Political Party Finance under BCRA: An Initial Assessment

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How will campaign finance reform affect the role of political parties in federal elections? Will parties be able to maintain their status as principal actors in the electoral process? Will they have the resources needed to provide meaningful assistance to candidates, as well as to turn out party supporters on Election Day? These are the questions at the heart of the debate over the merits of the Bipartisan Campaign Reform Act (BCRA), Congress's most recent attempt to control the influence of money in electoral politics. This paper offers an initial response to these questions by presenting an analysis of party finances after the first year under BCRA and offering an early assessment of the role of party money in the 2004 elections.

Overview

Supporters and critics alike contend that BCRA will have a major effect on party organizations, but they disagree sharply as to the nature of its consequences. Supporters claim that the law will help to strengthen the parties by encouraging them to broaden their bases of financial support and pursue more grass-roots-oriented organizational strategies. These advocates foresee the development of stronger party infrastructures that will be invested in participatory forms of electoral activity. Critics counter that the law will weaken the parties by stripping them of $500 million in soft money receipts and by restricting the types of financial transactions and interactions that can take place between national and state party committees. In their view, BCRA will strengthen organized interest groups at the parties' expense, since these groups are subject to less stringent financial rules than those imposed on party committees.

While it is far too early to resolve the issues raised by these diverse perspectives, the first year of experience under BCRA indicates that parties are adapting quickly and efficiently to the new regulatory regime. They are abiding by the law's contribution restrictions, expanding their bases of financial support, and already replacing a sizable share of the soft money "lost" under BCRA with new hard dollar donations. The fundraising patterns in 2003 suggest that both parties will have the capacity to conduct well-funded campaigns in 2004. The Republican national committees, however, are expected to hold a major resource advantage over the Democratic committees throughout the election cycle, as has been the case in every other recent election year.

Given the recent history of national party financing, this response to BCRA is not surprising. Over the past three decades, party organizations have demonstrated a remarkable capacity to adapt and respond to changes in campaign finance laws in both intended and unintended ways. In the 1970s, national party committees had to adapt to the fundraising and spending restrictions established by the Federal Election Campaign Act (FECA). Instead of being able to rely on unlimited gifts from large donors as a principal means of support, the parties under FECA had to finance their efforts with monies raised in limited amounts from restricted sources. The parties responded to these constraints by soliciting thousands of small donors and embarking on a period of financial growth and development in which the funds available to the national committees rose from less than $60 million in 1976 to more than $400 million in 1984.[1] In the mid-1980s, parties again altered their financial strategies to capitalize on the emergence of “soft money” or nonfederal funding. Under the rubric of “party-building” activities, soft money gave national committees the opportunity to raise unlimited donations from unrestricted sources, including corporations and labor unions, which had long been banned from making contributions in connection with federal elections. In this “mixed system” of hard (or federally-regulated) and soft money fundraising, party revenues rose from about $425 million in 1988 to more than $1 billion in 2000.[2] Soft money fundraising alone jumped from $45 million in 1988 to $495 million in 2000, growing from about 11 percent of total party revenues in 1988 to 40 percent in 2000.[3]

The sharp rise in soft money receipts was spurred by the highly centralized solicitation of soft money contributions by national party leaders and federal elected officials, and a growing reliance on a relatively small core of donors. By the end of the 2000 election cycle, fewer than 1,600 soft-money donors were responsible for more than $370 million in soft money, or almost a third of the total monies raised by the national party organizations.[4] This emphasis on large contributions raised questions about the corruptive effects or undue influence of such unrestrained giving, problems that were highlighted by the Thompson Committee investigations of party fundraising in the aftermath of the 1996 election. BCRA was designed to address these concerns by placing a ban on soft money at the national level and prohibiting its use by all party committees to pay for federal election activities and broadcast advertisements that “promote, support, oppose, or attack” a federal candidate.

