

Electoral Spending Shifts in a Post-*Citizens United* America

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Abstract: Since the 2008 elections, the American media has highlighted a variety of electoral and legal developments suggesting a significant shift in the manner in which elections are and will be contested. The 2010 *Citizens United* ruling has potentially increased the ability of corporations and unions to contribute to and influence the electoral process, and the rise of the Tea Party movement has ostensibly bolstered the visibility and strength of a variety of ideologically based conservative lobbying organizations, such as FreedomWorks and American Crossroads. Editorials and reports published by a variety of media outlets shortly after the *Citizens United* ruling suggested that it would lead to a deluge of outside money in national races, and raised the concern that this would have a chilling effect on democracy; by increasing the dependency of candidates on corporate funding, it may change both the nature of the candidates that gets elected and how they vote while in office. This project sets out to answer several questions raised by recent developments in American politics. Was there indeed a measurable increase in the amount of spending by lobbying groups in the 2010 election? If so, was this increase limited to groups on the conservative side of the partisan spectrum, or were liberal groups also increasing their spending at the same rates? Has this spending increased more amongst ideologically-extreme groups, generally identified with the Tea Party, or amongst interest-based (corporate, trade, and professional) groups, who are more associated with the Republican mainstream? Finally, and perhaps most importantly, has the rise of ideologically based spending groups actually increased the likelihood of victory for the politicians who are the recipients of their money? In other words, is there a correlation between receipt of funds from ideological allies and electoral success? In order to answer these questions, I examine campaign finance data collected by the Federal Elections Commission from the 2006 and 2010 elections. Donations to every Senatorial candidate in both the primary and general elections of each year are coded into various donor categories, such as Ideological, Interest, Individual, and Partisan, allowing one to assess how much money is being spent by each type of group, and if it changed before or after the *Citizens United* court ruling. Using this data, I have conducted statistical analysis to assess patterns. Based on my findings, I argue that spending in recent years has indeed generally increased, that this spending increase has occurred among conservatives more than liberals, and that it has increased amongst ideological groups more so than any other spending group. I also find some evidence of a modest increase in the electoral success of conservative candidates who are the recipients of this ideological money.

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Introduction

On January 21, 2010, the Supreme Court issued its decision in *Citizens United v. Federal Election Commission*, a case filed in August of 2008, and that was, until then, mostly unheard of outside of academia and law. The ruling concerned the right of a conservative non-profit group, Citizens United, to use independent expenditures for the purpose of showing a documentary that argued against the candidacy of Hillary Clinton. In a 5-4 decision, the Court found that the statutory rule that the FEC had used to deny them the right to air the documentary was, in fact, unconstitutional; as a result of this ruling, corporations and unions were given the right to make unlimited election expenditures from their general treasury fund. To casual observers, it seemed that the Supreme Court had suddenly given corporations and other entities the ability to spend unlimited sums of money in forthcoming elections.

This, however, is not the only major political development that has occurred since the election of Barack Obama in 2008. The Tea Party, a populist faction considered to exist on the far right side of the political spectrum, began in 2009 as an unaffiliated grassroots movement with little central organizational structure. Since then, it has become a force in modern American politics, and has done so with help from a variety of already established political entities; conservative financiers David and Charles Koch have funded the Tea Party via their non-profit organization FreedomWorks; media figures, such as Rush Limbaugh and Glenn Beck, have used their radio and television access to promote the movement through 2009 and 2010; elected officials and political figures, like Sarah Palin and Michelle Bachmann, not only used their clout to advertise and advocate for the Tea Party, but found their own political capital increased as a result. More recently, both the House and Senate have formed Tea Party

caucuses, and while there is no sign of the Tea Party becoming an official political party, it has presented challenges to the more moderate and non-ideological actors with the Republican Party. While the long-term prospects for the Tea Party are not settled, it has had an impact on the political events of 2010.

Although it is beyond the scope of this paper to establish a direct causal relationship between any specific changes in campaign spending and the *Citizens United* and Tea Party developments, we can speculate that the general landscape of election funding, and therefore the prospects for election success for political actors, has likely changed in recent years. Existing research indicates that such shifts in financing may have a significant impact on actual election outcomes; over the past decades, an increase in the importance of candidate characteristics in determining election outcomes, and the subsequent need to advertise these characteristics using campaign funds, has resulted in the increased impact of money on election outcomes (Abramowitz, 1988). It has also been found that an influx of money at relatively low spending levels can provide a significant marginal increase to the likelihood of success for challengers to the incumbent (Jacobson, 2006; Grier, 1989). Changes to the system that provide challengers with additional financing may give these candidates the extra support needed to combat the incumbent's spending advantage, which has been estimated to have an impact on vote share of up to six percent of the total (Gerber, 1998). By systemic changes, I refer both to changes in the financing system and the political environment itself. Regarding the former, the *Citizens United* decision may be expected to increase levels of independent expenditure, which has been identified as particularly significant in affecting vote choice (Engstrom and Kenny, 2002; Abramowitz, 1989); regarding the latter, the Tea Party movement may have increased the

electability and competitiveness of certain conservative candidates, which in turn has been shown to increase the amount of money that candidates are able to attract (Squire, 1989). The ruling in *Citizens United* and the rise of the Tea Party movement both give reason for anticipating changes in campaign finance behavior, and the aforementioned research suggests that the campaign finance can change the outcome of elections.

Based on the above reasoning, I anticipate that a comparison of campaign financing in the 2006 and 2010 election cycles will reveal several important changes in the amount of money used in campaigning, the way in which it is used, and the relative clout of the different types of donor organizations that provide it. I offer the following hypotheses for how precisely the campaign finance landscape should have changed. First, I anticipate that the amount of money spent in the 2010 election will exceed the 2006 election; this would be unsurprising, given that elections tend to get more expensive in each cycle. Beyond this, however, we can expect that both the increased opportunities for spending created by the *Citizens United* ruling and the increased volatility and competitiveness created by the Tea Party movement will especially exacerbate spending levels. Secondly, this spending increase should occur particularly within the category of independent expenditures (i.e. soft money) as opposed to direct donations to a candidate's campaign (i.e. hard money). Although hard money donations have likely increased as well, it is the category of independent expenditures that has been impacted by *Citizens United*, and it should therefore increase noticeably in donor usage.

Third, and most contrary to general opinion, I anticipate that the donor type for which spending increases will be most pronounced will *not* be corporations or unions, but rather ideological spending groups. These groups, defined in greater detail later, differ from other

interest groups in that they represent principles and ideals rather than people or institutions. Ideological groups, who are set up as corporate non-profits but not as businesses, will benefit from the increased spending freedom provided by *Citizens United*, and the idealism and emphasis on values typical of the Tea Party; established for-profit corporations, on the other hand, should not be expected to directly increase independent expenditures because of the numerous public relations problems this would be likely to create for them. Lacking this need to avoid a public perception of partisanship, unions should be expected to increase their spending, but not to the same degree of ideological groups, due to the limited funds they are likely to have available in their treasury by comparison.

Fourth, we should expect to see the preceding spending increases occur for both Republicans and Democrats, but on an uneven basis; Republicans should enjoy a substantially larger increase in overall spending, soft money spending, and ideological group spending. This could be for a couple different reasons. On one hand, we expect that the minority party in any given election has an innate advantage in generating funding, and while in 2006 the Democrats enjoyed this advantage, the Republicans hold it in 2010. On the other hand, the Republicans have in the past had better success in raising money in the form of independent expenditures (Corrado, 1998). Either one of these factors could explain a disproportionate increase in the aforementioned categories for Republicans, but determining which factor is the driving force has implications for whether this spending advantage for Republicans is limited to this election, or will extend to future elections.

Fifth, incumbents will not see these types of increases to the extent that challengers or candidates in open races will. Previous research by Frank Sorauf (1992) has indicated that due

to the increasing degree of safety that incumbents enjoy, most Political Action Committees feel pressured to donate to these incumbents to remain within their favor. However, he argues that ideological groups and labor unions are two major exceptions to this rule; this is most likely because both of these groups are less likely to donate for the sake of receiving favors, and more likely to donate on the basis of whom they believe to be the best candidate. Because these two donor types are the types I expect are most likely to significantly increase their funding output, it follows that non-incumbents will increasingly rely upon ideological groups and labor unions for contributions.

Sixth, tea party candidates will be more reliant on funding from ideological groups than mainstream Republicans. The Tea Party has established itself in opposition to both Democrats *and* Republicans that are perceived as betraying or working against a set of ideological principles. Because of their stated commitments to ideological purity, it follows that conservative donor groups that also emphasize the importance of ideals and values over other interests would prefer to give disproportionately to Tea Party candidates. Furthermore, interest groups that represent businesses and industries have an established, stable relationship with the mainstream parties, and may be wary of donating money to untested and often extreme candidates; ideological group money may serve as a way for Tea Partiers to generate the funding necessary to meet the high amount of interest group money on the other side.

Seventh, I anticipate that the vote share for candidates that rely on ideological funding to increase relative to 2006. As I have previously mentioned, independent expenditures have been demonstrated to have a significant effect on election outcomes (Engstrom and Kenny, 2002; Abramowitz, 1989), and I expect that independent expenditure increases in 2010 will be

driven primarily by increases in spending by ideological groups. Therefore, it follows that those candidates who rely on ideological money will have a better chance of winning in a year when these ideological groups are spending more than ever before. Finally, I expect that all of the above hypotheses for general election funding will hold equally true for the primary elections.

In order to confirm or deny these hypotheses, I have created, collected and coded a data set that contains all campaign contributions to Senatorial candidates in the 2006 and 2010 elections. By comparing various funding levels between the two years, we will gain a greater understanding of how campaign finance has changed in recent years. In the first section of this paper, I will offer an in-depth explanation of the basics of campaign financing, and the ways in which the *Citizens United* ruling have changed campaign finance law. Section two will provide a set of definitions for important terms used throughout this paper, and in section three, I will explain in greater detail my theory and hypotheses regarding the expected changes to campaign finance. Then, in section four, I will offer a detailed methodology for the assembly of my data set and its coding process. Sections five and six will examine the data that has been collected on the general and primary elections, and section seven provides an in-depth look at the behavior of the ideological group. Finally, Sections 8-10 will analyze these results, address the limitations of my present research design, and offer recommendations for future research in this domain of scholarship.

Section I: Historical Background and the Basics of Campaign Finance

The law that governs campaign finance has been altered repeatedly throughout the 20th century, and this process has occurred as a consistent pattern – congressional action that restricts the ways in which election money can be used, followed by either private action to abuse unclosed loopholes, or legal action to repeal campaign finance reforms on first amendment grounds. In his 2010 State of the Union address, President Obama referred to the recently decided *Citizens United* case, claiming that it overturned a “century of precedent.” (New York Times, 2010) As will be shown, this is not the case at all; one could argue that *Citizens United* has done little more than reverse about eight years of precedent, or at most sixty-three. It is perhaps more accurate to say that the pattern of reform and reversal indicative in the relationship between the Bipartisan Campaign Reform Act and *Citizens United* is not a reversal of precedent, but rather a continuation of the traditional way campaign finance reform has operated. In order to understand how *Citizens United* is affecting campaign finance now, it is important to place it within a context of historical development.

The Tillman Act of 1907 was the first major step in placing limits on the American campaign finance system. It made it illegal for corporations and banks to donate directly to federal campaigns or political parties in the general election, and a later 1911 amendment extended this law to cover primary elections. This act is ostensibly the one referred to by Barack Obama when he claimed that the *Citizens United* case overturned a century of precedent; however, it is important to note that *Citizens United* did not alter or overturn any content from the Tillman Act, which banned *direct* contributions from corporate *general*

treasuries. The *Citizens United* ruling, on the other hand, only made allowable *indirect* contributions. Corporations are still unable to donate directly to campaigns, although the later creation of PACs allows them to make limited contributions.

These laws were also largely ineffective for a number of reasons. A corporation, for instance, could circumvent Tillman by convincing its board members and executives to make large contributions on an individual basis, and then later give them bonuses equal to the amount of the contribution. Furthermore, due to the lack of clearly outlined enforcement mechanisms, the law was rarely enforced, and corporations often did not even bother with the use of loopholes. Even the amendment which extended Tillman to the primary system was overturned in the 1921 case *US v. Newberry*. Given that the Constitution did not have authority over the behavior of parties, and that it made no mention of either parties or primaries, the amendment was found unconstitutional (Zardkoohi, 1985).

In 1910, The Federal Corrupt Practices Act became the first federal act requiring the public disclosure of campaign contributions by political parties in House campaigns. The following year, it was extended to cover Senate campaigns and, importantly, required candidates themselves to disclose the sources of their funding. The strictest of the new requirements was the prohibition on candidates from spending more than \$5,000 in a House campaign or \$10,000 in a Senate campaign. These spending limits, however, were raised by new amendments in the 1920s (Sorauf, p. 5). This act served as the basis for campaign finance limitations in federal elections until it was repealed in 1971 by the Federal Election Campaign Act (Columbia Law Review, 1934).

The Hatch Act of 1940 created the first limit on campaign donations for individual citizens. Hatch prevented citizens from making a contribution of more than \$5,000 to any one campaign committee. It also mandated that any given party's national committee could spend no more than \$3 million per year on campaigns. These provisions, however, like most previous attempts to limit campaign spending, were almost impossible to enforce; while the limits themselves were clear, there were no limits on the ability of candidates or parties to create *multiple committees*. Individual donors could then make as many \$5,000 donations as they wanted to a single candidate's several committees, and parties could spend freely out of various national committees (Kiplinger's Personal Finance, 1948).

In the 1940s, unions were added to the list of entities that were prohibited from certain types of campaign contributions, and the rules applied to this list were themselves strengthened. In 1943, the Smith-Connally Act essentially extended the rules of the Tillman Act, preventing direct corporate campaign contributions, to labor unions. The Taft-Hartley Act of 1947, which is more famous for the non-funding restrictions it placed on labor unions, placed strict limits on independent expenditures by corporations, banks, and unions. These entities were no longer allowed to spend money on behalf of or in opposition to federal candidates. Like earlier laws, these rules were difficult to enforce, due to the availability of loopholes and the lack of effort made by Congress to create clearly delineated enforcement mechanisms. Most telling is the fact that not a single prosecution was made under these laws up to their repeal and replacement in 1971 (Sorauf, p. 6).

The passage of the Federal Election Campaign Act in 1971 marked an important turning point for campaign finance reform. The original iteration of the act did not actually make

significant changes to the system; its function was mostly to increase transparency through stricter disclosure regulation, and to create a system by which a candidate may choose to be publicly financed and receive matching funds from the federal government. The Watergate scandal in the following year, however, had the effect of emboldening reformers with newfound public support. Given this, it is in fact the 1974 amendments to FECA that made the biggest changes to the system. Many of the limitations it created are still enforced today (Sorauf p. 7-8).

The FECA amendments created a framework establishing direct contribution limits for various entities, and forced candidates to receive all contributions through a single committee, ending the ability of contributors to abuse loopholes. (Sorauf, p. 8) The contribution limitations, indexed to inflation, have remained unchanged, and are reprinted below in Figure 1. Finally, the 1974 amendments created the Federal Election Committee; this solved the other major problem that had existed in enforcing campaign contribution limits – the lack of a formal entity whose purpose it was to monitor contributions and enforce the law.

Campaign spending was also addressed by the 1974 amendments, but the limitations created by Congress were not in place for very long before the Supreme Court overturned them. The 1974 amendments prevented candidates and their committees from spending above specific amounts on their own election, and placed a limit of \$1,000 for individuals looking to independently advocate for or against a particular candidate. In 1976, however, the Supreme Court overturned these limits in *Buckley v. Valeo*. The ruling held that campaign spending by candidates, individuals and groups could not be limited; the Supreme Court found that FECA was in violation of the first amendment right to freedom of speech and expression. Therefore,

all of the aforementioned limits on speech were eliminated, and unlimited campaign spending is allowed to this day. In many ways, *Buckley* is very similar to *Citizens United*, in that it relied upon the first amendment to dismantle Congressional attempts at campaign finance reform, and increased the power of wealthy entities to exert their influence over elections (Sorauf, 11).

Figure 1: 2011-12 Donation Limits

Donor Type	Candidate	National Party Committee	Non-National Party Committee	PAC	Special Limits
Individuals may give	\$2,500	\$30,800	\$10,000	\$5,000	\$117,000 total
National Party Committees may give	\$5,000	N/A	N/A	\$5,000	\$43,100 to Senate campaigns
Non-National Party Committees may give	\$5,000	N/A	N/A	\$5,000	N/A
Multicandidate PACs may give	\$5,000	\$15,000	\$5,000	\$5,000	N/A
Single candidate PACs may give	\$2,500	\$30,800	\$10,000	\$5,000	N/A
Authorized Committees may give	\$2,000	N/A	N/A	\$5,000	N/A

Source: Federal Elections Commission

Buckley v. Valeo set the stage for later legal challenges to the existing campaign finance framework. In 1990, the Supreme Court heard *Austin v. Michigan Chamber of Commerce*. The appellees argued that the prohibition on corporate spending from general treasuries to support or oppose a candidate for office amounted to a violation of first amendment rights, similar to what was argued in *Buckley*. The ruling upheld the existing campaign finance framework, and argued that the government had a compelling interest in combating corruption, particularly by

restricting corporate influence over public affairs. This decision would later be overruled by *Citizens United (Austin v. Michigan Chamber of Commerce, 1990)*.

The next major change to campaign finance law, and the one on which all current reform debate is centered, occurred in 2002 with the passage of the Bipartisan Campaign Reform Act, also known as McCain-Feingold. This law made three important changes to campaign finance. First, it prohibited political parties from receiving or spending any money that is not regulated by existing campaign finance law. Previous to the BCRA, parties could receive certain types of unregulated funding by placing it in an account designated for non-federal use. Second, it created certain restrictions on parties and their ability to advocate on behalf of candidates using either “coordinated expenditures” or independent expenditures. Third, and most importantly, the BCRA eliminated the ability of corporations (including non-profits) and unions to make independent expenditures that fall within the newly created category of “electioneering communications.” An electioneering communication is defined as a broadcast that *refers* to a candidate for office within 30 days of a primary or 60 days of a general election. Prior to this, such organizations would be able to broadcast a communication that referred to a candidate for office, so long as it did not use language that directly advocated for the election or defeat of that candidate (Congressional Research Service, 2004).

