Inequities in Campaign Money and Contribution Mandates in State Legislatures

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Abstract: There are large inequities in the amount of campaign money raised by state legislators, as legislators in the top 10% raise over six times more than legislators in the bottom 10%. Do these inequities affect bill outcomes in state legislatures? Are resource rich legislators more or less successful policy-makers? This paper considers two possible effects. First, contributions could provide a mandate for a legislator's policy agenda such that campaign money increases legislative success. Alternatively, maintaining a large network of donors might divert a legislator's time and energy away from the chamber such that contributions inhibit legislative success. An analysis of a large data set of over 55,000 bills in four lower chambers supports the mandate hypothesis. Top fundraisers sponsor more bills, longer bills, and are more likely to have those bills become law than legislators with less campaign money.

Introduction

There are large inequities in the amount of campaign money raised by state legislators. Some of these differences are driven by chamber characteristics such as professionalization, yet even within a given chamber legislators are able to raise different amounts of campaign money. This study examines whether these inequities are related to legislative outcomes. Specifically I examine whether legislators that raise more campaign money have a greater likelihood of passing legislation than those raising more meager amounts. The first part of the paper explores conceptual rationales as to why campaign money would be related to legislative outcomes. The second part examines evidence from all bills introduced in the lower chambers of four states (Alabama, Florida, Missouri, and Texas) over approximately a ten-year period. This analysis shows that campaign money is positively related to legislative success as a bill that is sponsored by a legislator in the top decile is 13% more likely to pass than a bill introduced by a member in the bottom decile. That is, for approximately every eight bills passed by a member with little campaign money, a top fundraiser will successfully pass an additional bill.

Most existing studies of campaign money examine whether contributions are a source of influence for contributors. Donors are expected to provide campaign contributions as an investment to secure favorable policies (Denzau and Munger 1986). While most prior analyses show a weak relationship between contributions and legislative roll call votes (Ansolabehere, de Figuieredo, and Snyder 2003), some studies find a stronger relationship (Stratmann 2002, 2005). Furthermore, donor influence might not be reflected in legislative roll call votes. Instead, donor might seek to influence committee actions, smaller changes in legislation that can be pursued through amendments, or might contribute defensively to protect the status quo (Hall and Wayman 1990, Powell 2007). A study that specifically focuses on state legislatures finds that when queried about the role of campaign money in their chamber, state legislators themselves express that campaign money has a significant effect on the content and passage of bills (Powell 2007).

Campaign Money and Legislative Outcomes

In contrast to these earlier studies, this research considers whether contributions provide a source of influence for the legislator rather than the donor. There are a few considerations regarding the possible link between campaign money and legislative success. Prior studies have shown that legislators are responsive to electoral mandates (Peterson, Grossback, Stimson, and Gangl 2003, Derouen, Peake, and Ward 2005, Grossback, Peterson, and Stimson 2007). When voters express dissatisfaction with the status quo (or are perceived to express dissatisfaction with the status quo), legislators respond by passing legislation to move policy in their direction (Peterson, Grossback, Stimson, and Gangl 2003, Grossback, Peterson, and Stimson 2007).

Mandates are typically thought to originate with presidential vote shares as presidents that win by larger margins are thought to have a stronger policy mandate. Can we extend the logic of mandates to state legislatures? In doing so, we encounter a few issues. Presidents are able to claim mandates based on vote shares, but state legislators represent districts that are equally apportioned. Turnout might vary from one district to the next but that would provide little basis for a mandate. For example, a competitive election would increase turnout but reduce a member's vote share while an uncontested candidate would receive the highest possible vote share but potentially lower turnout. Furthermore, turnout might be driven by other federal or statewide races that have nothing to do with the candidate.

Contributions to a state legislative campaign, however, are specific to that candidate. Gimpel, Lee, and Pearson-Merkowitz (2008) find evidence that contributions provide for a type of monetary surrogacy, in which a person seeks to support a candidate but resides outside of the candidate's district. While the supporter is thus prohibited from voting for the candidate the person can contribute to the candidate's campaign. In this way, contributions provide an alternative means by which supporters can assist certain candidates. State legislative candidates can receive contributions from outside their district so that a candidate with a very popular platform could amass a significant amount of campaign contributions and potentially claim a stronger mandate for her legislative agenda based on the demonstrated support of contributors.

