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THE OBAMA ADMINISTRATION: SETTING UP A GOVERNMENT

Turning the Tables: Individual Contributions, Member Contributions, and the Changing Campaign Finance Environment

David B. Magleby*

Bradley Jones†

David Lassen‡

*Brigham Young University, david.magleby@byu.edu

†Brigham Young University, brad.csed@gmail.com

‡Brigham Young University, dslassen@gmail.com

Turning the Tables: Individual Contributions, Member Contributions, and the Changing Campaign Finance Environment*

David B. Magleby, Bradley Jones, and David Lassen

Abstract

The BCRA soft money ban enacted in 2002 posed a serious challenge to Democrats. Could they compete in fundraising with the Republicans in a hard money only environment? Some even went so far as to suggest that BCRA was a “suicide bill” for the Democrats. Such dire predictions have not proven true. Democrats have exploited good candidates, strong party committee leadership, messaging, and technology to be competitive with the Republican Party overall in fundraising among individuals. The surge in individual donors to the Democrats is most pronounced in the 2008 presidential race but extends to the two congressional campaign committees as well.

KEYWORDS: individual contributions, presidential candidate fundraising, party committee fundraising, impact of Bipartisan Campaign Reform Act

*David B. Magleby is Distinguished Professor of Political Science and Dean of the College of Family, Home, and Social Sciences at Brigham Young University. He has published books and articles on direct democracy, campaign finance, and voting behavior. Bradley Jones and David Lassen are student research fellows at the Center for the Study of Elections and Democracy at Brigham Young University. Much of this research is drawn from work previously funded by the Pew Charitable Trusts, Joyce Foundation, Carnegie Corporation of New York, and JEHT Foundation.

Money, and often lots of it, is necessary to compete effectively for federal office. Sources of campaign funds include individuals, political parties, interest groups, and candidates themselves. Federal law has long regulated who may and may not give money to candidates. For example, since 1907 corporations have been banned from giving money to candidates from their general treasury. A similar ban was imposed on unions in 1943 (Corrado 2005, 12, 17). More recently, with the passage and amendment of the Federal Election Campaign Act (FECA) in 1974, individuals, party committees, and groups have been limited in how much they can give candidates, with individual and group donations to party committees also limited. Under FECA, Political Action Committees (PACs), which represent a range of business, labor, trade, and ideological organizations, were allowed to give candidates five times the amount that individuals could contribute.

Even though FECA had drastically changed the campaign finance landscape of the late 1970s, party leaders soon found the way around this new assortment of contribution limits: soft money. At the behest of party leaders and party committees, Congress amended FECA; these changes were later interpreted by the Federal Election Commission (FEC) to permit unlimited contributions to the party committees for “generic party-building activities” like voter registration drives and general party messaging. Contributions from union and corporate general funds were allowed as soft-money contributions. In the 1996 election, parties further expanded the use of soft money to include candidate-specific electioneering. Party communications funded by soft money quickly became indistinguishable from candidate communications, which meant that parties could and did mount large-scale parallel campaigns on behalf of their candidates and against opposing party nominees (Magleby 2000, 2003; Magleby and Monson 2004).

Recognizing this party soft money as an attempted end-run around campaign finance regulations, Congress largely banned it with the Bipartisan Campaign Reform Act of 2002 (BCRA). When BCRA was passed, some questioned which party its regulations would affect more over time. For nearly three decades, Republicans had invested more than Democrats in developing a base of individual donors, including donors making relatively small contributions, so that they seemed to be in a better position to transition to a hard money only environment. But Republicans had also gotten on the soft-money bandwagon. After the 1996 election, when soft money became a major way to target specific candidates, both parties had shifted sizeable resources to raising and spending soft money, although Democratic soft money consistently outpaced Republican.

In 2000 and 2002, for example, a respective 66 percent and 61 percent of Democratic Senatorial Campaign Committee (DSCC) receipts came from soft-money contributions. Soft money as a percentage of receipts for the National

Republican Senatorial Committee (NRSC), on the other hand, was 46 percent and 53 percent in those two cycles. Given their greater reliance on soft money, it was ironic that Democrats supported BCRA and its soft-money ban more consistently than Republicans did. One Democratic journalist called his party to task and even labeled BCRA a “suicide bill for Democrats.” Nearly a year after BCRA’s passage, he said in retrospect:

The reform bill could hardly be more devastating to the Democrats if it had been drafted by the right-wing talk-show host Rush Limbaugh and the House majority leader, Tom DeLay, expressly to undermine Democratic election prospects for the foreseeable future. But the wound was largely self-inflicted; what's more, the Democrats knew in advance that it would be painful. Similarly, the advantage gained by the Republicans comes in spite of their own actions, actions that were taken with an understanding that they were contrary to practical party interests.... When the bill passed in the House ... the vast majority of its supporters ... were Democrats (Gitell 2003, 111).

Within the academy there were both pessimistic and optimistic views on the impact of BCRA on the political parties. On the pessimist side, political scientist Sidney Milkis warned that “BCRA threatens [to undermine] the reinvigoration of national parties and the revitalization of America’s federal democracy” (2003, 43). Looking more to the future, Raymond La Raja wrote that “recent reforms under the BCRA will make it much more difficult for strongly institutionalized party organizations to emerge” (2008, 10). A more optimistic view of BCRA’s impact on political parties was expressed by Jonathan Krasno and Frank Sorauf who argued, “Certainly, BCRA’s implementation will decrease the amount of money available to state and local party organizations in the short turn, but that loss will stimulate them to broaden their base of contributors and raise more hard money” (2003, 57).

