INSTITUTIONAL EFFECTS ON LOBBYIST AND PAC SPENDING

by

RYAN HEATH MOSS

(Under the Direction of Scott H. Ainsworth)

ABSTRACT

In this work, I examine the effects of key institutional factors on lobbying activities: party control, divided government, government spending, and majority status. The purpose of this study is to examine which factors influence how much money lobbyists and PACs spend to influence government. I utilize datasets on lobbyist spending from LobbyView, OpenSecrets, and FollowTheMoney to examine lobbyist spending at both the state and federal levels. Using these data, I find evidence that lobbyists spend more money when Republicans are in power than when Democrats are. I also find that divided government increases lobbyist spending. Finally, I find evidence supporting Cox and Magar's finding (1999) that a legislator holding majority status can expect greater contributions from business PACs.

INDEX WORDS: Lobbying, Congress, Party Control, Divided Government, Majority Status, PACs

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DEDICATION

To God, for His guidance and strength.

To my parents, Garry and Lorie Moss, thank you for all of your love and support.

And to my grandfather, Argel Greene, I wish you were still with us. May you rest in peace.

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CHAPTER ONE

INTRODUCTION

Background

In 1985, Margaret Susan Thompson detailed how politicians in the post-Civil War era regularly decried lobbyists publicly while relying on them in navigating the institutional framework of a Congress often filled with an overwhelming number of newcomers. Lobbyists were often the scapegoats for congressional actions seen as self-serving rather than for the good of the country. Those same lobbyists, however, often had far greater tenures in and around the Capitol than most legislators. This tenure gave lobbyists valuable institutional knowledge regarding how to craft legislation and move it through the legislative process. With members of Congress often not staying in office long enough to develop this know-how, lobbyists were nearly indispensable in ensuring the creation and passage of legislation.

When working towards a goal agreeable to a legislator, a person would be often be referred to as something such as a "voice of the people" or "crusader in the public interest," while those in opposition to a legislator were referred to in a derogatory manner as "lobbyists" (Thompson 1985). Both "crusaders" and lobbyists typically accepted pay for their work and would perform the same duties, and both terms were often applied to the same individual doing the same work, depending on a legislator's disposition toward the interest being advocated. Fast-forward to the present, and this same paradigm persists. Lobbyists are often reviled when framed as working for special interests, but when framed as working for a good cause, lobbyists can be seen as something more akin to a professional activist.

Despite these perceptions of lobbyists remaining consistent over time, the arena in which lobbyists operate has changed drastically. The large numbers of newcomers to Congress that effectively necessitated lobbyists in the late 1800s have effectively vanished as large turnovers in congressional membership have become relatively rare, and incumbents now enjoy high re-election rates and numerous advantages when running their campaigns (Fiorina 1977, Cover and Brumberg 1982, Bauer and Hibbing 1989, Abramowitz 1991). The increased electoral stability of members of Congress is just one indicator of the changes in the legislature that occurred as Congress institutionalized. According to Polsby (1968), other indicators of institutionalization include the development of a robust and stable committee system and large staffs for committees and members as well as the House running on the basis of rules and precedence rather than favoritism and nepotism.

Despite the fact that the House has institutionalized to a point at which it can cover the roles that lobbyists used to fill in the 1800s, the number of issues before Congress has increased immensely as well. As Thompson (1985) noted, the Civil War led to an expansion of the federal government's authority into aspects of the economy and day-to-day life that was previously unthinkable. As legislators and the public began to realize the changing scope of federal authority, more responsibilities began to be placed on the federal government. People and businesses would turn to the federal government, rather than the states, communities, or each other for solutions to societal problems. This reliance on federal guidance and involvement continued increasing in the 20th Century in response to multiple wars, social and political upheaval, and an increasingly globalized world.

The continued expansion of matters handled by the federal government has led to Congress facing a workload much greater than it had in the late-1800s. Even with the increased staff brought about by the institutionalization of Congress, legislators would still be unable to keep up with the demands of the American public and business community without outside assistance. As legislators often specialize in a very limited number of issue areas, they have many blind spots regarding the finer details of policy outside of their specialties. This has led to a continued and increased reliance on lobbyists to help legislators in crafting policy.

Lobbyists have also increased their presence as congressional reforms, such as the expansion of the subcommittee system in the 1970s, have increased the number of legislators with influence over a client's interests. Many bills are now also impacting more issue areas than in the past, leading to a single bill being referred to greater numbers of committees and subcommittees (Schlozman and Tierney 1983). This often necessitates more lobbyists to maintain relations with committee members. Despite the increasing presence of lobbyists, the reliance of committees and individual members on the information provided by lobbyists has grown to a point where legislators often have greater difficulty gaining access to some lobbyists than vice-versa.

Purpose of this Study

With lobbyist spending consistently on the rise, the institutional influences of Congress, and the government as whole, must be considered when examining lobbying. Studies of institutional effects on lobbying activity are not uncommon; however, the focus of many of those studies has been at the committee level. The primary focus of my work will be lobbyist spending. In this work, I define institutional effects as influence either from the structure of the government being lobbied, such as legislative rules and procedure and government spending, or from effects of other institutionalized forces, such as party influence from the executive or legislative branches.

Frameworks of Interest Representation Research

Research on interest representation has generally been categorized as falling into one of three frameworks. The first framework, pluralism, originated from Truman's *The Governmental Process* (1951). According to Truman, interest groups form and mobilize in response to "disturbances" such as crises and economic downturns. Under the pluralist framework, groups tend to closely represent the views of their members and ensure a stronger connection between public opinion and public policy. Milbrath (1960) expanded upon Truman's ideas. According to his communication model, lobbyists primarily served as distributors of information to legislators so legislators could properly respond to whatever disturbance had mobilized affected interest groups.

The second framework is known as an economic perspective of interest representation. This framework is built upon Mancur Olson's *The Logic of Collective Action* (1965). In his work, Olson argues that disturbances in the political environment may not be enough to mobilize affected individuals, as the incentives to freeride remain prominent. In order to ensure sufficient participation by supporters of organized interests, those interests must offer selective incentives. Because of the additional costs involved, only some interests would be able to afford to mobilize their members. The monetary costs associated with alleviating the free rider problem lead to business interests with deep pockets being disproportionately represented in the public policy arena (Salisbury 1984).

The third framework for research on interest representation is what Lowery and Gray (2004) refer to as the neopluralist perspective. The neopluralist perspective resembles the pluralist framework, except it does not assume that the ends pursued by interest groups will be congruent with the larger public's policy preferences. It also addresses problems in both the pluralist and economic perspectives. Pluralism assumes that mobilization automatically occurs in response to disturbances and that interest groups closely represent the desires of the American people; however, business interests have been shown to dominate Washington politics (Schlozman 1984), and membership-based organizations now make up less than 20 percent of organized interest groups in the states (Lowery and Gray 2001). On the other hand, Lowery and Gray (2004) did not find clear evidence of rampant free riding, though their study suffers from a lack of data on failed attempts to organize.

In this work, I borrow from the economic perspective in examining how institutional influences may affect lobbyist spending. I assume that when organized interests spend money on lobbying activities, they will want to see the best return on their investments. Under this assumption, lobbyists should spend more money when institutional conditions are favorable to them. While lobbyists often engage in activities to counter lobbying by their opponents, I expect this to be outweighed by a consideration of the likelihood of the success of such activities. I consider Republican control of the executive and legislative branches to be favorable conditions for business lobbying activity, as Republicans often portray themselves as sympathetic to business interests. As Crosson et al. (2020) noted, conservative bias can be found when examining lobbyist spending by interest groups.

Types of Lobbying

Before looking into how government institutions affect lobbying activities, I believe it is important to first define lobbying as I intend to examine it in this work. There are two styles of lobbying that are regularly studied by scholars. The first of these I will discuss is outside lobbying. Outside lobbying refers to activities by interest groups or citizens that place electoral pressure on legislators to behave in a certain way and support or oppose various pieces of legislation. Outside lobbying can take numerous forms, with some of the most noteworthy being rallies, canvassing, and phone banking. These campaigns can also include recruiting candidates to oppose legislators during an election cycle or performing coordinated letter-writing or email campaigns to a legislator's office to express support or opposition to legislation. Generally, outside lobbying begins as grassroots (or Astroturf) activity attempting to influence government from outside the sphere of government.

While there may be links between outside lobbying and the behavior of legislators, I believe that inside lobbying offers a clearer connection to the institutional factors that I examine in this work. Inside lobbying refers to the activities performed by professional lobbyists who work to directly influence legislators to support their clients' interests. These activities most often take the form of lobbyists meeting with legislators to discuss bills, hosting fundraisers for legislators, and building personal relationships to help maintain access for when a client's interests come before the legislative body. The key to inside lobbying activities is the access to legislators, as without that access, lobbyists cannot effectively advocate for their clients' interests. While there are certainly lobbyists and organizations that choose to align with one party over the other, many lobbyists attempt to maintain good relationships with members of both parties so they can continue to effectively serve their clients regardless of who is in power.

Prior research on inside lobbying activity has shown that lobbyists primarily target their allies in Congress (Milbrath 1963, Bauer et al. 1963). While it may seem unproductive to lobby legislative allies, researchers have found evidence that the primary goal of lobbyists is rarely to sway opposing legislators. Hall and Deardorff (2006) found that lobbyists often act as a legislative subsidy, aiding legislators who were already working on the issues important to the lobbyists. Studies have also found that lobbyists will also approach legislators in hopes that the legislators will themselves act as lobbyists in trying to sway other legislators to whom the lobbyists may not have the same access (Ainsworth 1997, Awad 2020). In examining this behavior, Awad found that lobbyists must decide who to approach strategically, as legislators who are too-aligned with a lobbyist's goals may not serve as effective ambassadors to members who are on-the-fence. When lobbyists target legislators who are not aligned with them, counteractive lobbying efforts are often launched in an effort to limit the effects of the original lobbying campaign (Austen-Smith and Wright 1994, 1996).

What Constitutes an Institutional Factor?

Here, I will define the institutional factors that I will be analyzing and outline why I consider them to be institutional influences. The first, and probably most-studied, institutional factor is the influence of government spending on lobbyist activity. Lobbyists often advocate for their interests to receive federal money through various grants and special programs. This advocacy has led to a close connection between increases in government spending and increases in lobbying activity. As more money becomes available for special interests, lobbyists will increase their efforts to direct more of those funds to the interests they represent.

The second institutional factor I will be examining will be the influence of party politics on lobbying activity. Political parties have developed significant influence in government affairs.

Party influence will be examined in different ways in this work. The first major party influence I will examine will be the effect of which party controls each legislative house and the executive branch of the federal government and state governments. With their differences in stated philosophies, I expect the presence of either Republican or Democratic control of some or all of the branches of government will affect lobbying activity as lobbyists try to allocate their resources and determine the most favorable political environment in which to act.

I will also examine party influence through the lens of unified versus divided government. Beyond simply caring which party controls which branch, I hypothesize lobbyists will also be influenced by whether a party controls the executive branch and both legislative houses or if they only control two of the three. While the differences in the philosophies of the Republican and Democratic Parties will likely influence lobbyists' perceptions of the environment in which they are lobbying, divided government has the potential to effectively cease all legislative activity. While this would make it more difficult for lobbyists to push through legislation favorable to their clients, it also makes it easier for lobbyists to kill legislation contrary to their clients' interests. Because of the greater difficulty of passing new legislation and the greater likelihood of legislation dying due to institutional gridlock, I expect lobbyists will not need to spend as much money under divided government.

Finally, I will examine how a party losing its status as the majority party in the U.S. House affects PAC contributions. While PAC contributions are generally considered an outside lobbying tool, they offer an easily quantifiable indicator of how majority status can make legislators more attractive to those seeking to influence the political process. Many entities that engage in inside lobbying activities also maintain PACs. This means that coordination between lobbyist spending and PAC spending exists as entities shift strategies between inside and outside lobbying depending on the political environment at the time. The inspiration for this study is Cox and Magar's 1999 work examining how much majority status is worth to business and labor PACs. My work will focus on updating this study with newer data and expanding the analysis to include ideological PACs as well.

Overview of Data

The key dependent variable that I use throughout this work is the amount of money spent by lobbyists and/or the various entities engaged in lobbying the federal and state governments. At the state level, I examine aggregate lobbyist spending due to issues with data availability. At the federal level, I examine lobbyist spending at the individual level. I believe these measures offer the best representation of lobbying spending, as the laws of the federal government and many of the states require thorough reports to be submitted regarding the amount of money spent influencing officials.

For data on the amount of money spent by lobbyists at the federal level, I turn to two sources. The first is LobbyView, from which I use report-level data from all lobbyists from 1999 through 2019 (Kim 2018). This dataset contains data on lobbying by firms and by in-house lobbyists for businesses and non-profit organizations. Lobbyview should offer the most accurate insight into how institutional factors influence the bulk of lobbyist spending. The second dataset is the Center for Responsive Politics' OpenSecrets database. With the OpenSecrets data, I primarily focus on spending by the top twenty lobbying entities – both businesses and associations – from 1998 through 2019. While the LobbyView data offers a more comprehensive perspective of lobbyist spending, the OpenSecrets data offers insight into which sectors and entities are the most active over time, as well as including data on associations such as the Chamber of Commerce and American Medical Association (AMA). Using this dataset on the top twenty, I can examine potential differences in institutional effects between the top spenders in Congress compared to the broader collection of all entities lobbying Congress. I also utilize OpenSecrets' database to gather PAC contribution data for Chapter Four.

Data at the state level is much scarcer. States have wildly varying laws on reporting lobbyist activities and contributions, with many states not offering comprehensive data on lobbying. Some states only offer collections of individual lobbyist reports. Luckily, FollowTheMoney.org has collected lobbying data from twenty states and compiled the amount of money spent by lobbyists statewide by year. I utilize this data primarily in my examination of party effects on lobbying as the states offer greater variance than only looking at the federal government.

Outline of this Work

Chapter Two of this work will focus on state level lobbying. Chapter Three will examine the same effects as Chapter Two, but at the federal level. In Chapter Four, I will replicate and extend Cox and Magar's work to include data from the 109th-112th and 115th-116th Congresses. Cox and Magar's original study only focused on one pair of Congresses at a particularly volatile time in congressional politics. Extending this study to other Congresses will help determine whether the effects they found are generalizable beyond the 103rd and 104th Congresses. I will also analyze spending by ideological PACs for the Congresses listed. Finally, in Chapter Five I will summarize my results from chapters two through four and discuss how I believe research on institutional influences on lobbying should proceed.

CHAPTER 2

INSTITUTIONAL EFFECTS AT THE STATE LEVEL

Background

In this chapter, I examine the effects of party control and divided government on lobbyist spending at the state level. Lobbyist activity varies greatly on a state-by-state basis due to many factors. The populations of the states, their economies, and the partisan balance of their governments all affect the landscapes in which lobbyists work. While many complexities make direct comparisons of lobbying difficult across states, I believe that effects on lobbyist spending from influences as prominent as divided government and partisan bias will be present across the states.

Parties and Lobbying at the State-Level

Prior research on lobbying at the state-level has shown that institutional factors such as term limits and government spending affect the mobilization and intensity of lobbying efforts (Strickland 2019, 2020). These studies have also found some evidence that one-party dominance can suppress lobbyist activity, but they have not directly investigated whether lobbying activity is affected by which party is in control. Most lobbyists, at least those lobbying on behalf of business interests, try to avoid taking sides. Lobbyists will often donate to members of both parties and try to maintain good relationships with both Republicans and Democrats so that they have access regardless of party control. If lobbyists try to stay out of the partisan fray, then why should the party in power matter in determining the amount of money spent by lobbyists?

