



**New York City Campaign Finance Board**  
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**Testimony of Frederick Schaffer  
Board Chair  
New York City Campaign Finance Board**

**2019 Charter Revision Commission  
February 20, 2019**

Good evening Chair Benjamin and commissioners of the 2019 Charter Revision Commission. My name is Frederick Schaffer, and I am the Chair of the New York City Campaign Finance Board (CFB). With me is Amy Loprest, Executive Director of the CFB. Thank you for the opportunity to provide testimony today.

We are proud that New York City’s public matching funds program has served as a model campaign finance program for jurisdictions all over the country for more than 30 years. For decades, small-dollar public financing programs have sought to reduce the role of big money in elections and the resulting perception of corruption by making small campaign donations more valuable. Public financing programs ensure that candidates and elected officials are accountable to voters, rather than big money or special interests. Across the country, we are seeing new energy around the idea of redefining the role of money in politics, which is resulting in changes in the way candidates raise money at every level of government. We are even seeing candidates for federal office now shifting away from dialing for dollars from PACs and big donors, and focusing on small-dollar fundraising strategies. Jurisdictions across the country are adopting programs modeled after our own, including Washington, D.C.; Montgomery County, Maryland; and Denver, Colorado, where voters just approved a \$9-to-\$1 public matching funds program in last November’s election. Even H.R.1, the “For the People Act of 2019,” includes a small-dollar multiple match program like ours for congressional campaigns.

In 1988, after a series of corruption scandals, New York City voters approved a ballot proposal that created the CFB and New York City’s landmark public matching funds program. This

referendum aimed to diminish the possibility and perception of corruption and undue influence that may result from large, private contributions to electoral campaigns. Our program has developed over the years, and it is now one of the most robust public matching funds programs in the country today.

When it was first established in 1988, the program matched contributions up to \$1,000 at a \$1-to-\$1 ratio. The rate was changed in 1998 to provide a \$4-to-\$1 match for the first \$250 per contributor, and it was increased again in 2007 to a \$6-to-\$1 formula for the first \$175. The CFB is always looking for ways to make our program better by working with the City Council and previous Charter Revision Commissions. Last summer, the Board made recommendations to significantly lower contribution limits, increase the matching rate, and increase the amount of public funds that campaigns can receive to 75% of the spending limits to the 2018 Charter Revision Commission. These recommendations were based on data that showed how the program was working differently in citywide races compared to City Council races. These recommendations aimed to transform the ratio of big-dollar contributions to small-dollar ones, specifically for citywide offices. As you know, voters went on to overwhelmingly adopt an increased matching rate of \$8-to-\$1, while lowering the contribution limits for all offices. Over 1.2 million voters voted in favor of the new program, compared to just over 300,000 who voted against it.

We are already seeing changes in fundraising with the public advocate special election. Early data suggests that average frequent contributions are getting smaller under the new program. So far, the most frequent contribution is \$10 for public advocate candidates, compared to \$100 in previous elections.

After three decades, the program still continues to see high participation rates, and these numbers reflect the continued popularity of the matching funds program. Across recent election cycles, typically 90% of candidates in the primary election chose to participate in the matching funds program, while approximately two-thirds participated in the general election. Both incumbents and challengers tend to participate in the program and can run viable campaigns as a result of their participation.

We understand that democracy vouchers like the program piloted by Seattle that others have testified about are among the Commission's areas of focus for study. Like the matching funds program, candidates who decide to participate in the democracy voucher program have lower contribution limits and must abide by spending limits. Additionally, participants in both programs are unable to receive contributions from political action committees, political parties, or any organization that makes an independent expenditure.

Both programs maximize the voices of ordinary voters, amplify small contributions, and help ensure that politicians are accountable to the people they serve, not special interest contributors. The Democracy Vouchers program was also created to increase donor diversity in Seattle. By looking at the data we have from our decades of experience, including from the most recent election cycle, we know that New York City has a diverse donor base within the matching funds program, and we see contributions coming in from all neighborhoods across the city. We can conclude from these findings that the matching funds program helps everyday New Yorkers get involved in the political process. A 2009 study conducted by Professor Michael Malbin and the Brennan Center for Justice showed that over 90% of census block groups in New York City had at least one contributor donate to a City Council candidate. Our recent research shows that in 2013, 89% of census block groups had at least one contributor donate to city races, and 93% did so in 2017.

Additionally, we know that under the matching funds system, voters who contribute to a candidate vote at a much higher rate than those who do not contribute. Based on our study of voting and contributing behavior in 2013, non-contributors turned out to vote at a rate of 22%, while contributors had a turnout rate of 66%. We are currently updating our study of this for the 2017 election cycle. It would also be useful to study whether giving vouchers affects voter turnout and behavior in a similar way. As the Democracy Voucher program is relatively new, data on the program's impact is fairly limited, and it will likely take a couple more election cycles to determine if the program is achieving its goals. We look forward to seeing how the program impacts Seattle's mayoral race in 2021 as more candidates and voters learn about the benefits of the program.

In terms of administering the public matching funds program here in New York, a key component to ensuring the strength and integrity of the program is the Board's independent nonpartisan structure. As you are aware, the Board consists of five members. The mayor and the speaker of the City Council each appoint two members who may not be enrolled in the same political party, and the Chair is chosen by the mayor in consultation with the speaker. Each member of the Board has a fixed term of five years and may be removed only for cause. The Board is authorized to employ staff, including an executive director and counsel who serve at the pleasure of the Board.

The Board's independence and nonpartisan status ensure that administration of the public matching funds program is not influenced by the political pressures or agendas of the moment. We often work closely with the mayor and City Council on policy issues and legislative changes to strengthen the public matching funds program. However, it is our independent administration of the public financing program and enforcement of the law that ensures we are treating all candidates fairly, whether they are sitting elected officials or their challengers. This independence is critical to maintaining the public's confidence in the program and has been strengthened over time. For example, the 1998 Charter Revision Commission put forth a proposal adopted by voters to give the CFB independent budget authority. The Board presents the mayor with its budget request in March, which the mayor is required to include without revision in his Executive Budget. The Commission specifically included this proposal to insulate the Board from political pressure.

The Board's nonpartisanship is equally important to how we carry out our work. When the 1988 Charter Revision proposed a ballot question on campaign finance to create the CFB, they proposed the CFB be directed to operate in a strictly nonpartisan manner, in order to protect the integrity of the public fund from which amounts are disbursed to candidates. This differs from bipartisan structures such as the Federal Election Commission or the New York State Board of Elections, which are divided evenly along party lines. The nonpartisanship of the Board is essential to its credibility and ensures that the Board is beholden to the public rather than political parties, which protects the integrity of the program and ensures proper oversight of the public funds we administer. As the Commission considers proposals relating to the structure of

the Campaign Finance Board, we would like to emphasize that maintaining this independence and nonpartisanship is essential to the continued success of the matching funds system.

Thank you for the opportunity to testify today. We understand tonight's forum is on elections, and we look forward to discussing other possible election reforms related to this topic with the Commission in the future. I'm happy to answer any questions the commissioners may have.

# STATEMENT OF MICHAEL J. MALBIN

PROFESSOR OF POLITICAL SCIENCE  
ROCKEFELLER COLLEGE OF PUBLIC AFFAIRS AND POLICY  
UNIVERSITY AT ALBANY, SUNY

AND

DIRECTOR, THE CAMPAIGN FINANCE INSTITUTE  
A DIVISION OF  
THE NATIONAL INSTITUTE ON MONEY IN POLITICS

Before the  
New York City Charter Revision Commission of 2019  
February 25, 2019

Chairperson Benjamin and Members of the Commission:

Thank you for this opportunity. I am a Professor of Political Science at the University at Albany who has been writing about political finance for more than four decades. I was co-founder of the Campaign Finance Institute (CFI) in 1999 and have been its director since. CFI is a nonpartisan think tank committed to the idea that durable policy should be based on rigorously objective research. In 2018 CFI became a division within the National Institute on Money in Politics, which maintains the only national database of campaign finance data from all fifty states, the federal government, and selected localities, including New York.

Over the years, CFI's work has played a leading role nationally on the issue of small-donor empowerment. Its research has included peer reviewed and self-published reports that focus on New York State, New York City, and many other jurisdictions. The reports are most relevant for this hearing. One is *Citizen Funding for Elections: What do we know? What are the effects? What are the options?* This was an overview of all of the state and municipal programs. The other was entitled "Small Donor Empowerment Depends on the Details," a peer reviewed article that focused on New York and Los Angeles. Both are available for download on the CFI website at [www.CFIinst.org](http://www.CFIinst.org).

In the interest of full disclosure, I should state that CFI was asked to testify before the Mayor's Charter Revision Commission in 2018 and then served as technical consultants to that commission. I should emphasize that the consulting was technical. The opinions I offer today will be my own, and not those of any of the organizations with which I am or have been identified.

I have written for some time that the city's matching fund program has been and should continue to be a model for the nation. After moving from a 1-to-1, then a 4-to-1 and then a 6-to-1 matching rate, the city has seen an impressive increase in both the number and demographic diversity of donors. There is no question that the program has been a major success, particularly for city council candidates. However, the 2017 election saw a noticeable drop in the importance of small donors. In addition, the results were never as impressive for mayoral or other citywide candidates as they were for city council.

Because of this, the Mayor's Charter Revision Commission in 2018 recommended increasing the matching rate to 8-to-1 while reducing the contribution limits. A remarkable 80% of the voters approved those recommendations in November. Now, only a few months later, we are being asked whether the city should change again – perhaps to something like the new voucher system pioneered in Seattle.

Like many of my professional colleagues, I have been intrigued by the Seattle experiment. Alan Durning and Sightline were thoughtful throughout the drafting process. Wayne Barrett and the staff at SEEC (Seattle Ethics and Elections Commission) have done an outstanding implementation job. And Professor Heerwig's excellent research has shown positive results for the elections of 2017.

Despite these positive points, I would urge you not to adopt a voucher system for New York at this time. This is the first voucher system enacted in the country – perhaps in the world. The one election under it involved only a handful of races. It has not yet been through a full four-year election cycle. The first mayoral election will not be until 2021.

What should we expect in 2019 and 2021? It is likely that vouchers will continue to bring new donors into the system. Only 4% of the public used them in 2017; I would guess more will in 2019 and 2021. That means the system will continue to show better and more diverse participation than Seattle had under a privately funded system.

