

**Policy Agendas, State-Level Effects,
and PAC Contributions in the American States**

Justin Howard Kirkland
Department of Political Science
University of North Carolina, Chapel Hill
jhkirkla@email.unc.edu

Virginia Gray
Department of Political Science
University of North Carolina, Chapel Hill
vagrays@email.unc.edu

David Lowery
Department of Public Administration
University of Leiden
DLowery@fsw.leidenuniv.nl

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Abstract

In this research we hypothesize that aggregate PAC behavior is conditional in nature. PACs in a specific issue sector donate more to a certain political party's candidates the more that political party controls the legislature. However, the more active the legislature is on a specific set of issues the more people/groups/PACs are mobilized in response to the issue. Thus, a conditional relationship emerges where aggregate PAC donations to a political party are a function of party control, agenda activity, and an interaction of the two. We test this conditional theory using data from the Institute on Money in State Politics on PAC donations to state legislative candidates divided into issue sectors. Our results provide support for our hypotheses that aggregate PAC donations to a political party's candidates are conditional on the level of agenda activity on the issues that concern the PACs.

Policy Agendas, Party Control, and PAC Contributions in the American States

The last decade and a half has seen a tremendous explosion of research on public policy agendas. Much of this research has been stimulated by the work of Baumgartner and Jones (1993; 2005) as part of their Policy Agendas Project. But while this research has made a significant contribution to our understanding of the origins and evolution of public policy agendas, it has, perhaps understandably, largely focused on the dynamic content of policy agendas as dependent variables. The objective has been to explain how issues come to be on the inevitably competitive policy agendas, something that is no less true for research on state policy agendas (Fellowes, Gray, and Lowery 2006) than on their counterparts at the national level. This is without question a meritorious goal. However, we believe it is just as important to examine how the content of policy agendas influences political behavior. That is, we need to more fully examine the contents of public policy agendas as an independent variable, examining how they shape party politics, public opinion, interest group behavior and the other many phenomena we are interested in as political scientists. In short, it seems plausible to expect that politics may not only shape agendas. Public policy agendas may in turn shape the practice of politics.

In this analysis, we examine one such phenomenon – the behavior of Political Action Committees in the American states. Examining the impact of policy agendas on interest group behavior – what Leech and her colleagues (2005) have called at the national level the demand side of lobbying – is not without precedent at the state level. Indeed, in one of the relatively few studies that have examined the impact of the content of policy agendas on political behavior, Baumgartner, Lowery, and Gray (2009) reported that changes in the substance of federal policy agendas as reflected in Congressional Hearings

had significant if complex influence on the number of organized interests registered to lobby state legislatures. But does the content of public policy agendas influence how organized interests then behave as they seek influence over the resolution of the issues? PAC contributions, of course, are one such behavior.

We explore this issue with data on public policy agendas and PAC contributions in the American states. We outline the standard rational theory of PAC contributions in the first section of the analysis, developing our theoretical expectations about how the content of state policy agendas should modify the expectations generated solely through attention to the standard model. We then test these expectations with sectoral data on public policy agendas as reflected in state bill introductions and PAC contributions in 2000 and 2004. We conclude the analysis by reflecting on further consideration of the potential importance of more fully examining the role of policy agendas in shaping how we do politics.

Party Control, Agenda Size and PAC Behavior

Access-centered theories of PAC behavior stress that PACs will donate money to candidates in an effort to gain access to those most likely to be in power (Hall & Wayman 1990; Stratmann 1992; Thielemann & Dixon 1994; Romer & James M. Snyder 1994; Grier & Munger 1993; Evans 1988). The rational PAC accounts for the probability that a candidate will win in calculating the amount to donate to that candidate. Since incumbents have a significant advantage during campaigns, rational PACs donate to incumbents at a significantly higher rate than challengers. Thus, in the aggregate, PAC donations to legislative candidates of each political party will largely be driven by that party's control of the legislature. If the Democrats control most of a particular state's legislature and field more incumbents than the opposition, then in aggregate the legislative candidates from the Democratic Party will receive more donations from PACs than legislative candidates from

the Republican Party. Accordingly, we expect that as a political party's control of the legislature increases, donations from PACs to that political party's candidates will also increase.

But it is likely that aggregate PAC donations to a political party are driven by more than party control. Issues wax and wane in the attention cycle and as the legislature becomes more active in a particular issue area, conflict in that area increases, and more interest groups and PACs in that issue area become mobilized. As more groups mobilize, the amount of money that PACs donate to parties in aggregate increases. Thus, we also expect that as agenda size of a particular issue area increases in a state, donations to a political party's candidates from PACs in that issue area will increase. For example, if North Carolina's legislature is particularly active on health care in a session, the nearest election should see an increase in the amount of money donated by health PACs.

There are, of course, two obvious rivals to this expectation that the structure of the interest group community or its behavior is influenced by the content of policy agendas. First, it has long been claimed that organized interests, in particular PAC contributions, drive policy agendas (Beck, Hoskin, and Connelly 1992; Drew 1999; West 2000; Stigler 1971; Peltzman 1976). This implies a very different temporal sequence than the one we have outlined, with lobby activity preceding the policy agenda. However, substantial prior state-level analyses have demonstrated that interest group activity in the states is contemporaneous or lags and responds to changes in state policy agendas rather than leading those agendas as is supposed in this interpretation (Lowery, Gray, and Fellowes 2005; Lowery, Gray, Fellowes and Anderson 2004). Accordingly, we focus on a pattern of causation that emphasizes the prior status of state policy agendas and then the consequent of political behavior on the part of organized interests.

A more problematic rival explanation has less to do with our empirical expectations, but than with how they should be interpreted. That is, we assume that the agenda develops exogenously for purposes of addressing real public policy, with interest group activity a secondary consequence of this policy work. However, some public choice scholars claim that issues are placed on the agenda *for the very purpose* of raising money (Mueller and Murrell 1990; Coughlin, Mueller, and Murrell 1990; Shugart and Tollison 1986; McChesney 1997). In this view policy agendas are created for the purpose of extortion. In contrast to the prior explanation, interest groups are the victims, not the villains in the public policy process. While this second interpretation will generate the same expectations as ours, we will rely on the more standard neo-pluralist view that the demand for interest group activity arises for the purpose of responding to real problems, not as mere blackmail. The assumption that legislative agendas are devised solely for the purpose of raising money effectively divorces most of what we think of as political and governmental activity from the public policy consequences of governmental decision-making. It would not matter which party controlled the legislature or what they stood for if generating campaign funds was all that mattered in the development of policy agendas. We find this separation of policy agendas and policy consequences implausible on its face.

