

Vouchers, Information, and Ideology

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August 3, 2017

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1 Introduction

Using public dollars to fund political campaigns is one potentially democracy-enhancing policy that is slowly capturing the attention of lawmakers around the country. Although publicly financed elections are mostly limited to municipal elections and vary in program design, the central idea has found support in state and federal courts that have otherwise been very skeptical of campaign finance reforms that limit or ban the participation of America’s traditional donor class. The emergence of vouchers adds a new dimension to the efforts to break the bond between candidates for public office and the donor class (Overton, 2004). Unlike traditional campaign finance reforms that limit the influence of wealthy donors by capping the amount they can give to candidates, vouchers empower ordinary citizens to put public money where their mouths are, and to increase the size, diversity, and representativeness of the donor pool in American politics.

Seattle has adopted a voucher program, which will debut in the August 2017 local elections. Seattle’s program requires full disclosure of how each voucher was spent. As scholars of politics and law, we see great promise in voucher programs because they promise to provide better information to candidates about the ideological leanings of their constituents and may also provide much needed feedback to campaign finance policymakers and courts about the benefits and costs of disclosure. In this study, we rely on Seattle’s requirement of full transparency to examine the effects of disclosure on political participation.

1.1 Motivation

Courts view political contributions as a form of speech that’s protected by the First Amendment. Because of this tie to the First Amendment, regulation of political contributions is subject to intense scrutiny by the courts. The Roberts Court has struck down many campaign finance regulations in recent years, but disclosure requirements have consistently been upheld as less burdensome restrictions on speech and thus are one of the only types of regulations that remain (Wood and Spencer, 2016).

Quantifying the effects of campaign finance disclosure on political participation is difficult. Existing empirical studies on chilling voters’ willingness to donate are mixed, but on average, the chilling effect seems negligible (Wood and Spencer, 2016) although La Raja (2014) found that contributors are less likely to contribute when reminded about disclosure right before contributing. Activists who oppose disclosure emphasize the risk of harassment to which contributors expose themselves, though actual harassment based on campaign finance activity is a rare occurrence and is punishable under criminal law when it happens (Hasen, 2012; Briffault, 2010). The Supreme Court assumes that some contributors might opt-out from contributing due to disclosure requirements, particularly small contributors and those who support ideologically extreme candidates or issues.¹ But the observational and experimental evidence to date suggests that contributions from small contributors

¹See *Buckley v. Valeo*, 424 U.S. 1, 83 (1976) (“Contributors of relatively small amounts are likely to be especially sensitive to recording or disclosure of their political preferences. These strict requirements may well discourage participation by some citizens in the political process, a result that Congress hardly could have intended.”)

and ideological outliers are not predictably chilled by disclosure (Gilbert, 2013). Moreover, some campaigns in the 2016 cycle seemed to think that disclosure can attract speech. The Clinton and Trump campaigns, as well as some campaigns in state legislative races, emailed supporters at the end of FEC reporting periods to offer them the chance to “go on record” and “gain FEC status” by contributing enough that their aggregate contributions would surpass the mandatory disclosure threshold (Wood and Gilbert, 2016). However, if people are heterogeneous in their preferences for publicity, disclosure could chill some people from participating above the mandatory reporting threshold even if it induces others to give more than they otherwise would.

In this study, we plan to exploit the design features of a new kind of public financing, campaign finance vouchers, to observe the effect of full disclosure on potential donors’ willingness to contribute relative to their willingness to engage in the confidential political act of voting. We believe that our results will provide the best observational estimates of the effect of disclosure on participation to date.

1.1.1 Defining the Participation Gap: Voting vs. Contributing

The most basic form of political participation is voting. Voting is low-cost compared to other forms of political activity (e.g., donating to a campaign, or lobbying), and the choices one makes on her ballot are private. In most elections in the United States, contributors incur financial cost and, above a disclosure threshold, their contributions are public. People might choose to vote and not contribute because they prefer to keep political behavior private, because of cost, or both. We therefore observe a participation gap: people are much more likely to vote than contribute. Because voting and contributing above the disclosure threshold vary on two dimensions (financial cost and privacy), it has been difficult to pinpoint the reason for the gap. It might be that the “public-ness” of contributing provides a partial explanation for the gap.

