

INFORM. INSPIRE. DEVELOP CIVIC LEADERS.

THE POLICY CIRCLE

CAMPAIGN FINANCE



➤ WHY DO CAMPAIGNS NEED MONEY? ◀

THE MAIN PURPOSES OF CAMPAIGN SPENDING ARE TO GENERATE NAME RECOGNITION AND REACH POTENTIAL VOTERS WITH A CANDIDATE'S MESSAGE. LIKE ANY ENTERPRISE, POLITICAL CAMPAIGNS NEED RESOURCES TO FUND THE ACTIVITIES THAT WILL HELP GET THE CANDIDATE ELECTED. THE AMOUNTS VARY GREATLY, DEPENDING ON THE TYPE OF RACE, WHETHER THE RACE IS CONTESTED, WHETHER IT IS NATIONAL, STATE, OR LOCAL, AND THE COSTS OF MEDIA (I.E., BUYING AIRTIME) IN THE MARKET.

CAMPAIGNS USE MONEY TO PAY CONSULTING FEES AND SALARY TO POLITICAL ADVISORS AND CAMPAIGN STAFF; FOR TRAVEL, EVENTS, SUPPLIES/EQUIPMENT, RESEARCH/POLLING, AND OFFICE SPACE; AND FOR POLITICAL ADVERTISING. MONEY IS SPENT DIFFERENTLY DEPENDING ON THE TYPE OF ORGANIZATION, THE ACTIVITIES THEY ARE ALLOWED TO ENGAGE IN, AND ANY RELEVANT LAWS. HARD MONEY GOES DIRECTLY TO CANDIDATES AND IS TIGHTLY LIMITED BY CAMPAIGN FINANCE LAWS. THE LIMITATIONS MAKE IT HARD TO RAISE, BUT FEW RESTRICTIONS MAKE IT EASY TO SPEND. SOFT MONEY CANNOT GO DIRECTLY TO A CANDIDATE OR A CAMPAIGN, AND CAN ONLY BE USED FOR "PARTY-BUILDING ACTIVITIES," SUCH AS ADVOCATING THE PASSAGE OF A LAW AND VOTER REGISTRATION, AND NOT FOR ADVOCATING A PARTICULAR CANDIDATE IN AN ELECTION."



➤ FACTS TO KNOW ◀



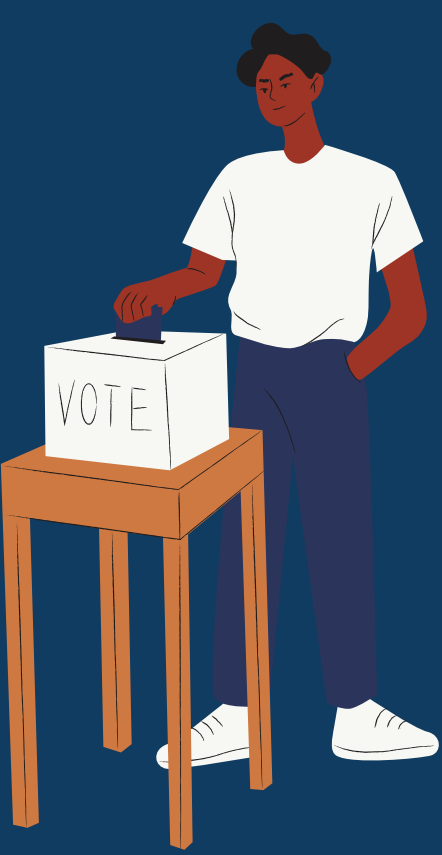
ONCE AN INDIVIDUAL HAS RAISED OR SPENT MORE THAN \$5,000, HE OR SHE MUST REGISTER WITH THE FEDERAL FEC AS A CANDIDATE AND TRANSFER FUNDS INTO A CAMPAIGN ACCOUNT, WHOSE FUNDS WILL BE DISCLOSED.

POLITICAL AD SPENDING ROSE BY \$1 BILLION BETWEEN 2008 AND 2012, AND BY \$2 BILLION BETWEEN 2012 AND 2016, REACHING ALMOST \$9 BILLION IN 2018.

THE SHARE OF WOMEN GIVING AT LEAST \$200 TO POLITICAL CAMPAIGNS ROSE TO OVER 43% DURING THE 2020 ELECTION CYCLE AFTER NEVER RISING HIGHER THAN 28% DURING THE 1990S.

