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RESOURCE ALLOCATION OF SUPER PACS: AN ANALYSIS OF THE 2012 CONGRESSIONAL ELECTION CYCLE

BY

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Bachelor of Science, University of New Hampshire, 2010

THESIS

Submitted to the University of New Hampshire

in Partial Fulfillment of

the Requirements for the Degree of

Master of Arts

in

Political Science

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This thesis has been examined and approved in partial fulfillment of the requirements for the degree of Master of Arts in Political Science by:

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On December 9, 2014

Original approval signatures are on file with the University of New Hampshire Graduate School.

To my husband, Herman:

Thank you for your unending love and encouragement.

You give me the courage to pursue my dreams, however crazy they may be. I love you.

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ABSTRACT

RESOURCE ALLOCATION OF SUPER PACS: AN ANALYSIS OF THE 2012 CONGRESSIONAL ELECTION CYCLE

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Christina Pretorius

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Independent expenditure-only committees, known as super PACs, have emerged as substantial actors in the electoral arena. They have surpassed every other type of campaign organization in the 2012 election, including political parties, and have become an appealing alternative to traditional political action committees due to their limited restrictions. This study explores the characteristics of the races in which super PACs participated, which allows the researcher to examine the various motives of these new organizations. An analysis of the 2012 congressional election cycle found that super PACs are sensitive to race competitiveness, suggesting they are interested in seat maximization, but not as a primary motivation as it is for political parties. Rather, they follow ideological motives, moving to elect like-minded candidates. Unlike some traditional political action committees, super PACs were not shown to pursue investment motives, where organizations trade campaign resources for the expectation of future reward. We conclude that super PACs are not emerging as substitutes for the party system and are not bound to the same strategic restrictions that define the allocation tactics of parties and political action committees.

Introduction

> *…Problem-solving pragmatism is currently out of fashion. Actually, it's worse than that: Politicians who try to break the partisan impasse risk self-immolation. A Republican who reaches out to Democrats on immigration or some other highly charged issue risks being…mauled by political goon squads with gobs of money, like the Club for Growth, Americans for Prosperity and Heritage Action.*
>
> -Will Marshall (2014)

Money in American politics has become a source of news headlines, controversy, and concern within the electorate. Recent Supreme Court rulings, including *Citizens United v. FEC*, *Speechnow.org v. FEC*, and more recently, *McCutcheon v. FEC* have ruled many campaign finance rules and regulations unconstitutional, all but deregulating the financing of the electoral process. This has allowed for unprecedented amounts of money to be funneled into campaigns through new organizations known as super PACs. This study aims to determine the motives of these new political action committees, and whether they are emerging as a substitute for, or in competition with the traditional party system, or if they behave more like conventional political action committees. I argue that their behavior is somewhat in the middle: their unparalleled war chests allow them to influence a large number of elections, but their motivations align more closely with regular PACs: to seek ideological compatibility and potential policy payoffs. More broadly, I argue these organizations will not become substitutes to the well-known political party system; their allocation strategies work in concert with parties, allowing a particular party to concentrate on those races that need the most attention.

Fear that campaign funding fuels corruption among politicians has produced a sense of mistrust and indifference to politics among the American people. Record spending and a gridlocked Congress have only served to reinforce those fears. Research has suggested that money does not corrupt policymakers in the more direct quid pro quo, but citizens, journalists, and lawmakers remain concerned (Brennan Center for Social Justice, 2012).

As a result of the two landmark rulings, *Citizens United* and *Speechnow.org*, new independent expenditure-only political action committees—dubbed super PACs—are legally permitted to raise and spend unlimited amounts of money in any given election as long as the activities are independent of the candidates or candidates' committees. Since the ruling, overall spending has increased tenfold (Follow the Unlimited Money). In the 2012 cycle alone, super PACs spent over $620 million in independent expenditures, accounting for about half of the independent expenditure spending that cycle. These expenditures have typically been spent on advertising, ground operations, and other campaign efforts.

Where do these organizations fit in the party system? They spend millions of dollars on electing candidates, but are legally prohibited from working directly with political parties and candidates. As separate entities, they are not allowed to share resources the way other types of political action committees are. In fact, traditional party-connected PACs are essential parts of the "enduring multilayer coalition." (Herrnson, 2009) Raising over $1 billion each in the 2012 electoral cycle, the Democratic and Republican parties work with leadership, candidates, and incumbents to further the parties' missions (Center for Responsive Politics, 2014a). An understanding of super PAC behavior is important in providing insights into their role in the enduring multilayered coalition and, as a result, in elections.

This study furthers the empirical knowledge of interest group behavior, particularly of super PAC behavior. A thorough study of independent expenditures in the 2012 congressional election cycle provides a better understanding of how these organizations allocate their resources, and highlights the overall spending patterns in the election.

I find that super PACs, while rationally allocating their resources to races in which they can make the most impact, are less bound to strategic division of funds than party organizations. My research suggests that while these PACs can work closely and in a similar fashion to other types of organizations within the party system, they are largely independent entities that work to follow their own agendas. Super PACs tended to participate more heavily in districts that were slightly competitive and relatively depolarized. While there are significant relationships between super PAC participation in races and competitiveness of the race, the relationships were not as substantial as those between competitiveness and party spending, suggesting that super PACs are not competitors to the traditional party organization. Indeed, they behave like traditional PACs in that they tend to participate in less competitive races with a less polarized political climate, suggesting that they are motivated by seat gains but are also motivated by ideological concerns. Because there are no limits to contributions to these new types of organizations, wealthy donors and the political elite are often their main funders, and therefore have a strong influence on the policy and ideological preferences of the groups. The mix of motivations—seat gains and ideological concerns—could make for a potentially polarized Congress skewed to the wealthiest donors.

Chapter 1: The History of Campaign Finance Reform and the Rise of the Super PAC

Money in politics is a widely contested phenomenon. Today, billions of dollars are spent on federal campaigns for office and creating skepticism among voters—concern over corruption, buying votes, and extremism, particularly in the age of the Super PAC (Center for Responsive Politics, 2014a) (Brennan Center for Social Justice, 2012). However, before analyzing the role of money in elections, it is important to understand the background of campaign finance.

Campaign spending, traditionally on behalf of candidate committees and party committees, has been the source of debate, research, and controversy before the founding of the United States. George Washington, during his election for the Virginia House of Burgesses in 1757, was the focus of negative attention when he spent close to $200 on cider, rum, and other spirits during his election season. With the expansion of the electorate in the nineteenth century and the rise of political parties, wealthy donors were expected to contribute to candidates' elections, which expanded fears of corruption and purchased elections. Though individual states regulated campaign spending through state statutes, it was not until 1907 that the United States prohibited contributions from corporations and national banks through the Tillman Act, and 1910 that the United States enacted a federal disclosure requirement for campaign contributions (Potter & Morgan, 2013).

These disclosure requirements were reformed, resulting in the Federal Corrupt Practices Act of 1925 and largely remained unchanged until 1972, when Congress passed the Federal Election Campaign Act (FECA), setting up the standards for reporting, disclosure, and campaign contribution limits that are in place today (Federal Election Commission). It also loosely defined the committees that are now known as Political Action Committees (PACs), as it softened the requirements of the Tillman Act and allowed corporations and unions to voluntarily collect campaign donations for a separate fund to be used in Federal elections. Congressional amendments to the FECA in 1974 set up the strict contribution and expenditure limits that were later challenged in the landmark Supreme Court case *Buckley v. Valeo* in 1976. The Court upheld the contribution limits, stating they served a governmental interest in "safeguarding the integrity of elections." The limitations on expenditures were overturned (424 U.S. 1, 1976).

The regulations on campaign contributions were in place for close to fifty years, and were further strengthened by the Bipartisan Campaign Reform Act of 2002 (Federal Election Commission). The act subjected political party committees to federal limits outlined by the Federal Election Commission and regulated electioneering communications, setting up limits to when they may be broadcast as well as prohibiting corporations or other entities from funding the ads. The latter half of the act was overturned in 2010 when the Supreme Court struck down corporate expenditure limits in federal elections with their ruling in *Citizens United v. Federal Election Commission* (130 U.S. 913) and removed the regulations on electioneering communications by corporations and labor organizations. The decision overturned several aspects of long-held campaign finance rules and regulations and held that limits on independent expenditures—expenditures for communications that "expressly advocate for the election or defeat of a clearly identified candidate that is not made in cooperation…with a candidate, a candidate's authorized committee… or a political party" (FEC, 11 CFR 100.16(a)) by corporations and labor unions—were a violation of the First Amendment. In the same year, the U.S. Court of Appeals for the District of Columbia Circuit struck down contribution limits to groups that make only independent expenditures, also citing First Amendment concerns with freedom of speech (Speechnow.org v. FEC, 2010). As a result of these two rulings, independent expenditure-only committees that could accept unlimited contributions from individuals and corporations and can expend unlimited amounts of money in uncoordinated communications were formed. These groups were termed "super PACs" by Eliza Newlin Carney, a journalist from the *National Journal* (Levinthal, 2012). Since 2010, super PACs have spent over a billion dollars in campaigns throughout the United States (Center for Responsive Politics, 2014b). As of November 2014, they have raised over $687 million and have spent over $345 million for congressional races in the 2014 election cycle (Center for Responsive Politics, 2014a). Preliminary studies of super PAC coordination with political parties have been done (Scala, 2014). This study builds upon that work by including 2012 House elections and uses different variables, but arrives at similar conclusions.

Chapter 2: Campaign Finance in the Literature

Understanding the current campaign finance landscape requires an overview of the roles of the various outside money organizations. Parties have played an instrumental role in campaigns, efficiently allocating funds to those races that need money the most in order to win the most seats in the chamber. To do this, they spend money and promote platforms to attract votes from the electorate (Grossman & Helpman, 1996). This is an important distinction: the party must follow the relative trends and preferences of the broad electorate in order to be successful. Voters and contributors, in theory, are responsible for determining the salience and positions that parties take on issues.

Traditional political action committees (PACs), on the other hand, tend to favor candidates who share similar policy interests and actively promote these interests. Whereas parties favor the outcome of the whole institution, PACs favor the outcome of a single candidate or a group of candidates that will likely work to the organization's best interests.

This distinction is important in my analysis. If super PACs are competing with parties and potentially becoming substitutes for the larger party organization, it may further polarize the legislature because many of these groups are ideologically based and often have only one or a few issues for which they are fighting (climate change, free markets, etc.). In many instances, super PACs are well funded by the political and business elite of the country, and therefore the issues most important to them become the issues most important to Congress. This is in contrast to the party system. Parties, as mentioned earlier, strategically campaign in order to maximize votes, so they must cater to the broader electorate. However, if they are acting in similar ways to the traditional PAC organizations where they do not necessarily look to gain seats, but rather support those who may have an advantage or are in a “safe” race, the super PAC money may not swing elections as much as some analysts fear.

Why Parties?

