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Are Federal PACs Obsolete?

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In the wake of *Citizens United*, political action committees (PACs) face new sources of competition from super PACs and 501(c)4 social welfare organizations and 501(c)6 professional associations for both donor contributions and electoral influence. Using itemized and summary committee files from the U.S. Federal Election Commission, I investigate factors that predict PACs' fundraising success between 2008 and 2014 and I examine the impact of PAC contributions on House candidates' vote margins since 1992. While I uncover evidence of PAC fundraising challenges that may relate to growing competition from other groups, I also find PAC contributions to House candidates have increased in importance. Taken together, the results suggest PACs continue to occupy a vital niche in campaign financing.

Key Words: PACs, campaign finance, House campaigns, fundraising

Political action committees (PACs) constitute the second largest source of campaign money in congressional races (Herrnson 2012). Yet as a consequence of the Supreme Court's ruling in *Citizens Unite*d sanctioning the ability of independent expenditure only groups—primarily super PACs and 501(c)4 social welfare organizations, 501(c)5 unions, and 501(c)6 professional associations—to raise and spend money in unlimited amounts to influence federal elections (Smith and Powell 2013; La Raja 2014; 558 U.S. 310, 2010), PACs face new sources of competition for both donors' dollars and electoral influence. Additionally, *Citizens United* created an asymmetric regulatory regime in which PACs, unlike the aforementioned groups, remain subject to constraints on their fundraising as well as a set of reporting requirements that 501(c)4, 5 and 6 organizations can largely avoid and super PACs can skirt in some instances. While PACs remain the only interest group organizations that are able to contribute funds directly to federal candidates and while they now have a legal option to maintain their own soft money independent expenditure accounts, legal restrictions on their fundraising may hamper their ability to influence federal elections to the same extent as the less fettered super PAC and 501(c)4, 5 and 6 organizations. And although many interest groups now maintain a PAC along with a super PAC or even a related 501(c)4 social welfare organization, the question remains as to whether PACs' fundraising and related influence in elections have been affected because of these developments.

As the creations of the amended Federal Election Campaign Act of 1974 (FECA), for many years PACs remained the only vehicles for interest groups to raise and spend money to influence federal elections (Magleby and Goodliffe 2014). Since the implementation of FECA, PACs must report all of their activities to the U.S. Federal Election Commission (FEC). From a democratic perspective, they are ideal because they operate in relative transparency. And although they contribute money to federal candidates to gain influence over both election outcomes and elected officials' behavior in office, their ability to disproportionately influence elected officials is curbed by legal contribution limits on fundraising and giving. While these features now place them at a fundraising disadvantage relative to other groups, they are advantageous with respect to the maintenance of democratic elections and representation. If super PACs and 501(c)4 and 501(c)6 organizations eventually supplant PACs, there will be even less transparency in campaign finance. Moreover, candidate campaigns will lose an important source of hard dollar funding that they now need more than ever to maintain their own spending in elections in which super PACs, 501(c)4 social welfare organizations, and 501(c)6 professional associations now dominate and in which candidates' parties face similar handicaps to federal PACs under the remaining components of campaign finance laws (La Raja and Schaffner 2015).

This study investigates the fundraising capacity of PACs relative to other interest group vehicles and the impact of PACs' financial support of House candidates overtime. First, I examine the determinates of PAC fundraising because so little is known about what leads donors to contribute to one PAC versus another. I test whether federal PAC contributions from individual donors are dependent upon the PACs' connections to affiliated groups, the PAC's prominence in the media, the PAC's connections to a party network, the PAC's ability to raise soft money in congressional races, among other characteristics predictive of a PAC's fundraising success. I also examine changes in these characteristics overtime and look for indications of rising competitive pressures on PACs' fundraising. Second, using a matching analysis, I investigate whether PAC contributions to House candidates have the same, lesser, or greater impact on House candidates' vote margins before and after the changes in campaign finance law introduced by the Bipartisan Campaign Reform Act of 2002 (pre-BCRA and post-BCRA eras) and subsequent Supreme Court rulings. The most important advantage PACs retain is their singular ability among interest group vehicles to contribute directly to candidates. Given that parties face fundraising constraints, there is reason to expect congressional candidates have become more dependent upon direct hard dollar contributions from PACs (La Raja and Schaffner 2015). Thus, an examination of whether the impact of PAC support has changed is critical for determining changes in their influence relative to other groups and their influence relative to political parties—which serve as the other primary vehicle for channeling hard dollars to candidates. Third, I examine a variety of descriptive statistics as well as the average cost per dollar raised overtime for evidence of rising fundraising competition between PACs and super PACs.

The results suggest PACs face new sources of financial competition but have done well by raising record amounts of hard dollars. I also uncover evidence that PAC contributions are more important than ever to the campaigns of non-incumbent and incumbent House candidates in the post-BCRA era. The analyses suggest PACs continue to occupy an important niche in campaign financing.

Regulations, PAC Fundraising, and Electoral Impact

Although PACs' greatest advantage stills lies in their ability to provide funds directly to federal candidates, those funds must be collected from individuals and other political groups in legally limited amounts. Using those hard dollar receipts, PACs may only contribute a maximum of $5,000 to each federal candidate per calendar year (Herrnson 2012). While many PACs bundle individual donor contributions to receive credit for raising the funds they distribute to campaigns and other political groups thereby circumventing their own direct contribution limit, they must still collect those funds in legally limited increments (Marshall 1997)—those limits range from $2,300 per election in 2008 to $2,600 per election in 2014 as the rates are subject to adjustments for inflation. In contrast, super PACs, and 501(c)4 social welfare organizations, 501(c)5 unions, and 501(c)6 professional associations can raise unlimited amounts of money so long as their expenditures are made independently from candidate campaigns (Taylor and Holman 2010; Smith and Powell 2013). With respect to fundraising, these groups can approach a single donor for a donation of any size. In 2014, they raised an average reported contribution of $15,323.

PACs must also report all of their financial activity, including individual receipts over $200, and all of their expenditures, including general operating expenditures, to the U.S. Federal Election Commission (FEC). Super PACs must register with the FEC and are subject to the same disclosure requirements as other committees (Smith and Powell 2013). 501(c)4,5 and 6 groups are required to report electioneering communications, which are advertisements that could be reasonably interpreted to be express advocacy for or against a federal candidate (even if specific advocacy language is avoided) within 30 days of a primary or within 60 days of a general election, to the FEC (Taylor and Holman 2010; Barker 2012). Both super PACs and the aforementioned 501(c)4,5[1] and 6 groups are also required to report other independent expenditures that are made expressly in support of or against federal candidates to the FEC (Barker 2012).

