



## 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 and last updated in August 2013. This version has been edited to reflect contribution limits for the 2017 - 2018 election cycle and corruption data from 2006 - 2015.*

### Issue

Advocates of campaign finance regulation often claim that contributions to political candidates must be limited to guard against corruption. They argue that, as contribution limits 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.”<sup>1</sup>

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 eleven states while being set as low as \$330 to candidates for State House in Montana.<sup>2</sup> The majority of states have campaign contribution limits somewhere in between these extremes.

1 Editorial, “Campaign Donations and Political Corruption,” *The New York Times*. Retrieved on July 1, 2017. Available at: [http://www.nytimes.com/2013/02/20/opinion/campaign-donations-and-political-corruption.html?\\_r=0](http://www.nytimes.com/2013/02/20/opinion/campaign-donations-and-political-corruption.html?_r=0) (February 19, 2013).

2 “State Limits on Individual Contributions to Candidates, 2015-2016 Cycle,” Center for Competitive Politics. Retrieved on July 1, 2017. Available at: [http://www.campaignfreedom.org/wp-content/uploads/2013/12/2016-07-12\\_Limit-Tables\\_State-Contribution-Limits-On-Individual-To-Candidate-Giving\\_Alphabetical-And-Ranked1.pdf](http://www.campaignfreedom.org/wp-content/uploads/2013/12/2016-07-12_Limit-Tables_State-Contribution-Limits-On-Individual-To-Candidate-Giving_Alphabetical-And-Ranked1.pdf) (July 12, 2016). Contribution limits for states that have amended their limits since 2016 due to legislative action or inflation indexing (AZ, CA, KY, MO, MT, and VT) were verified individually on corresponding state government websites.

If contribution limits effectively guard against public corruption, we would expect to see states with low 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 the corruption rate in all 50 states with their contribution limits on giving to 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.<sup>3</sup>

3 Using the Center for Competitive Politics’ 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 basis were considered to have limits equivalent to an election cycle for this Issue Analysis. In the eight states with different limits for State House and Senate candidates (CT, HI, KS, MI, MT, NY,



Low Corruption States (<3.0)		Medium Corruption States (3.0 - 5.0)		High Corruption States (5.0+)	
New Hampshire	0.7	Connecticut	3.2	Texas	5.1
Utah	1.1	North Dakota	3.3	Massachusetts	5.1
Washington	1.2	New York	3.4	Delaware	5.2
Colorado	1.3	New Mexico	3.5	Ohio	5.3
South Carolina	1.5	Vermont	3.6	Illinois	5.7
Minnesota	1.6	Michigan	3.7	Rhode Island	5.8
Oregon	1.6	Maine	3.9	West Virginia	5.8
Kansas	1.7	Indiana	4.3	Oklahoma	6.1
Idaho	1.8	Arkansas	4.4	Florida	6.2
Hawaii	1.9	Georgia	4.7	Arizona	6.3
Nebraska	2.0	Missouri	4.7	Tennessee	6.5
North Carolina	2.3			Alaska	6.7
Iowa	2.3			Pennsylvania	6.7
Wyoming	2.4			New Jersey	6.8
Nevada	2.6			Mississippi	6.8
Wisconsin	2.7			Maryland	7.2
California	2.9			Virginia	7.6
				Alabama	7.6
				Montana	9.6
				Kentucky	9.7
				South Dakota	10.0
				Louisiana	13.9

  

No Or High Limits	Moderate Limits	Low Limits
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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 a rate less than 3.0).<sup>4</sup>

The corruption rate represents the total convictions for federal public corruption charges from

VT, and WI), the two limits were averaged, and the resultant figure was then doubled in states where limits are apportioned on an election basis. In Minnesota, the election segment limits were used, and lastly, in New Hampshire, the limits for candidates not agreeing to abide by spending limits were taken.

4 These corruption rate categories were chosen in the original version of this report because they divided the 50 states into three roughly equal groupings. We have kept those same thresholds in this update in order to maintain methodological consistency over time as well as track which states changed categories due to alterations in their contribution limits. There were 16 low limit states, 17 moderate limit states, and 17 high or no limit states in 2013, compared to 14, 20, and 16 states, respectively, in those categories now.

