



FECConnect
VIRTUAL



Party Operations Part 3

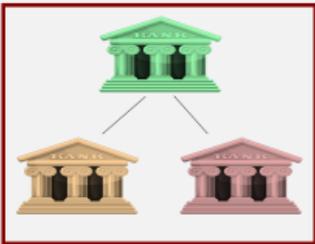
February 9, 2022
10:15 – 11:45 a.m. Eastern

OBJECTIVES

**Levin funds
and Federal
Election Activity**

Type 1	Type 3
FEA	
Type 2	Type 4

**Allocation between
federal/nonfederal and
federal/Levin funds**



Allocation methods



FEDERAL ELECTION ACTIVITY AND PAYING COMMITTEE EXPENSES

I. Levin Funds (11 CFR [300.30](#), [300.31](#) and [300.32](#)) (Guide, pp. 57-58)

State/Local Party Accounts

1. Federal



2. Nonfederal



3. Levin



(Optional) Funds comply with state law and certain limits and prohibitions of Federal Election Campaign Act

State/Local Party Accounts

What are Levin funds?

- Available to state/local party committees **ONLY**
- Subject to all state campaign finance laws
- Donors cannot give more than \$10,000/year
- No donations from foreign nationals
- Deposited in separate Levin account or in nonfederal account
- Used for certain "Federal Election Activity" (FEA)



A. What are Levin funds?

1. Raised by state, district or local committee

May only be raised and spent by state, district or local party committees.

2. Funds must comply with State law

- a) Must be permissible under the laws of the state in which the party committee raising and spending the funds is organized;
- b) May be solicited from some sources that may not contribute under the Act (e.g., corporations, unions and federal government contractors) so long as the donation is not from foreign nationals or from sources that are impermissible under state law.

3. \$10,000/year limit

Limited to \$10,000 in a calendar year from any person (separate from federal limit), including any entity established, maintained, financed or controlled by that person (if state law limits donations to an amount less than \$10,000, then the lower limit applies). 11 CFR [300.31\(d\)\(1\)-\(2\)](#).

4. Separate account not required

Committees that do not have a separate Levin account may keep Levin-eligible funds in the nonfederal account. The committee is not required to report them as Levin funds until it characterizes them as such. When reporting these funds, the date of receipt is the date that the committee received them under state law, even though they are itemized on Schedule L-A in a later reporting period.

5. Limit not shared

Each state, district and local party committee has a separate Levin fund donation limit, and committees are not considered to be affiliated under federal law for the purposes of determining Levin fund donation limits. [11 CFR 300.31\(d\)\(3\)](#). (Affiliation rules may exist under state law, however.)

6. No transfer of Levin funds

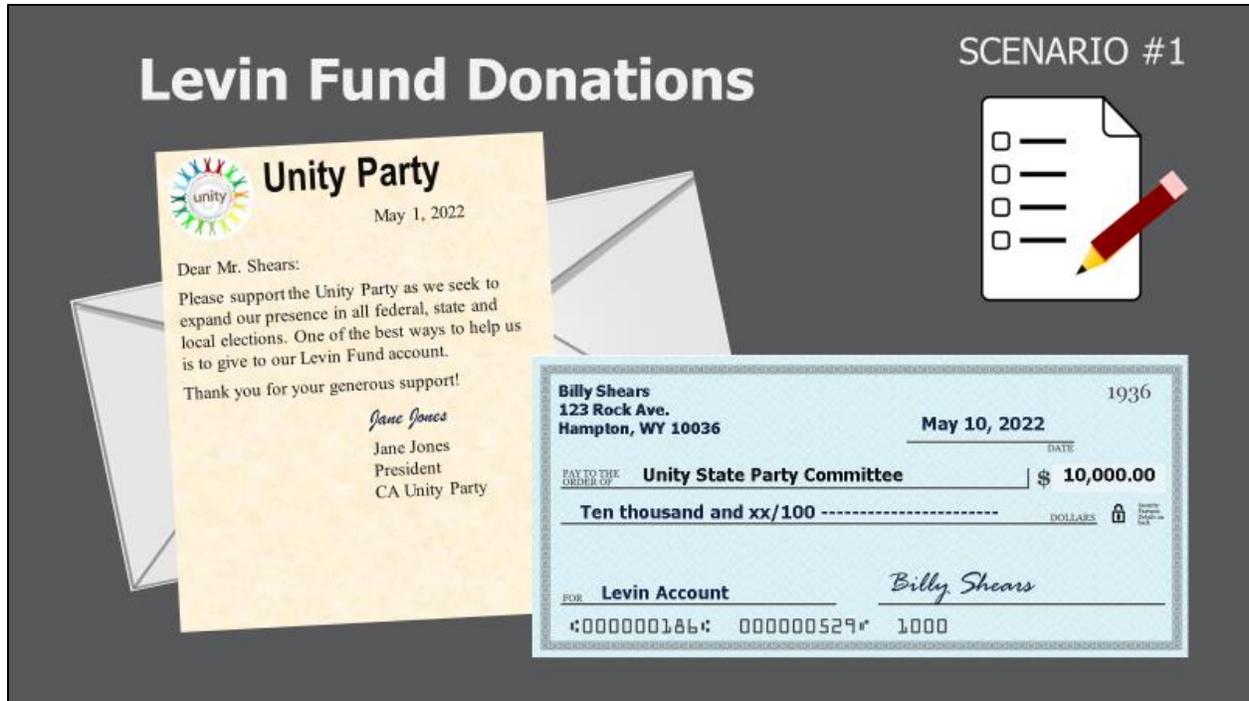
Levin funds may not be transferred among state, district or local party committees. Each party committee that uses Levin funds must raise their own Levin funds. [11 CFR 300.34\(b\)](#).

7. Costs of raising Levin funds

Must use only federal funds or Levin funds to pay the direct costs of the fundraising (including expenses for the solicitation of funds and for the planning and administration of actual fundraising activities and programs) if any portion of the funds will be used for FEA. 11 CFR [300.31](#) and [300.32\(a\)\(4\)](#).

B. How are Levin funds used?

Levin funds are used to pay a portion of certain allocable Federal Election Activity (FEA). FEA are specific activities defined by BCRA, which are covered in the next section.



Reporting Scenario #1: Reporting Receipt of Levin Funds

The Unity State Party Committee determines that it wants to begin raising Levin funds and sets up a separate account for this purpose. To generate Levin funds, the party mails out a solicitation letter on May 1. The fundraising letter was persuasive and, as a result, the party raised \$18,500 in donations of less than \$200 from various individuals. In addition, big party donor, Billy Shears, made a \$10,000 donation to the party’s Levin account on May 10.

How do we report Levin funds raised?

Reporting Scenario #1 Answer:

How do we report the Levin funds raised?

