Keith E. Hamm, Michael J. Malbin*, Jaclyn J. Kettler and Brendan Glavin


Abstract: This article examines independent spending in state elections before and after the Supreme Court’s 2010 decision in Citizens United v. FEC. We find that the decision did not have much of a direct effect on business spending, despite public expectations. Increases were higher in the aggregate in states that prohibited corporate spending before the decision. However, the major growth was not in the business or labor sectors, but in the network organizations of political parties – and most particularly the national organizations of state elected and party officials. Contrary to some contemporary views, these developments cannot be understood as a displacement of within-state money from parties to interest groups. Instead, national party organizations were operating across state lines, deciding whether to contribute to formal party committees or their party allies as local circumstances might dictate. This complex movement of money belies any theorizing that would treat a decline in the proportional role of formal party spending as equivalent to a zero-sum increase in the non-party power of interest groups. Rather, we see the pattern of independent spending as part of a larger story of change in American political parties. These changes now include vertically networked parties operating across levels of jurisdiction, alongside the horizontal networks receiving attention in recent scholarship.

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Introduction

There can be no denying the importance of what has been happening to campaign finance in the US since 2010. However, there is confusion about whether the Supreme Court’s decision in *Citizens United v. Federal Election Commission* should be seen as a primary explanation for what has occurred. This article begins to disentangle the strands through an analysis of independent expenditures in elections at the state level in 2006 and 2010 from new data gathered and supplied by the National Institute on Money in State Politics.

The paper’s findings tend not to support claims being made on opposite sides of the contemporary political debate with respect to business and political parties. First, contrary to statements made by some of the decision’s critics, the data presented in this article show that *Citizens’ United* itself did not have a noticeable direct effect on business or labor independent spending in 2010, even though the key holding of the case was about corporate spending. Given that ruling, one might have expected spending to increase more rapidly in states that previously prohibited corporate spending than in ones that always allowed it. But it turns out that the increases in business spending were more or less comparable across the two sets of states.

This is consistent with past political science research about the political activity of business, which has found most publicly traded corporations to be institutionally cautious in their political activities, pursuing access-seeking goals rather than more risky electoral ends. (Eismeier and Pollock 1988; Sorauf 1988; Boatright et al. 2003, 2006; Clark-Muntean 2008; Clark-Muntean 2011; Issacharoff and Peterman 2013). Given this past behavior, we should not expect most publicly held corporations to change their behavior in candidate elections just because courts said that they were now allowed to do so. We expect them not to increase their spending dramatically because it is generally not in their interest to do so.

The paper also addresses a claim normally associated with quite a different position in the contemporary debate. It is sometimes said that limiting contributions to the political parties (ending party “soft money”) has displaced funding that would otherwise have gone to the parties, redirecting it into spending by unaccountable non-party organizations (La Raja 2013a,b). We consider this to be too stylized a theory of the role and activities of political parties today. Contribution limits may indeed have affected whether formal state party committees or other all-but-formal party allies were the main independent spenders in a particular state.

Yet to think of this as a zero-sum trade-off enters the process at its mid-point. Rather than donors within a state diverting their money, much of the increase
came from national party-related organizations that raised their money nation-
ally and then decided opportunistically which state races to enter. Once a race
was selected, the organization would then consider whether local circumstances
favored sending the money through the formal state parties or through non-party
organizations that were closely allied with the parties. Either way, the key actors
were national.

This suggests a need to revise our thinking about political parties. In recent
years, scholars have written about the parties not simply as formal organizations
but as overlapping networks of participants in the broader political environment
(Monroe 2001; Cohen et al. 2008; Koger, Masket, and Noel 2009; Masket 2009;
Skinner, Masket, and Dulio 2013; La Raja 2013a). For the most part, these authors
are writing about the horizontal networking of actors within a single election or
jurisdiction. The independent spending of 2006–2010 suggests something dif-
ferent – vertical networking by actors who are operating across state lines and
across levels of jurisdiction, with their strategic and financial decisions made
nationally.

Background

_Citizens United_ was one of two court decisions of early 2010 with a direct bearing
on this study. In it, a 5–4 Supreme Court held that corporations (and by exten-
sion, labor unions) had a right to use their own treasury funds to make expen-
ditures expressly advocating the election or defeat of a candidate, as long as the
spending was done independently of the candidate in question. Soon after this
decision, many commentators speculated that it would result in a substantial
increase in spending by large, for-profit, business corporations. This is one of the
assertions we plan to test.

_Citizens United_ applied not only to business corporations but to nonprofit
advocacy organizations. However, having the right to spend money does not do
much unless one has money to spend. Three months after _Citizens United_, a lower
court made it much easier for advocacy organizations to raise money for poli-
ts. In March, the US District Court for the District of Columbia ruled _en banc_ in
_SpeechNow.org v. Federal Election Commission_ that individuals have a right not
only to spend unlimited amounts on their own, but to give unlimited amounts to
an organization to make those expenditures.

