Political Campaign Handout
Finance

Political Campaigns

Working for political campaigns is a great way to help influence government and policy, while learning, networking, and making friends at the same time. Campaign operations are of such a nature that they will accommodate and work around your employment, school, and family schedules. After all, most national campaigns need as many "boots on the ground" as possible in order to be competitive in the electoral process. A winning campaign will place candidates in office that can dramatically alter the substance and tenor of American politics. Thus, campaign workers are an integral part of instituting and shaping political change.

Making a Difference

In 2006, Virginia Senator George Allen had to apologize for what his opponent's campaign deemed demeaning and insensitive comments made by the senator about a 20-year-old campaign volunteer of Indian descent. S.R. Sidarth—a volunteer for Democrat James Webb—was following and videotaping Allen on the campaign trail (a common task for campaign volunteers). Allen referred to Sidarth as "macaca" and told him, "Welcome to America. Welcome to the real world of Virginia." After Sidarth posted footage of the incident on the Internet, an outcry went up over the Senator's comments. The incident also provoked debate over the proper treatment of volunteers working for opposition campaigns.

What you can do:

- Contact your local political party headquarters and request information on all the campaigns and candidates. This same information can be obtained by contacting your state's Secretary of State (in most states this office is charged with overseeing the state's election process and mechanism).
- Go door-to-door discussing a candidate's views.
- Work campaign booths at state fairs and other public events. You may even get the chance to give a stump speech on behalf of your candidate.
- Work at campaign headquarters where you can man phone-banks, send out mailers, act as a "gofer," or work as an aide directly for the candidate.

Public Campaign Financing

Money and Campaigning

There is no doubt that campaigns are expensive and, in America's high-tech political arena, growing more so. As the old saying goes, "Money is the mother's milk of politics." Candidates need money to build a campaign organization and to get their message out. Many people and groups who want certain things from the government are all too willing to give it; thus, there is the common perception that money buys votes and influence. The following sections examine the role of money in campaigns.

Federal Election Campaign Act
A law passed in 1974 for reforming campaign finances. The act created the **Federal Election Commission**, provided public financing for presidential primaries and general elections, limited presidential campaign spending, required disclosure, and attempted to limit contributions.

Federal Election Commission
A six-member bipartisan agency created by the **Federal Election Campaign Act of 1974**. The Federal Election Commission administers and enforces campaign finance laws.

The Maze of Campaign Finance Reforms

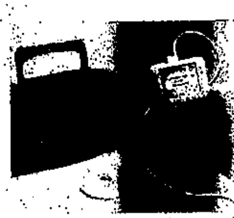
As the costs of campaigning skyrocketed with the growth of television and as the Watergate scandal exposed large, illegal campaign contributions, momentum developed for campaign finance reform in the early 1970s. Several public interest lobbies (see Chapter 11), notably Common Cause and the National Committee for an Effective Congress, led the drive. In 1974, Congress passed the **Federal Election Campaign Act**. It had two main goals: tightening reporting requirements for contributions and limiting overall expenditures. The 1974 act and its subsequent amendments did the following:

- **Created the Federal Election Commission.** A bipartisan body, the six-member Federal Election Commission (FEC) administers the campaign finance laws and enforces compliance with their requirements.

- **Created the Presidential Election Campaign Fund.** The FEC is in charge of doling out money from this fund to qualified presidential candidates. Money for this fund is raised via a $3 voluntary check-off box on income tax returns, which currently only about 11 percent of taxpayers do.
- **Provided partial public financing for presidential primaries.** Presidential candidates who raise $5,000 on their own in at least 20 states can get individual contributions of up to $250 matched by the federal treasury. Money received at this stage of the campaign is commonly known as **matching funds.** If presidential candidates accept federal support, they agree to limit their campaign expenditures to an amount prescribed by federal law. As you can see in a "A Generation of Change: The Incredible Increase in Fund-Raising for Presidential Nomination Campaigns," in 2004 both Bush and Kerry declined to take matching funds so that they could raise record amounts.
- **Provided full public financing for major party candidates in the general election.** For the general election, each major party nominee gets a fixed amount of money to cover all their campaign expenses. For 2004, this amounted to $75 million. Unlike in the primaries, the FEC pays all the costs of general election campaigns, thereby making the offer too good for anyone to turn down. Thus, although George W. Bush

Presidential Election Campaign Fund
Money from the $3 federal income tax check-off goes into this fund, which is then distributed to qualified candidates to subsidize their presidential campaigns.

matching funds
Contributions of up to $250 are matched from the Presidential Election Campaign Fund to candidates for the presidential nomination who qualify and agree to meet various conditions, such as limiting their overall spending.



