

*Allocations Follow Form:  
The Impact of Federal Structure on Association PACs*

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Researchers have found that the leaders of PACs serving associations with federated organizational structures are under pressure to surrender a good deal of control over allocations to their grassroots fund raisers. As a result, these PACs expend a larger proportion of their allocations to assist the election efforts of ideologically congenial candidates, and a smaller proportion to attain access to likely election victors. This finding, in turn, prompts new questions. This paper addresses some of these. The most important concerns the degree to which association PACs' commitment to electing ideological allies is the result of sponsors' federated structures. Results of this analysis indicate that association PACs' distinctive commitment to influencing elections stems exclusively from federated associations. The association PAC category includes two distinct groups with vastly different tactical orientations. PACs in one group, i.e., those serving federated associations, are committed to influencing election results while PACs in the other group, consisting of those serving nonfederated associations, are dedicated to securing access to election victors.

While corporate and labor PAC contribution tactics have been the subject of extensive study, association PAC allocations have received much less attention.<sup>1</sup> The research that has been conducted indicates that the leaders of many association PACs have only limited control over their PACs' allocations. Wright (1985) concluded that the leaders of highly-funded PACs serving federated associations were compelled to respond to their grassroots contributors' preferences in order to sustain revenues. Ironically, then, the leaders of many highly-funded association PACs may be unable to direct a substantial proportion of their PACs' contribution funds in a manner which complements their sponsors' lobbying efforts. Wright asserted that while national leaders tend to rely more on "access" contributions (intended to maintain access to winners regardless of their ideology), grassroots leaders at the state and local levels are more inclined toward "electoral" contributions (intended to increase the electoral chances of ideologically attractive candidates). As a result, one may expect that highly-funded PACs sponsored by federated associations will contribute a *smaller* proportion of their funds to incumbents, especially liberal and Democratic incumbents, than will those serving sponsors with more centralized organizational structures (Wright 1985).<sup>2</sup>

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As a result of Wright's insights, a number of new questions have arisen. Two are addressed here. To what extent do sponsors' federal structures account for association PACs' commitment to electoral tactics, and do federated sponsors' state and local chapters have similar influences on PACs' allocations? While it is understood that PACs serving associations with federated structures direct a larger proportion of their funds as electoral contributions, we have not yet investigated the degree to which association PACs' commitment to electoral contributions results from grassroots influence.<sup>3</sup> In addition, differences in the impact of state and local chapters remain unexamined. For PACs serving federated associations, do state chapters have greater influence on allocations for statewide races for the U.S. Senate, and local chapters greater influence on allocations for district races for the House?

These concerns are important because highly-funded association PACs account for a large proportion of campaign funds. In the 1989-90 election cycle, for instance, association PACs contributing more than \$50,000 accounted for about one-quarter of all PAC contributions (Federal Election Commission 1991). A better understanding of association PACs' allocation tactics can help address questions regarding the means and potential limits of their influence.

### Construction of the Model

Because corporate PACs generally are centralized organizations largely committed to access contributions, they constitute a useful standard against which to compare the contribution priorities of association PACs.<sup>4</sup> For that reason, this analysis will include association *and* corporate PACs.<sup>5</sup> The analysis is based on the 1985-86 election cycle. Since the impact of federated organizations is expected among more highly funded PACs, only PACs making contributions totaling \$50,000 or more in the 1985-86 election cycle will be included (Wright 1985).<sup>6</sup> The resulting sample includes a total of 366 PACs, 270 corporate and 96 association.

Regression analysis will be used to predict contributions to incumbent House and Senate candidates.<sup>7</sup> Dichotomous variables are employed to distinguish PACs serving (1) associations (from those serving corporations), (2) associations with state chapters, and (3) associations with local chapters.<sup>8</sup> In addition, the analysis will include variables reflecting reactions to incumbents' *partisanship* and level of *business support* by corporate PACs, association PACs, PACs sponsored by associations with state chapters, and those sponsored by associations with local chapters. On the *party* variables Democratic incumbents were scored one and Republicans zero. On the *business*

*support* variables the Chamber of Commerce's mean ratings of incumbents' roll call votes for 1985 and 1986 were employed. These variables will allow a comparison of the contributions of association PACs with those of corporate PACs, and analysis of the influence of associations' state and local chapters on PAC allocations.

