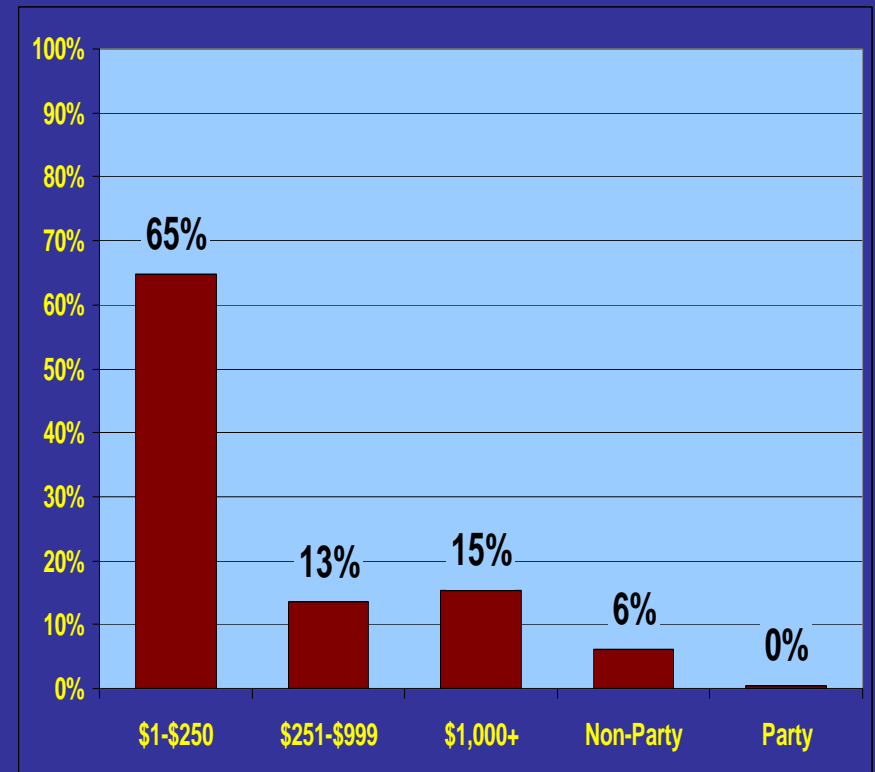
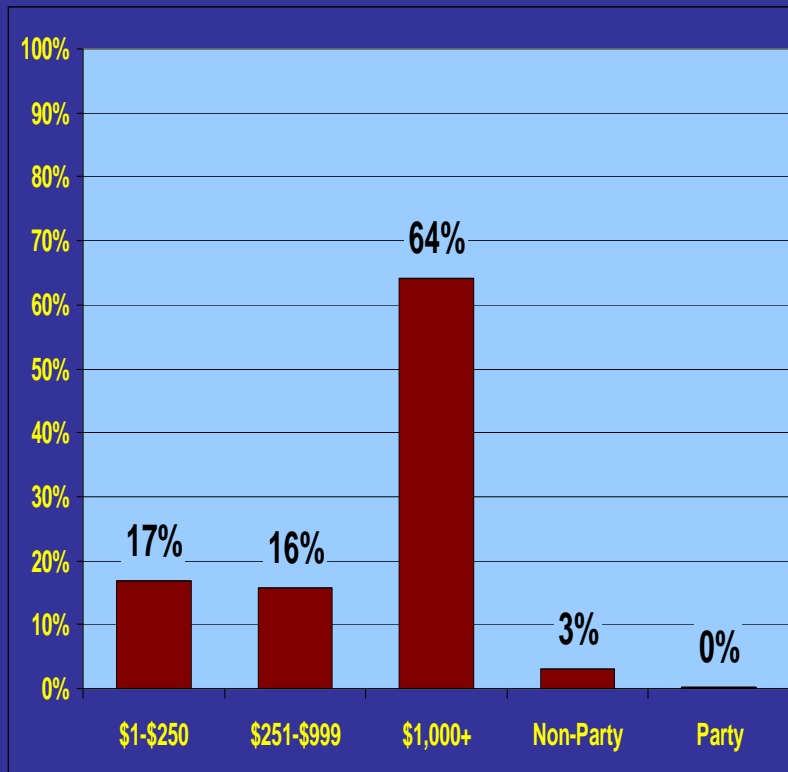
New York City Council (2009)

Private + Public Matching Funds



Recap NYC:

Non-Participants Participants



Conclusion so far:

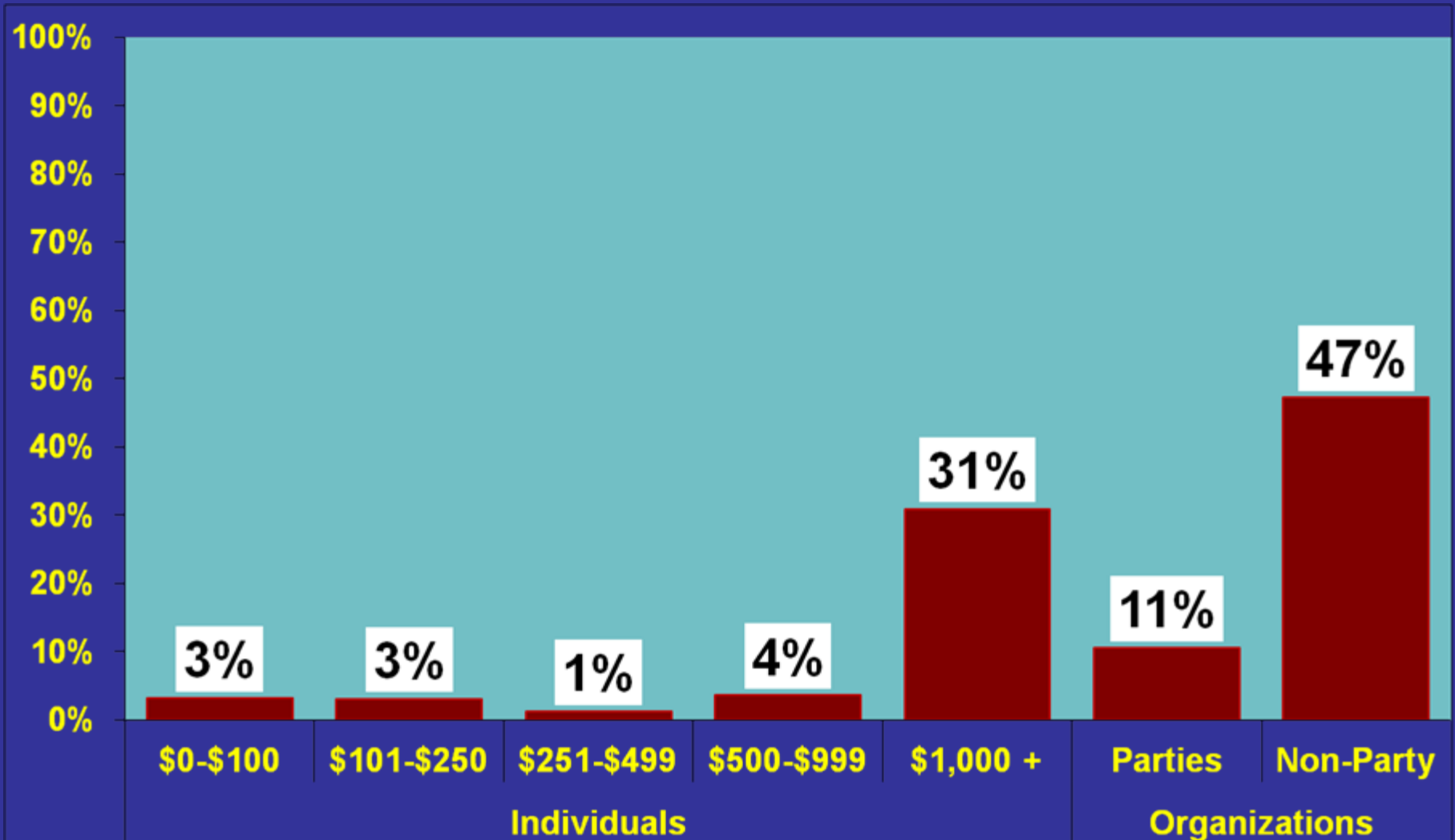
- NYC laws → Impressive Results
- Big Question:
- Would the results transfer?

Next slides: “What If” Scenarios

Apply very simple matching fund policies to NY State.