A GENERATION OF CHANGE

The Incredible Increase in Fund-Raising for Presidential Nomination Campaigns

A generation ago, fund-raising for presidential nomination campaigns was rather limited compared to the vast sums of money that are raised by the parties' presidential nominees today. As you can see in the data displayed here, the 1988 nomination campaigns of George Bush and Michael Dukakis cost a total of $60.3 million. About 29 percent of this amount came from federal matching funds, which were designed to supplement small contributions from individuals. Acceptance of these matching funds requires candidates to limit the total amount they raise. In 1988, both Bush and Dukakis ended up spending close to the legal limit of $32 million for that year. By 2004, the cap on nomination expenditures had risen to about $52 million as the result of inflation over the years. For both the Bush and Kerry campaigns this seemed too constraining in light of what they thought they could raise on their own without matching funds. Just the donations each received from people who gave the maximum legal contribution of $2,000 enabled them to raise more than they would have been limited to had they accepted matching funds, as 61,714 people gave $2,000 to the Bush campaign and 35,891 people gave $2,000 to the Kerry campaign. All told, the two campaigns raised a stunning $500 million just to fund their activities up to their respective party conventions. Even taking inflation into account, this is about five times what the party nominees raised a generation ago.

	1988, GEORGE BUSH	1988, MICHAEL DUKAKIS	2004, GEORGE W. BUSH	2004, JOHN KERRY
Contributions from individuals	$22.6	$19.6	$271.8	$225.2
Contributions from PACs	$0.7	—	$2.9	$0.1
Federal matching funds	$8.4	$9.0	—	—
Total	$31.7 million	$28.6 million	$274.7 million	$225.3 million

Source: Federal Election Commission.

and John Kerry each decided not to accept federal support in the campaign for their party's nomination, they followed the practice of all previous major party nominees in taking federal money for the fall campaign.

- **Required full disclosure.** Regardless of whether they accept any federal funding, all candidates for federal office must file periodic reports with the FEC, listing who contributed and how the money was spent. In the spirit of immediate disclosure, some 2004 presidential candidates regularly posted updated campaign contribution information on their Web sites.
- **Limited contributions.** Scandalized to find out that some wealthy individuals had contributed $1 million to the 1972 Nixon campaign, Congress limited individual contributions to presidential and congressional candidates to $1,000. The McCain-Feingold Act increased this limit to $2,000 as of 2004 and provided for it to be indexed to rise along with inflation in the future.

Campaign Finance Reform

Although the 1974 campaign reforms were generally welcomed by both parties, the constitutionality of the Federal Election Campaign Act was challenged in the 1976 case of *Buckley v. Valeo.* In this case the Supreme Court struck down, as a violation of free speech, the portion of the act that had limited the amount individuals could contribute to their own campaigns. This aspect of the Court ruling made it possible for Ross Perot to spend over $60 million of his own fortune on his independent presidential candidacy in 1992 and for John Kerry to loan his campaign over $7 million for the 2004 Democratic nomination contest.

Another loophole was opened in 1979 with an amendment to the original act that made it easier for political parties to raise money for voter registration drives and the distribution of campaign material at the grass-roots level or for generic party advertising. Money raised for such purposes was known as **soft money** and for over two decades was not subject to any contribution limits. In 2000, nearly half a billion dollars was raised by the two parties via soft money contributions, with many of the contributions coming in increments of hundreds of thousands of dollars. AT&T alone gave over $3 million in soft money, as did the American Federation of State, County, and Municipal Employees.

soft money
Political contributions earmarked for party-building expenses at the grass-roots level or for generic party advertising. Unlike money that goes to the campaign of a particular candidate, such party donations are not subject to contribution limits. For a time, such contributions were unlimited, until they were banned by the McCain-Feingold Act.

