

CRS Report for Congress

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Out-of-State Money in the Congressional Elections of 1992, 1994, and 1996: Trends and Policy Issues

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Summary

The sources of money raised in congressional elections have been central to the continuing debate over campaign finance reform. As concerns have been raised over candidate reliance on money from interest groups, many have looked for ways to bolster the role of individual citizens in funding campaigns. In particular, some have sought a greater role for residents of candidates' home states or districts, viewing out-of-state money as either inherently linked to special interests, or as weakening the ties between elected officials and constituents. Our ability to accurately assess the extent of out-of-state money in campaigns is limited by federal disclosure requirements and the inherent problems in ascribing the origin of donations from political action committees (PACs). In examining out-of-state money, we are thus confined to data on donations of over \$200 from individuals. Available data from the last three congressional elections show that such out-of-state contributions constituted 17% of 1996 Senate receipts, up from 14% in 1992. House out-of-state receipts rose from 6% to 7% in the same period. This report provides relevant data, explains what they tell us and cannot tell us, and places the figures in the larger context of overall receipts patterns.

Sources of Money in Congressional Elections

Aggregate Trends. Candidates for Congress rely on four principal sources of campaign funds: (1) individual citizens giving directly to candidates; (2) political action committees; (3) political parties; and (4) the candidates themselves—through donations or loans from personal or immediate family funds. The first three sources are subject to limits, under the Federal Election Campaign Act (FECA); only the fourth—candidates themselves—is subject to no limits.¹

¹ Election-related spending by groups that is outside candidates' control (e.g., soft money, independent expenditures, etc.) is beyond the purview of this study.

According to Federal Election Commission (FEC) data,² major party candidates for House seats in the 1996 general election received 55% of their receipts from individuals, 34% from PACs, 0.9% from the parties, and 7% from themselves. Major party candidates for Senate seats got 62% from individuals, 19% from PACs, 0.6% from parties, and 13% from themselves.³

Receipts data for 1992-1996⁴ House races show steady growth—relative to other sources—in contributions from individuals, along with concomitant decline in contributions from PACs. The much smaller components from parties and the candidates themselves registered slight increases followed by slight decreases. Patterns are less reliably discerned among the much smaller pool of Senate candidates, but data show fairly steady levels among individuals, PACs, and parties—despite sharp drops in 1994—and erratic patterns in receipts from candidates themselves, including a sharp increase in 1994. Among the enduring patterns in contemporary elections are the following: (1) House candidates rely more on PACs than Senate candidates; (2) PAC money is relatively more important to incumbents than challengers; and (3) challengers and open-seat candidates rely more on their own funds than do incumbents.

Policy Implications. Some critics argue that these data indicate an excessive role by interest groups and wealthy candidates. The critics tend to favor contributions from parties and individuals, asserting that they represent the widest, most democratic base of funding, with a less obvious connection to narrowly-focused policy agendas. Most of their proposals would further limit, if not ban, PAC contributions, while increasing the role of such funding sources as parties and individual donors.

Out-of-State Campaign Receipts

Concerns over the role of individual donors are often linked with concerns over perceived weakened ties between elected officials and constituents. This has resulted,

² FECA disclosure requirements have made it possible since the mid-1970s to know the sources of candidates' funds, individually and in the aggregate. FEC data have increasingly facilitated examination of overall patterns and trends.

³ Percentages do not add up to 100%, the difference being comprised of such sources as beginning cash-on-hand and non-candidate loans.

A caveat must be stated regarding the party component. In addition to contributions, parties may make coordinated expenditures for specific services on behalf of candidates. These are subject to much higher limits than contributions and involve much more money. However, as expenditures directly by the parties, they are not counted as candidate receipts. Some studies (including some by CRS) adjust the overall and party receipts, to better reflect the true level of party support. This report makes no such adjustment, in part because policy proposals on out-of-state money are based on current FEC criteria of receipts. An adjustment would show House candidates with: individuals-53%, PACs-33%, parties-4%, and candidates-4%; it would show Senate candidates with: individuals-58%, PACs-17%, parties-9%, and candidates-11%.

