

INTEREST GROUP INVOLVEMENT IN THE 2006 MARYLAND ELECTIONS

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A report by

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Executive Summary

Special interest groups contributed approximately \$21 million to candidates during the 2006 Maryland state elections. This report examines contributions from special interest groups, focusing specifically on contributions these groups made to candidates for the General Assembly and the Governor's office. This report finds that contribution patterns of interest groups differed between those directed toward General Assembly candidates and those directed toward gubernatorial candidates. These differences include which types of interest groups contributed, and the amount they contributed.

Major Findings:

- About \$5.7 million—almost one third—of special interest group contributions to candidates in the 2006 Maryland elections came from Maryland-based PACs.
- Maryland-based PACs and business entities contributed similar amounts to General Assembly candidates, each comprising almost half of total contributions.
- Contributions from business entities made up the majority of interest group contributions given to gubernatorial candidates.
- About 66% of all PAC expenditures were contributions to candidates and other political organizations.
- Most Maryland-based PAC contributions were directed towards Democrats, incumbents, and general election winners.

Introduction

In the political spectrum, interest groups form to represent particular issues and to ensure these issues receive due attention in the law making process. These groups partake in the election process to help elect political candidates who they believe will incorporate issues the interest groups find important, and represent those issues in a manner in which the interest groups would like to see them handled. One of the primary methods interest groups support political candidates is by rendering them financial support through direct monetary contributions. Financial support from interest groups represents a significant portion of contributions that candidates receive.

During the 2006 elections, interest groups actively contributed to candidates seeking public office in Maryland. Three types of interest groups that contributed were business entities, Maryland-based Political Action Committees (PACs), and out-of-state PACs. Maryland campaign finance law defines PACs as, “a combination of two or more individuals that assists or attempts to assist in promoting the success or defeat of more than one candidate or that promotes the group’s purpose by supporting or opposing candidates.” The two categories of “Maryland-based” and “out-of-state” PACs indicate whether the group is based within or outside the state of Maryland. Business entities are any businesses that spent money on political activities during the election cycle.

This report examines the contributions from special interest groups to candidates in the 2006 Maryland state elections. More specifically, the report focuses on interest group contributions to candidates who ran for the General Assembly or Governor. The activities of Maryland-based PACs were examined in the most detail, comparing the spending habits of different categories of PACs. Comparisons were made between the interest group contributors and the candidates to whom they contributed.

I. The Overall Contributing of Interest Groups

Interested groups spent significant sums of money attempting to influence the outcomes of Maryland elections in 2006. In total, business entities and Political Action Committees (PACs) based inside or outside of the state contributed approximately \$21 million to candidates for the General Assembly and the Governor's office.

General Assembly candidates, specifically, received about \$10 million in contributions from interest groups. Candidates for the House of Delegates garnered about \$1 million more in interest group contributions than State Senate candidates. Even so, the proportions of funds from each category of interest group were fairly similar between candidates for the House of Delegates and the State Senate (see Figure 1). Approximately 6% of all interest group contributions were from out-of-state PACs, with the remainder of the funds for each being split fairly evenly between business and Maryland-based PAC contributions, at about 46% and 48%, respectively.

Figure 1: Total Interest Group Contributions to Candidates for the General Assembly

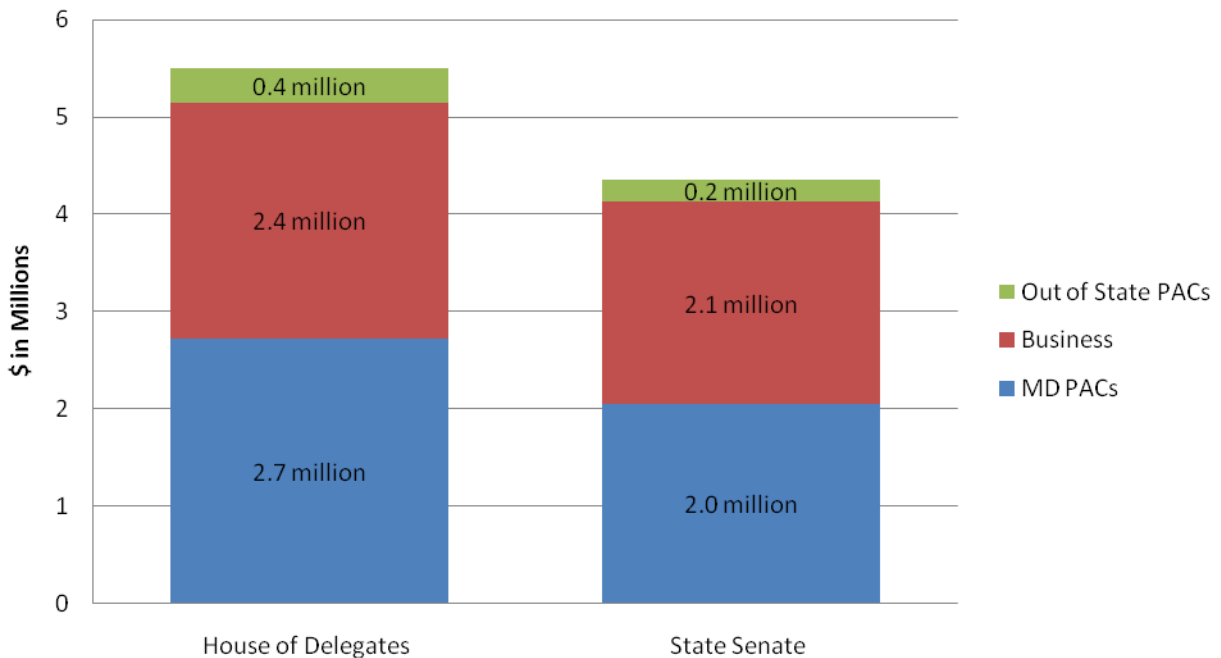
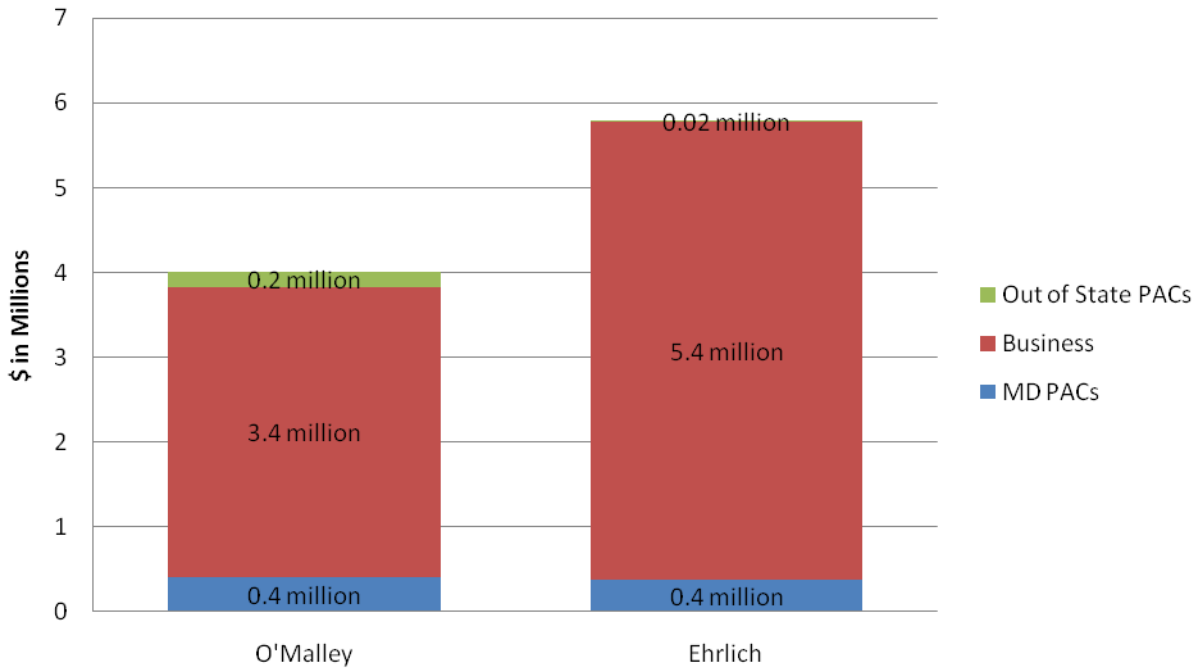


