



# The Democracy for the People Initiative

On the November 6, 2018  
Denver ballot

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***Why do we need  
public financing for  
campaigns?***



## Findings from a 2018 joint study from the George W. Bush Institute, University of Pennsylvania Biden Center, and Freedom House

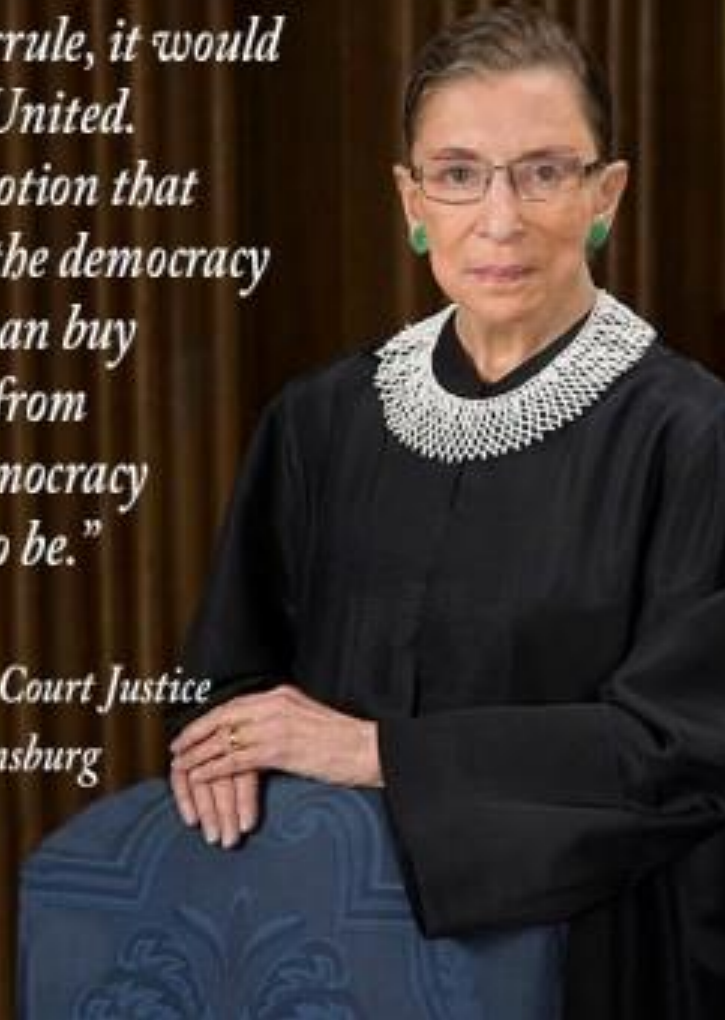
- 8 in 10 Americans are concerned about the condition of Democracy in our country
- 68% believe Democracy is getting weaker
- “Big money in politics” was the #1 issue respondents picked as their biggest concern (racism and discrimination came in as #2 and was statistically tied)

Is it one citizen one vote,  
or one dollar one vote?

*If money is speech, which is what our Supreme Court has declared, then how do people of modest means have speech in this country?*

*“If there was one decision  
I would overrule, it would  
be Citizens United.  
I think the notion that  
we have all the democracy  
that money can buy  
strays so far from  
what our democracy  
is supposed to be.”*

*—US Supreme Court Justice  
Ruth Bader Ginsburg*



# Is big money a problem in Denver?

“Denver voters often have no idea which candidates are supported by special interests until after the election. And corporations and businesses have a much greater influence in our elections than are allowed on the state or federal level. Both of things must change if Denver is to have open, transparent and informed elections in the future.”

--Colorado Ethics Watch “Mile High Money” Report regarding the 2015 municipal elections\*

- Denver contribution limits are substantially higher than other Colorado elections
- Unlike state and federal races, corporations can directly contribute to candidates
- 26% of all money in 2015 races was from non individuals, with corporations making up 77% of those contributions and business PACs constituting an additional 8%.
  - Combined, corporate interests constituted 85% of donations from non individuals
- Lobbyists, corporations, and special interest groups can contribute heavily to elected officials whose votes directly affect the return on investment for these interests.

“The American people are sitting up in the bleachers of their own democracy now, watching it play out on the field....We have to figure out a way to bring everyday Americans out of the bleachers and onto the field of their own democracy where they are calling the plays. It’s not just about rules. It’s about power.”