What was not debated at the time was BCRA’s creation of an incentive for candidates and party committees to raise money from individuals. BCRA did this by doubling the contribution limit for individual giving to candidates and then indexing that limit to inflation. For donors (presumably including former soft-money donors) who wanted to contribute the legal maximum, BCRA further created an incentive to contribute to the political party committees. The new law did this by capping what individuals could give candidates for the primary and general elections combined (at \$4,600 in 2008 dollars), but setting the total aggregate limit (for 2007–08) at \$108,200—with no more than \$42,700 going to candidates, no more than \$65,500 going to party committees, and no more than \$40,000 going to PACs. The maximum amount an individual could give any single party committee in 2007–08 was \$28,500. This article examines the

contribution patterns of individuals giving to federal candidates and political party committees.

PRESIDENTIAL CANDIDATE RECEIPTS FROM INDIVIDUALS

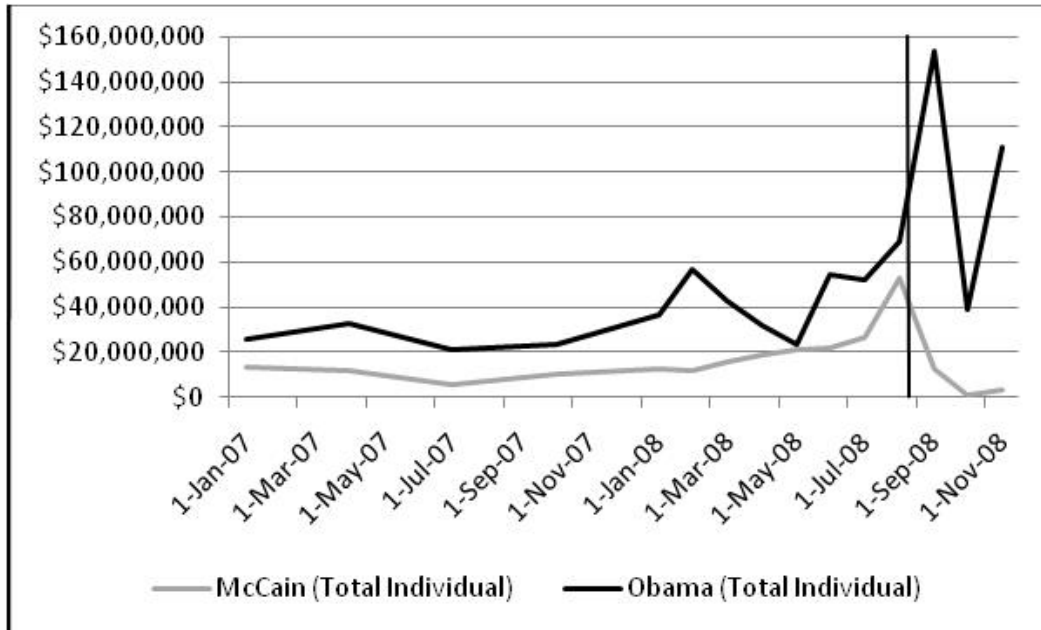
Any examination of the individual donors in the 2008 election cycle should begin in the long primary contest. In earlier work comparing individual contributions in 2007 to recent past presidential elections, researchers found a surge in individual contributions to presidential candidates and political party committees (Magleby 2008). Unlike previous cycles, the field was wide open on both sides before the Iowa Caucuses, and—at least for the Democrats—the dust would not settle until all states and territories had participated and the superdelegates had indicated their preferences. Conventional wisdom held that the Republicans, whose nomination fights were designed to be shorter due to winner-take-all election rules, would ultimately benefit from the protracted infighting within the Democratic party (Toner and Thee 2008; Pew Research Center 2008). Indeed, immediately after Super Tuesday, individual donors lined up behind John McCain to start building his war chest for the general election.

However, as has been widely noted, the primaries forced Barack Obama to build an organization in states that he otherwise might have ignored. This organizational advantage also translated into building an ever-wider donor base, especially in states with elections by caucus, where supporters had already committed a larger amount of time and resources to the candidate. The Obama campaign incorporated financial contributions into the larger campaign theme of involvement and empowerment (Vargas 2008). Of course it is impossible to say for sure, but it seems likely that extending the nomination process allowed Obama to substantially increase his donor and volunteer base, making possible a new model of campaign finance (Vargas 2008).

Figure 1 and Figure 2 show the percentage of each presidential candidate's funds that came from "unitemized" individual contributions, which the FEC defines as donations that do not exceed \$200 in a reporting period (the dashed lines), along with the total raised overall from individuals (the solid lines). Obama's unitemized contributions increased steadily over time as a proportion of his total contributions from individuals through June of 2008 when it became clear he would be the party nominee, at which time contributions from donors giving more than \$200 in the aggregate started to play a more significant role. In the midst of this steady increase, McCain's unitemized donations remained relatively flat until Super Tuesday. Unlike Obama's, McCain's unitemized receipts took a sharp upward turn in March, after it became clear he would be the Republican nominee, but dropped again in the weeks from July to the national party conventions. Aside from the most heavily fought portion of the primary

(February through June 2008), when Obama's small individual donations constituted at times more than 40 percent of his overall total, unitemized receipts remained fairly steady at around 30 to 35 percent of total contributions to his campaign.

