

Independent Spending in State Elections after *Citizens United*

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Independent expenditures (IEs) in federal elections have skyrocketed since the Supreme Court's 2010 decision in *Citizens United v. Federal Election Commission*.¹ In 2008, the last complete election cycle before *Citizens United*, 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 (Campaign Finance Institute 2017). IEs in state elections have also grown. According to the National Institute on Money in State Politics (NIMSP), IEs increased by 58% between 2008 and 2012 and by 139% between 2006 and 2014 (Burgam 2016). (In this paper, 2008 will be compared to 2012 and 2016, while 2010 will be compared to 2014. This compares states at the same stages in their four-year election cycles.)² The growth rate for state-level IEs thus is impressive, but not nearly as eye-popping as the number for Congress.

In a previous study (covering 2006-2010), most of the co-authors of this paper used NIMSP's data to test what were then the most prevalent expectations about IEs. They were:

¹ To be more precise, there were two key legal steps: The Supreme Court in January 2010 said that corporations have a constitutionally protected right to make unlimited independent expenditures from their corporate treasuries, *Citizens United v. Fed. Election Comm'n*, 558 U.S. 310, 312, 314 (2010). The U.S. Court of Appeals for the District of Columbia two months later said that *Citizens United* meant that donors, including corporations and labor unions, could make unlimited contributions to organizations that only make independent expenditures, *SpeechNow.org v. Fed. Election Comm'n*, 599 F.3d 686, 689 (D.C. Cir. 2010), *cert denied sub nom.*, *Keating v. Fed. Election Comm'n*, 526 U.S. 1003 (2010).

² These figures omit IEs for ballot initiatives. Note that the NIMSP paper cited in this paragraph compared the 17 states for which it had data for all elections between 2006 and 2014. While our work relies on NIMSP for its raw data, our summary numbers are not precisely the same because of slight differences in the years and states we each use as well as minor differences in the definitions of some terms.

1. That IEs would continue to grow in state elections as a direct result of the *Citizens United* and *Speechnow.org* decisions; and
2. That the growth would come primarily from corporations and labor unions, which were the organizations most directly affected by the decisions.

The article found, contrary to these expectations that:

1. Though spending did increase in state elections between 2006 and 2010, the increase was not greater in the states whose now unconstitutional laws had previously limited corporate spending than in states that allowed corporations to spend before then.
2. Where there were increases, they did not result primarily from for-profit corporations or labor unions. Rather, the most noticeable growth at the 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).

However, we also noted that it was too early to know how the post-*Citizens United* landscape might develop over time. With three more elections complete, it is appropriate to take a fresh look at independent spending in state elections. In this paper, we ask:

1. Spending: Has independent spending continued to grow in state elections? And if so, which sectors of spenders have become more (and less) important over the four election cycles since *Citizens United*?
2. Funding sources: Who is supplying the money behind the main actors and in what other elections or organizations are these main donors active? Many of the organizations bear

generic or otherwise meaningless names (e.g. “Jobs for Kentucky”). Knowing the donors will tell us more about the organizations’ operational goals and interests.

At this point of what is in effect a working paper, we do feel bound to offer a kind of confessional digression about the section on funding sources. It will be obvious from the abstract of the paper in the conference program that we expected the analysis to show the main story continuing to be centered on party networks acting through national party-affiliated organizations. As a result, we were analyzing the data on these party-affiliated organizations’ funding sources at the same time as we were looking at IE spending across the various sectors. However, it will soon be clear that the spending analysis told us we ought not so quickly focus on the party-affiliated organizations without also paying attention to the business, ideological and issue group organizations. The paper still presents material on the party-affiliates’ funding, but the next step will have us comparing parallel information across the major IE sectors in state elections. We return to this subject in the paper’s conclusion.

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 NIMSP independent spending data from 2010 (for which NIMSP has data from 20 states³), 2012 (28 states), 2014 (29 states) and 2016 (30 states). Our tables present information for all available states and for the 20 states for which NIMSP has consistent data across all four elections.

³ This excludes Florida, for which NIMSP has only partial data.

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 than NIMSP supplies 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 Super PACs. Herrnson notes, for example, that most previous studies (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 in this paper, however, achieves a more useful level of detail than the more standard approach. The definitions and descriptions of our sector coding appear below in Table 1.

