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Abstract: Super PACs, 501(c)4 social welfare organizations, and 501(c)6 professional associations are now major spenders in House elections. What remains unclear is how the strategic expenditure choices of these respective outside interest groups impact the competitive position of non-incumbent candidates running for the House – specifically do their advertising expenditures undermine or augment the expenditures made by the campaign. Using the Wesleyan Media Project datasets of 2012 and 2014 in combination with campaign finance data in a series of models, I find early television advertising expenditures by the aforementioned 501(c) dark money organizations diminish the effectiveness of non-incumbents' campaign expenditures – both on television advertising and in general – whereas super PACs' early television advertising expenditures have no significant impact on campaign spending. A comparison of 501(c) dark money organizations' and super PACs' advertising choices in 2012 and 2014 reveals these differential effects likely relate to legal constraints leading 501(c)s, and not super PACs, to devote more resources toward policy advertisements early in the general election cycle. I argue this choice by 501(c) s makes it difficult for non-incumbents' campaigns to shape the policy agenda early in the race leading the campaign's expenditures on television advertising and the campaign's total disbursements to be less effective in terms of improving the candidate's competitiveness.

Introduction

The Supreme Court's ruling in *Citizen United* (558 U.S. 310, 2010) in favor of independent expenditure-only groups fundamentally altered the financial power dynamics of federal elections. Super PACs, 501(c)4 social welfare organizations, and 501(c)6 professional associations have become the dominant spenders in congressional contests thanks to their ability to raise and spend unlimited amounts of money as long as they keep their operations independent from federal campaigns and political parties (Smith and Powell 2013; La Raja 2014; 558 U.S. 310,

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2010). Candidate campaigns cannot hope to attain similar spending power as a consequence of the restrictions on the amounts of money they are permitted to raise under the remaining components of campaign finance law (La Raja 2014). As a consequence, it is clear that the financial challenges confronting non-incumbent House campaigns in particular have never been greater.

What remains more uncertain is whether outside groups' expenditures are helpful to non-incumbents' House campaigns or if they create new challenges for them. Further complicating matters is the fact that all outside groups are not functionally the same. Independent spending by PACs and super PACs and independent spending by 501(c)4 social welfare and 501(c)6 professional associations, which have been labeled "dark money" organization by the media and watchdog groups, may have distinct impacts on the effectiveness of each dollar the campaign spends. PACs and super PACs have been theorized to serve as allies to campaigns (Farrar-Myers and Skinner 2012; Herrnson 2012; Baker 2014; Christenson and Smidt 2014; La Raja 2014) by providing "functionally coordinated" support (Farrar-Myers and Skinner 2012), such as supplementing targeted expenditures made by the campaign thereby amplifying the effect of each dollar spent by the campaign (Christenson and Smidt 2014), and by mirroring candidate support provided by the party organizations (Dwyre and Braz 2015). Dark money organizations' goals and activities remain more shrouded but there are good reasons to suspect that their independent spending, unlike spending by super PACs and PACs, has a greater likelihood of diminishing the effectiveness of each dollar the campaign spends rather than amplifying the effect of each dollar spent.

Why might this be so? By employing data from the Wesleyan Media Project for the congressional elections of 2012 and 2014 (Fowler, Franz and Ridout 2015, 2017), I demonstrate 501(c) dark money organizations advertise early in the general election cycle and focus on policy promotion more frequently than super PACs. In a series of models, I test the impact of these independent spending choices on the effectiveness of the expenditures made by non-incumbent House campaigns. I find expenditures on early television advertising by 501(c) dark money organizations diminish the value of each dollar the campaign spends to increase its chances of winning the race. I argue early independent spending by 501(c) dark money organizations makes it more difficult for non-incumbent House campaigns to set the policy agenda initially in the race and to build name recognition and credibility even as the campaign spends more money to accomplish these goals. Thus, the results suggest 501(c) dark money organizations are not "functionally coordinating" their television advertising expenditures in ways that support the campaigns of non-incumbent House candidates. In fact, 501(c) dark money organizations, unlike PACs and Super PACs, are not serving as true campaign allies because – whether intended or not – their independent spending choices actually make it more difficult for non-incumbent House candidates to spend money effectively over the course of the entire general election cycle.

Are Outside Spending Groups Campaign Allies?

