The Role of Parties in Legislative Campaign Financing

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The purpose of the analysis presented in this paper is to examine the role that party organizations play in campaign finance systems of state legislative elections. Party organizations are found to be more likely to fund candidates in competitive elections and more likely to fund challengers than are nonparty organizations. The impact of an increased role for party organizations in campaign finance systems is illustrated by simulating the distribution of campaign money and the results of state legislative elections under different scenarios of party funding.

A common belief among some political scientists, political pundits, and most reformers is that money in campaigns is a bad thing. Money is, however, important to competition in campaigns.[1] Because campaigns are now candidate-centered ordeals with minimal involvement of party organizations, candidates without significant amounts of money are lost. Poorly funded candidates cannot build an effective campaign organization to contact voters on a personal level nor can they purchase direct access to citizens through the media.

If the above assertions are correct, then what is all the fuss over our current system of campaign finance? Are there problems with it? We believe the answer to that question is yes, but the problems lie not with the fact that money plays an important role in campaigns, nor with the amount of money involved. Instead, we believe that the problem lies in the distribution of campaign money, a distribution which heavily favors incumbent candidates. The monetary advantage incumbents hold increases their reelection success rates and reduces competition (Abramowitz 1990). Thus, any attempt to reform campaign finance should be sensitive to the way the money is distributed in the campaign finance system.

How money is distributed depends largely on where it comes from; that is, it depends on who is making the contributions and how much they are contributing. PACs (political action committees), corporations, individuals, and party organizations have different patterns of giving campaign money. The purpose of this paper is to examine the impact party organizations—legislative party caucus campaign committees and legislative party leadership

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The American Review of Politics, Vol. 15, Summer, 1994: 171-189

committees as well as national, state, and local party organizations—have on the distribution of campaign money in state legislative elections and subsequently on the competitiveness of those elections. We contend that a greater role for parties in financing elections would result in a more equitable distribution of campaign money and a greater level of competition in legislative campaigns. We will attempt to demonstrate this in two ways: first, by establishing that party organizations are more likely than other types of campaign contributors to give to nonincumbents and to concentrate their resources in close races; and, second by assessing the effect an enlarged party role would have on the distribution of money and competitiveness.

The Distribution of Money in Campaign Finance Systems

The way money is distributed among candidates depends greatly on the nature of the campaign finance system in which the elections operate. Whether they be presidential, congressional, or state legislative, elections operate within separate campaign finance systems, with different configurations of political, legal, structural, and behavioral elements. The complex web of interactions among the political, legal, structural, and behavioral factors determine much of the nature of the campaign finance system. The level of spending in campaigns, for example, is affected by political factors such as the level of interparty competition, and by legal and structural factors such as campaign finance laws that may or may not limit contributions and expenditures, the nature of the districts, and the pool of campaign money available. A simplified model of a campaign finance system is presented in Figure 1. With an awareness of the complexity of campaign finance systems, our purpose is to isolate the effect one component of the system, political party activity, has on one behavior of the system, the distribution of campaign money.

Why should we expect the impact of political party organizations on the distribution of campaign money to be any different from that of PACs, corporations, and individuals? The answer lies, in part, in the reasons that these groups contribute to candidates. Individuals or organizations are believed to give money to candidates in order to influence public policy and/or to affect the outcome of an election. While these goals are clearly not mutually exclusive, it has been argued that there are strategic reasons why party and nonparty organizations differ in which of these two goals they give greatest priority to (Gierzynski 1992, Jacobson 1980, Jones and Borris 1985, Welch 1972). This has been supported by the contribution patterns of party and nonparty contributors at the national level and for some states (Gierzynski 1992, Jacobson 1980, Jones and Borris 1985).