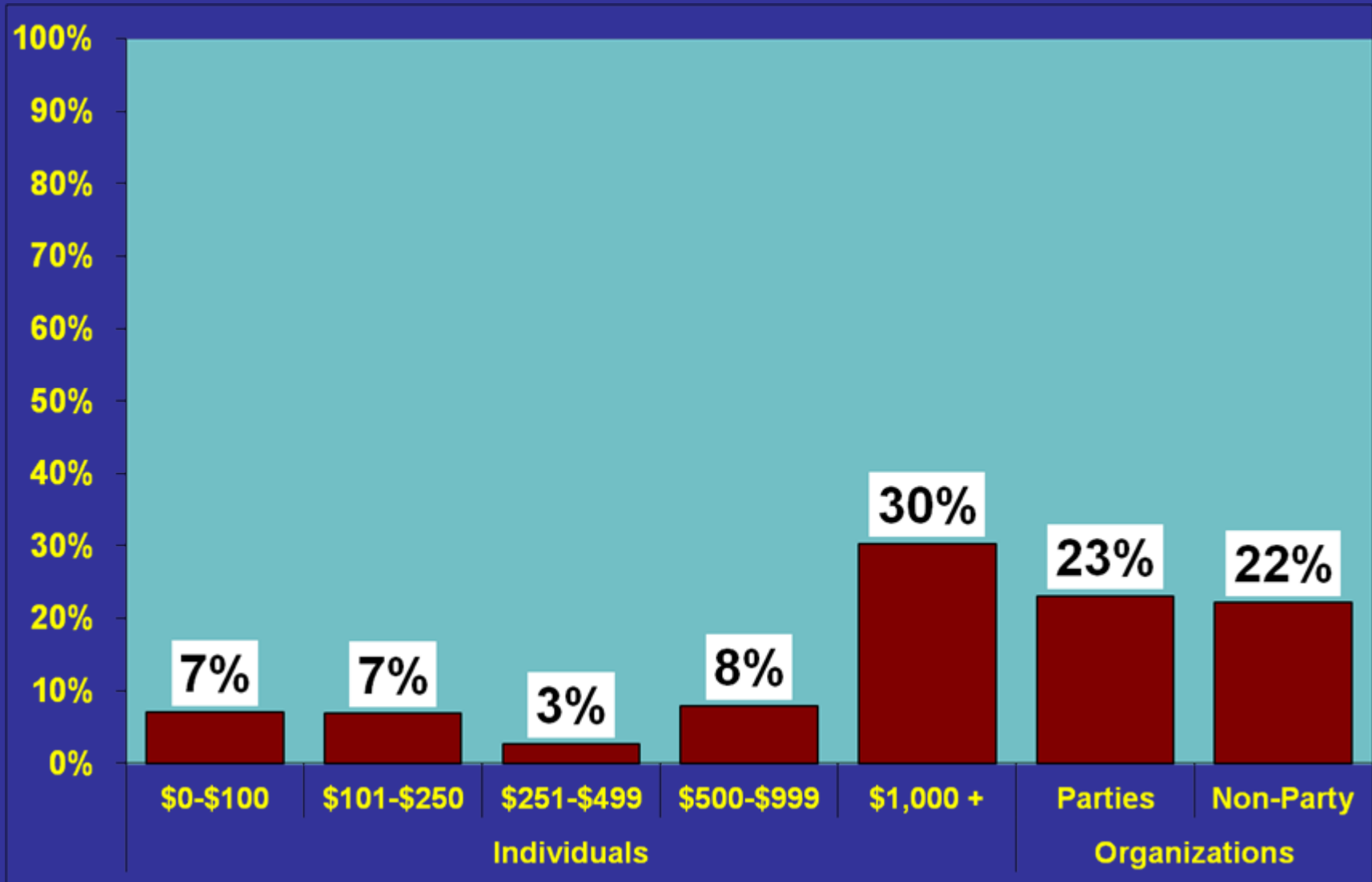
- Based on detailed donor records.
- Simulations try out:
 - Lower contribution limits
 - Simple matching funds, 5-for-1 for first \$50.
- On CFI website, all states
- Results similar in almost every state