Party politics may affect lobbyist spending because of the general perception of how pro- or anti-lobbyist a party may be. The Republican Party has often been seen as being friendlier towards business interests and has often criticized the Democratic Party for antagonizing big business. This leads me to believe that lobbyists will view the government as being more receptive to their efforts when Republicans are in power than when Democrats are in control. While Republicans offer a warmer climate to business interests (at least rhetorically), any such effect may be mitigated due to recent developments. A major objective of lobbyists is garnering funds for their clients from earmarks that legislators add to bills. Republicans have long been rhetorically opposed to increases in government spending, at least in terms of non-military spending, even going so far as to ban earmarks when they took power in Congress in 2011. Even before then, Republicans often tried to distance themselves from earmarks, rather than trying to claim credit for "bringing home the bacon" (Grimmer et al. 2012). I believe that Republican opposition to earmarks may temper how receptive lobbyists believe Republican legislators will be to supporting their clients' interests.

Data and Hypotheses

The state-level lobbying data that I use in this chapter comes from FollowtheMoney.org. FollowtheMoney tracks lobbying spending by state and has data on aggregate lobbying spending for twenty states[1]. Unfortunately, many states are missing from the dataset due to differences in

[1] The states from FollowtheMoney.org are Alaska, California, Colorado, Connecticut, Florida, Iowa, Kentucky, Maine, Massachusetts, Michigan, Montana, Nebraska, New Jersey, New York, Oregon, South Carolina, Texas, Vermont, Washington, and Wisconsin.

reporting laws, and some states in the data have fewer years recorded than others. While this is not ideal, I believe that this data still offers a good snapshot of state-level lobbying for meaningful analysis, as the states that are included are diverse in terms of geographical region, political party control, and economic strength. In order to control for the size of state, I measure per capita lobbyist spending using population data from the U.S. Census Bureau.

To create my dataset, I use data from the National Association of State Budget Officers (NASBO), as they compile a state expenditure report every year for all the states. For the state-level spending, I used the table on "Total State Expenditures-Capital Inclusive" and recorded the "total" column for each actual fiscal year (as opposed to the estimated fiscal year each state had for the next year). To control for the state of the economy, I use the GDP of each state. The data I use for the states comes from the St. Louis Federal Reserve. The actual variable I use in my analysis is government spending as a proportion of GDP. Because GDP and government spending show similar trends, using this measure avoids issues with collinearity by allowing me to look at the influence of government spending relative to the state of the economy. I also control for the amount of money each state receives and spends from the federal government. NASBO collects this data as part of the state expenditures report mentioned above. The variable I use is the proportion of state expenditures that comes from federal funds. Funds received by states from the federal government often contain conditions limiting how the money can be spent. Such limitations may curtail lobbyist spending, as there is little-to-nothing they can do to steer that money to their clients.

The rest of the data that I use is constructed based on party control of the executive and legislative branches of government by year. I determined the control of a branch in a given year based on which party controlled said branch (or legislative house) for a majority of the year. The data were coded as “1” if Republicans were in control for at least half of the year and “0” otherwise. The variable I coded for divided government is coded based on my coding for party control. If at least one legislative house is controlled by a different party than the governor, divided government is coded as a “1”. Alongside party control, I also control for changes in control of the executive branch and legislative houses. When a new majority takes over a legislative house or the governorship of a state, there are new status quos that must be accounted for by lobbyists as they reassess which legislators will be the most helpful to support.

I control for the effects of full-time legislatures, as some states have what are called amateur or part-time legislatures. To differentiate states with full-time legislatures from part-time states, I used data from the National Conference of State Legislatures. They use five categories for determining what kind of legislature a state has: full-time, full-time lite, hybrid, part-time lite, and part-time. To simplify this for my analysis, I coded states as having a full-time legislature if they appeared under the full-time or full-time lite categories. Finally, I also created a variable to capture debate controls at the state level. For this variable, I coded a state as having no debate controls if at least one house of the legislature has “no time or opportunity limits”[2] on members speaking during debates. While there may still be opportunities for filibusters in states missing *only* time limits or *only* opportunity limits, this coding method captures the states with the most filibuster-friendly environments.

[2] Information on debate limits in state legislatures comes from a Connecticut General Assembly Office of Legislative Research Report which can be found at https://www.cga.ct.gov/2009/rpt/2009-R-0249.htm. The following states are listed as having no debate controls: Alaska, California, Iowa, Kentucky, Michigan, Vermont, and Washington.

With party control being well-varied across the twenty states in my dataset, the data I use can be used to determine if there is a link between party control and lobbying activity. I expect that lobbying activity will vary based on party control, which brings me to my first hypothesis:

H_1: Lobbyists will spend more money lobbying governments controlled by Republicans than by Democrats due to the perception of the Republican Party as being friendly towards big business.

I also believe that divided government will play a role in suppressing lobbyist spending. As it becomes more difficult to pass new legislation, lobbyists will likely refrain from mounting large campaigns to push through legislation for their clients, as there will be a greater cost with a smaller chance of success. Lobbyists should also find it easier to prevent legislation hostile to their interests from passing. Because of the lower likelihood of legislation passing, lobbyists will not need to spend as much money preventing legislation from passing. Both of these factors lead me to my second hypothesis:

H_2: Lobbyists will spend less money lobbying a state government when government is not unified.

I do, however, expect there to be time-based differences, as numerous influences such as elections, as well as national influences such as the federal earmark ban, will impact lobbyist considerations of how much to spend. For this reason, I control for time using the year of the lobbying spending in my analysis. Finally, I expect that government spending will drive lobbying spending as lobbyists seek a more money when the government has more to give relative to GDP. This leads to my third hypothesis:

H_3: Increases in government spending relative to GDP will lead to higher spending by lobbyists.

While I expect these effects to be universal, there are unique factors that may affect the prevalence of these effects in two states. I will cover these factors in the next section.

Florida and Nebraska

While there are numerous idiosyncrasies in the politics of each state, there are two states that stand out in this analysis. The first state is Florida. Florida was an outlier in studies of lobbyist registrations and activities over the later 1980s and early 1990s (Lowery and Gray 1994, 1997, 1998, Brasher et al. 1999). This phenomenon was largely due to a fiscal crisis and multiple changes in lobbying regulations at the time. As my data for Florida begins in 2007, this should no longer be a concern, but out of an abundance of caution, I will be running models both including and excluding Florida to determine if Florida causes any noticeable changes in results.

Like Florida, Nebraska is also something of an outlier; though, rather than an outlier regarding lobbying activity, Nebraska has a key institutional difference when compared to the other states. Nebraska is the only state in the U.S. to have a unicameral legislature. To account for this, I labelled party control of the non-existent Nebraska state house as matching control of the Nebraska State Senate. Nebraska is one of the most consistently Republican states in my data (it is under unified GOP control for the entirety of its presence in my dataset), so I do not believe that this coding decision will harm the results; however, similarly with Florida, I will exclude in my secondary model to see if it drastically affects my results.

Descriptive Statistics

Figure 2.1 displays lobbying spending (in millions of dollars) at the state level. As previously stated, the number of years for each state’s data differs, as there are different reporting requirements in each of the states, as well as different years in which the requirements were enacted. The longest period covered at the state level is eighteen years, from 2002 through 2019. Only two states, California and Colorado, are present for the full period covered. While changes in spending in these states are far from uniform, Figure 2.1 shows that, overall, lobbying spending in these states has increased over the time examined.

Figure 2.2 contains GDP at the state level and Figure 2.3 displays government spending at the state level. Similar to the lobbying spending graphs, state GDP and government spending trend upwards, though with fewer spikes than lobbying spending. State-level GDP and government spending are remarkably similar in the trends they display. These trends are also fairly similar to the trends in Figure 2.1. The similarity in these trends is likely due to lobbyists working to claim more money from the state governments when there is more money to be claimed, with the state of the economy also indicating that clients have the funds to hire lobbying services.

Table 2.1 displays the states included in this dataset as well as the percentage of the period examined that Republicans controlled each branch of government. Also included is the percentage of the period in which the states were running under divided government and whether the state listed has a full-time legislature. Connecticut and Oregon had no Republican control of any branch during the period examined while South Carolina and Texas were controlled exclusively by Republicans during the years they were present in this dataset.

It is important to note that federal and state government spending do not happen independently of one another. Increases in federal spending can often lead to increases in state spending. States receiving money from the federal government will have more to spend and may even spend money lobbying the federal government to send them more. States are also pushed to increase their spending on certain programs via unfunded mandates, orders from the federal government to spend money on certain program or risk losing already existing federal support. States may also have to spend more money when the federal government rolls back programs as the states may feel the need to step in and provide the funding that the federal government is no longer offering.

In a similar manner to government spending, lobbyist spending at the state and federal levels likely affect one another. Many major entities that lobby at the state level also lobby at the federal level. Companies pushing for favorable policies often need to affect change both in their states and nationally. Entities vying for government funds through earmarks and grants attempt to lobby at both levels to try to make as much money as possible. Companies failing to get state money may attempt to lobby the federal government for funds and vice-versa. Likewise, when companies fail to get favorable policies enacted at one level of government, they may turn to the other. In the next section, I will discuss the methods I use to further examine institutional influences on state-level lobbyist spending.

Methods

To analyze party effects on lobbying spending (in millions of dollars), I use several OLS regressions. The first set of models looks at all the states in my data from 2002 (the earliest any state has data) through 2019. The variables of interest in this regression are the party in control of the governorship, the state house, and the state senate for each state, as well as each state's spending for each year as a proportion of GDP. Other control variables include the proportion of state expenditures that come from federal funds, whether the state has a full-time legislature, and whether a branch of the state legislature has any debate controls in place. I also run a separate regression excluding Florida and Nebraska based on the idiosyncrasies mentioned earlier.

The second set of models once again focuses on state-level lobbyist spending, but this time I restrict the period examined to match the years in which data is present for all states. The first of these models will examine all states for 2015 through 2019. The second model will once again exclude Florida and Nebraska for the same reasons as in the last set of models. The reason for analyzing this shorter period is so that I can control for year fixed effects using dummy variables for the years. With each state having a different starting year in the data (with some states entering the dataset as early as 2002 and Nebraska not entering the dataset until 2015), it was difficult to control for fixed effects by using the first year as the excluded category. Narrowing the focus of these two models will allow controls for fixed effects.

OLS Results

Table 2.2 contains the results of the regression models covering all years from 2002 through 2019. The first model, which includes all states, does not show any support for my first or second hypotheses. The coefficients for Republican control of the governorship and each legislative house are all insignificant. Divided government is also insignificant in this model. There is, however, support for my third hypothesis, as government spending as a proportion of GDP shows a significant and positive effect on aggregate lobbyist spending at the state level. Change in control of a state's House of Representatives leads to less spending by lobbyists. This indicates that lobbyists may be more cautious in how they spend their money while they try to understand the new status quo. The variable I use for the proportion of state funds coming from the federal government is negative and significant, indicating that states with larger portions of their expenditures coming from the federal government see less spending by lobbyists. This may be due to federal funds already being designated for specific purposes, limiting what lobbyists' clients can do to receive the funds. Finally, full-time legislatures see greater amounts of lobbyist spending than their part-time counterparts. Lobbyists generally need to spend more in states with full-time legislatures, as lobbyists must engage with legislators and their staffs more often than lobbyists in part-time states.

The second model in Table 2.2 displays the same model but excluding Florida and Nebraska. While the signs and significance for government spending as a proportion of GDP, the proportion of state funds coming from the federal government, and the effect of full-time legislatures do not change, this model does show evidence of party effects on lobbyist spending at the state level. The effect of a state having a Republican governor is negative and significant at the $p<0.1$ level. This runs counter to my first hypothesis, as I expected the perception of the Republican Party as being pro-business to lead to more lobbying, not less. While this runs contrary to my hypothesis, it is not particularly surprising, as Republicans generally oppose increases in government spending, so this may create a perception of an environment hostile to lobbyists seeking a greater portion of state funds for special interests. This effect is not present in the model I ran that included Nebraska and Florida. Florida had a Republican governor during most of the period examined. Florida's abnormally high levels of lobbyist registration may have suppressed the negative effect found in other states, assuming the greater number of registrations led to higher levels of lobbyist spending as well. A change in majority control of a state's House of Representatives is once again negative and significant. Also of note, when Nebraska and Florida are dropped from the dataset, the presence of debate controls is shown to suppress lobbyist spending.

The second set of models is displayed in Table 2.3. In these models, I limited the period examined to 2015 through 2019 in order to be able to control for fixed effects. I used dummy variables for the years 2016 through 2019, though the results for each of those years are not displayed in the table. In terms of sign and significance, there is little change from my previous models that did not control for fixed effects, with one notable change: Republican control of the state senates is negative and significant across both models. Like the effects of having a Republican governor in the second model from Table 2.2, Republican control of a state senate leads to less spending by lobbyists. Once again, excluding Florida and Nebraska leads to a negative and significant effect being found for having a Republican governor. Across all four models, the only consistent effect found for change in party control was for state Houses of Representatives. In all models, a change in control of the Houses led to less spending by lobbyists.

Conclusion

Altogether, the results in this chapter show support for party effects on state-level lobbyist spending, though not necessarily for my first hypothesis. Party effects at the state-level seem to vary depending on which states are being examined, as there was little evidence for party effects when examining all of the states, but party effects were found when excluding the states of Florida and Nebraska. I believe that the results of the models that ignore Florida and Nebraska hold up due to the larger number of registered lobbyists in Florida as well as the other factors noted by Lowery and Gray (1994, 1997, 1998) and Brasher et al. (1999) and the unique nature of Nebraska's unicameral legislature. While the sizes of the coefficients changed when using fixed effects for a limited number of years as opposed to the model reviewing the full period without fixed effects controls, the results retained sign and significance between the two Florida- and Nebraska-less models, with the exception of state senate control gaining significance.

Support for my second hypothesis was consistent across all models. Increased government spending relative to GDP spurs an increase in lobbyist spending at the state level. When the government puts more money on the table, lobbyists will try to advocate for a larger share of that money for their clients. Overall, the results of this chapter indicate a need to control for party effects and government spending when considering influences on lobbyist spending.

Table 2.1: Republican Control of State Governments

State	Years in Dataset	R Executive	R House	R Senate	Divided Government	Full Time?
Alaska	2012-2019	50%	100%	100%	50%	Yes
California	2002-2019	38.9%	0%	0%	38.9%	Yes
Colorado	2002-2019	27.8%	27.8%	33.3%	50%	No
Connecticut	2012-2019	0%	0%	0%	0%	No
Florida	2007-2019	92.3%	100%	100%	7.7%	No
Iowa	2014-2019	100%	100%	50%	50%	No
Kentucky	2012-2019	50%	37.5%	100%	62.5%	No
Maine	2007-2019	61.5%	15.4%	46.2%	46.2%	No
Massachusetts	2014-2018	80%	0%	0%	80%	Yes
Michigan	2012-2019	87.5%	100%	100%	12.5%	Yes
Montana	2011-2019	0%	100%	100%	100%	No
Nebraska[3]	2015-2019	100%	-	100%	0%	No
New Jersey	2012-2019	75%	0%	0%	75%	No
New York	2007-2019	0%	0%	76.9%	76.9%	Yes
Oregon	2014-2019	0%	0%	0%	0%	No
South Carolina	2012-2019	100%	100%	100%	0%	No
Texas	2012-2019	100%	100%	100%	0%	No
Vermont	2014-2019	50%	0%	0%	50%	No
Washington	2014-2019	0%	0%	66.7%	66.7%	No
Wisconsin	2011-2019	88.9%	100%	100%	11.1%	Yes

[3] Members of Nebraska's unicameral legislature are called senators, so they are included with the Senate numbers. In the dataset, Republican control of the Nebraska legislature is coded to be control of both the House and Senate for that state.

