

**CAMPAIGN FUNDRAISING AND SPENDING BY CANDIDATES FOR
GOVERNOR OF MARYLAND THROUGH OCTOBER 17, 2010**

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A report by

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Executive Summary

This report analyzes the pre-primary finances for campaigns being waged by candidates for the Governor of the State of Maryland for the 2010 election cycle. The contributions and expenditures discussed in this report were made between January 1, 2007 and October 17, 2010 and represent the final campaign finance filings before Election Day. Particular attention is paid to the finances of Martin O'Malley (D) and Robert Ehrlich (R).

Major Findings:

- Democratic candidate Martin O'Malley out-raised former Governor and Republican candidate Robert Ehrlich by more than \$3.8 million. Additionally, the O'Malley campaign out-spent the Ehrlich campaign by more than \$5.6 million.
- As of October 17, 2010, the Ehrlich campaign has the cash on hand advantage with \$1.7 million in the bank. The O'Malley campaign has about \$690,000 in the bank.
- Individual donors accounted for nearly 65% of all funds raised by the candidates. Interest groups, including political action committees (PACs) and business entities, account for another 30%.
- Ehrlich raised a larger proportion of his funds from individuals than O'Malley, while O'Malley raised more of his money from interest groups.
- Both candidates raised more than 84% of their in-state contributions from donors and groups located in the Baltimore-Washington corridor. Significant amounts of money also flowed in from areas outside of Maryland, including the Washington, DC, and New York metropolitan areas.
- The candidates have spent about 35% of their funds on direct campaigning costs including nearly \$4.2 million on media advertising. Another 33% of their funds have been spent on their campaign organizations, with almost \$3.4 million spent on staff salaries.
- Ehrlich has spent more of his funds, 69%, on campaign communications and voter outreach than O'Malley, who has spent about 26% so far on these expenses.

Introduction

In April 2010, former governor Robert Ehrlich (R) announced his intention to run against incumbent Governor Martin O'Malley (D). The announcement followed weeks of speculation that the former governor would seek a rematch with O'Malley for the most powerful office in the state. The pre-primary filings of the candidates in late August showed that Ehrlich was trailing O'Malley in the money race. However, on October 22, 2010, the candidates filed their final campaign finance reports before the general elections. The details of these reports provide insight into how the candidates have fared financially so far this election, and how the dynamics of the race have changed since August.

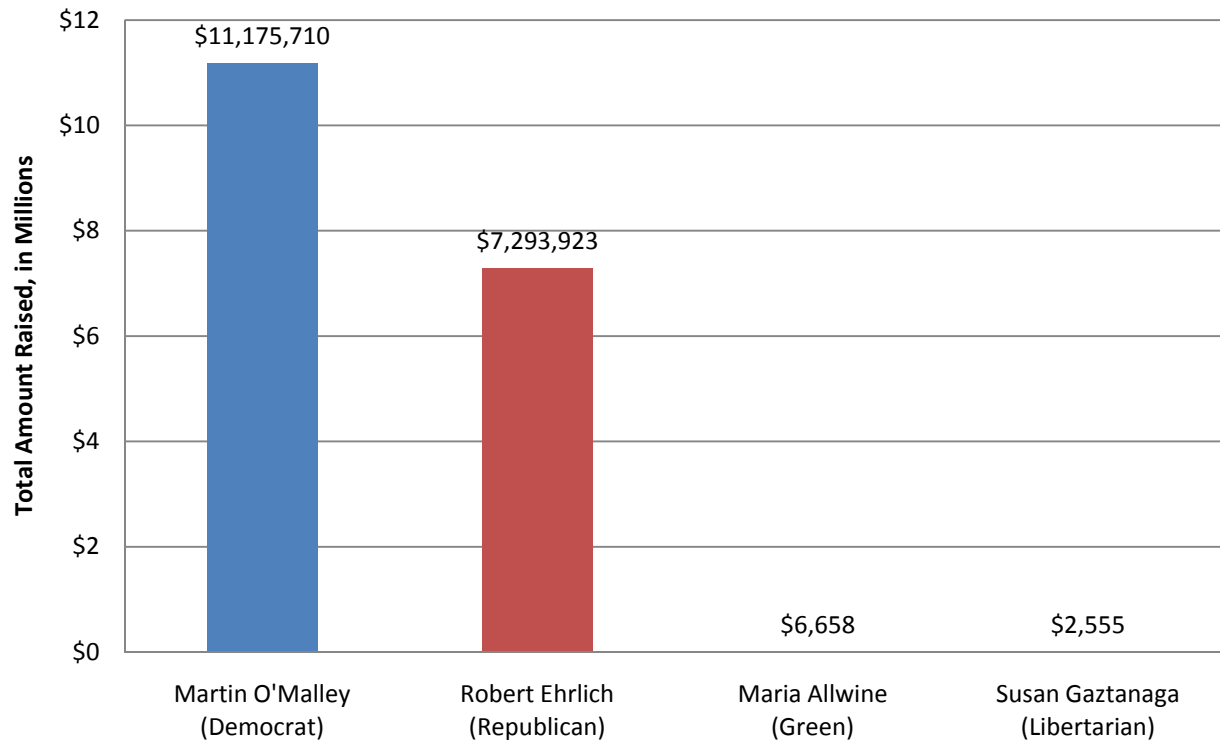
This report analyzes all funds raised and spent by candidates for Governor of Maryland from January 1, 2007, the start of the current election cycle, through October 17, 2010, the end of the official pre-general election filing period. Any candidate running for governor who raised more than \$1,000 during the filing period was required to file a report.