NY State – 2010 - Actual



**What if apply hypothetical policies,
using the actual donor pool of 2010?**

What If: Lower Contrib Limits Only

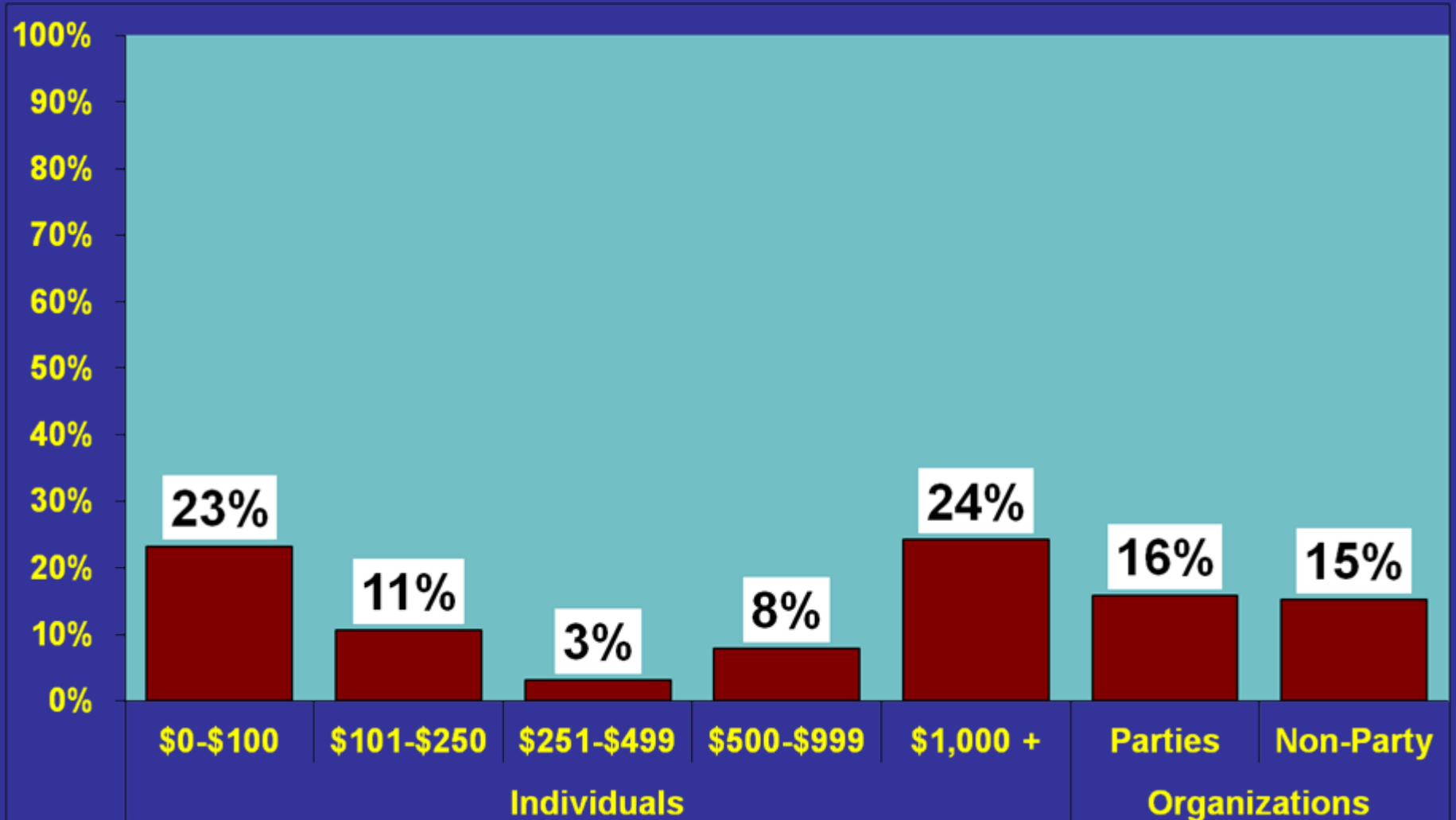


Next, add public money

(assuming same donors)

