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Despite Unusual Election Season Outside Special Interests Still Dominated

Despite an unusual presidential race, the 2016 election proved to continue the trend since the Supreme Court's 2010 *Citizens United* decision of dramatically increased campaign spending. Particularly, spending from outside organizations like super PACs and "dark money" nonprofit organizations like 501(c)(4) social welfare organizations and trade associations hit an all-time high. *Citizens United* and subsequent decisions ended the long-standing \$5,000 limit on donations to PACs that make independent expenditures, thus earning them the new name of "super PACs." These court decisions also allow electioneering nonprofit organizations to receive unlimited donations, and since nonprofits need not disclose their donors, they provide new avenues for corporations to funnel secret money into our elections and skirt the responsibility to their investors and the public for how they choose to spend in politics.

Even though president-elect Trump disdained normal fundraising strategies and received unprecedented free media coverage, it would be incorrect to say that corporate influence and outside spending did not have a big presence in the 2016 cycle. Each of the major presidential candidates established their own super PACs so that once donors maxed out to the candidate campaigns, they could continue making unlimited donations in support of the campaigns to their super PACs. Spending by these outside groups reached record levels and heavily contributed to the most expensive election in American history. What is even more worrisome is the fact that almost half of this unprecedented spending by super PACs came from just 50 families – the very wealthiest of America's elite class.¹

Key points about outside spending in 2016

This was the most expensive election in history. Early estimates identify that a whopping \$6.9 billion was spent in the 2016 federal election cycle,² making it the most expensive in history. Despite Donald Trump's erratic fundraising strategy, big donors didn't shy away from this election.

Outside spending hit a new record. Super PACs and 501(c) organizations not formally affiliated with any candidates hit new records of spending with a total of \$1.4 billion in the 2016 cycle-- up from \$1 billion in 2012 and \$338 million in 2008.³ "Dark money" groups, which are a subset of outside spenders comprised of political nonprofits that do not disclose their donors, spent just over \$178 million in 2016.⁴ While "dark money" is a problem that should alarm every citizen, just as problematic is the level of coordination between candidates and super PACs. This coordination allows candidates to sidestep the \$2,700 per election contribution limit. As soon as a wealthy donor maxes out to the campaign, he or she

¹ https://www.washingtonpost.com/politics/the-new-gilded-age-close-to-half-of-all-super-pac-money-comes-from-50-donors/2016/04/15/63dc363c-01b4-11e6-9d36-33d198ea26c5_story.html

² <https://www.opensecrets.org/overview/cost.php>

³ <https://www.opensecrets.org/news/2016/11/1-4-billion-and-counting-in-spending-by-super-pacs-dark-money-groups/>

⁴ https://www.opensecrets.org/outsidespending/nonprof_summ.php

can simply turn to the candidate's super PAC where no limits apply. Nearly half of all super PACs spend all their resources in support of one single candidate – the candidate responsible for setting up the super PAC.⁵

Conservative groups continued to dominate outside spending. Conservative groups comprised 55% of the total outside spending in the 2016 election cycle compared to liberal groups' 39%.⁶

Outside spending groups spent heavily down ballot-- with a lot of success. Outside spenders focused \$595 million on Senate and House races.⁷ Three-fourths of this spending was targeted at races where Republicans were trying to hang onto their majority. The Pennsylvania Senate race was the most expensive race coming in at a total cost of more than \$164 million, over \$118 million of which came from outside spending.⁸ Outside groups outspent the candidates in many of these races, and in the end Republicans succeeded in maintaining their majority in both chambers.

Corporate influence flooded ballot initiative fights. Corporations spent over \$335 million to protect their interests in ballot initiative campaigns in the states. Corporate interests won 62% of the fights where they focused their resources and outspent their opposition by an average of 33-to-1.⁹

Corporations funneled untraceable funds through the Chamber of Commerce. In the 2016 election, the Chamber of Commerce spent the second-largest amount among groups not required to disclose their donors, second only to the NRA Institute for Legislative Action.¹⁰ Despite the Chamber's claims to represent all businesses, in actuality the source of the majority its political spending comes from Big Business and very deep-pocketed corporate interests.¹¹ This suggests that the over \$29 million the Chamber spent on elections in 2016 was not focused on looking out for the average American business.¹²

The 2016 election continued the trend of secret corporate influence taking advantage of loose regulations and unlimited spending capabilities to protect Big Business interests. It is more important than ever that Congress and the incoming administration not hamper the SEC from requiring publicly-traded companies to disclose their political spending. The inappropriate budget rider forbidding the SEC from finalizing this rulemaking should be removed in order to hold companies accountable to their shareholders and to the American people. Additionally, before leaving, the Obama administration should issue an executive order requiring all government contractors to disclose their political spending.

⁵ <http://www.citizen.org/superconnected>

⁶ <https://www.opensecrets.org/outsidespending/summ.php?cycle=2016&disp=O&type=A&chrt=V>

⁷ <https://www.opensecrets.org/news/2016/11/1-4-billion-and-counting-in-spending-by-super-pacs-dark-money-groups/>

⁸ <https://www.opensecrets.org/overview/topraces.php?cycle=2016&display=allcandsout>

⁹ <http://www.citizen.org/documents/2016-post-election-ballot-initiative-corporate-money-report.pdf>

¹⁰ <https://www.opensecrets.org/dark-money/top-election-spenders>

¹¹ <http://www.citizen.org/pressroom/pressroomredirect.cfm?ID=9021>

¹² https://www.opensecrets.org/outsidespending/nonprof_elec.php