

## EFFECTIVENESS OF PUBLIC CAMPAIGN FINANCING IN MONTGOMERY COUNTY

### INTRODUCTION

A study of the effectiveness of the new Montgomery County public campaign finance law was approved at the League of Women Voters of Montgomery County (LWVMC) annual meeting in June 2018. The new law, passed in 2014, allowed candidates for County Executive and County Council in the 2018 election to apply for matching funds, provided they had secured a particular amount of contributions on their own. The objective of our study was to assess whether the new law accomplished its stated objectives of:

- encouraging greater voter participation in county elections
- increasing opportunities for more county residents to run for office
- reducing the influence of large contributions from businesses, political action groups and large organizations

The current [LWVMC position](#) on campaign financing is based on a 2009 study ([Fact Sheet – Campaign Financing in Montgomery County, November 2009](#)) and states, “if Montgomery County establishes a program to use public funds for political campaigns, we support the use of these funds to provide services to the voters, such as a Voters’ Guide, candidate forums (whether in public schools, broadcast on radio or television or available through the Internet) or other services that are available for free to large numbers of voters. This would permit each candidate for an office an opportunity to appeal for votes that is equal to all other candidates for that office.”

The [state League \(LWVMD\) position](#) on campaign financing indicates “support for fair campaign financing” based on the national League (LWVUS) position.

The LWVUS position on money in politics (campaign financing) supports “public financing of elections, either voluntary or mandatory, in which candidates must abide by reasonable spending limits.” [LWVUS Impact on Issues, 2018-2020](#), pages 23-28. LWVMC members reviewed information developed by LWVUS ([Fact Sheet – Money in Politics, October 2015](#)) as part of the process of updating the national League’s position on campaign finance.

### HISTORY OF PUBLIC CAMPAIGN FINANCE

Concerns about the influence of money in politics – who contributes, how much, and how we regulate it – has a long history in the United States, resulting in a myriad of [legislation and court cases](#). A number of recent Supreme Court decisions overturned legislation enacted in the 1970s, which was designed to limit campaign contributions. The Supreme Court held that spending limits “restrict the quantity of campaign speech by individuals, groups and candidates,” thus violating the First Amendment guarantee of free speech.

ORGANIZATIONS AND INDIVIDUALS ARE INVITED TO DUPLICATE THIS FACT SHEET WITH ATTRIBUTION GIVEN TO LWVMC. BEFORE REPRODUCING, PLEASE CONTACT THE LEAGUE OFFICE AT 301-984-9585 OR LWVMC@EROLS.COM FOR CORRECTIONS OR UPDATED INFORMATION, OR CHECK OUR WEBSITE, LWVMOCOMD.ORG, FOR THE MOST UP-TO-DATE VERSION.

Three approaches have sought to address the influence of money in politics: (1) requiring disclosure of who contributes to a candidate's campaign; (2) limiting the amounts that may be contributed; and (3) public campaign financing programs in which the government makes grants to candidates to partially fund their campaigns. According to "think and do tank" [Demos](#), as of June 2017, 14 states and 12 counties and cities have enacted public finance campaign laws.

Public campaign financing can take various forms including grants, matching funds and vouchers or some combination of these. Most programs have three components: (1) participants must qualify by meeting a threshold number of contributions and/or a certain amount of money, (2) once a candidate qualifies, he or she is eligible to receive public funds as regulated by the program, and (3) candidates must abide by pre-specified conditions such as a limit on the amount of a donation or the amount of total expenditures. A few states ([Oregon](#), Washington, and California) have funded a Voters' Pamphlet printed by election officials in which each candidate has space to appeal for votes.

Supporters of public campaign financing argue it reduces the influence of big money, increases the number of small donors, broadens civic engagement and attracts a more diverse group of candidates who might otherwise not have the money or contacts to run for office.

