

Elections: Campaign Finance and Voting

BACKGROUND

Michigan has complex laws regulating contributions to and expenditures of (1) candidates for state and local office and (2) committees that seek to influence election outcomes. (Federal law governs candidates for federal office—e.g., Congress.) All campaign funds must be disclosed.

The Michigan Department of State has responsibility for election matters in the state. The Bureau of Elections supervises campaign finance laws: From the time a person begins raising money to run for office or a group organizes a committee to raise money to influence an election, certain statements must be filed with the bureau. The bureau also supervises voter registration, and it maintains extensive Internet services for prospective and registered voters, media, the public, candidates, and committees. The Bureau of Legal Services receives and investigates campaign and election complaints.

Election Committees

There are several types of election committee. The exhibit presents their contribution limits.

- *Candidate committees* are directed and controlled by a state or local candidate for office. (Candidates for federal office are governed by federal law.) Candidates must use the money they receive for their own nomination or election or to pay expenses incidental to holding the elective office.
- *Political party committees* are statewide, congressional-district, or county-level political party organizations that receive or spend at least \$500. Examples are the Michigan Republican and Democratic parties.
- *Political action committees (PACs)* typically start out as “political committees” formed to support/oppose one or more candidates, ballot questions, or recalls. If they operate for longer than six months, receive contributions from 25 or more people, and support/oppose three or more statewide candidates, they evolve into “independent committees.” *Independent committees* typically are formed by businesses, labor organizations, advocacy groups, partisan legislative caucuses, and professional and trade associations. An independent committee may contribute ten times the amount that a political committee is permitted to give.
- *Ballot-question committees* support/oppose a ballot question, e.g., a local millage question, a statewide referendum or initiative, or a proposed amendment to the state constitution. They are prohibited from contributing or spending money in support/opposition to a candidate. Unlike the other types of committee, they may receive money from treasury funds of corporations, labor organizations, Indian tribes, and persons holding a casino interest.

GLOSSARY

Bundling

The practice whereby individuals or groups raise money from individuals on behalf of a candidate and combine it into a single contribution.

Election cycle

A full election cycle starts on the day following a general election for an office and ends on the day of the next general election for the same office. Shorter cycles pertain to the specific elections: special, primary, and general.

Hard money

Cash or checks given directly to a candidate for campaign expenses; similarly, the funds spent by candidates on their campaigns. All sources and expenditures must be disclosed.

Issue advertising

A commercial or ad in support of or opposition to an issue; may infer that a particular candidate is on the “right” or “wrong” side of the issue.

Political action committee (PAC)

A catchall phrase referring to committees, including “segregated funds” established by businesses, labor unions, Indian tribes, professional and trade associations, advocacy groups, or individuals with the objective of influencing elections.

Fundraising Limits

Michigan committees have no limits on how much money they may raise. Candidate committees must account for all funds received, and annual, pre-convention, post-convention, pre-election, and post-election filings are required. Other committees have different reporting schedules, depending on their type and whether registered at the state or county level. All committees must immediately report large amounts received close to an election (contribution sizes and deadlines vary by type of committee).

All state and local candidates are restricted as to how much money they may receive from donors, whether individuals or committees.

Spending Limits

Committees and candidates (except gubernatorial candidates who accept public funds) have no spending limits, but, as with collections, several filings are required and large, last-minute expenditures must be reported immediately.

Gubernatorial Campaigns

Since the mid-1970s, candidates for governor may receive public funds collected from taxpayers who check off \$3 (\$6 for a joint return) on their state personal income tax return. So long as sufficient taxpayer funds are on hand, a candidate in a gubernatorial primary may qualify for up to \$990,000; s/he may raise additional funds and spend up to \$2 million. Following the primary, each major-party nominee for governor who accepts public funds receives \$1,125,000 (state funds permitting) and, again, may spend up to \$2 million. (Independent and minor-party candidates may qualify for varying amounts of public funding.) Exempt from the spending limit are certain expenses, such as security costs, fees associated with state reporting requirements, and a one-time advertise-

Soft money

Money not given directly to a candidate for campaign expenses. Usually given to political parties or used to purchase "issue" advertising. Individuals, business, labor unions, and advocacy groups may give unlimited contributions, which are unregulated, in this way.

Straight-ticket (straight-party) vote

Casting one's vote for all the candidates of one party.

