



# Big Money in Maryland Elections

Who's funding elections for Governor?

**Maryland PIRG**  
Foundation

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February, 2020



# Acknowledgments

The authors wish to thank R.J. Cross and Elizabeth Ridlington of Frontier Group for editorial support.

Maryland PIRG Foundation thanks Piper Fund, a Proteus Fund initiative for making this report possible.

The authors bear responsibility for any factual errors. Policy recommendations are those of Maryland PIRG Foundation. The views expressed in this report are those of the authors and do not necessarily reflect the views of our funders or those who provided review.

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# Executive Summary

In Maryland's gubernatorial elections, the people and companies that donate to campaigns are not reflective of the Marylanders who vote in these elections. On average, donors make large contributions that most Marylanders can't afford, only a small percentage of the population is making contributions, and the majority of money comes from donors who aren't eligible to vote in these elections.

Candidates for office rely on these donors to fund their campaigns. As a result, campaign contributions from a small set of large and out of state donors have too much influence over who can run for office, what issues make it onto the agenda, and often who wins.

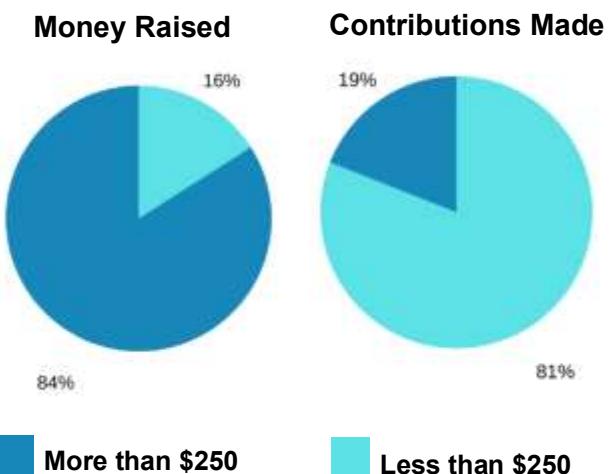
This report analyzes the contributions received, and expenditures of, Maryland's gubernatorial candidates in 2010, 2014, and 2018 gubernatorial elections. Over the last 3 election cycles, primary election candidates have spent more than 4 million dollars on average. General election candidates spent an additional 4.5 million. And the evidence indicates that donors in Maryland's gubernatorial elections aren't reflective of Maryland's population.

Our review of the data shows that:

**1. Big money--the large contributions that most people can't afford--drowns out the voice of small donors.**

Contributions over \$250 make up the vast majority (84%) of the total money contributed to campaigns, despite representing just 19% of total donations to candidates.<sup>1</sup>

*Fig 1. Percent of fundraising from small donors (\$250 or less)*



<sup>1</sup> These numbers are direct contributions and exclude a number of contributions types. See Methodology for details. Additionally, this statistic uses a total contributions amount that excludes public matches. When including public matches received by candidates in the contributions total, the individual contributions over \$250 account for 79% of total spending.

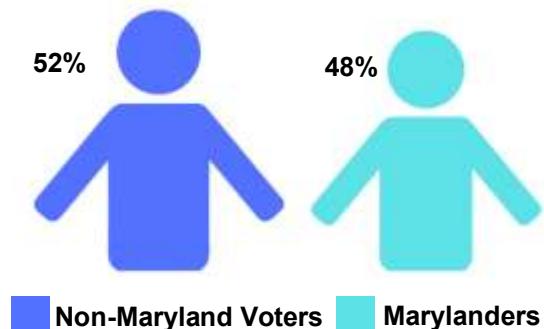
*Fig 2. Percent of Marylanders contributing to gubernatorial campaigns*



**3. Over half of the money raised does not come from Maryland voters.** 52% of the money contributed to gubernatorial races comes from either out-of-state donors or non-individuals, such as corporations or PACs.<sup>3</sup>

