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United States Government Accountability Office  
Washington, DC 20548

September 21, 2010

The Honorable Richard Durbin  
Chairman  
The Honorable Susan Collins  
Ranking Member  
Subcommittee on Financial Services and General Government  
Committee on Appropriations  
United States Senate

The Honorable Charles E. Schumer  
Chairman  
Committee on Rules and Administration  
United States Senate

Subject: *House and Senate Campaign Expenditures: Available Historical Data Limited, but Range of Limited Estimates for Reported Media-Related Expenditures Possible*

This letter formally transmits the enclosed briefing in response to congressional direction in a Senate Appropriations Committee Report (S. Rep. No. 110-129) to report on the 10-year trend in House and Senate campaign costs and the percentage of those costs incurred due to rising broadcast advertising rates.<sup>1</sup> Specifically, we are reporting on the extent to which data on House and Senate campaign operating expenditures, especially media-related expenditures, are available and what the data show about the range of estimates of media-related expenditures as a proportion of itemized operating expenditures. For a summary of the results of our work, see enclosure 1, slide 9. On the basis of the results of our review, we are not making any recommendations for congressional consideration or agency action.

We are sending copies of this report to the Chairman of the Federal Election Commission, as the commission provided the data on which we based our analysis; appropriate congressional committees; and other interested parties. This report will also be available at no charge on our Web site at <http://www.gao.gov>. Should you or your staff have questions concerning this report, please contact me at (202) 512-8777 or [jenkinswo@gao.gov](mailto:jenkinswo@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Mary Catherine L. Hult, Assistant Director; Barbara A. Stolz, Analyst-

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<sup>1</sup>S. Rep. No. 110-129, at 72 (2007).

in-Charge; Jeffery M. Tessin; Amanda K. Miller; Geoffrey R. Hamilton; and Carolyn S. Blocker.

A handwritten signature in black ink that reads "William O. Jenkins". The signature is written in a cursive style with a large, sweeping flourish at the end.

William O. Jenkins  
Director, Homeland Security and Justice Issues

Enclosures – 2

**Enclosure 1: House and Senate Campaign Expenditures: Available Historical Data Limited, but Range of Limited Estimates for Reported Media-Related Expenditures Possible**



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**House and Senate Campaign Expenditures: Available Historical Data Limited, but Range of Limited Estimates for Reported Media-Related Expenditures Possible**

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**Briefing for the  
Subcommittee on Financial Services and General Government  
Committee on Appropriations**

**September 2, 2010**

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For more information, contact William O. Jenkins at (202) 512-8777 or [jenkinswo@gao.gov](mailto:jenkinswo@gao.gov).

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## Briefing Overview

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- Introduction
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## Introduction

- Pursuant to its authority to regulate federal elections, Congress has passed legislation
  - requiring House and Senate campaign committees to disclose publicly the campaign funds that they raise and spend, and
  - establishing the Federal Election Commission (FEC) as an independent regulatory agency to administer and enforce federal campaign finance laws.
- Debates about campaign finance often point to television advertising as a major reason for the high cost of campaigns.
- To help Congress better understand the impact of the cost of political advertising on the overall escalation of the costs of House and Senate campaigns, a Senate Appropriations Committee Report (S. Rep. No. 110-129) directed GAO to report on the 10-year trend in the cost of House and Senate campaigns and the percentage of those costs incurred due to rising broadcast advertising rates.<sup>1</sup>

<sup>1</sup>S. Rep. No. 110-129, at 72 (2007).

## Objectives, Scope, and Methodology

### Objectives

As agreed with your offices, this report addresses the following questions:

- To what extent are data available on the cost of U.S. House and Senate campaigns from 1998 through 2008 and the costs incurred due to broadcast advertising rates?
- What are the trends in reported U.S. House and Senate candidate campaign expenditures over the past 10 years, and what proportion of these expenditures are media-related?

## Objectives, Scope, and Methodology

### Scope and Methodology

To answer the first objective, we identified possible federal, academic, and commercial data sources on House and Senate campaign expenditures and broadcast advertising rates by:

- Reviewing relevant documents, such as congressional campaign committee financial reporting forms and guidance, from the FEC to which House and Senate principal campaign committees are required to report contributions and expenditures;<sup>2</sup>
- Reviewing academic studies;
- Interviewing FEC officials responsible for managing and maintaining campaign disclosure systems that include expenditure data; and

<sup>2</sup>Under the Federal Election Campaign Act of 1971 (Pub. L. No. 92-225, 86 Stat. 3 (1972)), as amended, and FEC implementing regulations, an individual becomes a candidate when a campaign exceeds \$5,000 in either contributions or expenditures and is required to file a Statement of Candidacy (FEC Form 2) designating a principal campaign committee to receive contributions and make expenditures on the candidate's behalf. The committee is required to file reports of receipts and disbursements in accordance with the schedule established in the act (FEC Form 3). Page 5

## Objectives, Scope, and Methodology

### Scope and Methodology (continued)

- Interviewing
  - five media consultants, selected on the basis of party affiliation (Democratic, Republican, and nonpartisan), years of experience, and breadth of political clients (e.g., House, Senate, state, and local candidates in several states), and
  - five academic experts in campaign finance and campaign media advertising, selected from our review of the literature and recommendations of experts.
  - Although the views of the media consultants and academic experts are not representative, they provided general information on the availability and limitations of data to address the mandate.

## Objectives, Scope, and Methodology

### Scope and Methodology (continued)

To address the second objective, we obtained and analyzed electronically available FEC data for operating expenditures<sup>3</sup> for House and Senate principal campaign committees from 1997 through 2008.<sup>4</sup>

- As part of this analysis, we took the following actions to assess the reliability, completeness, and logical consistency of the data for purposes of this objective:
  - Reviewed FEC documents on the development and maintenance of its electronic data system, such as specification requirements for its electronic data system and candidate reporting forms, and interviewed FEC officials to determine how the data were collected and verified;
  - Ascertained the extent to which the data provided were complete and logically consistent;
  - Discussed any anomalies and instances of missing data with FEC officials responsible for managing and maintaining the disclosure systems to identify possible data entry errors, and, as appropriate, adjusted our analysis.

<sup>3</sup>An expenditure includes any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made to influence a federal election. Operating expenditures include day-to-day expenses, such as staff salaries, rent, travel, advertising, telephones, office supplies and equipment, and fundraising.