Critics of public campaign financing argue that public funds should instead be spent on programs such as education, infrastructure or voter information that reaches all voters versus funding campaign mailings that only reach targeted voters. Some believe that public campaign financing does not keep big money out of politics because: (1) candidates who do not participate can raise unlimited funds and (2) individuals and organizations have alternative means, such as independent expenditures, to support candidates other than making a direct donation to the candidate.

### **CAMPAIGN FINANCE IN MARYLAND**

A Maryland law to allow public financing of campaigns for Governor and Lieutenant Governor was passed in 1974. Taxpayers fund the Maryland Fair Campaign Financing Fund through a voluntary check-off on their Maryland Income Tax Return. Most recently gubernatorial candidates Larry Hogan and Heather Mizeur used it in 2014. Fewer taxpayers are contributing to the fund however, and in 2017 the State Board of Elections (BOE) reported there were not enough funds to match more than one candidate in the 2018 election.

In 2013 the Maryland General Assembly passed the [Campaign Finance Reform Act of 2013](#) authorizing counties to create public financing programs for county elective offices funded from general revenue rather than the taxpayer checkoff. In September 2014 the Montgomery County Council unanimously passed Bill 16-14, now codified in [Article IV of the Montgomery County Code](#), establishing a public election fund for County Executive and County Council positions. Its first use was during the 2018 election cycle.

Similar public campaign finance programs have been adopted by Howard County (2017), Prince Georges County (2018) and the District of Columbia (2017), but none have yet been used in an election cycle. Bills to extend public financing statewide to school board positions (HB147), judges (HB 676) and General Assembly members (HB 1017 and SB 414) were introduced during the 2019 Maryland General Assembly’s legislative session but none passed.

The Maryland State BOE administers the Montgomery County program but the Montgomery County Council allocates funding. Additional information about the program can be found on the [Council’s website](#) and in the Frequently Asked Questions ([FAQs](#)) posted on the Montgomery County Government’s website.

**DESCRIPTION OF THE MONTGOMERY COUNTY PROGRAM**

Candidates who wish to participate in public financing must file a notice of intent to qualify with the State BOE by April 15 of an election year. They must establish a campaign account, only accept contributions of \$5-\$150 from individual county residents and forego contributions from groups or organizations. Once they have collected the required number of qualifying contributions and have met the dollar thresholds for the office they seek, the State BOE certifies the applicant and authorizes Montgomery County’s director of finance to distribute matching funds. The required number of contributions, dollar thresholds, matching amounts and maximum public funding differ depending on which office is being sought, as shown in the table below.

Office	Required Number of Qualifying Contributions	Required Aggregate Total of Qualifying Contributions	Matching Public Dollars for Each \$1 of Qualifying Contributions	Qualified Contribution Threshold	Maximum Public Contribution
County Executive	500	\$40,000	\$6	First \$50	\$750,000
			\$4	\$51-\$100	
			\$2	\$101-\$150	
At-Large Councilmember	250	\$20,000	\$4	First \$50	\$250,000
			\$3	\$51-\$100	
			\$2	\$101-\$150	
District Councilmember	125	\$10,000	\$4	First \$50	\$125,000
			\$3	\$51-\$100	
			\$2	\$101-\$150	

*[Source – Montgomery County council FAQs]*

Individual donors are limited to \$150 per candidate per election cycle so a donor who gives a candidate \$150 during the primary cannot donate to that same candidate during the general election. In comparison, the donation limit is \$6000 for traditionally funded candidates. In-kind contributions (such as goods and services) are permissible but are also limited to \$150 and do not qualify for matching funds nor are they counted towards certification as a qualifying

contribution. Candidates, individually or in combination with their spouses, can contribute up to \$12,000 to their own campaigns. For traditionally funded candidates there is no limit.

