Campaign Finance: Some Basics

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I. Introduction

Campaign finance is complicated. There are a few clear regulations, mostly having to do with monetary limits on campaign contributions, or thresholds that trigger reporting and disclosure requirements. Most of the rules laid out in the 400 pages and roughly 300,000 words in Part 11 of the Code of Federal Regulation involve finely-grained regulations about the definitions of the different types of groups involved in campaign activities, what counts as campaign spending, what needs to be reported, and how the FEC enforces the rules in specific situations.

The core of the federal regulatory regime consists of three pillars:

- Contribution limits restricting the size of contributions made to candidates, political action committees, and political parties.

- Reporting and disclosure rules requiring groups that hit spending thresholds to register with the Federal Election Commission, and publicly disclose contributions and expenditures.

- Source restrictions prohibiting certain individuals or entities from engaging in campaign activity. Corporations and labor unions may not make contributions to candidates, parties (in most circumstances), or political committees that make contributions to candidates or parties. Only U.S. citizens or permanent resident aliens are permitted to make contributions or election related expenditures.

This structure, further, is based on two philosophical rationales:

- The regulation of money in politics is justified by the interest in preventing corruption or the ‘appearance’ of corruption. The precise meaning of this is elusive, and the definition (and the distinction between actual corruption and the appearance of actual corruption) has never been fully articulated.1

- All regulations – whether reporting, contribution limits, source restrictions, or restrictions on whom or what can participate in campaigns, are based on dollar

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1The controlling constitutional principal is that deterring corruption applies only to quid pro quo bargains, although the Supreme Court had also recognized for a time that corruption could also encompass antidistortion and undue influence. The antidistortion principle was outlined in Austin v. Michigan Chamber of Commerce 494 U.S. 652 (1990). In Federal Election Commission v. Colorado Republican Federal Campaign Committee 533 U.S. 431 (2001) and McConnell v. Federal Election Commission 540 U.S. 93 (2003), the Court concluded that corruption encompassed “undue influence” on officeholders. In Citizens United 558 U.S. 310 (2010), the Court explicitly rejected these governmental interests.
amounts involved. Reporting and registration requirements are triggered by spending thresholds, contributions are limited by dollar ceilings, and prohibitions are typically expressed not in terms of activities, per se, but on spending money on those activities.\(^2\)

It is, at least in theory, simple: limit how much a single person or group can contribute to a candidate, restrict who can make contributions, and require disclosure of contributions and expenditures. Limiting contributions to candidates or parties reduces the risk of corrupt quid pro quo bargains in which campaign donations are traded for official actions, disclosure effectuates Justice Brandeis’ observation that “sunlight is the best of disinfectants” (1913, 10), and source restrictions can either limit the likelihood of corruption from large and concentrated sources of wealth or define the scope of the polity permitted to exercise influence.

Yet it has always been an unstable and uneasy balance, because campaign finance regulation touches on core First Amendment interests; because the rules are frequently not aligned with the reality of how campaigns operate; and because Supreme Court decisions have on occasion overturned all or part of statutes, triggering subsequent revisions in the rules as well as creating contradictions and inconsistencies in the law. The history of reform shows, moreover, that stakeholders in the campaign process are highly adaptive and devise new strategies in reaction to whatever rules are in place.

In 1946, one of the first academics to study campaign finance (Louise Overacker, a professor of political science at Wellesley College) observed:

Since the days when Athenian candidates curried favor with voters by dinners and banquets, the problem of who pays our political bills, and why, has risen to plague statements, politicians, and political scientists. Sooner or later in every age, and type of civilization in which elections have been held the question crops up and every modern democracy has attempted some form of regulation of campaign funds. One modern writer has gone so far as

\(^2\) The prohibitions applied to foreign nationals don’t prevent them from speaking during a campaign, or serving as a volunteer or paid staffer, but prohibit them from donating or spending money on elections [2 U.S.C. § 441e(a)(1)(C)]. This prohibition does not apply to permanent legal residents (Green Card holders).
to characterize the financing of political campaigns as "the great unsolved problem of democracy" (Overacker 1946, 3).

Writing in 1960, Alexander Heard observed that “[t]he notions that have generally prevailed have greatly oversimplified the facts and functions of money in politics” (1960, 6). In 2014, nearly seventy years after Overacker's path-breaking study, Robert Mutch’s history of campaign finance showed not only that the question was unchanged, but it had actually become more pointed after decades of reform efforts. “Like earlier differences about how far to extend the suffrage, the debate over where campaign funds should come from is part of the larger constitutional issue of deciding who should govern. It is about defining a political community, identifying its members, and deciding what rights they have” (2014, 1). Over nearly 100 years of academic analysis, the entire corpus of campaign finance studies is based on the assumption that knowledge of how much is spent on elections, and where the money originates, tells us something important about representation, influence, legitimacy, and rights.

Critics insist that this lofty language obscures the more mundane reality that campaign finance regulation is less about a high-minded democratic conversation than a way to undercut political opponents. “Beneath all the pious talk about equality, fairness, and the integrity of the process,” writes Samples, “lies this unpleasant truth: those who write campaign finance laws seek primarily to repress and harass those who would challenge their power” (2006, 288).

The reform process has generally taken the following form: a new organizational form or political practice emerges, triggering concerns about corruption or unfair influence. A legal structure is subsequently enacted to deal with the new practices and organizations, changing the nature of the regulatory regime. The stakeholders in the political process do not simply go away in response; rather they adapt, altering their behavior in ways that allow them to continue to seek influence within the new rules. New organizational forms
emerge, new strategies are designed, new technologies are leveraged, which all lead to a fresh set of concerns about influence and corruption. The Tillman Act, the Federal Corrupt Practices Act, restrictions on unions imposed by Taft-Hartley, Federal Election Campaign Act, and the Bipartisan Campaign Reform Act, all followed this pattern [Mutch (2014); La Raja (2009); Corrado (2005); Samples (2006); Sorauf (1992); Smith (2001); Overacker (1946); Heard (1960)]. Over the past 10 years, the process has operated in reverse, with Supreme Court decisions limiting the scope of permissible regulation and creating opportunities for new activities (chiefly Super PACs, corporate independent expenditures, and unlimited aggregate individual contributions).

What follows is a description of some of the key features of campaign finance, and a discussion of the questions that have interested academics who have studied it.

II. The Empirics: What Do the Data Show?

Analyses of campaign expenditures and contributions begin with the data: who gives (and how much, and to whom), who makes expenditures, and how much groups and candidates spend. My goal here is not to recapitulate spending totals, (or to cover every aspect of the broader campaign finance debate) but to identify general patterns that shape our understanding of the campaign finance framework and which lead into more detailed investigations of what the data tell us about politics and elections. This information comes almost entirely from public disclosures (to the Federal Election Commission for presidential and congressional campaigns, to various state or local agencies for non-federal elections), and secondary processing of the data by groups such as the Center for Responsive Politics who transform the underlying data into a more useable form. Knowing who gave what, to whom, and who spent money informs the public about the sources, electoral effects, and policy consequences of campaign funds.
What does that data actually tell us? If we use reported data to make empirical statements about how much was contributed and spent in an election cycle (and by whom), or how much was spent by winning candidates or incumbents, or what fraction of candidate receipts were not spent, then presumably those quantities reveal something useful about the political universe and the nature of campaign finance regulations. Spending amounts can show barriers to entry, or explain the lack of competitiveness of most congressional elections (although that argument becomes complicated for reasons explained below). Knowing where campaign funds originate can reveal how large contributors can affect who runs, who wins, and who wields influence over officeholders. Indeed, much of the attention devoted to campaign finance focuses on how contributions may affect legislative outcomes or presidential priorities.

