

# McCutcheon Money

## The Projected Impact of Striking Aggregate Contribution Limits

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**T**his term, the Supreme Court is considering a challenge to aggregate contribution limits in a case called *McCutcheon v. FEC*.

The current limit on what one person may contribute to all federal candidates, parties and PACs is \$123,200.<sup>1</sup> Absent this limit, one wealthy donor would be permitted to contribute more than \$3.5 million to a single party's candidates and party committees (plus a virtually unlimited amount to supportive PACs).<sup>2</sup>

Under current case law, the Supreme Court should uphold aggregate contribution limits as a decades-old protection against corruption, the appearance of corruption, and circumvention of base contribution limits.<sup>3</sup>

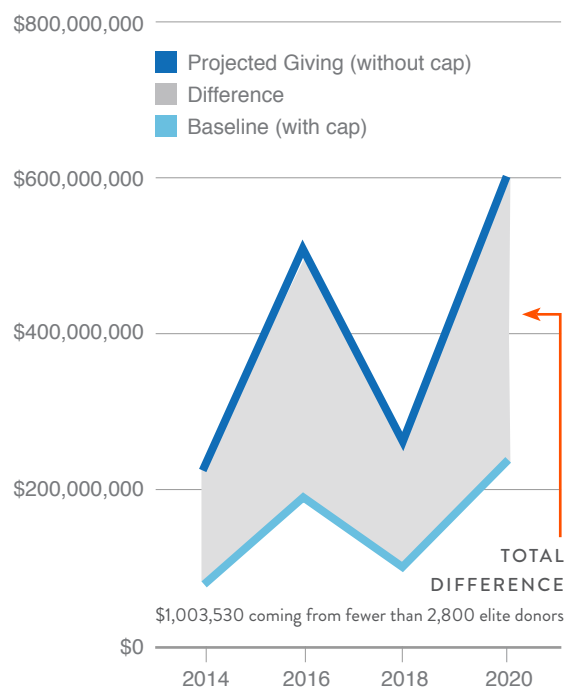
But the Roberts Court has been willing to toss precedent aside to gut campaign finance laws in the past. So it's worth asking, what would be the practical effect if the Court strikes a federal contribution limit for the first time?

### “McCutcheon Money”

We project that striking aggregate contribution limits would bring more than \$1 billion in additional campaign contributions

from elite donors through the 2020 election cycle. Elite donors are defined here as those who gave (or are projected to give) at, over, or within 10% of the aggregate contribution limit.

**Figure 1. Projected “McCutcheon Money”:** Giving by Elite Donors



Source: Dēmos, U.S. PIRG

This figure does not represent a sea change when compared with existing spending levels, and much if it may be funds shifted

from outside spending organizations rather than completely new money coming into the system. But, history suggests that candidate spending is more effective than outside spending<sup>4</sup>, and the increased direct giving would significantly strengthen the power of a tiny number of elite donors compared with small contributors. Striking aggregate limits would increase these elite donors' influence over elected officials by making officeholders increasingly dependent upon this small slice of the population for campaign funds.

### More Power for Elite Donors

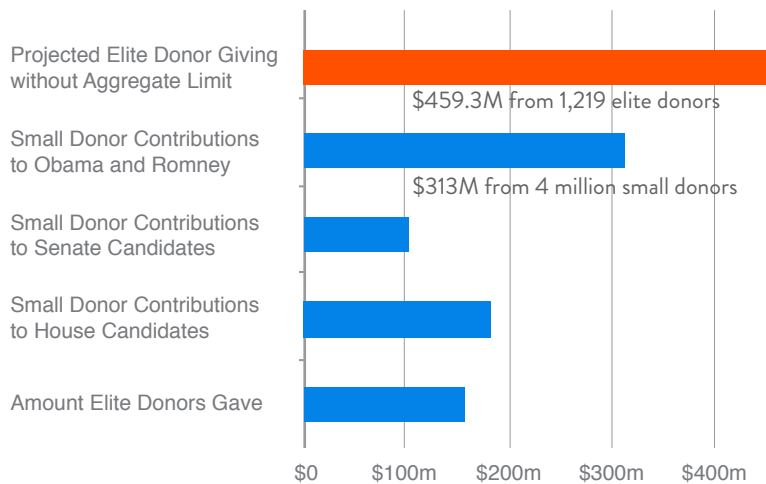
In 2012, just 1,219 elite donors contributed \$155.2 million to candidates, parties, and PACs. Without an aggregate contribution limit, we estimate that these donors would have contributed \$459.3 million in the 2012 cycle. As a point of reference, this projected sum is 47% more than all of the funds that President Obama and Governor Romney raised combined from at least 4,040,442 small donors.

