



Fair Elections in Montgomery County

2018 Matching Program Encourages and
Empowers Small Donors

Maryland PIRG
Foundation

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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. Traditional campaign financing favors those with money or access to money, and people of color, women, low income folks, young people, and immigrants are often left out.

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 limited matching funds if they agree to accept contributions only from small donors.

The programs goals include encouraging greater participation, reducing the influence of large donors, and enabling more residents to be able to run for public office.

This report analyzes the fundraising data from the 2018 county elections, the first election in Maryland to use a small donor matching system. Overall, the small donor matching system was largely successful in achieving its stated goals. Our review of the data concludes that:

1. Small donors accounted for a significantly larger portion of the fundraising for candidates in the program.
2. The average donation was dramatically smaller for qualifying candidates.

Candidates who qualified for the matching program raised 98% of their money in small contributions (\$150 or less) and matching funds compared to 3% for candidates who did not participate.¹

Candidates qualifying for the program received an average contribution of \$86 compared to \$1,145 for non-participating candidates.²

Fig 1. Percent of Fundraising from Small Contributions (\$150 or less)

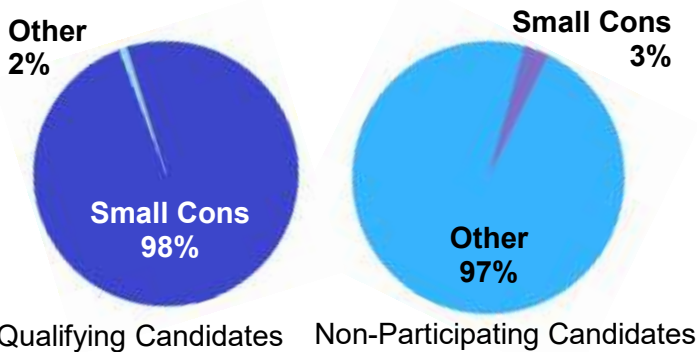


Fig 2. Average Size of Contributions



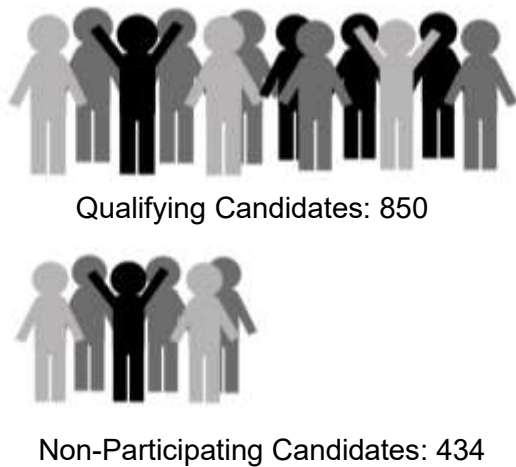
¹ When you remove Blair’s fundraising from the analysis, the percent of fundraising from small contributions for non-participating candidates rises to 9%. See Page 5 "Impacts of Small Donor Matching Program."

² When you remove candidate Blair’s fundraising from the analysis, the average contribution for non-participating candidates drops to \$435. See Page 5 "Impacts of Small Donor Matching Program."

3. Individual donors participated at a higher rate when candidates participated in the small donor program.

Candidates who qualified for the program on average received 96% more contributions from individuals than candidates who did not participate in the program. (850 vs 434)

Fig 3. Average Number of Contributions from Individuals



4. Candidates running for county council seats were able to use the small donor system to run competitive races.

Once you add matching funds, the average contribution for candidates participating in the program was similar to the average contribution for candidates accepting large contributions. (\$306 for qualifying vs \$292 for non-participating)

Fig 4. Average Total Contribution (Including Match)



The evidence suggests that the small donor program worked on many fronts. 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 misguided 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.³ 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.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.

More importantly, regular people don't have a voice in deciding who runs for office. When big money determines who can run for office, it means that everyone who doesn't have access to big money is on the outside looking in. That's not how our democracy is supposed to work. Citizens should have an equal voice. Money

should not determine the strength of a citizen's voice in our democracy.

