

**CAMPAIGN FINANCE AND THE 2006 MARYLAND
GUBERNATORIAL ELECTION**

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A report by

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Executive Summary

Gubernatorial candidates in Maryland raised and spent more than \$30 million during the 2006 elections. This report details where this money was raised from and how it was spent while identifying important differences among the candidates.

Major Findings:

- Since 1990, campaign fundraising by gubernatorial candidates has increased more than 10 fold.
- The Republican Ehrlich-Cox ticket out fundraised and outspent the Democratic O'Malley-Brown ticket by more than \$2 million during the election cycle.
- Gubernatorial candidates raised the majority of their funds from individual donors, but also raised significant amounts from business entities. Altogether these two donor types accounted for roughly 88% of all money raised.
- The O'Malley campaign relied more on fundraisers to raise contributions while the Ehrlich campaign was able to raise more money from political organizations such as political clubs, federal committees, slates, and party central committees.
- Both candidates raised the majority of their individual contributions from in-state donors, especially those located in the Baltimore-Washington corridor. However, significant amounts of money flowed in from a few metropolitan regions outside of Maryland, including the District of Columbia, New York City, Philadelphia, and Los Angeles.
- Gubernatorial candidates spent the majority of the money on media advertising, but also spent significant amounts on the salaries of their campaign staffs as well as on direct mail, fundraisers, and transfers to other candidates and political organizations.
- Both O'Malley and Ehrlich were involved in slate committees during the 2006 election cycle. O'Malley used a joint slate with his running mate, Anthony Brown to pool together their campaign cash. Ehrlich, on the other hand, gave significant amounts of money to General Assembly-focused slates to aid the election prospects of his political allies.

Introduction

This report examines the campaign finances of the 2006 Maryland gubernatorial election. Specifically, it examines the fundraising and expenditure activities of the candidates for the offices of the governor and lieutenant governor during the 2006 election cycle.

The Governor of Maryland is one of the most powerful governors in the country. With broad appointment and removal powers and a line-item veto for all appropriations bills the Governor has a big impact on the lawmaking process in Maryland. Maryland gubernatorial elections are held every four years during national midterm elections and governors are limited to two terms in office.

In 2006, incumbent governor Robert L. Ehrlich faced Democratic challenger, and Baltimore City Mayor, Martin O'Malley. Ehrlich, the first Republican elected to the governor's mansion since 1966, faced a tough reelection environment running in a heavily Democratic state during an election season that strongly favored Democratic candidates nationwide. Neither candidate faced any opposition in the primary elections. In the general election, though two minor party challengers emerged in Green Party candidate Ed Boyd and Populist Party candidate Christopher Driscoll, the two major party candidates received a combined 98.9% of the vote. In the end, O'Malley defeated Ehrlich with 52.7% of the popular vote.

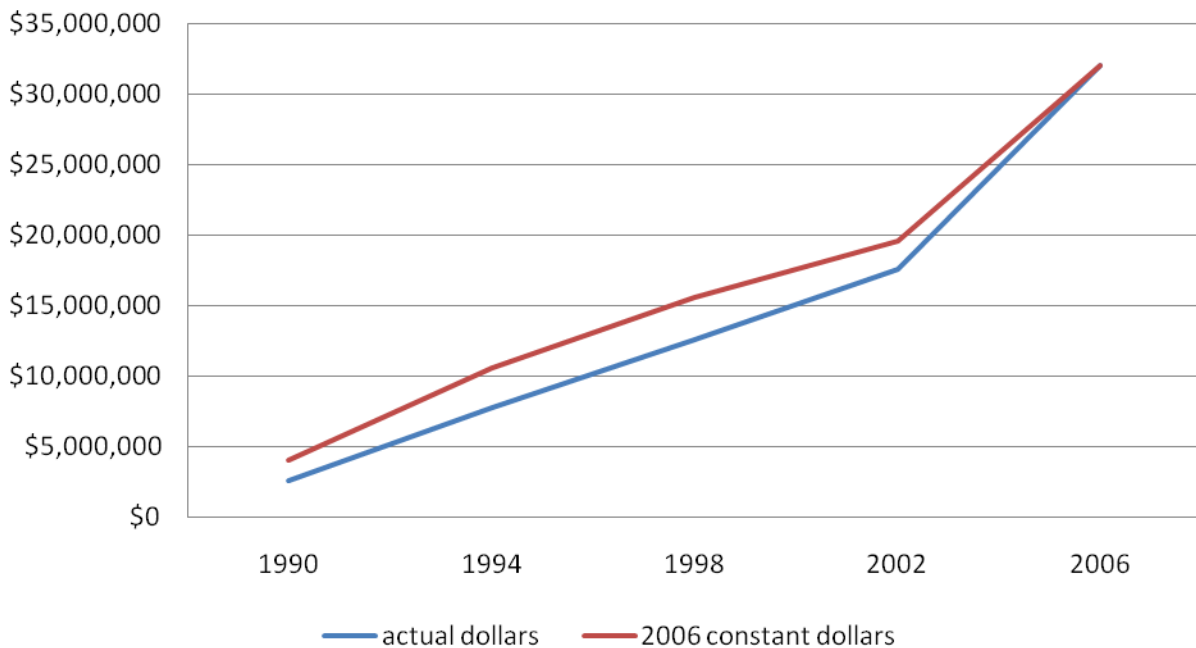
Each gubernatorial candidate is joined on the ticket by a candidate for Lieutenant Governor. O'Malley's running mate was Anthony Brown, a prominent member of the Maryland General Assembly and Ehrlich's running mate was Kristen Cox, then-Maryland State Secretary of Disabilities. Ehrlich's Lieutenant Governor from his first term, Michael Steele, ran for the United States Senate.

I. Campaign Fundraising by Gubernatorial Candidates

Historical Overview

Campaign fundraising by gubernatorial candidates has increased dramatically over the past five election cycles (see Figure 1). In 1990, the two major party candidates for the governor’s office raised a combined total of roughly \$2.6 million (\$4.1 million in 2006 constant dollars). In 2006, the two major party candidates raised about \$32 million dollars, more than 10 times the amount raised in 1990 (and roughly 8 times that spent in constant dollars). The rising cost of running for the governor’s office in Maryland is reflective of the rising costs of campaigns across the country. However, the more than \$10 million increase in fundraising between 2002 and 2006 is in part a function of a highly competitive 2006 race that was of national importance to politicians and activists in both parties.