Before *Citizens United* was brought to trial, the BCRA was challenged in two significant court cases. First, Senator Mitch McConnell, who had attempted to defeat the BCRA by personally mounting several filibusters, sued after its passage, and brought the case to the Supreme Court in *McConnell v. Federal Election Commission*. He attempted to invalidate several of the key provisions of the law, but the Supreme Court eventually upheld these key provisions

in their entirety. In 2007, however, the BCRA was weakened by *Federal Election Commission v. Wisconsin Right to Life*. Wisconsin Right to Life argued that it had the right to broadcast a particular communication it had created in 2004, given that they considered it not to be an electioneering communication. In a 5-4 decision, the Court created a very limited exception to the BCRA – a corporation could make an electioneering communication so long as it was nonprofit, had no connections to any business or union, no shareholders, and was defined as a 501(c)(4) corporation. This exemption was not useful, however, to very many ideological groups, such as Citizens United, as most of them were instead defined as 501(c)(3) corporations. All other provisions of the BCRA remained intact (*McConnell v. Federal Election Commission, 2003*).

One additional development that occurred after the passage of the BCRA was the informal creation of a legal entity known as a “527 group.” These entities, established clearly by the FEC in 2004, fall outside the spending and fundraising requirements enforced by the FEC. A 527 group may not give directly to any candidate, and it may not make broadcasts that advocate for the election or defeat of a candidate for federal office. However, as long as it does not occur within 60 days of an election, a 527 is able to spend and raise unlimited sums of money from any number of sources, including corporations and labor unions (Center for Public Integrity, 2008).

This brings us to the case of *Citizens United v. Federal Election Commission*, decided January 21, 2010. Early in 2008, just before the 2008 Democratic Primary officially began, conservative non-profit group Citizens United made a documentary, *Hillary: The Movie* available for viewing on DirecTV. This documentary was critical of Mrs. Clinton, and although it

did not explicitly advocate for her defeat in the upcoming election, it did explicitly refer to her several times. The FEC felt that this was in violation of the BCRA's prohibition on electioneering communications within thirty days of a primary election. During the trial, Citizens United only sought to demonstrate that *Hillary: The Movie* was not an electioneering communication as defined by the BCRA, but was rather a legitimate commercial product, as *Fahrenheit 9/11* had been considered in a similar case years before. Despite this, in a 5-4 decision, the Supreme Court went far beyond the original goal of Citizens United, ruling that large portions of the BCRA violated the first amendment rights of corporations and unions. These sections were struck from the law, and the decision in *Austin v. Michigan Board of Commerce* was overruled. Corporations and unions were now free to spend unlimited sums of *soft money* (the ban on direct campaign contributions, still originating from the 1907 Tillman Act, was undisturbed) (*Citizens United v. Federal Election Commission, 2010*).

One additional case, which occurred with very little media coverage, has continued to shape the campaign finance landscape even after *Citizens United*. The decision in *Speechnow.org v. Federal Election Commission*, building upon the more infamous ruling earlier in 2010, has created a new type of campaign finance entity known as a "Super PAC". These PACs differ from regular PACs in that they are unable to make any direct campaign donations to candidates. Unlike PACs, however, the money that they receive is unregulated by the FEC, and therefore Super PACs have the advantage of being able to raise unlimited sums of money from individuals, corporations, and unions alike. As long as 100% of its funds are used for independent expenditures, any PAC may function as a Super PAC (Washington Post, 2010).

Citizens United did not, as President Obama claimed, overturn a century of campaign finance precedent. At best, one could claim that *Citizens United* overturned 67 years of precedent, given that Taft-Hartley was the first act to directly prohibit corporate and union use of independent expenditures. One could also claim that it overturned 20 years of precedent with the overruling of *Austin v. Michigan Chamber of Commerce*, or even only 8 years of precedent, by striking significant sections from the Bipartisan Campaign Reform Act. What is clear, however, is that *Citizens United* makes a number of new tools available to corporations and unions with which they may influence the political process. Given the complicated nature of campaign finance law and its development over time, please see Appendix A for a visual reproduction of the above history.

Section II: Definitions

Many of the terms used in this paper, particularly those identifying a type of donor group or candidate, may be either unfamiliar to the reader, or potentially disputable; this section will provide the necessary clarifications. First, I will briefly explain my categorization scheme for all donations. Donations are labeled primarily as coming from either an Interest Group or non-Interest Group. The category of Interest Group excludes any donor that is an individual, or is directly affiliated with a party. These non-Interest Group donors are placed into the following categories: Individual, Self, Party, and Other. The “Individual” category contains all donations that originate from a single person that is not the candidate, while the “Self” category contains all donations provided to the campaign by the candidate himself or herself.

The “Party” category contains all donations that originate from either another candidate for office or directly from a party or party committee. Finally, any donation that cannot be identified or placed into any category, including an Interest Group category, is identified as “Other.”

The scheme I use for identifying and classifying interest groups is a slight modification of the model used in the past by Jeffrey M. Berry, Frank Baumgartner, and others. This scheme separates all interest groups into the following categories: Citizens Group, Trade Association, Professional Association, Corporation, Labor Union, Government Group, and Other. My classification scheme is almost identical, but with a few exceptions. First, I use the term “Ideological Group” rather than “Citizens Group.” This is because I wish to emphasize that the purpose of this kind of group is not to represent yet another type of entity but rather an abstract value, idea, or position. The term used by Baumgartner et al. is also somewhat misleading, as these groups are not necessarily grassroots organizations, as “Citizen Group” might imply, but may themselves be assisted by professional political figures and mainstream partisans. Secondly, I exclude the category of Government Group, as none of the donations identified in this study come from any branch or entity of the United States government. Third, I use the term “Business Group” rather than “Corporation,” as the latter term is not inclusive of individual businesses that may not necessarily be a corporate entity. Finally, “Other” is used in this study, but it is not included within the subcategory of interest groups; rather, it is considered its own category. This is because I used “Other” as a category for organizations that do not seem to fit into any category, and I do not want to risk identifying an unknown organization as an interest group when, in fact, it may be some other type of group. To

summarize, my categorization scheme for interest groups is as follows: Ideological Group, Trade Association, Professional Association, Business Group, and Labor Union.

Before strictly defining “ideological group,” the donor type most crucial to the arguments of this paper, I shall define the other, less important interest group types. The category of “Labor Union” is self-explanatory; it consists of any group organized by workers that identifies itself as a Union and advocates on their behalf. A “Trade Association” is any organization that advocates for the interest of a particular *industry*, while a “Professional Association” advocates for the interest of a worker in a certain type of *profession*. In certain cases the difference between these two categories may be very clear (the airline industry can be expected to have different interests than, for instance, pilots, attendants, and baggage handlers) or not clear at all (lawyers may not have very different preferences than those who advocate on behalf of the legal services industry).

It is particularly important that the reader understand what I mean by “Business Group.” I do not, as the name might imply, refer to an organization that advocates for business interests. Rather, this category simply denotes a PAC that has been formed by an *individual corporation* or other business entity. Organizations that advocate on behalf of the American business community in general are considered, for the purposes of this paper, to be ideological groups. Additionally, organizations that advocate on behalf of *small businesses* are considered a Trade Association; even though “small business” is not an industry, small businesses have a variety of things in common that lead them into association with each other typical to the way trade groups form.

The Ideological Group differs from all of the above organizations in that it does not exist to represent and advocate on behalf of an *entity* (individual, organization, or type of organization), but rather on behalf of an *abstract concept*. This concept might be a philosophy, an issue position, a set of policies, or even just a moral value. While partisan organizations often do this during an election, there are two major differences between partisan organizations and ideological groups. First, a partisan organization is *directly* connected to the candidates it advocates for, while ideological groups are outsiders to this process; they may be small groups run by citizens for a common goal, or larger groups helmed by well-known political figures, but they are not a direct extension of any party or candidate. Secondly, a partisan organization may advocate for values, policies, or ideas, but they do so indirectly. Like most other interest groups, a party's chief electoral goal is to advocate for an entity (the individual candidate or the party itself), and its advocacy for abstract values is only a tactic to achieve this greater goal. Ideological groups, on the other hand, can be expected to advocate for their values, regardless of the party affiliation of the candidate in question (although values and party affiliation may be very closely correlated).

Finally, outside of the donor categorization scheme, I will also be referring throughout the paper to "incumbents," "challengers," and "open races." While the term incumbent is self-explanatory, the latter terms require elucidation. When I use the term "challenger," I refer not simply to a non-incumbent, but to a candidate who is, in any given race, challenging an incumbent. Any candidate that is not an incumbent, and is not challenging an incumbent, is participating in an "open race." I make this distinction because I believe there may be important differences in how these two different types of candidates are being funded.

Section III: Theory

Based on recent legal and political developments, I expect the midterm election of 2006 to differ in several ways from the midterm election of 2010. I have already outlined my predictions in this introduction to this research; in this section, I will make my predictions more explicit, and explain the theory behind them more in-depth. They have been organized into four main hypotheses, some with additional sub-hypotheses.

Hypothesis 1: Spending on campaigns has increased significantly since 2006, in both the general election and the primary.

Hypothesis 1a: General spending levels from 2006 to 2010 have increased beyond expectations from a baseline amount.

My claim that spending will likely have risen between these years is uncontroversial and in line with expectations, with or without the influence of major events like *Citizens United* or the rise of the Tea Party. Therefore, it will be important to establish a baseline of comparison. According to Gary Jacobson, the average election-year-to-election-year increase in funding for Senate elections is 10% (Jacobson, 61); therefore, taking into account compounding from the 2008 election cycle, if 2010 were an average election, we would expect a 21% increase. I argue that the actual increase from 2006 to 2010 will be even higher than this, given that *Citizens United* created new spending opportunities. The amount of money held by corporations, labor

unions, and non-profits in their general treasuries was not previously available for election spending, but it is now, and that should drive spending higher than baseline expectations.

Hypothesis 1b: Spending increases from 2006 to 2010 have been driven largely by increases within the category of independent expenditures.

Furthermore, because I expect that the changes arising from the *Citizens United* verdict will be a major driving factor in increased overall spending, and the verdict only changed the way independent expenditures are dealt with by the law, it therefore follows that we should anticipate an especially noticeable increase in independent expenditures over 2006 levels. The verdicts in *Citizens United*, and in subsequent court rulings and opinions by the FEC, have given donors several new tools with which to expand their spending. Corporations and unions may now spending unlimited amounts on their own election advocacy messages, and certain groups, existing or new, may reorganize themselves as Super PACs, enabling them to raise unlimited funds from any source. If spending levels increase substantially, but independent expenditures increase by a lesser amount, then my claim that the increase is driven by *Citizens United* should be considered false.

Hypothesis 2: Spending increases from 2006 and 2010, especially increases in independent expenditures, will be driven primarily by ideological groups, not corporations or unions, in both the general election and the primary.

Of my several hypotheses, the one that would initially appear most controversial is the contention that corporate PACs will not significantly increase their independent expenditures, and that the changes caused by *Citizens United* and the Tea Party movement will be taken advantage of primarily by ideological groups and labor unions. By corporations, I refer here not to any entity that exists via articles of incorporation, but rather the traditional sense in which it has been used by the news media, politicians, and activists – for-profit businesses that exist for the purpose of offering a good or service. Most of the outrage generated by the *Citizens United* case has arisen out of the notion that these kinds of *corporations* will now have the ability to spend unlimited amounts of their money on electioneering communications (a claim that is uncontroversial), and more importantly, that they will take advantage of this new liberty. It is this second claim that is more controversial. Despite the concerns of the general public, certain commentators, and politicians, there are several reasons why corporations and unions would be less interested than anticipated in flexing their powers of unlimited political expenditure.

Corporations, despite having access to large sums of money which could be used to achieve certain political goals, have a great incentive to not brand themselves as being in open support of one political party or ideology over another; simply put, it would hurt their bottom line. Any given business is much more likely to lose customers who are angered by a newly announced political allegiance than they are to gain business from those who might be in agreement. Major corporations are able to give direct campaign donations with relative anonymity; though they might be required to disclose their funding, this information will go unnoticed amongst most, other than those who actively seek out such details. On the other hand, an independently funded television ad in support of a candidate or initiative would be

digested by the viewing public at large. Opponents of *Citizens United* have tried to make their case by pointing out the hypothetical absurdity of visible, direct, and public corporate sponsorship of politicians; that their audience likely would accept this as ridiculous actually hurts their case, as this attitude is precisely the reason why a corporation would never risk such branding. Furthermore, once it is made clear that a particular political message is financed by a for-profit corporation, it seems doubtful that many viewers would digest it as being credible, given that it is so clearly biased, and comes from a type of organization whose level of political influence the public is clearly concerned over.

Unions, although expected to increase their election spending, are marred by two problems that will limit their spending abilities. First, unions lack the enormity of treasury funds that corporations have, and a large amount of their money must simply be tied up in their operations. Unlike corporations, unions are dependent upon member dues for their primary revenue stream, and thus are bounded by the contributions of their workers. Therefore, the amount of money that would be available for using on campaign advocacy is limited. Secondly, unions are very polarizing; while they have considerable clout within their organization, those that do not belong to a union often have negative views of them, or at least recognize their political preferences to be almost uniformly tilted towards liberal politicians and parties. Rather than spending their already-scarce money on independent political advertisements, a union would have much greater incentive to continue using their resources to encourage their members to turn out to vote, and to vote for a particular candidate. However, unions are still expected to increase their election spending by modest but significant amounts, especially on individual races that are particularly important to their cause.

Ideological groups, unlike corporations and, to an extent, labor unions, would find unchecked rights to independent political expenditure immediately useful. These groups would have little interest in protecting themselves from political branding, as they are, by definition, politically branded to begin with. Furthermore, as they are chiefly concerned with promoting a particular idea or principle, they would also benefit from the greater, nuanced control over messaging and presentation that independent campaign funding allows them. It was an ideological group that was responsible for initiating the litigation that culminated in the *Citizens United* ruling, and, for the reasons listed above, will be the group to primarily benefit from it.

It is, of course, important to note that corporations may still significantly increase their election spending, albeit in a more indirect and covert manner. We have seen that corporations would not necessarily find it advantageous to spend money directly on campaign advocacy; however, *Citizens United* freed them to use an unlimited amount of treasury money funds on elections, and this applies not only to direct election expenditures, but indirect expenditures as well. A corporation is now able to give an unlimited amount of money to *any other group*, who would then be able to use the money on their behalf. The *Washington Post*, has, for instance, reported that one corporation, American Financial Group, alone donated over \$400,000 to American Crossroads, a conservative ideological group (Washington Post, 2010). This practice solves the problem of alienating consumers, and still allows corporations to effect election outcomes. One potential downside to this strategy is that in utilizing it, the corporation loses control over the message advertised by the ideological group; another is that the indirect nature of the donation would make it less visible to the candidate, meaning that the corporation would to some extent lose its ability to engage in favor-trading with the candidate.

Despite this, *Citizens United* has empowered corporations to give unlimited sums to other organizations, and this is an advantage that they are likely to utilize.

Hypothesis 3: Increased independent expenditures, particularly by ideological groups, will unevenly benefit various categories of political candidates, in both the general election and the primary.

Once it has been established that spending levels have indeed increased, and that this increase is driven primarily by independent expenditures by ideological groups, one should not expect that this money would benefit all parties equally. Instead, it is likely that certain types of candidates will have a distinct advantage over others. It may be the case that spending by all types of candidates increases, but what decides the impact of funding on election outcomes (and what continually drives spending amounts upward) is the relative spending advantage that one candidate has over another. This paper assumes that these advantages will be enjoyed by Republican candidates over Democrats, Tea Party Republicans over mainstream Republicans, and challengers and open-seat candidates over incumbents.

Hypothesis 3a: Conservatives will benefit more from increased independent expenditures, particularly by ideological groups, than liberals.

There are two main reasons to assume that Republican candidates will benefit from the new changes in campaign finance more than will Democratic candidates; while both theories

allow us to reach this same conclusion, figuring out which one is right has important implications for how future elections may proceed. On one hand, it may be considered that Republicans will benefit from an election in which environmental factors are in their favor. If this is the case, then the spending advantage they enjoy in 2010 may be temporary, and could just as easily benefit Democratic candidates in the future. On the other hand, Republicans may have an innate advantage when it comes to raising money in the form of independent expenditures. If this is true, then Republicans could realize a more long lasting, if not permanent, spending advantage over their Democratic counterparts. Although it is beyond the scope of this paper to determine which of these theories is true, or at least which one has a more powerful effect, we will examine briefly the evidence for each.

The first theory considers that, in 2010, Republicans enjoyed a considerable advantage in voter enthusiasm. Taken just a couple weeks before the election, an AP poll found that 67% of McCain voters planned to vote in the midterm election, compared to only 51% of Obama voters. Furthermore, in the Tea Party, Republicans had a cohesive narrative around which they were able to raise support from their base; while conservatives were able to rely on a surging (ostensibly) grassroots movement, many members of the liberal base were disillusioned over a perceived lack of progress. From the same poll, only 30% of Obama voters felt that Obama had maintained his campaign promise to change Washington (US News, 2010). It is difficult to get an unenthusiastic demographic to go to the polls, and it is therefore even more difficult to get them to actually donate money. Conversely, those who are excited to vote may feel inclined to financially support their cause as well.

Those individuals excited by the Tea Party movement, but skeptical of the mainstream Republican establishment, do not have a formal political party to which they may donate. Instead, they are likely to channel their funds into the ideological groups, such as Freedom Works, American Crossroads, and Our Country Deserves Better, which have helped to lead and organize the movement. Before 2010, these groups would have been unable to use their funds to make electioneering communications, and would instead have been restricted to spending their money on organizational infrastructure and non-electioneering broadcasts. However, thanks to *Citizens United*, these groups are now able to spend unlimited amounts of money independent of campaigns. For this reason, Republican candidates would benefit from the new rules of campaign finance more than Democrats. However, if this is what drives the Republican advantage, it is probable that in future elections, Democrats will find themselves on the right side of the enthusiasm gap, and this advantage will shift to them.

However, there is some evidence that Republicans have an innate aptitude for raising funds in the form of soft money that would make their advantage more permanent. A study conducted in 1998 found that, in 1992, Republicans raised \$49 million in soft money, compared to only \$35 million by Democrats (Corrado, 1998). This election year was not one in which either party enjoyed an obvious advantage in voter enthusiasm, indicating that this advantage may not simply be due to circumstance. Other research has found that the Republican contributor base is four times larger than that of Democrats for sums under \$10,000, and almost twice as large for sums over \$100,000 (Hoffman and La Raja, 2000). This indicates that there may be many more Republicans that hit their federal maximum for individual contributions and still have the funds and interest to find additional ways to donate above this

limit. After *Citizens United* and *Speechnow*, these citizens have the ability to donate as much as they want to Super PACs that have the capability of turning their funds into high profile, national campaigns. This may give conservatives a more permanent soft money advantage going into the future. Whether this advantage is temporary or permanent, it should be expected that conservatives will have it over liberals in 2010.

