



Money in American Elections

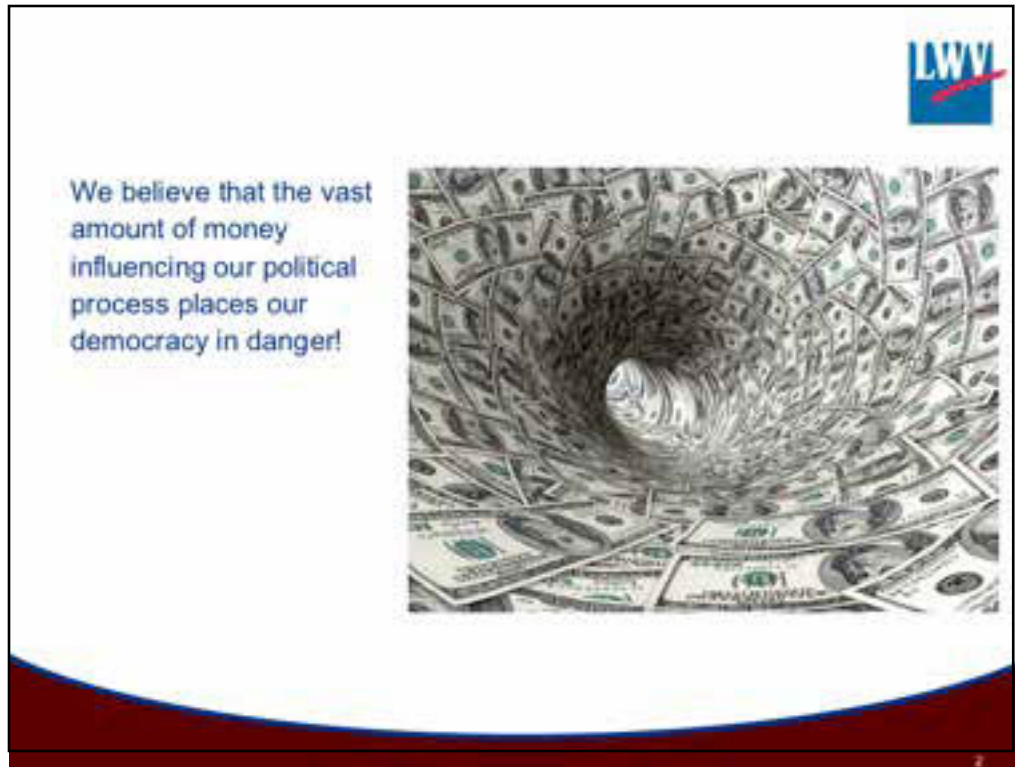
Democracy in Danger

Campaign Finance Reform Team
League of Women Voters
of Boulder County, Colorado

The League of Women Voters is a tri-level organization: national, state, and local. At all three levels, a core mission is to protect and strengthen democracy by urging citizens to be informed voters.


The League DOES develop positions on issues that relate to our mission. However, the League is non-partisan and DOES NOT advocate for or against any politician, candidate for office, or political party.

The Campaign Finance Reform Team, within the League of Women Voters of Boulder County, has compiled the information in this presentation to inform voters about a serious issue facing our democracy.



Money in American Elections

- ◆ Why Is Money a Problem?
- ◆ How Much Money?
- ◆ Where is the Money Coming From?
- ◆ What Can We Do?



The cartoon depicts a hand in a blue suit sleeve dropping a green \$100 bill into a brown cardboard box with a white top. The box has the word 'ACCESS' written on it in yellow. Below the box, the text reads 'The Only Vote that Really Counts'. The cartoon is signed 'SWICK' in the bottom left corner.

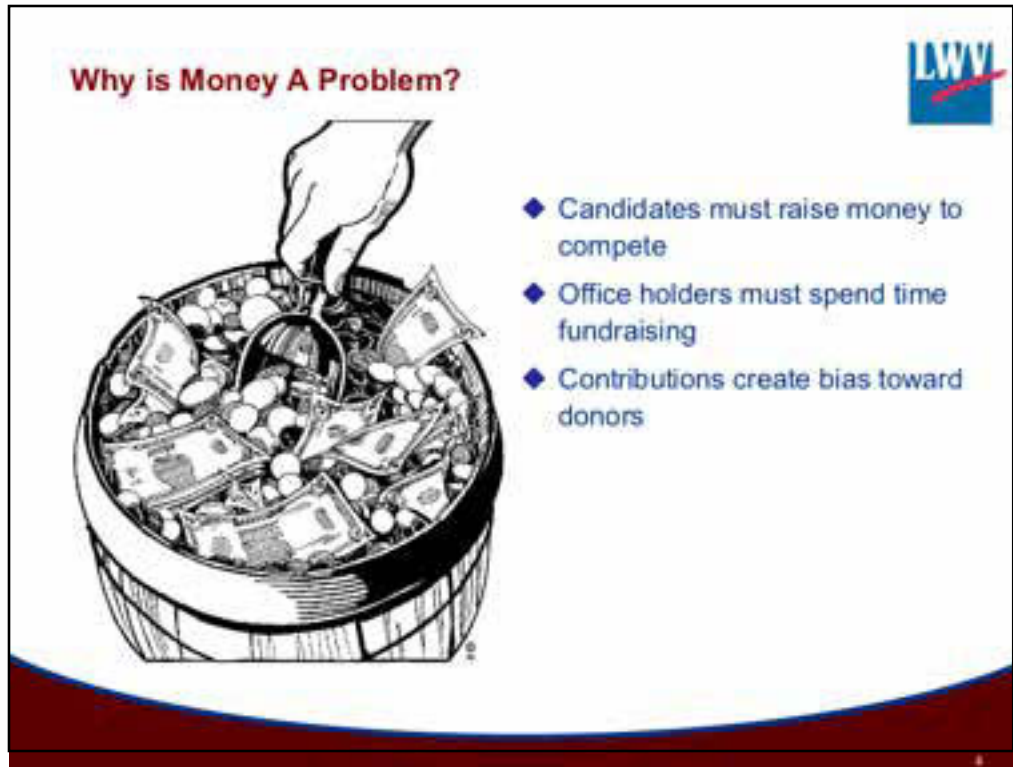
Today, we will:

Indicate why we believe money poses a problem to our political process;

Give you some idea of how much money we are talking about;

Point out the sources of this money;

And, finally, provide some ideas and resources for you to keep informed and take action.



The League, in addition to many citizens across the country, sees disturbing trends in our nation today. We see our elected representatives failing to take action on a whole host of critical issues. We see, at the least, the perception of corruption in actions taken by our elected officials.

We know that candidates must raise money to compete effectively.

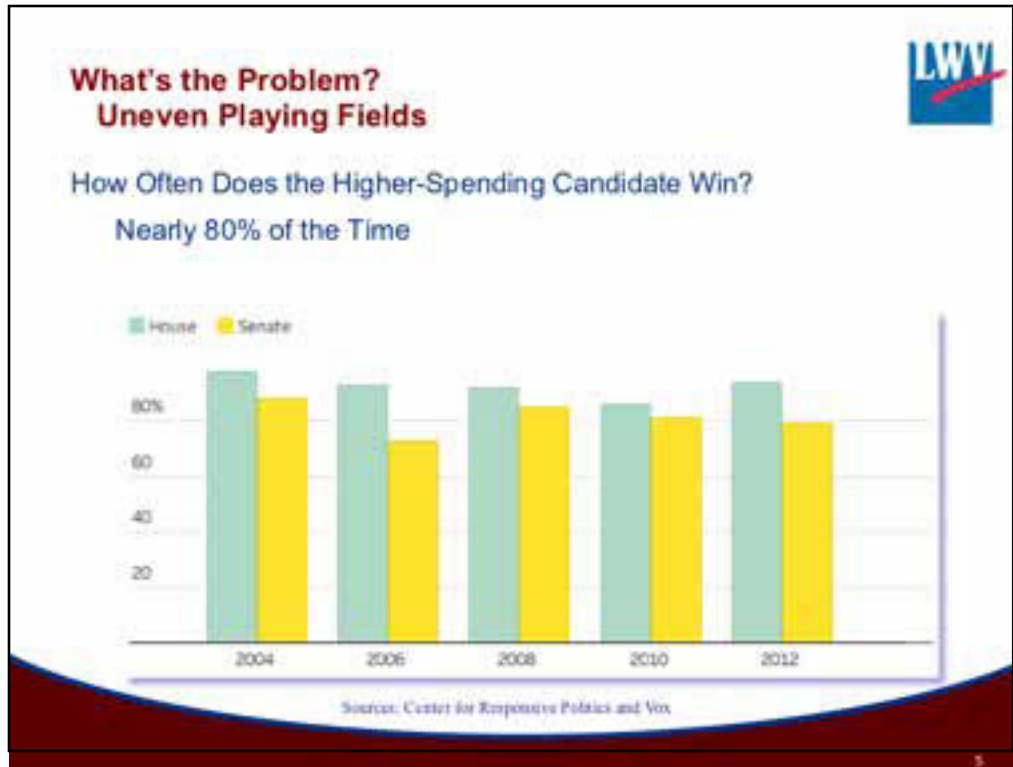
We know that money buys influence.