Returning to the two hypothesized causes, party control and policy agendas, it is also likely that these two effects are conditional on one another. Increases in agenda size are likely to help the majority party more than the minority as PACs are mobilized and seek access to the majority party. In the health care example, it is likely that as the North Carolina legislature's health care agenda increases, the amount of money donated to a political party's candidates by health care PACs increases. This increase in donations is driven by an increase in conflict and an increase in the number of mobilized health care

groups. Since these mobilized groups are by and large seeking access to the majority party, increases in agenda size are unlikely to help the minority party nearly as much as the majority party.

It is further possible that the effects of increases in agenda size are only conditionally helpful to the majority party. Increases in donations to the candidates of the majority party arise from increases in mobilized PACs seeking access to the majority party. However, in a noncompetitive one-party state, increases in the size of the policy agenda of concern to an organized interest are likely to exclusively help the majority party. Groups on both ideological sides of an issue that are mobilized by the increased conflict that results from increased agenda size are likely to donate exclusively to the majority party in order to generate access. Conversely, in a competitive two-party state system, these same mobilized groups may donate more to the minority party in an effort to generate a veto point in the legislature. Thus, in a one-party state system, increases in agenda size are expected to increase the amount of PAC donations to the majority party, but in a two-party state system, this effect is expected to be muted as groups also consider donating to the minority party more regularly.

State Effects on PAC Behavior

There is also the potential that aggregate state-level characteristics influence the behavior of the entire PAC community, as opposed to specific sectors of PACs in a state. If this were the case we could potentially observe a relationship between sector specific outcomes as a result of unmodeled state-level effects. Additionally, Gray and Lowery (1996) tell us that environmental factors influence the behavior of all groups in a state, so theoretically there is reason to believe some state-level effects are at work in driving the behavior of PAC sectors and the mobilization of PACs during elections. Research on the

demand side of lobbying (Berkman 2001, Gray, Lowery, Fellowes and Anderson 2005) has demonstrated that more professional legislatures present fewer opportunities for lobbyist influence, decreasing the level of organized interest involvement in legislating. We would expect similar behavior from PACs. With a more limited ability to influence the policy process, PACs will donate less money to legislative campaigns.

A similar argument might be made for the Ranney competition index. In states with a history of close electoral competition, stakes during elections are particularly high. While party control in a particular session provides some measure of the electoral competition in a state, the Ranney index is averaged over a ten-year period of time, capturing a more sustained level of competition in a state rather than competition between parties that may be idiosyncratic to one session. Finally, political culture in a state is likely to condition the degree to which the public is accepting of PAC money in elections and thus should condition the value of PAC money during elections. By creating an environment in which the public views politics as a public service or as a system for individual gain (moralistic vs. individualistic), legislators should be differentially willing to accept PAC money. Specifically, in individualistic states we expect that PACs will be mobilized more heavily and increase participation, where as in moralistic states PAC participation is expected to be muted.

Testing the Conditional Hypotheses

Data and Methods

Dependent variables for this project were gathered from the Institute for Money in

State Politics (IMSP) website¹. The Institute tracks a host of information on campaign donations to state legislators, political parties and executive branch candidates. They also aggregate PAC donations in a number of useful ways including by issue type/sector. Using these donations by sector data we can perform analyses on the amount of money donated by PACs of a specific issue type to candidates of each party in all of the 50 states. Thus the dependent variable in our analyses will be donations by a specific issue sector in a state to a political party's candidates and the unit of analysis will be an issue sector in a specific state. For example, the health care PACs of North Carolina donated \$2.5 million to state Democratic candidates in 2000. IMSP breaks down aggregate PAC behavior into 19 sectors for every year a state has had an election since 2000. The donations data can be broken down into smaller sub-sectors, but we focus on the major sector types.

A few important caveats about use of this data are worth noting. First, while the National Institute refers to the organizations it lists as PACs, that name is not really appropriate in the sense in which is used in the data on national PACs. That is, not all states legally define PACs or, even when they do, define them in the same manner. Indeed, the entities in the Institute's database include legally defined PACs, businesses, and other groups that probably are PACs (e.g. the Alabama Dental Association). Although for simple convenience we will continue to refer to these entities as PACs, they should more appropriately be interpreted as "non-individual, non-party" contributors to political campaigns. Second, while Lowery and Gray et al. (2009) note the difficulties in using the Institute's search database to develop counts of health PAC formations, after thorough checking we are confident that the problems they faced with the double counting of health PACs and inclusion of individual donors in lists of health PACs do not plague the

¹ www.followthemoney.org

Institute's aggregate PAC donation figures.²

These conditional hypotheses make it necessary to gather a number of independent variables also, the most important of which is party control of the legislature. Our analyses present a number of different conceptualizations of party control. First, we take the number of legislators aligned with a specific party in a state and divide that by the total number of legislators in that chamber. In an alternative measure of party control we add both chambers together in an effort to gauge party control of the entire legislature. Finally, the mean majority party control of a legislature is 64 percent. Using this figure we create a dummy variable indicating a one-party state political system which is coded one when a party's control of the entire legislature is at or above 64% and coded 0 otherwise.³

We also require an independent variable measuring the size of the agenda of concern to different types of organized interests. The Institute for Money in State Politics aggregates PAC donations to candidates into 10 substantive sectors.⁴ These 10 sectors or issue areas are: Agriculture, Communications and Electronics, Construction, Defense, Energy and Natural Resources, Finance, Insurance and Real Estate, Health, Labor, Retirement, and finally Transportation. Using Lexis Nexis searches and the procedure outlined in Gray, Lowery, Fellowes and Anderson (2005) we construct a measure of the number of bills in a state legislature matching key subject words in a given year.⁵ This

² In order to check on the accuracy of the aggregate data, the aggregate sector totals were compared to the cleaned list of health PACs as used by Lowery (2009) in each state. The sector totals reflect the cleaned list totals well.

³ Data on partisan composition of state legislative chambers was gathered from the US Statistical Abstract. <http://www.census.gov/compendia/statab/stabstracts.html>

⁴ Nineteen actual sectors exist, but the remaining are not substantive topics and have no "agenda". Donations from leadership PACs or the "lawyers and lobbyist" category are good examples of these discarded sectors.

