



BIPARTISAN POLICY CENTER

Campaign Finance in the
United States: Assessing an
Era of Fundamental Change

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Goal of the Research Effort

- To reach consensus among a bipartisan group of political scientists as to the fundamental changes occurring in the U.S. campaign finance system in the previous fifteen years.
- **Not to propose reforms**, but to establish the factual predicate for a discussion of the changing dynamics of the system.

Key Findings

1. Super PACs

- *Most significant change in the system.*
- *Key to understanding the fragmentation of the system and the preferred financing vehicle of a small group of individuals to participate in campaigns.*

2. Parties

- *The formal party organizations have receded in importance to outside groups/informal party.*

3. Corporations

- *Citizens United v. FEC, has not led to an explosion in corporate spending.*
- *Unions have taken greater advantage of that decision.*

4. Disclosure

- *501(c)(4) groups have become critically important vehicles for donors wishing to give anonymously.*
- *The 2016 election did not see the same level of undisclosed spending as 2012.*

5. New Media

- *Spending on digital campaign communication is rapidly accelerating.*
- *Campaign finance law's preoccupation with television is becoming increasingly anachronistic with each election.*
- *The major internet platforms are now in a unique position to establish the future rules of campaign financing and political communication.*

**Total amount spent on advertising in 2016 on all elections combined: roughly \$9.8 billion (\$400 million increase over 2012)

