



**Statement of Matt Nese  
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**“The Feasibility of Converting to a Public Financing Model  
for Elections in the District of Columbia”  
Before the Committee on Government Operations  
Council of the District of Columbia  
July 11, 2013**

Chairman McDuffie and members of the Committee on Government Operations, on behalf of the Center for Competitive Politics, thank you for affording me the opportunity to testify before you today regarding the nature of taxpayer-financed campaign programs and B20-0120, the “Public Financing of Political Campaigns Amendment Act of 2013,” which would institute a citywide system of taxpayer-funded political campaigns for Mayoral, Attorney General, and City Council candidates in the District of Columbia.

The Center for Competitive Politics (CCP) is a nonpartisan, nonprofit 501(c)(3) organization focused on promoting and protecting the First Amendment political rights of speech, assembly, and petition. It was founded in 2005 by Bradley A. Smith, a former Chairman of the Federal Election Commission. In addition to scholarly and educational work, the Center is actively involved in targeted litigation against unconstitutional laws at both the state and federal levels. For instance, we presently represent a nonprofit, incorporated educational association in a challenge to Colorado’s campaign finance laws. The Center is also involved in litigation currently before the U.S. Supreme Court.

While proponents of so-called “clean elections” proposals tout these programs as a panacea for eliminating corruption and “fixing government,” the experience of three states with similar versions of these programs as well as New York City’s own program is very telling. Since the inception of taxpayer financing programs, much research has been devoted to assessing whether these schemes truly realize the many claims made by their proponents or result in better government. In short, there is no evidence to support these claims. These programs have failed to live up to their lofty expectations, while wasting precious taxpayer dollars, and forcing citizens to subsidize the candidacies of individuals with which they may disagree on many issues.

Of note, any attempts to institute a citywide tax-financing program in Washington D.C. must be done carefully and in accordance with recent Supreme Court precedent, which deemed a “rescue fund” aspect of Arizona’s statewide taxpayer-funded campaign program unconstitutional

in 2011.<sup>1</sup> For more information on potential constitutional issues inherent in existing tax-financing programs, please see CCP Academic Advisor and respected First Amendment lawyer Joel Gora's analysis in "Don't Feed the Alligators: Government Funding of Political Speech and the Unyielding Vigilance of the First Amendment," which analyzes the constitutionality of aspects of public financing programs in light of the Court's 2011 decision.<sup>2</sup>

There are a number of issues I highlight in my statement: (I) recent corruption scandals in Washington D.C. would be unaffected by the existence of a tax-financing program; (II) New York City's matching funds program is fraught with corruption; (III) similar programs in Arizona and Maine have also experienced much corruption; (IV) a recent academic study found no evidence that these programs decrease the incidence of public corruption; (V) an analysis of Connecticut's taxpayer financing program has demonstrated its failure to change legislative voting patterns; (VI) existing statewide programs have done little to diminish alleged "interest group" influence; (VII) most other claims by advocates of "clean elections" have been shown to be false; and (VIII) the cost of such a citywide program in Washington D.C. is likely to be expensive and rise in cost over time.

**I. Recent corruption scandals in the District of Columbia would have been unaffected, and, in some cases, could have been exacerbated by the existence of a matching funds program like the one proposed in the "Public Funding of Political Campaigns Amendment Act of 2013."**

Recently, revelations of a massive, far-reaching, and illegal "straw donor" scheme have come to light in the nation's capital. Jeffrey Thompson, a D.C.-based contractor, has been accused of concealing the sources of hundreds of thousands of dollars in campaign contributions to City Council and mayoral candidates, as well as thousands more in contributions to federal candidates.<sup>3</sup> So far, two former employees of Mr. Thompson's firm have pleaded guilty to participating in the scheme, detailing their participation in writing checks to themselves and their family members that were then given to various candidates by Mr. Thompson's firm, before these employees were eventually reimbursed in their paychecks.<sup>4</sup> Thompson's scheme is the suspected source of \$600,000 in unreported contributions to current D.C. Mayor Vincent Gray's 2010 campaign.<sup>5</sup> When corrupt businessmen and elected officials in D.C. are potentially colluding to circumvent campaign finance laws and hide significant financial transactions, it is only natural to search for solutions.

Unfortunately, doling out taxpayer dollars to these politicians' campaigns might simply add fuel to this or future fires. A matching funds program would likely make straw donor schemes cheaper to execute, since the straw donations would be matched with four taxpayer dollars for every dollar financed by the scheme, if the candidate was participating under the

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<sup>1</sup> *Arizona Free Enterprise Club Freedom PAC v. Bennett*, 131 S. Ct. 2806 (2011).

<sup>2</sup> Joel M. Gora, "Don't Feed the Alligators: Government Funding of Political Speech and the Unyielding Vigilance of the First Amendment," 2010-2011 CATO SUP. CT. REV. 81 (2011)

<sup>3</sup> Will Sommer, "Another Jeff Thompson-Tied Straw Donor Pleads Guilty," *Washington City Paper*. Retrieved on July 8, 2013. Available at: <http://www.washingtoncitypaper.com/blogs/looselips/2013/06/24/another-jeff-thompson-tied-straw-donor-pleads-guilty/> (June 24, 2013).

<sup>4</sup> Sam Ford, "Lee Calhoun pleads guilty in straw donor scheme," *ABC/WJLA News*. Retrieved on July 8, 2013. Available at: <http://www.wjla.com/articles/2013/06/lee-calhoun-pleads-guilty-in-straw-donor-scheme-90363.html> (June 20, 2013).

<sup>5</sup> *Ibid.*

terms of this proposal. In Mr. Thompson's case, he could have potentially multiplied the impact of his alleged \$600,000 scheme to fund then-candidate Gray's mayoral campaign into additional money from taxpayers by triggering the 4:1 matching funds, had Gray been a participating candidate under this proposal. Rather than eliminate these issues, any proposed matching funds program might increase the incentive for evasion of contribution limits.

However, D.C. politics has been beset by corruption in other ways as well. While some of these acts may simply be unethical, much of them have been flagrantly illegal. Former Councilmember Harry Thomas, Jr. (D) stole \$353,500 from D.C. taxpayers and bought himself an SUV and a motorcycle, among other luxury items.<sup>6</sup> Just over a year ago, former Council Chairman Kwame Brown (D) pleaded guilty to bank fraud and campaign finance law violations.<sup>7</sup> And just last month, former Councilmember Michael A. Brown (I), a former advocate of public financing, pleaded guilty to felony bribery charges, after taking \$55,000 from a company seeking a contract with the city.<sup>8</sup> Then there's the entire cast of characters associated with the straw donor scheme – some accused, some still unknown. Again, these instances of theft have nothing to do with campaign financing.

However, there is one factor that all these instances of public corruption have in common: a tax-financing program would not have prevented these politicians from cutting corners and lining their pockets, but it could have made their misdeeds much more expensive for taxpayers. A matching funds program would not have prevented Mr. Thomas's embezzlement, Mr. K. Brown's bank fraud, Mr. M. Brown's bribery, or any straw donor scheme. Proposing to get rid of corruption with more tax dollars is like proposing to get rid of sharks with fresh meat.

D.C. taxpayers shouldn't be forced to pay for "earmarks for politicians,"<sup>9</sup> or foot the bill for corrupt candidates and their crooked schemes. Instead of asking for subsidies, politicians should be addressing the real concerns of the people they represent.

