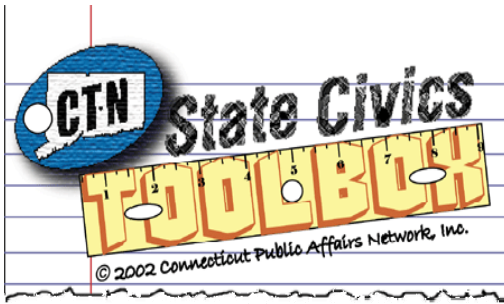

CAMPAIGN FINANCE
Glossary

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Bipartisan Campaign Reform Act: Also known as the McCain-Feingold act [after Senators John McCain (D-AZ) and Russell Feingold (R-WI)], enacted March 27, 2002, revised some of the legal limits of expenditure set in 1974,addressed two issues: The increased role of soft money in campaign financing, by prohibiting national political party committees from raising or spending any funds not subject to federal limits, even for state and local races or issue discussion; the proliferation of issue ads, by defining as "electioneering communications" broadcast ads that name a federal candidate within 30 days of a primary or caucus or 60 days of a general election, and prohibiting any such ad paid for by a corporation (including non-profit issue organizations such as Right to Life or the Environmental Defense Fund) or paid for by an unincorporated entity using any corporate or union funds.

Bundling: The practice of gathering a large number of individual contributions (for example, at a fund raiser) and then sending them as a package to a candidate's campaign, thereby complying with individual contribution limits but increasing their impact by joining them together.

Conduit: A person who gathers together and forwards (bundles) earmarked contributions to a candidate or authorized committee.

Contribution Limits: Federal campaign law limits the amounts individuals and groups may contribute to candidates, PACs or political parties. Corporations and labor unions are prohibited from making contributions or expenditures to influence federal elections.

	Per candidate / Per election per year	To a national party – per year	Total per year
Individual may give	$1,000	$20,000	$25,000
PAC may give	$5,000	$15,000	No Limit
Other political committee may give	$1,000	$20,000	No Limit

Disclosure: Under current law candidates, political parties, and political action committees (PACs) are required to report on a regular basis the amount of money they raise and the amount of money they spend. This disclosure is a public document.

Earmarking: A contribution that occurs when a contributor directs money to a candidate of his/her authorized committee through an intermediary or conduit. I.E. a citizen writes a check to a PAC and directs what candidate the money is to be given to.

Election Cycle: Consists of two distinct and separate elections. Primary elections or intra-party election where a nominee is selected for a general election. Then there is the General Election that follows a primary in which voters choose which of the party candidates to represent them for an office. Federal contribution limits are per election within this cycle.

Federal Election Campaign Act: FECA is a collection of laws and amendments that Congress passed between 1971 and 1979 to quell the public's growing fear that special interests were using contributions to "buy favors" and "influence" elections and government policy.

Federal Election Commission (FEC): Federal Election Commission – Established by 1974 FECA legislation. Serves as an oversight and monitoring body to make sure campaign finance laws are being obeyed. Contributions and expenditures in federal campaigns are reported to it on a regular basis. Can impose sanctions on noncompliant candidates and campaigns, though enforcement authority is weakened by inadequate staff and a lack of political support in Congress and the White House.

Full Public Financing: Governments provide all campaign money to eligible candidates in equal amounts. This would eliminate all private contributions.

Hard Money: "Hard money" – donations to candidates for federal office, restricted by the contribution limits of the 1974 FECA legislation. Federal or state political party funding for federal candidate campaigns is also "hard money", restricted based on the population of the district or state in which the candidate is running.

Incumbent: Candidates who already possess the office for which they are running. Incumbents traditionally are able to collect more money for elections.

Independent Expenditures: Expenditures on behalf of or against a candidate, which are not coordinated with a candidate. I.E. an Auto Dealers' PAC might spend $50,000 on TV ads critical of a candidate and urge a vote on another candidate.

Issue Advertising: Advertisements funded by private groups about an issue or issues, which do not directly support or oppose a candidate for office. Such advertisements are not subject to the contribution limits of the FECA. They have become popular because they can highlight issues which may damage or help a particular candidate, even if no mention is made of voting for or against that candidate.

