

# PUBLIC CAMPAIGN FINANCING: EVIDENCE AND OPPORTUNITIES FOR HAWAII



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## EXECUTIVE SUMMARY

- Concerns about the corrupting influence of money in politics have led to renewed interest in public campaign financing. Some argue that using public funds to pay for political campaigns can alleviate the inequalities that are endemic to politics in the United States.
- Hawaii has had a system of partial public financing in place for more than forty years, but few candidates participate because it no longer provides sufficient resources. Research finds partial funding programs, such as Hawaii's current matching system, to be ineffective.
- Would a more robust form of public financing benefit Hawaii? This policy brief explores several recent models that could replace Hawaii's current program. These include block grant systems that cover all campaign costs, "supermatch" programs that multiply the value of small donations, and campaign vouchers that allow residents to distribute public funds to the candidates of their choice.
- Advocates argue that public campaign financing can: (1) encourage electoral competition; (2) reduce overall spending; (3) boost voter turnout and participation in the electoral process; (4) equalize resources available to candidates; (5) encourage more direct engagement with voters; (6) increase public trust in government; (7) reduce corruption; and (8) foster public policies that more closely reflect the needs of average citizens.
- Most scholarship shows that generous public financing programs increase electoral competition, contribute to greater diversity among candidates and donors, and encourage more contact between office-seekers and voters. There is less evidence that public financing contributes to greater trust in government, reduces corruption, or leads to major changes in public policy. Some research suggests that block grant programs may increase political polarization, but other scholars have found no difference between the ideology of candidates elected using public funding and those who raised money through private donations. Public support of such programs is generally high, but many people are opposed to using general tax revenue to pay for political activities.
- In sum, any proposed system of public financing should provide participating candidates with the opportunity to match the funding of privately financed candidates. Generous public financing for campaigns in Hawaii would likely create more political competition by leveling the playing field and could be supported by a relatively modest appropriation from general funds.

## 1. INTRODUCTION

Hawaii seems to be plagued by an epidemic of corruption. In February of 2022, the former majority leader of the state senate, J. Kalani English, and the vice-chair of the House Finance Committee, Ty Cullen, were both arrested on bribery charges.<sup>1</sup> Several months later, Prosecuting Attorney Keith Kaneshiro was accused of targeting the former employee of a prominent businessman in exchange for \$45,000 in campaign contributions.<sup>2</sup>

<sup>1</sup> Blaze Lovell, "Two Former Hawaii Lawmakers Plead Guilty to Accepting Bribes," *Honolulu Civil Beat*, February 15, 2022, <https://www.civilbeat.org/2022/02/two-former-hawaii-lawmakers-plead-guilty-to-accepting-bribes/>.

<sup>2</sup> U.S. Department of Justice, "Honolulu's Former Prosecuting Attorney Keith Kaneshiro and Businessman Dennis Mitsunaga Indicted in Bribery Scheme," June 17, 2022, <https://www.justice.gov/usao-sdca/pr/honolulu-s-former-prosecuting-attorney-keith-kaneshiro-and-businessman-dennis-mitsunaga>.

In response to these scandals, Speaker Scott Saiki formed a blue-ribbon commission that recently released a final report with carefully considered suggestions to reduce corruption. Among the Commission's many recommendations was a proposal to provide more public funds for political campaigns. This reform, the Commission reasoned, would increase the influence of regular citizens, while reducing the reliance of candidates on wealthy donors and organized interests.<sup>3</sup>

Public funding for political campaigns is not a new idea. Fears that the American political system is plagued by a culture of favors and bribes are nearly as old as the republic itself.<sup>4</sup> Theodore Roosevelt proposed public funding for congressional elections in his 1907 State of Union Address. The idea gained traction decades later following Watergate and the Supreme Court's ruling in *Buckley v. Valeo*, which found campaign spending limits in state and federal elections to be unconstitutional.<sup>5</sup>

Public funding emerged as a significant source of funding for presidential elections and party conventions in the 1970s, but over the last two decades parties and candidates have chosen not to draw on public funds to avoid spending restrictions. Overall, as Julia Cagé points out in her comparative study of campaign financing, the U.S. federal government spends 271 times less than it did forty years ago to support federal elections and political parties.<sup>6</sup>

Today, most public campaign funds are provided by state and municipal governments. Fifteen states and the District of Columbia provide some form of public funding for candidates. Jurisdictions that adopted public funding in the 1970s usually support campaigns through tax refunds offered to donors and partial funding systems that provide modest matching funds. More recent systems of public support include block grants that cover most campaign expenses, so-called "supermatch" programs that use public funds to augment the value of small donations, and vouchers that allow voters to allocate public funds to the candidates of their choice (see Table 1).

Hawaii became an early leader in this movement after a system of partial funding for campaigns was enshrined in the Constitution in 1978.<sup>7</sup> Despite the state's early adoption of public financing, Hawaii's electoral environment is less competitive than in many states.<sup>8</sup> Over the past decade, an average of 90% of incumbents were reelected during each election cycle.<sup>9</sup> There are many reasons why incumbents rarely face defeat. They are often talented leaders, they are familiar to voters in the district, and they have a network of dedicated supporters.<sup>10</sup> But they also have access to far more money. Since 1994, incumbents in the Hawaii House spent \$57,883 on average in each election, while challengers spent only \$16,500 in inflation-adjusted dollars.<sup>11</sup>

Hawaii is not unique in this regard. Challengers often struggle to raise funds because they lack the name recognition and access to networks that benefit incumbents. Some argue that public financing can solve this problem by providing challengers with sufficient resources to run competitive campaigns.<sup>12</sup> More competitive elections often lead to stronger voter mobilization and communication efforts – and this boosts voter turnout. Furthermore, advocates say, public financing reduces the need to raise private funds, allowing candidates to spend more time connecting with voters and discussing public policy.

Not everyone is persuaded by these arguments. Some critics claim that public campaign financing is a waste of tax dollars that could be better spent on other needs. Others maintain that public funding may lead the government to favor certain groups or ideological perspectives at the expense of others. Recently, scholars have argued that public campaign financing may unintentionally contribute to greater political polarization by supporting candidates whose views

3 Commission to Improve Standards of Conduct, "Final Report of the Commission to Improve Standards of Conduct," State of Hawaii, House of Representatives, December 1, 2022, 32, <https://www.capitol.hawaii.gov/legislature/specialcommittee.aspx?comm=cisc&year=2022>.

4 For a history of corruption in the United States, see Teachout (2014).

5 Roosevelt (1907, 41). *Buckley v. Valeo* (424 U.S. 1 1976). Note that state and federal campaign contribution limits are permissible.

6 Cagé (2020).

7 Constitution of the State of Hawaii, Article II, Section 5.

8 In 2018, the Center for Responsive Politics identified only 1.6% of elections to be "vote competitive" in Hawaii compared to a national rate of 10.1%. A race is considered vote competitive if the final vote margin between the winner(s) and top loser is within 10%. <https://www.followthemoney.org/at-a-glance/?y=2020&s=HI>.

9 Author's calculations based on data from the Hawaii Campaign Spending Commission.

10 Gelman and King (1990), Cox and Morgenstern (1993).

11 Author's calculations based on data from the Hawaii Campaign Spending Commission.

12 Malhotra (2008), Millard and Paez (2022).

are far outside the mainstream.<sup>13</sup>

Does public financing for elections work? How effective is Hawaii's current system of partial public funding? What are some alternatives we might consider? This policy brief evaluates the current models for public campaign financing and considers the claims of advocates and critics.