In order for contributions to provide a mandate for a state legislator, there should be substantial out-of-district giving similar to that which has been found for federal candidates (Gimpel, Lee, and Pearson-Merkowitz 2008). If candidates raise most of their campaign money from within-district sources, then there would be little basis for legislators to claim a broader mandate. To assess the source of campaign money in state legislative elections, I obtained data on campaign contributions to state legislative candidates in 2008 from the National Institute for Money in State Politics. I then geocoded a random sample of 250 contributions from each chamber that had an election in 2008 to determine whether the contribution was made to a candidate in the donor's district or to a candidate outside of the district. Averaging across the lower chambers shows that 74.1% of campaign money went to out-of-district candidates. For upper chambers, the percent dropped to 66.8% corresponding to larger state senate districts. That most campaign money flows across district lines raises the possibility that candidates can use contributions to claim a broader mandate for their legislative agendas.

While there are several reasons to anticipate that campaign money is positively related to legislative success, there are also several important counter-arguments. Studies of state legislative campaigns have found that candidates face a heavy fundraising burden that places a significant demand on their time and attention (Francia and Herrnson 2001, Jenkins 2007, Powell 2008). A candidate that raises a lot of money might have to spend a large amount of time cultivating her donor base that leaves less time and energy for legislative work. In this case, generating campaign money competes with legislative activities for the member's time and attention such that campaign money could be negatively related to legislative success.

Also, the possibility that campaign money affects legislative success crucially depends on legislators raising different amounts of money. If state legislators raise roughly equivalent amounts of campaign money, then there would be nothing to distinguish the members. This is one concern that we can readily dismiss as there are very large disparities in the amount of campaign money that candidates raise, even within the same state legislative chamber. I collected data on campaign money for all state legislators that were elected in 2008 from the National Institute for Money in State Politics. For each lower chamber, I calculated the Gini coefficient for legislators' campaign money. The average across all chambers was 0.398. By comparison, the Gini coefficient for income inequality in the US was 0.45 and if the median lower house were a country, it would have the 78th highest Gini coefficient (of 140), located just below Jordan and just above Tunisia (World Factbook 2009). I also calculated the amount of money raised by candidates in the 10% and 90% percentile. In a typical state legislature in 2008, a candidate in the 10th percentile raised $16,000 dollars. In the same election, a candidate in the 90th percentile raised over 6 times more ($104,000). There are thus very large disparities in legislators' campaign money, providing a clear opportunity either for candidates to claim a mandate for their legislative agenda or for very large donor networks to significantly impinge on the legislator's time and energy.

Research Design

To examine the effect of campaign money on legislative outcomes, I collected data on all bills introduced in lower chambers from four states: Alabama, Florida, Missouri, and Texas. These states provide a mixture of characteristics such as professionalization, legislative term limits, term lengths, population size and diversity, and party competition. I collected data for all regular sessions from 2000-2011 for Alabama, 2003-2011 for Florida, 1999-2011 for Texas, and 2002-2011 for Missouri. Each of the chambers meets annually except for Texas (biennial). These data were obtained directly from the state legislatures' websites and include information on the primary sponsors (authors in Texas) and last actions on the bills. Using this information I created two binary variables for whether or not the bill passed the chamber and whether or not it became law.[1]

Data on campaign money was obtained from the National Institute for Money in State Politics. These data include information on the total amounts raised by candidates in their most recent election. While these states differ in their contribution limits, the distribution of campaign money is nevertheless unremarkable. The mean Gini coefficient for legislators' campaign money across all lower chambers in 2008 was 0.398.[2] The Gini coefficients for the four chambers in this study were very similar (Florida was 0.407, Missouri was 0.408, Texas was 0.404, and Alabama in 2006 was 0.373). I then logged the total contribution amounts to reflect a

[1] In Florida a number of house bills were withdrawn after a companion Senate bill became law, these bills were excluded from the analysis.
[2] These data include all state legislators that were up for election in 41 lower chambers in 2008.

diminishing marginal impact of campaign money. These data additionally include information on members' partisanship which was used to create a control variable for majority party status.

