

**FECConnect**
VIRTUAL

**Corporate/Labor/Trade
PAC Operations Part 1**

February 8, 2022
11:30 a.m. – 1:00 p.m. Eastern



Resources

Helpful pages for SSFs and their connected organizations

Guides

CANDIDATES AND THEIR
AUTHORIZED COMMITTEES

POLITICAL PARTY COMMITTEES

**CORPORATIONS AND LABOR
ORGANIZATIONS**

POLITICAL ACTION COMMITTEES
(PACs)

OTHER FILERS

Corporations and labor organizations
Corporations and labor organizations can't make contributions to federal candidates, but they can establish and administer a special kind of political committee, called a separate segregated fund (SSF).
SSFs can solicit contributions from a limited group of people. They can make contributions to candidates and make expenditures that are coordinated with candidates.
[Registering as an SSF >](#)
[Taking in receipts as an SSF >](#)
[Fundraising for an SSF >](#)
[Making disbursements as an SSF or connected organization >](#)
[Keeping records as an SSF >](#)


PDF GUIDE
[Corporations and labor organizations campaign guide](#)

Campaign Guide for Corporations and Labor Organizations (“Guide”):
www.fec.gov/help-candidates-and-committees/guides/?tab=corporations-and-labor-organizations

OBJECTIVES

Restricted Class



Solicitation Rules



Fundraising Methods



OBJECTIVES

- Identify who the PAC may solicit for contributions
- Review fundraising notices required on all solicitations
- Evaluate popular solicitation techniques

I. Introduction

<p>Contributions from:</p> <ul style="list-style-type: none">CorporationsLabor unionsTrade associationsIncorporated membership organizations <p>PROHIBITED</p>	
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- A. **Prohibition on corporate/labor contributions ([11 CFR 114.2](#))**
Federal law bans contributions by corporations and labor organizations to influence federal elections (except to Super PACs and Hybrid PACs, which we'll cover in Part 3).

Ban covers incorporated trade associations and other membership organizations.

Remember...

Most permissible
corporate/labor/trade/member activity
in connection with federal elections
results from exceptions to the ban on
corporate contributions

**Exception:
Create and administer SSF**

- B. Exception: Separate Segregated Fund (SSF) ([11 CFR 114.5](#))**
Corporations (including trade associations and membership organizations) and labor organizations may use treasury funds to create and run a separate segregated fund (sometimes called an SSF or PAC) to support federal candidates.

More: www.fec.gov/help-candidates-and-committees/making-disbursements-ssf-or-connected-organization/#managing-the-ssf

II. Organizing the PAC

<p>Registers upon formation</p> <p>Has connected organization</p> <p>Connected organization pays administrative & fundraising costs (SSF does not report these payments)</p> <p>May only solicit restricted class</p>	<p>Characteristics of SSF</p>
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- A. **Characteristics of Separate Segregated Fund (SSF)**
1. **Registration upon formation (11 CFR [100.5\(b\)](#) and [102.1\(c\)](#))**
Becomes political committee and must register within 10 days when formed.
 2. **Has connected organization ([11 CFR 100.6](#))**
 - **Corporation**
Includes incorporated membership organization, incorporated trade association, corporation without capital stock and incorporated cooperatives.
 - **Labor organization**
 - **Trade association ([11 CFR 114.8\(a\)](#))**
 - Defined as a membership organization of persons engaging in similar or related line of commerce, organized to promote and improve business conditions in that line of commerce and not to engage in a regular for-profit business, and no part of the net earnings of which inures to the benefit of any member.
 - Subject to special solicitation rules at [11 CFR 114.8](#).
 - **Incorporated membership organization**


3. **Administrative/fundraising costs (11 CFR [114.1\(b\)](#) and [114.5\(b\)](#))**
Connected organization (or its affiliates and members) may pay administrative/fundraising costs; not reportable.
 - a) Costs that may be paid include office space, phones, salaries, utilities, supplies, legal and accounting fees, fundraising expenses (including prizes/entertainment, covered in Part 2, and credit card service fees), travel for PAC employees attending political events ([AO 1991-36](#)) and liability insurance for the officers of its SSF ([AO 1979-42](#)).
 - b) Exemption does not include income taxes ([AO 1977-19](#)) and contributions (including in-kind contributions) to candidates. (We'll cover this in Part 3 tomorrow.)
 - c) **Trade associations only:** Association may use a separate "administrative account" (administered by the association and considered to be an account of the association) to deposit donations from members for PAC administrative and fundraising expenses. See AOs [1992-20](#), [1990-04](#) and [1982-61](#).
4. **Solicitation of limited class only (11 CFR [114.5\(g\)\(1\)](#), [114.7\(a\)](#) and [\(j\)](#) and [114.8\(e\)](#))**

Federal vs State PACs

Options for fundraising:

One Account
All funds subject to federal law

Two Accounts
Nonfederal account subject to state law
Federal account subject to federal law



B. Federal v. state PACs

1. Options for fundraising ([11 CFR 102.5\(a\)](#))

A PAC that finances activity in connection with both federal and nonfederal elections has two options.

- a) **Option 1: one account**
 - (1) PAC may choose to have only one account to use for both federal and nonfederal elections.
 - (2) All funds deposited are subject to federal limitations and restrictions.
 - (3) Also subject to state laws regarding its nonfederal activity.
- b) **Option 2: two accounts – federal and nonfederal**
 - (1) **Federal account**
Used for federal activity; funds deposited into federal account subject to federal limits and prohibitions.
 - (2) **Nonfederal account**
Subject to state law; nonfederal account may not finance any federal activity.

Must meet one of these conditions:

Designated for federal account

Solicited for federal account

Contributors informed that contribution is subject to federal limits/prohibitions

**Deposits into
Federal Account**



C. What can be deposited into federal PAC ([11 CFR 102.5\(a\)\(2\)](#))

All funds deposited into any federal PAC must meet one of the following conditions:

1. Funds must be expressly designated or solicited for use in connection with federal elections; or
2. Contributors must be informed that contribution is subject to federal limits and prohibitions.

More: www.fec.gov/help-candidates-and-committees/registering-ssf/bank-accounts-ssf/

PAC Solicitations

What is a solicitation?

Why does it matter?

III. Solicitations

What is a solicitation?	<p>Requesting contributions</p> <p>Explaining how to contribute</p> <p>Publicizing right to accept unsolicited contributions</p> <p>Encouraging support for PAC</p>
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- A. Solicitation = communication that contains:**
1. Straightforward request for contributions;
 2. Information on how to make a contribution;
 3. Publicizing PAC's right to accept unsolicited contributions; or
 4. Statements encouraging support for the PAC.

Example of “encouraging support”: language from [AO 1979-13](#):

"I was glad to see that Raymond has so many employees who realize that the welfare of us all is tied very closely to government policies and attitudes toward business. RAYPAC is one way we can make the voice of business people and our industry heard in this country. I hope we continued [sic] to have such an enthusiastic group."

Announcing PAC's existence	What is <u>not</u> a solicitation?
Explaining applicable laws	
Providing statistical information	
Listing candidates supported	

B. Communication is not a solicitation if it:

1. Avoids encouraging support for the PAC.
2. Does not facilitate the making of contributions (for example, it does not explain how to make a contribution).
3. Merely announces existence of PAC and explains legal requirements that apply to a PAC.
4. Provides statistical information about the PAC's receipts and contributions.
5. Identifies candidates supported by the PAC (but does not suggest that supporting the PAC will help elect those candidates).
6. See AOs [1991-03](#), [1983-38](#) and [1982-65](#).