Table 2.2: OLS Regressions on Per Capita State Lobbyist Spending – All Years

Variables	All States	Florida and Nebraska Excluded
Divided Government	-0.218	0.588
	(0.785)	(0.752)
Republican Executive	-0.943	-1.485*
	(0.89)	(0.83)
Republican House	0.512	-0.142
	(1.134)	(1.001)
Republican Senate	-0.8	-1.22
	(0.821)	(0.778)
Party Change – Governor	0.935	-0.19
	(1.435)	(1.399)
Party Change – House Majority	-2.739***	-1.921**
	(0.858)	(0.771)
Party Change – Senate Majority	0.172	0.842
	(1.269)	(1.076)
State Government Spending as Proportion of State GDP	34.118***	52.305***
	(12.5)	(12.28)
Debate Controls	-0.909	-1.625**
	(0.794)	(0.74)
Proportion of State Funds from Federal Government	-24.169***	-30.6***
	(6.69)	(6.524)
Full-Time Legislature	2.216***	3.061***
	(0.833)	(0.782)
Constant	12.451	12.217
	(2.452)	(2.404)
Observations	183	165
Adjusted R^2	0.237	0.376

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 2.3: Fixed Effects OLS Regressions on Per Capita State Lobbyist Spending – 2015-2019

Variables	All States	Florida and Nebraska Excluded
Divided Government	0.309	1.016
	(1.389)	(1.336)
Republican Executive	-1.808	-2.236*
	(1.359)	(1.272)
Republican House	0.466	-0.419
	(1.86)	(1.711)
Republican Senate	-3.012**	-3.383**
	(1.413)	(1.342)
Party Change – Governor	0.209	-0.262
	(2.192)	(2.087)
Party Change – House	-3.938**	-3.041*
	(1.857)	(1.764)
Party Change – Senate	-2.577*	-1.805
	(1.484)	(1.49)
State Government Spending as Proportion of State GDP	37.47**	52.67***
	(18.84)	(19.05)
Debate Controls	-0.504	-1.121
	(1.074)	(1.018)
Proportion of State Funds from Federal Government	-22.45**	-22.96**
	(10.54)	(11.05)
Full-Time Legislature	2.337**	3.08***
	(1.176)	(1.114)
Constant	13.26	11.41
	(4.254)	(4.348)
Observations	99	89
Adjusted R^2	0.344	0.447

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

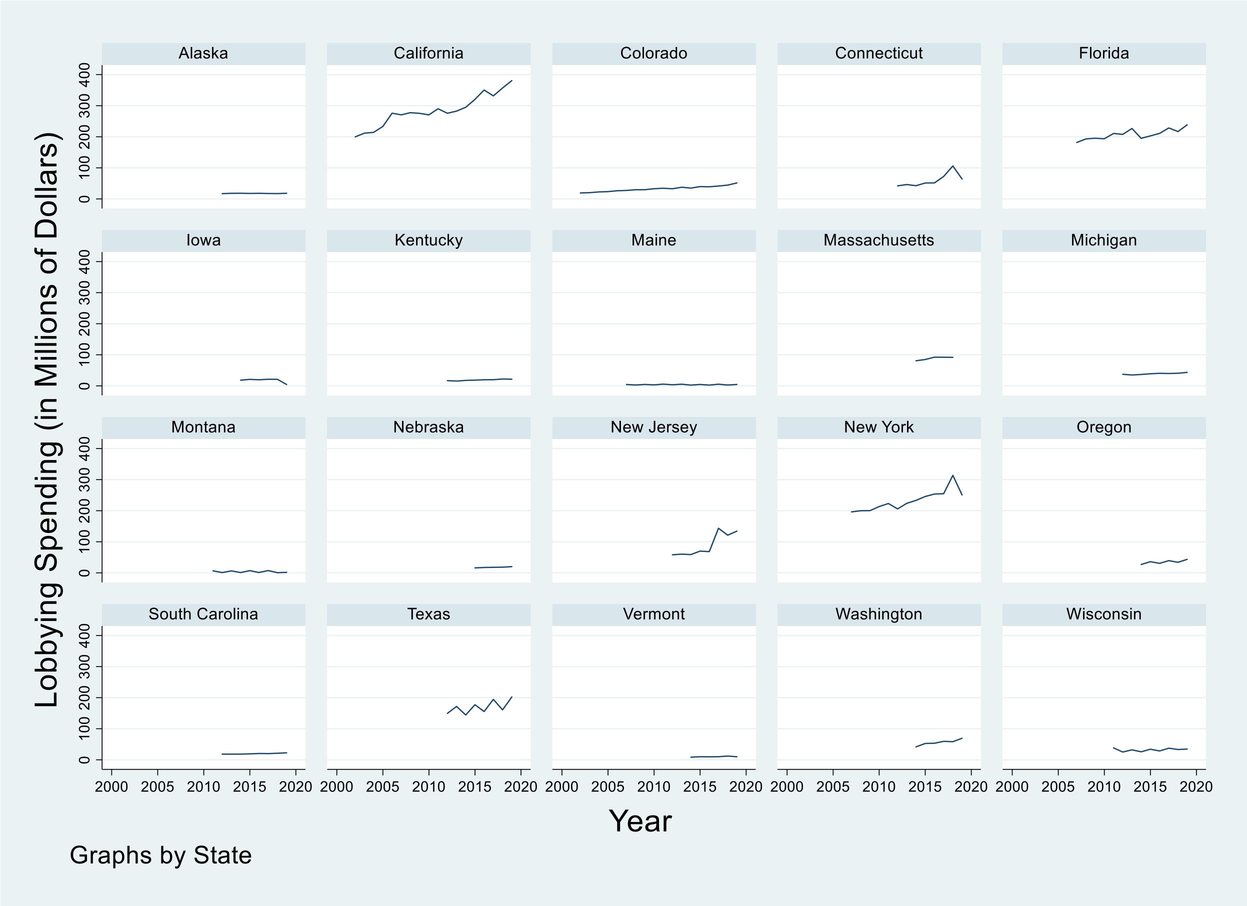

Figure 2.1: Lobbyist Spending by State, 2002-2019

Figure 2.2: State-Level GDP in Billions of Dollars by Year

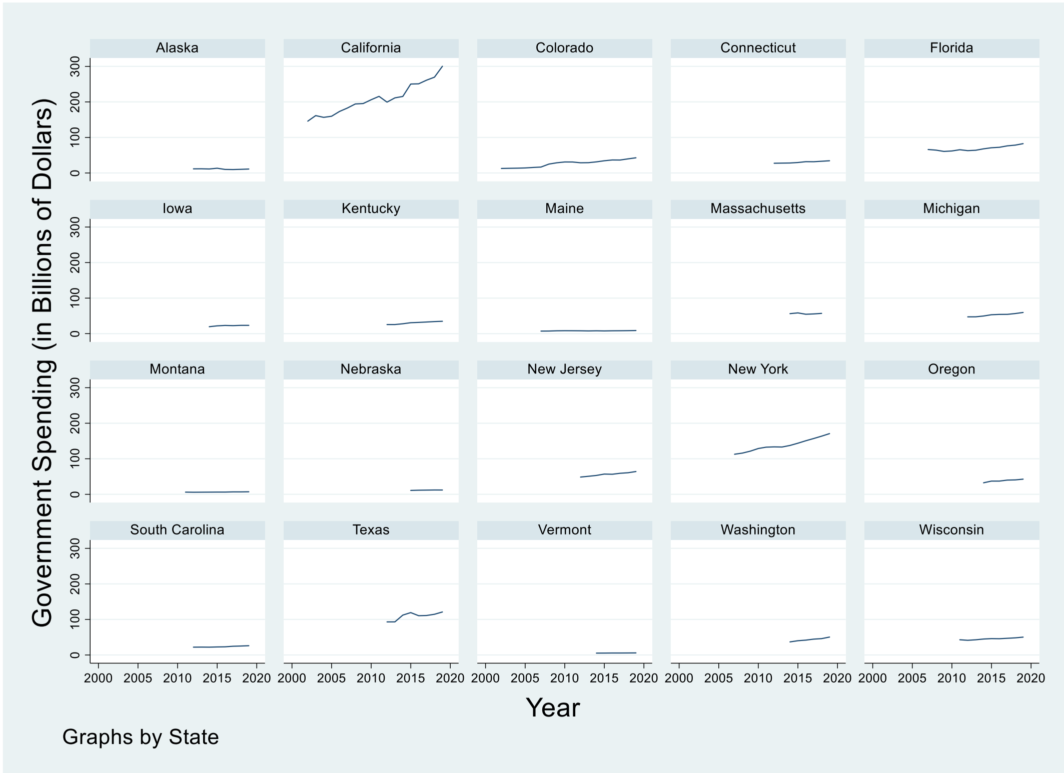

Figure 2.3: State-Level Government Spending by States (in Billions of Dollars)

CHAPTER 3

DIVIDED GOVERNMENT AND LOBBYING

Introduction

In the previous chapter, I examined the effects of party control and divided government on lobbyist spending at the state level. In this chapter, I will be extending my analysis to lobbyist spending at the federal level. Lobbyists play several roles in the legislative process in Washington. They broker information, coordinate legislative strategies, and assist in crafting legislation, to name a few of their roles. Lobbyists regularly help edit bills to get them passed. More often, they play a key role in preventing the passage of legislation that would harm their clients' interests. Many entities that lobby Congress are considered institutions in and of themselves (Salisbury 1984). With lobbyists being such an ingrained part of the legislative process, it stands to reason that institutional factors such as divided government would play a role in lobbyists' decision-making processes.

In this chapter, I will analyze data from two sources: 1) OpenSecrets, which records the amount spent by the top twenty lobbying entities each year from 1998 through 2019, and 2) Lobbyview, which includes lobbying spending from 1999 through 2019. In examining these datasets, I hope to uncover any effects of divided government on the spending by the entities contained in these datasets. The term "entity" in this chapter refers to any corporation, firm, non-profit, or association that spent enough money on lobbying activities as defined by the Center for Responsive Politics to make it into the top twenty spenders for at least one year during the time period examined or that appeared in the LobbyView dataset. These entities may have outsourced their lobbying activities to an outside firm or used in-house lobbyists.

Lobbying in Washington

In his book *Interest Groups & Congress* (1996), John Wright observes that "organization and action are often far more influential than public opinion for determining policy outcomes." Organized interests can allow vocal minorities to overpower public opinion majorities during battles over policy outcomes. Through various lobbying activities, an interest group can pressure legislators to vote in favor of the group's position (Smith 1995). Lobbying efforts range from activities such as providing information to legislators, to trying to sway their opinions, often through gifts and campaign contributions (Potters and Sloof 1996, Bell 2002, Schnakenberg 2017). Legislators have many issues come before them during every Congress, so interest groups often serve a vital function in synthesizing information for legislators (Bender and Lott 1996). While lobbyists may skew some information in their favor, legislators do have means to structure meaningful relationships with lobbyists. Even when lobbyists manipulate the information they give to legislators, they are careful to not overstep and risk losing the trust of a legislator by misleading them (Ainsworth 1993, 1997). Kingdon (1977) notes that legislators take their cues from groups known to be allied with their partisan causes.

Much of the prior literature on lobbying strategies in Congress tends to focus on the strategies employed in choosing whom to lobby and how to lobby those people. Some, such as Hojnacki and Kimball (1998), believed organized interests tend to focus on ideological allies, as those allies can then be used to lobby other legislators, though Wright (1996) was skeptical of such arguments. Larger organizations with greater resources are also sometimes able to effectively lobby undecided legislators as well (Hojnacki and Kimball 1998). Lobbying activities also tend to focus on committee members for a number of reasons. One such reason is that there are fewer legislators to target. Committee members also tend to have influence beyond the committee(s) on which they serve. Finally, committee members are able to kill bills early in the legislative process since party leaders rarely resort to unorthodox lawmaking tactics to circumvent committees (Wright 1990, 1996).

In choosing to engage in lobbying activities, organized interests have to consider the resources at their disposal. Most commonly, researchers focus on the financial resources organizations have on-hand, but other resources, such as group membership and an organization's experience and reputation, can also impact lobbying activities (Apollonio 2005). While there is ample literature on lobbying strategies and the effects of organizational resources on the decision to lobby, relatively little attention has been paid to external factors that drive lobbying. One piece found that under divided government, diverse lobbying coalitions can influence committee agenda-setting if a bill appears to have the support needed to survive the legislative process (Lorenz 2020). Even though some works note that divided government and other institutional factors can affect lobbying strategies, they often do not examine the influence of institutional factors in driving the decision to lobby or how much an organization should spend on a lobbying campaign.

Parties in Congress

The amount of power leveraged by political parties in Congress is often a point of debate among scholars. Parties have had eras in which they clearly controlled legislators, such as when party machines were common at the end of the 19th Century and beginning of the 20th Century. Evidence of historical party effects in Congress can be found in Jenkins' (1999, 2000) studies of the U.S. and Confederate legislatures during the Civil War. He used the U.S. and Confederate legislatures because they were quite similar from an institutional perspective, but the Confederate Congress had not yet existed long enough to develop a robust party system. While the ongoing war and differences in the issues in front of each legislature were obstacles to the studies, the institutional similarities offered a premium opportunity to test for party effects. In the end, Jenkins found that roll-call votes in the U.S. House were far more predictable than those in the Confederate House. This offers evidence of party effects existing as far back as the 1860s.

Further evidence of party effects can be seen in studies by Thompson (1985) and Cooper and Brady (1981). As mentioned in Chapter 1, Thompson examined lobbying during the era of Ulysses S. Grant's presidency. In her work, she regularly mentions the authority of speakers to control their caucuses through placements on important committees. Speakers also leveraged their experience to garner support from party members. Because there were few members of Congress with significant tenure, the institutional knowledge of the speaker and other members of party leadership offered a route through which the party could influence the rank-and-file. While there were certainly intra-party conflicts, often arising over regional differences or personal interests, speakers were easily able to ensure loyalty to the party when it was most important using committee assignments and institutional knowledge.

Cooper and Brady (1981) provide a more detailed examination of the powers of historical speakers to inspire loyalty amongst members of their parties. They examine the powers of the speaker of House from Joseph Cannon's speakership (1903-1911) through Sam Rayburn's speakership (1955-1961). The speakership at the time Cannon took over was classified as "Czar Rule" due to the near-absolute authority Joseph Cannon wielded at the time. As speaker, he had the power to unilaterally appoint committees, he served as the chairman of the Rules Committee, which had the power to prevent bills from ever reaching a floor vote, and he had great latitude in controlling the agenda, including absolute authority regarding motions for unanimous consent and suspension of the rules. He also served as the head of his party in Congress, in an era when members were elected almost entirely on the basis of the party's platform. These factors led to nearly complete party control over the actions of members of Congress.

Speaker Cannon's power did not come without a cost. Because of his near-absolute control of the chamber, members of his own caucus became increasingly frustrated with his leadership. When a batch of young Republican members partnered with House Democrats, they managed to force reforms that greatly reduced the powers of the speaker. The most impactful reforms they managed to force were the end of the speaker's membership on the Rules Committee, the ability of individual members to initiate the process to discharge a bill from committee, and the election of the members of all standing committees and committee chairs.