BCRA requires national party committees to finance all of their political activities with hard money funds raised under federal contribution limits. The law prohibits national party committees from raising or spending soft money funds and severs the link between soft money donors and federal officials. It does so by preventing national party officials and federal officeholders and candidates, as well as their agents or any entity established, financed, maintained, or controlled by the parties, from soliciting, receiving, transferring, directing, or spending monies that are not subject to the contribution restrictions set forth in the act. In part to compensate the parties for the loss of soft money funds, the amount an individual may give to each national party committee was increased from $20,000 to $25,000 per calendar year. The amount that may be given to a state party committee under federal law was increased from $5,000 per calendar year to $10,000. BCRA also raised the aggregate ceiling on the total amount an individual may contribute to federal candidates and political committees to accommodate increased giving to parties. The law increased this aggregate limit from $25,000 per calendar year to $95,000 per two-year election cycle. Within this $95,000 aggregate limit, BCRA allows an individual to give a total of up to $57,500 to party committees every two years. Both this aggregate limit and the limit on individual donations to national party committees are indexed for inflation.[5]

National Party Fundraising in 2003

Even before BCRA took effect, party committees began to reorient their financial strategies and enhance their infrastructures in anticipation of the ban on soft money. Both parties began to invest more heavily in small donor solicitation programs, while also building new donor programs designed to take advantage of BCRA's more generous contribution limits. After little more than a year of experience under the new law, these investments are already paying off in the form of greatly expanded donor participation and rising hard money revenues.

In 2003, the national party committees raised a total of $301.8 million, which was more than the $266.3 million in hard and soft money *combined* that they raised in 1999, the comparable year in the previous presidential election cycle.[6] Overall, party funds were up 14 percent as compared to 1999, and greatly exceeded the sums raised in all previous off-election years except for 2001. Both parties significantly increased their hard money fundraising as compared to 1999, with the Democrats almost doubling their hard money total ($95.2 million as compared to $55.4 million) and the Republicans more than doubling their take ($206.6 million as compared to $96.9 million). Each one of the six national committees (DNC, DSCC, DCCC, RNC, NRSC, and NRCC)[7] raised substantially larger sums of hard money than in the previous presidential cycle, with the RNC leading the way with an increase of about $67 million.

The parties displayed impressive financial strength even when compared to 2001, their most successful off-election fundraising year.[8] The $301.8 million raised in 2003 represents about 84 percent of the sum raised in 2001, a year in which soft money accounted for about 47 percent ($168.8 million) of the parties' revenue. The parties thus were able to replace more than 60 percent of the soft money received in 2001 by raising additional hard dollars. If they maintain this pace through the end of 2004, they could have at least as much money to spend on this election as they did in any election prior to 2000.

This initial success in adapting to BCRA is largely a function of the parties' success in attracting more small donors. Both sides are reacting to the new regulatory regime in the ways intended by its sponsors: they are placing more emphasis on the solicitation of small contributions and broadening their bases of financial support. In this way, BCRA is promoting a democratization of party finance. By October of 2003, the RNC reported that it had already recruited more than 1 million new donors since President Bush took office. This expansion of party support surpassed the surge in party giving that occurred during the Reagan administration, when the Republicans added almost 854,000 donors to their rolls over the course of eight years.[9] The other Republican committees have also broadened their support. The NRCC reported more than 400,000 new donors by year's end and the NRSC raised more hard money than in any off-year in the history of the organization.[10] BCRA has thus encouraged the Republicans to build on their already strong small donor fundraising efforts.

More notable, given recent history, is the transformation taking place within the Democratic party. The Democrats have been especially dependent on soft money in past elections, raising 47 percent of their total funds in soft dollars in 2000 and 53 percent in 2002. Whether the party could increase its hard money fundraising significantly and raise the sums needed to wage competitive campaigns was an open question when BCRA was adopted. But the party has quickly begun to adapt its fundraising approach and substantially expanded its donor base. Even before BCRA took effect, the Democrats began investing in new technology and infrastructure to retool their direct mail and internet fundraising programs. In 2002, DNC Chair Terence McAuliffe vowed to increase DNC hard-money fundraising by $100 million to make up for the ban on soft money.[11] By the end of 2003, these efforts were bearing fruit, with the DNC increasing its number of direct mail donors from 400,000 to more than 1 million.[12] As a result, $32 million of the DNC's $44 million in total 2003 receipts came from small donations. This $32 million represented an 85 percent increase in small donor funds, as compared to the amount raised from such contributions in 1999.[13]

