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UNITED STATES HOUSE ELECTIONS POST-*CITIZENS UNITED*: THE INFLUENCE OF UNBRIDLED SPENDING

Laura Gaffey

Abstract: *After the Citizens United decision in 2010 allowed corporations and unions to spend freely in elections, much media attention was given to the influence of unlimited and undisclosed donations during the 2010 midterm elections. This research attempts to determine the impact of increased outside spending by super PACs and other groups post-Citizens United by comparing United States House races in 2006 and 2010. The analysis controls for other factors that influence election outcomes in order to determine the influence of outside spending, confirming that outside money did have a small measurable effect in both elections when spent to support challengers. This study reveals the difficulties of compiling precise data on outside spending in elections, especially for spending that is not express advocacy. Additionally, the findings demonstrate that challengers see a greater measurable effect of outside expenditures, a finding consistent with previous research.*

INTRODUCTION

Political scientists have studied the influence of campaign spending on election outcomes throughout the years, with a consensus that campaign spending does impact results by increasing the spender's likelihood of victory. However, campaign finance law has evolved greatly in the last decade, and many studies have yet to be repeated in this changed environment. The landmark Supreme Court decision in the case of *Citizens United v. FEC* in 2010 altered the landscape of campaign finance, allowing corporations and unions to spend unlimited amounts in political campaigns. This decision, along with several others, has transformed campaign finance and given much more freedom and influence to outside groups who spend on behalf of an issue, party, or candidate. The influence of this influx of outside spending in political campaigns has yet to be studied empirically, despite a media focus on the power of new outside groups' spending in the 2010 midterm election.

This study will focus on the impact of outside group independent expenditures in the 2006 and 2010 midterm elections, in an effort to assess the influence of increasing levels of outside spending in United States House of Representatives elections. Have these changes in campaign finance law impacted how money works in House elections? Does increased outside

spending in House races affect election outcomes? Does the impact of outside spending vary between challengers and incumbents? Media reports focusing on the impact of *Citizens United* have made many claims about the influence of powerful outside groups on the 2010 midterm elections, but has the impact of outside spending been overstated?

LITERATURE REVIEW

Many studies have examined the effect of campaign expenditures on election results throughout the years, with varying results. Though scholars agree that campaign expenditures do influence election results, they debate to what degree and for what types of candidates. A broad theme within the literature has focused on the different effects of campaign expenditures for challengers and incumbents in U.S. House races.[1] Gary Jacobson found that challenger spending has a more substantial impact on results. For challengers, campaign spending has a bigger impact because they have more to gain; for instance, they are buying name recognition that the incumbent already has.[2] Incumbents spend at higher levels when they are more seriously challenged. For this reason, incumbent spending can even have a negative relationship with election results. However, Green and Krasno argue that the impact of incumbent spending was understated by Jacobson, so their study included a variable measuring challenger's political quality in an attempt to equalize the effect of incumbent spending. They found that incumbent spending was more influential than Jacobson demonstrated and that the challenger's political quality influenced the share of the vote received by the challenger.[3]

Various scholars have attempted to refine the model for assessing the impact of expenditures in elections. Different methods include measuring challenger political quality, controlling for diminishing marginal utility by squaring expenditures, and measuring the varying impact of spending at different times in the election cycle.[4] These authors address the difficulty of measuring the true impact of campaign spending due to the interactions between variables. Because other variables included in these models all impact the ability of candidates, and especially challengers, to raise money, it is more difficult to measure the impact of

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[1] Green and Krasno 1988; Jacobson 1978; Jacobson 1990; Krasno, Green and Cowden 1994.
[2] Jacobson 1978.
[3] Green and Krasno 1988.
[4] Abramowitz 1991; Green and Krasno 1988; Grier 1989; Jacobson 1990; Krasno, Green and Cowden 1994.

candidate expenditures.[5] Challengers are not well equipped to raise money to counter increased spending by incumbents, which also skews the impact of spending.[6] While these authors concede that it is difficult to accurately measure the impact of campaign expenditures, they agree that spending does affect election outcomes by increasing the vote share of the spender and that the strength of its impact varies between challengers and incumbents.

Campaign Finance Law

In order to understand the evolution of campaign finance law, several definitions are necessary. The two different types of outside expenditures regulated by the Federal Election Commission (FEC) are independent expenditures and electioneering communications. Independent expenditures include a variety of forms of campaign activity that explicitly call for election or defeat of a political candidate (known as express advocacy ads) and must be uncoordinated with official campaigns. However, electioneering communications only include broadcast advertisements that are aired during a specific pre-election window (within 60 days of a general election or 30 days of a primary). Electioneering communications may discuss candidates, but do not explicitly call for election or defeat. They also include issue advertisements.[7]

Since the aforementioned studies were completed, campaign finance law has changed drastically. The 2002 Bipartisan Campaign Reform Act (BCRA), often referred to as the McCain-Feingold Act, banned national parties, federal candidates, and officeholders from raising soft money or unlimited contributions to party committees for "party-building" activities, increased most contribution limits, and attempted to restrict issue advertising by more narrowly defining electioneering communications. Since BCRA restructured campaign finance, several court cases have reinterpreted the law. In 2007, *Wisconsin Right to Life v. FEC* removed the restrictions that prohibited 501(c)4 advocacy organizations from sponsoring electioneering communications.[8] Then, in 2010, the decision in *SpeechNow.org v. FEC* said that contributions made to groups that make only independent expenditures and do not contribute directly to candidates or parties

[5] Abramowitz 1991; Grier 1989.
[6] Krasno, Green and Cowden 1994.
[7] U.S. Congress 2011.
[8] Ibid.

cannot be limited.[9] This change allowed major donors to fund independent expenditures in unlimited amounts through certain groups.