-- Congressman John Sarbanes  
(Maryland, 3<sup>rd</sup> Congressional District),  
primary sponsor of The Government By  
The People Act







## The Democracy for the People Initiative

- **Bans corporations from donating directly to campaigns** in Denver, as they are currently banned on the state and federal level.
- **Lowers Denver's relatively high campaign contribution limits** to be on the scale of Colorado's significantly lower state level campaign limits.
- Creates a **publicly financed campaign system** by providing **9-to-1 matching funds** for **small-dollar donations** (\$50 and less) to **candidates who opt not to accept special interest money** in their campaigns.
- Requires the **disclosure of outside money** spent on electioneering in Denver.

Proposed  
Changes to  
Campaign  
Contribution  
Limits

Office	Current	<b>Without Opt-In</b>	<i>With Opt-In</i>
Mayor	\$3,000	<b>\$1,000</b>	<i>\$500</i>
Auditor	\$2,000	<b>\$700</b>	<i>\$350</i>
Council At-Large	\$2,000	<b>\$700</b>	<i>\$350</i>
Clerk and Recorder	\$2,000	<b>\$700</b>	<i>\$350</i>
Judge	\$2,000	<b>\$700</b>	<i>\$350</i>
District Council	\$1,000	<b>\$400</b>	<i>\$200</i>

This idea isn't new or radical.

