 Committees and Candidates
National Party Finance after BCRA

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The 2004 elections were the first run under the new federal election campaign law, the Bipartisan Campaign Reform Act of 2002 (BCRA). The new law was meant to end the flow of unregulated soft money to political parties and to increase disclosure about campaign activities by political parties and interest groups. While BCRA was not meant to be a wholesale change in campaign finance regulation, reformers hoped that it would mean that less money would be spent in elections through political parties, that elected officials would be less reliant on big donors, that competition might increase, and that campaigning would be “fairer” to candidates without party and interest group issue advocacy advertising.

Here, we examine several important issues in contemporary campaign finance through the rubric of BCRA. First, we ask about the contemporary state of campaign money via political parties. What do we know about party fundraising after BCRA? Did BCRA succeed in getting “big money” out of politics? Second, we analyze the increased support for party organizations from candidates, particularly sitting members of Congress. If this trend was an unintended consequence of BCRA, what are its implications for the political process? Third, we assess the current situation of competitive elections in the United States and ask whether campaign money has helped or hindered this basic tenet of representative democracies. Fourth, we look at the current pattern of party expenditures to ask whether they are effective in helping the parties reach their goal of controlling governmental institutions.

What Money Is in Party Politics?

Conventional wisdom holds that Republicans have a significant fundraising advantage over Democrats. When we correct the data for inflationary
effects (by converting all the amounts to $2,000), we find that in 2004, Democrats significantly closed the gap with Republican fundraising overall (see figure 6.1). Given the traditional Republican money advantage, this finding is extremely significant, as the innovations in fundraising Democrats achieved in 2004 could reshape the nature of electoral competition. This election cycle showed that the Republicans’ capital-intensive edge was not so daunting and that the Democrats’ labor-intensive edge was indeed replicable by the Republicans.

We disaggregate the six national committees’ receipts in constant dollars and find that the Democratic National Committee (DNC) surpassed the Republican National Committee (RNC) in receipts in 2003–2004. This was the big story of the 2004 elections (Corrado 2006). The congressional committees (the National Republican Senatorial Committee [NRSC], Democratic Senatorial Campaign Committee [DSCC], National Republican Congressional Committee [NRCC], and Democratic Congressional Campaign Committee [DCCC]) were another matter entirely, with three of the four not achieving parity with their overall fundraising in 2000 (hard and soft money combined; see figure 6.2). Only the NRCC was able to exceed previous 2000 fundraising levels, and it did that by a significant amount—$25 million in hard money. In fact, in the post–soft money environment, the DNC, RNC, and NRCC were able to surpass their previous combination of hard and soft money receipts with hard money only. However, the NRSC, DSCC, and DCCC were not even able to achieve parity with their past combined totals.

Figure 6.1  Overall Party Fundraising Trends
New Rules for Party Fundraising

The sudden loss of soft money after BCRA meant that the parties had to raise much more hard money in order to merely maintain their previous level of fundraising. This new campaign finance environment created incentives for entrepreneurial thinking. Necessity was indeed the mother of invention: all the party committees implemented stepped-up and new fundraising efforts, and they all performed beyond expectations—even the three that failed to replace the banned soft money.

In addition to the soft money ban, BCRA made other changes that were favorable to party fundraising: it raised the hard-money individual contribution limits and, for the first time, indexed those limits to inflation. Congressional reformers recognized that the ban on soft money might have a detrimental effect on party fundraising and that the contribution limits had not been increased since the 1970s, so that the value of the maximum donation had diminished significantly over time. Before passage of BCRA, an individual contributor could give $20,000 in hard money per year to a national party committee. This amount counted against an individual’s annual aggregate contribution limit of $25,000 per year for all hard money contributions, including those to candidates and political action committees (PACs). Under the new law, an individual may contribute $25,000 per year to each party committee, and there is a separate sublimit within the new aggregate individ-
ual contribution limit of $95,000 per two-year election cycle of up to $57,500 for all contributions to party committees and PACs, with the remainder ($37,500) being an individual’s total allowed contributions to candidates (see table 6.1).