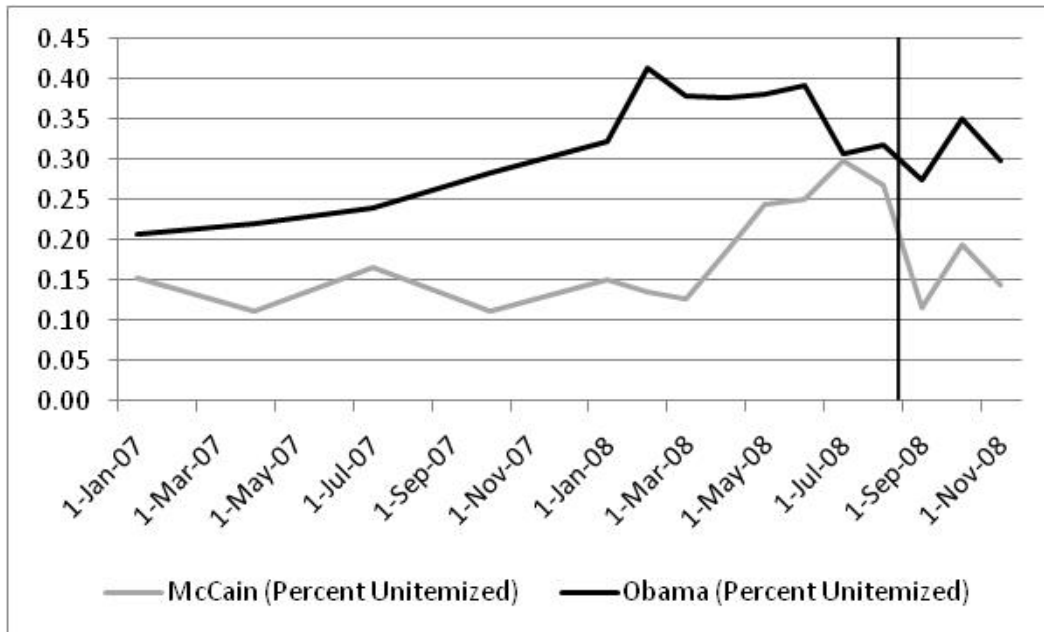
Figure 1: Individual Contributions to Presidential Candidates



Source: Bob Biersack, Deputy Press Officer, Federal Election Commission, email communication with David Magleby, March 4, 2009.

NOTE: The vertical line near the beginning of September 2008 indicates the approximate date of the national party conventions.

Figure 2: Percentage Coming from Unitemized Contributions to Presidential Candidates



Source: Bob Biersack, Deputy Press Officer, Federal Election Commission, email communication with David Magleby, March 4, 2009.

NOTE: The vertical line near the beginning of September 2008 indicates the approximate date of the national party conventions.

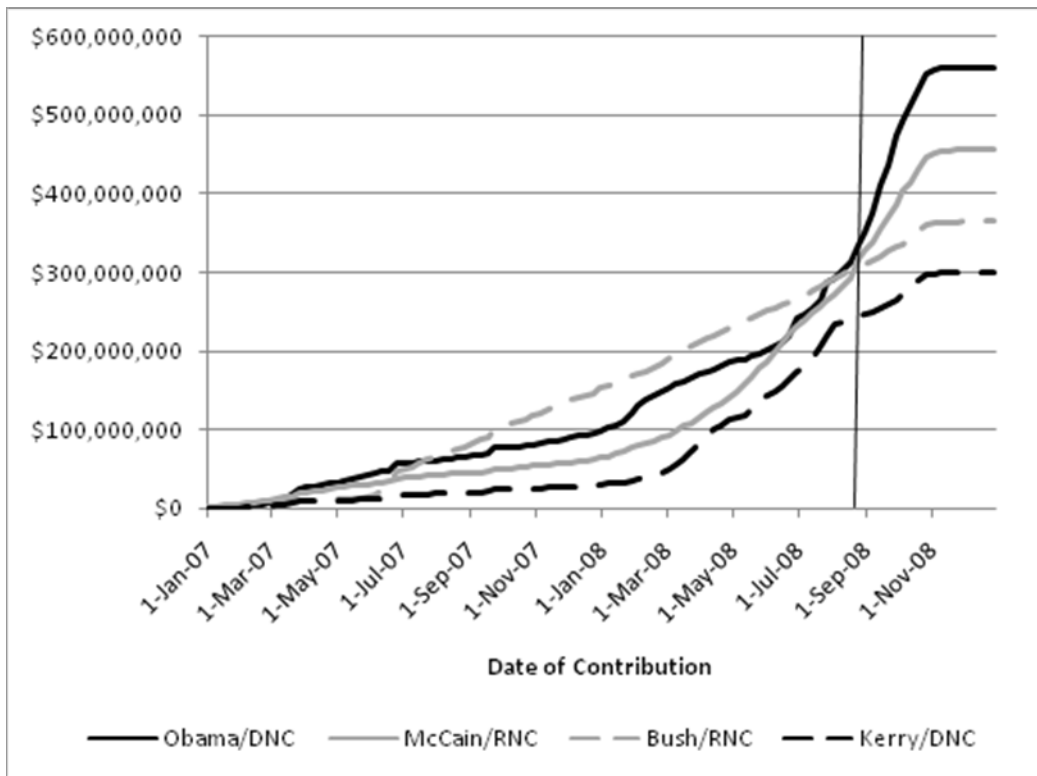
With such an open contest for the White House, individual contributions were widely dispersed among each party's major candidates for nomination. Consistent with early reports, Rudy Giuliani was favored in the very early stages of 2007 as the Republican front-runner, and early fundraising totals reinforced this perception. As the year wore on, however, several prominent challengers became viable. By the eve of the first caucuses in Iowa, Mitt Romney had an advantage among Republican contributors, and the other major candidates were all raising fairly comparable sums. Things quickly changed after Romney finished third in Iowa. Giuliani's repeatedly disappointing performance at the polls allowed room for a dramatic comeback for McCain, who, until it was clear he would capture the nomination, generally trailed behind his primary opponents in terms of fundraising. As late as July of 2008, some described his campaign as "in disarray and nearly broke" and predicted little electoral success for him in such circumstances (Liasson 2008). After Super Tuesday, overall contributions to Republican candidates increased dramatically across the board.