Example: language from an annual report ([AO 1982-65](#)):

"The Union Carbide Corporation supports the operation of the Union Carbide Corporation Political Action Committee as authorized by and in accordance with, federal law. Shareholders desiring additional information about the activities of the Committee may write to the Secretary, Union Carbide Corporation, Section D4, Old Ridgebury Road, Danbury, CT 06817."

Why does it matter?

SSFs may only solicit restricted class

Solicitations must include certain notices


Specific deadlines to forward resulting contributions

- C. Importance of knowing when communication = PAC solicitation**
Must be able to recognize solicitation in order to avoid it reaching individuals outside restricted class for solicitation purposes and to ensure the solicitation complies with basic rules that apply to all PAC solicitations.

More: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/what-is-and-is-not-solicitation-for-ssf/

IV. Basic Solicitation Rules

Basic Rules Apply



Restricted class only

Solicitation notices always

Forward contributions and records on time

More: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/#basic-guidance-for-ssf-fundraising

Restricted Class

Corporations



Membership/Labor



Trade Associations



Restricted Class for Corporate SSF

Executive and Administrative Personnel



Stockholders



Families of both



- A. At any time: restricted class only
1. Who is in restricted class of a corporation's PAC?
(11 CFR [114.1\(c\), \(h\) and \(j\)](#); [114.5\(g\)](#))

More: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/solicitable-class-corporation-ssf/

Executive and Administrative Personnel



Employees paid on a salary (rather than hourly) basis who have policymaking, managerial, professional or supervisory responsibilities

a) **Executive and administrative personnel**

- (1) Employees paid on salary (but **not** hourly) basis who have managerial, professional, policy-making or supervisory responsibilities.
 - Professionals (examples: lawyers, engineers, doctors, pilots and nurses) – YES unless represented by union.
 - Insurance agents – NO unless they have supervisory or managerial responsibilities.
 - See AOs [2012-02](#), [2011-25](#), [2010-04](#), [2004-32](#), [1999-20](#) and [1993-16](#)
- (2) Members of the board of directors, if they are compensated via salary or stipend. AOs [2010-12](#), [2000-10](#) and [1985-35](#) (compare with AO [1977-18](#)).

DOES YOUR COMPANY HAVE AN EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)?



Often, employees in the ESOP qualify as stockholders and are included in the restricted class

Stockholders



Individuals with vested beneficial interest in stock; power to direct how stock is voted (if applicable); and right to receive dividends

- b) **Stockholders** (including ESOP): Individuals with:
- Vested interest in stock;
 - Power to vote stock;
 - Right to withdraw stock without **incurring suspension period**; and
 - Right to receive dividends.
- See [AO 1998-12](#) and AOs cited within.

Families



Immediate family members who
share the same residence

- c) **Families of the above groups**
See AOs [2013-06](#) and [1980-102](#).

Corporation/PAC may **NOT** solicit:




- Foreign nationals
- General public
- Clients, vendors, etc.
- Other PACs

**Beyond the
Restricted Class**

- d) **Who is not solicitable?**
- (1) Foreign nationals (even if executives) ([11 CFR 110.20\(g\)](#));
 - (2) General public;

- (3) Clients, vendors, etc. and their PACs;
- (4) Employees who are neither executives nor stockholders; or
- (5) Former employees (unless they are stockholders).

Restricted Class

Corporations	Membership/Labor	Trade Associations
		

Restricted Class for Member/Labor PAC

Executive and Administrative Personnel	Noncorporate Members	Families of Both
		

For membership organizations, labor organizations and trade associations, most of the restricted class will be made up of the members of the organization, so it's important to understand the term "member" as it appears in FEC regulations...

Definition of Member

1. Satisfies requirements for membership **AND**
2. Affirmatively accepts invitation to join **AND**
3. Has significant financial attachment **OR**
Pays annual dues **OR**
Has significant organization attachment

2. Definition of member (for labor/trade/membership PACs) ([11 CFR 114.1\(e\)\(2\)](#))

An individual or company who satisfies requirements for membership in organization, affirmatively accepts organization's invitation to become member and:

- a) **Has significant financial attachment to organization**
For example, an owner of seat on commodities exchange ([AO 2008-21](#)), or
- b) **Pays annual dues set by organization**, or
- c) **Has significant organizational attachment to organization** that includes:
 - Affirmation of membership on annual basis (for example, attending meeting or responding to survey); and
 - Direct participatory rights in governance of organization (e.g., right to vote directly or indirectly for at least one individual on highest governing board; right to vote on policy questions; or right to approve organization's annual budget).
 - In AOs [2013-08](#) and [2003-13](#), student members who had none of the above situations, but who were subject to professional sanctions and were likely to become dues paying members in the future, were considered to have a significant organizational attachment.

More: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/definition-member-ssf/

Executive and Administrative Personnel



Employees paid on a salary (rather than hourly) basis who have policymaking, managerial, professional or supervisory responsibilities

3. Who is in restricted class of a membership/labor organization PAC?
(11 CFR [114.5\(g\)\(2\)](#) and [114.7\(a\)](#))

Labor organizations: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/solicitable-class-labor-organization-ssf/

Membership organizations: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/solicitable-class-membership-organization-ssf/

a) Executive and administrative personnel

- Employees paid on salary (but **not** hourly) basis who have managerial, professional, policy-making or supervisory responsibilities.
See AOs [2012-02](#), [2011-25](#), [2010-04](#), [2004-32](#), [1999-20](#) and [1993-16](#).
- Members of the board of directors, if they are compensated via salary or stipend. AOs [2010-12](#), [2000-10](#) and [1985-35](#) (compare with AO [1977-18](#)).

Noncorporate Members



Noncorporate members include individuals and partnership members of the organization

- b) **Noncorporate members**
- c) **Students, lifetime members and retirees**
 - (1) Case-by-case determination by the Commission.
 - (2) Individuals who do not meet the above requirements but have a relatively enduring and independently significant financial or organizational attachment to the membership organization may be solicitable.
[11 CFR 114.1\(e\)\(3\)](#).
 - (3) See AOs [2013-08](#), [2011-08](#), [2007-19](#), [2003-13](#) and [1999-06](#).

Families



Immediate family members who
share the same residence

- d) **Families of the above groups**
See AOs [2013-06](#) and [1980-102](#).

Organization/PAC may **NOT** solicit:

- Foreign nationals
- General public
- Clients, vendors, etc.
- Other PACs
- Non-executive employees who are not members

**Beyond the
Restricted Class**

- e) **Who is not solicitable?**
- (1) Foreign nationals (even if member) ([11 CFR 110.20\(g\)](#));
 - (2) Clients, vendors, etc.

- (3) Other PACs/SSFs;
 - (4) Employees of membership organization who are not executives, nor organization members; or
 - (5) Employees or stockholders of incorporated members.
- See AOs [2011-22](#) and [2005-17](#).

