

# **Are All Public Matching Fund Programs Created Equal?**

## **Small Donors in NYC and LA**

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# Paper's Purpose

**Others today: public financing in general.**

**This paper gets into specifics.**

**– Do a program's details affect its results?**

**Our answer: yes, the details can matter a lot.**

**• Now for the evidence.**

## **Definition:**

**In the following slides, “small donor” =**

**Donor who gave \$250 or less in the aggregate  
to a particular candidate**

# Program Overview --NYC and LA

Two most significant multiple matching fund programs in US:

## NYC

- **6 to 1 match for first \$175 -- since 2009**
  - 4 to 1 for first \$250 -- 2001-2005
  - 1 to 1 match for first \$1000 -- 1989-1997

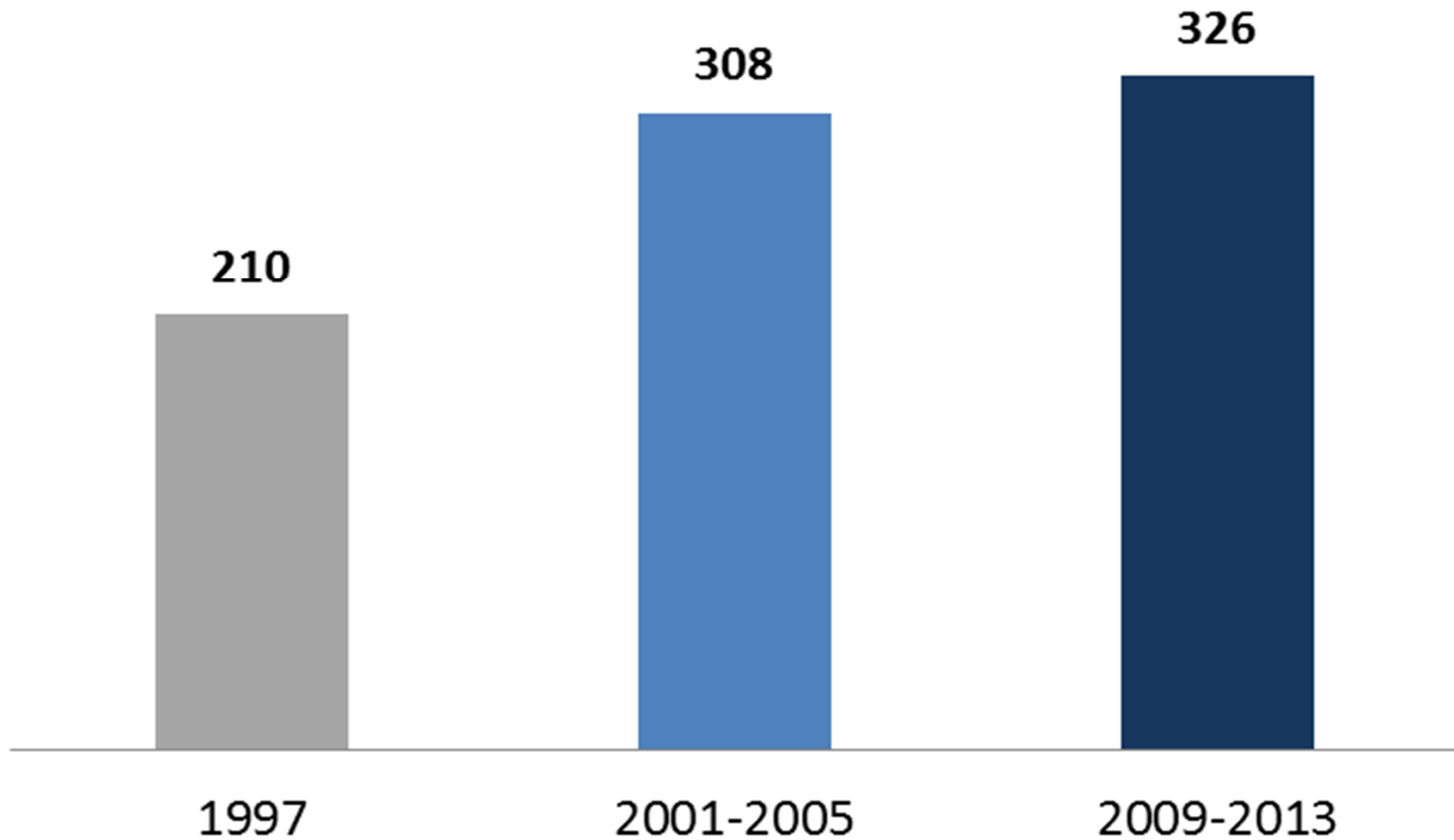
## Los Angeles

- **2 to 1 for first \$250 in first round (top two system)**
- **4 to 1 for first \$250 in runoff**
  - Before 2013: 1 to 1 match