This report discusses the finances of all the gubernatorial candidates who filed a report on the October 22nd deadline, but pays particular attention to the finances of O'Malley and Ehrlich. These funds raised by these candidates account for more than 99% of all the money raised during the filing period. As the candidates head towards a rematch of their highly competitive 2006 race, this report finds there are many similarities and differences in how they have raised and spent their money.

Overall Fundraising and Spending by Gubernatorial Candidates

Every four years the race to be governor of Maryland becomes a high-profile, big-money affair. With broad executive and policymaking powers at his or her disposal, the governor is a major force in the state's politics. Four general election candidates have reported raising money so far this election cycle. Most prominent among these candidates are sitting Governor Martin O'Malley (D) and former-governor Robert Ehrlich (R). Currently, O'Malley is outpacing Ehrlich having raised \$11.1 million to Ehrlich's \$7.2 million (see Figure 1). Altogether, the money raised by O'Malley and Ehrlich accounts for over 99% of all the money reported as raised.

Figure 1: Total Funds Raised by Gubernatorial Candidates as of October 17, 2010



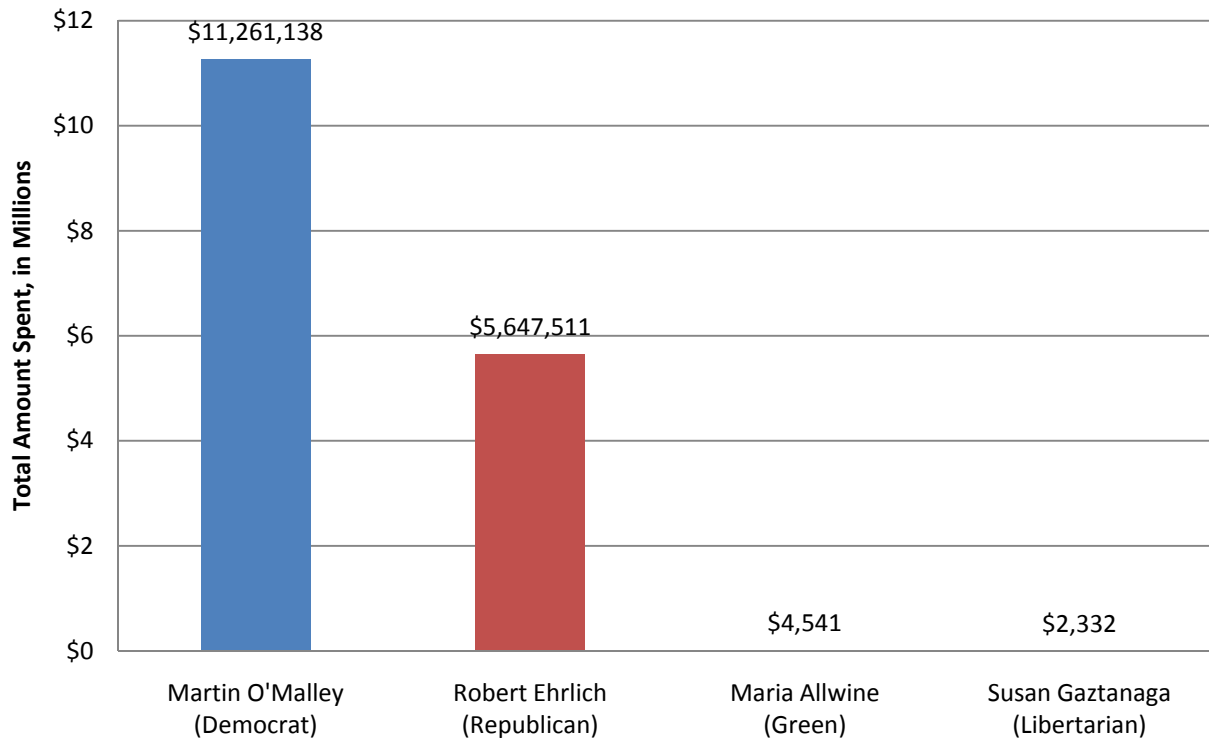
Note: Susan Gaztanaga had not filed a report as of the publication of this report. Her fundraising totals reflect those of her most recent reporting.

While after the pre-primary filings O'Malley had a sharp financial advantage over Ehrlich, Ehrlich has done a lot to close an almost \$6 million disadvantage. At the August filing, Ehrlich reported raising \$3.7 million compared to O'Malley's \$9.5 million. Now, after the most recent filings, Ehrlich trails O'Malley by just about \$3.8 million, reducing the financial gap between the two candidates.