The role of big money is not limited to federal elections. Across the country, we see similar trends at the state and local level. While in the long term, reversing *Citizens United* and *McCutcheon* by constitutional amendment is 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 balance the scales of our democracy in favor of ordinary voters, 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 greater voter participation, reduce the influence of large donors, and enable more residents to be able to run for public office.⁵

The first election for which these matching funds were available was held in 2018. This report analyzes those results and shows that the small donor empowerment program made a significant impact. Candidates who participated in the matching program were able to run campaigns funded by small donors.

³ 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>.

⁴ 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>.

⁵ Montgomery County Council, *Public Campaign Financing*, retrieved from https://montgomerycountymd.gov/COUNCIL/public_campaign_finance.html

How the Small Donor Matching Program Works

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, other candidates and political parties.
- They must meet minimum thresholds for number of county donors and amount of money raised in order to demonstrate that their pursuit of public office is serious.⁶

If a candidate meets these conditions, they qualify for matching funds for small donations made by county residents.

County Executive Candidates

County Executive candidates must raise \$40,000 from at least 500 Montgomery County contributors to qualify for the program. Once they qualify, they receive \$6 for each dollar for the first \$50 of each donation, \$4 for each dollar for the next \$50, and \$2 each dollar thereafter (up to the maximum donation of \$150). A County Executive candidate can receive matching funds up to a maximum of \$750,000 during both contested primary and general elections.⁷

County Council At-Large Candidates

County Council At-Large candidates must raise \$20,000 from at least 250 Montgomery County contributors to qualify for the program. Once they qualify, they receive \$4 for each dollar for the first \$50 of each donation, \$3 for each dollar for the next \$50, and \$2 each dollar thereafter (up to the maximum donation of \$150). County Council At-Large candidates can receive matching funds up to \$250,000 during both contested primary and general elections.

County Council Candidates

County Council candidates must raise \$10,000 from at least 125 Montgomery County contributors to qualify for the program. They receive \$4 for each dollar for the first \$50 of each donation, \$3 for each dollar for the next \$50, and \$2 each dollar thereafter (up to the maximum donation of \$150). A County Council candidate can receive matching funds up to a \$125,000 during both contested primary and general elections.

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.

⁶ 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.

⁷ The amount of matching funds given per dollar varies depending upon the office sought.

Impacts of Small Donor Matching Program

This section will evaluate what impact the small donor empowerment program had relative to the goals of the program.

Increasing Participation:

The results of the 2018 elections suggest that the program did increase participation in the political process.

Making a contribution to a candidate is a powerful form of participation. 35 of the total 57 candidates for county council and county executive chose to participate in the small donor empowerment program, and of those 24 qualified to receive matching funds. Those 24 candidates received a total of 20,409 contributions from individuals, an average of 850 contributions per candidate. In contrast, the 22 candidates who did not participate in the program received 9,551 contributions from individuals, an average of 434 contributions from individuals per candidate.

While it is impossible to ascribe with 100% certainty why any specific contribution was made, the fact that participating candidates received on average 96% more contributions from individuals than candidates who did not participate in the program suggests that overall, the small donor empowerment program encouraged participation. The matching provided an incentive for candidates to actively solicit small contributions, and it also provided an incentive for donors to give, knowing that their small dollars could make a big difference.

Reducing the Influence of Big Money:

The results of the 2018 elections suggest that the small donor empowerment program did reduce the influence of big money in the political process.

As noted, candidates using the small donor system on average received more contributions from individuals (850 vs 434 per candidate) than traditional candidates, but without the matching program, they would not have raised nearly as much money as the traditional candidates. By relying on larger contributions that most people cannot afford, traditionally funded candidates would have raised 572% more dollars than qualifying candidates. This number is inflated significantly by one county executive candidate (David Blair) who gave or loaned over \$7.4 million of his own money to his campaign. The next highest fundraising total was \$1.9 million. But even if you remove Blair's fundraising, candidates relying on big money would have raised 134% more money than the candidates relying on small donors, without the matching funds.