Table 1: IE Group Sector Categories and Descriptions		
Group Type Name	Description	Example
Party	Official state & local party committees	Nevada Republican Party
Party-Affiliated	National party committees involved in state/local races	Democratic Governors Association
Party-Allied	Non-party organizations with broad candidate/issue agendas but strongly aligned with one party	American Crossroads
Ideological/Issue	Organizations strongly associated with ideological or issue positions; may align tightly with one party, but their identities and goals are distinct from the party's	Planned Parenthood of Northern Michigan
Business	Includes general business groups, trade associations, and business coalitions	Maryland Chamber of Commerce
Corporations	We coding donors, we also created subsectors for publicly held and privately held corporations.	AT&T
Labor	Labor unions or labor coalitions	AFL-CIO of Wisconsin
Single Race	Single-candidate PACs	28 th District Citizens for Real Democracy

This coding represents the most exhaustive and precise effort to date that we know of to categorize independent spenders in state elections. It is not surprising that this is the case 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, a generically-named committee like "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". Without reviewing the group's donors, it would have been difficult to code its sector. 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, "Working

Families Connecticut” was a labor-oriented liberal group while “Working Families” was a multi-state conservative party-affiliated group (which itself is distinct from the left-leaning “Working Families Party” active in New York State).

Generic names such as these 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 make independent expenditures and sponsor campaign ads through these unknown groups. However, it makes it more difficult to identify the groups’ sectors.

Delving more deeply into the groups’ donor bases, as well as contemporary investigative news sources, helped us identify the purpose and political orientation of these groups in a way that scholarship has not previously done. This more comprehensive effort was necessary to capture the flow and direction of different types of interests into these state-level races more precisely over time. Table 3 will demonstrate these trends later in this paper.

We also analyzed donors to national party-affiliated organizations. There have been eight such organizations over the past twenty years, but the only four making significant IEs during the years covered by this study were the Republican Governors Association (RGA), Democratic Governors Association (DGA), Republican State Leadership Committee (RSLC), and

Democratic Legislative Campaign Committee (DLCC). Because NIMSP has matched names across all of its databases and assigned unique entity identification codes to each donor and recipient, NIMSP is able to trace individual and organization donors to the party-affiliated organizations across state and federal elections. We identified the donors by downloading their disclosure records from the Internal Revenue Service. NIMSP was able to link the donors' names to donors and other entities to candidates and other organizations in the massive NIMSP archives, which we will use in the next phase of this project, and the Campaign Finance Institute was able to link the same records to those of soft money donors to the national political parties in 1999 through 2002.

INDEPENDENT SPENDING

At the beginning of the paper, we noted that NIMSP found independent spending increasing in state elections from 2006 to 2014. The increases were substantial, although not close to being as spectacular as they were for federal elections. Using a slightly different set of states and definitions, we see the same patterns through 2014. However – when we hold the states constant and look only at legislative and gubernatorial elections – we can see in Table 2 that the spending levels in 2016 were slightly down from 2012. Moreover, the amount spent on gubernatorial and legislative IEs remain around 13-15% of candidates' and party committees' total receipts. While we should not treat a single data point as a trend, we should be watchful in future years to see whether IEs in general will level off in state elections.

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
<u>ALL IEs except ballot measures</u>				
All non-ballot IEs in \$	199.4	228.9	345.7	263.8
<u>IEs in Gubernatorial and Legislative Races Only</u>				
All Gub-Leg IEs	154.4	185.9	253.1	206.9
Gub-Leg-IEs as % of Candidate plus party receipts	9%	14%	13%	13%
<u>CONSISTENT 20 STATES</u>				
<u>ALL IEs except ballot measures</u>				
All non-ballot IEs in \$	199.4	201.9	305.7	196.9
<u>IEs in Gubernatorial and Legislative Races Only</u>				
All Gub-Leg IEs	154.4	164.9	222.1	155.4
Gub-Leg-IEs as % of Candidate plus party receipts	9%	16%	15%	14%

Although the independent expenditure totals may have stabilized, we are seeing substantial shifts among sectors. Table 3 totals IEs by the organizations in each of our sectors over the past four election cycles.

