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Interest Group Scorecards and Legislative Satisfaction: Using Ratings to Explore the Private Bias in Public Policy

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Interest Group Scorecards and Legislative Satisfaction: Using
Ratings to Explore the Private Bias in Public Policy

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Ratings to Explore the Private Bias in Public Policy

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy in Public Policy

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ABSTRACT

Despite their importance to our system, the study of interest groups has produced few concrete findings compared to other actors such as administrative agencies and political parties in the policymaking process. The absence of generalizable findings is partly explained by the unpopularity of the topic, but is primarily due to a deficiency of easily accessible data and lack of agreement over how to operationalize important concepts. In the following dissertation, I employ interest group “scorecards” (ratings of members of Congress) as an approach to examining interest groups in a generalizable manner. Specifically, I use scorecards to test the pluralist assumptions of public policy reflecting an equilibrium of competing interests. I do this by developing a measure of legislative satisfaction, which can be compared across different types of groups and congresses. I examine four types of organizations – business and professional trade associations, labor unions, charitable organizations, and public interest groups – which issued senate scorecards from the 106th through the 111th congresses. I find that the satisfaction of labor and charitable groups fluctuates with changes in the partisan makeup of the senate, but business satisfaction remains relatively constant and high for most terms of Congress. As expected, public interest satisfaction remains constant but low. The typical layperson may assume that groups with popular missions (those representing large populations) and lots of money or those who spend considerable amounts on political activities (e.g., campaigning and lobbying) may be more satisfied with Congress. However, this study finds no relationship between group satisfaction and those factors.

ACKNOWLEDGEMENTS

I have taken on a number of challenges in my life, but completion of this dissertation ranks as one of the most difficult. Of course, its completion would not have been possible without the help of many others.

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To say the data collection process for this project was substantial would be an understatement. Fortunately, many people helped with the process. A special thank you goes to University of Arkansas political science professor Janine Parry, who helped me purchase revenue data from Guide Star. Rebekah Prince and Natalie Adona of Project Vote Smart provided the scorecard data that became the cornerstone of this entire project.

Additionally, fellow Public Policy Ph.D. students Erika Gergerich and Michael Flanigan assisted with the tedious process of looking up membership data in volumes of the *Encyclopedia of Associations* and downloading Form 990s to collect additional revenue values. I would not have finished this dissertation without all of your help.

Completion of this dissertation has been challenging, but finishing my Ph.D. program has been the most difficult undertaking of my life. While the academic work associated with the degree was not easy, it was the many personal challenges that made getting to this point particularly stressful. Over the course of four years I would guess most individuals are forced to deal with at least a couple of serious personal problems. The work associated with a Ph.D. program, however, makes dealing with life's difficulties all the more arduous. During the most trying period in this program, I frequently found myself thinking back to something told to me by Professor John Gaber: "The main reason people don't finish a Ph.D. program is not because they are not smart enough. It's because life gets in the way."

Fortunately, life's personal obstacles did not become insurmountable over the last four years. But it was the love and support of the many close friends I have made during my time in Fayetteville that frequently helped me get through the most difficult moments. To mention everyone who, in his or her own way, aided me over the last four years would fill this dissertation. However, several people in particular are most in need of recognition. Amber Kander and her husband Dan Walice befriended me early in my time in this program and remain close to this day. Never once have they complained about having to hear me complain. Whether it was providing computer assistance or helping me move, Shankar Ravi was never too busy to lend a helping hand during a time of need. Erika Gergerich has often reminded me that the future is quite bright and that I need not worry about the dreariness of the present situation. I am thankful for each and every one of you.

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Where would I be without my mother? I am not sure, but I am sure I do not want to find out. I lack the words to articulate how much she means to me. It is to her that I dedicate this dissertation.

DEDICATION

This dissertation is dedicated to my mother, Katherine Sue Chand, who is the best copy editor this former journalist ever had.

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I. INTRODUCTION

Generations of pluralist scholars have noted the uniqueness of the American political system in that it maximizes outlets for interests to be heard in the policy process (Sayre and Kaufman 1960; Dahl 1961; Merelman 1968; Kelso 1978; Martin 1982). Citizens can donate their time and money to candidates; take part in public meetings; comment during the administrative rulemaking process; organize a ballot measure; and, if all else fails, file a lawsuit forcing a government agency to take action or preventing it from doing so. Of course, being heard by decision making bodies does not necessarily mean that one gets what he or she wants when the ultimate policy decisions are made. To be truly effective at shaping policy, citizens must use what Truman described in *The Governmental Process* (1951) as “group politics,” where individuals of shared interests pull together for a common policy goal. Although there were certainly studies that referenced political groups prior to Truman’s¹ – his thesis was nothing less than “monumental” (Crotty 1994, 1). Today, it is correctly recognized for kick-starting the academic study of interest groups (Baumgartner and Leech 1998, 3; Ainsworth 2002, 11). Truman (1951, 505) noted that interest groups are a natural outgrowth of two conditions: (1) shared attitudes over problems and (2) claims over others “through or upon the institutions of government.” In the long-running pluralists vs. elitists debate on who wields power over policy decision makers (Hunter 1953; Dahl 1961), Truman’s discussion of group politics became an integral component of the pluralists argument that policy decisions represent an equilibrium reached in a struggle among competing “interest groups” (e.g., Johnson 1962; Baskin 1970; Denzau and Munger 1986). Interest group pluralism soon became the dominant explanation for policymaking among political scientists and remains so to this day, although scholars have proposed slightly altered iterations of the theory (e.g., Lowi 1964, 678; Kelso 1978; Jordan 1990).

¹ Most notably would Bentley’s (1908), upon which Truman’s work was partially based (Ainsworth 2002, 33).

Truman's work, invaluable as it was, nonetheless contained a number of logical flaws. In the 1950s and early 1960s, most studies to mention interest groups described what they did as opposed to examining their internal workings (Baumgartner and Leech 1998, 64). Pluralists simply accepted Truman's theory of how groups developed. Still, it seemed that a number of sectors of society could rightly claim grievances and try to petition government. If groups naturally formed around shared interests in response to disturbances, then why were there so few groups representing the most "disturbed" populations (e.g., the poor and ethnic minorities), especially when compared the number of business and industry organizations (Ainsworth 2002, 11). The question was answered with Olson's *Logic of Collective Action* (1965), arguably the most important contribution to the study of interest groups.² Olson demonstrated that not all potential groups (those with shared interest and claims over others) are equally likely to develop. There were two types of goals, or goods, that potential groups try to pursue: private and public. Those advocating for private, or excludable, goods enjoyed a mobilization advantage. Those advocating for public goods (e.g., clean air, government accountability), had to overcome the free rider problem, when individuals realize they can benefit from a good without contributing to the effort to obtain it.

Inspired by Truman and Olson, a number of scholars took up the cause of determining how groups respond to disturbances and overcome the free rider problem (e.g., Clark and Wilson 1961; Salisbury 1969; Wilson 1973; Moe 1980a; Moe 1980b; Walker 1983; Salisbury 1984; Hansen 1985; Rothenberg 1988). As a result, questions on how groups form were largely answered (Baumgartner and Leech 1998; Ainsworth 2002, 10-64). Shared interests alone are not enough to foment creation of an interest group, and instead, mobilization often requires incentives. In some cases it requires entrepreneurial leadership (Salisbury 1969). Most importantly, this research has shown that the

² This is my assertion. As a side note, it is somewhat ironic, that this important work on interest group studies was written by an economist, not a political scientist.

nation's interest group population should never be mistaken as an aggregation of society's collective interests. It seemed that some sectors of society always enjoyed a mobilization advantage when it comes to participation in group politics.

Sadly, after thoroughly explaining how groups form, scholarly interest in interest groups quickly waned. Having answered the easier questions around group formation and providing descriptions of the interest group population, academics seemed confused at how to confront the more difficult topics of how groups worked to shape public policy. There were no academic journals dedicated to interest groups.³ While topics such as the presidency, Congress, and elections were over-studied by some accounts, interest groups had remained relatively unexplored (Arnold 1982). Studies of other subfields such as political parties and elections far outnumbered interest group studies by the early 1990s. One count of political science and public policy dissertations revealed only that only 6 percent had any relevance to interest groups (Berry 1994, 21).

The decline in research productivity did not go unnoticed, of course. Cigler (1991) divided studies of interest groups into two sets. First were studies centering on group mobilization issues, e.g., the collective action problem; how leaders encourage and relate to membership; and surveys of the interest group population. The second set dealt with group political activities, e.g., what groups did and its effect on policy. Virtually all of academia's solid findings, Cigler noted, came out of the first set of studies.

What explained the loss of attention to interest groups following the outpouring of excellent mobilization studies? The lack of conclusive findings on the effects of interest group activities certainly was not attributable to a failure on the part of scholars to recognize the importance of them. Instead, the inactivity and few generalizations could primarily be blamed on one problem: data, or

³ Incidentally, the first journal dedicated to interest groups, *Interest Groups and Advocacy*, began operating in 2012.

more precisely, the lack thereof. As a number of scholars would attest, interest group scholars lacked large, institutionally supported datasets that researchers examining other political science topics such as voting and elections enjoyed (Arnold 1982, 101; Cigler 1994; Berry 1994, 21-22; Baumgartner and Leech 1998, 4-5). The one exception was research on political action committee (PAC) contributions, which enjoyed ready-to-analysis data provided by the Federal Election Commission (FEC) in the wake of the 1971 and 1974 Federal Election Campaign Acts (FECA) (Arnold 1982, 101; Cigler 1994, 29-30; Berry 1994, 22; Baumgartner and Leech 1998, 5; Ainsworth 2002, 188). Scholars seeking to study anything interest group related other than PACs, however, faced considerable obstacles. Other topics required traveling to the capital for interviews or mailing out costly surveys (Arnold 1992; Berry 1994). As Cigler (1994) noted: “[D]ata availability has been the major determinant of the interest group politics research agenda, framing both the questions we explore and the topics we avoid... hard data are more the exception than the rule in the study of organized interests, a fact that has contributed to discouraging a number of political scientists from becoming interest group specialists” (Cigler 1994, 29-30).

This dearth of data has especially hampered studies of the relationship between interest group activity and the decisions of policy makers. Of course we can accurately describe the interest group population, and we have some idea of what types of groups chose to engage in certain political activities. We can say with some measure of confidence labor unions prefer to spend on campaigning, while business associations prefer lobbying (McKay 2010). We can distinguish between which groups use grassroots tactics and those who use “astroturf” (Lyon and Maxwell 2004). But are groups that engage in these activities any more happy with the ultimate policy decisions? On questions such as this, we are unsure. Despite the long-running debate over power in the policy process that raged between pluralists and elitists from the 1950s to 1970s (e.g., Hunter 1953; Dahl 1961; Bachrach and Baratz 1962; Merelman 1968; Wolfinger 1971), we never seemed to

get a clear – or even opaque – answer to the question: What sector of society was most likely to get what it wanted? Indeed, it was not just the lack of quality data that produced contradictory findings; scholars could not even agree on how to go about collecting the data they could obtain. Pluralist scholars in political science preferred the “decisional approach” to data collection, while elitist scholars, mostly in sociology, prefer a “reputational approach” (Merelman 1968, 451). Most importantly, because of the tremendous investment of resources necessary to employ either the decisional or reputational approach, the power debates examined only single communities, which greatly limited generalizability even with clear findings (Baumgartner and Leech 1998, 59).

Lack of data was intimately related to the other methodological problem confronting scholars: measuring influence. No matter how scholars choose to track legislative decisions, they were never quite able to show that the interest group’s political activities led to a specific outcome (Smith 1995, 93-95). Even PAC studies (the one activity on which data were available) suffered from endogeneity problems (Wawro 2001, 565). The conflicting conclusions of past studies are evidence that “important conceptual issues apparently remain unresolved” (Baumgartner and Leech 1998, 15).

In the absence of easily obtainable data and agreement on measurable concepts, most scholars have chosen to avoid studying the relationship between interest groups and policy decisions altogether (Berry 1997, 219; Mahoney 2007, 35). Instead, they have moved on to other areas of research, such as voting and elections, “where conclusions could be better sustained” (Baumgartner and Leech 1998, 13).

This dissertation presents a new approach to examining the relationship between interest groups and policy decisions. This approach, I argue, overcomes the challenges of obtaining quality data and the difficulty of measuring concepts such as influence. In this study, I use interest group congressional ratings, or “scorecards,” to develop a measure of interest group legislative satisfaction.

Scorecards are a way membership associations inform their members about a legislator's level of support for the organization's mission. Groups can vary in their methods of evaluation and the time periods over which they generate their cards. No matter what the evaluation method or time-period analyzed, however, groups have consistently used them over the last couple of decades. While conducting this study, I was able to collect from one source nearly 680,000 legislator ratings issued by nearly 300 nonprofit membership organizations.⁴

The majority of umbrella associations that represent large sectors of the interest group society issue legislator ratings regularly. Both the U.S. Chamber of Commerce and the AFL-CIO, for example, issued cards during each of the 12 years included in this study. Since I use these ratings as a measure of groups' satisfaction with Congress (much like an opinion poll measures presidential or congressional approval), I avoid the endogeneity complications that have plagued prior studies. I do not contend that the group's presence caused legislators to decide the way they did. I simply demonstrate how satisfied the group was with members of Congress.

Academics have, of course, known of the existence of scorecards long before I conceived of this study. Past studies have used cards in a number of ways. The majority have used ratings as a proxy measure for legislator ideology or preference (e.g., Kingdon 1973; Markus 1974; Stratmann 1996; Cohen et al. 2000). Some have used evaluations as measures for legislators' level of support on policy areas such as the environment (Nelson 2002). However, there is one constant of prior scorecard studies: virtually all have employed ratings as a means making inferences about legislators.⁵ Instead of using scorecards to study members of Congress, however, I use cards to

⁴ Not all of these evaluations were used in this study. The reasons for my restricted sample size mainly have to do with time and are better discussed in the data collection portion of this dissertation. Still, the sheer number of observations collected confirms my point that scorecards are a rich and abundant source of data for scholars interested in interest groups.

⁵ There are methodological problems with the use of interest group ratings as measures of legislative activity. These problems are discussed at length in the scorecard section of this dissertation.

analysis the interest groups that created them. By aggregating scorecards for entire Congresses, I develop a sense of how satisfied groups were with Congress from term-to-term and under different partisan majorities. In this dissertation, I aggregate 105,893 individual legislator ratings of U.S. senators issued by 249 different organizations from the 106th through the 111th Congresses. I study four types of nonprofit interest groups: (1) business and trade associations; (2) labor unions; (3) public interest organizations; (3) and charitable groups. Other variables studied include the partisan makeup of the Senate, the degree to which groups lobby Congress, campaign expenditures, group financial resources, membership size, and a proxy measure for the wealth of the group's membership.

A new approach to studying interest groups in a generalizable way is badly in need. The interest group component, while most likely a valid addition to pluralist theory, potentially creates obstacles to maintaining a democratic system. Interest groups seem to both “fascinate” and “frustrate” Americans precisely because they do not neatly fit within the democratic concept of majority rule (Ainsworth 2002, 4). Majority rule, in at least the most basic setting, connotes an element of fairness (May 1952). Determining whether the interest group system is truly democratic has required testing two assumptions of pluralism. First, all interests must somehow be represented in the process, preferably in a rough proportion to their makeup in society (e.g., Schattschneider 1960; Scholzman and Tierney 1986; Baumgartner and Leech 2001). Second, public policy should, at least somewhat closely, reflect the population of organized interests (e.g., Mahoney 2007; Baumgartner et al 2009). In other words, popular causes, barring they do not violate a fundamental right enshrined in the Constitution, should win over less popular ones.

Scholars have been able to test the first, and I would add least important, of these two assumptions. One point on which virtually all scholars, pluralist and non-pluralist alike, should agree is that the United States has produced an abundance of interest groups. Whether this is a good

thing is a matter of much disagreement. The post-Truman pluralists endorsed group politics with much enthusiasm, partly as an opportunity to focus on people and groups in politics, as opposed to the dry institutionalist studies of Congress, the presidency, and the courts (Ainsworth 2002, 4-5). Some pluralists, however, would cite Madison's *Federalist* #10 in support of their contention that a large interest group population serves as a check on tyranny. Such scholars embraced Truman's arguments as more than simply a description of how the system worked but also how it *should* be. For these so-called "prescriptive pluralists" (e.g., Sayre and Kaufman 1960; Dahl 1961; Merelman 1968; Wolfinger 1971) more groups meant more democracy (Kelso 1978, 41-47; Berry 1997, 3-4 and 10-11; Ainsworth 2002, 6). By expanding the population of competing "factions," no organized interest would monopolize the process. Even if a societal interest was unorganized, the pluralist defenders argued that a frequently ignored sector of society could always utilize its "political slack" (Dahl 1961, 305-10) to mobilize and achieve a policy balance on any issue previously dominated by one interest.⁶

However, Olson's (1965) "devastating *Logic*" dealt a blow to the pluralist assumption that all potential groups have an equal opportunity to mobilize and thus participate in the system (Baumgartner and Leech 1998, 67). Olson's thesis could not eliminate the possibility that all potential groups are at least somewhat represented (a highly unlikely, although technically possible, prospect). It did, however, show that some organizations, mainly small, business-oriented groups, retained a mobilizing advantage. These groups would be overrepresented in the system; while interests seeking public goods may mobilize, they would never do so to their full potential.

Post-Truman scholars seem to have delivered a fatal blow to the first assumption of pluralism. First, they convincingly showed that interest group members tend to be more wealthy and

⁶ To be fair, Dahl recognized that elites retained a disproportionate share of resources. But he believed that their competition between elites and "the natural workings of interest group politics" mostly held them in check (see Berry 1997, 11).

educated than the typical American (Hyman and Wright 1971; Verba and Nie 1972). Second, they have conclusively revealed that organized business are overly represented in the interest group society (e.g., Schattschneider 1960, 20- 46; Schlozman and Tierney 1986, 58-87; Baumgartner and Leech 2001; King and Walker 1991). Taken together, all of the membership and mobilization studies largely proved that being disturbed alone is not enough to mobilize.

The overrepresentation of some interests, however, does not necessarily mean that those with the mobilization advantage are any more likely to get what they want. Similarly, while some groups of interests are underrepresented, Olson's logic does not preclude these groups from being represented at all. In fact, Walker (1991, 41-48) noted that it was somewhat ironic Olson's argument was published at the beginning of a growth period for groups representing public causes.

While scholars have sufficiently shown that pluralism fails at the first assumption, the absences of quality data and the methodological difficulties mentioned earlier have prevented them from properly addressing the second. Pluralist scholars love to point out that there are ample opportunities for interest groups to voice their concerns to decision makers (e.g., Dahl 1951; Merelman 1968; Wolfinger 1971; Sabatier and Weible 2007). And in their defense, while groups representing organized labor, public interests, and charitable causes may be in the minority, there is little scholarly evidence to indicate that policymakers are any less likely to agree with them than with business organizations. The numeric advantage of business and trade associations in Washington is less troubling if legislators are no more likely to give support to their policy goals. As Ainsworth (2002, 4) remarks, "[i]f the basic notion of majority rule remained undisturbed by the presence or actions of interest groups, then few individuals would ever complain about groups." Berry and Wilcox (2009, 4) further note that "the ideal of multiple groups that offset each other's power remains contemporary America's hope for making interest group politics compatible with democratic values."

During the pluralism heyday of the early to mid-1960s, the idea that any one small sector of society could consistently achieve policy success over other organized or potential interests was overwhelmingly rejected in political science (see for example Sayre and Kaufman 1960; Dahl 1961; Wolfinger 1963; Merelman 1968). Dahl (1961, 145), the foremost proponent of prescriptive pluralism, argued that the American political process was one “in which there is a high probability that an active and legitimate group in the population can make itself heard effectively at some crucial stage in the process of decision.” Thus, public policy was the product of a bargaining process between organized groups who were constantly aware that they could not overplay their hand, as doing so would cause potential interests to mobilize and serve as a counterbalance. Policymakers were merely the referees. Furthermore, pluralists would point out that there are a number of issues about which organized business has no opinion (see the elites in Dahl’s 1961 study). Pluralists would presume that such issues are those where non-elite interests compete as equals.

The scholarly research on the mobilization of groups has without a doubt been valuable. Yet, the almost singular obsession of scholars to explain how groups mobilize and to describe the interest group population has caused us to lose sight of larger, more important questions (Baumgartner and Leech 1998, 80-82). The most important issue for researchers today is to determine who succeeds in the policy process (Ainsworth 2002, 1-8).

Yet, researchers have had considerable difficulty determining if the overrepresentation of organized business translates into more favorable policies. While there are some studies to examine the relationship between business and public policy, the generalizability of past studies has been limited because scholars have often focused on only one issue type or relied entirely on deductive

reasoning and case studies for their methodology.⁷ Additionally, most of these studies have not examined congressional policy, and very few have compared business activities to other organized interests.

I use interest group scorecards to test the second assumption of pluralism. I theorize that business and professional trade associations will show the highest levels of satisfaction with legislators and those scores for these groups will be less susceptible to partisan changes in the Senate. I also predict, based off previous literature of mobilization and the popularity of causes, that small but wealthy niche organizations will also show higher levels of satisfaction.

There are serious implications to any one sector of society consistently showing higher levels of satisfaction with public policy. Pluralism only works properly if all interests come to the negotiating table with a roughly equal opportunity of having grievances satisfied. In the next chapter, I provide an overview of the previous interest group literature, ending with a discussion of recent attempts to test the second assumption of pluralism. In the preceding sections, I discuss how my methodology can determine if the mobilization advantage of private interests translates into a higher satisfaction with the legislative policy at the adoption stage.

⁷ See “The Privileged Position of Business” section of chapter 2 for a discussion of the problems with previous studies.

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II. INTEREST GROUPS AND PUBLIC POLICY

Introduction

Interest groups enjoy a rather unique position in the policy process. While an ever-present part of the political system, they hold no institutional or constitutionally recognized positions within government such as Congress, the courts, the executive branch, or administrative agencies. Unlike political parties, their members hold no official policymaking positions. Yet, as Madison's *Federalist* #10 verifies, we have always anticipated interest groups playing some role in the creation of public policy. They are without a doubt an important part of the system, as there is hardly an issue or area of policy with which interest groups are not involved (Berry 1997; Schlozman and Tierney 1986; Walker 1991). In many ways, groups help build social capital by bringing citizens together (Putnam 2001; Verba, Schlozman, and Brady 1995). They serve to aggregate citizen demands under one broad banner (Salisbury 1969, 6-7), and can articulate those collective interests to institutions of government on a continual basis (Easton 1965). They are also important sources of policy information to their membership, government agencies, elected office, and the media (Baumgartner and Leech 1998; Berry 1997; Likert 1961, 140-161; Pierce et al. 1992; Schlozman and Tierney 1986; Walker 1991). They even serve as implementers of some public policies, especially in the age of contracting out government services (Kettle and Fesler 2009, 68; Moynihan 2005; Ryan 1999; Salamon 2006; Smith and Lipski 1993).

This chapter discusses the relevant interest group literature that applies to this study. The following literature also covers some of the most of the popular topics within the field of interest group research. The next section provides a brief review of the mobilization literature, followed by a discussion on the makeup of the American interest group population. This is the most developed area of literature in interest group studies, and it has convincingly shown prescriptive pluralism assumptions of equal opportunity for different sectors of society to participate in the policy process as false. I then

discuss the literature on the “privileged position” of organized business, which is by far the most active sector of the interest group population. The review of this literature reveals the ease at which scholars have demonstrated how active organized business is in the system and the difficulties experienced in determining whether business activity translates into policy success. The most popular approach to analyzing interest groups and policy influence has been to study activities such as electioneering and lobbying. I discuss the literature on both of these activities, starting with a brief explanation of the laws governing them and then discuss the literature on their policy impact. While the literature on these activities is rich, the findings on their effects have been inconclusive.

Mobilization and the Interest Group Population

Before we discuss studies of interest groups, it probably makes sense to first define what an “interest group” is. While this may seem rather straight forward, there is not one universally accepted definition of the term within academia. More narrow definitions have only included voluntary membership associations. Yet, if we simply define an interest group as an organization seeking to influence public policy, then the majority of interest groups are actually institutions such as for-profit corporations⁸ (by far the most common institutional interest group), hospitals, and public and private universities (Salisbury 1984). Even the University of Arkansas would qualify.⁹ The majority of political scientists have used the more broad definition, opting to include institutions within their studies. Using such a broad definition has its strengths, as it is becoming increasingly common for for-profit corporations to have individual lobbying campaigns in Washington, in

⁸ Throughout this dissertation, I use the term “for-profit corporations,” in reference to publicly traded businesses such as Wal-Mart. Political science studies will simply refer to these as “corporations.” However, nonprofit associations (including all of the groups in my study) are also corporations in the legal sense of the word, and are also referred to as such in scholarly articles on nonprofit groups.

⁹ See University of Arkansas system’s yearly federal lobbying expenditures at the following link provided by the Center for Responsive Politics:
<http://www.opensecrets.org/lobby/clientsum.php?id=D000030647&year=2011> (accessed July 24, 2012).

addition to being represented by their trade associations (Berry 1994, 25; Cigler and Loomis 1998, 10; Drutman 2012; Hudson 2009, 218). My study only includes tax-exempt, membership associations, but my thesis concerns the policy satisfaction of organized business generally. Therefore, the following literature covers studies that use both types of definitions.

Whether you choose a broad or narrow definition of interest groups, the American political system without a doubt produces a lot of them (Ainsworth 2002, 3-4). The *Encyclopedia of Associations* 40th ed. reports that there more than 22,000 nonprofit trade and public affairs groups by 2003 (Baumgartner 2005, 5). A large and diverse population of interest groups was an intended outcome by the framers. Madison predicted in the *Federalist* #10 that organized interests, or “factions,” would try to influence public policy. His solution to power-hungry factions was to have opposing interests cancel each other out.

While the American interest group population is large, it is not particularly diverse. And it is certainly not as diverse as the diversity of interest among the entire American population. The primary explanation for the lack of diversity was provided by Olson (1965), who corrected Truman’s (1951) notion of individuals with shared interests naturally coming together to confront challenges in democratic societies. Olson explained that when the benefits of coming together can be selectively awarded to members and active participants, groups will mobilize to their full potential. But if the collective interest is a public good, many individuals will chose to “free ride” on the efforts of others. Organizations seeking collective benefits that are not able to make membership compulsory (such as the state does) must therefore provide some non-collective benefit to create an incentive for potential members to join. His theory also carries implications for group sizes. If we chose to define groups or potential groups based on shared interests (which was common at the time) then logic dictates the following: Small groups in which only a small number of members receive a large fraction of the collective benefit, are likely to mobilize, even without

group agreement, because the members receiving disproportionate benefits will be willing to incur a large amount, if not all, of the costs to see that it is provided.