Figure 2 presents the total interest group contributions to the two major party gubernatorial candidates in 2006, Martin O'Malley (D) and Robert Ehrlich (R). Combined, these two candidates received about \$11 million from interest groups, which is about the same as the entirety of contributions made to the candidates for the General Assembly. Both candidates received less than \$500,000 in contributions from Maryland-based PACs and an even smaller amount of contribution dollars from out-of-state PACs. Aside from those funds, both candidates raised millions from business entities. Ultimately, Ehrlich raised more money for his campaign from interest groups, receiving almost \$2 million more than O'Malley in business contributions.

Figure 2: Total Interest Group Contributions to O'Malley and Ehrlich



II. Spending by Maryland-Based Political Action Committees

Almost \$13.5 million was spent by Maryland-based Political Action Committees (PACs) in total expenditures during the 2006 election cycle. To analyze their spending in more detail, we categorized PACs by their statements of intent. Then some of these groups with similar intent were combined to facilitate comparison. Ultimately this process left 11 different categories of PACs whose spending was analyzed.

These 11 different categories, or industries, were comprised of 502 individual Maryland-based PACs. Distribution of PACs among these categories was uneven; approximately 84% of the PACs were categorized within five of the categories (see Table 1). The largest category of PACs, with 216, was ‘Other’— a category that included PACs that listed their statement of intent as “other” or as “community association.” Following the ‘Other’ category was ‘Health Care’ with 57 PACs, ‘General Business’ with 50 PACs, ‘Labor Unions’ with 50 PACs, and ‘Finance, Insurance, and Real Estate’ with 47 PACs.

Top spending categories of PACs included some of the biggest: Finance, Insurance, and Real Estate; Labor Unions; Other; Health Care; and Education. Combined, these PACs accounted for more than 75% of all the money spent by PACs during the 2006 election cycle. These PACs represent some of the most well-funded and active special interests in the state of Maryland.

Table 1: Total and Average Expenditures by PAC Category

PAC Category	Number of PACs	Total Spent	% of All PAC Spending	Average Expenditure
Finance, Insurance, and Real Estate	47	\$2,418,969	18.0%	\$616
Labor Unions	50	\$2,324,645	17.3%	\$558
Other	216	\$1,975,293	14.7%	\$446
Health Care	57	\$1,937,215	14.4%	\$387
Education	10	\$1,572,755	11.7%	\$1,194
General Business PACs	50	\$801,450	6.0%	\$378
Legal	15	\$774,690	5.8%	\$791
Transportation	10	\$567,051	4.2%	\$385
Energy and Natural Resources	14	\$510,517	3.8%	\$272
Construction/Housing	15	\$423,802	3.2%	\$561
Ideological/ Single-Issue	18	\$134,554	1.0%	\$891
Total	502	\$13,440,941	100%	\$540

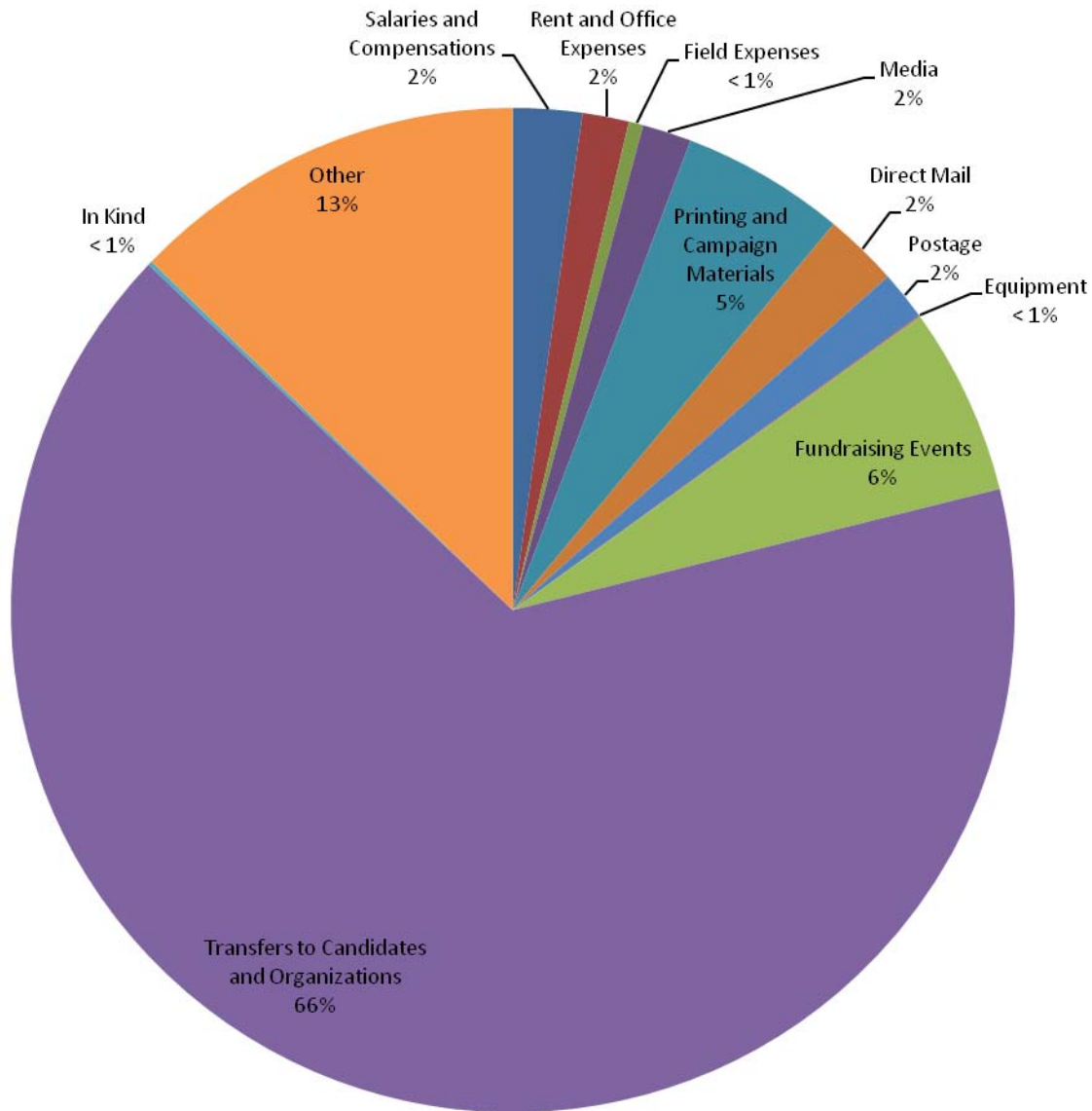
The average Maryland-based PAC spent \$540 during the 2006 election cycle. However, some of these PACs spent a great deal more. Table 2 presents the ten biggest spending Maryland-based PACs. Combined, these PACs' expenditures total just under \$3 million, which is equal to about 22% of all of the expenditures by Maryland-based PACs in the 2006 elections. Individually, each represents a significant portion of the spending by PACs in their industry. The Maryland State Education Association's (MSEA) Fund for Children and Public Education PAC alone accounted for about 86% of the expenditures made by Education PACs, while Realtors PAC, Md. and Medical PAC MD accounted for about 42% and 28% of their categories' spending, respectively.

