

Independent Spending in State Elections after *Citizens United*:

Part 2: Ideological and Issue Groups

Michael J. Malbin

University at Albany (SUNY)
Campaign Finance Institute

Charles R. Hunt

University of Maryland, College Park

Jaclyn J. Kettler

Boise State University

Brendan Glavin

Campaign Finance Institute

Keith E. Hamm

Rice University

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Independent Spending in State Elections after *Citizens United*: Part 2: Ideological and Issue Groups

This paper is the second in a three-part series on independent expenditures (IEs) in state elections since the Supreme Court's 2010 decision in *Citizens United v. Federal Election Commission*. We have noted previously that independent expenditures (IEs) in *federal* elections skyrocketed after *Citizens United*. In 2008, IEs in U.S. House and Senate elections (other than by formal party committees) amounted to \$44 million. In 2016, the total was \$647 million – more than fourteen times the level of 2008 (Malbin and Glavin, 2018). In *state* elections, according to the National Institute on Money in State Politics (NIMSP), IEs increased by 58% between 2008 and 2012 and 139% between 2006 and 2014 (Burgam, 2016). The growth rate for state-level IEs thus was significant, but not nearly as large as for Congress.

The focus of these papers, however, is not on the bottom-line totals. Rather, the papers look at the various sectors of independent spenders to see whether the growth in IEs has shifted the proportional importance of some sets of political actors over others. In a previously published study (covering 2006-2012), most of the co-authors of this paper had used NIMSP's data to test what were then the most prevalent expectations about IEs. Among other things they found, contrary to then-conventional wisdom, that the early increases did not come from for-profit corporations or labor unions. Rather, the most noticeable growth at that time came from (a) national, party-affiliated organizations operating across state lines (e.g., Democratic Governors' Association, Republican Governors' Association), (b) state based party-affiliated

organizations, and (c) party-allied coalitional organizations (Hamm *et al.*, 2014). If this held up over time, it would have suggested that, contrary to all expectation, the political parties were benefiting from a set of developments that most observers expected to hurt them. However, the authors also noted that it was too soon to know how the post-*Citizens United* landscape might develop. With more elections complete, it is appropriate to take a fresh look.

The first paper in the current series (delivered at the annual meeting of the American Political Science Association in 2017) presented overview data showing IEs by types of organizations, followed by a more detailed analysis of the party-affiliated sector that had been worthy of special attention a few years ago. It turned out that after a period of rapid growth documented by our earlier work, IEs by the party-affiliated organizations declined in recent elections – although their total political effort remained steady as they increased their direct contributions to state parties and candidates in states where unlimited contributions were allowed (Malbin *et al.*, 2017). We also noted in that paper that the ideological, issue and business sectors had experienced the most rapid growth. This paper therefore will consider the ideological and issue sectors after presenting revised tables of overview data. A third paper scheduled for the 2018 APSA convention will focus on business and labor organizations. The three papers will then be combined for cross-sector comparisons.

DATA SOURCES

The National Institute on Money in State Politics (NIMSP) has been an invaluable resource for state-level data on donors and spenders alike. For this paper, we collected and

coded data from 2010 (for which NIMSP has data from 20 states¹), 2012 (28 states), 2014 (29 states) and 2016 (30 states). Our tables present information both for all available states and for the 20 states for which NIMSP has consistent data across the four elections. To make the data more useful for our purposes, we gave a sectoral code to each of the entities that spent a total of \$150,000 or more over the course of these four elections. This accounted for 92% of all independent spending in the four election cycles. These groups included entities previously uncoded by NIMSP, as well as more detailed coding for the various kinds of ideological, issue, and party-like groups.

There are a number of useful ways to classify spending groups, as argued by Herrnson (2017) in his recent work on the organizational characteristics of federal Super PACs. Herrnson notes, for example, that most previous studies of federal IEs (e.g., Magleby 2014) focused primarily on whether groups are candidate-, party-, or interest group-centered. The level of industry and political sector classification we use for state-level IEs achieves a greater level of useful detail. It represents the most exhaustive and precise effort to date that we know of to categorize independent spenders in state elections. Categorizing can be a challenge given the efforts many groups make to remain in the background and the variety of generic and sometimes mystifying names they adopt. It was frequently necessary to examine the groups' funders to identify their sectors more thoroughly. For example, the generically-named committee "Building and Protecting a Strong California" was funded almost entirely by donations from firefighters, building trades, and correctional officers unions. It was therefore coded as "Labor", but it would have been difficult to code without reviewing the group's

¹ This excludes Florida, for which NIMSP has only partial data.

donors. An additional challenge was that some group names were nearly identical to groups on the other side of the political spectrum, or else deliberately confusing. For example, there were at least fifteen different IE organizations whose name began with the words “Working Families” (not counting another seventeen district-specific “Working Families” committees). Most of these appear to be labor-funded, but some are ideological on the left, while others are ideological on the right. All are distinct from the left-leaning “Working Families Party” in New York State. There is simply no way to categorize the groups without digging beneath the name.