The reforms pushed by Cannon's opponents outlasted Cannon's speakership and led to an environment far less conducive to absolute party control. With party leadership far less able to dictate the actions of party members than it had been, speakers had to change from an authoritative style of leadership to one that relied more on bargaining with members of both the speaker's own party and moderate members of the other party. Committee chairs had far more power to leverage their interests when negotiating with the speaker. Also during this time, the decentralization of power to the committee chairs led to greater strides in institutionalization as committees developed larger staffs, and a more well-developed system of rules emerged to replace the absolute power the speaker once wielded. While the reforms that brought about an end to the party leadership's control of the legislative process were either retained or expanded to further weaken the position of leadership, the actual power of parties has not remained consistent and has been a point of contention for scholars in recent decades.

More contemporary studies of legislative politics have gone back-and-forth regarding the abilities of parties to control legislators. In *Congress: The Electoral Connection* (1974), David Mayhew assumes that legislators are motivated solely by a desire to get re-elected, and because of this, a legislator's loyalty to the party agenda is far less important than the concerns of the legislator's constituents. Political parties at the time also had little power to punish members for not supporting the agenda, as this was an era of relatively weak parties. Because of the low priority placed by legislators on partisan politics as well as the inability of leadership to level significant consequences against members with questionable loyalty, Mayhew believed that there was effectively no room for party effects in Congress.

Taking a similar position to Mayhew's, Krehbiel (1993) found that party effects are rare when controlling for the individual preferences of legislators. In examining the formation of standing committees as well as the placement of conferees, Krehbiel failed to find evidence of party effects in the 99th Congress. While his study did not find evidence of party effects, other scholars pointed out flaws with his study (Binder et al. 1999, Smith 2007). Binder et al. (1999) pointed out that Krehbiel's use of interest group scores to determine the individual preferences of legislators was a poor choice. Interest group score are not based on purely objective criteria, as many votes that are scored by interest groups have little to do with the interest group's focus. Groups also influence these scores by telling legislators the "correct" way to vote on certain bills to get a better score (Cochran 2003). Perhaps due to a desire to help allied legislators, or simply as evidence of increased polarization in Congress, interest group scores tend to be clustered around scores of 0 and 100 (Groseclose et al. 1999). When using an alternative (though still not ideal) measure of individual preferences, Binder et al. (1999) managed to find evidence of party effects.

Divided Government

In *Divided We Govern* (1991), David Mayhew examines the effects of divided government on the passage of major legislation in the United States. In his book, he notes that as polarization has increased, so too have instances of divided government. Between 1998 and 2018 (the years examined in this study), the United States experienced divided government during thirteen of those twenty-one years. With divided government becoming a common feature of the American political landscape, its effects on the various aspects of the legislative process cannot be ignored.

Because of its close relationship to divided government, increasing partisan polarization among both the masses and the elite cannot be ignored. Partisan polarization has been increasing within the electorate recently (Abramowitz and Saunders 2008, Abramowitz 2013); and, likewise, polarization has increased among congressional elites (Poole and Rosenthal 2007, 2011). According to Layman and Carsey (2002), polarization largely begins with the elite and "trickles down" to the masses. The combination of increasing polarization within the elites and the masses will likely lead to divided government becoming a mainstay of American politics (Mayhew 1991, Ingberman and Villani 1993).

With the presence of divided government becoming more commonplace, attention must be paid to the effects of divided government on the legislative process itself. While Mayhew (1991) did not find divided government to be a major obstacle to the passage of major legislation, other authors found that divided government greatly decreases the likelihood of significant legislation passing, at least when such legislation is not supported by the president (Edwards et al. 1997). While divided government does not halt the passage of legislation, it does encourage greater inter-branch bargaining (Cameron 2000, Cameron and McCarty 2004).

Although presidents tend to try to utilize unilateral actions as much as possible during periods of divided government (Howell 2003, 2005), they are often constrained by an opposition Congress with investigatory powers (Krause and Cohen 2000).

The effects of divided government on the emergence of innovative policy have been debated, with some research showing that it has little effect on innovative policy while other work shows it can lead to the emergence of less innovative policy (Mayhew 1991, Kelly 1993). Regardless of its effect on innovative policy, divided government does appear to have an effect on the final form of legislation and the negotiating process leading up to bills being signed into law. Divided government will often lead to more veto threats as congressional leadership will be less responsive to negotiations because of partisan differences (Conley 2002, 2004).

As with the effects of divided government, the impact of party control in Congress is still up for debate among political scientists. Krehbiel (1993) has found little evidence for significant party effects in Congress apart from preference-based differences while Lawrence et al. (2006) have found that the majority party can often shift outcomes to its side of the chamber median. While party influence over final passage votes is still debated, there is strong evidence of party control over the rules of debate and amendments as well as the agenda (Cox and McCubbins 2007). Legislative cartel theory posits that the majority party uses its power over the rules in the House to limit the influence of legislators outside of the majority party. The limited ability of the minority party to amend bills all but ensures outcomes in favor of the majority.

Legislative Amendments

As bills work their way through the legislative process, they tend to undergo numerous changes through the amending process. Amendments to bills allow legislators to add provisions that make the bill more acceptable to the amending legislator; these amendments also offer an opportunity to lobbyists looking to influence legislation after it has left committee (Ambrus et al. 2013). In the U.S. House, bills go through the Rules Committee, which determines the circumstances under which amendments can be added to bills. Bills with open rules, which allow for amendments to be debated and added from the floor, have grown rare in recent Congresses while structured rules and closed rules have become more common. Structured rules allow for members of the Rules Committee to determine which bills will receive floor consideration. This gives the majority party in the House a great degree of control over the final form of a bill while still allowing changes to be made that may secure the support of representatives who deviate from the majority median, such as centrists, who were originally not certain to vote for a bill (Lynch et al. 2016).

While the amending process in the House is controlled by the Rules Committee, no such committee exists in the U.S. Senate. Debate over bills in the Senate is limited by cloture requirements and the use of unanimous consent agreements (UCAs) rather than rules placed on bills (Ainsworth and Flathman 1995). Although no committee controls the amending process in the Senate, the majority party has a great degree of control over the amendment process. Bills in the Senate are only allowed to have a certain number of amendments proposed at a given time. Through a process known as “filling the amendment tree,” the Senate majority leader can use his or her right of first recognition to propose all of the allotted amendments to prevent other members from being allowed to amend the bill. This process has become more common in recent Congresses, lessening the amount of amending done to legislation in the Senate (Rybicki 2010). Although Mitch McConnell, the current Senate Majority Leader, had pledged to end the practice of filling the tree, the practice is still commonly used and institutional reforms to end the practice may be both difficult to institute and counterproductive to legislative efficiency (Madonna and Kosar 2015).

A piece of legislation that has proven to be unpopular either within Congress or among the general public is difficult to pass on its own. Often, these bills will be added to omnibus measures that include legislation pertaining to numerous policy areas. By making the otherwise unpopular bill an amendment to an omnibus bill, legislators can ensure that the measure is passed either without being noticed by the general public or on the merits and popularity of other measures included in the omnibus bill. Omnibus bills have traditionally been favorable to the president by allowing pieces of his or her agenda to be passed, but too many amendments to an omnibus bill can distort the legislation and weaken its popularity (Krutz 2001).

Theory

During the 2020 Georgia General Assembly's legislative session, I worked as a legislative assistant for the lobbying firm Mathews & Maxwell, Inc. During this time, I was able to observe first-hand how lobbyists work and how they decide who to target and on which issues. While this study will focus on lobbying at the federal level, my work at the Georgia Capitol offered me great insight into how lobbying works when there is unified government. When tracking new bills that were introduced, bills that were introduced by Democrats were almost always ignored (unless a client specifically requested the bill to be tracked) due to the bill's low likelihood of ever escaping its committee. Although this has not always been the case, Georgia's increasing electoral competitiveness has left Republicans unwilling to give Democratic members of the Assembly any "wins." I expect lobbying at the national level to follow a similar trend, with lobbyists not only being less likely to approach minority party members in either house, but also being less likely to push for any legislation when it seems unlikely to pass due to polarization and electoral concerns. Although lobbyists also regularly try to kill proposals, as it is easier to stop legislation than to help it succeed, divided government and increased polarization not only limit the option of pushing legislation; it would decrease the necessity of lobbyists trying to kill proposals, since they should be less likely to pass anyways.

In the more than two decades since 1998, fourteen of those years saw the United States ruled by divided government. The increasing levels of polarization at both the elite level (Poole and Rosenthal 2007, 2011) and in the electorate (Abramowitz 2008, Abramowitz and Saunders 2013) have likewise increased the likelihood of Americans living under divided government (Mayhew 1991). With divided government likely becoming the new normal for the foreseeable future, both the manner in which government is run and how the public interacts with the government need to be reevaluated to determine how power-sharing between the two major parties will affect governance. Because of the role lobbying plays both in the legislative process and in connecting legislators to constituents, whether those constituents are voters, businesses, or interest groups, I expect that lobbying spending will be greatly affected by increasing polarization and divided government.

Data

I collected my data for this chapter from two sources: OpenSecrets and LobbyView. The data from OpenSecrets is used to analyze institutional effects on the biggest players in D.C. lobbying, while the data from LobbyView offers a broader view of the lobbying environment. Beyond simply digging into whether there are aggregate-level institutional effects (that is, effects on lobbying activity broadly defined rather than at a particular phase in the legislative process), this multi-stage approach will also allow me to determine if the "heavy-hitters" in Washington are more affected by institutional factors than the broader lobbying community.

In the data I use from OpenSecrets, there were seventy entities that were in the group of top twenty spenders for at least one year between 1998 and 2019. Three entities were present in the top 20 for all 22 years: The Chamber of Commerce, the American Medical Association (AMA), and the American Hospital Association (AHA). When the other entities were not in the top 20, most were continuing their lobbying activities. For those businesses and associations that formed during the time period examined, all but one, the Asbestos Study Group (ASG), continued lobbying activities throughout the time period. While ASG stopped lobbying as its own entity, it is unlikely that most of the companies that comprised the group ceased their individual lobbying activities.

There are several possible reasons that some of the lobbying entities in this dataset may have ceased their operations. These range from the organizations having achieved their goals in lobbying to deciding to change their lobbying tactics. Many businesses are members of multiple associations, or institutions, so when the lobbying activities of one organization either decline or cease, the businesses that fund these activities will likely place more focus on other organizations or into their own internal lobbying strategies (Salisbury 1984). Businesses that stopped lobbying activities had typically ceased to exist, whether due to going out-of-business or being bought out by another company. Two businesses, American International Group and Freddie Mac, temporarily suspended their lobbying activities, later continuing their activities again. Their temporary suspensions of lobbying activity aligned with the time period the companies were failing but received funds from the government to continue, though it is unconfirmed if this was the cause.

I analyze the data from OpenSecrets from two angles. This first level of analysis is examining spending by the top 20 entities only for years in which they were a part of the top 20.

This method gives me an indication of behavior by these entities when they are most driven to lobby. The second level is examining spending by the entities that appear as top 20 firms for all years in which they spent money on lobbying activities. This expands the dataset for more meaningful analysis and expands the data from 440 entries to 1,348 entries.

The descriptive statistics show that of the seventy top 20 entities, 40% are associations rather than businesses. The average number of appearances in the top 20 by an entity is 6.29 times. When in the top 20, firms spent an average of $18.712 million over the course of the 22 years examined. Republicans controlled the presidency for half of the time period examined. They controlled the Senate 54.5 percent of the time and the House 77.3 percent of the time. Altogether, 63.6 percent of the time period had divided government, with Congress being divided for half of that time. This will offer a well-rounded sample for analysis of the effects of divided government on lobbying activity.

The second dataset that I use is derived from report level data from LobbyView for all lobbying from 1999 through 2019. I use this dataset to analyze aggregate level lobbying outside of the "elite" entities that constitute the biggest spenders. The entities in this dataset appear multiple times each year, as there is a separate entry for each report filed. To simplify analysis, I summed the total amount of reports filed by entity for each year. This leaves me with 97,270 observations. Many entities spent no money on lobbying during certain years. These entries are left in the analysis, as the decision to not lobby is just as important as an entity's determination of how much to lobby. The most money spent by an entity in a year was $123,306,000, and the average amount of money spent is $705,811. Without accounting for entities that did not spend money, the mean increases to $875,325, and minimum spent increases to $20.

Three types of lobbying entities dominate lobbying at the federal level: corporations, trade associations, and issue advocacy groups. Trade associations are groups that lobby on behalf of business interests but are not directly representing a single corporation. Issue advocacy groups are groups that advocate on behalf of specific group of people or in favor of certain policy changes not tied to business efforts. Membership-based issue advocacy groups in the OpenSecrets dataset I use consist of the AARP, the 60 Plus Association, and the Seniors Coalition, all of which advocate on behalf of retirees. The Open Society Policy Center is the only issue advocacy group that is not membership based, with its focus being on promoting government transparency. Due to the different structures between corporate entities, trade associations, and issue advocacy groups, I expect the differences in how they are funded and organized to affect their lobbying activities. I also control for the age of an entity, as I expect older, more ingrained corporations and associations will lobby differently from newer entities.

I also collected data on several potential political and institutional influences on lobbying expenditures. As in the last chapter, I control for whether there was a change in the party of the president or in the majority of either house of Congress. The next of these controls is the number of Senate seats the majority party needs to achieve supermajority status. Because of the potential for filibusters and the lack of a Rules Committee to structure debate, larger majorities in the Senate may lead to more lobbying spending as entities see a greater likelihood of bills being passed. The next institutional variable is government spending as a proportion of GDP for each year. This variable is constructed in the same manner as the one used in the state-level analysis from Chapter 2. Data regarding federal government spending came from the Office of Management and Budget, with federal GDP data coming from the St. Louis Federal Reserve. As the government spends more money relative to the health of the economy, more lobbying spending can be expected as entities vie for appropriations. I examine the impact of divided government on lobbying spending, which is the focus of this chapter. Any year in which the presidency, House of Representatives, and Senate are not controlled by the same party for a majority of the year is coded as being under divided government. Friction between opposing parties in Congress can slow down the legislative process, which may lead to lower levels of lobbying activity as it becomes less likely for bills to pass.

Descriptive Statistics

Figure 3.1 displays the amount spent (in thousands of dollars) on lobbying by top twenty entities for the years in which they were in the top twenty. In other words, if an entity was in the top twenty only in 2000 and no other years, it only has a value for 2000. This provides a snapshot into how entities spent during the biggest lobbying years for them. The dotted line displays the amount of government spending in millions of dollars for each year. Shaded areas of the graph denote periods of divided government. Both government and lobbying spending follow a similar trend, with government spending increasing at a steadier rate than lobbying spending.

Figure 3.2 is a similar graph, but it displays lobbying spending across all years an entity was active if that entity made it into the top twenty in at least one year. Spending in the years in which an entity was not part of the top twenty was included for two reasons. The first is that this expanded the size of the dataset from 440 points to over 1,300. The second reason is that some entities may spend more in certain years due to specific issues arising that are relevant to the corporation or association, such as the AARP becoming more active during the passage of Medicare Part D. By including all of these entities' lobbying expenditures across all of the years, years with special issues driving spending are less impactful. Overall, lobbying spending follows a remarkably similar pattern in both graphs, with years in which the government was divided appearing to not increase lobbying spending as much as years with unified government.

