

# OUTSIDE SPENDING, OUTSIZED INFLUENCE

## BIG AND SECRET MONEY IN MICHIGAN IN THE 2012 ELECTIONS

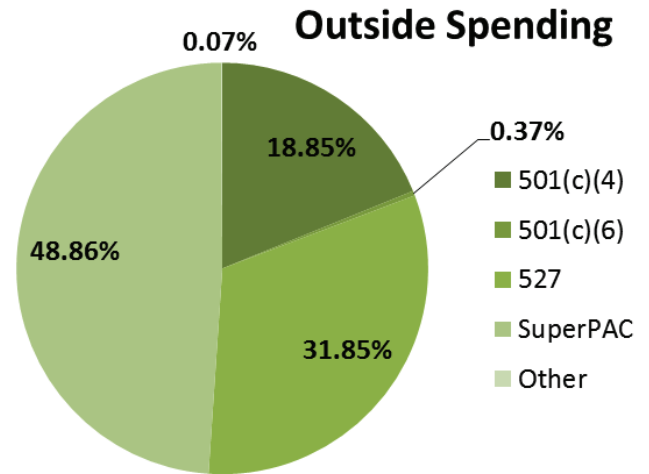
The 2012 elections were by far the most expensive in history thanks primarily to the tidal wave of outside, special interest money triggered by the Supreme Court's *Citizens United* decision. The federal Senate and House races in Michigan, where outside groups spent nearly \$8.9 million, were no exception.

### SUPER PACs

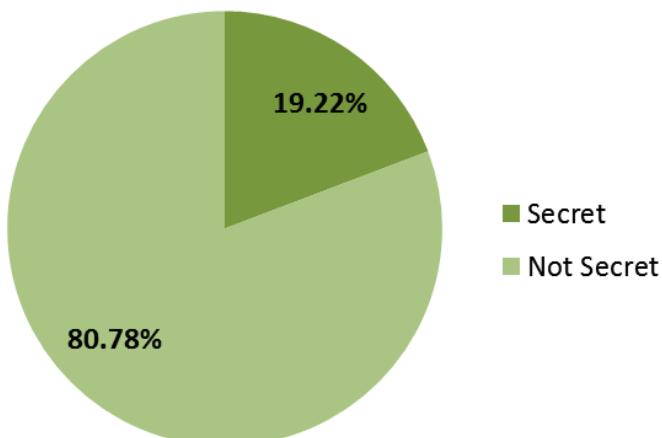
Super PACs, the newly created groups that can raise and spend unlimited funds in elections, spent over \$4.3 million on Michigan federal elections. Nationwide, Super PACs raised 86% of funds from an elite set of ultra-wealthy donors and businesses giving \$100,000 or more.

Super PACs also received \$101,749,662 from business corporations last year. Allowing special interests to fund attack ads on candidates distorts our democracy in an attempt to ensure that our elected officials put industry and out-of-state interests above the common good.

[Outside Spending: 501(c)(4) \$1,676,655.40, 18.85%; 501(c)(6) \$32,539.94, 0.37%; 527 \$2,832,088.21, 31.85%; SuperPAC \$4,345,419.70, 48.86%; Other \$6,112.42, 0.07%; Total \$8,892,815.67]



### Secret Spending



### SECRET SPENDERS

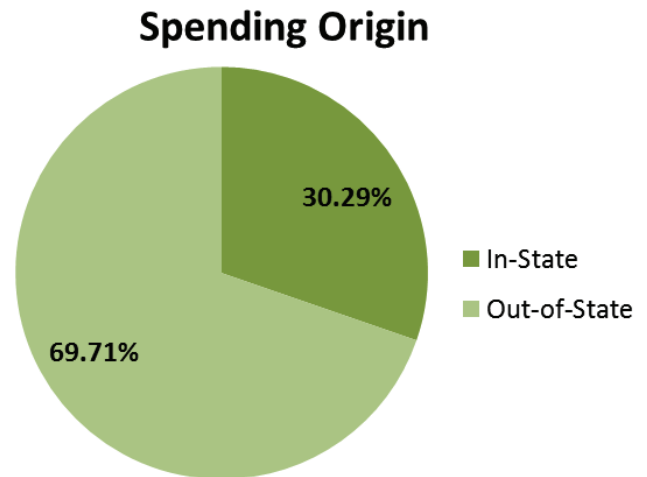
Dark money groups accounted for 19.22% of all outside spending in Michigan House and Senate races. These groups do not disclose the source of their funds, hiding critical information from voters about who is behind the advertising and what interests are backing which candidates.