Previous studies suggest super PACs often play the role of campaign allies by implementing parallel campaigns in support of particular candidates (Farrar-Myers and Skinner 2012; Herrnson 2012; Christenson and Smidt 2014; Dwyre and Kolodny 2014; La Raja 2014). Dwyre and Braz (2015) theorize super PACs "allocate their independent expenditures according to an electoral strategy to impact the partisan composition of government" thereby mirroring the roles played by party organizations (251). Building upon Magleby's (2014) typology of super PACs, Dwyre and Braz (2015) argue there are four distinct types of super PACs with different electoral goals: "candidate-specific super PACs, partisan super PACs, ideological super PACs, and access-oriented super PACs" (254). They present evidence showing most of the super PACs that were active in the 2012 election were candidate-specific super PACs and most of the other super PAC spending was done by "party congruent" super PACs, which mirrored the party committees' involvement in particular House and Senate races. Farrar-Myers and Skinner (2012) observe similar patterns and take it a step further arguing that many expenditures by super PACs are "functionally coordinated with candidates' campaign expenditures" (112). In sum, these studies suggest most PACs and super PACs are likely to be part of the extended party network operating in ways that benefit candidate campaigns (Koger, Masket and Noel 2009). It is possible to gather evidence in support of this contention because PACs and super PACs must report their spending and fundraising to the U.S. Federal Election Commission.

The relationships of 501(c)4 and 501(c)6 dark money organizations to party networks and candidate campaigns are less easily understood because their spending is not reported on a per candidate or per race basis, and, indeed, the bulk of their fundraising and spending is not reported in detail at all even to the US Internal Revenue Service. Nonetheless, it is possible to surmise that the independent expenditures of these organizations might be inherently less helpful to non-incumbents' House campaigns in particular because of legal constraints that influence when and how 501(c) dark money organizations independently spend their money. Although, like super PACs, 501(c)4 and 501(c)6 organizations may spend unlimited amounts of money independently on express advocacy, unlike super PACs, electioneering efforts cannot be their primary purpose as organizations (Dwyre and Braz 2015). The IRS has not provided a clear standard for determining when an organization's electoral/political activities constitute their primary purpose; however, in effect, this requirement has been interpreted to mean that at least 50% percent of the organization's budget must be spent on activities that are not candidate or party focused (Dougherty 2013).

This constraint incentivizes 501(c)4 and 501(c)6 organizations (hereafter 501(c) organizations) to spend independently to produce issue advertisements that mention candidates but do not expressly advocate for their election (Maguire 2014a,b; Balcerzack 2016; WPR/CRP Special Report 2016). Still, issue or policy advertisements are considered electioneering communications under the Bipartisan Campaign Finance Reform Act of 2002 when they fall within 30 days of a primary election or 60 days of a general election (U.S. Federal Election Commission). Contributions towards ads that are aired within the windows close to each election must be reported to the FEC by all groups, including 501(c) organizations. As many dark money organizations, particularly 501(c)4 social welfare groups, exist primarily to shield the identity of their donors, this provision in the law incentivizes these organizations to make independent expenditures on advertisements before the 30-day and 60-day windows of time that fall before the primary and general elections, respectively. Reports by both the Center for Responsive Politics and the Wesleyan Media Project demonstrate that dark money organizations have a higher tendency to produce policy advertising prior to the reporting windows; the number of ads by organizations that do not disclose or partially disclose their donors drops precipitously after the reporting window begins; and only a few organizations that otherwise do not disclose their donors continue to air ads after the reporting window opens (Maguire 2014a,b; Balcerzack 2016; WPR/CRP Special Report 2016). In sum, 501(c) dark money organizations use their independent expenditures to air ads early before each election in the cycle and are likely to be more policy-focused in their advertisements.

Outside Groups' Advertising Expenditure Choices

To gain a better sense of how 501(c) dark money organizations' advertising choices in 2012 and 2014 might impact the effectiveness of non-incumbent candidates' campaign expenditures, I utilize advertising data from the Wesleyan Media Project (WMP) covering those congressional elections (Fowler, Franz, and Ridout 2015, 2017). I coded the interest group sponsors of the ads using their names to identify their tax status as 501(c) organizations or as super PACs. Non-connected PACs making unlimited independent expenditures are treated and coded as super PACs. I do not include 527s in the analysis. The results are presented in Table 1.

Table 1: Outside Group Television Advertising in All House Races.