## Cities, Counties, and States with Publicly Financed Elections

San Francisco

New Mexico

Albuquerque

New York City

West Virginia

Rhode Island

Hawaii

Los Angeles

Massachusetts

Connecticut

Minnesota

Montgomery County, MD

Long Beach

New Jersey

Oakland

Maine

Florida

Austin

Santa Fe

Maryland

Vermont

Tucson

Michigan

Arizona

Seattle

Washington, DC

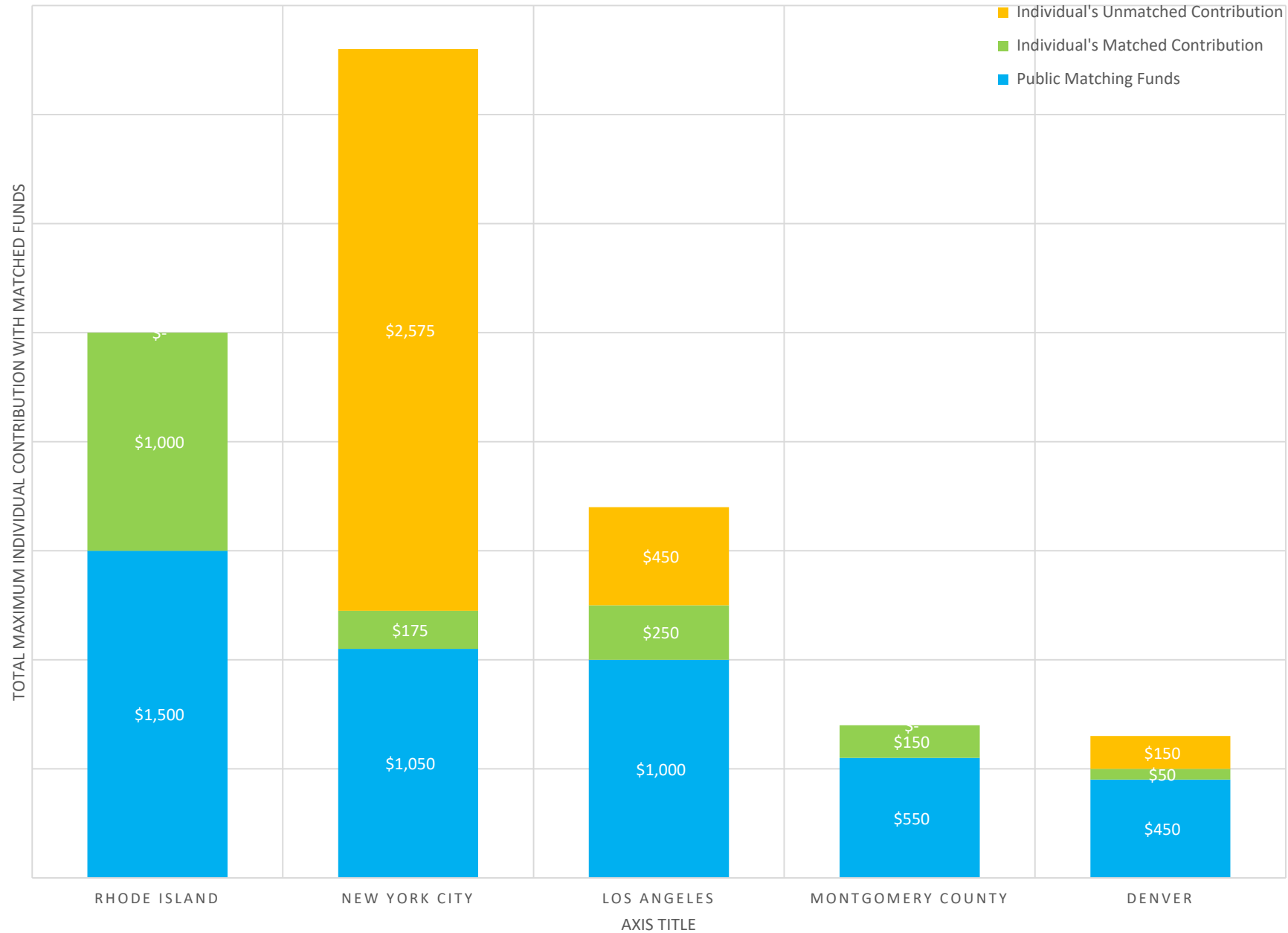
Boulder



# How does contribution matching work?

- Denver currently has some of the highest contribution limits. District limits are reduced to \$400, the same as a state legislative race
- Candidates who choose to pursue the public financing option voluntarily limit their maximum contributions further – down to \$200 for a district race
- In order to qualify for matching funds, a council district candidate campaign must have received at least 100 contributions of \$5 or more from Denver residents and cannot accept contributions from PACs or other sources besides individual donors
- Donations up to \$50 are matched 9-1 (multiple donations from a single donor are only matched until that donor exceeds \$50)

# PUBLICLY FINANCED ELECTIONS: MATCHED FUNDS COMPARED FOR A MAXIMUM INDIVIDUAL CONTRIBUTION



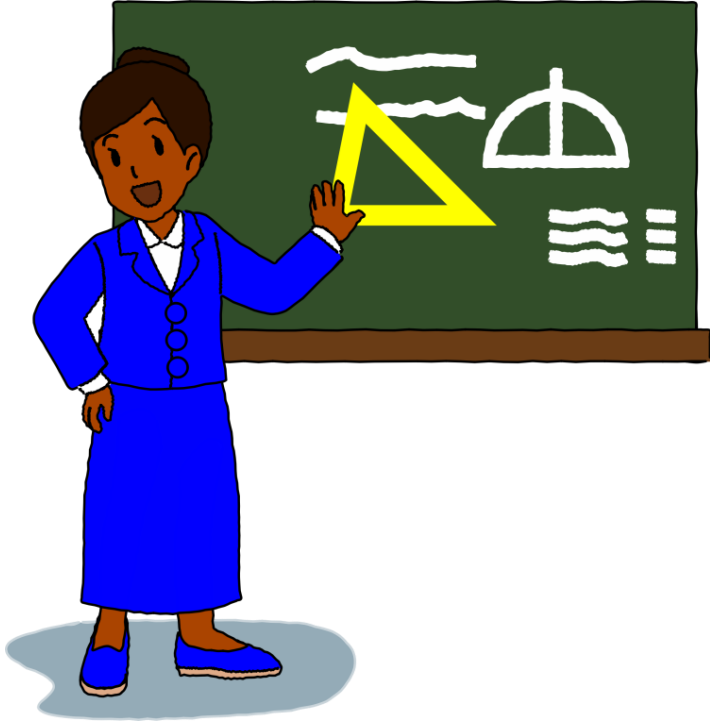
If candidates and elected officials had a choice between going to the deep pockets, the PACs, the insiders, **or spending that time in their district, investing that time in their community, talking and listening with their constituents and coming away with even greater resources by going to the people to power their campaigns, *how could they not choose to go to their district?***

How does a public financing system change what type of candidate becomes viable for public office?

Meet our sample candidates and learn more about how the system impacts their ability to run for office



Larry



Tina



Maria





# Candidate Example: Larry the Lobbyist (current system)

Larry is a successful lobbyist, earning \$110,000/year (average salary for a lobbyist in CO) and spends much of his time with others of the same socio-economic status. When running for office, Larry determines he can raise the majority of funds from corporations and others who also have a higher capacity to give money.