TABLE 3. IEs IN GUBERNATORIAL AND LEGISLATIVE ELECTIONS, BY GROUP SECTOR				
(\$ millions)				
	2010	2012	2014	2016
# of states	20	28	29	30
<u>ALL STATES IN NIMSP DATA</u>				
Party -- Formal State and Local Party Committees	27.4	13.6	20.0	17.4
Party-Affiliated -- All National Orgs	21.0	27.5	16.4	13.1
RGA	17.3	25.3	16.0	12.5
RSLC	1.5	2.0	0.3	0.6
DGA	2.0	0.04	0	0
DLCC	0.2	0.1	0	0
Party-Affiliated -- Other (State Based)	4.2	12.0	41.2	21.0
Party-Allied	20.3	31.9	27.4	12.7
Ideological/Issue	15.6	34.0	58.9	75.8
Labor	49.7	34.9	43.8	14.7
Business	12.4	15.2	25.8	38.0
Single Race	0.8	8.4	6.0	3.2
Other and Uncoded	3.1	8.4	10.5	10.9
TOTAL	154.4	185.9	253.1	206.9
<u>CONSISTENT 20 STATES</u>				
Party -- Formal State and Local Party Committees	27.4	13.0	18.0	15.4
Party-Affiliated -- National Orgs	21.0	25.6	16.1	7.5
RGA	17.3	24.3	16.0	7.3
RSLC	1.5	1.6	0.04	0.2
DGA	2.0	0.04	0	0
DLCC	0.2	0.2	0	0
Party-Affiliated -- Other (State Based)	4.2	4.4	39.0	4.1
Party-Allied	20.3	30.3	23.8	7.8
Ideological/Issue	15.6	32.9	54.4	61.2
Labor	49.7	31.2	31.0	13.9
Business	12.4	14.4	24.8	35.5
Single Race	0.8	5.6	6.0	2.3
Other and Uncoded	3.1	7.3	8.9	7.9
TOTAL	154.4	164.9	222.1	155.4

The shifts among sectors have been dramatic. When we started this project in 2010, the national party affiliates were the third most important set of independent spenders in state elections, behind the formal political parties and organized labor. As has been true in all of our election cycles, the RGA was responsible for the bulk of the IEs in this sector. The upward path of these organizations since 2006 gave us every reason to expect that the trend would continue. These expectations have not held up. Independent spending by the three top IE sectors in 2010 – the formal parties, national party-affiliated 527s, and organized labor – have lagged considerably. Over the same time frame, spending by ideological and issue organizations has more than doubled, as has the spending by business organizations.

Table 4 takes the same information and presents it in terms of the percentage of each year's total IEs done by each of our sectors.

Table 4 : IEs in Gubernatorial and Legislative Elections, Percentage by Group Sector				
	2010	2012	2014	2016
# of states	20	28	29	30
ALL STATES IN NIMSP DATA				
Party -- State and Local Party Committees	18%	7%	8%	8%
Party-Affiliated – National Orgs	14%	15%	8%	6%
Party-Affiliated – other (state based)	3%	6%	16%	10%
Party-Allied	13%	17%	11%	7%
Ideological/Issue	10%	18%	23%	37%
Labor	32%	19%	17%	7%
Business	8%	8%	10%	18%
Other & single race	3%	9%	7%	7%
Total	100%	100%	100%	100%
CONSISTENT 20 STATES				
Party -- State and Local Party Committees	18%	8%	8%	10%
Party-Affiliated – National Orgs	14%	16%	7%	5%
Party-Affiliated – other (state based)	3%	3%	18%	3%
Party-Allied	13%	18%	11%	5%
Ideological/Issue	10%	20%	25%	39%
Labor	32%	19%	14%	9%
Business	8%	9%	11%	23%
Other & single race	3%	8%	7%	7%
Total	100%	100%	100%	100%

The shift among sectors is even clearer when we see the percentages. Ideological and issue groups increased from 10% of the IEs in 2010 to 37% in 2016 (40% in the twenty consistent states). Business went from 8% to 19% (23% in the consistent states). Something important clearly is happening in these two sectors. We plan to examine these shifts more fully in the next iteration of this project.

However, we nevertheless remain reluctant to write off the party-affiliated organizations. We shall see in future elections whether there has been a real decline. But we also need to be aware of the fact that the organizations have more than one arrow in their

respective quivers. These national party-affiliated 527s are able to sidestep some campaign finance regulations, and are allowed to make both contributions and independent expenditures in state elections (Torres-Spelliscy 2012). Party organizations will decide opportunistically whether they want to use their resources in a given race to make an IE, to make a contribution to some other organization to make an IE, or to give money directly to a candidate or party.

Table 5 contains a row for the most recent gubernatorial election in each of the states for which NIMSP has IE data. The third and fourth columns show the Republican and Democratic percentages of the general election vote, thus letting the reader see which of the states presented the kind of competitive target most likely to interest a national partisan or ideological organization. The column to the right of those shows total IEs as a percentage of the money raised by the gubernatorial candidates and state party committees. As might be expected, the relative importance of IEs was higher in more competitive states. Except for Arizona and Kentucky, all of the races with significant IEs were decided by five percentage points or less.

