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## The Effects of Campaign Finance Law on Donations to State Legislative Campaigns

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**THE EFFECTS OF CAMPAIGN FINANCE LAW ON DONATIONS TO  
STATE LEGISLATIVE CAMPAIGNS**

by

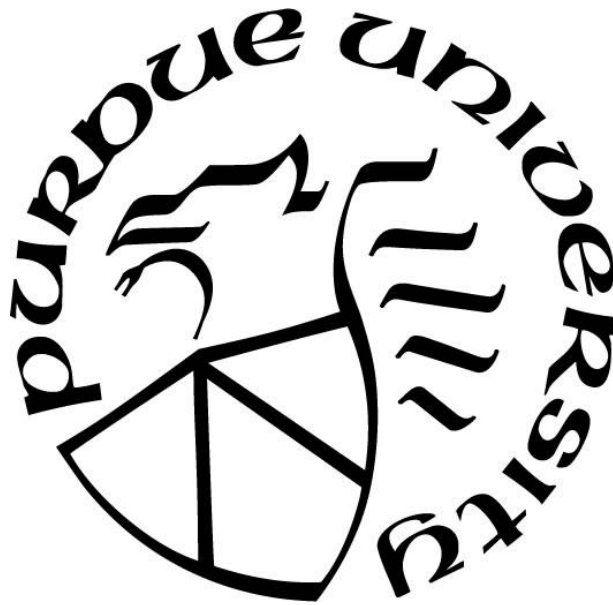
**Christopher F. Kulesza**

**A Dissertation**

*Submitted to the Faculty of Purdue University*

*In Partial Fulfillment of the Requirements for the degree of*

**Doctor of Philosophy**



Department of Political Science

West Lafayette, Indiana

August 2018

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*For my family; Dla mojej rodziny; Para mi familia*

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## ABSTRACT

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Title: The Effects of Campaign Finance Law on Donations to State Legislative Campaigns

Major Professor: Dr. Eric N. Waltenburg

Donors influence state policy development through campaign contributions to legislative candidates. To curb this influence, states rely on disclosure requirements, campaign contribution limits, and public finance laws to restrain campaign contributions in elections. I argue that donors do not share the same motivations in providing campaign contributions to state legislators. For example, business interest groups seek to build long-term relationships, while ideologically leaning groups hope to elect like-minded candidates. I examine the effectiveness of campaign finance laws to regulate donations to state legislative candidates. I find that the success of campaign contribution law is dependent upon the motivations of the group providing contributions. Using data on 65,928 legislative candidates from 1999-2014, I show that disclosure requirements, contribution limits, and public finance laws have very different effects on state legislative campaign contribution patterns based on their source. These findings have important policy implications as we seek out ways to reform campaign finance regulations.

## CHAPTER 1. INTRODUCTION

There is little doubt that money and state legislative politics are inseparable. For centuries, money has been the lifeblood of nearly every state legislative campaign in the United States. Indeed, even George Washington recognized that campaigns need to spend money to be successful. For Washington, however, it took a relatively abysmal election return to appreciate the importance of money on voter outreach. George Washington lost a lopsided election to the Virginia House of Burgess in 1755 (Brusoe 2016). This outcome, however, should not cast doubt on Washington's political acumen. Washington's massive loss was most likely the result of two factors. For one, his friends entered him into the contest at the last minute, potentially without his knowledge (Chernow 2010). Second, as was common at the time, he was largely absent from the campaign trail (Brusoe (2016). Candidates typically relied on proxies to build an aura of "saintly indifference to power" (Chernow pg. 67 2010), which George Washington was quite skilled at exhibiting until his election as the first President of the United States (Burns, MacGregor, and Dunn 2004).

George Washington had a reluctant change of heart towards campaigning following his substantial election loss. Contrary to his previous run, he declared his candidacy for the Fairfax County 1758 House of Burgess election quite early and with much fanfare. He quickly surrounded his campaign with his closest friends and acquaintances to build a large and effective team of proxies (Charnow 2010). His confidants, including local hero Colonel James Wood, urged him to take a leave of absence from the military and engage voters in person (Charnow 2010). This advice, however, would not sway him to interact directly with his constituents. Washington was still absent from his Frederick County voters throughout the election, feeling too committed to his military obligations (Winchester 1892).

In his absence, Washington's campaign made a notable change in tactics. Washington's supporters decided to expand his campaign by purchasing cider and hard punch to avoid his previous election loss (Chernow 2010). Voting was not done in secret in these elections. Each voter had to openly declare his vote, so the campaign could easily keep track of those who were paid off with the liquor on election day. Washington supported the move by his proxies, stating "my only fear is that you spent with too sparing a hand" (Moss 2010).

George Washington's fortunes got significantly better close to election day. Voters could cast two votes for the House of Burgess, opening the door for a local celebrity to propel Washington to victory. Thomas Byran Marin, the cousin of Lord Fairfax, decided to make a joint ticket with Washington (Chernow 2010). This pulled the endorsements of prominent citizens of the county, including Lord Fairfax himself (Chernow 2010). Washington won the vote with a resounding 309 of the 397 votes cast while he was in abstentia, partially due to his campaign's generous supply of spirits (Wiencek 2003).

Inadvertently, George Washington's spending started the age of campaign finance regulations in the United States. Washington's campaign tactics were emulated by other candidates across the colonies. Legislative candidates began using alcohol and other gifts to win elections at an increasing rate. Decades passed, however, until the states started actively taking a role to combat vote-buying. Indeed, there was hardly a rush for state governments to stop people like George Washington from intoxicating their voters. In 1811, the Maryland legislature enacted the first campaign finance regulations in the United States to try and ban the practice. The new laws barred candidates from providing voters with "money, meat, drink, entertainment or provision ... any present, gift, reward or entertainment, etc. in order to be elected" (Fuller 2014).

Over 200 years later, questions still surround the utility of state campaign finance laws in both the scholarly and political realms. This dissertation tests the effectiveness of all three major forms of state campaign finance regulations on stemming the flow of money to state legislative campaigns. This study asserts donor contributing patterns must be considered to understand the effectiveness of campaign finance laws. Thus, I seek to understand how varying donors respond to campaign finance regulations and shift their contributing behaviors. In other words, this analysis takes the perspective that donors react differently to campaign finance regulations based on their underlying motivations for providing campaign contributions. To do this, I distinguish between ideological and business interest donors. Research shows that ideological and business interest groups employ very different contribution patterns to influence legislative policy (Snyder 1992). I contend that these contribution patterns will relate differently to the three major forms of campaign finance laws. At the same time, I predict that modern state campaign finance regulations are more capable at reducing donations from business interests rather than ideological contributors.

This introductory chapter is separated into four parts. First, I provide a basic overview of state campaign finance regulations. Second, I give a brief overview of the theoretical framework



that will guide this research. Third, I discuss the methodological and practical contributions of this dissertation. Finally, I outline the chapters in this dissertation.

### **1.1 Brief Overview of State Campaign Finance Regulations**

Since the first Maryland statute, states have adopted a diverse array of campaign finance laws to reduce the impact of money in elections (Kulesza, Witko, Waltenburg 2016). All states currently place some form of regulations on campaign contributions (National Conference of State Legislatures 2018). State campaign finance laws take on four forms: campaign contribution limits, disclosure requirements, public financing, and expenditure limits (Witko 2005). Modern campaign contribution limits are relatively uncomplicated statutes. Contribution limits bar donors from providing campaign contributions above a certain level. Unsurprisingly, campaign contribution limits fluctuate considerably across states. An average of twelve states placed no limits on individuals during the 2010s. Five imposed no campaign contribution limits on donors at all. At the opposite end, approximately half of states impose outright bans on direct donations from corporations or unions. Many of these direct bans still allow unions and corporations to donate through Political Action Committees (NCSL 2018).

Disclosure law is the second form of campaign finance regulations. Disclosure law enjoys a favored status with lawmakers and the courts alike. Unlike campaign contribution limits, disclosure laws do not directly stop donors from making contributions. Courts view disclosure laws as a way to inform voters about contributions, which are a constitutionally protected form of speech. This has made disclosure laws the most widespread and constitutionally upheld form of campaign finance regulation. All fifty states enforce some type of disclosure requirements (Kulesza, Witko, and Waltenburg 2016). Disclosure requirements govern the timing of reporting and at what monetary level a contribution must be publicized. Like campaign contribution limits, disclosure laws vary widely. States also craft disclosure laws to reflect the costs of campaigning in their states, generally ranging between \$200-\$1000.

Public financing is the third and least common campaign finance regulation currently used by the states. Born from the Watergate corruption scandal, public financing provides subsidies to candidates that voluntarily accept stringent campaign contribution limits and expenditure requirements (Jones 1981). Public financing programs were far more common in the 1980s and 1990s. Recently, public financing programs have been diminishing. State legislatures and courts

were quite hostile to public financing programs in the past two decades, causing the dismantling of most programs (Kulesza, Miller, and Witko 2017). Five states provide public financing to state legislative candidates today. As will be shown in Chapter 8, only Connecticut's program enjoys notable levels of participation. In Maine and Arizona, approximately half of the candidates enroll. Only about 5% of candidates in Hawaii and Minnesota accept public financing.

Expenditure limits constitute the final form of campaign finance regulations. As noted, standalone expenditure limits do not currently exist at the state level. Thus, this research does not formally analyze expenditure limits as a separate form of campaign finance regulation. Expenditure limits will be discussed at various points in this research since their development is highly intertwined with the remaining three campaign finance laws. The United States Supreme Court ruled in *Buckley v. Valeo*, (424 U.S. 1 [1976])<sup>1</sup> that expenditure limits violate the First Amendment, but left the remaining three forms of regulation intact. The only expenditure limits presently enforced by states are tied to public financing. In a few rare instances, states unsuccessfully implemented expenditure limits after *Buckley*, only to be struck down in federal court later.

## 1.2 Literature and Theoretical Approach

There is little sign that campaign finance regulations helped stem the flow of money to candidates even though there is a slow trend that they are strengthening (Kulesza, Witko, and Waltenburg 2016). The importance of money in state legislative campaigns has caused many cynics to claim that campaign finance laws are meaningless (Ansolabehere, de Figueiredo, and Snyder 2003). According to the Institute on Money in State Politics, donors provided state legislative candidates with over \$1 billion in direct contributions for the 2014 election alone.

While the increasing importance of money in elections has worried the public and scholars alike, nothing suggests that the flow of donations to state legislative races will decrease in the foreseeable future. Indeed, political parties, businesses, interest groups, and private donors have placed a higher emphasis on winning state legislative seats in the past decade (Bush 2017; Byler 2014; Epstein 2018). Both the Republican and Democratic Parties now have well-funded political action committees solely designed to shape state legislative campaigns (Epstein 2018).

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<sup>1</sup> Referred to as *Buckley* throughout the rest of this dissertation.

Contributions to state legislative campaigns is not inherently problematic. Campaigns need money to spread their message to voters.

Unsurprisingly, campaign finance laws attracted adamant supporters and critics alike throughout their history. Critics of campaign finance laws, including the Independence Institute, maintain that campaign finance regulations run the risk of making elections uncompetitive if they are too stringent. Many also argue that campaign finance laws run afoul of free speech protections in the First Amendment. As noted, campaigns need money to spread their message to voters. Campaign finance laws can make messaging for campaigns unreasonably difficult if they place burdensome restrictions on donors. In these instances, sitting legislators can theoretically use their incumbency status to coast to reelection.

On the opposite end, campaign finance regulations are the central tools used by state governments to keep an inordinate amount of money from flowing into state legislative elections. The attention given by donors to state legislative campaigns is not surprising for two reasons. First, partisans on both sides of the aisle recently experienced a realization that they can gain power over redistricting by winning majorities in state legislatures (Epstein 2018). Most state legislatures are responsible for drawing congressional districts. Majority party state legislators can gerrymander U.S House of Representatives seats. State legislative redistricting gives donors influence over federal politics by shaping the makeup of the federal House of Representatives.

Second, donors try to influence state policy through their campaign contributions to legislators (Powell 2012). Political science research suggests that it is easier to influence state legislative policy through campaign contributions over Congress. The relative ease of influencing state legislative policy is well reflected in political science research. Congressional scholars only enjoyed mixed success demonstrating that donors influence roll call votes (Peoples 2013; Roscoe and Jenkins 2005). The relationship between state legislators and donors is relatively more straightforward. State politics research demonstrates that donors have significant sway over the policy outputs of legislatures through their campaign contributions (Glatnz and Begay 1994; Powell 2012). Research shows that interest groups are largely unable to influence roll call votes at the federal level (Austen-Smith 1995, Ansolabehere, de Figueiredo, and Snyder 2003, Wawro 2001). The professionalized nature of Congress helps insulate members from outside influences. Unlike Congress, most state legislators have a limited staff and are in session for only a fraction of the year (Squire 2017). State legislators do not typically have the resources to gather information

without the assistance of donors. This can make state legislators especially susceptible to the influence of their contributors when shaping public policy (Powell 2012).

Under ideal circumstances, each of the major forms of campaign finance laws should reduce the flow of money into state legislative campaigns. Campaign contribution limits and public financing ought to legally bar donors from contributing as much as they desire. Disclosure laws should dissuade donors from providing inordinate amounts of donations by shining a light on their campaign contributions. Consequently, as donations are impeded in states with strong campaign finance regulations, interest group influence over policy should weaken.

Anecdotal evidence suggests that the donors themselves are relatively unaffected by campaign finance laws. Donors rarely contribute up to campaign contribution limit maximums. Indeed, around 90% of campaign donations are made below statutory contribution limits. State campaign contribution bans usually allow businesses and unions to establish Political Action Committees to redirect donations. Theoretically, disclosure will only be effective if voters are paying attention to who is contributing to their legislators. Most voters do not pay attention to politics, however, weakening the case for disclosure requirements. As noted, public financing is hardly utilized by candidates. Only Arizona, Maine, and Connecticut operate programs that regularly entice candidates to forgo private campaign contributions. The others – including Wisconsin, Nebraska, Massachusetts, Hawaii, and Minnesota – were either gutted by courts or largely defunded (Kulesza, Miller, Witko 2017). There should be plenty of candidates for donors to influence even in the presence of public financing.

The importance of money in state elections has led to a robust field of research on campaign finance regulations. Studies have investigated the effects of state campaign finance law on donations (Apollonia and LaRaja 2004; Bardwell 2003; Gooch and Rackaway 2014; La Raja and Shaffner 2015), partisan competition (Hall 2016), elections (Gross, Goidel, and Shields 2002; Hamm and Hogan 2008; Stratmann 2010; Stratmann and Aparicio-Castillo 2006). Most of this work is focused on campaign contribution limits and public financing, not disclosure.

Scholars show that campaign finance laws enjoy mixed levels of effectiveness. Results indicate that campaign contribution limits can play a key role in increasing electoral competition (Besley and Case 2003; Stratmann and Aparicio-Castillo 2006) and make legislative policy more reflective of constituent attitudes (Flavin 2015). Campaign contribution bans against businesses may severely hinder Republican fundraising efforts (Hall 2016). Public financing and campaign

contribution limits have no meaningful effect on the equality of political representation (Flavin 2014). Scholars disagree, however, on the effects of public financing on attracting new candidates (Hamm and Hogan 2008; La Raja 2009; La Raja and Wiltse 2015; Malhotra 2008).

Not much emphasis is placed on how donors themselves respond to campaign finance laws. Recent scholarship, however, has acknowledged that donor group differences matter in relation to campaign finance regulations. For example, Barber (2016) demonstrates that limits on ideological donors may moderate the makeup of state legislatures. Hall (2016) showed that bans on direct contributions from businesses harm Republican election chances. La Raja and Schaffner (2015) similarly called for an increase in stringency of campaign finance laws on ideological donors. Their study reported that campaign contribution limits shifted the percentage makeup of campaign contributions from various donors during the 2005-2006 election cycle. Their focus, however, was not specifically on how these donor groups interacted with the campaign finance laws themselves. Rather, they proposed that campaign finance should be shifted to political parties to reduce the influence of “purists.”<sup>2</sup> Further, they did not analyze the effectiveness of disclosure or public financing laws.

This dissertation greatly extends the view that donor differences matter in the context of campaign finance regulations. I argue that campaign finance regulations will be more effective against certain donors over others based on their underlying contribution strategies. Donors do not all use the same strategy for building influence in state legislatures. Indeed, contributors have distinct reasons for providing money. Various political science researchers divide contributors into business and ideological oriented donors (Snyder 1992).<sup>3</sup> Business interest groups donate to campaigns to receive economic benefits, primarily seeing their donations as investments (Grenzke 1989). Ideology is described by Kalt and Jupan (1990: 104) as “political actors' personal definitions of the public interest, pursued as a consumption good that yields satisfactions in the form of moral sentiments.”

Businesses and ideological donors utilize very different methods for shaping policy in legislatures (Snyder 1992). Seeing campaign contributions as an investment, business interest

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<sup>2</sup> Purists are defined by La Raja and Schaffner (2015) as “outsiders whose primary focus is to push policies in government” whose “principles should trump practical considerations when choosing to give money.”

<sup>3</sup> These classifications vary among researchers. For example, La Raja and Shaffner (2015) classify donors into four groups; parties, unions, ideological groups, and businesses. The more common is the two-group split between ideological and business groups. Some of my models in Chapters 6-8 break the ideological group down into parties, unions, businesses, and ideological groups.

groups consistently provide campaign contributions to state legislative candidates throughout their tenure. They are much more concerned with building a relationship with incumbents that have relatively more certain reelection chances. Typically, business interest groups do not differentiate between political parties. They give indiscriminately to whichever party or candidate can provide them with economic benefits through policy.

Ideological donor campaign contributions are relatively more volatile than those from business interest groups (Snyder 1992). The amount ideological groups provide to candidates can shift drastically among candidates. They are not as concerned with building long-term relationships with incumbents. Instead, ideological donors provide campaign contributions to new and endangered candidates that conform to their beliefs. Candidates are not likely to make dramatic shifts in their ideology once in office; thus, there is no need to provide donations to mold their attitudes. Most ideological group donations are made during a candidates' first run for office or when an incumbent is in danger of losing their seat.

I predict that business and ideological groups will not react to campaign finance regulations in the same way. Specifically, I anticipate that business interest groups will be relatively more negatively affected by campaign contribution limits, disclosure law, and public financing and ideological groups. As will be expanded in the next chapter, I argue that campaign contribution limits are not well suited to the donation patterns of ideological groups. Campaign contributions are set at a constant level that is not sensitive to members' tenure. Since ideological groups provide donations at only one phase of a legislators' tenure and when legislators are electorally vulnerable, they are not likely to be phased by campaign contribution limits like business interest groups. Business groups consistently provide money to candidates. Thus, they are more likely to consistently meet state campaign contribution limits.

Disclosure laws shine a light on campaign contributions. I argue that publicity for business group donations is quite different than ideological group donations. Campaign contributing is a prime reason why ideological groups exist. Donations from ideological groups suggest that they are taking an active role in our political process. Thus, there is no need for ideological groups to be concerned about their donations being made public. On the other hand, public opinion polling shows that the public is highly concerned about the growing influence of corporations in our political process (Glibert 2016). Thus, I predict that additional publicity will have a negative impact on business group contribution levels.

Lastly, I anticipate that public financing laws will cause business interest group donations to drop more severely than ideological group donations. If a sufficient number of candidates enroll in public finance programs, there are fewer ways for donors to influence elections. As will be detailed in chapter 4, business interest groups provide more money to candidates than ideological groups. Thus, business interest group donation should fall more if public financing programs are meeting their objectives. That said, if public financing programs are not effective, there should be no noticeable effect on donations from either group.

### **1.3 Methodological and Practical Contributions**

This dissertation is methodologically unique from other work on campaign finance laws in several important ways. First, this work directly looks at the interactions between the campaign finance regulations and the donor. It is not concerned about how campaign finance law can stop money to affect election (Gross, Goidel, and Shields 2002; Hamm and Hogan 2008; Stratmann 2010; Stratmann and Aparicio-Castillo 2006) or policy outcomes (La Raja and Shaffner 2015). Instead, it is purely interested how donation behaviors are related to the effectiveness of campaign finance regulations.

Second, this research tests all campaign finance laws simultaneously in the same study. This allows us to understand the relative impacts of disclosure law, public financing, and campaign contribution limits against the other forms. I will be able to directly ascertain which campaign finance regulation is most impactful at shifting contributing patterns among donor groups from the same underlying donor data source.

Third, this work will test the effects of specific facets of campaign finance regulations on donations. As will be discussed in more detail in Chapter 5, the primary dependent variable of this analysis is an updated Witko Index (2005). The Witko Index (2005) breaks state campaign finance regulations down into twenty-two individual regulations. The comprehensiveness of the Witko Index (2005) provides an opportunity to investigate the broad diversity of state campaign finance law that is unmatched in current research. Not only will I be able to assess the full relative effectiveness of the three major forms of campaign finance laws but also the distinct attributes of each statute. Thus, I can examine which form of disclosure law, campaign contribution limits, and public financing are most effective at achieving their objectives.

Finally, I use an exceptionally robust dataset to understand donor behavior. To ensure generalizable findings and assess the full impact of state campaign finance laws, I include contribution data on all candidates running for State House/Assembly and Senate from 1999-2014 across all fifty states. The National Institute on Money in State Politics, which has compiled the most comprehensive information on state legislative campaign contributions of any source, provides my donation data. The complete dataset for this study contains contribution information on 112,921 candidacies. I separated these data into business and ideological groups.

It is important to note that this dissertation only investigates direct donations to candidates, not soft money. Including independent expenditures in this study would create problems that are impossible to overcome. First, campaign finance laws are not typically designed to tackle independent expenditures. State efforts to rein in independent expenditures became much more complicated after the *Citizens United v. Federal Election Commission* (558 U.S. 310 [2010])<sup>4</sup> decision. Even stringent disclosure requirements, which are usually upheld by federal and state courts, are oftentimes struck down when they regulate independent expenditures. There are also potential issues with the validity of a dataset that tries to assign independent expenditures to a specific campaign. Admittedly, various good government groups, including the National Institute on Money in State Politics, made great strides in finding the sources of independent expenditures. Independent expenditures are still notoriously difficult to track and sometimes difficult to attribute to a specific candidate.

The practical implications of the research presented here can be far-reaching. As the public becomes more concerned with campaign contributions influencing elections at the state level, this analysis could shed light on the best mechanisms to rein in interest group influence over policy formation. States continuously grapple with how they should formulate their campaign finance laws. State governments are also under significant pressure by the courts to develop campaign finance laws that are not seen as an impediment to First Amendment rights. Any regulation that is insignificantly related to campaign contributions will obviously suggest that it is not an appropriate tool for removing money from state elections. Instead, policymakers can turn their attention to enacting campaign finance regulations that will have a negative impact on donations. Further, it

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<sup>4</sup> Referred to as *Citizens United* throughout the rest of this dissertation.



may point to the effectiveness of certain campaign finance regulations that regularly pass constitutional muster in court.

#### **1.4 Dissertation Outline**

In the next chapter, I will present my theoretical approach to understanding the relationship between ideological groups, business groups, and campaign finance regulations. I begin by discussing the differences in contribution patterns between the two types of donors. I then describe previous literature on the influence of interest groups. Finally, I formally present my three hypotheses on how I expect campaign contribution limits, disclosure law, and public financing will shift the donation behaviors of ideological and business groups.

Chapter three offers a historical background of campaign finance regulation in the American states. While this analysis is predominately quantitative, the historical analysis will serve two primary purposes. First, I will demonstrate that modern campaign finance regulations were not designed to be ineffective regulations as some suggest. Rather, they were purposefully built to impact the flow of money to campaigns. Second, the analysis will provide a background in how campaign finance laws were made to impact specific types of donors. This will help emphasize the importance of group differences in their relation to the three major types of campaign finance laws.

Chapter four provides a descriptive analysis of my data. The purpose of this chapter is to provide guidance to my model specification in chapter five. The large dataset could present unique distribution issues that must be addressed for my hypothesis testing, making such an analysis prudent. Further, modeling campaign contributions is a highly complex endeavor. A plethora of national, statewide, and individual variables will inevitably affect the amount of donations contributed to candidates. A descriptive analysis should provide important insights about which variables I should control for in my hypothesis testing.

Chapter five will describe the methodological approach that I will use to test my hypotheses. My models will test campaign finance laws' ability to restrict donations to individuals and equalize the amount of funds contributed to candidates running for the same election. Here I will provide my rationale for how I separated the financiers of state legislative elections into ideological and business groups. For reasons I describe in more detail in chapters four and five, the distribution of the data calls for the use of Tobit models. Tobit models are particularly useful

for data that do not take on a value less than zero. Based on the results from the descriptive analysis, the errors in each model will be clustered around the states to not overstate the effect of campaign finance laws on donations.

I test my hypotheses in chapters six through eight. Campaign contribution limits, disclosure law, and public financing will each be given their own thorough analyses. In each of these chapters, I will provide a basic overview of the respective sub-indexes and test their validity. Further, I will systematically describe in these chapters how I expect each individual regulation in the sub-index to affect campaign contributions.

Chapter nine will conclude with the potential implications of the findings in this research. I will discuss which campaign finance regulations tended to have the strongest impact on campaign contributions. I will also provide ideas where this research can be expanded for future projects. Specifically, I suggest that future research on campaign finance laws would benefit from incorporating the contribution patterns of donors into explanatory models.

## CHAPTER 2. THEORY

### 2.1 Overview of Primary Theory

Campaign money has fascinated and worried students of state politics for decades. These worries typically are coupled with calls to enact more stringent campaign finance regulation. States do not heed these calls uniformly. Indeed, the American states vary wildly in the stringency of their campaign finance law statutes (Hogan 2005; Kulesza, Witko, and Waltenburg 2016; Stratmann 2010; Witko 2005). Higher legislative professionalism, more progressive citizens, increased incidence of scandal, and state initiative processes shape state campaign finance law (Witko 2007). Conversely, states with more expensive campaigns are likely to resist any change in state campaign finance law, ensuring that candidates will be able successfully to raise enough funds to mount a serious campaign (Witko 2007). Still, campaign finance law has become more stringent over the past two decades, particularly regarding statutes on public finance and campaign contribution limits (Kulesza, Witko, and Waltenburg 2016).

The amount of money donated and spent in state legislative elections continues to increase with each passing election cycle, even in states with relatively stringent campaign finance regulations. To some, the amount of money donated and spent during elections signals that campaign finance regulations are ineffective (Ansolabehere, de Figueiredo, and Snyder 2003). Indeed, it would not be too surprising to find through formal testing that campaign finance laws are nothing more than a public relations façade. In most cases, the state legislators tasked with designing and enacting the new campaign finance regulations are those who will be affected by them the most. Legislators have every opportunity to design campaign finance regulations that are loophole-ridden with limits far above what they would expect to receive for their reelection efforts. As will be discussed in Chapter 3, history shows that under many instances, numerous campaign finance regulations were purposefully designed to be ineffective or to provide a political party with a competitive advantage in elections. These loopholes could allow donors to contribute to state legislative candidates unhindered.

I assert that it is a mistake to suggest that all campaign finance laws are worthless. Instead, I argue that the effectiveness of campaign finance regulation is dependent upon the activities of the donor that the law is meant to regulate. Thus, my work investigates the relationship between

donors' contribution behaviors and campaign finance law. I base my argument on two underlying assumptions. First, I contend that the effectiveness of the campaign finance regulation is based on the motivation of the donor seeking to influence legislators. Political scientists have long recognized that donors have different ambitions for providing money to campaigns. The most common classification originated from the works of Welch (1982) and Snyder (1992). Snyder (1992) classifies donors into "investor PACs" and "ideological PACs" According to Snyder (1992), the first group typically has narrow economic interests and is made up of corporations, trade associations, unions, and farming cooperatives. The second group in Snyder's (1992) classification, ideological PACs, has "broad ideological goals" and hopes to shape election results.

I extend Snyder's (1992) theoretical framework to better understand the effectiveness of campaign finance law with one slight adjustment. Very similar to the Snyder (1992) classification, I refer to contributors driven by economic motives as "business interest" groups and ideologically motivated donors as "ideological" groups.<sup>5</sup> Political scientists understand that donor behavior differs between contributors, previous work has not investigated how these different strategies interact with campaign finance law. The central contribution of this work is to test if the different donations strategies between business and ideological groups will interact differently with campaign finance law.

The relevance of this dichotomy to the underlying effectiveness of campaign finance law may not seem obvious at first. Previous research shows that these two divergent motivations for building influence translate into starkly different contribution strategies. Business interest groups provide funds to incumbents on a consistent basis hoping to develop long-term relationships. For a brief example to demonstrate this point, the long-standing relations between business groups and legislators may be revealed under disclosure law, putting pressure on businesses to withhold contributions. Ideological groups provide most funds to ideologically similar new candidates and those who may lose reelection (Snyder 1992). Once these candidates are elected, ideological groups assume that newly minted legislators will maintain ideological consistency (Barber 2016; Ensley 2009). Contributing for ideological groups is central to their participation in politics. Disclosure will not likely change ideological groups' contribution behaviors.

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<sup>5</sup> This slight change in language reflects that I investigate all donations from contributors, not only those originating from PACs.

I also contend that legislators have different incentives for regulating ideological and business interest groups. It is unlikely that legislators would be willing to pass campaign finance regulations on their most ardent political supporters, including political parties, individual contributors, and other candidates. Thus, I argue that campaign finance regulations should be more effective for groups seeking access than ideological leaning donors. These strategies are also likely to interact differently with one size fits all campaign finance regulations.

In this chapter, I present my hypotheses on campaign finance regulation. First, I will discuss how groups differ in their donation strategies to build influence. Then I shall review the literature on how states have attempted to limit and dissuade donations and present my hypotheses. I argue that campaign finance regulations are designed to affect business interest groups more than ideological groups. Legislators have less incentive to regulate ideologically leaning groups over business donors.

## **2.2 Differences in Contribution Strategies Among Donors**

Campaign finance regulation is only substantively meaningful if money donated from interest groups translates into influence over policy. If donors had no sway over legislators, there would be no need for the states or the federal government to regulate campaign contributions. Unfortunately, most work that tests how much influence interest groups have over the legislative process has been conducted on Congress, not the state legislatures. Congressional research literature is still relevant beyond the institutional parallels that they share. At its heart, it speaks to an ongoing debate on how interest groups and donors influence policy and can easily be applied to the state legislatures.

Over the past few decades, evidence on how much interest groups can directly or indirectly influence Congress through campaign contributions has been exceptionally mixed, generating highly contradictory results that cannot easily be reconciled (Austen-Smith 1995; Bergan 2010; Peoples 2013; Smith 2015). Following conventional wisdom, early political science scholarship mostly assumed that interest groups have a great deal of influence over the legislative process through their contributions (Austen-Smith 1995). Logically, since legislators wish to get reelected (Mayhew 1974), campaign contributions provide an essential inroad for these groups to sway legislative behavior (Clawson et al. 1998; Powell, 2012; Peoples 2013; Groseclose and Snyder 1996; Schram 1995).

Assuming that interest groups are unable to affect roll call votes as most literature suggests; the question becomes what other benefits can they receive from legislators? Tullock (1972) initially viewed contributions as an investment in political outcomes. Limited work suggests that campaign contributions could be considered as consumption rather than investment (Ansolabehere, de Figueiredo, and Snyder 2003). Most campaign contributions from interest groups are well below the maximum amounts allowed by state and federal law.<sup>6</sup> They also mostly originate from individuals, not from interest groups (Ansolabehere, de Figueiredo, and Snyder 2003). Under the view that donations are consumption, donors provide contributions to be an active part of the political process. Lobbyists and special interests are seeking to be an accepted part of the political establishment, eager to take part in the social aspects of politics. This explanation has enjoyed the same level of attention and empirical scrutiny as other theories.

A more common and likely explanation of why donors contribute suggests that groups differ in the way they influence policy<sup>7</sup>. Political Action Committees (PACs) and business interest groups provide campaign contributions to Congressional candidates to gain access to their lobbyists (Hall and Deardorff 2006). Although lobbying itself does not directly buy influence, it does allow interest groups to provide substantial information to candidates that may frame their perception of specific policy areas (Smith 2015). Interest groups pour significant funds into their lobbying efforts in addition to providing candidates with direct campaign contributions. Specific work has demonstrated that lobbying activities are tied to the amount of campaign funds available to a firm (Ansolabehere, de Figueiredo, and Snyder 2003; Sabato 1984). Firms that donate substantial funds to candidates tend to also spend more on lobbying activities (Ansolabehere, Snyder and Tripathi 2002; Bergen 2010; Smith 2015).

Access seeking groups (primarily businesses) have a few discernable qualities that differ from ideological groups. For one, these groups tend to be mostly disinterested in ideological causes. Instead, access seeking groups tend to favor moderation and incumbency (Barber 2015; Fournaies and Hall 2014). These groups also tend to provide campaign contributions consistently throughout the tenure of the member of the legislator (Snyder 1992). This strategy is founded on the idea that it takes time for legislators to craft policy and to learn about the policy positions of

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<sup>6</sup> This point will be discussed in great detail later and is central to hypotheses on campaign contribution finance law.

<sup>7</sup> As will be discussed more in detail later, ideological groups also wish to be an active part in the political process. I assume that contributing is a central part of their existence, unlike business groups where the primary motive is profit making.

the donor (Barber 2015). Business interest groups also do not usually care which political party receives resources (Herrnson 1995). They typically provide campaign contributions to any candidate that can forward their policy agenda, regardless of party membership.

Ideologically motivated donors have starkly different attitudes on providing campaign contributions. Instead of giving these funds throughout a members' tenure, they mostly donate to new candidates and legislators at risk of losing their seat (Snyder 1992). These groups typically include individuals, single-issue groups, political parties, other candidates, and unions. Legislators rarely change their ideological position with time (Poole 2007), so ideological groups do not need to consistently provide campaign contributions to garner their support. Ideological donors' focus is to keep likeminded individuals in office so that these individuals will pass policy that is consistent with their preferences (Snyder 1993).

As noted, donor behavior is primarily investigated at the federal level. In a sense, this research bias towards Congress is for the sake of convenience. It is easier for researchers to test hypotheses on two fully professionalized legislative chambers as opposed to ninety-nine that substantially differs from one other (Powell 2012). That said, states are critical actors in designing policy (Erikson, Wright, and McIver 1993). It is essential to understand if campaign finance regulations, which are intended to break money's influence over the electoral process, meet their objectives.

The next section details recent research at the state level. As will be discussed, campaign finance research shows that donors have sway over the state legislative policy outcomes. Further, evidence shows that campaign finance regulation may have a key role in ensuring that policy reflects constituent policy preferences. This gives a critical clue that campaign finance regulations affect donor behavior.

### **2.3 Interest Group Lobbying at the State Level**

As discussed, campaign finance laws only matter for researchers if they break donors' influence on legislators. Before testing this assertion, it must be shown that state legislators are swayed by campaign contributions. Among political science scholarship, Powell (2012) provides the most conclusive evidence that interest group contributions affect state legislative policy outputs. Powell's (2012) theoretical framework tackles the relationship between donors and legislators in a unique way. Powell (2012) assumes that state legislatures take the time to approach

interest groups to extract campaign contributions. Legislators' time is not unlimited, however (Powell 2012). Members must balance their time between legislating and fundraising for their reelection efforts. As legislators decide to put more time into fundraising, they may be harming their chances to connect with constituents and understand their constituents' policy preferences. Instead, their time is used by interacting with influence seeking interest groups. With this, Powell (2012) finds that donors seeking access can directly influence policy through their campaign contributions by purchasing access while legislators spend time seeking funds.

The question then becomes: why does political science research demonstrate that interest groups are influential in the state legislatures and not Congress? Some of this difference in donor group influence at the state versus federal levels comes down to simple differences in professionalism levels between the state legislatures and Congress. Among the most dramatic ways state legislatures differ from Congress is the inability for most members of State Houses/Assemblies to work full time as legislators. Most state legislators serve in chambers that provide limited financial or professional benefits (Squire 1993). Staffs help shield legislators from interest group influence. State legislators are not policy experts in all fields, needing to rely on others to get information to create policy. This provides donors with a vital opening to sway individual members. Interest groups' relative importance in providing this information to a state legislator, however, is somewhat reliant upon how much legislative staff is provided. Both legislative staff and interest groups provide an integral service in informing state legislators about the policies they are voting on. Without a large fulltime staff (which is the norm for most state legislators), legislators will give more attention to interest groups and donors for information, giving donors significant sway over policy decisions (Ozmy and Rey 2011).

Professionalized legislatures are not as susceptible to donor pressure. Professional legislatures have the capital to shield their members from interest group influence. Since professionalized legislatures have access to resources to attain better career prospects, there is less of a need for these members to rely on interest groups to provide post-elective employment (Ozmy and Rey 2011). Members of professionalized legislatures can also count on the ample support provided by their relatively large staffs to make policy decisions (Berkman 2000). Interest groups in professionalized legislators are no longer as necessary when state legislators are seeking policy information, potentially weakening one conduit interest groups have in exerting influence.



From this research on state campaign contributions, I can conclude that donors influence state legislative policy. Thus, state campaign finance regulation is a noteworthy topic to study. Of course, donor influence over policy is not solely dependent upon the professionalism of the state legislature. Rather, lower professionalism levels only partially explain why donors are more influential at the state level rather than in Congress. Donors' campaign contribution patterns must be considered to understand how they build influence fully. Like at the federal level, donations to state legislators are variable. As will be shown in more detail in the next chapter, ideological and business group campaign contributions patterns are identical at the state and federal levels (Berber 2016). At the state level, ideological groups donate to candidates primarily in their first term in office, while business interest groups and PACs provide consistent campaign contributions.

## **2.4 Campaign Finance Laws**

Campaign finance laws are the primary way that states break the relationship between contributor money and policy. How differences in campaign contribution strategies interact with campaign finance regulations, however, have not been fully studied. Campaign finance regulations must be able to meet their basic function in reducing the flow of money to donors to ensure that legislators are not unduly influenced by donors over constituents, regardless of the underlying motivations for providing funds. This can be complicated, however, if campaign contributions from groups vary and the campaign finance regulations are not designed to account for these differences.

Political science research recognizes three types of campaign finance law currently used by state governments to reduce money in campaigns: contribution limits, public finance law, and disclosure requirements (Kulesza, Witko, and Waltenburg 2016; Primo and Milyo 2006; Witko 2005, 2007). The attention that is placed on each of these regulations by scholars is unbalanced, however. Following federal and state court challenges, scholars have largely been focused on campaign contribution limits and public finance laws. Both types of regulations have exceptionally well-developed and distinct literatures. Each campaign finance regulation has significantly different effects on elections, interest group influence, and campaign donations, but no research literature has investigated how interest groups are affected differently based on their donation strategies.

Research does not definitively show that campaign finance law stringency significantly alters state legislative campaigns, leading some to believe that campaign finance laws are useless. Some scholars show that campaign finance law stringency can heighten electoral competition, but only under certain conditions (Hamm and Hogan 2008; Malhotra 2008; Mayer and Wood 1995). For example, evidence has demonstrated that public finance law has been effective in leveling the playing field for challengers seeking office, particularly when these laws are coupled with strict campaign contribution limits (Stratmann 2010). The number of challengers increases with higher levels of public finance law for gubernatorial (Bardwell 2003), but not necessarily for state legislative elections (La Raja and Wiltse 2015; Hamm and Hogan 2008). The number of challengers in an election is only a single facet of electoral competition, however. Ultimately, the most direct measure of electoral competition is the amount of turnover in a chamber. Even as more challengers announce their candidacy, it does not suggest that incumbents will lose their advantage and be defeated in an election. As campaign finance law stringency is strengthened, however, there tends to be a negligible effect in lowering incumbency reelection rates (La Raja and Schaffner 2014). These programs may only encourage challengers to run.

Early literature suggested that legislators create regulations that can be easily worked around by the incumbent legislators who designed them (Malbin and Gais 1998). Since this initial research, there has been little evidence that campaigns are easily able to avoid state campaign finance regulation (Hogan 2000; Stratman 2010). Indeed, various scholars have argued that incumbents use campaign finance law to depress challenger fundraising, effectively using a law intended to increase incumbent accountability to their electoral advantage (Lott 2006; Stratman 2010; Stratmann and Aparicio-Castillo 2006). Incumbents, who use name recognition and office related benefits (e.g., mailers, constituent services, and their legislative records), can achieve an election win without needing to spend funds directed at building a campaign organization and improving their name recognition (Gierzynski and Breaux 1996). This incumbency advantage has been demonstrated in campaign finance literature with both state legislative and judicial elections, where campaign contribution limits tend to provide the incumbent with a significant competitive advantage over challengers (Bonneau and Cann 2011; Kousser and LaRaja 2002). Since challengers are typically less well known by the public, campaign funds are necessary to provide information to voters about their policy positions (Gierzynski and Breaux 1996). Without this information, voters will be more likely to vote for the familiar incumbent (Carey, Niemi, and

Powell 2000; Jewell and Breaux 1998; Stratman and Aparicio-Castillo 2006). Certain early campaign finance work demonstrated that incumbents might also rely on campaign finance law to build public trust in government (Coleman and Manna 2000).

Most importantly, research suggests that campaign finance law stringency can play a key role in reducing contributions from interest groups, potentially reducing their influence over the policy process (Flavin 2015). As Powell (2012) indicated, interest groups can influence policy decisions in the state legislature through campaign contributions. If the state legislatures are affected by interest groups through campaign contributions (Monardi and Glantz 1998; Powell 2012), campaign finance law can play a vital role in ensuring legislative responsiveness to a greater number of constituents, thus shifting the policy preferences of the chambers (Flavin 2015). By reducing the influence of wealthy donors, candidates take policy directions that are more in line with their constituents (Flavin 2015). This link strongly suggests that interest groups are affecting campaign finance regulations themselves.

## **2.5 Campaign Contribution Limits**

The effects of campaign contribution limits on donations should be relatively straightforward. For contribution limits to be successful, total donations should decrease, and electoral competition should rise. Previous research has yet to investigate a central impetus that could complicate the relationship between campaign finance laws and their effectiveness on donations – viz., that the underlying motivations for providing the campaign contribution are not the same among donors. This leads to my first hypothesis:

**Hypothesis One: Campaign contribution limits will affect ideological group contributions less than business group donations.**

Since ideological and business interest groups have separate and distinct reasons for providing donations to legislative campaigns, I contend that they will be affected differently by campaign finance law. I hypothesize that campaign contribution limits will affect ideological group contributions less than business group donations. This includes both the amount of money they raise and the potential for contribution limits to force candidates to raise equal amounts of money. In some sense, the question of the effectiveness of campaign contribution limits to

constrain donations has already been shown. Berber (2016) demonstrated that overall campaign contributions and the average donation size were sensitive to the level of limits. Berber (2016) was interested in how these limits lead to more ideological legislators conditional on whether limits were placed on ideological or PAC donations. Interestingly, the study did not fundamentally see if the effects of the underlying regulations were different.

There are two reasons why I believe business groups will be more affected by campaign contribution limits over ideological groups. The first reflects basic campaign contribution patterns of business interest groups. Since ideological groups seek the election of like-minded legislators, campaign contributions from ideological groups will be highest when candidates are running for their first term. Campaign contribution limits will be most impactful for ideological groups at this time since they are providing the highest level of donations in the first term. Simply, by maximizing their contribution totals, ideological groups are more likely to run against the contribution limit. On the other hand, business interest groups must consistently provide relatively elevated levels of campaign contributions to build and maintain influence with legislators. Thus, campaign contribution limits will be more effective at removing money originating from business interest groups in later terms of a state legislator's tenure simply because they are providing more donations than ideological groups.

The second a related reason concerns the potential political consequences of campaign contribution limits. As will be further expanded upon in the next chapter, there are important partisan electoral consequences that result from campaign contribution limits. As noted, state campaign finance limits can be specifically tailored to affect particular groups. For example, states can design their campaign contribution limits to impact unions, corporations, individuals, or parties separately (Witko 2007). This can have electoral consequences for the groups hoping to influence election outcomes. For example, direct corporate contribution bans are linked to more success for Democrats in state legislative elections (Hall 2016). Hall (2016) states that corporations primarily provide campaign contributions to Republican candidates. Thus, bans on corporate campaign contributions will disproportionately affect contributions to Republican state legislative candidates, putting them at a disadvantage at building their vote share.

All candidates are unlikely to limit campaign contributions from their closest personal friends and political allies, particularly political parties, single-issue groups, and other candidates. Previous research has shown that ideological donations and campaign contributions interact

differently than business limits. As noted, Berber (2016) demonstrates that higher campaign contribution limits to individual/ideological groups led to more ideological members of the state legislature. If these legislators are tasked with designing campaign finance laws, it is even more unlikely they will hinder ideologically motivated groups from donating, thus limiting the impact of these limits. There is no constitutional way for state law to distinguish between Democratic and Republican supported groups. Thus, I predict that donations from these ideologically leaning groups should be less affected by campaign contribution limits.

I should note that this hypothesis deviates significantly from previous work on campaign contribution limits. Traditionally, state legislative scholars only investigate campaign contribution totals across all donors (Apollonia and LaRaja 2004; Bardwell 2003) or include a very specific and limited number of interest group types in their research (Gooch and Rackaway 2014; Hall 2016). As such, previous work suggests that campaign contribution limits can affect the flow of money to incumbents quite effectively, potentially leveling the playing field for challengers (Hogan 2004). Challengers and those running for open seats tend to be relatively unaffected by campaign contribution limits, considering they traditionally begin with a disadvantage in fundraising relative to incumbents (Hogan 2000). These models explained only a very small portion of the total variance, however, at  $R^2=.081$  (Hogan 2000).

Interestingly, spending tends to have a low (Gerber 1998) or no effect on vote share for both incumbents and challengers (Palda and Palda 1998). Campaign contribution limits tend to make spending more productive for both challengers and incumbents, however (Stratmann 2003). Specifically, campaign spending between challengers and incumbents is nearly equally effective in building vote share in states with strict campaign contribution limits (Stratmann 2003).

My hypothesis introduces the differences in contribution patterns between donors. Very little work integrates the diversity of donors and how they may be affected by campaign contribution limits differently. As discussed by Welch (1980), Snyder (1992), and Cassie and Thompson (1998), campaign contribution patterns are distinctly different among interest groups based on the types of policy outcomes they hope to achieve. To recap, business interest groups seek to make changes in the law that will benefit profit-seeking organizations. Members with more experience in office are more likely to receive contributions from these interest groups. Senior members are more likely to be successful in passing legislation that benefits these groups, giving incentive to regulatory groups to provide these members with funds to keep them in office. On the

other hand, ideologically based groups, who are more concerned about building a majority in the state legislature, primarily use their funds to assist new candidates and endangered incumbents seeking election. Thus, they are unlikely to provide a significant amount of campaign contributions to incumbent state legislators, unless they are likely to lose their seat (Wright 1985), leading them to provide fewer campaign funds after the first term in office.

## **2.6 Disclosure Requirements**

The underlying motivations for why business interest and ideological groups donate may emit different perceptions of corruption to constituents and voters. I assert that the public, voters, and candidates do not view donations from business and ideological groups the same. This leads to the second hypothesis:

**Hypothesis Two: Disclosure requirements will negatively affect contributions from business interest groups but will not negatively impact ideological groups.**

Campaign contributions from an ideological group serve as a valuable heuristic for a candidate's supporters and opponents alike. A campaign contribution from an ideological group demonstrates that the individual conforms to the group's beliefs. This signals other likeminded individuals to support the candidate receiving the contribution. But most important and central to this analysis, ideological donors seek political activity and are unlikely to shy away from contributing. Donating to candidates demonstrates that ideological groups are active in the political sphere. Disclosure law does nothing but show that ideological groups participate in campaigning. Thus, it is unlikely that disclosure requirements will have a significant effect on campaign contributions. To many of these groups, there is nothing to lose by providing their preferred candidates with prominent levels of campaign contributions, and it is made known to the public.

Business interest groups, on the other hand, may put their candidate at electoral risk if their contributions are revealed. As discussed, business interest group donations are primarily provided to incumbent legislators. Business interest groups intend to use regulations to shift competition in their favor, which is unlikely to be popular with most voters. Thus, total and average campaign contributions from business interest groups will be negatively affected by disclosure requirements. As reported by Gallup (2016), the American public consistently believes that corporations have

too much influence over politics.<sup>8</sup> Public polling from Pew (2017) shows that ideological groups, like unions, do not suffer from the same levels of negative attitudes from the public. Gallup (2017) showed that 39% of Americans believed that unions should have more significant influence. Of course, there are partisan differences in these attitudes, but the general difference still holds across the wider public (Maniam 2017).

There is a dearth of research conducted on the electoral effects of campaign disclosure requirements compared to the other two forms of campaign finance laws (Carpenter II et al. 2014). This is surprising considering that disclosure requirements are often found to be the most widely accepted and least controversial campaign finance regulations by incumbents and voters alike (Carpenter II et al. 2014; Briffault 2011; Gross and Goidel 2003). The limited research on disclosure law demonstrates that there may be unintended consequences in reducing electoral competition. Disclosure requirements may dissuade individuals from running for office. Candidates and citizens are often highly unsure and unknowledgeable about the legal complexities surrounding campaign finance law disclosure. Indeed, in an experiment conducted by Milyo (2007), only 41% of 255 participants were willing to fill out all campaign disclosure forms, and not even one was successful in doing so correctly (Carpenter II et al. 2014).

There is a question if voters pay attention to public campaign finance records. It is well known that the public has minimal information about politics in general (Converse 1964; Lupia 1994; Bartels 1996). It is more unlikely that voters pay attention to campaign contribution records. Indeed, when disclosure laws are strong, even the media pays very little attention to campaign contributions. As disclosure laws become more stringent, reporting in the media only increases slightly (La Raja 2007). This does not mean, however, that disclosure laws do not change the behavior of the donors themselves. Small donors are less likely to donate when campaign disclosure laws are stringent (La Raja 2014). Thus, it is valid to ask if donors will shift their campaign contribution patterns under various forms of disclosure requirements.

Indeed, it is certain that the clear majority of campaign contributions provided by interest groups go completely unnoticed. Campaign contributions from these groups are often emphasized to paint a candidate's opponents in a negative light. Campaign contributions can be especially

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<sup>8</sup> From January 6-10, 2016, Gallup found that 63% of the American public reported that "they are dissatisfied with the size and influence of major corporations," while 35% were satisfied. In August 2016, Gallup found only 34% of people thought that unions should have less influence.

useful in negative advertisements. In recent years, both Republicans and Democrats have used contributions as campaign fodder. Certain candidates, like Bernie Sanders, used corporate campaign contributions as a central tenant of their campaigns (Goodman 2015). Thus, campaigns should be careful not to be viewed by the public as being captured by business interest groups.