Table 2. Top Ten Spending Maryland-based PACs, 2006

PAC Name	PAC Category	Total Spent
MSEA's Fund For Children And Public Education PAC	Education	\$1,347,653
Realtors PAC, Md. (MD RPAC)	Finance, Insurance, and Real Estate	\$1,026,170
Medical PAC MD	Health Care	\$539,826
Trial Lawyers Association Political Action Committee Md.	Legal	\$510,014
United Food & Commercial Workers Local 400 ABC PAC	Labor Union	\$297,272
Bankers PAC MD	Finance, Insurance, and Real Estate	\$291,545
MCGEO United Food & Commercial Workers Local 1994	Labor Union	\$234,655
Building Unions Individual Labor Donations PAC	Labor Union	\$218,057
Baltimore County Firefighters PAC	Labor Union	\$207,397
Health Policy Leadership Alliance, PAC of the Maryland Hospital Association	Health Care	\$205,172

How Maryland-based PACs spent their money varied as well. Some spent more money on printing campaign materials, while others spent more on media advertising. Most PACs, however, spent their money similarly. Specifically, the average PAC spent the largest proportion of its funds on direct contributions (see Figure 3). Altogether, 66% of Maryland-based PAC expenditures were transfers to candidates and other political organizations, such as slates. For the most part, PACs chose to donate to candidates rather than attempt to influence election results through independent electioneering.

Figure 3: Maryland-based PAC Spending by Type



III. Maryland-based PAC Contributions to Candidates

Maryland-based PACs contributed a significant amount of money—\$5.8 million—to candidates in the 2006 Maryland elections. Since PACs want to maximize their investments, they give strategically in order to gain the largest return out of their money. This may mean aiding candidates who are on their side of the issues, giving to candidates who are likely to have the most influence, or some other strategy.

Contributions to General Assembly Candidates

Maryland-based PACs contributed approximately \$5 million to candidates for the General Assembly in 2006. When broken down by industry, the largest amount contributed to candidates for either chamber of the General Assembly came from PACs categorized as Health Care or Finance, Insurance, and Real Estate (see Table 3). These industries contributed just over \$1 million each. Among candidates for the House of Delegates, the Health Care industry contributed the most, contributing over 20% of all contributions, followed closely by the Finance, Insurance, and Real Estate PACs. In the Senate, the order was reversed, with Finance, Insurance, and Real Estate PACs giving the most, followed closely by Health Care PACs.

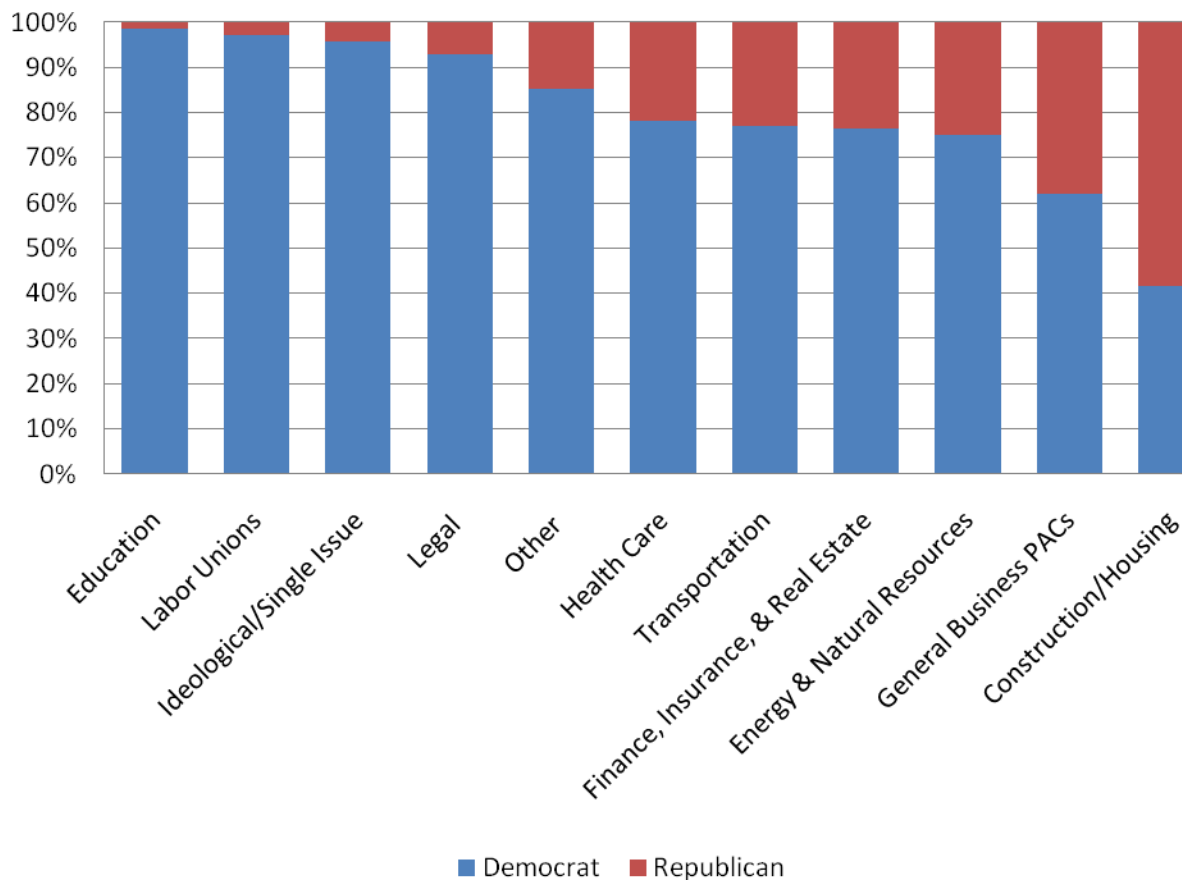
Table 3: Total Contributions to General Assembly Candidates by Maryland-based PAC Category