The first section examines Hawaii's current system of partial public financing. It then explains the wide variety of public funding programs currently in use in the United States. The third section reviews several decades of political science research on the effects of public funding programs in various states and municipalities. The final section concludes with some policy recommendations based on a closer look at the three most successful models of public campaign financing.

## 2. HAWAII'S PARTIAL PUBLIC FUNDING PROGRAM: PROBLEMS AND POSSIBILITIES<sup>14</sup>

Hawaii's constitution *requires* a partial public funding program, and the state's model for public campaign financing is among the oldest in the United States.<sup>15</sup> The goal of this program, as articulated by delegates to the 1978 Constitutional Convention, was to dilute "the effective influence of money and large contributors" and "to equalize opportunity for all to participate meaningfully in the political process."<sup>16</sup> At one time, partial public funding played a significant role in local races. It supported the gubernatorial campaigns of Frank Fasi and Jean King in 1982 and Patsy Mink in 1986.<sup>17</sup> In some cases, the funds were quite significant. In his bid for Governor, for example, Ben Cayetano received a total of \$637,036 in inflation-adjusted dollars (\$2022).<sup>18</sup>

Figure 1 shows the amounts disbursed in constant dollars and the number of candidates receiving public funds since 1980. In the early years of the program, it provided core funding for many candidates for governor, lieutenant governor, and mayor, disbursing as much as \$1.7 million in inflation-adjusted dollars in 1994 alone. The program became even more influential after 1995 when competitive matching funds were made available to House, Senate, and County Council candidates for the first time. In 1998, 49 candidates took advantage of the program, representing a broad swath of ideological perspectives. But in recent years, fewer and fewer candidates have relied on the program to finance their campaigns. In 2022, only \$71,878 in public funds – a paltry amount – were disbursed to fifteen campaigns.<sup>19</sup>

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<sup>13</sup> Briffault (2018), Kilborn and Vishwanath (2021).

<sup>14</sup> Some material in this section is drawn from a previously published op-ed. See Colin D. Moore, "Hawaii's System of Public Funding for Elections Doesn't Work," *Honolulu Civil Beat*, July 10, 2022.

<sup>15</sup> Constitution of the State of Hawaii, Article II, Section 5, <https://lrh.hawaii.gov/constitution/#articleii>

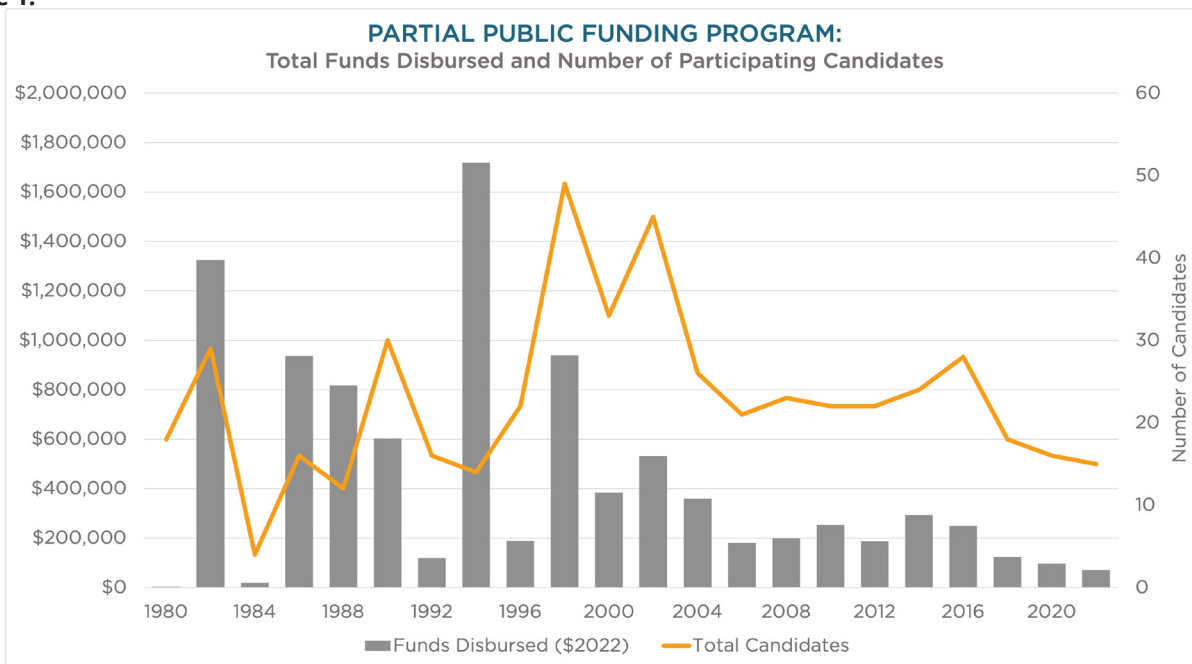
<sup>16</sup> Proceedings of the Constitutional Convention of Hawaii of 1978, v. 1: Journals and Documents (1980), 680.

<sup>17</sup> A full list of public funding disbursements organized by year is available State of Hawaii, Campaign Spending Commission, "Public Funds Disbursed," <http://ags.hawaii.gov/campaign/reports/public-funds-disbursed/>

<sup>18</sup> Hawaii Campaign Spending Commission, "Public Funds Disbursed," <http://ags.hawaii.gov/campaign/reports/public-funds-disbursed/public-funds-disbursed-in-1994/>

<sup>19</sup> Hawaii Campaign Spending Commission, "2022 Election Summary," <https://ags.hawaii.gov/campaign/reports/public-funds-disbursed/public-funds-disbursed-in-2022/>

Figure 1.



Source: Author’s calculations based on data from the Hawai’i Campaign Spending Commission.

Why does Hawai’i’s long standing program have such low rates of participation? There are two answers to this question. First, the level of public funding is far too low, particularly for the legislative races where it could really make a difference. Second, the rules are complex and confusing, as former Congressman Kai Kahele demonstrated when he failed to file the appropriate paperwork to receive partial funding for his gubernatorial campaign.<sup>20</sup>

To qualify in a House race, for example, a candidate first must agree to comply with the spending limit for that district. The candidate is then required to raise at least \$1,500 in contributions of \$100 or less. Hawai’i determines the public funds available to a candidate through a complex system that multiplies the number of registered voters in each district by a specific dollar value set by law.<sup>21</sup> Under the current rules for House and Senate candidates, the amount of public funding is set at 15% of the total expenditure limit in each district. In House District 1, the state will match donations of \$100 or less up to \$3,792, because the expenditure limit for that race is \$25,283 in the primary and general elections.<sup>22</sup>

A major problem is that the level of public support has not increased in nearly thirty years. Expenditure limits that made sense in the mid-1990s are far too low today, leaving candidates who accept public funding without sufficient resources to run serious campaigns. The thirteen House candidates who successfully beat an incumbent over the last decade spent \$39,500 on average after adjusting for inflation.<sup>23</sup> Relying entirely on public dollars would not provide enough money to make most candidates even remotely competitive.

Should our current system be modified? The House Commission to Improve Standards of Conduct has suggested some sensible solutions to increase the partial public funding available to candidates. The Commission proposes to reduce the minimum qualifying contributions for several municipal offices and to increase the maximum public funds available by fifty percent.<sup>24</sup> If the Commission’s proposals were adopted, a House candidate would still need to raise at least \$1,500 in contributions of \$100 or less, but the candidate would then benefit by a match of \$2 for donations that exceed the \$1,500 minimum qualification. This would increase public funding from a maximum of \$3,792 to \$6,084 – a

20 Dan Nakaso, “U.S. Rep. Kai Kahele Ineligible for Public Funds in Hawai’i Governor’s Race,” *Honolulu Star-Advertiser*, July 6, 2022.

