



CENTER *for*
COMPETITIVE
POLITICS

Congress shall make no law...

Citizens United, Citizens' Lives

A comparison of states with and without prohibitions on corporate independent expenditures

July 14, 2010

124 S. West Street, Suite 201
Alexandria, VA 22314
(703) 894-6800
<http://www.campaignfreedom.org>

Introduction

Money from Exxon, Goldman Sachs, Pfizer and the rest of the Fortune 500 is already corroding the policy making process in Washington, state capitals and city halls... The predictable result will be corporate money flooding the election process; huge targeted campaigns by corporations and their front groups attacking principled candidates who challenge parochial corporate interests; and a chilling effect on candidates and election officials, who will be deterred from advocating and implementing policies that advance the public interest but injure deep-pocket corporations...¹

Robert Weisman, president, Public Citizen

In January of 2010, the U.S. Supreme Court ruled in *Citizens United v. Federal Election Commission* that the federal government could not prohibit independent political speech by incorporated entities and unions.² The decision provoked a swift backlash among those who argue for greater regulation and restriction on the freedom to spend money in politics. They claimed that the “public interest” would be harmed by the Court’s ruling. But there is little evidence to support this claim, yet it is offered as self-evident by those making it without any attempt to substantiate it.

The comments of Weisman and others all share a unifying theme: that the well-being of the public, i.e. the “public interest,” will be damaged because companies and advocacy groups are now allowed to spend general treasury funds to advocate for the election or defeat of candidates for office. For example, President Barack Obama also weighed in on the likely effect of the decision, noting on the day of the decision that:

...the Supreme Court has given a green light to a new stampede of special interest money in our politics. It is a major victory for big oil, Wall Street banks, health insurance companies and the other powerful interests that marshal their power every day in Washington to drown out the voices of everyday Americans. This ruling gives the special interests and their lobbyists even more power in Washington... We are going to talk with bipartisan Congressional leaders to develop a forceful response to this decision. The public interest requires nothing less.³

¹ <http://www.citizen.org/pressroom/pressroomredirect.cfm?ID=3031>

² Contrary to some media reports and claims, the decision does not allow corporations and unions to contribute money directly to candidate campaigns or to national political parties, or to coordinate their political spending with candidates or parties.

³ <http://www.whitehouse.gov/the-press-office/statement-president-todays-supreme-court-decision-0>

But is this true? Does the freedom of corporations to speak out in elections actually lead to the “public interest” being ignored in favor of the interests of incorporated entities? Is there a way to assess this claim?

Prior to the decision in *Citizens United* only 22 states prohibited corporations from engaging in independent expenditures in state election contests, while two allowed limited corporate spending and the remaining 26 had no limitations on corporate spending at all.⁴

The experiences of the 26 states that permitted corporations to spend money urging the election or defeat of candidates for office without legal limits before *Citizens United* provides an opportunity to test the idea that corporate expenditures work against the “public interest” and harm the well-being of citizens.

Analysis

If, in fact, corporate expenditures in campaigns are inconsistent with the general welfare of the public, a review of various indicators of quality of life, economic vitality, and other factors should find that states that previously prohibited or limited corporate expenditures tend to fare better on such indicators, while states without prohibitions tend to fare worse.

This analysis attempts to briefly review the general welfare of all 50 states by gathering various rankings from several sources. The rankings are provided by interest groups across the ideological spectrum as well as official government sources, providing a balanced view of citizens’ well-being in all 50 states.

The 13 indicators addressed in this analysis cover health, education, the environment, migration, and economic strength. It is in no way intended to be a comprehensive assessment of the well-being of citizens in all 50 states. Rather, it is simply a way to assess the general assertion that corporate expenditures in campaigns are harmful to the public interest. Those who believe better indicators are available to test this assertion are encouraged to conduct similar analysis based on their preferred indicators.