**Basic CFI research on NYC well known to this audience:**

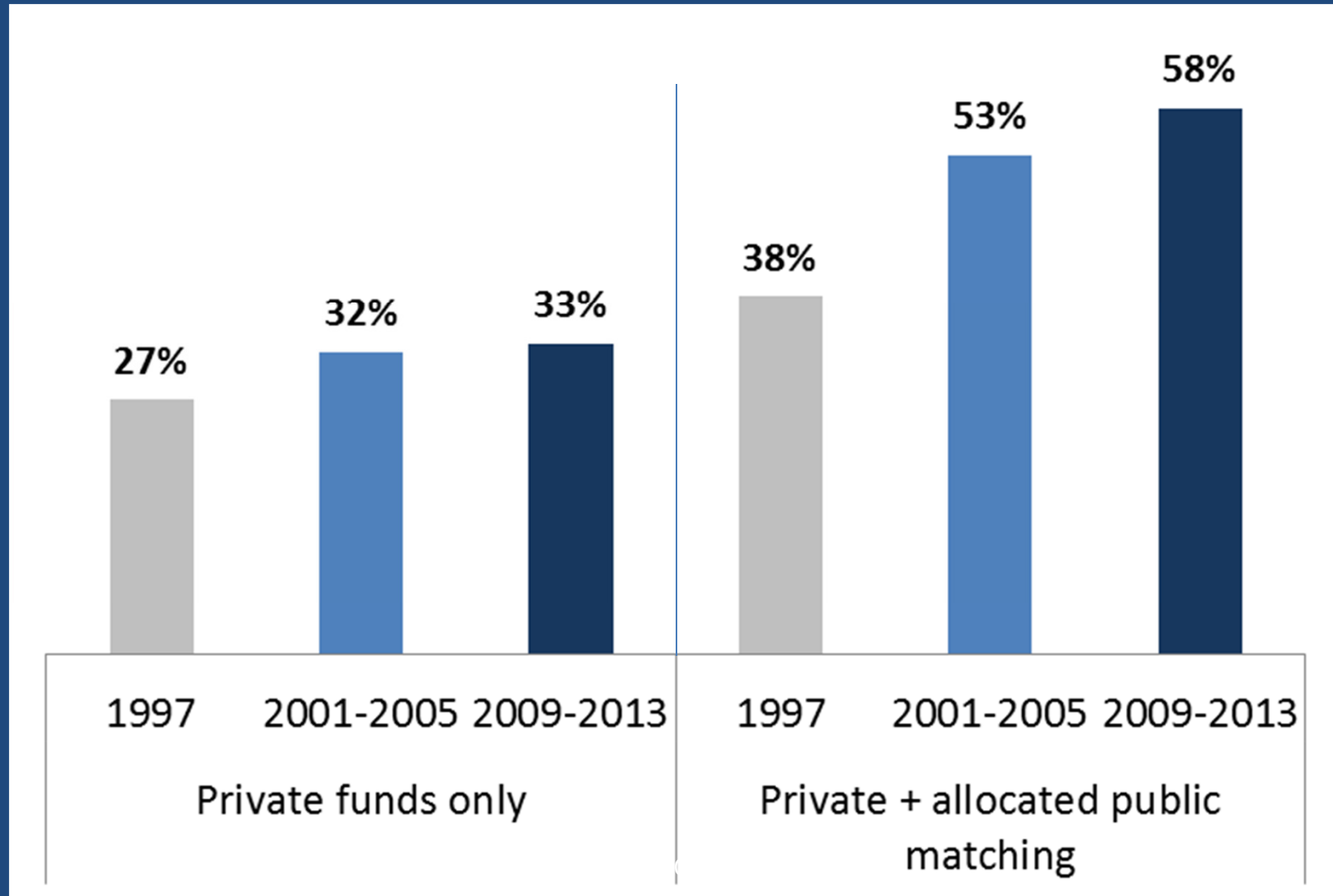
# NYC: Small Donors Up After Multiple Matching City Council -- # of small donors / candidate

Primary, Primary runoff and general elections  
Competitive participating candidates only



## NYC Council Candidates -- % of Money From Small Donors

Competitive participating candidates only.

