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Redistributing Campaign Funds by U.S. House Members: The Spiraling Costs of the Permanent Campaign

In this article, we document and analyze the increase in the redistribution of campaign funds by U.S. House members during the 1990 through 2000 election cycles. By examining the contribution activity of members' leadership PACs and principal campaign committees, we show that House incumbents substantially increased their contributions to other House candidates and to the congressional campaign committees. The amount of money a member redistributes is a function of that member's institutional position: the greater the position's level of responsibility to the party caucus, the more campaign money the member redistributes, particularly as competition for majority control increases. Also, a member's capacity to raise surplus campaign funds, his or her support for the party's policy positions, and the level of competition for partisan control of the institution all affect the amount the member redistributes.

As Jacobson (1985–86) pointed out, the individual reelection interests of House incumbents do not sit easily with the collective electoral interests of the congressional parties. But while incumbents will always give priority to their own reelections, there is clearly "a new accommodation between incumbents' individual and collective interests" (Sorauf 1992, 118). This new accommodation is illustrated by the increasing sums of campaign money provided by House incumbents to their fellow party candidates and to the congressional campaign committees (Bedlington and Malbin 2003; Herrnson 1997, 108–110; Herrnson 2000, 97–100; Sabato and Larson 2002, 84–88).

This article offers an analysis of member-to-candidate and member-to-party contribution activity in the U.S. House. Earlier research by Wilcox (1989; 1990), Wilcox and Genest (1991), and Baker (1989) considerably advanced our understanding of member contribution activities, but these studies were conducted prior to the dramatic increase in these activities that occurred during the 1990s. Moreover, this article builds on the primarily descriptive accounts of member contribution activities that have been offered by more-recent studies (Bedlington and Malbin 2003; Herrnson 1997; Sabato and Larson 2002), providing a theoretical basis for understanding this activity.

House Incumbents as Campaign Contributors

House members have several ways of contributing to other candidates and to the party campaign committees. First, members can make contributions through their principal campaign accounts, the committees they use to raise and spend money for their own elections. Second, members may contribute through "leadership" political action committees, multicandidate committees sponsored by incumbents to raise and spend money on political activities outside of their own reelection campaigns. Contributions from both types of committees are, in effect, redistributions of the campaign funds that incumbents raise from individuals, political action committees (PACs), and political parties. Hence, we refer to this behavior generally as "redistribution activity."[1]

Different federal contribution limits govern donations from members' campaign committees and leadership PACs. For both types of committees, moreover, the regulations governing contributions to candidates differ from the regulations governing contributions to the national parties. (See Table 1 for a summary of the regulations.)

Theory and Hypotheses

We begin with the assumption that members desire reelection but also have goals of good public policy and power within the institution (Fenno 1973). We also assume that all members would prefer to serve in the majority party than in the minority party. Since it is the majority party that structures and controls the legislative process in the House, majority party members get policy outcomes closer to their ideal preferences than do minority party members (Sinclair 2002; but see Krehbiel 1998). Membership in the majority party also gives incumbents significant fund-raising advantages with corporate and trade PACs (Cox and Magar 1999), thereby helping to advance members' individual reelection goals. Thus, we expect contribution patterns to be responsive to the level of competition for majority control (see also Currinder 2003 and Kolodny and Dwyre 1998). As we will detail later, this responsiveness to competition will be especially important for members who have institutional positions that are more valuable to members of the majority party.

Members' capacity to raise surplus campaign funds—funds over and above what they need for their own reelections—should also be related to the sums of campaign money that they redistribute through their principal campaign accounts (although not through LPACs).[5] *Thus, we expect that the more campaign money with which a member begins the election cycle, the more campaign dollars that member will redistribute.* Cash-on-hand also plays a particularly crucial role as a control variable in our model. Considering the fund-raising advantages that members in formal positions of power enjoy (Grier and Munger 1993), we think these members are likely to have larger campaign war chests than members without such posts. Including a cash-on-hand variable ensures that any relationship found between holding a leadership post and redistributing campaign funds is actually due to holding a leadership post, and not to the fund-raising advantages *associated* with holding a leadership position.

By affording members an advantage at raising money from corporate and trade PACs (Cox and Magar 1999), membership in the majority party provides incumbents with an increased capacity to raise surplus campaign funds. These advantages leave majority party members particularly well positioned to take advantage of the less-restrictive regulations associated with contributions to the CCCs through their principal campaign accounts and contributions to candidates through LPACs. As a result, *we expect that members of the majority party will tend to channel greater sums of campaign money through the CCC and LPACs, whereas members of the minority party will give more money directly to candidates from their principal campaign accounts.*

Members' willingness to contribute to collective goals also is likely to be affected by campaign finance rules. In the 96th Congress (1979–80), Congress modified federal campaign-finance laws to prohibit retiring members from converting excess campaign funds into personal funds, but members of the 96th Congress "grandfathered" themselves from the prohibition. In 1989, Congress passed another law stating that after the 1992 elections, grandfathered members still serving in Congress would no longer be permitted to take advantage of the exemption (Fritz and Morris 1992, 83; Groseclose and Krehbiel 1994). *Thus, through 1992, grandfathered members should be less likely than nongrandfathered members to redistribute campaign funds from their principal campaign accounts.*

give significantly more than other members to the party CCCs. Members vying for leadership positions clearly prefer to give directly to individual candidates, who—if they win—will be part of the electorate in the leadership contest.

Majority party control also affects contribution patterns. The evidence in Table 3 suggests that, as predicted, members of the majority party tend to route larger sums of contributions through the CCCs and LPACs, while members of the minority party give more money directly to candidates. Substantively, majority party membership has the biggest influence on LPAC contributions: majority party incumbents give an average of $7,675 more through LPACs than do members of the minority party. As noted earlier, majority party members have a greater capacity to raise money (Cox and Magar 1999) and can redistribute it through the venues with the least restrictive contribution limits. Majority status also confers the enhanced fund-raising ability necessary to market an LPAC successfully.

As expected, a member's support for party policy also influences contributions. In particular, the statistically significant estimates for Party Loyalty in all three equations indicate that the more that members support their party's majority on the House floor, the more campaign dollars they redistribute to other candidates and to the party's CCC. The Party Loyalty estimates are substantively modest, however: a one-standard-deviation increase in Party Loyalty centered around its mean produces an average increase of $629 in contributions from members' principal campaign committees to other candidates, $999 from members' campaign committees to the party CCCs, and $1,140 from members' LPACs to other candidates.

A member's capacity to contribute also affects contribution behavior. The more campaign cash a member begins the election cycle with, the more that member gives to candidates and to the CCCs.[10] But even relatively large increases in cash-on-hand spur only limited generosity among incumbents. For example, the Cash-on-Hand estimate in the CCC equation indicates that a one-standard-deviation increase in cash-on-hand centered around its mean—a change from $33,187 to $257,062—led to an average increase of just $2,283 in contributions to the party CCCs. Members involved in uncompetitive races are significantly more likely than members in competitive contests to contribute through their campaign accounts to other candidates, although not to the CCCs or through LPACs. As predicted, members exempted from ethics laws prohibiting the conversion of campaign funds for personal use upon retirement gave less to other candidates but no more or less to the party CCCs.

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