[1] Unions (501(c)5s) can also raise and spend independently in unlimited amounts but must publicly report itemized disbursements to the Department of Labor.

However, both super PACs and the aforementioned 501(c) groups have found ways to circumvent these reporting requirements by running issue ads that avoid specific candidate advocacy language, running ads outside the reporting windows, by asking donors not to earmark donations in support of a particular federal candidate for electioneering communications, among other evasive tactics (Barker 2012; Maguire 2016). Moreover, 501(c) groups can keep their contributors anonymous as they are not required to report itemized fundraising receipts to the FEC (Taylor and Holman 2010; Smith and Powell 2013; La Raja 2014). Super PACs have also found ways to protect donors' identities by relying upon intermediary organizations to channel funds from donors to their coffers (Garett 2016). Finally, some groups that file with the Internal Revenue Service simply choose not to report any expenditures to the FEC even though their taxation registration as a 501(c)4 organization signifies they should (Barker 2012).

PACs must now compete for donors with groups that enjoy considerable fundraising advantages and, in some instances, a lighter regulatory burden. Although some PACs are indirectly linked to such groups through affiliated parent organizations, they still must raise funds independently and they must do so by raising contributions in legally limited amounts and report those contributions to the FEC. In 2011, non-connected PACs successfully sought and gained the ability to raise and spend unlimited amounts of soft money as long as it was kept in a separate account from hard dollar federal receipts (see *Carey v. FEC*, Civ. No. 11-259-RMC (D. D.C. 2011)). Nevertheless, non-connected PACs must also pay for their operating expenses out of the donations they collect and continue to report all receipts and expenditures to the FEC. Despite the gains for some PACs under *Carey*, PACs' fundraising handicaps could still hamper their relevance in the post-*Citizens United* regulatory environment. However, there are major gaps in our understanding of PAC financing that must be addressed before an assessment can be made of how well they financially faring in comparison to these groups.

A review of previous studies suggests there are lacunas in the literature with respect to what predicts PAC fundraising success overtime and whether the impact of PAC contributions in federal elections has changed overtime. The determinants of PACs' fundraising success have received scant attention in the political science literature making it difficult to rely upon previous work for predictions as to whether their financial clout may have changed as a consequence of alterations in campaign finance law. Wilcox (1989) examines PACs organizational characteristics, including the type of PAC, its membership size, age, and the presence of an office in Washington D.C. but did so in relation to their contribution behavior rather than fundraising success. Masters and Baysinger (1985) provide the most comprehensive study to date. Using a two-stage regression model, on the one hand, they investigate whether PACs connected to corporations with larger numbers of employees, assets, profits, and a history of PAC activity in previous election cycles (modeled as dummies for those cycles) are able to raise more money overall. In the second stage, they also analyze whether industry concentration, the percentage of unions in the firms' industries, the percentage of product purchases by the federal government, and the degree of industry regulation impact PAC fundraising outcomes. They find the firm's assets, profits, size, and PAC history all positively increased the PAC's receipts as do unionization, the degree of regulation, and the federal government's purchases of industry goods and services.

As suggested by Masters and Baysinger (1985), the PAC's fundraising capacity rests largely upon its donor base—in their study, connected PACs linked to corporations with more employees raised more money. Consequently, PACs with ideological membership bases, such as the National Rifle Association and EMILY's List, and built-in membership bases, such as unions and professional associations, should enjoy greater fundraising advantages (Rozell, Wilcox and Madland 2006). On the other hand, Eismeier and Pollock (1985) point out that PACs "need and get less commitment and participation from 'members'" than other types of organizations (193). Although few political science studies examine PAC donor characteristics (see Francia, Herrnson, Powell and Wilcox 2003; Sorauf 1984 for exceptions), "what evidence there is suggests low engagement" (Eismeir and Pollock 1985, 195). Of course, engagement may vary with the organization's prominence and apparent effectiveness. In interviews with PAC managers, Eismeir and Pollock (1985) found PAC donors care about the PAC's record of making a decisive difference in close congressional races and in backing winning candidates. Thus, the PAC's candidate support and its reputation may also factor into its fundraising success. Finally, there is evidence a PAC's connection to other interest groups and to the major parties can impact this success. Baker (2014) demonstrates there is a multiplier effect associated with PAC contributions to congressional candidates in which parties and allied PACs work together to channel contributions to important races—although the degree to which parties shepherded PAC funds to candidate campaigns declined in the post-BCRA era as parties shifted their spending strategies to target fewer races, devoted more resources to independent spending, and increased spending late in the election cycle (Baker 2014).

Fewer studies investigate whether PAC contributions have any direct impact on election outcomes even at the margin. Alexander (2005) finds a positive correlation between the total PAC contributions raised by the campaign and the candidate's share of the major party vote percentage. Biersack and Viray (2005) qualitatively evaluate the electoral impact of four major interest groups, the National Rifle Association, NAACP, AFL-CIO, and Americans for Job

Security in the 2000, 2002, and 2004 elections. They connect PAC contributions and expenditures with positive electoral outcomes (Biersack and Viray 2005). While a single PAC contribution is unlikely to have much of an effect because it is limited to $5,000 per election (the primary and general count as separate elections), the sum of PAC contributions that make up the candidate's campaign treasury not only suggests the candidate boasts a solid fundraising base, particularly if that candidate is a non-incumbent, but also suggests that candidate is connected to a broader network of donors (Herrnson 2012). Additionally, hard dollar contributions are still a sought-after resource in federal elections.

PACs' Unique Niche in Campaign Financing

The primary advantage that PACs retain in the post-BCRA era is the same advantage they had in the pre-BCRA era, namely their ability to contribute money directly to federal campaigns. Federal candidates continue to rely upon this money to get elected and they can only accept hard dollar contributions under campaign finance law. For this reason, I hypothesize the degree to which the PAC is involved in federal races and the number of races the PAC typically supports might be factors that draw donors to contribute (see also Eismeir and Pollock 1985 above). Although in contrast to the limited hard dollar support PACs can provide, super PACs and 501(c)organizations (IE groups) can spend unlimited amounts of money independently in support of or in opposition to candidate campaigns, the utility of these funds for candidate campaigns is suspect (Baker 2015a; La Raja and Schaffner 2015; Malbin and Glavin 2018). La Raja and Schaffner (2015) point out that "decisions about the use of the marginal dollar cannot be made when campaign organizations are legally cordoned off from one another and each IE group has already allocated its money to be spent on a particular activity" (130). They go on to argue “the emphasis on IEs entails an emphasis on TV” rather than “grassroots efforts” (130), which are central to campaign success. As a consequence, I do not expect PACs’ status as a *Carey* PAC will increase their success in raising hard dollar from donors. Donors hoping to provide support that goes directly to candidates will contribute to PACs or candidates. Donors wishing to engage in independent spending will give elsewhere.