Similarly, the DCCC is investing in a growing direct mail program that produced 170,000 new donors in 2003, more than three times as many new donors as in 2001.[14] Earlier this year, these new participants helped the DCCC raise $1 million in one month through direct mail, the first time the committee had achieved that objective in a non-election year.[15] The committee has now repeated that accomplishment for seven consecutive months, and this burgeoning support from a broadening base of donors helped the committee raise $28.6 million in 2003, which was almost twice the amount of hard money raised by the committee in either 1999 or 2001. In short, the Democrats are restructuring their fundraising approach, shifting away from an emphasis on soft money and large hard money donors to the more grass-roots oriented, participatory approach envisioned by BCRA.

The Partisan Divide

Despite these improvements, the Democrats still trailed the Republicans by a margin of two-to-one in off-year fundraising. This disparity in party fundraising is one of the key issues highlighted by those critics of BCRA who contend that the law stands as a Democratic "suicide bill" because the Democrats will no longer be able to compete with Republicans without soft money. Such a dire prediction, however, is not supported by experience to date.

Most campaign finance specialists expected a substantial gap between Republican and Democratic party money at the outset of BCRA's new regime. For years, the Democrats have failed to match the Republican Party's investment in small donor fundraising and have thus had to rely on a smaller universe of hard money donors. Since the adoption of the FECA thirty years ago, the Republicans have raised considerably more hard money than the Democrats in every election, and in some cases have had more than three or four times as much money to spend as the Democrats. In 1976, for example, the Republican national committees raised $43 million as compared to $15 million by their Democratic counterparts; in 1980, $120 million as compared to $20 million; in 1984, $246 million to $66 million.[16]

More recently, this hard money gap has grown even wider--reaching about $190 million in 2000 and almost $225 million in 2002—thereby providing the Republicans with a substantial financial advantage. It would be unrealistic to expect the Democrats to be able to overcome such a deep-seated financial deficit in one or two election cycles. At least in the short term, party fundraising is likely to follow the pre-BCRA trend of a growing resource advantage for the Republicans over the Democrats.

In assessing the comparative fundraising success of the two parties, it is important to note that while the Democrats raise less than the Republicans, they also generally spend less, and thus make up for some of the imbalance in aggregate funds with greater economy. As a result, the net cash available to each party to spend on election-related activities is often not as disparate as the aggregate fundraising totals would suggest. For example, in 2003, the NRCC generated $72.4 million in revenue or almost three times the $28.6 million generated by the DSCC. Yet at year's end, the NRCC had $10.9 million in available cash in their bank account, as opposed to $8.4 million for the DCCC, a difference of only $2.5 million.

One way to measure the relative financial positions of the party committees is thus to examine the net cash (cash-on-hand adjusted for any debts or obligations owed by the committees) available to the parties to spend during an election year. In this regard, both parties are performing well in the aftermath of BCRA. Every one of the national party committees ended 2003 in the black and only the DSCC reported any outstanding debts (the committee had $2.5 million in cash-on-hand and $1.9 million in outstanding debt obligations at year end, for a balance of roughly $600,000). The Republican national party committees entered the 2004 election year with $52.5 million in net cash, while the Democrats had $19.8 million available to spend. Although the Democrats lagged behind the Republicans by a substantial amount, their financial position was much stronger than a year ago. The Republicans began 2003 with only the NRCC in the red (the committee was net $5.66 million in debt) and a minor overall debt position for all three committees of $390,000. The Democrats, in contrast, opened 2003 with $2.75 million in cash-on-hand and almost $14 million in debts. The three Democratic committees thus began the year about $11.2 million in the hole, with about $6.2 million of this total incurred by the DSCC. The Democrats were able to repay all of this debt in 2003 and still manage a surplus of more than $19 million. In other words, in 2003 alone, the Democrats generated a surplus of about $30 million in free cash flow from their $95 million in funds raised, as opposed to $52 million out of $206 million for the Republicans.

