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# *Do Lower Contribution Limits Produce "Good" Government?*

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*Note: The following report is an updated version of an Issue Analysis originally published by the Center for Competitive Politics in July 2011. This version has been edited to reflect changes to state contribution limits as of October 2013.*

## Issue

Advocates for strict campaign finance laws and low contribution limits often suggest that such limits will do much to improve government. For this reason, proposals and groups urging the adoption of low contribution limits are often characterized as producing "good government."[1]

One of the more respected evaluations of how well a state government is operated is conducted by the Pew Center on the States.[2] Their analysis focuses on information, people, money, and infrastructure in their report of which states are the "best governed." This ranking attempts to measure the "best governed" states on relatively neutral criteria, and offers the best basis for assessing any relationship between campaign contribution limits and overall government performance.

There are of course alternate measures of "good government" available. Rankings on factors such as economic growth, quality of life, student achievement, environmental quality, crime, and many other metrics all provide indications of whether the government is effectively seeing to the needs and concerns of citizens. This analysis should be taken as one measurement of "good government," not as the defining and final assessment.

If lower contribution limits have a real impact on how effective and well-managed government is, we would expect to see states with lower contribution limits generally score higher than states with less restrictive contribution limits. This analysis will compare individual contribution limits in the 50 states to their ranking in the 2008 Pew study to determine if lower contribution limits are in fact related to better governance.[3]

1 "Nixon campaign limit case draws support nationally," Missouri Attorney General's Office. Retrieved on July 6, 2011. Available at: http://ago.mo.gov/newsreleases/1999/61799.htm (June 17, 1999); Laura MacCleery, "Landmark Decisions for Good Government, Federal Courts Uphold Pay-To-Play Laws," Brennan Center for Justice. Retrieved on July 6, 2011. Available at: http://www.brennancenter.org/content/resource/landmark_decisions_for_good_government_federal_courts_uphold_pay_to_play_la/ (February 11, 2009); Rich Miller, "Campaign contribution limits all the rage in Springfield," *Southtown Star*. Retrieved on July 6, 2011. Available at: http://www.southtownstar.com/news/miller/1502956,033109miller.article (March 31, 2009).

2 Grading the States 2008 Report," The Pew Center on the States. Retrieved on July 7, 2011. Available at: http://www.pewstates.org/uploadedFiles/PCS_Assets/2008/Grading-the-States-2008.pdf (March 3, 2008).

3 Some states' laws governing contributions extend beyond just individual limits to include caps on contributions from business entities, unions, political parties, and Political Action Committees giving to candidates. This Issue Analysis focuses solely on limits on individual contributions to state legislative candidates.

| Above Average | | Average | | Below Average | |
|---|---|---|---|---|---|
| State | Grade | State | Grade | State | Grade |
| Utah | A- | Kentucky | B- | South Dakota | C+ |
| Virginia | A- | Minnesota | B- | Oregon | C+ |
| Washington | A- | Pennsylvania | B- | Montana | C+ |
| Georgia | B+ | North Carolina | B- | Nevada | C+ |
| Missouri | B+ | Tennessee | B- | Colorado | C+ |
| Michigan | B+ | South Carolina | B- | Alabama | C+ |
| Texas | B+ | Florida | B- | Oklahoma | C+ |
| Delaware | B+ | Idaho | B- | Mississippi | C+ |
| Nebraska | B | Ohio | B- | Hawaii | C+ |
| Indiana | B | Arizona | B- | West Virginia | C+ |
| Iowa | B | Kansas | B- | New Jersey | C |
| Maryland | B | Connecticut | B- | Arkansas | C |
| Louisiana | B | North Dakota | B- | California | C |
| | | New York | B- | Maine | C |
| | | Wyoming | B- | Massachusetts | C |
| | | Vermont | B- | Alaska | C |
| | | New Mexico | B- | Illinois | C |
| | | Wisconsin | B- | Rhode Island | C- |
| | | | | New Hampshire | D+ |

No or High Limit

Moderate Limit

Low Limit

## Analysis

For nearly a decade, The Pew Center on the States has authored a study grading all 50 states on the quality of their governance.[4] In their 2008 study published in *Governing* magazine, Pew gave each state an overall final letter grade. The final grade was determined by letter grades in four areas of government performance: information, people, money, and infrastructure.[5] Within these four areas, further ratings of "strength," "mid-level," and "weakness" were assigned to 20 additional variables.[6]

In order to properly rank all 50 states and distinguish between states with identical final grades, CCP analyzed the sub-grades and the 20 variables that made up the sub-grades.[7] After this ranking, all 50 states were then categorized according to their contribution limits from individuals to state legislative candidates per election cycle:

1. States with **no or high** ($7,500+) limits on contributions to state legislative candidates;
2. States with **moderate** limits between $2,000 and $7,499; and
3. States with **low** limits that allow contributions of $1,999 or less per election cycle.[8]

4 *Ibid.* 2.