Additionally, there are other resources that traditional federal PACs can provide to candidates that most super PACs and 501(c) social welfare organizations typically do not. As La Raja and Schaffner (2015) point out, in addition to campaign money, large and active membership bases, “especially those that are distributed broadly throughout the nation, [are] valuable because it provides [politicians with] direct access to voters” and “endorsements from groups that are viewed positively by many voters” (18; Rozell, Wilcox and Madland 2006). Interest groups with membership bases are also more likely to make endorsements, which have been shown to increase non-incumbent candidates’ fundraising gains from donors (Baker 2015b). For all of these reasons, I predict PACs with a membership base will enjoy greater hard dollar fundraising success.

In contrast to many of the newly minted super PACs and 501(c) social welfare organizations, many federal PACs have existed for long periods of time and, therefore, have established reputations and names that are recognizable information shortcuts for voters and donors alike (Baker 2015b). Thus, I expect PAC fundraising success will be positively related to the reputation of the PAC as measured by mentions in prominent media sources (see variable specification below).

Finally, whether the PAC contributes to one set of party committees and does not contribute to the other party, might also be an indication of the PAC’s integration into party networks and access to party donor bases—factors which should positively impact PAC fundraising success. Parties have a long history of alliances with particular PACs, which are considered to be part of the extended party network (Herrnson 2009; Koger, Masket and Noel 2009)—there is good reason to believe such alliances may entail channeling funds to allied PACs as well as channeling PAC funds to candidates. The PAC's status as a Leadership PAC is similarly expected to increase its fundraising appeal with donors seeking influence because those incumbents with Leadership PACs often either have party leadership positions or have aspirations of obtaining party leadership positions.

Aside from PACs, political party organizations are the only other financing vehicle that can engage in hard dollar contributing. La Raja and Schaffner (2015) theorize legal constraints on parties' financing post-BCRA have led candidates to rely upon other sources of funds particularly those supplied through "policy-demanding" interest groups (90). And they argue changes in the law that incentivized independent spending have also shifted power dynamics within party coalitions providing an upper hand to ideological purists who are more likely to engage in independent spending because they do not fear public backlash for their views (128). Hence IE groups allow purists to avoid the "moderating mediation of the party organizations" (128).

In addition to advantaging super PACs and other IE groups, weakening party influence could also elevate the importance of PAC support for candidates particularly as politics becomes more polarized and more moderate candidates fail to win seats in Congress (La Raja and Schaffner 2015). As La Raja and Schaffner (2015) argue, legal "constraints on parties enable partisan interest groups to assume a large and less constrained role in elections" (5). There is also evidence that the alliances between parties and allied PACs weakened between the pre-

BCRA(1992-2002) and post-BCRA eras (2004-2012) (Baker 2014). Parties have increasingly utilized independent expenditures to redress their spending disadvantages in comparison to other IE groups and this undermines their ability to cooperate with allied PACs because under law they must avoid coordination (Baker 2014). Additionally, in an effort to efficiently target more of their resources to the congressional races in greatest need, parties supported dramatically fewer congressional candidates in the post-BCRA era than they did in the pre-BCRA era—between 1992 and 2002 they made direct contributions to almost half of nonincumbent House candidates who ran but after 2002 they directly contributed funds to only 137 nonincumbent House candidates out of the 2,180 who ran (Baker 2014). It is possible such strategic choices by parties led a majority of federal candidates to rely more upon PAC support as a source of hard-dollar funds in the post-BCRA era. For all of these reasons, I expect the positive impact of PAC support on candidate vote margins to strengthen between the pre-BCRA and post-BCRA eras.

Data and Methods

Both the capacity of PACs to raise hard dollar contributions from donors and their ability to influence House elections are examined in the models to follow. Data are obtained from the U.S. Federal Election Commission's individual contribution, itemized committee, PAC summary, and candidate summary files. The fundraising models utilize contribution and PAC summary data from 2008 to 2014 and the electoral impact models rely upon campaign finance data from 1992 to 2014. Joint fundraisers are excluded from the PAC fundraising models. However, leadership PACs as well as connected and unconnected PACs are included.

The dependent variable in the OLS fundraising models is the total hard dollar contributions from donors to PACs in thousands of dollars. Calculations are made using the individual contributions to committee files (2008-2014). These totals as well as all other monies in this model are adjusted to be in 2008 constant dollars to facilitate comparison across different years. Characteristics predictive of PAC's successful fundraising from individual donors are included as independent variables in separate regression models for each of four election cycles: 2008, 2010, 2012, and 2014. The goal of this analysis is not only to examine the importance of each characteristic but also to determine whether the significance of each characteristic changed overtime.

The degree to which an interest organization successfully influences elections corresponds strongly to its reputation and status as a public representative for particular constituencies (Grossman 2012). As a consequence, an organization's prominence likely affects its ability to fundraise from donors. As a measure of organizational prominence, media mentions of each PAC are tabulated from three Washington news sources—*The Hill*, *Washington Post*, and *Roll Call*—between January 1, 2004 and November 31, 2014 (*PAC Mentions*). The construction of this variable follows the method used by Grossman (2012) to develop a media prominence measure of interest group influence. Lexus Nexus searches were conducted and duplicates eliminated using Excel for registered PACs in 2008, 2010, 2012, and 2014.

In addition to prominence, organizations featuring established membership bases have a ready-made donor pool to facilitate fundraising goals (Rozell, Wilcox and Madland 2006). The PACs of unions and trade associations, and PACs with memberships, such as EMILY's List, fall into this category and are coded 1, 0 otherwise (*Membership Base*). Similarly, interest groups with strong ties to party organizations may be better connected to party donor bases. As a consequence, PACs that contributed to any of the national party committees and that did not contribute to both parties are identified as party allies and are coded 1, 0 otherwise (*Party Ally*).