On the Democratic side of the nomination sweepstakes, fundraising by Obama and Hillary Clinton dominated the field from the beginning, and throughout 2007 these candidates achieved rough parity. In the weeks following Iowa and leading up to Super Tuesday, Obama captured the majority of itemized individual contributions and maintained this lead through the final weeks of the nomination, with the notable exception of the last weeks of April, when Clinton's contributions spiked after her victory in a series of large state primaries brought her closer to front-runner Obama in delegate totals.

Historic in many ways, 2008 was also the first year a major-party candidate did not take the public financing grant for the general election. This strategic move on Obama's part never seemed to hurt him politically, despite the best efforts of the McCain campaign and the Republican National Committee (RNC) to make this an issue. The Obama campaign played up the sheer numbers of small donors and in the end, the numbers appear to have worked to his advantage. Having cultivated so broad a base during the primary campaign, Obama was able to revisit supporters during the general election, often using inexpensive email to raise money, and his fundraising machine only accelerated as election day neared.

In recent presidential elections, when candidates have accepted the public financing grant, party committee fundraising and spending (in coordinated and independent expenditures) have been central parts of overall electioneering efforts. Figure 3 reports combined fundraising totals for Bush/RNC and Kerry/DNC in 2004 and McCain/RNC and Obama/DNC in 2008. In 2004, with George W. Bush running as an incumbent, the combined Bush/RNC receipts started an upward trajectory long before the same trend started for Kerry and the DNC. But once Kerry effectively secured the nomination, he and the DNC had a steep increase in combined receipts. In 2008, Obama outpaced McCain, even when the DNC and RNC receipts are included, although the two sides (candidate and his national party committee combined) were at near parity for a time between July and the conventions at the beginning of September. After the conventions, Obama and the DNC surged ahead.

Figure 3: Cumulative Itemized Receipts to the Presidential Nominees and the RNC and DNC, 2004 and 2008 (by week)



Source: FEC records of individual contributions, downloaded March 3, 2009.

NOTE: The vertical line near the beginning of September 2008 indicates the approximate date of the national party conventions.

While a great deal of Obama's fundraising success came from unitemized small donors, for whom BCRA had not changed the rules, he also did quite well with near 'max-out' donors. These donors would not have been permitted to donate at such levels under FECA, when individual contributions to candidates were limited to \$1,000 in the primary election and \$1,000 in the general. As noted previously, under BCRA an individual could give up to \$4,600 in 2007–08. How did the two major-party standard-bearers do among these max-out donors? Though the McCain campaign depended on itemized donors for a higher overall proportion of funds than did Obama, Obama still received over 50 percent of his itemized contributions in increments larger than \$2,000 (Federal Election Commission 2009). This compares with over two-thirds of McCain's itemized contributions at this level and above. Both candidates relied heavily on large donors during the first few months of 2007. After McCain secured the

nomination, his fundraising profile became increasingly tilted to high-end donors until around the time that Sarah Palin was selected as his vice-presidential running mate.

After his surprising Iowa victory, Obama continued to build his small and medium donor base in new and innovative ways. As the conventions neared and the eventuality of his nomination became clearer, it appears that Democratic large donors reacted by redirecting their contributions to the Obama campaign. Even with this support, however, Obama depended far less than McCain on the additional amounts of money allowed by increased BCRA limits. McCain's success in partnering with the RNC, however, may indicate that Obama could have had similar success if he had accepted the public financing grant (a question we pursue below). In addition to more dollars, Obama's approach had the distinct advantage of allowing the candidate control over the expenditure of the funds. For McCain, the partnership with the RNC was critical in his efforts to compete with Obama's fundraising. We now turn to the recent experience of the national party and congressional campaign committees in raising and spending money.