Issue Advocacy/Express Advocacy: Political Ads, which urge the viewer to "vote for" or "vote against" a candidate. These advertisements are paid for by contributions from corporations or labor unions. Advertising campaigns discussing issues – not directly for or against any candidate --- are not subject to campaign finance laws.

Lobbyist: Lobbying, or attempting to influence the policymaking of government, is a right under the constitution.. Article I of the Bill of Rights declares "the right of the people...to petition the Government for a redress of grievances."

Non-connected Committees: Committees not sponsored by a corporation or labor organization. They must pay their own administrative costs and may solicit contributions from anyone in the general public who may lawfully make a contribution.

Out-of-District Contributions: Money donated to a candidate for the House of Representatives by individuals and PACs residing outside the district in which the candidate is running. There are 435 House Districts and an out-of-district contribution would be any contribution made by a person or PAC in any of the other 434 Districts.

Out-of-State Contributions: Money donated to a candidate for the United States Senate by individuals and PACs residing outside the sate in which the candidate is running. There are 50 states in the United States, each with two senators. An out-of-state contribution would be a contribution by any person or PAC in any of the other 49 states.

Partial Public Financing: A portion of the campaign money used by candidates comes from the government, usually in the form of a matching grant equal to some percentage of private money raised.

Party Committees: Committees in the U.S. House and Senate (and some state legislatures) which raise and distribute money to party candidates for that chamber.

Political Action Committee (PAC): Organization to raise funds for donation to political candidates, to enable labor, corporations and other interest groups to indirectly donate funds to candidates. Direct donations from unions and corporations to federal candidates are prohibited by federal law. Grew in number and influence after the 1974 FECA restrictions on individual contributions. Among the varieties of PACS are business PACs, organizational PACS (including ones set up by labor unions), and leadership PACs (set up by elected officials, either individually or with other officials, to raise funds to donate to OTHER candidates).

Presidential Finance System: Provides candidates with public funds if they agree to voluntary spending limits. Post Watergate.

Private Money: Campaign money given directly to a candidate for public office by an individual citizen or PAC.

Public Disclosure: Requirement that candidates report the identity of their contributors and the nature of their campaign expenditures, on a regular basis, to the Federal Election Commission. The purpose is so the public may know who is providing the crucial financial support for candidates, in order to prevent and control the corrupting influence of financial donations.

Public Financing of Presidential Elections: Since 1976, taxpayer funds have gone to support the primary and general election campaigns of major party candidates for President. Any party whose candidate receives 5% or more of the general election vote will be entitled to public funds for its candidate at the next presidential election cycle. Candidates who accept public funding are subject to spending limits on their campaigns, although the candidate's political party can also spend a limited amount on "coordinated campaigns". Acceptance of these public funds, as in most state public financing systems, is voluntary.

"Section 527" Groups: Nonprofit groups which could, until 2000, spend and donate money for candidates and issues, without disclosing either their contributors or their expenditures. This disclosure "loophole" was closed by Congress in 2000. "527" refers to section of the Internal Revenue Service tax code that describes these nonprofit organizations. Also known as "stealth PACS".

Soft Money: "Soft money" – donations to political parties for party-building and get out the vote activities. Unions and corporations may also donate unlimited amounts to the parties for such activities. Not allowed to be used to directly support or oppose candidates for office.

Spectrum/Free TV: Because Congress has the power to license the public airwaves they control the equality of fees charged to candidates.

Spending Limits: There are no spending limits by congressional candidates. In presidential campaigns candidates may agree to voluntary spending limits and in return receive public funding for their campaigns.

Tax Credits: Basis for some campaign proposals to encourage citizens to make modest campaign contributions. A direct dollar-for-dollar reduction of the amount of tax a citizen pays to the federal or state tax authorities.

Tax Deduction: Basis for some campaign proposals to encourage citizens to make modest campaign contributions. A tax deduction is the amount of a taxpayer expenditure that can be subtracted from personal income used to calculate the tax an individual owes to the U.S. government or state tax authority.

Tax Exempt Political Groups: Nonprofit groups that join together to solicit money for expenditures on candidates that support their cause. The do not have to adhere to campaign limitations.

