



Emily Scarr, Maryland PIRG Director
SB415: Public Financing Act – Candidate and Matching Fund Revisions (Maryland Fair Elections Act)
Tuesday, March 30th
Ways and Means Committee

FAVORABLE

Maryland Public Interest Research Group (Maryland PIRG) is a citizen funded public interest advocacy organization with grassroots members across the state.

In the run-up to the 2022 Governor's race, the Maryland Senate has passed SB415 to update and provide a minimum level of funding for the state's existing public financing program. We have already testified in support of Del. Feldmark's cross-file of this bill, so I just want to highlight why it's so important to move, and move this year.

What the bill does to update the current public financing program:

- Enacts stricter requirements on fundraising for participating candidates by limiting all donations to \$250, only allowing contributions from individuals, and only providing matching funds for Maryland donors who are registered to vote.
- Shifts the program from a grant to matching fund allocations and sets new qualifying benchmarks and maximum allocations for participating candidates. (see attachment).
- Adds \$2.2m to the fund for FY22, \$4m for FY23 and requires a minimum funding level in future years to ensure the program is viable for multiple candidates.

The bill had a few technical amendments in the Senate, which we supported, including adjusting the match rates. Ultimately, if you don't update the program this year, we will still have a public financing program. We think the time is right to update it to better meet its goals to reduce the role of large and corporate donors while incentivising small Maryland donors. It's also time to re-invest in the program so it can be a viable option for candidates.

Background

Maryland's current public financing system for the gubernatorial race was implemented in the 1970s. 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. Under the current system, participating candidates can also accept money from businesses or corporations.

[In 2020, Maryland PIRG Foundation released a report which found that the people and entities that donate to Maryland's Gubernatorial campaigns are not reflective of Marylanders who are eligible to vote in these elections](#)

The existing gubernatorial public financing program was successfully utilized by Gov. Larry Hogan in his first run for office and has been used by other Republican and Democratic candidates. The bill updates the program to more strictly limit large and corporate donations; shifts the program to a tiered match; and ensures minimum funding for the program.

In order to participate in the updated small donor program for Governor, candidates have to file a notice of intent to make use of the fund, establish a new campaign account, and meet a few conditions:

- They must accept only donations from individuals, of \$250 or less.
- They must refuse donations from large donors, PACs, corporations, other candidates and political parties.
- They must meet minimum thresholds for the number of local donors and amount of money raised in order to demonstrate that their pursuit of public office is viable.
- If a candidate agrees to and meets these conditions, they become eligible for limited matching funds for small donations made by Maryland residents.

There is no doubt that our democracy is in a fragile state. Faith in government has dramatically declined, as has voter participation and civic engagement. Hyper-partisan politics, gerrymandering and corporate influence have pushed our federal government into stalemate. Small donor public financing of elections is not a silver bullet to solve our country's problems, but it's a really good start. By creating alternatives to the traditional funding model for elections and encouraging more participation we can disrupt the stranglehold money has on our democracy, and we can lead the nation to do so.

More on Maryland PIRG Research

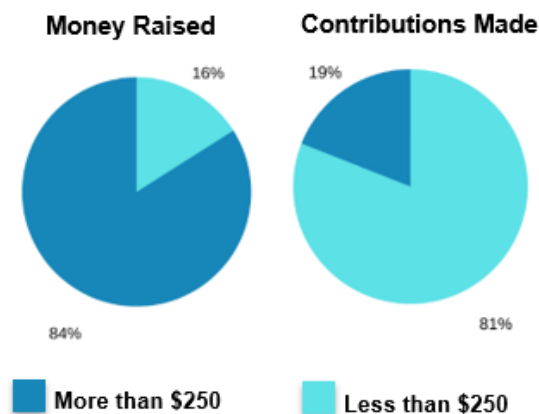
In 2020 [Maryland PIRG Foundation released a report](#) which found that the people and entities that donate to Maryland's Gubernatorial campaigns are not reflective of Marylanders who are eligible to vote in these elections. The report finds that the money raised comes primarily from out of state or non individuals who contribute disproportionately large sums of money (*Executive Summary attached*). [1]

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

For example, over the last three races for governor, 84% of the money raised came from contributions over \$250, despite the fact that they represented less than a fifth (19%) of total donations to candidates.

According to another report from the [Maryland PIRG Foundation](#), Montgomery County's Fair Elections program showed strong results in its first use. The report looks at data from 57 candidates for county office, 35 of whom participated in the program and 24 qualified to receive matching funds.[2]

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



Key findings:

- Candidates who qualified received nearly twice as many donations from Montgomery County residents than those not participating in the program (850 vs 434).
- Candidates participating in the program received an average contribution of \$86 compared to \$1,145 for non participating candidates.

- Candidates running for county council seats were able to use the small donor system to run competitive races. The average contribution, including matching funds, for candidates participating in the program was similar to the average contribution for candidates accepting large contributions. (\$306 vs \$292)

SB415 is modelled after the success of similar programs in the state and country, with adjustments to meet needs of a state-wide race.

A Fair Elections program will be better for candidates and elected officials, better for the public, and better for Maryland.

We believe that in Maryland, the amount of money your family makes - your race, your gender - should not determine the volume of your voice in our elections. But the rise of corporate and large campaign contributions has forced Maryland elected officials and candidates to be increasingly dependent on these donors, giving them less time to hear from and serve their constituents.

The **Fair Elections Act** is a voluntary program which enables candidates to run for office with small donations from their constituents and remaining competitive with those who accept large and corporate contributions. This serves the dual purpose of reducing corporate and large donor campaign spending and re-engaging the community in the electoral process. And with a Fair Election program in place, we hope to expand opportunities to run for office, so candidates of all backgrounds can run based on the strength of their ideas, not access to money.

These types of programs are popular, effective, and gaining momentum.

We recommend a favorable report.

[1] [Big Money in Maryland Elections: Who's Funding Elections for Governor?](#) Maryland PIRG Foundation 2020.

[2] [Fair Elections in Montgomery County: Matching Program Encourages and Empowers Small Donors.](#) Maryland PIRG Foundation, September 2019,



Summary of Update Gubernatorial Fair Campaign Financing Program (As Amended)

Threshold to Qualify for Small Donor Matching Program	
Number of Donations	1,500
Amount of Donations	\$120,000
*Must forgo contributions greater than \$250 and only accept contributions from individuals (no money from corporations, unions, PACs, etc.). Multiple contributions from one person cannot exceed \$250.	

Match Ratios	
First \$50	8 to 1
Second \$50	6 to 1
Third \$50	2 to 1
\$250 cap	Accepted, no match
*Only contributions from Maryland voters are matched. No match provided for the last \$100.	

Match Cap	\$3,000,000
*Once the cap is reached, candidates can continue to raise donations from individuals of \$250 or less but will not receive any matching funds. The match cap is per election.	

Example Candidate Performance	
Total Raised if Candidates Reach Program Cap	Donors & Amount to Reach Program Cap
\$3,562,500 (\$3mil match + \$562,500)	Raise \$150 donations from 3,750 donors

Anticipated Cost to State
\$4.625 million a year would cover operating costs, 4 primary, and 2 general election candidates, assuming a full match.