Type/Timing of Ads	2012		2014	
	Super PACs	501(c)s	Super PACs	501(c)s
Ads Aired Prior to 60-day Window	23%	37%	41%	60%
Policy Attack	81%	67%	69%	58%
Policy Promote	13%	29%	26%	42%
Candidate Attack	25%	10%	22%	12%
Candidate Promote	5%	4%	7%	7%
Policy Promotional Ads Aired Before 60-day Window	15%	69%	37%	56%

Data compiled from Wesleyan Media Project congressional files from 2012 to 2014. Some ads are double counted as they address both policies as well as candidates. Therefore, the columns do not add up to 100 percent. Cells represent the percentage of ads aired according to the listed criteria out of all ads in all House races aired by a specific type of interest group. The 60-day window refers to the 60 days prior to the General Election Day. Ads airing in the 60 days prior to Election Day must be reported to the Federal Election Commission – before the 60-day window opens, the reporting requirements are more flexible (see Discussion).

Prior to the 60-day window before the general election in 2012, 501(c) organizations aired 37% of their television advertisements (see first row in Table 1). While more of their advertising occurred after the window opened, they still chose to air a higher percentage of ads earlier than super PACs, which aired only 23% of their ads before the 60-day window (see Table 1). In 2014, the bulk of 501(c) organizations' advertising occurred prior to the 60-day window, with 60% of the 501(c) organizations' ads airing before it opened and 41% of super PACs airing ads prior to its opening.

In addition to the timing of advertisements, I compared the content of the advertisements using a question from the WMP asking coders to judge whether the primary focus of the advertisement was the personal characteristics of the candidate or policy matters. The results of this classification appear in Table 1 and must be interpreted with some caution as the inter-coder reliability percentage was lower for this WMP question. Still, this variable can provide a sense of general differences in the content of ads. Some ads perform multiple functions, such as promoting a policy while attacking a candidate, so the percentages for each category in Table 1 do not add up to 100 percent due to double counting. What this classification reveals is that 501(c) organizations do engage in more policy promotion than super PACs. A total of 29% percent of the ads aired by 501(c) organizations in 2012 and a total of 42% percent of the ads in 2014 promoted a policy whereas, respectively, 13% and 26% of super PAC ads did so in those election years. Additionally, 501(c) organizations tend to air policy ads before the

60-day window opens. In 2012, 69% of the ads promoting a policy that were aired by 501(c) organizations occurred 60 days prior to the general election. Thus, even though they only aired 37% of their ads before the 60-day window in 2012, most of those ads addressed a policy. In 2014, the percentage of 501(c) organizations' ads promoting a policy prior to the 60-day window was 56% (see Table 1).

The timing and content of interest group advertisements are particularly relevant to the spending strategies of non-incumbent campaigns because non-incumbent candidates' primary objective is to "shift voters' focus away from incumbency towards alternative criteria" and this often this entails setting the issue agenda in the race as early as possible (Abbe et al. 2003; Druckman, Kifer, and Parkin 2009, p. 344; Jacobson and Carson 2016). Jacobson and Carson (2016) argue "incumbents thrive on campaigns that center on personal performance, experience, and services…challengers succeed only when they can frame issues in a way that makes these dimensions less relevant and other considerations more salient" (127) (see also Groseclose 2001). Although open-seat contests do not include an incumbent unless redistricting eliminated an incumbent's previous district, arguably setting a positive issue agenda matters more when there is no incumbent to attack and when the candidates are less well-known. There is some evidence that issue-focused strategies are successful. Herrnson (2000) finds that challengers receive 3 percent more votes by running on issues that are traditionally associated or owned by their party.

Due to the potential importance of early issue engagement for challengers and open seat candidates' success and the fact that incumbents are less dependent upon issues for their campaign messaging, it is possible that 501(c)4 and 501(c)6 policy advertisements early in the election cycle might make it more difficult for non-incumbent candidates to set the policy agenda of the race and control the message being delivered to voters (Devine 2017). In addition to agenda setting early in the cycle, non-incumbents are also trying to gain name recognition and introduce themselves as viable options to voters. More advertising clutter could prolong the time and increase the costs of achieving these goals. Non-incumbent candidates' control over their messaging is in fact more tenuous than it is for incumbents. While super PACs also engage in policy advertising, the data in Table 1 shows that they do most of their advertising close to the election after the 60-day window has opened and that prior to the 60-day window only 15% of their ads in 2012 and 37% of their ads in 2014 promoted policies.

As 501(c) organizations are responsible for the bulk of policy advertising early in the election cycles of 2012 and 2014, I hypothesize the effectiveness of every dollar the campaign spends will be less in districts where 501(c) dark money organizations advertise prior to the 60-day window before the general election. Due to previous work suggesting super PACs are more likely to parallel the activities of party organizations and are less engaged in early policy advertising, I hypothesize early independent spending on advertising by these groups will not have any impact on the effectiveness of each dollar the campaign spends.

