

DEMOCRACY REFORM PRIMER SERIES

Public Funding of US Elections

by **Alexander Fourinaies**
University of Chicago

Summary

Private fundraising in US elections corrupts the incentives of elected officials, advantages entrenched elites, and harms electoral competition. Private fundraising splits the priorities of novice politicians, forcing huge time investments in fundraising to deter challengers and build election coffers. Studies suggest that a dependent relationship with large private donors could give politicians incentives to spend too much time fundraising or to give too many policy favors to special interests relative to the broader public. By limiting the need to raise money from private groups, public funding programs could align the interests of citizens and elected officials better than private funding systems. Public funding programs create a competitive alternative to private funding by matching the support of small-donor contributions to candidates if the candidates can document support and adhere to spending maximums. The two main types of public funding of electoral campaigns that are currently used in state and local elections are partial public funding programs (sometimes called “matching funds” programs) and full public funding programs (sometimes called “clean elections” programs).

The best evidence on public funding programs suggests that policy makers face a trade-off: Public-funding programs promote electoral competition and candidate entry, but they may also encourage ideological extremism and polarization. Empirical evidence suggests that public funding programs promote candidate entry and electoral competition. When comparing data on all 99 state legislative chambers from 1976 to 2018, a study found that number of candidates who ran in a state before and after the state introduced (or repealed) a public

funding program found that public funding caused an increase in the number of candidates running for office. In the average state legislature, public funding encourages approximately 18 extra candidates to run for a state legislative seat, the equivalent of an extra candidate in one out of five seats. This lower barrier to participation widened the field of candidates but also gave leeway for extremist, niche candidates to emerge and succeed. People may reasonably disagree about whether entrenched political elites are more concerning than ideological polarization in contemporary American politics, but discussion about campaign finance reforms should openly consider this trade-off. It is unclear whether a public funding option undermines the influence of moneyed special interest groups. cursory research suggests that politicians who opt into public funding options might spend less overall time fundraising, but there is no causal evidence that this results in superior electoral outcomes. While initial data is promising, opponents argue that public funding programs are still relatively niche - there are only a small number of elections with public funding. Among those, there are few gubernatorial and presidential elections where candidates had the public funding option. Consequently, most of the empirical evidence is based on state legislative elections from a handful of states.

