

Following the Money: Super PACs and the 2012 Presidential Nomination

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The entrance of Super Political Action Committees (Super PACs), outside groups with no caps on fundraising or independent expenditures, prompts a reexamination of the role of money in campaigns and elections. We investigate the influence of Super PAC expenditures in the 2012 Republican nomination contest. A compressed calendar makes nomination campaigns expensive and money crucial, especially for lesser-known candidates, such that outside expenditures likely made a difference. Indeed, we find Super PACs helped to extend Santorum's long-shot candidacy but also helped Romney by weakening momentum from Gingrich and Santorum wins. Using panel data of candidate dynamics, we also find that candidate and Super PAC expenditures within various key primary states reactively complement each other. However, we do not find dispositive evidence that Super PACs coordinate with campaigns, thereby acting, at least in this context, within the bounds of their legally mandated independence.

Among the novel events and frequently discussed features of the 2012 presidential election, none is more obvious or, perhaps, more relevant to the state of the U.S. democracy than the ubiquity of money. Money has long played a role in presidential campaigns, but scholars frequently disagree over its effects. Political observers also hold a range of perspectives on the normative value of campaign expenditures between believing that money is a form of expression, and thus should be welcomed and protected in campaigns, to believing that money corrupts campaigns and representatives by favoring the wealthy at the expense of those with less.

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Related debates about money's effects on campaigns and political representation in the United States continued throughout 2012 following major reconfigurations in its campaign finance laws. These changes made it possible for citizens to spend unlimited sums of money on campaigns through independent expenditure-only committees, better known as Super Political Action Committees (Super PACs), and made the 2012 presidential campaign the first to experience unlimited outside spending via Super PACs. The emergence of Super PACs within the 2012 presidential campaign thus prompts a reexploration of our understanding of the key factors of campaign dynamics and fundamental concerns about the role of money in campaigns.

We analyze the role of Super PACs in the campaign for the 2012 Republican Presidential nomination. Super PACs contributed throughout the campaign, but their presence was particularly pointed during the nomination contest, where the demands for money are high but candidates are constrained in their ability to raise funds. Indeed, Super PACs repeatedly outspent Republican candidates and dominated the broadcast airwaves with their advertisements. Yet, as newcomers to the campaign, questions abound of what Super PACs actually do. Are they active in the invisible primary, perhaps playing an important role in winnowing down the field before voters get a chance to weigh in? Do they disproportionately serve the interests of front-runners? Or, do they keep afloat less organized challengers who otherwise would not be able to compete? We respond to these questions with a comprehensive description of Super PAC spending over time and across space, with careful attention to the direction of the outside groups' messages, for or against candidates.

In addition to questions of how Super PACs affected the behavior of candidates in the 2012 nomination contest, we also evaluate the legal and arguably more pertinent question, "Are they 'independent?'" A frequent criticism of Super PACs is that their independence from the campaigns is a ruse, as one might expect given that former campaign staff and trusted candidate advisors often work for Super PACs (see, e.g., Confessore 2011). To that end, we focus our efforts on testing whether Super PACs appear to be coordinating their expenditure behavior with candidates and how. We outline and test for two possible forms of coordination. First, campaigns and Super PACs might coordinate their expenditures to complement each other by spending in the same places at the same time, bombarding the airwaves with consistent messages. Alternatively, they might prefer a strategy of substitution whereby PACs and campaigns focus on different locales in which they might be more successful. We test for these two possible forms of coordination by performing a longitudinal analysis that tests the dynamic relationship between candidates and Super PAC spending.

In what follows we begin by presenting an overview of the new campaign finance landscape since *Citizens United v. Federal Election Commission* (FEC) (2010) and discussing the possible implications of the entrance of Super PACs within the party nomination process. We divide the remainder of the article into answering the two sets of aforementioned questions pertaining to the behavior and nature of Super PACs, respectively. We conclude with a discussion of how Super PACs and campaigns react to one another, their apparent independence, and what these findings mean for the future of presidential nomination contests.

Nominations and the New Campaign Expenditure Environment

Although scholars differ in their assessments of how determinative it is, there is little doubt that money is a primary feature of presidential nomination campaigns and has some influence in determining nominations. The high costs of campaigns, well-connected and independently wealthy candidates' tendencies to reject public financing, and the continued front-loading of state contests all raise the prominence of money within nomination campaigns (Butler 2004; Cohen et al. 2008; Green 2006; Steger 2000). At the earliest stages, candidates are dedicated to garnering enough money necessary to fund a costly national campaign organization (Smidt and Christenson 2012). Candidates across the pack frequently bow out before the first contests as a result of their inability to raise funds and compete in an increasingly costly contest (Goff 2004; Norrander 2006). Furthermore, candidates who have a lot of money on hand are more likely to win (Adkins and Dowdle 2001; Steger 2000; Steger, Dowdle, and Adkins 2004).

The importance of money was anticipated well in advance of the 2012 Republican primary. Much as it was in 2008 (see Aldrich 2009), a compressed schedule was believed to shorten the financial momentum from early victories and restrict candidates' abilities to raise funds during the contest period.¹ In an attempt to prolong the contest and give long-shot candidates a better opportunity to compete with early front-runners, the Republican National Committee adopted new rules in 2010 for both the allocation of delegates and the timing of the following primaries and caucuses. The new rules, however, did not prevent Florida and other states from moving their contests up (only being penalized by a loss of half of their delegates), thereby pushing the traditional early states forward as well. Consequently, the 2012 calendar exemplified a continuing trend toward a compressed, front-loaded and nationalized schedule (Mayer and Busch 2003), which has translated into nomination campaigns being very expensive and time consuming. Candidates need to raise substantial funds early and organize their campaigns in several states simultaneously.

Furthermore, long-shot candidates with little financial support can no longer find solace in public financing, which is now effectively obsolete. Candidates accepting public matching funds would have needed to restrict their primary spending levels to a fraction of what the front-runners raise from private donors. In all, the modern nomination campaign offers little in the way of support for long shots but plenty of additional hurdles (Steger 2000). The end result, at least according to recent scholarship, appears to be that a candidate's chances are largely determined before the race gets under way. The level of campaign cash reserves, national popularity, and national party support at the beginning of the primary season are the primary factors determining nomination success (Adkins and Dowdle 2001, 2005; Cohen et al. 2008; Mayer 1996, 2003; Steger 2007; Steger, Dowdle, and Adkins 2004).²

1. Candidates who receive substantial funding via the Internet in response to victories can partially overcome the fundraising constraints of a compressed calendar (Aldrich 2009; Christenson, Smidt, and Panagopoulos 2014; Panagopoulos 2011).

