The Case for Small Donor Public Financing in New York State
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What Is Small Donor Public Financing?

Small donor public financing is the most powerful, proven solution available to counter the overwhelming influence of wealth on our political process in the aftermath of the *Citizens United* decision, which gave the green light to unlimited special interest spending. It is built on six components:

- **A $6-to-$1 match of small donations.** For each small contribution by an in-state resident, a candidate for a state office would receive six times that amount in public money. A contribution of $10 would then be worth $70. This would boost the voices of regular New Yorkers.

- **Qualifying thresholds.** To ensure that funds are not wasted on frivolous or uncompetitive candidates, public financing participants would have to first demonstrate reasonable levels of support by collecting a minimum number of small donations from constituents.

- **Reduced contribution limits.** New York’s contribution limits are currently sky high. Individuals can give as much as $69,700 to a candidate for statewide office, $19,300 to a state Senate candidate, and $9,400 to a state Assembly candidate in an election cycle.¹ That’s much higher than federal contribution limits or those in most states. Candidates participating in small donor public financing would be required to agree to lower limits, to further the program’s goal of focusing fundraising on everyday constituents and voters rather than deep-pocketed donors.

- **A cap on public funds, but no limits on total fundraising or spending.** Participating candidates would be able to compete in the face of unlimited independent spending after *Citizens United*. They would be allowed to raise private funds even after hitting the public funding cap, subject to individual contribution limits, and to spend without limit if they need to do so.

- **Transparency and oversight.** To protect New York’s investment of public funds, the program would require public disclosure by participating candidates of fundraising and spending and enforce compliance rules effectively. Drawing on experience in Connecticut, it would establish effective oversight while making compliance easy and inexpensive.

- **Adequate and reliable funding.** If the program had been in place in 2018, even an aggressive projection of the cost to New York — assuming that every candidate opted in — would have come to less than 1/10 of one percent of the state budget for funding and administration, or less than a penny per day per New Yorker.²
Introduction: The Moment

New York State has a chance to take a bold step to strengthen democracy: enacting small donor public financing. This system has worked for decades in New York City. Expanded to state elections, it would be the biggest single response in the nation to the decision in Citizens United. And it would meet a surging public demand for change.

Countering big money in elections would help transform New York politics. It would free legislators to better represent their constituents. It would bolster the diversity of donors, officeholders, and candidates. It would curb corruption. It would respond to the explosion of civic engagement seen in the 2018 election and boost it further. And it would enhance public confidence.

Reshaping the way campaigns are financed is widely popular; all across the country, the public has demanded reform. The very first bill introduced in the new U.S. House of Representatives — H.R. 1 — would enact small donor public financing nationwide. With opposition from the Senate majority leader, that package will likely not become law this year. But with a governor and a new majority in the state legislature that have expressed support for progressive change, New York has the chance to lead.

How does small donor public financing work? Constituents who give small amounts to participating candidates will see their contributions matched by public money. The system is voluntary: Candidates opt in by raising enough small initial donations to qualify, and they accept conditions including lower contribution limits. Governor Andrew Cuomo’s current proposal would provide a $6-to-$1 match on each private contribution of up to $175. Under this formula, a constituent donation of $10 would be worth $70 to a participating candidate, and $175 would be worth $1,225. The Assembly passed a similar bill several years ago, and leaders of both legislative houses have proposed comparable plans in the past.

The system reviewed in this report is based on New York City’s program, considered to be the nation’s best. The city’s system has transformed the political participation of non-wealthy residents both as donors and as candidates. The vast majority of candidates who run for district or citywide office participate in the program. In the past few years alone, eight local governments including Washington, D.C., and Suffolk County, New York, have adopted similar reforms. Following the 2010 Citizens United decision, which enabled unlimited special interest spending, and with a Supreme Court today that is unlikely to reverse course soon, small donor public financing is the most powerful solution available to counter the influence of wealth on our political process.

New York State needs this transformative change. For too long, Albany has fostered a “pay-to-play political culture [that] is greased by a campaign finance system in which large donors set the legislative agenda,” as the Moreland Commission to Investigate Public Corruption put it in 2013. In 2018 big donors almost completely dominated New York’s state elections. The top 100 donors gave more to candidates than all of the estimated 137,000 small donors combined. Small donations made up 5 percent of all money given to New York State candidates — a far smaller share than the 19 percent in small donations at the federal level in 2018. Between a system that enables huge donations to dominate, and processes that make it too hard to vote, it is little wonder that New York suffers one of the lowest civic engagement records in the country.