This is to be expected. National and subnational party committees have limited resources. As a result, they direct more of their resources to candidates who are in close races (Hogan 2002; Nokken 2003; Stonecash 1998; Stonecash and Keith 1996). The RGA and DGA follow an allocation strategy that is similar to that followed by other political party committees. They rationally spend more in gubernatorial races where the money may potentially affect the result, and avoid spending much in uncompetitive races.

The next column to the right shows the total IEs in the race; next, a column for IEs by the RGA. (It turns out that by 2014, the DGA had gotten out of the business of making IEs

directly in its own name.) The second column from the right indicates whether the state's law places a limit on contributions to a candidate or political party. This information comes from the Campaign Finance Institute's soon to be released historical database of state campaign finance laws. As we shall see, the presence or absence of a contribution limit will influence the RGA's and DGA's decisions about how best to deploy their money. The final column on the right shows the other ways, besides IEs, in which the RGA and DGA chose to spend on the election in question.

TABLE 5. INDEPENDENT SPENDING AND CONTRIBUTIONS BY NATIONAL PARTY-AFFILIATED GROUPS IN GUBERNATORIAL ELECTIONS, 2014-16

State	Year	Repub Vote %	Dem Vote %	IEs as % of \$ raised by State Parties + Gub'l cand's	All Gub'l IE (\$millions)	IEs by RGA (none by DGA) (\$millions)	Limit on \$ to Candidates/ Parties?	Major Contributions by RGA or DGA
AK	2014	46%	51% (I)	63%	2.6	0	Y/Y	RGA 1.3m to Citizens Against Walker
AR	2014	55%	42%	0%	0	0	Y/N	RGA 568k to AR R-Pty, DGA 228K to AR D-Pty
AZ	2014	53%	42%	52%	12.3	4.9	Y/N	DGA 150k to Restore Arizona's Future
CA	2014	41%	59%	1%	0.8	0	Y/Y	
CO	2014	46%	49%	104%	13.3	7.3	Y/Y	DGA 6.1m to Making CO Great; DGA 437k to Protect CO Values; DGA 110k to Jobs & Opportunity CO
CT	2014	48%	51%	85%	16.8	0	Y/N	RGA 5.5m to Grow CT; DGA 3.9m to CT Forward
IA	2014	59%	37%	0%	0.004	0	N/N	RGA 1.1m to Branstad campaign; DGA 7.7k to Iowa D-Pty
ID	2014	54%	39%	6%	0.5	0.2	Y/N	RGA 150K to IACI; RGA 12k to Otter campaign
IL	2014	51%	46%	8%	11.9	0.02	Y/Y	RGA 8.7m to Rauner campaign; DGA 5m to Quinn campaign; DGA 850k to IL Freedom PAC
KY	2015	53%	44%	30%	11.3	0.1	Y/Y	RGA 5.7m to Putting KY First; DGA 4.0m to KY Family Values
MA	2014	48%	47%	48%	18.4	0	Y/Y	RGA 10.8m to Commonwealth Future; DGA 1.4m to MA Independent Expenditure PAC; DGA 10k to MA D-Pty
MD	2014	52%	47%	18%*	5.8*	3.2	Y/Y	DGA 10k to MD D-Pty
ME	2014	48%	53%	86%	11.8	3.6	Y/N	RGA 1m to ME R-Pty; DGA 2.5m to ME Forward; DGA 362k to ME D-Pty
MI	2014	51%	47%	20%	6.3	0	Y/N	DGA 68k to Schauer campaign; DGA 12.5k to MI D-Pty

