



Foundations First #22: Campaign Finance Basics

Introduction

Every campaign runs on two things: time and money. You cannot knock on every door by yourself, you cannot send mail for free, and you cannot advertise without a budget. At some point, every candidate has to raise money and spend it. And the moment money enters the picture, so do rules.

Campaign finance law can feel intimidating. It involves federal agencies, state commissions, local clerks, reporting deadlines, and legal terms that sound more like tax code than politics. But the core ideas are not complicated. In this lesson, we will walk through how money flows into and out of campaigns, the basic legal structure that governs it, the most common compliance mistakes, and why getting this right matters for both the candidate and the public.

Why Campaign Finance Rules Exist

The rules around campaign money exist for one reason. Transparency. Voters have a right to know who is funding the people asking for their vote. Without disclosure, it would be impossible to tell whether a candidate is accountable to constituents or to a handful of hidden donors. Congress has set the ground rules for campaign finance with the Federal Election Campaign Act, which created the Federal Election Commission and set the framework for federal disclosure, contribution limits, and enforcement. States followed with their own commissions, their own limits, and their own disclosure rules.

The system is imperfect. It is often complicated and constantly reshaped by court rulings. But the underlying principle is simple: people who give money to influence elections should be on the record, and people who spend money on elections should report where it came from and where it went.

Federal and State Rules

The first thing every candidate needs to understand is which set of rules applies to them. If you are running for federal office, you are regulated by the Federal Election Commission. Everyone else is regulated by their state or, for some local offices, by their city or county.

Federal rules are relatively uniform. There are set contribution limits, clear filing deadlines, and a single national database for reports. State rules vary widely. Some states have strict limits and aggressive enforcement. Others allow much larger contributions and have lighter reporting requirements. A candidate for state senate in one state might operate under entirely different rules than a candidate for the same office one state over.

Local races can be even more varied. A school board campaign in one county might require only a single end of year report, while a city council campaign in another might require monthly filings and detailed itemizations. Before you raise a single dollar, find out who regulates your race and read their candidate guide carefully.



What Counts as a Contribution

A contribution is anything of value given to help a campaign. Cash is the obvious example, but it is not the only one. If a supporter buys campaign signs and delivers them to you, that is an in-kind contribution. If a business lets you use office space for free, that is an in-kind contribution. If someone pays a vendor directly on your behalf, that is still a contribution, and it still has to be reported. Contributions are subject to limits. These limits vary by jurisdiction and sometimes by the type of contributor. Individuals usually have one limit. Political action committees have another. Political parties have another. Some states prohibit corporate contributions directly to candidates, while others allow them with limits. Foreign nationals cannot contribute to American campaigns at any level. That rule is absolute.

Contributions also have to be tracked with specific information. Most jurisdictions require campaigns to collect the donor's name, address, occupation, and employer once contributions cross a threshold of significance as determined by the relevant election authority. Missing this information can turn a legitimate donation into a compliance problem.

What Counts as an Expenditure

Expenditures are the flip side of contributions. These are the dollars your campaign spends. Campaign expenditures can include staff salaries, consultant fees, printing, mail, digital advertising, travel, events, and much more. They must be for legitimate campaign purposes, and the dividing line between campaign and personal spending is a common source of trouble. The rule is straightforward in principle. If the expense would exist whether or not you were running, it probably is not a campaign expense. Your mortgage, your groceries, your regular clothing, and your family vacation are not campaign expenses. Campaign rent, yard signs, printed literature, and digital ads are campaign expenses.

Campaigns must report expenditures with enough detail to show where the money went. That typically means the vendor name, the address, the amount, the date, and the purpose. Vague descriptions like "consulting" without further detail often trigger audits or follow up questions from regulators.

The Campaign Committee

Almost every serious campaign operates through a formal committee. The committee is a legal entity. It has a treasurer, a bank account, and a reporting identity. All money that comes into the campaign and all money that leaves it flows through this structure.

