Undermining Democracy:

Michigan’s Failure to Limit Contributions to PACs

Elizabeth Ridlington
Brian Imus
PIRGIM Education Fund

February 2004
Acknowledgments

The Public Interest Research Group in Michigan wishes to thank Barbara Moorhouse and Rich Robinson of the Michigan Campaign Finance Network for their highly valuable peer review of this report. Thanks to Jasmine Vasavada for help in developing this report, to Will Coyne for assistance with data analysis, and to Tony Dutzik and Derek Cressman for editorial support.

The PIRGIM Education Fund thanks the Joyce Foundation for its generous financial support of this project.

The authors alone bear responsibility for any factual errors. The recommendations are those of the PIRGIM Education Fund and do not necessarily reflect the views of our funders.

© 2003 PIRGIM Education Fund

The PIRGIM Education Fund is a nonprofit, nonpartisan 501(c)(3) statewide public interest organization working on consumer, environmental, and good government issues.

For additional copies of this report, send $10 (including shipping) to:
PIRGIM Education Fund
122 South Main, Suite 370
Ann Arbor, MI 48104

For more information about PIRGIM and the PIRGIM Education Fund, please visit our website at www.pirgim.org.
Table of Contents

Executive Summary 5

Introduction 7

The Role of PACs In Financing Elections 9
PAC Activity in Campaigns 9
Rules Governing PACs in Michigan 9

Many Michigan PACs Represent Big Donors, Not Ordinary Citizens 11
Big Money PACs 11
Small Donor PACs 13

Policy Recommendations: Limit Contributions to PACs 15

Methodology 17

Endnotes 19
“To the degree that a corporation could contribute to political candidates, the individuals ‘who created it, who own it, or whom it employs,’ could exceed the bounds imposed on their own contributions by diverting money through the corporation.”

— Justice David Souter

Michigan’s campaign finance laws allow citizens to make large donations to individual candidates and unlimited contributions to political action committees (PACs). This undermines the ability of ordinary citizens to be heard in the political process. The absence of limits on giving to PACs, while just part of the problem, distorts what should be a tool through which ordinary citizens can aggregate their political power into just another route for wealthy citizens to use money to influence elections.

PACs allow individual citizens to aggregate their political power. One person contributing $5 to a campaign might not have much influence, but 100 people contributing $5—and then working together to choose which candidates to support—are more likely to have an impact. This ideal is subverted, however, when wealthy individuals—who already have the option, under current campaign finance laws, of making large contributions to candidates—can use PACs to further aggregate their political power, pushing the views of less-wealthy citizens further to the margins.
As seen in these examples from a portion of the 2002 election cycle, some Michigan PACs are dominated by a few wealthy individuals who made contributions far greater than those feasible for citizens of average means.

- The Detroit Auto Dealers PAC received $379,000 from 177 members. Twenty-nine people gave more than $3,400, the limit the state has established on individual contributions to campaigns. Ninety-one percent of the PAC's funding came from donations over $1,000.

- The Michigan Road Builders PAC raised $154,000. Thirteen people gave more than $3,400 each. Contributions over $1,000 provided 75 percent of the PAC's funds.

- The Great Lakes Education Project (GLEP) raised $1.16 million. One-third of that funding came from just two people. Thirty-one individuals gave over $3,400 each. GLEP received 99 percent of its funding from contributions larger than $1,000.

A number of Michigan PACs can and do operate though they receive smaller contributions.

- M-PACE, the union of social workers, raised $31,000 and represents over 4,000 people. Only three contributors gave more than $100.

- The Livingston Builders’ PAC had funds of $3,200, the result of contributions from 356 people.

By limiting how much money an individual can give to a PAC, Michigan could curb the influence of wealthy individuals in the political process. More importantly, it may help maintain the faith of ordinary citizens in elections. Ending the system under which a small number of individuals can channel vast sums of money into politics and lessen the electoral influence of ordinary citizens is important to ensuring all citizens are equally represented in political decisions.
“There is in this country a widely held belief that special interests have way too much influence in our political systems. This belief discourages citizen participation in our democracy.”

— Representative Dennis Moore, speaking on the floor of the House in support of campaign finance reform, February 12, 2002

Our political system is predicated on the assumption that each citizen is equally represented in and has equal influence over electoral and policy decisions. Ideally, all citizens can communicate with their representatives, organize other concerned citizens, or pursue other routes for making their voices heard.