## **II. A September 2011 report published by the Center for Competitive Politics, which examined publicly available information on corruption in Arizona, Maine, and New York City's taxpayer-financed campaign systems, found disturbing amounts of corruption in these programs and New York City's in particular.**

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<sup>6</sup> Del Quentin Wilber and Mike DeBonis, "Former D.C. Council member Harry Thomas Jr. pleads guilty to felonies," *The Washington Post*. Retrieved on July 8, 2013. Available at: [http://www.washingtonpost.com/local/dc-councilman-harry-thomas-jr-pleads-guilty-to-felonies/2012/01/06/gIQAkYL9eP\\_story.html](http://www.washingtonpost.com/local/dc-councilman-harry-thomas-jr-pleads-guilty-to-felonies/2012/01/06/gIQAkYL9eP_story.html) (January 6, 2012), p. 1.

<sup>7</sup> Del Quentin Wilber and Keith L. Alexander, "Kwame Brown pleads guilty to felony bank fraud charge, separate misdemeanor," *The Washington Post*. Retrieved on July 8, 2013. Available at: [http://www.washingtonpost.com/local/crime/kwame-brown-pleads-guilty-to-felony-bank-fraud-charge/2012/06/08/gJQASG9INV\\_story.html](http://www.washingtonpost.com/local/crime/kwame-brown-pleads-guilty-to-felony-bank-fraud-charge/2012/06/08/gJQASG9INV_story.html) (June 8, 2012), p. 1.

<sup>8</sup> Ann E. Marimow and Mike DeBonis, "Former D.C. Council member Brown pleads guilty to bribe charge," *The Washington Post*. Retrieved on July 8, 2013. Available at: [http://www.washingtonpost.com/local/former-dc-council-member-michael-brown-expected-to-plead-guilty-to-bribe-charge-monday/2013/06/10/7bf75812-d1d5-11e2-8cbe-1bcbee06f8f8\\_story.html](http://www.washingtonpost.com/local/former-dc-council-member-michael-brown-expected-to-plead-guilty-to-bribe-charge-monday/2013/06/10/7bf75812-d1d5-11e2-8cbe-1bcbee06f8f8_story.html) (June 10, 2013), p. 1.

<sup>9</sup> Jonetta Rose Barras, "Public campaign financing in D.C.? No, thanks.," *The Washington Post*. Retrieved on July 8, 2013. Available at: [http://www.washingtonpost.com/opinions/public-campaign-financing-in-dc-not-with-our-money-you-dont/2013/06/27/74b698b6-df4e-11e2-b94a-452948b95ca8\\_story.html](http://www.washingtonpost.com/opinions/public-campaign-financing-in-dc-not-with-our-money-you-dont/2013/06/27/74b698b6-df4e-11e2-b94a-452948b95ca8_story.html) (June 28, 2013).

For a litany of examples of so-called “clean elections” programs’ failure to stem corruption, one need look no further than New York City, which has had a citywide matching funds program similar to the one proposed in this bill since 1988. To this end, CCP published a report in 2011 compiling public data on corruption from news reports and official sources reporting on Arizona, Maine, and New York City’s “clean elections” programs. We sought to evaluate the claims of these programs’ proponents that “clean elections” programs deter either corruption or the appearance of corruption. The abuse of tax-financed funds is so pervasive, particularly in New York City’s program, that such a system cannot possibly live up to the “clean” moniker that has been assigned to it by its proponents. I will quote from some of the most notable stories and data found in our report: “Clean Elections and Scandal: Case Studies from Maine, Arizona, and New York City.”<sup>10</sup> Although this report was published in 2011, much of the data remains current, as elections for New York City Council have not been held since 2009.

### *John Liu’s Straw Donors*

Before discussing our report, I must note the recent news that two former aides to New York City Comptroller and current mayoral candidate John Liu were convicted and found guilty of conspiracy to commit wire fraud and attempted wire fraud in a straw donor scheme.<sup>11</sup> Although Liu’s involvement and knowledge of this operation is only speculated at this point, it is clear his treasurer and an associated fundraiser were found guilty in a scheme to obtain matching funds in New York City’s tax-financed funding program by using fake contributors in an attempt to loot the matching funds program and evade existing contribution limits. Although uncharged, Liu’s former Press Secretary admitted in her testimony at the trial of Liu’s aides to offering to reimburse potential donors for their contributions to Liu’s 2013 mayoral campaign.<sup>12</sup> As more details surrounding this scheme become available, one thing is certain: as would be the case in D.C., the lure of a lavish tax-financed matching funds program appears to have motivated the Comptroller’s aides to falsify donors in order to attempt a raid on the city’s tax coffers.

### *The Astonishing Public Cost to Taxpayers of Corruption in New York City*

Our study found that between 2001 and 2011, a staggering total of **\$13,924,189** in taxpayer dollars was distributed to participating candidates in New York City’s “clean elections” program, who were then investigated for – and, in many cases, convicted of – abuse, fraud, and other forms of public corruption.<sup>13</sup>

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<sup>10</sup> Jason Farrell, “Clean Elections and Scandal: Case Studies from Maine, Arizona, and New York City,” Center for Competitive Politics Issue Review. Available at: <http://www.campaignfreedom.org/wp-content/uploads/2012/12/Clean-Elections-and-Scandal.pdf> (September 23, 2011).

<sup>11</sup> Benjamin Weiser, “Two Former Liu Associates Are Found Guilty in Campaign-Finance Scheme,” *New York Times*. Retrieved on July 9, 2013. Available at: <http://www.nytimes.com/2013/05/03/nyregion/former-liu-associates-convicted-in-fund-raising-case.html> (May 3, 2013).

<sup>12</sup> Christina Boyle, “Controller John Liu former press secretary admits to offering to reimburse donors,” *New York Daily News*. Retrieved on July 9, 2013. Available at: <http://www.nydailynews.com/news/politics/ex-liu-press-secretary-admits-offering-reimburse-donors-article-1.1326906> (April 25, 2013).

<sup>13</sup> New York City Campaign Finance Board Post-Election Reports 1989-2009. Appendices include full campaign finance data. Available at: [http://www.nyccfb.info/press/news/per.htm?sm=press\\_21a](http://www.nyccfb.info/press/news/per.htm?sm=press_21a).

In 1988, New York City began a voluntary Campaign Finance Program, which provides tax funds to qualifying candidates for mayor, public advocate, comptroller, borough president, and City Council. The details of the program have changed through the years, and the program has offered richer matches, which has led to an increase in its cost. Currently, to qualify, candidates must raise contributions of up to \$175 above an office-specific minimum threshold from individual contributors. Once this threshold is reached, candidates become eligible for matching funds at a ratio of \$6 in tax funds for every \$1 raised from a contributor, with a maximum of \$1,050 in tax funds granted to a participating candidate per individual contributor. In some situations, higher bonus rates may apply if a candidate who participates in the program is running against a non-participating candidate.<sup>14</sup> To be eligible for taxpayer funds, candidates must have an opponent on the ballot, be on the ballot themselves, and comply with all program regulations, or face fines.