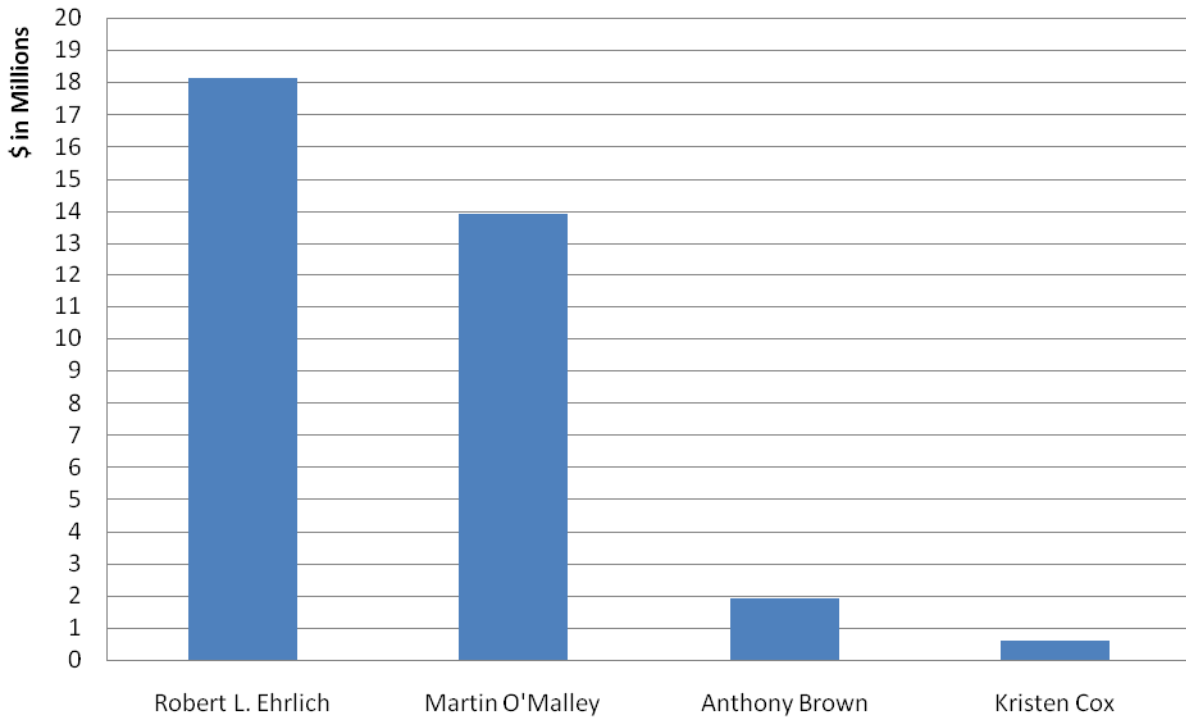
Figure 1. Campaign Fundraising by Major Party Gubernatorial Candidates, 1990-2006



Fundraising Totals

Because of the wide ranging powers of the Maryland Governor, every four years the race becomes a high-profile, big-money affair. In 2006, both major party candidates for the office raised large amounts of money, with Ehrlich raising just over \$18 million and O'Malley raising almost \$14 million (see Figure 2). In addition, the two major-party candidates for Lieutenant Governor raised some money for their ticket. Brown with fundraising experience from his time in the General Assembly raised almost \$2 million, while Cox raised just over \$600,000. These numbers only include the money lieutenant gubernatorial candidates raised separate from their running mates under the auspices of their own campaign finance committees.

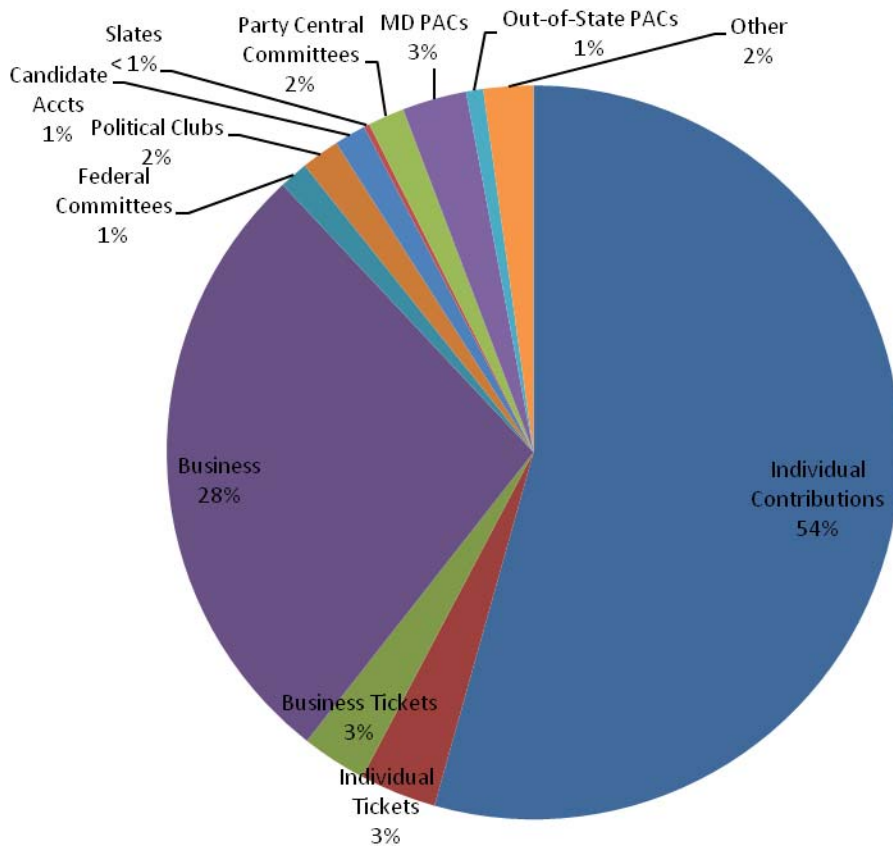
Figure 2. Total Amount Raised by Maryland Gubernatorial Candidates, 2006