To assure the accuracy of the analysis additional factors must be controlled. Because elements such as candidate and PAC attributes (and for Senate races—state population) may influence PAC allocations, their exclusion from the model could obscure distinctions between corporate and association PACs and the impact of associations' federated organizational structures. Generally, the longer a legislator has served in office the greater his/her PAC receipts will be, freshmen incumbents receive a bonus, party leaders and committee chairs attract additional funds, and electorally vulnerable incumbents receive more funds. PACs will concentrate funds on members of committees dealing with policy of concern to their sponsors.<sup>9</sup> The larger a PAC's treasury, the more one may expect it to contribute to a candidate. In the case of Senate races, candidates in more populous states are expected to receive greater sums.<sup>10</sup>

Candidates' *seniority* was coded as the number of years a Representative or Senator had served. On the *freshman* variable, Representatives first elected in 1984 and Senators first elected in 1980 were scored one; all others were scored zero. Party leaders and committee chairs were awarded a one and all others a zero on the *leadership* variable. *Electoral vulnerability* was coded as the proportion of total vote candidates received in their last election (1984 for Representatives and 1980 for Senators).<sup>11</sup> Candidates' *committee assignments* were coded as dichotomous variables, one for each committee on which a candidate served and zero for those committees on which a candidate was not a member. *PACs' contribution totals* were drawn from the Federal Election Commission's data files and measured in thousand dollar increments (i.e., \$1,000 = 1.0). For Senate races, *state population* coding was based on how many thousands of individuals resided in the state (i.e., 1,000 residents = 1.0).<sup>12</sup>

## Analysis

Past research findings indicate that association PACs—with their greater commitment to electoral contributions—will direct a smaller proportion of their funds to incumbents generally, and less still to Democratic and liberal incumbents specifically, than will corporate PACs. Wright's findings (1985) lead to the expectation that much of this tendency will be reflected in variables denoting the presence of state and local chapters, because it is from

Table 1. Contributions to Incumbent Representatives

	Coefficient	t-Statistics
Association PACs' Response to		
Incumbents	17.40	.88
Incumbent Democrats	-7.67	-.58
Incumbents' Chamber of Commerce Scores	-.60**	-2.70
State Chapters' Response to		
Incumbents	-19.53	-.76
Incumbent Democrats	-11.29	-.59
Incumbents' Chamber of Commerce Scores	.60*	1.88
Local Chapters' Response to		
Incumbents	-49.71*	-1.74
Incumbent Democrats	-156.74***	-7.74
Incumbents' Chamber of Commerce Scores	2.33***	6.59
Corporate PACs' Response to		
Incumbent Democrats	-23.74***	-4.14
Incumbents' Chamber of Commerce Scores	.36***	3.74
PAC's Total Contributions	1.65***	205.85
Freshman	41.47***	7.08
Seniority	2.14***	10.20
Leadership Position	25.10***	7.84
1984 Electoral Margin	-.48***	-3.98
Corporate PAC Response to Committees:		
Banking	-2.13	-.39
Education and Labor	-75.29***	-10.96
Energy and Commerce	44.05***	7.98
Foreign Affairs	-60.57***	-10.07
Ways and Means	72.03***	12.55
Association PAC Response to Committees:		
Agriculture	69.26***	6.37
Banking	65.52***	7.22
Education and Labor	-112.26***	-9.71
Energy and Commerce	86.60***	9.40
Foreign Affairs	-128.88***	-12.75
Rules	82.30***	4.00
Ways and Means	194.24***	20.16
Constant	-59.60	
Adjusted R Square	.33	
Number of Cases	143,106	

\*\*\*Statistically significant at the .001 level, one-tailed test.

\*\* Statistically significant at the .01 level, one-tailed test.

\* Statistically significant at the .05 level, one-tailed test.

these chapter (i.e., grassroots) leaders that the sentiment for electoral contributions stems.

Results in Table 1 bear out Wright's expectations. Shorn of the influence of state and local chapters, association PACs reflect a greater access orientation than corporate PACs. Although only one of the three variables reflecting the contribution priorities of association PACs was significant, that variable reflects a commitment to access. Association PACs contributed significantly less to pro-business incumbents—a clear access tendency.

Associations' state and local chapters had distinctly different influences. While both were associated with electoral tactics, local chapters were more strongly committed to such a course. Although two of the three state chapter-related variables reflected a tendency toward electoral tactics, only one was statistically significant. The significant association (at a confidence level of 95 percent) was with the Chamber of Commerce score. Associations' state chapters made significantly larger contributions to pro-business incumbents—a sign of an electoral emphasis.

Not surprisingly, association PACs' House contributions proved much more susceptible to the influence of local chapters. All three of the local chapter related variables tended in the direction of electoral tactics *and* were statistically significant. Local chapters' association with smaller contributions to incumbents was significant at the 95 percent confidence level. More impressive were the variables reflecting local chapters' influence on contributions to Democratic and pro-business incumbents. Both variables reflected an electoral orientation statistically significant at a confidence level of 99.9 percent.