Restricted Class

Corporations



Membership/Labor



Trade Associations



Restricted Class for Trade Association PAC

Executive and Administrative Personnel



Noncorporate Members



Exec/Admin of Corporate Members w/Prior Approval



Families of these Groups



Executive and Administrative Personnel



Employees paid on a salary
(rather than hourly) basis who have
policymaking, managerial, professional
or supervisory responsibilities

4. Who is in restricted class of a trade association PAC for solicitation purposes? (11 CFR [114.5\(g\)\(1\)](#), [114.7\(a\)](#) and [114.8\(e\)](#))
- a) **Executive and administrative personnel of association**
- (1) Employees paid on salary (but **not** hourly) basis who have managerial, professional, policy-making or supervisory responsibilities.
- See AOs [2012-02](#), [2011-25](#), [2010-04](#), [2004-32](#), [1999-20](#) and [1993-16](#).
- (2) Members of the board of directors, if they are compensated via salary or stipend.
- See AOs [2010-12](#), [2000-10](#) and [1985-35](#) (compare with [AO 1977-18](#)).

Noncorporate Members



Noncorporate members include individuals and partnership members of the organization

- b) **Noncorporate members** (including individuals and unincorporated businesses such as partnerships).

Exec/Admin of Corporate Members



Executive and administrative personnel of corporate members with prior approval

- c) **With prior corporate approval** (discussed below), **corporate members' restricted class** and their families.
- Member partnerships and LLCs that are wholly owned by corporations may now authorize the trade association to solicit their executive/administrative personnel, following the prior approval rules. [AO 2014-17](#).

Families



Immediate family members who share the same residence

- d) **Families of the above groups**
- See AOs [2013-06](#) and [1980-102](#).

Corporate Prior Approval

Written notice required:

Approval necessary before solicitation

AND

Corporation may not authorize more than one trade association per year



Corporate Prior Approval

Approval given as:

"Jane Doe, for XYZ Corporation"

Approval methods:

Electronic approval permitted

Multiyear approval permitted if
separate approval given for each year



e) **Prior approval by corporate/partnership/LLC members of trade association (11 CFR [114.8\(d\)](#) and [\(e\)](#))**

Member partnerships and LLCs that are wholly owned by corporations may now authorize the trade association to solicit their executive/administrative personnel, following the prior approval rules. [AO 2014-17](#).

- **Application:** Applies only to trade associations and their PACs and not to other types of connected organizations/PACs.
- **Requirements:**
 - Approval must be in writing and addressed to corporate representative with whom association normally conducts activities.
 - Approval must state that:
 - Corporate/partnership/LLC approval is necessary before association or PAC conducts a solicitation.
 - Corporation/partnership/LLC may not authorize any other request by a different trade association to solicit its restricted class that calendar year.
 - Approval must be given as "[Signature], for [Name of Corporation]." [AO 2000-22](#).
Example: "Jane Doe, for XYZ Corporation"

Corporate Prior Approval



Association may include
sample materials
with approval request

- Electronic signature of written approval OK. [AO 2000-22](#).
- Request for approval placed on the association's "member-only" web page OK. [AO 2000-10](#).
- Multiyear approval OK, but with a separate signature line for each year. [AO 1984-61](#).
- Request for approval may contain a sample copy of the solicitation materials to be used. ([11 CFR 114.8\(d\)\(3\)](#)).
- Corporation may limit scope and frequency of solicitations of its restricted class.
- Corporation may withdraw approval at any time.

Association/PAC may **NOT solicit:**

- PACs of corporate members
- Executives of corporate members that have NOT signed prior approval
- Foreign nationals
- General public

**Beyond the
Restricted Class**

f) Who is not solicitable?

- Corporate members and their PACs;
- Executives and stockholders of corporate/partnership/LLC members that **have not signed the prior approval request**.
- Foreign nationals (including those who are members of association) ([11 CFR 110.20\(g\)](#)); or
- General public.

DOES YOUR ORGANIZATION CONDUCT TWICE-YEARLY SOLICITATIONS?



Twice a year SSFs may mail solicitations to homes of limited group not in restricted class

Must appoint custodian to preserve anonymity

Mail solicitation to individual's home

Twice Yearly Solicitations




5. **Twice yearly solicitations ([11 CFR 114.6](#); [Guide, Appendix B, pp. 187-190](#))**
 - a) **Twice a year, a PAC may solicit:**
 - **Corporation:** Rank and file employees.
 - **Membership organization:** Rank and file organization employees.
 - **Labor organization:** All non-union employees of corporations that employ union's members.
 - **Trade association:** Rank and file association employees.

- b) **Must preserve anonymity of donors**
- c) Must use custodial arrangement (usually law firm or bank) to preserve anonymity.
- d) Must mail solicitation to employee's home.
- e) **Labor organizations:**
 - (1) If corporation wants to conduct a twice-yearly solicitation for its PAC, it must notify the union of its intention and provide similar opportunity.
 - (2) If more than one union represents employees at that corporation, they share a limit of two solicitations of non-members per year. [11 CFR 114.6\(e\)\(5\)](#).

	By corporation	By labor organization	By incorporated membership organization ¹	By incorporated trade association
Twice yearly ²	Non-executive and non-administrative personnel and families	Non-executive and non-administrative personnel and families In corporations that employ members of the labor organization, non-member employees, stockholders and families of both	Non-executive and non-administrative personnel and families	Association's non-executive and non-administrative personnel

Campaign Guide for Corporations and Labor Organizations, p. 42.

Twice Yearly Solicitations




Restricted Class				
	By corporation	By labor organization	By incorporated membership organization*	By incorporated trade association
At any time*	Executive and administrative personnel and families stockholders and families	Executive and administrative personnel and families	Executive and administrative personnel and families	Executive and administrative personnel and families
				Non-corporate members and families
		Members and families	Non-corporate members and families	With prior approval, corporate members' executive and administrative personnel, stockholders and families of both

Campaign Guide for Corporations and Labor Organizations, p. 42.

Page 42 of the Campaign Guide for Corporations and Labor Organizations, available online: www.fec.gov/help-candidates-and-committees/guides/?tab=corporations-and-labor-organizations

Visit our help page: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/who-may-be-solicited-ssf-contribution/.

Affiliation	
	Presumed in parent/subsidiary
	Exception – see AOs on spin-offs
	Presumed for national/state/local organizations or associations
	Exception – see AO 2002-11

Consequences for affiliated PACs:

- May solicit each other's restricted class
- Share contribution limits
- Connected organizations may pay administrative cost for affiliates

Affiliation



6. **Affiliation (11 CFR [100.5\(g\)\(2\)](#) and [\(3\)](#) and [110.3\(a\)](#))**
 - a) **Presumption of affiliation (“*per se*” affiliation”)**

FEC regulations at [11 CFR 110.3\(a\)\(2\)\(iv\)](#) presume affiliation between national/state/local organizations or associations, or between parent and subsidiary corporations.
 - b) **Other relationships determined through factors analyzed in AO process**

Example: Two trade associations that did not have common ownership were not automatically *per se* affiliated; but were affiliated based on factors including common membership, governance of each other, overlapping current and former board members and evidence of an ongoing commitment to joint endeavors. [AO 2005-03](#).
 - c) **Must have significant factors present to be deemed not affiliated**
 - (1) **Examples:**
 - **Corporations:** [AO 2007-16](#)
 - **Trade associations:** [AO 2002-11](#)
 - **Membership organizations:** [AO 2007-13](#)
 - (2) **Exception for labor organizations:** If union is part of AFL-CIO, its PAC is not affiliated with the AFL-CIO's PACs.

d) Consequences of affiliation

- (1) The connected organization or PAC may solicit the restricted class of any parent, subsidiary, branch, division or other affiliate. [AO 2007-16](#).
- (2) Affiliated organizations may pay each others' administrative expenses. See AOs [1997-13](#), [1996-26](#) and [1983-19](#).
- (3) Contributions received and made by affiliated federal PACs are subject to one limit. [11 CFR 110.3\(a\)](#). Each committee is responsible for monitoring this to ensure compliance with contribution limits.

