

Reform in an Age of Networked Campaigns

How to foster citizen participation
through small donors and volunteers

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Executive summary

The political world has been arguing about campaign finance policy for decades. A once rich conversation has become a stale two-sided battleground. One side sees contribution or spending limits as essential to restraining corruption, the appearance of corruption, or the “undue influence” of wealthy donors. The other resists any such limits in the name of free speech.

The time has come to leap over this gulf and, as much as possible, move the disputes from the courts. Preventing corruption *and* protecting free speech should *each* be among the key goals of any policy regime, but they should not be the only objectives. This report seeks to change the ongoing conversation. Put simply, instead of focusing on attempts to further restrict the wealthy few, it seeks to focus on activating the many.

This is not a brief for deregulation. The members of this working group support limits on contributions to candidates and political parties. But we also recognize the limits of limits. More importantly, we believe that some of the key objectives can be pursued more effectively by expanding the playing field.

Interactive communications technology potentially can transform the political calculus. But technology alone cannot do the trick. Sound governmental policies will be essential: first, to protect the conditions under which a politically beneficial technology may flourish and, second, to encourage more candidates—particularly those below the top of the national ticket—to reach out to small donors and volunteers.

We focus on participation for two reasons. First, if enough people come into the system at the low end there may be less reason to worry about the top. Second, heightened participation would be healthy for its own sake. A more engaged citizenry would mean a greater share of the public following political events and participating in public life. And the evidence seems to suggest that giving and doing are reciprocal activities: volunteering stimulates giving, while giving small amounts seems to heighten non-financial forms of participation by people who feel more invested in the process.

For these reasons, we aim to promote equality and civic engagement by enlarging the participatory pie instead of shrinking it. The Supreme Court has ruled out pursuing equality or civic engagement by constraining speech. But the Court has never ruled out pursuing these goals through policies that do not constrain speech.

This report will show how to further these ends. The first half surveys current conditions; the second contains detailed recommendations for moving forward.

The report begins with new opportunities. The digital revolution is altering the calculus of participation by reducing the costs of both individual and collective action. Millions of Americans went online in 2008 to access campaign materials, comment on news reports, watch campaign videos and share information. The many can now communicate with the many without the intervention of elite or centralized organizations. This capacity has made new forms of political organizations easier to create, while permitting the traditional organizations—candidates and parties—to achieve unprecedented scales of citizen participation. No example better illustrates this potential than the Obama campaign of 2008, which is discussed at length in the full report.

What should be done?

Yet, despite the successes of 2008, the authors of this report remain skeptical that technology's best promises will be self-fulfilling. For one thing, the communications environment of 2008 was in some ways a lucky accident. The conditions underlying this accident are bound to change along with communications platforms. The continuation and dispersion of the Internet's promise therefore will require governmental monitoring and support. The report's main recommendations accordingly begin with ones focused on [using regulation to foster open access to communications, to lower the information costs of participation, and to improve transparency.](#)

But we also remain skeptical that the “small-donor revolution” will be replicated down the ticket without support. Our skepticism is fueled by the results of new Campaign Finance Institute analyses of state and federal campaign finance records. Tables in the full report show that the typical congressional or state candidate is still being bankrolled by thousand-dollar donors and interest groups, with only a trickle coming in from those who give small amounts.

To counter this, we recommend government incentives to engage and expand the role of small donors. Specifically, we recommend [partial public financing](#) for elections at all levels, in primaries as well as general elections.

- We favor systems in which public money goes to participating candidates in the form of [multiple matching funds, but only for small contributions.](#)
- [Lower contribution limits should replace spending limits](#) as a condition of eligibility for the receipt of public funds. There should also be a maximum ceiling on the amount of public money a candidate may receive.
- As a supplement, we also support [tax credits or rebates targeted at lower-income donors.](#)

Finally, to improve accountability and enhance the role of political parties in competitive elections, we support [unlimited coordinated party spending](#), but the spending must be paid [out of funds raised from small donors.](#)

Recommendations

The following is a complete list of the report's recommendations, together with a page number for the full report's discussion of each.

Ensuring open and accessible communications and information

- **Affordable broadband:** The promise of greater participation through digital communications will not be fulfilled unless everyone has access to affordable broadband. The FCC and Congress should redouble their efforts to expand broadband capacity and access throughout the nation. As under current law, civic engagement and participation should remain key considerations. The goal should be universal free or low-cost broadband access. (See page 30.)
- **Carriers must provide access for political speech:** Government activities and regulations should ensure that all carriers and service providers offer full access, without discrimination based on content, to political and issue speech and solicitations. This access should be available on the same basis and rates as the provider offers to its most favored commercial customers. (See page 30.)
- **Make it easier for citizens to access all election-related public information:** The federal government should establish and maintain a website for citizens that would serve as a centralized location for election-related information. (See page 31.)

Improving transparency

- **Real-time and downloadable electronic disclosure:** All mandatory disclosure reports required under federal or state law should be filed and reported electronically to the relevant disclosure agency and made available in real-time to the public, in readily accessible, manipulable, downloadable data files as well as through user-friendly web-based formats. Electronic filing requirements should apply to all federal and state candidates, party committees or PACs with more than *de minimus* financial transactions, as well as any other committees or entities required to file disclosure reports at the federal or state level. (See page 32.)
- **FCC advertising logs through the Internet:** Any radio or television station that broadcasts political advertisements should be required to file its advertising logs electronically with the FCC. This information should be available on a real-time basis through a database maintained by the FCC and posted on the Internet. (See page 33.)
- **Single disclosure website:** All electorally relevant material about political spending that is required to be disclosed under current law to the FEC, FCC, Department of Labor or Internal Revenue Service should be drawn together on a single website in a format easily accessible to all citizens. (See page 33.)

- **Free software:** States and the federal government should provide free filing software. (See page 33.)

Refining contribution limits

- **Limits on contributions to candidates:** The current federal limit for individual contributions to candidates seems appropriate, as does the national median for states. States without limits should establish them, and those with ceilings above the median should adjust their limits downward. (See page 34.)
- **Limits on contributions to political parties:** States should place (and the federal government should maintain) limits on all contributions to political parties, PACs and legislative campaign committees, including all soft money accounts. (See page 36.)

Redefining public funding

- **Multiple matching funds for small contributions:** Public financing should be provided to candidates in the form of multiple-dollar matching funds for small contributions from individual donors. This matching funds approach should be used in both primary and general elections. (See page 40.)
- **Lower contribution limits should replace spending limits:** Lower contribution limits should replace spending limits as a condition of eligibility for the receipt of public funds. (See page 41.)
- **Early money:** Public money should be available to candidates as soon as they qualify. (See page 43.)
- **Qualifying threshold:** Candidates should be required to meet a reasonable qualifying threshold in order to be eligible to receive public funds. (See page 44.)
- **Funding maximums:** Candidates participating in a public funding program should be subject to a maximum ceiling on the total amount of public money that they may receive. (See page 45.)
- **Tax credits or rebates:** Tax credits or rebates (with income caps) should also be used to enhance participation by small donors. But this option should not be a substitute for a matching funds program. Where multiple matching funds are available, individuals should be eligible for a 50 percent rebate on small contributions. Where multiple matching funds are not available, a 100 percent rebate should be provided. (See page 46.)

Enhancing party-candidate relations and electoral accountability

- **Unlimited coordinated expenditures for political parties from small-donor contributions:** National party committees should be allowed to make unlimited coordinated expenditures in support of candidates from funds raised from small donors who give an aggregate of \$200 or less. (See page 48.)

About the authors

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