

THE CASE FOR POLITICAL PHILANTHROPY

Why Big Bets to Fix Politics Will Help Fix Everything Else.

Renewable Energy

Inequality

Student Debt

Criminal Justice

Tech Innovation

Cyber Warfare

Taxes

Gun Violence

Racial Injustice

Infrastructure

Education

The National Debt

Climate Change

Healthcare

Economic Opportunity

Immigration

Unemployment

Housing

Criminal Justice

International Trade

The Opioid Crisis

Transportation

Political Philanthropy

Po·lit·i·cal phi·lan·thro·py (n.) /pəˈlɪdək(ə)l/ /fəˈlanθrəpē/

1. The non-partisan commitment of financial resources to reform organizations, campaigns, and candidates working within the political system to foster a government where the public interest is advanced over partisan or special interests.
2. An emerging area of philanthropy.
3. **A high-leverage way to drive impact.**

EXECUTIVE SUMMARY

Dysfunctional governance impacts every issue

- Growing partisanship either leads to total gridlock or to massive swings on public policy, undermining issues philanthropists care about — including education, health care, and the environment.

Our broken politics reflects a “systems problem”

- Solving problems in the public interest is prevented by misaligned incentives between what it takes to govern and what it takes to get elected.
- Partisan and special interests have gained disproportionate power. In the last midterm election, for example, every member of Congress who was defeated in a primary lost to a candidate who was more ideologically extreme.

“Political philanthropy” to fix politics has momentum & leverage

- Political philanthropists seek to improve governance by investing in non-partisan reforms to (i) enact better incentives and (ii) elect better leaders.
- In 2018, political philanthropists invested \$154M to help elect over two-dozen reform candidates to Congress and pass 18 reform ballot initiatives — including ending partisan gerrymandering in five states.
- Good governance has a high return on investment: government spends 20 times more money annually (\$8T) than donations to every charitable cause combined (\$427B).

Non-partisan political reform needs “big bets” to scale

- New political philanthropy totaling at least \$100M by 2022 — including “big bets” of \$10M+ by individual philanthropists — can bring the reform movement to scale.
- Over the next two years, this level of funding would help enact significant electoral reform in more than a dozen states and help elect more than two dozen new members of Congress — catalyzing a tipping point for a more representative and functional government.

POLITICAL PHILANTHROPY

Our government impacts nearly every major issue confronting our country: criminal justice, public health, education, immigration, health care.

Yet our political system subverts good governance. We are failing to deal with our most serious social challenges.

The Trump presidency did not give rise to political polarization and partisanship; it was made possible by it. The tail is wagging the dog in both parties. Partisans are shouting down and shutting out pragmatists. We are caught in a reinforcing cycle of division and dysfunction.¹

“IF YOU DON’T GET GOVERNANCE RIGHT, IT IS VERY HARD TO GET ANYTHING RIGHT THAT GOVERNMENT NEEDS TO DEAL WITH.”

Larry Diamond, Democracy Expert, Stanford University²



LAURA & JOHN ARNOLD

Co-Founders, Arnold Ventures

"Fixing our political system doesn't have to be your top issue, but it ought to be included among your philanthropic priorities — because it certainly impacts your number one."

Philanthropists who care about solving big social problems on a systemic level should make a big bet on the most under-resourced, yet highest-leverage cause in America today: fixing our broken political system.

Political philanthropy is the non-partisan commitment of resources to reform organizations, campaigns, and candidates working within the political system to foster a government in which the public interest is advanced over partisan or special interests.*

Laura and John Arnold, for example, have been the largest political philanthropists in America since 2008, seeking to provide a counterweight to interest groups that sustain the status quo on issues ranging from criminal justice to drug pricing.

* Political philanthropy, in this paper, does not refer to resources committed to non-profit or political organizations that seek to achieve partisan objectives.

Unlike most traditional political giving, political philanthropy is not about winning a majority for one party or advancing a particular ideology. It is about fixing the political system itself.

Improving governance provides a point of leverage to generate significant social return on investment.

Consider that the total net worth of the wealthiest philanthropists who took the Giving Pledge — a commitment to give away half their wealth over the course of their lifetime — is estimated to be \$600 billion. The United States will spend double that amount *in just one year on education*. Philanthropy cannot do it alone.

Many philanthropists decide to become engaged with political philanthropy by focusing on root causes to big problems.

