

SOFT MONEY SPENDING HIT ALL TIME HIGH IN 2000 CAMPAIGN, NEW REPORT SAYS

Democrats, Republicans each spent \$250 million on Congress, presidency

17 key House, Senate races highlighted

WASHINGTON – National and congressional political party committees spent nearly one-half billion dollars in soft money on the 2000 election, as Democratic spending pulled even with Republican. This, according to a new study released Monday.

The report, compiled by the Center for the Study of Elections and Democracy at Brigham Young University, finds that Republican national and congressional party committees spent \$244 million in soft money in 1999 and 2000, while their Democratic counterparts spent \$243 million during the same time. With virtually all political spending at record levels, it was the Democrats, the report finds, that experienced the most dramatic growth.

The Democratic Senatorial Campaign Committee (DSCC), for example, raised only \$372,000 in soft money six years ago, an amount less than ten percent of what the NRSC raised that year. One six-year Senate term later, the DSCC raised \$63 million, outraising all other congressional committees and garnering a net gain of four seats. The Senate is now split evenly between the two parties.

The report also found that interest groups often doubled their soft money spending this year over any previous cycle and that in the top races, parties and interest groups outspent their candidates two-to-one (2 to 1) in television and radio advertising.

And on the ground, an unprecedented average of 72 different (unique) pieces of direct mail and at least seven different telephone communications went to targeted voters in each of these same campaigns.

Election Advocacy: Soft Money and Issue Advocacy in the 2000 Congressional Elections was funded by the Pew Charitable Trusts and edited by BYU Professor David B. Magleby. With a network of skilled academics on the ground in seventeen of the most competitive U.S. House and Senate races, the Center for the Study of Elections and Democracy captured much of the below-the-radar activities. The data includes direct mail, television and radio ad buys, telephone banks, internal communications, and get-out-the-vote efforts. The contests studied were: DE Senate, MI Senate, MO Senate, MT Senate, VA Senate, AR-4, CA-27, CT-5, IL-10, KY-6, MI-8, MT, NJ-12, OK-2, PA-4, PA-13, WA-2.

The full report and its findings were released in detail Monday at a symposium at the National Press Club. The participating scholars and an expert panel from the party committees and most active interest groups were available for questions, and a sampling of the broadcast and mail communications were shown.

Although the Senate Democrats' surge in soft money is the most remarkable, all party committees saw substantial growth in soft money over previous cycles. In 2000, the Democratic committees combined (DNC, DCCC, DSCC) raised the same amount of soft money as their Republican counterparts (RNC, NRSC, RCCC), for the first time. Democrats were also more effective in transferring their soft-money into the most competitive Senate races; Democratic candidates had a substantial soft money advantage in all five Senate races monitored as a part of this study.

House Democrats also showed dramatic growth in soft money fundraising and an ability to target those resources to competitive races. House Republicans, more than Senate Republicans, effectively countered this Democratic surge, in part, with their abundance of hard money.

Interest groups also expanded their campaign efforts in 2000, the study found. Groups like the AFL-CIO, National Rifle Association (NRA), National Federation of Independent Business (NFIB), National Education Association (NEA), Sierra Club, and the League of Conservation Voters (LCV) report that 2000 was their biggest effort ever, and in many instances, they doubled their spending over any previous election cycle. Often this increase in effort coincided with broadened campaigning strategies—combining the traditional television, radio, mail, and personal contact, with email, more advanced phone operations, and better structured and targeted voter mobilization efforts.

“Outside money was important to the issue agenda of competitive congressional elections in 2000,” says Dr. Magleby, the report’s editor. “From asbestos to prescription drugs to immigration, interest groups used issue advocacy to help push an issue more squarely onto the agenda, oftentimes with the intent of discrediting or damaging a candidate. Opposing parties, interest groups, and even candidate campaigns were forced to spend millions to counter these issues,” Magleby says. Especially noteworthy, he says, were the pharmaceutical industry’s large expenditures, through an organization named Citizens for Better Medicare, to diffuse the strength of the prescription drug benefits issue in key races such as the Michigan Senate, Montana Senate, and California Twenty-seventh District races. Although claiming not to engage in election-related activity, Citizens for Better Medicare ran a vast majority of ads (80 percent) that clearly opposed or supported a candidate, the report found, and is typical of the growing number of interest groups that engage in election advocacy, thinly veiled as issue advocacy. In addition to the prescription drug conflict, in other races, the battle lines were drawn by pro-choice and pro-life groups, by environmental groups, and by labor and business organizations.