21 Hawai’i Revised Statutes §11-423, [https://www.capitol.hawaii.gov/hrscurrent/vol01\\_ch0001-0042f/HRS0011/HRS\\_0011-0423.htm](https://www.capitol.hawaii.gov/hrscurrent/vol01_ch0001-0042f/HRS0011/HRS_0011-0423.htm)

22 Hawai’i Campaign Spending Commission, “2022 Expenditure Limits.” <https://ags.hawaii.gov/campaign/cc/public-funding-programs/partial-public-funding/2022-expenditure-limits/>

23 Author’s calculations based on data from the Hawai’i Campaign Spending Commission.

24 Commission to Improve Standards of Conduct, “Final Report of the Commission to Improve Standards of Conduct,” State of Hawai’i, House of Representatives, December 1, 2022, 32.

substantial boost, but far too little to run a competitive campaign.

The Commission’s proposals are well-intentioned improvements over the status quo, but there is little evidence to indicate that they would make a meaningful difference. Although these reforms would almost certainly increase the number of candidates who take advantage of Hawaii’s partial public funding laws, it is unlikely they would make elections more competitive, more equal, or attract a more diverse array of candidates. Furthermore, most research shows that partial funding programs like Hawaii’s are not particularly effective. They do little to increase electoral competition or to reduce the time candidates must spend raising funds.<sup>25</sup> As one study of partial public funding concludes, “the day-to-day campaign in a partially funded system is little different from one in which all money comes from private sources. The challenger is always outspent, and the great fund-raising effort required to maintain competitive financial status constrains the challenger’s choices of voter mobilization tactics.”<sup>26</sup>

The Commission itself acknowledges that its proposal is intended as “a floor, or minimum level,” and encourages the Legislature “to be bold and devote additional fiscal resources” to increase the amount of available public financing.<sup>27</sup> This could be accomplished through Hawaii’s existing system of partial public financing by transforming it into a super-match program based on the model used in New York City. Alternatively, the system could be restructured entirely as a full block grant or voucher system. The following sections review the most promising policy options for Hawaii.

### 3. PUBLIC FUNDING PROGRAMS: REGULATIONS AND DESIGN

There are thirty-two active public campaign financing programs in the United States. The oldest systems have been in place since the 1970s, while the newest program in New York State will provide its first public funds during the 2024 election cycle. As Table 1 shows, fifteen programs are run by states and the remainder are city or county programs.

**Table 1.**

Location & Rules	Jurisdiction	Type	Offices
Albuquerque, NM	Municipal	Matching Funds	Mayor, City Council
Arizona	State	Grants	Governor, Statewide, Legislative
Austin, TX	Municipal	Grants	Mayor, City Council
Berkeley, CA	Municipal	Matching Funds	Mayor, City Council, Auditor, Board of Education
Boulder, CO	Municipal	Matching Funds	City Council
Connecticut	State	Grants	Governor, Statewide, Legislative
Denver, CO	Municipal	Matching Funds	Mayor, City Council
Florida	State	Matching Funds	Governor, Lt. Governor, Attorney General, Chief Financial Officer, Corporation Commissioner
Hawaii	State	Matching Funds	Governor, Lt. Governor, Legislative, Mayor, Prosecuting Attorney, City Council, OHA
Long Beach, CA	Municipal	Matching Funds	Mayor, City Attorney, City Auditor, City Prosecutor, City Council
Los Angeles, CA	Municipal	Matching Funds	Mayor, City Council
Maine	State	Grants	Governor, Statewide, Legislative
Maryland	State	Matching Funds	Governor & Lt. Governor
Massachusetts	State	Matching Funds	Governor & Lt. Governor, Attorney General, Auditor, Secretary, Treasurer
Michigan	State	Matching Funds	Governor & Lt. Governor

25 Miller (2013), Kraus (2011), Malbin and Gais (1998), Mayer and Wood (1995).

26 Miller (2011, 207).

27 Commission to Improve Standards of Conduct, “Final Report of the Commission to Improve Standards of Conduct,” State of Hawaii, House of Representatives, December 1, 2022, 32.

**Table 1.**

	State	Tax Refunds, Partial Grants	Governor, Statewide, Legislative
Montgomery County, MD	Municipal	Matching Funds	County Executive, County Council
New Haven, CT	Municipal	Matching Funds	Mayor
New Jersey	State	Matching Funds	Governor
New Mexico	State	Grants	Public Regulation Commission, Supreme Court, Appellate Court
New York City, NY	Municipal	Matching Funds	Mayor, City Council, Municipal Judge
New York State	State	Matching Funds	Governor, Lt. Governor, Legislative, Attorney General, State Comptroller
Oakland, CA	Municipal	Matching Funds	District City Council
Portland, OR	Municipal	Matching Funds	Mayor, Commissioner, Auditor
Rhode Island	State	Matching Funds	Governor, Lt. Governor, Attorney General, Secretary of State, General Treasurer
San Francisco, CA	Municipal	Matching Funds	Mayor, Board of Supervisors
Santa Fe, NM	Municipal	Grants	Mayor, City Council, Municipal Judge
Seattle, WA	Municipal	Vouchers	City Council, City Attorney
Tucson, AZ	Municipal	Matching Funds	Mayor, City Council
Vermont	State	Grants	Governor & Lt. Governor
Washington, DC	Municipal	Matching Funds	Mayor, District Council, Attorney General, Board of Education
West Virginia	State	Matching Funds	State Supreme Court

Sources: Demos.org, Stern (2011), various state and municipal websites.

As one might expect, each of the programs listed in Table 1 is unique to its jurisdictional and institutional context. Earlier programs tend to provide less funding than programs enacted in recent years, and it is more common to provide funds for executive offices, such as governor or mayor, than for a legislature or city council.<sup>28</sup> Indeed, Hawai'i is one of only six states that provides public financing for state legislative offices.<sup>29</sup> While the programs share some common features, they differ markedly in how funds are distributed and their sources of revenue.

### 3.1 COMMON FEATURES

**Spending Limits.** Most public funding programs, including Hawai'i's, require candidates to agree to an overall spending limit for the campaign. Many include other conditions, such as a requirement to participate in public debates. Some prevent candidates from accepting contributions from political action committees or using their personal wealth.<sup>30</sup> Notably, the newest plan from New York State does not cap overall campaign expenditures for those who participate, the first major program without this requirement.<sup>31</sup>

**Qualifying Contributions.** Every public financing program requires candidates to demonstrate their viability, usually by collecting a small number of donations from eligible voters. In Arizona, for example, candidates for the legislature must collect 200 donations of \$5 to qualify.<sup>32</sup>

28 Note that the three most effective systems – full funding grants, supermatch programs, and vouchers – are evaluated in greater detail in Section 5.

29 The others are Arizona, Connecticut, Maine, Minnesota, and New York. Massachusetts, New Jersey, Nebraska, and Wisconsin no longer provide public funding for state legislative candidates.