<sup>4</sup>Dollar values presented are in current dollars. When the values are adjusted for inflation, the same pattern over time exists.

## Objectives, Scope, and Methodology

### Scope and Methodology (continued)

- We found the FEC data to be sufficiently reliable for presenting overall trends in total operating expenditures and developing ranges of estimated media-related expenditures for House and Senate principal campaign committees.
  - Because the FEC data were self-reported by the committees and no standardized reporting requirements exist, the estimates are subject to imprecision and require numerous caveats.
  - Limitations of the estimates and related data reliability and methodological issues are discussed throughout the report; key limitations are highlighted on slides 14 and 15.
- We conducted our work from December 2009 through July 2010 in accordance with all sections of GAO's *Quality Assurance Framework* that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

## Summary

- Using FEC data on itemized operating expenditures by principal campaign committees, it was possible to develop a range of estimates for media-related expenditures, but data were not available to determine the House and Senate campaign costs that were attributable to broadcast advertising rates.
- FEC compiled and provided to GAO electronic databases that included total operating expenditures reported by House and Senate principal campaign committees from 1997 through 2008, and itemized operating expenditures for House candidate committees for the 2004, 2006, and 2008 election cycles and Senate candidate committees for 2007 through 2008.<sup>5</sup> Using these data:
  - Total reported operating expenditures nearly tripled for House candidate committees and approximately doubled for Senate candidate committees during the reporting periods we reviewed.
  - Estimates for total media-related expenditures, as a proportion of total itemized operating expenditures, varied depending on the specific media-related terms used to generate estimates. For all House campaigns, the range of estimates was from 8 to 38 percent for the 2004, 2006, and 2008 election cycles and for all Senate campaigns the range was from 6 to over 40 percent for 2007 through 2008.
  - Estimates of media-related expenditures as a proportion of each campaign's total itemized operating expenditures varied across House and Senate campaigns, using the same media-related terms to generate the estimate.

<sup>5</sup>To standardize the reporting period for purposes of this review, we defined House election cycle as a 2-year calendar period (e.g., January 1, 2005, through December 31, 2006). In contrast, FEC defines a House election cycle as the period beginning on the day after the date of the most recent election and ending on the date of the next election. Since one-third of the Senate, referred to as a class, stands for election every 2 years, we reported Senate expenditure data by 2-year calendar period.

## Background

### House and Senate Campaign Expenditure Reporting Requirements

Federal election campaign law and regulations require the principal campaign committees for House and Senate seats to file reports on contributions and expenditures, but do not require the use of standardized terms to report the purpose of expenditures.

- House and Senate candidate committees must file reports with the FEC. Since 1987, FEC has maintained total operating expenditure data electronically.
  - Since 2001, House candidate committees have been required to use an electronic format for filing with the FEC if either contributions or expenditures exceed or are expected to exceed \$50,000 during the calendar year.
  - Senate candidate committees file on paper with the Secretary of the Senate who forwards a copy to the FEC. Since September 2005, FEC has had itemized expenditure data entered into its electronic data system.
- Campaign finance reports must itemize operating expenditures exceeding \$200 in an election cycle and provide a brief description of the purpose of the expenditure, which, when considered with the identity of the expenditure recipient, should, according to FEC guidance, be sufficiently specific to make its purpose clear.

## Background

### House and Senate Campaign Expenditure Reporting Requirements (continued)

- FEC has guidance on adequate and inadequate descriptions of expenditures.
  - Examples of descriptions of purposes with sufficient detail include:
    - “Media” for an expenditure to a television or radio communication company or
    - “Polling” for an expenditure to a research/communications company.
  - Examples of descriptions of purposes lacking sufficient detail include: administrative expenses, campaign expenses, or consulting.
- According to FEC, expenditures are subject to fewer and less complex requirements than contributions under the Federal Election Campaign Act.
  - However, FEC campaign finance analysts review and evaluate every reported itemized House and Senate campaign operating expenditure.
  - Analysts review reported purposes of expenditures to determine whether they are sufficiently specific, per FEC guidance (See slide 10). If found to be insufficiently specific, a campaign committee may amend its report.
  - In the appropriate circumstances, FEC can conduct a separate review of the sufficiency of the description of purpose to determine whether it meets the statutory and regulatory requirements.

**Objective 1:**



**Data Limited; Range of Media-related Estimates Possible**

Campaign Operating and Media-Related Expenditure Data Available, But Costs That Were Incurred Due to Broadcast Advertising Rates Could Not Be Determined

Data were available on the operating expenditures reported by House and Senate candidate committees from 1997 through 2008, but not in a way that separates the costs that were incurred due to broadcast advertising rates.

- The FEC compiled and provided to GAO electronic databases that included operating expenditure data reported by House and Senate candidate committees from 1997 through 2008 and limited data describing the purpose of these expenditures (e.g., media-related expenses). However, the FEC data do not provide information on broadcast rates.
- The Campaign Media Analysis Group (CMAG) and Wisconsin Advertising Project reported estimates of paid televised political advertising costs, but estimates
  - did not include all media markets and, therefore, not all campaigns, for the entire 10-year period we reviewed,<sup>6</sup> and
  - were based on average, not actual, campaign advertising expenditures.
- Information on broadcast time purchase requests by political candidates are not centrally located, but maintained at stations across the country.<sup>7</sup>

<sup>6</sup>According to a CMAG official, CMAG data cover media markets for all House and Senate campaigns as of the 2006 election cycle.

<sup>7</sup>Under federal law, broadcast licensees are required to maintain and make available for public inspection records of, among other things, broadcast time purchase requests made by or on behalf of a legally qualified candidate for public office.

## Data Limited; Range of Media-related Estimates Possible

### FEC Maintained Limited Itemized Expenditure Data

From electronically available FEC itemized campaign committee data, it is possible to develop a range of estimates for media-related expenditures for House and Senate principal campaign committees.<sup>8</sup> These estimates are subject to imprecision and require numerous caveats because of the limitations of these data (See slides 14 and 15).

- FEC compiled and provided GAO with electronic data bases that included itemized operating expenditure data for
  - House principal campaign committees for the 2004, 2006, and 2008 election cycles, and
  - Senate principal campaign committees from 2007 through 2008.

