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Do Lower Contribution Limits Decrease Public Corruption?

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Note: The following report is an updated version of an Issue Analysis originally published by the Center for Competitive Politics in January 2009. This version has been edited to reflect contribution limits from the 2011-2012 election cycle and corruption data, from 2001-2010.

Issue

Advocates of campaign finance regulation often claim that contributions to political candidates must be limited to guard against corruption. They argue that as contributions increase, so too does corruption among public officials. In 2013, *The New York Times* Editorial Board described contribution limits as "an essential tool in combating the corrupting effects of money in politics."[1]

Regardless of its merits, this reasoning has apparently been persuasive; most states have restrictions that limit how much citizens can give to support the candidates of their choice. These limits vary widely, remaining unlimited in twelve states while being set as low as $160 per election to candidates for State House and State Senate in Montana.[2] The majority of states have campaign contribution limits somewhere in between these extremes.

If contribution limits effectively guard against public corruption, we would expect to see states with low campaign contribution limits experiencing lower rates of public corruption than states with no or high limits. This analysis of contribution limits and corruption rates in all 50 states seeks to determine if lower contribution limits are in fact an effective way of reducing or minimizing public corruption.

Analysis

We compare all 50 states' corruption rate with their contribution limits for state legislative offices on an election cycle basis. Due to the significant variance in contribution limits among the 50 states, we categorize them into three groups, according to their limits for state legislative candidates per election cycle:

1. States with **no or high** ($7,500+) limits on contributions to state legislative candidates;
2. States with **moderate** limits between $2,000 and $7,499; and
3. States with **low** limits that allow contributions of $1,999 or less per election cycle.[3]

1 Editorial, "Campaign Donations and Political Corruption," *The New York Times*. Retrieved on June 18, 2013. Available at: http://www.nytimes.com/2013/02/20/opinion/campaign-donations-and-political-corruption.html?_r=0 (February 19, 2013).

2 Jennie Drage Bowser, "State Limits on Contributions to Candidates: 2011-2012 Election Cycle," National Conference of State Legislatures (NCSL). Retrieved on June 18, 2013. Available at: http://www.ncsl.org/Portals/1/documents/legismgt/Limits_to_Candidates_2011-2012v2.pdf (June 1, 2012).

3 Using NCSL's data on campaign contribution limits, for classification purposes, we calculated each state's contribution limit on individual giving to legislative candidates (defined as those running for either State Representative (or the equivalent) or State Senator) on an election cycle basis. In states that allocate their limits on an election basis, we doubled the limit to account for the maximum an individual could give to a candidate in both a primary and general election. States that regulate contribution limits on a yearly or campaign basis (as in Oklahoma) were considered to have limits equivalent to an election cycle for this Issue Analysis. In the six states with different limits for

Low Corruption States (<3.0)		Medium Corruption States (3.0 - 5.0)		High Corruption States (5.0+)	
Oregon	1.2	Indiana	3.2	Illinois	5.6
Kansas	1.3	Maine	3.3	Virginia	5.9
Washington	1.5	Georgia	3.3	Tennessee	6.0
South Carolina	1.5	Hawaii	3.5	Florida	6.1
Nebraska	1.5	Rhode Island	3.7	Alaska	6.1
Minnesota	1.6	Texas	3.8	Ohio	6.3
Utah	1.7	Oklahoma	3.9	Montana	6.5
New Hampshire	1.7	New York	3.9	New Jersey	6.7
Idaho	1.9	Michigan	3.9	North Dakota	6.9
Iowa	2.1	Arkansas	4.0	Pennsylvania	7.1
Wyoming	2.2	Missouri	4.1	Mississippi	7.1
New Mexico	2.3	Connecticut	4.1	Alabama	7.1
Nevada	2.3	Arizona	4.2	Delaware	7.2
Colorado	2.4	Maryland	4.4	South Dakota	7.5
North Carolina	2.6	West Virginia	4.7	Kentucky	8.5
Vermont	2.7	Massachusetts	4.7	Louisiana	10.5
Wisconsin	2.8				
California	2.8				

No Or High Limits	Moderate Limits	Low Limits

These groups are color-coded in our tables - "green" states have no or high limits on how much a citizen can contribute, "red" states have low limits, and "yellow" states fall in between.

We also divide states into three further categories: "High Corruption States" (those with a conviction rate of more than 5.0); "Medium Corruption States" (those with a rate between 3.0 and 5.0); and "Low Corruption States" (those with rates less than 3.0).[4]

The corruption rate represents the total convictions for corruption charges from 2001 to 2010 per 10,000 government employees.[5] This includes convictions against federal, state, and local officials.[6] The rate is calculated using annual data from the U.S. Department of Justice Public Integrity section, which specializes in investigating and prosecuting public officials who engage in corrupt activities, and includes a ten-year window to account for lengthy trials.[7]

The previous three tables rank the states by cor-

State House and Senate candidates (CT, HI, KS, MI, NY, and WI), the two limits were averaged, and the resultant figure was then doubled, if these limits are apportioned on an election basis. In Georgia, which has different limits for the primary and general elections, the limits were added together. In Minnesota, the election year limits were used, and lastly, in New Hampshire and Rhode Island, the limits for candidates not agreeing to abide by spending limits were taken.