Generic names do serve a political purpose. We know from experimental research that campaign advertisements sponsored by political groups are often more effective and face less backlash than party or candidate advertisements because citizens do not connect the negative ads back to the party or candidate (Brooks and Murov, 2012; Dowling and Wichowsky, 2013, 2015; Ridout, Franz, and Fowler, 2015). Campaign advertisements by unknown groups also produce less polarization than party-sponsored ads due to citizens’ unfamiliarity with the group (Dowling and Wichowsky, 2015). As a result, it makes sense that party committees and party-affiliated groups pay for independent expenditures and sponsor campaign ads through these unknown groups. However, it makes it more difficult to identify the groups’ sectors. By delving more deeply into the groups’ donor bases, as well as contemporary investigative news reports, we have been able to identify the purpose and political orientation of these groups more extensively than previous scholarship. The classifications and their descriptions (revised since our 2017 paper) appear in Table 1.

Table 1: IE Group Sector Categories and Descriptions

Group Type	Description	Example
Party	Official state and local party committees	Nevada Republican Party
Party-Affiliated, National	National party committees made up of elected or party officials involved in state/local races in more than one state.	Democratic Governors Association
Party-Affiliated, State Based	These are generally single-state organizations, often with non-descript names. A substantial portion of their funding comes from a party or party-affiliated organization.	Minnesota Future
Party-Allied Coalitions	Independent spending entities, most commonly single-state, that are coalitions made up of (a) traditionally pro-Democratic and left-leaning organizations or (b) traditionally pro-Republican and conservative organizations. Many are active in more than one election but invariably support candidates of only one party. Some are active in only one contest. They are distinguished from Single Candidate PACs by the fact that core support comes from pre-existing left-leaning or right-leaning entities and issue groups.	Building Arizona's Future
Ideological	Multi-issue organizations usually identified as either liberal/progressive or conservative. They may align tightly with one party, but their identities and goals are distinct. They include organizations that may typically support a party's "mainstream" candidates, as well as others trying to change one of the parties.	Americans for Prosperity
Issue	Organizations identified with a single cluster of issues. Organizations in this category may support the candidates of one party or they may be bipartisan, but their core identities are defined by the issue.	Planned Parenthood
Business	Includes general business groups, trade associations, business coalitions, and for-profit corporations. When classifying donors (rather than spenders) we separated out publicly traded and privately held corporations, but corporation rarely make IEs in their own names.	Maryland Chamber of Commerce
Labor	Labor unions, coalitions, or other entities largely funded by labor.	AFL-CIO of Wisconsin
Single Race	Entities supporting or opposing candidates in only one race, with the support coming from associates of the candidates and not from the party-allied coalition groups described above.	28 th District Citizens for Real Democracy

The top three rows in this table (party and the two party-affiliated rows) describe categories that proved straightforward to classify, whether from their own literature or from the groups' donors. So were the bottom three (business, labor, and single candidate entities). The three middle rows (party-allied, ideological, and issue) posed greater difficulties. NIMSP combines ideological and issue groups into a single ideological/issue category. It was easy to separate these; we did so because we expect ideological and issue groups to behave differently from each other. More difficult was the line between ideological and party-allied organizations. There is a well-known debate about networks among party scholars. One camp sees the essence of the political parties as being alliances or networks of interest groups and other activists with overlapping goals (Bawn *et al.*, 2012). The other tends to define the parties in terms of their formal organizations, or in other terms more tightly defined than the network theorists (Persily, Bauer, and Ginsberg, 2018). These papers do not to enter this debate. They see the party-affiliated organizations as being clearly worth separating from what are more typically thought of as interest groups because their memberships are made up of party or elected officials (or because they are entities funded by these same organizations). It is more difficult to sort out party-allied organizations, when those are conceived broadly, from ideological ones. Instinctively, for example, we know that in federal elections there is a major distinction between American Crossroads, which supports mainstream Republican candidates, and the Senate Conservative Fund, which regularly challenges the leadership. But though the distinction is clear in some paradigmatic cases, it is not easy to write a definition that would sort all of the groups cleanly. In federal elections, we can look at the behavior of groups in primary elections for clues. Unfortunately, the state disclosure records do not indicate clearly

whether an IE is for a primary or general election. For this phase of our work, therefore, we have decided only to separate out the party-allied coalitional organizations from the ideological cluster. These seem to us to be alliances of convenience designed for the express purpose of supporting one or the other party in a specific election or jurisdiction. Their core support typically comes from organizations that would belong in one of the other categories if acting alone. With the coalition groups separated, we simply labelled all of the remaining multi-issue organizations with generally left- or right-leaning orientations as being “ideological”.

Organizations generally considered liberal or conservative but whose identity is defined by specific issues, such as pro-life or pro-choice groups, were categorized as being issue groups.

Finally, we have to note that one organization gave us some classification difficulties. Emily’s List supports viable, female, pro-choice Democrats. Because it places priority on a specific set of issues, it does not fit the “ideological” category. But the fact that it only supports Democrats, and among those supports only those it deems viable, seems to suggest it could be classified as a party-allied organization were we to stretch the “party-allied” concept to reach beyond the coalition groups we now include. But doing so meant dragging along others, without clear distinctions. This was one reason we decided not to stretch the “party-allied coalitions” category. Others may choose to sort the groups differently. In these papers, we have included Emily’s List in the “issue” group while acknowledging that its explicit partisanship might lead some to think otherwise.

