

Fair Elections in Montgomery County

Matching Program for Small Contributions Delivers Promising Results

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Executive Summary

“Big money” – the large donations that come from a few mega-donors and special interests – dominates current American politics, shaping everything from who runs for office to a candidate’s ability to communicate their message to the public.

But it doesn’t have to be this way. Around the country, cities, counties and states are taking action to fight back against large donors’ dominance of politics. One such effort is the Fair Elections law adopted in Montgomery County, Maryland, which provides candidates for county-level positions with matching funds if they agree to accept contributions only from small donors.

This report analyzes the fundraising data released after the first reporting deadline for candidates in the 2018 county elections. **Candidates participating in the small donor matching program are raising money from more individual people than those who are not participating.** Our review of the data concludes that:

- Candidates who participated in the matching program and have **received money from the matching fund received 92 percent more contributions from individuals** on average than non-participating candidates (611 vs. 319).
- Candidates in the matching program raised **58 percent more of their contributions from small donors** (99.5 percent vs. 63 percent).
- Candidates who have qualified for matching dollars collected, in aggregate, **almost 12 times as much of their campaign funding from small donors** as candidates who are not participating in the program. Small donations accounted for 94 percent of total fundraising dollars raised by candidates receiving matching funds, versus only 8 percent for those not participating in the program.

Early evidence suggests that the small donor program is working. Other counties, cities and states should look to Montgomery County as an example of how to take effective and substantial action on campaign finance reform.

Introduction

Since the Supreme Court's controversial decisions in *Citizens United vs. FEC* and *McCutcheon vs. FEC*, big money's influence in politics has become a central and pressing issue for our democracy. In 2010, only 13 percent of donations to congressional campaigns came from small donors – individuals who gave \$200 or less.¹ In contrast, individual contributions from large donors, those who gave more than \$200, made up 48 percent of campaign funds, providing almost four times as much money as small donors.²

At the same time, the raw amount of money being spent on electoral campaigns is only increasing. In 2012, spending on federal elections was over \$6.2 billion, more than twice as much as was spent in 2000.³ And *winning* a seat in Washington, D.C., is also getting more expensive – in 2012, the average victorious Senate candidate spent more than \$10 million on their campaign, almost twice the \$6 million per winning campaign spent in the 1980s and 1990s.⁴

The problem of big money affects every part of politics – who runs for office, who wins, and how candidates and officials spend their time both while campaigning and in office. Because securing funds from large donors is such a necessary component of office-seeking, the dominance of big money can “filter out” candidates who lack connections to large donors and PACs, causing many otherwise worthy and willing candidates not to seek elected office. Furthermore, the prevalence of big money creates an arms-race atmosphere, in which candidates are always in danger of being outspent by opponents who more effectively recruited large donors. In order to stay ahead of the competition, candidates and elected officials must spend a great deal of their time securing the favor of those capable of making large contributions.

While in the long term, reversal of *Citizens United* and *McCutcheon* by constitutional amendment will be necessary, in the short term, one of the best solutions is to amplify the voices of small donors by providing matching funds. Such programs seek to tilt the scales of our democracy back in favor of ordinary, community-supported citizens, increasing their power and, by requiring candidates to pledge not to accept large contributions as a condition for receiving matching funds, reducing the influence of large donors as well.

In September 2014, the Montgomery County Council passed Bill 16-14, instituting a small donor campaign contribution matching program. The stated goals of the program are to encourage

¹ The Center for Responsive Politics, *Small Donors Make Good Press, But Large Donors Get You Reelected*, accessed 21 January 2018, archived at <https://web.archive.org/web/20180111183149/https://www.opensecrets.org/resources/dollarocracy/04.php>.

² The Center for Responsive Politics, *Small Donors Make Good Press, But Large Donors Get You Reelected*, accessed 21 January 2018, archived at <https://web.archive.org/web/20180111183149/https://www.opensecrets.org/resources/dollarocracy/04.php>.

³ Andrew Prokop, “40 Charts that Explain Money in Politics,” *Vox*, 30 July 2014.

⁴ Andrew Prokop, “40 Charts that Explain Money in Politics,” *Vox*, 30 July 2014.

greater voter participation, reduce the influence of large donors, and allow more residents to be able to run for public office.

The first election for which these matching funds are available will be held in 2018. Initial fundraising reports, however, show that the small donor matching program is already making an impact: candidates who are participating in the matching program are securing much more of their money from small donations, while candidates who are not participating in the program are overwhelmingly funded by large donors.