But will the system really do better? By this I mean not better than Seattle before vouchers, but better than other public financing systems? Will it do better than the new 8-to-1 system just adopted in New York? Will it do better than the new system in Montgomery County, Maryland? The point here is that your job is not to compare a voucher system to nothing. The tougher question is whether vouchers on balance would be better for this city at this time than what is already in place. Maybe, but we will know a lot more if we wait just a while.

We also need time because the voucher system's effects will go well beyond the participation numbers. We need time to see whether there are unintended consequences. For example, I wonder whether vouchers will increase the power of membership-based interest groups, such as the NRA or other issue groups on the right and left. This may not happen, but wouldn't it be nice to know?

My recommendation is to let the 8-to-1 system work for at least one full cycle without further changes. This recommendation is also against trying experimental vouchers now. I am not recommending a permanent ban on experimental vouchers. Rather, there should be a pause. 80% of the voters said yes to New York's new law. CFI's predictive models said the system would produce positive change. Some see this preliminarily in the Public Advocate's race, although the results are not in. I therefore urge you to let the NYC Campaign Finance Board go through the complicated implementation process without adding new wrinkles. The people supported the new system. Let's see how it works.

At the same time, the city council should consider a new commission. This would be a study commission made up mostly of scholars. Its job should be to compare the strengths and weaknesses of the new public financing systems *to each other*. No one anywhere has done this. The study commission should report back to the City Council one or more years after New York's next elections in 2021, which would also be after Seattle's mayoral election. By then, you would have a basis for action if needed. You could deliberate based on fact and not speculation. I would be willing to serve on that kind of a group and I suspect so would Prof. Heerwig and many others.

I would be happy to take your questions.

Dr. Jennifer A. Heerwig  
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Written Testimony Prepared for  
The New York City Charter Revision Commission, 2019

February 25, 2019

Good evening and thank you for asking me to participate. My name is Dr. Jennifer Heerwig and I'm an assistant professor of sociology at SUNY-Stony Brook. My research is broadly on the American campaign finance system including studies of individual donors in the federal system. With my co-author at Georgetown University, I have recently completed a study that looks at the effects of the 2017 implementation of the Seattle Democracy Voucher Program.

As you know, the initiative in Seattle created the nation's first Democracy Voucher Program. In January of 2017, Seattle mailed four \$25 vouchers to every registered voter in the city. Those vouchers could be used for qualified candidates in 2 citywide City Council races and the race for City Attorney, all held in November of 2017. In my study, I ask and answer two broad research questions about the effects of the Voucher Program that will be of interest to this Commission.

First, did the Seattle program increase the number of participants in the local campaign finance system? Here, I answer with an unqualified, "yes." The program dramatically increased the number of citizens who funded local elections (see Figure 1 below). Compared to the number of cash donors in City Council or City Attorney races, the Democracy Voucher program increased participation by over 300%.

Second, did the program diversify the donor pool? In just one partial implementation, the program has made some notable progress in diversifying campaign donors in local elections. Let me outline just a few of the takeaways from our research (see Table 1 below). Compared to local donors who made **cash contributions**, Democracy Voucher users are substantially more diverse. Democracy Voucher users look more like voters in Seattle in terms of race, age, and income level.

For example, upper-income citizens provided nearly 36% of the private cash contributions in 2017, but only 17% of the voucher funds. Middle-income Seattle residents were a much larger share of Democracy Voucher users and Democracy Voucher funds. In other words, the Democracy Voucher system worked to reduce the over-representation of the wealthy among campaign donors. However, I should also note that voucher usage was still lower among communities of color, younger Seattleites, and those with lower levels of income—an aspect of the program that Seattle is working to improve upon in 2019 when the program is expanded.

To summarize, the Democracy Voucher program increased participation in the local campaign finance system by over 300%. Those who participated in the program didn't look exactly like all voters in Seattle, but they

were much more similar to Seattleites than those who made cash contributions and I anticipate these patterns will only improve in 2019.

Thank you for your time.

**List of Attachments:**

1. Figure 1: Figure 1: Total Number of Cash Donors and Voucher Users in Seattle Municipal Elections
2. Table 1: Demographic Composition of Voucher Users, Registered Voters, Active Voters and Cash Donors in the 2017 Seattle Election
3. Heerwig, Jen. 2018. "Evaluating the Seattle Democracy Voucher Experiment." Sludge.com Guest Essay.
4. McCabe, Brian J. and Jennifer A. Heerwig. 2019. "Diversifying the Donor Pool: Did Seattle's Democracy Voucher Program Help Reshape Participation in Municipal Campaign Finance?" Working paper.

Figure 1: Total Number of Cash Donors and Voucher Users in Seattle Municipal Elections

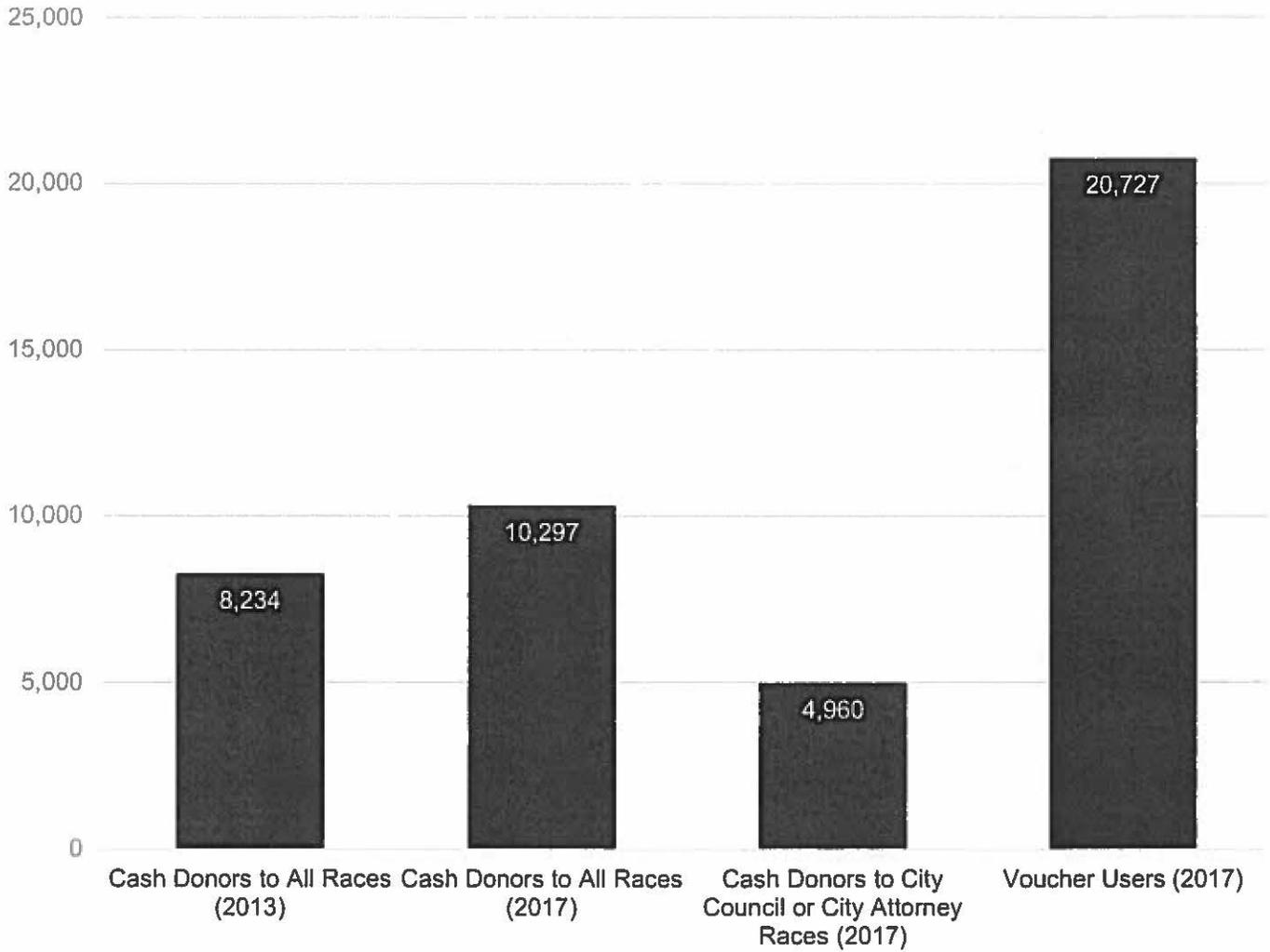
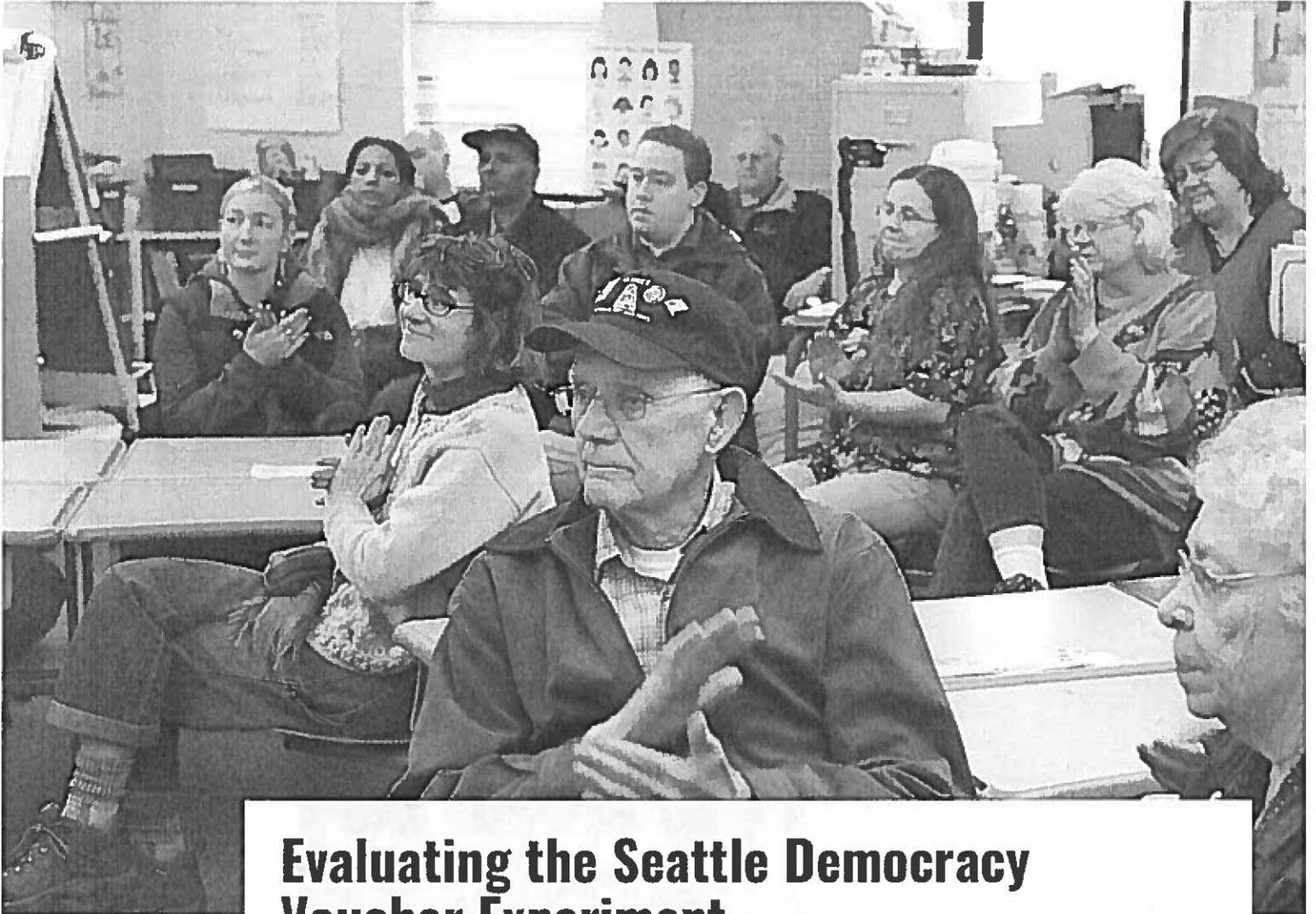


