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527 Committees, Formal Parties, and Party Adaptation

Abstract: Political parties are not static organizations; they continually adapt to changes to the political, electoral, and legal environments. In this paper we argue that so-called 527 committees are another form of party adaptation. We investigate questions about their role in elections, using a dataset consisting of the personnel backgrounds of the largest 527s in the 2004 and 2006 election cycles. We examine the staffing of these groups and their ties to the formal party structures. We find that 527 organizations with stronger personnel links to formal party organizations have more connections to other 527s. The results suggest that 527s are not independent actors disrupting the party system, but rather well-placed participants in the party networks that helped parties adapt to a changing electoral context.

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The history of American political parties is one of adaptation to changes in law, demographics, technology, and other aspects of the political environment. Parties are able to adapt so successfully at least in part because of their network structure. Parties, that is, can best be understood not simply as a series of committees with offices on Capitol Hill, but as webs of relationships among political actors. Two partisan networks, one Democratic and one Republican, assist candidates, plot campaign strategies, and coordinate governing tasks.

While the notion of parties as more hierarchical and formal organizations in the style of Tammany Hall or Mayor Daley's Chicago may have made sense in an earlier age, the network concept helps explain much political activity in the modern era (Schlesinger 1985; Schwartz 1990; Kolodny 1998; Kolodny and Logan 1998; Bernstein 1999, 2000, 2004; Kolodny and Dulio 2001, 2003; Bedlington and Malbin 2003; Bernstein and Dominguez 2003, 2011; Doherty 2003, 2005, 2006; Dominguez 2003, 2005a; Bimes and Dominguez 2004; Skinner 2004, 2005, 2007; Heberlig and Larson 2005, 2007; Cohen et al. 2008; Masket 2009). As Herrnson (2009) says, parties are best described as “enduring multilayered coalitions of

individuals and groups that possess mutual goals and share interlocking relationships” (p. 1209).

In recent years, adaptation by party networks to new campaign finance rules produced an upsurge in the number, size, and importance of political organizations known as 527s. Much like the “issue advocacy” groups that proliferated in the 1990s and the Super PACs that appeared in the wake of *Citizens United* and *SpeechNow.org*, 527s may show the ability of party actors to change with the times.

This paper addresses the question of whether 527s are assets to the parties – allowing them to get around campaign finance restrictions to support preferred candidates – or annoyances, supporting candidates and issuing messages that undermine established party goals. We examine the place of 527s in the modern political party network, using an innovative dataset: the employment records of the most active 527s between 2004 and 2006. Our study finds that the formal parties are highly central to the networks of 527s, suggesting that 527s have performed an important function within party politics.

Party Adaptations and 527s

Political parties have been fluid entities since they first appeared in the US, often adapting to new regulatory regimes and emerging at least as strong in the aftermath (Ranney 1975; Harmel and Janda 1994). The direct primary was touted by early 20th century Progressive reformers as a way to remove party officials from the selection of nominees, yet party insiders managed to dominate these contests with relative ease (Ware 2002). Reforms to the presidential nominating system in the late 1960s briefly allowed for the nomination of outsiders, but by the 1980s, party elites had developed methods of dominating this system (Cohen et al. 2008). Even the rise of the electronic media, originally seen as undermining parties by allowing candidates to communicate directly with the public, ultimately has become a source of party strength (Herrnson 1988).

The concept of parties as “networks” – a definition we embrace in this study – is admittedly a slippery one, reflecting the fact that it is not always obvious who or what is a part of the party at a given time (Bernstein 1999; Dominguez 2005b; Cohen et al. 2008; Masket 2009; Bawn et al. 2012; Heaney et al. 2012). It seems clear, however, that earlier concepts of rigid hierarchical party organization no longer adequately describe the bulk of party activity in the US. For example, a list of the leaders of the national Republican Party – that is, those who determine the party’s nominees for major offices – would likely include people like Karl Rove, Rush Limbaugh, Sean Hannity, and the Koch brothers, along with several

other key donors, activists, and media figures. Notably, none of these people work for the federal government, nor do they currently hold a job with the Republican National Committee or have ever been among its nominees. Yet any model attempting to describe Republican Party activity would be notably wanting if it ignored such figures.

This loose network structure, we argue, contributes to the flexibility and innovativeness of modern political parties, allowing them to adapt to new institutional rules. One of the more interesting recent innovations by the parties has been their adaptation to campaign finance restrictions imposed under the Federal Elections Campaign Act (FECA) and its subsequent amendments, which limited the funds parties could directly donate to their nominees. In particular, the parties began to use “soft money” – funds raised and spend outside of the FECA regulations – to help their candidates. Most notably, these resources, funded by unlimited contributions from donors, were used to run issue ads, which were not subject to the limits of FECA. The parties also experimented with new forms of campaign spending, such as coordinated expenditures (Kolodny and Dulio 2003).