Sources of Campaign Contributions

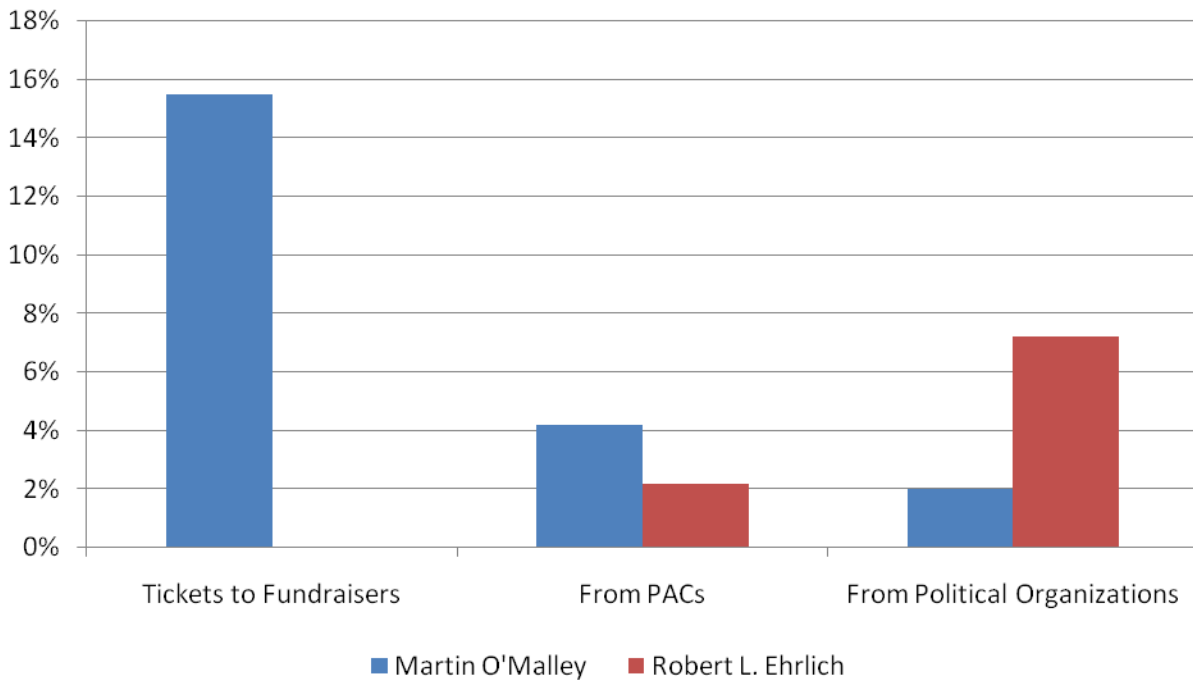
The two gubernatorial candidates and their running mates raised campaign funds from a variety of sources (see Figure 3). Individual donors were the single biggest contributors to gubernatorial campaigns, with 57% of all money coming from direct contributions or tickets purchased by individuals. Business entities also contributed significant amount to the candidates—31% either through direct contributions or tickets purchased for fundraisers. Together, the contributions of individual donors and business entities made up 88% of all money raised by the gubernatorial candidates. The remaining 12% of funds came from various political organizations, PACs, and other political entities.

Figure 3. Sources of Campaign Funds for Gubernatorial Candidates, 2006



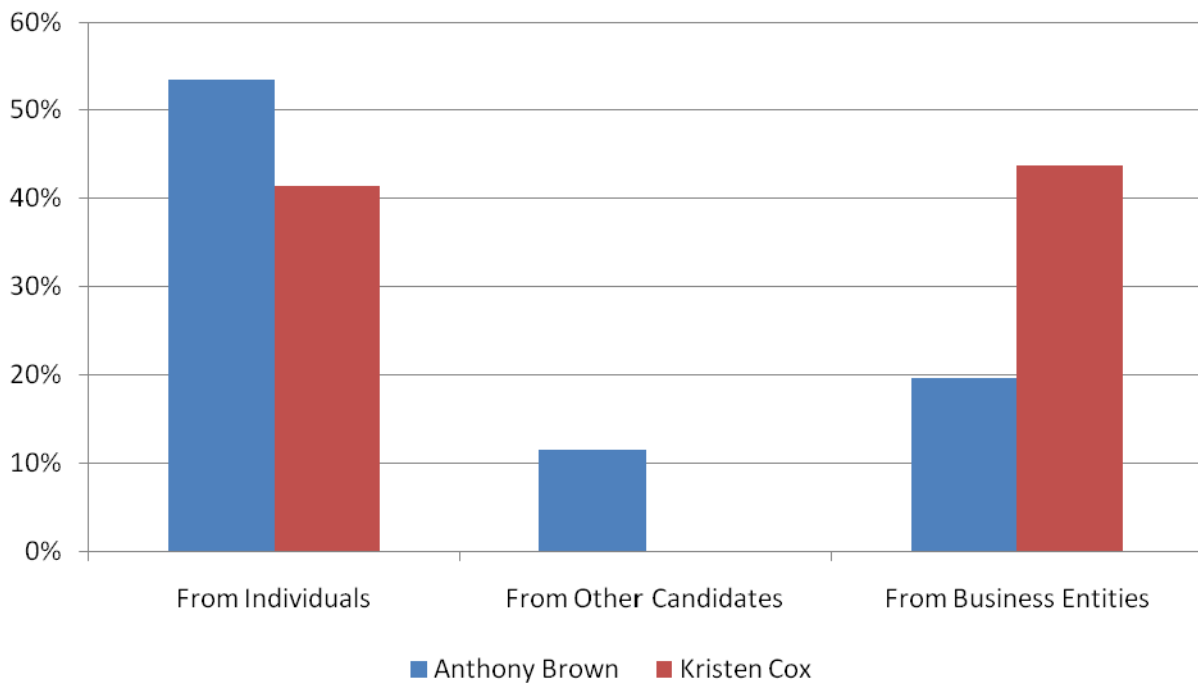
Individually, O'Malley and Ehrlich raised some of their money differently. Primarily, O'Malley raised almost 16% of his funds from selling tickets to fundraising events, while Ehrlich did not raise any money from fundraisers (Figure 4). O'Malley also received more from PACs, both in terms of the proportion of funds raised, and in total dollars. By contrast Ehrlich raised a larger proportion of his funds from political organizations such as political clubs, federal committees, slates, and party central committees. While these differences were evident, the fundraising activities of these two candidates were more similar than different. Altogether, O'Malley and Ehrlich both raised more than half their money from individual donors, and more than another 25% from business entities.

Figure 4. Differences Between Sources of Funds for O'Malley and Ehrlich, 2006



During the campaign each lieutenant gubernatorial candidate raised money through their own campaign committees. Originally running for reelection to the House of Delegates, Brown had been actively fundraising through his committee since the start of the election cycle. Cox, by contrast, did not form a committee until she had been chosen as Ehrlich’s running mate. The differences between the fundraising activities of the two candidates for Lieutenant Governor were more dramatic than those between the two candidates for Governor. Brown, for example, raised a larger proportion of his funds from individual donors, raising 53% of his funds in this way, compared to 41% by Cox (see Figure 5). Brown also raised more from other candidates, receiving almost 12% of his funds from candidates. Cox, by contrast did not raise any money from other candidates. Instead, Cox raised a larger proportion of her money from business entities, raising almost 44% from them compared to Brown’s 20%.