IN 2016, LABOR UNIONS CONTRIBUTED OVER \$217 MILLION TO POLITICAL CAMPAIGNS AND 501(C)S ONLY ACCOUNTED FOR A SMALL SLICE OF POLITICAL SPENDING, 5% IN 2012 AND 3% IN 2016.

GOVERNMENT INVOLVEMENT



THE FEDERAL ELECTION COMMISSION (FEC) OVERSEES FEDERAL ELECTIONS. THIS INDEPENDENT REGULATORY AGENCY ADMINISTERS AND ENFORCES FEDERAL CAMPAIGN FINANCE LAW, MEANING IT HAS JURISDICTION OVER U.S. HOUSE, SENATE, PRESIDENTIAL AND VICE PRESIDENTIAL CAMPAIGN FINANCE. FEDERAL CAMPAIGN FINANCE LAW FOCUSES ON PUBLIC FINANCING OF PRESIDENTIAL CAMPAIGNS, PUBLIC DISCLOSURE OF FUNDS RAISED AND CONTRIBUTED TO FEDERAL POLITICAL CANDIDATES, AND LIMITS ON SUCH CONTRIBUTIONS AND EXPENDITURES.

STATES SET THEIR OWN CAMPAIGN FINANCE LAWS, BUT THEY MUST COMPLY WITH FEDERAL LAW, WITH FEDERAL SUPREME COURT DECISIONS, AND WITH COURT DECISIONS FROM THEIR LOCAL CIRCUIT OR STATE. ALL STATES HAVE A GOVERNING BODY FOR CAMPAIGNS WHICH OVERSEES STATE AND LOCAL ELECTIONS, EITHER THROUGH A STATE BOARD OF ELECTIONS, ITS OFFICE OF THE SECRETARY OF STATE, AN ETHICS COMMISSION, OR ANOTHER CAMPAIGN FINANCE-TYPE REGULATORY BODY.

VOTE NOW

IN THE EARLY 1900S, "ALLEGATIONS THAT CORPORATIONS HAD EXERTED OUTSIZE INFLUENCE ON PRIOR PRESIDENTIAL ELECTIONS" PROMPTED THE PASSAGE OF THE TILLMAN ACT IN 1907. CONGRESS ENACTED SEVERAL MORE PIECES OF LEGISLATION INCLUDING THE 1910 FEDERAL CORRUPT PRACTICE ACT, THE 1939 HATCH ACT, AND THE 1947 TAFT-HARTLEY ACT, ALL OF WHICH ESTABLISHED CAMPAIGN FINANCE LIMITATIONS, REGULATIONS, AND DISCLOSURE REQUIREMENTS. THE MULTIPLE LAWS PROVED DIFFICULT TO ENFORCE SINCE THERE WAS NO SINGLE FRAMEWORK. CONGRESS ENACTED IN 2002 THE BIPARTISAN CAMPAIGN REFORM ACT TO ADDRESS ISSUE ADVOCACY AND SOFT MONEY.

STRICT SCRUTINY IS THE GUIDE USED BY THE SUPREME COURT WHEN IT COMES BALANCING CAMPAIGN FINANCE RESTRICTIONS AND FREEDOM OF SPEECH RIGHTS. "ONCE A COURT DETERMINES THAT STRICT SCRUTINY MUST BE APPLIED, IT IS PRESUMED THAT THE LAW OR POLICY IS UNCONSTITUTIONAL. THE GOVERNMENT HAS THE BURDEN OF PROVING THAT THE CHALLENGED POLICY IS CONSTITUTIONAL. TO WITHSTAND STRICT SCRUTINY, THE GOVERNMENT MUST SHOW THAT ITS POLICY IS NECESSARY TO ACHIEVE A COMPELLING STATE INTEREST. IF THIS IS PROVED, THE STATE MUST THEN DEMONSTRATE THAT THE LEGISLATION IS NARROWLY TAILORED TO ACHIEVE THE INTENDED RESULT."





➤ COURT CASES ◀



BUCKLEY V. VALEO (1976) DEFINED WHAT INDIVIDUALS CAN AND CANNOT DO WITH RESPECT TO CAMPAIGN DONATIONS. THE SUPREME COURT RULED THAT "POLITICAL CAMPAIGN SPENDING LIMITS VIOLATED THE FIRST AMENDMENT" BECAUSE THEY "RESTRICT THE QUANTITY OF CAMPAIGN SPEECH BY INDIVIDUALS, GROUPS AND CANDIDATES." THE COURT LET STAND A FEDERAL CANDIDATE CONTRIBUTION LIMIT.

