"Comparing FEC Expenditure Data with Facebook Ad Library Totals"

Comments Submitted on Rulemaking with Respect to REG 2021-02 Subvendor Reporting

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Summary
This analysis compares FEC expenditures by U.S. House candidates in the 2019-2020 cycle with Facebook Ad Library totals for candidates between January 2019 and Election Day 2020. We use the "Name" and "Purpose" fields in the FEC data to tag expenditures explicitly identified as Facebook-related. We total these explicitly labeled Facebook expenditures and compare them with the Ad Library totals. The results suggest that the FEC data systematically undercount Facebook ad spending, making it challenging to use the FEC databases to estimate spending on specific digital ad platforms. **We support amending existing regulations to require committee filers to report how an agent or independent contractor spends money on their behalf**. Our analysis suggests that the undercount of the Ad Library totals primarily comes from FEC expenditures to consultants that label expenditures without reference to specific sub-vendors (i.e., as "media buys" versus Facebook ads). More generally, a requirement for more detailed itemization of expenditures or disbursements made by an agent or independent contractor will facilitate more accurate assessments of how money in federal elections is spent.

The **Wesleyan Media Project** (WMP) provides real-time tracking and analysis of political advertising in an effort to increase transparency in elections. Housed in Wesleyan University's Quantitative Analysis Center (QAC) – part of the Allbritton Center for the Study of Public Life – the Wesleyan Media Project is the successor to the Wisconsin Advertising Project, which disbanded in 2009. It is directed by Erika Franklin Fowler, professor of government at Wesleyan University, Michael M. Franz, professor of government at Bowdoin College and Travis N. Ridout, professor of political science at Washington State University. WMP personnel include Laura Baum (Associate Director), Pavel Oleinikov (Associate Director, QAC), Markus Neumann (Post-Doctoral Fellow), and Jielu Yao (Post-Doctoral Fellow).

"Comparing FEC Expenditure Data with Facebook Ad Library Totals"

The "operating expenditures" database at the Federal Election Commission (FEC) is an invaluable source of data on how candidates, PACs, and political parties spend money in federal elections. Collaborators at the Wesleyan Media Project (WMP) have used the data to total the cost of federal elections, to evaluate the amount of money allocated to political advertising, and to estimate the effect of spending on election outcomes. The WMP is also interested in tracking spending by candidates, parties, and groups on certain digital ad platforms, such as Facebook and Google. Our experience, however, is that the FEC data make calculating such spending on specific digital platforms challenging, as purpose designations are often too broad and payments to consultants and agents often mask final payments to specific vendors for the purchase of digital ads. Our goal in this brief report is to provide a comparison of the FEC data with publicly available data from Facebook on ad payments to that platform. We focus here on U.S. House candidates in the 2019-2020 election cycle.

For **FEC data**, we downloaded the "operating expenditures" database from the "bulk data" section of the Federal Election Commission website.[1] One advantage of these data is the comprehensiveness of Purpose designations. Of the 2.3 million records in the 2019-2020 file—inclusive of all committee filers—over 99 percent of the entries have a purpose listed. This makes possible a whole range of analyses of spending in federal elections. We used the text of the "Name" and "Purpose" fields to search the text in each entry for "facebook" and tagged those expenditures as Facebook-related.

For **Facebook ads**, data come from the company's publicly available Ad Library aggregate reports.[2] We looked for pages attached to each candidate. Aggregate report entries are provided for each page name and disclaimer combination. Totals discussed here reflect spending between January 5, 2019, and Election Day 2020. These totals are calculated by subtracting the reported cumulative spending in Facebook's early 2019 report from the aggregate report issued right after Election Day 2020.[3]

We conducted two types of analyses on House candidates in the 2019-2020 election cycle. The first:

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[1] https://www.fec.gov/data/browse-data/?tab=bulk-data
[2] https://www.facebook.com/ads/library/report/?source=archive-landing-page&country=US
[3] Each cumulative aggregate report issued by Facebook includes spending totals for entities back to the Library's release in May 2018. It is not possible to designate start and end dates for a customized aggregate report. As such, we download each weekly report, which allows us to back out estimates for a specific set of weeks. It should also be noted that in early January 2019 Facebook did not include page IDs (a unique identifier) for each entry in the aggregate report. Because pages can have the same name, a unique identifier for each page would be required to definitively identify an aggregate report entry, which Facebook does not provide going backward. Therefore, we did our best to associate each entry in the January 5, 2019 report with a page ID, which we had access to through the library API.