Step 1: Report the itemized donation. Show Schedule L-A to itemize Mr. Shears's donation because it is \$200 or more. **Remember, this threshold for itemization is slightly different from regular itemizations.**

Levin Funds – Itemization

June Monthly (M6) Report: Schedule L-A, Line 1a

SCHEDULE L-A (FEC Form 3X)		PAGE 1 OF 1	
ITEMIZED RECEIPTS OF LEVIN FUNDS		Use separate schedule(s) for each category of the Aggregation Page	FOR LINE NUMBER: (check only one) <input checked="" type="checkbox"/> 1a <input type="checkbox"/> 2
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) Unity State Party			
Full Name of Individual (Last, First, Middle Initial) or Full Organization Name <input type="checkbox"/> Memo Item		Date of Receipt	
A. Billy Shears		05 / 16 / 2022	
Mailing Address 123 Rock Ave.		Amount of Each Receipt this Period	
City Hampton	State WY	Zip Code 82937	10,000.00
Name of Employer (for Individual) Costumes 'R' Us		Aggregate Year-to-Date	
Occupation (for Individual) Celebrity Impersonator		10,000.00	

Step 2: Report the unitemized donations. The other donations do not require itemization because they were less than \$200 from any person. Show the total unitemized donations on Line 1(b) of Schedule L.

Levin Funds – Aggregation

June Monthly (M6) Report: Schedule L, Aggregation Page

SCHEDULE L (FEC Form 3X)		
AGGREGATION PAGE: LEVIN FUNDS		
NAME OF COMMITTEE (In Full)		
Unity State Party		
NAME OF ACCOUNT		
The Unity State Party Levin Account		
	COLUMN A TOTAL THIS PERIOD	COLUMN B YEAR-TO-DATE
1. RECEIPTS FROM PERSONS		
(a) Itemized (Use Schedule L-A)	10,000.00	10,000.00
(b) Unitemized	18,500.00	18,500.00
(c) Total	28,500.00	28,500.00
2. OTHER RECEIPTS	0.00	0.00
3. TOTAL RECEIPTS	28,500.00	28,500.00
(Add Lines 1c and 2)		



Poll Question #1:

A particular state law has an individual contribution limit of \$6,000 for accounts maintained by state parties. The Unity State Party (USP) committee received a contribution for \$7,500 for its Levin account, but you looked on the FEC's website and saw that Levin contributions are limited to \$10,000. May you accept the contribution?

- Yes
- No

Poll Question #1 Answer:

A particular state law has an individual contribution limit of \$6,000 for accounts maintained by state parties. The Unity State Party (USP) committee received a contribution for \$7,500 for its Levin account, but you looked on the FEC's website and saw that Levin contributions are limited to \$10,000. May you accept the contribution?

Yes

No – CORRECT ANSWER

While Levin contributions may not exceed \$10,000, they are also subject to state law. In this case, USP may only accept \$6,000.



Poll Question #2:

The Unity State Party committee receives another contribution that it deposits into its nonfederal account. At a later time, it decides to designate the contribution as Levin funds to use for FEA it would like to conduct. For reporting purposes, what is the date of receipt that you would use for this contribution?

The date the original contribution was first received by the committee

The date the party actually designated the funds as Levin funds

The date the funds were spent by the committee

Poll Question #2 Answer:

The Unity State Party committee receives another contribution that it deposits into its nonfederal account. At a later time, it decides to designate the contribution as Levin funds to use for FEA it would like to conduct. For reporting purposes, what is the date of receipt that you would use for this contribution?

- The date the original contribution was first received by the committee – CORRECT ANSWER**
- The date the party actually designated the funds as Levin funds
- The date the funds were spent by the committee

II. Federal Election Activity (FEA) ([11 CFR 100.24](#)) (Guide, pp. 53-56)

A. Activities that are FEA





Time Frame:
≤ 120 days from regularly scheduled federal election

**TYPE 1
Voter Registration**

Definition
Any activity to assist, encourage or urge potential voters to register to vote

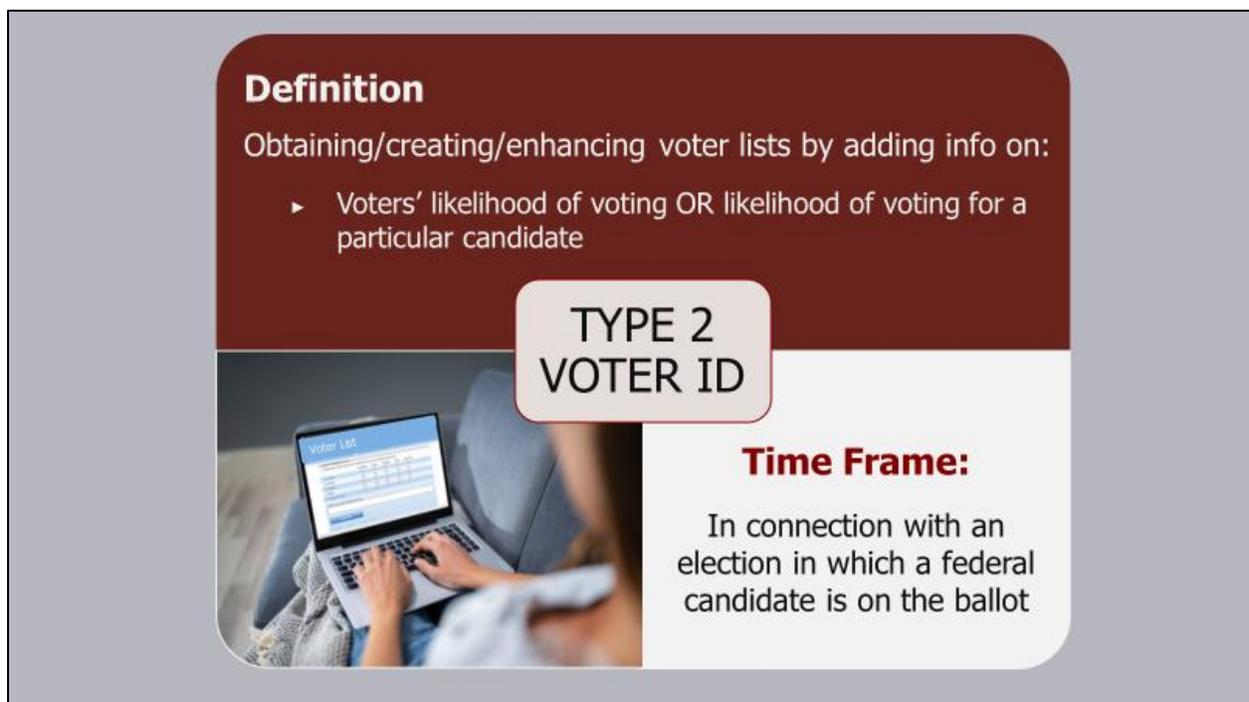
- ▶ Specific list of activities
- ▶ Excludes brief, incidental exhortations to vote

1. Type 1 FEA: “Voter registration activity”

a) Definition ([11 CFR 100.24\(a\)\(2\)](#))

- (1) Rules cover activities that assist, encourage or urge potential voters to register to vote.
- (2) Definition covers contacting voters by any means.
- (3) Rules provide a specific list of activities that would constitute voter registration activity, including:
 - Encouraging or urging potential voters to register to vote by mail (including direct mail), e-mail, in person or by telephone (including pre-recorded telephone calls, phone banks and messaging such as SMS and MMS);
 - Preparing and distributing information about registration and voting;
 - Distributing voter registration forms and instructions;
 - Answering questions about how to complete or file a voter registration form;
 - Assisting individuals with completing or filing voter registration forms;
 - Submitting or delivering completed voter registration forms;
 - Offering or arranging to transport, or actually transporting potential voters to a board of election or county clerk’s office for them to fill out voter registration forms; OR
 - Any other activity that assists potential voters to register to vote.

