



The "Fifth Source" and the Ballot Box: Public Election Funding and Changing American Elections

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THE "FIFTH SOURCE AND THE BALLOT BOX: PUBLIC ELECTION FUNDING
AND CHANGING AMERICAN ELECTIONS

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THE “FIFTH SOURCE AND THE BALLOT BOX: PUBLIC ELECTION FUNDING
AND CHANGING AMERICAN ELECTIONS

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In this dissertation, I argue that full funding programs such as those functioning in the legislative elections of Arizona, Connecticut, and Maine alter the behavior of candidates and voters alike. I employ original survey and interview data from candidates in eighteen states, finding strong evidence of different campaign strategies when public money is present in a political system. While the effects of some of these changes are generally positive, the ramifications of others are not clear. Regardless, I show that in evaluating the true effect of public funding, its bearing on political behavior must be considered.

Using genetic matching methods, I demonstrate that the acceptance of full public election subsidies provides candidates with time flexibility facilitating higher levels of direct interaction with citizens. I then exploit a natural experiment to demonstrate that Maine and Connecticut voters are more likely to cast ballots for state legislative contests when candidates accept full funding. Specifically, the results of two difference-in-differences models show that the presence of a publicly funded candidate diminishes ballot roll-off by between 1.5 and 2 percentage points.

I then argue that ideology is a crucial determinant of participation in full funding systems, which I support with a utility model showing that very conservative

candidates face high personal costs that make a privately funded campaign a more attractive option. The model predicts that Republican incumbents should therefore be more likely to face a publicly funded challenger. I confirm this prediction with logistic regression models from data in Arizona, Connecticut, and Maine. Since I confirm with genetic matching that fully funded candidates perform better on Election Day, I argue that the practical effect of public funding may be uneven in terms of partisan affiliation.

Finally, I evaluate the effects of public funding on the behavior of candidates who choose not to participate. I analyze the transcripts of 16 in-person interviews with sixteen Arizona legislative candidates. I find that the state's matching funds provisions lead to pervasive gaming. Specifically, traditional candidates delay fundraising and spending until the final days of an election, which denies their publicly-funded opponents an opportunity to spend matching funds.

BIOGRAPHICAL SKETCH

Michael G. Miller holds a Ph.D. and M.A. in Government from Cornell University, an M.A. in Political Science from Minnesota State University, Mankato, and a B.A. in Political Science and Business Administration from Concordia College. He is originally from Minot, ND.

For Laura, who brought me here, and my mother, who kept me here.

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The old saying goes, “Choose work you love and you will never work a day in your life.” Because of the investments in me by the people on this page, I have yet to put in a day's work on this project. Thank you all.

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INTRODUCTION

“The great majority of mankind is satisfied with appearances as though they were realities, and is often more influenced by the things that seem than by those that are.”

-Niccolo Machiavelli

American elections are often expensive, uncompetitive, or both. Moreover, stories of issues ranging from close relationships between legislators and lobbyists to outright corruption have likely convinced many citizens that the political process is slanted toward the rich and powerful. Prospective candidates no doubt harbor similar feelings as they face an electoral system in which incumbents exploit financial and other advantages to solidify their positions. When incumbents regularly win expensive, interest-fueled campaigns, it is not difficult to understand these frustrations. Indeed, for those seeking a democracy in which elections are won solely on the basis of superior ideas, the political landscape in the United States must seem a bleak place.

Some states have attempted to combat these issues with what Sorauf (1992, 131) termed “the fifth source” of political money, supplementing contributions from individuals, parties, groups, and the candidates themselves with public election funding. Public funding schemes exist at the federal, state, and local levels of American government. Because of this breadth, there is substantial diversity in their construct. Since public financing schemes were first implemented during the wave of post-Watergate reforms, the burning question has been, “do they work?” To date, even with a relatively clear set of reform objectives, the answer has been elusive. Measures of success are often ill-defined, and the programs’ effects on candidate strategy and behavior have been largely unstudied.

At the same time, the stakes are rising. Public election funding is currently available in some form in roughly half of the states. In many of those, public money is channeled through party organizations, or is available only to gubernatorial candidates. However, recent initiatives in state-level public financing are focused on directly funding a wide array of candidates, ranging from statewide offices to the lower legislative chamber. Some states, such as Minnesota, Hawaii, and Wisconsin, have long provided candidates with direct, partial public financing designed to pay for part of their election costs, but these programs have given way in the 2000s to programs that provide subsidies intended to cover the entire cost of an election.

In the late 1990s, voters in Maine and Arizona passed ballot referenda to provide candidates for all state offices with subsidies intended to cover the entirety of their campaign costs. These measures, generally referred to as “Clean Elections” laws, took effect in 2000. Since then, full public funding has spread steadily to other states. For instance, Connecticut began its own full funding program for all state offices in 2008. New Mexico implemented a Clean Elections program for its Public Regulation Commission candidates in 2003, and extended the program to its judicial candidates in 2007. North Carolina implemented full funding for judicial candidates in 2004, as did Wisconsin in 2009 and West Virginia in 2010. New Jersey is currently studying a pilot program in its legislative elections, and Rhode Island is considering a similar trial while a ballot initiative is pending in California. The cities of Albuquerque and Portland have recently passed full funding laws for municipal elections and at least a dozen other cities, including Seattle, are considering them. Moreover, as of early 2010, a bill is pending to offer major public funding to candidates for both houses of the United States Congress.

Despite the increasing ubiquity of direct public funding programs, political scientists have not rigorously studied how these programs affect candidate and voter behavior. Most studies have to date concentrated only on one aspect of campaigns, and sometimes in only one state or election. Furthermore, scholars tend to evaluate the programs' success in achieving the stated goals of the reform movement, such as enhanced competition or the emergence of more or different challengers (La Raja 2008; Malhotra 2008; Werner and Mayer 2007; Kraus, 2006; Mayer, Werner, and Williams 2006; Government Accountability Office 2003; Schultz, 2002, Malbin and Gais 1998, 136; Mayer & Wood 1995; Donnay and Ramsden 1995; Jones and Borris 1985). As a result, studies are often hobbled by illusory concepts, vague definition, or a failure to account for the inherently political character of elections. Finally, to my knowledge the potential for unintended or overlooked consequences of public funding has not been considered in the academic literature.

In this dissertation, I move beyond simple evaluations of the reform agenda, focusing instead on the manner in which public election funding changes political incentives for all candidates both before and after they make the decision of whether to accept public subsidies.¹ By extension, I argue that full funding programs such as those functioning in the legislative elections of Arizona, Connecticut, and Maine alter the behavior of candidates and voters alike. I find strong evidence of different campaign strategies when public money is present in a political system. While the effects of some of these changes are generally positive, the ramifications of others are not clear. Regardless, my findings show that in evaluating the true effect of public funding as policy, its bearing on political behavior must be considered.

¹ I describe both the reform rationale and previous academic studies at length below.

Why Public Funding?

Public election funding made its first appearance in the United States with the passage of the Federal Election Campaign Act (FECA) of 1971. As amended in 1974, the FECA created a voluntary public funding system for presidential elections including partial matching funds in primaries and full funding with spending caps in the general election. The law also mandated contribution and spending limits in Congressional races, largely in response to Watergate-era perceptions that special interests had gained unfair leverage in expensive, media-driven campaigns. Thus, the FECA was designed to curb both spending and the influence of any single contributor while preserving system transparency in all federal elections.

However, subsequent litigation on several facets of the FECA set hard rules on campaign finance regulation that continue to affect public funding programs today. In *Buckley v. Valeo* (424 U.S. 1 1976), the FECA was contested on the grounds that mandatory spending and contribution caps restricted the speech of candidates and their supporters. In a *per curiam* opinion, the Court upheld the presidential public financing programs because participation is voluntary. The Court also found that the main element of speech in a political contribution is the expression of support:

A contribution serves as a general expression of support for the candidate and his views, but does not communicate the underlying basis for the support. The quantity of communication by the contributor does not increase perceptibly with the size of his contribution, since the expression rests solely on the undifferentiated, symbolic act of contributing (Ibid.).

This logic allowed the Court to uphold the constitutionality of contribution limitations while striking down forced spending limits. The Court found that restrictions on candidate spending equate to “direct and substantial restraints on the quantity of

political speech” and are therefore unreasonable restrictions of First Amendment rights (Ibid).

For reformers who see money as a nefarious element in American politics, the *Buckley* decision has forced creativity. Since spending limits cannot be imposed upon candidates, states looking to reduce the role of money in politics must provide candidates with a reason to accept restrictions on their campaign spending. Public funding programs seem to be natural vehicle to this end; not only do subsidies serve as an incentive for candidates to participate, but they also directly address several problems beyond cost inflation. Indeed, critics of the prevailing campaign finance system often cite public funding as a panacea of sorts, with the potential to alleviate one or all of at least four major deficiencies in American elections: high average costs, low average competition, the appearance of corruption, and the burden that fundraising places on campaigns.

Paramount among these is the failure of existing regulation to curb the growth of campaign costs. During the last thirty years, overall expenditure levels have grown markedly in both federal and state races (e.g., Jacobson 2009; Gross & Goidel 2003, 35; Lott 2000; Malbin & Gais 1998, 15; Moncrief 1992; Gierzynski and Breaux 1993; 1991). Access to deeper, more established resource networks is but one component of the advantage that nearly all incumbents enjoy over challengers, and expensive races allow incumbents to construct a financial fortress that makes them seem unassailable (See: Jacobson 2009; Goodliffe 2001; Cassie and Breaux 1998; Cox & Morgenstern, 1995; 1993; Weber, Tucker, and Brace 1991; Gierzynski & Breaux 1991; Squire 1991). Faced with such a financial disadvantage, many potential challengers likely conclude that facing an incumbent is a quixotic pursuit.

This trend contributes to the second problem: uncompetitive American elections. When incumbents are met with a challenge, they consistently win by wide margins. Particularly for new candidates with little or no established funding network, raising sufficient funds is inherently problematic as they face the familiar paradox: To appear viable to the individuals and groups necessary to fund a serious campaign, candidates must have money, but to raise money, they must appear viable (see: Jacobson 1980). Inexperienced challengers find it difficult to convince skeptical donors, and are unable to keep pace financially with resource-laden incumbents. Moreover, there is substantial evidence suggesting that while money alone does not necessarily equate to votes, its absence essentially eliminates a challenger from contention (e.g., Alexander 2005; Herrnson 2004, 248; Malbin & Gais 1998, 145; Cassie and Breaux 1998; Gierzynski and Breaux 1993; 1991; Green & Krasno 1990; Jacobson 1990; Tucker and Weber 1987; Giles and Pritchard 1985; Caldeira and Patterson 1982; Howell 1982; Jacobson 1980). Thus, the absence of quality candidates perpetuates a wide spending gap between incumbents and challengers at both the federal (e.g., Jacobson 2009) and state level (e.g., Cassie and Breaux 1998). Given these circumstances, it is no surprise that when incumbents run, they have an excellent chance of winning (e.g. Jacobson 2009; Herrnson 2004, 22; Krasno 1994; Abramowitz 1991; Weber, Tucker, & Brace 1991).

Third, reformers claim that the gaudy sums required for political campaigning invite opportunistic behavior of external actors seeking to influence public policy. With limited resources, federal political action committees (PACs) seek to achieve this goal by betting on candidates likely to win and to hold key legislative positions. In both federal and state elections, incumbents, party leadership, and powerful members of the

rank and file benefited disproportionately from PAC donations in the 1990s (Cassie and Thompson 1998; Thompson, Cassie, and Jewell 1994; Thielemann and Dixon 1994; Herrnson 1992; Stratmann 1992; Snyder 1990). Recent evidence suggests that PACs tend to contribute late in the election to Congressional candidates who have already demonstrated fundraising success (McGhee and La Raja 2008). Alexander (2005) suggests that such a strategy is paying off in federal elections, as PAC contributions are associated with better-performing candidates.

The strategic behavior of PACs is intended to maximize the odds that the groups they represent receive a return on their investment, leading some reformers to conclude that PAC money is dangerous because of the possibility for a *quid pro quo* exchange between contributor and legislator. Scholarly analysis in this area has reached mixed conclusions. Some have found evidence of PAC donations influencing member participation or votes (e.g., Witko 2006; Fellowes & Wolf 2004; Gordon 2001; Stratmann 1992; Hall and Wayman 1990). Others, however, have found no relationship (Wawro 2001; Bronars & Lott 1997; Grenzke 1989). Hoffman (2005) finds that PAC money has heightened influence in non-professionalized state legislatures, in which members have fewer resources to provide a resistance buffer.

When it comes to vote-buying by interest groups, however, academic evidence may be less important than the widespread public *perception* that elite influence-peddling is rampant in American politics (Magleby & Patterson, 1994; Wertheimer & Manes, 1994; Sabato, 1989). Or, as Frank Sorauf (1994) aptly put it:

Mass beliefs create their own very exigent reality. If public acceptance of a demonology of campaign finance leads to a disenchantment with electoral politics and an alienation from American representative democracy, action is all the more necessary, regardless of whose reality can be confirmed.

Indeed, in rendering the *Buckley* decision, the Supreme Court found contribution limits acceptable not only “in preventing corruption,” but also “the appearance of corruption” (424 U.S. 1 1976). Public funding advocates reason that even if there is no overt exchange of contributions for legislative votes, in reducing the role of business, labor, and other interest contributions in election campaigns, public money addresses the appearance of such nefarious relationships, thus increasing public confidence in democratic institutions.

Fourth, for many prospective candidates, even raising amounts necessary for a \$20,000 state legislative campaign requires a tenacious dedication, the assembly of a fundraising organization, and the consumption of a large amount of time. For all but the most resolute, it is a daunting prospect made even worse by the fact that most candidates view fundraising as a loathsome chore (Jacobson 1987). This fact alone no doubt keeps many challengers out of politics altogether, but for those who do enter, the necessity of fundraising detracts from time that could be spent interacting with voters, creating an opportunity cost in terms of improving stature against better-known incumbents (see: Francia & Herrnson 2003). For officeholders, raising money has become such an onerous task that some have argued that it threatens to erode the quality of governance (Epstein & Zemsky 1995; Blasi 1994; Nelson & Magleby 1990; Sabato 1989, 5).

For reformers seeking to solve these problems, public election financing seems like a logical answer. Candidates opt into programs that include spending limits because they receive a subsidy in exchange. By providing challengers with more money while requiring candidates to spend less overall, public funding programs promise to close

spending gaps between challengers and incumbents, reducing the overall cost of elections. Moreover, subsidies diminish candidates' reliance on so-called "special interest" contributions, reducing the likelihood that interest groups will gain undue influence over legislative activities. Finally, candidates recognize that subsidies allow them to avoid the dreaded task of fundraising, which also facilitates greater control over the remainder of their campaign time.

Public Funding: Does it Work?

Efforts to gauge the efficacy of public funding programs have nearly always relied on their ability to address the problems described above. Generally speaking, when it comes to altering the political landscape, previous analysis demonstrates that the size of the subsidy matters a great deal. For example, while partial subsidies have shown some promise in slowing spending inflation in Wisconsin (Mayer & Wood 1995), they have proven ineffective in New York City municipal elections (Kraus 2006) and Minnesota state campaigns (Schultz 2002). An early study of Minnesota found that public funds have helped private contributors to gain an aggregate dollar advantage over PACs (Jones and Borris 1985). However, Schultz (2002) found that Minnesota's partial public subsidies have not actually reduced the spending of PACs, which had simply channeled their money through soft money and lobbyists. Scholars have also found little competitive change in partially-subsidized elections (e.g., Jones & Borris 1985; Mayer & Wood 1995; Malbin & Gais 1998, 136; but see: Donnay & Ramsden 1995).

Yet, there is a growing body of evidence supporting the notion that full funding achieves at least some of the objectives described above. Prior to implementation of full funding programs in Arizona and Maine for the 2000 election, a simulation study suggested that more generous subsidies would lead to enhanced electoral competition (Goidel & Gross 1996). Indeed, analysis of elections in both states since 2000 has consistently found higher levels of competition when full funding is present (Government Accountability Office 2003; Mayer, Werner, and Williams 2006; Werner and Mayer 2007; Malhotra 2008). Others have found that Clean Elections may be altering the number or type of candidates involved in politics on average. For instance, La Raja (2008) reports that Connecticut's program serves as an attractive incentive for candidates considering an entry into politics, while Werner and Mayer (2007) found that women are more likely to participate in public funding programs.² Finally, Francia and Herrnson's (2003) study supports the notion of altered time patterns in fully funding systems, confirming that Clean Election candidates spend less time fundraising.

The incipient conclusion regarding public funding efficacy is that full funding has promise while partial funding seems to do little to change the electoral environment. A number of scholars have argued that full funding improves competition and may encourage a broader spectrum of potential candidates to run. Yet, to date these studies have focused mainly on readily observable outcomes, ignoring the underlying processes. In the following section, I describe how a focus on candidate incentives and political behavior allows for a more complete understanding of the manner in which public funding affects American elections.

² However, a 2008 study by the National Association of Latino Elected and Appointed Officials found little evidence of increased numbers of Latino candidates after the implementation of Clean Elections.

Evaluation: A Candidate-Centered Approach

Despite growing academic attention, I argue that the traditional practice of conforming research questions to the reformist agenda has focused academic attention on too few questions to the detriment of others. “Competition,” for example, is typically measured as the percentage of votes that candidates in a paired race receive in a general election. Yet, this measure tells us little about the conduct and character of the race. Reformers assume that the general election vote percentage is an output solely resultant of candidates’ enhanced financial stature, but it is also determined by their strategic choices. Those choices broaden substantially when subsidies are introduced to an electoral system, and we should expect candidate behavior to follow in turn. Put another way, I believe that the simple infusion of money does not automatically improve the competitive environment; rather, the various provisions of full funding systems in particular alter campaign behavior.

In focusing analysis of public election funding initiatives on readily available measures such as money or votes, I argue that scholars have overlooked a crucial aspect of public financing laws: their capacity to change the political behavior of elites and masses alike. The assumption that public money can alter some single aspect of elections without dramatically changing the system as a whole is a short-sighted one. Public election funding introduces new incentives to the entire electoral system and alters the strategic considerations of all players, the challenger-incumbent dynamic, and the relationship between campaigns and voters. If changes in spending or competition are present, they are likely one aspect of an electoral environment that is fundamentally altered by an infusion of public subsidies. Rather than analyzing

election data from afar, the strategic choices of the candidate, and the bearing of those decisions on mass behavior and election outcomes must therefore be illuminated.