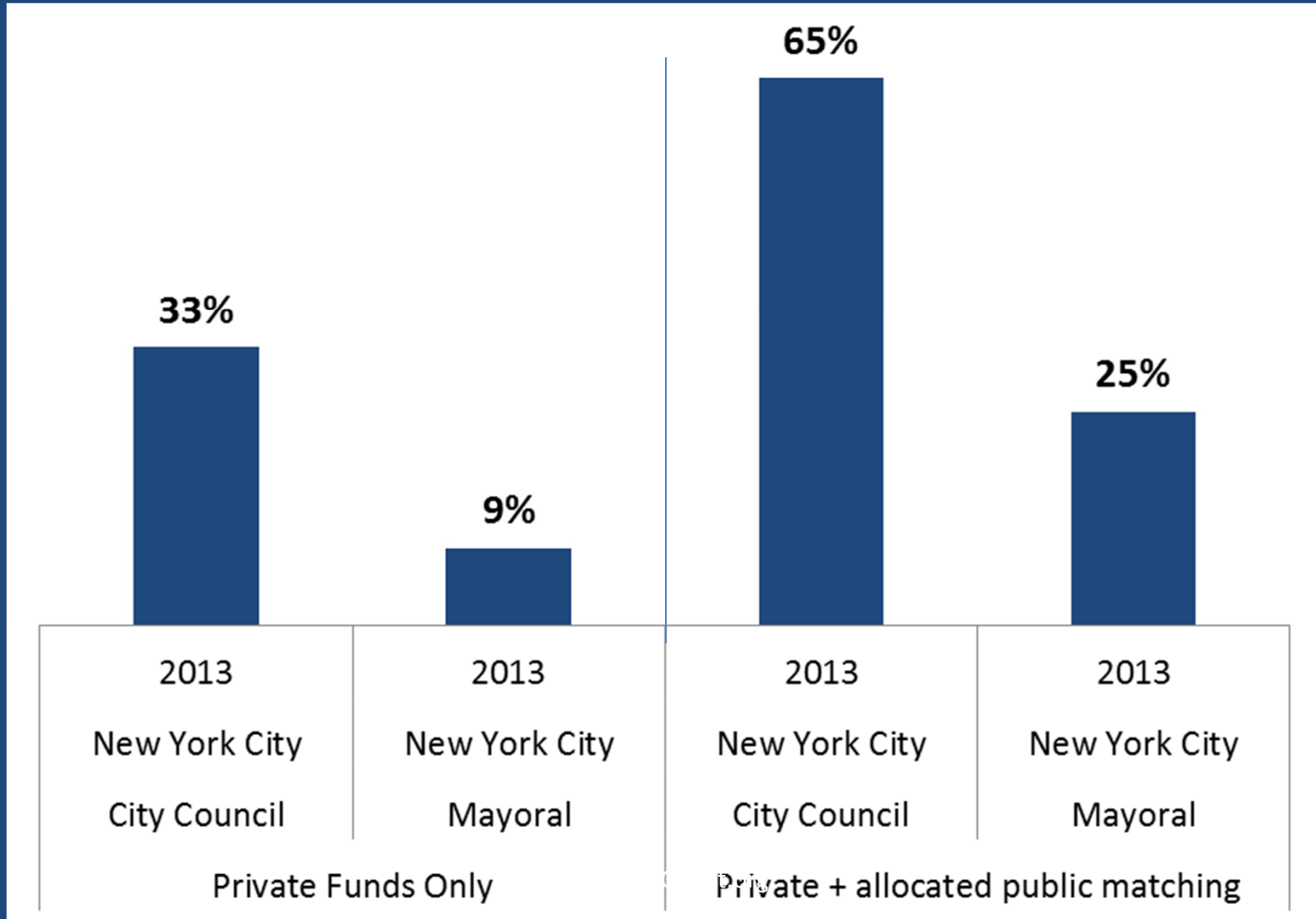


**The initial research was all on the NYC Council.**

**But NYC elections not the same for all offices.**

# Comparing NYC Council Races with Mayoral: % of Candidates' Money from Small Donors

Competitive participating candidates only