**2. Maryland voters generally don't contribute to elections.** On average, there are more than 50 thousand (50,056) contributions to gubernatorial campaigns by Maryland residents every election cycle, which is barely 1% of Maryland's nearly-five million (4,702,570) voting age population.<sup>2</sup>

*Fig 3. Percent of money coming from Marylanders vs non-individuals and out-of-state donors.*



**But, it doesn't have to be this way.**

Counties throughout Maryland are stepping up to give political power to Marylanders by adopting small-donor matching public campaign financing systems. In 2013, the Maryland General Assembly passed the "Campaign Finance Reform Act of 2013" which enabled counties to establish public financing for county legislative and executive offices.<sup>4</sup> Montgomery County, Howard County, Prince George's County and Baltimore City have

<sup>2</sup> "Estimates of the Voting Age Population for 2018," *Federal Register*, <https://www.federalregister.gov/documents/2019/10/04/2019-21663/estimates-of-the-voting-age-population-for-2018>

<sup>3</sup> This calculation includes all public match contributions.

<sup>4</sup> "Campaign Finance Reform Act of 2013," *Maryland General Assembly*, <http://mgaleg.maryland.gov/mgawebsite/legislation/details/hb1499?ys=2013rs>.

adopted such systems,<sup>5</sup><sup>6</sup> and Montgomery County used a small-donor matching program in 2018.<sup>7</sup> These systems provide candidates for office with limited matching funds if they agree to only accept contributions from small donors and meet qualifying thresholds for money raised and donors reached.<sup>8</sup>

A small donor campaign financing program for gubernatorial races can address the challenges identified by the data. Maryland should model the successes of Montgomery County and others to implement an opt-in small donor matching program for the governor's race.

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<sup>5</sup> "County Public Financing Program," *Maryland State Board of Elections*, [https://results.elections.maryland.gov/campaign\\_finance/County\\_public.html](https://results.elections.maryland.gov/campaign_finance/County_public.html)

<sup>6</sup> "City of Baltimore: File # 19-0403," *Baltimore City Council*, <https://baltimore.legistar.com/LegislationDetail.aspx?ID=3994414&GUID=AE392449-874F-43A0-ADDC-A1C4FE47EC8B>

<sup>7</sup> "Montgomery County Department of Finance Earns Two NACo Achievement Awards," *Montgomery County Government*, [https://www2.montgomerycountymd.gov/mcgportalapps/Press\\_Detail.aspx?Item\\_ID=23200](https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=23200)

<sup>8</sup> Lamone, Linda H., Jared DeMarinis, and David Crow, "Summary Guide: Public Election Fund," *Montgomery County, Maryland*, [https://www.montgomerycountymd.gov/BONDS/Resources/Files/PEF\\_Summary\\_Guide.pdf](https://www.montgomerycountymd.gov/BONDS/Resources/Files/PEF_Summary_Guide.pdf)

# Introduction

Big money dominates fundraising, a key part of politics that affects who runs for office, who wins, and how candidates and officials spend their time both while campaigning and while in office. Because securing funds from donors is such a necessary component of office-seeking, the dominance of money can “filter out” candidates who lack connections to large donors, causing many otherwise worthy and willing candidates not to seek elected office. When large donors determine who can run for office, it means that everyone who doesn’t have access to big donations is on the outside looking in. That’s not how our democracy is supposed to work.

Moreover, the people who make large donations often have disparate political beliefs than average voters. A report by the think tank Demos found that large donors had different views on legislation about clean energy, health care, financial regulation, and a host of other issues when compared to non-donors.<sup>9</sup> Since raising money is a priority for governors seeking reelection, relationships with donors may influence decisions elected officials make about what policies to bring up, support, and vote for, or contribute to the public perception that they do. In a democracy, people should have an equal say, and money should not determine the strength of a citizen's voice.