This analysis found that there is no correlation between the measurements of general welfare and whether or not a state prohibited corporate expenditures prior to *Citizens United*. In general, states with prohibitions or limits do not appear more often in the top five states or top third of states in any of the rankings than would be expected based on the number of states that had prohibitions.

States with prohibitions and limits account for 47.99 percent of all observations (two states, Alaska and Hawai’i, were not included in one of the rankings). If states with prohibitions in fact

⁴ Craig Holman and Mathew Du Pont, State Prohibitions on Campaign Spending from Corporate and Unions Treasuries, 2009, Public Citizen http://www.citizen.org/documents/Corporate_spending_on_state_candidates.pdf

did have a government that was more attentive to the “public interest” compared with non-prohibition states, we would expect to find that prohibition states at least exceeded this percentage in the number of top five or top third rankings.

Instead, prohibition states lag in both groups, accounting for only 38.46 percent of top five rankings, and 45.95 percent of top third rankings.

At the other end of the scale, prohibition states fare better in terms of bottom five rankings, accounting for only 38.46 percent of such rankings. The bottom third of states, however, finds prohibition states slightly over-represented, accounting for 51.61 percent of the bottom third.

Finally, looking at the average state ranking of prohibition vs. non-prohibition states, those states that did not prohibit corporate expenditures prior to *Citizens United* had a slightly better average ranking of 25.09, compared to 25.57 for prohibition states.

Conclusion

A review of 13 different rankings of indicators in the states that many might reasonably believe are connected to quality of life finds no correlation between stricter laws and better governing results, strongly suggesting that the “public interest” does not suffer disproportionately in states that have long permitted corporations to freely engage in independent expenditures connected to political campaigns.

Based on this review, there is no reason to believe that independent expenditures made by corporations urging the election or defeat of candidates will lead to any harm suffered by citizens. The experience of 26 states indicates that whatever influence or voice corporations are able to gain in the political process through expenditures does not result in public policy choices that negatively impact the lives of citizens.

While many voices have claimed that allowing independent expenditures by corporations will degrade, damage, or even destroy the willingness of elected officials to address important issues that benefit the general public, there has been no evidence offered to support this assertion. As demonstrated by this analysis, there is unlikely to be any such evidence forthcoming.

About the Rankings

This analysis relied upon data drawn from the following sources:

American Legislative Exchange Council	National Center for Education Statistics
Annie E. Casey Foundation	National Education Association
Bureau of Labor Statistics	Tax Foundation
Center on Budget & Policy Priorities	United Van Lines
Commonwealth Fund	U.S. Census Bureau
Greenopia	

In each case, the state ranked #1 received the “best” (most desirable) ranking according to the group or entity providing the rankings. In some cases, the group or entity ranking states reserved the #1 spot for the state with the “worst” (least desirable) ranking, in those cases the rankings have been reversed to conform to the others and identify the #1 state as the state with the most desirable ranking.

States that are highlighted are the states that imposed either an absolute ban on independent corporate expenditures, or in the case of Alabama and New York imposed limits. States that are not highlighted do not impose any limit on the ability of corporations to make expenditures urging the election or defeat of state candidates.

NAEP 8th Grade Reading Scores

1	Massachusetts	18	Kentucky	34	Texas
2	New Jersey	19	Kansas	35	Georgia
3	Vermont	20	Wisconsin	36	Rhode Island
4	Connecticut	21	Indiana	37	North Carolina
5	New Hampshire	22	Virginia	38	Oklahoma
6	Pennsylvania	23	Utah	39	Alaska
7	Montana	24	Colorado	40	Arkansas
8	South Dakota	25	Oregon	41	Arizona
9	Minnesota	26	Delaware	42	South Carolina
10	North Dakota	27	Iowa	43	Alabama
11	Ohio	28	Idaho	44	West Virginia
12	Wyoming	29	Illinois	45	Hawaii
13	Maine	30	Florida	46	New Mexico
14	Maryland	31	New York	47	Nevada
15	Nebraska	32	Michigan	48	Louisiana
16	Washington	33	Tennessee	49	California
17	Missouri			50	Mississippi

Source: National Center for Education Statistics, prepared using the NAEP State Comparisons Tool,

<http://nces.ed.gov/nationsreportcard/statecomparisons/>.