Candidates participating in public financing are restricted in how campaign funds can be spent (e.g., the funds cannot to be used for personal expenses, expenses related to holding office, payment for endorsements, payment of late fees or contributions to other candidates or entities). All goods and services received after filing a notice of intent must be paid for out of the candidates' publicly funded campaign accounts and any funds raised prior to filing the notice of intent cannot be used during their candidacies. Candidates must return any unspent public funds when the election is over.

The law also established a [Committee to Recommend Funding for the Public Election Fund](#), which is charged with recommending an amount to be appropriated by March 1 every year for the following year. The committee consists of five citizens, no more than three of whom can be from the same political party. For the 2018 election cycle the committee recommended, and the Council appropriated, \$11 million of which \$5.2 million was used (\$4.1 for the primary and \$1.1 for the general election). According to the County Council, during the 2018 election cycle 38 of the 68 candidates for the covered offices filed a notice of intent to use public financing and 23 of them ultimately received public funds.

## STUDY METHODOLOGY

The study committee reviewed the law establishing the program, election data and campaign finance reports filed by all candidates. We also attended and reviewed testimony submitted at the County Council's [Public Forum on Campaign Finance Program](#) on March 26, 2019, during which the council sought input on the first use of the public finance law.<sup>1</sup>

The committee interviewed 11 candidates<sup>2</sup>; some had received public funding and some had not, some had won and some had not, and we included both Democrats and Republicans. All candidates were asked the same [questions](#). We also interviewed representatives from organizations that endorsed candidates for County Executive or County Council.<sup>3</sup> Endorsing organizations were asked to describe the procedures they followed to determine who to endorse, whether the candidates' use of public financing was a factor and whether public financing changed their organizations' involvement in the campaign.

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<sup>1</sup> The following candidates testified at the forum: Shruti Bhatnager, Brandy Brooks, Paul Geller, and Melissa McKenna. Non-candidates who testified were Phil Andrews, Sharon Cohen, Joanne Antoine, and Pamela Coukos. Some of these individuals also submitted written testimony.

<sup>2</sup> The study committee interviewed the following candidates for County Executive: David Blair, Marc Elrich, Rose Krasnow, and George Leventhal. County Council candidates interviewed were Ed Amatetti, Marilyn Balcombe, Brandy Brooks, Bill Conway, Evan Glass, Reggie Oldak, and Shelly Skolnick,

<sup>3</sup> The study committee interviewed representatives of three endorsing organizations: Service Employees International Union (SEIU) Local 500 (Travis Simon, Coordinator of Member Political Engagement), Montgomery County Education Association (MCEA) (Angela Ardis, Political and Community Organizer) and the Montgomery County Sierra Club (Tina Slater, Member of the Executive Board).

The committee also reviewed relevant financial disclosure reports in the [Maryland Campaign Reporting Information System](#). All candidates for office are required to file reports with the State BOE disclosing amounts contributed to their campaigns and amounts spent. Organizations that contribute to or spend money campaigning for their endorsed candidates are also required to file disclosure reports with the State BOE.

We reviewed articles and resource material about public campaign financing in the 2018 Montgomery County election in *Bethesda Magazine*, websites *The Seventh State* and *Maryland Matters*, and other general references. See [bibliography](#) for a complete list of references.

### **WERE THE PROGRAM'S GOALS MET?**

The discussion and conclusions in this section are based on our candidate interviews, forum testimony, news reports, election data and other sources.

#### **Goal 1 – Encourage greater voter participation in county elections**

The County Council did not define what it meant by “voter participation.” Candidates who we interviewed interpreted it as: (1) voter engagement during the campaign and/or (2) voter turnout at the elections.

**Voter Engagement:** Publicly financed candidates were required to obtain contributions from a threshold number of individual donors. As a result, candidates who sought public funding participated in many “meet and greet” sessions, spending a great deal of time interacting with the public and listening to their concerns. According to *Fair Elections in Montgomery County*, a study by Maryland Public Interest Research Group (PIRG) Foundation, publicly financed candidates in the 2018 Montgomery County election “received on average 96% more contributions from individuals than candidates who did not participate.” The report further states that “candidates using the small donor system received more contributions from individuals (850 vs 434 per candidate) than traditional candidates.” According to PIRG, “people who could only afford small contributions had a meaningful voice in funding candidates.”