2. These findings still allow for the possibility that initial long shots can garner national support during the invisible primary by being competitive in early states like Iowa or New Hampshire (Christenson and Smidt 2012).

Major changes in the campaign expenditure environment of the 2012 presidential nomination process provided a new twist to this trend. In 2010, the Supreme Court overturned aspects of the Bipartisan Campaign Reform Act of 2002 with its decision in *Citizens United v. FEC* (2010). Specifically, it made it legal for corporations and unions to spend their money on campaigns, so long as the groups did so independently of the candidates. Subsequently, the Court of Appeals for the District of Columbia Circuit ruled in *Speechnow.org v. FEC* (2010) that limiting the contributions to independent PACs would be akin to a violation of free speech rights, and thus they should be allowed to raise unlimited sums of money for the purpose of spending it on political expression. Together the decisions created an environment for the birth of Super PACs. There are no restrictions on how much money these independent expenditure groups can raise from individuals, corporations, and unions or spend on campaigns, so long as the PACs remain independent from a party or candidate and their campaigns. The popular media have made and continue to make various claims about the nature and impact of Super PACs on campaigns, but there is little empirical evidence yet to suggest that these groups have a deleterious effect on the state of our democracy or otherwise. Indeed, within campaigns for a party's presidential nomination, it is unclear if they provide greater advantages to front-runners or long shots. Because the demands of the nomination campaign make money an essential component to candidate success, the lack of contribution and spending limits on Super PAC activity makes them a valuable ally to a candidate's campaign organization that could potentially change how nomination campaigns are won. But they also have important restrictions on their behavior. These organizations have greater freedoms to raise large amounts of money and spend it in support and opposition of candidates, but their freedom to spend is only possible if their expenditures are independent and not coordinated.³ Moreover, their expenditures can only fund acts of communication such as television advertisements or direct voter contacts.

There is good reason to think that campaigns would generally appreciate like-minded Super PACs. In addition to any persuasive effects, Super PACs may be helpful to campaigns insofar as they allow them to concentrate their resources elsewhere. There is even some superficial evidence suggesting Super PACs are best suited to purchase costly forms of mass communication. Super PACs spent more than the presidential primary candidates on television advertisements during the 2012 nomination campaign (Peters 2012).⁴ Similarly simple associations suggest that Super PAC support was a key ingredient to success in the 2012 nomination. The top three performing candidates, Romney, Gingrich, and Santorum each had a supportive Super PAC (respectively, Restore Our Future, Winning Our Future, and the Red White and Blue Fund) that spent substantial sums of money on campaign advertisements. Our analysis explores the extent to which—as well as where and how—Super PACs affected the behavior of candidates in the 2012 nomination contest. Our comprehensive descriptive analyses below attempt to set

3. The FEC defines coordination as an act “in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate's authorized committee, or a political party committee” (11 C.F.R. § 100.16).

4. The costs of PAC advertising are not completely comparable to candidate costs, since television stations are free from rules that limit stations from charging high rates in this case.

these stories straight and answer the persistent questions about the role of Super PACs in the 2012 nomination contest.

Independent or Coordinated? Understanding Super PAC Behavior

Before identifying the influence of Super PACs within nomination campaigns, we first consider their strategies and behaviors. PAC campaign strategy and spending is largely understood in the context of congressional elections or general presidential elections (Biersack, Herrnson, and Wilcox 1994; Panagopoulos 2006; Rozell 1999), where the most pivotal states or marginal contests receive greater spending. Nomination campaigns differ from these, however, in that there is an order to state contests, which compounds the need for immediate victories to sustain momentum, as well as various delegate allocation rules (Gurian and Haynes 1993; Ridout, Rottinghaus, and Hosey 2009).

Moreover, an investigation of Super PAC strategy and behavior speaks to legal issues of their independence from the candidates and candidate campaign organizations. A core principle underlying the legal decisions that made it possible for Super PACs to exist is the independence of the groups from the candidates. This allows corporations and unions to be thought of as political actors and limits to their campaign expenditures as violations of their First Amendment rights. Thus, Super PACs exist by virtue of limiting their engagement to independent activities. They are prohibited from making direct contributions or coordinating with campaigns. Nonetheless, they have the obvious potential to shape the campaign outcomes by expressed advocacy of candidates or policies.

Features of some Super PACs and various related anecdotes suggest that the degree of independence from the campaigns might be thin to nonexistent. For example, the press has noted that former campaign staff and trusted advisors often comprise the staff of Super PACs, and they even share consultants (e.g., Confessore 2011; McIntire and Luo 2012). Of course, shared political networks are not necessarily an indication that Super PACs are coordinating with the campaigns. Likewise, campaign and Super PAC staffers are unlikely to admit that they are breaking the law and coordinating with each other. How then can one discern whether candidates and Super PACs coordinate?

The answer is highly complex and contingent on the particular Super PAC, campaign, and expenditure. Most clearly, the rules of coordination prevent any sort of communication about campaign strategy, including the timing and sharing of resources. The objective is to limit the degree of contact so that Super PACs cannot circumvent campaign contribution limits by providing any sort of good that benefits the campaign. Thus, to test for the influence of PACs, it is also necessary to ask, "Do the patterns of expenditures for Super PACs and campaigns suggest a coordinated strategy?"

We propose that the relationship between candidate spending and PAC spending is best categorized by considering two types of distinctions. First, Super PAC spending can be classified as either being a complement or supplement to candidate spending. If PAC spending is best spent in conjunction with candidate spending, to enhance or supplement a candidate's campaign, then it is a complement and both organizations are likely to spend where the other is spending. If PAC spending is considered to be as effective as

candidate spending, then PAC spending might be seen as a substitute, such that PACs and candidates spend when and where candidates are not, that is, *dividing and conquering*. A second consideration is that candidates and Super PACs can either coordinate with each other or merely react to the observed behavior of the other, the latter of which does not require a joint strategy.

These distinctions give way to four possible expenditure strategies available to outside groups and campaigns. Figure 1 illustrates the independence hypotheses and related model expectations—controlling for the covariates—in terms of a 2×2 table. Each of the two sets of options can be combined into a single strategy. For instance, a campaign and PAC can coordinate with each other to complement each other's expenditures. That is, they can agree on a joint strategy of spending in the same places at the same time. Alternatively, they might not have a joint strategy but just react to one another's expenditures by spending themselves. Testing these fine but important distinctions, however, requires some methodological rigor. Presumably both PAC spending and candidate spending are driven, at least partially, by the same campaign dynamics. For instance, candidates and PACs are more likely to spend in a state as the primary approaches. Thus, we would expect the two to be related to one another in time and place. But this alone is not evidence of coordination, which suggests that a common underlying factor is driving expenditures for both groups independent of the structural expenditure dynamics. We therefore control for these common structural dynamics and test whether the expenditure residuals are correlated. If so, and as the top row of boxes in Figure 1 shows, it will be indicative of campaigns and PACs acting in coordination.

