

ATTACHMENT A

TO: Neighborhood and Long Term Planning, Public Facilities, Arts and Celebrations Committee
Cambridge City Council

FROM: Independent Working Group for Campaign Finance Reform in Cambridge

SUBJECT: Report On Publicly Financing Municipal Elections in Cambridge

DATE: August 29, 2016

I. Background

Our working group is composed of over a dozen residents of Cambridge committed to engaging with the city's community and elected leaders to explore options for public financing for municipal campaigns. In collaboration with Councillors Mazen, Cheung, Devereaux, and Carlone, our group helped draft policy order #8, which was adopted on June 20th, 2016. That order called for this committee meeting to discuss different models for campaign finance reform and publicly-funded municipal elections in Cambridge. We have prepared this report to be submitted to the Neighborhood and Long Term Planning, Public Facilities, Arts and Celebrations Committee in support of that discussion.

II. Reasons for Campaign Finance Reform and Publicly Funded Elections

Through our group's research and conversations with members of the community, we've formulated a number of reasons for the committee to consider campaign finance reform.

A. Progressive leadership for other cities, states, and the nation

Candidates across the country will raise an estimated \$7.5 billion in 2016 elections.¹ Just 158 families provided nearly half all campaign contributions in the first phase of the Presidential Election.² Four in five Americans believe that money has too much power in our system.³

In 1998, Massachusetts voters approved - by a margin of 2-1 - the Clean Elections Law, which provided public financing of statewide elections, with 77% of Cambridge residents voting in favor of the initiative. When asked in a 2002 ballot initiative "Do you support taxpayer money being used to fund political campaigns for public office in the Commonwealth of

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<http://www.latimes.com/entertainment/envelope/cotown/la-et-ct-political-ad-spending-6-billion-dollars-in-2016-20151117-story.html>

² <http://www.nytimes.com/interactive/2015/10/11/us/politics/2016-presidential-election-super-pac-donors.html>

³ <http://www.nytimes.com/interactive/2015/06/01/us/politics/document-poll-may-28-31.html>

Massachusetts?”, 73.9% of voters across Massachusetts voted against, but 54% of Cantabridgians still voted in favor.

All told, we conclude that a majority of Cantabridgians support campaign finance reform, and Cambridge has a history of leading the state and nation when it comes to progressive reform. Cambridge has been at the forefront of issues like same-sex marriage and net zero construction, and we think Cambridge should lead a conversation on campaign finance reform, setting an example for Massachusetts.

B. Encouraging civic engagement and greater interaction between candidates and the public

There is demonstrated evidence that public financing improves civic engagement and participation and has benefits for both elected officials and their constituents. For instance, candidates are able to spend less time fundraising and more time with constituents. In Connecticut, where a voluntary public financing system for state elections has been in place since 2008, one legislator testified, “I announced my reelection bid in February and by April, I was done fundraising. So, from April to November, I could focus only on talking to constituents. Without public financing, I would have been fundraising through that entire period.”⁴

The Brennan Center for Justice refers to the type of campaigns encouraged by public financing, as “voter centered campaigning”. They report that in 2009, the average candidate participating in New York City’s public financing program received three times more small contributions than the average non-participating candidate.⁵ Similarly, after Arizona implemented Clean Elections, the number of contributors to gubernatorial campaigns more than tripled. These and other examples demonstrate that small donors are more likely to participate in political campaigns. Specifically, “surveys of candidates in six states show that the candidates see a strong connection between their small donors and the volunteer support that they get.”⁶ Voter turnout has also increased in “many jurisdictions that have enacted public financing programs”⁷.

C. Combating the appearance of undue influence

While Cambridge is a bastion for progressive ideals, equal opportunity, and neighborhood vitality, other municipal governments have been influenced by private interests. While Cambridge has not been overrun by special interests, this is not reason to ignore the potential for undue influence of money in municipal elections. Instead, we have a responsibility to maintain the health of our civic culture for generations to come.

⁴ www.demos.org/sites/default/files/publications/FreshStart_PublicFinancingCT_0.pdf

⁵ www.brennancenter.org/analysis/more-combating-corruption-other-benefits-public-financing

⁶ Michael Malbin, *A Public Funding System in Jeopardy*, 2006

⁷ users.polisci.wisc.edu/kmayer/466/Keeping_It_Clean.pdf

We applaud the good work of our current Councillors, but it is impossible to guarantee the integrity of all future iterations of the Council, and it is best to design campaign finance policy that more robustly guards against this concern. The most effective way of protecting city government from the appearance of private contributions is through a system of public financing. Political campaigns always have and always will cost a significant amount of money; victorious Cambridge City Council candidates spent an average of \$58,560 in their campaigns in 2015.⁸ The key is to ensure that broad constituencies across the city are able to obtain representation on the Council and that small groups of private interests cannot monopolize the Council's service to the public.