Viewed against the background of previous election cycles, the amount of cash parties have at the start of 2004 is down, but so is the money gap between Democrats and Republicans. At the end of 2001, the national parties had $110.9 million in net cash, including $64.2 million in net hard money and $46.7 million in soft cash-on-hand.[17] The amount of net cash at the end of the off-year was particularly high because a greater share of the parties' soft money in the 2002 cycle was raised in the off-year as compared to the 2000 cycle, perhaps in anticipation of a possible ban on soft money.[18] Of this $110.9 million in cash, $77.3 million was accrued by the Republicans, $33.6 million by the Democrats. So at the end of 2001, a year when both parties were still able to raise soft money, the Republicans enjoyed a much greater financial advantage over the Democrats--$44 million--than that achieved under the hard money rules of 2003. And the 2001 gap was only that narrow because the DSCC held a sizeable surplus of more than $14 million in soft money at the end of 2001, which represented almost half of the Democrats' net total resources. In hard money alone, the Republicans held a seven-to-one advantage--$56 million to $8 million--at the start of the 2002 calendar year, a far greater relative hard money advantage than exists at the start of 2004.

How the experience of 2003 measures up to that of 1999, the comparable year in the previous election cycle, is difficult to discern, since the NRCC did not file summary reports for its soft money accounts that would provide cash-on-hand data.[19] What can be determined is that the parties ended 1999 with only about one-third of the hard money that they hold entering the current election year ($25.8 million versus $72.3 million). The Republicans held an advantage, but the gap was much smaller than in other election cycles, with the Republican leading by only about $3 million ($14.2 million versus the Democrats' $11.6 million). The difference was greater with respect to soft money. In hard and soft money combined, the DNC and DSCC accrued a total of $9.6 million, as compared to $22 million for the RNC and NRSC. While the amount of soft money held by the NRCC is unknown, it is likely that the two parties entered 2000 with less cash than they have at the start of 2004.[20]

As noted in this analysis, much of the money available to Democrats at the beginning of prior election years was soft money. This is one of the reasons why some Democrats, as well as some advocates of strong party organizations, support the pre-BCRA system and soft money. A common argument advanced in the reform debate is that Democrats at least could compete with Republicans in soliciting soft money and could use these unregulated funds to help their hard dollars stretch further. This argument is predicated in large part on the assumption that Democrats would continue to remain competitive in soft money fundraising even without control of the White House or Congress. This proposition is not at all certain. In 1996, even with control of the White House and an incumbent President willing to use White House coffees and other events in the quest for dollars, the Democrats finished about $14 million behind the Republicans in the soft money race. Similarly, in 1998, they finished almost $39 million behind. In 2002, the Democrats kept up with the Republicans only by raising more than $49 million from nine “super-soft-money” donors, each of whom gave more than $3 million.[21] (In contrast, the top nine soft money donors to the Republican Party gave a total of about $18.9 million.[22]) Whether the Democrats could continue to tap into such largesse from a handful of donors is uncertain, particularly given the fact that a sizeable portion of this money was solicited for the express purpose of building a new party headquarters. It is more likely that soft money would have provided Republicans with an additional marginal financial advantage in 2004.

Nonetheless, the fundamental concern underlying this continuing argument over soft money raises a legitimate issue that should not be taken lightly: will the Democrats without soft money have the resources needed to finance the types of activities, especially the types of voter mobilization efforts, they have carried out in recent elections? This is the issue that has stimulated the formation of a number of progressive, pro-Democratic 527 groups (tax-advantaged political committees organized under Section 527 of the income tax code) that plan to campaign against President Bush’s reelection. It is also the question that has led some academic advocates of strong party organizations, as well as some partisan Democrats, to question the merits of BCRA’s approach to reform.

