What Follows Winning (or Losing) the Majority?
Congressional Party Fundraising Responses to Changes in Party Control

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Our general understanding of fundraising by incumbent members of the US House of Representatives is based on two key principals:

1) Money flows to power. Donors want access to powerful legislators and legislators use their power to leverage campaign money from those with business before them. Which means:
    a) Money flows to the majority party which controls the legislative process (Cox and Magar; Rudolph)
    b) Money flows to those in key institutional positions: elected party leaders, committee leaders, prestige committee members.
2) Money flows to competitive elections where it can affect the outcomes.

House incumbents also operate within a broader political environment. Their opportunity to capture campaign money also depends on what else is going on, including the attractiveness of non-incumbent candidates to donors, the attractiveness of Senate and presidential contests to donors, and/or the decisions of donors to keep their money out of federal elections.

How are incumbents who are generally safe electorally, able to generate increasing sums of contributions when many of their donors know that the contribution will not help their ally win reelection?

If our expectation is that campaign money nearly always flows toward incumbents of the majority party, we'd generally be right. Table 1 shows the difference in the amount raised by incumbent s of the majority and minority party. Specifically, the numbers are the increase (or decrease) in millions of $ from one election cycle to the next. Positive numbers are a fundraising advantage for incumbents of the majority party. So between the 2006 and 2008, when the Democrats took over majority status, Democratic incumbents increased their receipts from business contributors (PACs and individuals) by $20.3 million more than GOP incumbents.

Measurement aside: We include incumbents who sought reelection in both of the election cycles in the pairing. So incumbents who retired, sought another office, in either election or lost a campaign for reelection in the first election of the pairing are excluded. We also exclude non-incumbents who were initially elected in the first cycle of the pairing because the changes in their fundraising from election t to t+1 reflects their ascent to incumbency. The donor categories combine individual and PAC contributions. Individual donors were classified based on their occupation. The "other" category includes "Other" and "non-connected" PACs as coded by the FEC and non-business or labor union individual contributions as coded by the authors.

The highlighted rows in Table 1 mark the cycles in which majority status changed.

Table 1. Majority Party Incumbents' Advantages in Fundraising Over Minority Party Incumbents

Majority	other	business	labor
94-96	1.3	13.8	9.7
96-98	-12.2	-11.6	2.8
98-00	2.7	3.3	-6.1
00-02	5.1	14.9	-2.2
02-04	-0.9	-3.8	2.5
04-06	10.2	21.4	2.5
06-08	-3.9	20.3	-1.3

Yet this does not necessarily mean easy fundraising for all incumbents of the majority party. As shown in Table 2, when the GOP took over majority status in 1996, GOP incumbents actually lost $ from business compared to 1994. But Democratic incumbents lost three times more than GOP incumbents. Likewise, in 2008, labor contributions declined to Democratic incumbents. And while corporate contributions flowed disproportionately to new majority Democrats from 2006 to 2008, Republicans also increased their business contributions considerably.

Table 2.

Changes in contributions to incumbents from 1994 to 1996 (GOP takeover of majority status)

	other	business	labor
GOP	0.3	-7.6	-2.5
Dem	-1.6	-21.4	-12.2

Changes in Contributions to incumbents from 2006 to 2008 (Democratic takeover of majority status)

	other	business	labor
GOP	4.4	17.6	0.1
Dem	0.5	37.9	-1.4

[John: I have the breakdowns for all the intermediate elections cycles and can send them if you want them. I didn't think there would be time (or interest!!!) to review all of them.]

Modeling the Effects of Majority Status on Fundraising

Which incumbents are able to raise the most money in the contemporary environment? Do shifts in majority status benefit everyone in the majority party or does money primarily flow to members in the key institutional positions within the majority party (elected party leaders, committee chairs, prestige committee members)?

We regress characteristics of the incumbent on changes in fundraising receipts from election cycle t to election cycle t+1.

DVs: 1) total campaign receipts election cycle $_{t+1}$ - total campaign receipts election cycle $_t$

2) Difference in business donations
3) Difference in labor union donations

IVs:

Electoral competition: Change in incumbent's % vote election cycle $_{t+1}$ - election cycle $_t$. Relationship should be negative: if the election margin is smaller in ec_{t+1}, receipts should increase.

Majority party status: incumbents party hold majority status during election cycle $_t$

Institutional Position: 1 if incumbent serves as an elected party leader, committee leader (chair/Ranking member) or prestige committee member (Appropriations, Rules, Ways and Means) during session of Congress in which fundraising is occurring; 0 otherwise.

*Positions * majority switch*. Members of the new majority party with institutional power are likely to attract contributions disproportionately when majority status changes. For the 1994-1996 period, GOP members with institutional positions=1; others=0. For 2006-2008, Democratic members with institutional positions=1; others=0.

Dummies for each *election cycle* pairing (with 1996-1998 excluded as the baseline). Only 1996 and 2008, the cycles of majority party changes are displayed in Table 3. [John-I can include the other cycles if you want.]

Table 3. Changes in Incumbent Fundraising (OLS)

Changes in Total Campaign Receipts	Changes in Business $	Changes in Labor $	
Beta	Beta	Beta	
Competitive election	-.25***	-.23***	-.12***	
Majority Party	.04**	.03	-.03	--
Democratic Party	--	--	--	-.09***
Institutional Position	.07***	.06**	.01	
Switches in Majority Status:				
1994-1996	-.19***	-.17***	-.41***	
2006-2008	.03	.02	-.05*	
Institutional Positions in New Majority Party				
1994-1996	.03	.02	.10***	
2006-2008	.06**	.09***	-.02	
Adj. R^2=	.13	.13	.14	
N=	2213	2213	2213	

Note: * p< .10; ** p< .05; ***p< .01. Dummies for each election cycle pairing (excluding 1998 as the baseline) were included in the equations but are not presented in the table.

Discussion of Results

The results show that majority status matters for fundraising, but it doesn't necessarily matter for everyone.   Majority status is significantly related to total receipts, but not to business or labor receipts. Members in more competitive elections and who hold positions of institutional power are able to boost their fundraising more consistently. Competitive elections, not surprisingly, have the largest impact on receipts based on the sizes of the Beta coefficients.

Increases in business contributions, which are typically thought to be most access-oriented, are not generally targeted disproportionally towards incumbents of the majority party. This is even more surprising given that their ideological allies in the GOP are in the majority during most of this period. It is likely that there is a threshold effect here--since business already contributes generously to GOP candidates, the additional boost it can give them in each successive election cycle is relatively constrained. However, we see that business contributions increase substantially to both parties when the Democrats take over majority status in 2007-2008 AND extra largess is targeted to those who hold positions institutional power in the new Democratic regime.

Labor is typically thought of as being more concerned with affecting election outcomes than gaining access to incumbents. There is some support of that here: Labor does not increase its contributions significantly more to members of the majority party or members with position of institutional power. It does increase its contributions to incumbents in more competition elections. Additionally, when incumbents of the Democratic party (rather than the majority party) are included in the equation, the results show that labor gives them significantly less money. Presumably, labor reorients its contributions each election cycle to Democrats (esp. non-incumbents) in competitive elections. However, the evidence also shows that labor significantly increased its contributions to GOP leaders after they took control of Congress in 1995 (though they were starting from a low base).

Conclusion

Incumbents can use their leverage over the legislative process to increase their fundraising. But being in the majority party, *by itself,* provides a limited fundraising advantage. Members who hold institutional positions of power, especially in a new majority party, are best able to extract additional contributions from access-oriented donors.

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