Senators John McCain (R-Ariz.) and Russell Feingold (D-Wis.) crusaded for years to remove the taint of large soft money campaign contributions from the political system. Their efforts finally came to fruition in 2002 when their bill was passed by the Congress and signed into law by President George W. Bush. The McCain-Feingold Act (1) banned soft money contributions, (2) increased the amount that individuals could give to candidates from $1,000 to $2,000 and indexed the latter amount to rise in the future along with inflation, and (3) barred groups from running "issue ads" within 60 days of a general election if they refer to a federal candidate and are not funded through a PAC (that is, with funds regulated by the campaign finance system). These provisions were challenged in the Courts, and in the 2003 case of *McConnell v. Federal Election Commission*, the Supreme Court ruled in favor of the new law by a 5-to-4 margin.

No sooner had the soft money loophole been closed than another loophole for big contributors opened up. Some scholars call this the "hydraulic theory of money and politics," noting that money, like water, inevitably finds its way around any obstacle. Wealthy individuals on both sides of the political spectrum found that they could make unlimited contributions to what is known as 527 groups, which are named after the section of the federal tax code that governs these political groups. In a controversial ruling, the FEC in 2004 declined to subject 527 groups to contribution restrictions as long as their political messages did not make explicit endorsements of candidates by using phrases like "Vote for" and "Vote against." The result was that many people who had in the past given big soft money contributions to the parties decided instead to give big donations to a 527 group, such as the anti-Kerry group Swift Boat Veterans for Truth or the anti-Bush group MoveOn.org. Fifty-two individuals gave over $1 million each to a 527 group, and another 213 individuals gave over $100,000. All told, 527 groups spent about $424 million on political messages in 2004.[20]

527 groups
Independent groups that seek to influence the political process but are not subject to contribution restrictions because they do not directly seek the election of particular candidates. Their name comes from Section 527 of the federal tax code, under which they are governed. In 2004, 52 individuals gave over a million dollars to such groups, and all told they spent $424 million on political messages.

Even with the loopholes that have developed in campaign finance law, there is little doubt that efforts to regulate campaign contributions since 1974 have made this aspect of American politics more open and honest. All contribution and expenditure records are now open for all to examine. As Frank Sorauf writes, detailed reports of American campaign contributions and expenditures have "become a wonder of the democratic political world. Nowhere else do scholars and journalists find so much information about the funding of campaigns, and the openness of Americans about the

When President Clinton was in the White House, he regularly allowed big donors of soft money contributions to the Democratic Party to spend a night in the famous Lincoln bedroom (shown here). This practice was highly criticized and led to increased support for banning the practice of unlimited soft money contributions to the parties.

flow of money stuns many other nationals accustomed to silence and secrecy about such traditionally private matters."[21]

The Proliferation of PACs

political action committees
Funding vehicles created by the 1974 campaign finance reforms. A corporation, union, or some other interest group can create a political action committee (PAC) and register it with the **Federal Election Commission**, which will meticulously monitor the PAC's expenditures.

The campaign reforms of the 1970s also encouraged the spread of **political action committees**, generally known as PACs. Before the 1974 reforms, corporations were technically forbidden to donate money to political campaigns, but many wrote big checks anyway. Unions could make indirect contributions, although limits were set on how they could aid candidates and political parties. The 1974 reforms created a new, more open way for interest groups such as business and labor to contribute to campaigns. Any interest group, large or small, can now get into the act by forming its own PAC to directly channel contributions of up to $5,000 per candidate in both the primary and the general election.

As of 2006, the FEC reported that there were 4,217 PACs. In the 2004 congressional elections, PACs contributed $288.6 million to House and Senate candidates. A PAC is formed when a business association or some other interest group decides to contribute to candidates whom it believes will be favorable toward its goals. The group registers as a PAC with the FEC and then puts money into the PAC coffers. The PAC can collect money from stockholders, members, and other interested parties. It then donates the money to candidates, often after careful research on their issue stands and past voting records. One very important ground rule prevails: All expenditures must be meticulously reported to the FEC. If PACs are corrupting democracy, as many believe, at least they are doing so openly.