Interestingly enough, by its own account, the New York City Campaign Finance Board (CFB) has come up short in fulfilling the goals of the program to “level the playing field” by assisting candidates with fewer fundraising resources. In a report on the 2003 City Council elections, the CFB lamented that “the program’s requirements...appear to have contributed to greater disparities between office holders’ and challengers’ campaign finances...” The Board further admitted that “the Public Fund has helped to finance possibly unnecessary campaign expenses and uncompetitive campaigns.”<sup>15</sup>

Since its inception 25 years ago, New York City’s tax-financed matching system has been abused through a variety of methods by a number of candidates and entities. I detail just several major instances of the abuse of millions of dollars in taxpayer funds below.

#### *The Working Families Party/Data and Field Services Scandal*

In August 2009, the City of New York began an investigation into the misuse of tax-financed funds during the 2009 election. Six City Council candidates and public advocate candidate Bill de Blasio were supported by a nonprofit organization called the Working Families Party (WFP) and were investigated for “a complicated web of coordinated activities, shared resources and staff, and quiet money transfers” between WFP and its for-profit affiliate, Data and Field Services (DFS), a company that candidates and WFP paid to do canvassing and other field operations. Allegedly, the campaigns appeared to have found a way to circumvent New York City’s campaign finance laws by paying Data and Field Services vastly beyond the \$10,000 limit that candidates can pay to political parties for campaign-related activities.<sup>16</sup>

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<sup>14</sup> “The Bonus Situation—2009 Citywide Elections,” NYC Campaign Finance Board. Available at: [http://www.nycfb.info/candidates/candidates/bonusSituation.aspx?zoom\\_highlight=the+bonus+situation](http://www.nycfb.info/candidates/candidates/bonusSituation.aspx?zoom_highlight=the+bonus+situation). (2011). The legality of “the bonus situation” is potentially in question following a Supreme Court Ruling in *Arizona Free Enterprise Club Freedom PAC v. Bennett*, 131 S. Ct. 2806 (2011).

<sup>15</sup> “The 2003 City Council Elections: A Report by the Campaign Finance Board,” New York City Campaign Finance Board. Available at: [http://www.nycfb.info/PDF/per/2003\\_PER/PER\\_complete.pdf](http://www.nycfb.info/PDF/per/2003_PER/PER_complete.pdf) (Vol. 1, September 2004), p. 9.

<sup>16</sup> Edward-Isaac Dove, “CITY HALL SPECIAL INVESTIGATION REPORT: Six Council Campaigns, De Blasio Campaign, Discovered Using Working Families Staff, Resources, in Test of City Finance Limits,” *City Hall News*. Retrieved on July 9, 2013. Available at: <http://www.cityhallnews.com/2009/08/city-hall-special-investigative-report-six-council-campaigns-de-blasio-campaign-discovered-using-working-families-staff-resources-in-test-of-city-finance-limits/> (August 9, 2009), p. 1.

According to its founder, WFP attorney Kevin Finnegan, Data and Field Services was created in February 2007 for the very purpose of skirting campaign finance limits. In an interview with the *New York Post*, Finnegan noted that, by creating a separate operation, candidates don't have to hire WFP, thereby avoiding potential issues with campaign finance laws that limit direct contributions to political parties.<sup>17</sup>

In New York City, the \$10,000 limit applies to donations to nonprofit political entities and parties;<sup>18</sup> private companies who do for-profit business with campaigns are exempt. By creating a for-profit company that turns no profit, WFP and its favored candidates were able to game the City's campaign finance system to their advantage, drawing the ire of Republican candidates, who asked City Hall to investigate in April 2009. *City Hall News* reported in August 2009 that WFP and nine candidates it backed transferred over \$800,000 in funds to DFS through mid-July, well beyond the legal limit. Because private companies who work for campaigns are not subject to the same accounting scrutiny by authorities as nonprofits, how DFS actually spent the money was unclear.<sup>19</sup>

For example, then-City Council candidate Debi Rose, who was formally endorsed by WFP on February 5, 2009, spent a total of \$45,000 on DFS services. Ms. Rose received taxpayer-funded matching grants of approximately \$88,000.<sup>20</sup> Another candidate, Julissa Ferreras spent \$17,000 on DFS services during her successful bid for City Council in a 2009 special election. Ms. Ferreras received \$72,480 in tax-financed matching funds.<sup>21</sup><sup>22</sup> A third candidate, Jimmy Van Bramer, paid DFS \$4,700 for signature collection and campaign materials distribution. Although Van Bramer's campaign finance disclosures claimed to have not paid any money to WFP, according to *City Hall News*, WFP's State Board of Elections campaign finance disclosures show a check from Bramer's campaign for \$4,700, "cashed and logged" on July 7, 2009. *City Hall News* concluded that Van Bramer's check was likely paid to DFS and cashed by the Working Families Party, further evidence of the blurring together of these supposedly separate entities.<sup>23</sup> Mr. Van Bramer received \$84,122 in tax-financed matching funds.<sup>24</sup>

The lines between the two organizations seem to be blurred so much that it is, in fact, highly questionable whether DFS actually exists as a separate entity from WFP. DFS listed its address at 612 2nd Street in the Bronx, the private residence of a supposed former WFP accountant named George Short (as identified by WFP Executive Director Dan Cantor, though he could provide no contact information). The company had no website, phone number, or confirmable employees. It had no ads for employment on Idealist.org or Craigslist, though WFP

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<sup>17</sup> Brendan Scott and David Seifman. "GOP SLAMS WORKING FAMILIES 'GAME' PLAN," *New York Post*. Retrieved on July 9, 2013. Available at: [http://www.nypost.com/p/news/regional/gop\\_slams\\_working\\_families\\_game\\_eAk2I7uyx4hBYXQYAOpjJJ](http://www.nypost.com/p/news/regional/gop_slams_working_families_game_eAk2I7uyx4hBYXQYAOpjJJ) (April 1, 2009).

<sup>18</sup> Carol Greenberg, "The incestuous relationship between Working Families Party & Data & Field Services—Part II," *Emerging Corruption*. Retrieved on July 9, 2013. Available at: <http://www.redstate.com/ladyimpactohio/2010/07/27/the-incestuous-relationship-between-working-families-party-data-field-services/> (July 26, 2010).

<sup>19</sup> *Ibid.* 16, at 2.

<sup>20</sup> *Ibid.* 16, at 30.

<sup>21</sup> "New Yorkers Make Their Voices Heard—A Report on the 2009 Elections," Retrieved on July 9, 2013. New York City Campaign Finance Board. Available at: [http://www.nycffb.info/PDF/per/2009\\_PER/2009PostElectionReport.pdf](http://www.nycffb.info/PDF/per/2009_PER/2009PostElectionReport.pdf) (September 2010), p. 118.

<sup>22</sup> *Ibid.* 16, at 15.

<sup>23</sup> *Ibid.* 16, at 17.