Outside Spending

Despite changes in campaign finance laws, outside spending has remained present in elections, taking different forms and being sponsored by different types of groups. Before BCRA, most outside money took the form of unlimited contributions to political parties, or soft money.[10] Despite this ban, party fundraising has continued to increase in the form of hard money contributions.[11] In elections post-BCRA, 527 groups, a type of advocacy group that focuses on issue advocacy and voter mobilization, spent actively; the primary purpose of these groups is to influence elections, and they are subject to donor disclosure requirements.[12] An examination of the 2004 elections, the first post-BCRA, reveals that corporations gave less money than they had in the past, but 527 groups gradually became more active and did spend on behalf of candidates.[13] In the 2006 elections, 527 groups still spent actively, but at a reduced level from 2004. Due to changing FEC regulations, new groups such as 501(c) organizations became more active in 2006.[14] 501(c) organizations do not have the primary purpose of influencing elections, but their purpose can be another form of political action such as lobbying. They are not subject to donor disclosure requirements, unless a donor specifically allocates their contribution for electioneering.[15] In the 2008 elections, 501(c) organizations spent three times the amount they had in 2004 or 2006. In 2004, the majority of outside spending came from 527 groups, who spent only half of what they spent in 2004 in 2008.[16] As campaign finance laws and regulations evolve, the methods used by outside groups to influence elections also continue to change.

In 2010, the widely publicized decision in *Citizens United v. FEC* removed the BCRA prohibition on corporate and union funding of independent expenditures and electioneering communications from general treasury funds.[17] This decision, along with the decision in

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[9] Briffault 2010; U.S Congress 2011.
[10] U.S. Congress 2011.
[11] Franz 2008; U.S. Congress 2011.
[12] Briffault 2010.
[13] Johnston 2006.
[14] Weissman and Ryan 2007.
[15] Briffault 2010.
[16] Weissman 2009.
[17] U.S. Congress 2011.

SpeechNow.org v. FEC, led to the formation of a new type of outside group – Super PACs. Super PACs are political action committees (PACs) that make only independent expenditures and no direct contributions to political committees. These groups can accept unlimited contributions from individuals, corporations, and unions.[18] While *Citizens United* did remove spending restrictions, the decision upheld much of the disclosure laws included in BCRA, due to the importance placed on transparency, accountability, and voter information.[19] Registered Super PACs are required to disclose to the FEC both their contributions and expenditures, but 527s and 501(c) organizations must only disclose their independent expenditures and electioneering communications. Because many corporation and union funds are given through an intermediary, such as a 510(c) organization, their contributions are not disclosed.[20]

2010 Midterm Elections

The 2010 midterm elections were the first post-*Citizens United*, and the initial analyses examine the raw numbers of outside spending. In 2010, non-party independent expenditures and electioneering communications increased by 130% from 2008 to about $280 million, and 70 new Super PACs were formed and spent $84.6 million.[21] Initially, these numbers would seem to indicate a new importance of outside spending after several court decisions deregulated campaign finance. In 2010, the advertisement totals for U.S. House races increased 26%, but interest groups still only sponsored 12% of ads.[22] The tables included below demonstrate the change in levels of outside spending in previous elections, as well as which party is receiving that spending.

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[18] Toner and Trainer 2011; U.S. Congress 2011.
[19] Briffault 2010.
[20] Briffault 2010, U.S. Congress 2011.
[21] U.S. Congress 2011.
[22] Franz 2010.

Table 1: Total Outside Spending by Election Cycle, Excluding Party Committees[23]

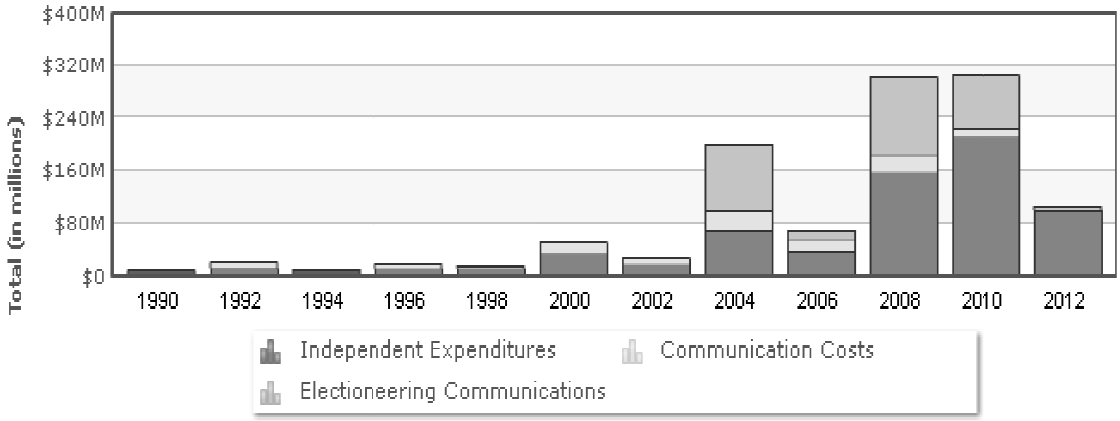
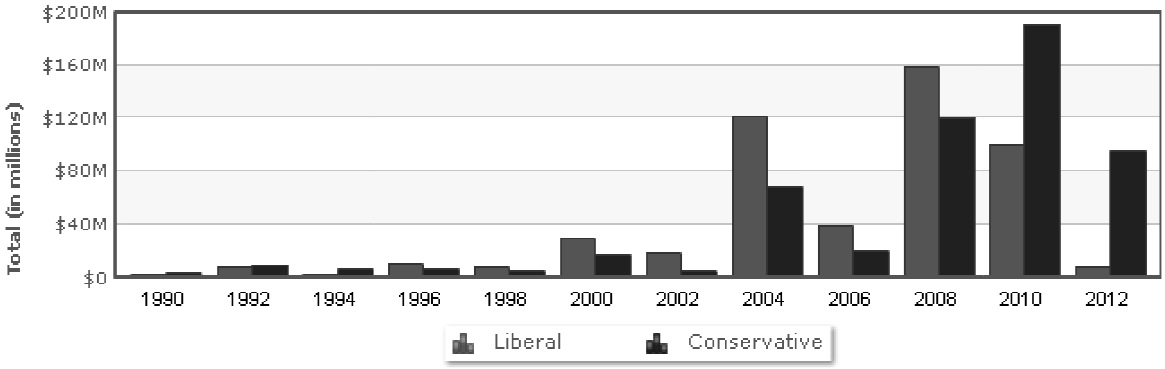