In addition:

We know there are massive amounts of money being raised and spent in campaigns from the Presidential level down to local races.

We know that a very few individuals provide these funds.

These facts put our democracy in danger.



<http://www.vox.com/2014/7/30/5949581/money-in-politics-charts-explain>

Why is money in politics a problem? After all, spending more money is not a guarantee of electoral success.

However, the Center for Responsive Politics, a non-profit, non-partisan organization, found that more than 70% of the time, the Congressional candidate who spends more wins the election. In fact the graph shows, that in four of the five years, the Senate candidate who spent the most won 80% or more of the races; in the House, in four of the five years, the winning candidate spent more than the losing candidate over 90% of the time.

What's the Problem?
Time Spent Fundraising

MODEL DAILY SCHEDULE - DC

- 4 hours Call Time
- 1-2 hours Constituent Visits
- 2 hours* Committee/Floor
- 1 hour Strategic Outreach
Breakfasts, Meet & Greets, Press
- 1 hour Recharge Time

- ◆ Guidelines recommend spending 50% or more of time soliciting funds
- ◆ US House incumbents need to raise about \$10,000 a week from the day they are elected [Nate Thames, Act Blue]

Source: Huffington Post 9 Jan 2013

Nate Thames, Political Director at ActBlue: <http://www.quora.com/How-much-time-do-politicians-spend-fundraising>

Call Time For Congress Shows How Fundraising Dominates Bleak Work Life, Ryan Grim and Sabrina Siddiqui, Posted: 01/08/2013 http://www.huffingtonpost.com/2013/01/08/call-time-congressional-fundraising_n_2427291.html

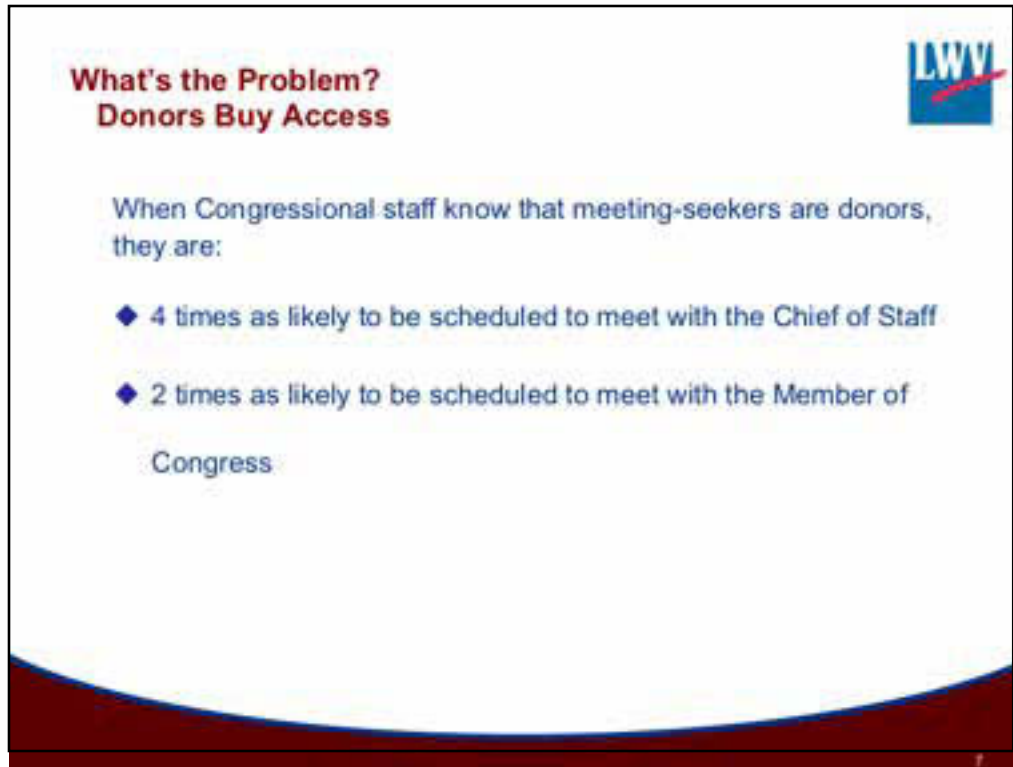
The Huffington Post obtained a PowerPoint presentation to incoming freshmen by the Democratic Congressional Campaign Committee. This slide, from the freshman orientation in 2012, spelled out recommended daily schedules for newcomers in Washington.

As you can see, while in Washington during a 9-10 hour day, 4 hours should be blocked off as “Call Time” and another hour per day devoted to “Strategic Outreach”. Only 3 to 4 hours are designated for the actual work of being a member of Congress – hearings, votes, and meetings with constituents.

The presentation assured members that their fundraising would be closely monitored; the Federal Election Commission requires members to file quarterly reports.

These are recommendations, and legislators do follow their own schedules.

Nate Thames of Act Blue gives a general rule of thumb for US House incumbents: They need to raise roughly \$10,000 a week starting the day they are elected.



Sources: *40 Charts that Explain Money in Politics*, Andrew Prokop, *Vox*, 30 July 2014.
<http://www.vox.com/2014/7/30/5949581/money-in-politics-charts-explain>

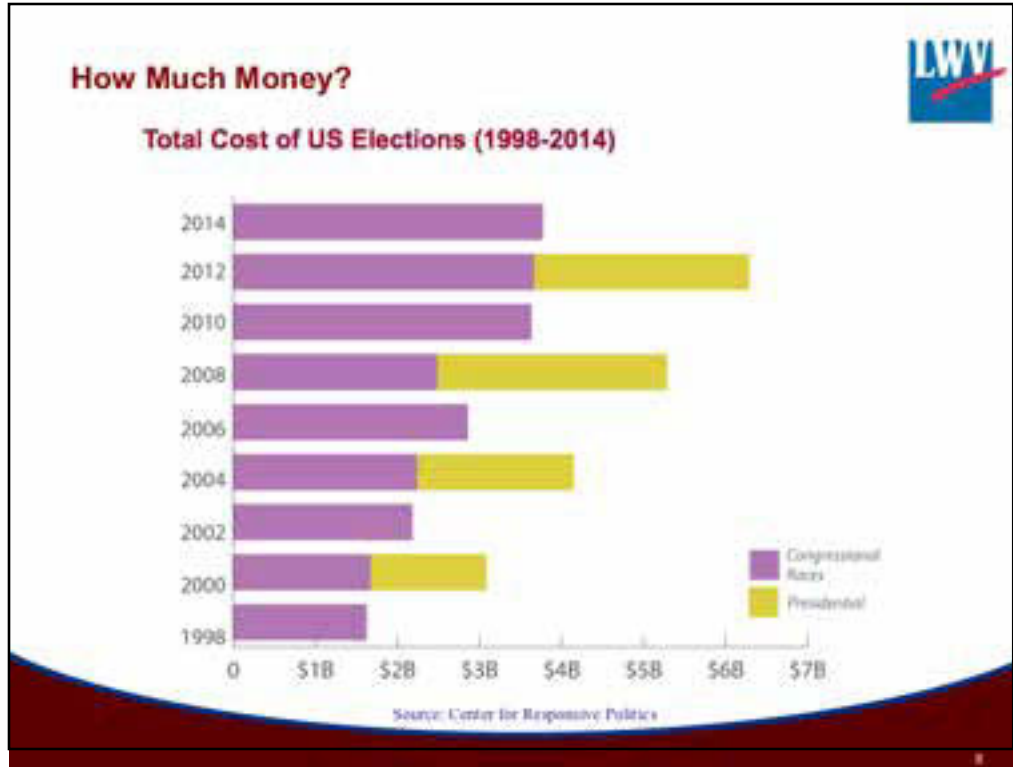
Kalla and Brockman: Congressional Officials Grant Access to Individuals Because They Have Contributed to Campaigns: A Randomized Field Experiment
http://www.ocf.berkeley.edu/~broockma/kalla_brockman_donor_access_field_experiment.pdf

If our elected officials are concerned with fundraising, we must ask what those funds are buying.