House of Delegates			State Senate		
Category	Total	%	Category	Total	%
Health Care	\$565,802	20.4%	Finance, Insurance, & Real Estate	\$463,880	21.7%
Finance, Insurance, & Real Estate	\$553,019	19.9%	Health Care	\$457,515	21.4%
Labor Unions	\$417,975	15.0%	Other	\$271,844	12.7%
Other	\$290,345	10.4%	Labor Unions	\$228,850	10.7%
General Business PACs	\$214,302	7.7%	General Business PACs	\$160,440	7.5%
Legal	\$210,375	7.6%	Legal	\$137,900	6.4%
Energy and Natural Resources	\$152,429	5.5%	Energy and Natural Resources	\$129,095	6.0%
Transportation	\$151,748	5.5%	Transportation	\$126,255	5.9%
Education	\$118,613	4.3%	Construction/Housing	\$93,765	4.4%
Construction/Housing	\$93,180	3.4%	Education	\$63,800	3.0%
Ideological/ Single-Issues	\$11,900	0.4%	Ideological/ Single-Issues	\$5,050	0.2%
Total	\$2,779,688		Total	\$2,138,394	

Some industries gave more to certain types of candidates than others. One factor that determined where this money flowed was partisanship. Altogether, 78% of Maryland-based PAC contributions to General Assembly candidates went to Democrats. Democrats likely received a larger proportion of the funds because they hold majorities in both chambers of the legislature.

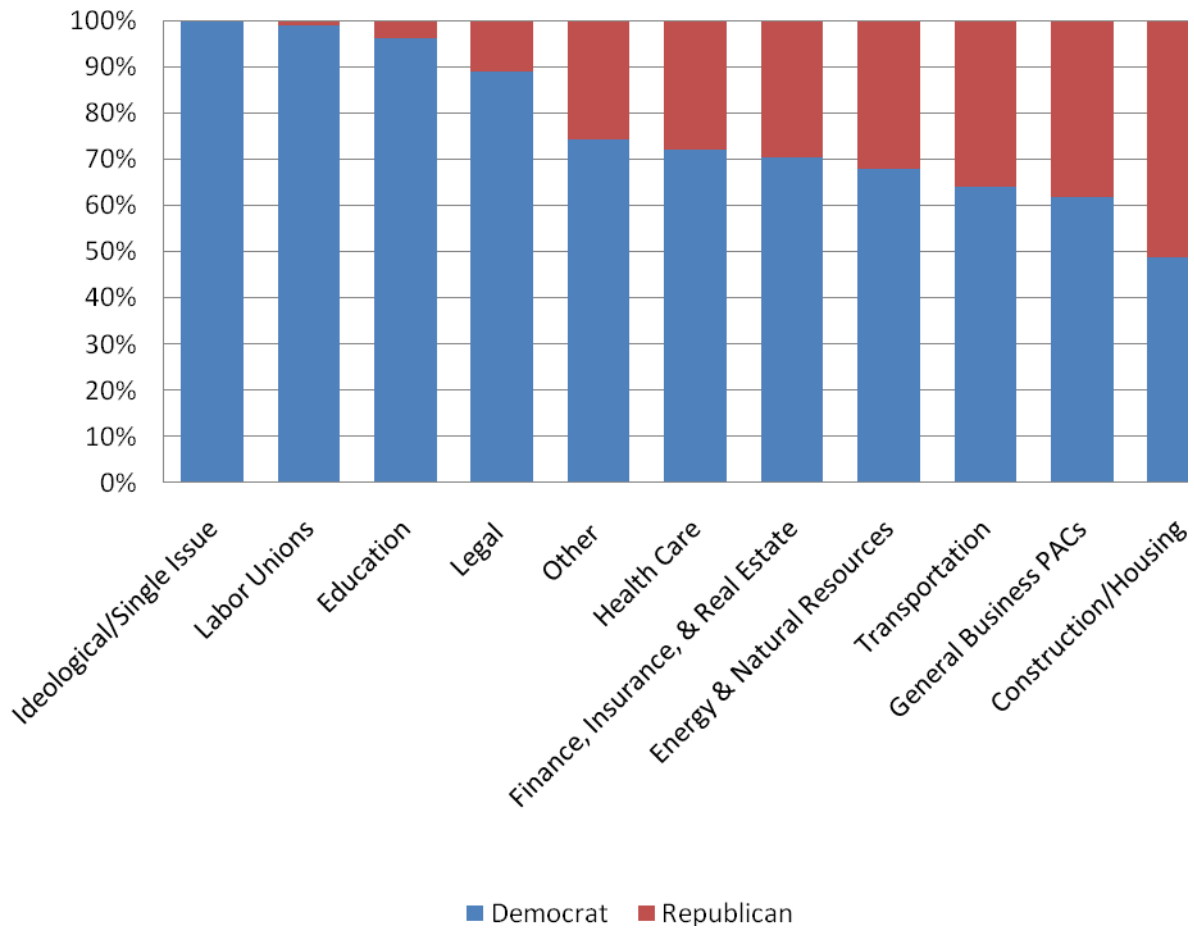
Among candidates for the House of Delegates, nine of the eleven industries gave over 70% of their contributions to Democrats, with one of the two remaining categories giving about 60% of their candidate contributions to Democrats (see Figure 4). Included in these categories were some of the largest contributing industries, as identified in Table 3. The only category to give a majority of its contributions to Republicans was Construction/Housing, giving about 60% of its contributions to Republican candidates for the House. However, Construction/Housing was one of the smallest contributing Maryland-based industries to House candidates, accounting for only 3.4% of all contributions from PACs. Altogether, the majority of funds flowed to Democratic candidates.