Table 1: Demographic Composition of Voucher Users, Registered Voters, Active Voters and Cash Donors in the 2017 Seattle Election

	Voucher Users	Registered Voters	Voters (2017)	Cash Donors	% of Private Money	% of Voucher Money
<i>Gender</i>						
Male	45	49.34	47.68	49.93	54.17	45.19
Female	55	50.66	52.32	50.07	45.83	54.81
<i>Race</i>						
White	88.2	81.93	88.09	90.48	92.83	88.08
Black	3.68	5.75	3.73	3.2	2.67	3.73
Hispanic	2.35	3.31	2.16	2.08	1.31	2.51
Asian	5.76	9.01	6.02	4.23	3.18	5.68
<i>Age</i>						
18-29	11.02	19.42	10.83	7.48	2.91	11.95
30-44	28.93	33.56	29.07	26.97	19.08	30.90
45-59	23.57	23.4	26.84	30.05	35.72	23.08
60+	36.47	23.61	33.26	35.5	42.29	34.07
<i>Income</i>						
< \$30K	3.72	7.56	3.7	2.12	1.52	3.51
\$30K - \$49K	25.13	31.89	23.81	20.05	14.63	25.60
\$50K - \$74K	33.34	31.08	31.37	28.4	23.94	33.72
\$75K - 99K	20.83	15.81	20.54	22.62	24.26	20.56
> \$100K	16.98	13.66	20.59	26.82	35.64	16.61
<i>Ideology</i>						
Conservative	1	1.61	2.1	1.43	2.30	0.93
Moderate	3.7	10.29	6.08	3.3	4.71	3.59
Liberal	95.3	88.1	91.82	95.27	92.99	95.48
Total #	18,770	455,017	210,391	6,429	6,429	18,770

Note: Columns 1-4 present percentages of the total *number* of voucher users, registered voters, active voters and cash donors, respectively. The last two columns present percentages of total *dollar* donations and voucher receipts.



## Evaluating the Seattle Democracy Voucher Experiment

A 2017 program showed "democracy vouchers" for Seattle elections doubled the amount of users over traditional cash donors, and that participants were more representative of the city's population in terms of income, race, and age.

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ELECTIONS



Jen Heerwig @drjenh

Jen Heerwig is an assistant professor of sociology at SUNY-Stony Brook.

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In the national elections of 2016, a meager 0.52 percent of the American population made a contribution over \$200. Nevertheless, those donations over \$200—quite a hefty sum for most citizens—constituted 68 percent of the funds received by federal candidates,

parties, and PAC's, according to the Center for Responsive Politics. Despite media

attention to the role of small donors in American elections, most campaign cash still comes from large donors. And those wealthy enough to make donations in excess of \$200 tend to be white, affluent, and far older than the American population at large. No surprise, then, that a recent book finds that the preferences of ordinary Americans have virtually no impact on policy outcomes. Economic elites, however, seem to much more often get their way when it comes to policy—think healthcare, taxes, or ironically, campaign finance reform.

What, if anything, can be done to break the dependence of candidates on wealthy donors and restore democratic responsiveness? A new innovative public financing program implemented in Seattle, Washington, offers a possible path forward. Passed by ballot initiative in 2015, the Seattle Democracy Voucher program gives every voter in Seattle four \$25 vouchers to spend on local candidates of their choice. By putting “democracy dollars” in the hands of ordinary Seattleites, the program is intended to bring more people into the campaign finance system and involve a more diverse slice of the voting population. It also has the potential to give average Seattleites—especially those without the surplus income to make a private donation—a voice in who can successfully run for local office.

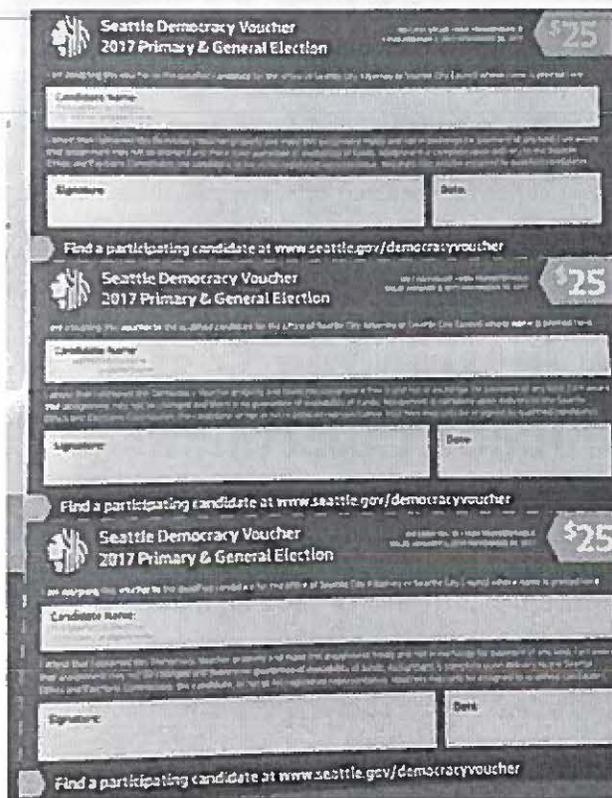


Image by Dai JeelingTua on Wikimedia.

In 2017, Seattle began the Democracy Voucher program with a partial implementation. In that election, voters could spend their vouchers on two city council races and the race for city attorney. In all, Seattle voters could choose between five city council candidates and one candidate for city attorney that qualified for the program.

Did the program meet its goals of bringing more people into the system? For

comparison, local elections are routinely financed by a tiny share of the adult population—about 1.7 percent in 2017. That rate includes donors who made a contribution of any size. The participation rate in the Democracy Voucher Program was about 3.4 percent—twice the overall donor participation rate. There were over 20,000 unique democracy voucher users, compared to just 10,000 unique donors to any local candidate.



Besides bringing in more participants, the program was also intended to make those who use their vouchers more diverse than the donor population. Again, this is important because political donors tend to be much more affluent, older, and more likely to be white than voters at large. To evaluate this aspect of the program, I compared the sociodemographic characteristics of DVP users to all Seattle voters and to the much tinier donor pool. If Democracy Voucher users well approximate voters, then the program was also successful in diversifying who funds local elections.

Below, I show the income distribution of voters, Democracy Voucher users, and donors. Although there are still some gaps between voters and Democracy Voucher users, DVP users appear much more similar to voters than do cash donors. Take those folks in the exact middle of the income distribution—whose incomes fall between \$50,000 and \$74,999 per year.



Here, we see that about 31 percent of voters fall into this category, compared to 28 percent of cash donors. Middle-income Seattleites make up 33 percent of DVP users, an increase of 18 percent over cash donors. At the high end of the distribution, nearly 27





Farmer's market at Seattle City Hall by Flickr user Wondamirco

In 2019, Seattle will expand the program to seven district city council races, offering residents far more opportunities to participate in the program. For Americans concerned about the state of our democracy, the Seattle program may be a viable path forward to achieving a more inclusive politics and one that reflects the concerns of all Americans.

*Jen Heerwig is an assistant professor of sociology at SUNY-Stony Brook and a visiting scholar at the Russell Sage Foundation. More info: [www.jenheerwig.com](http://www.jenheerwig.com).*

*Thanks as well to [Heath Brown](#), associate professor of public policy at the John Jay College of Criminal Justice, [City University of New York](#), and [Scholars Strategy Network's New York City Chapter](#) for facilitating this guest article.*

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**Diversifying the Donor Pool: Did Seattle's Democracy Vouchers Program Reshape  
Participation in Municipal Campaign Finance?**

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Associate Professor of Sociology  
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February 2019

**Title: Diversifying the Donor Pool: How Did Seattle's Democracy Vouchers Program Reshape Participation in Municipal Campaign Finance?**

**Abstract:** In this paper, we evaluate whether an innovative new campaign finance program in Seattle, Washington shifted the composition of campaign donors in local elections. In 2015, voters in Seattle approved the creation of the Democracy Voucher program with the intent of broadening representation in the campaign finance system and expanding participation from marginalized communities. Every registered voter in Seattle was provided with four, twenty-five-dollar vouchers that they could, in turn, assign to the local candidate(s) of their choice. Through an analysis of the inaugural implementation of the program in 2017, we investigate whether this innovative public financing system increased participation, broadened involvement from underrepresented groups and led to donor pool that was more representative of the electorate. Compared to cash donors in the municipal election, we report that voucher users are less likely to be high-income and more likely to come from poor neighborhoods. While older residents are over-represented among voucher users, there is little difference in the racial composition of cash donors and voucher users. Our analysis confirms that the Democracy Voucher program successfully moved the donor pool in a more egalitarian direction, although it remains demographically unrepresentative of the electorate. The lessons from Seattle's inaugural implementation offer key insights for other municipalities considering public financing policies, and these lessons have the potential to reshape the national policy debate about the influence of political money.

