

## **The Purposes and Beneficiaries of Party “Soft Money”**

### **Summary of Key Findings**

As Congress begins debate on the Shays-Meehan bill, calling in part for a ban on party soft money in federal elections, it is useful to get a clear picture of where this soft money comes from and where it is spent. From party disclosure records filed with the Federal Election Commission from the 1992 through 2000 election cycles, a picture emerges of the purposes and beneficiaries of soft money that is quite at odds with its ostensible justification. Party officials, union leadership, and some members of the Congress have argued that party soft money is needed for voter mobilization and party building. Analyzing the sources and expenditures of soft money in federal elections by all state and national party committees, this study finds that only about 8 cents of every soft money dollar is spent on voter mobilization by the parties. Instead, soft money is first and foremost used to finance “electioneering” messages through the media for and against federal candidates. In addition, soft money comes overwhelmingly from business interests and wealthy individuals; in contrast, labor unions and ideological organizations, provide very little soft money to the parties.

Among the key findings of this study are:

- Both hard money and soft money spending by the parties has escalated since 1992, breaking all prior records in 1996 and once again in 2000, and shows no sign of slowing absent legislative intervention. (*See Figure One.*)
- Soft money spending by state party committees in federal elections has become just as important as hard money spending. Given that much of the soft money comes from transfers by the national party committees, soft money has created a “nationalization” of the state parties. (*See Figure Two.*)
- In turn, state parties spend most of this soft money on television and radio issue ads (51.2%). At a distant second and third places, state parties spend some of their soft money on administration (17.1%) and party salaries (13.4%). Very little soft money is spent on voter mobilization, voter registration or get-out-the-vote drives. All state and national party committees combined spend only 8.3% of their soft money on voter mobilization activities. (*See Figures Three and Four.*)
- This lack of state party soft money spending on voter mobilization has changed little over time, even when massive amounts of soft money have flooded into state party coffers in 1996 and 2000. In terms of both absolute dollars and proportion of party budgets, any substantial influx of soft money has been used by state parties to pay for more television and radio “issue ads” directed at federal elections—at the behest of the national parties—not for get-out-the-vote activities. (*See Figures Five and Six.*)

- Researchers analyzing televised “issue ads” sponsored by the parties and paid for with soft money found that all of the ads were “electioneering” in nature—promoting or opposing candidates for federal office—and that the ads rarely encourage voters to join a party, register to vote, or even mention a party’s name. (*See Figure Seven*).
- Televised “issue ads” by the party very infrequently promote the election of candidates of color. In the 2000 election, of the 38 members of the Congressional Black Caucus, only one was the beneficiary of party-sponsored issue ads. No Hispanic candidate benefited from televised party issue ads. (*See Figure Eight*).
- Only modest differences emerge in soft money spending by the Democratic and Republican parties. Both parties now spend about the same amount of soft money in federal elections. (*See Figure Nine*.) The national Democratic party has, however, thus far shown more inclination to transfer soft money to its state committees than Republicans. (*See Figure Ten*.)
- The rationale behind the Democrats’ greater inclination to transfer soft money from the national party to state parties is to take greater advantage of the soft money loophole for buying television and radio “issue ads.” Neither the Democrats nor the Republicans use much of this money for voter mobilization activities. (*See Figure Eleven*.)
- Business interests and individuals have always been the primary sources of soft money contributions to the parties. Businesses and individuals have dramatically increased their role in providing soft money, accounting for nearly all of the growth in soft money since 1994. Groups seeking to promote a social agenda, such as civil rights or environmental protection, are not major contributors of party soft money. (*See Figure Twelve*.)
- Relative to business interests, labor provides a very small share of party soft money, and labor’s proportion is shrinking as the amount of soft money grows. (*See Figure Thirteen*.)
- Nearly 40% of all party soft money contributions fall within the range of the hard money contribution limit to party committees, suggesting that some of this party money could be converted to hard money dollars. (*See Figure Fourteen*.)

The picture of party soft money that emerges from a close look at where it comes from and how it is spent contradicts the claims that soft money strengthens the parties through voter mobilization activities. Little soft money is actually used for voter registration, phone banks, get-out-the-vote drives or any other activity designed to mobilize voters. Party soft money at both the state and national levels is used primarily to purchase electioneering “issue ads” on television and radio to promote the election or defeat of federal candidates. Very few of the candidates who benefit from this form of soft money are candidates of color; and given the sources of soft money contributions to the parties, these funds by and large are not intended to promote social causes or labor issues. Of the soft money spent on voter mobilization, the levels of party soft money expenditures on registering and mobilizing voters has changed little over time, regardless of sharp increases in soft money dollars. More soft money has not translated into significantly more expenditures on voter mobilization drives. In all probability, whatever

money for get-out-the-vote drives that may be lost by a ban on soft money would easily be replaced by hard money dollars.

## **Brennan Center “Soft Money” Database**

### **Methodology**

The Brennan Center database on “soft money” spending by the parties was developed by Craig Holman, Senior Analyst at the Brennan Center for Justice at NYU, in consultation with Robert Biersack, Senior Analyst with the Federal Election Commission.

The Brennan Center ‘soft money’ database is a composite database of four FEC data files, comprising the reports required of all national and state party committees which expended soft money in relation to the 2000 federal elections. The party committees of all 50 states plus the national party committees of major and minor parties are included. Self-reported itemized expenditures by the party committees have been coded for type of expenditure. These types break into seven categories: *media-issue advocacy* (television and radio buys and production, and any direct mail and mail production designated for issue advocacy); *general mail* (other mail expenditures not designated for issue advocacy); *voter mobilization* (all GOTV expenditures, telephone banks, phone expenses associated with GOTV, voter registration activities, absentee mail drives, lawn signs and any other expense associated with voter drives); *consultants* (outside consultants, lawyers and accountants); *party salaries* (wages, salaries, benefits and other employment-related expenses of party staff); *administration* (operations and overhead); and *fundraising* (all expenses directly associated with fundraising).

A longitudinal analysis is made possible because a similar database has been developed for the years 1992 through 1996 by Ray La Raja at the University of California/Berkeley. The key variables of media-issue advocacy and voter mobilization were defined comparably between the studies.

Findings from the “soft money” database are supplemented with two other databases. Data on the sources of soft money contributions are from FECInfo. Data on the content and nature of televised issue advocacy are compiled by the Campaign Media Analysis Group and developed into a database by researchers at the Brennan Center and the University of Wisconsin.