Data and Methods

Two different models test the hypothesis that early television advertising expenditures by 501(c) dark money organizations decrease the effectiveness of the expenditures made by the campaign. For the first model, the dependent variable is constructed from the Rothenberg Political Ratings of race competitiveness, which classifies House races by increasing competiveness as safe, favored, leaning, titling, and toss-up. Following this classification scheme, I compared the ratings either at the end of May or June (available reports vary by election year) with the rating at the end of October or beginning of November for the election cycles of 2012 and 2014. House races in which competition shifted in favor of the challenger between these two time-periods are coded 1, 0 otherwise.

As the primary explanatory variables in this model, I employ the estimated total cost of television advertisements by 501(c) dark money organizations versus super PACs and independent spending PACs at the district level.[1] These variables were initially collected by Kantar Media/CMAG and provided by the Wesleyan Media Project for each ad in the WMP congressional advertisement datasets for 2012 and 2014 (Fowler, Franz, and Ridout 2015, 2017). After coding the interest groups sponsors of the ads by their tax classification and coding advertisements by their airing date to determine whether the ad aired prior to the 60-day window before the general election or after the window opened, I calculated the total spent in thousands of dollars on television advertisements airing prior to the 60-day window for each congressional district for each type of interest group. These data represent a unique opportunity to examine a portion of 501(c) dark money organizations' expenditures at the district-level as these expenditures are not reported elsewhere. Additionally, I include the total television advertising expenditures in thousands of dollars made by the campaign in the race – this variable is also calculated by totaling the estimated cost of each ad run by the campaign before and after the 60-day window preceding Election Day. These data are also from

1 Non-connected PACs have the ability to raise and spent unlimited amounts of money if they keep those funds in a separate bank account from federally regulated hard money [see *Carey v FEC*; Civ. No. 11-259-RMC (D. D.C. 2011)]. In effect, they are operating as super PACs which is why their total spending is combined with super PACs'.

the Wesleyan Media Projects 2012 and 2014 datasets. Only incumbent-challenger races are included in this logistic regression model because a shift in competition always benefits one non-incumbent or the other in open seat races and I do not have a way to determine parsimoniously which candidate might benefit from specific television advertising expenditures.[2]

I interact the campaign's total television advertising expenditures in thousands of dollars – this represents the total amount spent on television ads after the 60-day window opens – separately with each type of interest groups' expenditures on television advertising before the 60-day window opens. If 501(c) organizations' early television expenditures undermine the positive and direct effect that the campaign's television advertising expenditures have on improving the non-incumbent's competitiveness, the interaction will be negative. If it is negative, this is a sign that 501(c) dark money organizations' early television expenditures diminish the effectiveness of every thousand dollars the campaign spends on television advertising during the 60 days leading up to Election Day (i.e. later in the cycle). I also control for the campaign's earlier expenditures on television advertising before the 60-day window.

A number of control variables predicting the competitiveness of the race are also added to the model. They include whether the candidate has experience in elected office (*Experienced Candidate*) or not, and whether the candidate is a Republican or not (*Republican*). The Democratic share of the two-party presidential vote is used as a measure of district ideology (*Democratic Pres Vote Share*). The total expenditures of the incumbent candidate in thousands of dollars is included because of its likely impact on not only what the challenger spends but also because of its influence on the likelihood of electoral success. I also use a dummy variable indicating whether the campaign takes place in a district with a fragmented media market (Daily Kos 2012). Candidates running in these districts are thought to pay more for advertising (Ansolabehere, Behr, and Iyengar 1993).

The second model employs a dependent variable consisting of the residuals from a simple bi-variate regression of the vote margin the candidate received on the campaign's total disbursements in thousands of dollars. The logic behind this

2 While some ads in the WMP dataset are labeled as targeting a particular candidate, not all of the ads have a label, some ads address more than one candidate, some ads attack one candidate and support another, some ads address multiple candidates, and the policy ads – which are of particular interest in this study because 501(c) organizations are more likely to run them – do not always have a clear target because 501(c) organizations are avoiding anything that would look too much like express advocacy. These classification issues create significant hurdles in terms of summarizing the amounts directly targeting or supporting one candidate or the other.

variable is that larger residuals suggest the relationship between the campaign's expenditures and the candidate's vote margin is not very strong and, thus, is an indication that the candidate's spending is not doing much to improve the candidate's chances of winning and overall competitive position in the race. Conversely, smaller residuals indicate for every thousand dollars the candidate is spending, the race is getting closer and thus, the campaign's expenditures are improving the candidate's competitiveness and chances of success. In sum, this dependent variable assesses the tightness of the relationship between what the candidate spends and what the candidate gains in terms of his/her margin. The 2012 and 2014 election cycles are analyzed together in a pooled OLS regression model. Several of the same control variables that appeared in the first model are employed in the second model. They include: whether the candidate is experienced; whether the candidate is a Republican or not; the opposition candidate's disbursements in thousands of dollars; whether the candidate is competing in a fragmented media market; and Democratic presidential vote share. I also include a dummy variable for open seat races.