Compared to four years ago, the candidates have raised far less in 2010. As of this filing in 2006, Ehrlich and O'Malley had raised \$17.1 million (\$18.5 million in 2010 constant dollars) and \$12.5 million (\$13.5 million in 2010 constant dollars), respectively. The funds Ehrlich has raised so far 2010 are less than half of his total at this point in 2006. The funds O'Malley has raised in 2010 are only slightly less than he had as of this filing in 2006.

Combined, the four candidates have spent nearly \$17 million. Just as with fundraising, O'Malley and Ehrlich lead the pack in spending. So far, O'Malley has outspent Ehrlich, spending \$11.2 million to Ehrlich's \$5.6 million (see Figure 2). Altogether, O'Malley and Ehrlich have accounted for 99.9% of the spending. Their combined \$16.8 million spent, however, trails the more than \$28 million they had spent by this time in 2006.

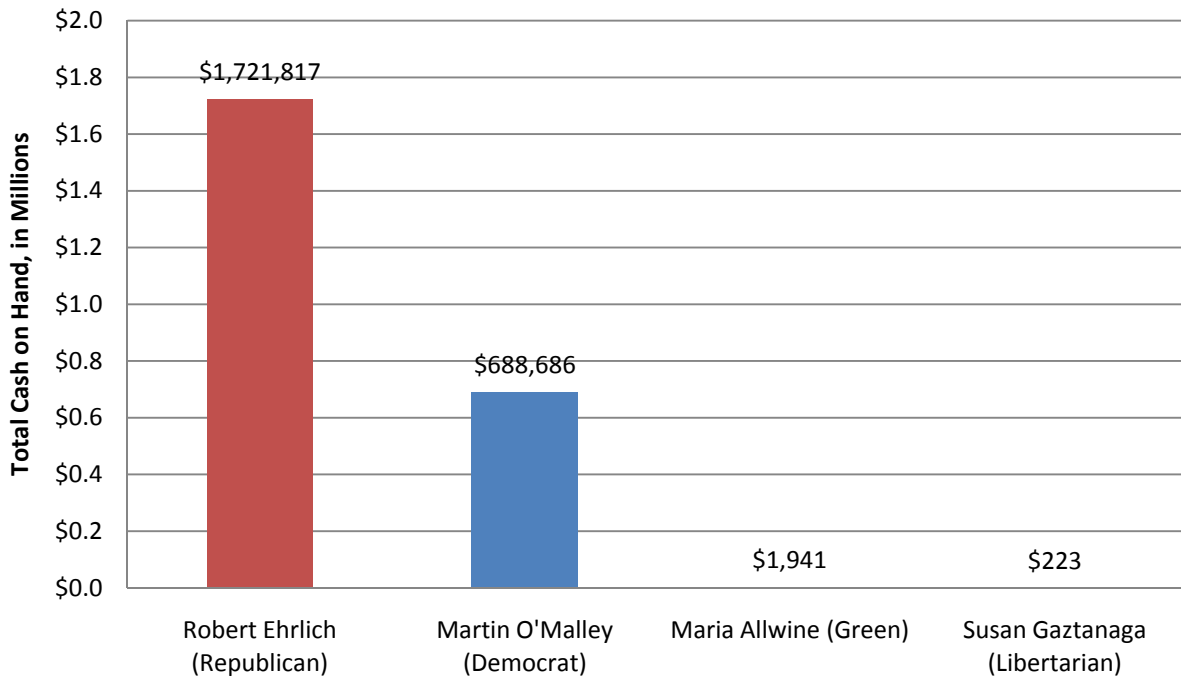
Figure 2: Total Spending by Gubernatorial Candidates During the Pre-General Election Filing Period



Note: Susan Gaztanaga had not filed a report as of the publication of this report. Her fundraising totals reflect those of her most recent reporting.

As of the pre-primary filings, O'Malley had significantly more cash on hand than Ehrlich, with about \$5.3 million compared to Ehrlich's \$2 million. Now Ehrlich has the cash on hand advantage. O'Malley reported about \$680,000 in cash on hand, while Ehrlich has more than \$1.7 million in the bank. This gives Ehrlich a \$1 million advantage heading into the final weeks of the election campaign.