Under the current system, in order to raise \$100,000, Larry's donor list may look something like this:

• 40 individual donors at \$1000	=	\$40,000
• 25 corporate donors at \$1000	=	\$25,000
• 10 PACs at \$1000	=	\$10,000
• 20 individual donors at \$500	=	\$10,000
• 24 individual donors at \$250	=	\$6,000
• 50 individual donors at \$100	=	\$5,000
• 80 individual donors at \$50	=	\$4,000

In this example, Larry had 249 donors, but because of loopholes in the system, wealthy donors can give from personal and business accounts, meaning in actuality he had far fewer. 65% of his total funds come from only 40 donors, including 25 donations from their businesses.



# Candidate Example: Larry the Lobbyist (new system, non matching)

Larry decides he wants to raise funds using the higher \$400 totals and not seek matching funds. In order to raise the same \$100,000 he feels he needs to win, he expands his outreach to include more donors at all levels

Under this system, in order to raise \$100,000, Larry's donor list may look something like this:

- 100 individual donors at \$400 = \$40,000
- 100 individual donors at \$250 = \$25,000
- 200 individual donors at \$100 = \$20,000
- 200 individual donors at \$50 = \$10,000
- 200 individual donors at \$25 = \$5,000

In this example, Larry had 800 donors. The donors from the top few tiers on the last slide might all now give \$400, and Larry expanded to host more events accessible to small donors.

# Candidate Example: Tina the retired teacher (current system)



Tina recently retired from Denver Public Schools, where she was making \$56,000/year (the average salary at DPS). Like Larry, many people in her network are of similar socio-economic status, but unlike Larry's donors, Tina's are not capable of donating in as large of quantities.

Tina has the same number of donations as Larry, but few connections to wealthier donors, and there are a handful of organizations that agree to support her, but ultimately she only raises a fraction of the amount:

• 10 individual donors at \$1000	=	\$10,000
• 5 corporate donors at \$1000	=	\$5,000
• 5 Small Donor Committees at \$1000	=	\$5,000
• 25 individual donors at \$500	=	\$15,000
• 25 individual donors at \$250	=	\$6,250
• 50 individual donors at \$100	=	\$5,000
• 50 individual donors at \$50	=	\$2,500
• 60 individual donors at \$25	=	\$1,500
• 19 individual donors at \$10	=	\$190

Tina has just as many donors (possibly more, factoring in fewer corporate donations) willing to contribute, but because she does not work and live in wealthier circles, she only raises \$50,440 – barely more than half of what Larry is able to raise.

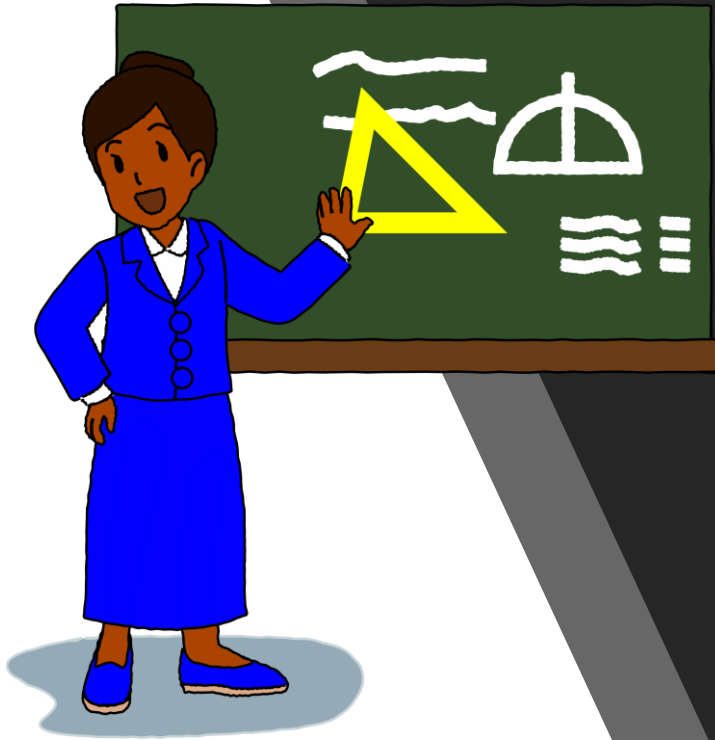
# Candidate Example: Tina the retired teacher (Matching Funds)

Tina knows that in order to be competitive she needs to raise the same \$100,000 Larry can raise, but under the current system didn't have the ability to raise the same amount as her opponent.