MN	2014	45%	50%	27%	5.8	0	Y/N	
MO	2016	51%	46%	5%	4.7	0.2	N/N	RGA 13.0m to Greitens campaign; DGA 2.8M to Koster campaign; DGA 106k to MO D-Pty
MT	2016	46%	50%	48%	7.3	1.4	Y/N	RGA 18k to MT R-Pty; DGA 3.9m to Good Jobs MT; DGA 1.5m to MT D-Pty
NC	2016	48.8%	49.0%	14%	8.8	7.3	Y/N	RGA 1.1m to NC R-Pty; DGA 2.1m to NC-D Pty; DGA 1.3m to A Better NC; DGA 450K to NC Families First
NH	2016	49%	47%	59%	6.9	0	Y/Y	RGA 5.5m to Live Free PAC; DGA 3.4M TO NH D-Pty; DGA 3.8m for Put NH First
OH	2014	64%	33%	0%	0	0	Y/Y	RGA 15k to OH R-Pty; DGA 41k to OH D-Pty
OK	2014	56%	41%	1%	0.1	0	Y/Y	
PA	2014	45%	55%	0%	0	0	N/N	RGA 5.9m to Corbett campaign; RGA 1.2m to PA R-Pty; DGA 596k to Wolf campaign; DGA 80k to D-Pty
RI	2014	36%	41%	18%	2.5	0	Y/Y	DGA 719k to Alliance for a Better Rhode Island
TN	2014	70%	23%	0%	0	0	Y/N	RGA 25k to R-Pty
TX	2014	59%	39%	1%	1.2	0.002	N/N	RGA 850k to R-Pty; RGA 250k to Red State Women
VA	2013	45%	48%	3%	2.8	0	N/N	RGA 8.1m to Cuccinelli campaign; RGA 161k to R-Pty; DGA 6.6m to McAuliffe campaign
WA	2016	46%	54%	5%	1.3	0	Y/Y	DGA 300K to WA D-Pty; DGA 325k to Our WA
WI	2014	52%	47%	27%	16.4	0	Y/Y	DGA 18k to Lehman campaign
WV	2016	42%	49%	43%	3.9	3.8	Y/Y	DGA 785K to Good Jobs WV
WY	2014	63%	29%	4%	0.05	0	Y/N	RGA 23k to Mead campaign

*NOTE: Maryland does not report target information for its IEs. Therefore, these numbers may well include spending for non-gubernatorial elections in Maryland.

The summary data in Tables 3 and 4 showed a decline in IEs by party-affiliated 527s. However, Table 5 suggests that the organizations may not have been reducing their full campaign effort. Rather, the Democratic committees have stopped making IEs under their own names, and the Republican committees have reduced their IEs without stopping them, but both have increased their (sometimes massive) contributions to candidates, parties, and other independent spending organizations. These other independent spending organizations sometimes were nearly fully funded by the RGA or DGA. At other times, the RGA, DGA or RSLC partnered with other organizations to create an umbrella coalition, usually specific to a single-state and usually bearing a platitudinous name that said nothing about the organization's leanings or main financial supporters. This allows both the RGA and DGA to advertise without have message tagged with a party brand name that might reduce its effectiveness (Dowling and Wichowsky 2015).

For example, in 2016, the RGA contributed \$5.5 million to Live Free PAC in New Hampshire, and the DGA donated \$3.8 million to Put New Hampshire First. The RGA was the only contributor to Live Free PAC, which spent slightly more than \$5.2 million in the gubernatorial race. On the other side, Put New Hampshire First did receive some money from labor unions, but the DGA's donations accounted for 81% of its funding. The PAC spent almost \$4.4 million opposing Chris Sununu, who was the ultimately successful Republican candidate in a very close open seat contest. The DGA also contributed \$3.3 million to the New Hampshire Democratic Party in 2016. As a result, both the RGA and DGA spent a large sum of money in New Hampshire, but did not directly engage in independent spending. Instead, they donated to a party committee and to political organizations that were created specifically to make

independent expenditures in the election. In all, the RGA made more than \$5 million and the DGA more than \$7 million in political contributions in the 2016 gubernatorial race in New Hampshire. The RGA and DGA also spent heavily in the very competitive North Carolina gubernatorial race. The RGA spent over \$7.3 million in independent expenditures and contributed an additional \$1 million to the North Carolina Republican Party, while the DGA donated \$2.1 million to the North Carolina Democratic Party and over \$1.7 million to independent spending committees in the state.

We do not want to gloss over the column that shows contribution limits. The RGA and DGA have taken to giving their IE money to surrogates with innocuous names because they believe it is politically effective. However, there are times when it will make even more sense to hand money over directly to a candidate or political party – if the law lets this happen. The RGA gave \$13 million to the 2016 Republican gubernatorial candidate in Missouri, \$8.1 million in Virginia (2013) and \$5.9 million Pennsylvania (2014). The DGA gave \$6.6 million in Virginia (2013). Each of these states, obviously, allows unlimited contributions to candidates. And both parties gave their respective candidate multi-million contributions in Illinois (2014) when IEs in that race triggered a provision that lifted the limits for both candidates. In North Carolina and Maine, however, where there are limits on contributions to the candidates but not to the parties, the RGA and DGA gave more than \$1 million each to the state party committees.