American elections are decided not only by voters, but also by the coalitions of donors that fund modern campaigns. Yet, only a fraction of Americans contributes to a political campaign each election cycle, and an even smaller share makes large donations to political candidates. In 2016, 0.52% of adults made a contribution over \$200, but these donations accounted for nearly 70% of cash collected by political candidates (Center for Responsive Politics 2017). This population of donors is not only numerically small; it is also deeply unrepresentative of the broader electorate. Since donors in American elections are wealthier than the population at-large, the campaign finance system has emerged as a key potential mechanism for the transmission of elite policy preferences to American policymakers (Gilens 2012; Bonica 2018).

Concurrent with the growing role of money in politics, the Supreme Court has narrowed the scope of campaign finance regulations by affirming political donations as a form of speech subject to First Amendment protection. One result of these developments has been the innovation of new public financing programs designed to shift the focus of reforms away from restrictions and limitations on political contributions and toward innovative policies that increase participation in the campaign finance system (Overton 2012; Mayer 2013). While traditional public financing programs supplied campaign funds through candidate grants, this new generation of programs aims to incentivize citizen participation through programs like matching funds (Demos 2017).

In this paper, we report on an innovative, participation-oriented voucher program designed to increase participation in municipal campaign finance. In 2015, voters in Seattle, Washington approved a referendum to create the nation's first taxpayer-financed voucher program to fund local elections (Berman 2015). Under the rules of the program, each voter in

Seattle would receive four, twenty-five dollar vouchers to assign to the municipal candidate(s) of their choice. The program was launched in the subsequent election cycle in 2017, and residents of the city were permitted to redeem their vouchers for qualifying candidates in the at-large City Council and City Attorney races. Proponents of the Democracy Vouchers program expected the initiative to increase participation in municipal campaign finance and diversify the pool of donors in local elections – goals consistent with the broader efforts to mobilize democratic participation through public financing schemes. More broadly, city leaders expected the program to bring “democracy and accountability” to Seattle elections (Seattle Municipal Code 2015).

We offer the first comprehensive evaluation of Seattle’s Democracy Voucher (DV) program to understand whether the program successfully expanded and diversified the local donor pool. While concerns about representational inequalities in the campaign finance system – and more broadly, the role of money in politics – have been widely researched and debated in federal elections, they have been largely neglected in the study of urban politics (Heerwig and McCabe 2018). This oversight is important because municipal elections are financed by a relatively smaller number of donors who may garner greater access to political candidates through their contributions.

In the sections below, we examine how the voucher program affected patterns of representation in the 2017 Seattle municipal election. First, we compare participants in the Democracy Voucher program to four groups – individuals who made a qualifying donation in the 2017 municipal elections (“qualifying donors”)<sup>1</sup>; individuals who made a cash donation outside

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<sup>1</sup> Candidates for municipal office qualified for Seattle’s Democracy Voucher program by soliciting a specified number of qualifying donations between \$10 and \$250. Candidates running for City Council qualified after receiving 400 donations and candidates for City Attorney qualified for the program after receiving 150 qualifying donations.

of the qualifying period in the 2017 municipal election (“cash donors”)<sup>2</sup>; voters in the 2017 municipal election (“2017 voters”); and the broader Seattle electorate (“registered voters”). Through these comparisons, we assess the representativeness – both demographically and geographically – of voucher users to other participants in the political ecosystem. In doing so, we also offer one of the first individual-level portraits of the sociodemographic characteristics of political donors in *local* elections. After reporting these descriptive comparisons, we estimate a series of multilevel logistic regression models to predict voucher usage and successful voucher assignment in the 2017 election. By identifying the socio-demographic correlates of voucher redemption and assignment while controlling for overall participation propensity, we offer a more nuanced understanding of the uneven patterns of participation in Seattle’s Democracy Voucher program.

Although our analysis comes from a single election cycle in Seattle, it contributes to a growing movement in the field of policy analysis to consider the implications of “big data” for evaluating and understanding social policy (Cook 2014). Drawing on several large, administrative datasets, we are able to present a richly descriptive account of the landscape of campaign finance in Seattle following the implementation of a major new social policy innovation. This baseline analysis lays the groundwork for future research, both in Seattle and elsewhere, to exploit program implementation and changes to estimate the causal effects of voucher usage on political participation. Within the field of policy analysis, our research adds to efforts to assess local initiatives designed to create more fair, equitable elections (Malbin, 2005; Corrado, 2005; LaRaja, 2005; Wood and Spencer 2018).

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<sup>2</sup> This category includes all donors who made cash donation outside of the qualifying period, including those who *also* made a qualifying donation.

## EQUALITY AND REPRESENTATION IN CAMPAIGN FINANCE

Issues of representational distortion are centrally important to the study of campaigns and elections, although they have received only limited attention in research on local campaign finance systems. We use the concept of *representational distortion* to understand how the demographic and geographic composition of donors to municipal campaigns compares to the composition of other groups, including cash donors and the broader electorate. To do so, we draw on theory derived from federal elections to evaluate representativeness in municipal politics, and we apply them to the study of local elections, which tend to focus on the involvement of organized groups, rather than the dominant role of individual donors, in funding municipal campaigns.

Although municipal elections are overwhelmingly funded by individual donors, previous research on local funding coalitions tends to focus on organized interest groups, including real estate organizations and labor groups. Through a series of individual case studies, past research has evaluated the way that organized interests shape local politics through the campaign finance system. Citing a rich theoretical tradition on the urban growth machine, they center on pro-growth groups, including real estate and development interests, that participate in local funding regimes as a way to tilt urban policy in their favor (Fleischmann & Stein 1998; Krebs & Pelissero 2001; Adams 2006, 2007). These studies hypothesize that donors connected to the real estate and development communities participate in financing municipal campaigns in order to steer urban policy and curry favor with local elected officials.

Although studies of organized groups in municipal politics dominate research in municipal campaign finance, these studies reveal that only a fraction of the money collected by municipal candidates comes from organized groups. Instead, the world of municipal campaign

finance is dominated by individual donors. Although these individual donors overwhelmingly come from within the jurisdiction, rather than outside of it, their geographic distribution *within* the city is poorly understood (Fleischmann and Stein 1998). In Seattle, previous research highlights the spatial concentration of wealthy donors in both mayoral and City Council elections (Heerwig and McCabe, 2018). Individual donors making a high-dollar donation contributed a plurality of donations in City Council races and a majority of the money received by candidates for mayor. These campaign contributors tended to be geographically concentrated in high-income neighborhoods, rather than spread evenly across the city (Heerwig and McCabe 2018).

The neglect of research on individual donors and their spatial concentration within urban neighborhoods leaves unexamined one important way that affluent donors work to distort policy in their favor (Trounstine 2009). In municipal politics, where many policy decisions have geographic consequences, the campaign finance system may be a particularly important mechanism by which city residents influence the distribution of urban policies. Given the way local political candidates rely on a small number of high-dollar donors, the voices of some city residents are disproportionately heard while those of others are marginalized from the political process. To the degree that these high-dollar donors are unrepresentative of the broader electorate, the system of municipal campaign finance magnifies concerns about representational distortion in local elections.

Research on the federal system, by contrast, has closely examined issues of representational distortion. This research reports that individual donors in the federal campaign finance system are demographically unrepresentative of the electorate and the larger population at-large. Donors to federal elections are more likely to be white, affluent, highly educated, and male (Brown, Powell & Wilcox 1995; Francia et al. 2003; Heerwig and Gordon 2018).

Critically, the degree to which donor characteristics depart from the electorate at-large tends to increase with the size of a contributor's donation. Donors who make large contributions to political candidates are even more unrepresentative than those who make small contributions (Joe et al. 2008). As we discuss in more depth below, representational distortion in the campaign finance system has recently been linked to diminished democratic responsiveness as well as the ideological polarization of the two political parties.

## PUBLIC FINANCE IN CONTEXT

### *Programs in States and Municipalities*

Given these patterns of political influence in local and national politics, a handful of states and municipalities around the country have adopted public financing programs. These programs aim to curb election spending, increase competition between candidates (Donnay and Ramsden 1995, Mayer and Wood 1995, Mayer, Werner and Williams 2006, Dowling 2011), and to reduce the influence of interest groups and wealthy contributors (Malbin and Gais 1998, Francia and Hermson 2003, Miller 2011, 2014). Importantly, these public financing programs vary along a number of salient dimensions that structure how and when candidates receive public funds (Stern 2011; Miller 2014).

One of the most important dimensions of public financing programs is whether they provide full or partial funding for candidates. In public financing systems with full funding, candidates typically qualify for the program by gathering signatures and collecting a specific number of low-dollar donations to demonstrate their support and viability as a candidate. After the qualification stage, public subsidies are usually given to candidates via a lump sum bloc grant to finance either a primary or general election campaign. For instance, candidates for state senate

in Connecticut must receive \$15,000 worth of small-dollar contributions including at least 300 in-resident contributions to qualify for public funding. In these so-called "clean elections" states like Connecticut, candidates receive an amount large enough to cover all (or most) of their campaign expenses and forego private contributions after the qualification stage (Stern 2011; Miller 2014).

In public financing systems with partial funding, candidates receive a subsidy that offsets some, but not all, of the costs of running for office. These partial subsidies typically come through the allocation of matching funds to supplement private donations. Matching funds systems incentivize candidates to engage a wider swath of the electorate as they solicit donations for their campaigns. In addition to the candidate-centered goals of traditional grants-based systems, matching funds explicitly emphasize the distinct goal of citizens engagement in the political process. As of 2017, ten municipalities, including New York City, NY; Tucson, AZ; San Francisco, CA, and Los Angeles, CA used matching funds to finance local elections (Demos 2017). In New York City, for example, candidates for City Council qualify for matching funds by collecting donations from a minimum number of private contributors within their districts and agreeing to abide by program rules. Once qualified, the city government provides \$6 in matching funds for each donation, up to \$175, raised by participating candidates (Kraus 2011; Malbin, Brusoe & Glavin 2012). After thirty years of matching funds, the New York City system has successfully increased the proportion of low-dollar donors in local races and broadened the geographic distribution of the donor base (Malbin and Parrott 2017).

### *Seattle's Democracy Voucher Program*

In contrast to the grants-based and matching funds forms of public election funding, Seattle became the first municipality in the United States to utilize a voucher-based program to fund municipal elections. The Seattle program gave citizens publicly-financed vouchers to spend on their local elections. Notably, since Seattle residents bore no personal expense to participate in the program, the voucher program may be more effective in ameliorating representational inequalities than other forms of public financing.