While it is more difficult for citizens to mobilize around public causes, they often do. In fact, a number of scholars following Olson set out to illustrate how groups of potential interest could overcome the collective action problem. Olson focused on material selective benefits offered by groups, but authors soon pointed to other selective benefits that can produce collective action. Salisbury (1969) described how groups could mobilize through the work of a dynamic entrepreneur, who provided individuals with “expressive benefits,” the satisfaction one gets from being able to say he contributed to the cause. Wilson (1973) noted that groups sometimes assemble based on “solidary benefits,” the potential to mingle with like-minded individuals. He also provided the concept of “purposive incentives,” an appeal to the good feelings one gets from contributing to a cause that benefits society as a whole.¹⁰ Exogenous factors can also play a role. Walker (1991) and Smith and Lipsky (1993) argued that the creation of public programs can spur the creation of charitable and public interest groups. In an earlier study, Walker (1983, 398) found that 89 percent of groups advocating for public causes received some type of startup funding, e.g., grants from businesses or foundations.

While the mobilization literature is among the most well developed in political science, it is not without some areas of confusion. Disagreements over what constitutes an interest group “member” have hampered the discipline’s attempts to completely understand why individuals join groups (Baumgartner and Leech 1998, 30-31). An occasionally un-clarified point is that not all “members” of an organization are individuals. King and Walker’s (1991) surveys uncovered a

¹⁰ The concepts of “expressive” and “purposive” benefits are sometimes confused, and some authors consider them to be the same. A simple way to tell the difference is one experiences a purposive benefit when he feels good about contributing to the National Rifle Association. He experiences an expressive benefit when he puts the NRA bumper sticker on his car.

population of membership associations that is rather evenly divided between groups whose membership is composed of individuals (e.g., League of Women Voters) and those whose membership consists of institutions and businesses (e.g., United States Cane Sugar Refiners Association). Groups in the latter, who represent for-profit interests, enjoy a number of mobilization advantages. For instance, institutional memberships are easier to gather, and individual memberships in business and trade associations are often subsidized (p. 73). Public interest groups also face greater competition for members because they must mobilize around broad issue areas, as opposed to the “niche” areas business groups often represent (p. 68).

Given the low likelihood of citizens to mobilize around most interests, it is little surprise that participation in interest groups is rather low. Verba and Nie (1972, 42) place public participation in groups at 8 percent. Since the 1970s, the percentage of Americans who report being members of “political clubs” to the General Social Survey (GSS) has remained in the single digits (Smith, Marshen, and Hout 2011, 545).¹¹ Political activism levels have always been highly correlated with wealth and education; hence, it is no surprise that the typical interest group member has accumulated more wealth and education than most Americans (Hyman and Wright 1971; Verba and Nie 1972, 31-41; Baumgartner and Leech 1998, 83-98). The wealth and education participation bias is also true among young people (Jarvis, Montoya, and Mulvoy 2005). In fact, it has been noted that a large percentage of overall group membership activities is actually generated by a surprisingly small population of wealthy and highly educated individuals who participate in a large number of groups (Baumgartner and Walker 1988, 919).

¹¹ It should be noted that the GSS reports that membership levels in community groups such as churches and PTAs, which can sometimes become political, are much higher. I am referring to political groups, the types which have a permanent presence in Washington, D.C. and would issue congressional scorecards.

Past academic studies of the interest group population have varied in methods, but all have agreed that the population of organized groups does not represent society's interests as a whole. Private interest organizations (chiefly for-profit corporations and business associations) enjoy a numeric advantage in the policymaking system. The first attempts to develop a picture of the interest group population accompanied reform efforts during the progressive movement (Zeller 1948, 239-40). These early studies were counts of organized interests with a presence in Washington, D.C. Herring (1929, 267-83), for example, who may have been the first scholar to study the issue, compiled lists of hundreds of organizations in Washington, revealing that most groups represented private interests. Even Truman (1951, 58) later cited a survey of more than 4,000 nationally politically active groups to show that the majority of groups represented business interests. So prevalent were economic institutions in Washington that Truman worried about researchers committing the "error of treating economic groups as the only important interest groups" (p. 61).

Schattschneider (1960), in his discussion of the "scope and bias" of the pressure system, was the first to stress a needed distinction between public and private interests. In an examination of lobbying reports from 1946 to 1949, he discovered that two-thirds of the more than 1,200 organizations and individuals who filed reports represented businesses, leading him to famously quip that the "flaw in the pluralist heaven is that the heavenly chorus sings with an upper-class accent" (p. 31-5). Schattschneider's study notably differed from previous ones in that his population consisted only of politically active groups, i.e., those that lobby. His focus on lobbying seems to have set the parameters for most future studies of the interest group population. This was probably an appropriate method of operationalizing the concept of interest group. As Berry and Arrons (2003, 27) note, "general rule of thumb among scholars is that if it lobbies, it's an interest group." More recent studies to examine lobbying activities have echoed Schattschneider's conclusions.

Schlozman and Tierney (1986, 77) found that more than 70 percent of groups represented by lobbyists in Washington were for-profit corporations, business associations, or professional trade associations like the American Medical Association (AMA). Baumgartner and Leech (2001), examining more than 19,000 lobbying reports for 137 randomly selected issues from 1996, found that for-profit corporations and business and professional trade associations filed more lobbying reports than public interest and charitable groups (with 1,227 reports filed by the former and 157 by for the latter two groups). The authors also established that for-profit businesses and business groups were more likely to hire lobbying firms than public interest and charitable groups, with business firms numbering 2,612 and 181 for the latter two. Not only does business constitute the largest category of lobbying, but is “by far the best endowed and the most active” they conclude (p. 1196).

Defining the interest group population based on groups that lobby as meant that the majority of scholars have incorporate non-membership associations into their studies. King and Walker (1991) and Baumgartner (2005) stand out as notable exceptions who, similar to this study, only examined nonprofit, membership associations. Using responses to surveys of 1,500 interest groups, King and Walker (1991, 57-74) found the majority of groups (76.1 percent) to be trade and professional associations. They further note that most groups in Washington restrict membership to those possessing specific professional or trade credentials. Consequently, the majority of groups advocate for non-public goals on behalf of an extremely narrow membership. Baumgartner (2005) builds his population sample from editions of the *Encyclopedia of Associations*, which attempts to report on all voluntary organizations in the country.¹² The majority of the nearly 5,000 organizations recorded in the first edition of the *Encyclopedia of Associations* (1956) were business

¹² Olson’s (1965, 141) check of the *Encyclopedia of Associations*, 3rd ed. (1961) shows business and trade associations out number “social welfare organizations” by 10 times.

and trade associations (Baumgartner 2005, 2-3). While subsequent editions have recorded a growth in citizen groups,¹³ organizations representing business and for-profit trades still constitute the plurality or majority for all following years.

In all fairness, no method of categorizing interest groups can perfectly depict the shared political goals or cleavages within the interest group society. The business community can be fractured on a number of issues (Baumgartner and Leech 1998, 113; Baumgartner and Leech 2001; Barakso 2010; Smith 2000). It is also worth noting that scholarly conclusions on how the population is changing have varied. King and Walker (1991), for example, identify a growth in citizen groups starting in the 1960s as an indication that the business community will hold a smaller majority status in coming years. Schlozman and Tierney (1986, 67-87), however, point to the increased lobbying of for-profit corporations as evidence that the numeric advantage of business interests will only increase. Still, when compared to most topics in social sciences, the body of research that describes the American interest group population is noteworthy for its uncharacteristically high level of consistency across findings. As Baumgartner and Leech (1998, 93) observe, the fact that individuals organize around professions and industries at much greater rates than shared cultural beliefs, ethnic backgrounds, or other potential causes, “makes clear that the constellation of interest groups active in the nation’s capital should never be assumed to mirror the set of interests in society.”

“The Privileged Position of Business”

At no point in our nation’s history has government ever been free from wealthy business attempts to influence public policy. Even the first federalist-dominated governments under the

¹³ The majority of scholars have referred to all groups advocating for public causes, e.g., abortion rights or soup kitchens for the homeless, as “public interest groups” or “citizens groups.” I make a distinction between “public interests,” which are ideological groups and those that focus the majority of their efforts on policy influence, and “charitable groups,” those who dedicate the majority of their resources toward social services. To avoid confusion, I use the term “citizens groups” in reference to studies that lump both group types together.

Constitution were generously supported by merchants in the north east (Zardkoochi 1985, 804). With an interest group population dominated by organized business, it should be no surprise that the vast majority of political activities are performed by businesses or business associations. A check of the Center for Responsive Politics' database on lobbying by organized interests shows that 93 percent of the more than \$3.5 billion spent on reregistered lobbyists in 2010 was spent by for-profit corporations, business associations, and trade associations.¹⁴ Of the top 20 lobbying organizations from the years 1998 to 2011, the American Association of Retired Persons (AARP), which ranks number 4, is the only group that represents individuals from the general public. One professional trade association, the American Medical Association, which is number 2, is in the top 20. The rest are private corporations such as General Electric (number 3) or business associations such as the U.S. Chamber of Commerce (number 1).¹⁵

Business groups comprise the majority population for other political activities as well. They are more likely to participate in federal elections by forming political action committees (PACs) (e.g., Boise 1989; Humphries 1991; Matasar 1986), and they are more likely to contribute to independent expenditure advertising campaigns for and against candidates (Muntean 2011). Gains (1996, 40-71) demonstrated how the mobilization advantage is exasperated by campaign finance rules, leading to the overwhelming majority of PACs representing for-profit business or occupations. Those industries that are heavily regulated and rely on government contracts seem to be the most likely to form PACs (Grier, Munger, and Roberts 1991; Humphries 1991). The electioneering bias in favor of corporate and business-related PACs is also likely to last, as a solid plurality of PACs

¹⁴ This percentage was computed by the author using the 2010 lobbying numbers at the Center for Responsive Politics website, *OpenSecrets.org*, <http://www.opensecrets.org/lobby/index.php> (accessed Oct. 2, 2011).

¹⁵ See <http://www.opensecrets.org/lobby/top.php?showYear=a&indexType=s> (accessed December 30, 2011).

have been connected to for-profit corporations in every single election cycle since the passage of the Bipartisan Campaign Reform Act (BCRA) of 2002.¹⁶

It is beyond dispute that organized business spends more on trying to influence public policy; however, it is not entirely clear that the business community's investments have translated into more favorable policies. A number of authors have discussed the "privileged position of business" (e.g., Hunter 1953; Lindblom 1977; Hudson 2009, 213-49), arguing that the business community's ability to shape policy to its liking extends to all stages of the policy process and all policymaking venues.¹⁷ The most well-known study on the topic is Lindblom's (1977) classic *Politics and Markets*, which used both qualitative research and thought experiments to reveal that business can intimidate policymakers and keep them from imposing taxes and regulations and even shape the way the public thinks about issues. In some systems, decisions on major issues such as the distribution of wealth, the allocation of resources for production, the assignment of labor, and even decisions on what to produce would be made by governmental institutions. In our system, Lindblom notes, these decisions are automatically delegated to the business executives. Delegating these issues to the business community effectively turns business executives into de facto public officials with power over a large sector of what are, in reality, public issues (p. 172). Lindblom also presents "the market as a prison," where any discussion of altering the system automatically triggers punishment. If policymakers propose raising taxes, the public faces the threat of business disinvestment and a reduction of employment. He also introduces the concept of "circularity," where citizens are frequently indoctrinated to demand "nothing other than what the decision-making elite is already disposed to grant them" (1977, 202). In such cases, the public comes to believe that its interests are the same as business, thus turning citizens into allies of the business community. Indoctrinating

¹⁶ See http://www.cfinst.org/pdf/vital/VitalStats_t9.pdf (accessed Dec. 30, 2011).

¹⁷ The phrase "privileged position of business" was first used by Lindblom (1977, 170).

messages equate private enterprise with democracy to the point where attacks on the former are also viewed as attacks on the latter. This process is accomplished by transmitting pro-business messages through mass media, schools, and even through elected representatives. In such a system, regulations are viewed as infringements on personal liberty.¹⁸

Lindblom's broad view of business influence seemed to inadequately explain how real-world negotiations over taxing and regulatory issues play out, a topic many later scholars have avoided studying (Hacker and Pierson 2002). Other recent examinations of business and public policy have focused more narrowly on specific issues or policy venues. Some, for example, have noted that businesses and business associations are most likely to participate in agency public comment periods (Kerwin 2003, 182-202). Lowi (1979) contended that many federal agencies developed "clientele" relationships with business interests. As post-New Deal Congress began regulating more difficult issues, Congress delegated more policymaking responsibilities to agencies who developed accommodating relationships with the business interests they were supposed to be regulating. Hecl (1978) correspondingly noted the ability of organized business to join "iron triangles" or "issue networks," when interest groups developed close and closed relationships with agencies and congressional committees, which prevent other views from being heard.

Some studies have focused on how specific industries exert influence in a policy area. Adams and Sokoloff (1981) demonstrated how for-profit weapon manufacturers encouraged increased defense spending in order to obtain more weapons contracts. Their findings were echoed by Burton (1993), whose complaints of Pentagon procurement officers being so eager to satisfy contractors led to congressional investigations. Quinn and Shapiro (1991) used time-series analysis

¹⁸ Interesting side note: Lindblom's arguments were apparently so compelling that Mobil Oil actually took out a full-page ad responding to the criticism in the *New York Times*. The controversy led to the book becoming a best seller, a rarity for scholarly publications (Mobil Corporation 1978; Ross 2012).

to argue that the rise of for-profit corporate political action committees (PACs) impacted corporate tax policies. Peterson (1993) modeled the strength of the insurance industry in health care debates. Fritschler and Rudder (2006) chronicled how Congress, responding to pressure from the tobacco industry, hindered the implementation of rules on cigarette marketing and packaging for many years.

Not all issue-focused studies have concluded that the business community successfully shapes public policy. Bauer, Pool, and Dexter (1963), in their classic case study on tariffs and foreign trade, found little agreement between elite members of the business community. In fact, the majority of their businessmen subjects displayed apathy to foreign trade issues (p. 125). Their lack of generalizability, however, inspired Lowi (1964) to propose a new approach to the study of policymaking, which focused on predicting politics from policies, as opposed to actors advocating for specific positions.

Often the business community succeeds because issues important to most business interests exist in policy “niches,” issues areas where there is no organized opposition (Browne 1990; Gray and Lowery 1996). These niche business associations tend to be smaller and more well-resourced than broad focused public interest and charitable groups (Olson 1965; Schattschneider 1960, 23-32). More recent authors have noted examples of issues such as tax policies where organized business has carved out policy niches (Ainsworth 2002, 114). Baumgartner and Leech (2001) argue that business’s dominance of policy niches has caused public interests and charitable groups to jump on “policy bandwagons,” issues supported by well-funded, business backed lobbying campaigns. These bandwagons offer groups with public-interest causes a rare opportunity to further their legislative goals. Similarly, some have noted that public-interest causes can exploit temporary cleavages within the business community, when opposing sides of a policy are backed by organized business (Baumgartner and Leech 1998, 113). In the early 1990s, for example, Waste Management,

Inc., a waste disposal corporation with yearly earnings well into the billions,¹⁹ joined with environmental groups to advocate for stronger waste disposal rules. Waste Management, one of the nation's largest polluters, was not concerned about the environment. Instead, the company wanted to drive smaller competitors, who would have had a difficult time fulfilling regulations, out of business (Hudson 2009, 243).

The business community's power in the pressure system partly stems from the variety, or "layers," of representation businesses enjoy. Hudson (2009, 217-18) identifies three layers of representation for business associations. The first is under large umbrella associations such as the U.S. Chamber of Commerce, which represents all forms of business on general issues such as taxes and labor laws. Secondly, large businesses are represented by narrower trade and commodity associations, e.g., the National Association of Home Builders, which represents specific segments of the business population. Finally, large for-profit corporations have increasingly sought direct, individual representation in Washington, employing their own lobbying staffs. Godwin, Godwin and Ainsworth (2007) argue that large businesses have alternated between these different layers at different stages of the policy process. Businesses seem to rely on their trade association representation during the agenda setting stage, recognizing that large coalitions are best for grabbing attention, only to break off and lobby independently at the policy adoption point.

Lyon and Maxwell (2004) discussed the use of "astroturf lobbying," a term coined by former Senator Lloyd Bentsen, which involves subsidizing "organizations" and "campaigns" that appear as if they were grassroots movements. The authors illustrate the incentive of for-profit corporations and industries, especially those with poor public reputations, to rely on these misleading campaigns.

¹⁹ See Waste Management's latest earnings at the following link: [http://www.wikinvest.com/stock/Waste_Management_\(WM\)/Data/Income_Statement](http://www.wikinvest.com/stock/Waste_Management_(WM)/Data/Income_Statement) (accessed July 31, 2012).

These business groups have even used astroturf organizations to issue scorecards.²⁰ These astroturf campaigns have been successfully used to defeat a number of proposed business regulations (e.g., Ainsworth 2002, 79-83; Boris and Krehely 2002, 313; Lyon and Maxwell 2004, 564). For example, Pharmaceutical Research and Manufacturers of American (PhRMA), the trade association for the drug industry, created what appeared to be a public interest organization called “Citizens for the Right to Know” that successfully argued to Congress that drug stores, not manufactures, were the real blame for high drug prices (Ainsworth 2002, 124; Silverstein and Taylor 2004, 269).

With so much attention placed on the political activities of organized business, it is sometimes forgotten that the business community also spends considerable resources on political messaging. So ubiquitous are the political messages of the modern American business community that they are impossible to miss, even if one actively tried to avoid them. Sit down in a movie theater, and before the feature presentation one may view an ad for the film industry’s campaign to stop “film piracy.” Driving around the Gulf Coast almost guarantees one will be bombarded with British Petroleum radio ads proclaiming the effects of its oil spill are under control (Thompson 2010). The pharmaceutical industry actually runs ads reminding Americans that it spends money on research and development and not just on running ads for its products (Albiniak 2002). The business community even directs less overtly political messages toward the public with the goal of enhancing our appreciation of the free market (Berry 1997, 120). Visit a typical American public school and one will likely see a corporate ad on the football scoreboard – if one is not covering the entire school’s roof to advertise to passing airplanes (Schwartz 1998).

²⁰ One organization in my dataset identified as the Consumer Alliance for Energy Security is actually a front organization established by several large trade associations, the National Association of Manufacturers the foremost among them. Within the dataset, this organization is identified as a business interests. See http://www.sourcewatch.org/index.php?title=Consumer_Alliance_for_Energy_Security (accessed July 7, 2012).

The effects of political messaging are not entirely clear. Some argue that the majority of citizens view pro-business messages as “not credible” (e.g., Herbert 1988). Yet, there is compelling evidence that business messaging has shaped the outcome of some policy debates. The most notable (or infamous) example of an effective ad campaign was the so-called “Harry and Louise” ads, which featured a couple of middle-aged actors portraying a married couple worried about losing their health insurance if the Clinton health care initiative passed. The campaign, funded by the health insurance industry, played a crucial role in creating negative public opinion over the Clinton plan and convincing legislators that true grassroots opposition to reform really existed (West, Heith, and Goodwin 1996). Harry and Louise were so successful that they quickly inspired other industries to back similar misleading campaigns (Kolbert 1995). Smith (2000) argues that when the business community is unified on an issue, it is most likely to succeed when it first uses political messaging to shape public opinion.

Demonstrating a direct link between business goals and legislative policy has been one area researchers have largely avoided until recently. The findings of the few recent studies are far from conclusive. Mahoney (2007) used interviews with lobbyists for American businesses to conclude that institutional corporate interests were more likely than other interest groups to get what they want. Baumgartner and his colleagues (2009) examined many of the same variables as I do, although with vastly more resources at their disposal. They studied 1,244 groups involved with 98 issues. Of these, 416 (the plurality) are business and trade associations, 181 for-profit corporations, 329 citizen groups,²¹ and 77 unions. They use an additive index based off a series of survey questions on six different possible changes to policy. Although the authors were mostly interested in group

²¹ The authors make no distinction between groups with overtly political goals, e.g., the National Rifle Association (NRA), and groups with charitable missions, e.g., the Bread for the World. It appears the majority of “citizen groups” within their study are single-issue groups, such as the NRA. I explain how I make a distinction between these types of groups in the methods section of this paper. They also identify 241 “other” groups.

resources, they did note that businesses show significantly higher correlations with preferred policy outcomes. Still, they argue that the impact seemed to be slight (p. 203-04).

When we look at the entirety of studies on business and public policy, it seems safe to infer that organized business is rather successful at getting what it wants from policymakers, although there are certainly exceptions to this generalization. It is more difficult to glean from the body of academic literature, however, whether business is any more likely than other sectors of interests to achieve policy success. Few studies have made any types of comparisons across interest group sectors. While we may postulate that business success often comes at the expense of organized labor, the policy goals of public interests and charitable groups are often outside of the realm of concern for the business community. Whether it is the business community's immense investments in political activities or its privileged position within the system that drives its success is another question we unable to answer. As the discussions in the next two sections illustrate, reaching a consensus on how political activities shape public policy has been quite difficult. And trying to disentangle the impact of political activities from the interest groups who perform them is an endeavor researchers have yet to undertake.

Money and Electioneering

The vast majority of interest group research has focused on two variables as predictors of policy influence: PAC contributions and lobbying (e.g., Slatzman 1987; Grenzke 1989; Fleisher 1993; McKay 2010; Smith 1984; Wright 1990; Baumgartner et al 2009). Both of these activities are included in my study, although, as mentioned in the following paragraphs, my examination of interest group electioneering goes beyond PAC contributions. While the overall body of literature on both electioneering and lobbying has failed to yield definitive findings with respect to the potential impact of these activities, there is strong evidence that given the right circumstances they

can lead to policy success.²² Still, a discussion of these two activities, regardless of their potential policy impact, would probably be warranted in any study of interest groups and congressional policy. After all, it is hard to imagine two activities more closely associated with interest groups.

Elections create an indirect route through which organized interests can achieve policy success. The direct route is by lobbying, which in its truest form involves persuasion. Convincing a policymaker to agree with one's own opinion is the essence of political discourse in democracies. Yet, what if one were able to ensure that the policymaker in question already agreed with his or her position? Doing so eliminates the need to persuade. This is the indirect route to policy success. By spending to elect candidates with whom they agree, interest groups can increase their satisfaction with policy.

Efforts by interest groups to shape election outcomes present two possible problems. First, one wealthy group (or collection of like-minded groups) could so heavily spend on campaigns that participation by all other interests is effectively drowned out. Second, contributions (if they were large enough) to legislators who already hold office could lead to the direct form of policy success by convincing officeholders to change their positions. In other words, contributions could lead to vote buying. Most of our nation's campaign finance rules have been designed to address both of these problems, although most studies on electioneering by interest groups have focused on the second.

Given the fighting and controversy that surrounds contemporary campaign finance debates, it is hard to believe that for more than 100 years there were virtually no rules governing contributions to federal public officials (Zardkoohi 1985). In this absence of regulatory measures, business

²² Since I am not isolating specific votes or analyzing individual ratings, I will not be able to determine if contributions or lobbying have impacts under specific circumstances. Instead, I can only determine if the total expenditures for these activities are related to the aggregated evaluations for the entire Senate. It is for these reasons I do not expect campaign contributions or lobbying to be significant in my models.

groups exercised tremendous influence with legislators. Even legendary Senator Daniel Webster partook of the fringe benefits of serving in Congress, at one point receiving more than \$30,000 from bankers to oppose regulations (Deakin 1966, 52). It was not until the Progressive Era, which ushered in many governing reforms, that Congress passed the Tillman Act of 1907, the first campaign finance law. Originally, the act banned corporate donations to candidates, and was soon amended to prohibit corporate campaign expenditures as well (Epstein 1980, 160). Although the act remained on the books for more than 50 years, it was frequently circumvented and, in some cases, completely ignored (Zardkoohi 1985, 805). With the Taft-Hartley Act of 1947, Congress again tried to restrict interest group participation by prohibiting corporations and, this time, also labor unions from using their general revenues to influence federal elections through independent campaign activities.²³ As a compromise to ban business electioneering activities, more liberal members of Congress agreed to a ban on union contributions to strengthen business prohibitions (Ainsworth 2002, 187; Glasser 2010).

Serious reform measures did not emerge until the 1970s. In 1971, Congress passed the Federal Election Campaign Act (FECA), which attempted to consolidate many previous incremental reform efforts. Contributions from individuals to a candidate committee were capped at \$1,000 per election (Ainsworth 2002, 188). More importantly for interest groups, businesses and labor unions were once again allowed to participate by establishing political action committees (PACs).²⁴ Businesses and unions could use PACs as a means of communicating with and raising funds from their stockholders or union members and individual family members. Individual contributions to

²³ A temporary war-time ban on labor union contributions was included in the War Labor Disputes Act (also known as the Smith-Connally Anti-Strike Act) of 1943. See Epstein (1980, 161) and Goidel, Gross, and Shields (1999, 24).

²⁴ PACs actually pre-date the FECA rules of the 1970s. They were originally created by labor unions to circumvent bans on contributions to candidates. See Epstein (1980, 161) and Wright (1996, 117).

PACs and PAC contributions to candidates were capped at \$5,000 (Ainsworth 2002, 188; Zardkoohi 1985, 805-06;) and remain at this level today.

Although groups now had a vehicle through which to legally participate, the number of new PACs grew slowly at first. Developments in 1974, however, would lay the seeds for rapid growth. Following the Watergate scandal and serious allegations of abuse by President Nixon's Committee to Re-elect the President, Congress amended FECA. The 1974 amendments had two major implications for interest groups, especially for businesses. First, the amendments lifted a ban on businesses with federal contracts from forming PACs. Second, they established the Federal Election Commission (FEC), which was tasked with implementing all election laws. The FEC, like any agency tasked with enforcing congressional mandates, was delegated interpreting and rulemaking powers. When Sun Oil Company sought clarification from the FEC on rules for developing PACs, the FEC made one of its "most important rulings ever" (Ainsworth 2002, 188). It is important to note that there have traditionally been two types of PACs: "separate and segregate funds" (SSF) PACs and "nonconnected" PACs.²⁵ Most PACs are of the SSF strain, meaning they are administered by a parent organization, usually a business or union. Nonconnected PACs are essentially stand-alone organizations.²⁶ Sun Oil had requested from the FEC permission to spend its general revenues – corporate funds that were not raised through donations to its SSF PAC (SUN-PAC) – to administer and raise contributions. The FEC granted Sun Oil's request, leading to an explosion of new corporate PACs (Ainsworth 2002, 188; Anders 1985, 214; Epstein 1980, 359; Zardkoohi 1985, 806). The percentage of Fortune 500 companies with PACs shot from less than 2 percent before the ruling up to 52 percent by 1980 (Anders 1985). Corporate PACs (those affiliated

²⁵ I say "traditionally" because following the *Citizens United v. FEC* (2010) ruling the FEC has established a new type of nonconnected PACs, which are called independent expenditure committees. These are more commonly referred to as "super PACs."