<sup>24</sup> *Ibid.* 21, at 28.

did have an Idealist.org listing for the types of campaign jobs matching the description of those done by DFS. Campaign finance disclosures from WFP indicated that WFP and DFS had split expenditures totaling over \$42,000 for transporting canvassers to locations by rental car as if they were a single entity. *City Hall News* opined that “in other words, the WFP and DFS do not show clear separations between them—not in office space, not in staffing, not in payroll, not in accounting for expenditures and not in hiring.”<sup>25</sup>

Many of DFS’s supposed employees seemed to actually be employed by the Working Families Party. Saba Debesu, who in 2009 was listed in the contact information for WFP’s “organizing intern” program on the WFP website and has a WFP email address, was employed by DFS to field calls for WFP-endorsed City Council candidate Jumaane Williams. Mr. Williams’ campaign paid \$4,000 to DFS on June 16, 2009. In contrast, his campaign paid a mere \$100 contribution to WFP, according to campaign finance disclosures.<sup>26</sup>

Daniel Dromm, another City Council candidate, apparently paid WFP employee Melody Lopez to work as a campaign manager. Lopez told *City Hall News* during the election that she was “on leave” from WFP while working for the campaign and that all of her pay came from the campaign through DFS. She did indicate that her leave was not “official,” and she was still receiving her normal salary from WFP. The Dromm campaign’s disclosures indicated a \$2,600 payment to DFS, though Dan Cantor of WFP indicated the contract was for a much larger amount and would total over \$40,000 by the end of the campaign.<sup>27</sup>

Public advocate candidate Bill de Blasio sent a payment of \$10,435 to DFS on July 2, 2009 with “plans to pay more,” according to *City Hall News*. This was in addition to the maximum \$10,000 contribution to WFP de Blasio made in October 2008, approximately two weeks before he decided to run for public advocate. De Blasio was described as a “key player” in the formation of WFP in 1998 by Dan Cantor. “We’re friends with everyone else who’s running, but we have a special bond to him and we’re trying to make sure that that is known.”<sup>28</sup> De Blasio was subpoenaed along with WFP in December 2009 by the U.S. Attorney’s Office for the Southern District of New York during their probe into WFP’s activities.<sup>29</sup>

Four years hence, the Data and Field Services problem is still ongoing. A May 19, 2011 report in *City Hall News* indicated that DFS recently resisted a court order to separate itself from WFP and fire its Executive Director, or reconstitute as a nonprofit entity. DFS protested that it needs to remain close to WFP in order to stay effective and relies on WFP for the majority of its contracts. According to Randy Mastro, who represents the litigants against DFS: “They never say there’s any separation of space or any real separation of personnel... They say the WFP needs the DFS’s people there so vitally, so close at hand, that they need to be there... operating in the

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<sup>25</sup> *Ibid.* 16, at 11.

<sup>26</sup> *Ibid.* 16, at 19.

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.* 16, at 24, 29.

<sup>29</sup> Azi Paybarah, “U.S. Attorney Subpoenas Working Families Party, and Bill de Blasio Too,” *New York Observer*. Retrieved on July 9, 2013. Available at: <http://www.observer.com/2009/politics/us-attorney-subpoenas-working-families-party-bill-de-blasio> (December 15, 2009).

same office with the same people.”<sup>30</sup> Many issues in this scandal remain unresolved, but, at the very least, it is clear that hundreds of thousands of taxpayer dollars have potentially been used in an illegal manner, thanks to the existence of a citywide matching funds program.

### *1199/SEIU, AFL-CIO Illegal Coordination*

New York City Council candidates have also been investigated for a number of other potential abuses of the matching funds program, including collusion with New York’s Health and Human Services Union, 1199/SEIU, AFL-CIO, known more simply as 1199 SEIU.

SEIU’s well-documented involvement with Fernando Ferrer’s 2005 mayoral campaign was investigated by the CFB, which found the relationship between the union and the campaign were sufficiently close to question its legality. According to the CFB report:

Notably, key personnel on leave from their positions at 1199 SEIU were involved with organizing the campaign’s field operations and get-out-the-vote efforts, which extensively utilized 1199 SEIU members. Moreover, 1199 SEIU officials attended a campaign strategy meeting in the month preceding the election with Mr. Ferrer and campaign staff. 1199 SEIU also printed and distributed hundreds of thousands of glossy brochures in support of Ferrer.<sup>31</sup>

The Board concluded in July 2009 that SEIU’s activity on behalf of the campaign amounted to coordinated activity and assessed a \$10,000 penalty against Ferrer’s campaign committee for accepting over-the-limit and in-kind contributions.<sup>32</sup>

In October 2007, New York City Councilwoman Annabel Palma was fined \$30,000 by the New York City Campaign Finance Board for illegally coordinating with SEIU during her 2003 campaign. CFB found the union provided in-kind contributions in excess of local limits. Ms. Palma claimed no desire at the time to seek taxpayer dollars for her campaign in the future, but was a recipient of tax-financed funding through the CFB program during the 2009 election.<sup>33</sup>

However, Palma’s close relationship with SEIU didn’t end in 2003. She managed to receive *twenty times* the legally limited contribution from SEIU, who skirted campaign finance restrictions by donating \$51,675 to her legal defense fund. According to the *New York Post*, individuals, corporations, and unions are ordinarily limited to donating \$2,750 to a City Council candidate per cycle. By routing its cash through Palma’s legal defense fund, 1199 was able to give Palma an amount greater than all of her other campaign contributions combined, effectively

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<sup>30</sup> Jon Lentz, “Data and Field Services Pushes Back Against Judge’s Order,” *City Hall News*. Retrieved on July 9, 2013. Available at: <http://www.cityhallnews.com/2011/05/data-and-field-services-pushes-back-against-judge%E2%80%99s-order/> (May 19, 2011).

<sup>31</sup> *Ibid.* 21, at 74.

<sup>32</sup> *Ibid.*

<sup>33</sup> Azi Paybarah, “After Fine, Palma Will Reject Matching Funds,” *New York Observer*. Retrieved on July 9, 2013. Available at <http://www.observer.com/2007/after-fine-palma-will-reject-matching-funds-0> (October 17, 2007).



paying her CFB fine without jeopardizing her eligibility for tax-financed matching funds.<sup>34</sup> Palma still sits on the City Council.

Furthermore, as an influential force in New York politics, SEIU has been able to exert so much influence on the City Council that it managed to steer campaign law in its favor. Council Speaker and current mayoral candidate Christine Quinn allowed the City Council to severely limit contributions that were previously allowed from parties “doing business” with the City, with a significant exception for public-sector unions like the SEIU.<sup>35</sup> Again, the existence of a citywide matching funds program provided the opportunity for illegal coordination by the SEIU.

### *The Conviction of “Cash and Carry Larry” Seabrook*

Others who have accepted tax-financed funding for their campaigns have been investigated for unsavory behavior, indicating that the “clean election” tag may be anything but when it comes to New York City politics.

Former Councilman Lawrence Seabrook, known colloquially as “Cash and Carry Larry,”<sup>36</sup> was charged with a litany of abuses dating back to at least 2003 in a mammoth 66-page, 13-count federal indictment in February 2010.<sup>37</sup> Seabrook, who was re-elected in 2009 with an overwhelming 90.3% of the vote, accepted \$16,542 in tax-financed funds from the CFB.<sup>38</sup>

Among other crimes, like former D.C. Councilmember Michael A. Brown, Seabrook was convicted of accepting bribes, extorting money, and other questionable behavior that netted him approximately \$200,000 in “illegal rent, expenses and payoffs,” including extorting a Bronx boiler company executive who collected a \$283,000 Yankee Stadium contract with Seabrook’s alleged assistance.<sup>39</sup> Seabrook was convicted on nine of twelve counts and was sentenced to five years in prison on January 8, 2013.<sup>40</sup> As before, the city’s matching funds program did nothing to prevent Seabrook’s bribery schemes.