We make further use of our panel data by looking at the expenditure lag structures to see whether and how PACs and candidate campaigns react to one another. That is, the correlation of current period expenditures with lagged expenditures—controlling for the structural dynamics, of course—indicates whether PACs follow campaigns to spend or vice versa. The bottom row of Figure 1 provides two ways of reacting to each other as tested by the lag structure.

In all then, there are four strategies and related model tests. Beginning with the top left box, from complementary coordination we would expect there to be a significant

	Complement	Substitute
Coordinate	Positive Error Correlation	Negative Error Correlation
React	Positive Lag Correlation	Negative Lag Correlation

FIGURE 1. Hypotheses of Candidate and PAC Expenditure Relationships.

positive error correlation between PAC spending and candidate spending. That is, this relationship suggests a significant unmodeled factor of a coordinated strategy that leads both candidates and organizations to target the same state the same week. On the other hand, a substituting coordination would result in a significant negative error correlation since that would suggest an unmodeled factor that makes both candidates and organizations target different states that week. Although the concept of noncoordinated strategies received less attention in the news naturally because they would not suggest a violation of Super PACs independence from campaigns, they are equally plausible. Complementary reactions, for example, are cases in which the candidates and PACs may not be coordinating, but merely following the other to target the same states. That is, the two groups do not need to coordinate their efforts in order to merely react to whoever was first to spend by following suit or coincidentally doing so. In cases of this nature we would expect a positive lag correlation in expenditures. Alternatively, reaction strategies could produce a negative lag between PAC and candidate expenditures, with candidates and PACs substituting each other's expenditures in different areas.

We note that the bar we set for coordination here is rather high, perhaps as it should be. Different groups can have similar objectives, which means that those looking for similar patterns between the groups with mutually beneficial goals can easily find them. That is, our hypotheses distinguish between a "pure coordination" in which two groups have jointly devised and follow the same strategy, versus an "apparent cooperation" in which groups have not coordinated but still appear to follow the same strategy by following one another.

Data

Our data is comprised primarily of information from the FEC reports on campaign expenditures. To better understand how Super PACs operated during the 2012 Republican nomination campaign, we utilize the Sunlight Foundation's coding of all PAC and Super PAC FEC reports. The Sunlight Foundation web site provides an itemized file combining the coding from each group and detailing each one of their independent expenditures during the 2012 nomination and general election.⁵ We restrict our analysis to Super PACs and eliminate PACs and "Hybrid" Super PACs—committees that have separate accounts for limited and unlimited contributions. Although there were numerous expenditures by these groups during the 2012 nomination, the monetary total of Super PAC expenditures (\$79.7M) accounts for most of the total amount of outside money spent in 2012 (\$84.0M). We also restrict our attention to independent expenditures, as disclosed by each organization on FEC Schedule E, and not regular expenses disclosed on schedule B such as salaries, office rentals, and equipment.⁶

5. Sunlight Foundation coding of 2011-12 cycle expenditures dated April 11, 2013. Downloaded from <http://reporting.sunlightfoundation.com/outside-spending-2012/file-downloads/>.

6. These regular disbursements relate to the operation of the Super PAC, not the Super PAC's campaign activity. In contrast, the FEC defines independent expenditures as spending by individual people, groups, political committees, corporations, or unions expressly advocating the election or defeat of clearly identified federal candidates. These expenditures may not be made in concert or cooperation with, or at the request or suggestion of, a candidate, the candidate's campaign, or a political party (11 C.F.R. § 100.16).

We supplement the Super PAC and campaign expenditure data with a collection of measures thought to covary with them in the primary. We include four types of control variables to account for the structural dynamics associated with the expenditure calendar in primary campaigns. Foremost, campaigns and outside groups alike are likely to increase expenditures in anticipation of a primary or caucus. Attempts to persuade voters are more successful as the election nears since voters are less likely to forget the information or combat it with contrary messages. Thus, the closer the election, the more likely a candidate or PAC spends in that state. To that end we use a linear counter of how many weeks away is the election in each state. We also include a time trend variable for the campaign's overall durations that is candidate specific. That is, almost all candidates target Iowa and New Hampshire, but as the calendar lengthens and resources become scarce for some candidate organizations, they should become more selective in which states they target.⁷

Electoral characteristics also impinge on the structure of campaign expenditure dynamics. Different contests provide greater or less delegates to the national convention and thus support for the overall nomination. We expect that that the larger the delegate pool in the state, the more likely a candidate spends in that state. That is, these states have the potential to offer greater electoral rewards. Our models contain an indicator of the number of delegates available for each state.

Similarly, the nature of the caucus or primary is often considered in expenditure and general campaign decisions. Most states have binding primaries and caucuses in which all or portions of the delegates are bound to vote according to the results at the national convention, unless a candidate releases them. But some states also held nonbinding primaries or caucuses early in the nomination campaign. Indeed, the Romney campaign largely ignored nonbinding contests early in 2012, until Santorum's sweep of the nonbinding primaries in Colorado, Missouri, and Minnesota on February 7 caused them to change course.

Finally, we control for the amount of the other candidates' and other PACs' spending. In elections, the behavior of competitors is also considered in the decisions to spend. Much like candidates, we expect Super PACs to take note of the other players in the states. Ultimately, controlling for them allows for cleaner estimates of the relationship between a candidate's spending and her Super PAC's spending, our primary concern. While the PACs expenditures were taken from Sunlight, as noted above, the candidate expenditures were taken directly from the itemized disbursement listings provided by the FEC, which we tabulated to generate weekly totals across the candidate organizations.

Method

Our interest is in understanding how the behavior of candidate and PAC organizations is associated with each other's behavior. Specifically, we focus on organizational

7. We also ran the models with a natural cubic spline (with three knots) for each counter, but the results suggested that the first spline (which is simply a linear counter) offered no worse fit. Thus, we tested nonmonotonicity but rely only on linear counters.

decisions to spend money in each state. We rely on the time ordering of these spending decisions to gain leverage on how they are responding to each other by studying weekly spending of a candidate organization or PAC. We restrict our attention to contests held through Super Tuesday so as only to study decisions to compete in states holding contests before the nomination is essentially determined.⁸ We utilize a matched data design for our hypothesis tests, where the behaviors of the three major candidates' campaign organizations (Gingrich, Romney, and Santorum) are matched with the behaviors of their respective Super PACs (Winning Our Future, Restore Our Future, and the Red White and Blue Fund). We test for coordinated and reactive spending using two types of spending variables. The first are a set of dummy variables simply representing an act of spending in a state that week. The second set of spending variables is the weekly amounts of spending (logged).