30 Briffault (2018).

31 State of New York, Campaign Finance Board, "Candidate and Committee Services," <https://pcfb.ny.gov/candidate-committee-services>

32 State of Arizona, Citizens Clean Elections Commission, "How Clean Funding Works," <https://www.azcleanelections.gov/run-for-office/how-clean-funding-works>

### 3.2. TYPES OF PROGRAMS

**Rebates and Tax Incentives.** In six states, residents are provided with tax incentives to make campaign contributions. In some cases, the donor qualifies for a tax deduction, while in others they receive a tax credit. Minnesota, which has long provided tax incentives for donations, gives donors an immediate tax rebate up to \$50.<sup>33</sup> The federal government offered a similar benefit until the law was repealed in 1986.<sup>34</sup>

**Block Grants.** In Arizona, Maine, and Connecticut, qualifying candidates receive a block grant that is meant to cover the full cost of a campaign. Candidates who receive this grant agree not to raise their own funds from private sources. The amount of the grant varies depending on the race; more money is provided for gubernatorial candidates and less for legislative races or local elections.<sup>35</sup>

**Matching Funds.** In this model, private donations are matched up to a predetermined level. Hawai'i's current system of partial public funding provides up to 10 percent of the total spending limit for gubernatorial candidates, while legislative candidates are eligible to receive up to 15 percent.<sup>36</sup> In Minnesota, candidates receive a partial block grant for the election once they receive sufficient qualifying donations.<sup>37</sup> In recent years, various jurisdictions have developed so-called "supermatch" programs, which provide matching funds that are many times the original donation. In New York City, for example, private donations are matched on an 8-to-1 basis up to \$175.<sup>38</sup>

**Vouchers.** This system distributes vouchers that are worth a predetermined amount to all registered voters. Voters can then send them to the campaigns of their choice and candidates can redeem the vouchers for public campaign funds. The City of Seattle is the first – and, so far, the only – jurisdiction to adopt the voucher system. Vouchers allow all citizens to express their preferences through donations, but it is a complex system that may be difficult to administer on a statewide level.<sup>39</sup>

### 3.3. REVENUE SOURCES

The revenue for these programs comes from a variety of sources. In most cases, they are partially supported by direct appropriations, but they are often supplemented by other dedicated funding streams. Although a direct appropriation from general funds provides the most stable funding, some voters are resistant to using tax dollars to support campaign activities, making other funding mechanisms politically attractive to policymakers.<sup>40</sup> Arizona imposes an extra surcharge on civil and criminal fines and forfeitures to support its block grant system, while Connecticut's program is partially supported by the sale of abandoned property.<sup>41</sup> Hawai'i funds its program through a checkoff box that allows residents to direct a small portion of their income taxes to the state's election campaign fund.<sup>42</sup>

Securing consistent funding has long been a problem for public financing programs. Several municipalities have programs on the books, but they have depleted their funds and are inactive. California's capital city of Sacramento, for example, has not funded its program since 2010.<sup>43</sup>

## 4. DOES PUBLIC CAMPAIGN FINANCING WORK? EVALUATING THE EVIDENCE

This section synthesizes several decades of research in political science to evaluate the most common arguments in favor of public campaign financing. Advocates claim that such programs: (1) foster electoral competition; (2) reduce

33 State of Minnesota, Minnesota Campaign and Finance Public Disclosure Board, [https://cfb.mn.gov/pdf/quicklinks/public\\_subsidy\\_program.pdf](https://cfb.mn.gov/pdf/quicklinks/public_subsidy_program.pdf)

34 Briffault (2018).

35 Stern (2011).

36 State of Hawai'i, Campaign Spending Commission, "Partial Public Funding Guidebook for Candidate Committees," December 2021, <https://ags.hawaii.gov/campaign/files/2021/12/PPF-Guidebook.pdf>

37 State of Minnesota, Public Subsidy of State Election Campaigns, <https://cfb.mn.gov/citizen-resources/board-programs/public-subsidy-of-campaigns/historical-use-of-public-subsidy-program/>

38 Genn et al. (2012).

39 Cagé (2020).

40 Stern (2011).

41 State of Arizona, Clean Elections Commission, "FAQs," <https://www.azcleelections.gov/faq>. State of Connecticut, Elections Enforcement Commission, "Citizens' Election Program Overview," <https://seec.ct.gov/Portal/data/CEP/news/2022CEPOverview.pdf>

42 Hawai'i Campaign Spending Commission, "Hawai'i Election Campaign Fund," <https://ags.hawaii.gov/campaign/reports/hawaii-election-campaign-fund/>

43 City of Sacramento, Office of the City Clerk, "Campaign Finance," <https://www.cityofsacramento.org/Clerk/Elections/9-Campaign-Finance>

overall spending; (3) boost voter turnout and encourage more direct candidate engagement; (4) equalize the resources available to candidates and contribute to greater diversity; (5) increase public trust in government; (6) enjoy broad public support, (7) reduce corruption, and (8) lead to public policies that more closely reflect the needs of average citizens.

#### 4.1. INCREASED ELECTORAL COMPETITION

Most elections in the United States are uncompetitive.<sup>44</sup> This is unfortunate because electoral competition leads to mobilization efforts, which can boost turnout and increase the civic knowledge of citizens.<sup>45</sup> But challengers nearly always must match or outspend incumbents to win, so access to sufficient resources is crucial.<sup>46</sup> By providing money from government funds, advocates argue, public financing programs give challengers the resources to organize and communicate their ideas without any future obligation to donors.

Considerable evidence supports these arguments. In one influential study, Stanford political scientist Neil Malhotra found that full public funding programs in Arizona and Maine improve electoral competitiveness and lead to more candidates running for office.<sup>47</sup> This effect appears to increase over time as knowledge of public funding programs becomes more common.<sup>48</sup> A report from the Government Accountability Office found statistically significant reductions in the winners' margins of victory once these programs were implemented.<sup>49</sup> They also increase the likelihood that incumbents are challenged in the general election, although not in the primary.<sup>50</sup>

Despite these encouraging results, evidence of increased competition is mixed. One study of gubernatorial elections found no difference in the level of competition when publicly financed candidates faced those who raised money through private donations.<sup>51</sup> Recent work by Jordan Butcher and Jeffrey Milyo reported that full public financing *reduced* the probability that incumbents were defeated.<sup>52</sup> Although these findings are at odds with most research, it suggests that we should not uncritically accept the notion that public funding programs lead to incumbent defeats. Even if challengers enjoy equal access to funding, incumbents will still benefit from their greater name recognition and experience. Furthermore, according to a survey of potential candidates in Connecticut, the availability of public funds did not alter their decision to run, since many other factors, such as the electoral environment and interest in serving in public office, were more important than fundraising concerns.<sup>53</sup>

On balance, research supports the notion that public funding programs increase electoral competition. The strongest effects are found in states and municipalities that provide full block grants, multiple-match, or voucher programs.

#### 4.2. CAMPAIGN SPENDING

The tendency of campaign spending to increase every election cycle is concerning to many political observers. As candidates race to raise more and more money, they are often required to rely on a small number of large donors to support their campaigns.<sup>54</sup> According to advocates, public funding can end this cycle by offering all candidates equal and sufficient funds to compete in exchange for adhering to spending limits.

The evidence for this effect is rather slim, although it does appear to have limited spending inflation in some jurisdictions. In a 2010 study, the Government Accountability Office found that spending in Maine House and Senate elections decreased after a public funding program was implemented.<sup>55</sup> Other studies report that public funding systems slowed the growth of spending in New York City and Wisconsin, but similar work did not find effects in Minnesota and most jurisdictions that offer partial funding such as Hawai'i.<sup>56</sup>

44 Center for Responsive Politics, "Federal 2019 & 2020 Election," <https://www.followthemoney.org/at-a-glance?y=2020>

45 McDonald (2006).

46 Gerber (2004), Donnay and Ramsden (1995), Jacobson (1978).

47 Malhotra (2008).

48 Mancinelli (2022, 438).

49 U.S. Government Accountability Office (2010).

50 Hamm and Hogan (2008).

51 Malbin and Gais (1998).

52 Butcher and Milyo (2020).

53 La Raja and Wiltse (2015).

54 Mayer, Werner, and Williams (2006).

55 U.S. Government Accountability Office (2010).

56 Kraus (2011), Miller (2011).



One reason for these mixed results may be that candidates cannot be compelled to join public funding programs, and partial funding programs that offer little money are particularly unattractive. Consequently, many incumbents and well-established challengers opt out, because the amount of public funds offered is far lower than they could raise through traditional fund-raising efforts. The door also remains open for independent expenditure groups to spend unlimited amounts if they are not directly coordinating with a campaign.