The undue and increasing power of large donors fuels the public's mistrust of government and the widespread appearance of corruption that aggregate contribution limits are intended to combat.

Government in the U.S. is strongly responsive to the public policy preferences of those who can afford to make large campaign contributions, and almost completely unresponsive to the priorities of the general public.<sup>5</sup> Americans recognize this,<sup>6</sup> and believe it is due to the influence of large campaign contributions.<sup>7</sup> This has fed the widespread belief that our government is corrupt and contributed to the lowest levels of confidence in Congress on record.<sup>8</sup>

To view Dēmos' and U.S. PIRG's amicus brief

**Figure 2. Elite Donor Power in 2012 Without Aggregate Limits**



Without aggregate contribution limits, we estimate that in 2012 just **1,219 elite donors** would have given nearly **50% MORE** money to parties, candidates, and PACs (**\$459.3M**) than President Obama and Governor Romney raised combined from more than **4 MILLION SMALL DONORS (\$313.0M)**.

Source: Dēmos, U.S. PIRG

to the Supreme Court showing how government’s responsiveness to large donors fuels the appearance of corruption, visit [http://www.demos.org/sites/default/files/publications/mccutcheon\\_sc\\_demos\\_cwa\\_amici\\_brief.pdf](http://www.demos.org/sites/default/files/publications/mccutcheon_sc_demos_cwa_amici_brief.pdf).

### Brief Methodology

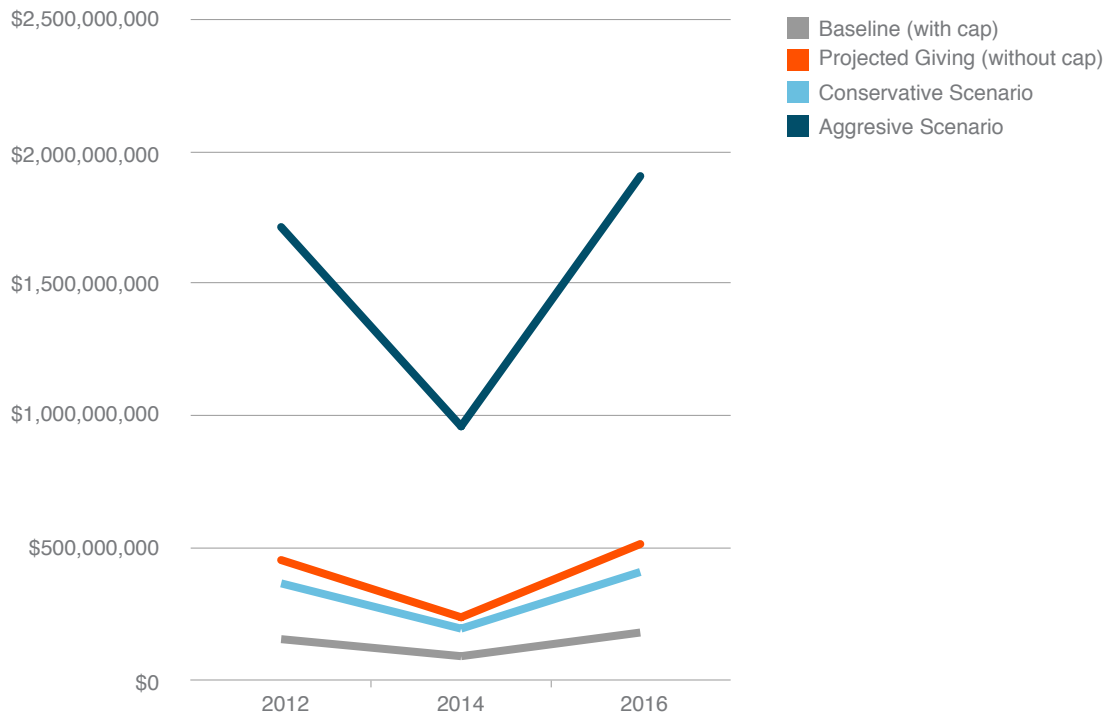
Our projections are an attempt to estimate the effect of eliminating aggregate contribution limits on the behavior of a set of 1,219 elite donors who are already over, at, or near these limits. Our actual estimates are grounded in projections about how many of these donors have both the ability and the motivation to significantly increase their giving and how many would likely do so more moderately. In practice, this projection falls in between two simpler scenarios—one