Outside Spending and Candidate Competitiveness

Before the presentation of the results, a brief overview of the expenditure choices of the population of non-incumbent candidates competing in 2012 and 2014 general elections provides helpful context for both the magnitude of the effects that are uncovered and the normative implications of the findings for House elections that are discussed in the conclusion. Most importantly, not all non-incumbent House campaigns choose to air television advertisements. While almost all open-seat candidates chose to air ads both before and after the 60-day reporting window in 2012 and 2014, only 13% of the challengers who went on to run in the general election aired television ads before the reporting window opened and only 27% of the challengers running in the general elections of 2012 and 2014 chose to air television ads after the 60-day window opened. 501(c) organizations aired early television advertisements in 25% of House races that included a non-incumbent candidate in 2012 and in 13% of House races matching that criteria in 2014. Similarly, super PACs aired television ads before the 60-day reporting window in 21% of House races in 2012 and in 11% of House races in 2014, which included a non-incumbent candidate. House races where the incumbent runs unopposed are not part of the sample employed in the models below. Thus, the impact of the uncovered effects is confined to a minority of House races.

However, in the discussion I will argue the impact is both politically significant and normatively problematic.

The results of the logistic regression model can be found in Table 2. A glance at Table 2 reveals that the interaction term between early super PAC television advertising expenditures and campaign advertising expenditures is insignificant. In contrast, the interaction term between early 501(c) dark money organizations' early television advertising expenditures and the campaign's television advertising expenditures in the 60 days before the general election is significant and negative. Thus, early television advertising by 501(c) organizations undermines later spending on television advertising by the campaign. It is important to note that the dependent variable is measuring whether the campaign's television advertising expenditures shift competition in the challenger's favor – while that shift might help the challenger win, it is not a guarantee that the challenger will win. This is a test to show the impact of campaign efforts to tip the balance of the race in favor of the challenger.

To provide a better sense of the effect size, Figure 1 displays the changes in the predicted probability of the race shifting in the challenger's favor with subsequent expenditures by both the campaign and 501(c) organizations on television advertising. The x-axis represents the candidate's ad spending in the 60-day

Table 2: Likelihood of Competition Shifting in Challenger's Favor.

Campaign Ad Spending In 60 Days Prior to General Election	0.003*** (0.001)
501(c) Ad Spending Prior to 60 Day Window	0.004*** (0.001)
Campaign Ad Spending X 501(c)Ad Spending	−4.7e-06** (1.80e-06)
Super PAC Ad Spending Prior to 60 Day Window	0.003*** (0.001)
Campaign Ad Spending X Super PAC Ad Spending	−2.39e-06 (1.59e-06)
Republican	1.124* (0.434)
Incumbent Disbursements	0.0001 (0.0001)
Quality Challenger	0.355 (0.418)
Fragmented Media Market	0.215 (0.424)
Campaign Ad Spending Prior to 60 Day Window	−0.001 (0.002)
Democratic Presidential Vote Share	−0.019 (0.014)
Constant	−3.797*** (0.783)
Observations	600
Beginning-2LL	−172.10
Ending-2LL	−116.21
Pseudo R^2	0.3247

***$p < 0.001$; **$p < 0.01$; *$p < 0.05$. All monies in thousands of dollars. Year dummies not shown. Logistic regression utilized. Robust standard errors. Only incumbent-challenger races included in the sample.