Party organizations play a vital role in elections: efficiently allocating funds to races which will benefit most from investment. Independently, candidates can raise and spend money for their own campaigns, but for effective policymaking, their interests extend beyond simply getting elected—they must also have a coalition of colleagues with similar goals in order to advance their policy directives (Jacobson G. C., 1985). Here, the party serves two functions: to provide a political institution to facilitate compromise between factions of politicians in order to further policy goals, and to allocate resources to elect these politicians (Levy, 2004). Politicians’ individual goals—reelection, advancement to party leadership, and achieving good public policy—are served through membership in a party, particularly a majority party (Fenno, 1973) (Heberlig, 2003).

Parties have been the most dominant form of political organizing for centuries (Grossman & Helpman, 1996). Their resource allocation strategies have been found to be consistent between the parties but with subtle (and important) differences between them. Party leaders allocate resources based on campaign factors rather than candidates’ allegiances to the party (Damore & Hansford, 1999). Instead, allocation is driven by the specific race characteristics: Democrats tend to allocate funds more evenly than Republicans, who typically funnel the most resources to the most vulnerable candidates. The latter strategy, as mentioned in the literature, leaves potentially winnable seats without the resources needed to run a competitive race.

My thesis states that super PAC spending complements party spending by mediating this problem. Super PAC investment in these riskier seats frees up the party to allocate resources to vulnerable and competitive races, while they participate in races that may lean in favor of the opposite party.

Political Action Committees: Motivations and Participation

Political action committees (PACs) may have substantially varying motives when supporting congressional candidates. Among the various motives, PACs can pursue *electoral motives*, where they promote like-minded candidates and those who support their ideological preferences, or *influence motives*, where they support candidates that they believe have a chance of winning in order to influence politicians' policy stances (Grossman & Helpman, 1996). Using a two-stage game theory approach, Grossman and Helpman found that PACs tend to pursue influence motives in which their contributions result in policy favors by the candidates they support. Likewise, other studies have found that these committees tend to contribute to candidates in districts that do not have constituencies with strong interests in the agendas that the PACs support, while they contribute less to candidates in which PAC and constituency interests are aligned (Stratmann, 2005). In those districts where candidates' constituencies have preferences aligned with those of the PACs, the contributions would be ineffective since the candidate would vote with his or her constituency anyway. However, in those districts where the constituency has no preference as to policy outcomes, the contributions would be more influential.

While scholars disagree on policy motives for PAC spending, there have been recognized benefits of interest group spending for the constituencies of districts that have PAC involvement. Coate argues that political interest groups favor electoral motives and are beneficial to the electoral process, as they produce more informed choices among the electorate (Coate, 2004). In a more recent study, Prato and Wolton also used a game theory approach to find that increased spending by interest groups is beneficial to voters as it increases issue knowledge during the election, but can draw away from the pressure to act in constituents' best interests in the long term as they have less pressure to raise money from constituents due to PAC support (Prato & Wolton, 2013).

Chapter 3: Terms and Definitions

The purpose of this study is to examine the characteristics of the races that attract spending by various political actors. The Federal Election Commission (FEC), the regulatory agency responsible for the disclosure of campaign finance information and enforcement of federal election law as prescribed by the United States Congress, publishes data related to federal elections (About the FEC, 2014).This study uses FEC definitions for all terms, including the definition of political actors.

There are several important distinctions in campaign communications and spending in federal elections. Communications explicitly endorsing a candidate are regulated by the FEC, and have historically been prohibited by organizations other than candidate committees, party committees, and political action committees. A communication explicitly endorses a candidate when it clearly urges the recipient of the message to elect or defeat a clearly identified candidate. Organizations that are prohibited from making coordinated communications include corporations and labor organizations. Independent expenditures, on the other hand, are those expenditures that are used (usually for communications) that expressly advocate for the defeat or election of a clearly identified candidate and are not made in cooperation or in concert with a candidate, candidate's committee, or party. These expenditures are made completely independently of the candidate's campaign (Coordinated Communications and Independent Expenditures, 2014).

This analysis is principally concerned with the behavior of independent expenditure-only committees, or super PACs, as designated by the FEC. These organizations exist solely to raise money and spend it in the form of independent expenditures. They are also unique in that they are permitted to accept funds from corporate or union treasuries in unlimited amounts (Sunlight Foundation, 2014).

Other types of political action committees exist and are regulated by the FEC. These entities, referred to in this analysis as "traditional PACs," have restrictions on the contribution amounts from individuals and organizations, unlike super PACs. Also, they are prohibited from accepting funds from union and corporate treasuries: a corporation that would like to form a traditional PAC must fully fund it from donations specifically intended for political use (Sunlight Foundation, 2014).

Political nonprofit organizations, commonly referred to as 501(c) organizations, report to the Internal Revenue Service (IRS) rather than the FEC. These organizations are considered nonprofit entities, and as such do not have to disclose their donors. Their spending is restricted by the IRS tax code: the majority of their operations must not be political; many are involved in research and voter education initiatives. However, they are permitted to donate to super PACs in unlimited amounts. This has created some controversy in campaign finance law, as all organizations under FEC regulation must disclose their donors. Super PACs create a large loophole: donors may anonymously donate to political nonprofits, who then may funnel the money into super PACs. This gave donors the ability to participate in elections while skirting the disclosure requirement (Barker, 2011).

The organization types in this analysis were designated by the FEC records. Each independent expenditure record included the organization identification number, as well as the committee designation. Other data, including the candidate for whom the expenditure was intended, congressional district or state of the race, date of expenditure, and expenditure amount were also published by the FEC.

District characteristics used in this study were race competitiveness, incumbency status, and level of state polarization. Race competitiveness refers to the narrowness of the margin of expected victory; i.e., the vote shares are expected to be close to equal. This analysis used the Rothenberg Ratings, published by acclaimed political analyst Stuart Rothenberg, as a measure of competitiveness. Rothenberg uses a complex methodology to determine race competitiveness, which includes survey polling results, district demographics and history, and other qualitative factors (including interviews with campaign managers, journalists, and other political insiders) (Rothenberg, 2014).

Race competitiveness was a proxy for determining whether super PACs pursued seat maximization motives and is defined as the desire to acquire as many seats in either chamber as possible for a particular party, whether through protecting incumbents or gaining new seats (Jacobson & Kernell, Winter, 1985-1986). Competitiveness is an appropriate measure for seat maximization because organizations interested in gaining seats will rationally allocate resources to those races in which they have the greatest chance of winning new seats: those where the margin of victory is small enough to overcome the opposing party. Likewise, limited resources force organizations interested in seat maximization to allocate funds away from less competitive races—whether they are expected to be easy wins or hopeless losses.

Incumbency status was determined by FEC records. The FEC publishes candidate information, including whether the candidate is running for reelection. Polarization refers to the distance between party medians as portrayed in the Ideological Mapping of American Legislatures. This index measures the ideological difference between the two parties in the state legislature: in depolarized chambers, Democrats and Republicans are close on the liberal-conservative scale. In very conservative states, Democrats may be more conservative than the national average, and vice versa. Likewise, in highly polarized chambers, Democrats and Republicans represent ideological extremes, where Democrats tend to be very liberal and Republicans very conservative. These two measures were proxies for ideological and investment motives. Investment motives are those motives that drive a committee to campaign on behalf of a candidate with the expectation of future reward, in the form of policy favors, policy consultation, or goodwill by the candidate to the committee (Gordon, Hafer, & Landa, 2007). Ideological motives are defined as a committee's desire to elect like-minded candidates who have similar policy interests and goals as the committee. While sometimes thought of as "consumption," where the committee exists purely as a political participant, ideological motives may also exist as a way for a committee to indirectly have policy influence. However, in contrast with more direct investment motives, the goals of electing ideologically like-minded individuals are often not interpreted as corruption.

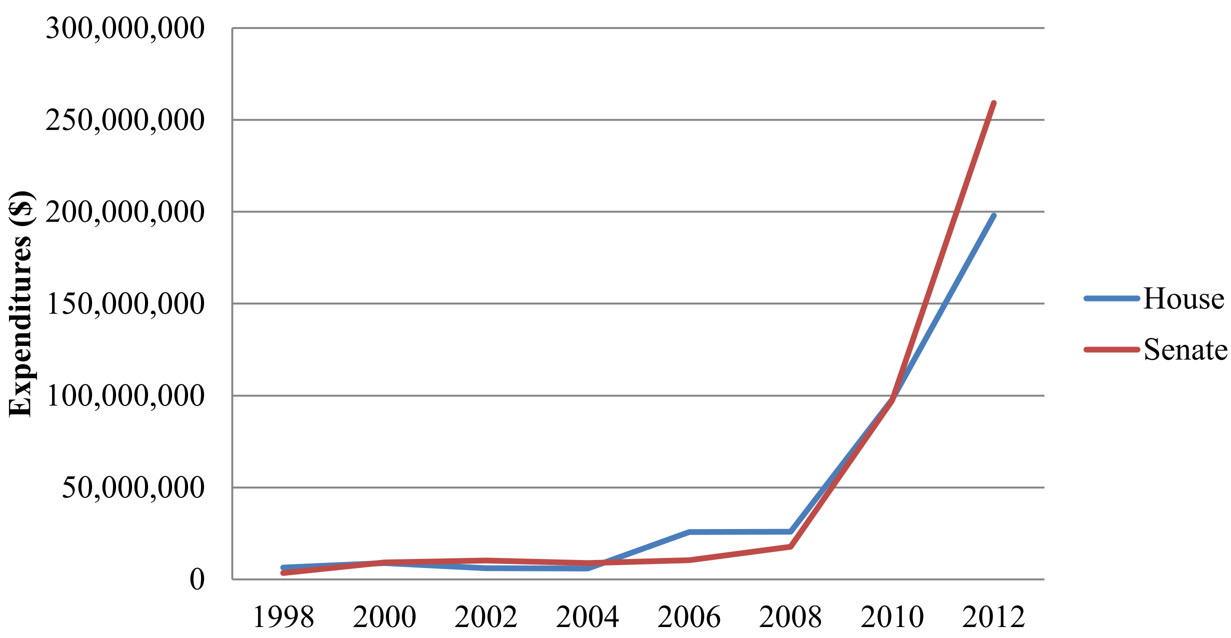
Polarization and incumbency status are appropriate proxies for measuring ideological motives. Polarization, particularly the measure used in this study, is a useful measurement of the overall state mood and ideology: the index captures states that heavily lean in one ideological way or another or have a conflicted dual-ideological political climate (Shor & McCarty, Ideological Mapping of American Legislatures, 2011). It is an underlying assumption of this analysis that states that are moderately polarized are more likely to elect moderate candidates, which would therefore have a less challenging time advocating for policy payoffs for those committees that sponsored their election campaigns. Likewise, it is my assumption that extremely depolarized and extremely polarized political climates will produce ideologically extreme candidates: extremely polarized climates may have fewer undecided voters, and candidates would have to appeal to their bases to encourage voters to vote for them, opening up the door for more extreme ideological positions. In depolarized political climates, there is little ideological difference between Democrats and Republicans: Republicans in a depolarized state would be more liberal than the average Republican and perhaps more liberal than some Democrats in other states. Because the entire ideological median is shifted to one ideology, candidates that lie to the outer limits have a better chance of election than those in more moderate climates. Elizabeth Warren's campaign in 2012 for the Massachusetts Senate seat is an example: the state, which is relatively depolarized in favor of Democrats, elected a candidate not only further left than her predecessor, Scott Brown, but also one of the most prominent liberal senators in the chamber (Enten, 2014).