### 4.3. EQUALITY OF FUNDING AND GREATER CANDIDATE DIVERSITY

One major concern about campaign financing in the United States is that the wealthy are far more likely to donate to campaigns, which may give them greater influence over public policy.<sup>57</sup> As political scientists Benjamin Page and Martin Gilens argue, “even perfectly legal money corrupts the most fundamental principle of democracy, the principle of political equality.”<sup>58</sup> During the 2022 federal election cycle, only 0.52% of Americans gave \$200 or more to federal candidates, parties, and outside committees, yet the members of this tiny group were responsible for approximately 75% of all donations.<sup>59</sup> Some fear that this leads to the election of politicians who are more responsive to the needs of donors than to the public at large. Indeed, research suggests that donors believe their campaign contributions give them greater influence – and they are right.<sup>60</sup> In one influential study, for example, Joshua Kalla and David Broockman demonstrated that legislators were three to four times more likely to meet with campaign donors.<sup>61</sup>

According to advocates, public financing programs level the playing field by giving all qualifying candidates equal access to campaign funds. Programs that offer large matching grants are particularly effective. A study of New York City’s program in 2009 found that small donors and public money accounted for 64 percent of all funds provided to City Council candidates. These donors were far more representative, and they came from neighborhoods that matched the income, poverty level, racial composition, and level of education in the city at large.<sup>62</sup>

Jurisdictions that offer block grants seem to foster a more diverse group of office-seekers. Some limited evidence suggests that women are more likely to run for office when they can receive public funds.<sup>63</sup> More concretely, the advent of Connecticut’s full funding program led to the election of more Latinos and women to the legislature. In Arizona, far more Native American and Latino candidates ran for office after the state’s block grant program was implemented.<sup>64</sup> Whether this was due to the advent of public funding or whether it was part of a broader national trend is difficult to determine, but anecdotal evidence suggests that public funding did play a role.<sup>65</sup>

### 4.4. VOTER PARTICIPATION AND CAMPAIGN PRACTICES

Declining civic engagement has long been a concern in the United States. Although there is little evidence that public spending programs increase overall voter turnout, they may boost voter participation in lower-profile races.<sup>66</sup> According to Michael Miller’s seminal study of Arizona’s program, public block grants reduced ballot “roll off,” which is the tendency of voters to cast blank ballots for less-visible legislative and municipal races.<sup>67</sup>

Miller also found that public funding programs change the way that candidates run their campaigns. Most serious candidates spend a great deal of time fundraising, which leaves them with less time to engage with voters. Full public funding reduces the time candidates must spend raising money – and they report using this extra time to engage with a broader spectrum of voters.<sup>68</sup> In other words, when candidates are freed from the pressures of fund-raising, they

57 Schlozman, Verba, and Brady (2012).

58 Page and Gilens (2017, 185).

59 Open Secrets, “Donor Demographics,” <https://www.opensecrets.org/elections-overview/donor-demographics?cycle=2022&display=A>

60 Concerns about the level of inequality in the funding of electoral democracy are not confined to the United States. See Cagé (2020) for a comparative cross-national analysis of how money affects democratic politics.

61 Kalla and Broockman (2016).

62 Briffault (2018).

63 Lawless and Fox (2005).

64 Vyas, Lee, and Clark (2020).

65 Beth A. Rotman and Lisa Nightingale, “Amplifying Small-Dollar Donors in the Citizens United Era Connecticut’s Citizens’ Election Program Shifted the Balance of Power to the People,” Common Cause Connecticut (September 2020), [https://www.commoncause.org/wp-content/uploads/2020/09/CT\\_SmallDonorDollar\\_Report\\_WEB.pdf](https://www.commoncause.org/wp-content/uploads/2020/09/CT_SmallDonorDollar_Report_WEB.pdf)

66 On declining civic activity, see Putnam (2000). On public financing and voter turnout, see Milyo, Primo, and Jacobsmeier (2011).

67 Miller (2013).

68 Miller (2011, 218), Brogan and Mendilow (2012), Francia and Herrnson (2003), Mayer, Werner, and Williams (2006).

choose to spend extra time canvassing and attending community events. In one survey of office-seekers, respondents frequently mentioned this benefit as a primary reason they decided to accept public funds.<sup>69</sup>

#### 4.5. PUBLIC TRUST

Does public campaign funding increase trust in government? Unfortunately, any evidence for this effect is quite limited. Two broad conclusions can be drawn from national surveys conducted in 2015 and 2016. The first is that most Americans have cynical views about how money influences politics. The second is that they are skeptical about the power of reforms to change the political process.<sup>70</sup> Even in states that have adopted public campaign financing, relatively few voters are aware that these programs exist. Other benefits, such as more diversity among candidates and more electoral competition, may lead to increased trust, but knowledge of the reforms themselves does not seem to have an effect.

#### 4.6. PUBLIC OPINION

Public financing programs are generally popular, but not universally so. A 2013 Gallup poll found that only 44 percent of Americans would support a law that created a public funding system for federal elections.<sup>71</sup> Although public funding proposals passed by initiative in Maine and Arizona, similar proposals to introduce public funding in California and Alaska failed.<sup>72</sup> In Massachusetts, a public funding system for legislative candidates was repealed after residents voted overwhelmingly against using government funds to pay for political campaigns.<sup>73</sup>

Mass opinion on public campaign financing is complex and somewhat difficult to interpret. Voters, for example, are increasingly unwilling to support public funding for presidential elections. In 1977, 29 percent of voters agreed to use a portion of their tax dollars to fund the program, while participation dropped to just 3.34 percent in 2021.<sup>74</sup> Like the federal government, Hawai'i funds its partial public funding system through a voluntary checkoff option on income tax returns, but fewer and fewer taxpayers are willing to contribute to this fund. It generated just \$102,099 in 2022, which is a far cry from participation rates in 1992 when taxpayers contributed over \$1 million in inflation-adjusted dollars.<sup>75</sup> This may indicate taxpayer disapproval of the program, but is more likely due to general ignorance – or a rational decision not to donate to a system that has no practical effect on politics in the state.

Nevertheless, we must be cautious in interpreting these results. Polling data indicates that public sentiment is highly dependent on the context and tone of the survey questions. Between 50 – 65 percent of respondents favor public financing when presented with neutral questions that provide basic information about program rules. Questions that emphasize the deleterious role of money in politics generate even more favorable responses with more 60 percent expressing approval. But when the questions emphasize cost, particularly using taxpayer dollars to finance campaigns, support drops precipitously.<sup>76</sup>

#### 4.7. CORRUPTION

Fighting public corruption is a central goal of public campaign financing.<sup>77</sup> Although research in Latin America showed that public funding reduced corruption, scholars have been unable to demonstrate a causal connection between the advent of a robust public financing system and lower corruption in the United States.<sup>78</sup> Corruption is notoriously difficult to measure, so the absence of a clear link does not mean these programs are ineffective. But it does suggest

69 Miller (2011).

70 Primo and Milyo (2020).

71 Gallup, "Half in U.S. Support Publicly Financed Federal Campaigns," June 24, 2013, <https://news.gallup.com/poll/163208/half-support-publicly-financed-federal-campaigns.aspx>

72 Bowler and Donovan (2013, 82), State of Alaska, Division of Elections, <https://www.elections.alaska.gov/results/10PRIM/data/results.htm>.

