



House of Representative Races: Is it all about the Money?

Navjot Singh, Marketing

Mentor: Dr. Brian Marks

BACKGROUND

Campaign finance reform has been a hotly debated topic in U.S. politics since the late 1800's. In 1972, Federal Election Campaign Act (FECA) was passed. FECA, required candidates to disclose the sources of any contributions to their campaigns', as well as campaign expenditures.

The Bipartisan Campaign Reform Act (BCRA) of 2002 eliminated "soft money" donations to national party committees, Raised the contribution limit of hard money from \$1,000 to \$2,000 per election cycle, and Banned non-party organizations from using corporate or union money to fund "electioneering communications", defined as "broadcast advertising that identifies a federal candidate", within 30 days of a primary or nominating convention, or 60 days of a general election.

In 2010, the BCRA was overturned in the famous *Citizens United* case.

HYPOTHESIS

We argued that campaign outcomes in the House of Representatives were not as dependent on the amount of money each candidate spent in their race as originally thought. It is actually incumbency that was the biggest factor in determining the victor of any given race in the House of Representatives.

If this theory is correct:

- Congress has not been dealing with the root of the issue of campaign reform.
- A new policy will have to be formed in order to ensure that campaigns are more fair for non-incumbent candidates.

METHOD

To test our hypothesis, we:

1. Gathered incumbency success rates in the House of Representatives from 1998-2014
2. Gathered the average amount of money raised and spent by candidates in House of Representatives races from 1998-2014
3. Divided the data into three periods of analysis: 1998-2002 (Pre-BCRA), 2004-2008 (BCRA), 2010-2014 (Post-BCRA)
4. Compared the change in the amount of money spent during the three periods to the change in the incumbency success rates during the three periods.

RESULTS

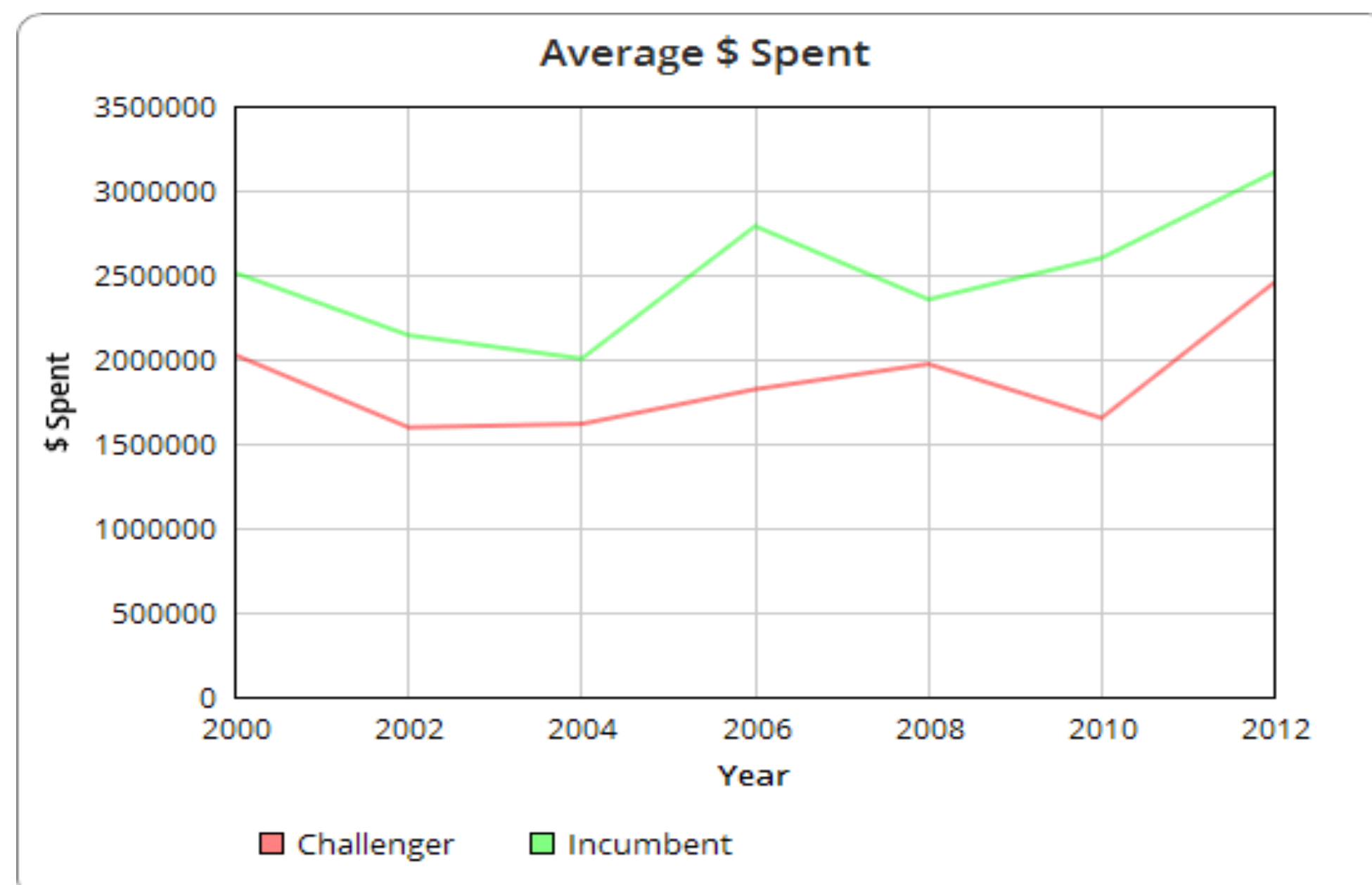


Fig. 1. Average amount of money spent by Incumbents and challengers from 1998-2014