To summarize, let us look at Table 6.

Table 6. IEs AND CONTRIBUTIONS BY NATIONAL PARTY-AFFILIATED 527s				
	2010	2012	2014	2016
ALL NIMSP STATES				
# of states	20	28	29	30
All receipts of National Pty-Affil 527s	217,548,512	212,413,383	307,340,644	244,776,633
All Non-Ballot IEs by National Pty-Affil 527s	29,184,428	38,136,675	30,236,152	20,883,796
Contributions by National Pty-Affil 527s to state candidates, parties, or other IE orgs	11,187,899	42,902,919	84,376,270	56,574,928
Sum of IEs+ contributions	40,372,327	81,039,594	114,612,422	77,458,724
Above sum as % of all non-ballot IEs by all spenders	20%	35%	33%	29%

From this table, it is clear that even though the major national, state-focused, party-affiliated 527s have put less money into independent spending, they have increased their overall resources while deploying them differently. The organizations clearly remain important in state elections. In future research, we shall develop more evidence to compare them more directly to the business and ideological/issue sectors. For now, we shall turn to the sources of these organizations' funds.

FUNDING THE PARTY-AFFILIATED 527s

As we have seen, the two leading sets of independent spenders in 2014-2016 state elections were ideological and issue groups (which tend to be highly partisan and polarizing) and business organizations (which tend to be more pragmatic and less partisan). When we turn to the party-affiliated groups, we see a parallel division between pragmatists and partisans mirrored among their own financial supporters.

To analyze the donors, we used the 2009-2012 contribution records that each of the 527 organizations filed with the Internal Revenue Service. We ranked donors by the aggregate amount each donor gave to all of the national party-aligned groups combined. We then selected for more intensive analysis those who gave a combined total of \$125,000 or more. This set was made up of 366 contributors, including 79 individuals and 287 organizations. (The top donor, Bob Perry, gave \$11.5 million; next was the Chamber of Commerce which gave \$10.4 million.) The 366 donors were responsible for 68% of the national party-aligned organizations' money in 2009-2012. Coincidentally, they were also responsible for 68% of the Democratic and 68% of the Republican organizations' funds, although that result came about more by happenstance than by research design. NIMSP has supplied a file with all of the contributions the donors made in federal and state elections since 2010. We have not put this information to use in this paper but intend to do so for network analysis in a future iteration.

As a first cut at the donor records, we began by classifying each of the 366 top donors as an organization or individual, and then further classified the organizations as being public or privately held corporations, other business entities, labor, ideological or issue groups, parties, candidates and, in one case, a Native American tribe. We also classified all of the donors on a partisanship scale, based on how they divided their contributions among the party-affiliated organizations. For each one, we calculated the percentage of that donor's contributions to national party-affiliated organizations in 2010-2012. We coded donors as Partisan if they gave 75% or more of their party-affiliated organizational contributions to Republican or Democratic organizations (most gave 100%). Semi-Partisan donors gave 65% to 75% to one or the other party. Bipartisan donors gave less than 65% to either party. Only 2010-12 was used to

categorize donors for this exercise. Table 7 shows the amount of money that donors in each category gave to organizations on either side, together with the percentage party distributions for all donors in each of the donor categories. The Table has columns showing the same 366 donors' contributions in 2014-2016 as well as 2010-2012. There is little change in partisanship within donor categories across the four election cycles.

Table 7. Top Donors to the National Party-Affiliated Organizations Active in State Elections, by Donor Type (\$ millions)