Contribution Limits for a Full Election Cycle, Michigan, 2002

Office	Individual and Political Committee	Independent Committee	Legislative Caucus Committee	District or County Political Party	State Political Party
Governor (with public funding) ^a	\$3,400	\$34,000	\$34,000	\$30,000	\$750,000
Governor (without public funding) ^a	3,400	34,000	34,000	34,000	68,000
Secretary of state, attorney general, or statewide education post	3,400	34,000	34,000	34,000	68,000
Michigan Senate	1,000	10,000	Unlimited ^b	10,000	10,000
Michigan House of Representatives	500	5,000	Unlimited ^b	5,000	5,000
Local and judicial offices in jurisdictions of 250,000 or more	3,400	34,000	34,000	34,000	68,000
Local and judicial offices in jurisdictions of 85,001–249,999	1,000	10,000	10,000	10,000	20,000
Local and judicial offices in jurisdictions of 85,000 or fewer	500	5,000	10,000	5,000	10,000

SOURCES: Public Sector Consultants, Inc., and Michigan Department of State, Bureau of Elections.

^aCandidates may make unlimited contributions to their own campaign. The exception is gubernatorial candidates who are accepting public funds; they are limited to a total of \$50,000 from themselves and their immediate family.

^bA legislative-caucus committee may not contribute to a legislative candidate in a contested primary.

ment in response to the editorial endorsement (newspaper, radio, or television) of an opponent.

A gubernatorial candidate may waive public funding in either the primary or general election or both, avoiding the \$2 million expenditure cap. One alternative to accepting public money is to raise all one's campaign funds through private contributions. Another is to personally finance one's campaign; in such a case (and only in this case), the self-financed candidate's opponents in the primary or general election may receive public funds but are excused from the spending limit.

DISCUSSION

Campaign Costs

Campaign costs have risen sharply, largely because media advertising costs have skyrocketed, and as campaigns become more sophisticated, more is being spent on consultants and staff. Spending sets a new record in virtually every election cycle.

In 2000 the median spending for all Michigan House campaigns was just under \$43,000, but the hotter the contest, the higher the spending. In the most expensive contest, the candidate benefited from slightly more than \$683,000 in direct, indirect, and independent expenditures. That year the 10 most heavily funded House races accounted for about one-third (\$4.6 million) of the \$14.3 million in total spending in all 110 House districts. Increasingly, the parties' legislative caucuses and the political parties are the biggest donors to legislative campaigns.

Michigan Supreme Court seats have become an important prize to political parties and special interests, and campaign spending for a seat on the high bench has increased dramatically: In 1994 average spending per candidate was \$287,000; in 2000 it was more than four times that—almost \$1.3 million.

Critics of the current political-fundraising system argue that big-money contributors overwhelm the voices of ordinary voters and beholden officeholders to their largest donors. They argue for full disclosure of *soft* money (see below) and, to reduce candidates' reliance on private contributions, for more public funding. Yet the U.S. Supreme Court, in *Buckley v. Valeo* (1976), upheld the right to unlimited candidate spending as a right of free speech protected by the First Amendment. Other federal court rulings have found that curbs on "issue" advertising by groups violate their First Amendment rights.

Supporters of the current fundraising system point out that spending for political advertising still is far outstripped by

that for commercial products, such as motor vehicles, and the democratic electoral process is at least as important.

Soft Money

"Soft" money is so called because it is used to indirectly influence political outcomes (as opposed to "hard" money, which goes directly to a candidate). Groups, businesses, or individuals usually (1) use soft money to purchase issue advertising or (2) give it to political parties (instead of candidates), which may channel it to candidates or use it for their own issue advertising. Soft money contributions are unlimited and unregulated.

Soft money use ballooned in the 1990s, when special interest groups and national political parties discovered a loophole in federal campaign finance laws: Groups were limited by law in how much they could give directly to a federal *candidate* but not in how much they could give to *parties*, and they began donating huge sums to the national Republican and Democratic parties. The national parties used the money to donate heavily to congressional and presidential candidates and they transferred some of it to the state parties, enabling them to channel it to state races. In 2000 the national parties transferred more than \$24 million to Michigan's state parties, and this money found its way into campaigns for local and state, as well as federal, office and also into the state parties' own issue advertising.

Soft money's other big use is for issue advertising through which political parties and interest groups, on their own and ostensibly in support/opposition to an issue, condemn or praise a candidate's votes or stand in regard to the issue. The idea is to move voters toward or away from a candidate. So long as the candidate does not participate in the content or placement of such ads, the spending is legal and avoids Michigan's candidate-contribution limits and source/expenditure disclosure requirements. Michigan soft-money opponents want state regulation requiring full disclosure of who is contributing to issue advertising and how the funds are spent but, as mentioned above, federal courts have been reluctant to uphold many restrictions on issue advertising.

At the federal level, opponents of soft money prevailed in the recent enactment of the federal McCain-Feingold law. Depending on which parts of the law survive the court challenges that immediately were filed, the use of soft money in federal elections (i.e., presidential and congressional) will be variously regulated, limited, or prohibited.