Figure 1. Presidential Candidate Committee Spending

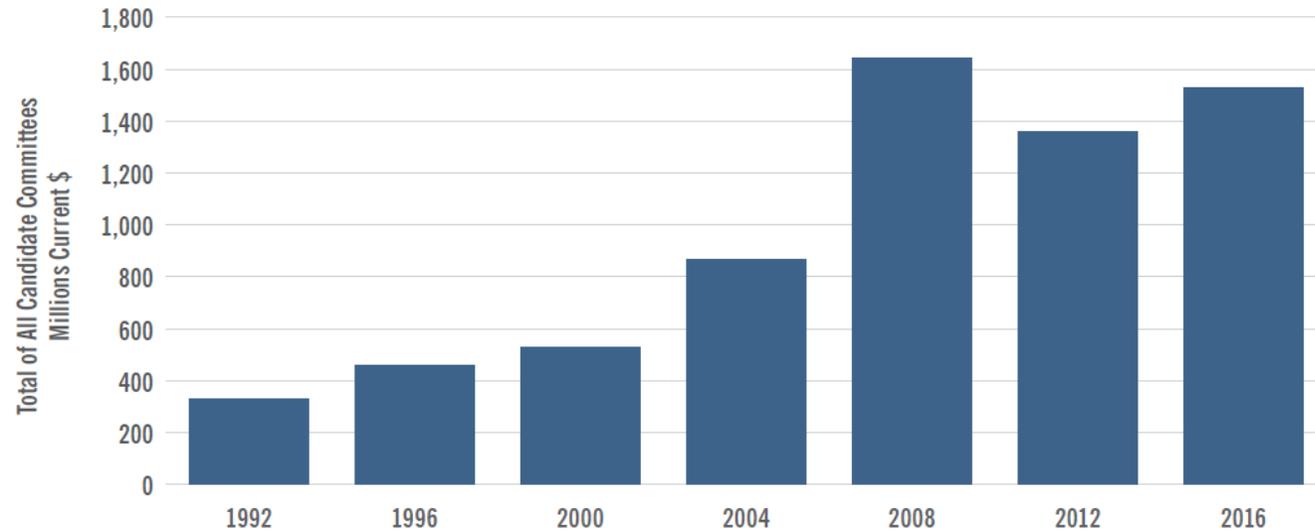
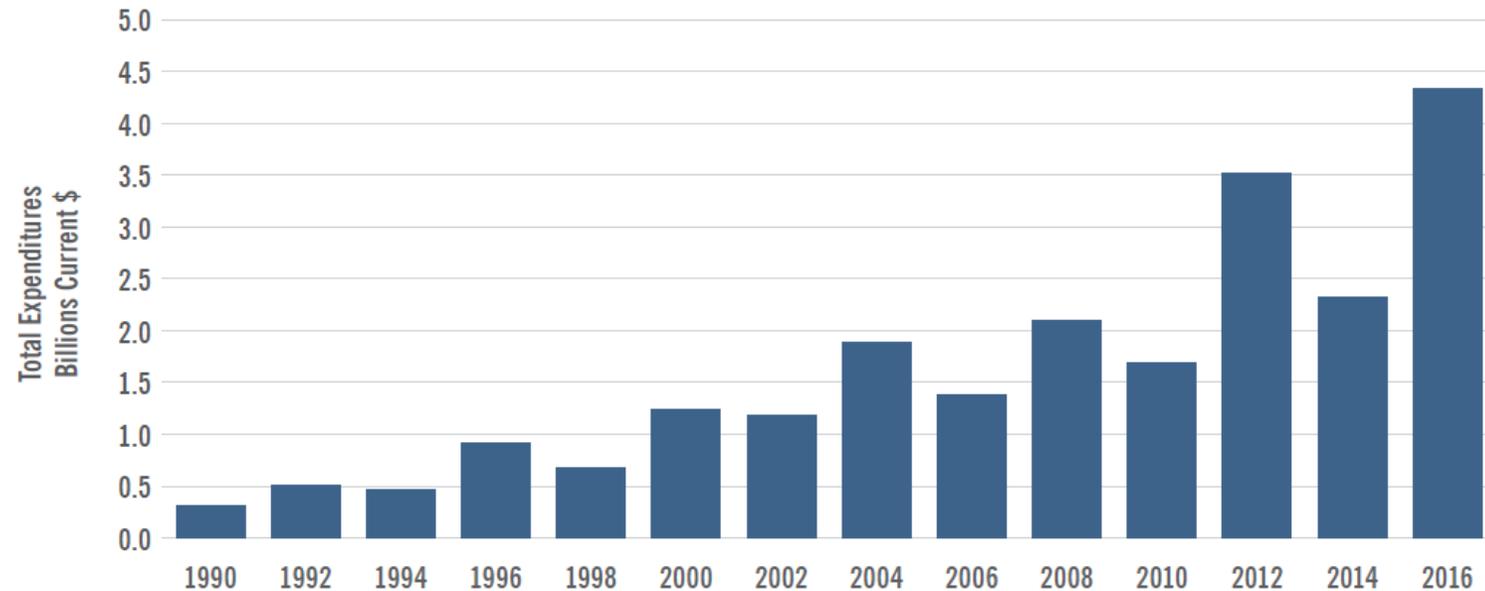