III. Other Municipalities: Evidence of Success

Public financing has a proven record track record of improving elections. The city of New Haven, Connecticut (population 130,000) instituted a public financing program for mayoral elections in 2006. The New Haven Democracy Fund combines a mix of grants and matching funds to candidates who raise at least \$5,000 from a minimum of 200 New Haven residents. The stated purpose of the fund is to “(a) counter the perception that New Haven’s public policy was influenced by campaign contributions, (b) ensure that meritorious Mayoral candidates were able to raise and spend sufficient campaign funds through public financing of elections to convey their message to the voters, (c) reduce the need for ongoing fundraising and to encourage Mayoral candidates to spend more time communicating with citizens, [and] (d) give all citizens an opportunity for a reasonable supporting role in the selection of Mayor by making even small contributions meaningful.”⁹ From 2007-2013, the New Haven Democracy Fund has given a total of \$183,112 to seven candidates running for the mayorship.¹⁰

A study conducted by the Clean Elections Institute on the impact of matching public funds in the 2002 gubernatorial election in Arizona found that the geographic, economic, and ethnic diversity of campaign contributors increased significantly, with the number of contributors almost quadrupling from 1998. Additionally, they found that candidates who participated in the matching program secured nearly 40% more of their contributions from zip codes with per capita incomes of \$40,000 and below as compared with traditional candidates, and traditional candidates secured triple the number of contributions from zip codes with per capita incomes of \$100,000 and up as compared with participating candidates.¹¹ Although the “trigger fund” provision of the Arizona program was struck down in the Supreme Court decision *Arizona Free Enterprise Fund v. Bennett*, many municipalities continue to utilize matching fund programs similar to Arizona’s, including New York City.¹²

⁸ <http://cambridgecivic.com/?p=3904>

⁹ http://www.ct.gov/seec/lib/seec/publications/new_haven_report_may_2009_final.pdf

¹⁰ <http://www.cityofnewhaven.com/Government/DemocracyFund.asp>

¹¹ <https://www.followthemoney.org/assets/press/Reports/200409301.pdf>

¹²

https://www.washingtonpost.com/politics/supreme-court-strikes-arizona-system-of-matching-funds-to-publicly-finance-d-candidates/2011/06/26/AG92xenH_story.html

The city of Albuquerque, New Mexico adopted a block grant public financing scheme for mayoral and city council elections in 2005. A review of the program from the Center for Governmental Studies found that “Albuquerque’s new law has successfully met its goals—to curtail excessive electoral spending, foster issue debates, reduce candidate dependence on private contributions and encourage widespread candidate participation.”¹³ Of the ten elected Albuquerque officials in 2009, eight used public funding, and their eight campaigns spent a combined total of just over \$512,000, less than half of the more than \$1.2 million spent by one mayoral candidate alone in 2005. The city clerk for the 2009 election noted that “there was not a single Ethics Board challenge in the 2009 campaign. It was one of the cleanest elections that I could have hoped for.” And incumbent Councillor later commented that “there was a big difference [running as a participating candidate]. Not having to fundraise—I had more time to focus on the issues.” Another candidate concurred “I liked that the election was issue oriented and there was no added pressure of fundraising. I was able to focus on the message and the issues rather than the fundraising.” The city only allots one tenth of one percent of its general fund for the program, and the city still managed to come in well under budget.¹⁴

In sum, the public financing of campaigns has a considerable history of improving elections across the country. A strong and affordable public financing program has been sustained in New Haven, a city similar in size and resources as Cambridge. Arizona’s program saw an increase in the diversity and income levels of donors, prompting candidates to reach out to communities that they would not have otherwise. Candidates who participated in Albuquerque’s public financing fund reported a greater focus on issues and less time spent soliciting donations. These programs have tremendous implications for Cambridge and the prospect of becoming the first municipality in Massachusetts to adopt a public financing program.

IV. Public Financing Program Options

The following examples highlight different designs and components of “typical” public financing approaches. The examples are merely meant to be illustrative of the kinds of options that Cambridge could consider.

A. Example 1: Grant-based Funding, Financed with General Revenues

DESIGN AND QUALIFICATION FOR THE GRANTS:

- Candidates can qualify for two grants, which would completely fund their campaigns
 - Qualify for Grant A by collecting \$10 contributions from 0.1% of registered voters (i.e., about 50 voters in Cambridge)

¹³ <http://www.policyarchive.org/collections/cgs/index?section=5&id=96100>

¹⁴ *ibid*

- Qualify for Grant B by collecting \$10 contributions from 0.4% of registered voters (i.e., about 200 voters in Cambridge)
- Contributions must be collected during a six-week “qualifying period”.
- Grant A would be worth \$0.20 per registered voter (i.e., about \$10,000)
- Grant B would be worth \$0.80 per registered voter (i.e., about \$40,000)
- Candidates who opt into this voluntary system would have to agree to certain terms, for example:
 - No spending of personal or private funds
 - Random audits