Hypothesis 3b: Tea Party Republicans will benefit more from increased independent expenditures, particularly by ideological groups, than mainstream Republicans and Democrats.

Tea partiers should be the primary beneficiaries of increased independent expenditures by ideological groups for a few reasons. Many of the new ideological groups that have sprung up over the past couple years, like the three mentioned above, explicitly support the tea party. One would naturally expect that these groups would focus on providing funding for tea party candidates rather than fund mainstream candidates, who may already have numerous reliable funding sources. Mainstream Republicans that have the favor of the establishment can expect to receive high amounts of party support; furthermore, interest groups such as business, trade, and professional groups may feel that these kinds of candidates are more flexible in voting behavior, and may be more easy to persuade than figures who have made open commitments to act in an ideologically pure manner. If Tea Party Republicans are unable to attract comparable funds from their party and interest groups, then they will have to make up their funds from some other source, likely the ideological groups discussed above. If this is true, we

will see tea party candidates with a higher percentage of their funds coming from ideological groups than other types of candidates.

Hypothesis 3c: Challengers and candidates in open races will benefit more from increased independent expenditures, particularly by ideological groups, than incumbents.

PACs donate to candidates because they either feel that a given candidate will be more likely to vote in a favorable manner than some other candidate, or that they can use their offer of financial support as a way of extracting concessions from a candidate who otherwise would not vote in a favorable manner. Many interest groups are simply persuaded to give their money to whichever candidate is more likely to win, in hopes that the candidate will remember their support while in office. Given that incumbents enjoy an extremely high rate of reelection, this money therefore typically goes to them. There are, however, two major exceptions to this rule – labor unions and ideological groups. Unlike other kinds of interest groups, which merely look to receive monetary or legal favors, these two group types are committed to a particular ideological outlook, and are unlikely to give money to a candidate with an opposing ideology merely because it is more likely they will win (Sorauf, 170). Therefore, ideological groups and labor unions are more likely to give their money to non-incumbents than other types of interest groups. Seeing as these are the two types of groups most likely to increase their spending after *Citizens United*, it should be expected that challengers and open-race candidates will benefit the most.

Hypothesis 4: The vote share of candidates who rely on ideological group spending in 2010 will increase relative to 2006, in both the general election and the primary.

If there is a significantly larger amount of ideological money available for candidate use in 2010, then a campaign finance strategy that relies heavily on the use of ideological groups may now be more viable than it was in 2006. As previously argued, ideological money is more likely to go to a given candidate *regardless of their chances of winning* than any other type of funding; therefore, it stands that the type of candidate who receives a high percentage of their funds from ideological groups is doing so not because they are well-funded and receiving an unusually large amount of funds from ideological groups, but rather because ideological groups are providing them with regular funding levels while they are unable to procure donations from other sources. In 2010, however, ideological groups will have a greater ability to raise and spend large sums of money, and this will make ideological group reliance a dominant funding strategy.

There is reason to believe an additional influx of funds to candidates who previously were funded at low levels could actually translate to a meaningful increase in their vote share. Two studies, by Jacobson in 2006 and Grier in 1989, have found that funding increases at low levels may increase the likelihood of success for challengers in incumbent races; the marginal utility of spending one extra dollar diminishes as one's total spending increases, so an extra \$100,000 to a candidate that receives little funding will make a much greater impact than it would for a well-funded incumbent. In fact, a large influx of money to a challenger may have an impact on their vote share of up to six percent (Gerber, 1998). Furthermore, studies have found

that broadcasts that come from non-party sources (independent expenditures) may be particularly significant when it comes to affecting vote choice (Engstrom and Kenny, 2002; Abramowitz, 1989). Given that ideological groups are expected to increasingly rely on independent expenditures for their spending strategy, ideological group spending itself may even be more potent than in previous years. The effect may be modest, but there is good reason to believe that vote share for ideologically reliant candidates may increase in 2010.

Section IV: Methodology

In this section, I will describe in detail the process used to create, code, analyze the data set used to test my several hypotheses. The 2006 midterm election is used as a comparison to the 2010 election. Although the 2008 election is more recent, it was a Presidential election, and should be expected to function in a significantly different manner than a midterm election; therefore, 2006 is the best possible year to use as a benchmark when making relative comparisons of the electoral landscape before and after *Citizens United* and the rise of the Tea Party movement. Furthermore, it should be noted that my analysis only extends to Senate elections. The time allotted for this project did not allow for the individual collection and coding of all 970 House races from 2006 and 2010; the results produced by examining the 70 Senate races from 2006 and 2010 gives us a general idea of how campaign finance has changed in general. It is, of course, important to remember that there are good reasons to expect House races to function somewhat differently from Senate races, given the higher geographical area Senate races cover, and the higher amount of national and statewide attention they receive.

The first decision I made while creating the data set was in regards to which candidates should be included. Any candidate for office, general or primary, who was able to secure at least five percent of the total vote share received inclusion in the data set, regardless of their party affiliation. I chose not to include candidates who received less than this amount because they were inherently irrelevant to the actual race in which they participated, and I did not want these outsiders to potentially skew the results. Once included, a candidate received an identification number for each individual race in which they ran. For example, Christine O'Donnell ran in the 2006 primaries, the 2010 primaries, and the 2010 general election; therefore, she was given three separate identification numbers. This ID number was created in order to better organize the data set, and, during the coding process, to blind me to the actual identity of the candidate. All information on final vote share for each candidate was taken directly from the relevant state election website. A spreadsheet with each candidate ID as the primary unit of analysis was created in order to maintain this and all other campaign finance data.

I maintained a second spreadsheet for which the unit of analysis was each campaign donation, rather than each candidate ID. On this sheet, I recorded every individual campaign donation to every Senatorial candidate in the 2006 or 2010 primary or general election with a vote share of higher than five percent. All campaign finance data was obtained from the Federal Election Commission's website. It is important to understand that at the time of data collection, the FEC was beginning to use a new, more user-friendly system for navigating the campaign data. This new system covered all donations made beginning in the year 2007, and thus excluded the data I needed from 2006. The new system also does not list independent

expenditures for each candidate. The old system, which can be accessed at <http://fec.gov/finance/disclosure/srssea.shtml>, was therefore used to collect all 2006 campaign finance data, and all 2010 independent expenditure data. The new system, accessible at <http://fec.gov/disclosurehs/hsnational.do>, was used to collect all data on hard campaign contributions in 2010. The differences between these two systems, beyond ease of navigation, are minimal, and should not affect the outcomes of this study.

The data itself was taken from each candidate's page on the FEC website, and labeled with the relevant aforementioned candidate ID. These pages list a given candidate's donations in several different categories, and each category provides an aggregate total of receipts. Wherever possible, I avoided using this aggregate number for two reasons. First, the summation of individual donations provided by the FEC often did not equal the aggregate total, and I wanted to make sure I was working with donations I could prove existed. Secondly, the aggregate numbers would typically not provide me with the ability to code all donations into my preferred categorical scheme. I did, however, make two exceptions to this rule. For all contributions from individual citizens, I used the FEC's aggregate number, given that there were thousands of these donations, and they would all eventually be coded with the same label. Also, I combined the aggregate number for the "Candidate Contributions" and "Candidate Loans" categories in order to generate all data for the "Self" donor category.

In addition to the above data, I automatically coded some data as I collected it. All data from the "Transfers from Authorized Committees" and "Contributions from Party Committees" categories were coded as partisan, though I collected each individual donation and did not use the aggregate number. All data under the header of either "Independent Expenditures

For/Against A Candidate” or “Party Coordinated Expenditures” was automatically coded as being soft money, and all other campaign donations were coded into the hard money category, although I left the coding for the donor type category until later. Finally, all donations labeled as “Non-Party (Non-PAC) or Other Committees” were left completely uncoded with regard to their donor type category until later, and the aggregate number from this category was ignored.

The biggest methodological challenge in collecting this data was determining a way to separate General election donations from Primary election donations to the same candidate; although the FEC provides the date each contribution is made, it does not express whether this donation was intended to go to the candidate’s general or primary election fund. Therefore, I had to develop my own method for determining this. First, I separated each candidate into three different categories. The first category included any candidate that lost in the primary election. For this candidate, 100% of contributions were considered to be Primary donations. Even if some of these donations were intended for the General, this money was typically refunded, and accounting for this refund process was included in the FEC’s campaign data for each candidate. The second category included any candidate that won the primary, but was expected to not have spent any money on their primary campaign. A candidate was included in this category if either their opponent(s) spent no money, or if the candidate won at least 85% of the vote. In either case, I felt it could be assumed that a candidate with an unserious set of challengers and a presumably easy victory ahead would not waste their money during the primary season. For these candidates, 100% were considered to be General donations.

The third category of candidates included those for whom the data I collected must be separated into the General or Primary category. A candidate was included in this category if

either an opponent spent money in the race, *or* the candidate captured less than 85% of the total vote share. In order to code each donation into the correct race category, I used the following method: first, all money donated on the day of the primary or after must necessarily be intended for use in the General election, and all partisan money occurring before this date is assumed to be intended for use in the Primary. Secondly, any donation originating from a PAC before the primary, but over the \$5000 federal limit on donations for that specific PAC must therefore be intended for the General election. Finally, in order to divide aggregate totals for the Individual and Self donation types into the proper race category, I used the following formula. A random sample of 500 donations from individuals was taken, and sorted by date. Then, I determined what percentages of the total amount from this sample came from before and after the primary election date. Finally, I took these percentages and multiplied them by the aggregate data in order to determine the projected amount intended for the general and primary elections respectively.

Having done all this, the finalized data set contained roughly 104,000 individual donations. At this point, I began to code each of these donations into the aforementioned donor type categories (Ideological, Business, Trade, Labor, Professional, Partisan, and Other). In order to prevent any incentive on my part to code a particular organization in a way to achieve a desired outcome, I sorted this list of contributions by donor name, and then hid all other information from view as I coded. This way, I had no idea which contributions were for which year, which candidate, which party, whether they were soft or hard contributions, or whether they were for a general or primary election.

In order to code each group, I relied on a Google search of the group's name, unless the group was readily identifiable. For instance, if the donor name was "McDonalds," I simply coded it as a Business Group and moved to the next donor. Any group for whom a Google search produced a company website, and whose purpose for existence I could ascertain was to provide a good or service, I coded it as a Business Group. This process was repeated for all other coding categories using their respective definitions; however, certain coding decisions were harder to make than others. For instance, the difference between Trade and Professional Associations was sometimes difficult to see. In these cases, I relied on the description provided by the organization on its front page or "about us" section. If they referred mostly to the industry, I coded the donor as Trade, and if they referred to the employees of the industry, I coded the donor as Professional. In order to make sure I wasn't accidentally coding any Labor Unions as Professional Associations, or vice versa, I also looked for the use of language (or lack thereof) identifying the group as a Union.

In order to code Ideological Groups, it was usually easiest to see if they did not fit into any of the other possible categories; if the group did not advocate on behalf of businesses, employees, or industries, it was generally assumed to be an Ideological Group. However, I made sure to confirm this by going to the group's website and looking for the repeated use of language referring to and advocating for values, policies, or other abstract concepts. In order to make sure these groups were not in fact Partisan groups in disguise, I used the website maintained by OpenSecrets; if OpenSecrets identified the group as a "Party Leadership PAC," the group was coded into the Partisan category. Finally, a group was coded into the Other category only when it either could not be identified through an Internet search, or it did not

strictly fall into any other category. Most of these groups advocate on behalf of either a particular ethnic group, or a particular religious group.

After coding all 104,000 donations, the remaining variables were unhidden, and the donation spreadsheet was sorted by ID number. Aggregate donation totals for each candidate, for each type of donation (also separated into Soft and Hard categories) was then transferred to the spreadsheet whose unit of analysis was the candidate ID number. Finally, this completed the data collection process, and all statistical data used throughout the rest of this paper comes from this data set.

There are a few miscellaneous variables whose methodology for collection must also be explained. In order to identify a candidate as being Tea Party affiliated, I used a list developed by Betsy Cooper, a graduate student at the University of Washington. Also, some figures used later in this paper only include data from competitive races. In order to determine whether or not a race is competitive, I used data provided by the Cook Report, which separates races into a variety of categories based on their contentiousness. The data I used comes from the reports from October 7, 2010 and October 4, 2006. These dates were chosen because they were not too close to the election date, but close enough that a significant amount of donations, advertising, and analysis had already been contributed. All races on these dates not identified by the report as either "Safe Democrat" or "Safe Republican" are coded as being competitive.

Section V: General Election Results

We now turn to an analysis of the resulting data set in order to determine what has changed between the 2006 and 2010 Senate elections. Table 1 shows the total amount of contributions given to various types of candidates across the two years. The overall amount of contributions given in 2010 is 31.42% higher than the previous midterm election year. Of course, funding for elections typically exceeds that of the previous year, so without putting this into context, this may not be a surprising development. We previously established the baseline expected increase in spending for 2010 to be 21%. In reality, the true increase for 2010 is meaningfully greater (31.42%). Looking at party differences, it appears that Republicans have significantly increased their spending from 2006 (a 74.42% increase), while Democrats have actually spent *less*, by 4.3%. Back in 2006, Democrats outspent Republicans by 20.5%, or \$44 million; in 2010, Republicans outspent Democrats by 51.3%, or *\$125 million*.

Initially, it appears that both incumbents and challengers have seen slight decreases in funding, while candidates participating in open races have more than doubled their funding base (a 240.44% increase). However, these results are distorted by the fact that there were more open races in 2010; in 2006, there were only 4, but in 2010, there were 14. Table 2 takes this into account, and the inclusion of this factor dramatically alters the results. Per race funding for open races has remained nearly constant (a slight decrease of 2.73%), while incumbents and challengers have seen modest increases of 8.36% and 25%, respectively. Because there were only 33 Senate races in 2006, and 37 in 2010, this changes the results for

partisan spending as well, but only slightly. Republicans have increased per race spending by 55.56%, while Democrats have lost funding by 14.65%, an even greater amount than in Table 1.

Table 1: Total Contributions, General Election

Category	2006 Election	2010 Election	Change	% Change
TOTAL CONTRIBUTIONS	\$465,497,760	\$611,736,592	\$146,238,832	31.42%
CONTR. BY PARTY				
Republican	\$211,145,333	\$368,276,317	\$157,130,984	74.42%
Democrat	\$254,352,427	\$243,410,654	\$10,941,773	-4.30%
CONTR. BY CAND. TYPE				
Incumbent	\$305,364,482	\$262,443,787	\$42,920,695	-14.06%
Challenger	\$140,172,084	\$138,968,159	\$1,203,925	-0.86%
Open Race	\$79,830,716	\$271,775,897	\$191,945,181	240.44%
CONTR. BY MONEY TYPE				
Hard Money	\$361,541,237	\$428,635,231	\$67,093,994	18.56%
Soft Money	\$103,956,523	\$183,101,361	\$79,144,838	76.13%

Table 2: Total Contributions per Race, General Election

Category	2006 Election	2010 Election	Change	% Change
TOTAL CONTRIBUTIONS	\$14,105,992	\$16,533,421	\$2,427,429	17.21%
CONTR. BY PARTY				
Republican	\$6,398,343	\$9,953,413	\$3,555,070	55.56%
Democrat	\$7,707,469	\$6,578,666	\$1,128,803	-14.65%
CONTR. BY CAND. TYPE				
Incumbent	\$10,529,809	\$11,410,599	\$880,790	8.36%
Challenger	\$4,833,520	\$6,042,094	\$1,208,574	25.00%
Open Race	\$19,957,679	\$19,412,564	\$545,115	-2.73%
CONTR. BY MONEY TYPE				
Hard Money	\$10,955,795	\$11,584,735	\$628,940	5.74%
Soft Money	\$3,150,197	\$4,948,685	\$1,798,488	57.09%

Table 3: Independent Expenditures, General Election

Category	2006 Election	2010 Election	Total Change	% Change
GENERAL				
Total Raw Dollars	\$103,956,523	\$183,101,361	\$79,144,838	76.13%
Percent of all Expenses	22.33%	29.93%	7.60%	34.03%
REPUBLICANS				
Total Raw Dollars	\$46,910,221	\$109,851,303	\$62,941,082	134.17%
Percent of all Expenses	22.22%	29.83%	7.61%	34.25%
DEMOCRATS				
Total Raw Dollars	\$57,046,302	\$71,555,052	\$14,508,750	25.43%
Percent of all Expenses	22.43%	29.40%	6.97%	31.07%
INCUMBENTS				
Total Raw Dollars	\$39,887,437	\$35,623,478	\$4,263,959	-10.69%
Percent of all Expenses	16.25%	17.69%	1.44%	8.86%
CHALLENGERS				
Total Raw Dollars	\$44,052,229	\$54,420,363	\$10,368,134	23.54%
Percent of all Expenses	31.43%	39.16%	7.73%	24.59%
OPEN RACES				
Total Raw Dollars	\$20,016,857	\$93,076,836	\$73,059,979	364.99%
Percent of all Expenses	25.07%	34.25%	9.18%	36.62%

Turning specifically to the issue of soft money versus hard money contributions, both Tables 1 and 2 demonstrate that although direct campaign contributions have increased slightly (18.56% total or 5.74% on a per race basis), independent expenditures have grown to a much greater degree (76.13% total or 57.09% on a per race basis). While 2010 saw a hard money increase of \$67 million, it saw even larger soft money increase of \$79 million, despite the 3:1 ratio of hard money spending to soft money spending in 2006. The large 2010 funding increase is therefore, to a large extent, driven by the independent expenditures category.

Table 3 makes this point more clear. The share of campaign spending held by the independent expenditure category in 2010 increased by 34.03% from 2006; while soft money used to account for a little over a fifth (22.33%) of total spending in 2006, it now accounts for a little under a third (29.93%). There appears to be very little difference between Democrats and

Republicans in regard to this change. Independent expenditures by percentage of total spending increased in all three candidate categories, but the extent to which this occurred varies by type. Incumbents, who had previously relied the least on soft money, only slightly increased their dependence on it; challengers and candidates in open races, on the other hand, saw share increases of 24.59% and 36.62%, respectively.

In accordance with our expectations, interest group contributions as a share of all contributions has increased. As shown in Table 4, the percentage of total funding that is attributable to interest groups has nearly doubled, from 12.69% to 24.82%. As a result of this expansion by interest groups, the share of donations from both private individuals and party sources has noticeably fallen, while self-funding of races has increased slightly. This latter increase is probably explainable by a single outlier in 2010, Linda McMahon, who made a point of funding her entire campaign through her personal fortune, injecting \$50 million into the race and refusing supplemental contributions from most other sources.

