



# Trackable, Traceable, Transparent: Explaining PACs and Campaign Finance

Center Forward Basics  
April 2019

## Overview

There are many complex laws that regulate campaign finance. Many of these regulations stem from the 2010 Supreme Court case: *Citizens United v. Federal Elections Commissions (FEC)*. This case overturned key provisions of the Bipartisan Reform Act of 2003 and allowed unions and corporations to make unlimited political donations. In this Basic, we will explore the rules surrounding campaign finance and explain the different types of Political Action Committees (PACs).

## What are PACs?

Political Action Committees are organized for the purpose of raising and spending money in order to support and defeat candidates. There are many different types of PACs that are each subjected to varying financial limitations, laws, and regulations. Many PACs represent employees of business, labor, or ideological interests.

## Traditional PACs

The structure of a PAC depends on the purpose of the group. For example, some PACs make contributions to federal candidates, donate funds to state and local candidates, and make independent expenditures. A traditional nonconnected PAC makes monetary contributions to candidates. In addition to contributions and other financial assistance, a traditional nonconnected PAC may also distribute communications that support candidates and parties, including making independent expenditures. Examples of traditional nonconnected PACs include: a group without a corporate or labor sponsor, a leadership PAC, or a federal PAC sponsored by a partnership (or an LLC) that makes contributions to federal candidates. PACs vary with how much money they can accept from individuals and contribute to candidates. Traditional PACs may accept up to \$5,000 per year from any individual donor. PACs have a contribution limit of \$5,000 to a federal candidate per election. They can also give up to \$15,000 annually to any national party committee and \$5,000 annually to any other PAC.

## Employer Sponsored PACs

Businesses and corporations can establish and maintain corporate PACs as a way for employees to have a voice in the election process. A company or organization's PAC can collect voluntary donations from individual employees or members and make contributions to political candidates or parties. Although connected to a company, corporate PACs **cannot** accept general treasury funds (ie corporate money) to contribute directly to candidates. For example, corporate PACs are subject to the same regulations as traditional PACs and can only contribute \$5,000 per election to a federal candidate committee. Additionally, every employee is subject to the same \$5,000 annual contribution limit, whether CEO or receptionist. According to a 2015 report released by the Federal Election Commission, employees at the nation's top firms are contributing more money than ever to company PACs. In the 2014 midterm election,

## Center Forward Basics

Center Forward brings together members of Congress, not-for profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit [www.center-forward.org](http://www.center-forward.org)

## Key Facts:

- The first PAC was formed in 1944 when the Congress of Industrial Organizations (CIO) formed the first one to raise money for the re-election of President Franklin D. Roosevelt.
- There are currently more than 2,000 PACs registered in the United States.
- Independent expenditures: a message expressly advocating the election or defeat of a clearly identified candidate that is not made in cooperation, consultation, or concert with, or

employee sponsored PACs spent over \$1.5 million and in the 2016 election, they spent more than \$2 million. This represents voluntary spending from employees as part of the electoral process. Most importantly, both candidates and PACs must publicly disclose all donors whose total contributions exceed \$200, making it an extremely transparent process.

at the request or suggestion of, a candidate, a candidate's authorized committee, or their agents, or a political party or its agents.

## Leadership PACs

Leadership PACs are political committees that are directly or indirectly established, financed, or controlled by an individual holding federal office. Members of Congress and other political leaders can establish leadership PACs to support other candidates for various federal and nonfederal offices. A leadership PAC can accept individual contributions of \$5,000 and contribute up to \$5,000 per election to a federal candidate committee.

## Super PACs

Established in 2010, Super PACs can accept unlimited contributions from individuals, corporations, labor unions, and other political action committees for the purpose of financing independent expenditures, such as running tv ads or sending mail, and other independent political activity. They cannot directly donate to federal candidates or parties or coordinate with the candidates they are supporting.

## Conclusion

Overall, PACs raise and spend large amounts of money during election cycles to aid their preferred candidates. The groups' spending and fundraising are regulated under different sets of rules depending on the type of PAC. Information about the types of PACs and spending is disclosed in regularly filed reports on the Federal Election Commission's website and is accessible to the public.

## Links to Other Resources

- Ballotpedia- PACs and Super PACs  
[https://ballotpedia.org/PACs\\_and\\_Super\\_PACs](https://ballotpedia.org/PACs_and_Super_PACs)
- Brookings- Vital Stats: The widening gap between corporate and labor PAC spending  
<https://www.brookings.edu/blog/fixgov/2017/03/31/vital-stats-corporate-and-labor-pac-spending/>
- Campaign Legal Center- PACs, Super PACs, & Dark Money Groups: What's the Difference?  
<https://campaignlegal.org/update/pacs-super-pacs-dark-money-groups-whats-difference>
- Corporate Counsel Business Journal- PACs- A Constructive Way To Involve Employees in the Political Process  
<https://ccbjournal.com/articles/pacs-constructive-way-involve-employees-political-process>
- Federal Election Commission- Corporations and Labor Organizations Campaign Guide  
<https://www.fec.gov/resources/cms-content/documents/colagui.pdf>
- Federal Election Commission- Political Action Committees (PACs)  
<https://www.fec.gov/press/resources-journalists/political-action-committees-pacs/>
- Open Secrets- Democrats are rejecting corporate PACs: Does it mean anything?

<https://www.opensecrets.org/news/2018/12/democrats-say-no-pacs/>

- Open Secrets- What is a PAC?  
<https://www.opensecrets.org/pacs/pacfaq.php>
- Public Affairs Council- Facts about PACs  
<https://pac.org/facts-about-political-action-committee>
- Reuters- The New U.S. Office Politics: Funding your Boss's Political Causes  
<https://www.reuters.com/article/us-usa-election-workers-insight/the-new-u-s-office-politics-funding-your-bosss-political-causes-idUSKBN0NW0AC20150511>