Super PACs and the Presidential Election

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If there's one thing we know about elections in America, it's that they cost money. How much money? Well, a U.S. House member's term is two years. Today the average winning House candidate spends about $1.4 million on his or her election campaign. To raise this much money in two years, a candidate has to raise over $1,900 every single day for two years straight. That's a lot of money! Now let's look at the Senate. In the 2012 elections, Senate candidates will have spent a total of $745 million. The average winning Senate candidate will have spent almost $10 million. To get this much money, a Senate candidate must raise almost $4,500 every day for six years. In short, running for office—especially high office—costs a lot of money.

Do you know about how much the candidates are on track to raise this year for the presidential election? Each candidate will raise about $1 billion, and outside groups will probably spend at least another $1 billion. I'll bet many of you have received emails from these guys asking you to donate three dollars. Hardly anyone does it, but enough people do to make it worth the candidates' time and trouble.

It's not just the high offices that cost a lot of money. Recently, I saw a story about a man who spent $175,000 to become the mayor of Macon, Georgia! My best estimate suggests that in the 2012 election cycle, candidates for all offices will have spent over $7 billion.

So what do candidates spend all this money on? First, there's advertising. Candidates advertise anywhere they can—on television, on radio, on billboards, via email, via the Internet, and through direct "snail mail." And of course, candidates spend money on bumper stickers and signs, which are low-tech advertisements. Second, candidates spend money on staff. The richest candidates—especially candidates for president, governor, and Congress—hire a lot of people. They may hire dozens of staff members, including a pollster, several consultants, a volunteer coordinator, and a campaign manager. Third, there is travel. If a candidate is running for nationwide or statewide office, he or she probably will spend a lot of time and money travelling. If you are the president of the United States and you are running for reelection, for example, not only do you have to keep doing your job in D.C. as president, but you have to fly to Akron, Ohio on a moment's notice to campaign.

Data show that the cost of elections is rising quickly. One of the reasons for this is that television advertising is expensive, and more and more candidates are using it. Interestingly, one of the results of the increased use of television is that media companies and owners tend to dislike campaign finance regulations. The more money there is in our elections, the more money media companies stand to earn. One of the interesting implications of our system is that people running for president are spending more and more money in fewer and fewer places. In my home state of Tennessee during the general election, for example, neither of the presidential candidates has spent any money. They are focusing on a handful of states, including Pennsylvania and Ohio, where the election will be close.

I'm here today to talk a bit about the role of interest groups in elections. I know the title of my talk refers to Super PACs specifically—which I will cover—but actually I am here to talk about interest group involvement in elections more generally. When we talk about campaign money—that is, the money that goes to candidates or is spent on behalf of or in opposition to candidates—there are several major sources. Most people believe that a great deal of campaign money comes from groups they call "special interests." But data show that in virtually all types of elections, most money comes from individuals. The media tend to focus on the money that comes from interest groups and their PACs, but these groups actually play a minor role in our elections relative to regular people like us. In short, I want to reiterate: individuals are by far the most important sources of money for campaigns.

Interest groups, however, *are* involved in our elections. Our campaign finance laws are very complicated, and to add to the confusion, they differ from place to place. The basics are similar almost everywhere, but the details often differ. At the federal level and in states and localities, campaign finance tends to be regulated. To understand how, I will talk for a moment about federal campaign finance regulations. Many states have very similar rules, but please remember that the details in your state may differ.

First, at the federal level there are contribution limits. In short, there are limits on how much money an individual or an eligible organization can contribute directly to a candidate or another political organization. Currently, that limit for individual donations to candidates is $2,600 per candidate per election. The limit for a political action committee is $5,000 per candidate per election. Most states have contribution limits similar to these. Second, there are disclosure requirements. This means that candidates for federal office must disclose to the federal government—the Federal Elections Commission (FEC) specifically—where they get their money and how they spend it. Disclosure requirements are designed to increase the transparency of our elections and to decrease corruption. The FEC makes this information publically available on its website. Third, at the federal level the FEC enforces campaign finance regulations. States and many localities have analogous agencies.

Now let's get a little deeper into the role of interest groups in our elections. At the federal level and in most states, interest groups are not allowed to give money directly to candidates. AT&T, for example, is not allowed to give Mitt Romney money. It's against the law. But AT&T *does* give him money. The question is, how does the company do it? And the answer is, AT&T forms a political action committee—a PAC. The laws are quite complicated, but the basics are not. ExxonMobil cannot take money from its corporate treasury and give it to Mitt Romney. It can, however, form a separate, affiliated organization called a PAC and contribute money to Mitt Romney. The money in this PAC comes from individuals, most of whom are associated with the company.

In short, interest groups do not contribute money directly to candidates, their PACs do. The people who designed this system basically thought, "We don't want rich and powerful interest groups dominating our elections; we want elections to be about individual citizens." Making contributions through their PACs is the most common way that interest groups engage in electoral activity, but there are also other ways. For example, since the *Citizens United* (2010) ruling by the Supreme Court, interest groups increasingly have spent money on behalf of (or in opposition to) candidates for office. In practice, this means that certain types of interest groups—primarily business firms, labor unions, trade associations, professional associations, and "public interest groups"—can advertise on behalf of their favored candidates. So AT&T, for example, can give Mitt Romney money via its PAC—but the amount it can give is limited—and AT&T can also advertise on his behalf. This "independent spending" has exploded since *Citizens United*, though the truth is that there were ways for interest groups to inject large sums of money into our electoral process even before the decision.

My students sometimes ask, where do Super PACs come in? Basically, Super PACs work like this. At the federal level and in most states, the amount that an individual or organization can give to a PAC is limited by law. And the limits tend to be rather low. But the amount that an individual or organization can give to a Super PAC—otherwise known as an "independent expenditure only" PAC—is unlimited. Super PACs are required by law to disclose their donors and their expenditures, but they can take unlimited amounts of money from many sources, including individuals, some business firms, labor unions, some "public interest" groups, and trade and professional associations. And they can spend unlimited sums of money helping the candidates they like and/or trying to defeat the candidates they do not like. Super PACs cannot, however, contribute money to candidates, as regular PACs can. And Super PAC contributions cannot be coordinated with candidate spending.

All of the media attention to PACs tends to overshadow the fact I mentioned earlier, which is that individuals still dominate campaign finance in the United States. In other words, most of the money spent on elections in this country still comes from individuals, much of it in small amounts given directly to candidates. The amounts of money spent by organizations, especially interest groups, are increasing, but individuals still dominate campaign giving and spending. Many people worry that soon this will no longer be the case, as interest groups become more and more involved in our elections. Only time will tell if interest groups will overwhelm individuals in our elections. I, for one, hope that this does not happen.

In closing, I want to note that I have only really begun to scratch the surface, as they say. I have given you some basic facts about campaign finance in the United States, but there is a lot more to say. Unfortunately, I do not have the time to say it! For now, there are a few big takeaway points that I would like you to remember. First, PACs are still the primary means by which interest groups engage in electoral activity. Second, individual donors still dominate campaign finance in this country. Third, interest groups can engage in electoral activity in a large variety of ways, many of which I did not discuss today. A thorough examination of interest group electoral activity would consider voter mobilization drives, interest group voter guides, Section 527 political organizations, and spending by 501(c) non-profit groups. Finally, campaign finance law is enormously confusing and complicated. Moreover, it changes all the time. So keep your eyes and ears open!