Figure 4: Partisanship and the Proportion of Contributions to House Candidates by Maryland-based PAC Category



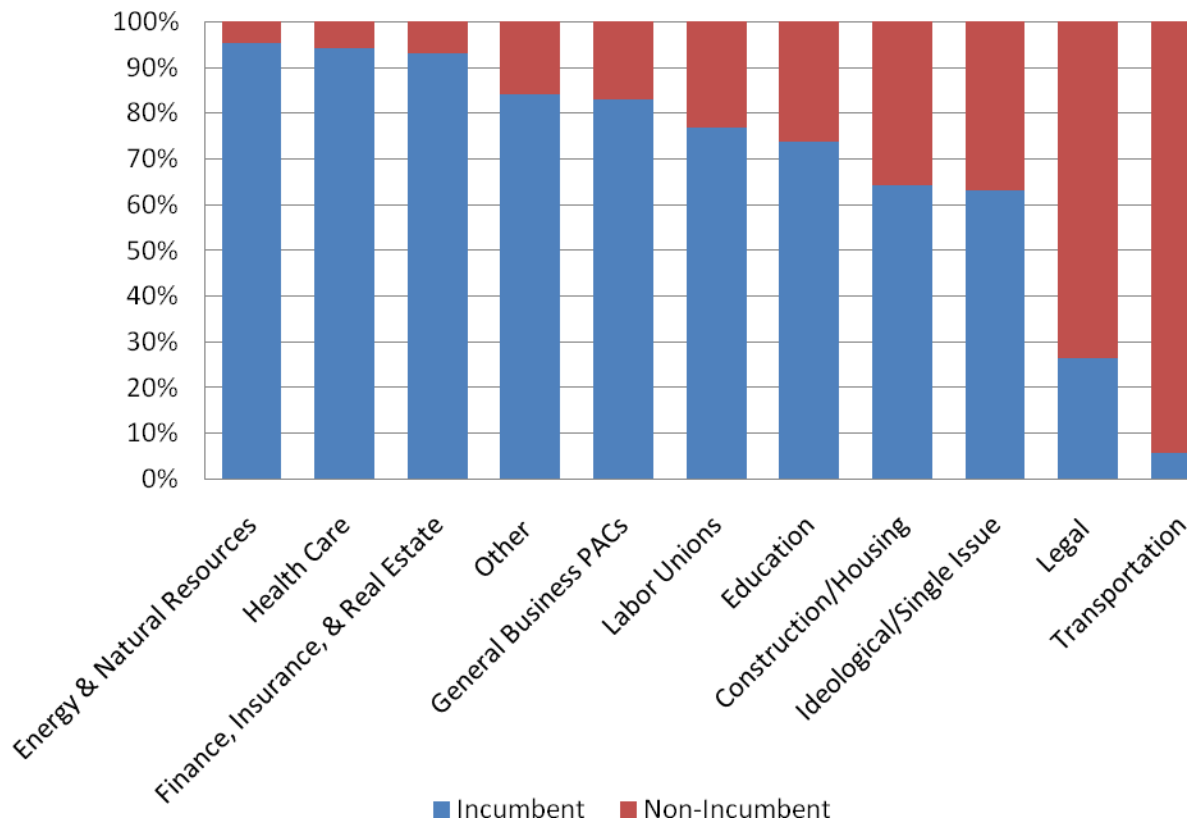
The partisan balance of contributions made to Senate candidates from Maryland-based PACs followed a similar pattern as those made to House candidates (see Figure 5). Seven of the eleven categories of PACs gave more than 70% of their contributions to Democrats, and three more gave more than 60%. Again, the one industry that gave the majority of its funds to Republican candidates was Construction/Housing. However, Construction/Housing accounted for only about 3% of all PAC contributions to Senate candidates. Altogether, Democrats received the lion's share of Maryland-based PAC contributions in 2006.

Figure 5: Partisanship and the Proportion of Contributions to Senate Candidates by Maryland-based PAC Category



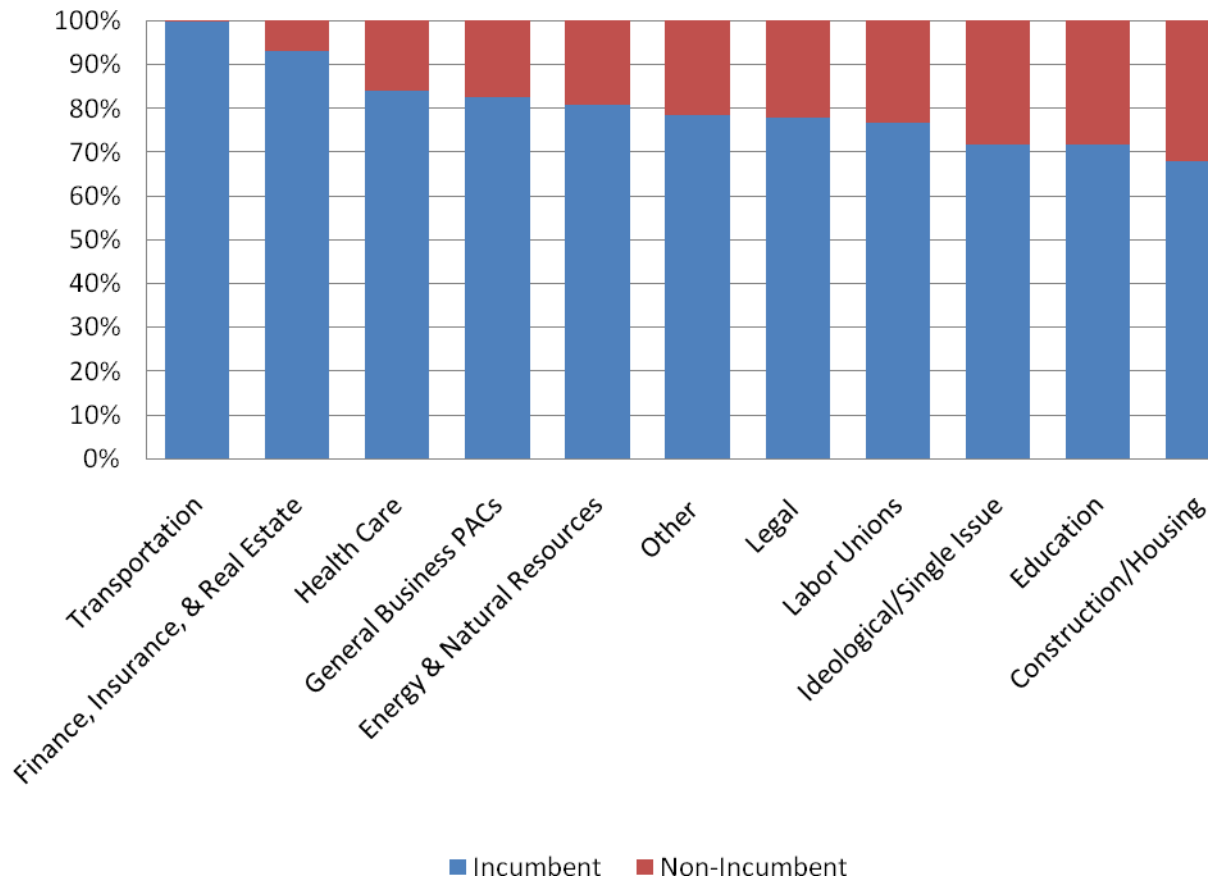
Incumbency was also an important factor in which candidates received more or less money from Maryland-based PACs. Interest groups seeking access to the policymaking process are likely to give heavily to incumbents as they are more likely to win their elections. Altogether, 84% of PAC contributions were directed at incumbent candidates for the General Assembly. Most industries were skewed in their proportion of contributions going to House incumbents; with seven of the eleven categories giving at least 70% of their contributions to incumbent candidates (see Figure 6). Only two of the industries gave more to nonincumbents than incumbents: Legal and Transportation.

