

Testimony on Bill 170680
Public Financing of Political Campaigns
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Committee of Seventy

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The Committee of Seventy applauds the sincere efforts of the bill's co-sponsors to look for ways to open up the local electoral process to more citizens, more candidates, and more healthy political competition. These are values and outcomes that Seventy has embraced since we were founded by public spirited business and civic leaders over 100 years ago.

This goal is particularly important in these times when so many people express so much cynicism, frustration, and disengagement with our political system. It is striking, and sobering, to note that in every Franklin and Marshall poll of Pennsylvania voters since August 2015 voters have identified "government and politicians" as the most important problem facing the Commonwealth today. In the latest poll, almost three times as many identified "government and politicians" than any other issue, including jobs, crime, taxes, and schools.

I'm sure we all share the concern that here in Philadelphia, in the poorest big city in America, with a cash-strapped public school system and relatively anemic job growth, any expenditure of tax dollars (even the \$3-5 million or so this proposal would cost in matching funds and administrative costs) should face a great deal of public scrutiny and consideration. At the very least, we should expect a clear statement of why this expenditure is as important, if not more important, than spending those same dollars on improving our schools, creating jobs, or improving our public infrastructure. Alternatively, and perhaps even better, would be identify a way to pay for this proposal through real and related cost reductions elsewhere in the city budget.

About a year ago in these chambers, I made the point on the issue of public financing for local elections that in order to evaluate a public campaign financing proposal it would be necessary to specify the problem we were trying to solve. I'll continue to make that case, for without a good sense of the problem it's difficult to evaluate the solution. In that regard, based on our research this proposal would have a positive effect in bringing more donors into the fundraising process, mostly because a matching system would encourage candidates to reach out more actively to small campaign contributors. We support that goal and this approach to attaining that goal--with some considerations I will address later.

We should recognize, however, that it's not clear that this proposal will have any effect on other aspects of our political process that Seventy cares about and is concerned about. It will likely have little impact on increasing political competition in our local races, which we could sorely use, and will likely only have some effect on encouraging more and more diverse candidates to consider running for local office. In short, there is much to be done to open and improve our political culture, and this is but one relatively small step. We would be delighted

to take up that larger agenda with either the co-sponsors of this bill or other members of Council and their respective staff.

Here are the three main questions we asked of this proposal, followed by our judgements:

- 1. Will it promote greater citizen participation in the political fundraising process? Yes.**
Based on the Campaign Finance Institute calculations supplied us by the Board of Ethics, the proposal would likely broaden the base of the fundraising pyramid from small donors, and therefore shrink the share of campaign funds coming from larger donors. Both citizens, and particularly campaigns, would see the value of leveraging small contributions into much larger contributions with the leverage of public dollars. This is the clearest and most likely impact of the proposal. As noted in the *Public Election Funding: An Assessment of What We Would Like to Know*, commissioned for a Campaign Finance Institute Working Group in 2013 Public Election Funding article: “[t]he results are striking. Not only do participating candidates raise a larger share of their money from small donors, they raise money from a broader and more diverse pool of contributors”. Although it’s hard to specify exactly who they might be, this pool would likely include younger voters and others who have lacked the means to contribute to political campaigns. Quoting a Campaign Finance Institute study itself (*Citizen Funding for Elections*, written in 2015): “a properly designed program can increase the proportional importance of small donors to candidates and increase participation by an economically and demographically more representative cadre of campaign supporters”.
- 2. Will it foster more competition in local elections? Maybe, but probably not.** While it’s a little hard to disentangle one from the other, the evidence from New York and other cities (many or most of whom have tax funded campaign matching schemes AND term limits) suggests that it’s the combination of open seats created by term limits AND the impact of small dollar matching that results in meaningful competition for local elections. Without term limits in Philadelphia there simply aren’t enough open seats to create that competition. This general conclusion is also supported by the 2015 Campaign Finance Institute study cited above, which also notes that there are different definitions of what constitutes political competition, and therefore once again the impact of the solution is conditioned on how the problem is framed.
- 3. Will it enable a broader and more diverse range of candidates to run for office? Perhaps.** Depending on where the bar is set to qualify for matching funds, the proposal may lower the barrier to entry for new candidates that fundraising has created in the past. But the most likely result could be more candidates but not necessarily more **competitive** candidates--again because of the lack of incumbent turnover caused by term limits, and the potential willingness of incumbents to forego the spending limits. The *Public Election Funding* study cited earlier summarizes the research by saying “[p]ublic funding does not, as far as we can tell, dramatically alter the decision calculus of quality candidates thinking about entering the ring.” Also, the fact that our elections are “first past the post” and lack any runoff provisions may mean that even if this proposal encouraged more candidates but not necessarily strong candidates we’d end