Figures 3.3 and 3.4 focus on the consistency of entities in the top twenty and on the year-to-year turnover amongst those entities. Figure 3.3 is a word cloud in which entities that appeared in the top twenty more often appear larger. The three most consistent entities are the AMA, AHA, and Chamber of Commerce, all of which appeared in every year[4]. The graph in Figure 3.4 focuses on the turnover in top twenty entities. Towards the beginning of the time period examined, there was more volatility in the top twenty. Entities grew more consistent until 2006, the year tied with the first year examined (1999) for the most turnover in the top twenty. This increase in volatility aligns with the beginning of The Great Recession. More recent years have continued the trend of increasing stability within the top twenty. The percentage of firms remaining in the top 20 from year-to-year can be seen in Table 3.1.

Hypotheses

My hypotheses in this chapter are effectively the same as my hypotheses in Chapter 2. I expect the pro-business reputation of the Republican Party to lead lobbyists to spend more when Republicans are in power. While I did not find support for this in Chapter 2, I believe this hypothesis may hold at the federal level. While politics have become more nationalized, parties do still vary somewhat state-to-state. Because the focus of this chapter is the federal government, the reputations and platforms of the national parties should be more relevant to this analysis. I also believe that divided government should suppress lobbyist spending, particularly with the increased polarization present in Congress. Finally, just as with the states, I believe that as

[4] Table 3.2 includes a chart showing the exact number of times each entity appeared in the top twenty

government spending increases relative to GDP, lobbyist spending should increase as well. These factors lead to my three hypotheses for this chapter:

H_1: Republican control of the House, Senate, or Presidency will lead to greater lobbyist spending.

H_2: Due to the lessened ability of Congress to pass bills, divided government will suppress lobbying spending.

H_3: Increases in government spending relative to GDP will lead to more spending by lobbyists.

<u>Methodology</u>

In order to analyze institutional effects on lobbying spending at the federal level, I utilize OLS regression. Alongside examining the effects of party control, divided government, and government spending, I control for a number of other factors. The first of these factors is the impact of control of the presidency and each house of Congress changing from Republican-to-Democrat or Democrat-to-Republican. I believe that changes in control of government will affect lobbyist spending, as the status quo changes. I believe that changes from Democratic control to Republican control will increase lobbyist spending, with the opposite being true for Republican-to-Democrat shifts. I also control for the number of senators needed for the Senate majority party to obtain supermajority status. I believe that when Senate majorities are closer to supermajority status, lobbyists will spend more, as legislation will be more likely to pass.

In the data I use from LobbyView, I control for whether lobbying is handled in-house. The LobhyView dataset contains a variable for whether the entity spending on lobbying is a self-filer or if they are a lobbying firm representing other entities. As firms often represent multiple clients, I expect entities listed as self-filers (in-house lobbyists) to spend less than lobbying firms.

Finally, because the range of lobbyist spending in the LobbyView data is so large, I split my analysis into five models. Each of these models focuses on a separate quintile of lobbyist spending, as I expect smaller entities to be affected by institutional influences in a different manner from their larger counterparts. With the OpenSecrets data, there are several other control variables that I use. I examine the effects of an entity's status as a corporation, business association, or issue advocacy organization, as well as the year an entity was founded. As with the LobbyView models, I also control for changes in party control of the presidency and each house of Congress, the size of the majority party's share of seats in the Senate, and the amount of government spending as a proportion of GDP by year.

Aside from the expected effects of party control, divided government, and government spending, my expectations for the effects (if any) of the other variables follow. I expect an entity's status as a trade association or issue advocacy group to have a positive impact on lobbying spending, as these groups are often created to focus solely on activities like lobbying. The effect of the distance of the Senate majority from supermajority status should be negative, as being further from a supermajority would make it harder for the majority to pass laws. An entity's founding may have a negative effect, as older entities may be more entrenched and therefore need to spend less on lobbying. Finally, changes in party control should have similar effects as those predicted in my model using LobbyView data.

Results and Analysis

Table 3.3 displays the results of the model examining the report level data from LobbyView. The results show evidence of effects from divided government on lobbyist spending; however, these results run contrary to my hypothesis. Entities are shown to actually spend more money under divided government than unified government. This result may be due to the need of lobbyists to spend more money to move legislation forward as well as to maintain relations with both parties across both houses of Congress and the executive branch, rather than simply focusing on the members of a single party. Party effects are positive and significant for the presidency and Senate, meaning that businesses spend more on lobbying when Republicans have a majority in the Senate or occupy the Oval Office.

The effects of changes in party control are significant and negative when the presidency changes hands from a Republican to a Democrat. In my data, this only occurred when President Obama took office after President Bush, so it may not be generalizable to all "R to D" shifts. For control change in the House, lobbyists are shown to spend less when Republicans take over from Democrats, but more when Democrats take over from Republicans. The result for the decrease when Republicans take over is likely due to the only "D to R" change in House control being in 2011, when Republicans banned earmarks from congressional legislation. Because a large part of lobbying in Washington focuses on directing earmarks to clients, this ban likely stems from lobbyists no longer working to channel earmarks. Government spending as a proportion of GDP is positive and significant as expected. Overall, the results show that divided government and party control do play a role in affecting lobbyist spending.

A Closer Look at Lobbyist Spending

While the regression results for the full dataset showed strong evidence for effects from divided government, I decided to dig further and see if the institutional factors I examined have similar effects across lobbying efforts of varying sizes. I divided the data into five quintiles based on the amount of money entities spent on lobbying. Each quintile had roughly 20,000 observations. I then rescaled the amount of money spent by lobbyists to range from zero to

1,000, so that the results would be comparable across quintiles. I used the same variables to examine the quintiles as I used on the full dataset. The results are displayed in Table 3.4.

Divided government and party effects are shown to have positive and significant effects across all tiers of lobbying activity, with the exception of Republican control of the U.S. House for lobbying spenders in the lowest and highest quintiles. The result for the lowest quintile is negative and significant, meaning that those who spend the least on lobbying spend more when Democrats control the House than when Republicans do, and the result for the highest quintile is insignificant. The strongest effects are found in the third quintile, which represents lobbying entities closest to the median. For the most part, any change in party control of a house of Congress results in less spending by lobbyists. Years in which the House and Senate change from Republican to Democratic control are the main exceptions, with several of the results being either insignificant or positive. Changes in party control of the presidency affect lobbyist spending differently depending on whether the new president is a Republican or a Democrat. Across the four lower quintiles, lobbyists spend more when Republicans take control of the presidency, with the effect for the top lobbying spenders being insignificant. Lobbyists spend less across all quintiles when Democrats take control of the presidency.

Government spending is shown to have a positive and significant effect across quintiles. Majority party distance from supermajority status is negative and significant for the second, third, fourth, and fifth quintiles, meaning that lobbyists in these quintiles spend more when the Senate has a larger majority party. Entities in the lowest quintile spend more when the Senate majority is smaller. Finally, an entity having an in-house lobbyist is significant across all quintiles, but negative for the first and fifth and positive for the other quintiles. This means that entities who use in-house lobbyists and spend the least on lobbying as well as those spending the most on lobbying spend less money than entities in these quintiles who hire lobbying firms. Those closest to the median in terms of lobbyist spending spend more when they have in-house lobbyists.

The results in Table 3.4 indicate that for the most part, lobbyist spending by businesses at all levels are affected the same way by institutional influences. I decided to go one step further in examining how lobbying efforts by focusing in on the top twenty lobbying entities as listed by OpenSecrets. The results of this analysis are displayed in Table 3.5. In this analysis, I added two dummy variables to control for whether a group was an issue advocacy group or a business association/trade group, with businesses making up the rest of the observations. I also added a variable for the age of the entity, as older entities may behave differently from newer organizations.

Table 3.5 contains the results of two regressions. The first only examines spending by the top twenty entities each year they appear in the top twenty. The second regression looks at spending for all years by entities that entered the top twenty at least once during the period examined. These results are quite different from looking at the broader spectrum of lobbying spending. Neither divided government nor any of the party effect variables are significant in either model. Control of the House switching from Democrats to Republicans is negative and significant in both models. Government spending as a proportion of GDP and whether an entity is a trade association (American Medical Association, Asbestos Study Group, etc.) are the only other variables that are significant across both models. While the effects are lessened in the model examining all entities across the entire period, both effects are positive.

In the model looking at only the top twenty for each year, whether a group is an issue advocacy group (AARP, Open Society Policy Center, etc.) and the age of the entity lobbying are both positive and significant. These results indicate that issue advocacy groups and trade associations can be expected to spend more money than individual business when they are most engaged in lobbying efforts and that older entities will spend more money on lobbying, likely because they have deeper pockets and more connections to maintain than newer groups. The key finding from these models is that unlike the bulk of business interests, the top lobbying spenders each year are unaffected by institutional influences such as party control and divided government. This lack of effect likely derives from the groups being able to maintain their efforts regardless of the institutional situation while most businesses engaged in lobbying have to carefully consider when to lobby Congress.

Conclusion

Unlike my analysis of state-level lobbying in the previous chapter, my results in this chapter show clear evidence of institutional influences on lobbyist spending. Divided government, party control, and government spending are all shown to influence how much money lobbyists spend. Many of the effects found in this chapter hold across all five quintiles of lobbyist spending, though with less clear results for the top twenty lobbying entities in Washington. The consistency of the directionality of these effects is noteworthy, as is the intensity of the effects. The median spenders on lobbying tend to be the most affected by institutional influences, with the upper echelon of lobbying spenders being less responsive to changes in government institutions.

Table 3.1: Stability in the Top 20 Lobbying Entities

Year	Percent of Top 20 Holdovers from the Previous Year
1999	65%
2000	70%
2001	75%
2002	70%
2003	80%
2004	75%
2005	85%
2006	65%
2007	75%
2008	75%
2009	70%
2010	80%
2011	85%
2012	75%
2013	85%
2014	80%
2015	85%
2016	80%
2017	85%
2018	90%
2019	90%

Table 3.2: List of top twenty entities and their number of appearances in the top twenty

Client	Top 20 Appearances
American Hospital Assn	22
American Medical Assn	22
US Chamber of Commerce	22
AT&T Inc	20
Blue Cross/Blue Shield	20
National Assn of Realtors	20
Pharmaceutical Research & Manufacturers of America	20
Boeing Co	18
General Electric	18
Lockheed Martin	16
Northrop Grumman	16
Bell Atlantic/Verizon Communications	15
Business Roundtable	14
NCTA The Internet & Television Assn	13
Altria Group/Philip Morris	11
Southern Co	11
National Assn of Broadcasters	10
Comcast Corp	9
Edison Electric Institute	9
AARP	8
Alphabet Inc/Google Inc	8
Exxon Mobil	8
Pharmacia Corp/Pfizer Inc	7
FedEx Corp	6
United Technologies	6
Freddie Mac	5
SBC Communications	5
Alliance of Automobile Manufacturers	4
Amazon.com	4
General Motors	4

Table 3.2 continued

American Council of Life Insurers	3
Asbestos Study Group	3
CVS Health	3
Conoco Phillips	3
Dow Chemical/DowDuPont	3
Fannie Mae	3
National Assn of Manufacturers	3
Open Society Policy Center	3
PG&E Corp	3
Sprint Corp	3
US Telecom Assn	3
Bayer AG	2
Facebook Inc	2
Ford Motor Co	2
Health Insurance Assn of America/America's Health Insurance Plans	2
Koch Industries	2
Microsoft Corp	2
Royal Dutch Shell	2
Seniors Coalition	2
60 Plus Assn	1
Abbott Laboratories	1
American Bankers Assn	1
American Beverage Assn	1
American Insurance Assn	1
American International Group	1
Ameritech Corp	1
Amgen Inc	1
Association of American Railroads	1
BP	1
Brown & Williamson Tobacco	1
Chevron Corp	1
Citigroup Inc	1
Grocery Manufacturers Assn	1
National Cmte to Preserve Social Security	1
National Retail Federation	1
Schering-Plough Corp	1
Susquehanna Pfaltzgraff	1
Time Warner	1
United Services Automobile Assn Group	1

Table 3.3: OLS Regression on All Lobbying Spending in Millions of Dollars

Variables	Report-Level Lobbyist Spending
Divided Government	0.201***
	(0.035)
Republican President	0.195***
	(0.036)
Republican House	0.037
	(0.031)
Republican Senate	0.134***
	(0.027)
Presidency Control Change – D to R	0.051
	(0.414)
Presidency Control Change – R to D	-0.257***
	(0.056)
House Control Change – D to R	-0.2***
	(0.038)
House Control Change – R to D	0.148**
	(0.062)
Senate Control Change – D to R	-0.021
	(0.026)
Senate Control Change – R to D	-0.07
	(0.056)
Government Spending as Proportion of GDP	12.448***
	(0.947)
Distance from Supermajority in Senate	-0.015**
	(0.007)
Constant	-1.983
	(0.228)
Observations	97,270
Adjusted R^2	0.003

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3.4: OLS Regression on All Business Lobbying Spending in Millions of Dollars

Variables	1st Quintile	2nd Quintile	3rd Quintile	4th Quintile	5th Quintile
Divided Government	64.33***	156.1***	231.8***	205.5***	6.394***
	(6.296)	(6.6)	(6.02)	(6.203)	(1.228)
Republican President	11.05**	132.6***	210.2***	166.0***	6.532***
	(4.706)	(7.189)	(6.316)	(6.503)	(1.271)
Republican House	-38.18***	16.13***	54.31***	41.98***	1.317
	(5.516)	(5.654)	(5.103)	(5.326)	(1.099)
Republican Senate	51.33***	134.3***	172.1***	149.9***	4.059***
	(5.223)	(5.367)	(5.167)	(5.32)	(0.939)
Party Change – President	38.48***	52.53***	98.63***	76.35***	1.433
Democrat to Republican	(9.052)	(8.893)	(8.576)	(8.004)	(1.425)
Party Change – President	-110.3***	-187.8***	-252.9***	-209.8***	-8.563***
Republican to Democrat	(8.774)	(8.454)	(7.67)	(8.137)	(2.028)
Party Change – House	-71.95***	-134.0***	-174.6***	-172.5***	-6.589***
Democrat to Republican	(8.519)	(7.472)	(7.216)	(7.306)	(1.311)
Party Change – House	-47.67***	33.69***	124.1***	126.6***	4.881**
Republican to Democrat	(10.738)	(12.809)	(11.631)	(11.48)	(2.138)
Party Change – Senate	-10.91**	-37.40***	-45.67***	-36.97***	-0.522
Democrat to Republican	(4.693)	(5.495)	(4.988)	(5.121)	(0.914)
Party Change – Senate	-22.80**	-32.29***	-70.99***	-76.75***	-2.189
Republican to Democrat	(10.52)	(11.847)	(11.182)	(10.824)	(1.946)
Government Spending as	4,468***	8,774***	12,140***	11,085***	408.0***
Proportion of GDP	(172.112)	(190.067)	(180.585)	(185.328)	(33.035)
Distance from	5.588***	-4.817***	-14.33***	-8.906***	-0.552**
Supermajority in Senate	(0.966)	(1.366)	(1.249)	(1.262)	(0.227)
In-House Lobbyist	-26.47***	29.78***	28.27***	22.19***	-2.771***
	(2.586)	(2.95)	(2.628)	(2.712)	(0.516)
Constant	-888.281	-1,522.438	-2,318.06	-2,103.662	-65.787
	(41.49)	(44.925)	(42.747)	(43.854)	(7.976)
Observations	21,439	18,423	18,944	19,071	19,393
Adjusted R^2	0.088	0.165	0.306	0.26	0.015