⁵ The search terms for the 10 guilds were as follows, with the search terms in parentheses: agriculture (agriculture), finance, insurance and real estate (banking, real estate, insurance), communications and electronics (media, telecommunications, electronics, information technology), construction (construction), defense (defense), health (health), energy and natural resources (gas, oil, minerals, electricity), transportation (highways, transit, airports), retirement (retirement), and labor (union, wages, labor).

agenda size variable provides us with an idea of the amount of conflict or concern in a particular policy area which should in turn mobilize more or fewer groups in the ways outlined above. Lexis Nexis unfortunately only retained full bill searches of state legislatures for the years 2000 and 2004. Thus, rather than having data to match every campaign in the state from 2000 to 2008 (which our dependent variable would afford us), we are forced to perform cross sectional analysis in only 2000 and 2004. Table 1 provides means and standard deviations of the agenda activity in each of these sectors.

(Insert Table 1 about here)

Interaction terms between party control and agenda size are used to assess the conditional nature of agenda increases on sector donations to a political party's candidates. The dependent variable in each model is a continuous variable measuring PAC dollars donated to legislative candidates of a political party which allows us to use standard OLS analysis (pooling both 2000 and 2004 into a single data set). We make use of multi-level OLS models (Gelman and Hill 2007) with varying intercepts at the state level. Multi-level models allow for varying independent variables at a group level in order to uncover heterogeneity in effects across groups. Thus, multi-level models with varying state intercepts help account for systematic differences across the states in the dependent variable.⁶

We control for potential state-level explanations of differences in donations to candidates by including independent variables measuring the average PAC donations in a state across all sectors, legislative professionalism in a state, the Ranney competition index, and the overall agenda size in a state. While we do not theoretically address expectations

⁶ We make use of the statistical program R, version 2.7 and use the package "lme4" to estimate the multilevel models we report.

regarding average PAC donations and the overall agenda size, these variables are intended to control for unmodeled variance between the states in the demand for organized interest activity. States with larger agendas require more information and potentially more organized interest input (Gray, Lowery, Fellowes and Anderson 2005). Thus, in order to properly test for the influences of our key independent variables, we should do all that we can to ensure that we have conditioned out other potential explanations.

These state-level variables, coupled with varying intercepts at the state level, should be sufficient in modeling out systematic differences in the states, leaving us with a proper evaluation of sector specific agenda size and its interaction as an explanatory variable. Mississippi, New Jersey and Virginia have odd-year elections and electoral donation data cannot be matched from odd-year elections to the agenda activity data we have collected; thus these three states are dropped from the analysis. Because we are studying absolute levels of PAC donations and differences in PAC donations across states, we also include a dummy variable indicating the presence of PAC giving limits coded 1 if a state has PAC giving limits and zero otherwise. We would expect that the presence of PAC limits depresses the amount of PAC money donated by issue sectors. Table 2 provides summary statistics in the form of means and standard deviations for each of the variables.

(Insert Table 2 about here)

Results

We begin our analyses with two OLS models with the amount in thousands of dollars of a PAC sector's donations donated to each party's candidates as the dependent variable.⁷ An example might be defense PACs in California giving \$620,000 in donations

⁷ All of the models we report use total dollars as the dependent variable. We have also run models using logged dollars instead of absolute dollars and find similar results.

to the Democratic Party candidates. The independent variables in this model are the percent of both chambers that are aligned with a party, agenda activity, a dummy variable indicating the presence of PAC giving limits in the state, the average amount of PAC donations in the relevant state,⁸ a measure of the total agenda size in the state, legislative professionalism (Squire 2007), the Ranney competition index (Holbrook and LaRaja 2007), a dummy for the year 2004,⁹ a dummy variable if the state is classified as moralistic and a dummy variable if the state is considered individualistic, and an interaction of agenda activity and percentage of control of the legislature. The multi-level model approach allows for the state-level variables to assist in the estimation of the dependent variable in addition to the varying state intercepts estimated by the model. To create our party control variable, we summed the number of legislators in each chamber aligned with a particular party and then divided that number by the total number of legislators in the state.¹⁰ Table 3 presents the results of these models.¹¹ The analysis shows, that even when controlling for a host of state-level factors and allowing intercepts to vary at the state level, the interaction between agenda activity and percentage control of the legislature is itself statistically significant and positive. This indicates that as agenda size increases, the marginal value of majority party size also increases. While this term's statistical significance is informative, in conditional

⁸ This is meant to capture the varying levels of the cost of elections across states. In some states legislative elections simply cost more money, which is not a result of changes in chamber control of agenda size, but will increase the donations by PACs across all sectors in the state.

⁹ Because we are modeling sectors in states in years, we have also run these models with an additional group level effect for year, rather than a dummy-variable for year. No differences in model outcomes existed.

¹⁰ We have considered alternative approaches to measuring party control, such as using dummy variables for chamber control and super-majority status rather than the continuous percentage of control. These alternative obscure much of the important information PACs use in determining whether to mobilize and donate to certain candidates. The difference to a PAC in access to the Republican Party when it controls 30% of a legislature versus 45% are rather large. Cutpoints focused on control of important veto points will overlook this important increase in control as irrelevant.

¹¹ We could run these two separate models as one model with a dummy variable interaction term, but this is only useful insofar as uncovering differences between the models for Republicans and Democrats. We run two models because PACs can simultaneously give to both Republicans and Democrats at any point in time. Thus, only analyzing one Party's donations may miss some PAC behavior.

models the more appropriate examination of results is in a marginal effects plot.

(Insert Table 3 about here)

Figure 1 plots the marginal effect of the percentage of partisans across the range of agenda activity (holding other variables at their means) along with 95 percent confidence intervals (Brambor, Clark & Golder 2006). What is clear is that as the size of the legislative agenda in a particular issue area increases, the marginal effect of control within the legislature becomes increasingly important. The confidence intervals clearly indicate that this effect is nearly always greater than zero for both Democrats and Republicans. This provides us with clear evidence that the PAC donations to political party candidates are indeed conditioned by the size of the agenda and that increased agenda activity stimulates more activity and more donations amongst the PACs of a certain sector.¹²

(Insert Figure 1 about here)

Figure 2 provides a more intuitive graphic for the conditional influence of agenda size. In the left hand panel of Figure 2, the Total amount in thousands of dollars donated to a parties candidates in plotted on the y-axis, and the influence of sector-specific agenda size is plotted on the x-axis for two different levels of Republican party control. Thus, rather than demonstrating the change in the marginal effect of party control, this plot shows the change in the actual dependent variable given variance in agenda size. The right hand panel plots the same graphic for Democrats. The dotted lines represent 95% confidence intervals. In both panels, the two estimates of the effect of agenda size on PAC donations are statistically distinct from one another once again demonstrating that the relationship

¹² In an effort to ensure that we have captured as much of the important state-level variation in PAC contributions as possible, we also ran these models as hierarchical linear models in which the intercept and slope of the interaction term is allowed to vary by state. The varying slopes from these HLMs provide little explanatory power in our model, suggesting that our state-level controls do much of the work in modeling out state-level differences in PAC donations and that the conditional relationship between agenda size and party control is consistent across states.

between majority party status on PAC donations is conditional on the attention given to a particular PAC sector in the legislature.