Candidates need PACs because high-tech campaigning is expensive. Tightly contested races for the House of Representatives now frequently cost over $1 million; Senate races can easily cost $1 million for television alone. PACs play a major role in paying for expensive campaigns. Thus, there emerges a symbiotic relationship between the PACs and the candidates: Candidates need money, which they insist can be used without compromising their integrity; PACs want access to officeholders, which they insist can be gained without buying votes. Most any lobbyist will tell their clients that politicians will listen to any important interest group but that with a sizable PAC donation they'll listen better.

There is an abundance of PACs willing to help out the candidates. There are big PACs, such as the Realtors Political Action Committee and the American Medical Association Political Action Committee. There are little ones, too, representing smaller industries or business associations: EggPAC, FishPAC, FurPAC, LardPAC, and, for the beer distributors, SixPAC.[22] Table 9.2 lists the business, labor, and ideological PACs that gave the most money to congressional candidates in 2004 and shows which party each favored.

Critics of the PAC system worry that all this money leads to PAC control over what the winners do once in office. Archibald Cox and Fred Wertheimer write that the role of PACs in campaign finance "is robbing our nation of its democratic ideals and giving us a government of leaders beholden to the monied interests who make their election possible."[23] On some issues, it seems clear that PAC money has made a difference. The Federal Trade Commission (FTC), for example, once passed a regulation requiring that car dealers list known mechanical defects on the window stickers of used cars. The National Association of Automobile Dealers quickly became one of the largest donors to congressional incumbents. Soon afterward, 216 representatives cosponsored a House resolution nullifying the FTC regulation. Of these House members, 186 had been aided by the auto dealers' PAC.[24]

It is questionable, however, whether such examples are the exception or the rule. Most PACs give money to candidates who agree with them in the first place.

Table 9.2 The Big-Spending PACs

According to an analysis of Federal Election Commission data by the Center for Responsive Politics, here are the largest business, labor, and ideological/single-issue PAC contributors to congressional candidates for the 2004 election cycle and the percentage that they gave to Republicans.

BUSINESS	AMOUNT CONTRIBUTED	PERCENTAGE GIVEN TO REPUBLICANS
National Association of Realtors	$3,787,083	52
National Auto Dealers	2,603,300	73
National Beer Wholesalers	2,314,000	76
National Association of Home Builders	2,201,500	67
Association of Trial Lawyers	2,181,499	6
United Parcel Service	2,142,679	72
American Medical Association	2,092,425	79
American Bankers Association	1,978,013	64
SBC Communications	1,955,116	65
Wal-Mart Stores	1,677,000	78
LABOR		
Laborers Union	2,684,250	14
International Brotherhood of Electrical Workers	2,369,500	4
United Auto Workers	2,075,700	1
Carpenters & Joiners Union	2,074,560	26
Service Employees International Union	1,985,000	15
Machinists/Aerospace Workers Union	1,942,250	1
Teamsters Union	1,917,413	11
American Federation of Teachers	1,717,372	3
IDEOLOGICAL/SINGLE-ISSUE		
Human Rights Campaign	1,165,138	9
National Rifle Association	1,026,649	85
Planned Parenthood	483,614	5
Sierra Club	388,960	6
National Pro-Life Alliance	209,600	100

Source: Center for Responsive Politics.

For instance, labor PACs will not waste their money trying to influence members of Congress who have consistently opposed raising the minimum wage. Frank Sorauf's careful review of the subject concludes that "there simply are no data in the systematic studies that would support the popular assertions about the 'buying' of the Congress or about any other massive influence of money on the legislative process."[25]

The impact of PAC money on presidents is even more doubtful. Presidential campaigns, of course, are partly subsidized by the public and so are less dependent on PACs. Moreover, presidents have well-articulated positions on most important issues. A small contribution from any one PAC is not likely to turn a presidential candidate's head.

Money matters in campaigns and sometimes also during legislative votes. Although the influence of PACs may be exaggerated, the high cost of running for office ensures their continuing major role in the campaign process.