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3.5: OLS Regressions on Lobbying Spending (in Millions of Dollars) in the Top 20

Variables	Top 20 by Year	Ever Top 20
Divided Government	1.893	1.263
	(3.534)	(1.528)
Republican President	1.478	1.309
	(3.504)	(1.522)
Republican House	0.61	1.177
	(4.015)	(1.668)
Republican Senate	2.433	1.121
	(3.408)	(1.438)
Party Change – President	-2.148	-0.555
Democrat to Republican	(3.795)	(1.722)
Party Change – President	-7.14	-3.917
Republican to Democrat	(7.811)	(3.053)
Party Change – House	-11.904**	-5.276**
Democrat to Republican	(4.98)	(2.173)
Party Change – House	-2.165	0.122
Republican to Democrat	(5.606)	(2.463)
Party Change – Senate	-2.753	-0.69
Democrat to Republican	(2.628)	(1.134)
Party Change – Senate	3.135	0.831
Republican to Democrat	(5.001)	(2.209)
Government Spending as Proportion of GDP	409.315***	215.667***
	(108.346)	(45.745)
Distance from Supermajority	0.17	-0.035
	(0.649)	(0.283)
Issue Advocacy	8.694***	-1.551
	(2.721)	(1.142)
Trade Association	8.646***	3.972***
	(1.794)	(0.806)
Age of the Entity	0.038***	0.005
	(.01)	(0.004)
Constant	-72.695	-36.851
	(26.715)	(11.23)
Observations	440	1,348
Adjusted R^2	0.179	0.076

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

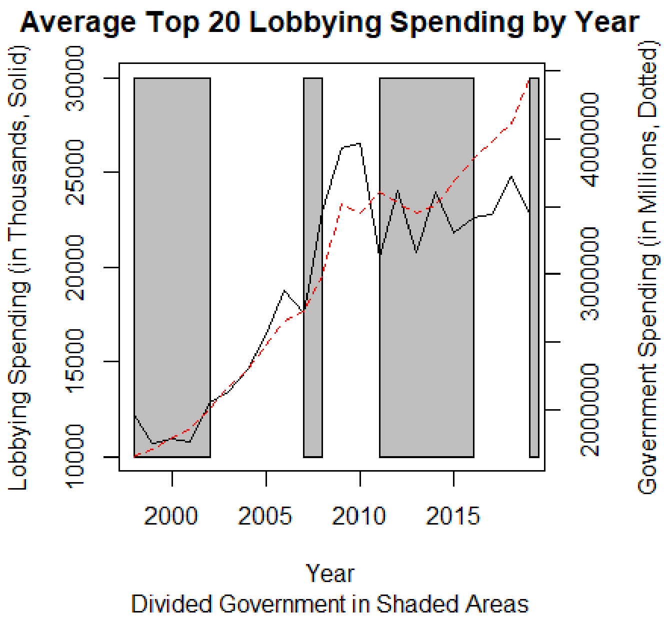

Figure 3.1: Lobbying Spending by Top 20 Entities During the Years They Were in the Top 20

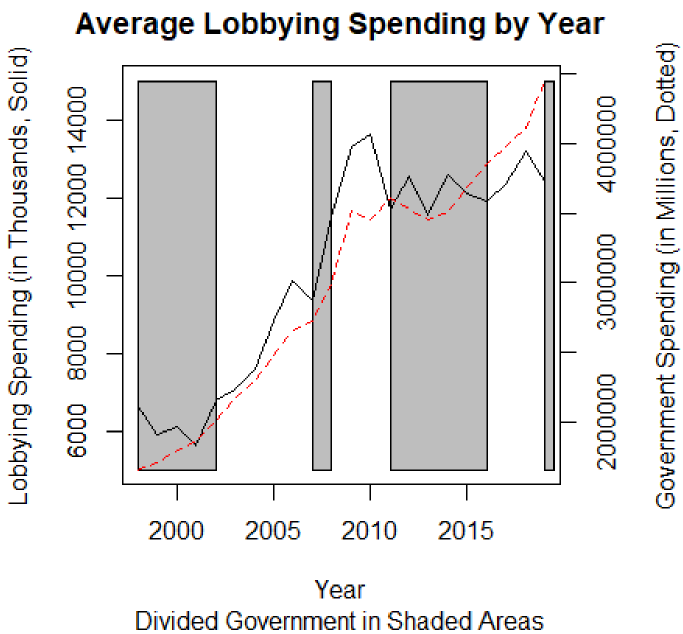

Figure 3.2: Lobbying Spending by Top 20 Entities Across All Active Years

Figure 3.3: Word Cloud showing entities with the most top twenty appearances

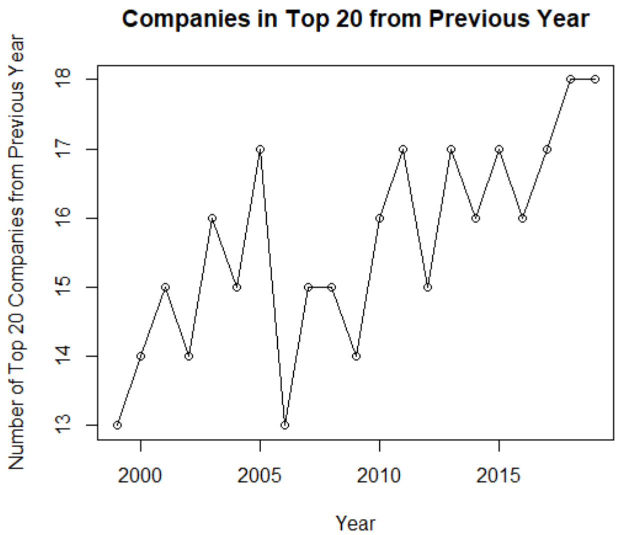

Figure 3.4: Graph of number of entities that remained in the top twenty from the previous year

CHAPTER 4

HAS MAJORITY STATUS HELD ITS VALUE?

Introduction

In the two previous chapters, I focused on institutional influences on lobbyist spending. This chapter takes a different approach to analyzing institutional influences on lobbying by examining the effects of institutional changes on Political Action Committee (PAC) spending. Cox and Magar's 1999 work "How Much Is Majority Status in the U.S. Congress Worth?" tests the effects of gaining and losing majority status in each house of Congress on PAC contributions. In this chapter, I extend their work to more recent Congresses. To examine the value of majority status, Cox and Magar took the difference in total PAC contributions to each member of Congress from the Congress before and after a change in majority control to see how gaining majority status impacted those contributions. Their study only focused on one shift in majority control, between the 103rd and 104th Congresses. Since then, control of the U.S. House has changed hands three times: in 2007, 2011, and 2019. These changes in control of the House are the focus of my extension.

Background

Change in control of the U.S. House is a relatively rare occurrence, having only happened 18 times since 1858[5], out of 82 elections. While there are certain factors that are always at play

[5] 1858 is used as the starting point as it is the first change in control between Democrats and Republicans, allowing for more direct comparisons to later Congresses.

in these elections, such as a sitting president's popularity or the state of the economy, there are often unique influences relating to changes in majority control of the House. The change between the two congresses examined by Cox and Magar was notable in several ways. The Speaker of the House in the 103rd Congress, Democrat Tom Foley, was defeated in his re-election bid for his congressional seat. He was the first sitting speaker to lose re-election to his congressional seat since Galusha Grow lost his seat in 1862. Newt Gingrich, the Republican who succeeded Tom Foley as Speaker of the House, nationalized congressional campaigns that year using his "Contract with America" platform. Gingrich's Contract with America unified the Republican Party's messaging in congressional elections and offered specific legislative initiatives that congressional Republicans would pursue if they took the majority. Notably, the Contract with America largely avoided taking positions on social issues such as abortion and school prayer, focusing instead on governmental reforms and economic policy.

The Republican takeover of the U.S. House after the 1994 election marked the first time in 40 years that the Democratic Party was not in control of the House. The 54 seats that changed hands in the 1994 election was the largest shift in seats between the majority and minority parties since the 1948 elections, in which Democrats gained 75 seats. Republicans maintained control of the U.S. House until 2007, when the Democratic Party gained 32 seats. The Democratic takeover after the 2006 elections occurred in response to the unpopularity of President Bush's economic and foreign policy initiatives. The collapsed housing bubble and public opposition to the Iraq War helped Democrats make gains during the election. Despite the lack of an initiative like Gingrich's Contract with America, a similar nationalization of congressional elections helped push Democrats into power in 2007.

The 2010 elections saw another concerted effort by Republicans to tie their electoral fates to national issues. After Barack Obama won the presidency in 2008, Republicans immediately began mobilizing to oppose his agenda. By the time the 2010 elections rolled around, the Tea Party had formed as a grassroots movement focused on halting President Obama's agenda and electing conservatives to Congress. While the various factions of the Tea Party movement regularly stated they were non-partisan, virtually all their efforts focused on electing Republicans to Congress. As a movement, the various Tea Party factions regularly ran candidates in Republican primaries to either replace incumbents with more conservative members or push the incumbents further to the right. While the movement's importance in these elections is likely overstated (Republicans also benefited from not controlling the presidency during the midterms and an economy still recovering from the housing bubble burst), the Tea Party helped Republicans take 64 seats in the U.S. House. While both the 1994 elections and the 2010 elections saw Republicans take control of the House via nationalized campaigns, the 1994 election saw a top-down movement while the 2010 election changes stemmed more from the grassroots level.

The most recent change in control of the U.S. House was in 2018, when Democrats focused a nationalized campaign on opposing President Donald Trump. President Trump's approval rating never rose above 50 percent. At the time of the 2018 midterm elections, his approval rating was around 40 percent. Economic conditions were stable at the time, but growth was somewhat slow. Unlike the previous three changes in control of the House, in which campaigns focused heavily on economic issues, the 2018 elections were heavily focused on social issues. Trump's prior statements regarding women and minority groups, as well as his immigration policies, were focal points of Democratic candidates nationwide. This election also saw a significant shift in suburban voters, particularly female suburban voters, from supporting Republicans to supporting Democrats.

The basis of Cox and Magar's original work stemmed from prior studies showing that members of the majority party in Congress had procedural advantages that helped them when seeking re-election (Aldrich and Rohde 1998, Cox and McCubbins 2007). The largest advantage available to majority party members is control over the congressional agenda. The majority party uses its control over the committees and the rules and procedures of the legislative process to ensure that proposals from the minority party will fail. Because of this, PACs see an advantage in donating to majority party members, as this can grant them access to help get favorable legislation onto the agenda or remove unfavorable legislation. Money donated by PACs to the majority party in Congress offers both assistance in keeping allies in office and influence over Congress' agenda, while donations to the minority only offer electoral help to allies.

Previous studies had examined PAC contributions to members of Congress but failed to account for various confounding variables affecting PAC contributions. Cox and Magar noted an analysis from *U.S. News & World Report* (Roberts 1995) that showed Democrats had a two-to-one advantage over Republicans before losing majority status that turned into a two-to-one advantage for Republicans. The problem with this analysis is that it used aggregate data that did not account for the Republican Party picking up a large number of seats. The influx of new Republicans may have influenced the perceived advantage as there were simply more Republicans to receive money.

Cox and Magar also break down PAC contributions by whether the PACs contributing were business PACs or labor PACs. As Grier and Munger (1993) noted, Republicans can expect to receive more money from corporate PACs than their Democratic counterparts, just as

Democrats can expect to receive more money from labor PACs. The difference in the basic patterns of contributions to Democrats and Republicans served as another barrier to determining the difference in PAC contributions offered by majority status. To get around this, Cox and Magar used the difference in PAC contributions for each party from each type of PAC before and after gaining majority status. Shifting the focus from changes in aggregate contributions to the difference in contributions given to each member individually allowed the authors to side-step this issue. Focusing on differences in contributions on a member-by-member basis allowed them to avoid bias in contributions generated by constituent preferences (Romer and Snyder 1994).

Since Cox and Magar's original article, other articles have been written discussing the importance of committee membership to PAC contributions. Florence (1999) found that committee membership was not as important as holding a committee leadership position. Powell and Grimmer (2016) found that committee exile, defined as members of the new minority losing seats on committees, leads to decreased contributions to those members as they are no longer as useful to the contributing PACs.

Data

When Cox and Magar ran their study, they only used data from one change in party control, between the 103rd and 104th Congress. In this extension of their work, I look at data from the 109th through 112th Congresses and the 115th and 116th Congresses, which include three changes in party control of Congress. The change in control between the 109th and 110th Congresses and the 115th and 116th Congresses were changes from Republican control to Democratic Control, with the 111th to 112th Congress change going from Democratic to Republican. This expanded dataset provides not only more Congresses to examine, but also an opportunity to determine if there are differences in Republican-to-Democrat changes compared to Democrat-to-Republican changes in control.

The PAC data I use come from OpenSecrets' database on Political Action Committee (PAC) contributions to members of Congress. OpenSecrets tracks the amount of money donated to legislators from business, labor, and ideological PACs during each electoral cycle. When Cox and Magar ran their analysis in 1999, they only examined business and labor PAC spending. Cox and Magar did not address their decision to not discuss ideological PAC contributions, but this decision may have been due to data constraints or the great variation in goals of ideological PACs. Ideological PACs cover a large number of issues and a variety of positions on those issues, so it can be difficult to draw conclusions regarding the behavior of ideological PACs as a whole. I do believe that it is still worthwhile to run these models on ideological PAC contributions, as they constitute a large portion of PAC spending. While ideological PACs are more diverse than business and labor PACs, I expect there will still be institutional effects evident in changes in spending by these PACs.

Data for the control variables come from several different sources. OpenSecrets tracks the committee membership of members of Congress, so I used their lists for the Appropriations, Rules, and Ways and Means Committees to determine if legislators were added to or removed from prestigious committees. To determine changes in electoral safety and freshman status, I used reports issued by the FEC after each election examined. Data for changes in voting records came from the VoteView NOMINATE database (Lewis et al. 2021). Finally, a member's status as part of leadership came from the U.S. House of Representatives' Congress Profiles website.

Due to the structure of the analysis used by Cox and Magar, there were several reasons that could lead to certain legislators being dropped from both their original analysis and the analyses in this chapter. The first is that members who were not reelected between the first and second Congress of each majority change were dropped, as there was no data available for them in the next Congress. Second, members not seeking reelection in the second Congress of each pair were dropped, as their PAC contributions were severely lessened. Members entering Congress during special elections were also dropped. In Cox and Magar's work, one third-party incumbent was also dropped, but no third-party incumbents in the data I use remained as they were removed for the other reasons listed. Finally, there was a small number of members for whom PAC contribution data was not available from OpenSecrets. Altogether, there were 326 comparable House races in the 109th and 110th Congresses, 285 in the 111th and 112th Congresses, and 291 in the 115th and 116th Congresses.

It is important to note that there is one control variable used by Cox and Magar that I do not use in this work. Cox and Magar controlled for members changing from one major party to the other. During the Congresses that I examine, none of the members remaining in my data switched from the Republican to Democratic Party or vice-versa. Also, the variable for majority status change in Cox and Magar's original work was coded as -1 for members losing majority status, +1 for members gaining majority status, and 0 for members retaining majority status due to party switching. While my data does not have need for a third category due to the absence of party switching, I use the same coding methodology as Cox and Magar for a more direct comparison of the majority change variable.