- b) **Exemption for brief incidental exhortation**
- (1) An activity does not qualify as “voter registration activity” solely because it includes a brief exhortation to register to vote, as long as that exhortation is both brief and incidental.
 - (2) Example of activity that is NOT voter registration:
A mailer praises the public service record of mayoral candidate X. The mailer concludes by reminding recipients, “Don’t forget to register to vote for X by October 1st!”
 - (3) Example of activity that is NOT voter registration: A phone call for a state party fundraiser gives listeners information about the event, solicits donations and concludes by reminding listeners, “Don’t forget to register to vote.”
- c) **Time period:** Within 120 days of a regularly scheduled federal election.
- d) When is the FEA period in my state for 2022? For the answer, visit the FEC website at www.fec.gov/help-candidates-and-committees/dates-and-deadlines/2022-reporting-dates/federal-election-activity-periods-each-state-2022/.



Definition

Obtaining/creating/enhancing voter lists by adding info on:

- ▶ Voters’ likelihood of voting OR likelihood of voting for a particular candidate

**TYPE 2
VOTER ID**

Time Frame:

In connection with an election in which a federal candidate is on the ballot

The infographic features a dark red header with the word 'Definition' in white. Below it, the text 'Obtaining/creating/enhancing voter lists by adding info on:' is followed by a bullet point. A central white box with a dark red border contains the text 'TYPE 2 VOTER ID'. To the left, a photograph shows a person's hands typing on a laptop with a 'Voter List' spreadsheet on the screen. To the right, the 'Time Frame' section is highlighted in white with a dark red border.

2. **Type 2 FEA: “Voter Identification” (“Voter I.D.”) ([11 CFR 100.24\(a\)\(4\)](https://www.ecfr.gov/current/title-11/chapter-I/subchapter-B/part-100/section-100.24(a)(4)))**
- a) **Definition:**
- (1) Creating or enhancing voter lists by adding information about voters’ likelihood of voting in a particular election or voting for a particular candidate.

- (2) The purchase of a voter list constitutes “voter identification” if purchased during the FEA time period.
- (3) Subsequent use of a voter list during the FEA period will not be considered a separate FEA cost unless the committee is also enhancing the voter list by verifying or adding information.

Federal Election Activity Timeframes

“In connection with an election in which a federal candidate appears on the ballot” means:

For a regularly
scheduled election:

Primary ballot access
deadline (or Jan 1st)
until the general
election

For a special
election:

The day a special
election is set until
the special election
takes place

- b) **Time period:** “In connection with an election in which a federal candidate appears on the ballot”
 - (1) Regularly scheduled election: During the period beginning on the day of the earliest federal office filing deadline for primary election ballot access under state law—or on January 1 in states that do not hold primaries—and ending on the day of the general election, or the general election runoff, if a runoff is held; or
 - (2) Special election: During the period beginning on the day that the date is set for a special election in which a federal candidate appears on the ballot and ending on the day of that election. [11 CFR 100.24\(a\)\(1\)](#).
 - (3) Time frames for Type 2 FEA are calculated on a state-by-state basis and posted on the FEC’s website.

Definition

Any activity to assist, encourage, urge individuals to vote

- ▶ Specific list of activities
- ▶ Excludes brief AND incidental exhortations to vote

**TYPE 2
GOTV**

Time Frame:

In connection with an election in which a federal candidate is on the ballot

3. **Type 2 FEA: “Get-out-the-vote activity” (“GOTV”)**
- a) **Definition ([11 CFR 100.24\(a\)\(3\)](#))**
- (1) Rules cover activities that assist, encourage or urge potential voters to vote.
 - (2) Definition covers contacting voters by any means to urge or encourage them to vote.
 - (3) Rules provide a specific list of activities that constitute voter registration activity, including:
 - Encouraging or urging potential voters to vote, whether by mail (including direct mail), e-mail, in person, by telephone (including pre-recorded telephone calls, phone banks and messaging such as SMS and MMS) or by other means;
 - Informing potential voters about times when polling places are open, location of particular polling places or early voting or voting by absentee ballot;
 - Offering or arranging to transport, or actually transporting potential voters to the polls; OR
 - Any other activity that assists potential voters to vote.
- b) **Examples of activities that are GOTV:**
- (1) Driving sound truck through neighborhood playing a message urging listeners to “Vote next Tuesday at the Main Street Community Center.”
 - (2) Making robocalls or other calls reminding recipients of the times during which polls are open.

- c) **Exemption for brief incidental exhortation**
 - (1) An activity does not qualify as “get-out-the-vote activity” solely because it includes a brief exhortation to vote, as long as that exhortation is both brief and incidental.
 - (2) Example of activity that is NOT GOTV: A mailer praises the public service record of mayoral candidate X. The mailer concludes by reminding recipients, “Vote for X on November 8th.”
 - (3) Example of activity that is NOT GOTV: A phone call for a state party fundraiser gives listeners information about the event, solicits donations and concludes by reminding listeners, “Don’t forget to vote on November 8th.”
 - d) **Time Period**: In connection with an election in which a federal candidate appears on the ballot.
4. **Not considered FEA—specific exemptions from Type 1 FEA (Voter registration activity) and Type 2 FEA (Voter ID and GOTV) funding restrictions:**
- a) Voter ID conducted solely in connection with nonfederal election during FEA time period, but on which no federal election is held and which is not used in subsequent election in which a Federal candidate appears on the ballot ([11 CFR 100.24\(c\)\(5\)](#)).
 - b) GOTV activity conducted solely in connection with nonfederal election during FEA time period, but on which no federal election is held, provided communications made refer exclusively to:
 - (1) Nonfederal candidates on the ballot on the date of the nonfederal election;
 - (2) Ballot referenda on the ballot scheduled for the date of the nonfederal election; or
 - (3) The date, polling hours and locations of the nonfederal election ([11 CFR 100.24\(c\)\(6\)](#)).
 - c) *De minimis* costs associated with the following:
 - (1) On the website of a party committee or an association of State or local candidates, posting a hyperlink to a state or local election board’s web page containing information on voting or registering to vote;
 - (2) On the website of a party committee or an association of State or local candidates, enabling visitors to download a voter registration form or absentee ballot application;
 - (3) On the website of a party committee or an association of State or local candidates, posting information about voting dates and/or polling locations and hours of operation; or
 - (4) Placing voter registration forms or absentee ballot applications obtained from the board of elections at the office of a party committee or an association of State or local candidates ([11 CFR 100.24\(c\)\(7\)](#)).