Tina uses the new matching funds option, limiting her contributions to \$200. In order to raise \$100,000, Tina strives to talk to more working and middleclass donors like herself:

- 20 Denver donors at \$200 = \$13,000\*
- --\$4,000 from the contributions directly, plus all 20 qualify, so  $50 \times 9 \times 20 = \$9,000$
- 50 Denver donors at \$100 = \$27,500\*
- --\$5,000 from the contributions directly, plus all 50 qualify, so  $50 \times 9 \times 50 = \$22,500$
- 75 Denver donors at \$50 = \$37,500\*
- --3,750 from contributions directly, plus all 75 qualify, so  $50 \times 9 \times 75 = \$33,750$
- 75 Denver donors at \$25 = \$18,750\*
- --\$1,875 from contributions directly, plus all 75 qualify, so  $25 \times 9 \times 50 = \$16,875$
- 50 non-Denver donors at \$100 = \$5,000
- 50 non-Denver donors at \$50 = \$2,500

In this model, Tina raised \$104,250 from 320 donors; she spent less time on 1 on 1 meetings with wealthier individuals who have business before the city, and more time at free and inexpensive gatherings meeting community members





# Candidate Example: Maria the millennial nonprofit employee (current system)

Maria is a 32 year old community organizer working on renters' rights and helping 1<sup>st</sup> time homebuyers in Denver's tight housing market. She makes \$39,000 year (approximate average for her age in Denver). Like Larry and Tina, most of her network is of a similar socio-economic background as she is.

Maria has a larger network than Larry or Maria, but fewer connections to wealthier donors, PACS, SDCs, and others capable of donating large sums.

• 5 individual donors at \$1000	=	\$5,000
• 2 corporate donors at \$1000	=	\$2,000
• 3 Small Donor Committees at \$1000	=	\$3,000
• 25 individual donors at \$500	=	\$15,000
• 25 individual donors at \$250	=	\$6,250
• 100 individual donors at \$100	=	\$10,000
• 100 individual donors at \$50	=	\$5,000
• 100 individual donors at \$25	=	\$2,500
• 100 individual donors at \$10	=	\$1,000

Despite having over 450 donors to her campaign, Maria only raises \$40,750. Statistically speaking, Maria has very little chance of being elected despite more people being willing to support her campaign.



# Candidate Example: Maria the millennial nonprofit employee (Matching Funds)

Like Tina, Maria knows that in order to be competitive she needs to raise the same \$100,000 Larry can raise. While she doesn't have many wealthy friends, she does have a large network.

Maria also uses the new matching funds option, limiting her contributions to \$200. In order to raise \$100,000, Maria strives to bring in as many small dollar contributions as possible:

- 10 Denver donors at \$200 = \$6,500\*
  - --\$2,000 from the contributions directly, plus all 10 qualify, so  $50 \times 9 \times 10 = \$4,500$
- 25 Denver donors at \$100 = \$13,750\*
  - --\$2,500 from the contributions directly, plus all 25 qualify, so  $50 \times 9 \times 25 = \$11,250$
- 80 Denver donors at \$50 = \$40,000\*
  - --\$4,000 from contributions directly, plus all 80 qualify, so  $50 \times 9 \times 80 = \$36,000$
- 100 Denver donors at \$25 = \$25,000\*
  - --\$2,500 from contributions directly, plus all 100 qualify, so  $25 \times 9 \times 150 = \$22,500$
- 150 Denver donors at \$10 = \$15,000\*
  - --\$1500 from contributions directly, plus all 100 qualify, so  $10 \times 9 \times 150 = \$13,500$
- 50 non-Denver donors at \$50 = \$2,500

In this model, Maria raised \$102,750 from 415 donors; like Tina, she spent less time on 1 on 1 meetings with wealthier individuals who have business before the city, and more time at free and inexpensive gatherings meeting community members