As noted, our test for coordination looks for systematic correlation in the residuals. If there exists a significant contemporaneous correlation between candidate organization and PAC spending in a state, controlling for covariates, then we have evidence suggestive of both candidates and PACs acting on shared information. To test for contemporaneous correlation we estimate a bivariate probit model for the act of spending measures and a seemingly unrelated regression model for the logged spending measures. Both models estimate the respective regression models while estimating the degree of correlation in the contemporaneous residuals.

If Super PACs are acting as complements to a candidate organization, then we should expect to find a positive association between the spending of a candidate's organization and its associated Super PAC. Because Super PACs are largely restricted to supporting a candidate via forms of communication, it is perhaps likely that they view their role in the campaign as an organization that enhances or supplements the decisions of the candidate's organization. In contrast, if Super PACs and candidates see each other as substitutes for each other's campaign organization, then we should find a negative relationship between a candidate's organization spending and the spending of its associated Super PAC. In this instance, if one organization is acting in a state, that would lessen the incentive for the other organization to campaign there.

In contrast to coordination, Super PACs and candidate organizations may simply be reacting to each other's behavior in a reciprocal nature, trying to respond to each other's efforts. In this case, we are more likely to find significant relationships between the lagged measure of each organization's behavior. Once a Super PAC sees a candidate devoting more resources to a state, it will try to accommodate and adjust its behavior accordingly, either by acting as complement and targeting that same state or substitute in a state the other candidate is ignoring. Although, Super PACs and candidate organizations may still be coordinating their efforts in other ways, in advertising issue emphasis or framing for example, significant evidence of candidates and PACs responding to observed behavior suggests they lacked foreknowledge of each other's behavior.

8. Because we estimate our model only among contests from January through March, we do not account for proportional allocation or winner take all. The GOP required state parties using winner-take-all allocations to hold their primaries after March.

Super PAC Dynamics in 2012

Our first step in the analysis is to answer basic but persistent questions about the behavior of Super PACs in the 2012 primary. Did they help winnow down the field quicker than usual? Did they side predominantly with the front-runners? Or, did they keep alive long shots? Ultimately, where did they focus, what were their messages and what do those say about the 2012 nomination? We begin to answer these questions with a comprehensive description of expenditure data. The sheer amount of money Super PACs spent on the 2012 GOP nomination implies they held some form of influence on the nomination outcome. But before we can identify how Super PACs and their spending changed public support for candidates and, perhaps, the nomination's outcome, it is first necessary to detail how they acted, particularly with respect to how the candidates spent their money.

To identify when Super PACs began to have an influence on the contest, Figure 2 plots the weekly total amount of expenditures by Super PACs across the 2012 nomination campaign season. For comparison, we also present the weekly total amount of expenditures across candidate organizations as well. Excluding their own organization costs, Super PACs failed to spend much on the campaign during most of 2011, the invisible

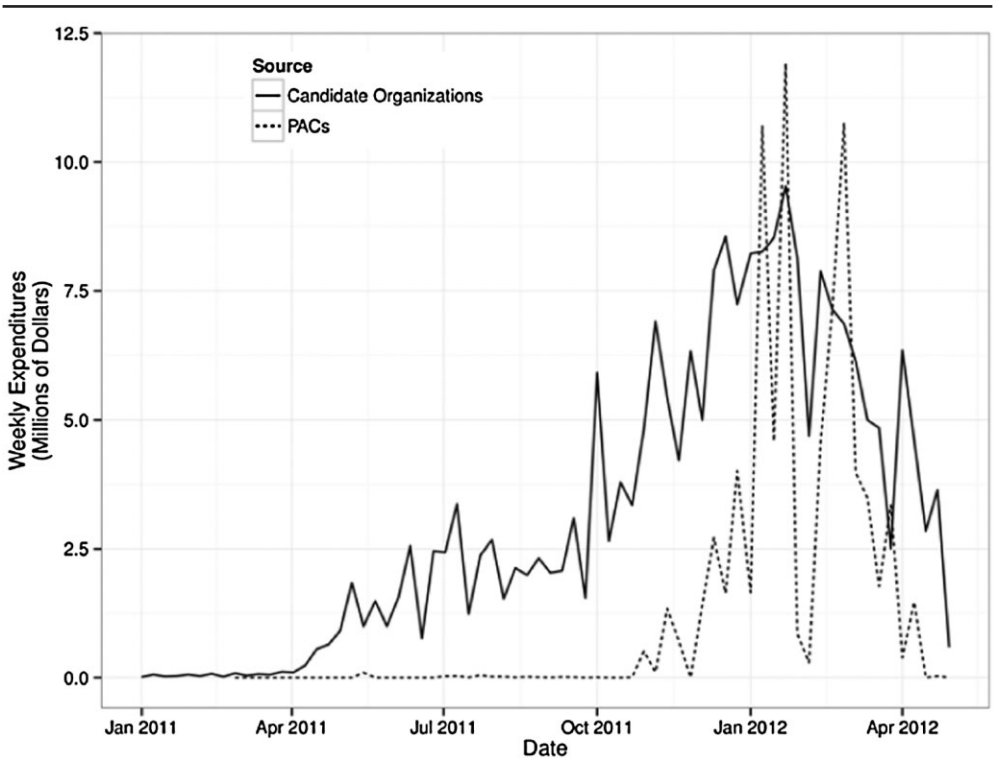


FIGURE 2. Expenditure Comparison Over Time.

primary period. Candidate organizations spent a large amount of their early money bolstering their campaign organization strength and preparing for the 2012 contest. But Super PACs can only influence the contest by spending on forms of *speech*. They could not provide direct financial support to a candidate's organization such as organizing campaign staff or paying for ballot petitions. Consequently, candidate organizations were still constrained by cash and organization resources during the invisible primary. Indeed, prior to the campaign, both Santorum and Gingrich, who received large amounts of Super PAC financial support during the campaign, did not have the organizational capacity to meet Virginia's signature requirement for appearing on its Super Tuesday primary ballot.