Large campaign contributions, which most Marylanders cannot make, fund most political spending in Maryland. And these donors often do not reflect Maryland voters. The vast majority of contributions come from just a few Marylanders. In fact, more money comes from out-of-state donors and non-voters like corporations and PACs than actual Maryland voters. Maryland voters should be the people that shape Maryland’s gubernatorial elections and the priorities of Maryland’s elected officials, not these other entities.

Since the Supreme Court’s decision in the pivotal *Citizens United* and *McCutcheon* cases, big money’s influence in politics has become a central and pressing issue for our democracy. In particular, the 2014 *McCutcheon* decision struck down aggregate campaign contributions for federal elections.<sup>10</sup> After *McCutcheon*, Maryland announced it would stop enforcing a \$24,000 aggregate limit on total campaign contributions. Previously, donors could make

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<sup>9</sup> “Whose Voice, Whose Choice? The Distorting Influence of the Political Donor Class in Our Big-Money Elections,” *Demos*,

[https://www.demos.org/sites/default/files/publications/Whose%20Voice%20Whose%20Choice\\_2.pdf](https://www.demos.org/sites/default/files/publications/Whose%20Voice%20Whose%20Choice_2.pdf)

<sup>10</sup> “*McCutcheon v. Federal Election Commission*,” *Oyez*, <https://www.oyez.org/cases/2013/12-536>.

campaign contributions to various candidates across the state up to the \$24,000 limit.<sup>11</sup> <sup>12</sup> After the decision, donors could give to as many candidates as they wanted, dramatically increasing the amount of money one person could give to political races in the state and the amount of influence big donors have on elections in Maryland.<sup>13</sup>

Ultimately, overturning these decisions via constitutional amendment is necessary. However, in the short term, one of the best solutions available is to reform the campaign financing system. Such programs seek to empower ordinary voters and reduce the influence of large and corporate donors by providing limited matching funds for small donations to candidates who do not accept large and corporate contributions.

Cities, counties, and states are taking action. Over a dozen states have adopted some type of public financing option.<sup>14</sup> In Maryland, Montgomery County, Howard County, Prince George's County, and Baltimore City have passed legislation to set up a public financing program, and the 2018 elections in Montgomery County held its first election using the program.<sup>15</sup> The County Executives in Anne Arundel County and Baltimore County have also signaled they want to pursue programs locally.<sup>16</sup> <sup>17</sup>

Maryland's current public financing system for the gubernatorial race was implemented in the 1970s and hasn't adapted to the realities of the current campaign financing landscape.<sup>18</sup> For one, under the current system, participating candidates can accept money from businesses or corporations. And, while only contributions up to \$250 from individuals count towards seed money and are matched, individuals and non-individuals are able to make contributions up to \$6,000, which is far greater than most Marylanders can afford.<sup>19</sup> <sup>20</sup>

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<sup>11</sup> "View Contributions / Loans," *Maryland Campaign Reporting Information System*, <https://campaignfinance.maryland.gov/Public/ViewReceiptsMain>.

<sup>12</sup> Jared DeMarinis, Director of the Division of Candidacy and Campaign Finance, Maryland State Board of Elections, personal communication, 3 February 2020.

<sup>13</sup> Broadwater, Luke, "State won't enforce \$10,000 limit on campaign contributions," *The Baltimore Sun*, 11 April 2014, <https://www.baltimoresun.com/politics/bs-md-campaign-contributions-20140411-story.html>.

<sup>14</sup> "Public Financing of Campaigns: Overview," *National Conference of State Legislatures*, 8 February 2019.

<sup>15</sup> Scarr, Emily and Joe Ready, "Fair Elections in Montgomery County: 2018 Matching Program Encourages and Empowers Small Donors," *Maryland PIRG Foundation*, September 2019.