The new law actually encourages individual contributors to give to the parties by stipulating that $20,000 of the total $95,000 aggregate limit for individuals can be given only to political parties (Magleby, Monson, and Patterson 2005, 13). This incentive seems to have worked. Contributions at the maximum amount constituted a larger proportion of party hard money receipts than in past election cycles for all of the national party committees. For instance, 12.4 percent of the DNC’s individual contributions were at the maximum amount in 2004, up from 9.8 percent in 2000; similarly, 17.4 percent of the RNC’s individual contributions were maximum contributions, up from 6.5 percent in 2000 (Federal Election Commission 2005a). Of course, some of these individuals may have contributed large sums of soft money before and thus may have given even more before BCRA. Nevertheless, the party-friendly structure of the rules channeled some of that lost soft money to parties in a more open and controlled manner.

Parties raised more in small contributions as well. All of the national party committees raised more from individuals in 2004 than in past elections, and the Democratic committees in particular saw a surge in small contributions of less than $200 (labeled “unitemized” contributions in the Federal Election Commission records). In 2003–2004, the DNC raised $166 million in unitemized contributions, well above the $38 million they raised

| Table 6.1 New Contribution Limits under BCRA—Beginning January 1, 2003 |
|--------------------------|-----------------------------------------------------------------|
| Individuals              | • Contributions to candidates: $2,000\(^\circ\) per election (was $1,000) |
|                          | • Contributions to multincandidate committees (PACs): $5,000 (unchanged) |
|                          | • Contributions to state, district, and local party committees: $10,000 (combined) per year (was $5,000) |
|                          | • Contributions to national party committees: $25,000\(^\circ\) per year (was $20,000) |
|                          | • Overall limit on contributions from one person: $95,000\(^\circ\) every two years (was $25,000 per year); within this limit, however, only $37,500 may be contributed to candidates, and no more than $37,500 to other committees that are not national parties |
| Party Committees         | • National party committees: up to a total of $35,000\(^\circ\) to Senate candidates per six-year campaign (was $17,500) |
|                          | • All other contribution limits remain the same ($5,000 per election for House candidates) |

Source: Federal Election Commission n.d.

Note: \(^\circ\) Indexed for inflation; increases will be implemented during odd-numbered years starting in 2005 and will be in effect for a two-year period. See Jackson, Bigelow, and Green 2003 for a full discussion.

New Approaches to Party Fundraising

The national party committees used a variety of approaches to raise more hard money under the new fundraising rules. They asked current contributors for larger contributions; tapped partisan grassroots supporters for contributions; found new contributors, especially via the Internet; and hit up their own officeholders and candidates to contribute to their party. Both parties invested heavily in new computer technology for direct mail, Internet fundraising, and voter mobilization. The DNC spent about $15 million on such efforts. Its huge database of potential party contributors and voters was dubbed "Demzilla" by party operatives, and the RNC established a similar data program called Voter Vault.¹

The Internet proved to be an effective fundraising tool for the party committees, and one that involved very little cost, thus retaining nearly the full value of each contribution. While there is no reliable information on how much the parties raised from the Internet, it is safe to assume that at least some of the increase in small contributions came from increased online donating. The parties’ websites were set up to accept contributions, and they developed large e-mail lists of party supporters to solicit them for contributions directly and at a much lower cost than traditional direct mail or telemarketing fundraising. Of course, the parties still raised money the old-fashioned way—with mail solicitations, phone calls, and events—and these efforts benefited greatly from the larger and more sophisticated lists of contacts developed by the parties with the aid of advanced computer management systems.

The parties also stepped up their large contributor programs. The DNC established the "Presidential Trust" and enlisted some big-money fundraisers, the "Patriots," to raise at least $100,000 for the Democratic nominee.² The RNC invited the Bush team’s "Rangers" (who raised $100,000 for Bush) and "Pioneers" (who raised $200,000) to become "Super Rangers" by raising at least $300,000 for the party.³ Since BCRA permits individual contributions to a party committee of up to $25,000, raising these large sums for the party was quite a bit easier than raising large amounts for a candidate directly, which could be collected in maximum increments of only $2,000.