It's been a common understanding that campaign donations buy access to politicians and their staff. In 2013, the first-ever randomized field experiment examined scheduling procedures of Congressional offices. The results shows that donors received greater access.

In this landmark study, Joshua Kalla and David Brockman of UC Berkeley had a group try to schedule meetings between 191 Congressional offices and people who had donated to their campaigns. Sometimes the group pointed out that the people seeking meetings were donors — and sometimes they didn't.

When the meeting-seeker was explicitly revealed to be a donor, he/she was four times as likely to get a meeting with the chief of staff, and twice as likely to get a meeting with the member of Congress.



Sources: Center for Responsive Politics at OpenSecrets.org [<http://www.opensecrets.org/overview/cost.php>]

How much money are we talking about?

This chart from the Center for Responsive Politics shows Congressional races in purple and Presidential races in yellow.

Total federal election spending in 2012, which was a Presidential election, was over \$6.2 billion — double the roughly \$3 billion spent on the 2000 campaign.

In 2014, nearly \$3.8 billion was spent.

	2010	2012
Average House Winner spent	\$1,400,000	\$1,560,000
Average House Loser spent	\$680,000	\$540,000
Average Senate Winner spent	\$9,780,000	\$11,400,000
Average Senate Loser spent	\$6,500,000	\$7,400,000

Source: Center for Responsive Politics

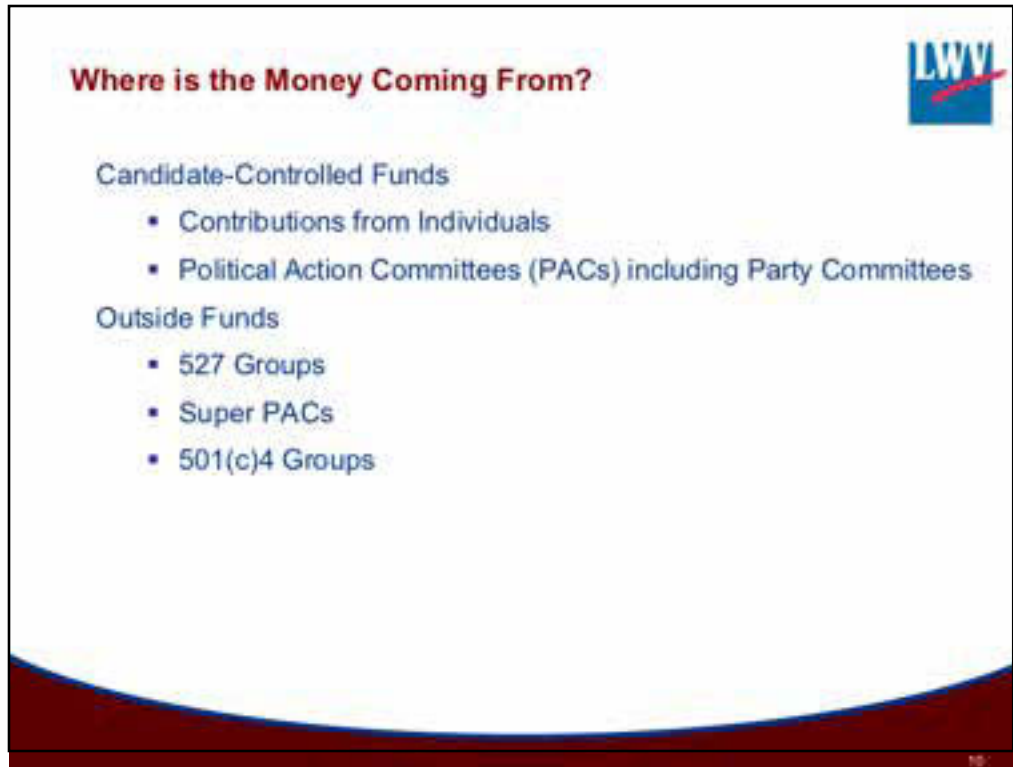
http://www.opensecrets.org/bigpicture/elec_stats.php?cycle=2012

A few slides back, a graph showed that most of the time Congressional candidates who spend more win — but it did not discuss how much was being spent. This slide provides average amounts spent by winning and losing Congressional candidates.

Winning candidates for the House in 2010 spent an average of \$1,400,000; the average campaign expense for 2012 increased to \$1,560,000. For the same years, the average amount spent by losers of House races decreased slightly from \$680,000 to \$540,000 — increasing the difference between amount spent by winners and losers.

In the Senate, winning candidates spent an average of \$9,780,000 in 2010 and this average increased to \$11.4 million for the 2012 campaigns. Campaign expenditures for losing Senate candidates averaged \$6.5 million in 2010 and increased to an average of \$7.4 million in 2012.

The information can be analyzed or compared in several ways, but overall it shows that huge sums of money have been spent by Congressional candidates in recent years.



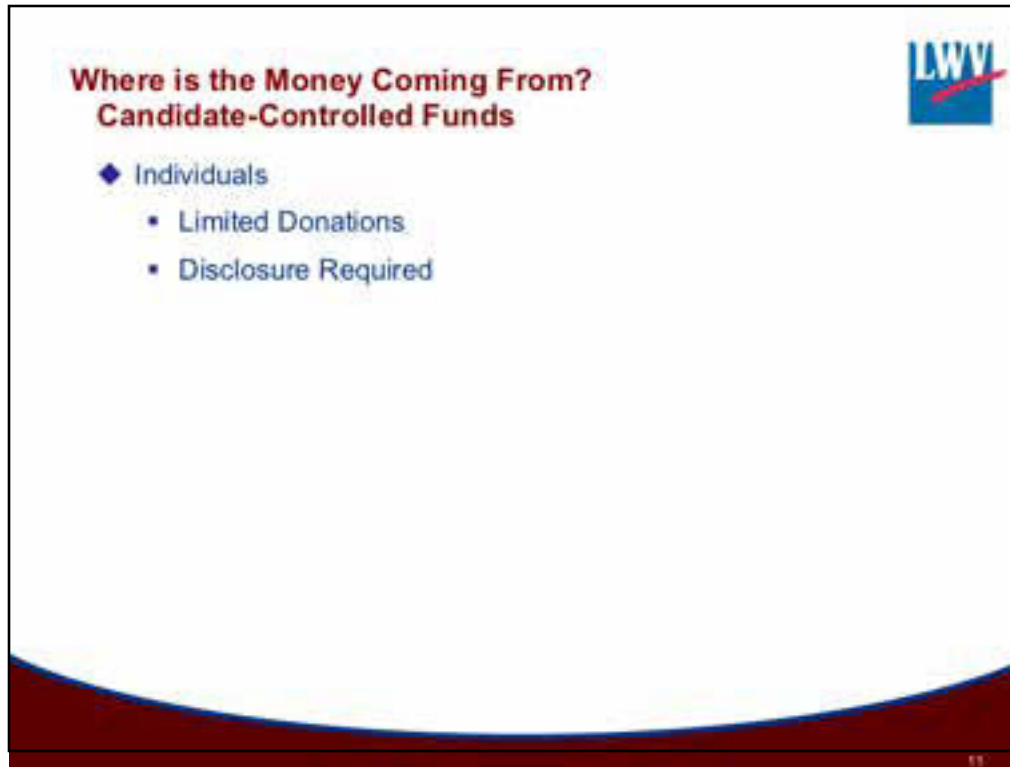
We've talked about why we believe money is a problem in our elections. We have an idea of how much money has been spent in some prior elections. We can now turn to the question of where the money comes from.

Candidates and their committees can accept money from individuals and from Political Action Committees. These funds are controlled by the candidates and regulated by the Federal Election Commission.