(Insert Figure 2 about here)

In terms of our state-level variables, it is interesting to note in Table 3 that the Ranney competition index, the total agenda size, legislative professionalism and the moralistic political culture dummy variable all exert statistically significant effects on donations by PACs to Republicans, but only total agenda size affects donations by PACs to Democrats. Legislative professionalism, the Ranney competition index, and the moralistic political culture dummy variable all have negative relationships with donations from PACs to Republican Party candidates, while exerting no distinguishable influence on PAC donations to Democratic candidates. Total agenda size has a negative effect on donations by PACs to both parties. Additionally, after controlling for these effects the standard deviation of the state-level random effects for Democrats is virtually zero (meaning individual state varying intercepts are all clustered closed to the model intercept), while there remains a great deal of deviation in the varying intercepts for the Republican model. The fact that donations to Republicans by PACs are more responsive to state-level variables than are donations to Democrats is particularly surprising, given that there is more variance in the state-level means of donation to Democrats than Republicans (807 to 783).

We turn now from party control of the legislature to analysis of party control by chamber. Table 4 presents the results of an OLS regression in which our partisan control variables are the percentage of the each chamber of the legislature made up by each party. The dependent variable in this analysis remains the dollars donated to each party's candidates by a PAC sector. We also include measures of agenda activity and interactions

multiplying each of the chamber control variables by agenda activity. In the models in Table 4 agenda activity is only interacted with lower chamber control or upper chamber control in each model. Running models with interactions of agenda activity and both chamber control variables introduces extremely high levels of multicollinearity. Measures of model fit (AIC and BIC) indicate that the model is better fit with only one of the interaction terms included in each.

(Insert Table 4 about here)

As Table 4 shows, the interactions of legislative control and agenda activity are themselves statistically significant and positive in all four models. This indicates that as agenda activity increases, the value of partisan control of both chambers of a legislature in generating PAC donations increases. In order to assess the marginal impact of partisan control on PAC donations we still require a marginal effects plot. Figure 3 plots the marginal effect of lower chamber legislative control against agenda activity and again demonstrates the importance of agenda size in determining how PACs in an issue sector behave. For the majority of the range of agenda size the marginal effect of legislative control is both positive and statistically significant. Furthermore, it seems that when the agenda is at its smallest the marginal effect of legislative control may actually be negative. This would seem to indicate that when a legislature fails to address certain issue sectors, the PACs of that sector actually donate less money as legislative control increases. Large majorities who fail to address issues important to certain PACs may actually be losing money for their failure to be attentive.

(Insert Figure 3 about here)

Figure 4 demonstrates the effect of lower chamber agenda size on PAC donations for two levels of lower chamber party control. For PAC donations to Republican lower

chamber candidates, there are significant differences in the expected level of donations given the two distinct levels of party control. There is less certainty about the difference in the donations to lower chamber Democrat candidates given the two levels of party control. While the slopes of the two different Democratic lines are statistically significant different from one another (as indicated by Figure 3), the actual expected value of donations is not statistically different in the plot.

(Insert Figure 4 about here)

Once again, Table 4 indicates that legislative professionalism as measured by the Squire Index, the moralistic political culture dummy variable, and the general level of electoral competition in a state as measured by the Ranney Index fail to provide predictive power for donations to Democrats but are negative and statistically significant in predicting donations to Republicans. While the negative sign on professionalism is in keeping with our theoretical expectations about the demand side of group activity, the negative sign on the Ranney Index indicates that as competition increases PACs donate less to Republicans controlling for the other variables in the model, but do not donate less to Democrats. The moralistic culture variable is consistent with expectations, indicating that donations by PACs to Republican are driven down by a moralistic political culture. There remains the interesting result that PAC donations to Republicans are responsive to state-level variables and still have state level variation left to explain (as indicated by the variance in the state level effects), but donations to Democrats are not responsive to state-level variables and have very little state-level variance to explain, controlling for the independent variables in our model. This seems to indicate that donations by PACs to Democrats are responsive to sector-specific conditions, while donations to Republicans are sector and state-specific.

These initial regressions seem to point to the fact that agenda size is an important

conditioning factor on the way PACs behave in aggregate. Increases in the size of the policy agenda of concern to a set of organized interests seem to help a political party's candidates more and more as that political party obtains a larger and larger share of the legislature.¹³ We have strong evidence thus far that agenda size and party control interact to mobilize increased PAC activity in the states.¹⁴ There is the potential, however, that the positive effect of agenda size for majority parties is itself conditional on the level of party competition in the state. A majority party that faces little competition likely reinforces its advantage by manipulating agenda size. However, in a competitive, two-party state system, increases in agenda size (indicative of increases in conflict or attention to an issue) may generate increased donations for the minority party as some groups attempt to generate a veto point in the legislature. Thus, donations to the majority party's candidates should increase as the size of the policy agenda grows, but a one-party system-agenda activity interaction should also be positive. This would indicate to us that agenda expansion helps majority parties in one-party systems more than in competitive two-party state systems.

Table 5 presents results for a multi-level OLS regression of donations in dollars to a state's majority party candidates by an issue sector. We include the average cost of elections in the state, a PAC limits dummy variable, size of the agenda in the state, dummy variables for political culture, a dummy variable indicating a one-party dominant system,

¹³ In order to ensure that our results are not a result of pooling across issue areas, and to ensure that we have uncovered a general process, we have also run separate regressions for each sector rather than the pooled model. Results indicate strong support for our theory. For the Energy and Natural Resources sector, the interaction term we create is positive but not statistically significant for both Republicans and Democrats. In the Agriculture and Communications and Electronics sectors the interaction term is positive but not statistically significant for Democrats but is positive and significant for Republicans. For the other 7 sectors, the interaction term is both positive and statistically significant for both parties. This would lead us to believe that PAC behavior across sectors is rather systematic, at least at the state level.