The Capitol Hill committees continued their programs that rewarded big contributors with access to party leaders. The NRSC’s "Majority Makers" gave $25,000 (the maximum) to the party committee and received an invitation to a private reception featuring President George W. Bush at Senate Ma-
majority Leader Bill Frist’s Washington-area home. The DSCC invited “allied lobbyists and consultants” (not the PACs they represent) to be on its “Majority Council” by making a $25,000 contribution from their personal funds in exchange for monthly meetings with Senate Democratic leaders.

A largely unanticipated source of increased funding for the parties was their own officeholders and candidates. While the parties have long asked their officeholders to contribute to the common goal of attaining or maintaining majority status (Kolodny 1998), the House and Senate party committees enhanced these efforts for the 2004 election. The law allows candidates and former candidates and officeholders to transfer an unlimited amount from their own campaign accounts to a party committee. Party leaders recognized this huge fundraising potential of their own colleagues. The 2003–2004 DCCC chairman, Rep. Robert Matsui (D-Calif.), remarked that “money from members is particularly important, because there [are] no costs of fundraising. . . . When a member gives a dollar, that entire dollar is spent on candidates, whereas with direct mail, there’s the cost of stamps and printing” (Carney 2004, 2170). This last fundraising avenue has significant implications for democratic accountability in American elections. Therefore, we will investigate it in some detail.

**Individual Candidates as Donors and Parties’ Collective Electoral Goals**

In 2004, parties expected their congressional members—incentive officeholders—to pay what are sometimes called “dues” to the relevant party campaign committee. The prescribed amount depended on the officeholder’s seniority, committee posts, fundraising history, and leadership positions. For example, the DCCC announced in early 2004 that it expected its 186 safe incumbents to transfer part of the $87 million in their campaign accounts to the campaign committee; it collected $18.3 million dollars from Democratic House members, up from $11.3 million in the previous election cycle. The NRCC received $20 million from its members, up from $13.8 in 2002. The Senate campaign committees did not levy formal dues, but their members nonetheless gave more generously in 2004 than in 2002. Representatives and senators gave more to their party committees in the 2004 election cycle in part because of BCRA’s increase in individual contribution limits (from $1,000 to $2,000 per election), which made it possible for them to collect more from individual contributors to their own campaigns.

The increase in contributions to party committees by incumbent members of Congress in the 2004 election cycle is part of a broader trend in the redistribution of campaign funds that began prior to the passage of BCRA. Members of the House increased their total contributions to candidates and party organizations from $27.3 million in 1996 to $73.6 million in 2004, an
increase of 170 percent. Senators redistributed fewer dollars but increased their giving even more rapidly than House members, by nearly 250 percent, from $8.1 million in 1996 to $28 million in 2004. Contributions from presidential candidates do not follow the same pattern—or seemingly any pattern. While giving $67 million in 1996, they decreased their donations to $30 million in 2000 and $38.8 million in 2004.

Total contributions by members of Congress grew dramatically between the 1996 and 2004 election cycles as party margins remained narrow and party leaders pressured members to contribute to the party’s collective electoral efforts (Kolodny and Dwyre 1998; Heberlig and Larson 2005). Party leaders increasingly sought to exploit Federal Election Commission regulations allowing federal candidates’ personal campaign committees (PCCs) to transfer unlimited sums of unobligated hard money to national party committees (11 CFR 1113.2). In contrast, contributions from PCCs to other candidates are limited to $1,000 per election, and contributions from leadership political action committees (LPACs) are limited to $5,000 per election.

To assess the effect of BCRA, we turn to a detailed analysis of contributions by chamber. Figure 6.3, which presents contributions by House members, shows steady growth of all types of contributions, except contributions from LPACs to the party congressional campaign committees (CCCs), which remain modest compared to other types of contributions. Of greatest interest are the contributions from PCCs to CCCs, which—absent any regulatory

Figure 6.3 Redistribution of Campaign Funds by House Members, 1996–2004

![Graph showing redistribution of campaign funds by House members, 1996–2004.](image)
limits—have increased more rapidly than contributions to candidates from PCCs or LPACs. Furthermore, contributions from PCCs to CCCs level off in 2002, then spike upward again in 2004 after the implementation of BCRA, which deprived parties of soft money and prompted them to seek new sources of hard money in large sums.