5 *Ibid.* Pew refers to these grades as "management area" grades.

6 *Ibid.*

7 A value between 0 and 12 was given to each state's four management area grades, with an F receiving a 0, a D- 1 point, and so on, with an A+ receiving the maximum 12 points. States were then ranked according to this new score. Ties were then broken by assigning 1 point to variables receiving a "strength" rating, 0 for "mid-level," and -2 for "weakness." This methodology eliminated all ties but two: between Idaho and Ohio, and Alaska and Illinois. In both cases, the state with the lower contribution limit was ranked higher in order to give the benefit of the doubt to the "reformers'" position.

8 Using NCSL's data on campaign contribution limits, for classification purposes, we calculated each state's contribution limit on individual giving to legislative candidates (defined as those running for either State Representative (or the equivalent) or State Senator) on an election cycle basis.

| Total Number of States, by Pew Ranking and Contributions Limit Classification | | | |
|---|---|---|---|
| | Above Average | Average | Below Average |
| No or High Limits | 7 | 5 | 5 |
| Moderate Limits | 3 | 7 | 7 |
| Low Limits | 3 | 6 | 7 |

Each state is color-coded accordingly – "green" states have no or high limits on how much a citizen can contribute, "yellow" states have moderate limits, and "red" states have low limits. The above tables show each state's ranking according to Pew's original research and our further analysis, along with the appropriate color code for each state's contribution limit level.

According to the rankings, Utah (A-), Virginia (A-), and Washington (A-) are the "best governed" states while New Hampshire (D+) and Rhode Island (C-) are the "worst governed" states.

As the above table demonstrates, at best, the distribution of the quality of governance among all 50 states is random when compared to a state's contribution limits, and, at worst, those states with no or high contribution limits perform much better in the Pew rankings than those states with moderate or low limits on what individuals may contribute to the legislative candidates of their choice.

Of the 17 states with high or no contribution limits, 7 score in the "Above Average" category, 5 in the "Average" category, and 5 in the "Below Average" category. Meanwhile, of the 16 states with low contribution limits, 3 score in the "Above Average" category, 6 in the "Average" category, and 7 in the "Below Average" category.

Among the interesting findings of this analysis is that the two highest scoring states, Utah and Virginia, have no contribution limits at all, and the two states that offer full taxpayer financing of state legislative campaigns rank in the middle (Arizona) and bottom (Maine) of the rankings.

## Conclusion

This analysis does not provide any reason to believe that low limits on what citizens can give to candidates for public office has any effect on how well a state will be governed. The fact that two of the top three states in the rankings, Utah and Virginia, have no limits at all on how much can be given to candidates from any source lends further strength to the conclusion that low limits on campaign contributions are not related to the quality of governance, and that unlimited contributions are no barrier to good government.

Although self-described "reformers" often tout low contribution limits as a basis for good governance, this study strongly suggests such claims are inaccurate, and suggests that elected officials interested in improving the quality of governance in their state should not look to more stringent campaign finance regulation as a way to achieve this goal.

In states that allocate their limits on an election basis, we doubled the limit to account for the maximum an individual could give to a candidate in both a primary and general election. States that regulate contribution limits on a yearly or campaign basis (as in Oklahoma) were considered to have limits equivalent to an election cycle for this Issue Analysis. In the six states with different limits for State House and Senate candidates (CT, HI, KS, MI, NY, and WI), the two limits were averaged, and the resultant figure was then doubled, if these limits are apportioned on an election basis. In Georgia, which has different limits for the primary and general elections, the limits were added together. In Minnesota, the election year limits were used, and lastly, in New Hampshire and Rhode Island, the limits for candidates not agreeing to abide by spending limits were taken. Contribution limit data available at: Jennie Drage Bowser, "State Limits on Contributions to Candidates: 2011-2012 Election Cycle," National Conference of State Legislatures (NCSL). Retrieved on September 26, 2013. Available at: http:// www.ncsl.org/Portals/1/documents/legismgt/ Limits_to_Candidates_2011-2012v2.pdf (June 1, 2012).

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