How Does the Small Donor Matching Program Work?

Montgomery County has established a fund that provides matching donations to candidates for county office. In order to receive the funds, candidates have to file a notice of intent to make use of the fund, establish a campaign account, and meet a few conditions:

- They must accept only donations from individuals, of between \$5 and \$150.
- They must refuse to accept donations from large donors, PACs, corporations and labor organizations.
- They must meet minimum thresholds for number of donors and amount of money raised in order to demonstrate that their pursuit of public office is serious.⁵

If candidates agree to and meet these conditions, they become eligible for matching funds for small donations made by county residents: \$4-6 for each dollar for the first \$50 of each donation, \$3-4 for the next \$50, and \$2 thereafter (up to the maximum donation of \$150). A candidate can receive matching funds up to a maximum of between \$125,000 and \$750,000, depending on the office sought.⁶

These funds can therefore greatly amplify the impact of small donors on the race. Furthermore, because candidates must agree not to accept contributions of more than \$150 in order to qualify for the matching funds, the program has the added effect of reducing the influence of big-money interests.

⁵ These are: 500 donors/\$40,000 for County Executive; 250/\$20,000 for at-large County Council; and 125/\$10,000 for district County Council. Montgomery County Council, *Public Campaign Financing*, accessed 21 January 2018, archived at https://web.archive.org/web/20180111213617/http://www.montgomerycountymd.gov/COUNCIL/public_campaign_finance.html.

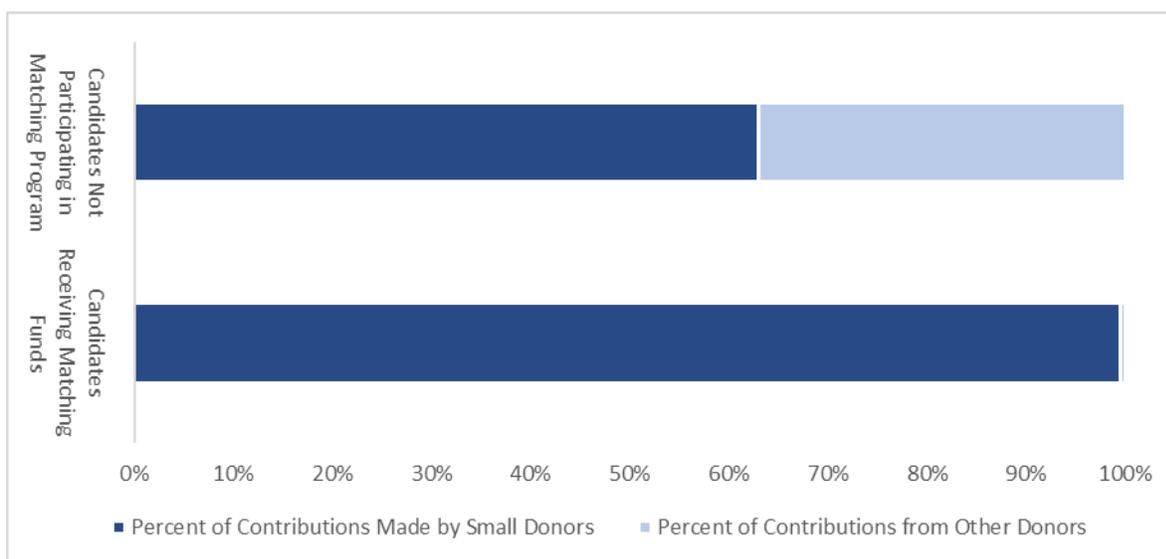
⁶ The amount of matching funds given per dollar varies depending upon the office sought.

The Small Donor Program Successfully Encourages and Empowers Small Donors

As of the January campaign finance reporting deadline for the 2018 elections, 37 of 57 candidates for county office have announced their intention to seek matching funds. 45 of these candidates had completed their contribution information by January 17. Of these candidates, nine have received matching funds thus far.⁷ So far, candidates who have opted into the matching program and met the requirements to receive funds have raised \$1,675,034.67, including \$1,217,963.00 in matching funds. By contrast, the 14 candidates in the analysis who chose not to participate have raised \$2,329,668.26.⁸

Most importantly, the makeup of donations is substantially different between candidates participating in the matching program and those not participating. Among non-participating candidates, the average contribution was \$481.04, almost six times the average contribution of \$82.56 received by candidates who have received matching funds (before matching funds were applied). Among non-participating candidates, about 93 percent of contributions came from individuals, and only about 62 percent were from small donors (those who contributed \$150 or less). Among candidates who have qualified for matching funds, essentially all (>99 percent) contributions came from small donors, and essentially all (>99 percent) came from individuals.⁹

Figure 1. The percentage of campaign contributions made by small donors (those who gave \$150 or less) among candidates receiving matching funds and non-participating candidates.