Definition

A public communication that:

- ▶ Promotes or opposes a political party AND
- ▶ DOES NOT promote or oppose a clearly identified federal/nonfederal candidate

**TYPE 2
Generic Campaign
Activity**



Time Frame:

In connection with an election in which a federal candidate is on the ballot

5. **Type 2 FEA: “Generic campaign activity” ([11 CFR 100.25](#))**
- a) **Definitions**
- (1) **“Generic campaign activity” defined: A public communication that promotes or opposes a political party** and does not promote or oppose a clearly identified federal candidate or a nonfederal candidate. [11 CFR 100.25](#).
- (2) **“Public communication” defined ([11 CFR 100.26](#))**
Includes communications made using the following media:
- Broadcast, cable or satellite;
 - Newspaper or magazine;
 - Outdoor advertising facility;
 - Mass mailing (>500 substantially similar mailings w/in 30 days);
 - Phone bank (>500 substantially similar calls w/in 30 days);
 - Communications placed for a fee on another person’s web page;
 - Any other form of general public political advertising.
- b) **Time period:** In connection with an election in which a federal candidate appears on the ballot.

Time Frame:
At any time during a calendar year

Elizabeth Chiu
Your Voice in Washington

Paid for by the Freedom Party Committee and authorized by the Elizabeth Chiu for Congress committee.

TYPE 3
Public Communication that PASOs

Definition
Public communication that promotes, attacks, supports or opposes clearly identified federal candidate, regardless of whether communication mentions nonfederal candidate

6. **Type 3 FEA: Public communications that “PASOs” federal candidate**
- a) **Definition:** “A public communication that promotes, attacks, supports or opposes (PASOs) a federal candidate.”
See [11 CFR 100.26](#) for definition of public communication.
 - b) **Time Period:** At any time during a calendar year.

Definition
Salary & benefits of state/local party employee who:
▶ Spends >25% of monthly time on federal elections
Committees must keep a monthly log of employee time spent on federal elections

**TYPE 4
Staff salaries**

Time Frame:
At any time during
a calendar year

WEEKLY TIME SHEET

	Time In	Time Out	Hours	Ove
Monday	9:00 AM	7:00 PM	10	
	9:00 AM	5:00 PM	8	
	9:00 AM	6:00 PM	9	

7. **Type 4 FEA: Employee salaries**

- a) **Definition:** The salaries and wages of an employee of a state, district or local party committee who spends more than 25% of his or her compensated time during that month on federal activity, including FEA. **Party committees must keep a monthly log of each employee's time spent on federal elections or federal activity during that month.** [11 CFR 106.7\(d\)\(1\)](#).
- b) **Time period:** At any time during a calendar year. See [AO 2010-24](#).

B. **Activities that are not FEA ([11 CFR 100.24\(c\)](#))**

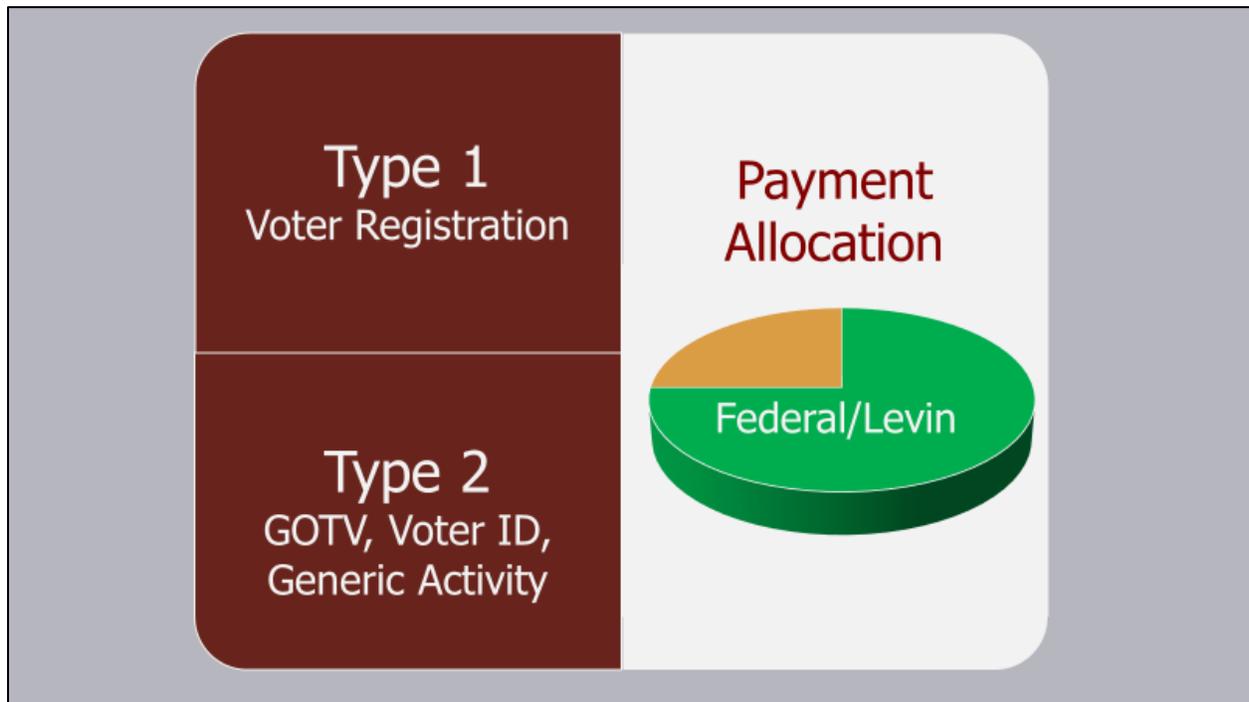
1. **Public communications referring solely to nonfederal candidates**

- a) A public communication that refers solely to one or more clearly-identified candidate(s) for state or local office and does not promote, support, attack or oppose a clearly-identified candidate for federal office is not FEA.
- b) A public communication would, however, be considered FEA if it constituted voter registration, generic campaign activity, get-out-the-vote activity or voter identification. [11 CFR 100.24\(c\)\(1\)](#).