Public financing via vouchers eliminates the difference in cost as an explanation for the participation gap. In a voucher system, the government provides vouchers to registered voters. The voucher recipient can then give the voucher to the candidate of his/her choice. That transaction is reported publicly to the campaign finance regulator, who discloses it publicly.² The voucher donor therefore incurs the privacy cost but not a financial cost when using a voucher.

1.2 Research Questions

1.2.1 Disclosure and Local Political Outliers

While individuals are more likely to vote than to contribute, ideological extremists in a voucher system will be even more likely to vote than they will to contribute, because we expect that they incur larger privacy costs from disclosure (social shaming, etc.).

²For information about the design and rules of Seattle’s “Democracy Voucher Program,” see <http://www.seattle.gov/democracylvoucher>.

Our first research question focuses on these local political outliers. We expect that local political outliers will be relatively less likely to use their vouchers than to vote, compared to people who are not local political outliers. In other words, the difference $Pr(\text{vote}) - Pr(\text{give voucher})$ – the participation gap – will increase as the ideological distance between a citizen and his or her neighbors increases.

1.2.2 Disclosure and Socially-Pressured Giving

Although we predict the participation gap will be larger among local political outliers, we expect many outliers will still use their vouchers. Conditional on using a voucher, how do we expect outliers to behave? Local political outliers might expect a social sanction for giving sincerely or in line with their true political preferences. Because of this social pressure, we expect that local political outliers who choose to use their vouchers will do so insincerely, offering financial support to candidates whose ideology is more typical of their neighborhood. To our knowledge, the literature on social cross pressures, homophily, and political behavior misses the possibility of insincere giving, in part because until now, political contributors have been using their own money, rather than public money as in a voucher program (see, e.g., [McClurg 2006](#); [Mutz 2002](#); [La Raja 2014](#)). While no voucher program currently under consideration compels individuals to use their vouchers, the introduction of a voucher program may cause the modal citizen (both in the polity as a whole, and locally within neighborhoods) to become a donor, whereas the modal citizen in the present world of self-funded contributions is a non-donor. This change in the behavior of the modal citizen may create social pressures for others to use their vouchers, and result in insincere giving by local political minorities.

Our second research addresses this social pressure. We predict that local political outliers will be more likely than locally-typical voucher users to give their vouchers to a candidate who is not their most ideologically proximate candidate.

2 Research Strategy

Our study is purely observational. We will compare turnout, voucher use, and political affiliation among participants in Seattle’s voucher program in the August primary, and (if participating candidates make it to past the primary) in the November general election.

2.1 Program Design

Seattle’s voucher system, Honest Elections Seattle, launched in 2017. All Seattle residents who were registered to vote as of November 2016 were provided with campaign finance vouchers on January 2, 2017. Voting-age residents who are citizens, nationals, or lawful permanent residents but not yet registered to vote may apply for vouchers but do not receive them automatically. The city will continuously send vouchers to newly eligible residents until October 1, 2017.

The vouchers are for the August 1, 2017 primary and November 7, 2017 general election for two at-large city council seats – Positions 8 and 9 – and the city attorney. The position 8 seat is an open seat with eight candidates, three of whom gathered enough signatures before the primary to participate in the voucher program, and four additional candidates who actively collected vouchers in hopes of qualifying. (Before qualifying, a candidate can collect vouchers, but she cannot not cash them in until she qualifies.) Position 9 is held by an incumbent, who is running again and has two challengers. No candidate in that race has qualified for the program as of this pre-registration, though the incumbent and one of the challengers are gathering signatures and accepting vouchers. The city attorney is running unopposed and has gathered enough signatures to accept vouchers.

The primary was held on August 1, and the two candidates who advanced in Position 8 were qualified for vouchers, so we will be able to conduct this analysis for both the primary (with a wide array of candidates to receive vouchers) and general elections.

