Is It Really 'All about the Benjamins'?: Exploring the Role of Campaign Self-Finance in the State Legislative Electoral Process

Rhonda Louise Wrzenski
Assistant Professor
Department of Political Science
Indiana University Southeast
4201 Grand Line Road
New Albany, Indiana 47150
Email: rwrzensk@ius.edu

Abstract

Campaign self-finance is an important source of funding for candidates at all levels of government. Presidential and congressional candidates often rely heavily on their own pocketbooks (Cook 2008; Steen 2006). In addition, a survey of 350 state legislative candidates revealed that the second largest source of campaign funds came from the candidate's own revenue sources or personal loans (Faucheux and Herrnson 1999). Besides being one source of candidate funding, research has demonstrated that self-financing can impact electoral competition, entry decisions and impressions of candidate quality (Steen 2006; Alexander 2005). Despite the potential for campaign self-finance to play an important role in the electoral process, we have a limited knowledge of the function it plays in state legislative campaigns. In this paper I assess how much of a factor self-financing is in state legislative elections by looking at the average contribution made by candidates to their own campaigns and what proportion of their total campaign receipts is represented by self-financing. I also focus on what candidate, district and state-level characteristics are related to self-financing using data from candidates in contested races across 24 state legislatures and two electoral cycles (1997-1998 and 1999-2000).

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Introduction

When candidates pour large amounts of money into their own campaigns it makes headlines. In 1992 H. Ross Perot spent $63.5 million as an Independent candidate running for president and in 1996 he spent another $11.5 million as a Reform party candidate (Kamlet, 2010). Like Perot, Steve Forbes spent $77 million on two failed presidential runs in 1996 and 2000 (Cook, 2008). In the 21st century, John Kerry, Hillary Clinton, and Mitt Romney all attracted attention when they loaned their campaigns several million dollars (Cook, 2008).

Although these are all high profile examples of presidential candidates, it is important to note that self-financing is not limited to the realm of presidential campaigns. A number of congressional, mayoral and gubernatorial candidates have also contributed heavily to their campaigns. In 2010, Linda McMahon and Jeff Greene spent over $22 million and $14 million respectively on bids for seats in the U.S. Senate (Levinthal, 2010). Currently, eBay CEO Meg Whitman holds the record as the largest self-financier. She reportedly donated $119 million to her gubernatorial campaign account, ousting former record holder Michael Bloomberg, who contributed approximate $109 million to his mayoral campaign (Cha, 2010).

Although these are extreme examples, they point to a broader pattern of behavior that has been acknowledged by other scholars. Steen (2000) reports that "[i]n the 1998 election cycle, candidates for the U.S. House and Senate loaned and contributed more than $50 million in campaign funds (10% of all receipts) to their own campaigns, and 77 candidates self-financed more than $100,000" (p. 1). At the state legislative level, a survey of just over 350 state legislative candidates reveals that the second largest source of campaign funds comes from a candidate's own revenue sources or personal loans (Faucheux and Herrnson 1999). This amount is twice the percentage candidates report receiving from interest groups and four percent more than the amount they receive from parties (Faucheux and Herrnson 1999).

Clearly then, self-financing is an important source of funds for candidates and yet it is an area that has received very little scholarly attention over the years. In this paper I attempt to build on the existing literature by examining what candidate, district and state-level factors play a role in determining the percentage invested in a candidate's own campaign.

The Impact of Candidate Self-Finance

Although candidates raise much of their campaign money from political parties, corporations, labor unions, ideological interest groups and individual donors, they do not always rely exclusively on outside contributors to finance their elections. Candidates may also rely on themselves during a campaign. Even though commentators and journalists have decried the role of personal finances in politics, more attention has been paid to the influence of special interests in the campaign process. Scholarly research on campaign self-finance has been rather limited and has tended to concentrate on federal elections or high profile sub-national elections, such as gubernatorial races. Thus, we know very little about the role of personal candidate contributions in state legislative elections.