Figure 1. Model of a Campaign Finance System

Political Factors:
- interparty competition
- political culture
- interest group organizational strength
- party organizational strength

Legal and Structural Factors:
- campaign finance laws
- election laws
- districts (MMD v. SMD, size population, heterogeneity)
- pool of campaign money

Behavior:
- spending levels
- distribution of campaign $
- role of $ in election outcomes
- role of $ in policy outcomes

PACs, corporations, and individuals contribute to candidates to influence public policy (sometimes benignly worded as wanting to gain access to law-makers). Strategically, the best way to influence public policy is to make friends (or at least placate enemies) among actual policy makers by making contributions to their campaigns. Given the overwhelmingly favorable odds of incumbents being the policy makers following the election—at least prior to the 1992 election season—this means making contributions to incumbents.[2] Because PACs, corporations, and individuals are the dominant contributors to legislative campaigns, the result is a distribution of campaign revenues which is highly skewed in favor of candidates who have little need for money, i.e., safe incumbents, while challengers, who desperately need money to mount serious campaigns, are neglected.

PACs, corporations, and individual contributors are also likely to give more money to candidates in open seat contests than to challengers. Since races without incumbents tend to be much more competitive than races with incumbents, contributors can affect policy by affecting the outcome of the election as well as by making friends with a potential lawmaker. This is because races without incumbents tend to be much more competitive than races with incumbents. Cautious PACs and corporations who are mainly concerned with influencing policy, however, often contribute to both sides in an open seat contest. Because open seat contests are relatively rare these days (except for elections immediately following redistricting), it is unlikely that incumbent candidates will suffer from a lack of attention from contributors as a result of such interest in open seat races.

Political parties are mainly interested in winning elections.[3] In the legislative arena, if they do not win enough races to control a majority of seats then their ability to pursue other interests—such as policy or rewarding followers—will be severely limited. The best opportunity to affect the outcomes of elections, and subsequently the number of seats a party holds, exists in close races where any additional resources for a candidate may mean the difference between winning and losing. Consequently, organizations that share a party's interest are likely to funnel most of their resources to candidates in races where the outcomes are uncertain. Though party organizations are likely to give priority to incumbents who are in electoral trouble, the fact that few incumbents find themselves in trouble in any particular election, and the fact that incumbents are usually adept at taking care of themselves, should mean that party organizations can afford to contribute significant amounts of their resources to open seat candidates and to challengers who have a realistic chance at knocking out an incumbent of the opposition party. Alternatively, party organizations' interest in winning elections might lead them to contribute to candidates who have no chance of winning in order to lay the foundations of future competitive races (Biersack and Wilcox 1989). But, because of the limited amount of resources available to the party and the ability of the parties to redraw legislative maps every ten years to upset such investments, large party contributions to hopeless candidates are likely to be very limited.

Political parties' preference for funding candidates in close races and their willingness to fund challengers and open seat candidates has been in evidence to some extent at the national level (Herrnson 1988) and at the state level (Jones and Borris 1985, Gierzynski 1992, Gierzynski and Jewell 1992, Stonecash 1989). However, in recent years there has been evidence that political party organizations have had a role in directing the flow of some PAC contributions at the national and state level (Gierzynski 1992, Herrnson 1988, Jones 1984). Such activity means that the parties are convincing PACs to pursue party goals in their contributions, but this is probably only possible if PAC goals and party goals overlap.

Thus, if our expectations regarding party contributions are met in our analysis, the relative strength of party contributors *vis-à-vis* PACs, corporations, and individuals within each campaign finance system should affect the distribution of campaign money in state legislative elections. Consequently, when party organizations are more active and have greater resources, the distribution of campaign money should be relatively more equitable, meaning the gap between incumbent and challenger revenue should be smaller. Because the expenditure of campaign money affects the vote in state legislative elections, the relative strength of party actors in state legislative campaign finance systems should also affect the competitiveness of the elections indirectly by affecting the distribution of money.