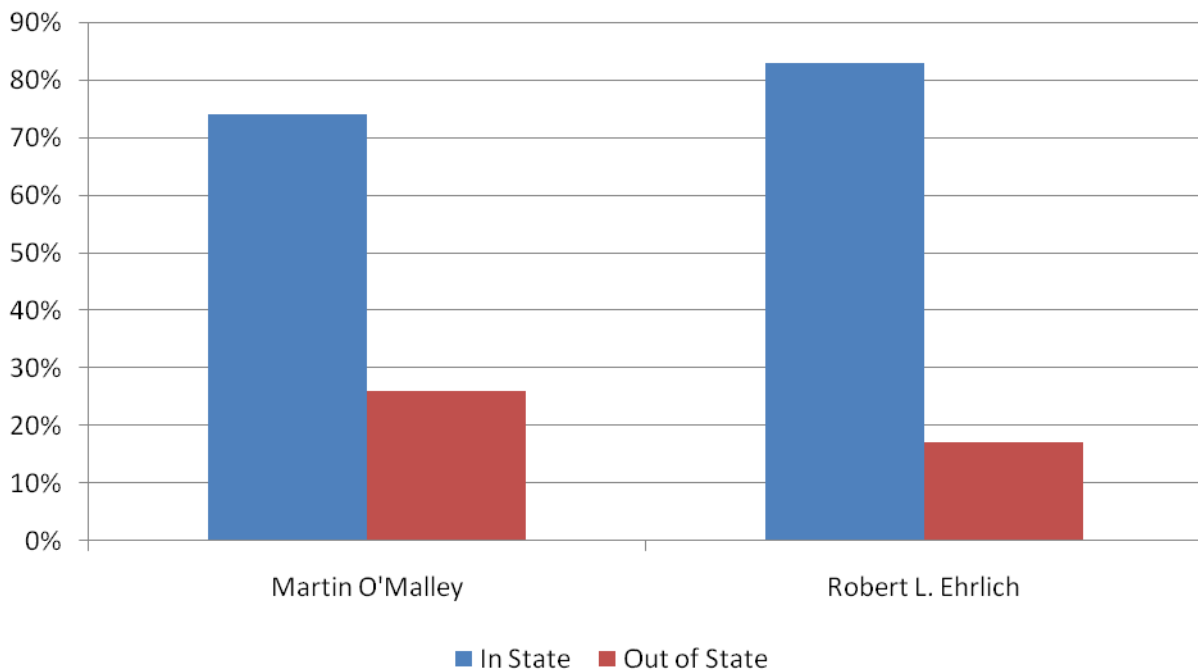
Figure 5. Differences Between Sources of Funds for Brown and Cox, 2006



The Geography of Campaign Contributions

Campaign contributions to gubernatorial candidates in 2006 came not only from a variety of sources but also from a variety of locations. Both O’Malley and Ehrlich, for example, raised funds from inside and outside of the state of Maryland. Altogether, both raised the vast majority of their campaign funds from sources within the state (see Figure 6). Specifically, O’Malley raised about 74% of his funds, or over \$10.2 million, in Maryland while Ehrlich raised 83%, or roughly \$15 million, from Maryland sources. By contrast, O’Malley raised slightly more money from out-of-state sources, totaling 26% of his funds, or \$3.6 million, compared to the 17%, or \$3 million, raised by Ehrlich from sources outside of Maryland.

Figure 6. In State vs. Out of State Sources of Funding for Gubernatorial Candidates in 2006



Candidates raised their funds from a variety of locations. However, funding came more heavily from some areas than others. Table 1 presents the amount of money O'Malley and Ehrlich received in combined contributions from individual donors in each of Maryland's counties (including Baltimore City) as well as from out of state. Both candidates raised money from individuals in every county in Maryland as well as outside of the state. Individuals in Baltimore County gave the most to the candidates comprising almost 25% of all individual donations. Out-of-state sources were a close second, accounting for just under 20% of all individual donations. Baltimore City, Montgomery County (located just outside of the District of Columbia), and Anne Arundel County (home of Annapolis) rounded out the top of the list accounting for 13.4%, 13.1%, and 8.4% of donations, respectively. Altogether these four counties, which comprise most of the Baltimore-Washington corridor, along with out of state sources, comprised 79% of all individual contributions to the gubernatorial candidates during the 2006 election cycle.

Table 1. Individual Contributions to Gubernatorial Candidate by Location, 2006

	Amount	Percent
Baltimore County	\$4,497,124	24.08%
<i>Outside of Maryland</i>	\$3,611,033	19.34%
Baltimore City	\$2,479,953	13.28%
Montgomery County	\$2,418,487	12.95%
Anne Arundel County	\$1,562,402	8.37%
Howard County	\$888,511	4.76%
Harford County	\$645,969	3.46%
Prince George's County	\$561,196	3.01%
Talbot County	\$268,137	1.44%
Carroll County	\$233,090	1.25%
Washington County	\$225,530	1.21%
Worcester County	\$196,290	1.05%
Frederick County	\$174,255	0.93%
Queen Anne's County	\$170,198	0.91%
Calvert County	\$156,068	0.84%
Charles County	\$119,259	0.64%
Kent County	\$101,244	0.54%
St. Mary's County	\$98,881	0.53%
Wicomico County	\$88,059	0.47%
Cecil County	\$54,242	0.29%
Dorchester County	\$39,773	0.21%
Allegany County	\$34,558	0.19%
Garrett County	\$20,472	0.11%
Caroline County	\$16,998	0.09%
Somerset County	\$10,810	0.06%

Note: Individual contributions represented in this table count both direct contributions from individual donors and tickets to candidate sponsored fundraisers bought by individuals.

There were a lot of similarities between where O’Malley and Ehrlich raised their funds. Both raised a majority of their funds from four counties—Baltimore County, Montgomery County, Baltimore City, and Anne Arundel County—and from out of state (see Table 2). For O’Malley, these donations comprised roughly 85% of the funds he received from individual donors, while for Ehrlich, whose fundraising was slightly more dispersed, they comprised roughly 72%. Even with this striking similarity, there were some important differences. For one, O’Malley raised a much larger proportion of his funds from out-of-state donors and Baltimore City donors, 27% and 20.2% respectively, compared to Ehrlich’s, 13.1% and 7.6%. As mayor of Baltimore, it is unsurprising O’Malley would find more support within the city. By contrast, Ehrlich raised a much larger proportion of funds from donors in Anne Arundel County, a county much friendlier to Republican candidates than Baltimore City.