Since the 1976 Supreme Court ruling in *Buckley v. Valeo*, candidates have been unrestricted in their personal expenditures. In particular, this case prompted the court to overturn a number of provisions of the Federal Election Campaign Act of 1971 on the grounds that they violated a candidate's first amendment rights to free expression (Federal Election Commission, n.d.). Since this ruling, a number of concerns have surfaced about the role of money in politics. The primary concern is that money distorts the political process by creating an imbalance in the electoral playing field. In short, candidates may use their personal wealth to secure a favorable electoral outcome or to thwart a quality political challenge. In so doing, the argument goes; the political victory would be the result of the size of their personal bank account as opposed to their superior political qualifications or policy record.

Those who fear the potential for wealthy politicians to distort democracy and purchase favorable political outcomes can take comfort in a number of studies that demonstrate otherwise. According to a 2010 study by the National Institute on Money in State Politics, eight of the top 10 self-funded candidates lost their bids for office (Bauer, 2010a). Another 2010 study by the National Institute on Money in State Politics found that between 2000 and 2009, candidate self-finance accounted for, "12 percent of the money candidates raised from all sources" and that only about 8 percent of all statewide candidates provided the majority of their own funds (Bauer, 2010, para 1) . When candidate's campaigns were largely self-financed, electoral success rates remained low at approximately 11 percent (Bauer, 2010b).

At the Congressional level, Milyo and Groseclose (1999) examine whether wealthy incumbents have an electoral advantage using data from U.S. House races in 1992. They find that incumbent wealth does not preclude challengers from entering these contests and that, "wealthy incumbents do not raise or spend more money than nonwealthy incumbents (p. 714)." A more recent study by Alexander (2005) finds that self-financing dampens electoral success rates. Finally, Steen (2006) examines Congressional contests between 1992 and 2000. She finds that strong electoral competition provides an enticement for candidates to self-finance and that self-financing can help to reduce the funding advantage of Congressional incumbents. However, Steen (2006) cautions that raising money the old fashioned way (through donor contributions) is more effective than self-financing (in terms of the size of the vote margin). These studies all seem to demonstrate that wealth does not confer a political advantage in the campaign process and may actually be a liability.

Given the potential for negative electoral consequences, one might ask what motivates a candidate to make a contribution to their own campaign in the first place. Steen (2000) finds that self-financers are often politically inexperienced, lack name recognition, and the support of political networks. Hogan (1999) also finds that candidates are more likely to finance their own campaign if they are not receiving enough financial support from various types of donors, especially interest groups. In addition, Steen (2006) finds that candidates are strategic about when to donate to their campaign. In particular, candidates appear more likely to inject money into their campaigns early in the process or as a last minute boost to their campaign (Steen 2006). However, Brown (2010) finds that gubernatorial candidates don't seem to factor the strategic context into calculations about whether to contribute to their own campaigns. The author finds that seat status, incumbent popularity, party strength and candidate quality are all insignificant explanations for self-financing. Brown (2010) believes this is the result of self-financiers and donors following two separate decision processes. In short, donors not only must determine whether to give but whom to give to while candidates who self-finance only need to factor in the first step.

Although candidates who decide to self-finance are likely to concentrate their finances exclusively on their own campaign, this does not mean the candidate forgoes all strategic considerations. First, the candidate must decide whether to make a personal loan to their campaign. Second, the candidate must decide how large that sum should be. The answer to these questions may vary according to the circumstances surrounding their campaign, the political environment in which they run and their individual characteristics or qualifications. In other words, candidates may make strategic determinations about how much to loan their campaign in the same manner that donors make calculated decisions about whether to donate to a candidate and how large that contribution should be.

These determinations may be especially important as they can communicate subtle messages to voters and to other donors. For instance, many voters may not identify with candidates who can infuse large sums of money into their campaigns and they may not trust these individuals to protect the interests of middle and lower-class citizens (Kamlet 2010). In addition, donors and voters may doubt the widespread appeal of a candidate or the viability of a candidate's campaign when they are investing large sums of their own money into it. Finally, the more a candidate self-finances, the smaller the financial stake will be in the outcome of the election for other individuals and groups (Campo-Flores and Mascarenhas 2010). Without this investment by various donors, a candidate may not prevail.

Thus, part of this paper focuses on understanding what candidate, district and state-level factors are related to self-financing. However, before I examine these factors, I will also assess how much of a factor self-financing is by looking at the average contribution made by candidates to their own campaigns and what proportion of their total campaign receipts is represented by self-financing.