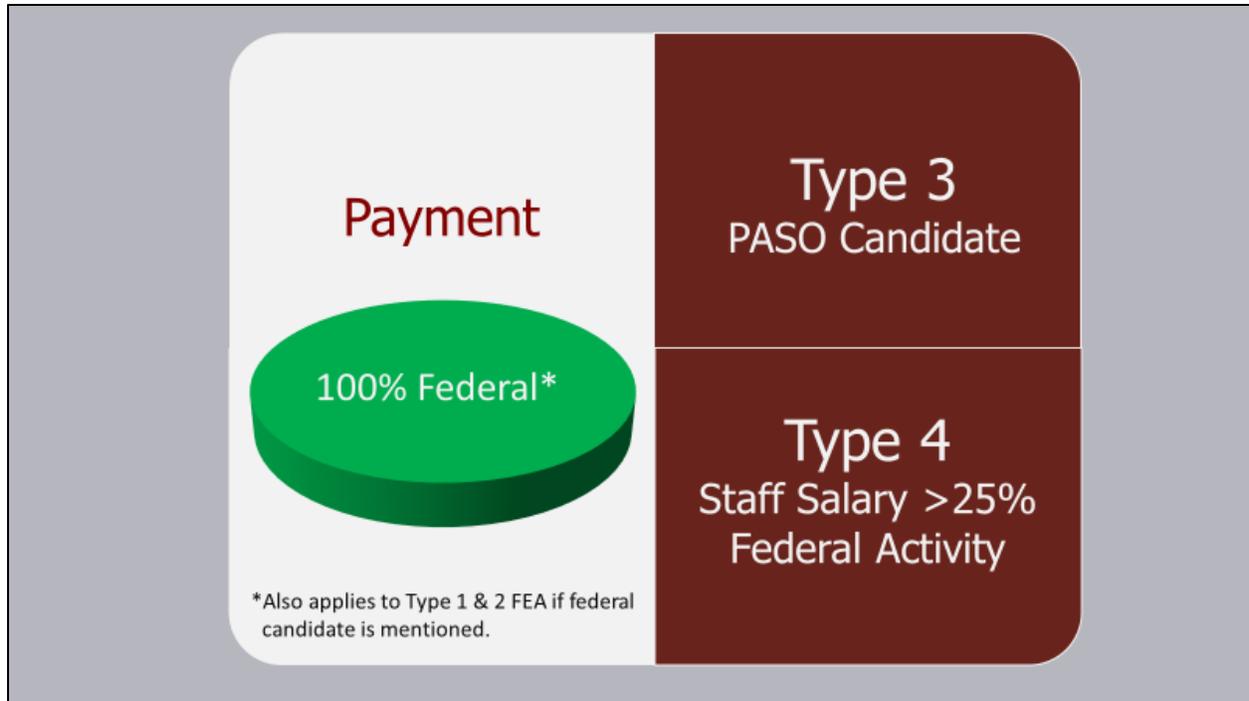
2. **A contribution to a candidate for state or local office**

Unless the contribution is designated for voter registration, voter identification activity, generic campaign activity, get-out-the-vote activity, employee services, or a public communication that qualifies as FEA. [11 CFR 100.24\(c\)\(2\)](#).

3. **Party meetings and conventions**
The cost of state, district or local political conventions, meetings or conferences. [11 CFR 100.24\(c\)\(3\)](#).
4. **Grassroots materials for nonfederal candidates**
The costs of grassroots campaign materials (buttons, bumper stickers, yard signs, handbills, brochures and posters) that name or depict only candidates for state or local office. [11 CFR 100.24\(c\)\(4\)](#).



- C. **Financing FEA** (*Guide*, p. 57)
 1. **Financing FEA with Levin funds**
Levin funds may be used to pay the nonfederal portion of allocable expenses relating to:
 - a) **Type 1:** Voter registration activity during the period that begins 120 days before the date of a regularly-scheduled federal election and ends on the day of that election.
 - b) **Type 2:** Voter identification, GOTV or generic campaign activity conducted in connection with an election in which a federal candidate appears on the ballot (regardless of whether a state or local candidate also appears on the ballot).
[11 CFR 300.32\(b\)](#).
 - c) **BUT** if expenditure for above activity mentions a federal candidate, it must be paid with 100% federal funds.
[11 CFR 300.32\(c\)\(1\)](#).



2. **100% federal funds used for certain FEA, including:**
 - a) **Type 3:** A public communication that promotes, supports, attacks or opposes (PASOs) any federal candidate; and
 - b) **Type 4:** Salaries, wages and fringe benefits of any employees who spend more than 25 percent of their compensated time in a given month on FEA or on activities in connection with a federal election. 11 CFR [106.7\(d\)\(1\)\(ii\)](#) and [300.33\(d\)\(2\)](#) and [AO 2010-24](#).
 - c) **Type 1 or Type 2 FEA that refers to a clearly identified federal candidate.** [11 CFR 300.32\(c\)\(1\)](#)
3. **Monthly filing**

A state or local party committee that has had any federal receipts or disbursements for FEA – or any reportable Levin receipts and disbursements – must file monthly. [11 CFR 300.36\(c\)\(1\)](#).

Reporting Federal Election Activity

SCENARIO #2



The Slam Dunk Party of Texas thanks Senator Robinson for his recent votes on the budget and pledges to support him on Election Day.

Reporting Scenario #2: Disbursements for Public Communications

Background: In May 2022, *The San Antonio Times* runs an article on Senator David Robinson’s declining job approval ratings as the House prepares to vote on a budget bill. The article notes that Senator Robinson potentially faces a tough 2022 general election challenge from rival Hakeem Olajuwon. Rushing to take advantage of this newsworthy polling, on June 1, 2022, the Slam Dunk Party of Texas, without speaking to the Robinson campaign, pays upfront for a billboard (costing \$8,500) thanking Senator Robinson for his recent votes on the budget and pledging their support for him on Election Day.

1. How must the state party committee categorize and report this disbursement?

Reporting Scenario #2 Answer:

1. How must the state party committee categorize and report this disbursement?

Answer: While neither an independent expenditure (no express advocacy) nor a coordinated party expenditure (no coordination), the disbursement is still a public communication that supports Senator Robinson – thus, it is a type of FEA. This type of FEA is 100% federal, so it is itemized on Schedule B supporting Line 30(b), with the identity of the candidate disclosed. *Since the party has made a disbursement for FEA, it must now also file monthly.*

**Paying for Non-Allocable FEA
July Monthly (M7) Report: Schedule B, Line 30b**

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input type="checkbox"/> 23 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29 <input checked="" type="checkbox"/> 30b		
<small>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.</small>					
NAME OF COMMITTEE (In Full) Slam Dunk Party of Texas					
Full Name (Last, First, Middle Initial) A. River Walk Billboards			Date of Disbursement 06 / 01 / 2022		
Mailing Address 850 E. Commerce St.			FEC Identification Number C		
City San Antonio		State TX	Zip Code 78205		
Purpose of Disbursement Billboard			Amount of Each Disbursement this Period 8,500.00		
Candidate Name David Robinson			Category/Type <input type="checkbox"/> Memo Item		
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼			
State: District:					

III. Paying the Bills (Guide, pp. 101-104)

Party Committee Accounts



Federal account

- Used to support federal candidates
- Activity disclosed to FEC



Nonfederal account

- Used to support state and local candidates
- Activity disclosed to state election office



Levin account (optional)

- Used to pay a portion of allocable FEA
- Activity disclosed to FEC

Paying Committee Bills

INVOICE

Subsidiary Job Order Code

City	Description	Unit Price	Line Total

Customer
Sales Tax
Total

Make all checks payable to Company Name
Thank you for your business!