Although the case was brought before the _Citizens United_ decision on behalf of
individual donors, the decision’s timing let the lower court rely on _Citizens United_,
thus indicating that corporations and labor unions could also make unlimited
contributions to independent spending organizations. We expected many of the beneficiaries to be ideological or issue groups, like the Speech Now and Citizens United organizations themselves.

**Data and Methods**

This paper uses state elections to disentangle the growth in independent spending that can be attributed specifically to Citizens United. This would not be easy to do through federal elections, but state elections afford us leverage in approaching the issue. Twenty-five states had bans or limits on corporate and/or union independent expenditures at the time of the Citizens United decision. The Court’s elimination of these bans provides a quasi-experimental research opportunity to investigate the impact of altering the rules. If Citizens United had a strong and direct impact on the level of independent spending, then the 25 states with a ban in place before the decision should show a higher rate of spending increase than the 25 states without such a ban.

These 25 states with a prior ban should also show a higher rate of spending increase among business organizations than among others. But if independent spending increased in the states, and the presence or absence of a previous ban does not help explain the increase, we will have to look for other explanations. The most likely source of growth would be among non-business organizations that were able after SpeechNow to accept unlimited contributions. We do find this, but we also find that the steepest growth occurred not among the issue and ideological groups predicted but among organizations closely related to the major political party networks.

Unfortunately, it is not possible to test these thoughts by comparing all states. Not every state requires disclosure of independent expenditures for express advocacy, and fewer require it for what federal law would call electioneering. Moreover, the disclosure records across states until recently had not been maintained in a common format. After Citizens United, the National Institute on Money in State Politics (www.followthemoney.org) decided to collect 2006–2010 information on independent spending for 20 states and to make the data available to scholars. The laws of these states included a mixture of disclosure practices. Some required disclosure for independent expenditures but not electioneering. Others changed their disclosure laws between 2006 and 2010.

Given the variations in states’ definitions of the terms “independent expenditures” and “electioneering communication,” we refer to all such expenditures as independent spending (IS) but we only compare similar forms of spending in any given state across the years. For general comparisons, that permits us to
consider independent expenditures for 16 states. Electioneering is only included for states with similar data across election cycles. We also omitted 2008 for this article. That lets us compare elections before and after *Citizens United* (2006 and 2010) when all of the states among our 16 were at the same point of their gubernatorial cycles. The second part of the paper, on the offices and candidates being targeted, includes 15 states instead of 16 because the disclosure documents for Florida contain no information about the races toward which expenditures were directed.

**Initial Analysis: Before and After Citizens United**

The first question is whether independent spending in state elections increased after the *Citizen United* decision, as is commonly stated. The answer in the aggregate is clearly yes. In the 16 states with comparable information for the 2 years, independent spending rose by $62 million over the 4-year period, an increase of 43%. By contrast, contributions to candidates over this period in these same states increased by only 14%.

The timing thus straddles *Citizens United*, but does the decision explain the increase?

To answer this, we divided the states into two groups: ones prohibiting corporate spending and ones allowing it prior to the decision. If *Citizens United* were behind the increase, we should see it primarily in the ten states that prohibited the spending before *Citizens United*. The results from Figure 1 indicate that IS increased significantly in both groups of states. In ones where corporate spending was prohibited in 2006, the increase from 2006 to 2010 was $24 million or 65%. Yet spending in the six states where corporations were permitted to make IS before 2010 also increased $38 million or 36%. Thus, while total spending by all sectors did increase more in the aggregate in states with a prohibition, the fact that a significant increase occurred across both sets suggests we should look in more detail.

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3 Alaska, Arizona, Iowa, Michigan, Minnesota, North Carolina, Ohio, Oklahoma, Tennessee, Texas.
Any useful explanation should begin by disaggregating the independent spenders. We decided to focus on business and labor groups (the ostensible winners from the CU decision), ideological and issue groups, and three sectors related to the political parties. Clarification of the sectors is provided below:

- “Party” refers to official state and local party committees.
- “Party-affiliated” refers to national political committees such as the Republican Governors’ Association (RGA), Democratic Governors’ Association (DGA), Republican State Leadership Committee (RSLC), and other entities clearly affiliated with one or the other major party. (The RGA and DGA once were formally parts of the Republican and Democratic National Committees but separated after the Bipartisan Campaign Reform Act of 2002 prohibited these committees from raising soft money for non-federal purposes.)
- “Party-allied” refers to non-party organizations pursuing broad candidate and issue agendas but whose activities and missions make them strongly associated with one or the other party, rather than an issue arena. Organizations in this category may not support all of a party’s nominees, but they invariably support nominees from only one of the parties. An example on the national level would be American Crossroads, which supports Republican candidates for many offices.
- “Ideological/Issue” refers to organizations strongly associated with ideological or issue positions. These organizations (whether “progressive” or
“conservative”) may support candidates from one of the parties most or even all of the time, but their identities and goals are distinct.