Table 2: Total Liberal v. Conservative Outside Spending, Excluding Party Committees[24]



However, all the new spending in the 2010 midterms may not be due to just outside spending.[25] Candidate, party, and outside spending all increased in 2010 from 2006 levels, but party spending became less significant relative to other spending. In spite of this, not all of the biggest spenders won their elections, indicating that the impact of campaign expenditures is limited.[26] On the other hand, an analysis by political scientist Michael Cornfield asserts that while party and candidate spending was relatively balanced between the two parties, outside spending contributions heavily favored Republican candidates. Therefore, he claims that because Republicans won more seats than forecasted, outside spending significantly helped

[23] Center for Responsive Politics 2012.
[24] Ibid.
[25] U.S. Congress 2011.
[26] Toner and Trainer 2011.

Republicans win races in 2010.[27] Another analysis found that while there was an increase in express advocacy ads sponsored by outside groups, their influence has been overstated in the media, as the majority of spending is still by candidates and parties.[28] Yet none of these analyses includes a full study of the impact of outside spending in 2010 that controls for other factors that influence elections. Therefore, further research is needed to fully understand the impact of post-*Citizens United* spending by outside groups.

THEORY

Many scholars have reached a consensus that campaign expenditures do affect election results.[29] No political campaign could be run without the funds needed to pay staff, purchase advertisements, run a field operation, or send out mailings. All of these things are necessary in a basic political campaign and would not be possible without fundraising and expenditures. Political campaigns attempt to increase recognition of their candidate among the electorate and increase favorability. The efforts made by political campaigns through media or field operations increase voter awareness of the candidate's positions, which would theoretically increase vote share for that candidate. Because expenditures allow for these crucial aspects of political campaigns, increased campaign expenditures are generally correlated with increased vote share.

Outside group spending follows the same logic as candidate campaign expenditures – outside spending can be used to purchase advertisements, mailings, etc., which will increase vote share for the candidate favored by the outside group. Because outside groups can raise money in unlimited amounts, it is much easier for them to raise money quickly, for instance in response to big expenditures by the opposition. Outside groups, due to their ability to accept unlimited contributions, are also better equipped to make bigger media buys in targeted House races. Only the most competitive House races will attract outside spending, because outside groups strategically spend in races in which they have the most to gain – a competitive race in which the candidate they favor has a good chance of winning. Outside spending comes in a variety of forms, including voter mobilization operations, but generally takes the form of

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[27] Cornfield 2011.
[28] Franz 2010.
[29] Abramowitz 1991; Green and Krasno 1988; Grier 1989; Jacobson 1978; Jacobson 1990; Krasno, Green and Cowden 1994.

broadcast advertisements. After *Citizens United*, fundraising is even easier for outside groups with the support of corporation and union spending, and this increases their ability to influence election results. In the 2010 midterms, spending by outside groups increased, and one would expect to find that their spending did have an impact on election results in the races targeted by these groups. Because of the distinct dynamics of open seat races, which tend to be more competitive, I expect that outside spending on behalf of either candidate will influence the results. However, challengers and incumbents will continue to benefit differently from spending on their behalf.

H_1: *As the amount of outside spending on behalf of the challenger increases, the percentage of the vote received by the challenger will also increase.*

Based on theories developed by Gary Jacobson, I expect that challengers will see a greater benefit from outside group spending because challengers have more to gain from expenditures. Expenditures by and on behalf of challengers have a greater impact because they are 'purchasing' name recognition and visibility, which incumbents already have to some degree. Challengers see a greater marginal utility from their expenditures than do incumbents. Because challengers start out at a disadvantage, they have more to gain from expenditures just to catch up to the benefits of incumbency. Incumbents' expenditures can even have a negative relationship with votes received because incumbents spend more when they are more seriously challenged.[30] Therefore, I expect that the relationships found between campaign spending and vote share for incumbents will persist when analyzing outside spending on behalf of the incumbent.

H_2: *Outside spending on behalf of incumbents will not impact the percentage of the vote they receive.*

H_3: *In open seat races, as the amount of outside spending on behalf of a candidate increases, the percentage of the vote received by that candidate will also increase.*

EXPERIMENTAL DESIGN

This paper will examine U.S. House midterm elections in 2006 and 2010 in an attempt to assess the impact of outside group expenditures, while also controlling for other factors that

[30] Jacobson 1978.

influence House election results. Unopposed races will be excluded, and races with an incumbent and open seats are analyzed separately. The dynamics of open seat elections differ greatly from races with incumbents, as neither candidate has the incumbency advantages of name recognition and experience. The dependent variable is the two-party vote received by the incumbent, or for open seats, the two-party vote received by the Democratic candidate.