The cries of alarm that have been sounded on this issue may turn out to be, like many of the other dire predictions about the future of the parties under BCRA, more hype and exaggeration than reasoned judgment. The parties are going to experience some reduction in the amount of campaign activity that can be financed from the hard money they raise, because the new law prohibits the use of soft money to finance a portion of overhead, administration, and generic party campaign expenses. These expenses will have to be financed exclusively with hard dollars, so parties will not be able to “stretch” their hard dollars by paying some costs with a mix of hard and soft dollars. The hard money raised by party committees in 2004 and beyond thus will not produce as much free cash for election campaigning as it did in 2000. This inability to offset costs with soft money will affect the Democrats more than the Republicans in the BCRA world, since the Republicans with their greater hard money resources will find it easier to maintain spending levels. But this does not mean that the Democrats will be unable to conduct robust campaigns on behalf of their candidates.

In 2004, the parties are expected to follow the strategic approaches that have characterized their electioneering efforts for the past decade. They will seek electoral victories by concentrating their spending on no more than 17 to 20 states in the presidential race, as well as a relatively small number of competitive House and Senate seats. The national party committees will not conduct extensive campaigns in most of the states or in the vast majority of congressional districts. Instead, they will be focused on raising the monies needed to provide candidates in battleground contests with meaningful levels of support, both directly in the form of limited contributions and coordinated expenditures or unlimited independent expenditures, and indirectly in the form of voter registration and mobilization programs.

The parties do not need to replace all of the soft money received in past cycles with new hard dollars in order to accomplish these purposes and thereby influence the outcomes of the 2004 elections. For example, according to the best available data on soft money expenditures, only a minor share of the soft money spent in the 2000 election cycle was devoted to voter mobilization. The Republican and Democratic national party committees spent only $8.5 million of their soft money on voter mobilization.[23] State parties devoted about 15 percent of their spending--a proportion that has been steady for the past three presidential elections—to voter mobilization efforts.[24] The 100 major state party organizations spent an aggregate of about $53 million of soft money on voter mobilization and turnout activity in the 2000 elections. This included $41.8 million for voter mobilization activities and $11.3 million for costs associated with campaign materials or rally expenses, including yard signs, bumper stickers, banners, and buttons.[25] The total amount needed in 2004 to maintain these levels of spending is a small fraction of the soft money raised by the parties four years ago.

Looking Ahead

Can the parties meet the financial challenge? At the start of the election year, the prospects are encouraging, although major challenges remain. Most of the soft money raised by national party committees has been solicited in the second year of each two-year election cycle, so these organizations will face tougher benchmarks in 2004. How state and local parties will adapt to the new rules imposed on their finances also remains to be seen. But all signs point to continued financial success for the parties in the year ahead.

Although national party committees should not be expected to continue to outpace the sums received in 2000 or 2002, they should continue to make up a major portion of their former soft money revenues with increased hard dollars. Both parties are making solid progress in expanding their financial resources. The long experience of direct mail fundraising suggests that a substantial number of recently recruited donors will make additional contributions in the future, further enhancing the hard money available at the national level. The parties have a strong incentive to continue to invest in small donor fundraising, which will add to their bases of financial support. These efforts will be facilitated by the broader political environment, which is currently defined by a highly polarized electorate, strong feelings of partisanship among party members, and the prospect of a highly competitive presidential race. Such an environment is very conducive to successful party fundraising.

The Internet and other forms of modern communication offer a range of low cost alternatives for soliciting contributions and even raising funds from those who have not been expressly solicited for a contribution. As demonstrated by the Dean campaign, the experience of Senators Kerry and Edwards after the Iowa and New Hampshire primaries, and groups such as MoveOn.org, the Internet offers a tool for political communication and fundraising that is only now beginning to realize its potential. The Democrats should also benefit from the success of Dean's presidential candidacy, which activated a broad constituency including traditional liberals, political newcomers, and others opposed to President's Bush policies. Dean received contributions from more than 318,000 primarily small donors, a universe of givers that now offer fertile ground for expanding Democratic donor support.[26] While all or even most of Dean's supporters may not shift their activism to party politics, it is reasonable to expect that at least some share of those who contributed to his campaign can be incorporated into the party's financial efforts in the period ahead.