To capture the PACs involvement in congressional elections, I include the number of congressional candidates to which the PAC made a direct contribution in each of the four election cycles included in this analysis. I also include a dummy indicating if the PAC is a Leadership PAC. Finally, PACs with a separate segregated soft money account, also known as *Carey* PACs, are coded 1 and 0 otherwise (*Carey*). Robust standard errors are utilized to address slight heterogeneity in the error variances.

A matching technique called coarsened exact matching (CEM) is utilized for the second set of models assessing the influence of PAC money on House candidates' electoral margins (see Blackwell, Iacus, King and Porro 2009). Like other matching procedures, CEM matches House candidates who received above median PAC support with similar House candidates who did not receive the same degree of support thereby mimicking assignment of subjects to treatment and control groups in experimental studies. Separate matching analyses are conducted for non-incumbents and incumbents and different controls are included in each respective set of models. Additionally, the data are separated into two time periods, the pre-BCRA (1992-2002) and post-BCRA eras (2004-2014), with matches made separately in each time period. All financial variables are placed in 1992 dollars to facilitate comparisons across time periods and matches within each time period. Mimicking experimental designs, the primary independent variable is dichotomous (*Treated*) using different cut points by era and type of candidate. In the pre-BCRA era, the cut points for median PAC support are $321,878 for incumbents and $12,000 for non-incumbents. In the post-BCRA era, the cut point for the treatment of median PAC support was $797,035 for incumbents and $13,688 for non-incumbents. House candidates are matched prior to analysis using a range of characteristics and contextual variables, each of which is coarsened into meaningful categories prior to matching—this is primarily done by examining the distribution of each variable. These matched cases along with their uncoarsened original covariate values are retained and observations that do not have a match within the strata, which the algorithm creates, are dropped. CEM generates the test statistic L1 (ranging from 0 to 1, with 0 indicating complete balance and 1 indicating complete imbalance). This statistic and the match rates are used to assess the balance between the treatment and control groups.

After the matching analysis, to calculate the sample average treatment effect on the treated (SATT) a simple OLS regression of the treatment dummy on the House candidates' vote margins including the strata-based weights generated by the CEM logarithms is performed. The House candidate's victory or loss margin is expressed as a percentage (*Vote Margin*). The treatment is whether the candidate received above median PAC support or not (see above) from all types of PACs as reported in the campaign summary files.

Non-incumbents House candidates and House incumbents are separately matched with other non-incumbents House candidates and House incumbents using variables which previous studies suggest are predictive of their electoral success. As a consequence, the covariates used for matching slightly differ in each set of models. Non-incumbents are matched based upon their political party (*Republican*) and whether or not they ran for an open-seat (*Open*). The quality of the candidate is controlled for using a dummy indicating whether the non-incumbent House candidate held previous elected office (Abramowitz 1991; Herrnson 2012). Since constituent ideological preferences in general are such strong predictors of who chooses to run and who gets elected (Jacobson and Kernell 1981), district ideological preferences are added using the percentage of the two-party presidential vote received by the Democratic candidate (*Dem Pres Vote Share*). A dummy variable is also included to represent the vulnerability of the House incumbent, or open-seat opponent, based upon *Rothenberg's* ratings of House races

(*Vulnerable*). Additionally, a number of financial variables are added to the models. The non-incumbent's receipt of party contributions can influence their vote margin and likelihood of winning: party direct and coordinated contributions are added together and party independent expenditures on behalf of the candidate are separately employed for matching as each may have distinct effects (La Raja and Schaffner 2015; Baker 2015a). Total contributions from individual donors and independent expenditures by groups other than PACs are also coarsened separately for the matching analysis. Independent expenditures in support of the candidate are already associated with the candidate's FEC identification number in the FEC's summary files. However, independent expenditures against the candidate rather than against the candidate's opponent are also coupled with each candidate's identification number. Thus, in order to determine which independent expenditures were made against the candidate's opponent thereby helping the candidate in question, it was necessary to reorganize the data. The covariates used for analysis are subsequently the independent expenditures by parties or interest groups conversely, that were made in support of the candidate combined with the independent expenditures made by parties or interest groups against the candidate's opponent in the race. The party and interest group independent expenditures covariates are separate totals. Finally, the candidate's total disbursements are also included as previous studies suggest candidate expenditures may affect whether the campaign is successful or not (Gerber, 1998; Green & Krasno 1988)

Incumbents are matched according to their seniority, political party (*Republican*), a dummy variable representing Rothenberg's rating of their race as competitive or not, the Democratic presidential vote in their district, and whether they face a quality challenger or not. Their total individual contributions and party contributions (direct and coordinated) as well as party independent expenditures and total independent expenditures by other groups (as above) are used as separate covariates in the matching process. Lastly, incumbents' total disbursements are also utilized to make matches.

To compare PAC and super PACs fundraising[2], I examine their sources of revenue in constant 2008 dollars in Figure 1. All data are gleaned from the FEC's summary and itemized committee contribution files. I also analyze the cost per dollar raised overtime for both PACs and super PACs in Figure 2. These calculations were made using the FEC's operating expenditure files and total receipts from the committee summary files (2008-2014). As PACs and super PACs do not consistently apply the codes for fundraising that are requested but not required by the FEC, it was necessary to review the operating files on a line item basis using the descriptions for each line item as well as the vendors to determine which line items constituted fundraising costs. A discussion of the elimination process can be found in the Appendix.

Results

The results of the PAC fundraising models are displayed in Table 1. A glance at the table shows the characteristics of the PAC that significantly predict total fundraising from donors change overtime. The number of times a given PAC is mentioned in the Washington media significantly increases PAC fundraising from individual donors in 2008 and 2010 but the

[2] 501(c)4 and 501(c)6 organizations only report summary revenue totals to the Internal Revenue Service. These groups engage in politics to a varying degree that is not simply represented by their tax classification. Cross referencing IRS reports with FEC reports would not provide an accurate assessment of which groups engaged in spending to influence elections as some 501(c)4 and 6 organizations choose not to report to the FEC even though they should (Barker 2012). As a consequence, gaining accurate revenue totals for politically active 501(c)4 and 6 groups is not feasible and gaining totals by revenue source (which are not reported anywhere) would be impossible.

significance of the effect disappears after that. In 2008, each media mention is worth an estimated $1,966 to the PAC, all else equal, and in 2010 each mention is worth $2,615. But by 2012, media coverage does not exert a significant effect on donor receipts. The number of federal candidates the PAC supported significantly increases individual contributions to the PAC in all of the election cycles. In 2008, each additional candidate results in a predicted $1,786 in donor receipts, all else equal. The amount climbs in each subsequence election cycle. For each candidate in 2010, the PAC is predicted to receive $1,937 more in donor receipts; in 2012, the PAC receives $2,176, and in 2014, the PAC receives $2,845, all else equal. A membership base also significantly increases donor contributions to the PAC by a predicted $34,970 in 2012 and $46,480 in 2014—with the significance of this variable increasing between these two election cycles. However, the presence of a membership base does not significantly impact fundraising from donors in 2008 or 2010. Both of these developments will be discussed below as they could be indicators that PACs are facing new competitive pressures from other groups.

