

TIPSHEET: COVERING CAMPAIGN FINANCE AND MONEY IN POLITICS

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*Investigating Politics: Soft Money,
527s and Lobbyists*

HARD MONEY – Limited contributions to federal candidates and party committees by individuals and political action committees (PACs). Hard money may not be contributed in any amount by corporations or labor unions.

| Limits: | <u>2003-04</u> | <u>2005-06*</u> |
|-------------------------------------|----------------------|-----------------|
| Individuals to Federal Candidates | \$2,000 per election | \$2,100 |
| Individuals to Natl. Party Comtees. | \$25,000 per year | \$26,700 |
| Individual Aggregate Limit | \$95,000 per cycle | \$101,400 |
| ... to Candidates | \$37,500 per cycle | \$40,000 |
| ... to PACs and Parties | \$57,500 per cycle | \$61,400 |

**The Bipartisan Campaign Reform Act of 2002 (also known as McCain-Feingold) called for federal campaign contribution limits to be indexed for inflation.*

Source: Federal Election Commission (<http://www.fec.gov>)

| Reporting Deadlines: | <u>Period Covered</u> | <u>Report Due</u> |
|-----------------------------|-----------------------|--|
| Monthly Filers | One month | The 20 th of the following month* |
| Quarterly Filers | Jan. 1 – March 31 | April 15 |
| | Apr. 1 – June 30 | July 15 |
| | July 1 – Sept. 30 | Oct. 15 |
| | Oct. 1 – Dec. 31 | Jan. 31 |
| Semi-Annual Filers | Jan. 1 – June 30 | July 31 |
| | July 1 – Dec. 31 | Jan. 31 |

**Except that the monthly report for December is due Jan. 31*

Source: Federal Election Commission (<http://www.fec.gov>)

| Reporting Schedules: | |
|-----------------------------|---|
| Presidential Candidates | Monthly during the presidential election year; monthly or quarterly during other years |
| Congressional Candidates | Quarterly (in addition to pre-election and post-election reports during election years) |
| Natl Party Committees | Monthly during election years and off years |

Other Committees and PACs Monthly for the entire two-year election cycle, or quarterly during election years and semi-annually during off years

Source: Federal Election Commission (<http://www.fec.gov>)

On OpenSecrets.org:

2004 Statistics

Top Organizational Donor: Goldman Sachs, \$6.6 million (61% Dems; 38% Repubs)
Top Industry: Lawyers & Law Firms, \$181.9 million (74% Dems; 25% Repubs)
House Candidate Who Spent the Most: Rep. Dennis Hastert (R-Ill.), \$5 million
Senate Candidate Who Spent the Most: Blair Hull (D-Ill.), \$29 million
Senate Incumbent Who Spent the Most: Sen. Arlen Specter (R-Pa.), \$20.3 million
Top Metro Area: New York City, \$149.9 million (65% Dems; 23% Repubs)

Who's Getting Campaign Contributions?

Lawmaker Profiles – <http://www.opensecrets.org/politicians/index.asp>
Political Party Profiles – <http://www.opensecrets.org/parties/index.asp>
Congressional Race Profiles – <http://www.opensecrets.org/races/index.asp>
Presidential Candidate Profiles – <http://www.opensecrets.org/presidential/index.asp>

Who's Giving Campaign Contributions?

Donor Lookup – <http://www.opensecrets.org/indivs/index.asp>
PAC Lookup – <http://www.opensecrets.org/pacs/index.asp>
Industry Profiles – <http://www.opensecrets.org/industries/index.asp>
Election Overview – <http://www.opensecrets.org/overview/stats.asp?cycle=2004>

Other Sources:

Federal Election Commission – <http://www.fec.gov>
PoliticalMoneyLine – <http://www.fecinfo.com>
Dwight Morris and Associates

For fundraising by state candidates and parties, visit the Institute on Money in State Politics' site at <http://www.followthemoney.org>. (Note that states have their own campaign contribution limits and prohibitions.)

SOFT MONEY – This term used to refer mainly to unlimited contributions from corporations, labor unions and wealthy individuals to the national political parties. Since the passage of McCain-Feingold, which banned the national political parties from raising or spending soft money, the term now refers to money raised to influence federal elections by 527 groups, 501(c) organizations, party nominating conventions and presidential inaugural committees, among others.

527 Groups: Defined as organizations created under Internal Revenue Code Section 527, which applies to “political organizations.”

Did you know?... Candidate committees, political parties and PACs are registered under Section 527, but we don't refer to them as 527 groups. “527 group” is a term reserved for nonprofit advocacy groups registered under Section 527, or groups that conduct at least some of their activities through a 527 account.

Limits and Prohibitions: 527 groups and others that raise and spend soft money are not currently subject to the limits and prohibitions that apply to hard money. So they can raise unlimited amounts from virtually any source, including corporations and labor unions. (They cannot raise funds directly from foreign nationals or foreign companies, but they can collect money from U.S. subsidiaries of foreign companies.)

