

# Vermont Legislative Research Service

<http://www.uvm.edu/~vlrs/>



## Public Funding of Elections

This report provides an overview of the current public funding system in Vermont. It compares two general models of public funding systems: **total public**(or **clean**)and **partial** (or **matching**)funding systems. Selected examples of these models are used to show how different states have used these models. This report also covers the use of tax incentives to promote citizen participation in elections. As these programs vary from state-to-state, experts disagree on how to best formulate a public funding model that meets the goals of lawmakers.<sup>1</sup> Consequently, this report provides descriptions of each of the models and outcomes in selected cases without conducting deep case studies of the system in any one jurisdiction.

### Overview of Public Funding

Campaign finance laws regulate how money is used in elections. These regulations target who contributes money, how much money is contributed, and how much money is spent.<sup>2</sup> Different mechanisms have been devised to use public funds to finance elections at the federal, state, and municipal levels; however, their use has been limited

While some programs aim to abolish the role of money in elections, scholars indicate that a better approach is to devise systems that manage the flow of money in order to improve the quality and fairness of elections.

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U.S. Supreme Court decisions have had a significant impact on public funding systems. **Buckley v. Valeo** (1976)<sup>5</sup>

(2010)

system are not enough to cover the costs involved in a competitive election. For example, in the 2018 gubernatorial election, the winning candidate, incumbent Governor Phil Scott, spent \$703,301.18 on his campaign.<sup>15</sup> Even for this relatively uncompetitive campaign, this figure is significantly higher than the \$600,000 available for the primary and general elections under the current public finance program. According to a study conducted by followthemoney.org, the average campaign costs for a major party gubernatorial candidate in V









Hybrid systems can also include the use of taxes and rebates. Taxes and rebates are tools used to incentivize donors and/or candidates to participate in public funding schemes. Table 2 provides a description of the six states that offer tax credits or rebates to donors. Of those six, Oregon and Minnesota have seen the highest participation rates by donors and taxpayers.<sup>37</sup>

Table 2: Rebates and Tax Incentives

Source: Malbin, Michael J. "Citizen Funding for Elections," Campaign Finance Institute, [http://www.cfinst.org/Press/PReleases/15-11-19/CFI\\_Report\\_Citizen\\_Funding\\_for\\_Elections.aspx](http://www.cfinst.org/Press/PReleases/15-11-19/CFI_Report_Citizen_Funding_for_Elections.aspx)

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Partial public funding systems have increased in popularity since the Supreme Court's decision in *Arizona Free Enterprise Club v. Bennett* (2011) that disallowed "trigger funds" in total public funding models.<sup>38</sup> Although Seattle, Washington stands out as a novel program (established in 2015) that uses vouchers as opposed to matching or partial grants, the effectiveness of this system remains to be seen. Matching and partial grant systems have been the most popular partial public funding systems, with some candidates utilizing them to win office.

**Prospects for Partial Funding in Vermont:** A 2012 study conducted by the Campaign Finance Institute found that Vermont had the highest donor participation rate among states with qualifying public funding programs.<sup>39</sup> According to the study, in 2010, 5.86 percent of the voting

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<sup>37</sup> Malbin, *Citizen Funding for Elections*

<sup>38</sup> *Arizona Free Enterprise Clubs Freedom Club PAC v. Bennett*, 564 U.S. 721 (2011).

<sup>39</sup> Malbin, *Citizen Funding for Elections*

<sup>40</sup> Michael J. Malbin, *Vermont and Rhode Island Had the Highest Percentages of Adults Contributing in 2010 and*



age population donated to the gubernatorial election, which is approximately three times the national median.<sup>41</sup> These data show that a high percentage of Vermonters have been willing to participate in statewide elections. As exemplified in the case of New York City, matching systems can increase the impact of small donors. Vermont's relatively high contribution rates therefore provide a unique opportunity for matching systems to succeed in statewide races.

### Conclusion

Public funding programs have the potential to reduce the importance of big money in elections