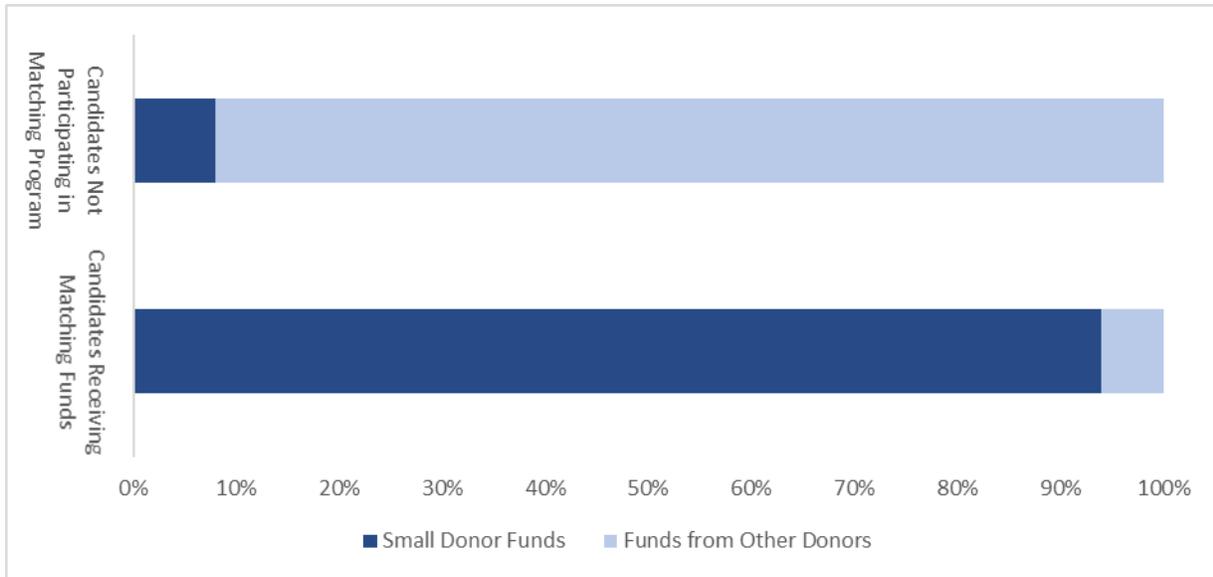
⁷ Data from the Maryland Campaign Reporting Information System, accessed at <https://campaignfinancemd.us/Public/ViewReceipts?theme=vista>. For information on our analysis, please see the Methodology section.

⁸ For full breakdowns of the results, please see the Appendices. Data on individual candidates is available from the Maryland Campaign Reporting Information System (see note 6).

⁹ These numbers do not total 100 percent because participating candidates are allowed to accept a small number of donations from family members, and to contribute to their own campaigns, again subject to the limit of \$150. These donations are not counted as being from individuals for the purposes of the program.

Participating candidates who have qualified for matching funds also received more individual contributions (611 individuals per candidate) than non-participants (319 individuals per candidate). Finally, candidates in the matching program received a higher percentage of their aggregate fundraising dollars from small contributions: 94 percent for those who have received matching funds, versus only 8 percent for non-participants.

Figure 2. The percentage of candidates' fundraised dollars (excluding matching funds) that came from small donor contributions among candidates receiving matching funds and non-participating candidates.



Some candidates have reported that the existence of the small donor matching program has changed the way they approach running for office. In an interview with the *Washington Post*, Montgomery County Council member Marc Elrich emphasized that his decision to utilize matching funds has already increased the number of his constituents he talked to during his campaign: “It’s really hard. It’s a lot more asking.”¹⁰ Meanwhile, first-time candidate Brandy Brooks expressed her gratitude for the funds, crediting the small donor matching program for opening up the race: “It’s really made me feel like fundraising for this race is possible.”¹¹

¹⁰ Bill Turque, “Montgomery County Candidates Line Up for Taxpayer-Funded Contributions,” *The Washington Post*, 7 June 2017.