FUNDING:

- Grants would be paid for with an annual set-aside of 0.1% of the city’s budget.
 - The public financing fund could also accept direct contributions, and city council can appropriate more.
- Any public money not spent during a candidate’s campaign would be rolled back into the fund for future elections
- Alternative funding approaches include:
 - Relying exclusively on private, charitable donations
 - Allowing for voluntary contributions by property taxpayers
 - Cambridge residents paying property taxes would have an option on their taxes to allocate \$10 of their tax money into this fund; this is money that they would have paid on their taxes regardless
 - Cambridge residents paying property taxes would also have the option on their taxes to contribute an additional \$5 or \$1 that they would otherwise not pay in taxes into the fund
 - The 2010 census estimated that ~18,200 housing units in Cambridge were owner-occupied. If even 50% of these housing units choose to allocate their tax dollars, this would result in a starting fund of \$91,000.

ANALYSIS FOR CAMBRIDGE:

- Between 1/1/15 and 12/31/15, Cambridge residents donated \$737,421.34 to City Council candidates, resulting in an average fund of \$32,062 per candidate from an average of 131 residents. (source: <http://www.ocpf.us>)
- Given these numbers and the proposed program, 13 of 20 candidates would have qualified for Grant A and 7 of 20 candidates would have qualified for Grant B resulting in a total cost of \$410,000 excluding administrative costs.
- This analysis does not account for the \$10 minimum restriction, however, given that the average donation from a Cambridge resident is \$245 we think it is unlikely to change the example significantly.

B. Example 2: Hybrid Grant/Matching Program with Citizen Administration

DESIGN OF FUNDS FOR CANDIDATES:

- Candidates must still qualify for both the grant and matching funds
 - Qualification requires \$10 contributions from 200 registered voters
 - Qualifying candidates are eligible for a \$15,000 grant from the city
 - Qualifying candidates are also eligible to have certain private donations matched by the city
 - Donations under \$50 are matched at a two-to-one rate (i.e., a \$30 donation would trigger a \$60 matching contribution).
 - Donations over \$50 are not matched.
 - Matching funds are capped for each candidate.

ADMINISTRATION BY A CITIZEN BOARD:

- Seven-member board comprised of volunteer residents to oversee the program. The board would, among other tasks:
 - Hear complaints regarding violations of program rules
 - Make determinations and issue penalties
 - Appoint a professional administrator to run the program
 - Appoint a professional investigator reviews performance and alleged violations
- Expected annual costs of about \$15,000

ANALYSIS FOR CAMBRIDGE:

- In a city of comparable size to Cambridge, a similar program spent about \$100,000 split across three candidates (i.e., about \$33,000 in combined grant and matching funds per candidate).



NEIGHBORHOOD & LONG TERM PLANNING, PUBLIC FACILITIES, ARTS & CELEBRATION COMMITTEE

COMMITTEE MEETING

~ AGENDA ~

Monday, August 29, 2016

5:30 PM

Sullivan Chamber

Call of the Meeting

The Neighborhood and Long Term Planning, Public Facilities, Arts and Celebrations Committee will conduct a public hearing to discuss different models for campaign finance reform and publicly funded municipal elections in Cambridge, and will focus on receiving feedback from the community.

5:30 - Welcome and Introduction - 15 Minutes

Councillor Mazen and Expert Panel Intro:

- Alyson Heimer, Executive Director, New Haven Democracy Fund
- Ron Fein, Legal Director, Free Speech for People
- Pam Wilmot, Executive Director, Common Cause Massachusetts

5:45 - Review of Proposals - 10 Minutes

Councillor Mazen

5:55 - Discussion and Q&A with Expert Panel - 40 minutes

Committee Members

6:35 - Public Comment - 35 Minutes

7:10 - Concluding Discussion - 20 minutes

Committee Members

Crane, Paula

ATTACHMENT C

From: Yumi Izuyama <yizuyama@verizon.net>
Sent: Friday, August 12, 2016 11:26 AM
To: Crane, Paula
Subject: support for public funded elections

Dear Sir/Madam,

I am a Cambridge resident (live on 856 Massachusetts Ave) and wanted to express my support for public funded elections in the city of Cambridge so that the true voice of the residents is heard and reflected in the city's decision making.

Sincerely yours,
Yumi Izuyama

Crane, Paula

ATTACHMENT D

From: Vivek Sikri <vasikri@gmail.com>
Sent: Wednesday, August 17, 2016 3:53 PM
To: Crane, Paula
Subject: Clean elections

<For the public record>

Hello!

Hope all is well.

I'm writing today to express my support for publicly funded elections in Cambridge. Democracy should belong to the people, and the only way to ensure that is to get private money out of politics.

Best Regards,
Vivek