INDEPENDENT SPENDING

At the beginning of the paper, we noted that NIMSP found independent spending increasing in state elections from 2006 to 2014. Table 2 presents summary data for 2010-2016.

TABLE 2. INDEPENDENT SPENDING IN STATE ELECTIONS, 2010-2016				
(\$ millions)				
ALL STATES IN NIMSP DATA	2010	2012	2014	2016
# of states	20	28	29	30
ALL IEs (except ballot measures)	199.4	228.9	345.7	263.8
Gubernatorial and Legislative Races Only	154.4	185.9	253.1	206.9
Gub-Leg-IEs as % of Candidate plus party receipts	9%	14%	13%	13%
CONSISTENT 20 STATES				
ALL IEs (except ballot measures)	199.4	201.9	305.7	196.9
Gubernatorial and Legislative Races Only	154.4	164.9	222.1	155.4
Gub-Leg-IEs as % of Candidate plus party receipts	9%	16%	15%	14%

As Table 2 shows, state-level IEs have not been on a steady path upward. To be sure, we see more IEs in the years when we have data from more states. But when we hold the states constant and look only at legislative and gubernatorial elections, we can see that IEs were about 8% lower in 2016 than 2012. (Note that we compare 2010 with 2014, and 2012 with 2016, to assess the states at comparable points in their typically four-year gubernatorial cycles.) In addition, when we look at IEs as a proportion of all fundraising by the candidates and parties, we see that they held fairly steady in 2012-2016 at 13% to 16%. As a comparison, federal IEs in 2016 came to 33% as much as the combined receipts of presidential and congressional candidates plus the national political party committees (see FEC 2017a and 2017b.) In other words, IEs have been about twice as important proportionally in federal elections as in state. While we should not treat a single data point (2016) as a trend, it is possible that the increases

in 2012 and 2014 reflect jumps that were to be expected in the first elections after *Citizens United*. We therefore should be watchful in future years to see whether IEs generally level off in state elections, making 2016 the new normal, or whether the expected interest in decennial redistricting in the elections of 2018 and 2020 will lead to a new surge in IEs.

Although the independent expenditure totals have stabilized for now, there were substantial shifts across sectors. Table 3 shows the amount spent on gubernatorial and state legislative IEs by organizations in each of our sectors over the past four election cycles.

TABLE 3. IEs IN GUBERNATORIAL AND LEGISLATIVE ELECTIONS, BY GROUP SECTOR						
	2010	2012	2014	2016	2010-2014 change	2012-2016 change
# of states in NIMSP data	(20)	(28)	(29)	(30)		
ALL STATES IN NIMSP DATA	(\$ millions)				(% increase/decrease)	
TOTAL IEs in all NIMSP States	154.4	185.8	253.1	203.2	64%	9%
Sectors						
Party -- Formal State/Local Party Committees	27.4	13.6	20.0	17.4	-27%	28%
Party-Affiliated –National Orgs	21.0	27.5	19.6	13.1	-7%	-52%
Party-Affiliated -- State Based	4.3	12.0	42.1	20.9	883%	74%
Party-Allied Coalitions	21.3	34.5	30.7	15.2	44%	-56%
Ideological	5.2	16.0	17.3	20.4	233%	27%
Issue	8.5	14.7	37.1	52.8	335%	260%
Labor	49.7	34.9	43.8	14.7	-12%	-58%
Business	12.4	14.8	25.8	37.5	108%	153%
Single Race	0.4	8.4	6.2	3.6	1402%	-57%
Other and Not Coded (below threshold)	7.9	17.0	20.8	11.9	164%	-30%
CONSISTENT 20 STATES						
TOTAL IEs in consistent 20 states	154.4	164.9	222.1	152.0	44%	-8%
Sectors						
Party – Formal State/Local Party Committees	27.4	13.0	18.0	15.4	-34%	18%
Party-Affiliated – National Orgs	21.0	25.6	16.1	7.5	-23%	-71%
Party-Affiliated – State Based	4.3	4.4	39.9	3.9	832%	-11%
Party-Allied Coalitions	21.3	33.2	27.0	10.3	27%	-69%
Ideological	5.2	16.0	15.2	10.0	192%	-38%
Issue	8.5	13.2	34.8	48.6	308%	268%
Labor	49.7	31.2	31.0	13.8	-38%	-56%
Business	12.4	14.1	24.8	35.4	100%	151%
Single Race	0.4	5.6	6.2	2.7	1402%	-51%
Other and Not Coded (below threshold)	7.9	14.8	17.9	7.5	128%	-49%

The shifts among sectors have been dramatic. When we started this project, the national party affiliates and organized labor were the fastest growing sectors between 2006 and 2010 (Hamm *et al.*, 2014). We expected this to continue, but it did not. Before we comment on the sectors, however, Table 4 will show their IEs as a percentage of all IEs in each election year. We will then comment on Tables 3 and 4 together.