<Insert Table 1 about here>

The PAC's ties to the party only significantly increases fundraising in 2010. In that year, a PAC, which contributed to at least one of the parties' national committees (and not to committees of both parties), is predicted on average to enjoy an additional $169,100 in revenue from donors. This result suggests the alliances between PACs and parties are likely better reflected in their mutual support of congressional candidates more so than monetary support of one another. Previous work suggests parties played an important role in terms of channeling PAC money to important congressional races in the pre-BCRA era but that role diminished in the post-BCRA era with changes in campaign finance laws that led to the rise of party independent spending and the dominance of purists within party coalitions (Baker 2014; La Raja and

Schaffner, 2015). Additionally, the number of PACs contributing to either one party's set of committees or the other has changed overtime. In 2008, 410 PACs made direct contributions to one of their party's committees. In 2010, 469 PACs did so. However, in 2012 and 2014, the number of contributing PACs declined respectively to 440 and 353. Finally, as predicated, the ability of the PAC to retain a soft money account under the *Carey v. FEC* ruling does not significantly impact individual fundraising in 2012 or 2014. Similarly, being a Leadership PAC does not significantly increase donor contributions in any of the four election cycles.

Matching Analysis: PAC Contributions and Candidates' Electoral Competitiveness

The results of the matching analysis are presented in Tables 2 and 3. In the first matched set featuring non-incumbent House candidates competing in the pre-BCRA era, there is considerable improvement in the L1 statistic between the auto baseline and user-coarsened models. L1 decreases from 0.882 to 0.683. Although the match rate is not an improvement over the baseline model, the total number of matched cases for analysis is still over 1,000 and the L1 statistic suggests a high degree of balance between the treatment and control groups has been achieved. In the post-BCRA set of non-incumbent House candidates, there is also a major decline in the L1 statistic from 0.826 to 0.650 suggesting greater balance has been achieved. Additionally, the match rate of the user-coarsened model actually improves upon the match rate for the baseline model: 56 cases are added to the treatment group. Greater variation in the covariates among non-incumbent House candidates facilitated the construction of these matched sets for both time periods. Unfortunately, incumbent candidates are much more similar to one another—for instance, only 12 percent of them are classified as vulnerable in the 1992-2002 dataset and only 8 percent of them fall into this category in the 2004-2014 dataset. As a consequence, it can be slightly harder to cluster them into meaningful groups for comparison resulting in the marginal improvements that are observable between the auto-baseline and user coarsened models in pre-BCRA era models in Table 3. There is a small improvement in the L1 statistic but even this small decrease this was only achieved by sacrificing the number of matched cases. Five hundred thirty-four additional cases in the control group and one hundred seventy cases in the treatment group are unmatched between the auto-baseline and user-coarsened models. The post-BCRA era proved to be better for identifying quality matches. The L1 statistic decreases from 0.982 to 0.796. Although the number of unmatched cases increased between the auto-baseline and user-coarsened models by 459 in the control group and 172 in the treatment group, the sample that is retained for analysis remains over 1,000.

<Insert Tables 2 and 3 about here>

After the matching process, a simple OLS regression tests the effect of the treatment—above median PAC support—on the House candidate's vote margin. The results of both regressions are at the bottom of Tables 2 and 3. In the pre-BCRA era, non-incumbents contesting in House races are estimated to gain 3.59 percentage points on their vote margin with PAC support above the median amount of support given during that time period (see Table 2). However, House incumbents are not predicted to receive any significant gains (see Table 3). In the post-BCRA era, on average non-incumbent House candidates are predicted to receive a 6.81 percent gain in their margins with the receipt of above median PAC support (see Table 2) whereas House incumbents are expected to see a 2.48 percent increase (see Table 3). For both sets of candidates, the positive impact of PAC support increases between the two time periods suggesting PAC contributions play a larger role in candidate success in the post-BCRA era.

The differences that are uncovered for incumbents and non-incumbents are in keeping with previous studies which find incumbent spending to be less effective in terms of altering election outcomes than challengers' spending (Jacobson 1978, 1985; Abramowitz 1988). Spending and fundraising abilities after all are closely connected. While incumbents are more dependent upon PAC funds, they have less need of additional funds in general due to sizable campaign war chests (Box-Steffensmeier 1996; Goodliffe 2005; Herrson 2012). As a consequence, every additional dollar is likely to provide a lower marginal return. Thus, it makes sense that the returns to challengers and open-seat candidates, who can marginally benefit greatly from additional PAC support, would be higher.

Revenue and Fundraising Costs

With respect to revenue generation, PACs have performed well since the *Citizens United* ruling in 2010. In Figure 1, it is clear that in 2012 they were able to raise over $2.2 billion from individual donors in comparison to a total of $1.6 billion in the last presidential election cycle of 2008 (all monies are in 2008 constant dollars). It is common for PACs to be able to raise more money in presidential election cycles (Magleby and Goodliffe 2014). However, there is some indication that PACs face increased competition from other interest groups. Super PACs increased their total receipts from individuals from $75.6 million in 2010 to $653 million in 2014 (see Figure 1). Although there is a decline in super PAC fundraising revenue between the presidential and midterm election cycles just as there is for PACs, this decrease is smaller for super PACs than PACs. PACs raised $816.9 million less in 2014 than 2012 and super PACs raised $134.4 million less in 2014 than 2012. This suggests super PACs may have greater revenue stability than PACs.

< Insert Figure 1 about here>

With regard to the costs of fundraising in Figure 2, the cost per dollar raised has increased for both PACs and super PACs overtime. Additionally, super PACs' fundraising costs are lower than those of PACs in 2010, 2012, and 2014. However, initially in 2010, super PACs only spend an average of 15 cents less than PACs to raise a dollar. But the fundraising cost gap begins to widen in each subsequent election cycle. In 2012 on average a PAC spends 24 cents more than a super PACs to raise a dollar and by 2014 PACs spend on average 42 cents more to raise a dollar than super PACs (see Figure 2).