The treasurer's job is critical. In most jurisdictions, the treasurer is personally responsible for the accuracy of financial reports. That is why choosing a treasurer should not be an afterthought. A good treasurer is organized, detail oriented, and willing to say no when a proposed expense does not meet legal standards. Some campaigns hire professional compliance firms to play this role, especially when laws are complex or reporting is frequent.

Separating campaign money from personal money is essential. Using a candidate's personal bank account, credit card, or digital payment processor for campaign transactions creates a tangle that can be difficult to unwind and can lead to real legal consequences. Open a dedicated campaign account, get a dedicated debit card, and run every transaction through it from day one.



Disclosure and Reporting

The heart of campaign finance is disclosure. Campaigns must file regular reports showing who gave money, how much, and how the campaign spent its funds. These reports are public. Anyone, including opponents, journalists, and ordinary voters, can read them.

Reporting schedules vary. Federal campaigns file quarterly in off years and more often during election years. State schedules range from monthly to annually. Most jurisdictions require a pre-election report close to Election Day and a post-election report after the votes are counted. Missing a deadline, even by one day, can trigger fines. Missing multiple deadlines can trigger much worse, including the loss of the ability to run for office in the future.

Reports must be complete and accurate. Small errors are often able to be corrected through amendments, but patterns of sloppy filing attract scrutiny. The best approach is to treat reporting as an ongoing job, not a last minute scramble. Enter data as transactions happen. Reconcile bank statements monthly. Run a mock report a week before each deadline so you catch problems with time to fix them.

Independent Expenditures and Outside Groups

Campaign finance is not just about candidates. Outside groups, including political action committees, party committees, and independent expenditure committees can also spend money on elections. These groups operate under their own rules. Coordinated activity between these groups and campaigns is highly regulated. If an outside group spends money based on direction from a candidate's campaign, that spending counts as an in-kind contribution and is subject to contribution limits. If the group operates independently, with no coordination, it can often spend without limits on its own communications, though it must still report its activity.

This distinction matters for candidates in a very practical way. If an outside group wants to help your race, resist the urge to coordinate with them. Do not share your strategy, your ad buys, or your polling data. Walls between campaigns and outside groups exist for legal reasons, and crossing them can create liability for both sides.

Common Compliance Mistakes

Most compliance problems are not the result of bad intent. They are the result of inattention. A candidate uses a personal card because the campaign card was not handy. A contribution arrives from a donor who forgot to list their employer, and the campaign deposits it without following up. A well meaning supporter buys and delivers fifty yard signs without telling anyone, and the in-kind contribution never gets reported. Other common problems include accepting cash contributions above the legal cash limit, failing to refund donations that exceed legal maximums, or paying vendors from personal accounts and then reimbursing from the campaign account with no paper trail. Each of these can be fixed if caught early. Each becomes much harder to unwind if allowed to continue without proper diligence.

The best protection is a habit of documentation. Keep receipts. Keep emails. Keep the names and contact information of every contributor. Write down the purpose of every expense. If a regulator or opponent ever questions a transaction, contemporaneous records are your strongest defense.



Why This Matters Beyond Compliance

Campaign finance is not just a legal chore. It is a window into how your campaign operates. Donors see how you handle their money. Reporters see how carefully you account for spending. Opponents see every slip. Voters, increasingly, see all of this too, because disclosure reports are public and searchable.

A well run financial operation signals seriousness. It tells donors they can trust you with a larger gift. It tells staff and volunteers that your campaign is professional. It tells the public that you respect the rules you are asking to help write. Getting the basics right is more than a legal requirement, for it is a statement of values.

Conclusion

The truth is that the rules are not the enemy of a good campaign. They are a shared framework that keeps the playing field level and the public informed. If you are considering running for office, treat campaign finance the way you would treat your taxes. Set up the right systems early. Find people who know what they are doing. Ask questions before you act, not after. Do that, and the financial side of your campaign will support everything else you want to accomplish. Ignore it, and even the best message cannot save you.