- “Business” refers to general business groups, such as the Chamber of Commerce, or sector groups – whether in construction, finance, insurance and real estate, health, or other fields. (Individual corporations tend not to make independent expenditures.)
- “Labor” refers to individual labor unions or coalitions of unions, if the information about the labor affiliation is provided in the group’s name or description.

The results shown in Figure 2 are unanticipated. Independent spending across the 16 states rose for four sectors and declined for two. Independent spending by business organizations across all 16 states actually decreased from 2006 to 2010. The figure subdivides the labor and business bars to show spending in states with and without pre-Citizens United bans on corporate or labor spending. The business bars show that spending by business organizations stayed level across the ten states that previously prohibited corporate expenditures, while it declined in the six states that permitted the spending before Citizens United. (The steepest declines were in Florida and Ohio. See Appendix Figures A-1 and A-2 for state-by-state details.) If there was any increase in business spending, it was not happening through business organizations.

**Figure 2** Independent Spending Across Sectors, 2006–2010.
Note: Crosshatched sections of the business bars shows spending in states where business treasury independent spending was prohibited before Citizens United. Crosshatched sections of the labor bars shows spending in states where labor treasury independent spending was prohibited before Citizens United.
Labor spending, by contrast, increased dramatically from 2006 to 2010. The increase, however, did not come in those states which had previously banned labor independent spending. Rather, the increase was almost entirely due to California, a state where labor has been active in independent spending for years. Moreover, a significant portion of the shift in California came from a shift in labor’s strategy. In 2006, unions gave millions to two organizations we categorized as ideological/party-affiliated (Alliance for a Better California and Working Californians), while in 2010, labor’s IS money in the state went into direct expenditures by the unions. In other words, labor did not so much change its level of activity as change the vehicle. If the data for California are removed, labor increased from $3.7 million in 2006 to $6.9 million in 2010, with the increase approximately equal across states that previously prohibited labor spending or allowed it.

**Political Parties and Their Allies**

The major sources of increased independent spending in our states were not the business, labor, ideological, or issue groups. Rather, they were among groups we might think of as parts of extended party networks – the formal political party committees and what we call the party-affiliated groups (such as the RGA and DGA) and party-allied groups (such as Crossroads). These increases were sizable for parties and party allies. They were even larger for the party-affiliated groups, such as the Republican and Democratic Governors Associations. (We have more to say about these below.) But the various types of party, party-affiliated, and party-allied groups did not behave the same way in all states.

As a working hypothesis, we expected to see political party contribution limits and independent expenditure patterns relate strongly to each other. We expected parties to make more independent expenditures in their own names where they can accept unlimited contributions. In states with party contribution limits, we should see more spending by groups allied with but separate from the formal party organizations. In fact, we expected not only to see more independent spending by non-party groups in the party-limited states, but we also expected a greater increase in independent spending by party allies in the party-limited states after *Citizens United* and *SpeechNow* because the allied groups should find it easier to raise money after the two decisions.

While these expectations are plausible, the results do not show the expected relationship. Figure 3 shows independent spending by formal party organizations, party-affiliated groups, and party-allied groups in 2006 and 2010. The three pairs of bars on the left show the results for the four of our 16 states whose laws put limits on contributions to the party. The pairs on the right show the results for
the 12 states with no such contribution limits. Because the states and their parties are of different sizes, and the bars show the cumulative totals for all of the states, the left and right hand set of states are not directly comparable to each other. However, we can learn something from the relative heights of the bars within each of the subsets across the two elections.

The results shown in Figure 3 are surprising. Our assumption led us to expect proportionally more independent spending activity by party-affiliated and party-allied groups in states where contributions to the formal parties are limited. Instead, we see very little spending by party-allied groups in either year in these states and little spending by party-affiliated groups in 2006. Surprisingly, we see proportionally more party-affiliated and party-allied spending in 2006 in the states without party limits than in states with them. This throws a monkey wrench into the notion that limits on political party contributions are the key mechanism driving money away from the formal party committees. Independent spending also went up in 2010 for both party-allied and party-affiliated groups in the states without party limits.