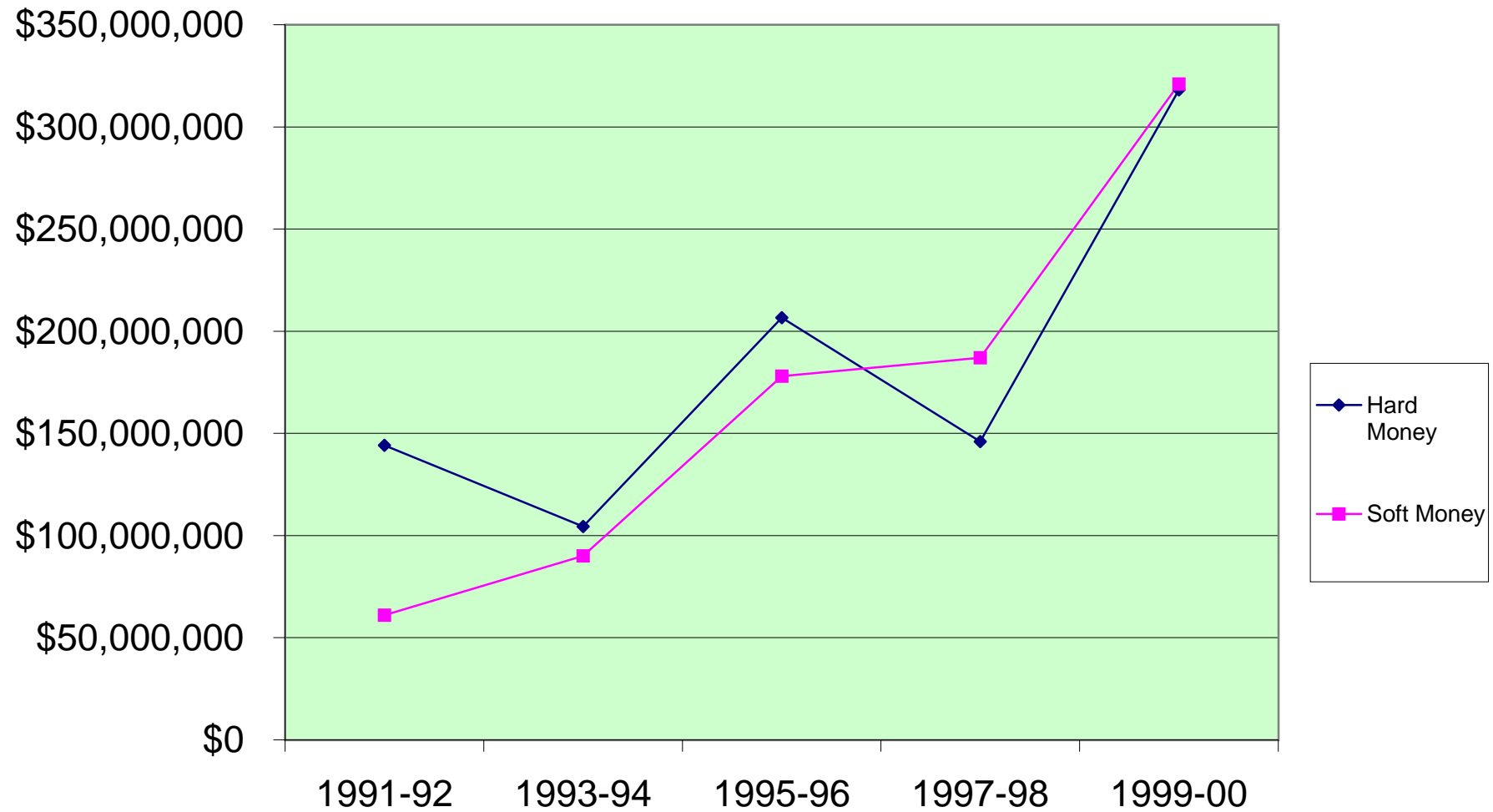
**Figure One.**

**Total Hard Money and Soft Money Expenditures  
In Federal Elections by the  
Democratic and Republican Parties,  
1992-2000 Election Cycles**

	Hard Money	Soft Money	Total	% of Soft Money
1992 Democrats	\$ 155.5	\$ 36.3	\$ 191.8	19%
Republicans	\$ 266.3	\$ 49.8	\$ 316.1	16%
1994 Democrats	\$ 121.1	\$ 49.1	\$ 170.2	29%
Republicans	\$ 223.7	\$ 52.5	\$ 276.2	19%
1996 Democrats	\$ 210.0	\$ 122.3	\$ 332.3	37%
Republicans	\$ 407.5	\$ 141.2	\$ 548.7	26%
1998 Democrats	\$ 153.4	\$ 91.5	\$ 244.9	37%
Republicans	\$ 273.6	\$ 131.0	\$ 404.6	32%
2000 Democrats	\$ 269.9	\$ 243.1	\$ 513.0	47%
Republicans	\$ 447.4	\$ 244.4	\$ 691.8	35%