<sup>8</sup>According to FEC, FEC maintains information disclosed by House and Senate principal campaign committees that provides the amount, date, purpose, payee and payee's address for every itemized expenditure. Although not compiled in comprehensive electronic databases, FEC has this information available on its web site for House committees beginning in May 1996, and for Senate committees beginning in May 15, 2000. Earlier House and Senate information is available from the FEC, and Senate information is also available from the Office of the Secretary of the Senate.

## Data Limited; Range of Media-related Estimates Possible

Despite Limitations of FEC Itemized Campaign Expenditure Data, A Range of Estimates of Campaign Media-related Expenditures Can Be Developed

Despite the limitations of FEC itemized expenditure data, a range of estimates of media-related expenditures can be developed using the purpose of itemized expenditures to create lists of media-related expenditure terms and applying the lists to House and Senate expenditure data.<sup>9</sup>

- According to FEC officials, no standard reporting requirements exist and itemized expenditure descriptions are self-reported in response to an open-ended question.
  - Federal election campaign law requires the identification of the purpose of expenditures, while regulations specify that the “purpose” means a “brief description of why the expenditure was made.”
  - Neither the law nor the regulations require the use of standardized terms to report expenditures. Examples of descriptions that meet such requirements include, for example, dinner expenses, media, salary, polling, and travel.

<sup>9</sup>In a December 17, 2009, letter to the House and Senate Appropriations Committees in response to the *Explanatory Statement for the Omnibus Appropriations Act, 2009*, FEC described a method for developing current media expenditure information for House and Senate campaigns using FEC data.

## Data Limited, Range of Media-related Estimates Possible

Despite Limitations of FEC Itemized Campaign Expenditure Data, A Range of Estimates of Campaign Media-related Expenditures Can Be Developed (continued)

- FEC itemized expenditure data, therefore, have the following limitations:
  - The specificity of terms used to report media-related expenditures varies. Terms may be as precise as “television ad” or as general as “media services.”
  - The consistency of the description of an itemized expenditure reported by campaign committees may vary across committees or for the same committee over time.
  - Campaign committee reports may combine different types of advertising costs (e.g., “media buy, direct mail and postage”) into a single expenditure, depending on the nature of the campaign’s relationship with its vendors. However, because the cost of each item reported in combination cannot be determined, it is impossible to identify specific broadcast or advertising costs.
  - Estimates generated from these data will under or over report media-related expenditures, but it is not possible to determine the amount or direction of such under or over reporting.

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## Data Limited; Range of Media-related Estimates Possible

Despite Limitations of FEC Itemized Campaign Expenditure Data, A Range of Estimates of Campaign Media-related Expenditures Can Be Developed (continued)

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- To develop a range of media-related campaign expenditure estimates, we created the following three lists of media-related terms:
  - All media-related expenditures: includes all media-related advertising and production terms, such as television, radio, cable, newspaper, event, ad buys, signage, and Internet advertising.
  - Broadcast media expenditures: includes those media-related advertising and production terms related to broadcast media, such as television, radio, cable advertising, time buy, airtime, and commercials.
  - Media consultants: includes the term consult with media-related terms such as communications, ad, advertising, television, radio, and video. FEC has provided “consulting-media” as an example of an acceptable entry for the purpose of an expenditure. Expenditures reported using this term may include the cost of producing an ad and media buys paid through a consultant, as well as fees paid to a consultant.

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## Data Limited; Range of Media-related Estimates Possible

Despite Limitations of FEC Itemized Campaign Expenditure Data, A Range of Estimates of Campaign Media-related Expenditures Can Be Developed (continued)

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- From the three lists, we created four categories to generate estimates, ranging from broadest to most narrow:
  - All media-related expenditure and media consulting terms,
  - All media-related expenditure terms,
  - Broadcast media expenditure and media consulting terms, and
  - Broadcast media terms.
- Applying the categories to electronically available itemized operating expenditure data, we generated a range of media-related expenditure estimates.
- Because the estimates and range of estimates are based on the specific terms included in the lists, using other terms would produce different estimates and different ranges of estimates. (See appendix I for further details.)

**Objective 2:**



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## **House and Senate Campaign Media-related Expenditure Estimates**

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- Aggregate reported total operating expenditures for House candidate committees nearly tripled between the 1998 and 2008 election cycles, and for Senate candidate committees approximately doubled during the same time period.
- Estimates of media-related expenditures reported by House candidate committees for the 2004, 2006, and 2008 election cycles ranged from 8 to 38 percent of total itemized operating expenditures within each cycle.
- Estimates of media-related expenditures reported by Senate candidate committees for the 2-year period from 2007 through 2008 ranged from 6 percent to over 40 percent of total itemized operating expenditures.
- However, for House and Senate candidate committees, media-related expenditure estimates, created using the category all media-related expenditure and media consultant terms, as a proportion of each campaign's total itemized operating expenditures, varied across campaigns.

## Media-related Expenditure Estimates

Aggregate Total Operating Expenditures Reported by House Principal Campaign Committees Nearly Tripled between the 1998 and 2008 Election Cycles

**Table 1: Aggregate Total Operating Expenditures Reported by House Campaign Committees for Each Election Cycle from 1998 through 2008**

Total operating expenditures (in dollars)	Election cycle					
	1998	2000	2002	2004	2006	2008
	293,501,133	372,621,860	525,979,829	574,857,230	741,889,182	827,794,776

Source: GAO analysis of Federal Election Commission data.  
 Note: Two calendar years comprise each election cycle. For example, 1998 cycle includes expenditures that principal campaign committees reported making from January 1, 1997, through December 31, 1998.