Super PACs were much more active once contests in the early states began. As illustrated in Figure 3, Super PACs alone spent over \$1 million in 16 states. Arguably due both to their timing in the primary schedule and the composition of their electorates, outside groups saw these states as key to the nomination. Many of these are early states like Florida, South Carolina, and Iowa which garnered the greatest amount of expenditures at \$17, \$13 and \$8 million, respectively. Although substantially less than Iowa, the other first in the nation contest, New Hampshire, was peppered with about \$3 million placing it in a comparable category to Michigan's early contest, Ohio's Super Tuesday contest, and Wisconsin and Illinois, states where Santorum sought long-shot winner-take-all victories over Romney.

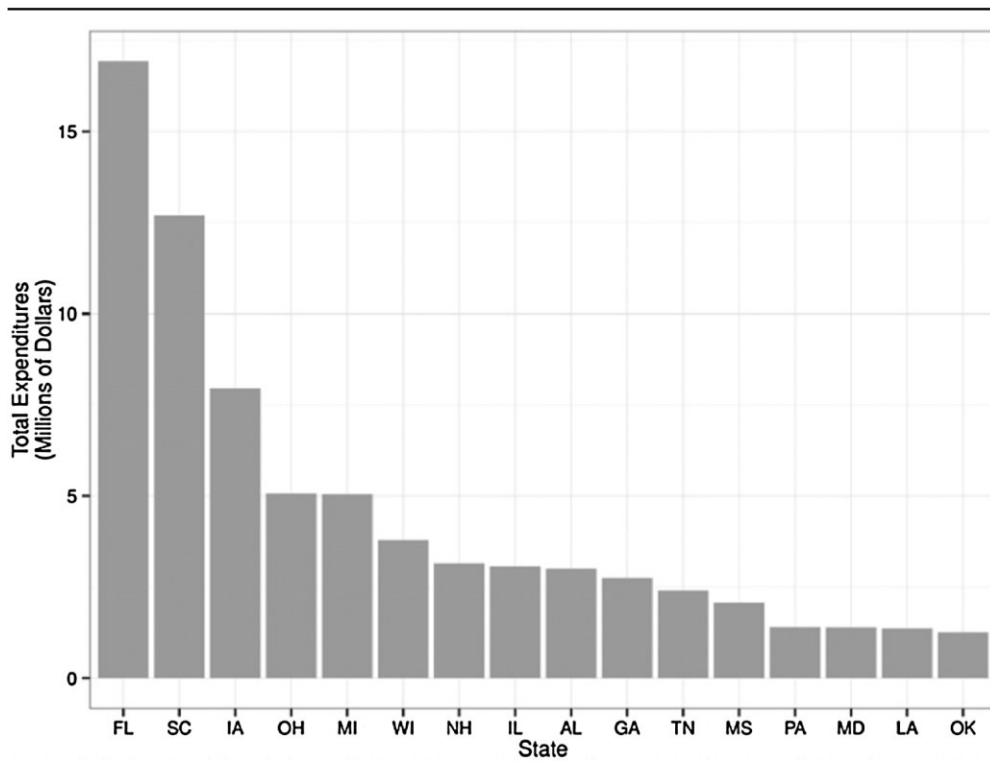


FIGURE 3. Super PAC Expenditures over \$1M by State.

Candidates employ different geographic strategies in seeking the nomination, concentrating resources in particular states. To understand where Super PACs may have the greatest influence on the campaign, we start by comparing the amount of spending by source. There were 11 states in which PACs outspent candidate organizations by over \$500,000 (the next biggest difference was in Rhode Island and was only \$72,000). The bar chart in Figure 4 displays how much was spent by each group and the difference between them. In line with where they spent the most, PACs outspent candidates by very large margins in Florida and South Carolina, and substantial margins in other early states like Iowa and Michigan. Note, however, that New Hampshire is missing from the list. PACs spent a lot there, \$3.2 million, which puts it in seventh overall, but candidates spent a lot there, too, which mitigated the difference. Among the early states, candidates spent the most amount of money in New Hampshire (fourth overall at \$13 million) followed by Florida (ninth overall at \$8.1 million).⁹ An interesting puzzle concerns why New Hampshire did not get more attention by PACs. Two plausible explanations avail themselves. Perhaps PACs were waiting until after Iowa to determine their spending, and the amount of time between Iowa and New Hampshire gave PACs less opportunity to

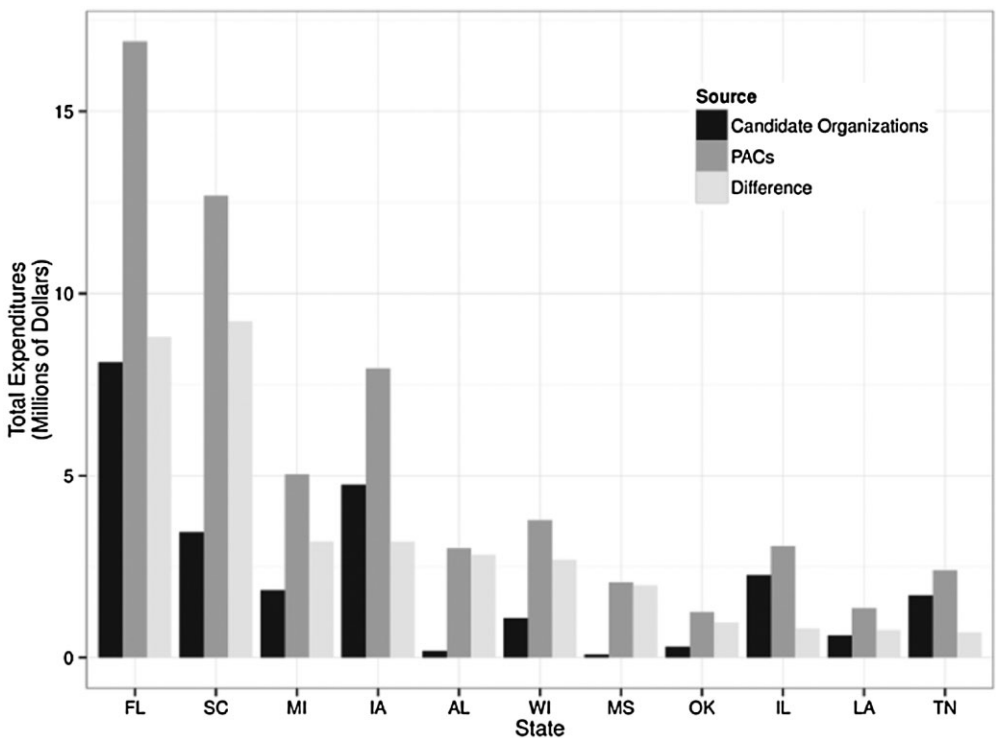


FIGURE 4. States Where Candidates Were Outspent the Most.