## **2.7 Public Financing**

Public financing is arguably the surest way to remove donor influence in state legislative campaigns. Candidates are required to forgo most, if not all, private donations to receive public financing. Thus, the need for private donors is completely removed, breaking all the influence they exert over legislative policy through their campaign contributions. Once again, I assert that public financing will not affect all donor groups equally, leading to the third and final hypothesis.

**Hypothesis 3: Public finance laws will affect business interest donators more than ideological donations.**

I predict that public finance laws are more effective against business interest donations than ideological donations. In a sense, this hypothesis is highly counterintuitive. Public finance laws should remove most campaign contributions from both ideological and business interest groups. There should be no discrimination between the groups that are barred from donating. Indeed, in states such as Connecticut, candidates must typically forgo collecting funds from individual donors to qualify for public funds.

The reason business groups are more affected may come down to party politics and history. But first, there is a question if public financing programs are still effective after decades of challenges in courts and the state legislatures. Research shows that the effectiveness of public financing programs is highly uncertain (Malhorta 2008). Many of these programs have been woefully underfunded or partially struck down in federal courts (Kulesza, Witko, and Waltenburg 2016). Although legally in operation, the public finance laws will be ineffective if there are no funds available. Currently, only the Connecticut program is growing in use. Wisconsin's program was defunded; the programs in Arizona and Maine were gutted by the *Arizona Free Enterprise Club's Freedom Club PAC v. Bennett* (564 U.S. 721 [2011]) decision, and Hawaii's program is



underfunded. This point can be best explained and expanded upon by detailing the history of public financing, which will be discussed in Chapter 3.

As noted, this dissertation primarily focuses on donor behavior in the face of campaign finance laws. This angle causes some complications for my theoretical framework on public financing. Unlike contribution limits and disclosure laws, public financing places restrictions on contributions that are willingly accepted by the candidate. Candidates must voluntarily enroll in public financing. When candidates enlist in public financing, donors have no choice but to restrict their contributions. This is especially true under Clean Elections Laws, where donors are completely barred from contributing to state legislative campaigns. Thus, the mechanics of public financing introduces some considerations to candidate behavior as well into this study.

Candidates' decisions to accept public financing rests on the generosity of contributors, the stigma of public financing, and the ease of signing up for the program (Malhorta 2008). It is unlikely that candidates will enroll in public financing if private donors are willing to provide more money than the subsidy total. Anecdotal evidence from the states suggests that the subsidies are not enough to entice most candidates to forgo private donations. Indeed, in recent years, public financing enrollment has been quite low for state legislative candidates<sup>9</sup>. Many programs, such as those in Hawaii and Minnesota, have very little participation because the financial support provided to candidates is wholly inadequate. Candidates who would accept public money from these programs would mainly make their campaigns noncompetitive (Kulesza, Witko, and Waltenburg 2016). Other states, such as Wisconsin and Massachusetts, legally maintained a public finance program but were defunded by the legislature. This made these programs insolvent, barring any candidates from effectively using the program.

Public finance laws are not always used by challengers even when the program is funded by the state legislature. Public financing suffers from negative stigmas among those seeking office. There is a concern by many candidates that public finance laws could harm their ability to have sufficient funds necessary to run an effective campaign. Thus, public finance law program effectiveness could be primarily determined by individual characteristics of the candidate (Malhorta 2008).

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<sup>9</sup> Exact enrollment rates are provided in Chapter 8.

Public finance programs are not always well understood by candidates either, leading to substantial underutilization of available campaign funds (Malhorta 2008). Certain candidates are often completely unaware that public finance programs are available in their state. Often, public finance programs are not well advertised by state governments. Candidates may also be reluctant to use them due to their legal complexity. Public finance programs commonly place exceptionally complicated fundraising restrictions on candidates. This dramatically reduces public finance program used by candidates in elections that may otherwise become more competitive with higher utilization (Malhorta 2008).

Unsurprisingly, research also demonstrated that campaign spending (Hogan 2000) and fundraising (Francia and Hernson 2003) in state legislative races is reduced for incumbents in states that employ public finance programs. This is to be expected, however, by understanding the statutory provisions in most state public finance laws. Public finance programs have been purposefully designed to reduce the total campaign spending in an election by requiring members to comply with spending limits before accepting state funding. For incumbents who have built relationships with interest groups, public finance programs could severely limit their ability to collect donations. Conversely, public finance programs tend to increase spending for challengers (Hogan 2000). Because many challengers are merely unable to fundraise at equal levels to incumbents, public finance programs provide their campaigns with much-needed lifelines when attempting to mount a serious campaign.

Adequately designed public financing programs, however, can have far-reaching impacts on legislative campaigns. As noted by Powell (2012) and Francia and Herrnson (2003), fundraising takes away considerable time from a state legislator's schedule. By providing a reliable source of campaign funds, public finance programs allow candidates to reduce the time they spend seeking campaign contributions from interest groups and individual donors (Francia and Herrnson 2003). Candidates who accept full or partial funding only spend approximately 15% of their time on fundraising, as opposed to 30% of candidates who do not partake in the public finance program. This allows candidates to spend time on other campaign activities with constituents as opposed to interest groups (Francia and Herrnson 2003).

My hypothesis is founded upon on the politics behind these programs and how partisan division shaped the design of public financing programs. Modern state public financing laws followed the enactment of FECA, which established the federal program. As will be expanded

upon in the next chapter, the federal public financing program was purposefully designed by Democrats to hinder Republican fundraising efforts from business interest groups (La Raja 2008). Since modern state programs were designed after FECA, it can be expected that their effects will be the same. Ideological group contributions should be relatively less hindered by public finance law.

The question becomes, why would donations from business interest groups be more negatively impacted than ideological groups by public financing systems? The reason why business groups will be more affected by public financing is exceptionally simple. The answer centers around how these groups respond to candidates' decision to accept public financing. If public financing provides a sufficient amount of monetary support, candidates will accept subsidies in lieu of private donations. As the proportion of candidates that take public financing increases, the number of candidates for business and ideological groups can donate to declines.

Of course, there are always candidates that do not accept public financing.<sup>10</sup> Neither group of donors, however, is likely to made contributions to candidates that have a high probability of losing the election. Business interest groups have relatively more resources to donate than ideological groups. Thus, the effect size will inevitably be smaller for ideological groups than business groups when testing the impacts of public financing on private contributing. At face value, this may seem too intuitive of a hypothesis to test. If my models suggest that donations from business groups decline more than donations from ideological groups, there is evidence that public financing are meeting their objectives. Naturally, the success of public financing in meeting these objections will depend partially on their design. Thus, I will control for variation in public financing statutes.

## **2.8 Conclusion**

In sum, political science research has presented exceptionally mixed conclusions on the impact of campaign contributions on legislative behavior and their campaigns. Ultimately, severe methodological differences have affected this research, generating conflicting findings on campaign finance law. Though it is unclear if interest groups provide campaign funds to influence state legislators, campaign contribution limits, public finance laws, and disclosure regulations have

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<sup>10</sup> These numbers are reported in Chapter 8.

been enacted to break this relationship. These regulations have had mixed success in achieving their intended goals, however. Campaign contribution limits only tend to affect election outcomes when they are deficient, explicitly giving challengers the ability to raise similar levels of funding to incumbents. Previous work has shown that public finance programs tend to be the most successful at reducing campaign contributions and stemming interest group influences. On the other hand, very little research on disclosure requirements and campaign contributions has been conducted.

No work on campaign contribution finance stringency law has attempted to integrate the interest group classifications used in earlier work by Welch (1980) and Snyder (1992) on Congress. As discussed by Welch (1980), Snyder (1992), and Cassie and Thompson (1998), campaign contribution patterns of ideological and business groups are quite different. When interest groups perceive that benefits will not be immediately delivered, they will consistently provide campaign contributions to state legislators (Snyder 19992). When groups are not seeking long-term benefits, they will primarily provide campaign contributions in the first terms.

In this chapter, I provided a theoretical explanation and my primary hypotheses about how campaign finance law stringency will affect interest groups differently. Specifically, contributions from business interest and ideologically oriented groups will be affected differently by campaign finance limits, public finance programs, and disclosure requirements based on their desire to build a long-term relationship with state legislators and the potential electoral benefits of regulating these groups.

I expand upon my arguments in the next chapter where I provide a detailed history of state campaign finance law. I explain that under certain circumstances, campaign finance regulations were designed to affect specific groups with political motivations. Other donors avoided effective regulations due to built-in loopholes in state law. That said, I explain that campaign finance laws are not merely ineffective regulations that allow contributors to donate without restriction.

## CHAPTER 3. HISTORY OF CAMPAIGN FINANCE LAW

### 3.1 Background of Campaign Finance Laws

Campaign finance regulations have existed in the United States since the 1800s (Goidel, Gross, and Shields 1999). Even though campaign finance laws have been enforced for centuries in the United States, scholars still debate whether these regulations are effective at removing money and influence from elections. Without a doubt, the effectiveness of campaign finance laws is dependent upon the underlying motivations of the policymakers who are enacting them. If policymakers have no intention of making campaign finance regulations effective at removing money from politics, then there is little reason to study them. Campaign finance law cynics argue that these regulations are merely for show for policymakers to build electoral support. The argument that campaign finance laws are designed to be ineffective has some limited historical backing. Political scientists, historians, and legal scholars found many instances in the early development of campaign finance law where policymakers had no intention of enacting regulations that would hinder their ability to raise funds. Most early campaign finance regulations were intentionally designed to be impossible to enforce (Mutch 2014) or built with obvious loopholes (Alexander 1991). Of course, if these statutes were still the norm, this research would not be meaningful.

History informs political science scholars whether the research focus of this dissertation is worthy to study. Specifically, my argument that campaign finance regulations are more effective at reducing contributions for certain groups of donors over others. Most current campaign finance laws drew inspiration from these early statutes. Some early campaign finance laws, including Montana's, were still enforced as of the mid-2010s. Modern campaign finance law does not necessarily fit the mold of being intentionally ineffectual. As will be expanded upon below, a shift in campaign finance law design in the mid-20th century changed the focus of these regulations. In many instances, campaign finance regulations were designed to target specific donors (La Raja 2008). These targeted statutes were sometimes intentionally built to provide one party with an advantage, usually under the guise of fighting corruption in elections (La Raja 2008), particularly those aimed at unions and corporations. Since this dissertation is concerned with how campaign

finance regulations affect specific groups of donors, it is crucial to understand how these policies historically developed to put context to my theory and results.

While I test my hypotheses using a large N quantitative approach, this chapter serves two important purposes for my analysis. First, it explains how certain donors were targeted by campaign finance regulations to provide some background for my hypotheses that specific groups will be affected differently by campaign finance law. Second, this historical account will boost the claim that many campaign finance regulations are designed to affect campaign contributions, even if the regulations are sometimes intended to give one group an electoral advantage over the other (La Raja 2008).

In the next section, I separate campaign finance reform efforts into three distinct time periods. The first period began in the late 1800s and ended in the final days of the Progressive Era. During this time, the rudimentary state campaign finance laws were oftentimes difficult to enforce and were viewed skeptically by certain state supreme courts. Many of these regulations, however, served as an important basis for modern state campaign finance law. The second period, which saw the advent of long lasting and enforceable campaign finance laws, was primarily initiated by the Watergate scandal. During this period, the states dramatically expanded campaign contribution limits and public finance programs. Yet, many of these regulations still suffered from inadequacies in their design (Alexander 1991). The latest period began in the mid-1990s and has been marked by a dramatic increase in successful federal and state court challenges against campaign finance regulations. Some state governments have also become newly hostile to state campaign finance regulation, sometimes gutting their most important provisions, particularly public financing programs (Kulesza, Miller, and Witko 2017). These developments have made testing the effectiveness of campaign finance law more vital than before.

Of course, the court cases and regulatory challenges described below are not an exhaustive list. Indeed, per the National Conference of State Legislatures, there was an average of 36 changes per year in state campaign finance law over the past decade. Unsurprisingly, there have been very few historical descriptions of state campaign finance law due to the complexity and the sheer number of events that have shaped these statutes. The events discussed below, however, are those that arguably had the most dramatic impact on state campaign finance regulation. It should also be noted that this section discusses casework surrounding campaign finance expenditure limits, even though my analysis in later chapters does not treat them as a variable of interest. In most cases,

campaign finance expenditure cases were highly intertwined with challenges against contribution limits. Thus, it would be impossible to exclude challenges to expenditure limits while writing a complete history of campaign finance regulation reform.

### **3.2 History of Campaign Finance Regulations – Early Reform**

The states have led American innovation in campaign finance law since the 1800s. The first American law concerning campaign finance was passed by the Maryland legislature in 1811 to combat the widespread practice of vote buying with liquor and other forms of bribes (Gross, Goidel, and Shields 1999). Other states, like Virginia (which dealt with their own problems that arguably began with George Washington), enacted their own versions of the statute soon after (Gross and Goidel 2003). Contributors were not fazed by these laws. Donors still easily found ways around these early statutes as the definition of “bribery” was quite vague (Gross and Goidel 2003).

For most of the 1800s, the federal and state governments were mostly uninterested in regulating campaign finances. Indeed, only two laws were passed by the federal government in the 1800s dealing with campaign contributions. The first was the 1867 naval appropriations bill that prohibited officials from soliciting contributions from navy dock workers. The second was the Pendleton Civil Service Reform Act of 1883, which was the first serious attempt to reduce corruption in the federal government. The Act outlawed the ability of officials to gather donations from government employees as an attempt to reduce the influence of the spoils system.

The American state governments jumpstarted a sustained period of campaign finance reform at the end of the 1800s that lasted for five decades. This began with an effort to publicize elections to reduce perceived corruption caused by two groups of donors; corporations and unions. Corporations and unions first started to pour significant amounts of money into campaigns in the 1890s, sparking concern from government reformers (Winkler 2004). Before this, most campaign money was raised through political patronage and parties funded by wealthy families (Winkler 2004). A wave of civil service reforms and the introduction of secret balloting in the late 1800s severed the power of political bosses, giving an opening for corporations and unions to fill the void (Winkler 2004).

Early state reformers looked to the British Corrupt Practices Act of 1883 as a model to remove corruption from political campaigns, but these laws were almost entirely ineffective

(Mutch 2014). New York was the first to pass a “publicity” requirement to its ballot reform initiative in 1890 to reduce corporate influences (Belmont 1905). New York was quickly followed by Michigan and Colorado in 1891 in implementing disclosure requirements (Argersinger 1992). These initial laws only required candidates to disclose contributions, not campaign committees, creating a glaring loophole for donors to shield their activities from public scrutiny (Malbin and Brusoe 2012). Further, the New York and Colorado regulations were exceptionally difficult to enforce and lacked severe punishments for violating the disclosure requirements, making these regulations ineffective tools against corruption (Belmont 1927; Brickner and Mueller 2008). Certain state governments quickly moved to fix the enforcement issues created by their statutes, however. For example, Michigan soon followed up with amendments in 1892 to also include candidate committees, but enforcement issues still existed for decades.

By the end of the 1800s, eighteen states had enacted disclosure requirements, but three had repealed them soon after their implementation (Mutch 2014). After this initial setback, state disclosure requirements quickly expanded across the country. Of these early state statutes, modern disclosure requirement regulations are largely based on the California Purity of Elections Act of 1893, which also was modeled on English law for parliamentary elections (Thompson 1953). It was among the first laws designed to bring real accountability to elections. In sharp contrast to the New York disclosure law, the California law provided severe punishments for candidates who failed to comply with its requirements. This law compelled candidates to disclose campaign contributions to the Secretary of State within twenty-one days of the election. If candidates refused to disclose their campaign contributions, it was considered a forfeiture of their elected office.

The California law was not long-lived. California state officials attempted to enforce the act across both primary and general elections. The statute was challenged in the California Supreme Court in 1896, claiming it did not apply to primary elections (an argument that would be used against federal laws in future court cases). In response, the legislature passed the Purity of Primary Elections Law in 1897. The law was designed with an obvious constitutional flaw. The statute required individuals to take an oath that their vote in the primary would directly translate to support in the upcoming general election. The statute was immediately challenged in *Spier v. Baker*, and the California Supreme Court nullified the Primary law soon after in 1898 (Friedman 1956).



In 1907, the California state legislature repealed the Purity of Elections Act of 1893 and replaced it with a significantly weaker law. Although the new statute still required expenses to be reported after an election, it no longer provided stiff punishments for noncompliant candidates. The new statute lacked the original public office forfeiture requirement and made failure to report campaign contributions a misdemeanor. For the next forty years, the law was further amended to include primary elections and to bar any candidates from receiving a certificate of nomination until they disclosed campaign expenses, but these efforts were largely fruitless. By the 1950s, only one individual had been prosecuted for election code violations (Thompson 1953).

Like disclosure requirements, campaign contribution limits began in New York (Hayward 2008). Corporate campaign contribution bans were first formally considered at the 1894 New York constitutional convention but were not immediately enacted. Primarily pushed by a single delegate at the convention, the corporate contribution ban had been discussed among political leaders since the mid-1880s. Initially, these campaign contribution bans did not enjoy significant support from Democratic party leadership and were slow to take off. Four states enacted corporate campaign contribution bans by 1897, but the effort completely stalled (Winkler 2004).

Campaign finance reform was relatively delayed at the federal level. Serious federal efforts to regulate campaign finance began nearly twenty years after the first statutes were adopted in the states, coinciding with the advent of the Progressive Era. Unlike the states, the federal government began first experimenting with campaign contribution limits, not disclosure requirements. The 1904 presidential election cycle generated controversy when it was revealed that President Theodore Roosevelt accepted campaign contributions from corporations. In the climax of the Wall Street Scandal of 1905, George W. Perkins, the vice president of New York Life, admitted to the company donating \$48,000 to the Roosevelt Campaign before an investigative committee of the New York Legislature (Winkler 2004). Facing significant criticism, President Theodore Roosevelt called for prohibitions against union and corporate contributions in 1905. Congress responded by passing the Tillman Act, which was signed by President Roosevelt in 1907. Like state campaign finance regulations, the Tillman Act was nearly impossible to enforce. The Tillman Act, however, was the first major step to regulate campaign contributions at the federal level.

The momentum of reform against contributions from unions and corporations continued at the state level in 1905 in the aftermath of the Wall Street Scandal (Winkler 2004). By the late 1920s, all states except Rhode Island, Mississippi, and Illinois had some form of campaign

contribution regulations (Malbin and Brusoe 2012). In 35 states, these regulations included campaign contribution expenditure limits. Some state statutes went so far as to limit campaign expenses on federal House of Representatives and presidential elector campaigns, which later were challenged on constitutional grounds. Campaign contribution limit regulations also dramatically increased during this time. By 1932, 34 states had campaign contribution limits (Gross and Goidel 2003). The regulations were still difficult to enforce due to practical shortcomings of state governments to oversee elections.

Although disclosure and campaign contribution limits largely dominated the early period of campaign finance reform, public financing was also on the agenda in a few states. Indeed, the first public finance laws were enacted in the early 1900s, but their adoption was exceptionally limited. Oregon was the first state to provide support to candidates through taxpayer funds, arguably establishing the prototype public financing program. In 1908, the legislature passed a statute that required candidates to purchase space at a fixed rate in pamphlets that were mailed to all voters by the Secretary of State (Boeckel 1926). This space could be used for platforms, photographs, and any other arguments they wished to use to sway voters. Colorado, Florida, Montana, and Wyoming each passed similar legislation soon thereafter. Most of these statutes were repealed, however, by 1921 (Boeckel 1926). Oregon was the only state to continue the program until the mid-1900s (Gross and Goidel 2003).

The first state public finance program that provided direct monetary assistance to candidates was passed in Colorado in 1909 (Jones 1994, Gross and Goidel 2003). The program provided public funds to political parties without allowing them to collect further contributions (Handlin 2014). The total amount of funds given to each party was equal to 25 cents per vote in the previous gubernatorial election (Boeckel 1926). The law was almost immediately ruled unconstitutional by the Colorado Supreme Court and was never fully implemented (Thompson 1953, Jones 1994). Specifically, the court was concerned about treating parties unequally and that no provision was written to account for the formation of new political parties (Luce 2006). No other state attempted to implement a public financing scheme for decades, perhaps due to concerns that their programs would equally be challenged in state courts (Handlin 2014).

### 3.3 Watergate Reform

Except for a few isolated cases, state efforts to regulate campaign finances were largely nonexistent from the 1950s to the 1960s (Primo and Milyo 2006). Indeed, Colorado, Florida, and Georgia removed their corporate contribution ban during the 1960s and 1970s (Hall 2015). The numerous challenges to campaign finance regulations in state courts may have engendered significant reluctance among the state legislatures from enacting any meaningful changes (Handlin 2014). This trajectory changed when Congress passed the first federal public finance program in 1966. Sponsored by Senator Russell Long, the program provided a \$1 checkoff for individuals on their tax forms. The program was quickly repealed a year later, never being used in an election (FEC).

The failure of the initial federal public finance program did not end the reform effort, however. Instead, moves by the Democratic Party to secure election victories following their defeat by Richard Nixon was the impetus for major federal reform. The 1968 elections created exceptional worry for the Democratic Party (La Raja 2008). Richard Nixon significantly outraised all previous candidates for president (La Raja 2008), and the Democratic Party was in severe debt (Cymer 1982). To level the playing field, Democratic Party leaders believed that the best strategy would be to implement new campaign finance regulations. Specifically, Republicans could be outmatched through a new federal public finance program that could limit private fundraising, while allowing the unions to continue to support Democratic Party candidates externally (La Raja 2008). With this new funding mechanism, Democrats would be able to raise more funds than Republicans, helping win future presidential elections. After extensive meetings by Congressional Democratic Party leadership, a new plan was developed that called for a repeal of all previous federal campaign finance regulations under a single statute that offered public financing to presidential candidates. Caught off guard, the Republicans had little ability to mount a successful legislative counter to the proposal (La Raja 2008).

The new consolidated federal campaign finance regulations were passed in two phases. The first was through the Federal Elections Campaigns Act of 1971. The initial FECA provisions attempted to enact more stringent campaign disclosure requirements by requiring all candidates to report their expenses and campaign contributions. FECA also allowed corporations and unions to establish separate campaign funds from their treasuries (political action committees). Voluntary

campaign contributions could be solicited from these separate entities that could then be used to advocate for specific candidates.

Although FECA represented the first effort to regulate campaign contributions at the national level, severe weaknesses existed in the original Act. The original statute did not establish an effective means to enforce the new requirements. Enforcement was divided between the Clerk of the House, Secretary of the Senate, and Comptroller General of the United States. All potential campaign finance violations had to be referred from these one of these three offices to the Justice Department (DOJ), which was responsible for ultimately prosecuting offenders. This created severe coordination problems with the disclosure reporting process. Indeed, according to Federal Elections Commission records, while 7,000 cases were forwarded from congressional officials to the DOJ after the 1972 elections, only 100 were referred from the Comptroller General. Very few of these cases were pursued for prosecution.

New calls were made to further strengthen FECA three years later during the Watergate investigations (La Raja 2008). Severe accusations of campaign finance abuse were widespread following an investigation of Richard Nixon's 1972 campaign contributions by the Watergate Commission. Specifically, the Watergate Commission found that the Nixon campaign accepted illegal campaign contributions from corporations. Congress responded by passing a series of amendments to FECA in 1974 that placed limits on contributions from individuals, political parties, and Political Action Committees; and it laid the groundwork for the current federal public finance system (Bender 1988). In hopes of alleviating the difficulties that arose in prosecuting offenders after the 1972 midterm elections, the amendments also established the Federal Elections Commission to provide a single enforcement agency (Jones 1981). To reduce executive influence over elections, the Federal Elections Commission was originally appointed by Congressional leadership, not the president.

Like the legal struggles early campaign finance reformers encountered in the states, the federal program was quickly put in a precarious legal situation. The expansion of state and federal government campaign finance regulations triggered decades of court litigation, setting up the precedent that eventually led to *Citizens United*. These legal challenges permanently entangled state and federal reform efforts. The first and most impactful challenge to FECA was a lawsuit brought forward by US Senators James L. Buckley and Eugene McCarthy and supported by organizations including the American Civil Liberties Union and the American Conservative Union

– *Buckley* (La Raja 2008). In *Buckley*, the petitioners argued that the provisions of the amended FECA placed undue restrictions on First Amendment speech protections, including campaign contribution limits, disclosure requirements, and expenditure limits.

The *Buckley* ruling was mixed for campaign finance reformers. Multiple provisions of the 1974 amendments were declared unconstitutional by the Supreme Court in a per curiam 7-2 decision. Most notably, the Court was troubled by the how sweeping and restrictive FECA's expenditure limits were, stating "the provision, for example, would make it a federal criminal offense for a person or association to place a single one-quarter page advertisement 'relative to a clearly identified candidate' in a major metropolitan newspaper" (*Buckley v. Valeo*, 424 U.S. 1 [1976] pg. 663). Further, the Court wrote that expenditure limits violate constitutional protections that allow "candidates, citizens, and associations to engage in protected political expression" (*Buckley v. Valeo*, 424 U.S. 1 [1976] pg. 667). The Supreme Court also decided that the appointment procedure for the Federal Elections Commission violated the separation of powers for giving selection authority to congressional leadership rather than the president.

Even though expenditure limits were ruled unconstitutional, *Buckley* provided state governments with a legal justification to maintain limits on direct contributions. The Court found that campaign contribution limits "in themselves do not undermine to any material degree the potential for robust and effective discussion of candidates and campaign issues by individual citizens, associations, the institutional press, candidates, and political parties." (*Buckley v. Valeo*, 424 U.S. 1 29 [1976]). The government had to adhere to a "means closely drawn," however, to ensure that these campaign contribution limits did not unnecessarily abridge free speech rights. In doing so, the Court set a \$1,000 contribution level as being an appropriate limit for exercising First Amendment rights. The new federal public finance program was also left relatively untouched by the decision, giving constitutional support to programs that require candidates to surrender their ability to raise funds privately in exchange for taxpayer-funded subsidies (*Buckley v. Valeo*, 424 U.S. 1 [1976]).

The Supreme Court was significantly more supportive of disclosure requirements, arguably cementing them as the least legally challenged campaign finance regulation for decades. Disclosure requirements, unlike public finance laws and contribution limits, do not stop speech from happening. Under disclosure requirements alone, funds can still be transferred from the donor to the campaign. By requiring candidates to report their campaign contributions, the Supreme

Court ruled that they “deter actual corruption and avoid the appearance of corruption by exposing large contributions and expenditures to the light of publicity. This exposure may discourage those who would use money for improper purposes either before or after the election” (*Buckley v. Valeo*, 424 U.S. 1 67 [1976]).

The wave of campaign finance reform was not isolated to the federal government. The Watergate scandal also propelled state governments to enact similar reforms in public financing after years of stagnation, starting with Minnesota, New Jersey, Massachusetts, Michigan, Hawaii, and Wisconsin (Brickner and Mueller 2008). Indeed, with the federal government now operating a public finance program, there was less of a concern among states that their programs would not pass constitutional muster. Seventeen states enacted a public finance program by 1980 (Jones 1981; Noragon 1981).

Although these programs were started in response to federal finance reform, many had very little in common with FECA beyond offering an income tax checkoff (Noragon 1981). Four states extended their programs to fund state legislative races (Jones 1981). Fifteen of these state programs only provided campaign subsidies to candidates or parties in the general election. Only Massachusetts and Michigan provided funds for both the general and primary elections. Only eight states emulated the federal checkoff by giving taxpayers a single general campaign fund option (Noragon 1981). Five states (Iowa, Kentucky, Maine, Oregon, and Utah) used a partisan fund alone to collect campaign subsidies. The states also wildly differed on their enforcement policies. Only seven states decided to give a single agency authority to enforce their statutes, however, creating similar problems that plagued early disclosure and campaign contribution limits. Most programs were designed at assisting statewide candidates, not legislative races (Noragon 1981).

Very few of these public finance programs were effective. Most programs were unsuccessful at attracting tax checkoff money or candidates to sign up to the program. Only Minnesota and Wisconsin provided enough assistance to legislative candidates to run a competitive campaign. Some of these programs took on very odd forms with varying levels of success. Among the most successful was Indiana. Indiana had a scheme where the sale of license plates helped fund local party committees (Alexander 1991).

As campaign disclosure was declared constitutional by federal courts, disclosure regulations were significantly strengthened by state governments. In contrast to the early disclosure laws, state governments actively attempted to find ways to better enforce their statutes.

Arguably, the most important reform to disclosure requirements in the states during the 1970s was a ban on large cash donations.<sup>11</sup> Banning major cash donations gave the state governments an exceptionally powerful tool in being able to track donations to candidates; finally giving officials the means necessary to enforce disclosure requirements. Indeed, during the 1974 election, there was very little evidence that significant amounts of money went undisclosed following the ban (Broder 1976).

Many states and campaigns were not prepared to handle the new requirements. Technological hurdles in receiving and maintaining campaign disclosure records created exceptional difficulties for both state governments and campaigns. William Endicott of *The California Journal* reported that the new levels of information from the disclosure reports were somewhat overwhelming, leaving open the possibility that any noncompliance was simply missed by state agencies (Broder 1976). On a similar note, state campaigns expressed that keeping track of these donors was largely impossible, particularly from larger states like Texas.

The federal court challenges to campaign finance regulation did not end with *Buckley*. Although *Buckley* was initially supportive of public finance law and campaign contribution limits, the precedent set by the case surrounding expenditure requirements provided opponents with an opening for future challenges on First Amendment grounds. Indeed, as state campaign finance laws became more stringent, challenges in federal court against these regulations became more commonplace. The first case to strongly test state campaign finance programs at the Supreme Court was *First National Bank of Boston v. Bellotti*, (435 U.S. 765 [1978]). The Supreme Court ruled against a Massachusetts commonwealth law that prohibited donations from corporations and unions to ballot initiative campaigns. This was the first decision that asserted that corporations and unions were protected under the First Amendment, dramatically broadening the application of freedom of speech to campaign contributions to organizations and groups. More vitally, it marked a turning point in the relationship between federal courts and state regulations. Campaign finance law opponents could now use the federal court system to challenge state regulations.

In contrast to bans on contributions to ballot initiatives, direct campaign contribution limits to candidate campaigns were placed on solid legal footing by the Supreme Court in *California Med. Assn. v. FEC*, (453 U.S. 182 [1981]). The Court found that there was no guaranteed right to

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<sup>11</sup> Adoption of the cash donation ban was not universal. For example, Texas still allowed candidates to collect significant contributions through cash.

“speech by proxy” through campaign expenditures that are made on behalf of a donor by another party. Specifically, the Court wrote “the rights of a contributor are similarly not impaired by limits on the amount he may give to a multicandidate political committee” *California Med. Assn. v. FEC*, (453 U.S. 182 453 [1981]). Thus, campaign contribution limits could not be equated to a restriction on First Amendment rights.

The *Buckley* decision did not signify complete protection for all provisions of the federal public finance regulations. Arguably, the first case that began to unravel public finance laws was *FEC v. NCPAC*, (470 U.S. 480 [1985]). Wrapped into the public finance program was an FEC requirement that required candidates who accepted public financing to adhere to a \$1000 limit of independent expenditures from PACs. This requirement was designed to not only keep PAC independent expenditures away from campaigns but also to reduce the time candidates would spend on soliciting donations. The Supreme Court found that organizing as a PAC should not reduce an individual’s First Amendment rights. Thus, any campaign expenditure limits against PACs are unconstitutional.

In many ways, the *FEC* opinion was not exceptionally surprising considering that the Supreme Court was hostile to expenditure requirements in *Buckley*. As will be discussed in more detail below, states continued to tie expenditure limits to their public finance programs and campaign contribution limits. These limits, however, were set for the campaigns themselves, not independent expenditures.

### **3.4 Modern Challenges to State Campaign Finance Law**

The past few decades have not experienced the dramatic increases in campaign finance regulations that occurred in the early 1900s and the 1970s. Since the early 1990s, state governments have incrementally changed their campaign contribution limit requirements to become more stringent (Kulesza, Witko, and Waltenburg 2016). Not much movement was seen, however, with disclosure requirements. By the beginning of the 1990s, the American states had relatively stringent disclosure requirements, arguably giving little room for states to expand their regulations (Kulesza, Witko, and Waltenburg 2016; Witko 2005). From the late 1990s to the mid-2010s, the state governments made new disclosure law changes that were primarily directed at providing campaign contribution data online.



The states witnessed a dramatic increase in experimentation with public financing throughout the 1990s and 2000s (Kulesza, Witko, and Waltenburg 2016). A sizable portion of these new programs were not put forward by the state legislatures. Instead, many of the recent public finance and clean election laws have been enacted through ballot initiatives, particularly those that were the most comprehensive in scope including Massachusetts, Arizona, and Maine.<sup>12</sup>

The new citizen-led reform efforts were not without significant challenges. Even though many of the programs were passed and supported by voters, certain state legislatures have actively resisted the new push for public financing in elections. The best example of the state legislature resisting citizen-led public finance reform efforts comes from Massachusetts. According to the Massachusetts Office of Campaign and Political Finance, the Clean Elections law was passed through a ballot initiative in 1996 with over 66% of the vote. The initiative aimed to greatly expand the already existing Massachusetts public finance program for statewide candidates by subsidizing state legislative campaigns.

Unfortunately for reformers, the initiative language was exceptionally flawed. Unlike other state initiatives, the new statute did not compel the General Court (the state's legislature) to fund the program. Thus, the General Court refused to appropriate money to the program, leading to a court challenge in *Bates v. Director of the Office of Campaign and Political Finance*, (763 N.E. 2d 6 [Mass 2002]). In a highly unorthodox decision, the Commonwealth Supreme Court required lawmakers to hold a state auction to raise funds for the program. The auction was unsuccessful and raised only \$176,000, prompting the General Court to eliminate the legislative public finance program. Public financing for statewide races remained, however, keeping the law that existed before the initiative intact.

Not all state legislatures took similarly dramatic steps in opposing their public finance programs. In many states, public finance programs are simply underfunded by their state legislature. Indeed, legislative public finance programs have been regularly utilized only in Arizona, Connecticut, Maine, and Minnesota over the past decade. The Nebraska program was ruled unconstitutional by the state court. The Hawaii public financing program has been largely unused due to the low subsidies it provides. Finally, in 2010, the Wisconsin state legislature pulled all funds from the campaign finance program to pay for the state voter ID law.

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<sup>12</sup> Maine's clean election law was passed by ballot initiative in 1996 and was recently strengthened through the same process in a 2015 election.

In the past three decades, federal court precedence on federal campaign finance regulations soon caught up to the states, marking a noticeable shift in the discretion states had enjoyed in setting campaign finance regulations. Even though the *Buckley* decision was decades old, its impact on state campaign finance law has only been fully felt by the states recently. As late as 1990, the Supreme Court was open to upholding state regulations on independent expenditures by corporations. The most noteworthy case to come before the Supreme Court testing state independent expenditure requirements was *Austin v. Michigan Chamber of Commerce*, (494 U.S. 652 [1990]). The Michigan campaign finance regulations barred corporations and unions from making independent campaign expenditures through their treasuries. The Supreme Court found that restrictions on corporations from making donations from their treasuries could place a burden on their speech. On the other hand, states had a compelling interest in removing potential corruption from elections that might stem from independent expenditures made directly from union and corporation treasuries. Since the Michigan program also allowed unions and corporations to make expenditures from separate accounts, the Court found that this burden was not significant enough to violate First Amendment rights.

State governments have attempted to tie campaign expenditure limits to campaign contribution limits in hopes of circumventing *Buckley*. One such notable instance of this surrounded New Hampshire's campaign contributions from the 1990s. In 1998 a New Hampshire state representative filed a challenge to the state campaign contribution limits in federal court claiming that they were a violation of the First Amendment in *Kennedy, et al. v. Gardner, et al.* (CV-98-608-M [1998]) and inconsistent with the *Buckley* decision. The New Hampshire statute was somewhat atypical of state contribution limits at the time. The individual campaign contribution limits in New Hampshire were tied to a voluntary expenditure limit. Candidates who agreed to the expenditure limits could raise more funds. The US district court struck down the New Hampshire campaign contribution limits, but the case was never appealed. This limited the decision's impact to New Hampshire alone. New Hampshire enacted new campaign regulations that included limits and have yet to be challenged in federal court

The first major challenge to state campaign contribution limits under the "closely drawn standard" was *Nixon v. Shrink Missouri Government PAC*, (528 U.S. 377 [2000]). Under the "closely drawn standard," states must show that their campaign contribution limits are not unduly burdensome on First Amendment rights. In 1998, Missouri increased campaign contribution limits

slightly to \$1,075. The petitioner in the challenge was Zev David, a candidate for the 1998 Republican nomination for Missouri state auditor. Zev David argued that the campaign contributions were too low to successfully mount a serious campaign, especially considering that the \$1000 contribution limit set under *Buckley* had not adequately taken into account inflationary pressures.

The Supreme Court decision was a large victory for proponents of state campaign contribution limits. The Supreme Court ruled that *Buckley* applied to the states, ensuring that campaign contributions set by legislatures had a constitutional basis. Further, there was no requirement that the states had to index their campaign contributions with inflation, nor did they have to follow the exact limits set in *Buckley*. Thus, *Nixon* solidified the protection of campaign contribution limits set down by *Buckley*. Ironically, even though the Missouri campaign finance limits were upheld in the Supreme Court, they were removed by the state legislature eight years later in 2008. Campaign contribution limits were reinstated by Missouri voters in 2016 through a ballot initiative (Erikson 2017).

*Buckley* did not give states the ability to set campaign contribution limits at any level. In 2006, Vermont's campaign contributions were struck down by the Supreme Court in *Randall v. Sorrell* (548 U.S. 230 [2006])<sup>13</sup>. At the time, Vermont's campaign contribution limits were the most restrictive in the United States. The limits were set at \$200 per State House candidate, \$300 per state Senate candidate, and \$400 for statewide candidates per two-year election cycle (Kulesza, Miller, and Witko 2017). The plaintiffs believed that although *Buckley* agreed that states had a "compelling interest" to remove corruption from state legislative elections, the Vermont campaign contributions were too low to mount a credible campaign.

The Supreme Court ruled in *Randall* that the contribution limits were too low for individuals to express their First and Fourteenth Amendment rights. Writing for the plurality, Justice Breyer wrote that the exceptionally low campaign contributions could potentially "reduce democratic accountability" by barring candidates from communicating their positions with voters. Further, the limits also could create a disincentive for individuals to join a political party. Although federal district courts had earlier declared campaign contribution limits unconstitutional, this was the first time that the Supreme Court had done so. This case did not represent a significant danger

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<sup>13</sup> Referred to as *Randall* throughout the rest of this dissertation.

for state campaign contribution limits, however, since the Vermont statute was far outside the mean limit.

Supreme Court decisions through the 1990s and 2000s were still relatively supportive of state campaign finance regulation. Arguably, no Supreme Court decision marked as dramatic a change in the trajectory of the future of state campaign finance regulation than *Citizens United*. The conservative group Citizens United wished to air and advertise a negative film about Hillary Clinton titled *Hillary: The Movie* within 30 days of the 2008 Democratic primary. Showing the movie was in direct violation of the McCain-Feingold Bipartisan Campaign Reform Act of 2002, which banned any electioneering communications that were aired 30 days before a primary and 60 days before a general election.

In a 5-4 decision, the Supreme Court unraveled decades of precedent regarding independent expenditures made directly from treasuries. Federal limits on independent expenditures from unions and corporations were declared unconstitutional. The decision partially overruled *Austin v. Michigan Chamber of Commerce* (494 U.S. 652 [1990]) that upheld the ban on corporations from using treasury funds from political activity. The ruling also completely overturned *McConnell v. Federal Election Commission*, (540 U.S. 93 [2003]) that allowed the federal government to regulate “electioneering communications.”

The Supreme Court once again provided strong support for disclosure requirements in *Citizens United*, continuing the trend of favorable decisions that originated with *Burroughs*. Writing the opinion of the Court, Justice Kennedy stated that “disclosure is a less restrictive alternative to more comprehensive regulations of speech” (*Citizens United v. Federal Election Commission*, 558 U.S. 310 916 [2010]). The Court also noted that disclosure requirements could provide exceptionally vital information to voters, serving as a tool that could be used to increase democratic accountability.

Unsurprisingly, the *Citizens United* decision had direct implications for state independent expenditure bans, most notably Montana’s. In 1912, Montana voters passed a ban on corporate independent expenditures to limit the influence of mining companies over state politics (Wiltse 2012). The 1912 law was struck down a century later by the US Supreme Court in *American Tradition Partnership, Inc. v. Bullock*, (567 U.S. 516 [2012]). The short opinion, issued without oral arguments, simply stated that the *Citizens United* decision applied to state campaign finance statutes as well.

The *Citizens United* decision did not overturn any state campaign contribution limits, public finance programs, or disclosure requirements. The *Citizens United* decision set an important precedent that was used in challenges against state disclosure, campaign contribution limits, and public finance programs. Public financing was the first major target at the Supreme Court of the new precedent set under *Citizens United*. The first direct challenge to state public finance laws at the Supreme Court surrounded Arizona's trigger provision. The law was passed by Arizona voters in 1998 by a slim majority of 51.2% and represented the most comprehensive state public financing program in the nation. The initiative established a two-stage mechanism to provide funds to candidates. Candidates who accepted Arizona public financing are provided with an initial subsidy. The Arizona public finance program further provided matching funds through the trigger provision to candidates based on their competitors' fundraising levels. The amount matched could equal up to three times the initial subsidy. In 2011, the United States Supreme Court ruled in *Arizona Free Enterprise Club's Freedom Club PAC v. Bennett*, (564 U.S. 721 [2011]) that the Arizona trigger provision violated the First Amendment. Fundamentally, each dollar of support given to a candidate would automatically equate to funds being donated to the opposing candidate. A campaign contribution would indirectly signify support for both candidates. It was further argued that providing matching campaign contributions would create disincentives for contributors to donate to their preferred candidate.

The *Arizona Free Enterprise Club's Freedom Club PAC v. Bennett* case was not strongly challenged by state legislators. In response to the ruling, the Arizona state legislature simply removed two-thirds of their appropriations to the Clean Elections Program, leaving only the initial grant in place. Candidates in Arizona can no longer receive public funds beyond the initial disbursement. Maine quickly removed their matching funds provision early in the 2012 legislative session. The impact of the *Arizona Free Enterprise Club's Freedom Club PAC v. Bennett* decision was also felt in American states courts. In 2012, the Nebraska state Supreme Court struck down the public finance program along with campaign contribution limits. The Supreme Court argued that the two were inherently linked in the law, therefore severing unconstitutional provisions from the rest of the statute was impossible. Since the statute was struck down, the Nebraska state legislature has been largely disinterested in reinstating contribution limits.

The remaining states have decided to enforce programs without trigger provisions. Three states maintain highly successful public finance programs for their legislative candidates. Since

2008, the Connecticut public finance program has provided over \$16,000,000 to State House/Assembly candidates and has been the primary source of funds for most races (National Institute on Money in State Politics). The Main Clean Election law still enjoys exceptional support from the state legislature, even though the trigger provision had to be removed because of the *Arizona Free Enterprise Freedom Club PAC v. Bennett* decision. The Minnesota public finance system traditionally has an over 85% utilization rate by state legislative candidates. The Hawaii program still provides funds to candidates, but it is only a partial program that is not well supported by the state legislature. Indeed, serious efforts were made to provide full funding to legislative candidates in 2013 and 2014. The bill was ended in conference committee after the two chambers could not reach an agreement on a compromise in 2015.

Even in the aftermath of the *Arizona Free Enterprise* decision, states and local governments continue to experiment with targeted financing programs, particularly with state supreme court races. Following North Carolina implementing a public finance program in 2002 for judicial races, West Virginia, Wisconsin, and New Mexico have each attempted their own systems (National Center for State Courts). Similar programs were also under consideration in Kentucky, Ohio, Maryland, and Washington (Hazelton et al. 2015). Both Wisconsin and North Carolina have since defunded their judicial public finance programs, but polling in 2013 from the North Carolina Voters for Clean Elections shows staunch public support to implement new subsidies in the future. Cities such as Los Angeles and New York have experimented with their own forms of public financing to circumvent federal court decisions (Kulesza, Miller, Witko 2017).

Challenges to campaign contribution limits recently gained more traction in federal courts. Both the *Buckley* and *Citizens United* decisions were instrumental in a case surrounding total federal campaign contribution limits in 2014. The case surrounded Shaun McCutcheon, who was a regular donor to the Republican Party. McCutcheon hoped to provide campaign contributions to twelve candidates after having already provided sixteen with \$33,088. McCutcheon was then approached by Dan Backer (Fritzell 2014). In *McCutcheon v. Federal Election Commission* (572 U.S. \_\_\_ [2014]), the United States Supreme Court struck down total limits on contributions to candidates and political committees. Chief Justice Roberts, writing for the majority, stated “We have made clear that Congress may not regulate contributions simply to reduce the amount of

money in politics, or to restrict the political participation of some in order to enhance the relative influence of others.”

Combined, the *McCutcheon v. Federal Election Commission* (572 U.S. \_\_\_\_ [2014]) and *Citizens United* cases put campaign contribution limits in an exceptionally precarious position. In recent years, Montana’s (arguably the state with the most campaign finance law legal challenges) campaign contribution limit has been regularly struck down in federal district court but were recently reinstated by the Ninth Circuit. The Montana campaign contribution limit statute was in part enacted through ballot initiative I-118 in 1994. The proposal passed with over 60% of the vote. In *Doug Lair v. Steve Bullock* (12-35809 9th Cir. [2012]), a group of conservative donors and the state Republican Party filed a lawsuit claiming that campaign contribution limits made it virtually impossible for incumbents to be removed from office. United States District Judge Charles Lovell ruled that the limits were unconstitutional, arguing that they prevented candidates “from amassing the resources necessary for effective campaign advocacy.” The attorney general of Montana quickly requested a stay from the Ninth Circuit which was granted one week later. In the meantime, candidates could gather unlimited campaign contributions from donors.

Eventually, the case was sent back down to the district court after the Ninth Circuit refused to rehear the case, effectively ensuring the demise of the campaign contribution limit statute. The campaign contribution limits were struck down again by the same federal district judge in 2016 after the Ninth Circuit Court demanded that the case be reconsidered with a stricter constitutional standard for campaign contribution limits. Judge Charles Lovell, however, stated in his decision that the Montana state legislature could implement campaign contribution limits again in 2017 that were not as restrictive, shaping the ruling in a way that largely tapped into the “closely drawn standard.”

Disclosure has not been immune to challenges in federal courts in recent years either, even though they have been upheld on multiple occasions by the United States Supreme Court. Indeed, Justice Sandra Day O’Connor once referred to disclosure as the “cornerstone’ to effective campaign finance reform” (Kang 2013, 1). As discussed, throughout the past two decades, little change has been made to disclosure requirements, primarily because most states already had relatively comprehensive regulations in place (Kulesza, Witko, and Waltenburg 2016). Recently, disclosure requirements lost some of its favored status with courts. Since the mid-2000s, federal court challenges against disclosure requirements have increased significantly, primarily

spearheaded by the Institute for Justice and the Center for Competitive Justice. The focus of the major challenges to campaign finance disclosure have traditionally centered around the definition of “campaign committee.” Specifically, what group of individuals must disclose their funding and contributions when conducting political activity.

Arguably, the two most hostile decisions against disclosure law were *Minnesota Citizens Concerned for Life, Inc. v. Swanson*, (692 F.3d 864 8th Cir. [2012]), and *Iowa Right to Life Committee v. Tooker* (717 F.3d 576 8<sup>th</sup> Cir. [2013]). Both cases were decided by the Eighth Circuit, which found that Iowa and Minnesota disclosure laws on independent expenditures violated the “exacting scrutiny” standard in *Citizens United*. The impact of these decisions, however, is probably limited. Soon after *Citizens United*, the Supreme Court upheld federal disclosure requirements without comment in *Independence Institute v. FEC* (No. 14–5249 [2016]). This case was tied to *Independence Institute v. Williams* (No. 14-1463 [2016]), where the Tenth Circuit upheld Colorado’s disclosure law on the same “exacting scrutiny” standard. These decisions may signify that disclosure law is on solid ground with the federal courts (Kulesza and Fisher 2018).

### **3.5 Conclusion**

This chapter made two arguments. First, I argued that modern campaign finance laws are not intended to be ineffective. By design, early state campaign finance statutes were loophole-ridden and unenforceable. The first meaningful state campaign finance reform was spearheaded in California, only to be struck down by the state supreme court. State reform was put on hold until Congress pushed for public financing at the federal level in the 1970s. States also banned cash donations, putting new weight into disclosure regulations.

Second, I asserted that state campaign finance regulations were designed to regulate specific types of donors, frequently for partisan political gain. Modern state efforts to rein in campaign contributions began with a desire to limit the influence of unions and corporations in the late 1800s. Campaign contribution limits demonstrate the most apparent bias towards certain donors among campaign finance regulations. Campaign contribution limit regulations target specific donors, including political parties, individuals, corporations, unions, families, and candidate committees. Like early campaign finance regulations, only unions and corporations are banned from providing direct donations in states. Political parties, individuals, and PACs are not subjected to bans. As noted, public financing of campaigns gained momentum in the 1970s after



the Democratic Party sought to reduce the influence of Republican donors at the federal level. Modern state public financing programs quickly followed as a response to the Watergate scandal. Disclosure law was initially designed to shine a light on corporate campaign contributions at the end of the 1890s.

Current trends are not favorable to state campaign finance reform efforts. For the past two decades, campaign finance laws have been undermined by courts, the state legislatures, and governors. Courts have become increasingly skeptical of all campaign finance regulations, including long-standing statutes that date back to the early 1900s. This includes disclosure requirements that had been largely supported by nearly a century of court precedent. Following the *Citizens United* decision, both direct state campaign contribution limits and public finance programs have been ruled unconstitutional by federal and state courts. Further, public financing has been exceptionally underfunded by legislatures, leaving them as mere skeletons in states that had long established and successful programs. These shifts in campaign finance regulations, however, are expected to have a wide-ranging impact on state legislative races. In the next chapter, I will put forward hypotheses that will seek to understand how effective these regulations have been at achieving their intended goals at removing money in elections.