Committees interested in ideological motives, therefore, would be driven to campaign in states where the climate favors their views, especially if they are more radical than the political norms. Committees interested in investment motives, on the other hand, may be more successful campaigning on behalf of incumbents who already have established relationships within Congress, and who hold moderate views that would be more likely to be accepted by other congressmen when calling in a policy favor.

Chapter 4: Campaign Finance in the 2012 Election

The 2012 election was the first full election cycle of the *Citizens United v. FEC* and *Speechnow.org v. FEC* decisions. As seen in Figure 1, the ruling resulted in sharp increases in the amounts of independent expenditures spent by non-party organizations and committees in the U.S. House and Senate races. There was over a sixfold increase in Senate election spending alone between 2008 and 2012—100 times higher than the increase in health insurance premiums between 2007 and 2008 (Pricewaterhouse Cooper, 2008). However, whereas the sharp rise in insurance costs became a central political issue in recent elections, campaign spending has received substantially less attention.

Figure 1: Non-Party Independent Expenditures, House and Senate Elections, 1998-2012



Source: Brookings Institute, 2013

The amount spent in independent expenditures has been relatively low since 1978 (not shown). Until about 2008, independent expenditures totaled less than $10 million per chamber per cycle. The amount of spending in House elections began to increase slightly in 2006 and 2008, but rapidly increased in 2010 and 2012 as a result of the *Citizens United* and *Speechnow.org* decisions. The 2010 election cycle did not have the full effect of the rulings due to their release in the beginning of summer, when campaign spending is planned and groups are organized. Despite the limited time to organize, over 1,300 super PACs formed and raised $828 million, including organizations formed for presidential candidates (Center for Responsive Politics, 2013).

The figure also displays the symmetry between spending for House and Senate races. Aside from two years (2006 and 2012), the rates of spending for each chamber remained remarkably similar. It shows that Senate races are more expensive than House races, which is consistent with the literature. However, expenditures were almost identical between chambers for most years in the study. This suggests that while it is typically less expensive to run for a House seat, committees in general place equal emphasis on the chambers of Congress when considering electoral prospects.

Super PACs surpassed both the number of organizations and amount spent in congressional elections in this cycle. Table 1 shows a breakdown of committees and organizations that reported independent expenditures with the Federal Election Commission (FEC). Of the 305 total organizations and $657 million in spending, 113 filed as independent expenditure-only committees (super PACs) which accounted for 35% of the total congressional expenditures. Party committees spent $25 million less, but surpassed super PAC spending when taking into account the other ways that parties are allowed to spend, including direct contributions to candidates.

Table 1: Spending and Number of Organizations by Committee Type, 2012

Committee Type	Number of Committees	Amount Spent
Super PAC	113	$229,687,290
Party	16	204,427,627
Independent Expenditor (501 (c))	108	168,987,528
PAC	45	43,295,641
Hybrid PAC	12	6,386,843
Nonqualified PAC	10	3,885,853
Single Candidate Independent Expenditor	1	32,828
Total	**305**	**$656,703,610**

Source: Federal Election Commission, 2014

Other 'dark money' groups, known as political nonprofits, were substantial players in the 2012 election. Spending about $167 million, these groups include individuals and groups that make independent expenditures. Some are nonprofit, social welfare organizations that have missions either for the express purpose of promoting political ideas, or have missions focused around education and activism, but also participate in advocating for or against candidates. The U.S. Chamber of Commerce and League of Conservation Voters are examples of independent expenditors—the Chamber is a lobbying group, while the LCV is a political advocacy organization focused on voter education (League of Conservation Voters) (Center for Responsive Politics, 2014c). These organizations are not required to disclose their donors, as the Internal Revenue Service is primarily responsible for these organizations' reporting.

Another newer type of organization emerged in 2011: political committees that maintain non-contribution accounts, also known as Hybrid PACs. These new organizations are similar to super PACs in that they can raise and spend unlimited amounts of money to campaign for or against candidates in the form of independent expenditures—through their non-contribution accounts—but are also permitted to contribute directly to candidates, similar to traditional political action committees. These committees must have two separate bank accounts: one for independent expenditures and one for candidate contributions, but are managed under the same organization. (Federal Election Commission, 2011) This cycle, there were only 12 of these PACs, spending $6.3 million in independent expenditures (Federal Election Commission, 2014c).

As shown in Figure 1, more independent expenditures were spent on Senate races than on House races in 2012. This is also true when considering the top ten committees by expenditures (Table 2). These committees spent approximately $195 million on Senate races and $204 million on House races.

Table 2: Top Ten Committees by Independent Expenditure Amount, 2012

Committee ID	Committee Name	Committee Type	Total Expenditures	House Expenditures	Senate Expenditures
C00075820	National Republican Congressional Committee	Party	$62,752,315	$62,752,315	--
C00000935	Democratic Congressional Campaign Committee	Party	$58,342,102	$58,342,102	--
C00042366	Democratic Senatorial Campaign Committee	Party	$52,105,196	--	$52,105,196
C90011719	Crossroads GPS	501 (c)	$51,381,622	$9,640,271	$41,741,350
C00495028	House Majority Pac	Super PAC	$45,701,551	$45,701,551	--
C00484642	(Senate) Majority PAC	Super PAC	$33,998,435	--	$33,998,435
C90013145	US Chamber Of Commerce	501 (c)	$32,937,038	$9,160,286	$23,776,752
C00027466	National Republican Senatorial Committee	Party	$31,710,841	--	$31,710,841
C00499020	Freedomworks For America	Super PAC	$15,995,139	$5,177,844	$10,817,295
C90011289	Americans For Tax Reform	501 (c)	$15,791,034	$14,275,131	$1,515,903

Source: Federal Election Commission, 2014

Super PACs accounted for 3 of the 10 top organizations for independent expenditure spending in the election and about 24% of spending within these organizations. Excluding party organizations, super PACs accounted for about half of the spending among these top organizations. Conservative-based Freedomworks for America, the largest non-party super PAC, spent close to $16 million in both chambers, with $10 million spent in Senate races.

This pattern is similar in the other four organizations unaffiliated with parties—while parties and leadership PACs spent more money in the chamber in which they had the greatest momentum and chance of winning (Republicans for House seats, Democrats for Senate seats), other types of organizations, including Freedomworks for America, used other strategies to allocate their resources (Senate Prediction 2012, 2012). The US Chamber of Commerce, for example, traditionally endorses pro-business Republican candidates and used more than twice their resources in Senate elections. Crossroads Grassroots Policy Strategies (GPS), also a conservative-based nonprofit organization, overwhelmingly expended their resources into Senate races. The electoral results paid off for the parties: Republicans kept the House with a 234-person majority, while the Senate remained in Democratic control, with a 53-person majority.

Table 2: Chamber Spending by Organization Type and Party Affiliation, 2012

	Senate	***House***
501 (c)		
Democrat	$21,742,591	$11,802,262
Republican	76,084,104	55,770,866
Independent	3,587,629	--
PAC		
Democrat	15,721,130	13,702,287
Republican	5,648,852	8,195,500
Party		
Democrat	52,106,522	58,652,218
Republican	29,656,205	62,850,717
Super PAC		
Democrat	61,013,907	70,815,306
Republican	57,344,590	40,234,667

Source: Federal Election Commission, 2014a

Table 3 shows chamber spending by organization type and party affiliation. Nonprofit groups, shown as 501 (c) in the table, were overwhelmingly supportive of Republicans, particularly Senate Republicans. Parties, as shown in Table 3, allocated their resources differently—Democrats outspending Republicans in Senate races, where they were favored to keep seats, and Republicans outspending Democrats in House races, where their odds of taking seats were better than in the Senate. Super PACs were overwhelmingly supportive of Democratic candidates, with a small Senate advantage.

These figures were taken from FEC filings, where spending in opposition of a candidate was added to the opposing party's total. For instance, if an expenditure was made in opposition to a Republican candidate, that expenditure was added to the Democratic total. This limitation must be taken into consideration when interpreting the data, as this is generally true of most expenditures. However, for a few organizations, expenditures in opposition to a candidate may in fact be intended to support a candidate of the same party but different on the ideological scale. I do not differentiate these groups in this analysis because all expenditures included in the analysis are from the general elections and therefore—aside from several elections—conventional wisdom dictates that there is a single candidate from each party on the ballot, and spending in opposition of one candidate is advantageous to the opposing party.

Table 3: Expenditures by Organization Type and Race, 2012

Super PAC		***PAC***		***Party***	
Florida Senate	$14,504,096	Wisconsin Senate	$3,642,891	Virginia Senate	$14,445,276
Wisconsin Senate	14,491,602	Virginia Senate	3,507,530	Wisconsin Senate	12,615,904
Virginia Senate	14,384,217	Ohio Senate	3,106,626	Nevada Senate	8,327,247
Ohio Senate	12,562,230	Nevada Senate	2,656,117	Indiana Senate	7,936,179
Indiana Senate	10,837,912	Ohio's 16th District	2,007,423	Montana Senate	7,918,387
Arizona Senate	8,674,116	Arizona Senate	1,646,687	Arizona Senate	7,326,165
Montana Senate	7,648,422	Missouri Senate	1,599,913	ND Senate	7,055,759
Florida's 18th District	6,849,322	Iowa's 4th District	1,578,997	Ohio Senate	5,603,706
Illinois' 8th District	5,783,909	California's 7th District	1,554,590	Illinois' 17th District	4,954,362
California's 35th District	5,781,864	Illinois' 11th District	1,258,189	Arizona's 1st District	4,478,028
Total	***101,517,688***		***22,558,962***		***80,661,014***

Super PAC refers to spending on behalf of independent expenditure-only committees
PACs are those political action committees designated by the FEC and are not part of party or authorized candidate committees
Party refers to spending on behalf of either official party structure at the national level
Source: Federal Election Commission, 2014a

Resource allocation is a telling sign of committee strategy and intent. Table 4 shows committee spending by type and race/district. Parties invested in tight races in order to get greater returns and to further their goal of seat maximization (Damore & Hansford, 1999). Parties contributed over $10 million in each of the Virginia and Wisconsin Senate races, which were considered ‘tossup’ races by the Cook Political Report and the New York Times in the several months leading up to the races, and were deemed among the races that would decide party control by the University of Virginia’s Center for Politics (Ballotpedia, 2012b; Ballotpedia, 2012c).