## Table 5. EFFECT OF MULTIPLE MATCHING ON IMPORTANCE OF SMALL DONORS

### NEW YORK CITY COUNCIL ELECTIONS OF 1997, 2001, 2009

	Individuals Whose Contributions Aggregated to ...			Organizations	
	\$1-\$250	\$251-\$999	\$1,000 or more	Non-party	Party
<b>1997 City Council</b>					
<b>Final election with 1:1 match for first \$1,000</b>					
# of donor-candidate pairs	23,999	1,855	615		
% of candidates' money from these donors, including allocated matching funds	39%	18%	16%	25%	2%
<b>2001 City Council</b>					
<b>First election with 4:1 match for first \$250; term limits</b>					
# of donor-candidate pairs	58,478	4,354	1,375		
% of candidates' money from these donors, including allocated matching funds	68%	16%	10%	2%	4%

FIGURE 4. DONORS WHO GAVE \$1-175 TO CANDIDATES FOR THE NEW YORK STATE ASSEMBLY (2010) AND CITY COUNCIL (2009) BY CENSUS BLOCK GROUP.

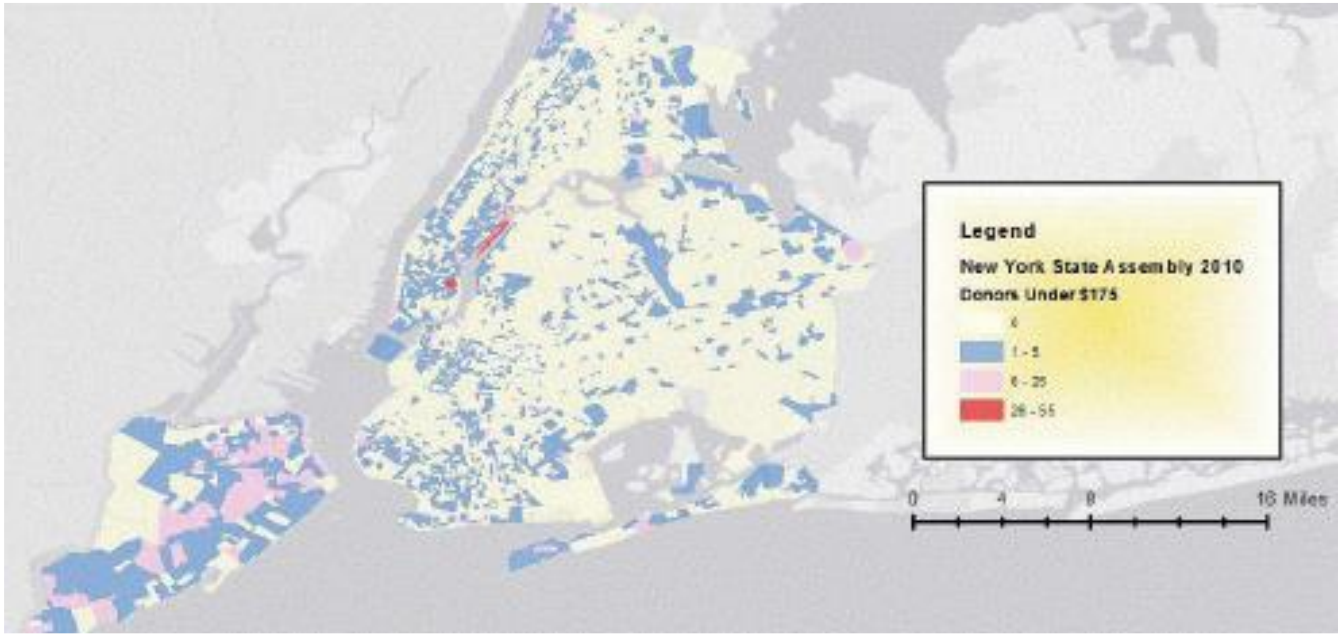
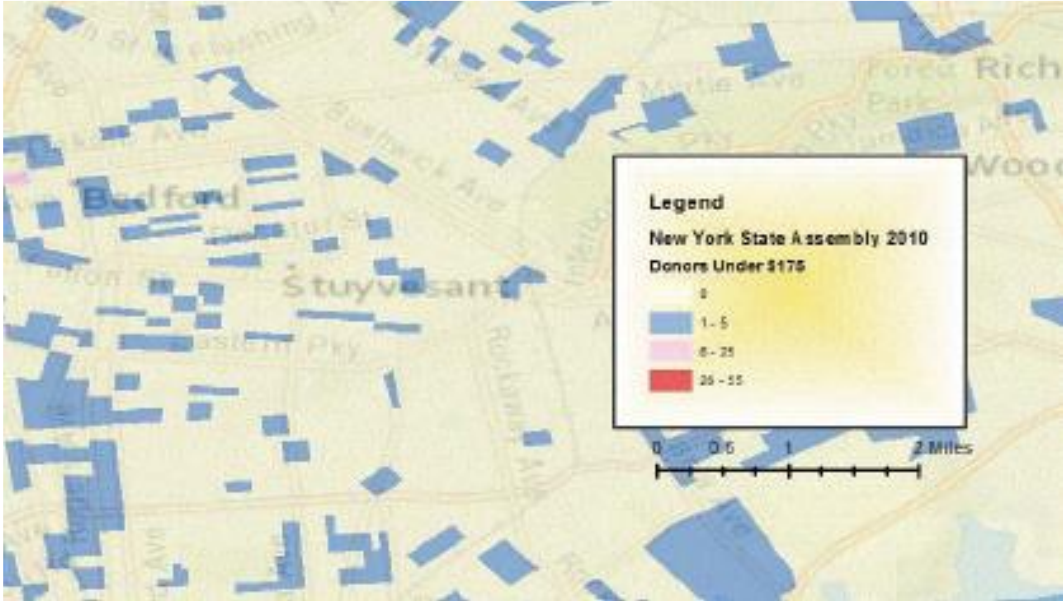