Figure 2. Noncandidate Expenditures



More Donors, But Highly Concentrated Donations

Number of people giving to candidate campaigns

1982: 65,970

2016: More than 3.2 million

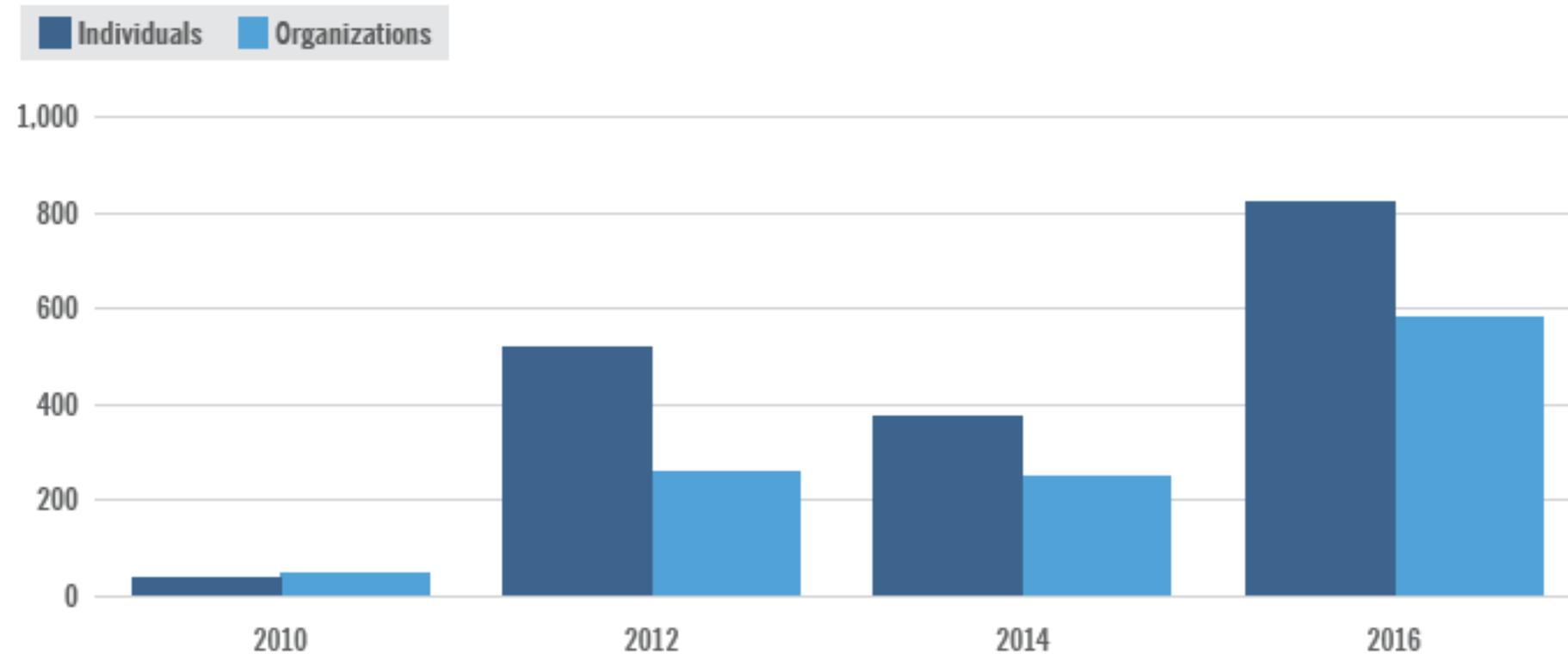
Number of people accounting for half of total contributions