OBJECTIVES

Restricted Class



Solicitation Rules



Fundraising Methods



Basic Rules Apply



Restricted class only

Solicitation notices always

Forward contributions and
records on time

Solicitations Notices

Contributions must be voluntary

No threats

No dues or fees

Must include every time:

Political purpose of SSF

Right to refuse to contribute

Any guideline = suggestion

B. Voluntary contributions and solicitation notices ([11 CFR 114.5\(a\)](#))

1. Contributions must be voluntary

- a) No threat of physical force, job discrimination or financial reprisal.
- b) No dues or fees.

2. Required notices

Every solicitation must state:

- a) Political purpose of PAC;
- b) Solicitee's right to refuse without reprisal; and
- c) Amount guideline is suggestion; no minimum may be specified.

3. Examples: see AOs [2006-17](#), [2003-06](#) and [1997-25](#), and MURs [5681](#) and [5337](#).

**Example
AO 2006-17**

BERKELEY ELECTRIC COOPERATIVE, INC.
VOLUNTARY EMPLOYEE DONATION FORM

Option 1 _____
I, the undersigned, do hereby certify my desire to voluntarily donate to the organization listed below. The purpose of these organizations is for the benefit of political candidates and activities on a state and national level that support rural electric cooperatives. I authorize Berkeley Electric Cooperative, Inc. to deduct the following designated amounts per pay period from my paycheck. I understand that this authorization will remain in effect perpetually, unless and until rescinded by me in writing. I am also fully aware that should I elect not to participate I may do so without any concern of retaliation.

RECOMMENDED AMOUNTS PER PAY PERIOD

	HOURLY		SALARIED			
	Authorized Amount	NON-SUPERVISOR	SUPERVISOR	NON-SUPERVISOR	SUPERVISOR	STAFF
AMOUNT PPD		\$3.00	\$5.00	\$7.00	\$7.00	\$9.00
ACRE (Action Committee for Rural Electrification)		0.96	0.96	0.96	0.96	3.85
ECHO (Electric Cooperatives Help Organization)		0.42	0.42	0.42	0.42	0.42
EMPL FUND (State Candidate Support)		0.66	1.47	2.23	2.23	1.88
BEC PAC (Federal Candidate Support)		0.96	2.15	3.39	3.39	2.85


The recommended contribution amounts listed above are merely suggestions. Employees may choose to give more or less than stated. BEC will not favor nor disfavor employees according to pledged donations.

Option 2 _____
I am providing a one-time contribution in the amount of \$ _____ to be distributed as designated above.

Option 3 _____
I elect not to participate at this time.

4. Examples from [AO 2006-17](#)
- **Statement of political purpose:**
“*...for the benefit of political candidates and activities on a state and national level that support rural electric cooperatives.*”
 - **Statement of voluntary nature and suggested guideline:**
See BEC proposed solicitation form (Exhibit 1). The form offers three options for contributing. It notes that the first option contains “*merely suggestions,*” and that employees may choose to give “*more or less than those stated.*” The form further states, “*BEC will not favor nor disfavor employees according to pledged donations.*” An additional statement reads, “*I am also fully aware that should I elect not to participate I may do so without any concern of retaliation.*” *Id.*

Taken together, these statements comply with the FEC rules on SSF solicitation notices. 11 CFR [114.5\(a\)\(2\)](#) and [\(a\)\(4\)](#).

<p>Federal Election Purpose</p> <p>Used if also soliciting funds for state PACs; work into the political purpose statement for an SSF.</p> <p>Best Efforts Notice</p> <p><i>"Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 in a calendar year."</i></p> <p>IRS Notice</p> <p>www.irs.gov/charities-non-profits/solicitation-notice</p>	<p>Other Required Notices</p> 
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5. Other required notices

- **Statement of federal election purpose**
Required if also soliciting funds for state PAC; can be worked into the political purpose statement required for SSFs
- **Best efforts notice**
Required for committee to be able to say it has made its best efforts to obtain, maintain and report contributor information.

More: www.fec.gov/help-candidates-and-committees/keeping-ssf-records/recording-receipts-ssf/

- **IRS notice of non-tax-deductibility**
More: www.irs.gov/charities-non-profits/solicitation-notice

Basic Rules Apply



Restricted class only

Solicitation notices always

Forward contributions and
records on time

Collecting Agents

Collect contributions for SSF:

- Connected organization
- Affiliated local/state organization
- State PAC of organization or affiliate



- C. **Collecting and forwarding contributions to PAC ([11 CFR 102.6\(b\)](#))**
Connected organization, affiliated organizations or state or local PAC of organization may act as “collecting agent” by collecting and forwarding PAC contributions under guidelines below.

1. **Checks payable to PAC**

Connected organization must forward checks and electronic payments payable to PAC directly to PAC.

But sometimes a PAC contribution is combined with another payment in one transaction. For example, the PAC contribution might be combined with a dues payment or a contribution to a nonfederal PAC. In those cases, the FEC's collecting agent rules apply.



Collecting Agents

May temporarily deposit funds, then forward to SSF:

- ≤ **\$50 within 30 days**
- > **\$50 within 10 days**

Along with necessary records

2. SSF contributions collected by collecting agent

Examples of when this might happen: Solicitation for both federal SSF and state PAC; payroll deduction; membership renewal

a) May be temporarily deposited in:

- (1) Separate transmittal account,
- (2) Collecting agent's account,
- (3) Nonfederal account (state PAC).

b) How to transmit funds

Collecting agent may write one check (or make one electronic transmittal) to PAC representing all individual contributions collected within specific time period.

3. **Time frames for forwarding contributions/records**
(11 CFR 102.8(b))
 - a) **Contributions of \$50 or less:** within 30 days
 - b) **Contributions over \$50:** within 10 days
 - c) **Recordkeeping:** Collecting agent retains records 3 years.
4. **PAC remains responsible**
 - a) Reports original sources; date of receipt = date collecting agent receives contribution. (See [11 CFR 102.8\(b\)\(2\).](#))
 - b) Ensures that collecting agent follows rules.
5. **Member corporations of trade associations**
Corporate members may collect and forward contributions for trade association PAC. See [AO 2003-22](#).

DOES YOUR ORGANIZATION USE PAYROLL DEDUCTION FOR PAC CONTRIBUTIONS?

Earnings and Leave Statement

DATE
April 28, 2021

XYZ Organization
Street Address
City, ST ZIP Code
Phone
Fax
Email

John Doe
Street Address
City, ST ZIP Code
Phone
Fax
Email

EARNINGS AND DEDUCTIONS			
CODE	DESCRIPTION	HOURS	AMOUNT
01	REGULAR TIME	40	\$4,362.00
42	SOCIAL SECURITY		\$269.00
19	HEALTH INSURANCE		\$400.00
100	PAC CONTRIBUTION		\$50.00

Common method used
by SSFs to solicit and
collect contributions

Basic Rules Apply



Restricted class only

Solicitation notices always

Forward contributions and
records on time

D. Payroll deduction (11 CFR [102.6\(b\)](#) and [\(c\)](#), [102.8\(b\)](#) and [114.5\(a\)](#))

1. Basic rules apply

- **Restricted class only**
- **Use solicitation notices**
- **Forward contributions and records on time**

Connected organization is acting as the collecting agent here so collecting agent rules apply.