Beginning in 2018, for example, Kathryn Murdoch expanded her giving to democracy reform after seeing how political dysfunction consistently prevented progress on issues her foundation works on, including climate change.³

Murdoch is now working to engage others in a growing, cross-partisan network of political philanthropists in order to mobilize more resources, more strategically and bring greater effectiveness and scale to the reform movement.*



KATHRYN MURDOCH

Co-Founder & President, Quadrivium

“No matter what issue it is that you care about, solutions at scale are simply not possible without a functional and representative government.”

THE STRATEGY OF POLITICAL PHILANTHROPY

Partisan and special interests have disproportionate influence in government because of the incentives built into our electoral process.

Political philanthropists are focused on changing and engaging in the electoral process so that it rewards, rather than punishes, legislators who serve the public interest.

First, political philanthropists work to enact non-partisan election reforms that can increase competition and participation, so that elected officials are accountable to a broader swath of their constituency.

* Kathryn Murdoch is also co-chair of Unite America, the author of this white paper, which aims to engage more philanthropists in non-partisan political reform.

Kent Thiry, former CEO and Executive Chairman of DaVita, mobilized \$18M to support four successful Colorado ballot initiatives in 2016 and 2018. Collectively these four “tri-partisan” campaigns reinstated Colorado’s presidential primary, opened all primaries to independent voters, created independent redistricting commissions for drawing state and federal voting districts, and banned political gerrymandering in the state’s constitution.

Second, political philanthropists support independent-minded candidates who have demonstrated they will be problem-solvers rather than partisans.



KENT THIRY

Former Chairman & CEO, DaVita

“The path to the right policies in America is the one where we work to maintain the vibrancy, integrity, transparency, intensity, and engagement in democracy itself.”⁴



DAVID CRANE

President, Govern for California

“Don’t blame special interests for getting their way in Sacramento or Washington. Blame yourself if you’re not part of a team donating to legislators willing to govern in the general interest. They can’t do their job without your help.”⁶

In California, David Crane, president of Govern for California, mobilized \$15M to support candidates in primary elections. His group leveraged a series of political reforms that were adopted in the state to elect more pragmatic leaders. Govern for California has won 51 out of 55 of its races since 2011.

“Voter empowerment reforms like open primaries and nonpartisan redistricting have allowed the same spirit of innovation that dominates the private sector to develop in government without the shackles of hyperpartisanship,” noted former California state controller and political philanthropist Steve Westly.⁵

These two, complementary approaches to fixing our political system — enacting reforms and electing candidates — will yield both better incentives and better leaders who are capable of governing the public interest.

“With the right reforms, we could change the current unhealthy competition in politics to healthy competition — a system that both delivers results and the ability to hold our public officials accountable for those results,” says political philanthropist Katherine Gehl.

In her home state of Wisconsin, Gehl is currently spearheading a reform campaign for “Final-Five Voting,” a reform slate that combines non-partisan primaries with ranked choice voting general elections.



KATHERINE GEHL

Founder & CEO, Venn Innovations

IN DEPTH: THE PROBLEM

More than 90 percent of congressional districts are now considered “safe” for one party or the other.⁷ As a result, in those districts, the primary is the only election that matters. Fewer than 20 percent of voters participate in primaries, and those who do are usually the most partisan.⁸

The result? In 2018, every single member of Congress who was defeated in a primary lost to a challenger who was more ideologically extreme — teaching incumbents that the safest path to re-election is pandering to the most extreme voters.⁹

These dynamics were responsible for the failure of the 2010 bipartisan “Simpson-Bowles” plan to wrestle our nation’s debt under control. The Simpson-Bowles compromise contained a mix of spending cuts, revenue increases, and changes to our entitlement programs.