*Instances where the candidate reported some spending to the FEC
that was tagged as "Facebook"-related. This could be when
Facebook was the vendor or when a purpose code for an expenditure
was labeled as "Facebook ads." There is no double-counting if
Facebook is listed as a vendor <u>and</u> in the purpose designations for a
single expenditure.[4]*

For these instances:
- ➔ We looked only at cases where Facebook spending from the FEC <u>and</u> from the Facebook Library was greater than 0.
- ➔ 659 U.S. House candidates were in the Facebook Library and reported some Facebook-related expenditures to the FEC
- ➔ The correlation of these spending totals is 0.88
- ➔ In 519 cases, the FEC total is <u>lower</u> than the Facebook Library total. The mean difference is $32,000, where the maximum difference was $1.68 million. That was Adam Schiff, who had $1,725,422 in spending reported in the Facebook Library for 2019-2020 but only $44,000 in explicitly labeled Facebook-related expenditures in the FEC data.
- ➔ We show the top 20 instances of Facebook under-counting in Table 1 at the end of this report.
- ➔ In 136 cases, the FEC total is greater than the Facebook Library total. The mean difference is $4,400, where the maximum difference was $54,000. That was Paul Gosar (H0AZ01259), who used a vendor, ROE STRATEGIC, to purchase his Facebook ads. It is conceivable that those expenditures included consulting fees related to the production and design of the ads.[5] In another instance, Aja Smith (H8CA41170) had $67,500 in Facebook-tagged expenditures, but the Facebook Ad Library totals only $37,539. This is because all of Smith's FEC expenditures were to CONNELL DONATELLI, INC. and JOBOB, LLC and some of these were identified as "Facebook and Google" ads. This makes it impossible to know how those expenditures were allocated across the two digital platforms.
- ➔ In 4 cases the FEC and Facebook totals matched exactly.
- ➔ <u>Bottom line</u>: it is clear that FEC expenditure reports generally undercount spending directed to Facebook, based on using a "Facebook-related" designation from the vendor and purpose designations. Expenditures might be otherwise be labeled as "advertising" or "media" or even "digital media," but they do not tag those expenditures as Facebook ads. Thus, the FEC expenditure reports are not sufficient for tracking Facebook digital expenditures.

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[4] We also avoid double-counting by investigating the "BACK_REF_TRAN_ID" field to identify duplicate payments (i.e., for a credit charge and the ultimate vendor).

[5] There are also instances in the data where the FEC expenditure totals are higher than the Facebook Library report <u>and</u> where the FEC totals are all payments directly to Facebook. This is the case, for example, for Rishi Kumar (H0CA18068), who reported $171,144 in direct payments to Facebook for ads, but where the Ad Library report only totals $123,815. These instances are rare, however.

Our second analysis looked at:

> *Instances where the candidate did not report <u>any</u> "Facebook"-related spending to the FEC but where the Facebook Library has some spending reported for that candidate.*

For these instances:
- ➜ There were 826 candidates with no Facebook-related spending in the FEC data but that did have Facebook totals from the platform library.
- ➜ The mean Library total for those candidates was $40,188, with the largest being $2.13 million. That was Nancy Pelosi (H8CA05035). She does report a series of expenditures to WELL & LIGHTHOUSE, LLC for "digital advertisements," but these are not tagged as Facebook expenditures specifically.
- ➜ We show the top 20 instances of these Facebook under-counting totals in Table 2 at the end of this report.

In conclusion, researchers are increasingly interested in tracking expenditures by federal candidates and committees on digital advertisements. Specifically, payments to Facebook and Google are of primary importance for scholars who write about elections and journalists who track specific campaigns. One question pertains to the differential allocation of payments to different digital ad platforms, such as Facebook and Google. This is analogous to wanting to know the difference in how candidates allocate spending on traditional broadcast platforms, such as radio and television. The FEC expenditure reports can only get scholars, journalists, and interested citizens so far if payments to agents or independent contractors mask payments to sub-vendors. We recommend that the FEC require committee filers to report how an agent or independent contractor spends money on their behalf.

We support the Petition for Rulemaking submitted by the Campaign Legal Center and the Center on Science & Technology Policy at Duke University. The Petition asks the Commission to amend its regulations at 11 CFR 104.3(b), 109.10(e), and 104.20(c).

