

State Party Organizations, Independent Expenditures, and Spending Strategies

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Abstract

Recent changes in the campaign finance legal landscape have led to a proliferation of new types of organizations eager to participate financially in American elections. The influx of new groups, many of whom share similar goals (and donors) of state and local party organizations, have to varying degrees become part of what scholars have called the Extended Party Network (EPN). In this paper, we use a novel dataset of campaign donations and independent spending undertaken by three groups in particular: party organizations; party-affiliated groups; and partisan coalition groups. We address the differences between these groups in their makeup, their motivations, and their financial behavior in state elections from 2006-2016. Specifically, we demonstrate that groups in -
campaign finance laws at the national and state level; and partisan electoral competition at the race and state legislative chamber levels. However, these groups often react in different ways, suggesting a coordinated approach to campaign finance strategy in some cases, and a more parallel, independent approach in others.

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Paper prepared for the State of the Parties Conference
November 4-5, 2021

elections to help understand what type of spending parties prioritize (e.g., campaign contributions vs. independent expenditures) and how electoral incentives and rules affect these decisions. For example, states with limits on how much parties can contribute to candidates should see more independent spending by party committees. We find evidence supporting this expectation in a previous paper (Hunt et al. 2020), but there is still much to explore regarding decisions of groups allied with party organizations. In other words, how does the spending of actors in the extended party network (e.g., Desmarais, La Raja, and Kowal 2015; Koger, Masket, and Noel 2009) aid state party committees in their electoral activities? We argue that the increasingly shared incentives and goals of parties and allied groups (particularly ones closely connected to party organizations) - among them gaining or retaining partisan majorities in legislative bodies (Lee 2016) - require a more nuanced analysis of the electoral relationship between these actors.

Studying state elections provides an opportunity to evaluate party spending across spending in relation to the spending of other groups in the extended party network, helping us better understand party networks. Additionally, by examining group-level spending instead of state-level spending, we can better understand their spending strategies and decisions. In this paper, we begin to examine key oral spending and strategies. We also establish our framework for this analysis and present some preliminary results on campaign

finance strategies of parties and their related allies, as well as the potential drivers of these strategies, and how they differ across groups within the extended party network.

Extended Party Networks

As party organizations have changed and adapted over the past half-century, the definitions of parties proposed by scholars have understandably changed. Moving away from an exclusive focus on the formal organizations of parties (e.g., Cotter et al. 1989), many party scholars now conceptualize and study parties as a coalition of actors cooperating to achieve related goals (e.g., Bawn et al. 2012; Desmarais et al. 2014; Grossman and Dominguez 2009; Herrnson 2009; Koger et al. 2009; Schwartz 1990). The extended party network (EPN) that comprises parties includes non-party groups that ally with the formal party organizations (national, state, local party organizations) and members holding elected office. Extended party networks likely developed at least partly in response to constraints on party organizations, including campaign finance laws, which we discuss in the next section.

Actors in the EPN cooperate in an effort to attain their own goals connected to the mutual goals of the formal party and its affiliates (Herrnson 2009; Schleiter 1994; Schwartz 1990; Skinner et al. 2012). Research that focuses on only the formal

part of the EPN, pursue some diverse goals in their electoral spending (Hunt et al. 2020). As a result, we should expect different motivations even across the groups part of the extended party network. Scholars usually consider the formal party organizations and party leaders to be the core of the party network or coalition, perhaps guiding the actions of other actors in the extended party network (Dwyre and Kolodny 2014; Herrnson 2009; Kolodny and Dwyre 2018). Groups more closely connected to party organizations, particularly entities essentially controlled by officeholders and their staff, surrogates, or associates, are more likely to be driven by the same goals as the party organizations and spend in a

interest groups in the EPN include groups and actors that support and aid one party, sometimes

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interest groups contribute important resources, they likely have limited influence on party goals and their spending is at least partly driven by their own objectives (Herrnson 2009).

Therefore, we focus on the groups in the extended party network that are essentially controlled by office-holders, party leaders, or other actors closely connected to party organizations. These groups are those own goals and strategies. In this research, we study two types of groups that are closely connected to the party organizations within the extended party network: party-affiliated and partisan coalition groups.

- x **Party-affiliated groups** are organizations comprised of elected officials or their surrogates, including the Democratic a This category also includes organizations receiving a significant portion of their funding from a party-affiliated organization.

x Partisan coalition groups are organizations that traditionally support the Democratic o

increased their hard-money fundraising (Corrado 2006; Dwyre and Kolodny 2006) and benefited from the rise of 527 committees (Skinner et al. 2013). The parties also increased their independent spending (Magleby 2011), becoming dominant spenders in the final weeks in competitive congressional elections (Malbin et al. 2011). The *Citizens United v. Federal Election Commission* (2010) decision allowed allied non-party groups in the extended party network to -party groups spend money in the same races targeted by parties, suggesting some party orchestration in their spending (Dwyre and Kolodny 2014; Kolodny and Dwyre 2018).