Table 2. Individual Contributions to O’Malley and Ehrlich by Location, 2006

Martin O’Malley			Robert L. Ehrlich		
County	Amount	Percent	County	Amount	Percent
<i>Outside of Maryland</i>	\$2,263,605	27.0%	Baltimore County	\$2,766,399	26.9%
Baltimore County	\$1,730,726	20.6%	<i>Outside of Maryland</i>	\$1,347,428	13.1%
Baltimore City	\$1,695,201	20.2%	Montgomery County	\$1,349,002	13.1%
Montgomery County	\$1,069,485	12.7%	Anne Arundel County	\$1,172,145	7.6%
Anne Arundel County	\$390,257	4.6%	Baltimore City County	\$784,752	7.6%
Howard County	\$367,591	4.4%	Howard County	\$520,920	5.1%
Prince George’s County	\$245,706	2.9%	Harford County	\$507,842	4.9%
Harford County	\$138,127	1.6%	Prince George’s County	\$315,491	3.1%
Talbot County	\$79,874	1.0%	Washington County	\$200,922	2.0%
Carroll County	\$66,736	0.8%	Talbot County	\$188,264	1.8%
Frederick County	\$45,528	0.5%	Carroll County	\$166,354	1.6%
Kent County	\$39,859	0.5%	Worcester County	\$159,251	1.6%
St. Mary’s County	\$37,602	0.4%	Queen Anne’s County	\$139,152	1.4%
Worcester County	\$37,039	0.4%	Frederick County	\$128,727	1.3%
Calvert County	\$36,129	0.4%	Calvert County	\$119,938	1.2%
Queen Anne’s County	\$31,047	0.4%	Charles County	\$94,027	0.9%
Cecil County	\$30,103	0.4%	Wicomico County	\$72,206	0.7%
Charles County	\$25,232	0.3%	Kent County	\$61,385	0.6%
Washington County	\$24,608	0.3%	St. Mary’s County	\$61,279	0.6%
Wicomico County	\$15,853	0.2%	Dorchester County	\$33,788	0.3%
Allegany County	\$10,358	0.1%	Allegany County	\$24,200	0.2%
Dorchester County	\$5,985	0.1%	Cecil County	\$24,139	0.2%
Caroline County	\$5,005	0.1%	Garrett County	\$18,080	0.2%
Somerset County	\$4,273	0.1%	Caroline County	\$11,993	0.1%
Garrett County	\$2,392	0.0%	Somerset County	\$6,538	0.1%

Note: Individual contributions represented in this table count both direct contributions from individual donors and tickets to candidate sponsored fundraisers bought by individuals.

Out-of-state sources of funding came primarily from a small list of metropolitan areas. The Washington, D.C. metro area, which includes counties in northern Virginia, contributed almost one third of all individual contributions (see Table 3). The proximity of Washington, D.C. to the state of Maryland, as well as it being a home to a large mass of active politicians, likely accounts for the large amount of individual contributions originating there. The remaining cities on the list include some of the largest metropolitan areas in the country including the area around New York City, where 12.4% of all out of state contributions originated. Roughly 8.3% of out-of-state contributions came from the Philadelphia area. Again, proximity of the metropolitan area to Maryland likely factored into the large sums. In total, the top six contributing metropolitan areas account for almost two-thirds of all out of state individual contributions. These are large metropolitan areas that contain a large portion of the nation’s wealth.

Table 3. Out-of-State Individual Contributions to Gubernatorial Candidates by Location, 2006

Metropolitan Area	Total Contributed	Percent of Total
Washington, D.C.	\$1,050,755	29.1%
New York City	\$449,030	12.4%
Philadelphia	\$300,394	8.3%
Los Angeles	\$230,309	6.4%
Miami	\$147,695	4.1%
Boston	\$133,669	3.7%
Total Contributed	\$3,611,033	

Note: Individual contributions represented in this table count both direct contributions from individual donors and tickets to candidate sponsored fundraisers bought by individuals.

Although both Robert Ehrlich and Martin O’Malley shared similarities in their out-of-state fundraising, they differed in several areas. They both received the most from the Washington, D.C. metro-region—almost 30% for both candidates (see Table 4). Furthermore the top contributing regions were almost identical. However, the ordering of the regions differed. Ehrlich, specifically, raised considerably more individual contributions from the Los Angeles area, mostly due to the significant amount raised from conservative Orange County. By contrast, O’Malley raised significantly more funds from the New York City area, including parts of Connecticut and New Jersey. O’Malley was also able to raise a sizable portion from the Boston area, which Ehrlich was not able to match. Both candidates were able to raise more than 60% of their out of state individual contributions from these select few metropolitan areas. It is also noteworthy that although they raised similar proportions of funds for some areas, such as Washington, D.C., O’Malley routinely raised more in total dollars. For example, O’Malley raised over \$200,000 more than Ehrlich in the D.C. area, despite their proportions being roughly similar.

Table 4. Out-of-State Individual Contributions to O'Malley and Ehrlich by Location, 2006

Martin O'Malley			Robert L. Ehrlich		
Metropolitan Area	Amount	Percent	Metropolitan Area	Amount	Percent
Washington, D.C.	\$414,777	30.8%	Washington, D.C.	\$634,978	28.1%
Los Angeles	\$165,734	12.3%	New York City	\$336,016	14.8%
New York City	\$113,014	8.4%	Philadelphia	\$221,007	9.8%
Miami	\$77,365	5.7%	Boston	\$115,369	5.1%
Philadelphia	\$56,487	4.2%	Miami	\$70,330	3.1%
York County, PA	\$39,309	2.9%	Los Angeles	\$64,575	2.9%
Total Contributed	\$2,263,605	--	Total Contributed	\$1,347,428	--

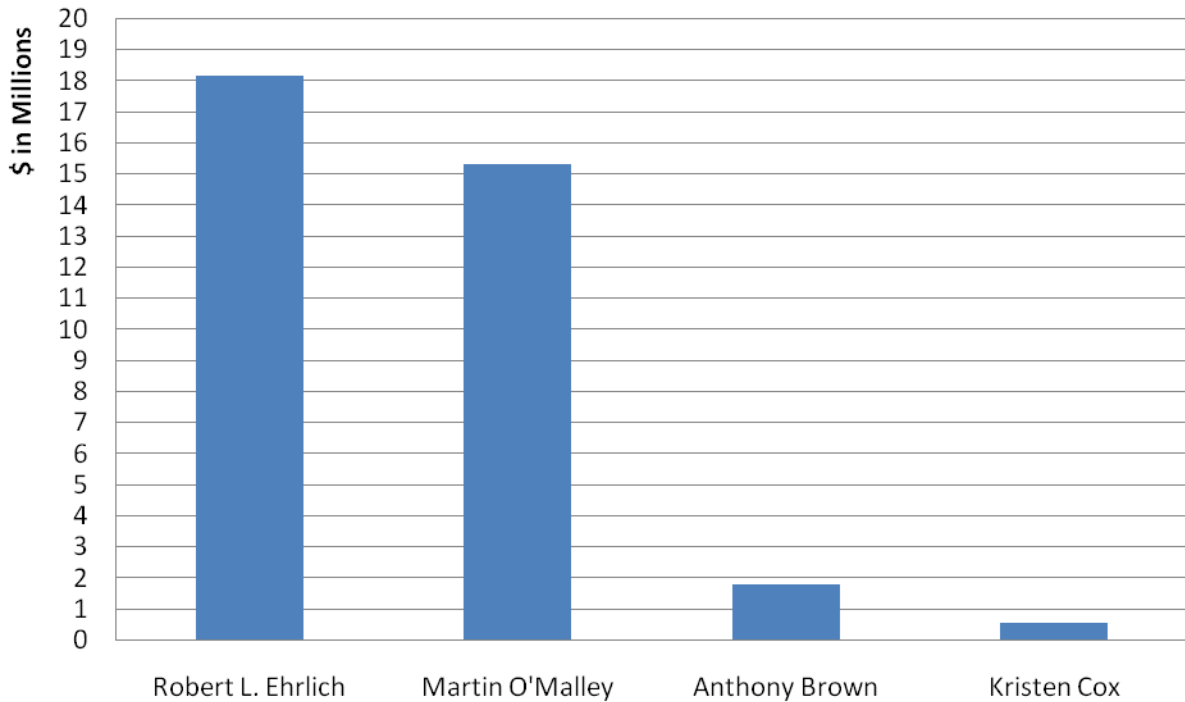
Note: Individual contributions represented in this table count both direct contributions from individual donors and tickets to candidate sponsored fundraisers bought by individuals.