Design

To assess the role of parties in the distribution of campaign finance we focus on the way party organizations allocate their money within the current campaign finance system. First we compare the distribution patterns of party organizations and nonparty organizations. This is a simple matter of breaking down their contributions by the type of race and the type of candidate. In addition to means and percentages, a regression analysis is run to allow us to examine priorities on types of candidates and races while controlling for the type of race and candidates. The model regresses the proportion of party and nonparty contributions received by candidates on the type of candidate and the closeness of the race. More specifically, we run the following equation:

$$\text{ppartyrev} = b_0 + b_1(\text{challenger}) + b_2(\text{open}) + b_3(\text{close}) + e,$$

where 'ppartyrev' is the proportion of all party contributions received by a candidate; 'challenger' is a dummy variable equalling 1 if the candidate is a challenger and 0 if not; 'open' is a dummy variable equalling 1 if the candidate is not running against an incumbent; and 'close' is the margin of victory or defeat for the party's candidate in the previous election.[4] The share of all party money that a candidate receives is used as the dependent variable in order to allow us to compare party and nonparty priorities in each state: using dollar amounts would not allow for comparison because nonparty contributors contribute much more money overall. This regression model is also run with the proportion of nonparty contributions received by candidates.[5]

After determining contribution patterns among party and nonparty contributors, we illustrate the role of party further by assessing the impact a change in the party role would have on the distribution of money and competitiveness of elections. More specifically, we assess what impact a decrease or increase of the party role would have on the ratio of incumbent expenditures to challenger expenditures within each campaign finance system. And, we attempt to illustrate the impact a change in the party role would have on competition in state legislative elections by simulating election results in races involving incumbents. Election results are simulated by running a regression model of election results that regresses the challenger's vote share (%) on the percentagized difference in expenditures between the incumbent (iexp) and challenger (cexp),[6] the previous vote (in order to control for the expected competitiveness of the race and the party division in the district), and the candidate's party (a dummy variable equalling 1 if the candidate is a Democrat, 0 if the candidate is a Republican):

$$cvote = b_0 + b_1((cexp\text{-}iexp)/(cexp+iexp)) + b_2(vote86) + b_3(party) + e.$$

(For results of the regression analysis see the Appendix). Then, candidates' expenditures are adjusted under different scenarios of party funding (either added to or subtracted from). The new expenditure figures are entered into the results of the regression analysis along with the values for the other variables and a new challenger vote is estimated. This was performed for 4 different scenarios of party funding: no party money and two, three and four times the party money.

Running such a simulation requires making certain assumptions. One obvious assumption is that changes in the amount of money that party organizations would have to contribute would not affect the amount of money other organizations have to contribute. This assumption is not untenable if we consider that any reform of the campaign finance system that enlarged the role of political parties would restrict the role of other contributors and/or make more of the contributions flow first to the party organizations before going to candidates. In this case our simulation is a conservative estimate of what would happen if party roles were increased.

The other obvious assumption we are forced to make is that if party organizations had more money, they would maintain their current contribution pattern of focusing on close races and funding challengers and open seat candidates as well as incumbents. Our relatively large sample of states helps us examine this assumption empirically. There appears to be no difference, in either absolute or relative terms, between party organizations of different resources as far as emphasis on close races, open seats, and challengers (see Tables 1, 2 and 3, to be explained in more detail below). In fact, some of the states with the larger party organization roles, such as California, Oregon and Wisconsin, give the greatest proportion of their revenues to challengers and candidates in close races (see table 4, to be explained in more detail below).

We avoid making a third assumption, that changes in the party role would have the same impact in all campaign finance systems. We do this by having 11 different campaign finance systems to assess the impact of such a changing role.

Data

The data used in this analysis are 1988 campaign finance and election data for state house elections in 11 states: California, Idaho, Minnesota, Missouri, Montana, North Carolina, New Jersey, Oregon, Pennsylvania, Washington, and Wisconsin. The data were collected as part of an ongoing joint project to collect comprehensive campaign finance data in state legislative elections.[7]

These states vary on a number of important characteristics. They vary in the absolute and relative amount of money party organizations have to contribute (see table 1). California Republican party organizations contributed over 3 million dollars to candidates while North Carolina Democrats contributed only one thousand dollars. The money contributed by New Jersey Republicans in 1988 represented over 21 percent of the money received by Republican candidates, the same figure for Missouri Democrats was 0.4 percent. The states vary in the level of professionalism that their legislature has attained. According to a classification scheme developed by Kurtz (1989), three of the states in our sample have professional legislatures, five of the states have hybrid legislatures (having some attributes of professional and some attributes of citizen legislatures), and three of the states have citizen legislatures. They vary in the level of party competition. On the measure of interparty competition estimated by Bibby, Cotter, Gibson, and Huckshorn (1990), the states in the sample range from .70 (modified one-party Democratic) to .30 (modified one-party Republican). The range of all of the states is .84 to .25. The states also vary in the strictness of their campaign finance laws. Some states such as California place no limits on the amount of money individuals, PACs, and corporations can contribute to candidates. Other states such as Minnesota and Wisconsin are more strict, imposing limits that are supported by public funding for legislative candidates.