### *Fraudulent Disclosures, Personal Use of Taxpayer Funds, and Criminal Conspiracy*

Recipients of taxpayer dollars under New York City’s taxpayer financing program have manipulated the system in a variety of other ways as well.

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<sup>34</sup> Editorial, “Labor’s artful dodgers,” *New York Post*. Retrieved on July 9, 2013. Available at [http://www.nypost.com/p/news/opinion/editorials/labor\\_artful\\_dodgers\\_74Dc9AfQSZCz23TFW1v77H](http://www.nypost.com/p/news/opinion/editorials/labor_artful_dodgers_74Dc9AfQSZCz23TFW1v77H) (June 7, 2010).

<sup>35</sup> *Ibid.*

<sup>36</sup> Celeste Katz, “Bronx Councilman ‘Cash and Carry Larry’ Seabrook in Trouble Again,” *New York Daily News*. Retrieved on July 9, 2013. Available at: <http://www.nydailynews.com/blogs/dailypolitics/2010/06/cash-and-carry-larry-seabrook.html> (June 25, 2010).

<sup>37</sup> Alison Gendar and Larry McShane, “Bronx City Council member Larry Seabrook hit with laundry list of corruption charges,” *New York Daily News*. Retrieved on July 9, 2013. Available at: [http://articles.nydailynews.com/2010-02-09/local/27055793\\_1\\_list-of-corruption-charges-indictment-bagel](http://articles.nydailynews.com/2010-02-09/local/27055793_1_list-of-corruption-charges-indictment-bagel) (February 9, 2010).

<sup>38</sup> *Ibid.* 21, at 119.

<sup>39</sup> *Ibid.* 37.

<sup>40</sup> Robert Gearty and Ginger Adams Otis, “Former city councilman Larry Seabrook sentenced to five years for misappropriation of funds,” *New York Daily News*. Retrieved on July 8, 2013. Available at: <http://www.nydailynews.com/new-york/larry-seabrook-sentenced-years-misappropriation-funds-article-1.1235667> (January 8, 2013).

In December 2008, the CFB won its case against former City Council member and then-Senate Majority Leader Pedro Espada, Jr. regarding improprieties in his 2001 campaign for Bronx Borough President. The CFB found, among other violations, that Espada had not properly disclosed the use of corporate contributions and had repeatedly failed to provide full disclosure of campaign expenditures. He was summarily denied tax-financed matching funds due to the violations, but during the post-election audit, the CFB discovered additional violations, including the campaign's acceptance of in-kind contributions from entities controlled by Espada, such as Soundview Health Care Network, whose employees had been reimbursed for their contributions to his campaign. The Board found Espada to be in violation of 22 campaign finance laws and assessed his campaign \$61,750 in penalties. After months of legal wrangling during which Espada unsuccessfully sued CFB and demanded payment to his campaign of the \$173,000 in matching funds he had originally qualified for, Espada paid the penalties in August 2009.<sup>41</sup>

Similarly, former City Councilman Miguel Martinez was granted \$128,786 in tax-financed matching funds for his 2001 campaign. During routine audits by the CFB, Martinez failed to disclose documentation that justified his use of public funds. The CFB issued a draft audit report finding that the campaign had been unable to document any qualified expenditures and would have to repay all the public funds received. In response, the campaign subsequently produced documents that appeared to have been fabricated, "including apparently altered invoices, discrepancies in signatures, and false endorsements of checks." The CFB fined Martinez \$44,780 and demanded he return all \$128,786 in received public funds. Martinez sued, but CFB won the case in December 2008. Martinez later pleaded guilty to federal corruption charges alleging that he converted over \$100,000 in taxpayer funds to personal use through various illegal schemes in which he approved and submitted fabricated documents to the City. He was sentenced to five years in prison.<sup>42</sup>

CFB also audited Michael Roth, a 2005 City Council candidate, who received \$20,392 in tax-financed funds, and found that he converted \$17,223 for personal use. CFB claimed he made eighty expenditures from campaign funds totaling \$8,035 that were unrelated to his election, such as payments for groceries, gas, car expenses, and MetroCards. After the election, Roth spent an additional \$9,188 on airline tickets to Florida, tickets to tourist attractions in Florida, restaurant bills, MetroCards, and phone bills. The Board assessed \$20,000 in penalties against Roth in December 2008 for failing to prove that the expenditures were campaign-related and for knowingly making fraudulent expenditures. After the CFB received a judgment against Roth in June 2010, he repaid all the public funds.<sup>43</sup>

Veteran City Councilman Sheldon Leffler of District 23 was convicted in New York Supreme Court in November 2003 on charges of "attempting to defraud the CFB of \$38,000 in tax-financed funds," during his 2001 bid for Queens Borough President. According to Queens real estate executive Rita Stark, she and Leffler schemed to divide her \$10,000 contribution into "clean elections"-compliant \$250 contributions to qualify for the then-current \$4 to \$1 match in tax-financed funds. The Board noticed "irregularities" in the campaign's documentation and Leffler was denied public funds and eventually indicted on 13 counts of criminal conspiracy,

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<sup>41</sup> *Ibid.* 21, at 73-74.

<sup>42</sup> *Ibid.* 21, at 74-75.

<sup>43</sup> *Ibid.* 21, at 76.

attempted grand larceny, forgery, and filing of false documents. He was found guilty on seven counts, sentenced to five years of probation, ordered to pay a \$5,000 fine, and serve 540 hours of community service.<sup>44</sup>

### **III. Corruption and misuse of tax-financed funds is not limited to New York City, as the experience of Arizona and Maine’s statewide “clean elections” programs demonstrate.**

It is instructive to note that both Arizona and Maine have suffered from corruption in their statewide taxpayer-financed campaign programs as well.

#### *Arizona’s Citizens Clean Elections Act (CCEA)*

The thirteen-year-old CCEA has been expertly gamed by Arizona candidates, political action committees, political parties, and other interest groups, who have found myriad ways to not only evade reporting requirements and spending limits, but have actually used state campaign finance laws to their advantage, contrary to the intent of the campaign finance system.

One such legislative candidate, Yurikino Centit “Yuri” Downing, was criminally indicted on six felony counts in July 2004, claiming he misused over \$100,000 in public matching funds during his campaign and the campaigns of his two friends, Trevor Clevenger and Paul DeDonati, for which he served as treasurer. Downing, who claimed to be running a “youth oriented” libertarian campaign when he ran for state legislator in 2002, spent campaign money on parties at Scottsdale night clubs and restaurants, on vehicle rentals, and to purchase expensive office equipment. Colleen Connor, Executive Director of the Arizona Citizens’ Clean Elections Commission, said in April 2003 that she could find no evidence that there was a serious bid for public office by Downing or the other two candidates, Clevenger and DeDonati. Downing and the other candidates were ordered by the Commission to repay the entire sum of the public funding they received, but both Clevenger and DeDonati managed to have their fines reduced to \$15,000 each.<sup>45</sup>

Unsuccessful Republican state senate candidate Andre Campos ran in 2008 and was granted \$35,841<sup>46</sup> in tax-financed funds, spending \$23,155 of his funding at a company he owned, Image Design Communications.<sup>47</sup> Another Republican candidate for state representative, John Fillmore, paid himself \$2,861 in “petty cash/miscellaneous” expenses from his matching funds, ostensibly to avoid his bank’s checking fees. He also paid \$17,350 to an attorney, Daniel Washburn, for vaguely listed “communications.”<sup>48</sup>

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<sup>44</sup> *Ibid.* 15, at 8.