INDIVIDUAL CONTRIBUTIONS TO THE PARTY COMMITTEES

Like candidates, party committees have also experienced dramatic changes since the introduction of BCRA in 2002. These changes have largely run counter to the dire scenarios predicted before BCRA's passage and, over time, have created an environment in which Democratic Party committees are successfully competing with their Republican counterparts. Table 1 provides party committee receipts by source for the period 2000–2008. During the 2000 election, the RNC raised over \$212 million in hard money (\$193 million from individual donors), dwarfing the DNC's receipt of \$123 million (\$112 million from individual donors). By 2004, the DNC had reached near parity with the RNC. If receipts from presidential campaigns are included, the DNC had actually surpassed the RNC in 2008. Though a thorough understanding of why this shift occurred, how it impacted the relationship between party and presidential candidate, and the influence of unitemized donors is admittedly outside the scope of this article, a brief review of party committee FEC reports will help create a clearer picture of the relationships described above.

Table 1: Receipts from Individuals to National Party Committees, 2000–2008

	DNC					RNC				
	2000	2002	2004	2006	2008	2000	2002	2004	2006	2008
Total Receipts	\$123,997,509	\$67,497,257	\$394,411,997	\$130,821,232	\$260,111,657	\$212,798,761	\$170,099,094	\$392,413,393	\$243,007,131	\$427,558,768
Total Contributions from Individuals*	\$112,157,217	\$55,623,021	\$356,975,734	\$117,948,743	\$229,657,004	\$193,181,420	\$157,825,892	\$350,368,907	\$213,453,376	\$375,761,630
Unitemized*	\$59,491,349	\$37,820,051	\$165,774,626	\$73,197,298	\$82,724,020	\$91,052,511	\$102,927,710	\$157,091,853	\$112,849,192	\$152,211,824
Unitemized as % of Total from Individuals	53.04%	67.99%	46.44%	62.06%	36.02%	47.13%	65.22%	44.84%	52.87%	40.51%
Contributions at the Maximum Permitted*	\$11,040,000	\$680,000	\$43,350,000	\$3,756,200	\$41,284,632	\$12,660,000	\$2,980,000	\$60,850,000	\$801,000	\$37,422,200
Maximum as % of Individual Total	9.84%	1.22%	12.14%	3.18%	17.98%	6.55%	1.89%	17.37%	0.38%	9.96%

**Includes proceeds from Kerry Victory 2004 Joint fundraising effort.*

	DSCC					NRSC				
	2000	2002	2004	2006	2008	2000	2002	2004	2006	2008
Total Receipts	\$40,488,666	\$48,391,653	\$88,655,573	\$121,376,959	\$162,791,453	\$51,475,156	\$59,161,387	\$78,980,487	\$88,812,386	\$94,424,743
Total Contributions from Individuals	\$17,506,809	\$20,168,297	\$57,756,029	\$87,232,426	\$104,966,958	\$33,999,707	\$41,533,725	\$60,811,444	\$65,214,270	\$71,035,209
Unitemized	\$8,408,898	\$9,723,282	\$21,179,393	\$24,506,860	\$24,614,931	\$19,292,125	\$20,231,352	\$29,998,982	\$24,525,559	\$29,240,612
Unitemized as % of Total from Individuals	48.03%	48.21%	36.67%	28.09%	23.45%	56.74%	48.71%	49.33%	37.61%	41.16%
Contributions at the Maximum Permitted	\$1,640,000	\$2,020,000	\$12,175,000	\$10,016,700	\$26,163,500	\$180,000	\$320,000	\$6,125,000	\$2,132,600	\$12,454,000
Maximum as % of Individual Total	9.37%	10.02%	21.08%	11.48%	24.93%	0.53%	0.77%	10.07%	3.27%	17.53%

	DCCC					NRCC				
	2000	2002	2004	2006	2008	2000	2002	2004	2006	2008
Total Receipts	\$48,394,476	\$46,436,093	\$93,168,931	\$139,891,645	\$176,210,540	\$97,314,513	\$123,615,586	\$185,719,489	\$179,549,131	\$118,324,756
Total Contributions from Individuals	\$21,844,053	\$19,393,788	\$50,690,882	\$83,158,357	\$90,729,507	\$67,010,001	\$79,175,374	\$145,858,047	\$112,066,248	\$74,929,413
Unitemized	\$9,932,524	\$11,201,482	\$25,141,719	\$32,013,707	\$30,873,707	\$34,703,962	\$39,673,242	\$49,789,260	\$42,369,374	\$32,121,271
Unitemized as % of Total from Individuals	45.47%	57.76%	49.60%	38.50%	34.03%	51.79%	50.11%	34.14%	37.81%	42.87%
Contributions at the Maximum Permitted	\$1,040,000	\$800,000	\$6,675,000	\$5,265,950	\$15,618,000	\$480,000	\$180,000	\$3,775,000	\$186,900	\$2,394,000
Maximum as % of Individual Total	4.76%	4.13%	13.17%	6.33%	17.21%	0.72%	0.23%	2.59%	0.17%	3.20%

Source: Bob Biersack, Deputy Press Officer, Federal Election Commission, email communication with Stephanie Curtis, February 23, 2009.

Notes: This table includes federal or "hard" money only. Unitemized contributions from individuals are those which aggregate \$200 or less in a calendar year from a single person. The maximum contribution from individuals was changed from \$20,000 per year to \$25,000 per year for the 2004 election cycle and to \$26,700 in 2006.