Now, with a new Democratic majority in the Senate for the first time in a decade, it is time for change . . . . [W]e must set up a public finance system in which the state would give six dollars for each dollar donated by a member of our community . . . . Throughout our lives, despite all our efforts to organize and push for laws that would benefit us, the voices of our community have not been heard sufficiently in Albany. Now we have the opportunity to transform our state’s democracy. We cannot lose.

— Assemblymember Maritza Davila, Op-Ed, El Diario, December 19, 2018

This is the year to enact small donor public financing. Governor Cuomo’s current proposal closely resembles bills recently carried by now-Senate Majority Leader Andrea Stewart-Cousins and by Assembly Speaker Carl Heastie, presenting a genuine chance for change. A broad and diverse coalition of more than 200 groups has joined to press lawmakers to finally enact this powerful democracy reform that they have supported in name for years. The coalition includes major unions; environmental, racial justice, and reproductive rights groups; politically active community organizations; and business and civic leaders.

By taking this step, New York would lead the nation. It would be the first to enact a robust small donor matching program statewide. Passage would send a message to the nation that even in the age of Citizens United, transformative change to take back democracy for everyday people is still possible.
New York’s Big Donor–Dominated Politics

Since Citizens United, a small group of wealthy megadonors have come to dominate U.S. election financing. The problem is especially acute in New York State. Not only do big donors have a disproportionate impact on the political system, but small donors play virtually no role at all. It’s a sharply tilted political system that gives a tiny number of big donors big power.

Like many others running this year, I worked hard to raise the majority of my donations from small donors. But the temptation to make shortcuts and take the $18,000 windfalls is very strong. A system of matching funds for small, local donations turns campaign fundraising into a positive exercise in participatory democracy.

– Sen. Rachel May, Op-Ed, Syracuse Post-Standard, February 1, 2019

Today New York State has unusually lax campaign finance rules. Individuals can give as much as $69,700 to a candidate for statewide office, $19,300 to a state Senate candidate, and $9,400 to a state Assembly candidate in an election cycle. (The federal cap on individual donations is $5,600 per election cycle.)

As a result, big donors almost completely dominated the 2018 New York State elections, with small donors pushed to the sidelines:

- The top 100 donors gave more to candidates than all of the estimated 137,000 small donors combined. (This does not even include the millions of dollars contributed by LLCs and corporations, which would skew the data even further to the wealthiest donors.)

- Small donations amounted to only 5 percent of all funds raised by candidates in New York State in the 2018 election cycle. This was the smallest source of funding to candidates.

- The majority of funds to candidates came from people or entities who gave more than $10,000.

The most recent available studies by the nonpartisan Campaign Finance Institute show that New York consistently ranks among the worst states in the country when it comes to small donor participation.

At a time when diversity is rising as a social value, the campaign finance system amplifies the voices of only a few New Yorkers. Big New York donors underrepresent the geographic, socioeconomic, and racial diversity of the state. In the 2018 New York State elections:

- Two-thirds of big donors (who gave $10,000 or more) came from just three affluent counties: New York, Nassau, and Westchester.

- Big donors typically lived in neighborhoods that were whiter and wealthier and had more college-educated and employed people than neighborhoods where small donors lived.

- Donors from out of state gave nearly three times more than all small-donor New Yorkers combined. Close to 90 percent of that out-of-state money came in donations of $1,000 or more.

Today’s big-money politics, of course, tilts policy. Tax policy, environmental policy, real estate regulation, and more are shaped by the contours of the political money system. A massive study of federal policies over two decades found that the class of “economic elites” in the United States has “substantial” impact on government decisions, while “average citizens have little or no independent influence.”

So, too, in New York. The Moreland Commission found that “access to elected officials comes at a price, and that the fight over legislation is often between entities with vast financial resources at their disposal.” It concluded, “When political power and access is so closely and disproportionately tied to large donations, the majority of New Yorkers are shut out of the political process.”

Events of recent years have created a wide public perception of corruption in New York State. Governor Cuomo established the Moreland Commission in 2013 “in response to an epidemic of public corruption that has infected this State.” The group of more than two dozen ethics scholars, prosecutors, defense attorneys, federal officials, and other civic leaders reported:

In recent years, too many local and state elected officials, staff members, and party leaders have been indicted and convicted for offenses running the gamut of shame: bribery, embezzlement, self-dealing, and fraud...One out of every eleven legislators to leave office since 1999 has done so under the cloud of ethical or criminal violations, and multiple sitting officials are facing indictments on public corruption charges.
The Commission also cited numerous instances where moneyed interests were accused of offering quid pro quo exchanges of donations for favors.30

As we continue our own work to empower women, . . .
. . . we urge the New York state government to act . . .
Implementing a voluntary public campaign financing system for all legislative and statewide races in New York into law is within our reach. The governor and the Legislature must move this proposal past the finish line. New York deserve nothing less.34


The Small Donor Solution

A small donor public financing system offers the best chance to improve politics in New York. It is based on — and enhances — the successful system used in New York City and recently enacted in Suffolk County, and it has the following features.