¹¹ Bill Turque, “Montgomery County Candidates Line Up for Taxpayer-Funded Contributions,” *The Washington Post*, 7 June 2017.

Conclusion

Early data suggest that the small-donor matching program is succeeding in its goals. Candidates who received funds from the small donor matching program received funds from 92 percent more individuals on average than non-participating candidates (611 vs. 319) and raised 58 percent more of their total contributions from small donors (>99 percent vs. 63 percent).

The candidates participating in the small donor matching program are also financially competitive with those who are not: on average, candidates who have qualified for matching funds have collected \$186,114.96 after matching funds, versus \$166,404.88 among candidates who have chosen not to participate. Without the small donor match, candidates raising money from small donors would have faced a difficult uphill battle.

Finally, candidates who have qualified for matching dollars collected, in aggregate, almost 12 times as much of their funding from small donors: 94 percent of total fundraising dollars raised by candidates receiving funds came from small donations, versus only 8 percent for those not participating in the program.

Because the 2018 campaign has just begun, any conclusions about the success of the small donor matching program are tentative. So far, however, the most important goals of the matching program – reorienting candidates towards fundraising from average people and away from hunting for checks from mega-donors – are being met.

Candidates and local politicians also feel that something has shifted. In an interview with the *Washington Post*, former council member and drafter of the law Phil Andrews said, “There’s [now] an emphasis on all individuals, cutting out the middleman, cutting out the bundlers and going directly to the people... It’s very democratic.”¹² Candidates in the race expressed similar sentiments; County Executive candidate and longtime County Council member George Leventhal said to the *Post*, “I don’t mind saying that when you are looking for campaign support in chunks of \$1,000 or more, you spend a lot of time with millionaires. [...] What I’m finding now is that to get to 500 [donors, the minimum to receive public funds], I’ve spent most of my time with ordinary working people.”¹³

Early signs indicate that Montgomery County’s matching program is working as intended, and could serve as a model for other counties, both in Maryland and elsewhere in America.

¹² Rachel Siegel, “Under New Public Finance Law, Montgomery Candidates Change Fundraising Tactics,” *The Washington Post*, 17 August 2017.

¹³ Bill Turque, “Montgomery County Candidates Line Up for Taxpayer-Funded Contributions,” *The Washington Post*, 7 June 2017.

Methodology

Data on candidates' donations were obtained from the Maryland Campaign Reporting Information System, accessed at <https://campaignfinancemd.us/Public/ViewReceipts?theme=vista>. These data list the individual contributions from donors, as well as information about these donors, including their name, location and type.

Candidate committees were separated into three categories: candidates using the matching system, candidates who intend to use the matching system but have not yet received matching funds, and candidates who are not using the matching system. For each category of candidate, the following calculations were performed: (1) the numbers of contributions were summed within the category, (2) the total funds raised were summed, (3) the average contribution was calculated by dividing the result of (2) by the result of (1).

Next, the percent of contributions made by individuals (defined as individual persons, i.e. excluding PACs, unions, and other organizations) was determined by counting the number of contributions made by individuals and dividing that number by the total number of contributions.

Next, the percent of contributions made by small donors was determined. This was done by counting the number of contributions of less than or equal to \$150 and dividing by the total number of contributions.

Next, the average number of contributions and funds raised per candidate was calculated by dividing the total number of contributions and the total dollars by the total number of candidates in each candidate category.

In addition, for candidates participating in the matching system, the following calculations were performed: (1) the number of dollars coming from the matching fund were calculated; (2) the average contribution *before* matching funds were applied was calculated by subtracting the matching funds from total fundraising and dividing by the number of contributions, in order to accurately portray the amount of money given by each individual donor.

Finally, the percent of total fundraised dollars that came from small donations was calculated. For candidates who have not received matching funds, this was calculated by summing all contributions of less than or equal to \$15 and dividing by total fundraised dollars. For candidates receiving matching funds, this was done by summing all contributions of less than or equal to \$15, but this sum was then divided by the total fundraised dollars less matching contributions.

All of these calculations were repeated across the following categories within the three types of candidate committees: all candidates in the category, candidates running for county executive, candidates running for county council at large, all candidates running for district seats, candidates running in each district (Districts 1-5), candidates who are incumbents and candidates who are not incumbents. These detailed figures are located in the appendix.