Supporters of the use of soft money argue that every individual or group should have an unfettered right to espouse political and ideological beliefs. They also believe that

the low limits on contributions to federal, state, and local candidates have forced the parties and interest groups to use soft money and issue advertising as ways to influence voters.

Recent State Statutory Changes

Recent changes in state election law affect campaign funding and the ballot. The most controversial changes strictly regulate “bundled” contributions and ban straight-party (“straight-ticket”) voting.

Bundled Contributions

Some political groups “bundle” contributions from supporters. That is, they raise funds from individuals on behalf of a candidate and then turn them over *en masse* to the candidate. EMILY’s List (a national group that directs money to Democratic female candidates who support the pro-choice position) and the Pioneers (a national group that directs money to George W. Bush) are examples of such groups. Public Act 250 of 2001 (1) requires that groups that bundle contributions must disclose the individual contributions and (2) stipulates that the sum given to one candidate may not exceed the limit for a contribution from an independent committee.

Democrats argue that the new law is designed solely to limit to \$34,000 the contribution of EMILY’s List to its endorsed 2002 gubernatorial candidate, when otherwise, several times that sum would have been expected to flow to her campaign. Republicans counter that disclosure requirements and limits should be consistent, regardless of whether a committee bundles or does not bundle its contributions.

Ballot Changes

For decades, Michigan voters have been able, with a *single action*, to vote a straight ticket—that is, by pushing one lever, punching one hole, or marking one box, they could cast their vote for all the candidates of one political party. One- to two-thirds of Michigan voters (it varies by location) historically have chosen to so vote, but in 2001 Michigan enacted a law to do away with the practice. Republican supporters of the ban argue that it follows a nationwide trend (32 states currently prohibit single-action straight-ticket voting) and reduces the chance that voters will skip the nonpartisan contests—e.g., for judicial seats—and ballot questions, which are below the partisan contests on the ballot.

Democrats and many local clerks counter that single-action straight-party voting greatly speeds up election day balloting and enables people to easily cast a vote for candidates of the same philosophical persuasion. Underlying the parties’ positions is a practical consideration: While

many Republicans cast a straight-party vote, even more Democrats do.

The ban on straight-party voting likely will be subjected to referendum on the November 2002 ballot. At this writing, more than the required number of signatures have been obtained and await certification by the State Board of Canvassers.

2001 saw enactment of several other changes in voting laws, largely as a response to Florida’s vote-casting and vote-tallying problems in the 2000 presidential contest. Under one new law, Michigan will convert to a uniform voting method if the federal government provides the roughly \$20 million needed to do so. Currently, about 25 percent of local jurisdictions use the punch card system, 56 percent use an optical scan, and the remainder use lever machines or paper ballots. The measure also requires an expedited recount if a presidential election in the state is decided by 25,000 or fewer votes, and it raises training standards for election workers as well.

Proposed Reforms

Further suggested changes in campaign finance include

- permitting public, tax-supported dollars to be used for state legislative, judicial, or executive offices in addition to governor;
- requiring full disclosure of issue-advertising contributions and expenditures;
- prohibiting PAC contributions to candidates when the legislature is in session;
- shortening campaigns;
- requiring media to donate space/time for campaign advertising or greatly reduce their rates;
- limiting contributions to state political parties;
- limiting how much legislative-caucus campaign committees may contribute to candidates; and
- requiring electronic filing of contributions and expenditures.

Critics of one or more of these proposals point out that courts consistently have decided cases by erring on a broad interpretation of the First Amendment and the right of free speech. They also argue that any restrictive law or regulation motivates special interests, parties, and candidates to find loopholes to avoid constraints on campaign spending.

ELECTIONS: CAMPAIGN FINANCE AND VOTING

Further suggested changes in voting include

- instituting a vote-by-mail or vote-by-Internet system;
- designating an election day holiday;
- permitting an absentee ballot for any reason;
- allowing voter registration to occur at the polls rather than requiring it in advance; and
- extending election-day hours or expanding voting to multiple days.

Supporters of such changes assert that they would increase voter ease and participation. The percentage of eligible people who vote has been declining fairly steadily: In the 1960 presidential election in Michigan, 73 percent of voting-age adults cast a ballot; in the 2000 presidential election, 58 percent voted.

NOTE: In May, just before this edition went to print, the Board of State Canvassers approved the straight-party voting question for the November 2002 ballot. A second question on the November ballot pertains to bonding for sewer construction and renovation. On the primary ballot, in August, there will be questions pertaining to compensation for certain elected state officials and funding/investment of a number of natural resources trust funds.

FOR ADDITIONAL INFORMATION

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