These numbers exemplify the outsized role that big money plays in our political system. While participating candidates only accept contributions from individuals, the average contribution from business, groups and organizations to traditional candidates was \$1,285. Likewise, the overall average contribution to traditional candidates was

\$1,145 (\$435 without the Blair fundraising), both of which are more than most people can afford. The average contribution for participating candidates who qualified for the program was \$86.

The small donor empowerment program significantly changed this. With matching funds, the average contribution for qualifying candidates rises from \$86 to \$340, much closer to the average contribution of the traditional candidate. With the matching program, big money was no longer the only way for a candidate to raise enough money to compete. People who could only afford small contributions had a meaningful voice in funding candidates.

Enabling More Residents to Run for Public Office:

The results of the 2018 elections suggest that the small donor empowerment program did allow more residents to run for public office.

The sheer number of candidates running for county office would suggest that there is certainly an appetite for running for public office in Montgomery County. But, as with voter turnout, it is very difficult to ascribe motivation based on the campaign finance data. Anecdotally, the existence of the small donor matching program seems to have changed the way candidates approached running for office. It also impacted who was able to run for office. While traditional financing favors those with money or access to money, under the small donor financing system those with community

support are empowered to run, opening the doors for more women, people of color, and low-income residents to seek office.

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.”⁸ 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.”⁹

Based on the results of the races, the small donor empowerment program created another, viable way for a person to run for office that does not require access to big money. The new County Executive and five of the nine candidates who won a seat on county council, participated in the small donor program.

⁸ Rachel Siegel, “Under New Public Finance Law, Montgomery Candidates Change Fundraising Tactics,” *The Washington Post*, 17 August 2017.

⁹ Bill Turque, “Montgomery County Candidates Line Up for Taxpayer-Funded Contributions,” *The Washington Post*, 7 June 2017.

2018 Montgomery County Election Details

This section will evaluate what impact the small donor empowerment program had on County Executive and County Council races.

County Executive Race

- 8 candidates ran for the County Executive seat, 4 participated in the program, and all 4 qualified to receive matching funds.
- Candidates who qualified for the program received an average of 156% more contributions from individuals than non-participants (2,167 contributions versus 845 for non-participating candidates).
- The average contribution without matching funds for qualifying candidates was \$81 versus \$2,632 for non-participating candidates.¹⁰
- Once you apply matching funds the average contribution for participating candidates rose to \$386 versus \$2,632 for non-participating candidates.¹¹

County Council Races

- 49 candidates ran for County Council, 31 participated in the program, and of those 20 qualified to receive matching funds.
- Candidates who qualified for the program received an average of 71% more contributions from individuals. (587 individual contributions versus 343 for non-participating candidates).
- The average contribution without matching funds for qualifying candidates was \$90 versus \$292 for non-participating candidates.
- Once you apply matching funds, the average contribution for qualified candidates rose to \$306 versus \$292 for non-participating candidates.

Conclusion

The data from the first election suggest that the small-donor matching program is succeeding in its goals. Small donors accounted for a significantly larger portion of the fundraising for candidates in the program. Small donors participated at a higher rate when candidates participated in the small donor program. And candidates were able to use the small donor system to run competitive races.

Based on the 2018 election, Montgomery County's matching program worked as intended, and should serve as a model for other communities, both in Maryland and elsewhere in America.

¹⁰ When you remove candidate Blair's fundraising from the analysis, the average contribution for non-participating candidates drops to \$758. See Page 5 "Impacts of Small Donor Matching Program."

¹¹ When you remove candidate Blair's fundraising from the analysis, the average contribution for non-participating candidates drops to \$758. See Page 5 "Impacts of Small Donor Matching Program."

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.

The data in this report captures all of the funds candidates had available to spend during the election cycle, including money that candidates loaned their own campaigns and in-kind contributions. It is beyond the scope of this report to examine whether or not those loans were repaid.