One candidate told us that donors believed they played a bigger role in the process. They could contribute because they were not being asked for a big donation and consequently felt more invested in the process. Another candidate stated that many voters thought their contribution counted and they participated because their money “mattered.”

Thus, it appears that public financing encouraged participating candidates to engage with more voters who in turn felt invested because they understood that their small contributions mattered.

**Voter turnout:** According to data on the [Maryland State BOE website](#), turnout increased in Montgomery County both in the Primary Election (24.6% in 2018 vs. 17.7% in 2014) and in the General Election (63.0% in 2018 vs. 42.2% in 2014). The 2014 election was the most recent election in which County Executive and Council were on the ballot. Most candidates we interviewed thought the increase was due to two main factors, which were also cited by many

media reports: (1) term limits that resulted in open seats for Council and County Executive, and (2) the aftermath of the 2016 presidential election and the national political climate, which motivated more people to vote. Open seats resulted in a large number of candidates in the primary. More candidates resulted in more voters simply because each candidate had a discrete constituency. Public campaign financing may have been a third factor but because of the other two factors, it was impossible to distinguish how much, if any, of the increased turnout was attributable to public campaign finance.

The study committee concluded that the goal of encouraging greater voter participation was met only if “voter participation” is measured by voter **engagement** with candidates. If measured by voter **turnout** it is unclear whether the goal was met.

### **Goal 2 – Increase opportunities for more residents to run for office**

There was almost unanimous agreement among those interviewed and other sources that the availability of public financing provided opportunities for people to run who otherwise might not have because they lacked funds, previous political experience, name recognition and/or access to large donors. Several candidates acknowledged they could not have run without public financing. This increased opportunity may in turn have allowed more women and minorities to run for office. That said, there was also general agreement that public financing did not change who won.

One downside cited was that the opportunity for more candidates to run may have opened the door to some who were not prepared to run for or hold office. Many commented that some first-time candidates mistakenly thought it would be easier to raise money than it was, noting that raising money is especially hard when the candidate does not have a strong history of prior community engagement. Some also said they thought it was too easy to qualify for public financing and that the donation threshold should be higher to weed out unviable candidates.

Another downside, at least in the primary, was that a large pool of candidates split the votes to the point where someone could win the primary with very limited support. For example, in the 2018 primary election 33 Democratic candidates ran for four County Council At-Large seats. The four winning candidates received 12.2%, 9.6%, 8.0%, and 7.4% of the vote respectively. Several sources noted that this downside could be addressed by implementing ranked choice voting (RCV). For more information, see the [RCV page on the LWVMC website](#).

The study committee concluded this goal was met. Although public financing probably did not change who won in the 2018 election cycle, it may well have allowed unknown candidates to begin their political careers, establish networks, gain name recognition and set their sights on future elections.

### **Goal 3 – Reduce the influence of large contributions from businesses, political action groups and other large organizations**

The influence of big money can be measured by: (1) the extent to which large contributions increase candidates’ chances of being elected because they have more money to spend on

television and print advertising, mailings, etc., to get their message out to voters and gain visibility, and (2) whether candidates who receive large contributions feel beholden to contributors once elected.

Most candidates interviewed believed that public campaign financing did not eliminate the influence of big money. In cases where candidates took public financing, organizations or individuals wishing to support that candidate found alternative ways to donate, principally through the use of independent expenditures for advertising or, in the case of organizations, by asking their members to write individual checks of \$150 or less.