But one sign of the complexity of campaign finance is that even straightforward questions – such as “how much was spent in the 2016 presidential election?” – quickly become rabbit holes of ambiguous legal definitions, overlapping and often inconsistent regulatory rules, varying disclosure requirements, and uneven data quality.

Table 1 shows federal election expenditures reported to the Federal Election Commission, in two separate classifications (all data in this table are current dollars). The top section – “Campaign Type” – shows totals for presidential and congressional elections, as calculated by the Center for Responsive Politics based on FEC data. The totals include amounts spent by candidates, political parties (either the Democratic National Committee or Republican National Committee, convention spending for presidential elections, and spending by congressional campaign committees for congressional races), as well as spending by outside groups.3

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3 The Center for Responsive Politics, a group that tracks campaign spending and a source of much of the data used in this report, counts overhead spending by political action committees in the election totals, but not PAC contributions to candidates, since those
Since 2000, spending on presidential elections rose from $1.41 billion to $2.39 billion in 2016, an increase of 88%. However, 2016 spending was down from 2008 ($2.8 billion, the highest total recorded) and 2012 ($2.6 billion). Spending on congressional elections rose 156% over that same span, from $1.67 billion in 2000 to $4.06 billion in 2016. Congressional totals show a consistent increase over time; since 2000, overall spending has always increased over the previous cycle.4

In the lower section – “Committee Type” – the data are broken down for the various groups that engage in campaign expenditures: candidates, political parties, and different categories of independent spending. These categories are in theory exclusive, although committee to committee transfers could appear in more than one category, and can be double counted when money given from one committee to another is sometimes counted twice: as a disbursement when a committee makes a contribution to another committee, and again when some of that money is ultimately spent on a campaign by the recipient committee. This data extends farther back that the campaign type, since it relies only on FEC data and not CRP aggregations.

Spending by presidential candidate committees rose from $330.3 million in 1992 to $1.52 billion in 2016, an increase of 362%. (172% in real dollars), although the historic maximum occurred in 2008, when candidates spent $1.65 billion. Congressional candidate spending rose from $689.2 million in 1992 to $1.6 billion in 2016, an increase of a comparative modest 172% (and only 36% in real dollars). The largest cycle-to-cycle jump in presidential candidate spending occurred between 2004 and 2008, when it nearly amounts would appear as candidate expenditures and would be double counted if both were included.

4 The most expensive Senate race in history was the 2016 Pennsylvania election ($175 million in combined candidate and outside spending). The 2nd and 3rd most expensive races were in small states in 2016: New Hampshire ($130 million) and Nevada ($121 million). Data from Center for Responsive Politics: https://www.opensecrets.org/overview/topraces.php?cycle=2016&display=allcandsout
doubled from $867 million to $1.65 billion, even as the number of major candidates remained the same.\textsuperscript{5} A chart shows more clearly the jump that occurred in 2008:

![Figure 1: Presidential Candidate Committee Spending](image)

Over the same period, noncandidate spending jumped markedly beginning in 2012 (the first presidential election in the Super PAC era), increasing by 67\% over 2008, and more than double the total from the 2010 midterm election. Between 2008 and 2016, this spending more than doubled, from $2.1 billion to $4.3 billion, with the largest increase

\textsuperscript{5}The key difference was that in 2004 most Democratic presidential candidates accepted public funding from the Presidential Election Campaign Fund, and both George W. Bush and John Kerry accepted it for the general election, triggering spending limits. In 2008, none of the contending candidates accepted it for the primary, and only John McCain accepted the general election grant. Barack Obama spent a total of $760 million, almost single handedly exceeding the total for all candidates in 2004. Hillary Clinton spent $211 million in her unsuccessful primary campaign, and John McCain $165 million in the primaries, 5 and 4 times, respectively, the overall primary spending limit of $42 million for candidates who accepted public funding.
occurring in Super PAC spending, which did not exist prior to 2010; from 2010 to 2016, Super PAC expenditures rose by nearly 17-fold, from $62 million to $1.1 billion.

Several other things stand out in table 1. First, the totals in the two sections do not match, even though they are (again, in theory) measures of the same underlying quantity. Presidential and congressional aggregated election totals add up to different amounts than the candidate and category spending totals. Most of the recent figures are close, but a few of the pre-2002 totals are off by considerable amounts (± 40 percentage points). Some of this difference is attributable to how the data are aggregated, but some of it is due to differences in how data are reported to the FEC, how groups classify their own activity, the difficulty in accounting for committee-to-committee transfers, what is counted in the different

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Figure 2
Noncandidate Expenditures

![Bar chart showing noncandidate expenditures from 1990 to 2016.](image)
aggregations, and even the underlying accuracy of reports to the FEC.\textsuperscript{6} I return to this problem in the next section.

Second, Table 1 also shows that spending activity changes in response to new rules. Non-federal party spending (Soft Money) was not reported in 1990 as there was no requirement to do so, rose from $79 million in 1992 to $510 million in 2002 as both parties came to rely on the large and unrestricted contributions that were permitted in this category, and dropped to zero after it was eliminated in the Bipartisan Campaign Reform Act. Super PACs – Independent Expenditure Only Committees – did not exist in their current form before \textit{Speech Now v. Federal Elections Commission} 599 F.3d 686 (D.C. Cir. 2010), which removed contribution limits for independent groups.\textsuperscript{7} Reported spending was $63 million in the 2010 cycle, the first time it was permissible, and rose to $609 million in 2012, tailed off to $345 million in the 2014 midterm cycle, and then nearly tripled in 2016 to $1.1 billion.

At the congressional level, summary totals will obscure other patterns of interest. Observing that congressional elections cost $4.1 billion in 2016 (Table 1) does not tell us much. We know, for example, that congressional incumbents spend more than challengers on average, but cannot look simply at this average cost, because much depends on

\textsuperscript{6} For example, Open Secrets reports that Donald Trump’s 2016 FEC reports have gone through multiple iterations, with major differences in later amended reports. The campaign’s 26,000 page August 2016 report was filed on September 20, 2016. The initial September 2016 report was 12,000 pages; an amended report of 17,000 pages was filed after the FEC noted some possible inaccuracies. Viveca Novak, “It’s Not Over: The FEC is on the Job With Messy 2016 Reporting by Trump Campaign and JFCs,” \textit{Open Secrets}, May 19, 2017. \url{https://www.opensecrets.org/news/2017/05/fec-is-on-the-job-with-messy-2016-reporting-by-trump/}

\textsuperscript{7} Prior to \textit{Speech Now}, the contribution limit to an independent expenditure committee was $5,000 per calendar year. Along with \textit{Citizens United} 558 U.S. 310 (2010) which invalidated prohibitions on corporate independent expenditure activity, it permitted unlimited individual or corporate contributions to Independent Expenditure Only Committees (Super PACs). The classification applies to independent groups that do not contribute to candidate committees or make or any coordinated expenditures. Super PACs are not organized as separate segregated funds. See Federal Election Commission, Advisory Opinion 2010-09, July 22, 2010.
endogenous campaign factors such as competitiveness, whether a seat is even contested, whether an incumbent is running, or even whether congressional majorities are at stake.\textsuperscript{8}

Figures 3 through 6 show spending over time in House and Senate elections, and by candidate type between 1986 and 2014 (incumbent, challenger, open seat). Figures 3 and 4 show the average cost of winning an election to the House and Senate, respectively, in inflation adjusted dollars.\textsuperscript{9} The “cost” of a House seat in 2014 dollars rose from just under $777,000 in 1986 to about $1.47 million in 2014, an increase of 89%.\textsuperscript{10} Senate totals vary much more, because of differences in the seats up in any one cycle. In constant dollars, winning a seat in 1986 cost $6.6 million, which increased to $9.7 million in 2014. But the average cost of winning in the 2002 cycle was $4.9 million, the smallest amount over this period.

