

Campaign Finance Reform

Reform Act of 1974

Total Spending in Recent Campaign Cycles

	2000	2002	2004	2006	2008
House	563	608	645	853	936
Senate	447	322	490	559	420
POTUS	582		824		1,325

All numbers in millions



EARLY
MONEY
IS
LIKE
YEAST

Federal Elections

Commission is designed

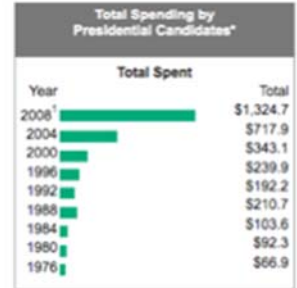
to:

Federal Election Campaign Act (FECA) of 1972 & 1974

FECA had overall goals of tightening reporting requirements for contributions and limiting overall expenditures. Some highlights are:

1. Created the Federal Election Commission (FEC) to administer campaign finance laws and enforce compliance with their requirements
2. Created the public financing system.

FECA '74 tried to reform the proliferation of money in politics; however, it ironically led to the increased use of PACs.



⇒ Political Action Committees (PACs):

◆ Organized to _____ for political parties and _____ to elect and defeat candidates. Considered “_____” of interest groups. _____ formed the first PAC in 1944 to raise money for the re-election of President FDR. Money came from contributions from union members. A PAC will collect money from a group’s employees or members and make contributions in the name of the PAC to candidates and political parties.

Can give

- ⊙ _____ to a candidate committee per election (primary, general or special)
- ⊙ _____ annually to any national political party committee.
- ⊙ _____ annually to any other PAC

May receive

- ⊙ _____ from any one individual, PAC or party committee per calendar year.
- ⊙ Must register with _____ within 10 days of its creation.

◆ THREE TYPES of PACS:

- 1) _____: to _____, _____, or recognized _____: Microsoft & Teamsters Union. May solicit contributions from employees or members and make contributions in the PACs name to candidates or political parties.
- 2) _____: raise and spend money to elect candidates-- from any party. Made up of individuals or groups not connected to a corporation, labor group or political party: National Rifle Association and Emily's List are examples. May solicit contributions from general public of U.S. citizens and permanent residents.
- 3) _____: formed by politicians to help fund campaigns of other politicians. Politicians often create such PACs to “prove” their party loyalty or further their goal of being elected to a higher office. They may be more temporary for a particular election cycle.

What are superpacs?

⇒ 527 Organizations:

A _____ group organized under section 527 of the IRS tax code.

Purpose: Raise money for political activities including voter mobilization efforts and issue advocacy. Influence the _____, _____, _____, or _____ of candidates for public office.

Not regulated by the _____ and not subject to same campaign limits as PACs. Required by the FEC to file regular disclosure reports if it is a political party or political action committee (PAC) that engages in activities expressly advocating the election or defeat of a federal candidate, or in electioneering communications. Many 527s run by special interest groups can raise unlimited "soft money," which can be use for voter mobilization and certain types of issue advocacy.

What is public financing?

Public Financing

Public funds come from the voluntary \$3 check-off on your income taxes.

1. Candidates are able to get **PRIMARY ELECTION** matching funds (the government matches the first \$250 of each individual contribution). If the candidates accept these matching funds, they must accept spending limits. In 2008 this amount was \$42 million dollars. There are also state-by-state limits; for example, in MN the amount was \$2.6 million. The limits are in proportion to the Voting Age Population (VAP). Candidates have begun to decline this assistance so they can spend as much as they want. Candidates are eligible for matching funds if they get 5% in the previous election.
2. Political conventions are financed. In 2008, both major parties were allocated \$50 million dollars for their convention.
3. Candidates are eligible for **GENERAL ELECTION** funds. If candidates accept these funds, they are bound to accept spending limits. The amount of government support in 2008 was \$84 million. Barack Obama was the first candidate in history to turn this amount down.

Buckley v. Valeo (1976)

As soon as FECA passed, it was challenged in the Supreme Court.