Source: Federal Election Commission

**Figure Two.**  
**Hard and Soft Money Spending in Federal Elections**  
**by State Parties**



**Figure Three.**

**Aggregate National and State Party "Soft Money" Spending,  
1999-2000 Election Cycle**

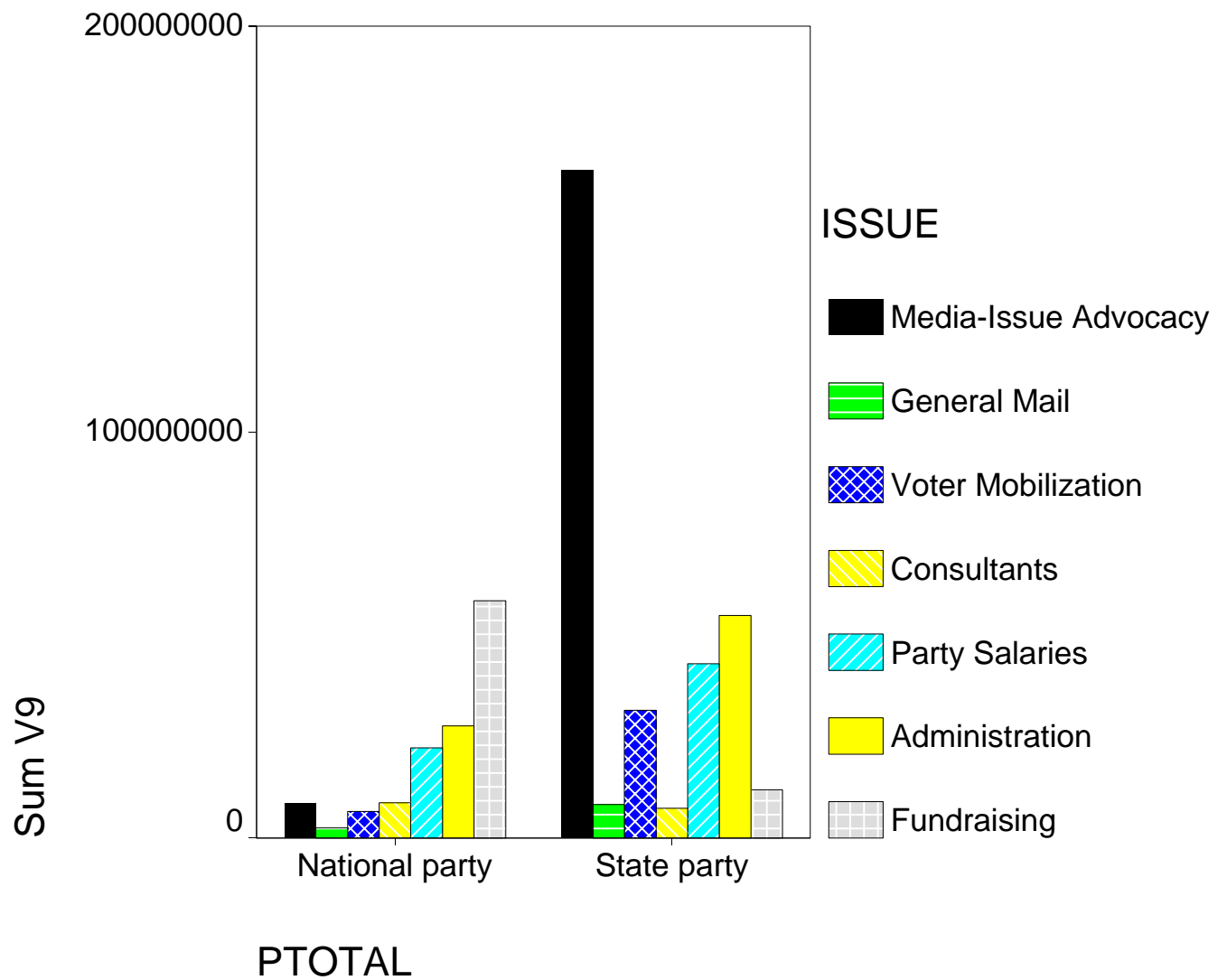


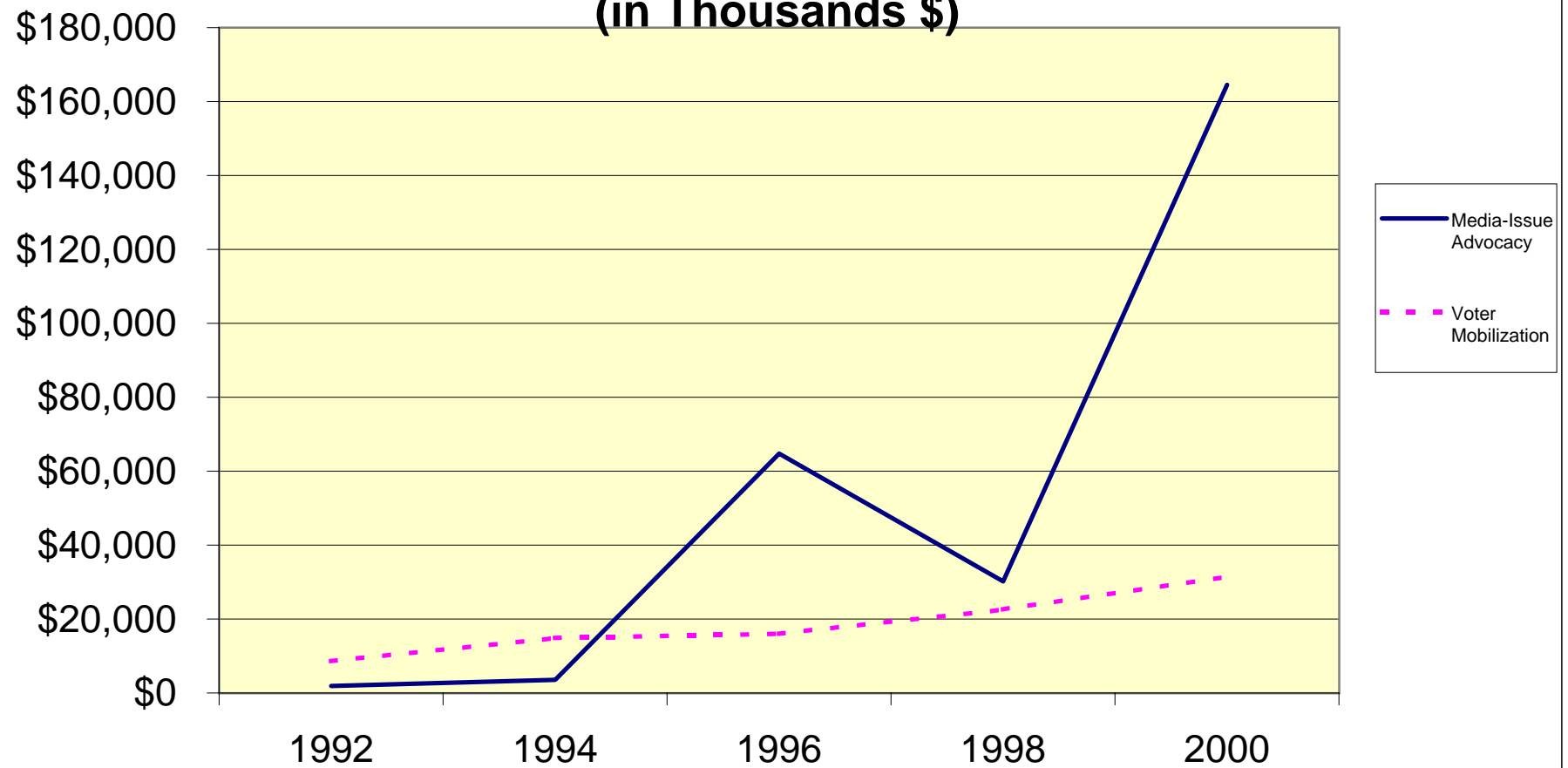
Figure Four.