Campaign Spending by Gubernatorial Candidates

Spending Totals

The amount of money the major candidates spent mirrored the amounts they raised. Ehrlich spent the most with just over \$18 million spent and O'Malley spent a little over \$15 million (see Figure 7). Among running mates, Brown spent the most with nearly \$2 million in campaign expenditures and Cox spent just short of \$600,000. The comparison of spending with 2002 is similar to that of contributions, since both candidates spent amounts similar to what they raised. In 2002, Ehrlich spent \$10.1 million (\$11.3 million in 2006 constant dollars), and Townsend spent \$8.4 million (\$9.4 million in 2006 constant dollars).

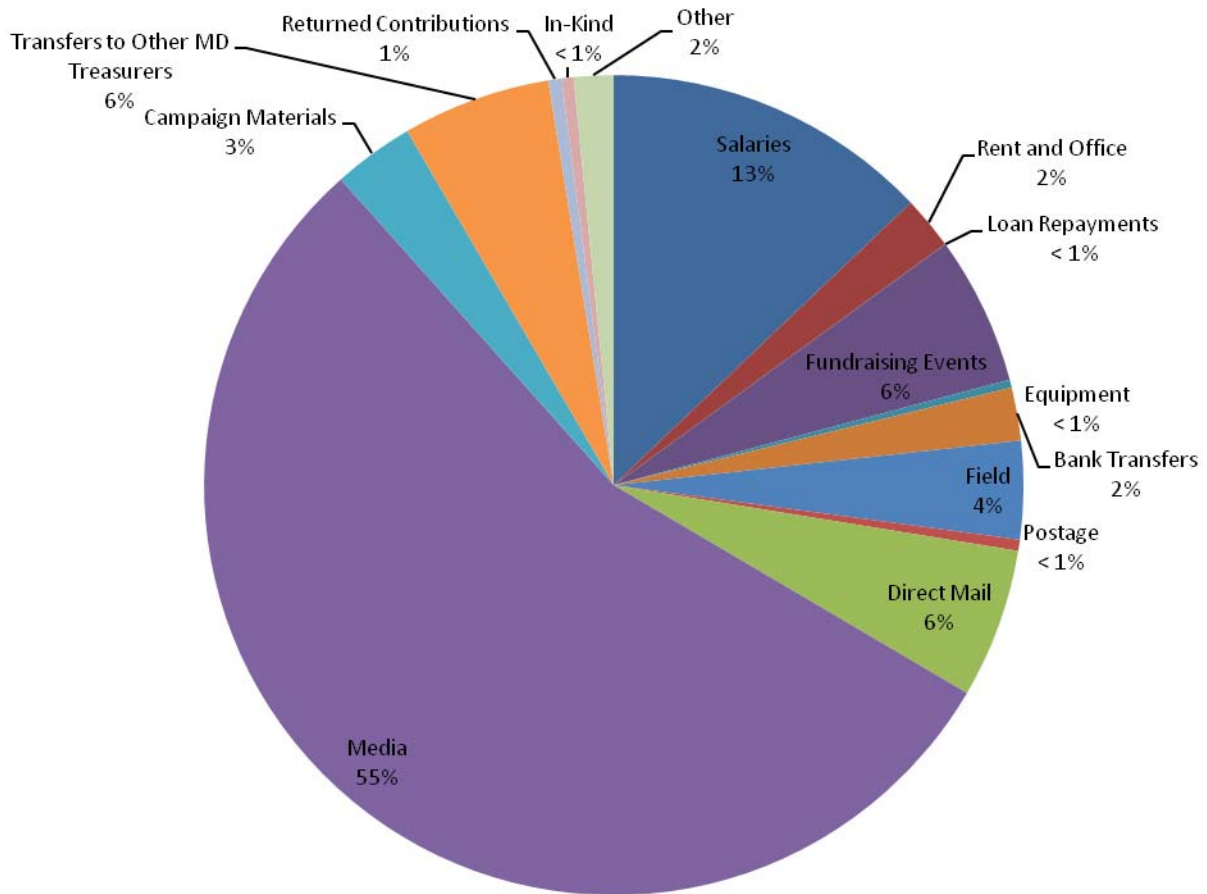
Figure 7. Total Campaign Expenditures by Gubernatorial Candidates, 2006



How the Money Was Spent

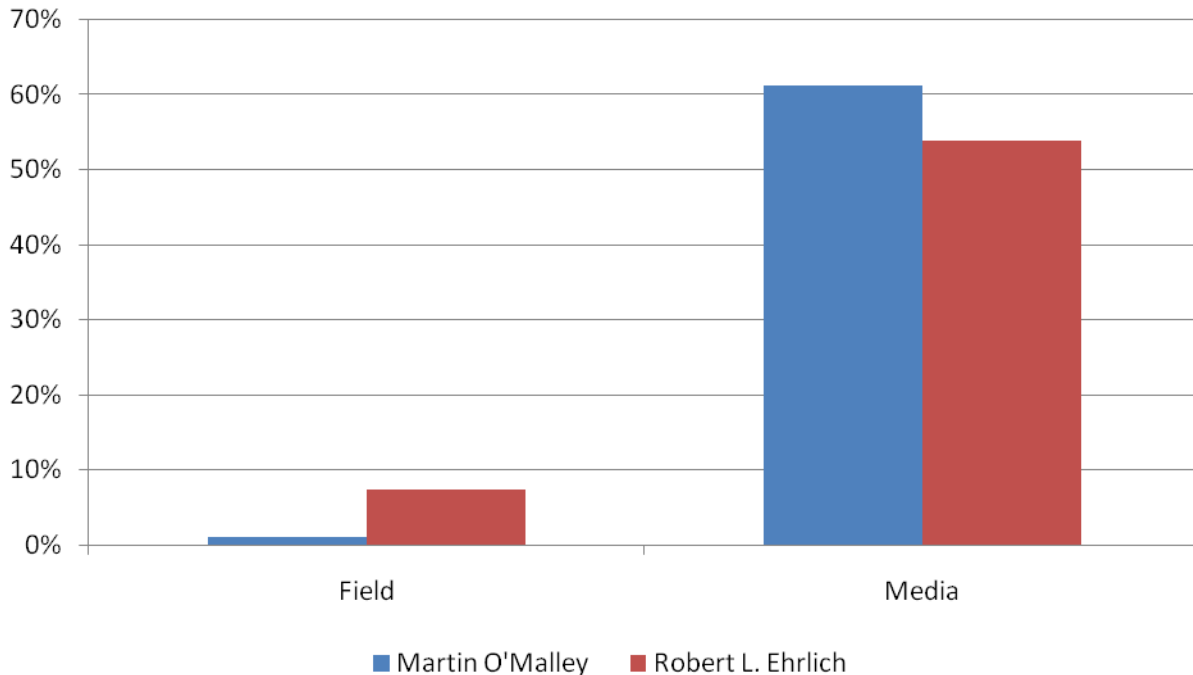
The candidates for governor spent their money in a variety of ways. Roughly 13% of their funds were spent on campaign staff salaries (see Figure 8). Another 13% was spent on overhead costs including rent and office space, loan repayment, fundraising events, equipment, bank transfers, and field costs. The biggest proportion of money was spent on campaigning costs such as direct mail, media costs, and printing and other campaign materials. These costs comprised 64% of all expenditures. Media costs, which include television, radio, newspaper and billboard advertising, specifically, accounted for 55% of all expenditures. The state-wide constituency of the governor's office makes it necessary for candidates to spend large proportions of their funds on mass media advertising. Finally, the remaining 10% of expenditures were spent on miscellaneous costs such as transfers to other campaign finance committees, returned contributions, and in-kind contributions.