Contributions from special interest organizations to political candidates have distorted the way in which policy decisions are made, reducing the influence of ordinary citizens. Money potentially can be given to an office holder to achieve some specific policy outcome desired by the giver. More significantly, the pervasiveness of special-interest financing of political campaigns influences who decides to run for office, who is elected, and ultimately what issues are discussed by decision makers.

For decades, Michigan has recognized the negative influence of money in politics and has tried to temper its effects through campaign finance restrictions. Contribution limits cap how much wealthy individuals can give to candidates. Corporations and unions are entirely prohibited from contributing directly to candidates. These limitations are designed
to protect democracy by creating a level playing field, ensuring that citizens of average financial means and wealthy citizens both have a role in funding elections.

Citizen participation in elections can also be enhanced through legislation. Political action committees (PACs) are one common and recognized organizing tool through which citizens can influence policy. PACs are organized by businesses, ideological groups, politicians, labor unions, or trade associations to represent members’ interests. By joining together through a PAC, members seek to exert influence over the political process. The PAC may inform its members about elected officials’ stances on matters of interest to members, contribute to electoral campaigns, and run its own campaigns independent of any candidate.

Ideally, PACs serve as a mechanism for individual citizens to aggregate their political power. One person contributing $5 to a campaign might not have much influence, but 100 people contributing $5—and then working together to choose which candidates to support—are more likely to make an impact on the electoral process.

This ideal is subverted, however, when wealthy individuals—who already have the option, under current Michigan campaign finance laws, of making large contributions to candidates—can use PACs to further aggregate their political power, pushing the views of less-wealthy citizens further to the margins. The problem is further exacerbated when wealthy citizens use PACs to get around limits on individual contributions.

Today, the role of PACs in Michigan elections has strayed from the ideal of providing ordinary citizens a means by which to make their voices heard. Michigan law allows individuals to contribute unlimited amounts to political committees, and some wealthy citizens give tens of thousands of dollars to PACs. While committees of small donors still exist, many PACs are dominated by very wealthy interests.

Ending this unlimited giving has become more urgent with the passage of federal legislation, the Bipartisan Campaign Reform Act of 2002, commonly known as McCain-Feingold. McCain-Feingold leaves unchanged existing federal limits on giving to PACs and raises the limit on contributions from individuals to parties. Its provisions banning corporate and labor contributions to parties and preventing unlimited individual soft money contributions to parties are expected to cause donors to seek other routes through which to influence elections.

One obvious alternative for these wealthy interests is to contribute to state parties and state PACs, particularly in states with high or weak contribution limits. Though those party committees cannot spend money solely to influence federal elections, they can fund efforts that have a joint impact on federal and state elections, such as party-specific get-out-the-vote advertising. Thus Michigan, lacking any limits on contributions to state PACs or state parties, may experience a surge in contributions from the wealthiest donors.

Michigan would be wise to limit contributions to PACs. By capping contribution size, the overwhelming influence that wealthy individuals exert through PACs can be curbed and participation in the political process can be made accessible to a broader range of citizens.

Limits on contributions to PACs can help democratize the influence that money has on the electoral process by allowing all citizens, regardless of their financial wealth, to participate meaningfully. Organizing and direct outreach strategies dependent on volunteers—not fundraising prowess—become the tools of successful campaigns.
PAC Activity in Campaigns

There are nearly 1,000 PACs in Michigan.\(^3\) In the 2002 election cycle, the top 150 PACs raised nearly $33 million.\(^4\) To put this in perspective, consider that state House candidates raised $12.7 million and candidates for state Senate raised $14.0 million, some from PACs.\(^5\) This means that the top 150 PACs raised more money than all candidates for the state legislature combined.

Much of the money PACs raised was given directly to candidates. Candidates use this funding to hire campaign staff, to pay for campaign materials, and to buy television and radio ads. Because individual contributions are limited to $500 for state representative races, $1,000 for state Senate races, and $3,400 for statewide races, candidates seek financial support from PACs, which are able to give up to ten times the individual limit to a single candidate. Thus PACs are important to candidates’ fundraising efforts and prospective office-holders are sensitive to PACs’ preferences.