## Aggregate National and State Party "Soft Money" Spending, 2000 Election Cycle

	National party		State party	
	Sum	Col Sum %	Sum	Col Sum %
Media-Issue Advocacy	\$8,553,178	6.4%	\$164,531,491	51.2%
General Mail	\$2,507,852	1.9%	\$8,288,367	2.6%
Voter Mobilization	\$6,563,396	4.9%	\$31,445,654	9.8%
Consultants	\$8,665,478	6.4%	\$7,326,714	2.3%
Party Salaries	\$22,183,776	16.5%	\$42,937,740	13.4%
Administration	\$27,628,170	20.5%	\$54,850,630	17.1%
Fundraising	\$58,427,208	43.4%	\$11,924,165	3.7%
Table Total .00	\$134,556,614	100.0%	\$339,547,125	100.0%

	Table Total	
	.00	
	Sum	Col Sum %
Media-Issue Advocacy	\$173,084,669	38.0%
General Mail	\$10,796,219	2.4%
Voter Mobilization	\$38,009,050	8.3%
Consultants	\$15,992,192	3.5%
Party Salaries	\$65,121,516	14.3%
Administration	\$82,478,800	18.1%
Fundraising	\$70,351,373	15.4%
Table Total .00	\$474,103,739	100.0%

**Figure Five.**  
**State Party "Soft Money" Spending on**  
**Issue Advocacy vs. Voter Mobilization,**  
**1992-2000 Election Cycles**  
**(in Thousands \$)**





**Figure Six.**  
**Proportion of State Party "Soft Money" Spending on**  
**Issue Advocacy vs. Voter Mobilization,**  
**1992-2000 Election Cycles**

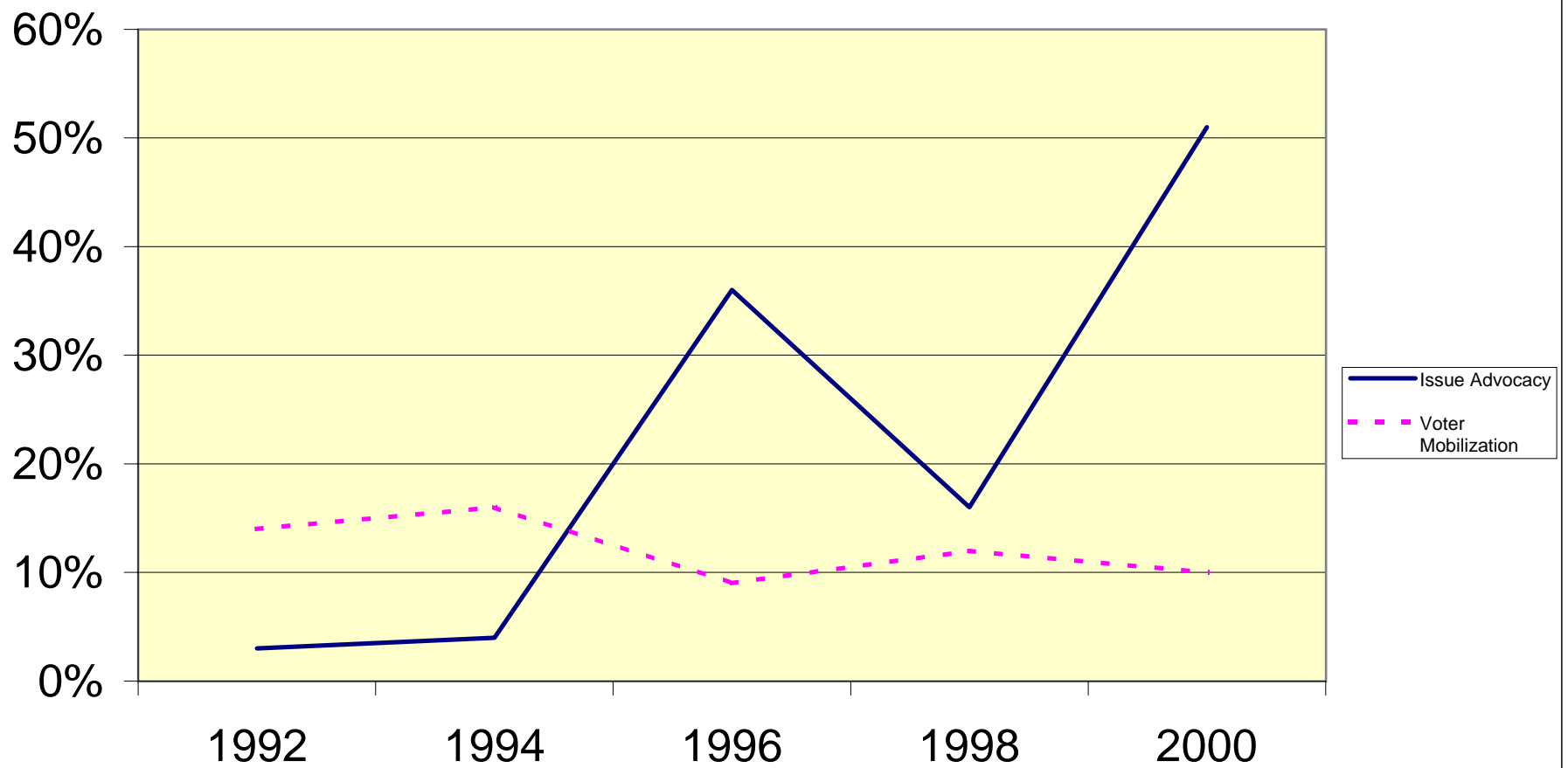
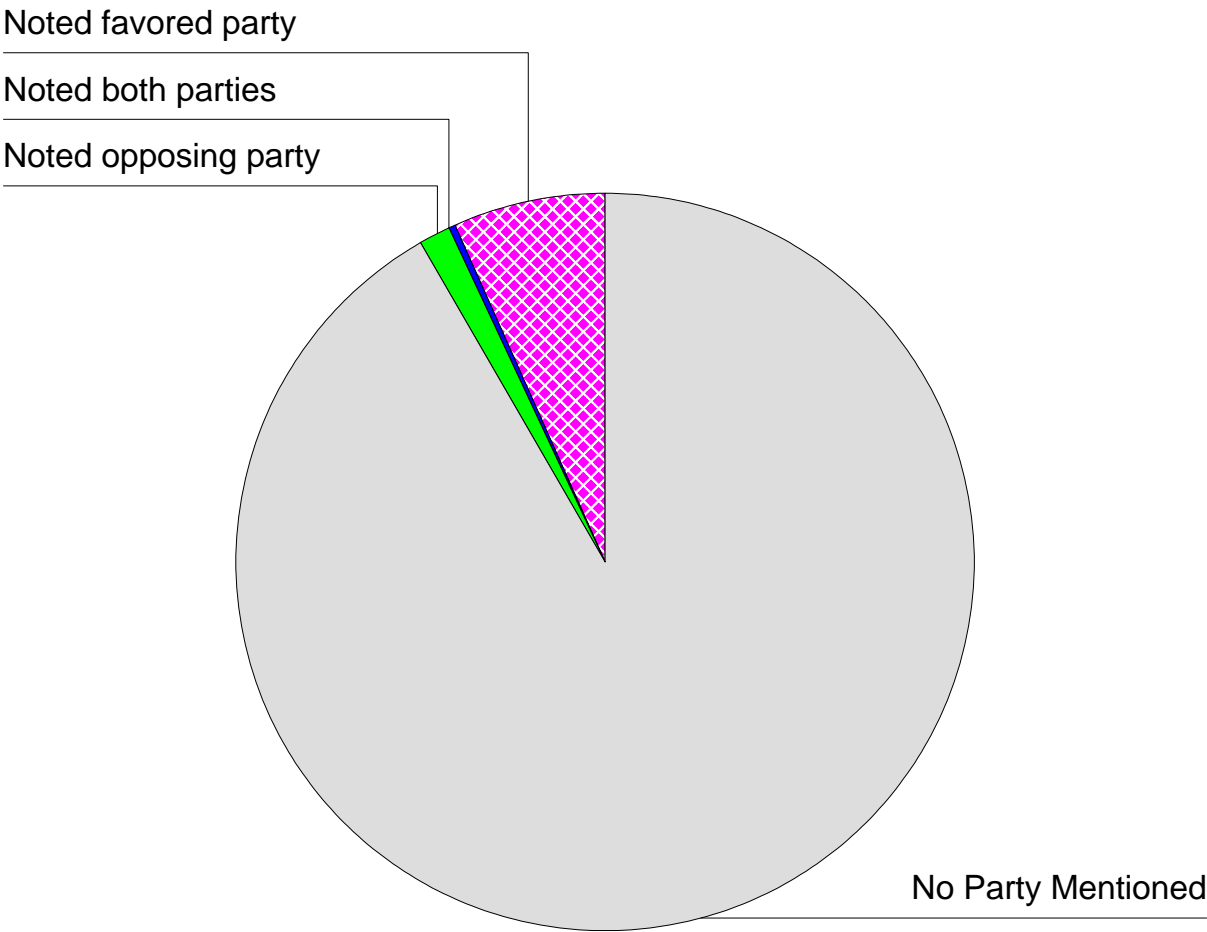