The Air War

In the 17 sample races, the parties and interest groups outspent the candidates 2 to 1 in television and radio advertising, the report says. Combining information gathered from stations with independent data, it appears that at least \$95 million was spent on television and radio advertising here, with candidates spending \$35 million and the parties \$41 million. However, the data gathered from stations show that candidates bought more spots than interest groups and political parties put together. This is due in part to candidates getting a better rate, while interest groups and parties had to pay inflated rates. As Election Day approached, the air war grew more expensive, with costs per spot increasing by 50 percent or more over the last few weeks of the election. In several of these races, some markets had no time available for purchase at the end of the campaign. And more generally, broadcasters charged a premium for television time.

Although, in the competitive congressional races monitored, the parties used soft money to become the biggest payers in the air war, several interest groups also pursued an aggressive broadcast advertising strategy. Republican allies, like the U.S. Chamber of Commerce, Citizens for Better Medicare, Americans for Job Security, Business Roundtable, and Alliance for Quality Nursing Home Care, were especially active. Democratic allies included the AFL-CIO, Planned Parenthood, and, to a lesser extent, the Sierra Club, Handgun Control, Emily’s List, the League of Conservation Voters, and NARAL. Some new groups in the issue advocacy air war included the NAACP National Voter Fund and the Republican Majority Issues Committee.

In some states, interest groups used issue advocacy to keep candidates viable. For example, during the summer and at critical times during the campaign, interest groups used issue advocacy to assist Debbie Stabenow (D-MI) when she did not have the campaign resources to do so herself. In other cases, much of

the money came in late, such as the millions of Democratic Party soft money in support of Virginia Democratic Senator Chuck Robb.

Many groups relied on polls and focus groups to determine themes for their advertisements. The NAACP National Voter Fund, for example, conducted focus group research that prompted the production of an intense ad on the hate crime issue in an attempt to motivate younger African Americans to vote.

The Ground War

A focus on soft money and issue advertising that only catalogs broadcast ads misses much of the story. In 2000, as in 1998, candidates, interest groups, and the political parties waged an intense ground war through mail, telephone calls, and person-to-person contact. Overall, of the thousands of pieces of mail collected in the same seventeen races, 1,231 were unique, or an average of 72 different pieces per race. In some contests, targeted voters received as many as twelve pieces of mail per day as Election Day approached. In any given race, many groups sent at least four different mail pieces and in some races, groups sent as many as eleven. Party committees sent over four hundred unique pieces of mail in these races, an average of 27 per race.

Relevance to Campaign Finance Reform

“This extensive and exhaustive study of the full range of campaign communications, including undisclosed spending, is relevant to the debate over campaign finance reform,” says Dr. Magleby. “Soft money is clearly a major component of competitive congressional elections, and both parties now have found ways to raise large amounts of soft money. Even if soft money is banned, these groups and individuals will likely try to find other ways to invest in congressional elections, especially given the razor-thin party margins in both houses.”

The report claims that the idea that most issue advocacy is not election-related is disproved by the data collected. Less than one-tenth (8.9 percent) of all communications intercepted were pure issue advocacy (had no reference to a candidate or the election). Rather, issue advocacy provides a powerful tool for agenda setting and candidate definition. Closing the soft money exemption from contribution limitations and leaving issue advocacy as it now stands will provide a tremendous incentive for individuals and groups to simply shift to issue advocacy, the report argues.

Background

Competitive congressional elections have seen a dramatic change in campaign communications since 1996. Non-candidate campaign spending—party soft money, election issue advocacy, independent expenditures, and internal communications in organizations—now rivals and often exceeds candidate spending in these contests. These outside money campaigns use all modes of communication, almost always involve campaign professionals, and are concentrated in competitive races. The candidates in these contests generally spend record-setting amounts of hard money on their own campaign. When the millions of dollars of outside money are added to the candidate spending, voters face a deluge of information, much of it negative.