Figures 5 and 6 reveal that the pattern of incumbents spending more than challengers, and open seat candidates usually spending more than incumbents, persists across time. The Senate data are more compressed than the House data (figure 4), but the dollar amounts are as much as 10 times greater than for House candidates. Senate elections are more competitive than House elections, and are more likely to be contested by serious challengers. Senate averages are also more likely to be affected by outliers. Figure 4 shows that open seat spending in 2000 was far greater than any in other year, nearly $24

\textsuperscript{8} The most expensive House race in history will be the June 2017 special election to the House in Georgia’s 6\textsuperscript{th} CD (vacated when Tom Price became Secretary of Health and Human Services). In early May, a month before the June 6 general election, outside groups had already spent or reserved nearly $30 million in television advertising alone. Total spending is expected to exceed $40 million, over $10 million more than the previous record (Florida’s 18\textsuperscript{th} CD, in which $30 million was spent, or $32.4 in constant dollars). The election is a toss-up and widely seen as a referendum on the Trump Administration, Elena Schneider, “Georgia’s Special Election Smashes All-Time Spending Record,” Politico, May 6, 2017. \url{http://www.politico.com/story/2017/05/06/georgia-special-election-spending-record-238054}.

\textsuperscript{9} All data in these figures come from the Campaign Finance Institute data page, \url{http://cfinst.org/data.aspx}.

\textsuperscript{10} In nominal dollars, the increase was 308%.
million per candidate, compared to a maximum of about $12 million in any other year. This is largely because the two highest-spending campaigns (New York and New Jersey) were both open seats contests, in which the four major party candidates spent $194 million in 2014 dollars, an average of $49 million each.¹¹ There were only 5 open Senate seats that cycle.

Disaggregating further shows how electoral context affects spending amounts.

Table 2 shows average general election spending for 2014 House candidates in different categories: incumbents, challengers, open seat, and by election outcome.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Average Spending by Election Type and Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 House of Representatives</td>
</tr>
<tr>
<td>Incumbent</td>
<td>$1,446,247</td>
</tr>
<tr>
<td>Challenger</td>
<td>$498,841</td>
</tr>
<tr>
<td>Open Seat</td>
<td>$1,358,332</td>
</tr>
<tr>
<td>Incumbent Win &lt;60%</td>
<td>$2,013,882</td>
</tr>
<tr>
<td>Incumbent Win &gt;60%</td>
<td>$1,231,871</td>
</tr>
<tr>
<td>Challenger Loss &gt;40%</td>
<td>$952,813</td>
</tr>
<tr>
<td>Challenger Loss &lt;40%</td>
<td>$195,037</td>
</tr>
<tr>
<td>Incumbent Loss</td>
<td>$2,965,280</td>
</tr>
<tr>
<td>Challenger Win</td>
<td>$2,100,184</td>
</tr>
</tbody>
</table>

The first three rows show that incumbents on average spent far more than challengers (2.9x), and that candidates for open seats spent nearly as much as incumbents (94% of the incumbent average). This unsurprising finding, consistent over time, indicates that spending is often a function of competitiveness and ability to raise funds: challengers

¹¹ In New Jersey, Democrat John Corzine spent $63.2 million (roughly $86 million in 2014 dollars), which remains the record for a single candidate.
are both far less likely to win and have less access to fundraising networks (as well as face the problem of finding donors willing to contribute to a likely lost cause).\textsuperscript{12}

The next four rows disaggregate further by competitiveness. It shows that incumbent spending is inversely related to how well they do. Incumbents who win comfortably (with more than 60% of the vote, often in uncontested races) spent an average of $1.23 million, significantly less than incumbents who win with less than 60% of the vote (just over $2 million). Conversely, marginal challengers spent only $195,000 in uncompetitive races, while those who lost narrowly spent $953,000, almost twice the overall challenger average.

Finally, the last two rows show averages in races the incumbent lost (there were 13 such races in 2014). Incumbents spent nearly $3 million, more than twice their overall average. Challengers spent an average of $2.1 million, more than four times their average.

This pattern – that challengers who spend more get a higher percentage of the vote, and incumbents who spend more get less of the vote – suggests that the relationship between spending and outcomes is different for incumbents and challengers (Jacobson 1980). Since incumbents can raise money more easily, they respond to electoral weakness by raising more funds. Challengers, too, are generally more able to raise money when potential contributors see a better chance of a victory. It is not that fundraising itself that determines the competitiveness of a campaign, but rather that competitive elections tend to generate the most spending.

Figures 7-12 show that the 2014 results are not unusual; elections since 1974 reveal a consistent pattern of more spending in competitive seats, better performance by high-

\textsuperscript{12} Incumbent reelection rates for the House are almost always above 90%, and are frequently over 95%. In 35 congressional elections since 1946, the House incumbent reelection rate (the percentage of incumbents seeking reelection who won) has only dropped below 90% nine times, and the total reelection rate over that time span is 92.2%. Source: Brookings Institution, Vital Statistics on Congress, table 2-7. 
spending challengers, and successful challengers able to keep fundraising pace with incumbents.

Tables 3 and 4 show the ten most expensive House and Senate races in history, with spending totals for candidates and outside groups, and the final margin of victory (it does not show totals for the 2017 Georgia 6th district election, which are not yet final; as noted in footnote 8, this is likely to significantly exceed the 2012 total for Florida 18th). With the exception of Ohio’s 8th district in 2012, all of the races were competitive, and several were decided by razor thin margins. Ohio’s 8th District is the exception, and involved then-Speaker John Boehner, who ran unopposed and still spent $21.2 million. Over half of his spending involved transfers to the National Republican Congressional Committee and the Ohio Republican Party.