Table 4: IEs in Gubernatorial and Legislative Elections, Percentage of all IEs by Group Sector				
	2010	2012	2014	2016
# of states in NIMSP data	(20)	(28)	(29)	(30)
<u>ALL STATES IN NIMSP DATA</u>				
TOTAL IEs in all NIMSP States	100%	100%	100%	100%
Sectors				
Party -- Formal State and Local Party Committees	17%	7%	8%	8%
Party-Affiliated –National Orgs	13%	14%	7%	6%
Party-Affiliated -- State Based	3%	6%	16%	10%
Party-Allied Coalitions	13%	18%	12%	7%
Ideological	3%	8%	7%	10%
Issue	5%	8%	14%	25%
Labor	31%	18%	17%	7%
Business	8%	8%	10%	18%
Single Race	0%	4%	2%	2%
Other and Not Coded (below threshold)	5%	9%	8%	6%
<u>CONSISTENT 20 STATES</u>				
TOTAL IEs in consistent 20 states	100%	100%	100%	100%
Sectors				
Party -- Formal State and Local Party Committees	18%	8%	8%	10%
Party-Affiliated –National Orgs	14%	16%	18%	5%
Party-Affiliated -- State Based	3%	3%	7%	3%
Party-Allied Coalitions	14%	20%	12%	7%
Ideological	3%	10%	7%	7%
Issue	6%	8%	16%	32%
Labor	32%	19%	14%	9%
Business	8%	9%	11%	23%
Single Race	0%	3%	3%	2%
Other and Not Coded (below threshold)	5%	9%	8%	5%

As the two tables show, formal political parties committees have collectively stayed more or less steady between 2010 and 2016. In raw dollars, they dropped between 2010 and 2014 but increased from 2012 to 2016 (Table 3). As a percentage of all IEs, the formal party committees dropped after 2010 and have held steady since (Table 4). The national party-affiliated organizations have been spending less money in their own name, but when their

contributions to state-based party-affiliated organizations, formal party committees and candidates are included, it looks as if their total political effort has stayed more or less at the same level (Malbin *et al.*, 2017).

Our earlier paper had also said that the ideological/issue sector (combined in that paper) seemed to be the fastest growing one, followed by business. The business sector will be examined in our next paper. For this paper, as noted, we disaggregated the “ideological/issue” sector as coded by NIMSP into separate ideological and issue groupings, and then further subdivided the issue sector by issue category. It turns out that the spending by ideological groups has remained fairly flat, after an initial growth spurt between 2010 and 2012. The growth has been among issue organizations. Spending by these went up \$38 million between 2012 and 2016 (\$35 million in the 20 consistent states). This is substantially more than the increase in IEs as a whole over the same time period.

IDEOLOGICAL AND ISSUE SECTORS

To address these developments, it would be useful to know more about the organizations in the two sectors. Table 5 lists the fifteen in each category with the most IEs in 2014-2016. Also included is the total amount spent. For organizations spending in only one state, the state’s two-letter abbreviation appears. Organizations spending in more than one state are marked with an asterisk (*).

Table 5. Top 15 Ideological and Issue Organizations, Based on IEs in 2014-2016 (S millions)	
Ideological	Issue
Liberty Principles PAC (\$12.0m) (IL)	California Charter Schools Association (\$14.1m) (CA)
Spirit of Democracy, California (\$9.6m) (CA)	EdVoice (\$12.1m) (CA)
Californians for Jobs and a Strong Economy(\$3.7m) (CA)	League of Conservation Voters (\$5.6m)*
North Carolina Families First (\$3.4m) (NC)	Planned Parenthood (and state affiliates) (\$5.5m)*
Alliance for California’s Tomorrow (\$2.4m) (CA)	National Rifle Association (\$4.7m)*
Missouri Club for Growth (\$2.2m) (MO)	American Federation for Children (\$3.5m)*
Empower PAC (\$1.5m) (TX)	NextGen Climate Action (\$2.8m)*
American Encore (\$1.5m) (AZ)	Californians Allied for Patient Protection (\$2.8m) (CA)
Priorities for Colorado (\$0.8m) (CO)	Equality California (\$2.6m) (CA)
Colorado Right Now (\$0.6m) (CO)	Committee for Accountable Gov. (\$2.6m) (MO)
Bluegrass Action Fund (\$0.6m) (KY)	California Homeowners Association (\$2.5) (CA)
Campaign for Maine (\$0.4m) (ME)	Emily’s List (\$2.4)*
California Alliance (\$0.3m) (CA)	Personal PAC (\$2.0) (IL)
Americans for Responsible Solutions (\$0.3m) (VA)	Govern for California Action Comm. (\$2.0) (CA)
Constituents Focus PAC (\$0.2m) (TX)	National Right to Life (and state affiliates) (\$2.0m)*
NOTE: Organizations with IEs in only one state in 2014-2016 have the state’s abbreviation after the name and dollar figure. Organizations spending in more than one state have an asterisk (*) in that location.	