In this dissertation, I build on previous work, moving toward a better understanding of public funding's true impact on candidates, groups, and voters. Guided by the literature cited above, I anticipate that effects will be observable in Arizona, Connecticut, and Maine, where candidates for all state offices have the option to accept full public election subsidies. That said, I examine survey and election data from state legislative candidates in all states where direct public funding is available. My analysis is confined largely to lower-house state legislative candidates because the effects of public funding should be most observable in their elections, which generally have lower average campaign costs and a less professionalized campaign environment.³

I find that full public funding leads to at least four changes for candidates. First, I argue that subsidies lend candidates a higher degree of control over their time, leading to changes in their behavior. Fundraising is difficult, and campaigning with limited resources is not a particularly enjoyable experience. Full financing of the sort in Arizona, Connecticut, and Maine eliminates the necessity of fundraising, creating the possibility for a new kind of politics. Specifically, because they do not spend time fundraising, candidates who accept full funding should spend more time interacting with the public, media, and interest groups with standing as viable candidates. In other words, with time and money to communicate a targeted mobilization message, campaigns will seek to do so. For challengers, this means campaigning door to door,

³ Statistical convenience also drives the decision to examine state house elections. In all publicly funded states, the lower house offers the largest candidate population from which to draw a sample.

telephoning constituents, and posting signs, all under the cover of “air support” provided by advertising and mailings purchased with public funds. Challengers’ ability to perform these tasks unencumbered by fundraising responsibilities should lead to a higher level of efficacy, which could explain enhanced competition in publicly-funded systems.

Second, the higher level of interaction between campaigns and the public should lead to altered voting behavior. High quality contact between voters and candidates or organizations has consistently been shown to stimulate voting turnout (Han 2009; Parry et al. 2008; Nickerson, Friedrichs, and King 2006; Nickerson 2006; Nickerson, Friedrichs, and King 2006; Bennion 2005; Hillygus 2005; Nickerson 2005; Ramirez 2005; Wong 2005; Green, Gerber, and Nickerson 2003; Michelson 2003; Niven 2002; Niven 2001a; Niven 2001b; Gerber and Green 2000; Kramer 1970). While I do not believe that an election for state house is sufficient to drive turnout, I do expect that the presence of a publicly funded candidate will diminish ballot roll-off. Since information is particularly valuable to non-partisans in low-information elections (Wattenberg, McAllister, and Salvanto 2000; Feddersen and Pesendorfer 1996), I expect that a heightened level of engagement between candidate and voter will result in more citizens voting in legislative elections where a publicly funded candidate is present. In short, I believe that the marginally improved competition visible in many publicly funded elections is not solely due to more mailings or advertisements purchased with subsidies, but is rather likely a symptom of less observable changes occurring as candidates adapt to a new kind of ground campaign.

Third, while the reform movement views Clean Elections programs as a great equalizing force that lowers costs for all participating candidates, I argue that the acceptance of public funding actually *creates* political and/or emotional costs for some. Specifically, I expect that candidates with a very conservative fiscal ideology will perceive public funding as being incongruent with either their own beliefs or those that prevail among the electorate in their legislative district. Participation in public funding therefore requires such candidates to either compromise their political beliefs or to risk a backlash from a disapproving electorate. Accordingly, such candidates should be more likely to opt out of public funding. In the context of an incumbent-challenged election, Democratic incumbents therefore should be less likely to face a publicly funded challenger. Such a disparity may seem trivial on its face, but when coupled with previous findings that publicly funded challengers perform better against incumbents, it is worth examining whether public funding systematically benefits one party. This question is particularly important given the even-handed rhetoric of the Clean Elections reform movement.

Finally, reformers and most scholars have largely ignored the possibility for public funding to change the behavior even of candidates who choose to opt out of public funding and to raise money from private sources. I argue that “Clean Elections” programs that mandate financial parity via matching funds provisions do indeed affect the behavior of these so-called “traditional candidates.”⁴ In races pitting a traditionally funded candidate against one accepting public funding, the former has a strong incentive to withhold expenditures or change spending patterns in order to avoid triggering matching contributions. In other words, since most activities come with a financial cost, traditional candidates have an incentive to *refrain from campaigning*.

⁴ I describe these provisions in Chapter 1.

The effects of these changes are unclear. However, they affect all candidates, not just those accepting public money, and they should be better understood.

Given the increasing ubiquity of public election funding, the establishment of a meaningful evaluative framework is becoming more important. Political science must eschew narrow judgments in favor of a broad understanding of the altered electoral landscape in the American states. Public funding programs directly effect the expenditure of millions of dollars and the fortunes of countless campaigns. In short, before we can determine whether publicly funded elections are better, we must first understand how they are different. This process begins with an examination of the strategic incentives that full funding in particular creates.

A Note on Candidate Survey and Other Data

In Chapters 2, 3, and 4, I analyze elite survey data collected from the major party lower house candidate populations in eighteen states during the 2008 election, including all six states offering ubiquitous public financing to legislative candidates. Candidates received the first contact during the first week of October. Prepaid return envelopes were included, but the cover letter also directed respondents to an identical on-line version. Response rates in surveys of elite candidate populations tend to be low, often less than forty percent (e.g., Francia & Herrnson 2003; Howell 1982). To combat this trend, I sent electronic invitations to available addresses on October 19, November 11, and December 8, and mailed reminder postcards in mid-November.⁵ At that time, I assessed the response rate and total sample size of each state and re-sent

⁵ Electronic mail addresses were obtained for approximately 60% of the overall candidate population.

full survey packages to those that were under-performing.⁶ Finally, I contacted non-respondents in those states by phone in mid-December, for a total of up to eight contacts.⁷

The overall candidate population contained 2,971 candidates. Survey instruments solicited responses to questions regarding candidate attitudes toward their campaign, the electorate, and their competition. Each candidate was also asked to quantify the amount of time he or she personally devoted to various tasks in ten areas, including fundraising, public speeches, field activity, electronic campaigning, media relations, research, strategy, phoning voters, sending mailings, and the courting of interest groups.⁸ The response window remained open until December 31, 2008.

State response rates ranged between a low of 23.7% in Rhode Island to 49.5% in Arizona. State-by-state response rates are contained in Table I-1. Overall, 1,022 responses were received, for a response rate of 34.4%. As noted above, this rate is consistent with previous surveys of elite candidate populations, and there is no apparent discrepancy between observable characteristics of the population and those of the samples. Where necessary, I supplement these survey data with additional information such as candidate vote totals and financial information. I describe such supplemental data in each chapter where it is used.

⁶ Full packages were re-sent to candidates in Rhode Island, New Mexico, Delaware, and Colorado. While response rates were not problematic in publicly funded states, I re-sent full packages to Hawaii, Connecticut, Wisconsin, and Arizona in an effort to obtain as many responses as possible from those states.

⁷

⁸ The question was worded as follows: DURING THE FIRST WEEK OF OCTOBER, what is your best estimate of how many hours you, yourself, spent engaged in the following activities? Please complete the table below, listing your NUMBER OF HOURS, and NOT A PERCENTAGE OF TIME. If you accepted public funding, do not include time spent qualifying for public money as part of the fundraising category.

Table I-1: State by State Response Rates

State	Candidate Population	Response Rate	State	Candidate Population	Response Rate
Rhode Island	114	23.70%	New Mexico	101	36.60%
Michigan	207	24.60%	Connecticut	239	38.50%
Ohio	175	26.90%	Maine	288	38.90%
Iowa	170	28.20%	Montana	183	40.40%
West Virginia	151	28.50%	Delaware	64	40.60%
Missouri	244	29.10%	Wisconsin	166	41.00%
Vermont	240	31.70%	Alaska	69	42.00%
Minnesota	266	35.30%	Colorado	121	42.10%
Hawaii	78	35.90%	Arizona	97	49.50%

Finally, throughout the dissertation, but especially in the case study of Chapter 5, I report qualitative data derived from 16 candidate interviews in the wake of the 2006 Arizona legislative election, conducted in-person at various locations throughout the state in January of 2007. The qualitative data are useful in providing a depth that the survey data do not always allow. I interviewed candidates of both major parties, for both legislative houses; respondents ranged in electoral success from primary losers to sitting members of the Arizona Legislature. I recorded interviews, transcribed responses, and coded for strategic and emotional concerns.

Outline of Chapters

This dissertation progresses as follows: In Chapter 1, I provide an overview of public funding programs for the six states in which public money is available to legislative candidates. In Chapter 2, I show that the acceptance of full funding affects the sort of tasks that fully funded candidates perform on a weekly basis, with significant

implications for voting behavior. Specifically, I find that candidates spend more time engaging the public in mobilization activities. In Chapter 3, I show that enhanced interaction between candidates and voters results in more votes being cast in districts where a publicly funded candidate is running. In Chapter 4, I develop a utility model to illustrate that full funding imparts higher costs on very conservative candidates, who must reconcile participation in programs like Clean Elections with their personal ideology and the politics of their districts. Based on this model, I argue that Democratic incumbents are less likely than Republicans to face a publicly funded challenger. I confirm this prediction with logistic regressions. Furthermore, I show that the partisan participation disparities may have practical effects, since an additional treatment effect derived from the matching exercise in Chapter 2 shows that fully funded candidates perform better. Finally, in Chapter 5 I examine the unintended consequences of matching funds provisions in Arizona. I find that the provisions of Clean Elections there create incentives for traditionally financed candidates to alter their spending patterns in an effort to game the system. In total, I find that full public funding has changed political campaigns, with ramifications for voting behavior; however, not all of these changes are definitively positive.

CHAPTER 1

AN OVERVIEW OF PUBLIC FUNDING IN THE STATES

“The name of the law helped to get it passed in the first place...who’s not for clean elections?”

-Arizona Candidate

As noted in the introduction, public financing systems display substantial variation in the source, size, and potential recipient of available funds. For instance, citizens in ten states are able to indirectly provide funding to parties, diverting money using check-offs or add-ons on their income tax returns. Ten states also allow citizens to deduct political contributions from their state tax burden to encourage donations. Other states maintain funds for the sole purpose of directly supporting candidates. When they participate, candidates agree to abide by spending limits, but aside from that commonality the subsidy amount and the scope of eligible candidates varies dramatically. For example, Florida, Maryland, and Michigan restrict the availability of partial subsidies to gubernatorial candidates. North Carolina and New Mexico provide full public funding, but only for candidates for state judiciary and public regulatory board, respectively.

For the remainder of this dissertation, I will discuss elections in six states—Arizona, Connecticut, Hawaii, Maine, Minnesota, and Wisconsin—that provided direct subsidies to state legislative candidates in the 2008 election. Each of these states requires candidates to abide by spending limits, but the extent to which they fund candidates allows the publicly funded states to be classified into two groups: *partial* and *full*. Partial funding programs set the maximum subsidy payment at some percentage of the spending limit, but always less than half. Candidates in states

offering full funding receive subsidies approximately equal to spending limits. The practical difference between the two types is that fully funded candidates need not raise additional money once they qualify for the program, while partially funded candidates must raise the difference between the subsidy and the spending limit from private sources. I report the key features of the each state's public funding laws in Table 1.1.

Table 1.1: Summary of Public Funding Regulations

	Hawaii	Minnesota	Wisconsin
Qualification	raise \$1,500	\$1,500 in amounts < \$50	raise \$1,725 in amounts < \$100
Total Spending Limit	app. \$32,000*	\$31,400*	\$17,250*
Maximum Subsidy	15% of spending limit	50% of spending limit	45% of spending limit
Maximum Matching Funds Distribution	NA	NA	NA

	Arizona	Connecticut	Maine
Qualification	220 \$5 donations	\$5,000 from 150 in-district contributors	50 \$5 donations
Total Spending Limit	\$35,673**	\$41,000**	\$6,148**
Maximum Subsidy	\$31,673	\$35,000	\$5,648
Maximum Matching Funds Distribution	up to 3X subsidy	up to 2X subsidy	up to 2X subsidy

*Hawaii's spending limit \$1.40 for each voter in a district. Minnesota and Wisconsin spending limits apply only if all candidates in a given race accept them.

**In Arizona, Connecticut, and Maine, candidates are allowed to raise \$5,000, \$6,000, and \$500 prior to qualifying. Once they accept public funding, they may raise no additional money.

Hawaii, Minnesota, and Wisconsin offer partial funding. In Hawaii, public funding is paid for with a two dollar income tax check-off and is also supported in part by the state's general fund. In order to be eligible for public money, state house candidates must raise \$1,500 to show viability. The state's tax laws are designed to ease the fundraising process for participating candidates: While contributions to any state campaign are tax-deductible up to \$250, individuals may deduct up to \$1,000 when they contribute to candidates who participate in the public funding program.⁹ Once they meet the eligibility benchmark, Hawaii's state house candidates receive a one-time matching payment equal to the \$1,500 entry threshold and then receive dollar-for-dollar matching funds up to the maximum subsidy amount, which is 15% of their expenditure limit. That limit is based on a population formula; candidates may spend \$1.40 for every eligible voter in their election. In 2008, the average expenditure limit for each primary and general election was \$16,050, for an aggregate limit of \$32,100.

Wisconsin candidates qualify for subsidies from the check off-supported fund by winning their primary and successfully soliciting \$1,725 in individual contributions of less than one hundred dollars. Participating candidates for the state house agree not to spend more than \$17,250 over the course of their campaign. Spending limitations apply only if all candidates in a given race have agreed to abide by them. Participating candidates are given equal grants regardless of district population. The grant amount depends on the monetary level of the fund, and it therefore varies by year. Candidates' grant amounts are reduced for every dollar they receive from PAC sources, and in no instance may a candidate accept grants amounting to more than 45% of the spending limit.

⁹ The individual candidate deduction limit is in effect regardless of the candidate's acceptance of spending limits. However, a contributor can donate the \$250 to four separate candidates, taking a deduction for each, if they all agree to limit spending.

Minnesota maintains a fund supported by a five dollar income tax check-off. The check-off itself is more complex than in many states; taxpayers can check a box to divert five dollars to either major party or to a general political campaign fund. Payments from the party fund are directed to candidates proportionally based on the amount of money that was checked off from citizens in their districts. Payments from the general fund are dispersed equally to candidates for various state offices, but the payments may never exceed one half of the candidate's spending limit. In 2008 most participating house candidates limited their expenditures to \$31,400. Like Wisconsin, Minnesota releases publicly funded candidates from spending limitations when they face an opponent who does not abide by them. However, Minnesota is the only state to account for the inevitable existence of disadvantages political neophytes face, adjusting its spending limit upward by ten percent for first-time candidates, and boosting the limitation by approximately \$6,000 for candidates with closely contested primaries in which they won by a vote ratio of fewer than two-to-one.

The flexibility of spending limits is a powerful inducement to accept public funding, but Minnesota has taken additional steps to ensure that its program remains viable: First, rather than rely solely on the check-off for revenue, Minnesota augments those receipts with an additional \$1.2 million annual diversion from the state's general fund. In addition, since 1991, the state has reimbursed individual contributors up to \$50 if they donate to a candidate who agrees to abide by spending limits.¹⁰ That component of the law is intended to realize lower spending levels while facilitating easier candidate fundraising: candidates can ask contributors for a "loan" that the state treasury repays to donors within six weeks.

¹⁰ The reimbursement program was terminated in 2009 due to budget constraints.

Clean Elections: Full Public Funding

In the 2000s, Arizona, Connecticut, and Maine implemented full funding systems. The successful passage of these laws is part of a larger national movement called “Clean Money, Clean Elections,” currently the most widespread campaign finance reform initiative at the state level. Under Clean Elections programs, candidates qualify for full public funding by raising a small amount of money, often from a predetermined number of individual contributors. Once they prove their viability in this fashion, Clean Elections candidates receive public subsidies sufficient to wage an entire primary and/or general contest. In return, participating candidates agree to raise no additional money and to abide by spending limits equal to their subsidy amounts. To encourage participation, candidates running against those who choose to opt out of the program receive matching funds for their opponents’ expenditures above the spending limit. The matching funds provisions are intended to guarantee financial parity for participating candidates in nearly all circumstances.

Despite these broad similarities, regulations in each state create a unique environment. Passed as a public ballot initiative in 1998, Arizona’s Citizens’ Clean Elections Act was implemented in time for state elections in 2000. In 2008, Arizona’s legislation provided participating candidates with a subsidy of \$19,382 for the general election and \$12,921 for the primary, so long as candidates were able to demonstrate their viability by successfully soliciting at least 220 contributions of exactly five dollars. During the qualifying phases candidates may privately raise a relatively small amount (less than \$4,000) of seed money, but if they ultimately accept public financing, candidates agree to forego any additional sources of finance and to spend only the sum

of the subsidy. If participants in the program find themselves outspent by traditionally funded opponents, Arizona matches the difference up to three times the subsidy amount. This provision is also true for the independent expenditures of outside individuals or groups made against participating candidates.

Public funding in Maine is similar in nearly every regard. The Maine Clean Elections Act passed by voter referendum in 1996 and became active during the 2000 election cycle. To qualify in 2008, house candidates solicited fifty contributions of five dollars, after which they received subsidies of \$1,504 for the primary and \$4,144 for the general election when those races were contested.¹¹ These amounts are equivalent to the average expenditure of candidates for the two previous primary and general elections. Candidates for the Maine House may raise and spend \$500 in seed money before qualifying for the program. Like Arizona, Maine provides matching funds on behalf of participating candidates for expenditures above the subsidy amount made by opposition campaigns or independent groups. However, Maine matches only up to two times the original subsidy amount, making the program less generous than Arizona's in this respect.

Connecticut's Citizens' Election Program began in the 2008 legislative election; in addition to being the most complicated of the full funding laws, it is also the only functioning full funding scheme passed by legislative act. In comparison to the qualifying thresholds in Arizona and Maine, Connecticut's bar is set high; state house candidates must raise at least \$5,000 from a minimum of 150 contributors who reside in their district. The subsidy structure also differs from Arizona and Maine; payment amounts in Connecticut are more variable and depend upon the context of the race.

¹¹ In uncontested races, the subsidy amounts were \$512 and \$1,658, respectively.

The subsidy amount for the primary depends upon the party's strength in the district; where the percentage of a party's registered voters exceeds that of the other party by 20 percentage points, the district is considered to be "party-dominant" and the primary is acknowledged to be the *de facto* election. Recognizing that primary fields in party-dominant districts are likely to be more crowded, the state allocates \$25,000 to primary candidates of the dominant party and \$10,000 for all others. General election subsidy amounts are also dependent upon the conditions of the race: Candidates facing major party opposition in the general election are eligible for further grants of \$25,000 for that campaign, while those facing either minor party or no opposition receive \$15,000 and \$7,500, respectively.

To calculate spending limits, Connecticut divides the election into three phases. In the qualifying period when they are raising the initial \$5,000, candidates are permitted to spend that entire amount plus up to \$1,000 of their personal funds, for an aggregate initial spending limit of \$6,000. Spending limits in the primary and general elections are equivalent to the candidate's grant amount in each plus any unspent money remaining from the qualifying phase. Thus, for a major party candidate in a competitive district the overall spending limitation can be calculated as the sum of the primary and general grants plus the initial \$6,000, or a total of \$41,000.

Connecticut also provides matching funds allocations to participating candidates whose traditionally funded opponents exceed the spending limit. Like Maine, Connecticut will match expenditures of opponents and opposing groups up to a limit of twice the total spending limit. However, rather than providing matching grants for every opponent expenditure above the spending ceiling, the state releases four lump sum grants equivalent to 25% of the spending limit. These grants are triggered when

opponent spending exceeds 100%, 125%, 150%, and 175% of the spending limit. With this money in hand, candidates are then restricted to matching only what their opponents have spent.