I also collected information used to create two indicators for members with leadership positions and members with seats on major committees from the chambers' websites and information from the National Conference on State Legislatures. Prior research has established a link between fundraising and legislative leaders and major committee members (Heberlig 2003, Heberlig and Larson 2005, Deering and Wahlbeck 2006, Heberlig, Hetherington, and Larson 2006, Kanthak 2007, Heberlig, Larson, Smith, and Soltis 2008). Legislators with leadership and major committee positions might also be better positioned to advance their legislative agenda. To account for this possibly confounding, I included measures for legislative leaders and members of major committees in the analysis.

Since members in competitive districts might both raise more money and devote more effort to passing legislation, I included a measure of electoral competition. This measure reflects the candidate's vote share in the previous general election. Candidates that ran unopposed were recorded as a 1. Some districts might have little general election competition but much more party competition. To account for this possibility, I also collected data on the candidate's share of the previous primary vote. These data were obtained from the Secretaries of State. I also included a measure of tenure since members that serve for a long period of time might accrue both a large donor base and greater legislative skill. To control for a member's tenure, I collected data on the year the legislator was first elected such that lower numbers indicate longer tenures. For members that left the chamber and later returned, I recorded the year of their return.

I also account for the member's ideological position. Members that raise a lot of campaign money might be able to assist other candidates by redistributing their contributions, so they may pull the chamber median closer to their ideal point. To account for this possibility, I collected roll call votes for each session for each of the chambers using the session journals and chamber websites. These roll call votes were then used to calculate W-NOMINATE scores for each of the legislators. With these data, I determined the absolute value of the member's ideological distance from both the chamber median and the majority party median. I included these variables in fixed-effects logit models for bill passage in the chamber and the bill becoming law. Estimates are shown in Table 1.

These models show that there is a significant, positive effect of campaign money on both chamber passage and a bill becoming law. While the control variables are not of central interest, we can see that these variables generally have the anticipated effect on legislative success. For example, members of the majority party are more likely to see their bills passed and become law than members of the minority party. To illustrate the substantive implications of these results, predicted probabilities are shown in Figure 1 with a 50% (dark gray band) and 95% (light gray band) confidence interval. As shown in this figure, the probability of a bill becoming a law increases over the range of campaign money. I also calculated risk-ratios to determine the relative impact of campaign money. From these calculations, a member in the top decile is 13.1% [7.4,18.9][3] more likely to pass legislation relative to members in the bottom decile, meaning that for every 8 bills successfully passed by a member with relatively little campaign money, candidates with a lot of campaign money will pass about one additional bill. The analysis of chamber passage is very similar. The risk ratio for chamber passage shows that a member in the top decile is 10% [5.7, 14.5] more likely to pass bills through the chamber than a member in the bottom decile.

[3] 95% confidence interval

One alternative explanation for these findings is that members that raise more money might just be more selective in the bills they sponsor. If members need to devote a significant amount of time to maintaining a large donor network, then they might be particularly selective in only sponsoring bills that are likely to succeed. Furthermore, there could be a substitutability effect wherein members that raise substantial amounts of money have less need to acquire a record of legislative accomplishment and thus sponsor fewer bills. In that way, even if top fundraisers are more likely to pass bills that they sponsor, they might selectively sponsor fewer bills resulting in an overall lower level of productivity.

To examine this possibility, I tabulated the number of bills that each member sponsored in each of the sessions (including members that sponsored no bills). I then estimated a negative binomial model of the count of the number of bills sponsored by each legislator in each session.[4] If the alternative explanation is correct then we should see a negative relationship between campaign money and counts of sponsored legislation. Estimates from the negative binomial model are shown in Table 2. These estimates reveal the opposite pattern. Legislators in the top decile of campaign money sponsor an average of 1.56 more bills per session than a legislator in the bottom decile. Figure 3 shows the increase in expected counts over the range of contribution totals. There is a positive relationship between campaign money and sponsored legislation indicating that not only are top fundraisers more likely to pass legislation that they sponsor, but they are also more active sponsors of legislation in the first place.