2006 to 2015 per 10,000 government employees.<sup>5</sup> This includes convictions against federal, state, and local officials.<sup>6</sup> The rate is calculated using annual data from the U.S. Department of Justice Public Integrity Section,<sup>7</sup> which specializes in investigat-

5 We use the corruption rate per 10,000 government employees to control for the discrepancy between sizes of state 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 July 1, 2017. Data may be accessed in tables 7, 8, and 9 at: <https://www.bls.gov/cew/cewbultn15.htm> (February 2, 2017).

6 It is worth noting that this corruption data, although focused on federal convictions, includes federal, state, and local officials, 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 Our methodology for determining corruption is based on the methodology of a 2012 report 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. In this Analysis,

Total Number of States, by Corruption Rate and Contribution Limit Classification			
	Low Corruption	Medium Corruption	High Corruption
No or High Limits	7 (44%)	3 (19%)	6 (38%)
Moderate Limits	6 (30%)	4 (20%)	10 (50%)
Low Limits	4 (29%)	4 (29%)	6 (43%)

ing and prosecuting public officials who engage in corrupt activities, and includes a ten-year window to account for lengthy trials.<sup>8</sup>

The chart ranks the states by corruption rate from lowest to highest and is 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.

As the summary table demonstrates, there appears to be no relationship between a state's contribution limits and corruption rate, although the results slightly favor states with no or high contribution limits. Seven of the seventeen "low corruption" states have no or high limits, compared to just four states with low limits. 44% of states with no or high limits have low corruption, compared to 30% for moderate limit states and 29% for low limit states.

Of the top half of states in the ranking (those with lower corruption rates), ten are no or high limit states, seven are moderate limit states, and eight are low limit states.

we use the same methodology as the 2012 GOVERNING report, but update the numbers using those same sources. See Mike Maciag, "Which States Have the Highest Public Corruption Convictions?" The GOVERNING Institute. Retrieved on July 1, 2017. Methodology may be accessed at: <http://www.governing.com/blogs/by-the-numbers/state-public-corruption-convictions-data.html> (March 23, 2012).

<sup>8</sup> This is a common methodology for calculating corruption. In 2015, FiveThirtyEight used this metric as one of several potential measures for calculating corruption. See Harry Enten, "Ranking The States From Most To Least Corrupt," FiveThirtyEight. Retrieved on July 1, 2017. Available at: <https://fivethirtyeight.com/datalab/ranking-the-states-from-most-to-least-corrupt/> (January 23, 2015). It is a simpler methodology than that of indices by organizations like the Center for Public Integrity (CPI), which use multiple variables to determine overall corruption. CPI's study introduces subjectivity by, among other things, considering contribution limits in their calculations of corruption. Their assumption is that higher contribution limits automatically lead to more corruption. As such, their index is unsuitable to test the central question of this analysis. See Nicholas Kusnetz, "How we investigated State Integrity," Center for Public Integrity. Retrieved on July 1, 2017. Available at: <https://www.publicintegrity.org/2015/10/14/18316/how-we-investigated-state-integrity> (November 9, 2015).

## Conclusion

Theoretical arguments and anecdotes have long 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 credence to the claim that contribution limits reduce corruption. There is some evidence that the opposite is the case – states with higher contribution limits (or no limits at all) tend to have less corruption. The four most corrupt states all have low or moderate limits on what individuals may contribute to candidates, including the state with the lowest limits in the country (Montana). 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.

This finding is in line with other academic literature on contribution limits and corruption. In 2013, 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.<sup>9</sup>

That report's findings agree with the conclusions in this 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.

<sup>9</sup> 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 July 1, 2017. Available at: [mercatus.org/sites/default/files/Milyo\\_CampaignFinanceReforms\\_v2.pdf](http://mercatus.org/sites/default/files/Milyo_CampaignFinanceReforms_v2.pdf) (April 2013).



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