Company Name Street Address City, ST ZIP Code Phone Fax Email

Two Types

INVOICE

Subsidiary Job Order Code

City	Description	Unit Price	Line Total

Customer
Sales Tax
Total

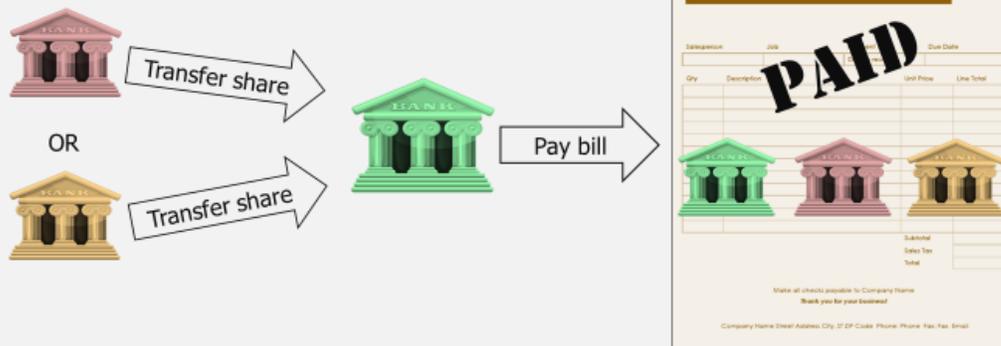
Make all checks payable to Company Name
Thank you for your business!

Company Name Street Address City, ST ZIP Code Phone Fax Email

- A. Bills paid in two ways
1. Some items may be paid using 100% federal funds
 2. Other items may be paid using mix of federal/nonfederal or federal/Levin funds (i.e., allocable)

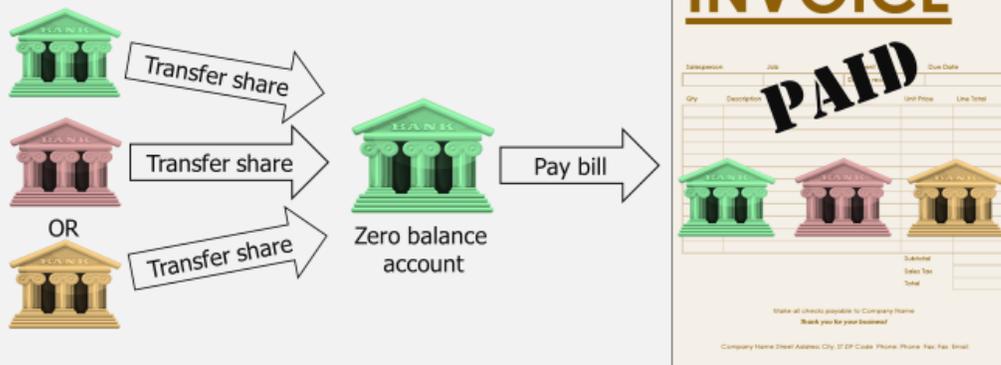
Paying Committee Bills

Option 1: Use Federal Account



Paying Committee Bills

Option 2: Use Allocation Account

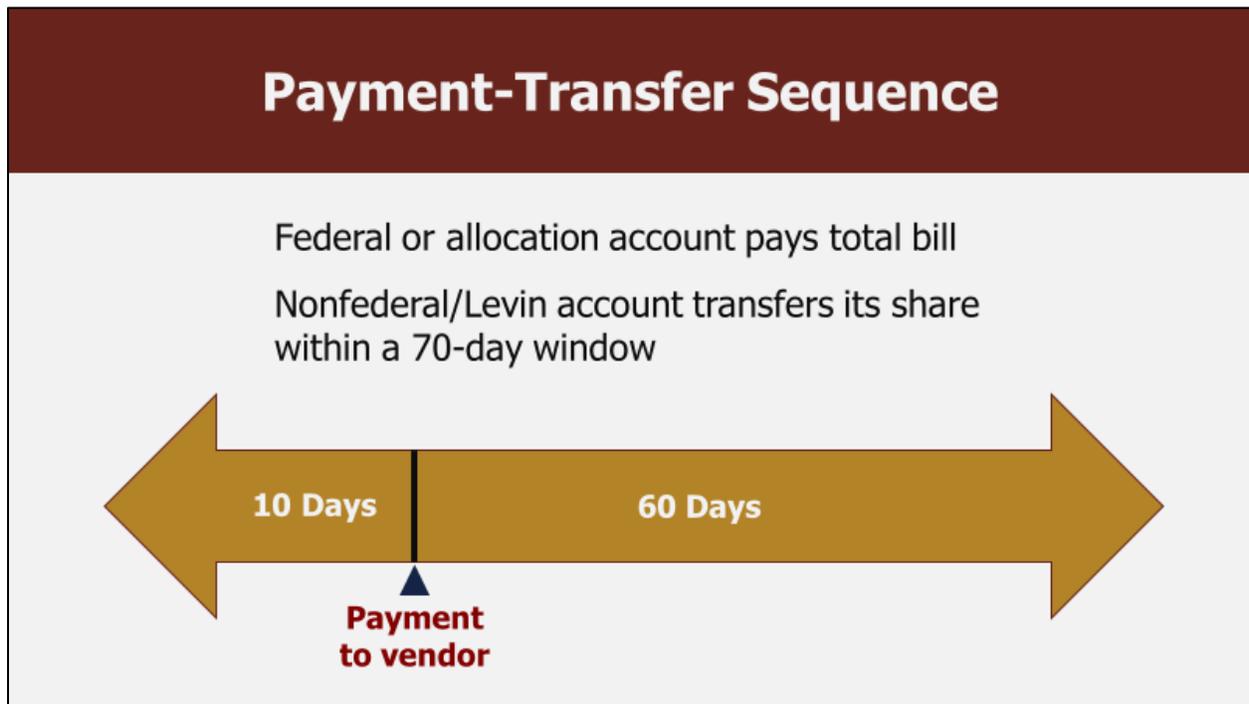


B. Paying for allocable expenses (by state, district and local party committees or unregistered organizations)

1. Option 1: Use federal account

Pay total bill from federal account; transfer funds from nonfederal account or Levin funds to federal account to cover nonfederal or Levin share of each allocated expense.

2. **Option 2: Establish separate allocation account**
- a) Transfer funds from federal and nonfederal accounts to allocation account in amounts equal to federal and nonfederal or Levin shares of each allocable expense.
 - b) Allocation accounts are “zero balance” accounts, which contain only those funds transferred-in for the purpose of paying allocable expenses.
 - c) Do not transfer funds from allocation account to any other account of same committee, and do not make disbursements for any purpose other than payment of allocable expenses.
 - d) Pay all allocable expenses from allocation account for as long as the account is maintained.
 - e) Allocation account is considered a federal account subject to all reporting requirements but should not be registered and reported separately.