One would think that such a large increase in hard money contributions to the CCCs would impose substantial fundraising burdens on members of the House. Although it may, members of the House merely shifted the allocation of their party contributions (data not shown). In 2002, House incumbents gave $45.4 million to local, state, and federal party organizations, with $24.5 million (54 percent) going to the CCCs. Their contributions to local, state, and federal party organizations actually declined slightly in 2004, to $41.6 million. At the same time, however, their giving to the CCCs increased to $37.4 million. The CCCs now consume 90 percent of House members’ contributions to party organizations. House members helped the CCCs replace lost soft money with hard money at the expense of the state and local party organizations that had received this money in the past.

The redistribution of campaign funds by senators, like their House colleagues, has also increased steadily over the past decade. Senators traditionally have contributed the plurality of their funds to other candidates through LPACs. Though senators’ LPAC contributions increased apace in 2004, sena-

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**Figure 6.4  Redistribution of Campaign Funds by Senators, 1996–2004**

![Graph showing redistribution of campaign funds by senators, 1996–2004](image-url)
tors dramatically increased their contributions to the Senate CCCs through their PCCs. This spike in contributions to the CCCs mirrors the same increase in House contributions to CCCs. Though senators, unlike House members, increased their giving to local and state party organizations from 2002 to 2004 ($2.7 million to $4.7 million, the proportion of their overall party contributions going to the CCCs increased from 58 percent to 71 percent—similar to the trend among House members. Senators, however, appeared to shift PCC contributions away from candidates ($3.8 million in 2002 to $1.4 million in 2004) in order to increase their giving to CCCs (see figure 6.4). Like House members, senators are increasingly taking advantage of their ability to give unlimited contributions from their PCCs to national party committees, and in 2004, senators gave generously to help their party’s CCCs replace soft money banned by BCRA.

Furthermore, the percentage of representatives and senators who redistributed any campaign money continued to increase from 2002 to 2004, continuing the trend across the previous decade (from 80 percent in 1996 to 95 percent in 2004 in the House; from 25 percent in 1996 to 86 percent in 2004 in the Senate). The percentage of members contributing to the CCCs increased more dramatically (58 percent to 95 percent in the House; 18 percent to 90 percent in the Senate) than the percentage contributing to candidates, confirming the shift in the party orientation of giving. Senators illustrate these changes most dramatically. Senators’ participation rates had been level for several election cycles after 1998, with senators preferring to contribute to other candidates rather than the CCCs by more than 20 points in most election cycles. However, the proportion of senators contributing to the CCCs jumped dramatically from 61 percent in 2002 to 90 percent in 2004, surpassing the proportion who contributed to other candidates. The increased proportion of members contributing shows that the larger dollar amounts contributed are not merely the result of party and committee leaders contributing more, but of greater participation by the entire party caucuses.

An additional observation regarding participation rates is that a lower proportion of senators than House members have traditionally contributed, though senators nearly closed this gap in 2004. The typically higher levels of giving in the House suggest the greater strength of House party leaders relative to Senate leaders and the greater value of majority party control to House members than to senators.

Following BCRA, the story of redistribution activity is largely one of continuity. Contributions and the percentages of members contributing continued to climb, as they had across the previous election cycles. The critical change that BCRA has likely induced is greater giving to the CCCs as the parties sought to replace soft money with large hard money contributions. Members of the House complied by shifting contributions from state and
local party organizations to the CCCs. And since there is some evidence that individual contributors are more likely to give to a candidate than to a party in order to reap the benefit of a personal connection to an officeholder (Francia et al. 2003), legislators can raise money more easily than parties, which can offer only the collective benefits of party loyalty and majority status.