The NAEP is regarded as the “nation’s report card” and allows academic achievement to be compared among all 50 states.

Student-Teacher Ratio

1	Rhode Island	18	South Dakota	34	Oklahoma
2	Vermont	19	Georgia	35	Hawaii
3	Maine	20	Louisiana	36	Alabama
4	Virginia	21	Maryland	37	Florida
5	New Jersey	22	West Virginia	37	Minnesota
5	New York	23	Mississippi	39	Kentucky
7	North Dakota	23	South Carolina	40	Colorado
8	Wyoming	23	Tennessee	40	Indiana
9	New Hampshire	26	Illinois	42	Ohio
10	Arkansas	26	North Carolina	43	Michigan
11	Missouri	26	Texas	44	Idaho
12	Connecticut	29	Pennsylvania	45	Nevada
13	Kansas	30	Wisconsin	46	Oregon
13	Nebraska	31	Alaska	47	Washington
15	Massachusetts	31	Delaware	48	Arizona
15	Montana	31	New Mexico	49	California
17	Iowa			50	Utah

Source: National Education Association, Rankings of the States 2009 and

Estimates of School Statistics 2010, December 2009, table C-11, <http://www.nea.org/assets/docs/010rankings.pdf>.

Student-teacher ratio measures the number of students compared to all instructional personnel, and is cited by the NEA as a key determinant in academic achievement

Infant Mortality					
1	Washington	17	Rhode Island	33	Missouri
2	Massachusetts	19	Connecticut	33	West Virginia
3	California	19	Texas	36	Kentucky
4	Iowa	21	Maine	37	Pennsylvania
4	Utah	22	Arizona	38	Ohio
6	Minnesota	22	Nevada	39	Indiana
8	New Jersey	22	Wisconsin	39	Maryland
8	Oregon	25	Idaho	39	Oklahoma
8	Vermont	26	Alaska	42	Georgia
10	Hawaii	26	South Dakota	42	North Carolina
10	Nebraska	27	Wyoming	44	Delaware
10	New York	29	Kansas	45	South Carolina
13	Colorado	29	Virginia	46	Arkansas
14	Montana	31	Florida	47	Tennessee
14	New Mexico	31	Illinois	48	Alabama
14	North Dakota	33	Michigan	49	Louisiana
17	New Hampshire			50	Mississippi

Source: U.S. Census Bureau, <http://www.census.gov/compendia/statab/rankings.html>.
U.S. Infant mortality is frequently cited by critics of U.S. health care as evidence of problems in the delivery of health care. Similar criticisms presumably would apply to individual states as well.

Health System Performance					
1	Vermont	18	Montana	34	West Virginia
2	Hawaii	19	Utah	35	Arizona
2	Iowa	20	Michigan	36	Georgia
4	Minnesota	21	New York	36	Missouri
5	Maine	22	Virginia	38	Tennessee
5	New Hampshire	23	Kansas	39	Alabama
7	Massachusetts	24	Colorado	40	North Carolina
8	Connecticut	25	Wyoming	41	Illinois
9	North Dakota	26	Ohio	42	Florida
10	Wisconsin	27	Indiana	42	New Mexico
11	Rhode Island	28	Idaho	44	Kentucky
12	South Dakota	29	New Jersey	45	Texas
13	Nebraska	30	California	46	Nevada
14	Delaware	31	Oregon	47	Arkansas
15	Pennsylvania	32	South Carolina	48	Louisiana
16	Washington	33	Alaska	49	Oklahoma
17	Maryland			50	Mississippi

Source: Commonwealth Fund, Aiming Higher: Results from a State Scorecard on Health System Performance, p. 23, 2009, http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2009/Oct/1326_McCarthy_aiming_higher_state_scorecard_2009_full_report_FINAL_v2.pdf.
The report measures health care on factors such as access, prevention, treatment, potentially avoidable hospital use and costs, and population health.