While the top fundraisers are more likely to sponsor legislation and to have that legislation become law, perhaps the legislation is not very significant. Perhaps the highest fundraisers sponsor short, uncontroversial, or superficial bills. To examine this possibility, I

[4] I also estimated linear regression and Poisson models but chose to report the negative binomial model as it provided the best model fit (lowest AIC). The coefficient for campaign money was positive and significant in all three models.

collected data on the lengths of bills (measured in bytes of the stored files) from the Missouri house. While the size of bills is perhaps not an ideal measure of the significance of the law it does provide an initial test of the rival hypothesis. I re-estimated the logit models shown in Table 1 while controlling for the size of the bill and the effect of campaign money remained positive and significant. I also estimated a log-linear model of bill size to determine if campaign money was negatively related to the length of legislation. The results are shown in Table 3 and are again contrary to the rival hypothesis. These results show a positive relationship between the length of bills and campaign money. Taken together, these results show that legislators that raise more money will sponsor more bills, longer bills, and are more likely to pass those bills than legislators that raise less campaign money.

Conclusion

This study examines whether legislators that raise more campaign money are more or less successful at enacting their legislative agenda. We consider two possibilities: that greater campaign money provides a mandate to advance the legislator's agenda, or whether the burden of maintaining a large donor base detracts from legislative productivity. The question is particularly salient given the very large inequities in campaign money. In a typical lower state chamber in 2008, a legislator in the top 10% raised over six times more than a legislator in the bottom 10%. The significant resource disparity amplifies the question as to whether this differential is related to legislative outcomes.

The research design considers data on over 55,000 house bills from four lower state chambers over approximately a 10 year period. The results show that a bill sponsored by a member in the top decile is about 13% more likely to become law than a bill sponsored by a member in the bottom decile. Subsequent analyses show that not only are top fundraisers more likely to pass bills that they sponsor, but they also sponsor a greater number of bills, and longer bills than candidates that raise less money. While maintaining a large donor network might impinge on a legislator's time and energy, it appears to provide little barrier to legislative productivity. Instead, large campaign revenues appear to provide a mandate for a candidate's legislative agenda and increase the chances for successful policy-making.

Variable	**Becoming Law**	**Passing Chamber**
Ln(Campaign Money)	0.066***	0.054***
	(0.014)	(0.012)
Majority Party	0.256***	0.278***
	(0.031)	(0.029)
Ideological distance (chamber median)	-0.086**	-0.156***
	(0.029)	(0.028)
Ideological distance (majority party median)	-0.150***	-0.189***
	(0.026)	(0.023)
General election vote share	0.002**	0.002**
	(0.001)	(0.001)
Primary election vote share	0.002*	0.002**
	(0.001)	(0.001)
Year of first election	-0.014***	-0.014***
	(0.002)	(0.001)
Major committee	0.026	0.060**
	(0.024)	(0.023)
Leadership position	-0.147	0.077
	(0.102)	(0.088)
Florida	-0.091	-0.333***
	(0.106)	(0.100)
Missouri	-1.273***	-1.822***
	(0.048)	(0.043)
Texas	-0.551***	-1.213***
	(0.107)	(0.101)
Constant	25.889***	27.870***
	(3.060)	(2.890)
N	55,533	55,533
AIC	53,775	58,499

Table 1: Logit estimates from all house bills. Standard errors are shown in parentheses, *** denotes $p < 0.001$, ** $p < 0.01$, * $p < 0.05$ two-tailed.

