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Do Taxpayer-Funded Campaigns Actually Save Taxpayer Dollars?

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Note: The following report is an updated version of an Issue Analysis originally published by the Center for Competitive Politics in September 2008. This version has been edited to incorporate several additional measures of government spending.

Issue

Critics of taxpayer-financed political campaigns frequently argue that such programs increase government spending and reduce available public dollars for spending on other priorities. Advocates often respond that taxpayer funding of political campaigns will actually save taxpayer dollars by removing, or at least diminishing, the alleged influence of so-called "special interest" campaign donors.

For example, Common Cause, a proponent of "clean election" programs, characterizes these systems as "a responsible investment in good government that will likely save taxpayer dollars," and argues "public financing will likely result in a net savings of money by reducing the waste that results from inappropriate giveaways to big campaign contributors."[1]

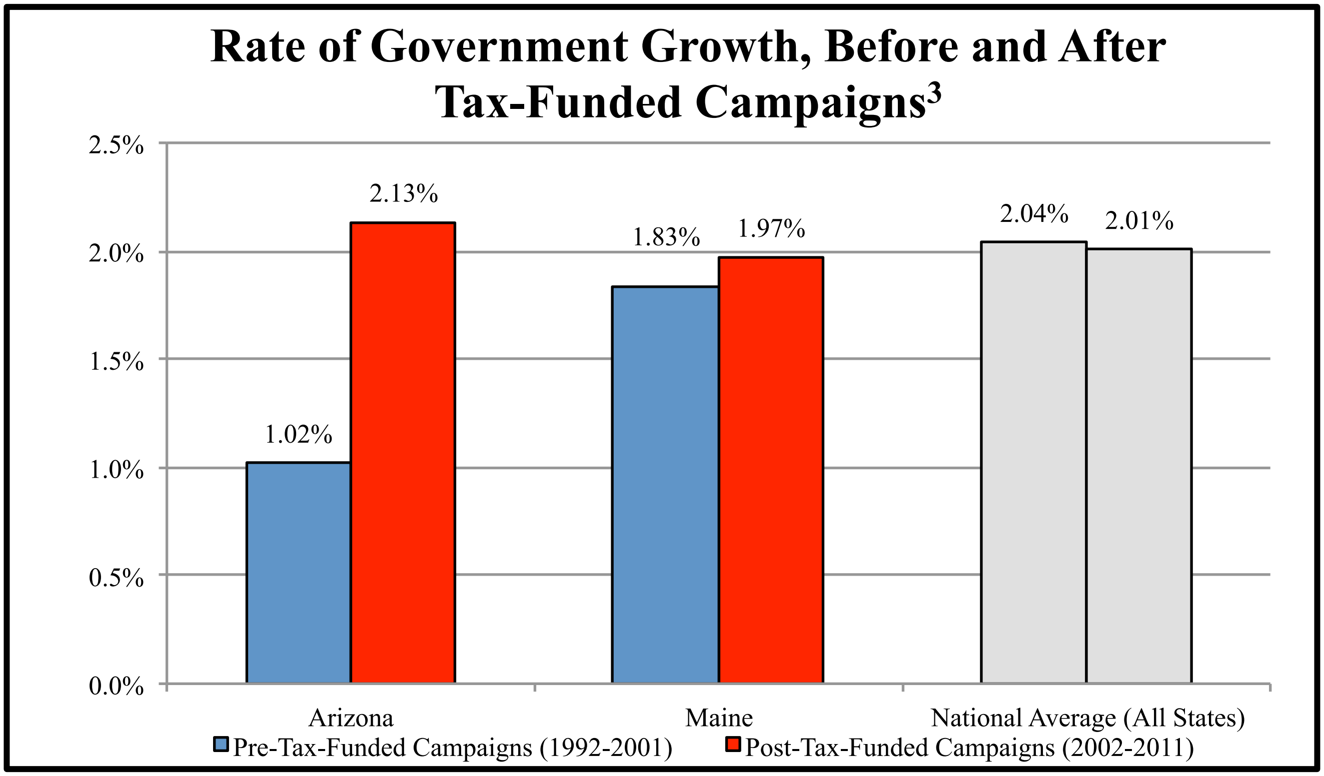
If the claims of Common Cause and like-minded organizations are correct, we would expect to find lower rates of government growth and spending in states with taxpayer-funded political campaigns. Two such states, Arizona and Maine, have implemented tax-financed campaigns for all state legislative races since 2000. This research compares spending growth rates and per capita expenditures in Arizona and Maine with the national average to determine if any predicted savings have materialized as a result of these two states' tax-funded campaign programs.