The parties’ presidential nominees also transferred large amounts to party committees in 2004, most of it from excess primary funds. John Kerry’s campaign gave $23.6 million to the DNC, $3 million to the DCCC, and $3 million to the DSCC (Federal Election Commission 2005a). Al Gore gave $1 million to the DCCC, $1 million to the DSCC, and $4 million to the DNC, most of it leftover from his 2000 presidential campaign. The Bush reelection campaign transferred $26.5 million to the RNC, $1 million to the NRCC, and $1 million to the NRSC (Federal Election Commission 2005b).

But with no other party leaders, such as a Speaker or floor leader, to coordinate their activities for the collective good of the party and to provide incentives for pro-party behavior, presidential candidates are idiosyncratic in their use of funds to assist other candidates and party organizations (ranging from the Clinton campaign’s contribution of $5 million to Steve Forbes’s contribution of $38 million, both in 1996). Though the contributions of individual presidential candidates vary considerably, the amounts can be substantial. In the presidential elections, the contributions of a few presidential candidates were more substantial than the contributions of all 100 U.S. Senate incumbents. As the leaders of the party ticket, presidential candidates overwhelmingly contributed their funds to party organizations, 99.5 percent, rather than to party candidates. In contrast, House members gave 77 percent of their contributions and senators 64 percent of theirs to party organizations across the five election cycles between 1996 and 2004.

Furthermore, presidential candidates may provide their most valuable assistance not by redistributing campaign funds directly but rather by appearing at candidate and party fundraisers and campaign rallies (Holbrook and McClurg 2005; Jacobson, Kernell, and Lazarus 2004). In 2004, moreover, Kerry and especially Bush engaged in substantial joint fundraising activities that helped their parties. The Bush campaign, for example, used joint fundraising committees in 2004 to help channel substantial sums of campaign money into the campaign accounts of nearly thirty Republican House and Senate candidates.8

Where Did the Money Go?

In 2004, the six national party committees spent a total of $1.2 billion, more than twice the $545.7 million spent in 2000 (Federal Election Commis-
sion 2005a). The Republicans spent $646 million (almost twice their 2000 spending) and the Democrats $570.5 million (approaching three times the figure in 2000). The DNC had the largest increase, a more than threefold increase to $389.8 million, while the RNC just doubled its expenditures to $382.6 million. The Capitol Hill committees showed similar increases: the DSCC more than doubled to $88.3 million and the DCCC nearly doubled to $92.4 million; the NRCC also nearly doubled to $184.7 million, while the NRSC increased by just half to $78.7 million. Clearly, BCRA did not restrict spending nor slow its rate of increase.

Spending to support candidates is the most directly relevant portion of party expenditures, and in 2004 such spending totaled $378.6 million. Here, the Democrats outspent the Republicans $218.6 million to $160 million. The Democratic advantage came from $120.5 million in independent expenditures by the DNC. In contrast, the RNC spent $18.3 million in independent expenditures, also chiefly in the presidential campaign. However, the RNC spent more than twice as much as the DNC in generic party ads, $45.8 million to $18.6 million. These expenditures were in addition to the coordinated expenditure $16.1 million for the presidential race (the maximum allowed by law). Expenditures by the Hill committees were more even. The DSCC spent $23.8 million compared to $28.6 million for the NRSC. Meanwhile, the DCCC spent $39.7 million and the NRCC $51 million. Here, too, independent expenditures ($122.3 million) were the largest source of candidate support, dwarfing coordinated expenditures and direct contributions combined ($20.8 million). Indeed, direct contributions to candidates were a tiny fraction of total candidate support (just $2.7 million in total).

On the expenditure side, one of the most significant effects of the BCRA was to change the avenue of party assistance from candidate-oriented issue advocacy to independent expenditures. Parties can still help their candidates by making direct contributions and coordinated expenditures in their races, but these types of spending have severe limits. Before BCRA, parties made issue advocacy advertisements, which were paid for with a mix of hard and soft money. Although these ads restricted the type of campaign language parties could use (that is, no “magic words” such as “vote for,” “vote against,” “support,” or “defeat” could be spoken or written), they could be paid for in a way that allowed parties to use generous amounts of unlimited soft money donations mixed with hard money. BCRA eliminated soft money as a fundraising stream for the parties, making issue advocacy a less attractive choice for the political parties. Without the ability to use easy-to-raise soft money, parties could use only hard money for unlimited independent expenditures. However, this category of spending does allow parties to use the magic words and explains why issue advocacy was entirely abandoned.