Data

This study expands on much of the scholarly findings in campaign finance by utilizing data from the sub-national level and focusing on just under half of the states in the U.S. The states under examination include: Alaska, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Maine, Michigan, Minnesota, Missouri, New Mexico, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Washington, and Wisconsin. These states were chosen for a variety of reasons:

First, an effort was made to focus on states that have single-member districts.[1] Single-member and multi-member districts should be separated because of the various differences between the two electoral types. Scholars argue that single-member districts tend to disadvantage women and minority groups while multi-member districts tend to increase the importance of money in campaign success and lead to more expensive elections generally (Hogan and Hamm 1998; Darcy et al. 1994). In addition, comparing incumbents directly with challengers is a more parsimonious task when general election contests are limited to no more than two candidates, one from each party (excepting Louisiana's nonpartisan blanket primary system). Second, Louisiana, Mississippi, New Jersey and Virginia were all excluded because they conduct off-year election contests. Finally, the state sample was also selected as a function of data availability. Campaign finance data was not accessible on the *Follow the Money* website for one or both of the electoral cycles in Alabama, Delaware, Mississippi, Nebraska and Oklahoma. While a 50-state sample might be optimal, these states do provide variation on important factors such as region, interest group impact, degree of professionalism, inter-party competition levels, culture, and campaign finance laws.

Only lower state chambers are examined in this analysis, as for the states in this sample, elections are always held in a two-year rotation, which ensures that all members of the legislature can be examined for both electoral periods. Looking at elections to the state senate is more complicated given that some states hold elections every two years while others hold elections every four years.

[1] As of 1998, the following states had multi-member districts in the lower houses: Arizona, Arkansas, Idaho, Maryland, New Hampshire, New Jersey, North Carolina, North Dakota, South Dakota, Vermont, Washington and West Virginia. I included Idaho and Washington in my analysis because these states have post systems where candidates run for legislative office in the same geographic area. For this analysis, each of these posts is treated as a separate election.

I chose to examine general elections exclusively for a couple of reasons. First, primaries tend to be more low-key affairs with less media attention, name recognition, and challenger quality. This is likely to have an effect on donor contribution patterns and voter turnout. As a result, some interest groups, especially big contributors, may wait to influence an election until the Democratic and Republican candidates have been established. Focusing on general elections eliminates many of these problems and allows for a more detailed examination of the contribution patterns to male and female state legislative candidates.

The dataset used in this analysis was obtained and coded from the Institute on Money in State Politics, a nonprofit organization that collects data in paper and electronic form from state disclosure agencies (About Our Data, n.d., para 1). Reports are obtained and uploaded by the Institute into a dataset, which contains all candidates in the primary and general election at the state legislative level (About Our Data, n.d., para 1). Each record in the dataset contains information on the contributor/industry that made the donation, who the recipient of the donation was, the amount that was given to the candidate and, in some cases, the date that the contribution was made.

The dependent variable in the analysis is the percentage of a candidate's total campaign receipts that are classified by Follow the Money as candidate self-financed. Each candidate's percentage of self-financed contributions is used for all 24 states in my analysis across both electoral periods (1997-1998 and 1999-2000).

Factors Affecting Levels of Self-Financing

<u>Candidate-Level Factors</u>[2]

[2] I obtained data on each incumbent candidate's personal and professional attributes (such as their gender, term of service, party affiliation, etc.) This data was obtained either directly from the Secretary of State or the Clerk of the House or from the book *State Legislative Leadership, Committees and Staff* for the years 1998 and 2000 published by the Council of State Governments. In the case of candidates who were

Gender

This information is represented for each candidate in the analysis and is measured with a dichotomous indicator where 1 identifies a female candidate and 0 is attributed to male candidates. I anticipate that a smaller percentage of a woman's total campaign receipts will come from self-financed contributions. Women are more likely to be the primary caregiver in their household and may feel more responsibility for the needs of their family (Lawless and Fox 2012). Thus, they may be less likely to contribute large sums of money to their own campaigns if they fear it will hurt the financial stability of their family. In addition, if women are more risk averse, they may be strategic about when to run and they may wait until they know they have the strong support of various contributors before they decide to enter an electoral contest (Lawless and Fox 2012). If these theories are true, this may translate into female candidates needing to finance their campaigns at a lower rate.