What was the impact of the Buckley v. Valeo Case?

<i>Main provisions of FECA challenged by Buckley v. Valeo (1976)</i>	<i>SCOTUS Ruling</i>
Limits on contributions to candidates if they accept public funding	OK
Disclosure of contributions to the FEC	OK
Public financing of Presidential elections	OK
Limits on candidate expenditures even if the candidate doesn't accept public funding	NO
Limits on candidate expenditures of their own money	NO
Ban on all independent expenditures (money spent by other groups independent of the campaign)	NO

If I write a check for \$500 to John McCain for President, is that the same as me "saying" I support him?



The Court had to decide when campaign spending could be equated with free speech (and thus constitutionally protected).

The court puts **freedom of speech** on one side of the scale and **fair elections** on the other. On the issues the court said were constitutional, they viewed fair elections as weighing more than an individual's freedom of speech (therefore restricting individual freedom).

On the other hand, the court struck down restrictions on candidates spending money on their own campaigns. They saw these restrictions as too heavy an infringement on a person's speech.

BCRA – AKA McCain/Feingold (2002)



On March 27, 2002, President Bush signed into law the Bipartisan Campaign Reform Act of 2002 (BCRA). The BCRA contains many substantial and technical changes to the federal campaign finance law. The law went into effect the day after the 2002 Midterm elections. The BCRA was immediately challenged in court. More than 80 plaintiffs objected to the BCRA including the ACLU, RNC, NRA, AFL-CIO, the Democratic Party of California, and Senator Mitch McConnell (R - KY). The case was officially called *McConnell v FEC*.

Many of the legislators who voted for the bill did so because it was politically risky to vote against a bill that was supposed to “clean up politics.” Many legislators voted for the BCRA to curry favor with their constituents and then crossed their fingers and hoped that the SCOTUS would find much of it unconstitutional. The SCOTUS upheld the majority of the law.

What is the impact of the Bipartisan Campaign Reform Act also called the McCain-Feingold Act?

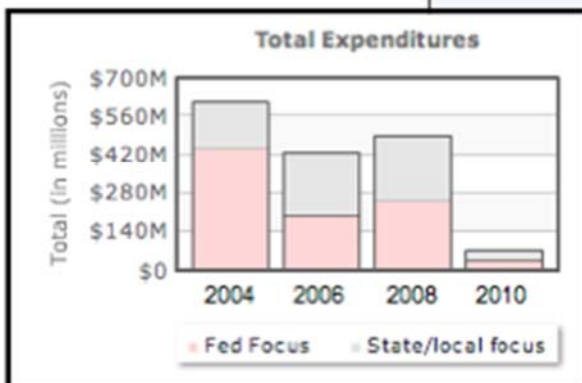
2010 Contribution Limits



	To any candidate committee (per election ¹)	To any national party committee (per year)	To any PAC, state/local party, or other political committee (per year)	Aggregate total
Individual can give:	Pre-BCRA			
	\$1,000	\$20,000	\$5,000	\$25,000 per year
	2010 Cycle⁴			
	\$2,400, subject to aggregate limit	\$30,400 per party committee, subject to aggregate limit	\$10,000 to each state or local party committee (Levin funds) \$5,000 to each PAC or other political committee, subject to aggregate limit	\$115,500 per two-year election cycle as follows: • \$45,600 per cycle to candidates; and • \$69,900 per cycle to all national party committees and PACs (of which no more than \$45,600 per cycle can go to PACs)

527 Spending

527 groups can receive unlimited contributions (and accept unlimited donations). The money must be spent on “issue advocacy” and cannot use the word “vote” in any advertisements. Swift Boat Veterans for Truth is the classic example.



Another loophole – 501(c) Groups — Nonprofit, tax-exempt groups organized under section 501(c) of the Internal Revenue Code that can engage in varying amounts of political activity, depending on the type of group. **501(c)(4)** groups are commonly called “social welfare” organizations that may engage in political activities, as long as these activities do not become their