< Insert Figure 2 about here>

PACs Face New Challenges but Are Not Obsolete

The first analysis demonstrates the factors that determine PAC fundraising success have changed overtime and provide some indication that PACs face new sources of fundraising competition. Declines in the impact of media prominence on donor fundraising between 2010 and 2012, may be attributable to the sudden increase in the number of groups receiving media attention. Between 2010 and 2012 the number of new super PACs climbed from 83 to 1,310. Super PACs were mentioned in the Washington media an average of 13 times whereas traditional PACs were mentioned on average 24 times. Although PACs retain a clear advantage in terms of the media attention they receive, these figures are still impressive given that super PACs have had much less time to establish a reputation for themselves after the Court's ruling in *Citizens United* in 2010 and given that there are so many new groups entering the electoral stage at once. Although media counts are not available, new applications for status as 501(c)4 social welfare organizations also rose from 1,751 in 2009 to 3,357 in 2012. Similarly, applications for

501(c)5 labor and agricultural organizations rose from 543 to 1,081 and for 501(c)6 professional associations from 1,828 to 2,338 (Treasury Inspector General for Tax Administration 2013). In this crowded and cacophonous media environment, PACs must make a greater effort to maintain and publicize their brand. Relatedly, PACs with membership bases had greater fundraising success in 2012 and 2014 when competition for donor contributions may have risen. Prior to 2012, an established membership base did not significantly impact the recruitment of funds from donors but the attribute becomes an important fundraising characteristic after that. This suggests the PACs of trade associations, unions, and ideological and issue focused groups, such as EMILY's List, appear to be more likely to continue to get checks from their members even if those donors are also contributing to other groups.

The insignificant effect of having a soft money account as a consequence of the *Carey v. FEC* ruling is an indication that PACs occupy a more specialized niche in electoral financing. Although the ability to spend independently in unlimited amounts undeniably provides PACs with additional influence, it may not be influence PACs wish to have. It is becoming increasingly common for interest groups to diversify their fundraising strategies by creating affiliated super PACs and 501(c)4 groups to compliment the mission of the parent organization. For example, Sierra Club, a 501(c)4 environmental group, not only has a traditional political action committee, Sierra Club Political Committee, but it also formed Sierra Club Independent Action, a Super PAC. Additionally, it also boasts a 501(c)3 non-profit foundation which it uses to fund its conservation efforts. Other interest groups, such as the American Association of Retired Persons, EMILY's List, and the National Rifle Association, have followed a similar diversification strategy. Additionally, very few PACs took advantage of the *Carey* ruling in the 2012 and 2014 election cycles further suggesting interest groups favor a niche approach to fundraising. In 2012

63 PACs had a *Carey* account and in 2014, the number grew to only 99. This suggests that PAC's financing edge lies with their ability to contribute directly to federal candidates and perhaps that is a significant enough of an advantage.

Further evidence that PACs face new competition for donor contributions lies in the revenue and fundraising cost data in Figures 1 and 2. Although PACs raised record amounts of hard dollar contributions in the 2012 presidential election cycle and record amounts of hard dollar contributions for a midterm election cycle in 2014, there is some indication that super PACs have less variation in fundraising revenue between midterm and presidential election cycles than PACs. Additionally, the fundraising cost gap is growing overtime. PACs must now spend more to raise each dollar than super PACs—in 2014, they had to spend 42 cents more than super PACs. An examination of the average contribution made by individual donors to PACs versus super PACs in each election cycle also attests to the growing fundraising power of super PACs. In 2010, the average donor contribution to PACs was $778 and the average super PAC donor contribution was $8,168. In 2012, PACs raised an average donation of $1,324 similar to the average of $1,063 they raised in the last presidential election cycle of 2008. However, the average donor contribution to super PACs rose to $24,655 in 2012. By the 2014 midterm election cycle, the average donor contribution to PACs was $851, roughly the same as the last midterm election cycle whereas the average donor contribution to super PACs had risen to $15,323. Although these descriptive statistics suggest PACs have consistently maintained their revenue flows, they also point to the inherent fundraising advantages of super PACs and the increasing willingness of donors to support them.

Nonetheless, the real test of PACs' continuing influence lies in the value of hard dollar contributions to federal candidates. The results of the electoral competition analysis suggest PAC money increased in relevance between the pre-BCRA and post-BCRA eras. For incumbents, above median PAC support did not increase their vote margins in the pre-BCRA era but increased their margins by 2.5 percent in the post-BCRA era. For non-incumbent candidates running in the pre-BCRA time period, the increase for an average candidate's vote margin was predicted to be 3.59 percent whereas in the post-BCRA era the predicted increase rose to 6.8 percent. The findings of the first fundraising analysis echo these results. In Table 1, in each subsequent election cycle every additional congressional candidate PACs support increases their predicted fundraising totals from donors. Together these findings suggest PACs' ability to contribute directly to candidates still counts as a major advantage and is growing in its importance overtime.

PAC's increasing electoral impact likely relates to several developments. First, in keeping with La Raja and Schaffner's (2015) theory, PAC support may have increased in importance as parties' role in elections has been curbed. As they argue, "when resources for party organizations are reduced, influence moves away from pragmatists within party organizations toward the purist factions operating through policy-demanding organizations" (90). Although ideological purists are also predicted to utilize super PACs and 501(c)organizations to gain more influence in elections (La Raja and Schaffner 2015), it is reasonable to assume PACs' relevance would also increase as purists gain more influence within the party coalitions. Additionally, parties have shifted their spending tactics in order to compete in the new interest group dominated environment in the post-BCRA era (Baker 2014). The national party organizations now support dramatically fewer congressional candidates with direct contributions, commit more of their funds to independent expenditures which cannot be coordinated with candidate campaigns or allied interest group organizations, and spend more money and provide more contributions to candidates close to Election Day (Baker 2014). Together these developments potentially make PAC's hard dollar support more valuable for candidate campaigns seeking direct contributions to fund their campaigns throughout the duration of the election cycle.