Analysis

To analyze the impact of taxpayer-funded campaigns on total state spending, we compare rates of government growth and total per capita spending in Arizona and Maine in the fiscal years before (1992-2001) and after (2002-2011) taxpayer-funded political campaigns were implemented in both states. We further compare this data with the national average to control for other trends that may be present in state spending.[2]

1 "The Benefits of Fair Elections," Common Cause. Retrieved on June 13, 2013. Available at: http://www.commoncause.org/site/pp.asp?c=dkLNK1MQIwG&b=4773849 (2013).

2 Both Arizona and Maine implemented their taxpayer-funded campaign systems in 2000. We assume that state legislatures seated in December



Nationwide, the rate of government growth stayed relatively even across the period studied. From 1992 to 2001, total state spending grew at an average rate of 2.04% per year. From 2001 to 2011, that rate was 2.01% per year, a negligible decrease.

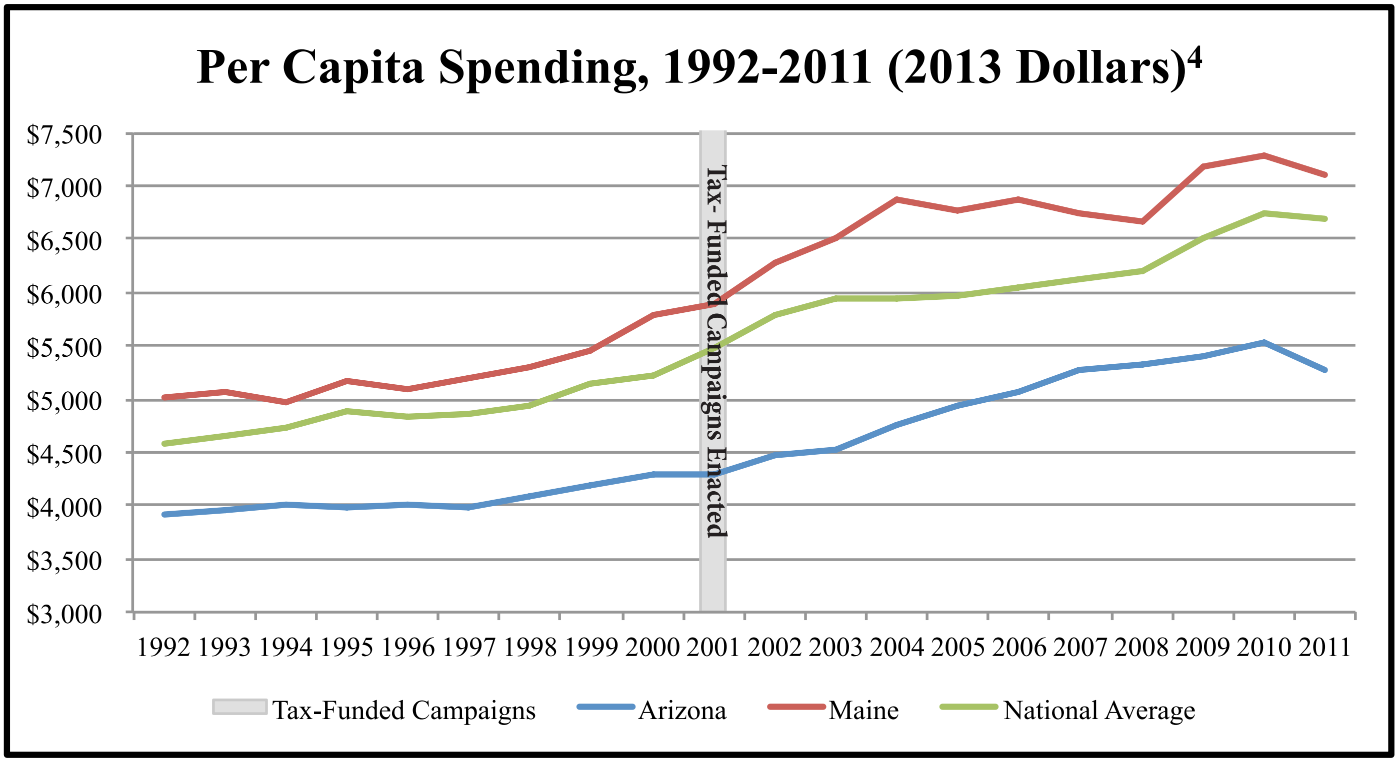
In Arizona, the rate of government growth doubled in the years after taxpayer-funded political campaigns were instituted. Prior to implementing tax-financing, Arizona's government grew at an average annual rate of 1.02%. After so-called "clean elections" began, the rate of growth jumped up to 2.13% per year, meaning that Arizona's government grew more than twice as fast under taxpayer-funded political campaigns as it had under traditional campaign funding. Additionally, whereas Arizona's government growth rate was below the national average for 1992-2001, it exceeded the national average for 2002-2011. Contrary to the claims of advocates, in Arizona, taxpayer-funded political campaigns did not put a brake on state spending. If anything, it stepped on the gas.