Nonprofits and PACs followed similar strategies by investing in competitive races. However, super PACs followed a bit of a different strategy: though they also invested in close races, the top 10 races by expenditure looked very different. The Florida Senate race saw the most super PAC activity, which although a fairly competitive race, the Democratic Party held a lead in polls and in ratings throughout the entire race (Ballotpedia, 2012a). Three House races also saw substantial super PAC involvement—FL-18, IL-08, and CA-35 had over $5 million in spending each. These races were relatively safe races, with Florida’s House race rated as “lean,” the Illinois race rated as “safe”, and the California race being between two Democrats (The Rothenberg Political Report, 2012).

Super PACs also differed from parties in their resource density. Close to half of super PAC spending was allocated in ten races, while only 40% of party spending was allocated to the top ten races. This pattern was also consistent in nonprofit and PAC spending, suggesting that super PACs tended to allocate their resources independent of parties and with different motives.

Super PACs, then, seem to be very different types of organizations that do not fit in the traditional party mold. They accounted for one-third of the top ten committees and 35% of overall independent expenditures—a huge feat, considering the limited time they had to form and grow as organizations. Unlike parties, they did not appear to pursue seat maximization goals, nor did they spread resources. They invested in similar races, but took more chances on “safe” races than parties, PACs, or nonprofits. This then leads to my main research question: how do super PACs fit in the party system? I explore this question with several hypotheses focused around interest group behavior and use them to develop conclusions on super PAC motivations and interests, as well as offer an empirical analysis to the research question.

For this study, I am interested in races that attract super PAC spending and how they may differ from other races where other types of organizations, including the national party organizations, participate. Understanding these patterns can help us determine the motives of these new organizations and whether they may unlock a new form of political participation: unlimited direct advocacy. I find that super PACs differ from other organization types—particularly parties—in several key ways. First, there are more districts with heavy super PAC investment than any other type of organization: parties, nonprofits, and traditional PACs. Fifty-six races had super PAC expenditures over $1 million, while only 11 races had that kind of investment from traditional PACs. They tended to invest in safer races than parties, which could signal two different phenomena: they are driven by different motives and allocate their resources differently, or they are more effective in campaigning and are therefore able to shift the race from a competitive index to a safer index (or, in the case where they are campaigning against a frontrunner, shifting the race from safe to competitive).

Resource Allocation: Differences in Organization Type

Parties, further confirming the scholarly findings, allocated most of their resources to the most competitive races. To determine the allocation strategies of super PACs, we used an index created from the competitiveness rankings of the races from the Rothenberg Political Report. The competitiveness index was calculated using three Rothenberg Political Ratings spaced out during the general election: late August, at the very beginning of the general election, early October, and the first week of November immediately preceding Election Day. Races were ranked from 0 to 4, with 0 being 'toss-up' and 4 being 'safe.' These three rankings were summed to create a single index from 0 to 12. In a race with a score of 0, the race was considered a tossup the entire race. A race that scored between 4 and 8 remained relatively competitive and usually moved in ratings, while those with higher scores remained safe seats the entire election.

An analysis of the expenditures showed that the 50 races where party spending totaled more than $1 million, the average competitiveness index was 3.4—meaning that during most weeks of the index, the races were considered "tossup" or "lean". Likewise, there was a large range of polarization indexes among these races: while the average polarization index (1.85) was close to the model's median of 1.5, there was a large standard deviation (0.65). This means that there were no real patterns in the polarization indexes for the races in which parties contributed, suggesting that overall political climate did not play a significant role in their allocation strategies. All but five races had an incumbent running for reelection. This further supports the literature's assertion that parties' strategic decisions are based on race competitiveness and seat maximization rather than ideological concerns.

In the races where parties contributed the most, super PACs were not as active as measured by the proportion of money spent. In the vast majority of these races, super PAC expenditures accounted for less than 40% of total spending, indicating that on average, parties and super PACs tend to allocate resources to different races.

Of the 38 races where super PACs accounted for 90% or more of total independent expenditure spending during the general election, the vast majority were considered “safe” races throughout the cycle. While some races had minimal spending—less than $10,000—half spent over $100,000. These races are shown in Table 5. There were a substantial number of races in which super PACs were the only outside players in the election, in stark contrast to parties, where there were only eight races in which parties accounted for 90% or more of spending. This supports the theory that super PACs may allocate resources as an extension to the party system, rather than in competition with it.

Table 4: Races with Majority Super PAC Spending, 2012

Race	Total Expenditures	Rothenberg Rating	Polar. Index	Incumbent	Prop. Super PAC Spending
LA-S	$ 168.42	12	0.701	No	100%
NJ-05	1,071.63	12	1.052	Yes	99%
NJ-04	1,071.64	12	1.052	Yes	99%
KY-S	1,170.00	12	1.385	No	100%
NY-20	1,500.00	12	1.352	Yes	100%
FL-08	1,614.56	12	1.628	Yes	100%
IA-S	2,000.00	12	1.614	No	100%
VA-09	2,394.00	12	1.546	Yes	100%
UT-03	3,000.00	12	1.724	Yes	100%
FL-25	3,227.78	12	1.628	Yes	100%
WV-08	4,631.00	12	1.048	Yes	100%
CT-07	5,000.00	12	1.26	Yes	100%
WI-01	9,734.32	12	1.969	Yes	93%
CA-23	12,853.77	12	3.289	Yes	100%
WV-01	33,194.91	12	1.048	Yes	100%
OH-10	40,336.04	12	1.73	Yes	90%
CT-04	39,505.59	12	1.26	Yes	100%
OH-09	63,838.50	12	1.73	Yes	100%
IL-S	67,393.50	12	1.102	No	100%
FL-16	73,591.86	8	1.628	Yes	92%
CA-33	100,457.98	12	3.289	Yes	100%
MI-03	129,370.00	12	1.964	Yes	100%
FL-27	130,897.39	12	1.628	Yes	100%
MN-02	151,197.11	12	1.926	Yes	100%
RI-S	183,165.25	12	0.74	No	100%
VA-11	210,107.40	12	1.546	Yes	100%
CA-16	296,804.16	12	3.289	Yes	98%
NE-02	305,872.08	12	0	Yes	100%
TN-04	467,394.98	9	1.542	Yes	96%
OR-04	659,132.85	12	1.778	Yes	100%
NJ-03	742,865.09	7	1.052	Yes	90%
NY-S	968,899.19	12	1.686	No	93%
NJ-09	938,789.00	12	1.052	Yes	100%
CA-39	1,066,407.09	12	3.289	Yes	100%
CA-30	1,759,278.03	12	3.289	Yes	99%
NE-S	5,341,238.02	9	1.392	Yes	91%
CA-35	5,782,924.99	12	3.289	Yes	100%
FL-18	7,613,301.13	3	1.628	Yes	90%

Race refers to the type and location of election as indicated by State, followed by district number for House races and 'S' for Senate races.

Rothenberg Rating refers to the index created to measure the competitiveness of the race across the general election cycle; scale of 0 to 12, where 0 indicates a highly competitive 'tossup' race in the three weeks included in the index and 12 indicates a 'safe' race for a particular party in the three weeks included in the index.
Polar. Index refers to the polarization index used to measure the ideological difference between two parties in the state legislature as an indicator of overall state polarization, where 0 indicates total depolarization and zero difference between the two parties and 3.5 indicates severe polarization.
Prop. Super PAC Spending refers to the proportion of spending in the race spent by independent expenditure-only committees as compared to total independent expenditure spending.
Sources: Federal Election Commission, 2014a, The Rothenberg Political Report, 2012, Shor & McCarty, 2011

Another measurement—total amount spent—shows that super PACs tended to invest in less competitive races than parties. The average rating for districts that had over $1 million in super PAC spending was 4.6—over a point higher than the average district that had heavy party involvement. These relationships are shown in Table 6.

Table 5: Average Competitiveness and Ideology Index, by Type of Organization, 2012

Organization Type	Number of Races with Over $1m Spending	Avg. Roth. Rating: All Races	Avg. Roth. Rating: $1m+	Avg. Polarization: All Races	Avg. Polarization: $1m+
Super PAC	56	4.57	7.78	1.80 (0.54)	1.83 (0.51)
Party Committee	50	3.40	5.70	1.82 (0.55)	1.85 (0.43)
Political Nonprofit	41	3.95	7.75	1.85 (0.51)	1.77 (0.38)
Other PAC	11	1.91	8.02	1.80 (0.47)	1.88 (0.42)

Figures outside of parentheses indicate overall index, where 0 indicates least polarized political climate and 3.5 indicates most polarized political climate. 1.5 is model median. Figures inside of parentheses indicate absolute distance from median.

Number of Races with Over $1m Spending indicates the number of races in which the organization type spent over $1 million in independent expenditures as filed with the Federal Election Commission.

Avg. Roth. Rating: All Races indicates the average Rothenberg Rating index (created to measure the competitiveness of the race across the general election cycle; scale of 0 to 12, where 0 indicates a highly competitive 'tossup' race in the three weeks included in the index and 12 indicates a 'safe' race for a particular party in the three weeks included in the index) of all districts in which the organization type participated.

Avg. Roth. Rating: $1m+ indicates the average Rothenberg Rating index for the races in which the organization type spent over $1 million in independent expenditures.

Avg. Polarization: All Races indicates the average polarization index (used to measure the ideological difference between two parties in the state legislature as an indicator of overall state polarization, where 0 indicates total depolarization and zero difference between the two parties and 3.5 indicates severe polarization) across the states in which the organization type participated.

Avg. Polarization: $1m+ indicates the average polarization index across the states in which the organization type spent over $1 million in independent expenditures.

Sources: Federal Election Commission, 2014a, The Rothenberg Political Report, 2012, Shor & McCarty, 2011

This table shows clear differences in resource allocation among the different organizations, and even differences within organization types. Overall, super PACs tended to invest in safer races than parties, nonprofits, and other PACs. PACs, on average, participated in the most competitive districts, while parties allocated funds to more competitive districts. However, the index may also show the effectiveness of party money. They may participate in tight races early, and turn the race from a tossup to a race that solidly leans to one party or another.

Organization types did not differ much when allocating money based on the polarization index of the state. It would appear that on average, more outside money was spent in slightly more polarized states. Ideological polarization is strongly correlated with a partisan divide in the electorate, which may in turn increase voter turnout (Shor & McCarty, 2011). Organizations appear to exploit these ideological differences, investing in areas where voters seem to have a clear choice between candidates based on candidate affiliation.

The races where super PACs spent more than $1 million tended to be safer than the overall races in which they contributed as measured by the Rothenberg Ratings index. There was over a three-point difference between the two: those that spent more than $1 million spent in races with competitiveness indexes averaging about 7.78, while total super PAC expenditures were spent in districts that had an average rating of 4.57. This could suggest that super PACs tend to strategically invest money in safer races from the start, or it could mean that more super PAC involvement in the race could sway the race from a lower, more competitive rating to a higher, safer rating. This may indicate that super PAC spending is effective in solidifying leads for candidates, but more research is warranted.