²⁶ See Ainsworth (2002, 189) for the difficulties associated with starting and managing a nonconnected PAC.

with for-profit corporations) have since been the most common type of PACs (Gains 1996; Humphries 1991; Matasar 1986). In 1976, Congress amended FECA again, this time allowing nonprofit corporations such as “social welfare” organizations (nonprofit associations under subsection 501[c][4]) and business and professional trade associations to also establish SSF PACs and administer them with their general revenue (Epstein 1980, 359).

If there is one topic within interest group studies that has been overly examined, it is the effects of PAC contributions. As mentioned in the previous chapter, the popularity of PACs as a topic stems from the fact that they are the only easily available source of data on interest groups activities. While studies of PACs have been numerous, conclusions on whether they influence policy decisions have been far from consistent. In fact, some of the best research on the effects of PACs has avoided examining if contributions influence voting behavior altogether. Hall and Wayman (1990), for example, found that money may not be able to buy votes, but it can influence the amount of attention a group’s issue(s) receive from legislators. Similarly, Langbein (1986) found that contributions can increase access to legislators.

If there is a generalizable finding on whether contributions influence legislative voting behavior, it is that any effect is minimal at best. Slatzman (1987) actually claimed to have found a direct significant relationship between legislators’ AFL-CIO scorecard ratings and PAC contributions, but his findings have since been dismissed as endogenous (Wawro 2001, 565). PAC studies must take the legislator’s voting predisposition into account (*ibid.*), as groups are likely to give money to those who already agree with the organization (Grenzke 1989; Fleisher 1993). This is especially true with unions (McKay 2010). Stratmann (1995) says contributions can have a cumulative effect, producing influence after long periods of giving. Roscoe and Jenkins (2005) conducted a meta-analysis of more than 30 PAC studies, finding that those which fail to control for other influences, such as the legislator’s ideology, are most likely to find contributions as significant.

Still, there is *some* evidence that contributions can have an impact under very specific circumstances. In his amazingly comprehensive review of interest group activities, Smith describes occasions in which contributions can impact decisions:

When the visibility of the issue is low [11 studies]; when the issue is specialized, technical, or narrow [4]; when the issue is non-partisan and non-ideological [8]; when the public is indifferent, divided, or ignorant [8]; when the position advocated by the interest group is unopposed by any other interest groups [6]; when the interest groups who contribute also lobby the issue intensely [2]; when the contributions are given to influence legislative outcomes (as opposed to the election outcomes) [1]; in the case of senators, when an election is drawing near [2]; when members are ideologically moderate [1]; and when the general political climate of opinion is consistent with the objectives of the interest group [1] (Smith 1995, 94-95).

PAC contributions to U.S. senators during each of the election cycles within my study are included in my dataset. Still, groups can influence elections in more ways than just making contributions to candidates. This was not always the case, however. Originally, FECA defined any “expenditure” (whether money or other valuable assets) with the purpose of influencing an election as a contribution (Briffault, 2005, 957). This essentially prevented groups from any electoral activities other than making contributions, which were capped, to candidates or parties. Advertisements purchased by interest groups mentioning candidates around election time were effectively banned. Any ads mentioning candidates were deemed “in-kind donations,” which meant that the group purchasing the ad had to register as a political committee with the FEC (Hayward 1993-1994, 52). Of course, political committees are only allowed to raise money (which is subject to contribution limits) directly from individuals, which meant unions and for-profit and non-profit corporations could not use their general revenues. Since donations were capped at \$5,000, well below the necessary amount to purchase radio and television ads even in the 1970s, groups were relegated to making only PAC contributions. This extremely narrow role for interest groups would not remain for long. Groups on both the political left and right immediately challenged FECA’s ban

on non-PAC electioneering expenses, claiming that it violated the free speech clause of the First Amendment.

In the landmark case *Buckley v. Valeo* (1976),²⁷ an extremely fractured Supreme Court majority agreed, in part, with groups challenging the law.²⁸ The Court created two non-PAC-contribution options for groups looking to influence elections. First, groups could use their PAC funds (FEC-regulated “hard money”) to purchase “independent expenditures,” election-related expenses other than contributions made directly to candidates or political parties (Briffault 2005, 953). Most independent expenditures take the form of advertising, although the type of ad can vary from television to direct mail. Independent expenditures are permissible as long as they are not coordinated with candidates’ campaigns. PAC independent expenditures are reported to the FEC and are included in my study.

Second, the Court also ruled that groups were permitted to run ads with non-PAC funds (i.e., their general revenue), even if the ads clearly sought to promote or oppose a candidate for federal office, as long as they avoided “express advocacy” on behalf of candidates. Express advocacy ads were those that used the so-called “magic words.”²⁹ Any other advertisements were considered “issue advocacy” and were thus protected speech (Briffault 2005, 957). Although the distinction seems clear-cut as discussed here, considerable legal battles ensued between the FEC and interest groups over what constituted an “issue ad” versus “express advocacy” (Hayward 1993-1994; Moramarco 1999-2000). Following the Court’s ruling, interest groups spent considerably more on issue ads than they ever did through PAC contributions (Briffault 1999; Cigler 2004, 239; West 2000). Unlike PAC contributions, however, groups did not have to report how much they spent on

²⁷ 424 U.S. 1 (1976)

²⁸ The ruling was 7-1, with four special concurrences.

²⁹ The “magic words,” which were in a footnote of the ruling, were “vote for,” “elect,” “support,” “cast your ballot for,” “Smith for Congress,” “vote against,” “defeat,” and “reject.” See Briffault (2005, 957).

issue ads (West 2000, 150), and, as a result, political scientists, for the most part, did not attempt to study whether spending on issue ads had any direct or indirect effects on policy.³⁰ The distinction between issue ads and express advocacy ads is no longer important, as following the Court's ruling in *Citizens United v. FEC* (2010)³¹ groups are now permitted to purchase express advocacy ads with their non-PAC funds.

Issue ads would not even be mentioned here, were it not for recent election cycles that have permitted the purchase – and FEC disclosure – of issue ads by so-called 527 organizations. How interest groups came to use 527s is yet another recent twist in electioneering law. Early after the FECA was enacted, the FEC ruled it did not have the power to regulate contributions made directly to party committees (organizations such as the Democratic National Committee) as long as the contributions were to be used for “party-building” activities (Malbin 2006, 5-6). By the 1990s, however, exception allowing parties to spend unregulated donations for “party building activities” had grown to allow all expenditures that were not express advocacy ads. In other words, the issue ad distinction the Supreme Court devised to protect the free speech rights of interest groups grew into a standard that governed electioneering spending even for the political parties. As a result, both major political parties began raising “soft money,” unlimited contributions to the parties not regulated by the FEC (*ibid.*). Soon, both sides were raising and spending soft money in ways that were very clearly intended to influence election outcomes. In the mid-1990s, the major committees for the Democratic and Republican parties were both running issue ads in favor of candidates funded entirely with soft money (Briffault 2000). Although voters could tell little difference between soft-money ads and FEC-regulated ads, the former were legal only because they lacked the final call to

³⁰ Interesting note, many interest group books by political scientists (e.g., Baumgartner and Leech 1998; Ainsworth 2002) do not even mention issue advertisements.

³¹ 08-205 (2010)

action, e.g., “vote for Bill Smith.”³² By the 1996 election, soft money spending had grown to the point where more money was spent outside of the FECA/FEC regulatory system than within it (Alexander 1999).

While the practice of parties raising and spending soft money was not exactly a return to the unregulated days of legislators offering their votes on the floor of Congress for campaign contributions, there was compelling evidence cited by reformers of a corrupting influence of the new reality (Cigler 2004, 238; Van Natta and Oppel 2000).³³ Although corporations and unions were prohibited from using their general revenue to contribute to candidates, both groups were able to contribute unlimited amounts of soft money to parties because it was technically not being used to expressly advocate in favor of a candidate. For a while, soft money contributions to the parties even escaped disclosure rules, allowing the parties to run ads without revealing who helped pay for them (Cigler 2004, 238). Since soft money went to the political parties, which obviously coordinated and worked with candidates, it gave at least the appearance of having the same effect as large, unregulated contributions given directly to candidates.

Kingdon envisions the policymaking process as the merging of three distinct streams: problems, policies, and politics (2003, 87). According to his model, these streams flow along separately only producing policy when they come together. Often this “coupling” of streams is a result of policy entrepreneurs, advocates on behalf of policy adoption (p. 122). In the late 1990s, the problems and policy streams quickly became visible as the probable impact of soft money started to be recognized. More and more cases began to come to light of for-profit corporations receiving

³² Although the vast majority of soft money was used for campaign advertising, it was also used for “get out the vote” (GOTV) and registering activities. As with television ads, these activities were frequently aimed at helping a specific candidate.

³³ One notable such incident involved the discovery of a Democratic National Committee fundraising memo for Al Gore that instructed the Vice President to ask for a \$100,000 contribution from a prominent trial attorney in Beaumont, Texas and at the same time reference President Clinton’s desire to veto national tort reform legislation. See Van Natta and Oppel (2000).

benefits such as tax exemptions, patent extensions, and huge federal grants for research (Donovan and Bowler 2004, 160-61). Reform-minded groups such as Common Cause, which played a pivotal role in creating FECA, pushed for a ban on soft money contributions. Media reporting of soft money influence increased. Yet, it seemed with the election of George W. Bush, who had openly opposed soft money reforms as a candidate, that the political stream would never come into play.

In late 2001, however, the public mood began to tip heavily in favor of reform. Scheberle (1994) asserts that the most persuasive events “in terms of their ability to achieve prominent agenda status, are those that describe deliberate attempts by willful governmental or private actors to conceal problems.” Reformers were presented with such an agenda-impacting event with the collapse of the energy company Enron and the discovery that its executives had contributed millions to a number of politicians, including large soft money contributions to the Republican Party. The Enron debacle was followed by what seemed to the public to be a nearly endless list of Fortune 500 companies that were involved in deceitful business practices, including Adelphia, Tyco International, and WorldCom, which broke Enron’s record for the nation’s largest bankruptcy. With the 2002 mid-term elections approaching, President Bush, himself the recipient of a number of Enron contributions and a close friend of the company’s CEO, reversed his previous opposition to reform and signed the Bipartisan Campaign Reform Act (BCRA), which banned all soft money contributions to parties.³⁴

Despite the significance of BCRA, it technically only amended the FECA framework. Even its most ardent supporters would be forced to admit that it was a patchwork attempt to plug leaks that had sprung in the older system (Malbin 2006, 2-4). In 2004, the first election under BCRA, some soft money that once went to the parties started being funneled to previously obscure

³⁴ I first applied Kingdon’s (2003) streams framework to Enron and BCRA in spring 2010 for a class paper on agenda setting. I afterwards discovered Cigler (2004) also applied Kingdon’s framework to these two events.

organizations known as “527 groups,” named after the section of the tax code under which they filed. To observers of the 2004 election press coverage, 527s appeared to be an ingenious (if not also underhand) post-BCRA creation devised to undermine the campaign finance system (Kingsley and Pomeranz 2004, 81). In reality, 527s came into existence shortly after Congress passed the 1974 FECA amendments. Prior to the 1970s, organizations receiving only campaign contributions – and no other income – were not required to file with the IRS. This changed in 1975 when Congress created Section 527 of the Internal Revenue Code (IRC) for FEC-regulated, hard money organizations (i.e., PACs, party committees, and candidate committees) to file under for tax purposes. Congress specifically defined Section 527 as for “political organizations,” which were groups with a primary purpose of influencing elections (Briffault 2005, 955). For this reason, Congress stipulated that groups filing under Section 527 were completely exempt from IRS rules on partisan “political activities” placed on traditional nonprofits falling under Section 501(c) designations (Kingsley and Pomeranz 2004, 82).³⁵ Furthermore, groups under Section 527 were also exempt from gift taxes, which applied to most 501(c) organizations (ibid., 100-01).

Congress mistakenly assumed, however, that all groups filing under Section 527 would be FEC-regulated entities, such as PACs. Shortly after the *Buckley* ruling, political activists recognized an opportunity. By creating a 527 organization that did not make contributions directly to candidates and avoided expressed advocacy, a group could avoid FEC regulations applied to hard-money organizations, such as limits on donations to the organization and having to disclose donor information to the FEC. Plus, the group would be exempt from IRS electioneering rules applied to traditional nonprofits (Briffault 2005, 956-58; Kingsley and Pomeranz 2004). These non-hard

³⁵ IRS restrictions on political activities for 501(c) organizations are discussed in detail in the next chapter. “Political activities” here refers to what the 2004 IRC Sec. 527 identified as “exempt functions,” which were activities “attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office.” See Kingsley and Pomeranz (2005, 82).

money organizations filing under Section 527 would later be dubbed by the press as “527 groups,” and they were uniquely positioned to play a role in the post-BCRA environment.

The ban on soft money going to parties coupled with BCRA’s new ban on issue ads for groups that made direct contributions to candidates through a connect PAC,³⁶ contributed, in part, to a growth in the number of overtly political 527s because, unlike PACs, their contributions could come from organizations, were not capped, and did not have to be reported to the FEC. Big 527s, such as Moveon.org and Swift Boat Veterans for Truth, specialized in the issue ads that outside groups used before BCRA and the political parties were using with soft money. When it became evident that 527s were playing a pivotal role in the 2004 presidential election, Kingdon’s (2003) policymaking streams quickly came back together. A *New York Times* editorial bemoaned that “No sooner had [BCRA] become law than party financiers found a loophole and created groups known as 527s” (Real-World 2004). Campaign finance reformers, joined with Republicans who feared the left had more successfully utilized 527s, and petitioned the FEC to begin regulating 527s as political committees (Sidwell 2004).³⁷ Under intense political pressure, the FEC issued rules to regulate 527s after the 2004 election (Briffault 2005). As a result, 527s attempting to influence the outcome of federal elections must now report their expenses to the FEC.³⁸

The use of creating 527s to produce issue ad will fall from favor following the Supreme Court’s ruling in *Citizens United v. FEC* (2010), which eliminates the need for groups to avoid engaging in express advocacy. The fact remains, however, the 527s were an integral part of the

³⁶ BCRA originally reinstated a ban against all non-hard money advertisements which mention candidates and were broadcast within 30 days of primary and 60 days of general elections. This ban was originally upheld in *McConnell v. FEC* 02-1674 (2003) but was later overturned in *Wisconsin Right to Life Committee v. FEC* 06-969 (2007). See Kerr (2009, 109).

³⁷ In March 2004, the FEC issued a “Notice of Proposed Rule Making,” which provided a series of alternatives for regulating 527s. The notice received more than 150,000 comments – more than any proposed rule by the FEC in history. See Sidwell (2004, 940).

³⁸ For the exact rules on what types of 527s report to the FEC, see *Federal Register* (2004, 68057).

campaign landscape for several election cycles during the years of my study. The FEC has data on electioneering expenses of 527 organizations, starting with the 2006 election cycle.³⁹ A number of interest groups have formed affiliated 527s. These electioneering tools have been particularly popular with unions (Briffault 2005, 980; Weissman and Hassan 2006, 90). No study has ever examined the policy effects of 527 expenses, probably because expenses are not matched to any specific candidate or race.⁴⁰ Since I do not examine specific legislators, however, 527 expenses are included in my study.⁴¹

All told, my study includes a more comprehensive examination of interest group electoral activities than the vast majority of past studies. Because past studies have chosen to examine campaign expenditures through the direct policy-effect lens (i.e., they ask the question: does a contribution cause a legislator to change his vote?) researchers examining campaign activities have been hampered by having to tie expenditures to individual legislators. I take a broader, aggregated approach (examining all U.S. senators together) and, therefore, am therefore able to incorporate all of a group's campaign expenditures reported to the FEC. Maybe a group's expenditures can directly influence policy. Or maybe a group can simply spend a large amount of money and elect an entirely new slate of legislators, thus indirectly effecting policy. Either way, my model should detect if any significant relationship exists between policy and campaign expenses.

Lobbying and Policy Influence

Lobbying, like electioneering, is a multi-billion dollar industry, which only promises to grow. Since 1998, the total amount spent on registered lobbyists in Washington has ballooned from

³⁹ The last election cycle my data study covers is 2008.

⁴⁰ The other probable explanation is that most political scientists do not really understand what they are.

⁴¹ Electioneering expenses for 527s makeup part of the electioneering variable for this study. See the "Data, Methods, and Findings" chapter for more information.

\$1.44 billion to \$3.33 billion for 2011.⁴² The public perception of lobbying, of course, is not too good (Baran 2006). The negative view of lobbying is only nourished by images in pop culture depictions such as those in HBO's recent series *K Street* and high-profile scandals involving individuals like Jack Abramoff. In reality, however, lobbying is quite an essential activity in Washington. Members of Congress and their staffs will freely admit they are not experts on most issues (Browne and Paik 1993). Most would not have the first clue as to what is a safe level of sulfur particulate matter for individuals to inhale throughout their daily routines. They need information to make such decisions, and lobbyists are a valuable source of such information (Ainsworth 1993; Rasmusen 1993).

Movements to regulate lobbying share many similarities with efforts to regulate interest group participation in campaigns. In the face of widespread opposition, Congress has usually passed acts narrowly tailored to focus on specific groups or sectors of the economy. Only after long periods of deliberation (and sometimes scandal) does sufficient political will usually build to pass more comprehensive regulations. In the early days of the republic, lobbying was an unregulated activity; but rules for lobbying were not badly needed. Most policy was made at the state or local level. At the federal level, "lobby-agents" (their name originating from their practice of hanging out in the halls of Congress) represented individuals, not groups, who had very specific and narrow grievances (Ainsowth 2002, 104; Berry and Wilcox 2009, 6). Frequent clients of early lobbyists were veterans seeking unprocessed benefits. Following the Civil War, a flood of Union veterans were petitioning the federal government for pensions. A few lobbyists soon recognized the inefficiencies of lobbying for one veteran at a time and instead sought to represent many through an organization known as the Grand Army of the Republic (GAR). Representing GAR, these entrepreneurial lobbyists advocated

⁴² See the Center for Responsive Politics' lobbying database: <http://www.opensecrets.org/lobby/index.php> (accessed July 31, 2012).

for general legislation on veterans' benefits such the Arrears Act of 1879 and Disability Pension Act of 1890, in the process becoming some of the earliest lobbyists to represent a broad sector of society (Ainsworth 1995 and 2002, 105).

It was around this time of growth in the profession that lobbying came to be seen as disdainful and self-serving (Ainsworth 2002, 105). Lobbyists were quickly being associated in the minds of many policymakers with scandal. Following two particularly high-profile events in 1876 (involving federal liquor taxes and expansion of the Union Pacific railroad) the House of Representatives passed the first act requiring group representatives to register as lobbyists, although the resolution expired the next year and was not renewed (Ornstein and Elder 1978, 98).

The corruption of the spoils system led to pushes for permanent lobbying measures. These early legislative efforts tried putting a face on groups that misrepresented their intentions or inflated their populist reach. One investigation by Senator Thaddeus Caraway (D-Ark) concluded that 90 percent of roughly 400 organizations represented by lobbyists in Washington were “fake” and operating solely to raise money under the pretense of “promoting some theory of government in which [donors] are interested.”⁴³ President Wilson, responding to intense opposition to his tariff proposals, prodded Congress into launching the first formal investigation into such activities. The investigation led to the proposal of legislation in 1913 that contained lobbying disclosure requirements. However, a predictable opposition from business interests – combined with unexpected opposition from farm and labor organizations – resulted in the bill’s failure to become law (Ornstein and Elder 1978, 99-100). In the absence of comprehensive lobbying reform measures, Congress instead passed legislation aimed at certain sectors of the economy. The Public Utility Holding Company Act of 1935, for example, contained provisions preventing utility companies from

⁴³ Senate Report 342, 70th Congress, 1st Sess., 1928, p. 2 and 3; see Zeller (1948, 239-40).

contributing to political parties and requiring anyone who lobbied on their behalf to register with the Securities and Exchange Commission (Ornstein and Elder 1978, 100-01; Zeller 1948, 240-41).

Fresh off victories in World War II, Congress finally passed its first far-reaching lobbying reform measure, the Federal Regulation of Lobbying Act (FRLA) of 1946. Remarkably, the bill passed with little opposition or fanfare. In fact, it was actually part of the larger Legislative Reorganization Act. While the act did not restrict spending on lobbying activities, a goal of many reformers, it did require any person employed for the principal purpose of influencing legislation to register with each house of Congress as a lobbyist and file quarterly financial reports. Lobbyists also had to identify their employers and state their legislative objectives (Ornstein and Elder 1978, 100-01; Schlozman and Tierney 1986, 318). Like most policies regulating interest groups, however, the constitutionality of FRLA was quickly challenged. In *U.S. v. Harriss* (1954)⁴⁴, the Supreme Court greatly narrowed the law's application. Primarily, the Court ruled regulations could only apply to direct lobbying of legislators, allowing groups to lobby agencies and courts without registering. Further, the Court stated that groups whose main efforts were geared toward stimulating public pressure on Congress (i.e., grassroots lobbying) were exempt (Ornstein and Elder 1978, 104; Schlozman and Tierney 1986, 320-21).

The modified version of the FRLA following the *Harriss* ruling would remain the nation's only policy regulating lobbying for the next 40 years. As the size of the federal government grew, so did the number of lobbyists in Washington, who were representing increasingly diverse sectors of society. It quickly became apparent that FRLA's registration requirements were inadequate, as most individuals lobbying were not registering as lobbyists (Ainsworth 2002, 129). Numerous attempts to update registration requirements would fail until Congress passed the Lobbying Disclosure Act (LDA) of 1995. Most notable about the LDA is that it remains possibly the only comprehensive

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interest group reform measure not drafted or passed in the wake of a scandal (Krishnakumar 2007, 518). Registered lobbyists comply with the LDA by filling out forms created by the Clerk of the House and the Secretary of the Senate, where the forms are reviewed and then made available to the public, in hard copy at the Legislative Resource Center and at the Senate Office of Public Records in Washington, D.C. and, to a more limited extent, online through the Senate's official website.⁴⁵

The LDA follows the same regulatory premise as previous lobbying reforms by requiring lobbyists to disclose their clients' names creates an incentive to behave more honestly (Krishnakumar 2007). This assumption may not be true, as a number of scholars have noted that maintaining access to legislators may be the most powerful incentive for lobbyists to be honest, at least when dealing with legislators (Axelrod 1984; Ornstein and Elder 1978). Ornstein and Elder (1978, 77) quoted one lobbyist as saying, "As long as the members believe I'm honest and play straight with them, I'll have a chance to make my case."

Despite any shortcomings of the LDA it has provided political and policy scientists with an institutionally supported source of data on lobbying activities, something that academics have long needed. Lobbying is the most formalized method of advocacy available to interest groups (Suárez and Hwang 2008, 94). Yet, compared to work with campaign contributions, researchers have been less enthusiastic about studying the effects of lobbying until recently (Baumgartner et al. 2009; Smith 1995). It seems safe to assume that having little in the way of financial data on lobbying expenses (only recently remedied) has contributed to the lack of empirical investigations. Smith (1995, 91), as evidence for this argument, notes that most research on lobbying has been theoretical, whereas most studies on campaign contributions have been empirical.

⁴⁵ See United States Senate Lobbying Disclosure Database: http://www.senate.gov/pagelayout/legislative/g_three_sections_with_teasers/legislative_home.htm (last visited July 11, 2012).

Some scholars have pointed to a divide between public and academic perceptions over how influential lobbying is believed to be (Alexander, Mazza, and Scholz 2009, 402-03; Smith 1995, 97). The public often perceives lobbyists as power-players, twisting the arms of legislators into doing the bidding of their clients. Scholars, however, have been much more skeptical of lobbying's impact on policies. Study findings have been far from conclusive, as many researchers have been confounded by mythological and measurement problems. Besides the endogeneity obstacle mentioned with the PAC literature, several scholars have noted that past studies have failed to take into account the potential spuriousness caused by lobbying and PAC contributions being so closely linked (Baumgartner and Leech 1998, 15; Smith 1995, 122-23; Wright 1996). Studying lobbying is also complicated by groups often lobbying legislators with whom they already agree (Bauer, Pool, and Dexter 1963; McKay 2010).

Despite methodological and conceptual difficulties, some studies have concluded lobbying to be successful, albeit under specific conditions. There is evidence, for instance, that lobbyists can be effective at convincing legislators that their issues and clients are salient. Schattschneider (1935, 224-25) described the "first law of behavior in pressure politics" in which groups naturally seek to exaggerate the importance of their issues and ability to "speak for whole categories of loose aggregates." Grassroots lobbying, in particular, seems to be an effective technique for employing such a lobbying strategy. Goldstein (1999, 40-41) cites a 1993 battle over tax deductions for business lunches as an example of when the National Restaurant Association (the less well-known NRA) used such a tactic. Although restaurant owners and wealthy business members were clearly the beneficiaries of such a policy, the NRA successfully used female waitresses of NRA-member restaurants in press conferences and television advertisements to plea with legislators not to cut business-meal deductibility because their jobs depended on it. The campaign not only reframed the

issue but created the perception that those lobbying to retain deductions were speaking for more than just “fat cat” businessmen.

Smith (1984) similarly found that interest group lobbying can shift as many as 30 to 40 votes in the House of Representatives (a considerable sum) by attaching the right values and beliefs to legislative proposals. He notes that legislators’ values and beliefs are quite consistent; however, their interpretations of specific policies are less static and, on occasion, are based on partial understandings of a policy’s consequences. On such occasions, lobbyists can, over repeated meetings and discussions, foster a legislative interpretation of a policy that is adventitious to his or her clients. Subsequent studies have noted other conditions in which lobbying may be effective. Schlozman and Tierney (1986, 314) found that lobbying is successful when issues are “shielded” from public scrutiny. Wright (1990) argued that the number of lobbying contacts a committee member has, especially when the lobbyist holds more expertise than the member, is a better predictor of voting than campaign contributions. In his 1995 review of interest group activities, Smith outlined the following conditions under which lobbying seems to be successful:

When the members of Congress believe that the substantive expertise of the interest groups exceeds their own [2 studies]; when group access is costly or uncertain [1]; when the groups are part of a broad group coalition [2]; when the views of the groups are strongly shared by a large number of citizens who are not members of the groups [1]; when the ability of voters to monitor congressional behavior is low [1]; when the issue is “shielded from public or media scrutiny” and does not arouse “deeply felt convictions, lines of party cleavage, or particularistic constituency needs” [1]; when there is no opposition – and, preferably, active support – from the public, other organized interests, and public officials [2]; when interest groups have adequate time to execute their lobbying strategies [1]; when the interest groups both possess and devote sufficient resources to execute their lobbying strategies and enjoy a comparative resource advantage over their opponents [1]; and when the groups have strongly supported the members of Congress in the previous election and have many politically active group members in the district [1] (Smith 1995, 106-07).