The one category that seems to follow our expectations is that of the party-affiliated groups in 2010. But before we start treating one example as a universal law, we have to note how much of the increase is due to a single organization, the Republican Governors Association (RGA). Consider these facts: In 2006, party-affiliated organizations made $208,099 in IS in states with limits on parties. In 2010 the figure was $17,106,913. The RGA made no independent expenditures in these four states in 2006 (and only $244,528 in states without party limits). In 2010, the RGA spent $12.8 million in the 4 states with limits and nothing in the states without limits. The RGA’s $12.8 million made up three-quarters of the total
IS by party-affiliated groups in the four states with limits. (Interestingly, the DGA had no direct IS in our 16 states, preferring to give to progressive coalition groups.)

The presence or absence of limits on party contributions undoubtedly had something to do with the RGA’s spending decisions, but the RGA was not the only party-affiliated organization with increased IS in 2010. The Republican State Leadership Committee – an organization focused on legislative races – spent $205,000 in 2006 compared to $2 million in 2010. Yet in contrast with the RGA, $1.8 million (90%) of the RSLC’s spending in our 16 states in 2010 was in states without party limits. So, as we noticed before when we compared states with and without corporate spending limits before Citizens United, something more complicated is going on.

**Diverse Spending Paths**

One problem with empirical analysis and interpretation stems from the fact that the labels in disclosure documents are often inadequate to tell us what is happening. For example, the Republican Governors Association spent a combined $6.6 million through two other organizations in the state of Ohio to influence the very close contest between the successful GOP candidate John Kasich, who won with 49% of the vote (and who raised $18.3 million for his own campaign), and the unsuccessful Democratic incumbent, Ted Strickland, who received 47% (and raised $16.6 million). The money is not reported as independent spending by the RGA but by the organization to which the RGA gave money.

Supporting the Democrat Strickland was an organization that existed for only one election cycle called Building a Stronger Ohio. Building a Stronger Ohio had receipts and expenditures of $4 million, with $3.8 million in IS. Of the organization’s $4 million in receipts, $3 million came from the Democratic Governors Association and another $785,000 from labor unions. Thus, an organization can choose to support independent spending through direct spending or through contributions to others who make those expenditures.

In Ohio, the RGA and DGA chose to give their money to allied organizations rather than contribute it to the state party or spend it directly themselves. Their money followed similarly layered paths in Minnesota, Michigan, and other states. But the RGA’s and DGA’s strategies were not the same as each other within many states, and their decisions varied across states.

Figure 4 shows that the RGA put most of its money nationally into political consulting or media. (Independent spending would fall within this category, but so would issue advertising and other direct public communications.) Its second highest level of spending was for direct contributions to political parties. The
DGA, in contrast, channeled most of its money through other political groups. The DGA's strategy had little to do with limits on political party contributions, since it pursued the same strategy almost everywhere. The RGA clearly was giving its money to the parties as contributions only where the law permitted it to do so, but it was also spending money directly and through other intermediary organizations in the same states.

It would be a mistake to say that state contribution limits were diverting the RGA's donors away from the formal state parties and toward the state-level independent spending committees. That misses a key step. Donors gave unlimited contributions to the RGA and DGA, both of which are national committees organized to influence state elections. The donors clearly expected the organizations to behave strategically to affect gubernatorial elections in whatever way made the most sense politically. The donors were not steering their contributions depending upon state law. They were giving to a national organization (the RGA or DGA) which in turn decided the most effective way to spend it. This is a perfect example of the concept of vertical networking.

Earlier we showed that increases in independent spending by business organizations did not track the states whose laws were changed by *Citizens United*. Since the RGA and DGA were so important to the aggregate increase between 2006 and 2010, one rejoinder to our claim about business spending might be that business in effect laundered its money by funneling it through the most active organizations in state elections. Table 1 shows the sources of contributions to the RGA and DGA in 2006 and 2010. The table shows that the major donors to both the RGA and DGA were a mixture of individuals (with most of the money coming in large contributions of $75,000 or more), corporations, and (for the DGA) labor unions. The proportions among these types of donors were roughly the same in the 2006 and 2010 elections. Between 2006 and 2010, both organizations doubled...
their corporate intake, although the RGA also more than quadrupled its receipts from individuals.

Some of the RGA’s additional increase came from the top individual donors. The late Houston home builder Bob Perry, a frequent donor to Republican and conservative causes, topped the list in both years with gifts of $2,050,000 in 2006 and $8 million in 2010. In our view, it would not be accurate to interpret Perry’s contributions as if they were corporate contributions focused on real estate interests. Like other wealthy individuals who own and run privately-held corporations, Perry’s contributions were more partisan and ideological. In addition to the old mainstays like Perry, the RGA under the leadership of Mississippi Gov. Haley Barbour also persuaded new donors to give. In 2006, the top 20 individual donors gave $8.8 of the $9.9 million from individuals. In 2010, the top 20 individual donors gave $20.8 million of a total of $42.8 million from individuals. (For a law review article about the RGA and DGA from 2002 to 2010, see Torres-Spelliscy 2012.)