Taking a step back from the DNC and RNC, the recent trajectory of the party congressional committees as reported to the FEC also tells a compelling story. The Republican committees—the NRSC and the National Republican Congressional Committee (NRCC)—held a substantial fundraising advantage in both the 2000 and the 2002 cycles over the relatively weak DSCC and Democratic Congressional Campaign Committee (DCCC). In each cycle, the Republican congressional committees raised more than twice as much from individual donors (hard money only) as their Democratic counterparts.

Beginning in the 2004 cycle, however, the Democratic congressional committees began closing this fundraising gap. A large part of their success came with the marked increase in individual donations at the maximum level allowed under BCRA. In 2004, both the DSCC and DCCC increased their receipts from these donations to more than six times their levels in 2000 and 2002, while the Republicans struggled to keep pace. With the momentum of large donors, the DSCC and DCCC continued to outpace their Republican counterparts in max-out contributions, and by 2006 had reached near-parity in total individual contributions. Since the 2002 election, both Democratic committees have steadily increased their overall fundraising by between 25 and 100 percent each cycle, while Republicans—who kept pace in 2004—have struggled in 2006 and 2008. NRCC fundraising shrank in the two most recent election cycles, contracting by more than 30 percent in 2008.

FEC reports also indicate that Democratic leadership has been successful in rallying support from Democrats in Congress. Accompanying the rise in individual contributions to the Democratic congressional committees has been a steady rise in contributions from federal candidates. In 2002, the NRSC and NRCC benefited from nearly \$16 million in contributions from Republican candidates for federal office, and the DSCC and DCCC were at near-parity at \$14 million. By 2008 the situation had changed, with Republican congressional committees receiving \$27 million from federal candidates while Democratic committees enjoyed nearly \$68 million from their candidates. While the total fundraising of both parties dwarfed these amounts, the \$41 million difference in receipts from candidates speaks to the momentum of the Democrats in the election cycle.

During this time of Democratic ascendancy, Charles Schumer, Rahm Emanuel, and others in Democratic leadership helped engineer an eight-seat swing in the Senate and a fifty-one-seat pick-up in the House. Frustrated with Republicans' lack of electoral success and candidates' lack of support, 2008 NRSC Chair John Ensign at one point during the cycle lamented that the NRSC needed "a lot more help from colleagues," adding that the help of Republican senators was vital to the committee's success (Kady 2008). Despite the senator's appeals, his committee failed to reach the ambitious goals he set early in the cycle

for overall fundraising of \$119 million. They actually raised \$94.4 million, with the shortfall entirely attributable to the lack of support from GOP candidates. Ensign's goal for committee member gifts was \$30 million, yet the NRSC only received \$2.8 million from these senators (Bresnahan 2007). In a difficult election, many Republican senators were ultimately unwilling to part with a portion of their war chests. In addition to these difficulties, however, the NRSC and NRCC, unlike their Democratic counterparts, may have suffered from intraparty competition (especially from the RNC) for money from individual donors.

The RNC has long been the flagship fundraising organization for the Republican Party and has functioned as the recipient of much of the party's individual-donor contributions. As noted above, since 2000 the RNC has regularly met or exceeded the DNC's hard money fundraising total. In 2002 the committee more than doubled the DNC's total, raising \$170 million to the DNC's \$67.5 million. Again in 2008, the RNC easily outpaced their Democratic counterparts, \$427 million to \$260 million. As noted above, however, during this time the RNC's congressional colleagues struggled while the DSCC and DCCC flourished. In each of the 2002, 2006, and 2008 election cycles, the RNC represented a significantly higher proportion of the funds raised by Republican Party committees than the DNC relative to the Democratic congressional campaign committees. In 2008, the GOP congressional campaign committees also experienced a sharp reduction in intraparty transfers to the NRCC, which dropped from \$18 million in 2006 to just over \$1 million in 2008. Working in an unfavorable electoral terrain, the continued financial prominence of the RNC appears to have handicapped the fundraising ability of the NRSC and NRCC and, without transfers from the RNC, compounded their money challenges.

Considering the fundraising totals from each of the major-party committees alone tells only part of the story, however. The largest influence on general party committee receipts in any election cycle, especially during a presidential election, is ordinarily either the sitting president or the presidential candidates of the two parties. This was especially true in 2004, when both John Kerry and George W. Bush agreed to participate in the public financing program that awarded them a multi-million-dollar grant for the general election but effectively stopped their own campaign fundraising. At this point, both candidates logically shifted their considerable fundraising abilities to help their party committees.

Table 2: Candidate, PAC, and Committee Receipts to National Party Committees, 2000-08

	DNC					RNC				
	2000	2002	2004	2006	2008	2000	2002	2004	2006	2008
Total Receipts	\$123,997,509	\$67,497,257	\$394,411,997	\$130,821,232	\$260,111,657	\$212,798,761	\$170,099,094	\$392,413,393	\$243,007,131	\$427,558,768
Contributions from Federal Candidates	\$1,478,662	\$55,113	\$24,063,496	\$1,099,873	\$26,800	\$56,050	\$160,250	\$26,678,514	\$1,274,385	\$87,245
Contributions from PACs	\$2,603,074	\$1,099,514	\$3,038,036	\$1,490,203	\$2,184,891	\$1,630,105	\$703,084	\$2,970,840	\$2,169,356	\$2,157,781
Transfers from State or other National Parties	\$2,141,409	\$6,560,050	\$378,869	\$466,738	\$229,635	\$11,237,797	\$3,522,399	\$4,655,873	\$4,556,649	\$6,121,391

*Includes proceeds from Kerry Victory 2004 Joint fundraising effort.