Table 4: Percentage of Total Contributions by Donor Type, General Election

Category	2006 Election	2010 Election	% Change
MAJOR CATEGORIES			
Interest Groups	12.69%	24.82%	95.59%
Private Individuals	54.88%	46.18%	-15.85%
Candidate Self-Donation	6.91%	9.17%	32.71%
Partisan	25.41%	19.69%	-22.51%
Other	0.12%	0.15%	25.00%
INTEREST GROUPS			
Ideological	16.31%	58.38%	257.90%
Trade	19.07%	9.19%	-51.83%
Professional	10.09%	4.03%	-60.06%
Business	45.55%	21.39%	-53.03%
Labor	8.98%	7.01%	-21.96%

Looking within the category of interest groups, it is clear that its significant growth in 2010 is primarily attributable to an outburst of ideological group spending. In 2006, ideological groups constituted only 16.31% of total interest group spending, while private businesses led the pack with 45.55% of the share; in 2010, however, ideological group spending constitutes a comfortable majority (58.38%) of interest group contributions, a greater than threefold increase from 2006, while the share of corporate spending has been more than cut in half. It is important to note that this does not mean corporate spending decreased; in fact, corporations spent \$32,475,963 in the 2010 Senate elections, compared to \$26,882,813 in 2006, a 20.68% increase. What instead happened is that the spending by ideological groups so radically expanded that it simply crowded out all other increases. While ideological contributions were just \$9,614,260 in 2006, they amounted to \$88,611,383 in 2010, a stunning increase of 821.67%. This increase was largely driven by independent expenditures; the provision of hard money ideological contributions increased by only 28.02%, but soft money increased by an impressive 1403.96%. Furthermore, most ideological group contributions occur in the form of ideological expenditures, and this has only increased after *Citizens United*, constituting 57.68% of total ideological contributions in 2006, and 94.12% in 2010.

One important point masked by the figures in Table 4 is that labor union spending also significantly increased in 2010, but this increase is simply dwarfed by the ideological group expansion. In 2006, labor unions spent \$5,323,053, and in 2010, they spent \$10,644,936, an exact doubling of the previous midterm cycle. Like with ideological groups, this expansion occurred mostly within the category of independent expenditures; while hard money contributions only increased by 13.59%, soft money contributions increased by 464.43%. One

factor that differentiates this story from that of ideological groups is that whereas ideological groups had in 2006 and 2010 contributed a majority of their money as independent expenditures, this was only the case for labor unions in 2010. Their soft money share in 2006 was 24.62%, and in 2010, it was 57.18%. While ideological groups are clearly the most prominent movers amongst interest groups in 2010, labor unions have made important changes as well.

Table 5 shows how ideological group spending has changed amongst various types of candidates. The first important takeaway here is that ideological group spending has grown (by wildly varying degrees) for all candidate types, both in terms of raw dollars as well as percentage of total spending. It is also important to note that, as alluded to previously, independent expenditures make up almost the entirety of ideological group spending, and so all of these changes are driven almost exclusively by soft money. Because of this, all futures references to the chart will be made in regards to soft money figures, not total figures.

In a partisan comparison, it is clear that the finances of Republican candidates have been affected by the ideological group expansion to a much greater degree than that of Democrats. Republicans receive more money from ideological groups, and a greater percentage of their total spending comes from them; this was true even in 2006, a miserable fundraising year for Republicans. Even in a year in which Democrats outspent Republicans by 20.46% in terms of total spending, Republican soft money contributions from ideological groups (\$3,784,826) was 114.96% greater than for Democrats (\$1,760,693). This situation has not changed in 2010, and in fact has been substantially exacerbated. What was once 1.79% of Republican campaign funding in 2006 has, in four years, become 18.76%, a 948.04% increase.

While a similar expansion has occurred for Democrats (655.07%), soft ideological spending is still a relatively small portion of their funding portfolio (5.21%). Republicans now are outfunding Democrats in this category not by a mere 114.96%, but a much larger 545.04%.

Table 5: Ideological Spending by Candidate Type, General Election

Category	2006 Election	2010 Election	Total Change	% Change
REPUBLICANS				
Total Soft Spending	\$3,784,826	\$69,071,193	\$65,286,367	1724.95%
Soft Pct of All Expenses	1.79%	18.76%	16.97%	948.04%
Total Spending	\$5,554,734	\$71,753,909	\$66,199,175	1191.76%
Percent of All Expenses	2.63%	19.48%	16.85%	640.68%
DEMOCRATS				
Total Soft Spending	\$1,760,693	\$12,672,608	\$10,911,915	619.75%
Soft Pct of All Expenses	0.69%	5.21%	4.52%	655.07%
Total Spending	\$4,059,526	\$15,179,735	\$11,120,209	273.93%
Percent of All Expenses	1.60%	6.24%	4.64%	290.00%
INCUMBENTS				
Total Soft Spending	\$2,471,713	\$10,110,180	\$7,638,467	309.04%
Soft Pct of All Expenses	1.01%	5.02%	4.01%	397.03%
Total Spending	\$4,756,868	\$12,164,534	\$7,407,666	155.73%
Percent of All Expenses	1.94%	6.04%	4.10%	211.34%
CHALLENGERS				
Total Soft Spending	\$2,113,497	\$31,509,499	\$29,396,002	1390.87%
Soft Pct of All Expenses	1.51%	22.67%	21.16%	1401.32%
Total Spending	\$3,093,045	\$32,060,138	\$28,967,093	936.52%
Percent of All Expenses	2.21%	23.07%	20.86%	943.89%
OPEN RACES				
Total Soft Spending	\$959,409	\$41,782,915	\$40,823,506	4255.07%
Soft Pct of All Expenses	1.20%	15.37%	14.17%	1180.83%
Total Spending	\$1,764,347	\$44,396,950	\$42,632,603	2416.34%
Percent of All Expenses	2.21%	16.34%	14.13%	639.37%

Ideological groups have also expanded their share of funding amongst incumbents, challengers, and open-race candidates alike, but have done so unevenly. Incumbents have seen their share grow the least, from 1.01% to 5.02%. In 2006, incumbents narrowly led challengers

in ideological group spending, but in 2010, ideological group spending for challengers is threefold larger than for incumbents. Furthermore, challengers have seen the greatest cycle-to-cycle soft ideological share increase of the three candidate types (1401.32%); while the share was only 1.51% in 2006, it was 22.67% in 2010. Candidates in open races have seen a similarly impressive expansion (1180.83%), but at a share of 15.37%, they are not quite as dependent on ideological groups as challengers are. The raw dollars for candidates in open races are not comparable, as mentioned previously, because there were simply many more open races in 2010 than there were in 2006. Overall, in 2010, the incumbent spending advantage over challengers was weakened, the challenger spending advantage in the category of ideological funding was strengthened, and candidates in open races saw a much higher percentage of their total funding attributable to ideological groups.

One more important way that we can track the rise of ideological groups is by looking at the composition of the independent expenditures category by donor type. Table 6 presents the share of soft money taken by each donor type in 2006 and 2010. In 2006, parties dominated spending outside of direct campaign contributions (90.93%), and ideological groups constituted a distant second (5.33%). A mere four years later, the playing field has been evened; While parties still are responsible for a plurality of independent expenditures (49.72%), ideological groups are now in a very close second place position (45.55%). Also noteworthy, labor unions, although still a small contributor of general election independent expenditures (3.32% in 2010), they have made a share increase over 2006 of 163.49%. One other important finding here is that corporations have not significantly increased their independent expenditure output; although their growth rate is 283.26%, their total share of soft money spending is still less than

one hundredth of one percent. It is clear that the dominance that parties have enjoyed in this category is waning considerably, and it will be instructive to see if this pattern continues into 2012 and 2014.

Table 6: Share of Independent Expenditures by Donor Type, General Election

Column1	2006 Election	2010 Election	Total Change	% Change
Ideological				
Total Raw Dollars	\$5,545,519	\$83,402,590	\$77,857,071	1403.96%
Percent of All Spending	5.33%	45.55%	40.22%	754.60%
Partisan				
Total Raw Dollars	\$94,533,301	\$91,051,658	\$3,481,643	-3.68%
Percent of All Spending	90.93%	49.72%	-41.21%	-45.32%
Labor				
Total Raw Dollars	\$1,310,672	\$6,087,152	\$4,776,480	364.43%
Percent of All Spending	1.26%	3.32%	2.06%	163.49%
Trade				
Total Raw Dollars	\$844,519	\$838,726	\$5,793	-0.69%
Percent of All Spending	0.81%	0.46%	-0.35%	-43.21%
Professional				
Total Raw Dollars	\$1,639,844	\$1,686,519	\$46,675	2.85%
Percent of All Spending	1.58%	0.92%	-0.66%	-41.77%
Business				
Total Raw Dollars	\$9,058	\$34,716	\$25,658	283.26%
Percent of All Spending	0.00%	0.00%	0.00%	N/A

Table 7: Tea Party Receipts by Donor Type, General Election

Category	TP Republican	Non-TP Republican	Democrat
MAJOR CATEGORIES			
Interest Groups	28.50%	30.12%	17.92%
Private Individuals	43.11%	41.43%	51.89%
Candidate Self-Donation	15.74%	9.99%	2.64%
Partisan	12.52%	18.35%	27.35%
Other	0.11%	0.13%	0.20%
INTEREST GROUPS			
Ideological	72.70%	60.52%	34.82%
Trade	6.74%	9.59%	12.39%
Professional	3.16%	3.78%	5.41%
Business	17.26%	21.68%	27.29%
Labor	0.14%	4.42%	20.09%

Table 7 offers a comparison of Tea Party funding to that of mainstream Republicans and Democrats. Because the Tea Party did not exist in 2006, there is unfortunately no way to make any temporal comparisons of these categories; instead, we will only be looking at 2010. On face value, the differences between Tea Party Republicans and their mainstream counterparts is not great; differences between the two in the category of receipts from interest groups and private individuals are trivial, although Tea Party candidates rely more on self-finance, while mainstream Republicans depend more upon party funding, a result that is to be expected. However, what is particularly interesting is how they differ *within* the category of interest group spending. As we have seen in regards to other matters, ideological groups noticeably stand out. While both types of Republicans rely on ideological groups for a majority of interest group funding, Tea Partiers are much more reliant; 72.7% of their funding comes from ideological groups, while this figure is only 60.52% for Republicans. This is the biggest difference between the two groups out of any donor type. Mainstream Republicans rely somewhat more on

business interests, and even labor in some instances, while Tea Party candidates seem unable to attract any meaningful union support. Democrats differ from both types of Republicans by relying much more on partisan and citizen support, and less on interest group funding. Once again, the category of ideological group funding provides the most pronounced difference between Republicans and Democrats; only 34.82% of Democratic interest group funding comes from ideological groups. Democrats make up for this by relying more heavily on labor unions and corporate donors.

One more way of measuring the growth of the ideological groups is by seeing how their share has grown amongst *interest groups alone* for all candidate types. Table 8 provides us with this data. Some of these figures have been seen before; ideological group spending increased across the board, but has done so particularly for Republicans. What is most interesting in this table is the change that has occurred for challengers and incumbents. Again, although ideological groups now constitute a greater share of both groups' funding base, it is clear that challengers now are very reliant on ideological spending in a way that incumbents are not. In 2006, ideological group funding provided only a minority of contributions for challengers and incumbents alike (33.82% and 11.28% respectively); while this is still the case for incumbents (now 23.89%), challengers now take almost all of their interest group money (85.55%) in the form of ideological group donations. The case for candidates in open races is similar (69.84%), but less pronounced.

Table 8: Ideological Groups as a Percent of Interest Groups, General Election

Category	2006 Election	2010 Election
Total Spending	16.29%	58%
Republicans	16.18%	67.62%
Tea Party Republicans	N/A	72.68%
Non-Tea Party Republicans	N/A	60.54%
Democrats	16.45%	34.82%
Incumbents	11.28%	23.89%
Challengers	33.82%	85.55%
Open Races	22.88%	69.84%

Finally, we must look to see whether the expected vote share has changed for candidates depending on what funding strategies they rely on. Table 9 presents the average vote share received by different types of candidates in 2006 and 2010. Candidates are coded as “low” or “high” depending on whether they fall above or below the median share of spending for that given category. For instance, those for whom the share by ideological groups of their total spending fell below the median amount are considered to have a “Low Ideological Reliance.” The first takeaway from this chart is that money seems to play a more important role in achieving victory than in 2006. Whereas high spending candidates beat their opponents by an average margin of 6.42% in 2006, they beat them by 9.19% in 2010, an increase of 2.77 points. It should be noted that it is *not* necessarily the case that high-spending candidates have a better chance of winning; instead, candidates that *do not* spend as much money are more vulnerable than they were in the past.

The second important finding from these results is that while, on average, those who relied on ideological money received a lower vote share than those who didn’t in 2006, the

reverse is true in 2010. Candidates who highly rely on ideological funding now receive a vote share 3.31 points higher than those who do not, a 4.69 point swing from 2006. This effect is similar when restricted simply to soft money, although less pronounced; a high-reliance candidate received about a point more in 2010.

One of the most dramatic changes is seen in the category of partisan funding. In 2006, receiving a high amount of support from one's party gave candidates a 7.91% advantage over candidates who received less support; in 2010, this advantage has completely vanished. Now, a candidate who receives a high share of support from their party actually receives a slightly lower vote share compared to those who do not. The change from 2006 to 2010 in this category is 8.27 points, the highest of any categories listed above. It also appears that receiving a high degree of support from individual citizens matters less in 2010, by about 2 points.

Table 9: Vote Share by Reliance on Donation Type, General Election

Category	2006	2006 Diff	2010	2010 Diff	Change In Margin
Low Total Spending	45.11	-6.42	42.52	-9.19	-2.77
High Total Spending	51.53	6.42	51.71	9.19	2.77
Low Ideological Reliance	48.95	1.38	45.54	-3.31	-4.69
High Ideological Reliance	47.57	-1.38	48.85	3.31	4.69
Low Soft Ideological Reliance	48.42	0.3	46.92	-0.62	-0.92
High Soft Ideological Reliance	48.12	-0.3	47.54	0.62	0.92
Low Party Reliance	44.55	-7.91	47.42	0.36	8.27
High Party Reliance	52.46	7.91	47.06	-0.36	-8.27
Low Self Reliance	56.67	16.65	52.07	9.42	-7.23
High Self Reliance	40.02	-16.65	42.65	-9.42	7.23
Low Ind. Citizen Reliance	46.02	-4.58	45.99	-2.43	2.15
High Ind. Citizen Reliance	50.6	4.58	48.42	2.43	-2.15

Figs. 2 and 3 provide a clearer view of how the importance of ideological group spending has changed between 2006 and 2010. Each point on these charts represents a candidate in a competitive race. In Fig. 2, the trend line shows that as one's reliance on ideological group donations increases, there is no impact on the average vote share a candidate receives. Fig. 3, however, shows that vote share, on average, *increases* as one's reliance on ideological groups increases. While this change may not seem dramatic, an increased advantage of even a point or two can make a big difference in a competitive race.

Figure 2: Vote Share by Ideological Group Reliance, 2006 General (Competitive Races Only)

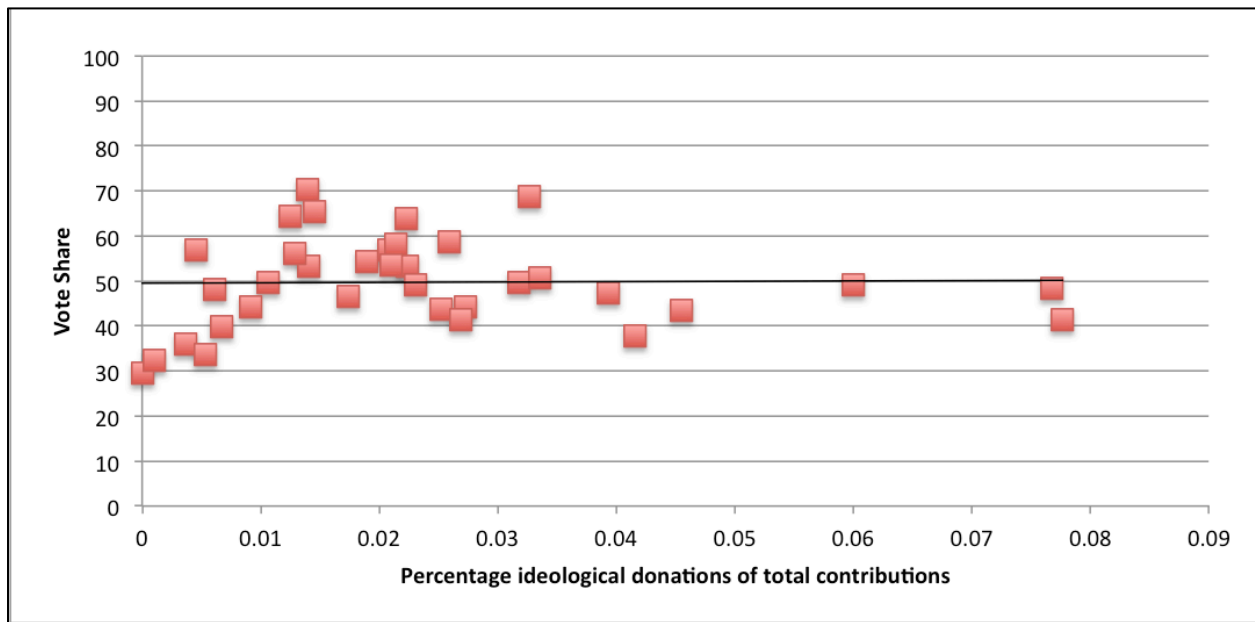
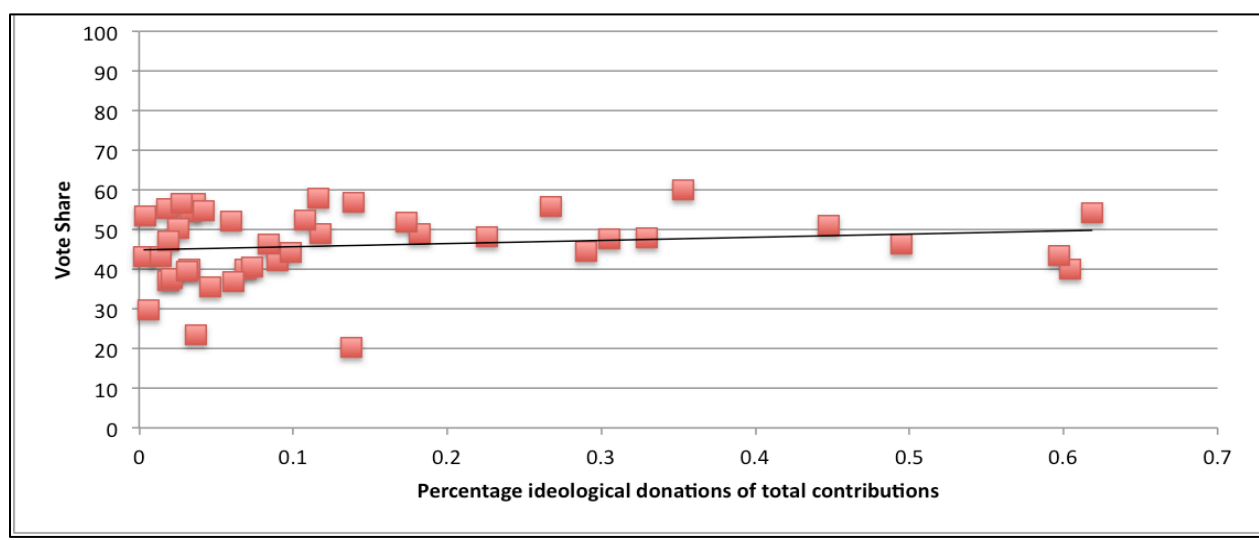


Figure 3: Vote Share by Ideological Group Reliance, 2010 General (Competitive Races Only)



This change is even more pronounced when looking at only *soft* ideological group reliance by candidates in competitive races. Figs. 4 and 5 show how this has changed between 2006 and 2010.