<sup>45</sup> “Failed Candidate Indicted Over Use of Campaign Funds,” *Arizona Capitol Times*. Retrieved on July 8, 2013. Available at <http://azcapitoltimes.com/news/2004/07/23/failed-candidate-indicted-over-use-of-campaign-funds/> (July 23, 2004).

<sup>46</sup> “2008 Primary and General Election Summaries,” Arizona Citizens Clean Elections Commission. Retrieved on July 8, 2013. Available at: <http://www.azcleanelections.gov/forms-pubs/archive/2008/publications.aspx>.

<sup>47</sup> Sarah Fenske, “The Dirty Truth about ‘Clean’ Elections,” *Phoenix New Times*. Retrieved on July 8, 2013. Available at: <http://www.phoenixnewtimes.com/2009-04-02/news/the-dirty-truth-about-clean-elections/> (April 2, 2009), p. 3.

<sup>48</sup> *Ibid.*

Margarite Dale ran for the Arizona House of Representatives on the Green Party ticket in the 2008 election cycle, as a part of an apparent Republican tactic to fund Green Party candidates in order to siphon votes away from Democratic opponents. Dale qualified for \$68,531 in tax-financed funds and was found to have given money to consultants affiliated with Republican State Representative Jim Weiers, Senator Linda Gray, and former Representative Douglas Quelland. Dale was assisted in meeting qualifications for matching funds by Weiers, Quelland, and State Representative Kimberly Yee and/or their families. Upon receiving her tax-financed funding, Dale purchased a camera, two computers, and a full set of computer software totaling over \$4,000, which she then kept after the campaign had concluded.<sup>49</sup> Much of the remaining funding was used to attack Democratic candidate Jackie Thrasher, although an additional \$10,500 was spent on “polling/research,” which is rare for a legislative campaign.<sup>50</sup> The Republicans involved in Dale’s campaign have stated they were merely interested in working toward “results” and had benign bipartisan interests at heart in supporting Dale’s campaign. The Green Party actively campaigned against Dale, claiming she did not actually support their ideals.<sup>51</sup>

In November 2010, former Arizona Senate candidate Robert Green was indicted for submitting false documents with the Arizona Clean Elections Fund to collect more than \$21,000 in tax-financed matching funds.<sup>52</sup> Green had actually been removed from the matching funds program the previous May by the Citizens Clean Election Commission and ordered to repay \$20,000.<sup>53</sup> According to the indictment, Green lied about receiving qualifying contributions, knowingly accepted contributions in the name of one person when they were made by another, and lied to the Committee to obscure the violations.<sup>54</sup> On February 1, 2011, Green signed a plea agreement that sentenced him to probation and ordered him to pay a \$9,479 fine to the Anti-Racketeering Fund and over \$11,000 in restitution to the Arizona Secretary of State and the Citizens’ Clean Election Commission.<sup>55</sup>

The above is just a sampling of the abuse and corruption surrounding Arizona’s Citizens Clean Elections Act. Taken together, **\$1,428,919** in tax-financed funds was granted to participating candidates in Arizona who were investigated for campaign finance abuses between 2001 and 2011.<sup>56</sup> In similar fashion to New York City, nearly 1.5 million dollars in taxpayer money was spent on frivolous purchases, was used for personal expenses, or was obtained fraudulently.

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<sup>49</sup> *Ibid.*, p. 1.

<sup>50</sup> *Ibid.*, p. 4.

<sup>51</sup> Mary Jo Pitzl, “Dems expect Statehouse gains from W. Valley,” *The Arizona Republic*. Retrieved July 8, 2013. Available at: <http://azcentral.com/news/articles/2008/10/25/20081025westsideraces1025.html> (October 25, 2008).

<sup>52</sup> The Arizona Republic, “Former Legislature candidate indicted on fraud, theft charges,” *AZCentral.com*. Retrieved on July 8, 2013. Available at: <http://www.azcentral.com/news/articles/20101102former-arizona-legislature-candidate-indicted02-ON.html> (November 2, 2010).

<sup>53</sup> Nathan Thomas, “Arizona Republican kicked off campaign financing for fraud,” Democratic Legislative Campaign Committee. Retrieved on July 10, 2013. Available at: <http://dlcc.org/news/arizona-republican-kicked-public-financing-fraud-0> (May 28, 2010).

<sup>54</sup> *Ibid.*

<sup>55</sup> *The State of Arizona v. Robert Mark Green*. Case No: CR 2010-007636-001DT. Retrieved on July 8, 2013. Available at: [http://www.azag.gov/press\\_releases/feb/2011/Green%20Plea%20Agreement.pdf](http://www.azag.gov/press_releases/feb/2011/Green%20Plea%20Agreement.pdf) (February 1, 2011).

<sup>56</sup> Figure compiled from Arizona Citizens Clean Elections Commission candidate reports, available at: <http://www.azcleanelections.gov/election-data/search.aspx#>.

### *Maine's Clean Elections Act*

As with New York City and Arizona, Maine's Clean Elections Program has dealt with its share of corruption as well. A 2007 report on the Maine Clean Election Act, prepared by the Maine Commission on Governmental Ethics and Election Practices, detailed numerous cases of corruption.

Examples ranged from relatively minor instances of candidates inappropriately using funding to pay for personal expenses, like car maintenance costs,<sup>57</sup> to a variety of serious misdeeds, like the forging of signatures in order to meet the qualifying contribution requirement.<sup>58</sup> In another incident that at least raises the appearance of corruption, a gubernatorial candidate in Maine paid her husband over \$100,000 in campaign consulting fees using taxpayer dollars.<sup>59</sup>

While less staggering than in New York City and Arizona, a total of **\$127,241** in tax-financed funds was granted to Maine "clean elections" candidates, who were later investigated for abuses of taxpayer dollars between 2001 and 2011.<sup>60</sup>

#### **IV. In addition, an April 2013 academic study found that state-level campaign finance reforms, including taxpayer-financed campaigns, failed to decrease the incidence of public corruption.**

This spring, CCP Academic Advisor and Professor of Economics at the University of Missouri, Jeff Milyo, and Adriana Cordis, Assistant Professor of Economics at the University of South Carolina Upstate, released a working paper in conjunction with the Mercatus Center at George Mason University, which systematically examined the effects of campaign finance laws on actual corruption rates in the states.<sup>61</sup> In addition to other reform measures, the paper specifically evaluated the corruption convictions of public officials in states with existing tax-financed campaign programs in its analysis of the effects of campaign finance laws.<sup>62</sup>

Cordis and Milyo assessed the effects of state campaign finance reforms on both convictions and filings in cases of public corruption over the past 25 years. Ultimately, the authors found "no strong or convincing evidence that state campaign finance reforms reduce public corruption."<sup>63</sup> Earlier research from Milyo and fellow CCP Academic Advisor, David

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<sup>57</sup> "2007 Study Report: Has Public Funding Improved Maine Elections?," Maine Commission on Governmental Ethics and Election Practices. Retrieved on July 9, 2013. Available at:

[http://www.mainecelelections.org/assets/files/2007\\_study\\_report.pdf](http://www.mainecelelections.org/assets/files/2007_study_report.pdf) (April 2007), p. 92.

