What Research Says about Donors in U.S. Elections

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Anyone with an interest in U.S. politics is bound to have heard or wondered about the importance and effectiveness of laws governing the role of money in elections. Claims typically address who runs for office, how they campaign, who wins, or how they govern. My colleagues and I at the Campaign Finance Institute (CFI) — now a division of the National Institute on Money in Politics — have worked on these issues since 1999, amassing a series of tools and body of research that should inform those advocating for reform and legislating on issues related to money in politics.

The (Sometimes Surprising) Role of Money in Federal Elections

The following counter-intuitive facts come from CFI's *Guide to Money in Federal Elections*:

- Donald Trump raised more money from small donors than Barack Obama – and more than Bernie Sanders and Hillary Clinton combined.
- Independent spending in congressional elections by non-party groups was nearly 14 times as high in 2016 as 2008, the last election before the Citizens United decision, but more than half of the supposedly "non-party" independent spending in 2016 House elections was done by committees, which were closely tied to the party leaders in Congress.
- Successful challengers normally spend less than the incumbents they beat.

The *Guide* is intended to serve as a foundation for anyone trying to understand the role money plays in federal elections. It is divided into four sections including presidential elections, congressional elections, political parties, and independent spending. Each section includes historical tables, preceded by essays.

State Laws and Money in State Elections

Until recently, it has been impossible to evaluate properly most of the claims about the effectiveness of state campaign finance laws. The knowledge gap is due, in part, to the fact that analysts cannot fully understand a law's effects unless the law can be compared, over time, to jurisdictions with different laws. To address this need, we created a database that codes every state's campaign finance laws every two years stretching back to 1996. In a related working paper, "Independent Spending in State Elections," we create an original, detailed classification of spenders to better understand how the Supreme Court's 2010 decision in Citizens United v. Federal Election Commission has impacted U.S. state elections.

Our state-level analysis produces a number of key findings:

- Organized labor has declined as a force in independent expenditures, while business's role has grown modestly (but much less than originally predicted). Ideological organizations spent less in state politics than business, but moved up in the rankings.
- State political party organizations continued to spend roughly the same amount after 2010, but the relative importance of state party spending declined, while the share of party-affiliated organizations (such as the Republican and Democratic Governors Associations) increased in importance. While these are clearly arms of the parties in some respects, they are not arms of the state parties.
- The clear independent expenditure winners were the issue groups. And among the issue groups, the most noticeable were not well-known, ongoing, national organizations but a series of almost ad hoc, in-and-out organizations funded by individual mega-donors.

The paper also examines two proposals that are intended to offset the effects of Citizens United by removing the limits on contributions to candidates and political parties. By leveraging comparative state data, the paper's multivariate analysis finds that proposals such as these are not likely to turn the donors who underwrite ideological and issue groups toward funding the candidates and parties.

Testing the Effects of Reforms Aiming at Small Donor Empowerment

As questions about money in politics proliferate, various reforms aim to limit or balance the influence of large contributors. Much attention has been given to public financing systems that allocate public funds to support candidates who would otherwise have to rely on a small group of wealthy donors. But empirical tests of effectiveness have been hard to do.

Until recently, New York City was the only jurisdiction with a *multiple matching system* explicitly designed to increase the role of small donors. In these systems, candidates running for office can have their small donations matched or multiplied. In New York, for example, candidates from 2009-2017 who agreed to increased financial oversight and spending limits could receive six dollars from a public fund to match every dollar raised in small donations, under $175. (The matching rate was four-to-one for the elections of 2001-2005; it will become eight-to-one after 2018.) This type of program has become a model in recent years. Previous studies noted apparent successes, but with only one jurisdiction to test the available evidence.

After Los Angeles revised its system in 2013, serious comparisons became possible. Our research finds that, in city council elections, New York City's campaign finance matching program increased the number, diversity, and proportional share of small donors. But but the Los Angeles program was substantially less effective. Explanations relating to program details were tested, and we concluded that details did affect results – which were also different for mayoral compared to city council candidates. This suggests it is not straightforward to apply the same reforms to different offices and constituencies. Clearly, further tests and debates need to happen on the value of legal steps to boost small donor participation in U.S. elections.

Read more on the Campaign Finance Institute's website; Michael J. Malbin and Brendan Galvin, "CFI's Guide to Money in Federal Elections – 2016 in Historical Context," ***the Campaign Finance Institute*****, (March, 2018); Michael J. Malbin, Charles R. Hunt, Jaclyn J. Kettler, Brendan Galvin, Keith E. Hamm, "Independent Spending in State Elections, 2006-2016" working paper, (2018); Michael J. Malbin and Michael Parrot "Small Donor Empowerment Depends on the Details: Comparing Matching Fund Programs in New York and Los Angeles,"** ***The Forum*****, 15, no. 2, (2017): 219-250.**