## Media-related Expenditure Estimates

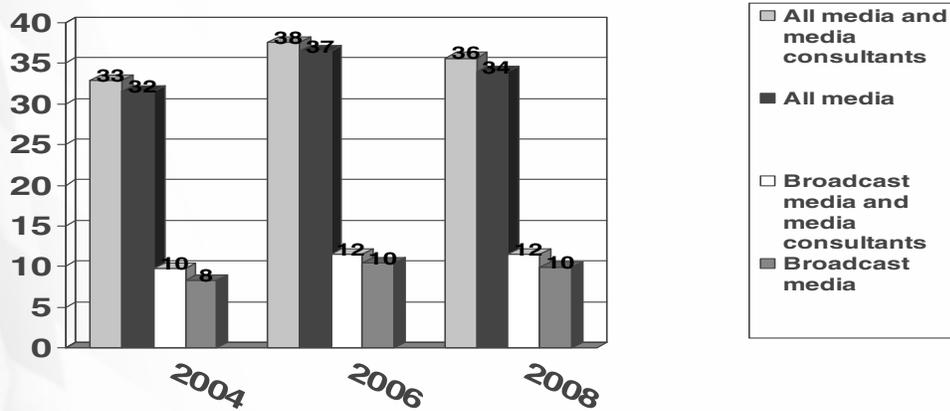
Estimates of Aggregate Media-related Expenditures Ranged from 8 to 38 Percent

- The range of estimates of aggregate media-related expenditures reported by House candidate committees, as a proportion of the total itemized operating expenditures, were 8 to 33, 10 to 38, and 10 to 36 percent for the 2004, 2006, and 2008 election cycles, respectively.
  - For each category of media-related expenditures, the estimates remained stable across the three election cycles. (See slide 21.)
- However, media-related expenditure estimates, created using the category all media-related expenditure and media consultant terms, as a proportion of each campaign's total itemized operating expenditures reported, varied across House campaigns. (See slide 22.)
  - Estimates of the proportion of each House campaign's media-related expenditures ranged from an average of 18 percent to 19 percent for the 2004, 2006, and 2008 election cycles.
  - Between 37 to 65 percent of House committees did not report an itemized expenditure with a media-related purpose in the 2004, 2006, and 2008 election cycles.

## Media-related Expenditure Estimates

Range of Aggregate House Media-Related Expenditure Estimates As a Proportion of Itemized Operating Expenditures for the 2004, 2006, and 2008 Election Cycles

**Figure 1: Range of Aggregate House Media-Related Expenditure Estimates As a Proportion of Itemized Operating Expenditures, 2004 through 2008 Election Cycles**



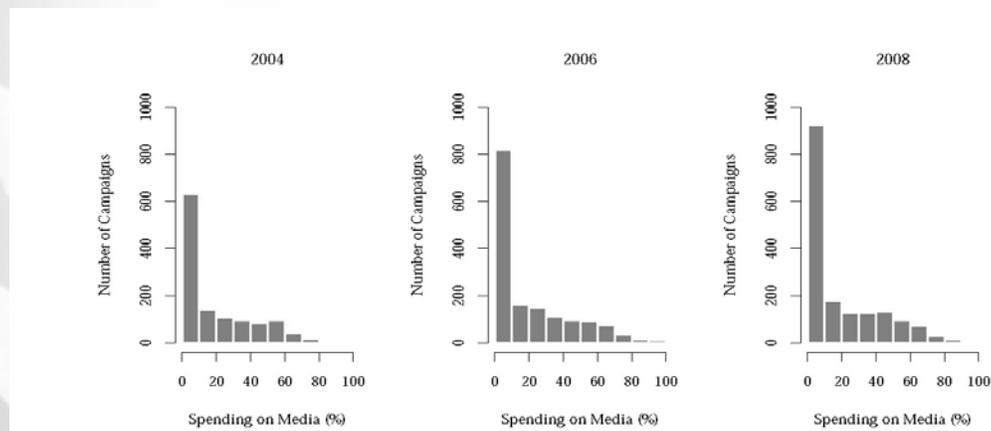
Source: GAO analysis of Federal Election Commission data.

Note: Itemized operating expenditures are not equal to total operating expenditures, as itemized operating expenditures may not include expenditures of less than \$200.

## Media-related Expenditure Estimates

Estimates of All Media-related Expenditures As a Proportion of Each House Campaign's Total Itemized Operating Expenditures Vary by Campaign

**Figure 2: Media-related Expenditure Estimates As a Proportion of Each House Campaign's Total Itemized Operating Expenditures, 2004 through 2008 Election Cycles**



Source: GAO analysis of Federal Election Commission data.  
 Note: Figure includes data from category all media-related expenditures and media consultant expenditures.

## Media-related Expenditure Estimates

Aggregate Total Operating Expenditures Reported by Senate Campaign Committees Approximately Doubled between 1997-1998 and 2007-2008

**Table 2: Aggregate Total Operating Expenditures Reported by Senate Campaign Committees from 1997 through 2008, Reported by 2-year Periods**

Total operating expenditures (in dollars)	Year					2007-2008
	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	
	171,674,293	233,737,754	241,261,092	387,207,435	437,548,365	355,570,233

Source: GAO analysis of Federal Election Commission data.

Note: Each 2-year calendar period includes operating expenditures reported by campaign committees for all three Senate classes at each stage of the 6-year Senate term, with the same pattern of classes and stages reported twice (1997-1998 and 2003-2004, 1999-2000 and 2005-2006, and 2001-2002 and 2007-2008) during the six 2-year periods.

- Aggregate total operating expenditures reported by Senate candidate committees approximately doubled between 1997-1998 and 2007-2008.
- Aggregate total operating expenditures reported by the Senate classes in each comparable 2-year period ranged from about one and a half to more than two times greater in the second period than in the first.

## Media-related Expenditure Estimates

Range of Estimates of Senate Media-Related Expenditures, as a Proportion of Total Itemized Operating Expenditures for 2007 through 2008

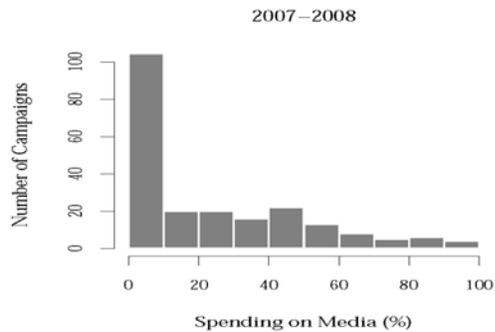
- For 2007 through 2008, the range of estimates of aggregate Senate campaign media-related expenditures as a proportion of the total itemized operating expenditures reported were as follows:<sup>9</sup>
  - All media-related expenditure and media consultant terms—44 percent.
  - All media-related expenditure terms—43 percent.
  - Broadcast media expenditure and media consultant terms—7 percent.
  - Broadcast media terms—6 percent.
- As the Senate media-expenditure estimates were for a single 2-year period, no generalizations about such expenditures in other time periods can be made.
- Within the 2-year period, media-related expenditure estimates, created using the category all media-related expenditure and media consultant terms as a proportion of each Senate campaign's total itemized operating expenditures, varied across Senate campaigns. (See slide 25.)
  - Estimates of the proportion of each Senate campaign's media-related expenditures averaged 15 percent.