up having a more crowded field, but with the winner elected by an even smaller percentage of the electorate--hardly in our best interest.

As a handy cheat sheet, I've included in my written testimony a chart from the Campaign Finance Institute that summarizes their findings on the effects of citizen funding initiatives around the country.

There are a few modifications to this proposal that deserve your consideration. Council should consider excluding the Mayoral election from this proposal, based on the logic that its visibility and significance already engages votes significantly more than other races. Excluding the Mayor's race will also reduce the cost considerably. In addition, since Seventy has long called for the abolishment of the arcane and unnecessary offices of Sheriff and the City Commissioners it would seem disingenuous of us to seek to prolong their existence by including them in this proposal. Council also might consider a sunset provision in the legislation that would force a consideration of the impacts of a public matching fund over a period of several campaign cycles and then use that experience to consider potential changes. In addition, the matching formula could be lowered, as New York's was at the outset, to reduce the budgetary impact.

In sum, this proposal would likely have a positive effect on an important goal, and one we embrace: bringing more and more diverse citizens into the campaign fundraising process. But as I mentioned earlier there are several other aspects of our local political environment that Seventy is deeply concerned about, and that his proposal does not address.

1. Like many, Seventy is very concerned about the **rising tide of Super PAC spending** (most recently the \$1.7 million in the Democratic primary for District Attorney) that seems likely to cede more and more influence over local election outcomes to wealthy individuals, labor unions, and corporations from outside Philadelphia. This tax funded proposal now being considered would dilute the impact of Super PAC dollars to some extent, but other approaches could have much greater impact. In early October the St. Petersburg, FL City Council passed an ordinance abolishing Super PACs in local elections. (According to reports, the city is expecting a lawsuit challenging the ordinance.) Alternatively Council could create incentives for a "People's Pledge" to limit outside spending as was agreed to in the 2012 MA Senate election and has been proposed in other elections.
2. Philadelphia's **partisan primary system effectively disenfranchises over 110,000 voters** who are not registered as Democrats or Republicans and therefore can't vote in primary elections, the local elections that matter. Nonpartisan "open" primaries like those that exist in almost 90% of all big cities would guarantee more fairness and greater turnout in local elections. (We're not offering a legal opinion here, but hope that Council has considered whether the public financing proposal would be vulnerable to a legal challenge from unaffiliated voters--or from Republican voters--who would be asked to pay for the scheme but from which they would not benefit.)

3. Philadelphia's **inefficient, ineffective and leaderless Office of City Commissioners** costs about \$1 million a year and performs much worse than any county election board in the Commonwealth (e.g. 3 hour lines in some North Philadelphia polling places last fall, 17,000 late registrations--almost 20 times worse than the rate in Allegheny County). Its performance undoubtedly discourages turnout and engagement.

In conclusion, this proposal would provide a positive benefit in broadening the base of campaign fundraising and encourage campaigns to reach segments of the population that have historically been less engaged in the political process. If that is the primary goal of the co-sponsors, then we support the proposal. The jury is out on its impact on other aspects of our political process that we care about, namely making for more competitive local elections or increasing and making more diverse the pool of candidates who run for local office.

I conclude where I began in thanking the co-sponsors for their thoughtful consideration of these issues, and again repeat our standing offer to all of you to work with you on other similar, and equally daunting, challenges that this legislation does not address. This piece of legislation should serve as only the beginning of a vigorous debate about how to increase political engagement in Philadelphia.