<table>
<thead>
<tr>
<th>State</th>
<th>District</th>
<th>Year</th>
<th>Total Spending</th>
<th>Candidates</th>
<th>Outside Spending</th>
<th>Margin of Victory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>18</td>
<td>2012</td>
<td>$29,585,414</td>
<td>$23,046,034</td>
<td>$6,539,380</td>
<td>0.4</td>
</tr>
<tr>
<td>Florida</td>
<td>18</td>
<td>2016</td>
<td>$26,739,111</td>
<td>$18,707,836</td>
<td>$8,031,275</td>
<td>10.5</td>
</tr>
<tr>
<td>California</td>
<td>7</td>
<td>2014</td>
<td>$24,181,465</td>
<td>$10,377,254</td>
<td>$13,804,211</td>
<td>0.8</td>
</tr>
<tr>
<td>Virginia</td>
<td>10</td>
<td>2016</td>
<td>$22,824,944</td>
<td>$8,112,264</td>
<td>$14,712,680</td>
<td>5.8</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>8</td>
<td>2016</td>
<td>$22,460,066</td>
<td>$6,441,732</td>
<td>$16,018,334</td>
<td>8.8</td>
</tr>
<tr>
<td>Nevada</td>
<td>3</td>
<td>2016</td>
<td>$22,060,094</td>
<td>$5,389,642</td>
<td>$16,670,452</td>
<td>1.2</td>
</tr>
<tr>
<td>Minnesota</td>
<td>8</td>
<td>2016</td>
<td>$21,895,970</td>
<td>$6,451,986</td>
<td>$15,443,984</td>
<td>0.6</td>
</tr>
<tr>
<td>California</td>
<td>50</td>
<td>2006*</td>
<td>$21,580,243</td>
<td>$13,983,981</td>
<td>$7,596,262</td>
<td>4.5</td>
</tr>
<tr>
<td>Ohio</td>
<td>8</td>
<td>2012</td>
<td>$21,209,430</td>
<td>$21,206,623</td>
<td>$2,807</td>
<td>100 (Speaker)</td>
</tr>
<tr>
<td>New York</td>
<td>19</td>
<td>2016</td>
<td>$20,767,315</td>
<td>$10,170,454</td>
<td>$10,596,861</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Six of the top ten races were in 2016, and in five of those outside groups spent more than the candidates.

The Senate shows a similar pattern, although the amounts spent are significantly greater. The most expensive race ever was the 2016 Pennsylvania race, which was

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13 Data from [https://www.opensecrets.org/overview/topraces.php](https://www.opensecrets.org/overview/topraces.php).
expected to be very competitive. The incumbent, Pat Toomey (R), won by less than 2 percentage points in a presidential battleground state.

In six of these races, and four of the top five, outside groups spent more than the candidates. The all-time candidate spending record was the New York 2000 race, in which candidates spent $91 million, against only $4.9 million in outside spending; this was before the Super PAC era began in 2010.

<table>
<thead>
<tr>
<th>State</th>
<th>Year</th>
<th>Total</th>
<th>Candidates</th>
<th>Outside Spending</th>
<th>Margin of Victory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>2016</td>
<td>$175,451,521</td>
<td>$52,769,343</td>
<td>$122,682,178</td>
<td>1.70</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>2016</td>
<td>$129,558,831</td>
<td>$38,148,997</td>
<td>$91,409,834</td>
<td>0.10</td>
</tr>
<tr>
<td>Nevada</td>
<td>2016</td>
<td>$120,774,622</td>
<td>$30,872,476</td>
<td>$89,902,146</td>
<td>2.40</td>
</tr>
<tr>
<td>North Carolina</td>
<td>2014</td>
<td>$115,013,297</td>
<td>$37,834,040</td>
<td>$77,179,257</td>
<td>1.70</td>
</tr>
<tr>
<td>Florida</td>
<td>2016</td>
<td>$109,852,310</td>
<td>$59,900,893</td>
<td>$49,951,417</td>
<td>7.70</td>
</tr>
<tr>
<td>Colorado</td>
<td>2014</td>
<td>$98,123,082</td>
<td>$33,809,207</td>
<td>$64,313,875</td>
<td>2.50</td>
</tr>
<tr>
<td>New York</td>
<td>2000</td>
<td>$96,636,036</td>
<td>$91,784,452</td>
<td>$4,851,584</td>
<td>12.20</td>
</tr>
<tr>
<td>Ohio</td>
<td>2016</td>
<td>$91,402,583</td>
<td>$38,438,004</td>
<td>$52,964,579</td>
<td>21.40</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>2012</td>
<td>$90,476,496</td>
<td>$82,390,661</td>
<td>$8,085,835</td>
<td>7.40</td>
</tr>
</tbody>
</table>

On the whole, an examination of campaign spending over the past few decades shows clearly that costs have increased over time, and the environment changed significantly between 2008 and 2010, with both candidates and outside groups spending more as a result of technological and policy developments.

### III. A Second Cut at Empirics: What Do the Data *Really* Show?

The summary data in the previous section show some general patterns: campaign spending increases over time and shifts in response to changes in the underlying rules; incumbents spend more than challengers, and tend to spend more as their risk of losing increases; challengers tend to do better the more they spend; the amount spent in a race is
often a function of how competitive it is expected to be; and outside spending has grown substantially beginning in 2010.

But the overall amount spent, and the relationship between spending and outcomes (or between outcomes and spending) is far from the only question. As we parse the data to identify other key relationships, such as who contributes, we run into more difficult questions that run into potential problems with the underlying data, as well as vast difference in regulatory rigor as we move from federal, to state, and to local elections.

The difficulty is that these topline numbers may not be completely reliable measures of the true underlying quantities; Ansolabehere and Gerber (1990) find that total spending figures often obscure meaningful differences in how campaigns allocate their money, a gap that can affect the empirical inferences researchers draw. Calculating actual amounts spent depends on definitions of what constitutes “campaign spending,” distinctions between the many types of activity that occur in an election, and differences among the types of organizations involved in campaign activity. Some activities that can have an effect on an election outcome are not considered campaign activity (such as issue advocacy), and activities that may be influential but do not have an unambiguous dollar value are not even measured.\footnote{Things that cannot be accurately assigned a dollar value are excluded from regulation. Volunteer services, no matter how potentially valuable, are not counted as a contribution, in large part because it is impossible to assign an objective dollar amount to the enormous range of activities that might occur. Bruce Springsteen could not contribute more than $5,400 to a federal candidate in the 2016 cycle, but could make an appearance at a Clinton campaign on the eve of the 2016 presidential election, something very likely worth far more; other events included Katy Perry, Lady Gaga, and Madonna (Maraniss 2016). Critics of campaign finance regulation point to this as an inconsistency in the egalitarian motivations of the regulatory framework, which permits fame – hardly distributed randomly or fairly – to exert disproportionate influence (Samples 2006, 133-135).} Consequently, the amount that can be reported as expended will generally not be the total amount that was actually expended in efforts to influence an election. To further complicate the issue, amounts transferred from one political committee to another can be counted multiple times as expenditures (once each time a transfer is
reported as an expenditure by the committee initiating it, and once when the final recipient spends money on an activity such as an advertisement or vendor expense). While this double counting can be removed from reported data, topline FEC totals do not make this correction.

Comparing congressional spending in different election cycles requires special caution, as the totals depend critically on what fraction of races are contested, and Senate totals depend on competitiveness and which seats are actually up (the most expensive Senate race in history, measured by candidate spending, was the). Most of the time, spending is reported in current dollars, not accounting for inflation, but this can make increases over time seem larger than they really are. A dollar in campaign spending in November 2000 was equivalent to $1.39 in November 2016, using the CPI.