- Date of receipt for reporting purposes = Date deducted from paycheck. AOs [2000-11](#) and [1999-33](#).

Payroll Deduction

Authorization required:

- No reverse checkoff
- Written, electronic or telephone-recorded
- Retain for 3 years after employee's last reported contribution



2. **Authorization required**
 - a) Employee gives payroll deduction authorization (PDA) for periodic deductions of PAC contributions from paycheck; **may revoke at any time.**
 - b) Note that “written” may be electronic or telephone-recorded.
3. **No reverse checkoff**

Illegal to automatically deduct PAC contributions from paycheck, even if individual is allowed to request refund. [11 CFR 114.5\(a\)](#).
See [AO 2001-04 \(fn. 4\)](#)
4. **Electronic authorizations OK (AOs [2001-04](#), [1999-03](#) and [1997-09](#))**
 - a) **Elements to include:**
 - Passwords
 - Email confirmations
 - Ability to modify/revoke authorization
 - Retention of authorization
 - Solicitation notices
 - b) **Formats approved via AOs**
 - The use of a digital electronic signature to authorize payroll deductions for a corporate PAC. [AO 1999-03](#).
 - The use of a standard “click through” process, in which the contributor enters an ID number that is checked against a database, to authorize deductions for a corporate PAC. [AO 2001-04](#).
 - The use of telephone recorded conversations to obtain and maintain authorization for payroll deductions for an organization's PAC. [AO 2013-12](#).

5. **Recordkeeping requirements**

- a) Retain employee's authorization for three years from the date the committee last reports receiving a contribution from that employee (rather than three years from the date the employee signed the authorization). [11 CFR 104.14\(b\)](#).
- b) **Note:** Retaining the signed authorization is not the only way to satisfy recordkeeping requirement. For suggested methods for how to keep PDA records, access the [Policy Statement on Recordkeeping Requirements for Payroll Deduction Authorizations](#).

Payroll Deduction

If Corporate PAC uses...

Must allow union to use for its PAC, upon request

- Union must reimburse costs
- Vacation/Annuity fund deductions OK



6. **Labor organization use of corporation's payroll system**
([11 CFR 114.5\(k\)](#))

- a) Corporation or affiliate that uses payroll system to collect PAC contributions must make system available upon request to labor organization with members employed by corporation (for union to collect PAC contributions from those employees).
- b) Labor organization must reimburse corporation for costs.

7. **Labor organization PAC: vacation funds**

A portion of a union member's deductions to vacation fund jointly administered by employer and labor organization can be transferred to labor organization's PAC as contribution from the member, provided that:

- a) All requisite notices are given; and
- b) Union member has the right to revoke.
- c) See AOs [1980-74](#), [1980-69](#) and [1979-60](#).

8. **Deductions from annuity payments ([AO 1999-06](#))**
- a) Membership organizations may conduct check-off plans in which retired members instruct the organization to regularly deduct PAC contributions from their annuity payments.
 - b) Must follow same restrictions as payroll deduction.

Payroll Deduction

Corporate members of Trade Association

May use payroll deduction for trade association PAC

- Must first grant prior approval

Must allow union to use for its PAC, upon request

- Union must reimburse costs



9. **Corporate members of trade association PACs**
(11 CFR [114.8\(e\)\(4\)](#) and [\(5\)](#))
- a) FEC rules permit payroll deduction by corporate members for contributions to trade association PAC.
 - b) If corporation allows trade association PAC to use its payroll deduction system, corporation shall permit use of payroll deduction by union representing its employees, upon request.
 - c) **Application to corporations owned by individual members [AO 2012-15](#):**
Corporations owned by individual members of a membership organization (that also qualifies as a trade association) may provide payroll deduction to enable member employees to contribute to the association's SSF. The membership organization must pay the member-owned corporations in advance for their services.

Reporting Example #1: Reporting Contributions Raised Through Fundraising Events and Payroll Deduction



Kelly Clark
Designer, Roxy Snowboards
Member, Snowboard Organization

Payroll Deduction for Snowboard Organization PAC Kelly Clark			
Pay Day	Transmittal to PAC	Amount Deducted this Period	Total Deducted this Year
1/24/22	2/4/22	\$20.00	\$20.00
2/7/22	2/18/22	\$20.00	\$40.00
			\$60.00
			\$80.00
			\$100.00
			\$120.00
			\$140.00
			\$160.00
			\$180.00
5/29/22	6/9/22	\$20.00	\$200.00
6/12/22	6/23/22	\$20.00	\$220.00
6/26/22	7/7/22	\$20.00	\$240.00



Snowboard Organization has received authorization from Kelly Clark, an organization executive, to deduct \$20 from her biweekly paycheck as a contribution to the organization's PAC. The first deduction was taken out of Kelly's paycheck on January 24. The payroll department forwarded the money on February 4 to the PAC's treasurer, who had arranged for an electronic transfer into the PAC's account on the same day.

Planning ahead, on May 29, Kelly reached an aggregate total of \$200 exactly. On June 12, she will reach \$220. By June 26, she will have an aggregate year-to-date total of \$240.

As a big supporter of the PAC, Kelly, in addition to her payroll deductions totaling \$240 as of June 26, also contributed \$150 by buying a silent auction prize at a PAC event on June 30.

Assume for this example that Snowboard Organization PAC files its FEC reports on a monthly schedule.

1. How must the committee disclose the transaction(s)?
2. What information from the scenario do we need to disclose this correctly?

Answers to Reporting Example #1: Reporting Contributions Raised Through Fundraising Events and Payroll Deduction

1. How must the committee disclose the transaction(s)?

Answer: Itemize them on Schedule A for the appropriate Line (11(a)(i) for individuals) once the contributions from an individual aggregate more than \$200 (including contributions received through payroll deduction) for the calendar year.

Kelly's initial contribution in January does not require itemization as Kelly has not yet contributed over \$200 for the calendar year. Further, the contributions with an aggregate calendar year to date amount \leq \$200 must be included on Line 11(a)(ii) (*unitemized contributions from individuals*) of the appropriate reporting periods. However, on June 13, she will reach \$220 in contributions for the calendar year. Since the PAC files monthly, the report covering June (due on July 20) would be the report on which they would need to begin itemizing Kelly's contributions on Schedule A for Line 11(a)(i).