Reporting Requirements: Since August 2000, 527 groups have had to disclose contributions of more than \$200 and expenditures of more than \$500 to the Internal Revenue Service. (Congress decided NOT to require disclosure to the Federal Election Commission.) Groups already filing at the state level need not file with the IRS.

Reporting Schedule: Monthly for the entire two-year election cycle, or quarterly during election years and semi-annually during off years

IRS: View images of 527 reports by visiting the IRS Web site (<http://www.irs.gov/>) and following the steps below.

1. Under “information for” banner, click **Charities and Nonprofits**.
2. Find “information for” on the next page and click **Political Orgs**.
3. On the page titled “Tax Information for Political Organizations,” click on **Political Organization Filing and Disclosure**.
4. On the next page, click **Search Political Organization Disclosures**.
5. Once you’re on the search page, **bookmark it!**

On OpenSecrets.org – <http://www.opensecrets.org/527s/index.asp>

Totals, 2004 Cycle

- \$468 million raised, \$478 million spent by federally focused groups
- \$596 million raised, \$609 million spent by all groups filing with the IRS

Top 50 Groups

- No. 1: America Coming Together (\$79.8 million raised; \$78 million spent)
- Top Republican-leaning 527 (No. 4 overall): Progress for America (\$44.9 million raised; \$35.6 million spent)

Top Individual Donors

- No. 1: George Soros, Soros Fund Management (\$23.5 million)
- No. 2: Peter Lewis, Progressive Corp. (\$23 million)
- Top donor to Republican-leaning 527s (No. 5 overall): Bob Perry, Perry Homes (\$8.1 million)

“New This Week” – View 527s that filed reports in the past week.

Other Sources:

Center for Public Integrity – <http://www.publicintegrity.org>
PoliticalMoneyLine – <http://www.fecinfo.com>

On the Horizon ... More Regulation, Or Less?

527 Reform Act of 2005

Chief Sponsors: Sens. John McCain (R-Ariz.) and Russ Feingold (D-Wis.)

- Would require many 527 groups to register with the Federal Election Commission and adhere to federal contribution limits (hard money). Groups focused solely on state or local elections or ballot initiatives would not have to register with the FEC.
- Would mandate that activities affecting both federal and non-federal elections, such as voter registration and get-out-the-vote drives, be paid for with at least 50 percent hard money.
- *Note: This bill has changed dramatically since it was proposed and its status is uncertain.*

527 Fairness Act of 2005

Chief Sponsors: Reps. Mike Pence (R-Ind.) and Al Wynn (D-Md.)

- Would repeal aggregate limits on individual contributions to federal candidates (currently \$40,000 per cycle) and to parties and PACs (currently \$61,400 per cycle).
- Would repeal spending limits for the national political parties.
- Would allow nonprofits, trade associations and labor unions to use unlimited contributions from individuals to pay for “electioneering communications” – broadcast ads that mention a federal candidate just before an election.

501(c) Organizations: Groups registered under Tax Code section 501(c)(4) (social welfare), 501(c)(5) (labor) or 501(c)(6) (business leagues, chambers of commerce) may devote up to half of their expenditures to political activities such as lobbying and issue advocacy campaigns.

“Issue” Ads: Like 527 groups, 501(c) organizations can run print and broadcast ads that center on an issue but also seek to influence people’s votes prior to an election.

As long as the ads avoid “express advocacy” (e.g. “vote for,” “vote against,” “elect,” “defeat”), they can be paid for with soft money.

BUT, the McCain-Feingold law prohibits corporations and labor unions from paying for any broadcast ad that mentions a federal candidate and airs immediately prior to an election.

Disclosure: 501(c) organizations do NOT have to disclose contributions or expenditures.

However, the 990 tax forms for tax-exempt, nonprofit organizations are available on Guidestar at <http://www.guidestar.org> (free registration required).

Guidestar’s arrival in many ways superceded the widely used California AG’s Registry of Charitable Trusts site at <http://caag.state.ca.us/charities/>. It is still good at some of the harder-to-find stuff.

The Foundation Center (<http://www.fdncenter.org>) has tax returns and financial info on charities/trusts. Click on Foundation Finder (<http://lnp.fdncenter.org/finder.html>), which has details and tax returns on 70,000 private and community foundations, or on the 990 search engine (http://lnp.fdncenter.org/finder_990.html).

LOBBYING – The Lobbying Disclosure Act requires registered lobbyists and their clients to file reports with Congress. The reports show how much the client paid (or the lobbyist billed) for lobbying activities

in the previous six months, the chamber(s) of Congress and/or federal agencies contacted and the issues or bills lobbied on.