2000 – 73,926

2016 – 15,810

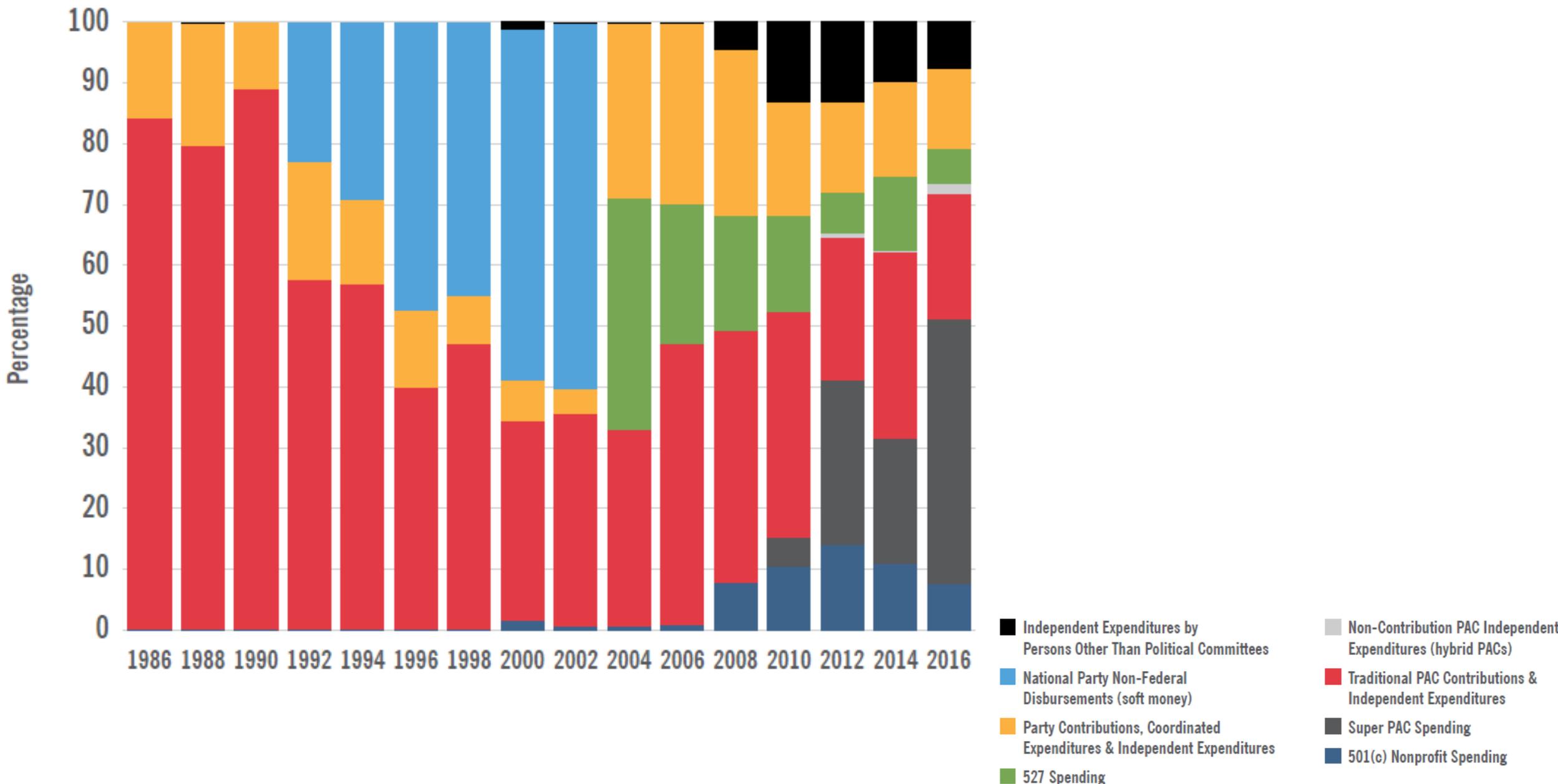
Super PACs

Figure 12. Donations to Super PACs from Organizations and Individuals, 2010–2016 (in millions of dollars)