Here is an example of the payroll deduction itemization:

Payroll Deduction Contributions
July Monthly (M7) Report; FEC Form 3X: Schedule A, Line 11 (a)

SCHEDULE A (FEC Form 3X)		FOR LINE NUMBER: (check only one)		PAGE	OF
ITEMIZED RECEIPTS		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 12			
		<input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17			
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Snowboard Organization PAC					
Full Name of Individual (Last, First, Middle Initial) or Full Organization Name A. Clark, Kelly					
Mailing Address 401 East 67th Street					
City Mammoth Lakes		State CA	Zip Code 93546		
FEC ID number of contributing federal political committee. C					
Name of Employer (for Individual) Roxy Snowboards		Occupation (for Individual) Designer			
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Aggregate Year-to-Date ▼ 240.00		Date of Receipt Payroll Deduction	
				Amount of Each Receipt this Period \$40.00	
				<input type="checkbox"/> Memo Item \$20.00 biweekly	

Itemization of silent auction prize purchase and aggregation:

All of Kelly's subsequent contributions during that calendar year will also require itemization on Schedule A. Thus, Kelly's silent auction contribution via purchase of a \$150 fundraising item must also be itemized. Since she was already over the \$200 itemization

threshold for the calendar year, itemize the silent auction contribution on Schedule A for Line 11(a)(i) but separately from her payroll deductions. The aggregate year-to-date total for the June 30 contribution must include the payroll deduction contributions received previously in the calendar year.

Here is an example of the contribution made in the form of a silent auction purchase:

Silent Auction Contribution Check
July Monthly (M7) Report; FEC Form 3X: Schedule A, Line 11 (a)

The image shows a screenshot of the FEC Form 3X Schedule A, Line 11(a) for a July Monthly (M7) Report. The form is titled "SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS". It includes a section for "FOR LINE NUMBER: (check only one)" with checkboxes for 11a, 11b, 11c, 12, 13, 14, 15, 16, and 17. The "11a" checkbox is checked. The form also includes a section for "NAME OF COMMITTEE (In Full)" with the entry "Snowboard Organization PAC". Below this, the "Full Name of Individual (Last, First, Middle Initial) or Full Organization Name" is "A. Clark, Kelly". The "Mailing Address" is "401 East 67th Street", "City" is "Mammoth Lakes", "State" is "CA", and "Zip Code" is "93546". The "FEC ID number of contributing federal political committee" is "C". The "Name of Employer (for Individual)" is "Roxy Snowboards" and the "Occupation (for Individual)" is "Designer". The "Date of Receipt" is "06 / 30 / 2022". The "Amount of Each Receipt this Period" is "150.00". The "Aggregate Year-to-Date" total is "390.00", which is circled in red. The form also includes checkboxes for "Primary", "General", and "Other (specify)" under "Receipt For:", and a "Memo Item" checkbox.

2. What information from the scenario do we need to disclose this correctly?

Answer:

- **Contributions that aggregate \$200 and under** – need the amount of the contribution and the date that it was deducted from the individual's paycheck. (For recordkeeping, need the individual's name, address and payroll deduction authorization). See [11 CFR 104.8\(b\)](#) and AOs [2000-11](#) and [1999-33](#).
- **Contributions that aggregate more than \$200:**
 - Full name and address of contributor or source
 - Occupation/employer – if contributor is an individual
 - Date of receipt
 - Amount
 - Aggregate year-to-date total of all receipts from the same source.
 - Optional, but encouraged: Committee ID# where applicable
 - For payroll deduction, need total amount deducted during reporting period, frequency of deduction and amount per deduction.

KEY POINTS FOR PAYROLL DEDUCTION

- ✓ Report date of receipt
Date of receipt = date deducted from paycheck
- ✓ Paper filers list "payroll deduction" in lieu of dates
- ✓ E-filers list last day of the reporting period
- ✓ Payroll deduction in description field
- ✓ Total amount deducted during reporting period

Points to Remember:

- Itemize contributions from an individual or other person/entity on Schedule A, Line 11(a)(i), once aggregate calendar year to date received exceeds \$200.
- **Required information in itemizing receipts:**
 - Full name and address of contributor or source
 - Occupation/employer – if contributor is an individual
 - Date of receipt
 - Amount
 - Aggregate year-to-date total of all receipts from the same source.
 - Optional, but encouraged: Committee ID# where applicable
- **Date reported:**
 - Use the date of receipt (not the date of deposit or the date on the check).
 - Date reported for payroll deduction contribution is the date that the contribution was deducted from the contributor's paycheck.
See [11 CFR 104.8\(b\)](#) and AOs [2000-11](#) and [1999-33](#).
 - The "date of receipt" under FEC rules at [11 CFR 102.8](#) is the date that the collecting agent obtains possession of the funds (in other words, deducts the contribution).
- When collecting agent transmits funds collected to PAC, do not report as transfer from collecting agent. Instead, report as contributions from original individual contributors.

- **Payroll deduction:**
 - Separately itemize payroll deduction contributions from those raised using other methods.
 - Payroll department, as the collecting agent, must forward money **within collecting agent timeframes**. The PAC treasurer would then have 10 days to deposit the contribution. The PAC treasurer will need to work closely with the payroll department in order to make these timeframes work for FEC reporting, given that date of deduction is the date used for reporting.
 - Itemize payroll deductions once they and other contributions from the individual have aggregated more than \$200 for the calendar year.
 - For paper filers, instead of stating each date of receipt, type “payroll deduction.”
 - FECFile users will need to itemize a date (recommended to use last day of reporting period) and enter “payroll deduction” in description field.
 - Report the total amount deducted from paycheck during reporting period (regardless of when PAC receives funds) and indicate the amount that was deducted each pay period and the frequency of the deduction.

Scenario #1:



PAC Solicitation Meeting

In this scenario, you are the administrator for your organization's PAC, and would like to see more individuals from your restricted class contribute to the PAC. To help motivate contributors, you have developed the following plan for a series of informational meetings about the PAC. The meetings are intended for executives/members of your organization but interested parties will not be turned away from learning about the PAC.

Employee Meeting

The first step would be to hold a lunch-hour meeting for your restricted class and any other individuals interested in learning more about the PAC. At this meeting, you would ask your biggest contributor to explain why supporting the PAC is important to the organization's goals. Since the meeting is during lunch-hour, you will serve a light lunch.

To encourage attendance, the materials announcing the meeting will ask potential attendees who are employees of your organization to RSVP to their boss. As the administrator, you would track who attended the meeting and who skipped it. This information will be useful in performance reviews as a measure of the employees' commitment to the organization.

One-on-One Peer Visits

As a follow-up to the meeting, the biggest contributor in each division will personally visit the other restricted class members who also work in that division and remind them of what was said in the meeting. They will leave a payroll deduction sign-up card with each employee they visit and return at a future date to pick up the card.



1. Would a meeting to explain the importance of the PAC be viewed as a PAC solicitation? Why or why not?

- ☐ Yes
- ☐ No

2. May anyone attend the meeting?

- ☐ Yes
- ☐ No

3. What must your speaker say at the meeting?

- ☐ Must state that contributions are voluntary
- ☐ Must state that employees have the right to refuse to contribute
- ☐ Must state the political purpose of the PAC
- ☐ All of the above

4. What special requirements, if any, does serving lunch trigger?

- ☐ None
- ☐ The one-third rule will apply
- ☐ Lunch is not included in exempt solicitation costs

5. What do you think about the plan to track attendance and use that information in performance reviews?

- ☐ It is fine and no notices are needed
- ☐ No, this is a very bad idea
- ☐ Yes, you can ask them to RSVP, however, the materials inviting them to the meeting must convey the political purpose of the PAC and that they have the right to refuse to contribute.