# Research Questions

**Is this a difference btwn all Mayors and Councils?**

**Is it about small v. large constituencies?**

**Or something else?**

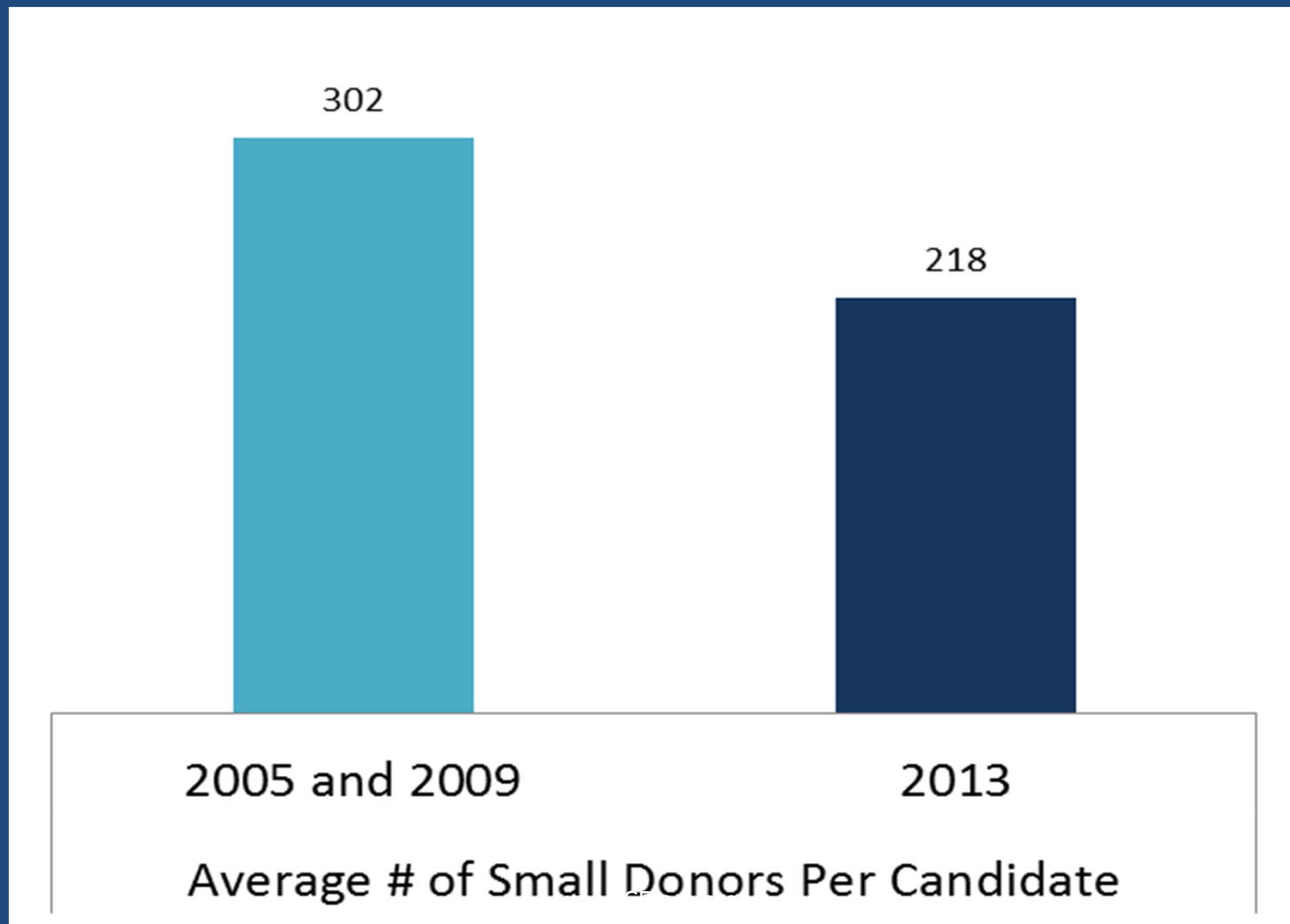
**Decided to compare NYC with LA:**