Table 1: Top 20 Totals for 2020 House Candidates with <u>Some</u> Facebook Spending in the FEC Data

FEC ID	State	District	Candidate Name	Party	Status	FEC Facebook $	Facebook Library $	Difference
H0CA27085	CA	28	SCHIFF, ADAM	DEM	INCUMBENT	$44,661	$1,725,422	-$1,680,761
H0MN05178	MN	5	JOHNSON, LACY	REP	CHALLENGER	$24,971	$1,506,706	-$1,481,735
H6CA22125	CA	23	MCCARTHY, KEVIN	REP	INCUMBENT	$258	$1,424,191	-$1,423,933
H0CA43108	CA	43	COLLINS, JOE	REP	CHALLENGER	$507,609	$1,293,925	-$786,316
H0NC08254	NC	8	TIMMONS-GOODSON, PATRICIA	DEM	CHALLENGER	$16,395	$777,408	-$761,013
H4NY21079	NY	21	STEFANIK, ELISE M.	REP	INCUMBENT	$14,280	$688,300	-$674,020
H8CA20059	CA	22	NUNES, DEVIN G.	REP	INCUMBENT	$220,159	$847,178	-$627,019
H0CA48198	CA	48	STEEL, MICHELLE	REP	CHALLENGER	$14,256	$426,840	-$412,584
H0NV03132	NV	3	RODIMER, DAN	REP	CHALLENGER	$23,921	$413,226	-$389,305
H0NC11233	NC	11	CATHORN, DAVID MADISON	REP	OPEN	$1,600	$343,172	-$341,572
H8MN05239	MN	5	OMAR, ILHAN	DFL	INCUMBENT	$5,347	$321,995	-$316,648
H0IA01174	IA	1	ARENHOLZ, ASHLEY HINSON	REP	CHALLENGER	$4,943	$317,204	-$312,261
H0AR02206	AR	2	ELLIOTT, JOYCE ANN SENATOR	DEM	CHALLENGER	$8,993	$293,717	-$284,724
H8VA07094	VA	7	SPANBERGER, ABIGAIL	DEM	INCUMBENT	$10,807	$285,579	-$274,772
H8MN01279	MN	1	FEEHAN, DANIEL	DFL	CHALLENGER	$2,948	$234,717	-$231,769
H0OK05205	OK	5	BICE, STEPHANIE	REP	CHALLENGER	$3,243	$219,814	-$216,571
H6IL08147	IL	8	KRISHNAMOORTHI, S. RAJA	DEM	INCUMBENT	$37,546	$208,607	-$171,061
H0MO02254	MO	2	SCHUPP, JILL DARLYNE	DEM	CHALLENGER	$500	$163,120	-$162,620
H8NE02220	NE	2	EASTMAN, KARA	DEM	CHALLENGER	$2,380	$161,863	-$159,483
H8NY19058	NY	16	ENGEL, ELIOT L.	DEM	INCUMBENT	$2,072	$150,721	-$148,649

Table 2: Top 20 Totals for 2020 House Candidates with <u>No</u> Facebook Spending in the FEC Data

FEC ID	State	District	Candidate Name	Party	Status	FEC Facebook $	Facebook Library $
H8CA05035	CA	12	PELOSI, NANCY	DEM	INCUMBENT	$0	$2,133,241
H6OH04082	OH	4	JORDAN, JAMES D.	REP	INCUMBENT	$0	$1,384,693
H0MD07197	MD	7	KLACIK, KIMBERLY	REP	CHALLENGER	$0	$1,175,075
H0TX21148	TX	21	DAVIS, WENDY	DEM	CHALLENGER	$0	$814,988
H8CA39240	CA	39	KIM, YOUNG	REP	CHALLENGER	$0	$760,440
H8CA45130	CA	45	PORTER, KATHERINE	DEM	INCUMBENT	$0	$726,307
H0NY14296	NY	14	CUMMINGS, JOHN C.	REP	CHALLENGER	$0	$661,895
H8NY11113	NY	11	ROSE, MAX	DEM	INCUMBENT	$0	$500,240
H8SC01116	SC	1	CUNNINGHAM, JOE	DEM	INCUMBENT	$0	$444,241
H8CA50098	CA	50	CAMPA-NAJJAR, AMMAR	DEM	OPEN	$0	$401,330
H0FL13158	FL	13	PAULINA LUNA, ANNA	REP	CHALLENGER	$0	$392,163
H8IL14174	IL	14	UNDERWOOD, LAUREN	DEM	INCUMBENT	$0	$355,267
H0OR04107	OR	4	SKARLATOS, ALEK	REP	CHALLENGER	$0	$353,786
H8NJ02166	NJ	2	VAN DREW, JEFF MR	REP	INCUMBENT	$0	$341,176
H8NJ03206	NJ	3	KIM, ANDY	DEM	INCUMBENT	$0	$330,877
H0SC01394	SC	1	MACE, NANCY	REP	CHALLENGER	$0	$283,995
H6FL18097	FL	18	MAST, BRIAN	REP	INCUMBENT	$0	$280,226
H8GA06393	GA	6	MCBATH, LUCIA KAY MS.	DEM	INCUMBENT	$0	$278,727
H6PA08277	PA	1	FITZPATRICK, BRIAN	REP	INCUMBENT	$0	$252,956
H8VA02111	VA	2	LURIA, ELAINE	DEM	INCUMBENT	$0	$252,917