The Bipartisan Campaign Reform Act (BCRA) of 2002 caused a shock to that system by prohibiting national parties from raising or spending soft money (Corrado 2006; Weissmann and Hassan 2006). After the passage of BCRA, 527s came to represent a new vehicle for campaign spending. Even though parties could not legally raise or spend soft money, 527s could.¹ Moreover, soft money that might have gone to the parties before BCRA was now being funneled to 527s (Weissman and Hassan 2006, pp. 95–97). These large amounts of soft money allowed 527s such as MoveOn.org and the Swift Boat Veterans for Truth (SwiftVets) to play large roles in the 2004 presidential campaign.

It is a source of some debate as to whether 527s are a vital weapon in a party’s arsenal or a loose cannon that can undermine its message and candidates. During his 2004 reelection campaign, for example, President George W. Bush came under considerable pressure to distance himself from the SwiftVets advertisements impugning Sen. John Kerry’s military service during the Vietnam War (*New York Times* 2004). In 2007, MoveOn.org ran a full-page advertisement in the *New York Times* entitled “General Petraeus or General Betray Us?” leading many congressional Democrats to publicly distance themselves from the group (Luo and Zeleny 2007). In general, prominent donors may have their own agendas separate from those of the candidates or the formal parties (Vogel 2012).

¹ So-called “527s” derive their name from section 527 of the US Internal Revenue Code, which determines the taxation status of political organizations. 527s are considered tax-exempt. Moreover, since they do not expressly advocate for or against a candidate, 527s do not fall under the limits on donations and expenditures enforced by the Federal Election Commission.

La Raja (2008) and Boatright (2011) both speculate that 527s could undermine the effectiveness of communications from candidates and political parties. La Raja warns that “candidates have little or no control over the content of ads created by groups that support them” (pp. 222–24), while Boatright argues that endorsements from 527s have “questionable heuristic value insofar as these organizations are not durable and often are largely unknown to the public” (p. 208).

Despite concerns about the problems that 527s create for parties and candidates, it is our contention that 527s represent yet another example of party adaptation brought about by changing electoral circumstances. In particular, we argue that 527s are an integral part of the party network and that this can be seen by the connections different 527s have to each other and to other actors also part of this network. 527s, of course, are hardly the only type of ostensibly independent organization that can be used by the broader party network to adapt to changing circumstances – “Super PACs” have become similarly prominent in recent election cycles. For the purposes of this study, however, we focus solely on 527s.

To be fair, not all 527s are cut from the same cloth. Some, we assert, have been largely co-opted by (or even created by) more traditional party groups, making them very closely tied to broader partisan efforts and in an excellent position to help them with their campaigning tasks. Other 527s, however, have developed quite separately from the parties and may conflict with the parties in matters of campaigns and media relations. In the following section, we offer some detailed examples of these different kinds of 527s and how they came into being.

The political organizations known as 527s have grown in number, size, and importance in the last several election cycles, making them a good vehicle to use in studying party adaptation. While originally formed as a campaigning tool, allowing candidate supporters some leniency in fundraising and campaign expenditures, they now figure prominently within political parties, facilitating coordination across different branches of the parties and providing employment for key party actors.

Key questions remain, however. Just how central are these 527s to the parties? Are they an asset to the parties, allowing them to get around campaign finance restrictions to support preferred candidates? Or are they an annoyance to parties, supporting candidates and issuing messages that undermine established party goals?

This paper begins to examine 527s’ place in the modern political party network using an innovative dataset: the employment records of the most active 527s between 2004 and 2006. Those employees’ other organizational ties are probed, revealing a vast network tying partisan actors together via the 527s.

We argue that party ties to these important electoral groups help illustrate the central role 527s have in party operations today. We place this development in the context of party adaptation and argue that parties have adapted to the changing electoral environment by incorporating 527s into their overall campaign activities.

Our study finds that the formal parties are highly central to the network of 527s. The best-connected 527s tend to have a high percentage of employees who have also worked for formal party organizations and top presidential campaigns. The results suggest that 527s are far from a nuisance. Rather, they have become vital to the business of modern political parties. By investigating 527 committees, we offer a fresh look at party adaptation through the use of groups traditionally outside of the formal party structures that can shed light onto other types of groups that play similar roles now and in the future. We concede that many 527s are transitory, and some have little existence beyond a bank account or an IRS filing. Yet even their ephemeral nature allows us to observe the adaptation by party actors to changing political and legal contexts.