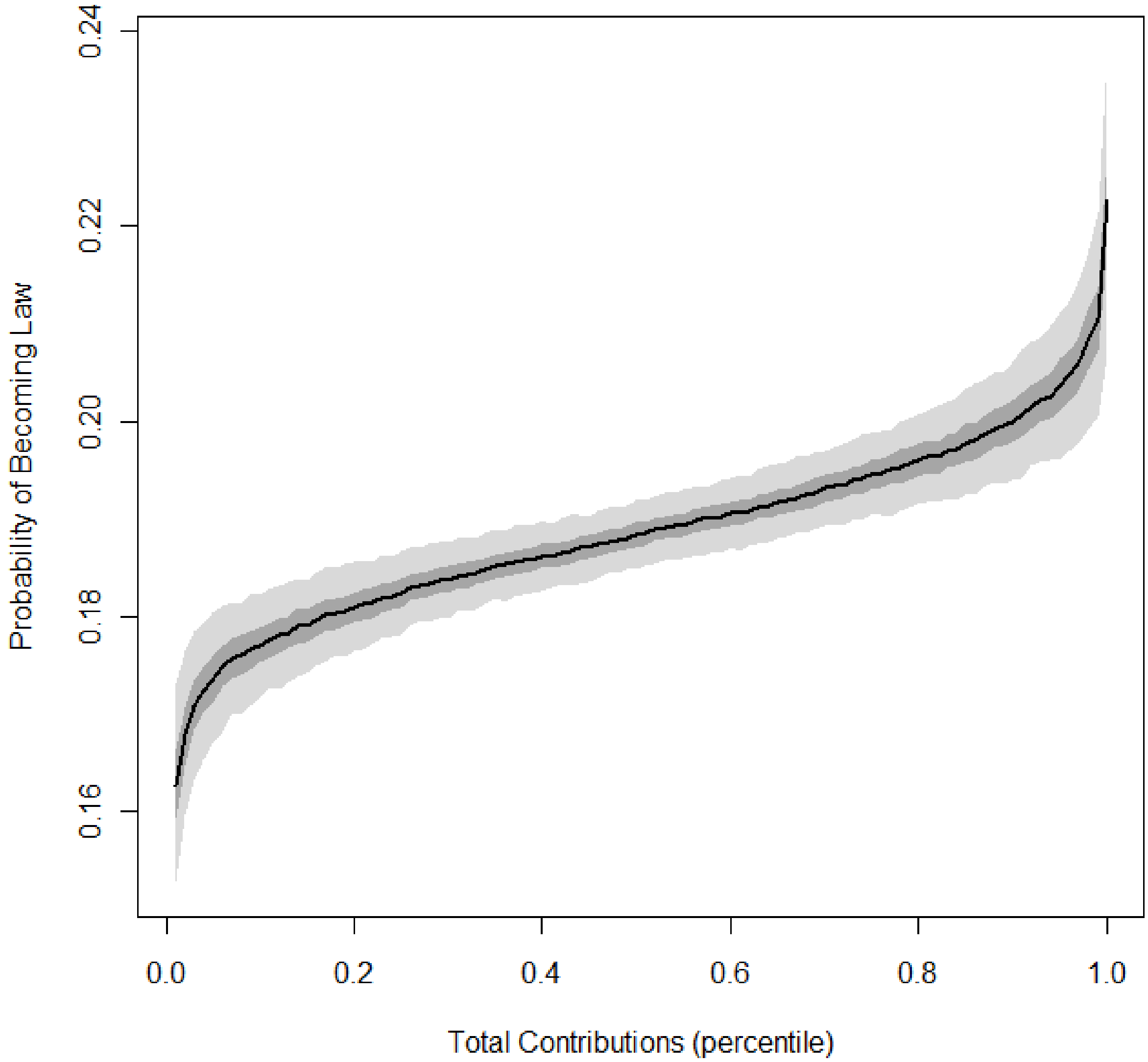

Figure 1: Relationship between sponsor's campaign money and a bill becoming law. Dark shading shows the 50% confidence interval, light shading shows the 95% interval.