## CHAPTER 4. DESCRIPTIVE ANALYSIS

### 4.1 Overview of Descriptive Analysis

Before settling on a model specification for my hypothesis tests, it is helpful to understand the distribution of campaign contributions among state legislators. Previous work has not investigated campaign finance law on the scale of this study. Indeed, these data were only recently made accessible by the National Institute on Money in State Politics for statistical analysis. This led many researchers to use datasets that were exceptionally limited in the number of election cycles and candidates. These new data provide an opportune moment to understand campaign contributions to state legislators. The enormous size of the dataset, however, could present many challenges that must be addressed before conducting a proper analysis. Thus, it is vital to understand how these campaign donations are distributed to legislators to establish a strong degree of confidence in my results.

I do not present or test any hypotheses in this chapter. Rather, the descriptive analyses reported below are only informative about the nature of the data. This will assist me in building a properly fitting model in the next chapter. Many of the trends demonstrated below will justify what control variables should be included in the full model; how the control, primary independent, and the dependent variables will be measured; and how the model should be specified to consider state and individual factors. I also hope to demonstrate some distinct differences in campaign contribution patterns between ideological and business interest groups. Further, the descriptive analysis will help identify outliers that warrant further discussion and analyses.

As I will discuss in greater detail in Chapter 7, the categories that campaign contributions are sorted into is dependent upon the strength of state disclosure laws. If state disclosure laws are weak, then it is more likely that the National Institute on Money in State Politics categories does not properly reflect the source of each contribution. For the sake of this chapter, I assume that each category sufficiently captures the source of campaign contributions to make meaningful comparisons among candidates.

This chapter is broken into four sections. First, I present a broad overview of contribution patterns. Second, I describe where these campaign contributions originate. Third, I examine the contributions provided to individual candidates running for the legislature. Here I detail how

campaign contributions to state legislators either conform to or deviate from popular convention or scholarly work on campaign contributions. Finally, I provide a brief overview of the findings in this chapter.

## **4.2 Overall Trends in Campaign Contributions**

Campaign contribution totals reported by the National Institute on Money in State Politics are constant from year to year. For example, if the Institute reported in 2012 that Candidate A raised \$1,000 for the 2010 election, the total reported today is still the same. Category totals, however, change slightly with time. The placement of each contribution into its respective category is periodically updated by the National Institute of Money in State Politics to reflect each donor's current industry status with the federal and state government. These updates shift campaign contribution totals for each category over time. The data presented here were provided by the Institute in January 2015; thus, the category-specific campaign contribution totals may be different than those currently posted. All campaign contribution data are reported in dollars adjusted for inflation in 2010 prices. I begin the analysis by investigating total campaign contributions at the state level. Although these totals are not included as a dependent variable in the analysis in Chapters 6-8, this still helps understand which states are most targeted by interest groups and donors. Donors will be affected differently by campaign finance regulations based on the states they reside in. For example, the unions will be disproportionately affected by campaign finance laws in states with a large union workforce. Similarly, the general business donations are likely to be affected by bans on direct corporate contributions. Indeed, many of these laws were designed to target specific industries to give one party an electoral advantage over the other (La Raja 2008).

State legislative campaigns have attracted significant attention from donors over the past eighteen years. Donors provided a total of \$8,301,628,928 to State House/Assembly and Senate campaigns from 1999-2014, including funds provided by public subsidies, candidate self-financing, and non-contributions that included interest on bank accounts. The total number of individual campaign contributions was 15,949,140, leaving an average of \$520.51 for each donation made to state legislative campaigns.

Unlike federal campaigns, legislative races have not necessarily become more lucrative over time. At first glance, I do not see a notable difference in total campaign contributions between midterm and presidential election years. The total amount of campaign contributions made to state

legislative races has followed a concave pattern since 1999. In 2010 constant dollars, the total amount of campaign contributions during the 2000 election cycle was \$819,122,304. The 2006 midterm election brought in the most for state legislative campaigns, however, with donors providing \$1,044,584,384 (Figure 4.1). Eventually, total campaign contributions fell to \$933,434,176 for general elections legislative candidates in 2014. The 2006 midterm was a particularly strong for state legislative Democrats riding on the unpopularity of President George W. Bush. While the total costs have increased, the number of donations provided to state legislators has also risen. Interestingly, the 2010 election, which produced a similar swing to the Republicans, did not attract as many campaign contributions. The total number of individual donors to state legislative races followed the same pattern. Donors made approximately 1.51 million contributors in 2000. This number peaked to nearly 2.1 million in 2010 and declined to 1.9 million in 2014.

### **4.3 Sources of Campaign Contributions**

Conventional wisdom holds that businesses overwhelmingly pour funds into elections to influence policy decisions. While most funds provided to legislative campaigns originated from business groups, no individual economic industry was among the top three donor groups. The most campaign contributions provided to candidates originated from funding sources that could not be determined by the National Institute on Money in State Politics -- designated as the uncoded category. These uncoded funds represent donations that are undeclared, originated from private and unaffiliated individuals, or simply could not be traced to a precise source. This category represented a relatively massive 18.04% of all campaign contributions. Unsurprisingly, political parties were the second highest contributor to state legislative campaigns.

The defense industry provided the least campaign contributions to state legislative candidates, accounting for a meager 0.00047% of all donations. This would be expected, however, considering that most defense policymaking occurs at the federal level. Public finance programs provided the second lowest amount of contributions to candidates, totaling only 1.3% of all funds given to candidates. This is an exceptionally telling finding. This small amount underscores how underfinanced and rare comprehensive state legislative public finance programs are in the American states. The transportation industry provided the third lowest campaign contributions to state legislators. As will be discussed in more detail later, however, the transportation industry is particularly strong in the Midwest.

Like the overall trend, campaign contributions for most categories peaked in the 2006 election. Agriculture, Construction, Finance and Insurance, General Business, Lawyers and Lobbyists, Candidate Contributions, and Public Subsidy contributions peaked during the 2006 and 2008 elections, only to once again decline by 2014. Communications, Energy, and Labor campaign contributions steadily increased from 2000 to 2014. Contributions from Transportation and Government were largely stable over this time. Only campaign contributions from Political Parties have consistently declined. There are a couple of reasons as to why Political Party donations may have decreased. The most obvious explanation is the decline of political party strength. A second explanation is that relaxing campaign contribution limits, and the wider use of independent expenditures, make it no longer necessary for contributors to rely on political parties as a channel to provide funds to candidates.

I show the highest contributing industry as a percent of all donors in Figures 4.2 and 4.3 by legislative chamber.<sup>14</sup> Unsurprisingly, interest groups and donors do not have the same strength across all states. Indeed, looking at the industries that provide the most campaign contributions to legislative candidates, certain regional patterns emerge. The southern state legislatures enjoyed exceptionally large support from the health industry. In the Midwest, the Mid-Atlantic, and on the Pacific Coast, labor unions still provide very substantial resources to the House campaigns, even though there has been a relatively steady decline in union membership as a percent of the overall population. Still, the percentage of union membership is highest in these three regions. The energy sector is especially strong in the plains states. This meets expectations with the recent increase in gas, oil, and wind development in the plains states.

The Financial Sector tends to provide campaign contributions to State Senates more so than the State Houses and Assemblies, particularly throughout the Midwest and the Atlantic Coast. In the Midwest, the Financial Sector changes places with the Unions as the largest contributors to the Senates. This support from the Financial Sector may be due to partisan control in these chambers, however. In the Midwest, the Republicans have had more success in maintaining majorities in the upper chamber, particularly in Michigan and Indiana. On the other hand, the State Houses in the Midwest have been more likely to change hands, potentially leading the Unions to target these seats to help Democrats win a majority.

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<sup>14</sup> These percentages exclude uncoded, public financing, and unitemized contributions.

Of course, this dissertation is primarily concerned with differences in donations between business and ideological groups. Some of the public subsidy data warrant additional attention to inform my model specification in my next chapter. Only eight states provided public funding to state legislative candidates from 1999 to 2014. Among these, only the Connecticut, Arizona, Maine, Minnesota, and New Jersey programs provided funds that were close to the median total raised by all candidates. The data suggest that the programs are strong enough, however, to perform an analysis on public financing. The relatively healthy public finance programs in Arizona and Maine were severely hindered by *Arizona Free Enterprise*. Indeed, the impact of the decision of *Arizona Free Enterprise* is exceptionally clear when looking at public subsidies provided to candidates in Arizona. At the height of the program in 2008, publicly financed candidates in Arizona received a total of approximately \$5.7 million. Once the trigger provision was declared unconstitutional by the Supreme Court, the public finance program became less relied upon by candidates due to the drastic cut in the benefits provided by the subsidies. In 2014, the Arizona public finance program only provided approximately \$1.8 million. A very similar pattern exists in Maine, which also used a trigger provision in their public finance law. The program peaked in 2006, providing state legislative candidates with approximately \$5 million. The program was relatively stable, however, in the 2008 and 2010 elections. Support to candidates plummeted to \$1.8 million once the trigger provision was removed by the legislature. The New Jersey pilot program will create some operationalization challenges, which I will discuss in further detail in the next chapter.

#### **4.4 Overall State Variation in Campaign Contributions**

My study is primarily concerned with the source of campaign contributions to individual candidates, not aggregate statewide totals. Before looking at individual candidates, however, it is helpful to see how statewide variables influence campaign contributions. A strong relationship between statewide factors and campaign contributions signifies that I must cluster errors around each state. First, I begin by investigating the three most apparent determinants of the statewide campaign contribution totals; statewide party competition, professionalism (Hogan 2000), and state population size. My models in this section are simple bivariate Ordinary Least Squares regressions. All state level data are collapsed into a single datapoint that is not sensitive to time. My unit of analysis for these models is the state legislative chamber. Each of my state-level results

is separated by State Houses and Senates. I regress the three independent variables with log total statewide campaign contributions (not including public subsidies) as the dependent variable. Individual campaign contribution totals and averages will be analyzed in the next section.

My results indicate that campaign contributions gravitate to chambers with strong professionalism scores and high state populations, providing further support that I must cluster the errors around states in the next three chapters (Figures 4.4 and 4.5). The R-squared between the total amount of campaign contributions (public financing excluded) provided to all candidates in the chamber, and the professionalism score is .48 and .57 for Houses/Assemblies and Senates respectively. Each of these relationships is significant. At both extremes of legislative professionalism, candidates running for the North Dakota legislature raised a total of only \$4,989,872. This is compared to the exceptionally high total of \$1,042,269,824 raised by Californian candidates.

A few chambers were notable outliers in the professionalism bivariate regressions. First, I will discuss the State Senates. The Texas State Senate had the largest residual of  $1.44e+08$ . Thus, the Texas State Senate drew in far more campaign contributions than the professionalism model may suggest. The Illinois State Senate closely followed with a residual of  $1.34e+08$ . In third is Missouri with a much smaller residual of  $7.65e+07$ . As will be expanded upon later, the Texas State Senate has only thirty-one seats, with each Senator representing 806,000 citizens. These Senate districts are larger than federal House of Representatives districts, inevitably pushing the cost of each race higher than may be expected.

On the other end, the Wisconsin State Senate had a residual of  $-7.57e+07$ . At face value, this is a somewhat surprising finding. The Wisconsin State Senate is a swing chamber, with majorities changing in 1998, 2002, 2006, and again in 2010. This initial finding indicates that party competition may not be a strong predictor of campaign contributions. Arkansas and Michigan followed Wisconsin with residuals of  $-7.48e+07$  and  $-7.44e+07$  respectively. Arkansas and Michigan impose term limits on their candidates which may lead to lower total campaign contributions. Candidates in term-limited states are not seen as good of an investment as their non-term limited colleagues (Mooney 2009). Until Arkansas changed its term limits in 2014, the state had the most restrictive legislative term limits in the nation along with Michigan. Representatives were limited to three two-year terms and Senators to two four-year terms.

State Houses/Assemblies followed the same pattern as the State Senates. The Texas House of Representatives had the largest residual of \$127,282.6. The New York Assembly raised the lowest total relative to its professionalism level with a residual of -\$93,466.24. This is logical, considering that the New York State Assembly is firmly in control of the Democratic Party. New York was followed by Michigan and Wisconsin with residuals of -\$68,632.82 and -\$56,202.19 respectively. The Wisconsin State Assembly was far less competitive than the Senate, flipping its majority only twice since 1994 with an advantage towards Republicans. As noted, Michigan has the most restrictive legislative term limits in the United States, potentially discouraging donors from contributing.

The bivariate regressions support my inclination that competition is not a strong predictor of campaign contributions. My regressions showed that statewide competition has no significant effect on total campaign contributions. Indeed, the R squared for House and Senates was a meager .01 and .02 respectively. This finding helps confirm that even competitive chambers may not attract campaign contributions. I cannot yet say, however, why this might be the case. My models in Chapters 6-8 may shed more light on this finding when I include the folded Ranney index into a multivariate model and investigate donations at the individual level.

Interestingly, I also find that professionalism is not the most predictive statewide variable of total campaign contributions. State population totals are more strongly correlated to statewide total campaign contributions than legislative professionalism. The R squared between population, and total campaign contributions were .74 and .79 for State Houses and Senates respectively. State populations are also significantly related to professionalism scores with an R squared of .65. Logically, larger populations states have more contributors, leading to higher statewide totals. State populations should not be included in my Tobit models. The average state population from 1999-2014 is 4,328,014. Scaling issues will inevitably affect the fit of my models. The professionalism score ranges from -1.8 to 8.54, making it a far more suitable variable for my analyses.

Considering the strong relationship between state attributes and contribution totals shown in this section, it is prudent to cluster the standard errors around each state. Of course, there is variation in campaign contributions that requires far greater attention than was provided in this section. None of these discussions have addressed the central state level variable of this dissertation, campaign contribution laws. (The index is negatively and significantly correlated with



total campaign contributions in the state if regressed with legislative professionalism.) Further, state factors alone will not fully predict campaign contributions. Candidate-specific factors will influence campaign contributions. The next section will discuss campaign contribution patterns at the individual level.

#### **4.5 Trends in Campaign Contribution Donations to Individual Candidates**

The sheer number of legislative seats across the United States produced an exceptionally robust dataset for understanding campaign contributions and law. Between 1999 and 2014, there were 112,921 candidacies for the legislature in regular general elections across all fifty states. Of these candidates, 89,746 ran for State House/Assembly, constituting approximately 79.5% of the sample. This proportion is somewhat more than the overall number of House seats available relative to Senate seats at 73.2%. By far, the state with the most candidates was New Hampshire totaling 6,447. Most of the candidates in the dataset were able to stand in the primary or general election. Only twenty-nine candidates passed away before the election. Seventy-two candidates were disqualified, and another 1,393 candidates withdrew from the election (some merely to run, however, in another district or chamber).

The average total amount of campaign contributions made to all state legislative campaigns from 1999-2014 was a respectable \$72,557.23. The median, however, was significantly lower at \$16,255, driven down by candidates who failed to raise funds. Omitting these candidates, the median and average contribution levels rise to \$24,649.01 and \$84,935.59 respectively. A surprising number of candidates failed to raise any contributions for their campaigns or went into debt. Across all states, 16,086 campaigns raised \$0, had to rely on loans, or provided more campaign contributions than they brought in, resulting in a negative amount of total campaign contributions. These candidates represent approximately 14.24% of the sample. A very large portion of these candidates came from New Hampshire. Indeed, 4,366 of the 6,447 candidates running for the state legislature in New Hampshire did not raise campaign contributions at all or had to rely on loans for their campaigns. There does not appear to be any regional or professionalization trends in where candidates failed to raise funds. Michigan followed New Hampshire where 1,075 of the 4,129 candidates for the state legislature raised \$0 or less for their campaigns. On the opposite end, only twenty-one candidates failed to raise any campaign funds out of a total of 1,431 in New Mexico.

The distribution of the dataset presents some challenges for the full analysis. Even with the considerable number of candidates with negative and zero contribution totals, it is likely that the highly positive observations will be more influential over the results. To help overcome this, I logged campaign contribution for my hypothesis tests to ensure that the results are not unduly affected by outliers. Logging campaign contributions substantially improves the distribution of my data for my hypothesis testing. The median logged value of total campaign contributions (not including public subsidies) is 10.11. The mean is a relatively close 9.9 with a standard deviation of 1.94. The threshold at the 99<sup>th</sup> percentile is 13.73. The 1<sup>st</sup> percentile is 4.61.

As can be seen in Figure 4.6, the average amount of campaign contributions provided to individual candidates varies widely among the states. Unsurprisingly, these values largely follow the statewide trends in legislative professionalism and population size, providing further evidence that clustering around each state is warranted.

I will also account for chamber differences. As expected, State Senate campaigns received far more funds on average than State House/Assembly campaigns. Most obviously, State Senates are smaller than the House of Representatives/Assemblies, causing their seats to be worth relatively more to donors than members of the House of Representatives/Assemblies. The mean total donations to State Senate campaigns equaled \$138,932.1. House races averaged less than half that amount at \$56,625.13. The largest difference between the average campaign contributions between House and Senate candidates was in New Hampshire. The average candidate for the New Hampshire House of Representatives raised only \$527.08, whereas State Senate candidates raised \$43,037.34. New Hampshire holds the title as having a bicameral legislature with the greatest difference in the number of seats between the upper and lower houses – 24 senators versus 400 representatives – providing much of the reason for this large discrepancy. The difference between chambers is hardly surprising. The cost of running is also dependent upon the sheer size of the constituencies a member represents. Chambers vary in size and number of constituents per seat. States such as Minnesota and New York have relatively large Senates and Assemblies/Houses in raw numbers. Both chambers, particularly the New York State Senate, attract higher levels of campaign contributions.

Of course, there is far more that determines how much money is donated to state legislators than state populations, district sizes, and chamber memberships. Individual attributes of candidates also need to be investigated. Leadership is among those attributes that will likely attract campaign

contributions (Monardi and Glantz 1998). Members elect leadership to manage the day-to-day affairs of the chamber and serve as fundraisers for their caucus. They also serve as spokespeople for the caucus.

Unsurprisingly, my data show that chamber leaders far outpace other members in raising campaign funds. House/Assembly Speakers raised an average of \$467,064.9, while Senate Leaders raised an average of \$537,133.9. This difference between the groups, however, is insignificant with a t-score -0.81. Interestingly, three state Speakers and one Senate Leader raised zero dollars. Perhaps most expectedly, the three Speakers that raised zero campaign contributions all came from New Hampshire. The one State Senate Leader is from New York<sup>15</sup>.

Member seniority should play a role in the source of campaign contributions. Senior members generally have more influence over a legislative chamber (Meyer 1980). These individuals are familiar with the legislative process, have built personal relationships with their colleagues, and are well known by other government actors and interest groups. Senior members should be targeted by business interest groups. There is a slight difference in how many terms are served by State House/Assembly and Senate members. On average, House members serve for 3.82 two-year terms.<sup>16</sup> State Senators are elected to an average of 3.08 four-year terms.<sup>17</sup> The median number of terms served by these House/Assembly and Senate members are three and two terms respectively. This points to the fact that State House/Assembly do not typically have the same attachment to their positions as members of Congress. As of 2017, members of the US House of Representatives serve for an average of 9.4 years. On the other hand, State Senators are out-serving members of the United State Senate. Members of the US Senate serve for an average of 10.1 years.

The correlation between total campaign contributions and seniority is relatively low. The correlation between total campaign contributions and the number of terms served is only .156 and .131 for State Senates and Houses/Assemblies respectively. I will still need to account for seniority

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<sup>15</sup> Pedro Espada of New York is the sole Senate leader who did not raise funds going into his term in leadership. It bears noting that Espada did not rise to the Senate leadership in a typical way. In 2009, Pedro Espada was one of two Democratic members of the Senate who voted to remove the Democratic Senate President Malcolm Smith, temporarily placing the Republicans in the majority. The Democrats installed Pedro Espada as Majority Leader after he agreed to return to their caucus. The Republicans soon thereafter won an outright majority in 2010, while Pedro Espada was eventually indicted on six counts of embezzlement and theft and was sent to federal prison on December 14th of that year.

<sup>16</sup> House members in five states, including Mississippi, Alabama, Mississippi, Maryland, and North Dakota, serve for four-year terms.

<sup>17</sup> Senate members in twelve states, including Arizona, Connecticut, Georgia, Idaho, Maine, Massachusetts, New Hampshire, New York, North Carolina, Rhode Island, South Dakota, Vermont, serve two-year terms.

in my models. This correlation does not consider how ideological and business groups provide money over time. As discussed in Chapter 2, a central tenant of my theory suggests that ideological and business interest groups differ in their contribution patterns to incumbent legislators. If there is no compelling relationship between seniority and contributions, there is a serious flaw in my underlying assumptions on donor behavior.

To ensure consistency with my theoretical predictions, I report the trends in ideological and business interest group donations over members' tenure in Figures 4.7, 4.8, and 4.9. Consistent with findings at the federal level, ideological and business interest groups tended to provide campaign contributions to candidates differently over the course of a legislator's tenure. Campaign contributions from business interest groups tended to be more stable over time. Once a member was elected to the legislature, business interest groups tended to consistently provide donations, seemingly to maintain a long-term relationship as discussed by Welch (1980) and Snyder (1992).<sup>18</sup> This becomes difference more apparent, however, when unions are removed from the ideological group category. This finding will be given more attention in Chapters 6-8, as unions tend to be treated differently under campaign finance regulations.

#### ***4.5.1 Winners and Losers***

The conventional wisdom among the American public is that winners raise significantly more campaign contributions than their challengers. This conventional wisdom tended to be accurate when I compared contributions between winners and losers in state legislative elections. Indeed, general election winners raised significantly more campaign funds than losers. Considering the major differences in their campaign contributions, it would be wise to control for winners and losers while testing my hypothesis. From 1999 to 2014, 61,978 individual campaigns lost their election for the state legislature, while 50,943 were successful.<sup>19</sup> On average, all losing candidates, including those who lost in the primary and nominating conventions, raised \$38,293.49. Winners raised significantly more at \$116,370.7. This difference is significant in an unequal variance t-test with a t-score of -60.23. Nationally, the median total campaign

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<sup>18</sup> Interestingly, when term limits are introduced, campaign contributions from these business interest groups fall in the member's last term in office, demonstrating that business interest groups balance the diminishing prospects of future returns on their donations with the seniority the member holds in the chamber. Ideological groups in term-limited states fell as members approached their last term, but at a much faster rate than in non-term limited states. I will follow up with this in future studies.

<sup>19</sup> This number does not distinguish incumbents running across multiple elections.

contributions to winning state legislative campaigns were \$44,953.68 as opposed to \$6,160.23 for losers.

The difference between winning and losing candidates was stark for both State House/Assemblies and Senates. Winning candidates raised approximately three times more than their opponents, regardless of the chamber for which they were running. The 48,960 losing State House/Assembly campaigns raised an average of \$29,576.28, whereas the 40,786 winners raised an average of \$89,094.88. This difference is significant in an unequal variance t-test with a t-score of -54.25. Similarly, these numbers were highly skewed by outliers. The median total campaign contributions to winners and losers for State Houses/Assemblies were \$38,064.96 and \$5,355.645 respectively. The 10,157 successful State Senate campaigns raised an average of \$225,898.5 versus the average of \$71,078.47 raised by the 13,018 unsuccessful candidates. An unequal variance t-test also showed that these differences were significant with a t-score of -33.83. The median successful campaign for State Senate raised \$96,348.5.

Some of the differences between winning and losing candidates, however, can simply be explained away by candidates being eliminated in the primary or nominating convention. Thus, I will control for candidates who never advanced to the general election. Candidates who lose their primary or convention will cease to raise funds before the general election is held. Naturally, this will immediately result in a decrease in their potential to raise campaign funds. The effect is not as wide as might otherwise be predicted, however. Running for the state legislature only to lose the primary can still be relatively expensive. Losing State House/Assembly candidates who did not survive their primary raised on average \$23,229.39. The median donation was \$5,063.59, indicating that positive outliers skew the mean. On a similar note, State Senate candidates who lost their party's nomination raised an average of \$53,170.18 with a median of \$9,560.43. The comparison among general election winners and losers, however, still produces major differences in the mean total campaign contributions. General election losers for State House/Assembly raised an average of \$33,616.6 and a median of \$5,572.7. The median losing general election Senate candidate raised \$13,823.94 and an average of \$82,144.85.

My data reveals that both ideological and business interest groups provide more campaign contributions to winners. The difference was quite stark for both groups. As expected, the difference in campaign contributions is much larger for business interest groups. Business interest groups provide winners with an average of \$47,032.52 and a median of \$14,954.25. Business

groups provide losers with a median of only \$115 and an average of \$7,600.84. Ideological groups gave winners an average of \$31,007.72 and a median of \$5,270.4. Losers attracted an average of \$17,293.75 and a median of \$11,15.926 from ideological donors. The difference in the medians of winners and losers from their respective averages is because ideological groups primarily provide donations to challengers running for their first term.

#### ***4.5.2 Competition in the States***

A central tenant of campaign finance law stringency is its ability to level the playing field for legislative races. Conventional wisdom holds that campaign finance law can equalize the number of funds available to all candidates, allowing for more competitive elections. Previous analyses in this chapter showed that statewide measures of competition did not predict total donations to candidates. Before moving onto the analysis, getting a snapshot of competition at the individual level provides us a highly fascinating picture of state legislative campaigns. Interestingly, the average number of challengers running for each State House/Assembly seat has somewhat declined since 1999 (Figure 4.10). The average number of State Senate candidates, on the other hand, has been relatively stable (Figure 4.11). Neither trend can be explained by the amount of money raised by either chamber. As noted, 2006 attracted the highest amount of contributions for state legislative races.

House and Senate seats attracted similar numbers of candidates. Each State House/Assembly district averaged 2.4 candidates, while Senate races had slightly fewer challengers with an average of 2.311 candidates per district. The median number of candidates per house and Senate districts was two. A sizable portion of districts did not have a challenger. An astonishing 12,352 races from 1999-2014 were unchallenged out of the 46,757 legislative elections held (26%). New Jersey had only four unchallenged state legislative elections. Georgia had an astonishing 942 uncompetitive races. Unchallenged candidates raised respectable amounts of campaign contributions, however, indicating that donors saw immense opportunity in building relationships with these members. Unchallenged State Senate candidates raised an average of \$154,223.9 and \$63,066.91 for State Houses/Assemblies. Consistent with expectations, very few of these contributions were provided by ideological groups. Ideological groups do not need to provide uncontested candidates with funds since they are not trying to build a long-term relationship. Rather, most of these campaign contributions originated from business interest

groups. The average total donations to competitive seats were \$137,199.1 and \$55,817.97 for State Senates and Houses/Assemblies respectively.

Somewhat surprisingly, professionalized legislatures did not have more challengers running for each seat. Arguably, legislative professionalism should attract candidates. As noted, professionalized legislatures provide members with high salaries, staff sizes, and give members a more substantial media presence. The relationship between legislative professionalism and the number of candidates is not straightforward. Professionalism does not significantly predict the average number of challengers in each district. Almost all state legislatures, regardless of professionalism level, had an average of four or fewer challengers per district. Indeed, at both extremes are highly unprofessional legislatures. The North Dakota Senate race only had an average of 2.05 candidates. The Virginia House of Delegates had the lowest average number of candidates per district of 2.20. The New Hampshire House of Representatives had the most candidates per district. It should be noted, however, that the New Hampshire House of Reps utilizes multimember districts. Some New Hampshire House districts elect eleven state representatives, dramatically pushing up the number of candidates in each seat.

There was a significant difference in fundraising between winners and challengers within each district, warranting controls in the full analysis. The median standard deviation for the total campaign contributions within each race was \$27,692.7. Unsurprisingly, the chamber with the lowest standard deviation among candidates was the New Hampshire House of Representatives at a mere \$779.41. On the opposite end was the California State Senate, with \$766,455.2. The California State Assembly was also the lower chamber with the highest standard deviation at \$433,023.8. The North Dakota Senate had the lowest differences in total campaign donations among the members at \$4,514.01.

There was no notable movement in the average standard deviation in campaign contributions since 1999, suggesting that the fundraising gap among candidates is not changing. The difference between funded and underfunded candidates has been exceptionally consistent. This finding may have a few implications. First, it may suggest that competition for these seats is not increasing. Second, donors are not improving at identifying winning candidates. If interest groups want to maximize their influence for as little money as possible, they are likely to target candidates with the greatest likelihood of winning. This should create a higher spread between the campaign contributions donated to winning and losing candidates.

Member tenure tends to be weakly and negatively associated with the number of competitors in a district at the .05 level. The correlation, however, is only .11. This would suggest that long-serving members are successful at keeping challengers away but to a limited degree. Political parties painstakingly try to make sure they have candidates on the ballot. Although not always successful, these candidates give a choice to their voters in electoral strongholds that belong to the opposing party. These candidates often serve to boost each political party's statewide vote totals.

Although state party competition does not predict campaign contributions, majority party membership is a strong attractor of donations. Candidates running under the majority party raised \$89,137.02 whereas those in the minority party raised only \$56,705.65. This is a clear indication that donors are targeting campaigns that are likely going to deliver benefits.

#### ***4.5.3 Party Differences***

This study covers a time that witnessed major shifts in party control over the legislatures. Through multiple wave elections, both the Republican and Democratic Parties enjoyed near-record success in winning state legislative races. From 2006 to 2008, the Democratic Party gained over 300 state legislative seats, riding the same wave that provided them with a majority in Congress and the US Presidency. The Democratic Party went from holding seventeen state legislatures outright up to twenty-seven at the beginning of the 2009 sessions. They did not hold onto these seats for very long, however. From the 2009 to the 2014 elections, the Republican Party gained 816 seats, providing Republicans with their largest state legislative election swing since 1920-1922 (Hartgen and Shonerd 2016). The Republican Party made exceptionally large gains in the Western and Midwestern states. Most noteworthy, there was a shift away from the Democratic Party in the South, breaking the complete legislative control they enjoyed since the end of Reconstruction.

Democrats and Republicans had about an equal number of candidates running for the state legislature. From 1999 to 2014, a total of 52,399 Democrats and 52,206 Republicans ran for State House and Senate seats. Independents and third parties made up the remaining 7,631 candidates. Democrats outraised Republicans, being provided a total of \$4,160,164,864 compared to \$4,069,283,328 for Republicans. This \$91 million advantage in fundraising did not translate to more victories for the Democratic Party. Indeed, the difference between the numbers of



Democratic and Republican Party general election winners is exceptionally small. Republicans won slightly more state legislative campaigns relative to the Democratic Party. Republicans won a total of 25,355 races compared to 25,227 for Democrats. Nor did it mean that individual Democratic candidates raised significantly more funds than Republicans. The difference between the mean total amount of campaign contributions these candidates raised was insignificant under a t-test with  $p \geq 0.66$ . Republican winners raised an average of \$116,502.8 compared to \$117,013 for Democrats. Overall, the Democratic Party fielded more losing candidates than the Republicans. Republican candidates experienced 26,851 losses between general, primary, and convention elections. Democrats were slightly higher with 27,172 losing candidates. For both House/Assembly and Senate races, Losing Democratic candidates raised significantly more campaign contributions than Republicans. Overall unsuccessful Democrats raised \$44,138.69 compared to \$41,538.69 for Republicans. This difference was significant at the .05 level in an unequal variance t-test with a t-score of -2.35, suggesting that a party membership control will be necessary for the subsequent analyses.

Some fascinating differences emerge in contributions provided by political parties between the state legislative candidates. Republicans were given an average of \$77,946.66 for each election with the median total campaign contributions equaling \$20,682.4. Democrats slightly outraised Republicans by averaging \$79,393.97 in campaign contributions with a median of \$21,225.99. A significant portion of campaign contributions could not be traced back to a particular industry, potentially signaling weakness in disclosure laws. Uncoded campaign contributions accounted for an astounding 18.5% of the total donations made to Republicans and 17.46% made to Democratic candidates. Further testing in Chapter 7 will be necessary to see if these funds were due to any weakness in campaign finance law.

An initial survey of the data suggests that business groups prefer Republicans and ideological groups prefer Democrats. Business interest groups provided Democrats with an average of \$22,460.82 and Republicans \$32,053.82. The median of business interest donations to Democrats and Republicans was \$2,200 and \$4,191.25 respectively.

There does not seem to be a severe bias in donating, however, when looking at each industry as a percentage of all donations. As demonstrated by Table 4.1, Democrats and Republicans generally received campaign contributions from the same industries. Very few industries demonstrated exceptionally high partisan preferences in their campaign contributions.

Thus, I will not need to worry about losing observations when I isolate my analyses to contributions from specific donor groups. Among all industries, Labor was the most partisan in their contribution levels. Unsurprisingly, Labor Unions were exceptionally supportive to Democratic candidates relative to their Republican peers. Labor unions provided Democratic candidates with \$522,239,311.1 from 1999 to 2014. Labor Unions provided support to Republicans, however, but at a relatively meager \$96,361,792.13. For Democrats, this total constitutes 12.5% of all their donations, compared to only 2.36% for Republicans. Approximately \$16 million of labor union campaign contributions were provided to New York State Senate candidates alone, which is an interesting and telling finding. Unions provide contributions to New York Assembly Republicans, but they only rank fourth in total statewide donations. Breaking away from other trends, the strong campaign support from unions to New York Senate Republicans signifies that under certain conditions (like when a party has almost guaranteed control over the chamber), even ideologically backed groups are willing to put partisanship aside.

The financial services industry was the second most partisan industry. The financial and insurance sectors were particularly supportive of Republican candidates, providing them with roughly 10.5% of all campaign contributions. Still, the partisan divide in their campaign contributions is not nearly as high as Labor Unions. The financial sector was still somewhat supportive of Democrats, providing 7.37% of campaign contributions. This indicates that most industries are simply interested in building influence, regardless of political party membership of the member.

On the opposite end, single-issue groups, as defined by the Federal Elections Commission (not to be confused with the overall ideological group category that I constructed), provided very little campaign financing for candidates. Ideological and single-issue campaign contributions to Democrats and Republicans were exceptionally low, only constituting 1.9% and 2% of all donations respectively. This is not too surprising, however, considering that ideological groups must rely on donations from the public to operate. They do not have a stable funding stream to operate, greatly reducing their ability to provide a significant amount of financial support to their candidates.

Cross campaign support tended to be exceptionally important for both Republican and Democratic candidates seeking their first term in office. Candidate contributions constituted 10.3% of the total for Republicans and 8.4% for Democrats. For the first term in office, this number rises

to 17.3% for Republicans and 13.9% for Democrats and then drops soon after. This suggests that candidates from both parties rely on their colleagues for support to secure office while they make relationships with business interest donors.

There was a significant difference between the amount of campaign contributions raised between successful Democratic and Republican House/Assembly candidates. Republicans and Democrats won approximately the same number of State House/Assembly races at 20,460 and 20,475 respectively. Victorious Republican House/Assembly candidates were outraised, however, with a mean of \$85,894.02 versus Democrat's \$91,661.35. This was significant at  $p > 0.0038$ . This significant difference could be an effect of Democrats being the strong incumbent majority party in states that have particularly expensive elections such as New York, Illinois, and California, whereas Republicans have held supermajorities in states with relatively inexpensive elections such as Idaho, North Dakota, Wyoming, and Utah.

On the other hand, there was no significant difference in average total campaign contributions between winning Republican and Democratic Senate candidates. Successful Republican Senate candidates raised an average of \$231,642.3 versus \$220,117.7 for Democrats. Republican State Senate candidates are more competitive in expensive states than their House/Assembly colleagues. Republicans won more State Senate races than Democratic challengers, particularly in states that tended to be more competitive for the upper chamber. Republicans secured 5,279 State Senate victories compared to 4,967 for Democrats. Indeed, in many states such as Michigan, Kentucky, New York, Colorado, and Maine, Republicans have traditionally had more success winning the State Senate over the State House/Assemblies during the time of this study.

Unsurprisingly, campaign contributions to third party and independent candidates were not nearly as high. The mean campaign contributions to third-party candidates was a mere \$6,542.76. Somewhat surprisingly, the median total campaign contributions collected by Third Parties candidates was \$0. The uncoded category was even more significant for these candidates, constituting 27.97% of all campaign contributions. The construction industry was the most supportive industry to Third Party candidates, providing 23.98% of their total contributions. Political party donations to Third Party candidates were also exceptionally low relative to support given by the Democratic and Republican Parties. This is not a surprising finding, however,

considering that Third Parties lack infrastructure and strong backing from contributors to provide their candidates with campaign funds.

#### **4.6 Conclusion**

The findings here will play a helpful role in setting up my models the in next chapter. The data shows that national, state and individual factors play an important role in determining campaign contributions to state legislative campaigns. This includes variables such as legislative professionalism. Thus, the model must include a relatively full set of controls to appropriately capture trends in campaign finance contributions. Most importantly, the data here further demonstrates that a fixed effects model is necessary to ensure accurate results.

A few fascinating trends emerged at the individual level. Unsurprisingly, campaign contributions to state legislators are highly dispersed, requiring the dependent variable to be transformed in the full model to account for outliers. Against conventional wisdom, however, direct donations to state legislative campaigns are not increasing. Rather, they peaked in 2006 and have been declining ever since. Perhaps most fascinatingly, Republicans and Democrats tend to receive donations from the same contributor industries. Only campaign contributions from labor unions show any substantive partisan preference. This suggests that business donors have little interest in the party of the candidate. Rather, they simply care about who will give them influence in the policy process.

Conditions across the districts were surprisingly static. State legislative seats are not attracting more candidates as time goes on. Rather, the number of candidates per House/Assembly district is declining, while competition in State Senate seats is holding steady. Further, the difference between the best and worst fundraisers within each district is not changing either. Unfortunately, this study cannot offer any explanation as to why these trends may exist.

Table 4.1: Party Differences in Campaign Contributions

<i>Industry</i>	<i>GOP</i>	<i>Dem</i>	<i>(GOP)- (Dem)</i>	<i>Absolute Val.</i>
<b>Defense</b>	0.06%	0.04%	0.02%	0.02%
<b>Ideology</b>	1.96%	1.80%	0.16%	0.16%
<b>Communications</b>	2.20%	1.97%	0.23%	0.23%
<b>Party</b>	13.01%	13.34%	-0.33%	0.33%
<b>Public Subsidy</b>	1.11%	1.46%	-0.35%	0.35%
<b>Non-Contributions</b>	0.93%	1.41%	-0.48%	0.48%
<b>Unitemized</b>	3.33%	3.99%	-0.65%	0.65%
<b>Transportation</b>	2.01%	1.31%	0.70%	0.70%
<b>Government</b>	2.55%	3.33%	-0.77%	0.77%
<b>Uncoded</b>	18.53%	17.46%	1.07%	1.07%
<b>Agriculture</b>	2.37%	1.17%	1.20%	1.20%
<b>Health</b>	7.25%	5.73%	1.52%	1.52%
<b>Energy</b>	4.44%	2.76%	1.68%	1.68%
<b>Candidate Contributions</b>	10.30%	8.48%	1.83%	1.83%
<b>Construction</b>	4.43%	2.51%	1.92%	1.92%
<b>General Business</b>	7.86%	5.43%	2.43%	2.43%
<b>Lawyers and Lobbyists</b>	4.77%	7.88%	-3.10%	3.10%
<b>Financial Services</b>	10.53%	7.39%	3.14%	3.14%
<b>Labor</b>	2.37%	12.56%	-10.19%	10.19%

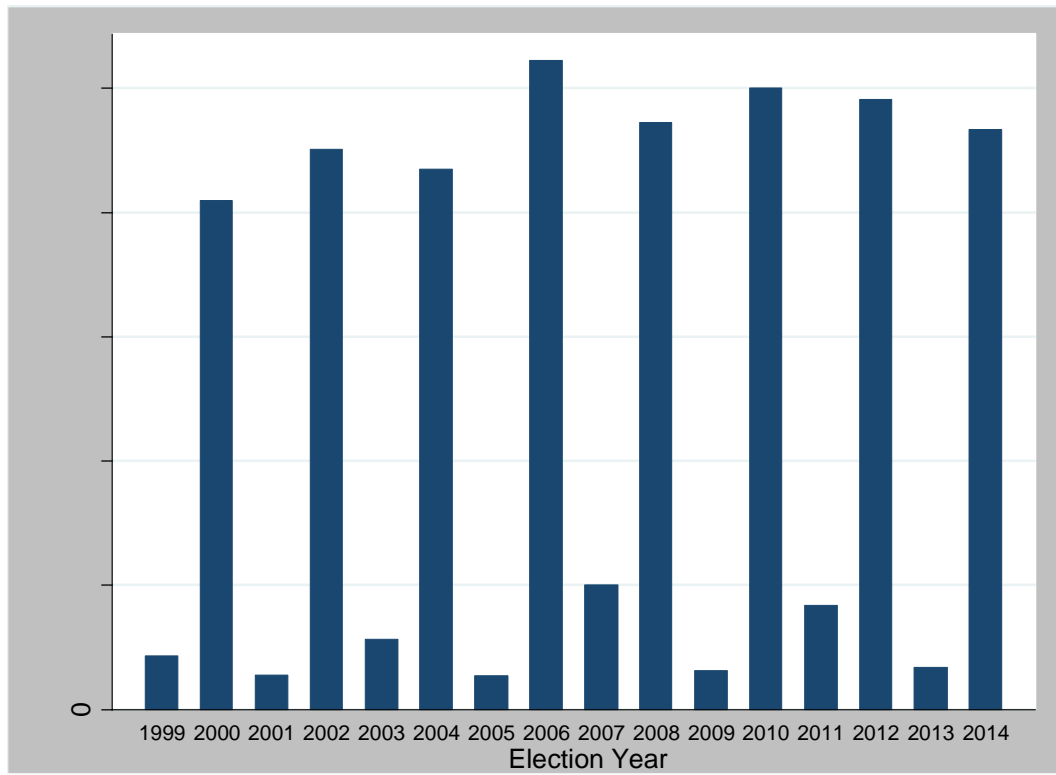
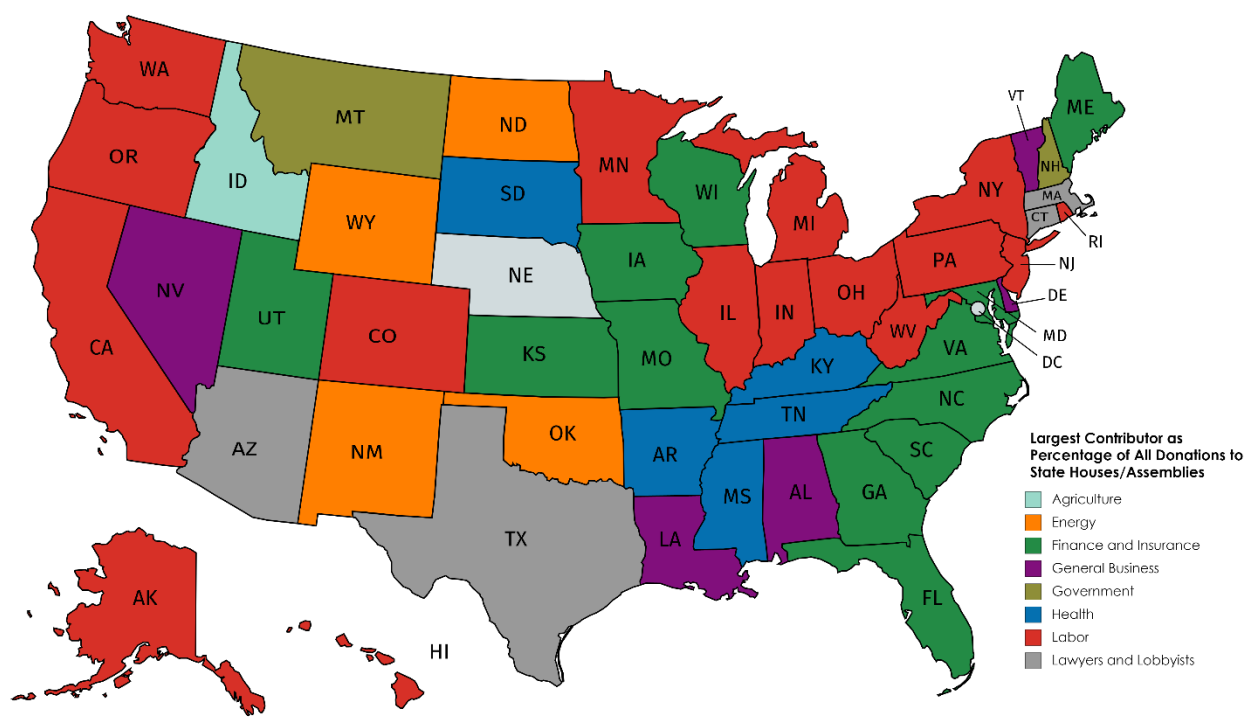
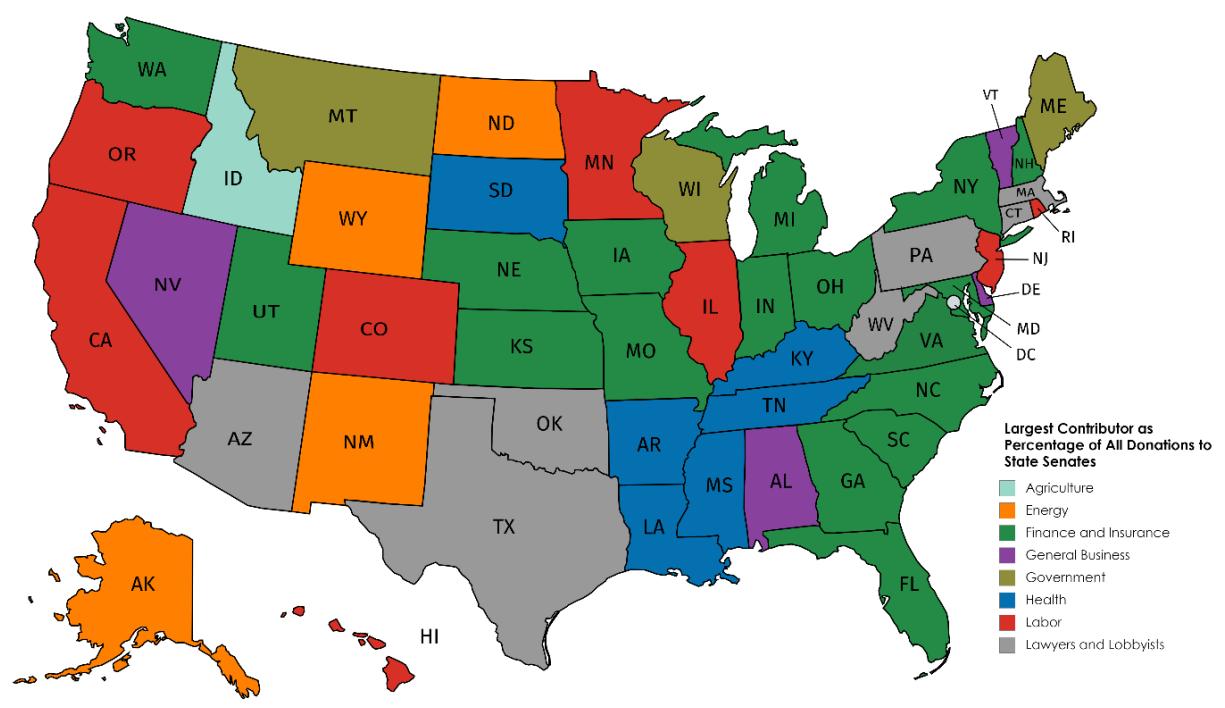


Figure 4.1 Total Campaign Contributions Per Election year for All States



Created with mapchart.net ©

Figure 4.2 Largest Contributors for State Houses/Assemblies



Created with mapchart.net ©

Figure 4.3 Largest Contributors for State Senates

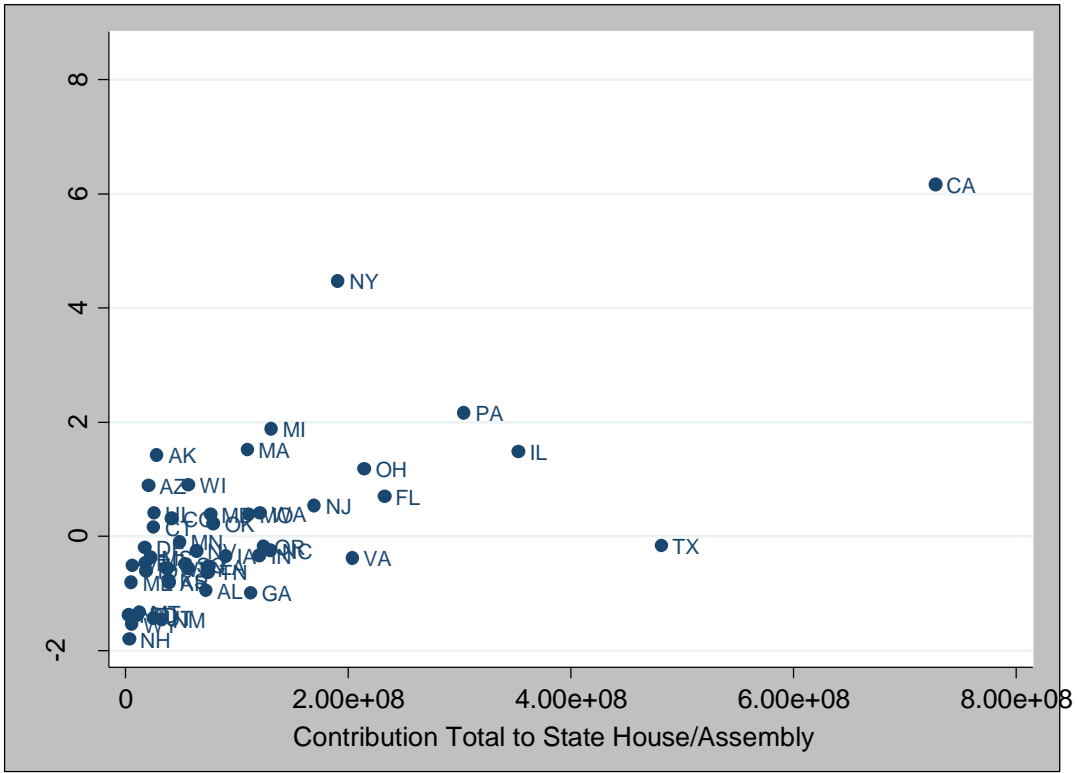
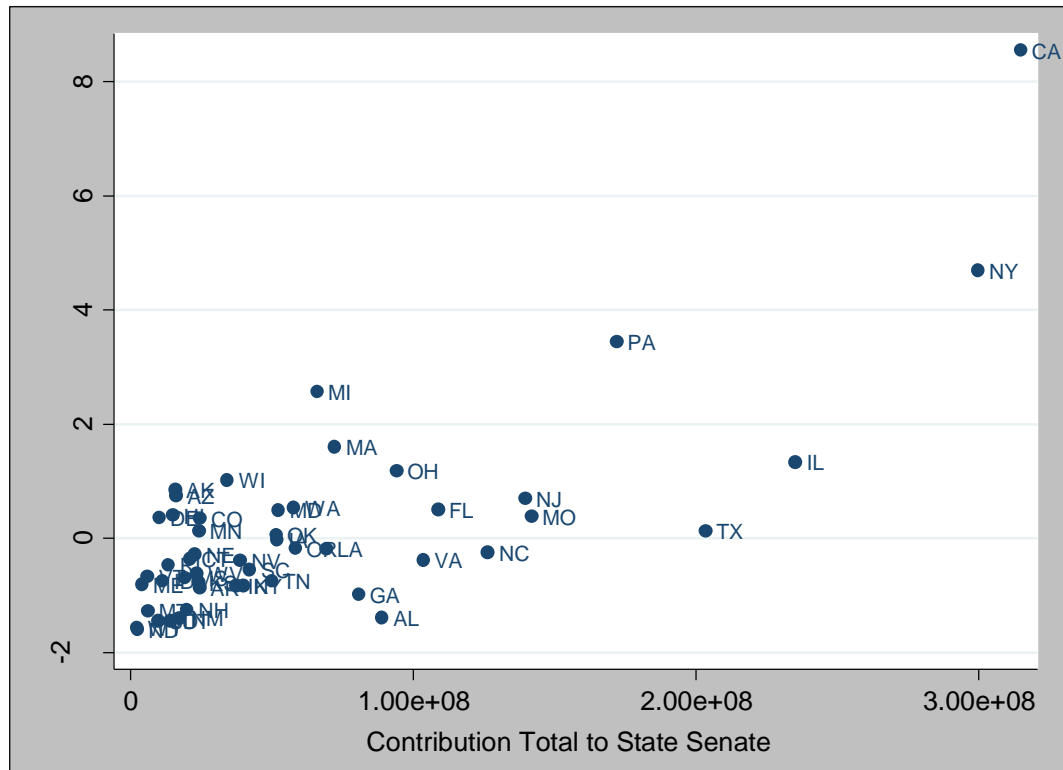