A series of court decisions and Federal Election Commission rulings led to the rise of “soft money” and “issue advocacy” during the 1990s. Later in that decade, some interest groups created 527 affiliates that did not file with the FEC as political committees. After the passage of the Bipartisan Campaign Reform Act, leading figures in both parties, but particularly the Democrats, encouraged the creation of 527s, in order to take over many functions previously funded by “soft money.” This wave of 527 formation stopped after the 2004 elections, in part because of tougher enforcement by the FEC and the IRS, and in part because some party actors saw the new groups as ineffective. But a series of favorable court decisions (*Wisconsin Right to Life*, *Citizens United*, *SpeechNow.org*) led to the increased formation of 501 (c) 4 groups and the creation of Super PACs.

In all of these cases, party actors played central roles. The Democratic “shadow party” was planned in 2002 by former President Bill Clinton, DNC chairman Terry McAuliffe, and other figures prominent in Democratic politics. American Crossroads, one of the most prominent Super PACs, was founded by Karl Rove, and has included three former chairmen of the Republican National Committee among its principals. At times, “signals” sent by the highest actors in party politics can affect the future of “outside” groups such as 527s and Super PACs. In 2008, staffers in the Barack Obama presidential campaign made it clear that they needed no outside assistance. Four years later, the president himself gave a Super PAC his reluctant blessing (Skinner 2005, 2007; Dwyre 2012; Skinner and Farrar-Myers 2012). The ephemerality of many of these groups does not undermine the role that they have played within party politics.

527s Tied to, and Independent of, the Parties

It is difficult to categorize the various ways 527s come into being, but we believe there are two types of formation that warrant discussion here. The first category consists of those groups that began with the sole goal of influencing elections and have no obvious parent organization. They were started by enterprising partisans who saw a 527 as a way to secure a competitive campaigning advantage over another party. We term these *purely electoral 527s*. The second category consists of those 527s created by established interest groups focused on policy development and implementation. We view these “non-electoral” 527s more as *policy demanding 527s* than arms of the parties.

We have selected three groups – one from the purely electoral category and two from the non-electoral category – to illustrate the differences in these groups’ formations as well as the place the parties have played in their creation. We believe the purely electoral groups are more likely than the non-electoral groups to have former party staffers playing central roles. This is because the non-electoral groups already have a built in-staff and organizational structure in place, while the purely electoral groups are starting from scratch with a central focus on affecting elections.

We begin with the purely electoral 527s. One of the most active groups during the 2004 and 2006 cycles was America Votes. This group formed in July 2003 with the sole purpose of helping to elect Democrats in 2004. It acted as an umbrella organization for other Democratic-leaning organizations such as America Coming Together (ACT) and the Media Fund, and it was led by interest group leaders, union presidents, and former Clinton administration officials (Lester 2007). Cecile Richards, former deputy chief of staff to Nancy Pelosi, was chosen to be the group’s executive director.

In addition, the group shared office space with ACT and The Media Fund (which also had former key party staffers on payroll) in the offices of the Thunder Road Group, a consulting firm headed by Jim Jordan, John Kerry’s former campaign manager and executive director of the Democratic Senatorial Campaign Committee. America Votes held bi-weekly meetings of liberal activists to plot strategy, enabling member organizations to share voter files, survey data, and demographic information. This allowed America Votes staff to coordinate the efforts of groups such as the Sierra Club, NARAL Pro-Choice America, and the League of Conservation Voters in stimulating voter turnout and contacting swing voters (Hadfield 2004).

The group was formed out of the leaders’ frustration over “an enormous amount of duplication and wasted resources among progressive organizations” (Lester 2007). Its purpose was to serve as a “‘traffic cop’ to make sure that groups are not wasting money and manpower on duplicative activities” (Edsall 2004, p. A8). According to Richards, the group’s activities were focused on “direct voter

contact, talking to folks on the phone, door-to-door, volunteer efforts,” activities that were once the purview of the formal party organization but are now done more often by outside groups (Hoppe 2003, p. A1). Despite its clear liberal affiliations, the group “describe[d] itself as a ‘nonpartisan political organization’ that seeks to use the strategic abilities and large membership base of its coalition members to ‘break new ground in electoral politics’” (Seper 2004, p. A1).

