



CLEAN
MONEY
CLEAN
ELECTIONS

To: Editorial writers and interested journalists
From: Public Campaign
Subject: Obama's small donors an anomaly, not a trend
Date: Tuesday, August 5, 2008

Sen. Barack Obama may be a phenomenon. He is not a trend.

Much has been made of Obama's ability to gather small-dollar contributions for his presidential campaign. But statistics for both the U.S. Senate and House offer dramatic evidence of the declining financial importance of small donors despite efforts to reform the campaign finance system.

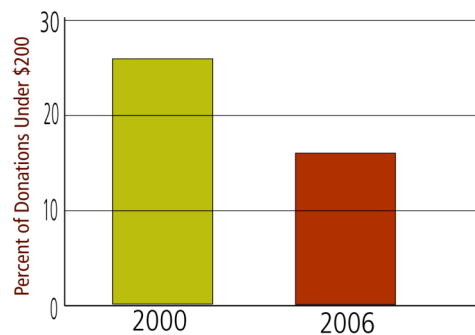
In June, Obama garnered \$52 million in contributions to his run for the Democratic nomination, and \$30 million, or nearly 58 percent, came through donations of \$200 or less. The senator from Illinois is to be commended for encouraging citizens to get involved. But Obama is the major exception to the broad national trend for federal and state candidates in which big contributions have increased in importance relative to small donations.

A deeper look is warranted. Some background—in 2002, the Bipartisan Campaign Reform Act was enacted, banning political party soft money and doubling from \$1,000 to \$2,000 the maximum an individual could give to a federal candidate. The act tied further increases to inflation resulting in the current limit of \$2,300 per election.

U.S. SENATE

In the 2000 election U.S. Senate candidates raised \$552.5 million, and 28 percent came through donations under \$200, compared with 26 percent from - donations of \$1,000 or more.¹ That was turned on its head in the off-year 2006 Senate election when candidates raised \$562.3 million and 16 percent came through donations of \$200 or less, and 40 percent through contributions of \$1,000 or more.

DECREASE IN SMALL DONORS
(U.S. Senate Races)



Data provided by the Campaign Finance Institute

¹ The non-partisan Campaign Finance Institute tracks federal campaign information. The referenced reports on U.S. Senate and House races provide a figure for candidate receipts and a percent for contribution categories. "The Ups and Downs of Small and Large Donors," Spring 2007.

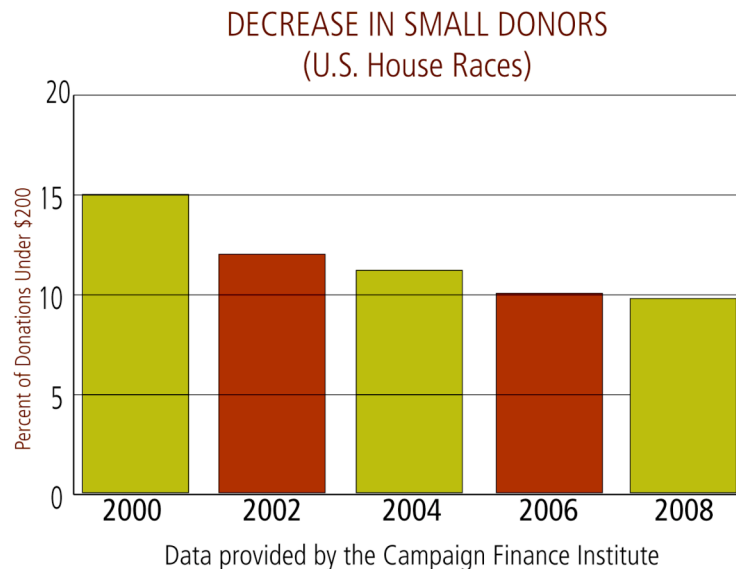
Consider These Points:

- Senate candidates raised \$552.5 million in 2000 and \$562.3 million in 2006.
- Donations of \$200 or less fell from \$155 million in 2000 to \$90 million in 2006.
- Donations of \$1,000 and above rose from \$144 million in 2000 to \$225 million in 2006.