Money that PACs give directly to candidates does not represent all spending by the PAC. Some PACs make independent expenditures supporting or opposing a candidate. Some also support or oppose candidates under the guise of issue advertising. The latter—often mailings or TV or radio ads—does not have to be reported on the PACs’ contribution disclosure forms.

Rules Governing PACs in Michigan

In Michigan, when two or more citizens together spend over $500 to influence voters in an election they must form a political committee.\(^6\) A political committee in operation for longer than six months and with contributions from at least 25 citizens can become an independent committee. The independent committee can receive contributions of unlimited size from citizens. The PAC’s donations to a candidate are limited to ten times the amount that an individual could give to that candidate: a PAC can
contribute $34,000 to a candidate for attorney general whereas an individual could give only $3,400. The higher cap on contributions by a PAC enables citizens who have common interests to make a larger, combined contribution than any of them would be able to make alone.

Michigan prohibits business and unions from contributing directly to PACs, candidates, or parties, but businesses and unions may establish PACs to which employees or members may contribute voluntarily.

Caucus Committees

An influential subset of independent committees are the political party caucus committees. These groups are formed to support one political party’s candidates for either the Michigan House or Senate.

There are only four caucus committees: one by each major party for both chambers of the Legislature. The caucus committees cannot accept contributions of more than $20,000 per year from any individual. Contributions made by the committees to statewide races are subject to the same limits as independent PACs face. For state House and Senate races, however, the caucus committees can make unlimited contributions.

Table 1. Election Cycle Contribution Limits

<table>
<thead>
<tr>
<th>Office</th>
<th>Individual Contributor</th>
<th>Independent Committee</th>
<th>Caucus Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>$3,400</td>
<td>$34,000</td>
<td>$34,000</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>$3,400</td>
<td>$34,000</td>
<td>$34,000</td>
</tr>
<tr>
<td>Attorney General</td>
<td>$3,400</td>
<td>$34,000</td>
<td>$34,000</td>
</tr>
<tr>
<td>Supreme Court</td>
<td>$3,400</td>
<td>$34,000</td>
<td>$34,000</td>
</tr>
<tr>
<td>State Senate</td>
<td>$1,000</td>
<td>$10,000</td>
<td>unlimited</td>
</tr>
<tr>
<td>State Representative</td>
<td>$500</td>
<td>$5,000</td>
<td>unlimited</td>
</tr>
</tbody>
</table>
Many Michigan PACs Represent Big Donors, Not Ordinary Citizens

Michigan does not limit the size of contributions to PACs, meaning that individuals can give unlimited amounts of money to political committees. Most citizens do not have the financial resources to give vast sums; only those of far above-average wealth are able to contribute thousands of dollars. As a result, a PAC’s finances—and policy positions—can be dominated by a few large donors rather than reflecting the interests of a larger group of citizens.

PIRGIM researchers analyzed contribution records of PACs for which electronic data was available or could be easily compiled. Some organizations already file electronic reports regularly. Others have few enough records that we created a database of contributions.

We selected PACs that represent a range of views in the political spectrum, from left to right, from business-oriented to ideological. Party PACs, while important players within Michigan politics, were excluded from this analysis. Thus our analysis presents just a snapshot of how Michigan PACs receive funding.

Big Money PACs

Big money PACs are supported by individuals with enough wealth that they can afford to give several thousand-dollar contributions. The total assets of these PACs are immense, even though some have relatively few members. Below are examples of some of the big money PACs in Michigan.

Road Builders PAC

Calling itself “the voice of Michigan’s road and bridge building industry,” the Michigan Road Builders Association (MRBA) represents the contractors responsible for almost 90 percent of state-funded road work in Michigan. MRBA promises its members that it can offer them legislative contacts and that it will “lead the way” in advocating increased spending on road work. In reporting periods of the 2002 election cycle that we surveyed, MRBA PAC had contributions of $154,000 provided by 124 members. Donations greater than $1,000 represent 75 percent of the PAC’s funding.
Singh PAC

The Singh PAC is comprised of builders and developers, led by the Singh Development Corporation. According to its web site, the Singh Corporation develops and builds “luxurious custom homes and subdivisions, upscale apartment communities, senior living residences, prestigious office buildings, and high-tech/light industrial properties.” Singh PAC received contributions from 124 members in the portion of the 2002 election cycle we analyzed, with an average contribution of $820. The PAC had $102,000 in total contributions. Over one-third of the PAC’s funding came from donations over $1,000.