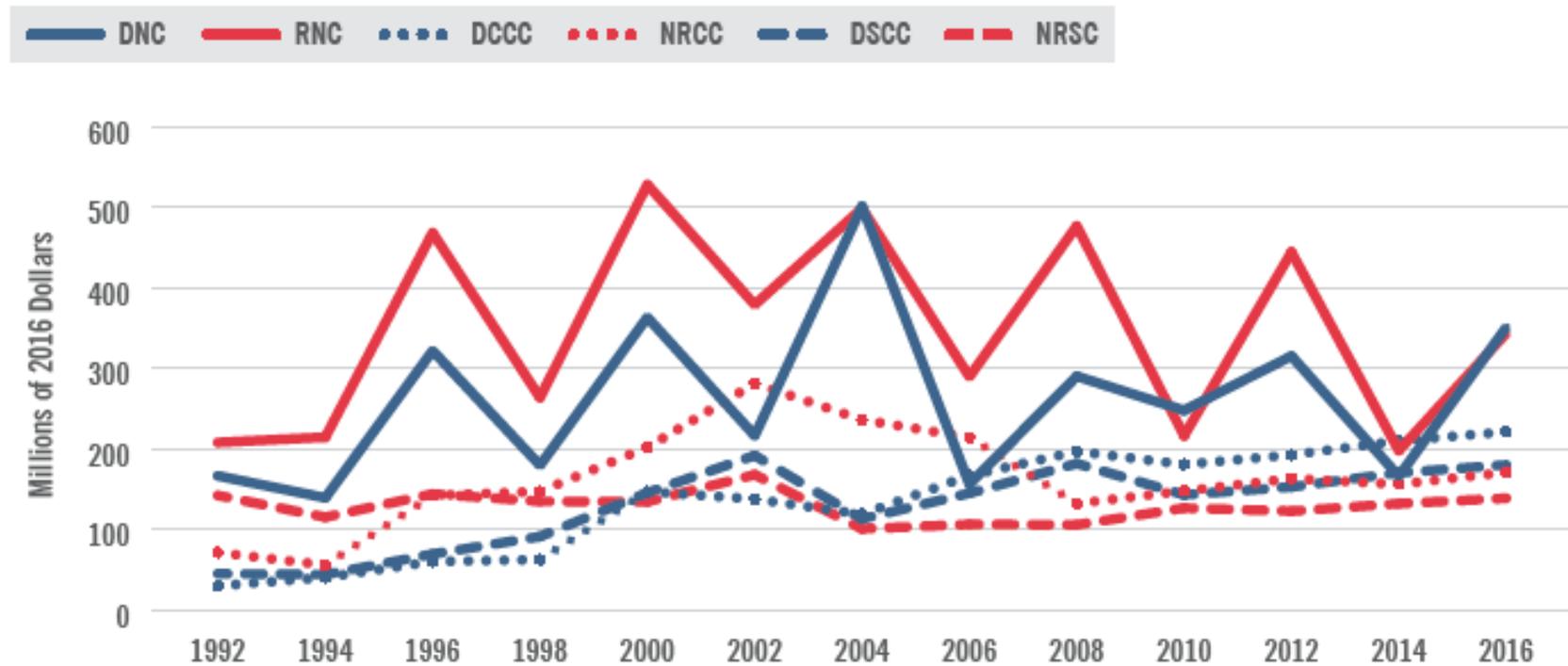
Source: Paul S. Herrson, The Impact of Organizational Characteristics on Super PAC Financing and Independent Expenditures. Available at: <https://bipartisanpolicy.org/campaign-finance>.

Figure 11. Relative Spending by Different Groups in Federal Elections, 1986–2016



Party Receipts

Figure 10. National Party Committee Receipts, 1992–2016 (in millions of dollars)



Source: Diana Dwyre, Political Parties and Campaign Finance: What Role Do the National Parties Play? Available at: <https://bipartisanpolicy.org/campaign-finance>.

Facts About Corporations and Unions

Corporate Spending

2012: \$75 million (of which \$20 million came from shell corporations for individuals).

2014: 5 percent (\$25 million) of Super PAC receipts in 2014 and

2016: 6 percent (\$95 million) of Super PAC receipts

- *“Publicly held companies were the source of less than 1 percent of total Super PAC funding and most of this money came from only a few companies.” (Anthony Corrado)*

Trade associations, like the U.S. Chamber of Commerce

- *2014: \$35 million*
- *2016: \$29 million*

Unions

- *2012: \$105 million on independent expenditures – more than the \$60 million labor PACs spent on federal elections or the \$96 million spent on federal lobbying efforts)*
- *2014: \$81.6 million on Super PACs*
- *2016: \$93 million on Super PACs*
- *Corrado: In the 2014 and 2016 elections combined, “labor union donations [to Super PACs] exceeded the total amount given by business corporations and trade groups by \$32 million.”*

Disclosure and 501(c) Spending

Spending by 501(c)(4) organizations

2006: \$5 million

2008: \$69 million

2010: \$136 million

2012: \$309 million

2016: \$147 million

Disclosure

Table 3. Television Ad Airings by Non-Disclosing Groups, 2000–2016

Cycle	All Federal	Pres	Senate	House
2000	34,406	13,248	9,816	11,342
2002	6,633	-	4,740	1,893
2004	15,484	9,018	3,281	3,185
2006	15,540	-	7,294	8,246
2008	86,032	15,585	54,484	15,963
2010	126,123	-	61,655	64,468
2012	383,375	172,595	149,826	60,954
2014	215,014	-	171,075	43,939
2016	135,212	30,023	95,531	9,658

Source: Center for Responsive Politics and Wesleyan Media Project, Report on Outside Group Activity, 2000-2016: Assessing Dark Money Trends & Magnitude. Available at: <https://bipartisanpolicy.org/campaign-finance>.