Maine also saw an increase in its rate of government growth after implementation of taxpayer-funded campaigns, going from an average of 1.83% per year from 1992-2001 to 1.97% per year from 2002-

2000 (Maine) and January 2001 (Arizona) made minimal changes to the fiscal year 2001 budget, allowing 2001 to serve as the dividing point between legislatures elected under a system of "traditional" campaign financing and those elected under a system of taxpayer-funded campaigns.

3 All spending figures are adjusted for both inflation and population changes as of August 2013, and are given in 2013 dollars. Expenditure data taken from: "Annual Survey of State Government Finances," U.S. Census Bureau. Retrieved on August 19, 2013. Available at: http://www.census.gov/govs/state/. Population data is taken from July 1 of each year: "Population and Housing Unit Estimates," U.S. Census Bureau. Retrieved on August 19, 2013. Available at: http://www.census.gov/popest/. Data adjusted for inflation using: "CPI Inflation Calculator," U.S. Bureau of Labor Statistics. Retrieved on August 19, 2013. Available at: http://www.bls.gov/data/inflation_calculator.htm.

4 *Ibid.*



2011. While this increase is smaller than Arizona's, it too suggests that taxpayer-funded campaigns do not decrease state spending or a state's rate of growth.

Comparing the trends in per capita spending from 1992-2011 in Arizona, Maine, and nationally, we similarly see no savings for taxpayers resulting from taxpayer-funded campaigns. Relative to average spending nationwide, Arizona and Maine are both about where they were twenty years ago: Maine spends a little more than most states per capita, and Arizona spends significantly less. None of the fluctuations in yearly spending appears to have any connection to the presence or absence of taxpayer-funded campaign programs.

Conclusion

Advocates for taxpayer-funded political campaigns have argued that these systems will lead to savings for taxpayers in the form of reduced government growth and spending. Our analysis of the two states that have operated taxpayer-funded campaigns since 2000 shows that these claims are untrue. In Arizona and Maine, the implementation of taxpayer-funded campaigns coincided with more rapid government growth and stable trends in per capita spending. Ultimately, there is no evidence supporting the contention that replacing private, voluntary contributions to candidates with tax dollars leads to savings for taxpayers, either in the form of decreased government growth or reduced per capita spending.

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