⁴ In reviewing data for the most recent election, it is useful to consider prior trends, lest an emerging pattern, or an aberration by a few prominent examples, distort overall receipts patterns. For example, an aberration was seen in the case of a single 1994 candidate's personal spending resulting in a 20% candidate funding level among all Senate candidates. Without that case, the level would have been 10%.

some say, from growing reliance on funding sources outside the state or district a Member serves. Both PAC and non-resident funding are seen as causing the problem. Proposed solutions have often involved curbing or prohibiting PAC money, while requiring that a minimum share of funds come from individual residents of the state or district where the pertinent election is held.

Limitations of the Data. Although this debate has intensified interest in the donation trends of PACs and out-of-state individuals, two major limitations impede research. First, PACs aggregate money from many places; it is virtually impossible to say where the money is from once it is aggregated. Many argue that it could fairly be considered to emanate from where the PAC or its sponsor has its headquarters, but the PAC or its sponsor may have branches or subsidiaries in several parts of the country. In any case, no one has devised a satisfactory method of identifying point of origin.

Second, FECA requires disclosure and itemization of contributions greater than \$200 from any source. But we have no systematic way of knowing the source of contributions of \$200 or less. Such small contributions constitute roughly one-third of all individual donations to House and Senate races. One may speculate that most smaller contributions come from in-state, as few candidates have sufficient out-of-state name recognition to raise substantial amounts of outside money. However, the practice of bundling, whereby some PACs act as intermediaries in collecting donations for favored candidates, may work in the opposite direction, by facilitating the raising of small out-of-state donations.

What The Data Show. Tables 1-3 present FEC data on campaign receipts for major party House and Senate general election candidates in 1992-1996. For each chamber, party, and type of candidate, aggregate data are presented on total campaign receipts; receipts from individuals (and the percentage this was of total receipts); total raised from individuals in over-\$200 amounts (and the percentage this was of all individual donations); and the amount and percentage from in- and out-of-state individuals. Finally, the last columns show the percentage of all campaign receipts each type of candidate raised from out-of-state individuals (of more than \$200).

Other than demonstrating that out-of-state individual money constitutes a small share of total funding, these data show that out-of-state money is more important to Senate than House campaigns, incumbents rather than challengers, and Democrats rather than Republicans. Senate incumbent Democrats typically get the highest percentage from this source (27% in 1996, a notable rise from 1994 and 1992); House Republican open seat candidates have generally gotten the least (5% in 1996). Out-of-state money has grown as a component among Republican candidates, especially in the Senate, since the GOP became the congressional majority in 1995. But even there, 20% of Democrats' receipts in 1996 were from out-of-state, compared with 15% of Republicans'.

Although in- and out-of-state data are relevant to the current debate, the over-\$200 individual contributions constituted 43% of Senate and 36% of House receipts in 1996. What we do not know about the origin of PAC money or the other one-third of individual donations leads us to consider these data with some caution and in the context of overall campaign receipts.