Money for independent expenditures is raised by the parties in limited, fully disclosed hard money donations, but independent expenditures allow
parties to spend in unlimited amounts. The only restriction is that parties
may not coordinate their efforts with the candidate they intend to help. For
this reason, parties stayed away from independent expenditures in previous
elections, even though they have been allowed to make them since 1996. The
law’s original authors did not mean for parties to have the use of unlimited
independent expenditures (making instead a unique category of limited “co-
ordinated” expenditures for parties), but parties won this role in the first of
two important Supreme Court rulings discussed below.

Colorado I

In Colorado Republican Federal Campaign Comm. v. Federal Election
Commission (518 U.S. 604 [1996]), known as Colorado I, the Colorado
Republican Party spent money to help a yet-to-be-named Republican U.S.
Senate candidate defeat Democratic candidate Tim Wirth. Because the ad
was really anti-Wirth and because the Republican primary had not yet been
held and hence no nominee selected, the party claimed this expenditure
could not be coordinated with the candidate’s campaign and therefore was
independent. Further, the party challenged the notion that there should even
be coordinated expenditure limits, arguing that the very basis of a political
party is different from any other political donor, as they are trying to pro-
mote a slate of candidates and not trying to lobby for particular votes or
policy outcomes. In Colorado I, the Supreme Court agreed that parties could
engage in independent expenditures. However, it remanded the argument
about parties and unlimited coordinated contributions to the lower courts.
The restrictions against coordination proved burdensome to the national
party committees, and they declined to make use of independent expendi-
tures, with the exception of a brief experiment by the NRSC in 1996. Issue
advocacy advertising under the soft money regime was preferable, as it
did allow some information sharing with the campaigns and central party
organizations.

Colorado II

In Federal Election Commission v. Colorado Republican Federal Cam-
paign Committee (533 U.S. 431 [2001]), known as Colorado II, the Court
upheld the constitutionality of coordinated expenditure limits on parties, ar-
guing that to take the limits off would invite wealthy donors to contribute to
parties with instructions that their contributions go to particular candi-
dates—a corruption of the party conduit (thus also called the “corrupt con-
duit” idea). The argument for the 5–4 majority opinion was that evidence
of a past tally system by one of the six national party committees, the DSCC,
in which the party organization kept track of donors’ wishes regarding how
their donations should be redistributed, was extrapolated to mean that taking the limits off coordinated spending would be the same as taking real contribution limits off wealthy donors (as if making a check out to a party committee would have implicit or explicit assumptions about the specific candidate or target of such a donation).

The majority opinion also addressed two other corollary arguments of importance. First, it acknowledged, as the Court had previously argued in *Buckley v. Valeo* (1976), that independent expenditures were not as helpful to candidates as coordinated expenditures and could even be harmful to them. The majority opinion quoted from *Buckley*:

Independent expenditures may well provide little assistance to the candidate’s campaign and indeed may prove counterproductive. The absence of prearrangement and coordination of an expenditure with the candidate or his agent not only undermines the value of the expenditure to the candidate, but also alleviates the danger that expenditures will be given as a quid pro quo for improper commitment from the candidate.10

Does the Court prefer that party spending end up being counterproductive to the candidate? The Court’s focus on the corrupting influence of donors is so intense as to preclude the harm that may come to the quality of democratic discourse by preventing parties from coordinating with their candidates. There are numerous examples of independent party campaigning (through both issue advocacy and independent expenditures) that have introduced themes unimportant to the candidates or made factual errors about candidates or their opponents.11 We would argue that these rushed, though well-intended, efforts harm not only the parties as viable electoral organizations but also perceptions of candidate competence and integrity (as voters normally do not distinguish among campaign appeals by source) and ultimately citizen interest in the political process.