Conclusion

While each state's program contains details that distinguish it from the others, the common element is that participating candidates in Arizona, Connecticut, and Maine who meet uniform qualifying requirements are entitled to public subsidies that fund their entire campaign. Once they qualify, participating candidates in these states raise no money from private sources. Moreover, the states in theory guarantee an even playing field via matching grants that are triggered by opponent spending that exceeds the spending limit. Thus, the vast majority of publicly funded candidates in Arizona, Connecticut and Maine assume that they will compete at approximate financial parity. As I will consistently demonstrate in subsequent chapters, in terms of their capacity to change the political behavior of elites and masses alike, the difference between partial and full funding systems is a crucial one.

CHAPTER 2

CITIZEN ENGAGEMENT

“The candidates that I knew this last election that (funded) traditionally were having fundraisers two or three times a week, while (publicly funded candidates) were going out knocking on doors. That, I think, is a big difference in how you spend your time. In an evening after work, I can knock on fifty to seventy doors of people who will actually go to the polls for me, as opposed to that candidate who has to go out and raise and spend two, three hours with lobbyists who often don’t even live in their district. Yeah, they’re going to get the money, but I’m the one going out and meeting the voters.”

-Arizona Legislator¹²

How does the introduction of full public election funding change the behavior of American candidates? In this chapter I show that the acceptance of full funding provides candidates with time flexibility sufficiently powerful to facilitate higher levels of direct interaction with citizens. I demonstrate that candidates have an incentive to accept public funding because it will allow them to forego fundraising in favor of other activities with clearer benefits. In other words, because they need not raise money, fully funded candidates in particular should be expected to pursue heightened interaction with voters.

I report results from the survey of lower house legislative candidates in eighteen states fielded during the 2008 campaign. I construct a *public interaction index* from the number of weekly hours candidates reported devoting to field activity, phoning, preparing mailings, meeting with interest groups, media relations, speaking engagements, and electronic campaigning. Using a matching design comparing

¹² I derive this and all subsequent quotes from in-person interviews conducted with Arizona candidates and legislators in January of 2007.

publicly funded candidates to those accepting only private funding, I find that candidates who accept full subsidies--and raise no private money--spend a higher percentage of their time engaged in public interaction activities.

The chapter proceeds as follows: In the following section, I describe the theoretical basis for a hypothesis predicting that full public funding alters the manner in which candidates use their time. Next, I explain the matching design employed to gauge the effect of public funding on campaign time, followed by the results of that design. I close with a discussion of the implications of my findings for the continued evaluation of publicly funded elections.

Public Funding and Voter Engagement

Campaign field operations attempt to sway voters with a combination of media and direct solicitation, and the preponderance of the evidence to date suggests that genuine, personal appeals are more successful at stimulating turnout. Phone calls designed to get out the vote have little effect when they are delivered from large professional phone banks in both a non-partisan (Gerber and Green 2000; Gerber and Green 2001; McNulty 2005) and partisan (Panagopoulos 2009) context. This is likely due to the “low-quality” of the message delivered, since solicitations from professional phone banks are often hurried and impersonal (see: Nickerson 2007). There is evidence that radio advertising holds some promise of stimulating competition by bolstering challenger name recognition (Panagopoulos and Green 2008), but a growing number of mobilization experiments have advanced the notion that well-targeted, more intimate messages are particularly effective.

For instance, a positive effect on turnout has been demonstrated when phone solicitations come from volunteers able to more effectively engage voters (Nickerson, Friedrichs, and King 2006; Nickerson 2006; Nickerson 2005; Ramirez 2005; Wong 2005). Face-to-face canvassing techniques appear to be the most efficacious voter mobilization tools, particularly when delivered on-time to targeted populations (Kramer 1970; Gerber and Green 2000; Niven 2001a; Niven 2001b; Niven 2002; Green, Gerber, and Nickerson 2003; Michelson 2003; Bennion 2005; Hillygus 2005; Nickerson, Friedrichs, and King 2006; Parry et al. 2008). Recent work by Han (2009) bolsters the argument for high-quality appeals. In sum, when it comes to mobilizing support, the most productive campaigns will most likely be those able to make personal connections with voters.

Yet despite the evidence that political campaigns are crucial forces of voter engagement in American elections, the rise of professionalized campaigns increasingly dependent upon expensive media operations has forced many candidates to choose between two distinct campaigns--one for money, and another for votes (see: Herrnson 2004). Given the explosion in campaign spending since the mid-1970s, it appears that the former is winning the battle for candidates' attention (see: Malbin, Ornstein, and Mann 2008). According to Rosenstone and Hansen (1993, 218), the media-focused campaign has come at the expense of mass mobilization, and is partially responsible for the decline in voter turnout since the 1960s. Put another way, in modern, high-cost elections, "candidates and parties no longer pursue popular mobilization or evidence any serious interest in it" (Schier 2000, 124).

Even in lower-cost legislative races, candidates must still raise *some* money, and they no doubt feel a conflict between their “two campaigns.” The availability of public election funding has vast potential to resolve this tension, freeing candidates from their fundraising obligations and allowing them to focus solely on direct voter engagement. That said, not all funding programs are equally likely to alter candidate behavior. In Hawaii, Minnesota, and Wisconsin, the partial subsidies amount to less than 25% of the average cost of a contested race, but in Arizona, Connecticut and Maine, publicly funded candidates can expect their payments to comprise more than 90% of average campaign expenses.¹³

Thus, the candidate experience in a partially funded system is much the same as in a traditional, privately financed one: Challengers in particular must still persuade skeptical private donors to contribute, and so they must devote substantial time to fundraising. Given these conditions, it is not terribly surprising that little competitive change is apparent in states offering partial subsidies (Jones and Borris 1985; Mayer and Wood 1995; Malbin and Gais 1998, 136; but see: Donnay and Ramsden, 1995). In contrast, full funding programs appear to stimulate competition in legislative elections (General Accounting Office 2003; Mayer, Werner, and Williams 2006; Werner and Mayer 2007; Malhotra 2008).

Despite building evidence of a link between full funding and lower victory margins, little is known about the manner in which public funding changes candidates' ability to mobilize voters. Francia and Herrnson (2003) confirmed that fully funded candidates spend less time raising money, which should not be surprising given that they are

¹³ I base this claim on data obtained from the National Institute on Money in State Politics, available at <http://www.followthemoney.org>

legally precluded from fundraising. However, Francia and Herrnson did not examine how public funding affects candidates' voter mobilization activities. Candidates are utility maximizing actors, and should be expected to pursue a strategy that will result in the highest number of votes. Compared even to partially financed challengers, those accepting full subsidies, who simultaneously enjoy financial parity with their opponents and the absence of fundraising as a necessary campaign task, are likely to wage a more visible, field-oriented campaign.

A simple two-player game illustrates the idea that in most cases, utility-maximizing candidates will choose to accept full public funding in order to facilitate higher levels of public interaction. Table 2.1 contains the payoffs a challenger and incumbent in a fully funded state would expect from pursuing one of three discrete strategies: A fully funded campaign in which the candidate raises no money, a traditionally financed campaign with a field-oriented strategy, and a traditionally financed campaign with a high-dollar (media-focused) strategy.

I assume that direct voter mobilization (m) always results in a higher return than raising money (f), but that incumbents are better able to convert time spent fundraising into votes ($f_I > f_C$) while challengers realize higher gains from mobilization ($m_C > m_I$). I also assume that the utility of a high dollar campaign is diminished when the opponent accepts full funding due to matching funds provisions, and I include a term q to discount fundraising utility accordingly. Finally, I include an ideology term i to account for diminishing utility of accepting public money as a candidate's fiscal ideology becomes more conservative, with $i_v < i_s < i_l \mid 0 < i \leq I$ portraying the relative discount effect of ideology.¹⁴

¹⁴ See Chapter 4.

Table 2.1: Payoff Functions in a Two-Player Simultaneous Discrete Choice Game

		Challenger		
		Public Field	Private High Dollar	Private Field
Incumbent	Public Field	bim, bim	bim, aqf+bm	bim, aqf+bm
	Private High Dollar	aqf+bm, bim	af+bcm, af+bm	af+bm, af+bm
	Private Field	aqf+bm, bim	af+bcm, af+bm	af+bm, af+bm
		Time Allocation by Strategy:		
Campaign Time is a constant, $M=a+b$		Public Field:	$b = M$	
a: time spent fundraising		Private High Dollar:	$b = .2M$	
b: time spent on voter mobilization		Private Field:	$b = .5M$	
Terms:		Relative Utilities for Incumbents (i) and Challengers (c)		
f: utility from fundraising		$m > v, q=.5$		
m: utility from direct voter mobilization		$f_I > f_C$		
i: candidate ideology		$m_C > m_I$		
q: opponent accepts public funding				
Ideology Values for Very Conservative (v), Somewhat Conservative (s), and Moderate/Liberal (l) Candidates:				
$i_v < i_s < i_l$				
$0 < i \leq 1$				

The Nash Equilibria resulting from the payoff functions in Table 2.1 for either a "very conservative" incumbent or a "very conservative" challenger are scenarios in which the liberal candidate accepts public funding while the conservative one runs a traditionally financed, field-oriented campaign. In other words, an extremely conservative personal ideology reduces the utility of public money in relation to a

privately financed campaign focused on direct mobilization. However, the discount resulting from a “somewhat conservative” ideology is insufficient to overcome the high utility of a publicly funded campaign, and Nash Equilibria for scenarios involving any combination of “somewhat conservative,” “moderate,” and “liberal” candidates are found when both candidates accept public funding. In those instances, the Nash Equilibria demonstrate that a publicly funded campaign focused on voter mobilization is preferable to one that focuses on a high-dollar media strategy.

The aim of this game is not to advance a comprehensive model of strategic choices, but rather to support the notion that utility-maximizing campaigns pursue a strategy dependent on high quality voter contact. For all but very conservative candidates, the greatest payoff is derived from maximizing field contacts via the acceptance of full public funding. The resultant hypothesis is:

H(3.1): *Fully funded candidates will devote more of their weekly time to public interaction activities than candidates who fund only with private sources.*

Design: Public Funding and Public Interaction

In this chapter I employ data from the candidate survey from 18 states described in the introduction. Where applicable, I supplement these survey data with the testimony of candidates collected during in-person interviews in the wake of the 2006 Arizona legislative election.

While the survey yields promising data, a comparison of the behavior of publicly and privately funded candidates poses some challenges. For instance, candidate funding status is not likely to be random; as the game in a previous section shows, fiscal

conservatism is a crucial determinant of candidate participation, with very conservative candidates most likely to opt out. As such, the covariates are unlikely to be balanced between publicly and privately funded candidate groups because the receipt of public election funding necessarily implies that those groups are drawn from different populations. Accordingly, the causal effect of public funding on campaign time cannot be determined by simple testing of means or even multivariate regression (see: Sekhon 2009).

If a causal argument is to be made, balance between the groups' covariates must be achieved. A necessary condition for such balance is that observable characteristics have the same distribution in the traditionally and publicly funded groups. To achieve this balance, I employ a quasi-experimental design with a "treatment" group of publicly funded candidates and a "control" group of candidates who raised money exclusively from private sources. I compare time allocations across matched pairs consisting of one publicly funded candidate and one privately funded candidate, using one-to-one matching with replacement.¹⁵

Matching is not always perfect; both exact matching (Arceneaux, Gerber, and Green 2006) and propensity score matching (i.e. Smith and Todd 2005) have been shown to be sub-optimal methods for recovering the experimental benchmark in some conditions. With that in mind, I match pairs with Genetic Matching (see: Sekhon 2008). A genetic matching algorithm balances the observed covariates between treatment and control groups (Mebane and Sekhon 1998; Sekhon and Mebane 1998). Genetic Matching, described by Sekhon (2006) and Diamond and Sekhon (2006) provides this balance and recovers the experimental benchmark.

¹⁵ I match with replacement to increase the chances of attaining superior covariate balance.

The outcome variable is the percentage of weekly campaign time that each candidate devoted to direct voter mobilization. This percentage is calculated from a *public interaction index*, an additive index of time measured in raw weekly hours or fractions thereof that candidates devoted to field activity, electronic campaigning, media relations, public speaking, mailings, phone calls, and group interaction.¹⁶ I seek the average treatment effect on the treated, or the effect of accepting public funding on the public interaction activities of candidates who accepted public funding.

I perform the match with two important caveats. First, I believe that candidates operating in very different electoral environments are not comparable. For instance, a campaign in an urban district for the full-time Michigan legislature is likely to be quite different from one in rural Maine. I therefore pair each publicly funded state with two similar traditionally funded states. Criteria for selection as a comparison state include: the average cost of a legislative campaign, proximity within Squire's (2007) index of legislative professionalization, average district population, chamber size, electoral time-line, and where possible, geographic location as a proxy for regional culture differences. Thus, I pair Colorado and New Mexico to Arizona, Rhode Island and West Virginia to Connecticut, Alaska and Delaware to Hawaii, Montana and Vermont to Maine, Iowa and Missouri to Minnesota, and Michigan and Ohio to Wisconsin. Each candidate in a treated state is matched only to a candidate from a paired control state.

¹⁶ I exclude fundraising from the public interaction index. While the candidate must interact with the public for fundraising purposes, the fundraising audience is comprised of a narrow sector of the electorate with well-known, favorable preferences (see: Wilcox 2001). In other cases, funds may be solicited from individuals who live outside of the candidate's district or state, negating any potential electoral benefit from fundraising activities.

Second, as described above I expect that the effects of partial and full public election funding on candidates' public interaction activities will be markedly different. Accordingly, I perform separate matches for the two groups in order to allow the effects of each type of public funding to be compared. The samples from partially and fully funded states contain 99 and 169 publicly funded candidates, respectively, and each of these candidates is successfully matched.¹⁷

I allow the genetic matching algorithm to operate without restriction on all covariates except for the factor variable that constrains candidate pairs to a three state group. I invoke exact matching on this variable to maximize the chances that unobservables dependent upon characteristics such as legislative professionalization, district population, and political culture are accounted for. Aside from that factor variable, the matching algorithm operates on data from nine others, including dichotomous indicators for candidate status as an incumbent, challenger, or open seat candidate, whether the candidate had been previously elected to any public office, male gender, Democratic partisan affiliation, and whether the candidate was white. In addition, I include an ordinal variable for the candidate's work status at another job during the campaign: no job, part-time, or full-time. Finally, I add propensity scores to the matching algorithm reflecting a candidate's probability of treatment conditional on the variables listed above, calculated with a logistic regression. I seek balance both on these covariates and on the size of the legislative district in terms of population.

¹⁷ I delete list-wise 16 cases in which candidates did not complete the time component of the survey, 42 cases in which candidates' reported campaign time exceeded the number of hours in one week, and 5 cases in which candidates did not report their name or district, thus making information about their races irretrievable. Logistic regressions indicate that problematic and missing data are distributed randomly, and I am confident that the exclusion of these cases does not bias the substantive findings.

Table 2.2: Balance Tests Before and After Matching, By Sample**Partial Public Funding**

	Before Matching			After Matching		
	Public	Traditional	p-value	Public	Traditional	p-value
Incumbent	0.3131	0.311	0.9681	0.3131	0.3131	1
Challenger	0.5556	0.4488	0.0686	0.5556	0.5556	1
Open Seat	0.1313	0.2403	0.0111	0.1313	0.1313	1
Experience	0.495	0.5265	0.591	0.495	0.495	1
Work	1.242	1.134	0.2619	1.242	1.242	1
Male	0.7273	0.6926	0.5113	0.7273	0.7273	1
Democrat	0.6263	0.5795	0.4134	0.6262	0.6363	0.3173
White	0.9697	0.9081	0.0122	0.9697	0.9697	1
Dist. Pop.	38,498	53,313	0	38,498	39,236	0.7044

Full Public Funding

	Before Matching			After Matching		
	Public	Traditional	p-value	Public	Traditional	p-value
Incumbent	0.3254	0.3308	0.9082	0.3254	0.3195	0.7058
Challenger	0.3965	0.403	0.8917	0.3965	0.4083	0.4798
Open Seat	0.2781	0.2662	0.7846	0.2781	0.2722	0.7058
Experience	0.6154	0.5057	0.0246	0.6154	0.5976	0.4056
Work	1.213	1.267	0.5127	1.213	1.219	0.5641
Male	0.5976	0.654	0.2402	0.5976	0.5976	1
Democrat	0.6391	0.5323	0.0274	0.6391	0.6686	0.336
White	0.9586	0.9088	0.0346	0.9586	0.9586	1
Dist. Pop.	37,068	33,321	0.4274	37,068	34,105	0.576

All publicly funded candidates were successfully matched. *p*-values are calculated with two-sample *t*-tests before matching and paired *t*-tests after.

Table 2.2 contains the mean values of the covariates on which I seek balance for publicly and traditionally financed candidates, both before and after matching. While the *p*-values in this table cannot be used for formal hypothesis testing regarding the effect of the treatment (see: Sekhon 2008), they do provide a meaningful indication of

how well the covariates in each sample are aligned. On the whole, for both partial and full funding, genetic matching results in a sample with superior overall balance. The smallest p -value in the partial and full groups is .3173 and .3360 respectively, a marked improvement over those obtained before matching. With generally high p -values, I am confident that the matched pairs are well-balanced.

Findings: Public Money and Public Interaction

Summary statistics derived from the candidate survey lend preliminary support to the hypothesis that full funding leads to enhanced public interaction. Figure 1 depicts the percentage of time that candidates devoted to public interaction activities, separated by state tier and candidate funding status.¹⁸ In all cases, candidates in the publicly funded group reported devoting higher percentages of their campaign time to public interaction activities than privately funded candidates within their match tier. The pattern apparent in Figure 1 is suggestive of publicly funded candidates investing the time they would have spent fundraising into direct voter mobilization activities.

However, the pattern in Figure 1 is insufficient to allow causal conclusions because observable individual differences are not taken into account. I now turn to the results of the genetic matching exercise. The estimated treatment effects are reported in Table 2.3, and results are consistent with theoretical expectations. With a mean near zero and a standard error above 2, partial public funding programs do not lead to candidates devoting higher percentages of their campaign time to public interaction. In terms of stimulating direct voter mobilization efforts, partial funding does not have an effect.¹⁹

¹⁸ Candidates are not separated into publicly and privately funded groups in Minnesota and Hawaii because only 1 respondent participated in Hawaii's public funding program, while only 2 respondents opted out in Minnesota. In those states, I report overall mean percentages only.

¹⁹ Given that the financial realities partially funded candidates face typically require them to raise money from private sources throughout the election, this result is not surprising.