Even at the Federal Election Commission, summary totals often do not match. To give just one example, the FEC provides two summary totals for Obama’s 2008 cycle expenditures, neither of which matches with the actual filed reports (post-general, covering activity through 11/26/2008 and the December monthly, covering 1/27-12/31/2008). The Center for Responsive Politics analysis of FEC data reports yet another figure:

<table>
<thead>
<tr>
<th>Summary</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obama 2008 disbursements map</td>
<td>$754,615,240(^{15})</td>
</tr>
<tr>
<td>Obama 2008 Summary</td>
<td>$760,370,195(^{16})</td>
</tr>
<tr>
<td>Opensecrets.com summary data</td>
<td>$729,500,000(^{17})</td>
</tr>
</tbody>
</table>

These totals are close (there is a 4.2% difference between the smallest and largest dollar amounts), and the differences may not be material, at least in terms of the inferences that

\(^{15}\) [http://classic.fec.gov/disclosure/pnational.do](http://classic.fec.gov/disclosure/pnational.do)


can be drawn. But the level of detail – which can list total activities to the penny – suggests a precision that does not actually exist.\textsuperscript{18}

Many quantities of interest are unobservable. If we want to know how much money candidates or parties spend on a specific form of advertising (such as television), we will not be able to discern this from the information available in FEC disclosures. While the FEC requires committees to disclose the purpose of an itemized expenditure, the definitions are not uniform, and it is up to the individual committees to apply their own standards.\textsuperscript{19} A disclosure, for example, for “Media” as a category could include radio, television, or print advertising, might combine actual media buys with production costs. While FEC policy specifies that the purpose descriptions must be sufficient to allow “a person not associated with the committee,” to “easily discern why the disbursement was made when reading the name of the recipient and the purpose,”\textsuperscript{20} the level of detail is not uniform.

This discussion has so far focused on federal elections. State level data are even more difficult to measure precisely, given the differences in state level regulations and election cycles – 34 states hold their gubernatorial elections during midterm congressional years (e.g., 2010, 2014), 11 during presidential election years, and 5 in odd-numbered years,. Two states have 2-year gubernatorial terms.\textsuperscript{21} The most authoritative source of state-level campaign finance information, the National Institute on Money in State Politics, collects data on contributions rather than expenditures. Table 5 shows NIMSP contribution totals in even numbered years between 2006 and 2014 total is nearly $9.4 billion. The data indicate that contribution levels (here, a proxy for spending) are below what is observed for

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{18} Differences can be a function of how compliance expenditures, offsets, and contribution refunds are counted.
\item \textsuperscript{19} The FEC publishes a “non-exhaustive” list of acceptable and unacceptable purpose descriptions. \url{http://www.fec.gov/rad/pacs/documents/ExamplesofAdequatePurposes.pdf}.
\item \textsuperscript{20} Federal Register, January 9, 2007, 888 (72 Fed Reg. No. 5).
\item \textsuperscript{21} Source: The Green Papers, “All-Up Chart of Governors By Election Cycle,” \url{http://www.thegreenpapers.com/G12/GovernorsByElectionCycle.phtml}.
\end{itemize}
\end{footnotesize}
federal elections, but still easily reach into the billions of dollars. These totals do not include activity by independent or party organizations.

Table 5
Total State Level Campaign Contributions

<table>
<thead>
<tr>
<th>Type of Office</th>
<th>2006</th>
<th>2008</th>
<th>2010</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>$897,130,701</td>
<td>$149,301,178</td>
<td>$1,141,828,829</td>
<td>$182,982,945</td>
<td>$865,827,839</td>
</tr>
<tr>
<td>House/Assembly</td>
<td>$597,444,683</td>
<td>$579,553,348</td>
<td>$626,309,156</td>
<td>$605,326,757</td>
<td>$640,817,120</td>
</tr>
<tr>
<td>Senate</td>
<td>$361,788,493</td>
<td>$347,034,364</td>
<td>$360,554,673</td>
<td>$430,542,315</td>
<td>$384,861,488</td>
</tr>
<tr>
<td>Other Statewide</td>
<td>$298,371,736</td>
<td>$84,125,736</td>
<td>$322,034,004</td>
<td>$82,580,847</td>
<td>$270,337,158</td>
</tr>
<tr>
<td>High Court</td>
<td>$33,515,464</td>
<td>$32,259,419</td>
<td>$18,999,361</td>
<td>$32,551,967</td>
<td>$20,030,315</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,188,251,077</td>
<td>$1,192,274,045</td>
<td>$2,469,726,023</td>
<td>$1,333,984,831</td>
<td>$2,181,873,920</td>
</tr>
</tbody>
</table>

Local level data can, ultimately, only be estimated, since complete figures would have to be collected for each of the country's roughly 90,000 local government bodies (U.S. Census Bureau 2013), and disclosure varies considerably (some municipalities do not require reporting). Adams’ (2010) study of municipal elections identified roughly $750 million in contributions and independent expenditures in eleven cities over a 10-year period. State and local election expenditures are hardly trivial: in 2014, spending in federal elections constituted only about 60% or so of all campaign spending ($3.7 billion out of in the range of $5.9 billion in combined state and federal money, not counting local or ballot initiative spending and assuming that all state contributions were spent).

Finally, some election-related activity is not reported to either federal or state regulatory agencies. Issue ad spending is largely beyond the reach of reporting and disclosure requirements, and it is largely up to sponsoring groups themselves to decide whether it will report. At the federal level, “electioneering communications” that mention a

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22 The National Institute on Money in State Politics has sporadic local campaign finance data covering, covering 39 jurisdictions in 17 states (plus Washington, DC). The total amount reported in contributions since 2006 is $394 million. This is only slightly more than what Alexander and Corrado estimated was spent in local elections in 1992 alone ($350 million).
candidate for federal office and are run inside a time window before an election must be disclosed, but as table 1 indicates it comprises a comparatively small amount of activity ($56 million in 2016, or about 1.3% of all noncandidate spending that year).

One sign of uncertainty: an industry-level forecast of 2016 ad spending alone estimated the total for federal, state, and local elections $9.8 billion (Borrell Associates 2017). Depending on the assumption made about the percentage of campaign expenditures dedicated to media and media-related spending, we end up with a range: from $12 billion (at 80%) to $15 billion (67%) to nearly $19 billion (50%) with totals for the full 2015-2016 cycle even higher. The upper limit is more than double the total spending (federal) and contribution (state) amounts reported.

The uncertainties in campaign finance data increase at higher and lower levels of aggregation. We have reasonably accurate data on how much an individual campaign committee raises and spends, at least at the federal level. We have less accurate information on how much is spent at the level of a campaign (where the unit of analysis is an election for a particular office, encompassing all candidates and outside organizations), because of a lack of data on activities that are not reported or reportable. At the top level, where we want to know how much is spent during an election year, we must rely on estimates that have what is likely a material measurement error.

IV. Sources

A second question – “where do campaign funds originate?” – is even harder to answer with precision, because in addition to the definitional questions involved in measuring expenditures, some types of contributions are not disclosed at all, and some of what is disclosed is obscured behind organizational networks that make it virtually impossible to identify an original source. The interest in contribution sources stems
directly from the underlying basis of regulation: that disclosure of who is giving provides important information to voters about where a candidate’s support originates, informs conclusions about the candidate's positions, and can prevent corruption by revealing the nature of candidate-contributor relationships.

The information committees are required to disclose is not standardized, and FEC data is collected at the contribution level rather than at the contributor level (which is the relevant indicator if we wish to study influence). Aggregating contributions to the contributor level is far from straightforward, because the same person can list different information on each contribution (variants of a name, the presence or absence of a middle initial or suffix, different versions of occupation), and “there is no mechanism for identifying unique donors or to whom those donors have contributed (Heerwig and Shaw 2012, 1484)." A consequence is that applying individual or aggregate contribution limits is nearly impossible. Bonica and Shen (2013) found hundreds of examples in every election cycle of individuals exceeding the biennial aggregate contribution limits, with no record of the FEC ever enforcing (or even investigating) violations.