Figure 6: Incumbency and the Proportion of Contributions to House Candidates by PAC Category



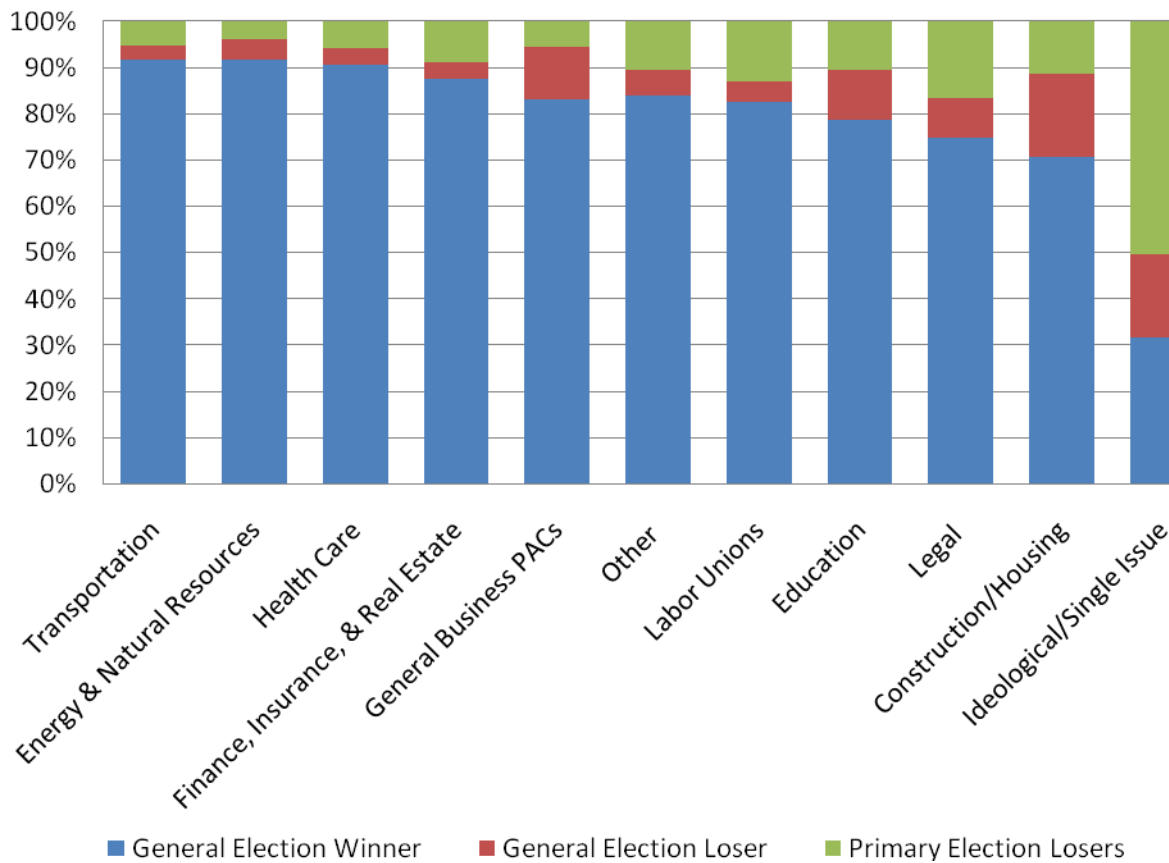
Among contributions to Senate candidates, all industries gave overwhelmingly to incumbent candidates (see Figure 7). The lowest proportion of contributions given to incumbents was by the Construction/Housing industry, which gave just under 70% of its funds to incumbents. Altogether, General Assembly incumbents benefitted from their established positions in the amounts of money they received from Maryland-based PACs.

Figure 7: Incumbency and the Proportion of Contributions to Senate Candidates by PAC Category



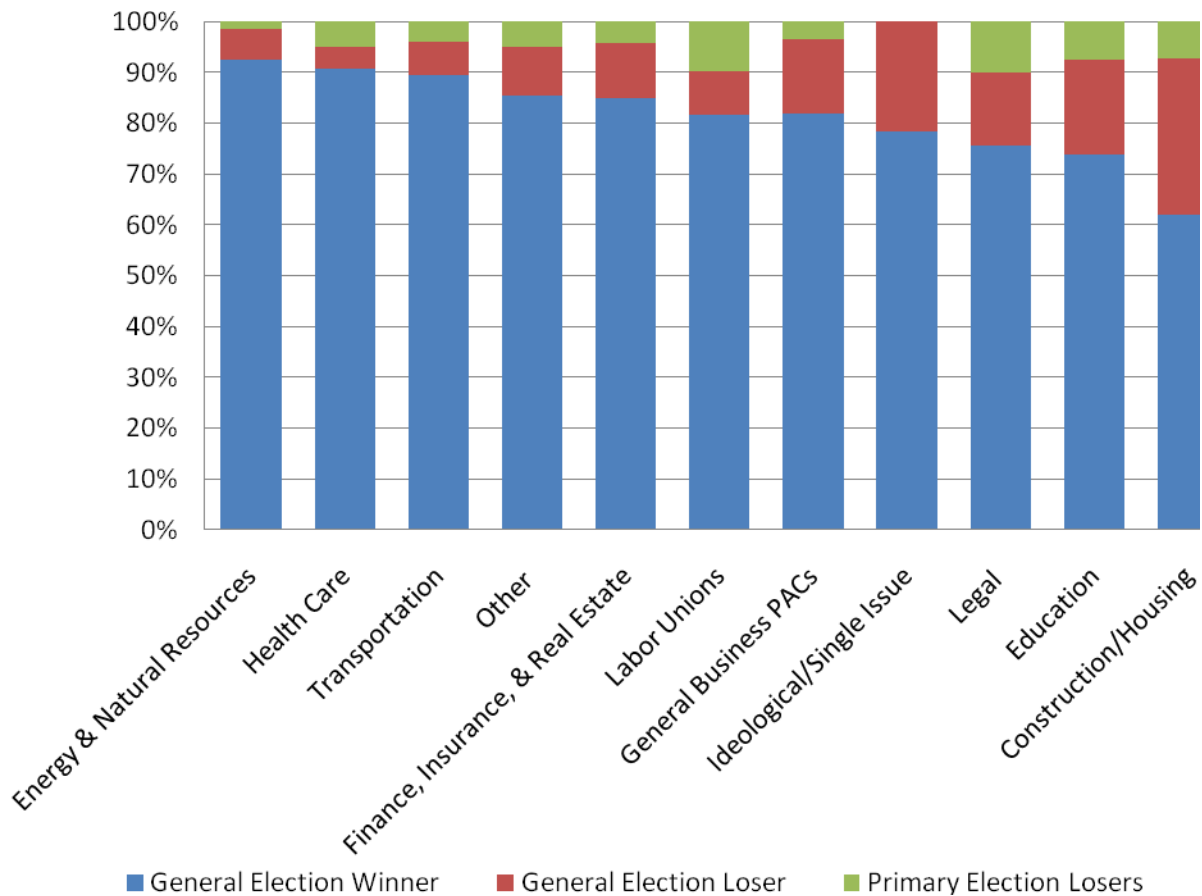
The electoral success a candidate had was related to how much money he or she received from Maryland-based PACs. Among House candidates specifically, almost all industries gave overwhelmingly to more successful candidates (see Figure 8). Seven of the eleven categories gave more than 80% of their contributions to general election winners, with the remainder split between general election losers and primary election losers. The only industry that did not give a strong majority of its contributions to general election winners were Maryland-based PACs categorized as Ideological/Single-Issue. These PACs gave about 50% of their contributions to primary election losers. These PACs are often more interested in supporting candidates who match their ideological perspective than gaining access to politicians who will be influencing the policymaking process.