¹⁴ In order to perform a validity check on our assumption of the temporal ordering of events (PACs respond to agendas, not agendas respond to PACs), we have run differenced models predicting the difference in agenda size as a function of donations by PACs. Results from these models indicate that PACs respond to agendas and not the other way around.

and an interaction between the one-party dummy and agenda size, along with the standard controls used in Tables 3 and 4. The one-party dummy is created using the total control percentages from the previous analysis in Table 3. The average size of majority party control of an entire legislature is 65%. The one-party dummy variable is coded 1 if a majority party's control of the legislature is larger than this value and is coded zero if it is below this value.¹⁵ The majority party is defined as having a total percentage of legislative control over 50%.

(Insert Table 5 about here)

Contrary to expectations, Table 5 suggests that one-sidedness in party competition does not in fact influence the value of an expansion of the policy agenda of concern to a set of interests on the level of PAC donations. While the point estimates from this table are conditional, and thus should be interpreted graphically, the size of the standard errors makes it clear without graphical assistance that agenda activity has no discernibly different effect in one-party versus competitive two-party systems. This seems to indicate, then, that, even in competitive systems, mobilized PACs prefer to donate primarily to the majority party.

Discussion

Results from the statistical analyses presented here provide strong support for our main hypotheses. Tables 3 and 4, along with Figures 1 and 2, clearly indicate that aggregate PAC behavior is governed by party control of a legislature, agenda activity in that legislature and an interaction of these two terms. Thus, the content of public policy agendas matter in terms of how they shape the actual play of politics. This impact is not

¹⁵ We have also constructed this dummy variable using 74 percent as the threshold (the mean plus one standard deviation of control) and a term indicating that one party was the majority of both houses. Neither alternative specification changed the model in interesting ways.

simple; we have seen that it is highly conditional on other critical variables. But this result suggests that we should go beyond looking at policy agendas as a dependent variable and that greater attention ought to be accorded to the role of public policy agendas as an independent variable with significant influence on political behavior.

While our more nuanced hypotheses about electoral competition for state legislatures generated a more limited degree of support, we believe this work makes an important contribution to the understanding of how and when PACs elect to support political candidates. Aggregate PAC support is largely governed by an access strategy, as PACs rationally donate to the candidates most likely to win, incumbents. However, there is an additional demand side story to PAC behavior. Similar to work in Gray, Lowery, Fellowes and Anderson (2005), increases in conflict in a specific issue area (conceptualized as agenda activity) seem to mobilize PACs and generate more PAC activity along certain issue dimensions. These newly motivated PACs continue giving to the political parties' candidates in accordance with the parties' level of control of the legislature, but a large majority party can extract more money from a specific set of PACs by addressing that sector of PACs' concerns more often.

There is an interesting bridge here to the ESA model of interest group populations developed by Gray and Lowery (1996). Agenda activity can be categorized as an element of population "energy" and Gray and Lowery (1997) and Gray and Lowery, et al. (2009) have already demonstrated that PACs are extension of their interest group counterparts rather than separate entities. It is conceivable that state PAC communities are governed by the same population ecology model that motivates much of the state interest group activity.

This work also raises other interesting questions. Our hypothesis about the level of competition, or the one-party nature of a state political system, was unsupported by

evidence. This lack of support could be due to the aggregated level of our dependent variable; if so, micro-level analysis of individual groups may provide a more thorough understanding of how the level of competition for control in a state affects PAC activities. Additionally, two of our control variables provide significant predictive power in explaining donations to Republicans but fail to predict donations to Democrats. This would indicate that groups/issue sectors donating to Republicans are responding to additional environmental factors beyond agenda size and legislative control, while groups donating to Democrats are not. Systematic differences in the behavior of groups or communities of groups towards Democrats and Republicans in state legislatures would seem to be an important, and thus far underexplored phenomenon.

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Table 1: Means and Standard Deviations of Agenda Activity

Sector	Mean	Standard Deviation
Agriculture	313.64	303.93
Defense	359.46	360.34
Labor	493.54	574.86
Retirement	500.75	551.10
Energy and Natural Resources	512.80	496.53
Communications and Electronics	622.75	652.67
Construction	698.55	696.29
Transportation	781.32	741.05
Finance, Insurance and Real Estate	1016.11	864.80
Health	1359.81	999.18

Note: Agenda activity is a count measure of the number of bills in a state legislature that match key word searches on the specific issue areas.

Table 2: Descriptive Statistics for Independent Variables by Sector by State

Variable	Mean	Standard Deviation
Donations to Democrats	530	1314
Donations to Republicans	563	1240
Agenda Activity	677	727
Democratic Control - Lower Chamber	51	16
Democratic Control - Upper Chamber	50	17
Democratic Control - Combined Chambers	51	15
Republican Control - Lower Chamber	49	16
Republican Control - Upper Chamber	50	17
Republican Control - Combined Chambers	49	15
Sample Size	888	

Note: Donations are reported in thousands of dollars. Party Control variables are percentages of party control of particular chamber. Agenda activity is a count measure of bills in state legislatures matching key word searches from Lexis Nexis. Some states fail to report donations by a sector, thus we have fewer than 990 observations. New Jersey, Virginia and Mississippi do not exist in our data because they have odd-year elections.

Table 3: The Impact of Agenda Size on Total PAC Donations by a PAC Sector

Variable	Democrat Model	Republican Model
<i>Sector Effects</i>		
Sector Specific Agenda Activity	0.035 (0.179)	0.08 (0.14)
Sector Agenda * Party Control	0.005** (0.001)	0.01** (0.002)
<i>State-Level Effects</i>		
Average PAC Donations	0.269** (0.017)	0.216** (0.024)
Total Partisan Percentage of Legislature	-0.496 (1.53)	1.09 (1.65)
Total Agenda Size	-0.013** (0.006)	-0.03** (0.07)
Legislative Professionalism	2.23 (3.05)	-15.50** (4.68)
Ranney Index	106.01 (445.02)	-129.00** (63.19)
Moralistic Dummy	-90.8 (-90.3)	-371.01** (125.01)
Individualistic Dummy	63.4 (101.05)	-122.00 (133.05)
PAC Limits	-79.5 (82.3)	-251.00** (111.78)
Year 2004 Dummy	55.4 (70.5)	87.35 (63.88)
Intercept	-132.0 (439.2)	171.0* (59.4)
Standard Deviation in State Random Effect	0.0003	169.0
Log-Likelihood	-7406	-7321
N	888	888

Note: Cell entries report OLS coefficients with varying state intercepts. ** indicates p-values below 0.05. * indicates p-values below .10. The dependent variable is the amount of money in thousands of dollars donated by PACs to each party in a given sector.