Candidate Status

When looking at all contested candidates together, I include two dummy variables that measure the status of the candidate. It is important to account for candidate status because incumbents and open seat candidates tend to be better financed or to have larger war chests when compared to candidates running as challengers against well established opponents (Hogan 2007; Burrell 1994; Box-Steffensmeier 1996; Krasno, Green and Cowden 1994). In addition, certain donors may be more receptive to these candidates either because they have qualities that are missing in challengers, such as name recognition, or because they hope to influence a tight

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not successful in their bid for office, much of this information is simply not applicable (such as previous voting record, chamber leadership, etc.) and is therefore not included. For the variables that are applicable to non-incumbent candidates, such as gender and party affiliation, an effort was made to collect this data for each candidate. I was able to obtain information on the party affiliation of the non-incumbent candidates from either election returns or the website www.followthemoney.org. Data on the gender of both the incumbent and non-incumbent candidates was obtained from the Center for American Women on Politics, an organization that lists the gender of female candidates for political office.

electoral contest one way or the other. Thus, as Hogan (1999) found in an earlier analysis, I expect incumbents and open seat candidates to self-finance their campaigns at lower rates than challengers. To measure this, I include one variable that identifies whether or not a candidate is an incumbent and another variable that identifies whether a candidate is running in an open seat race. The comparison category includes challengers.

Chamber Party Leadership and Committee Chairs

Legislative leaders and committee chairs, whether male or female, are valuable candidates that are courted by all types of contributors, especially access-oriented donors. These donors are looking to gain access to the gatekeepers of the legislative decision-making process because they have influence over the success of legislation and are most likely to be in a position to persuade the rank and file to support, or at least not actively voice their dissension, for legislation that favors the interests of that particular group (Moncrief et al. 2001; Cassie and Thompson 1998; Clucas 1992). For these reasons, I expect self-financed contributions will make up a smaller percentage of total campaign receipts for both party leaders and committee chairs as compared to rank and file legislators. These variable are dichotomous and coded so an incumbent candidate receives a 1 if they are a party leader or standing committee chair and 0 if they are a rank and file member of the legislature or committee.

Years of Service

In the last decade, political scientists have argued that a connection exists between the amount of time a Congressman has been in office and the amount of money they receive from donors (Grier and Munger 1993; Rudolph 1999). I speculate that seniority will result in greater campaign contributions and that this, in turn, will result in candidates contributing a smaller percentage of their own personal funds to their campaign. This variable is continuous and simply represents the number of years a member has served from the time they were first elected until the last year of their current session (1998 or 2000).

Political Party Affiliation

If Republican candidates are presumed to have larger personal financial resources than Democratic candidates, one might anticipate that Republican candidates will be more willing to tap these resources in the aid of their personal campaigns. This variable is dichotomous and coded 1 if the candidate is a Democrat and 0 if the candidate is a Republican.

Majority Party Status

Donors who wish to gain access to influential members in the chamber will be more likely to make donations to officeholders from the majority party (Cox and Magar 1999; Rudolph 1999; Thompson, Moncrief and Hamm 1993; Cassie and Thompson 1998; Grenzke 1989). Thus, I would expect majority party members to invest less into their own campaigns as a percentage of total campaign receipts. In the dataset, this variable is coded 1 for all candidates who are from the majority party and 0 for all candidates who are from the minority party.[3]

District-Level Factors[4]

Past Electoral Competition

If a candidate is running in a district that was previously competitive they may come into the race more ready to finance part of their contest. This may be especially true if they receive less in total contributions as a result of donor skepticism or uncertainty. This variable measures past competition within a district in the previous election. It is calculated by taking the winner's

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[3]Note that prior to the 2000 general election, state legislative incumbents in Washington shared chamber control. Therefore, incumbents of neither party are coded as being in the majority.

[4] Demographic district level data was obtained from the book *Legislative Elections: Voting Patterns and Demographics* by Barone et al. published in 1998. Election materials came from each state's election division either via a personal request from an official working in that department or through the department's website.

percentage of the two-party vote in the last election and then subtracting it from 100. Thus, if a candidate in the previous election faced no opposition (they won with 100% of the two-party vote) then their competitiveness score will be zero. Alternatively, if the race is competitive and the candidate wins only 55% of the vote, then the competitiveness measure would be 45. In other words, higher values mean that the incumbent is more vulnerable. Higher values also indicate that a district is particularly competitive.

