Funding and Favorability: Exploring the Relationship Between Candidate Favorability Ratings and Out-of-State Fundraising in U.S. Senate Elections

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Abstract

Experimental evidence suggests out-of-state contributions correspond with wariness and disapproval in voters' assessment of the candidate and vote choice, and a realized shift towards ideological extremes. These findings comport with the popular narrative that amidst the nationalization of U.S. Senate Campaigns, voters are unmoved and distrusting of out-of-state attempts to influence election outcomes. Skepticism of such out-of-state contributions is in part driven by a lack of explanation of out-of-district donor motivation beyond quid pro quo corruption. This paper analyzes the actual relationship between out-of-state spending and public perception. I anticipate a positive linear relationship between the proportion of in-state funding and the candidate's favorability rating. A linear regression counters this presumption, finding no relationship between the proportion of funds received from in-state donors and the candidate's favorability rating. Current disclosure requirements make data accessible, but not readily available. This lacuna may heighten the importance of the external environment when responding to a favorability question: the candidate's partisan affiliation, coupled with the national political environment becomes the main context for evaluating a candidate.

1 Introduction

According to the 2018 DemocracyFund VOTER survey, eighty percent of Americans consider money in politics an important issue, with 44 percent of respondents saying it is a "very important" matter. In a 2016 survey, young Americans rated "money in politics" as the single greatest threat to American Democracy (Harvard Institute of Politics 2018). Yet campaign contribution and disbursement patterns aren't uniform, and some actions appear to be less acceptable than others in the court of public opinion. Experimental research suggests that information about a candidate's major donors can sway evaluations and votechoice (Dowling and Wichowsky 2013). Moreover, Americans are wary of candidates who they know to have significant financial backing from out-of-state donors (Dowling and Wichowsky 2014).

State-level efforts to ban or limit out of state campaign donations have faced significant legal obstacles, but nonetheless signify a public appetite for reform. Critics of out-of-state contributions cite three primary reasons for curbing out of state spending or improving transparency of funding sources (Roberts 2016). First and foremost, out of state spending may "drown out" arguments from in-state residents. This is particularly pertinent in states with small populations where both the cost of the election and the number of eligible in-state contributors is low. Second, officials may favor the interests of their out-of-state contributors over their constituents. Finally, by nationalizing local electoral contests, we reduce state-specific policy differences, minimizing the benefits we stand to gain from a federal system.

This assessment serves as a stark contrast to the rising popularity of both small-dollar donations facilitated through partisan credit card processing platforms like ActBlue and WinRed and a consistent stream of high-dollar out of state donations. In 2020, the average U.S. Senate campaign received less than 40 percent

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of their funding from in-state donors (Open Secrets 2020). Though voters prefer candidates whom they know to have a broader pool of individual donors (Dowling and Miller 2016), most funding source voter preferences are based on experiments in which participants are randomly assigned a candidate and provided with information about their funding sources.

In the real world, voters aren't always informed of how candidates finance their race. While significant frustration and airtime has been afforded to the anonymity surrounding "dark money," information about direct contributions to federal campaigns is readily available to the curious viewer. To date, no research has evaluated the actual relationship between public perception and the proportion of funding a candidate receives from in-state donors in U.S. Senate Campaigns.

Using campaign contribution records from the Federal Elections Commission and public polling from four well-respected public pollsters, I explore the relationship between the proportion of funding received from in-state contributors and candidate favorability for U.S. Senate campaigns between 2004 and 2018. Based on Dowling and Wichowsky's 2014 work, I anticipate a positive linear relationship between the proportion of in-state funding and the candidate's favorability rating. A linear regression counters this presumption, finding no relationship between the proportion of funds received from in-state donors and the candidate's favorability rating.

2 The Role of Out-of-State Contributions

The underpinning of the existing body of federal campaign finance regulations in the United States is twofold. First and foremost, the notion that money begets corruption—affording contributors undue influence on the political system—allows for limitations and disclosure requirements (Spencer and Theodoridis 2020). On the other hand, regulations must be written so as not to impede on the First Amendment rights of freedom of speech and freedom of association (Whitaker 2020). While independent expenditures remain a largely unregulated realm, the possibility of blatant quid pro quo serves as justification for contribution limits and disclosure requirements for federal campaigns (Somi 2020; Ferguson and Lee 2017).

Taking Roberts' arguments into consideration, the possibility of quid pro quo corruption may be heightened for out of state contributions (2016). Out of state contributors may benefit indirectly from the actions of federal legislators from other states if those members go on to form a majority coalition to advance the donor's policy priorities. But unlike constituents, out of state contributors cannot directly benefit from the actions the member takes while in office. They are not constituents of the member and therefore cannot receive constituent services support from the member's office. Moreover, the member is not responsible for responding to the calls and expressions of support or opposition to particular legislation logged by individuals beyond their district boundaries. The lack of direct response suggests that such contributions are made to impact partisan control and form majorities to advance the specific policy interests of the out-of-state contributors.