Figure 3: Total Cash on Hand for Each Gubernatorial Candidate



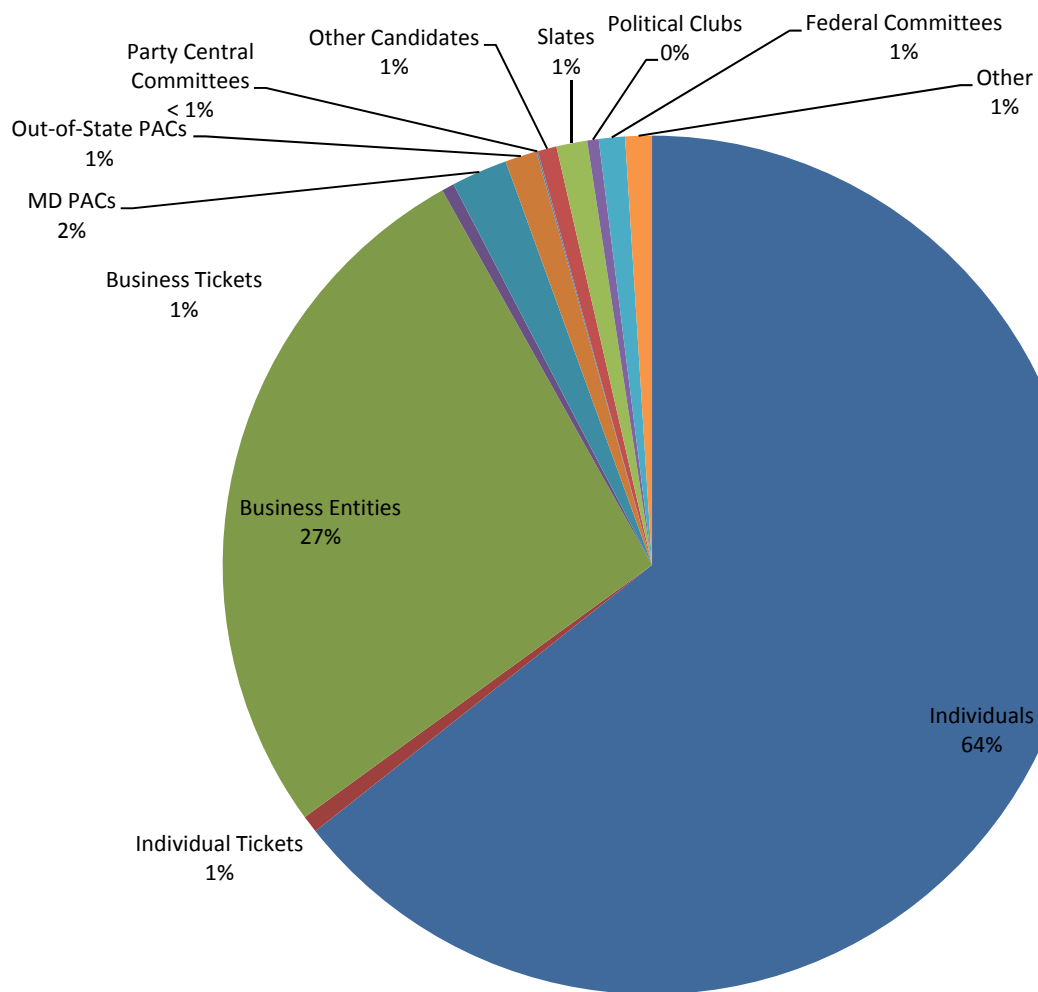
Note: Susan Gaztanaga had not filed a report as of the publication of this report. Her fundraising totals reflect those of her most recent reporting.

At the end of the pre-general period in 2006, O'Malley and Ehrlich both had more cash on hand, with a combined \$12.9 million (\$13.9 million 2010 constant dollars) in their coffers. This cycle they have a combined \$2.4 million. In 2006, Ehrlich had the cash on hand advantage with more than \$8.5 million (\$9.2 million in 2010 constant dollars) compared to O'Malley's \$4.5 million (\$4.8 million in 2010 constant dollars).

The Sources of Gubernatorial Fundraising

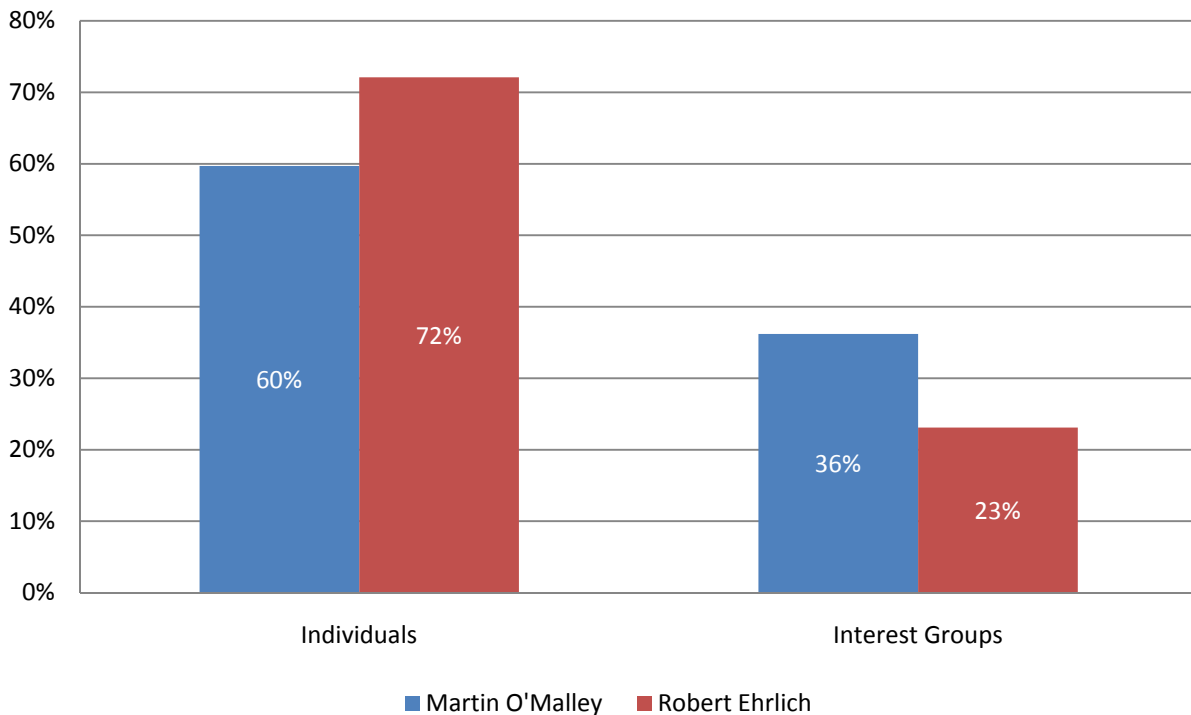
As of October 17, 2010, gubernatorial candidates have raised their campaign funds from a variety of sources (see Figure 4). Altogether, 65% of the money raised by the candidates came in the form of direct contributions or tickets purchased for fundraising events by individuals. Interest groups, which include PACs and business entities, also contributed significant amounts to the candidates—about 31% either through direct contributions or tickets purchased for fundraisers. Together, these sources account for 95.6% of the money reported as raised by the candidates. The remaining 4.4% of funds came from party central committees, slates, and other political sources.