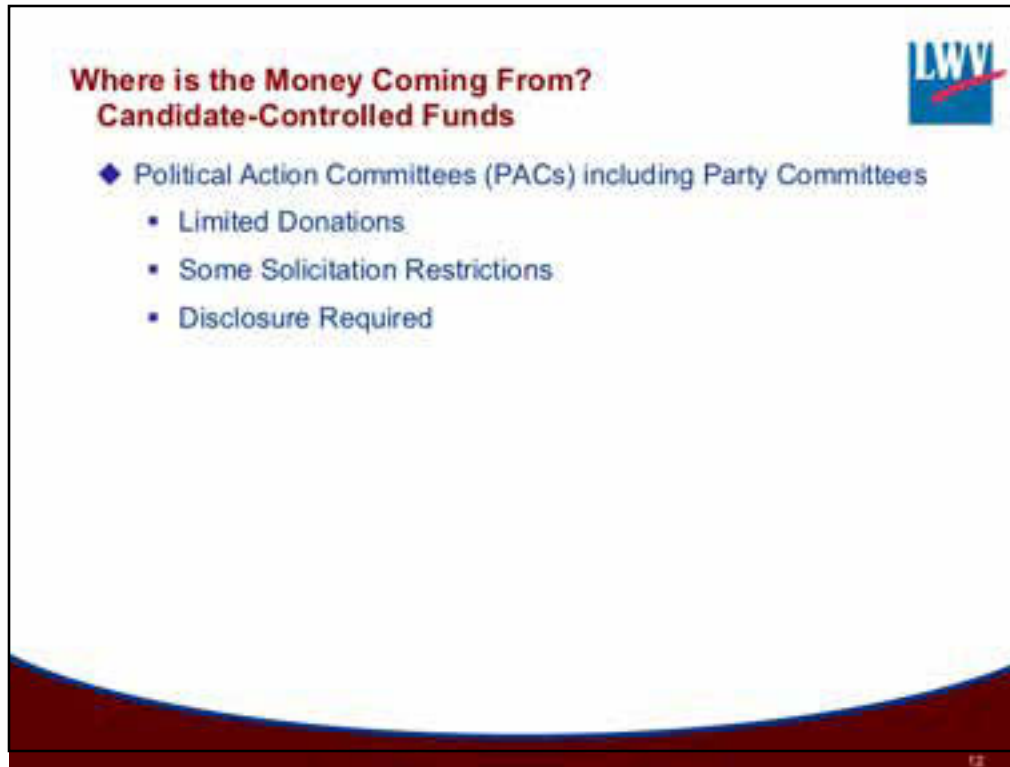
Individuals can contribute within limits to candidates' campaigns, and they can contribute to PACs and other groups.

Other outside groups can solicit and spend large sums of money on political activities that are not coordinated with candidates.

Let's look first at donations controlled by candidates and campaign committees.



Candidates and their committees can currently accept up to \$2700 per election from individuals. The donation limit is indexed to inflation and increases every two years. Candidates must identify individuals who give them more than \$200 in an election cycle. They report smaller donations as aggregate totals. These smaller donations are reported as aggregate totals.

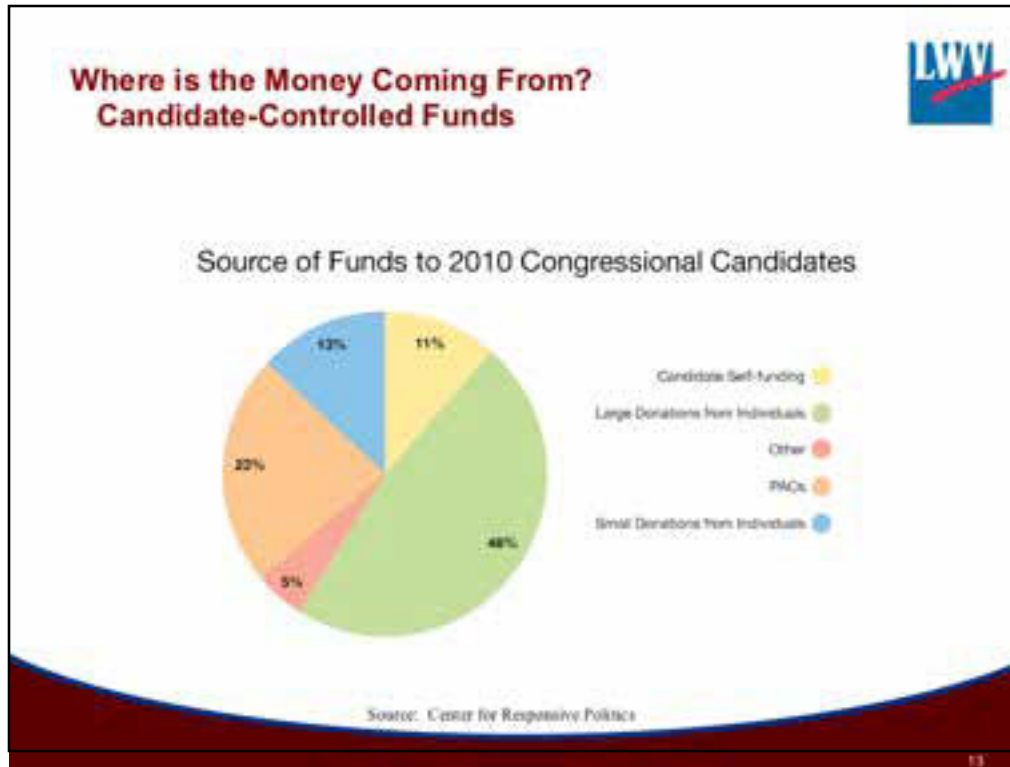


<http://www.opensecrets.org/pacs/toppacs.php>

PACs are political organizations formed to support political activity. Candidates and their committees can currently accept \$5200 per election from Political Action Committees. Candidates must identify all PACs and party committees that give them contributions.

Depending on how the PAC is organized, there are restrictions on who can contribute and how much, for example, a corporate PAC solicits money from the executives of the corporation. The kinds of activities that PACs may engage in are also limited by law. Donors' names must be disclosed to the Federal Election Commission.

The top two PAC contributors to candidates in the 2014 elections were the National Association of Realtors and the National Beer Wholesalers Association. Both of these PACs contributed over \$3 million to candidates, both Republican and Democratic candidates in nearly equal proportions.



Contribution limits are indexed, so for the upcoming election candidates can accept \$2700 per election. In the 2010 elections, that limit was \$2500.

The chart shows 2010 Congressional candidates' funds:

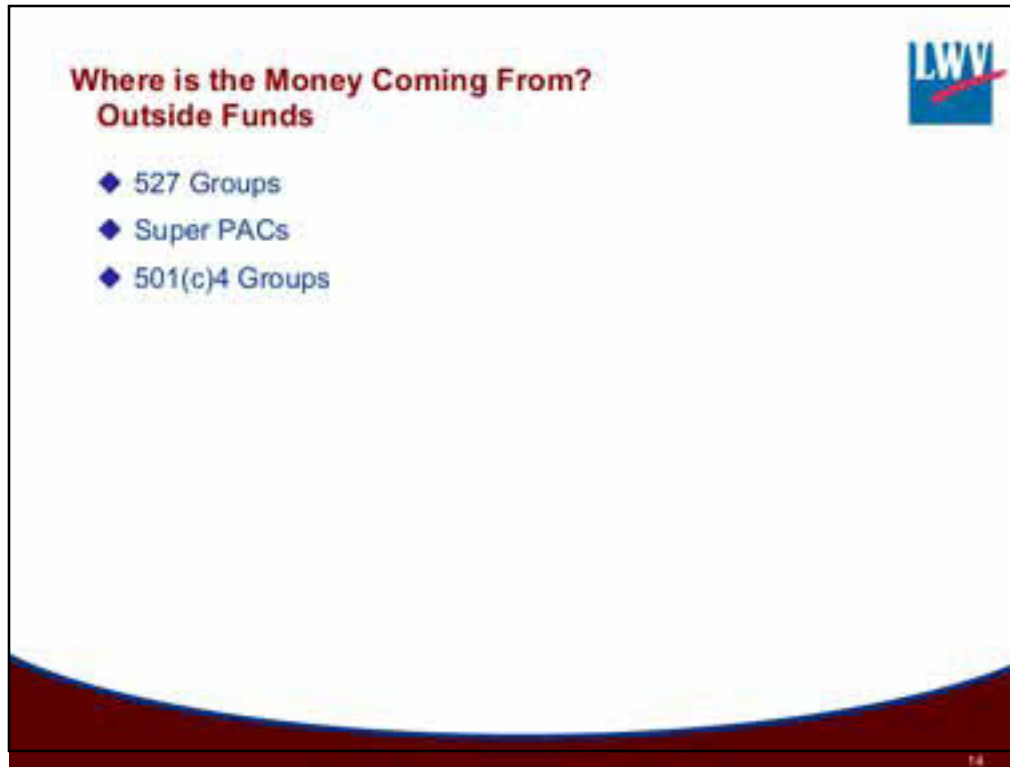
11% (in yellow) came from the candidates' personal funds