Figure 4: Vote Share by Soft Ideological Reliance, 2006 General (Competitive Races Only)

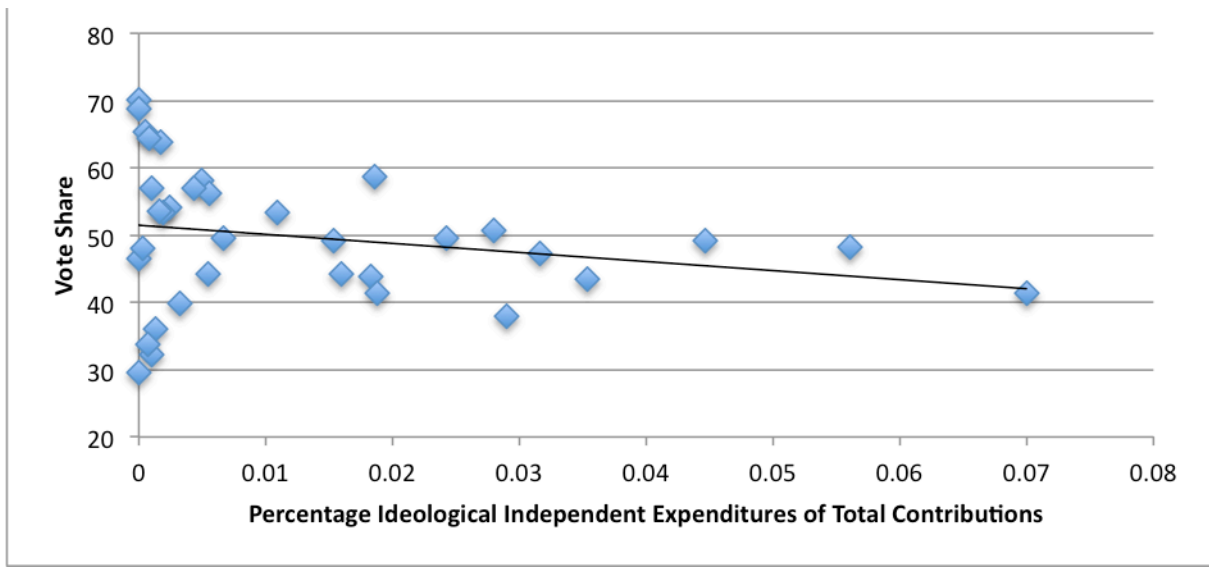
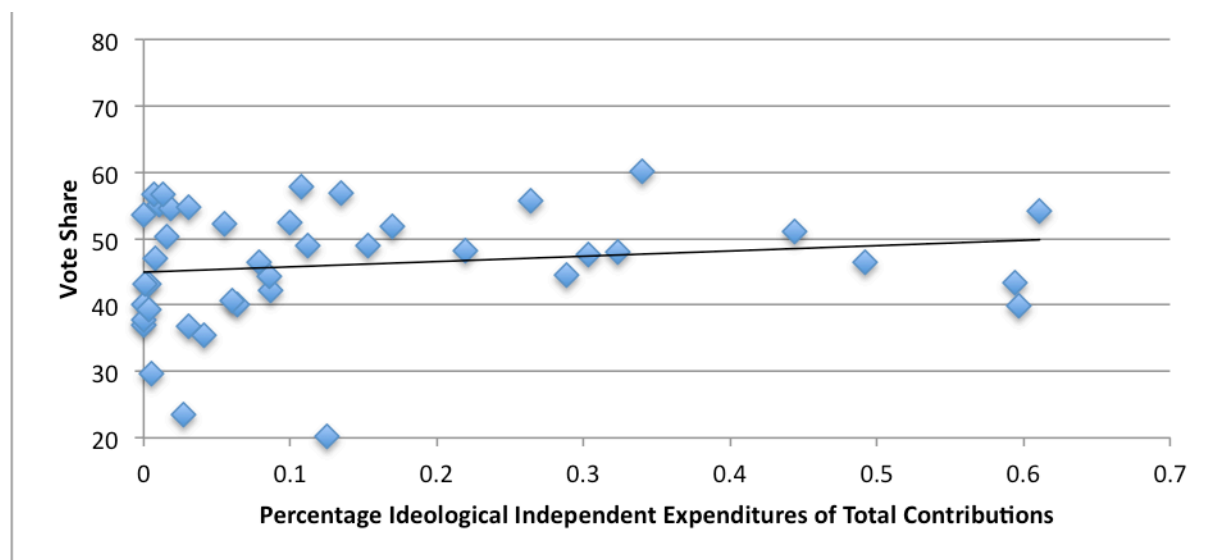


Figure 5: Vote Share by Soft Ideological Reliance, 2010 General (Competitive Races Only)



The downward sloping trend line in Fig. 4 demonstrates that as one's reliance on ideologically based independent expenditures increases, their vote share noticeably decreases. In 2010, however, the opposite occurs, as shown in Fig. 5. It would seem that what was once an undependable funding strategy is now, at the very least, viable. One additional thing to note about the above charts is that the range of the x variable changes significantly between 2006 and 2010. No candidates in competitive races in 2006 had more than eight percent of their share consisting of ideological money of any kind, but in 2010, nearly half of these candidates post numbers *above* eight percent; one candidate is even able to *win* with over sixty percent of their funding coming from ideological groups.

Section VI: Primary Election Results

Examining data from 2006 and 2010 also reveals that some noticeable changes have also occurred for campaign finance in primary elections. Tables 10 and 11 demonstrate that spending levels have increased in the primaries, to even a more significant degree than in the general election. While in the general election spending increased by 31.42% overall and 17.21% per race, it increased by 82.9% and 39.86%, respectively, in the primary. The number of primary races differed from cycle-to-cycle; in 2006, there were only 26 primaries for 34 races, but in 2010, there were 34 primaries for 37 races. Not only does this indicate that a higher percentage of races were competitive *within* parties (76.47% in 2006, as compared to 91.89% in 2010), but that the difference in number of primary races is great enough that it will only be useful to refer to per race figures. As in the general election, Republicans greatly increased their primary spending in 2010, nearly doubling (96.53%) their 2006 numbers. This indicates an increase in intraparty competition in 2010. Democrats, on the other hand, saw little change, actually decreasing their spending slightly by 2.48%. Incumbents also saw no real change, increasing their spending by 1.91%. Challengers, however, increased their spending by 50%. Despite this, incumbents still have a strong spending advantage over challengers, although the gap is closing; in 2006, incumbents outspent challengers by more than 4:1, but in 2010, that differential is less than 3:1. Overall, primaries in 2010 are more expensive than in 2006, and are more competitive, in terms of both the number of primary challenges and per race candidate spending.

Although soft money spending in primaries has increased significantly compared to 2006, it is still a very small percentage of total primary spending. Table 10 shows that while hard money donations have increased by 36.07%, independent expenditures have grown by

253.35%; despite this more than threefold increase, only \$392,958 was spent on average per race in 2010, compared to average hard money spending of \$8,524,215. Turning to Table 11, we can see that soft money in primaries accounted for only 1.74% of total spending in 2006, and still a modest 4.41% in 2010. Somewhat surprisingly, Republican reliance on independent expenditures barely changed, while Democrats saw an increase of 457.89%. The most dramatic change occurred for challengers; while only 5.89% of their spending was through independent expenditures in 2006, it constituted 30.25% of total spending in 2010, a 413.58% increase. Challengers seem to rely on indirect campaign contributions more than almost any other type of candidate.

Table 10: Total Contributions Per Race, Primary Election

Category	2006 Election	2010 Election	Change	% Change
TOTAL CONTRIBUTIONS	\$6,375,718	\$8,917,172	\$2,541,454	39.86%
CONTRIBUTIONS BY PARTY				
Republican	\$2,726,874	\$5,359,063	\$2,632,189	96.53%
Democrat	\$3,648,844	\$3,558,360	\$90,484	-2.48%
CONTR. BY CAND. TYPE				
Incumbent	\$2,721,342	\$2,773,205	\$51,863	1.91%
Challenger	\$707,974	\$1,062,727	\$354,753	50.11%
Open Race	\$22,580,930	\$18,232,779	\$4,348,150	-19.26%
CONTR. BY MONEY TYPE				
Hard Money	\$6,264,510	\$8,524,215	\$2,259,704	36.07%
Soft Money	\$111,208	\$392,958	\$281,750	253.35%

Table 11: Independent Expenditures, Primary Election

Category	2006 Election	2010 Election	Total Change	% Change
GENERAL				
Total Raw Dollars	\$2,891,402	\$13,360,556	\$10,469,154	362.08%
Percent of all Expenses	1.74%	4.41%	2.67%	153.45%
REPUBLICANS				
Total Raw Dollars	\$1,627,885	\$4,382,253	\$2,754,368	169.20%
Percent of all Expenses	2.30%	2.41%	0.11%	4.78%
DEMOCRATS				
Total Raw Dollars	\$1,263,517	\$8,979,303	\$7,715,786	610.66%
Percent of all Expenses	1.33%	7.42%	6.09%	457.89%
INCUMBENTS				
Total Raw Dollars	\$1,523,014	\$3,231,658	\$1,708,644	112.19%
Percent of all Expenses	2.54%	5.30%	2.76%	108.66%
CHALLENGERS				
Total Raw Dollars	\$917,751	\$7,072,953	\$6,155,202	670.68%
Percent of all Expenses	5.89%	30.25%	24.36%	413.58%
OPEN RACES				
Total Raw Dollars	\$450,637	\$3,055,945	\$2,605,308	578.14%
Percent of all Expenses	0.50%	1.40%	0.90%	180.00%

Table 12: Percentage of Total Contributions by Donor Type, Primary Election

Category	2006 Election	2010 Election	% Change
MAJOR CATEGORIES			
Interest Groups	6.23%	8.86%	42.22%
Private Individuals	64.23%	60.23%	-6.23%
Candidate Self-Donation	21.74%	24.81%	14.12%
Partisan	7.50%	5.95%	-20.67%
Other	0.30%	0.14%	-53.33%
INTEREST GROUPS			
Ideological	19.26%	23.81%	23.64%
Trade	17.82%	13.54%	-23.98%
Professional	10.11%	3.72%	-63.17%
Business	41.89%	34.99%	-16.48%
Labor	10.91%	23.93%	119.22%

Table 13: Ideological Spending by Candidate Type, Primary Election

Category	2006 Election	2010 Election	Total Change	% Change
REPUBLICANS				
Soft Percent of All Expenses	1.10%	2.05%	0.95%	86.36%
Hard Percent of All Expenses	0.44%	0.53%	0.09%	20.45%
Comb. Percent of All Expenses	1.54%	2.57%	1.03%	66.88%
DEMOCRATS				
Soft Percent of All Expenses	0.12%	0.80%	0.68%	566.67%
Hard Percent of All Expenses	0.82%	0.62%	-0.20%	-24.39%
Comb. Percent of All Expenses	0.94%	1.41%	0.47%	50.00%
INCUMBENTS				
Soft Percent of All Expenses	0.42%	1.32%	0.90%	214.29%
Hard Percent of All Expenses	0.71%	0.80%	0.09%	12.68%
Comb. Percent of All Expenses	1.13%	2.12%	0.99%	87.61%
CHALLENGERS				
Soft Percent of All Expenses	3.42%	6.15%	2.73%	79.82%
Hard Percent of All Expenses	2.07%	0.47%	-1.60%	-77.29%
Comb. Percent of All Expenses	5.48%	6.62%	1.14%	20.80%
OPEN RACES				
Soft Percent of All Expenses	0.12%	1.11%	0.99%	825.00%
Hard Percent of All Expenses	0.38%	0.51%	0.13%	34.21%
Comb. Percent of All Expenses	0.50%	1.63%	1.13%	226.00%

Interest group and ideological spending grew as a percentage of total primary spending, but not as dramatically as was the case in the general election, as Table 12 shows. Rather than doubling, as was the case in the general, interest group spending as a share of total spending only increased by 42.22%. Furthermore, within the category of interest groups, ideological groups only increased their share from 19.26% in 2006 to 23.81% in 2010, a change of only 23.64%. At only 8.86% of the total share, interest groups remain a relatively minor contributor to primary campaigns. Most primary campaign funding instead comes from a combination of donations from private citizens and self-funding; these two categories make up about 85% of primary funding in 2010.

At first glance, the most interesting finding from examination of the 2006 and 2010 primaries is the apparent rise of labor union spending. The share of total interest group spending by labor unions more than doubled from 10.91% to 23.93%, and total spending grew from \$1,119,555 in 2006 to \$6,432,516 in 2010, a 574.56% increase. This growth occurred entirely within the soft money category, as hard money labor spending actually decreased by 6%. Before drawing any conclusions from this, it is important to note that this dramatic spending increase actually occurs almost entirely within a single contest. In 2010, Blanche Lincoln, incumbent Senator from Arkansas, faced a serious primary challenge from Bill Halter. Lincoln was perceived as one of the most conservative Democrats in the Senate, and as a result, labor unions made a significant effort to unseat her. Unions spent \$5,143,281 on independent expenditures on behalf of Halter in this race alone. Despite this, Lincoln went on to win re-nomination, 45% to 42%. Outside of this race, labor union spending was minor.

Ideological groups did not make much of a meaningful increase in their share relative to 2006, as seen in Table 13. Growth, especially for ideological independent expenditures, occurred in almost all categories, but it was not enough to give ideological groups a share of much larger than a percent or two for most candidate types. The one exception to this was challengers, for whom 6.62% of their money came from ideological groups; this constitutes a change from 2006 of 79.82%. Beyond this, ideological groups seem to still play a small role in the funding of primary elections.

One of the few ways in which ideological groups may impact the primaries is in providing interest group funding to Tea Party Republicans. Table 14 shows that Tea Party candidates had a difficult time attracting outside funding in the primaries; nearly half of their

money (46.26%) comes out of their own pockets, and they receive a lower share of party and interest group support compared to mainstream Democrats and Republicans. Within the category of interest groups, it is clear how important ideological groups are to the Tea Party. More than a majority of their interest group funding (56.64%) comes from ideological groups, a figure several times higher than mainstream Republicans and Democrats (19.79% and 11.87%, respectively). Mainstream Republicans instead rely mostly on funding from businesses (47.43%), while Democrats rely mostly on labor union support (44.02%).

Finally, we must see how vote share has changed depending on one's campaign finance makeup. The data in Table 15 is obtained and presented in the same manner as it was in Table 9. There seem to be two main differences between the changes in the general and the primary. First, unlike in the general, the advantage in primaries for high spenders has actually *decreased* by 4.83 points. While high spenders still have an advantage of about 6 points in 2010, the gap has closed somewhat from the 11.2 point advantage they had in 2006. Secondly, candidates who rely on ideological spending seem to actually be much *worse* off in 2010. High ideological spenders won by an average of nearly 10 points in 2006, but now *lose* by an average of 7 in 2010.

Table 14: Tea Party Receipts by Donor Type, Primary Election

Category	TP Republican	Non-TP Rep	Democrat
MAJOR CATEGORIES			
Interest Groups	6.48%	7.78%	11.88%
Private Individuals	42.52%	68.74%	49.83%
Candidate Self-Donation	46.26%	13.25%	29.75%
Partisan	4.65%	10.10%	8.38%
Other	0.10%	0.13%	0.14%
INTEREST GROUPS			
Ideological	56.64%	19.79%	11.87%
Trade	7.56%	18.51%	12.12%
Professional	2.62%	13.37%	2.95%
Business	30.09%	47.43%	29.04%
Labor	3.09%	0.90%	44.02%

Table 15: Vote Share by Reliance on Donation Type, Primary Election

Category	2006	2006 Diff	2010	2010 Diff	Change in Margin
Low Total Spending	35.72	-11.2	33.32	-6.37	4.83
High Total Spending	46.92	11.2	39.69	6.37	-4.83
Low Ideological Reliance	36.36	-9.92	40	6.99	16.91
High Ideological Reliance	46.28	9.92	33.01	-6.99	-16.91
Low Soft Ideological Reliance	36.36	-9.92	36.02	-0.97	8.95
High Soft Ideological Reliance	46.28	9.92	36.99	0.97	-8.95
Low Party Reliance	33.84	-14.96	35.79	-1.42	13.54
High Party Reliance	48.8	14.96	37.21	1.42	-13.54
Low Self Reliance	46.27	9.9	42.62	12.23	2.33
High Self Reliance	36.37	-9.9	30.39	-12.23	-2.33
Low Ind. Citizen Reliance	40.72	-1.2	37.03	1.05	2.25
High Ind. Citizen Reliance	41.92	1.2	35.98	-1.05	-2.25

One similarity that remains between the general and primaries is the waning influence of parties. In 2006, candidates with high amounts of party support would win on average by nearly 15 points; four years later, these candidates only win by 1.42 points. The story is similar, but less dramatic, for candidates who rely on high amounts of private citizen funding. These candidates won on average by about a point in 2006, and lost on average by about a point in

2010. The decreased advantage granted by parties and private citizens is the one consistent story between the general and the primaries.