TABLE 1. 1996 Out-of-State Funding in Overall Congressional Campaign Receipts*

	All receipts	All individual contributions (% of all receipts)	Individual contributions in amounts over \$200			
			Total (% of all individual contributions)	In-state (% of over \$200 individual contributions)	Out-of-state	
					Total (% of over \$200 individual contributions)	% of all receipts
Senate	\$228,239,253	\$142,178,012 (62%)	\$98,190,815 (69%)	\$57,553,314 (59%)	\$39,768,264 (41%)	17%
Democrats	\$107,573,104	\$68,674,719 (64%)	\$45,730,578 (67%)	\$23,146,131 (51%)	\$21,960,536 (48%)	20%
Incumbents	\$35,109,799	\$26,835,409 (76%)	\$15,242,930 (57%)	\$5,866,312 (38%)	\$9,338,512 (61%)	27%
Challengers	\$33,853,062	\$18,257,438 (54%)	\$10,652,401 (58%)	\$4,729,341 (44%)	\$5,887,004 (55%)	17%
Open seats	\$38,610,243	\$23,581,872 (61%)	\$19,835,247 (84%)	\$12,550,478 (63%)	\$6,735,020 (34%)	17%
Republicans	\$120,666,149	\$73,503,293 (61%)	\$52,460,237 (71%)	\$34,407,183 (66%)	\$17,807,728 (34%)	15%
Incumbents	\$45,978,985	\$28,642,563 (62%)	\$18,610,511 (65%)	\$10,601,733 (57%)	\$7,988,344 (43%)	17%
Challengers	\$25,183,278	\$19,213,402 (76%)	\$13,999,673 (73%)	\$8,438,205 (60%)	\$5,460,426 (39%)	22%
Open seats	\$49,503,886	\$25,647,328 (52%)	\$19,850,053 (77%)	\$15,367,245 (77%)	\$4,358,958 (22%)	9%
House	\$446,012,706	\$244,549,853 (55%)	\$161,858,619 (66%)	\$127,250,870 (79%)	\$32,707,641 (20%)	7%
Democrats	\$204,815,415	\$101,925,221 (50%)	\$68,731,297 (67%)	\$51,251,999 (75%)	\$16,341,763 (24%)	8%
Incumbents	\$107,399,024	\$51,246,436 (48%)	\$37,356,466 (73%)	\$26,141,855 (70%)	\$10,678,441 (29%)	10%
Challengers	\$63,572,104	\$33,648,387 (53%)	\$19,457,552 (58%)	\$15,206,803 (78%)	\$3,725,919 (19%)	6%
Open seats	\$33,844,287	\$17,030,398 (50%)	\$11,917,279 (70%)	\$9,903,341 (83%)	\$1,937,403 (16%)	6%
Republicans	\$241,197,291	\$142,624,632 (59%)	\$93,127,322 (65%)	\$75,998,871 (82%)	\$16,365,878 (18%)	7%
Incumbents	\$171,261,787	\$98,484,644 (58%)	\$64,475,259 (65%)	\$51,404,621 (80%)	\$12,508,495 (19%)	7%
Challengers	\$37,218,146	\$25,407,645 (68%)	\$15,664,561 (62%)	\$13,343,048 (85%)	\$2,200,088 (14%)	6%
Open seats	\$32,717,358	\$18,732,343 (57%)	\$12,987,502 (69%)	\$11,251,202 (87%)	\$1,657,295 (13%)	5%

* Receipts from 1995-96 election cycle, from FEC database, Sept. 18, 1997; calculations by CRS (rounded to nearest whole percentage)

TABLE 2. 1994 Out-of-State Funding in Overall Congressional Campaign Receipts*

	All receipts	Individual contributions in amounts over \$200				% of all receipts
		All individual contributions (% of all receipts)	Total (% of all individual contributions)	In-State (% of over \$200 individual contributions)	Out-of-State	
					Total (% of over \$200 individual contributions)	
Senate	\$ 270,304,365	\$ 156,849,169 (58%)	\$ 105,595,356 (67%)	\$ 64,766,552 (61%)	\$ 40,828,804 (39%)	15%
Democrat	113,524,721	68,514,755 (60%)	52,422,398 (77%)	26,711,713 (51%)	25,710,685 (49%)	23%
Incumbent	79,961,555	46,998,469 (59%)	35,375,013 (75%)	17,782,313 (50%)	17,592,700 (50%)	22%
Challenger	10,333,757	5,439,267 (53%)	4,489,213 (83%)	2,878,973 (64%)	1,610,240 (36%)	16%
Open Seat	23,229,409	16,077,019 (69%)	12,558,172 (78%)	6,050,427 (48%)	6,507,745 (52%)	28%
Republican	156,779,644	88,334,414 (56 %)	53,172,958 (60%)	38,054,839 (72%)	15,118,119 (28%)	10%
Incumbent	33,388,182	21,164,824 (63%)	17,055,533 (81%)	12,413,234 (73%)	4,642,299 (27%)	14%
Challenger	91,875,734	45,574,656 (50%)	21,052,483 (46%)	13,823,598 (66%)	7,228,885 (34%)	8%
Open Seat	31,515,728	21,594,934 (69%)	15,064,942 (70%)	11,818,007 (78%)	3,246,935 (22%)	10%
House	354,982,853	183,188,939 (52%)	117,638,164 (64%)	92,689,071 (79%)	24,949,093 (21%)	7%
Democrat	188,885,134	85,088,996 (45%)	57,307,110 (67%)	41,200,735 (72%)	16,106,375 (28%)	9%
Incumbent	138,998,371	60,034,814 (43%)	42,008,392 (70%)	28,891,768 (69%)	13,116,624 (31%)	9%
Challenger	21,580,102	10,861,542 (50%)	6,062,026 (56%)	4,815,972 (79%)	1,246,054 (21%)	6%
Open Seat	28,306,661	14,192,640 (50%)	9,236,692 (65%)	7,492,995 (81%)	1,743,697 (19%)	6%
Republican	166,097,719	98,099,943 (59%)	60,331,054 (61%)	51,488,336 (85%)	8,842,718 (15%)	5%
Incumbent	81,659,469	48,304,755 (59%)	28,784,237 (60%)	24,756,445 (86%)	4,027,792 (14%)	5%
Challenger	53,853,813	33,158,880 (62%)	20,741,620 (63%)	17,586,725 (85%)	3,154,895 (15%)	6%
Open Seat	30,584,437	16,636,308 (54%)	10,805,197 (65%)	9,145,166 (85%)	1,660,031 (15%)	5%