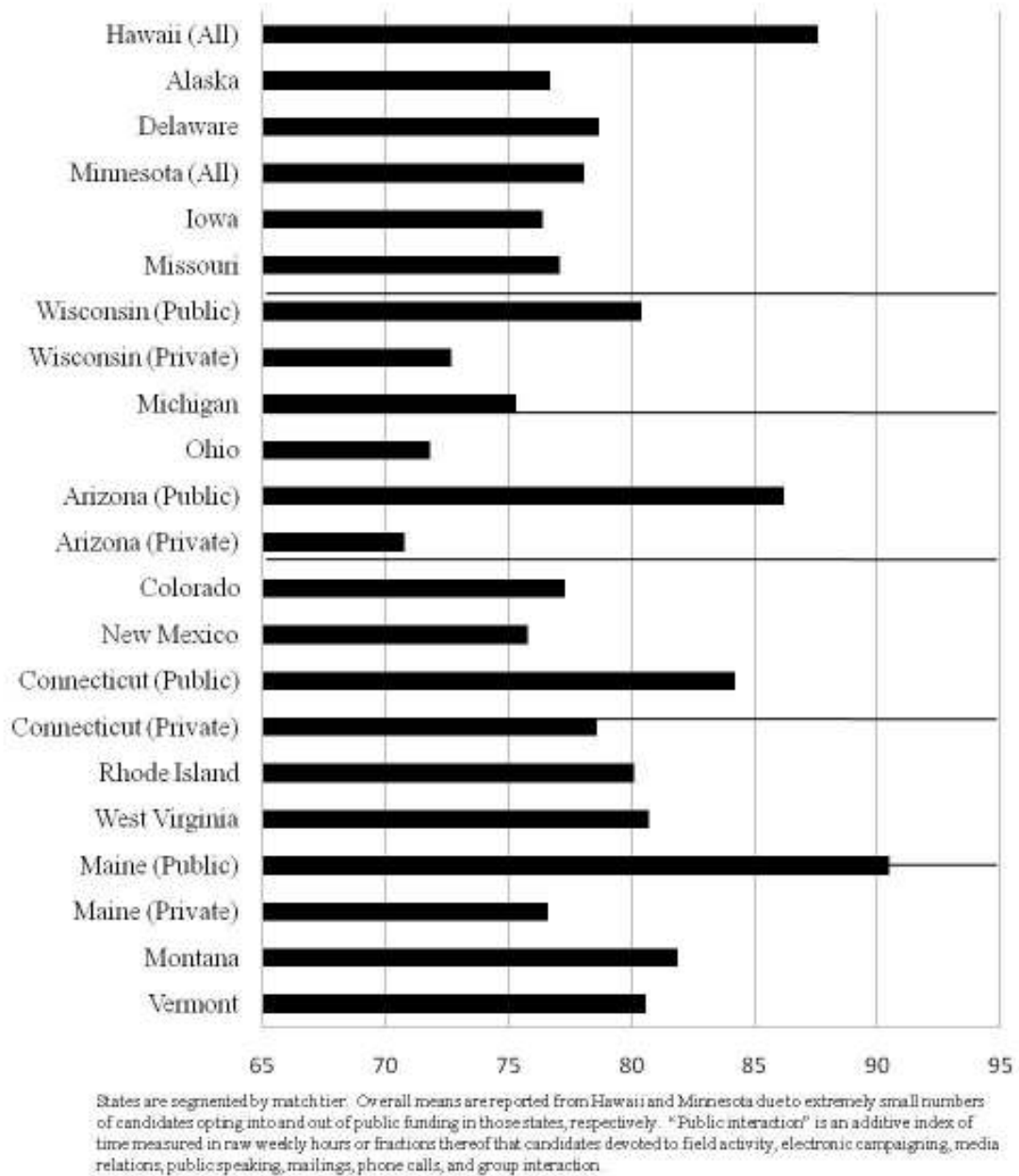


Figure 1: Mean Percentage of Candidate Time Devoted to Public Interaction, By State and Funding Status

The picture in fully funded elections is markedly different. As the entries in Table 2.3 indicate, the acceptance of full funding such as that in Arizona, Connecticut, and Maine, causes an increase of nearly 10 percentage points in the proportion of time candidates spend directly engaging voters. With a standard error of 1.86, this result is both highly significant and consistent with available evidence, prior analysis, and the theoretical expectations outlined above: Full funding leads to higher levels of public interaction.

Table 2.3: Genetic Matching Results: Average Treatment Effects on the Treated Groups, By Funding Program Type

	Acceptance of Partial Funding	Acceptance of Full Funding
Treated Observations	99	169
Average Effect	0.08	9.76*
Standard Error	(2.29)	(1.86)

Treatment effects expressed as a percentage of weekly campaign time.

* Statistically Significant, $p < .05$

Further testing shows that inference on the treatment effect is robust to bias resulting from potential unobservable differences between candidate groups. When subjected to a sensitivity analysis using Rosenbaum bounds, the p-value associated with the treatment effect remains significant at $\alpha = .05$ until $\Gamma = 2.6$ (see: Rosenbaum 2002; Keele 2009).²⁰ In other words, the inference from the matching exercise remains valid

²⁰ Keele's rbounds package is designed for matching without replacement; its effectiveness for matching exercises with replacement is unknown at present. While matching without replacement does diminish the balance between treatment and control groups in this case, the Γ value at which the p-value loses significance is a fairly comparable 2.1.

until the odds of a candidate accepting public money are 2.6 times higher because of a difference in unobservable traits between public and traditional candidates.²¹ In tandem with the fact that the factor variable in the matching algorithm constrains matches to similar states, the Rosenbaum bounds on the p -value yield a high level of confidence that this inference is not driven by unobserved bias.²² In short, the subsidy size matters; full funding alters the flexibility of both financial resources and candidate time.

Conclusion

Almost all of the literature on the subject of full public election funding programs like Clean Elections evaluates their ability to improve competition. The results are encouraging on that front (see: Chapter 2; Malhotra 2008; Mayer, Werner and Williams 2005), and given that combating stagnant competition is a stated goal of the reform movement, these studies are valuable. However, the findings I report in this paper show that diminished victory margins are only one of several major effects of full funding, and the most powerful benefit of programs like Clean Elections might be their ability to alter the manner in which candidates use their time. Simply stated, full funding facilitates changes in basic campaign strategy, enhancing the ability of campaigns to directly engage voters.

²¹ The point estimate for size of the treatment effect becomes zero-bracketed at $\Gamma = 1.1$. Thus, the size of the effect is less robust to unobserved bias than the fact that there is a difference.

²² Examining raw public interaction hours as the outcome variable does not change the substantive finding: Fully funded candidates devoted 6 more hours per week to public interaction activities, which is statistically significant with a Γ value of 1.5.

I demonstrate here that subsidized elections are certainly different. A difference in weekly public interaction time of nearly ten percentage points is a substantial one, particularly since these data show that a typical candidate's time commitment in a long campaign season approximates that of a full-time job. Fully funded candidates' enhanced mobilization capability translates to at least hundreds, and possibly thousands of high-quality voter contacts that would not have otherwise occurred. These personal contacts happen even in districts where the candidates stand no chance of winning, and in districts where full subsidies are present, more citizens vote. It is hard to argue that these are not positive changes, and if there is value in enhancing the visibility of political discourse, then full public election funding certainly creates a public good.

It is worth noting that for some candidates, the engagement effect persisted as they continued to seek new forms of civic involvement even after the campaign's conclusion. This trend seems particularly strong among candidates who ran in decidedly unfriendly districts and who knew from the beginning that they were destined to lose. For instance, one challenger who badly lost harbored little bitterness, instead viewing the experience as a generally positive one:

(With public funding) you get a lot of decent people out there running. And the other thing is, you'll get people to do other stuff. I mean, I ran for office, so I'm thinking, O.K., what else should I do? You know, it gets people involved. And there's something to be said for these publicly funded people to run these losing races.

The response above is typical of most challengers in safe districts, who believe that full funding fueled energetic campaigns even under the most unfavorable political conditions. These informants' conceptions of "better performance" are not confined solely to electoral results; they tend to take a broader view of their campaign, noting

its effects on civic engagement and the availability of political information. Many fully funded candidates report feeling that public money afforded them a unique opportunity to stage a serious public discourse that would not otherwise have occurred. Fully funded challengers seem to seriously reflect upon their ability to present voters with a choice, and view the dialog they have with voters as a personal contribution to the quality of their state's democracy. This is a unique situation in American politics, and stands in stark contrast to the prevailing notion of selective mobilization efforts that are deployed only in close races (see: Rosenstone and Hansen 1993, 210).

As one informant noted, "(Accepting public money) was the difference between (having no candidate and) being able to get out there...(to) say the things that needed to be said about making changes in the system and why I needed to be involved in this process." The corresponding potential for broader citizen participation is a worthwhile end with normative implications for American politics.

CHAPTER 3

VOTING BEHAVIOR

“Legislative elections, at least in Arizona, are generally decided by who can knock on the most doors. When we knocked off the incumbent in my first race, so many people said, ‘I voted for you because you came to my door.’”

-Arizona Candidate

Recent work in political science has demonstrated a link between participation and structural factors such as the complexity of registration requirements (e.g., Wattenberg 2002) and redistricting (Hayes and McKee 2009). Yet, the relationship between campaign finance systems and the political behavior of voters has not been fully considered. In this chapter I show that the heightened engagement between voters and publicly funded candidates translates to more ballots cast in those races. My analysis links changes in campaign finance law to mass voter behavior, building on previous work finding that structural changes have ramifications for political participation in the United States (e.g., Hayes and McKee 2009) and beyond (e.g., Franklin 2004). Accordingly, I argue that the evaluative framework used to judge campaign finance policy in general, and public election funding specifically, should be broadened beyond a discussion of financial numbers and electoral competition to problems of political engagement and voting behavior in the United States.

I analyze voter roll-off trends in Connecticut and Maine state legislative races both before and after the implementation of public funding. Following a difference-in-differences design with a “treatment group” comprised of districts where a publicly funded candidate was present, I find that ballot roll-off in treated districts is lower by

about 1.5 percentage points in Maine and 2 points in Connecticut, a factor of about 20% in each state. These findings suggest that public election funding has implications for mass political behavior.

The chapter proceeds as follows: In the following section, I detail my expectation that the presence of a fully funded candidate will increase the likelihood of voters casting ballots in down-ticket elections. Next, I describe the difference-in-differences models used to examine the relationship between full funding and voting behavior, and the resultant findings. I close with a discussion of the results.

The Link to Voting Behavior

Given the findings in the previous chapter, the natural second question is how the availability of public money also changes voting behavior. In the context of relatively low-information state legislative elections, the classic expressions of turnout, such as the number of votes cast divided by the number of voting-age or voting-eligible citizens, are not the ideal place to look for altered voting patterns. Even in the fully funded state legislative elections, it is unrealistic to assume that down-ticket races alone can affect the number of citizens who turn out to vote. That said, while enhanced engagement between legislative candidates and the public may not drive voters to the polls, it should increase the likelihood that citizens will cast ballots in the legislative election after voting for higher-profile offices. In other words, the presence of a fully-funded candidate in a state house race should diminish voter roll-off.

Roll-off occurs when voters stop marking their ballots for lower offices; on a given ballot a vote will be cast for one or several of the top races but not for those further down the ticket. Roll-off is a difficult phenomenon to reconcile with the classic

rational choice voting models (e.g. Downs 1957; Riker and Ordeshook 1968) which predict that citizens will vote when the cost of doing so approaches zero, as it does when a voter is already in the booth. However, when voters know little or nothing about the candidates in a given race, the odds that they will make an “incorrect” decision increase. Most partisan voters in low-information elections can use party labels as reliable cues, even if they know little else about the candidates, but Feddersen and Pesendorfer (1996) demonstrate that when non-partisan voters face a great deal of uncertainty, they have an incentive to abstain from voting and delegate the choice to more informed citizens. Thus, in low-visibility elections, information is a crucial commodity.

Wattenberg, McAllister, and Salvanto (2000) found that voters approach ballots in much the same way as a test, abstaining when they lack sufficient knowledge to make a clear decision. Information in professional, media-heavy campaigns is easier to obtain; yet the attention that top campaigns receive makes it even more difficult for less-visible candidates to provide voters with many of the useful heuristics they use to make a decision, such as incumbency, occupational background, or endorsements (e.g., Lau and Redlawsk 2001; McDermott 2005). In less visible elections such as those for most state assemblies then, higher levels of interaction between candidates and the public hold great promise to lower the information costs voters face, thereby increasing the probability that citizens will express a preference in those contests. Particularly considering the findings of the previous chapter, this leads to the following hypothesis:

H(4.1): *The presence of a fully funded candidate in a legislative race diminishes voter roll-off.*

Design: Public Funding and Voting Behavior

Unfortunately, roll-off from 2008 presidential ballots cannot be examined within the context of the genetic matching exercise in the previous chapter due to the unavailability of 2008 precinct returns in some states and structural issues such as multimember districts in others.²³ I therefore employ a difference-in-differences approach to examine ballot roll-off patterns in contested Maine and Connecticut legislative elections, before and after implementation of their Clean Elections programs.²⁴

Legislative districts serve as the unit of analysis. Both Connecticut and Maine have 151 single-member lower house districts, making them ideal venues for examination of roll-off trends in a fairly large number of cases.²⁵ Clean Elections became effective for the 2000 election in Maine and for the 2008 campaign in Connecticut.

Accordingly, I compare the difference in roll-off between 2000 and 1996 in the former, and between 2008 and 2004 in the latter. These years facilitate a panel analysis; each election before and after public funding had a contested presidential race at the top of the ballot, and there was no intervening redistricting in either case.²⁶

²³ The implications of the former are obvious, but the latter problem causes concern since a small percentage of voters in multimember districts may be unaware that they are able to vote for more than one candidate. The resulting undervotes would bias roll-off upward in states with multimember districts, confounding attempts to compare roll-off between single- and multi-member races.

²⁴ I obtained precinct election returns from the websites of the Maine and Rhode Island Secretaries of State, and a public information request submitted to the Connecticut Office of Legislative Research.

²⁵ Arizona's two-member districts and small legislature create problems of noise and micronumerosity, making it a less than ideal case.

²⁶ Gubernatorial elections such as those in 1998 and 2006 generally draw fewer voters; citizens who do vote when no presidential candidate is on the ballot may be more knowledgeable or committed, and so

To calculate the difference-in-differences estimator, I exploit an opportunity created by the rules that govern candidate participation in public funding programs. In *Buckley v. Valeo* (1976), the United States Supreme Court equated campaign spending to political speech, rendering mandated spending limits unconstitutional. Because distribution of public money is conditional on acceptance of spending limits, candidate participation is optional, allowing the division of districts into “treatment” and “control” groups. I assign districts to the treatment group if at least one candidate accepted public funding during the election when it became available and to the control group if all candidates raised money solely from private sources in that year. Following the logic of the difference-in-differences design, I assume that the roll-off trend in the control group approximates the mean of what would have occurred in the absence of public funding, establishing a counterfactual baseline for comparison.

The process of group assignment is straightforward in Maine, where at least one candidate accepted public funding in 58 of 151 legislative districts during the 2000 general election.²⁷ I calculate roll-off only from precincts in which ballots were cast for a single legislative district; approximately 160 precincts were therefore excluded, but well over 500 remain. In 19 legislative districts, ballots were counted only from precincts that overlap multiple districts; as such, no usable roll-off figure can be calculated from those districts. Of the remaining 132 districts, 91 had competitive elections in both 1996 and 2000. These districts remain in the final analysis, with 40 in the treatment group.

roll-off can not be compared between gubernatorial and presidential election years. A stand-alone analysis of gubernatorial roll-off may seem possible in Maine, which is unique among states in that it redistricts for the third election of every decade. However, gubernatorial candidates were also eligible to accept public funding in 2002, when the public fund released over \$1.2 million to the contest for governor. I therefore do not estimate difference-in-differences for the 1998 and 2002 Maine elections.

²⁷ I obtained precinct-level election returns from the website of the Maine Secretary of State: <http://www.maine.gov/sos/cec/elec/>

The construction of a sufficiently large control group is more difficult in Connecticut, where 52 districts saw contested elections in both 2004 and 2008. However, at least one major-party candidate accepted public funding in all but 2 of those districts, yielding a control group too small to support statistical inference. Following Card and Krueger (1994), who examined the effect of minimum wage changes on employment in New Jersey fast-food establishments with a control group of Eastern Pennsylvania restaurants, I address this issue by constructing a control group of General Assembly districts from Rhode Island. As noted in Chapter 3, both the legislative elections and political demographics of Connecticut and Rhode Island are similar in a number of important areas, and I expect their geographic proximity to mitigate any issues surrounding their political culture or regional political trends.²⁸ Since public funding is not available in Rhode Island, I include as controls all 30 Rhode Island assembly districts that saw contested elections in both 2004 and 2008, yielding 50 treated and 32 untreated districts in the Connecticut model.

While I anticipate that treatment will be a significant determinant of lower roll-off in both Maine and Connecticut, I expect that factors other than full public funding will affect ballot roll-off as well. For instance, expensive contests spawn more media advertising and direct mail, which should raise awareness of the candidates among the electorate. The presence of either a third-party candidate or an incumbent in a race might also effect roll-off, since incumbent name recognition provides a decision heuristic for some voters (see: Lau and Redlawsk 2001) while others may feel that minor parties are more closely aligned with their views. Finally, the percentage of African-American voters in the electorate has been shown to be positively correlated

²⁸ Paired *t*-tests confirm that there are no significant differences between the model covariates from Connecticut and Rhode Island districts in their 2004 condition, which improves confidence in Rhode Island as a control state.

with roll-off in a number of state and municipal elections (see: Vanderleeuw and Engstrom 1987; Darcy and Schneider 1989; Vanderleeuw and Utter 1993; Vanderleeuw and Liu 2002; Feig 2007). Particularly for the Connecticut model, which includes data from a 2008 presidential contest that saw the election of an African-American president, the racial composition of a district might affect roll-off trends.

Following these considerations, I calculate the following panel difference in differences model from data in Maine as well as Connecticut and Rhode Island to investigate the effect of public funding on voter roll-off between Election 1 (when public funding was available) and Election 0 (when all elections were privately financed), holding relevant covariates constant:

$$\Delta Y_D = \sigma + \beta_1 X_1 + \Delta\beta_2 X_{2D} + \Delta\beta_3 X_{3D} + \Delta\beta_4 X_{4D} + \beta_5 X_5 + \epsilon$$

Where:

ΔY_D is the difference between roll-off in Election 1 and Election 0 for District D

X_1 is a dummy variable coded 1 for treatment (i.e., at least one candidate in the district accepted public funding) and 0 for control

X_{2D} is the inflation-adjusted difference in total money raised in District D between Election 1 and Election 0

X_{3D} is the difference in the number of minor party candidates on the ballot in District D between Election 1 and Election 0 ²⁹

X_{4D} is the difference in the number of incumbents running in District D between Election 1 and Election 0 ³⁰

X_5 is the percentage of African-Americans living in the district.

²⁹ I consider the Green Independent Party a major party in Maine.

³⁰ Since both states employ single-member districts, values of this variable range from -1 to 1.

Thus, the β_1 coefficient in Model 1 is the treatment effect on the treated holding funding, minor party involvement, incumbency, and racial composition constant.