<u>Descriptive Statistics</u>

Descriptive statistics for the changes in the variables between the 109th and 110th Congresses can be seen in Table 4.1. On average, business PAC contributions increased by $106,602.80 between the two Congresses. Contributions from labor and ideological PACs decreased by $3,022.19 and $7,815.33, respectively. Members of Congress became slightly less secure electorally and had a more liberal voting record in the 110th Congress when compared to the 109th Congress.

The 149 Republican members of Congress who were not cut from the data lost majority status, with 177 Democrats moving into the majority. Thirty-four members in my data were freshmen in the 109th Congress. Seven members of Congress lost seats on prestigious committees while 26 gained those seats. Two members of Congress joined leadership, while none of the members remaining in my data lost leadership status.

Between the 111th and 112th Congresses (Table 4.2), average business PAC contributions once again increased, this time by $95,071.03. Labor PAC contributions once again decreased, this time by an average of $3,808.46. Unlike the change between the previous Congresses, ideological PAC contributions increased by an average of $9,987.31. Once again, the members remaining in my data became slightly less secure electorally and slightly more liberal based on their NOMINATE scores as majority status shifted, though the change in this dyad is much smaller than in the other two.

There were 155 Democratic members, losing majority status, who made it into my analysis of the 111th and 112th Congresses, as did 130 Republicans who gained majority status. 28 members were freshmen in the 111th Congress. Sixteen members lost positions on prestigious committees, while 12 members gained positions. One member of Congress lost a leadership position while two others attained leadership status.

From the 115th Congress to the 116th Congress, contributions by all three types of PACS increased. Business PAC contributions increased, as they had at the two prior majority changes, but by a much smaller amount this time ($55,326.62). For the first time, labor PAC contributions increased by $1,191.47. Ideological PAC contributions increased by $5,768.51. Once again, members were less safe electorally in the second Congress of the pair than the first. As with the past two pairs of Congresses, members also displayed a tendency to become more liberal in their voting in the second Congress analyzed.

Democrats once again gained majority status, with 161 members making it into my dataset. 130 Republicans, losing majority status, were also retained. 41 members were freshmen in the 115th Congress. No members in my data lost prestige committee status, while 26 members gained seats on the three committees listed as prestigious. Finally, no members lost leadership positions while one member did gain a leadership spot.

OLS Results

Following the analysis run by Cox and Magar, I utilize OLS regressions to test the effects of a change in majority status and the various control variables on changes in PAC contributions. Table 4.4 displays the results of the regressions run on changes in PAC contributions when Democrats took control of the U.S. House between the 109th and 110th Congresses. The results show a positive and significant effect for a change in majority status, meaning that members gaining majority status in Congress can expect a significant increase in business PAC contributions. The only other variable with an effect on business PAC contributions was whether a member joined the leadership team. A member joining leadership could also expect an increase in business PAC donations.

When examining labor and ideological PAC contributions between the 109th and 110th Congresses, majority status did not show significant effects. A change in freshman status was positive and significant for both labor and ideological PAC contributions, indicating that members can expect an increase in contributions from these groups once they have finished their first term. While a change in freshman status is the only significant influence on labor PAC contributions, ideological PACs also seemed to care about electoral safety, the voting records of members in the 109th and 110th Congresses, and whether a member joined leadership. As members became safer electorally between the 109th and 110th Congresses, ideological PACs donated less money, likely due to a lessened need to contribute to members who were less likely to lose. Members also received less money from ideological PACs when their voting records became more conservative, indicating that ideological PACs may have leaned more to the left during this period. New members of leadership could expect an increase in ideological PAC donations.

A change in majority status also had a positive and significant effect on business PAC contributions between the 111th and 112th Congresses. Joining congressional leadership is also once again positive and significant. Unlike in the 109th and 110th Congress, a change in majority status does lead to a positive and significant effect on labor PAC contributions. Once again, achieving a second term also drives an increase in labor PAC contributions. Unlike in the 109th and 110th Congresses, changes in members' voting records have a significant and positive effect, indicating that labor PACs gave more to members who voted more conservatively in the 112th Congress when compared to the 111th Congress. Joining leadership also led to an increase in labor PAC donations. A change in freshman status is the only significant variable affecting ideological PAC spending, as members winning reelection to a second term were likely to receive more from ideological PACS.

Finally, in the 115th and 116th Congresses, majority status once again has a positive and significant effect on business PAC contributions. Electorally safer legislators, legislators who got appointed to a prestige committee, and legislators joining leadership also received increases in contributions from business PACs. Legislators being elected to a second term received less money than during their freshman term. The electoral safety of legislators and joining leadership also increased contributions from labor PACs, while receiving a seat on a prestige committee led to less money being received from labor PACs. Legislators winning their second terms received more money from ideological PACS once again. The only other variable that impacted ideological PAC contributions was whether a member joined leadership. Members being appointed to leadership between the 115th and 116th Congresses could expect an increase in donations from ideological PACs.[6]

In Cox and Magar's original work, majority status was shown to be worth almost $36,000 to business PACs. In the three pairs of congresses that I examined, majority status was worth an average of $26,793.37 more than it was in the transition from the 103rd Congress to the 104th Congress. This indicates that business PACs value majority status much more than they did in the past. I believe that this is at least partially due to the increasing costs of congressional elections (OpenSecrets). The increase in the value of majority status may also be due to business PACs placing greater emphasis on majority status. Increases in polarization have made it more difficult to build coalitions between the majority and moderate members of the minority. This may lead business PACs to place greater importance on access to majority members.

[6] Tables 4.7 (business PACs), 4.8 (labor PACs), and 4.9 (ideological PACs) display the sign and significance of the coefficients for each variable across each pair of Congresses for easier comparison.

Conclusion

Across all three pairs of Congress examined in this chapter, business PACs have shown themselves to be the most responsive to changes in majority status. These PACs consistently increased donations to members of Congress moving into the majority, regardless of whether it was a Republican-to-Democrat majority change or Democrat-to-Republican. Businesses want to maintain access and influence with whoever holds the majority in Congress, so it is unsurprising that this result holds across all three models. While joining leadership was significant for business PACs in all three pairs of Congress examined, the pool of members entering or leaving leadership is very small, with only two members changing their status in the 109^{th}-110^{th} Congress, three in the 111^{th}-112^{th} Congress, and one in the 115^{th}-116^{th} Congress.

Labor PACs were much less consistent regarding which variables influenced contributions. Only the 111^{th}-112^{th} Congress pair saw a significant value for majority status. This indicates that labor PAC contributions are not usually affected by majority party changes. Surviving a first reelection campaign was significant in the 109^{th}-110^{th} and 111^{th}-112^{th} Congress pairs, indicating that labor PACs are at least somewhat interested in ensuring members they support have staying power. A change in voting patterns was also significant in the 111^{th}-112^{th} Congress pair, but the sign indicated that labor PACs donated more to candidates who voted more conservatively in the 112^{th} Congress than the 111^{th} Congress. This runs contrary to the general perception of organized labor as being left-leaning but is possibly due to center-left members changing their voting habits to cater to an energized conservative voting base after the 2010 elections. Finally, electoral security had a positive and significant effect between the 115^{th} and 116^{th} Congresses. This may indicate that labor PACs have shifted their strategy more towards ensuring their congressional allies will likely be in Congress to stay.

While ideological PACs were not included in Cox and Magar's original work in 1999, they do show a consistent pattern in their contributions. Across all three pairs of Congresses examined, ideological PACs gave greater contributions to members who entered their sophomore terms. Further investigation would be needed to determine why this is, but I believe that they may donate more to newer members of Congress for one of two reasons: either newer members are more ideological, having yet to be assimilated into the institutional structure in Congress or they see a greater opportunity to sway new members who have yet to have fully align themselves with the rank-and-file.

When comparing changes in PAC contributions to the original findings by Cox and Magar, the only variable that shows consistent and similar effects is that of majority status on business PAC contributions. A member joining party leadership also shows a positive and significant effect in two of the three pairs I examined. I did not find evidence of effects for electoral safety on business PAC contributions as they did, and the limited evidence I found of prestige committee membership increasing business PAC contributions between the 109^{th} and 110^{th} Congresses is not reflected in their work.

Labor PAC contributions also show great variance both across the Congresses I examined and between the Congresses in this chapter and the two examined by Cox and Magar. Change of party status was dropped from my analysis, as few members changed parties in the Congresses I examined, and none of them ended up in my final dataset for analysis. Beyond this, Cox and Magar found a significant and negative effect for electoral safety. The only Congress pair in which I found a significant effect for electoral safety (115^{th}-116^{th}) showed electoral safety has having an opposite effect from the one found between the 103^{rd} and 104^{th} Congresses. The effect of a change in freshman status shows as positive and significant in both Cox and Magar's work and two of the three Congresses I examine, but it fell out of significance in the most recent Congress examined. Finally, Cox and Magar found a positive and significant effect for changed in voting records, which matches my finding from the 111th and 112th Congress.

Overall, a change in majority status seems to have the most consistent effect on changes in business PAC spending, as it was found in all three of the Congress pairs I examined as well as in Cox and Magar's original work. Outside of that finding, the only other variable that has a consistent effect is the change in freshman status on ideological PAC contributions. While contributions by ideological PACs were not examined in Cox and Magar's original work, change in freshman status was significant and positive across all Congresses that I examined. Labor PACs seem particularly inconsistent when considering which factors will affect their decisions to increase or decrease contributions to members of Congress.

Table 4.1: Descriptive Statistics for the 109th (R) and 110th (D) Congresses. Numbers in parentheses are from original Cox and Magar analysis. Compare to Table A-1 in Cox and Magar.

Continuous Variables				
Variable Name	Mean	Standard Deviation	Minimum	Maximum
Change in Business PAC Contributions	$106,602.80 ($32,884.00)	191,691.9 (85,827)	-$487,802.00 (-$179,917.00)	$1,263,817.00 ($571,683.00)
Change in Labor PAC Contributions	-$3,022.19 ($8,289.00)	32,393.78 (34,416)	-$110,700.00 (-$121,273.00)	$131,250.00 ($180,825.00)
Change in Ideological PAC Contributions	-$7,815.33	79,709.7	-$482,903.00	$349,430.00
Change in Lagged Electoral Safety	-0.01 (0.052)	0.17 (0.193)	-0.54 (-0.47)	0.63 (0.637)
Change in Voting Record	-0.34 (8.1)	2.82 (6.8)	-12.5 (-17.57)	9.2 (29.88)

Categorical Variables			
	Frequency of Values		
Variable Name	-1	0	+1
Change in Majority Status	149 (152)	0 (4)	177 (137)
Change in Freshman Status	34 (89)	292 (204)	0 (0)
Change in Prestige Committee Membership	7 (9)	293 (269)	26 (15)
Joined Leadership	0 (0)	324 (292)	2 (1)

Table 4.2: Descriptive Statistics for the 111th (D) and 112th (R) Congresses. Numbers in parentheses are from original Cox and Magar analysis. Compare to Table A-1 in Cox and Magar.

Continuous Variables				
Variable Name	Mean	Standard Deviation	Minimum	Maximum
Change in Business PAC Contributions	$95,071.03 ($32,884.00)	229,291.4 (85,827)	-$656,135.00 (-$179,917.00)	$1,362,378.00 ($571,683.00)
Change in Labor PAC Contributions	-$3,808.46 ($8,289.00)	38,352.82 (34,416)	-$146,600.00 (-$121,273.00)	$169,000.00 ($180,825.00)
Change in Ideological PAC Contributions	$9,987.31	$75,193.79	-$233,893.00	$390,075.00
Change in Lagged Electoral Safety	-0.03 (0.052)	0.18 (0.193)	-0.59 (-0.47)	0.63 (0.637)
Change in Voting Record	-0.03 (8.1)	3.89 (6.8)	-25.7 (-17.57)	8.7 (29.88)

Categorical Variables			
	Frequency of Values		
Variable Name	-1	0	+1
Change in Majority Status	155 (152)	0 (4)	130 (137)
Change in Freshman Status	28 (89)	257 (204)	0 (0)
Change in Prestige Committee Membership	16 (9)	257 (269)	12 (15)
Joined Leadership	1 (0)	282 (292)	2 (1)

Table 4.3: Descriptive Statistics for the 115th (R) and 116th (D) Congresses. Numbers in parentheses are from original Cox and Magar analysis. Compare to Table A-1 in Cox and Magar.

Continuous Variables				
Variable Name	Mean	Standard Deviation	Minimum	Maximum
Change in Business PAC Contributions	$55,326.62 ($32,884.00)	397,616.2 (85,827)	-$1,065,657.00 (-$179,917.00)	$5,735,309.00 ($571,683.00)
Change in Labor PAC Contributions	$1,191.47 ($8,289.00)	26,903.91 (34,416)	-$163,800.00 (-$121,273)	$121,500.00 ($180,825.00)
Change in Ideological PAC Contributions	$5,768.51	92,895.04	-$385,869.00	$459,114.00
Change in Lagged Electoral Safety	-0.016 (0.052)	0.146 (0.193)	-0.634 (-0.47)	0.481 (0.637)
Change in Voting Record	-0.458 (8.1)	4.566 (6.8)	-16 (-17.57)	14.5 (29.88)

Categorical Variables			
	Frequency of Values		
Variable Name	-1	0	+1
Change in Majority Status	130 (152)	0 (4)	161 (137)
Change in Freshman Status	41 (89)	250 (204)	0 (0)
Change in Prestige Committee Membership	0 (9)	265 (269)	26 (15)
Joined Leadership	0 (0)	290 (292)	1 (1)

Table 4.4: Regression Results for Change in Business, Labor, and Ideological PAC Spending between the 109th (R) and 110th (D) Congresses. Compare to Table 1 in Cox and Magar.

Variables	Business	Labor	Ideological
Change in Majority Status	63,136.61***	-2,893.58	3,901.6
	(10,767.88)	(2,095.88)	(4,963.61)
Change in Lagged Electoral Safety	-37,305.79	-13,329.23	-87,134.77**
	(62,087.72)	(11,428.37)	(34,206.55)
Change in Freshman Status	21,898.97	18,393.23***	80,815.26***
	(26,649.38)	(6,638.16)	(20,459.86)
Change in Prestige Committee Status	56,230.13	1,829.67	7,731.13
	(41,010.53)	(4,755.51)	(7,377.29)
Change in Voting Record	1,857.214	445.96	-3,505.15**
	(3,486.73)	(645.81)	(1,575.52)
Joined Leadership	809,795.3***	22,906.84	26,417.24*
	(259,949.7)	(19,888.38)	(14,203.96)
Constant	95,452.05	-1,094.177	-2,493.62
	(10,845.03)	(1,815.17)	(3,983.91)
Observations	326	326	326
Adjusted R^2	0.211	0.054	0.165

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 4.5: Regression Results for Change in Business, Labor, and Ideological PAC Spending between the 111th (D) and 112th (R) Congresses. Compare to Table 1 in Cox and Magar.

Variables	Business	Labor	Ideological
Change in Majority Status	67,166.95***	5,987.39**	1,383.87
	(18,115.3)	(2,708.14)	(6,079.78)
Change in Lagged Electoral Safety	62,886.48	6,435.32	24,318.97
	(113,396.7)	(15,707.53)	(28,808.35)
Change in Freshman Status	29,624.57	15,174.78**	46,634.21**
	(43,713.74)	(6,468.52)	(19,245.14)
Change in Prestige Committee Status	-4,115.73	716.33	-16,079.6
	(43,127.09)	(7,302.62)	(11,537.54)
Change in Voting Record	1,695.15	1,627.71**	1,233.88
	(3,351.44)	(701.97)	(1,372.57)
Joined Leadership	622,685***	17,910.22*	-2,458.82
	(183,008.7)	(10,451.9)	(17,756.24)
Constant	103,322.4	-1,628.44	15,144.8
	(14,627.01)	(2,170.16)	(4,519.79)
Observations	285	285	285
Adjusted R^2	0.198	0.063	0.04

Robust standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Table 4.6: Regression Results for Change in Business, Labor, and Ideological PAC Spending between the 115th (R) and 116th (D) Congresses. Compare to Table 1 in Cox and Magar.