Average Teacher Salary					
1	New York	18	Washington	34	Florida
2	California	19	Minnesota	35	Alabama
3	Massachusetts	20	Wisconsin	36	Kansas
4	Connecticut	21	Nevada	37	Arizona
5	New Jersey	22	New Hampshire	38	New Mexico
6	Maryland	23	Indiana	39	Tennessee
7	Illinois	24	North Carolina	40	Idaho
8	Rhode Island	25	Iowa	41	Nebraska
9	Alaska	26	Louisiana	42	Maine
10	Michigan	27	Colorado	43	West Virginia
11	Pennsylvania	28	Virginia	44	Mississippi
12	Delaware	29	Vermont	45	Montana
13	Hawaii	30	Kentucky	46	Missouri
14	Ohio	31	Arkansas	47	Oklahoma
15	Wyoming	32	South Carolina	48	Utah
16	Oregon	33	Texas	49	North Dakota
17	Georgia			50	South Dakota

Source: National Education Association, Rankings of the States 2009 and Estimates of School Statistics 2010, December 2009, table C-11, <http://www.nea.org/assets/docs/010rankings.pdf>.
The NEA states that many educational professionals are underpaid, and that competitive salaries are essential to retaining qualified school staff.

State-level Migration*					
1	Oregon	17	Kansas	33	Iowa
2	Arkansas	17	Montana	34	Rhode Island
3	Nevada	19	Oklahoma	35	Vermont
4	Wyoming	20	Kentucky	36	Ohio
5	Idaho	21	Florida	37	New York
6	Colorado	22	Tennessee	38	Connecticut
7	Georgia	23	Virginia	39	New Hampshire
8	New Mexico	24	West Virginia	40	Maine
9	North Carolina	25	Utah	41	Wisconsin
9	Texas	26	Missouri	42	Minnesota
11	Alabama	27	Massachusetts	43	North Dakota
11	Delaware	28	Maryland	44	Pennsylvania
13	Louisiana	29	Nebraska	45	Indiana
14	South Carolina	30	California	46	New Jersey
15	South Dakota	31	Mississippi	47	Illinois
16	Arizona	32	Washington	48	Michigan

Source: United Van Lines, United Migration Study, January 2010, <http://www.unitedvanlines.com/united-newsroom/press-releases/2010/documents/united-migration-study-2009-all.pdf>.
More citizens moving into a state than out suggests the state is successful in meeting citizens' needs, while the opposite demonstrates an inability to meet those needs.

* Alaska, Hawaii not included

Unemployment Rate					
1	North Dakota	18	Colorado	34	New Jersey
2	South Dakota	18	Maine	35	Indiana
3	Nebraska	20	Wisconsin	36	Georgia
4	Vermont	21	Alaska	37	North Carolina
5	New Hampshire	21	New York	38	Kentucky
6	Kansas	21	Texas	38	Tennessee
7	Hawaii	24	New Mexico	40	Oregon
8	Oklahoma	25	Delaware	41	Ohio
9	Iowa	26	Connecticut	42	Alabama
10	Louisiana	26	West Virginia	42	Illinois
11	Minnesota	28	Idaho	44	South Carolina
11	Wyoming	29	Pennsylvania	45	Mississippi
13	Virginia	29	Washington	46	Florida
14	Maryland	31	Massachusetts	47	Rhode Island
14	Montana	32	Missouri	48	California
16	Utah	33	Arizona	49	Michigan
17	Arkansas			50	Nevada

Source: Bureau of Labor Statistics, Civilian labor force and unemployment by state and selected area, seasonally adjusted, June 18, 2010, <http://www.bls.gov/news.release/laus.t03.htm>.
A low unemployment rate signals a state that has been able to provide a healthy economic climate, while a high unemployment rate suggests public policy choices that do not foster job growth.