<sup>58</sup> *Ibid.*, p. 94.

<sup>59</sup> "Amended Minutes of the July 16, 2007 Meeting of the Commission on Governmental Ethics and Election Practices," Maine Commission on Governmental Ethics and Elections Practices. Retrieved on July 10, 2013. Available at: <http://www.maine.gov/ethics/pdf/meetings/20070716/20070716minutes.pdf> (July 16, 2007), p. 12.

<sup>60</sup> Figure compiled from Maine Commission on Governmental Ethics and Election Practices reports, available at:

<http://www.mainecampaignfinance.com/Public/SearchPages/ContributionSearch.aspx?SearchType=Basic&Entity=CAN>.

<sup>61</sup> Adriana Cordis and Jeff Milyo, "Working Paper No. 13-09: Do State Campaign Finance Reforms Reduce Public Corruption?" Mercatus Center at George Mason University. Retrieved on May 6, 2013. Available at: [mercatus.org/sites/default/files/Milyo\\_CampaignFinanceReforms\\_v2.pdf](http://mercatus.org/sites/default/files/Milyo_CampaignFinanceReforms_v2.pdf) (April 2013).

<sup>62</sup> *Ibid.*, p. 18.

<sup>63</sup> *Ibid.*, p. 2.

Primo, a Professor of Political Science and Business Administration at the University of Rochester, also found that state campaign finance reforms fail to increase public trust and confidence in government in any meaningful way.<sup>64</sup> Taken together, this research further calls into question both the claims of “clean elections” proponents and the likely long-term effects of the implementation of a taxpayer-financed campaign program in this city.

#### **V. Taxpayer-financed campaign programs fail to change legislative voting patterns in any meaningful manner.**

Advocates of tax-financed campaigns systems often claim that such programs will reduce the impact of special interests. However, there is no evidence to support this claim. In October 2012, CCP published an update to our March 2010 preliminary report that measured changes in the voting patterns of legislators who served in the Connecticut General Assembly during the 2007-2008 and 2009-2010 legislative sessions and accepted taxpayer dollars for their 2008 re-election campaigns through the state’s Citizens’ Election Program (CEP).<sup>65</sup> The Center compared the voting records of “clean elections” participant legislators in the session before the state’s tax financing program went into effect and in the session afterwards with the priority legislation of the top five interest groups in the state.

The report concluded that the CEP had not changed the frequency with which state legislators voted in favor of the positions of organized interest groups.<sup>66</sup> In many cases, the number of times that legislators voted in favor of the interest groups’ studied actually rose after Connecticut’s Citizens’ Election Program went into effect.<sup>67</sup> These findings were consistent with an earlier study of voting patterns of state legislators in Arizona the first year after that state offered taxpayer-financed political campaigns, which also found that Arizona’s program had no effect on the voting patterns of its participant legislators.<sup>68</sup>

Contrary to the contentions of “clean elections” advocates that taxpayer-financed campaign programs change legislative behavior by decreasing the influence of “special interests,” the experience of both Connecticut and Arizona strongly suggest otherwise.

#### **VI. Tax-financed campaign programs have not diminished interest group involvement in campaigns.**

Proponents of “clean elections” regularly claim that these programs will decrease the amount of interest group involvement in campaigns. However, states with similar programs have continued to witness considerable interest group involvement in campaigns, as these groups often organize to help candidates raise the required qualifying contributions necessary to receive

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<sup>64</sup> David M. Primo and Jeffrey Milyo, “Campaign Finance Laws and Political Efficacy: Evidence from the States,” *Election Law Journal Volume 5, No. 1*. Retrieved on July 9, 2013. Available at: <http://www.rochester.edu/college/psc/primo/primomilyoelj.pdf> (2006), p. 1.

<sup>65</sup> Jason Farrell, Sean Parnell, & Brett Sullivan, “Meet the New Legislature, Same as the Old Legislature: A Quantitative Analysis of the Connecticut Citizens’ Election Program,” Center for Competitive Politics Issue Review. Available at: <http://www.campaignfreedom.org/wp-content/uploads/2012/11/Connecticut-Clean-Elections.pdf> (October 22, 2012), p. 3.

<sup>66</sup> *Ibid.*, p. 9.

<sup>67</sup> *Ibid.*, p. 10.

<sup>68</sup> Robert Franciosi, “Is Cleanliness Political Goodliness?,” The Goldwater Institute. Available at: <http://www.goldwaterinstitute.org/article/899> (November 2001), p. 2.

tax-funding. This has happened in Arizona and Maine, as well as in New Jersey's failed pilot project. In Arizona's statewide tax financing program, this practice is so widespread that one news report noted that "...special interest groups routinely collect the necessary number of \$5 contributions to help candidates qualify for tax-financed funding."<sup>69</sup>

For evidence of these programs' failures, D.C. residents need look no further than nearby New Jersey, which experimented with a pilot program for taxpayer-financed campaigns for statewide candidates in a limited number of legislative districts in 2007. In "Appendix 5: Conclusions and Recommendations on New Jersey's 'Clean Election' Experiment," CCP compared the program's outcomes with its stated goals in order to determine whether the program was a success.<sup>70</sup> Our research demonstrated that the pilot program failed to achieve the majority of its stated goals, and the New Jersey Legislature wisely decided to abandon the program in 2008.

## **VII. Additional research has proven that other claims of "clean elections" advocates are false.**

Supporters of taxpayer-funded campaign programs often argue that replacing private contributions with taxpayer dollars will lead to a decrease in both the number of lobbyists and the influence of "special interests." In 2008, the Center tested this claim by examining lobbyist registrations in Arizona and Maine both before and after their "clean elections" programs went into effect.<sup>71</sup> Our analysis found no relationship between the existence of "clean elections" programs and changes in the number of registered lobbyists.<sup>72</sup>

Proponents of "clean elections" also argue that these programs will lead to more diverse legislatures featuring "non-traditional candidates," commonly characterized as those candidates lacking backgrounds in either law or business. The Center also scrutinized this claim by surveying the occupations of legislators in both Arizona and Maine, both before and after each state's taxpayer financing programs went into effect.<sup>73</sup> We witnessed no decline in the number of legislators from "traditional" backgrounds, and concluded that "there is no evidence that taxpayer-funded political campaigns in Arizona or Maine have had any impact in the number of legislators from 'non-traditional' backgrounds."<sup>74</sup>

Tax-financed funding advocates also assert that "clean elections" programs increase the proportion of women in state legislatures. Again, the Center examined this claim by examining the number of female legislators in Arizona and Maine, both before and after their taxpayer-

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<sup>69</sup> Christian Palmer, "Clean Elections Institute loses national money stream, seeks donations," *Arizona Capitol Times*, December 29, 2008.

<sup>70</sup> Sean Parnell, "Appendix 5: Conclusions & Recommendations on New Jersey's 'Clean Election' Experiment," Center for Competitive Politics Policy Briefing No. 1. Available at: <http://www.campaignfreedom.org/research/detail/appendix-5-conclusions-recommendations-on-new-jerseys-clean-elections-experiment> (May 27, 2008).