A NON-PROFIT GROUP CALLED CITIZENS UNITED WANTED TO AIR A MOVIE DURING THE FINAL WEEKS BEFORE THE 2008 DEMOCRATIC PRIMARY ELECTION. THE BIPARTISAN CAMPAIGN REFORM ACT "BANNED THE BROADCAST, CABLE OR SATELLITE TRANSMISSION OF 'ELECTIONEERING COMMUNICATIONS' PAID FOR BY CORPORATIONS OR LABOR UNIONS FROM THEIR GENERAL FUNDS IN THE 30 DAYS BEFORE A PRESIDENTIAL PRIMARY AND IN THE 60 DAYS BEFORE THE GENERAL ELECTIONS." IN 2010, THE SUPREME COURT DETERMINED THAT "ACROSS-THE-BOARD BANS ON CORPORATE OR UNION EXPENDITURES ARE UNCONSTITUTIONAL." THE FEDERAL BAN ON CONTRIBUTIONS BY FOREIGN NATIONALS, THE RESTRICTION ON CONTRIBUTIONS TO CANDIDATES BY CORPORATIONS, AND THE SPONSOR DISCLOSURE REQUIREMENTS REMAINED LAW.

PRIOR TO MCCUTCHEON V FEC (2014), THERE WAS A DIRECT LIMIT TO CANDIDATES (AS THERE IS NOW) BUT ALSO A BROAD UMBRELLA LIMIT. THE COURTS OVERTURNED THE BROAD, AGGREGATE LIMIT. CHIEF JUSTICE JOHN ROBERTS "REAFFIRMED THE FEDERAL GOVERNMENT'S RIGHT TO PLACE CERTAIN LIMITS ON CAMPAIGN CONTRIBUTIONS 'TO PROTECT AGAINST CORRUPTION'" BUT MAINTAINED, "THERE IS NO RIGHT MORE BASIC IN OUR DEMOCRACY THAN THE RIGHT TO PARTICIPATE IN ELECTING OUR POLITICAL LEADERS...WE HAVE MADE CLEAR THAT CONGRESS MAY NOT REGULATE CONTRIBUTIONS SIMPLY TO REDUCE THE AMOUNT OF MONEY IN POLITICS, OR TO RESTRICT THE POLITICAL PARTICIPATION OF SOME IN ORDER TO ENHANCE THE RELATIVE INFLUENCE OF OTHERS."

THE SUPREME COURT RULED IN JANUS V AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME) (2018) "THAT PUBLIC SECTOR UNIONS CANNOT REQUIRE NON-MEMBER EMPLOYEES TO PAY AGENCY FEES COVERING THE COSTS OF NON-POLITICAL UNION ACTIVITIES." IN 2017, UNIONS REPRESENTED ABOUT 40% OF THE PUBLIC SECTOR WORKERS, ALMOST 8 MILLION WORKERS. THIS LEVEL OF MEMBERSHIP GIVES PUBLIC SECTOR UNIONS "CONSIDERABLE POLITICAL INFLUENCE AT THE LOCAL, STATE, AND FEDERAL LEVELS."



\$ ➤ CONTRIBUTING TO CAMPAIGNS ◀ \$

YOU MAY CONTRIBUTE AS MUCH MONEY AS YOU LIKE TO A 501(C)(3), (C)(4), (C)(5), OR (C)(6), OR A SUPER PAC, WHICH CONDUCTS INDEPENDENT EXPENDITURES. BY LAW, THERE ARE NO LIMITS ON "INDEPENDENT EXPENDITURES, OR CONTRIBUTIONS TO GROUPS THAT ONLY MAKE INDEPENDENT EXPENDITURES." IF YOU ARE CONTRIBUTING DIRECTLY TO A CANDIDATE, TO A POLITICAL PARTY, OR TO A POLITICAL ACTION COMMITTEE (PAC), THERE ARE LIMITS ON THE AMOUNT YOU CAN CONTRIBUTE. AT THE FEDERAL LEVEL, THE FEC SETS THE LIMIT; FOR STATE ELECTIONS, THE LIMIT VARIES BY STATE.