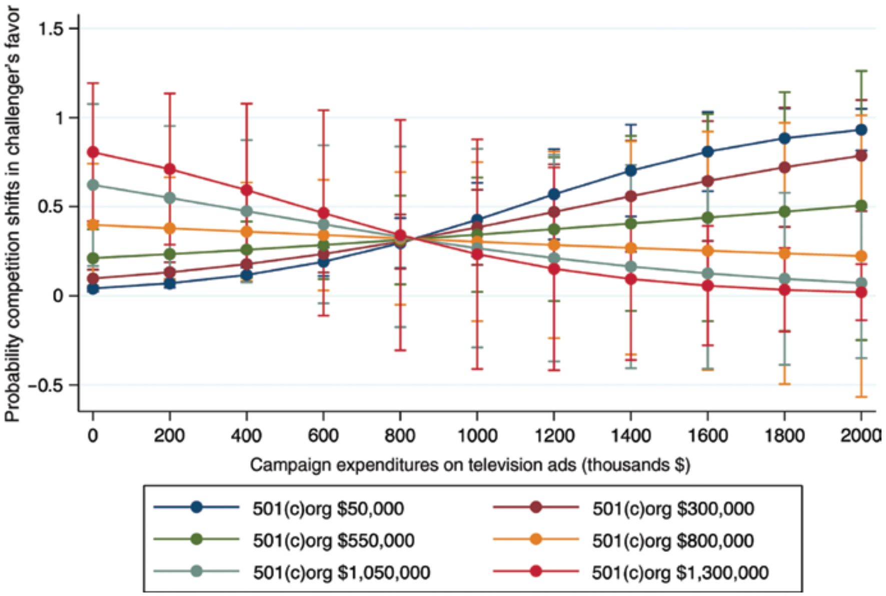

Figure 1: Interaction of Campaign and Outside Spending on Shift in Competition.

period of time leading up to Election Day after the reporting window opens. The slope of the line is the probability that the direction of competition in the race will shift in favor of the challenger – recall this measure of competitiveness is based upon the Rothenberg Political Report's ratings of congressional races. The various lines indicate different representative values for 501(c) organizations' early television advertising expenditures in the race prior to the 60-day reporting window opening.

What is immediately apparent in Figure 1 is that candidate campaigns must spend more than double the amount on television advertising than the 501(c) organization spends in order for the slope to remain positive and thus, for there to be predicted improvements in their campaign's competitiveness. For example, if the 501(c) organization spends $300,000 on television advertising, and the campaign spends at least $600,000 or more, the probability of shifting competition in the campaign's favor remains positive with significant improvements in competitiveness – as represented by the slope of the line increasing incrementally for every $100,000 the campaign spends on advertising (see Figure 1). However, as the 501(c) organization's expenditures on television begin to approach the same amount spent by the campaign, the probability of shifting competition in favor of the campaign decreases. For instance, if the 501(c) organization spends $550,000 and the campaign spends $600,000, it is apparent that the slope of the line begins to flatten out and thus, the improvements in competitiveness are much smaller with every additional $100,000 the campaign spends on television advertising (see Figure 1). These sums are large but 501(c) organizations spent $300,000 or more in 17 challenger-incumbent races in 2012 and 16 challenger-incumbent races in 2014.

Additionally, there is a tipping point to the relationship between 501(c) organization's expenditures and candidate campaign expenditures on television advertising. When a 501(c) organization spends $600,000 or more on television advertising early in the general election cycle, which they did in 3 challenger-incumbent races in 2012 and 6 challenger-incumbent races in 2014, no matter how much the campaign spends on television advertising in the subsequent 60 days there will either be almost no predicted improvements in competitiveness (i.e. the slope of the line flattens) or, with the highest 501(c) organization expenditures, there will be a decrease in the probability that competition will shift in the challenger's favor (i.e. the slope becomes negative). In effect, this means competition will shift in favor of the incumbent candidate instead. For instance, at the maximum amount depicted of $1,300,000 spent by a 501(c) organization on a race, the probability of competition shifting in favor of the challenger is always decreasing no matter how much the candidate spends on television advertising – the slope of the line is negative (see Figure 1). In sum, early spending by 501(c) organizations on television advertising undermines the direct positive effect that the campaign's expenditures on television advertising have on the challenger's competitiveness.

When the analysis of the impact of early television expenditures by 501(c) dark money organizations is extended to the campaign's total expenditures and not focused solely on the campaign's television advertising expenditures, similar disruptive effects are uncovered (see Table 3). The dependent variable is composed of the residuals from a regression of the candidate's vote margin on the total expenditures made by the campaign – the tightness of the relationship is being tested to see if outside spending weakens it by increasing the residual variance. Early television expenditures by 501(c) dark money organizations increase the residuals by 0.024 for every thousand dollars spent by those groups on advertisements airing in the district prior to the 60-day window before the general election (see Table 3). In contrast, super PAC/PAC expenditures on early television advertisements register as insignificant suggesting they have no effect on the relationship between campaign spending and the candidate's vote margin. The average amount spent on television ads by 501(c) dark money organizations at the district level was $37,446 in 2012 and $35,324 in 2014 – this includes 48 races in 2012 and 33 races in 2014 where the general election cycle average or higher was spent by 501(c) organizations.

Table 3: The Effect of Outside Television Expenditures in the Congressional District on Residuals of Vote Margin and Campaign Spending.