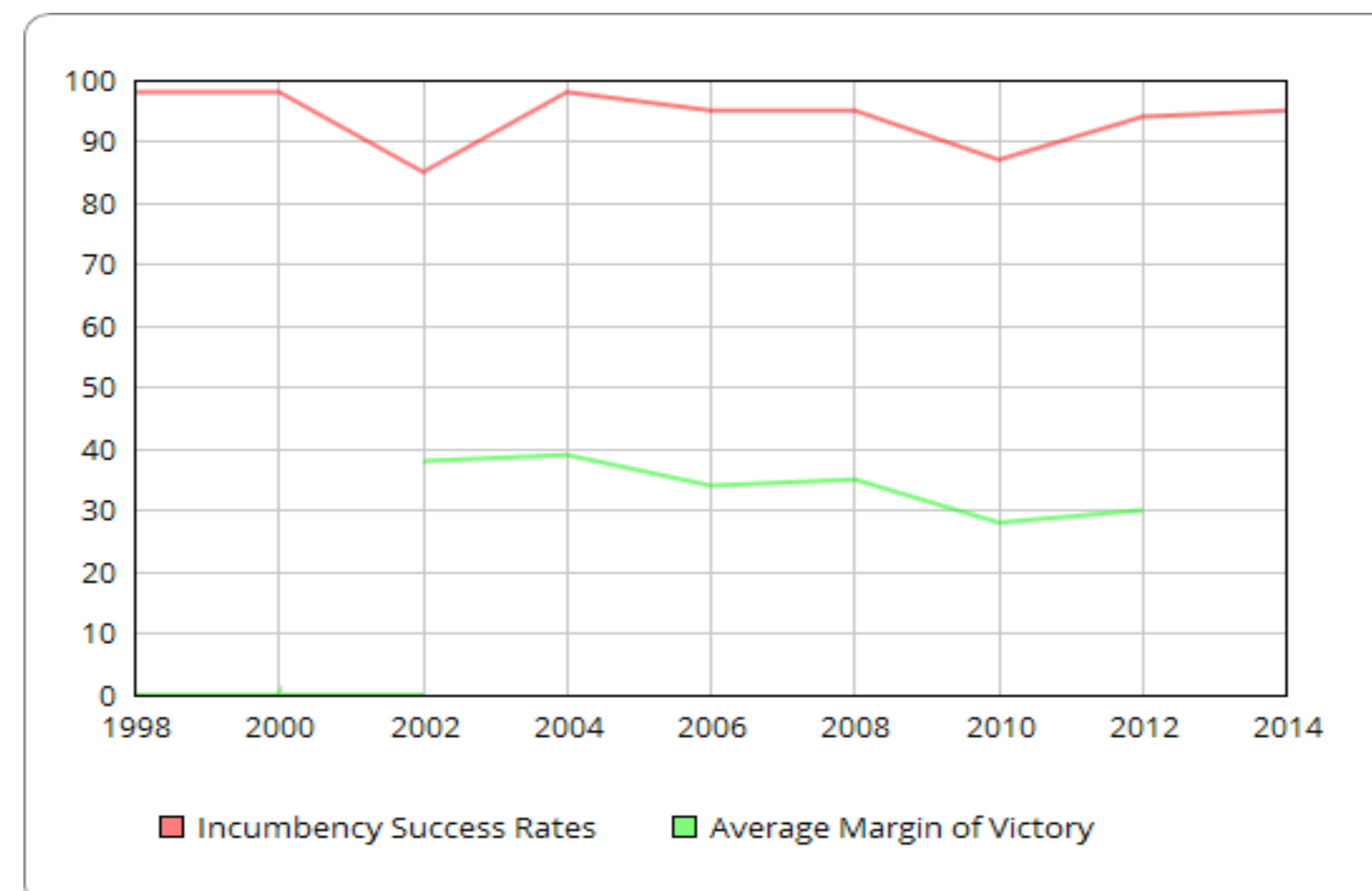


Fig. 2. Incumbency success rate from 1998-2014 and average margin of victory from 2002-2012

CONCLUSIONS

- The average amount of money spent in House of Representatives races fell from 2004-2008 and rose dramatically from 2010 onward after the BCRA was overturned.
- Incumbency success rates saw no significant change during the period the BCRA was in effect.
- Although races during the BCRA period were closer (average margin of victory dropped), it was made significant impact to the bottom line.

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