4 These corruption rate categories were chosen because they divide the 50 states into three roughly equal groupings.

5 We use the corruption rate per 10,000 government employees, rather than the corruption rate per 100,000-person population, to control for the discrepancy between states' populations and the sizes of their governments. Data on the number of government employees in each state is calculated from annual reports by the U.S. Bureau of Labor Statistics, which tracks the number of federal, state, and local employees in each state. Retrieved on June 24, 2013. Data may be accessed in tables 7, 8, and 9 at: http://www.bls.gov/cew/cewbultn10.htm (November 14, 2011).

6 It is worth noting that this corruption data includes federal, state, and local convictions, rather than isolating corruption at the state level. Because all levels of government are extensively intertwined, and public officials often move among the various levels of government, the political culture of a state is treated here as a relatively homogenous single entity at the local, state, and federal level. In Illinois, for example, between 2002 and 2008, a member of Congress and former State Representative was elected Governor (Rod Blagojevich); a State Senator became a U.S. Senator, and then President (Barack Obama); and a man who started his career as Commissioner of the Cook County Board of Tax Appeals was elected Lieutenant Governor, and then Governor (Pat Quinn).

7 This is a common methodology for calculating corruption. Corruption rates for 48 states were calculated by the GOVERNING Institute using data from the U.S. Department of Justice (DOJ), U.S. Bureau of Labor Statistics (BLS), and the U.S. Census Bureau. We calculate corruption rates for the two remaining states, Alaska and Hawaii, by applying the GOVERNING Institute's methodology to the same DOJ and BLS data. Mike Maciag, "Which States Have the Highest Public Corruption Convictions?," The GOVERNING Institute. Retrieved on June 13, 2013. Data may be accessed at: http://www.governing.com/blogs/by-the-numbers/state-public-corruption-convictions-data.html (March 23, 2012).

Total Number of States, by Corruption Rate and Contributions Limit Classification			
	High Corruption	Medium Corruption	Low Corruption
No or High Limits	6	4	7
Moderate Limits	5	6	6
Low Limits	5	6	5

ruption rate from highest to lowest and are color-coded to show whether each state falls under the no or high campaign contribution limit (green), moderate limit (yellow), or low limit (red) category.

According to the rankings, the most corrupt states are Louisiana (10.5), Kentucky (8.5), and South Dakota (7.5). All three states have moderate or low limits on what individuals may contribute to candidates for state legislative office.

By contrast, the least corrupt states are Oregon (1.2), Kansas (1.3), Washington (1.5), South Carolina (1.5), and Nebraska (1.5). Two of these states, Oregon and Nebraska, have no limits at all on the size or source of campaign contributions, while Kansas and Washington have low limits and South Carolina has moderate limits.

...four of the ten least corrupt states allow unlimited contributions from individuals to state legislative candidates...

As the summary table demonstrates, there appears to be no relationship between a state's contribution limits and corruption rate. When compared with a state's contribution limits, the distribution of corruption among states is random and almost entirely even. When further analyzing the number of states belonging to each category, no pattern emerges to establish a link between a state's campaign contribution limits and its corruption rate. Among the 16 states with "High Corruption," 6 have no or high limits, 5 have moderate limits, and 5 have low limits. Of the 18 states with "Low Corruption," 7 have no or high limits, 6 have moderate limits, and only 5 have low limits.

Conclusion

Theoretical arguments and anecdotes have long been purported to demonstrate that corruption among elected officials is linked to campaign contributions, but this analysis shows that no such relationship exists. Based on evidence from all 50 states, there is little credibility to the claim that contribution limits either reduce or diminish corruption. The four most corrupt states all have limits on what individuals may contribute to candidates, including two states with low limits (South Dakota and Delaware), while four of the ten least corrupt states allow unlimited contributions from individuals to state legislative candidates (Oregon, Nebraska, Utah, Iowa). Moreover, the overall distribution of corruption compared to contribution limits is random. Accordingly, politicians and others seeking to reduce corruption rates in their state should not view imposing or lowering limits on campaign contributions as an effective method of reducing public corruption.

A recently released working paper has also cast doubt on the claim that limiting contributions will reduce corruption. Adriana Cordis, Assistant Professor of Economics at the University of South Carolina Upstate, and Jeff Milyo, Professor of Economics at the University of Missouri, analyzed 20 years of corruption data from every state, using multiple models and control variables. Ultimately, the authors found no evidence linking campaign finance reforms, including campaign contribution limits, with public corruption rates.[8]

This report's findings agree with the conclusions in the above study. State policymakers would be unwise to view the imposition of limits on what individuals may give to the candidates of their choice as a way to lower public corruption in their states.

8 Adriana Cordis and Jeff Milyo, "Working Paper No. 13-09: Do State Campaign Finance Reforms Reduce Public Corruption?" Mercatus Center at George Mason University. Retrieved on June 24, 2013. Available at: mercatus.org/sites/default/files/Milyo_CampaignFinanceReforms_v2.pdf (April 2013).

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