**Both multiple matching, but LA has larger districts.**

**Findings were surprising and puzzling:**

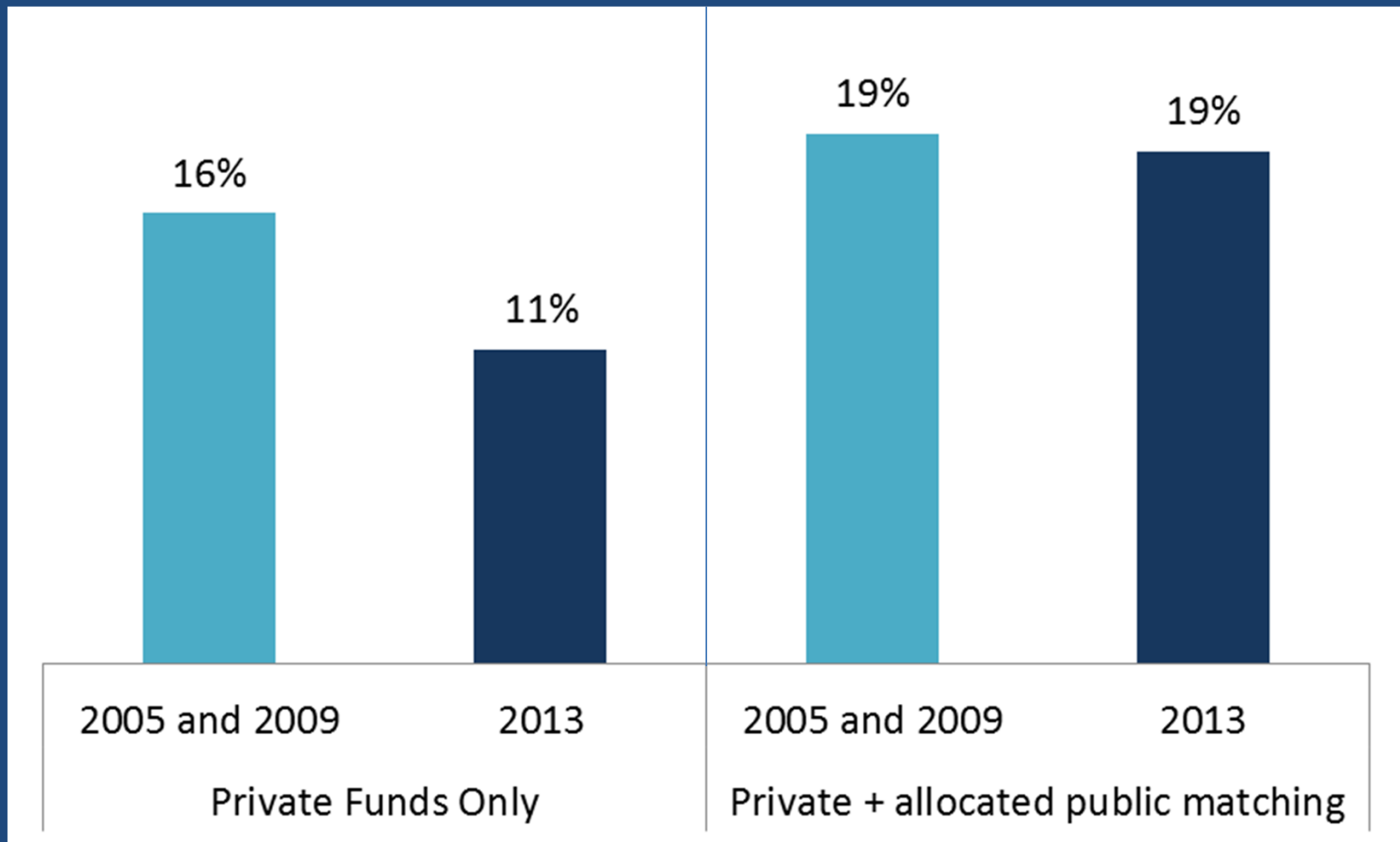
# Los Angeles City Council Candidates: # Small Donors per Candidate Down, Despite Multiple Match Introduced in 2013