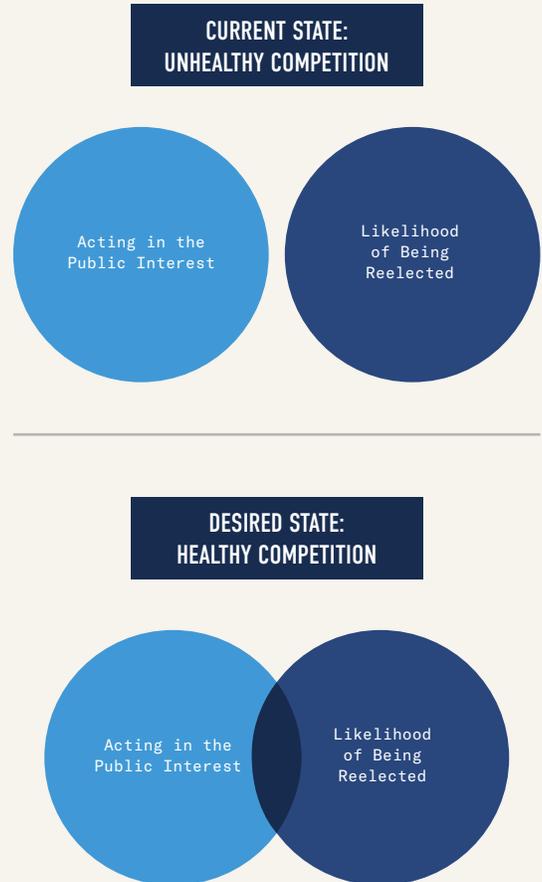
But the political cost for supporting a bipartisan compromise was too high. The Republican base would not tolerate revenue increases. The Democratic base balked at entitlement reform. Now here we are: our debt is \$13 trillion higher than it was when Simpson-Bowles collapsed.

As a result of that failure, many of the CEOs who led the “Fix the Debt” campaign and supported the Simpson-Bowles compromise helped launch a new “FixUS” campaign in 2018.¹⁰ They realized that there will be no fixing the debt until we fix our politics.

Similar failings are easily found on other issues, including immigration reform. With no significant progress on the issue, even under full Democratic control in Washington from 2007-2009,¹¹ a “Gang of Eight” passed a bipartisan bill through the U.S. Senate in 2013.¹² A group of heavyweight Silicon Valley CEOs led by Mark Zuckerberg, FWD.us, launched that same year and lobbied in favor of the compromise.¹³

Although the legislation likely had enough support to pass the U.S. House, Republican Speaker John Boehner refused to bring it for a vote as it did not have majority support within the Republican caucus.¹⁴ Both parties continue to wage partisan war over immigration issues, including on DREAMers, H1-B visas, and border security. The lack of compromise led to a 35-day government shutdown in 2019.

“Washington is working exactly how it is designed to work and delivering exactly the results it is designed to deliver... and it will not self-correct,” argue political philanthropist Katherine Gehl and Harvard Business School professor Michael Porter in their recent book, *The Politics Industry*. “To force a correction, we must revive the American tradition of political innovation.”¹⁵



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IN DEPTH: THE SOLUTIONS

To fix our broken political system, we must fundamentally change governing incentives by enacting election reforms and electing pro-reform candidates. States control almost all of the rules of elections; as a result, most election reforms must be passed through state legislatures. In half of states, reforms can also be passed by ballot initiative.

PROBLEM

- Zero-Sum, Negative Campaigns
- Polarizing Primaries
- Partisan Gerrymandering
- Low Turnout of Moderate Voters
- Extreme Candidates Win

SOLUTION

STRATEGY #1: ENACT NON-PARTISAN ELECTION REFORMS

- **Ranked Choice Voting**
incentivizes civility and guarantees a majority winner
- **Non-Partisan Primaries**
advance the top four or five candidates to the general election
- **Independent Redistricting Commissions**
remove redistricting from partisan legislatures
- **Vote at Home Systems**
send every registered voter a ballot by mail, with optional drop-off locations

Powerfully combined as Final-Five Voting

STRATEGY #2: ELECT PRO-REFORM, PROBLEM-SOLVING CANDIDATES

- **Primary Election Strategy**
mobilizes resources for pragmatic, pro-reform candidates in both parties' primaries

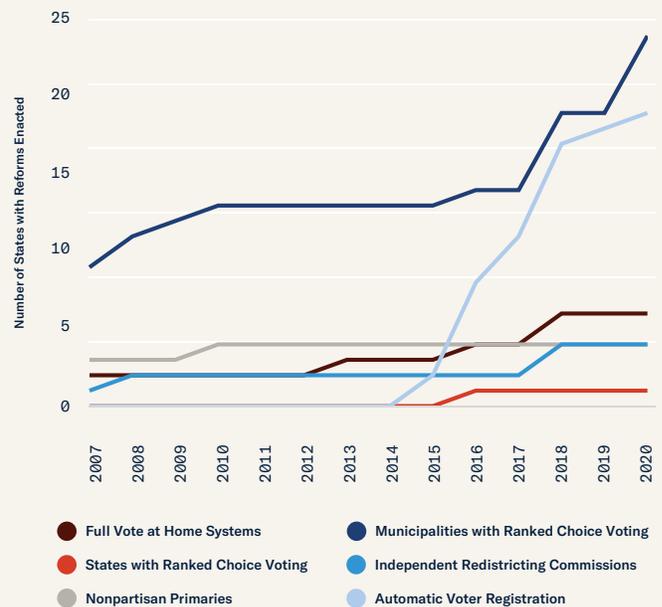
While there are numerous proposals for both state and federal reform, many political philanthropists have focused resources on non-partisan reforms that are both most viable and impactful given current political dynamics.