The Seattle Democracy Voucher program was created in 2015 when city voters overwhelmingly passed a referendum (1-122) to develop a publicly-financed campaign finance system for municipal elections.<sup>3</sup> The program was launched in the municipal election two years later. The Seattle Elections and Ethics Commission mailed four, twenty-five dollar vouchers to registered voters on January 3, 2017. Vouchers were sent to every person who, by November 15<sup>th</sup> of the previous year, was registered to vote in the city. Residents who registered to vote between November 15<sup>th</sup>, 2016 and October 1<sup>st</sup>, 2017 were automatically mailed a voucher upon completion of their registration. Eligible citizens *not* registered to vote in Seattle could request a voucher directly from the Seattle Ethics and Election Commission. Upon receiving their vouchers, residents could redeem their vouchers by assigning them to any qualifying candidate for City Council or City Attorney in the 2017 election.

To participate in the program, candidates were required to participate in a series of public debates and agree not to solicit money on behalf of organizations that make independent expenditures. In addition, candidates agreed to both contribution limits from individual donors and overall spending limits in the election. Participating candidates could not accept more than

<sup>3</sup> The program is funded through a 10-year, \$30 million property tax levy.

\$250 in contributions from a single individual. This amount *excluded* any vouchers assigned to the candidate, meaning that a candidate could accept \$250 in cash *plus* \$100 in vouchers from a single contributor. At-large City Council candidates participating in the program also agreed to limit their spending to \$150,000 in the primary election and a combined \$300,000 in the primary and general elections. Candidates for City Attorney agreed to a spending limit of \$75,000 in the primary and a combined \$150,000 in the primary and general elections. After agreeing to these program rules, candidates qualified for the Democracy Voucher program upon receiving a minimum number of *qualifying contributions of at least* \$10, but no more than \$250. At-large City Council candidates qualified for the program by receiving 400 qualifying donations; candidates for City Attorney qualified after receiving 150 qualifying donations (Seattle Municipal Code 2015).<sup>4</sup>

In 2017, two at-large City Council positions – Position 8 and Position 9 – and City Attorney were on the ballot.<sup>5</sup> Eight candidates contested the election for Position 8 and seven candidates contested the election for Position 9 in the primary election. Of these candidates, five at-large City Council candidates and one candidate for City Attorney qualified for the program, as we report in Table 1. For City Council candidates in the general election, the mean voucher totals of \$241,137.50 in 2017 far exceed the average total fundraising of \$140,383 for city council candidates in 2013 (Heerwig and McCabe 2017).<sup>6</sup>

<<Insert Table 1>>

<sup>4</sup> In 2019, candidates for each of Seattle's seven district-level City Council seats will be eligible to participate in the Democracy Voucher program. In 2021, mayoral candidates will be eligible to participate, as well.

<sup>5</sup> The 2017 Seattle elections also featured an unexpected open seat contest for mayor after incumbent Edward Murray resigned on September 12, 2017.

<sup>6</sup> In 2013, four at-large city council seats were contested.

Local proponents of the DV program made several claims about the expected impact of the program that echoed the larger concerns about private money in American elections. First, they argued that the donor pool for local candidates was descriptively unrepresentative of the Seattle electorate. By providing vouchers to every registered voter in the city, program advocates expected a larger share of low- and moderate-income residents to participate in the campaign finance system. Likewise, they anticipated that the Democracy Voucher program would reshape the pool of campaign donors in a way that more accurately reflected the demographic and geographic composition of the electorate (Berk 2018). Beyond these representational changes, proponents expected the Democracy Voucher program to increase the rate of participation in the local campaign finance system (Seattle Municipal Code 2015). In doing so, the program would dilute the power of a small number of wealthy donors by offering an avenue for non-traditional donors to make their voices heard. In the next section, we evaluate these claims.

## DATA

To investigate whether the Democracy Voucher program enlarged the donor pool or reshaped the composition of campaign donors in Seattle, we begin with a complete list of all registered voters in Seattle as of October 2, 2017. The Washington state voter file includes the name, address, registration date and full vote history of each citizen including the last election in which each voter voted. It also includes each registered voter's gender and date of birth (age). The state voter file also contains a Washington State Voter Identification Number that uniquely identifies each individual in the file. Because Democracy Vouchers were mailed to every

resident on the voter roll, this universe of individuals represents all Seattle residents eligible to redeem a Democracy Voucher.<sup>7</sup>

Next, we merge in publicly available donation records from the 2017 election. Each cash contributor to a municipal campaign is recorded by the Seattle Elections and Ethics Commission, and their record includes the campaign(s) to which they donated, the size of their contribution and the date of their contribution. Before matching to the voter file, the contributions of each unique donor were assigned a donor identification number using a variety of deterministic and fuzzy deduplication techniques. Because the donor data do not include the Washington State Voter Identification Number for each campaign contributor, we then matched the contribution records to the voter file primarily through a deterministic match on last and first names, as well as street address. Additional details are available in the Methodological Appendix.

Using the residential address of every voter in the Seattle voter file, we geocode each voter to identify the census tract where they live. We then merge the voter file with data from the 2016 American Community Survey (ACS). For this analysis, we create quintiles of census tracts by median household income so we can identify whether voters live in the poorest quintile of neighborhoods, the second poorest quintile of neighborhoods, etc.

The final version of the Democracy Voucher program participation data was provided by the Seattle Election and Ethics Commission (SEEC) on January 3, 2018. The data identifies the date each voucher was assigned, the candidate to whom the voucher was assigned, the number of vouchers used by each city resident, and the status of each voucher. Information about voucher usage is merged into our dataset using the Washington State Voter Identification Number.

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<sup>7</sup> Seattle residents *not* registered to vote could request a Democracy Voucher independently, but in practice, only a very small number did so.

Throughout the analysis, we refer to everyone registered to vote by October 2, 2017 – the full set of registered voters in the city – as *registered voters*. We describe citizens who voted in the 2017 municipal elections as *2017 voters*. Seattle residents who made a cash contribution to a municipal campaign outside of an eligible candidate’s qualifying period are referred to as *cash donors*. Notably, this category of cash donors includes a small number of donors who made both a qualifying donation *and* reported a separate cash donation.<sup>8</sup> Residents who made *only* a donation (under \$250) during the candidate’s qualifying period are referred to as *qualifying donors*. Residents who used their Democracy Vouchers to contribute to a campaign are referred to as *voucher users*. Notably, donors and voucher users are not mutually exclusive, as a significant share of Seattle residents both used their vouchers and made a cash contribution, either inside or outside of the qualifying period.

Since the publicly-available voter, voucher, and donor files contain only limited demographic characteristics, we supplement our voter and voucher data with a proprietary dataset from Catalist. The Catalist file includes information on the race, income, and political ideology of each eligible voter in Seattle along with their state voter identification number.

Taken together, we use the following demographic variables:

**Age:** Age is measured in years and is available in the Washington state voter registration data. We recode age into 4 categories: 18-29, 30-44, 45-59, and 60 years or older.

**Gender:** Gender is available in the Washington state voter file. We code gender as female or male.

<sup>8</sup> These “dual donors” appear similar to cash donors on key sociodemographic characteristics. Descriptive statistics for dual donors are available upon request.

**Race:** Washington state does not require race on its voter registration form. Therefore, the Catalist data includes an imputed race variable that is modelled from a voter’s surname and geographic location.<sup>9</sup> Validation studies of the demographic information available in commercial voter files have found that race is generally well-identified (Hersh 2015; Schaffner, Rhodes and LaRaja 2017; Pew Research Center 2018).

**Income:** Catalist models a voter’s household income bin modelled based on a large, nationally representative survey. We recode income into 6 categories: less than \$30,000; \$30,000 to \$49,999; \$50,000 to \$74,999; \$75,000 to \$99,999; and \$100,000 or more. Income is missing for just over 2% of registered voters in Seattle. However, validation studies have shown considerable uncertainty in estimates of income (Pew Research Center 2018). For this reason, the income results should be read with some caution.

**Ideology:** Finally, Catalist estimates a predicted continuous measure of ideology with zero indicating the most conservative (least progressive) and 100 indicating the most liberal. We recode ideology into three categories: conservative (0-39), moderate (40-60), and liberal (61-100). Again, validation studies of commercial voter files in general—and Catalist in particular—have found that voter ideology is generally well-identified even in states, such as Washington,

<sup>9</sup> Catalist reports the variable for *race* in two separate ways – first, as a seven-category indicator (including other and unknown) identifying a respondent’s race; and second, as a three-category confidence score (Highly Likely, Likely and Possible) identifying the model’s confidence in the selected racial category. In the methodological appendix, we re-run the models presented below limited to only those with “highly likely” race classifications.

where registration is non-partisan (Schaffner, Rhodes and LaRaja 2017; Pew Research Center 2018: 30; but *see also* Hersh 2015).

## RESULTS

### *Demographic Composition of Voucher Users*

Using these variables, we begin with a descriptive analysis that compares voucher users with four categories of participants in Seattle's political system: qualifying donors, cash donors, 2017 voters, and registered voters. Given our broad interest in the *representativeness* of the pool of voucher users, we focus on two sets of comparisons. First, we compare these groups on a range of demographic indicators, including age, race, gender, income and ideology, to identify whether the composition of voucher users differs meaningfully from the composition of these groups in the Seattle electorate. We take differences between the demographic composition of these groups – for example, a larger share of whites in the voucher pool than the electorate – as evidence that participants in the Democracy Voucher program are *not* representative of the electorate. We then extend this descriptive analysis to the *geographic* composition of voucher users. After classifying Seattle neighborhoods into quintiles by median income, we identify the share of voucher users from each quintile. These descriptive comparisons identify whether voucher users are less spatially concentrated than cash donors in municipal elections.

In the 2017 election, 20,727 residents of Seattle redeemed their Democracy Vouchers in the races for City Council and City Attorney. This represents approximately 4.05% of the electorate in Seattle. By contrast in the 2013 election, the most comparable recent election, Heerwig and McCabe (2018) report that only 1.49% of the voting-age population in Seattle made

a cash contribution to a municipal candidate.<sup>10</sup> While the number of voucher users represents only a small share of the electorate, it is nearly a three-fold increase over the total number of contributors in the 2013 election. We present the raw number of unique campaign contributors in 2013 and 2017 as compared to the number of unique voucher users in Figure 1.<sup>11</sup>

<<Insert Figure 1>>

In Table 2, we compare voucher users (column 1) to registered voters (column 2), voters in the 2017 election (column 3), qualifying donors (column 4), and cash donors (column 5). Compared to registered voters, voucher users are disproportionately female, more likely to be white, older and more likely to be liberal. About 55 percent of voucher users are female compared to only 51 percent of the electorate. More than 88 percent of voucher users are white compared to only 82 percent of the electorate. Older Seattle residents (age 60 and over) make up 36 percent of voucher users, but they comprise only 24 percent of the electorate. On the other side, residents under the age of 30 comprise 19 percent of the electorate, but they make up only 11 percent of the voucher users. There is some evidence that middle-income voters are overrepresented among voucher users compared to the Seattle electorate. For example, citizens with an income between \$50,000 and \$74,999 — a range which includes the Seattle median household income of \$74,448 in 2016 (Census Bureau 2018) — make up 31% of registered

<sup>10</sup> In 2013, 4 at-large city council seats and a mayoral contest were on the ballot. In that election, voters in Seattle also passed a referendum to move from an at-large city council system to a districted city council. As a consequence, all 9 city council seats were up for election in 2015. We therefore use 2013 as the most comparable recent election to compare with the 2017 election.