	DSCC					NRSC				
	2000	2002	2004	2006	2008	2000	2002	2004	2006	2008
Total Receipts	\$40,488,666	\$48,391,653	\$88,655,573	\$121,376,959	\$162,791,453	\$51,475,156	\$59,161,387	\$78,980,487	\$88,812,386	\$94,424,743
Contributions from Federal Candidates	\$1,133,100	\$1,820,984	\$14,637,708	\$11,817,188	\$20,596,100	\$2,960,305	\$1,621,321	\$3,846,670	\$4,657,000	\$2,784,172
Contributions from PACs	\$4,309,127	\$4,707,156	\$6,281,744	\$7,911,614	\$10,724,164	\$4,027,375	\$4,206,101	\$7,714,233	\$8,699,844	\$8,995,031
Transfers from State or other National Parties	\$4,042,276	\$7,100,082	\$8,166	\$1,066,159	\$5,252,672	\$2,623,620	\$6,580,615	\$501,961	\$5,042,400	\$4,209,312

	DCCC					NRCC				
	2000	2002	2004	2006	2008	2000	2002	2004	2006	2008
Total Receipts	\$48,394,476	\$46,436,093	\$93,168,931	\$139,891,645	\$176,210,540	\$97,314,513	\$123,615,586	\$185,719,489	\$179,549,131	\$118,324,756
Contributions from Federal Candidates	\$11,036,046	\$12,131,368	\$23,958,309	\$33,355,498	\$47,032,170	\$14,816,796	\$14,077,114	\$24,247,276	\$30,223,581	\$24,217,691
Contributions from PACs	\$4,786,051	\$4,157,049	\$6,447,173	\$7,284,668	\$9,878,147	\$4,593,138	\$4,661,590	\$8,595,727	\$11,199,585	\$9,339,680
Transfers from State or other National Parties	\$1,164,618	\$3,207,213	\$652,638	\$954,500	\$5,094,178	\$4,575,539	\$4,454,900	\$1,204,620	\$18,117,022	\$1,108,148

Source: Bob Biersack, Deputy Press Officer, Federal Election Commission, email communication with Stephanie Curtis, February 23, 2009.

Notes: This table includes federal or "hard" money only.

With the party committee's ability to spend independently in support of their party's candidate, the RNC and DNC have in previous cycles largely become financial appendages to presidential campaigns. With this in mind, the 2004 party totals reported in Table 1 are aggregated in Table 3 to reflect the more than \$200 million both Kerry and Bush raised during the nomination phase of the 2004 election. Looking at 2004, for example, the Bush/RNC total was nearly \$40 million larger than the Kerry/DNC total. This candidate/party committee aggregation is more interesting in 2008, when, as noted above, Barack Obama became the first major party presidential candidate since FECA took effect to reject the public financing system and continue fundraising during the general election phase.

The 2008 totals listed in Table 3 indicate that although Obama broke with tradition by rejecting public funds and limits, he may have benefited from his decision by raising more than he and the DNC might have logically been expected to raise otherwise. Consider both the actual and projected figures listed in the table. The first two lines list the overall totals raised by party committee and presidential candidate in 2004 and 2008. Beginning with the third line (Scenario 1), however, a series of projected outcomes are listed that consider possible scenarios if Obama had participated in public funding. Each scenario uses his fundraising total at the end of August 2008, just before the national convention.

Table 3: Hypothetical Alternate 2008 Presidential Fundraising Totals by Party

Year	DNC Total	DNC With Candidate	RNC Total	RNC With Candidate
2004	\$394,411,997	\$648,271,232	\$392,413,393	\$685,022,194
2008	\$260,111,657	\$1,005,097,282	\$427,558,768	\$711,548,731
Scenario 1	\$260,111,657	\$711,111,657	\$427,558,768	\$711,548,731
Scenario 2	\$369,878,776	\$884,730,713	\$427,558,768	\$711,548,731
Scenario 3	\$491,611,032	\$1,006,462,969	\$427,558,768	\$711,548,731

Scenario 1 lists the potential Obama/DNC total if Obama had accepted public financing and the DNC had raised no more than their actual 2008 total—an unlikely outcome given Obama's sizeable fundraising influence. In this scenario, Obama's primary total (\$431 million) combined with the \$84 million public financing grant he would have received and the \$260 million actually raised by the DNC in 2008 would have given the Democrats approximately the same amount that McCain and the RNC raised during the same cycle. Scenarios 2 and 3

consider other potential 2008 fundraising totals for the DNC had Obama opted to accept public financing.

Scenario 2 is perhaps the most accurate replication of what might have happened in 2008 if Obama had participated in the public finance system. This scenario uses a DNC estimate based on the percentage difference between the DNC's 2004 and 2008 totals (34 percent) with an additional adjustment of 8.2 percent (the difference between the RNC's 2004 and 2008 totals) to account for any general increase in political contributions between the two cycles. As Table 3 shows, for this scenario an Obama/DNC collaboration would have hypothetically raised \$884 million, substantially more than McCain/RNC raised together, but still less than the Obama/DNC actual 2008 total of just over \$1 billion with Obama declining public funding.