Figure 4: Sources of Campaign Contributions to All Gubernatorial Candidates



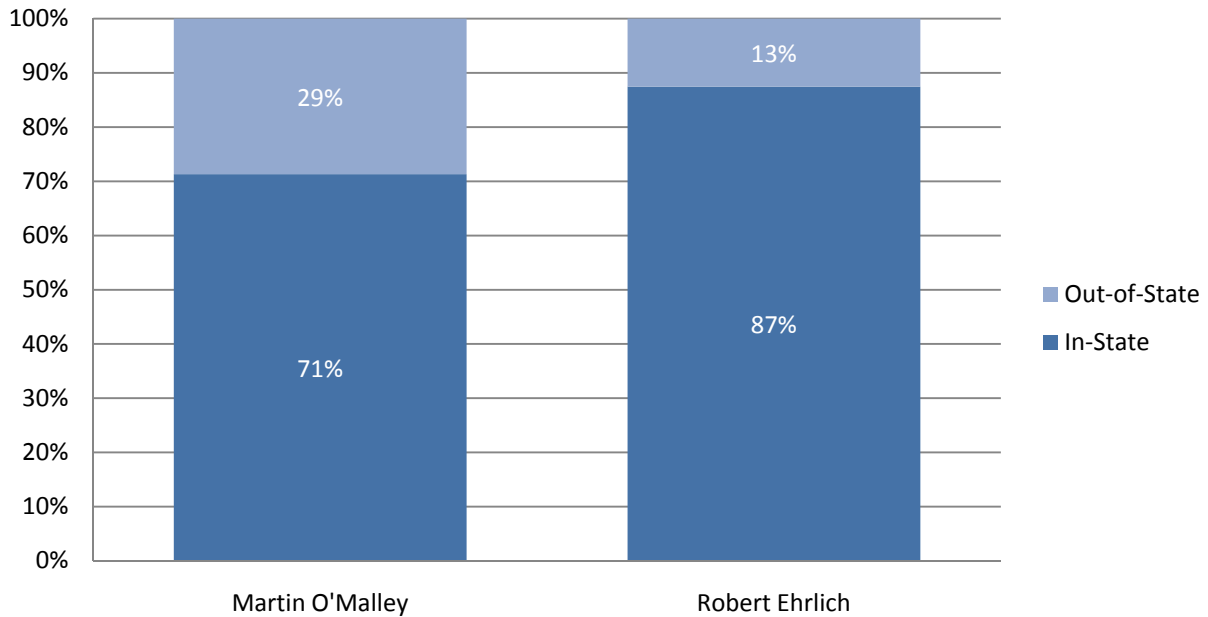
For the most part, Ehrlich and O'Malley have raised their funds from similar sources: mostly individuals and interest groups. However, there were some differences. Ehrlich raised a significantly larger proportion of his funds from individuals, accounting for 72% of his funds, compared to 60% for O'Malley (see Figure 5). O'Malley, by contrast, raised a larger proportion of his funds from interest groups.

Figure 5: The Major Sources of O'Malley's and Ehrlich's Campaign Receipts



Both candidates raised money from in and out of state. Figure 6 shows that O'Malley raised 29% of his funds outside of Maryland. Ehrlich, by contrast, raised 13% of his funds from sources outside of Maryland. This pattern is reflective of 2006 when O'Malley also raised a larger proportion of his money outside of Maryland.