In the analysis party contributions include contributions from legislative party caucus campaign committees and leadership campaign committees, as well as state and local party organizations. Leadership campaign committee contributions (sometimes referred to as transfers) are included in the category of party organizations because they share the party organization's interest in controlling a legislature.[8] In the two states that provide public funding for state legislative candidates, Minnesota and Wisconsin, the public funds are excluded from the analysis of nonparty contributors. This is because public financing is not expected to be distributed in the same manner as contributions from individuals, PACs, and corporations.

Table 1. Party Contributions*

	Democrats			Republicans		
	Sum	Average	% of Total Revenues	Sum	Average	% of Total Revenues
California	$1,922,216	$24,643	6.2%	$3,168,980	$43,411	12.9%
Idaho	26,432	645	12.8	10,395	248	3.2
Minnesota	118,625	940	4.5	166,278	1,341	6.5
Missouri	7,323	90	0.4	29,479	415	2.8
Montana	14,324	194	5.7	16,639	228	6.3
North Carolina	1,000	14	0.1	74,202	1,124	11.3
New Jersey	190,291	2,607	4.7	950,000	12,179	21.3
Oregon	237,743	4,953	10.0	233,128	4,857	9.7
Pennsylvania	415,848	3,080	13.7	216,824	1,655	7.7
Washington	101,697	1,225	3.4	128,619	1,649	6.0
Wisconsin	65,610	1,112	6.1	117,374	1,752	8.7

*Includes legislative caucus campaign committees as well as state, national and local party organizations. Does not include leadership campaign committees.

Findings

Our analysis of the effect of party contributions on the distribution of money in elections starts with an analysis of the contribution patterns of party and nonparty organizations. Table 2 presents the mean contributions and the percent of total contributions received by candidates in competitive and noncompetitive races. The standard 40 to 60 percent range was used to define competitive races. Party organizations are clearly more likely to distribute a larger proportion of their money to candidates in close races than are nonparty organizations. In all 11 states the proportion of party money going to close races exceeds the proportion of nonparty money going to close races. In Wisconsin, for example, 86.2 percent of party organization money went to candidates in close races while only 48.3 percent of nonparty contributions went to candidates in close races. Mean contributions from party organizations for candidates in close contests are much higher than for candidates in uncompetitive races.

Table 3 presents the mean contributions incumbents, challengers and open seat candidates receive from party and nonparty organizations. It also includes the percent of the total party and nonparty revenues received by each group of candidates. In every state except New Jersey, party organizations contribute a larger proportion of their money to challengers than nonparty organizations do. In North Carolina, for example, party organizations allocated 72.7 percent of their money to challengers while nonparty