Roberts arguments are well founded: Baker's analysis of the relationship between out-of-district contributions and survey responses demonstrates a correlation between ideological extremity and out-of-district contributions (2016). Furthermore, a dependency on outside contributions decreases the member's responsiveness to the needs of their constituents. This finding comports with Grenzke's 1988 analysis, which determined that members with the most power over the legislative process—including committee and party leadership—receive the most funding from out-of-district contributors. This suggests that out-of-state donors give to candidates who can effectively advance their preferred legislative agenda and build a majority coalition of the donor's political preference.

Cohen's 2000 analysis demonstrates that while an individual candidate's favorability may be a multi-faceted assessment of their personal characteristics and job performance, voters do not necessarily distinguish between the two. Thus, lower responsiveness to one's community or an appearance of extreme partisanship over legislative productivity may jeopardize the candidate's favorability.

Considering both experimental evidence and Baker's analysis, Senate officeholders who receive a significant proportion of their funding from out of state may be less responsive to their constituents, and more ideologically extreme, undermining their in-state favorability ratings. Thus,

H_1 = There is a positive linear relationship between the proportion of funding a campaign receives from in-state contributors and the candidate's favorability rating in U.S. Senate Campaigns.

H_0 = There is no relationship between the proportion of funding a campaign receives from in-state contributors and the candidate's favorability rating in U.S. Senate Campaigns.

3 Data and Methods

3.1 Dependant Variable: Candidate Favorability Ratings

Net favorability is the difference between the percentage of favorable impressions and the percentage unfavorable impressions of a public figure in percentage points. Net favorability is a useful metric for assessing public perceptions of a candidate because it is not reliant on job performance, meaning both challengers and incumbents are assessed in the same frame (Encyclopedia of Survey Research Methods 2008). Moreover, most favorability questions in public polls provide an option for respondents to say that they are not sufficiently familiar with the public figure to provide an opinion. Net favorability is more applicable than total favorability, because candidates with lower name recognition tend to have low favorability and unfavorability, but their net favorability is still comparable to long-time officeholders with broad name recognition and publicity.

To create the dependent variable, I assessed every state-level poll conducted by SurveyUSA, Quinnipiac University Poll, Monmouth University Polling Institute, and Suffolk University Political Research Center between 2004 and 2018. These pollsters were selected because they maintain strong pollster methodology ratings from FiveThirtyEight and routinely ask questions on Senate Candidate Favorability. The sample was further narrowed down to polls that contained favorability questions for the top two general election contenders in any U.S. Senate election between 2004 and 2018. In instances where multiple surveys asked favorability questions about the same two general election contenders in the year of their election, I selected the poll that was conducted closest to election day. From these polls, I extracted the net favorability rating for 158 U.S. Senate candidates, as well as the pollster, and field date.

3.2 Control Variables

For each of the candidates, I appended their party identification number, election cycle, state, and identifying information from the FEC, including the committee identification number of their principal committee for the election cycle, the candidate identification number, and the candidate name as presented in FEC records.[1]

Several candidates appear multiple times in dataset, indicating that they ran in more than one Senate election with favorability polling between 2004 through 2018. The unit of analysis is campaigns, rather than candidates or elections, so this does not pose an issue.

3.3 Independent Variable: Contribution Locality Proportions

To assess what portion of the candidate's funds come from in-state donors versus out of state, I employed the `tidyusafec` package for R to pull all itemized contributions to each principal committee received between January 1 and election day of the election year. After compiling all contributions, I joined the Senate Favorability table with the itemized contributions to create `State_Match`, a dummy variable indicating whether the state in the donor's address matched the state the election was conducted in.

After aggregating the dataset by campaign, I divided the dollar value of all in-state contributions by the total dollar value of itemized contributions to generate `InState_Proportion`, a variable indicating the proportion of itemized disbursements received. Proportions were used rather than the raw dollar value of contributions because campaign spending and costs increased dramatically over the 12 year period assessed, and it allows

[1]Two campaigns were later eliminated from the sample because they had multiple active principal committees during the time period.

for comparisons between high-dollar races in states with expensive media markets and less competitive, low-dollar races in lower population states.

To evaluate the relationship between in-state funding and favorability, I ran two linear regression models. The first model contains no weights or controls, while the second model controls for the candidate's party, the pollster, and the election cycle.

4 Results and Analysis

4.1 Simple Linear Regression

On the initial analysis, there is no statistically significant relationship between `InState_Proportion` and `Favorability`, indicating that the null hypothesis cannot be rejected. Additionally, the coefficient is low, indicating that any potential relationship between the two variables would be relatively small.

4.2 Linear Regression with Controls

Running the model with controls for party, pollster, and election cycle[2] also suggests no relationship between `In-State_Proportion` and `Favorability`. However, the controls do yield valuable information worth examining.