The RGA did also have some important business contributions, but interpreting these is not straightforward. The largest organizational business contribution to the RGA in 2010 was from the Michigan Chamber of Commerce for $5.4 million – more than four times as large as the next highest. Yet when we look through our database of disclosed independent spending, we see no activity in Michigan by the national RGA. Uncovering what happened took some doing. According to an investigative report by the Michigan Campaign Finance Network (MCFN), the RGA’s Michigan PAC (which does not accept corporate money and is legally distinct from the multi-state “527” political organizations discussed so far) received

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98% of its $8.4 million in income from major out-of-state individual donors (including the previously mentioned Texan, Bob Perry, and another familiar conservative donor, David Koch).

The RGA Michigan PAC then gave $5.2 million to the Michigan Republican Party (which is allowed to accept unlimited contributions). The state party also happens to show up in our data with just about the same amount ($5.2 million) in independent expenditures. The Michigan Republican Party also gave $3 million to Texas Gov. Rick Perry’s 2010 reelection campaign. Finally, the RGA’s national 527 committee, (the one with the $5.4 million contribution from the Michigan Chamber of Commerce) spent at least $3.5 million in issue ads in Michigan that were simply not disclosed through state campaign finance reports because they did not count legally as political advertising (Michigan Campaign Finance Network 2011).

In other words, at least some portion of the contributions being given to help the Michigan party was actually Texas money being rerouted back into Texas, while the Chamber of Commerce’s spending was directed toward spending that would not be reported in any database as being political. A New York Times article in 2014 contained additional examples of nationally directed contributions being funneled through layers of state organizations, indicating vertical as well as horizontal networking (Confessore 2014). Working with the disclosed data therefore can be suggestive, but the data should not be treated as if they tell us all we need to know to trace vertical networking or compare sectors across time.

Which Offices Were Targeted by Whom?

We focused on the RGA and DGA in the previous section because of the dominant role they played in the increased spending in our states between 2006 and 2010. As is evident from their names, the two organizations were most active in competitive gubernatorial elections. Gubernatorial and legislative elections together accounted for 88% and 87% of all independent spending in our states in 2006 and 2010, with roughly similar amounts spent on the two branches. We therefore wondered what factors explain the decisions by independent spenders to become involved in a gubernatorial election, and whether the considerations are different for legislative elections.

Gubernatorial Elections

Our examination of party spending in gubernatorial races considers the effects of electoral and institutional variables on independent spending by party and
party-network groups. Accordingly, we conduct a multivariate analysis with independent spending by party and party-network groups in gubernatorial races as our dependent variable. To make the data more comparable across states, we divide spending by the total number of votes in the gubernatorial election. The mean of this dependent variable is $3.76 per vote with a range of $16.80 per vote, ensuring we have plenty of variation to study despite the small sample size.

We hypothesize that the electoral and political environment will affect the level of independent spending by party and party-network groups in gubernatorial elections. Our first electoral independent variable of interest is the total amount of candidate contributions per vote. We expect that the more money the gubernatorial candidates raise, the more likely it will be that independent spending by party and party-network groups will also be higher.

We also hypothesize that the level of competition in a gubernatorial election will have a significant impact on the willingness of party and party-network groups to engage in independent spending. We measure the level of competition by calculating the margin of victory between the top two vote-getters. We expect the margin of victory to have a negative relationship with party and party-network groups independent spending.

Our multivariate analysis also includes two institutional variables that may affect the amount of independent spending by party and party-network groups in gubernatorial elections. The first is control over redistricting, which we include in an attempt to measure the relative value of the governor’s office across the states to the organizations doing the spending. Our redistricting control variable sorts the states into three categories: political control over redistricting, a hybrid system, or states with a redistricting commission. Party and party-network groups should be interested in control of the redistricting process because it affects the party’s ability to gain or maintain

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6 For the remainder of the paper, when we refer collectively to independent spending by political party committees, party-affiliated groups, and party-allies we use the phrase “party and party-network groups.”

7 Some of the 2010 Republican Governors Association spending in Ohio did not include target information. We assume this $3.3 million was spent in the gubernatorial race, because the rest of their $8.4 million independent expenditures were spent in the gubernatorial race.

8 We initially included the institutional powers of the governor (Beyle 2007; Ferguson 2012) in our multivariate analysis. We expected that the higher the institutional powers of the governor, the more likely party and party network groups will engage in independent spending. However, the variable did not have a significant relationship with party and party network groups independent spending in gubernatorial races. Due to the small sample size, we excluded the gubernatorial institutional power variable from our final regression.

a majority in the legislature. Thus, we predict that party and party-network groups will do more independent spending in states with political control over redistricting.