Business Tax Climate					
1	South Dakota	18	Idaho	34	Maine
2	Wyoming	19	Alabama	35	Louisiana
3	Alaska	20	Kentucky	36	Massachusetts
4	Nevada	21	Mississippi	37	West Virginia
5	Florida	22	Tennessee	38	Connecticut
6	Montana	23	New Mexico	39	North Carolina
7	New Hampshire	24	Hawaii	40	Arkansas
8	Delaware	25	North Dakota	41	Vermont
9	Washington	26	South Carolina	42	Wisconsin
10	Utah	27	Pennsylvania	43	Minnesota
11	Texas	28	Arizona	44	Rhode Island
12	Indiana	29	Georgia	45	Maryland
13	Colorado	30	Illinois	46	Iowa
14	Oregon	31	Oklahoma	47	Ohio
15	Virginia	32	Kansas	48	California
16	Missouri	33	Nebraska	49	New York
17	Michigan			50	New Jersey

Source: The Tax Foundation, 2010 State Business Tax Climate Index, table 1, September 2009, http://www.taxfoundation.org/files/bp59_es.pdf.
The business tax climate is considered by some to be indicative of whether a state will be competitive in attracting job growth and economic development.

Child Well-being					
1	New Hampshire	18	Hawaii	34	Texas
2	Minnesota	19	Oregon	35	Alaska
3	Utah	20	California	36	Florida
4	Connecticut	21	South Dakota	37	North Carolina
5	Massachusetts	22	Colorado	38	West Virginia
6	Iowa	23	Pennsylvania	39	Nevada
7	North Dakota	24	Illinois	40	Arizona
8	Vermont	25	Maryland	41	Kentucky
9	New Jersey	26	Idaho	42	Georgia
10	Wisconsin	27	Michigan	43	New Mexico
11	Nebraska	28	Ohio	44	Oklahoma
12	Maine	29	Delaware	45	South Carolina
13	Kansas	30	Montana	46	Tennessee
14	Washington	31	Indiana	47	Arkansas
15	Rhode Island	32	Wyoming	48	Alabama
16	Virginia	33	Missouri	49	Louisiana
17	New York			50	Mississippi

Source: The Annie E. Casey Foundation, 2009 Kids Count Data Book, p. 41, 2009, http://www.aecf.org/~media/Pubs/Other/123/2009KIDSCOUNTDataBook/AEC186_2009_KCDB_FINAL%2072.pdf. The Kids Count research measures child well-being by considering such factors as childhood poverty, low birth weights, high-school dropout rates, and the teen birth rate.

Environmental Sustainability					
1	Washington	18	Illinois	34	Oklahoma
2	Vermont	19	Connecticut	35	Ohio
3	New York	20	Georgia	36	Texas
4	Oregon	21	Virginia	37	Utah
5	California	22	Rhode Island	38	New Mexico
6	Nevada	23	North Carolina	39	Kentucky
7	Maine	24	Michigan	40	Kansas
8	Colorado	25	Missouri	41	Mississippi
9	Minnesota	26	Iowa	42	Montana
10	New Hampshire	27	Tennessee	43	Alaska
11	Massachusetts	28	Wisconsin	44	Alabama
12	Maryland	29	Arkansas	45	Indiana
13	Arizona	30	New Jersey	46	Delaware
14	South Dakota	31	Idaho	47	Wyoming
15	Hawaii	32	South Carolina	48	North Dakota
16	Florida	33	Nebraska	49	West Virginia
17	Pennsylvania			50	Louisiana

Source: Greenopia, How Green is Your State?, May 2010, <http://www.greenopia.com/LA/news/15987/5-11-2010/How-Green-is-Your-Home-State?--Greenopia-Releases-State-Rankings-for-Sustainability>. Sustainability was measured by evaluating each state's air and water quality, recycling rate, per capita water and energy consumption, renewable energy generation, and other factors