Figure 4.4 House Chambers Professionalism and Total Contributions





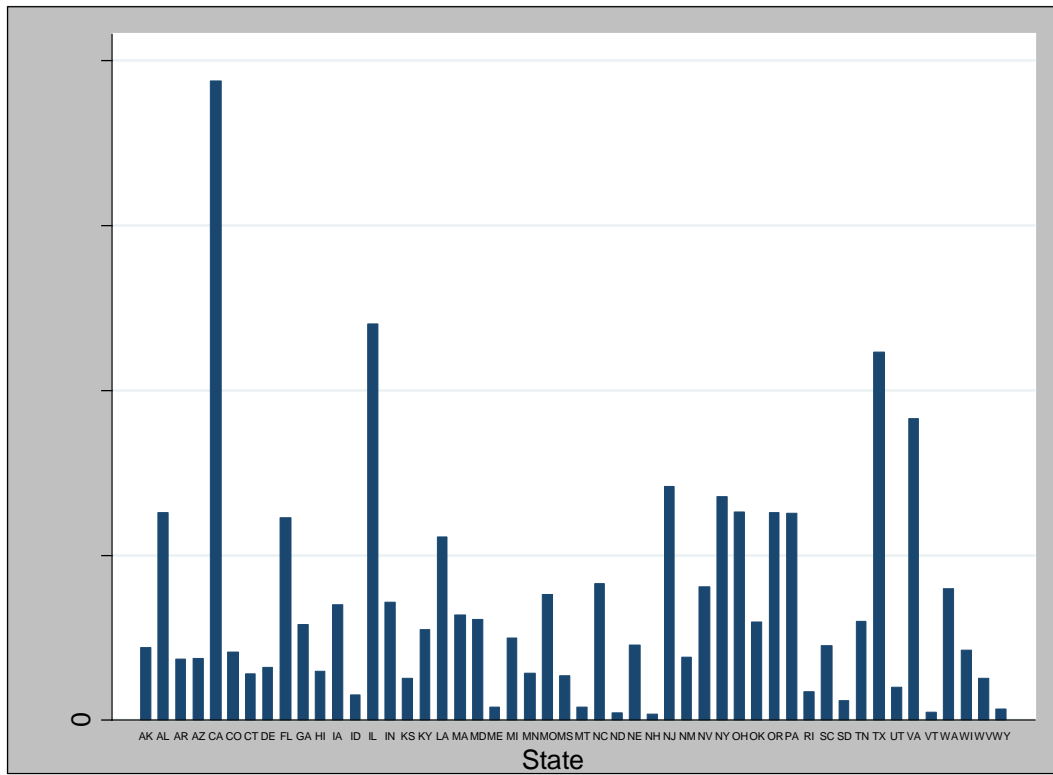


Figure 4.6 Average Campaign Contribution Totals by State

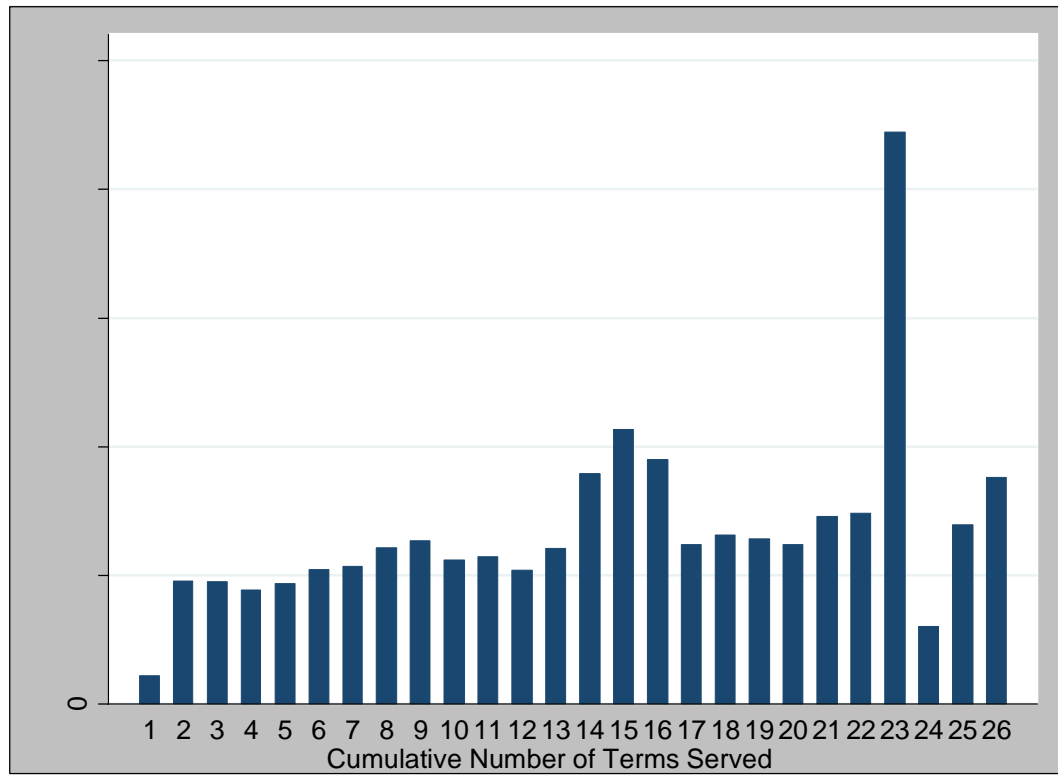


Figure 4.7 Average Total Business Group Donations by Tenure

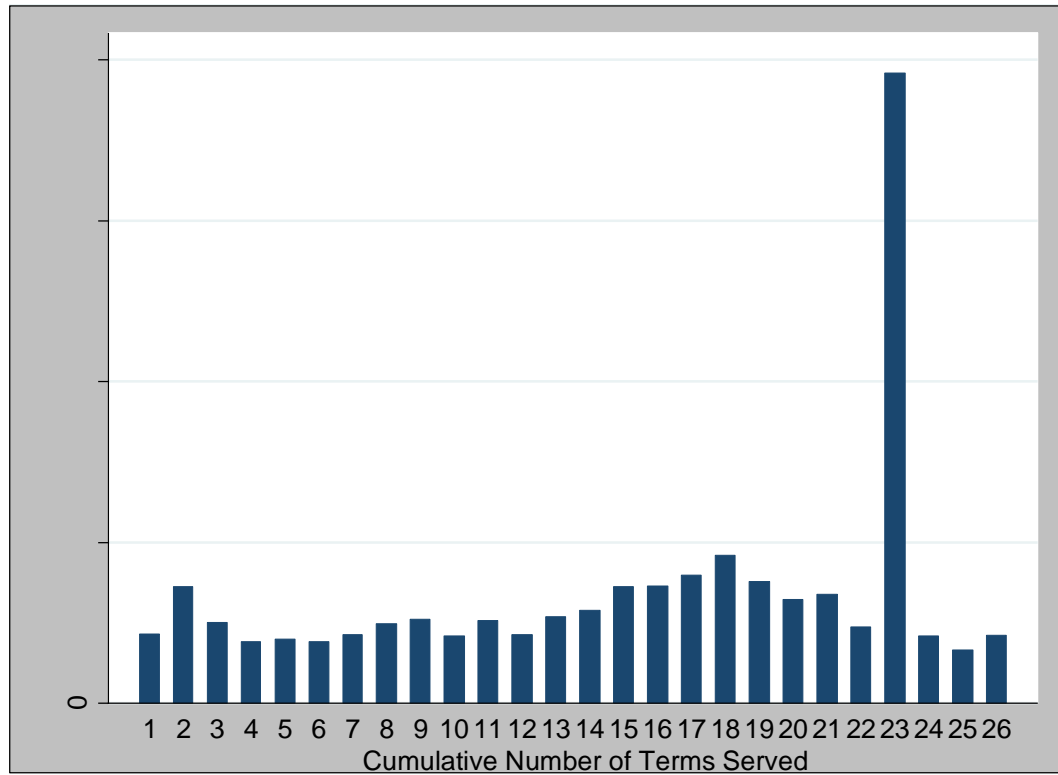


Figure 4.8 Average Total Ideological Group Donations by Tenure

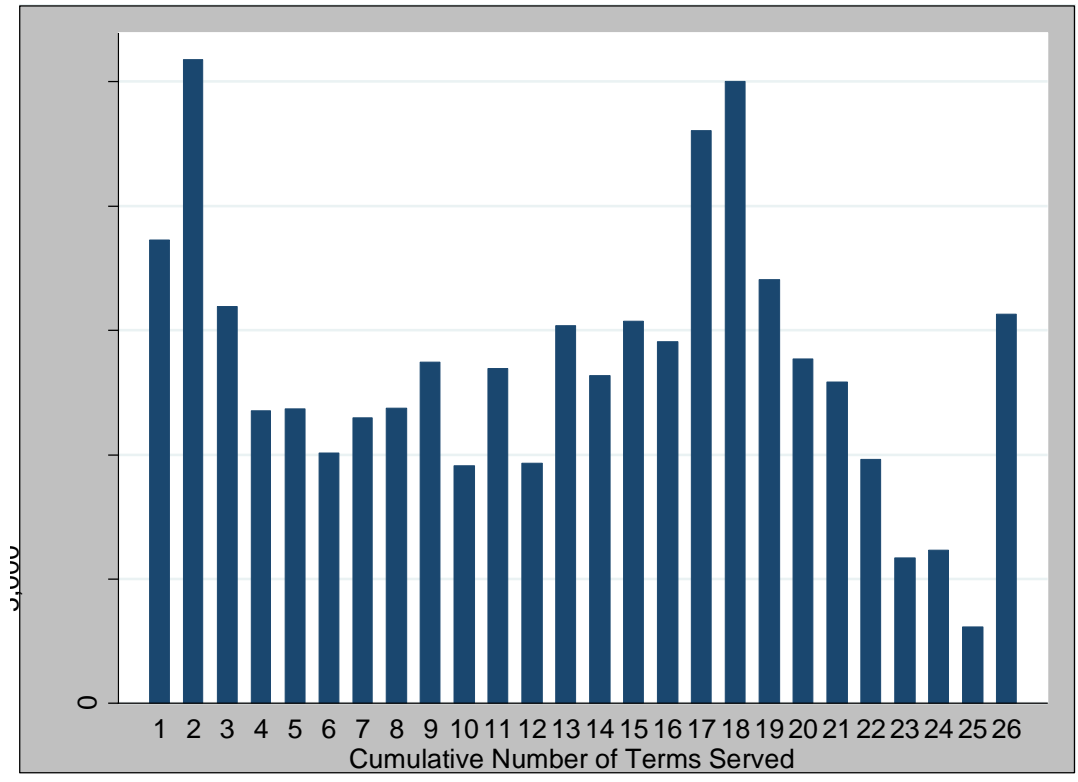


Figure 4.9 Average Total Ideological Group Donations by Tenure Without Unions

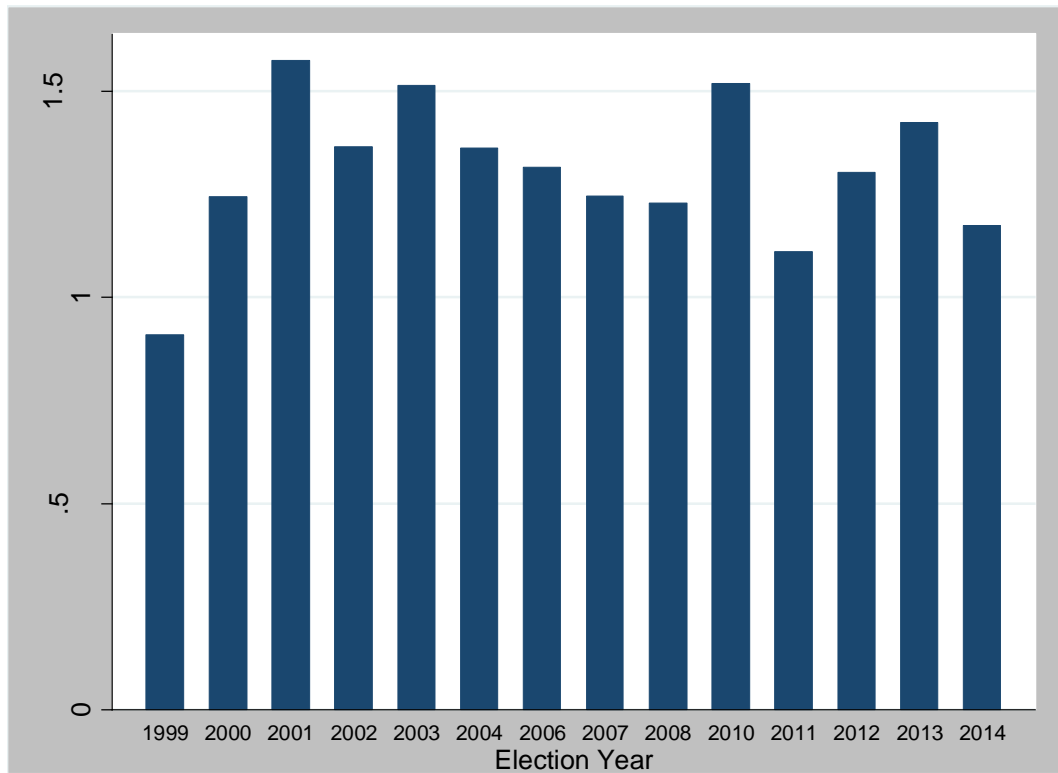


Figure 4.11 Average Number of Competitors for Each Candidate for State Senate

## CHAPTER 5. DATA AND METHODS

### 5.1 Introduction to Methodology

Many might find it surprising that political scientists have not investigated the questions presented in this research, especially considering the amount of attention placed on campaign finance laws over the past five decades. Unsurprisingly, methodological hurdles are the primary reason why the questions presented in this dissertation have not been put to rest. Many conceptual and practical barriers stand in the way of researchers who study state campaign finance law. Operationalizing state campaign finance regulation is complicated. State governments are not equal in their record keeping prowess; state legislative records are sometimes incomplete or difficult to access. Campaign finance regulations are also tailored to the political needs of each state, making it difficult to compare these statutes easily. As noted in the previous chapter, very few scholarly works tested the effectiveness of campaign finance law on contributions (Gooch and Rackaway 2014). The unavailability of campaign contribution data plagued earlier research (Hogan 2000). The analyses in the extant research included brief time spans, finite state samples, and tested very few campaign finance laws.

Fortunately, recent advances in campaign finance research have ameliorated many of the methodological weaknesses present in previous studies. The development of the Witko Index (2005) has opened the door to making meaningful comparisons among state government campaign finance laws. The National Conference of State Legislatures and the Campaign Finance Law Institute have made tremendous strides in making campaign finance regulations readily accessible to the public. The National Institute on Money in State Politics has collected all data on campaign contributions to state legislators back to 1999, remedying the most significant issue faced by campaign finance scholars. These improvements allow researchers to conduct analyses that are broad enough to generate credible estimates.

The hypotheses in this dissertation present a broad array of questions surrounding the effectiveness of campaign finance law regulations. No single approach will adequately tackle each hypothesis. Instead, the models must be systematically adjusted to ensure that the estimates provide a sound picture of the effectiveness of state campaign finance law. This chapter will provide a broad foundation of how I will adapt the models for each test of my analysis.

This chapter is broken down into four sections. First, I will provide a basic overview of my methodology. Second, I will discuss the data collection process. Third, I present the variables that will be used in the analysis. Finally, I will briefly conclude on how my method improves upon previous studies.

## **5.2 Method**

I rely on Tobit analyses to test my hypotheses. Tobit analyses are particularly useful when the dependent variable cannot take on a negative value. While using a Tobit model will drop all negative values, they represent a tiny percentage of all donations across all industries (less than .001%). Thus, these negative totals do not constitute a relationship between donors and the state legislator and are not relevant to this study. They also do not provide additional information about the ability for campaign finance laws to reduce donors' ability to fund candidates since they are not ultimately contributions.

Contributions to candidates likely are not independently distributed. To correct for this, scholars typically use multilevel modeling or cluster the standard errors around the state. For this study, I chose to cluster the standard errors around each state. Failing to do so would result in overstated significance levels for state-level predictors (Bonneau 2007; Primo, Jacobsmeier, and Milyo 2007). Furthermore, statewide predictors that vary little, like certain state campaign finance regulations, would merely act as a state identifier and not a measure of regulatory stringency. Of course, this would be especially troubling for this study considering that my primary predictor is a state level variable, campaign finance law regulations.

## **5.3 Data**

As noted in the previous chapter, the sample includes candidates for State House/Assembly and Senate from 1999-2014 across the fifty states – a total of 112,921 observations representing 65,928 unique candidates. The primary unit of analysis is the individual candidate for State House/Assembly and Senate. Although the primary independent variable is state campaign finance law stringency, it is most logical to analyze campaign contributions at the individual level for a few key reasons. First, state-level campaign contributions are not exceptionally informative for understanding how campaign finance regulations affect donations in legislative elections. The total amount of campaign contributions raised in each state is dependent on factors such as the state



economy, raw number of seats in the state legislature, population size, and legislative professionalism. Statewide totals are not directly dependent upon the relationship between donors and state legislators, which this dissertation is most concerned about. Secondly, as previous Supreme Court cases suggest (see *Nixon v. Shrink Missouri Government PAC* and *Randall v. Sorrell*), state campaign finance laws are designed to inhibit campaign contributions for individual elections. Campaign contributions are made between the donor and the candidate, not to the bulk of members serving within the legislature. Indeed, donors strategically provide donations to members who will deliver the most legislative benefits for the lowest cost (e.g., legislative leadership [Apollonio and La Raja 2006] and members of the majority party).

The dataset for my analyses includes only general election candidates. The National Institute on Money in State Politics only recently started to collect campaign contribution data on special elections, typically just including election cycles beginning in 2010. Their inclusion would not provide a representative sample of the data that are currently available. With this, special elections typically suffer from exceptionally low turnouts, utilize procedures that are different from the general election, and provide shortened periods for candidates to raise funds. It would be unwise to compare the fundraising patterns in special elections to general elections due to the former's idiosyncrasies.

### ***5.3.1 Dependent Variables***

There are three ways to ascertain whether campaign finance laws affect contributions. First is the law's ability to limit the total size of direct donations – i.e., reduce how much money a donor can provide to a candidate in total. Second, does the campaign finance law cut a candidate's proportion of overall total donations from certain groups? Finally, do the laws force donors to provide relatively similar levels of donations to all candidates? In other words, do campaign finance laws ensure that donors cannot provide a single candidate with an inordinate amount of contributions relative to his or her challengers?

One primary dependent variable cannot adequately be used to measure these effects. On a similar note, understanding how well campaign finance laws equalize donations among candidates must be tested at the district, not the individual level. Thus, this research uses four dependent variables to test my hypotheses – three for the individual models and one for the district model.

### 5.3.2 Individual Level Model Dependent Variables

The first group of dependent variables is log total campaign contributions provided to state legislative candidates. Contribution totals are data divided into election cycles.<sup>20</sup> That is, each data point represents the amount of money each candidate raised from his or her previous election to the next. All campaign contribution data for the dependent variables were provided by the Institute on Money in State Politics (followthemoney.org). Donations to candidates were separated by the Institute on Money in State Politics into 19 broad sectors as designated by the United States Census North American Industry Classification System. These industry classifications are: Agriculture, Candidate Contributions, Communication and Electronics, Construction, Defense, Energy and Natural Resources, Finance and Real Estate, General Business, Government, Health, Labor, Lobbyists and Lawyers, Party, Public Subsidy, Transportation, Ideology and Single-issue, Unitemized Contributions, Non-contributions (bank interest, etc.), and Uncoded. These data have been used widely in previous research on campaign contributions to state legislatures (Hall 2014), indicating their strong validity and reliability. I excluded funds from public financing programs in the hypothesis testing chapters since this research is most interested in campaign contributions from private donors.

Industries were placed into *Ideological* and *Business Interest* categories. The Candidate Contribution, Labor Unions, Party, and Single-Issue Groups categories were combined to create the Ideological donor group. These groups are not purely seeking economic benefits from the legislature. Instead, these groups advocate for policies that affect societal and social norms. These groups also aim to keep individuals with a certain viewpoint in a majority, rather than to seek direct regulatory change, through their campaign contributions (Welch 1982). Arguably, Labor Unions stand out from this group for having a clear economic mission. Labor Unions are not primarily concerned with advocacy (Asher et al. 2001). Rather, they negotiate contracts with employers (Asher et al. 2001). As will be expanded in later chapters, unions will need to be analyzed separately to adjust for various regulations in certain circumstances. Some statutes are designed to affect only unions. Thus, I will ascertain if unions respond to regulations differently than other ideological groups.

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<sup>20</sup> For example, if a candidate runs in the 2014 election cycle for a two-year term, all contributions made in the previous two years for that cycle is totaled and counted for the 2014 data entry.

Totals from Agriculture, Communication and Electronics, Construction, Defense, Energy and Natural Resources, Finance and Real Estate, General Business, Government, Transportation, and Health categories were aggregated to form the Business Interest group. As noted, these groups are primarily concerned with shaping state statutes that provide economic benefits to their firms.

Campaign contribution totals were adjusted for inflation and indexed to 2010 prices. The predicted effects of campaign finance law on raw contribution totals is straightforward. If campaign finance laws reduce contributions to state legislators, the index will be significantly and negatively correlated with the totals.

The campaign contribution data are not exclusive to direct donations. Contributions made from Political Action Committees (PACs) are also included in the industry totals. Because PAC donations are included, the models will be exceptionally useful in exploring whether donors can easily sidestep campaign finance regulations, particularly bans on direct contributions.

As mentioned in the previous chapter, the distribution of campaign contributions is highly skewed. States such as California, Texas, New York, and Pennsylvania have candidates that raise contribution totals that are far above the median (Figure 5.1). This skewness creates exceptional problems for the model fit. Tobit models require that the dependent variable is normally distributed (Gordon 2005). To overcome this issue, most scholars log campaign contributions and spending to deal with the right-skewed distribution (for example, see Barber 2016, and Barber, Butler, and Preece 2016, Bonneau 2007, Campante 2011, Claessens et al. 2001, Gerber 1998, Milyo 2011, Powell 2012, Sarbaugh-Thompson and Thompson 2017). Of course, this drops all observations with a negative or zero total. Scholars can also take the square root (Gordon 2005) or transform the variable with  $\log(\text{value}+1)$  (Abler 1991). As can be seen in Figures 5.2-5.4, of these three options, only the log transformation reaches normality. I also checked the results presented in the following chapters with link tests and boxcox tests, which confirm that the log transformation is the most appropriate.

Losing the candidates with zero campaign contributions is not troubling for this study. For one, most candidates who raise zero dollars are not serious contenders for office. Campaign finance law would not affect these candidates regardless of the statute's stringency level, causing the estimates to be far lower than they otherwise should be. Secondly, this research is interested in how contributor behavior is affected by campaign finance law. Candidates who unsuccessfully raise funds do not provide further insight into this relationship.

Logging campaign contributions make the interpretation of the  $\beta$  coefficient exceptionally difficult in models where my primary independent variable is dichotomous. Traditionally, a change in the  $\beta$  coefficient is interpreted as a percentage change in the dependent variable (Hardy 1993). This interpretation is accurate when the dependent variable is continuous. As shown by Halvorsen and Palquist (1980), Giles (2011), and Hardy (1993), this is not the case when the variable is dichotomous. Thus, for this analysis, I will need to recalculate the numbers represented in the  $\beta$  coefficients to report the percentage changes adequately and in some cases limit my analysis to a pure comparison of reported effect sizes.

Also, the dummy coefficients are likely to be negative. In some cases, they may be lower than -1. At face value, this makes little logical sense since a value cannot decrease by more than 100%. That said, it is essential to consider that the dichotomous nature of my independent variables represents an “on, off” condition for each policy. The negative values can be interpreted to understand how much higher contributions are when the policy does not exist. If campaign contribution laws negatively impact log total donations, I will discuss these effects regarding states that do not have the relevant statute that I am testing.

The second group of dependent variables is a simple percentage breakdown of the total campaign contributions by industry. Percentages were calculated for all categories of campaign contributions, including the business and ideological groups. There should be a shift in the source of donations if campaign finance regulation affects specific groups more than others. For example, if ideological interest groups are unaffected by campaign finance regulation but business interest groups are, candidates should see a sizable portion of their campaign contributions originating from ideological interest groups.

The third dependent variable is the logged average donation size provided by each group. This variable was calculated in two stages. First, I divided the inflation-adjusted total contributions with the number of individual records for each respective candidacy. The total record number represents all individual donations made to a candidate for that election, as recorded by state election agencies. Each record represents a single donation made during a respective election cycle. Like total donations, each average donation value was logged to fix issues with right skewness.

### *5.3.3 District Model Dependent Variables*

The district models explore the ability for campaign finance regulations to equalize donations among candidates running for the same seat. In other words, if campaign finance laws cause candidates to raise similar levels of campaign contributions in the same legislative race. As noted, only investigating direct donations to state legislators provides a limited picture of the effectiveness of campaign contribution regulations. Campaign finance regulations serve a dual purpose. They seek to complicate the relationship between donors and legislators and bring further accountability to elections. Thus, policymakers must conduct a tough balancing act when designing campaign finance laws to comply with Supreme Court precedent. Campaign finance laws must simultaneously allow candidates to raise enough funds to mount a serious challenge while ensuring that no single candidate gains an insurmountable advantage in the election. If a well-connected candidate can fundraise without limitation, it is possible that suppression of competition within the district will follow. As donation levels among candidates equalize, the chances that similar messaging levels will occur. This equalization minimizes the chances of any candidate having an insurmountable advantage in voter outreach.

To account for the equalization of variables, the district dependent variable is the logged standard deviation of campaign contributions in each legislative district. This dependent variable was generated using data from the Institute on Money in State Politics. The Institute includes district identifiers in its data, allowing these models to be generated with relative ease. Candidates were grouped into their respective legislative district and year. Then, I calculated the standard deviation of the total campaign contributions in each legislative district per election. Finally, all duplicated observations by district per election cycle were removed from the dataset. This left one observation per legislative district. In total 46,757 districts were included in the analysis. The standard deviation of campaign contributions will verge on zero as each candidate in the district raises the same amount of total donations. In other words, the standard deviation will be 0 when the totals are the same. Thus, when campaign contribution laws are effective at equalizing donations, they will be negatively associated with the standard deviation of donations in each legislative race. To account for high outliers, I similarly logged the standard deviation variable.

### ***5.3.4 Primary Independent Variables***

Campaign finance law stringency is the primary independent variable. Campaign finance law stringency was measured using the updated Witko index from Kulesza, Witko, and Waltenburg (2016). The index is divided into disclosure requirements, campaign contribution limits, and public finance laws. The additive measure codes “1” if a state maintains a specific regulation during that election cycle. If the legislature passed the measure but was not yet enforced, the policy was coded as “0.” Further, the policy was coded as “0” if the policy was still officially law but was struck down or suspended by state or federal courts. If the program was underfunded or not widely used, however, the measure is still coded to reflect that the statute is in place. This was done to ensure that there was legal consistency, as certain states with programs that could be considered “underfunded,” such as Hawaii, still pay out campaign funds in rare circumstances.

I made four adjustments to the updated Kulesza, Witko, and Waltenburg (2016) measure to better fit this analysis. None of the changes affected the contribution limit sub-index. Most obviously, not every regulation in the public financing sub-index is relevant for this study. Public financing is not available for every election in each state. Instead, certain state public finance programs are designed to provide funds only to political parties, legislative campaigns, or statewide candidates. Of course, public financing programs for statewide elections and political parties do not directly affect campaign contributions to legislative candidates. Thus, the index was recalculated to no longer include public financing for statewide campaigns and political parties. The disclosure requirement regulations and campaign contribution limits, however, are universally applied to state legislative candidates. There was no need to remove regulations from the index permanently.

States enforce different campaign contribution limits on individuals, families, candidates, unions, and corporations. This variation can be somewhat problematic for the full campaign contribution limit sub-index dependent upon what hypothesis is being tested. For example, business interest groups will be directly affected by bans and limits on corporate contributions. As demonstrated in Table 5.1, the Witko Index (2005) codes these regulations separately. The campaign contribution limit sub-index will be adjusted based on the groups being tested. These adjustments will be discussed in more detail in Chapter 6. Most important for my analysis, the Witko Index (2005) does not code for PAC contribution or party limits. As will be discussed in

the next chapter, the individual limit variable will be used as a substitute. This is done since most states tie their individual limits to parties and PACs (NCSL 2018).

Secondly, three minor coding changes were made to the updated Kulesza, Witko, and Waltenburg (2016) index. First, Arkansas was coded in both Witko (2005) and Kulesza, Witko, and Waltenburg (2016) as having a legislative public finance program. This program was not included in the measure for this analysis for a few reasons. Arkansas law provided a rudimentary tax checkoff that can be applied to state legislative candidates, and thus could be counted as a public financing program in a very strict sense. This study, however, is primarily concerned with programs that provide direct donations to state legislative campaigns. Indeed, the program is not currently counted by the National Conference of State Legislatures as a direct legislative financing program. Accordingly, this program was removed from the index for the analysis to reflect only programs that provide direct assistance to candidates.

Third, the Witko (2005) index was expanded to include odd number election cycles. The Witko (2005) index was only calculated for even-year elections. Thus, Virginia, New Jersey, Mississippi, and Louisiana were recoded for their odd-year election cycles. Except for New Jersey, these states did not change their campaign finance regulations in the odd-numbered years. In 2005 and 2007 the New Jersey legislature operated a pilot public financing program. In 2005, the public financing program only covered two swing legislative districts. The 2007 program was extended to include six districts. Neither program provided funds for the primary election. Further, the funds were only set aside for candidates in the two major parties (Brickner and Mueller 2008). Although the 2007 program only covered six districts, it provided over \$3.9 million to candidates. The 2005 program offered a little over \$600 thousand. Thus, the 2007 program was included in the measure whereas the 2005 program was excluded.

Finally, the index (Witko 2005) was updated to include the 2013 and 2014 elections. Like the Kulesza, Witko, and Waltenburg (2016) study, information for the updated Witko (2005) index was collected from state records on legislative changes to campaign finance regulations, National Conference of State Legislators databases, and conversations with state election officials.

This measure is a particularly sound choice for testing my hypotheses. The Witko (2005) index is widely used among researchers, signaling that the measure is a reliable way to capture campaign finance regulation. Indeed, the index (Witko 2005) generated an exceptionally high number of research projects on campaign contributions since it was initially introduced,

demonstrating its acceptance by scholars as a reliable way to measure campaign finance law stringency. Furthermore, the Witko (2005) Index is readily adaptable to my research questions relative to other campaign finance law measures. On the one hand, the measure provides an unusually holistic view of campaign finance regulation by combining all forms of campaign finance regulation into a single index. On the other hand, this measure uniquely separates disclosure requirements, campaign contribution limits, and public financing into three distinct sub-indexes, which allows this study to compare the relative effectiveness of all significant forms of state campaign finance law. The measure is also consistent in its application to state statutes.

Most importantly, the measure includes campaign finance regulations that are consistently used across states, providing a basis to compare regulations on the same playing field. With this, the Witko Index (2005) is especially useful for testing the effectiveness of individual campaign finance regulations. This is most relevant regarding campaign contribution limits. Campaign contribution limits are crafted to reflect the cost of campaigning in that state. The comparability of the Witko Index (2005) should provide an expansive view of the effects of campaign finance regulation on donor behavior that would not be achieved by using other measures.

The Witko Index (2005) weighs each campaign finance regulation equally. There are a few advantages to this approach. Campaign finance regulations are not equally effective at influencing donations. Naturally, some will be more effective than others. Unless there is a theoretical reason to weigh each sub-index or regulation, however, there is little logical reason to do so before conducting this analysis. Weighting individual campaign finance regulations may provide estimates that are quite misleading and may bias the results in a direction that may either overpower or undermine the actual effect of the campaign finance regulation. Second, previous research has yet to demonstrate that any of these campaign finance programs or specific regulations are more meaningful than the other. Thus, weighting campaign finance regulations unequally without having a sound theoretical reason or backing from previous work would be illogical.

PACs serve as an important conduit for donors to provide money to candidates. The index does not include PAC limits as a separate regulation. This is not concerning, however, considering that the individual limit can easily be used as a proxy for PAC donations. Per the National Conference of State Legislatures, all but one state, South Dakota, enforce individual limits and



limits on political action committees together.<sup>21</sup> Indeed, sixteen states enforce individual campaign contributions under the same limit as political action committees. More importantly, all states that allow unlimited campaign contributions are consistent between political action committee and individual limits. Thus, the individual limit dummy variable accurately reflects whether a state enforces limits on PACs.

### *5.3.5 Control Variables*

Any model that predicts campaign contributions to state legislators requires a wide array of control variables. Personal, state, national, and district factors influence how campaign contributions are provided to state legislative races. To account for these effects, I include controls for statewide party competition, presidential election cycles, odd-numbered year elections, term limits, member tenure, party ID, chamber, previous experience in the other legislative chamber, running as a challenger, district competition, speakers of the house, Senate leaders, elimination in the primary election, and running for the majority party in the individual level models.

#### *5.3.5.1 Election Year Controls*

National election trends will likely influence campaign contributions. Scholars have demonstrated that presidential campaigns have significant spillover effects in state legislative politics. For instance, legislative polarization tends to increase when presidential elections are particularly close in a state (Hinchliffe and Lee 2015). The vast financial resources and media time spent on the presidential election greatly surpasses those for midterm elections. Midterms, when the clear majority of state legislative and gubernatorial races are conducted, are typically plagued with depressed voter turnout. Legislative elections are often tied to the national races by campaigns and pundits alike, giving them more attention than they might otherwise enjoy. Thus, campaign contributions during presidential years are likely to be higher than usual.

Four states hold legislative elections in odd-numbered years; New Jersey, Virginia, Mississippi, and Louisiana. These states score in the relative middle of legislative professionalism, suggesting that any deviation in campaign contributions should be isolated to their election year. I

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<sup>21</sup> A separate model was conducted that recoded South Dakota to account for the difference between PAC and individual limits. The effect size and t value were identical to the unaltered model.

expect that these election cycles are likely to attract fewer campaign contributions considering that no federal offices are on the ballot.

### *5.3.5.2 State Level Controls*

Statewide party competition can be a reliable driver of investments in legislative candidates. When party competition is high, the result of the election is uncertain. This gives donors reasons to believe that their preferred candidates can win the election. As statewide competition increases, donors will be more likely to provide campaign contributions to assist their preferred candidates. I used an updated Ranney measure to capture statewide partisan competition. The original measure only gauged the level of Democratic Party dominance in the state government as a function of the percentage of votes received by the Democratic gubernatorial candidate, the percentage of Democratic seats in the state legislature, and percentage of past years the state government was under trifecta control. Thus, the Ranney measure is primarily best suited for models seeking to understand the role of shared governance between Democrats and Republicans (Shufeldt and Flavin 2012). The measure quantifies statewide party competition when folded.

Legislative term limits are a separate tool used by states to deter donations from building strong relationships with legislators. Introduced in the early 1990s, term limits were intended to complicate the relationship between donors, interest groups, and state legislators. Proponents of term limits argued that interest groups and donors were unlikely to provide significant campaign contributions to term-limited members. Since building long-term relationships with donors are exceptionally difficult under term limits, candidates were no longer as lucrative of an investment. Thus, it is expected that term limits will reduce campaign contributions to state legislators (Apollonio and LaRaja 2006). It may be that term limits affect donations from business interest groups more than ideological groups. This will have to be tested more thoroughly in future studies.

I include a control for chambers with multimember districts. Ten states elect members in multimember districts. Previous research suggests that multimember districts create increased competition for campaign contributions, forcing candidates to look outside the state for donations (Curry, Hernson, and Taylor 2013). Multimember districts may reduce the total amount of campaign contributions provided to candidates.

I also use the Bowen and Greene Index (2014) for state legislative professionalism. Professionalized legislatures give more lucrative salaries, provide bigger staffs, and are in session for more days of the year. Seats in these state legislatures are likely to be more sought after by candidates. I expect that professionalized legislatures will attract more money to campaigns. Unlike the Squire Index (2007), the Bowen and Green Index (2014) accounts for annual variation in professionalism. States periodically change their salaries, legislative calendars, and perks, which the Squire (2007) Index is not as sensitive to.

### ***5.3.5.3 Individual Level Predictors***

All information for the party ID, chamber, and challenger status controls were provided by the Institute on Monday in State Politics. Each is coded as a dummy variable with Democratic party membership, challenger status, and Senate elections valued at "1." Since both political parties benefited from wave elections during this period, it is unlikely that either political party will have a clear advantage. Thus, I do not predict if Democratic party membership affects campaign contributions. Challengers, having never served, are likely to raise less campaign contributions from business interest groups than incumbents and those running for open seats. State Senate elections, which have longer terms and larger districts, will raise relatively more funds than State Assembly/House members. Those who have previous experience in the other legislative chamber have additional experience in fundraising, and thus should raise more than their challenger peers running for their first term.

It is also vital to include if a candidate is present on the general election ballot. Of course, not all candidates make it to the general election. Many candidates are eliminated in the primary election or nominating convention. A smaller portion will voluntarily drop out of the election, will be disqualified, or will pass away before appearing on the general election ballot. In all cases, these candidates will not attract campaign contributions once they are removed from the election, shortening the time they must collect funds from donors. Thus, they will raise less campaign contributions than candidates who move onto the general election.

Any predictive model for campaign contributions cannot ignore competition within each legislative district. District competition is likely to be among the strongest predictors of campaign contributions to legislative candidates, but also among the most difficult to capture. Variables such as name recognition, advertisement costs, local political trends, and campaign ground games affect

the competitiveness of a state legislative campaign. Incorporating these factors into a single model is nearly impossible. Data that would make operationalization of each of these variables is simply unavailable.

I use a proxy variable due to the difficulties in operationalizing district competition. The competition variable represents the number of competitors in each state legislative district. Previous work has shown that legislative districts with a history of high party competition attract more candidates (Hamm and Hogan 2008). This will inevitably affect the number of donations provided in the district. Candidates in a crowded field will require significant resources to stand out from their competitors and get their message out to voters. Indeed, districts that are considered winnable will likely attract more campaign contributions to fund more viable candidates. Of course, candidates who do not have competitors will not need to raise campaign contributions to win their election. Donors are likely to provide their preferred candidate with relatively more resources to ensure they can attract voters. Thus, I expect campaign contributions will be positively correlated with the number of competitors in each district.

A simple party membership control variable is insufficient to account for the partisan effects of fundraising. Models that explain campaign contribution should also account for the majority party status of the political party. Donors are likely to provide more funds to members of the majority party rather than those in the minority party (Barber 2016). Candidates running for the controlling political party are likely to have a fundraising advantage for a few reasons, regardless of the type of contributor. First, the party has already demonstrated that it can win a majority in the state legislature, placing it in a position to deliver legislative benefits to donors. Secondly, the majority party has already had time to build relationships with donors in previous sessions by enacting policies. Finally, the majority party enjoys the ability to control the resources under the control of the chamber. For example, members of the majority party in certain states are rewarded with more staff and larger office budgets.

Legislative leaders are a vital intermediary between state legislators and donors, helping solve collective action problems that arise from the legislative process (Mooney 2013). Scholars have long known that campaign contributions gravitate to chamber leadership. Further, leadership is tasked with setting the chamber agenda. To measure leadership effects, the Speaker of the House/Assembly and Senate President are coded as dummy variables. Historical information on chamber leadership was provided by state legislative public records. All House/Assemblies have

a Speaker position, making coding a relatively straightforward task for these members. Senates, however, vary significantly in their leadership positions. Certain states, such as Minnesota and Michigan, give the Senate Majority Leader the most authority in the chamber. Others, such as Indiana, Kentucky, New York, and Ohio vest their presidents and president pro tempores with the most authority. Thus, whoever had the most administrative and political influence in the state Senate was coded as the leader. The Texas State Senate lacks the party leadership structure found in other state Senates. Instead, the Lt. Governor is given significant organizational power over the chamber. For this reason, no member of the Texas State Senate is coded as serving in a leadership position.

#### **5.4 Testing the Witko Index**

My primary independent variable is the updated Kulesza, Witko, and Waltenburg Index (2016). The original Witko Index (2005) earned significant respect among campaign finance scholars and underwent additional scrutiny following its introduction (Kulesza, Witko, Waltenburg 2016). It is still helpful to conduct a few checks to ensure that the measure works well with my data. As noted, a central tenet of the Witko Index (2005) is its ability to separate campaign finance regulation into three distinct sub-indexes. I must be confident that the sub-indexes are not highly correlated with each other so I can isolate the effects of specific campaign finance regulations. In each of the next three chapters, I will conduct a basic analysis on each respective sub-index before I test my hypothesis. Typically, an index that measures campaign finance law stringency would strive for a high degree of correlation among its components since it is trying to capture a single concept. Low correlations among the sub-indexes, however, would provide confidence that the effects of specific campaign finance regulations on donations can be isolated.

The degree of change in campaign finance law change across the states, particularly those caused by state and federal court decisions, could present challenges measuring regulations as well. It is known from history that certain campaign finance regulations were strengthened or weakened during different time periods. Matching this history with changes in the campaign finance law measurement will build a case for the strength of the Witko Index (2005) as my primary independent variable. This can be performed by running basic summary statistics on the Witko Index (2005). It makes little sense, however, to conduct these tests in this chapter. These

tests will be conducted in each of the three hypotheses testing chapters for each corresponding sub-index.

## **5.5 Conclusion**

Previous work on campaign finance regulation was plagued with significant and unavoidable methodological hurdles. Data on campaign contributions were limited, and state campaign finance law records were difficult to collect and operationalize. Fortunately, these issues were overcome through the work of the National Institute on Money in State Politics and the creation of the Witko Index (2005). These two developments allow this study to test campaign finance regulations on donations across all fifty states.

The design of this dissertation tackles the hypotheses from a variety of angles that is unmatched in other scholarly work. To date, no study has tracked campaign finance law this broadly. Each major form of campaign finance law will be thoroughly tested to see how it affects campaign contributions for candidates and individual races. By the end of this dissertation, I will be able to discern how nineteen separate types of campaign finance regulation affect donor behavior from a variety of interest groups. These analyses also utilize a dataset that is far larger than anything used in previous research by including all candidates for State House/Assembly and Senate across all fifty states from 1999-2014.

The models presented in the next three chapters, however, may turn up surprises that should be further investigated. Thus, any results that are not consistent with the hypotheses will be followed up with further testing in Chapters 6-8. In the next chapter, I begin testing my hypotheses with contribution limits.

Table 5.1 Witko Index of Campaign Finance Law Stringency

<i>Disclosure:</i>	<i>Spending limits/public financing:</i>	<i>Contribution limits:</i>
1) Reporting of aggregate expenditures,	1) A total expenditure limit,	1) Contribution limits on individuals,
2) Reporting of aggregate contributions,	2) A check-off on tax return forms to contribute to public funding accounts,	2) Prohibition of direct contributions from corporations,
3) Itemization of some categories of expenditures,	3) An independent revenue source for public financing,	3) Prohibition of direct contributions from labor unions,
4) Itemization of some categories of contributions,	4) Public financing of statewide office elections (e.g. governor, lt. governor, etc.),	4) Limits on the amount of contributions from corporations (direct or PACs),
5) Itemization of expenditures over \$50,	5) Public financing of state legislative elections,	5) Limits on the amount of contributions from labor unions (direct or PACs),
6) Itemization of contributions over \$50,	6) Public financing of political parties, and	6) Limits on the amount of candidate self-financing, and
7) A final report required within one month after an election, and	7) Equal distribution of public funds between candidates and/or parties.	7) Limits on the amount of a candidate's family's contributions.
8) Reports required on at least a quarterly basis.		