Number of Candidates in the Previous Primary Election

Just as the previous degree of general electoral competition matters, so too does the amount of competition in the previous primary. If a candidate invested heavily in their primary bid they may not have the resources available to continue to do so in the general. On the other hand, if the candidate is already financially invested in their own campaign, they may be reticent to stop funding their contest, especially if it appears they will not win the general without the investment. Therefore, I do not have a clear theoretical expectation regarding this variable. This variable details the number of candidates that ran in the legislator's primary in the most previous primary election.

Amount Raised by the Opposition

I anticipate that candidates will be more willing to contribute to their own campaign in response to a strong opponent who is well financed. A candidate's decision about whether to personally contribute to their campaign is likely to take into consideration the fundraising efforts of their opponent or potential opponent. This variable measures the total campaign receipts and total receipts per eligible voter for the opposing candidate. Thus, for an incumbent, this variable represents the amount of money raised by the challenger and vice versa.

State-Level Factors

Legislative Professionalism

Running for a seat on a professional legislature may involve a higher level of competition and may be a more expensive proposition than competing for a seat in a citizen legislature (Hogan 2004; Hamm and Hogan 2008). As a result, I might anticipate that self-financed contributions will make up a larger percentage of total contributions for candidates running in a more professionalized legislative setting. To measure legislative professionalism, I use the standard measure by Squire (2000), which factors in legislative session length, legislator salaries and staff resources. The scale ranges from 0 to 1 with greater values indicating higher levels of professionalism.

Campaign Finance Laws[5]

Each state in the U.S. has campaign finance laws that range from allowing nearly unlimited contributions to setting strict limits on the size of contributions that can be made by various organizations or individuals (Alexander 1991; Gross and Goidel 2003; Jones 1984; Malbin and Gais 1998; Michaelson 2001; Thompson and Moncrief 1998; Schultz 2002 and Witko 2005). The stringency of these laws should have a definitive effect on the contribution strategies employed by interest groups. Since incumbents tend to be advantaged in the fundraising process, I expect campaign finance reform to have more of a negative impact on their ability to raise money (Hogan, Hamm and Wrzenski 2009; Burrell 1994). Alternatively, stringent laws should offer some benefit to challengers, as they should help to level the playing field and rectify some of the contemporary fundraising imbalances (Hogan et al. 2009). Still, I anticipate that challengers will also struggle to raise money under campaign finance restrictions as they will be limited in the size of donations they can receive, like other candidates. Thus, when taken as a whole, I expect that stricter campaign finance laws will reduce the amount that a

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[5] Data on the campaign finance laws in each state was obtained from *Campaign Finance Law*, a publication by Feigenbaum and Palmer for both 1998 and 2000. If questions arose concerning some particular aspect of the laws more information was sought from the state oversight agencies.

candidate receives and may increase the likelihood that a candidate will make up this shortfall with self-financed contributions.

To measure campaign finance law stringency, I use a method which classifies state laws into three categories (coded 0, 1 and 2). The first category encompasses each state that allows unlimited contributions from corporations, labor unions and other PACs. The second category encompasses each state that sets a limit on corporate and union contributions or prohibits them completely but allows unlimited contributions through PACs. Finally, the third category encompasses each state where PAC contributions are limited to some degree and corporate and labor contributions are either prohibited or limited. In 1998, just over half of the states in the analysis had the most stringent contribution limits while five states had some limits in place and five states allowed unlimited contributions. The only change to take effect between 1998 and 2000 was in Missouri, which moved from allowing unlimited contributions to having some limits in place.