Table 2. Average and Percent of Revenues by Type of Race

	Nonparty Contributions		Party Contributions	
	Close*	Safe	Close*	Safe
California	$559,113 (33.3%) n=27	$244,035 (66.7%) n=124	$301,001 (80.2%) n=27	$16,132 (19.8%) n=124
Idaho	$8,178 (77.9%) n=47	$3,120 (22.1%) n=35	$744 (84.3%) n=47	$186 (15.7%) n=35
Minnesota[a]	$16,430 (46.8%) n=96	$11,624 (53.2%) n=154	$3,348 (71.3%) n=96	$842 (28.7%) n=154
Missouri	$19,717 (48.7%) n=67	$16,372 (51.3%) n=85	$976 (71.4%) n=67	$308 (28.6%) n=85
Montana	$3,512 (57.1%) n=78	$2,987 (42.9%) n=69	$281 (62.9%) n=78	$187 (37.1%) n=69
North Carolina	$13,443 (72.4%) n=94	$10,456 (27.6%) n=46	$644 (80.4%) n=94	$320 (19.6%) n=46
New Jersey	$69,157 (62.9%) n=67	$32,519 (37.1%) n=84	$12,475 (73.3%) n=67	$3,625 (26.7%) n=84
Oregon	$54,427 (75.4%) n=58	$30,315 (24.6%) n=34	$9,492 (93.3%) n=58	$1,170 (6.7%) n=34
Pennsylvania	$22,992 (26.3%) n=60	$18,728 (73.7%) n=206	$5,505 (52.2%) n=60	$1,468 (47.8%) n=206
Washington	$38,071 (52.5%) n=63	$22,117 (47.5) n=98	$7,672 (85.1%) n=63	$864 (14.9%) n=98
Wisconsin[a]	$18,614 (48.3%) n=49	$11,053 (51.7%) n=77	$3,573 (82.6%) n=49	$480 (17.4%) n=77

*Close races were defined as any race in which a candidate received between 40 and 60 percent of the vote. Contested elections only.

[a]Nonparty contributions for Minnesota and Wisconsin exclude public funding.

Table 3. Average and Percent of Campaign Revenues Received by Type of Candidate

	Nonparty Contributions			Party Contributions		
	Challs.	Incs.	Open	Challs.	Incs.	Open
California	$76,290 (11.8%) n=70	$515,355 (85.2%) n=75	$227,405 (3.0%) n=6	$67,454 (46.6%) n=70	$68,547 (50.8%) n=75	$44,097 (2.6%) n=6
Idaho	$4,472 (27.8%) n=31	$7,352 (47.7%) n=32	$6,371 (24.5%) n=19	$506 (42.7%) n=31	$420 (32.4%) n=32	$543 (24.9%) n=19
Minnesota[a]	$7,868 (27.1%) n=116	$18,709 (65.6%) n=118	$15,438 (7.3%) n=16	$2,035 (52.3%) n=116	$1,331 (34.8%) n=118	$3,623 (12.9%) n=16
Missouri	$8,347 (15.1%) n=49	$25,216 (55.3%) n=62	$19,568 (29.6%) n=41	$462 (24.7%) n=49	$313 (21.2%) n=62	$1,209 (54.1%) n=41
Montana	$2,513 (30.9%) n=59	$3,789 (41.0%) n=52	$3,744 (28.1%) n=36	$272 (46.0%) n=59	$188 (28.0%) n=52	$253 (26.1%) n=36
N. Carolina	$8,367 (31.2%) n=65	$16,300 (60.7%) n=65	$14,126 (8.1%) n=10	$842 (72.7%) n=65	$231 (19.9%) n=65	$550 (7.3%) n=10
New Jersey	$34,065 (34.2%) n=74	$64,923 (57.3%) n=65	$52,027 (8.5%) n=12	$5,222 (33.9%) n=74	$9,043 (51.5%) n=65	$13,842 (14.6%) n=12
Oregon	$27,041 (21.6%) n=34	$49,288 (42.4%) n=36	$67,897 (35.7%) n=22	$9,497 (54.7%) n=34	$1,524 (9.3%) n=36	$9,661 (36.0%) n=22
Pennsylvania	$6,761 (14.2%) n=110	$30,405 (65.0%) n=112	$24,741 (20.8%) n=44	$1,989 (34.6%) n=110	$1,876 (33.2%) n=112	$4,632 (32.2%) n=44
Washington	$16,495 (22.8%) n=63	$36,623 (59.4%) n=74	$34,192 (17.2%) n=23	$3,838 (42.6%) n=63	$2,208 (28.8%) n=74	$7,011 (28.4%) n=23
Wisconsin[a]	$10,326 (28.1%) n=48	$16,423 (54.0%) n=58	$15,751 (17.9%) n=20	$1,769 (40.0%) n=48	$1,277 (34.9%) n=58	$2,653 (25.0%) n=20

*Party contributions include contributions from legislative leaders and legislative caucus campaign committees as well as state, national, and local party organizations. Contested elections only.