Economic Competitiveness					
1	Utah	18	Mississippi	34	Nebraska
2	Colorado	19	Texas	35	New Mexico
3	Arizona	20	Indiana	36	Connecticut
4	South Dakota	21	North Carolina	37	Delaware
5	Florida	22	Alaska	38	Minnesota
6	Wyoming	23	Wisconsin	39	Hawaii
7	Idaho	24	Washington	40	Kentucky
8	Virginia	25	Kansas	41	Oregon
9	Georgia	26	Michigan	42	Ohio
10	Tennessee	27	West Virginia	43	Pennsylvania
11	Nevada	28	Iowa	44	Maine
12	North Dakota	29	Maryland	45	Rhode Island
13	Arkansas	30	New Hampshire	46	California
14	Oklahoma	31	South Carolina	47	Illinois
15	Missouri	32	Massachusetts	48	New Jersey
16	Louisiana	33	Montana	49	Vermont
17	Alabama			50	New York

Source: American Legislative Exchange Council, Rich States, Poor States, table 23, 2010, http://www.alec.org/AM/Template.cfm?Section=Rich_States_Poor_States.
Ranking states for economic competitiveness, ALEC looked at factors such as the highest personal and corporate tax rates, debt service, number of state employees per 1,000 population, state minimum wage, right to work laws, and other factors. ALEC believes that these policies are important for states that wish to grow economically

Income Inequality					
1	Utah	18	Maine	34	Oklahoma
2	New Hampshire	19	Arkansas	35	West Virginia
3	Idaho	20	Georgia	36	Florida
4	Delaware	21	Indiana	37	New Jersey
5	Montana	22	South Carolina	38	Illinois
6	Hawaii	23	Kansas	39	Rhode Island
7	Nebraska	24	Washington	40	Virginia
8	Wyoming	25	Oregon	41	Kentucky
9	Vermont	26	Pennsylvania	42	Texas
10	Minnesota	27	Colorado	43	California
11	Wisconsin	28	Michigan	44	Connecticut
12	Iowa	29	Missouri	45	New Mexico
13	Alaska	30	North Carolina	46	Tennessee
14	Ohio	31	Arizona	47	Massachusetts
15	North Dakota	32	Maryland	48	Mississippi
16	Nevada	33	Louisiana	49	Alabama
17	South Dakota			50	New York

Source: Center on Budget & Policy Priorities, Pulling Apart - a state by state income analysis, table 2, April 2008 <http://www.cbpp.org/files/4-9-08sfp.pdf>. The Center asserts that income inequality is related to reduced social cohesion, lower trust in government and other institutions, and an inability of upper-income Americans to understand the economic challenges facing lower- and middle-income families. Some also believe income inequality is linked to poor health, increased crime victimization, and poor educational opportunities.

Poverty Level					
1	New Hampshire	16	Washington	33	Oregon
2	Maryland	19	Colorado	34	Michigan
3	Alaska	20	Iowa	36	North Carolina
4	New Jersey	21	Rhode Island	37	Arizona
5	Hawaii	22	North Dakota	37	Georgia
6	Connecticut	23	Pennsylvania	39	Montana
7	Wyoming	24	Illinois	40	Tennessee
8	Minnesota	25	Maine	41	Alabama
8	Utah	26	South Dakota	41	South Carolina
10	Delaware	27	Idaho	43	Texas
10	Massachusetts	28	Indiana	44	Oklahoma
12	Virginia	29	Florida	45	West Virginia
13	Wisconsin	30	California	46	New Mexico
14	Vermont	31	Missouri	47	Arkansas
15	Nebraska	31	Ohio	47	Kentucky
16	Kansas	33	New York	47	Louisiana
16	Nevada			50	Mississippi
Source: U.S. Census Bureau, http://www.census.gov/compendia/statab/rankings.html .					
Higher poverty rates are an indicator of an economic environment without sufficient opportunity					