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New Analyses Finds 95% of the Money Raised by State Legislators and 97% by Members of Congress Comes from Predominately White Precincts

Needs of Minority Communities Take a Back Seat to Interests of Predominately White Donor Base On Beacon and Capitol Hill

Massachusetts state legislators raise most of their campaign cash from predominately non-Hispanic, White areas in the state, mirroring a similar fundraising trend for Massachusetts' federal representatives according to recent analyses of campaign finance and census data conducted by the Commonwealth Education Project (CEP) and the national campaign finance reform groups Public Campaign, Fannie Lou Hamer Project and the Velasquez Institute.

“CEP’s *Color of Massachusetts Money* research demonstrates what we already know intuitively. The interests of Massachusetts voters of color are diminished because they are not serious contenders in the state’s pay or play political system,” said Galen Nelson, director of CEP’s Money and Politics Project. Meanwhile, special interest and wealthy donors enjoy greater access and influence in a system that values donors over voters. “It’s no surprise that the agenda of policymakers is skewed toward their predominately wealthy special interest and white donor base rather than toward those of minority voters.”

At the national level, Public Campaign’s report, the *Color of Money*, which examined both the racial and socio-economic composition of donors to the Massachusetts Congressional delegation, identified similar giving patterns (see below).

Color of Massachusetts Money – State Level

A significant portion of contributions to Massachusetts state legislators between 1999 and 2002 are geographically concentrated and, overall, come from predominately White neighborhoods. In fact, out of the 2,157 total precincts in the state, the most generous 1% (22 precincts) gave nearly 14% of contributions (\$3,169,872) to state legislators. (See appendix listing top 12 giving precincts.) Nearly 95% of the money raised by state legislators came from predominately White precincts (those with minority voting age populations less than 50%).

Total Individual donations to state legislative candidates (1999-2002)	\$23,449,706
Donations from Majority non-Hispanic White precincts.....	\$22,251,861
.....	94.9%
Donations from Majority Minority precincts.....	\$1,197,844
.....	5.1%

How do these giving patterns effect public policy? The 2004 budget passed by the legislature and signed into law by Governor Mitt Romney includes drastic reductions in K-12, higher education, public health, housing, and environmental protection among other essential services - programs upon which voters of color and lower and middle income citizens depend more heavily. Specifically, the Speaker's budget cut funding for K-12 education by 6.6%, public health by 11.1%, and environmental affairs by 9.1%. These cuts come on top of significant reductions already made to these budget areas in the 2002 and 2003 fiscal years.

Delays and Foot Dragging for Non-Donors ... a Glimpse at Two Issues

I Public Health

Asthma rates in Massachusetts are higher than the national average and are linked with health disparities affecting a disproportionate number of minority communities. Two of the top ten zip codes for asthma hospitalizations in Massachusetts, Dorchester 02124 and Dorchester 02126, are majority African American.¹ Yet, the House nearly eliminated tobacco education and juvenile smoking prevention programs, slashed funding to the Department of Public Health (cut \$47,471,199) and Department of Environmental Affairs (cut \$18,209,014) – all programs that figure prominently in the fight against asthma. Furthermore, the House has failed to approve modest environmental justice legislation (HB2112) that would in part address the high rates of asthma in urban areas around the state. (The Senate has passed a companion environmental justice bill.)

II Housing

Housing experts agree that Massachusetts generally and Boston specifically faces one of the nation's worst affordable housing crises. To make matters worse, the number of loans made by sub prime lenders has exploded in recent years increasing over 1,000% since 1994.² (Housing advocates broadly agree that a substantial portion of sub prime loans are so-called “predatory loans” – mortgages that contain excessive fees and unfair terms for borrowers). Subprime lenders make a disproportionately higher number of loans in minority communities in

¹ Massachusetts Chronic Disease Improvement Network

² “Borrowing Trouble III” A report by the Massachusetts Affordable Housing Alliance

Massachusetts and around the country. In Boston, neighborhoods with the highest percentages of Black and Latino residents also had the highest number of sub prime loans. In fact, sub prime loan shares in Mattapan (29.2%) and Roxbury (28.7%) were ten times greater than those in predominately White neighborhoods Back Bay/Beacon Hill and Charlestown (each 2.9%).

Yet, the legislature has failed to provide leadership on HB 1617, a modest bill that would provide protections for borrowers who receive high cost home mortgages in the Commonwealth. “Despite an explosion of sub prime lending in Boston, the legislature has failed to provide leadership to protect the interests of minority borrowers,” said Nelson.

Meanwhile, tax breaks and other policy changes sought by the most powerful corporations located in the financial district and supported by lobbying firms located downtown and on Beacon Hill were preserved in the budget. More recently, tax credits supported by those same donors were approved in an “economic stimulus” package signed into law this past summer.