Table 4: Agenda Size and PAC Sector Donations in Dollars to a Party

Predictor	Democrat Model	Democrat Model	Republican Model	Republican Model
<i>Sector Effects</i>				
Sector Specific Agenda Activity	0.13 (0.19)	0.09 (0.15)	-0.07 (0.15)	0.28** (0.13)
Agenda Activity * Upper House Partisans	0.005** (0.002)	----	0.04** (0.01)	----
Agenda Activity * Lower House Partisans	----	0.01** (0.002)	----	0.01** (0.002)
<i>State-Level Effects</i>				
Average PAC Donations in State	0.26** (0.017)	0.27** (0.02)	0.21** (0.03)	0.20** (0.03)
Partisan Percentage (Upper House)	0.21 (7.53)	9.64* (5.52)	-12.03 (9.42)	14.49* (8.21)
Partisan Percentage (Lower House)	1.80 (1.44)	-1.91 (1.87)	3.45** (1.51)	-0.17 (1.86)
Total Agenda Size	-0.015** (0.006)	-0.02** (0.01)	-0.04** (0.01)	-0.03** (0.01)
Legislative Professionalism	-0.17 3.07	0.63 (3.07)	-14.14** (4.83)	-16.42** (4.98)
Ranney Competition Index	122.18 (446.71)	133.54 (444.46)	-1637.75** (704.23)	-1597.26** (730.57)
Individualistic Dummy	94.80 (10.1)	108.0 (103.0)	-123.02 (136.0)	-154 (-133.0)
Moralistic Dummy	-59.30 (91.40)	-75.01 (94.30)	-448.0** (129.01)	-397** (127.0)
PAC Limits	-113.72 (81.28)	-92.84 (81.62)	-206.10 (134.67)	-171.70 (139.49)
Year 2004 Dummy	65.16 (70.85)	59.41 (70.61)	72.56 (62.78)	83.75 63.51
Standard Deviation in State Random Effect	0.0003	0.0003	169	173
Intercept	-73.82 (442.49)	-229.46 (442.23)	1988.01** (647.13)	1668.87** (667.50)
	Log Likelihood = -7403	Log Likelihood = -7403	Log Likelihood = -7321	Log Likelihood = -7310
	N=888	N= 888	N=888	N= 888

Note: Cell entries report multi-level OLS coefficients with varying state intercepts and standard errors. ** indicates p-values below 0.05. * indicates a p-value below 0.10. The dependent variable is thousands of dollars donated by PACs in a given sector to one of the parties.

Table 5: One-Party Dominance, Agenda Size and PAC Donations

Predictor	Coefficient (Standard Error)
<i>Sector Effects</i>	
Sector Specific Agenda Activity	0.74** (0.12)
One Party * Agenda Activity	-0.11 (0.14)
<i>State-Level Effects</i>	
Average PAC Donations	0.26** (0.03)
One Party Dummy	-61.84 (136.17)
Total Agenda Size	-0.03** (0.01)
Legislative Professionalism	-8.08* (4.86)
Individualistic Dummy	-134.0 (-154.04)
Moralistic Dummy	-330.2** (129.03)
PAC Limits	-223.58* (125.32)
Year 2004 Dummy	98.46 (79.20)
Intercept	257.04 (209.11)
Log Likelihood= -7514	
N= 888	

Note: Cell entries report multi-level OLS coefficients with varying state intercepts and standard errors. ** indicates p-values below 0.05. * indicates p-values below .10. The dependent variable is the amount of money in thousands of dollars donated by PACs to the majority party by a given sector in thousands of dollars.

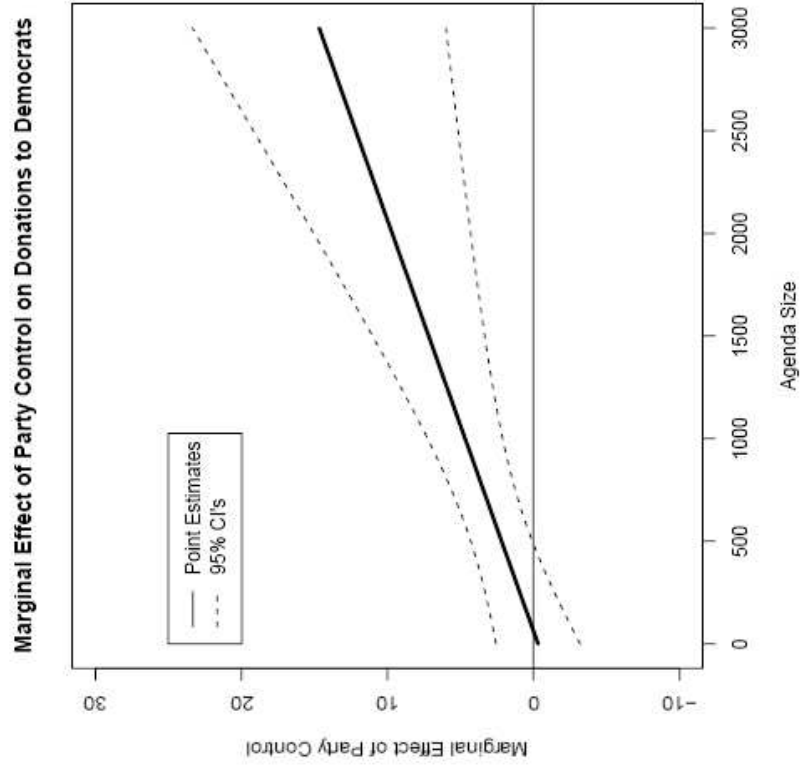
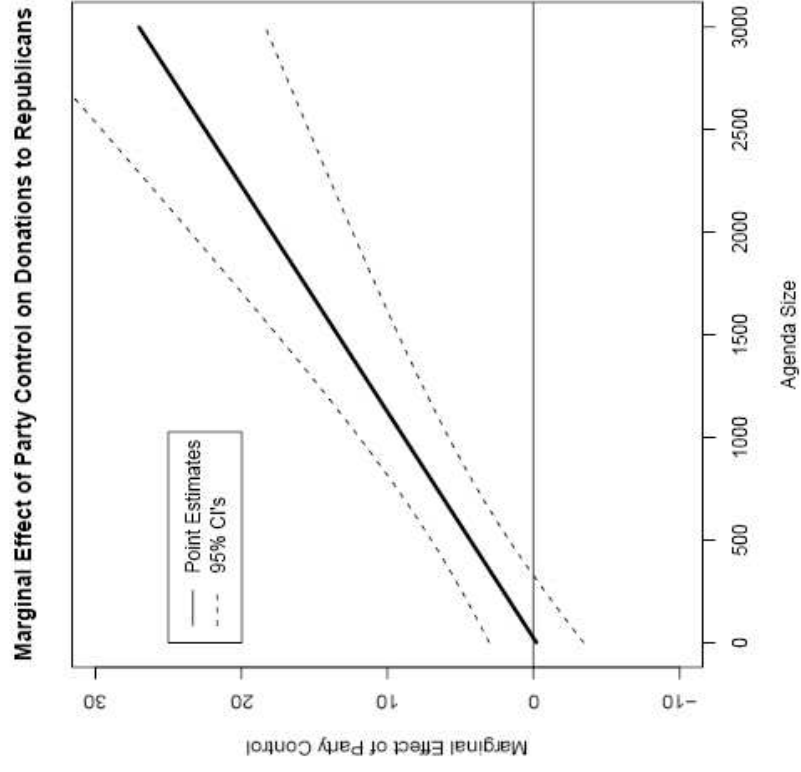