Figure Seven.

Party Ads Rarely Make Any Mention of Party-Building Activities  
or Even Identify the Name of the Party

	No		Yes opposing candidates party		Yes both candidates party affiliations are mentioned		Yes favored candidates party	
	Count	Row %	Count	Row %	Count	Row %	Count	Row %
	215200	91.8%	3115	1.3%	230	.1%	15945	6.8%

Graph



## Overall Spending by Democratic Party on House Candidates

Democratic Candidate	Republican Candidate	Winner	State & District	Party TV Spending	Ad Count	Race of Dem
Holt*	Zimmer	Holt	nj-12	\$2,780,509	982	w
Harman	Kuykendall*	Harman	ca-36	\$1,896,541	666	w
Bloom	Shaw*	Shaw	fl-12	\$1,184,314	915	w
Davis	Bilbray*	Davis	ca-49	\$1,172,505	1386	w
Israel	Johnson	Israel	ny-02	\$1,152,922	373	w
Schiff	Rogan*	Schiff	ca-27	\$1,090,903	448	w
Gash	Kirk	Kirk	il-10	\$961,594	491	w
Van Horne	Hart	Hart	pa-04	\$950,646	1104	w
Seltzer	Grucci	Grucci	ny-01	\$862,330	319	w
Larsen	Koster	Larsen	wa-02	\$835,673	824	w
<b>Jordan</b>	<b>Northup*</b>	<b>Northup</b>	<b>ky-03</b>	<b>\$821,837</b>	<b>1763</b>	<b>black</b>
Taylor	Hayes*	Hayes	nc-08	\$693,929	1458	w
<b>Honda</b>	<b>Cunneen</b>	<b>Honda</b>	<b>ca-15</b>	<b>\$678,502</b>	<b>380</b>	<b>asian</b>
Stedem	Putnam	Putnam	fl-12	\$658,891	733	w
Chapin	Keller	Keller	fl-08	\$633,938	1250	w
Byrum	Rogers	Rogers	mi-08	\$534,387	980	w
Danner	Graves	Graves	mo-06	\$525,136	1375	w
Hoeffel*	Greenleaf	Hoeffel	pa-13	\$502,612	278	w
O'Shaughnessy	Tiberi	Tiberi	<b>oh-12</b>	\$492,013	595	w
Casey	Sherwood*	Sherwood	pa-10	\$446,031	1304	w
Ross	Dickey	Ross	ar-04	\$425,270	1276	w
Gejdenson*	Simmons	Simmons	ct-02	\$420,292	397	w
Neill	Taylor*	Taylor	nc-11	\$416,236	1033	w
Baessler	Fletcher*	Fletcher	ky-06	\$415,684	1939	w
Carson	Ewing	Carson	ok-02	\$400,319	1002	w
Matheson	Smith	Matheson	ut-02	\$359,376	816	w
Luther*	Kline	Luther	mn-06	\$353,937	231	w
Moore*	Kline	Moore	ks-03	\$344,143	663	w
Bentsen*	Sudan	Bentsen	tx-25	\$309,287	186	w
Perry	Hostettler*	Hostettler	in-08	\$276,384	406	w
McCollum	Runbeck	McCollum	mn-04	\$212,307	173	w
Maloney*	Nielsen	Maloney	ct-05	\$209,468	194	w
Keefe	Nethercutt*	Nethercutt	wa-05	\$177,211	777	w
Humphreys	Capito	Capito	wv-02	\$137,371	505	w
Cahill	Gibbons*	Gibbons	nv-01	\$131,646	168	w
Kelly	Wilson*	Wilson	nm-01	\$122,797	546	w
Dooley*	Rodriguez	Dooley	ca-20	\$110,992	288	w
<b>Brown*</b>	<b>Carroll</b>	<b>Brown</b>	<b>fl-03</b>	<b>\$98,174</b>	<b>249</b>	<b>black</b>
Wagner	Schrock	Schrock	va-02	\$58,331	125	w
Minge*	Kennedy	Kennedy	mn-02	\$42,693	44	w
Roy	Whitfield*	Whitfield	ky-01	\$35,823	52	w
Brannen	Bass*	Bass	nh-02	\$22,483	61	w