Section VII: Profiling the Ideological Group

Before moving onto analysis of the above results, it would be appropriate to take a closer look at the ideological group, given that this type of campaign donation entity is integral to this study. These groups have been classified as conservative, liberal, or non-partisan. A group is placed into these categories depending on a few different factors. First, if a group donates 100% of its money to one party or the other, it is coded as either conservative (Republican) or liberal (Democrat). Second, if a group advocates on an issue that is traditionally associated with a certain political party, unless that group *explicitly* states that it is a proponent of the other party, it will be coded with its respective group. For instance, the National Rifle Association is a proponent of gun rights, which has become clearly identifiable with Republicans, and therefore is coded as conservative. Similarly, EMILY's List is a pro-choice advocacy group, and is coded as liberal. An exception to this scheme might be the Log Cabin Republicans, who are pro-gay rights, despite aligning themselves with the Republican Party, who traditionally are in opposition to the gay movement. This group would be coded as conservative. Finally, if a group clearly identifies itself as a supporter of one party or the other on its website, it is coded respectively. Any group that is not classifiable by the above criteria is labeled non-partisan. It is interesting to note that nearly all groups classified as non-partisan are

associated with either Israel or Cuba, and donate almost equal amounts of money to each party in the 2006 and 2010 election cycles.

Table 16 shows how spending by these groups has changed from 2006 to 2010. Unsurprisingly, both conservative and liberal groups have significantly increased their spending, and this increase is largely attributable to an increase in independent expenditures. Non-partisan groups remain an exception to this behavior; spending in these groups is mostly done through direct campaign donations, so the newfound advantage of being able to raise large sums of money for the purpose of independent expenditure is not utilized. Ostensibly, the reason for this behavior is that the Israeli and Cuban groups that comprise this category are more interested in raising money directly from citizens, and giving it directly to the campaigns. This is perhaps an effort to build trust with certain politicians in a more direct manner, or perhaps these groups simply do not have any interest in risking the provocation of negative feedback by politicizing their issue in a direct television or radio campaign.

Although both conservative and liberal ideological groups have significantly increased spending, conservatives have done so by a much greater amount. Conservative groups spent only about \$1.3 million more on independent expenditures in 2006, but in 2010, the gap is over \$57 million. These groups increased independent expenditures by an astounding 2260%, while liberal groups expanded by a less enormous (but still significant) 688%. Now, nearly 97% of conservative ideological group spending is done through independent expenditures, as is 84.55% of liberal ideological group spending. Conservatives have seemingly been more adept at utilizing their newfound spending ability than liberal groups, as they spend much more and rely more heavily on independent expenditures.

Table 16: Spending by Ideological Groups, Total 2006-2010

Category	Hard 2006	Hard 2010	% Change	Soft 2006	Soft 2010	% Change
Conservative Groups						
Total Dollars Spent	\$1,295,716	\$2,452,169	89.25%	\$2,993,654	\$70,647,023	2259.89%
Average Per Group	\$11,887	\$22,496	89.25%	\$27,465	\$648,137	2259.87%
Percent of Spending	30%	3%	-90.00%	70%	97%	38.57%
Liberal Groups						
Total Dollars Spent	\$2,346,315	\$2,406,061	2.55%	\$1,671,298	\$13,165,170	687.72%
Average Per Group	\$27,283	\$27,977	2.54%	\$19,433	\$153,083	687.75%
Percent of Spending	58.40%	15.45%	-73.54%	41.60%	84.55%	103.25%
Non-Partisan Groups						
Total Dollars Spent	\$1,355,475	\$1,362,608	0.53%	\$49,304	\$19,494	-60.46%
Average Per Group	\$42,358	\$42,581	0.53%	\$1,541	\$609	-60.48%
Percent of Spending	96.49%	98.59%	2.18%	3.51%	1.41%	-59.83%

Table 17: Coordination of Funds by Ideological Groups, Total 2006-2010

Category	Non-Coordinated 2006	Non-Coordinated 2010	% Change
Conservative ID Groups			
Total Dollars Spent	\$674,450	\$45,092,787	6585.86%
Percent of Soft Money	23%	64%	178.26%
Liberal ID Groups			
Total Dollars Spent	\$578,868	\$7,861,458	1258.07%
Percent of Soft Money	35%	60%	71.43%
Non-Partisan ID Groups			
Total Dollars Spent	0	0	N/A
Percent of Soft Money	0%	0%	N/A

Another way that ideological groups have changed their behavior from 2006 to 2010 is the way in which they have interfaced with the campaigns of the candidates themselves. The FEC records whether independent expenditures were in any way coordinated with agents from a political campaign; Table 17 shows how this behavior breaks down amongst ideological groups. In 2006, a minority of independent expenditures were run without the involvement of

the campaign, with conservative groups coordinated with candidates slightly more than liberal groups. However, in 2010, non-coordination constitutes a majority of the soft money activities of ideological groups, and both types of partisan ideological groups now coordinate with the candidates to roughly the same degree. This indicates an important shift towards independence for these groups.

The dramatic nature in which ideological groups have altered their spending habits, and have themselves been altered, in the last four years is made clear by examining the top twenty ideological groups from both 2006 and 2010, as displayed in Tables 18 and 19. The clearest difference between the two cycles is the amount of spending by the top groups. In 2006, only one group (National Right to Life PAC) spent over \$1 million; in 2010, fourteen groups spent over \$1 million. In fact, based on their spending in 2006, only a single group from the 2006 top twenty would have made the list in 2010. The total amount of money spent by the top twenty in 2006 is a little under \$6 million, while the total spending by this collection of groups in 2010 is over \$75 million. Of the \$77.5 million spent by the top twenty in 2010, American Crossroads and the National Rifle Association, both conservative groups, make up more than half of it, combining for \$42 million in spending. American Crossroads spent so much in 2010 that it accounts for more than one third of all spending by ideological groups and, at \$31 million, spent more than twenty times the amount of the top group in 2006.

The partisan makeup of the top twenty has also shifted considerably. In 2006, the amount of conservative groups in the top twenty was almost equal to the amount of liberal groups (9 conservative, 8 liberal). The top twenty that year also included three non-partisan ideological groups. However, in 2010, this mix has changed. First, there are no non-partisan

groups on the list. In fact, the highest-ranking non-partisan group, Friends of Israel, comes in at number 40 in 2010. This is essentially due to the fact that, as previously mentioned, non-partisan groups do not make much use of independent expenditures, limiting their ability both to donate *and* raise funds. Second, the ratio of conservative to liberal groups has changed; despite being equal in 2006, there are now 13 conservative groups in the top twenty compared to 7 liberal groups, a nearly 2:1 difference. This seems to indicate that either conservative groups have been quicker to catch on to the new rules of campaign finance, or that they have benefitted from the strength of the conservative movement in 2010.

Increases in ideological group spending can largely be attributed to significant increases in independent expenditures. Those groups that relied primarily on making direct campaign donations in 2006, and that did not change their behavior in 2010, saw their ranking diminish considerably. For instance, Heartland Values PAC was ranked 16 in 2006, and actually doubled its spending in 2010; however, 100% of its funding was done through the hard money system, and it dropped to 32 in the 2010 rankings. As a counterexample, the NEA Fund, ranked 9, did not spend a single dollar on independent expenditures in 2006. Deciding to take advantage of the newly created funding mechanisms, the group shifted its funding distribution, and spent nearly 96% of its money in the form of independent expenditures in 2010. As a result, the NEA Fund rose to number 4, and became the top liberal ideological group. This need to shift towards soft money funding in order to maintain relevance is typical of most of these groups; in 2006, only 7 of the top 20 groups spent over 90% of the money in the form of independent expenditures, but 19 of the top 20 did so in 2010. The fundraising and spending advantages of moving to a soft money-based strategy is undeniable.

Finally, it is worth noting that of the top 20 spenders in 2010, 12 of them did not even exist in 2006. This is particularly impressive when considering that these new groups do not have the experience, connections, or trustworthiness that decades of operation bestows upon groups such as the National Rifle Association. American Crossroads, the top spender in 2010, did not even exist before this election cycle. The advantage for these newly formed groups is clear; of the twelve newly formed top 20 groups, only one of them makes any direct contributions to candidate committees. By not relying on hard money, the other eleven groups are able to function as Super PACs, which allows them to not only spend unlimited amounts, but also raise unlimited amounts from any source, including corporations and unions. Of the 87 ideological groups newly formed after 2006, 49 of these groups are Super PACs. Those new groups which are not Super PACs simply cannot keep up in spending; new groups spent about \$54 million in 2010, and 95% of this spending comes from Super PACs. Furthermore, of these 49 new Super PACs, 34 of them are conservative. Whether the distribution of these groups will continue to be tilted towards conservatives remains to be seen, but a continued increase in the number of Super PACs, regardless of partisanship, should be fully expected. For a full list of 2010 Super PAC ideological groups, please refer to Appendix B.

Table 18: Top 20 Ideological Groups by Spending, 2006

Rank	Organization	Type	Spending 2006	% Soft 2006	Spending 2010	% Chg Spending	% Soft 2010	2010 Rank
1	National Right to Life PAC	C	1416947	100.00%	2037200	43.77%	100.00%	9
2	Club For Growth	C	582698	98.94%	5979933	926.25%	93.07%	3
3	Emily's List	L	484430	96.79%	15000	-96.90%	0.00%	148
4	MoveOn PAC	L	361383	30.97%	406810	12.57%	96.40%	24
5	League of Conservation Voters	L	341605	91.66%	3234716	846.92%	96.39%	5
6	NARAL PAC	L	284652	64.52%	286764	0.74%	65.98%	30
7	Sierra Club	L	221280	85.72%	664975	200.51%	90.96%	19
8	National Rifle Association	C	216379	64.76%	10949868	4960.50%	98.61%	2
9	NEA Fund	L	210500	0.00%	4382150	1981.78%	95.84%	4
10	Human Rights Campaign	L	202775	39.29%	105800	-47.82%	0.00%	58
11	National Right to Work PAC	C	157500	84.76%	10000	-93.65%	0.00%	160
12	Safari Club International	C	157346	76.48%	467226	196.94%	86.73%	22
13	PAC For A Change	L	146000	0.00%	85500	-41.44%	0.00%	65
14	Right to Life of Michigan	C	145819	100.00%	0	-100.00%	N/A	N/A
15	Stop Union Political Abuse	C	135724	100.00%	0	-100.00%	N/A	N/A
16	Heartland Values PAC	C	135000	0.00%	233646	73.07%	0.00%	32
17	World Alliance For Israel PAC	NP	130000	0.00%	66500	-48.85%	0.00%	73
18	NOR PAC	NP	126250	0.00%	138508	9.71%	0.00%	45
19	Citizens Organized PAC	NP	125500	0.00%	142500	13.55%	0.00%	44
20	Susan B Anthony Candidate Fund	C	124716	91.86%	763665	512.32%	98.23%	16

Under Type, C indicates “conservative”, L indicates “liberal”, and N indicates “non-partisan”

Table 19: Top 20 Ideological Groups by Spending, 2010

Rank	Organization	Type	Spending 2006	% Soft 2006	Spending 2010	% Chg Spending	% Soft 2010	2010 Rank
1	American Crossroads	C	0	N/A	31160929	N/A	100.00%	NEW
2	National Rifle Association	C	216379	64.76%	10949868	4960.50%	98.61%	8
3	Club for Growth	C	582698	98.94%	5979933	926.25%	93.07%	2
4	NEA Fund	L	210500	0.00%	4382150	1981.78%	95.84%	9
5	League of Conservation Voters	L	341605	91.66%	3234716	846.92%	96.39%	5
6	Patriot Majority PAC	L	0	N/A	2987101	N/A	100.00%	NEW
7	RightChange	C	0	N/A	2840128	N/A	100.00%	NEW
8	Our Country Deserves Better	C	0	N/A	2070308	N/A	99.15%	NEW
9	National Right to Life PAC	C	1416947	100.00%	2037200	43.77%	100.00%	1
10	Senate Conservatives Fund	C	0	N/A	1938083	N/A	100.00%	NEW
11	Alaskans Standing Together	C	0	N/A	1651930	N/A	100.00%	NEW
12	1st Amendment Alliance	C	0	N/A	1487860	N/A	100.00%	NEW
13	Women Vote!	L	0	N/A	1447766	N/A	100.00%	NEW
14	New Prosperity Foundation	C	0	N/A	1006305	N/A	100.00%	NEW
15	Ending Spending Fund	C	0	N/A	862432	N/A	100.00%	NEW
16	Susan B Anthony Candidate Fund	C	124716	91.86%	763665	512.32%	98.23%	20
17	Citizens United	C	59452	0.00%	755656	1171.04%	80.15%	185
18	Working For Us	L	0	N/A	714043	N/A	100.00%	NEW
19	Sierra Club	L	221280	85.72%	664975	200.51%	90.96%	7
20	Commonsense Ten	L	0	N/A	641563	N/A	100.00%	NEW

Under Type, C indicates “conservative”, L indicates “liberal”, and N indicates “non-partisan”

Section VIII: Analysis

Now that all of the data has been laid out, we may return to our set of hypotheses to determine which were correct, and which need to be rethought. We will start by examining how our hypotheses fared for the general election, and then follow by looking at how they worked in the primary elections.

General Election Analysis:

Hypothesis 1: Spending on campaigns has increased significantly since 2006.

Hypothesis 1a: General spending levels from 2006 to 2010 have increased beyond expectations from a baseline amount.

Spending from 2006 to 2010 increased by 31.42%. This paper uses Jacobson's baseline figure of 10% growth for Senate elections per cycle, so two cycles (with compound growth) yields an expected 21% spending increase if this were an average election year. The difference, however, between expectation and reality is about 10%, or one cycle's typical amount of growth. Based on this, we can confirm that spending increased by an unusually high amount from 2006 to 2010.

Hypothesis 1b: Spending increases from 2006 to 2010 have been driven largely by increases within the category of independent expenditures.

The total increase in spending from 2006 to 2010 was about \$146 million, and about \$79 million of this, or 54%, came in the form of independent expenditures. Spending in the category of independent expenditures increased by 76.13% from 2006, or 57.09% in terms of spending per race. That 54% of the total spending increase comes from independent expenditures is particularly surprising, given that the ratio of hard to soft spending in 2006 was more than 3:1. As a percentage of total spending, independent expenditures grew from about 22% to 30%. Given the previous figures, it can be concluded that independent expenditures was indeed a breakaway category in 2010, and that it was responsible for a substantial amount of the total spending increase.

Hypothesis 2: Spending increases from 2006 and 2010, especially increases in independent expenditures, will be driven primarily by ideological groups, not corporations or unions.

In 2006, ideological groups comprised only 16.31% of interest group spending, while businesses were the most active interest group contributors, making up 45.55% of the total. This picture is very different in 2010. Ideological groups now comprise more than 58% of all interest group spending, and have grown so rapidly that every other donor type's share has decreased. Businesses are now the second largest interest group contributors, coming in at a much lower 21.39% of the total. The enormous growth in

ideological group spending has caused interest groups to nearly double their share of total spending, from 12.69% to 24.82%. Of all the other interest group types, labor unions saw their share of the total drop the least, driven by modest increases in spending.

When specifically looking at the amount of independent expenditures used by each type of group, it is clear that businesses hardly changed their spending behavior in any way as a result of *Citizens United*. Business independent expenditures *did* increase, from about \$9,000 to \$35,000, but this is a paltry sum in comparison to the gains realized by other donor types. Ideological groups, on the other hand, increased their soft money output by an incredible amount; they spent about \$5.5 million in 2006, compared to \$83.5 million in 2010, an increase of over 1400%. This increase was so large that they are nearly even with parties in terms of independent expenditures, who controlled over 90% of the category in 2006. Businesses still make up less than 0.01% of the total. Unions, while still making up less than 5% of total independent expenditures, increased their spending from about \$1.5 million to \$6 million, a roughly fourfold increase.

The data on individual ideological groups themselves reveal that the makeup of this category has changed in remarkable ways. A majority of the top spenders in 2010 are groups that did not even exist in 2006, and spending per group has increased by a wide margin. Only a single group in 2006 spent more than \$1 million, while fourteen groups did so in 2010. The top spender in 2006 was only able to raise about \$1.5 million in

funds, while 2010's top spender raised an impressive \$31 million for campaign advocacy.

The above confirms our expectations for donor type spending changes. Despite popular wisdom, businesses did not alter their independent expenditure behavior much at all after *Citizens United*. Unions made modest increases in their spending. Ideological groups, on the other hand, are spending on an entirely new level, and have emerged as a formidable force that challenges even the dominance of parties regarding campaigning independent of the candidates.

Hypothesis 3: Increased independent expenditures, particularly by ideological groups, will unevenly benefit various categories of political candidates.

Hypothesis 3a: Conservatives will benefit more from increased independent expenditures, particularly by ideological groups, than liberals.

Unsurprisingly, spending in both the categories of independent expenditures and ideological groups has increased for both parties. However, spending has consistently increased more for Republicans, and by a significant degree. Independent expenditures as a share of total spending increased by about a third for both parties. However, this increase was nearly five times larger for Republicans; in 2006, Democrats led the category of independent expenditures \$57 million to \$47 million, but in 2010, they only

increased their total by \$14.5 million, while Republicans increased it by an impressive \$63 million. Republicans lead the category in 2010 by \$38 million.

The story is very similar for ideological group spending. Again, both parties saw their receipt of ideological group money increase considerably – a 274% increase for Democrats (from \$4 to \$15 million) and a much larger 1192% increase for Republicans (from \$5.5 to \$66.2 million). As a share of total spending, ideological groups now account for 6.24% of Democratic spending, and 18.76% of Republican spending. This is particularly interesting when considering that ideological groups made up only a couple percent of total spending for each party in 2006.

Regarding individual ideological groups, conservative groups have established dominance in 2010. While the top twenty ideological group spenders in 2006 were evenly divided between liberal and conservative groups, the latter had a 2:1 showing in 2010. Conservative groups spent about \$650,000 on average in 2010, compared to about \$150,000 for liberal groups. Again, this is impressive given that conservative groups only spent about an average of \$12,000 in 2006 compared to \$27,000 for liberal groups. Liberal groups outspent conservative 2:1 on average in 2006, but were outspent themselves in 2010 by 4:1, despite increasing their total spending by over 600%.

It is still unclear which of the two theories, environmental or inherent qualities, explain the disparity between these two parties. However, it is clear that Republicans benefitted the most from these changes in campaign finance.

Hypothesis 3b: Tea Party Republicans will benefit more from increased independent expenditures, particularly by ideological groups, than mainstream Republicans and Democrats.

For tea party candidates, 72% of their interest group funding came from ideological groups, compared to 60% for mainstream Republicans and 35% for Democrats. Mainstream Republicans lead Tea Party Republicans in every other category of spending. In 2010, interest groups comprise roughly the same share of total spending for both tea partiers and mainstream Republicans; although the tea party did not exist in 2006, and thus we cannot make a direct comparison, it is easy to imagine that, without their advantage in ideological group receipts, tea party candidates would have been forced to receive even more of their money from other sources to keep up with their mainstream counterparts. Although the difference is not large, Tea Party Republicans did indeed receive more support from ideological groups than any other type of candidate.