I express roll-off as:

$$R = 100(1-(L/P))$$

Where R is ballot roll-off, L is the number of votes cast for state legislature in a given district, and P is the number of votes for president. Lower roll-off values are indicative of a higher percentage of voters who cast ballots in both the presidential and legislative races. I obtained summary financial information from the website of the National Institute on Money in State Politics,³¹ census information on Maine's legislative districts from Barone, Lilley, and DeFranco (1998), and demographic information in Connecticut and Rhode Island from Lilley et al. (2007). Table 3.1 contains descriptive statistics from the data used to construct the models for both states, tabulated by treatment and control groups.

³¹ <http://www.followthemoney.org>

Table 3.1: Descriptive Statistics

Maine Control Group, N=51				
<i>Dependent Variable:</i>	Mean	S.D.	Min.	Max.
Difference in Rolloff	0.92	2.87	-3.7	9.78
<i>Independent Variables:</i>				
Difference in Money Raised	65.48	9008.93	-26,220.62	21,564.99
Difference in Number of 3rd Party Candidates	.06	.40	-1.00	1.00
Difference in Number of Incumbents	0.25	0.66	-1.00	1.00
Perc. of African American Population	0.31	1.05	0.00	7.00
Maine Treatment Group, N=40				
<i>Dependent Variable:</i>	Mean	S.D.	Min.	Max.
Difference in Rolloff	-.06	1.89	-5.69	4.18
<i>Independent Variables:</i>				
Difference in Money Raised	-2,712.59	8,518.32	-27,144.10	11,600.51
Difference in Number of 3rd Party Candidates	-.025	.42	-1.00	1.00
Difference in Number of Incumbents	-0.025	0.77	-1.00	1.00
Perc. of African American Population	0.38	0.74	0.00	3.00
Connecticut Control Group, N=32				
<i>Dependent Variable:</i>	Mean	S.D.	Min.	Max.
Difference in Rolloff	.70	1.91	-3.2	7.8
<i>Independent Variables:</i>				
Difference in Money Raised	-6459	21,500	-53,800	39,508
Difference in Number of 3rd Party Candidates	0.03	0.65	-1.00	2.00
Difference in Number of Incumbents	0	0.51	-1.00	1.00
Perc. of African American Population	6.56	8.45	0.40	37.2
Connecticut Treatment Group, N=50				
<i>Dependent Variable:</i>	Mean	S.D.	Min.	Max.
Difference in Rolloff	-1.67	3.06	-7.14	8.34
<i>Independent Variables:</i>				
Difference in Money Raised	9,586	35,683	-74,656	103,161
Difference in Number of 3rd Party Candidates	-0.16	0.62	-2.00	1.00
Difference in Number of Incumbents	0	0.53	-1.00	1.00
Perc. of African American Population	8.20	9.39	.7	42.40

Findings: Public Funding and Voter Behavior

Maine

Table 3.2 contains coefficients and robust standard errors from the OLS regression models used to calculate the difference-in-differences estimators for each state, holding relevant covariates constant.³² As anticipated, the model reflects a negative relationship between fundraising and roll-off; when candidates in a given district collectively raised more money in 2000 than in 1996, roll-off declined. This result is consistent with expectations; more money in the election leads to more advertising, staff, and mailings, all of which help to raise awareness of candidates among the electorate. However, while statistically significant, the magnitude of the relationship between campaign money and roll-off does not appear to be particularly meaningful in the context of a Maine election. For instance, the model coefficients indicate that each additional \$1,000 raised would decrease roll-off by only about one-tenth of one percentage point, but according to the National Institute on Money in State Politics, the average candidate for the Maine House spent less than \$4,000 in the 2000 campaign.³³

Given that Maine operates with single-member districts, the coefficient for the difference in the number of incumbents can be interpreted as the effect of an incumbent being present in the race. The model shows a relatively strong incumbency effect, as the presence of an incumbent reduces ballot roll-off by about three-fifths of a percentage point. This is also consistent with expectations, since incumbent name recognition may serve as an informational shortcut for voters.

³² While there is no evidence of heteroskedasticity, I report robust standard errors to adjust for any non-random error variance, but this does not change the sign or significance of any of the regression coefficients.

³³ <http://www.followthemoney.org>

Neither the coefficients for the percentage of African-American residents nor the number of third-party candidates achieve significance in the Maine model. Given the dynamics of the 1996 and 2000 presidential races, it is not particularly surprising that racial composition did not affect roll-off changes in Maine; the average proportion of African-Americans in Maine's house districts is less than 0.5% (see: Barone, Lilley, and DeFranco 1998) and there is no obvious reason to believe that African-Americans should have mobilized differently in the two years. Somewhat more puzzling is the failure of the coefficient for differences in the presence of third-party candidates to achieve significance, since the presence of a minor party candidate might encourage some citizens to vote who may otherwise have abstained. That observation aside, all control variables are signed in the expected direction, which should improve confidence in the results for the remainder of the regression.

I now turn to the treatment dummy variable, which is the predictor of interest with regard to Hypothesis 2. The coefficient for the treatment dummy indicates that the presence of a fully funded candidate in the legislative race decreases roll-off by 1.53 percentage points, holding all other covariates constant. In short, the model for Maine conforms to the expectations of Hypothesis 2: roll-off is lower in districts where at least one candidate accepted public funding. This finding supports the notion that a higher level of interaction between campaigns and citizens leads to more voters casting ballots in races when a publicly funded candidate is present.

Table 3.2: OLS Regression Coefficients, Calculation of Difference in Differences Estimators of Voter Roll-off in Contested Races, Connecticut and Maine

	Connecticut	Maine
Treatment: Presence of Public Funding	-2.1* (.56)	-1.53* (.46)
Difference in Money Raised by Candidates in District (in Thousands)	-.024* (.0117)	-.10* (.02)
Difference in Number of Minor Party Candidates on Ballot	.34 (.53)	-.39 (.58)
Difference in Presence of Incumbent	.76 (.71)	-.63* (.27)
Percentage of African Americans in District	.097* (.046)	.71 (.40)
Constant	-.11 (.45)	.88* (.33)
<hr/>		
N	82	91
R ²	.33	.31
RMSE	2.45	2.16
F-Statistic	6.36	9.37

*p<.05. Robust standard errors in parentheses.

Dependent variable for Connecticut is the difference in 2008 roll-off and 2004 roll-off. For Maine, the difference is between 2000 and 1996. The control group for Connecticut is constructed from Rhode Island House Districts.

Connecticut

Table 3.2 also contains coefficients and robust standard errors for the model used to calculate difference-in-differences in Connecticut, using Rhode Island districts as a control group. Like those for Maine, the results from the Connecticut model show that the presence of more money in a district race diminishes roll-off. The coefficient for fundraising predicts a roll-off decrease of about 0.025 percentage points for each additional one thousand dollars raised in a district. Racial composition is also a significant predictor of roll-off trends in Connecticut and Rhode Island, where the model predicts that a one percentage-point increase in African American residents would raise roll-off by about one-tenth of one percentage point from 2004 to 2008. This finding agrees with previous research that has found higher roll-off in districts with more African-Americans (e.g., Vanderleuw and Engstrom 1987; Darcy and Schneider 1989; Feig 2007). Particularly given the dynamics at play in the 2008 presidential election, which saw unprecedented turnout from African-American voters (see: McDonald 2008), the significance of this coefficient for the Connecticut model aligns with expectations.

Like the model for Maine, changes in the number of minor-party candidates on the Connecticut and Rhode Island ballots did not result in altered roll-off patterns. However, in contrast to results from Maine, the presence of an incumbent is not a significant predictor of ballot roll-off changes in Connecticut and Rhode Island. It is unclear whether this failure results from disparities of geography, time, or some mixture of both. One possible explanation is that “change” was a major theme of the 2008 presidential campaign, which may have diminished the informational value of incumbency; however, these data do not allow sound conclusions on this question.

Regardless, the coefficient for the treatment dummy variable in the Connecticut model leads to no such ambiguity: It is negative and significant, indicating that treatment decreases roll-off by 2.1 percentage points, holding all other covariates constant. This finding is consistent both with the expectations of Hypothesis 2 and the results of the model from Maine. In tandem, the results from the two states strongly suggest that the presence of a publicly-funded candidate affects mass voting behavior.

Conclusion

In this chapter I present evidence that the presence of a publicly funded candidate in a given district raises levels of voter participation in down-ticket elections. Yet, my findings do not allow a definitive conclusion with regard to the specific causal mechanism functioning between the exposure to the candidate and the decision to vote. One answer might be that, as Wattenberg, McAllister, and Salvanto (2000) suggest, increased interaction between candidates and voters simply lower voters' information costs, providing them with a political education sufficient to allow a clear choice. Another possible explanation is that when voters meet candidates, the personal connection leads to higher levels of mass political efficacy, which has been shown to be particularly important in reducing roll-off among African-Americans (Vanderleeuw and Utter 1993; Vanderleeuw and Liu 2002). Future work should seek to untangle that question.

CHAPTER 4

PARTISAN COSTS AND COMPETITION IN CLEAN ELECTIONS STATES

“Things are different now. Some very conservative Republicans (are feeling) a little bit of pressure after coming through a very close election when they should not have even had a race.”

-Arizona Legislator

The potential for public funding to enhance competition is one of the most widely touted benefits of such reforms. Advocates reason that closing the financial gap between incumbents and challengers will increase competition in American elections, and academic analysis has confirmed that the subsidy size is a crucial element in achieving these goals. Partial grants have proven ineffective in curbing spending in New York City municipal elections (Kraus, 2006) and Minnesota state campaigns (Schultz, 2002), although Mayer & Wood (1995) found some evidence of success in Wisconsin. Moreover, at least three studies have identified little competitive change in states offering partial subsidies (Jones and Borris 1985; Mayer and Wood 1995; Malbin and Gais 1998, 136). Donnay and Ramsden (1995) describe some competitive improvement in Minnesota, but the preponderance of the evidence suggests that partial subsidies do little to enhance electoral competition.

In contrast, a number of studies have found that full public funding such as that in Arizona, Connecticut, and Maine alters the composition of the candidate pool, changes campaign activities, and improves competition. For instance, La Raja (2008) found evidence that full funding provides an incentive for candidate entry in Connecticut, and Werner and Mayer (2007) found that women in Maine and Arizona house races

are significantly more likely to accept public money than men.³⁴ Francia and Herrnson (2003) demonstrated that fully funded candidates spend significantly less time raising money during their campaign. Finally, since full funding programs have been active in Arizona and Maine, studies have consistently noted higher levels of competition, especially in incumbent-contested races (see: Government Accountability Office 2003; Mayer, Werner, and Williams 2006; Werner and Mayer 2007; Malhotra 2008).

Despite building evidence that Clean Elections enhances competition, political scientists have made few advances in understanding the manner in which candidate ideology affects incentives for participation in public funding systems. In this chapter, I confirm previous findings of enhanced electoral competition in incumbent-contested elections when the challenger accepts full funding. However, I also demonstrate that candidates who possess a very conservative fiscal ideology face higher costs of public funding participation than those who are fiscally moderate or liberal. If Democrats are more likely to fall into the latter category, then the findings presented in this chapter suggest that the benefits of public funding may accumulate disproportionately to Democratic incumbents.

The remainder of this chapter proceeds as follows: In the next section, I place the reform logic in the context of a strategic challenger utility model. I then disaggregate the cost components of that model, allowing costs of participation to vary with candidates' fiscal ideology. That exercise reveals that a very conservative fiscal ideology creates political and emotional costs that make participation in public funding a suboptimal choice. Given the typical ideological orientations of Democrats

³⁴ A 2008 study by the National Association of Latino Elected and Appointed Officials found little evidence of increased numbers of Latino candidates after the implementation of Clean Elections.

and Republicans, it is reasonable to expect that incumbents of the former party should be less likely to face a publicly funded major party challenger. Next, I confirm the predictions from the utility model with logistic regressions showing that Republicans are more likely to encounter a publicly funded challenger. Finally, I employ the genetic matching exercise from Chapter 2 to show that publicly funded candidates receive a higher share of the general election vote. I close with a consideration of the practical ramifications of these findings.

Citizen-Candidates and Campaign Utility

In considering the utility of running with public funding, the literature on candidate entry provides a useful framework from which to begin. The classic entry models portray prospective candidates as strategic, utility-maximizing actors who weigh the costs of running against the expected benefits of the office and likely success of the campaign. Black (1972) described the challenger entry decision as a function of campaign utility, expressed as:

$$u(O) = (PB) - C$$

Where:

$u(O)$ is the utility of the office

B is the benefit an individual receives from being elected

P is the individual's estimated probability that he/she will be elected

C is the cost of getting elected

While recent work has considered the manner in which potential challengers view the benefits of higher office (see: Maestas et al. 2006), the bulk of the literature examining candidate entry in Congressional elections has focused on the *P* component of Black's model (i.e., Lazarus 2008; Jacobson and Kernell 1981). Particularly for those pondering a run against an incumbent, the probability of winning often seems exceedingly small, since re-election rates in the U.S. House usually exceed 90%, and similar rates are apparent in state legislative elections as well (Jacobson 2009, 28; Niemi et al. 2006).

Campaign costs have received comparatively little attention in the discussion of the entry calculus, despite the fact that in recent decades, overall expenditure levels have grown markedly in both federal elections and in many states (e.g., Gross & Goidel, 2003, pg. 35; Lott, 2000; Malbin & Gais, 1998, pg. 15; Moncrief 1998). As races become more expensive on average, candidates must pay higher costs in both money and time. For instance, Steen (2006, 11) found that the average "potentially competitive" non-incumbent Congressional candidate in the 1992-2000 elections spent over \$180,000 of her own money. Even with substantial contributions from their personal wealth, most candidates must also assemble sophisticated funding operations and devote considerable effort to "dialing for dollars" if they hope to remain financially competitive. Herrnson (2004) has described the tension between funding and other aspects of campaigning as spawning two separate campaigns: one for money, and the other for votes.

The monetary costs of running for state legislative office do not approach those of running for Congress, but they are still a substantial hurdle for most potential candidates. For instance, the average cost of a 2008 campaign for California

Assembly--the most professionalized of all state houses--was about \$360,000.³⁵ In Arizona and Connecticut, which the National Conference of State Legislatures³⁶ categorizes as “semi-professional,” average costs for lower house campaigns were about \$41,000 and \$18,500, respectively. In Maine, categorized as a “part-time” assembly, the figure was slightly less than \$5,000. Even this sum is more than many citizens could comfortably spend on a long-shot race, and stringent state contribution limits can lead to considerable fundraising time costs since more donors must be contacted to raise necessary funds.³⁷

In short, should they decide to run, candidates must either spend their own money or devote crucial time to raising it from donors. Within this framework, the campaign cost in Black's equation can be disaggregated into three distinct components: The candidate's anticipated personal *financial* cost (F), the time and emotional cost of *raising* funds (M), and the time and emotional costs associated with conducting the remainder of the campaign, or by Herrnson's description, the one for votes (V). Black's model can therefore be rewritten as Model 1, which reflects an expanded campaign utility calculus pertaining to candidates in traditional, privately financed environments:

$$(1) \quad u(O) = (PB) - (F + M + V)$$

³⁵ National Institute on Money in State Politics: <http://www.followthemoney.org>

³⁶ http://www.ncsl.org/?tabid=16701#side_by_side

³⁷ For instance, the per-cycle individual contribution limit to any single legislative candidate in Connecticut and Maine was \$250 in 2008. In Arizona, it was \$400.

Public election financing of the sort in Arizona, Connecticut, and Maine is designed to function primarily on the F and M variables in this model.³⁸ Francia and Herrnson (2003) confirmed that the receipt of full subsidies effectively eliminates fundraising from the list of necessary campaign tasks. Since the subsidy provides all campaign money, candidates do not contribute their own funds during the general election, and so the values of both the F and M terms in Model 2 become zero when the candidate accepts full funding. Following these assumptions, the utility of running a race with full funding ($u(O_p)$) is expressed in Equation 2:

$$(2) \quad (u(O_p)) = (PB)-(V)$$

Since the sum of F and M in Equation 1 for almost all candidates is greater than 0, then the relationship between the utility of running with full subsidies and that of running a traditionally financed campaign is:

$$[(u(O_p)) = (PB)-(V)] > [u(O)=(PB)-(F+M+V)]$$

This inequality is consistent with the argument: that full funding eliminates personal monetary and fundraising time costs. Yet, if the utility of a fully funded campaign is always greater than a traditionally funded campaign, then *all* candidates should be expected to participate. However, in 2008 about one quarter of the candidates in Clean Elections states declined public subsidies. A model that seeks to explain fully the utility of public election funding should account abstainers. In the following section I therefore turn to another factor that alters the cost calculus for challengers: ideology.

³⁸ Public money likely increases potential candidates' perception of their electoral chances in fully funded states, since in Arizona, Connecticut, and Maine, financial parity is promised to all who opt in (but see Chapter 5).

Public Funding and Partisan Costs

There are a number of potential explanations for candidates' decisions to opt out of public funding programs. For unopposed incumbents, the paperwork associated with obtaining subsidies might be difficult to justify. In other cases, particularly in the first elections after implementation of public funding, the benefits of participation may not be clear. In subsequent election cycles, inexperienced challengers may intend to participate but fail to qualify for public subsidies. Others may simply conclude that their situation dictates that unless they raise much more than the spending limit, they cannot win.³⁹ Given these issues, it is unlikely that any public funding program will draw universal participation, but there is also no clear reason to believe that any group is disadvantaged.

That said, there is some evidence in the literature of disproportionate partisan participation in public funding, which may suggest an underlying ideological component to the participation decision. For instance, in their analysis of gender and public funding participation, Werner and Mayer (2007) found partisan effects, with Democrats more likely to participate overall. Moreover, Clean Elections in Connecticut seems to serve as a greater incentive for more liberal citizens to enter politics than it does for conservatives (La Raja 2008).⁴⁰ In tandem, these studies suggest that personal ideology is one determinant of public funding acceptance.

³⁹ Considering the matching funds provisions of the fully funded states, only a small number of challengers should be expected to abstain from public funding for financial reasons. In all fully funded states, participating candidates are provided with additional subsidies if their privately funded opponents raise more than the spending limit; Clean Elections programs in Maine and Arizona guarantee financial parity for participating candidates if their opponents spend up to double or triple the original subsidy amount, respectively. Challengers who would opt out in order to avoid spending limits and build a financial advantage would therefore need the capacity to raise uncommonly large sums.

⁴⁰ Respondents in La Raja's analysis self-identified as liberal or conservative on a 7 point scale.

I argue that the personal orientation toward the proper fiscal role of government of some candidates is in fact the most crucial factor in their decision to accept public funding. Specifically, should they decide to participate in public funding programs, fiscal conservatives must reconcile the acceptance of government funds with an ideology that generally places a high value both on the free market and on diminished government spending.⁴¹ As one Arizona Republican candidate described his rationale for opposing Clean Elections: “It removes the market forces that exist economically in a campaign. And I believe strongly in market forces, whether it’s in the economy, in education, (or) in politics.”