<sup>9</sup>Itemized operating expenditures are not equal to total operating expenditures, as itemized operating expenditures may not include expenditures of less than \$200.

## Media-related Expenditure Estimates

Estimates of Media-related Expenditures As a Proportion of Each Senate Campaign's Total Itemized Operating Expenditures Vary across Campaigns

**Figure 3: Media-related Expenditure Estimates As a Proportion of Each Senate Campaign's Total Itemized Operating Expenditures for 2007 through 2008**



Source: GAO analysis of Federal Election Commission data.  
 Note: Figure includes data from category all media-related expenditures and media consultant expenditures.

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## Agency Comment

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- We provided a draft of this report to FEC for review of the data and comment.
  - FEC provided technical comments, which we incorporated into the report, as appropriate.

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### **GAO on the Web**

Web site: <http://www.gao.gov/>

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## **Enclosure 2: Additional Information on the Analysis of Media-Related Spending by House and Senate Campaigns**

This enclosure provides additional details about our methods for estimating whether an expenditure reported by a House or Senate campaign committee was media-related and provides a broader range of media-related spending estimates.<sup>1</sup>

### **Background**

The Federal Election Commission (FEC) collects data on the spending of U.S. House and Senate candidate campaign committees pursuant to the Federal Election Campaign Act.<sup>2</sup> Registered campaign committees must file a FEC Form 3 to describe their spending in defined periods of time, including calendar quarters, 12 days before an election, and 30 days after an election. Committees report information about spending on the FEC Form 3, and specifically, report the itemized amount, recipient, and purpose of any expenditure that exceeds \$200 on the accompanying Schedule B (Line 17).<sup>3</sup>

The “purpose of disbursement” disclosures on Form 3 provide limited information about the products and services that committees purchase. Federal election campaign law requires identification of the purpose of expenditures, and regulations specify that the “purpose” means a “brief description of why the expenditure was made.” Examples of sufficiently detailed entries, as described by FEC guidance, include “media” for an expenditure made to a television or radio communication company and “consultant-media” for an expenditure made to a consultant or consulting company. The level of detail required for statutory and regulatory compliance is not necessarily sufficient to identify whether a committee purchased a particular type of advertising. For example, a committee could describe an expenditure as “media,” without specifying whether the advertising appeared on television. Committees also can combine expenditures into one entry, such as “consulting and media,” which cannot be disaggregated by reviewing the Form 3 only.

Although FEC Form 3 data cannot specifically identify all broadcast advertising expenses, they can be used to develop a range of media-related expenditures for House and Senate principal campaign committees. Because of the ambiguity of the data, we used several methods of estimating whether an expenditure was media-related.

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<sup>1</sup>Operating expenditures include day-to-day expenses, such as staff salaries, rent, travel, advertising, telephones, office supplies and equipment, and fundraising.

<sup>2</sup>The Federal Election Campaign Act of 1971 (Pub. L. No. 92-225, 86 Stat. 3 (1972)), as amended.

<sup>3</sup>Under the Federal Election Campaign Act of 1971 and FEC implementing regulations, an individual becomes a candidate when a campaign exceeds \$5,000 in either contributions or expenditures and is required to file a Statement of Candidacy (FEC Form 2) designating a principal campaign committee to receive contributions and make expenditures on the candidate’s behalf. The committee is required to file reports of receipts and disbursements in accordance with the schedule established in the act (FEC Form 3).

## Period and Unit of Analysis

We limited our analysis to two-year periods for which the FEC was able to provide electronic expenditure data for all principal House and Senate campaign committees.<sup>4</sup> FEC provided us with electronic data for House committees beginning in April 2002 and for Senate committees in September 2005. We further limited our analysis to the three two-year periods between 2003 and 2008 for House committees and to 2007 and 2008 for Senate committees.

Our time periods of analysis differed from FEC's definition of an election cycle. For a particular seat or office, an FEC election cycle for reporting purposes begins on the day after the previous general election and ends on the day of the next general election. Consequently, grouping expenditures within FEC election cycles may not measure all spending for a particular election, because committees may use goods and services before election day but pay for them in the weeks afterward. For example, a committee may report an expenditure in December to pay for television advertisements that aired in the first week of November. Accordingly, we grouped the data into periods of 2 calendar years, rather than FEC election cycles, to link expenditures that occurred between election day and December 31 to the most relevant election.

A two-year period of analysis also helps standardize spending across House and Senate committees, which have two- and six-year election cycles, respectively. Although the electronically available Senate committee data did not include a full six-year election cycle, we were able to analyze spending in the final two years of the 2008 cycle (from 2007 through 2008). This period includes Senate committees at varying stages of their election cycles, including those running for election in 2008, 2010, and 2012. In the attached briefing, we refer to our periods of analysis as "election cycles" for House committees.

We limited our analysis to the principal campaign committees of House and Senate candidates in order to describe the spending of a well-defined population. Although other groups, such as party and political action committees, purchase political advertising, it is more difficult to identify all relevant groups that made expenditures on behalf of candidates in a particular period of time. In contrast, principal campaign committees can be defined and identified easily in any election cycle and often continue to exist across multiple cycles.

For the time period of our analysis, the Form 3 data included a total of 1,522,686 and 198,631 itemized expenditures, described in 71,779 and 13,504 filings, for House and

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<sup>4</sup>According to FEC, FEC maintains information, disclosed by House and Senate principal campaign committees, that provides the amount, date, purpose, payee and payee's address for every itemized expenditure. Although not compiled in comprehensive electronic databases, FEC has this information available on its web site for House committees beginning in May 1996, and for Senate committees beginning in May 15, 2000. Earlier House and Senate information is available from the FEC, and Senate information is also available from the Office of the Secretary of the Senate.

Senate committees, respectively.