Variables	Business	Labor	Ideological
Change in Majority Status	58,034.55**	-2,006.07	-9,237.6
	(18,471.13)	(1,792.01)	(5,909.8)
Change in Lagged Electoral Safety	223,353.1*	26,332.63**	-26,483.29
	(124,255.8)	(12,019.34)	(30,521.11)
Change in Freshman Status	-99,896.25**	-4,734.82	68,562.11***
	(44,920.94)	(5,165.87)	(16,483.93)
Change in Prestige Committee Status	107,079*	-8,239.61*	-18,487.44
	(64,833)	(4,867.06)	(17,049.91)
Change in Voting Record	4,150.32	135.58	-1,031.09
	(6,537.55)	(306.7)	(1,353.4)
Joined Leadership	327,565.1***	17,312.81***	42,618.33***
	(78,859.23)	(3,955.57)	(10,342.37)
Constant	29,828.09	1,895.44	17,024.61
	(31,637.72)	(1,737.59)	(5,785.93)
Observations	291	291	291
Adjusted R^2	0.069	0.031	0.1

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 4.7: Sign and Significance Comparison for Business PACs

Variable	103rd – 104th	109th – 110th	111th – 112th	115th – 116th
Change in Majority Status Sign Significance	+ ***	+ ***	+ ***	+ **
Change in Lagged Electoral Safety Sign Significance	- *	Insignificant	Insignificant	+ *
Change in Freshman Status Sign Significance	+ ***	Insignificant	Insignificant	- **
Change in Prestige Committee Status Sign Significance	Insignificant	Insignificant	Insignificant	+ *
Change in Voting Record Sign Significance	Insignificant	Insignificant	Insignificant	Insignificant
Joined Leadership Sign Significance	+ ***	+ ***	+ ***	+ ***

Table 4.8: Sign and Significance Comparison for Labor PACs

Variable	103rd – 104th	109th – 110th	111th – 112th	115th – 116th
Change in Majority Status Sign Significance	Insignificant	Insignificant	+ **	Insignificant
Change in Lagged Electoral Safety Sign Significance	- **	Insignificant	Insignificant	+ **
Change in Freshman Status Sign Significance	+ **	+ ***	+ **	Insignificant
Change in Prestige Committee Status Sign Significance	Insignificant	Insignificant	Insignificant	- *
Change in Voting Record Sign Significance	+ **	Insignificant	+ **	Insignificant
Joined Leadership Sign Significance	+ ***	Insignificant	+ *	+ ***

Table 4.9: Sign and Significance Comparison for Ideological PACs

Variable	$109^{th} – 110^{th}$	$111^{th} – 112^{th}$	$115^{th} – 116^{th}$
Change in Majority Status Sign Significance	Insignificant	Insignificant	Insignificant
Change in Lagged Electoral Safety Sign Significance	- **	Insignificant	Insignificant
Change in Freshman Status Sign Significance	+ ***	+ **	+ ***
Change in Prestige Committee Status Sign Significance	Insignificant	Insignificant	Insignificant
Change in Voting Record Sign Significance	- **	Insignificant	Insignificant
Joined Leadership Sign Significance	+ *	Insignificant	+ ***

CHAPTER 5

CONCLUSIONS

In this work, I examined how changes in government institutions affect lobbyist spending. Based on my quantitative analysis of lobbyist spending at the state and federal levels, as well as PAC contributions at the federal level, I conclude that institutional effects such as party control, divided government, and changes in the majority party of the U.S. House have significant effects on how lobbyists and PACs choose to spend their money. While effects vary between federal lobbyist spending and aggregate state-level spending, it is clear that lobbyists take institutional factors into consideration when determining how much to spend in a given year.

Chapter 2

Chapter 2 focused on aggregate lobbyist spending at the state level. I examined twenty states over varying periods of time, with the longest period being 2002 through 2019. While the results found in Chapter 2 did not support two of my three hypotheses, they did show evidence of institutional considerations on behalf of lobbyists. Divided government, party control, and changes in party control did not show any noteworthy effects, other than the negative effect for changes in control of state houses. Government spending as a proportion of GDP was shown to be positive and significant, as expected. Lobbyists spend more money when governments spend more relative to the overall state of the economy. This is likely due to lobbyists trying to garner government funds for their clients.

My analysis also showed two other factors which affected lobbyist spending at the state level. The first is the proportion of state funds that were received from the federal government. My results indicated that lobbyists spend less in states that receive greater funding from the federal government. This may seem counterintuitive, as the state having more money to dole out should lead to more lobbying for those funds. The reason for this counterintuitive finding is likely due to federal earmarks and entitlements being narrowly tailored for specific purposes and limiting who can receive those funds. When a state's expenditures are made up heavily of these funds, less of the money is available for lobbyists to steer to their clients.

The other factor affecting state lobbyist spending is whether the state has a full-time legislature. Lobbyists spend more in states whose legislatures operate through most of the year than they do in states that only have short legislative sessions. Lobbyists must remain more active in full-time states in order to monitor legislation year-round while also maintaining relationships with legislators and clients. In part-time legislatures, lobbyists only have to track and influence bills for part of the year while maintaining client relations the rest of the time.

The findings I presented in Chapter 2 offer some evidence of institutional influences on lobbyist spending at the state level. Unfortunately, there was no evidence found of party control and divided government affecting lobbyist spending. I believe that future studies of state-level lobbyist spending should use disaggregated data to examine lobbyist spending in states with similar populations, economies, or institutional structures, rather than examining all of the states at once. Perhaps the greatest addition to a study such as this would be data from the rest of the states, as data was only available for twenty states at the time of this writing. Unfortunately, varying laws regarding lobbying disclosure between states may remain a significant barrier to more fleshed-out studies of state level lobbyist spending.

Chapter 3

In Chapter 3, I examined the effects of party control, divided government, and government spending on lobbyist expenditures at the federal level. While the theories presented in Chapter 3 were similar to those in Chapter 2, the results for lobbyist spending at the federal level were very different from the state level results. When examining all lobbyist spending at the federal level, I found that divided government, party control, and government spending as a proportion of GDP were all significant influences on lobbyist spending. I also found some evidence that changes in control of the branches of government can affect lobbyist spending and that these effects vary depending on whether the shift is from Republican to Democratic control or vice-versa. One other factor that had a significant effect on federal lobbyist spending was the number of Senators needed by the majority party in the Senate to achieve supermajority status.

I hypothesized that divided government would suppress lobbyist spending for a couple of reasons. The first reason was that lobbyists would have little need to work to defeat bills contrary to their clients' interests, as bills would be less likely to pass due to the nature of divided government. I also expected that lobbyists would spend less because they would not be able to pursue their clients' interest as effectively under divided government as they could under unified government. Because it becomes more difficult to pass legislation when government is not unified, I believed lobbyists would try to bide their time until it would be more practical to pursue legislative change. My analysis, however, showed that divided government increased lobbyist spending. While this finding ran contrary to my hypothesis, it was not particularly surprising. A lobbyist's clients' expectations may not be tempered by the political landscape in

Washington. With their clients still wanting to see results, lobbyists would need to work harder under divided government to see that the clients' interests are served, thus increasing the amount spent by lobbyists.

I also hypothesized that Republican control of the houses of Congress and the Presidency would lead to increased lobbyist spending at the federal level. While I did not find evidence that control of the House affected lobbyist spending, I did find that Republican control of the Presidency and Senate led to more spending by lobbyists. Republicans have long been perceived as the party of big business, so it is not surprising that lobbyists spend more when Republicans are in control of government. Lobbyists largely target their allies and want to make a good investment. Although Republicans are already predisposed towards helping business interests, lobbyists will spend money to maintain relations with them and assist them in minimizing defections in the face of opposing lobbying campaigns. Lawmakers also often need allied lobbyists to help them fully understand an issue area, as lobbyists are privy to specific information that legislators cannot obtain without the help of a lobbyist. Lobbyists also engage in counter-lobbying activities when their clients' interests are at risk, which they may perceive as being the case when Democrats are in power. It would appear, however, that spending on these activities is not as great as spending when Republicans are in power.

Government spending as a proportion of GDP was also a significant influence on lobbyist spending. Just as at the state level, lobbyists spend more when the government spends more relative to the health of the economy. Beyond this, one other variable is worth mentioning. The number of legislators needed by the Senate majority party to achieve supermajority status is a significant influence on lobbyist spending. Lobbyists spend less money when the majority party has fewer members than when they are closer to supermajority status. Because a filibuster in the

Senate can kill a bill even when it has the support of the majority, lobbyists likely see their efforts in supporting a bill to be a poor investment when it is more difficult to achieve cloture. This would also mean that they would not need to spend as much to defeat bills when there is a larger minority in the Senate.

I went further when analyzing lobbyist spending at the federal level by breaking down the data by quintiles of lobbyist spending, assuming smaller entities would not behave in a manner similar to the largest lobbying spenders. The results showed even stronger support for effects based on party control and divided government. Furthermore, the results showed that while there are many similarities in how institutional influences affect lobbyist spending regardless of the quintile, there are a few key differences. The biggest spenders on lobbying seemed to be less reactive to institutional effects, primarily regarding party control and changes in power.

Those entities spending the least on lobbying often behave in a manner opposite their large counterparts. Specifically, entities in the lowest quintile of lobbyist spending would spend less on lobbying when Republicans control the House, when control of the House shifts from Republicans to Democrats, and when they use in-house lobbyists as opposed to using lobbying firms. I believe that the first two differences may be due to smaller entities hiring less experienced lobbyists who will spend more trying to influence legislative opponents rather than maintaining relationships with allies. Entities in this quintile using in-house lobbyists likely do so because lobbying firms are too expensive for them to hire long-term, so they have less to spend on lobbying in the first place.

Finally, I examined how lobbyist spending by the top twenty entities in terms of lobbyist spending are affected by institutional factors. The top twenty entities showed the least receptiveness to institutional affects. I ran two models focusing on the top twenty entities. One focused only on entities in the top twenty during the years they were in the top twenty and the other focused on any entity that was ever in the top twenty across the entire period. The only consistent effects that I found were for House control changing from Democrats to Republicans, government spending as a proportion of GDP, and whether an organization was a trade association, as opposed to an individual business or an issue advocacy group[7].

These models showed that lobbyists spent less money whenever Republicans would take control of the House. This may be at least partially due to the earmark ban instituted by Republicans after taking control of the House in 2011, as businesses could no longer lobby as effectively to have federal earmarks funneled their way. This finding could also be due to lobbyists at this level feeling less need to try to influence Republicans, who were perceived as being predisposed to support their interests. While smaller entities need to spend to maintain relationships regardless of who is in power, these larger entities may be more institutionalized, leading to them not needing to lobby their allies as much.

Government spending as a proportion of GDP was once again positive and significant. While this is unsurprising based on the rest of my models, it is worth noting how ubiquitous this effect is. Regardless of the size of an entity, and regardless of whether one is examining state or federal lobbying, lobbyists will always spend more when the government puts more money on the table. Finally, trade associations were shown to spend more money on lobbying than individual businesses and issue advocacy groups. While many advocacy groups have the advantage of being tax-free as non-profits, they largely rely on donations from members or allies. Trade associations, on the other hand, receive membership dues from many businesses, as well

[7] No labor unions appeared in the top twenty lobbying entities.

as large donations when important legislation comes before Congress. This gives them a larger war chest they can use to pay lobbyists.

Overall, Chapter 3 showed clear evidence of institutional effects on lobbying at the federal level. Future studies may benefit from delving further into the differences between trade organizations, labor unions, issue advocacy organizations, and individual businesses. More in-depth studies of the smallest and largest spenders on lobbyist spending may also help increase our understanding of these entities' considerations when deciding how much to spend on lobbying efforts. Finally, tying in the actual strategies used by lobbyists may offer greater insights into why and how some organizations spend more than others.

Chapter 4

Chapter 4 shifted focus from the money spent by lobbyists to the money spent by PACs and served as a replication and extension of Cox and Magar's 1999 article, "How Much is Majority Status in the U.S. Congress Worth?" In their original work, Cox and Magar explored how PACs responded when legislators gained or lost majority status in their respective houses of Congress. They believed that PACs would give more money to legislators who were in the majority and that there would be a significant and noticeable decrease in contributions to legislators whose party lost the majority. Cox and Magar were only able to examine one pair of Congresses at the time due to data limitations. This chapter extended their work to three more pairs of Congresses.

The Congresses I examined were the 109th-110th Congresses, the 111th-112th Congresses, and the 115-116th Congresses. These were all the Congresses that saw a change in majority party since Cox and Magar's original work. While Cox and Magar also looked at the Senate, they acknowledged the difficulty of using the chamber due to its staggered elections and longer terms which lead to fewer data points for the chamber. Because of these issues with the Senate and the difficulty of accounting for shifts in power occurring in the middle of some senators' terms (thus distorting the potential effects on PAC contributions, I decided to focus solely on PAC contributions to House members. Their analysis also focused only on business and labor PACs, so I expanded the study to examine ideological PACs as well.

The key finding from Cox and Magar held across the Congresses I examined: business PACs contribute more money to majority party members. This finding indicates that business PACs are primarily concerned with receiving a greater return on their investments. Because the majority party has nearly complete control over the agenda, business PACs recognize that their best course to protect their interests is to donate to the majority, regardless of which party holds that position. The only other variable that maintained significance across all models was whether a member joined leadership. Effects from the other variables in the business PAC spending models were either inconsistent or nonexistent.

None of the variables examined remained significant for labor PACs across all the Congresses examined. This may indicate that labor PACs donate to their allies regardless of what title they may gain or lose in Congress. Once again, legislators gaining or losing a seat on one of the prestige committees is insignificant across all Congresses, though it would appear that labor PACs do pay more attention to changes in voting records than business PACs. Finally, only one variable was significant for ideological PACs across all Congresses: change in a member's status as a freshman. Legislators entering their second terms can expect an increase in donations from ideological PACs, as those legislators prove their staying power in Congress. While ideological PACs appear to put little-to-no emphasis on the other variables examined, this may be due to the wide definition of ideological PACs. Ideological PACs, as a whole, have a wide variety of issues important to them, as well as varied positions on those issues. Future studies of ideological PAC contributions may need to separate them based on issue area, partisanship, or both.

Concluding Remarks

The analyses performed in these chapters have shown strong evidence of institutional effects at the federal level, with some evidence of effects found in the states. Party power, divided government, and government spending were all shown to have significant influence on lobbying activity. Future studies should work to expand upon the institutional effects examined. Studying the effects of congressional rules and procedure, such as the filibuster, the nuclear option, and the increasing ubiquity of closed rules in the House, on lobbyist spending could add valuable insights. Studies of the presidency and the courts may also uncover effects on lobbyist spending, as lobbyists seek other routes to represent their clients' interests in the face of divided government and increased polarization. There are still numerous forms of institutional influence to be studied in how they relate to lobbyist spending, but there is a clear link between how government institutions behave and how lobbyists respond.

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