Figure 8: Electoral Success and the Proportion of Contributions to House Candidates by PAC Category



A similar pattern was found among Maryland-based PAC contributions to candidates for the State Senate. Seven out of the eleven industries gave more than 80% of their contributions to general election winners, and all but one category gave more than 70% (see Figure 9). The one industry that deviated from this trend—Construction/Housing—gave just over 60% of its contributions to general election winners. Whereas Ideological/Single Issue PACs gave significant proportions to election losers in House races, they gave almost 80% of their funds to general election winners in Senate races. Altogether, contributions from Maryland-based PACs were correlated with electoral success to an even larger degree among Senate candidates than among their House colleagues.

Figure 9: Electoral Success and the Proportion of Contributions to Senate Candidates by PAC Category



Contributions to Gubernatorial Candidates

Contributions from Maryland-based PACs to the gubernatorial candidates differed from contributions made to candidates for the General Assembly. Whereas almost half of all interest group contributions to General Assembly candidates came from Maryland-based PACs, among gubernatorial candidates these contribution made up only 8% of their total contributions from interest groups (see Figure 1, above).

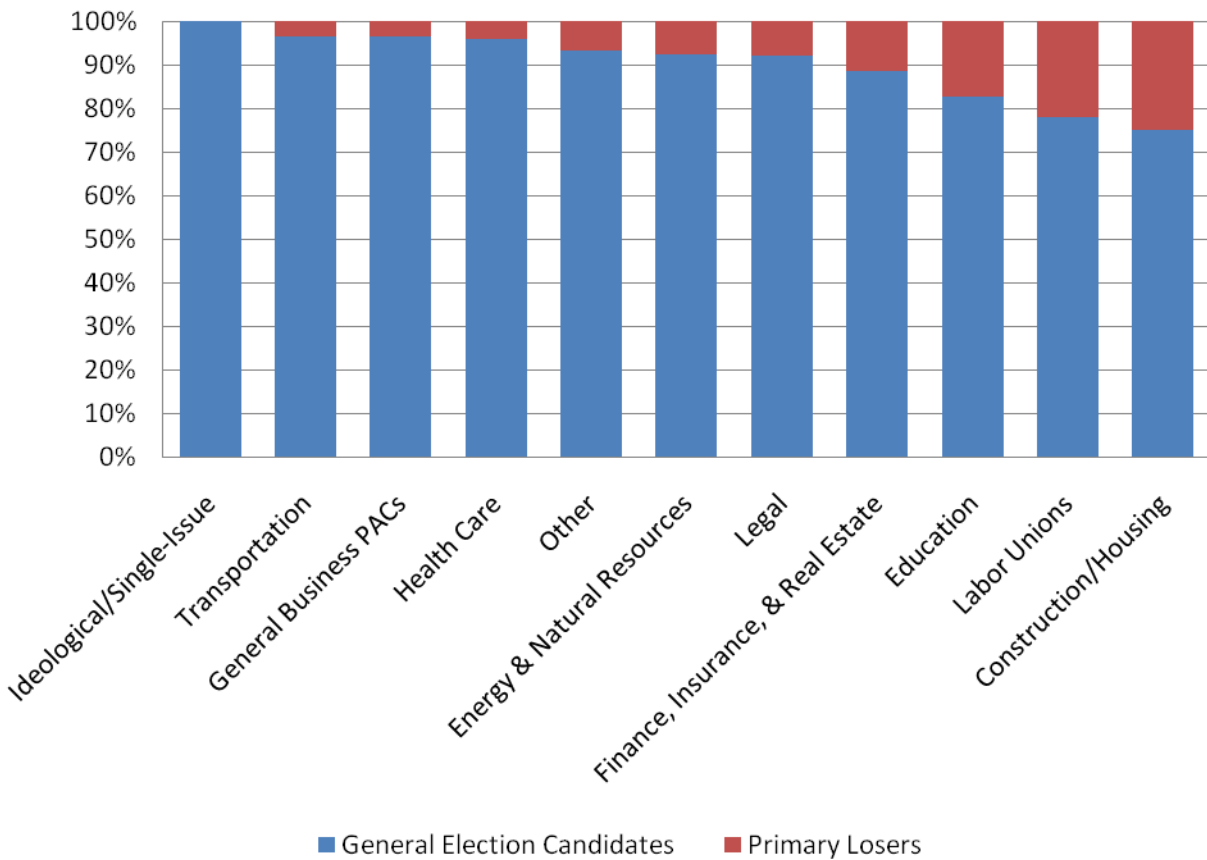
The top contributing Maryland-based PAC categories to gubernatorial candidates were Finance, Insurance, & Real Estate; Other; Labor Unions; and Health Care (see Table 4). These four industries, which were also the top contributing industries to candidates for the General Assembly, accounted for almost 70% of all Maryland-based PAC contributions to gubernatorial candidates. The Finance, Insurance, and Real Estate industry, in particular, gave the largest proportion, contributing almost one-quarter of all Maryland-based PAC donations.