Figure 1: Marginal Effects of Percentage of Partisans in the Legislature on Dollars Donated from PACs

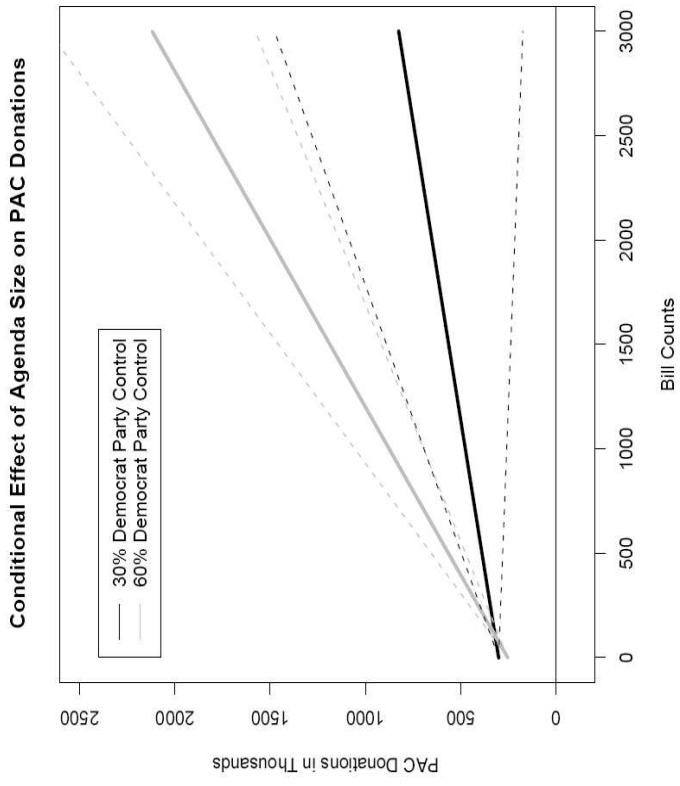
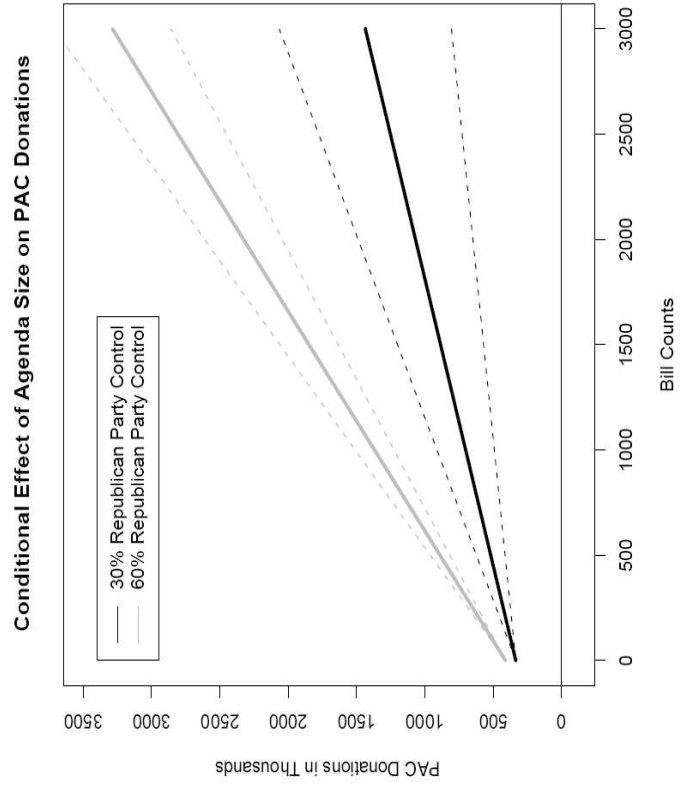


Figure 2: Conditional Nature of Agenda Size Effects on PAC Donations to Republican and Democrat Legislative Candidates