Detroit Auto Dealers PAC

The Detroit Auto Dealers Association is the sponsor of the Detroit Auto Dealers PAC (DADPAC). The association promotes “the integral role that the motor vehicle plays in the economy.” DADPAC had 177 members, many of whom work for car dealerships. On average, they contributed $2,140 over a two-year period. This gave DADPAC $379,000 to contribute to other PACs and to candidates who promote car-friendly policies. Donations greater than $1,000 provided 91 percent of DADPAC’s funding.

Ann Arbor PAC

The Ann Arbor PAC has been identified as a “personal PAC” by the Michigan Campaign Finance Network (MCFN), meaning that most of the PAC’s funding and direction comes from just one key person. For the Ann Arbor PAC, that person is Thomas Monaghan, founder of Domino’s Pizza and current president of the conservative Catholic Ave Maria Foundation. Monaghan is the primary backer of the Ann Arbor PAC. In the 2002 election cycle, he contributed $238,000—77 percent—of the PAC’s funds. Thus the PAC is less a vehicle for bundling many small contributions and more a tool with which one individual can give huge sums of money to candidates and campaigns. Ninety-nine percent of Ann Arbor PAC’s funding is provided through donations over $1,000.

Citizens for Michigan

Citizens for Michigan exists almost entirely through the donations of Anthony Soave. Soave is CEO of Soave Enterprises, which began as a waste management firm and now operates a range of businesses—metal recycling, real estate development, automotive retailing, insurance, hydroponic farming, and others. During the portions of the 2002 election cycle that we analyzed, Anthony Soave contributed $210,000 to Citizens for Michigan, 89 percent of its total donations. Of the other 29 people who contributed to Citizens for Michigan, 22 gave just $1, one gave $5, and six gave $2,500 to $5,001 each. Essentially all of Citizens for Michigan’s funding came from donations over $1,000.

Great Lakes Education Project

The Great Lakes Education Project (GLEP) is funded largely by Dick and Betsy DeVos. GLEP advocates for a range of education reforms—including opening more charter schools, raising standards, and making school board elections concurrent with regular elections so as to increase voter turnout. The DeVoses contributed $385,000. They were among the top 18 contributors—each donating $15,000 or more—who gave the PAC 91 percent of its funding. In contrast, the bottom 18 contributors—who donated $10 to $100 apiece—gave less than one hundredth of
a percent. In total, 99 percent of GLEP’s resources came from donations over $1,000.

Small Donor PACs

PACs can and do function by relying on smaller donations. Contribution limits of $1,000 or $100 would have relatively little impact on those Michigan PACs that operate as PACs should in a democracy. These PACs allow individuals with common interests to pool their limited resources and to use their collective resources for influence.

M-PACE

Michigan Political Action for Candidate Election (M-PACE), the Michigan PAC of the National Association of Social Workers, had over 4,000 members in the portion of the 2002 election cycle we analyzed. On average, each member gave $8. Only three contributed more than $100. In total M-PACE raised $31,000. That $31,000 represents the financial support of hundreds of people.

Livingston Builders PAC

The Home Builders Association of Livingston County sponsors the Livingston Builders PAC. The Association includes people involved in residential construction, ranging from builders, electricians, and plumbers to designers and mortgage brokers. The 356 members of the Livingston Builders PAC contributed an average of $9 each. No member gave even $100.

Table 2. Contribution Totals and Averages for Select PACs in the 2002 Election Cycle (excluding first reporting period)