48% (in green) came from individuals giving more than \$200

23% (in orange) came from PACs which could give up to \$5000 per election

13% (in blue) came from small donors who gave less than \$200

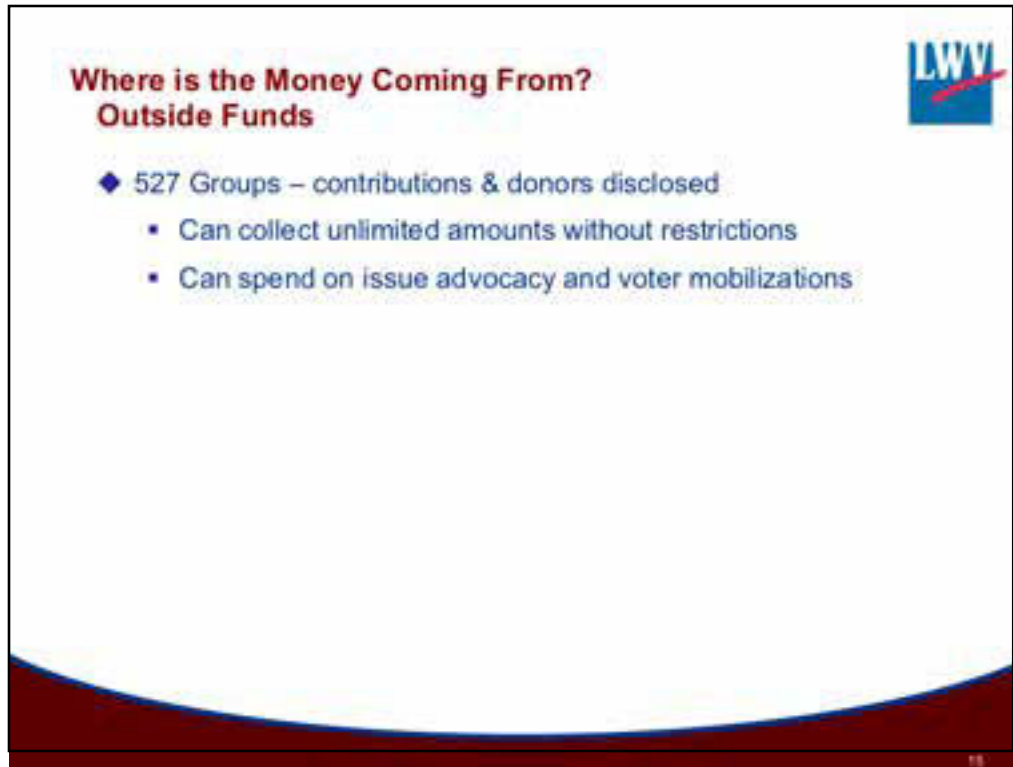
5% (in pink) came from other sources



Candidate-controlled funds are only part of the money in American elections. Outside funds have primarily come from three kinds of organizations: 527 Groups, Super PACs, and 501(c)4 Groups.

All of these groups are regulated by the IRS as tax-exempt organizations. Their activities are limited in various ways, and they cannot coordinate their work with candidates.

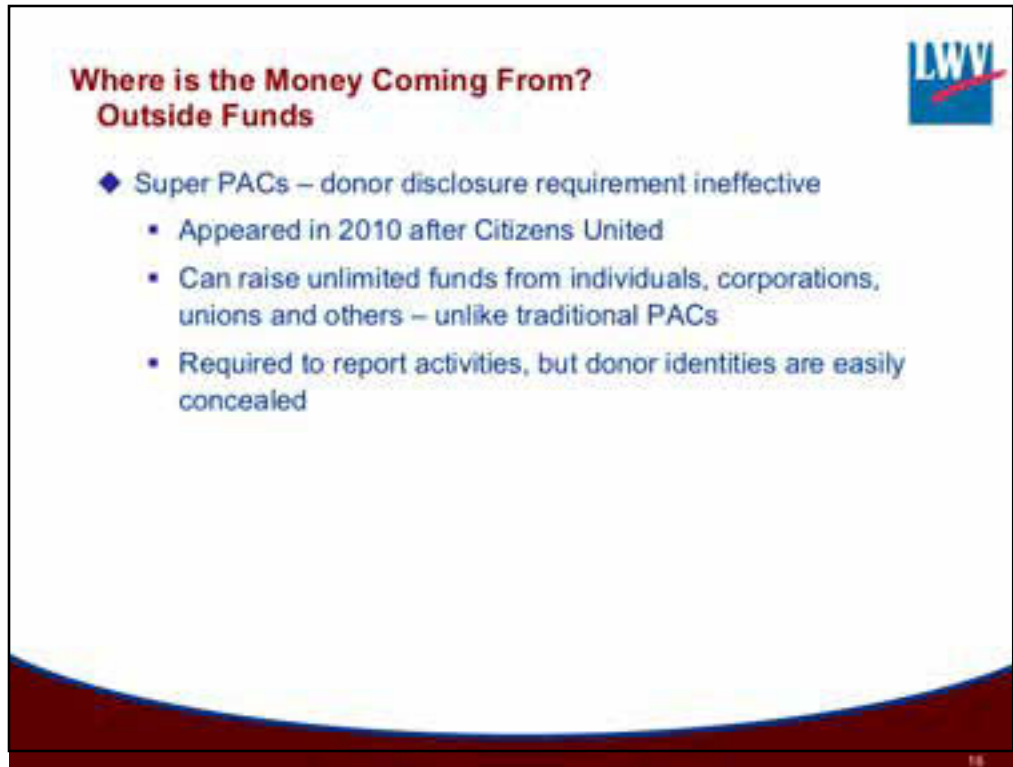
The term “dark money” refers to money spent by undisclosed donors on candidates and issue campaigns.



<http://www.opensecrets.org/overview/527cmtes.php>

Among these groups raising outside funds are the 527 Groups. They do not “expressly advocate” for the election or defeat of a candidate. They are tax-exempt, they can collect and spend unlimited amounts of money. They register with the IRS and publicly disclose donors.

MoveOn.org and Swift Boat Veterans for Truth, both 527 groups, were major players in the 2004 presidential election. In the 2014 election, the two largest 527 Groups were ActBlue and the College Republican National Committee. Both of these 527 Groups spent over \$14 million dollars each in 2014.




**Where is the Money Coming From?
Outside Funds**

LWV

- ◆ Super PACs – donor disclosure requirement ineffective
 - Appeared in 2010 after Citizens United
 - Can raise unlimited funds from individuals, corporations, unions and others – unlike traditional PACs
 - Required to report activities, but donor identities are easily concealed

<http://www.opensecrets.org/outsidespending/summ.php?chrt=V&type=S>

Another major vehicle for injecting outside money into our elections are Super PACs. In 2010, the Supreme Court lifted restrictions on campaign contributions with the Citizens United judgment. That decision made Super PACs able to funnel large amounts of money into elections. They can make unlimited expenditures on their own, as long as they do not coordinate with a candidate.

