POLITICAL PARTIES & ELECTIONS, FALL 2012

**CAMPAIGN FINANCE “BASICS”**

Wayne chapter 2, Hershey chapter 12

Wednesday, September 19

**Terms list can be found on pages 1-3**

**Note: 2008 and 2012 money-related material to be covered Friday**

1. Why did Congress perceive a need for campaign finance rules in the first place, in the early 1970s? What motivated the initial legislation?

2. How did the intent of the original FECA acts of 1971 and 1974 get eroded over the next two decades?

3. Why did the BCRA pass in 2002 and what were its major goals? How have recent Supreme Court and FEC decisions weakened the overall goals of the BCRA?

4. What difference does money make in electoral outcomes? Summarize the evidence of money’s impact for presidential elections and for congressional elections.

5. In what ways do 527 groups, 501(c)(3), and 501(c)(4) groups represent a challenge to campaign finance regulation? Why in particular did the 501-type groups become more prominent in the 2008 election cycle?

x. Ask your question here….

**KEY TERMS: virtually all of these are covered in more than one chapter of the Wednesday and Friday reading; the details matter, so definitions/descriptions are given below**

**Federal Election Campaign Act (FECA) of 1971, 1974**

Established the individual and PAC contribution limits, developed presidential financing system, created the FEC for regulation; also set up limits on personal contributions by candidates to their own campaigns, limits for each senate and congressional election – all of this was struck down by the Supreme Court in Buckley v. Valeo (1976)

**Federal Election Commission (FEC)**

independent agency responsible for monitoring campaign finance laws, spending on federal campaigns; 6 members (3 Democrats, 3 Republicans) nominated by president and confirmed by Senate; most FEC decisions facilitate the flow of money into campaigns

***Buckley v. Valeo***

1976 Supreme Court decision that declared limits on personal contributions by candidates to their own campaigns, and limits for each senate and congressional election to be unconstitutional; the Court equated the spending of money on campaigns with free speech – a very high level of constitutional protection. Rulings since this one have continued to strike down limitations on campaign spending in particular, but to uphold some regulations governing contributions.

**Bipartisan Campaign Reform Act of 2002 (McCain-Feingold)**

Given the underlying principle that money equals free speech, this act tries to control certain effects of campaign spending, and to re-center campaign spending on candidates and campaigns rather than outside groups. Its constitutionality was basically upheld by the Supreme Court in late 2003, but key provisions have been declared unconstitutional in cases from 2007 (overturned limits on when issue advocacy ads could run) and 2008 (struck down higher contribution limits for candidates facing self-financed opponents). John McCain (R-AZ) and Russ Feingold (D-WI) sponsored the act in the Senate; Representatives Christopher Shays (R-CT) and Joseph Meehan (D-MA) spearheaded passage in the House (their version, usually referred to as Shays-Meehan, is actually closer to the final version of the bill, but McCain and Feingold usually have their names attached to this legislation).

***Citizens United v. Federal Election Commission (2010)***

Ruled that corporations could spend unlimited funds to run campaign advertisements, striking down yet another BCRA provision (and a longstanding ban on direct corporate contributions to election campaigns) and opening the door to more corporate spending in the 2010 election cycle and beyond.

***McConnell v. Federal Election Commission (2003)***

This decision upheld the BCRA restrictions on campaign advertising by groups close to elections, and the new bans on soft money contributions to the national parties; the majority justices assert that the desire to regulate abuses in campaigns justifies limitations on campaign-related speech; the dissenting justices argue that First Amendment rights are clearly infringed by the BCRA and thus the law should be declared unconstitutional. This was the initial test of the BCRA; subsequent rulings have tended to strike down BCRA restrictions.

**Hard Money**

Money donated according to the limits imposed by federal election laws, either for congressional or for presidential candidates.

**PAC/political action committee**

A federally registered fundraising committee that represents some interest group or individual in the political process – raising, donating, and spending funds to influence elections. More important to congressional elections than to presidential races.

**Matching funds**

Presidential primary elections ONLY – individual contributions to candidates seeking the major party nominations are matched up to $250 with federal funds. Candidates who wish to accept this money must abide by spending limits set up for each state’s presidential primary or caucus. Candidates may choose to skip this process and not be subject to limits; George W. Bush was the first candidate to successfully use this approach, in 2000; Bush, Kerry, and Howard Dean did so in 2004; and nearly all the major 2008 contenders declined matching funds

**Public funds**

Presidential general election only – grants from the FEC to each major party candidate ($84 million in 2008, not being used in 2012), intended originally to be the sole source of financing for presidential general elections, and to allow candidates to concentrate on the campaign, not fundraising. McCain has accepted these funds in 2008; Obama initially said he would accept the funds if his opponent did, but changed his mind and thus has no overall spending limit for the general election.

**Independent expenditures**

The amount of money an individual, political party, or political action committee may spend supporting or opposing a candidate, as long as these funds are not spent in coordination with the candidate’s campaign (thus “independent” of the candidate). Attempts to control independent expenditures were included in the 2002 Bipartisan Campaign Reform Act.

**Soft money**

Money donated to a political party or interest group for noncandidate purposes – voter registration, party expenses, organizing and building the party. No limits on the size of contributions before the 2002 Bipartisan Campaign Reform Act, which banned soft money contributions to national party organizations (state parties may still receive and spend soft money).

**527 political committees**

A recent ‘innovation’ in campaign finance, especially in 2004. These groups initially could raise money in unlimited amounts, they do have to disclose contributors, and could run ads during campaigns. Regulations implemented after 2004 limited their usefulness, though they still raised and spent large sums in 2008. Replaced in importance by Super PACs

**501(c)(3) and 501(c)(4) groups**

These groups can do everything that 527s can, but are exempt from most reporting requirements as long as “partisan campaign activity” is not their primary function. These groups stepped in when some limits were placed on 527 groups, and raised and spent large sums in 2008.

**Super PACs**

Groups that can accept unlimited contributions, including from corporations, and make independent expenditures that include direct advocacy for/against candidates. Super PACs do have to report donors, but can evade this restriction by establishing affiliated 501(c)(3) groups. For the 2012 election cycle, more Super PAC activity is occurring on the Republican side.