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We may not be able to shut off the spigot of money into the system, but by providing public financing we can increase public participation and ensure that deserving candidates, not only rich and well-connected ones, have an opportunity to run and compete for elected office.”


1. $6-to-$1 Match of Small Donations

Governor Cuomo’s current small donor public financing proposal would provide $6 in public funds for every $1 of a donation from a New York resident up to $175, similar to New York City’s longtime model.36 Previous bills in the Senate and Assembly have also provided a $6-to-$1 match, though the matchable amount has varied, up to $250.

A multiple match on small donations, especially combined with lower contribution limits (discussed below), provides a strong incentive for candidates to spend more time raising money from and talking to their own constituents.

Officeholders who have campaigned in both New York City’s small donor public financing program and the state’s private financing system confirm this. Attorney General Letitia James, for instance, explained to the press that in running for statewide office, she needed to raise funds from the biggest donors to compete, in contrast to the way she could turn to constituents for support when she ran under the city’s system.37

The Campaign Finance Institute found that New York City’s small donor public financing program “brought more low-dollar donors into the system,” leading to a “substantial increase not only in the proportional role of small donors but in their absolute numbers per candidate.”38 In essence the reform, by increasing the value of small donors’ modest contributions, can transform candidates into agents of civic participation who bring more — and new — constituents into the political process.

The table on page 5 makes plain the multiplier effect of a $6-to-$1 match on contributions up to $175 from New Yorkers. Adjusting the matchable amount to $250, as in last year’s State Senate bill, does not change the essential mechanisms of the program.

To ensure that small donor public financing meets its intended purpose — to encourage candidates to seek reasonable support from constituents rather than huge checks from wealthy interests or out-of-state donors — certain restrictions should apply to contributions that are matched. For instance, as mentioned above, contributions

In the past decade, 19 New York State legislators have been convicted on federal corruption charges, giving New York one of the worst records in the nation.31,32 A 2015 analysis by FiveThirtyEight found that from 1976 to 2010, New York had more public officials convicted on federal corruption charges than any other state.35

New Yorkers want better for their state. A 2018 poll found that 85 percent of New Yorkers think government corruption is either a “very serious” or a “somewhat serious” problem.34 And recent polls consistently show that large numbers of New Yorkers want state officeholders to reduce the influence of money in politics and end corruption.35 Stronger campaign finance laws would help yield higher voter engagement. Public anger about corruption helps dampen participation. The sense that only big donors have a say gives voters less reason to turn out and engage politically in other ways.

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Candidates should not have to skip the benefits of public financing because they fear they will not be able to run a competitive campaign. Participating candidates would be free to continue to raise funds privately, subject to individual contribution limits, once they maxed out on public funding. To limit the total expense of a public financing system, Governor Cuomo’s bill, as with all recent proposals, sets a maximum in available matching funds for each type of office.

### 2. Reduced Contribution Limits

New York State’s contribution limits are unusually high. Individuals can give as much as $69,700 to a candidate for statewide office, $19,300 to a state Senate candidate, and $9,400 to a state Assembly candidate in an election cycle. These limits are so high that, according to the Moreland Commission, “they can scarcely be called limits at all.”

Any comprehensive campaign finance proposal for Albany should decrease contribution limits for all candidates. Candidates who wish to participate in small donor public financing should, in exchange for receiving public matching funds, be held to still lower contribution limits. The reduced contribution limits for participating candidates, coupled with a multiple match on small donations, would further encourage these candidates to focus their fundraising efforts on constituents who cannot afford to write the large checks that current limits allow.

### 3. A Cap on Public Funds, but No Limits on Total Fundraising or Spending by Candidates Who Participate in Public Financing

Unlike some other plans, proposals in Albany for small donor public financing, including the governor’s current bill, have not set limits on how much participating candidates would be able to spend. The Brennan Center supports this choice, which acknowledges the perception and occasional reality in the post–Citizens United era that campaigns will have to contend with high spending by independent expenditure groups such as super PACs. Candidates should not have to skip the benefits of public financing because they fear they will not be able to run a competitive campaign.