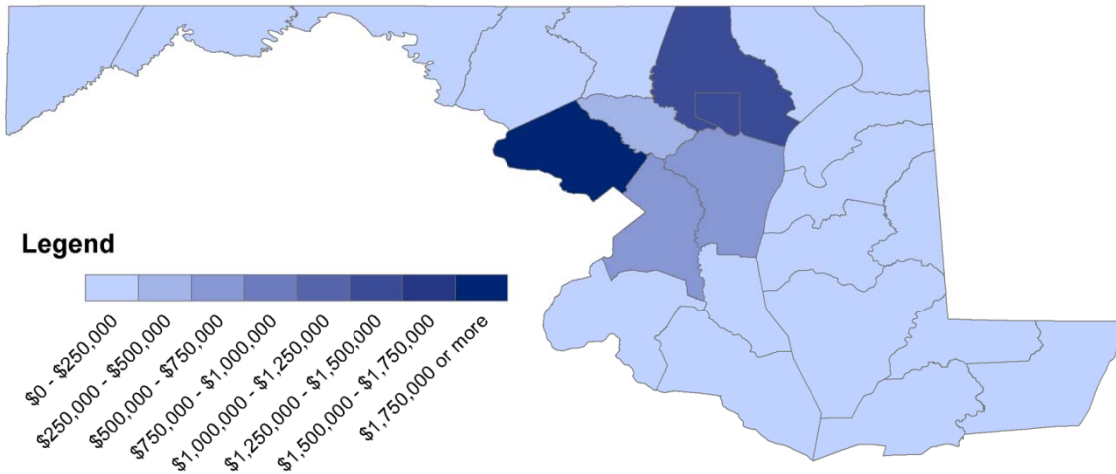
Figure 6: In-State vs. Out-of-State Funds Raised by O'Malley and Ehrlich



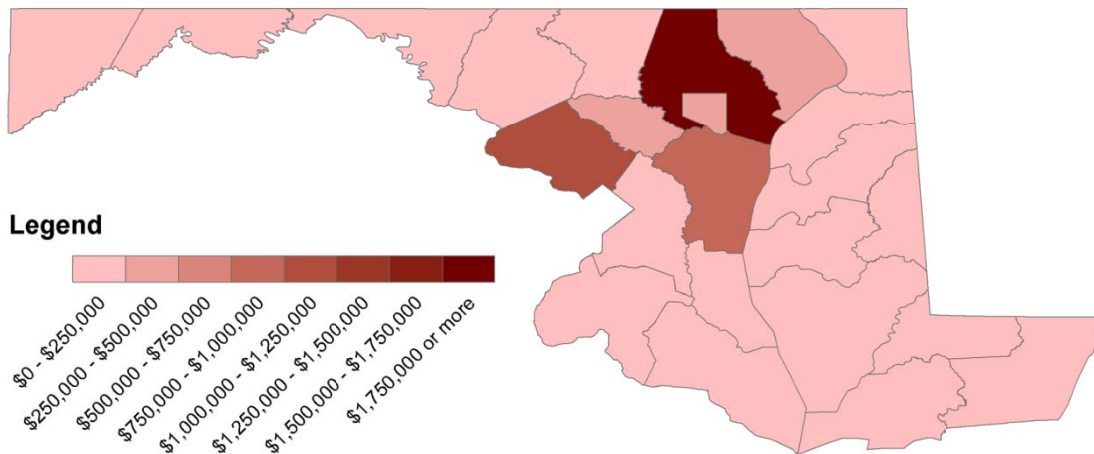
Within the state the candidates raised their money from similar areas. Both candidates raised the largest proportion of their individual and interest group contributions from donors residing in the counties comprising the Baltimore-Washington corridor: Anne Arundel, Baltimore, Harford, Howard, Montgomery, and Prince George's counties and Baltimore City (see Figure 7). O'Malley, specifically, raised 90.6% of his in-state contributions and Ehrlich raised 84.2% of his in-state contributions from this part of the state. Among these jurisdictions, however, there were differences. O'Malley raised his biggest total from Montgomery County, raising nearly \$2 million. O'Malley also raised significant amounts of money in Baltimore County, where he raised nearly \$1.5 million, and Baltimore City, where he raised more than \$1.4 million. Ehrlich, raised his biggest total from Baltimore County, where he raised over \$1.8 million, but raised much less than O'Malley from Montgomery County, where he raised just over \$1.1 million. Altogether, O'Malley and Ehrlich raised just 6.3% and 13.2% of their total funds (including out-of-state contributions), respectively, from areas in Maryland outside of the immediate Baltimore-Washington corridor. While Ehrlich raised a higher proportion from these areas, neither candidate focused their fundraising efforts in these other parts of the state.

Figure 7: Individual and Interest Group Contributions to O'Malley and Ehrlich by County

Martin O'Malley (D)



Robert Ehrlich (R)



Both candidates raised substantial sums outside of Maryland, as well. Table 1 presents the metropolitan areas outside of Maryland where O'Malley and Ehrlich raised the biggest proportions of their out-of-state funds. Both candidates raised the largest proportion of their out-of-state funds from donors in the Washington, DC metropolitan area. Specifically, 38.5% of O'Malley's, and 48.8% of Ehrlich's out-of-state contributions came from this area. The New York metro area also accounted for a significant proportion of the money raised by O'Malley and Ehrlich outside of the state, with the candidates raising 14.5% and 7.5% from this area, respectively. Other regions which the two candidates had in common as top out of state contributors were Boston, Chicago, and Miami. Each of these regions comprised less than 10% of the candidates' out-of-state contributions. Beyond these metro regions, few areas accounted for more than 2% of the out-of-state funds raised by either candidate.