Figure 8. Distribution of Campaign Spending by Gubernatorial Candidates, 2006



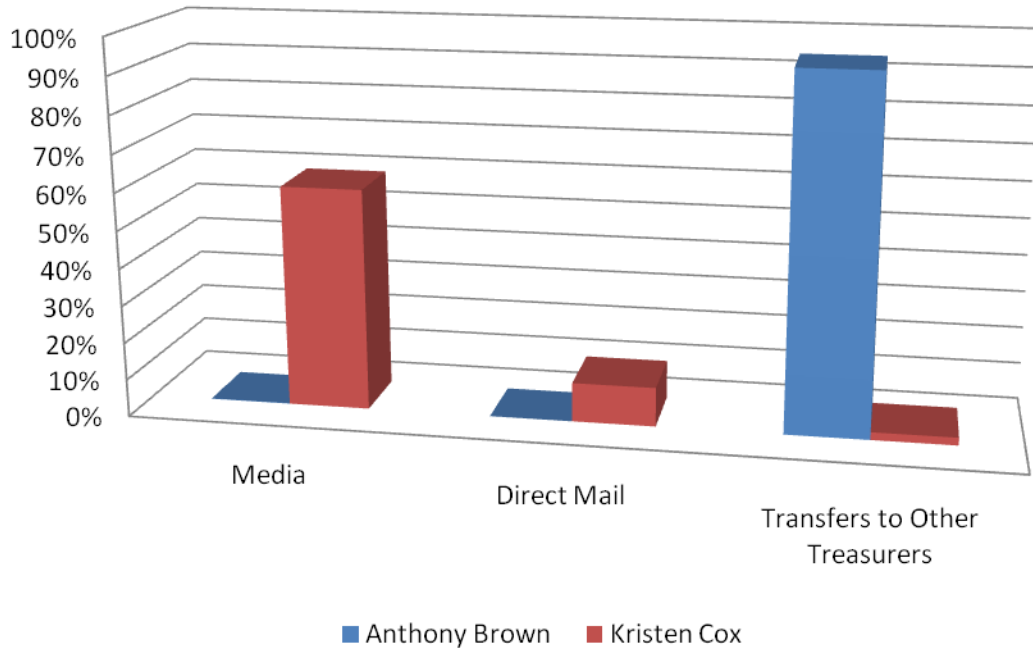
For the most part, Ehrlich and O'Malley spend their money similarly spending large amounts on media advertising and staff salaries. However, there were a couple important differences. Ehrlich, for example, spent a greater proportion of funds than O'Malley on field expenses, spending over 7% of his funds this way compared to about 1% by O'Malley (see Figure 9). Field expenses, which are largely the costs of transporting, lodging, and feeding campaign workers in the field, were likely larger for Ehrlich because, in a heavily Democratic state such as Maryland, a Republican candidates would need to rely more on canvassing and other get-out-the-vote activities to make sure Republican turnout was high on election day. While both candidates spent a lot on media advertising O'Malley spent greater proportion his funds on it, spending almost 62% of his funds compared to 54% by Ehrlich. O'Malley may have spent a larger proportion out of a need to keep up with Ehrlich who spent nearly \$3 million more than O'Malley on media advertising.

Figure 9. Differences Between the Campaign Spending of Ehrlich and O'Malley, 2006



It is also important to note the differences between the spending patterns of Brown and Cox. Cox spent almost 60% of her funds on media and an additional 10% on direct mail, while Brown spent almost nothing in both of those categories (see Figure 10). Instead, Brown transferred almost all his money (94%) to the joint campaign slate he founded with O'Malley, so the two could coordinate their spending. Most of the remainder of his funds were spent on fundraising events.

Figure 10. Differences in Campaign Spending Between Brown and Cox, 2006



II. Slates and the Gubernatorial Election

Both Democratic and Republican candidates for the governor's office were members of slates during the 2006 election cycle. Slates are campaign finance committees formed by two or more candidates so that they can coordinate campaign fundraising and spending activities. The benefit of slates is that candidates can transfer unlimited amounts of money between the slate and its members. O'Malley and Brown formed a joint slate called the "O'Malley Brown Committee Slate". Separately, O'Malley and Brown were each members of other active slates as well. O'Malley was a member of the "Baltimore County Victory Slate" and Brown was a member of the "Twenty Fifth District Democratic Team Slate". Unlike their Democratic opponents, Ehrlich and Cox did not form a joint slate. In fact, Cox was not a member of any active Maryland slates. Ehrlich, however, was a member of two active slates: the "Republican House Slate Committee" and "The Republican Senatorial Slate Committee".