The second problem in this reasoning, briefly considered by the Court, is the matter of large contributions or transfers from incumbent members of Congress or from prosperous nominees back to the party organizations. The parties argued that their coordinated expenditures amounted to very little compared to donations from incumbent members. The idea was that parties are at least as dependent on their officeholders for funds as on outside donors. But the majority opinion in *Colorado II* argued,

The Party again discounts the threat of outflanking contribution limits on individual and nonparty groups by stressing that incumbent candidates give more excess campaign funds to parties than parties spend on coordinated expenditures. . . . But the fact that parties may do well for themselves off incumbents does not defuse concern over circumvention; if contributions to a party were
not used as a funnel from donors to candidates, there would be no reason for using the tallying system the way the witnesses have described it. (sec. 5)

The Court does not answer the issue it addresses in *Colorado II* concerning the implications of party reliance on incumbent candidates for democratic governance. Instead, it moves back to its broader concern about parties as conduits for wealthy contributors.

**Independent Expenditures in 2004**

While party observers often lament how weak the parties seem to be (a debatable contention, to be sure), the prohibition on significant coordination with candidates during the campaign season is an extreme impediment to strong parties. Party organizations that have maximized the use of funds for independent expenditure investment, as the NRCC has, have also witnessed a growth in internal party cohesion in the legislature. While we do not contend that one behavior causes the other, the two are clearly correlated.

In a previous work (Dwyre and Kolodny 2006), we looked carefully at the spending in congressional races in 2004. Because independent expenditures, unlike issue advocacy, are fully disclosed, we can appreciate the magnitude of party investment in competitive races and compare it to the very modest effect of coordinated expenditures (see table 6.2). In House contests, sixty-one candidates received total party spending of $500,000 or more. This figure includes both coordinated and independent expenditures. Since the limit for coordinated spending was $73,000, most of the spending was done independently of the candidates—without their knowledge or consent. Interestingly, we found that seventeen of these candidates were outspent in their own races by national party organizations.

An analysis of Senate races yielded similarly surprising findings. In eight out of nine races considered competitive in 2004, the party committees

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**Table 6.2 Party Coordinated and Independent Expenditures, 2000–2004 (in millions of dollars)**

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spent between $1 million and $4 million in independent spending on behalf of their candidate. That parties did not exceed candidate spending in any of these races suggests only that Senate races are extremely expensive. In several instances, parties spent close to half what their candidates did.

The other big story was how the RNC and DNC spent independent expenditures on behalf of their presidential candidates. These committees were not previously allowed to spend independent expenditures, but were given explicit permission to do so in Federal Election Commission rules related to BCRA. The DNC made extensive use of this spending opportunity, using more than $120 million to help John Kerry’s campaign. The RNC did not use independent expenditures that much, only $18 million, but instead used a type of “generic” or “hybrid” spending in conjunction with President Bush’s reelection committee to allocate an additional $48 million to its candidate’s campaign (Dwyre and Kolodny 2006).

The State of Electoral Competition

Despite the record amounts of money the parties have poured into federal elections, the level of competition has not increased in congressional races. Indeed, the number of House and Senate races considered competitive has declined significantly since 1992, as table 6.3 shows (J. Campbell 2003). And the real action took place in only twelve states that were considered to be battlegrounds in the last presidential election. One might expect that the parties, more than other types of contributors, would be inclined to spread the wealth among candidates and thus make more races competitive, giving themselves a better chance of attaining majority status or enhancing their control of a chamber. Yet the parties have not behaved that way.12

Prior to the 1980s, the congressional campaign committees generally op-

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Table 6.3 Competitive Congressional Races, 1992–2004

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</tbody>
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erated as incumbent protection organizations, giving the majority of their funds to incumbents, most of them in safe seats (Kolodny 1998; Dwyre 1994). As the Republicans began to make some real gains in the House and the Senate (due in part to the realignment in Southern congressional elections), the stakes grew higher and both parties began to distribute their resources more strategically. That is, they directed funds to those candidates in the most competitive contests rather than to safe incumbents who really did not need the money (Dwyre 1994). As the number of competitive races dwindled (see table 6.3), party money went to fewer House and Senate contests.