IN MOST SITUATIONS, WHEN YOU DONATE MONEY, YOU ARE REQUIRED TO DISCLOSE YOUR NAME, TO WHOM YOU DONATED, YOUR ADDRESS, YOUR OCCUPATION, AND YOUR EMPLOYER. THAT INFORMATION IS HELD IN A PUBLIC DATABASE, AND OTHER MEMBERS OF THE PUBLIC (INCLUDING JOURNALISTS) MAY ACCESS IT. IF YOU CONTRIBUTE TO A FEDERAL CANDIDATE, SUPER PAC, PAC OR TO A POLITICAL PARTY ORGANIZATION (LIKE THE RNC/DNC), DONATIONS OVER \$200 ARE DISCLOSED. THIS THRESHOLD AT THE STATE LEVEL VARIES FROM \$20-\$300.

501(C)(3) AND 501(C)(4) ORGANIZATIONS ARE NOT REQUIRED TO PUBLICLY DISCLOSE DONOR INFORMATION. A 501(C)(3) IS PRECLUDED FROM DOING MOST POLITICAL ACTIVITY, AND A 501(C)(4) CAN ONLY SPEND 50% OF ITS RESOURCES ON POLITICAL ACTIVITIES. 527 ORGANIZATIONS ARE NOT SUBJECT TO FEC REPORTING REQUIREMENTS, BUT THEY ARE SUBJECT TO IRS REPORTING.

➤ WHAT YOU CAN DO ◀

MEASURE -

DO YOU KNOW HOW CAMPAIGNS ARE FINANCED IN YOUR COMMUNITY OR STATE? WHAT ARE YOUR STATE'S LAWS CAMPAIGN FINANCE LAWS? IS THERE A COALITION/TASK FORCE/ORGANIZATION/PROJECT ON CITIZEN FUNDING IN YOUR COMMUNITY?



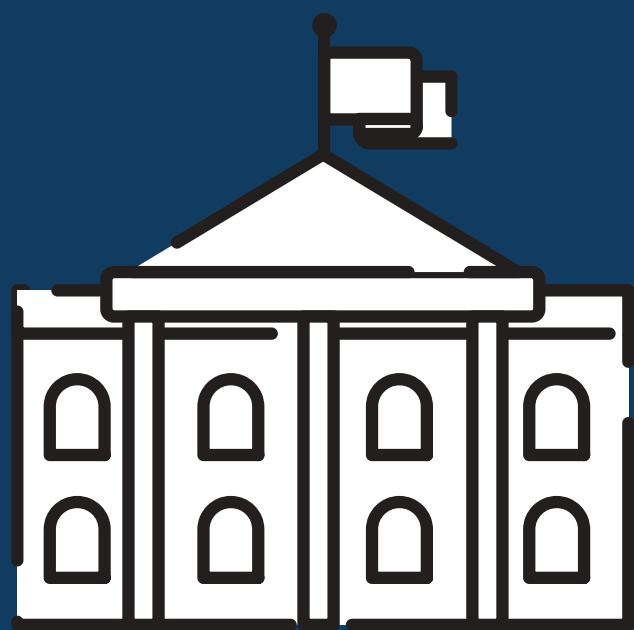
IDENTIFY -

WHO ARE THE MEMBERS OF COALITIONS, BOARDS, OR COMMITTEES IN YOUR STATE? WHAT STEPS HAVE YOUR STATE'S/COMMUNITY'S ELECTED/APPOINTED OFFICIALS TAKEN?



REACH OUT -

FIND ALLIES IN YOUR COMMUNITY OR IN NEARBY TOWNS AND ELSEWHERE IN THE STATE. FOSTER COLLABORATIVE RELATIONSHIPS WITH LOCAL BUSINESSES, COMMUNITY ORGANIZATIONS, AND SCHOOL BOARDS.



PLAN -

SET MILESTONES BASED ON YOUR STATE'S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.



EXECUTE -

SEARCH FOR ARTICLES ABOUT CANDIDATES THAT INTEREST YOU. RESEARCH WHAT GROUPS ARE SUPPORTING EACH OF THE CANDIDATES. RESEARCHING THESE GROUPS MIGHT ENCOURAGE YOU TO DONATE TO A POLITICAL ORGANIZATION SUPPORTING YOUR CAUSE INSTEAD OF TO THE CANDIDATE DIRECTLY, OR TO CONTRIBUTE TO A CANDIDATE AND ALSO TO A PHILOSOPHICALLY ALIGNED ORGANIZATION. DONATE – CANDIDATES AND ORGANIZATIONS MAKE IT VERY EASY TO DONATE AND INCLUDE THE “DONATE NOW” BUTTON ON THEIR HOMEPAGE,