\*INCUMBENT

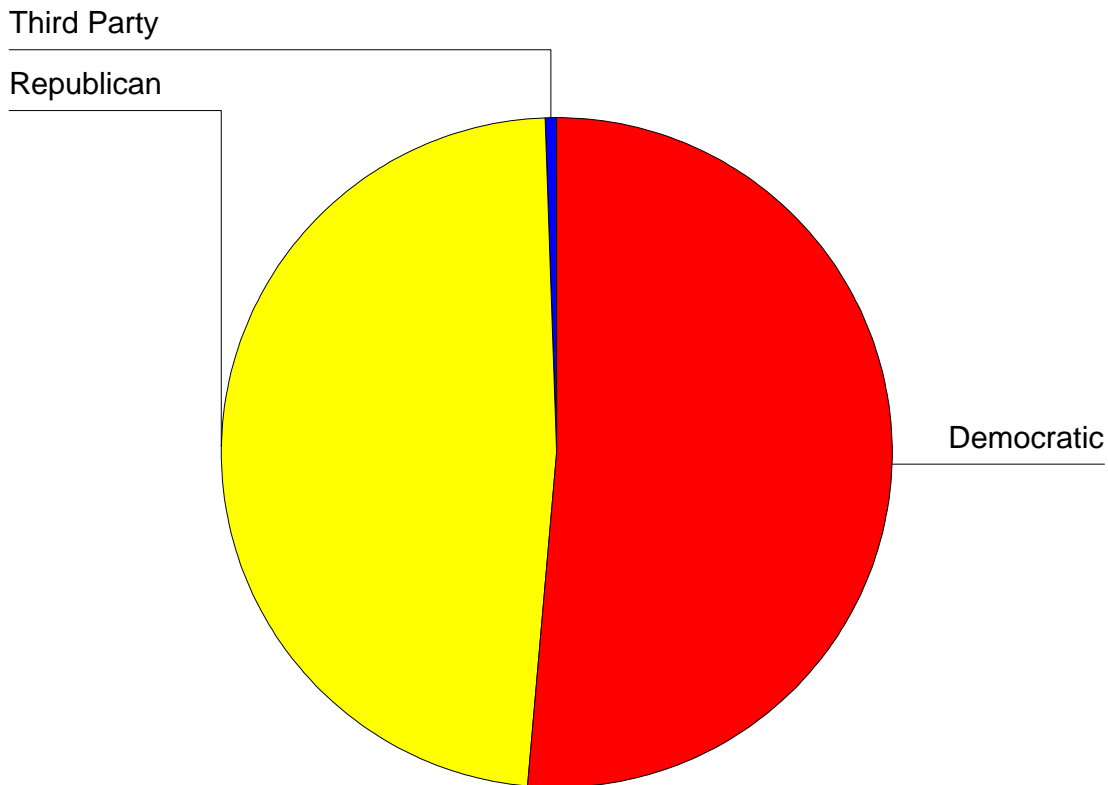
sum	\$21,174,928
sum minorit	\$1,411,151

Figure Nine.

### Aggregate Direct Soft Money Spending in Federal Elections Democrats, Republicans and Third Parties, 1999-2000\*

	Sum	Col Sum %
Democratic	\$243,062,909	51.3%
Republican	\$228,963,053	48.3%
Third Party	\$2,077,777	.4%
Table Total .00	\$474,103,739	100.0%

### Graph



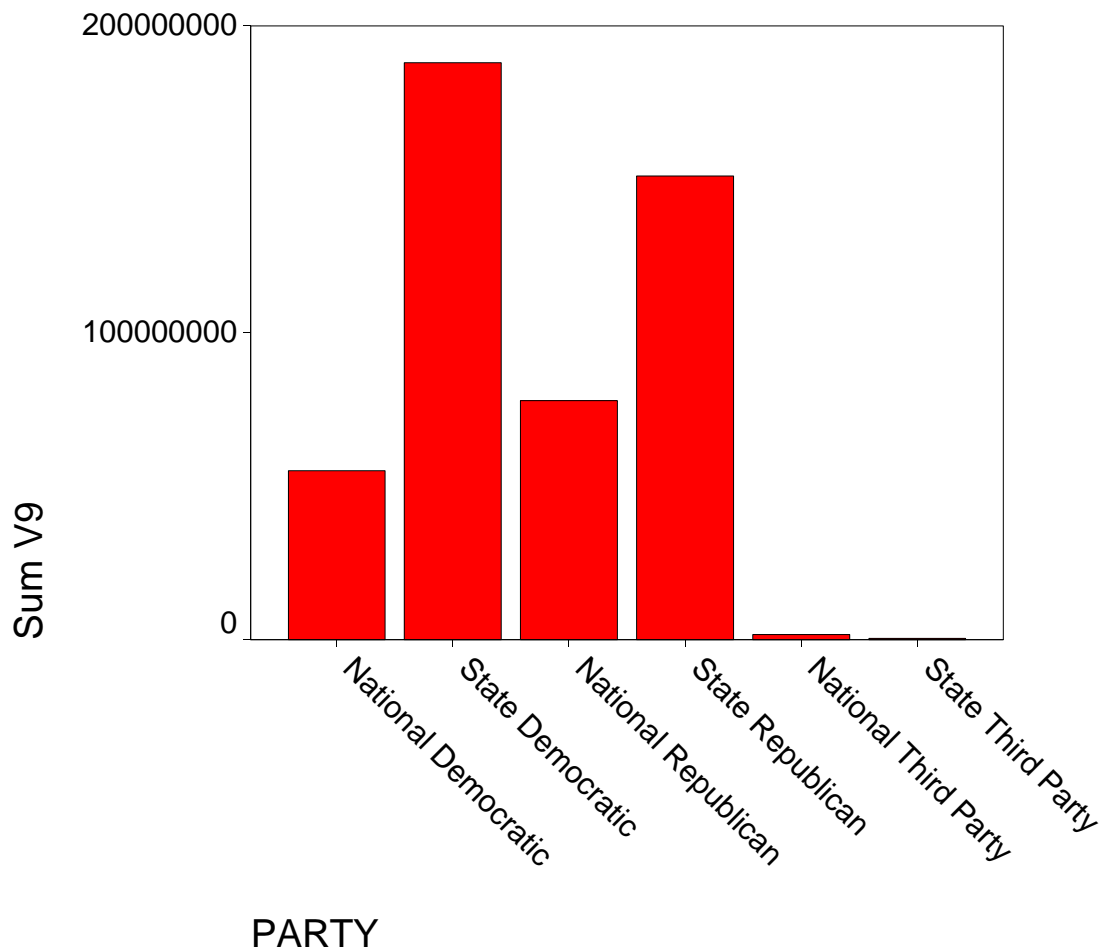
\* Figures do not match FEC totals exactly because some soft money funds transferred to state committees were used exclusively for state or local activities and thus not reported, and some soft money funds may have been exchanged between party committees for hard money. Reporting errors by state and local party treasurers may also have contributed to discrepancies.

Figure Ten.