[a]Nonparty contributions for Minnesota and Wisconsin exclude public funding.

organizations allocated 31.2 percent to challengers. In New Jersey, party and nonparty contributors allocated approximately the same amount of their money to challengers but party organizations allocated more money to open seat contests. In all states except California and New Jersey the mean contribution challengers received from party organizations was higher than the mean contribution incumbents received. Mean contributions from nonparty contributors were higher for incumbents than for challengers in every state.

The results of regression analyses of contributing patterns of party and nonparty organizations are presented in Table 4. Controlling for the type of candidate, the proportion of party contributions received by candidates increases with increasing competitiveness of the race in all states (significantly in 7 states).[9] Though the same can be said for nonparty contributors, the relationship is not as strong. In California, for example, for every one percent decrease in the margin of the previous election a candidate would receive an extra .03 percent of all party revenues and an extra .008 percent of all nonparty revenues.

The difference between party and nonparty contributors in their willingness to fund challengers is very evident in table 4. In all states except Wisconsin challengers receive a significantly smaller proportion of all nonparty contributions than incumbents.[10] In all states except New Jersey challengers receive a larger proportion of all party money than incumbents do (significant in 7 cases). In Oregon, for example, controlling for the closeness of the race, a challenger is likely to receive 1.35 percent more of total party revenues than an incumbent candidate. In the same state, a challenger is likely to receive .53 percent less of the total nonparty contributions than an incumbent.

Thus, with the exception of New Jersey, the expected differences between party and nonparty contributions is quite clear. Party organizations tend to concentrate their resources on close races and tend to give greater priority to challengers and open seat candidates. Nonparty organizations also tend to concentrate their resources on close races, although less so than party organizations, and tend to give more of their money to incumbents than challengers. Consequently, if party organizations played a greater role in campaign finance systems we would expect to find a more equitable distribution of campaign money than currently exists. To illustrate this, we estimated the ratio of incumbent revenues to challenger revenues under various scenarios of party activity within each of the 11 campaign finance systems.

Table 5 presents ratios of Democratic incumbent revenues to Republican challenger revenues, Republican incumbent revenues to Democratic challenger revenues, and Democratic to Republican open seat candidates under four different scenarios. The four scenarios are based on either subtracting party revenues from candidate revenues or doubling or tripling party revenues received by candidates and comparing these to the existing ratios. Focusing first on the ratios of incumbent expenditures to challenger expenditures (RI/DC and DI/RC), in 19 of the 22 cases the ratio increases if party revenues are subtracted from candidates' revenue and decreases if party revenues are doubled or tripled. The degree of change and the closeness to parity varies by state. In California, for example, incumbents of both parties would have better than a 6.5 to 1 advantage in revenues over their challengers if party contributions were absent. That ratio shrinks to a little better than 2.5 to 1 advantage if parties had three times the amount of money to contribute. Tripling party revenues would result in rough parity between incumbents and challengers of both parties in Oregon. In Idaho, North Carolina, and New Jersey, the impact of a change in the party role has a partisan impact. In Idaho, Democrats' greater amount of revenues means that increases in party revenues would increase the ratio of Democratic incumbents' revenues to challengers' revenues. In North Carolina and New Jersey, the advantage is in favor of the Republicans.

In terms of open seat contests, changing the level of party money contributed would have little impact on the ratio of Democratic candidates' revenues to challengers' revenues in Minnesota, Montana, Pennsylvania, and Wisconsin. It would have slight partisan effects in the rest of the states.

The final question to examine is what effect would such changes have on the competitiveness of state legislative elections. Table 6 presents the results of an analysis simulating the effect changes in party revenue would have on the average vote for challengers and on the number of seats won by challengers (see discussion above for methodology).

While the effect of changes in the party role on the distribution of campaign money is clear and sometimes dramatic, the effect on competitiveness is less so. Increasing party contributions does result in an increase in the average vote for challengers in all states except Missouri. With the exception of a couple of states, however, changes in the amount of money contributed by the party result in only marginal changes in the average vote percent for candidates. In Montana, one of the states where it does not appear to have an affect, the average party contribution is extremely low. Multiplying $272 by four still does not give challengers in Montana very much money to work with. And in other states such as Idaho and Missouri, the impact is dampened by the fact that there is only a minimal difference between the amount of money contributed to challengers and incumbents.