Put another way, donations under \$200 fell 72 percent as donations of \$1,000 or greater rose 57 percent.

U.S. HOUSE

U.S. House candidates must file their fund raising reports electronically offering a more timely comparison. Through March 31 in 2000, House candidates raised an average of \$298,729 with 15 percent coming from contributions of \$200 or less, and 23 percent through donations of \$1,000 or more.² Through March 31, 2008, candidates raised an average of \$446,770, with 10 percent through donations of \$200 or less and 35 percent from donations of \$1,000 or more.



Consider These Points:

- House campaign funding, on average, rose from \$298,729 in 2000 to \$446,770 in 2008.
- Donations of \$200 or less were flat at roughly \$45,000 for both elections.
- Donations of \$1,000 or more rose from nearly \$69,000 in 2000 to more than \$156,000 this year.

² Campaign Finance Institute, "Small Donors Not a Factor in House Races," May 2008.

Put another way, donors of \$1,000 or more account for more than a third of the giving in this year's House election while the under \$200 donations account for a tenth of the tally.

THE STATEHOUSE

At the state level as well, the little guy is giving proportionately less to candidates, according to a study released in July from the Institute on Money in State Politics.

Consider This Point:

- In 2006, \$38 of every \$1,000 raised came from smaller contributions, down from \$51 in 2004, a 25 percent falloff in just one election cycle.³

This arithmetic leads to one conclusion: it's the big contributors who are fueling the campaign arms race. Candidates who are serious about winning are forced to spend even more time soliciting contributions from wealthy donors and deep-pocketed interest groups, bypassing, or outright ignoring, the vast majority of citizens.

In this year's presidential race, Obama has proven very different from his top competitors. Donations of \$2,300 or more made up 16 percent of his contributions through June, compared with 29 percent for Democratic contender Sen. Hillary Clinton, and 39 percent for Sen. John McCain, the presumptive Republican presidential nominee.⁴

Still, Obama has raised about \$100 million in donations of more than \$1,000, indicating he too spends plenty of time wooing the wealthy.

The vast majority of candidates don't have Obama's good fortune. They need to raise more bucks, not buck the trend. They spend their days calling the money men, buying TV ads, slamming opponents while plumping themselves up.

Many citizens and candidates see that this system is broken.

There's an alternative.

Clean Elections systems have been adopted in seven states and two cities. Candidates running a Clean Elections campaign must go out and get a set number of modest donations—usually five dollars—from people in their community. Once qualified, the Clean Elections candidate adheres to strict spending limits and stops accepting private contributions. That means the donation from the teacher, factory worker or coffee barista is as important as the one from the corporate CEO.

³ The Institute on Money in State Politics, "No Small Change," July 2008.

⁴ Campaign Finance Institute, "Obama's Small Contributions Surged in June, but McCain's Party-Based Strategy Gave the GOP Side a Combined Cash Advantage on June 30," July 2008.

It should come as no surprise that Clean Elections has proven popular where it has been implemented. In Arizona, 9 out of 11 statewide officeholders, including Gov. Janet Napolitano, have run and won under this new approach. Maine implemented the system in 2000 and today 84 percent of its legislature is elected using the Clean Elections rules. In Connecticut, which is implementing Clean Elections for the first time, 80 percent of the candidates in the current election are participating in the system, according to press accounts.

Capitol Hill is considering the concept too. A bipartisan bill, called the Fair Elections Now Act, was introduced last year in the Senate by Assistant Majority Leader Dick Durbin (D-Ill.) and Sen. Arlen Specter (R-Penn.). A companion bill for the House is being crafted by Rep. John Larson (D-Conn.).

The Clean Elections system puts the focus on ideas and direct communication with voters, a welcome contrast to the current grab the cash and dash approach of big money races. It brings citizens back into elections and reduces the need to raise ever larger amounts of funds. That appeals both to voters and to candidates.

Obama may never become president but he has been a phenomenon in generating tremendous involvement from those who have walked away from or never participated in elections. The excitement he has generated has brought in an unprecedented million-and-a-half small contributors. It's time to build on that civic engagement and super charge the role of small donors in other races as well by implementing Clean Elections systems nationally.