73 Commonwealth of Massachusetts, Election Statistics, [https://electionstats.state.ma.us/ballot\\_questions/view/6446/](https://electionstats.state.ma.us/ballot_questions/view/6446/)

74 Federal Election Commission, "Presidential Election Campaign Fund Tax Check-Off Chart," November 20, 2022, [https://www.fec.gov/resources/cms-content/documents/Pres\\_Public\\_Funding.pdf](https://www.fec.gov/resources/cms-content/documents/Pres_Public_Funding.pdf)

75 Data from State of Hawai'i Campaign Spending Commission, "Hawai'i Election Campaign Fund," <https://ags.hawaii.gov/campaign/reports/hawaii-election-campaign-fund/>

76 Weissman and Hassan (2011).

77 Ferguson and Lee (2016).

78 Harry Enten, "Ranking the States From Most To Least Corrupt," FiveThirtyEight (January 23, 2015), <https://fivethirtyeight.com/features/ranking-the-states-from-most-to-least-corrupt/>; La Raja (2008); Hummel, Gerring, and Burt (2019).

that they may be better at reducing donor influence than ending bribery and other egregious forms of corruption.

Anecdotal evidence is mixed as well. Connecticut's public financing program was launched in the wake of several high-profile scandals that led to the resignation and imprisonment of its governor. Although political insiders credit the program with reducing corruption in a state that was once known as "Corrupticut," Connecticut continues to be plagued by bribery and campaign finance scandals.<sup>79</sup>

#### 4.8. IMPACT ON PUBLIC POLICY

One major goal of public campaign financing is to ensure that government policy reflects the will of voters and not merely the wealthy or well-organized. Although anecdotal evidence exists, few empirical studies have managed to identify changes in public policy due to these reforms. One analysis of state-level spending from 1977 to 2008 found that states with strict campaign finance laws spent more money on public welfare and cash assistance programs to the poor.<sup>80</sup> But other research found that the legislative records of state legislators who took public funding were indistinguishable from those who did not.<sup>81</sup>

Some skeptics suggest that public funding may elevate the voices of fringe candidates whose positions on issues are not reflective of their districts. A related concern is that public financing may increase political polarization, because the highly engaged small donors who often provide qualifying donations tend to be more ideologically extreme than typical voters in a district.<sup>82</sup> Yet the evidence for increased polarization is disputed.<sup>83</sup> After examining legislative voting records, Seth Masket and Michael Miller found that legislators who accepted public funding in Arizona and Maine were no more likely to be "ideologically extreme" than those who financed their elections through private funds.<sup>84</sup> Others have voiced concerns that such programs may weaken political parties, which play an important role in recruiting candidates and organizing legislatures, because candidates no longer need their help to raise campaign funds.<sup>85</sup>

In sum, the literature is divided on this question, but there is sufficient evidence to suggest that qualifying thresholds ought to be high enough to ensure that candidates are broadly representative of their communities. Matching and voucher programs may provide a more effective check on potential polarizing forces than full funding programs because they reward candidates with broader community support.

### 5. THREE SUCCESSFUL MODELS TO CONSIDER FOR HAWAII

Three models of public financing for campaigns have been successfully implemented in other jurisdictions and should be considered for Hawaii: (1) block grants that provide full funding to campaigns, (2) matching programs that multiply small donations, and (3) voucher systems that allow residents to direct public funds to the candidates of their choice. The benefits and potential drawbacks of each are described below.

#### 5.1. BLOCK GRANT PROGRAMS

Arizona and Maine were the first states to provide full block grants for all qualifying campaigns. In Arizona, candidates for state legislative offices are required to collect 200 contributions of \$5 to demonstrate the viability of their candidacy. Once they qualify, the state provides a full grant of \$17,293 to fund the primary campaign and \$25,940 for the general.<sup>86</sup> Connecticut adopted a similar system in 2008 and provides more funding for candidates than either Arizona or Maine.<sup>87</sup>

79 Daniela Altamari, "Stories that Shaped the Decade: The Return of Corrupticut? Political Scandals Once Again Shaped Public Life Over the Past Decade," *Hartford Courant* (December 22, 2019), <https://www.courant.com/news/connecticut/hc-decade-review-connecticut-corruption-20191222-75agj1wkxzbypixaq7v2mmc4eu-story.html>

80 Flavin (2015).

81 Masket and Miller (2015).

82 Hall (2019); La Raja and Schaffner (2015).

83 Harden and Kirkland (2016).

84 Masket and Miller (2015).

85 La Raja and Schaffner (2015).

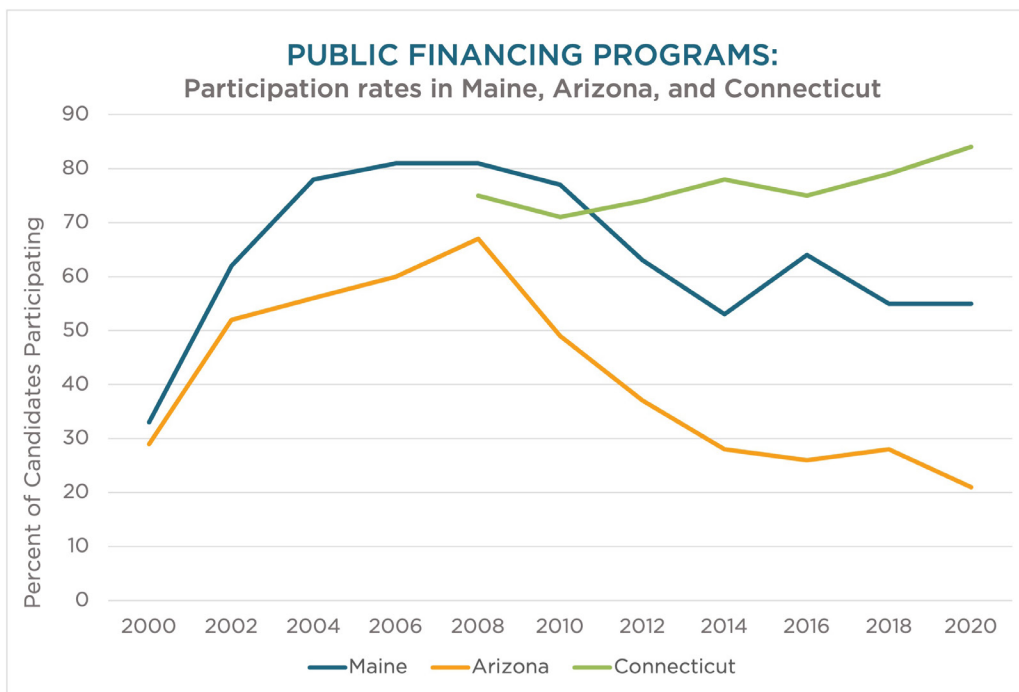
86 State of Arizona, Clean Elections Commission, "How Clean Funding Works," <https://www.azcleelections.gov/run-for-office/how-clean-funding-works>

87 Hawaii had its own short-lived experiment with full public funding. Designed as a pilot program, the Hawaii County Council Comprehensive Public Funding Program (Act 244, SLH 2008) funded 8 county candidates in 2010 for \$147,716 and it funded an additional 8 candidates in 2012 for \$215,344. But