# **Aggregate Direct Soft Money Spending in Federal Elections by All State and National Party Committees, 1999-2000**

	Sum	Col Sum %
National Democratic Party	\$55,052,829	11.6%
State Democratic Party	\$188,010,080	39.7%
National Republican Party	\$77,875,071	16.4%
State Republican Party	\$151,087,982	31.9%
National Third Party	\$1,628,714	.3%
State Third Party	\$449,063	.1%
Table Total .00	\$474,103,739	100.0%

## **Graph**

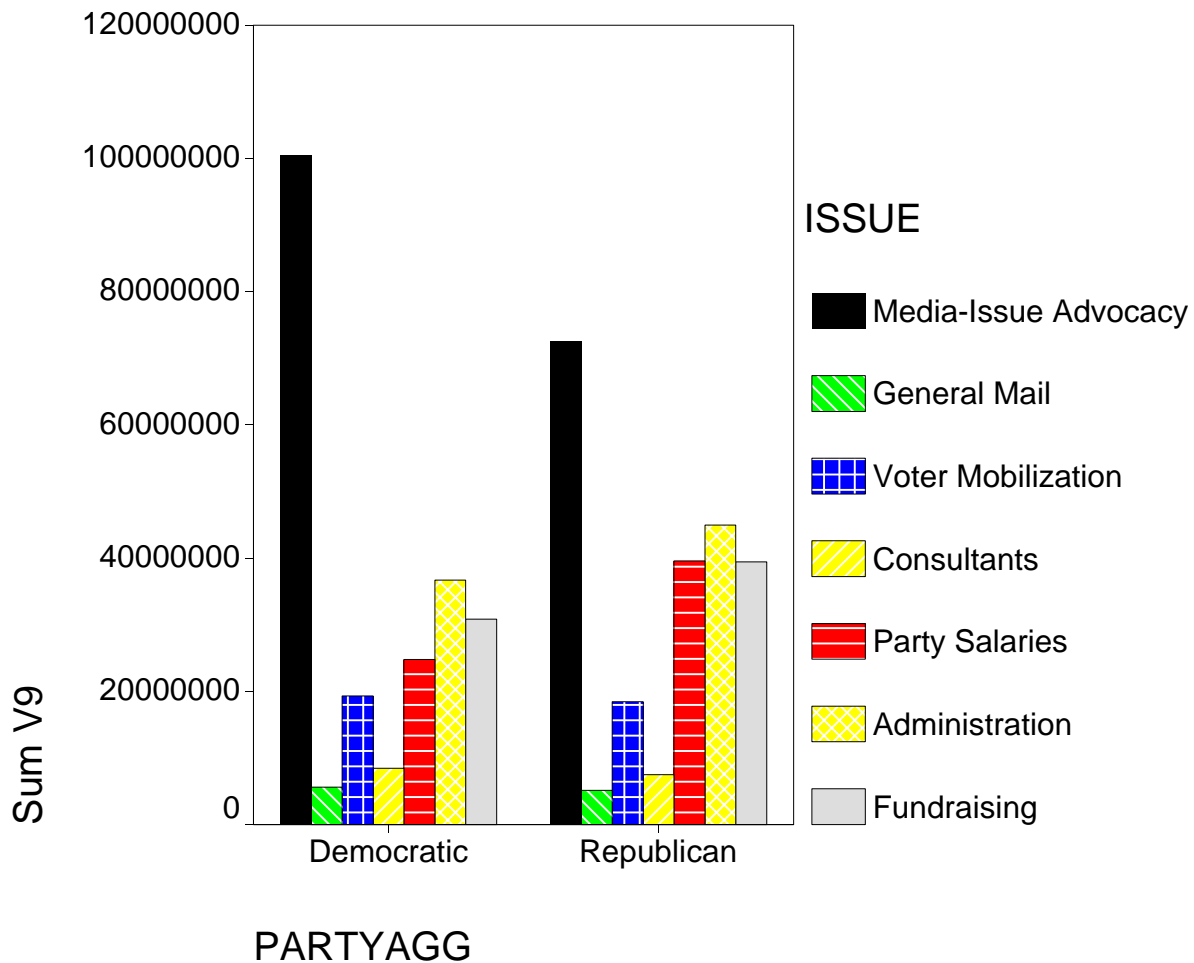


**Figure Eleven.**

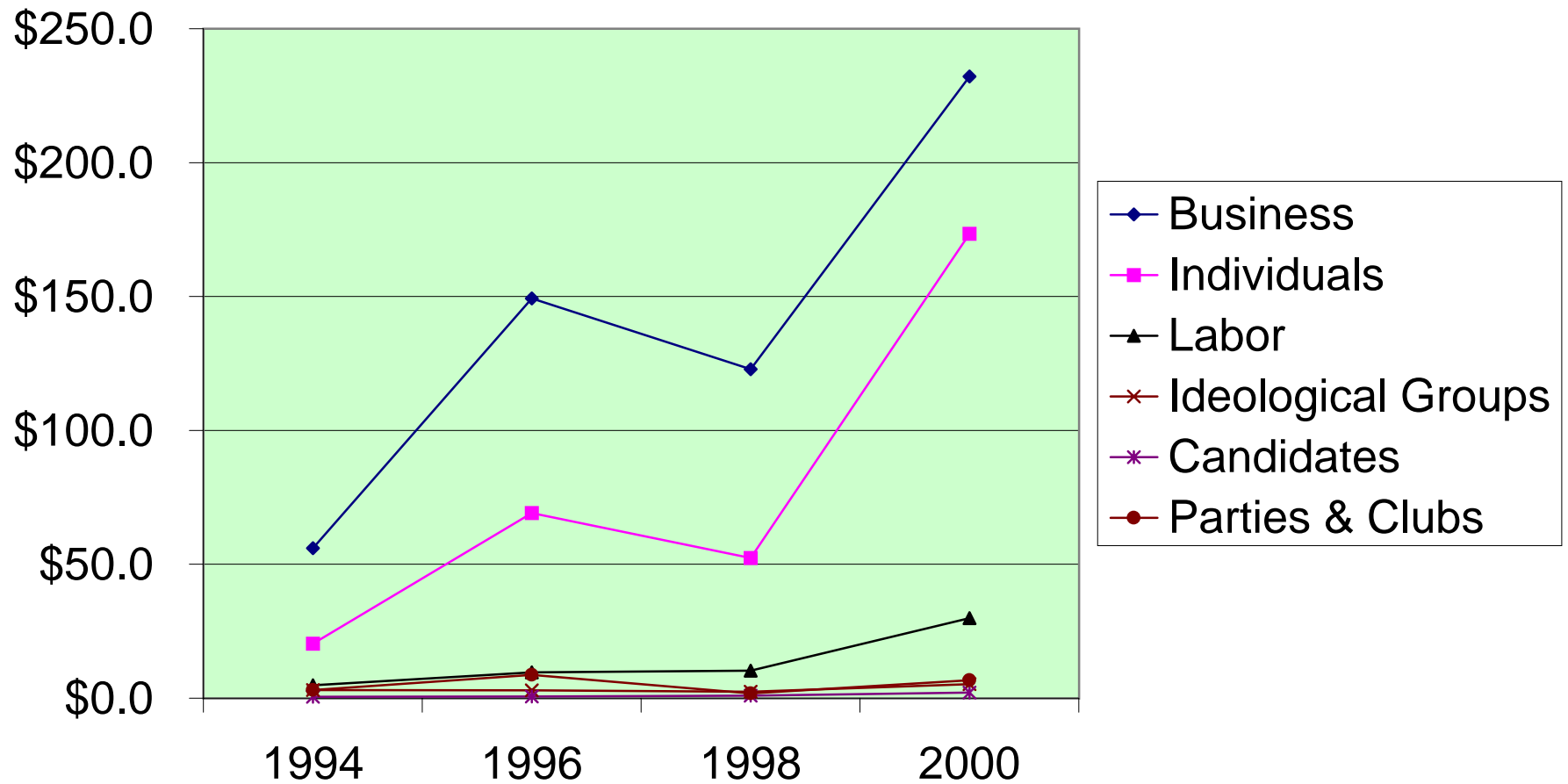
**Soft Money Spending by National and State Party Committees:  
Democrats vs. Republicans, 1999-2000 Election Cycle**