Furthermore, the national party organizations do not have to go it alone. Partisan activity will also be undertaken by state and local parties, which can be expected to take an active role in the 2004 campaign, due to the incentives BCRA provides for enhanced fundraising activity at the state and local level. BCRA allows state parties to raise hard money for federal election activities, as well as establish "Levin Accounts"[27] that may receive limited soft money contributions (up to $10,000 per donor if permitted under state law) for use in combination with hard money to finance generic voter registration and turnout programs. The purpose of this latter provision was to help ensure that, despite the general ban on soft money, parties would still be able to conduct the types of grass-roots mobilization efforts that can contribute to longer-term party building.

The law does place restrictions on the solicitation and use of Levin funds. These monies may not be used to finance broadcast advertising. Also, any funds used in connection with Levin-funded activities must be raised within the state and cannot be financed in any part with money transferred from national or other state party committees. How well parties will be able to adapt to these provisos, and the extent to which these organizations will take advantage of the opportunities to raise and spend Levin funds, is a matter of some debate and will certainly vary, depending on the relative strength of various state and local party organizations. But state and local parties have the same imperative to win elections as national committees, so they will have a strong incentive, especially in those states featuring battleground contests, to take advantage of any and all opportunities to raise money that the law provides.

If past serves as prologue in the case of state parties, as appears to be the case with national parties, then state parties can also be expected to give renewed emphasis to hard money fundraising as a result of BCRA. Indeed, one of the often overlooked trends in party fundraising in recent years has been the growing role of state and local parties in raising the monies spent in connection with federal elections.

While public attention in recent years has been focused on the amounts of soft money raised by national parties and the monies transferred from national committees to state and local committees, it is also the case that state and local parties have been raising most of the money that is raised and spent by parties in the “mixed money” system that existed prior to BCRA. In fact, on average, more than 60 percent of the federal-election-related hard money receipts reported to the FEC by state and local parties in recent election cycles was raised by these committees, rather than the national party organizations. In 1992, for example, state and local parties solicited $136.3 million of the $445 million of hard money reported to the FEC by all party committees, with Republican state and local committees raising $69.8 million and Democratic committees $66.5 million. In 1996, state and local parties solicited $174.2 million of the hard money reported by all committees to the FEC, with Republican committees raising $110 million and Democrats $64.2 million. In 2000, the state and local receipts rose to $190.6 million, with the Republicans responsible for $119.1 million and the Democrats $71.5 million.[28]

As these figures indicate, state parties prior to the adoption of BCRA were not passive participants in federal elections, relying solely on transfers from the national committees to pay for campaign activities. Republican and Democratic state parties alike have been actively soliciting hard dollars and spending these monies to influence federal elections. There is little reason to believe that state and local parties will not continue such activity in 2004 and beyond. And to the extent that particular state parties find it difficult to generate the monies they need under BCRA’s new restrictions, the law still allows national committees to transfer unlimited sums of hard money to state and local committees to pay for federal election activities that include broadcast advertising in support of candidates and voter mobilization programs that refer to federal candidates. So, while BCRA does place greater restrictions on state party financing than did any previous federal statute, it will not prevent state parties from supporting federal candidates and engaging in partisan electioneering. Most importantly, it will encourage state parties to follow the lead of the national committees and broaden their bases of financial support in the quest for more hard dollars.

Conclusion

Party organizations have demonstrated great resiliency in responding to the new requirements of BCRA. While many of the most vocal critics proclaimed that the law would sap the parties of vital resources and diminish their role in electoral politics, early experience suggests that they are adapting to the new regulatory regime more quickly than most observers expected, and are building the resources needed to conduct aggressive campaigns in 2004.

