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<b>FROM</b>	NAME & TITLE	Robert Cenname, Chief	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 19-0403 – Fair Election Fund – Establishment and Administration		

DATE:

**TO**

The Honorable President and  
Members of the City Council  
City Hall, Room 400

September 16, 2019

**Position: Oppose**

This proposed bill establishes the Fair Election Fund via the City Charter to provide public campaign financing for candidates for City elective office, for an associated Commission to govern the Fund staffed by the Department of Finance, and the funding mechanism of said Fund. Furthermore, the bill establishes policies and procedures related to Fund participation, distribution, and administration.

**Background**

In 2018, the City Council proposed a Charter Amendment bill, City Council Bill 18-0229, with the intent of changing the Charter to add a new Fair Election Fund. This bill passed and was ultimately approved by the voters in the general election in 2018.

The Fair Election Charter Amendment included a provision for new revenue to be dedicated to the Fund directly by Ordinance. There are two other newly-created Funds, one for Affordable Housing and one for Equity, that also include this provision. This is a break from long-standing precedent in which funds can only be appropriated for a specific purpose via the City’s annual budget, the Ordinance of Estimates.

Based on these issues, Finance opposed the enabling legislation for the Fair Election Fund. One of the hallmarks of sound financial management is to provide flexibility to City leaders to adjust to ever-changing needs, priorities, and economic conditions. Establishing funds with an option for dedicated revenue sources undermines sound financial management, reduces fiscal flexibility, and puts core services at risk. In addition, the structure of the Fund prevents unspent monies from reverting to General Funds to address other critical priorities.

The current bill that is being considered, City Council Bill 19-0403, establishes the policies and procedures for the Fund, and is a follow-up to the original enabling legislation. The bill does not propose a revenue source for the newly proposed requirements.

**Fiscal Impact**

City Council Bill 19-0403 would establish a new Commission for Fair Elections with certain administrative responsibilities. The Department of Finance estimates that \$415,738 will be necessary to implement the Commission and fund administrative responsibilities in the first year, and \$340,738 annually ongoing. In the first year, funds will be required to ensure the technology requirements for the State Board of Elections’ Maryland Campaign Reporting Information System (MDCRIS) are met. The estimated \$75,000 reserved for this purpose is expected to be a one-time cost. The remaining costs that support personnel

and activities such as materials, supplies, and equipment are reoccurring for a total sum of \$340,738. These funds will support staff and fulfill the administrative, reporting, outreach, and education requirements. Additionally, the Bureau of Accounting and Payroll will contribute to account management, but this work can be absorbed within existing resources without the need for additional funds. Table 1 contains an itemization of the estimated first-year funding:

<b>Fair Election Fund - Itemized Costs</b>	
Salary and Wages	\$ 196,949
<i>Operations Manager I</i>	\$ 113,092
<i>Program Analyst</i>	\$ 83,857
Other Personnel Costs	\$ 78,789
Contractual Services	\$ 125,000
<i>SBE Technology Requirements</i>	\$ 75,000
<i>Other Contractual Services</i>	\$ 50,000
Materials and Supplies	\$ 10,000
Equipment	\$ 5,000
<b>Total</b>	<b>\$ 415,738</b>

Table 1

### **Other Considerations**

There are some key differences between how this Fund would function compared to another Maryland jurisdiction with a similar fund in Montgomery County. Although there is a maximum public contribution limit that excludes qualifying boosts, the program outlined in the bill confers a more generous matching contribution than Montgomery County’s program. For example, a Baltimore City Mayoral candidate can expect to receive \$625 in matching funds for the maximum \$150 contribution compared to a Montgomery County Executive candidate who would receive \$600.

For context, Montgomery County, Maryland recorded expenditures of approximately \$5.2 million from their public election fund with 22 eligible candidates in the last election in 2018. Montgomery County’s program includes higher qualification thresholds for candidate certification and no provision for qualifying boost contributions. There are provisions in City Council Bill 19-0403 to scale back the public contributions based on funding availability in the Fund.

From a policy perspective, several studies have found that publicly funding elections provides numerous benefits. They range from anti-corruption and more competitive elections to increased diversity in candidates and increased engagement from those contributing \$200 or less.

### **Conclusion**

The Department of Finance appreciates the goal of City Council Bill 19-0403, which is to increase accountability and transparency in local elections, and to encourage candidates with the support of small donors.

However, implementing a reasonably effective program will require significant investments into the Fund and will reduce the City’s flexibility to address future fiscal challenges and core service needs. The General Fund, and ultimately the City’s taxpayers (if a new revenue source is eventually proposed), cannot bear the burden of such a significant new program.

In addition, this bill adds new administrative burdens onto the Department of Finance, which is only equipped to handle the accounting functions that are described in the bill. The requirements for vetting and tracking eligibility for eligible candidates is best handled by an agency, such as the Board of Elections, that is more closely involved in the day-to-day management and preparation for elections.

**For the reasons stated above, the Department of Finance opposes City Council Bill 19-0403.**

cc: Henry Raymond  
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