A complicating factor in tracking sources is the increasing reliance on Joint Fundraising Committees, in which groups of candidates, parties, or PACs form a separate combined committee that raises money that is then distributed to the constituent committees. The money is distributed either by an allocation rule or designated by a contributor. While not a new phenomenon (the first such committee was formed in 1977; see Kelner [2013-2014]), they have become much more common and account for an 23 FEC data show that Sheldon Adelson and his wife Miriam, large donors to conservative Super PACs, made $77.9 million in 2016 cycle contributions under “Sheldon Adelson,” “Sheldon G. Adelson,” “Mr. Sheldon Adelson,” “Mr. Sheldon G. Adelson,” “Miriam Adelson,” and “Dr. Miriam Adelson.” Donald S. Sussman, who gave $39.3 million to liberal super PACs, donated using five different name and address combinations: Donald S. Sussman and Donald Sussman, and Ft. Lauderdale FL, Rye Brook, NY, and North Haven, ME. In these cases of prominent donors, aggregating to the contributor can be straightforward. It becomes much more difficult with less well-known individuals.
increasing share of campaign funds. Center for Responsive Politics data show that in the 2004 cycle, $109.5 million was raised through JFCs; the number jumped to $509.5 million in 2008, $1.1 billion in 2012, and 736.5 million in 2016.\textsuperscript{24} Campaign Finance Institute data show that Donald Trump raised 32\% of his 2016 receipts via joint committees, Hillary Clinton 26\% of hers.\textsuperscript{25} JFC’s make identifying the source of contributions more difficult, since the original donations are both combined at the front end and disaggregated at the back, depending on who gives and what the allocation formulas are.

One major change in contribution patterns is the increasing importance of large contributions to independent groups. Data in Tables 3 and 4 showed that outside spending often exceeds candidate spending in the most expensive congressional races, a trend attributable in large part to Super PAC activity. This is also reflected in the rise of large individual and corporate contribution activity. In 2010, according to CRP data, the largest individual hard money contributor made $315,450 in contributions (note that this is almost triple the $115,500 aggregate individual limit in effect for the 2010 cycle), and the largest overall individual contributor gave $7.6 million to all campaign groups, including Super PACs.\textsuperscript{26} In 2016, the largest hard money individual contributor gave nearly $3.3 million, and the largest overall contributor gave over $91 million.\textsuperscript{27}

At the same time, technological changes have made it easier for candidates to raise money from small donors, as targeted email and web-based efforts have higher yields (and much lower costs) than direct mail. In the 2016 election, Donald Trump raised a total of $344 million from individuals, with 69\% of those funds ($239 million) coming from small

\textsuperscript{24} https://www.opensecrets.org/jfc/
\textsuperscript{25} http://www.cfinst.org/pdf/federal/president/2016/cycle/Table1.pdf
\textsuperscript{26} https://www.opensecrets.org/overview/topindivs.php?cycle=2010&view=hi.
contributions of $200 or less. Obama had raised $219 million in small contributions in 2012, and $181 million in 2008.  

As with expenditure data, sources differ on contribution amounts. FEC reports show that Trump raised $351 million in 2016, including $87 million in small individual contributions, and $134.6 in Transfers from Affiliated Committees (meaning Joint Finance Committees). But JFCs also covered another $77 million in campaign contributions, an amount that the Campaign Finance Institute assigns to the Trump campaign, but the FEC and Center for Responsive Politics do not.

The premise of the disclosure regime is that the knowledge of who is contributing to and speaking for (or against) candidates provides information to voters and serves to deter actual or potential corruption. But an emerging thread in the political science literature argues that Federal Election Commission data fail to capture the true impact of contributions, since the data reported fail to measure the actual significance of money. Eleanor Powell writes in a forthcoming book that, almost by definition, both legislators and contributors have every incentive to obscure any relationship that might result in a quid pro quo. A significant amount of activity – senior legislators agreeing to appear at colleagues’ fundraising events, the importance of leadership PAC activity to achieving influence within party structures, the indirect effect of member to member contributions as a way of weakening contribution limits – simply cannot be captured in FEC data. As Powell (2017, 21) writes:

28 Campaign Finance Institute, “President Trump, With RNC Help, Raised More Small Donor Money than President Obama; As Much as Clinton and Sanders Combined.” February 21, 2017. http://www.cfinst.org/Press/PReleases/17-02-21/President_Trump_with_RNC_Help_Raised_More_Small_Donor_Money_than_President_Obama_As_Much_As_Clinton_and_Sanders_Combined.aspx.
30 http://www.cfinst.org/pdf/federal/president/2016/cycle/Table1.pdf.
31 In addition to his campaign committee (Donald J. Trump for President, Inc., $343 million in expenditures) Trump had two Joint Finance Committees (Make America Great Again Committee, $258.5 million; and Trump Victory Committee, $105.3 million)
In recent years (post-2008), as campaign spending has dramatically expanded, these alternative fundraising methods that skirt contribution limits and disclosure rules, comprise increasingly large proportions of members’ fundraising for the party leading us to what is effectively a “post-data” period for which FEC data is increasingly irrelevant.

This is consistent with other indicia that disclosure is not as robust as it once was, with 501(c) groups and a reluctance by the FEC to aggressively enforce disclosure rules. Increasingly, disclosures fail to offer useful information as groups organized under tax law, such as 501(c) groups , (and governed by IRS regulations) frequently can avoid reporting who their donors are, although they typically report this information to the IRS. FEC reports would disclose the fact that an organization made a contribution, but not the source of the money for the organization. Reform groups often refer to this as “dark money,” indicting that the original source can be obscured, but as there is no formal legal definition it is difficult to determine amounts with precision. The Center for Responsive Politics estimates that $183 million in undisclosed funds was spent in 2016, down from over $300 million in 2012 but far more than the $26.3 million spent combined in the four cycles between 2000 and 2006.

V. Research into Campaign Spending

Even given these problems with the underlying data, it is still possible to draw inferences from observed patterns: the data can be understood as having a degree of measurement error rather than being uninformative. The creation of the FEC and the regularized reporting of contributions and expenditures permits comparisons over time and investigation of basic empirical patterns. One of those key patterns is change, and examining how the way that candidates, committees and parties raise and spend money has
evolved. But the data required to enforce law and regulations is often different than the data that interest social scientists.

The most common empirical questions about the campaign finance system are (1) what are the effects of campaign contributions on policy and government outputs, and (2) what effect do campaign finance regulation, contribution patterns, and expenditures have on election outcomes? Many other questions fall into these two major categories: the effect of public funding systems on outcomes and campaigns; the motivations of contributors; how different regulatory regimes affect patterns of candidate emergence, election competitiveness, and success; how interest groups adapt strategies in response to regulatory changes; and the role of political parties in the electoral process.

The proposed answers remain elusive, in large part because of the severe endogeneity of both contributions and spending with respect to both policy outputs and election outcomes. Contributions and spending, the two activities most directly captured by the regulatory regime, are not truly independent variables that have exogenous effects on the processes and outcomes that we want to observe (which in this context are government outputs and election results). Instead, those activities are affected by the expected outcomes themselves: contributions tend to flow to candidates most likely to win or those expected to be involved in competitive races. Expenditures are, similarly, higher in competitive races where either side has a chance to win, and thus where an increment of campaign money could conceivably alter the result. In the ideal world of incumbents, where they run unopposed or against token opposition, there is less need to raise and spend large amounts of money (though they might wish to raise money to contribute to other candidates). A naïve interpretation of this pattern would be that higher spending is associated with more competitive elections, when the actual pattern is that more competitive elections tend to cause higher spending. If spending decisions are made based
on anticipated competitiveness, conclusions we reach about the effect of spending on outcomes will be incorrect.