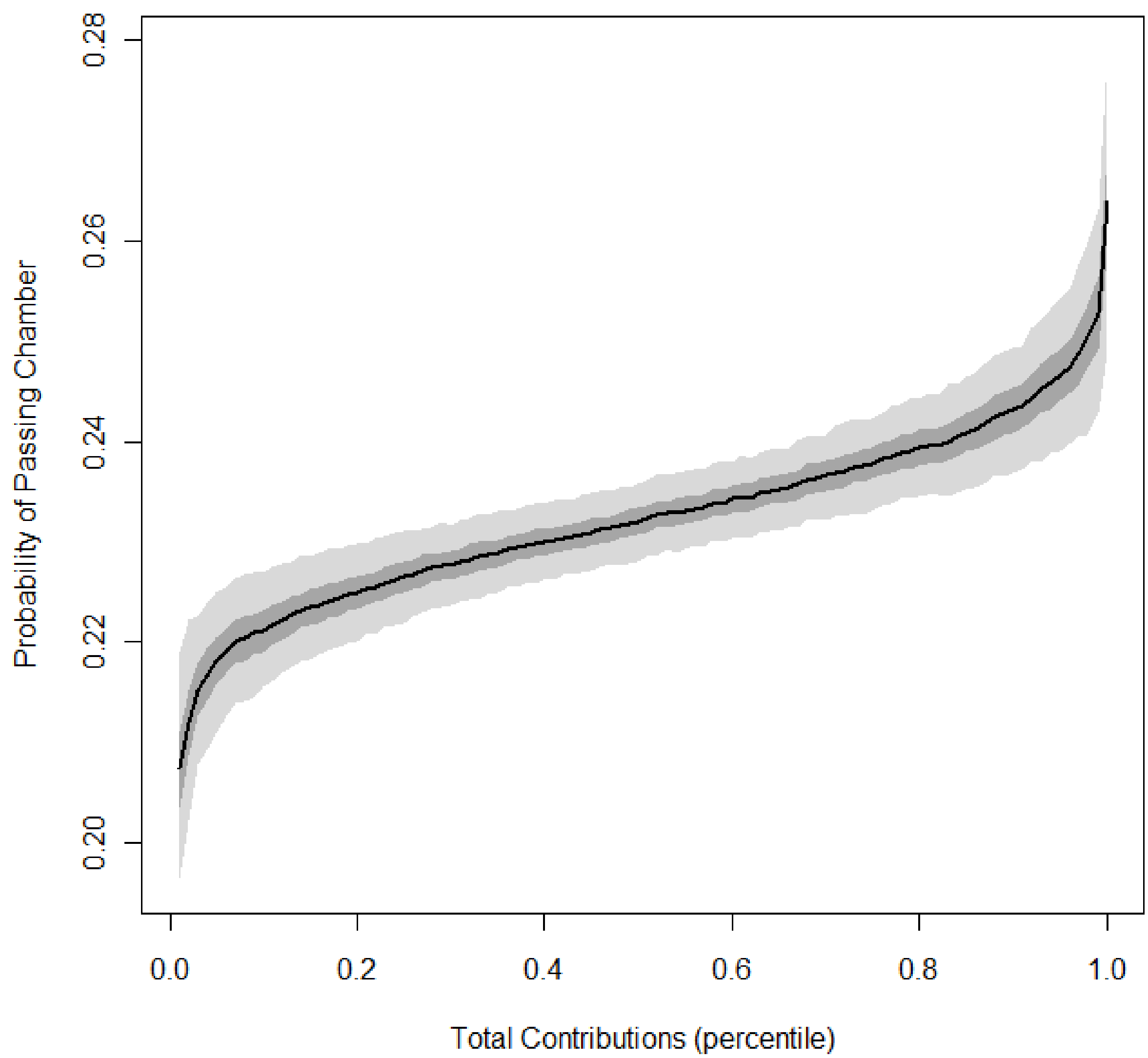

Figure 2: Relationship between sponsor's campaign money and a bill passing the lower chamber. Dark shading shows the 50% confidence interval, light shading shows the 95% interval.

Variable	Bill Count
Ln(Campaign Money)	0.068***
	(0.011)
Majority Party	0.056
	(0.038)
Ideological distance (chamber median)	-0.088*
	(0.038)
Ideological distance (majority party median)	0.030
	(0.024)
General election vote share	0.002*
	(0.001)
Primary election vote share	0.005***
	(0.001)
Year of first election	-0.013***
	(0.002)
Major committee	0.071**
	(0.023)
Leadership position	-0.311***
	(0.068)
Florida	-0.584***
	(0.104)
Missouri	0.006
	(0.035)
Texas	0.511***
	(0.104)
Constant	26.878***
	(3.150)
Theta	2.646***
	(0.071)
N	4,876
AIC	31,109

Table 2: Negative binomial estimates for the number of bills sponsored by legislators. Standard errors are shown in parentheses, *** denotes $p < 0.001$, ** $p < 0.01$, * $p < 0.05$ two-tailed.