Most important, the parties are adhering to the dictates of the new law, ending the emphasis on large donations from corporations and labor unions and increasing their investments in programs designed to expand citizen participation in their finances. This change will not only help to build grassroots support, but may also lead to stronger party organizations at the state and local level. At a minimum, the prospect of stronger grassroots organizations is more likely in a system characterized by the incentives and practices promoted by BCRA than in the soft money system of recent years. In the latter scheme, parties operated under strong inducements to pursue the types of contributions that spurred public perceptions of corruption and thus served to undermine the parties' legitimacy. And much of the soft money spent on electioneering was devoted to candidate-specific "issue ads" that did little to support organizational development.

Now, both parties are focused on building their grassroots support. This renewed emphasis on small donors may prove to be of particular benefit to the Republicans, who will seek to continue to outraise and outspend their Democratic opponents, just as they have done in previous elections. But Democrats are moving swiftly to thrive in a hard money, small donor world.

Although the national party committees may not fully match the resources they amassed in the soft money world of the 2000 election cycle, they are on track to retain their position as the most important sources of funding in electoral politics other than the candidates themselves. Even if outside groups, including Section 527 committees, raise the tens of millions of dollars they hope to spend, and even if they are allowed to spend unregulated funds in ways that will influence federal elections--a question that will be resolved by FEC regulatory actions expected to be completed in May 2004—they will not supplant the role of parties or come close to matching the overall resources that parties will be able to provide to their candidates. The parties have responded to BCRA and shown that they can succeed in a hard money world.

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[1] Anthony Corrado, *Campaign Finance Reform: Beyond the Basics* (NY: The Century Foundation Press, 2000), p. 70.
[2] Ibid., and FEC, "Party Committees Raise More Than $1 Billion in 2001-2002," press release, March 20, 2003.
[3] FEC, "Party Committees Raise More Than $1 Billion," and FEC, "FEC Reports on Political Party Activity for 1997-98," press release, April 9, 1999. Party committees were not required to report soft money funds to the FEC in the 1988 election cycle, but the amount of soft money raised and spent in 1988 is estimated at $45 million. When combined with the $391 million in hard money raised in 1988, party receipts total $436 million. In 1992, the first election cycle in which detailed reporting of soft money was required, soft money constituted about 17 percent of total party receipts.
[4] David Rogers, "'Soft Money' Study Shows Concentration of Donations by Wealthy Contributors," *Wall Street Journal*, March 16, 2001, p. A16.
[5] The aggregate ceiling on individual contributions includes sub-limits for contributions to candidates and contributions to political committees. Of the $95,000 that may be donated every two years, $37,500 may be contributed to candidates, with an individual limited to $2,000 per election per candidate. The remaining $57,500

may be given to parties and political committees with no more than $37,500 of this amount to be given to committees that are not national party committees. Thus, at a minimum, an individual would have to contribute at least $20,000 to a national party committee to reach the $95,000 maximum. For a discussion of the provisions applicable to these limits, see Robert F. Bauer, *More Soft Money Hard Law* (Washington: Perkins Coie, 2004), pp. 91-92.

[6] All figures for 2003 based on FEC disclosure reports.

[7] The six national party committees are the Democratic National Committee (DNC), Democratic Senatorial Campaign Committee (DSCC), Democratic Congressional Campaign Committee (DCCC), Republican National Committee (RNC), National Republican Senatorial Committee (NRSC), and National Republican Congressional Committee (NRCC).

[8] The parties raised about $495 million in soft money in each of the past two election cycles. In 1999, they raised $115 million in soft money, or about 23 percent of their total soft money for the cycle. In 2001, they raised $169 million in soft money, or about 34 percent of their total for the cycle.

[9] "GOP Has Gained 1M Donors Since 2001," *USA Today*, October 2, 2003, p. 11A.

[10] Thomas B. Edsall, "McCain-Feingold Helps GOP," *Washington Post*, February 7, 2004, p. A8, and Chris Cillizza, "NRSC Hits $26M in '03," *Roll Call*, January 26, 2004, p. 3.