Figure 14. Groups Airing Television Ads

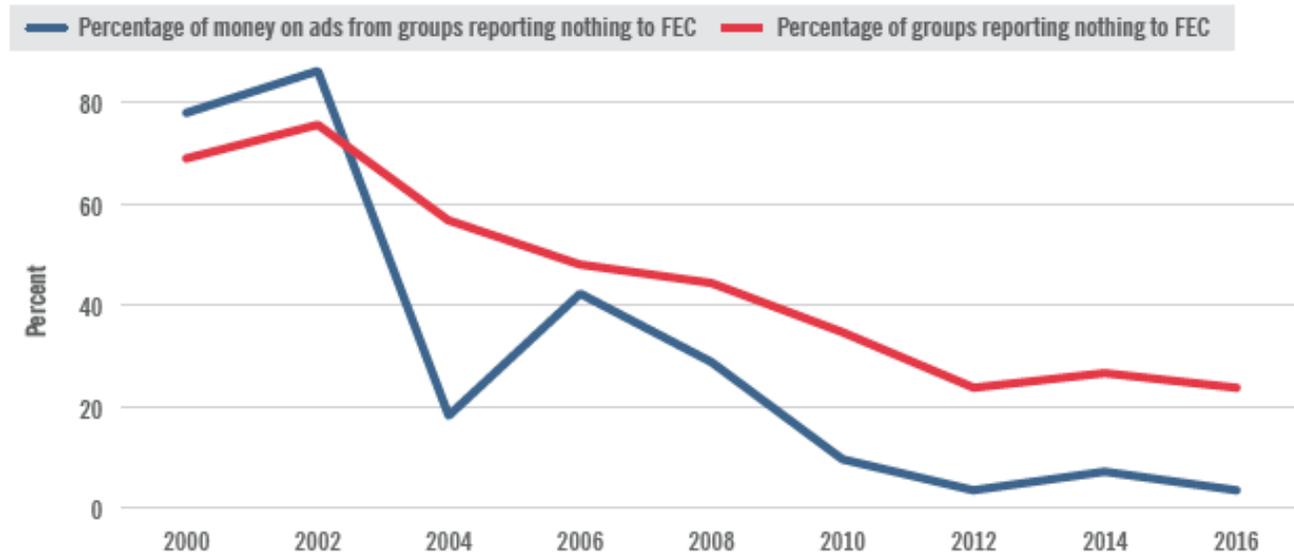
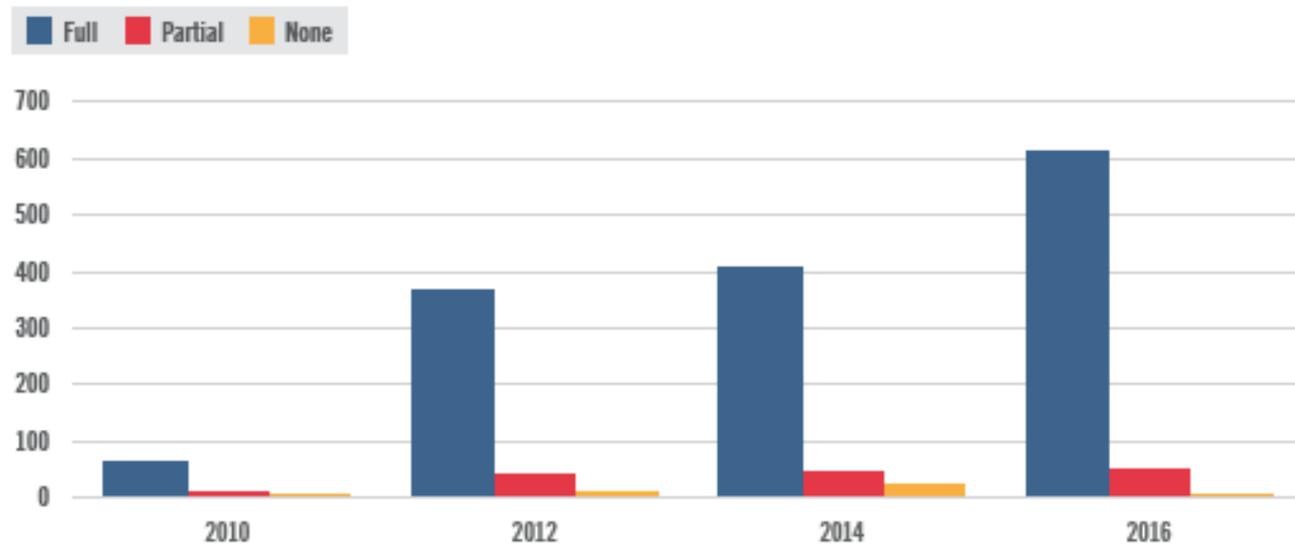