Hypothesis 3c: Challengers and candidates in open races will benefit more from increased independent expenditures, particularly by ideological groups, than incumbents.

Regarding independent expenditures, incumbents actually saw a decrease in spending of about 11%, receiving \$4 million less than they did in 2010. Challengers, on the other hand saw a 23.54% increase, and candidates in open races saw a much larger increase of 365% (however, it must be remembered that these are not per race totals. The size of this increase is due in part to the much higher number of open races in 2010).

Challengers and open seat candidates both rely much more on independent expenditures than they did in 2006, and do so much more than incumbents; while soft money makes up only 18% of total spending for incumbents, it makes up 39% and 34% of spending for challengers and open race candidates, respectively.

The difference is even more pronounced regarding ideological spending. Each candidate type received higher amounts of ideological money, but amounts differ wildly.

Incumbents and challengers received somewhat equal amounts from ideological groups in 2006 (\$4.7 million for incumbents, \$3 million for challengers); however, incumbents received \$12 million in 2010, compared to a much larger \$32 million for challengers.

Open seat candidates increased their receipt from about \$1.7 million to \$44 million, but again, this does not take into account the increase in open seat races in 2010. As a share of spending, ideological groups were only about 2% for each group in 2006. In 2010, they accounted for 6% of incumbent spending, 23% of challenger spending, and 16% of open race candidate spending.

The pronounced differences between increases for incumbents, challengers, and open race candidates demonstrate a considerable diminishing in the spending advantage enjoyed by incumbents. This hypothesis is confirmed.

Hypothesis 4: The vote share of candidates who rely on ideological group spending in 2010 will increase relative to 2006.

Candidates who relied on ideological groups in 2006 received, on average, about 1.4% less than candidates who did not. In 2010, however, ideologically reliant candidates received about 3.3% higher than their counterparts. This is a swing of nearly 5%, which is remarkable considering that many elections are won and lost by a similar amount. When put on a scatterplot of vote share by percent reliance on ideological money in *competitive races*, the trend line for 2006 is essentially flat as ideological group reliance increases. However, in 2010, the trend line noticeably increases from about 45% to 50% of vote share as ideological group reliance increases. This effect is even more pronounced when considering only *independent expenditures* by ideological groups. Given these numbers, we must accept this hypothesis.

Primary Election Analysis

Hypothesis 1: Spending on campaigns has increased significantly since 2006.

Hypothesis 1a: General spending levels from 2006 to 2010 have increased beyond expectations from a baseline amount.

Looking at per race spending averages, spending levels increased from a little over \$6 million in 2006 to about \$9 million in 2010, an increase of about 40%. Unfortunately, we lack a baseline increase statistic for primary spending, so this hypothesis is less easy to confirm for the primaries than it was for the general. However, given that the percentage increase in spending is much larger in the primaries than it was for the general, we can probably assume that a 40% increase over 4 years is unusual.

Hypothesis 1b: Spending increases from 2006 to 2010 have been driven largely by increases within the category of independent expenditures.

The importance of independent expenditures in primary races grew in 2010, but still remains a tiny fraction of total spending. Independent expenditures in 2010 grew by over 250%, compared to about a 35% increase for direct campaign donations.

Furthermore, the share of total spending for independent expenditures increased by over 150%. This, however, did not make soft money integral to the primaries for most

candidates. Independent expenditures still only account for about 4.4% of total spending, compared to 1.75% in 2006. While soft money is indeed being used more, we cannot say that it has driven the spending increases in 2010. This hypothesis must be rejected.

Hypothesis 2: Spending increases from 2006 and 2010, especially increases in independent expenditures, will be driven primarily by ideological groups, not corporations or unions.

Changes in the relative power of different donor types are much less pronounced in the primaries than in the general election. Ideological groups did increase their share of interest group spending, but only from 19.26% to 23.81%. Businesses, as expected, did not increase their share, and in fact dropped from about 42% of the total to 35%; they do, however, still make up a plurality of interest group donations. Surprisingly, labor unions made the biggest improvement, moving from just 11% of spending in 2006 to 24% in 2010. Almost all of this, however, was spent on a single race (against Sen. Lincoln, D-AR).

Ideological groups increased their total spending, and their share of total spending by all candidate groups increased; however, they are still providing less than 3% of total funding for most candidate types. Despite some growth, because of this, hypothesis 2 must be rejected.

Hypothesis 3: Increased independent expenditures, particularly by ideological groups, will unevenly benefit various categories of political candidates.

Hypothesis 3a: Conservatives will benefit more from increased independent expenditures, particularly by ideological groups, than liberals.

Republicans actually received less than Democrats in terms of soft money in the primaries, although once again, this difference vanishes when controlling for the outlier Lincoln race. Removing Lincoln from consideration, Democrats and Republicans rely on soft money almost equally in the primaries (about 2.5% of total spending).

As for ideological groups, the results are much the same. Republican candidates do indeed rely on ideological groups about twice as much as Democrats do; however, these numbers are very small. Only 2.5% of Republican spending comes from ideological groups, compared to about 1.4% for Democrats. Given that all these differences are very small, and non-existent in regards to independent expenditures, Hypothesis 3a must be rejected.

Hypothesis 3b: Tea Party Republicans will benefit more from increased independent expenditures, particularly by ideological groups, than mainstream Republicans and Democrats.

Tea Party Republicans received a noticeably higher amount of their funding from ideological groups than any other candidate. Ideological groups made up about 57% of interest group funding to tea partiers, compared to just 20% for mainstream Republicans and 12% for Democrats. This hypothesis is confirmed.

Hypothesis 3c: Challengers will benefit more from increased independent expenditures, particularly by ideological groups, than incumbents.

Challengers were much better funded in 2010 than in 2006. While incumbents saw essentially no change in funding levels, and open race candidates actually received about 20% less per race, challengers increased their funding by 50%. They are still, however, outspent nearly 3:1 by incumbents. Independent expenditures increased for all candidates, but it was much more pronounced for challengers. Soft money contributed to about 6% of challenger spending in 2006, compared to nearly 30% in 2010. It makes up only about 5% of incumbent spending in 2010, and just 1.4% of open race candidate spending. Furthermore, challengers received more than twice as much soft money as their counterparts. They also received more ideological money as a percent of total spending – 6.6%, compared to 2.1% for incumbents and 1.63% for open race candidates. Because challengers seem to have received a notable boost from both independent expenditures and ideological group spending, this hypothesis must be confirmed.

Hypothesis 4: The vote share of candidates who rely on ideological group spending in 2010 will increase relative to 2006.

The change in the relationship between vote share and ideological group reliance plays out completely differently in the primaries than it did in the general. In 2006, a candidate that relied on high amounts of ideological money had a nearly 10% advantage over those who did not receive much ideological money. However, in 2010, this relationship is nearly reversed; candidates reliant on ideological groups now are at a *disadvantage* of about 7%. This is a remarkable swing of about 17%. Hypothesis 4 must be rejected.

Section IX: Discussion and Implications

In the general election, all hypotheses have been confirmed. Spending has risen by an unusually high amount, driven largely by a massive increase in soft money contributions. As expected, ideological groups seem to have been the donor type most strongly affected by the events of the last few years, while unions increased their spending by modest amounts and businesses hardly changed their behavior at all. Conservatives, especially tea party candidates, and challengers seem to be the primary beneficiaries of this new money. Most importantly, these changes seem to have made reliance on ideological group funding a potentially winning strategy in ways that it was not previously. These facts have several implications for the future, and for our present discussion of the impact of *Citizens United*.

First, activists who are upset with the outcome of *Citizens United* need to reframe their complaints. When commentators refer to the buying of American democracy by faceless corporations, they clearly have a specific type of entity in mind – large, for-profit corporations that have become infamous amongst those critical of corporate control, such as Chevron, GE, Halliburton, Wal-Mart, etc. However, the type of corporation that has *actually* drastically changed its behavior is the 501(c)[3] non-profit entity, whose primary goal is to fight for certain values and ideas. It is possible that many of the new ideological Super PACs themselves are funded by for-profit corporations, labor unions, and wealthy industrialists; here, the Koch brothers come to mind. However, it is beyond the scope of this paper to establish whether or not this is the case.

Second, incumbents may no longer enjoy as much of a spending advantage as they have for the past several decades. If ideological groups and labor unions, two entities that are unlikely to support a candidate merely because they are favored to win, have now been given new abilities to raise and spend money, it follows that the advantage given by them to challengers should remain permanent, as long as campaign finance rules are not altered significantly in the near future. For those citizens that were deeply concerned about the negative impact of *Citizens United*, this may constitute a silver lining. Much complaining on both the left and right has been levied against the high difficulty in unseating incumbents in Washington. By allowing challengers to create a more even playing field, it may be more possible in the future to invigorate our federal government with “fresh blood,” as is so often desired.

However, if the challengers that are receiving this new advantage are systematically more likely to be from one party than the other, then this is only good news depending on one's ideological allegiances. For now, it seems that conservatives enjoy a considerable advantage in receipt of both independent expenditures and ideological group support. Whether this advantage will continue into the future is difficult to tell. If Republicans are merely taking advantage of an election in which they enjoyed high amounts of voter enthusiasm, arguably generated by the tea party, then we may see Democrats catch up in upcoming cycles. However, if Republicans truly have some innate ability to organize ideological groups and raise unregulated funds, then Democrats will be at a major spending disadvantage going into the future. Only data from future cycles will tell.

Finally, ideological groups and their fundraising abilities seem to be poised to become a viable alternative to receiving one's funds from parties and individuals. In 2006, a candidate who received a high percentage of his or her funds from a party had a several percent advantage in vote share over those who did not, but in 2010, this advantage is erased completely. It is plausible that in future election cycles, parties will begin to lose some of their control over not only the candidates that end up running, but the way in which campaigns are advertised to the public. It can be expected that ideological groups will want to emphasize and deemphasize certain issues that parties would find objectionable. Whether or not the above is a positive or negative shift in the way elections are held is left to the preferences of the reader.

Before closing, the vast difference between the validity of our expectations in the primary and general elections must be examined. While all hypotheses were confirmed for the general, most hypotheses were rejected for the primaries. There are two ways to explain these

differences. On one hand, it may be the case that, given the fact that the primaries are held anywhere from a month to several months before the general, ideological groups that wished to form themselves as Super PACs simply did not have enough time to react to the decision in *Speechnow*. This new classification of PAC was only allowed to form starting in June, and several of the primaries were held before June or immediately after. If this is what accounts for the differences, we should see a much higher degree of ideological group spending in 2012 and 2014. On the other hand, it is possible that ideological groups are much more interested in *interparty* conflicts than *intraparty* ones. Ideological groups may simply decide that they are fine with any candidate, so long as the candidate is not a member of the opposing party. In this case, ideological groups will merely save their spending for general elections, and therefore, low levels of ideological group spending in primaries will continue to be seen in 2012 and 2014.

The incredible shift in average vote share for candidates reliant on ideological group money, however, is perhaps easily explainable. We know from the aforementioned results that tea party candidates are indeed much more likely to be reliant on ideological group funds than mainstream Republicans. This suggests that many of the conservative ideological groups, when faced with a choice between ideologically pure tea partiers and potentially conflicted mainstream Republicans, choose to throw their money at the tea party, regardless of the chance he or she has to win. In this case, we would see such candidates receive high amounts of ideological group support, but then still get easily beaten in the end. If ideological groups decide to pour a much greater amount of money into primary elections in the future, and a high degree of intraparty conflict persists, then this could change in future elections.

Unfortunately, this research is hampered by two major limitations. First, it only looks at spending in Senate races, and does not take into account the fact that the funding of House races may function very differently. The decision to only look at Senate races was due only to the time constraints under which this research was produced. Future research should apply the methodology used in this paper to the 435 House races in 2006 and 2010, to see if any of the results change significantly. Secondly, it relies only on data for two election cycles. To a certain extent, this is unavoidable as the FEC only makes available online data going back to the 2004 election. By reusing this methodology in the 2012 and 2014 elections, it may be possible to establish whether these results were a fluke or a trend. It also would answer several of the questions that have been raised by this research, such as whether conservatives will continue to enjoy a soft money/ideological group spending advantage, and whether ideological groups will later decide to play a larger role in the primary elections. Finally, future research should take an in-depth look at from what sources ideological groups are themselves receiving funding. If the vast majority of Super PAC money is indeed coming from for-profit businesses, it may lead to very different conclusions about the legacy of *Citizens United*.

Section X: Conclusion

Shortly before the completion of this research, NPR ran a story entitled “Democratic PACs Aim to Even the Score.” The article discusses the future of campaign finance, and profiles two Democrats with a very different vision for the future. In one corner, Bill Burton describes his desire to use his newly formed Super PAC to eliminate the ideological spending gap

between the Republicans and the Democrats. In the other, recently defeated former Senator Feingold, who was instrumental in the passage of the BCRA, argues that Democrats must ignore the temptation to increasingly rely on corporate money, which he associates with the Super PACs. Instead, he argues that Democrats must embrace the strategy of raising an army of small donors that was laid out in 2008 (National Public Radio, 2011).

What Feingold might be getting wrong is that the strategies may not necessarily be so different. It may be the case that ideological groups are receiving much of their money from for-profit corporate interests; whether this is true or untrue is not for this research paper to decide. However, at the heart of either the small-donor or Super PAC strategy is simply the ability to generate enthusiasm amongst one's supporters. If Democrats continue to have a difficult time in the near future getting their supporters enthusiastic and their base motivated, it is likely that both strategies will fail. If, instead, Democrats manage to find a way to invigorate private citizens of all levels of wealth, then it seems either strategy could lead to large amounts of funding in future elections.

This research does seem to provide support for the idea that *Citizens United* was a landmark case that has changed campaign finance in America. In some ways, its effects were predictable, and in other ways, the results uncovered by this research suggest that many observers have a weak understanding of its ramifications, and campaign finance in general. In any case, before campaign finance reform activists can make their case to change America, they must reexamine their understanding of this issue.

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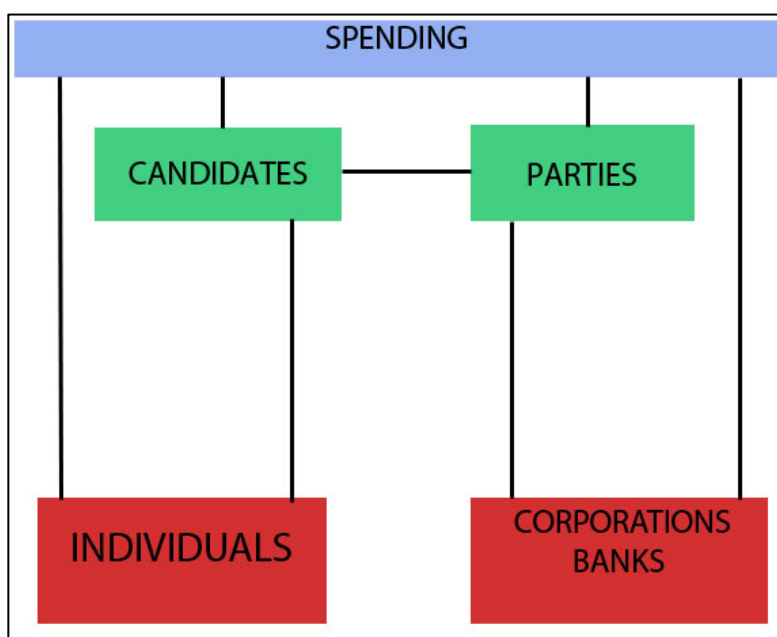
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Appendix A: The Evolution of Campaign Finance Law

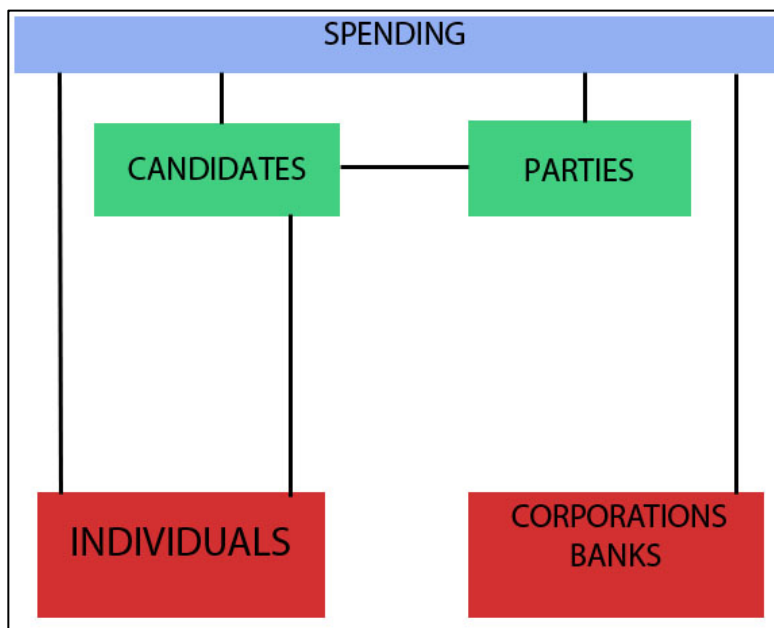
On the following series of pictures, the top box labeled “spending” refers to all funds actually spent on campaign advertising and other forms of promotional activity, rather than mere transferences of funds from one entity to another. Black lines between boxes represent the ability of the lower entity to transfer funds to the above entity with no restrictions; yellow lines represent only a limited ability to transfer funds (there exists some maximum cap on donations between these two entities). In order to reduce crowding within the picture, all lines connecting “individuals” to “candidates” should be assumed to also connect them to “parties”, and all lines connecting “corporations, banks, and unions” to “parties” should be assumed to also connect them to “candidates.” This brief history of campaign finance law is not exhaustive; these pictures leave out certain aspects of the law, such as disclosure rules and definitional changes.

Picture 1: Campaign Finance in the 19th Century



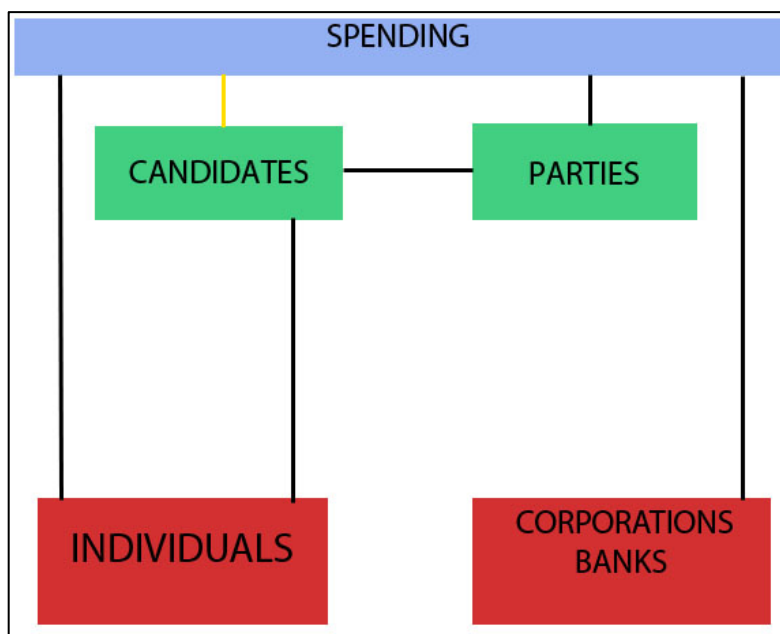
Before the Tillman Act of 1907, there were no major restrictions on campaign finance. Essentially, any entity could give any other entity an unlimited sum of money, and spend an unlimited sum of money in any way they saw fit.