Appendix: Full Results of Analysis

Table A-1. Results among candidates intending to participate in the matching program who have not yet received matching funds.

| | Number of Contributions | Total Dollars | Average Contribution | Percent from Individuals | Percent from Small Donors |
|------------------|-------------------------|---------------|----------------------|--------------------------|---------------------------|
| Total | 3942 | \$357,968 | \$90.81 | 100% | 99% |
| Average | 179 | \$16,271 | \$90.81 | | |
| County Executive | 484 | \$33,973 | \$70.19 | 100% | 99% |
| At Large | 2626 | \$235,338 | \$89.62 | 100% | 99% |
| Districts | 832 | \$88,657 | \$106.56 | 100% | 99% |
| District 1 | 684 | \$76,716 | \$112.16 | 100% | 99% |
| District 2 | | | | | |
| District 3 | | | | | |
| District 4 | 148 | \$11,941 | \$80.68 | 99% | 97% |
| District 5 | | | | | |
| Incumbents | | | | | |
| Non-Incumbents | 3942 | \$357,968 | \$90.81 | 100% | 99% |

Table A-2. Results among candidates who have received matching funds. Note: percentage of funds from individuals and from small donors are effectively 100 percent (>99 percent).

| | Number of Contributions | Total Dollars | Matching Dollars | Average Contribution before Matching Funds |
|------------------|-------------------------|----------------|------------------|--|
| Total | 5552 | \$1,675,034.67 | \$1,217,963.00 | \$82.56 |
| Average | 617 | \$186,114.96 | \$135,329.22 | |
| County Executive | 2059 | \$754,269.12 | \$595,800.00 | \$77.23 |
| At Large | 3052 | \$789,417.55 | \$529,160.00 | \$85.47 |
| Districts | 441 | \$131,348.00 | \$93,003.00 | \$87.35 |
| District 1 | | | | |
| District 2 | 194 | \$49,570.00 | \$37,190.00 | \$64.15 |
| District 3 | 247 | \$81,778.00 | \$55,813.00 | \$105.55 |
| District 4 | | | | |
| District 5 | | | | |
| Incumbents | 996 | \$264,886.00 | \$183,634.00 | \$81.82 |
| Non-Incumbents | 4556 | \$1,410,148.67 | \$1,034,329.00 | \$82.72 |

Table A-3. Results among candidates not participating in the matching program.

| | Number of Contributions | Total Dollars | Average Contribution | Percent from Individuals | Average Individual Contribution | Percent of Contributions from Small Donors |
|------------------|-------------------------|----------------|----------------------|--------------------------|---------------------------------|--|
| Total | 4843 | \$2,329,668.26 | \$481.04 | 93% | \$447.16 | 62% |
| <i>Average</i> | 346 | \$166,404.88 | \$481.04 | | | |
| County Executive | 1292 | \$1,263,550.00 | \$977.98 | 93% | \$917.48 | 50% |
| At Large | 1096 | \$235,074.92 | \$214.48 | 91% | \$202.71 | 77% |
| Districts | 2455 | \$831,043.34 | \$338.51 | 94% | \$307.99 | 61% |
| District 1 | 1214 | \$505,591.09 | \$416.47 | 97% | \$395.98 | 61% |
| District 2 | 12 | \$7,648.25 | \$637.35 | 17% | \$74.13 | 17% |
| District 3 | 637 | \$156,410.00 | \$245.54 | 99% | \$244.33 | 65% |
| District 4 | | | | | | |
| District 5 | 592 | \$161,394.00 | \$272.63 | 82% | \$178.95 | 59% |
| Incumbents | 604 | \$169,042.25 | \$279.87 | 81% | \$447.16 | 58% |
| Non-Incumbents | 4239 | \$2,160,626.01 | \$509.70 | 95% | \$447.16 | 62% |

Table A-4. Percentage of candidates' fundraising dollars derived from small donations, by category.

| | Candidates in the Matching Program not yet Qualifying for Funds | Candidates Receiving Funds from the Matching Program | Candidates not Participating in the Matching Program |
|------------------|---|--|--|
| <i>Average</i> | 79% | 94% | 8% |
| County Executive | 67% | 99% | 3% |
| At Large | 82% | 91% | 22% |
| Districts | 76% | 93% | 12% |
| District 1 | 74% | | 11% |
| District 2 | | 100% | 2% |
| District 3 | | 90% | 15% |
| District 4 | 92% | | |
| District 5 | | | 14% |
| Incumbents | | 97% | 13% |
| Non-Incumbents | 79% | 93% | 8% |