In other words, the legislature approved the expenditure of scarce public dollars during a severe budget crisis for (controversial and unproven) corporate tax subsidies and simultaneously enacted steep cuts to programs that benefit minorities and low income voters. “While it’s difficult to draw causal relationships between campaign contributions and policy, it’s hard to deny that the interests of large perennial donors are given more attention than those of minority voters who are typically not large donors to Massachusetts legislators,” said Nelson.

New Benefits for Donors in 2004

Some Corporate Tax Breaks Preserved in 2004 Budget:

Single sales factor tax cut - \$221 million (FY 2004 cost estimate - sought by Fidelity Investments and Raytheon manufacturing)³

Commercial bank tax cut - \$30 million (FY 2003 cost estimate - sought by Fleet and other commercial lenders)⁴

Corporate Tax Subsidies approved in summer 2003 economic stimulus package

Make permanent the investment tax credit (sought by Associated Industries of Massachusetts)

Expand the research and development tax credit - \$8 million (sought by Associated Industries of Massachusetts)

There is Another Way – Clean Money Campaign Finance Systems

“Like the poll tax and other racially motivated barriers to voter participation, the rapidly escalating cost of running a competitive campaign and participating financially in our democracy discriminates against non-wealthy citizens” said Alex Russell, director of Mass Voters for Clean Elections. “A proposal circulating on Beacon Hill that would double contribution limits is wrong-headed. It will further diminish the voices of those voters who can’t afford to make large contributions to their elected representatives” added Russell. Clean Money systems have been in place for statewide elections in Arizona and Maine only since the 2000 election cycle. Nevertheless, in Arizona, there are already promising results showing that the system gives a boost to candidates of color. From 2000 to 2002, Arizona saw a substantial increase in the

³ MA Department of Revenue

⁴ MA Department of Revenue

number of Latino and Native American candidates. Thirty-seven candidates from racial and ethnic minority communities ran for office in 2002, compared to only 13 in 2000. Of those 37 people, 21 opted for public funding. “We know democratically financed campaigns work – we should bring them back here in Massachusetts,” added Russell.

The Color of Massachusetts Money – Federal Level

According to Public Campaign’s *Color of Money* study, Massachusetts ranks 10th among the states in total federal contributions over the last two elections, the source of \$55.4 million in contributions over \$200. Ninety-seven percent of individual federal contributions (\$200+) come from zip codes that are majority non-Hispanic white, yet 16% of the state’s residents are people of color. Boston ranks seventh among metropolitan areas nationwide in amount of federal contributions (\$200+) over the last two elections, with \$46.4 million. Ninety-seven percent of the contributions come from non-Hispanic white neighborhoods, while 18% of the residents are people of color. The top contributing zip code statewide is 02138, in Cambridge, which is the source of \$3.6 million in federal campaign contributions over \$200 in the last two elections. Seventy-four percent of the residents in that zip code are non-Hispanic white, and one out of four households enjoy incomes of \$100,000 or more a year.

For more information about Public Campaign’s *Color of Money* Study, contact Rick Bielke at (202) 293-0222 or visit the report’s web site at: <http://www.colorofmoney.org/>

Top dozen giving precincts in Massachusetts:

Ward Precinct	Neighborhood/Town	Sum Of Contrib \$	Minority	Minority Voting Age Pop.
Boston Ward 3 Precinct 6	Downtown/Financial Dist.	\$851,921.40	19.11%	17.07%
Boston Ward 5 Precinct 3	Beacon Hill/Back Bay	\$298,275.00	6.36%	6.27%
Boston Ward 3 Precinct 8	Chinatown/Financial District*	\$245,364.44	69.99%	67.56%
Boston Ward 18 Precinct 7	Roslindale**	\$124,225.00	68.69%	63.41%
Milton Ward 1 Precinct 5	Milton, MA	\$119,675.00	9.44%	8.96%
Boston Ward 2 Precinct 7	Charlestown	\$111,855.00	7.65%	6.83%
Hopkinton Ward 1 Precinct 1	Hopkinton, MA	\$109,495.00	4.94%	4.65%
Milton Ward 1 Precinct 9	Milton, MA	\$103,370.00	5.57%	5.28%
Boston Ward 5 Precinct 1	Fenway**	\$100,433.74	50.47%	44.96%
Boston Ward 5 Precinct 8	Beacon Hill/Back Bay	\$91,475.00	12.79%	13.19%
Cohasset Ward 1 Precinct 1	Cohasset, MA	\$90,944.71	2.31%	1.65%
Boston Ward 6 Precinct 7	South Boston	\$90,345.00	2.03%	1.93%

**Ward 3, Precinct 8 is a demographic aberration. While it may appear that a large amount of money comes from the Asian American community (Chinatown), the Ward also includes a substantial portion of downtown and the financial district.*

***Similarly, Ward 18, Precinct 7 and Ward 5, Precinct 1 cross neighborhood lines and are therefore not representative of the overwhelming predominately White political giving pattern seen across the state. Keep in mind that across the state, neighborhoods with 16% (the state’s minority population) or less minority voting age population contributed \$17,476,997 or over 75% of the money given to state legislators.*