<sup>11</sup> In Figure 1, we report the total number of voucher users and cash donors reported by the Seattle Ethics and Elections Commission. In the descriptive and multivariate analyses below, our results are limited to voters who had complete information on all of the covariates. The missing data rate for this analysis is 5.35%.

voters, but they comprise 33% of voucher users. By contrast, citizens in the lowest household income categories are underrepresented among voucher users, while citizens in the highest income categories are overrepresented. Table 1 also indicates that liberal Seattle residents are overrepresented among vouchers users, while conservative and moderate residents are underrepresented.<sup>12</sup>

<<Insert Table 2>

Although voucher users are descriptively unrepresentative of registered voters, we find fewer differences when we compare voucher users to voters in the 2017 election. Similar to voucher users, nearly 88 percent of 2017 voters are white. About 11 percent of 2017 voters are under the age of 30 years old and 29 percent of voters were between the ages of 30 and 44—numbers that are remarkably similar to the composition of the voucher pool itself. Voters in the 2017 election are more likely than voucher users to come from the highest income category.

In Column 4, we present the characteristics of qualifying donors. One of the unique features of the Seattle Democracy Voucher Initiative was its two-pronged approach to diversifying the donor pool. In order to qualify for the public financing program, candidates had to solicit small-dollar donations from a minimum number of residents, as noted above. Like voucher users, small-dollar donors who gave a contribution during a candidate's qualifying period may be more representative of the Seattle electorate than donors who made a cash contribution outside of the qualifying period. Column 4 shows that the qualification stage of the

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<sup>12</sup> This analysis is limited to voters with complete information on all covariates. Of the 488,744 registered voters in Seattle, 25,727 voters had a missing value on one or more of the covariates. The final missing data rate is 5.35%.

DV program also helped to diversify the donor pool. Whites compose 82% of registered voters and about 83% of qualifying donors. African Americans are actually overrepresented among qualifying donors—about 7% of qualifying donors are African American compared to just 6% of the Seattle electorate. The youngest voters are underrepresented among qualifying donors, but those in the 30-44 range are overrepresented. Qualifying donors are also more representative by income. Voters in the \$30,000-\$49,999 range are 31% of qualifying donors and about 32% of registered voters. Similarly, voters in the \$50,000-\$74,999 range where the Seattle median household income falls are overrepresented among qualifying donors (33%) compared to registered voters (31%).

Finally, when we compare voucher users to cash donors, we find some evidence that the pool of voucher users is more egalitarian. We find that women are overrepresented among voucher users compared to the traditional campaign finance system, at least in 2017. Table 2 indicates a similar percentage of people of color in the voucher pool compared to donors in the 2017 cycle. While 11 percent of voucher users are under 30 years old, only 7 percent of cash donors fall into this age category. Cash donors are more likely to come from the highest income category than voucher users. In fact, about 27 percent of cash donors have an income above \$100,000 compared to only 17 percent of voucher users—evidence for the democratizing impact of the Democracy Vouchers program. These differences are graphed in Figure 2.

<< Insert Figure 2 >>

In the final rows of Table 2, we compare the geographic distribution of voucher users to the geographic composition of cash donors, 2017 voters and registered voters. After dividing

Seattle neighborhoods (census tracts) into quintiles based on the median neighborhood income, we identify the share of voucher users residing in each quintile of neighborhood. About 13 percent of voucher users live in the poorest quintile of neighborhoods and approximately 22 percent of voucher users live in the wealthiest quintile of neighborhoods.

Relative to the electorate, voucher users are more likely to come from wealthy neighborhoods and less likely to come from poor ones. Over 15 percent of registered voters live in the poorest quintile of neighborhoods and about 20 percent of registered voters live in the wealthiest quintile. However, we observe the opposite pattern when we compare voucher users to voters in the 2017 election. Compared to 2017 voters, voucher users are slightly more likely to come from the poorest neighborhoods and slightly less likely to come from wealthy ones. Only 12 percent of voters in the 2017 election came from the poorest quintile of neighborhoods and more than 24 percent came from the wealthiest quintile.

Finally, when we compare voucher users to cash donors, we show that voucher users are substantially more representative of the electorate. While 33 percent of voucher users came from the bottom two quintiles, only 25 percent of cash donors came from these neighborhoods. Likewise, while 22 percent of voucher users were from the wealthiest quintile of neighborhoods, 31 percent of cash donors came from these wealthy communities. Cash donors are more likely to be drawn from the wealthiest neighborhoods and less likely to be drawn from the poorest ones, thereby making voucher users more representative of the Seattle electorate than cash contributors. These differences are graphed in Figure 3.

<< Insert Figure 3 >>

### *Modeling the Likelihood of Using a Voucher: Multivariate Analyses*

The descriptive analysis above suggests that voucher users are more representative of the Seattle electorate than cash donors. To better understand how the voucher program impacted representational inequalities in participation, we next estimate two multilevel logistic regressions predicting the likelihood of voucher redemption and voucher status among Seattle voters. First, we model the likelihood of voucher usage regardless of the final status of the vouchers. In these models, citizens who participated in the program by returning one or more of their vouchers are coded “1” and those who did not participate in the program are coded “0”. Next, among those who participated in the program, we model the likelihood that a voucher user successfully assigned all of her attempted vouchers to a qualifying candidate. Used vouchers are assigned a status of redeemed, accepted, received, on hold or voided by the Seattle Ethics and Election Commission (SEEC).<sup>13</sup> In these models, vouchers users who successfully assigned 100% of their attempted vouchers—including vouchers that were redeemed, accepted or received—are coded “1”, while vouchers users who successfully assigned less than 100% of their vouchers are coded as “0”. For instance, a voucher user who attempted to use 3 vouchers with 2 successfully redeemed and 1 voucher voided would be coded “0”. Overall, about 12 percent (n=2,233) of program participants submitted a voucher that was not accepted (i.e., the voucher was put on hold or voided by the SEEC).

Each of these logistic regression models includes a tract-level random intercept to account for unobserved differences across neighborhoods that may be related to participation in the voucher program. Past analyses of voting behavior have found that individual-level political

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<sup>13</sup> Vouchers were sent to the Kings County Board of Elections for signature verification (Berk 2018). Vouchers that were not properly filled out or signed by voters—or if the voter’s signature could not be verified—were put on hold or voided. Vouchers received after a candidate had reached the voucher limit were received but not accepted or redeemed.

participation is importantly influenced by neighborhood context (Gimpel, Dyck and Shaw 2004, Cho, Gimpel and Dyck 2006, Dyck, Gaines and Shaw 2009). Since we have already observed variation across neighborhoods in voucher redemption, as indicated by Table 2, a single-level logistic regression models violates the assumption of independence of observations (Snijders and Bosker 2012). To account for the spatial dependence of participation, our logistic regression models include a random intercept for each of the 135 Census tracts in Seattle. These tracts contain a mean of 3,371 registered voters.

In addition to the tract-level random intercept and sociodemographic characteristics used in the analyses above, we include two additional control variables in the multivariate models. The first is a continuous measure of past voting history. For each voter in Seattle, we use the Washington state voter file to identify the percentage of elections in which a voter participated after registering to vote. (This share excludes the 2017 election.) We also control for whether each voter is also a qualifying donor or a campaign donor. Finally, in the models predicting voucher status, we control for the total number of vouchers that a participant attempted to redeem.

The results of the multilevel logistic regressions are reported in Table 3. For ease of interpretation, we present odds ratios rather than logit coefficients. In Column 1, we show that sociodemographic predictors of political participation are, as expected, associated with voucher redemption. Older residents are significantly more likely than younger ones to redeem a voucher, even controlling for other individual characteristics and overall participation propensity. People of color—and African Americans in particular—are significantly less likely to redeem a voucher compared to whites. Compared to the \$50,000-\$74,999 income category, the most affluent Seattle voters are less likely to be voucher users. Voters with incomes between \$50,000-

\$74,999 and those with incomes between \$75,000 and \$99,999 per year were the most likely to participate in the program, followed by those with incomes \$100,000 or over, those in the \$30,000 to \$49,999 range, and finally those with incomes less than \$30,000. We also find a strong association with political ideology. Liberal Seattle voters were over twice as likely as conservatives to participate in the program. This finding is consistent with research from other states that finds conservative candidates are less likely to participate in public financing systems (Miller 2011) given ideological opposition to state-funded elections. Finally, Column 1 confirms that other forms of political participation, including regularly voting in previous elections and making a cash donation, are significant predictors of voucher usage. In Methodological Appendix B, we also present a series of robustness checks for this model that use a restricted version of the race variable.

<<Insert Table 3>>

In Column 2, we model the likelihood of a voucher user having successfully allocated all of her attempted vouchers, conditional on being a voucher user. These models give insight into which demographic groups were able to successfully navigate the program's voucher assignment rules. In doing so, the analysis offers some indication of which communities might be targeted for support in future iterations of the program. Column 2 shows several interesting patterns compared to the coefficients in Column 1. Although older residents in Seattle were more likely to participate in the program, they were less likely than the youngest voters to have all of their vouchers successfully accepted. Women were more likely than men to successfully allocate their vouchers. While most of the race coefficients are insignificant, Asians are less likely than whites

(and other groups) to successfully assign their vouchers. Similarly, voters in the lowest income categories were both less likely to participate in the program *and* less likely to successfully allocate their vouchers. Unsurprisingly, qualifying donors and cash contributors were far more likely than non-donors to successfully assign their full set of vouchers. This relationship may be driven by campaign donors' familiarity with local politics and disclosure forms, as well as higher overall levels of political interest and efficacy.

