



U.S. Election Will Cost \$5.3 Billion, Center for Responsive Politics Predicts

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2008 contests for White House and Congress add up to the most expensive U.S. election in history

WASHINGTON -- The 2008 election for president and Congress is not only one of the most closely watched U.S. elections in years; it's also the most expensive in history. The nonpartisan Center for Responsive Politics estimates that more than \$5.3 billion will go toward financing the federal contests upcoming on Nov. 4.

The presidential race alone will cost nearly \$2.4 billion, the Center predicts. Already the candidates alone have raised more than \$1.5 billion since the election cycle's start in January 2007. This is the first time that candidates for the White House have raised and spent more than \$1 billion, and this year's total is on track to nearly double candidate fundraising in 2004 and triple 2000.

Weeks before Election Day, the 2008 cycle has already surpassed \$4.5 billion, \$300 million more than the \$4.2 billion that had been raised by the conclusion of the 2004 cycle. The overall estimated cost of the 2008 election would represent a 27 percent increase over the 2004 cycle. Looking at each party's growth, however, Democrats will have collected 52 percent more money for their congressional and presidential efforts by the end of this election cycle, compared to four years ago. Republican fundraising growth, however, has been a meager 2 percent since '04.

"This election will blow through historic records on a number of counts," said Sheila Krumholz, executive director of the Center for Responsive Politics. "We've marveled for years at the cost of elections, especially during presidential cycles, but this one is the first to cross the \$5 billion mark. At the same time, it's encouraging to see more Americans than ever participating and offsetting the traditional dominance of special interests and wealthy donors who might be expecting payback. The only payback the small donor is expecting is a victory on Election Day. And that's healthier for our democracy."

The Center, which operates the award-winning website OpenSecrets.org and has been tracking the money financing federal elections since the 1980s, based its prediction of the 2008 election's overall cost on fundraising reported to the Federal Election Commission as of Oct. 21 by all candidates for federal office, political party committees and federally focused 527 committees. This conservative estimate also includes independent expenditures on advertising and get-out-the-vote efforts by outside political action committees to support and oppose candidates, and it includes public funding for presidential candidates and estimated fundraising by the host committees of the major parties' summer nominating conventions.

INDUSTRIES, COMPANIES SHOW THEIR STRIPES

The money paying for the election -- the home-stretch advertising, voter mobilization and other campaigning -- is coming largely from the same industries and interests that have funded past elections. Topping the Center's 2008 list of big donors are contributors who list their occupation as "retired" (accounting for at least \$204.3 million), lawyers and law firms (\$180.9 million), the securities/investment industry (\$122.8 million), real estate (\$105.5 million) and health professionals (\$69.6 million). Business interests account for about 72 percent of all contributions, with ideological, labor and other interests making up the rest.

"Among the big-giving industries, the Democrats' advantage is smaller than in the overall election," Krumholz said. "While lawyers remain strongly in the Democrats' camp and Wall Street favors them, too, some of the other top givers -- retirees, real estate and doctors and other health professionals -- are mostly split at this point between the two major parties. Democrats have solid support in a number of traditionally supportive industries, of course, including the entertainment industry and among college professors and other educators, but Republicans can count on contributions from the oil and gas, pharmaceutical and manufacturing industries."

Viewed more broadly, the finance, insurance and real estate [sector](#) once again dominates in political contributions, exceeding \$373 million in the Center's most recent analysis. Democrats have a slight edge with the finance sector.

The [top donors](#) this cycle, based on contributions from their PACs and employees, is dominated by companies in the financial sector, and most of them favor Democrats.

After ActBlue, the online organization that directs individual contributions to progressive candidates, the top corporation in 2008 is once again Goldman Sachs. The global investment bank's employees and PAC have contributed at least \$5 million to the '08 campaign. Citigroup is next at \$4.2 million, followed by JPMorgan Chase & Co. at \$4.1 million. The biggest-giving industry association is the National Association of Realtors, which has given nearly \$3.2 million.

"Wall Street and other industries in the financial sector don't seem to have tightened their belts -- no signs of recession in their political giving. Of course, their contributions may be part of a strategy to continue securing government assistance for their businesses as the economy heads further south," Krumholz said.