The final independent variable of interest is the presence or absence of limitations in state campaign finance laws on contributions to political party committees. Where contributions to the parties are limited, organizations within the party network other than the formal party should be more likely to engage in independent spending, while the formal party committees should be less likely to spend. That is, we expect that well-resourced and highly motivated donors faced with limits on contributions to the parties will find (or be offered) a functionally equivalent way to give, thus displacing money that might otherwise have been party money into non-party organizations affiliated with or allied with the parties.

We separate our analysis for party committees and party-network groups (party-affiliated groups and party-allied groups) in order to test our differing expectations for these two types of groups regarding the contribution limits on donations to parties. Unfortunately, we have only a limited number of cases on which to make an assessment. With this limitation understood, we performed a regression analysis with the four previously discussed independent variables. The results are in Table 2.

<table>
<thead>
<tr>
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<th>Party Independent Spending Per Vote</th>
<th>Affiliated and Allied Groups’ Independent Spending Per Vote</th>
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<tr>
<td>Candidate Funds Per Vote</td>
<td>0.0349*</td>
<td>0.0837*</td>
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<td></td>
<td>(0.018)</td>
<td>(0.045)</td>
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<td>Redistricting Control</td>
<td>0.082</td>
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<td></td>
<td>(0.138)</td>
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<td>Margin of Victory</td>
<td>−0.0234*</td>
<td>−0.0998**</td>
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<td></td>
<td>(0.013)</td>
<td>(0.031)</td>
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<td>Contribution Limits on</td>
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<tr>
<td>Donations to Parties</td>
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<tr>
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</table>

Standard errors in parentheses. ***p<0.01, **p<0.05, *p<0.1

*Party network groups include independent spending by party-affiliated groups and party-allies.

CT & FL excluded because the target of IEs are not identified. MO, NC, & WA did not have gubernatorial elections in 2010.
Three of the four variables are statistically significant. The level of candidate contributions and the level of competition each relates significantly to spending in this arena, with each showing the impact more strongly for party-affiliated and party-allied groups than for the party organizations. Limiting contributions to parties does seem to depress independent spending by party committees in gubernatorial elections, as expected, while at the same time increasing independent spending by party-affiliated and party-allied groups. However, we need to remind the reader here that much of the money being spent by the state parties in states without limits came from the same national party-affiliated organizations that were spending their money directly in the states with limits. Our final independent variable, redistricting control, does not have a significant effect on the independent spending of either party or party-network groups.

We can illustrate the interplay among these variables with two examples. Maine meets both criteria for high independent spending by party and party-network groups. In Maine, the funds per vote were high in the gubernatorial election ($24.30 per vote), and the winning candidate won with a small margin (1.76%). As expected, the level of independent spending per vote by party and party-network groups in the Maine gubernatorial election was high ($16.90 per vote). In fact, party and party-network groups’ independent spending per vote in Maine was highest of all of our states. As for the channels in which the spending took place: Maine has no limits on donations to political party committees, and party committees spent $1.90 per vote in their independent spending. This was the highest level of independent spending by formal party committees in any of gubernatorial elections in our states. Even so, and despite the lack of a restriction on contributions to the parties, the party-affiliated and party-allied groups outspent the formal party organizations by more than seven to one. The “diversion” thesis about contribution limits just does not fit the facts of the case.

Idaho sits toward the other end of the scale. There was a fairly low level of candidate funding ($9.52 per vote), and the victory margin was large (26.3%). Unsurprisingly, independent spending by party and party-network groups in the Idaho gubernatorial election was among the lowest ($0.27 per vote). The lack of any limits on donations to political parties in Idaho suggests that such independent spending as there was should have been channeled through the formal parties, and it was. No party-affiliated and party-allied groups spent money independently in the election.

Clearly, candidate spending and competition influence the amount of independent spending by party and party-network groups in gubernatorial races. The presence or absence of contribution limits helps channel the paths that the
money took, but the “diversion” thesis does not fit the facts. Taken together, the findings also confirm that the party and party-network groups tend to focus on competitive gubernatorial races generally, as opposed to paying special attention to redistricting. Looking forward, it suggests that 2010 was not a one-time spending spurt, but part of a longer pattern in which we should expect continued growth.

**Legislative Elections**

Independent spending by party and party-network groups did not increase as much in legislative as in gubernatorial elections. Even so, the level of spending was significant. Therefore, we again use a multivariate analysis to examine spending by the party and party-network groups in legislative elections across states. Our dependent variables are the amounts of independent spending by party committees and party-network groups (party-affiliated and party-allied groups) aggregated to the chamber level. We again divide spending by total votes. The analysis excludes elections in which the winning candidate received 75% or more of the vote.