3. **Payment sequence**
- a) **Transfers of nonfederal or Levin funds to federal or allocation account**
For each payment to the vendor, the committee must transfer funds from the nonfederal account or Levin funds in an amount equal to, or less than, the nonfederal or Levin share of the expense.

- b) **70-day window for transfers**
 - (1) Transfers from the nonfederal account or Levin funds must be made within a 70-day time period: no more than 10 days before or 60 after the payment to the vendor.
 - (2) One transfer may cover the nonfederal portion of several shared expenditures, provided the transfer occurs within the 70-day window applicable to all the expenditures covered.
- c) **Avoid contribution/loan**

Any transfer that does not meet the requirements for timing is presumed to be a loan or contribution from nonfederal or Levin to federal account, *in violation of the Act*.
- d) **May pay more than federal share with federal account**

Party has the option to pay 100% of a shared activity, without reimbursement from the nonfederal account or Levin funds.

IV. Allocable or Not? – (Guide, pp. 101-102)

Non-Allocable Expenses



- All payments by national party
- Fundraising for federal account
- Exempt activity refers to only federal candidates
- Type 1 & Type 2 FEA refers to federal candidates
- Type 3 & Type 4 FEA

- A. **Expenses that are 100% federal**
 - 1. **ALL expenses by national party committees**

National party committees, under the Act, must use 100% federal funds for all expenses and may not raise nonfederal or Levin funds.
11 CFR [106.7\(a\)](#) and [300.10\(a\)](#).

2. Certain expenses by state, district and local party committees

The following expenses are not allocable and must be paid 100% from the party committee's federal funds:

a) Fundraising for federal account

Party committees that conduct fundraising activities, programs or events where only federal funds are raised must pay the direct costs of such fundraisers only with federal funds.

[11 CFR 300.32\(a\)\(3\)](#).

b) Exempt activities that refer only to one or more candidates for federal office and do not list a candidate for nonfederal office. [11 CFR 106.7\(e\)\(1\)](#).

Example: A slate card/sample ballot that lists only candidates for federal office and no candidates for nonfederal office.

c) Type 1 and Type 2 FEA that refer to federal candidates. 11 CFR [300.33\(a\)\(1\)](#) and [\(2\)](#).

FEA voter registration, voter identification, GOTV and generic campaign activity if the activity references a clearly-identified federal candidate.

d) Type 3 FEA: Public communications that PASO

Payments for public communications that refer to a clearly-identified federal candidate and that promote, support, attack or oppose any federal candidate (regardless of whether a nonfederal candidate is mentioned). [11 CFR 300.33\(c\)](#).

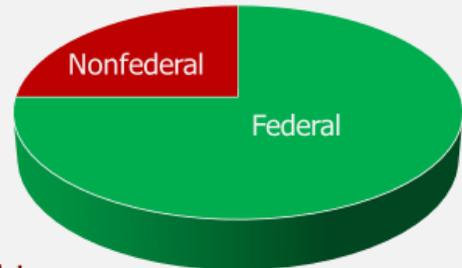
e) Type 4 FEA: Salaries and wages

Salaries and wages (including benefits) of employees who spend more than 25% percent of their compensated time per month on activities in connection with federal elections, including FEA.

11 CFR [106.7\(d\)](#) and [\(e\)\(2\)](#).

Federal and Nonfederal Funds

- Administrative expenses
 - ▶ Rent
 - ▶ Utilities
 - ▶ Staff salaries ($\leq 25\%$)
- Non-FEA "exempt activities"
 - ▶ Slate cards
 - ▶ Campaign materials
 - ▶ Presidential GOTV & voter registration drives
- Non-FEA generic voter drives
- Fundraising costs



B. Expenses allocable between federal and nonfederal accounts ([11 CFR 106.7\(c\)](#))

1. **Administrative expenses** (11 CFR [106.7\(c\)\(1\)](#) and [\(2\)](#))
 - a) Rent
 - b) Utilities, equipment and office supplies
 - c) Salaries and benefits for certain employees
 - (1) Salaries and wages (incl. benefits) for employees who spend 25% or less of their compensated time in a given month on activity in connection with federal elections (including FEA) must be allocated between federal/nonfederal account as an administrative expense.
 - (2) Employees who spend none of their time on FEA or on activity in connection with a federal election in a given month may be paid 100% nonfederal.
2. **Exempt activity conducted in conjunction with nonfederal activity**
([11 CFR 106.7\(c\)\(3\)](#))

Examples: Slate cards mentioning federal and nonfederal candidates distributed by volunteers (*Note: If exempt activity is also FEA, must be paid for as FEA, not as exempt activity.*)

3. **Costs of generic voter drives** – ([11 CFR 106.7\(c\)\(5\)](#))
Examples: Expenses for voter identification, voter registration and GOTV drives and any other activities that urge the general public to register or vote, or that promote or oppose a political party, without promoting or opposing a federal or nonfederal candidate, and that do not qualify as FEA or party exempt activity. [11 CFR 106.6\(b\)\(1\)\(iii\)](#).
(Note: If activity is also FEA, must be paid for as FEA.)
4. **Direct costs of federal/nonfederal fundraising events or programs** – ([11 CFR 106.7\(c\)\(4\)](#))
Example: Direct costs of event or program, including disbursements for solicitation of funds and planning and administration of actual fundraising events where federal and nonfederal funds are raised at the same time.

Federal and Levin Funds

If no federal candidates named:

• Type 1 FEA

- ▶ Voter registration 120 days before election

• Type 2 FEA

- ▶ Voter ID
- ▶ GOTV
- ▶ Generic Campaign Activity
 - In connection with an election in which a federal candidate appears on the ballot



- C. **Expenses allocable between federal and Levin funds** – (*Guide*, pp. 116-117)
 1. **Type 1 FEA**
Voter registration 120 days before election.
 2. **Type 2 FEA**
Voter identification, generic campaign activity and get-out-the-vote activity that does NOT refer to a clearly-identified federal candidate.