On the other side of the aisle is an electoral 527 known as Progress for America. The organization was founded in 2001 by Tony Feather, political director of the 2000 Bush-Cheney campaign and ally of Bush advisor Karl Rove, and then taken over by Chris LaCivita, former political director for the NRSC. In the spring of 2004, Brian McCabe took the reins of PFA. McCabe was a partner in the DCI Group, a political consulting firm that worked on Bush’s reelection campaign. Tom Synhorst, a partner at DCI who helped to run the 1996 and 2000 Republican national conventions, served as a strategic advisor and fundraiser for PFA. Benjamin Ginsberg served as counsel to PFA. He served in similar capacities for both the 2004 Bush re-election effort and Swift Boat Veterans for Truth (Weissman and Hassan 2006).

PFA became a 527 organization in May 2004, after the FEC decided not to regulate 527s. Bush-Cheney campaign chairman Marc Racicot and RNC chairman Ed Gillespie soon released a statement urging support for PFA and other sympathetic 527s. PFA quickly gained access to the financial resources of the Republican party network, hiring some well-connected fundraisers (such as Texas public relations executive James Francis), holding an event at the national convention, and gaining the assistance of such party stalwarts as San Diego Chargers owner Alex Spanos (Cannon 2004; Drinkard 2004; Weissman and Hassan 2006). PFA was also funded by wealthy Republicans, such as Texas homebuilder Bob Perry, oilman T. Boone Pickens, and Dallas billionaire Harold Simmons.

In 2004, PFA spent \$36 million, including \$25 million on “electioneering communications” (Federal Election Commission; Center for Public Integrity). PFA’s spots included the most-aired advertisement of the presidential campaign, which featured Ashley Faulkner, whose mother was killed in the World Trade Center attacks, recounting being hugged by President Bush. PFA later aired commercials supporting the confirmation of Supreme Court nominees John G. Roberts and Samuel Alito and the passage of President George W. Bush’s plan to reform Social Security (Justice 2005a,b; Justice and Pilhofer 2005). It also sponsored advertisements in the 2006 congressional elections, but appears to have gone defunct since then.²

² PFA paid a \$750,000 fine to the FEC to settle charges that it had illegally failed to file as a political action committee. See Phillips (2007).

The above illustrations demonstrate 527s that are deeply embedded within the formal party structures and devoted to the missions of their respective parties. There are other 527s, however, that formed from the desire of a parent organization to take advantage of the campaign finance laws set forth in the Bipartisan Campaign Finance Reform Act of 2002, another kind of adaptation. These 527s are related to other policy-oriented organizations that have a history of political action; they were designed to assist their parent organizations in these efforts.

One such parent group is the Club for Growth, which was “founded in 1999 by prominent conservatives eager to organize support for candidates who believe in low taxes and small government” (Gerstein 2005). This grew out of the Political Club for Growth, an exclusive group of free-market advocates who met for 18 years in investment banker Richard Gilder’s firm in Manhattan to meet with like-minded candidates (O’Beirne 2000). According to the group’s long-time president, Stephen Moore, the Club was founded “to try to help elect pro-tax-cut, pro-free-enterprise candidates for Congress who shared the Ronald Reagan vision on economic policy” (Ross 2003). It was not until 2004 that the Club created its 527, Clubforgrowth.net, in order to aid the parent organization in its electoral efforts. The Club for Growth 527 thus has little direct connection to the formal Republican Party; it derived much of its organization and staff from the original Club.

Another group that created a 527 but is rooted more in policy concerns is Planned Parenthood. This organization actually stemmed from two older groups, the American Birth Control League (ABCL) and the Birth Control Clinical Research Bureau, which were founded by reproductive freedom advocate Margaret Sanger in the early 1920s. The two organizations merged into the Birth Control Federation of America in 1939, later renaming itself the Planned Parenthood Federation of America (Garrow 1994, p. 60, 100). In 1989, in the wake of the Robert Bork confirmation battle and the Supreme Court’s decision in *Webster v. Reproductive Services*, the organization founded the Planned Parenthood Action Fund (Planned Parenthood 2011). The group’s 527, Planned Parenthood Votes, was not formed until just prior to the 2004 election cycle. As with the Club for Growth, Planned Parenthood’s 527 hardly need to import staff or expertise from a formal party – its parent organization had established it for a specific purpose and supplied it accordingly.

These policy-demanding groups are generally aligned with a party, but that does not make them automatically subservient to that party’s desires. The Club for Growth, notably, has been heavily involved in pressuring moderate Republicans by threatening to run more conservative challengers against them in primaries. Such pressure was likely responsible for the late Sen. Arlen Specter’s (PA) defection to the Democratic Party and Sen. Olympia Snowe’s (ME) retirement (Boatright 2013). As should be clear, the line between a purely electoral 527 and a policy demanding one is not sharply drawn. A group like the Club for Growth may

aid a party's effort to ensure a more ideologically coherent caucus but undermine its desire to protect its incumbents.