Moreover, even if conservative candidates are able to justify public funding as a means to an end in their own conscience, they may still believe that participation makes them appear hypocritical to the electorate at large, even though the general public cares little about campaign finance law (see: Primo 2002).⁴² For example, another Arizona Republican described a primary campaign strategy designed to capitalize on the fact that he ran with private money while his Republican opponents accepted subsidies: “I personally took out the piece of mail against the two other candidates criticizing them for running with taxpayer funds. I think it was very effective. It was sent to Republican households, and for most Republicans, I think it strikes a chord for them.” In other words, candidates running in very conservative districts may fear an electoral backlash, diminishing the probability of a successful campaign.

⁴¹ Fiscal conservatism is not a dichotomous condition; rather I argue that it exists in degrees from an ideology that merely favors loose business regulation and low taxes to a pure libertarianism that would call for an end to all government intervention in private business.

⁴² Even in New Jersey, which has been running Clean Elections pilots in some districts since 2005, approximately 80% of residents in districts where candidates may receive public funding consistently report no knowledge of the program, despite a focused public policy experiment that garnered substantial news coverage (Woolley and Vercellotti 2007).

With this in mind, Equation 2 in the previous section requires modification to allow different costs for more conservative candidates. For these candidates, running a publicly funded campaign reduces the time and monetary costs of funding, but it also *adds* emotional and/or political costs as candidates must justify participating in a program that they find to be politically unsavory. Moreover, acceptance of subsidies requires some discount of the candidate's perceived win probability. The addition of an ideological cost term I in Model 3 therefore facilitates a final utility model for a candidate who would run with full funding. The I term is approximately zero for liberal candidates and grows larger as candidates become more conservative:

$$(3) \quad (u(O_p)) = (PB)-(V+I)$$

In short, as a candidate's fiscal ideology moves from a moderate, low tax and regulation position to a libertarian one that supports almost no entanglement between the public and private realms, the more likely that she perceives an additional cost of accepting public funding. Candidates in fully funded environments must compare the utility derived from Equation 1, or running with traditional funding sources, and Equation 3, which reflects the utility of running a fully funded campaign. I assume that candidates perceive the benefits of office as the same regardless of whether they accept full funding, and that they are knowledgeable of and eligible for public funding. In this scenario rational candidates would accept full funding when the ideological costs accompanying participation are less than the costs that would be accrued raising money from private sources, or:

$$(F+M) > (I)$$

Since I is higher for more conservative candidates, and assuming that Republicans (R) are more conservative than Democrats (D) on average, then Democrats should be more likely to accept Clean Elections subsidies. In the context of an incumbent-challenged election, the probability of an incumbent facing a publicly funded challenger ($P(C_p)$) should be conditional on the incumbent's partisan affiliation, suggesting the following hypothesis:

$$\mathbf{H(2.1):} \quad [(P(C_p) \mid R) > (P(C_p) \mid D)]$$

Republican incumbents are more likely than incumbents from other parties to face a publicly funded major-party challenger.

Public funding is intended to alter the electoral environment. If it is strengthening subsidized challengers while imparting higher participation costs on one party because it is more likely to be populated by conservative candidates, then the overall relationship between Clean Elections and electoral competition should be re-examined. In the following sections, I evaluate the hypothesis above, and discuss how it affects the link between full funding and heightened competition.

Party and Publicly Funded Challenges

For the remainder of this chapter, I examine survey data from respondents in Arizona, Connecticut, and Maine. I also seek evidence from election data. For each state, I collected data from all incumbent-contested state legislative elections for which public funding was available, as well as for three election cycles previous to its

implementation.⁴³ I retrieved historical election data from the offices of the Secretaries of State in each state and data on challenger funding status from the appropriate state campaign finance regulatory agencies. I obtained summary financial information on Maine and Arizona candidates from 1994 to 2006 from the Wisconsin Campaign Finance Project,⁴⁴ Connecticut and Maine candidates for 2008 from the state campaign finance disclosure agencies, and 2008 Arizona as well as 2002-2006 Connecticut candidates from the National Institute on Money in State Politics.⁴⁵

To test the hypothesis that Republican incumbents in fully funded systems are more likely than their Democratic counterparts to face a publicly funded challenger, I first examine survey responses and historical election data. I then construct separate logistic regression models for each fully funded state. Reelection-seeking incumbents for the lower legislative house in Arizona, Connecticut, and Maine serve as the unit of analysis. The dependent variable for the models in Connecticut and Maine is a dichotomous indicator of whether the incumbent was challenged by a major-party opponent who accepted full public election subsidies.⁴⁶ I anticipate that Democratic challengers are more likely to accept public funding; the independent variable of interest is therefore a dichotomous indicator of whether the incumbent was a Republican. I expect the model to return a significant positive coefficient on this variable, reflecting higher odds of a publicly funded challenge for Republican incumbents.

⁴³ 2008 is the only election for which public funding has been available to candidates in Connecticut, and I collected data from 2002-2008 elections in that state. For Arizona and Maine, I collected data from 1994-2008.

⁴⁴ <http://campfin.polisci.wisc.edu/>

⁴⁵ <http://www.followthemoney.org>

⁴⁶ I consider the Green Independent Party of Maine a major party. Within the theoretical expectations of this chapter, I hereafter group them with Democrats.

That said, there are other factors that might also influence the dependent variable. For instance, challengers are likely to use the incumbents' most recent electoral performance as a shortcut measure of his or her political support in the district, and incumbents who faced close elections in previous years may be viewed as vulnerable. Moreover, it is possible that incumbents who are defending a seat for the first time might be seen as weaker, since they have had less time to gain name recognition and otherwise consolidate the advantages of incumbency. Both of these factors are likely to encourage the emergence of a challenge, which itself should raise the probability of facing a publicly funded challenger. To account for these possibilities, I include as covariates the incumbent's two-party general election victory margin in the previous election as well as a dummy variable coded 1 for the first time an incumbent defended his or her seat and 0 for all re-election campaigns thereafter.⁴⁷

Arizona requires a modified approach. State house elections in that state are conducted in multi-member districts in which the top two vote recipients from each district are elected. Since they may find themselves running in the same district as another incumbent who may or may not be a member of the same party, Arizona incumbents face a wider range of potential strategic circumstances. To account for the differences associated with Arizona's multimember districts, the dependent variable for the Arizona model is a dichotomous measure of whether the incumbent was challenged by *at least* one publicly-funded, non-incumbent member of the opposite party.

⁴⁷ I also include dummy variables for each election cycle.

Findings

Analysis of survey and election statistics support the notion of ideological effects in the decision to accept public funding. Figure 1 contains the proportions of traditionally financed survey respondents from the 2008 election who reported opting out of public money for strategic and ideological reasons.⁴⁸ The percentages reported in Figure 2 show that ideology is the most frequently cited reason for candidates to opt out of public funding programs. About 10% of respondents believed that the subsidy would provide insufficient funds to wage a competitive race, and opted out in order to raise more than was allowed by statutory spending limits. Approximately the same proportion believed that raising a large sum from private sources early in the race would deter challengers from entering, and opted out of public funding in order to do so.⁴⁹ As the theory would predict, ideology is the major factor in the decision to opt out of subsidies: Over 60% of traditionally financed candidates cited ideology as their reason for declining public funding.

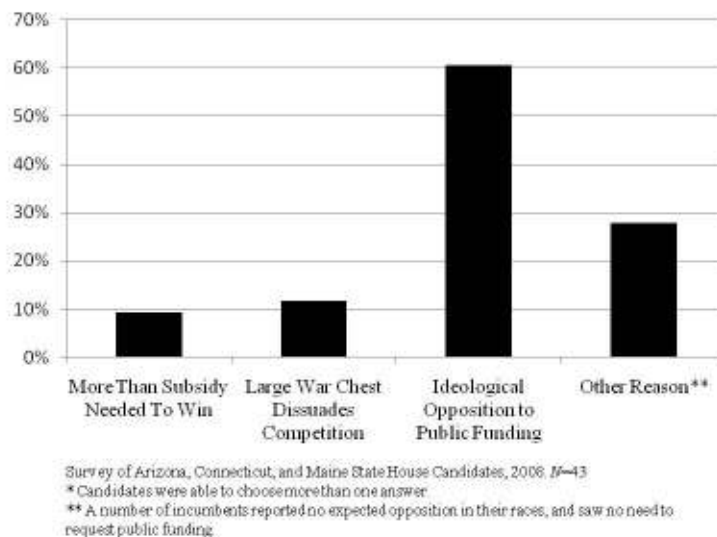


Figure 2: Reasons for Opting Out of Public Funding Cited by Survey Respondents*

⁴⁸ Candidates were able to choose any or all of the options in the survey.

⁴⁹ The majority of candidates who marked the “other” category cited a lack of opposition or an unwillingness to submit to relatively onerous Clean Elections reporting requirements.

Assuming that Republicans are more fiscally conservative on average than Democrats, then analysis of descriptive statistics derived from election data lends further support to the idea of an ideologically-motivated participation decision. For instance, Figure 3 depicts the percentage of Republican and Democratic general election state house candidates who accepted public funding in Arizona, Connecticut, and Maine from 2000 to 2008. In both Arizona and Maine, where comparison over time is possible, a similar trend is apparent: While participation levels for both parties are generally higher in 2008 than 2000, in every election, a higher proportion of Democrats than Republicans chose to run with public funding. This is true even in 2004, when Republican participation peaked in both states before leveling off in Maine and falling somewhat in Arizona. In the 2008 Connecticut election, the difference between Democratic and Republican participation was approximately six percentage points. To sum, in all 11 election cycles depicted in Figure 3, more Democrats than Republicans chose to run with public funding. As noted above, an unfamiliarity with the programs likely explains lower overall participation rates early in their histories, yet the enduring partisan gap is consistent with a cost differential that makes participation more difficult for some Republican candidates.

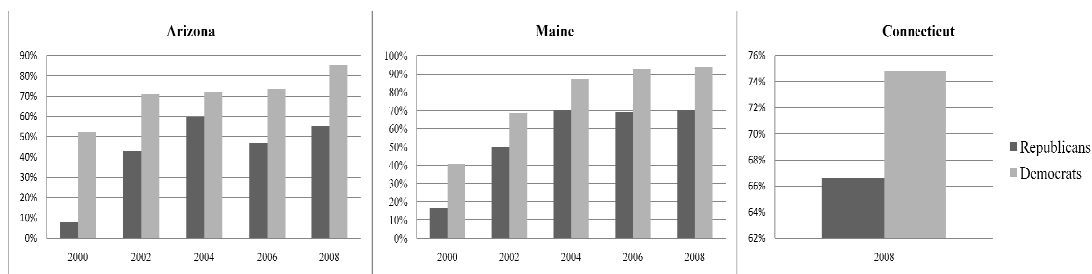


Figure 3: Percentage of Democratic and Republican General Election State House Candidates Who Accepted Public Funding

If more fiscally conservative candidates are more likely to conclude that public funding carries unbearable political costs, then it is reasonable to expect that Democratic incumbents will be less likely to face a publicly funded challenger. Figure 4 shows the percentage of incumbents in each state who were challenged by major party opponents and by publicly funded opponents during years for which public funding was available. In Connecticut, Republican and Democratic incumbents were challenged at about the same rate in 2008; just under 60% of incumbents of both parties faced major-party competition. However, while slightly more than 30% of Democrats faced a publicly funded opponent, nearly half of Republicans did. A similar trend is apparent in Arizona, where incumbents of both parties were challenged by at least one candidate of the opposite party about 70% of the time, but the percentage of Democrats and Republicans facing at least one publicly funded challenger was about 42% and 62%, respectively. A somewhat weaker association between party and Clean Elections participation is evident in Maine, where since 2000 Republicans have been much more likely than Democrats to face a major party challenge. In contrast to Arizona and Connecticut however, the gap between Democratic and Republican challengers who opted out of public funding is relatively small once the differences in the likelihood of a challenge are accounted for. Still, the difference is about two percentage points in the expected direction, and at very least, Figure 4 provides little reason to doubt the theoretical framework above.

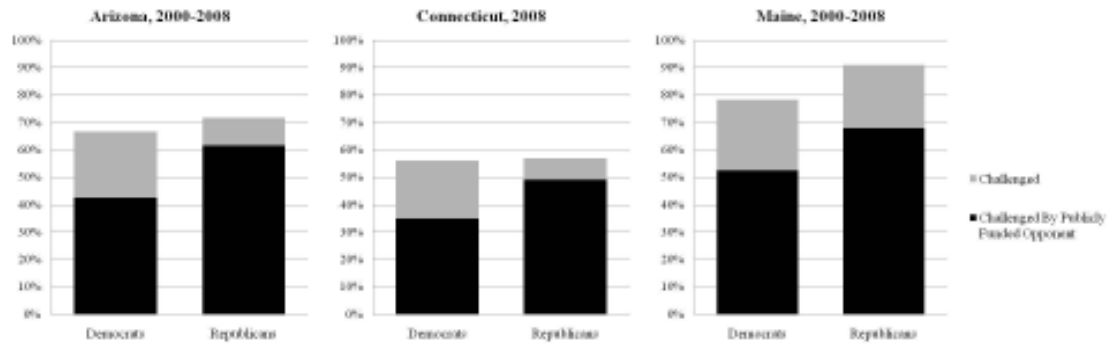


Figure 4: Incumbents Challenged, and Challenged by Publicly Funded Opponents

Yet Figure 4 does not allow for conclusive inference. To this end, I now turn to the results of the logistic regression models for Arizona, Connecticut and Maine, which are contained in Table 4.1. To account for the possibility of heteroskedasticity between legislative districts, I report standard errors clustered by district.⁵⁰ While clustering does not change standard errors for the Connecticut or Maine models, it does result in a larger standard error on the Republican dummy variable in Arizona. As such, I report clustered standard errors because they yield the most cautious approach to inference.

I first consider the model control variables. In Arizona and Connecticut, the incumbent's victory margin in the previous election is a negative and significant predictor of the probability of a publicly funded challenger emerging. A strong incumbent is probably less likely to face a challenger at all, and is therefore less likely to face one who accepts public funding. In Maine, previous margin is not associated with the probability of facing a publicly funded challenger; “marginal” incumbents are equally likely to face a Clean Elections candidate as those who won by wide margins. Likewise, the dummy variable for a candidate's first defense of her seat is not a

⁵⁰ Clusters in Arizona and Maine account for redistricting that occurred in 2002 and 2004, respectively.

significant predictor of publicly funded challenge in any state.

**Table 4.1: Logistic Regression Coefficients and Robust Standard Errors:
Arizona, Connecticut, and Maine Incumbents Challenged by Publicly Funded
Opponents**

	Arizona	Connecticut	Maine
Dummy: Incumbent is Republican	.910* (.437)	1.43* (.519)	.792* (.214)
Dummy: Incumbent's First Defense of Seat	.239 (.331)	-.134 (.606)	-.033 (.212)
Victory Margin Over Top Major Party Opponent in Last Election	-.015* (.006)	-.021* (.007)	-.002 (.004)
Dummy: Same Party Incumbent Running	-.687 (.50)	-	-
Constant	-.048 (.694)	.446 (.417)	-1.62* (.320)
N	187	130	505
McFadden's R ²	.16	.11	.17
Log Likelihood	-107.97	-77.88	-281.26
Hosmer-Lemeshow Chi-Squared	3.47	11.84	4.54

* $p < .05$. Robust standard errors in parentheses, clustered by legislative district. I fix effects by election cycle. Re-election-seeking incumbents are the unit of analysis. The dependent variable in Connecticut and Maine is a dichotomous indicator of whether the incumbent was challenged by an opponent who accepted public funding. In Arizona, it is a dichotomous indicator of whether the incumbent was challenged by at least one opponent who accepted public funding.

In all three states, the coefficient for the Republican dummy variable is both positive and highly significant, indicating that Republicans are more likely than their Democratic counterparts to face a publicly funded challenge.⁵¹ Figure 5 depicts the predicted probabilities, derived from the models, of a publicly funded challenger

⁵¹ Bivariate logistic regressions of a publicly funded challenge on partisan affiliation also result in positive, significant coefficients from data in all three states.

emerging against Republican and Democratic incumbents. I depict the probabilities over a range of victory margins in the last election from 0 (very close) to 100 (unopposed) to demonstrate how the incumbents' previous success influences the probability of a publicly funded challenge, holding all other model variables at their means.

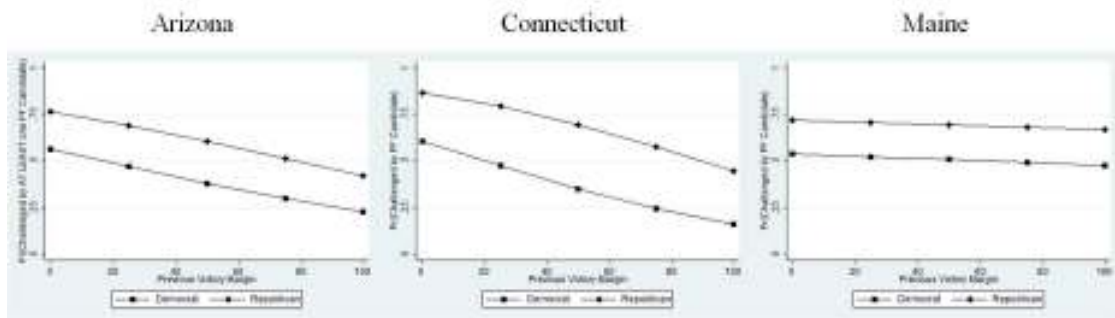


Figure 5: Predicted Probabilities of Democratic and Republican Incumbents Facing a Publicly Funded Challenger

As should be expected given the significance of the coefficient for previous victory margin in Arizona and Connecticut, the probabilities of publicly funded challenge decrease in those states as the incumbent's prior victory margin increases, and in Maine, the probability remains fairly constant regardless of previous win margin. The distance between Republican and Democratic incumbents is about the same across the total range of prior victory margins in all three states. In both Arizona and Maine, for any given value of an incumbent's previous strength, the difference in the probability of facing a publicly funded challenge between Republican and Democratic incumbents is about 20 points. In Connecticut, the difference is about 20 points at the low and high points of the range, and about 40 points at a previous margin of .50.

Implications: Public Funding and Competition

In tandem with the survey responses and other data, the results of the logistic regression models in the previous section confirm the predictions of the utility model: Republican incumbents are more likely to face a publicly funded challenge. One key question emerges from this finding: Does it matter? If publicly funded challengers perform better against incumbents than their traditionally financed counterparts, then partisan differences in participation may lead to benefits that accumulate disproportionately to Democrats. One such benefit might be that Republican incumbents are more likely to face a strong challenge. In this section, I therefore briefly examine the relationship between Clean Elections and electoral competition, using data not only from the state legislative races analyzed in the previous section, but also from three election cycles prior to the implementation of public funding. My aim is not to advance a broad argument about competition, but rather to suggest that the ideological costs of participation may have important practical effects.