The goal of the “clean elections” model is to provide an amount of public funds equal to the average cost of a successful campaign.<sup>88</sup> Each of these three states – Arizona, Maine, and Connecticut – have had slightly different experiences, but all programs show reasonable success in securing their key goals of making elections more competitive and freeing candidates to spend more time with constituents. Some claim that these programs provide too much money to candidates with little public support, but Neil Malhotra’s comprehensive study found that Arizona’s program actually made elections more competitive.<sup>89</sup>

Securing the necessary funds to support these programs would be a central problem for any proposed legislation. Arizona’s program is funded through a 10 percent surcharge on all civil penalties and criminal fees, civil penalties paid by the candidates, and the \$5 qualifying contributions raised by candidates.<sup>90</sup> The program in Maine relies primarily on an annual appropriation of \$3 million in general funds.<sup>91</sup> In Connecticut, the program is supported through a combination of general revenues and through the sale of abandoned property.<sup>92</sup>

**Figure 2.**



Sources: Maine Commission on Government Ethics & Election Practices, Arizona Citizens Clean Elections Commission, Connecticut Elections Enforcement Commission, and Mancinelli (2022).

As Figure 2 shows, the overall level of participation in all three states is remarkable. Maine’s rate of participation reached 80% in the mid-2000, began to drop off, but stabilized after a 2015 initiative updated the program to provide a higher level of funds. The high rate of participation in Connecticut is likely due to the generous level of funding available to candidates. Although the amounts vary depending upon a formula that accounts for the strength of the opposition, state senate candidates are eligible for grants that can be as much as \$99,000 in the primary and \$113,000 in the general.<sup>93</sup> Arizona’s decline is likely attributable to the suspension in 2010 of its matching funds program, which provided candidates with supplemental funds to match the spending of privately funded opposing candidates.<sup>94</sup> The U.S. Supreme Court later found this policy to be unconstitutional because it threatened to chill political speech by creating a disincen-

funding was insufficient and was not continued in the 2014 election, so it is difficult to evaluate the effectiveness of this program.

88 La Raja and Wiltse (2015).

89 Malhotra (2008).

90 State of Arizona, Clean Elections Commission, <https://www.azcleelections.gov/what-we-do>.

91 Powell (2010).

92 State of Connecticut, State Elections Enforcement Commission, “Citizen Elections’ Program Overview,” 2022, <https://seec.ct.gov/Portal/data/CEP/news/2022CEPOverview.pdf>

93 State of Connecticut, State Elections Enforcement Commission, “2022 CEP Overview,” <https://seec.ct.gov/Portal/data/CEP/news/2022CEPOverview.pdf>

94 For an analysis of the effects of this program and its suspension see Dowling et al. (2012).

tive for independent groups and privately funded candidates to spend money.<sup>95</sup>

As one might expect, the advent of these programs led to a dramatic decline in the overall number of private contributions to individual campaigns. In Maine they fell by more than 60 percent during the program's first decade. Without the pressure to raise private donations, candidates devote their time and energy to canvassing.<sup>96</sup>

Some effects are less impressive. First, outside money from independent expenditure groups *did not* decrease. Legislators can still participate in private fundraising efforts to raise money for Political Action Committees (PACs). Indeed, a 2010 analysis of the Maine law found that many candidates raised private money for PACs even as they participated in the public campaign financing program.<sup>97</sup> Second, in Maine, the number of contested races did not increase and the reelection rate of incumbents did not decline.<sup>98</sup> One complicating factor is that in Arizona and Maine term limits were adopted at the same time as these block grant programs, so it is difficult to disentangle that policy change from the effect of public financing.

On balance, the success of block grants is quite robust, particularly in Connecticut where they are generous enough that it makes little sense for most candidates to raise private funds. Perhaps the signal advantage of this program over the supermatch and voucher programs is that candidates can become viable after raising just a small number of donations. Unlike in the other two programs, strong name recognition and previous fundraising experience are not necessary to mount a viable campaign.

## 5.2. SUPERMATCH PROGRAMS

Supermatch programs are a modified version of the system currently used in Hawai'i. The idea is to use public funds to magnify the influence of small donations. In New York City, contributions are matched on an 8-to-1 basis up to \$175. This means, for example, that a \$100 donation is worth \$900 to a campaign. Other major cities use a similar model but offer slightly different matching rates. Candidates in Portland, Oregon are provided with a 6-to-1 match on funds up to \$50 from individual donors, while Washington, DC provides a 5-to-1 match.<sup>99</sup> A program in Denver currently being implemented for the 2023 municipal election cycle provides the most generous match of 9-to-1 for donations of \$50 or less.<sup>100</sup>

New York State recently launched the first state-level supermatch program. Contributions from New York residents from \$5 to \$250 will be matched with public funds beginning in 2024. Candidates for the New York State Assembly must raise a minimum of \$6000 from at least 75 matchable contributions to qualify. In an innovation that may spread to other jurisdictions, the amount of the match will vary depending on the level of contribution. The first \$50 will receive a 12-to-1 match, the next \$100 will receive a 9-to-1 match, and the last \$100 will get an 8-to-1 match.<sup>101</sup>

The record for supermatch programs is generally strong, especially in diversifying the donor base and increasing the number of competitive elections. Furthermore, there is evidence that candidates engage with a greater variety of voters because even small donors could make financially significant contributions. In 2021, New York City elected the most representative council in its history – and advocates credit generous public funding with this outcome.<sup>102</sup>

Despite these positive results, the overall number of small donors remains relatively small. To test whether greater knowledge of public campaign financing would increase donations, Michael Schwam-Baird and colleagues provided informational pamphlets to explain New York City's matching program to voters throughout the city. Although the com-

95 *Arizona Free Enterprise Club's Freedom Club PAC v. Bennett*, 564 U.S. 721 (2011).

96 Powell (2010).

97 Powell (2012).

98 Powell (2010).

99 City of Portland, Open and Accountable Elections Commission, "Report on Open and Accountable Elections: 2020 Election Cycle," <https://www.portland.gov/smalldonorelections/sde-reports>. Office of the District of Columbia Auditor, "Fair Elections Program Amplifies 'Voices of Everyday Voters'" Government of the District of Columbia, August 2, 2021, <https://dcauditor.org/report/fair-elections-program-amplifies-voices-of-everyday-voters/>

100 City of Denver, Fair Elections Fund, <https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directories/Office-of-the-Clerk-and-Recorder/Campaign-Finance-and-the-Fair-Elections-Fund>

101 Brennan Center for Justice, "Guide: New York State's New Small Donor Public Financing Program," December 18, 2020, <https://www.brennancenter.org/our-work/research-reports/guide-new-york-states-small-donor-public-financing-system>.

102 Genn et al. (2012).

munications emphasized that any donation would be multiplied by public funds, this intervention had a negligible effect on whether an individual donated and the amount of the donation.<sup>103</sup> This suggests that the reluctance of citizens to give any amount of money to political candidates will not be easily overcome.

Nevertheless, supermatch programs may not suffer from the drawbacks of block grant programs. Because donor contributions are multiplied by public funds, these systems preserve the familiar market dynamic of traditional elections. This could limit the potential for fringe candidates to use public funds to promote ideologically extreme positions.