First round and runoff elections, competitive participating candidates only

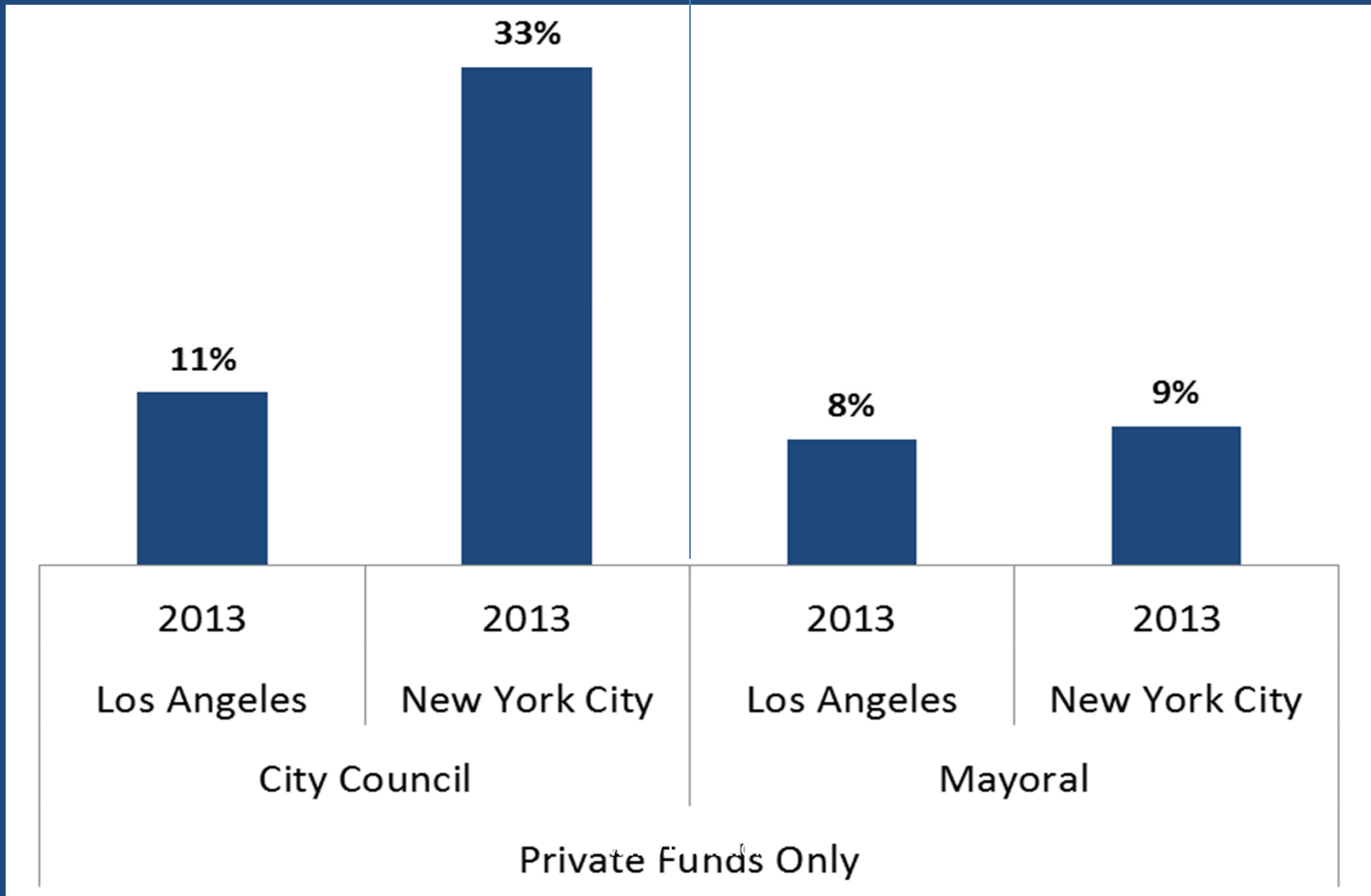


# Los Angeles City Council: % of