<sup>71</sup> Laura Renz & Sean Parnell, "Do 'Clean Elections' Reduce Lobbyist and Special Interest Influence?" Center for Competitive Politics Issue Analysis No. 1 Retrieved on July 9, 2013. Available at: [http://www.campaignfreedom.org/doclib/20080327\\_Issue\\_Analysis\\_1.pdf](http://www.campaignfreedom.org/doclib/20080327_Issue_Analysis_1.pdf) (March 2008).

<sup>72</sup> *Ibid.*, p. 3.

<sup>73</sup> Laura Renz, "Legislator Occupations – Change or Status Quo After Clean Elections?" Center for Competitive Politics Issue Analysis No. 2. Retrieved on July 9, 2013. Available at: [http://www.campaignfreedom.org/doclib/20091014\\_IssueAnalysis2.pdf](http://www.campaignfreedom.org/doclib/20091014_IssueAnalysis2.pdf). (April 2008).

<sup>74</sup> *Ibid.*, p. 3.

funded campaign programs began.<sup>75</sup> We found that the average number of female legislators in both states actually declined slightly after Arizona and Maine began providing taxpayer dollars to state legislative candidates.<sup>76</sup>

Finally, champions of tax-financed funding programs have alleged that such programs actually save taxpayer dollars due to the alleged decrease in so-called “special interest” influence. The Center tested this theory by evaluating the tax burdens and the rate of growth in government spending in Arizona and Maine both before and after each state’s tax-financing program went into effect.<sup>77</sup> The Center found that “once legislators began relying upon taxpayer dollars to fund their political campaigns, both states’ spending grew at a faster rate than the national average.”<sup>78</sup> As a result, we concluded that “there is no evidence to support the claim that replacing private, voluntary contributions to candidates with tax-financed funds will lead to savings for taxpayers.”<sup>79</sup>

### **VIII. Lastly, a citywide tax-financed program in Washington D.C. is likely to be expensive and rise in cost over time.**

While cost estimates for a citywide taxpayer-financed campaign program in Washington D.C are still largely unknown, at the very least, the Council’s matching funds proposal stipulates that the program would cost taxpayers in the nation’s capital at least \$10 million dollars, the amount deemed necessary for the “Elections Fund.”<sup>80</sup> Depending on the program’s participation rate, this amount is likely to rise substantially, especially given the creation of an “Economic Development Fund” for surplus public financing dollars. This low estimate is still likely conservative given the unknown nature of the administrative and enforcement costs that the city would incur through the creation of the program itself and the “Campaign Financing Oversight Office.”<sup>81</sup>

Additionally, the history of such programs illustrates that costs tend to increase over time, as supporters greatly expand the original program. For example, New York City’s program started with a \$1 to \$1 match, which is now a \$6 to \$1 match today.<sup>82</sup>

As another example, the Presidential Election Campaign Fund started with a \$1 check off, which is now \$3 per taxpayer, and there are proposals to increase the amount to \$5 or \$10 per taxpayer. At the same time, participation in this program by taxpayers has been falling dramatically. According to the Federal Election Commission, “participation in the tax checkoff

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<sup>75</sup> Laura Renz, “Do ‘Clean Elections’ Laws Increase Women in State Legislatures?” Center for Competitive Politics Issue Analysis No. 3. Retrieved on July 9, 2013. Available at: [http://www.campaignfreedom.org/doclib/20091014\\_IssueAnalysis3.pdf](http://www.campaignfreedom.org/doclib/20091014_IssueAnalysis3.pdf) (August 2008).

<sup>76</sup> *Ibid.*, p. 3.

<sup>77</sup> Sean Parnell, “Do Taxpayer-Funded Campaigns Actually Save Taxpayer Dollars?” Center for Competitive Politics Issue Analysis No. 4. Retrieved on July 9, 2013. Available at: [http://www.campaignfreedom.org/doclib/20080930\\_Issue\\_Analysis\\_4.pdf](http://www.campaignfreedom.org/doclib/20080930_Issue_Analysis_4.pdf) (September 2008).

<sup>78</sup> *Ibid.*, p. 3.

<sup>79</sup> *Ibid.*, p. 3.

<sup>80</sup> Councilmembers Kenyan R. McDuffie and David Grosso, “Public Financing of Political Campaigns Amendment Act of 2013,” B20-0120, District of Columbia City Council. Section 12(c)(2) (February 5, 2013).

<sup>81</sup> *Ibid.* Section 13.

<sup>82</sup> “A Brief History of the CFB: 1989,” New York City Campaign Finance Board. Retrieved on July 9, 2013. Available at: <http://www.nycffb.info/press/info/history.aspx> (2012).



program has declined each year, from a high of 28.7% for 1980 returns, to 6.6% for returns filed with the Internal Revenue Service (IRS) in 2010.”<sup>83</sup>

Although further discussion on the program’s funding has been promised in the fall, it remains to be seen how many millions of dollars will be taken from the wallets of D.C. residents to fund the creation of a taxpayer-financed campaign program.<sup>84</sup>

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A litany of information exists to dismiss nearly all claims of those who desire to implement a citywide system of taxpayer-funded campaigns in Washington D.C. Furthermore, one need only look to the experience of New York City – let alone Arizona, Connecticut, or Maine – to realize these systems breed new forms of corruption.

In discussing taxpayer-financing proposals, perhaps CCP Academic Advisor, author, and Director of the Center for Representative Government at Washington D.C.’s Cato Institute, John Samples, said it best in an essay in his book, *Welfare for Politicians? Taxpayer Financing of Campaigns*: “Such proposals, especially the ‘clean elections’ variant, simply transfer wealth from taxpayers to a preferred set of candidates and causes....Far from being a reform, government financing offers more ‘politics as usual.’”<sup>85</sup> Certainly, members of this Committee should seek to avoid “more ‘politics as usual.’” I conclude my testimony with a final thought on this issue from Thomas Jefferson: “To compel a man to furnish contributions of money for the propagation of opinions which he disbelieves, is sinful and tyrannical.”<sup>86</sup>

Thank you for affording me the opportunity to testify before you today.

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<sup>83</sup> “Presidential Election Campaign Fund (PECF),” Federal Election Commission. Retrieved July 9, 2013. Available at: <http://www.fec.gov/press/bkgnd/fund.shtml> (2013).

<sup>84</sup> David Grosso, “Why D.C. needs public campaign financing,” *The Washington Post*. Retrieved on July 10, 2013. Available at: [http://www.washingtonpost.com/opinions/why-dc-needs-public-campaign-financing/2013/07/05/40718c46-e4c6-11e2-aef3-339619eab080\\_story.html](http://www.washingtonpost.com/opinions/why-dc-needs-public-campaign-financing/2013/07/05/40718c46-e4c6-11e2-aef3-339619eab080_story.html) (July 5, 2013).

<sup>85</sup> John Samples, “Introduction: Taxpayer Financing of Campaigns,” in *Welfare for Politicians? Taxpayer Financing of Campaigns*, ed. John Samples (the Cato Institute, 2005), p. 17.

<sup>86</sup> Thomas Jefferson, “A Bill for Establishing Religious Freedom,” in *The Portable Thomas Jefferson*, ed. Merrill D. Peterson (New York: Viking Press, 1975), p. 252.