Big Money in America:
The Case for Small Donor Empowerment

Problem: The Rising Tide of Big Money

One person, one vote: That’s how we’re taught elections in our democracy are supposed to work. Candidates should compete to win our votes by revealing their vision, credentials and capabilities. We, the people then get to decide who should represent us.

Except these days there's another election: Call it the money election. And in the money election, most people don’t have any say at all. Instead, a few super-wealthy individuals and corporations back the candidates they think will raise enough money to run the kind of high-priced campaign it takes to win.

Large campaign contributions – which few of us can afford to make – have undue influence over what issues get debated, who gets to run for office, and too often who wins. Candidates for office who lack connections to deep-pocketed donors have little hope of meeting the minimum threshold to be a viable candidate. This negatively affects the democratic representation of communities without access to a network of wealthy donors, which often includes people of color, women, and young people.

The grossly disproportionate spending on elections from a small part of the population not only undermines the political power of most Americans, it also distorts the priorities of candidates by making fundraising from wealthy donors more important than securing the support of ordinary constituents. The undemocratic role of big money is especially exclusionary for people of color, who are severely underrepresented in this “donor class.” An unlimited money system forces candidates to spend time courting those wealthy individuals and interests, rather than thinking about the needs of their constituents.

Solution: Empowering Small Donors

There are concrete steps we can take in the meantime that will help push back against the tide of big money by strengthening the voices of and increasing participation among everyday Americans.

We can create a system that incentivizes candidates to voluntarily reject large and corporate contributions and instead rely on small contributions to fund their campaigns. Such a system serves the dual purpose of getting big and corporate money out of the process while bringing more people in to the democratic process. Due to the current political gridlock in Congress, more and more communities are taking matters into their own hands and taking on big money in politics at the local and state levels.

Small donor empowerment programs provide limited public matching funds at a 5:1 ratio to candidates who agree not to accept contributions over $100. This system would put voters back in the driver's seat of our elections by allowing candidates relying on small donors to compete with big money candidates. Instead of dialing for dollars in search of the biggest checks, candidates could fund their campaigns by appealing to everyday constituents.

The track record of small donor systems is impressive. According to a recent study in the Election Law Journal, matching funds have increased the proportional role of small donors as well as the number of small donors who participate in the system. In New York City in 2009, all but two of the 51 winning city council candidates used the program, and between 1997 (when the match was only 1:1) and 2009 (when it increased to 6:1), the small donor pool increased by 40%. A 2012 study found that the racial and economic diversity of donors increased under the New York system, making for a more engaged citizenry as well as a more representative democracy.

Besides bringing more small donors into the system, these programs have helped candidates raise significant amounts of money, changing their fundraising strategies away from chasing big checks and towards chasing small donors. For example, in the 2013 city council campaign in New York City, small donors were responsible for 61% of participating candidates' funds (when the match is included). In contrast, nonparticipating candidates got only 19% of their money from small donors, and 53% from donors who gave $1,000 or more. So candidates are seeing that they can raise the money they need to win without having to chase down $1,000 checks. The potential of such programs is one reason why other states and localities are adopting them, including neighboring Montgomery County, Md., Seattle, and Maine, which have all enacted or strengthened their own small donor programs in 2014 and 2015.