## **Measuring Media-Related Spending**

The quantity and imprecision of the itemized expenditure purpose data complicated our measurement of media-related spending. Because committees may describe the purpose of each itemized expenditure with open-ended text, we could not use a set of standardized terms or numeric codes to describe their spending.<sup>5</sup> Instead, we analyzed a broad range of terms that committees used to describe their spending across thousands of filings. Specifically, to measure media-related spending, we developed a set of relevant text patterns (e.g., “ADV” or “TIME BUY”) and then identified which patterns appeared in the itemized expenditures. We developed these patterns using an iterative method of specifying initial text patterns (as discussed below), applying them to the data, and then updating the patterns based on the accuracy of the initial results.

### Creating Initial Text Patterns

We created initial text patterns using terms that were logically related to political advertising and the use of print or broadcast media. We based our initial patterns on those that FEC used in its feasibility assessment.<sup>6</sup> The initial patterns included any of the following text, listed within quotation marks, in the purpose of disbursement field: “ADVER”, “ADS”, “AD”, “CABLE”, “COMMERCIAL”, “TELEV”, “TV”, “BROADCAST”, “MEDIA”, “NEWSP”, or “RADIO”.

We used a computer program to identify whether each itemized expenditure contained any of the initial patterns. For the House and Senate, respectively, we found 96,180 and 8,598 expenditures that matched the initial patterns. We applied the initial patterns to all expenditures provided by FEC, regardless of whether they were collected in periods with complete electronic data, in order to maximize the number of patterns we had available to make coding decisions.

### Assessing the Quality of the Initial Coding

We then examined the coding results that the initial text patterns and automated search process produced. A manual review allowed us to describe the text patterns that committees used, which may vary from the patterns that one might expect in advance. This approach reflected our strategy of estimating a range of expenditures, based on the specificity of the descriptions that committees actually used.

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<sup>5</sup>FEC provides standardized numeric codes that committees may use to describe their itemized expenditures, but does not require them to do so. We could not use these codes to analyze the expenditure data, particularly the “004” code that committees may use to indicate an expenditure on “advertising,” because committees do not use these codes consistently.

<sup>6</sup>In a December 17, 2009, letter to the House and Senate Appropriations Committees in response to the *Explanatory Statement for the Omnibus Appropriations Act, 2009*, FEC described a method for developing current media expenditure information for House and Senate campaigns using FEC data.

Three team members reviewed all of the expenditures initially coded as media-related. Each team member used her own judgment to determine whether the computerized coding rule accurately identified a media-related expenditure. Due to the number of expenditures and imprecision of the data, the team members did not apply a precise, preexisting coding rule or conduct a content or measurement reliability analysis. Because the review process was exploratory rather than confirmatory, the results may be unique to our coding rules and source of data.

We identified a number of “false-positive” text patterns that seemed related to media or advertising but, upon further review, appeared to measure spending for other purposes. For example, “COMMERCIAL” in reference to bank transactions, airlines, or insurance was not related to advertising. We also identified terms unrelated to advertising that included the text pattern “AD”, such as “BREAD,” “LETTERHEAD,” “OVERHEAD,” and “TOLL ROAD FEES.” Similarly, we excluded expenditures described as “GOTV”—an acronym for efforts to “get out the vote” by canvassing or driving voters to the polls—because they were not television advertising.

The same team members also reviewed random samples of expenditures initially coded as unrelated to media. We drew three independent, systematic random samples of expenditures without media-related terms, stratified by reporting date and candidate campaign committee.<sup>7</sup> We selected one out of every 40 expenditures (approximately 2.5 percent) for a combined total of 131,574 expenditures for the House and 20,481 expenditures for the Senate. We designed the samples to explore different measurement decisions using a representative group of expenditures, not to estimate statistical parameters. Reviewing these expenditures helped ensure that we assessed the possibility of false-negative misclassifications (i.e., expenditures incorrectly coded as not being media-related). For example, our initial text pattern did not code “PRINT BUYS” as being media-related. After our manual review, we included this exact pattern but not any description that contained “PRINT”. Campaigns could use “PRINT” to describe print advertising, but they could also use it to describe spending on unrelated goods and services, such as “LETTERHEAD PRINTING” and “COMPUTER PRINTERS”.

### Refining the Initial Coding Rule

We revised the initial list of text patterns based on our review of the initial measurement decisions, in order to avoid false-positives and false-negatives. The final list included four groups of patterns. The first group included all terms related to advertising and broadcast and print media. The second group included a subset of terms in the first group that were specifically related to broadcast advertising. The third and fourth groups included terms related to the use of consultants. Campaigns sometimes pay for advertising through consultants specializing in media, media-buying, and political strategy. We identified patterns that appeared to indicate the use

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<sup>7</sup>Stratified sampling, or sampling that draws sample members from within groups, increased the chance that the expenditures included a representative list of purposes used by each candidate, in each reporting period.

of consultants, such as “CONSULT”, in order to measure this type of spending. Accordingly, the third group included any terms related to consulting, and the fourth group included a subset of these terms that were related to media or advertising. The third and fourth groups both excluded terms that were clearly unrelated to media, such as “LEGAL” or “FUND-RAISING”. Table 1 lists the text patterns that determined whether we classified an expenditure into each of the four groups.