Indeed, anecdotally breaking down the index, I find that in many cases, the rating shifted throughout the cycle. Some races shifted from more competitive to safer, while others shifted the other way—presumably the shift is dependent on the nature of the race and whether the super PACs were campaigning for or against the favored candidate.

Interests of Super PACs

Super PACs accounted for 33% of all organizations in the 2012 election cycle. As shown in Table 7, the majority of super PACs were ideologically-focused, while only 15% were associated with labor interests and 3% were associated with business interests. However, super PACs accounted for 34% of all labor organizations and 36% of all ideologically-based organizations.

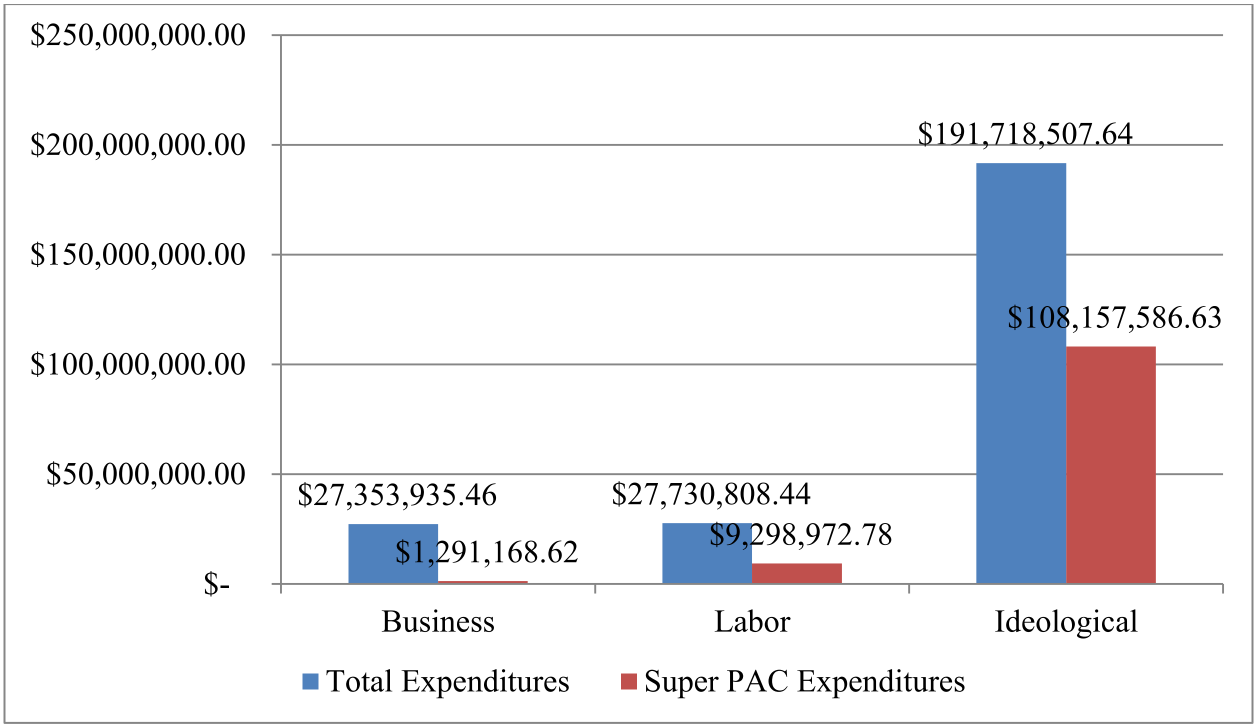
Table 6: Super PACs by Interest Type

Interest Type	Total Number	Number of Super PACs	Super PACs as % of Organization	Interest as % of Super PACs
Business	35	6	17%	3%
Labor	96	33	34%	15%
Ideological	487	174	36%	82%

Interest Type refers to the interest of the super PAC as designated by the Center for Responsive Politics.
Total Number refers to the total number of organizations of any designation that are associated with the interest type as designated by the Center for Responsive Politics.
Number of Super PACs refers to the total number of super PACs as designated by the Federal Election Commission that identify as the interest type.
Super PACs as % of Organization indicates the percentage of interest types which are super PACs as designated by the Federal Election Commission.
Interest as % of Super PACs indicates the percentage of super PACs that are associated with each interest type.
Source: Center for Responsive Politics, 2014, and Federal Election Commission, 2014a

Figure 2 below shows the amount spent in the general election cycle by organization interest. I found that though super PACs only accounted for slightly over one-third of ideologically-based organizations, they accounted for 56% of the spending in that interest group. Of the $192 million that was spent by ideological groups, $108 million was spent by super PACs. Labor organizations were remarkably consistent: super PACs accounted for 36% of all labor-focused organizations, and accounted for 34% of the spending by these groups. Business groups, on the other hand, spent more money through other organization types rather than super PACs.

Figure 2: Total Independent Expenditure Spending by Interest Type, 2012

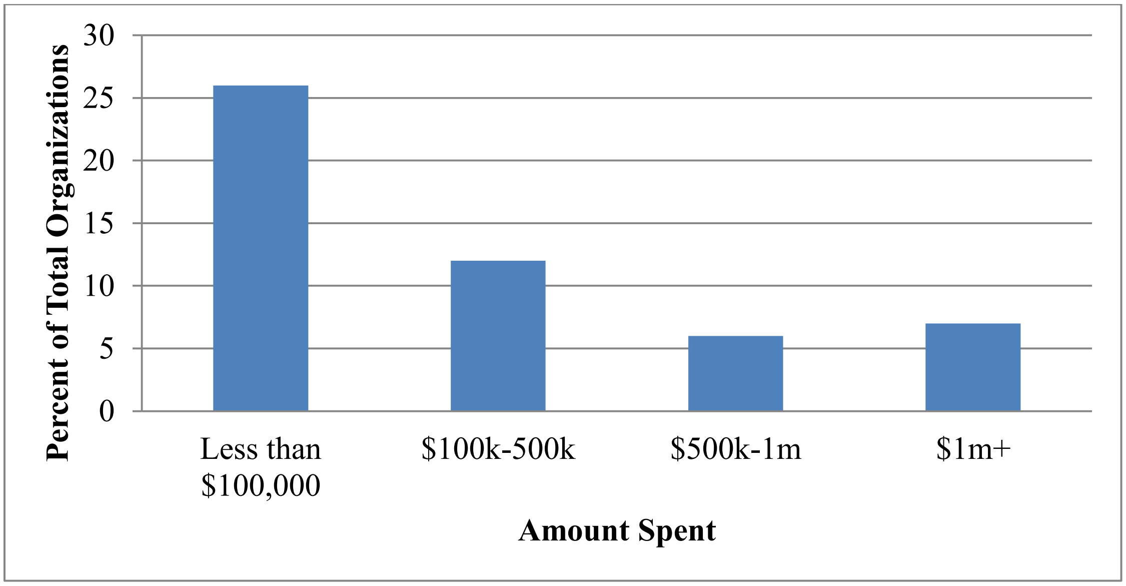


Source: Federal Election Commission, 2014a

Single Candidate Super PACs

In the 2012 cycle, there were 51 super PACs that invested in only one race. Over half of these organizations spent less than $100,000, as seen in Figure 3.

Figure 3: Amount Spent in Independent Expenditures by Single-Candidate Super PACs in 2012 General Election



Source: Federal Election Commission, 2014a

Several PACs spent more than a million dollars in the general election cycle. The largest single-candidate PAC, Independence Virginia PAC, spent over $4.5 million opposing Tim Kaine (D-VA) in his Senate bid. The pro-Kaine PAC, Progressive USA voters, spent only $75,000 during the race. Kaine ultimately won his reelection campaign (United States Senate, 2014).

These groups are different in that they are unlike the majority of the other super PACs. Often, the super PAC organizations are thought to be similar to other types of political action committees, where they strategically allocate funds. These groups, however, raise and spend money for one particular candidate. Traditional motives may not apply, as these groups are not interested in gaining majorities in the House or Senate, nor do they affiliate with business or labor groups. Indeed, almost half of these organizations participated in races that were considered 'likely' or 'safe' throughout the election cycle, and about two thirds participated in races where the state or district was considered liberal-leaning. Only 18 of the 51 participated in close races, and all but two were ideologically-driven, rather than run by labor or business organizations.

These PACs appear to be a new type of campaigning machine: invested individuals can create their own organizations aside from the official candidate campaign and raise and spend money on their own terms. In 2012, they tended to participate in less competitive races where the state was slightly more polarized than the nation as a whole. This suggests that these organizations may be working not as substitutes, but as partners to political parties, where they participate in safer races and allow parties to allocate funds into the most competitive districts that need the most funding. The direct-participatory nature of these organizations warrants further study as these organizations grow and become more prominent stakeholders in the electoral process, but is outside the scope of this study.

Chapter 5: Research Question and Data

Which races attract super PAC spending? My main research question addresses the correlations that exist between super PAC spending and district characteristics. From this question, I formulate three hypotheses:

> *H_1: Independent expenditure-only committees (super PACs) do not pursue seat maximization motives.*
>
> > *H_0: There is no relationship between independent expenditure-only committee spending and race competitiveness.*
>
> *H_2: Super PACs are principally concerned with ideological rather than investment motives.*
>
> > *H_0: There is no relationship between super PAC spending and incumbency and polarization level in the state, which are used as measures of ideological motives of spending.*
>
> *H_3: Super PACs operate independently from and complementary to party committees.*
>
> > *H_0: No relationships between competitiveness, ideology, and incumbency status can be determined, and therefore, no relationships between super PAC and party spending can be derived from the data.*

These hypotheses will allow us to draw conclusions regarding super PAC behavior and implications for future elections. A better understanding of these organizations is crucial in projecting the future electoral landscape—will super PACs be a substitute for candidate and national party organizations due to their limited restrictions? Or will they emerge as safety nets for the party, allowing the party to concentrate resources on competitive races while the PAC advocates for longshot candidates?

For this study, super PACs are defined as independent expenditure-only committees as designated by the Federal Election Commission's records. Seat maximization refers to the organization's interest in gaining as many seats as possible in a given chamber during the election cycle, typically by party. This may be done through preserving incumbents' vulnerable seats or fighting to switch the party control of a seat. For example, the National Republican Senatorial Committee (NRSC) might allocate funds to protect Republican incumbent senators in contested races and invest in races where there is an open seat or a vulnerable Democratic senator.

Ideological motives are defined as an organization's motivation to campaign for or against a candidate based on his or her policy positions or party affiliation. Investment motives are those that drive an organization or individual to campaign for a candidate when the organization or individual expects a return on their action, whether through direct policy favors, the expectation of good will, or any other influence on policymaking once the intended recipient enters office (Magee, 2002). Many times, the two motivations are similar. Some ideologically-motivated organizations strategically campaign for or against candidates with the expectation that once in office, the favored candidate will deliver on campaign promises, while the latter motive is a more direct—and perhaps more tangible—strategy. Both theoretically achieve the same means of policy benefits for the investing organization.