These developments make it important to include independent spending in studies of

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also influenced other extended party network entities, which affect what party organizations do.

The time period covered by this paper provides an important cross-section of state-level group-level campaign contributing and spending that took place both before and after the *Citizens United v. FEC* decision that was handed down in 2010. Although independent spending has substantially increased over the last decade in nearly every context, previous work has demonstrated that the *Citizens United* decision had particularly tangible effects in states that had previously prohibited unlimited spending on the part of outside groups (Hamm et al. 2014; Hunt et al. 2020; Spencer and Wood 2014). This has left organizations looking to influence state elections on a more even playing field: whereas prior to *Citizens United* only party organizations

could spend unlimited amounts of money on independent expenditures, now all group types are able to fully execute strategic activities involving outside spending.

Now, however, parties, party-affiliated, and partisan coalition groups can all independently spend in unlimited quantities. These unrestricted actions of each of these groups can be paired with theoretical expectations and observations about each. These gr

and spending in state elections. As a result, our broad expectation is that the three groups will demonstrate different campaign finance patterns and strategies in reaction to what each expects the others to do. As a first assessment, we will examine descriptive patterns of non-party IEs depending on the extent of spending and contributing activity of official state and local party organizations.

But which specific sets of factors are most influential for which types of party network groups? We can more closely see how these groups

limited resources in recent election cycles. The timeline of our data crucially allows us to evaluate the extent of independent spending before and after the Citizens United decision, and which party network group types have reacted more strongly to these legal changes over time. We anticipate that as a result of these national decisions, non-party (yet party-allied) groups within the EPN will engage in a much greater share of independent spending compared to contributing activity; and likewise, that these changes have allowed parties to redirect their own resources elsewhere – perhaps towards direct candidate contributing (**Hypothesis 1a**).

However, we also know that states vary cross-sectionally based on what they do and do not allow in the area of campaign contributions to and from candidates, parties, individuals, and other outside groups. Some states, for example, place limits on the amount that the parties can contribute to candidates and/or other groups; others place limits on the amount that can be donated to the parties; others still (in fact, most states) limit the amount that individuals and non-party allied – and the habits of those who contribute to the parties – these laws undoubtedly affect how parties distribute their financial resources, either through contributing (and to whom they contribute) or direct spending. Likewise, we argue that these limits are likely to impact party-affiliated and partisan coalition groups directly, by limiting how much they can contribute to parties or candidates; and –level contribution limits are important conditioners of EPN spending and contributing behavior (**Hypothesis 1b**).

The second broad context in which these relational spending patterns may emerge is in response to partisan electoral competition. The literature, as well as descriptive observation, has

Labor-centric organizations to groups created solely to advocate for a single issue. In this paper, the aforementioned sectors that fit under the umbrella of the extended party network: parties, party-affiliated organizations like the RGA and DGA, and partisan coalition groups. The party category includes official state and local party committees and legislative caucus campaign committees.⁴

We next collected data pertaining to our two broad sets of independent variables of interest. The first of these pertains to state and federal campaign finance laws. One goal is to examine the dynamic reactions of our three party and party-allied independent spending groups before and after the *Citizens United* Supreme Court decision in 2010. This analysis requires only a simple cutpoint after the 2010 elections. State-level cross-sectional variation in campaign finance legal frameworks, however, require a more complex dataset. Here, we use the Campaign Finance Institute's Historical Database of State Campaign Finance Laws (CFI 2018). This database includes hundreds of variables for each state every two years since 1996, including the limits on contributions to candidates, PACs, and political parties. Although the CFI database includes exact amounts for the limits in each state, we follow Hunt et al (2020) and instead a set of binary indicators for whether a state had contribution limits in place in a particular year.⁵

Our second set of independent variables, partisan competition, required a few different

0=no gubernatorial race; 1=uncompetitive gubernatorial race; and 2 = competitive gubernatorial race. To measure race-level state legislative competition, we considered individual races competitive when the winner received 55% or less of the top-two candidate vote. We then created an ordinal variable indicating whether the state was in the bottom third, middle third, or top third in terms of the percentage of competitive legislative races.⁶

Although these measures account for race-level competitiveness, we also know from

(2020) found that state party organizations spent roughly the same amount in legislative elections each year during this time period, but declined substantially as a proportion of all legislative IEs following *Citizens United*. Although that paper largely examined IEs in the aggregate, here we take a closer look at how party-affiliated and partisan coalition groups in particular, as clear parts of the extended party network, reacted to legal changes like *Citizens United* and specifically whether they increased party activity in the spending space in ways that official party organizations did not. We anticipated in Hypothesis 1a that the post-*Citizens United* era would see more significant spending behaviors on the part of non-party IE groups, complemented by a likely decline for party organizations themselves, which should redirect their dollars towards direct contributing.