Table 1: Out-of-State Metropolitan Areas that Provided the Most Funds to O'Malley and Ehrlich

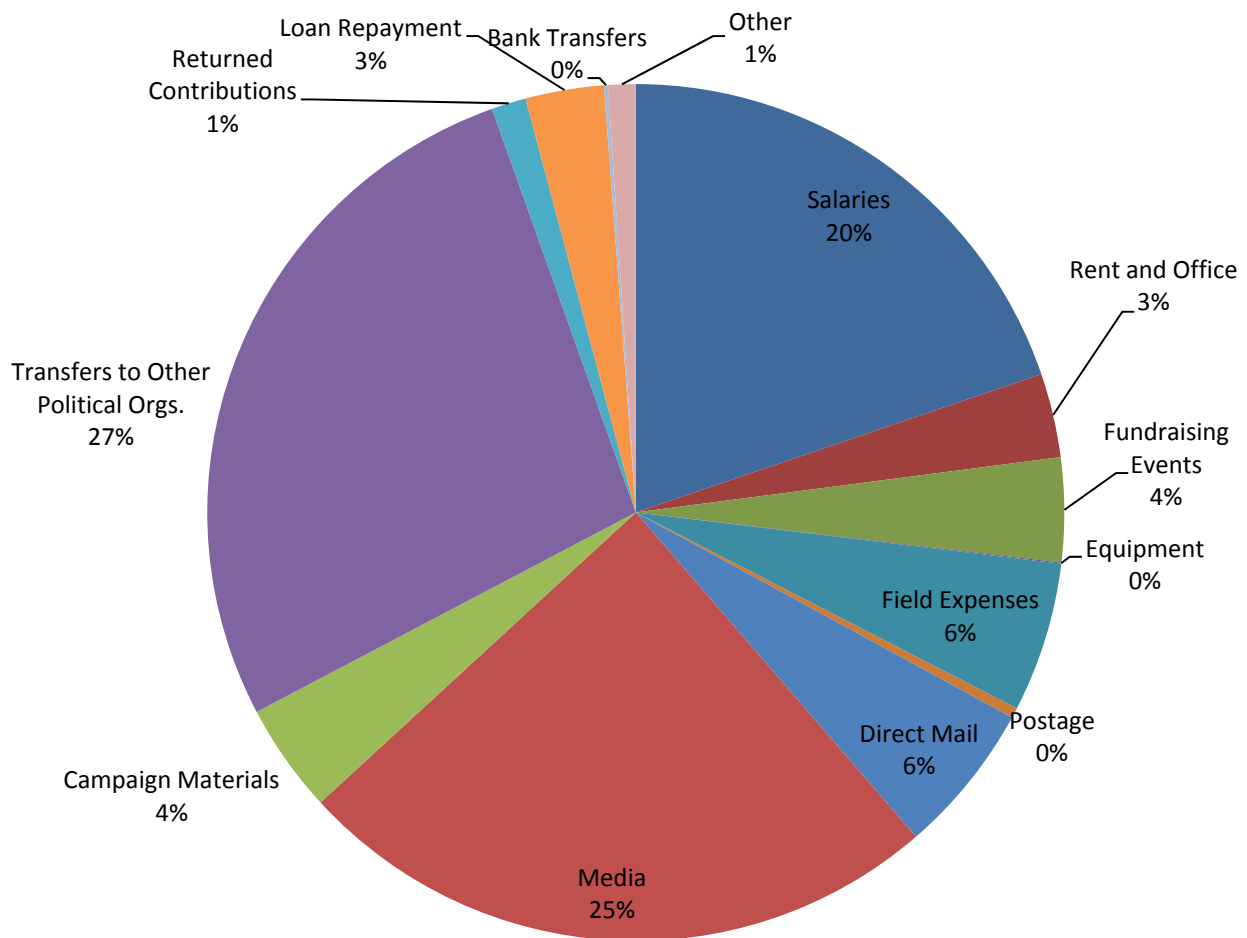
Martin O'Malley (D)			Robert Ehrlich (R)		
Metropolitan Area	Total Raised	Percent	Metropolitan Area	Total Raised	Percent
Washington D.C.	\$1,235,686	38.5%	Washington D.C.	\$446,103	48.8%
New York, NY	\$465,273	14.5%	New York, NY	\$68,380	7.5%
Philadelphia, PA	\$231,173	7.2%	Miami, FL	\$45,450	5.0%
Los Angeles, CA	\$117,311	3.7%	Philadelphia, PA	\$35,166	3.8%
Boston, MA	\$83,900	2.6%	Richmond, VA	\$16,126	1.8%
Chicago, IL	\$50,916	1.6%	Seaford, DE	\$15,895	1.7%
Miami, FL	\$47,310	1.5%	York - Hanover, PA	\$14,610	1.6%
Virginia Beach, VA	\$46,715	1.5%	Naples, FL	\$14,376	1.6%
Denver, CO	\$44,718	1.4%	Boston, MA	\$13,365	1.5%
Pittsburgh, PA	\$37,450	1.2%	Chicago, IL	\$12,400	1.4%

How the Money was Spent

Candidates for governor have spent their money in a variety of ways. As of October 17, 2010, candidates have spent the largest proportion of their funds, 40%, on campaign communications and voter outreach, including mail, media advertising, field expenses, and campaign materials (see Figure 8). In 2006, the candidates ending up spending roughly two-thirds of their funds on campaign communications, including 55% on media advertising, alone. So far this election cycle, they have spent less on direct campaigning costs. However, in the closing weeks of the campaign, these types of expenditures are likely to increase dramatically.