Table 4: Total Contributions to Gubernatorial Candidates by PAC Category

Category	Total	Percent
Finance, Insurance, & Real Estate	\$183,000	23.0%
Other	\$132,820	16.7%
Labor Unions	\$120,545	15.1%
Health Care	\$102,550	12.9%
General Business PACs	\$66,753	8.4%
Energy & Natural Resources	\$57,455	7.2%
Legal	\$41,150	5.2%
Transportation	\$37,200	4.7%
Construction/Housing	\$36,250	4.6%
Education	\$17,447	2.2%
Ideological/Single-Issue	\$964	0.1%
Total	\$796,134	

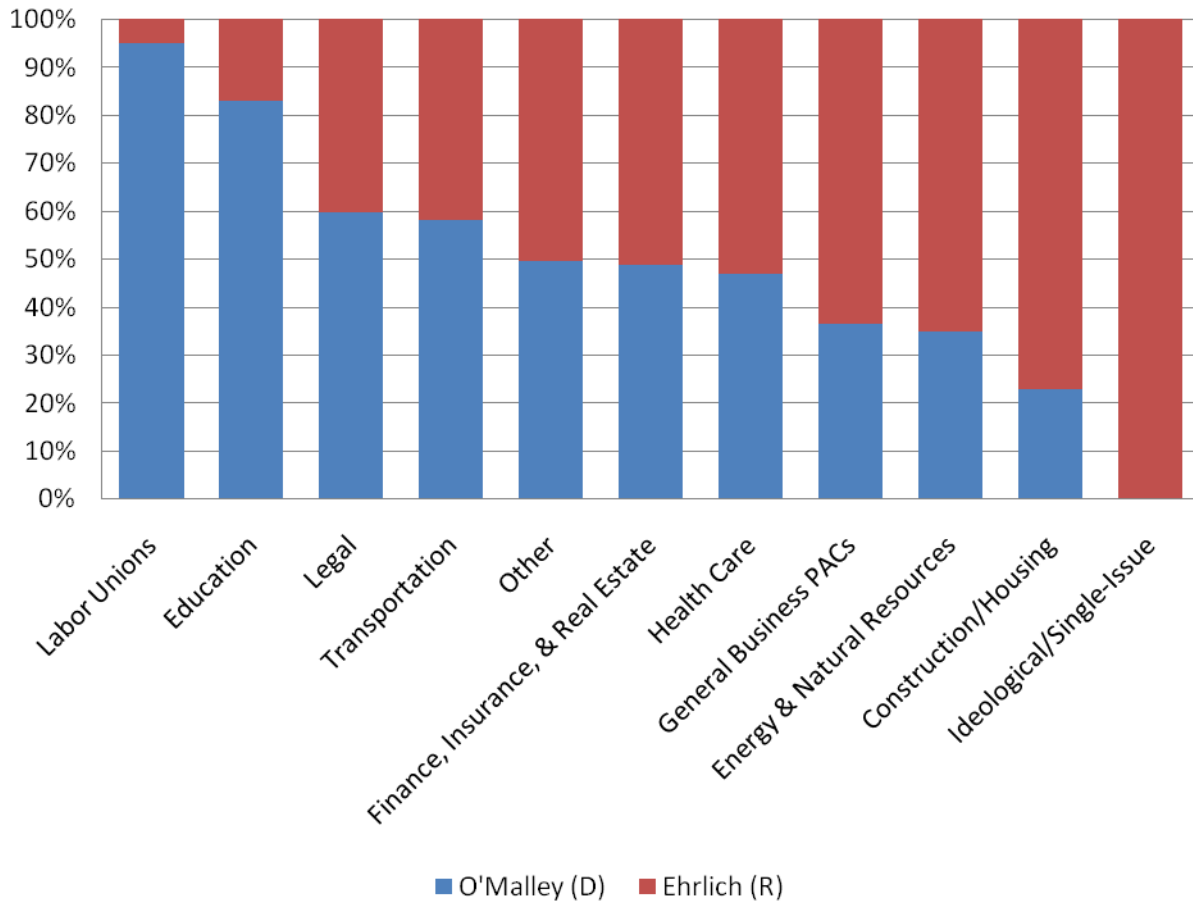
Most of the contributions made by Maryland-based PACs went to the two general election candidates, Martin O’Malley (D) and Robert Ehrlich (R). Altogether, no industry gave less than 75% of its contributions to candidates that won the primary (see Figure 10). The industries that gave the most to primary losers were Labor Unions and Construction/Housing. It is important to note that three of the four top-spending industries gave very large proportions to the general election candidates. Labor unions—the other large contributing industry—gave a significant amount to candidates that lost the primaries.

Figure 10: Electoral Success and the Proportion of Contributions to Gubernatorial Candidates by PAC Category



Between the two general election candidates, Martin O’Malley (D) and Robert Ehrlich (R), there were important differences in contributions received from different industries. O’Malley, specifically, received the vast majority of the funds contributed by labor unions and education Maryland-based PACs. Ehrlich, by contrast, received the overwhelming majority of contributions coming from ideological/single-issue PACs, construction/housing PACs, PACs representing the energy and natural resources industry, and businesses. Contributions were more evenly split among the remaining categories of Maryland-based PACs. The differences here reflect the different constituencies of the two major party candidates. O’Malley, a Democrat, found more support among labor unions and those in the education industry—two major segments of the Democratic coalition. Ehrlich, a Republican, found more support in the energy, construction, and business industries—typical supporters of the Republican Party.

Figure 11: The Proportion of PAC Contributions Received by O’Malley and Ehrlich by PAC Category



Across offices, PAC contributions to candidates followed distinct patterns. Most categories of Maryland-based PACs gave most of their money to candidates likely to win their election—incumbents and primary winners—and to candidates likely to have the most influence once in power: Democrats. These patterns reflect the desire of interested groups to have influence in the lawmaking process. The differences between the amounts contributed to Democrats and Republicans reflect the different ideological orientations of different industries. The industries that gave the most to Republicans—general business and construction/housing—are typical Republican constituencies. The industries that gave the most extreme amounts to Democratic candidates—labor unions and education—are, likewise, typical Democratic constituencies. Altogether, these patterns suggest that interest group contributions in the state of Maryland are driven by the same dual forces that drive them throughout the county: the desire to have influence within the lawmaking process as well as to support likeminded candidates in their election efforts.

Appendix:

The Study

The campaign finance data used in this report were obtained from the Maryland State Board of Elections and cover the full 2006 election cycle, defined as the period between January 1, 2003 and December 31, 2006. The data are compiled from all expenditures made by all campaign accounts belonging to candidates for the General Assembly during the election cycle. Some of the figures in this report may not perfectly match the figures generated by the Maryland Elections Center website because the data on the website are subject to updating and corrections by the Maryland State Board of Elections. The campaign finance data were supplemented with other information collected by the Center for American Politics and Citizenship.

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The Center for American Politics and Citizenship (CAPC) is a nonpartisan, non-profit research institution within the Department of Government and Politics of the College of Behavioral and Social Sciences at the University of Maryland. CAPC provides citizens and policy-makers with research on critical issues related to the nation's political institutions, processes, and policies. For more information see <http://www.capc.umd.edu> or write the Center for American Politics and Citizenship, University of Maryland, 3102 Morrill Hall, College Park, MD 20742.

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