The most pronounced impact is found in states where parties have played a more integral role in financing challengers' campaigns. In Oregon,

Table 6. Change in the Vote for the Average Challenger and Change in Number of Contests Won by Challengers under Different Scenarios of Party and Public Funding

		0X	1X	2X	3X	4X
California	Vote Average	31.35	34.39	34.49	34.56	34.62
	Wins	0	—	2	2	2
Idaho	Vote Average	40.52	40.68	40.82	40.93	41.04
	Wins	0	—	0	0	0
Minnesota	Vote Average	36.25	36.89	37.35	37.71	38.00
	Wins	0	—	0	2	3
Missouri	Vote Average	37.51	37.51	37.49	37.47	37.45
	Wins	0	—	0	0	0
Montana	Vote Average	41.24	41.45	41.59	41.70	41.79
	Wins	0	—	0	0	0
North Carolina	Vote Average	43.38	43.68	43.93	44.15	44.33
	Wins	-1	—	0	1	2
New Jersey	Vote Average	39.80	39.78	39.80	39.83	39.85
	Wins	0	—	0	0	0
Oregon	Vote Average	39.82	42.17	43.67	44.77	45.63
	Wins	-7	—	3	5	6
Pennsylvania	Vote Average	32.74	32.87	32.95	33.02	33.07
	Wins	0	—	0	0	5
Washington	Vote Average	45.98	47.32	47.98	48.47	48.86
	Wins	-5	—	0	1	2
Wisconsin	Vote Average	36.12	36.17	36.22	36.26	36.30
	Wins	0	—	0	0	0

Column entries are the average vote for challengers estimated by plugging different values for candidate expenditures based on different scenarios of party funding (0X, no party funding; 1X, current level of funding; 2X, twice the party funding of candidates; etc.) into the results of a regression model of the vote (where the vote percent was regressed on the percentagized difference in candidate spending, the previous vote and party—see the Appendix).

one of the states where it does appear to have a greater effect, the average vote increases roughly 5 percentage points moving from a scenario with no party contributions to one in which party contributions are quadrupled. The next best case is Washington, where the average vote for challengers increases 3 percentage points. Averages can mask some important individual differences so we identified the changes in the outcome of races that would be made by an increased party role. The impact is greatest for Oregon, once again. Absent party funding, 7 challengers that won in 1988 would have lost; and if party funding were quadrupled, 6 additional challengers would have won. Six states show a gain in seats for challengers at the highest level of party funding estimated.

Thus, though the increases in the role of the party organization result in an increase in competitiveness, party organization funding would have to increase by more than fourfold to attain substantial differences in most states. It is likely that if we chose to make the simulation a zero sum game (that is, by decreasing nonparty revenue in amounts equal to the increases in party revenue), the impact on competition would have been more distinct.

Conclusion

The purpose of this paper was to examine the effect party organizations have on the distribution of money in state legislative campaign finance systems. As expected, contributions from party organizations were concentrated on close races and on challengers and open seat races to a greater degree than contributions from nonparty organizations. The impact of the party role was further illustrated by demonstrating the impact changes in party support would have on the distribution of campaign money in the system and on competition in state legislative elections. It was clear that increasing the party role would reduce the gap between incumbent revenues and challenger revenues. This alone should increase competition. While a positive trend in challengers' vote share is evident when party funding is increased, much greater levels of funding than we simulated here would be necessary in most states to raise substantially the average vote for challengers.

At a time when frustrated voters are responding to the lack of electoral turnover in state legislatures by placing term limitations on members, these findings are not without practical implications. They suggest greater electoral turnover may be achieved by changing the nature of the campaign finance system within a state. Given the possible negative repercussions resulting from term limitation (e.g., the possible undermining of legislative leadership, and institutional cooptation of the legislative branch), changing the nature of a state's campaign finance system through reforms designed to provide a more equitable distribution of money, and thereby greater competition and turnover, would appear to be an alternative worthy of serious consideration.