With trust and confidence in government at all-time lows, there is a large public appetite for non-partisan political reform. Since 2010, 20 ballot measures advancing key election reforms appeared on voters' ballots, and 16 were adopted. These reforms have traditionally been passed with supermajority support, indicating the broad political appeal of addressing root causes of political dysfunction.

Electing pragmatic and pro-reform candidates to office on the state and federal level advances both election reform and good governance by building capacity in cross-partisan caucuses that can find common ground on major policy issues.

In 2019, political philanthropists supported a slate of pragmatic and pro-reform candidates in Virginia's state legislative primary elections.¹⁶ Those leaders won their elections and founded the 16-member bipartisan, bicameral "Commonwealth Caucus," which delivered critical leadership and votes on reforms including vote at home, ranked choice voting, and redistricting reform.¹⁷

ELECTORAL REFORM PROGRESS OVER THE LAST DECADE



During the Progressive Era, Americans overhauled our democratic institutions. History is set to repeat.

Within a span of three decades, women won the right to vote, we changed the way we elected the U.S. Senate, outlawed corporate campaign contributions, replaced party bosses with direct primary elections, and established the initiative process and recall elections in dozens of states. We may be entering a similar period of reform, catalyzed by another era of economic transformation and government dissatisfaction.

In 2018, voters passed 18 ballot initiatives¹⁸ at the state and local level advancing political reform, spearheaded by organizations such as FairVote and RepresentUs. As a result, five states prohibited the practice of partisan gerrymandering.

Voters also sent more than 25 reform-minded candidates to Congress, backed by organizations such as New Politics, No Labels, and With Honor. Those elected leaders joined cross-partisan legislative caucuses, changed institutional rules to promote cooperation,* and supported policy compromises, such as breaking an impasse on providing humanitarian aid to migrant families and children on the border.**

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issue one™
FIX DEMOCRACY FIRST

newpolitics

NO LABELS

WITH
-HONOR ACTION ★

Leading Non-Partisan Reform Organizations

Congress even began to reform itself through the establishment of the Select Committee on the Modernization of Congress, a committee supported by Issue One. The committee has since unanimously endorsed 29 recommendations to improve transparency, accessibility, and communication throughout the House of Representatives; the recommendations were the first ever put forward and agreed to by the full House.¹⁹

* The cross-partisan "Problem Solvers Caucus" – incubated and supported by No Labels – spearheaded the 290 Rule, which allows bills co-sponsored by 290 members (a 2/3 majority) to get expedited consideration on the House floor, even if the House leadership objects.

** In June 2019, Congress passed a \$4.6 billion emergency spending bill for the humanitarian crisis on the U.S.-Mexico border, supported by members of the Problem Solvers Caucus.

Here is the challenge: The scale of political philanthropy is not yet commensurate with the scale of our political dysfunction. It is dwarfed by the forces that fuel political division.

Today's political philanthropy (estimated at \$154 million annually)²⁰ pales in comparison to the amount of money spent on purely partisan politics (\$8 billion)²¹ or donated to traditional charitable causes (\$427 billion).²² And no philanthropy comes anywhere near the scale of our federal, state, and local spending: \$8 trillion.²³