Similarly, contributions to candidates and parties are not made independently of knowledge about where the recipient stands on key issues. It is easy enough to argue that the campaign finance system is a bazaar where contributions are outright traded for votes and outcomes and elected officials offer their services to the highest bidder, in part because actions and contributions frequently appear related. Legislators who receive the most money from the National Rifle Association, either via contributions or independent expenditures, tend to be the strongest opponents of gun control. Supporters of organized labor receive the most money from unions, and so on. But causal direction is less easily inferred from this, as the pattern would be identical if contributions flow to sympathetic legislators as an expression of support. The difference is difficult to sort out, but it is central to the campaign finance debate.

This literature review is not comprehensive. Rather, it highlights general categories of research with illustrative examples.

**A. Effects of Spending**

Until the 1970s, basic data were largely unavailable, and what was public failed to capture meaningful features of expenditures, contributions, or relationships between contributors and candidates; in 1960, Heard’s comprehensive review noted “a degree of inaccuracy and incompleteness in most important campaign reports” (1960, 359). Candidates and parties could form multiple committees, disclosure requirements were weak, and enforcement was nearly nonexistent (Heard 1960, 365).

FECA’s more robust reporting and disclosure requirements permitted more careful analysis. Jacobson’s 1980 *Money in Congressional Elections* was the first comprehensive study of the relationship between campaign spending and electoral competitiveness, and
reached the surprising conclusion that only challenger spending mattered. Spending by incumbents had no impact on vote totals or victory margins. The logic is straightforward: challengers are less familiar to voters and can compensate for this by spending money. Incumbents, conversely, are more well known, and the marginal impact of additional spending will be lower.

Jacobsen also identified a crucial empirical problem in analyzing campaign spending: amounts raised and spent were not truly exogenous to the final results, as expectations about how competitive a race would be affected contributors' willingness to get involved. The amounts that incumbents spend is often inversely related to how they do, since incumbents in electoral jeopardy will spend as much as they can. This creates the counterintuitive result that the more incumbents spend, the worse they do, something directly attributable to the endogeneity of incumbent spending to electoral vulnerability. When challengers are expected to do better, they are able to raise more money. But the reverse is true for incumbents: the more likely they are to win, the less money they need to raise.

Jacobson's original work triggered a debate in the literature, with a number of scholars critiquing his finding that incumbent spending does not matter (Gerber 1998; Green and Krasno 1988; Green and Krasno 1990). It may not be possible to tease out all of the simultaneous and strategic relationships that are clearly endogenous – the roles of strategic actors, candidate quality, expectations, and specific campaign tactics that affect both outcomes and behavior during the campaign that lead up to those outcomes– with the available data. And the effects clearly differ depending on office: the relationships that hold for House elections will not be the same that hold for Senate, presidential, or state-level races. Ultimately, top-level data will not give us sufficient information to answer this problem.
B. Effects of Contributions

The foundation of campaign finance regulation is built on the potential that campaign contributions – the literal currency of running for office – could directly affect the behavior of elected officials. If money becomes the basis for decisions, with officeholders casting votes and introducing legislation based on who contributed money, representation and the legitimacy of government become corrupted.

The legal matter that underlays campaign finance regulation – the prevention of quid pro quo corruption resulting from the direct exchange of campaign contributions for favorable policy decisions – is much narrower than the policy question that interests social scientists, which is the broader relationship between financial support for officeholders and influence on the policy process and outcomes. It is a canonical example of an unobservable outcome, as no contributor or officeholder would ever willingly admit to an explicit exchange (which would be illegal in any event even without any campaign finance laws). Researchers must infer cause and effect indirectly, a difficult task given the fact that the outcome is the same regardless of the direction of the causal arrow. One consequence is that most research examines the question indirectly, examining patterns of behavior and outcomes that could reveal the underlying relationships.

Most reform groups would consider the issue so obvious as to not even merit debate, but social science research has produced much more qualified results. There is little evidence that campaign contributions change legislator voting behavior, and any effect is generally on a very narrow range of issues (Fellowes and Wolf 2004; Rocca and Gordon 2012; Zullo 2006), but more evidence that contributors seek access and try to get supportive candidates elected (Bronars and Lott 1997; Levitt 1998; Powell 2013; Wawro 2001). At the same time, recent work finds that policy outcomes are far closer to the
preferences of the extremely wealthy (Page, Bartels, and Seawright 2013; Gilens and Page 2013) and that states with more restrictive campaign finance laws have more redistributive policies (Flavin 2015). In what remains one of the canonical works on campaign contributions, Hall and Wayman (1990) argue that contributions affect how legislators allocate their time and the intensity of their efforts. This finding is consistent with other work identifying patterns of access based influence (Ansolabehere, Snyder, and Tripathi 2002; Hojnacki and Kimball 2001; Powell 2013; Kalla and Broockman 2016; Powell and Grimmer 2016).

Web technologies have made it easier to raise money from in small contributions, because the marginal transaction costs are far lower than older methods such as direct mail or fundraising events. While contributions under $200 are not itemized (and although there is no legal definition of a small contributor, this is the threshold normally used), it is possible to track the total amounts raised from contributions under this limit.

An underdeveloped part of the literature involves parsing the effects of contributions vs. independent expenditures. While Supreme Court jurisprudence holds as a matter of law that independent expenditures are not corrupting, that conclusion is not based on evidence. It is a legal finding that traces back to the Court's language in Buckley v. Valeo that independent advocacy “does not presently appear to pose dangers of real or apparent corruption comparable to those identified with large campaign contributions,” (424 U.S. 1, 46). Later decisions, including Wisconsin Right to Life v. FEC and Citizens United v. FEC, continue to cite this finding as a permanent characteristic of independent expenditures. It may be the case that the lack of coordination does, in fact, mitigate any potential corrupting effect, but there is no data to support that conclusion.32 When the

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32 In July 2015, the Wisconsin Supreme Court ruled that issue advocacy is entirely unregulated by campaign finance law, even if coordinated. Unlike federal law, which asks the coordination question first and considers all coordinated activity to be campaign
court issued *Buckley*, independent spending was low, and the decision did not invalidate contribution limits to independent groups. In the 1976 cycle, federal election independent spending was $1.43 million, or roughly $6.1 million in constant 2017 dollars. In 2016, independent expenditures alone (not counting issue advocacy) were $1.46 billion, 242 times more in than what was spent in 1976, and the largest individual contributor to independent groups that year gave more than $87 million. It is, at a minimum, plausible that the effects of independent expenditures in the Super PAC era are different than they were in 1976.

Powell (2017) moves beyond linking contribution activity to outcomes, and examines the more general question of how fundraising activity shapes the influence of legislative leaders. She finds that legislators who not only contribute to other members’ campaigns (through leadership PACs and other entities) but also help them raise money by appearing as headliners at fundraisers, have more influence and an easier time moving legislation reflecting their own preferences through Congress.