The central independent variables are the outside spending in a district on behalf of both the challenger and the incumbent. This includes spending that both supports a candidate and opposes their opponent. However, the available data on outside spending is limited and incomplete. The available data includes only independent expenditures and electioneering communications that specifically name a candidate as a beneficiary of the spending. Some expenditures name multiple candidate beneficiaries or are purely issue advocacy, so it is difficult to know how to divide these expenditures between the candidates. The aggregated numbers by district are available from both the Center for Responsive Politics (Open Secrets) and the Campaign Finance Institute, but the numbers from these two sources drastically differ for many districts.[31] I used the larger number from either of the two sources for each district. For the 2006 midterm elections, outside expenditures for a single candidate range from $0 to $1,254,902. For 2010, outside expenditures range from no money spent in a race to $3,153,517. This data does not capture issue advocacy advertisements or any spending that is not "express advocacy," which are advertisements that specifically call for election or defeat of a specified candidate. Although issue advocacy advertisements do not necessarily name candidate beneficiaries, it is possible that they also indirectly affect election results. Therefore, my study offers an incomplete assessment of the levels of outside spending in House races for both years, and the data flaws are therefore a clear limitation.

Other types of spending in each district are also included as independent variables – both spending by the candidate's campaign committees and independent expenditures made by political parties and their campaign committees in the district. For races with an incumbent, all of the spending variables represent the incumbent's and the challenger's expenditures in the district, covering the entire election cycle. For open seats, each type of spending is divided by Democrat or Republican. This only captures money actually spent by the candidates, not their

[31] Campaign Finance Institute 2010; Center for Responsive Politics 2006; Center for Responsive Politics 2010.

fundraising totals. Candidate expenditures come from contributions to the candidates' campaign committees that are regulated by the FEC.[32]

Political party independent expenditures in the district are included for challengers and incumbents, and these include independent expenditures made by the national parties and their campaign committees (DCCC, NRCC), commonly in the form of broadcast advertisements or field operations. Party involvement will likely only be at a meaningful level in the most competitive and targeted U.S. House races, and therefore this variable also captures some of the competitiveness of the race. However, the data readily available for this variable is also limited. For the 2006 election, the data includes national party committee independent and coordinated expenditures and direct contributions for every House race.[33] For the 2010 elections, the data includes only races in which there was over $50,000 of combined outside and party spending.[34] The data includes national party committee independent and coordinated expenditures and direct contributions. Party expenditures for 2010 range from $0 to $2,923,930, and therefore races in which party committees contributed less than $50,000 were not expected to be very highly competitive. While this is a limitation of the study, this data likely captures most of the relevant party expenditures because expenditures under $50,000 are less important compared to the total level of expenditures and likely not drastically affecting election results. All spending variables are entered in units of $10,000.

Variables included to control for factors other than expenditures that affect election outcomes include party, the two-party vote percentage from the previous U.S. House election, the presidential vote in the district, the percent of the district that is urban, and the median household income of the district. The party variable represents the party of the incumbent (Democrats are coded as 1 and Republicans as 0) and is excluded from open seat cases. This variable captures the national political tides of each election year that affect races around the country.[35] The previous election results control for the incumbent's personal vote in the district. This variable is coded as the two-party vote percentage won by the incumbent in the previous election. However, some argue that this variable is less effective in predicting outcomes because

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[32] Federal Election Commission 2006; Federal Election Commission 2010.
[33] Federal Election Commission 2007.
[34] Campaign Finance Institute 2010.
[35] Jacobson 1978.

it also captures a variety of factors from the past election, including national tide, traits of the specific candidates, and expenditures.[36] The vote for the incumbent in the previous election is included in this study to capture the impact of the incumbent's personal vote share, built up through years of representing the same district, while controlling for the presidential vote in the district. This variable is also excluded from open seat cases, as it represents a different candidate as well as many other factors from the previous election. The presidential vote in the district controls for the baseline partisanship of the district and the characteristics of the district that influence partisanship. For races with an incumbent, the two-party vote received by the previous presidential candidate of the incumbent's party is used. In the separate model for open seat races, the percentage of votes received by the previous Democratic presidential candidate is used, as the dependent variable in this model is the percentage of the vote received by the Democratic candidate. The percentage of the district that is urban and the median income of the district, according to the 2000 Census,[37] are included to control for demographic characteristics of the district that may affect political decisions. Both variables are also intended to capture variations in the expense of the media market of the district.

[36] Levitt 1994.
[37] Barone 2007.