	Democratic		Republican	
	Sum	Col Sum %	Sum	Col Sum %
Media-Issue Advocacy	\$100,501,212	44.4%	\$72,555,961	31.9%
General Mail	\$5,612,418	2.5%	\$5,135,318	2.3%
Voter Mobilization	\$19,331,096	8.5%	\$18,456,495	8.1%
Consultants	\$8,443,216	3.7%	\$7,496,579	3.3%
Party Salaries	\$24,778,417	11.0%	\$39,601,116	17.4%
Administration	\$36,707,100	16.2%	\$44,956,334	19.8%
Fundraising	\$30,822,279	13.6%	\$39,421,358	17.3%

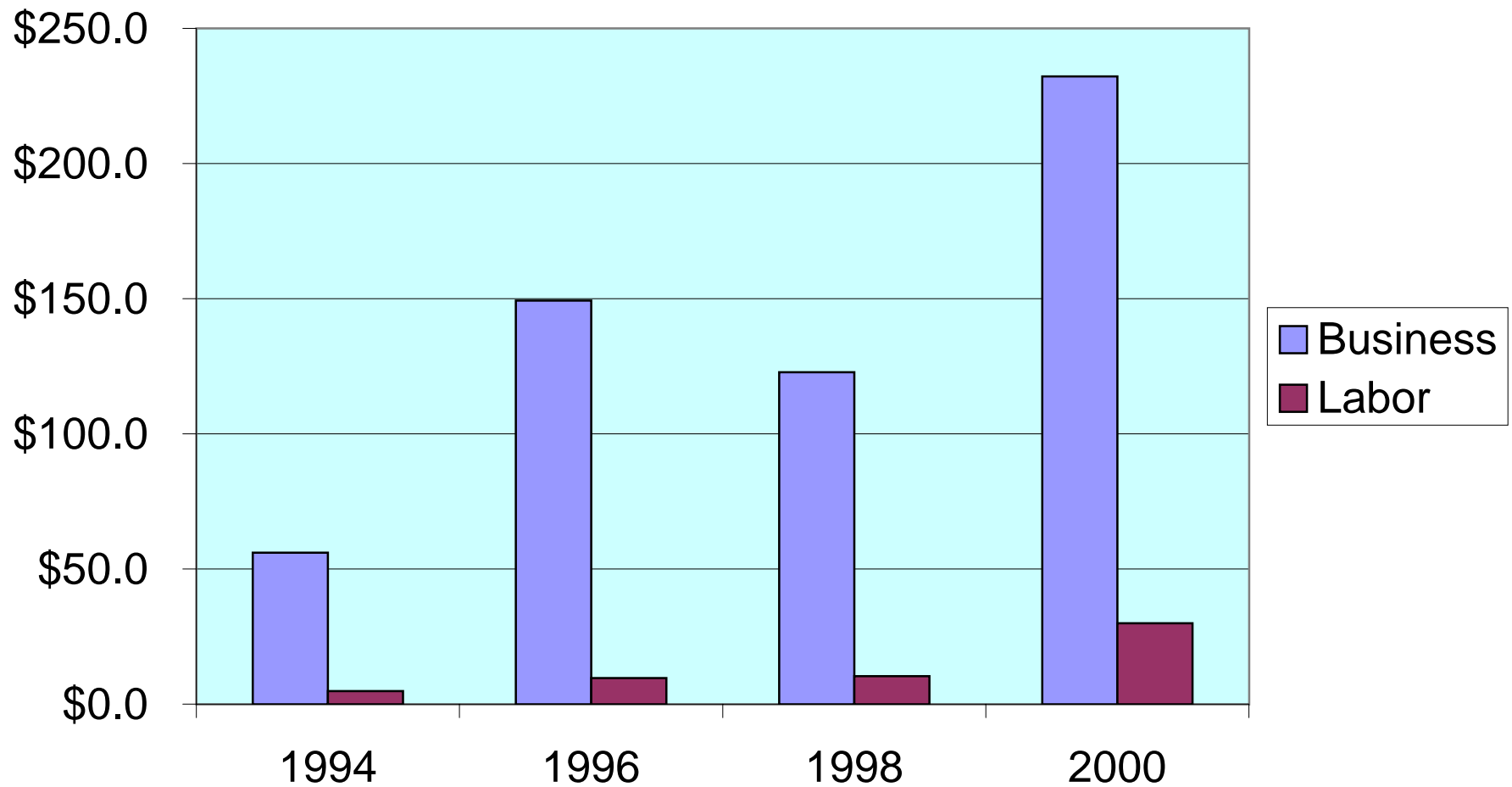
**Graph**



**Figure Twelve.**  
**Sources of Soft Money Contributions to the**  
**National Party Committees (\$ Millions)**



**Figure Thirteen.  
Business vs. Labor Soft Money Contributions  
to Party Committees, 1994-2000**





**Figure Fourteen.**

## **Soft Money Contributions by Size, 1994 and 1998**

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<b>1993-1994</b>				<b>1997-1998</b>		
<b>Size of Contribution</b>		<b>Total Received</b>	<b>% of Total</b>		<b>Total Received</b>	<b>% of Total</b>
\$200-\$24,999		\$42.9	44%		\$75.1	38%
\$25,000-\$49,999		\$16.6	17%		\$45.3	23%
\$50,000-\$99,999		\$13.4	14%		\$35.0	18%
\$100,000-\$149,999		\$11.0	11%		\$19.1	10%
\$150,000-\$249,999		\$4.8	5%		\$7.9	4%
\$250,000 +		\$9.4	10%		\$17.0	9%
<b>Total</b>		<b>\$98.0</b>	<b>100%</b>		<b>\$199.4</b>	<b>100%</b>

Source: Ray La Raja and Alana Hoffman, "Who Benefits from Soft Money Contributions?" Working Paper (Institute for Governmental Studies, July 2000), p. 15.