Measuring “Partyness”

Skinner, Masket, and Dulio (2011) utilized an original dataset consisting of the personnel records of the leading 527s, examining the other political organizations for which those employees had worked. The authors found that 527s were central to the structure of both parties' networks, although the two networks demonstrated intriguing differences. Here, we use these data to investigate the importance of the formal party organizations to the 527s. We address the question of whether recent developments in campaign finance have reduced the importance of formal parties by empowering actors outside the party system, or whether the formal parties are using these organizations to adapt to a new campaign finance regime.

We examine the links between 527s and the formal party structure by analyzing the employees of the most active 527s committees during 2004 and 2006. Specifically, we seek to examine the relationship between formal party organizations and the 527s. If the 527s are integral to the work of the parties, we should see the formal parties sharing employees with the leading 527s. Conversely, if the leading 527s and the formal parties are not populated by the same people, that would suggest that the 527s are truly “outsider” organizations working independently of (or even against) the parties.

To construct our dataset, we identified a sample of 527 organizations. For this initial analysis, we identified roughly the top 100 527 committees from the 2004 and 2006 elections in terms of spending. These were taken from lists provided by both the Campaign Finance Institute (CFI) and the Center for Responsive Politics (CRP).³ The list of 527s included in this analysis consist of 18 Republican-oriented groups and 67 Democratic-oriented groups; the remainder proclaim neutrality. The Democrats' overwhelming share of the groups in our sample is reflective of the fact that during the time period under examination (2004–2006), there were simply far more Democratic- than Republican-leaning 527s. This is arguably due to the fact that Republicans controlled the Congress and presidency during this time period. Democrats developed alternate structures to house their top personnel and to direct money toward Democratic candidates (Skinner, Masket, and Dulio 2011).

³ Lists of these committees can be found at the CFI and CRP websites: www.cfinst.org and www.opensecrets.org, respectfully.

Once a sample of 527s was identified, information on employees was collected through several stages. First, because we were interested in the connections individuals associated with 527 organizations have to the wider party network, we needed to identify a data source that provided consistent and reliable information on those individuals responsible for starting up, the daily operation of, and strategic direction of each 527 organization. Since their inception, 527s have been required to file paperwork with the Internal Revenue Service, including Form 8871 (“Political Organization Notice of Section 527 Status”), Form 8872 (“Political Organization Report of Contributions and Expenditures”), and Form 990 (“Return of Organization Exempt From Income Tax”).

Two of these forms – 8871 and 990 – require the 527 to submit names of “officers, directors, trustees, and key employees,” in addition to other form-specific information. We used the individuals listed on these forms as a means of compiling a list of individuals associated with each 527 committee in the sample. We examined groups by their unique Employer Identification Number (EIN) to avoid over- or under-counting groups.

In order to come to a final list of “officers, directors, trustees, and key employees” we examined each of the forms filed by a particular 527 during the 2004 election cycle (defined as January 2003 through December 2004) or the 2006 cycle (defined as January 2005 through December 2006). Any individual appearing on any form filed with the IRS covering these time-frames was included as someone associated with the 527. In the vast majority of cases, only a few changes in staff structure took place during each election cycle (even though there is considerable turnover across cycles). For the 527 committees included here, the number of officers and/or key staff ranged from one (The November Fund) to 39 (League of Conservation Voters).

Connections to the party network were determined by researching the employment and/or association history of each of the “officers, directors, trustees, and key employees” for each committee in the analysis. This was done through general Internet searching, although a few sources were more fruitful than others. These included a search of newspapers and publications in the Washington, DC area (e.g., *The Washington Post*, *The Hill*, *Roll Call*, *Campaigns and Elections* magazine, etc.), a particular web site called SourceWatch,⁴ and general web searches that turned up individual biographies and/or employment histories on websites

⁴ SourceWatch describes itself as “a collaborative project of the Center for Media and Democracy to produce a directory of the people, organizations, and issues shaping the public agenda. A primary purpose of SourceWatch is documenting the PR and propaganda activities of public relations firms and public relations professionals engaged in managing and manipulating public perception, opinion, and policy. SourceWatch also includes profiles on think tanks, industry-

where they were currently or formerly employed or had an affiliation. For the 527s active in 2004, any related connection to the party network that an individual had during 2004 or before was included in the dataset, and for the 2006 cycle any related connection to the party network that an individual had during 2004 or before was included.⁵

Network Analysis

After constructing the dataset, we assembled a two-mode matrix consisting of two categories of actors: 527s and the political organizations to which they are linked via personnel. If a 527 shared a common employee with another political organization, there would be a tie or link between them. For example, if one person had worked for both the Club for Growth 527 and George W. Bush's 2004 reelection campaign, there would be a link between those two organizations. We then converted this two-mode matrix into a one-mode format, solely concentrating on the links between 527s.