		2010-12			2014-16		
	# of donors	To Rs	To Ds	Total	To Rs	To Ds	Total
INDIVIDUALS							
Partisan R	66	47.7	0	47.7	42.5	0.04	42.5
Partisan D	12	0	4.1	4.1	0	0.7	0.7
Other	1	0.2	0.1	0.3	0.6	0	0.6
SUBTOTAL	79	47.9	4.2	52.1	43.1	0.8	43.9
ORGANIZATIONS							
PARTISAN – R							
Corporate	83	49.9	3.9	53.8	51.7	9.4	61.1
Other business	11	20	0.5	20.5	15.4	0.6	16
Ideology/Issue	9	9.1	0.2	9.4	2.7	0.1	2.8
Blank	2	0	0.6	0.6	0.2	0	0.2
Party	4	0	3.4	3.4	2.7	0	2.7
SUBTOTAL	109	83.7	4.7	87.8	72.6	10.2	82.8
PARTISAN – D							
Labor	15	0.3	28.2	28.6	0.05	36.4	36.5
Corporate	12	0.06	3.7	3.7	0.2	0.6	0.9
Other bus.	3	0.04	0.8	0.9	0.002	0.6	0.6
Ideology/Issue	1	0	0.2	0.2	0	0	0
Candidate	1	0	0.2	0.2	0.03	0.002	0.003
Party	1	0	0.3	0.3	0	0	0
SUBTOTAL	33	0.4	33.2	33.7	0.4	37.7	38.1
SEMI-PARTISAN – R							
Corporate	14	5.1	2.3	7.5	5.4	2.9	8.3
Other bus.	7	3.3	1.6	4.9	3.5	1.6	5.1
SUBTOTAL	21	8.4	3.9	12.3	8.9	4.5	13.4
SEMI-PARTISAN – D							
Corporate	7	1.3	2.8	4.1	3.4	1	4.4
Other bus.	2	0.3	0.7	1	1.4	0.5	2
SUBTOTAL	9	1.7	3.5	5.2	4.9	1.5	6.4
BIPARTISAN							
Corporate	102	46.8	42.4	89.2	56.4	41.1	98
Other bus.	8	4	3.1	7	4.9	4	8.9
Ideology/Issue	4	1.9	1.9	3.7	2	1.5	3.5
Tribal	1	0.3	0.3	0.6	0	0	0
SUBTOTAL	115	53	47.5	100.5	63.3	46.6	110.4
TOTAL	366	194.4	97.1	291.5	193.2	101.3	294.9

The next two tables are derived from the data underlying Table 7, so we will explain Table 7 in the course of explaining Tables 8 and 9. A glance at Table 7 makes it clear that some donors are more partisan than others. The levels of partisanship across donor categories are shown more clearly in Table 8, which shows the percentage of donors in each category who fit within one of our partisanship categories.

Table 8. Partisanship among the Major Donors (\$125,000 or more) to National, Party-Affiliated Organizations Active in State Elections						
	Individual Donors	Public Corporations	Private Corporations	Other Businesses	Ideology/Issue	Labor
Bipartisan	0% (0)	55% (73)	34% (29)	26% (8)	29% (4)	0%
Semi-Partisan	1% (1)	11% (15)	7% (6)	29% (9)	0% (0)	0%
Partisan	99% (78)	33% (44)	59% (51)	45% (14)	71% (10)	100% (15)
TOTALS	100% (79)	100% (132)	100% (86)	100% (31)	100% (14)	100% (15)

All of the labor donors were partisan, giving all of their party-affiliated money to the Democrats. All but one of the individual donors were also partisan, with 66 giving to Republicans and 12 to the Democrats. Corporations were less partisan. About one-third of the privately held corporations had a bipartisan giving pattern, as did more than half of the public traded corporations. Publicly traded corporations' political activity tends to be more cautious than privately held companies (Muntean 2008). Moreover, businesses often adopt access-seeking strategies in their political activity (Schuler, Rehbein, and Cramer 2002; Barber 2016), so it makes sense that public corporations were more bipartisan in their giving. However, those corporations that did tilt leaned strongly Republican, with 83 giving as partisan Republicans and twelve as partisan Democrats.

The implications show when you look at the same information from another angle. The previous table (Table 8) categorized the donors, with each donor counting equally. But some donors may be more equal than others. The next table (Table 9) show how important each type of donor is to the Republican and Democratic party-affiliates' bottom lines.

Table 9. Extent to which Each Party Depended on Various Types of Donors for the Money that came from Donors of \$125,000 or more.							
	Individual Donors	Public Corp	Private Corp	Other Business	Ideology /Issue	Labor	Total for the Row
REPUBLICAN ORGANIZATIONS: % OF FUNDS FROM VARIOUS SOURCES							
Partisan	25%	17%	9%	10%	5%	0%	66%
Semi-Partisan	0%	3%	2%	2%	0%	0%	7%
Bipartisan	0%	20%	4%	2%	1%	0%	27%
TOTALS	25%	40%	15%	14%	6%	0%	100%
DEMOCRATIC ORGANIZATIONS: % OF FUNDS FROM VARIOUS SOURCES							
Partisan	4%	5%	3%	2%	0%	29%	43%
Semi-Partisan	0%	4%	2%	3%	0%	0%	9%
Bipartisan	0%	36%	8%	3%	2%	0%	49%
TOTALS	4%	45%	13%	8%	2%	29%	101%