Figure 1 displays the spending totals for parties, party-affiliated, and partisan coalition groups separately in the available states for each year from 2006-2016. Since the *Citizens United* decision in early 2010, outside groups have joined parties in their ability to spend unlimited dollars on political campaigns. The growth in spending that we might expect from these groups sector spending by party-affiliated and partisan coalition groups has grown by significant percentages, whereas spending by official party organizations has remained stagnant or even decreased. In 2006, outside groups in the extended party network made up less than a quarter of total IEs in this wider group; by 2016, they made up more than 80%. Groups within the extended party network, but separate from the parties themselves, have clearly exercised the new financial freedoms that *Citizens United* and other recent court rulings have offered them. Given the skyrocketing cost of campaigns and elections, particularly since 2010, it is notable that spending on the part of state and local parties themselves has not risen in nominal terms.

Could it be that the official party organizations are relying directly or indirectly on independent spending from these other allied organizations? To ascertain this in more depth, we can examine not just total IEs, but rather total IEs as a percentage of all outgoing dollars, which also include direct campaign contributions to candidates as well as formal party organizations. Figure 2 shows sector trends from 2006-2016 of the percentage of outgoing dollars dedicated

contributions almost evenly; by 2016, parties spent less than 20% of their total funds on IEs themselves, opting instead to contribute directly to candidates, or in some cases offloading excess funds to other state and local party organizations.



Figure 4: Total independent expenditures for party, party-affiliated, and partisan coalition groups by state-year, split by states with and without limits on contributions to parties, 2006-2016.

As argued in Hypothesis 1b, state-level campaign finance laws do appear to be significant conditioners of EPN spending habits. But examining these relationships in further detail, and through the lens of partisan competition, can help us further elucidate the broader picture. Are these three groups a complementary cohort of party-allied organizations, reacting in tandem to legal and electoral contexts? Or are they acting more independently, even if they are driven by similar factors? Correlation coefficients between the spending habits of these groups offer some answers that comport with the campaign finance results. The spending of parties and party-affiliated groups, for example, are slightly negatively correlated (-.15 Pearson correlation), suggesting that parties are spending where party-affiliated groups are not, and vice versa. Meanwhile, partisan coalition group spending is positively correlated with both other groups (.28 and .21 respectively), suggesting that while PC groups are driven to spend in similar places and times as their other EPN cohorts, they are more detached spenders from the closer network.

We can shed more light on these suspicions by breaking down these findings further, incorporating covariates for electoral competitiveness, and also by briefly analyzing IEs

dedicated to state legislative races compared to those spent on gubernatorial contests. As members of the extended party network, we expect all three group types to be responsive to partisan competition. All three groups are directly invested (in many cases literally) in the future success of the party and its candidates, and as such will focus their resources where they can do the most good and have the most substantive effect: competitive contests and state legislative chambers.

Our findings indicate that parties and their allied outside groups in the extended network all are responsive to electoral competition, but in different and meaningful ways. Figures 5, 6, -years with low, average, and high race-level state legislative competition; chamber-level majority competition in state legislatures; and

appear most affected by contribution limits, at least in state legislative election spending; that party-affiliated groups do appear to be the main players in gubernatorial elections; and that race-level competition appears to be a much more significant driver of spending habits across the EPN in gubernatorial rather than legislative elections (although party organizations are clearly highly engaged with chamber-level competition for state legislative majorities). Although many variables do not reach traditional levels of statistical significance, this is likely attributable to the small sample size (N=138).

Conclusion

electoral spending. This initial step examines spending by party organizations and key allied groups in state elections, helping expand our understanding of extended party networks. We found some preliminary evidence that **Citizens United** and related decisions have had monumental effects on the extended party network and its campaign finance strategies at the state level, spurring much greater spending from allied non-party groups, in many cases to make up for stagnant or decreasing spending from the official party organizations. Instead, the parties themselves have significantly increased their contributing activities to candidates, understanding perhaps that they ca

almost uniformly by partisan competition at all levels, parties themselves and their national party-affiliated counterparts appear to have a more symbiotic relationship, particularly in gubernatorial elections. Party-affiliated groups spend the vast majority of their money on only a small number of competitive gubernatorial elections per year, whereas parties redirect their own resources into other direct contributions for candidates, open independent spending in competitive state legislative races, and particularly in state legislatures where chamber majorities are up for grabs, as suggested by Lee (2016).

The next steps for this project include using multivariate models to better understand the descriptive trends described in this paper and adding data for the 2018 election. In doing so, we can more rigorously control for the mediating factors discussed in this paper, as well as other important state-year specifics like state legislative chamber size, professionalization, and campaign finance legal structures, to name a few.

In addition to further developing the analysis presented in this paper, we plan to address several additional research questions in the future. One additional question focuses on the involvement of national groups in state elections. How do the spending strategies of these EPN actors vary depending on the involvement of national-based groups? We know national groups are selective in which campaigns they support. Moreover, it is likely that national-based groups and state-based groups think differently about competition, resulting in different spending decisions despite a shared broad goal to support the party. For example, even without competitive races, state party committees still have an incentive to solicit national

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