Interest Group Strength

Given the variation in interest group populations across the states (see Gray and Lowery 1996; Thomas and Hrebenar 2004), I expect to find that the strength of these interest groups has an effect on the contribution strategies of donors. If interest groups are strong and active they are more likely to be making contributions to candidates. If the state's interest population is dense, then interest groups and lobbyists are more likely to join forces to convince officeholders of their position and to find innovative ways to grab the attention of candidates and officeholders. Where interest groups are more inactive and weak, candidates should receive less in total campaign contributions and this may raise the necessity for candidates to contribute to their own campaigns. The opposite should hold when interest groups are strong and active. I use Thomas and Hrebenar's (2004) measure of interest group strength, which categorizes states on a four point scale from complementary/subordinate (0) to dominate (3). Higher values on this dimension indicate the presence of stronger interest groups.

Presence of Term Limits

Beginning in the 1990s, state legislative term limits became a hot topic as voters grew increasingly comfortable with the idea of limiting the term length of state legislators. The first term limits took effect in California and Maine in 1996, one year before the beginning of the first electoral cycle under examination here (NCSL, 2010). I anticipate that term limits will reduce contributions for candidates. If many donors are concerned with gaining access, than their incentive to invest in term-limited candidates is likely to diminish. This may prompt term limited candidates to invest more in their own campaigns from their personal pocketbooks. As such, I have included a control variable for term limits in my analysis which accounts for whether or not term limits were in effect for each state during the 1998 and 2000 elections.

Chamber Competition

Another factor that may affect the likelihood a candidate contributes to their own campaign is the percentage of seats held by the majority party in the state legislature. If a candidate is a member of a party that has a commanding hold on the legislature, they may receive more money because their party is in charge and thus most likely to dictate the legislative agenda and what types of policies are passed. However, if the partisan balance in the legislature is close to evenly split, contributions may be directed more to challengers and open seat candidates as these races offer the best opportunities for donors to influence the partisan balance in their favor. This variable calculates the percentage of seats in the chamber held by the minority party. I expect that higher values on this variable will translate into lower levels of self-financing, especially for challengers and open seat contestants.

Midterm Election Year

Another variable that may affect the amount of self-finance is whether candidates are running in a presidential election year. Generally, turnout is higher and voter interest and attention is heightened during years in which a presidential election is held. This may have a positive effect on total campaign fundraising levels and reduce the need for a candidate to contribute to their own campaign. Conversely, donors may receive more pressure in an election year to contribute to races at the federal or presidential level or they may choose to direct their resources more to these campaigns because they feel having ties to these members is more valuable or they are simply more invested in the outcomes of these elections. To account for this I have included a dichotomous indicator where the 1997-1998 election cycle is coded 1 and the 1999-2000 election cycle is coded 0.

Analysis

Before assessing what factors are most responsible for the observed variations in the percentage of self-financing, I will begin by examining the descriptive differences in the level of self-financing across the various states and electoral cycles in my analysis for all candidates in contested races. Table 1 displays the average amount candidates personally invest in their campaign as well as the percentage of total contributions that are self-financed, on average.

[Table One Here]

One can see that there is a great deal of variation between the states and across the two electoral cycles under examination. In general, candidates contribute less to their campaigns in presidential election years, although approximately one-third of the states run counter to this trend. The average amount self-financed varies from a low of $264 in Ohio during the 1999-2000 election cycle to a high of $19,766 in California during the 1997-1998 election cycle. In examining what percentage of total campaign receipts are made up by self-financed donations, one can see that self-financing is generally a small component relative to various other sources (e.g. corporate contributions, labor union donations, political party contributions, etc.). On average, self-financed contributions make up 10 percent or less of a candidate's total campaign receipts. Thus, most candidates who compete for seats in the state house are unlikely to bankroll their campaigns exclusively or to invest very much of their own money into their campaigns. This should ease the minds of commentators and journalists who fear the ability of elected representatives to use their money to distort the democratic process and to buy an election.

Now that we have a better sense of the degree of self-financing at the state legislative level I will proceed with an examination of what factors are most responsible for the observed variations in the percentage of self-financing. Since campaign self-finance should be more of a factor in contested races, I limit my analysis strictly to contested races and to examining candidates in contested races separately (e.g. incumbents, challengers and open seat candidates). Below, in Table 2, I present the coefficients and significant level for all candidates in contested races grouped together.