PAC/Super PACs' Early Television Expenditures ($)	0.002 (0.004)
Dark Money Organizations' Early Television Expenditures ($)	0.024*** (0.007)
Experienced Candidate	4.855*** (1.004)
Democratic Presidential Vote Share (%)	−0.014 (0.042)
Republican	1.223 (1.251)
Opposition Candidate's Disbursements ($)	0.002** (0.0005)
Open Seat	7.885*** (1.304)
Fragmented Media Market	−0.762 (1.000)
Constant	−25.86*** (2.071)
Number of Observations	741
R^2	0.210

***$p < 0.001$; **$p < 0.01$; *$p < 0.05$; standard errors in parentheses; all monies in thousands of dollars; OLS regression. Year dummy variable not shown.

To better understand how changes in residual variance relate to campaign spending effectiveness, it useful to examine the predicted residual variance at different levels of 501(c) spending going from the minimum to the maximum and to calculate the percentage change in the variance. If a 501(c) organization spends only the average amount on early television advertising in the district – a sum ranging between $35,000–$37,000 depending upon the election year – the campaign's expenditures will be 4 percent less effective than if the 501(c) organization had spent no money in the district on television advertising. In races where 501(c) organizations spends $300,000, the campaigns' expenditures are predicted to be 33 percent less effective than if a 501(c) organization did not make any expenditures on early television ads in the district. In the handful of races in which 501(c) organizations spend even more, the decrease in the campaigns' spending effectiveness can exceed 50 percent.

To put all of this in perspective, take Illinois's 10th district in 2014 as an example. 501(c) organizations spent $239,400 on television advertisements early in the general election cycle in the district, leading to a predicted 5.7 point increase in the residuals, which constitutes almost a half of a standard deviation increase in the residuals. Another way of expressing this is that the effectiveness of the campaign's spending – in terms of improving its competitiveness in the race as measured by vote margin – decreased by 26 percent due to 501(c) organizations' advertising early in the election cycle. Given that this was a close race, in which Bob Dold, Jr. ultimately received 51.3 percent of the vote and Brad Schneider received 48.7 percent of the vote, it is easy to see how the impact of early advertising by 501(c) organizations could have been significant. In this instance, Dold's campaign dramatically outspent early spending by 501(c) organizations later in the cycle, spending $640,950 on television ads and a total of $2,483,535 on all forms of advertising (calculated from the FECs operating expenditure files). Had Dold been a worse fundraiser the outcome could have been quite different.

The Varying Impact of Outside Spending

Although the results indicate only around 20–30 percent of House races – either open seat or challenger-incumbent races – are likely to be affected by the decision of 501(c) dark money organizations to air television advertisements early in the race, the fact that around 75 percent of races theoretically remain unaffected should not diminish the import of the findings. First, it is possible dark money organizations will gain more influence overtime as they find their niche in electoral politics and thus, a larger number of House races could be affected by their expenditures in the future. Second, seat margins of party control in the House have wavered between 30 and 60 seats since the late 1990s making interference in a few races more consequential than in previous eras. Those are the practical implications of the findings but for studies of campaign finance the results provide several important insights that might guide subsequent studies of 501(c) organizations and super PACs spending in House races.

The results support the idea that super PACs and 501(c) organizations play different roles in House elections. Previous studies suggest super PACs in particular have engaged in "functionally coordinated" activities, such as mirroring the advertisements candidate campaigns produce themselves (Farrar-Myers and Skinner 2012) and paralleling party activities in the race (Farrar-Myers and Skinner 2012; Herrnson 2012; Dwyre and Kolodny 2014; Dwyre and Braz 2015). A "functionally coordinated" alliance might be reasonably expected to boost the effectiveness of campaign spending because independent spending by super PACs could either "allow campaigns to concentrate their resources elsewhere" or help supplement targeted expenditures made by the campaign thereby amplifying their effects (Christenson and Smidt 2014). While the results certainly do not rule out the possibility that alliances with super PACs and PACs could be helpful to House campaigns, there is not enough evidence to confirm such "functionally coordinated" spending is occurring – rather the evidence indicates these two types of outside spending have very different effects. Dark money was shown to be disruptive using two different models, whereas independent expenditures made by super PACs and independent spending PACs had insignificant effects in both models suggesting super PACs' early television advertising expenditures do not decrease the effectiveness of campaign expenditures. Further testing of other ways super PACs' and PACs' electoral expenditures might actually be beneficial to non-incumbent campaigns are undoubtedly needed and are left to future research. Conversely, if 501(c) organizations intend to spend their money to assist non-incumbent candidates – something that the data cannot test directly in this study – the findings suggest to an extent their expenditures are having the opposite of their intended effect.

