

## Leftovers aplenty in campaign finance

By Ryan Ekvall | Wisconsin Reporter | Posted: Tuesday, February 7, 2012 12:00 am

MADISON — Sen. Russ Feingold raised \$13.7 million in his 2010 bid for re-election to the U.S. Senate.

The long-serving Democrat lost, but he finished with more than \$900,000 on hand.

So what did Feingold do with the money?

The former senator — like all candidates in federal elections — has some options when it comes to handling leftover campaign funds, and some allowances may surprise donors and the electorate at large.

### **Passing cash**

A candidate committee may use its residual funds to terminate or close the committee, according to the Federal Election Commission.

Alternatively, a committee may be maintained, continuing to file FEC reports until it figures out its next move.

Committees also may make contributions to political parties, other candidates or charity, or refund donations to contributors, although that seems relatively rare, according to the FEC.

In Feingold's case, after contributing about \$400,000 to the Democratic Party of Wisconsin, his committee reformed into Progressives United, a political action committee designed to "stand up against exploding corporate influence in Washington."

Janice Holten, a retiree from Prairie Farm, said she has donated to Democratic Party candidates for more than 20 years.

While she has yet to receive a refund check from a losing candidate, Holten said she's been invited to many events, including the Governor's Ball.

"I guess you just go by if you think they're going to spend it well," Holten said. "I don't care if I give a lot or a little bit, it should go toward the right cause."

## Tighter finance laws

The Ethics Reform Act of 1989 ended the ability of retiring federal lawmakers to convert campaign fundraising leftovers to personal use.

Today's campaign committees must adhere to personal-use restrictions, meaning contributions made to committees cannot be used for a candidate's personal expenses that would have arisen outside a campaign. While the FEC defines appropriate use of contributor's funds, there remain gray areas that leave some expenditures up to a candidate's discretion.

Case in point: former New York U.S. Rep. Eric Massa, a Democrat, who resigned in March 2010 amid a scandal involving allegations of inappropriate conduct with male staffers. A House Ethics committee investigation was in progress when Massa stepped down.

Campaign-finance data show Massa was paying his wife as much as \$1,700 per month from his candidate committee, which showed a balance of \$80,000 as of the end of 2011.

Most committee funds pay for day-to-day campaign expenses — advertisements, mailers, staff salary, office supplies, campaign-headquarters costs, travel and meals.

The murky areas exist in the amount of money candidates spend on these expenses.

Candidates, for example, can hire family as paid staff on a campaign, so long as those family members draw a salary of "fair market value." Candidates may not use campaign funds to pay for entertainment, such as tickets to the Super Bowl, unless that entertainment is part of specific campaign activity.

All campaign committee expenditures must be accounted for and reported to the FEC. The transparency is meant to keep politicians honest with money donated by supporters.

Despite what he sees as the "Janus-faced" nature of campaign finance, John Samples, an analyst at the Cato Institute, a conservative public policy research organization, said the system works.

"The day-to-day reality in politics is that it comes down to the ambitions of individuals," he said. "There is a legal structure in what you can and can't do. It's mostly boring stuff that goes from a screaming madness to a snooze over at the FEC."

**Gone, but not forgotten**

It's that "ambition of individuals" that determines where leftover campaign money ends up when a candidate exits a race.

If a politician wants to ride off into the sunset, he may see fit to refund contributions to donors or donate residual funds to charity.

But after exiting public life, ex-candidates still can wield power with a check and a pen.

"Converting to a PAC means that you can distribute the money to candidates based on your own preferences, while giving it to the party leaves that decision in their hands," Ken Mayer, professor of political science at UW-Madison, wrote in an email.

Feingold's PAC recently contributed the \$5,000 yearly limit to campaigns of U.S. Rep. Tammy Baldwin, who is the Democrats' sole candidate for U.S. Senate; Rob Zerban, a Democrat challenging U.S. Rep. Paul Ryan in Wisconsin's 1st Congressional District; and Pat Krietlow, a former Democratic state senator vying for Wisconsin's 7th Congressional District. Feingold donated amounts between \$2,500 and \$5,000 to candidates of nine other federal election campaigns. The PAC does not have the same personal-use restrictions applied to candidate committees, though according to FEC rules, all expenditures must have defensible political use.

Another type of PAC, called a leadership PAC, does not have the same encumbrances. Leadership PACs, described as a "slush fund" by critics, developed in the 1980s as a tool for federal lawmakers to gain loyalty and influence over other lawmakers.

A Center for Responsive Politics study found that, from 2003 to 2011, Mitt Romney donated \$1.09 million to 226 members of Congress via his leadership PAC.

Today, nearly 400 leadership PACs exist, some created by freshman members of Congress. When lawmakers retire, that leadership PAC money goes with them, raising similar concerns that brought about the Ethics Reform Act of 1989.

### **Badger State rules**

Under Wisconsin election law, residual campaign funds may be used for "any political purpose not prohibited by law, returned to the donors in an amount not exceeding the original contribution, or donated to a charitable organization or the common school fund." That includes donating to other state candidates and political parties within contribution limits.

In January 2011, then-Gov. Jim Doyle left office with \$210,357 in hand. Campaign finance reports show the Democrat, since leaving office, has paid more than \$30,000 for consulting services, including \$16,250 to Dan Schoof, Doyle's campaign manager and former Secretary of Administration. He also donated \$35,000 to the Wisconsin Historical Foundation.

In October 2010, 14 months after announcing he would not seek re-election, Doyle spent \$1,764 in campaign funds on a University of Wisconsin-Madison Badger football game. Under state election law, the practice is legal, as long as the expenditure can be defended as political use.

The latest campaign finance reports show Doyle has \$58,191 remaining. Gov. Scott Walker's campaign finance reports disclose similar spending on nebulous campaign needs.

Then a candidate for governor, Walker leaned on consulting services to the tune of more than \$125,000 between July and December 2009. During the same period, the Walker campaign spent more than \$6,000 in "meeting expenses" held at various restaurants throughout the state. That figure includes a \$2,182 meeting at Ruth's Chris Steakhouse in Middleton.

Political campaigning is big business these days. Recall campaigns are pushing political expenditures into uncharted territory.

"The 2008 election and this one are going to be unusual in regards to spending because we're in a period of high polarization, so people are more inclined to give money," Cato's Samples said. "High polarization really mobilizes people interested in politics.

"This too shall pass."