[Table Two Here]

In the above table one can see that gender is a statistically significant predictor of the percentage of contributions that are self-financed. For women, self-financed contributions make up two percentage points less of their total campaign revenues. This implies that self-financing makes up a smaller share of all total campaign receipts for women and may imply that women are not investing as much in their own campaigns as compared to men. In addition, for challengers self-finance makes up a larger share of their total campaign receipts than it does for either incumbents or open seat contestants. This is not surprising given that challengers are often at a disadvantage electorally as they tend to lack characteristics like name recognition that attract donors. Otherwise, none of the other candidate or district level factors were significant predictors of the percentage a candidate invests in their own campaign relative to their total campaign receipts.

However, when looking at state-level factors, I find that candidates contribute a smaller percentage to their own campaign when interest groups are strong and when chamber competition is high while they contribute a larger percentage during a midterm election year. Given that voter interest may be higher during a presidential election year, one might expect donors to be more active during this time. Consequently, state legislative candidates may rely more heavily on their personal finances in a midterm election year leading these amounts to constitute a larger percentage of total revenues. In addition, strong, active interest groups should contribute more and chamber competition may attract donors from both sides of the political aisle, both of which should bump up the total amount a candidate raises and reduce the need for a candidate to self-finance.

Having now examined what factors affect all contested candidates together, I examine each group (incumbents, challengers and open seat candidates) separately. Below, in Table 3, I present the results of each of these models.

[Table Three Here]

Beginning with incumbents, I find that the only candidate or district variable of any significance is majority party status. When a candidate is a member of the majority party, self-finance will make up two percentage points less of their total revenues. Given that many access-oriented donors value majority party status, it should not be surprising to see that these candidates may not need to invest as much of their own resources into their campaigns. Besides these factors, I find that the same state-level factors have an influence here as was the case in Table 2. In addition, I also find that incumbents invest a higher percentage of their own money, relative to their total campaign receipts, when their opponent puts up a strong financial challenge.

Looking next at challengers, I find that gender once again plays a significant role in the rate of challenger self-finance. Self-financing makes up four percentage points less of the total amount raised by female challengers. This could indicate that female challengers are more hesitant to personally invest in their own campaign or that these individuals are able to make the conscious decision to forgo financing their own campaign. If women are more concerned about their ability to successfully fundraise or to win an election, they may invest more time into campaigning and raising money and this may pay off in them needing to dip into their own pocketbook less. Besides gender, I find that term limits increase the percentage that challengers invest in self-financing relative to their total revenue stream. This result may be due to donors investing more heavily in incumbents when they know they only have one more term to make a connection, thereby, forcing challengers to invest more in their own campaign to make up the shortfall. In addition, I find that self-financing makes up a smaller percentage of all campaign donations when chamber competition is high. As has been discussed previously, some donors may focus contributions on tight electoral races when the chamber distribution is fairly evenly split as a means of trying to alter the partisan distribution. This may allow candidates to invest less into their own campaign over time.

Finally, turning to open seat candidates, I again find that self-financing makes up a smaller share of a female candidates total campaign receipts relative to their male counterparts. In addition, I find that self-financing makes up a smaller percentage of the total amount raised when candidates are members of the majority party, when the previous election was competitive, when interest groups are strong and when chamber competition is high. On the other hand, candidates will invest slightly higher percentages into self-finance when campaign finance laws are imposing and when it is a midterm election year. These findings are similar to those already discussed in previous models.

Conclusion

The degree of self-financing varies both across the election period and across the states under consideration. In general, candidates do not rely heavily on money contributed or loaned from their own personal finances. Instead, candidates are likely to raise the majority of their total revenues from other sources, such as, political parties, ideological interest groups, corporations and labor unions.

In looking at the factors that impact self-financing I find that self-finance makes up a smaller share of the total contributions received by all contested female candidates and by female challengers and open seat candidates in contested races. In addition, when an incumbent or open seat candidate is a member of the majority party in the legislature their self-financed contributions tend to constitute a smaller percentage of their total campaign revenues. Finally, I find that a number of state-factors matter. For instance, some types of candidates tend to invest a larger percentage of their own money relative to their total campaign receipts when it is a midterm election year, when campaign finance laws are more stringent and when their opponents raise more. On the other hand, some types of candidates invest less in their own campaigns when interest groups are strong and when chamber competition is high.

