

### TEXT SUMMARY

Money plays a key role in politics, but it presents serious problems to democratic governments. The amount of money spent in races varies, but presidential campaigns collect and spend the most.

Parties and their candidates draw their money from two basic sources. Most campaign money comes from private sources, including individuals, families, candidates themselves, and **political action committees (PACs)**. PACs are the political arms of special-interest groups. Presidential candidates receive public **subsidies**, which are grants of money from federal and/or State treasuries.

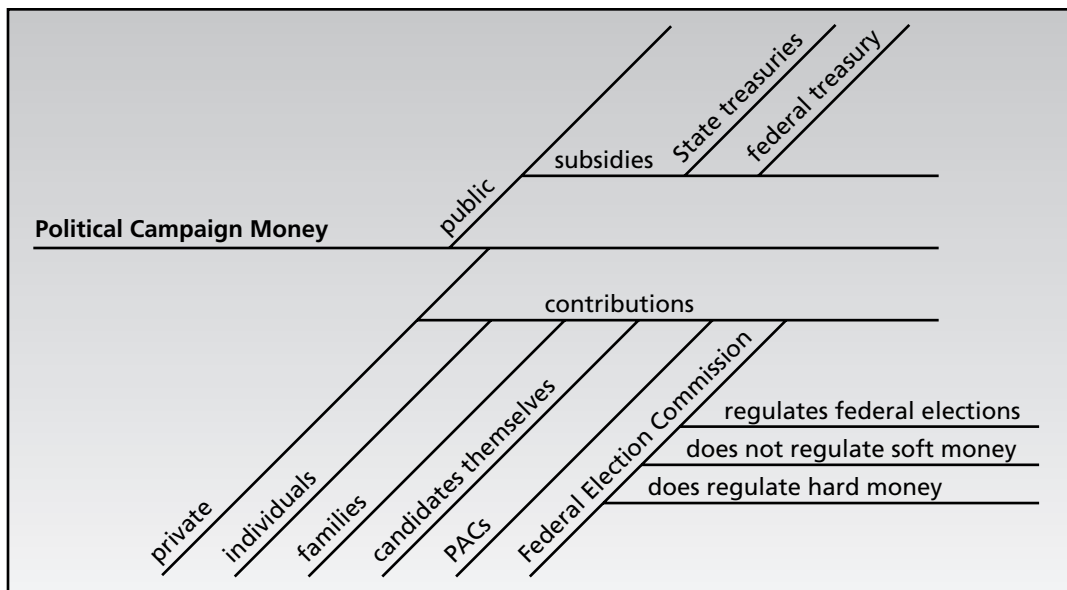
Federal campaign laws are administered by the Federal Election Commission

(FEC). These laws apply only to presidential and congressional elections. They require timely disclosure of campaign finance data and limit campaign contributions. Loopholes in campaign finance laws allow candidates to avoid some rules. For instance, federal law neither limits nor requires the reporting of **soft money**, or money given to State and local party organizations for such “party-building activities” as voter registration or party mailings and advertisements. Money that is subject to reporting requirements and amount limits is called **hard money**.

### THE BIG IDEA

The use of money, a needed campaign resource that poses a variety of problems, is regulated in today's elections.

### GRAPHIC SUMMARY: Political Campaign Money



Campaign money comes from both public and private sources and is regulated by the Federal Election Commission.

### REVIEW QUESTIONS

1. Is hard money or soft money subject to reporting requirements?
2. **Diagram Skills** Who gives public subsidies to campaigns?