My third hypothesis, independent and complementary operations, is tested based on conclusions derived from the previous two analyses. Independent operations are operations that are not done in concert with another organization—in this case, party committees. Super PAC operations are independent when their motivations are different than those of party organizations. Practically, it means that super PACs are not absolute substitutes for political parties, as they do not pursue seat maximization motives. Complementary operations are referred to as operations that are not identical but are parallel to party committee operations. For this study, a super PAC complements the party organization when it pursues ideological motives. When a super PAC campaigns for a candidate based on ideological motives, it is performing a similar function as a party committee: electing a member of a particular party or ideology. However, because its motive is not to elect as many members of a particular party to Congress, it is working independently.

In all analyses, the independent expenditure records filed with the FEC were used as a measure of spending. This is a reliable measure of spending because, unlike other types of expenditures, all organizations must report independent expenditures to the FEC on a regular basis. All organizations must submit the purpose of the expenditure, the candidate for whom it is for or against, the amount, and the committee information. For my analysis, I excluded duplicative or edited entries (removing the original entry and keeping the alternate entry). I also consider independent expenditures a valid measure of spending for this purpose because of the nature of the debate around super PAC influence in elections and, more generally, money in politics. Whereas other types of campaign communications are not required to be disclosed to the FEC, independent expenditures provide a consistent measure of spending as they are easily tracked and disclosed by the FEC.

H1: Seat Maximization Hypothesis

The first hypothesis addresses the relationship between super PACs and party committees. Whereas the literature clearly defines the party system as a resource allocation entity focused on preserving and gaining seats in each chamber, super PACs are free to pursue alternative motives, including influencing policy. Indeed, there have been several political organizations that were solely formed to advocate for or against congressional candidates that took a particular position on an issue, whether it was a woman's right to choose, the Second Amendment, or environmental policies. I am interested in analyzing the total independent expenditures to see if the patterns found previously apply to all super PACs—are there significant relationships between organization types and the competitiveness of the district?

In my model, 'seat maximization motive' is defined as the goal of the organization—whether committee, party, or nonprofit—to win as many seats as possible in a given election. I find that political parties' main goals include seat maximization, where their major motives during an election cycle are to educate voters on policies and positions in order to increase vote share, and thereby gaining seats. The first hypothesis states that super PACs do not pursue these same motives. Typical Political Action Committees (PACs) tend to pursue legislative strategies, where their main goals are access and influence in policymaking. Far fewer PACs pursue electoral strategy, where they seek to tip the partisan balance of Congress. The latter requires more resources—strategically spreading resources between a number of campaigns, particularly during election cycles in which there are many competitive races, may require more time and management than concentrating in a select number of races that may or may not be competitive. The most important investment considerations according to PAC managers are the candidate's proven effectiveness in policymaking, followed by electability. Least important was party affiliation—vastly different than the motives of political parties (Eismeier & Pollock III, 1985).

Similar to other PAC types, I hypothesize that super PACs do not pursue electoral motives in the form of seat maximization. Rather, they are more like traditional PACs in that they pursue more ideological motives and allocate their resources accordingly.

My measure of seat maximization motive in this study is the competitiveness of the district as measured by the Rothenberg Political Report's chamber ratings (The Rothenberg Political Report, 2012). My assumption is that groups who are interested in seat maximization—namely partisan political parties—rationally allocate their resources to those races that are most competitive, as competitive districts provide the most utility for investment—less competitive races provide substantially diminishing returns (Jacobson & Kernell, 1985-1986, Snyder, 1989). Organizations will not invest money in "safe" races, as the advantaged party has no incentive to increase vote share if they already have a majority, and the disadvantaged party has no incentive because "safe" races generally equate to large projected margins, few undecided voters, and a partisan electorate that will rarely change their vote. Therefore, resources are better spent in competitive districts where the vote margin is very slim and there may be a large number of either undecided or easily swung voters.

To test this hypothesis, I include three dependent variables: proportion of independent expenditure spending in each race that is made by a super PAC, the proportion of organizations that are designated as super PACs, and the dollars spent by super PACs in each race. These variables account not only for the amount of spending, but also address in which districts super PACs are the dominant organization. The first variable, proportion of spending by super PAC, inherently controls for district size and differences in spending. The variable was calculated by dividing the dollars spent by super PACs by the total independent expenditure spending in the race. The second variable, proportion of super PAC organizations, was calculated by dividing the number of super PACs that participated in a given race by the total number of organizations that participated in that race.[1]

The third variable, dollars spent by super PAC, is a summed dollar amount: the total spent by all super PACs in each race.[2] For example, if super PAC X spent $75,000 in independent expenditures campaigning for Candidate A in Indiana's 3rd District race, super PAC Y spent $25,000 in independent expenditures campaigning against Candidate A, and party committee D spent $125,000 in independent expenditures to elect Candidate A, the recorded amount would be $100,000, since that was the total amount of independent expenditure dollars spent by all super PACs in that race. The proportion variable in this example would be 0.44, or 44%, since 44% of the independent expenditure spending in the district was spent by super PACs.

A dummy variable for Senate races is included in the model as a control: I expect that House and Senate races will have different amounts of spending associated with them, as Senate races, on average, are more expensive and attract more outside money than House races (see Figure 1). Therefore, I must control for these different types of races.

In order to measure seat maximization motives, I tested the competitiveness of the district on the output variables, proportion and amount of super PAC spending per race.

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[1] I also modeled the proportion of super PAC spending in each district, where the total amount spent by super PACs in one district was divided by the total amount spent by super PACs in all districts. This allowed me to examine the characteristics of races that had the most super PAC involvement. The results were the same.

[2] This variable was used to create a model that further illustrated the conclusions of the first two models. Where those provided proportions, this variable would provide a monetary value that would be easy to interpret.

H2: Ideological vs. Investment Motives

My second hypothesis illustrates the motives of super PACs. Whereas high-profile donors to political parties and candidate committees are often driven by investment motives, I hypothesize that super PACs are principally concerned with matching ideology. (Gordon, Hafer, & Landa, 2007) This addresses the overall research question in several ways: organizations that are purely ideological in their motivations would generally be more likely to contribute to riskier candidates, such as challengers, and may spend money in districts that have a more polarized political culture. This hypothesis has a number of potential implications, particularly for party polarization. Challengers and newcomers that have more extreme ideologies than the national party organization and that may have had to rely on the Hill committees pre-*Citizens United* could potentially be free to break from the party mold with support of ideological super PACs. No longer threatened by national party defunding, ideological extremists may be able to run a more competitive campaign with super PAC backing.

I measure ideology and investment in two ways: the presence of an incumbent and the polarization of the chamber at the state legislative level. Incumbency status was collected through FEC records and matched with the race and filtered into a dummy variable, with '0' being an open seat and '1' being the presence of an incumbent. Participating in open seat races is inherently more risky than advocating for an incumbent, particularly in competitive districts, and those organizations that pursue investment motives are concerned more with access than ideology. (Brunell, 2005) Therefore, if there is a relationship between spending by super PACs and open seat races, I conclude that super PACs are more risky in their behavior and are less likely to pursue access and investment motives.

For polarization, I use the Ideological Mapping of American Legislatures (IMAL), an index created by Boris Shor of Georgetown University. The IMAL uses state legislative roll call data and responses to the Project Vote Smart National Political Awareness Test (NPAT), which is similar and supplementary to roll call data in that it asks politicians their positions on key policy issues including foreign policy and social issues (Shor & McCarty, 2011). Ideology scores were created for each member of a state's legislature and combined to form state-level measures of ideology and polarization.

Two measures of polarization were available: the distance between party medians by chamber (_diffs), and the average distance between any two members by chamber (_distance). For my analysis, I used the distance between party medians, where lower numbers indicate depolarization and higher numbers indicate high polarization, relative to the U.S. Congress mean of 1.2. For reference, California—the most polarized legislature in the model—has a 2.95 ideology score, while the least polarized state in the model, Arkansas, has an ideology score of 0.685. This means that in Senate chambers, for example, Arkansas Democrats are very close to Republicans on the conservative-liberal scale (whether Democrats in the state are slightly more conservative than the average Democrat or both parties are fairly moderate), but California Democrats and Republicans are at the extreme ends of the scale. The polarization index is important because in an extremely depolarized political climate, ideologies between candidates are very similar and therefore voters may be less apt to vote if they see no differences among two candidates.

The candidate ideology scores were also available for use, where each candidate was ranked. While this would have given a more direct measure of the specific ideology of the candidate, there was no feasible way to create a district index for this study. Where most races had two candidates, typically from opposing parties and therefore opposing ideologies, I could not find a way to combine scores into a single district score without losing the nuances of the rankings themselves. Therefore, the proxy measure of state legislative ideology must suffice for this study.

I used these scores as an indicator of partisan polarization within the observed races. Though these are mappings of state-level legislatures, I felt these measures were appropriate for determining the overall polarization of the state and provided useful insights on the state's political climate particularly when it came to voting in the 2012 election. As Shor noted in his data supplement, "in the aggregate, state legislative medians correlate highly with voter ideology measures" (Shor & McCarty, 2011). Several chambers did not have updated estimates included in the July 2014 release, so the last available estimate was used (typically 2010, the previous year in which the data was available). By using these measures of state-level polarization, I was able to get a sense of political tides and overall mood during the election.

I employed the measure of state ideology in several ways: a significant, downward linear relationship between super PACs and ideological measures would indicate that these organizations are primarily concerned with ideological motives, while an upward relationship or no relationship would indicate that they pursue access motives. I would expect to see an upward parabolic line in races where super PACs invested more in races in extremely polarized and extremely depolarized states and less in moderately polarized states when they are driven by ideology, as races in both extremely polarized and depolarized states would produce ideologically extreme candidates. In a polarized state, there tend to be fewer undecided voters, and therefore extreme candidates may emerge to attract and energize the party's base. In a depolarized state, there is little ideological difference between the two parties: in a depolarized

Republican state, for example, Democratic candidates are more conservative than average, and some may be more conservative than other Republicans in other states. The political nature of these states attracts ideologically extreme candidates, particularly in the ideology in which the state leans. A reliably red state like Kansas, for instance, has become a microcosm of the Tea Party, for many Kansas residents—including Kansas moderates and Democrats—are more conservative than the national average. An interest in supporting an ideologically extreme candidate has less potential for policy payoff, as the chambers tend to be more moderate due to moderate state climates and the existence of party establishments.