9. Overall, the top states for candidate spending are campaign headquarter states: Massachusetts, Virginia, Texas, Washington DC, and Pennsylvania.

spend on the latter. Or, possibly since New Hampshire has so few and small media markets, PACs could not spend as much there as they would have liked, especially considering that the candidates were so active there. Little at this point suggests which of these scenarios is valid.

The bulk of the remaining states where PACs outspent candidates were mid-March or April contests, when the front-runner Romney was trying to solidify his victory over the persistent long shot Santorum. Of these states, many are southern with conservative and evangelical voters who were less supportive of the Mormon Romney, which gave Santorum an advantage in trying to pick up enough momentum to continue his campaign. In these states, Romney's organization spent little money, but his supportive Super PACs spent a substantial amount.

Indeed, Santorum's candidacy appears to have been attacked the most by Super PAC activity. Since the FEC required PACs to list the purpose of each election expenditure, we have a record of how much Super PACs spent in support of or opposition to each candidate. According to these numbers, Santorum had only \$7.6 million spent in support of his candidacy, but he had \$24.5 million spent against him, a difference of \$16.9 million. Gingrich also had over \$20 million spent against his candidacy, but Super PACs also spent \$17.0 million in support of his candidacy, for a difference of only \$3.6 million. In contrast, Super PACs spent more money in support of Romney (\$16.7 million) than against (\$12.2 million).

Figure 5 provides further illustration of where candidate organizations and Super PACs spent the most, by presenting comparative spending numbers for key state contests receiving the largest amounts of either candidate or PAC spending. For purposes of clarity, we limit our attention here to the three candidates that lasted the longest: Romney, Santorum, and Gingrich. Here, we use the primary schedule to order the states left to right and we again compare outside group support and opposition as well as campaign spending. We see that Gingrich's campaign organization spent similar amounts of money across the early states. It spent much more in the Super Tuesday states of Georgia and Ohio, but these partially reflect expenditures for other purposes than campaigning in that state.¹⁰ In contrast, Super PAC expenditures show much greater variation. They spent large amounts of money in support and opposition to Gingrich in Florida but also Iowa, South Carolina, and Georgia.

In comparison, Romney's organization largely outspent supportive PACs in Iowa and, especially, New Hampshire. Perhaps it is not a coincidence that Gingrich won South Carolina, considering it was the only state in which Romney was at a net disadvantage in terms of having a greater difference between oppositional and supportive PAC spending. This dynamic changed by Florida, however, where PACs favoring Romney spent almost \$10 million in opposition to Gingrich, which nearly doubled PAC expenditures in support of Gingrich.

10. Gingrich's campaign headquarters were in Atlanta, Georgia. Much of Gingrich's spending in Ohio went to Strategic Media Placement, a marketing firm near Columbus, from late January through early March. It is possible some of these transactions were for this firm to purchase advertisements outside of Ohio as well.

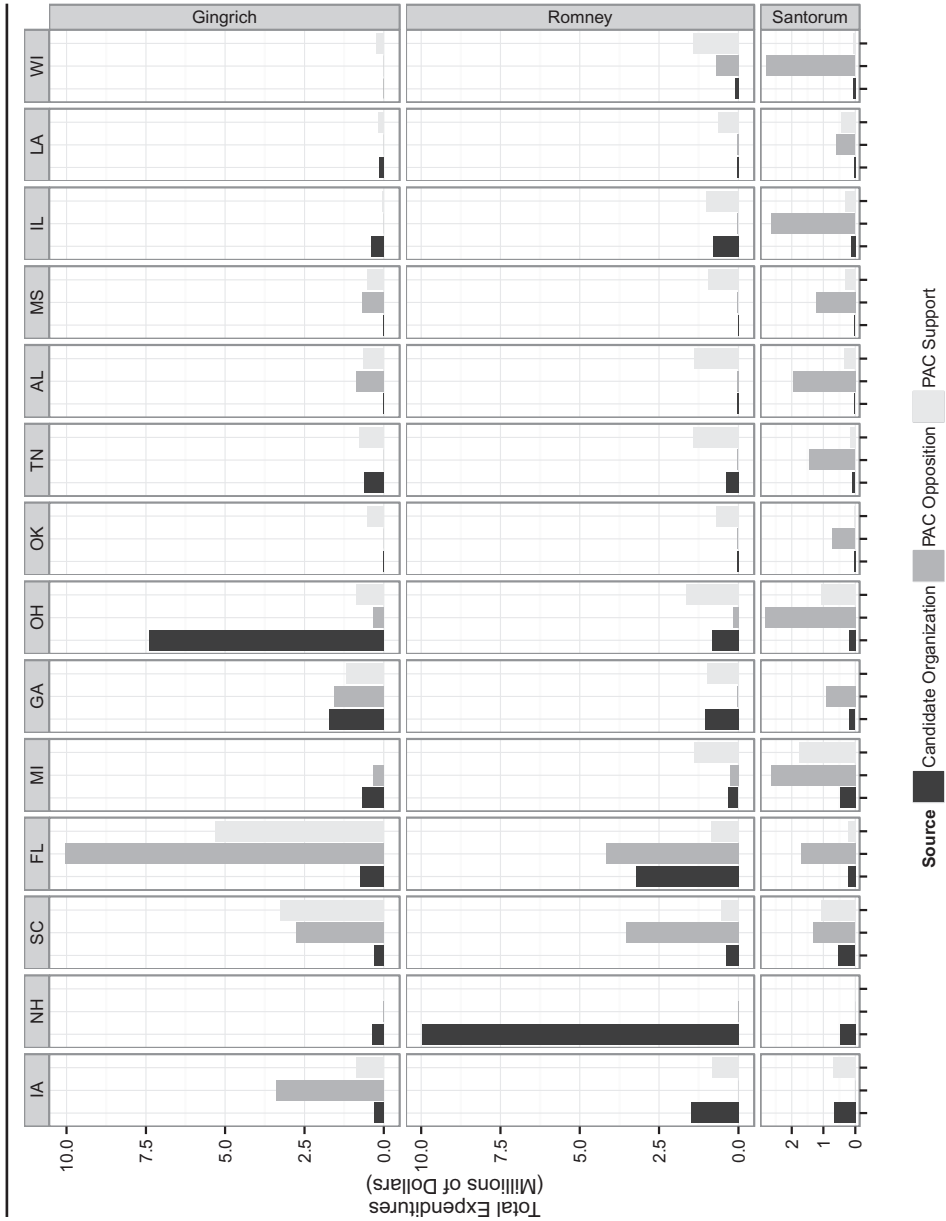


FIGURE 5. Super PAC Expenditures by States and Candidates.