Independent expenditures by organizations such as interest groups, unions, and political action committees are allowed by law as an expression of free speech. An [independent expenditure](#) is money spent on political advertising in support of or against a particular candidate, comes from outside of the candidate's own election organization and may not be coordinated with the candidate's campaign, authorized candidate committee or political party committee. The study committee reviewed expenditures and endorsements made by independent expenditure organizations as a part of the study.

For the most part candidates agreed that big money influences campaigns because the more money spent by or in support of a candidate the more likely they are to win. Several mentioned that those who raised money quickly and early, whether through public finance or not, were perceived as being "winners" and people were more likely to vote for them.

There was also a general perception that candidates who were endorsed by influential organizations were the most likely to win. Most agreed that endorsements by interest groups, unions or newspapers were critically important regardless of expenditures. The study committee compared the number of votes received by candidates for County Executive and Council At-Large with the number of endorsements each received from various organizations. It appears endorsements were strongly influential. See [2018 Candidate Spending and Ranking](#).

For example, of the eight Council At-Large candidates who received the largest number of votes, six received five or more endorsements. Among the endorsing organizations, several of them – The Washington Post, SEIU Local 32BJ, SEIU Local 500, CASA In Action, Career Fire Fighters, and the Montgomery County Sierra Club – picked three of the four winners. The MCEA, whose Apple Ballot is widely regarded as one of the most influential, endorsed two winners and two other candidates who finished among the four closest contenders.

An exit survey conducted by LWVMC at several Montgomery County voting locations during the 2018 General Election highlighted the influence and importance of endorsements. League volunteers collected responses from 2,500 voters as they left the polls. When asked to rate their confidence that they had sufficient information to make their selections, those respondents who relied on "organizational endorsements" reported they were more confident than the average for all respondents, trailing only those who cited the "LWV Voters' Guide" and nearly equal to those who cited "party sample ballot."

[Endorsing organizations](#) serve an important function in the campaign process. Many voters do not take the time to study the positions of all the candidates. Endorsements by organizations they know signal that certain candidates are “legitimate” or “serious” candidates worthy of more attention and the candidates share some commonality with the organization with which the voter is familiar. This effect may have been particularly strong in the 2018 Council At-Large race where Democratic voters were asked to select from a list of 33 candidates.

Regarding the second form of influence (whether an elected candidate feels beholden to the donor), many candidates stated that money from big donors does not influence candidates’ position on issues. However, there were some notable exceptions. One candidate suggested that special interest groups might donate to a council member just before a vote, and “obviously wanted something in return.” Another publicly financed candidate was no longer invited to “board rooms and backrooms,” in contrast to an earlier election during which the candidate believed such invitations were extended because the donors wanted the candidate to take a certain position. Another candidate said that those who accepted public financing seemed to be able to speak more freely in comparison to prior elections because they did not have to worry about big donors. Regardless of whether candidates actually felt beholden to big donors, the perception persists that big money influences candidates’ positions on issues. All candidates interviewed agreed that the influence of big money remains.

The study committee concluded this goal was not met because even with public financing, big money continues to influence who wins elections. See [Key Takeaways](#).

### **GOING FORWARD**

The County Council, through its Government Operations Committee, continues to monitor the program and may consider changes to the law in response to feedback received on its first use during the 2018 election cycle. By law the Committee to Recommend Funding for the Public Election must report to the Council by March 1 of each year an estimate of the funding necessary to implement the campaign finance system for the next election cycle and a recommendation of an appropriation for the Public Election Fund for the following year.

### **CONSENSUS QUESTION:**

Should the Montgomery County League support public funding for candidates for Montgomery County offices in the form of voluntary public financing of campaigns where candidates choose to participate and abide by limits?

\_\_\_\_\_ Agree

\_\_\_\_\_ Disagree

\_\_\_\_\_ No opinion/not sure

This Fact Sheet was prepared by Carol Blackburn, Karen Bury, Mary Lanigan (Co-Chair), Joan Siegel, Ralph Watkins (Co-Chair), and Marge Wexler.