**C. Characteristics and Motivations of Contributors**

Few will be surprised with the straightforward finding that individual donors tend to come from a relatively small and average wealthy cohort (Gimple, Lee and Perason-Merkowitz 2008; Gimpel, Lee and Kaminski 2006; Cook, Page and Moskowitz 2014; Page, Bartels and Seawright 2013). What is perhaps more surprising is that most research finds that individual donors are more ideologically extreme than non-donors, and that they contribute for ideological reasons (Hilland Huber 2017; Barber, Canes-Wrone, and Thrower contributions, under Wisconsin law the first question is whether activity is issue or express advocacy. If a group engages in issue advocacy, all regulation ceases, and even coordination does not trigger any subsequent inquiry or regulation.
2017; Gimpel, Lee, and Pearson-Merkowitz 2008; Bertram 2010; Panagopoulos and Bergan 2006; Johnson 2010; La Raja and Schaffner 2015; Barber 2015; Barber 2016; but Bramlett, Gimpel and Lee (2011) argue that contributors are not the cause of polarization; Francia et al. 2003 identify multiple motivations for donating, of which ideology is only one). The rise of the internet as an efficient vehicle for making contributions does not appear to have changed these dynamics (Wilcox 2008).

D. Public Funding

The FECA created a partial public funding program for presidential elections, with matching grants available to candidates running in party nomination contests, and a grant intended to fully fund general election contests. Candidates who accepted public funding had to agree to limit their spending (with both state level and aggregate caps in the primaries, and an overall limit.

The history of the presidential public funding program is representative of the weakening of the campaign finance regulatory regime. As the amounts necessary to run a credible campaign began to dwarf the spending limits candidates had to adhere to, the entire system weakened to the point of irrelevancy. In 2008, the aggregate primary spending limit was $42.05 million, with separate limits applying in each state (the limit in Iowa was just over $1.5 million; New Hampshire, $841,000). Barack Obama spent nearly 10 times that amount during the primaries ($391 million), Hillary Clinton nearly 6 times the limit ($245 million), and John McCain nearly 5 times the limit ($197 million).

Candidates could spend an additional 20% on exempt activities, largely fundraising expenditures. Spending on compliance activities does not count under the ceiling.
Between 1976 and 2004, participation was nearly universal; George W. Bush was the first serious major party candidate to forego primary matching funds in 2000. In 2004, neither major party nominee accepted primary grants, although both George W. Bush and John Kerry accepted the general election funding. In 2008, Barack Obama became the first major party candidate to turn down the general election grant. By 2012, no candidate with a serious chance of winning a major party nomination would participate in either phase, in part because of unrealistically low spending limits, in part because alternative paths for fundraising (particularly single-candidate Super PACS) negated any need for any supplemental assistance.

<table>
<thead>
<tr>
<th>Cycle</th>
<th>Participating Candidates (major party)</th>
<th>Amount</th>
<th>Convention</th>
<th>Participating Candidates (major party)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>15</td>
<td>$24,949,510</td>
<td>$4,149,630</td>
<td>2</td>
<td>$43,640,000</td>
</tr>
<tr>
<td>1980</td>
<td>10</td>
<td>$31,431,659</td>
<td>$8,832,000</td>
<td>3 (2)</td>
<td>$63,122,304</td>
</tr>
<tr>
<td>1984</td>
<td>11 (10)</td>
<td>$36,519,405</td>
<td>$16,160,000</td>
<td>2</td>
<td>$80,800,000</td>
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<tr>
<td>1988</td>
<td>15 (14)</td>
<td>$67,549,608</td>
<td>$18,440,000</td>
<td>2</td>
<td>$92,200,000</td>
</tr>
<tr>
<td>1992</td>
<td>12 (10)</td>
<td>$43,432,631</td>
<td>$22,096,000</td>
<td>2</td>
<td>$110,480,000</td>
</tr>
<tr>
<td>1996</td>
<td>11 (10)</td>
<td>$58,538,356</td>
<td>$24,728,000</td>
<td>3 (2)</td>
<td>$152,640,000</td>
</tr>
<tr>
<td>2000</td>
<td>10 (7)</td>
<td>$62,261,574</td>
<td>$29,564,690</td>
<td>3 (2)</td>
<td>$147,733,452</td>
</tr>
<tr>
<td>2004</td>
<td>8 (7)</td>
<td>$28,433,886</td>
<td>$29,848,000</td>
<td>2</td>
<td>$149,240,000</td>
</tr>
<tr>
<td>2008</td>
<td>8 (6)</td>
<td>$21,728,501</td>
<td>$33,641,520</td>
<td>1</td>
<td>$84,103,800</td>
</tr>
<tr>
<td>2012</td>
<td>3 (0)</td>
<td>$1,356,108</td>
<td>$36,496,600</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>2016</td>
<td>2 (1)</td>
<td>$1,544,965</td>
<td>0</td>
<td>0</td>
<td>$0</td>
</tr>
</tbody>
</table>


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34 There were prior candidates who had formed committees and turned down matching funds: Malcom Forbes and Jack Kemp declined the funds in 1996, but neither amounted to a serious contender, although nominee Robert Dole chose Kemp as his Vice-Presidential nominee.

35 PL 113-94 (April 3, 2014) ended public funding of presidential nominating conventions.
At the state level, Wisconsin and Minnesota adopted public funding systems for state races in the 1970s, using a combination of partial grants or matching funds. Arizona, Maine, and Connecticut enacted full public funding systems ("Clean Elections"), designed to completely supplant private fundraising. There is little evidence that these programs made state elections more competitive or changed policy outcomes (Mayer and Wood 1995; Mayer, Werner and Williams, 2006; Mayer 2013; Malbin 2015; Miller (2015) offers a more sanguine view), although there is evidence that matching programs that multiply small contributions (such as New York’s 6-1 match) increase the diversity of contributor pools (Malbin, Brusoe, and Glavin 2012; Malbin 2013).

E. Effects of Disclosure on Public Perceptions of Transparency and Corruption

Do contribution limits, source restrictions, and disclosure of spending and contributions work in deterring corruption or increasing public confidence in the electoral process? The first question – deterring corruption – is almost impossible to answer, since it requires proving both a negative outcome and a causal mechanism to explain it. More to the point, to the degree that disclosure and reporting prevents corruption, the effect may be simply to shift illicit activity to other forms.

The more tractable research questions investigate whether disclosure provides any useful information to viewers, affects public confidence in the integrity of the political process, or deters participation from potential donors who would prefer to remain anonymous. The results are – at best – mixed. Dowling and Wichowsky (2013) found that disclosing the sponsor of an ad increased viewer to the message; later research (Dowling and Wichowsky 2015) demonstrated that candidates are better off if parties or independent groups do negative campaigning. On the other side of the ledger, knowing that an ad is sponsored by a group of small donors does not increase the effectiveness of an ad (Ridout, Franz, and Fowler 2015). Primo (2013) argues that disclosure requirements have little
effect in helping voters identify the financial interests behind advertising. Overall, the
stringency of campaign finance regulation does not affect public perceptions of corruption
and efficacy (Primo and Milyo 2006).

One controversial question is whether disclosure laws discourage political activity
or lead to retaliation against groups or individuals that contributed to unpopular candidates
or causes. There is some evidence that disclosure requirements may increase activity
below disclosure thresholds (La Raja 2014; Briffault 2010) and motivate potential donors to
find alternative methods that avoid disclosure (Kingser and Schmidt 2012; Chand 2015;
Carpenter and Milyo 2013).
Bibliography


Figure 5
Average Spending by Candidate Type (House)

Figure 6
Average Spending by Candidate Type (Senate)
Figure 9
Spending when Challenger Won (House)

Figure 10
Spending when Incumbent Won with 60% or More (Senate)