more aggressive and one more conservative.

If parties aggressively solicit large checks we may see donors maxing out both to party committees and all competitive House and Senate races (aggressive scenario). The more conservative scenario has donors maxing out only to the candidates and parties they already supported in 2012, projecting no expansion in the number of entities they will support. Given the sharp rate of growth in campaign spending in recent cycles, however, there is every reason to expect that savvy officeholders, party officials, and donors will pursue every available fundraising avenue.

For a detailed explanation of the methodology used for these projections, visit <http://www.demos.org/publication/mccutcheon-methodology>.<sup>9</sup>

**Figure 3.** Aggressive, Conservative, and Projected Scenarios



Source: Dēmos, U.S. PIRG

## Endnotes

1. <http://www.fec.gov/pages/brochures/contrib.shtml#Chart> This does not include Super PACs.
2. A donor could contribute this amount by giving the base limit to all of a party's candidates for House and Senate, each of the party's three national committees, and each of the party's 50 state committees.
3. See e.g. Campaign Legal Center, *Citizens United II? Background Memo on McCutcheon v. FEC*, available at [http://www.campaignlegalcenter.org/images/McCutcheon\\_v\\_FEC\\_Background\\_Memo\\_-\\_Website\\_FINAL\\_\\_9-26-13.pdf](http://www.campaignlegalcenter.org/images/McCutcheon_v_FEC_Background_Memo_-_Website_FINAL__9-26-13.pdf)
4. Billion Dollar Democracy, *Dēmos* (2013) available at <http://www.demos.org/publication/billion-dollar-democracy-unprecedented-role-money-2012-elections>
5. See generally, MARTIN GILENS, *AFFLUENCE & INFLUENCE: ECONOMIC INEQUALITY AND POLITICAL POWER IN AMERICAN* (2012).
6. Memorandum from Celinda Lake et al., Lake Research Partners & Brian Nienaber & Ashlee Rich, Tarrance Group, *National Polling on Support for a Proposal to Tackle Big Money in Congressional Elections 2* (Feb. 1, 2009)
7. Common Cause, *Fair Elections Poll, Money in Politics* (Feb. 2009).
8. Elizabeth Mendes & Joy Wilke, Gallup, *Americans' Confidence in Congress Falls to Lowest on Record*, Gallup Poll (June 13, 2013)
9. This report was originally published on October 4, 2013. Figure 1 was updated on January 24, 2014 to include a specific number of elite donors responsible for the \$1 billion in additional projected McCutcheon Money. The methodology has been updated to include an explanation of this calculation.

*Elizabeth Ridlington and Miles Unterreiner of Frontier Group, Robert Hiltonsmith of Dēmos, and Kurt Walters of Public Campaign helped with data analysis for this report.*

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