The matching funds provisions of the Clean Elections programs are intended not only to alleviate the financial gap between challengers and incumbents, but to eliminate it altogether in most cases. Figure 6 depicts the incumbent's mean share of money in contested lower house Arizona, Connecticut and Maine elections when the challenger participates in and opts out of public funding. The pattern apparent in Figure 6 indicates that the programs have achieved the goal of “evening the financial playing field” for challengers who accept full subsidies. When they run against privately funded opponents, incumbents in the three states control between 70% and 80% of the money in a given contest. However, when they are challenged by a candidate who accepts public funding, incumbents raise almost exactly half of the funds in their race.

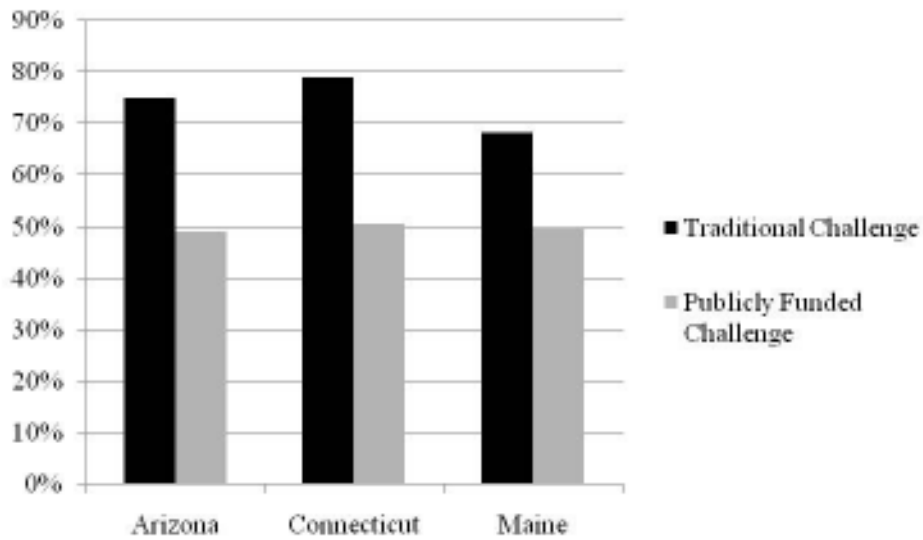


Figure 6: Percentage of Money Raised by Incumbent When Challenged by Traditional And Publicly Funded Challenger

Increased financial parity should lead to heightened competition, since a number of studies have found that an inability to raise funds all but eliminates a challenger from contention (e.g. Herrnson, 2004, pg. 248; Malbin & Gais, 1998, pg. 145; Cassie and Breaux, 1998; Gierzynski and Breaux, 1993; 1991; Jacobson 1980). Jacobson (1990) argues that improving challengers' relative financial position is likely to be an effective mechanism to increase competition. In eliminating systemic financial gaps between challengers and incumbents, Clean Elections therefore holds the promise to improve competition levels that have been waning for decades in state elections (e.g., Niemi et al. 2006; Goidel and Shields 1994; Garand 1991; Weber, Tucker, and Brace 1991; Jewell and Breaux 1988).

Indeed, at least three previous studies have found some link between full funding and competition. In a 2003 report, the Government Accountability Office found evidence of a higher number of competitive incumbent-challenged races in the 2000 and 2002

legislative elections in Arizona and Maine.⁵² Mayer, Werner, and Williams (2006) show that the findings in the GAO study were likely understated. Re-examining the findings of that study while adding data from 2004, Mayer, Werner, and Williams conclude that “there is compelling evidence that Arizona and Maine have become much more competitive states” with the implementation of Clean Elections. Finally, Malhotra (2008) examines two measures of competitiveness in Arizona and Maine Senate elections, concluding that while competition levels *overall* are not much different when public funding is available, the presence of a publicly funded challenger diminishes incumbent margins. In other words, public funding heightens competition when a challenger chooses to accept it. Following these studies, I next examine the electoral performance of fully funded candidates compared to their traditionally funded counterparts.

Competition: Results from Genetic Matching Exercise

As noted above, previous efforts to uncover the relationship between full funding and electoral competition have relied on compilation of summary and/or population statistics (i.e., Mayer, Werner, and Williams 2006; GAO 2003) or the results of OLS regression models with legislative districts serving as the unit of analysis (Malhotra 2008). These studies have yielded promising results for those who seek more competitive elections in publicly funded environments. However, this chapter shows that such methods do not allow definitive causal conclusions since candidates' decisions to participate in public funding are not random (see: Sekhon 2009). I overcome this issue by examining differences in the two party general election vote received by candidates included in the matching exercise described in Chapter 2. The rationale for this method, as well as the specifics of the matching algorithm, are

⁵² The GAO defines a “competitive” race as one with an incumbent margin of less than 15 points.

described at length in that chapter. If Clean Elections is an effective means of enhancing competition, then genetic matching should return a significant, positive treatment effect, indicating that candidates who accept full subsidies receive significantly higher percentages of the two party general election vote.

The treatment effect derived from the matching exercise is contained in Table 4.2. The results are consistent with previous examination of competition in fully funded states. With a mean of 3.35 and a standard error of 1.34, the match demonstrates a significant treatment effect of accepting full subsidies. Specifically, candidates who take full funding perform better in the general election, and can expect an increased share of the 2-party vote of over 3 percentage points. A Rosenbaum bounds sensitivity analysis like that in Chapter 2 shows that the p -value associated with the treatment effect remains significant at $\alpha = .05$ until $\Gamma = 1.35$; In other words, the inference is valid until the odds of a candidate accepting public money are 1.35 times higher because of a difference in unobservable characteristics between public and traditional groups (see: Rosenbaum 2002; Keele 2009). Notably, the finding with regard to the effect of full funding on electoral competition is less robust to unobserved bias than the effect on candidate time reported in Chapter 2. However, matching does result in a significant treatment effect, and the balance statistics reported in Chapter 2 lend higher confidence in the validity of the reported causal relationship between public funding and competition than an OLS model would.

Table 4.2: Genetic Matching Results: Average Treatment Effects on the Treated Groups, Candidate Share of 2 Party Vote

	Acceptance of Full Funding
Treated Observations	169
Average Effect	3.35*
Standard Error	(1.34)

Treatment effects expressed as a percentage of 2-party general election vote.

* Statistically Significant, $p < .05$

Conclusion

This chapter makes two contributions to the political science literature examining public election funding. First, I demonstrate that Republican incumbents are more likely to meet a major party challenger who accepts full public subsidies in all three states. Second, consistent with previous examinations of the effect of Clean Elections on electoral competition, I show that candidates who accept full funding perform better than those who do not.

For advocates who see Clean Elections as even-handed reform that creates a fair playing field for all candidates, these findings should be troubling. The reform rhetoric stresses the program's ability to generate equity in the electoral process, closing the financial gap between incumbents and challengers, which in turn leads to more

competitive elections. Yet, participation in public funding programs imparts higher costs on conservative candidates than it does for moderate and liberal ones.

Particularly given that equality is one of the cornerstones of Clean Elections, it is worthwhile to consider whether the practical effects of full subsidies may also be uneven. It is difficult to demonstrate conclusively that Republican incumbents are systematically disadvantaged in fully funded systems. However, since candidates who accept public funding perform better, and since Republicans are about 20 points more likely to meet such a challenge, the preponderance of the evidence suggests that public funding affects the electoral fortunes of Democratic incumbents less on average.

Public funding imparts disproportionate political costs on some candidates but not others. Future research should continue to account for partisan differences in candidate participation, extending this analysis to upper-chamber elections where candidate quality is more readily observable. Moreover, political scientists should expand the definition of “competition” beyond incumbent margins. For instance, fully funded challengers may simply lose by a narrower margin, or perhaps they have a higher probability of winning. If the latter case is true, then Clean Elections may be adding Democratic seats to the legislative chambers, with obvious implications for public policy

CHAPTER 5

GAMING ARIZONA: MATCHING FUNDS AND TRADITIONALLY FINANCED CANDIDATE BEHAVIOR

“Clean Elections chills my speech.”

-Traditionally Financed Arizona Candidate

In previous chapters I have shown that public election funding changes American elections. Intuitively, most of those changes bear on candidates who participate in public funding. However, by changing the market forces at work in most traditionally funded elections, public money also threatens to spawn unforeseen consequences even for candidates who opt out. In this chapter, I focus on the manner in which the matching funds provisions of Arizona’s Clean Elections program have changed the strategic calculus for all candidates in the system, not just those who accept public funding. The altered patterns of spending and voter engagement were unforeseen by reformers in Arizona, but if public funding is to be meaningfully evaluated, all effects must be considered.

Like those in Connecticut and Maine, Arizona’s matching funds allocations are grants given to participating candidates when they are outraised or outspent; the extra subsidies mandate financial parity even when some candidates choose not to participate in the program. In primary elections, matching funds are triggered when money is spent. In general elections, participating candidates are matched when either their opponent raises money or an independent expenditure is made. In either instance, expenditures beyond the publicly financed candidate’s subsidy amount are matched dollar for dollar to an aggregate limit of three times the original allocation.

From the perspective of a non-participating candidate, once the original subsidy threshold is breached, a dollar spent is in effect a dollar contributed to the other side. The importance of matching funds is perhaps best understood by an example of publicly funded candidates in partially and fully funded states running against an opponent who raises and spends \$75,000 (Table 5.1). In a system of partial funding, in which a candidate receives a subsidy equivalent to 45% of the spending limit (as is the case in Wisconsin), a publicly funded candidate would still be facing a spending deficit of nearly \$64,000.

Table 5.1: Public Funding Scenarios

	Opponent Spending	Spending Limit	Subsidy Amount	Matching Funds	Funding Gap
Clean Elections	\$75,000	\$25,000	\$25,000	\$50,000	\$0
Partial Funding	\$75,000	\$25,000	\$11,250	-	\$63,750

In Arizona’s Clean Elections system, however, opponent’s expenditures would trigger matching funds allocations, preserving funding equality. The elimination of the funding gap is the keystone of Clean Elections’ promise; participating candidates can be outspent in only the most exceptional cases. Given its status as the most generous system of public election finance and matching contributions, Arizona is therefore an ideal location to search for unintended consequences. If matching funds cause a different sort of campaign, then it is reasonable to expect that a detectable effect.⁵³

⁵³ Arizona matches up to three times the original subsidy amount, its legislative elections are much more expensive than Maine's, and its longer history of public funding (compared to Connecticut) allow time for traditionally financed candidates to learn, and to adapt their behavior accordingly.

In this chapter, I present the results of candidate interviews shortly after the 2006 Arizona legislative election. I supplement the interviews with data on matching funds distributions from the Citizens' Clean Elections Commission, Arizona's public funding regulatory agency. In short, I find that the generous matching funds provision leads to altered campaign strategy and spending patterns of Arizona's privately financed candidates. Nonparticipating candidates are using matching funds to achieve maximum financial advantage, shifting traditional conceptions of campaign strategy as they modify their spending patterns to minimize the impact of "clean" money. The resulting environment may undermine the spirit of the law itself. While Clean Elections may well have achieved some of its stated objectives, for better or worse, the law has fundamentally changed campaign strategy in the Grand Canyon State.

Shifting Strategies

Nonparticipating (traditional) candidates must pay careful attention to expenditure levels so as not to benefit a publicly funded opponent. One traditional candidate described a campaign that was "very calculating in how much we sent out to keep spending as low as possible" in an effort to mitigate this effect. Another traditionally funded incumbent reached the same conclusion, saying, "If I raised \$100,000 and he capped out at \$69,000 that would give me a \$30,000 advantage. I don't know that I could raise that much, so I think we would probably be equal. I would spend a lot of time and money raising that money . . . just (to) give it to him." Still another incumbent clearly articulated the degree to which matching funds call for careful attention to spending:

I don't want to raise money and give my opponent money. If I can keep the spending down, me as an incumbent, I have a tremendous advantage . . . If I am a traditional candidate, and I raise \$50,000, he's going to get that money, and he's going to use it to get more voters out. So I'm getting advice from both camps now. I'm getting advice that says "you need to raise \$100,000, because you need to get your message out, you need to get your voters out," and I hear the other people are saying "you need to go clean, because you don't need to be raising money for him, and in a low spending race, it's you as an incumbent that has the advantage."

The desire for cost efficiency is present in all campaigns, but the effects of matching funds shift the spending calculus well beyond simple husbandry. While all traditional candidates interviewed expressed concern about the effect of matching funds on their opponents, some described conscious decisions to withhold expenditures for items that may have increased their performance at the polls:

Every dollar I spend over the threshold starts feeding the alligator trying to eat me. So I have to be very careful with how I spend money, which meant that I sent out a lot less mail and held a lot less events than I would have but for my hands feeling like they were tied under this system. That really irritated me, because I'd say "I'd love to rent a big tent, and we'll have an old-fashioned ice cream sundae thing in the park" or whatever, but I didn't want to do it unless everything was absolutely essential so that we didn't trigger more money to our opponent. Quite honestly, I would have sent probably twice as much mail.

Stories like this one were echoed by every candidate who had ever run traditionally against a Clean Elections opponent. One challenger who ran with public money observed that "those who want to go for the hundred thousand dollar campaign, they're not so sure they want to do it because they don't want to give me matching funds. I'm sure that they don't want a level playing field." Another challenger noticed that her traditionally financed opponent had stopped spending in order to avoid triggering matching funds: "He spent just the amount in the general election to avoid having to give me matching money."

While traditional candidates ponder the advantage of not spending, those who accept public subsidies care little if their opponents spend large sums because they are protected by matching funds. When asked whether he would take issue with his opponent spending \$75,000 against him, a first time challenger in a long-shot race said, “That would be O.K., because I like the matching funds clause. If my opponent wants to go raise traditional funds so I can get more money to spend for my campaign, I think I’m fine with it.” However, there is a great deal of anxiety among participating candidates regarding the timing of opponent expenditures. One newly elected legislator, fresh from a tough fight in the general election, echoed the sentiments of the others, but added an important clause (emphasis added):

I think in some ways (my opponent) does think about (the effects of matching funds), and he limited his fundraising. I only got \$2,500 in matching funds because of that. And he had a primary, and his one opponent was Clean Elections, and the other two were traditional, and the other two raised money like they were running a traditional campaign, not realizing that it impacted the Clean Elections candidate in huge ways. That Clean Elections candidate got huge amounts of money. *But they wait until the last minute and spend it*, to avoid that.

The belief in the existence of strategic expenditure timing is ubiquitous. According to *every informant I interviewed*, traditionally funded candidates try to maximize the competitive effect of the money that they do spend by releasing funds at the last moment, giving the Clean Elections candidate little time to react. Traditional candidates conceded that while the timing of expenditures was not an initial component of their strategy, by the end, it was crucial in maintaining control of the political message. So, while late spending “[was not] like a Manhattan plan or anything, [it] was part of our thinking . . . let’s spend as little as possible early on, so that we could control the debate.” By releasing a mailing on the Friday before the election, traditional candidates are aware that even if their opponent is matched on the

same day, it is prohibitively difficult to spend money over the final weekend in any meaningful fashion.

One experienced candidate described how traditional candidates maximize their strategic advantage: “You want to have a strategy and a plan of using those funds so that the matching funds are least beneficial to your opponent. In most cases you would think that that’s at the last second, so they can’t counter it. I think there’s benefit to that. I think that’s wise.” An incumbent who funded her campaign traditionally said, “We . . . think about [spending at the last minute], frankly. At least I do. Sometimes we may have planned what we’re going to do, but we don’t initiate anything, because the minute we sign a contract or the minute we initiate anything, we have to report.” Other candidates detailed how one can “really . . . work the system” by “spend[ing] money at the last minute if you’re a traditional candidate . . . the clean candidate gets that money, that match, the day before the election.” An incumbent with multiple cycles of election experience described this phenomenon:

In terms of opponents incurring expenditures right before the elections, you know, the Friday before, that’s happened both times that I’ve run. And so you pick up a check from the Clean Elections department, you know, that Friday night, for the matching money, good luck trying to spend \$5,000. So that has definitely played into most campaigns now, you know, people know that if you are going to go over the expenditure limit, you do it that weekend before.

Yet another legislator noted that campaign strategy has fundamentally changed as candidates play this game:

If a traditional candidate waits toward the end, and has some expenses that go over the limits, then the Clean Elections candidate gets matching funds, but if you do that farther down the road and the clean candidate doesn't know about it, then she's not going to have much time to plan how to spend that money, so there's some strategic advantages that a traditional candidate has. It would not be an exaggeration to say that Clean Elections is shifting strategic considerations.

Available data supports the existence of this trend. As Table 5.2 indicates, in no election since 2002 has the proportion of matching funds expenditures released in the last week of a cycle fallen below one-third of all such expenditures. Some of this activity is attributable to the natural flow of campaign spending, but if the traditionally financed candidates who trigger matching funds allocations are as conscious of the effects of their spending as they seem to be, a substantial portion of late spending is delayed to maximize its strategic effect. Further, matching funds allocations within one day of the election generally comprise a substantial percentage of overall "last-minute" expenditures. In the 2006 general election, which the informants participated in, over 40% of expenditures occurring in the last week were released just hours before the polls opened. The majority of these matching funds allocations are no doubt resultant of strategic expenditure as traditional candidates and outside entities seek to gain favor with the electorate while leaving the publicly funded candidate little or no opportunity to respond.

Table 5.2: Timing of Matching Funds Allocations, 2002–2006

Year	Primary Election			General Election		
	Matching Funds Allocations	Within One Week of Election	Within One Day of Election	Matching Funds Allocations	Within One Week of Election	Within One Day of Election
2006	95	48 (50.5%)	10 (20.8%)	124	44 (35.5%)	18 (40.1%)
2004	120	54 (45.0%)	11 (20.4%)	124	56 (45.2%)	6 (10.7%)
2002	119	50 (42.0%)	38 (76.0%)	107	69 (64.5%)	22 (31.9%)

Traditional candidates who purposely spend late have little sympathy for their publicly funded opponents, viewing a failure to adequately prepare for the expenditures on the final weekend as a lapse in proper planning. One legislator who had run as a traditional candidate described the importance of a prefabricated plan for publicly funded candidates to deal with late spending, saying, “I think I’m a good enough campaigner and strategist to figure that out.” Some Clean Elections candidates who actually faced this situation effectively anticipated late expenditures, and took steps to respond. One incumbent who had been the victim of last-minute attacks by traditionally funded candidates in the past behaved differently the next time, saying, “I got smarter the second time around . . . thinking that our opponent would probably spend, and (I) had a strategy ready to go on how we could spend that money quickly if we got matched.” Another experienced candidate said that when independent groups

spent money against her in the closing weeks, she was ready to respond by hiring a group of people willing and able to walk on her behalf:

In my last race, every other day there was a hit piece. Every other day I would get matching funds. What do you do when you get \$4,000 right before the election? If you're smart, you have a strategy, and you think, "O.K. if I get \$4,000 two weeks out, I'm doing this." If I get it right before the election, I'm doing something else. I'd already pre-planned that I would hire union people who were out of work to work on Election Day for me, because it was something that represented my values, and was a financially prudent thing to do.