More recent studies have had the benefit of examining lobbying returns in compliance with the LDA. Two, in particular, stand out for their innovation and thoroughness in studying the

influence of lobbyists. First, there is Baumgartner et al (2009), who conclude that lobbying is far less influential than the public often perceives. In the study of their nearly 100 issues, they find that an organization's lobbying resources only contribute to policy success in a small percentage of campaigns. Instead, most policy outcomes, no matter how strong the lobbying campaigns, tend to display a strong status quo bias. On the other hand, there is Alexander, Mazza, and Scholz (2009) who take a completely different approach by examining for-profit corporations' lobbying expenditures on one issue, a tax provision within the American Jobs Creation Act (AJCA) of 2004. Examining this provision, which allow multinational corporations a one-time deduction of dividends received from a foreign subsidiary, allowed the authors to compare groups' lobbying expenditures in favor of the bill to the monetary benefit groups received when it passed. They found that corporations save \$220 for every \$1 spent on lobbying, a "return on investment for lobbying" (as they put it) that equals 22,000 percent.

Alexander and her colleagues offer a potentially new perspective for the examination of influence activities by interest groups. Unlike most other studies, they do not attempt to grapple with the endogeneity problem that has dogged previous scholars. The tax-deduction provision of the AJCA could very well have passed without the participation of the groups that lobbied in favor of it. But if lobbying parties do see such a potentially large return on investment, they would most likely rationalize that they have little to lose in trying. Even Baumgartner et al (2009) conclude that lobbying campaigns are occasionally successful, and on such occasions the policy changes they spur are major. If we assume that Alexander and her associates' rate of return is applicable to lobbying on other economic policies, then it would be foolish for large for-profit corporations not to lobby. For even if there is only a 1 percent possibility of success, the 1 time a group succeeds would more than make up for the 99 times it did not.

Conclusions on Interest Groups and Public Policy

It is difficult to overstate the importance of interest groups to the American political system. This chapter reviewed several areas of scholarly interest with the study of interest groups. The most consistent findings within the literature on interest groups have come from studies on mobilization and why individuals join groups. Scholars have convincingly shown wealth and education are highly correlated with participation in interest groups. Most importantly, the mobilization research has confirmed that individuals are far more likely to organize around private and economic interest than public causes. The mobilization literature helps to explain why for-profit corporations and business associations constitute the majority of the interest group population.

Researchers have successfully described the interest group population but have provided few clear explanations of how groups can successfully shape public policy. It is rather obvious that the business community spends more on political activities than any other sector of organized interests. Yet, scholars have struggled in trying to determine if the business community's investments have translated into higher levels of policy success, at least beyond the agenda-setting stage or outside of small policymaking environments such as local communities or government agencies. A considerable amount of scholarly energy has also been spent studying the effects of PAC contributions and lobbying, although the conclusions of research on these topics is also far from clear. It appears the ability of groups to influence policy with these activities is limited to narrow circumstances at best. Furthermore, the policy effects of some political activities, such as issue ad expenditures, have gone mostly unexamined. At the very least, there is little lost from wealthier groups spending small percentages of their overall resources on political activities.

In this chapter I have discussed the laws that govern the political activities of all interest groups. Interest groups with tax exempt statuses, however, must comply with additional rules designed specifically for politically active nonprofit organizations. In the following chapter, I

discuss the tax policy that shapes the nonprofit landscape. I discuss the types of groups included in this study and the laws governing electioneering and lobbying by nonprofits. Internal Revenue Service rules on political activities have been far less examined by scholars and the press and, consequently, are more misunderstood than traditional campaign finance and lobbying laws.

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III. ADVOCACY BY NONPROFITS AND NONPROFIT ADVOCACY

Introduction

Two of the burgeoning topics within interest group studies are the activities of nonprofit interest groups and advocacy for nonprofit causes. While some scholarly discussions have occasionally intermingled these two topics, they are two separate issues. Literature on advocacy by nonprofits, i.e., interest groups with tax-exempt statuses, focuses on organizational structures. This line of research has examined how tax, lobbying, and electioneering policy have come together to shape membership associations and how they engage in political activities (e.g., Reid 2006). Most studies on this topic can be found in legal journals, especially those focusing on tax and administrative law (e.g., Kingsley and Pomeranz 2005; Briffault 2005). Some of the recent developments, spurred by court rulings such as *Citizens United v. FEC* (2010), have yet to be analyzed in scholarly journals but are subjects of discussion by news outlets and research institutions such as the Campaign Finance (e.g., Malbin, Brusoe, and Glavin 2011).

Literature on advocacy for nonprofit causes, i.e., nonprofit advocacy, addresses the unique challenges facing groups that advocate on behalf of social services and public interests. While authors in the first line of research have mostly been legal scholars or with research institutions, authors in this second line of research have mostly been political scientists (e.g., Berry 2005 and 2006; Berry and Arons 2003; Salamon 2002). Another way to visualize the distinction of the two topics is: All groups engaged in “nonprofit advocacy” are nonprofits; but not all advocacy by nonprofits is nonprofit advocacy. If the last sentence only serves to further confuse matters, hopefully the proceeding sections will clear things up.

In this chapter, I discuss the four types of groups examined in this study: business and professional trade associations, labor organizations, public interest organizations, and charitable

groups. It is important to understand that these each of groups must comply with IRS lobbying and electioneering restrictions in addition to the more well-known federal statutes such as those discussed in chapter 2. I provide some discussion of tax rules that govern the political activities of nonprofits, paying particular attention to charitable groups, whose activities are most limited by tax policy. I end with a review of literature on how tax rules and other interest group regulations have incentivized groups to develop “complex organizational structures,” managing multiple tax-exempt entities (Kerlin and Reid 2009; Boris and Kerhely 2002; Reid 2001), in order to pursue their policy goals. Using multiple tax-exempt statuses as a method to influence public policy will become increasingly popular following recent Supreme Court rulings that led to the Federal Election Commission’s (FEC) development of independent expenditure committees (i.e., the so-called super PACs).

Economic-based Tax-exempt Groups

There are 28 different types of tax-exempt (or “nonprofit”) organizations that file under section 501(c) of the tax code.⁴⁶ Congress is frequently adding new members to the nonprofit population. The newest addition to section 501(c) is subsection (29), which was created for health insurance cooperatives implemented under the Affordable Care Act of 2010.⁴⁷ The majority of these nonprofit organizations have no interest in influencing public policy as a primary or even secondary concern. In this chapter I discuss the four types of nonprofit organizations that do invest considerable time and resources in policy advocacy. These nonprofit

⁴⁶ See the following link for the National Center for Charitable Statistics (NCCS), run by the Urban Institute, for all 501(c) subsection organizations: <http://nccsdataweb.urban.org/PubApps/showOrgsByCategory.php?group= subsection&code=> (accessed 15 July, 2012).

⁴⁷ See the IRS’s website “Guidance for IRC 501(c)(29) Qualified Nonprofit Health Insurance Issuers”: <http://www.irs.gov/charities/article/0,,id=237287,00.html> (accessed 15 July, 2012).

interest groups file under subsections (c)(3) through (6).⁴⁸ I start in this section of the chapter with a brief discussion of the two types of economic-based nonprofit interest groups: labor organizations and business associations. These are the two types of membership associations that face the fewest mobilizing and policy barriers in pursuing their policy goals.

Incorporated labor unions file under subsection 501(c)(5) of the Internal Revenue Code (IRC).⁴⁹ I specify “incorporated” because many smaller unions are not incorporated at all (Kagel 1962). This subsection of the tax code was first created by the Corporation Excise Tax Act of 1909 (Reilly, Hull, and Allen 2003a, 3). While some individuals refer to all labor organizations that file under subsection 501(c)(5) as “labor unions,” they are not technically the same thing. All incorporated labor unions file under the section, but not all 501(c)(5) “labor organizations” are labor unions. Labor union is actually a narrower term. Subsection 501(c)(5) covers any “association of workers who have combined to protect or promote the interests of the members by bargaining collectively with their employers to secure better working conditions, wages, and similar benefits” (p. 4). Labor groups have retained this tax-exempt status without interruption since Congress first provided it to them in the early 1900s; however, President Eisenhower tried to get Congress to pass legislation in 1958 and 1959 that would empower the Secretary of Labor to remove specific groups’ exemption status (Albert and Hansell 1962, 137). The legislation did not pass, and no such similar legislation has been pursued since.

⁴⁸ There is a fifth type of nonprofit, 527 organizations, discussed in the previous chapter, which also attempt to influence policy. These groups file in a different section of the tax code. Some 527s do operate as stand-alone organizations. The 527s included in this study, however, are used as electioneering arms of 501(c) organizations.

⁴⁹ All of the 501(c)(5)s in my study are labor groups, but this section actually also covers certain types of agricultural and horticultural groups that are not labor related (Reilly, Hull, and Allen 2003a, 1). These types of agricultural groups should not be confused with business agricultural organizations such as the National Association of Wheat Growers, which are business associations that register as 501(c)(6).

Subsection 501(c)(6) is designated for business leagues, chambers of commerce, real estate boards, and boards of trade.⁵⁰ This tax-exempt subsection was first enacted as part of the Tariff Act of 1913. Although there is no legislative comment as to why Congress created the subsection, the IRS contends it was passed in response to a request from the U.S. Chamber of Commerce for the creation of a nonprofit status for “commercial organizations” (Reilly, Hull, and Allen 2003b, 12). The IRC defines organizations filing in this subsection (most commonly referred to as business and trade associations) as groups “of persons having a common business interest, whose purpose is to promote the common business interest and not to engage in a regular business of a kind ordinarily carried on for profit. [Business and trade association] activities are directed to the improvement of business conditions of one or more lines of business rather than the performance of particular services for individual persons” (p. 3). Not surprisingly, business and trade associations are among the most well-funded nonprofit organizations. According to the Center for Charitable Statistics, there were more than 35,000 groups with total gross receipts of nearly \$60 billion that filed under subsection 501(c)(6) in 2008.⁵¹

Although donations to labor organizations and business associations are not tax deductible, these groups do not pay federal taxes on any profits they do earn. Because they are tax exempt, these groups are subject to some limitations to their policy advocacy activities. The IRS’s rules for political activities for both labor and business organizations are roughly the same.

⁵⁰ Interesting side note, the National Football League (i.e., the NFL) also files under subsection 501(c)(6). Despite the fact that the NFL generated \$7.8 billion in revenue with overall operating income of roughly \$1 billion in 2010, the league is a nonprofit that pays no taxes on its earned income (Maul 2011).

⁵¹ See NCCS’s “Organizations by IRS Subsection”:
<http://nccsdataweb.urban.org/PubApps/showOrgsByCategory.php?group=subsection&code=>
(accessed 15 July. 2012).

They are permitted to direct as much of their resources as they want to lobbying. They are also able to engage in *some* partisan electoral activities. They can start separate segregated fund (SSF) PACs as a means to donate to candidates (Caron and Dessingue 1985, 187). They can endorse a candidate for office, although the majority do not.⁵² The IRS requires that a group's partisan electioneering expenditures be reported (Reid 2006, 359). These "campaign intervention" activities are only supposed to constitute a minority of a group's expenses. A group deemed as having the primary objective of influencing elections can, at least in theory, have its tax status revoked (Kingsly and Pomeranz 2005, 61). While unions and business associations have not typically been in danger of exceeding the permissible limits of electioneering activities, many critics of the U.S. Chamber of Commerce's increased political activities in recent years have argued that the group is violating IRS electioneering rules (Lipton, McIntire, and Van Natta 2010).

Nonprofit Causes

Ask the average American to name an interest group, and he or she will probably name a nonprofit association, most likely one that advocates for public causes.⁵³ Believe it or not, this is fairly close to how sociologists (e.g., Knoke 1990; Strolovitch 2006) define interest groups.

⁵² Technically, the IRS only permits "express advocacy communications" (i.e., calls for the election or defeat of specific candidates) for these groups to their own membership (Reid 2006, 359). Business associations and labor unions have frequently made endorsing statements to members of the general public, however, and, to my knowledge, no group has ever been reprimanded by the IRS for doing so.

⁵³ This statement is based on personal observation and an analysis of 123 hand-written responses of students to the statement "Name an interest group," which was asked of students in two American National Government classes at the University of Arkansas in April 2012. Excluding "I don't know" responses, the most common response was the National Rifle Association (NRA). Every student who provided the name of a group wrote the name of a voluntary membership association such as the NRA or PETA. There were zero responses to mention institutions such as Wal-Mart or, for that matter, business nonprofit associations such as the U.S. Chamber of Commerce.

While political scientists have typically included institutions in their interest group studies, sociologists have usually studied groups as movements into which individuals have voluntarily joined (Baumgartner and Leech 1998, 25-27). The sociological definition more closely resembles the typical American concept of an “interest group” because it more accurately represents the normal citizen’s experience with groups. Wal-Mart undoubtedly behaves like an interest group, spending millions more on lobbying and electioneering every year than groups like the Sierra Club. Yet, the vast majority of citizens come into contact with Wal-Mart not as an interest group, but as a retail outlet where they shop or work. This logic similarly applies to business and professional trade associations. Business associations, such as the U.S. Chamber of Commerce and National Association of Manufacturers, have primarily institutional memberships; thus, they do not organize mass membership drives aimed at your typical citizen. Professional associations like the American Medical Association or American Dental Association do have individual members, but most individuals join and come into contact with the group for reasons other than influencing public policy. Many of these groups retain power over who can practice a given profession by controlling access to essentials such as malpractice insurance or state-level professional licenses. For these groups, policy influence is often a “by-product” of their existence (Olson 1965, 132-66). More doctors join the AMA, for example, to receive the group’s medical journal and access to malpractice insurance than to support the group’s policy positions.⁵⁴

The population of organizations advocating for nonprofit causes (i.e., public interest and charitable groups) is growing (Baumgartner and Leech 1998, 101; Ben-Ner 1994; Jenkins 2006;

⁵⁴ Olson (1965, 139) cites one study of the AMA for this finding. He mentions one doctor who dropped his membership. The doctor not only lost his malpractice insurance, but he also lost the chance to have other doctors to testify in his defense in a law suit.

King and Walker 1991; Houck 2003; Strolovitch 2006). What this means for nonprofits and nonprofit advocacy specifically is unclear. Dahl (1994) argues that an overload caused by nonprofit advocates largely promoting single-issue positions and direct democracy measures (e.g., referendums) reduces the power of governmental institutions.⁵⁵ Walker (1991) believes the increasing number of citizens groups will serve as a check on the upper-class bias within the system. Baumgartner et al. (2009, 254), however, contend that most newly formed groups with public missions, even those on the left, seem to represent causes important to upper class individuals. Strolovitch (2006) likewise concludes that many public interest groups representing marginalized populations place the most focus on issues important to their most advantaged populations, e.g., minority rights groups advocating for minority business owners.

Public Interests and “Social Welfare”

Public interest organizations were, until recently, the forgotten stepchildren of the nonprofit interest group community. They undoubtedly advocate for nonprofit profit causes, but most scholars do not consider them to be part of the nonprofit community (e.g., Berry and Arons 2003; Berry 2005 and 2006; Child and Gronbjerg 2007), although some do (Jenkins 2002, 308; Salamon 2002, 7). This may be due to the fact that a number of public interest groups are highly ideological, single-issue organizations (e.g., Gun Owners of America, the National Right to Life Committee, NARAL Pro-choice America), whose reputations are frowned upon in certain circles. Academic attention to public interest groups, however, is guaranteed to increase in the coming years, as these groups will be most affected by recent policies proposed to mitigate the impact of the *Citizens United v. FEC* (2010) ruling.

⁵⁵ Dahl (1994), to be fair, sees a growth of interest groups as natural in a system of weak political parties and separation of powers.

Public interest groups perform the majority of their work under a 501(c)(4) tax status. I will explain the qualification of “majority” in a later section. This section of the tax code, created at the same time 501(c)(6) was established, is reserved for “social welfare” organizations.⁵⁶ If one were to wonder what “social welfare” means, the IRS would be able to provide very little in the way of assistance. Social welfare groups are supposed to “promote the common good,” but, of course, such a vague phrase easily covers both the National Rifle Association (NRA) and the Brady Campaign to Prevent Gun Violence. The truth is even the IRS is not entirely sure what “social welfare” means. As the agency puts it:

Obviously the language of both the statute and the regulations comprehends a very broad category of organizations... Although the [IRS] has been making an effort to refine and clarify this area, IRC 501(c)(4) remains in some degree a catch-all for presumptively beneficial non-profit organizations that resist classification under the other exempting provisions of the Code. Unfortunately, this condition exists because “social welfare” is inherently an abstruse concept that continues to defy precise definition (Reilly, Hull, and Allen 2003c, 3).

Subsection 501(c)(4) could probably best be described as the home for groups with broad policy-based missions. Ideological and single-issue groups file under this subsection. These groups advocate for everything from protection of the environment to property rights, civil liberties to national security, and legalized pot to family values. A few 501(c)(4)s with small government missions such as the Club for Growth and National Taxpayers Union even receive a great deal of support from organized business. Whatever a social welfare organization is, there certainly are a lot of them. As of 2002, the IRS reports more than 121,000 organizations have

⁵⁶ I do not use the term “social welfare” to describe the public interest groups in my study because these groups cannot be defined solely on their 501(c)(4) status. Most large public interest organizations have both a 501(c)(4) and 501(c)(3) tax-exempt arm, as do many large charitable groups interested in public policy. I discuss making a distinction between these groups in greater detail in the methods chapter. In the final section of this chapter, I discuss how most nonprofit interest groups are now employing multiple tax-exempt arms.

filed under subsection 501(c)(4), making it the second largest subsection in the tax code in terms of number of organizations (Reilly, Hull, and Allen 2003c, 1).

IRS advocacy rules for 501(c)(4)s are the same as for labor and business associations. These groups can engage in as much lobbying as they wish. They also follow the same electioneering rules as labor and business associations, which permit the performance of some partisan electoral activities (Kingsly and Pomeranz 2005). Unlike labor and business groups, however, 501(c)(4)s have more often run afoul of the IRS's electioneering rules. Labor unions and business associations are typically not in danger of exceeding the IRS's limits for political activities because so much of their work inherently goes to supporting their membership. Labor unions engage in collective bargaining, set up union halls, and provide legal support for their members. Business and professional trade associations provide trade statistics, produce widely read trade publications and journals, and organize business expos and occupational conferences. Public interest organizations do not represent specific occupations or sectors of the economy. Instead, their memberships often consist of individuals from broad swaths of society, many of whom have nothing more in common than a very general opinion as to what should be the purpose of government. For many broad public interest groups, the most efficient method of pursuing general policy goals such as "smaller government" or "protect the environment" is not through lobbying on specific legislation but electioneering. Since the IRS's limit on campaign intervention is based on a percent of the group's overall expenditures, not a total amount spent, public interest groups, even if they spend substantially less overall on elections than labor unions and business associations, are more in danger of violating the agency's electioneering rules.

In fairness, history is not exactly littered with cases of 501(c)(4)s that provoked the ire of the IRS over electioneering. The agency recognizes revocation, its most severe punishment,

should be used sparingly. It, therefore, prefers to grant provisional tax-exempt status and spend years processing applications for organizations that seem to have primarily electoral goals (Race 1997, 1940). In 1997, for example, the IRS denied an application for 501(c)(4) status to an organization called Empower America. In its denial letter, the IRS asserted that the group was purely partisan, citing the fact that it was organized by several prominent Republicans and sought to advance a “conservative reform agenda.” Thus, the organization was deemed to be operating for the “private benefit” of electing Republicans, not for the promotion of a common good (Kingsly and Pomeranz 2005, 79-80).

No case better illustrates the IRS’s wait and see attitude on granting 501(c)(4) status than its review of the Christian Coalition’s political activities. The Christian Coalition operated under a provisional 501(c)(4) status for 10 years before its application was formally denied in 1999. By the time of the IRS’s decision, however, the organization had already successfully established several 501(c)(4) state chapters, including the Christian Coalition of Texas, which was established as the new national chapter and soon housed the majority of the group’s operations (Edsall and Rosin 1999). The continuance of the Coalition’s political activities, primarily its distribution of millions of scorecards to churches, caused the group’s new tax-exempt status to also come under review.⁵⁷ In 2005, the Coalition finally reached an agreement with the IRS that allows the organization to operate as a 501(c)(4). Although the group eventually secured tax-exempt status, the long-running battle with the IRS has taken a toll. By 2004, the once-mighty Coalition, with millions of members in the 1990s, was more than \$2 million in debt. Today, it

⁵⁷ The issuing of scorecards by nonprofits does not usually get an organization in trouble with the IRS. However, the Christian Coalition’s scorecards, with descriptions of legislators as “supporting abortion on demand,” were deemed misleading. Furthermore, the group was extremely aggressive in the way it distributed its ratings. Both of these facts taken together led regulators to conclude the group primarily existed to elect socially conservative Republicans to public office (Berry and Wilcox 2009, 79-80; Cooperman and Edsall 2006; Race 1997).

operates out of a small office in Charleston, South Carolina, with its only physical presence in Washington, DC being a post office box (Cooperman and Edsall 2006).

Nonprofits filing under 501(c) subsections, especially 501(c)(4)s, will likely face increased scrutiny for electioneering following *Citizens United v. FEC* (2010). The *Citizens United* ruling frees nonprofits to expressly advocate in favor or opposition of the election of candidates for office. In the wake of the ruling, pressure has built for the IRS to more aggressively enforce its electioneering policies, particularly on 501(c)(4)s (Weisman 2012a). In March 2012, Senate Democrats notified the IRS that they want the agency to ensure that tax-exempt groups devote less than half of their expenses to campaign intervention or that they would pass legislation forcing the agency to do so (ibid.).

While the IRS seemingly has not increased its enforcement of its electioneering limits for nonprofits, it has intensified its enforcement of the gift tax for donors to overtly political groups (Becker 2011). Donors who contribute more than \$13,000 per year to a nonprofit under subsections 501(c)(4), (c)(5) and (c)(6) are subject to a gift tax of up to 35 percent. Although administration of the gift tax was limited before *Citizens United*, the agency has increased enforcement against donors to 501(c)(4)s since the 2010 election (ibid.).

Even more regulations may be coming. Because 501(c) organizations are under no obligation to disclose the names of their donors (unlike FEC-regulated institutions, such as PACs), they have always been a popular option for donors wishing to influence elections but remain anonymous (Weissman and Ryan 2007, 6-7). In June 2010, however, the House of Representatives passed the Disclose Act,⁵⁸ which would require nonprofits that spend on partisan electioneering to disclose the names of their donors to the FEC (A Vote for Disclosure 2010;

⁵⁸ Disclose stands for the Democracy Is Strengthened by Casting Light on Spending in Elections Act.

Herszenhorn 2010a). Although a filibuster killed the bill's chance of passing the Senate and, consequently, of becoming law during the 111th Congress (Herszenhorn 2010b), it continues to be pursued by legislators (Weisman 2012b). The probability is high that the Disclose Act will become law if Democrats retain the White House and pick up both houses of Congress in the 2012 elections.

Charitable Advocacy

The most common nonprofit is a 501(c)(3) (Ben-Ner 1994). This section of the tax code is for organizations with “religious, charitable, scientific, testing for public safety, literary, or educational purposes” (Berry 2006, 239). Although these organizations are known as “charitable nonprofits,” the vast majority do not engage in charitable activities (Ben-Ner 1994, 731-62). In this study, however, I focus on charitable groups, which I define as organizations that provide or advocate for the provision of some type of social service.⁵⁹ If business groups are over represented in the pressure system, then charitable groups represent the total opposite end of the spectrum. Although one recent count placed the number of charitable organizations at more than 1 million (Houck 2003, 2), collectively they spent a mere \$43,214,430 on lobbying in Washington, D.C. in 2010 (the last year included in this study). By comparison, the U.S. Chamber of Commerce alone spent \$157,187,500 on lobbying during the same period.⁶⁰

⁵⁹ As stated earlier, I provide a more detailed discussion of how I define “public interest” versus “charitable” groups in the methods chapter, where I discuss operationalizing my independent variables. Since many groups utilize multiple tax-exempt statuses, it is difficult to distinguish a public interest or charitable group based only on the subsection in which they file, as these groups often share the same tax statuses. Therefore, I define groups based on the “policy typology” (Lowi 1972; Tatalovich and Daynes 2005) in which issues important to them are placed.

⁶⁰ For verification of the lobbying information, check Open Secrets lobbying database at: www.opensecrets.org/influence/index.php.

Studies have almost uniformly concluded that many, if not most, charitable groups avoid formal advocacy. Many even consider lobbying a “dirty word” (Ezell 2010). One study of virtually all small and mid-sized 501(c)(3)s in the country found that only 1.9 percent reported lobbying on their Form 990s (Reid 2006, 354-55).⁶¹ Boris and Krehely (2002) concluded that less than 3 percent of charitable-service nonprofits lobby per year. Similar discoveries have been made with studies of charitable lobbying at the state level. Suárez (2009) found that only three of 200 randomly selected charitable groups in the San Francisco Bay area reported lobbying on their Form 990 and only 17 percent encouraged political participation to their membership or the public. Child and Gronbjerg (2007) noted a general reluctance of charitable groups to engage in formalized advocacy in Indiana.

There is some evidence to suggest that not all organizations with missions falling under section 501(c)(3) avoid formal advocacy. Groups with environmental,⁶² civil rights, and health missions are believed to lobby more than other charitable groups (Child and Gronbjerg 2007; Suárez and Hwang 2007). Politicians have often complained that providing public funds can indirectly subsidize lobbying for charitable groups; however, Leech (2006) found that groups receiving government funding are no more likely to lobby.

Explanations for the lack of advocacy on the part of charitable groups vary. Some authors cite a lack of funding (Reid 2006, 355). Others point to intimidation by conservative

⁶¹ A Form 990 is the annual form tax exempt organizations must complete and turn into the IRS. The study was limited to 501(c)(3)s with budgets of \$25,000 or more.

⁶² Not all organizations with environmental missions can fairly be categorized as “charitable” groups. All of the environmental groups in this study are classified as public interest groups, as the majority of their activities include advocating for regulatory causes such as clean air. Some environmental groups, however, provide social services. I ran a small organization called Friends of the Tuskegee National Forest, which educated children in Tuskegee, Alabama about their community’s national forest. Our most popular program was to organized field trips for to the forest.

politicians who view charitable missions as too liberal (Ainsworth 2002, 54-55; Berry 2006, 248-249); although even pro-business 501(c)(3)s have faced recent criticism for their advocacy activities (McIntire 2012). The most frequently cited cause for the phenomenon is social service practitioners' lack of understanding of IRS rules on lobbying for Section 501(c)(3) organizations.⁶³ IRS lobbying restrictions for 501(c)(3)s date back to 1919 (Berry and Arons 2003, 51). As an inducement to donate to worthy causes, these 501(c)(3)s are able to offer tax deductions to their donors (Berry 2005, 569). Donations to a 501(c)(4)s, (c)(5)s, or (c)(6)s are not tax deductible.⁶⁴ Also unlike the other groups discussed in this chapter, 501(c)(3)s are exempt from the gift tax (Reid 2006, 256). Tax deductibility for donors opens these groups up to vastly more sources of income, especially grants from foundations and governments. The federal government, however, equates tax deductibility for donations to public subsidization. For this reason, 501(c)(3)s are not allowed to engage in a "substantial" amount of lobbying or grassroots advocacy, although they are allowed to engage in some.