The use of outside money in competitive races has long included independent expenditures and internal communications by groups. But the broadcast advertising, used by labor and then copied by business organizations in 1996, unleashed a new dimension of electioneering. These large-scale issue advocacy campaigns permit groups to spend unlimited amounts on voter communications for or against a candidate. These amounts reach beyond the limited and disclosed contributions groups can make directly to candidates. The 1998 cycle saw growth in election issue advocacy, as groups increasingly turned to the

targeted communications strategies of direct mail, telephones, internal communications to members of organizations, and person-to-person contacts. Here again, organized labor took the lead. These ground-war efforts successfully mobilized voters and helped explain why the House Democrats didn't lose seats in the last midterm, despite the long-standing pattern of presidential-party House seat losses.

Although soft money and issue advocacy have been campaign elements for several election cycles, both were substantially changed by the 1996 election cycle. The use of soft money for candidate issue advocacy by the Clinton/Gore campaign and the expansion of soft-money spending by both national parties in the 1996 races helped set the stage for the surge in soft-money electioneering in 1998 and its further expansion in 2000. Soft money has become an integral part of presidential elections and competitive congressional contests.

While the legal distinction between express and issue advocacy occurred in the landmark 1976 *Buckley v. Valeo* decision, not until the 1990s and especially 1996 did interest groups make widespread use of issue advocacy for electioneering purposes. Some groups have long used the unlimited independent expenditures allowed under *Buckley*, but the surge in election issue advocacy, that avoids the FEC disclosure constraint, can be mostly attributed to organized labor's \$35 million in advertising against congressional Republicans in 1996 and the predictable response of the business community in that cycle. In 1998, issue advocacy grew and diversified to include more widespread use of mail, telephone, and person-to-person contacts while still including substantial amounts of television and radio.

Methodology

This report summarizes the research conducted by teams of academics in seventeen of the most competitive congressional elections in 2000. The researchers gathered data from television and radio stations and established a reconnaissance network to collect political mail and report on campaigning via telephone. In addition, the researchers conducted extensive interviews with campaign professionals, party officials, and interest group leaders knowledgeable about each race. Additional interviews were conducted in Washington, D.C., with party and interest group professionals. Finally, researchers tallied and analyzed data from the Campaign Media Analysis Group (CMAG), which gathers data on television advertising in the seventy-five largest TV markets. Combining these data collection methods has produced the most complete picture available of the many campaign organizations operating in each of these contests.

The sample of races monitored was developed based upon published lists of competitive races by *The Cook Political Report*, *The Rothenberg Political Report*, and the American Enterprise Institute's *Election Watch* newsletter. This sample was circulated on a periodic basis to a panel of reporters from *Congressional Quarterly Weekly Report*, party and PAC professionals, and other political experts who helped identify the contests in which outside money was most likely to be spent and to be important. Some effort was made to stratify the sample to have a mix of incumbent and open seat races and to have a mix of Democratic and Republican contests that would permit researchers to tap into a wide variety of interest group and party strategies. All but two of the contests were rated by one or more of the prognosticators as "toss-ups," meaning that the race did not lean towards one party or the other.

Party Money in the 2000 Congressional Elections

According to the report, National and congressional party committees, in the aggregate, were effectively tied in soft money spending—\$244 million for the Republicans (RNC, NRSC, NRCC) and \$243 million for the Democrats (DNC, DSCC, DCCC) in 1999-2000. The fact that Democrats pulled even in overall soft-money spending is noteworthy. But the stunning development in the 1999-2000 election cycle is the surge in party soft-money spending by Democratic congressional campaign committees, often through

state parties. Republicans spent more soft money than ever before on congressional races, but the growth in Democratic soft-money spending was greater for the first time than GOP committee spending growth. The DSCC and DCCC spent \$119 million, compared to \$94 million for the NRSC and NRCC. This \$25 million advantage exceeds the \$20 million Republican advantage in 1997-98. Party spending in congressional races has shifted from primarily hard-dollar candidate contributions and coordinated expenditures, to primarily a combination of soft and hard money, with those expenditures targeted to fewer races.

In the aggregate, party soft money has risen from under \$17 million in 1994 to \$469 million in 2000, more than a six-fold increase, the report says. The growth this election cycle in soft-money disbursements has been greater in the Democratic Party congressional campaign committees, especially the DSCC. Looking at the period of one six-year Senate term, DSCC soft money rose from \$417,000 in 1994, to \$62.5 million in 2000. Over the same six years, the NRSC saw steady growth in its soft money receipts and was consistently well ahead of the DSCC until 1999-2000. The growth in soft money in 1999-2000 occurred in all party committees. But the growth in Democratic soft money is greatest in the congressional campaign committees.

