215 Pennsylvania Avenue, SE • Washington, D.C. 20003 • 202/546-4996 • www.citizen.org

A Short History of Public Funding of Elections in the U.S.

July 19, 2012—Efforts to reform how campaigns are financed date back at least to the Progressive Movement of the early 20th century. Among the first reform proposals was to use public money to finance campaigns.

"The need for collecting large campaign funds would vanish if Congress provided an appropriation for the proper and legitimate expenses of each of the great national parties," President Theodore Roosevelt said in a 1907 address to Congress in which he also recommended banning corporations' political contributions to presidential campaigns.[1]

Proposals for public funding of federal elections bubbled up throughout the 20th century. Although bills to provide public funding for congressional campaigns did not succeed, Congress did implement a system of partial public funding through matching funds for presidential campaigns. The system was first used in the 1976 presidential election.

Several states and cities have also adopted public funding of their elections.

Generally, there are two types of publicly funded elections: partial matching fund programs and full public financing.

In partial public financing systems, the government provides money to qualified candidates to pay for a portion, but not all, of their campaign expenses. Public funds in partial funding programs are usually awarded on a matching basis; a certain amount of public money is provided for each dollar the candidate raises in private contributions. Partial funding can also be provided through block grants in which the government provides a lump sum payment to candidates who meet specific criteria, such as raising a minimum amount of private contributions to demonstrate viability.

In full public financing systems, the government provides money to candidates to pay for nearly all of their campaign expenses in exchange for candidates' agreeing not to accept any private campaign contributions beyond the seed money used to start their campaigns. Candidates typically qualify for funding by meeting specific qualification criteria, such as

[1] CRS REPORT TO CONGRESS: PUBLIC FINANCING OF CONGRESSIONAL ELECTIONS, BACKGROUND AND ANALYSIS, CONGRESSIONAL RESEARCH SERVICE (Jan. 22, 2007).

raising a certain number of modest contributions, for example, 1,500 qualifying checks of $5 each. This qualifying mechanism is intended to demonstrate that a large number of citizens support the candidate, while at the same time minimizing the amount of money a candidate can raise.

In the 2011 case *McComish v. Bennett*, the Supreme Court overturned one of the key tools to encourage participating in public financing of elections. In Arizona, participating candidates could receive matching funds above the pre-determined limit when a non-participating candidate's expenditures exceeded the publicly financed candidates' initial state allotment. The court viewed this as an unfair punishment for a candidate exercising his or her right to political speech through funding their own campaigns. This system was similar to the "Millionaire's Amendment" in the "Bipartisan Campaign Finance Reform" (BCRA) bill, which was overturned in the 2008 case *Davis v. FEC*. Under the Millionaire's Amendment, if a congressional candidate spent $350,000 of his or her personal funds in an election, the individual contribution limits for the opponent's fundraisers would triple, so any individual could contribute $7,500 to a campaign rather than the legal limit of $2,500. These "trigger funds" encouraged more candidates to accept public funding.

At the federal level, presidential candidates from parties with demonstrated support in the previous election are eligible for partial public financing in the primary election and full public financing in the general election. George W. Bush's decision to opt out of the public financing program in the 2000 primary elections because he determined that he could raise more money from private sources marked the beginning of several major candidates choosing not to participate in the primary election public financing program. In 2008, Democratic nominee Barack Obama became the first presidential candidate to opt out of public financing in the general election as well. Republican nominee John McCain (R-Ariz.) remained in the public financing program in the 2008 general election and was badly outspent.

Congressional elections remain entirely privately funded.

Currently, the federal government, 14 states and about a dozen local jurisdictions provide some form of public financing of campaigns. Examples of the states with the most extensive public financing systems include a strong partial public financing system in Minnesota, and full public financing systems in Arizona, Connecticut and Maine.

States and Cities Offering Full Public Funding

Jurisdiction	Electoral Contest(s) for Which Public Funding Is Available	How Was System Approved?	Year Approved	Year of Implementation
Arizona[2]	Statewide and legislative races	Ballot initiative	1998	2000
Connecticut[3]	Statewide and legislative races	Legislation	2005	2008
Maine[4]	Statewide and legislative races	Ballot initiative	1996	2000
Minnesota[5]	Statewide and legislative races	Legislation	1974	1976
New Jersey[6]	Legislative (pilot project)	Legislation	2004	2005
New Mexico[7]	Public Regulation Commission	Legislation	2003	2005
North Carolina[8]	Judicial elections	Legislation	2002	2004
Vermont[9]	Governor and			
lt. governor	Legislation	1998	2000	
Albuquerque, N.M.[10]	Citywide races	Ballot initiative	2005	2007
Portland, Ore.[11]	Citywide races	Legislation	2005	2006
New York City, N.Y. [12]	Citywide races	Legislation	1988	1990

[2] State of Arizona Official Canvass, 1998 General Election Results, Proposition 200 "Citizens Clean Election Act," Nov. 23, 1998; "Acts, Rules, and Policies Manual," Citizens Clean Elections Commission, April 27, 2006, p. 26; and "Impact of Clean Elections on Arizona's 2000 Election," Clean Elections Institute, Inc., p. 4.
[3] "Connecticut's Clean Election Law, Public Act 05-5," Common Cause Web site, www.commoncause.org, (visited on Feb. 16, 2007); and "The Good-Government State," *Hartford Courant*, Dec. 2, 2005.
[4] Maine Department of the Secretary of State, Elections Division, Referendum Election Results for 1996 General Election, Question #3, Nov. 5, 1996; and Maine Ethics Commission Rules, Chapter 3, Section 1; and Maine Department of the Secretary of State, Elections Division, Referendum Election Results for 1996 General Election, Question #3, Nov. 5, 1996.
[5] "Minnesota Campaign Finance and Public Disclosure Board," (visited July 16, 2012)
[6] "New Jersey Fair and Clean Elections Pilot Project," New Jersey Election Law Enforcement Commission.
[7] "Voter Action Act, Participating Candidates Guidelines 2006," New Mexico Public Regulation Commission; and New Mexico Law Title 1, Chapter 10, Part 26, Section 5.
[8] "The Judicial Campaign Reform Act," NC Judges Web site, www.ncjudges.org (visited on Feb. 16, 2007).
[9] "Vermont Public Finance Grants," Vermont Secretary of State Web site, vermont-elections.org (visited Feb. 16, 2007).
[10] Susan Gran, "Voter ID, public financing get thumbs up," *Albuquerque Tribune*, Oct. 5, 2005; and "Final Regulations of the Albuquerque City Clerk for the Open and Ethical Elections Code," Albuquerque City Clerk Web site, www.cabq.gov/clerk(visited Feb. 16, 2007).
[11] Anna Griffin, "Portland OKs Campaign Cash," *Oregonian*, May 19, 2005.
[12] "Program Overview," New York City Campaign Finance Board (visited July 16, 2012)