What constitutes "substantial" is far from clear. The IRS refuses to provide an exact definition, under the rationale that providing a precise definition would encourage groups to lobby to their permissible limit (Berry 2006, 240). In other words, the ambiguity, it is believed, discourages activism. There is an alternative to ambiguity. By using Section 501(h) and filling out a form 5768, public charities are allowed to direct a portion of their tax deductible donations

⁶³ IRS rules on lobbying for 501(c)(3) organizations are separate from the more widely discussed, and better understood, national lobbying policies such as the Lobbying Disclosure Act of 1995.

⁶⁴ These organizations are still considered nonprofits, however, because they are exempt from federal income taxes and have volunteer boards of directors, unlike for-profit corporations. There are only two types of groups that can offer deductibility for donations: 501(c)(3)s and 501(c)(19)s, which is reserved for veteran groups. See the IRS's website for more discussion: http://www.irs.gov/publications/p557/ch04.html#en_US_2011_publink1000200395 (accessed 19 July 2012).

to lobbying. According to this so-called “H-elector” rule, there are two types of lobbying: direct lobbying (the formal type examined in this study) and grassroots lobbying (attempts to spur public action on a legislative issue). A group is involved with direct lobbying when an employee or someone paid to represent the group “communicates with a member or employee of a legislative body and one of the purposes is influencing legislation” (Nix 1978, 419).⁶⁵ Since the H-elector rule defines lobbying rather narrowly and the expenditure limits are fairly generous, it is rather difficult for an organization to exceed the ceilings. Yet, some research has suggested that the H-elector option has been underutilized (Berry 2006).

The IRS has not been hesitant to enforce its lobbying rules. The most notorious application of them came in June 1966 after the Sierra Club, which at the time was a registered 501(c)(3), ran full-page ads in the *New York Times* and *Washington Post* in opposition to a bill in Congress. The bill would have authorized the building of two hydroelectric dams in Colorado. The ad urged readers to ask members of the Colorado congressional delegation to oppose the project. Within days of the ad’s appearance, the IRS suspended the group’s tax status, which was ultimately revoked after a quick investigation (Boroad 1967). Charitable advocacy researchers still cite the Sierra Club incident as an example of intimidation of nonprofit groups (Berry and Arons 2003, 72-79). Since the incident, the IRS’s lobbying provisions have resulted in some fairly nasty legal battles, including one case, *Reagan v. Taxation without Representation* (1983), that made it to the Supreme Court (Reid 2006, 354).⁶⁶

⁶⁵ The permissible level of direct lobbying is 20 percent of the first \$500,000 of the organization’s “exempt purpose expenditures” for a year. The permissible percentage drops 5 percent for each additional \$500,000. The group may spend 15 percent for the second \$500,000, 10 percent for the third, and 5 percent for anything above the third (Nix 1978, 408).

⁶⁶ Not surprisingly, the nonprofit lost this case.

The lessons of the Sierra Club incident and subsequent legal battles may have been learned a little too well. Although section 501(c)(3) organizations are allowed to lobby, it appears that many charitable service practitioners believe they cannot. The findings from the Strengthening Nonprofit Advocacy Project (SNAP), the most wide-ranging study on IRS rules for 501(c)(3) lobbying, makes a compelling case that ignorance of IRS rules may very well be the primary reason for the underrepresentation of charitable groups in the policymaking process. SNAP was a mixed methods study consisting of more than 1,700 survey responses, 45 in-depth interviews with executive directors, and 17 focus groups with executive directors and board members from around the country. The study was designed to gauge participants' knowledge of advocacy rules. The overall performance by subjects was less than great. Possibly the most troubling finding was that only slightly more than half, 54 percent, knew they are allowed to take stands on legislation in Congress or state legislatures.⁶⁷ "We're not allowed to lobby. We're not allowed to influence public policy" claimed one participant (Berry and Arons 2003, 59-60).

While other 501(c) groups face some electioneering restrictions, 501(c)(3)s are completely banned from engaging in partisan political activities. The IRS's electioneering ban forbids 501(c)(3)s from any intervention in political campaigns on behalf of a candidate for public office (Caron and Dessingue 1985, 173).⁶⁸ This ban, proposed by then-Senator Lyndon Johnson (D-TX), was added to the IRC in 1954 (De Leon 2004, 695). The punishment for engaging in partisan electoral activities is a revocation of a group's 501(c)(3) status. Since donations to 501(c)(3)s are tax deductible, this absolute prohibition is reasoned as necessary to

⁶⁷ For all the results of the survey, see Berry and Arons (2003, 59).

⁶⁸ This includes activities such as distribution of written or printed statements or the making of oral statements on behalf of or in opposition to a candidate. Of course groups are prohibited from providing any financial support to candidates as well (see Caron and Dessingue 1985, 173-74).

avoid taxpayer subsidized electioneering (Kingsley and Pomeranz 2005, 64). The IRS has frequently enforced the 501(c)(3) electioneering ban and while it has been challenged on a number of occasions the IRS usually wins, e.g., *Association of the Bar of the City of New York v. Commissioner of Internal Revenue* (1988) and *American Campaign Academy v. Commissioner* (1989).

The IRS's ban against partisan electioneering by 501(c)(3)s has not been nearly as controversial as its lobbying rules, but many evangelical Christians and socially conservative politicians have not been happy with it (De Leon 2004). Churches have technically been covered by the ban for many years, but their election-related activities were mostly ignored until the early 1990s (Simon, Dale, and Chisolm 2006, 288). There has, however, been a rather obvious increase of enforcement against churches in recent years (ibid.). In 2004, for example, the Bush campaign requested religious supporters nationwide to turn over church directories to the campaign and to advocate on behalf of the President's reelection to their fellow parishioners (Ryan 2007, 74). The request provoked a number of complaints to the IRS, who responded by sending letters to the committees for both the Democratic and Republican parties reminding them of the IRS's electioneering policy for fully tax-exempt groups (p. 75).

Some Christian conservatives have argued that the ban infringes on churches free speech rights. Yet, the IRS has won the majority First Amendment constitutional challenges to the ban, most notably in *Branch Ministries v. Rossotti* (2000) (Kingsly and Pomeranz 2005, 65-71). Additionally, there is no evidence that the IRS has unfairly targeted religious institutions with its electioneering ban. Past inquiries into the IRS's investigations of groups suspected of violating the ban have revealed that vast majority are not religious institutions (Ryan 2007, 75). A three-year investigation by the Joint Committee on Taxation also concluded that the IRS has not

shown any political bias in its audits of 501(c)(3)s (Dessingue 2001, 924-25). Still, criticisms of the IRS's enforcement of its electioneering ban against churches persist. In 2002, the House of Representatives voted on the Houses of Worship Political Speech Protection Act (HR 2357), which would have exempted churches from the ban. While the act did not pass, its supporters have continued to push the issue (De Leon 2004, 692-93).

“Complex Organizational Structures” and the Rise of Super PACs

Only within recent years have authors begun to notice how advocacy rules have incentivized nonprofit interest groups to develop increasingly complex combinations of tax-exempt statuses in order to maximize their impact on public policy. Charitable groups in particular have been forced to be creative in how they navigate IRS regulations. Some social service groups have adapted their missions to note their dual roles as charitable service providers and policy advocates. These appropriately named “hybrid organizations” (Minkoff 2002) are involved with most types of charitable services. Marwell (2004), for example, noted the rise of “machine politics” community based organizations (CBOs), which distribute community services and create reliable voting blocs to elect officials who support the group's mission. Smith and Lipsky (1993) similarly discussed “upstart” organizations, which develop from the contracting out of social service delivery by governments and then play an active role in advocating for the continued and increased funding of programs.

Today, many of Minkoff's (2002) dual-role hybrids have formed what some authors refer to as “complex organizational structures” (Kerlin and Reid 2009; Boris and Kerhely 2002; Reid 2001), when a group juggles multiple tax-exempt statuses in order to expand its advocacy activities. This practice started shortly after the Sierra Club's 501(c)(3) status was revoked in 1966. The incident caused a number of social service and civil rights organizations such as

Planned Parenthood and the National Association for the Advancement of Colored People (NAACP) to begin operating under both 501(c)(3) and 501(c)(4) statuses, delegating specific duties to the appropriate wing (Kern 1967). While these complex organizational structures were originally formed to bypass lobbying restrictions, they have been useful for electioneering purposes as well (Reid and Kerlin 2003; Reid 2006, 363). A 501(c)(3) cannot form a SSF PAC, but a 501(c)(4) can. Thus, a group with multiple statuses can use a 501(c)(3) for fundraising and most managerial responsibilities and delegate all advocacy (lobbying and administration of its PAC) to its 501(c)(4). The courts endorsed the use of complex organizational structures as a solution to the 501(c)(3)-advocacy dilemma in *Branch Ministries v. Rossotti* (2000) (Simon, Dale, and Chisolm 2006, 285).

These complex structures, while providing some advantages, are far from a perfect solution for charitable groups looking to advocate. Salamon (2002, 39) laments that many charitable groups have been transformed into “complex holding companies,” significantly complicating their managerial tasks. These complex arrangements are unlikely to be an option for smaller groups serving lower-income populations (Boris and Kerhely 2002). Reid (2001) similarly states that the combination of establishing affiliated 501(c)(4)s and SSF PACs is impractical for the majority of social service organizations that are greatly affected by legislative policy. Service delivery requires tremendous investments in infrastructure and highly trained staff. Consequently, the additional resources and fundraising required to develop additional tax-exempt organizations is usually out of reach.

The convergence of tax and federal election policies within the last decade has served to only further complicate the picture. Following the implementation of Bipartisan Campaign Reform Act of 2002 (BCRA), Weissman and Sazawal (2009) noted that many nonprofits

(particularly liberal 501[c][4]s and labor unions) were using PACs to contribute to candidates and affiliated 527s to shape public opinion with independent campaign interventions. From the years 2004 (the first year under BCRA) to 2009, groups using affiliated 527s had to abide by the issue ad distinction laid out by the Supreme Court in *Buckley v. Valeo* (1976).⁶⁹ It is important to note here that all FEC-regulated entities (e.g., PACs, party committees, and candidate committees) are technically 527s. What separated traditional FEC entities such as PACs from 527s such as Swift Boat Veterans for Truth is that the latter were independent from candidates and campaigns. Therefore, they did not have to abide by the contribution limits placed on FEC entities like PACs.⁷⁰ However, these so-called 527s organizations could not make contributions directly to candidates and, more importantly, could not purchase express advocacy communications because such types of ads were deemed to be contributions. In February 2008, an unincorporated “astroturf” organization called Speechnow.org (started by the conservative Club for Growth), challenged the FEC’s requirement that 527s have to (a) register with the FEC to disclose their donors and (b) abide by contribution limits for PACs *if the group purchases* “express advocacy” communications.⁷¹

In January 2010 in the case *Citizens United v. FEC*, however, the Supreme Court eliminated the need for the issue ad distinction by stating that organizations could use their general treasury funds to purchase ads calling for the direct election or defeat of candidates. This greatly affected Speechnow.org’s case. Shortly after the *Citizens United* ruling, the D.C. Circuit

⁶⁹ See the electioneering section of the last chapter for more explanation of issues versus express advocacy.

⁷⁰ PACs are unable to raise money from institutions (i.e., incorporated entities or unions) and cannot raise more than \$5,000 per year from individuals.

⁷¹ You can review the facts of the *Speechnow.org v. FEC* case at the “Ongoing Litigation” section of the FEC’s website: <http://www.fec.gov/law/litigation/speechnow.shtml> (accessed July 18, 2012).

Court of Appeals handed Speechnow.org a partial victory in its ongoing battle with the FEC. The court ruled that Speechnow.org did have to comply with the FEC's registration requirement. However, applying the *Citizens United* precedent, the court ruled the group could purchase express advocacy communications – provided it did not make contributions directly to candidate committees, PACs, and party committees (Liptak 2010).⁷² This directly led to the FEC developing independent expenditure-only committees, or, what the press has not-so-eloquently dubbed, “super PACs.”

Super PACs are FEC-regulated bodies. They do have to register with the FEC and do have to disclose their donors. Yet, unlike candidate committees, party committees, and traditional PACs, they do not have to abide by contribution limits. Contributions to them are not capped, and they can raise contributions from businesses, unions, and nonprofits.⁷³ Super PACs have become a popular vehicle for influencing elections (Shear and Willis 2012), but their disclosure requirements have made some individuals and businesses leery of contributing directly to them. In July 2010, for example, Target and Best Buy came under intense criticism from liberal and gay rights groups for their contributions to MN Forward, a super PAC that supported some socially conservative Republican candidates (Eggen 2010). Since nonprofits under 501(c) subsections are not required to disclose their donors, many companies and individuals wishing to remain anonymous have given to traditional nonprofits (Lipton, McIntire, and Van Natta 2010). But some activists have figured out the benefit of coupling the anonymity

⁷² Also see the FEC's website at the following link for more information on this case. It has not been heavily covered in the press, but was an integral part of the development of Super PACs: <http://www.fec.gov/law/litigation/speechnow.shtml> (accessed July 18, 2012).

⁷³ See the FEC's page “Independent Expenditure-Only Committees” for rules and filings from super PACs: http://www.fec.gov/press/press2011/ieoc_alpha.shtml (accessed July 18, 2012). More can also be read at Opensecrets.org's discussion “Super PACs”: <http://www.opensecrets.org/pacs/superpacs.php> (accessed March 22, 2013).

advantages of 501(c)s with the unlimited amount of partisan electioneering in which super PACs are allowed to engage. These activists have used nonprofits through which to funnel donations to super PACs (Glaun 2012; Whose Welfare? 2012). Karl Rove, in particular, has mastered the management of these new complex organizational structures by launching his American Crossroads super PAC and Crossroads GPS 501(c)(4) (Cook 2011; Whose Welfare? 2012).

Although super PACs are not included in my study, their development is a definite indicator that groups will use increasingly complex networks of tax exempt entities to influence public policy.

Conclusions on Advocacy by Nonprofits and Nonprofit Advocacy

The literature on nonprofits as interest groups has grown from virtually nonexistent before last decade to one of the most rapidly growing topics in the fields of public policy and political science. Authors in this area of study have ranged from attorneys (e.g., Briffault 2005), practitioners (e.g., Reid 2001 and 2006), and social scientists (e.g., Strolovitch 2006; Berry 2005 and 2006). Research institutions such as the Urban Institute, the Aspen Institute, and the Campaign Finance Institute have even turned out entire volumes discussing nonprofits involved in policy advocacy (e.g., De Vita and Mosher-Williams 2001; Bass et al. 2007; Malbin 2006). In this chapter, I discuss the types of tax-exempt organizations that makeup the nonprofit interest group landscape. It is particularly important to note that not all nonprofit interest groups advocate for nonprofit causes, a fact that even some scholars have overlooked or only passingly referenced (e.g., Leech 2006; Berry 2006, 254-55). In addition to advocacy policies such as the Bipartisan Campaign Reform Act of 2002 and the Lobbying Disclosure Act of 1995, which are applied to all interest groups, nonprofit organizations face additional advocacy restrictions imposed by the IRS. Hit particularly hard by IRS advocacy rules are organizations advocating

for public causes, which file under either 501(c)(4) or 501(c)(3) of the IRC. In an effort to maximize their policy impact while navigating IRS and traditional advocacy rules, many nonprofits have taken to forming “complex organization structures” (Kerlin and Reid 2009; Boris and Kerhely 2002; Reid 2001), allowing groups to perform various activities under different tax-exempt statuses that together makeup the same organization. While developing multiple tax-exempt statuses is likely an effective method of achieving advocacy goals, it appears to be an option out of reach for smaller groups pursuing public causes (Reid 2001).

Aside from the typical interest group activities of lobbying and electioneering, nonprofit membership associations engage in an assortment of activities in which institutional interest groups do not. Among the most important of activities exclusive to nonprofit membership associations is informing members in the general public about policy developments. In the following chapter, I discuss the use of legislator ratings, aka “scorecards,” as a common way groups inform their members about public policy. Scorecards, once embraced in social science research, have declined in popularity with academics in recent years. Yet, I explain how they hold an unexplored potential for public policy and political science scholars.

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IV. SCORECARDS AND ACADEMIA

Introduction

Not long ago, interest group ratings were a popular tool for political scientists. As an easily available source of data on legislators' preferences, voting, and ideology, it makes sense that academics were drawn to these congressional "scorecards," during the 1970s, 1980s and early 1990s (e.g., Markus 1974; Saltzman 1987; Grenzke 1989; Krehbiel 1990). After much examination, however, the majority of authors concluded that scorecards hold little value for empirical analysis (Hall and Grofman 1990; Snyder 1992; Jackson and Kingdon 1992; Groseclose, Levitt, and Snyder 1999; Brunell et al. 1999). The critical reviews, plus the development of more sophisticated substitutes such as spatial modeling (Poole and Rosenthal 1997), resulted in a loss of popularity of scorecards in the last decade, although some researchers have used them in ways that ignore or adjust the legislator ratings as part of a broader method of evaluating legislative activity (e.g., Nelson 2002; Lindaman and Haider-Markel 2002).

I argue that scorecard ratings still hold tremendous potential for political and policy researchers. Instead of using cards to make inferences about legislators, however, I reverse the equation and contend that scorecards can tell us a great deal about the groups that issue ratings. My specific purpose is to use individual legislator ratings to develop a measure of "legislator satisfaction." When a group issues a scorecard, it indicates what topics during a congressional term are important to it and which legislators are in agreement with the group.

An individual legislator's rating issued by a single group is of little help when making generalizations. But many types of organizations, focusing on a wide variety of issues, have used scorecards over the last couple of decades. Prior studies (e.g., Snyder 1992; Groseclose, Levitt, and Snyder 1999) have focused on scorecards created by a very small number of

ideological groups such as the American Conservative Union (ACU) and Americans for Democratic Action (ADA). In this study, I employ 105,893 ratings of individual U.S. senators issued by 249 groups over the years 1999 to 2010. I classify the card-issuing groups based on their missions and tax statuses to produce four types of organizations: business and professional associations, labor unions, charitable organizations, and public interests groups. I then aggregate the scores for individual groups and for the entire classification in which the group is placed. I contend that these aggregated scores create an accurate measure of legislator satisfaction. Groups that issue a greater number of high evaluations (e.g., 100 or A+ ratings) are more satisfied with senators during the congressional term than groups to produce predominately low ratings (i.e., 30 or below, which ranges from D+ to F on a letter scale). Thus, aggregated scores can tell which groups are happy with Congress under what specific conditions. In this chapter, I describe how and why scholars' views regarding the use of scorecards have changed. I discuss the critical literature on the use of scorecards and explain how these valid critiques do not apply to my fundamentally new method of employing legislator ratings. Finally, I explain how I use scorecards to develop my measure of "legislative satisfaction."

A History of Scorecards

Interest group scorecards are certainly nothing new. One author contends that the earliest scorecard was created by the American Federation of Labor (AFL) in 1906 (Daniels 1989). The individual ratings on cards are a way for membership associations to inform their members and likeminded individuals in the public about a legislator's level of support for the organization's mission. These cards create "solidary incentives," the feeling that one has contributed to a common cause (Wilson 1973, 46), around which groups can mobilize membership. In the competition for new members, which is particularly a problem for groups mobilizing around

public causes (King and Walker 1991, 68), scorecards are also a method available to organizations trying to distinguish themselves. Stories about early uses of legislator ratings provide support for this scorecard-mobilization theory. Southern chapters of the League of Women Voters, one of the first organizations to periodically issue cards, created legislator voting records in the 1920s to inform sympathetic members of the public about politicians who agreed with the group on 100 percent of relevant votes. Schuyler (2006, 149-51) notes that these early voter-education campaigns were effective as a means of distinguishing the group and mobilizing women's involvement. More than 80 years later, politicians, the media, and scholars still recognize the effectiveness of ratings as a means of mobilizing supporters (Cochran 2003; Gold, Tanfani, and Mascaro 2012).

For more than a decade, political scientists considered scorecards a valuable source of data on congressional voting and preference. The first studies to use scorecards employed legislators' individual ratings as a proxy measure for ideology (Kingdon 1973; Markus 1974; Deckard and Stanley 1974). Not surprisingly, using ratings as a measure for ideology would become the most popular use for cards. Scorecard ideological measures were used for studying congressional behaviors (e.g., Kau and Rubin 1979; Mitchel 1979; Kalt 1981; Peltzman 1984; Netter 1985; Nelson and Silberberg 1987; Lott 1987; Grenzke 1989; Cohen et al. 2000), finding links between legislative and constituent preferences (e.g., Schwarz and Fenmore 1977; Erikson and Wright 1980; Stratmann 1996; Zupan 2000b), conducting longitudinal studies monitoring changes in Congress and public opinion (e.g., Stimson et al. 1995; Stimson 1999), comparing the liberal and conservativeness of media outlets to legislators (Groseclose and Milyo 2005), and performing factor analysis to estimate congressional ideological positions (e.g., Kritzer 1978; Poole 1981). Others have used scorecards to develop ideological ratings for the president

(Zupan 1990a; Taylor 1996). A minority of studies used scorecard ratings for purposes other than developing liberal-conservative ideological measures. Several compared the ratings of committee members to other legislators (Ray 1980; Weingast and Marchall 1988; Krehbiel 1990). Ratings were also used as a measure of influence from PAC contributions (Saltzman 1987), although the findings were later dismissed as endogenous (Wawro 2001, 565).

As scorecards became an increasingly popular tool for membership associations, they faced criticism by legislators who argued that their positions were misrepresented (Daniels 1984, 24; Fowler 1982, 404). Scholars also quickly noticed the lack of moderate scores on many cards (Fowler 1982; Snyder 1992). A bi-modal distribution of ratings, common for cards issued by some groups, forms when only a small number of close votes (those with members fairly evenly split between yea and nay) are used to create ratings (Fowler 1982, 406). Choosing a small number of close votes to compute ratings produces “artificial extremism,” the perception that there is a great divide between the ideological preferences of legislators (Snyder 1992). While the true ideological preferences of a body of Congress may, if mapped out, produce a platykurtic distribution of legislators’ positions, a scorecard based on roll call votes chosen only from the middle of the preference distribution will almost certainly produce large standard deviations with bi-modal distributions (p. 335). Others pointed out that scores used as ideological measures cannot be compared across time and chamber, as the location of roll call votes chosen can move along the underlying liberal or conservative dimension (Groseclose, Levitt, and Snyder 1999). Imagine, for example, an ADA Senate scorecard composed during an extremely conservative Republican term. If the ADA chooses primarily nay votes on extremely conservative bills (e.g., opposition to legislation that eliminates all federal maternity leave), then the ADA scores could create an ideological image that depicts the term as, on the whole, more liberal than it actually

was, as even many moderate Republicans would vote against such legislation. If a large Democratic majority controlled the next term, and the ADA only chose yea votes on exceedingly liberal legislation, then the false-ideological depiction would be reversed.

While scorecard ratings as a measure of preference still had their defenders (Daniels 1984; Smith, Herrera, and Herrera 1990; Krehbiel 1994; Herrera, Epperlein, and Smith 1995), their popularity has declined in recent decades. Most scholars to use scorecards in the 1990s seem to use them only as a means of illustrating their inaccuracy as a measure of preference (e.g., Hall and Grofman 1990; Snyder 1992; Jackson and Kingdon 1992; Groseclose, Levitt, and Snyder 1999; Brunell et al. 1999), although a number of authors used them to validate the development of new, more accurate measures (e.g., Hill, Hanna, and Shafqat 1997; Poole and Rosenthal 1997, 166-183; Poole and Rosenthal 1998). The criticisms and development of the DW-NOMINATE method (Poole and Rosenthal 1997) resulted in a relatively small number of scorecard studies in the 2000s, at least compared to previous decades. Recent studies have attempted to adjust scores to serve as appropriate measures of legislator preference (Groseclose, Levitt, and Snyder 1999; Dempster and Westly 2000; Herron 2000; Nelson 2002). Others, however, have used the votes employed by the interest groups to generate the scores to create other measures. For example, some have identified the bills monitored by groups to see if the organization's vote-watching influences legislators' behavior (Bell 2005) while others have simply used cards to determine what bills were important to single-issue groups (Lindaman and Haider-Markel 2002).

I argue that prior research with scorecards has been limited by the narrow focus of scholars. For one, the popularity of using legislator ratings as a measure of ideology has resulted in only a small number of groups' ratings being used. The vast majority of scorecard studies,

including those to criticize the use of ratings, have relied entirely or primarily on cards issued by extremely liberal or conservative groups such as Americans for Constitutional Action (ACA), the ADA, or ACU (e.g., Kingdon 1973; Markus 1974; Schwarz and Fenmore 1977; Kau and Rubin 1979; Mitchel 1979; Erikson and Wright 1980; Kalt 1981; Fowler 1982; Peltzman 1984; Netter 1985; Lott 1987; Nelson and Silberberg 1987; Grenzke 1989; Zupan 1990a; Zupan 1990b; Stimson et al 1995; Stratmann 1996; Hill, Hanna, and Shafqat 1997; Taylor 1996; Stimson 1999; Groseclose, Levitt, and Snyder 1999; Herron 2000; Dempster and Westely 2000; Cohen et al 2000). The notable exceptions to use a mix of organizations' ratings include Kritzer (1978), who used 11 groups; Krehbiel (1990), 14 groups; Hetzner and Westin (1987), 20; Poole and Rosenthal (1997), 28; Poole (1981), 31; Poole and Rosenthal (1998), 59; and McKay (2008), 72. Furthermore, virtually every single study has used cards as a means of inferring something about legislators or other public officials. The one and only exception is McKay (2008), who cleverly uses cards to develop an ideological score for interest groups. Still, like other recent studies, McKay's use of the scorecards is limited: she identifies which legislators voted with the organization's preference 100 percent of the time,⁷⁴ and averages those legislators' DW-NOMINATE scores. Legislator ratings have thus largely been discarded as tools for political science research. In the proceeding section, I explain why this should not be the case by illustrating how scorecards can be used to explore the dynamics of interest group satisfaction with Congress.

⁷⁴ This is not the same as legislators who receive perfect 100 or A+ ratings from interest groups. Groups employ a verity of techniques to generate their scores (see the preceding section). McKay (2008) disregards the group's rating and simply uses the cards to identify which votes were important to the group.

A New Use for Scorecards

My method of examining interest groups involves aggregating the values of scorecards issued by nonprofit, membership associations to produce measures of legislative satisfaction. Scorecards assign each legislator an evaluation based on his or her positions in relation to the group on issues important to the organization. Obviously, evaluation methods can differ greatly, and some are simply not nuanced enough for research purposes. Vote Hemp, a pro-marijuana legalization group, for example, uses a three-level, ordinal evaluation system: “pro-hemp,” “fence sitter,” and “anti-hemp.” The majority of groups, however, evaluate legislators the same way teachers evaluate student performance. These groups assign legislators a numeric rating from 100-0 or a letter rating ranging from “A” to “F.” My study is limited to organizations that use these two evaluation methods.