[11] Charles Lane and Thomas B.Edsall, "Campaign Finance Fight Not Over," *Washington* Post, March 22, 2002, p. A4, and Thomas B. Edsall and David VonDrehle, "Republicans Have Huge Edge in Campaign Cash," *Washington Post*, February 14, 2003, p. A1.

[12] DNC, "Democratic National Committee Ends Year in Best Financial Shape Ever," press release, January 7, 2004.

[13] Ibid.

[14] Alexander Bolton and Klaus Marre, "House Dems Unfazed by Loss of Soft Money," *The Hill*, January 14, 2004, p. 4.

[15] Ibid.

[16] Based on FEC press releases. See also, Paul S. Herrnson, "National Party Organizations at Century's End," in L.Sandy Maisel, ed., *The Parties Respond*, 3rd ed. (Boulder, CO: Westview Press, 1998), p. 58.

[17] The figures for net cash positions in previous election cycles use cash-on-hand data for determining soft money cash positions of each party committee, since information on debt obligations within soft money accounts is not readily available. Soft money accounts, however, rarely incur debt obligations, so the use of cash-on-hand offers a fairly accurate measure of the amounts of soft money available to the parties.

[18] In 1999, the national party committees raised a combined $114 million of soft money, or 23 percent of their total soft money for the cycle. In 2001, the committees raised a combined $168.7 million, or 34 percent of their total soft money for the cycle.

[19] Throughout the 1990s, the NRCC filed regular reports of soft money contributions and expenditures, but did not submit year-end statements that reconciled accounts to provide cash-on-hand summaries, since such reports, in the view of the committee, were not required by FEC regulations.

[20] In 2004, the party committees begin the year with $72.3 million. At the start of calendar year 2000, the two parties had $25.8 million in net hard money. The three Democratic committees and RNC and NRSC held $29.5 million in soft money. To match the 2004 figure would require NRCC soft cash-on-hand of about $17 million at the start of 2000. In 1999, the NRCC reported $17.5 million in soft money receipts and $9.4 million in disbursements, which suggests a surplus of about $8 million in 1999 alone. But it is impossible to know how much soft cash-on-hand the committee had at the start of 1999 or how to reconcile the receipts and disbursements made in 1999.

[21] Based on data prepared by the Center for Responsive Politics. Available at www.opensecrets.org/softmoney/softtop.asp?txtCycle=2002&txtSort=amnt (accessed February 25, 2004).

[22] This figure does not include the $1.7 million transferred to the Republican nonfederal accounts from the Governor Bush Committee. If this committee is included as one of the top nine contributors, the Republican total rises to $19.4 million.

[23] Raymond J. La Raja, "Why Soft Money Has Strengthened Parties," in Anthony Corrado, Thomas E. Mann, and Trevor Potter, eds., *Inside the Campaign Finance Battle* (Washington: Brookings Institution Press, 2003), pp. 74-75.

[24] Raymond J. La Raja, "State Parties and Soft Money: How Much Party Building?, in John C. Green and Rick Farmer, eds., *The State of the Parties*, 4th ed. (Lanham, MD: Rowman & Littlefield, 2003), pp. 138-140. See especially Table 8.1, which notes that mobilization and party "hoopla" constituted a combined 16% of state "party-building" expenditures in 1992, 14% in 1996, and 15% in 2000. But these figures do not include the amount of money state parties spent in these years on such election-related activities as contributions to federal candidates or

coordinated expenditures made on behalf of federal candidates. If these monies were to be included in the calculations, the percentages would be slightly lower.

[25] Ibid., pps. 79-80.

[26] "Dean Campaign Debt to Exceed $500,000," *USA Today*, February 22, 2004. Available at www.usatoday.com/news/politicselections/nation/president/2004-02-22-dean-debt_x.htm (accessed February 23, 2004).

[27] This provision was incorporated into the act as a result of an amendment sponsored by Senator Carl Levin (D-MI), hence the term of art for this type of party funding.

[28] Figures based on the amounts reported by the FEC. The amounts are based on the total hard money receipts reported by state and local party committees, minus the sums transferred to state and local party committees from the national, senatorial, and congressional committees.