### 4. Qualifying Thresholds

To ensure that funds are not wasted on frivolous or uncompetitive campaigns, candidates seeking to join a small donor public financing program should first have to demonstrate a viable base of support by collecting a minimum number of small donations in New York. Governor Cuomo’s bill includes a qualifying threshold of $650,000 in small donations for gubernatorial candidates, made up of at least 6,500 small contributions (between $10 and $175) from New York residents. Similarly, candidates for state Senate would have to raise $20,000, including at least 200 small contributions, and candidates

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**Table 1:** The value of New Yorkers’ small donations after a $6-to-$1 match, compared with other donations under Governor Cuomo’s proposal.

<table>
<thead>
<tr>
<th>Contributor</th>
<th>Contribution Amount</th>
<th>Match Amount</th>
<th>Total Value of Contribution to Candidate</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Yorker</td>
<td>$10</td>
<td>$60</td>
<td>$70</td>
</tr>
<tr>
<td>New Yorker</td>
<td>$50</td>
<td>$300</td>
<td>$350</td>
</tr>
<tr>
<td>New Yorker</td>
<td>$175</td>
<td>$1,050</td>
<td>$1,225</td>
</tr>
<tr>
<td>Out-of-State Donor</td>
<td>$250</td>
<td>$0</td>
<td>$250</td>
</tr>
<tr>
<td>Corporations/LLC/PAC</td>
<td>$1,000</td>
<td>$0</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

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“[The matching funds program . . . has helped us transform how we serve our constituents. [In New York City], I have no choice but to listen to and engage the [constituents] in an overall discussion about what direction the city should go. I think the campaign finance program has a lot to do with that. And I really think that how we do it in New York should serve as a model for the rest of the country.”

The New York City program’s thresholds may provide guidance for determining the qualifying levels for state elections. To receive the city’s match in the 2021 elections, mayoral candidates must raise $250,000 from at least 1,000 small-dollar contributors residing in New York City. City Council candidates must raise $5,000 from at least 75 small-dollar contributors residing in their districts.45

5. Transparency and Oversight

A successful public financing program requires fair and efficient oversight, with ample support services so that candidates can participate without having to hire sophisticated compliance staff. This oversight should include standard internal processes to identify and resolve minor reporting or administrative issues, to ensure that only sufficiently serious issues receive a formal compliance review, and to make sure that all candidates are treated equally. Also necessary is public disclosure of participants’ compliance with requirements such as individual contribution limits, to preserve the integrity of the program and the public’s trust.

This proposal improves on the New York City system and its enforcement methods. Many legislators in New York State are familiar with the Campaign Finance Board, the agency charged with oversight of New York City’s public financing system. Lessons learned from candidates’ experience with the CFB have been incorporated into current public financing proposals in New York State. Connecticut has a statewide public financing program that also provides important insight for how New York

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Table 2: Limits on matching funds under Governor Cuomo’s proposal.

<table>
<thead>
<tr>
<th>Office</th>
<th>Matching Funds Cap – Primary</th>
<th>Matching Funds Cap – General</th>
<th>Total Matching Funds Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>$8 million</td>
<td>$10 million (shared with lieutenant governor)</td>
<td>$18 million (including $10 million shared with lieutenant governor in general election)</td>
</tr>
<tr>
<td>Lieutenant Governor</td>
<td>$4 million</td>
<td>$10 million (shared with governor)</td>
<td>$14 million (including $10 million shared with governor in general election)</td>
</tr>
<tr>
<td>Attorney General</td>
<td>$4 million</td>
<td>$4 million</td>
<td>$8 million</td>
</tr>
<tr>
<td>Comptroller</td>
<td>$4 million</td>
<td>$4 million</td>
<td>$8 million</td>
</tr>
<tr>
<td>Senate</td>
<td>$375,000</td>
<td>$375,000</td>
<td>$750,000</td>
</tr>
<tr>
<td>Assembly</td>
<td>$175,000</td>
<td>$175,000</td>
<td>$350,000</td>
</tr>
</tbody>
</table>

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"Imagine if you could spend a little less time [making fundraising calls], and a little more time in someone’s living room, listening to concerns that they have, hearing the ideas that they may have. You can become a much more engaged and responsive candidate and hopefully elected official."vi


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According to an analysis by the Campaign Finance Institute, only 17 percent of gubernatorial candidates in 2018 would have qualified for funding. In the state Senate and Assembly, only 29 percent and 28 percent of candidates, respectively, would have qualified.49 Yet candidates can change those results, the analysis observes, by changing their fundraising strategies. Indeed, the point of small donor public financing “is to give [candidates] a good reason to look for small donors from their districts.” That said, the thresholds should not be so inaccessible that candidates do not even try to take advantage of matching funds. The CFI report concludes that “the sponsors would be well advised to revise the qualification requirements as they perfect a new bill.”44
can achieve transparency and robust compliance in its public financing program without unduly burdening candidates. Connecticut’s State Elections Enforcement Commission (SEEC) has developed a reputation among candidates for being supportive and committed to minimizing undue administrative burdens, and its public financing program has only grown in popularity, with a record 335 candidates receiving funds in 2018.46