**Table 1: Text Patterns Coded as Being Media-Related**

Group of expenditures	Text pattern
<b>Media</b>	
Media 1: All media-related	“ADVERT” “ADS ” “AD” “AD” with (“/” “.” “_” “.”) in the subsequent character position allowed “ADV” with (“/” “.” “_” “.”) in the subsequent character position allowed “ADVT ” with (“/” “.” “_” “.”) in the subsequent character position allowed “CABLE” but not (“SUBSCRIPT”, “SERVICE”, “GOTV”, “TVL”, “FAX”, “DELIVERY”, “CLIPPING”, “COPIES”, or “UTIL”) and (amount of expenditure exceeds \$300) “TELEV” but not (“SUBSCRIPT”, “SERVICE”, “GOTV”, “TVL”, “FAX”, “DELIVERY”, “CLIPPING”, “COPIES”, or “UTIL”) and (amount of expenditure exceeds \$300) “TV” but not (“SUBSCRIPT”, “SERVICE”, “GOTV”, “TVL”, “FAX”, “DELIVERY”, “CLIPPING”, “COPIES”, or “UTIL”) and (amount of expenditure exceeds \$300) “BROADCAST” but not (“SUBSCRIPT”, “SERVICE”, “GOTV”, “TVL”, “FAX”, “DELIVERY”, “CLIPPING”, “COPIES”, or “UTIL”) and (amount of expenditure exceeds \$300) “NEWSP” but not (“SUBSCRIPT”, “SERVICE”, “GOTV”, “TVL”, “FAX”, “DELIVERY”, “CLIPPING”, “COPIES”, or “UTIL”) and (amount of expenditure exceeds \$300) “PRODUCTION” but not (“SUBSCRIPT”, “SERVICE”, “GOTV”, “TVL”, “FAX”, “DELIVERY”, “CLIPPING”, “COPIES”, or “UTIL”) and (amount of expenditure exceeds \$300) “MEDIA” “COMMERCIALS” “AIRTIME” “RADIO” “INSERT” “PRINT BUY” “TIME BUY” “AD BUY” “AIRTIME BUY” “VIDEO” “AUDIO” “FILM” “SPOT”
Media 2: Broadcast media	Terms for Media 1, but must also include any of the following terms related to television or radio: “CABLE”, “TELEV”, “TV”, “BROADCAST”, “COMMERCIALS”, “AIRTIME”, “RADIO”, “TIME BUY”, “VIDEO”, “AUDIO”, “FILM”, or “SPOT”.
<b>Consulting</b>	
Consulting 1: All consulting	“CONSULT” but not (“LEGAL”, “FINAN”, “ACCOUNT”, “REAL ESTATE”, “FUND-RAISING”, “COMPLIANCE”, “FIELD”, “GOTV”, “MAIL”, “POLLING”, “RESEARCH”)
Consulting 2: Media consulting	“CONSULT” and (“MEDIA”, “COMMUNICATION”, “AD”, “ADV”, “PRODUCTION”, “TELEV”, “TV”, “MESSAGE”, “ADVERT”, “MESSAGE”, “RADIO”, or “VIDEO”) but not (“LEGAL”, “FINAN”, “ACCOUNT”, “REAL ESTATE”, “FUND-RAISING”, “COMPLIANCE”, “FIELD”, “GOTV”, “MAIL”, “POLLING”, “RESEARCH”)

Source: GAO analysis of FEC data.

Note: The table lists text patterns used to measure whether an itemized expenditure reported on FEC Form 3 paid for media or advertising.

In our manual review, we identified expenditures of less than \$100 that committees described as “CABLE TV” or “TV”. These expenditures appeared to be office subscriptions, because a committee identified the recipient as a cable television service provider rather than a media production company. For example, recipients of recurring “CABLE TV” expenditures of \$57 or \$34.98 were “COMCAST” and “DISH NETWORK”. To avoid these false-positives, we assumed that an expenditure was media-related if it matched several text patterns in the “media” sub-groups and if the amount exceeded \$300. For example, an expenditure described as “CABLE” was coded as media-related only if it exceeded \$300. Because cable and newspaper subscriptions are less likely to exceed \$300 than advertising purchases, this coding rule helps distinguish each type of expenditure.

We used the four groups of text patterns in table 1 to create six partially overlapping categories of media spending, as shown in table 2.<sup>8</sup>

**Table 2: Categories of Media-Related Spending**

Category	Media		Consulting	
	Media 1	Media 2	Consulting 1	Consulting 2
1. All media-related, all consulting	X		X	
2. All media-related, media consulting	X			X
3. All media-related, no consulting	X			
4. Broadcast media, all consulting		X	X	
5. Broadcast media, media consulting		X		X
6. Broadcast media, no consulting		X		

Source: GAO analysis.

We used multiple definitions to gauge the sensitivity of our results to alternative choices about which text patterns to include or exclude. Our estimates of media-related expenditures should decrease between definitions 1, 2, and 3 and between definitions 4, 5, and 6, as the scope of the definitions narrows. In the attached briefing, we excluded measures that used the “all consulting” text patterns, in order to focus on the types of consulting most relevant to media and advertising.

## Results

To develop estimates for each of the six categories in table 2, we coded each itemized expenditure for media content using the text entered on the “purpose of disbursement” line of FEC Form 3, Schedule B. We then aggregated the estimates to the level of campaign committees and two-year periods for which FEC had compiled and provided electronic databases. Specifically, we developed our estimates using data for House committees from 2003 through 2008 and for Senate committees from 2007 through 2008. We estimated media-related spending for groups of committees at various levels of total itemized operating expenditure, which partially controls for

<sup>8</sup>We implemented the coding rules using a SAS statistical analysis program and PERL syntax for regular text expressions.

campaign resources and candidate strength. Committees may vary in their use of media due to differences in the size of their budgets.

### Use of Any Media

Thirty-five to 63 percent of House committees reported any itemized expenditure with a media-related purpose in the 2004, 2006, and 2008 election cycles across our six measures. The use of any media increased from 54 percent of committees in 2004 to 58 percent in 2008, using the “all media-related, media consulting” measure. The change over time ranged from 0 to 5 percentage points using the five other measures. Our measurement decisions cause our estimates to vary by 23 to 28 percentage points, depending on the period, which reflects the imprecision in defining media use with the descriptors coded in the FEC data.

Senate committees were similarly likely to report any itemized expenditure with a media-related purpose. The proportion ranged from 34 percent to 63 percent in the 2007 through 2008 time period. Our measurement decisions account for all of this variation, due to the fact that the electronically available data we analyzed were for one two-year period.

Both House and Senate committees were more likely to report at least one itemized media-related expenditure as their total itemized operating expenditure increased. In the 2004 election cycle, for example, 36 percent of House committees with less than \$400,000 in total itemized operating expenditure reported any expenditure that matched the “all media-related, media consulting” text pattern, as compared to 100 percent of House committees with more than \$1 million in total itemized operating expenditure. These proportions for Senate committees were 38 percent and 99 percent, respectively, in 2007 through 2008.

### Total Spending on Media

The majority of reported expenditures by House and Senate committees do not indicate purchasing media-related products or services. For House committees, we estimate that from 8 to 41 percent of the total itemized operating expenditures reported in the 2004, 2006, and 2008 election cycles, across the categories, were media-related. For Senate committees, our estimated proportions range from 6 percent to 46 percent in 2007 through 2008, as shown in table 3.<sup>9</sup>

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<sup>9</sup>This variation may reflect differences in each committee’s stage of the six-year election cycle. Because the electronic data we analyzed were for one two-year period, we were unable to analyze a complete cycle.