Returning to the above example, let us assume that the Bush reelection campaign and the Club for Growth shared a common employee. Let us additionally assume that another individual worked for both the Bush reelection campaign and the Republican Leadership Coalition 527. In the one-mode network, there would now be a link between the Republican Leadership Coalition and the Club for Growth. Those two 527s are linked via employees who worked for the presidential campaign.

The network described by these 527s is depicted visually in Figure 1. Here, blue squares represent Democratic-affiliated 527s, while red circles denote Republican-affiliated groups. The one officially nonpartisan group – the Illinois Hospital and Health System 527 – is marked by a green triangle. As can be seen, there is a surprising amount of bipartisanship in this network. Many personnel who have worked in very partisan 527s have nonetheless worked with members of other parties at government offices, law firms, and other places of business.⁶

funded organizations, and industry-friendly experts that work to influence public opinion and public policy on behalf of corporations, governments, and special interests. Over time, SourceWatch has broadened to include others involved in public debates, including media outlets, journalists, and government agencies. Unlike some other wikis, SourceWatch has a policy of strict referencing, and is overseen by a paid editor. SourceWatch has 37,220 articles” (www.sourcewatch.org). We believe the last two sentences are key to having confidence in the information on this site, as opposed to a page such as Wikipedia.

⁵ More details on these data can be found in Skinner, Masket, and Dulio (2011).

⁶ We excluded lobbying firms from the dataset.

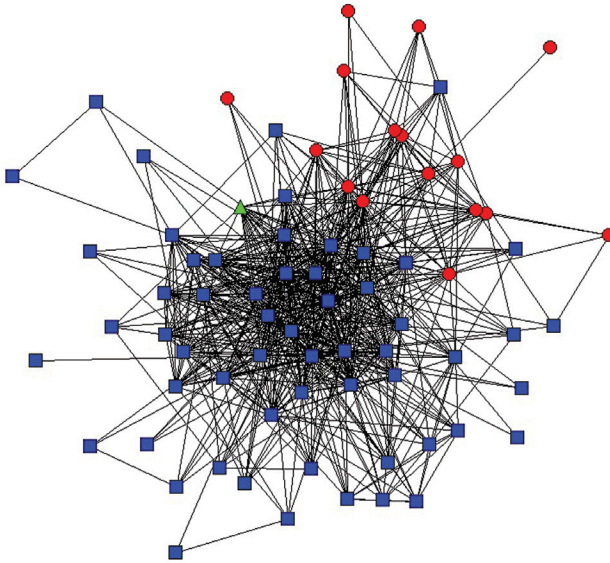


Figure 1 One-Mode Network of 527s.

Note: Each Node Represents One of the 92 527 Organizations in our Dataset. Republican-Affiliated Groups are Displayed as Red Circles, Democratic-Affiliated Ones as Blue Squares. The One Officially Nonpartisan Group, the Illinois Hospital and Health System 527, is Marked as a Green Triangle. Lines Connecting the Nodes Indicate that they are Tied Together Through Personnel who have Worked in a Common Political Organization.

That said, we do still see some factionalism within the network, with Republicans occupying the upper right corner of the graph almost exclusively.

To test our hypothesis about the importance of formal party groups to this overall network of 527s, we calculated the proportion of all employees affiliated with a 527 who had also worked for a formal party group (including national committees and legislative campaign committees) or a presidential campaign. We call this variable, for lack of a better term, *formal partiness*. This variable ranges from zero to 100 and is highly skewed toward the lower end. Forty-two of the 92 groups have no employees tied to any formal party groups or presidential campaign, while five groups are at the 100% mark. The variable has a mean of 21; only nine groups have scores above 50%. A histogram showing the distribution of this variable by party can be seen in Figure 2.

As the figure demonstrates, the distribution is similar across parties, despite the differences in numbers of groups. The aforementioned America Votes and Progress for America have scores of 25 and 100, respectively – both above the mean. Meanwhile, the 527s that formed as arms of existing policy organizations,

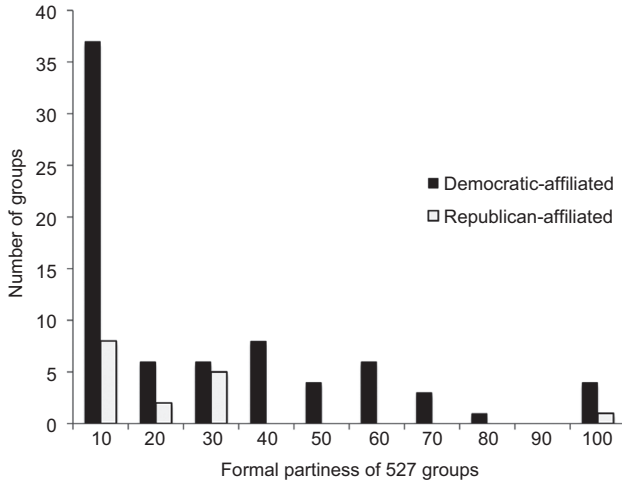


Figure 2 Distribution of “Formal Partiness” Variable, by Party.