One significant decision Connecticut’s SEEC made to reduce the burden of compliance on candidates was to restrict postelection audits to no more than 50 percent of all legislative campaigns, selected by lottery (weighted by recency of any past audit), although all statewide office campaigns do get audited. Even though this lottery method is less burdensome to candidates than New York City’s approach of auditing 100 percent of campaigns, the SEEC reports that its system has been effective at enforcing compliance. Governor Cuomo’s current proposal contains an audit procedure like Connecticut’s.48

6. Ensuring an Adequate Funding Stream
To serve the democracy-enhancing interests of New York State and the need of participating candidates for sufficient funds to compete, the small donor public financing program must receive adequate and reliable funding.

The Campaign Finance Institute analyzed what it would cost to sustain the program proposed in Governor Cuomo’s current bill. Its most aggressive estimate — which assumes that every statewide and legislative candidate in 2018 would opt in and that a far greater number of donors would make matchable contributions than is currently the case — is an annual cost of $38.6 million in disbursements and $20.9 million in administrative costs.49 The $59.5 million total amounts to less than 0.1 percent of the state’s $175 billion budget, or less than a penny a day per New Yorker.

The bill designates funding for the public financing program from a $40 tax check-off ($80 for joint filers), the abandoned property fund, contributions from individuals and organizations, transfers from other funds or sources when authorized by law, and backup funding from the general fund.50 But as the Moreland Commission noted, once small donor public financing begins to take effect and reduces government favors for powerful donors, “the elimination of just one wasteful tax expenditure or one unnecessary spending program could cover the full cost of the program.”51

Table 3: Comparison of small donor public financing qualifying thresholds in a proposed program for New York State and in New York City’s established program.

<table>
<thead>
<tr>
<th></th>
<th>Governor Cuomo’s Proposed Qualifying Thresholds</th>
<th>New York City’s 2021 Qualifying Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Office</strong></td>
<td>Gubernatorial candidates: $650,000 from 6,500 small donors (between $10 and $175)</td>
<td>Mayoral candidates: $250,000 from 1,000 small donors ($175 or less, or $250 or less, depending on program option chosen)</td>
</tr>
<tr>
<td><strong>Legislative Office</strong></td>
<td>State Senate candidates: $20,000 from 200 small donors</td>
<td>State Assembly candidates: $10,000 from 100 small donors</td>
</tr>
</tbody>
</table>

Opponents of matching programs like NYC’s will use twisted logic to try to convince you that taxpayers shouldn’t have to pay for candidates’ campaigns. They want you to believe that you can have something for free — elected officials who will represent what you need, even though they are paid for by wealthy donors whose interests are the opposite of yours. The truth is, if we don’t pay for our elected officials’ campaigns directly, we will most certainly pay indirectly, through higher rents, higher health costs, and higher prices on everything else big donors have to sell. So which would you choose?”

Public Financing in the Era of Super PACs

Would small donor public financing matter in the age of super PACs and dark money? Yes. In fact, it is the only reform that can counter the corrosive impact that such groups have had on our politics, altering a dynamic that has given an increasingly large voice to a tiny number of big donors at the expense of regular constituents.

Importantly, none of the current proposals caps what participating candidates can raise or spend. So if a candidate faces super PAC spending, she can continue to raise money from private donors to counter independent expenditures even after she has reached the maximum public cap.

This reform does not pretend to take all private money out of the political system. The Supreme Court would not allow such a reform in any case. But it gives candidates a chance to forge a campaign fueled by constituents while retaining the ability to fight outside money without having to resort to dark money.

Already, New York State has taken key steps that limit the ability of super PACs to have undue influence on candidates. It was the first state to enact accountability measures for online ads; it has also demanded increased disclosure and banned coordination between candidates and super PACs. A small donor public financing system would complement these changes, allowing candidates to focus on small donors, amplifying the voice of everyday constituents, bringing greater diversity, and inspiring a much-needed renewal of public faith in government.

The Benefits

1. Increasing the Voice of Small Donors
Public financing would increase the importance of small donors. Applying the $6-to-$1 match to donations from New Yorkers in 2018 state contests, as well as other aspects of Governor Cuomo’s public financing proposal, we find a dramatic increase in the proportion of money candidates would have raised from small donors (see Figures 1, 2, and 3 on page 9).