The control variables, with a single exception, were statistically significant and in the expected direction. The exception, corporate PACs' reaction to membership on the Banking Committee, was neither significant nor in the direction predicted. Larger PAC treasuries led to larger contributions; and freshmen, senior members, leaders, and more vulnerable incumbents received greater sums. Corporate PACs contributed more to members of the Energy and Commerce and Ways and Means Committees and less to members of the Education and Labor and Foreign Affairs Committees. Association PACs provided additional sums to members of the Agriculture, Banking, Energy and Commerce, Rules, and Ways and Means Committees and less to members of the Education and Labor and Foreign Affairs Committees.

Senate results are presented in Table 2. As with findings for the House—absent the influence of state and local chapters—association PACs were more *access-oriented* than corporate PACs. Again, two of the three association-related variables failed to prove significant. However, association

Table 2. Contributions to Incumbent Senators

	Coefficient	t-Statistics
Association PACs' Response to Incumbents	502.68**	2.53
Incumbent Democrats	68.47	.38
Incumbents' Chamber of Commerce Scores	4.04	1.01
State Chapters' Response to Incumbents	-51.05	-.19
Incumbent Democrats	26.56	.10
Incumbents' Chamber of Commerce Scores	-6.23	-1.08
Local Chapters' Response to Incumbents	-653.32*	-2.23
Incumbent Democrats	-226.24	-.80
Incumbents' Chamber of Commerce Scores	11.19*	1.76
Corporate PACs' Response to Incumbent Democrats	412.56***	4.81
Incumbents' Chamber of Commerce Scores	5.42**	3.02
PAC's Total Contributions	3.63?***	40.81
Freshman	242.44**	2.91
Seniority	6.52	1.16
Leadership Position	229.30***	4.37
1980 Electoral Margin	4.22	1.43
State Population	.00	1.10
Association PAC Response to Agriculture Committee	219.64**	2.42
Constant	-295.40	
Adjusted R Square	.23	
Number of Cases	9,516	

\*\*\*Statistically significant at the .001 level, one-tailed test.

\*\* Statistically significant at the .01 level, one-tailed test.

\* Statistically significant at the .05 level, one-tailed test.

PACs did contribute significantly more to incumbents than did corporate PACs, and this access tendency was significant at the 99 percent confidence level.

The most surprising aspect of these results was the limited impact that state chapters had on Senate contributions. None of the state chapter-related variables was statistically significant, and only two of the three variables indicated a tendency toward electoral contributions. While state chapters were associated with smaller contributions to incumbents generally and

larger contributions to pro-business incumbents specifically (both indicative of an electoral orientation), they also evidenced a tendency toward larger sums to Democratic incumbents (indicative of an access orientation). Local chapters had a greater impact on Senate contributions than did state chapters. All three local chapter-related variables tended in the direction of electoral tactics, and two of the three—contributions to incumbents generally, and contributions to pro-business incumbents—were statistically significant at the 95 percent level.

All but one of the control variables, electoral margin, was in the expected direction. However, only three variables—PACs' total contributions, leadership, and association PAC contributions to Agriculture Committee members—were statistically significant.

### Conclusions

Results reveal that association PACs—absent the influence of state and local chapters—are *more* inclined toward access tactics than are corporate PACs. Association PACs made significantly smaller contributions to pro-business House incumbents and significantly larger contributions to incumbent Senate candidates, both signs of a concern for access. Association PACs' tendencies toward electoral contribution tactics clearly sprout from their grassroots. At the same time, it should be noted that local chapters accounted for a good deal more of this influence than state chapters in both House and Senate races.

In contrast to PACs in the Federal Election Commission's corporate and labor categories those in the association grouping have been noted for the diversity of their contribution tactics. This work leads to the conclusion that much of that diversity may be the result of differences between PACs serving associations with centralized structures (which have neither state nor local chapters) and those serving associations with decentralized structures (which have state and/or local chapters).<sup>13</sup> While PACs serving associations with decentralized structures are ill-equipped to employ contribution tactics that would complement their sponsors' lobbying efforts, those sponsored by associations with centralized organizations are at least as capable of such tactics as corporate PACs.

The importance of this finding is underscored by comparing the proportion of highly-funded PACs serving associations with centralized organizations with the proportion sponsored by associations with decentralized structures. Of the 96 association PACs in this sample, 43 (i.e., 45 percent) were sponsored by associations with centralized organizations, and 53 (i.e., 55 percent) by associations with decentralized organizations. The 43 PACs

sponsored by centralized associations accounted for about one-quarter (\$6,219,050) and the 53 PACs sponsored by decentralized associations about three-quarters (\$20,267,555) of the total contributions allocated by all 96 highly-funded association PACs. In conclusion, it is clear that the Federal Election Commission's association category encompasses PACs with two distinctly different tactical orientations.