6. How about the follow-up peer-to-peer visit? Is there anything important to keep in mind?

- ☐ No, because this is not a solicitation
- ☐ Yes, this is a solicitation that triggers the voluntary notice provisions

Answers to Scenario #1:

1. Would a meeting to explain the importance of the PAC be viewed as a PAC solicitation? Why or why not?

- ☒ Yes
☐ No

Answer: Generally, yes. In [AO 1980-50](#), a corporation held a meeting to discuss the structure, philosophy and purpose of its PAC. While the event was not promoted as a fundraiser, the corporation expected that PAC contributions would result. The Commission thus concluded that the expenses for such a meeting “were of a character traditionally associated with ‘fundraising’.” See also [AO 1983-24](#).

Moreover, in this case, the speaker will encourage support for the PAC by explaining why making a contribution helps the organization’s goals; that in itself is considered a solicitation. See [AO 1979-13](#).

2. May anyone attend the meeting?

- ☐ Yes
☒ No

Answer: Generally, no. Because the purpose of the meeting is to solicit PAC contributions, the organization may only invite and admit those within its restricted class. For a corporation, that includes executive and professional staff and stockholders. For a membership/labor organization, that includes executive and professional staff and members. (Note for a trade association, the restricted class also includes executives/stockholders of corporate members who have already given prior approval.)

Note, however, in [AO 2003-05](#), the Commission permitted an SSF to make a PAC solicitation presentation to an audience that included a *de minimis* number of persons outside of the restricted class, provided that the audience was informed that contributions were being sought only by the restricted class, and that contributions from anyone outside of the restricted class would not be accepted.

3. What must your speaker say at the meeting?

- ☐ Must state that contributions are voluntary
☐ Must state that employees have the right to refuse to contribute
☐ Must state the political purpose of the PAC
☒ All of the above

Answer: All of the above. Because he will be conveying a solicitation message, your speaker must indicate that contributions are voluntary and employees have the right to refuse to contribute. He also must explain the political purpose of the PAC. This information also must be clear in any written or oral communication inviting attendees to the meeting. 11 CFR [114.5\(a\)\(3\)](#) and [\(4\)](#).

4. What special requirements, if any, does serving lunch trigger?

- ☒ **None**
- ☐ The one-third rule will apply
- ☐ Lunch is not included in exempt solicitation costs

Answer: None. In AOs, the Commission has ruled that exempt solicitation costs include expenses for food, drink and the facilities where a fundraising event is held. See AOs [1995-17](#), [1983-24](#) and [1980-50](#). Moreover, the one-third rule that is applied to prizes and entertainment does not apply to a luncheon because the lunch does not “fall within the meaning of a ‘raffle or other fundraising device which involves a prize’ or ‘other type of entertainment.’ ” [AO 1980-50](#).

5. What do you think about the plan to track attendance and use that information in performance reviews?

- ☐ It is fine and no notices are needed
- ☐ No, this is a very bad idea
- ☒ **Yes, you can ask them to RSVP, however, the materials inviting them to the meeting must convey the political purpose of the PAC and that they have the right to refuse to contribute.**

Answer: [11 CFR 114.5\(a\)\(1\)](#) prohibits a PAC from making a contribution or expenditure by using money secured by job discrimination, financial reprisals, or as a condition of employment.

Although asking attendees to RSVP to their boss may be permissible, the materials inviting them to the meeting must convey the political purpose of the PAC and that they have the right to refuse to contribute. 11 CFR [114.5\(a\)\(3\)](#) and [\(4\)](#). Supervisors should not favor or disadvantage an employee based on a decision to attend or not attend the meeting. See section [11 CFR 114.5\(a\)\(2\)\(ii\)](#).

Moreover, using employee participation information in future performance reviews is an indication that the organization may be treating a PAC contribution as a “condition of employment” and may be using threats of job discrimination or financial reprisal in securing PAC contributions.

6. How about the follow-up peer-to-peer visit? Is there anything important to keep in mind?

- ☐ No, because this is not a solicitation
- ☒ **Yes, this is a solicitation that triggers the voluntary notice provisions**

Answer: The follow-up peer-to-peer visit is a solicitation in itself that triggers the voluntary notice provisions of [11 CFR 114.5\(a\)](#). The person doing the solicitation must again explain the political purpose of the PAC, that the contribution is voluntary and that the person being solicited has the right to refuse to contribute. If an amount is suggested as a donation, the solicitor must explain that it is only a suggestion and any amount may be given without any benefit or disadvantage.

Any funds collected must be forwarded to the PAC according to the timelines prescribed by the law.

SCENARIO #1 – KEY POINTS

Meeting to “explain PAC”

Meeting is a solicitation

Only invite restricted class to PAC fundraiser

Always remember solicitation notices on invitations, in speeches/presentations and in one-on-one solicitations

KEY POINTS:

- PAC presentation is a solicitation.
- Only invite restricted class.
- Always use notices in all of your written and oral solicitations.

Scenario #2:

Annual PAC Solicitation

As part of its government affairs/PAC operations, your organization is sending its annual PAC solicitation to the organization's restricted class. This year's goal is to get at least 85 percent of the restricted class signed-up to make PAC contributions via payroll deduction. As the PAC treasurer, you have created a payroll deduction sign-up form that reads:

So that the common interests of our organization's members to secure jobs, fair wages and safe working conditions can be heard by state and federal politicians, I voluntarily authorize and direct my employer to deduct \$5.00 each pay period from my pay for transfer to the organization's political action committee.



Question:

1. Are any additional statements needed to satisfy the legal requirements for SSF solicitations?

- ☐ No, the solicitation satisfies the special notices requirements
- ☐ A note that the contributor may revoke the authorization at any time
- ☐ A line informing individuals of their right to refuse to contribute without reprisal
- ☐ An explanation that the suggested amount is just a guideline
- ☐ All the above, except the first statement

Sign-up drive continues:

As the payroll sign-up drive continues, you plan to post a list of those in the restricted class who have not yet signed up. You will post this "PAC NON-CONTRIBUTORS" list on the electronic board in the hallway for everyone to see. Right next to the PAC list, you intend to post a list of individuals expelled from the organization. The two lists will be on display during monthly meetings of the organization's members and during presentations on the federal PAC's activity. Note, this will include meetings where verbal solicitations for contributions will be made.

Question:

2. Posting the lists (side by side) outside the solicitation venue is perfectly acceptable.

- ☐ True
- ☐ False

Answers to Scenario #2:

1. Are any additional statements needed to satisfy the legal requirements for SSF solicitations?

- ☐ No, the solicitation satisfies the special notices requirements
- ☐ A note that the contributor may revoke the authorization at any time
- ☐ A line informing individuals of their right to refuse to contribute without reprisal
- ☐ An explanation that the suggested amount is just a guideline
- ☒ **All the above, except the first statement**

ANSWER: All the above, except the first statement. As drafted, the message only includes the political purpose of the PAC. The other statements required by the FEC are missing. All SSF solicitations must state that the contributor has the right to refuse to contribute without reprisal. If an amount is suggested, it must be clear that the suggested amount is just a guideline. An individual's decision to contribute; more, less or not at all will not benefit or disadvantage them. Moreover, payroll deduction authorizations must include a statement that the contributor may revoke their authorization at any time.

In AOs regarding the right to refuse to contribute, the FEC has recommended tracking the language of the regulation at [11 CFR 114.5\(a\)\(4\)](#); See AOs [2003-06](#) and [1997-25](#). Thus, you would just state, "You have the right to refuse to contribute to [Name of Organization's PAC] without fear of reprisal."