<table>
<thead>
<tr>
<th>PAC</th>
<th>Number of Contributors</th>
<th>Total Funds Received</th>
<th>Mean Contribution</th>
<th>Median Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Lakes Education Project</td>
<td>63</td>
<td>$1,159,269</td>
<td>$18,401.00</td>
<td>$2,000</td>
</tr>
<tr>
<td>Citizens for Michigan</td>
<td>30</td>
<td>$234,633</td>
<td>$7,821.00</td>
<td>$1</td>
</tr>
<tr>
<td>Ann Arbor</td>
<td>42</td>
<td>$310,785</td>
<td>$7,400.00</td>
<td>$7,228</td>
</tr>
<tr>
<td>Detroit Auto Dealers</td>
<td>177</td>
<td>$378,551</td>
<td>$2,138.70</td>
<td>$1,500</td>
</tr>
<tr>
<td>Michigan Health Care Trust</td>
<td>41</td>
<td>$54,410</td>
<td>$1,327.07</td>
<td>$500</td>
</tr>
<tr>
<td>Michigan Road Builders</td>
<td>124</td>
<td>$154,050</td>
<td>$1,242.34</td>
<td>$1,000</td>
</tr>
<tr>
<td>Singh</td>
<td>124</td>
<td>$101,841</td>
<td>$821.30</td>
<td>$850</td>
</tr>
<tr>
<td>Grand Rapids Employees Independent Union PAC</td>
<td>192</td>
<td>$7,957</td>
<td>$41.44</td>
<td>$26</td>
</tr>
<tr>
<td>MI Federation of Teachers &amp; School-Related Personnel</td>
<td>1,834</td>
<td>$39,592</td>
<td>$21.59</td>
<td>$20</td>
</tr>
<tr>
<td>Livingston Builders</td>
<td>356</td>
<td>$3,281</td>
<td>$9.22</td>
<td>$7</td>
</tr>
<tr>
<td>M-PACE</td>
<td>4,067</td>
<td>$30,945</td>
<td>$7.61</td>
<td>$5</td>
</tr>
</tbody>
</table>
Table 3. Contributions by Amount for Select PACs in the 2002 Election Cycle (excluding first reporting period)

<table>
<thead>
<tr>
<th>PAC</th>
<th>% of Funds from &gt; $3,400</th>
<th># of Contribs &gt; $3,400</th>
<th>% of Funds from &gt; $1,000</th>
<th># of Contribs &gt; $1,000</th>
<th># of Contribs &gt; $500</th>
<th># of Contribs &gt; $100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens for Michigan</td>
<td>97.9%</td>
<td>5</td>
<td>100.0%</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Great Lakes Education Project</td>
<td>98.4%</td>
<td>31</td>
<td>99.1%</td>
<td>35</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Ann Arbor</td>
<td>97.2%</td>
<td>8</td>
<td>98.7%</td>
<td>10</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Detroit Auto Dealers</td>
<td>38.6%</td>
<td>29</td>
<td>91.0%</td>
<td>128</td>
<td>171</td>
<td>175</td>
</tr>
<tr>
<td>Michigan Road Builders</td>
<td>32.5%</td>
<td>13</td>
<td>75.3%</td>
<td>46</td>
<td>70</td>
<td>107</td>
</tr>
<tr>
<td>Michigan Health Care Trust</td>
<td>45.9%</td>
<td>1</td>
<td>65.8%</td>
<td>8</td>
<td>21</td>
<td>33</td>
</tr>
<tr>
<td>Singh</td>
<td>10.1%</td>
<td>2</td>
<td>35.2%</td>
<td>17</td>
<td>69</td>
<td>108</td>
</tr>
<tr>
<td>M-PACE</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Livingston Builders</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MI Federation of Teachers and School-Related Personnel</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>Grand Rapids Employees Independent Union PAC</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>16</td>
</tr>
</tbody>
</table>
Policy Recommendation: Limit Contributions to PACs

The PACs analyzed above demonstrate how the lack of limits on contributions to PACs allows PACs to be dominated by wealthy citizens. That suggests the need for the following reforms.

Equalize Contribution Caps

Individuals’ contributions to candidates and to PACs, and PACs’ contributions to candidates should be capped at the same level. Currently, individuals can give unlimited amounts to a PAC. PACs can contribute ten times as much as an individual is permitted to give to an individual candidate.

Michigan’s campaign finance laws are intended to ensure that the concerns of citizens of average financial means are not overshadowed by wealthy special interests. The lack of contribution limits to PACs undermines the ability of ordinary citizens to meaningfully aggregate their political power by pooling their resources through a PAC. Instead, wealthy citizens can donate such vast sums to PACs that the contributions of ordinary citizens...
become relatively less important. To maintain citizens’ faith in the political process, Michigan needs limits on contributions to PACs.