The expectation of strategically timed spending was not limited to those with political experience. One first-time candidate in a crowded primary field had heard the stories of last-minute spending in other races, but had failed to assemble a formal response plan. However, the possibility of spending during the final weekend was present in the back of his mind, and he was able to mount an effective counterattack in the last moments of an ultimately unsuccessful campaign. In his case, it was an independent group, and not the opposition, that released funds with only days remaining before the election:

I was attacked by a group . . . they put out a hit piece. I was able to use that immediately to get myself qualified for another \$3,000 worth of money to send out my own extra last minute piece, which was a really good one actually . . . I barely had time to respond. I had run out of money, because that's what happens. I really wanted to do another piece, but I just couldn't budget for it. So I had a couple of ideas sitting on the back burner, and then it just happened.

Many publicly funded candidates were not so savvy, and were caught unaware.

Another first-time challenger described feelings of helplessness accompanying the realization that large amounts of money had been spent against him at the last minute, leaving him with matching funds but no time to spend them:

The last day, or the day before the election, they do all this stuff, and you don't really have time to plan real well. I could do better if I did it a second time. As a matter of fact, I gave some money back, because I got five or six thousand dollars the last day. The traditional people, they do that so well. Some people said "you should do something" and I said I can't use it effectively, and I'll give it back.

Another neophyte faced a similar situation, confronting feelings of disappointment with a system that was supposed to guarantee an even playing field. Outspent at the last minute, she was unable to respond, and faced the reality that despite her expectation of financial parity, she had been outflanked in the election's closing hours:

I believe [my opponent] spent a great deal of money in the time after the last reporting of expenses and income, so that I wouldn't have to balance, so that they wouldn't have to balance how much money I had with how much she had. You can't plan; you can't buy the media if you don't know what they're going to do. It would happen in a regular campaign anyway, but to be on the same playing field, we're not, because clean elections candidates are guaranteed this amount of money and the others are not, but if they get to this amount or higher, we'll raise the bar. And they can eventually outspend you. That's not fair.

Conclusion

The allusion to fairness in the passage above is an important one. From the perspective of participating candidates, Arizona's Clean Elections system was supposed to move away from politics as usual to something better, empowering challengers with adequate resources while mandating financial equality among all contenders.

However, while the matching funds provision has successfully eliminated the financial gap between political haves and have-nots, an emotive gap remains. Traditional candidates view themselves as in control and on the offensive. They take a cool view of the shifting timing of campaign spending, describing strategic expenditures with such words as "smart," "well-thought," and "wise." There is a universal recognition among them that when it comes to spending, later is almost always better.

Publicly funded candidates play defense, powerless to behave proactively and forced to guess when the opposition will make a move. Challengers in particular know that if they are to swing votes in their favor, they must be able to spend money. Withholding expenditures until the final days of an election cycle allows traditional candidates to effectively control the funding of their opponents, and given little time to respond, publicly funded candidates can be left holding the bag. These candidates, and particularly those running their first campaigns, report feelings of frustration and anxiety stemming from participation in a system that they believe falls short of its promised goal of “fairness.”

Despite an emotional difference between the two groups, when traditional candidates directly face participating candidates, neither is fully in control. Once they near the spending limit, nonparticipating candidates subvert their expenditure instinct to the realities of matching funds, suppressing spending and/or fundraising so as to avoid the issuance of a check to their opponent. While they may have the resources to hold an ice cream social, the benefit must be weighed against the cost of bolstering the opposition. Participating candidates wring their hands in anticipation of strategically timed last minute expenditures, often unable to preempt such moves with activity of their own because, in the last stages of an election, they themselves have reached the spending limit. Indeed, when the ability of outside groups to trigger matching funds allocations is considered, it can be said that even candidates running in elections in which all participants are publicly financed experience a great deal of strategic uncertainty.

“Uncertain” also describes the future of matching funds in Arizona. In 2008, several candidates brought a federal lawsuit challenging the constitutionality of Arizona's matching funds provision on the basis that it creates disincentives to raise money and campaign for office. In *McComish v. Brewer*, a federal judge agreed, finding coercive elements bearing on non-participating candidates that could not be justified by Arizona's claim of compelling government interest. While the court refused to issue an injunction barring matching funds in the 2008 campaign, it appears that matching funds will not be available to candidates in 2010, as the United States Supreme Court temporarily enjoined the state from issuing matching funds while it considers whether to hear *McComish*. The effect, in the words of one legislator I re-interviewed in 2009, may be that “the lawsuit, by gutting the engine of the program, has effectively killed Clean Elections.”

On that point, time will tell, but one thing is certain: Faced with shifting incentive structures, political costs, and opportunities, candidates in Arizona operate in a strategic environment that is fundamentally different from most of the rest of America. Public funding holds the potential to facilitate higher levels of financial equality among candidates, but while the money certainly helps, a subsidy alone is no panacea. In accepting financial assistance, candidates have given up control of their financial destiny and have acceded to conditions favoring both a flurry of last-minute campaigning and a depression in general campaign activity. These shifting strategies change not only the way in which candidates interact with each other, but also the manner in which they communicate with the electorate. Reformers have long asserted that publicly funded campaigns are better. In the near future, it appears that the courts will have to decide whether this assertion is valid.

CONCLUSION

In this dissertation, I have examined public election funding in a new way, moving beyond contestedness and victory margins to an analysis of the manner in which election subsidies affect the behavior of candidates, including those who opt out of public funding. Moreover, I have shown that the effects of these changes extend to voting behavior.

In Chapter 1, I briefly described the nature and scope of public election funding in the legislative elections of six American states. I showed that there is a substantive difference between programs that provide partial grants to candidates and Clean Elections statutes that fully subsidize legislative elections. I described my belief that the regulations of the latter group hold a greater potential to alter American campaigns, since they eliminate fundraising time obligations and their matching funds provisions guarantee financial parity among candidates in almost all situations.

In Chapter 2, I examined the relationship between acceptance of public funding and the manner in which candidates use their time. Analyzing the survey data from candidates in eighteen states, I demonstrated with genetic matching methods that the acceptance of full public election subsidies provides candidates with time flexibility facilitating higher levels of direct interaction with citizens. The pattern is both highly significant and robust to unobservable bias; in the fully funded states candidates devote about 10 percentage points more of their weekly time to what I called “public interaction.” However, no such effect is present for candidates who accepted smaller, partial subsidies. I closed the chapter by speculating that such heightened interaction in fully funded elections may have implications for voting behavior in those states.

I tested this hypothesis in Chapter 3, in which I exploited a natural experiment to demonstrate that Maine and Connecticut voters are more likely to cast ballots for state legislative contests when candidates accept full funding. The results of two difference-in-differences models showed that the presence of a publicly funded candidate diminishes ballot roll-off by between 1.5 and 2 percentage points. This finding suggests that voters in these states are energized by a more visible election, whether by greater information or enhanced efficacy. In either case, I argue that higher voting propensity is a positive result.

In Chapter 4, I confirmed the results of previous studies that have found a link between Clean Elections and enhanced competition, finding the acceptance of full funding increased legislative election vote share in Arizona, Connecticut, and Maine. However, I also developed a utility model showing that for candidates with a very conservative ideology, acceptance of full public funding imparts high personal costs that make a privately funded campaign a more attractive option. The model predicts that Republican incumbents should therefore be more likely to face a publicly funded challenger, which is confirmed with logistic regression models from data in each state. While these findings provide further evidence for more competitive elections in publicly funded systems, they also demonstrate that the likelihood of participation is mediated by partisan affiliation, suggesting that the practical effect of public funding may be uneven.

Finally, in Chapter 5 I analyzed qualitative interviews collected from candidates in Arizona. I found that full financing with matching funds holds a high potential to deliver unintended consequences in the form of altered behavior among traditionally

financed candidates, who report pervasive gaming as they exploited the provisions of public funding for strategic advantage. Specifically, mandated financial parity changes the calculations of such candidates, who withhold expenditures until the final days of an election, denying their publicly-funded opponents an opportunity to spend matching funds.

For more than a quarter of a century the fundamental question with regard to public funding has been, “Can it make elections better?” This dissertation does not provide an all-encompassing answer to that question; however, taken together, my findings demonstrate that full funding of the variety in Arizona, Connecticut, and Maine dramatically alters strategic decision-making in political campaigns. From a normative perspective, some of these changes are certainly positive. For instance, it is difficult to forcefully argue that more interaction between candidates and voters is a bad thing. Furthermore, if some combination of increased information or enhanced political efficacy is driving a greater number of people to vote on more of the ballot, democracy and representation are likely improved when public funding is present.

That said, I also show that public funding is certainly no panacea from the perspective of very conservative candidates, who would bear political costs of participation that do not exist for other candidates. Moreover, the shifting incentives that even traditionally financed candidates face under matching funds regulations lead to behavior with less-than-clear consequences. While the electoral impact of partisan costs and matching funds strategy is unclear, I have shown that they yield an utterly altered political calculus for legislative candidates.

In other words, this dissertation shows that while publicly funded elections may or may not be “better” on balance, their conduct is indisputably different than traditionally financed American elections. Subsequent reforms should be evaluated not only in terms of easily measured concepts such as competition and candidate participation, but also in terms of the manner in which such reforms affect the behavior of political campaigns. Simply stated, rational actors conduct campaigns. If a program is intended to achieve certain outcomes, then it is useful to evaluate the means as well as the ends. Future programs should be considered with all available academic findings in this area, including those in this dissertation.

Suggestions for Future Research

I believe that there are at least three unexplored areas of full funding that lie outside of the scope of this project. First, while I address the question of whether acceptance of full funding imparts different utilities for different candidates, I leave unstudied the question of whether the existence of subsidies themselves serve as an inducement for candidate entry. My findings in Chapter 2 certainly suggest that public funding does not induce very conservative candidates to enter politics, but it is possible that moderate and liberal would-be candidates view public funding quite differently. La Raja (2008) has made some progress on this point, but some combination of a quantitative analysis of candidate counts and qualitative testimony from candidates themselves would go further to provide more insight into whether public funding actually draws citizens to public life. I suspect that overall, it does not. Money is, after all, but one of the costs of running, and public money should not provide a strong entry incentive for conservative candidates. Regardless, considering the overall participation gap between Democrats and Republicans that I demonstrate here, a

future analysis of full funding as an incentive for candidate entry absolutely must account for candidate ideology.

Second, in Chapter 4 I found that the presence of a publicly funded candidate diminishes ballot roll-off in Connecticut and Maine. However, certain elements of the causal relationship remain unclear. Specifically, my analysis cannot determine whether diminished roll-off is due to a higher level of information that voters possess, or whether more personal meetings increase voter efficacy. In other words, voters may be more inclined to cast votes in down-ticket races because a candidate interaction raised their awareness of the candidates or issues in a given race. Alternatively, such an interaction may also lead the voter to believe that her vote matters more; since she met the politician, perhaps she is more likely to feel a personal connection that somehow results in better representation. Further research should go further to untangle the relationships between public interaction, political information, efficacy, and representation.

Third, it is crucial to note that elections spawn governments. If public funding is altering elite behavior in the former, then it has almost certainly had effects on institutional behavior and policy outcomes in the latter. Such effects are likely to depend upon the political characteristics of each state. For instance, in Arizona, whose legislature has long been controlled by Republican majorities, the partisan effects described in Chapter 2 might be responsible for the narrower partisan gap in both chambers since 2000. At this writing, the Arizona Legislature is in the midst of national scrutiny stemming from several controversial and quite conservative acts on topics ranging from treatment of suspected illegal immigrants to ethnic studies programs in public education. The Legislature has passed these acts on near-

universally partisan votes, and it is reasonable to wonder whether Democrats have made gains in moderate districts, leaving a Republican majority that is more conservative on balance. Of course, such effects could be resultant of favorable conditions for Democrats in the late 2000s, but further examination of party cohesion in the wake of Clean Elections is certainly worthwhile.

Public Funding: Where it is Going and Why it Matters

Two trends are clear in the future of public funding. First, the direct partial programs of the 1980s and 1990s, such as those functioning in Hawaii, Minnesota, and Wisconsin, are not likely to expand elsewhere. Previous work has failed to find conclusive evidence of partial programs curbing spending growth or enhancing competition (i.e., Kraus 2006; Schultz 2002; Malbin & Gais 1998, 136; Mayer & Wood 1995; Jones and Borris 1985). Furthermore, as noted in previous chapters, partial programs do little to alter the campaign activities of candidates. While such programs may reduce somewhat the influence of business, labor, or issue advocacy organizations compared to individual contributors, these relationships have not been fully studied. Considering what is known, there is little reason for states or municipalities that might be inclined to implement public funding to seek partial programs. Perhaps predictably then, partial funding has become less prevalent among public funding schemes. No state has implemented such an arrangement since Minnesota, and to my knowledge New York City was the last major municipality to do so, in 1988.

However, this is not to say that public funding has not been a popular reform tool. In fact, the second trend in public funding is that future programs will likely provide

direct subsidies to candidates at levels that approximate full campaign costs. As noted in the Introduction, since Arizona and Maine implemented their Clean Elections programs in 2000, a number of other states, including Connecticut, have followed for at least some elections. The most promising avenue for Clean Elections seems to be in judicial elections, where at least four states have created full funding programs and a number of others are discussing them. Similar trends are apparent in city elections; two major cities are running elections with full funding, and at least two others seem to strongly considering it as an option.

That said, it is important to note that the trend toward full funding will only continue if the federal judiciary allows it to do so. As of April 2010, there are at least two major cases in federal courts that have the potential to effectively end Clean Elections in Arizona and Connecticut, and eventually in Maine as well. The first case, *Green Party of Connecticut v. Garfield*, challenges public funding in Connecticut. The suit was brought by the state's minor parties, including the Greens and Libertarians, who claimed that the program's provisions discriminate against them. Briefly, in addition to raising the qualifying contributions (which are the most stringent of any state operating under full funding), minor party candidates must have received 10, 15, or 20 percent of the vote for the same office in the previous election. Clearing these hurdles allows them a CEP grant of one-third, two-thirds, or equal to major party candidates. Since qualification by vote threshold in these conditions is utterly impossible for minor party legislative candidates, they can also receive the same grant levels by collecting signatures equal to 10, 15, or 20 percent of the votes cast in that race in the previous election.

In an August 2009 decision, the U.S. District Court agreed with the petitioners, and enjoined the state of Connecticut from continuing its public funding program. Judge Stefan Underhill found that while Connecticut's program should be commended for its effort to promote transparency, "the CEP imposes an unconstitutional, discriminatory burden on minor party candidates' First Amendment-protected right to political opportunity by enhancing participating major party candidates' relative strength beyond their past ability to raise contributions and campaign, without imposing any countervailing disadvantage to participating in the public funding scheme." The judge wrote that garnering sufficient signatures is "a nearly impossible task" for minor party candidates given the level of organization required to accomplish it; since it therefore benefits major parties without extending the same benefits to minor ones, the judge was unable to allow the CEP to continue as written. Qualification for the programs in Maine and Arizona is blind to partisan affiliation, so it is more difficult to see how minor parties would have standing to bring suit on similar grounds.

That said, the matching funds provisions in Arizona are also under legal assault elsewhere in the federal courts. As noted above, the Supreme Court has issued an injunction barring the state from issuing matching funds while it considers whether to hear *McComish v. Brewer*, which challenges matching funds on the basis that they adversely affect the speech of traditional candidates, as described in the final chapter of this dissertation. The 9th District Court was not persuaded on First Amendment grounds. However, since campaign spending was equated to speech in the logic of the *Buckley* decision, it is certainly possible that a program that provides incentives for political actors to withhold expenditures will be deemed to muzzle political speech, and if so it will be difficult for any state to justify this restriction. This is particularly true at the Supreme Court as currently comprised, given other recent decisions with

regard to campaign finance such as *Citizens United v. FEC*, which granted campaign speech rights to corporations as of 2010.

In other words, while governments seem to recognize that full funding can pay some dividends, the future of public funding is unlikely to include matching funds provisions as they currently exist. Such a realization has led some advocacy groups to believe that well-funded hybrid plans may be the only way to inject substantial public funding into the system while passing constitutional scrutiny by the federal courts. Perhaps the most visible of these is the Fair Elections Now Act, which is as of May 2010 a bill in United States Senate committee. If passed, the act would create a system of public funding for Congressional elections. Like candidates in Clean Elections states, those in the proposed system would qualify for public money by raising a predetermined number of small contributions. In House races, these contributions may not exceed \$100 and candidates must surpass the \$50,000 mark from a minimum of 1,500 in-state contributors to be eligible for public funding. The formula for Senate qualification is more complicated, but essentially amounts to 2,000 contributors plus 500 more for each congressional of the states congressional districts.

Once they pass this threshold, candidates may receive public subsidies designed to approximate total campaign costs. For House candidates, the grant is \$900,000 and for Senate candidates, it is \$1.25 million plus \$250,000 for each Congressional district. For both House and Senate races, that money is split for each election phase, with 40% of the payment intended for the primary election and 60% for the general election. Candidates also receive media vouchers (\$100,000 per House district for all candidates) that they can use for significantly discounted media buys. Unlike the full funding programs working in state systems, there is no proposed spending limit for

this federal program. Candidates may continue raising money after accepting the subsidy, and small contributions of less than \$100 from the candidate's state are matched at 4:1 up to a maximum of three times the original amount.

As noted in this dissertation and elsewhere, full funding has shown promise in enhancing competition (see: Malhotra 2008; Mayer, Werner, and Williams 2005). The FENA would certainly bolster the finances of most challengers, who raised less than \$500,000 in 2008 (see: Jacobson 2009). However, the key difference between Clean Elections in the states and FENA is a spending cap, and my results should demonstrate that the difference between the programs in terms of the likely effect on campaign activities is a crucial consideration. In failing to cap spending for participating candidates, the FENA shows little promise in curbing fundraising activities. If there is no disincentive to stop fundraising after accepting a public subsidy, then there is little reason to believe that candidates who can afford sophisticated, consultant-driven funding operations will suddenly decide to stop devoting time and effort to fundraising. Even if \$900,000 is enough for most candidates to wage a visible campaign, the FENA rules contribute to an arms-race mentality, and it is reasonable to expect that the gap between haves and have-nots would persist in federal elections.

The fact that "good government" reform groups such as Common Cause have unequivocally endorsed the FENA before considering its effects on the conduct of campaigns is emblematic of the historical problem in public funding evaluation. Most everyone wants elections to be fairly conducted, publicly focused, and reasonably competitive, since Americans expect that good representation will follow. However, this dissertation demonstrates that the road between public funding and such elections is not an expressway, and merely believing that subsidies of any size are a panacea

does not make it so. Public funding makes elections more complicated, and as newer programs emerge, they will necessarily adapt to the future requirements set forth by the judiciary. This dissertation shows that the structure of such programs will lead to shifting incentives, altered behavior, and pervasive gaming among affected candidate populations. Not all of these changes will be positive. Nonetheless, before searching for the relationships we *want* to see, Americans must understand how the “fifth source” of political money changes the true conduct of their political campaigns.

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