Club for Growth and Planned Parenthood, have scores of 5 and 9, respectively. Clearly, there are important differences among 527s with respect to their personnel ties to the parties.

We then sought to use the formal partiness variable to predict the likelihood that any two given organizations in the 527 network will share a tie. In theory, if the formal parties are central to the 527 network, those 527s with a higher proportion of employees with ties to the formal parties should be more likely to be linked together. We used an exponential-family random graph model (ERGM) to test this hypothesis (Besag 1975; Wasserman and Pattison 1996; Snijders et al. 2006). An ERGM essentially functions like a logistic regression equation in networks research, investigating the differences between an observed network and a randomly-generated network with an equal number of nodes.

This allows us to examine the impact of different variables on the likelihood of any two given nodes sharing a link, without concerns about the independence of cases. In this particular case, the ERGM model uses the presence or absence of a tie (or “edge”) between any two 527s as its dependent variable, with formal partiness as an independent variable. We also included the party affiliation of each group and the total number of employees in each group as control variables.⁷

⁷ The equation used by the ERGM model was `model <- ergm(fives.net~edges + nodematch(“dem”) + nodecov(“size”) + nodecov(“partiness”) [+ gwdsp(0.5)])`.

Additionally, we included a geometrically weighted dyadwise shared partner distribution (gwdsp) term in one version of the model. This term essentially measures homophily or “cliquishness,” or the idea that “the friends of my friends are my friends” (Cranmer, Desmarais, and Menninga 2011). Such homophily is common among political donors. We run two specifications of the model, one without the gwdsp term (Model 1) and one with it (Model 2). The models were calculated using the Statnet and SNA packages in the R programming language.

The results of the ERGM models can be seen in Table 1, and the results are substantively identical across both specifications. Unsurprisingly, party is statistically significant, indicating that any two 527s affiliated with the same party are likely to share a tie. The size of a group is also statistically significant, with larger groups being more likely to share a tie. Our key variable of formal partiness also turns out to be positive and statistically significant, indicating that nodes with a greater proportion of employees tied to the formal parties are more likely to share a tie within the network.

The model appears to meet reasonable goodness-of-fit standards. Goodness-of-fit is improved considerably with the inclusion of the gwdsp variable, but in both cases the parameters are imperfect but acceptable. The coefficients from Model 1 are translated into predicted probabilities of sharing a personnel tie in Figure 3. For this graph, the value of the edges variables is held at 1, while group size is held at its mean value of 9. The graph then shows how the probability of

Table 1 Results of ERGM Model.

Variable	Model 1	Model 2
Edges	-4.39*** (0.15)	-3.43*** (0.18)
Party (node match)	0.70*** (0.11)	0.51*** (0.08)
Group size (node covariance)	0.06*** (0.003)	0.07*** (0.004)
Formal partiness (node covariance)	0.02*** (0.001)	0.01*** (0.002)
Gwdsp	–	-0.14*** (0.01)
Degrees of freedom	4186	4186

Table Presents Results of an Exponential-Family Random Graph Model (ERGM) Estimating the Probability that any Two Nodes will Share an Edge. Coefficients are Based on an MCMC Maximum Likelihood Estimation Involving a Sample Size of 10,000. Standard Errors Appear Beneath Coefficients. Asterisks Indicate Statistical Significance: * ≤ 0.05 , ** ≤ 0.01 , *** ≤ 0.001 .