By Michigan, we start to see the beginnings of a pattern. Romney faced little in PAC opposition spending. Consequently, his own organization was often outspent by PACs supporting his candidacy. These organizations also changed the focus of whom they opposed. Prior to Michigan, they spent much more money attacking Gingrich, whereas Santorum went through South Carolina largely being able to negate any opposition with his own spending and help from his supportive PACs.

By Michigan, we find Santorum consistently facing much more money being spent against his candidacy than he, or his supportive PACs, could match. Indeed, although Romney's organization gave little effort to beat Santorum in the South, pro-Romney PACs were very active trying to drive down Santorum support. Despite this opposition, Santorum won many of these primaries, which prevented Romney from clinching the nomination after Ohio. But this does not mean Super PAC spending did not influence the dynamic of the nomination. Romney's opposition cost Santorum delegates because these southern states awarded their delegates proportionally. As a result, when Santorum won Alabama and Mississippi on March 13, Romney widened his delegate lead because Santorum's advantage in these states failed to surpass Romney gains by winning caucuses in Hawaii and American Samoa. Indeed, by Romney not campaigning there as an organization the *Washington Post* portrayed these outcomes less as a loss for Romney and more so a lifeline for Santorum (Tumulty and Wilgoren 2012).

Reactive Complements

The descriptive analysis above suggests that Super PACs were extremely active in the 2012 nomination contest and played a role in stopping Gingrich's momentum post-South Carolina, aiding Santorum's long-shot candidacy, and limiting Santorum's take of delegates in his southern state wins. We also see some evidence of candidates and PACs acting as complements, both spending a lot in states like Iowa or Florida and acting as substitutes with disproportionate spending by either candidates or PACs in states like New Hampshire, Alabama, and Mississippi.

We turn now to an investigation of whether that behavior appears to have been coordinated with the campaigns. We first focus on the decision of whether or not to spend money in a state each week. Table 1 presents the results from our bivariate probit estimates. The estimates for many of our control variables follow expectations. Both candidates and Super PACs are significantly more likely to spend money in a state if that state has more delegates up for grabs. Candidates and Super PACs are both significantly less likely to spend money in a state contest that does not bind its state delegates to support that candidate at the GOP convention relative to binding state contests. Both candidates and Super PACs are less likely to spend money in a state when its contest is more weeks into the future.¹¹ Candidates and organizations were also reactive to the actions of the other candidates and organizations, but in slightly different ways.

11. The candidate-specific calendar variables are not displayed but are consistently negative and jointly significant for the candidate model, indicating candidate organizations were significantly more likely to spend in all states in December of 2011 as opposed to March of 2012.

TABLE 1
Did PACs and Candidates Influence Where and When Each Other Spent?

Variable	Weekly Act of Spending in State	
	Candidate	Political Action Committee (PAC)
Number of Delegates	0.030* (0.007)	0.011* (0.005)
Nonbinding Contest	-0.754* (0.208)	-0.339* (0.149)
Weeks until Contest	-0.203* (0.051)	-0.195* (0.040)
Candidate Spending (lagged one week)	0.728* (0.178)	0.241* (0.128)
PAC Spending (lagged one week)	0.236+ (0.141)	0.981* (0.119)
Other Candidates' Spending (lagged one week)	0.252* (0.096)	-0.114 (0.089)
Other PACs' Spending (lagged one week)	-0.018 (0.099)	-0.546* (0.102)
Constant	0.583 (0.657)	-0.008 (0.420)
aROC	0.858	0.897
$\hat{\rho}$		0.031
<i>n</i>		858

Notes: Bias-corrected bivariate probit estimates from 1,000 bootstrap resamples of candidate/PAC-state dyads. Bootstrapped standard errors in parentheses. * indicates $p \leq 0.05$ two-tailed test. + indicates $p \leq 0.10$ two-tailed test. Estimates of candidate-specific counter for calendar week not included for ease of presentation. Likelihood-ratio test fails to reject null hypothesis of independence among the residuals ($p \leq 0.769$).

Candidates were significantly more likely to spend in a state if other candidates were spending in that state the week prior. PACs were significantly less likely to spend in state if a competing Super PAC was spending in the state the week prior.

Importantly, our bivariate probit estimates provide consistent evidence of candidate and Super PAC organizations acting as complements to one another. Even after controlling for a candidate's spending in the previous week, as well as the level of competition from other candidates and PACs, we find that candidate and PAC organizations are more likely to campaign in a state if the other organization spent money in the state the week before. In the case of candidate organization behavior, their responsive relationship is significant with an α of 0.1 using a two-tailed test ($p \leq 0.09$), but significant at traditional 0.05 levels for Super PAC organization behavior.

To estimate the typical influence of each organization on the other, we compare the predicted probabilities of an organization spending in a state for each observation in our sample when changing the lagged spending variables from zero to one and then take the average in the difference. On average, when a candidate organization started to spend in a state, there was a 4.8 percentage point increase in the probability that a PAC would

spend money in that state next week. In one instance, Gingrich's decision to start spending in New Hampshire made the Winning Our Future PAC approximately 9.6 percentage points more likely to spend in the state the next week. Similarly, a decision by a PAC to spend in a state produced an average difference in the predicted probability of candidate spending of about 6.2 percentage points. In some cases this may have actually been a costly decision for the candidate. When Santorum's Red White and Blue Fund decided not to spend in Romney's birth state of Michigan in January of 2012, it made Santorum's campaign about 8.6 percentage points less likely to spend. Indeed, Santorum did not consistently spend money in the state during that month, a decision he likely regretted considering he would go on to outperform expectations and lose by only 3%.

The bivariate probit estimates also fail to find definitive evidence of coordination. The estimated error correlation between the decisions of a PAC and a candidate organization to spend or not spend in a state for one week is positive, but only 0.03. A likelihood ratio test finds no loss of fit when estimating two independent probits, failing to reject the null hypothesis of no error correlation. These tests do not definitively reject the possibility that the organizations may be coordinating in another fashion. But they are also consistent with organizations independently reacting to each other's behavior in a complementary fashion.

To verify these results, we also estimated the same model specification but using the amount of dollars spent (logged) in place of the act of spending for both the dependent and independent variables. With a continuous dependent variable, we estimated a seemingly unrelated regression to test for any possible contemporaneous correlation in the residuals across the two dependent variables.