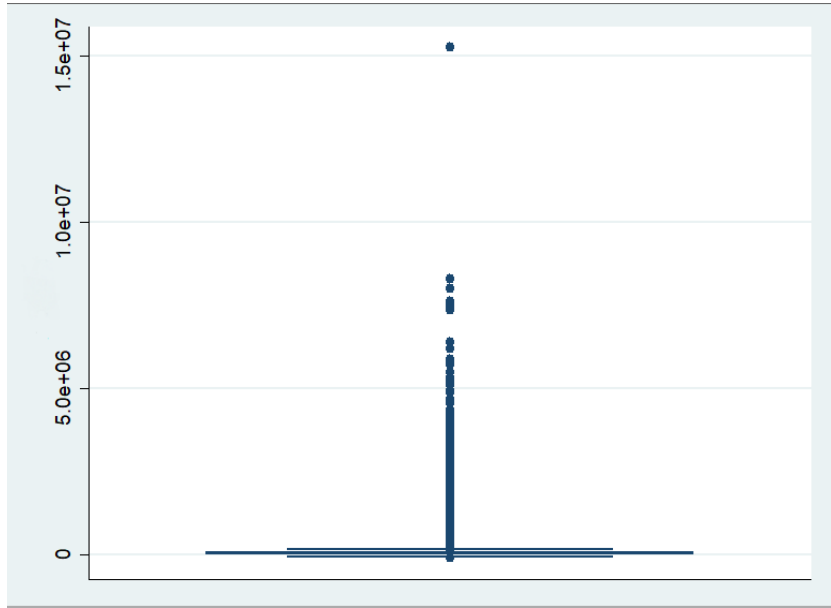


Figure 5.1 Distribution of Inflation Adjusted Total Campaign Contributions to Candidates

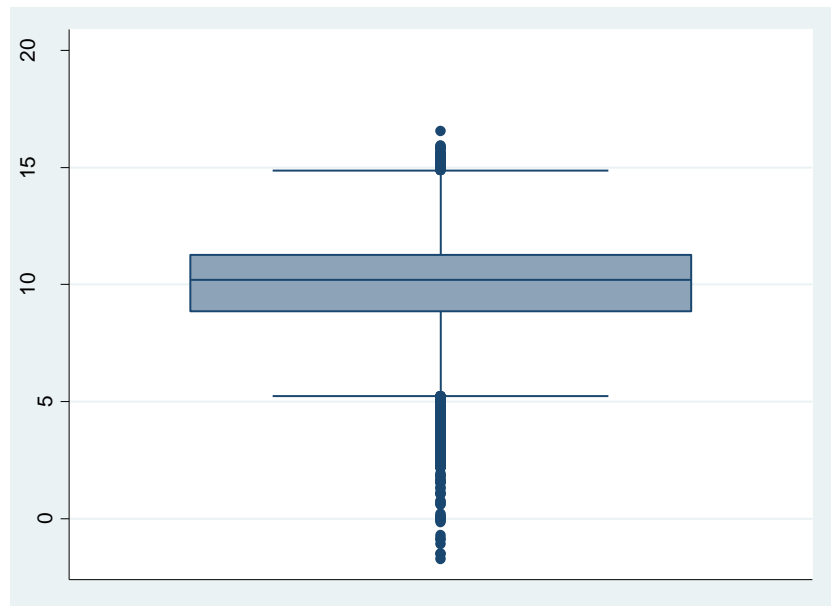


Figure 5.2 Distribution of Logged Total Campaign Contributions to Candidates



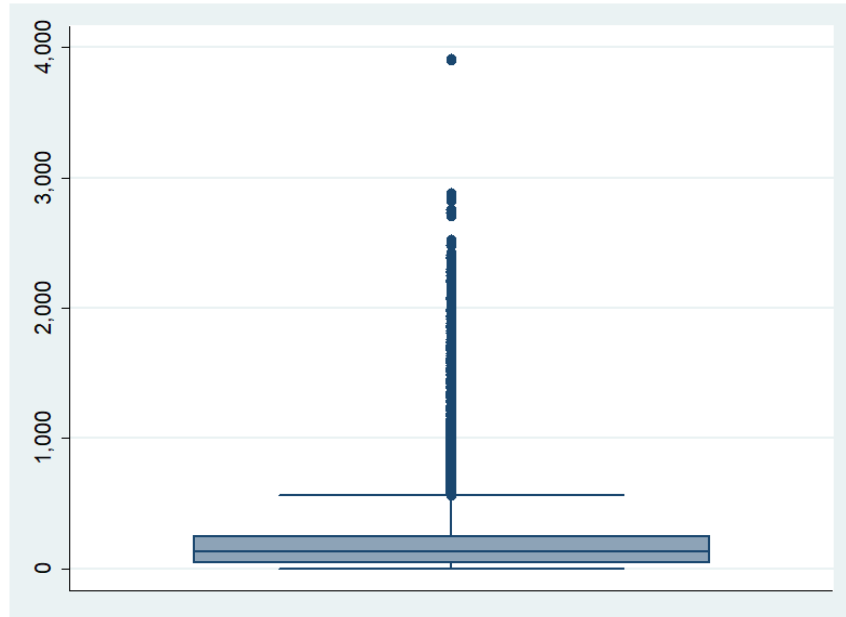


Figure 5.3 Distribution of the Sqr. Root of Inflation Adjusted Campaign Contributions to Candidates

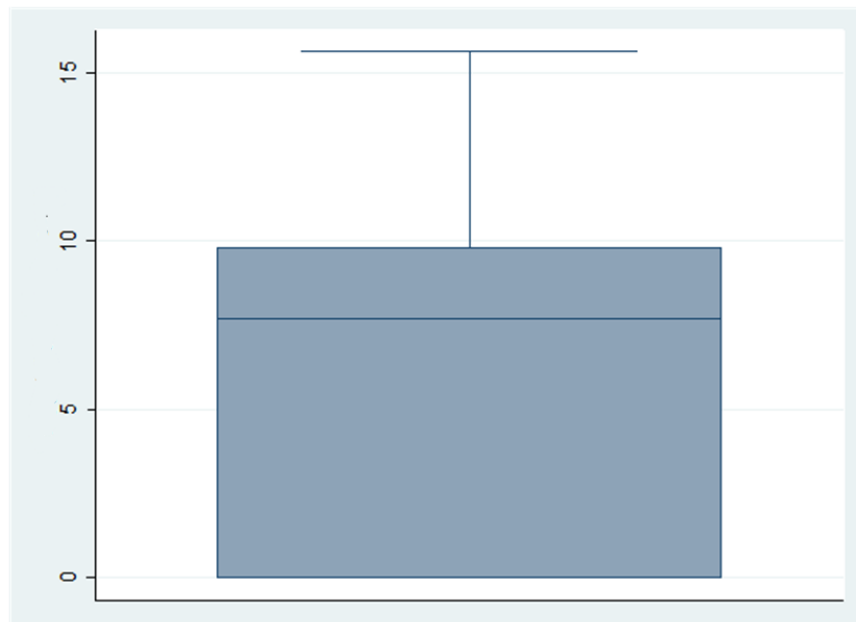


Figure 5.4 Distribution of the Log of Inflation Adjusted Campaign Contributions to Candidates + \$1

## CHAPTER 6: CAMPAIGN CONTRIBUTION LIMITS

### 6.1 Overview of Hypothesis One.

This chapter tests Hypothesis One: **Campaign contribution limits will affect business contributions more than ideological interest group donations.** On the surface, campaign contribution limits are exceptionally straightforward regulations. Campaign contribution limits merely restrict donors from donating over the amount set by the statute. In practice, however, the politics and enforcement of campaign contribution limits are far more complicated. Contribution limits are championed by reformers to remove the influence of money from campaigns. Logically, limiting donations should reduce donors' capacity to fund campaigns, especially those that outright ban direct donations from certain donors (Witko 2005), which should eliminate the influence of these groups during campaigns. On the other hand, campaign contributions can be crafted to have no impact on candidates' fundraising abilities. If set too high, or designed with loopholes, contribution limits can be less impactful, particularly when they allow unregulated independent spending (Ansolabehere, de Figueiredo, and Snyder 2003; Nelson 2000). Some argue that campaign contribution limits hinder democratic processes and free speech (Smith 2001; Sullivan 1997, 1998). These critics of campaign finance laws, including prominent lawyers like James Bopp<sup>22</sup>, blame contribution limits for giving a fundraising advantage to incumbents or for being outright unconstitutional.

Consistent with previous research, my theory rejects both arguments that campaign contribution limits and bans are either ineffective or designed to hurt challengers. Instead, this dissertation assumes that campaign contribution limits keep donations low and reduce money from politics. That is, I argue that campaign contribution limits are not superficial or nefarious regulations. It is a mistake, however, to assume that all campaign contribution limits are designed with the same underlying approach. History suggests that powerful group politics affect the design and scope of campaign contribution limits. Both legislators and the public have historically targeted campaign finance regulations to impact the donations of a specific group of contributors.

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<sup>22</sup> James Bopp is a former member of the RNC from Indiana. He successfully argued the *McCutcheon v. Federal Election Commission*, 572 U.S. \_\_\_\_ (2014), *Susan B. Anthony List v. Driehaus*, 573 U.S. \_\_\_\_ (2014), *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), and the *American Tradition Partnership, Inc. v. Bullock*, 567, U.S. 516 (2012) decisions.

Often, this activity purposefully gives political advantages to certain political parties (Hall 2016). Thus, states do not typically enforce the same campaign contribution limits on all groups of donors, leaving specific donations completely unregulated.

The focus cannot be on the design of campaign contribution limits alone. Donors also differ in how they contribute money to campaigns. As stated, donors have diverse strategies and intentions for providing campaign contributions. The division primarily rests on ideologically driven or access-oriented donors (Barber 2016). Business groups donate to build long-term relationships; ideological groups, primarily to get likeminded individuals elected. Thus, to be fully effective, laws should be sensitive to contribution strategies of each type of donor.

I argue that there is more nuance to the effectiveness of campaign contribution limits. My hypothesis predicts that the effectiveness of campaign contribution limits is dependent upon the group they are intended to impact. I contend that campaign contribution limits are not adequately designed to account for the different donation patterns used by interest groups to gain influence. As described in previous chapters, ideological groups provide most of their campaign contributions when a candidate is first seeking election to get like-minded candidates elected (Snyder 1992). Since ideological groups primarily donate to new candidates, they are most likely to run against campaign contribution limits early in the member's tenure. Once the member is elected, ideological group contributions diminish, thus making campaign contribution limits largely ineffective. Corporate campaign contributions are consistently provided to candidates to build long-term relationships with members. Business interest groups also have significantly more resources than most ideological based groups. Thus, business interest groups are more likely to run against campaign contribution limits throughout the entirety of the members' service.

This chapter is broken down into five sections. First, I will provide a basic overview of the campaign contribution limit sub-index. Second, I present the expected relationship between the dependent and independent variables for hypothesis one. Then, I will confirm the campaign contribution limit stringency sub-index is predictive of donations to state legislative candidates. Fourth I will begin to test the individual sub-index regulations by examining direct contribution bans on donations. Finally, I conclude with a discussion of the findings.

I find limited support for my hypothesis that contribution limits are more impactful on business groups. My results, however, still paint a very compelling picture of the effectiveness of campaign contribution limits. I discovered little support for the theory that campaign contribution

limits are set at purposefully highly levels to allow candidates to raise an inordinate amount of campaign contributions. Instead, my findings show that campaign contribution limits are a very useful tool for disrupting the flow of money between candidates and all types of donors. Overall, both log total ideological and business interest group donations are negatively and significantly impacted by campaign contribution limits and bans. I found very slight differences, however, in the effectiveness of campaign contribution limits on business interest and ideological group donations. As will be expanded upon below, ideological groups tended to be slightly more affected by campaign contribution limits than business groups, even for incumbents. Business interest group contribution limits are less effective for incumbents than new candidates. I will explain why this might be the case in the discussion section.

## **6.2 Methods and Trends in Campaign Contribution Limits.**

As mentioned in Chapter 4, my models rely on Tobit analyses. Tobit is useful when the dependent variable cannot take on a negative value. Campaign contributions fit this criterion, making Tobit especially suitable for my analyses. As a reminder, estimates from a Tobit model are like ordinary least squares, but the linear effect “is on the uncensored latent variable, not the observed outcome” (UCLA: Statistical Consulting Group 2017). I clustered each model around the states as to not overstate the effect size of state-level independent variables.

My hypotheses are interested in understanding the effects of campaign contributions from two distinct angles. First, I ask if campaign contribution limits affect donations to individual candidates. Second, I test if campaign contribution limits place candidates on an equal fundraising playing field in each district. Thus, I divide my analyses into individual and district models.

My primary dependent variables for the individual candidate models are log total campaign contributions, the number of contribution records in each election cycle, and the percentage of donations originating from each respective group. Limits directly target the ability of candidates to raise an inordinate amount of funds from candidates, so it is logical to focus on logged total donations. That said, it is also helpful to see how many contributors donate under contribution limits to coincide with any changes in log total donations. When appropriate, I will also use average donation size as a rough measure of individual contributor activity. The primary dependent variables for the district models are the logged standard deviation of campaign contributions from ideological and business groups donated to candidates in the same legislative election. The

standard deviation of campaign contributions measures the equality of donations among candidates running in an election. A value of zero represents no variation in the amount of contributions.

My primary independent variable for this chapter is an adapted version of the Witko (2005) campaign contribution limit sub-index. The Witko Index (2005) codes for seven types of campaign contribution limits; union bans, corporate bans, corporate limits (direct and PACs), union limits (direct and PACs), candidate self-finance, individual limits, and family limits. Admittedly, my primary analyses below will only focus on campaign contribution limits on corporations, unions, PACs, and candidates. Due to the nature of the data from the National Institute on Money in State Politics, there is no reliable way to distinguish family and candidate contributions within the unitemized and uncoded categories. Thus, I cannot directly test the effectiveness of family or candidate campaign contributions. Further, unions will receive additional attention since they are subjected to dedicated campaign contribution limits even though they are a part of the ideological group.

There is a slight complication testing PAC and party donations on campaign contribution limits using the Witko Index (2005). The Witko Index (2005) does not code for party limits. The corporation and union limit variables include PAC limits. Thankfully, all but one state, South Dakota, sets their individual limits to their PAC limits. Thus, the individual limit dependent variable acts as an adequate proxy for PAC limits in my models. Because almost all donors use PACs to fund candidates, I can use this variable to test both corporate and ideological PAC group donations directly. Examining political party contributions is a bit more complicated. Five states impose limits on parties but not on political action committees. There may be a need for some slight adjustments to the individual limit measure for political parties later in this chapter.

The states developed a diverse range of campaign contribution limit regulations. Contribution limits are the second most utilized form of campaign finance law behind disclosure requirements. An average of forty-five states enforced some form of campaign contribution limits from 1999-2014. As discussed in Chapter 3, the past three decades have witnessed relatively low levels of campaign finance law reform. Legislatures regularly updated contribution ceilings, but very few states repealed or enacted new limits and bans on groups. The Witko Index does not consider the monetary level of campaign contribution limits, so these changes had no impact on my measure. State campaign contribution limit stringency did not undergo much change from

1999-2014 (Kulesza, Witko and Waltenbug 2016). This is reflected in the numerical score of the contribution limit sub-index. Using an unaltered version of the Witko Index (2005), the average stringency in campaign contribution limits was 3.7 in 2000 versus 3.88 in 2014<sup>23</sup>.

Usually, this lack of variation in a primary independent variable would cause concerns for any statistical model. I am not worried, however, about insufficient change in campaign contribution limit regulations for my analyses. During the timeframe covered by my dataset there was isolated, and sometimes drastic, change to campaign contribution limits in certain states. For example, the Missouri Legislature completely gutted its campaign contribution limits in 2008. The Nebraska Supreme Court struck down all of Nebraska's campaign contribution limits in 2012 as unconstitutional. Vermont's campaign contribution limits were successfully challenged at the US Supreme Court. Montana's contribution limits were struck down by federal district courts on multiple occasions. Eventually, the contribution limits were upheld by the Ninth Circuit Court in 2017. Illinois, bucking the trend, enacted new campaign contribution limits in 2009, which took effect before the 2012 elections. These changes, along with other slight amendments in campaign contribution limit laws in other states, provide sufficiently high variation in my primary independent variable.

Since campaign contribution limits are designed to affect specific groups, each dependent variable must be matched with its respective primary independent variable. Admittedly, it will be easier to ascertain the effects of campaign contribution limits on donations from businesses interest groups for two reasons. First, state statutes hold all corporations to the same campaign contribution limits. Statutes vary on the limits they place on ideological groups, including unions, political parties, and candidate committees. Further, unions are the only ideological group that are subjected to direct campaign contribution bans. Consequently, I will need to run multiple models to understand how ideological groups are affected by their respective campaign contribution limits. I only need a single primary independent variable to understand the effects of contribution limits on business group donations. Thus, I can test corporate campaign contributions with the same standard across all states.

Second, unlike most ideological groups, I can directly compare effects between corporate contribution limits and bans. States do not enforce bans on ideological groups other than unions.

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<sup>23</sup> This level of change was insignificant in a t-test.

The lone exception to this is New York, which bans political parties from donating to candidates during primary elections. On the other hand, states regulate ideological groups under separate contribution regulations. The Witko Index (2005) accounts for family, candidate, and individual limits. Thus, each type of campaign contribution in the ideological group must be tested with a separate model.

Understandably, there may also be a concern that the index is not responsive to variation in campaign contribution limits across states. The lack of sensitivity of my measure to campaign contribution has important theoretical implications for my findings. There is no doubt that the level of campaign contribution limits matters. Previous work demonstrated that low campaign contribution limits have a positive effect on electoral competition in legislative districts. This effect is not especially important to my research question in this dissertation. This analysis does not test if lower levels of campaign contribution limits are more effective for reducing the flow of money to candidates. Instead, I am analyzing the effectiveness of state campaign contribution limits as they were enforced from 1999-2014. This way, I can better determine if campaign contribution limits are designed with any group bias in mind. Legislatures are bound by *Buckley* and *Randall* to set limits that are sensitive to the costs of campaigning in the state while not infringing on First Amendment rights. Campaign contribution limits are set with a legal lower limit by federal and state courts, but not an upper limit. Thus, if policymakers design ineffective campaign contribution limits, the monetary level is inconsequential. My models will produce insignificant results for my campaign contribution limit variable. If campaign contribution limits are effective, my dichotomous variable will still be significant, even if the measure does not account for variation in campaign contribution limit levels.

Thus, for the sake of this analysis, it would be unwise to use a primary independent variable that captures state by state variation in campaign contribution limits. I can only make meaningful comparisons with a consistent and readily applicable measurement of campaign contribution limits. Statutes may be filled with loopholes that allow donors to easily get around campaign contribution limits, which I expect will be revealed in my analyses below if they exist. These loopholes cannot be easily quantified. Thus, the campaign contribution limit dummy variable is an adequate way to capture both the current levels of campaign contribution limits and any potential weaknesses in state statute.

Basic descriptive analyses of the campaign contribution limit sub-index demonstrated some noteworthy trends that provide insight into my theory. Business interest group donations are more strictly regulated than ideological groups. An average of 21 states allowed political parties to donate an unlimited amount of campaign contributions to candidates from 1999-2014. In contrast, an average of only seven states allowed unlimited direct campaign contributions from corporations until 2012 when Illinois began to restrict them as well. Twenty-two states banned corporations from making direct donations. Another 22 imposed limits. Only Iowa and Mississippi imposed campaign contributions on corporations and not unions. An average of 11 states imposed no campaign contribution limits on individuals, allowing private citizens to provide candidates with an unlimited amount of resources.

Since each campaign contribution limit dummy will be matched with its respective independent variable, high correlations between my dependent variables are not problematic. Still, as reported in Table 6.1, correlations reveal four interesting patterns that demonstrate which groups states target with campaign contribution limits. Unsurprisingly, the highest correlation is between the union and corporate contribution limits at .9205. States tend to impose limits on both unions and corporations at the same time. This high correlation most likely reflects the political reality that it is difficult for legislators to limit contributions on only corporations or unions alone without some fallout.

Second, more stringent direct campaign contribution bans on unions are also closely intertwined with corporation bans. The correlation between each ban type is relatively high at .717. Following the same logic, banning only corporate or union donations could lead to severe partisan bias in elections. Thus, it is logical that most state legislatures would try to impose regulations on both equally. Indeed, limits on unions and corporation bans are correlated at only .078. This finding indicates that states would instead ban donations from both groups outright rather than placing more lenient regulations on the other. That said, there is a slight bias in regulating corporations over unions. Including states that changed their campaign contribution limit regulations, an average of 23 states enforced a direct corporate contribution ban during this period. In contrast, an average of only 17 states did the same for unions. This pattern may suggest that there is relatively more political pressure on states to limit campaign contributions from corporations over unions. This study does not definitively test this hypothesis, however, and will have to be followed up with further studies. There were low positive correlations between corporate and union bans with their



respective limits. This is not due to a weakness of the measure. Instead, these correlations merely reflect overlap in state statutes between PAC and direct limits.

Third, I find relatively high correlations between individual and other forms of limits. Individual limits serve as a baseline regulation for all donors. Many states link all contribution limits to individual limits. But while the correlations are high, individual limits are not as strongly correlated with other limits as those between unions and corporations. Individual limits serve as an anchor for union and corporate limits as well. Individual limits are correlated with corporate and union limits at .653 and .626 respectively. In 2014, 18 states set corporate limits to those placed on individuals. Only Tennessee tied its corporate campaign contribution limits to PAC limits. Twenty-one states tied together union and individual limits. Twelve states, however, placed no regulations on individual contributions at all. Individual limits are also correlated with family limits at .664 and candidate limits at .205. I expected that individual and family limits would be more highly correlated with each other. Family and individual limits are intrinsically targeting campaign contribution from private wealth.

Fourth, family and candidate limits were uncorrelated with corporate or union bans. Corporate bans were only correlated with family and candidate limits at -.072 and -.101 respectively. Each of these four regulations targets a very different group of donors, so it is not surprising that they are not highly correlated with each other. While this is a very weak and insignificant relationship, the negative correlation is a bit perplexing. On its face, it seems that some states avoid regulating too many groups of donors at once. This claim is outside of the scope of this analysis, however, and will need to be investigated in future work.

These trends in campaign contribution regulations show a slight bias towards regulating corporations over ideological groups. This tendency demonstrates some evidence that states are more concerned about undue influence from corporations over ideological groups and individuals. It is unlikely that legislators will enact limits against ideological groups if they hold similar positions with each other. Of course, this is far from providing solid evidence for my hypothesis. This will be explored more in the next chapter.

Now, I turn to the Tobit analyses to see if ideological groups are less impacted by their respective campaign contribution limits than business interest groups. My models should provide straightforward, consistent results to conform to my hypothesis. Corporate contributions should always be negatively and significantly associated with their respective limits. Conversely,

ideological group donations, including those from political parties, unions, single-issue groups, and campaign committees, should be insignificantly related to contribution limits.

### **6.3 Direct Contribution Bans**

A logical first step is to test campaign contribution bans on unions and corporations.<sup>24</sup> Among my dependent variables, the ban analyses should provide the starkest and most apparent evidence of group differences in the effectiveness of campaign contribution limits. At first glance, this argument may seem counterintuitive. On the surface, direct campaign contribution bans are among the most precise mechanisms used by state policymakers to remove money in legislative campaigns. Direct bans on campaign contributions block all donations originating from the treasuries of corporations and unions. With perfect enforcement, a statistical model should not reveal much about the effectiveness of campaign contribution bans. Logically, an actual ban should eliminate all donations from the source it is being enforced upon. Thus, if my measure accurately captured state statutes, the model should show that candidates raise zero dollars under contribution bans. This should be true for whatever group they are enforced upon, be it unions or corporations.

Campaign contribution bans cannot be described as a full prohibition of donations from unions and corporations. Campaign contribution bans are designed with an obvious loophole. According to the National Conference of State Legislatures, state statutes allow corporations and unions to bypass these regulations by establishing separate Political Action Committees. Corporations and unions may first donate to their respective PACs, which then provide contributions to campaigns. Thus, if campaign contributions are made by corporations and unions under these bans unhindered, it suggests that state law was designed with a gap that allows candidates to receive funds from their supporters through separate PACs. Thus, it would be unreasonable making a prediction that bans completely remove donations to candidates.

To be consistent with my hypothesis, corporate bans should be more effective at reducing campaign contributions than bans on unions. The logic behind this prediction is relatively straightforward, yet somewhat different than why I predict ideological groups will be less affected by simple limits. I expect that unions are better designed to circumvent campaign contribution bans. Admittedly, unions' primary mission is to negotiate contracts between workers and

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<sup>24</sup> As noted, unions are the only ideological group subjected to bans. Thus, they are tested separately from other ideological groups initially.

corporations, not to lobby the state government and affect legislative campaigns (Asher 2001). It would be a mistake, however, to characterize unions as lesser political entities than corporations. The primary mission of unions is far more politically inclined than that of corporations.

The corporate contribution ban model estimates are reported in Table 6.2. The results are exceptionally supportive of the effectiveness of direct corporate donation bans. Direct corporate contribution bans significantly limit total donations from business interest groups. Candidates running under direct corporate bans are predicted to suffer a 73% reduction in their campaign contributions from business interest groups. That said, my results indicate that corporate contribution bans do not reduce candidates' total share of donations from business groups. The percentage makeup of contributions from business interest groups is insignificantly related to corporate bans. Thus, while the total amount of business interest group contributions declines, there is no significant shift in the makeup of business interest group donations provided to candidates. Most likely, this is because states with corporate bans also employ bans on direct donations from unions. Since unions are the largest ideological group contributor, if their donations also decrease, then there is not likely to be a significant shift away from ideological groups.

I now turn to test my hypothesis on union bans. Once again, my model uses the full set of independent variable controls. My primary independent variable is the union ban dummy. Union bans should be insignificant or positively associated with both log total union contributions and the percentage makeup of union donations to conform to my hypothesis.

The results from my union ban models are reported in Table 6.2. Union donations are negatively, but just insignificantly associated with bans. The result is exceptionally close to significance at the p .05 level with a t-score of -1.95. While this non-significant finding conforms to my hypothesis, the t-score is too close to -1.96 to write off union bans as fully ineffective. Taking the result as close to significant, the coefficient suggests that union bans reduce donations by approximately 55%. The results from the percentage dependent variable models were more conclusive than the log total models. Bans were insignificantly related to the percentage of overall donations originating from unions. This result neither confirms nor denies my hypothesis, considering that bans were also insignificantly associated with business interest donations. These results suggest that union bans are sufficient to reduce the total amount of contributions received by candidates, but it does not lead them to rely more on other sources of donations.

Overall, the ban models were not informative about the relative effectiveness of contribution regulations on business interest and ideological groups. In sum, bans did not affect the overall share of contributions from either unions or business interest groups. For both unions and business groups, bans reduced the log total of candidate contributions. Of course, this is only if the union model is considered a significant finding. The coefficients in the log total contribution models suggest that union donations were less affected by bans than from business interest groups. Still, these results do not provide definitive support for my hypothesis. The log total union contribution model was far too close to significance to write off union bans. The effect sizes, while stronger for business interest groups, are not a reliable indicator either. Unions provide far fewer donations overall than corporations, potentially leading to the differences in the  $\beta$  coefficients between each model. Instead, I will need to look at the contribution limit variables to find more evidence for my hypothesis.

#### **6.4 Corporate and Union Campaign Contribution Limits**

To provide a quick contrast to my ban models, I begin with testing corporate and union contribution limits. As previously discussed, union contributions are less regulated than the contributions of corporations. Five fewer states imposed limits on unions than corporations. Still, because the level of most union and corporate contribution limits was set to individual limits, the range of campaign contribution limits across states is identical for corporations and unions. Across the timespan of this analysis, Vermont's campaign contribution limits of \$200 were the lowest. These limits were struck down by the Supreme Court in *Randall*. After this decision, Maine enforced the lowest limits on corporations and unions at \$375.

The corporate and union contribution limit independent variables have a major advantage over the ban models. Unlike the ban models, the campaign contribution limit measure includes restrictions on both direct and PAC donations. Thus, my results will show the effectiveness of campaign contribution limits on all donations from corporations and unions, regardless of whether they were directly or indirectly provided to candidates.

The results from the full campaign contribution limit models are reported in Table 6.3. As predicted, campaign contribution limits were significantly and negatively related to log total donations from business interest groups. Corporate campaign contribution limits reduce business interest donations by approximately 200%. Corporate campaign contribution limits, however, do

not shift overall donations away from business interest groups. My estimates suggest that corporate campaign contribution limits have no significant effect on the percentage of total donations. Oddly, the average size of donations for business interest groups was positively and significantly affected by corporate contribution limits. I do not have a direct explanation of why this is the case that is consistent with previous political science literature. Most likely, this is correlation and not causation. States with large individual donations may be those most likely to enforce contribution limits. This finding will need much more testing in subsequent work to understand this effect.

I now turn to test union campaign contributions to their respective limits. To be consistent with my hypothesis, log union campaign contributions should be insignificantly or positive and significantly associated with union limits. The results from the union limit models are reported in Table 6.4. Unexpectedly, union limits were negatively and significantly associated with log total donations. Total union donations also suffer an expected reduction of 200%. The impacts of union contribution limits go beyond reducing log total donations. As reported in Table 4, the percentage makeup of contributions from unions declines by 3.8% under contribution limits. Further, average labor donation sizes reduce under union contribution limits. These three results suggest that ideological groups, not business interest groups, are more affected by campaign contribution limits. Unions may not be representative of all ideological groups, however, warranting further analyses later in this study.

I am not yet done testing the effectiveness of corporate and union campaign contribution limits. The fundamental difference between business and ideological groups is how they treat incumbents. Business groups donate to maintain influence over incumbents while ideological groups assume legislators will not significantly change their positions once elected. I must also account for the effects of campaign contribution between incumbents and nonincumbents. It is prudent to see if corporate campaign contribution limits affect business donations to incumbents differently than nonincumbents. Incumbency should have no bearing on the effectiveness of campaign contribution limits under ideal circumstances. Thus, to conform to my hypothesis, business interest contributions to incumbents should be negatively associated with corporate contribution limits. Union donations to incumbents should be unrelated to campaign contribution limits.

The estimates from the incumbent models are reported in Tables 6.3 and 6.4. Although signed correctly, my results indicate that corporate contribution limits have no significant effect

on business interest contributions. Thus, corporate campaign contribution limits do not hinder business' ability to donate to incumbents. The result was exceptionally close to significance, however, with a t-score of 1.95. The estimate suggests a 215% reduction. Union donations to incumbents were significantly and negatively impacted by their campaign contribution limits. Union contributions to incumbents are cut by 223%. Even taking the corporate limit incumbent model as significant, contributions to unions are more impacted.

Not only do the results in this section refute my hypotheses, but they also reverse entirely my predictions. Unlike the ban models, these estimates suggest that ideological groups are more impacted by campaign contribution limits. The next step is to test business and union groups with PAC limits to see if there is consistency in my results. The PAC limit models should provide more clarity to the trend that business interest group contributions are less affected by contribution limits.

### **6.5 PAC Limits on Unions and Corporations**

I account for the effects of PAC limits in the corporate and union limit models. The primary independent variables in the previous sections included limits placed on unions and corporations from both their treasuries or PACs. It is impossible, however, to ignore any potential isolated impacts of PAC limits on business interest and unions contributions in this analysis. PACs are a vital part of the donor/candidate relationship. All donor groups can establish a PAC to fund candidates, bypassing other forms of campaign contribution limits and election regulations. Because PACs give more flexibility, donors provide a sizeable portion of campaign contributions through PACs, not directly by the donors themselves. Indeed, PACs are among the most important sources of income for incumbents (Berber 2016). As noted, all but one state sets their PAC limits to those placed on individuals. Thus, the Witko Index (2005) individual limit dummy works well as a proxy for PAC limits as my primary independent variable.

I report the results for the PAC limit models in Table 6.5. Similarly, union campaign contributions are more impacted by PAC limits than business group donations. As expected, business interest group donations are negatively and significantly associated with PAC limits. Candidates subjected to PAC limits are expected to experience a 72% reduction in business interest group donations. Union contributions, however, suffer an expected 82% decline in total campaign contributions under PAC limits. These findings suggest that union donations, which are classified

as an ideological group, are more impacted by campaign contribution limits, partially refuting my hypothesis.

But once again, it is wise to test PAC limits on business interest and union contributions to incumbents to see if the results are consistent with the corporate and union campaign contribution limit models. The results of these models are reported in Table 6.5. Again, the PAC limit model for business interest group donations was negative yet insignificant for business interest donations. Union campaign contributions to incumbents were significantly and negatively impacted by PAC limits.

With the estimates from the PAC limit models, I am now certain that contribution limits on business interest group donations are not effective on incumbents. Thus far, unions are the only ideological group that I have tested. The next sections will expand my analysis into single-issue groups and political parties to see if there are any significant differences in their respective campaign contribution limits on donations.

## **6.6 Single-issue Groups**

Single-issue groups are the archetypal ideological donors. These groups advocate for a very narrow policy focus, encompassing areas such as LGBTQ+ rights, abortion, or government reform. The objective of getting likeminded individuals elected to the legislature should not be muddled with any other goal. The results should perfectly conform to the hypotheses; single-issue groups should not be affected by campaign contribution limits. My tests on single-issue groups should provide vital clarity to whether ideologically leaning donors are at any time less affected by campaign contribution limits.

My dependent variable is logged total campaign contributions from single-issue groups. States do not place specialized campaign contributions on single-issue groups. Instead, single individual groups are subjected to PAC limits. Once again, I will use the individual limit independent variable as a proxy of PAC limits.

The single-issue models are reported in Table 6.6. Log total single-issue group donations are negatively and significantly associated with PAC contribution limits. The estimates suggest that single-issue group donations drop by 223% under PAC limits. Thus far, this is the largest drop of any group tested within this chapter. This is the most damaging to hypothesis one, as single-

issue groups should conform to my predictions on ideological donors more than any other. I will discuss this result in further detail later in this chapter.

## **6.7 Party Limits**

Political parties constitute the final donor group I test with an individual level model. Political party limits should be among the least effective regulations in this analysis. There should be little incentive for either political party to place stringent campaign contribution limits on their candidates. Political parties are among the most important lifelines for new candidates. Understandably; most nonincumbents are unfamiliar with donors. New candidates have not yet built long-term relationships with business groups. The lack of familiarity puts first-time runners at a major fundraising disadvantage. Political party donations are a necessary means for most new candidates to survive their elections.

Political parties also allow donors to bypass other campaign contribution limits. Donors can contribute resources to political parties knowing that donations will fund candidates with similar viewpoints. In a way, this allows donors to provide beyond the maximum contributions allowed for their donor group. Thus, to be consistent with my hypothesis, political parties should be insignificantly or positively related to their respective campaign contribution limits. Indeed, this is the last ideological group I test. If the results do not come back as either insignificant or positive and significant, my hypothesis will be thoroughly refuted. Once again, the Witko Index (2005) does not code for party limits. Thus, I made slight adjustments to the individual limit variable to account for California, Louisiana, New Jersey, North Carolina, and South Dakota by recoding their entry to zero. These states enforce no limits on their political parties for either the general or primary elections.

I report the results from the political party models in Table 6.7. Unfortunately, my results do not conform to my hypothesis, disproving hypothesis one for contributions to individual campaigns. Political party limits are negatively and significantly associated with log donations. Total party campaign contributions fall by 85% in the presence of limits. There may be differences in the district model, but that is highly unlikely. It is still vital, however, to ensure the previous results are consistent at the district level as well, so nothing is missed.



## 6.8 District Models

I now move on to test the effects of campaign contribution limits on placing candidates on an equal footing of fundraising. Arguably, one of the central goals of campaign contribution limits is to ensure that one candidate cannot substantially outraise all others. While bringing down the raw totals of contributions is a hindrance for campaigns, placing candidates on an equal fundraising footing helps ensure that no candidate has an advertising advantage going into the election.

To recap, legislative districts are the unit of analysis for these models. The dependent variable is the standard deviation of campaign contributions provided to candidates running in the same district in each election. Since these models analyze races at the district level, individual controls are incompatible with these models, including party ID, member of the majority party, seniority, challenger status, speakership, Senate leadership, elimination in the primary election/convention, and service in the other chamber. Thus, these individual level controls were removed from the models.

The district models provide very mixed evidence. All tested campaign contribution limits resulted in a reduction in the standard deviation of campaign contribution limits. Thus, campaign contributions were equalized by the limits. The results from the district models are reported in Table 6.8. Once again, my estimates show that ideological groups are more affected by their respective campaign contributions than business interest groups. Corporate campaign contribution limits had a negative and significant effect on the standard deviation of business interest donations. As expected, corporate campaign contribution limits reduced the standard deviation of business interest donations by .999. This suggests that the difference in fundraising between candidates is 160% higher in states without contribution limits. Again, union donations were more negatively impacted by their respective contribution limits, reducing the standard deviation by 1.19 and an associated 220% difference. Political party limits reduced the standard deviation of party donations by .738, representing a 208% difference. Thus, I cannot say that ideological group donations are less affected by their contribution limits with the results reported in this section.

## 6.9 Discussion

This chapter tested hypotheses one: **Campaign contribution limits will affect business contributions more than ideological interest group donations.** Unfortunately, this hypothesis

was refuted. I found little evidence that ideological group donations are less affected by campaign contributions. Instead, my model estimates suggest that ideological groups, not business interest groups, were relatively more affected by campaign contribution limits.

Consistent with my hypothesis, both corporate limits and bans overall were significantly and negatively predictive of campaign contributions from business interest groups. The results from my ideological group models, however, did not conform to my hypothesis. Unions were the only ideological group in the individual models to be insignificantly associated with their respective campaign contribution ban. The t-score was 1.96, indicating that unions may still suffer from adverse effects of campaign contribution limits. That said, it is important to note that bans do not eliminate all donations originating from corporations and unions. As my results suggest, both union and corporations subjected to contribution ban still find a way to funnel money to campaigns. Interestingly, states with a high percentage of union memberships, including, Alaska (3rd), Connecticut (4th), Rhode Island (8th), Michigan (10th), Ohio (13th), Pennsylvania (16th), Montana (17th), and West Virginia (18th) enforce direct union contribution bans (Bureau of Labor Statistics 2017). As seen in the previous chapter, many of these states also have a significant amount of resources donated to candidates by unions.

My models showed notable differences in the size of the decline in donations caused by contribution limits for ideological and business interest groups. The percentage reductions in donations for ideological groups were consistently higher than business interest groups. It is somewhat difficult to conclude the effectiveness of campaign contribution limits based on my reported effect sizes alone. In part, this is because ideological groups provide far fewer resources to candidates than corporations. On average, business interest donors provide candidates with \$25,389.98 versus \$17,963.74 for ideological groups.

Turning to my tests on incumbents, it appears that corporate campaign contribution limits are not as effective for incumbents. This strongly suggests that corporate campaign contributions were designed so that business interest groups could provide candidates with contributions unhindered to incumbents. Campaign contribution limits negatively impacted ideological group donations to incumbents, even though they typically provide less funds after the first term. Nevertheless, the coefficient differences were not sufficient evidence to disprove my hypothesis; the incumbent models showed that ideological group donations were more impacted than business interest groups.

There is no easy explanation of why my results suggest that ideological groups are relatively more affected by campaign contribution limits than business interest groups. Corporations have significantly more resources than ideological groups, allowing them to provide more donations to candidates. By all accounts, they should use these resources to maximize their contributions, thus run into campaign contribution limits on a more regular basis. Of course, my results suggest that this is not the case. I propose two explanations here why ideological groups are relatively more impacted by campaign contributions than ideological groups. While not consistent with my hypothesis, each reason paints a very compelling picture of the relationship between donors and candidates.

The first reason lies with how donors interact differently in the face of campaign contribution limits. This explanation comfortably fits into my theory and narrative of campaign contributions and legislators. As discussed, ideological groups primarily donate to candidates running for their first term or at risk of losing their elections. There is no need for ideological groups to consistently provide money to campaigns since candidates are unlikely to undergo significant shifts in their attitudes. Targeting new candidates and at-risk members may cause ideological groups to run against contribution limits more often than business interest groups. Ideological groups may pull together all available resources to provide massive amounts of support to new and endangered candidates. Since ideological groups are maximizing their donations, the contributions will more likely hit the campaign contribution limit.

Business interest groups only need to give enough funds to maintain a long-term relationship with incumbents to extract economic benefits. Corporations do not seem to be very interested in who holds the majority. Instead, they attempt to influence the legislative process regardless of who is serving. As shown in the previous chapter, most corporations do not discriminate by party except for the financial services sector. Both parties know that their legislators receive funds if they are in power, so long as corporations are free to give under campaign finance regulations.

This explanation, while simple and consistent with my theoretical framework, does not adequately explain the relationship between donors and legislators. Instead, it is better to look outside of my theory and focus on the personal reelection motivations of legislators and how they may benefit from limiting donations from one group versus another. The second and more likely explanation comes down to incumbency protection. Most legislators want to get reelected

(Mayhew 1974). It is only natural that legislators would design campaign contribution limits in a way that maximizes their reelection chances. Access-oriented groups, including businesses, prefer incumbency and moderation above the ideological leanings of the members (Barber 2016, Fournaies and Hall 2014; Grimmer and Powell 2013; Hall and Wayman 1990; Milyo, Primo, and Groseclose 2000). As shown in the previous chapter, they do not discriminate by political party. They donate to candidates who are already in office. It is a wise strategy for incumbent legislators to design campaign finance regulations that have a negligible impact on their primary sources of income.

Interestingly, my analyses on the Witko Index (2005) showed that most states take a one size fits all approach to campaign contribution limits. Most states enforce the same level of limits on individuals, PACs, unions, and corporations. Ideological groups seek candidates that are in lockstep with their attitudes. With this, the donation strategy of ideological groups strongly favors challengers. Indeed, the number of candidates receiving donations from single-issue groups dramatically declines among incumbents. Only 19,453 incumbents received donations from single-issue groups. This is opposed to 17,085 challengers, which are running for their first term in office.

State campaign contribution limits do not adjust to these different strategies. Ideological groups are further disadvantaged by current campaign contribution limit design for having fewer resources to donate and being fewer in number than corporations. There are fewer political parties, union organizations, and single-issue groups than businesses. In 2016, the Encyclopedia of Associations listed 24,000 national nonprofit organizations. If using a more informal definition, there are 200,000 interest groups between the state, local, and federal levels (Nownes 2013). There are only fifty state and six territory political parties. The number of political parties is small in comparison to the number of for-profit entities in the US. In 2015, the US Census Bureau listed over 30 million business entities. Thus, it is nearly inevitable that donations from ideological groups will be more impacted by limits if legislators are choosing to regulate these groups in the same way as corporations, simply because there are not enough nonprofit groups to donate. Indeed, my data show that ideological groups made a total of 2,096,183 donations from 1999-2014 as opposed to 4,845,921 business groups.

Still, there is an important caveat in my results. Business group donations to incumbents were insignificantly associated with campaign contribution limits with t-scores of 1.95. This was

true for both corporate and PAC limits. Still, campaign contribution limits enforced during 1999-2014 had a stronger negative effect on ideological groups rather than business interest groups. In total, it is safe to say that business group donations are not relatively more impacted by their campaign contribution limits.

Even with the incumbency protection explanation, it is somewhat surprising that political parties were affected by their respective campaign contribution limits. Intuitively, legislators have very little incentive to limit political party donations. Unlike unions or corporations, legislators cannot target political party donations without inevitably limiting their chances of receiving funds. Both Democrats and Republicans benefit from well-funded political parties. Political parties are vital for new candidates who have not built relationships with donors. Political parties also serve as an essential conduit between donors and candidates. Donors can bypass strict campaign contribution limits on individuals, union, PACs, and corporations through political parties. Donors know that donations to political parties will be given to their preferred candidates. Indeed, legislators can set direct campaign contribution limits on all other groups to combat perceptions of corruption, knowing that these donors can simply provide funds to the political party. Legislators also have obligations to fundraise for their respective political parties to help keep their majorities.

The question becomes under what condition would legislators benefit under political party contribution limits? One possible explanation might be the unpopularity of both major political parties. Legislators could shield themselves from being too connected to political parties by enforcing limits. The Democratic and Republican Party's approval ratings suffer historic lows. According to CNN polling in 2017, 37% of the American public had a favorable view of the Democratic Party (Struyk 2017). Only 30% of the American public were favorable towards the Republican Party. In recent years, running against the "establishment" in both the Democratic and Republican Party is used to win support. This phenomenon was reflected in part by the rise of movements such as the Tea Party from 2009-2010 (Karpowitz et al. 2011). Strong social movements form when the public is dissatisfied with the government or parties (Lipset 1972).

The unpopularity explanation, however, is insufficient and does not conform to previous research or United States political history. Political party contribution limits have existed long before the recent simultaneous unpopularity of the Democratic and Republican Parties. It is unlikely that voters perceive donations from political parties as an inherently corrupt activity.

Indeed, it should come as no surprise to voters that political parties provide campaign contributions to their candidates. If there is pressure from the public to enact political party campaign contribution limits, legislators should merely set them so high that it does not negatively impact their ability to receive support.

Under the right circumstances, it is conceivable that legislators set political party limits to protect their majorities rather than to capitulate to public pressure. As noted, political party donations are needed the most by new candidates, not by incumbents. Legislators already have connections with business interest donors to fund their campaigns. A relatively effortless way to harm opponents is to cut them from their primary source of income. In the case of newly minted candidates, the primary source of contributions is political parties. This is a powerful way to ensure that challengers are cut off from their major source of income. This strategy is particularly useful for heavily entrenched majority parties where their members do not require large contributions to campaigns.

## 6.10 Conclusion

This chapter tested Hypothesis One: **Campaign contribution limits will affect business contributions more than ideological interest group donations.** Campaign contribution limits were a far stronger predictor of donations than I expected. Across the board, campaign contribution limits had a significant and negative effect on campaign contributions from both ideological and business interest groups. Contrary to my predictions, campaign contribution limits were more impactful against ideological group donations over business interest group donations. Indeed, campaign contribution limits were insignificantly related to corporate campaign contributions to incumbents.

I reason that campaign contribution limits are less impactful for corporate limits because they are designed by incumbents to protect incumbents. Corporations consistently provide donations to legislators, not challengers. They seek to build long-term relationships with incumbents. It would be illogical for contribution limits to hurt their ability to raise funds and keep their seats. Ideological groups mainly provide funds to challengers. It would be beneficial for legislators to enact campaign contribution limits that hurt challenger's abilities to raise money.

The next chapter will test the effects of disclosure requirements on campaign contributions from business and ideological groups. Disclosure laws may be more impactful against business

group donations than ideological groups, even though the opposite was true for contribution limits. Disclosure laws do not place direct regulations on the flow of money to candidates. Instead, they merely shine a light on donations, making them available to public eyes. There may be concern among legislators about receiving publicly divulged donations from business groups over ideological groups. Indeed, basic analyses on the campaign contribution limit index alone suggested that there is more impetus for states to regulate donations from corporations. I will test this theory in the next chapter.