Secondly, these differences in contribution caps create the potential for abuse by offering a route for contributions from one person in excess of the individual contribution limits to be directed to a candidate through a PAC. This can occur in two ways. An individual can establish a PAC, make large contributions to it, and then, because he or she is a main donor, determine how the PAC will spend its money. Or an individual can make a contribution to a PAC and illegally “earmark” it for a specific candidate. Equalizing individual and PAC contribution caps would greatly reduce potential problems.

Lower Contribution Limits
All contributions should be limited to an amount that is affordable for ordinary citizens so as to keep the political process accessible for and sensitive to most people. Contributions to PACs could be restricted to $100 or less, an amount within reach of citizens of average means. In keeping with the recommendation above, individual contribution limits to candidates also should be lowered to $100.

Encourage the Establishment of ”People PACs”
To better empower ordinary citizens and remove the disproportionate influence of wealthy individuals, Michigan could create a new category of PACs called “people PACs.” People PACs would be subject to an even lower contribution limit from each member to further encourage political organizers to reach out to a broad section of the population for support. People PACs would have to limit their spending to $25 per person per year. This means that a people PAC could spend more than an independent or caucus PAC, but only if it had a large enough membership.
We analyzed data for the 2002 election cycle. The state of Michigan considers an election cycle to start on the day after one general election and end on the day of the next general election. The 2002 election cycle extended from Wednesday, November 8, 2000 to Tuesday, November 5, 2002.

Independent committees and political committees are required to report contributions and expenditures three times a year. In odd-numbered years, PACs must file reports on January 31, July 25, and October 25. In even-numbered years, PACs must file reports on April 25, July 25, and October 25. Contribution records for the 2002 election cycle are contained in seven reports, beginning with the January 31, 2001 filing and extending to a portion of the January 31, 2003 report.

We analyzed contributions from the July 2001 reporting period through the end of the 2002 election cycle because that was the period with greatest availability of electronic records. For the PACs that we analyzed that did not file electronic reports, we compiled data from paper records.

<table>
<thead>
<tr>
<th>PAC</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>M-PACE</td>
<td>Electronic records</td>
</tr>
<tr>
<td>Livingston Builders PAC</td>
<td>Electronic records</td>
</tr>
<tr>
<td>MI Federation of Teachers and School-Related Personnel</td>
<td>Electronic records</td>
</tr>
<tr>
<td>Grand Rapids Employees Independent Union PAC</td>
<td>Electronic records</td>
</tr>
<tr>
<td>Michigan Health Care Trust</td>
<td>Electronic records</td>
</tr>
<tr>
<td>Michigan Road Builders</td>
<td>Paper records</td>
</tr>
<tr>
<td>Singh PAC</td>
<td>Electronic records</td>
</tr>
<tr>
<td>Detroit Auto Dealers</td>
<td>Electronic records</td>
</tr>
<tr>
<td>Ann Arbor</td>
<td>Paper records</td>
</tr>
<tr>
<td>Citizens for Michigan</td>
<td>Paper records</td>
</tr>
<tr>
<td>Great Lakes Education Project</td>
<td>Paper records</td>
</tr>
</tbody>
</table>
PACs report the name, address, occupation, and calendar-year giving history for each donor. Many donors contribute multiple times within a year or an election cycle. To accurately count how many members a PAC had, we consolidated multiple donations from one individual into a single record if the name and some other identifying criteria were the same. For example, James McClory contributed $25 to the Ann Arbor PAC on April 9, 2002, and another $25 on May 6, 2002. Because both records also listed the same address for James McClory, we consolidated his two gifts into one record for $50.

If only the name on two records was the same and addresses differed, we did not consolidate the giving history. The result is that the number of donors we tallied for each PAC may be a slight overcount. This will produce a bias that reduces average contribution size, making the results of our analysis conservative.

Because only limited data is available in electronic format, we were not able to analyze the contribution records for every PAC. Instead we had to select a handful of PACs to scrutinize. Thus, this analysis is not a comprehensive study of PAC financing in Michigan. It is only a snapshot of how independent and political PACs are funded.

Beginning in 2004, all PACs will have to file electronic reports of their receipts and expenditures. This will allow a more complete look at how PACs are financed.


8. PACs in Michigan are required to submit three reports each year. Currently, organizations have the option of filing paper or electronic records of their receipts and expenditures. Beginning in 2004, PACs will have to file electronic reports.