Numeric evaluations are typically based on a legislator’s positions on roll call votes and cosponsorships. The legislator’s score is calculated by counting the number of times he or she sides with the group divided by the overall number of votes tracked. Table 1 illustrates the concept by showing that former Senator Blanche Lincoln (D-AR) voted with the League of Conservation Voters 13 out of the 20 votes the LCV considered important, giving her a scorecard rating of 65 percent.⁷⁵ Not all organizations produce their numeric evaluations the same way, of course. Some organizations weight certain bills up for votes differently. For example, some groups prefer to assign “extra credit” to some votes they consider of the utmost importance. A small number of organizations also count missed votes or abstentions as incorrect. Previous

⁷⁵ Some groups stop short of computing a score and simply show the number of bills tracked and use some positive or negative demarcation to indicate whether the legislator agrees or disagrees with the group. Most of these are charitable 501(c)(3) organizations that are afraid of being perceived as engaging in partisan electoral activities, which *can* result in the loss of their tax status. For these groups, I simply calculate the evaluation ourselves.

studies have excluded these groups based on the assumption that consistency among computation methods leads to validity for comparisons (e.g., Poole 1981, 50). I, however, make no judgment on how organizations choose to weight the bills or issues of importance to them. Instead, I assume that issues assigned extra weight are an accurate reflection of what is important to the organization, similar to when a teacher places a greater point value on test questions deemed more important. I faced a similar issue when deciding whether to include groups that use as few as one or two bills to create their evaluations. The number of votes used to create the scorecards is usually more a reflection of the congressional agenda than the organization, as groups naturally seek to include all votes relevant to their mission. Still, evaluations based on only one or two votes present at least the possibility of skewing results. Therefore, I do not include numeric evaluations based on fewer than three bills or evaluation criteria.

Table 4.1: League of Conservation Voters' 2005 Senate Scorecard for Blanche Lincoln

Senator	Roll-Call Votes																				Rating
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Lincoln (D), AR	-	+	+	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	+	+	65%

Most letter grade evaluations are also based on roll call votes and cosponsorships. Citizens for Global Solutions, for example, based its 110th Senate ratings on 10 votes, each weighted 1 to 3 based on the level of importance to the group.⁷⁶ Still, smaller groups with more narrow focuses will often include other evaluation criteria to calculate their scores. Broad interest organizations such as the ADA can easily find a dozen bills during a legislative term on

⁷⁶ See Citizens for Global Solutions' "Congressional Report Card 2010," http://globalsolutions.org/files/public/documents/reportcard_2010.pdf (accessed 3-20-12) ,p. 4.

which they have an opinion. But, obviously, fewer bills are proposed that affect groups representing niche interests. Additional rating criteria used by narrow-focused organizations is always based on some action taken by legislators which can be interpreted as favorable or negative to the group's mission. The Armenian National Committee of America, for instance, based its 2010 ratings on sponsorship of S. Res. 316 and several other actions, including whether senators were willing to sign a letter urging President Obama to commemorate the Armenian Genocide.⁷⁷ As with the numeric evaluations, letter grade evaluations are included in my study as long as there are at least three criteria used to create the ratings.⁷⁸

I have selected 105,893 individual legislator ratings of U.S. senators generated by 249 organizations during the 106th through the 111th congresses for this study. These ratings were pulled from multiple datasets collected from Project Vote Smart and Voter Information Services.⁷⁹ Since I am using ratings based on two different grading scales, I have first created a point value for each possible rating on letter evaluation cards. These new values range from 13 for A+ ratings to 1 for F's. See Table 2 for the corresponding numeric value assigned to each rating. I then collapse all the numeric evaluations onto the same scale.⁸⁰ Groups also vary on how often they generate legislator ratings. Roughly half of the organizations in this study issue

⁷⁷ See the following link for Senator Barbra Boxer's rating, which is based on the group's four criteria:

http://www.anca.org/legislative_center/election_senatecard_detail.php?id=70&suffix=111 (accessed 3-20-12).

⁷⁸ Also bear in mind that the criteria for the rating must be based on actions as a legislator for it to be included in my study. "Candidate ratings," which are simply assumptions on how friendly an individual will be as a member of Congress, are not included in the study.

⁷⁹ Both of these groups are voter information organizations that publish (on their websites) legislator ratings as a means of illustrating where elected officials stand on public issues. Although the groups do provide most of their ratings via their website, they emailed me their ratings in spreadsheets for convenience's sake.

⁸⁰ See Table 2 for the corresponding values of ratings on the 13-point scale.

cards every year, while the rest issue one card for the entire two-year congressional term.⁸¹ I am primarily concerned with interest groups' satisfaction with an entire legislative term. Therefore, I average each legislator's two single-year evaluations to create one score for the entire congressional term.⁸²

⁸¹ There are also a number of groups such as the AFL-CIO that periodically release "Life-time" ratings. These are not included in our study.

⁸² If an organization only issued one card during the session, or a legislator only received one score by a group during the session, then his or her entire congressional term score is simply the value assigned by the group.

Table 4.2: Point Scale for Numeric and Letter Ratings

New Value	Letter Rating	Numeric Rating
13	A+	100-93
12	A	92-85
11	A-	84-77
10	B+	76-69
9	B	68-62
8	B-	61-54
7	C+	53-46
6	C	45-38
5	C-	37-31
4	D+	30-23
3	D	22-15
2	D-	14-8
1	F	7-0

Since the individual evaluations represent a group's level of satisfaction with a legislator for the congressional term, these evaluations, when aggregated, can be used to create a measure of the group's overall satisfaction with the U.S. Senate in a given term. A high mean score shows legislators consistently agreed with that group on the issues the group considered most important. From this perspective, an interest group's aggregated legislator evaluations can be viewed much like a teacher's average grade for a classroom. School districts and state administrators assess teacher effectiveness via aggregated test scores. I evaluate interest group satisfaction with aggregated ratings.

The critiques of interest group ratings by authors such as Snyder (1992) and Groseclose and his associates (1999) address the problems associated with using scorecards as measures legislator preference or ideology. Fortunately, I do not use scorecards to make inferences about legislators' ideological positions. Snyder (1992) could rightly contend that the 10 bills chosen by the ADA to rate legislators may not be sufficient to detect ideological differences between

senators A and B if both legislators vote “correctly” on all the bills. However, one can infer that the ADA was fairly equally satisfied with both legislators during the term because the groups choose the bills that are most important to them on which to evaluate legislators (Fowler 1982; Shipan and Lowry 2001).

Likewise, Groseclose and his colleagues (1999) may rightly argue that a group’s aggregated scorecard rating is not an accurate representation of legislators’ overall preferences on an issue. If the AFL-CIO chooses only nay votes on extreme anti-labor bills during a Republican majority term and only yea votes on equally extreme pro-labor bills during a Democratic majority (a highly unlikely scenario, but possible) the aggregated score for the Republican term could be higher than the Democratic score. However, I am not measuring the preference or ideology of legislators. In politics, just like in sports, sometimes you have to compete in a hostile environment; and your expected performance is naturally adjusted based on the conditions in which you compete. The AFL-CIO will naturally be looking to advance its agenda under a large Democratic majority while intending not to lose ground with Republican majorities. If the group defeats a barrage of anti-labor legislation under a Republican majority, we can safely assume that it was satisfied with the congressional term. Likewise, if no pro-labor legislation is passed under Democratic control, we would expect the group to be disappointed.⁸³

Using scorecards as means of studying interest groups in the legislative process holds many advantages over previous methods. For one, my method yields a large number of

⁸³ As a side note, while Groseclose and his colleagues do provide an example of the phenomena they discuss, it is unlikely that an organization will choose too many extremely liberal or conservative votes on which to base its ratings. Krehbiel (1994, 68) notes that it seems safe to assume that groups chose their ratings criteria with the purpose of recording differences in legislators in order to target their lobbying efforts. Furthermore, extreme bills, generally speaking, have little chance of passing. For a bill to make it to the floor, for that matter, it has to achieve a certain level of support that means it most likely does not reflect the preferences of extreme ends of the issue’s spectrum (Krehbiel 1994).

observations, without the time and resource-intensive work associated with using surveys or combing through hundreds, if not thousands, of legislative records for pertinent votes (e.g., Baumgartner et. al 2009). Additionally, an interest group's legislator satisfaction, derived from its scorecards, is an easily operationalizable concept that makes sense from a "face validity" stand point (Gaber and Gaber 2010). The groups indicate what bills in the legislative term are important to them, similar to a survey respondent being asked what issues are important to him. I can say with confidence that the aggregated scores are derived from the most relevant policies at the adoption stage because groups invest considerable effort in choosing the bills they use for their scorecards (Fowler 1982; Shipan and Lowry 2001). In addition to its easy of development, my measure also avoids the cumbersome process of operationalizing concepts such as influence that have hampered previous studies and, as some scholars have noted, have caused many researchers to avoid examining interest groups (Baumgartner and Leech 1998, 15; Mahoney 2007, 35).

I would also add that my measures are derived from the identifiable, specific events, which are policy positions taken by legislators – the overwhelming majority of which are recorded votes and bill sponsorships. In other words, the aggregated scores are derived from evaluations of members of the Senate's positions on relevant issues important to the groups. This stands in stark contrast to public evaluations of presidential and congressional performance and measures such as trust in government. The more subjective nature of these measures have led some researchers to complain that they are largely impacted by outside conditions and events, e.g., health of the economy or international crises, instead of policymakers actual positions (e.g., Mueller 1970; Stimson 1976; Weatherford 1984; Brody 1991, 91-103; Durr et al. 1997; see also Chand and Schreckhise 2012).

In the following chapter I discuss how I employ my transformed 13-point rating of members of the Senate to measure the legislative satisfaction of interest groups over time and changes in party control of the Senate. I also provide my specific hypotheses and explain how I operationalize the other concepts in my study, including group type, lobbying, electioneering, wealth, and membership.

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V. DATA, METHODS, AND FINDINGS

Introduction

There are a large number of factors that could affect a group's satisfaction with the Congress. My primary variable of interest is the type of group issuing the legislator ratings. Of course, the type of interests the organization represents is not the only possible explanation for its level of stratification. Other possible explanations for variations in group satisfaction included in this study are the partisan makeup of the legislative body; the group's political activities, such as electioneering and lobbying; and characteristics of the group, such as whether it represents a niche political interest.

This chapter covers my data, methodology, and the results of analysis for this dissertation. I explain my methods for predicting variations in interest group satisfaction with the U.S. Senate. Since I am attempting to test a variety of factors that may explain variations in group satisfaction, I use a mix of cross-sectional and time-series analysis of variance (ANOVA) and OLS regression procedures. In order to utilize as many legislator ratings as possible, I aggregate my newly transformed scores (discussed in the last chapter) in two different ways. The first is by group type for each individual senate seat. This method allows me to follow variations in group-type satisfaction from one term of the senate to the next. I also aggregate the scores for each individual group, which allows me to test the relationship between satisfaction and group political activities and characteristics. Additionally, I explain how I operationalize concepts such as what type of interest the group represents, its lobbying and electioneering, its wealth, its membership, and whether it represents a small, well-funded niche interest.

Senate Partisanship and Group Type Satisfaction

Scorecards can be used to track the legislative satisfaction of different types of groups over different terms of Congress and, consequently, variations in the partisan makeup of the legislative body examined. To illustrate this, the legislator ratings in for this study were aggregated in two ways: by group type for individual senate seats and by individual groups. Both of these methods of aggregation allow me to answer different questions about interest group satisfaction with Congress.

The first method of aggregation (group type for senate seats) answers questions regarding changes in interest group satisfaction over time. To be included in any time-series analysis, an observation must be present at each data point within the studied period. Most individual groups cannot be relied on to issue a scorecard for every term of Congress; therefore, aggregating the scores for individual groups leaves the majority of ratings unused, as the majority of groups will not issue a card for every legislative term. Within my datasets, only 35 organizations issued cards during all six terms. Still, each legislative term will have a large number of groups generate cards, even if most groups did not produce one in the preceding term or will not in the following. While only 35 organizations in the datasets issued cards for all six terms, most terms had more than 100 groups issue cards. The number of groups that participated in each term were: 83 in the 106th, 108 in the 107th, 137 in the 108th, 147 in the 109th, 145 in the 110th, and 99 in the 111th.

Because a mix of organizations from each group type issue cards during every term, the scores are aggregated according to group type for the linear portion of this study. All of the organizations in my study are membership associations that represent one of four types of interest: (1) business and professional trade associations, (2) labor unions, (3) charitable

organizations, and (4) public interest nonprofits. The first two groups are easily identified by their tax statuses. Groups identified as business and professional trade associations file under subsection 501(c)(6) of the Internal Revenue Code (IRC) and will be noted in the data set under the variable “business.” Examples of these groups include the U.S. Chamber of Commerce and the National Association of Insurance and Financial Advisors. Labor unions, such as the AFL-CIO, file under the 501(c)(5) subsection of the IRC and are identified as “labor.”

Classifying public interest and charitable groups requires slightly more work because, as discussed in the previous chapter, large groups have begun developing multiple tax-exempt statuses to enhance their political activities. The groups classified here as public interest are organizations with public, as opposed to private, policy goals – but are also non-charitable. They perform the majority of their work under a 501(c)(4) status. Such groups include the League of Conservation Voters (LCV), the American Civil Liberties Union (ACLU), and the Christian Coalition. Many of the public interest groups in this study are single-issue, ideological groups such as Gun Owners of America, the National Right to Life Committee, and NARAL-Pro-choice America.

Charitable groups fall under section 501(c)(3). Some authors have defined all organizations in their studies with 501(c)(3) status as charitable (e.g., Child and Gronbjerg 2007; Leech 2006). Defining charitable organizations in this manner, however, excludes a large number of groups with charitable missions that employ both 501(c)(3) and 501(c)(4) statuses in an effort to avoid IRS lobbying, and in some cases, electioneering restrictions. In this study, for example, Americans for the Arts actually issues its scorecard under its affiliated advocacy arm

“Americans for the Arts Action Fund.”⁸⁴ To further complicate matters, many ideological public interest organizations establish 501(c)(3) “educational” or foundation arms, which they primarily use for fundraising.⁸⁵ Hence, the National Right to Life Committee can raise money via the National Right to Life Committee Educational Trust Fund. In fact, even many unions and business associations form affiliated 501(c)(3)s: e.g., the AFL-CIO “Working for America Institute” and the U.S. Chamber’s “National Chamber Foundation.”

Because both public interests and charitable groups often employ both 501(c)(3) and 501(c)(4) statuses, distinctions based purely on tax status are not possible. To get around this problem, I have classified these organizations based on the policy typology on which the group focuses (Lowi 1972; Tatalovich and Daynes 2005). If a group’s focus is primarily educational or social service orientated, then its policy goals are redistributive in nature, as argued by Lowi (1972), and are thus classified as “charitable.” Examples from this study are Americans for the Arts; the Children’s Defense Fund; and NETWORK, a National Catholic Social Justice Lobby. Groups with regulatory goals, e.g., mitigating pollution (see Lowi 1972), or social regulatory interests, e.g., abortion and gun control (see Tatalovich and Daynes 2005), are classified as “public interest.” Such groups, in this study, include the LCV, NARAL, and Gun Owners of America.

For the linear analysis, the ratings are aggregated by group type during a legislative term for each “senate seat.” Because I want to track changes in legislative satisfaction, I have assigned a senate seat code to every single rating. For example, the two seats for Alabama, the

⁸⁴ Some charitable organizations in this sample, (e.g., Citizens United for the Rehabilitation of Errants) only have a 501(c)(3) status. In rare cases when a group lobbies under both tax-exempt statuses, e.g., the Humane Society Legislative Fund and the Humane Society USA, I add the lobbying values together.

⁸⁵ Many 501(c)(5)s and 501(c)(6)s also create 501(c)(3) fundraising arms. This is discussed in more detail in the measuring lobbying and analysis section.

first state in alphabetical order, are coded as 1.1 for Jeff Sessions's seat and 1.2 for Richard Shelby's. The seats for all of the following states are coded in the following manner, with Wyoming's two seats (the last state in alphabetical order) receiving 50.1 and 50.2 values. It is important to note inferences are not being made about individual legislators. When the senate seat changes hands, the ratings used to produce the seat's aggregated score come from a different U.S. senator. For example, the seat code for Tim Hutchinson's (R-AR) ratings, issued during the 106th and 107th Congresses, is 4.1, the same as Mark Pryor's (D-AR) during the 108th through the 111th.⁸⁶ Because the number and location of senate seats are static, this method creates a perfectly balanced study design, with exactly 100 observations for each level of each independent variable (i.e., the four group types). Having a balanced design increases the power of the procedure (Shaw and Mitchell-Olds 1993).

By following the changes in the senate seat's scores, I am able to determine if certain groups are more vulnerable to changes in the partisan makeup of the senate. To determine if the variations between terms for each group type are significantly different, a mixed-model repeated measure ANOVA was used. This is similar to a normal repeated measures study, except it allows us to include our four-level nominal "group type" variable in the linear portion of the study. Since this is a longitudinal analysis, each congressional term serves as an independent variable.

⁸⁶ Each senate seat receives an aggregated score for each group type during each legislative term. A total of 49 senate seats change hands at least once during the 12-year period we study. There are a total of 65 times a seat changes hands, the vast majority of which are due to an election. Some seats change multiple times during the six terms, e.g., Jesse Helms old seat (coded as 33.2), which passed from Helms to Elizabeth Dole at the beginning of the 108th and then to Kay Hagan at the beginning of the 111th. There are nine times a senate seat changes hands in the middle of the Congressional term: six times are due to death and three are due to resignations. On occasions when a seat changes hands in the middle of the term, the scores for each senator who held the seat during the term are aggregated together.

The repeated measures study design differs from a traditional experimental design. Instead of testing different subjects under different conditions, a repeated measures design allows for testing of the same subject under different conditions. In this study, the subject tested under different conditions is the senate seat. The aggregated scores will naturally fluctuate with partisan changes in the senate. During the six terms for this study, the senate was controlled by both parties a total of three times each: Democrat control during the 107th, 110th, and 111th; and Republican control during the 106th, 108th, and 109th.⁸⁷ This design allows for the collection of data longitudinally, allowing for the assessment of changes over time. Additionally, because I include the group type variable, I can compare groups within each term and between other groups and themselves over other terms. This portion of the study is analogous to a pre- and post-test medical experiment. Instead of evaluating the subjects' performance before and after a medical treatment, however, the satisfaction of groups before and after elections is being evaluated.

We know that groups representing private, for-profit industry and professions enjoy a mobilization advantage (e.g., Schattschneider 1960, 20- 46; Schlozman and Tierney 1986, 58-87; King and Walker 1991; Baumgartner and Leech 2001). Prior scholars have produced compelling evidence that the business community can influence debates over various types of policies (e.g., Hunter 1955; Lindblom 1977; Gaventa 1980; Smith 2000; Kerwin 2003; Mahoney 2007). Furthermore, business and professional trade groups are more bipartisan than most interest

⁸⁷ For a little more than 19 weeks, the Senate was split evenly with 50 Democrats and 50 Republicans during the 107th Congress. During this short period, Republicans were technically in control, with Vice President Dick Cheney serving as the tie-breaking vote, although all committees were evenly split between Democrat and Republican seats and overseen by co-chairs from each party. Democrats took control in early June after Jim Jeffords decided to caucus with them. This is defined this as a "Democrat control" session since they were in the majority for the bulk of the session.

groups when providing campaign support, although they tend to favor Republicans (Berry and Wilcox 2009, 28-32; McKay 2010). Such being the case, one may presume that business groups should display fairly high levels of satisfaction regardless who controls the senate.

Labor unions, on the other hand, overwhelmingly favor Democrats in their campaign activities (McKay 2010); so it seems reasonable to assume they will show higher levels of satisfaction with Democratic majorities. The consensus view is that Democrats are also more supportive of groups with charitable missions (Berry and Arons 2003, 66-92). Therefore, they too should be more satisfied during Democratic majorities in the senate.

For the stated reasons, I posit that business groups will be immune to the “medication” of congressional elections, while the scores of other groups will vary greatly based on the partisan makeup of the senate. The aggregated mean values for labor and charitable groups should be higher under Democratic majorities – possibly as high, or even higher, than business groups – but their scores will drop significantly under Republican majorities, while business group scores will remain roughly the same, if not improve. For the reasons stated in the preceding paragraphs, the following hypotheses are made with respect to the partisan makeup of the Senate and the linear portion of this study:

H₁: Labor satisfaction scores for senate seats will be significantly higher under

Democratic majorities than under Republican majorities.

H₂: Charitable satisfaction will be significantly higher under Democratic majorities than under Republican majorities.

H₃: Business and trade association satisfaction will be significantly higher than the satisfaction scores of labor and charitable groups under Republican majorities.

H₄: Business and trade association satisfaction will not be significantly different from labor and charitable scores under Democratic majorities.

H₅: Business and trade association satisfaction will be significantly higher than public interest satisfaction under both Republican and Democratic majorities.

H₆: Business and trade association satisfaction will not change significantly with the partisan makeup of the Senate.

H₇: Business scores should be consistently high (not significantly lower than scores for other groups) no matter who is in control of the Senate.

Senate Partisanship and Group Type Satisfaction Results

After transforming all the individual ratings to the 13-point scale (discussed in the previous chapter), I was left with 67,020 senate ratings. The decrease in number from the original 105,893 is due to averaging some groups' two single-year ratings for legislators during one term of Congress. Roughly half of groups prefer to issue cards yearly while the rest issue one rating for an entire term. The exact numbers of transformed ratings for each group type are 12,069 for business associations; 7,968 for labor; 13,522 for charitable groups; and 33,461 for public interest.

To start the analysis, one large cross-sectional ANOVA was run on all the newly-adjusted individual legislator ratings before they are aggregated. The results suggest the hypothesis that business associations will produce high levels of satisfaction, regardless of who is in control of the senate, may be correct (H₇). The omnibus F-statistic does show statistically significant differences between the groups. Although the Levene test for homogeneity indicates the groups have unequal variances, which was to be expected, the Welch and Brown-Forsythe tests with adjusted degrees of freedom produce the same omnibus results. The Bonferroni and Game-

Howell post hoc comparisons, both of which are robust with unequal variances (Kirk 1995, 147), show business group scores to be significantly higher than those for the three other group types. In fact, the differences between all four group types are significantly different, with charitable and labor scores (which are second and third highest, respectively) showing the most similarity. The results for this analysis of the 67,020 individual ratings can be seen in Table 5.1.

Table 5.1: Individual Legislator Ratings for Four Group Types

	Business	Labor	Charitable	Public Interest	Total
Mean	8.04(a)	7.47(c)	7.65(b)	6.65(d)	7.2
Std. Deviation	4.54	4.92	4.72	4.7	6.74
N	12,069	7,968	13,522	33,461	67,020
F-statistic					333.76**

Note: Cell entries are means from a one-way analysis of variance using GLM. Within each column, means with different letters are significantly different from each other ($\alpha < .05$) according to a post hoc Bonferroni and Game-Howell test.

Levene statistic = 137.21**

Welch statistic = 342.2**

Brown-Forsythe = 329.87**

* $p < .05$; ** $p < .01$

The primary focus, of course, for this part of the study is the repeated measures analysis that can track changes in satisfaction over each term of the Senate. For the repeated measures portion of the study, mean business, labor, charitable, and public interest scores for all 100 senate seats during each term were created. I have started this larger analysis by running one large mixed factor, repeated measures model for all six terms and four group types. The mixed factor, repeated measures model's omnibus F-statistics for both the repeating senate term variable and the interaction term are significant.⁸⁸ The omnibus F-statistic for the group type main effect is

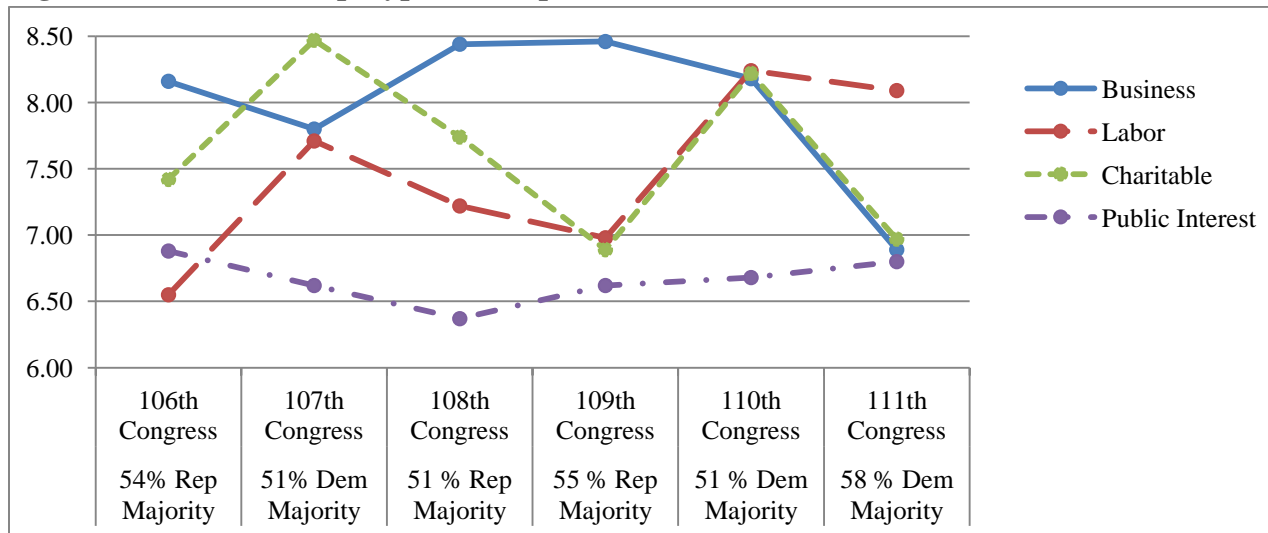
⁸⁸ The Mauchly's test for sphericity was significant. I used the Greenhouse-Geisser adjusted degrees of freedom, $\epsilon < .75$. Greenhouse-Geisser $F(3.197, 1266.07) = 10.163$, $p < .01$ for Congressional Term and $F(9.59, 1266.07) = 12.158$, $p < .01$ for the interaction term.

also significant. This means that the group type aggregated ratings did change significantly with the changing makeup of the Senate.

The plot of the estimated marginal means in Figure 5.1 reveals an interesting trend. Business group scores remain relatively high and mostly unaffected by the changes over senate terms until the 111th Congress, when the business group scores take a dramatic dip downward.⁸⁹ The 111th Senate followed the 2008 elections, during which Democrats picked up the White House and made huge gains in both houses of Congress following the 2008 financial meltdown. Democrats briefly held a 60-seat majority during the term.⁹⁰ The lower overall evaluation by business groups could be their reaction to Democrats' aggressive pushes for financial reform (the Dodd-Frank Act) and health care reform (the Patient Protection and Affordable Care Act). More investigation is needed to know the exact cause.