LEGISLATION AND LAWS

Tillman Act Of 1907: Banned contributions by corporations to federal political campaigns. One of the earliest pieces of "campaign finance" legislation, a product of the Progressive Era crusades against political corruption. Suffered from lax enforcement in practice.

Federal Election Campaign Act of 1974 (FECA): Placed restrictions on contributions and expenditures in federal (presidential and congressional) elections. Established public financing for major presidential candidates. Created disclosure requirements on contributions and expenditures, to be monitored by Federal Election Commission (FEC) created by the Act. Passed in response to scandals of Watergate break-in and cover-up.

1979 Federal Election Campaign Act Amendment: Allows political parties to raise unlimited amounts of money, not subject to contribution limits, for "party building" and "get out the vote" activities not directly supporting or opposing a candidate for federal office. These donations became known as "soft money" (while "hard money" refers to donations to federal candidates subject to the 1974 FECA contribution limits).

McCain-Feingold: Campaign finance legislation first proposed in the U.S. Senate in 1997 by Sen. John McCain (R-AZ) and Russ Feingold (D-WI). Seeks to ban "soft money" in politics by prohibiting state and federal political parties, as well as candidates, from raising unregulated funds (i.e. funds other than "hard money" contributions). Numerous changes have been made to the original proposal. Early versions included bans on PAC contributions and limits on out-of-state donations to congressional candidates. A revised version passed in the Senate in 2001, but has not yet come to a debate or a vote in the House of Representatives.

Shays-Meehan: Campaign finance legislation first proposed in the U.S. House in 1997 by Reps. Martin Meehan (D-MA) and Christopher Shays (R-CT). The House version of the McCain-Feingold legislation.

"Clean Election" Laws: Public financing systems passed by a number of individual state legislatures (examples are Massachusetts and Maine) to try and promote political competition and reduce the power of money in state elections. Allows candidates who show a minimum level of public support to receive taxpayer funds to run their campaigns. Spending limits are often imposed as a condition of accepting such funds.

U.S. SUPREME COURT CASES

Buckley v. Valeo (1976): Ruled that the 1974 FECA restrictions on campaign expenditures and the use of personal or family money for campaigns were unconstitutional, on the grounds that "money is speech" protected by the First Amendment. Upheld contribution limits, disclosure requirements, and public financing of presidential elections. The Court's opinion was very divided, with all 9 Justices writing opinions.

Austin v. Michigan Chamber of Commerce (1990): Upheld a Michigan law prohibiting corporations from using their general assets to support or oppose candidates for state office.

McIntyre v. Ohio (1995): Overturned Ohio law banning anonymous campaign leaflets. These leaflets are another avenue by which unregulated money can be used in an election, since the funders of such leaflets do not reveal their identities.

Colorado Republican Committee v. FEC (1996): Ruled that political party spending to aid candidates may be limited only if the FEC can prove coordination of activity between the party and the candidate being aided. The FEC cannot presume that such coordination exists in all cases of party spending on candidates.

Nixon v. Shrink Missouri Government PAC (2000): Upheld Missouri's $1000 limit on contributions to state political candidates, citing the Court's earlier decision in Buckley v. Valeo. Reinforces the constitutionality of limits on contributions to candidate campaigns.

Wisconsin Right to Life v. Federal Election Commission (2006): Held that certain advertisements might be constitutionally entitled to an exception from the 'electioneering communications' provisions of McCain-Feingold limiting broadcast ads that merely mention a federal candidate within 60 days of an election.

Randall v. Sorrell (2006): Held that a Vermont law imposing mandatory limits on spending was unconstitutional, under the precedent of Buckley v. Valeo. The Court also struck down Vermont's contribution limits as unconstitutionally low, the first time that the Court had ever struck down a contribution limit.

Davis v. Federal Election Commission (2008): Wealthy industrialist and three-time candidate for New York's 26th congressional district Jack Davis brought the suit against the Federal Election Commission as a challenge to the so-called "millionaire's amendment" to the Bipartisan Campaign Reform Act. This amendment allowed candidates special fund-raising privileges if they were running against a candidate who spent $350,000 or more of their own money on their campaign. The case was decided by a 5-4 vote in favor of Davis.