Add Match: 5-for-1, first \$50

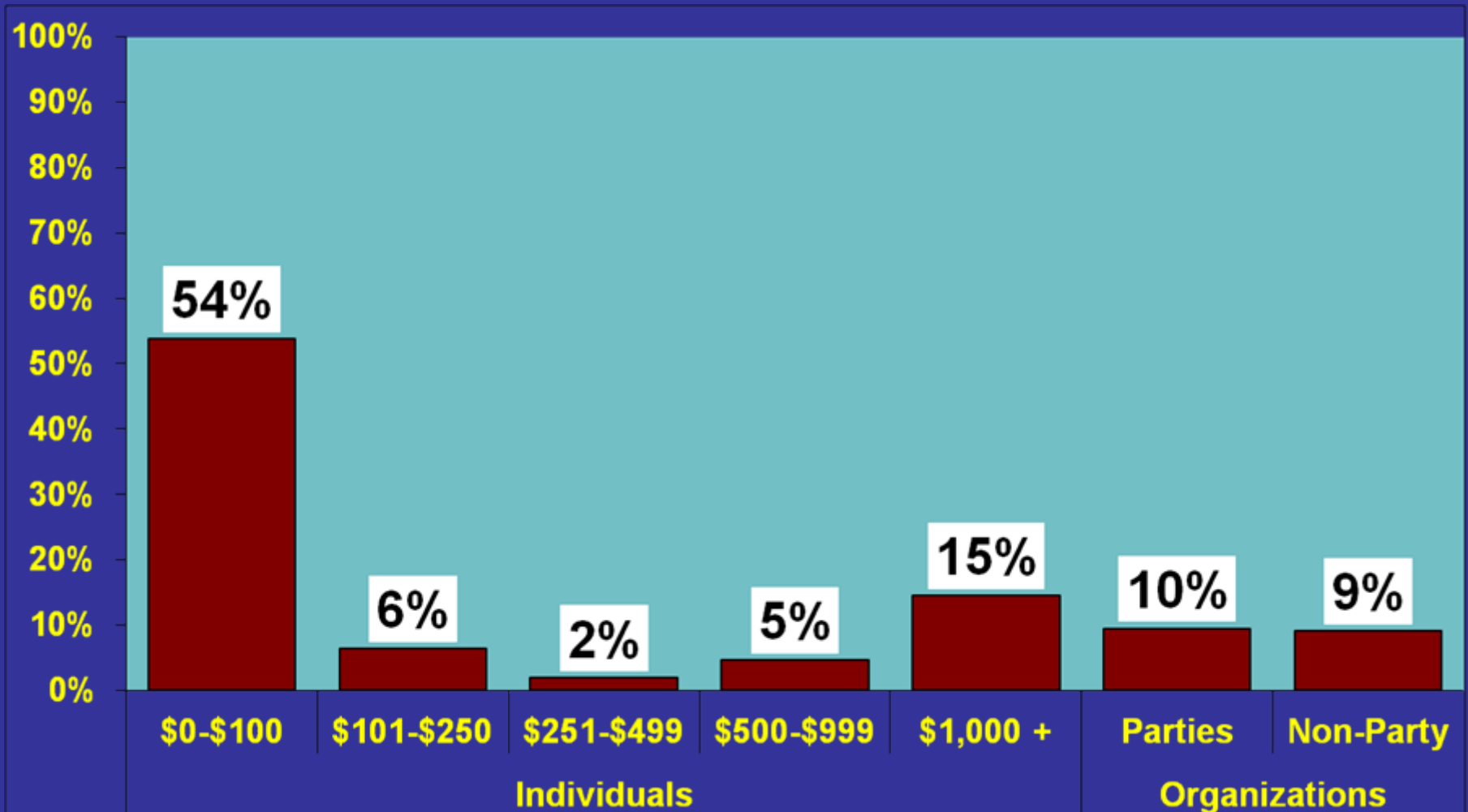
Same donors as 2010



- **But no one believes the donor pool would be static.**
- **Assume matching fund → just 1% more.**