H3: Independent and Complimentary Operations

The final hypothesis states that super PACs operate independently yet complimentary to party committees. Using the analyses from the first two hypotheses, I combined them to explore the ramifications of the findings. If the hypotheses are both supported—that is, if super PACs do not pursue seat maximization but do pursue ideological motives—it would support my third hypothesis and I could conclude that super PACs are a part of the party system. However, if either of my hypotheses is not supported, then I conclude that super PACs are emerging as a substitute for or in competition to the party system. If the organizations pursue seat maximization strategies, several scenarios are possible: they draw money away from the party organization, they support and prioritize issues that parties, donors, or the general public find unfeasible or dissatisfactory, or they attempt to push the ideology of the party's members to one extreme or the other. Likewise, if super PACs follow investment motives rather than ideological motives—as measured by the IMAP—I can conclude that they are self-acting, are not concerned with the ideological makeup of the chamber, and are independent of the party. The analysis from the first two hypotheses will serve as a foundation for this hypothesis.

Chapter 6: Methods and Analysis

Standard OLS regression models were used for all hypotheses. I used Microsoft Excel for cleaning and summarizing the data and JMP Pro 11 for the modeling. Races were combined by state or district, totaling 315 total observations—this includes all types of committees in both types of races. Partial t-tests were used for standards of statistical significance, and residual plotting and scatterplots were used to analyze goodness of fit. The alpha level for all tests is $\alpha \leq 0.05$ unless stated otherwise.

H1 & H2: Drivers of Spending

In this analysis, I tested my first two hypotheses in the same regression model. I have three separate models, one for each dependent variable—proportion of super PAC organizations as compared to total number of organizations, proportion of super PAC spending compared to total spending, and the dollar amount of super PAC spending in the race. My independent variables, Rothenberg Rating Index, incumbency status, and Ideological Mapping index (IMAL), were included in each model as well as the control for the race type. Models are included in Table 7.

Table 7: OLS Model of Rothenberg Rating Index, Incumbency Status, and Polarization Index, 2012

	Proportion SP Spending	***Proportion SP Organizations***	***$ Spent by Super PACs***
β_0	0.398 (0.081)*	0.411(0.059)*	2,955,152.00 (372,901.90)*
Rothenberg Rating	-0.114 (0.005)*	-0.019 (0.004)*	-278,137.00 (24,694.04)*
Incumbency Status	-0.099 (0.054)	-0.042 (0.039)	-5,664.76 (248164.40)
Polarization	-0.032 (0.029)	-0.026 (0.021)	141,733.51 (133012.20)
Senate (control)	0.236 (0.063)*	0.244 (0.046)*	2,629,993.40 (289754.50)*
R^2	*0.072*	*0.17*	*0.44*

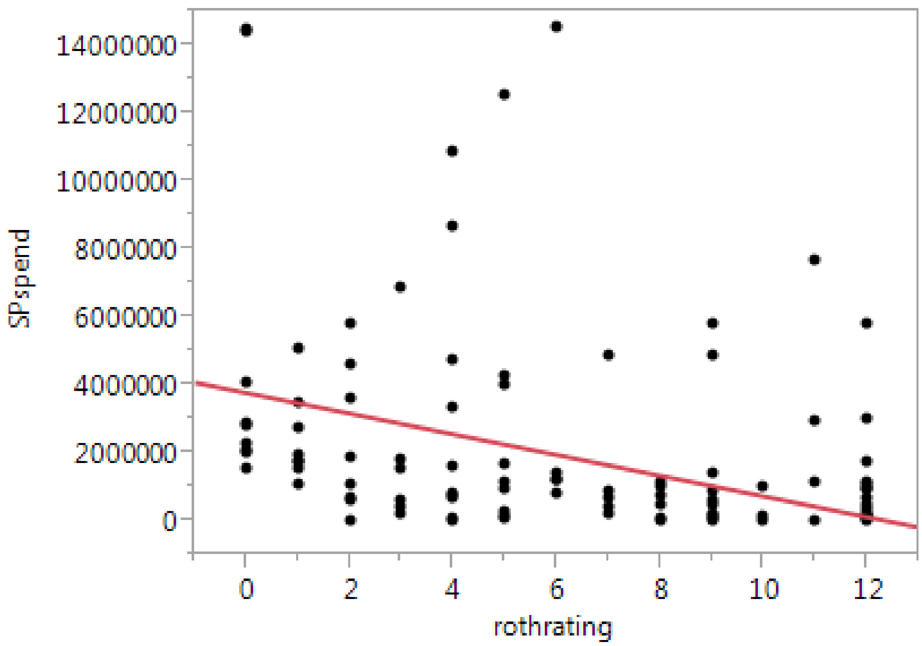
Proportion SP Spending refers to the proportion of total independent expenditure spending in each race spent by a super PAC throughout the entire general election cycle.
Proportion SP Organizations refers to the proportion of total organizations that participated in each race that were super PACs throughout the entire general election cycle.
$ Spent by Super PACs refers to the total dollar amount of independent expenditures spent by super PACs in each race throughout the entire general election cycle.
Rothenberg Rating refers to the competitiveness index created from the Rothenberg Ratings to capture the competitiveness of the race throughout the general election cycle.
Incumbency Status refers to the status of the race, where 0 indicates an open race and 1 indicates the presence of an incumbent running for reelection.
Polarization refers to the index used to measure the ideological difference between two parties in the state legislature as an indicator of overall state polarization, where 0 indicates total depolarization and zero difference between the two parties and 3.5 indicates severe polarization.
Sources: Federal Election Commission, 2014a, The Rothenberg Political Report, 2012, Shor & McCarty, 2011

The model shows that there is a significant linear relationship between super PAC participation in a district and the competitiveness of the district as measured by the Rothenberg Rating Index. In the average district, 39.8% of the spending in a district is made by super PACs, while 41.1% of the organizations that participate in the race are super PACs. This means that if 10 organizations are campaigning in a single race—whether for a House or Senate seat—4 of them would be super PACs. Likewise, super PACs spend an average of $2.96 million in each race.

All else equal, for each one-point increase in the Rothenberg index, both the proportion of participation and the dollar amount of spending decrease. For each unit increase in the index, the proportion of spending accounted for by super PACs decreases by 0.114, or 11.4%. For each unit increase in the index, the proportion of super PACs as organizations decreased 0.019, or about 2%. This decrease was less substantial than the decrease in the proportional spending, which may suggest several scenarios: super PACs may be willing to participate in safer races but don't spend as much as they would if the race were more competitive, or other types of organizations—including party committees and political nonprofit organizations—may spend more money in the race than they would have had the race been more competitive. To find out which scenario is correct, I look at the third model.

When looking at the third model—the total dollar amount spent by a super PAC in a district—I find that for each unit increase in Rothenberg index, there is a $278,137 decrease in the amount spent by super PACs. This is equivalent to a 9.4% decrease in dollars spent for each increase in Rothenberg index, meaning that of the two scenarios, the first seems more plausible. The proportion of super PACs as organization type decreases slightly, meaning other types of organizations enter the race and some super PACs leave the race as it gets less competitive, while the proportion and dollar amount of money spent decreases substantially. This suggests that there is a significant, positive relationship between money spent by super PACs and competitiveness of the race. As a visual aid, a scatterplot depicting the relationship between the amount spent by super PACs and the Rothenberg index are shown in Figure 4.

Figure 4: Linear Relationship between Super PAC Spending and Rothenberg Rating Index



Note 1: Model is Significant at p<0.001
Y Axis (SPspend): Dollar amount of super PAC spending in each race
X axis (rothrating): Rothenberg Rating Index as a measure of competitiveness across the general election cycle, where 0 indicates a very competitive race throughout the weeks included in the index (tossup) and 12 indicates a safe race throughout the weeks included in the index.
Sources: Federal Election Commission, 2014a, The Rothenberg Political Report, 2012

I find from the models that there is no significant relationship between either incumbency status or polarization index and super PAC spending. This is an interesting finding, and I therefore fail to reject my null hypothesis. There appears to be no significant linear relationship between the characteristics of the district signifying ideological motivations and super PAC participation in the district.

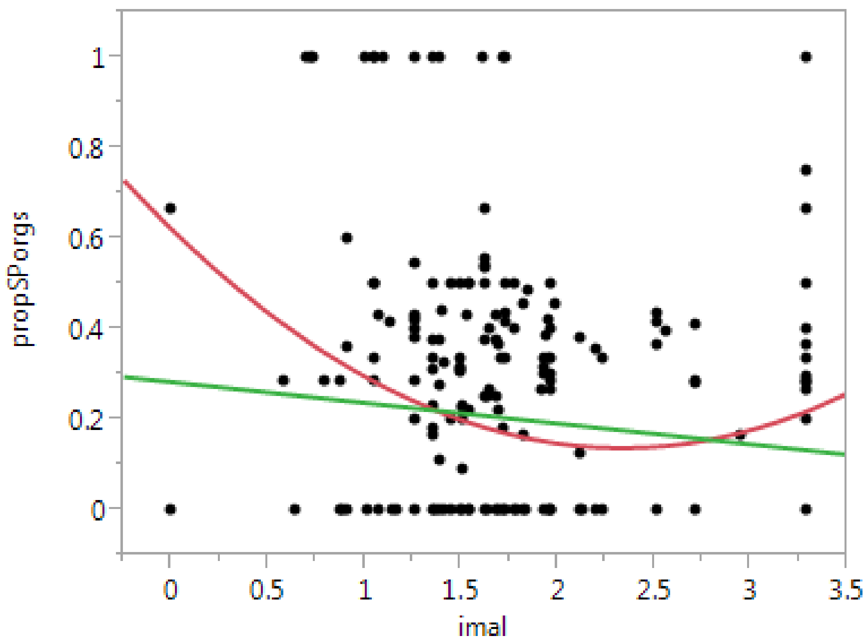
Alternative Models

I find that in the original model, there is no significant relationship between ideology index of the district or state and super PAC participation. However, the literature suggests that outside organizations are often interested in the general mood of the races and the political climate of the area, so further research is warranted.

In refitting my model, I find a nonlinear relationship between super PAC participation and polarization of the district or state. I expected to find this relationship because of the general design of the variable, as the scale is curved: on the 0-3.5 scale, 1.5 indicates party median, while 0 and 3.5 indicate extreme political climates, whether they are polarized or depolarized.

When I refit the data, I find a significant quadratic relationship between super PAC participation and polarization index. Figure 5 illustrates the models: the green line being the linear model and the red line representing the polynomial model.