This table is interesting when viewed in light of the ideas we had tentatively formulated coming into this project. In our earlier work, we saw the then-growing role of national party-affiliated organizations as a sign of a nationalization of state politics. These party-affiliated entities can raise large amounts in one part of the country to influence competitive elections elsewhere (Hamm *et al.*, 2014). But nationalization all but disappeared as a factor among the top organizations in the ideological sector. For example, Liberty Principles PAC made IEs only in

Illinois. It was funded largely by a \$12 million contribution from Richard Uihlein, supplemented by \$2.5 million from Illinois' Governor Bruce Rauner and \$2.3 million from an organization called Turnaround Illinois. Uihlein is a significant donor to national organizations, but Illinois is his home state. The next ideological organization on the list, Spirit of Democracy made IEs only in California. It was funded largely by Charles T. Munger, Jr., a physicist from Palo Alto whose father is the billionaire vice-chairman of Berkshire Hathaway. (Warren Buffett is the Chairman and CEO.) Missouri Club for Growth (fifth on the list) is a state affiliate of the national Club for Growth, but the national organization has not made IEs in gubernatorial or state legislative elections since 2006, and only one other state's affiliate did so over the same time period (Virginia's in 2008). We may find some national networking when we look further into these organizations' donors, but the fundamental story in this sector seems to be state-based.

The local-national story is slightly different when we consider the top issue organizations. Seven of the top fifteen made IEs in more than one state. Six of the eight remaining are Californian. The seven multi-state entities were not insignificant, including such organizations as the League of Conservation Voters, Emily's List, National Rifle Association Planned Parenthood, and National Right to Life. (Planned Parenthood and National Right to Life are federations being treated in the data as single organizations.) Together, these seven multi-state entities combined to account for \$26.5 million of the IEs in gubernatorial and legislative elections in the covered states in 2014 and 2016. This is simply not enough to support grand hypotheses about the nationalization of state politics by ideological and issue groups. Perhaps we will see more in future papers when we consider the role of business and labor spending,

and the donors to party-allied coalitions, but for now we have to hold the nationalization hypothesis in abeyance until we can engage in a cross-sector analysis.

Issue Group Growth?

We also have to be careful when we compare the overall numbers across sectors. Earlier (Tables 3 and 4) we saw that the issue sector was the fastest growing one between 2012 and 2016. But was the growth sufficiently uniform to let us attribute it to issue groups *per se*? Figure 1 and Table 6 disaggregate the issue sector into specific issue subsectors.

Figure 1. IEs in Gubernatorial and Legislative Elections by Issue-Sector Organizations, by Issue Subsector, all NIMSP States

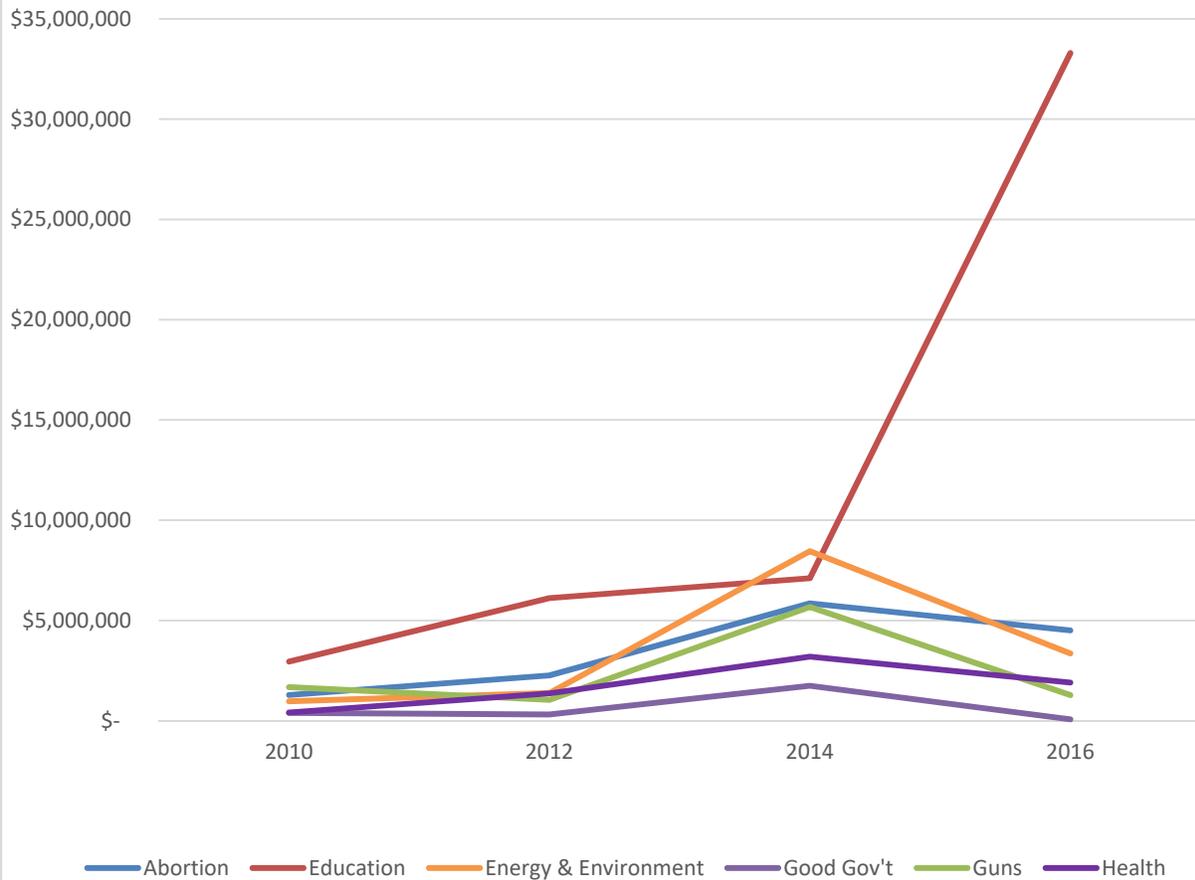


Table 6: IEs in Gubernatorial and Legislative Elections by Issue-Sector Organizations, by Issue Subsector (Largest Ones), all NIMSP States