DATA ANALYSIS

Table 3: 2006 & 2010 Incumbent/Challenger Races

Dependent Variable: Two-party vote percentage received by the incumbent

Independent Variable	All 2006 Incumbent Races	2006 Incumbent Races (with outside money)	All 2010 Incumbent Races	2010 Incumbent Races (with outside money)
Constant	31.479 (2.350)	33.093 (5.116)	24.509 (2.037)	30.940 (3.518)
Challenger Outside Spending	-.034* (.018) *-.063*	-.028 (.021) *-.090*	-.016* (.009) *-.055*	-.021** (.010) *-.133*
Incumbent Outside Spending	.054 (.037) *.048*	.036 (.044) *.058*	-.007 (.008) *-.026*	-.002 (.008) *-.016*
Challenger Campaign Spending	-.040*** (.007) *-.324*	-.036*** (.009) *-.431*	-.017*** (.004) *-.136*	-.013** (.005) *-.172*
Incumbent Campaign Spending	.002 (.004) *.020*	.001 (.006) *.019*	-.006** (.003) *-.058*	-.004 (.003) *-.077*
Challenger Party Spending	-.013 (.017) *-.065*	-007 (.019) *-.063*	-.013 (.011) *-.037*	-.024** (.012) *-.139*
Incumbent Party Spending	.014 (.014) *.083*	.006 (.016) *.061*	.010 (.011) *.029*	.002 (.012) *.009*
Party	10.195*** (.610) *.509*	9.901*** (1.369) *.487*	-11.092*** (.625) *-.471*	-7.776*** (1.333) *-.346*
Previous TPV%	.109*** (.023) *.148*	.075 (.057) *.086*	.147*** (.023) *.181*	.106** (.038) *.166*
Presidential Vote	.397*** (.034) *.396*	.263*** (.073) *.267*	.618*** (.030) *.628*	.501*** (.055) *.567*
Urban	.000 (.017) *-.001*	.050 (.040) *.099*	-.009 (.015) *-.015*	-.042 (.026) *-.107*
Income	-8.462E-6 (.000) *-.013*	4.945E-5 (.000) *.077*	1.025E-5 (.000) *.014*	3.593E-5 (.000) *.059*
N Adj. R-square Model Significance F-test Durbin-Watson	346 .756 .000 98.230 1.862	108 .661 .000 19.948 1.633	374 .847 .000 188.487 1.871	133 .683 .000 26.871 2.170

Note: Standard error in parentheses and beta weights italicized; ***p≤.1, **p≤.05, *p≤.001

2006 Incumbent/Challenger Races

The variables in the 2006 Incumbent/Challenger races model explain about 75% of the variance in the percentage of the vote received by the incumbent. The significant variables are outside spending on behalf of the challenger, the challenger's campaign expenditures, the party of the incumbent, the previous vote percentage won by the incumbent, and the presidential vote in the district. The party of the incumbent has the biggest impact on the results and has a positive relationship with the incumbent's two-party vote, demonstrating that Democrats (coded as 1) had more electoral success in 2006. This relationship reveals the national political tide observed in 2006, when many Democrats swept into office in President Bush's second midterm election. Presidential vote for the candidate of the incumbent's party and the incumbent's previous election percentage both have a significant positive relationship with the incumbent's vote share. The results demonstrate that party and the presidential vote in the district are the most important variables driving election results, with greater impacts than any of the spending variables.

Outside expenditures that favor the challenger have a statistically significant and negative relationship with the incumbent's vote share (beta weight of -.063, the lowest relative strength of the independent variables), showing that these types of expenditures are having their intended effect of boosting the challenger. The unstandardized partial regression coefficient of -.034 (units of $10,000) shows that when a challenger receives $100,000 of outside spending, the incumbent's share of the vote is reduced by .34%. When the amount of outside money increases to $1,000,000, the incumbent's vote is reduced by 3.4%. A margin of 3% could make a crucial difference in highly competitive elections, which demonstrates that outside money spent on behalf of the challenger can have an important impact on election results. However, outside expenditures on behalf of the incumbent are not significant. The expenditures of the challenger's campaign committee have a significant and moderately strong negative relationship with incumbent's vote share (beta weight of -.324), demonstrating that as challengers spend more, their percentage of the vote received increases. With a B value of -.040, expenditures of $1,000,000 by the challenger's campaign would decrease the incumbent's vote share by 4%, a considerable impact. The challengers' campaign expenditures are having a significant negative impact, whereas the incumbent spending of all types is not significant. This finding is consistent with the expectation of this study and previous research that challengers

will see greater benefit from spending because they have more to gain from initial spending through increased name recognition and other advantages the incumbent already has.[38] Hypothesis 1 is supported because outside spending that favors the challenger is increasing the challenger's share of the vote. Hypothesis 2 is also supported by this data because incumbents do not see any statistically significant benefit from outside spending in this model.

In an effort to focus more clearly on independent expenditures in these races, I ran the same regression again using only cases that had a substantial level of outside or party spending. I included races with at least $10,000 of outside or party spending for at least one candidate and in which a challenger's campaign made expenditures, in an effort to include only races competitive enough to draw non-candidate spending. This operational decision left 108 cases.

In this model, outside spending for the challenger is not significant. Challenger campaign spending (beta weight of -.431) is the second most powerful variable in the second model, whereas in the overall model, it is the third most powerful. The unstandardized partial regression coefficient for challenger campaign spending is -.036 when including only races where outside money was present, compared to -.040 in the overall model. The previous election vote percentage won by the incumbent is not significant, while party and presidential vote in the district are significant, but with lower relative strength compared to the aggregate model (beta weights of .487 and .267 respectively). The second model, which includes only races in which outside or party spending was a factor, maintains the findings of the model including all races, except that outside spending that favors challengers is not significant. The first model includes many cases in which challengers were not viable candidates and therefore did not raise much money of any type. Consequently, it is not surprising that receiving money from outside groups is a more substantial predictor of electoral success in this model. In the second model, only competitive races in which outside money was present were included; considering just these limited cases, the independent impact of outside money is not statistically significant.

[38] Jacobson 1978.

2010 Incumbent/Challenger Races

The U.S. House races analyzed in 2010 not only have higher levels of spending overall than 2006, but also would be expected to demonstrate the effect of the *Citizens United* decision and the impact of new Super PACs formed in this cycle. I expect these increased spending levels in 2010 to result in a greater impact on election results, as outside money played a bigger role in the most recent midterm. Much media attention was given to the impact of the dramatic increase in the amount of independent expenditures in 2010, and this analysis attempts to determine if this spending really did influence the election results.

