



Do Lower Contribution Limits Produce “Good” Government?

By Joe Albanese

Note: The following report is an updated version of an Issue Analysis originally published by the Center for Competitive Politics in July 2011 and last updated in October 2013. This version has been edited to reflect contribution limits for the 2017 - 2018 election cycle and to incorporate a more recent study measuring the quality of state governance.

Issue

Advocates for strict campaign finance laws and low campaign contribution limits often suggest that such limits will improve government. For this reason, proposals to impose or reduce contribution limits are often characterized as ways to produce “good government.”¹ Contribution limits vary widely; eleven states allow citizens to give unlimited contributions to candidates, while they are as low as \$330 to candidates for State House in Montana.² The majority

of states have campaign contribution limits somewhere in between these extremes.

If, as some campaign finance restrictionists suggest, lower contribution limits³ have a positive impact on how effective and well-managed a state’s government is, we would expect to see states with lower contribution limits generally rank higher in quality of governance rankings than states with less restrictive contribution limits.

U.S. News & World Report produces a broad ranking of the 50 states in multiple areas, including the quality of their government.⁴ This analysis examines their overall score for “Government,” which focuses on fiscal management, use of technology, and ethics. The ranking attempts to measure the “best governed” states on multiple criteria, and offers a comprehensive baseline for overall government performance.

To test the claim that contribution limits produce “good government,” this analysis compares individual contribution limits on giving to legislative candidates in the 50 states to their ranking in the “Government”

1 See, for example, Laura MacCleery, “Landmark Decisions for Good Government, Federal Courts Uphold Pay-To-Play Laws,” Brennan Center for Justice. Retrieved on July 1, 2017. Available at: http://www.brennancenter.org/content/resource/landmark_decisions_for_good_government_federal_courts_uphold_pay_to_play_la/ (February 11, 2009); Ed Koch and Peter Zimroth, “The only way to clean up Albany,” *New York Daily News*. Retrieved on July 1, 2017. Available at: <http://www.nydailynews.com/opinion/clean-albany-article-1.1233363> (January 6, 2013); Veronica Carter, “Anti-Corruption Tour’ Tackles Money in Missouri Politics,” Public News Service. Retrieved on July 1, 2017. Available at: <http://www.publicnewsservice.org/2017-04-06/campaign-finance-reform-money-in-pol-anti-corruption-tour-tackles-money-in-missouri-politics/a57139-1> (April 6, 2017).

2 Individual Contributions to Candidates, 2015-2016 Cycle,” Center for Competitive Politics, Retrieved on July 1, 2017. Available at: http://www.campaignfreedom.org/wp-content/uploads/2013/12/2016-07-12_Limit-Tables_State-Contribution-Limits-On-Individual-To-Candidate-Giving_Alphabetical-And-Ranked1.pdf (July 12, 2016). Contribution limits for states that have amended their lim-

its since 2016 due to legislative action or inflation indexing (AZ, CA, KY, MO, MT, and VT) were verified individually on corresponding state government websites.

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

4 “Government Rankings: Measuring the quality of state administrative functions,” *U.S. News & World Report*. Retrieved on July 1, 2017. Methodology available at: <https://www.usnews.com/news/best-states/articles/methodology> (February 28, 2017).



| Top Third | | Middle Third | | Bottom Third | |
|----------------|------|----------------|------|--------------|------|
| State | Rank | State | Rank | State | Rank |
| Indiana | 1 | Maryland | 18 | Delaware | 34 |
| Virginia | 2 | West Virginia | 19 | Kentucky | 35 |
| Utah | 3 | Connecticut | 20 | Pennsylvania | 36 |
| North Carolina | 4 | Vermont | 21 | Idaho | 37 |
| Wisconsin | 5 | Michigan | 22 | Rhode Island | 38 |
| Tennessee | 6 | New York | 23 | Maine | 39 |
| North Dakota | 7 | Minnesota | 24 | Wyoming | 40 |
| Washington | 8 | South Dakota | 25 | Alaska | 41 |
| Florida | 9 | Arizona | 26 | Alabama | 42 |
| Iowa | 10 | Oregon | 27 | New Mexico | 43 |
| Texas | 11 | Montana | 28 | California | 44 |
| Ohio | 12 | Arkansas | 29 | Mississippi | 45 |
| Colorado | 13 | New Hampshire | 30 | Louisiana | 46 |
| Missouri | 14 | Oklahoma | 31 | Illinois | 47 |
| Georgia | 15 | South Carolina | 32 | Kansas | 48 |
| Massachusetts | 16 | Hawaii | 33 | Nevada | 49 |
| Nebraska | 17 | | | New Jersey | 50 |

| | | |
|-------------------|-----------------|------------|
| No Or High Limits | Moderate Limits | Low Limits |
|-------------------|-----------------|------------|

portion of the *U.S. News and World Report* “Best States” study to determine if lower contribution limits are in fact associated with better governance.