	2010	2012	2014	2016
# of states in NIMSP data	(20)	(28)	(29)	(30)
ISSUE SECTORS	(\$ millions)			
Education	2.9	6.1	7.1	33.3
Energy & Environment	1.0	1.4	8.5	3.4
Abortion	1.3	2.3	5.9	4.5
Guns	1.7	1.0	5.7	1.3
Health	0.4	1.4	3.2	1.9
Good Government	0.4	0.3	1.7	0.1

The figure and table show that the increase in issue-sector IEs in 2016 was brought about almost entirely by one issue subsector: education. The energy and environment subsector spiked in 2014 and then receded. The same was true for the gun subsector in 2014 (which could surge again 2018). Pro-choice and pro-life spending increased more steadily, making abortion the second largest subsector in 2016 but still well below education in 2016 and below the 2014 peak for energy/environment. With unevenness such as this, it seems likely that the general numbers may be masking something rather than illuminating it.

It turns out that \$27.8 million of the \$33.3 million spent in 2016 on IEs by education groups happened in the state of California. Most of this was by two groups supporting charter schools – the California Charter Schools Association (CSSA) and EdVoice. They were reacting to what they saw as a ripe opportunity. For many interest groups, the main fight in California's state legislative elections in 2016 was to elect (or prevent the election of) enough Democrats to pass budgets without Republican support. (California requires a supermajority in the Assembly and Senate on budget votes.) This created opportunities for CSSA and EdVoice to enter races in which pro-charter school moderate Democrats opposed progressive Democrats who were suspicious of charter schools and of the broader educational reform agenda identified nationally with Presidents Clinton, Bush, and Obama.

CSSA is a twenty-five year old organization that focuses on the growth and health of charter schools in California. In light of the electoral climate, CSSA increased its IEs from \$1.6 million in 2014 to \$12.4 million in 2016 with the support of large contributions from a handful of national supporters. According to the California Secretary of State's Cal-Access website, CSSA's million-dollar donors in 2016 included Doris Fisher (\$4.1 million), the co-founder of the

GAP clothing stores and a founding board member of KIPP charter schools; Reed Hastings (\$3.8 million), the CEO of Netflix; three members of Walmart's Walton family (\$2.3 million); Michael Bloomberg (\$1.1 million), the founder and CEO of Bloomberg LP and former Mayor of New York City; Eli Broad (\$1.1 million), the founder of KB Home and Sun America; and Richard Riordan (\$1 million), the former Mayor of Los Angeles .

EdVoice has also been advocating for charter schools since at least 2005 but, like the CSSA, decided that 2016 was the year to step up its IEs. After less than \$60,000 in gubernatorial and state legislative IEs in 2014, EdVoice increased to \$12.1 million in 2016. It did so in part by tapping some of the same charter school supporters as were funding the CSSA. Its major donors in 2015-2016, according to Cal-Access, included William Bloomfield (\$3.2 million), former CEO of a commercial laundry equipment firm who has long been active in California politics; the same three Waltons who gave to the CSSA (\$3.9 million combined); Doris Fisher again (\$383,000); Eli Broad again (\$598,000); and William Bowes (\$500,000), founder of a venture capital firm. EdVoice's donor William Bloomfield and CSSA's donor Michael Bloomberg are former Republicans who became Independents. The partisan leanings of the other major donors are mixed. As noted, both organizations sometimes supported moderate Democrats in races against other Democrats. The main independent spender on the other side of these contests often was the Opportunity PAC, an organization financed mostly by teachers' and other public employees' unions. Opportunity PAC made \$2.6 million in IEs in 2016 – about one-tenth the combined amount spent by the CSSA and EdVoice. (For press coverage of the CSSA and EdVoice, see Rosenhall, 2016; Miller, 2016; Warner, 2016; Blume and Phillips, 2017.)

One lesson we can draw from this example is that one ought not be drawn into conclusions too quickly by summary data. We might initially have been lured into seeing a steady growth in IEs because of the overall totals. Then we saw a small decline when we held the states constant. Moreover, we saw that 17% of all of the IEs in 2016 across all sectors in the 20 states (\$26 million of \$155 million) came from two organizations in a single state, both of which were underwritten by a handful of individuals who took advantage of an unusual opportunity to solidify the position of charter schools in the state legislature.