[Secret Spending: Secret \$1,709,195.34, 19.22%; Not Secret \$7,183,620.33, 80.78%]

## OUT-OF-STATE SPENDERS

Groups federally registered outside of Michigan accounted for 69.71% of all outside spending in Michigan House and Senate races. Out-of-state spenders are likely to put their own priorities ahead of the needs and interests of people from Michigan, thus skewing the relationships that Representatives and Senators have with their constituencies.

[Spending Origin: In-State \$2,693,933.61, 30.29%; Out-of-State \$6,198,882.06, 69.71%]



## TOP 5 OUTSIDE SPENDERS IN MICHIGAN HOUSE AND SENATE RACES

1) HARDWORKING AMERICANS COMMITTEE:

**\$1,092,898.20 – Super PAC**

2) LEAGUE OF CONSERVATION VOTERS INC:

**\$883,515.59 – Dark Money Group**

3) MICHIGAN LEAGUE OF CONSERVATION VOTERS:

**\$863,696.13 – 527**

4) LIBERTY FOR ALL SUPER PAC:

**\$693,800.31 – Super PAC**

5) PROSPERITY FOR MICHIGAN:

**\$645,412.12 – Super PAC**

## TOP 5 OUTSIDE SPENDERS NATIONWIDE IN HOUSE AND SENATE RACES

1) CROSSROADS GRASSROOTS POLICY STRATEGIES:

**\$48,440,338.67 – Dark Money Group**

2) MAJORITY PAC:

**\$37,865,453.41 – Super PAC**

3) US CHAMBER OF COMMERCE:

**\$32,676,075.00 – Dark Money Group**

4) HOUSE MAJORITY PAC:

**\$30,686,449.27 – Super PAC**

5) FREEDOMWORKS FOR AMERICA:

**\$19,045,274.64 – Super PAC**

## **METHODOLOGY:**

The authors thank Demos and the Sunlight Foundation, who graciously provided data for this analysis.

The Sunlight Foundation provided Demos/US PIRG with Federal Election Commission (FEC) data regarding Independent Expenditures and Electioneering Communications. Demos/US PIRG then identified the IRS designation for each spending committee. PFAW Foundation/US PIRG took that data and identified the state in which each spending committee was federally registered. PFAW Foundation/US PIRG then removed all presidential expenditures and all party committee expenditures, and analyzed the data to identify the conclusions made above.

We consider 501(c)(4) and 501(c)(6) expenditures secret because, due to legal loopholes, these organizations are not required in practice to disclose their donors to the public.

Electorally driven issue advocacy that fell outside of the FEC reporting window – 60 days prior to a general election or 30 days prior to a primary election for federal office – was not tracked by any public agency in the 2012 elections. This reporting gap prevents the public from knowing the full extent of outside spending on elections. We can assume, from what little information we have acquired from private entities that do track this information, that outside spending, particularly outside spending from secret sources, is substantially underestimated in this and in any other election spending analysis. For more information on this subject, please read Demos/US PIRG report, *“Million Dollar Megaphones.”*

## **DEFINITIONS:**

501(c)(4) – Non-profit social welfare organizations (not required to disclose most donors)

501(c)(5) Union – Labor, agricultural, or horticultural organizations (required to disclose most donors)

501(c)(6) – Trade associations (not required to disclose most donors)

527 – An entity that exists primarily for the purpose influencing or attempting to influence the selection, nomination, election or appointment of any person to federal, state or local public office (required to disclose donors)

Super PAC – An independent expenditure-only organization that is not subject to contribution limits (required to disclose donors)

Other – All other entities

Outside spending refers to spending by groups independent of campaigns or political parties. These outside groups are legally prohibited from coordinating with campaigns. *Citizens United v. FEC* and subsequent cases that relied on its holdings led to increases in outside spending in elections by removing a number of restrictions and/or prohibitions on corporate and union political activity.