### 5.3. DEMOCRACY VOUCHERS

Perhaps the most innovative model for public election financing comes from Seattle. When voters passed the Honest Elections Seattle initiative in 2015, the city became the first jurisdiction to adopt a voucher program.<sup>104</sup> Inspired by Harvard Law Professor Lawrence Lessig's 2011 op-ed, Seattle sends each registered voter four vouchers worth \$25 for a total of \$100.<sup>105</sup> Voters then choose which candidates receive their vouchers, and the city transfers the funds directly to the campaigns.

As in most public funding schemes, candidates must raise a minimum number of contributions and are subject to lower contribution and spending limits. This varies depending on the seat. For mayor, the minimum threshold is 600 contributions of at least \$10; for an at-large City Council seat it is 400 of \$10; and for a city council district it is 150 of \$10 with the additional stipulation that 75 of the contributions must come from within the district.<sup>106</sup>

The program is funded by a \$30 million increase in property taxes spread over a decade, which translates to an extra \$9 per year for a \$450,000 property.<sup>107</sup> In the last two elections, it has distributed \$1.75 million per cycle, nearly as much as the \$2 million raised by candidates during elections in previous years.<sup>108</sup>

In a comprehensive evaluation of the program, economists Alan Griffith and Thomas Noonan report some notably positive results. The total number of candidates increased by 86%, and the rate at which incumbents were reelected dropped. Perhaps most surprising, fewer incumbents ran for reelection, while those who did faced a closer final vote than before.<sup>109</sup> Because incumbents are highly strategic and typically have a keen sense of the electoral environment, this suggests that many felt that they were heading into a particularly challenging reelection campaign.

The program also shows promising results in cultivating donor diversity. Under the voucher system, donors were more likely to come from poorer neighborhoods, although they were still not fully representative of the electorate at large.<sup>110</sup> An experimental study by Geoffrey Henderson and Harhie Han used door-to-door canvassing, advertisements, texting, and email to encourage the use of Seattle's vouchers.<sup>111</sup> This intervention did increase the likelihood of participation, but the effect was much more pronounced among people who were already frequent voters. Overall, only 5.2% of all the Democracy Vouchers were redeemed in 2020.<sup>112</sup>

Compared to the full funding programs and the "supermatch" programs, Seattle's voucher program generated the strongest results in terms of boosting electoral competition and increasing participation among a diverse array of residents. It also has the virtue of forcing candidates to compete for funds, unlike the block grant programs in Arizona, Maine, and Connecticut. This may prevent candidates with only modest support from receiving large grants of public

103 Schwam-Baird et al. (2016).

104 City of Seattle, Democracy Voucher Program, "About the Program," <https://www.seattle.gov/democracyvoucher/about-the-program/honest-elections-seattle-initiative>

105 Lawrence Lessig, "More Money Can Beat Big Money," *New York Times*, November 17, 2011, <https://www.nytimes.com/2011/11/17/opinion/in-campaign-financing-more-money-can-beat-big-money.html>

106 City of Seattle, Democracy Voucher Program, "I am a Candidate," <https://www.seattle.gov/democracyvoucher/i-am-a-candidate>.

107 Bob Young, "Democracy Vouchers' Win in Seattle; First in Country," *Seattle Times*, November 3, 2015, <https://www.seattletimes.com/seattle-news/politics/democracy-vouchers/>

108 Griffith and Noonan (2022).

109 Griffith and Noonan (2022).

110 McCabe and Heerwig (2019).

111 Henderson and Han (2022).

112 Griffith and Noonan (2022).

funds. Although it has yet to be empirically tested, voters may be more receptive to using tax dollars to fund voucher programs because they can allocate these funds to the candidates of their choice.

## 6. CONCLUSION AND RECOMMENDATIONS

In the United States, politics costs money. To raise sufficient funds, candidates often rely on wealthy donors and organized interests for support – and this can invite corruption and distort public policy. But expensive and competitive elections also mobilize and educate voters.

Publicly financed campaigns may offer a solution. They provide the necessary resources for candidates to run effective campaigns without leaving them beholden to the small set of citizens who donate money.

There is considerable agreement in the political science literature that generous public campaign financing programs are effective at increasing electoral competition, contributing to greater diversity among candidates and donors, and encouraging more contact between office-seekers and voters. The evidence is less clear that public campaign financing systems foster more trust in government, lead to major changes in public policy, or reduce corruption. These programs may increase political polarization, although the evidence for this is disputed. In some states this might be a problem, but Hawaii's one-party dominance and relatively moderate brand of politics makes this potential consequence less concerning.

What is not in dispute is that Hawaii's current matching program is rarely used, poorly funded, and ineffective. If policymakers are serious about creating a program that would provide challengers with funding to run competitive campaigns, any of the following three options would be a major improvement.

**Transform the Current System into a Supermatch Program.** This option would follow the recommendations of the House Commission to Improve Standards of Conduct, but with a much more generous match than the \$2 proposed by the Commission. Following New York City, Hawaii could adopt an \$8 match for contributions up to \$100, while increasing the maximum amount of public funds available to a far greater percentage of the total expenditure limit for each office. In New York City, candidates are eligible to receive up to 89% of the total expenditure limit in government campaign funds. If Hawaii adopted a similar policy, these public funds, when combined with the money raised through qualifying donations, could provide sufficient resources to run a competitive campaign.

**Create a Block Grant Program.** Senator Karl Rhoads has introduced a bill to provide qualifying candidates with grants that approximate the spending of a typical incumbent. Under his proposal, candidates could qualify for public funds that range from \$20,000 for Office of Hawaiian Affairs candidates, \$50,000 for House candidates, \$100,000 for Senate candidates, and \$2.5 million for gubernatorial candidates<sup>113</sup> A greater percentage of the money would be given to candidates in the primary than in the general to recognize that many of the most closely-fought contests in Hawaii occur during primary elections. Advocates of this proposal estimate that it could cost as much as \$25 million per year. Ultimately, it is difficult to estimate how many candidates would qualify for this program, but the experience of other block grant states suggests that the costs would be manageable. Connecticut's program, for example, offers generous levels of funding and has a high participation rate, but cost only \$13.5 million during the 2020 election year.<sup>114</sup>

**Distribute Campaign Vouchers.** Hawaii could create a voucher program similar to the one currently in place in Seattle by providing four vouchers worth \$25 each to every registered voter in the state. Although this system demonstrated the most impressive results in increasing electoral competition, it is also the most difficult to administer. Seattle uses paper vouchers, which must be gathered by campaigns and redeemed for public funds. Providing administrative oversight and security for such a system would likely require more resources and personnel for the Campaign Spending Commission. Although the cost of this program could be extremely high if all registered voters redeemed their vouchers, the relatively low rates of participation in Seattle suggest that it would be manageable. Assuming a similar rate of participation in Hawaii, the price of this program would be approximately \$4.3 million per election.

113 SB 1543, "Relating to Public Financing for Candidates to Elected Office," [https://www.capitol.hawaii.gov/session/measure\\_indiv.aspx?billtype=SB&billnumber=1543&year=2023](https://www.capitol.hawaii.gov/session/measure_indiv.aspx?billtype=SB&billnumber=1543&year=2023). Dan Nakaso, "Proposal Would Increase Public Funding for Hawaii Campaigns," *Honolulu Star-Advertiser*, January 10, 2023.

114 State of Connecticut, State Elections Enforcement Commission, "The Status of the Citizens' Election Fund as of December 31, 2020," <https://seec.ct.gov/Portal/data/CEP/news/2020StatusofFundReport.pdf>

Any one of these policy options would likely create more political competition by leveling the playing field and could be supported by a relatively modest appropriation from general funds. Public campaign financing programs may not deliver all of the benefits promised by advocates, but they can be an effective investment in local democracy.

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