In the 2010 analysis, the variables explain about 85% of the variance in the election results for all races with an incumbent and challenger. The outside expenditures that favor the challenger are significant, although they have a comparatively low beta weight of -.055 (the lowest of the significant variables). The slight negative relationship shows that outside spending that either opposes the incumbent or supports the challenger is decreasing the incumbent's vote share. In this model, the B value for challenger outside spending (-.016) indicates that if a challenger received $1,000,000 from outside groups, they would gain 1.6% of the vote. In comparison to 2006, the unstandardized partial regression coefficient for challenger outside expenditures decreases from -.034 to -.016 in 2010. This finding contrasts the expectation of this study that the impact of outside spending would be greater in the first election post-*Citizens United*. This demonstrates that post-*Citizens United,* outside spending on behalf of the challenger maintains a significant impact on election results, whereas outside expenditures on behalf of the incumbent do not have a statistically significant relationship with vote share.

Challenger candidate campaign expenditures had the biggest impact of the spending variables (beta weight of -.136). In the most recent midterm, expenditures by the incumbent's campaign also have a statistically significant and slight negative relationship with the incumbent's two-party vote (beta weight of -.058). This finding is consistent with previous research. Because incumbents spend at higher levels when they are more seriously challenged (when their challenger is spending a meaningful amount of money), their expenditures can have a negative relationship with their votes received. For every $1,000,000 incumbents spend, their own percentage of the vote decreases by 0.6%. Overall, the most important result of this

model is that outside spending that favors the challenger is significant with a relationship in the expected direction. However, the unstandardized partial regression coefficient for outside spending on behalf of challengers is smaller in 2010 than in 2006, showing that in the models including all races, challengers' outside expenditures had a greater impact in 2006.

In addition, party of the incumbent, previous vote received by the incumbent, and presidential vote in the district are all significant. The presidential vote for the candidate of the same party as the incumbent has the biggest impact on vote received by the incumbent, with a beta weight of .628. In 2010, the party variable had a strong negative relationship with the incumbent's vote (beta weight of -.471); the opposite relationship is observed in the 2006 data. This was expected given the strong Republican national tide observed in 2010. In 2006, the B value for incumbent races was 10.195, and in 2010, the B value was -11.092. This demonstrates that not only did the direction of the relationship change, but the strength of the party variable also increased in 2010, indicating that the Republican wave of 2010 was more powerful than the Democratic wave of 2006.

The data supports Hypothesis 1 because challenger outside spending has a statistically significant negative relationship with the incumbent's votes. Hypothesis 2 is also supported by this data, as incumbents are seeing no statistically significant benefit from outside spending on their behalf. Outside money is not uniformly impacting election results in the favor of the candidates supported by the expenditures, but it is following the pattern established by previous research of spending for challengers and incumbents. In the 2010 model, campaign spending by the incumbent is significant and the unstandardized partial regression coefficients for challenger's outside and campaign spending are lower than in 2006, when no type of incumbent spending had a significant relationship with results. Hypothesis 2 is also supported, as only challengers are benefiting from the impact of outside spending on their behalf, demonstrated by the statistically significant relationships with the incumbent's votes. Incumbents see no statistically significant benefit from outside expenditures on their behalf in either 2006 or 2010, whereas challengers do receive a statistically significant impact from outside money in the model including all races in both years.

Table 1 presents the data after excluding any races in 2010 that did not have over $10,000 of outside or party spending, nor spending by the challenger candidate. The strong

relationships between the incumbent's vote and party, previous vote, and presidential vote persist in this equation, demonstrating the importance of these variables in predicting election outcomes. While presidential vote and party are the two most powerful variables in the model, expenditures are also impacting election results. After eliminating races without substantial levels of outside spending or party spending, all types of spending on behalf of challengers are significant. Incumbent spending of any type is not significant, but party spending on behalf of the challenger is significant for the first time in any model ($p \leq .05$). The unstandardized partial regression coefficient for challenger outside spending is -.021 ($p \leq .05$) when only races where outside spending is a factor are included, whereas in the aggregate model for 2010, the partial regression coefficient is -.016 ($p \leq .1$). In the second model, $1,000,000 spent by outside groups on behalf of the challenger reduces the incumbent's vote share by about 2%. Challenger expenditures and both outside and party expenditures on behalf of the challenger have statistically significant negative relationships with votes received by the incumbent. While in the 2006 model of only races with outside spending, challenger outside spending is not significant, it is significant in the same model in 2010. This reveals a change post-*Citizens United;* outside money impacted election results when only the most competitive races that drew non-candidate spending were included only in 2010.

2006 & 2010 Open Seat Races

In the analysis of open seat races for both years, the variable for presidential vote is measured as the percentage of the vote received by the previous Democratic presidential candidate. Each of the expenditure variables were entered as the amount spent by Democrats and Republicans. The regression analyses for open seats show some different variables having an impact than the incumbent/challenger models.