<sup>16</sup> Cook, Chase, "Anne Arundel gets green light for local campaign finance reform," *Capital Gazette*, 4 April 2019, <https://www.capitalgazette.com/politics/ac-cn-county-ethics-20190404-story.html>

<sup>17</sup> Knezevich, Alison, "Baltimore Co. Council approves public campaign financing measure," *The Baltimore Sun*, 18 March 2019, <https://www.baltimoresun.com/maryland/baltimore-county/bs-md-co-council-public-financing-20190318-story.html>.

<sup>18</sup> Thompson, Meghan, "Md. Campaign Finance Fund Is Almost Broke," *Maryland Matters*, 22 October 2017.

<sup>19</sup> "Campaign Finance - Public Funding," *Maryland State Board of Elections*, [https://elections.maryland.gov/campaign\\_finance/public\\_funding.html](https://elections.maryland.gov/campaign_finance/public_funding.html).

<sup>20</sup> "View Contributions / Loans," *Maryland Campaign Reporting Information System*, <https://campaignfinance.maryland.gov/Public/ViewReceiptsMain>.

# Small Donor Public Financing

Small donor campaign finance systems are voluntary programs that provide limited matching funds for small donations that participating candidates receive from individual state, or local residents. In order to receive the funds, candidates may only accept small contributions from individuals and meet thresholds for the amount of money raised and number of donors. They cannot accept large contributions or money from corporations or other campaigns. Montgomery County, Maryland implemented a small donor program in 2018 with great success. Candidates who participated in the public financing program received 96% more contributions from individuals than candidates who did not. Furthermore, the average donation size of contributions to participating candidates was \$86, compared to \$1,145 for non-participating candidates.<sup>21</sup>

An updated small donor campaign finance system for gubernatorial elections in Maryland would allow candidates who prioritize small donor fundraising from their constituents to remain financially competitive with those taking large checks. It's time to bring a small donor matching program to state level offices to build a stronger democracy in Maryland.

## Campaign Financing in Maryland

In Maryland, gubernatorial campaigns are financed via contributions and loans. These contributions come from a variety of different sources, including individuals; businesses, groups, and organizations; transfers from other campaigns; and various political committees such as PACs. These contributions can come from both Maryland residents or donors whose stated address is outside of the state. It is possible for donors to give multiple contributions in a given election cycle up to a \$6,000 limit per campaign committee.

Often, gubernatorial candidates and incumbents receive donations throughout the four-year period between each election for the governor's office. As a result, an election cycle refers to the time period starting from the day after a general gubernatorial election and ending with the day of the next general gubernatorial election.

### 1) Big Money Drowns Out the Voice of Small Donors

"Big money" – the large donations that most people can't afford – dominate politics, shaping everything from who runs for office to a candidate's ability to communicate their

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<sup>21</sup> Scarr and Ready, "Fair Elections in Montgomery County."

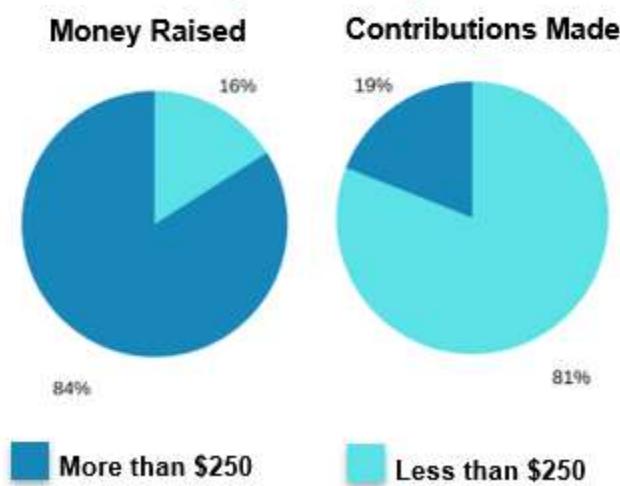
message to the public. Under the state's current campaign finance system, those with the ability to make big donations have an outsized voice in Maryland's gubernatorial elections.