**Table 3: Total Media-Related Expenditures by Principal House and Senate Campaign Committees, and Media-Related Expenditures as a Percentage of Total Itemized Operating Expenditures, by Time Period**

Category		House			Senate
		2003-2004	2005-2006	2007-2008	2007-2008
<b>All Media, All Consulting</b>	<b>Total</b>	\$225,433,212	\$327,778,907	\$341,277,727	\$219,664,454
	<b>Percentage</b>	37.1	41.1	38.6	46.1
<b>All Media, Media Consulting</b>	<b>Total</b>	\$200,352,204	\$299,330,670	\$314,973,379	\$207,469,060
	<b>Percentage</b>	32.9	37.6	35.7	43.6
<b>All Media, No Consulting</b>	<b>Total</b>	\$191,846,842	\$290,903,898	\$300,238,875	\$202,614,409
	<b>Percentage</b>	31.5	36.5	34.0	42.5
<b>Broadcast Media, All Consulting</b>	<b>Total</b>	\$84,367,304	\$120,370,207	\$128,436,272	\$46,471,134
	<b>Percentage</b>	13.9	15.1	14.5	9.8
<b>Broadcast Media, Media Consulting</b>	<b>Total</b>	\$59,174,871	\$91,908,992	\$102,129,840	\$34,257,994
	<b>Percentage</b>	9.7	11.5	11.6	7.2
<b>Broadcast Media, No Consulting</b>	<b>Total</b>	\$50,780,934	\$83,495,198	\$87,397,421	\$29,421,089
	<b>Percentage</b>	8.4	10.5	9.9	6.2

Source: GAO analysis of FEC Form 3 data.

Note: Expenditure estimates do not sum because the categories of media-related spending are not mutually exclusive. The total itemized operating expenditures, by time period, for House are: \$608,260,574 for 2003-2004; \$796,682,472 for 2005-2006; and \$883,428,651 for 2007-2008; and for the Senate are \$476,417,293 for 2007-2008.

Media-related spending by House committees did not increase by a large amount between the 2004 and 2008 election cycles. Based on our “all media-related, media consulting” measure, the proportion of total itemized operating expenditures on media was about 33 percent in 2004, 38 percent in 2006, and 36 percent in 2008—an increase of 3 percentage points over the six-year period. The change over time varies from 1 to 2 percentage points, using the five alternative measures.

Our estimates change by larger amounts when we use different definitions of media (e.g., all media-related versus broadcast media) than when we use different definitions of consulting (e.g., all consulting versus media consulting) to code the data. For House committees, our estimates decrease by 23 to 26 percentage points in the three election cycles, from a maximum of 41 percent in 2006 to a minimum of 8 percent in 2004, when we limit our definition of media to text patterns that include broadcast media terms, without changing the definition of consulting. The same estimates for Senate committees decrease by 36 to 37 percentage points, from a maximum of 46 percentage points to a minimum of 6 percentage points. In contrast, our estimates vary by 4 to 6 percentage points for the House and by 3 to 4 percentage points for the Senate when we change the definition of consulting but not the definition of media.

Media-related expenditures represent a larger proportion of total itemized operating expenditure for committees that spent more overall. Among House committees with

more than \$1 million in total itemized operating expenditure, from 41 to 49 percent of the total expenditure was for media-related purposes, based on our three “all media-related” measures and all three election cycles. By comparison, the same proportions among House committees with less than \$400,000 in total itemized operating expenditure ranged from 15 percent to 24 percent. For Senate committees, these proportions ranged from 41 percent to 45 percent among those with more than \$1 million in total itemized operating expenditure, as compared to 15 percent to 21 percent among those with less than \$400,000.<sup>10</sup> When using our “broadcast media, media consulting” measure, the differences between the groups spending the least and the most were 5 percent to 9 percent for the House and 3 percent to 8 percent for the Senate.

### Variation in Media-Related Spending Across Committees

The proportion of itemized operating expenditures spent on media by each committee varied widely across committees. The average proportion of each committee’s total itemized operating expenditure spent for media-related purposes varied from 5 percent to 24 percent for House committees and from 3 percent to 19 percent for Senate committees, depending on the measure and period. The median proportion varied from 0 percent to 17 percent for House committees and from 0 percent to 7 percent for Senate committees, as shown in table 4.

**Table 4: Mean and Median Proportion of Total Itemized Operating Expenditures Spent on Media-Related Purposes for Each Principal House and Senate Campaign Committee, by Time Period**

Category		House			Senate
		2003-2004	2005-2006	2007-2008	2007-2008
All Media, All Consulting	Median	17%	17%	14%	7%
	Mean	24	24	23	19
All Media, Media Consulting	Median	9	7	7	1
	Mean	19	19	18	15
All Media, No Consulting	Median	7	7	5	1
	Mean	18	19	18	14
Broadcast Media, All Consulting	Median	5	3	3	2
	Mean	12	11	10	8
Broadcast Media, Media Consulting	Median	0	0	0	0
	Mean	7	7	6	5
Broadcast Media, No Consulting	Median	0	0	0	0
	Mean	6	6	5	3

Source: GAO analysis of FEC Form 3 data.

<sup>10</sup>Because the electronically available Senate committee data we analyzed were for one two-year period and not a complete, six-year election cycle, this association may reflect differences in the use of media at different stages of the election cycle.

The lower proportions spent for media-related purposes by each committee, as compared to the proportion spent by all committees in the same time period, suggests that the distribution of media spending is skewed toward a small number of committees that spend a larger amount of money on media. In the 2004 election cycle, for example, 630 out of the 1,225 House committees with any itemized operating expenditures (51 percent) spent between 0 percent and 10 percent of that expenditure for media-related purposes, using the “all media-related, media consulting” measure. For the Senate, in 2007 through 2008, the proportion of such Senate committees in the 0 percent to 10 percent range was 66 percent. Nevertheless, a small number of committees spent larger sums. In 2004 election cycle, 114 of the 1,672 House committees (7 percent) reported at least \$600,000 in itemized media expenditures. These results suggest that the majority of committees spend relatively smaller sums on media, measured in dollars or as a proportion of their budgets, but also that a small number of committees account for a large proportion of the total spending.

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