When looking at Table 9, it is worth remembering that the Republican committees raised roughly twice as much as the Democratic ones (Table 7). Publicly held corporations gave roughly equal amounts to the Democratic and Republican committees, but were responsible for nearly half of the Democrats' money. In fact, bipartisan corporate money meant more to these Democratic organizations than labor and individual donors combined. The organizations' funders – like the politics of many of the Democratic governors – were tilting moderate. In contrast, more of the Republicans' corporate money came from partisan corporations than bipartisan ones (Table 9, combining public and private corporations) and the Republicans

received roughly ten times as much from partisan individuals than the Democrats (Table 7). Thus, roughly two-thirds of the GOP money came from partisans, compared to 43% for the Democrats. Conversely the Democrats got about half of their money from bipartisan sources, compared to slightly more than one-quarter of the Republicans' money. Even though the Republicans control over more of the nation's governorships and state legislatures than the Democrats, it seems as if access-seeking, bipartisan corporations make up the heart of the Democrats' funding, while the Republicans' giving is dominated by partisans.⁴

CONCLUSION AND NEXT STEPS

This paper evaluated independent spending in gubernatorial and state legislative elections. It found that independent spending has continued to grow in state elections, but that the sectors accounting for significant portions of the IEs have changed. Our previous research found that party, party-affiliated 527s, and party-allied organizations were the largest independent spenders in 2010 and 2012 state elections (Hamm et al. 2014). But this updated analysis finds that the spending of these organizations has lagged in the 2014 and 2016 elections. However, the groups remained important not only through IEs but through their contributions to state party committees, candidates, and state-based IE PACs in competitive elections.

⁴ Many of the 208 corporations contributing to these party-affiliated groups are following long-standing political practices. As a first step toward reviewing all of the donors' giving, we wondered whether the corporations to these party-affiliated organizations were also among those that used to give soft money to the national parties before these corporate contributions were prohibited in 2002. Forty-five percent of the bipartisan corporate givers on the list we have been analyzing were also soft-money donors to the national parties in 1999-2002.

In contrast, the business, ideological and issue sectors seem to have become the major independent spenders. While business organizations' spending in state elections decreased in the election immediately following the *Citizens United* decision, there was a considerable increase in in 2014 and 2016. Moreover, we find that corporations are major funders of national party-affiliated party organizations (e.g., RGA, DGA). This is contrary to the continued general lack of involvement of corporations in federal elections (Hansen, Rocca, and Ortiz 2015). Likewise, there has been a substantial increase in the independent spending of ideological and issue organizations. Ideological and issue groups now account for over one-third of independent spending in state elections. Like the national party-affiliated groups, labor's independent spending also decreased in the 2014 and 2016 elections, but we have yet to trace labor's contributions and other spending. Overall, these findings demonstrate some important changes in the independent spending landscape in recent elections.

Through our coding of independent spending organizations' sectors using their funding sources, we are able to uncover these trends more clearly than previous research. Our findings on independent spending by group sector help to illuminate how state elections are changing. But many questions remain to be answered about the business, ideological, and issue organizations that are now major independent spenders in state elections. We need to analyze these organizations and their funders to understand these actors who increasingly are influencing state elections through independent spending.

Ideological and issue groups accounted for 37% of independent spending in 30 states in the 2016 election, making them especially important to understand. Who is funding these groups? When coding the data, we discovered that some ideological and issue groups were

only active in one election. Are the funders of these temporary organizations active in other elections? Do they fund other independent spending organizations? There are also important questions about these groups' connections to the political parties. Are they contributing to the fractionalization of politics by supporting ideological factionalism within the two parties? And how do the ideological and issue groups active in state elections interweave with their national counterparts?

Our original study was fundamentally about the nationalization of state politics. The actors who were driving that nationalization in 2010 may have played less of a role in 2016, but that did not automatically make the politics of 2016 less national in competitive elections. This is an issue we will need to explore as we dig into the business and ideological groups lately on the upswing.

These questions point toward the next steps in this project. In this paper, we focused on the political spending of and donors to national party-affiliated organizations. Given the findings presented here, we need to focus on business, ideological, and issue groups next.

We will continue to do so using data from NIMSP and CFI. This future work will not only help us to see independent spending in state elections as being distinct from national elections. The goal will be to see how much we can understand state elections as national events, with national actors operating across the various state lines. Understanding who those national actors are may tell us a great deal about the politics that they bring.

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