INCUMBENTS AND DEMOCRATS HAVE THE ADVANTAGE

All candidates for House and Senate have raised more than \$1.5 billion, based on data available from the FEC on Oct. 21. Incumbents running for re-election continue to have a [huge advantage](#), the Center found. The average Senate incumbent has raised \$8.3 million (which includes money raised since the start of the six-year term in 2003) to the average challenger's \$850,000, an advantage of nearly 10 to 1. For candidates looking to claim an open Senate seat, the average is about \$1.6 million and varies widely depending on the state's size and advertising costs. The incumbent's advantage in the House is also lop-sided. Members of the House have raised approximately \$1.2 million through the 3rd Quarter of this year, on average, while their opponents have raised an average of \$286,000 -- a 4 to 1 edge for the seat-holder. Open-seat candidates have collected about \$497,000. Candidates for Congress in 2008 have spent nearly \$95 million from their own pockets to get elected.

"You can't win a seat in Congress without being personally wealthy or knowing a lot of wealthy people who are willing to back you with their money," Krumholz said. "With Election Day coming up, it's important for candidates and citizens to remember that you can't win without votes, either."

Democrats have outraised Republicans consistently throughout this election cycle, and overall it appears Democrats will end up collecting 59 percent of the money raised in '08. In 2004, there was a nearly even split between the parties.

"The Democrats' takeover of Congress in the 2006 election quickly shifted the fundraising advantage to their side. Money follows power," Krumholz said. "The Republican Party's longtime lead in the campaign finance game has been erased in this election, due to the Democrats' control of the congressional agenda and their side's more skillful use of online fundraising, especially in the presidential race."

If history is any guide, most congressional incumbents should expect to return to Washington next year. In the last five elections, since the 1998 contests, an average of 97 percent of House incumbents have won re-election, as have 86 percent of senators. Even two years ago, when control of Congress shifted to the Democratic Party, 94 percent of House members still won re-election, as did 79 percent of senators.

AFTER A LOUD DEBUT IN 2004, 527s DIAL DOWN

The issue-advocacy groups known as 527 committees, which introduced themselves to voters in 2004, appear to be playing a smaller role in 2008. Overall, 527s have reported \$424 million in fundraising to the Internal Revenue Service in 2007-2008, a 12 percent decrease from the equivalent point during the '04 election. The drop has been even steeper among 527s focused on federal races and issues: down 47 percent. 527s focused on nonfederal races and issues, however, have grown 19 percent over four years ago.

"Fines of 527s by the FEC, court rulings and discouragement by the candidates at the top of the ticket seem to have made these organizations decide it's better to be safe than sorry," Krumholz said. "While some so-called issue groups have shifted to other arenas of political spending that are harder to track, other groups and wealthy individual donors are either playing politics through limited dollars funded through political committees, or they're sitting this one out."

INDIVIDUAL DONORS STILL REPRESENT TINY SLICE OF AMERICA

The Center has identified [more than 1 million individuals](#) who have made a contribution of more than \$200 to federal candidates, parties and PACs, close to the 1.1 million

individuals who showed up in FEC records in [2004](#). The total for 2008 (and for 2004, for that matter) is far higher, however, as only contributors giving more than \$200 must be disclosed by name to the FEC. In 2008, the number of itemized individuals still represents less than one-half of one percent of all adult Americans. Analysts have estimated that, historically, no more than 4 percent of Americans make a contribution of any size to federal politics. By comparison, about 10 percent of American taxpayers elect to dedicate \$3 of their annual tax bill to the presidential public financing system.

"Many new donors have been brought into the fold in 2008, but participation in this element of our democracy isn't representative of the electorate or the nation as a whole," Krumholz said. "The typical campaign contributor showing up in government data is still typically a lawyer, a Wall Street banker, a doctor, a CEO or a college professor at a major university. For all their influence at the polls, guys like Joe the Plumber aren't typically campaign contributors. You're more likely to see John the Bond Trader bankrolling these campaigns."

ABOUT THE CENTER FOR RESPONSIVE POLITICS

Celebrating its 25th year in 2008, the Center for Responsive Politics is the nation's premier research group tracking money in U.S. politics and its effect on elections and public policy. The nonpartisan, nonprofit Center aims to create a more educated voter, an involved citizenry and a more responsive government. CRP's award-winning website, [OpenSecrets.org](#), is the most comprehensive resource for campaign contributions, lobbying data and analysis available anywhere. For other organizations and news media, CRP's exclusive data powers their online features tracking money in politics. CRP relies on support from a combination of foundation grants and individual contributions. The Center accepts no contributions from businesses, labor unions or trade associations.

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