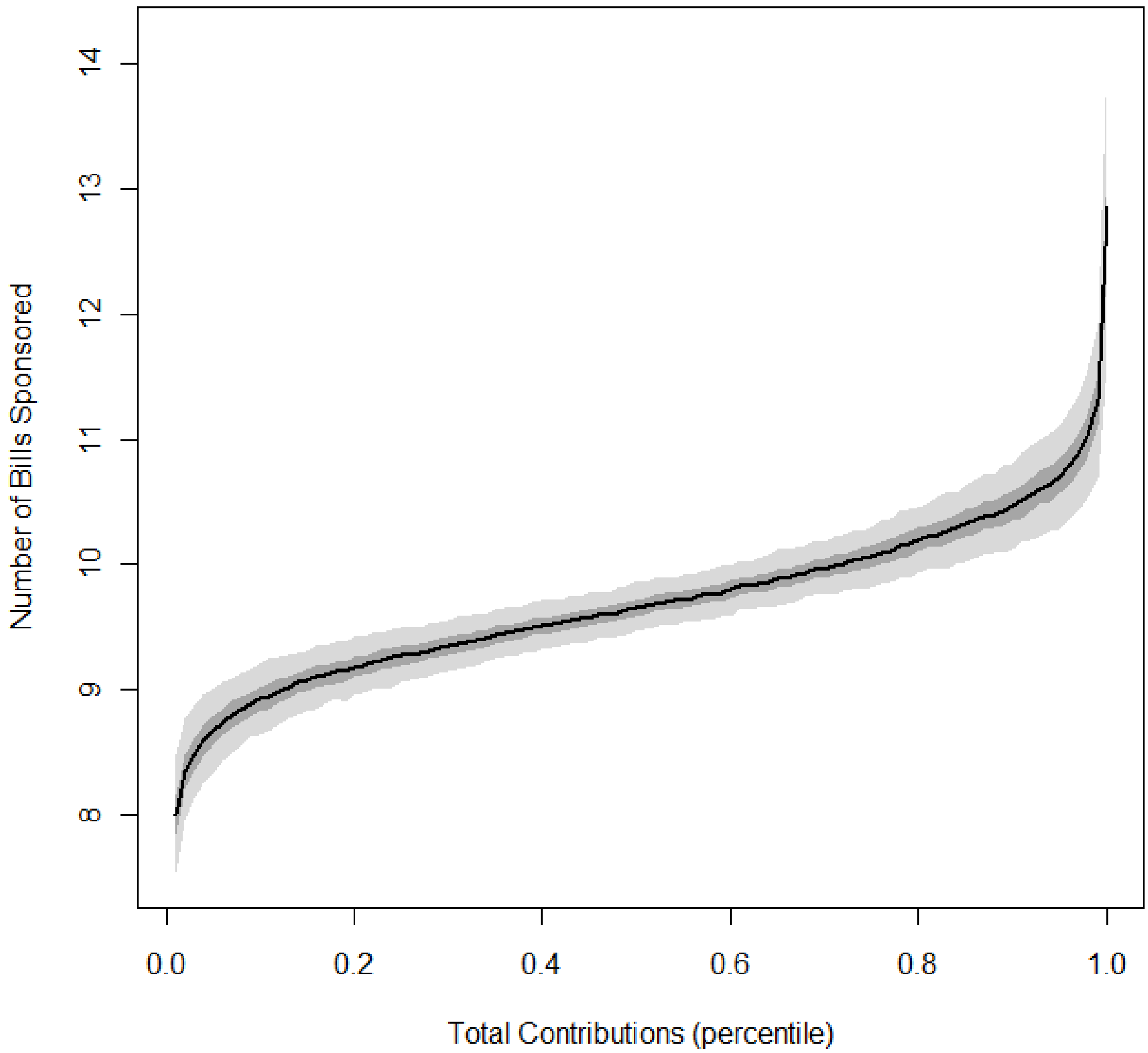

Figure 3: Relationship between sponsor's campaign money and a bill passing the lower chamber. Dark shading shows the 50% confidence interval, light shading shows the 95% interval.

Variable	Ln(bill size)
Ln(Campaign Money)	0.077***
	(0.013)
Majority Party	0.323***
	(0.072)
Ideological distance (chamber median)	0.124*
	(0.059)
Ideological distance (majority party median)	-0.047
	(0.097)
General election vote share	0.437***
	(0.063)
Primary election vote share	0.120^
	(0.063)
Year of first election	0.004
	(0.003)
Major committee	0.055^
	(0.029)
Leadership position	-0.040
	(0.042)
Constant	-0.554
	(5.413)
N	10,786
AIC	33,401

Table 3: Regression estimates for the size of house bills in Missouri. Standard errors are shown in parentheses, *** denotes $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, ^ $p < 0.1$, two-tailed.

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