It is rational for the parties to invest in those races where they have a real chance of making a difference, if their resources are limited. Yet party resources have grown (even under the new BCRA restrictions), and the parties are still not investing in the second-tier races. Instead, they are pouring even more into the handful of races and states deemed truly competitive. Since the parties are not spreading their resources around more widely, they have done little to enhance the level of competition in federal elections. Indeed, since many PACs and big individual contributors follow the parties’ lead, they too are directing their resources to those same few close races, leaving hundreds of candidates who might otherwise have a chance starving for cash.

**Conclusion**

In this chapter, we have established that parties’ fundraising abilities and expenditures were not hurt by BCRA as much as some feared (and some, like the RNC and DNC, even prospered) and that competition in national elections continues to decline despite the high levels of money present in the system. The political parties are clearly becoming more aggressive players in the electoral arena. Members of Congress are increasingly cooperating to elect fellow partisans by providing financial assistance to candidates and party committees. Moreover, rather than allocating money on their own, members are increasingly turning over campaign money to the party CCCs, which allocate funds to competitive campaigns (Damore and Hansford 1999; Herrnson 2004). Thus, member contribution activity is increasingly targeted at gaining or preserving majority control and the enhanced power that such control creates for all members of the party. Stronger congressional parties have led to more centralized efforts to coordinate and control party fundraising efforts among incumbents. BCRA has intensified these trends. It did not reduce the flow of money into congressional campaigns. Rather, the parties raised more money than ever, and members of Congress redistributed more than ever to the parties. Parties had come to rely on unlimited soft
money in the 1990s. With such funds banned by BCRA, the parties successfully exploited the ability of incumbents to help replace soft money with hard money. Members of Congress had increasingly redistributed campaign money as they responded to the pitched battle for majority control in the 1990s. But BCRA gave them an additional reason to share their campaign wealth. The evidence we have presented shows a clear shift toward contributions to the CCCs by members of both the House and the Senate in 2004.

Other important consequences of BCRA, we argue, are that forcing parties to act independently of their candidates instead of in a coordinated manner does not promote good democratic discourse and that the arguments for prohibiting parties from talking to their candidates are problematic. As there continue to be calls for further reform of the federal campaign finance system (e.g., to regulate the activities of the 527 independent groups), we expect that some in Congress, especially the party leaders, might call for taking the cap off of party coordinated expenditures on behalf of candidates as a more rational way to channel money in federal elections than independent expenditures. Some on the Supreme Court seem open to such a change. Moreover, if it can be shown that coordinated spending would allow parties and their candidates to efficiently pursue majority status and perhaps therefore to increase the number of competitive congressional races (even if this is merely a by-product), then perhaps even reform-oriented interest groups such as Common Cause and the League of Women Voters might get behind such a change in policy. We expect that both of the major parties would prefer unlimited coordinated over unlimited independent expenditures.

Further research covering more election cycles is needed to analyze more fully the relationship between party spending and competition. Of course, the parties will continue to target the most competitive races. But with the ability to coordinate with their candidates, and thus to have more reliable information and fewer wasted and ineffective efforts, the parties may become motivated to spread their resources more widely.

Notes

8. In contrast to 2004, when the Bush campaign conducted its joint fundraising operations mostly with federal Republican candidates, its joint fundraising efforts in 2000 were conducted almost exclusively with state and local GOP committees. Gary Jacobson (2006) argues that only one competitive congressional race, that of the U.S. Senate race in Kentucky on the Democratic side, was underfunded enough that more party investment could have made a difference in the outcome.

9. This is the argument behind the September 29, 2005, indictment against Rep. Tom DeLay (R-Texas) for evading Texas campaign finance law.


11. For example see the “Dictum without Data,” study published by the Center for the Study of Elections and Democracy at http://csed.byu.edu/publications.html.

12. One can make the case that competition in presidential elections has increased somewhat since 1992. But as with congressional races, the national parties have increasingly concentrated their funds in a few battleground states.