Candidates' Money from Small Donors

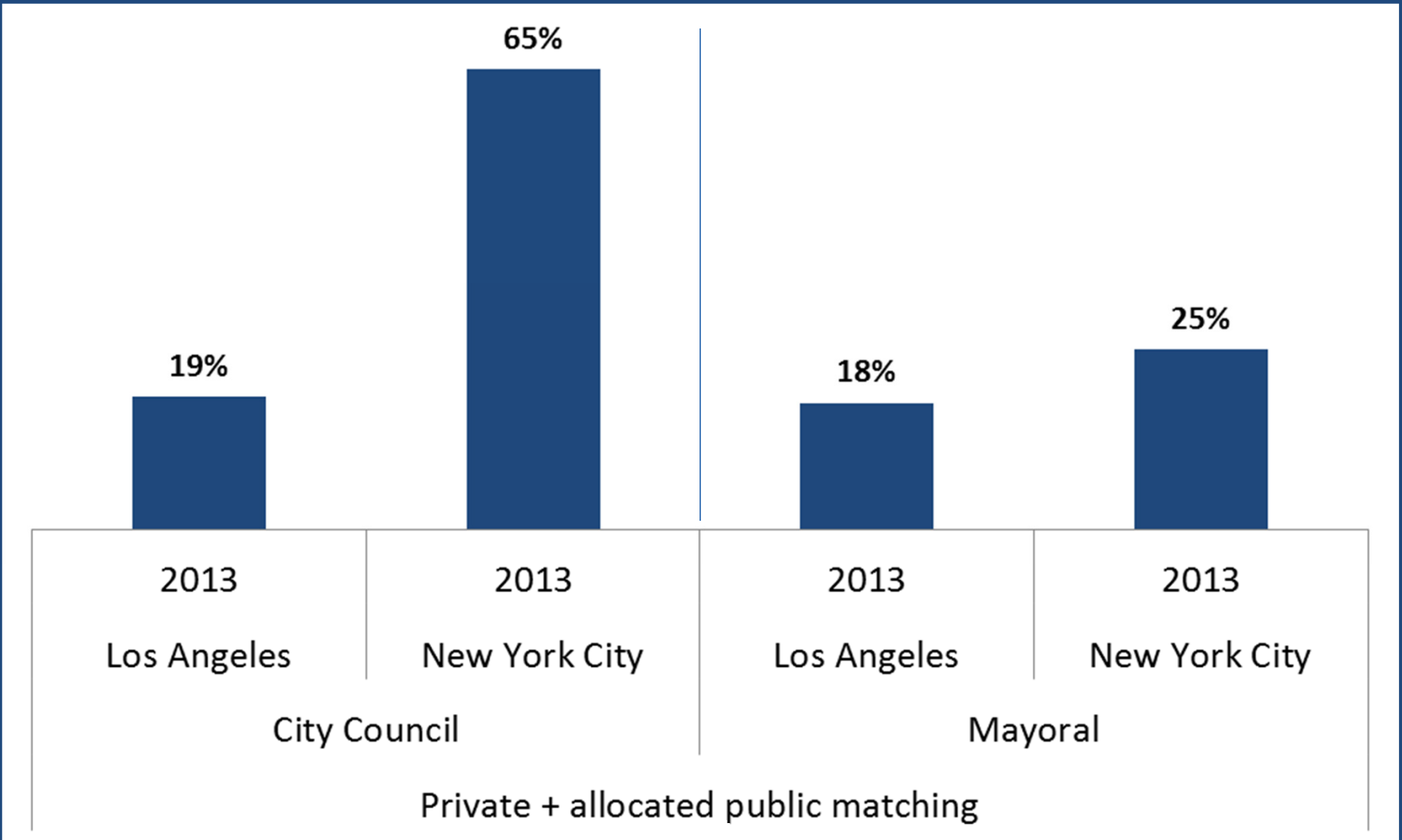
First round and runoff elections, competitive participating candidates only