Analysis

Earlier this year, *U.S. News & World Report* released a widely-touted ranking of U.S. states in categories like health care, infrastructure, and government, among other metrics. Using data from McKinsey & Company’s Leading States Index, it ranked the states based on a variety of metrics. In determining a ranking of the quality of state governments, the Index examined fiscal stability (accounting for 50% of the Government score), budget transparency (17%), government digitalization (17%), and state integrity (17%).⁵

5 In this analysis, we focus only on the 50 states’ “Government” ranking in *U.S. News & World Report’s* Index of the “Best States.” The Index’s methodology can be found online. See Lindsey Cook, “Government Rankings: Measuring the quality of state administrative functions,” *U.S. News & World Report*. Retrieved on July 1, 2017. Available at: <https://www.usnews.com/news/best-states/rankings/government> (February 28, 2017).

This analysis takes the *U.S. News and World Report* “Government” ranking for each state, and categorizes the states according to their contribution limits from individuals to state legislative candidates per election cycle as follows:

- 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.⁶

6 Using the Center for Competitive Politics’ 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. 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 basis were considered to have limits equivalent to an election cycle for this Issue Analysis. In the eight states with different limits for State House and Senate candidates (CT, HI, KS, MI, MT, NY, VT, and WI), the two limits were aver-

| Total Number of States, by Government Ranking and Contribution Limit Classification | | | |
|--|-----------|--------------|--------------|
| | Top Third | Middle Third | Bottom Third |
| No or High Limits | 9 (56%) | 2 (13%) | 5 (31%) |
| Moderate Limits | 5 (25%) | 8 (40%) | 7 (35%) |
| Low Limits | 3 (21%) | 6 (43%) | 5 (36%) |

Each state is color-coded according to their contribution limit category: “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 also show each state’s “Government” ranking according to *U.S. News & World Report*.

According to the rankings, Indiana, Virginia, Utah, North Carolina, and Wisconsin are the “best governed” states while New Jersey, Nevada, Kansas, Illinois, and Louisiana are the “worst governed” states. The top-four states have no or high contribution limits, while four out of the bottom-five states have moderate or low contribution limits.

As the summary table demonstrates, states with no or high contribution limits perform much better in the *U.S. News & World Report* rankings than those states with moderate or low limits on what individuals may contribute to the legislative candidates of their choice.

Of the 16 states with no or high contribution limits, a majority (56%) score in the top third of the rankings. Meanwhile, a majority of states with moderate or low limits (75% and 79%, respectively) rest in the bottom two-thirds of the rankings. The three highest-scoring states, Indiana, Virginia, and Utah, have no limits on individual giving to state legislative candidates at all.

It should be noted that these results favor states with no or high contribution limits, even though

aged, and the resultant figure was then doubled in states where limits are apportioned on an election basis. In Minnesota, the election segment limits were used, and lastly, in New Hampshire, the limits for candidates not agreeing to abide by spending limits were taken.

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the scoring methodology is actually biased against them. One of the measures for *U.S. News & World Report*’s “Government” score is “state integrity.” That score is, in turn, based on the Center for Public Integrity’s (CPI) “State Integrity Investigation,” which measures “state integrity,” in part, by looking at whether states have contribution limits. CPI’s methodology ranks states lower if they have no or high contribution

limits, which means that *U.S. News & World Report*’s rankings actually score such states more harshly by assuming that no or high contribution limits are a mark of poor government. Despite this inherent bias, 56% of these states still rank in the top third of *U.S. News & World Report*’s ranking for state governance.

Conclusion

This analysis casts doubt on the notion that low limits on what citizens can give to political candidates has any effect on how well a state will be governed. The fact that the top three states in the rankings – Indiana, Virginia, and Utah – have no contribution limits on giving to legislative candidates at all 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 supporters of low contribution limits often cast themselves as “good government” advocates, this study suggests such claims are inaccurate, and that elected officials interested in improving the quality of governance in their state should not look to more stringent contribution limits as a way to achieve this goal.



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