Hard dollar contributions, unlike independent expenditures, provide the candidate's campaign with control over how the funds get spent (La Raja and Schaffner 2015). As super PACs and 501(c)4 and 6 groups become the dominant spenders in congressional elections, particularly on advertising, candidates are more reliant upon hard dollar fundraising to ensure they are able to spend money to rely their own messages to voters. Additionally, PAC contributions are often accompanied by public endorsements of the candidate, which have been shown to increase contributions to non-incumbent House candidates from donors (Baker 2015b). Many PACs also engage in other support activities such as informing their membership about the candidate and generally promoting the candidate on their websites and in other public communications (Baker 2015b; La Raja and Schaffner 2015). These are activities in which super PACs and 501(c)4 social welfare organizations (although not 501(c)5 unions and 501(c)6 professional associations) minimally engage in part because most lack established reputations and membership bases that are needed for effective endorsements and mobilization. And legally, they cannot appear to be or actually be coordinating with the campaign if they are spending independently to support the candidate or to oppose the candidate's opponent.

Despite new sources of competition from super PACs and 501(c)4,5 and 6 groups for campaign contributions and electoral influence, PACs continue to play an important and specialized role in electoral politics. As long as direct contributions to candidates remain limited by law both in amount and by their source, PACs will occupy this vital niche. Their strategic relevance to election financing may diminish overtime as independent expenditures by super PACs and 501(c)4 and 6 groups flood the electoral process but it will certainly not disappear unless the Supreme Court says otherwise. While PACs are no longer the sole vehicle for infusing interest group money into federal elections, they are an important source of financial support for federal candidates and this continues to provide them with a major advantage. They also represent a transparent and legitimate vehicle for interest group influence that helps maintain the integrity of the democratic elections.

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Table 1: Characteristics Predicting PACs' Fundraising from Donors 2008-2014

VARIABLES	2008	2010	2012	2014
PAC Media Mentions (#)	1.966*	2.615*	2.322	1.961
	(0.892)	(1.176)	(1.608)	(1.244)
Congressional Candidates Supported (#)	1.786***	1.937***	2.176***	2.845***
	(0.254)	(0.212)	(0.216)	(0.252)
Party Ally (1/0)	622.1	169.1*	167.7	554.6
	(491.2)	(80.65)	(89.88)	(443.8)
Carey PAC (1/0)			60.91	6.584
			(42.67)	(25.08)
Membership Based (1/0)	49.54	23.19	34.97***	46.48***
	(32.47)	(17.86)	(10.41)	(10.43)
Leadership PAC (1/0)	-1.439	7.516	8.707	5.903
	(44.22)	(22.43)	(10.26)	(7.200)
Constant	5.303	9.043	-5.968	-12.35
	(5.655)	(15.70)	(4.908)	(6.496)
Observations	4,292	4,337	4,452	4,235
R-squared	0.045	0.037	0.238	0.286

Robust standard errors in parentheses
*** p<0.001, ** p<0.01, * p<0.05

Table 2: Coarsened Exact Matching of House Non-Incumbent Candidates								
	1992-2002				**2004-2014**			
	Auto Baseline Model		**User Coarsened Model**		**Auto Baseline Model**		**User Coarsened Model**	
Balance Criteria	C	T	C	T	C	T	C	T
Number of Cases	1297	1298	1297	1298	1086	1086	1086	1086
Number of Matched Cases	1116	423	640	413	951	379	859	435
Number of Unmatched Cases	181	875	657	885	135	707	227	651
Multivariate L1 Distance	0.882		0.683		0.826		0.650	
Number of Strata	783		700		693		489	
Number of Matched Strata	95		99		67		79	
Treatment Effect (1/0)	---		3.592** (1.219)		---		6.815*** (1.015)	
Constant	---		-22.84*** (0.763)		---		-24.80*** (0.588)	
Number of Cases			1053				1295	
R-Squared			0.01				0.03	

*** $p<0.001$, ** $p<0.01$, * $p<0.05$

Table 3: Coarsened Exact Matching of House Incumbent Candidates								
	1992-2002				2004-2014			
	Auto Baseline Model		User Coarsened Model		Auto Baseline Model		User Coarsened Model	
Balance Criteria	C	T	C	T	C	T	C	T
Number of Cases	1135	1156	1135	1156	1195	1199	1195	1199
Number of Matched Cases	908	474	374	304	1052	691	593	519
Number of Unmatched Cases	227	682	761	852	143	508	602	680
Multivariate L1 Distance	0.987		0.898		0.982		0.796	
Number of Strata	799		1260		678		1044	
Number of Matched Strata	170		183		137		180	
Treatment Effect (1/0)	---		0.132 (1.504)		---		2.482* (1.460)	
Constant	---		27.01*** (1.006)		---		34.52*** (0.995)	
Number of Cases			661				1105	
R-Squared			0.000				0.003	

*** p<0.001, ** p<0.01, * p<0.05

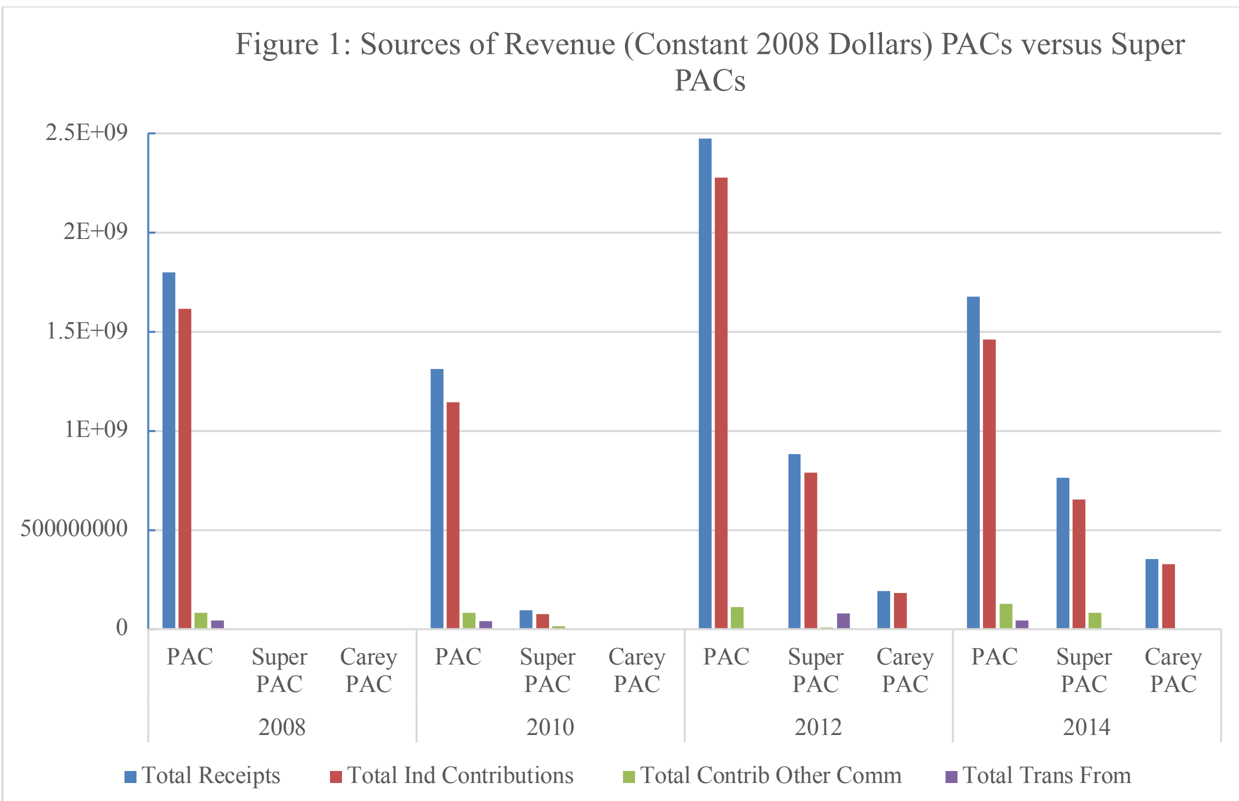
Figure 1: Sources of Revenue (Constant 2008 Dollars) PACs versus Super PACs
2.5E+09
2E+09
1.5E+09
1E+09
500000000
0
PAC
Super PAC
Carey PAC
2008
2010
2012
2014
Total Receipts
Total Ind Contributions
Total Contrib Other Comm
Total Trans From