The NRCC also essentially doubled its soft-money spending over 1997-98, yet for the first time, the DCCC out raised the NRCC, \$56 million to \$50 million. In the 1997-98 cycle, the DCCC raised \$16.2 million in soft money, well below the \$26.1 million raised by the NRCC. In 2000, between the parties, the two House committees raised in excess of \$107 million in soft money, up from \$44 million only two years before. This raises the question, where was all this soft money spent?

The Senate campaign committees also saw extraordinary increases in activity in 2000, according to the report. The DSCC had been slow to enter the soft-money arena. In 1994, the last election for the class of 2000 Senate incumbents, the DSCC spent \$416,743 in soft money. In contrast, during the 1993-94 election, the NRSC spent over \$6.5 million in soft money. The DSCC failed to reach \$1 million in soft-money receipts until 1996. In the 1996 and 1998 elections the DSCC trailed the NRSC by between \$10.5 and \$11.75 million. But in 2000, the DSCC raised and spent more soft money than any congressional campaign committee, \$62.5 million, and outspent the NRSC by more than \$19.5 million. Furthermore, the NRSC, which had often been at the lead of the congressional campaign committee money chase, fell into last place.

“This is a remarkable reversal in aggregate soft-money fundraising for the Democrats,” says Dr. Magleby. “In both houses, the Democrats in 2000 clearly pursued an aggressive soft-money strategy.” Jim Jordan of the DSCC confirmed this strategy when he said, “soft money was a key to this cycle... the DSCC was at message parity with the Republicans at the end.” How that strategy played out in the competitive races is a major focus of this research.

As with soft money, the DNC and RNC experienced growth in hard-money receipts in 2000 as compared to the last presidential election cycle. DNC receipts climbed more than \$14 million and the RNC receipts increased by more than \$18 million. The NRCC, as it has done in the past, lead all congressional campaign committees in hard-money receipts at \$90 million, up by roughly \$20 million over the last two election cycles. The NRCC hard-money receipts were more than double the DCCC’s. But there was cause for celebrating at the DCCC because they also set new records in hard-money fundraising, exceeding by nearly \$20 million what they raised in 1998. In sum, both House party committees raised approximately \$20 million more in 1999-2000 in hard money than they did in 1997-98.

While the general pattern in 1999-2000 was to raise unprecedented amounts of hard money, the NRSC actually brought in less hard money receipts than two years ago, continuing a four-cycle slide. Between 1992 and 2000, the NRSC dropped from \$70.6 million in hard-money receipts to \$49 million. The NRSC

hard-money receipts were still higher than the Democrats', but, taking hard and soft money together, this was not a good year for the NRSC compared to other congressional campaign committees. The DSCC raised \$40 million in 1999-2000, up \$5 million from 1997-98, and a new record high for the committee. Reasons for the NRSC's fundraising slippage may include a perception that the more intense competition in 2000 would be for control of the White House and House of Representatives. It may also be that with more incumbents running, the party committee was competing with its own candidates for hard money. These data provide the big picture of hard and soft-money fundraising. How effective were the respective parties in getting these resources into the most competitive races?

Nationwide, the NRCC spent \$56 million compared to the DCCC's \$53 million.

Interest groups took the 2000 elections seriously; they spent hundreds of millions in direct hard-money contributions to candidates, hard- and soft-money contributions to parties, election issue advocacy, independent expenditures, and internal communication costs in federal races at all levels. The biggest players were Citizens for Better Medicare (CBM) at \$65 million, the AFL-CIO (\$45 million), the NRA (\$25 million), Emily's List (\$20 million), the U.S. Chamber of Commerce (\$15 million), and Planned Parenthood (\$14 million). The second tier of groups included the NAACP National Voter Fund (\$11 million), the NEA (over \$9 million), Sierra Club (\$9.5 million), and NARAL (\$8 million). Other groups that made significant expenditures include the Business Roundtable (\$6 million), Handgun Control (\$5 million), and the League of Conservation Voters (\$4 million). This is not intended to be a comprehensive list; for example, the Christian Coalition reportedly sent out 75 million voter guides, and the Alliance for Quality Nursing Home Care spent over \$1 million in the Delaware Senate race.