⁸⁹ Curiously, charitable group scores also dip down during the 111th Senate. I have no explanation for this.

⁹⁰ This 60 seat majority included two independents, Joe Lieberman and Bernie Sanders, who both caucused with the Democrats. Democrats started with the term holding 58 seats. Their majority increased to 59 with the party change of Arlen Specter on April 30, 2009 and to 60 after Minnesota's contested election was decided for Al Franken, who was sworn in on July 7. Ted Kennedy's death on Aug. 25 dropped it again, until Paul Kirk was appointed the following month. Their majority dropped below 60 for good after February 4, 2010, when Scott Brown was sworn in after winning a special election for Kennedy's seat. The aggregated scores for senate seat 21.1 (Kennedy's old seat) in our dataset consists of ratings issued for Kennedy, Kirk, and Brown during the 111th.

Figure 5.1: Plot of Group Type Means per Senate Term

Post hoc analyses for mixed factor, repeated measures models use pooled estimated marginal mean values, which make it difficult to detect differences between different levels of different variables. In other words, the post hoc test for such a model can only reveal if there are differences between the senate terms while taking into account the scores for all group types. Additionally, it can only determine if business group scores are significantly higher than other groups when taking into account all terms, including the 111th. From visual inspection of the estimated marginal means plot, it is reasonable to deduce that business association scores would be significantly higher than those of other groups under Republican control, when labor and charitable ratings usually drop (H_3).⁹¹

I have run additional tests to search for statistically significant differences between levels of factor A (senate term) while isolating across levels of factor B (group type), and vice versa. The first question I seek to answer is: Do partisan changes in the senate lead to different levels of

⁹¹ Public interest group ratings are typically low no matter who controls the Senate. This is largely due to the fact that these groups represent a variety of political views.

group type satisfaction? I hypothesize that there will be few statistically significant changes in the ratings for business associations. Labor and charitable ratings will fluctuate with party changes of control of the Senate (H₁ and H₂). Business satisfaction should remain relatively high and not fluctuate significantly with changes in partisan control of the senate (H₃, through H₇). I have run one-way repeated measures ANOVAs for each group type to determine if the aggregated group type ratings significantly change with partisan changes in the senate. As expected, the four group-type repeated measures one-way ANOVAs reported in Table 5.2 bear out these predictions almost precisely. Business group scores show no significant changes from the 106th to the 110th (H₆). In fact, the post hoc comparisons for those five terms produce p-values of 1.0. The business group ratings for the 111th, however, are significantly lower (below the 0.01 level) than the other five sessions. Labor scores significantly increase every time Democrats take over control from Republicans (H₁). Charitable scores improve with every increase in Democratic control, excluding the inexplicable drop during the 111th (H₂). Public interest group scores remain low, although there are some significant changes.⁹²

⁹² The changes in public interest scores across terms are small, but “significant” due to the small standard deviations between the aggregated senate seat scores.

Table 5.2: Group Means for Senate Terms Aggregated by Senate Seat

Group Types	106th 54% Rep Majority	107 th 51% Dem Majority	108th 51 % Rep Majority	109 th 55 % Rep Majority	110 th 51 % Dem Majority	111 th 58 % Dem Majority	Group Type's Overall Means
Business Means	8.16(a)	7.80(a)	8.44(a)	8.46(a)	8.18(a)	6.89(b)	7.99
Std. Deviation	1.52	1.46	2.86	1.45	1.16	1.16	
^a N of Groups	8	20	23	31	32	15	
^b Previous Term	-	40%	52%	55%	59%	87%	
Labor Means	6.55(a)	7.71(b, c)	7.22(a, b)	6.98(a)	8.24(c)	8.09(b, c)	7.46
Std. Deviation	4.14	4.23	4.53	4.12	4.23	4.74	
N of Groups	15	16	16	14	12	12	
Previous Term	-	75%	88%	93%	67%	50%	
Charitable Means	7.42(a, c, d)	8.47(b)	7.74(c, d)	6.89(a)	8.22(b, d)	6.97(a, c)	7.26
Std. Deviation	3.67	3.18	2.96	3.70	2.64	3.84	
N of Groups	16	22	29	24	27	22	
Previous Term	-	50%	59%	63%	59%	77%	
Pub Interest Means	6.88(a)	6.62(b, d)	6.37(c)	6.62(d)	6.68(a, b, d)	6.80(a, b, d)	6.66
Std. Deviation	0.70	0.76	0.54	0.70	0.36	0.38	
N of Groups	44	50	69	77	74	50	
Previous Term	-	64%	57%	68%	77%	82%	

Notes: Each congressional term is based on exactly 100 Senate seat scores. Means that share a common letter are not significantly different according to Bonferroni post hoc test (alpha = 0.05). Letters are based on post hoc tests for separate one-way repeated measures analysis than the mixed-model analysis use to produce the omnibus F-statistics. While mean values remain the same for the one-way and mixed-model analysis, the letters cannot be compared across group type.

Mauchly's W for Congressional Term=525.8**

^cCongressional Term F-statistic=10.16**

^eInteraction F-statistic=12.16**

Group Type=5.1**

**p <.01

^aNotes the number of groups to issue ratings during the congressional term.

^bPercent of groups from current term to have issued card in previous term.

^cF-statistics for repeating variable and interaction term are based on Greehouse-Geisser omnibus output (ε = .64).

To what extent do differences exist in mean score values between group types within each congress? To answer this question, traditional one-way ANOVAs were run for all six senate term, which are presented in Table 5.3. Doing this reveals that business scores are generally higher than those for other groups. Business scores are significantly higher (at least below the 0.05 level) than public interest in all but the 111th Congress. They are significantly higher than labor scores (below 0.05) in all three Republican controlled terms, and are higher than charitable scores in the 109th (below 0.01) (H₃). In none of the 18 pairwise comparisons for business means over the six terms were business scores significantly lower than of the other scores for the different types of groups (H₇).⁹³

⁹³ Business scores were lower than labor's during the 111th ($p = .041$) according to the Bonferroni post hoc. We limited "significant" findings to only differences ($\alpha = .05$) detected by both the Bonferroni and Game-Howell, both of which were used for the cross-sectional analyses. The Game-Howell pairwise comparison for business and labor had a $p = .07$ during the 111th.

Table 5.3: Post Hoc Comparisons of Group Means within Senate Terms

Congressional Term	Group Type				Congressional Term Means
	Business	Labor	Charitable	Public Interest	
106th 54% Rep Majority	8.16(a)	6.55(b)	7.42(a, b)	6.88(b)	7.25
Std. Deviation	1.52	4.14	3.67	0.70	
N	100	100	100	100	
107th 51% Dem Majority	7.8(a)	7.71(a, b)	8.47(a)	6.62(b)	7.65
Std. Deviation	1.46	4.23	3.18	0.76	
N	100	100	100	100	
108th 51 % Rep Majority	8.44(a)	7.22(a, b)	7.74(a)	6.37(b)	7.44
Std. Deviation	2.86	4.53	2.96	0.54	
N	100	100	100	100	
109th 55 % Rep Majority	8.46(a)	6.98(b)	6.89(b)	6.62(b)	7.24
Std. Deviation	1.45	4.12	3.70	0.70	
N	100	100	100	100	
110th 51 % Dem Majority	8.18(a)	8.24(a)	8.22(a)	6.68(b)	7.83
Std. Deviation	1.16	4.23	2.64	0.36	
N	100	100	100	100	
111th 58 % Dem Majority	6.89(a, b)	8.09(a)	6.97(a, b)	6.80(b)	7.19
Std. Deviation	1.16	4.74	3.84	0.38	
N	100	100	100	100	

Notes: Group type means with different letters are significantly different from each other ($\alpha = .05$) according to both Bonferroni and Games-Howell post hoc tests. The letters cannot be compared across congressional terms. Post hoc comparisons are based off one-way analysis of variance for the six congressional terms. The Brown-Forsythe omnibus statistics were significant ($\alpha = .05$) for all six models. The Welch was significant for all models except the 111th, where $p = .053$.

The findings of the ANOVA portion of this study mostly support H_1 through H_7 , although a few caveats should be stated. With respect to H_2 , charitable scores do generally increase with increases in Democrats in the senate, except during the 111th. While I lack a researched explanation for this decrease during the time of a large Democratic majority, it is possible these lower scores reflect the disappointment of charitable groups who had higher expectations for this term. With H_3 , business scores were consistently higher than labor and charitable scores under Republican majorities. However, during two terms (the 106th and 108th)

business scores were not significantly higher than charitable scores. Lastly, with respect to H₆, business scores do not fluctuate, except during the 111th senate. As mentioned earlier, the large Democratic majority of the 111th produces the only business score that is significantly different from those in the other terms.

Analysis of Group Activities and Characteristics

The analysis in the previous section reveals what types of groups are satisfied with Congress and tracks variations in satisfaction over different partisan majorities. Such analysis, however, provides no clue as to whether an organization's political activities, such as lobbying and electioneering, can lead to higher levels of satisfaction with congressional policy. To answer questions regarding whether a group's political activities and group characteristics (e.g., membership and wealth) can impact the organization's level of legislative satisfaction, the ratings were also aggregated by individual group. For this method of aggregation, the unit of analysis is the individual group.

A group's aggregated score for the entire congressional term (whether based on two cards or one) is an excellent indicator of how overall satisfied the organization was with the term. I test the groups' overall satisfaction with the senate during each term against five independent variables related to group political activities and characteristics. The first is the organization's wealth. While "it is obvious that the wealthier the group, the more advantages" it has (Baumgartner et. al. 2009, 193), a group's financial wealth has not traditionally been a subject of study in examinations of interest groups and public policy. Recent examinations have found that a group's overall wealth is not an indication of whether the organization is more likely to get what it wants (Berry and Arons 2003, 134; Baumgartner et. al. 2009, 198-204). As a measure of the group's wealth during the term, I include a "revenue" variable. This variable is an average

from the revenue values reported on the group's Form 990s during the two years of the senate term.⁹⁴ If the group holds multiple tax-exempt statuses, e.g., a 501(c)(6) and a 501(c)(3), the revenue amounts from the different tax statuses were added together before averaging the one-year value with the value of the other year in the term. The revenue information was collected from Guide Star and the National Center for Charitable Statistics.⁹⁵

Since organizations can seek to influence legislators directly through lobbying and indirectly through electioneering, I have also collected data on how much the groups engage in each of these activities. While studies on the effectiveness of lobbying have been somewhat contradictory, scholars have found it to be successful under specific and narrow conditions (Smith 1995). Still, the majority of lobbying campaigns, even large ones, are not successful (Baumgartner et. al. 2009). Data on the amount organizations spent on registered lobbyists during this study's period is collected from the Center for Responsive Politics to create a lobbying variable, which is the average of the amount the group spent on lobbying during the two years of the senate term.⁹⁶

⁹⁴ A nonprofit's "revenue" accounts for moneys it generated under its tax-exempt status. The vast majority of revenue for groups in my study is generated from donations from the group's individual members. However, nonprofits can generate revenue from services for which they charge if the proceeds are applied to the organizations mission, e.g., tuition received by a university. See "Understanding the IRS Form 990," <http://www.guidestar.org/rxa/news/articles/2001-older/understanding-the-irs-form-990.aspx#part1> (accessed June 7, 2012).

⁹⁵ Guide Star is a nonprofit information service organization that specializes in reporting on nonprofit groups. Data collected by the group is intend to help donors with decisions on giving and researchers interested in nonprofit management issues. For more information, see: <http://www.guidestar.org/rxg/about-us/index.aspx>.

⁹⁶ Organizations report their lobbying expenses to comply with the Lobbying Disclosure Act of 1995 (LDA), which does not require groups to specify the exact amount spent if it is under \$20,000 for the one-year reporting period. While some groups do report exact amounts that fall below the \$20,000 threshold, the majority do not. Those that do not are assigned a \$9,997.10 lobby value. This near-median value allows me to distinguish within the dataset between groups that did not report an amount and those who actually reported spending \$10,000.

Scholars have enthusiastically attempted to study if PAC contributions influence legislative decisions (Cigler 1994, 29-30); yet, there is little evidence of contributions leading to legislative success (Baumgartner et. al. 2009, 194; Smith 1995). Of course, a group could spend on campaign activities and elect a new slate of legislators who agree with the group in the first place (i.e., the indirect route to policy success). However, the cost of achieving electoral success is so high – and getting higher with each election cycle – that electing a large slate of new legislators would be difficult for any one group (Ainsworth 2002, 196; Wright 1996, 135). Any money spent by an organization’s connected PAC to influence Senate races, either through direct contributions to candidates or through PAC-purchased independent expenditures, is also included in my study. However, since BCRA went into effect in 2004, political nonprofits have also sought to influence elections through the use of so-called 527 organizations (Malbin 2006). These electioneering tools have been particularly popular with unions (Weissman and Hassan 2006, 90). While there have not been any studies of legislative influence exerted by 527s, it would make sense to include all electioneering expenses of a group. Therefore, I have created a campaigning independent variable which is produced by adding all of a group’s senate PAC contributions and PAC independent expenditures to any money spent by an affiliated 527 organization(s) in the election cycle immediately prior to the creation of the scorecard.⁹⁷

In the past it has been assumed that large groups (which presumably advocate for more popular causes) should hold more influence with Congress (e.g., Key 1961, 503; Berry 1997, 234). Such an assumption, however, has only recently been examined, with scholars finding that a large organizational membership is not a predictor of legislative success (Berry and Arons

⁹⁷ In other words, money spent in the 2004 election is tested for scorecards created over the 2005 and 2006 congressional session. Electioneering data was collected from the Center for Responsive Politics at www.opensecrets.org.

2003, 122-136; Baumgartner et. al. 2009, 202-204). To account for the popularity of the organization's cause, data were collected on each group's membership and the circulation of its major publication, which is usually its member newsletter. I have averaged the membership and circulation numbers for each year of the term and then averaged the values for the two years together to create "membership" variable.⁹⁸ The membership and circulation numbers were collected from (*Encyclopedia of Associations*, annual).⁹⁹

Finally, some scholars have argued that business groups are sometimes successful because they represent well-funded "niche" populations (Browne 1990; Baumgartner and Leech 2001). The niche representation by some business associations has long been recognized. As Schattschneider (1960, 23-25 and 32) noted that most business associations represent issues of interest to small sectors of society compared to issues for public interest and charitable groups. Such niche organizations tend to be well-financed groups with small memberships, e.g., the Information Technology Industry and the American Forest and Paper Association. To account for the presence of well-funded niche groups, a proxy measure was developed for determining whether the group represents a wealthy niche interest, which I call the "revenue per member."

⁹⁸ I create an average between the membership and circulation values because some organizations will only report one or the other, although most will report both. For organizations that only report one, the value of the membership variable is equal to the one reported value. Based on a sample of more than 100 groups during the 109th and 110th senates, I ran a correlation between the membership and circulation values to confirm that the variables were appropriate substitutes for each other. The Pearson product moment was .966 (p<.001).

⁹⁹ The membership and circulation numbers reported in the *Encyclopedia of Associations* are always one year behind the date of publication. In other words, edition 45, which was published in 2006, has membership numbers for groups in 2005. This is due to the way the publication collects its data.

This variable is an interactive term created by dividing the revenue variable (after averaging the two years) by the membership value (also after averaging the two years).¹⁰⁰

For this portion of the study, the impact of multiple independent variables on a continuous dependent variable (the mean scorecard value of each group by year) are being examined. Thus, OLS regression is used for this portion of the study. Based off the literature mentioned here and more thoroughly discussed in the previous chapters, I offer the following hypotheses for this portion of the study:

H₈: Wealth will not be significantly related to mean scores.

H₉: A group's membership size will not be significantly related to mean scores.

H₁₀: Electioneering activities will not be significantly related to mean scores.

H₁₁: Lobbying will not be significantly related to mean scores.

H₁₂: The revenue per member values will be significant predictors of higher aggregated means.

Results of Group Activities and Characteristics Analysis

For this portion of the analysis I have run two models during each term of the senate: one with the revenue per member interaction term and one with only the main effects. Because the distribution of each of the interval-level variables was highly skewed, the natural logs of the

¹⁰⁰ One might question whether an organization can raise a large amount of money (e.g., with grants or large corporate donations) and still have a small number of members. This is highly unlikely with the groups in this study. The vast majority of organizations we examine issue cards from non-501(c)(3) tax statuses. Most foundations do not give contributions to non-501(c)(3) groups because donations are not tax deductible and large contributions (those over \$13,000 as of 2011) are subject to a hefty gift tax (see Briffault 2005, 956; Berry 2006, 239; Alliance for Justice 2011).

values were used for the models. I have also included dummy variables to indicate what type of group the organization is, using public interest organizations as the omitted group.¹⁰¹

The sample sizes for the models in this portion of the analysis are considerably smaller than what existed in the ANOVA analysis. This is due to two factors. First, not all of the 249 groups in this study issued a scorecard during each term of the senate. Second, revenue values could not be obtained for all groups that issued cards during the terms.¹⁰² As a result, the number of observations for several of the senate terms is smaller. The largest number of observations is during the 109th, is 82 groups, and the smallest is during the 111th, with only 49. Because I am dealing with such small sample sizes, the standard for significance for this portion of the study have been relaxed by using an alpha of 0.1. The findings for the regression analyses are reported in tables 5.4, 5.5, and 5.6.

Table 5.4: Predictors of Group Scorecard Means, 106th and 107th Congresses

	Model 1 106 th Republican Control <i>Without</i> <i>Interaction</i>	Model 2 106 th Republican Control <i>With</i> <i>Interaction</i>	Model 3 107 th Democratic Control <i>Without</i> <i>Interaction</i>	Model 4 107 th Democratic Control <i>With</i> <i>Interaction</i>
LN_Campaign	-0.064 (0.039)	-0.070* (0.039)	0.062 (0.047)	0.066 (0.046)
LN_Lobbying	0.018 (0.033)	0.007 (0.031)	-0.027 (0.046)	-0.021 (0.043)
LN_Member-Circ	-0.048 (0.090)		0.102 0.113	
LN_Revenue	-0.090		-0.042	

¹⁰¹ I ran different iterations of these models including public interest groups and excluding labor and charitable groups. The results for these models were largely the same as those presented in this chapter.

¹⁰² Missing observations for the groups' revenue were imputed using the Amelia program made available by Honaker et al. (2001); see also King, et al. (2001).

	(0.102)		(0.123)	
LN_Revenue per Member		-0.008 (0.078)		-0.071 (0.098)
Business	1.559** (0.697)	1.643** (0.696)	1.707** (0.669)	1.628** (0.647)
Charitable	0.613 (0.474)	0.571 (0.473)	-1.786** (0.682)	-1.770** (0.675)
Labor	0.083 (0.566)	0.095 (0.562)	-0.070 (0.669)	-0.047 (0.662)
Constant	8.953*** (1.643)	7.7178*** (0.486)	5.639** (1.912)	6.371*** (0.655)
<i>N</i>	60	60	65	65
Adjusted R Square	.115	.110	.261	.269

Note: The dependent variable is the mean legislator rating value for each interest group. Continuous variables are in natural log values. Cells report parameter estimates from OLS Regression with standard errors in parentheses.

* $p < .10$; ** $p < .05$; *** $p < .01$.

Table 5.5: Predictors of Group Scorecard Means, 108th and 109th Congresses

	Model 5	Model 6	Model 7	Model 8
	108 th	108 th	109 th	109 th
	Republican	Republican	Republican	Republican
	Control	Control	Control	Control
	<i>Without</i>	<i>With</i>	<i>Without</i>	<i>With</i>
	<i>Interaction</i>	<i>Interaction</i>	<i>Interaction</i>	<i>Interaction</i>
LN_Campaign	-0.002 (0.038)	0.001 (0.037)	-0.053 (0.035)	-0.043 (0.032)
LN_Lobbying	-0.067* (0.037)	-0.064** (0.031)	-0.022 (0.032)	-0.012 (0.028)
LN_Member-Circ	0.038 (0.081)		-0.080 (0.081)	
LN_Revenue	-0.017 (0.093)		0.153 (0.104)	
LN_Revenue per Member		-0.020 (0.070)		0.111 (0.073)
Business	2.561*** (0.473)	2.530*** (0.463)	2.068*** (0.412)	2.003*** (0.401)
Charitable	1.626** (0.451)	1.640*** (0.446)	0.502 (0.421)	0.535 (0.416)
Labor	0.979* (0.531)	0.998* (0.523)	0.874* (0.523)	0.917* (0.514)
Constant	6.878*** (1.456)	7.082*** (0.503)	5.467*** (1.459)	6.306*** (0.514)
<i>N</i>	73	73	82	82
Adjusted R Square	.273	.283	.296	.303

Note: The dependent variable is the mean legislator rating value for each interest group. Continuous variables are in natural log values. Cells report parameter estimates from OLS Regression with standard errors in parentheses.

*p<.10; **p<.05; ***p<.01.

Table 5.6: Predictors of Group Scorecard Means, 110th and 111th Congresses

	Model 9 110 th Democratic Control <i>Without</i> <i>Interaction</i>	Model 10 110 th Democratic Control <i>With</i> <i>Interaction</i>	Model 11 111 th Democratic Control <i>Without</i> <i>Interaction</i>	Model 12 111 th Democratic Control <i>With</i> <i>Interaction</i>
LN_Campaign	-0.027 (0.055)	-0.036 (0.051)	-0.042 (0.048)	-0.040 (0.046)
LN_Lobbying	0.052 (0.055)	0.041 (0.051)	0.034 (0.053)	0.036 (0.049)
LN_Member-Circ	-0.130 (0.118)		0.005 (0.107)	
LN_Revenue	0.031 (0.166)		0.015 (0.131)	
LN_Revenue per Member Business	0.521 (0.698)	0.108 (0.109) 0.618 (0.669)	0.085 (0.664)	0.076 (0.646)
Charitable	0.693 (0.671)	0.644 (0.661)	0.099 (0.608)	0.086 (0.591)
Labor	1.316 (0.859)	1.230 (0.843)	1.927** (0.608)	1.947** (0.747)
Constant	7.528*** (2.445)	6.188*** (0.872)	6.047*** (2.211)	6.315*** (0.722)
<i>N</i>	67	67	49	49
Adjusted R Square	-.002 ^a	.010	.065	.087

Note: The dependent variable is the mean legislator rating value for each interest group. Continuous variables are in natural log values. Cells report parameter estimates from OLS Regression with standard errors in parentheses.

*p<.10; **p<.05; ***p<.01.

^a The R² in this model was .104. The formula for Adjusted R² does allow for negative values, as it is an approximation of the actual percentage variance explained.

Largely as predicted, the models suggest that political activities and a group's overall revenue and membership size seem to be unrelated to the organization's overall satisfaction with the senate. The revenue and membership main effects are not significant for any of the 12 models (H₈ and H₉). On only three occasions are any of the political activity variables statistically significant. Campaigning shows a significant negative relationship (below the 0.1 level) with mean scorecard ratings in Model 2, which is the 106th Senate model to include the interaction term. Lobbying produces significant negative relationships for both models in the 108th Senate (below the 0.05 level with the interaction term and below the 0.1 level without). Because lobbying and campaigning are only significant for three of the 12 models (and only during two senate terms), I am inclined to interpret the three significant outputs as anomalies and conclude that political activities have little relationship to groups' mean scorecard ratings (H₁₀ and H₁₁). Based on these findings, I feel it is safe to accept H₈ and H₁₁.

I am surprised, and rather disappointed, to find that the revenue per member variable, my proxy measure for determining whether the organization is a niche interest, is not significant for any of the six models in which it was included (H₁₂). In fact, it is only close to significant for Model 8 from the 109th Senate (where $p = 0.131$). Still, the inclusion of the revenue per member interaction term may be an improvement over the main-effects models. For five of the six senate terms, models with the interaction term have produced higher adjusted R² values. In fact, for the main effects models, the gap between the R² and adjusted R² tends to be rather large, indicating that there may be unnecessary independent variables in the models.

There are several possible explanations for the findings regarding the revenue per member interaction term. For one, it is plausible that my measure is not an accurate indication of whether the organization actually does represent a wealthy population of interests. Maximizing

my number of observations required imputation to fill missing revenue values and interpolating some of the membership values. Such procedures always run the risk of lowering the validity of measures. Of course, even without using any estimation methods to replace missing values of the main effects, my interaction term may simply have been too imprecise of a measure for determining whether the group represents a wealthy niche population. Finally, it is also quite possible that groups representing wealthy niche interests are not any more satisfied with legislators. No matter what the explanation is, these findings leave me little choice but to reject H_{12} .

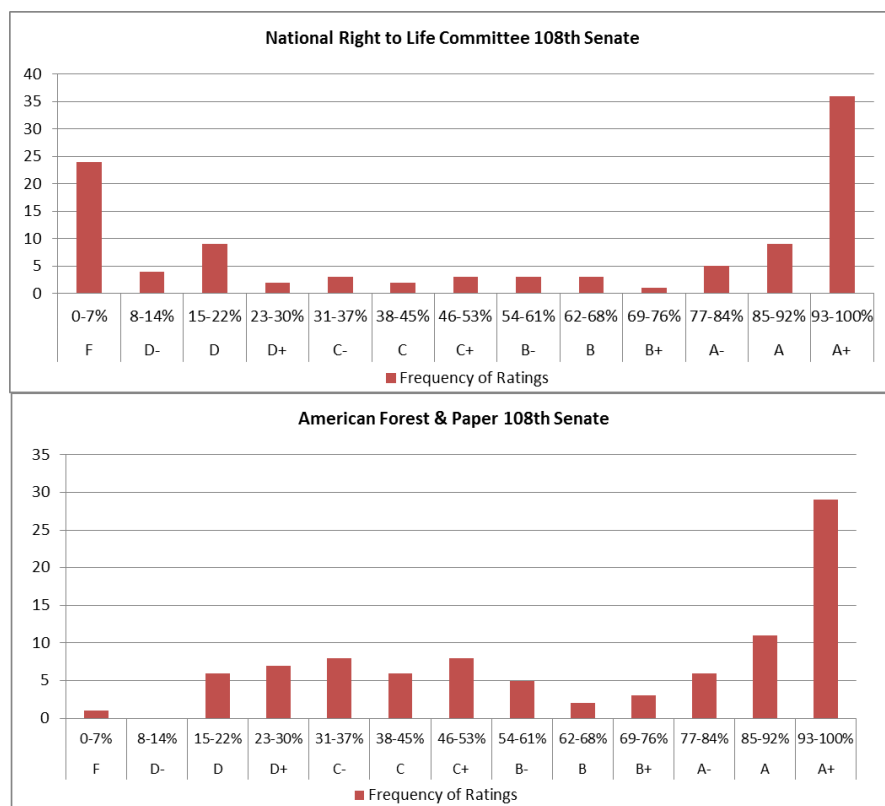
The findings with respect to the group type dummy variables are interesting and more encouraging. Business and professional trade associations produce significantly higher scores in all but the last two senate terms, which largely supports the findings of the ANOVA models. Labor unions produce significantly higher scores (below the 0.01 level) during the large Democratic majority of the 111th, which is not surprising. What is somewhat surprising is that labor groups also produce significantly higher scores (below 0.1) in both the 108th and 109th, when Republicans controlled the Senate. Charitable groups also produce significantly larger mean scores in the 108th (below 0.05 with the main effects and below 0.01 with interaction). The fact that business, labor, and charitable groups all produce significantly higher scores in the 108th could be explained by the extremely low public interest (the omitted group) scores during that term. Finally, charitable scores are significantly lower for both models during the 107th, when Democrats were in control of the Senate. This may simply be due to the small number of charitable observations in this term (only 10 groups). Note that in the repeated measures ANOVA analysis – which was based on a larger number of groups – charitable scores were actually quite high for this term.