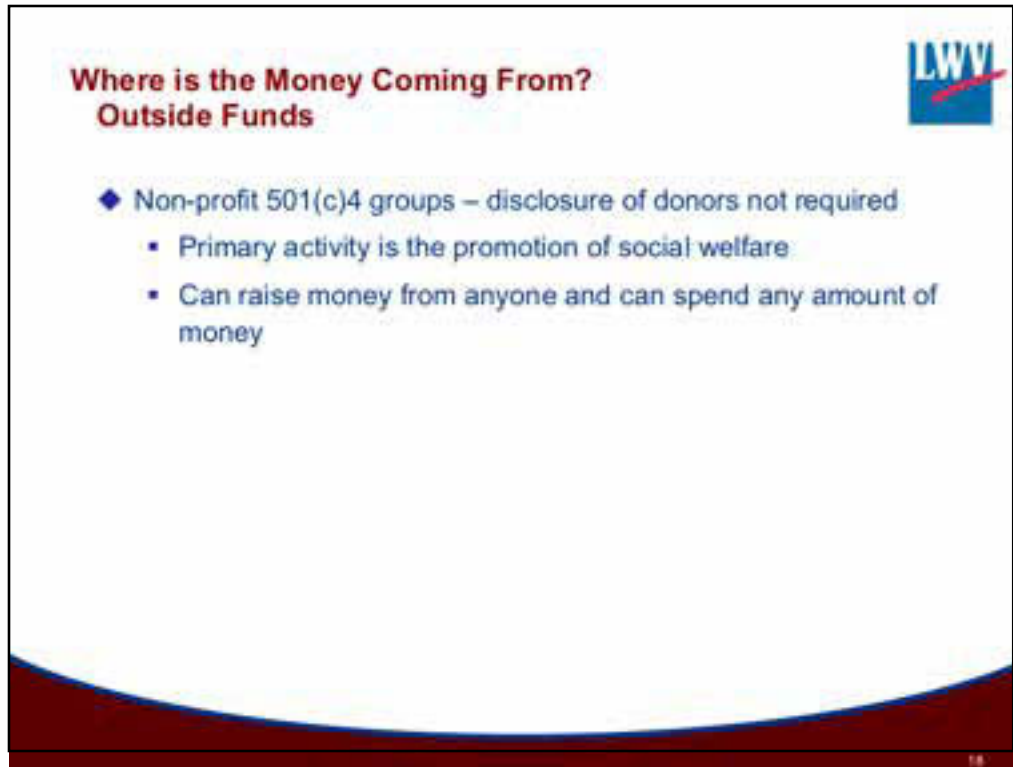


**Where is the Money Coming From?
Outside Funds**

2014 Financial Activity for Super PACs	
Number of Super PACs	1360
Total Raised by Super PACs	\$696,000,000
Total Spent by Super PACs	\$346,000,000

<http://www.opensecrets.org/outsidespending/summ.php?chrt=V&type=S>

The 2 highest spending Super PACs in the 2014 elections on the Liberal side were the Senate Majority PAC and the House Majority PAC. On the Conservative side, the 2 highest spending Super PACs were Freedom Partners Action Fund and the Ending Spending Action Fund.

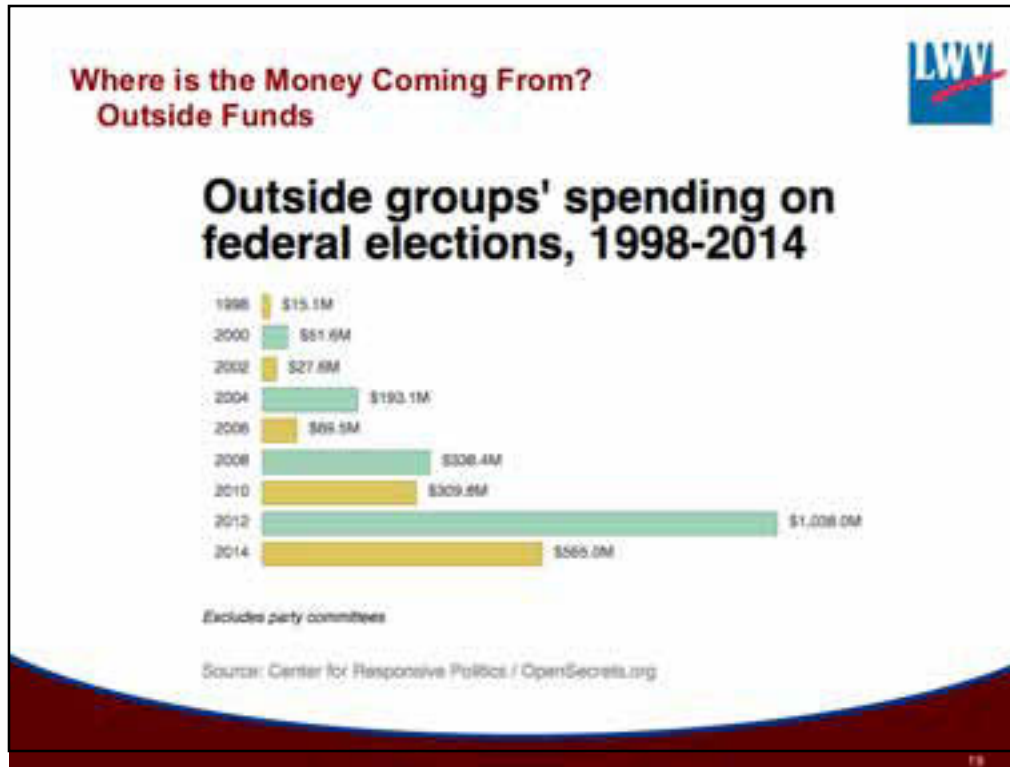


http://www.opensecrets.org/outsidespending/nonprof_elec.php

Tax-exempt, non-profit social welfare organizations, called 501(c)4 groups, can raise money from anyone and spend any amount, without disclosing the donors. They must spend more than 50% of their funds on social welfare activities. The 2010 Citizens United judgment lifted restrictions on political advertisements, and these groups spend heavily on television ads.

The League of Women Voters is a 501(c)4 group that provides voter services and advocates for causes.

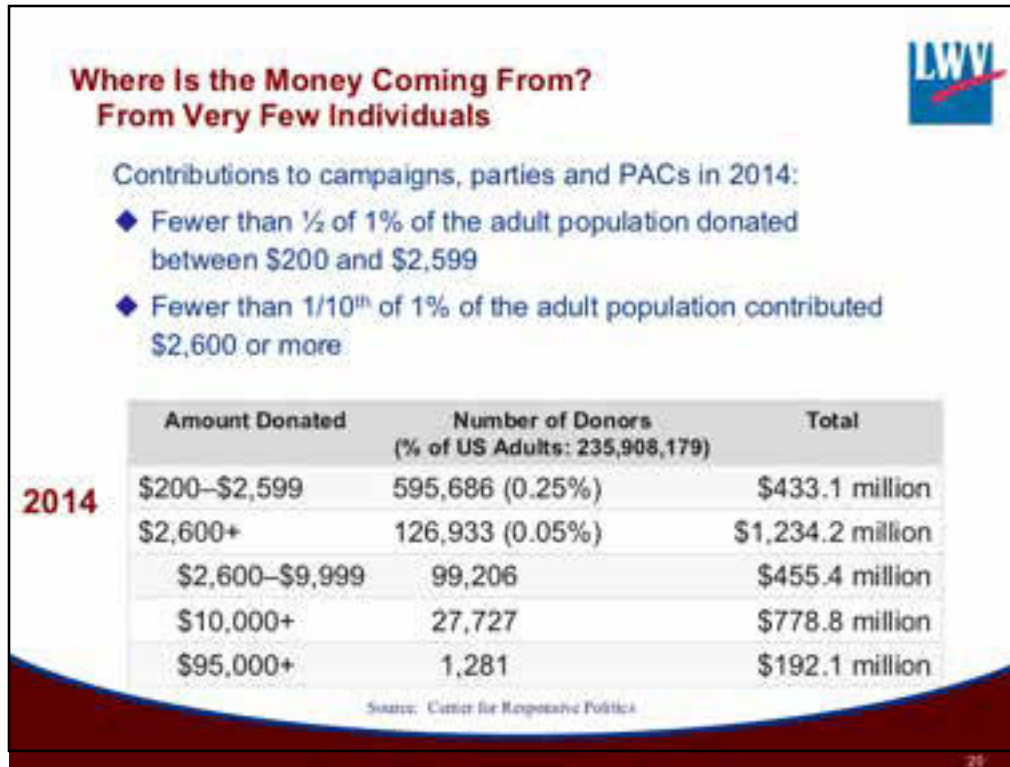
In the 2014 elections, the 501(c)4 groups that reported the most spending to the FEC were Crossroads GPS and the NRA Institute for Legislative Action (affiliated with the National Rifle Association).