More: www.fec.gov/help-candidates-and-committees/fundraising-for-ssf/

2. Posting the lists (side by side) outside the solicitation venue is perfectly acceptable.

- ☐ True
- ☒ **False**

ANSWER: False. The Commission examined this scenario in [MUR 7041](#) and determined that publicly posting the lists of non-contributors and expelled members outside a venue where PAC solicitations would occur was a coercive solicitation that could not be cured by distributing the required notices. Hearing an oral solicitation while looking at lists of non-contributors and expelled members represented a threat that members who did not respond to the solicitation would be subject to job discrimination or reprisal, or that their membership in the organization would be jeopardized by non-participation.

KEY POINTS:

- Remember no threat of physical force, job discrimination or financial reprisal
- Always use notices in all of your written and oral solicitations including payroll deduction authorizations

SCENARIO #2 – KEY POINTS

PAC solicitations

Always include solicitation notices on payroll deductions

Must state that contributions are voluntary and donor can revoke at anytime

No threats or coercive measures when soliciting for PAC contributions

Important Point – Part 1:

No matter what technique is used to raise federal PAC funds, the basic rules apply:

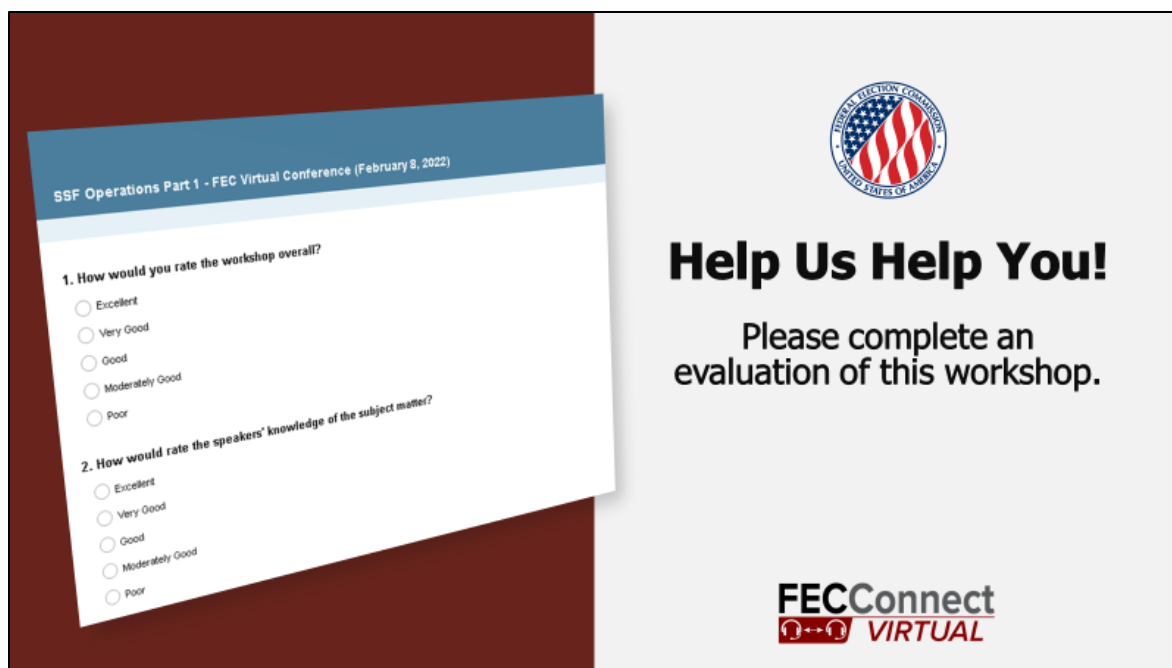
Basic Rules Apply



Restricted class only

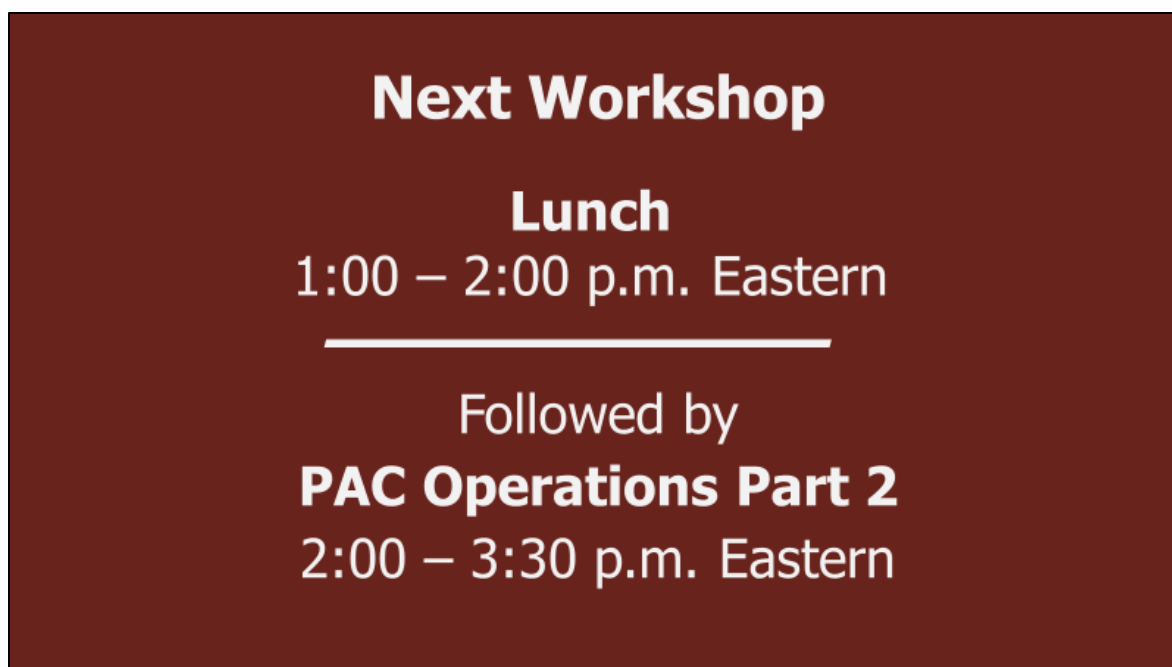
Solicitation notices always

Forward contributions and records on time



The graphic features a dark red background. On the left, a white survey form titled "SSF Operations Part 1 - FEC Virtual Conference (February 8, 2022)" is displayed. It contains two questions with radio button options: "1. How would you rate the workshop overall?" and "2. How would rate the speakers' knowledge of the subject matter?". Both questions have five options: Excellent, Very Good, Good, Moderately Good, and Poor. On the right, the Federal Election Commission seal is at the top. Below it, the text "Help Us Help You!" is in large bold letters, followed by "Please complete an evaluation of this workshop." in smaller text. At the bottom right is the "FECConnect VIRTUAL" logo, which includes a red icon of two people with speech bubbles.

Evaluation link: <https://www.surveymonkey.com/r/6MZLKSP>



The graphic has a dark red background with white text. At the top, it says "Next Workshop" in large bold letters. Below that, "Lunch" is written in bold. Then, "1:00 – 2:00 p.m. Eastern" is shown, followed by a horizontal white line. Below the line, it says "Followed by" in a smaller font, then "PAC Operations Part 2" in large bold letters, and finally "2:00 – 3:30 p.m. Eastern" in bold.