Further, this study points to the importance of considering how campaign finance laws impact the strategic choices of these respective interest group organizations and the related impact of those choices on the tactical choices of congressional campaigns. Tax status requirements faced by 501(c) organizations incentivize them to maintain at least the appearance of not having electoral activities as their primary purpose. As a consequence, in House races, 501(c) organizations are more likely to air advertisements before the 60-day reporting window opens whereas super PACs/PACs, which do not share this constraint, concentrate most of their television advertising in the 60 days leading right up to Election Day (see Table 1). 501(c) organizations are also more likely to air ads that promote policies and are less likely to air ads that attack candidates than super PACs/PACs (see Table 1). In turn, the results indicate the choices that are made in response to legal constraints influence the utility of respective outside group advertising expenditures for non-incumbent campaigns.

For the 20–30 percent of House races that are impacted by 501(c) dark money organizations' expenditures on early television advertisements, the repercussions are substantial. Challengers must be able to spend almost double the amount of funds on television advertising than the 501(c) dark money organizations spend in order to maintain marginal gains in their competitive position in the race. In races where 501(c) organizations commit the most resources, the results of the first model suggest increased fundraising may not be enough to offset the effects of 501(c) organizations' early television advertising. The results of the second model suggest when 501(c) organizations choose to make expenditures to influence the race, the negative effects of their spending are not solely confined to expenditures on television advertisements. In fact, the effectiveness of the campaigns' total disbursements also diminishes. For every thousand dollars that the 501(c) organization spends, the strength of the relationship between the campaigns' expenditures and the candidates' vote margin declines as represented by an increase of 0.024 in the residual variance (see Table 3). For most races, where 501(c) organizations spend roughly the average of $35,000–37,000, the campaign's expenditures will be marginally less effective in terms of improving the candidate's vote margin. However, in the 17 challenger-incumbent races in 2012 and 16 challenger-incumbent races in 2014 where 501(c) organizations spent at least $300,000, campaign expenditures are predicted to be 33 percent less effective, and in the handful of those races in which 501(c) organizations spend even more than $300,000, the decrease in the campaigns' spending effectiveness is predicted to exceed 50 percent.

Arguably these effects are uncovered because both the timing and content of the ads aired by 501(c) dark money organizations create challenges for non-incumbent campaigns. Non-incumbent campaigns have difficulty gaining fundraising momentum, establishing a campaign organization (Biersack, Herrnson, and Wilcox 1993; Krasno, Green, and Cowden 1994; Herrnson 2012; Smidt and Christenson 2012), and gaining visibility (Jacobson and Carson 2016) early in the election cycle when all of these start-up costs are higher. Thus, the early timing of the bulk of 501(c) organizations advertisements occurs when the campaign is least equipped to respond with its own set of advertisements. Non-incumbent campaigns also have difficulty setting the issue agenda (Abbe et al. 2003; Druckman, Kifer, and Parkin 2009, p. 344; Jacobson and Carson 2016). Early advertising by 501(c) organizations likely hinders efforts by the campaign to establish the policy agenda and control the message being delivered to voters (Devine 2017). Although the models do not explicitly test whether expenditures on policy advertisements are solely responsible for decreases in the effectiveness of the campaign's expenditures, it is reasonable to assume the content of the ads also plays a role in the disruptive effects that are uncovered as policy ads make up a majority of the ads aired by 501(c) organizations early in the general election cycle (see Table 1).

Higher costs and decreased spending effectiveness together mean that non-incumbent campaigns have to make it into in a higher fundraising quintile in order to have the same impact when 501(c) dark money organizations are spending to influence the race. These findings raise questions about the fairness of electoral competition in an outside spending saturated environment and the ability of campaigns to control the content of their messages to voters and to ensure that the campaign's messaging is actually reaching voters as the number of advertisements by all stakeholders in the election rises. While supporters of the *Citizens United* ruling would be quick to defend the freedom of expression rights of 501(c) dark money organizations, the results of this study suggest that their speech comes at a cost to candidates even if that is not the intended effect. Given the decrease in the campaigns' spending power, the results indicate affected non-incumbent campaigns might be better off devoting more of their resources to voter mobilization, which has been shown to be effective (Green, McGrath and Aronow 2013; Enos and Fowler 2016), rather than sinking more money into television advertising. However, regardless of campaign's strategic adjustments, the results make it clear that when 501(c) dark money organizations target their district with early advertising, non-incumbents' campaigns must work even harder to remain competitive.

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