Experience in New York City and elsewhere shows that adopting a small donor public financing system can lead to candidates engaging more of their constituents when fundraising, and voters responding by adding their voices with more small donations. If this were to happen in New York State (as we expect), the percentage of funds from small donors in future elections would be even greater. In a recent study, the Campaign Finance Institute noted that while it is impossible to know how many more small donors would participate if the state adopted a public financing program, a threefold increase in small donors is reasonable to expect. Figure 3 (on page 9) shows the impact that such an increase in small donations would have had on the share of funds from small donors in 2018.

The Campaign Finance Institute further broke down what this kind of increase in small donor giving would have meant in 2018:

- Assembly candidates would have raised more than four times as much from small donors, making small donors the single largest source of Assembly campaign funds.
- Senate candidates would have raised six times as much from small donors.
- Small donors would have been the biggest source of funding for a majority of legislative candidates.
- Nearly every Assembly candidate and 91 percent of Senate candidates would have raised at least as much as they actually did, if not more, if they had participated in a small donor public financing system.

“[Public financing] gives members of the public the ability to feel much more vested in the elections process, . . . that they’re not powerless against the high money interest, but that they too, through the matching funds program, can be very significant in supporting candidates who they believe represent the issues that they care about.”

2. Allowing Candidates to Focus on Their Constituents Instead of on Big Donors

One whispered concern among lawmakers about adopting small donor public financing is their assumption that it will serve to displace incumbents. But as longtime users of the New York City program have noted, and as independent studies have confirmed, the chief impact of the reform is to enable all candidates to shift their focus from deep-pocketed donors to constituents — not to advantage any type of candidate over another.53

Small donor public financing enables people to win and stay in office by being more representative of constituents than of wealthy donors.54 Attorney General Letitia James said in a 2015 interview, when she was New York City’s Public Advocate, that she “would not be in this position but for campaign finance reform and the support of working-class people.”55 In a speech last year, she said that participating in small donor public financing meant that “I’m free from the stranglehold of ...big donors demanding meetings and policy changes. Every New Yorker ...know[s] they can come to my door, and their voices will be heard. Because every elected official in this country needs the freedom to represent the interest of Americans. And it is through public financing that we will get one step closer to ensuring that our elected representatives are representatives of our electorate.”56

We need a small-donor public financing system that allows grassroots candidates to compete against a corporate-driven financing system that now exists. Small donor matching makes it easier for elected officials to represent the values of the people of New York by encouraging candidates to spend their time talking to regular voters. If we do not change how elections are financed in New York, we will never be able to truly win for tenants.”xvi


This benefit applies to officeholders as well as candidates. In Albany, a small donor public financing system would enable elected officials to spend more time and energy on their constituents. The Moreland Commission noted, “Instead of having to shape their official actions to the values and concerns of large donors, elected officials and candidates will be able to focus on ordinary citizens.”57

Increasing the relative importance of small donors also increases the diversity of viewpoints influencing officeholders who court contributors. In the 2018 New

Figure 1: Small donation share of all contributions to candidates in 2018 New York State elections under the status quo.

Figure 2: Small donation share if Governor Cuomo’s $6-to-$1 public financing proposal had applied in the 2018 New York State elections.

Figure 3: Small donation share (with increased small donor participation) if Governor Cuomo’s $6-to-$1 public financing proposal had applied in the 2018 New York State elections.

*The Governor’s campaign finance reform package also bans corporations from making direct contributions.
Within our communities — not just from the rich who can send large checks....Throughout our lives, despite all our efforts to organize and push for laws that would benefit us, the voices of our community have not been heard sufficiently in Albany. Now we have the opportunity to transform our state's democracy. We cannot lose.\textsuperscript{61}

3. Changing the Perception of Cronyism and Corruption in Albany

To address "an epidemic of public corruption that has infected this State," the Moreland Commission in 2013 urged "[f]undamental reform" to the state's campaign finance system "that promotes public trust and democracy, changes our pay-to-pay political culture, and empowers ordinary New Yorkers."\textsuperscript{62} Its top recommendation: enacting small donor public financing. The reform would work against the state's culture of big-money cronyism by "leveraging the power of ordinary individuals and reducing the influence of large donors and special interest money."\textsuperscript{63}

The success of small donor public financing in New York City shows how transformative this reform could be for the state. Downstate, just three decades ago, cronyism and bribery ran rampant through City Hall. Campaign finance reform, centered on public financing, was a major part of the city's response. Although occasional donor-related scandals still arise, systemic corruption among the city's elected officials has by all accounts decreased substantially. In the past decade, while New York State racked up a troubling record of 19 federal corruption convictions of legislators, New York City saw only four.\textsuperscript{64} As a 2018 New York magazine article put it, "it would be hard to find a cleaner, more dynamic, more progressive, and less corrupt big city in America."\textsuperscript{65}