So should we discount their activity, treating it as an anomaly, and talk instead about the overall decline in IEs? That would overshoot the mark. Surges in particular issue arenas and states do not seem unusual. There were similar surges in past years in other issue arenas. For example, the spike in spending in the energy/environment sector in 2014 also came largely from the heightened activity of two organizations – the League of Conservation Voters and NextGen Climate Action. NextGen’s spending focused on gubernatorial elections in Michigan and Maine. More pertinent is that NextGen was the creation of billionaire hedge fund investor Tom Steyer. This kind of intervention by politically interested rich people is not likely to end in 2016. Michael Bloomberg in 2014 pledged to spend \$50 million to oppose the National Rifle Association (Peters, 2014). With the heightened visibility of gun control after recent mass shootings, we should not be surprised if he renews that investment. As the eleventh wealthiest person in the world, according to *Forbes* (Kroll and Dolan, 2018), he could afford to do so.

The subsector surges in 2014 and 2016 came because a few wealthy individuals pursued specific issues or causes about which they cared deeply. This tells us something about the issue sector as a whole. Very rich people can afford to spend millions on causes that interest them.

Sheldon Adelson (twenty-seven slots below Bloomberg on the *Forbes* list of billionaires) gave roughly four times as much to Super PACs during the 2012 federal elections as CCSA and EdVoice combined spent in 2016 (Cillizza, 2014). We should expect to see more of these wealth-driven disruptions to the general patterns of IE spending in years to come.

RESPONDING TO THE INCENTIVE STRUCTURE: COMPARING STATE LAWS

To say that quirky rich people have driven the surges in issue spending is not a fully satisfactory way to end this paper. There is some regularity to the decisions that lead to this spending. It is fair to assume that politically effective spending will be shaped in part by opportunities and constraints in the larger political environment. Even the wealthiest individuals and organizations are making choices from among the many opportunities in front of them. For example, it is well known that general election IEs tend to focus on competitive races, where the money might conceivably affect election results. But more than a race's competitiveness will affect a donor's or spender's thinking. We also know that organizations will define their goals differently. For example, in primaries for the U.S. House of Representatives, the Club for Growth typically has targeted only a few races at a time. Its idea is to leverage its resources to create publicity that will affect the political climate. This in turn serves its larger goal, which is to change the makeup of the Republican Party in Congress (Boatright, 2013 and 2014). That is far different from the National Republican Congressional Committee's goal, which is simply to elect more Republicans.

Similarly, we saw in this paper that strategic political donors reacted to political opportunities in California to accomplish their larger policy goals with respect to charter

schools. These opportunities did more than structure the CSSA's and EdVoice's decisions about which races to engage from a steady pool of money. They also affected the decisions by national donors to steer more money in 2016 toward these two organizations and their causes.

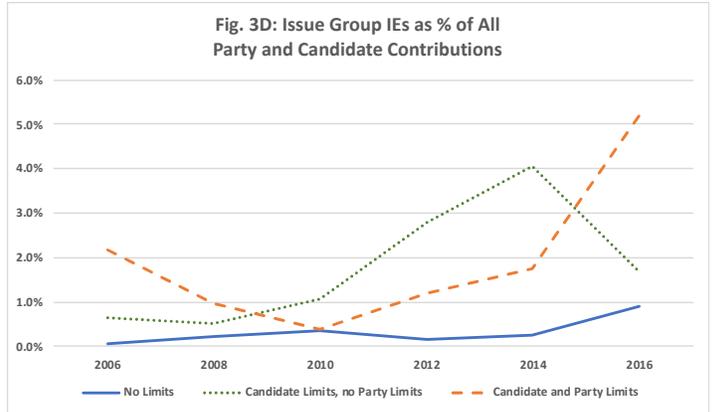
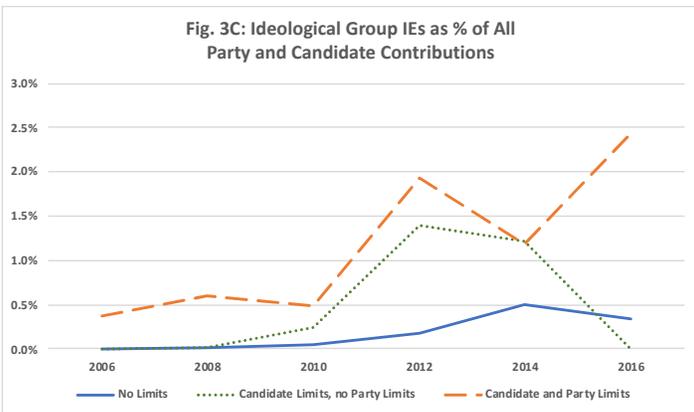
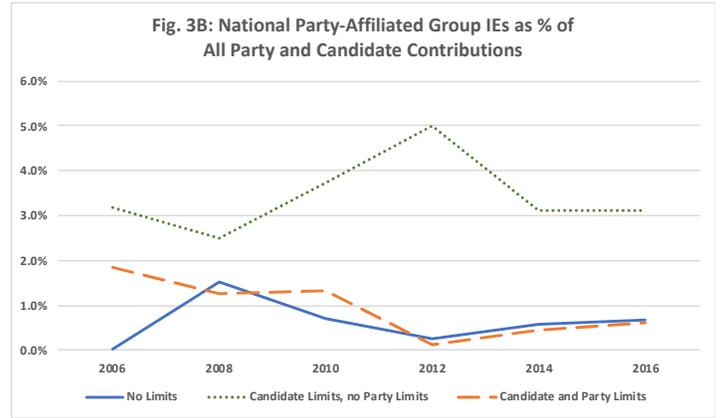
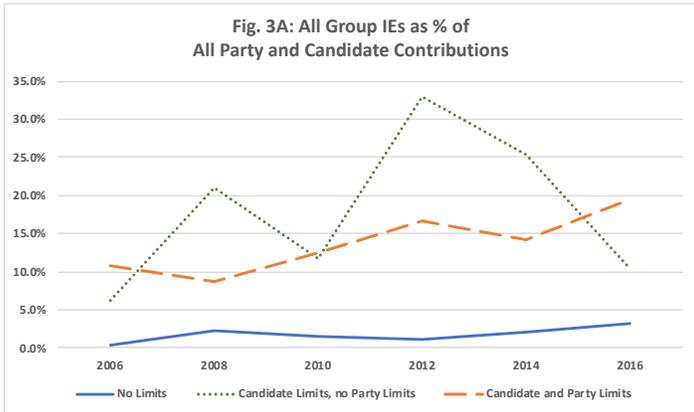
Just as an organization's goals may affect how it views political opportunities, so may the laws governing political expenditures structure how they will act. For example, it is obvious that the Supreme Court's decision in *Citizens United* helped spur an increase in IEs. However, our earlier study showed that the states with the biggest increases in IEs were not necessarily the ones previously prohibiting corporate and labor spending (Hamm *et al*, 2014). It appears that the increases in states without previous corporate and labor restrictions occurred because of indirect effects the Court's ruling had on the decisions of independent spenders.