Testing Scorecard Standard Deviations

Of course, there is only so much that can be deduced from a mean. A group that produces all 50 or C+ evaluations (both of which equal a 7 on my transformed variable scale) would yield the same mean as a group with half perfect evaluations (100 and A+) and half lowest possible evaluations (0 or F). Snyder (1992, 319) claims that most scorecards have bi-modal distributions of evaluations. This would have certainly been the case for highly partisan groups such as Americans for Democratic Action (ADA) and the American Conservative Union (ACU), which most scorecard studies used in 1980s and 1990s. Indubitably, an overtly liberal or conservative group will produce a bi-modal distribution, with Democrats consistently siding with the former and Republicans with the latter. However, the assertion that interest group ratings depict “artificial extremism” in legislator preferences (Snyder 1992) may be overstated, due to prior researchers’ tendencies to study highly ideological groups such as the ADA and ACU. In fact, early work with my scorecard population, based on the 109th and 110th Senate, has shown that most business cards produce unimodal distributions, with the modal score higher than the mean and median (Chand and Schreckhise 2011). Figure 5.2 illustrates evaluations from the 108th Congress, placed on my 13-point scale. Notice the extreme spread of ratings for the National Right to Life Committee (a public interest group), with the majority of legislators receiving either the highest or lowest scores. Scores for American Forest and Paper are clustered toward the higher end of the distribution, with a solid plurality receiving the highest possible score. Indeed, if business groups are more satisfied with legislators, then one would expect legislators to vote in more cohesive blocs on issues important to them. Consequently, a scorecard for a business group, or any group dealing with less divisive issues, should produce a unimodal distribution with less variance between individual evaluations. To determine which

groups are producing the largest and smallest distributions of evaluations, the standard deviation between individual legislator ratings as a dependent variable is used.

Figure 5.2: Example Distributions from 108th Senate



Based on my previous work with business association scorecards, I make the following hypothesis:

H_{13} : Business and trade association scorecards will produce significantly lower standard deviations than cards produced by other groups.

Standard Deviation Results

Reported below in tables 5.7 and 5.8 are the results of six cross-sectional OLS regression models, one for each senate term. In the models presented, the groups' standard deviation scores are analyzed against campaign activities, lobbying, and revenue per member values. Dummy variables representing business, charitable, and labor groups are included, with public interest groups once again serving as the omitted group.¹⁰³ The only instances where political activities show any relationship between group standard deviations are in the 106th and 109th senates. Campaigning is positively related to standard deviations in the 106th (below the 0.01 level), meaning the more groups spent on campaigns in the previous election cycle, the larger the deviations between ratings in the following term. Lobbying is positively related to standard deviations in the 109th (below the 0.1 level). Because these are the only instances where political activities show any significant relationship to deviation scores, I am inclined to interpret these two cases of statistical significances as flukes, and reject any assumption that groups who spend more on political activities produce larger deviations in their legislator ratings.

¹⁰³ As with the OLS models examining scorecard means, I also ran different iterations of the standard deviation models including public interest groups and excluding labor and charitable groups. The results for these models were largely the same as those presented in this paper.

Table 5.7: Predicting Group Standard Deviations, 106th to 108th Congresses

	Model 1 106 th Republican Control	Model 2 107 th Democratic Control	Model 3 108 th Republican Control
LN_Campaign	0.078*** (0.028)	0.003 (0.035)	-0.010 (0.027)
LN_Lobbying	-0.004 (0.023)	0.031 (0.032)	-0.004 (0.023)
LN_Revenue per Member	-0.036 (0.058)	-0.025 (0.073)	-0.030 (0.052)
Business	-0.106 (0.522)	0.153 (0.473)	-0.472 (0.343)
Charitable	0.461 (0.356)	-0.628 (0.502)	-0.638 (0.330)
Labor	0.263 (0.420)	-0.005 (0.496)	0.105 (0.388)
Constant	4.019*** (0.363)	3.577*** (0.499)	4.892*** (0.372)
<i>N</i>	60	65	73
Adjusted R Square	.151	-.040	.017

Note: The dependent variable is the standard deviation value for each interest group's ratings during the senate term. Continuous variables are in natural log values. Cells report parameter estimates from OLS Regression with standard errors in parentheses.

* $p < .10$; ** $p < .05$; *** $p < .01$.

Table 5.8: Predicting Group Standard Deviations, 109th to 111th Congresses

	Model 4	Model 5	Model 6
	109 th	110 th	111 th
	Republican	Democratic	Democratic
	Control	Control	Control
LN_Campaign	0.002 (0.024)	0.028 (0.030)	0.018 (0.035)
LN_Lobbying	0.037* (0.021)	0.024 (0.030)	-0.012 (0.037)
LN_Revenue per Member	0.020 (0.055)	-0.016 (0.065)	0.041 (0.068)
Business	-0.781** (0.308)	-0.986** (0.398)	-0.816 ^a (0.490)
Charitable	0.313 (0.317)	-0.548 (0.393)	-0.121 (0.448)
Labor	0.414 (0.383)	0.174 (0.502)	0.499 (0.566)
Constant	3.735*** (0.391)	3.826*** (0.519)	4.638*** (0.547)
<i>N</i>	82	67	49
Adjusted R Square	.118	.114	.040

Note: The dependent variable is the standard deviation value for each interest group's ratings during the senate term. Continuous variables are in natural log values. Cells report parameter estimates from OLS Regression with standard errors in parentheses.

* $p < .10$; ** $p < .05$; *** $p < .01$.

^a $p = .104$

My primary interest with standard deviation tests is the business dummy variable. If H_{13} is correct, then the business dummy variable should be significant, with the unstandardized coefficients being negative. The business dummy variable is the only variable to be statistically significant for multiple terms and for five out of the six models (Model 2 for the 107th Senate being the one exception) business groups are negatively related to standard deviation scores. However, the business variable is only significant for the 109th and 110th senates (both below the

0.05 level). It is close to significant for the 111th ($p = 0.104$).¹⁰⁴ Taken as a whole, these findings are not strong enough for me to accept H_{13} . Indeed, Snyder (1992) may have been correct in his assumption that most organizations, even business groups, produce bi-model scorecards.

Discussion

The findings of the analyses presented in this chapter provide mixed support for my hypotheses on interest group satisfaction with legislators. Assuming my measures of legislative satisfaction based on interest group scorecards are valid, there are several inferences one can make from the analyses presented here. The assertion that business associations are, generally speaking, more satisfied with legislators and legislative policy (Baumgartner et. al. 2009; Mahoney 2007; Smith 2000) is largely supported by both the ANOVA and regression analyses. Also supported by the findings here are the hypotheses regarding labor and charitable satisfaction, both of which fluctuate with partisan changes in the Senate. My hypotheses on political activities not being related to group satisfaction also appear to be correct. Engaging in lobbying and electioneering, even in large amounts, does not necessarily increase groups' overall satisfaction with legislators. This, of course, is not to say these activities have no effect on legislators or policy decisions. As discussed in chapter 2, many scholars have found these activities to be influential under narrow conditions that my study is unable to replicate. It is quite conceivable that a group could spend significantly in opposition of a single bill (which is included on the group's scorecard) that ultimately passes the Senate, resulting in a low average rating for the group. Still, the group's lobbying activities may very well have led to a less

¹⁰⁴ It should be noted that this model had only 49 observations.

objectionable version of said bill passing the senate than would have passed had the group not lobbied at all.

This study adds to the limited research conducted on interest groups overall wealth and popularity. Similar to the other studies to examine these variables (Berry and Arons 2003; Baumgartner et al. 2009), this study finds that neither is related to a group's overall satisfaction with legislators. I am disappointed to find that my proxy measure for niche interests is not related to overall satisfaction of legislators. Despite this finding, there is prior evidence indicating that such interest groups are successful at influencing policy (Browne 1990; Baumgartner and Leech 2001). It is quite possible that my revenue per member variable inadequately serves as a measure of wealthy niche interests. The study of interest groups would greatly benefit from future examinations of this issue. Finally, I am unable to dispute Snyder's (1992) claim of scorecards depicting artificial extremism, at least based on my standard deviations analysis. I postulated that business association scorecards would show smaller deviations between ratings than scorecards for other groups. For most of the terms of the senate studied here, however, the standard deviations for business cards were not significantly lower than those for other groups.

In the following concluding chapter, I place my findings in the context of the prior literature on interest groups. I also discuss the implications of my use of scorecards and legislative satisfaction for future studies of interest groups.

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VI. DISCUSSION AND CONCLUSION

Introduction

More than 200 years after Madison published the *Federalist* #10 we still confront the same problems he addressed: 1) that “factions” exist in free societies; and 2) factions can often lay claims to government that run contrary to the best interest of the majority (Madison 1787). At the heart of Madison’s dilemma is a question of fairness. Is it fair that a powerful group (or groups) of interests can use the institutions of government to best serve the needs of its members as opposed to the needs of society at large? Madison answers “no” to this question, and most people today would agree. Madison’s solution of creating a large arena of debate in which competing interests will serve as a check on each other was widely accepted among early pluralist scholars (e.g., Dahl 1961; Merelman 1968; Sayre and Kaufman 1960; Wolfinger 1971). And some scholars have supported Madison’s claims by noting that the size and diversity of our country’s interest group society has at least made it more difficult for a small set of interests to consistently dominate the American political system (Berry and Wilcox 2009, 188). Yet, despite having a more diverse interest group system now than has ever existed in our country’s history (Berry and Wilcox 2009), the ability of relatively small sectors of society to exercise disproportionate influence in the policymaking process still remains.

The issue of fairness in our pluralist system has driven the majority of interest group research. Generations of mobilization studies showed us that not all interests enjoy equal opportunities to be represented (Olson 1965; Salisbury 1969; Salisbury 1984; Walker 1991). But even among groups that do participate in the process, inequalities persist. Recent studies of interest groups to examine the effectiveness of lobbying (e.g., Alexander, Mazza, and Scholz 2009; Smith 1984; Baumgartner et al. 2009; Wright 1990), PAC contributions (e.g., Grenzke

1989; Stratmann 1995; Wawro 2001), and coalition formation (e.g., Hecl 1978; Sabatier and Weible 2007) have all been attempts to explain how inequalities still exist in the system. There is compelling evidence organized business, beyond simply constituting the majority of group activities, also exercises greater influence in the system (Berry and Wilcox 2009, 177-185; Lindblom 1977; Mohoney 2007; Smith 2000).

Substantive Contribution

This study adds to the existing literature on interest groups and inequality in the policy process in two ways. First, it attempts to determine how and if a bias exists in favor of particular interests at the congressional level. More specifically, it attempts to answer the questions: What types of groups are satisfied with Congress? And under what conditions are groups satisfied? To answer these questions, I developed measures of legislative satisfaction for nonprofit, membership association interest groups. The population consisted of scorecard-issuing groups from the 106th through the 111th U.S. Senates. This 12-year period (from 1999 to 2010) allowed me compare levels of satisfaction under exactly three terms of Republican control of the Senate and three terms of Democratic control. I additionally attempted to determine if there is a relationship between an organization's lobbying, electioneering, wealth, and membership and the group's satisfaction with legislators. I also tested whether organizations representing wealthy, niche populations are any more satisfied.

The findings of my study lend support to the argument that groups organized around business causes tend to get what they want from the policy process. For five out of the six terms of the U.S. Senate examined, business groups produced high levels of satisfaction with senators. It is only during the large Democratic majority of the 111th Senate that business satisfaction significantly drops. Labor unions are, not surprisingly, more satisfied with Democratic

majorities in the Senate. These findings support similar studies to suggest that business interests are more successful at lobbying for their policies (e.g., Mohoney 2007), but they also reinforce the point that business and labor approach legislative politics differently. Labor unions PACs overwhelmingly give to Democrats (McKay 2010). On the other hand, business-affiliated PACs usually favor Republicans, but not by overwhelming margins (Berry and Wilcox 2009; McKay 2010). The conventional narrative has always been that Republicans are friends of organized business while Democrats are friends of labor. The findings of this dissertation indicate that Democrats are also friends of organized business, or are at least close acquaintances.

Public interest nonprofits consistently show the lowest levels of satisfaction no matter who is in charge of the Senate. This was a mostly expected finding, as many of the highly ideological public interest groups (e.g., American Conservative Union and Americans for Democratic Action) would cancel either out.

No studies have examined the relationship between charitable-mission organizations and congressional policy. The findings of my repeated-measures ANOVAs indicate that charitable groups are generally more satisfied with Democratic control. However, as noted in the previous chapter, charitable satisfaction enigmatically drops during the large Democratic majority of 111th. This finding was not expected, and there is certainly nothing to explain it in prior literature. There is anecdotal evidence to suggest that charitable groups may have expected more from the 111th, when Democrats held large majorities in both houses of Congress. The Children's Defense Fund, for example, expressed disappointment that the Patient Protection and Affordable Care Act did not provide more support for the Children's Health Insurance Program (Meyerson 2009). Moderate Democrats such as Blanche Lincoln and Mark Pryor had points deducted from their Children's Defense Fund and Network (a Catholic social justice

organization) ratings for not supporting the Health Care and Education Reconciliation Act (HCERA) of 2010.¹⁰⁵ Many charitable and social welfare organizations supported the HCERA for expanding additional health care benefits for low-income individuals and increasing Pell Grant scholarship eligibility (Clark 2010; Hossain 2010).

This study provides a unique perspective on the study of political activities. Prior studies have examined lobbying and electioneering at a micro level attempting to answer questions such as, “Do PAC contributions affect legislative behavior?” This study makes no attempt to isolate individual lobbyist-senator contacts or control exogenous factors that may influence votes. Instead, it examines political activities at a macro level by comparing aggregated spending on lobbying and electioneering to groups’ overall satisfaction with legislators. Not surprisingly, the analysis presented here indicates there is little, if any, relationship between spending on lobbying and electioneering and legislative satisfaction at the macro level.

As stated in the previous chapter, these findings should not be taken as evidence that these activities have no effect on congressional policymaking. Most of the ratings used to create measures for this study were derived from groups counting roll-call votes and cosponsorships. In other words, groups evaluated senators based on their positions on bills that were highly developed or, in many cases, finalized. Bills go through many iterations before they can reach the roll-call stage. While a group may strongly oppose a bill up for a floor vote, a lobbying campaign during the bill’s development may have resulted in modifying the bill more to the organization’s liking. The American Civil Liberties Union (ACLU) strongly opposed passage of

¹⁰⁵ To see groups who ranked Lincoln’s vote on this issue, see the following line: <http://vis.org/crc/OtherGroups.aspx?PoliticianId=1085&VoteId=12386&t=v> (accessed 21 February 2013). For Pryor’s vote, see: <http://vis.org/crc/OtherGroups.aspx?PoliticianId=1161&VoteId=12386&t=v> (accessed 21 February 2013).

the PATRIOT Act, for example. But the group's lobbying was successful at removing a provision that called for an indefinite suspension of habeas corpus (Brill 2003, 73-74).

Inversely, a group's ratings would be low if the bills it supported were overwhelmingly voted down. However, the group's lobbying campaign may have helped its supported legislation make it to the roll-call vote stage in the first place.

It is also important to remember that not all legislation will be equally supported and opposed by groups. While some groups weight the votes they follow to indicate which bills are most strongly supported or opposed, most do not. Even for those groups that do weight votes, their weighting systems on many occasions will be unable to reflect the differences between typical legislation and bills that can fundamentally affect an interest group positively or negatively. As stated in chapter 2, Baumgartner and his colleagues (2009) found that while most lobbying campaigns are not successful, those that are successful are usually able to achieve major changes to a policy area. Alexander, Mazza, and Scholz's (2009) rate of investment on lobbying measure found that businesses saved \$220 for every \$1 they spent on lobbying in favor of the American Jobs Creation Act (AJCA) of 2004. Groups such as the U.S. Chamber of Commerce that included AJCA on their scorecards surely included votes on other bills, too.¹⁰⁶ While many legislators may have voted against the Chamber on those other bills, it is unlikely those other bills would have affected the organization's business members as greatly as the AJCA did.

Specific to electioneering, this study adds to the existing literature in a number of ways. Most past electioneering influence studies have examined whether PAC contributions affect

¹⁰⁶ See the U.S. Chamber of Commerce's support for the AJCA at the follow: <http://www.uschamber.com/issues/letters/2004/chamber-urges-vote-hr-4520-american-jobs-creation-act-2004> (accessed 21 February 2013).

legislative decisions (e.g., Grenzke 1989; Fleisher 1993; Stratmann 1995; Wawro 2001; Wright 1990; Wright 1996). Few if any have attempted to determine if hard-money independent expenditures or 527 expenditures affect congressional policy, as this one does. Most importantly, virtually all electioneering studies have examined campaign activities from the influence perspective. In other words, scholars have attempted to determine if campaign activities can cause legislators to behave in a desired way. If an interest group is able to elect a large slate of likeminded candidates, however, there is no need to try and change those legislators' opinions when important legislation is debated. This study examines electioneering from the indirect perspective by determining whether groups that spend more on elections are any more satisfied with legislators in the next congressional session. Similar to the lobbying conclusion, this study finds that groups that spend more, at the aggregate, on campaigns are not any more satisfied on the whole with legislators in the next session.

As with the lobbying findings, one should not assume from this conclusion that a group's campaign activities do not at all contribute to more favorable policy outputs. As many scholars have noted, groups often use campaign contributions and lobbying in conjunction (Baumgartner and Leech 1998; Hoinacki and Kimball 1998; McKay 2010). In such cases, contributing to incumbent legislators can help maintain access to favorable legislators (Langbein 1986). One must also remember that campaign outcomes are usually influenced by larger factors, such as the economy, that have little to do with interest group campaign activities (Erikson 1989; Jacobson 1990). If larger forces outside of the group's control are destined to produce an unfavorable outcome, then the group will be unsatisfied with the next session's legislators no matter how much money it chose to spend on campaigns.

Finally, this study found, also largely as expected, that a group's overall wealth and membership is not a predictor of the organization's satisfaction with legislators. While some scholars have argued that labor unions and public interest groups with large membership can overcome the business community's resource advantages with the "power of people" (Berry 1997, 233), the findings of Baumgartner and his colleagues (2009) and this study would suggest otherwise. Similar studies have found that large memberships for labor unions and public interest groups are also not positive predictors of influence during administrative policy making either (Furlong 1997). It seems that having millions of members alone is not enough to produce favorable legislation. That said, there is some evidence that a large membership may work in conjunction with lobbying and campaign tactics to produce legislative influence. Smith (1993), for example, notes that lobbying and PAC contributions can be effective at influencing legislators when a group has many active members in the legislator's district.

This study, of course, does not examine membership from the state or district level. Instead, my membership variable (based on an average of membership and circulation of the group's major publications) is a measure for the group's appeal nationally. But even in such cases where membership is tested at this district level, the actual impact of having a large membership on influencing legislators remains questionable. In cases where a group has a large membership in the legislator's home district, it is possible the legislator's voting record is not due to an interest group's large membership "convincing" the member of Congress to vote a certain way. Instead, maybe the interest group's membership prevented a legislator with opposing views from becoming a member of Congress in the first place. It is hard to imagine, for example, someone who opposed the auto industry's and the auto union's positions on the

2009 auto bailout being elected to a Detroit congressional seat in 2008 (when the bailout was first discussed).

Having a great deal of money, like a large membership, also seems to be unrelated to a group's legislative satisfaction. Wealth is a surprisingly little studied variable in the literature on interest group success in public policy. The explanation of why may partly have to do with confusion over what actually constitutes wealth. Many scholars sought to measure "resources" in terms of how much groups spend on lobbying and in PAC contributions (e.g., Schattschneider 1960; Schlozman and Tierney 1986). There are many organizations, however, that maintain large amounts of organizational wealth but do not spend their money on traditional political activities such as lobbying and electioneering. This study finds that organizations with lots of money, regardless of whether they spend it on political activities, are not any more satisfied with legislative policy.

Finally, this study also concludes that groups representing wealthy policy niche populations are no more satisfied with legislative policy than other groups. As stated in the previous chapter, this is somewhat of a surprise and runs contrary to prior academic literature. Still, as mentioned before, the findings within this study may have more to do with the operationalization of the concept "niche" populations. This study uses a proxy measure by dividing the wealth of an organization by its membership to account for whether groups represent niche populations. Prior studies on this topic have defined niche interest organizations using the issues on which groups work as their variables (e.g., Brown 1990; Gray and Lowery 1996; Baumgartner and Leech 2001). For example, Baumgartner and Leech (2001), the most recent of niche interest studies, examine 137 issues from 1996 on which groups lobbied. The top

5 percent of issues accounted for 45 percent of lobbying activities while some issues were lobbied on by only one or two “niche” groups.

I lack data indicating what the majority of groups used to create their scorecards. Thus, I cannot define niche organizations by identifying groups that rate legislators on bills not included on other scorecards. Furthermore, simply being included on only one or two scorecards is not necessarily an indication of issue’s “nicheness,” as many for-profit businesses and groups that do not issue scorecards may have lobbied in favor or opposition of the bill.

There are certainly many other factors that could affect an organization’s satisfaction with legislative policy that are not included in this study. Exogenous shocks, for example, can lead to sustainable changes in policy areas (Sabatier and Weible 2007; Stone 1989). One could easily use aggregated ratings to track satisfaction in response to exogenous factors. How differently did the ACLU evaluate legislators post September 11, 2001, for example?

Additionally, it should be noted that this dissertation is limited to studying interest group satisfaction at the adoption stage. The fact that interest groups are evaluating legislators primarily on their positions roll call votes and cosponsorships means that this study largely ignores interest group satisfaction with the agenda setting process. Prior scholars have noted the ability of powerful groups, especially organized business, to shape policy making agendas (e.g., Lindblom 1977; Bachrach and Baratz 1962). Therefore, many of the ratings used to generate the measures of legislative satisfaction in this study likely contain some bias in favor of organized business, as bill that were extremely objectionable to big business may not have made it to the point of a floor vote.

Methodological Contribution

It could be argued that the greater contribution of this dissertation is its new approach to the study of interest groups. As discussed in chapter one, interest group research has produced few generalizable findings in comparison to the studies of Congress, the presidency, bureaucratic agencies, or political parties (Berry 1994). The primary explanation for the lack of such findings is a deficiency in quality data (Arnold 1982, 101; Cigler 1994; Berry 1994, 21-22; Baumgartner and Leech 1998, 4-5). Interest groups are private institutions, unlike legislatures and government agencies. They are much less regulated than political parties and are not subject to as many disclosure requirements (Herszenhorn 2010; Schattschneider 1960). Thus, there are few institutionally supported sources of data for the study of interest groups outside of PAC contributions. Nowhere has the lack of data created more of a void in our scholarly collective knowledge than within the study of interest groups and policy success. While scholars have successfully studied the internal workings of groups and successfully challenged the pluralist assumption that all potential interests enjoy the opportunity to mobilize (e.g., Olson 1965; Salisbury 1969; Wilson 1973; Moe 1980a; Moe 1980b; Walker 1983; Salisbury 1984), they have made little progress in determining if some groups are any more likely to get what they want (Ainsworth 2002, 1-8; Baumgartner and Leech 1998, 13; Mahoney 2007, 35).

Scorecards are an easily accessible source of data that may finally allow researchers to explore questions of inequality in the “pluralist heaven” of American politics (Schattschneider 1960). Using legislator ratings as a means of making inferences about interest groups as opposed to members of Congress holds many advantages over the primary data-collection methods of prior similar studies (e.g., Baumgartner, et. al. 2009; Mahoney 2007; Rees 1999). By eliminating the need for surveys and interviews, scorecards inform us as to what are the

important issues for interest groups and whether legislators agreed with the group on certain issues. During a relatively short period of time, this study was able to analyze a large population of groups and follow their policy preferences over a larger period of time than similar studies requiring substantially more resources (e.g., Baumgartner, et. al. 2009; Rees 1999).

This study aggregates legislator ratings to examine interest group legislative satisfaction, but the use of aggregated scorecards should not be limited simply to this. The ultimate goal for policy inequality studies such as this one is to move toward the study of power with the ability to make generalizations regarding what types of groups exercise influence over legislators. There is little reason to believe scorecards could not serve as a substitute for surveys and interviews in future studies on interest group influence.

Of course, there are numerous other possibilities for the use of scorecards beyond examining how successful groups are in the policy process. The standard deviation portion of this study (in Chapter V) is but one example of the many other ways scorecards can be used to produce additional generalizations about interest groups. One could easily reverse the causal assumption of the regression models in the previous chapter to determine if legislative satisfaction predicts political activities in the following Congress or election cycle. Additionally, one could explore the relationship between a group's congressional ratings and the internal workings of groups. For example, does an increase in partisanship (larger standard deviations in scorecards) predict an increase in the membership size of public interest organizations?

Obviously, no one tool will allow scholars to answer every question involving interest groups in the policy process. There will always be a need for primary data collection, as there remains with even more data-rich topics such as Congress, the presidency, and elections. Yet, the narrow focus of prior political science and policy scholars on the use of scorecards as

measures of legislator ideology and preference has left their potential largely untapped. As the interest group population has increased in the last 20 years (Berry and Wilcox 2009, 15-20), more groups have relied on the Internet as a means of reaching their target audience and educating the public (ibid., 49 and 118-120). Technological advances that have allowed organizations to more easily and cheaply disseminate their messages are also the most likely explanation for why scorecards have become increasingly popular educational tools for groups in the last couple of decades. Scorecards used by scholars from the 1960s through the early 1990s (during the heyday for scorecard research) were printed on brochures or published in newsletters and mailed to members at the end of the year or the term of Congress. The Internet allows groups to create scorecards in real time and distribute them instantaneously to millions at a fraction of the cost of scorecards created 20 years ago. With so many questions involving interest groups and congressional policy yet to be answered, scholars would be well served to revisit these tools that have largely been “relegated to the dustbins of political science history” (Chand and Schreckhise 2012).

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