Table 6.1 State Level Correlations of Campaign Contribution Limit Regulations

Limit Regulation	Corporate Bans	Union Bans	Family Limits	Candidate Limits	Corporate Limits	Union Limits	Individual Limits
<b>Corporate Bans</b>	1.0000						
<b>Union Bans</b>	0.7170	1.0000					
	0.0000						
<b>Family Limits</b>	-0.0724	-0.1530	1.0000				
	0.1558	0.0026					
<b>Candidate Limits</b>	-0.1014	-0.1311	0.2932	1.0000			
	0.0465	0.0100	0.0000				
<b>Corporate Limits</b>	0.1141	0.0656	0.5534	0.1623	1.0000		
	0.0250	0.1982	0.0000	0.0014			
<b>Union Limits</b>	0.0782	0.0159	0.6012	0.1763	0.9205	1.0000	
	0.1253	0.7559	0.0000	0.0005	0.0000		
<b>Individual Limits</b>	0.1281	0.1306	0.6642	0.2052	0.6529	0.6262	1.0000
	0.0118	0.0102	0.0000	0.0000	0.0000	0.0000	

Table 6.2 Corporate and Union Bans on Total and Percentage of Donations

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Total Union Donations</b>	<b>Percent of Business Donations</b>	<b>Percent of Union Donations</b>
<b>Corporate Ban</b>	-0.549*		-0.0309	
	(0.265)		(0.0337)	
<b>Union Ban</b>		-.449		-0.00858
		(0.230)		(0.0195)
<b>Term Limits</b>	-0.202	-0.240	0.0476	-0.0138
	(0.286)	(0.216)	(0.0373)	(0.0227)
<b>Folded Ranney</b>	-0.445	-0.439	-0.139	-0.131
	(1.101)	(0.677)	(0.139)	(0.0725)
<b>Professionalism</b>	0.236***	0.367***	-0.00740	0.0189***
	(0.0686)	(0.0467)	(0.00887)	(0.00453)
<b>Multimember Districts</b>	-0.512	-0.0152	-0.0235	0.00614
	(0.366)	(0.278)	(0.0584)	(0.0334)
<b>Presidential Year</b>	0.0481	-0.0314	0.0114	0.00649
	(0.0468)	(0.0589)	(0.00630)	(0.00469)
<b>Off Year Election</b>	0.972***	0.485	0.0434	-0.0154
	(0.228)	(0.352)	(0.0387)	(0.0377)
<b>Competition</b>	-0.0299	0.0208	-0.0192**	-0.00347
	(0.0356)	(0.0198)	(0.00705)	(0.00216)
<b>Chamber</b>	0.480***	0.401***	0.00300	-0.00839
	(0.0976)	(0.0838)	(0.0118)	(0.00779)
<b>Democratic Party</b>	-0.514***	1.065***	-0.115***	0.206***
	(0.0459)	(0.0957)	(0.0112)	(0.0215)
<b>Cumulative Terms Served</b>	0.0958***	0.0220*	0.0273***	0.00562***
	(0.0111)	(0.0105)	(0.00382)	(0.00116)



Table 6.2 Continued

<b>Other Chamber Experience</b>	0.747***	0.276**	0.113***	0.0360***
	(0.114)	(0.0867)	(0.0137)	(0.00859)
<b>Speaker of the House</b>	1.480***	0.783***	0.0981***	-0.000987
	(0.143)	(0.138)	(0.0199)	(0.0118)
<b>Senate Leader</b>	0.847***	0.623***	0.0547**	0.00151
	(0.160)	(0.120)	(0.0188)	(0.0100)
<b>Never Made General Election</b>	-1.024***	-0.659***	-0.142***	-0.116***
	(0.110)	(0.0957)	(0.0242)	(0.0128)
<b>Challenger</b>	-1.364***	-0.488***	-0.239***	-0.0678***
	(0.0850)	(0.0721)	(0.0265)	(0.00970)
<b>Majority Party Membership</b>	0.368***	0.0184	0.0592***	0.00793
	(0.0393)	(0.0785)	(0.0118)	(0.0101)
<b>Constant</b>	9.581***	7.506***	0.403***	-0.0107
	(0.893)	(0.604)	(0.107)	(0.0558)
<b>Sigma</b>				
<b>Cons</b>	1.694***	1.488***	0.463***	0.202***
	(0.0633)	(0.0533)	(0.110)	(0.0262)
<b>N</b>	79218	48436	96585	96585
<b>Pseudo R Squared</b>	0.0921	0.0805	.111	.4957
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				

Table 6.3 Corporate Campaign Contribution Limits on Business Donations

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Average Business Donations</b>	<b>Percent Business Donations</b>	<b>Log Total Business Donations Incumbent Model</b>
<b>Corporate Limits</b>	-0.709*	0.462**	-0.0337	-0.777
	(0.321)	(0.174)	(0.0333)	(0.397)
<b>Term Limits</b>	-0.178	-0.563**	0.0488	-0.0697
	(0.270)	(0.178)	(0.0356)	(0.325)
<b>Folded Ranney</b>	-0.0254	1.429*	-0.117	-0.655
	(0.959)	(0.667)	(0.144)	(1.261)
<b>Professionalism</b>	0.264***	0.0610	-0.00611	0.335***
	(0.0651)	(0.0474)	(0.00887)	(0.0936)
<b>Multimember Districts</b>	-0.270	-0.317	-0.0111	-0.623
	(0.386)	(0.231)	(0.0608)	(0.576)
<b>Presidential Year</b>	0.0274	-0.00805	0.0103	-0.0184
	(0.0560)	(0.0235)	(0.00659)	(0.0695)
<b>Off Year Election</b>	0.840*	0.200	0.0379	0.823
	(0.367)	(0.264)	(0.0307)	(0.484)
<b>Competition</b>	-0.0346	0.0557*	-0.0194**	0.0160
	(0.0350)	(0.0278)	(0.00712)	(0.0559)
<b>Chamber</b>	0.536***	-0.0111	0.00579	0.752***
	(0.0926)	(0.0554)	(0.0124)	(0.127)
<b>Democratic Party</b>	-0.513***	0.262***	-0.115***	-0.514***
	(0.0474)	(0.0467)	(0.0113)	(0.0699)
<b>Cumulative Terms Served</b>	0.0940***	-0.0756***	0.0271***	0.00895
	(0.0114)	(0.0118)	(0.00384)	(0.0105)
<b>Other Chamber Experience</b>	0.759***	-0.407***	0.114***	0.115
	(0.111)	(0.0619)	(0.0133)	(0.113)

Table 6.3 Continued

<b>Speaker of the House</b>	1.487***	-0.143	0.0985***	1.593***
	(0.142)	(0.0974)	(0.0197)	(0.137)
<b>Senate Leader</b>	0.861***	-0.198**	0.0555**	0.800***
	(0.163)	(0.0735)	(0.0191)	(0.164)
<b>Never Made General Election</b>	-1.012***	0.916***	-0.142***	-0.230
	(0.107)	(0.0714)	(0.0237)	(0.118)
<b>Challenger</b>	-1.385***	1.020***	-0.240***	0
	(0.0849)	(0.0825)	(0.0270)	(.)
<b>Majority Party Membership</b>	0.365***	-0.174***	0.0590***	0.193***
	(0.0405)	(0.0397)	(0.0120)	(0.0538)
<b>Constant</b>	9.535***	1.830***	0.398***	10.77***
	(0.847)	(0.550)	(0.112)	(1.094)
<b>Sigma</b>				
<b>Cons</b>	1.698***	1.633***	0.463***	1.468***
	(0.0488)	(0.0361)	(0.110)	(0.0755)
<b>N</b>	79218	78500	96585	36699
<b>Pseudo R Squared</b>	0.0909	0.0535	0.1107	0.0711
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				

Table 6.4 Union Campaign Contribution Limits on Union Donations

<b>Model</b>	<b>Log Total Union Donations</b>	<b>Log Average Union Donations</b>	<b>Percent Union Donations</b>	<b>Log Total Union Donations Incumbent Model</b>
<b>Union Limits</b>	-0.720**	-0.387*	-0.0384*	-0.792**
	(0.234)	(0.173)	(0.0195)	(0.271)
<b>Term Limits</b>	-0.259	-0.103	-0.0132	-0.213
	(0.193)	(0.139)	(0.0211)	(0.221)
<b>Folded Ranney</b>	0.244	-0.212	-0.0957	0.370
	(0.603)	(0.356)	(0.0759)	(0.677)
<b>Professionalism</b>	0.401***	0.137***	0.0206***	0.479***
	(0.0389)	(0.0345)	(0.00470)	(0.0495)
<b>Multimember Districts</b>	0.201	0.000534	0.0142	0.134
	(0.316)	(0.137)	(0.0349)	(0.391)
<b>Presidential Year</b>	-0.0385	-0.0488	0.00621	-0.114*
	(0.0491)	(0.0480)	(0.00420)	(0.0581)
<b>Off Year Election</b>	0.445	0.368	-0.0250	0.564
	(0.448)	(0.307)	(0.0394)	(0.510)
<b>Competition</b>	0.0191	0.0264*	-0.00346	0.0692
	(0.0225)	(0.0119)	(0.00221)	(0.0369)
<b>Chamber</b>	0.450***	0.219***	-0.00653	0.572***
	(0.0897)	(0.0441)	(0.00808)	(0.114)
<b>Democratic Party</b>	1.107***	0.119*	0.207***	1.164***
	(0.0964)	(0.0507)	(0.0215)	(0.113)
<b>Cumulative Terms Served</b>	0.0212*	-0.00463	0.00563***	0.00384
	(0.0101)	(0.00435)	(0.00115)	(0.00951)
<b>Other Chamber Experience</b>	0.268**	-0.0317	0.0356***	0.0668
	(0.0872)	(0.0400)	(0.00857)	(0.0946)

Table 6.4 Continued

<b>Speaker of the House</b>	0.793*** (0.136)	0.471*** (0.0705)	-0.00117 (0.0116)	0.874*** (0.129)
<b>Senate Leader</b>	0.638*** (0.118)	0.289*** (0.0695)	0.00257 (0.0100)	0.645*** (0.113)
<b>Never Made General Election</b>	-0.627*** (0.0963)	0.0758 (0.0477)	-0.116*** (0.0126)	-0.125 (0.0810)
<b>Challenger</b>	-0.513*** (0.0695)	-0.0249 (0.0302)	-0.0682*** (0.00961)	(0) .
<b>Majority Party Membership</b>	0.0607 (0.0753)	-0.00662 (0.0502)	0.00844 (0.0102)	0.0313 (0.0838)
<b>Constant</b>	7.276*** (0.510)	6.443*** (0.330)	-0.0144 (0.0570)	7.239*** (0.581)
<b>Sigma</b>				
<b>Cons</b>	1.479*** (0.0534)	0.796*** (0.0475)	0.201*** (0.0262)	1.410*** (0.0630)
<b>N</b>	48436	48436	96585	27469
<b>Pseudo R Squared</b>	0.0837	0.0531	0.5015	0.1065
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				

Table 6.5 PAC Limits on Union and Business Donations

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Total Union Donations</b>	<b>Log Total Business Donations</b>	<b>Log Total Union Donations</b>
<b>PAC Limits</b>	-0.546*	-0.593**	-0.649	-0.625**
	(0.270)	(0.200)	(0.332)	(0.231)
<b>Term Limits</b>	-0.191	-0.240	-0.0951	-0.196
	(0.282)	(0.200)	(0.349)	(0.233)
<b>Folded Ranney</b>	-0.189	0.0348	-0.714	0.244
	(0.992)	(0.617)	(1.276)	(0.705)
<b>Professionalism</b>	0.251***	0.382***	0.318***	0.456***
	(0.0656)	(0.0391)	(0.0931)	(0.0472)
<b>Multimember Districts</b>	-0.325	0.194	-0.686	0.119
	(0.387)	(0.320)	(0.575)	(0.398)
<b>Presidential Year</b>	0.0517	-0.0276	0.0129	-0.102
	(0.0500)	(0.0512)	(0.0624)	(0.0610)
<b>Off Year Election</b>	0.972**	0.537	0.959*	0.670
	(0.340)	(0.422)	(0.456)	(0.476)
<b>Competition</b>	-0.0331	0.0193	0.0178	0.0685
	(0.0356)	(0.0231)	(0.0568)	(0.0376)
<b>Chamber</b>	0.515***	0.438***	0.728***	0.560***
	(0.101)	(0.0915)	(0.138)	(0.121)
<b>Democratic Party</b>	-0.506***	1.112***	-0.498***	1.178***
	(0.0465)	(0.0968)	(0.0687)	(0.116)
<b>Cumulative Terms Served</b>	0.0911***	0.0177	0.00442	-0.000921
	(0.0119)	(0.0103)	(0.0109)	(0.00963)
<b>Other Chamber Experience</b>	0.763***	0.294***	0.128	0.0974
	(0.117)	(0.0829)	(0.121)	(0.0882)
<b>Speaker of the House</b>	1.505***	0.801***	1.615***	0.885***
	(0.140)	(0.137)	(0.135)	(0.130)

Table 6.5 Continued

<b>Senate Leader</b>	0.871***	0.644***	0.810***	0.644***
	(0.162)	(0.116)	(0.162)	(0.110)
<b>Never Made General Election</b>	-1.005***	-0.621***	-0.244*	-0.130
	(0.107)	(0.0961)	(0.113)	(0.0849)
<b>Challenger</b>	-1.393***	-0.531***	0	0
	(0.0848)	(0.0721)	(.)	(.)
<b>Majority Party Membership</b>	0.371***	0.0841	0.209***	0.0543
	(0.0395)	(0.0727)	(0.0517)	(0.0818)
<b>Constant</b>	9.476***	7.281***	10.64***	7.146***
	(0.855)	(0.537)	(1.095)	(0.619)
<b>Sigma</b>				
<b>Cons</b>	1.699***	1.480***	1.466***	1.414***
	(0.0484)	(0.0537)	(0.0724)	(0.0638)
<b>N</b>	79218	48436	36699	27469
<b>Pseudo R Squared</b>	0.0906	0.0832	0.0717	0.1049
	<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>			

Table 6.6 PAC Limits on Single Issue Group Donations

<b>Model</b>	<b>Log Total Single Issue Donations</b>
<b>PAC Limits</b>	-0.841 ***
	(0.190)
<b>Term Limits</b>	-0.192
	(0.183)
<b>Folded Ranney</b>	0.868
	(0.650)
<b>Professionalism</b>	0.186***
	(0.0454)
<b>Multimember Districts</b>	-0.244
	(0.258)
<b>Presidential Year</b>	-0.0513
	(0.0493)
<b>Off Year Election</b>	0.439*
	(0.214)
<b>Competition</b>	0.0220
	(0.0251)
<b>Chamber</b>	0.412***
	(0.0897)
<b>Democratic Party</b>	-0.0963
	(0.0622)
<b>Cumulative Terms Served</b>	-0.0492***
	(0.00810)
<b>Other Chamber Experience</b>	0.0710
	(0.0906)



Table 6.6 Continued

<b>Speaker of the House</b>	1.047***
	(0.154)
<b>Senate Leader</b>	0.682***
	(0.144)
<b>Never Made General Election</b>	-0.149
	(0.0928)
<b>Challenger</b>	-0.0985
	(0.0697)
<b>Majority Party Membership</b>	0.128**
	(0.0416)
<b>Constant</b>	6.701***
	(0.602)
<b>Sigma</b>	
<b>Cons</b>	
	1.436***
	(0.0525)
<b>N</b>	36539
<b>Pseudo R Squared</b>	0.0420
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>	

Table 6.7 Party Limits on Party Donations

<b>Model</b>	<b>Log Total Party Donations</b>
<b>Party Limits</b>	-0.628***
	(0.171)
<b>Term Limits</b>	-0.233
	(0.223)
<b>Folded Ranney</b>	0.421
	(0.759)
<b>Professionalism</b>	0.177**
	(0.0574)
<b>Multimember Districts</b>	-0.497
	(0.302)
<b>Presidential Year</b>	0.0694*
	(0.0281)
<b>Off Year Election</b>	1.270***
	(0.319)
<b>Competition</b>	0.0266
	(0.0346)
<b>Chamber</b>	0.547***
	(0.0922)
<b>Democratic Party</b>	-0.125
	(0.0746)
<b>Cumulative Terms Served</b>	-0.0906***
	(0.0146)
<b>Other Chamber Experience</b>	0.00883
	(0.0992)

Table 6.7 Continued

<b>Speaker of the House</b>	-0.00524
	(0.169)
<b>Senate Leader</b>	0.103
	(0.157)
<b>Never Made General Election</b>	-1.247***
	(0.145)
<b>Challenger</b>	-0.0986*
	(0.0431)
<b>Majority Party Membership</b>	0.283***
	(0.0656)
<b>Constant</b>	7.755***
	(0.622)
<b>Sigma</b>	
<b>Cons</b>	1.898***
	(0.0811)
<b>N</b>	47685
<b>Pseudo R Squared</b>	0.0298
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>	

Table 6.8 Contribution Limits on the Standard Deviation of Donations

<b>Model</b>	<b>Standard Deviation of Business Donations</b>	<b>Standard Deviation of Union Donations</b>	<b>Standard Deviation of Party Donations</b>
<b>Corporate Limits</b>	-0.999* (0.403)		
<b>Union Limits</b>		-0.719** (0.253)	
<b>Party Limits</b>			-0.738*** (0.207)
<b>Presidential Year</b>	0.0286 (0.0704)	-0.0683 (0.0528)	0.0750* (0.0343)
<b>Off Year</b>	0.928 (0.482)	0.420 (0.530)	1.200*** (0.314)
<b>Multimember Districts</b>	-0.441 (0.592)	0.0935 (0.391)	-0.524 (0.352)
<b>Chamber</b>	0.857*** (0.0996)	0.487*** (0.0905)	0.557*** (0.105)
<b>Folded Ranney</b>	-1.099 (1.331)	1.137 (0.711)	0.180 (0.926)
<b>Competition</b>	-0.0602 (0.0551)	-0.0424 (0.0343)	0.00259 (0.0333)
<b>Professionalism</b>	0.397*** (0.0980)	0.445*** (0.0499)	0.182** (0.0654)
<b>Term Limits</b>	-0.129 (0.415)	-0.303 (0.224)	-0.223 (0.281)
<b>Constant</b>	10.70*** (1.103)	7.323*** (0.553)	7.572*** (0.703)

Table 6.8 Continued

<b>Sigma</b>			
<b>Cons</b>	1.603***	1.524***	1.907***
	(0.0950)	(0.0668)	(0.0832)
<b>N</b>	33226	28601	26305
<b>Pseudo R Squared</b>	0.0681	0.0672	0.0274
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>			

## CHAPTER 7. DISCLOSURE REQUIREMENTS

### 7.1 Overview of Hypothesis Two.

This chapter tests Hypothesis Two: **Disclosure requirements will affect business contributions more than ideological interest group donations.** Disclosure law is unique among campaign finance laws. As noted by the United States Supreme Court in the *Citizens United* and *Buckley* decisions, disclosure requirements do not directly bar groups and individuals from donating. Instead, disclosure laws bring increased accountability by shining a light on contributions. They are nothing more than a mechanism used to provide more information to the public about the relationship between donors and their candidates.

Because disclosure requirements do not directly curb contributions, there are substantial theoretical and practical implications that I must exclusively account for in this chapter. Under disclosure requirements, negative publicity is all that discourages contributors from donating. Thus, my theory of how disclosure law affects campaign contributions rests on publicity. Donors want their candidates to get elected. They will not purposefully conduct themselves in a way that will purposefully sabotage the campaigns of their preferred candidates. My hypothesis assumes that it is politically riskier for business interest groups to divulge their donations. Indeed, polling by Pew Research and Gallup suggests that the public is exceptionally concerned that corporations have too much influence over the American political process. On the other hand, ideological donors are driven by political activity, not economic benefit. Donations demonstrate that ideological groups are players in the political system. Under most instances, ideological groups will not feel that contributing is a negative activity. Further, campaign donations from ideological groups can serve as an essential cue to voters (Sloof 1998). Campaign contributions from groups with the same beliefs as the candidate should come as no surprise to any voter. Thus, additional knowledge supplied by disclosure requirements on ideological group support should not hinder the flow of money to candidates.

This chapter is broken down into six sections. First, I will discuss my methodology and provide a broad overview of the disclosure index and its relation to other campaign finance regulations. Second, I will test the entire disclosure sub-index on total, business, and ideological group campaign contributions. Third, I will investigate the effects of individual disclosure

requirements on business and ideological group donations. Next, I will test if disclosure requirements equalize the amount of contributions given to candidates running in the same election. Finally, I will provide a discussion of my results and conclude.

Like the previous chapter, the results below indicate mixed support for my hypothesis. Business interest donations are oftentimes more impacted by disclosure requirements than ideological groups. This finding comes with a critical caveat. I find that each disclosure regulation impacts different facets of contributing, underscoring the necessity for states to enact comprehensive regulations to starve off donations. No single disclosure regulation universally reduces all measures of campaign contributions. Disclosure requirements do not consistently affect business regulation donations, nor are they always ineffective for ideological groups. The trends from the analyses below clearly show, however, that business interest donations are more affected by disclosure requirements.

## **7.2 Methods and Validity Checks**

The parameters for my disclosure law tests are nearly identical to the campaign contribution limit models. Each model relies on Tobit analysis due to the censored nature of the data. That is, my contribution data very rarely take on a negative value, barring a limited number of candidates who rely on loans to fund their campaigns. There are only seventeen observations that fall into this category. The dependent variables for this chapter are log total campaign contributions, the percentage of a candidate's donations originating from ideological or business group contributors, average donation size, and the standard deviation of contributions provided to candidates running for the same seat in the legislature. Once again, it is important to note that Tobit estimates the effect of  $x$  on  $y^*$ , the latent variable, not on an observed outcome.

My primary independent variable is the Witko disclosure law sub-index. The Witko Index takes a holistic approach to measuring disclosure requirements; thus, it is particularly appropriate as my primary independent variable. Arguably, it is more challenging for state lawmakers to design effective disclosure requirements than public financing laws or contribution limits. Building influence with state legislatures with contributions is a function of both the timing and the size of each donation. Thus, for disclosure laws to be successful, they must provide complete information on both attributes. Fortunately, the Witko Index (2005) accounts for regulations that are designed to impact the timing and size of each donation. The sub-index includes four types of disclosure

regulations: timing of reporting requirements, aggregate reporting, itemization of some categories, and itemization of any amount over \$50.

An additional strength of the Witko Index (2005) is the inclusion of both contributions and expenditure disclosure requirements. Yet, it is not prudent for me to analyze expenditure requirements in this dissertation. It is highly unlikely that donors make decisions based on the expenditures of campaigns. Thus, the expenditure disclosure requirement variables will not be formally tested on my hypothesis. Instead, my analysis of the expenditure disclosure variables will be limited to basic correlations with the contribution disclosure variables.

By design, each disclosure law will likely have a piecemeal effect on campaign contributions. For example, some disclosure requirements may affect the average size of donations while not affecting contribution totals. Each section below will discuss my predictions for individual regulations. The complexity of disclosure laws creates issues determining how these regulations affect business interest and ideological group donations. Specifically, considering the breadth of the Witko Index and the plethora of available contribution data, it may be difficult to focus on meaningful results that paint a compelling theoretical picture of campaign contributions. To avoid merely running one insignificant model after another, I will be clear how specific disclosure laws will affect campaign contributions. To provide additional clarity, I report the expected relationships between each disclosure requirement and campaign contributions in Table 7.1.

The disclosure law sub-index is also more likely to suffer from issues surrounding insufficient variation. Lawmakers favor disclosure law relative to contribution limits and public financing law. As noted in Chapter 3, disclosure requirements are the most common campaign finance regulation in the American states. As of 2014, all fifty states had disclosure requirements. Disclosure requirements were well entrenched in state campaign finance law by the early 1990s (Kulesza, Witko, and Waltenburg 2016). There has been very little change in state campaign disclosure law since 1999. States that amended their disclosure requirements only did so by one level on the campaign finance law disclosure sub-index.

To address this concern, I ran a series of descriptive analyses on the sub-index. I report state level correlations in Table 7.2. Interestingly, state-level correlations indicate that disclosure requirements are not necessarily stronger in states with strict contribution limit statutes or comprehensive public financing programs. Disclosure requirement stringency levels are correlated



with public financing and contribution limits at .0426 and .1866 respectively. The correlation between disclosure and contribution limits is significant at the .01 level, but it is still relatively low. In many ways, the relatively low correlations between disclosure law, campaign contribution limits, and public financing are not too surprising. State policymakers are much more open to enacting disclosure requirements than public financing and campaign contribution limits since they do not keep money from being donated to their campaigns. States with relatively lax contribution limits and public financing enact disclosure laws, including Oregon, Virginia, and Utah. Like public financing requirements and contribution limits, disclosure requirements are the weakest in the south and most robust in the northeast.

There is strong independence among the disclosure regulations, barring a few notable exceptions (Table 7.3). Unsurprisingly, the highest correlations are between expenditure and contribution requirement. Aggregate contribution and expenditure requirements had the highest correlation at .872, which is significant at the .01 level. All other correlations were below .5 with the itemization of expenditures and contributions above \$50 at .496, which was also significant at the .01 level. This is followed by general itemization requirements at .429. With most of these correlations, I can be confident that I am isolating the effects of each statute with each model. Depending on the results, it may be challenging to discern if aggregate expenditure or contribution reporting requirements are more effective at reducing donations unless one result is non-significant. I will further discuss the high correlation between the general itemization regulations when I test my hypothesis.

Before testing my hypothesis, it is helpful to check the basic effectiveness of disclosure requirement statutes. The primary goal of disclosure requirements is to remove money from unknown sources. Any disclosure requirement that fails meeting this fundamental objective is effectively useless and does not affect campaign contributions. Indeed, this study is meaningless without evidence that disclosure laws remove money from unknown sources. Any indication that dark contributions are unrelated or positively related to disclosure requirements suggests that donors bypass the statutes entirely. A contrary finding during my hypothesis testing would boost this claim by demonstrating that disclosure laws shift contributions from disclosed to undisclosed reporting categories.

The simplest way to check the fundamental effectiveness of disclosure law statutes is by testing the sub-index against unitemized campaign contribution totals. Unitemized campaign

contributions are defined by the National Institute on Money in State Politics as “an amount given that is less than a state's threshold for listing the contributor's name on a receipts and expenditures report.” As the disclosure requirement index increases, the overall level of unitemized contributions should decrease due to the additional stipulations of the state statute.

The dependent variables for the validity tests are log total unitemized contributions, log average unitemized contribution size, and percentage of overall donations from unitemized sources. The primary independent variable is the disclosure law sub-index. Here, and with all individual-level models, I use the full set of national, state, and individual level control variables described in chapter four. Like all other models in this study, each dependent variable is measured over the course of one campaign for each candidate up to the primary/convention or general election. Thus, the average donation size captures all contributions made from the time the candidate announced

I report the estimates for the unitemized campaign contribution models in Table 7.4. As expected, candidates subjected to stringent disclosure requirements have more difficulty hiding the sources of their campaign contributions. The results suggest that log total unitemized campaign contributions are expected to be negatively and significantly associated with higher levels of disclosure requirements. Candidates who raise money under stricter disclosure requirements are likely to receive less overall unitemized donations, lower average unitemized donations, and a smaller percentage of their overall donations from unitemized sources. Thus, I can conclude that disclosure laws are not wholly ineffective regulations. Donors are not bypassing the disclosure requirements in a way that results in higher levels of unitemized donations. Now that I provided evidence that disclosure laws are not merely a veneer of fake regulations, and that sufficient variation exists in my primary independent variable, I can turn to test campaign contributions from identified sources.

### **7.3 Overall Disclosure Sub-index**

To get a broad picture of the impact of disclosure law on donations, I first test the overall sub-index on ideological and business group campaign contributions to individual state legislative candidates. Disclosure is the only type of finance law that covers all fifty states. The overall sub-index includes regulations that govern the timing and size of each disclosure report. Many of the individual regulations will have an isolated impact on contributors' behavior. Thus, it is unwise to

use dependent variables that will likely only be affected by a specific type of disclosure regulation. The only dependent variables I test against the overall disclosure index are the total log contributions provided to candidates and the log average size of their donations. Business contributions should be negatively and significantly associated with disclosure requirements to conform to my hypothesis. Ideological group donations should be insignificantly associated with the campaign disclosure sub-index.

The results from the log total campaign contribution models are reported in Table 7.5. These initial models provide very little confidence in the ability of disclosure requirements to reduce total donations. Disclosure requirements have no significant effect on log total campaign contributions. Neither ideological or business interest groups shy away from donating under disclosure requirements. Log total and business interest group donations are unaffected by disclosure law stringency and thus do not conform to the hypothesis. professional

This result is not necessarily a fatal blow for campaign finance disclosure laws. The log total donation simply represents the amount of money provided by all donors. This variable is not sensitive to the number of donors that are contributing. To account for the number of donors, I must replace the log total donation variable with average donation size. The average donation size speaks much more to the interpersonal relationship between donors and state legislative candidates than total donations. Candidates who receive a relatively substantial number of campaign contributions from many donors are unlikely to be as influenced by an individual donor. Although this study does not test this conclusion,<sup>25</sup> it can be assumed that as the number of donors rises, the individual voice of any specific donor may be diluted. On the other hand, a candidate who received large contributions from a limited number of donors is likely to suggest that the legislator will be beholden to their backers when making policy decisions. The average size of business interest group campaign contributions should decrease with higher levels of disclosure requirements.

Results from the log average campaign contribution size models are also reported in Table 5. Each additional level of disclosure was associated with an expected 17% decrease in the average donation size. Unexpectedly, the average donation size for both business interest and ideological groups decline as well. Every additional level of disclosure stringency was associated with a 10% decrease in the predicted value of the average business interest group donation size at the .05 level.

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<sup>25</sup> This will be the topic of future studies.

Each additional disclosure regulation corresponded with a 12% decrease in the predicted value of the average ideological donation size at the .01 level.

This finding is the opposite of my hypothesis. At face value, the average contribution model suggests that disclosure requirements put significant pressure on both business and ideological interest groups to at least give the appearance that they are not unduly influencing state legislators through large campaign contributions without diminishing their overall levels of support. Ideological groups, however, tend to be more affected by disclosure law. These findings provide some support of the effectiveness of disclosure requirements but fail to lend support to my theory. I now begin testing individual regulations in the sub-index.

#### **7.4 Quarterly Reporting**

Timing requirements are the most challenging disclosure statutes to code. Most disclosure laws enforce separate requirements on candidates for election and non-election years. The most stringent timing requirements (enforced by Alabama, Arkansas, Colorado, Ohio, and Washington) require candidates to disclose their contributions monthly during election years (NCSL 2017). In off years, however, states such as Alabama do not require candidates to disclose contributions in non-election years. Others use haphazard reporting schedules that have no recognizable pattern or consistency.

Used by ten states, regular quarterly reporting exists somewhere in between these extremes. The requirement is not as onerous as monthly reporting. Quarterly reporting is also regular enough to see discernable patterns in contributions across time. Only twelve states required candidates to report on a quarterly basis within the timeline of this study. Considering that so few states use quarterly reporting, my results should provide a reliable estimate of how these donations differ with states without quarterly reporting.

Quarterly reporting is also the most difficult regulation to test my hypothesis. This is in part because quarterly reporting requirements will likely only influence average donation sizes if they are effective at all. Quarterly reporting exists to reveal the consistency of contributors, not necessarily how much they provide in total during an election cycle. For this reason, average donation sizes are much more relevant than the total donations. As noted, quarterly reporting may simply reduce the average size of donations because candidates are filing contribution records more often. The mere existence of quarterly reporting may bring down the average donation size

without having any real effect on how contributors donate to candidates. Thus, any result may merely be due to how the measure is coded.

To cover all potential concerns, this model tests both average contribution sizes and the number of records filed by the campaign in each election cycle. If quarterly reporting is a significant predictor of both average donation size and number of records, then any negative and significant result between average donation size and disclosure law will simply be a product of stricter timing of reports. If the number of records is insignificantly associated with quarterly reporting requirements, then I can safely assume that disclosure laws have a real effect on average donation size.

The results from these models are shown in Table 7.6. The log total number of contribution records is significantly associated with quarterly requirements. Candidates subjected to a quarterly reporting requirement are expected to submit 60% more reports per election cycle.<sup>26</sup> Interestingly, the average donation size and log total donations are insignificantly related to quarterly reporting. These two findings do not definitively explain the inconsistency of the previous results. Instead, it is likely that the conflicting results were merely a result of non-effective and effective disclosure regulations being incorporated into the index. As touched upon, certain portions of the disclosure sub-index will affect campaign contributions in diverse ways. My initial findings suggest, however, that quarterly reporting requirements make candidates file more reports, but have no effect on donors' behavior.

I now test the differences between ideological and business group donations. Quarterly reporting requirements should be exceptionally revealing of business interest groups' strategy to influence state legislators. Quarterly reporting requires candidates to disclose their contributors on a regular basis. Business groups must be careful not to time their donations in such a way to make it obvious that they are directly influencing legislative policy. Ideological group donations are primarily provided at one point in a legislator's career. Quarterly reporting should not affect ideological group donations since there is no consistent pattern of their donations across time.

I report the results from the quarterly reporting models in Table 7.6. My results suggest that quarterly reporting is not a very useful tool for dissuading either ideological or business

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<sup>26</sup> Using the simple total number of reports submitted as the dependent variable (unlogged), the number of reports is positively and significantly associated with quarterly reporting at the .01 level. The coefficient signifies that under quarterly reporting, campaigns submit 71.7 more reports. Business interest group

contributors from donating. Logically, quarterly reporting is significantly and positively associated with the log number of reports filed by both ideological and business contributors. These findings are consistent with the model above. That said, it does not appear that this increase in donation record count has any effect on the average size of donations. That is, the effect is not sufficiently high to reduce the average size of each donation. Quarterly reporting is not significantly associated with average donation sizes for either ideological or business interest groups. This lack of significance suggests that quarterly reporting forces candidates to turn in more reports but has no real impact on contributions. Since neither group was relatively more affected by quarterly reporting requirements, these results neither lend support nor refute my hypothesis.

### **7.5 Aggregate Reporting**

Aggregate reporting requirements constitute the second group of disclosure laws and are the most basic requirement currently enforced by states. An aggregate reporting requirement simply provides numerical totals of contributions. This explains why ninety percent of states enforce aggregate reporting requirements. Since aggregate reporting requires nothing but the disclosure of mere totals, it is impossible to ascertain the size and timing of each donation without a corresponding itemization requirement.

Because aggregate reporting regulations do not require comprehensive details about donations to campaigns, they provide little information to the public. It is a mistake, however, to assume that aggregate reporting requirements are useless because of their simplicity. At the very least, aggregate reporting allows individuals to view contribution totals. This additional information gives the public sufficient information to make comparisons between candidates and donors. This information may be just enough to dissuade business interest donors from contributing.

Because of the limited amount of information provided under aggregate reporting, only total campaign contributions and the percentage of donations will be used as dependent variables. Since these requirements do not have itemization requirements on their own, they will not influence average donation sizes nor the number of contribution records. Thus, I will only focus on log total campaign contributions and the percentage of overall donations from ideological and business interest groups.

The results from the aggregate contribution reporting models are reported in Table 7.7. The models show that while aggregate contribution reporting does not affect total donations, it shifts the source of donations away from business interest groups. Log total donations from business and ideological groups are both insignificantly related to aggregate contribution reporting. Aggregate contribution reporting, however, has a significant and negative effect on the percentage of business group donations. Aggregate contribution reporting leads to a predicted 8.9% reduction in the ratio of business group donations. There is no significant effect from aggregate contribution requirements on campaign donations from ideological groups, lending support to my hypothesis.

## 7.6 General Itemization of Contribution Categories

Itemization requirements are the regulations that states use to disclose the size of donations. By doing so, they are far more revealing of the relationship between donors and candidates than aggregate reporting. The Witko Index (2005) includes two types of itemization regulations. The first is a broad itemization requirement where donors must be categorized based on Federal Elections Commission classifications. Admittedly, the general itemization requirement variable is a very vague category. The dichotomous measure designates if a state statute requires some form of itemization in specific categories. Further, unlike the \$50 requirement tested in the next section, there is no strict monetary trigger associated with the variable. This variable codes all itemization requirements regardless of their level. Forty-two states enforce general itemization requirements of contributions.

Understandably, there may be some methodological questions about the general itemization requirement models. This independent variable captures a wide array of disclosure laws, potentially weakening the validity of the results. Rather than a weakness, however, the lack of a specific monetary level and itemization category is quite useful for this analysis. Like the contribution limits, states shape disclosure laws based on their political climates. States with lower election costs usually have lower disclosure triggers (see *Independence Institute v. Williams 2016*). This variable can help understand whether legislators shape itemization requirements that are sensitive to the cost of campaigning in their state.

The results of the itemization reporting requirements are reported in Table 7.8. Unexpectedly, I find that the general itemization of contributions has a significant and negative

impact on log total donations from both ideological and regulatory groups. The difference of the coefficients, however, is relatively stark. Under general itemization requirements, log total business group donations are expected to be negatively associated with general itemization regulations by 299% at the p .01 level. For ideological groups, the reduction is a relatively meager 85% at the .05 significance level.

These results conform to my hypothesis even though both business interest and ideological groups were affected by general itemization requirements. Business groups are more responsive to the general itemization requirement. This is the first disclosure regulation to have a discernable impact on the total amount of funds donated to individual candidates. Considering what the general itemization requirements do, it is not surprising that there would be a negative effect on total donations. Since contributions are itemized, the public has sufficient information to see the source of each donation, placing downward pressure on business and ideological group donations.

### **7.7 Itemization Over \$50**

The \$50 itemization requirements are the strictest form of disclosure included in the Witko Index (2005). At first glance, the \$50 amount may seem like an arbitrary amount to code for. While no value perfectly represents state regulations, the \$50 value is a reasonable level to separate states that place strict disclosure requirements on campaigns versus those that are more lenient. In almost all cases, it should be impossible to influence policy with a \$50 donation. Indeed, this was as much said by Justice Scalia during oral arguments in *Randall*. Thus, the \$50 contribution itemization requirement should make it quite burdensome to influence state legislators through donations secretly.

Because of their elevated level of stringency, the \$50 itemization requirements should be the most impactful on campaign contributions of the regulations in the Witko Index. Theoretically, the \$50 itemization requirement should affect average, total, and the percentage of donations from business groups. While not explicitly requiring campaigns to disclose the timing of donations, the \$50 itemization requirement provides much more information about the size of each contribution relative to the general itemization requirement. The \$50 contribution itemization requirement will force candidates to disclose every donation that has a chance of influencing them.

It would be unwise, however, to test every dependent variable on the \$50 itemization requirements. It may do nothing but create a slew of uninformative insignificant results. Likewise,



it would produce a more confusing picture of the \$50 itemization requirements. Instead, I will begin by testing the \$50 requirement on log total campaign contributions. Previous results demonstrated that itemization requirements are effective at reducing total donations from business groups. Logically, the \$50 requirement should likewise impact total business group contributions, making the log total dependent variables the natural place to begin my analysis.

The estimates of the \$50 itemization requirement tests are reported in Table 7.9. The results from these models were somewhat surprising. The added stringency of the \$50 monetary level had no significant impact on log total contributions. Business interest and ideological group campaign contributions were insignificantly related to the \$50 contribution itemization requirement. Because contribution requirements were completely ineffective at predicting log total donations, there is neither supporting or contradictory evidence for my hypothesis. Instead, these results put into question the effectiveness of states enforcing \$50 as a trigger for disclosure requirements for reducing overall donations.

## **7.8 After Reporting**

After reporting within thirty days of an election is the final type of disclosure law that I test in this chapter on individual campaigns. After reporting requirements are exceptionally straightforward regulations. They simply require candidates to report all their campaign contributions after an election in a final report to state officials. After reporting does not require candidates to show the size of each donation without additional stipulations. The timing of after reporting varies, with certain states like Kansas not requiring final reports until the January following the election. Thirty-two states require candidates to turn in all contribution data within thirty days after the election.

It is very intuitive for states to enforce a strict after reporting requirement. Logically, candidates should conclude their campaign finance disclosure processes and provide a final report on their fundraising. Perhaps unexpectedly, not all states have an after reporting requirement, including Mississippi, South Carolina, and West Virginia. Instead, these states require some form of report closely before the election concludes, but nothing in between. For this study, this variation among states is enough to compare candidates' fundraising with and without after reporting requirements.

After reporting only provides information once the election has concluded. Considering that the public has short memories of candidates and elections (Achen and Bartels 2008) after reporting would logically not dissuade donors from contributing to candidates. There may be some concern that candidates can use prior data on contributions against opposition campaigns, possibly putting negative pressure on business interest donations. Of my dependent variables, after reporting will most likely reduce the total amount of campaign contributions from business interest groups. As an isolated regulation, after reporting does not provide information on individual donations, so it would not be useful to test it with average donation size.

I report the results of the after reporting requirements in Table 7.10. After reporting has no significant discernable effect on log total donations from either ideological or business groups. This result is not very surprising since after reporting does not inform voters about the relationship between state legislative candidates and donors before an election.

## **7.9 District Models**

I now move away from investigating campaign contributions at the individual level and toward legislative districts. Here, I use the standard deviation of campaign contributions provided to individual candidates within specific races as the dependent variable. A value of zero signifies that all candidates in the election running for the same seat raised the same total amount of campaign contributions. All individual level control variables were dropped, including party ID, number of terms served, challenger status, chamber leadership, and elimination before the general election. This left statewide party competition, presidential year elections, off-year elections, multimember elections, legislative professionalism, and district competition as control variables.

Arguably, the district models are more informative about the effectiveness of disclosure requirements than my previous tests. While the candidate-centered models only speak to the flow of money to individuals, the district models tap into relative optics of one candidate receiving more contributions than the other. Of course, the primary weakness of this measure is the potentiality of all candidates in a single race receiving very high or low, yet an equal amount, of contributions, leading to a value of near zero. These races are less critical when testing disclosure requirements. I am not suggesting that multiple candidates receiving relatively large, yet an equal amount, of donations, will be uncontroversial among voters. Individuals pay attention to information that deviates from the norm. When multiple candidates all raise similar levels of contributions, voters

may think that it is business as usual. A candidate who receives an inordinate amount of contributions relative to their competition, however, may appear relatively more influenced by donors.

To avoid reporting a slew of non-significant findings, this section will only concentrate on two independent variables that will most likely affect the standard deviation of contributions. First, I will test the full disclosure index. While the sub-index was insignificant in my initial tests, it can provide a holistic view of disclosure laws' impact on campaign contributions. Second, I will test the effects of contribution itemization in each district. Contribution itemization requirements provide the best information for voters to compare the relationships between candidates and donors.

I report the estimates of the district models in Table 7.11. The results demonstrate a contrast between the effects of disclosure requirements on ideological and business group donations. As predicted, disclosure requirements have no real impact on equalizing donations among candidates from ideologically leaning groups. The standard deviation of ideological groups was insignificantly related to the disclosure law sub-index. Similarly, the itemization of contributions requirement did not affect ideological donations. These results suggest that ideologically motivated donors have no hesitation in selecting a favorite candidate and providing them relatively more contributions.

As expected, business group donations were equalized by disclosure requirements, lending support to the hypothesis. The full disclosure index was only significant at the  $p .1$  level, but the same was not true for an itemization of contribution requirements. The itemization of contribution requirements was negatively and significantly associated with the standard deviation of donations. The effect size was a relatively high \$46,602.34. Once again, this result was consistent with my previous models on the itemization of campaign contribution requirements.

## **7.10 Discussion**

This chapter tested the effects of disclosure requirements on campaign contributions to state legislative campaigns. I hypothesized that disclosure requirements are more effective on business group campaign contributions. My theory assumes that the public is more likely to find business interest donations as a sign of potential corruption between the donor and legislator. On the other hand, there is less for ideological groups to lose by providing campaign contributions.

Contributing is an integral part of the political activity of Ideological donors. Thus, there is no incentive for ideological groups to hold back on donations under strict disclosure requirements.

My models produced mixed results for my hypothesis. The overall sub-index was successful in demonstrating that disclosure requirements remove unknown donations, but was wholly unpredictable of log total, ideological, and business interest donations. Instead, the disclosure sub-index was predictive of average donation sizes for ideological and business interest groups. The average ideological group donation size was more negatively impacted than business interest group donations.

These findings were not a fatal blow to my hypothesis. Instead, tests on individual disclosure requirements provided much more informative results. Rather than primarily affecting campaign contribution totals, specific disclosure requirements shifted donations away from business interest donors in subtle and piecemeal ways. Most regulations played a specific, limited role in discouraging business donations. The individual pieces of disclosure laws were more meaningful than the sum of its parts.

Almost all disclosure requirements failed to cause business interest to shy away from providing donations. Aggregate campaign contribution reporting requirements were the only regulations to have a significant and negative effect on the overall percentage makeup of campaign contributions from business interest groups. Considering that voters are not particularly informed about politics, it is unlikely that they are paying attention to the timing and size of each donation. Instead, if voters (or anyone else) are concerned about contributions, they are likely to only investigate donations at the aggregate level. This information at the very least allows individuals to know who is providing contributions to their legislative candidates, though not much else. That said, my results suggest that business interest groups shy away from seeming too influential over legislative candidates when their contributions are made public, reducing their overall share of donations.

The general itemization of contributions variable also produced a couple of surprises and cast some doubt on my theoretical assumptions about disclosure requirements. General itemization requirements reduced the log total of both business and ideological group donations by 299% and 85% respectively. These results suggest that purely revealing the source of donations has a powerful impact on dissuading contributions, even for ideological groups. This result creates some difficulties for my underlying theory on disclosure laws. I cannot say with certainty that ideological

groups have no incentive to reduce their financial support under disclosure requirements. Instead, my results suggest that ideological groups are dissuaded from providing contributions under certain circumstances, but not nearly as much as business groups. Since business groups are impacted more so than ideological groups, my hypothesis still stands. The trend shows that ideological groups are less impacted by disclosure law. The relationship between ideological group donations and the general itemization requirement will be given more attention in future work.

My analyses revealed three disclosure laws that had no significant effect on campaign contributions to individual candidates. These regulations are the after reporting, quarterly reporting, and the \$50 contribution itemization requirements. As briefly discussed in my results, after reporting was likely to have a limited effect on campaign contributions. Donors have no incentive to restrict their contribution activities if their donations are only publicized after the election. That said, it would be unwise for states to forgo after reporting requirements, even if they do not affect contributions. Practically speaking, candidates must provide some final report to ensure accountability in elections. Without a final report, interest groups could donate right before an election knowing their contributions will never be publicized.

The ineffectiveness of the remaining two disclosure laws is not as consistent with the theoretical foundations of this dissertation. If my theoretical assumptions are correct, quarterly reporting should be among the most effective disclosure laws in my dataset. Quarterly reporting allows individuals to see the consistency of donor support to candidates across time. Quarterly reporting had no direct effect on campaign contributions from ideological or business interest groups. Quarterly reporting only increased the number of reports filed. Arguably, it may be that quarterly reporting is too frequent for most voters to pay attention to contributions.

It was somewhat surprising that the \$50 itemization contribution requirement failed to predict campaign contributions. I assumed that the \$50 contribution itemization requirement variable is a stronger predictor of campaign contributions because it codes for stricter itemization requirements. There are two potential reasons why the \$50 itemization requirement may be ineffective. First, the reason for the insignificant finding may lay in the measurement itself, not because setting itemization requirements at specific monetary levels is an ineffective strategy. Among the regulations in the sub-index, this is the only variable that codes statutes that are set at a specific monetary value. As noted by Witko (2005), the \$50 threshold has different implications in each state. A \$50 limit is less important in states with expensive legislative campaigns such as

California or Texas. A \$50 contribution is unlikely to phase any voter living in larger states. In places like New Hampshire, where most candidates raise zero campaign contributions, the \$50 itemization threshold is much more meaningful. A \$50 contribution may represent relatively more support to a campaign than in an expensive state. Admittedly, some of this was accounted for by clustering my observation around each state. That said, there is no way to account for all state by state variation in campaign costs.

The relatively low level of the \$50 limit may also contribute to regulation's ineffectiveness. By requiring the disclosure of all contributions above \$50, there may be too many reports for the public to sift through. Donors might realize that their contributions will be reported along with a plethora of others, helping to conceal their intentions. Of course, this dissertation does not test either explanation. Thus, I cannot definitively say why the \$50 threshold is ineffective.

Arguably, the most revealing findings are from the district models. The disclosure sub-index once again failed to predict campaign contributions. Like the individual candidate models, I credit the inclusion of ineffective regulations in the sub-index for this result. Including a mix of both ineffective and effective regulations in the same sub-index was likely to have this effect.

On the other hand, general itemization requirements were effective at equalizing the contributions provided to candidates. This significant finding cannot be overemphasized. This result suggests that under the right reporting guidelines, disclosure can be a powerful force in leveling the playing field for all candidates. States do not have to force candidates to surrender their ability to raise funds to achieve some level of parity among candidates. Instead, disclosure law can fulfill that role through publicity. Business groups seem unwilling to appear that they are providing large contributions to their preferred candidates over others. Any hint at doing so might single out candidates as being beholden to their interests.

## 7.11 Conclusion

This chapter tests Hypothesis Two: **Disclosure requirements will affect business contributions more than ideological interest group donations.** This is predicated on the theory that ideological groups have no incentive to hold back on contributing to candidates. Business interest groups, on the other hand, are worried that the public will perceive their contributions as undue influence over state legislators.

The results indicate that business interest group donations are relatively more affected by disclosure requirements. Ideological groups were almost always unaffected by disclosure requirements. While the analyses above provided some support to my hypothesis, the significant effects of disclosure requirements and campaign contributions are still perplexing in a few ways. Indeed, my results have limited backing by earlier studies on disclosure requirements. A limited amount of work shows that disclosure laws can militate against individuals from donating large contributions. As disclosure requirements become more stringent, individual donors reduce their contribution size. Researchers theorized that individuals are concerned that their campaign contributions might shine a poor light on their activities.

Many political scientists argued that the public pays very little attention to politics. In a way, business and ideological donors should not be too concerned about their campaign contributions. Thus, disclosure laws should be relatively ineffective regulations. My results suggest otherwise. Instead, my evidence shows that disclosure laws impact business groups far more than ideological donations. Even ideological donations, however, were affected by disclosure requirements in rare circumstances. Future studies must be conducted to understand better why disclosure law is effective even when the public is largely uninterested in campaign contributions.