FIGURE 5. DONORS FROM BEDFORD-STUYVESANT WHO GAVE \$1-\$175 TO CANDIDATES FOR THE NEW YORK STATE ASSEMBLY (2010) AND CITY COUNCIL (2009).




What does a representative Democracy really look like?



If we acknowledge that

the ability to raise money is one of the top factors in determining who will win an election today, and

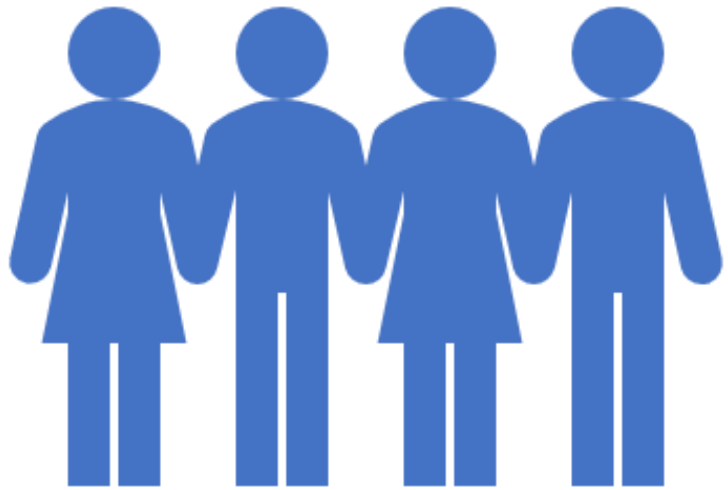
candidates like Tina and Maria have valuable experience and insight they would bring to council despite their lack of connections to corporate and wealthy donors



We must also recognize that our system needs to change

# SEATTLE





# Seattle's Democracy Vouchers

- Four \$25 vouchers to every registered voter to make campaign contributions to candidates who don't take special interest money
- Gives voice to citizens of modest means, empowering those who have previously been in the shadows of political campaigns
- 5-of-6 nominees opted in
- Top two candidates collected \$300,000 in vouchers from 12,000 individual contributions
- Instead of courting big money from wealthy donors, candidates went to groups yielding new power as significant players in the political process:
  - People on fixed incomes
  - People working minimum wage jobs
  - People without homes

# CONNECTICUT



# CONNECTICUT

- **PAID SICK DAYS**
- **RAISED MINIMUM WAGE**
- **IN-STATE TUITION FOR UNDOCUMENTED STUDENTS**

# Effects of public financing

Publicly financing campaigns empowers small-dollar donors to become more engaged with candidates, and ultimately make elected bodies look more like the community.

- Voter turnout increases.
- Communities of color become more engaged.
- Lower-income communities effectively donate at a dramatically increased rate.
- Running for office no longer means needing to have great wealth or connections to wealth.
- More diverse candidates run and get elected, including more women and more minorities.



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