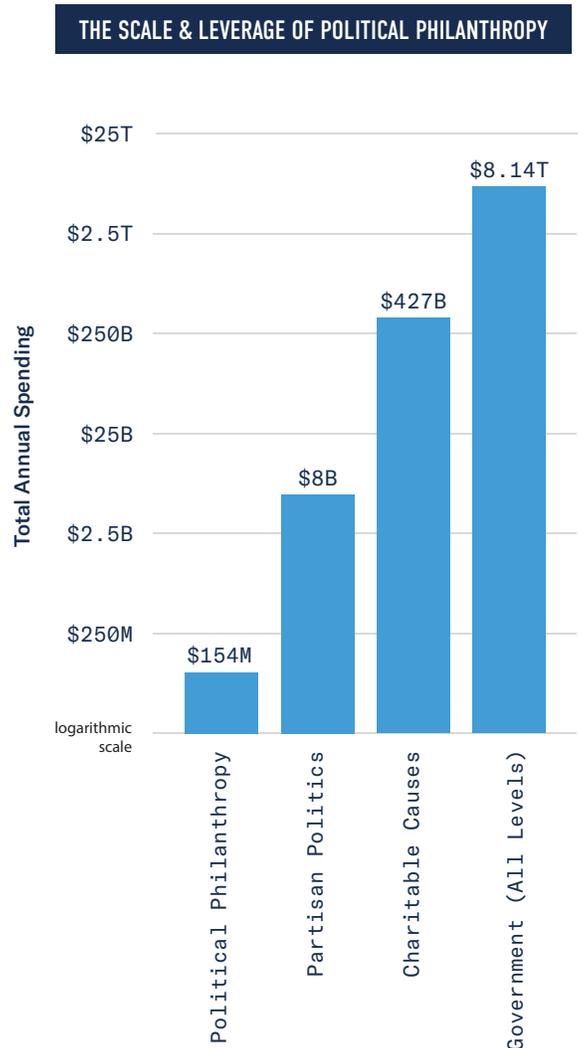
In other words, 52 times more money is spent trying to influence a broken political system than on trying to fix it — despite the fact that our political system dictates how we spend 20 times more money annually than every single charitable cause combined.

That's the leverage: political philanthropists are fixing politics so that every dollar already spent by government has more impact and is directed in the public interest.

The time for “big bets” in political philanthropy is now. A study of 14 successful social movements in the United States — from rejuvenating conservatism in the 1970s and 1980s to promoting LGBTQ rights in the last decade — found that most of those movements were launched by at least one “big bet” of \$10M or more.²⁴

Additional investment of \$100M from new political philanthropists by 2022 — including big bets of \$10M+ from a handful of our country's leading philanthropists — could radically accelerate and scale the political reform movement, including over the next two years:

- Doubling the capacity of leading reform organizations
- Powering more than a dozen statewide reform campaigns
- Supporting more than two dozen new, reform-minded Congressional candidates
- Growing the constituency for non-partisan reform to over five million Americans



THE PROMISE OF POLITICAL PHILANTHROPY

In the 19th and 20th centuries, philanthropists built museums, universities, and parks. They endowed foundations. They created institutions that continue to have a positive impact on our lives.

The 21st century investments that will have the most impact on future generations are those that strengthen our capacity to govern. This is arguably the only realm of modern life in which we are growing steadily less capable.



MARC MERRILL

Co-Founder & Co-Chairman, Riot Games

“Why did I get involved?” writes political philanthropist Marc Merrill, co-founder and co-chairman of Riot Games, who became involved in early 2016 and now serves on the boards of several leading non-partisan reform organizations. “I was sick of complaining about how broken things are and made a conscious choice to educate myself and get involved. That is the beauty of a democracy. It gets healthier, the more we all understand it and participate in it.”²⁵

The promise of a healthy democracy that can solve societal problems continues to attract new political philanthropists.

“TO WHOM MUCH IS GIVEN — ESPECIALLY PEOPLE LIKE ME, WHO OUR SYSTEM IS SO ENGINEERED TO REWARD — MUCH IS EXPECTED.”

Harrison Miller, Venture Capitalist & Political Philanthropist

“On every big issue my wife and I care about, the theory of change over our lifetime always ran into the meat grinder that is the dysfunctional U.S. government. So I decided to focus on fixing that dysfunction,” explains venture capitalist Harrison Miller, who, in 2018, began dedicating half his time and a substantial portion of his family’s wealth to political philanthropy.²⁶

If we would like to improve the lives of our grandchildren and great grandchildren, our work must include renewing America’s democracy.

ABOUT THIS WHITE PAPER

Unite America is a non-partisan organization that aims to bridge the growing partisan divide and foster a more representative and functional government.

Through the Unite America Fund, we support a cross-partisan community of political philanthropists and mobilize resources to enact reforms and elect candidates so that the right leaders have the right incentives to solve our country's greatest problems.

Learn more at UniteAmerica.org

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