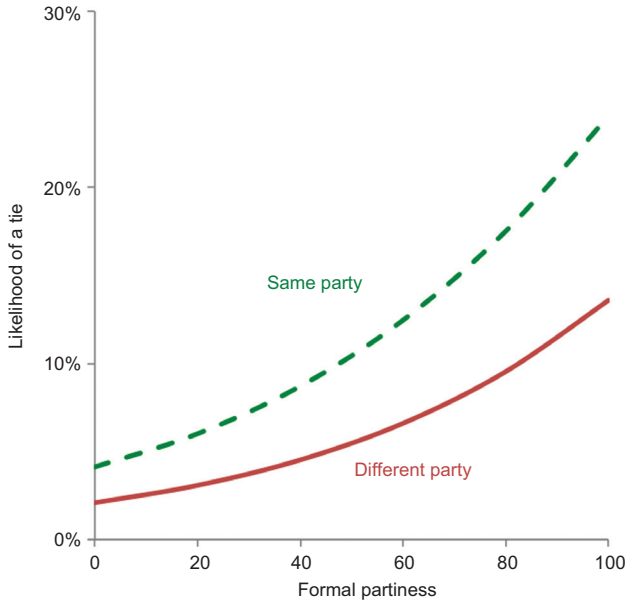


Figure 3 Predicted Probabilities of 527s Sharing a Tie, by “Partiness.”

Note: Predicted Probabilities are Based on Coefficients Listed in Table 1, Model 1. The Edge Variable has been Held at the Value of 1, and Size has been Held at its Mean Value of 9.

sharing ties varies with the formal partiness of the groups and whether or not they are in the same party.

Both variables are clearly highly relevant here. The probability varies considerably across the range of the partiness variable, with groups with no party personnel connections but affiliated with the same party only 4% likely to share a tie, while same-party groups with all employees having ties to the party being 24% likely to share a tie. The results suggest that the formal parties are key players in the network of 527 organizations. They offer evidence against the hypothesis that 527s are independent actors working against or outside the formal party system. Rather, the formal parties are deeply engaged in the activities of 527s and appear to be key players in these networks.

Conclusions and Future Work

The clearest interpretation of the above findings is that formal parties still matter; new rules limiting their financing power in campaigns have not sidelined them

politically. The 527 organizations that are best connected to the formal parties are most central to the party networks. But this research also provides evidence against those who argue that the 527s undermine the party system. The best-connected 527 organizations are the most party-linked, not the most independent. They function with the parties, and even as arms of them. We believe this is further evidence of parties adapting to a change in the political, electoral, and/or legal environment. In this example, it was by using groups outside the party structure who had staff with whom they were very familiar to continue to meet their electoral needs.

We should not interpret these findings to mean that a party that sub-contracts some of its key tasks to 527s is the same as one that handles such tasks in-house. Parties are already only marginally responsive to the public at large (Bawn et al. 2012), and this new adaptation means that it is even harder to trace money and influence across party channels than it used to be. Transparency and accountability surely suffer in such situations, making the parties appear even more opaque and alien to an electorate already predisposed against them. Such appears to be the trajectory of America's party system, however.

As we have noted, 527s are only one kind vehicle parties have used to aid their adaptation to recent changing political circumstances. We believe there will be continued party adaptation in the future to new laws, as well as to new FEC decisions and rules. To be sure, there is more to come as parties have always found tools allowing them to better work toward their goals, whether they be soft money, coordinated expenditures, or the case we examine here, 527s. What shape the next adaptation takes is an open question.

The rise of Super PACs is arguably the latest edition of party adaptation, but it will take time and considerable effort to study those groups in the way that we have done here. This topic, however, is likely to be fruitful for scholars who wish to continue to study party adaptation. An important question is what led to what appears to be a shift away from 527s to Super PACs. Scholars will have to focus on other questions as well. One interesting challenge to this line of research is the tendency of active groups to change names from one election cycle to the next in hopes of minimizing transparency to the public and to political observers. In addition, there is no reason to believe that Super PACs represent the final form of independent political group evolution. A new type of group could quickly pop up attract attention.

While we have not performed the same sort of analysis with Super PACs that we have with 527s, the leading Super PACs do tend to have some obviously close ties to the formal parties and to the White House. American Crossroads was co-founded by Karl Rove, longtime advisor to President George W. Bush, and Ed Gillespie, former chairman of the Republican National Committee. Other

top officials were veterans of the RNC and NRCC. Priorities USA Action, the pro-Obama Super PAC, was founded by two veterans of the Obama White House who had previously worked for the DCCC. Majority PAC and House Majority PAC were both created at the behest of congressional Democratic leaders, in order to support their party's candidates. Both have staffs drawn from the DCCC and the DSCC, as well as the offices of top congressional Democrats.

Most of the leading Super PACs allied with single presidential candidates had staff with long ties to those candidates. In turn, those staffers generally had histories in party politics. (Endorse Liberty, a pro-Ron Paul Super PAC backed mostly by Silicon Valley figures, was a major exception) (see Skinner and Farrar-Myers 2012). In short, parties will continue to adapt and scholars will have to keep looking for ways to study the changes that take place. We believe 527s continue to offer us valuable lessons about party adaptation, particularly during their heyday in the middle of the last decade. We hope our findings will encourage others to take the next steps.

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