## DISCUSSION & CONCLUSION

In this paper, we offer the first evaluation of the Democracy Voucher program to understand whether this innovative, participation-oriented public financing program diversified the donor pool in municipal elections. Although the analysis centers on the inaugural year of the program, it offers important insight into the promise of public financing as a strategy to broaden participation and shift donor coalitions away from wealthy individuals. Notably, several cities, including Albuquerque, NM and Austin, TX, are considering programs similar to the one implemented in Seattle (Misra 2018), and a handful of other places, including Washington, DC, have recently implemented other types of public financing schemes designed to promote fairness in local elections (Chason 2018).

Our analysis offers several important insights from the Seattle program. Although the Democracy Voucher program increased participation in the municipal campaign finance system and shifted the donor pool in a more egalitarian direction, voucher users remain broadly unrepresentative of the electorate in Seattle. Compared to the group of people represented by elected officials, participants in Seattle's Democracy Voucher program are more likely to be white, female and older. However, voucher users are *more* representative of the electorate than

cash donors in municipal elections, and qualifying donors – those who contributed small sums of money to candidates during the qualifying period – appear to be the most representative. This finding suggests that one of the most notable successes of Seattle's program was the integration of a small number of *representative donors* into the donor pool at an early stage in the process. Finally, although we find that voucher users are not representative of the broad universe of registered voters, they are more demographically similar to voters in the 2017 election – a finding that underscores the theoretical equivalency of voucher participation to the binary act of voting.

In our multivariate analysis, when we investigate the predictors of successfully assigning all of one's attempted vouchers, our portrait of engagement with the program is more complicated. Although the oldest Seattleites were more likely to use a voucher, they were also significantly less likely to successfully assign all of their vouchers than younger participants. Although there are few significant differences by race, we do note that Asian-Americans were less likely to successfully assign all of their attempted vouchers, relative to whites. Notably, this finding may be driven by Seattle's large foreign-born Asian-American population. Although the vouchers were available in 15 different languages, non-native English speakers may have encountered difficulties with navigating the new system. We also report that, among voucher users, those in the lowest income categories were less likely to successfully assign all of their vouchers. This result may be driven by overall lower levels of the political resources critical to engagement—namely, time, money and civic skills (Brady, Schlozman and Verba 1995).

Our efforts to identify participant characteristics offer a methodological advance on previous analyses of matching fund programs, which typically rely on neighborhood-level characteristics to describe program participants. Still, our analysis is not without limitations. As

we noted above, the Catalist data we draw on to account for race, income, and ideology are imperfect measures of these demographic variables, and the findings in the multivariate analysis—especially vis-à-vis income—merit caution. Although we report that voters near the Seattle median household income were the most likely to participate in the voucher program, this estimate could be misleading if higher-income voters are systematically under-identified in the data. In their comprehensive evaluation of voter files, Pew Research Center (2018) finds that households with incomes above \$75,000 per year were the least likely to be correctly identified in commercial files.

Although our primary contribution concerns an emergent form of participation-oriented public financing at the municipal level, the analysis of Seattle's Democracy Voucher program offers insight for campaign finance reform at the federal level, as well. In federal elections, representational distortion reinforces the weak link between the policy preferences of the least well-off Americans and policy outcomes (Gilens 2012; Page & Gilens 2017; Bonica 2018). Without representation in the donor pool, low-income Americans may be less likely to see their policy preferences reflected in federal policy. The dominance of private campaign contributions has also been cited as an important causal mechanism in the growing ideological polarization of political elites (Bonica 2014; Barber 2016; Heervig 2018). As Barber and McCarty (2015) argue, federal political candidates increasingly rely on donors with extreme ideologies. In doing so, these candidates may shift their own policy preferences toward the ideological extremes, underscoring the way that private money is linked to the ideological polarization of the political parties. Rescaling a participation-oriented public financing program to the federal level would empower a broader swath of donors, perhaps mitigating partisan polarization among members of Congress and re-aligning policy outcomes with the preferences of a wider group of citizens

(Page and Gilens 2017). In fact, among the anticipated outcomes of the Democracy Voucher program is not only that the donor pool will be more representative, but that public policy will reflect a much broader constituency.

For policy scholars and practitioners, the innovative Democracy Voucher program is at the forefront of a new wave of participation-oriented public financing programs. The program reflects a growing concern about the role of money in politics, and with tweaks through the next election cycle, it has the potential to dramatically reshape local campaign finance policies. Still, while the program holds the power to reshape municipal elections, only by linking this type of program with a constellation of political reforms—including changes to the voter registration system and stronger disclosure laws—will policymakers ensure equal and effective political representation in the United States (Page and Gilens 2017; Wood 2018).

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Table 1: Number of vouchers redeemed and total voucher proceeds for participating City Council and City Attorney candidates, 2017

Candidate	# of Vouchers	Voucher Total
<i>City Council Position 8</i>		
Teresa Mosqueda*	11,996	\$299,900
Jon Grant	11,972	\$299,300
Hisam Goueli (P)	1,086	\$27,150
<i>City Council Position 9</i>		
M. Lorena Gonzalez (I)*	8,523	\$213,075
Pat Murakami	6,091	\$152,275
<i>City Attorney</i>		
Pete Holmes (I)*	5,874	\$146,850
Total Redeemed	45,542	\$1,138,550

Source: Author's calculations using Seattle Ethics & Elections Commission (2018).

Note: Asterisk indicates election winner. Incumbency is denoted by "I" and primary-only by "P" in parentheses.

Table 2: Demographic Composition of Voucher Users, Registered Voters, Active Voters, Qualifying Donors, and Cash Donors in the 2017 Election

	Voucher Users	Registered Voters	Voters (2017)	Qualifying Donors	Cash Donors <sup>1</sup>
<i>Gender</i>					
Male	45	49.34	47.68	46.73	49.93
Female	55	50.66	52.32	53.27	50.07
<i>Race</i>					
White	88.2	81.93	88.09	83.38	90.48
Black	3.68	5.75	3.73	7.4	3.2
Hispanic	2.35	3.31	2.16	3.48	2.08
Asian	5.76	9.01	6.02	5.73	4.23
<i>Age</i>					
18-29	11.02	19.42	10.83	10.81	7.48
30-44	28.93	33.56	29.07	40.57	26.97
45-59	23.57	23.4	26.84	24.38	30.05
60+	36.47	23.61	33.26	24.24	35.5
<i>Income</i>					
< \$30K	3.72	7.56	3.7	3.19	2.12
\$30K - \$49K	25.13	31.89	23.81	30.55	20.05
\$50K - \$74K	33.34	31.08	31.37	32.66	28.4
\$75K - 99K	20.83	15.81	20.54	18	22.62
> \$100K	16.98	13.66	20.59	15.60	26.82
<i>Ideology</i>					
Conservative	1	1.61	2.1	0.36	1.43
Moderate	3.7	10.29	6.08	3.27	3.3
Liberal	95.3	88.1	91.82	96.37	95.27
<i>Median Tract Income</i>					
Bottom Quintile	12.72	15.35	11.79	13.28	10.24
Second Quintile	19.74	19.29	18.06	26.27	14.80
Third Quintile	20.98	23.16	21.91	21.48	20.12
Fourth Quintile	24.09	21.80	23.59	22.57	23.70

Top Quintile	22.47	20.40	24.65	16.40	31.13
N	18,770	455,017	210,391	1,378	6,429

<sup>1</sup> Cash donors include donors who made both a qualifying and non-qualifying cash donation.

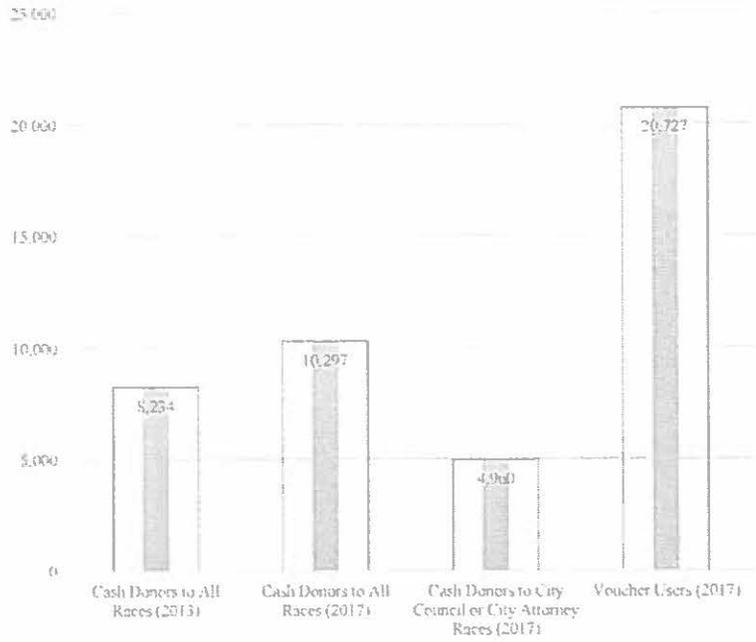
Table 3: Random Intercept Logistic Regression Models Predicting Voucher Usage and Successful Assignment of 100% of Attempted Vouchers

	(1): Voucher Use	(2): Successful Assignment
<i>Age</i>		
30-44	1.29*** (0.04)	0.86 (0.08)
45-59	1.22*** (0.04)	0.52*** (0.05)
60+	1.57*** (0.04)	0.39*** (0.04)
<i>Gender</i>		
Female	1.11*** (0.02)	1.11** (0.05)
<i>Race</i>		
Black	0.71*** (0.03)	0.82 (0.10)
Hispanic	0.88** (0.04)	1.21 (0.21)
Asian	0.76*** (0.03)	0.72*** (0.07)
<i>Income</i>		
<\$30K	0.67*** (0.03)	0.65*** (0.07)
\$30K - \$49K	0.86*** (0.02)	0.87** (0.05)
\$75K - \$99K	1.01 (0.02)	1.11 (0.07)
>\$100K	0.88*** (0.02)	1.02 (0.07)
<i>Ideology</i>		
Moderate	0.98 (0.08)	1.05 (0.22)
Liberal	2.34*** (0.18)	1.61** (0.30)
Past Voting (%)	1.03*** (0.00)	1.01*** (0.00)
Qualifying Donor	15.19*** (0.89)	3.43*** (0.73)
Cash Donor	6.41*** (0.19)	2.15*** (0.22)
Total Vouchers		0.91** (0.04)
Constant	0.00*** (0.00)	5.22*** (1.42)
<i>Random Effect</i>		
Intercept	0.35** (0.03)	0.25** (0.03)