Honest Elections Seattle publicly discloses the contributor’s name, voucher ID, date the voucher was assigned, whether the voucher was redeemed, and the candidate who redeemed it. The publicly-available statewide voter file also contains the address of all voters, so even though the voucher does not disclose contributor address, we will be able to match it based on ID numbers in the voter file, which is the same ID number on the voucher.

We have been in contact with the Director and Democracy Voucher Program Manager at the Seattle Ethics and Elections Commission (SEEC) and Honest Elections. They are aware of our research and have been cooperative and helpful with all of our data requests. With the assistance of SEEC, we were able to coordinate our request for the initial King County voter list with their request for the same data. This coordination allowed us to obtain exactly the same list that SEEC used for its first round of vouchers.

2.2 Identifying Assumption

Our identifying assumption is that, conditional on ideology (L) and propensity to turn out to vote (V), the political behavior (Y) of voting-eligible citizens who are ideologically-typical for their neighborhood ($A = 0$) is the same, in expectation, as the political behavior of voting-eligible citizens who are ideologically-atypical for their neighborhood ($A = 1$), except insofar as neighbors influence behavior.

We will observe:

$$Y_i = \begin{cases} Y_{1i} & \text{if } A_i = 1 \\ Y_{0i} & \text{if } A_i = 0 \end{cases} \quad (1)$$

We will not observe:

$$Y_i = \begin{cases} Y_{0i} & \text{if } A_i = 1 \\ Y_{1i} & \text{if } A_i = 0 \end{cases} \quad (2)$$

By assumption

$$E[Y_{0i}|A_i = 1, L_i, V_i] = E[Y_{1i}|A_i = 1, L_i, V_i] \quad (3)$$

$$E[Y_{1i}|A_i = 0, L_i, V_i] = E[Y_{0i}|A_i = 0, L_i, V_i] \quad (4)$$

or, conditional on ideology and voter turnout propensity, the behavior we observe of residents in ideologically-typical neighborhoods is identical to behavior we would observe residents in ideologically-dissimilar neighborhoods *if we could move them to an ideologically-typical neighborhood*. Similarly, the behavior we observe of residents in ideologically-dissimilar neighborhoods is identical to behavior we would observe residents in ideologically-typical neighborhoods *if we could move them to an ideologically-dissimilar neighborhood*.

Thus, we will estimate:

$$\tau = E[Y_{1i}|A_i = 1, L_i, V_i] - E[Y_{0i}|A_i = 0, L_i, V_i] \quad (5)$$

2.3 Data Collection

In order to test our hypotheses, we will gather the following data.

1. Voter turnout for 2017 local elections.
2. Voucher disclosure data for all vouchers used in 2017.
3. Measure of local political minority status for each voucher donor and voucher recipient based on proprietary data estimates, specifically the Catalist “ideology” score.
4. Likelihood of voting, based on the Catalist “turnout propensity” estimates.

Data items 1 and 2 are publicly available and free. We purchased a cut of the Catalist file for Seattle with current estimates before voting concluded for the August 1, 2017 primary. Catalist data is particularly strong for left-leaning voters, and Seattle is one of the most liberal cities in the country. The Catalist data contains the ideology measure and predicted voter turnout for 2016.

3 Empirical Analysis

3.1 Explanatory Variables

Each registered voter, i , has an turnout propensity, V_i , equal to the Catalist propensity score, $V \in [0, 100]$. The ideology of each registered voter, L_i , is equal to the Catalist ideology score, $L \in [0, 100]$, where 100 is extremely progressive.

Each neighborhood, n , has a mean ideology, \overline{L}_n , which is the average of all L_i within a neighborhood, and each neighborhood contains N neighbors.

$$\overline{L}_n = \sum_{i=1}^N L_i * \frac{1}{N} \quad (6)$$

We measure the ideological distance from each registered voter to the average voter in his or her neighborhood (D_n) such that

$$D_{ni} = |L_i - \overline{L}_n| \quad (7)$$

Registered voters with an ideological distance D in the top quartile will be coded as “ideologically atypical” ($A = 1$) and voters with an ideological distance in the bottom quartile of the measure will be coded as “ideologically typical” ($A = 0$). As these cutoffs are arbitrary, we will also include sensitivity tests to see if the results change with different cutoffs.