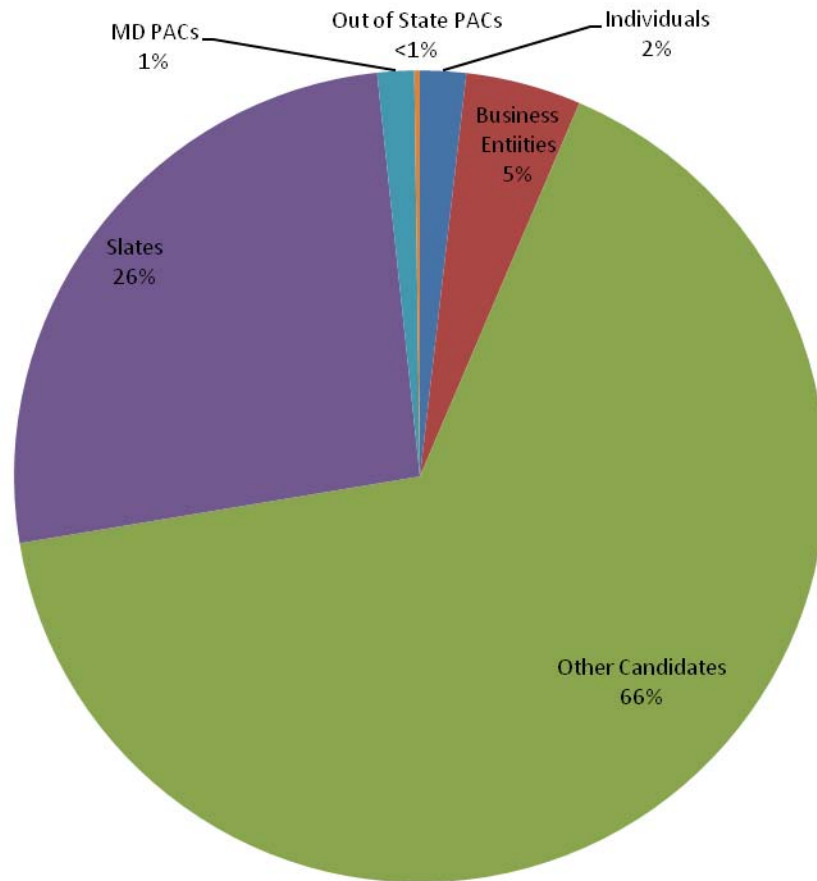
Ehrlich and Slates

Ehrlich's role in the two General Assembly slates was largely to provide funds. Ehrlich contributed over \$139,000 to the "Republican House Slate Committee", a sum that comprised roughly one-third of the total amount raised by that slate. Similarly, Ehrlich contributed \$84,400 to "The Republican Senatorial Slate Committee", about 21% of the total funds raised by the slate. Ehrlich's fundraising prowess allowed him to contribute these large sums to these slates in the hope of improving the electoral prospects of his fellow partisans in the General Assembly.

O'Malley-Brown and Slates

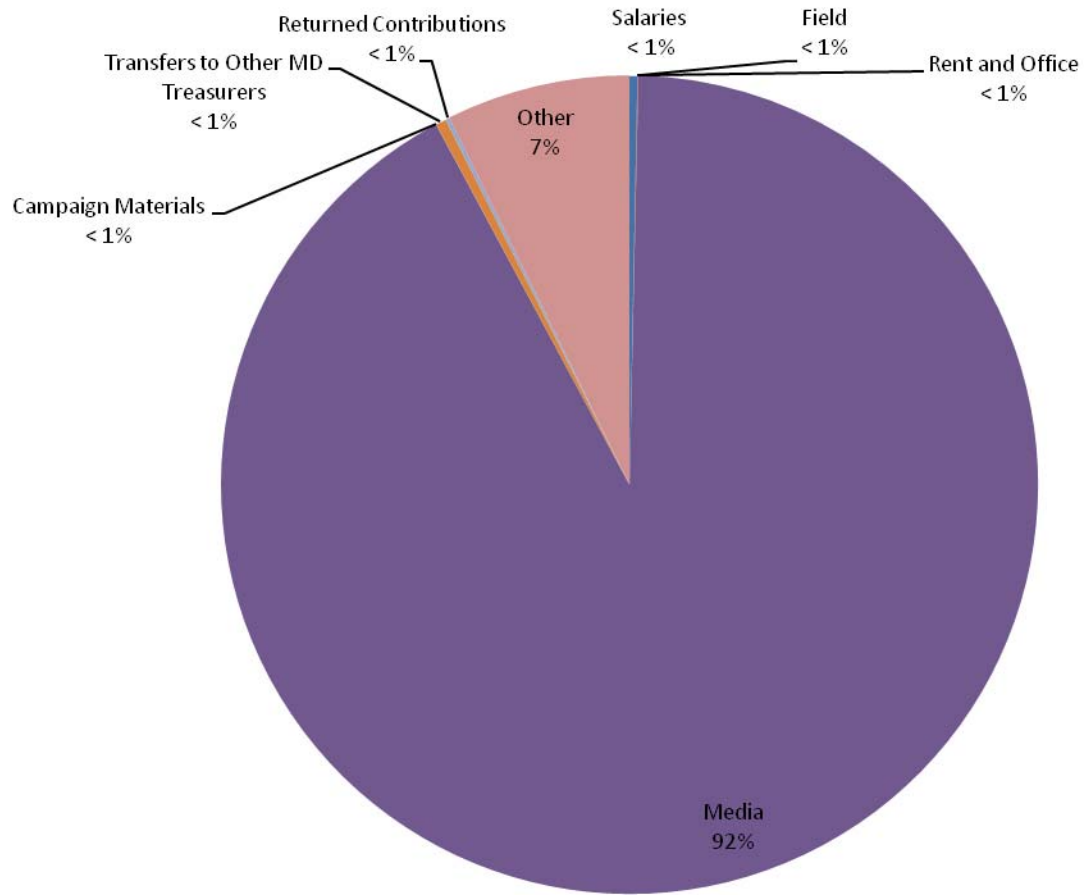
O'Malley and Brown did not become financially involved in either the "Baltimore County Victory Slate" or the "Twenty Fifth District Democratic Team Slate" during the 2006 election cycle. However, their joint slate, the "O'Malley Brown Committee Slate", was relatively active. The "O'Malley Brown Committee Slate" raised almost \$1.8 million during the 2006 election cycle. Altogether, two-thirds of this money came from candidates for other offices and another 26% was reported to have come from other slates (see Figure 11). A closer look at the numbers indicate that direct contributions from Anthony Brown comprised almost all the money in these two categories, meaning that Brown gave over \$1.6 million to the slate—92% of its total funds. The remainder of the slate's money came from individual donors, business entities, and PACs.

Figure 11. Sources of Contributions to the O’Malley Brown Committee Slate



The “O’Malley Brown Committee Slate” spent over \$1.5 million to aid the O’Malley-Brown ticket. Like spending by the candidates, most of the slate’s money was spent on media advertising (see Figure 12). In all, the “O’Malley Brown Committee Slate” spent 92% of its funds on media advertising. Another 7% of the spending was categorized as “other” but was solely devoted to polling costs. The remaining 1% of spending was split among salaries, field expenses, rent and offices expenses, printing and campaign materials, transfers, and returned contributions. Altogether the “O’Malley Brown Committee Slate” functioned as an extension of the O’Malley campaign committee. Given the financial disadvantage O’Malley had to Ehrlich, the over \$1.5 million available through the slate significantly closed the spending gap between the two tickets.

Figure 12. Distribution of Campaign Spending by the O'Malley Brown Committee Slate in 2006



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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