Running for governor in Maryland is extremely costly. Over the last three election cycles, on average each candidate spends over four million dollars in the primaries (\$4,094,883.34) and over four and a half million (\$4,512,030.27) in the general elections. As a result, the ability to launch a competitive gubernatorial campaign requires having a way to quickly raise millions of dollars.

Currently, small donors outnumber large donors but play a small role in overall fundraising dollars:

- Contributions over \$250 make up the vast majority (84%) of the total money contributed to campaigns, despite representing less than a quarter (19%) of total donations to candidates.<sup>22</sup> (Figure 1.)
- In fact, 65% of the money donated to gubernatorial candidates comes from contributions given in amounts of \$1,000 or more. Yet, less than 12% of contributions are this large.<sup>23</sup>

*Fig 1. Percent of fundraising from small donors  
(\$250 or less)*



<sup>22</sup> These numbers are direct contributions and exclude a number of contributions types. See Methodology for details. Additionally, this statistic uses a total contributions amount that excludes public matches. When including public matches received by candidates in the contributions total, the individual contributions over \$250 account for 79% of total spending.

<sup>23</sup> These numbers exclude public matches, which often exceed \$1,000.

Ultimately, a small class of wealthy donors is the primary financial driver behind many gubernatorial campaigns in Maryland.

Since money plays such a large role in winning a campaign, candidates have an incentive to focus on fundraising from large donors as much as possible. Candidates are rewarded for hosting high dollar fundraisers, while those who seek to fund their campaigns primarily from small donors in their districts may struggle to remain financially competitive. As a result, the interests of big money dominate the attention of candidates and elected officials seeking re-election. This problem stems from the way elections are financed. Especially after the Supreme Court decisions in *McCutcheon*, wealthy individuals and special interests face few constraints on their ability to donate to political campaigns. The current campaign finance system needs to change in order to challenge the overrepresentation that wealthy donors have in our political system.

## 2) Most Marylanders don't Contribute

Making a contribution is an important part of participating in elections. Many Maryland voters don't have the time to volunteer for their candidate of choice, and small donations allow these people to show their support in another way.

However, Maryland voters generally don't contribute to elections. Over the last three gubernatorial election cycles, there were an average of over 50,000 (50,056) contributions to campaigns by Maryland residents, including multiple contributions from the same person. In comparison, this number is just over 1% of the nearly-five million (4,702,570) Marylanders who are of voting age. (*Figure 2*)

*Fig 2. Percent of Marylanders contributing to gubernatorial campaigns*



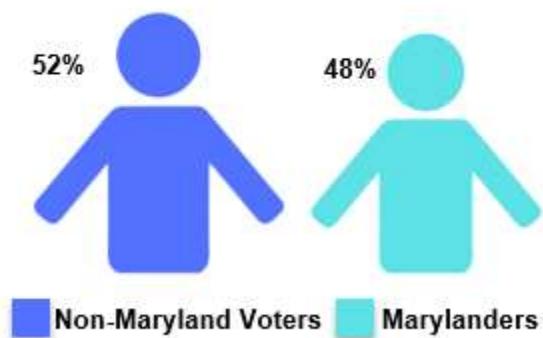
It's possible that Marylanders don't donate because they aren't being asked or they don't feel compelled to donate. If candidates are spending their time courting large donors, they

have less time to speak with everyday voters and less reason to ask them for a small donation. Likewise, if voters see candidates hosting expensive fundraisers, they may be less likely to see their small contribution as impactful.

Whatever the cause, this disparity allows a small donor class to control campaign financing. A small donor matching program incentivizes candidates to actively solicit small contributions, and it also provides Marylanders with an incentive to give because it amplifies the value that their small dollars have. By enabling candidates to spend more time fundraising and seeking support from their constituents, the small donor system has the potential to increase access to the political process for everyday voters and increase civic participation.