# Comparing NYC with LA – City Council and Mayoral % of Candidates' Money from Small Donors

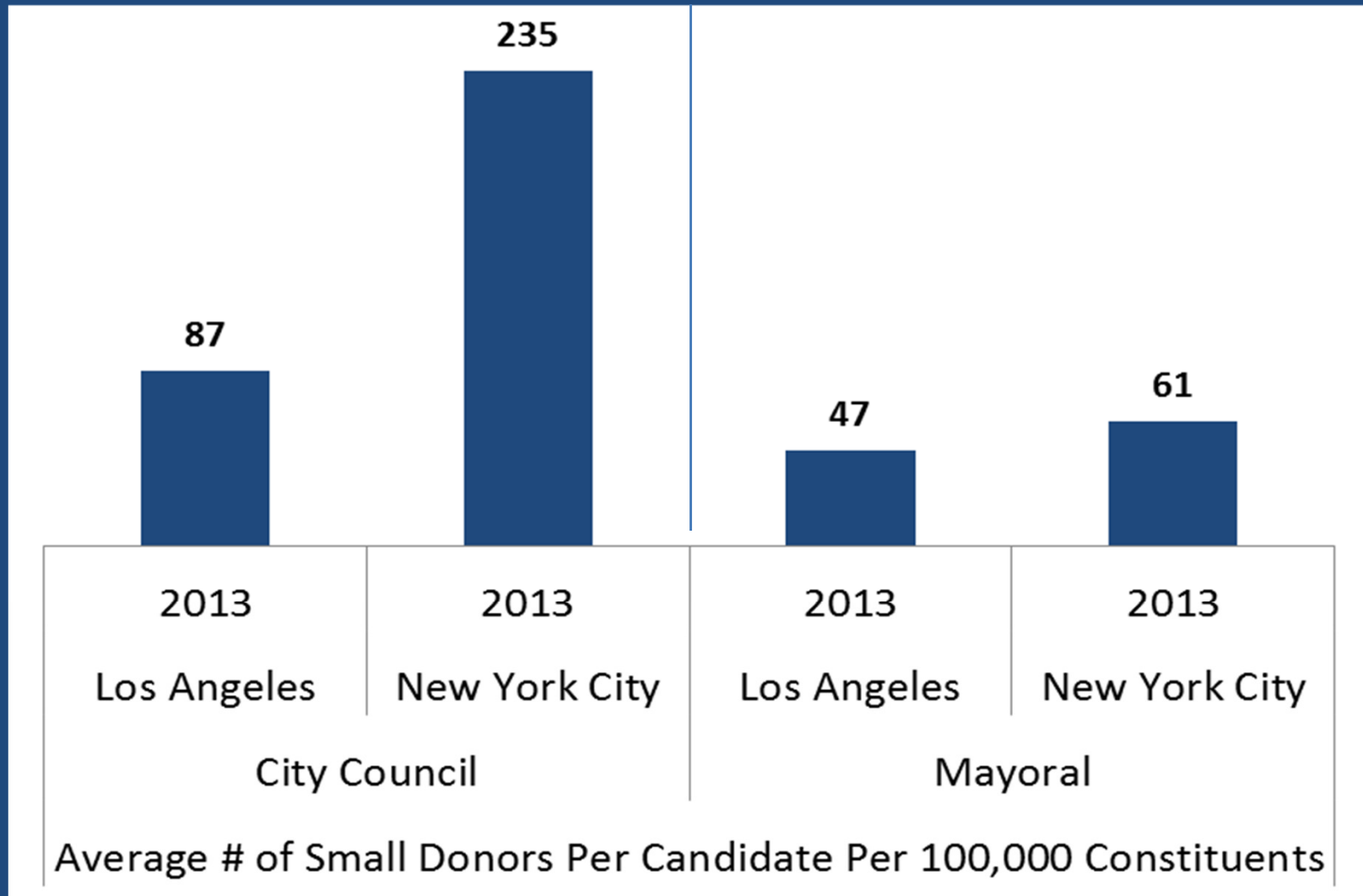


# Comparing NYC with LA – City Council and Mayoral % of Candidates' Money from Small Donors



# Comparing NYC with LA – City Council and Mayoral Number of Small Donors per Candidate per 100,000 Constituents

Competitive participating candidates only



# Small Donor Diversity

Programs affect not just the # of donors.

CFI did detailed analysis of donors' CBGs.

Both cities: small donors come from much more diverse neighborhoods than large donors.

But NYC small donors more so than LA.

# Small Donor Diversity, 2013

## Comparing NYC and LA Census Block Groups (CBGs)

	NYC	LA
% of each city's CBGs with small donors	90%	68%
Average small donor aggregate contribution amount	\$76	\$161
Median household <u>income</u> in small donor CBGs as % of city's	99%	132%
% <u>poverty</u> in small donor CBGs as a % of city's rate	100%	68%
% <u>nonwhite</u> in small donor CBGs as a % of city's rate	98%	91%
% of small donors living <u>in candidates' district</u>	40%	17%

**NOTE:** In both cities, small donor CBGs are less wealthy and have higher nonwhite percentages than large donor CBGs.



# Explanations?

Why are results for NYC Council

=#=

NYC Mayor, LA Council, LA Mayor?

We're still exploring.

Suspect some structural issues partly at play:

# Possible non-campaign finance law explanations:

## 1. Power of office:

Mayoral Race more interesting to major donors

Helps explain NYC mayor vs city council. Not NYC vs LA

## 2. Larger constituencies → more donors

LA Council: 258,000/district. NYC: 160,000

Not plausible explanation for magnitude of difference

# Public Financing Program – Plausible Partial Explanations

## 1. Residency requirements for qualifying

NYC Council – requires in-district to qualify for match.

NYC Mayor – requires in-city. LA: no geog. req. in '13\*

## 2. Threshold as proportion of whole:

Minimum qualifying + match triggered by threshold = higher portion of total spending for NYC Council.

## 3. Public funding as % of spending limit:

NYC: Max. of 55%. LA: Max. of 26-29%.

\*[NB: LA adding geographical requirement for 2015.]

## Alternative explanations:

### Are NYC's mayoral limits too high (\$4,950/cycle)?

Does it make sense to match first \$175 (\$1,050 bonus) of \$4,950?

### Good question, but with a problem:

Yes, NYC mayoral limit is \$4,950 vs. \$2,750 for Council, but:  
LA's contribution limits ~ half NYC's, and small donor % is lower)

### Evidence does not push toward very low limits.

And if low limits mean candidates do not voluntarily opt in because of a fear of IEs, then the program will have no effect.

### We expect > complicated interaction among all of the rules for: Qualifying / Donors' Residency / Limits / Matching.

[E.g., Presidential used to require geog. dispersion to qualify. Why not same for a mayor?]

**Our explanations still tentative.**

**Want to add > cities, including CHI.**

**But we are certain about two key points so far:**

- 1. Not all matching funds have same effects.**
- 2. Program details → part of the difference.**

## **Bottom Line for public financing:**

**Passing just any bill is not enough.**

**The politics of persuasion is not enough.**

**Need a program that will do its job well.**

**Requires evidence, not just good rhetoric.**

**Policy that works → good long-term politics.**

**For both: the details will matter.**

END