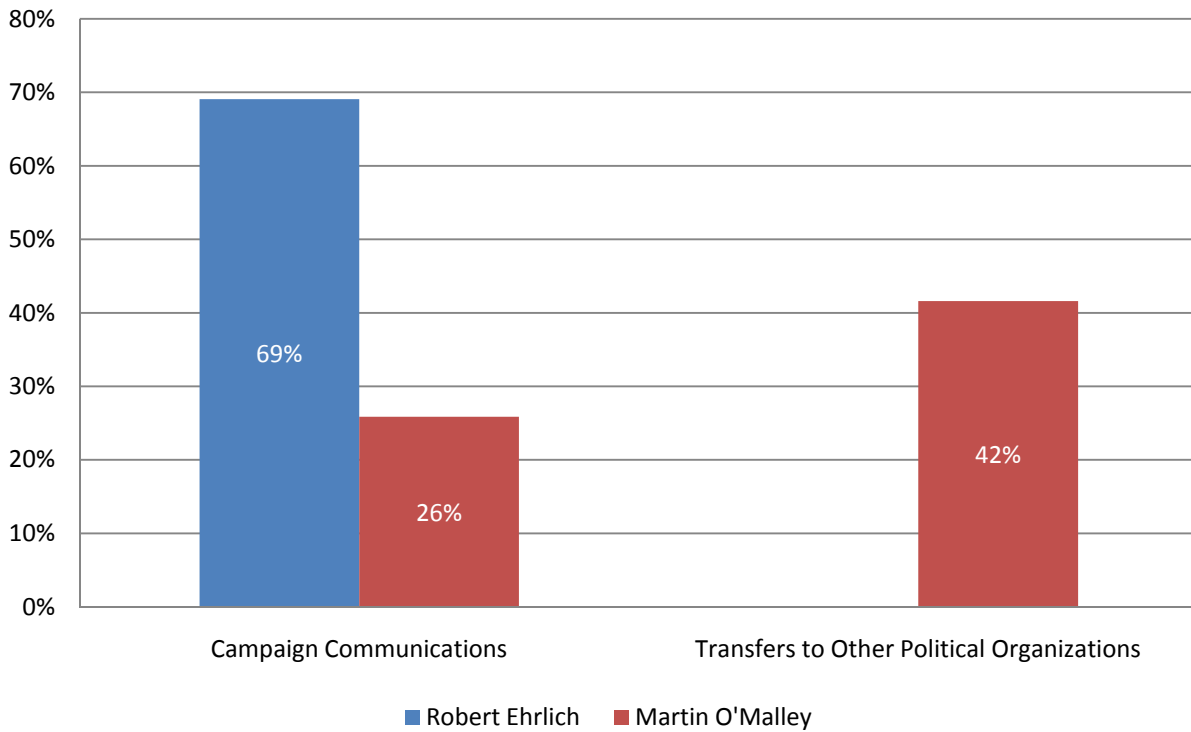
Large proportions of funds also were spent on overhead costs, including staff salaries, rent for office space, fundraising events, and equipment. So far the candidates have spent 27% of their total expenditures on these costs. Another 27% of funds were spent on transfers to other political organizations, which include other candidate accounts and slates. The remaining 5% of expenditures were spent on various costs such as bank transfers and loan repayments.

Figure 8: The Distribution of Campaign Expenditures



For the most part O'Malley and Ehrlich have spent their funds similarly. However, there were some differences. O'Malley spent 26% of his funds on campaign communications and voter outreach, as opposed to the 69% spent by Ehrlich. Specifically, O'Malley spent 13% on mass media advertising (television and radio), 3% on direct mail, 7% on field activities, 3% on campaign materials. Ehrlich, on the other hand spent, 48%, 11%, 3%, and 6%, on these same items. O'Malley, however, has spent a much larger proportion of his funds, 48%, or \$ 4.9 million, on transfers to other candidates and slate committees, while Ehrlich has allotted just 0.1% of his funds on these types of transfers (see Figure 9). However, O'Malley transferred 93% of that total to the O'Malley-Brown Slate Committee—a campaign committee that he and his running mate Lieutenant Governor Anthony Brown operate.

Figure 9: The Distribution of O'Malley's and Ehrlich's Expenditures on Campaign Communications and Transfers to Other Political Organizations



Appendix

The Study

The campaign finance data used in this report were obtained from the Maryland State Board of Elections. The data were accessed on October 25, 2010 and reflect the status of the filing reports at that time. 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.

About the Authors

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About the Center for American Politics and Citizenship

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, education, and outreach 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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