Figure 5: Quadratic Relationship, Proportion of Super PAC Participation and Ideology Index

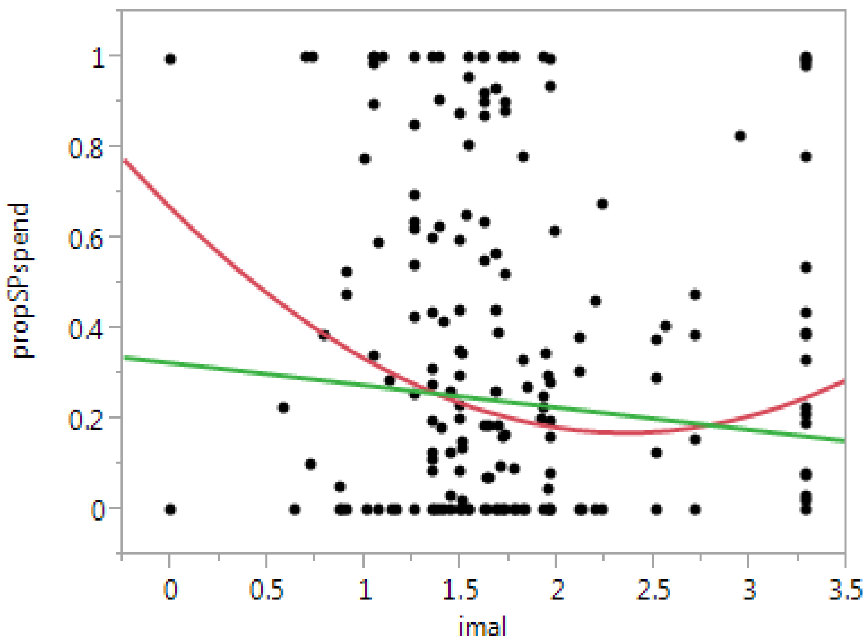


Note 2: Model is Significant at p<0.00
Y Axis (propSPorgs): Proportion of total count of organizations participating in given race that are designated as super PACs by the Federal Election Commission.
X Axis (imal): Polarization index used to measure the ideological difference between two parties in the state legislature as an indicator of overall state polarization, where 0 indicates total depolarization and zero difference between the two parties and 3.5 indicates severe polarization.
Sources: Federal Election Commission, 2014a, Shor & McCarty, 2011

This model does not account for race type. However, the model is still telling: the proportion of super PACs as organization type decreases in the most polarized districts. The model suggests that super PACs are more interested than other types of groups to participate in races in less polarized states, and tend to hold back from moderately polarized political climates.

A very similar pattern is found in the proportion of spending: the upward parabola suggests that super PACs spend proportionally more than other types of organizations in depolarized districts and slightly more in heavily polarized districts, as shown in Figure 6.

Figure 6: Quadratic Relationship between Proportion of Super PAC Spending and Ideology Index



Note 3: Model is Significant at p<.001
Y Axis (propSPspend): Proportion of total independent expenditure spending in a given race that was spent by super PACs as designated by the Federal Election Commission.
X Axis (imal): Polarization index used to measure the ideological difference between two parties in the state legislature as an indicator of overall state polarization, where 0 indicates total depolarization and zero difference between the two parties and 3.5 indicates severe polarization.
Sources: Federal Election Commission, 2014a, Shor & McCarty, 2011

These findings support my hypothesis: super PACs, on average, pursue ideological rather than investment motives. Their concern with ideology rather than access is shown in the figures: organizations interested in access typically campaign for those candidates who can work with a majority once in the chamber to pass legislation, whereas those interested in ideology are more concerned with the policy positions of the candidate before he or she is sworn in.

H3: Independent and Complimentary Operations

Using my previous analyses, I found that there were significant relationships between total expenditures in a given race and the competitiveness of the race, but no significant relationships between expenditures and incumbency status among super PACs. I did, however, find a significant, quadratic relationship between super PAC spending and state ideology scores. These committees were more likely to support candidates in ideologically-extreme states, and are less likely to support candidates in safe districts.

These findings come together to lend credibility to my final hypothesis. Super PACs seem to work in collaboration with the party system, participating in races that are competitive, yet allocating their funds into different types of races. Whereas party committees tend to spend money in those districts and states that may lean toward one party or another (presumably to energize their bases in Get Out the Vote efforts and other canvassing strategies), therefore maximizing their resources on races they are likely to win, super PACs step in and campaign for candidates in purely tossup races and in ideologically extreme districts.

These strategies are high risk, yet high reward. They are high risk for the committee, as campaigning on behalf of candidates who are more extreme than the average Congressman may be longshot candidates and the committee risks spending money without electoral payoff. However, the payoff would be large: in the long run, it may create a more partisan Congress.

Study Limitations

This analysis has several known limitations. First, it is not a longitudinal study and therefore the models cannot imply causation between variables. This study was an intensive look at the relationships between super PACs, parties, and districts in the 2012 congressional election cycle alone. I attempted to capture variations in some variables, particularly competitiveness, by creating a time sensitive index using ratings from three different points in time. However, while it was possible to detect competitiveness shifts, the index was unable to give more nuanced details regarding the differences: the magnitude and direction of the movement was lost in the index. However, a full time analysis was out of the scope of the study. All findings may not be generalizable to later elections, but this study's findings may help inform future students of campaign finance of general patterns in this election.

Secondly, expenditure, candidate, and committee data were collected directly from the Federal Election Commission's website. There were several known errors in the data transcription likely due to human error when entering the information, and I did my best to resolve those issues. However, due to the magnitude of entries and nature of the entries, there may have been unresolved problems in single entries. I am confident that any errors did not substantially alter my findings or models.

I was also limited in my modeling. While OLS regression modeling has been widely used in the social sciences, there may have been other types of statistical analyses performed that would better fit the data. However, without extended training in quantitative analysis, other model types—including higher-order polynomial modeling and fixed effects modeling—is out of the scope of this study. I feel OLS modeling is a sufficient resource for this type of study, as my models appeared to generally fit the data well. However, there remains room for improvement, whether it be from a different model or an omitted parameter. Most obvious were the dummy variables for controlling for incumbency and race type. Lesser known were my assumptions surrounding the independence of the observations: my model did not account for any collinearity between variables. I attempted to address these potential problems through statistical analysis but was limited by my statistical training. Additionally, I was unable to fully analyze the third hypothesis due to time restrictions.

Finally, my variables make several important assumptions. While the hypotheses were formed based on the literature, some methodology was unavailable for some rankings, particularly the competitiveness ranking. The Rothenberg Rating Index, while a widely-respected model, relies heavily on qualitative assessments of individual races. My dependent variables account only for independent expenditures, and do not count other types of election funding, including candidate contributions and electioneering communications. My measures of ideological motives—incumbency and polarization—are imperfect proxies. They capture state-level data, which I projected onto specific congressional districts. This may be a severe limitation, since there is typically wide variation between congressional districts. Had I more time, I would have attempted to find a better measure of ideological motive.

Chapter 7: Discussion and Conclusion

Will Marshall, in his editorial for POLITICO magazine, implied that super PACs and the new era of campaign finance would be detrimental to the political process. Large, well-funded organizations that were legally allowed to campaign for—or more often against—candidates for elected office would be the downfall of American elections. This study aimed to find the role of super PACs in the 2012 congressional election cycle, paying particular attention to the district characteristics in an attempt to understand their resource allocation strategies. I found that super PACs appeared to act in concert with party organizations: participating in competitive districts, but not typically the same ones as parties. Super PACs appeared to act as 'safety-net' contributors. Vulnerable candidates who were not deemed winnable or a priority by the party found support in these groups. Likewise, they appeared to follow mostly ideological motives rather than investment motives, suggesting that super PACs were more interested in electing like-minded candidates rather than electing malleable candidates for the expectation of potential policy payoff.

Using Federal Election Commission records, I analyzed the overall trends in the data. I used ordinary least squares regression models to test significance of relationships between super PAC participation in districts, as measured by the proportion of expenditures and organization counts, as well as direct dollar figures of expenditures in each race, and several variables: competitiveness of the district, as measured by an index created from the Rothenberg Political Report, incumbency status, and state polarization indexes created by Boris Shor of Georgetown University.

Super PACs, in the 2012 general election cycle, spent more than any other type of organization. Parties tended to allocate their resources into the chamber they were expected to keep or hold: Democrats funneled more resources into Senate races, while Republicans spent more resources in House races. Super PACs, on the other hand, did the opposite: as a whole, they spent more money in support of House Democrats and Senate Republicans. This further suggests that parties, while allocating resources rationally to the races they are most likely to win or defending vulnerable seats, traditionally left potentially winnable seats to the other party, but in this cycle super PACs appeared to assist parties in participating in those races that were left behind.

My three hypotheses were supported by the data: super PACs were less motivated by seat maximization concerns than parties, they are principally concerned with ideological rather than investment motives and they operate independently yet complementary to party committees. While super PAC participation was significantly related to race competitiveness, it was not associated with the most competitive races, as party committee participation was. In addition, super PACs tended to participate in less polarized districts, whereas other groups tended to participate in moderately- and higher-polarized races. Higher rates of polarization typically result in a more responsive electorate because there is a clear choice between the two candidates; less polarized districts typically have candidates that are very similar, and voters cannot often tell the difference between the two. This sometimes leads to complacency among voters. Parties and traditional PACs tend to participate in more polarized districts, since voters are more responsive to campaigning tactics.

It is important to note that this study includes data from only one election cycle. It is highly possible that because these organizations are so new, they are simply experimenting with various campaign strategies and the resource allocation methods may change substantially as a result of changing political landscapes and campaign finance regulations. Since the 2010 Supreme Court rulings, the Court further weakened other aspects of campaign finance regulation in *McCutcheon, et al v. FEC*, striking down the contribution limits to candidates, parties, and political action committees (Federal Election Commission, 2014b). Where donors were limited in the amount per year they could give to various political entities, they no longer are restricted, though there are still limits on the amount an individual can give to each candidate, PAC, or party committee. Similarly, more research is warranted regarding the donors of these organizations: are there new participants, or are super PACs just another way for the same people to participate in elections?

This study is important because it provides a preliminary study of super PAC behavior. I think that despite the changes and analysts' assertions of the decline of the party organization, the two-party system will maintain a strong presence in American politics. If the above assertion proves to be true and the super PAC is simply an easier way for the same players to get involved in politics rather than additional donors bringing more money into the system, I don't believe that they will become a primary vehicle for campaign communications. The weakening of campaign finance laws in *McCutcheon* and the vows of some elected officials to further break down the laws may eliminate the need for super PACs, as the Court appears to be treating money as speech and eliminating all restrictions for contributions for the sake of the First Amendment. However, if some laws are upheld, super PACs may become dominant avenues for participation, particularly for their appeal in accepting nonprofit money and masking donor information.

In conclusion, the three hypotheses culminated to suggest several main findings. First, super PACs appear to be extensions of the party system rather than a replacement of it. They participate generally in the races that may not have the most payoff: less competitive races with less involved voters. Also, these organizations are more concerned with ideological rather than policy payoff motives. The latter finding should bring a relative ease to critics of these groups: direct policy favors do not appear to be a driver of super PAC spending. Rather, super PACs are driven by the interests and preferences of their donors. This finding in itself may be alarming, as the donors for these organizations are often wealthy political elites. The majority of messages outside spending creates reflects not the preferences of the general electorate, but of a concentrated number of Americans. Further study is warranted to determine whether the patterns found in this study are enduring, or whether super PACs will evolve with different strategies going forward.

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APPENDIX

Appendix A: Variable Map