What's Lobbying? In brief, lobbying is any oral, written or electronic communication to a covered official that is made on behalf of a client, and any efforts in support of such communications. For a more complete description, visit <http://clerk.house.gov/pd/guideAct.html>

Note: The definition of lobbying does NOT include grassroots activity or issue advocacy aimed at the public.

Disclosure: The Secretary of the Senate's Office of Public Records makes images of lobbying reports available online at the following address – <http://sopr.senate.gov/>

Tips: Lobbyists and lobbying firms file separate reports for each of their clients. So if you want the total amount spent on lobbying by a particular organization, you may have to add the totals reported by each of its lobbying firms ...

... UNLESS the organization has filed its own report. In that case, the organization is reporting its internal lobbying activity AND the amount paid to outside lobbyists and firms. In other words, there's no need to add up the totals from different reports.

Other Sources of Lobbying Info:

The Department of Justice's Foreign Agents Registration Act (FARA) Web site has information on lobbyists and other agents of a foreign entity, who are required by law to register with the government. Those required to register include foreign governments, foreign political parties, a person or organization outside the United States (except U.S. citizens) and any entity organized under the laws of a foreign country or having its principal place of business in a foreign country.
<http://www.usdoj.gov/criminal/fara/>

Companies and nonprofits have taken this data and analyzed it many different ways. The Center for Public Integrity has an online database that includes the names of all registered lobbyists, top clients of all the lobbyists, issues and agencies lobbied.
<http://www.publicintegrity.org/lobby/>

One of the oldest companies to track federal lobbying is Columbia Books, which publishes Washington Representatives, the bible of K Street. Wash Reps also has a Web site, www.lobbyists.info. Unlike many of the other resources, which rely only on public filings, Wash Reps contacts lobbyists and does extensive fact-checking of bios with lobby firms. It is a paid site but offers free, limited trials and likely would negotiate its services.
<http://www.lobbyists.info>

American Law Media runs a Web site called www.influence.biz, which offers news, features, analysis and surveys on the business of lobbying. The site includes search functions and offers free trial passes.
<http://www.influence.biz>

PoliticalMoneyLine, also known as FECInfo, collects lobbying data. Access requires a subscription.
<http://www.fecinfo.com>

The Center for Responsive Politics collected lobbying data from 1997 to 2000. The data is searchable by lobbying firm, lobbyist or client. Clients are broken down by industry, the same way the Center displays campaign contributors.

<http://www.opensecrets.org/lobbyists/index.asp>

Professional Associations: Want more info on the major lobbying groups? Nearly every industry has a trade group or professional association, often based in Washington and state capitals, to represent the industry's interests.

Look up industry associations in the Encyclopedia of Associations, available in libraries. It is online, but not free, at <http://www.galenet.com>.

The American Association of Association Executives has a Web directory of associations at <http://info.asaenet.org/gateway/OnlineAssocSlist.html>. The directory takes you to the site of each association (about 6500 of them), but does not provide that neat blurb with info about each association like the Encyclopedia of Associations does.

Law Firms: For a nationwide search, try Martindale-Hubbell at <http://www.martindale.com>, the useful search engine by the publisher of the old Martindale hardbound books. If you want list of clients, and they aren't on the law firms' own site (often they are), you can get them in the Martindale print copy found in law libraries. Martindale charges to be listed, but also runs an ABA lawyer listing that includes lawyers who have not paid to be in Martindale: <http://lawyers.martindale.com/aba>.

Congressional Travel: Privately funded trips are disclosed on paper at the Secretary of the Senate and Clerk of the House's Legislative Resource Center on Capitol Hill. Lawmakers are supposed to file the forms within 30 days after returning from the trip. Unfortunately, the forms are not available online.

Check these links for more info on travel disclosure with Congress:

<http://www.house.gov/ethics/Highlights2005a.htm>

http://www.house.gov/ethics/Gifts_and_Travel_Chapter.htm

Last year, American Radio Works and Medill News Service, which is run by Northwestern University's Washington journalism program, gathered records on monthly congressional travel reports and put them into a database. There are some errors in the database (e.g., some trips counted twice), so double-check with the records filed with the clerk of the Clerk of the House and Secretary of the Senate.

<http://americanradioworks.publicradio.org/features/congrtravel/>

Privately sponsored travel also must be reported on members' annual financial disclosure forms, which contain a lot of other useful info. Like the travel reports, personal financial disclosure forms (or PFDs) are filed with the Clerk of the House and Secretary of the Senate, and are not available online. However, the Center for Responsive Politics makes them available at the link below for all lawmakers and several executive branch officials.

<http://www.opensecrets.org/pfds/>

FEDERAL APPOINTEES

To track down federal appointees and their campaign contributions, visit The Brookings Institution's Web site at <http://www.appointee.brookings.edu/>. Note that it was archived June 30, 2003.

For a list of appointees by department, visit <http://www.firstgov.gov>.

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