The results of this alternative specification (see Table 2) remain very much consistent with those in Table 1. Candidates and PACs spent significantly more in a state if it had more delegates up for grabs, if the contest was binding, and as the weeks until the state's election declined. The effects of campaign competition are also consistent with those explaining the act of spending. Candidates spend significantly more money as the other candidate organizations spend more. Again we find candidate and PAC organizations typically spend less as competitor PAC spending increases, but neither estimate is significantly different from zero.

Once again we find evidence of candidates and PACs acting in response to each other's spending in a complementary nature. Candidate organizations spent significantly more money in a state when their Super PAC spending rises in the prior week. Super PAC organization spending also exhibits a positive association with a candidate's spending in the prior week, but this estimate fails to reject the null hypothesis. The seemingly unrelated regression estimates also fail to find definitive evidence of contemporaneous coordination between candidates and their respective PAC organizations. The estimated error correlation between the amount of PAC spending in a state and the amount of candidate organizational spending is once again only slightly positive (0.023). And a Breusch-Pagan test fails to reject the null hypothesis of the two sets of residuals being independent.

In summary, regardless of whether one examines the act of spending or the amount of spending, we find consistent support for viewing Super PAC organizations and

TABLE 2
Did PACs and Candidates Influence How Much Each Other Spent?

<i>Variable</i>	<i>Weekly Amount Spent in State (logged \$s)</i>	
	<i>Candidate</i>	<i>Political Action Committee (PAC)</i>
Number of Delegates	0.058* (0.018)	0.019* (0.010)
Nonbinding Contest	-1.641* (0.450)	-0.802* (0.342)
Weeks until Contest	-0.387* (0.118)	-0.346* (0.081)
Candidate Spending (lagged one week)	0.344* (0.065)	0.021 (0.037)
PAC Spending (lagged one week)	0.088* (0.037)	0.381* (0.077)
Other Candidates' Spending (lagged one week)	0.190* (0.052)	-0.011 (0.034)
Other PACs' Spending (lagged one week)	-0.036 (0.032)	-0.003 (0.053)
Constant	4.315* (1.410)	3.706* (1.059)
R^2	0.480	0.366
$\hat{\rho}$		0.023
n		858

Notes: Bias-corrected seemingly unrelated regression estimates from 1,000 bootstrap resamples of candidate/PAC-state dyads. Bootstrapped standard errors in parentheses. * indicates $p \leq 0.05$ two-tailed test. Estimates of candidate-specific counters for calendar week not included for ease of presentation. Breusch-Pagan test fails to reject null hypothesis of independence among the residuals ($p \leq 0.946$).

candidate organization spending as acting in a positive reciprocal nature. That is, they often act to complement each other's behavior in a reactive fashion. Across both estimates we find significant evidence of candidates increasing their campaign spending in response to PAC decisions to spend more money in a state as well as PACs increasing their spending in response to candidate organizations. Moreover, we also fail to find any contemporaneous correlation in the residual. Although candidate and PAC organizations may still be coordinating in another fashion, such behavior is also consistent with these organizations independently reacting to each other's behavior in a purely complementary fashion.

Conclusion

Observers and scholars do not dispute that financial support is necessary to run a successful nomination campaign. We are aware of few studies, however, that have examined the role of outside groups in this calculus. Of course, the lack of scholarly literature on the topic is primarily a result of recent changes in campaign finance law

that has made it possible for Super PACs to exist. The Republican primary elections and caucuses of 2012 were the first campaigns to experience these so-called independent groups with unlimited expenditure potential at the presidential level. They are unlikely to be the last. Indeed the 2012 pro-Obama Super PAC, Priorities USA Action has recently been reported to be fundraising for Hillary Clinton's potential bid in 2016, making it one of the earliest big-donor appeals for a nonincumbent (Confessore 2014).

Super PACs represent a fundamental shift in the expenditure dynamics of campaigns. As evident from the narratives above, they have the capacity to change nomination campaigns. Despite the fact that Santorum was heavily attacked by PAC spending, supportive PACs provided a form of assistance to help lengthen his long-shot candidacy's survival. They also helped Romney stop Gingrich's momentum from winning South Carolina and allowed Romney to save face following losses in southern states by mitigating Santorum's margin of victory there. While Super PAC advertising made their presence well known, expenditures of this nature do not guarantee results. Political expenditures by independent groups are protected under the premise that it is independent expression. Thus, evaluations of representation and the state of presidential nomination campaigns rest just as much on the ability of Super PACs to affect the dynamics of campaigns as they do on a basic legal question: Did these groups coordinate with campaigns and thus violate the terms of their independent existence?

In this case we fail to find evidence of Super PACs and campaigns acting outside the constraints of the current law. Super PACs and campaigns appear to mimic each other's spending, following each other into a state. We are only able to conduct a limited empirical test of coordination with the available expenditure data, but all signs point to reaction or reciprocal behavior, not clear coordination. Although various news reports of substantial staff overlap between campaigns and Super PACs call into question their independent status on other grounds, the bulk of our evidence suggests that at least their expenditure behaviors do not appear to come from a joint strategy.

Moreover, our findings suggest an underemphasized consequence of the entrance of Super PACs may be their effects on candidates and candidate strategy. Across both model specifications, we find significant evidence of candidates being responsive to where and when their supportive PACs spend. By relying on the help of expenditures they do not control, candidates have less freedom and independence in developing their campaign strategy. When PACs spend in a state, it changes a candidate's expected payoff from his or her own spending in that state as well.

Of course, we also recognize the limitations of relying on a single campaign to draw inferences. It is important that we not overstep the generalizability of these findings. The recent and massive changes in campaign finance laws, campaign calendars, modes of fundraising, and collection of candidates necessarily restrict our ability to characterize previous campaigns in this light. However, the changes in these same factors require that we study each new iteration of a campaign if we hope to identify prominent forces operating within modern campaigns. Our longitudinal study of multiple candidates and Super PACs within a single party offers us rare empirical leverage to answer important questions concerning the influence of these new forms of outside spending.

Our work suggests that Super PACs represent a fundamental shift in the expenditure dynamics of campaigns. However, whether and how these new players have affected the state of our democracy from a normative perspective is still unclear. Our results simply suggest that the expenditure relationship between Super PACs and campaigns is not a *smoking gun*. We do not find dispositive evidence that Super PACs generally coordinate with campaigns, which suggests that arguments for their dismissal need to be made on grounds other than a violation of behavioral independence in state strategies. For example, Super PACs may still be coordinating in terms of messages, framing, resource sharing, or in any number of other matters. These possibilities, alas, are beyond the purview of this study.

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