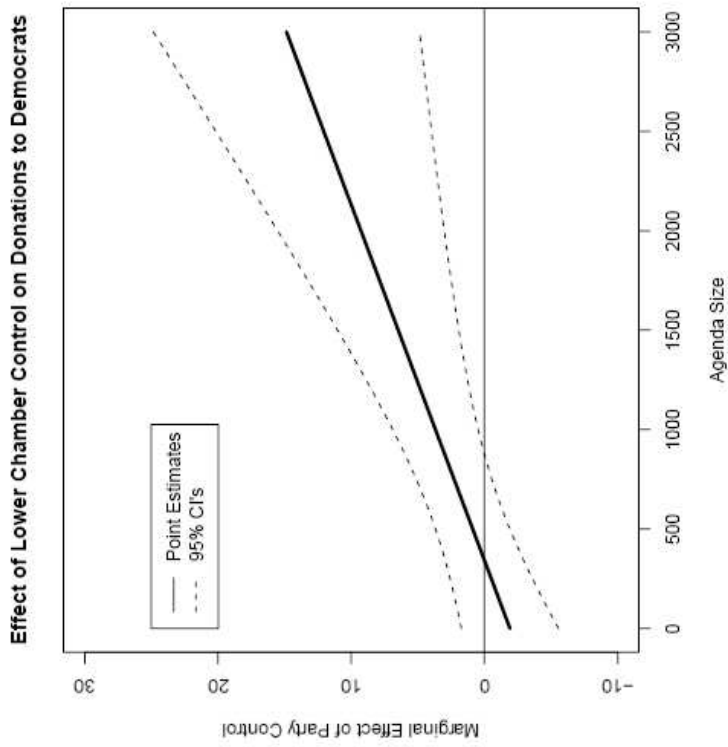
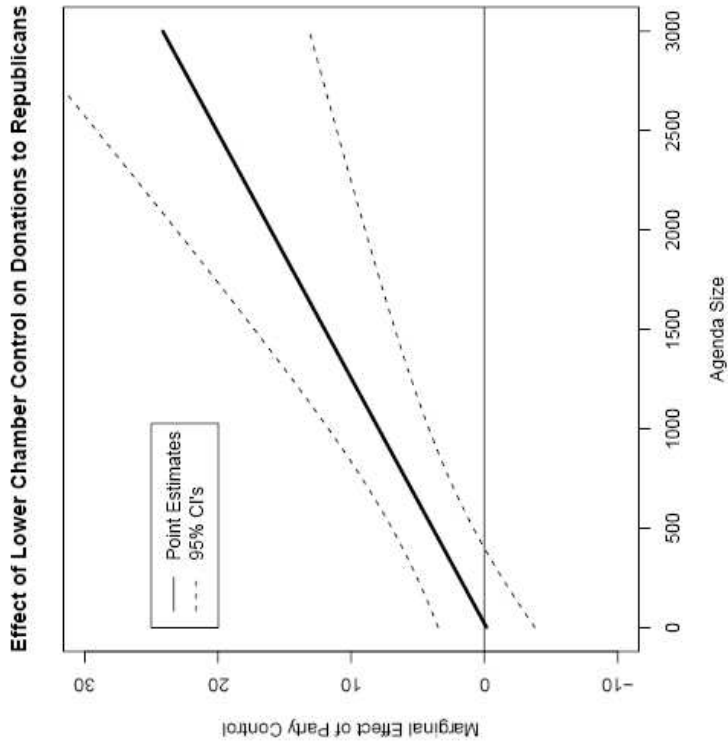


Figure 3: Marginal Effects of Party Control in the Lower Chamber of State Legislatures on Donations from PACs

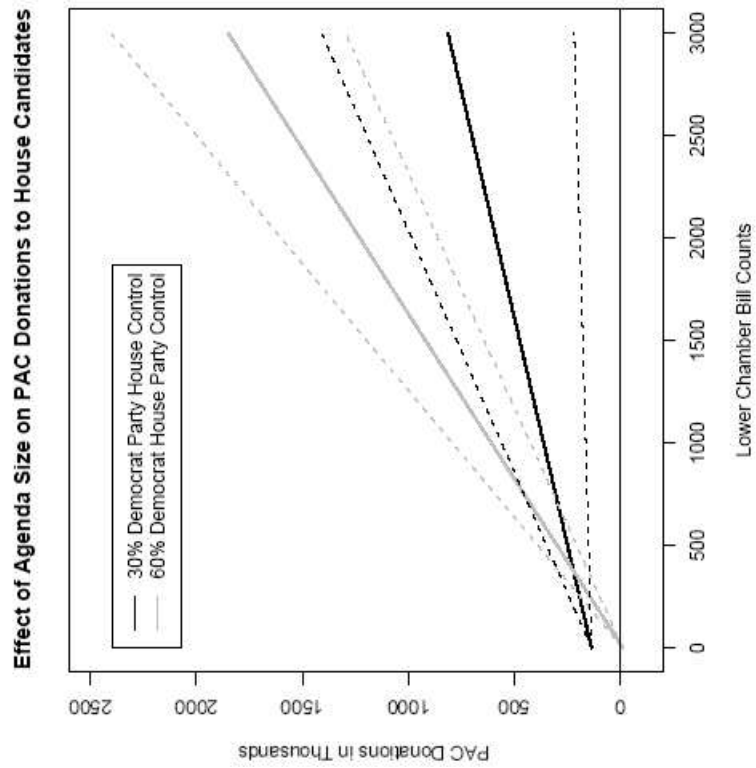
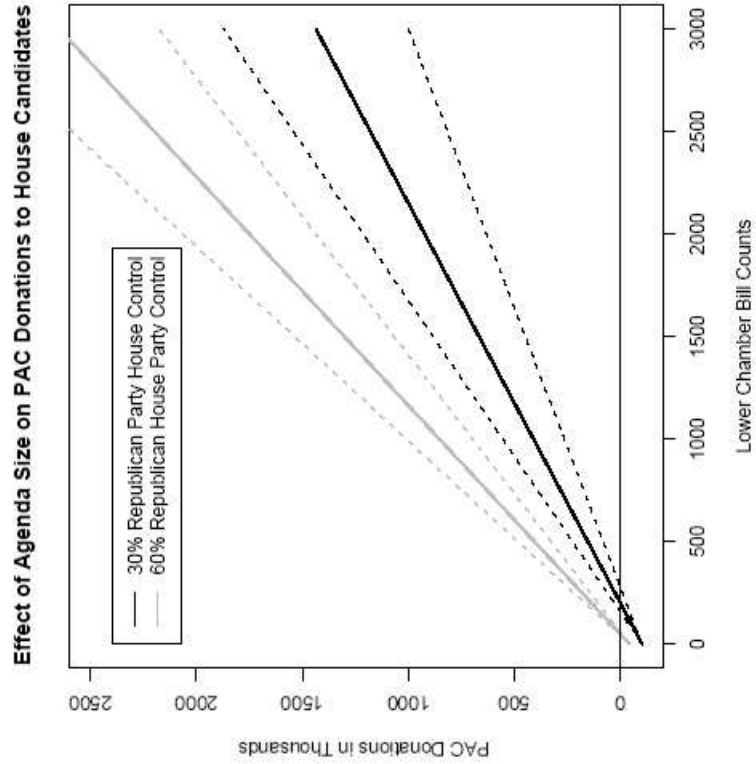


Figure 4: Conditional Nature of Lower Chamber Agenda Size Effects on PAC Donations to Lower House Legislative Candidates