### 3) Nearly Half of the Money Comes from Non-Maryland Voters

*Fig 3. Percent of money coming from Marylanders vs non-individuals and out-of-state donors.*



52% of the money contributed to gubernatorial races comes from either out-of-state individual donors or non-individuals, such as corporations. (*Figure 3.*) Often, these non-individual and out-of-state entities have different priorities than actual Marylanders. Maryland voters--not these entities--should be the ones who participate and contribute to elections for Maryland's governor.

Since the 2010 election cycle, entities classified as Businesses/Groups/Organizations have contributed over a quarter (28%) of the money in gubernatorial elections. Corporations and other non-individuals shouldn't be allowed to participate in elections. They aren't people and cannot vote. Twenty-two states ban businesses from directly contributing to

candidates, and direct corporate contributions to candidates are illegal at the federal level as well.<sup>24</sup> <sup>25</sup>

In addition, a key source of funding in Maryland's gubernatorial elections comes from outside of the state. Over the last three cycles, a quarter of the money contributed to gubernatorial elections came from people or organizations outside the state of Maryland. They don't necessarily share the priorities and values of Maryland residents.

Fundamentally, Maryland elections should be decided by Maryland voters and thus candidates for office in Maryland should be funded by Marylanders in order to avoid undue outside influence in our elections and democracy.

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<sup>24</sup> "Campaign Contribution Limits: Overview," *National Conference of State Legislatures*, 4 October 2019, <https://www.ncsl.org/research/elections-and-campaigns/campaign-contribution-limits-overview.aspx>.

<sup>25</sup> "Who can and can't Contribute," *Federal Election Commission*, <https://www.fec.gov/help-candidates-and-committees/candidate-taking-receipts/who-can-and-cant-contribute/>

## Solution: Small Donor Matching Program

The data shows three major problems with the current campaign financing system: small donors are underrepresented, the vast majority of Marylanders don't contribute to elections, and the majority of donors are out-of-state or non-individuals. A voluntary small donor matching program could address these issues.

A small donor matching program would shift political power to Marylanders by providing limited matching funds for small donations from Maryland residents. If modeled after similar county level programs in Maryland, it could require that participating candidates not accept donations over \$250 and not take money from non-individuals like corporations.

In order to ensure small donors are represented in the donor pool, a small donor matching program requires that participating candidates not accept any large donations (over \$250).

In order to increase the number of Marylanders contributing to elections for Governor, a small donor program provides limited matching funds for small donations from Maryland residents. This both helps ensure participating candidates can remain competitive with traditionally funded candidates and provides a valuable incentive to fundraise from Marylanders. With such a program, matching funds can be tiered to provide a higher for the smallest contribution. A 10 or 25 dollar contribution would become much more valuable to candidates who are trying to fundraise and win elections. It also provides Marylanders with an incentive to give because it amplifies the value that their small dollars have. Ultimately, the matching funds should help increase the number of Marylanders donating to gubernatorial campaigns.

Finally, under a small donor matching system, it is expected that the majority of donors would be Maryland voters, with non-residents playing a small part, and non-individuals playing no part. Under the programs adopted in Maryland counties, qualifying candidates can accept donations from individuals who are not Maryland residents, but these donations do not count towards qualifying nor are they matched. With matching funds for small Maryland donors, the incentive will be to spend time fundraising locally. In addition, participating candidates cannot accept any contributions from non-individuals.

## Conclusion

The data from Maryland's last three gubernatorial elections shows that campaign financing doesn't represent Maryland voters. The amount of money required to run for office encourages candidates to spend their time fundraising from wealthy donors. Small donations are so overshadowed by large donors that there is little incentive for small donors to participate or candidates to seek their contributions. Many of these donors aren't even people, or don't even live in Maryland. Elected officials should be accountable to their constituents, but right now their donor base does not come close to representing their constituents.

Communities throughout Maryland have implemented small donor matching programs. It's time for the state to step up and do the same.