Beyond reducing outright corruption, the Moreland Commission noted, small donor public financing would reduce the financial wastefulness of governance based on cronyism. It wrote that "the Commission believes that reducing the role of big donors in financing campaigns will reduce in turn the pressures donors place on our elected officials to provide targeted tax breaks for special interests and to spend public funds on pork barrel projects of doubtful public value."\textsuperscript{66} Once small donor public financing begins to take effect at the state level, "the elimination of just one wasteful tax expenditure or one unnecessary spending program could cover the full cost of the program."\textsuperscript{67}

Now, with a new Democratic majority in the Senate for the first time in a decade, it is time for change....[W]e must set up a public finance system in which the state would give six dollars for each dollar donated by a member of our community....which would benefit the candidate and assure that the candidate is looking for help from within our communities — not just from the rich who can send large checks....Throughout our lives, despite all our efforts to organize and push for laws that would benefit us, the voices of our community have not been heard sufficiently in Albany. Now we have the opportunity to transform our state's democracy. We cannot lose.\textsuperscript{61}

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Newspapers that have covered state corruption scandals for years have called on Albany to use its new governing majority to enact small donor public financing as a part of comprehensive campaign finance reform. Lawmakers

Matching funds from campaign finance gives candidates a chance to involve community members and get people excited about the campaign. Especially at a time when I did not have political support from traditional political organizations or elected officials, it was a grassroots movement and campaign financing really helped me.\textsuperscript{64}


York State elections, small donors lived in neighborhoods that were far more representative of the real makeup of New York than big donors’ neighborhoods in terms of race, income, and education level.\textsuperscript{58} Small donors also hailed from every county in the state.\textsuperscript{59}

The prospect of amplifying the power of constituents like hers in Bushwick, Brooklyn, prompted Assemblymember Maritza Davila and community board member Gladys Puglla to make a powerful case for enacting statewide small donor public financing. In an op-ed in El Diario last December, they argued that Davila’s constituents need more resources for public schools, affordable housing, and immigrant protection. The state’s inability to produce results, they said, “in large part, is due to a system that allows the rich and large corporations to give massive contributions to protect their interests, without giving an opportunity to working class and low-income people to raise their voices.”\textsuperscript{60} Further, they argued:

Now, with a new Democratic majority in the Senate for the first time in a decade, it is time for change....[W]e must transform our democracy....[W]e must set up a public finance system in which the state would give six dollars for each dollar donated by a member of our community....which would benefit the candidate and assure that the candidate is looking for help from

African-Americans, Latinos and women on average have less disposable income to contribute to political campaigns. [Small donor public financing] reduces the disparity in political participation based on wealth, and empowers groups who, historically, have been disproportionately less powerful in the political process.”\textsuperscript{64}

Albany’s new governing majority took office this January with the promise of a new day. They would not do business as usual. They would move long-awaited progressive reforms swiftly to passage. The people of New York could count on them.

So far, the governor and legislature have been true to their word. Early voting passed quickly. So did the Gender Expression Non-Discrimination Act, the Reproductive Health Act, and the DREAM Act. These are significant and even bold actions. But along with them has come the quiet message that not everything worthy can happen this year. Some changes may take patience. Lawmakers may not be ready for some of the biggest ones.

The urgency of achieving small donor public financing for New York State cannot be overstated. That’s because, as Senate Elections Committee Chair Zellnor Myrie wrote in the Daily News in January with Jonathan Westin, executive director of New York Communities for Change, “It doesn’t matter who’s in power. Where the power goes, the money follows.”

A champion of tenants’ rights in his Brooklyn district, Myrie noted how quickly real estate developers had switched their support in the final days of the election from their traditional Republican advocates to the Senate Democrats who were clearly about to prevail. “If we do not change how elections are financed in New York, we will never be able to truly win for tenants,” he and Westin wrote. “We need a small-donor public financing system that.....makes it easier for elected officials to represent the values of the people of New York.”

This year Albany has the rare chance to restore faith in democracy for all New Yorkers. That faith will reverberate across the nation. It is a chance too precious to let slip away.

“[With public financing] I’m free from the stranglehold of big donors demanding meetings and policy changes. Every New Yorker . . . know[s] they can come to my door, and their voices will be heard . . . [E]very elected official in this country needs the freedom to represent the interest of Americans. And it is through public financing that we will get one step closer to ensuring that our elected representatives are representatives of our electorate.”

