HARD MONEY, SOFT MONEY, DARK MONEY

Presented by Joan Hughes

Congresses’ increasingly complex, and correspondingly ineffectual, efforts to control money in politics have created a variety of ways donors can give to a political candidate or campaign. Depending on whether the donation is regulated by law, or unregulated, the sums given are popularly known as hard money, soft money, and dark money.

Hard Money is money donated by an individual, a Political Party, or a Political Action Committee (PAC) to the campaign of a candidate for political office. In both primary and general elections for Federal offices – President, Senate, House of Representatives - the donor, and the amount given, must be reported to the Federal Election Commission by the candidate at specified time intervals, and the amount that may be given by an individual donor is usually limited. Disclosure requirements and limits on donations for candidates in State, County, and local elections are governed by local law.

The term “bundling” refers to hard money collected by an individual from family, friends, colleagues, business associates or others that is donated to a candidate in a lump sum. Bundlers are prohibited from including their own money in the “bundle”. The practice allows the “bundle” to be greater than the legal limit for individual donations.

Soft Money is money donated for political purposes by unions, corporations, trade groups, and business associations. PACs formed by these groups can collect and spend money in unlimited amounts as long as the money is not given directly to a candidate. Money raised by such “super” PACs can be used to promote the agenda of a candidate, a political party, or a special interest group. It can also be used to run negative advertising against a candidate or a political issue. Although there are no limits on the amount of soft money that can be donated or spent, the source must be identified. Since this requirement is sometimes inconvenient, there is another way of giving to political candidates and causes dubbed “Dark Money” by the Sunlight Foundation.
Dark Money is money raised for political purposes through non-profit groups that do not have to disclose their donors. These include Social Welfare nonprofits (501c-4s) such as Planned Parenthood and the National Rifle Association, labor unions (501c5s) such as the AFL and CIO, and Trade and Business Associations (501c6s) such as the Chamber of Commerce. Individuals, corporations, and unions can donate unlimited sums to these organizations, which can then use the money to promote political agendas and influence elections without having to disclose the source of the money. Dark Money is today a major factor in election campaigns.

Finally, there is Public Money – money provided by the Federal Government for eligible candidates in Presidential elections. For the general election, the Government provides $20 million for the Party nominee, but the candidate cannot spend more than that amount, plus $50,000 of their own money, nor accept private contributions. No presidential candidate has chosen to finance their campaign with Public Money since 2008.

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