Table 7.1 Disclosure Regulations and Corresponding Dependent Variables for Models

<b>Regulation</b>	<b>Dependent Variable</b>
<b>Aggregate contribution reporting</b>	Percentage Makeup of Donations
<b>Itemization of some categories of contributions</b>	Log Total Donations
<b>Itemization of contributions over \$50</b>	Log Total Donations
<b>Requirement of final report within one month of election</b>	Log Total Donations
<b>Requirement of reports on at least quarterly basis</b>	Log Average Donations

Table 7.2 Correlations of Campaign Finance Law Sub-Indexes

	<b>Disclosure</b>	<b>Contribution Limits</b>	<b>Public Subsidies</b>
<b>Disclosure</b>	1		
<b>Contribution Limits</b>	0.1866	1	
<b>Public Subsidies</b>	0.0426	0.3233	1
	0.0002	0	
	0.4042		



Table 7.3 Correlations of Disclosure Regulations

	<b>Aggregate Cont. Reporting</b>	<b>Itemiza tion of Conts.</b>	<b>Item. of Conts. Over \$50</b>	<b>Aggregate Exp. Reporting</b>	<b>Item. of Expend.</b>	<b>Item. of Expend. Over \$50</b>	<b>Quarterly Reports</b>	<b>After Reports</b>
<b>Aggregate Cont. Reporting</b>	1							
<b>Itemization of Conts.</b>	0.0994	1						
	0.051							
<b>Item. of Conts. Over \$50</b>	0.2845	0.1935	1					
	0	0.0001						
<b>Aggregate Expend. Reporting</b>	0.872	0.1382	0.2481	1				
	0	0.0065	0					
<b>Item. of Expend.</b>	0.0477	0.429	0.0481	0.086	1			
	0.3503	0	0.3458	0.0915				
<b>Item. of Expend. Over \$50</b>	0.2037	-0.0515	0.4962	0.3023	0.3217	1		
	0.0001	0.3132	0	0	0			
<b>Quarterly Reports</b>	0.135	-0.0526	0.2898	0.1121	0.0129	0.1916	1	
	0.0079	0.3024	0	0.0277	0.8012	0.0002		
<b>After Reports</b>	0.252	0.081	0.1835	0.1784	-0.0211	0.0437	0.0378	1
	0	0.112	0.0003	0.0004	0.6793	0.3923	0.4595	

Table 7.4 Disclosure Sub-Index on Unitemized Donations

<b>Model</b>	<b>Log Total Unitemized Donations</b>	<b>Log Average Unitemized Donations</b>	<b>Percent of Unitemized Donations</b>
<b>Disclosure Sub-Index</b>	-0.198**	-0.246**	-0.0310*
	(0.0729)	(0.0768)	(0.0135)
<b>Term Limits</b>	-0.657*	-0.324	-0.0681
	(0.313)	(0.307)	(0.0484)
<b>Folded Ranney</b>	1.886*	0.457	0.417**
	(0.868)	(0.859)	(0.146)
<b>Professionalism</b>	0.170***	0.105*	-0.00251
	(0.0447)	(0.0462)	(0.00625)
<b>Multimember Districts</b>	-0.347	-0.324	0.00902
	(0.272)	(0.368)	(0.0790)
<b>Presidential Year</b>	0.0406	0.0824	0.0198
	(0.0496)	(0.0535)	(0.0116)
<b>Off Year Election</b>	1.300**	1.050*	0.0306
	(0.499)	(0.450)	(0.0582)
<b>Competition</b>	0.00252	0.0140	-0.0124***
	(0.0319)	(0.0257)	(0.00363)
<b>Chamber</b>	0.325**	0.151	0.00216
	(0.104)	(0.0942)	(0.0141)
<b>Democratic Party</b>	0.243***	0.170**	0.0179*
	(0.0666)	(0.0558)	(0.00718)
<b>Cumulative Terms Served</b>	0.0112	0.0217	-0.00553***
	(0.0118)	(0.0128)	(0.00149)
<b>Other Chamber Experience</b>	0.199	0.163	-0.0165
	(0.120)	(0.107)	(0.0122)

Table 7.4 Continued

<b>Speaker of the House</b>	-0.184	-0.250	-0.0326*
	(0.190)	(0.141)	(0.0153)
<b>Senate Leader</b>	-0.0800	-0.149	-0.0367*
	(0.167)	(0.146)	(0.0165)
<b>Never Made General Election</b>	-0.670***	-0.297**	-0.0332
	(0.114)	(0.109)	(0.0219)
<b>Challenger</b>	-0.368***	-0.166**	0.0147
	(0.0619)	(0.0569)	(0.00762)
<b>Majority Party Membership</b>	0.0923	0.0683	-0.0126*
	(0.0584)	(0.0513)	(0.00589)
<b>Constant</b>	6.580***	6.605***	-0.119
	(0.914)	(0.928)	(0.151)
<b>Sigma</b>			
<b>Cons</b>	1.787***	1.500***	0.249***
	(0.0452)	(0.0536)	(0.0274)
<b>N</b>	57903	57903	96585
<b>Pseudo R Squared</b>	0.0437	0.0429	0.147
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>			

Table 7.5 Disclosure Sub-Index on Ideological and Business Donations

Model	Log Total Contributions	Log Total Business Donations	Log Total Ideological Donations	Log Average Total Donations	Log Average Business Interest Donation	Log Average Ideological Donations
<b>Disclosure Sub-Index</b>	-0.0452	-0.0667	-0.0631	-0.145***	-0.0945*	-0.120***
	(0.0522)	(0.0593)	(0.0512)	(0.0339)	(0.0482)	(0.0330)
<b>Term Limits</b>	-0.477	-0.146	-0.386	-0.135	-0.416*	-0.168
	(0.339)	(0.298)	(0.278)	(0.161)	(0.189)	(0.179)
<b>Folded Ranney</b>	-0.251	-0.474	-0.295	-0.0205	1.883**	-0.172
	(0.913)	(1.072)	(0.787)	(0.417)	(0.688)	(0.485)
<b>Professionalism</b>	0.336***	0.247***	0.340***	0.0836**	0.0835	0.136***
	(0.0669)	(0.0610)	(0.0523)	(0.0282)	(0.0595)	(0.0303)
<b>Multimember Districts</b>	-0.541	-0.396	-0.556	-0.0558	-0.169	-0.262
	(0.336)	(0.385)	(0.319)	(0.137)	(0.216)	(0.150)
<b>Presidential Year</b>	-0.0310	0.0547	-0.0205	0.0333	-0.00468	0.00445
	(0.0526)	(0.0510)	(0.0473)	(0.0326)	(0.0274)	(0.0307)
<b>Off Year Election</b>	0.913*	1.141**	1.122**	0.882***	0.0424	1.159***
	(0.429)	(0.354)	(0.365)	(0.217)	(0.292)	(0.192)
<b>Competition</b>	-0.0199	-0.0379	0.0334	-0.00337	0.0531*	0.0220
	(0.0325)	(0.0366)	(0.0313)	(0.00702)	(0.0270)	(0.0146)
<b>Chamber</b>	0.495***	0.490***	0.497***	0.207***	0.00521	0.369***
	(0.0880)	(0.0987)	(0.0820)	(0.0364)	(0.0571)	(0.0447)
<b>Democratic Party</b>	0.0302	-0.518***	0.331***	-0.0723**	0.277***	-0.177***
	(0.0577)	(0.0473)	(0.0578)	(0.0246)	(0.0479)	(0.0325)
<b>Cumulative Terms Served</b>	0.0395***	0.0911***	-0.0434***	0.00964	-0.0772***	-0.0337***
	(0.0104)	(0.0116)	(0.0115)	(0.00538)	(0.0125)	(0.00690)

Table 7.5 Continued

<b>Other Chamber Experience</b>	0.611***	0.753***	0.240*	0.00465	-0.394***	-0.0367
	(0.101)	(0.116)	(0.0992)	(0.0485)	(0.0628)	(0.0541)
<b>Speaker of the House</b>	1.307***	1.500***	0.769***	0.428***	-0.138	0.285**
	(0.125)	(0.144)	(0.143)	(0.0678)	(0.101)	(0.0959)
<b>Senate Leader</b>	0.574***	0.854***	0.277	0.131*	-0.179*	-0.0220
	(0.149)	(0.164)	(0.142)	(0.0576)	(0.0751)	(0.0820)
<b>Never Made General Election</b>	-0.906***	-1.018***	-0.726***	0.0668	0.902***	0.113
	(0.115)	(0.108)	(0.112)	(0.0437)	(0.0720)	(0.0659)
<b>Challenger</b>	-0.901***	-1.389***	-0.428***	-0.0967***	1.030***	-0.0946***
	(0.0731)	(0.0850)	(0.0616)	(0.0288)	(0.0797)	(0.0281)
<b>Majority Party Membership</b>	0.397***	0.372***	0.310***	0.123***	-0.171***	0.179***
	(0.0415)	(0.0417)	(0.0409)	(0.0205)	(0.0403)	(0.0259)
<b>Constant</b>	10.43***	9.674***	8.987***	6.493***	2.282***	7.090***
	(0.814)	(1.003)	(0.723)	(0.409)	(0.636)	(0.450)
<b>Sigma</b>						
<b>Cons</b>	1.643***	1.712***	1.766***	0.856***	1.633***	1.268***
	(0.0741)	(0.0544)	(0.0559)	(0.0390)	(0.0365)	(0.0333)
<b>N</b>	96473	79218	86329	96473	78500	82678
<b>Pseudo R Squared</b>	0.0805	0.0872	0.0481	0.0689	0.0534	0.0373
*p<0.05, **p<0.01, ***p<0.001						

Table 7.6 Quarterly Reporting Requirements on Donations

<b>Model</b>	<b>Log Total Records</b>	<b>Log Average Donation Size</b>	<b>Log Total Donations</b>	<b>Log Average Business Group Donations</b>	<b>Log Average Ideological Group Donations</b>	<b>Log Total Business Group Records</b>	<b>Log Total Ideological Group Records</b>
<b>Quarterly Reporting</b>	0.669***	-0.214	0.446	0.140	-0.0532	0.448*	0.410*
	(0.197)	(0.257)	(0.354)	(0.189)	(0.254)	(0.204)	(0.171)
<b>Term Limits</b>	-0.381	-0.255	-0.627	-0.497**	-0.291	-0.0332	-0.166
	(0.251)	(0.211)	(0.360)	(0.172)	(0.217)	(0.203)	(0.187)
<b>Folded Ranney</b>	-0.304	-0.0998	-0.403	1.812*	-0.266	-0.287	-0.198
	(0.773)	(0.462)	(0.908)	(0.709)	(0.523)	(0.815)	(0.590)
<b>Professionalism</b>	0.265***	0.0713	0.333***	0.0752	0.127***	0.166***	0.190***
	(0.0504)	(0.0407)	(0.0618)	(0.0514)	(0.0375)	(0.0492)	(0.0446)
<b>Multimember Districts</b>	-0.318	-0.153	-0.470	-0.245	-0.318*	-0.235	-0.371
	(0.363)	(0.148)	(0.348)	(0.235)	(0.151)	(0.368)	(0.249)
<b>Presidential Year</b>	-0.0387	0.00616	-0.0294	-0.0217	-0.0165	0.0691	0.0181
	(0.0542)	(0.0352)	(0.0599)	(0.0243)	(0.0374)	(0.0379)	(0.0333)
<b>Off Year Election</b>	0.0123	0.863***	0.878*	0.0225	1.105***	0.423	0.270
	(0.366)	(0.189)	(0.382)	(0.300)	(0.159)	(0.296)	(0.358)
<b>Competition</b>	-0.0162	-0.00170	-0.0163	0.0552*	0.0244	-0.0381	0.0133
	(0.0327)	(0.00693)	(0.0328)	(0.0279)	(0.0153)	(0.0353)	(0.0225)
<b>Chamber</b>	0.314***	0.211***	0.522***	0.00708	0.378***	0.344***	0.286***
	(0.0745)	(0.0453)	(0.0859)	(0.0570)	(0.0525)	(0.0712)	(0.0682)
<b>Democratic Party</b>	0.0963	-0.0726**	0.0187	0.273***	-0.183***	-0.385***	0.189***
	(0.0512)	(0.0240)	(0.0593)	(0.0474)	(0.0337)	(0.0395)	(0.0479)
<b>Cumulative Terms Served</b>	0.0291**	0.0126*	0.0415***	-0.0753***	-0.0308***	0.0817***	-0.000858
	(0.0106)	(0.00602)	(0.0110)	(0.0119)	(0.00729)	(0.0110)	(0.00950)

Table 7.6 Continued

<b>Other Chamber Experience</b>	0.615***	-0.00703	0.604***	-0.401***	-0.0472	0.704***	0.457***
	(0.0779)	(0.0487)	(0.0947)	(0.0612)	(0.0554)	(0.0856)	(0.0796)
<b>Speaker of the House</b>	0.887***	0.414***	1.297***	-0.146	0.271**	1.007***	0.733***
	(0.101)	(0.0707)	(0.129)	(0.0991)	(0.0989)	(0.114)	(0.128)
<b>Senate Leader</b>	0.427***	0.122*	0.551***	-0.183*	-0.0385	0.604***	0.438**
	(0.125)	(0.0611)	(0.152)	(0.0721)	(0.0849)	(0.129)	(0.135)
<b>Never Made General Election</b>	-0.998***	0.0826	-0.900***	0.916***	0.120	-1.108***	-0.880***
	(0.0947)	(0.0488)	(0.117)	(0.0733)	(0.0693)	(0.0900)	(0.0685)
<b>Challenger</b>	-0.817***	-0.0936**	-0.894***	1.025***	-0.0899**	-1.293***	-0.499***
	(0.0683)	(0.0320)	(0.0737)	(0.0809)	(0.0312)	(0.0757)	(0.0500)
<b>Majority Party Membership</b>	0.279***	0.116***	0.388***	-0.175***	0.172***	0.311***	0.235***
	(0.0356)	(0.0219)	(0.0416)	(0.0410)	(0.0274)	(0.0333)	(0.0321)
<b>Constant</b>	4.358***	5.885***	10.25***	1.905**	6.587***	3.260***	2.326***
	(0.593)	(0.367)	(0.717)	(0.594)	(0.422)	(0.640)	(0.491)
<b>Sigma</b>							
<b>Cons</b>	1.421***	0.884***	1.636***	1.640***	1.282***	1.425***	1.268***
	(0.0382)	(0.0380)	(0.0676)	(0.0364)	(0.0335)	(0.0413)	(0.0271)
<b>N</b>	96654	96473	96473	78500	82678	79305	88919
<b>Pseudo R Squared</b>	0.0882	0.0451	.0825	0.0515	0.0308	0.1045	0.0669
*p<0.05, **p<0.01, ***p<0.001							

Table 7.7 Aggregate Reporting Requirements on Business and Ideological Donations

<b>Model</b>	<b>Log Business Donations</b>	<b>Log Ideological Group Donations</b>	<b>Percent Business Donations</b>	<b>Percent Ideological Donations</b>	<b>Percent Unitemized Donations</b>
<b>Aggregate Contribution Reporting</b>	-0.197	0.0132	-0.0889**	0.0190	0.00641
	(0.307)	(0.264)	(0.0326)	(0.0281)	(0.0556)
<b>Term Limits</b>	-0.211	-0.458	0.0529	0.00437	-0.104
	(0.294)	(0.273)	(0.0359)	(0.0215)	(0.0558)
<b>Folded Ranney</b>	-0.541	-0.351	-0.137	0.0531	0.390*
	(1.095)	(0.802)	(0.139)	(0.0744)	(0.152)
<b>Professionalism</b>	0.248***	0.335***	-0.00411	0.00417	-0.00510
	(0.0676)	(0.0546)	(0.00883)	(0.00457)	(0.00995)
<b>Multimember Districts</b>	-0.410	-0.581	-0.0108	-0.0454	-0.00773
	(0.381)	(0.314)	(0.0571)	(0.0256)	(0.0862)
<b>Presidential Year</b>	0.0421	-0.0308	0.00993	0.0288***	0.0152
	(0.0559)	(0.0540)	(0.00683)	(0.00711)	(0.00994)
<b>Off Year Election</b>	1.102***	1.093***	0.0402	0.0180	0.0295
	(0.324)	(0.320)	(0.0313)	(0.0332)	(0.0775)
<b>Competition</b>	-0.0348	0.0347	-0.0190**	0.0185***	-0.0113**
	(0.0355)	(0.0314)	(0.00705)	(0.00495)	(0.00370)
<b>Chamber</b>	0.496***	0.503***	0.00347	0.0204*	0.00447
	(0.0997)	(0.0838)	(0.0125)	(0.00964)	(0.0145)
<b>Democratic Party</b>	-0.521***	0.328***	-0.115***	-0.0360***	0.0162*
	(0.0476)	(0.0589)	(0.0113)	(0.00882)	(0.00715)
<b>Cumulative Terms Served</b>	0.0921***	-0.0418***	0.0267***	-0.0207***	-0.00481**
	(0.0120)	(0.0114)	(0.00377)	(0.00199)	(0.00151)
<b>Other Chamber Experience</b>	0.754***	0.234*	0.116***	-0.0667***	-0.0188
	(0.112)	(0.0976)	(0.0139)	(0.0116)	(0.0127)



Table 7.7 Continued

<b>Speaker of the House</b>	<b>1.498***</b>	<b>0.762***</b>	<b>0.101***</b>	<b>-0.0275</b>	<b>-0.0357*</b>
	(0.145)	(0.144)	(0.0195)	(0.0160)	(0.0151)
<b>Senate Leader</b>	0.851***	0.269	0.0567**	-0.0581***	-0.0408*
	(0.166)	(0.143)	(0.0182)	(0.0148)	(0.0173)
<b>Never Made General Election</b>	-1.018***	-0.721***	-0.145***	-0.00313	-0.0291
	(0.105)	(0.112)	(0.0244)	(0.0274)	(0.0207)
<b>Challenger</b>	-1.387***	-0.426***	-0.239***	0.103***	0.0149*
	(0.0867)	(0.0622)	(0.0268)	(0.0104)	(0.00737)
<b>Majority Party Membership</b>	0.371***	0.305***	0.0601***	0.000743	-0.0145*
	(0.0416)	(0.0418)	(0.0121)	(0.00711)	(0.00621)
<b>Constant</b>	9.570***	8.712***	0.464***	0.106	-0.254
	(0.907)	(0.669)	(0.115)	(0.0707)	(0.136)
<b>Sigma</b>					
<b>Cons</b>	1.714***	1.769***	0.462***	0.658***	0.254***
	(0.0557)	(0.0565)	(0.110)	(0.195)	(0.0289)
<b>N</b>	79218	86329	96585	96585	96585
<b>Pseudo R Squared</b>	0.0865	0.0473	0.1122	0.0123	0.0945
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>					

Table 7.8 General Itemization of Contributions on Business and Ideological Donations

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Total Ideological Donations</b>
<b>Itemization of Contributions</b>	-1.098***	-0.543*
	(0.316)	(0.267)
<b>Term Limits</b>	-0.159	-0.423
	(0.247)	(0.259)
<b>Folded Ranney</b>	0.0872	-0.0613
	(0.877)	(0.703)
<b>Professionalism</b>	0.269***	0.349***
	(0.0627)	(0.0519)
<b>Multimember Districts</b>	-0.388	-0.572
	(0.366)	(0.311)
<b>Presidential Year</b>	0.106**	0.00343
	(0.0338)	(0.0412)
<b>Off Year Election</b>	1.332***	1.197***
	(0.308)	(0.332)
<b>Competition</b>	-0.0575	0.0223
	(0.0408)	(0.0310)
<b>Chamber</b>	0.514***	0.510***
	(0.0852)	(0.0757)
<b>Democratic Party</b>	-0.521***	0.332***
	(0.0433)	(0.0577)
<b>Cumulative Terms Served</b>	0.0915***	-0.0428***
	(0.0117)	(0.0115)
<b>Other Chamber Experience</b>	0.699***	0.208*
	(0.114)	(0.0981)

Table 7.8 Continued

<b>Speaker of the House</b>	1.522***	0.774***
	(0.143)	(0.145)
<b>Senate Leader</b>	0.857***	0.271
	(0.158)	(0.142)
<b>Never Made General Election</b>	-1.062***	-0.733***
	(0.113)	(0.117)
<b>Challenger</b>	-1.384***	-0.421***
	(0.0881)	(0.0634)
<b>Majority Party Membership</b>	0.368***	0.304***
	(0.0402)	(0.0423)
<b>Constant</b>	9.814***	8.947***
	(0.742)	(0.590)
<b>Sigma</b>		
<b>Cons</b>	1.677***	1.760***
	(0.0472)	(0.0553)
<b>N</b>	79218	86329
<b>Pseudo R Squared</b>	0.0966	0.0497
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>		

Table 7.9 Itemization of Contributions Over \$50 on Business and Ideological Donations

<b>Model</b>	<b>Log Business Donations</b>	<b>Log Ideological Donations</b>
<b>Itemization of Contributions Over \$50</b>	-0.274	-0.409
	(0.265)	(0.222)
<b>Term Limits</b>	-0.169	-0.371
	(0.284)	(0.249)
<b>Folded Ranney</b>	-0.647	-0.547
	(1.147)	(0.872)
<b>Professionalism</b>	0.238***	0.331***
	(0.0643)	(0.0567)
<b>Multimember Districts</b>	-0.415	-0.577
	(0.403)	(0.348)
<b>Presidential Year</b>	0.0538	-0.0159
	(0.0533)	(0.0490)
<b>Off Year Election</b>	1.063***	1.018**
	(0.314)	(0.324)
<b>Competition</b>	-0.0381	0.0315
	(0.0378)	(0.0338)
<b>Chamber</b>	0.475***	0.470***
	(0.0951)	(0.0790)
<b>Democratic Party</b>	-0.520***	0.334***
	(0.0486)	(0.0567)
<b>Cumulative Terms Served</b>	0.0910***	-0.0444***
	(0.0121)	(0.0122)
<b>Other Chamber Experience</b>	0.760***	0.254*
	(0.116)	(0.0996)

Table 7.9 Continued

<b>Speaker of the House</b>	1.492***	0.762***
	(0.144)	(0.142)
<b>Senate Leader</b>	0.849***	0.272
	(0.164)	(0.144)
<b>Never Made General Election</b>	-1.006***	-0.709***
	(0.110)	(0.117)
<b>Challenger</b>	-1.391***	-0.431***
	(0.0855)	(0.0617)
<b>Majority Party Membership</b>	0.373***	0.313***
	(0.0424)	(0.0408)
<b>Constant</b>	9.608***	9.057***
	(0.952)	(0.714)
<b>Sigma</b>		
<b>Cons</b>	1.710***	1.758***
	(0.0550)	(0.0522)
<b>N</b>	79218	86329
<b>Pseudo R Squared</b>	0.0876	0.0503
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>		

Table 7.10 After Reporting on Business and Ideological Donations

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Total Ideological Donations</b>
<b>After Reporting</b>	-0.369 (0.260)	-0.222 (0.222)
<b>Term Limits</b>	-0.133 (0.273)	-0.404 (0.253)
<b>Folded Ranney</b>	-0.248 (0.965)	-0.160 (0.708)
<b>Professionalism</b>	0.242*** (0.0554)	0.336*** (0.0518)
<b>Multimember Districts</b>	-0.297 (0.380)	-0.501 (0.317)
<b>Presidential Year</b>	0.0279 (0.0533)	-0.0414 (0.0541)
<b>Off Year Election</b>	1.195** (0.375)	1.143** (0.371)
<b>Competition</b>	-0.0344 (0.0359)	0.0359 (0.0311)
<b>Chamber</b>	0.509*** (0.101)	0.510*** (0.0843)
<b>Democratic Party</b>	-0.516*** (0.0483)	0.331*** (0.0588)
<b>Cumulative Terms Served</b>	0.0943*** (0.0117)	-0.0410*** (0.0119)
<b>Other Chamber Experience</b>	0.758*** (0.113)	0.241* (0.0973)
<b>Speaker of the House</b>	1.484*** (0.142)	0.757*** (0.144)

Table 7.10 Continued

<b>Senate Leader</b>	0.862***	0.279
	(0.166)	(0.143)
<b>Never Made General Election</b>	-1.023***	-0.726***
	(0.107)	(0.110)
<b>Challenger</b>	-1.382***	-0.424***
	(0.0841)	(0.0603)
<b>Majority Party Membership</b>	0.370***	0.307***
	(0.0412)	(0.0427)
<b>Constant</b>	9.324***	8.666***
	(0.815)	(0.589)
<b>Sigma</b>		
<b>Cons</b>	1.707***	1.766***
	(0.0514)	(0.0535)
<b>N</b>	79218	86329
<b>Pseudo R Squared</b>	0.0885	0.0481
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>		

Table 7.11 Disclosure on the Standard Deviation of Donations

<b>Model</b>	<b>Log Standard Deviation of Business Contributions</b>	<b>Log Standard Deviation of Ideological Contributions</b>	<b>Log Standard Deviation of Business Contributions</b>	<b>Log Standard Deviation of Ideological Contributions</b>
<b>Disclosure Index</b>	0.0530 (0.0910)	-0.0493 (0.0655)		
<b>Itemization of Contributions</b>			1.424** (0.462)	0.684* (0.306)
<b>Presidential Year</b>	0.0615 (0.0701)	-0.0278 (0.0460)	0.121* (0.0497)	-0.000785 (0.0396)
<b>Off Year</b>	1.316** (0.426)	1.145** (0.440)	1.559*** (0.392)	1.260** (0.402)
<b>Multimember Districts</b>	-0.640 (0.576)	-0.806* (0.340)	-0.615 (0.576)	-0.819* (0.342)
<b>Chamber</b>	0.782*** (0.102)	0.636*** (0.0805)	0.779*** (0.0900)	0.636*** (0.0736)
<b>Folded Ranney</b>	-1.879 (1.494)	-0.532 (0.970)	-1.231 (1.292)	-0.236 (0.881)
<b>Competition</b>	-0.0632 (0.0560)	0.162* (0.0777)	-0.105 (0.0553)	0.142 (0.0755)
<b>Professionalism</b>	0.369*** (0.0948)	0.289*** (0.0709)	0.398*** (0.0959)	0.302*** (0.0724)
<b>Term Limits</b>	-0.141 (0.455)	-0.305 (0.355)	-0.116 (0.397)	-0.318 (0.331)
<b>Constant</b>	10.81*** (1.400)	8.463*** (0.886)	11.27*** (1.075)	8.578*** (0.714)
<b>Sigma Cons</b>	1.637*** (0.105)	1.759*** (0.0610)	1.579*** (0.101)	1.748*** (0.0612)



Table 7.11 Continued

<b>N</b>	33226	33167	33226	33167
<b>Pseudo R Squared</b>	0.0577	0.0394	0.0755	0.0425
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				

## CHAPTER 8: PUBLIC FINANCING

### 8.1 Overview of Hypothesis Three.

This chapter tests Hypothesis Three: **Public finance laws will affect business interest donations more than ideological donations.** This hypothesis may seem lackluster to most researchers. Methodologically speaking, the effects of public financing on private donations should be relatively straightforward. Under public financing programs, it is mandatory for candidates to forgo most private campaign contributions. A statistical model should not reveal much about public financing programs. Once a candidate receives public financing, their campaign contributions from private donors should automatically decline. I should not find any major difference in contributing patterns between ideological and business interest groups. If public financing programs are functioning correctly, I can assume that my model estimates will show that campaigns rely solely on subsidies when they accept public financing. Any result that deviates from this assumption may signify that my measure is inadequate and does not reflect state statutes.

The functions of public financing and their relationship to donors are far more complex than what I just described. Public financing programs have two fundamental features that contrast with campaign contribution limits and disclosure requirements and that make this research warranted. First, participation in public financing programs is voluntary. Unlike campaign contribution limits and disclosure regulations, nothing forces a candidate to accept public financing. Each candidate must decide if he/she will forego private donations for government subsidies. The extra feature of voluntary participation in public financing programs has important theoretical implications for the interpretation of my results that did not exist in the previous two chapters. It is not sufficient merely to explain whether state public financing programs directly reduce private donations to state legislative candidates. Instead, these models also must test whether public financing programs are strong enough to entice participation by candidates, thus removing private donations from the political process. An overall reduction in private campaign contributions to candidates in states with public financing can only occur if candidates enroll in the program. If public financing programs are not well designed or funded, it is likely that candidates will refuse to accept campaign subsidies. Indeed, previous research shows that some candidates refuse to participate in public financing due to administrative complexities involved

with enrolling (Malhorta 2008). Further, data from the Institute on Money in State Politics show that very few candidates in most states accept public financing when it is available.

Second, public financing has suffered from a relatively more tumultuous legal history than campaign contribution limits and disclosure requirements over the past two decades. Thus, I cannot develop a theory about the effectiveness of public financing programs without putting their unique political development into historical context. As noted in Chapter 3, the historical development of public financing programs at the federal level is rife with political party bias. Public financing programs were initially designed by congressional Democrats to hinder the ability of Republicans to receive campaign contributions from businesses (La Raja 1998). Democratic policymakers expected unions to pull more weight through indirect campaign support when public financing was enacted under the Federal Election Campaign Act (FECA) (La Raja 1998).

Of course, just because the federal statutes were designed to hinder Republican fundraising does not mean that state policies had the same objective. Indeed, these programs had little in common with federal law except for the checkoff provisions (Noragon 1981). Early state public financing policies were highly diverse statutes, varying by funding mechanisms, mode of allocation, participation rates, and which elections they subsidized (Jones 1981). Only eight of the state public financing programs provided direct financial support to candidates. All but four states had checkoff provisions, which allow taxpayers to donate funds to public financing programs. Yet, in states with checkoff provisions, Democrats were the clear beneficiary of the public financing systems in all states except Utah (Noragon 1981). Modern public financing has much in common with these early programs. Four of the five remaining programs use checkoff provisions to support legislative candidates. As will be discussed in more detail below, the latest “wave” of public financing program systems introduced Clean Election Laws.

I find broad support for Hypothesis Three. My results show that legislative public financing programs reduce campaign contributions across all contributor categories. The reduction in campaign contributions suggests that public financing programs are sufficiently designed to entice candidates to forgo private donations. I also find that group differences exist between contributor types. As predicted, business interest group donations are more negatively impacted by legislative public financing programs. That said, I find that campaign contributions are not always affected by variations in the design public financing programs. I find an indication that Clean Election Laws are more effective at removing private donations from state legislative campaigns. Current

checkoff provisions are weaker than Connecticut's program, which is the sole program that raises funds through the sale of surplus state property. Further, I show that accepting subsidies increases candidates' chances of winning in states with public financing programs. These findings have important practical implications for states wishing to design public financing programs that comply with Supreme Court precedent.

This chapter follows a path like the previous two. First, I discuss my methods and analyze general trends in public financing programs. Second, I run a series of tests on public financing programs to ensure that the measure captures state public financing regulations. Third, I demonstrate that candidates that accept subsidies in states with public financing are more likely to win their elections. Fourth, I test the effectiveness of legislative public financing programs on private donations to individual campaigns. Finally, I provide a discussion of my analysis and conclude.

## **8.2 Methods and Trends in Public Financing Laws**

State legislative programs are currently divided into two types of programs. These are matching funds and Clean Elections programs. Under Clean Election Laws, candidates must first receive several small contributions from private donors (NCSL 2018). Once these donations are collected, the state provides a subsidy to the candidate equal to the voluntary expenditure limit. Only Arizona, Connecticut, and Maine use Clean Elections Programs. Matching funds programs provide subsidies up to a certain amount based on the candidates' private campaign contribution levels. Public financing programs are currently the rarest type of campaign finance law in the United States (Kulesza, Witko, and Waltenburg 2016). Fourteen states use public financing for statewide candidates. In New Mexico and West Virginia, these funds are available for state Supreme Court alone. Only Arizona, Hawaii, Maine, Connecticut, and Minnesota maintain a public financing program for legislative candidates. Public financing programs were not always so uncommon.

This is not to say, however, that there is insufficient variation in my public financing measure to conduct my study. My analysis covers an exceptionally precarious time for state public financing programs. As noted in Chapter 3, most public financing programs began to retreat in the early 2000s due to hostility by state legislatures and federal courts (Kulesza, Miller, Witko 2017). Arguably, the most damaging moves came from the United States Supreme Court in *Arizona Free*

*Enterprise Club's Freedom Club PAC v. Bennett*, 564 U.S. 721 (2011). The United States Supreme Court struck down Arizona's trigger provisions, which provided additional subsidies to candidates to match their opponents' private contributions. Faced with court action, Maine quickly repealed its trigger provision, gutting the most comprehensive public financing program at the time. The Nebraska program was ruled unconstitutional by its state Supreme Court, along with the state's campaign contribution limit regulations. A few states, such as New Jersey, enacted small pilot programs that failed to expand into full public financing programs. Other state legislatures defunded legislative programs. Today, arguably only Connecticut, Arizona, Minnesota, and Maine operate solvent legislative public financing programs. Other programs, such as Hawaii and Nebraska, provide so little support that very few candidates accept public financing.

To demonstrate the discrepancy in participation, I report the percentage of candidates that accepted public financing in Table 8.1. As can be seen, while most programs saw a substantial portion of candidates forgo private donations, all states suffered a steep decline in participation by 2014 except Connecticut. Overall, Minnesota enjoyed the highest rate of candidate participation at 73%, but this sharply declined to 7% by 2014. The lowest was Nebraska at a meager 1%. Today, the Hawaii legislative public financing program has the lowest rate at 3%. As will be discussed in more detail below, the drop in participation rates in public financing programs is integral to the integrity of my results.

While public financing program statutes are rare (and even most of the surviving programs are relatively weak), it is still interesting to understand the trends in their development. The state-level correlations between each public financing program are reported in Table 8.2. The relationship between public financing programs is relatively low in comparison with the disclosure regulations and contribution limits. Naturally, the highest correlation is between statewide and legislative public financing at 0.62. In almost every election year, each state with a legislative public financing program also provided subsidies to statewide candidates. Statewide public financing programs were nearly two times more common than legislative programs. An average of six states provided public financing to state legislative candidates from 1999-2014. Thirteen states provided statewide candidates with public financing. The equalizing funds variable was correlated at 0.4228 with legislative financing programs. This is consistent with the ratio between Clean Election Programs and matching funds programs. The lowest correlation was between

independent revenue sources and political party financing at 0.011. Unfortunately, I do not have a specific explanation of why this may be the case.

I will need to overcome a few theoretical and methodological hurdles that are unique to this chapter. My conclusions from the public finance models will be less straightforward than campaign contribution limits or disclosure requirements. As noted, the success of public financing programs is a function of choice of state legislative candidates and the design of the underlying statute. Participation in public financing programs is not automatic. Candidates must enroll for public financing on their own accord. Thus, any reduction in private campaign contributions signifies that candidates are sufficiently enticed to forgo donations. On the other hand, if public financing programs are not removing money from campaigns, it will be more difficult to assess the reason why. I will not be able to determine with certainty if public financing is effective because candidates are unsatisfied with funding levels provided by public financing or if they are administratively onerous.

The potential vagueness in my results is not to say, however, that my model estimates will be meaningless. At the very least, a reduction in campaign contributions indicates that the fundamentals of public financing operate as intended. If the underlying mechanisms of public financing programs work, then private donations should fall. It should be no surprise that candidates with access to public financing programs raise less private campaign contributions. Public financing programs directly remove contributions by making a portion of private donations illegal to campaigns that accept subsidies. Public financing programs replace these contributions with direct financial support from the state government.

As with the two previous chapters, I primarily rely on Tobit to test my hypothesis. Tobit is best used when the dependent variable cannot assume a negative value. In this case, campaign contributions typically do not take on a negative value. Campaign contributions only take on a negative value when campaigns rely on loans, which accounts for less than .01% of my dataset. Each of my models will use the full set of control variables outlined in Chapter Four. To recap, Tobit estimates describe the latent, not the observed, campaign contribution dependent variables.

The public financing sub-index will be used differently than the campaign contribution limit or disclosure sub-index. The updated Kulesza, Witko, and Waltenburg (2016) public financing sub-index is not as adaptable to my research question as the other two sub-indexes. Legislatures design of public financing statutes to impact specific races while leaving others

uncovered by the program. For example, far more states have public financing for statewide than legislative elections. Campaign contribution limits and disclosure regulations impact all state elections. This makes it inevitable that any valid measure of public financing programs must account for which offices subsidies are available. Thus, only one variable in the Kulesza, Witko, and Waltenburg (2016) directly deals with legislative public financing programs<sup>27</sup>. The checkoff, independent revenue source, expenditure limit requirements, and trigger provision variables are attributes of public financing laws. They are not full statutes in themselves. The statewide financing variable captures statewide elections, such as governor, attorney general, state supreme court, and secretary of state. The final component of the public financing sub-index is the financing of political parties, which is not relevant for this study. Thus, the statewide and political party financing variables will be excluded from this analysis.

It would be a mistake to exclude all the remaining public finance program attribute variables without reason or explanation (matching funds, checkoff, independent revenue source, and voluntary expenditure requirement). Incorporating some of these variables will add to the generalizability of my findings. While the basic premise of public financing is the same, the states devised unique public financing systems. Previous work suggests that the design of public financing programs may impact their effectiveness in removing money from state legislative elections (Jones 1981, Nogoron 1981). Thus, I cannot make meaningful claims about public financing programs without accounting for some of their differences.

It is unwise, however, to include all four of the attribute variables in my analysis without sound theoretical justification. Of the four attribute variables, only the voluntary expenditure requirements and checkoff options are likely to affect campaign contributions. Thus, the total limit and checkoff funds variables will be used with the legislative program dummy to account for differences in public financing programs. I shall provide more detail on how I predict these two attribute variables will affect private donations in their respective sections below. I shall provide a quick explanation of why I think this is the case here. Naturally, expenditure limits are the most

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<sup>27</sup> Estimates from an unequal variance model suggest that the legislative public financing variable accurately captures state financing programs. Unsurprisingly, there was a significant difference in the average subsidy to candidates running under legislative public financing programs raised \$6,708.703 as opposed to \$3 for those who did not<sup>27</sup>. This result signifies that the sub-index of public financing programs is a workable predictor of contributions. I now move on to testing my hypothesis.

likely to stifle private donations. These expenditure limits are imposed with additional contribution limits, barring donors from providing much private support to donors.

The predicted relationship between campaign contributions and the checkoff provisions is not as straightforward as with expenditure limits. Checkoff statutes provide voluntary taxpayer contributions to public financing programs. As Witko (2005) states, the checkoff provisions show a commitment by state governments to maintain funding for public financing programs. The checkoff provisions indirectly allow taxpayers themselves, not the legislature, to decide on an individual basis the funding levels of public financing programs. Thus, there is some buffer for these programs to withstand political headwinds. That said, I will need to adapt the checkoff variable for this analysis. The updated Kulesza, Witko, and Waltenburg (2016) index codes for all checkoff programs, regardless of which candidate they are funding. Most states with checkoff programs use the revenue to help support political parties, not legislative candidates (NCSL 2018). Presently, Hawaii, Arizona, Minnesota, and Maine use a checkoff provision to help fund their legislative candidates. The Connecticut program is funded primarily through the Citizens' Election Fund which receives most of its funding from state abandoned property sales (Connecticut State Elections Enforcement Commission 2016). I will ensure that the variables only capture state legislative public financing programs in my models.

I control for one additional dimension of legislative public financing programs that is not included in the updated Kulesza, Witko, and Waltenburg (2016) index. Legislative public financing programs are bifurcated into matching funds and Clean Election laws (National Conference of State Legislatures 2018). The differences between these programs are likely to have significant impacts on campaign contributions. As will be discussed in more detail below, Clean Elections laws place more stringent requirements on campaigns and should reduce campaign contributions more than matching funds programs. Both types of programs, however, have suffered legal difficulties during the period of this study. The Supreme Court weakened Clean Election Laws when the *Arizona Free Enterprise* (2011) decision ruled Arizona's trigger provisions unconstitutional. Matching funds programs, including Wisconsin and Hawaii, suffered from inadequate funding.

I will not be able to use the same number of campaign contribution dependent variables as in the previous two chapters. Rather, the only two dependent variables I will use in this chapter are log total campaign contributions and the log standard deviation of campaign contributions in



each district. The percentage dependent variable will be inappropriate to use in these analyses. The inclusion of a public financing program may cause the percentage makeup of all donation categories to fall, regardless if there is any true impact on contributions. Public financing adds another category of income to state legislators' campaign contributions. This will cause the portion of other categories to inevitably decline since the total amount of campaign contributions increased. Average campaign contribution size is also irrelevant for this analysis. There is no theoretical reason why public financing may change contributor behavior in a way that significantly reduces the average size of their donations, even under more stringent contribution limits. To recap Chapter 6, campaign contribution limits had no real effect reducing average donation sizes. Public financing alone does not bring more publicity to private donations. Thus, there is no expectation that public financing will reduce average contribution sizes.

Before testing my hypothesis, however, I will examine if public financing programs affect the chances of candidates winning their election. I predict that candidates are not harmed in their election chances by accepting public financing. Candidates that accept public financing must have an incentive to surrender private donations. Indeed, if my models show that private campaign contributions fall due to public financing programs, there must be a reason why candidates are compelled to forgo contributions. The most logical reason why candidates accept public financing is that they feel it will improve their election chances. As discussed in Chapter 2, I assume that candidates wish to be elected (Mayhew 1974). The desire for election will drive their decision to accept public financing. Candidates will be more enticed to enroll in public financing if they feel it will improve their election chances. If public financing harms candidates' chances at election, they will rely on private donations instead.

Testing the election chances of candidates that accept public financing is relatively straightforward. This analysis will rely on a probit model that includes only candidates running in states with public financing programs, leading to 14,128 observations. The dependent variable is a dichotomous measure that codes "1" if the candidate won the election and "0" if they did not. The primary independent variable is similarly a dichotomous measure that codes "1" if the candidate accepted subsidies and "0" if they refused. Accepting subsidies should be significantly and positively associated with winning the election if public financing programs improve candidates' election chances. I use all individual and state level controls in this model used in

other parts of the analysis. I also included logged total campaign contributions as an independent variable.

### **8.3 Election Model**

This chapter tests if public financing removes private donations from state legislative campaigns. That said, it is prudent to better understand why candidates accept public financing. As previously discussed, I assume that candidates hope to get elected (Mayhew 1974). In most instances, candidates will not act to sabotage their own campaigns intentionally. If public financing was associated with losing elections, candidates would not enroll in these programs. There would be little need to conduct my other analyses if public financing directly harms campaigns. Thus, I predict that candidates who accept subsidies in states with public financing are not more likely to lose their election.

As noted, I rely on a probit model for this analysis. I only include candidates running in states with public financing. The dependent variable is the outcome of winning the general election. The primary independent variable is a dichotomous variable that signifies that the candidate enrolled in public financing. I included all control variables from the individual models. I also control log total campaign contributions.

The results from the election model are reported in Table 8.3. As predicted, accepting public financing is positively related to winning general elections. The accepting public financing variable is significantly associated with successful campaigns at the .01 level. This model suggests that public financing programs provide a strong incentive to give up the ability to raise private campaign contributions. I will discuss the implications of this result further in the conclusion, along with a brief comparison of public subsidies and campaign contribution total averages.

### **8.4 Legislative Financing Programs**

The most logical first step for testing my hypothesis is to examine the legislative financing program variable on log total campaign contributions without the expenditure limit independent variable or controlling for program type. As noted, severe funding problems plague modern legislative public financing programs. A few public financing program statutes are unenforceable with current funding levels, including Hawaii, Minnesota, and Vermont. Some states, including Massachusetts and Wisconsin, had legislative public financing statutes that were defunded by the

state legislatures but left the legal frameworks intact for a time. Of course, without funds, these programs cannot provide campaign assistance to candidates.

Even if public financing programs are well funded, candidates should not always immediately enroll for campaign subsidies. Public financing is not beneficial for all state legislative candidates. For some, public financing may unnecessarily restrict candidates' ability to accept private donations. The median public financing award from 1999-2014 to legislative candidates was a relatively meager \$7,763. The median amount provided by private donors to state legislative campaigns was \$16,255 during the same timeframe. That said, well-funded public financing programs are quite lucrative for state legislative candidate. According to the Institute on Money in State Politics, the highest amount given to a state legislative campaign through public financing was \$657,694 to Linda R. Greenstein of New Jersey in 2007. The New Jersey pilot program still allowed candidates to collect private donations. Thus, campaigns must weigh the benefits of accepting public financing with their cost. The candidates that are most likely to accept public financing are those who have difficulty fundraising or bend to public pressure. Candidates who successfully raise funds through private donations are likely to ignore their state's public financing programs. Thus, these candidates would be relatively less competitive by taking subsidies.

Considering the history of public financing programs detailed in Chapter 3, it is likely that business groups will be more affected by public financing programs. Federal public financing programs were developed mainly to remove Republican corporate backers from politics (La Raja 1998). State programs largely emulated the federal program. That said, it is still conceivable that ideological and business interest groups will be negatively impacted by public financing at relatively the same levels. As I showed in Chapter 5, businesses do not discriminate between Republican and Democratic candidates, save for the financial services industry. That said, business interest groups have more resources to donate than ideological groups. Thus, candidates who forgo private donations are most likely surrendering more contributions from business interest groups over ideological groups.

I report the results from the legislative public financing program models in Table 8.4. All donor groups were negatively and significantly impacted by legislative public financing programs. Consistent with the hypothesis, legislative public financing programs negatively impacted log total business campaign contributions relatively more negatively than ideological groups. The log total

business interest donation estimate is -1.16. My estimates show that union, political party, and single-issue group donations are less impacted by legislative public financing programs. Interestingly, the legislative public financing program models also did a much poorer job at predicting single-issue and party donations than business and union contributions. The pseudo R squared is approximately .03 for the log party and log single-issue donations, showing the inability for these programs to be a reliable predictor of these contributions.

The results above only show the impact of legislative public financing programs alone. The legislative program variable does not account for variation in the design of public financing programs. Thus, I do not yet know if differences between public financing programs have an impact on campaign contributions. As demonstrated in the previous two chapters with disclosure law and campaign contribution limits, the underlying blueprint of campaign finance laws determines their effectiveness. For example, contribution bans had different impacts on business interest donations than limits. Thus, it is logical to assume that variation in the design of public financing programs may also be consequential.

In the next three sections, I will continue my analysis by investigating total limits, checkoff options, and Clean Election laws to further understand the effects of public financing programs on donations to legislators. Each of these attributes of public finance law should decrease the total amount of private donations provided to state legislative candidates. They should reduce private campaign contributions, however, in slightly diverse ways. The total limit variable should have the highest probability of reducing private donations. Logically, placing a direct limit on donations should reduce campaign contributions. I predict that Clean Election laws will have a stronger effect at reducing private campaign contributions than matching funds programs. As mentioned, Clean Election laws bar candidates from raising private donations once they clear a fundraising threshold. In lieu of donations, candidates receive a subsidy from the state up to an expenditure limit.

### **8.5 Total Limit Public Financing Systems**

I now test how variation in the design of public financing programs affects campaign contributions to state legislative candidates. These analyses only differ from the previous models in one aspect. All subsequent models add an interaction term between the legislative public financing dummy and an attribute variable (total limits, checkoff, and matching funds). The

interaction term estimates the effectiveness of legislative financing programs, given that the program also includes one of the three variables as a part of the statute.

I begin by testing legislative public financing programs with total limits on expenditures. Expenditure limits are the most likely to impact donations among the attribute variables. Consistent with my hypothesis, I expect that total limits will impact business interest groups relatively more than ideological groups. The reason why I expect total limits to affect business interest groups more than ideological groups is relatively straightforward. If candidates cannot spend funds by accepting public financing, private donations to candidates will be cut off. As discussed in Chapter 2, public financing will impact business interest groups to most. If a sufficient number of candidates accept public subsidies, there will be less campaigns for business and ideological groups to donate to. Business interest groups provide relatively more campaign contributions than ideological groups. Thus, business group donations will fall more than ideological group donations.

The results from the total limit models are reported in Table 8.5. Inconsistent with my predictions, legislative programs with expenditure limits were insignificantly associated with donations from any group. The expenditure limit interaction term was insignificantly related to log business interest, single-issue, political party, and union donations. Thus, total limits within public financing programs do not seem to be an efficient way to remove campaign contributions to legislators.

The results in this section neither support nor refute my hypothesis. Neither ideological and business groups were unaffected by the total limit interaction term. Expenditure limits are only one small part of most public financing systems. Of course, I am not finished testing the attribute variables. I will still test checkoff provisions in addition to my investigation on Clean Election Programs and matching funds statutes. I may get results that show significant differences in group donations in these analyses. The next section will investigate checkoff provisions, which seek to maintain adequate funding levels for candidates to accept public financing.

## **8.6 Checkoff Programs**

Checkoff programs are an integral part of most modern public financing regulations. As mentioned, four of the five remaining state legislative public financing programs use checkoff provisions. These provisions found their beginning in federal statutes. The federal government

first enacted checkoff provisions with FECA in 1971. Most states with public financing programs soon followed with checkoff programs of their own (Noragon 1981). Checkoff programs serve both political and practical ends. First, checkoff programs help reduce political controversy surrounding public financing programs. Lawmakers design checkoff programs to minimize the need for taxpayers' dollars to support public financing programs. Instead, checkoff programs provide a source of resources that are independent of the general budget (Noragon 1981).

Second, checkoff programs should help public financing programs stay afloat even when general budget funds are not forthcoming. That said, most checkoff programs have not been particularly successful for raising funds for public financing programs. The federal tax checkoff program enjoyed a 28.7% participation rate among all taxpayers. By 2013, participation fell to a mere 6% (Flowers 2015). In the 2012 and 2016 presidential race, neither major party candidate accepted public financing. Checkoff options have not fared much better in most states. For example, only around 6% of funds for Maine's public financing program came from tax checkoffs for the 2008 election (Jenkins 2010). Arizona was relatively higher at 39% for the same election. Wisconsin's checkoff provision only raised approximately \$200,000 per year for the state's Supreme Court races before the program was defunded (Lueders 2011).

As noted, Connecticut is the only state with a legislative public financing program that does not currently use a checkoff program. Instead, Connecticut relies on the sale of abandoned property to fund the public financing program. This ensures that no taxpayer money directly contributes to the program. Arguably, this is a less reliable way to raise funds than the checkoff program. Both systems, however, hardly make funding a guarantee for public financing programs. Connecticut can only fund their public financing program if there is a sufficient value of properties to sell. Checkoff programs require a commitment of individual taxpayers to help keep the program afloat. If taxpayers do not voluntarily provide funds, it is on the state legislature to provide sufficient funds from the general budget.

The results from the checkoff models are shown in Table 8.6. Interestingly, public financing programs with checkoff provisions are less effective than Connecticut's system for reducing campaign contributions. The estimates were consistently higher under checkoff provisions across all groups of donors. That said, business interest group donations are once again relatively more affected by public financing than ideological groups. Unions were the most affected group under Connecticut's program with an estimate of -1.911. Both political party

donations and single-issue group donations were less impacted than business interest groups under matching funds programs.

### **8.7 Clean Elections Laws vs. Matching Funds Programs**

As noted, modern public programs are mostly separated into two types of statutes. These are Clean Election and matching funds programs (NCSL 2018). This division in programs makes including an analysis on matching funds and Clean Elections Programs particularly relevant. Currently, Arizona, Connecticut, and Maine use Clean Elections Programs. The Massachusetts program was also a Clean Elections Law, but it was never funded, and thus is not coded for in this analysis. Under these statutes, candidates must demonstrate through small campaign contributions that they have sufficient public support to qualify for funds. Arizona and Maine also used matching funds features through trigger provisions before they were struck down by the U.S. Supreme Court. If a candidate outraised their opponent, the opponent receives additional funds to help keep their resources on equal footing. For this analysis, however, they were coded strictly as Clean Election Laws. Currently, Hawaii and Minnesota use pure matching funds programs. Candidates that sign up for this program must adhere to expenditure limits but receive public financing as they raise donations from private donors. Nebraska's program was also a matching funds program before it was struck down by the state Supreme Court.

I include both a Clean Election Law and matching funds variable in my models for these analyses. For both dichotomous variables, the value of "1" denotes that the state employs the program. Thus, for these public financing programs to be effective, the Clean Election Law or matching funds program dummies should be negatively and significantly associated with log total campaign contributions.

Even though I predict that both will be negative, this analysis tests if Clean Election laws or matching funds programs are more effective. I expect that the Clean Election Laws will be more successful at removing donations to state legislative campaigns than matching funds programs. Even though Clean Elections programs have suffered strong legal challenges, they still enforce more restrictions on private financing than matching funds statutes. So long as the Clean Election Law is still able to function, the remaining requirements on campaigns should place relatively more strict restrictions than matching funds programs. As mentioned, the difference between the programs is relatively simple. Matching funds programs allow candidates to raise private campaign

contributions while Clean Election Laws do not. Indeed, as candidates raise campaign contributions, the state matches donations with public subsidies. This allows campaigns to have some free reign to raise private campaign contributions.

Depending on the estimates, it may be difficult to make meaningful conclusions from the results from these models. Trigger provisions, which provided additional campaign contributions to candidates to match their opponents' fundraising were fundamental parts of Maine's and Arizona's Clean Elections systems. Both programs function to this day without the trigger provisions. Arizona passed a severability clause in 2007 in case any section was declared unconstitutional by the courts (Arizona Senate Staff 2016). The Maine State Legislature quietly repealed the trigger provision to comply with the Supreme Court ruling. This may lessen the estimate for the Clean Election Laws variable since they were weakened by federal courts.

I report the results of the matching funds models in Table 8.7. The results are much clearer than the history of public financing laws might suggest. Consistent with predictions, my results indicate that Clean Elections Programs are more successful at reducing donations to candidates. Further, business group donations are relatively more affected by both matching funds programs and Clean Election Laws. For business interest groups, the Clean Election Law variable shows a coefficient of -2.03. That said, both programs are highly effective at reducing the flow of private campaign contributions to state legislative candidates. The matching funds estimate for matching funds with business interest donations is -.95. Business groups do not need to contribute as much under matching funds programs since the state will provide subsidies to candidates. The trend is the same for ideological groups. Matching funds programs underperform relative to Clean Election Laws in reducing campaign contributions from ideological groups. The effect sizes of ideological groups are relatively smaller than for business groups, except for unions, providing support to my hypothesis. Indeed, log total union donations are completely unaffected by matching funds programs. The matching funds variable was insignificantly related to log union campaign contributions. This is consistent with my framework that ideological groups seek to be an active part of the political system.

## **8.8 District Level Models**

The individual level models were relatively supportive of Hypothesis Three. I demonstrated that business interest group donations are relatively more impacted by public



financing laws. Further, my analyses suggest that there are significant differences among different program designs and how contributions are affected. I am not ready to declare that my hypothesis is confirmed without conducting the district level models. As described, the underlying success of public financing is dependent upon the choices of the candidates to accept subsidies. If all candidates in the same race accept public financing, their total amount of contributions should be about the same. Thus, relative to disclosure and contribution limits, public financing should be the most useful policy to even the fundraising playing field between candidates.

The district models also use Tobit analyses. The dependent variables are the log standard deviation of total campaign contributions in each district for a given election. As with all district models, the individual level variables are excluded from the analyses. It is impossible to include variables that describe specific candidate attributes at the district level. The omitted variables are party membership, terms of service, service in the other legislative chamber, challenger status, chamber membership, speaker, Senate leadership, member of the majority party, and elimination in the primary/nominating convention. I only use the legislative program dummy for this analysis. I do not further test differences among programs in this section.

I report the results of the district level models in Table 8.8.<sup>28</sup> As predicted, business interest group donations are more equalized than ideological groups. State legislative programs are negatively and significantly associated with both the log standard deviation business and party donations. The effect size for the log standard deviation of business interest group donations is -1.764 versus -1.212 for political parties. Union donations are also significantly related to state legislative public financing programs with an effect size of -1.11.<sup>29</sup> This final analysis further supports my hypothesis that ideological group donations are consistently less affected by state legislative public financing programs.

## 8.9 Discussion

This chapter tested Hypothesis Three: **Public finance laws will affect business interest donations more than ideological donations.** Testing this hypothesis proved to be less difficult than I expected. Initially, I was concerned that the rarity and legal history of public financing

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<sup>28</sup> Like previous chapters; the single-issue group district model fitted too poorly to report meaningful results.

<sup>29</sup> The left censoring was particularly high for the district level union contribution model (6,305 of the 8,017). If left uncensored, the result becomes negative and significant, but the effect size is smaller than the business interest group contribution model. This conforms to my hypothesis

requirements could weaken my analysis. As mentioned, public financing programs are far from widespread. Only 6,598 candidates accepted public financing out of the 112,921 candidates in my dataset. Further, participation rates in public financing programs dropped in all states by 2014 except for Connecticut. My results ran the risk of returning insignificant results due to the chiseling away of public financing programs by state legislatures and courts.

My models produced favorable results for my hypothesis. Indeed, legislative public financing programs reduced log total donations across all contributor groups, not just business interest donors. As predicted, business interest donations were more negatively impacted by legislative public financing programs than ideological groups. While my theoretical framework focuses on donor behavior, it still has important implications for the decisions of the candidate to accept public financing. This finding suggests that candidates are voluntarily forgoing private donations for public financing when it is available. Candidates use public financing programs as an attractive alternative rather than relying on upon providing donations, so long as the program is functional. More broadly, my analyses suggest that public financing programs have not been sufficiently dismantled by federal courts that they were wholly inoperable between 1999-2014.