Candidate committee contribution data were first de-duplicated to remove instances of a single contribution being reported more than once.

Next, the candidate committees were sorted by what elected position they were running for: County Executive, Councilperson at Large and District Councilperson.

Next the candidates were separated into three categories: candidates who participated in the matching system, candidates who participated in the matching system and qualified for matching funds, and candidates who did not participate 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.

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

Table 1: Results among candidates who participated in the matching program and qualified for matching funds.

	# of Candidates	# of Cons.	Total Dollars	Avg. Con.	Matching Dollars	Avg. Con. W/o Match	% from Individuals	# Cons from Individuals	% of \$ from Small Donors and Match
Total	24	20,559	\$6,989,094	\$340	\$5,219,441	\$86	99%	20,409	98%
Avg.	n/a	857	\$291,087	n/a	\$217,477	n/a	n/a	850	n/a
Count. Exec.	4	8,722	\$3,365,262	\$386	\$2,663,721	\$81	99%	8,667	99%
All Council	20	11,837	\$3,620,832	\$306	\$2,555,720	\$90	99%	11,742	97%
At Large	12	9,405	\$2,906,993	\$309	\$2,068,029	\$89	99%	9,357	97%
Dist. 1	4	1,128	\$318,849	\$283	\$205,221	\$102	99%	1,113	93%
Dist. 2	1	401	\$102,430	\$255	\$76,095	\$67	98%	392	100%
Dist. 3	1	510	\$180,390	\$354	\$125,000	\$110	97%	495	97%
Dist. 4	1	162	\$50,490	\$312	\$37,275	\$83	98%	158	98%
Dist. 5	1	231	\$61,680	\$267	\$44,100	\$77	98%	227	97%

Table 2: Results among candidates to did not participate in the matching program

	# of Candidates	# of Cons.	Total Dollars	Avg. Con.	% from Individuals	# Cons from Individuals	% of \$ from Small Donors
Total	22	10,373	\$11,876,440	\$1,145	92%	9,551	3%
Avg.	n/a	472	\$539,838	n/a	n/a	434	n/a
Count. Exec.	4	3,782	\$9,953,272	\$2,632	89%	3,379	1%
All Council	18	6,591	\$1,923,168	\$292	94%	6,172	20%
At Large	8	2,316	\$510,846	\$221	94%	2,179	16%
Dist. 1	4	2,322	\$899,205	\$387	96%	2,236	12%
Dist. 2	3	137	\$46,546	\$340	77%	105	13%
Dist. 3	1	985	\$216,731	\$220	98%	965	17%
Dist. 4	1	4	\$1,050	\$263	100%	4	5%
Dist. 5	1	827	\$248,789	\$301	83%	683	13%

Table 3: Results among all candidates who participated in the matching program

	# of Candidates	# of Cons.	Total Dollars	Avg. Con.	Matching Dollars	Avg. Con. W/o Match	% from Individuals	# Cons. from Individuals	% of \$ from Small Donors and Match
Total	35	21,900	\$7,157,914	\$327	\$5,219,441	\$89	99%	21,735	97%
Avg.	n/a	626	\$204,512	n/a	\$149,127	n/a	n/a	621	n/a
Count. Exec.	4	8,722	\$3,365,262	\$386	\$2,663,721	\$81	99%	8,667	99%
All Council	31	13,178	\$3,792,652	\$288	\$2,555,720	\$94	99%	13,068	95%
At Large	22	10,698	\$3,070,438	\$287	\$2,068,029	\$94	99%	10,637	95%
Dist. 1	4	1,128	\$318,849	\$283	\$205,221	\$101	99%	1,113	93%
Dist. 2	1	401	\$102,430	\$255	\$76,095	\$66	98%	392	100%
Dist. 3	1	510	\$180,390	\$354	\$125,000	\$109	97%	495	97%
Dist. 4	1	162	\$50,490	\$312	\$37,275	\$82	98%	158	98%
Dist. 5	2	279	\$70,055	\$251	\$44,100	\$93	98%	273	88%