# Methodology

Data on candidates' loans/contributions received and expenditures during an election cycle was obtained from the Maryland Campaign Reporting Information system (<https://campaignfinance.maryland.gov/>). This data included the category/type and location of each loan/contribution and expenditure.

An election cycle included all of the contributions/loans and expenditures from the day after the previous cycle's election day up to and including the next Election Day with a governor's race on the ballot 4 years later. For the 2010 election cycle, the primary was defined as the dates from 11/08/06 to 09/04/10, and the general was from 09/05/10 to 11/02/10 inclusive. For the 2014 election cycle, the primary was defined as the dates from 11/03/10 to 6/24/14, and the general was from 6/25/14 to 11/04/14. For the 2018 election cycle, the primary was from 11/05/14 to 6/26/18.

The data was then downloaded for each candidate and deduplicated to remove contributions that had been reported more than once. Some candidates were excluded because their candidate committee could not be located. These candidates were: Ralph Jaffee running in 2018, 2014, and 2010; James Jones in 2018, Cindy Walsh in 2014, Charles Smith in 2014, and J.P. Cusick in 2010. Kevin Kamenetz who ran in 2018, was excluded because he passed away before the primary. His running mate, Valerie Ervin, took his spot on the ballot with Marisol Johnson as her running mate. Ervin was also excluded.

Then, the data was sorted by candidate committee, election cycle, and each category of contribution/loan and expenditure. For each category, the number of contributions/loans or expenditures was calculated, the amount of money was summed, and then the amount of money was divided by the number of contributions/loans to calculate the average contribution/loan or expenditure for each candidate committee/election cycle/category.

A contribution was determined to be in-state if the contributor address is located in Maryland, and out-of-state otherwise.

Certain categories of contributions were excluded from the data for various reasons. This includes all in-kind contributions and transfers. Contributions from labor organizations and non-profits were included in the analysis, but were not counted as large donations, as these contributions can be aggregations of many small contributions.

The data for candidates with multiple committees per election cycle was summed in order to calculate candidates' total contributions/loans and expenditure for the entire election cycle.

Next, the percentage of contributions by individuals was determined by summing the number of contributions by individuals and dividing that by the number of total contributions. Individuals was defined as contributions/loans categorized as "Individual" or "Individual - Matching Fund Request" in the Maryland Campaign Reporting Information System. This was done for the 2010, 2014, and 2018 election cycles, and the total of all three election cycles.

The percentage of contributions by Business/Group/Organizations was calculated in the same way as for individuals.

The percentage of contributions made by individuals living in Maryland was calculated in the same way, as was the percentage of contributions under \$50 and \$250.

Next, the percentage of money made up by individual contributions was determined by summing up the total amount of money contributed by individuals and dividing it by the total amount of money contributed. This was also done for Business/Group/Organizations, Maryland residents, and contributions under \$50 and \$250.

Next, the total number of contributions/loans and expenditures was summed for each election cycle as well as the total of the three cycles. These were then broken down by category.

# Appendix

## Total Contributions\*

Election Cycle	Number of Contributions	Total Amount Contributed
2018	114,181	\$29,335,448.64
2014	45,083	\$20,392,640.84
2010	61,724	\$20,425,981.68
<b>Total:</b>	<b>220,988</b>	<b>\$70,154,071.16</b>

\*This excludes the omitted categories detailed in the Methodology section.

## Individual Contributions

Election Cycle	Number of Individual Contributions	Total Amount Contributed
2018	109,429	\$21,789,356.88
2014	39,513	\$12,325,642.92
2010	56,304	\$13,920,138.11
<b>Total:</b>	<b>205,246</b>	<b>\$48,035,137.91</b>

## Business/Group/Organization Contributions

Election Cycle	Number of Business/Group/Organization Contributions	Total Amount Contributed
2018	4,537	\$6,251,135.26
2014	5,315	\$6,635,989.63
2010	5,213	\$6,128,908.16
<b>Total:</b>	<b>15,065</b>	<b>\$19,016,033.05</b>