http://www.opensecrets.org/outsidespending/nonprof_elec.php

<http://www.vox.com/2014/7/30/5949581/money-in-politics-charts-explain>

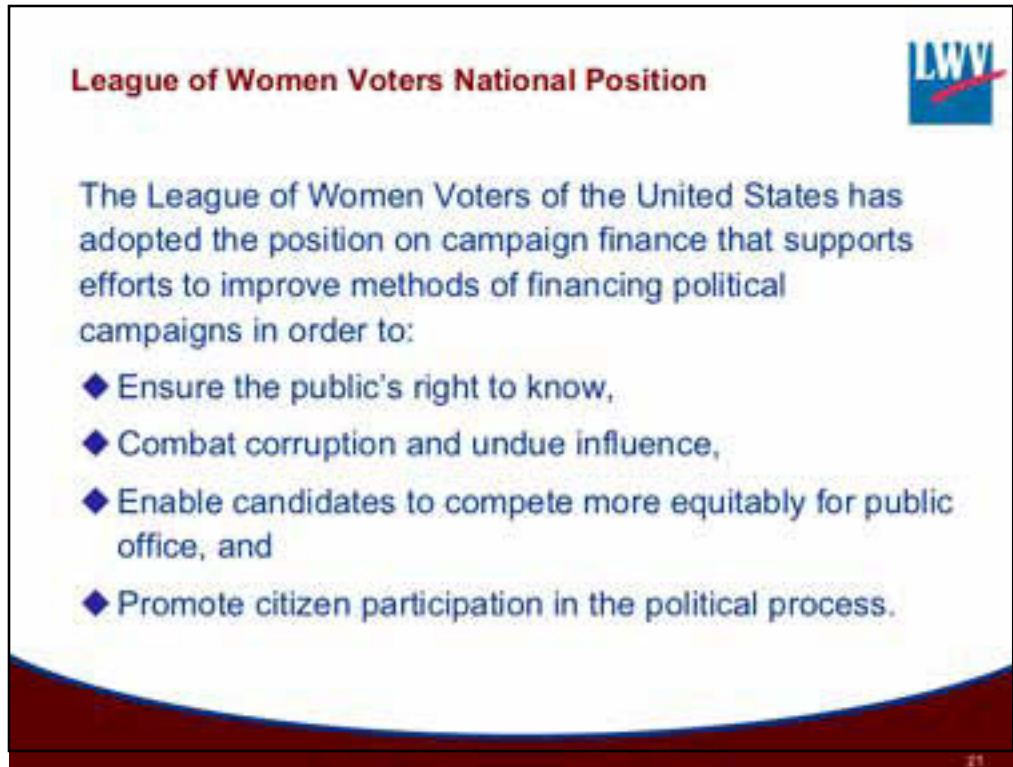
This chart shows the growth of reported spending from 1998 to 2014. Presidential election years are shown in green.



Sources: Center for Responsive Politics at OpenSecrets.org

<http://www.opensecrets.org/bigpicture/donordemographics.php?cycle=2010&filter=A>

Polls have shown that less than 10% of Americans have ever given a contribution to candidates for any office, at any level. And if you look at contributions big enough to be reported to the Federal Election Commission -- those exceeding \$200 -- the number of Americans contributing in a typical election year is very small. Even in the presidential election year of 2008, which saw more people giving than ever before, barely more than one-half of one percent gave more than \$200 to a federal candidate, political action committee, or party.



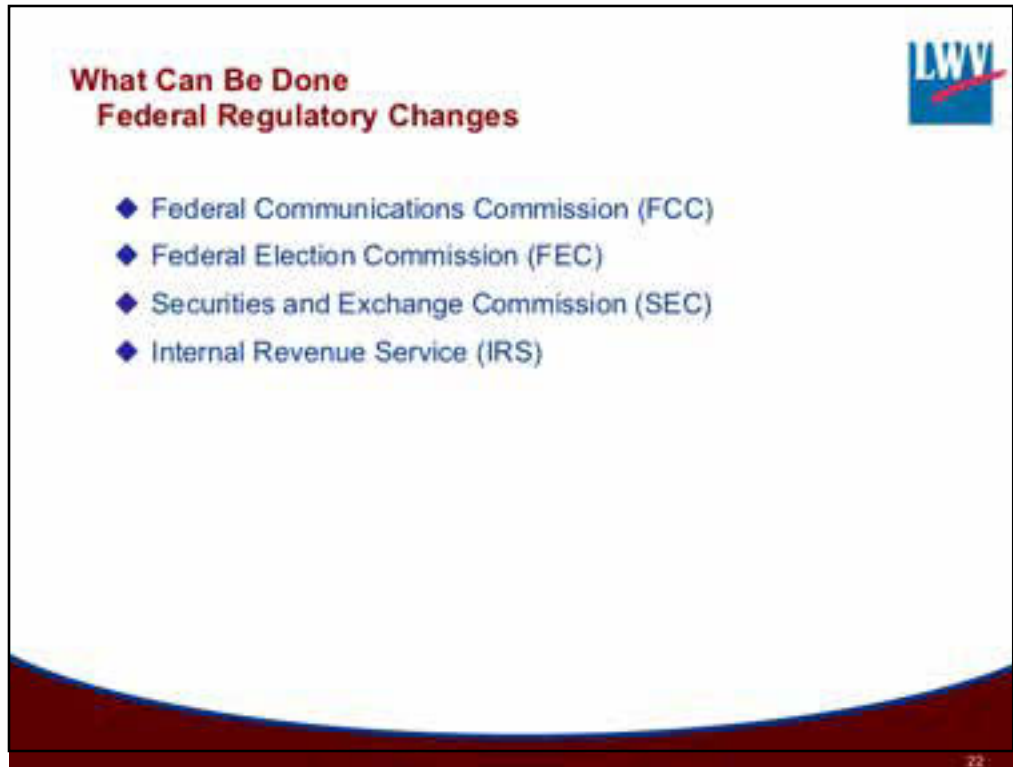
In the presentation today, we have reviewed information showing:

- Ever-increasing amounts of money in American elections
- Money comes from a small number of people with only a very few individuals making the larger contributions
- We often do not know who is making the contributions, and
- Donors buy access

Money in politics affects all issues — climate change, health care reform, energy policy, income inequality, banking/finance reform, war and peace, gun regulations, etc. The national League of Women Voters has adopted a position to support campaign finance reform.

Some ways to rein in the money in politics include:

- Requiring clear disclosure of donors and their contribution amounts
- Ending the revolving door of lobbying
- Ending illegal coordination between outside groups and candidates or campaigns
- Amending the Constitution to specify that money is not speech and/or corporations & unions are not people, and
- Providing public financing of campaigns



One approach to moving forward is to encourage/urge that stronger regulations be developed and implemented by all four of these federal agencies.

How can we reset the balance of influence? One avenue is to support federal regulatory changes.

Regulatory approaches involve the following agencies:

- Federal Communications Commission (FCC)
- Federal Election Commission (FEC)
- Securities and Exchange Commission (SEC)
- Internal Revenue Service (IRS)

What Can Be Done
Federal Regulatory Changes-FCC

LWV

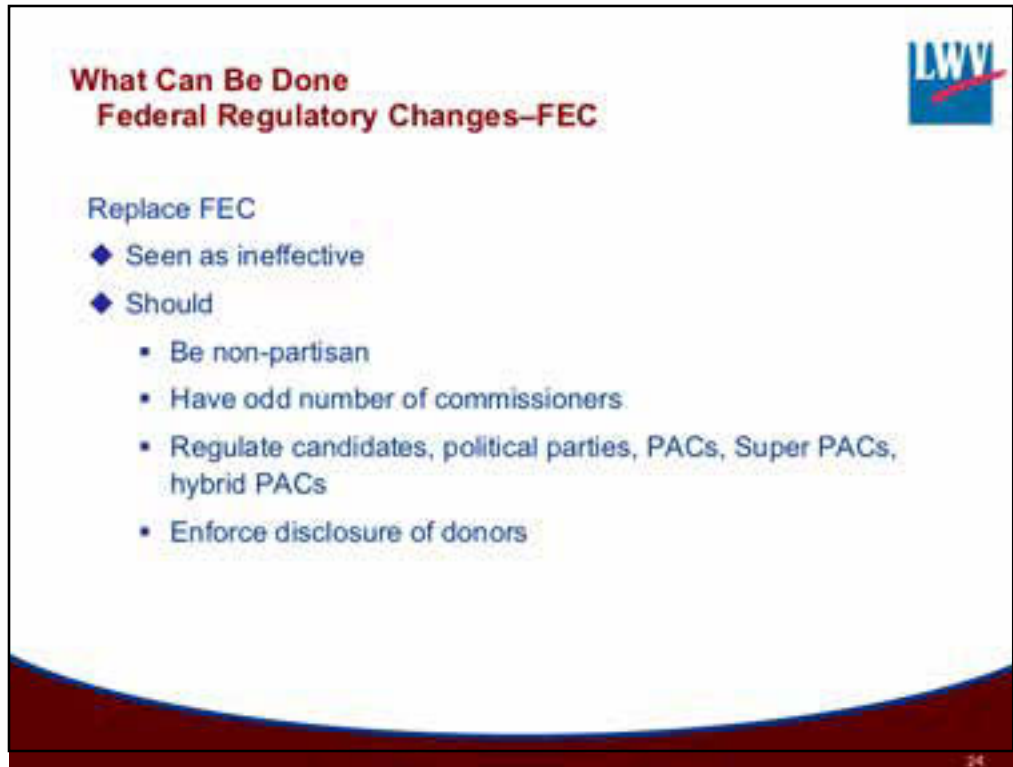
FCC should enforce Section 317 of the Communications Act (47 USC § 317) — Disclosure

- ◆ Requires on-air identification of the sponsors of all advertisements, political as well as commercial

23

For example, the Federal Communications Commission can enforce the Section 317 statute that requires that political ads must disclose the true identity of the person or persons, or corporation, committee, association or other unincorporated entity paying for them.