APPENDIX

Regression: Challenger's vote percent regressed on the percentagized difference between challenger's expenditures and incumbent's expenditures, the vote for the challenger's party in the previous election in the district, and party.

	$\frac{(cexp - iexp)}{(cexp + iexp)}$	pvote86	party	constant	R^2
California	10.99*	.28*	2.72	32.92*	.34
Idaho	5.60*	-.03	-4.45	46.66*	.22
Minnesota	18.63*	.28*	-.32	30.97*	.64
Missouri	11.47*	.23*	-.97	33.97*	.36
Montana	8.72*	-.04	-.83	44.13*	.11
North Carolina	5.83*	.35*	-5.51*	32.93*	.61
New Jersey	2.49	.99*	13.21*	-6.89	.69
Oregon	17.90*	-.13	-1.24	54.42	.71
Pennsylvania	16.38*	.11*	-.12	39.85*	.50
Washington	16.54*	.45*	-.32	29.22*	.81
Wisconsin	8.52*	.48*	6.04*	17.58*	.49

*Significant at the .05 level or better, one-tailed test.

Description of Variables in the Model:

$\frac{(cexp - iexp)}{(cexp + iexp)}$:	percentagized difference between challenger's and incumbent's expenditures
cexp:	challenger's expenditures
iexp:	incumbent's expenditures
pvote86:	district vote for the challenger's party in the previous election
party:	candidate's party

NOTES

[1]The relationship between campaign expenditures and votes is now well established at both the national and state level. For national level studies see Jacobson (1980), Abramowitz (1988), and Green and Krasno (1988). For expenditures in state legislative elections see Breaux and Gierzynski (1991), Caldeira and Patterson (1982), Gierzynski and Breaux (1991), Giles and Pritchard (1985), and Tucker and Weber (1987).

[2]The point has also been made that, in the case of PACs, the need for organizational maintenance (i.e., the survival of the PAC through continued fund raising) leads to a strategy of contributing to likely winners in order to demonstrate success (Jacobson 1980, Sorauf 1988).

[3]This argument comes from the Downsian view of political parties (see Downs 1957).

[4]The previous margin is used as a measure of the closeness of the race in order to avoid the causality problems associated with using the outcome of the current race—i.e., were contributions made because the race is close or did the contributions make the race close? A close race in 1986 is usually a good indication to contributors that the race in 1988 will be competitive. On the relationship between previous vote and current votes in state legislative elections see Garand (1991).

[5]Nonparty revenue for candidates in Minnesota and Wisconsin excludes public funds.

[6]Using the percentagized difference in expenditures between candidates has several advantages over using separate variables for expenditures by both candidates. First, we are concerned here with the impact differences in expenditures have on competition go it fits our purposes better than two

separate measures. Second, percentagized differences model diminishing marginal returns that many researchers have found in the relationship between spending and the vote. And, finally, it avoids some methodological problems, especially the problem of multicollinearity between challenger and incumbent expenditures. For previous use of this form of expenditure variable see Campbell and Sumners (1990).

[7]In addition to the two authors of this work, participants include Bill Cassie, Keith Hamm, Malcolm Jewell, Gary Moncrief, and Joel Thompson.

[8]Though transfers between legislative candidates can be seen as being some sort of *quid pro quo* arrangement (contributions for support for a leadership position, votes, etc.), the limited amount most legislators have to spend leads them to maximize the effect of their contributions by giving to candidates who truly need the contributions, i.e., those in close races. Furthermore, research at the state level has indicated that many legislators who contribute to other candidates are doing so in tandem with the legislative caucus campaign committees, i.e., the legislative party organization (see Gierzynski 1992).

[9]It could be argued that significance tests are irrelevant, given that our samples constitute the population of candidates in contested legislative races in each state. Whether a coefficient attains a .05 significance level also depends on the number of cases. Because states vary in the number of districts, significance levels must be viewed with additional caution.

[10]Since candidate status is incorporated in the regression model as a series of dummy variables, and since incumbency is the one dummy variable left out, the coefficients for challengers and open seat candidates must be interpreted in terms relative to incumbents (which are represented by the constant).

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