	Estimate	Std. Error	t value	Pr(>|t|)
(Intercept)	21.23	7.00	3.03	0.00
InState_Proportion	5.27	4.85	1.09	0.28
partyI	17.29	8.89	1.94	0.05
partyR	-8.96	2.29	-3.90	0.00
pollsterQuinnipiac University	-3.75	4.14	-0.91	0.37
pollsterSuffolk University	-7.58	3.90	-1.95	0.05
pollsterSurveyUSA	-3.18	4.26	-0.75	0.46
two_year_transaction_period2006	-17.19	7.49	-2.29	0.02
two_year_transaction_period2008	-10.78	8.73	-1.24	0.22
two_year_transaction_period2010	-12.39	6.11	-2.03	0.04
two_year_transaction_period2012	-8.21	6.54	-1.25	0.21
two_year_transaction_period2014	-11.68	6.25	-1.87	0.06
two_year_transaction_period2016	-3.98	6.86	-0.58	0.56
two_year_transaction_period2018	-5.22	6.08	-0.86	0.39

Table 1: In-state Contributions and Favorability Ratings, with controls for Party, Pollster, and Election Cycle

First and foremost, the output suggests a strong relationship between the candidate's party and favorability rating. There are only two independent candidates in the dataset, but both maintain strong favorability ratings. This is consistent with public polling over the past several years: the Senate's two Independents—Senator Sanders (VT) and Senator King (ME)—retain strong approval and favorability ratings.

Moreover, Republicans are comparatively less popular than their Democratic counterparts, though the correlation is only at a zero significance level. All else being equal, a Republican candidate can expect a nine point lower favorability rating than an identical Democratic candidate.

There is also a sizable negative correlation between the pollster and the candidate's favorability for polls conducted by Suffolk University Political Research Center. Candidates performed best in Monmouth University's polls.

Most pertainantly, candidates' favorability ratings peaked in 2004, and were worse in midterm years. This coincides with a peak in ideological uniformity in the United States, as demonstrated by Pew Research

[2]Election Cycle is coded as two_year_transaction_period, as the FEC considers each two year transaction period one federal election cycle. Cycles are labeled based on the year in which the election occurs.

(Kiley 2017). Over time, polarization increased. This concurrence may explain why 2004 served as a peak in favorability ratings. Given the established correlation between co-partisanship and approval, as voters become more polarized, favorability ratings should too (Cohen 2000).

The absence of a relationship between in-state funding and favorability in light of these aforementioned correlations may suggest that, as Cohen asserts, the public does not separate the various components of favorability in making a determination of their assessment of a candidate, but rather uses the most accessible information in evaluating a candidate, mimicking the conditions of Dowling and Wichowsky's 2013 study.

The partisanship of a candidate is often included in both favorability and horserace questions; equipping poll respondents with that information mimics the conditions on the ballot. On election day, even the uninformed voter is provided with the party affiliation of the candidates on their ballot. While funding sources and a plethora of other information is readily available to the curious voter, the average voter lacks both the familiarity with federal campaign finance regulations and reporting systems and the interest to seek out such information. This dearth of common knowledge of funding sources may heighten the importance of the external environment when responding to a favorability question: the candidate's partisan affiliation, coupled with national political narratives in the mainstream media becomes the main context for evaluating a candidate.

When provided with additional information about a candidate's sources of funding (Dowling and Wichowsky 2013 and 2014; Dowling and Miller 2016), this information becomes part of the voter's assessment of candidate, bolstering Roberts' argument for enhanced disclosure requirements (2016). Readily disclosing funding sources may even serve as a campaign tactic, negating or laying the foundation for the appearance of corruption that ultimately colors voters' perceptions of a candidate (Spencer and Theodoridis). Yet amid current disclosure requirements, this information does not enter a voter's consideration, meaning in-state funding has little to no direct relevance to a candidate's favorability ratings.

5 Discussion

This analysis serves as an attempt to bridge the gap between experimental perceptions of out-of-state funding and analyses of observed funding patterns. The absence of a relationship between in-state funding proportions and favorability suggests that out-of-state campaign contribution patterns do not inform voters' perceptions of U.S. Senate Candidates outside of an experimental setting in which voters are provided with such information.

Several limitations restrict the applicability of these findings. First and foremost, the sample size is relatively small. Across four pollsters and eight election cycles, just 77 polls assessed candidate favorability.

Another significant limitation is disparities in the availability of in-state funding. Candidates in wealthier and more populous states have a much broader pool of potential in-state contributors. For example, the average in-state proportion of all campaigns was 43.20 percent, but 59.94 percent for campaigns held in New York State.

Additionally, this analysis only evaluates direct contributions to campaigns, and is restricted to itemized contributions. Though most campaigns itemize nearly all contributions to demonstrate low average contributions and broad donor bases, federal campaigns are only required to itemize contributions that exceed $200 or when contributions from a particular donor aggregate to over $200 in a given election cycle. Furthermore, the Supreme Court's decision in Citizens United v. FEC has only expanded the avenues for contribution—out of state donors can now easily contribute anonymously under privacy of a Super PAC.

The nationalization of Senate elections may also play a role in diminishing the relevance of in-state donations to the extent that such races are no longer about the candidates in a given state, but about which party will control the chamber, and therefore out-of-state spending may be expected. The role of national Super PACs and outside groups may be more significant than either in-state or out-of-state donations, and is worth exploration.

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