## NOTES

<sup>1</sup>Research focusing exclusively on association PACs includes Wright (1985), Grier and Munger (1986), Holcomb (1984), and Johnson (1985). Some research which included association PACs along with other types of PACs includes Eismeier and Pollock (1984, 1985), Davis (1988), Grenzke (1989), and Grier and Munger (1993).

<sup>2</sup>The Federal Election Commission's association category includes trade, membership and health organizations. Most association PACs are based on the shared business-related interests of their members, which leads one to expect that they would support conservative and Republican policies.

Because they are intended to help ideologically attractive candidates win elections, *electoral* contributions are concentrated in more competitive races. Business-related PACs tend to direct their electoral contributions disproportionately to Republicans and open seat candidates. Because they are intended to assist a PAC sponsor achieve access to election victors, *access* contributions tend to be focused on advantaged candidates. Access contributors concentrate funds on incumbents, the majority of whom are Democrats.

<sup>3</sup>The fact that Wright's sample was restricted to PACs sponsored by federated associations denied him the ability to compare the allocations of PACs serving federated associations with those serving nonfederated associations. For that reason, while he was able to identify pressure for electoral contributions within PACs sponsored by federated associations, he was unable to gauge the net effect of that pressure.

<sup>4</sup>Analyses indicate that corporate PACs generally have strong and highly centralized leadership and relatively disinterested contributors. Although those in the upper echelons of the corporate bureaucracy may provide little input into the corporation PAC's day-to-day operations, they retain a good deal of influence over the PAC. Handler and Mulkern (1982) identified "two uniformities" in CEOs' involvement. CEOs authorize the PAC, which involves specifying "conditions and guidelines that have large impact in shaping the PAC," and "they exercise the power of appointment . . . [selecting] the key personnel that serve the PAC and give it leadership and guidance." In over three-quarters of the PACs for which adequate information was available, Handler and Mulkern found that the CEO "appointed all members, officers, and nonofficers" of the committee running the company's PAC. In less than one in ten PACs "did the CEO appear to stand aside" from the appointment process (1982, 76). CEOs' "relative distance from PAC operations rests on the confidence that the PAC has been entrusted to individuals who can be relied on to relate the activity of the PAC to the interests of the firm" (1982, 78).

Corporate PAC managers report sensitivity to the expectations of members, but find cues concerning PAC members' preferences are scarce. "What evidence there is suggests low donor engagement. . . . The general perception [of PAC managers] that most contributors regard PAC activities as a kind of spectator sport would appear to give them an unimportant role in PAC politics, targets of marketing instead of agents of control" (Eismeier and Pollock 1985, 195-196).



<sup>5</sup>Corporate and association PACs were identified by using Federal Election Commission categorization. The corporate group includes corporations which issue stock and associations include trade, health, and membership associations.

<sup>6</sup>PAC contribution data were obtained from Federal Election Commission files provided through the Inter-University Consortium for Political and Social Research.

<sup>7</sup>OLS regression analysis is used because a wide audience is familiar with the technique, and past findings indicate that OLS and TOBIT results are generally similar (Chappell 1981).

<sup>8</sup>Association PACs which were not sponsored by business-related organizations (for instance, the Sierra Club's SCCOPE) were excluded from the analysis. Assessments of associations' organizational structures were based on information in Wright (1985) and the *Encyclopedia of Associations*. The latter noted the presence of state and substate (referred to here as local) chapters.

<sup>9</sup>This is of particular importance because some industries may be more conducive to the formation of corporate PACs while others may have a larger share of association PACs. For that reason, failure to control for committee membership threatens to confuse results regarding corporate and association PAC variables. Grier and Munger (1993) investigated the impact of committee membership on association, corporate, and union PAC contributions. Three different analyses were undertaken: one that included committees that Grier and Munger found were significant at the 99 percent level, another that included committees they found to be significant at the 95 percent level, and the third included all 21 House and 16 Senate committees. Since the inclusion of additional committee variables had little impact on resulting coefficients for corporate, association, and local and state chapter variables, results of the simplest model (including only committees significant at the 99 percent level) are presented here.

<sup>10</sup>Grier and Munger (1993, 618-623) provide a good summary of the rationale underlying the inclusion of all of these controls.

<sup>11</sup>This same method was employed by Grier and Munger (1993, 621). They used "the percentage vote received in the most recent election in which the incumbent ran" as their "proxy" for "electoral security."

<sup>12</sup>The seniority, freshmen leadership, electoral vulnerability, committee membership, and state population variables were coded based on information in the *Almanac of American Politics 1984 and 1986*.

<sup>13</sup>Eismeier and Pollock (1985, 202) described a group of highly-funded association PACs which was very different from those studied by Wright. They determined that "the instrumental PACs that centralize and rationalize huge campaign budgets with obvious legislative intent [that is, make access contributions] are found most commonly . . . in trade associations."

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