As in the gubernatorial analysis, one independent variable is the candidates’ funding per vote. Again, we expect higher candidate fundraising to be associated with higher independent spending by party and party-network groups in legislative elections. We also include control of the redistricting process to see whether party and party-network groups’ independent spending will be higher where the legislature has more control over redistricting.

The variable for political party contribution limits also remains the same. We expect formal party committees to spend less and party-network organizations to spend more where contributions to the formal party committees are limited. The other independent variables differ from those in the gubernatorial analysis. First, we include a variable indicating whether public financing with spending limits is available to candidates. We expect that party committees and party-network groups will spend more in chambers with public financing available to legislative candidates, since the candidates who accept public funds must adhere to spending limits. Because of data limitations, our only public funding states were Minnesota and Maine.

10 Party and party-network groups’ independent spending in gubernatorial elections more than doubled to $33.3 million in the 2010 election, while independent spending in legislative elections only increased by $2.1 million for a total of $20.7 million.
We also add a political variable measuring the percentage of seats the majority party held in each chamber. We do so to include competition over control of the chamber in the analysis. Our expectation is that independent spending by party and party-network groups will be higher when the majority party holds a smaller percentage of seats. In other words, spending should increase when control of the chamber is more likely to be at stake (Moncrief 1992; Moncrief and Patton 1993).

Table 3 displays the regression results for the independent spending of party committee and party-network groups in legislative elections. Unlike our results for the gubernatorial elections, the legislative multivariate regressions do not clarify how the political and institutional factors influence independent spending by party and party-network groups, except with respect to public financing. The $R^2$ in each legislative regression is much lower than in the equivalent gubernatorial regression. None of the independent variables except one significantly affect independent spending by party and party-network groups. The exception

<table>
<thead>
<tr>
<th>Party Independent Spending Per Vote</th>
<th>Affiliated and Allied Groups Independent Spending Per Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate Funds Per Vote</td>
<td>–0.006</td>
</tr>
<tr>
<td></td>
<td>(0.013)</td>
</tr>
<tr>
<td>Redistricting Control</td>
<td>0.225</td>
</tr>
<tr>
<td></td>
<td>(0.201)</td>
</tr>
<tr>
<td>Majority Party Share of Seats</td>
<td>–0.019</td>
</tr>
<tr>
<td></td>
<td>(0.016)</td>
</tr>
<tr>
<td>Contribution Limits on Donations to Parties</td>
<td>–0.326</td>
</tr>
<tr>
<td></td>
<td>(0.321)</td>
</tr>
<tr>
<td>Public Financing with Spending Limit</td>
<td>1.085**</td>
</tr>
<tr>
<td></td>
<td>(0.484)</td>
</tr>
<tr>
<td>Constant</td>
<td>1.394</td>
</tr>
<tr>
<td></td>
<td>(1.133)</td>
</tr>
<tr>
<td>Observations</td>
<td>34</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.34</td>
</tr>
</tbody>
</table>

Standard errors in parentheses. ***$p<0.01$, **$p<0.05$, *$p<0.1$.

*Party network groups include independent spending by party-affiliated groups and party-allies.

CT&FL excluded because the target of IEs are not identified. AZ also excluded because two-member districts complicate calculating race competitiveness.
is public financing, which does seem to be associated with higher levels of independent spending by the formal party organizations. Interestingly, public financing does not significantly affect independent spending by party-network groups. This may be because both of the public funding states allow unlimited contributions to the parties.

It is surprising that neither the level of candidate receipts nor the size of the majority party influences the level of independent spending in legislative elections by party and party-network groups. These results are perplexing because competitiveness, whether in a race or in the chamber, routinely has been found to influence the level of spending in elections. We plan to investigate this in future research. For now, we move on to explore which party and party-network groups accounted for the increases in independent spending from the 2006 to 2010 elections.

Party and Party-Network Groups in Four States

Independent spending by party and party-network groups in legislative elections did not increase across all states. Of the fifteen states in our dataset, spending on legislative elections by such party and party-network groups actually went down in five, while there were minor increases in six others. In only four states did independent spending increase by more than $750,000: Maine, Michigan, North Carolina, and Tennessee. These are summarized below.

Maine

The formal state and legislative party committees (e.g., Maine Republican Party, House Democratic Campaign Committee) were very active as independent spenders in Maine’s legislative elections. However, an increase of almost $2 million in party-affiliated independent spending accounted for most of the state’s large increase in independent spending by party and party-network groups. The Republican State Leadership Committee Maine PAC (an affiliate of the national RSLC) by itself was the source of an increase of almost $2 million in spending in Senate races. Party-affiliated groups were even more involved in Maine legislative elections than the independent spending data shows, because the Maine Republican Party received about one-third of its funds in the 2010 election from the Republican Governors Association (which is double what the RGA contributed
to the state party in 2006). Clearly, party-affiliated groups were key players in Maine’s elections.