Table 4: 2006 & 2010 Open Seat Races

Dependent Variable: Two-party vote percentage won by the Democratic candidate

Independent Variable	2006 Open Seat Races	2010 Open Seat Races
Constant	20.046 (8.465)	18.607 (5.762)
Democratic Outside Spending	-.121 (.080) *-.163*	.027 (.048) *.055*
Republican Outside Spending	.093 (.073) *.109*	.010 (.019) *.044*
Democrat Campaign Spending	.044** (.017) *.362*	.016 (.016) *.097*
Republican Campaign Spending	-.020* (.011) *-.220*	-.007 (.016) *-.037*
Democratic Party Spending	-.006 (.030) *-.037*	.022 (.026) *.098*
Republican Party Spending	.006 (.025) *.042*	.005 (.038) *.017*
Democratic Presidential Vote	.841*** (.094) *.843*	.706*** (.108) *.702*
Urban	.045 (.068) *.068*	.190** (.085) *.264*
Income	.000 (.000) *-.170*	-.001*** (.000) *-.425*
N Adj. R-square Model Significance F-test Durbin-Watson	32 .848 .000 20.196 2.117	43 .861 .000 29.847 1.819

Note: Standard error in parentheses and beta weights italicized; *p≤.1, **p≤.05, ***p≤.001

In an analysis of the open seat races in 2006, both the spending by the Democrat and the Republican candidate are significant, and each has a relationship in the expected direction. The equation for open seats explains about 85% of the variance in the Democratic vote, with the biggest impact coming from the presidential vote in the district for the Democratic candidate, followed by the Democratic candidate's expenditures. Both expenditures by the Democratic and Republican candidates have a statistically significant relationship with the Democratic two-

party vote in the district in their expected directions. Expenditures by Democratic candidates (B value of .044) have a stronger effect upon votes than does spending by Republican candidates (B value of .020), which could be due to the national political tide favoring Democratic candidates in 2006. It is also possible that there are differences between how effectively candidates of the two parties spend their money in the district. The expenditures made by both candidates are significant in this open seat equation, whereas only challengers' expenditures are significant in analysis of incumbent/challenger races. This could be due to the distinct dynamics of open seat races; both candidates receive the same (and more immediate) types of benefits from spending that challengers do because they need to gain name recognition and voter awareness.

For both the 2006 and 2010 open seat races, results were analyzed separately with the same operational decision used for incumbent/challenger races – using only races with more than $10,000 of outside or party spending and in which both candidates made expenditures. However, this did not eliminate as many cases for open seats as it did for incumbent/challenger races. Because open seat races are generally more competitive than races with an incumbent, they are more likely to have outside or party spending. Both the R square values and coefficient values were very similar to the initial equation, and therefore results are not included here.

The results for 2010 open seat races indicate similar results to 2006 open seats, with the variables explaining about 86% of the variance in the Democratic vote in the district. The significant variables are the presidential vote in the district for the Democratic candidate, the percent of the district that is urban, and the median income. Once again, presidential vote is having the biggest impact on election results, with a beta weight of .702. However, the urban variable and median income also have statistically significant relationships with Democratic vote (beta weights of .264 and -.425 respectively). It is unclear why these variables are only having a statistically significant impact on election results for open seats. The percent of the district that is urban has a statistically significant relationship ($p \leq .05$) with Democratic vote in the district, demonstrating that more urban districts are more likely to vote for Democrats. The median income in the district has a statistically significant negative relationship, showing that as income increases, votes received by Democratic candidates decrease. Demographic characteristics of the districts are having a substantial impact on election results in the analysis

of open seat races only, and it is unclear why they are having such an impact. Hypothesis 3 is not supported by the data, as outside spending is not significant in either year.

Comparisons between 2006 & 2010

In analyzing the differences between the results for the 2006 and 2010 midterm elections, it is evident which variables consistently affect election results: presidential vote in the district, party of the incumbent, the incumbent's previous vote, and the challenger's spending. Presidential vote has a larger impact on election results in 2010, demonstrated by the increase in B values. However, challenger candidate spending has a lower unstandardized partial regression coefficient in 2010 compared to 2006. The change in the direction of the relationship for the party variable between the years clearly demonstrates the change in the national political tides— in 2006, for Democrats, and in 2010, for Republicans.

Outside spending that favors the challenger is significant in both years when including all races. However, in the model including only races with non-candidate spending, challenger outside spending is only significant in 2010. This demonstrates a greater impact of outside spending for challengers only following *Citizens United*, as it continued to impact results in races that were competitive enough to draw substantial outside spending. Outside spending favoring incumbent candidates is not significant in any model, a finding consistent with previous research. The data for all incumbent/challenger races in both 2006 and 2010 supports Hypothesis 1 and 2, as does the model for competitive races with an incumbent in 2010. In each of these models, outside spending on behalf of the challenger has a statistically significant negative relationship with the incumbent's vote share, showing that challengers saw a greater benefit from outside spending than did incumbents.

The results for open seat elections do not support Hypothesis 3, and candidate campaign spending variables are only significant in 2006. Outside spending is not significant in either year, but expenditures by both Democratic and Republican candidates are statistically significant with relationships in the expected directions in 2006. The R square values remain high for open seats, but the presidential vote variable is having the greatest impact on the election results, which fits both expectations and previous research. The demographic variables in open seat races are having statistically significant impacts on the election results in 2010,

which was not true for elections with an incumbent. The reasons behind the explanatory power of these variables for open seats are unclear and could be an avenue for future research.

CONCLUSION

The results of this analysis do not conclusively determine the impact of the *Citizens United* decision on the relationship between outside expenditures and election outcomes but begin to fill a gap in the research. The first hypothesis (as the amount of outside spending that favors a challenger increases, the percentage of the vote received by the challenger will also increase) is supported by three of the four models in this study. While outside spending did have a small impact on election results for challengers in both years, the results do not fully demonstrate the influence of outside money. In the models for all races, outside spending on behalf of the challenger had a bigger impact in 2006 (B value of -.034) than in 2010 after *Citizens United* (B value of -.016). Challenger outside money is significant in the model of only races with a substantial level of outside spending in 2010 but not in 2006, revealing that outside money was more influential in competitive races post-*Citizens United.* However, the relatively small impact of outside spending could also reveal that the journalists and political activists have overstated the impact of *Citizens United* on our electoral process.