Just as removing direct legal prohibitions might affect IEs, so might the contribution limits for candidates and political parties affect the calculations of independent spenders and their donors. For example, La Raja and Schaffner (2015) predicted that removing contribution limits on money flowing into the political parties would divert money away from independent spending committees into the formal party organizations. We tested this expectation and present the preliminary results in Figures 3A through 3D. In these figures, the dependent variables are IEs as a percentage of all candidates' and parties' receipts. The states were divided into three groups, each represented by a line in the figures: states with no limits on individual contributions to candidates or political parties are represented by a solid blue line (five states in 2014-2016); ones with limits on contributions to candidates, but not to the parties, are represented by a dotted black line (11 states); states with both limits are represented by dashes in red (14 states).

For the information about contribution limits in each of the states, we used the Campaign Finance Institute’s just-published Historical Database of State Campaign Finance Laws (CFI, 2018). This database includes hundreds of variables for each state every two years since 1996, including the limits on contributions to candidates and political parties. While the CFI database includes exact amounts for the limits in each state, we only used whether a state limited contributions to parties and candidates at all, yes or no.

Figure 3A shows all IEs by all spenders as a percentage of all candidate and party receipts; Figures 3B, 3C and 3D do the same for IEs by party-affiliated, ideological, and ideological organizations. The y-axis in 3A is on a different scale from the others because “all IEs” includes the sums of IEs from each of the sectors, including ones not pictured here.

FIGURES 3A-3D: IEs AS A PERCENTAGE OF ALL CANDIDATE AND PARTY RECEIPTS FOR STATES WITH AND WITHOUT CONTRIBUTION LIMITS FOR CANDIDATES AND/OR PARTIES



The basic expectations flowing from La Raja's and Schaffner's work would be as follows: states with no contribution limits should have the lowest level of IEs; states with some limits (on candidates but not parties) should be in the middle; state with limits on both candidates and parties should have the highest level of IEs. These expectations are not supported – and particularly not the ones about party contribution limits. In all four figures, the line representing states with no contribution limits for parties or candidates is associated with the lowest level of IEs. This was expected. But the other two expectations are not supported. For most years, and on three of the four charts, placing limits on the candidates and not on the parties is associated with *more* IEs, not less. This is the opposite of what one should expect if party contribution limits were the main driver of IEs. The expectation is met only in the figure for ideological groups, and even here the lines are roughly parallel and fairly close to each other through 2014. From a policy perspective, the figures suggest that simply removing party contribution limits is not likely to have a strong impact on IEs, or result in IE donors giving their money to parties. Ending all contribution limits could have this effect, but that would in turn raise policy questions about goals beyond reducing IEs – including goals that relate to corruption and the appearance of corruption. In any case, the apparent relationship requires more study.

CONCLUSION AND NEXT STEPS

This is the second of a scheduled three-paper series analyzing independent spending in gubernatorial and state legislative elections. Our published work several years ago had found that the major growth in state-level IEs in the first elections after *Citizens United* was by the organizations we have described as being party-affiliated. This newer series of papers is finding the more recent growth to be among ideological, issue and business groups. Among the issue groups, growth in the various subsectors has been uneven and subject to the time-and-context sensitive decisions of a handful of wealthy individuals.

All of our cross-sector data will be revisited once we have incorporated business and labor into the analysis. Doing so will also allow for a more complete analysis of the impact of state laws on IEs. Until then, the clearest conclusion is about the need to disaggregate summary figures in a manner that lets one test the goals and organizational characteristics of IE organizations in a model that incorporates variations in state law.

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