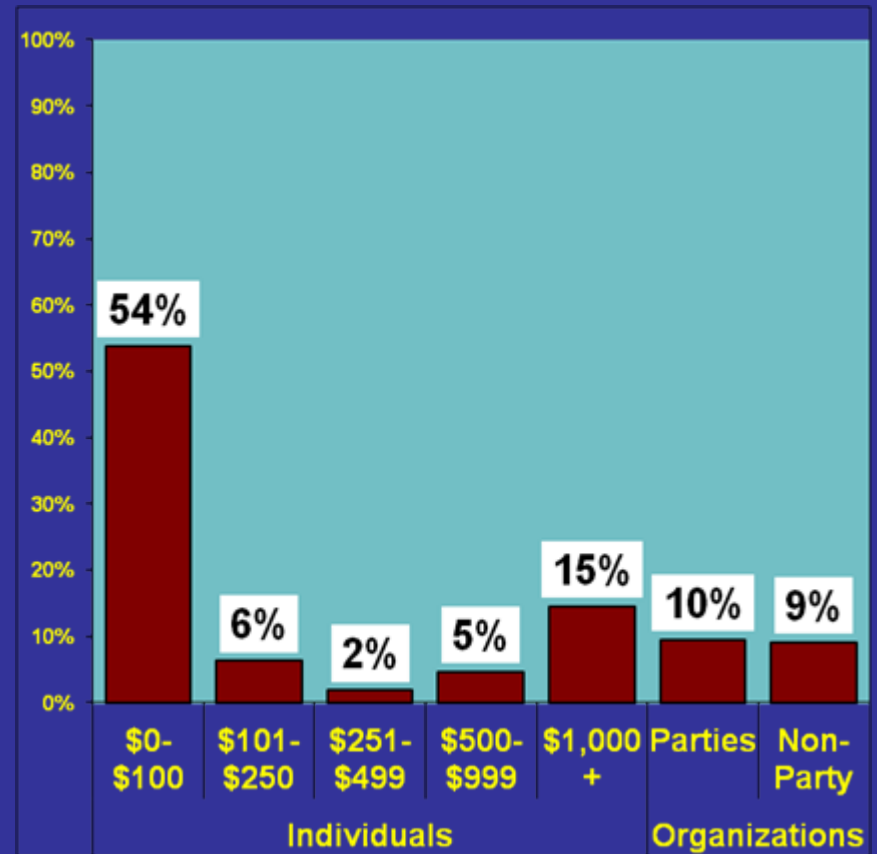
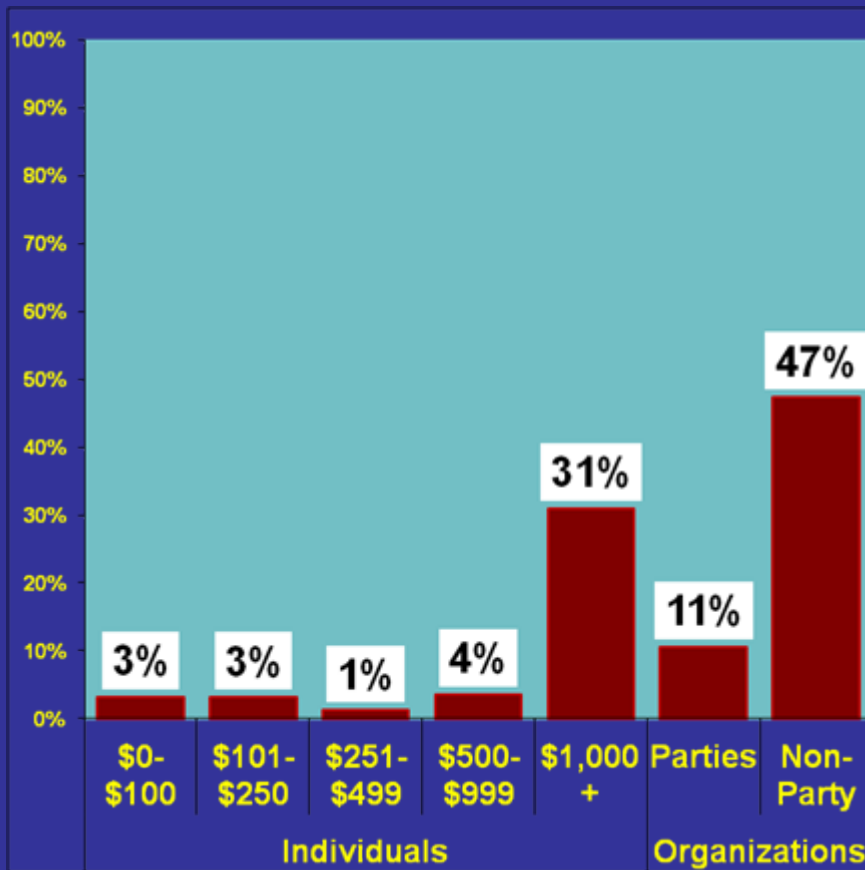
1% would bring NY from the lowest donor rate in US (0.49% of VAP) to US average (1.5%)

Same Matching + New \$50 Donors



Recap: NY State

What is | What Could Be



Huge impact, just from a simple hypothetical matching rate of 5-for-1 for the first \$50.

I would predict the results would be at least this strong with the policies Gov. Cuomo is likely to be considering.

Conclusion:

Small donor matching funds *can and do* make a big difference.

You can transform the system by bringing more people in.

Final point:

**Small donor participation
is only partly about money.**

- Clear links: giving \leftrightarrow doing.
- Incentives that \rightarrow $>$ small donors also \leftrightarrow \rightarrow a larger # (and $>$ diverse) volunteers.

**So: Beyond money, this is about
citizenship and power, writ large.**

Bottom line:

Participation Can Work