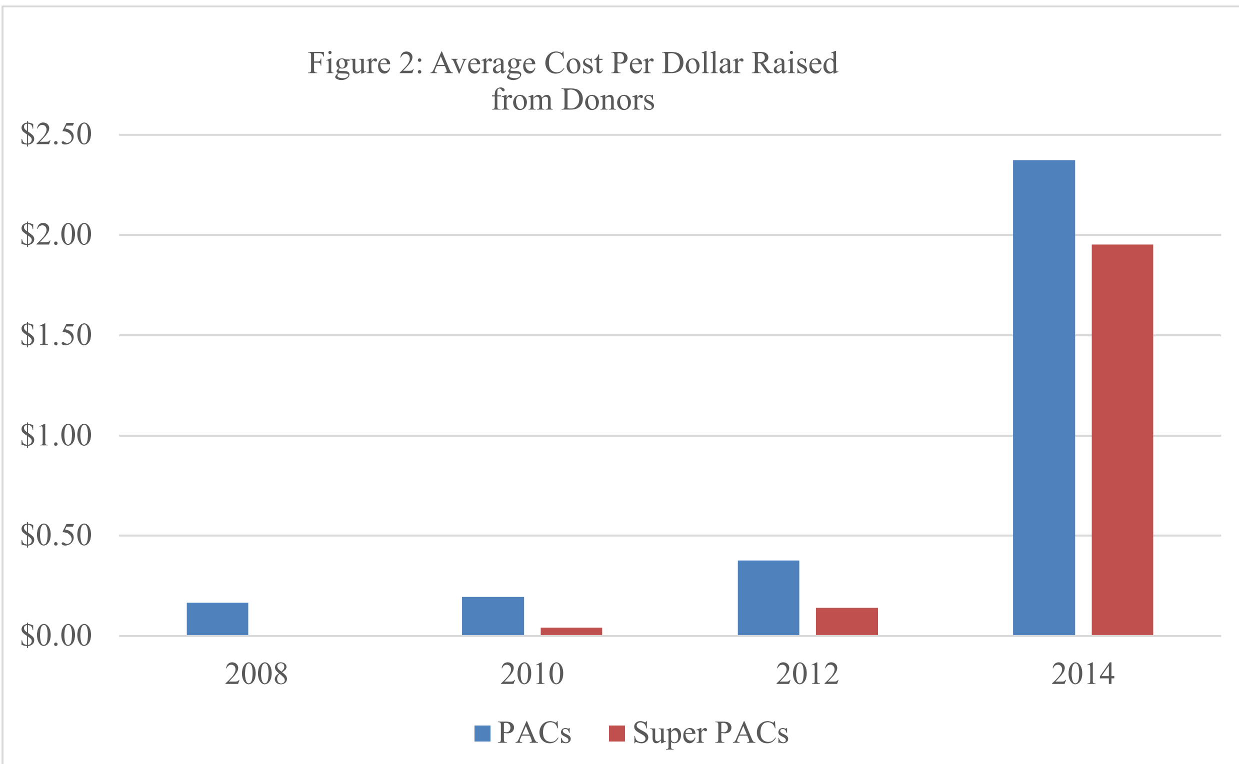
Figure 2: Average Cost Per Dollar Raised
from Donors
$2.50
$2.00
$1.50
$1.00
$0.50
$0.00
2008
2010
2012
2014
PACs
Super PACs

Appendix

Fundraising Costs of PACs and Super PACs. Any expenditures relating to all forms of fundraising, such as event invitations and catering, are included in the calculations of total fundraising costs made from the U.S. Federal Election Commission's (FEC) operating expenditure files 2008-2014. The FEC provides numeric codes for the categorization of itemized disbursements. When PACs or super PACs utilized the fundraising code, i.e. 003, the line item was retained in the file unless there was an obvious error. However, PACs and super PACs utilize these codes less than 50 percent of the time. The majority of line-items are not categorized at all. As a consequence, it was necessary to prune the operating files on a line-item basis in order to calculate the total fundraising expenditures made by the PAC or super PAC. More obvious fundraising expenditures, such as auction items and event expenses, are included in the totals. Categories, such as postage and printing, required a clear set of guidelines for deletion. The rule that was followed for these large categories was that any descriptions that implied the cost was not a fundraising cost led to the deletion of the line-item. As groups often include information about how to donate on their mailings, I retain almost all postage and printing entries as fundraising costs unless a code or description indicated it was not. As a rule, in-kind contributions were deleted. There were also many line items that were clearly not fundraising costs and could be quickly deleted. For example, they include: polling, health insurance, GOTV specific materials, and office rent. Finally, PACs also spend money on a wide variety of activities to assist in donor recruitment and cultivation that included line items such as opera tickets, boat rentals, golf green fees, and hunting licenses. These were retained. Gifts to donors and any auction items or entertainment used at donor events are also retained.