* Receipts from 1993-94 election cycle, from FEC database, Oct. 2, 1995; calculations by CRS (rounded to nearest whole percentage)

TABLE 3. 1992 Out-of-State Funding in Overall Congressional Campaign Receipts*

	All receipts	All individual contributions (% of all receipts)	Individual contributions in amounts over \$200			
			Total (% of all individual contributions)	In-State (% of over \$200 individual contributions)	Out-of-State	
					Total (% of over \$200 individual contributions)	% of all receipts
Senate	\$ 189,056,939	\$ 124,346,343 (66%)	\$ 76,855,594 (62%)	\$ 50,734,567 (66%)	\$ 26,121,027 (34%)	14%
Democrat	97,629,942	65,464,181 (67%)	39,781,831 (61%)	24,596,720 (62%)	15,185,111 (38%)	16%
Incumbent	41,439,229	22,939,153 (55%)	17,378,358 (76%)	8,612,333 (50%)	8,766,025 (50%)	21%
Challenger	37,430,055	29,437,813 (79%)	16,452,844 (56%)	12,178,849 (74%)	4,273,995 (26%)	11%
Open Seat	18,760,658	13,087,215 (70%)	5,950,629 (45%)	3,805,538 (64%)	2,145,091 (36%)	11%
Republican	91,426,997	58,882,162 (64%)	37,073,763 (63%)	26,137,847 (71%)	10,935,916 (29%)	12%
Incumbent	52,073,046	34,534,699 (66%)	24,206,691 (70%)	15,880,922 (66%)	8,325,769 (34%)	16%
Challenger	19,440,262	13,104,844 (67%)	7,814,424 (60%)	6,456,138 (83%)	1,358,286 (17%)	7%
Open Seat	19,913,689	11,242,619 (56%)	5,052,648 (45%)	3,800,787 (75%)	1,251,861 (25%)	6%
House	319,117,378	153,191,034 (48%)	82,043,424 (54%)	63,427,484 (77%)	18,615,940 (23%)	6%
Democrat	179,023,299	78,807,702 (44%)	43,007,629 (55%)	30,219,848 (70%)	12,787,781 (30%)	7%
Incumbent	119,588,501	48,994,143 (41%)	28,399,293 (58%)	18,531,515 (65%)	9,867,778 (35%)	8%
Challenger	22,957,197	12,106,005 (53%)	5,386,794 (44%)	4,365,178 (81%)	1,021,616 (19%)	4%
Open Seat	36,477,601	17,707,554 (49%)	9,221,542 (52%)	7,323,155 (79%)	1,898,387 (21%)	5%
Republican	140,094,079	74,383,332 (53%)	39,035,795 (52%)	33,207,636 (85%)	5,828,159 (15%)	4%
Incumbent	73,290,863	38,658,641 (53%)	19,717,373 (51%)	16,451,109 (83%)	3,266,264 (17%)	4%
Challenger	41,095,345	21,082,218 (51%)	10,610,347 (50%)	9,080,131 (86%)	1,530,216 (14%)	4%
Open Seat	25,707,871	14,642,473 (57%)	8,708,075 (59%)	7,676,396 (88%)	1,031,679 (12%)	4%

* Receipts from 1991-92 election cycle, from FEC database, Oct. 2, 1995; calculations by CRS (rounded to nearest whole percentage).