Campaign Finance Terms

Hard Money – Basically, all of the legal, regulated stuff that goes to candidates, parties, and PACs. Regulated just means it's must be reported and it can't exceed $2,400/contribution (for individuals). It may seem innocent since it's all coming from individuals (to begin with), but this is where the vast majority of money enters the system and a lot of influence gets bought (see "Bundling").

Bundling – The best way to buy direct influence. Basically, you (corporate CEO) write candidate X your $2,400 check, you get your wife and kids and board members and executives to do the same, and then you hand your candidate a bundle—literally—of big fat checks. For example, Bush's "Rangers" ($200,000 fundraisers) were big-time bundlers. And the biggest catch is: all the money is legal, regulated hard-money…

Soft Money – The opposite of hard money, meaning all the unlimited, unregulated stuff that goes to state and local party committees and electioneering groups. Before BCRA (McCain-Feingold), hundreds of millions in unlimited contributions from special interests were pouring into the national parties; now, it's gotta be a bit more circuitous. Soft money was created back in the 1970's when election law left parties free to solicit unregulated contributions for use in generic "party-building" activities, but with the advent of TV advertising and the sky-rocketing costs of campaigns, its uses inevitably became more candidate-specific. 527s are now the big soft-money culprits.

Political Action Committee (PAC) – A popular term for a political committee organized for the purpose of raising and spending money to elect and defeat candidates. Most PACs represent business, labor or ideological interests. PACs can give $5,000 to a candidate committee per election (primary, general or special). They can also give up to $15,000 annually to any national party committee, and $5,000 annually to any other PAC. PACs may receive up to $5,000 from any one individual, PAC or party committee per calendar year. A PAC must register with the FEC within 10 days of its formation, providing name and address for the PAC, its treasurer and any connected organizations. Affiliated PACs are treated as one donor for the purpose of contribution limits.

"Super" PAC --- Super PACs are a new kind of political action committee created in July 2010 following the outcome of a federal court case known as *SpeechNow.org v. Federal Election Commission*. Technically known as independent expenditure-only committees, Super PACs may raise unlimited sums of money from corporations, unions, associations and individuals, then spend unlimited sums to overtly advocate for or against political candidates. Super PACs must, however, report their donors to the Federal Election Commission on a monthly or quarterly basis -- the Super PAC's choice -- as a traditional PAC would. Unlike traditional PACs, Super PACs are prohibited from donating money directly to political candidates. As of March 08, 2012, 363 groups organized as Super PACs have reported total receipts of $130,324,289 and total independent expenditures of $74,124,602 in the 2012 cycle.

Leadership PAC – PACs formed by party leaders in Congress to contribute to other congressional campaigns. Basically, if you're the House Majority Leader and you want to keep your position (or move up to Speaker), you raise tons of (hard) money and contribute to other congressional campaigns to win the support (votes) of your colleagues. Everybody's got to be beholden to somebody…

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. For example, 501(c)(3) groups operate for religious, charitable, scientific or educational purposes. These groups are not supposed to engage in any political activities, though some voter registration activities are permitted. 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 primary purpose. Similar restrictions apply to Section 501(c)(5) labor and agricultural groups, and to Section 501(c)(6) business leagues, chambers of commerce, real estate boards and boards of trade.

527 Group — A tax-exempt group organized under section 527 of the Internal Revenue Code to raise money for political activities including voter mobilization efforts, issue advocacy and the like. Currently, the FEC only requires a 527 group to file regular disclosure reports if it is a political party or political action committee (PAC) that engages in either activities expressly advocating the election or defeat of a federal candidate, or in electioneering communications. Otherwise, it must file either with the government of the state in which it is located or the Internal Revenue Service. Many 527s run by special interest groups raise unlimited "soft money," which they use for voter mobilization and certain types of issue advocacy, but not for efforts that expressly advocate the election or defeat of a federal candidate or amount to what the FEC determines to be "electioneering communications."

FECA of 1974 & Amendments – Federal Election Campaign Act, the biggest this country has accomplished in campaign reform, ever. It issued a bunch of really progressive reforms post-Water-gate, some of which were struck down by *Buckley v. Valeo* (e.g. spending limits), others of which are still in effect today. In brief, the ones that are still round include: contribution limits, strict disclosure requirements, the FEC, and Pres. Public Financing.

Buckley v. Valeo – Landmark Supreme Court case back in 1976, which basically said "money is speech". What they meant was just that prohibiting candidates or interest groups from spending their own money (spending caps) was an unconstitutional abridgment of First Amendment free speech, while it was acceptable, from a Constitutional perspective, to limit the size of contributions—in the interest of protecting against "corruption or the appearance of corruption". It also said public financing of elections was just fine, so long as it remained voluntary.

BCRA/McCain-Feingold – The most recent "big" reform, which really isn't very big. Technically known as the "Bipartisan Campaign Reform Act of 2002" (BCRA), McCain-Feingold's biggest accomplishment was getting soft money (hundreds of millions by 2002) out of the hands of the federal party committees (state committees could keep on raising…) In the process, however, it doubled most of the contribution limits (individuals could now give $2,400 instead of $1,000), meaning special interest bundlers became literally twice as powerful. On a different note, BCRA threw in the "Stand By Your Ad" clause ("My name is John Kerry and I approved this message) to try and crack down on negative campaigning, and issued a moratorium on the running of any political ads paid for by anything but regulated, limited hard money in the last 30 days of the primary and 60 days of the general election.

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