Unfortunately, very little of the variance in the dependent variable is accounted for in these models. Thus, it is quite possible that candidates who contribute to their own campaigns use a different set of decision-making criteria relative to campaign donors. Future research needs to explore what other factors might account for the level of self-financing in state legislative campaigns. In addition, another avenue of future research might entail examining how candidate self-financing impacts vote margins and the probability of victory. For instance, does making a large contribution to your own campaign increase the likelihood that you will oust your opponent?

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Table One: Campaign Self-Finance in Contested State House Races

State	Average Amount Self-Financed		Average Percent of Total Campaign Revenues Self-Financed	
	1997-1998	1999-2000	1997-1998	1999-2000
Alaska	$5,935	$2,156	0.13	0.06
California	$19,766	$8,746	0.06	0.10
Colorado	$543	$514	0.04	0.03
Florida	$6,251	$9,729	0.09	0.11
Georgia	$3,040	$2,302	0.09	0.09
Iowa	$576	$511	0.03	0.02
Idaho	$1,134	$758	0.12	0.04
Illinois	$4,075	$3,773	0.04	0.05
Indiana	$1,847	$1,774	0.08	0.06
Kentucky	$3,050	$3,683	0.18	0.14
Maine	$511	$371	0.10	0.07
Michigan	$4,883	$2,617	0.12	0.10
Minnesota	$923	$1,406	0.05	0.06
Missouri	$2,275	$1,110	0.09	0.05
New Mexico	$1,494	$1,058	0.05	0.05
Ohio	$264	$509	0.04	0.03
Oregon	$2,570	$3,733	0.07	0.05
Pennsylvania	$2,747	$1,678	0.04	0.04
Rhode Island	$889	$597	0.29	0.14
Tennessee	$757	$3,318	0.03	0.08
Texas	$3,908	$1,375	0.04	0.01
Utah	$1,276	$850	0.15	0.05
Washington	$668	$2,490	0.02	0.08
Wisconsin	$2,248	$1,534	0.08	0.05
Total	$2,989	$2,375	0.08	0.06

Table 2: Factors Affecting the Percentage of Total Campaign Receipts Self-Financed by Candidates in Contested Elections (Unstandardized Coefficients)

Variable	**All Candidates in Contested Races**
Constant	0.23***
Gender	-0.02***
Incumbent	-0.09***
Open Seat	-0.03***
Party Leader	-0.01
Committee Leader	-0.01
Years of Service	0.0001
Party Affiliation	-0.01
Majority Party Status	-0.004
Previous Electoral Competition	0.0001
Number of Primary Opponents	-0.004
Legislative Professionalism	0.02
Campaign Finance Laws	0.01
Interest Group Strength	-0.01+
Term Limits	0.01
Chamber Competition	-0.002***
Midterm Election Year	0.02**
Opponent Fundraising	-0.001
N	6,067
Adjusted R^2	0.05

+p<.10; *p<.05; **p<.01; ***p<.001

All significance levels are based on a two-tailed test of significance.

Table 3: Factors Affecting the Percentage of Total Campaign Receipts Self-Financed by Incumbents, Challengers and Open Seat Candidates in Contested Elections (Unstandardized Coefficients)

Variable	Incumbents	Challengers	Open Seats
Constant	0.16***	0.19***	0.25***
Gender	-0.01	-0.04**	-0.02+
Party Leader	-0.01	--	--
Committee Leader	0.002	--	--
Years of Service	-0.0001	--	--
Party Affiliation	-0.003	-0.01	-0.01
Majority Party Status	-0.02***	0.02	-0.02**
Previous Electoral Competition	0.0002	0.0003	-0.001**
Number of Primary Opponents	0.0003	-0.01	-0.01
Legislative Professionalism	0.0003	0.04	0.01
Campaign Finance Laws	0.001	-0.002	0.02**
Interest Group Strength	-0.01***	0.01	-0.02**
Term Limits	-0.002	0.03+	0.002
Chamber Competition	-0.003***	-0.002**	-0.003***
Midterm Election Year	0.01*	0.02	0.02*
Opponent Fundraising	0.004*	-0.002	-0.003
N	2,283	2,283	1,499
Adjusted R^2	0.06	0.004	0.04

+p<.10; *p<.05; **p<.01; ***p<.001

All significance levels are based on a two-tailed test of significance.