Picture 2: After the Tillman Act, 1907



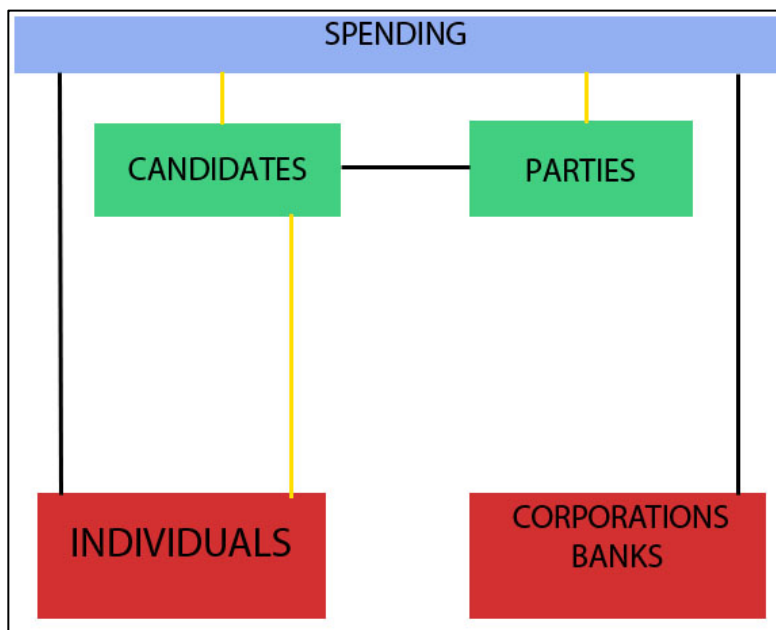
The Tillman Act eliminated the ability of corporations and banks to make direct contributions to candidate committees. Despite this, most corporations got around the law by using loopholes.

Picture 3: The Federal Corrupt Practices Act, 1911



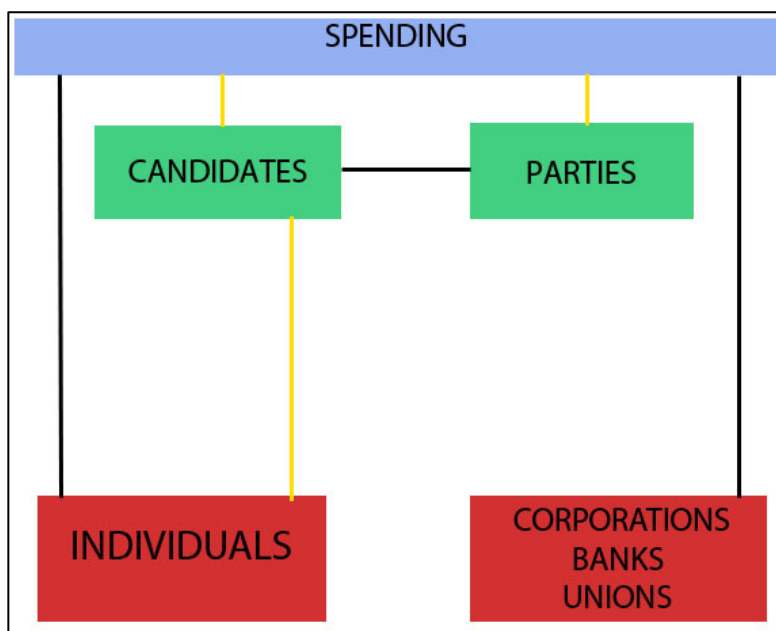
The Federal Corrupt Practices Act placed a maximum on the amount that a candidate was allowed to spend in a race - \$5,000 for a House race, and \$10,000 for a Senate race.

Picture 4: The Hatch Act, 1940



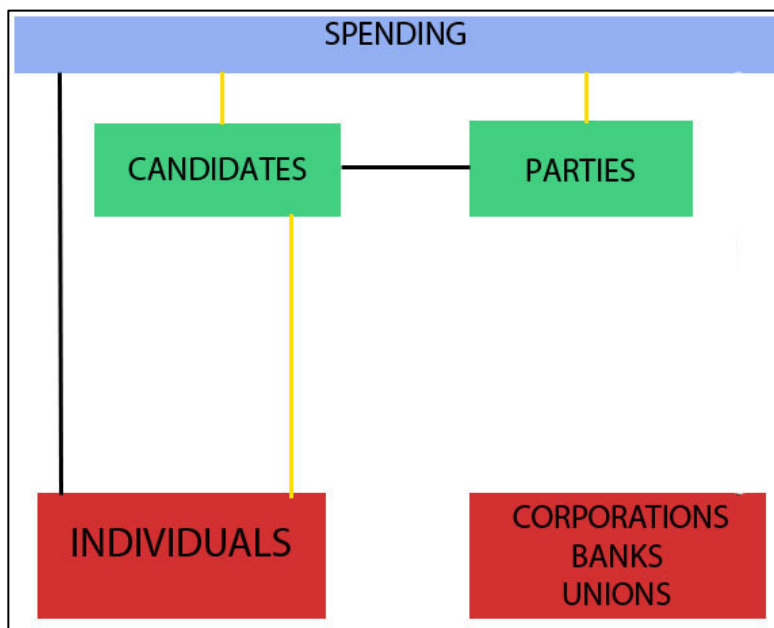
The Hatch Act was the first piece of legislation to place a limitation on the amount that individuals could donate to candidates. The cap on candidate spending was also extended to parties. However, the lack of enforcement mechanisms and abundance of loopholes rendered this law essentially worthless.

Picture 5: The Smith-Connally Act, 1944



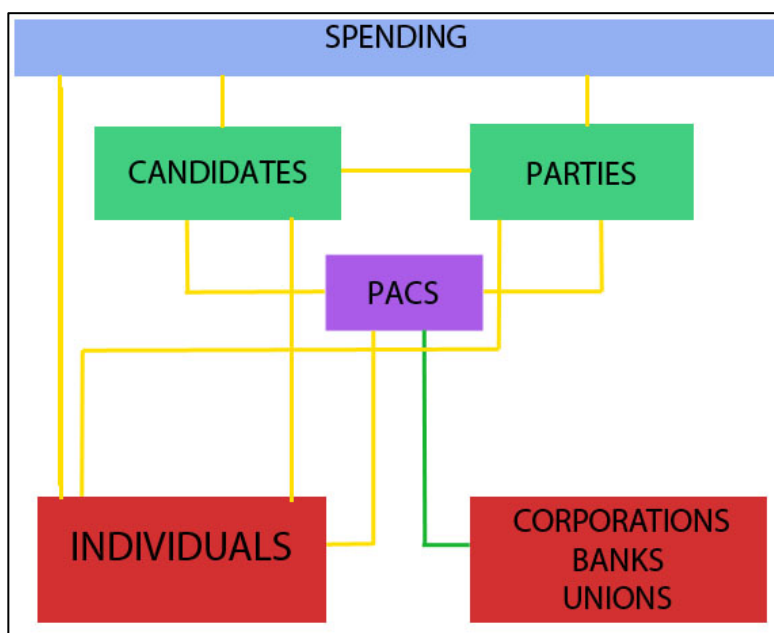
Smith-Connally extended the corporate prohibitions to labor unions.

Picture 6: The Taft-Hartley Act, 1947



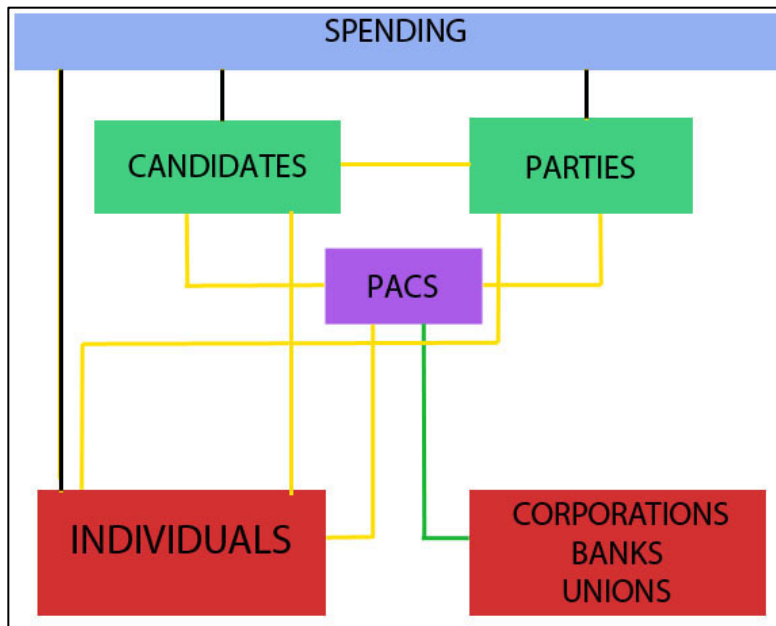
Taft-Hartley was the first piece of legislation to prohibit corporations and unions from making independent expenditures from their general treasury fund. Arguably, this statute was overturned by Citizens United. Around this time, PACs arose to circumvent these restrictions.

Picture 7: The Federal Election Campaign Act, 1971-74



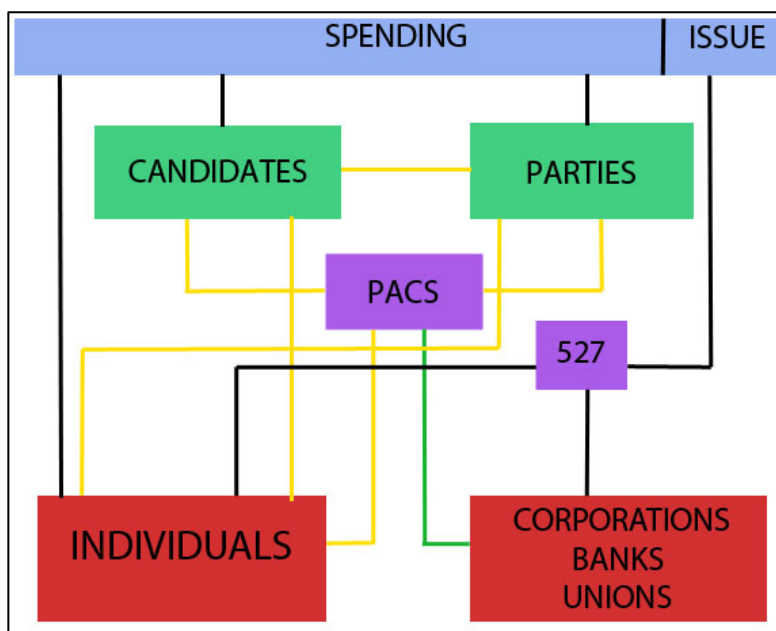
The Federal Election Campaign Act is the most significant piece of campaign finance legislation to date. It places limits on all campaign donations, and placed a cap on independent expenditures by individual citizens. The green line indicates the ability to form a PAC.

Picture 8: Buckley v. Valeo



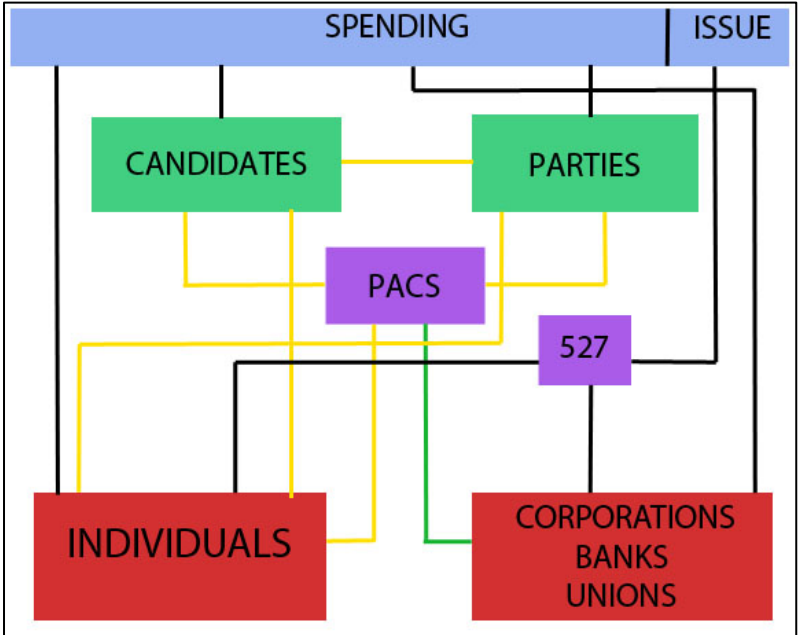
The Supreme Court decision in *Buckley v. Valeo* repealed any statute that placed a spending restriction on parties, candidates, and private individuals, on first amendment grounds. Once again, these entities were allowed to spend unlimited amounts of money on campaigning.

Picture 9: 527s Emerge After the Bipartisan Campaign Reform Act



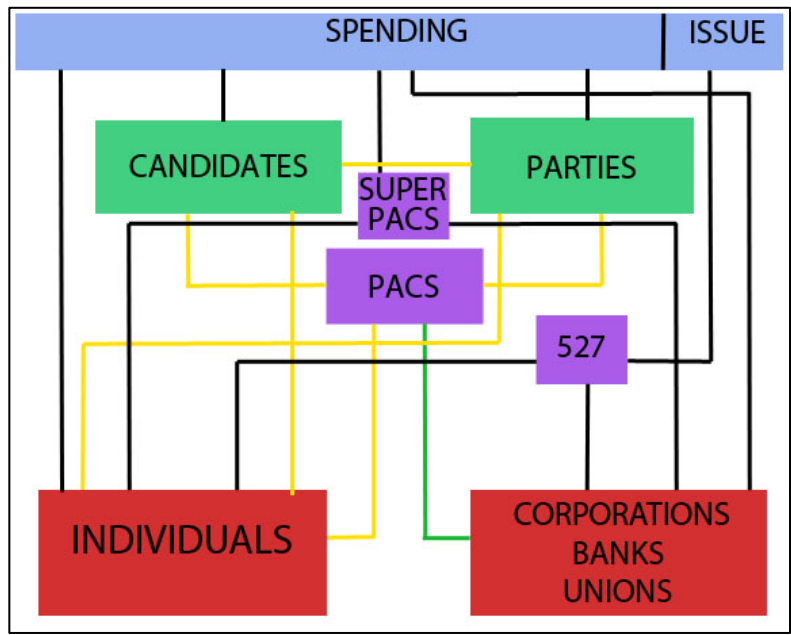
527s, which can spend unlimited amounts on issue ads, can raise unlimited sums from any source, and emerged as a way to circumvent the broadcast restrictions created by the BCRA.

Picture 10: Citizens United v. Federal Election Commission



Citizens United restored the rights of corporations and unions to spend unlimited amounts on independent expenditures, but left all other aspects of the campaign finance system unaltered. It undoes anywhere from 63 to 8 years of precedents, depending on one's point of view.

Picture 11: Campaign Finance Today



Speechnow.org v. FEC resulted in the establishment of Super PACs, which can raise unlimited sums from any source, and spend unlimited sums on any kind of broadcast, so long as the Super PAC does not make any direct candidate committee contributions.

Appendix B: The Emergence of the Super PAC, 2010

The following is a list of newly formed independent expenditure only committees in the 2010 election cycle. Note that this list may not be exhaustive, as it does not include any Super PACs that may have only made independent expenditures on behalf of *house* campaigns.

Organization	Type	Total Spending
American Crossroads	Conservative	\$31,160,929
Patriot Majority PAC	Conservative	\$2,987,101
RightChange.com Inc	Conservative	\$2,840,128
Senate Conservatives Fund	Conservative	\$1,938,083
Alaskans Standing Together	Conservative	\$1,651,930
First Amendment Alliance	Conservative	\$1,487,860
Women Vote!	Liberal	\$1,447,766
New Prosperity Foundation	Conservative	\$1,006,305
Ending Spending Fund	Conservative	\$862,432
Working For Us PAC	Liberal	\$714,043
Commonsense Ten	Liberal	\$641,563
Arkansans For Common Sense	Conservative	\$637,812
Americans For Limited Government	Conservative	\$383,433
Americans For Tax Reform	Conservative	\$328,392
Coalition To Protect Seniors	Conservative	\$315,521
Protecting Choice in California 2010	Liberal	\$303,757
American Principles In Action	Conservative	\$243,541
VoteVets	Liberal	\$209,620
Americans For New Leadership	Conservative	\$199,000
Speechnow.org	Conservative	\$148,628
Alliance For America's Future	Conservative	\$135,000
Restore America's Voice PAC	Conservative	\$131,999
Americans For Responsible Health Care	Conservative	\$125,073
Republican Majority Campaign	Conservative	\$121,533
Revere America	Conservative	\$117,978
Bull Moose Sportsman's Alliance	Conservative	\$117,540
Progressive Future Inc	Liberal	\$111,895
Environment Colorado	Liberal	\$106,151
Bluegreen Alliance	Liberal	\$94,617
Advancing Wisconsin	Liberal	\$87,095
The National Republican Trust PAC	Conservative	\$74,942
Independent Women's Voice	Conservative	\$66,095
Emergency Committee For Israel	Conservative	\$45,956
The Advocacy Fund	Liberal	\$45,780
Environment America	Liberal	\$43,795

DUMP REID PAC	Conservative	\$41,240
Lantern Project	Liberal	\$39,975
American Majority Action	Conservative	\$38,382
Progressive USA	Liberal	\$37,071
Faith Family Freedom Fund	Conservative	\$24,750
Blue America PAC	Liberal	\$20,315
Clean Water Action	Liberal	\$17,043
US-Israel Friendship PAC	Non-Partisan	\$16,246
New House Independent Expenditure Committee	Liberal	\$13,800
Voces de la Frontera Action	Liberal	\$11,817
Liberty First PAC	Conservative	\$9,850
New Power PAC	Liberal	\$6,448
Harry Reid Votes	Conservative	\$5,178
Nevada Right to Life PAC	Conservative	\$3,222