Scenario 3 reviews how much the DNC would have had to raise to arrive at a combined total similar to actual 2008 totals. As these estimates show, the DNC would have had to increase their 2008 fundraising by nearly 90 percent to produce a comparable combined total. This total, however, is fairly comparable with the RNC's 2008 total of \$427 million, suggesting that Democrats might have achieved this with the assistance of a popular presidential candidate.

These estimates suggest that while it is unclear whether or not Obama's decision to reject public financing benefited him in the long run, his actions have also generated questions about the future relationship between presidential candidates and their party committees. During the 2008 election, Obama was at times more aloof from the Democratic committees than previous candidates have been from their respective party committees. Obama not only decided to operate somewhat independently of Howard Dean and the DNC, but at one point refused a direct request from Senate Majority Leader Harry Reid to help Democratic Senate candidates financially (Bresnahan 2008). Democratic congressional committee receipts during the 2008 calendar year showed a distinct shift from 2004, largely because of Obama's candidacy.

The DNC for instance, though its fundraising during the 2008 cycle's off-year (2007) was similar to its efforts in 2003 (Magleby 2008), raised between 33 and 68 percent less per quarter in 2008 than in 2004, while Barack Obama and Hillary Clinton were vying for the nation's attention and for Democrats' dollars—a stark contrast with the at-times 300 percent quarterly increases reported by the DSCC and DCCC. It will take time to see just how lasting and extensive this shift away from party committees and their assistance will be, but it appears that the surge in individual contributions garnered by the Obama campaign played a key role in this relationship in 2008.

CONCLUSION

The 2008 election cycle represents the continuation of a change in the campaign fundraising environment. Democrats, who once feared that BCRA would be a “poison pill” for their party, have instead flourished, with a surge in individual contributions at all levels of giving. At the same time, Republicans have struggled to hold or regain the fundraising advantage they once held. This swing is likely attributable to a combination of factors in the campaign environment, not the least of which is dissatisfaction with the sitting president and current wars. More individuals contributed to political candidates and political party committees in 2008 than ever before, and a large proportion of these new donors supported Barack Obama and the Democratic congressional committees. Democrats had the added advantage of incumbent members of Congress giving money to their party congressional campaign committees in much greater amounts than Republicans gave.

Reformers for decades have sought to find ways to involve more people in the financing of our candidates and political parties. A variety of approaches have been taken to attempt to accomplish this, including tax deductions for political contributions up to a certain amount and the optional check-off contribution on state and federal income tax forms. Lawmakers have enacted measures that put a premium on small individual contributions. For example, the presidential public financing system in the nomination phase provides matching funds for individual contributions of up to \$250. This policy does not provide matching funds for PAC contributions, nor for the portion of an individual’s contribution in excess of \$250.

What is most remarkable, then, about the 2008 election cycle is the groundswell of individual contributions to candidates and party committees, and especially to Barack Obama. Many of these contributions were small, but a significant proportion also exceeded the old FECA limits, bringing the “BCRA bonus” to candidates who could persuade donors to give more than \$2000 in total. This research has not examined what motivated individuals to give to candidates and party committees in 2007–08. Those motivations could well be transitory, linked to hostility toward President George W. Bush along with two unpopular wars, in addition to an articulate and charismatic Democratic candidate. Another likely element of the surge in individual donors in 2008 is the skillful use of technology by candidates, especially Barack Obama.

Another point of great interest to arise from the campaign is the new candidate/party relationship this surge in individual giving seems to have helped facilitate. The 2007–08 election cycle was unique in its natural comparison of two candidates who followed distinctly different campaign finance and electoral paths. While McCain largely relied on the fundraising strength of the RNC (perhaps

because he had no other choice), Obama avoided a relatively weaker DNC and created an independent fundraising operation of groundbreaking magnitude. All of this points to the changing relevance of party committees, especially in elections with strong candidates. While, as we have stressed, it is difficult to tell if these changes will be lasting, Obama has set a precedent of candidate success largely apart from a party committee.

It would be a mistake to make too much of the Obama small donors, as he and other candidates and some of the political party committees also successfully tapped into a donor base able to give at or near the maximum allowable to a candidate or political party committee. In 2008, McCain relied more heavily on these donors than did Obama, but Obama and the Democratic Party committees still raised a high proportion of their money from large donations. Benefiting from positive electoral momentum and an energized base of voters and candidates, Democrats have pressed their advantage and surpassed the Republicans in receipts from large and small donors.

There are, of course, reasons to be cautious about projecting the future from an election cycle as unusual as 2007–08, but based upon the 2006 and 2008 election cycles it appears that political parties have adapted well to the new world of hard money only. The problems the Republican congressional committees had in 2008 relative to those of the Democratic committees are not due to the soft-money ban but rather to other factors such as unpopular party leadership, electorally challenged members, and intraparty competition. Similarly, the historic fundraising success of Barack Obama was not just due to a surge in small donors. Was 2008 then a watershed or an anomaly? While only time will tell, early indications are that it might be a watershed for future candidates and party committees if they continue to find ways to engage and attract individual unitemized donors while not alienating large donors. In all likelihood some of the same techniques and tools used to engage donors in 2008 will be part of candidate and political party governing strategies in 2009 and beyond.

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