Figure 13. Share of Super PACs Engaging in Undisclosed Spending



Source: Center for Responsive Politics and Wesleyan Media Project, Report on Outside Group Activity, 2000-2016: Assessing Dark Money Trends & Magnitude Available at: <https://bipartisanpolicy.org/campaign-finance>.

The Shift to Digital

POLITICAL ADVERTISING FROM PAST 2 PRESIDENTIAL ELECTION YEARS COMPARED

\$ IN MILLIONS

Media Choice	2012	Share	Change from '08 election	2016	Share	Change from '12 election	2012-16 Share Pt. Shift	\$ Difference from 2012
Broadcast TV	\$5,450.27	57.9%	26.2%	\$4,396.84	44.7%	-19.3%	-13.2	(\$1,053.42)
Radio	\$809.77	8.6%	46.6%	\$621.31	6.3%	-23.3%	-2.3	(\$188.47)
Out of Home*	\$377.38	4.0%	52.8%	\$348.27	3.5%	-7.7%	-0.5	(\$29.11)
Newspapers	\$680.70	7.2%	24.7%	\$658.29	6.7%	-3.3%	-0.5	(\$22.41)
Magazines	\$156.05	1.7%	60.1%	\$139.33	1.4%	-10.7%	-0.2	(\$16.73)
Telemarketing	\$603.57	6.4%	20.6%	\$606.64	6.2%	0.5%	-0.2	\$3.06
Direct Mail**	\$285.34	3.0%	25.4%	\$301.63	3.1%	5.7%	0.0	\$16.29
Cable	\$891.78	9.5%	90.6%	\$1,355.28	13.8%	52.0%	4.3	\$463.51
Online/Digital	\$159.21	1.7%	615.6%	\$1,415.38	14.4%	789.0%	12.7	\$1,256.17
U. S. Total	\$9,414.07	100%	34.9%	\$9,842.98	100%	4.6%	0.0	\$428.90

Source: Borrell Associates

The Implications of the Shift to Digital for Campaign Finance Regulation

- Hard to track on line spending – could occur anonymously; anywhere in the world.
- Disclosure regime ill-fitted for on line spending.
- Great power now exercised by internet platforms to regulate campaign finance and political communication.

Conclusion

- Awash in data, but need more!
- Fundamental shift to individual donors financing of elections, especially through Super PACs.
- New vehicles for campaign financing extending along two dimensions:
 - *Extent of Disclosure*
 - *Proximity to candidates/parties*
- Money becoming increasingly difficult to track – online, 501(c) organizations
- The preoccupation of the campaign finance regime with television will become increasingly anachronistic....