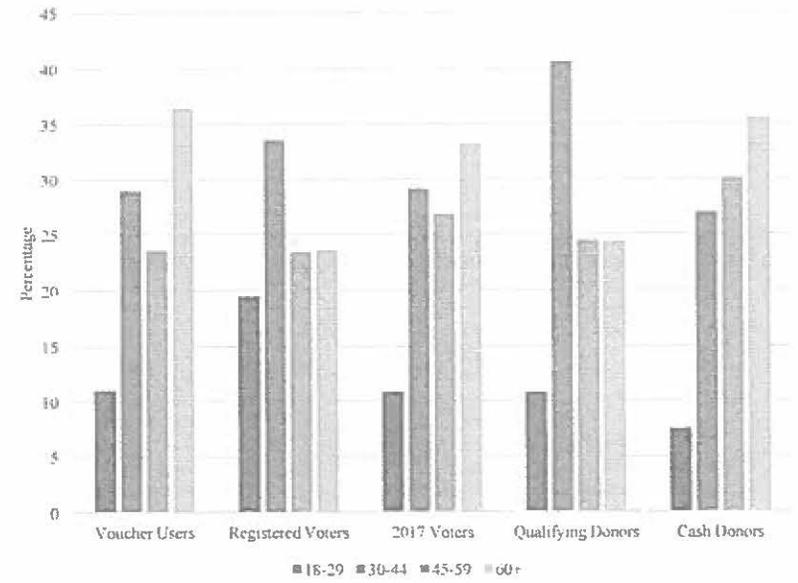
N (Voters)	455,017	18,770
J (Tracts)	135	134

Notes: Coefficients are odds ratios with standard errors in parentheses. Excluded categories are 18-29 (age), White (race), \$50K - \$75K (income), Non-donor (donor status), and conservative (ideology).  
\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

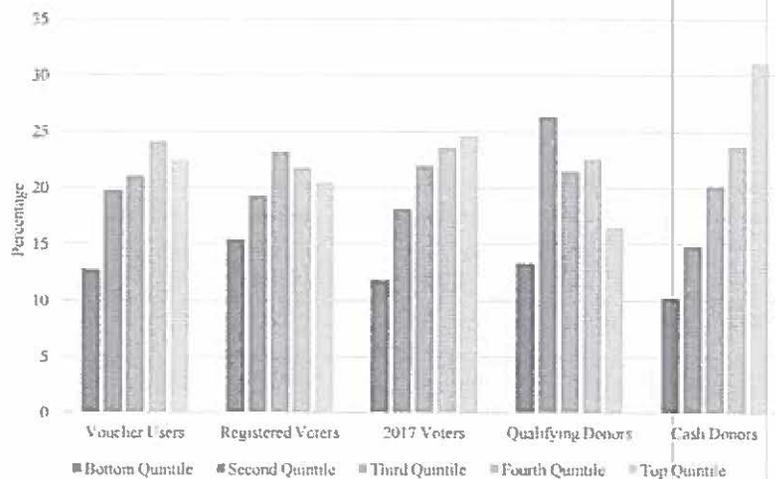
**Figure 1: Total Number of Cash Donors and Voucher Users**



**Figure 2: Composition of Political Participants, by Age**



**Figure 3: Composition of Political Participants, by Median Neighborhood Income**



METHODOLOGICAL APPENDIX A

Match Procedure	N	% of Matched Records
Last name, first name, zip code, street number	6,736	82.13
Last name, first name, zip code	705	8.60
Last name, nickname, zip code, street number	384	4.68
Last name and street number	183	2.23
Last name and first two characters of first name	148	1.80
Exact street address	46	0.56
<i>Total</i>	<i>8,202</i>	<i>100.00</i>
<i>Final Match Rate: 79.65%</i>		

Although the Seattle PDC matches campaign donors within candidates for each election, there is no unique donor identification number that would allow us to cleanly merge the donor records and voter file. Because of this, we matched the records using the personal identifying information available in both the donor records and voter files. These match variables include the donor's last and first names as well as street address and zip code.

Of the 10,297 unique donors to city council, mayoral, and city attorney candidates, we matched a total of 8,202 (79.65%) donors to the voter file. Of these matched donors, the large majority (N=6,736) matched a unique voter record exactly on full name, zip code, and street number. Next, a significantly smaller portion (N=705) of donors matched a voter record exactly on last and first name and zip code; these matches were limited to those where only one unique voter in the voter file existed for that combination of match variables.

A much smaller portion of donors were matched using one of four techniques. First, we matched donor records to the voter file where one of the listed first names was a nickname (e.g., Ben versus Benjamin), but otherwise matched exactly on last name, zip code, and street number (N=384). The last three matching procedures were the least stringent and matches produced by these procedures were manually reviewed for accuracy. First, we brought together records where last name and street number matched (N=183); this matching procedure identified contributors whose listed first names deviated from the name used in the voter file (e.g., Hank versus Henry). Second, we matched and then manually reviewed donors that matched a voter record on last name and first two characters of first name (N=148). Finally, we manually reviewed donors that matched a voter entry exactly on street address. This match (N=46) identified contributors where variations in the last/first names prevented a match on other identifiers.

Of the 8,202 donors matched to the donor file, 6,747 were what we refer to as "cash donors" and 1,455 were qualifying donors who gave a small dollar donation during a participating candidate's qualifying period.

METHODOLOGICAL APPENDIX B

In the table below, we present the main findings from the body of the paper in Column 1. In columns 2 and 3, we present models restricted to voters whose race category was identified with high confidence. The coefficients in Column 2 are restricted to the control variables that come directly from the voter file. In Column 3, we present the full model restricted to voters whose race category was identified with high confidence. Importantly, the direction and significance of the primary explanatory variables are consistent across specifications.

	(1) Voucher Use	(2) High Race Confidence: Restricted	(3) High Race Confidence: Full
<i>Age</i>			
30-44	1.29*** (0.04)	1.35*** (0.05)	1.25*** (0.05)
45-59	1.22*** (0.04)	1.25*** (0.05)	1.18*** (0.05)
60+	1.57*** (0.04)	1.61*** (0.06)	1.53*** (0.06)
<i>Gender</i>			
Female	1.11*** (0.02)	1.17*** (0.02)	1.11*** (0.02)
<i>Race</i>			
Black	0.71*** (0.03)	0.60*** (0.07)	0.60*** (0.07)
Hispanic	0.88** (0.04)	0.70 (0.17)	0.61* (0.16)
Asian	0.76*** (0.03)	0.62*** (0.05)	0.65*** (0.05)
<i>Income</i>			
<\$30K	0.67*** (0.03)		0.68*** (0.05)
\$30K - \$49K	0.86*** (0.02)		0.87*** (0.02)
\$75K - \$99K	1.01 (0.02)		1.02 (0.03)
>\$100K	0.88*** (0.02)		0.90*** (0.03)
<i>Ideology</i>			
Moderate	0.98 (0.08)		1.06 (0.11)
Liberal	2.34*** (0.18)		2.70*** (0.24)
Past Voting (%)	1.03*** (0.00)	1.03*** (0.00)	1.03*** (0.00)
Qualifying Donor	15.19*** (0.89)	16.77*** (1.32)	16.46*** (1.31)
Cash Donor	6.41***	6.15***	5.83***

	(0.19)	(0.23)	(0.22)
Constant	0.00*** (0.00)	0.00*** (0.00)	0.00*** (0.00)
Random Effect Intercept	0.35** (0.03)	0.29** (0.02)	0.27** (0.02)
N (voters)	455,017	276,483	270,886
N (tracts)	135	135	135

**TESTIMONY BY JERRY H. GOLDFEDER  
TO THE CHARTER REVISION COMMISSION  
February 25, 2019**

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Thank you for inviting me to participate in your series of expert panels as you consider various proposals to improve New York City's campaign finance system.

I am here tonight in my capacity as an election lawyer who has represented dozens of candidates in New York City, an Adjunct Professor of Election Law at Fordham Law School, a 1989 participant in the Campaign Finance Law's public matching funds program, and a student of Charter Revision Commissions.

I am privileged to be joined by the Chair of the Campaign Finance Board, and several experts on the Seattle, Washington "Democracy Voucher" program. I will of course defer to them as to the intricacies of both New York City's program and Seattle's. That said, I offer several observations.

- 1- There is no question that New York City's thirty-year program is appropriately recognized as a success. Our matching funds program has enabled many diverse candidates of modest means to run viable campaigns. And the staff and Commissioners of the CFB have been assiduous in ensuring that New York City's taxpayer dollars are distributed and used lawfully. Given the fact that millions of dollars are distributed to candidates in municipal elections, this is no small feat – and, of course, extremely critical to the success of our program.
- 2- There is always room for improvement, and the CFB endeavors to update its procedures after every election.

A question before you is whether the Seattle Democracy Voucher program should be substituted for the CFB's current matching program.

- 1- Prefatorily, the Commission should know that the constitutionality of the Seattle program is still being litigated. When challenged by the Pacific Legal Foundation on constitutional grounds, the trial court in Washington ruled that the case should be dismissed. Plaintiffs have appealed, and the intermediate appellate court certified the appeal to Washington's

Supreme Court, its highest court. The appeal has been briefed and oral arguments are scheduled for May 14, 2019.

- 2- Until the Supreme Court of Washington rules – and the law is settled as to the Democracy Voucher program’s constitutionality – the Charter Commission may wish to withhold judgment as to whether or not the Seattle program should be imported into our Campaign Finance Law.
- 3- However, should the Commission decide to proceed with studying the Seattle program, I believe that there are aspects to it that are worthy for adoption in New York City.
  - A. A system in which public monies are distributed to the candidate directly by registered voters through vouchers compels the candidates to campaign more vigorously, not just for votes but for financial support. This would enable less well-known candidates to become better known by attracting support one person at a time. It also compels more well-known candidates to have to “press the flesh” more assiduously in order to obtain the necessary funds for their campaigns. In short, it is a process that results in a more robust, person-to-person campaign.
  - B. The voucher program also eliminates a great administrative burden now placed upon the CFB – having to track whether private contributions are eligible for matching funds. In this respect, the voucher program is more straightforward in that every registered voter’s contribution can be used without further administrative burdens.
  - C. It also saves the taxpayers a good deal of money that the CFB currently awards to candidates whose races are not genuinely competitive. Rather than the sometimes-charade by candidates who claim that their opponents are “real” – the market place will demonstrate through the voucher program which candidates can actually attract sufficient funds to run a viable campaign. This contrasts with the CFB having to distribute matching funds to candidates who may claim to have competitive races, but really do not. The City would thus save significant sums of taxpayer dollars.

I trust that these observations are useful to the Commission.

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