**North Carolina**

The increase in independent spending by party and party-network groups in North Carolina was also due largely to the RSLC. The RSLC actually did not do independent spending directly in North Carolina in 2010, but the group donated $1.25 million to Real Jobs NC, which we classified as party-affiliated for the election because it was created in 2010 and received three-quarters of its money from the RSLC. Real Jobs NC spent $1.5 million in independent expenditures in the 2010 election, making it the main source of the increase in party-affiliated independent spending in that state.

**Tennessee**

Another national Republican party-affiliated group, the RGA, was the main source of the increases in independent spending in the Michigan and Tennessee legislative elections. From the public records, it appears at first as if the state party committees dramatically increased their independent spending. However, in both states, the RGA was a major donor to the Republican Party committees. The Tennessee Legislative Campaign Committee (TLCC) spent almost $900,000 on independent spending in the 2010 election. This large increase accounts for most of the increase in party and party-network spending in the 2010 election. (The TLCC did not engage in independent spending at all in the 2006 legislative election.) The increase in TLCC spending coincided with an influx of money from the RGA: while only 3% of the TLCC’s money came from the RGA in 2006, the RGA donated one-third of TLCC’s funds in 2010.

**Michigan**

The situation in Michigan was similar. The Michigan Republican Party increased its independent spending in legislative elections by $1.8 million from 2006 to 2010, making it the most active party and party-network group in Michigan’s legislative elections. As in Tennessee, this accounted for most of the increase in the state’s party and party-network independent spending in 2010. But the state party was hardly acting alone. The RGA donated 57% of the Michigan Republican
Party’s funds in 2010 after donating nothing to the state party in 2006. So, even though it might appear as if much of the increase was due to the formal party committees in both states, one national party-affiliated organization (the RGA) funded the increase.

This multi-state analysis makes it clear that a few national, party-affiliated groups were responsible for the bulk of the increase in independent spending by both party and party-network groups in the 2010 state elections. While a desire to control the redistricting process was widely thought to have stimulated their activity in 2010, this did not show up as being significant in the regressions. It is more likely that we are witnessing a change in the organizational structure of American politics that is both durable and important. These changes involve not only a deepening of networked relationships horizontally, within jurisdictions, but a new, multi-jurisdictional form of vertical networking in which national actors are deeply engaged in state elections across boundary lines.

Conclusions and Speculations

Unlike many of the statements that were initially made about the likely effects of *Citizens United*, we find little evidence that businesses heavily increased their independent spending in state elections between 2006 and 2010. Additionally, independent spending by business and labor increased mainly in states with no previous prohibitions on such spending. Instead, we found that parties and party-network groups were the organizations most actively engaged in independent spending both before and after *Citizens United*. The lack of a clear increase in business spending should not be a surprise. It is consistent with much of what we have come to expect over the decades from corporate political behavior.

Much more significant were the findings about political parties and party-network groups. Much of the writing about national political parties, state parties, non-party advocacy organizations, and other interest groups treats these organizations in a stylized way, as if they are clearly distinct. The world looks much more fluid to us. National organizations of state party officials play a far greater role than they did a decade ago, to the point where they dominated the growth in independent spending in the states over the 4 years covered here.

That is not to say the future will look like the past. Political actors in the business sector may need more time to adapt to their opportunities after *Citizens United*. The data are not yet available, at this writing, to analyze independent
spending at the state level in the elections of 2012. Early indications suggest, however, that the patterns of 2010 have continued. More importantly, any adaptation by business and other actors would have to occur within a system that is already undergoing a series of longer-term changes affecting the roles of all party and non-party organizations. With 7382 state legislative seats in the US (NCSL 2012), it is likely that the formal political party, party-affiliated, and other party-network organizations, with professional political staff and ongoing relationships across the states, will maintain a crucial advantage over their organizational competitors.

These results may seem surprising or counterintuitive, but they highlight an important development in American politics. Let us assume the early indications from 2012 are borne out after full analysis, as we expect. In that case, the independent spending in the first two sets of state elections after *Citizens United* would not be best understood as a manifestation of corporate power flowing from a Supreme Court decision. Rather, the spending in these elections seems to fit more comfortably as a part of a longer, still-developing story about networked political parties. But the story, this time, has an important new wrinkle. The parties are networked not only horizontally, across actors within jurisdictions. They are now networked vertically as well, with the key actors including national party organizations that operate with fluidity across state boundaries.

**Appendix**

![Figure A-1 Change in Business-Sector Independent Spending, 2006–2010 in States Prohibiting Corporate Spending in 2006.](image)

*Figure A-1 Change in Business-Sector Independent Spending, 2006–2010 in States Prohibiting Corporate Spending in 2006.*
References


**Court cases**


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