3.2 Outcome Variables

Our key outcome variables are whether the registered voter turns out, whether the registered voter uses her voucher, and whether the registered voter gives to the most ideologically proximate candidate. In particular,

- $V_i = 1$ when individual i turns out to vote, and 0 otherwise.
- $G_i = 1$ when individual i gives her vouchers to a candidate, and 0 otherwise.
- $U_i = V_i - G_i$ measures the participation gap ($U_i \in -1, 0, 1$). Among ideological outliers we will estimate:

$$\tau_U = E[U_i|A = 1] - E[U_i|A = 0] \quad (8)$$

3.3 Defining “Neighborhood”

There is no one correct level at which to measure one’s “neighborhood”. The voter file contains Seattle’s 963 precincts. It would also be possible to aggregate voucher users based on census block. An academic demographer with whom we spoke said that demographers often use census tracts, of which Seattle has 121. The City’s demographer, with whom we are in contact, combines census blocks into neighborhood groups and community reporting areas in various ways.³ We will explore the impact of defining neighborhoods in different ways, but our primary analysis will use voting precincts since they (a) are the most fine-grained, (b) are easily calculable, and (c) will provide the most statistical power. We will investigate changes to our estimates using Census blocks, tracts, and community reporting areas as robustness checks.

3.4 Controlling for Neighborhood Effects

We will use the voter’s propensity to turn out to help control for possible bias in our estimates based on neighborhood-specific effects that can increase or decrease turnout in neighborhoods. One

³Email correspondence with Seattle demographer Jennifer Pettyjohn (April 21, 2017) on file with the authors.

such example would be a neighborhood turning out well beyond its normal levels due to policies proposed by one of the candidates that would particularly affect the neighborhood. Second, we can use the voters’ turnout propensity as a robustness check on the actual turnout that we observe, because the voucher program itself could affect turnout through unobservable mechanisms.

3.5 Balance Checks

We will conduct balance checks for age, race, and gender within all $A = 1$ and $A = 0$.

3.6 Matching

We will test our hypotheses using matching methods. We will sort registered voters into ideology quantiles using the Catalist data and then match registered voters within each quantile for whom $A = 0$ with registered voters in that band for whom $A = 1$. We should have around 5,000 voters in each band (500,000 Seattle residents divided by 100), half of whom will be eligible for matching in expectation, because $A = 0$ for 25%, and $A = 1$ for 25%. We anticipate around 250,000 matched pairs, total.

3.7 Additional analysis

Because lumping voters into “typical” and “atypical” groups throws away a good deal of data, we will also conduct additional analysis using the full dataset, using distance as a continuous variable. We anticipate presenting these results in order to give context for the matched data analysis we are conducting.

4 Subgroup Analysis

Support for campaign finance disclosure among political elites has become increasingly polarized, with progressive politicians and “reformers” embracing it and pushing for more disclosure, while libertarian and some conservative politicians and activists are abandoning all campaign finance regulations *including* disclosure. But do potential donors who are atypical and more conservative than their neighbors actually react to disclosure differently than potential donors who are atypical and more liberal than their neighbors? To answer this question, we will modify our ideological distance measure, D , to make it directional. Call it R . Each registered voter has an ideological distance from the average voter in the neighborhood, R_n :

$$R_{ni} = L_i - \overline{L_n} \tag{9}$$

One subgroup analysis will calculate the directional distance from the average voter in one’s neighborhood, to see whether individuals who are “left” of their neighborhood average behave differently than people who are “right” of their neighborhood average. Repeating the analysis described above we will match pairs on $R \in [-100, 100]$ rather than $D \in [0, 100]$ as well as use R as a continuous variable in order to use all the data and give context to our analysis on the subsets.

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