— New York Attorney General (then Public Advocate) Letitia James, speech at Unrig the System Summit, February 2018.

Conclusion: Excelsior

Albany’s new governing majority took office this January with the promise of a new day. They would not do business as usual. They would move long-awaited progressive reforms swiftly to passage. The people of New York could count on them.
Endnotes


8 Ibid.


14 Ibid.


16 The Fair Elections for New York coalition includes Service Employees International Union Local 32BJ, Communications Workers of America District 1 (all of New York State), Natural Resources Defense Council, Reverend Al Sharpton’s National Action Network, Planned Parenthood Empire State Acts, Color of Change, Demos, End Citizens United, and Sierra Club. A full membership list and more details about Fair Elections for New York can be found at https://fairelectionsny.org/about. NY LEAD, a bipartisan group of the state’s business, civic, philanthropic, and cultural leaders, includes individuals like Alec Baldwin, Dr. Hazel N. Dukes, Chris Hughes, Chris Jackson, Andrew Rasiej, and Jonathan Soros, among others. A full membership list and more details about NY LEAD can be found at http://nylead.org/who-we-are/.


21 Ibid.

22 Ibid.


27  Ibid.

28  Ibid., 3.

29  Ibid., 3-4.

30  Ibid., 33-34.

31  This number was reached by reviewing relevant press coverage on corruption convictions of New York State elected officials from 2008 to 2018. Sources included major New York news outlets such as the New York Times, New York Daily News, Rochester Democrat & Chronicle, and others.


41  FY 2020 New York State Executive Budget: Good Government and Ethics Reform Article VII Legislation, Part B, § 14-205.

42  Ibid., Part B, § 14-204(2).

43  These percentages are based on how much candidates had raised by September 1, 2018, which the Campaign Finance Institute’s analysis estimates would have been the approximate date by which candidates running in a general election would need to meet qualifying thresholds for public funds. See Michael J. Malbin and Brendan Glavin, “Small-Donor Matching Funds for New York State Elections,” 14.

44  Ibid.


46  Max Reiss, “Public Campaign Financing Sees Record Year as Governor Picks Ignored It,” NRC Connecticut, December 12, 2018, https://www.nbcconnecticut.com/news/local/Public-Campaign-
59  Ibid.
61  Ibid.
63  Ibid.
64  These numbers were reached by reviewing relevant press coverage on corruption convictions of New York State’s and New York City’s elected officials and their government office staff members from 2008 to 2018. Sources include major New York news outlets such as the New York Times, New York Daily News, Rochester Democrat & Chronicle, and others. Even considering federal corruption convictions in terms of respective rates, New York State has seen a higher rate of conviction: 4.87 percent of unique New York State legislators convicted, as compared with 3.67 percent of unique New York City legislators, over the same time period.
67  Ibid.
to make a difference.


74 Ibid.

Endnotes – Pullquotes


Figure 1: During the 2018 election cycle, small donations to state candidates totaled $6,787,176; overall contributions to state candidates totaled $136,288,852.

Figure 2: This projection assumes that all state candidates participate in the program; for comparison, candidate participation rates in the most recent elections in New York City and Connecticut, areas that have well-established public financing systems, are upwards of 65%, according to records provided by the New York City Campaign Finance Board and the Connecticut State Elections Enforcement Commission. This projection also assumes that all unitemized donations ($99 and below), for which residential and identification data is unavailable, are made by New York state residents. Additionally, all individual contributions in this analysis were subjected to the contributions limits in Cuomo’s most recent public financing proposal. To calculate total small donations under a $6-to-$1 public financing system, this analysis multiplied each small-dollar contribution by 6 to determine the total amount of public funds candidates would receive. The analysis then added total small-donor public funds with total small-donor private funds. Total unitemized contributions to state candidates were $1,596,645; this total grew to $11,176,516 under a $6-to-$1 public financing system. Each individual contribution above $175 receives an additional $1,050 in public funds.

Figure 3: To calculate the number of new donors, this analysis replicated the methodology in the Campaign Finance Institute’s most recent analyses of New York State’s 2018 elections. This analysis assumes that, under a $6-to-$1 match system, candidates would attract enough new small donors such that 1.5 percent of the voting-age population in the state would contribute small donations ($50) in a given election cycle. See Michael J. Malbin and Brendan Glavin, “Small-Dollar Matching Funds for New York State Elections,” 4.
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Learn More About Small Donor Public Financing
To learn more about small donor public financing, please visit the Brennan Center's website: https://www.brennancenter.org/issues/public-financing.

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Acknowledgments

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