The impact of an increase in outside money and an increase in any type of spending for a candidate appear to affect election results in the same way. For example, in the 2006 model of all races, $1,000,000 of outside spending in support of the challenger and $1,000,000 spent by the challenger's campaign reduce the incumbent's vote share by 3.4% and 4.0% respectively. In the same model in 2010, $1,000,000 of outside spending in support of the challenger and $1,000,000 spent by the challenger's campaign reduce the incumbent's vote share by 1.6% and 1.7% respectively. For this reason, it is difficult to disentangle the effects of each type of spending in House races. Hypothesis 2 is supported by the results of this experiment, showing that incumbents received no statistically significant effect from expenditures on their behalf.

Limitations

The most obvious limitation of this study is the lack of accurate and complete data on both outside expenditures and party independent expenditures. Different sources of campaign

finance data report different amounts for these types of expenditures, both because of the difficulty of compiling and counting these types of expenditures and the limitations of the data collected by the FEC. Both sources acknowledge the limitations of their data, with a staff member of the Campaign Finance Institute, Brendan Glavin, saying via personal correspondence, "It is also important to note that this only represents the reported spending of outside groups, and there is much additional spending that goes on that cannot be quantified through reports." In addition to incomplete data on express advocacy independent expenditures, no data is available on issue advocacy advertisements sponsored by outside groups, even though these types of advertisements frequently indirectly impact election results. It is possible that the data used in this study greatly understates the amount of outside spending for both years, but especially for 2010. This lack of complete data would certainly impact the results, as they would not fully demonstrate the impact of the *Citizens United* decision.

Because the only election post-*Citizens United* was an unusually strong election for Republican candidates, it is possible that the data is not typical or representative of the impact of outside spending. The national political tide for Republicans was clearly the most important factor in the 2010 midterm elections, and this may have mitigated the impact of expenditures. In addition, the 2006 midterm was another unusually strong wave election, but for Democrats. It is possible that the strength of the national party tides each year affected the dynamics of the elections in this study. Other limitations of this study include the difficulty of isolating the impact of variables related to campaign expenditures. Many of the spending variables would be highly affected by the competitiveness of the race— a determinant of not only how much money is spent but also candidates' ability to raise money. Because most of the variables included in this study, especially the partisanship of the district, national political tides, and the previous election results, all affect how easily both candidates can raise money, the results may not accurately describe the relationship between expenditures and vote share. Many cases in the study had extremely low levels of spending by challenger candidates, indicating that the race was essentially noncompetitive, which would skew regression results. The impact of expenditures on election results is a relationship generally agreed upon by political scientists, but one that is difficult to measure precisely.

Implications

This study begins to fill a gap in the literature on campaign finance by specifically examining the impact of independent expenditures. This study is among the first to attempt to determine the impact of the changes in campaign finance law and practice after the *Citizens United* decision, while also controlling for other factors that impact election results.[39] More recent studies of post-*Citizens United* spending have only analyzed aggregate spending levels in all races, rather than analyzing the impact relative to other factors influencing elections. The findings of this study are consistent with the body of previous research on the impact of money on Congressional elections, finding that spending of any type that supports challengers has a greater impact than spending supporting incumbents. Spending by challengers is expected to have a greater impact on election results, and most studies find that incumbent spending actually negatively impacts votes received because incumbent spending increases when they are more seriously challenged.[40] This study finds that these same relationships hold true when applied to the new forms of outside spending unleashed by *Citizens United*. Outside spending favoring the challenger is impacting vote share more than outside spending on behalf of the incumbent.

Future research could design a similar study with a nonrecursive model in order to further examine the relationship between outside spending and election results. Because both raising and spending money in Congressional races is a dynamic process, it is possible that money spent by the challenger earlier in the election process is influencing the amount of money the challenger receives from both the party and outside groups. This study views the election as a snapshot, taken at the end of the campaign, by looking at the final amounts of each type of spending. But because challengers generally need to demonstrate their viability by reaching a certain fundraising threshold, it is a possibility that expenditures by the challenger's campaign early in the campaign are affecting both the party and outside expenditures they receive later. Because this study is a static model of expenditures, it would not capture this possibility. Future research could address the possibility of a nonrecursive model and design a dynamic model that would capture variance in the impact of expenditures throughout the election cycle. Another avenue for future research would be repeating this experiment with

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[39] Cornfield 2011; Franz 2010; Toner and Trainer 2011.

[40] Abramowitz 1991; Green and Krasno 1988; Grier 1989; Jacobson 1978; Jacobson 1990; Krasno, Green and Cowden 1994.

more elections under the same campaign finance regulations and with more accurate data in order to further illustrate the impact of outside spending.

The limitations of this research demonstrate the importance of more accurate data collection and aggregation in the future of independent expenditures and electioneering communications, especially those that are not express advocacy. This is important information not only for public awareness of outside group involvement in elections, but also to determine the real impact of these expenditures on outcomes. This study and continued research on independent expenditures have important implications for political campaigns' spending strategies and also for campaign finance law. The results show that challengers' expenditures are consistently having more of an impact on election results than those of incumbents. The extremely high rates of reelection for incumbent candidates show the difficulty challengers face. In order to ensure an effective competitive democracy, experienced and viable challengers are necessary. On a normative level, it is troubling that expenditures by the challenger are a strong indicator of electoral success because true democratic competition in House races seems unlikely and difficult without a well-funded challenger. This study begins to determine the impact of new types of outside expenditures in U.S. House elections after *Citizens United*, but further research is necessary in order to determine the extent of this impact and if the media has overstated the importance of outside group expenditures on election outcomes.

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