Quoting the FCC, “Listeners are entitled to know by whom they are being persuaded”. This statute is already on the books; it just needs to be enforced.



The Federal Election Commission (FEC), a regulatory body, is widely viewed as ineffective because of its partisan composition.

To be effective, a political regulatory agency needs:

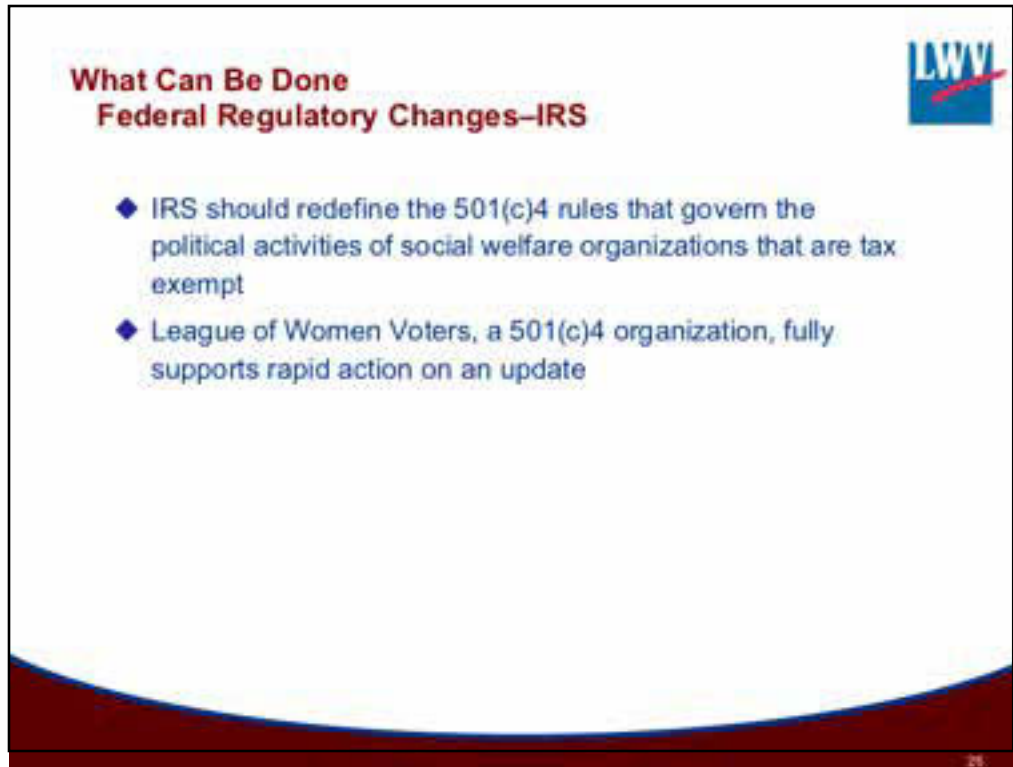
- To be non-partisan,
- To have an odd number of commissioners to break tie votes, and
- To have enforcement teeth to regulate candidates, political parties, PAC's, Super PACs and other political action groups



The Securities and Exchange Commission (SEC), a federal agency that oversees the stock market, has the authority to adopt a rule governing corporate political expenditures including:

- disclosure of political activities and donations
- disclosure of lobbying activities
- requiring shareholder approval for political activity.

The SEC made the decision not to rule on these changes in 2013. In May a newly created non-profit organization, the Campaign for Accountability, sued the SEC in an effort to force the agency to adopt rules requiring companies to disclose political contributions. The SEC Chair, Mary Jo White has said the agency will not write rules on corporate spending and would instead focus on other regulations required by Congress.



Also on the regulatory front, the IRS is currently reviewing its regulations regarding 501(c)4 groups. The IRS has the authority to clarify and redefine 501(c)4 rules governing political activities of social welfare organizations that are tax exempt.

Many organizations that claim 501(c)4 tax exempt status actively raise and spend money in elections. President Obama recently proposed new rules for 501(c)4 groups. The League has commented on proposed changes and fully supports rapid action on an update.



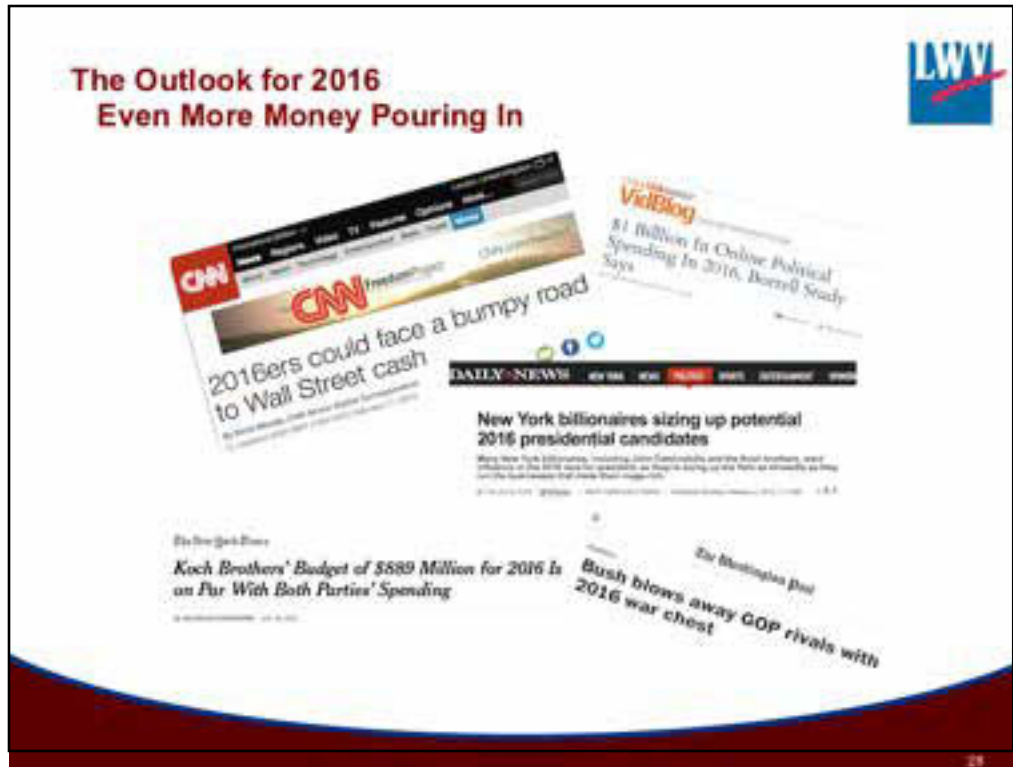
What More Can We Do
Follow the Money & Keep Informed

Contact your legislators to urge action on current legislation

Find timely information about candidates by viewing

- ◆ the League's voter information at Vote411.org
- ◆ www.votesmart.org
- ◆ candidates' speeches on YouTube or other sources

27



We've talked about the vast amount of money that has gone into past elections and the need to know who is providing that money.

We've told you why we believe that this money endangers our democracy.

We've pointed out some of the avenues for change and listed some of the organizations that are actively trying create change.

On the handouts you'll find contact information for these organizations.

Finally, we want to assure you that this problem did not end with the last election. The outlook for 2016 is already alarming. We urge you to stay informed and take action.

And, of course



YOUR
VOTE
COUNTS

Visit our website: www.lwvbc.org
See us on Facebook: League of Women Voters Boulder County

29