While all groups were negatively impacted by public financing, my initial legislative public financing model demonstrated strong group differences in the effectiveness of public financing programs. Business interest groups are relatively more impacted by the presence of legislative public financing programs, regardless of their design. In some ways, this could be viewed as a hollow finding. Business interest groups provide far more campaign contributions than ideological groups. Naturally, if candidates are unable to raise private funds, business interest group donations should be relatively more impacted. This is the same line of logic that could be used to contradict my results on the effectiveness of state campaign contribution limits. This reasoning is not applicable with my public financing program models as it may have been with campaign contribution limits. Even though my emphasis is on donor behavior, I must address candidate decision making since public financing is voluntary. Unlike campaign contribution limits, candidates are not forced to adhere to public financing programs. If candidates felt that they could rely on private donations without subsidies, they would not enroll in public financing. Thus, if candidates did not enroll for public financing, there would be no relationship between campaign contributions and public financing programs. Candidates must find public financing as an

acceptable alternative to private donations for the negative relationship between contributions and financing programs to show in my models.

Consistent with my hypothesis, as candidates voluntarily sign up for these programs, my results show that business interest group donations are more negatively impacted, independent of the size of business group donations. As discussed in Chapter 3, state public financing programs followed federal statutes, which were designed to reduce campaign contributions from businesses. The federal program was designed to impact business interest donations. State regulations, while diverse and not always directly modeled after federal statute (Jones 1981), should have the same effect. Since business groups have more campaign contributions

My analyses also investigated statutory differences among public financing programs and how these differences affected campaigning contributions. Specifically, I analyzed the impact of voluntary expenditure limits, checkoff provisions, Clean Election Laws, and matching funds programs. The voluntary expenditure limit programs did not affect campaign contributions. Each interaction term was insignificant across all donor groups. This result does not discredit my hypothesis. Neither group was affected by voluntary expenditure programs more than others. Rather, it means that voluntary expenditure limits do not strength public financing programs.

Interestingly, my results suggest that Connecticut's program was exceptionally successful, even though the program is funded through the sale of state property, not through separate checkoff options. In a way, this result is counterintuitive. One could assume that a statewide checkoff program should be more successful in raising funds for the public financing programs. On its face, relying on the sale of state property seems like an unorthodox and unreliable way to support legislative campaigns. In some ways, however, these results are not particularly surprising. At both the federal and state levels, checkoff provision failed to raise a meaningful amount of funds for public financing programs. Checkoff provisions are plagued with severely low taxpayer participation, leading states to prop their public financing up with their general budget. Citizens are not always supportive of public financing at the state or federal level (Moore 2001, Hunt 2015, La Raja and Schaffner 2011). Voters are not usually comfortable using tax dollars to fund political campaigns (La Raja and Schaffner 2011).

My results also showed apparent differences in the effectiveness of Clean Election Laws versus matching funds programs. My models suggest that Clean Elections Laws negatively impact private donations relatively more than matching funds programs. In some ways, this is not a

surprising finding. According to the National Conference of State Legislatures (2018), matching funds programs allow candidates to collect some level of campaign contributions when they accept subsidies. Even when candidates take public financing, they are not entirely cut off from contributions. Thus, it is understandable that the effect size of matching funds program is not as large as Clean Elections Laws.

Matching funds programs arguably provide more flexibility to candidates. With the right design, matching funds programs could be a better alternative than Clean Election Laws for state legislative public financing. The ability to raise campaign contributions while receiving additional public subsidies under matching funds programs could be attractive to many candidates who wish to fundraise on their own. Even though they traditionally provide fewer funds over Clean Election Laws, matching funds programs could be more effective with higher levels of enrollment in the program.

Instead, both history and my models show that matching funds programs are the weaker public financing system. In many ways, current matching funds programs are the worst of both worlds for candidates. As mentioned, state legislative candidates that accept matching funds are at a major fundraising disadvantage. These programs enforce additional expenditure and campaign contribution limits (NCSL 2018) while providing a limited amount of financial support. Also, candidates must also accept donations from private contributors to remain competitive. They cannot merely rely on subsidies to run a competitive campaign. These disadvantages are reflected in the low enrollment of candidates in matching funds programs. As shown in Table 1, matching funds programs do not attract candidates like Clean Elections Laws. Understandably, candidate enrollment in matching funds programs has crashed to historic lows. On the other hand, Clean Election Programs provide a respectable payment to qualifying candidates (NCSL 2018). Once a candidate qualifies for Clean Election Law financing, they no longer must concern themselves' with raising private contributions. Thus, even though candidates surrender their ability to raise private campaign contributions under Clean Election Laws, they have enough resources to mount a serious campaign. Indeed, Clean Election Laws provided candidates with an average of \$21,346.87 in public financing versus \$9,166.169 in matching funds programs. Candidates who accepted matching funds raised more on average in total funds than their Clean Election Law counterparts. Candidates that accepted matching funds programs raised an average of \$36,480.93. The average candidate in the matching fund program states, however, raised \$41,318.42.

Candidates that accepted matching funds candidates raised less money than their peers. In Clean Election Law states, the average in total contributions was \$20,515.33. Without including subsidies, the average total of donations in Clean Election Law states was a relatively meager \$8,258.97. Thus, accepting public financing in Clean Election Law states put candidates at a fundraising advantage, but not so for candidates in states with matching funds programs.

The results from my hypotheses tests reflected the differences in subsidies demonstrated above. My models showed apparent differences in the effects of Clean Election Laws and matching funds programs on ideological and business group donations. Both systems impacted business interest donations more than ideological group donations. Logically, as subsidy support increases, candidates will accept public financing at a higher rate. Business groups provide more funds, so their contributions will decline further than ideological groups.

Interestingly, matching funds programs had no impact on union donations. This is consistent with the intention of federal statutes to leave union activity relatively unhindered (La Raja 2008). If unions can provide a high amount of support to candidates, there is no need for a candidate to enroll in a matching funds program. Since contributions are a fundamental part of the political participation of unions and other ideological groups, there is no risk for candidates to rely on their donations rather than public subsidies.

The district models showed the same trends as the individual candidate models. Business interest group donations were more equalized by public financing programs than ideological groups. This result suggests that public financing programs place candidates on an equal fundraising playing field. Once again, the results from the district models are not surprising when taken in conjunction with the individual models. The ultimate purpose of public financing is to ensure that candidates are unable to raise significantly more funds than their competition. This way, no candidate has a messaging advantage over others.

On a side note, the effect sizes for public finance programs are much higher than campaign contribution limits or disclosure requirements. No other campaign finance regulation negatively impacts campaign contributions like public financing programs. Even bans on direct donations from unions and corporations had effect sizes of only -.44 and -.59 respectively. Union donations bans were insignificantly associated with log total union donations. These results speak to the strength of legislative public financing programs as a means to remove donations from campaigns.

The success of public financing programs in reducing private donations is not too surprising. Briefly revisiting the election model, my analyses show that candidates that accept public financing are more likely to win their elections. A question arises from these models: why do not all candidates accept public financing if they are more likely to win their election? As discussed in Chapter 2, there are a few reasons why candidates may refuse subsidies, even if their chances of winning are improved. Some candidates find public financing requirements too onerous to understand or have no idea that they exist in their state (Malhorta 2008). Further, not all legislative public financing programs are fully functional. Participation in states like Hawaii and Minnesota is quite low due to the lack of funding for public financing programs. That said, if states put resources into these programs, they can be a powerful motivator for candidates to forgo private donations, thus removing contributions from campaigns.

## 8.9 Conclusion

This chapter tests Hypothesis 3: **Public finance laws will affect business interest donations more than ideological donations.** Consistent with this hypothesis, my models show that state legislative public financing programs affected business interest group donations more than ideological group donations. This result was independent of the design of public financing programs. Business interest group donations were more impacted by programs with Clean Election Laws, matching programs, checkoff provisions, and sale of state property mechanisms. Only voluntary expenditure limits did not impact donations.

These results have important implications for public financing programs. My results show that public financing programs, in general, are an effective way to reduce private donations, even under the legal challenges these statutes faced over the past two decades. In certain states, programs are still sufficiently strong to entice candidates to forgo private donations. The enrollment of candidates into these programs has dramatically reduced the flow of money into state legislative campaigns where public financing is available.

The effectiveness of public financing programs may not last much longer. Arguably, Connecticut has the only remaining healthy public financing program. The Maine and Arizona programs still function but do not enjoy the same utilization rates as they did before *Arizona Free Enterprise* (2010). Again, my results suggest that public financing programs are a reliable tool for campaign finance reformers to remove money from politics, regardless of their source. That said,

these programs will impact the donations of business interest groups more than ideological groups and potentially leave union contributions unhinged.

Table 8.1 Public Financing Program Utilization Rates

<b>STATE</b>	<b>PROGRAM TYPE</b>	<b>USE RATE</b>	<b>2014</b>
<b>ARIZONA</b>	Clean Elections	43%	26%
<b>CONNECTICUT</b>	Clean Elections	68%	77%
<b>HAWAII</b>	Matching Funds	5%	3%
<b>MAINE</b>	Clean Elections	60%	45%
<b>MINNESOTA</b>	Matching Funds	73%	7%
<b>NEBRASKA</b>	Matching Funds	1%	N/A
<b>WISCONSIN</b>	Matching Funds	10%	N/A

Table 8.2 Correlations of Public Financing Regulations

Regulation	Total Limit	Ind. Rev. Source.	Checkoff Provision	Statewide Financing	Legislative Financing	Party Financing	Equal Funding
<b>Total Limit</b>	1						
<b>Ind. Rev. Source.</b>	0.2351 0	1					
<b>Checkoff Provision</b>	0.4956 0	0.1052 0.0388	1				
<b>Statewide Financing</b>	0.5579 0	0.2903 0	0.5179 0	1			
<b>Legislative Financing</b>	0.3096 0	0.2821 0	0.3522 0	0.6248 0	1		
<b>Party Financing</b>	0.1373 0.0069	0.0114 0.8237	0.6712 0	0.1494 0.0033	0.1462 0.004	1	
<b>Equal Funding</b>	0.2996 0	0.2593 0	0.4404 0	0.3193 0	0.4228 0	0.4112 0	1



Table 8.3 Election Chances of Candidates that Accept Public Financing

<b>Model</b>	<b>Won Election</b>
<b>Accepted Public Financing</b>	0.236**
	(0.0914)
<b>Folded Ranney</b>	-0.121
	(0.605)
<b>Professionalism</b>	-0.120
	(0.0620)
<b>Multimember Districts</b>	0.991***
	(0.170)
<b>Presidential Year</b>	-0.00341
	(0.0326)
<b>Off Year</b>	-0.256**
	(0.0952)
<b>Competition</b>	-0.279***
	(0.0401)
<b>Chamber</b>	-0.340***
	(0.0922)
<b>Democratic Party</b>	-0.00749
	(0.0762)
<b>Cumulative Terms</b>	0.290***
	(0.0539)
<b>Other Chamber Experience</b>	0.746***
	(0.165)
<b>Challenger</b>	-1.332***
	(0.119)

Table 8.3 Continued

<b>Majority Party</b>	<b>0.0476</b>
	(0.0696)
<b>Log Total Donations</b>	<b>0.175***</b>
	(0.0418)
<b>Constant</b>	<b>-1.365</b>
	(0.703)
<b>N</b>	<b>14128</b>
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>	

Table 8.4 Legislative Programs on Private Campaign Contributions

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Total Single Issue Donations</b>	<b>Log Total Party Donations</b>	<b>Log Total Union Donations</b>
<b>Legislative Programs</b>	-1.165**	-0.940***	-0.860**	-0.924***
	(0.361)	(0.172)	(0.309)	(0.278)
<b>Term Limits</b>	-0.159	-0.286	-0.295	-0.299
	(0.255)	(0.209)	(0.232)	(0.188)
<b>Folded Ranney</b>	0.0755	0.718	0.426	0.0465
	(1.049)	(0.843)	(0.769)	(0.623)
<b>Professionalism</b>	0.223***	0.157**	0.179**	0.356***
	(0.0653)	(0.0509)	(0.0619)	(0.0427)
<b>Multimember Districts</b>	-0.458	-0.525*	-0.756**	0.0168
	(0.368)	(0.243)	(0.279)	(0.278)
<b>Presidential Year</b>	0.0165	-0.0750	0.0385	-0.0486
	(0.0499)	(0.0614)	(0.0333)	(0.0589)
<b>Off Year Election</b>	0.974**	0.598*	1.340***	0.548
	(0.304)	(0.249)	(0.270)	(0.370)
<b>Competition</b>	-0.0405	0.0178	0.0211	0.0138
	(0.0355)	(0.0261)	(0.0341)	(0.0224)
<b>Chamber</b>	0.500***	0.331***	0.473***	0.415***
	(0.0961)	(0.0972)	(0.0899)	(0.0925)
<b>Democratic Party</b>	-0.512***	-0.131	-0.131	1.084***
	(0.0528)	(0.0696)	(0.0724)	(0.0962)
<b>Cumulative Terms Served</b>	0.0877***	-0.0527***	-0.0946***	0.0160
	(0.0125)	(0.00898)	(0.0150)	(0.0107)
<b>Other Chamber Experience</b>	0.788***	0.0865	-0.00137	0.303**
	(0.110)	(0.0933)	(0.104)	(0.0927)

Table 8.4 Continued

<b>Speaker of the House</b>	1.510***	1.049***	0.00264	0.811***
	(0.143)	(0.155)	(0.174)	(0.136)
<b>Senate Leader</b>	0.848***	0.645***	0.0859	0.618***
	(0.160)	(0.143)	(0.159)	(0.123)
<b>Never Made General Election</b>	-1.048***	-0.133	-1.191***	-0.638***
	(0.0956)	(0.101)	(0.148)	(0.0964)
<b>Challenger</b>	-1.373***	-0.0707	-0.0857	-0.502***
	(0.0867)	(0.0726)	(0.0445)	(0.0730)
<b>Majority Party Membership</b>	0.367***	0.114*	0.273***	0.0657
	(0.0427)	(0.0451)	(0.0651)	(0.0704)
<b>Constant</b>	9.092***	6.454***	7.517***	7.068***
	(0.864)	(0.751)	(0.635)	(0.528)
<b>Sigma</b>				
<b>Cons</b>	1.668***	1.460***	1.899***	1.473***
	(0.0471)	(0.0605)	(0.0766)	(0.0504)
<b>N</b>	79218	36539	47685	48436
<b>Pseudo R Squared</b>	0.0992	0.0333	0.0297	0.0855
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				

Table 8.5 Total Limits on Campaign Contributions

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Total Single Issue Donations</b>	<b>Log Total Party Donations</b>	<b>Log Total Union Donations</b>
<b>Legislative Program</b>	-0.830 (0.932)	-0.867* (0.417)	-0.894 (0.932)	-1.668 (0.871)
<b>Total Limits</b>	0.0592 (0.336)	-0.0426 (0.276)	-0.0468 (0.255)	-0.181 (0.228)
<b>Legislative Total Limits</b>	-0.497 (1.018)	-0.0647 (0.511)	0.0732 (0.992)	1.068 (0.919)
<b>Term Limits</b>	-0.172 (0.256)	-0.292 (0.213)	-0.297 (0.236)	-0.253 (0.206)
<b>Folded Ranney</b>	0.0139 (1.039)	0.702 (0.816)	0.421 (0.773)	0.0953 (0.607)
<b>Professionalism</b>	0.222** (0.0767)	0.161** (0.0590)	0.182** (0.0707)	0.362*** (0.0512)
<b>Multimember Districts</b>	-0.456 (0.366)	-0.529* (0.237)	-0.757** (0.277)	0.0209 (0.276)
<b>Presidential Year</b>	0.0208 (0.0521)	-0.0766 (0.0626)	0.0366 (0.0338)	-0.0576 (0.0594)
<b>Off Year Election</b>	0.984*** (0.298)	0.595* (0.246)	1.340*** (0.276)	0.537 (0.394)
<b>Competition</b>	-0.0407 (0.0347)	0.0196 (0.0243)	0.0230 (0.0310)	0.0166 (0.0194)
<b>Chamber</b>	0.498*** (0.0964)	0.329*** (0.0935)	0.473*** (0.0904)	0.428*** (0.101)
<b>Democratic Party</b>	-0.515*** (0.0511)	-0.130 (0.0692)	-0.131 (0.0721)	1.090*** (0.100)

Table 8.5 Continued

<b>Cumulative Terms Served</b>	0.0876*** (0.0125)	-0.0525*** (0.00891)	-0.0943*** (0.0147)	0.0169 (0.0104)
<b>Other Chamber Experience</b>	0.789*** (0.109)	0.0909 (0.0877)	0.00156 (0.0995)	0.304** (0.0971)
<b>Speaker of the House</b>	1.514*** (0.140)	1.049*** (0.155)	0.00201 (0.172)	0.797*** (0.136)
<b>Senate Leader</b>	0.853*** (0.159)	0.647*** (0.143)	0.0861 (0.159)	0.598*** (0.126)
<b>Never Made General Election</b>	-1.052*** (0.0952)	-0.132 (0.0997)	-1.191*** (0.148)	-0.622*** (0.0961)
<b>Challenger</b>	-1.371*** (0.0880)	-0.0692 (0.0711)	-0.0844 (0.0443)	-0.510*** (0.0727)
<b>Majority Party Membership</b>	0.362*** (0.0424)	0.115** (0.0442)	0.273*** (0.0648)	0.0976 (0.0606)
<b>Constant</b>	9.130*** (0.847)	6.478*** (0.718)	7.530*** (0.661)	7.044*** (0.528)
<b>Sigma</b>				
<b>Cons</b>	1.666*** (0.0462)	1.460*** (0.0611)	1.898*** (0.0766)	1.466*** (0.0457)
<b>N</b>	79218	36539	47685	48436
<b>Pseudo R Squared</b>	0.0998	0.0333	0.0297	0.0881
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				

Table 8.6 Public Financing Program Type on Campaign Contributions

<b>Model</b>	<b>Log Business Donations</b>	<b>Log Single Issue Donations</b>	<b>Log Party Donations</b>	<b>Log Union Donations</b>
<b>Clean Elections</b>	-2.028***	-1.152***	-1.931***	-2.132**
	(0.478)	(0.316)	(0.337)	(0.778)
<b>Matching Funds</b>	-0.953**	-0.877***	-0.707*	-0.483
	(0.347)	(0.255)	(0.318)	(0.283)
<b>Term Limits</b>	-0.105	-0.297	-0.265	-0.212
	(0.242)	(0.231)	(0.233)	(0.218)
<b>Folded Ranney</b>	-0.0880	0.572	0.319	-0.175
	(1.029)	(0.846)	(0.760)	(0.626)
<b>Professionalism</b>	0.222***	0.161**	0.178**	0.357***
	(0.0633)	(0.0513)	(0.0615)	(0.0419)
<b>Multimember Districts</b>	-0.375	-0.498*	-0.729**	0.140
	(0.389)	(0.252)	(0.277)	(0.292)
<b>Presidential Year</b>	0.0374	-0.0635	0.0495	-0.0283
	(0.0498)	(0.0629)	(0.0335)	(0.0609)
<b>Off Year Election</b>	0.975**	0.615*	1.343***	0.556
	(0.297)	(0.248)	(0.263)	(0.339)
<b>Competition</b>	-0.0394	0.0189	0.0206	0.0117
	(0.0350)	(0.0265)	(0.0343)	(0.0222)
<b>Chamber</b>	0.527***	0.342***	0.486***	0.440***
	(0.0949)	(0.0985)	(0.0901)	(0.0917)
<b>Democratic Party</b>	-0.527***	-0.138*	-0.138	1.068***
	(0.0496)	(0.0702)	(0.0712)	(0.0972)
<b>Cumulative Terms Served</b>	0.0912***	-0.0513***	-0.0912***	0.0199
	(0.0121)	(0.00916)	(0.0145)	(0.0103)

Table 8.6 Continued

<b>Other Chamber Experience</b>	<b>0.791***</b>	<b>0.0846</b>	<b>-0.0115</b>	<b>0.321***</b>
	(0.110)	(0.0945)	(0.105)	(0.0898)
<b>Speaker of the House</b>	<b>1.493***</b>	<b>1.052***</b>	<b>-0.00959</b>	<b>0.816***</b>
	(0.144)	(0.155)	(0.170)	(0.138)
<b>Senate Leader</b>	<b>0.832***</b>	<b>0.646***</b>	<b>0.0942</b>	<b>0.629***</b>
	(0.162)	(0.141)	(0.159)	(0.120)
<b>Never Made General Election</b>	<b>-1.062***</b>	<b>-0.130</b>	<b>-1.192***</b>	<b>-0.636***</b>
	(0.0969)	(0.101)	(0.147)	(0.0980)
<b>Challenger</b>	<b>-1.340***</b>	<b>-0.0686</b>	<b>-0.0764</b>	<b>-0.488***</b>
	(0.0853)	(0.0726)	(0.0431)	(0.0718)
<b>Majority Party Membership</b>	<b>0.354***</b>	<b>0.110*</b>	<b>0.271***</b>	<b>0.0785</b>
	(0.0427)	(0.0451)	(0.0643)	(0.0632)
<b>Constant</b>	<b>9.187***</b>	<b>6.551***</b>	<b>7.578***</b>	<b>7.169***</b>
	(0.850)	(0.755)	(0.632)	(0.532)
<b>Sigma</b>				
<b>Cons</b>	<b>1.643***</b>	<b>1.462***</b>	<b>1.888***</b>	<b>1.461***</b>
	(0.0485)	(0.0607)	(0.0783)	(0.0462)
<b>N</b>	79218	36539	47685	48436
<b>Pseudo R Squared</b>	0.1063	0.0326	0.0324	0.0898
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				



Table 8.7 Checkoff Programs and Campaign Contributions

<b>Model</b>	<b>Log Total Business Donations</b>	<b>Log Total Single Issue Donations</b>	<b>Log Total Party Donations</b>	<b>Log Total Union Donations</b>
<b>Checkoff Program</b>	-1.499*** (0.367)	-0.752*** (0.135)	-0.666* (0.293)	-0.613** (0.219)
<b>No Checkoff Program</b>	-1.865*** (0.161)	-1.241*** (0.156)	-0.960*** (0.151)	-1.911*** (0.154)
<b>Term Limits</b>	-0.197 (0.232)	-0.309 (0.218)	-0.319 (0.235)	-0.337 (0.201)
<b>Folded Ranney</b>	-0.146 (1.034)	0.486 (0.872)	0.226 (0.778)	-0.156 (0.624)
<b>Professionalism</b>	0.216*** (0.0653)	0.160** (0.0523)	0.180** (0.0601)	0.355*** (0.0438)
<b>Multimember Districts</b>	-0.458 (0.376)	-0.520* (0.251)	-0.734** (0.284)	-0.00280 (0.279)
<b>Presidential Year</b>	0.0341 (0.0491)	-0.0566 (0.0626)	0.0456 (0.0338)	-0.0395 (0.0597)
<b>Off Year Election</b>	0.919** (0.295)	0.595* (0.250)	1.334*** (0.253)	0.536 (0.344)
<b>Competition</b>	-0.0404 (0.0351)	0.0175 (0.0261)	0.0200 (0.0337)	0.0134 (0.0224)
<b>Chamber</b>	0.505*** (0.0944)	0.340*** (0.0997)	0.487*** (0.0946)	0.413*** (0.0873)
<b>Democratic Party</b>	-0.508*** (0.0493)	-0.129 (0.0695)	-0.122 (0.0720)	1.103*** (0.0937)
<b>Cumulative Terms Served</b>	0.0929*** (0.0120)	-0.0482*** (0.00940)	- 0.0888*** (0.0147)	0.0207* (0.00995)

Table 8.7 Continued

<b>Other Chamber Experience</b>	0.779***	0.0677	-0.0206	0.279**
	(0.111)	(0.0970)	(0.107)	(0.0893)
<b>Speaker of the House</b>	1.488***	1.031***	-0.0116	0.779***
	(0.145)	(0.157)	(0.173)	(0.143)
<b>Senate Leader</b>	0.838***	0.644***	0.0848	0.620***
	(0.167)	(0.143)	(0.159)	(0.121)
<b>Never Made General Election</b>	-1.095***	-0.142	-1.230***	-0.657***
	(0.0952)	(0.100)	(0.157)	(0.0937)
<b>Challenger</b>	-1.331***	-0.0658	-0.0739	-0.489***
	(0.0883)	(0.0726)	(0.0421)	(0.0721)
<b>Majority Party Membership</b>	0.356***	0.122**	0.274***	0.0937
	(0.0440)	(0.0468)	(0.0647)	(0.0658)
<b>Constant</b>	9.275***	6.595***	7.631***	7.177***
	(0.856)	(0.765)	(0.636)	(0.532)
<b>Sigma</b>				
<b>Cons</b>	1.643***	1.467***	1.905***	1.469***
	(0.0481)	(0.0607)	(0.0771)	(0.0462)
<b>N</b>	79218	36539	47685	48436
<b>Pseudo R Squared</b>	0.1062	0.0304	0.0280	0.0869
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>				

Table 8.8 Legislative Programs on the Standard Deviation of Donations

<b>Model</b>	<b>Standard Deviation of Business Donations</b>	<b>Standard Deviation of Party Donations</b>	<b>Standard Deviation of Union Donations</b>
<b>Legislative Program</b>	1.764***	-1.212***	-1.114***
	(0.466)	(0.282)	(0.326)
<b>Term Limits</b>	0.0154	0.0428	-0.0813
	(0.0615)	(0.0386)	(0.0612)
<b>Folded Ranney</b>	1.069**	1.236***	0.493
	(0.398)	(0.311)	(0.475)
<b>Professionalism</b>	-0.810	-0.841**	-0.102
	(0.564)	(0.315)	(0.347)
<b>Multimember Districts</b>	0.802***	0.471***	0.464***
	(0.108)	(0.103)	(0.0798)
<b>Presidential Year</b>	-0.959	0.277	0.973
	(1.388)	(0.937)	(0.686)
<b>Off Year</b>	-0.0738	-0.00605	-0.0489
	(0.0552)	(0.0329)	(0.0345)
<b>Competition</b>	0.323***	0.182*	0.396***
	(0.0959)	(0.0713)	(0.0551)
<b>Chamber</b>	-0.103	-0.290	-0.344
	(0.345)	(0.276)	(0.220)
<b>Constant</b>	10.13***	7.234***	7.102***
	(1.098)	(0.741)	(0.535)
<b>Sigma</b>			
<b>Cons</b>	1.514***	1.892***	1.501***
	(0.0719)	(0.0766)	(0.0559)
<b>N</b>	33226	26305	8017
<b>Pseudo R Squared</b>	0.0963	0.0311	0.0857
<b>*p&lt;0.05, **p&lt;0.01, ***p&lt;0.001</b>			

## CHAPTER 9. CONCLUSION

The research presented in this dissertation asked if state campaign finance regulations are effective in meeting their objectives at reducing the flow of money to state legislative races. This question has vexed state policymakers for over two centuries. Indeed, the American states are in a seemingly constant political struggle over campaign finance regulations. Under modern campaign finance regulations, money continues to pour into state legislative races to give donors influence over redistricting (Bush 2016) and state policy (Powell 2012). Still, calls by the public to enact stricter statutes to curb the influence of donors in elections remain strong (Desilver and Kessel 2015; Zogby Analytics 2012).

As discussed in Chapter 3, the push for campaign finance reform is relatively more tumultuous at the state level (Balcerzak 2017). Many governors and state legislators were quite hostile to campaign finance regulations throughout much of the 2000s and 2010s. Some noteworthy examples demonstrate this point. The Missouri Legislature removed all state campaign contribution limits in 2008, but limits were later reinstated in a 2016 ballot initiative. The Massachusetts General Court refused to fund an initiative enacted Clean Election program in 1998. The General Court eventually repealed the Clean Election law in 2003. Similarly, Wisconsin pulled all funding from their public financing program, which historically enjoyed success.

State campaign finance regulations are also under renewed pressure from state and federal courts. The United States Supreme Court struck down Arizona's public financing trigger provision in *Arizona Free Enterprise Club's Freedom Club PAC v. Bennett*, 564 U.S. 721 (2011). These trigger provisions provided additional subsidies to candidates based on their opponents' fundraising levels. Following *Citizens United*, challenges to campaign contribution limits and disclosure became more common. Montana's campaign contribution limits were in legal limbo due to constant disagreements between the district and Ninth Circuit Courts. Various state disclosure requirements were declared unconstitutional in North Carolina, Arizona, and Minnesota in district and appeals court decisions for being administratively onerous and violating the exacting scrutiny standard (Kulesza and Fisher 2018). The Supreme Court has been very supportive of disclosure laws, rebuking lower courts for misinterpreting precedent set under *Citizens United* (Kulesza and Fisher 2018). The Nebraska Supreme Court struck down most state campaign finance regulations in 2012 (O'Hanlon 2012).

Of course, there was not a universal weakening of campaign finance laws in all states from 1999-2014. State campaign finance regulations slightly strengthened during the timeframe included in this study (Kulesza, Witko, and Waltenburg 2016). Certain states, like Connecticut and Illinois, passed comprehensive reform packages that dramatically bolstered their campaign finance laws. Most of the change towards stricter campaign finance laws, however, was relatively incremental. These slight changes were most noticeable with campaign contribution limits.

The research presented here investigated the impacts of campaign finance laws from a novel angle. This dissertation argued that the effectiveness of campaign finance regulations is dependent upon the source of donations. Specifically, I proposed that there is a significant difference in how business interest or ideological donors respond to campaign finance laws. This dichotomy in donor groups is based upon the theoretical framework of campaign contributions presented by Welch (1982) and Snyder (1992). As demonstrated in Chapter 4, business interest groups consistently provide campaign contributions throughout a legislator's tenure. Business group campaign contributions are consistent. They seek long-term relationships with incumbent legislators to receive economic benefits from the legislature. Ideological groups, on the other hand, predominately provide campaign contributions to new or endangered legislators. Assuming that a legislator's ideological attitudes do not change while in office, ideologically centered groups do not need to build long-term relationships with members. Instead, they need to get like-minded legislators elected to office.

I organized this concluding chapter of my dissertation into three parts. First, I will provide a broad overview of the results of my hypothesis tests on contribution limits, disclosure, and public financing. Second, I will provide the theoretical implications of this work. Finally, I offer some concluding remarks on my results and where research on campaign finance laws can be expanded in the future.

## **9.1 Overview of Hypotheses and Results**

My three hypotheses anticipated that business interest groups are relatively more impacted by campaign contribution limits, disclosure laws, and public financing programs. First, I argued that contribution limits should impact business interest donors relatively more than ideological donors since they consistently provide financial support to incumbents. Since business interest groups consistently provide donations to candidates, I predicted their contributions would run

against contribution limits more frequently. I expected that ideological donors, which provide donations to new candidates and endangered incumbents, would only rarely run into campaign contribution limits. Thus, campaign contribution limits should be less effective at deterring ideological group donations.

Disclosure only provides information on the relationship between contributors and legislators. Nothing in disclosure law forces donors to stop contributing. Thus, my hypothesis on disclosure is based upon differences in negative publicity for business and ideological groups. Public polling consistently shows that American voters are concerned with corporate influences over policymaking (Harris 2012). Business groups may face a voter backlash if they provide inordinate financial support to candidates. Donations from ideological groups will not likely receive the same repercussions for contributing. Indeed, a majority of the public does not feel that nonprofits and other ideological donors have too much influence in our political processes (Harris 2012). Campaign contributing is a fundamental political activity of ideological groups. Disclosure should have no negative impacts on ideological group contributions. Finally, I assumed that public financing laws should cause business interest donations to fall more than ideological group donations. Business interest groups provide more donations to candidates. Naturally, their campaign contribution levels should experience a larger decline under public financing. Of course, this prediction comes with an important condition. A high number of candidates must opt into public financing programs to reduce private donations. Once a large number of candidates enroll in public financing, there are not many options for donors to influence state legislative elections.

I tested my hypotheses with an exceptionally large dataset that included 112,921 candidacies for State Houses/Assemblies and Senates from 1999-2014 across all fifty states. I measured state campaign finance statutes using an updated form of the Witko Index (2005), which captures twenty-two specific regulations. The inclusion of the Witko Index (2005) allowed my research to test particular facets of campaign contribution, disclosure, and public financing laws. My estimates were calculated with a Tobit model with the errors clustered around the states to not overstate the impact of campaign finance regulations on donations.

Broadly, my results provided mixed support for my three hypotheses. Still, this analysis produced a very insightful look into the effectiveness of campaign finance regulations and demonstrated that groups react differently to campaign finance regulations. Indeed, several revelations paint a very compelling picture of campaign finance regulations. The most surprising

finding was the widespread lack of support for hypothesis one, which predicted that business interest group donations are more impacted by campaign contribution limits. Instead, my models showed that ideological group donations, not business group donations, were relatively more impacted by campaign contribution limits. Bans on direct donations from unions were the only ideological group focused contribution limit that was less effective than their business targeted counterpart. Political Action Committee, party, and union limits (not to be confused with bans).

The corporate campaign contribution limit models also produced unexpected results. Interestingly, corporate campaign contribution limits were most effective at limiting business donations to non-incumbents. Corporate campaign contributions were insignificantly associated with business interest donations for legislators seeking re-election. The explanation for this seems to be incumbent reelection goals. Mayhew (1976) first argued that incumbents primarily wish to get reelected. This narrative fit well into how incumbents craft campaign contribution limits to their advantage. As shown by Stratmann and Aparicio-Castillo (2006), campaign contribution limits reduced the winning vote totals for successful challengers. Campaign contribution limits had a negligible effect on changing the vote totals for the legislators that originally enacted them. The finding by Stratmann and Aparicio-Castillo (2006) is consistent with the results here. Incumbents may design corporate campaign contribution limits in a way that does not hinder their fundraising abilities. There is minimal incentive for sitting legislators to enact campaign finance laws that will hurt their reelection chances.

While my analysis failed to confirm my first hypothesis, it is important to note that my results showed that campaign contribution limits could be an effective tool for equalizing donations in state legislative races. Campaign contribution limits reduced campaign contributions for all groups. Unions, however, were unaffected by their contribution ban regulations. I can only speculate as to why this may be the case. Unions are unique among the donor categories as they straddle economic and ideological groups. Unions fundamentally exist to negotiate contracts for their workforce; yet, they maintain a strong political advocacy tradition. This dual mission may create a unique dynamic that lessens the impact of campaign contribution limits. I do not have direct evidence of this, however. It is a question subject to empirical tests that can be followed up in future studies.

My second hypothesis on disclosure laws received mixed support from my analyses. Disclosure is arguably the least effective of the three forms of campaign finance regulations at

reducing donations to state legislative races. Three of the five tested disclosure regulations were wholly unrelated with campaign contribution levels for all donor groups. These were quarterly reporting, after reporting, and the itemization of contributions above \$50. There are very logical reasons why after reporting and the \$50 itemization contribution requirements were insignificantly associated with contributing. After reporting requirements provide donation records once the campaign concludes. There will not be an electoral backlash for the candidate until the next election. By this time, most voters will not likely pay attention to campaign contributions from the previous election cycle. The insignificance of the \$50 itemization requirement may be due to methodological issues. The \$50 limit may be less meaningful in states with expensive elections. The insignificant result may reflect that my dataset includes candidates across all fifty states with very different campaigning costs. The reasons why quarterly reporting was ineffective are a bit less obvious. Quarterly reporting should reveal significant information about the relationship between the donor and the legislator. The problems with quarterly reporting may be the same as after reporting. It is unlikely that voters consistently pay attention to donations provided to their state legislative candidates over the course of an election cycle.

Business interest donations were relatively more affected by general itemization and aggregate contribution reporting than ideological contributions. Both of these disclosure regulations are relatively simple regulations. Aggregate reporting provides broad information about how much funds candidates raise in an election. While not particularly sophisticated, aggregate reporting requirements offer basic information on the relative sizes of contributions. The aggregate reporting requirements led to a reduction in the percentage of donations originating from business interest groups. Itemization requirements give details about the source and size of each contribution, but nothing about timing. Still, both ideological and business interest donors were dissuaded from contributing under itemization requirements business groups just more so.

Public financing was highly effective at drawing private donations away from candidates. As expected, business interest donations fell more than ideological donations in the presence of public financing programs, consistent with my third hypothesis. In some ways, this is not a particularly exciting finding. Candidates must surrender much of their right to raise private campaign contributions when they accept public financing. So long as the public financing program is operating correctly, and my measurement adequately captured these statutes, my models should show a decline in donations from private contributors. As will be discussed in



further detail below, these results signify that public finance laws are strong enough to entice candidates to enroll in the programs.

The various public financing programs were not equally strong, however, in removing private campaign contributions from state legislative elections. Clean Election Laws outperformed matching funds programs in reducing campaign contributions. My results also indicated that Connecticut's program was the most robust public financing program in the nation, even though it is funded through an unorthodox method: the sale of surplus state property.

## **9.2 Implications**

The results clearly show that no perfect campaign finance law will dissuade contributions from all donor types. While not all my hypotheses held up, it is quite apparent that donor groups are impacted by campaign finance laws differently. This difference was true for campaign contribution limits, disclosure laws, and public financing. Admittedly, campaign contribution limits enjoyed relative consistency in stemming donations from most groups. My findings suggest that campaign contribution limits are not so high that they can be easily worked around by donors. Further, direct contribution bans for corporations are not so riddled with loopholes that businesses easily find ways around them.

Unions, on the other hand, tend to do well avoiding their respective campaign contribution limits. Legislators wishing to regulate the flow of money from unions must consider their unique status as being in some ways simultaneously an economic and ideological group. Unlike corporations, unions can mobilize members for political purposes and provide financial help through membership dues. Policymakers must find ways to account for these attributes in their campaign contribution limit regulations.

Although disclosure law was arguably the weakest campaign finance regulation, it does not mean that states should scrap them. My results indicated that aggregate reporting and itemization requirements shifted donations away from business interest groups. Providing basic information to candidates can be a strong deterrent for donors to appear that they are unduly influencing state legislative elections. Policymakers and the public must be aware, however, that it takes multiple forms of disclosure regulations to have an impact on campaign contributions. Further, disclosure regulations very rarely impact ideological group donations. Aggregate reporting simply reduced the overall percentage of money coming in from business groups. Only

general itemization requirements had a discernable impact on contribution totals from both ideological and business interest groups.

There is also a significant concern with how disclosure requirements can be useful in the face of voter apathy. Quarterly reporting, the \$50 contribution reporting threshold, and after reporting arguably provided the most information to the public about contributions. All three of these disclosure requirements failed to affect donation strategies of either ideological or business interest groups. State governments may not need regular reporting intervals as it appears that the public is not paying attention. Further, policymakers must be careful to set disclosure triggers at levels that reflect the costs of campaigning in their respective state. If not, disclosure requirements run the risk of providing confusing and inadequate information to voters.

The results from the public financing models were particularly telling. Matching funds programs appear to be deteriorating quickly. States do not provide enough funds to entice candidates to enroll in these programs. Even when they are fully operational, however, there is still a healthy flow of private donations into state legislative campaigns. The Clean Election programs were the most potent deterrent of campaign contributions for both ideological and business group donations. Of course, Clean Election programs mandate that candidates must forgo all private contributions to enroll. Still, the strong effects demonstrated in the models show that the Clean Election programs are attracting enough candidates to reduce the amount of money in state legislative elections significantly. Business and ideological groups do not seem interested in merely funding candidates that did not accept public financing. So long as public financing is ruled as a constitutional means to eliminate private donations, they can remain a strong choice for state governments to reduce donations.

### **9.3 Conclusion**

This dissertation showed that groups are affected differently by campaign finance regulations. Disclosure requirements and public financing relatively more negatively impacted business group donations. Contrary to predictions, ideological group donations fell further under campaign contribution limits, except for unions. Unions were mostly unaffected by campaign contribution limits. This dissertation only showed that there is a difference in how contributors respond to campaign finance laws. It did not directly isolate the exact reasons why. Future research should explore why donors change their strategies in the presence of campaign finance law. This

work should be conducted through both large N and survey research designs to better determine the exact motivations for the behavior of donors. This new research will shed insight that will allow states to craft more effective campaign finance regulations, potentially improving the responsiveness of state legislative policy to constituents.

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## VITA

### Christopher F. Kulesza

#### Education

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**Ph.D. Political Science**- Purdue University, August 2018

*Fields:* Major- American Politics, Minors: Public Policy, Social Psychology

*Dissertation:* The Effects of Campaign Finance Law on Donations  
to State Legislative Campaigns

*Committee:* Eric N. Waltenburg (Chair), Nadia E. Brown, Christopher Witko,  
and James A. McCann

**M.S. Psychology**- Purdue University, December 2014

**M.A. Political Science**- Purdue University, May 2012

**B.A. Economics**- Michigan State University, May 2010

**B.A. Political Science**- Michigan State University, May 2010

#### Research Interests

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*American Politics:* State Government, Local Government, Campaign Finance Law,  
Constitutional Law, Legislative Behavior, Higher Education Governance, Political Economy.

#### Teaching Interests

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Intro American Politics, Intro Public Policy, State and Local Politics, Judicial Politics, Congress,  
the U.S. Presidency, Campaigns and Elections, Political Parties, Political Psychology,  
Constitutional Law, Research Methods.

#### Peer Reviewed Publications

---

Kulesza, Christopher, Christopher Witko, and Eric Waltenburg. 2016. "Reform Interrupted?  
State Innovation, Court Decisions and the Past and Future of Campaign Finance Reform  
in the States". *Election Law Journal: Rules, Politics, and Policy*. June, 15(2): 143-159.

Kulesza, Christopher F., Michael G. Miller, and Christopher Witko. 2017. "State Responses to  
U.S. Supreme Court Campaign Finance Decisions." *Publius*. Summer, 47(3): 467-490.

## Peer Reviewed Scholarship of Teaching and Learning

---

Katie Cahill-Rincón, Michael Brownstein, Amanda Burke, Christopher Kulesza, and James McCann. 2015. "Social Science Mechanics: A Graduate Training Module that 'Looks Under the Hood' at Innovative Research Designs". *PS: Political Science and Politics*, April 48(2): 373-377.

## Law Review Publications

---

Kulesza, Christopher and Clifford Fisher. 2018. "*Independence Institute v. Williams*, The Tenth Circuit Proper Ruling of Colorado's Disclosure Law and Increased Flexibility in State Disclosure Law." *Creighton Law Review* June 51(3): 487-512.

## In Preparation

---

Kulesza, Christopher. "Term Limits and Their Effects on Interest Group Campaign Contributions."

Kulesza, Christopher, Wu Kuan-Sheng, Walter Schostak, and Eric Waltenburg. "A Relational-Based Measure of State Legislator Consequence."

## Working Papers

---

Kulesza, Christopher. "The Courts and the Changing Nature of State Disclosure Requirements."

Kulesza, Christopher. "The Effects of Disclosure Law on Campaign Contributions in the States."

Kulesza, Christopher. "When Candidates Reject Donations. Why Campaign Contributions are Turned Down in State Legislative Races."

## Research Experience

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Research Assistant- Dr. Bryce Reeder (September 2015-April 2016).

Research Assistant- Dr. Eric Waltenburg (June 2018-Present).

## Conference Papers

---

Kulesza, Christopher, Wu Kuan-Sheng, Walter Schostak, and Eric Waltenburg. 2018 "A Relational-Based Measure of State Legislator Consequence." *Southern Political Science Association Conference*.

- Kulesza, Christopher, Clifford Fisher, and Sut Sakchut. 2017. "Independence Institute v. Williams, The Tenth Circuit Proper Ruling of Colorado's Disclosure Law and Increased Flexibility in State Disclosure Law. A Case Note and Commentary." *Loyola Constitutional Law Colloquium*.
- Kulesza, Christopher. 2016. "Campaign Finance Law Stringency and Contributions in the American State Legislatures." *Midwest Political Science Association Conference*.
- Kulesza, Christopher. 2015. "The Case Against Specialization at Purdue University and Indiana University." *Midwest Political Science Association Conference*.
- Kulesza, Christopher and Matt Dabros. 2015. "The Changing Nature of Special Interest Contributions in Term Limited State Legislatures." *Midwest Political Science Association Conference*.
- Kulesza, Christopher, Christopher Witko and Eric N. Waltenburg. 2015. "Reform Interrupted? State Innovation, Court Decisions and the Past and Future of Campaign Finance Reform in the States." *State Politics and Policy Conference*.
- Kulesza, Christopher. 2014. "Political Trust and Divided Government." *Midwest Political Science Association Conference*.
- Kulesza, Christopher and Matt Dabros. 2014. "When Experience Doesn't Pay: Term Limits, Campaign Contributions, and Productivity in the American State Legislatures." *Midwest Political Science Association Conference*.
- Brownstein, Michael, Amanda Burke, Katie Cahill, Christopher Kulesza, Jay McCann (Alphabetical Order). 2013. Social Science Mechanics: A Graduate Training Module that "Looks under the Hood" at Innovative Research Designs." *APSA Teaching and Learning Conference*.
- Kulesza, Christopher. 2013. "Land Grant Gone Wrong: The Problem with Higher Education Specialization." *Indiana Political Science Association Conference*.
- Wiest, Sara, Eric N. Waltenburg, and Christopher Kulesza. 2012. "If Justice Is for Sale, Who's Buying?" *Midwest Political Science Association Conference*.
- Wiest, Sara, Christopher Kulesza and Eric N. Waltenburg. 2011. "Where Does the Money Come From? An Exploration of the Nature of Contributors to State Judicial Elections." *Midwest Political Science Association Conference*.

## Teaching Experience

---

Adjunct Faculty “POLS Y103: Introduction to American Government”, Department of Political Science, Indiana University-Purdue University Indianapolis (Fall 2017, Spring 2018).

Instructor of Record “POL 372 Y: Indiana State Politics, Online”, Department of Political Science, Purdue University (Summer 2014, Summer 2015).

Instructor of Record “POL 120 Y: Introduction to Public Policy, Online”, Department of Political Science, Purdue University (Fall 2013, Spring 2014, Fall 2014, Spring 2015, Summer 2016, Summer 2017).

Instructor of Record “POL 120: Introduction to Public Policy”, Department of Political Science, Purdue University (Fall 2012, Spring 2013, Fall 2015, Spring 2016, Fall 2016, Spring 2017).

Instructor of Record “POL 101: Introduction to American Politics”, Department of Political Science, Purdue University (Summer 2012).

Teaching Assistant “POL 237: Modern Weapons and International Relations”, Professor Keith Shimko, Department of Political Science, Purdue University (Fall 2011).

Teaching Assistant “POL 101: Introduction to American Politics”, Professor Glenn Parker, Department of Political Science, Purdue University (Spring 2012).

Purdue Intercollegiate Athletics- Tutor for Student Athletes in Comparative Politics and Public Policy (August 2015-August 2016).

## Other Presentations

---

Kulesza, Christopher. 2013. “Demographic Shifts and Political Change in Wisconsin and Michigan.” PIRCAT, Purdue Political Science Department.

Kulesza, Christopher. 2013. “Using Feedback, Discussion and ‘Guest Lecturers’ in Distance Learning.” Purdue Political Science Department.

## Professional Membership

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American Political Science Association  
 Midwest Political Science Association  
 Southern Political Science Association

## **Professional Development**

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Purdue University Center for Instructional Excellence Graduate Teaching Certificate Program (September 2017).

Collaborative IRB Training Initiative Certification (November 2010).

Graduate School Academic Integrity Workshop- Purdue University (October 2010).

## **Reviewer Experience**

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Politics, Groups and Identities, (Western Political Science Association, publisher Taylor & Francis).

## **Select Purdue University and Community Service**

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President- West Lafayette Historic Preservation Commission (August 2015-Present).

Commissioner- West Lafayette Historic Preservation Commission (March 2013-Present).

President- Purdue Graduate Student Government (April 2012-April 2013, March 2014-March 2015).

Vice President for External Affairs- Purdue Graduate Student Government (March 2013-March 2014, March 2016-April 2017).

Chair- PGSG Grant Review and Allocations Committee (April 2015-March 2016).

Vice President- West Lafayette Historic Preservation Commission (January 2014-August 2015).

Member- Purdue University Graduate Council (April 2012-April 2013, April 2014-April 2015).

Member- Purdue University Senate (April 2012-December 2012, April 2013-December 2013, April 2014-Present).

Commissioner- East Lansing Historic District Commission (February 2008- August 2010).

Vice Chair- East Lansing Historic District Commission (January 2010-August 2010).

Co-President- Purdue Political Science Graduate Student Association (August 2010-April 2011).

Member- Social Science Mechanics Workshop Committee (October 2011-April 2012).

Member- Greater Lafayette Holocaust Remembrance Committee (April 2016-Present).

## **Honors, Awards, and Recognitions**

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TippyConnect Top 10 Professionals Under 40 Winner- Award that recognizes 10 top young professionals for their professional and philanthropic work in the community (2018).

Evergreen Leadership Community Builders Award- Recognizes and connects emerging leaders (between the ages of 25 and 40) across the state of Indiana who are actively working to improve their leadership and the communities they live in.

Purdue University Bilsland Dissertation Fellowship- A competitive fellowship that provides support to outstanding Ph.D. candidates in their final year of degree completion (2017).

Purdue University Political Science Department Outstanding Independent Instructor Award- Given by Political Science faculty to one graduate student per academic year for demonstrating excellence in classroom instruction (2016).

Purdue University Political Science Summer Dissertation Fellowship- Competitive fellowship provided by Political Science faculty to graduate students to conduct work on dissertation during the summer semester (2016).

Purdue University Ross Fellowship- Four-year fellowship for the recruitment of outstanding, Ph.D.-track students to graduate programs (2010).

Purdue College of Liberal Arts PROMISE Travel Grant- \$750 (2017).

Purdue College of Liberal Arts PROMISE Travel Grant- \$270 (2015).

Purdue Graduate Student Government Conference Travel Grant- \$994 (2015).

Purdue Graduate Student Government Professional Grant- \$100 (2014).

Purdue Graduate Student Government Student Organization Grant- \$1000, With Katie Cahill Rincón, (2012).

Social Science Mechanics Seminar Recognition (SSM)- Purdue Political Science Department- Given to graduate students who organized SSM. Our research on learning outcomes from SSM resulted in a publication in *PS: Political Science and Politics* (2012).

Member- Pi Sigma Alpha, Political Science Honor Society (April 2010).

Michigan Legislature Outstanding Intern Rosenthal Award Nominee (April 2008).

## References

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