V. Allocation Methods (*Guide*, pp. 102-103)

<p>Funds Received Method</p> 	<p>Allocation Methods</p>	 <p>Fixed Percentage Method</p>
----------------------------------------------------------------------------------------------------------------	----------------------------------	--------------------------------------------------------------------------------------------------------------------

<p>Use When Paying:</p> <ul style="list-style-type: none">▪ Administrative expenses▪ Exempt activity▪ Non-FEA voter drives▪ Federal Election Activity <p>Allocation Percentages:</p> <ul style="list-style-type: none">▪ Federal share increases if Senate or Presidential candidate on ballot▪ Percentage used for entire two-year cycle	<p>Fixed Percentage Method</p> 
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------

- A. **Fixed percentage method**
1. **Use fixed percentage to allocate**
 - **Administrative expenses**
 - **Exempt activity**
 - **Generic voter drives**
 - **Federal Election Activity**

Fixed Percentage Method	
Candidates on the ballot	Federal share
If both President and Senate on ballot	36%
If President but no Senate on ballot	28%
If Senate but no President on ballot	21%
Neither President nor Senate on ballot	15%

2. **General election ballot**

Percentage of federal funds is determined by presence or absence of a Senate and/or Presidential candidate on the ballot in the next regularly scheduled federal general election. [11 CFR 300.33\(b\)](#)

 - a) 36% - Both President and Senate
 - b) 28% - President but no Senate
 - c) 21% - Senate but no President
 - d) 15% - Neither President nor Senate
3. **Two-year cycle**

Apply fixed percentage to expenses incurred during two-year period (example 01/01/2021 – 12/31/2022).

Reporting Federal Election Activity

SCENARIO #3



Using Fixed Percentage: Allocated Administrative Expenses

Reporting Scenario #2: Reporting Allocated Administrative Expenses

Background: Your records show that the Wisconsin Winners Party committee's rent is \$5,000 per month. The federal account paid the building owner, WDC & Associates, on May 1st.

1. How do party committees pay their shared administrative expenses?

Reporting Scenario #3 Answer:

1. How do party committees pay their shared administrative expenses?

Answer: They allocate between their federal and state (nonfederal) accounts, using the fixed percentage method. Wisconsin's fixed percentage ratio for the 2021-22 election cycle is 21% federal because in the 2022 general election, Wisconsin will have a Senate but no presidential candidate on the ballot. So our first step is to apply the fixed percentage for allocated administrative expenses.

Report ratios. Show completion of Schedule H1 (Method of Allocation for Administrative, Generic Voter Drive and Exempt Activity Costs) by applying the fixed percentage method

Administrative Expense

Step 1: Identify Allocation Ratio

June Monthly (M6) Report: Schedule H1

SCHEDULE H1 (FEC Form 3X)

METHOD OF ALLOCATION FOR:

- ALLOCATED FEDERAL AND NONFEDERAL ADMINISTRATIVE, GENERIC VOTER DRIVE AND EXEMPT ACTIVITY COSTS
- ALLOCATED FEDERAL AND LEVIN FUNDS FEDERAL ELECTION ACTIVITY EXPENSES (State, District and Local Party Committees Only)
- ALLOCATED PUBLIC COMMUNICATIONS THAT REFER TO ANY POLITICAL PARTY (BUT NOT A CANDIDATE) (Separate Segregated Funds And Nonconnected Committees Only)

NAME OF COMMITTEE (In Full)

Wisconsin Winners Party Committee

USE ONLY ONE SECTION, A or B

A. State and Local Party Committees

Fixed Percentage (select one)

Presidential-Only Election Year (28% Federal)

Presidential and Senate Election Year (36% Federal)

Senate-Only Election Year (21% Federal)

Non-Presidential and Non-Senate Election Year (15% Federal)

2. How do we actually handle making the payment and making sure each account has paid its share?
3. How does the nonfederal account actually pay its share?
4. When should the nonfederal account make the transfer?

2. **How do we actually handle making the payment, and making sure each account has paid its share?**

Answer: Report allocated administrative expenses. The entire amount of the allocable expense is paid out of the federal account. However, show reporting on Schedule H4 of the federal and nonfederal share of the rent, based on the allocation ratio. (21% of \$5,000 is \$1,050; \$3,950 is the nonfederal share.)

Administrative Expense Step 2: Report Allocated Disbursement June Monthly (M6) Report: Schedule H4, Line 21a

SCHEDULE H4 (FEC Form 3X)			PAGE 1 OF 1	
DISBURSEMENTS FOR ALLOCATED FEDERAL/NONFEDERAL ACTIVITY			FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) Wisconsin Winners Party Committee				
A. Full Name (Last, First, Middle Initial) WDC & Associates		<input type="checkbox"/> Memo Item		
Mailing Address 2500 Federal Way				
City Sunny Skies	State WI	Zip Code 72171	Allocated Activity or Event: <input checked="" type="checkbox"/> Administrative <input type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support <input type="checkbox"/> Public Comm (ref to party only) by PAC	
Purpose of Disbursement: Rent		Allocated Activity or Event Year-To-Date 5,000.00		
Activity or Event Identifier:		Category/ Type	Date 05 / 01 / 2022	
FEDERAL SHARE		+	NONFEDERAL SHARE	= TOTAL AMOUNT
1,050.00			3,950.00	5,000.00

3. **How does the nonfederal account actually pay its share?**

Answer: It makes the transfer into the federal account, which it does on May 25th.

4. **When should the nonfederal account make the transfer?**

Answer: 10 days before the payment, or 60 days after.

5. **How does the federal account report this transfer?**

5. How does the federal account report this transfer?

Answer: On Schedule H3 (Transfers from Nonfederal Accounts), show the transfer-in from the nonfederal account for its share of the rent.

Administrative Expense

Step 3: Report Nonfederal Transfer

June Monthly (M6) Report: Schedule H3, Line 18a

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NONFEDERAL ACCOUNTS FOR ALLOCATED FEDERAL / NONFEDERAL ACTIVITY			PAGE 1 OF 1 FOR LINE 18a OF FORM 3X
NAME OF COMMITTEE (In Full) Wisconsin Winners Party Committee			
NAME OF ACCOUNT Wisconsin Winners Party Nonfederal Account	DATE OF RECEIPT MM / DD / YEAR 05 / 25 / 2022	TOTAL AMOUNT TRANSFERRED 3,950.00	
BREAKDOWN OF TRANSFER RECEIVED i) Total Administrative			3,950.00

Allocated Administrative Expenses

Three-Step Reporting Process

1. Identify Allocation Ratio

2. Report Federal Disbursement

3. Report Non-Federal Funds Transfer

Tricky Issues:

Allocated administrative expenditures: Report using 3-Step Process on H Schedules:

- **Ratio on Schedule H1**
 - Check ONE line in Section A that applies to your committee.
 - In 2021-2022, the ratio is either 21% federal or 15% federal since 2022 is not a presidential election year.
 - Ratio applies to expenses during two-year cycle (example 01/01/2021 – 12/31/2022).
 - File H1 with the first report each year that discloses allocable disbursements.
- **Payment on Schedule H4**
 - Include specific purpose.
 - Check appropriate category.
- **Transfer-in of nonfederal share on Schedule H3**
 - Use appropriate line (category) for type of expense.

VOTER ID

- June 1, 2022
- Cost: \$50,000



SCENARIO #4



Reporting Scenario #4: Allocated FEA

Background: The Wisconsin Winners Party has raised both Levin funds and federal funds, and now intends to use them to pay for an upcoming voter ID drive to get ready for the busy general election season. This activity will begin on June 1st and will cost \$50,000.

1. **What is the first thing we need to do for an allocated activity, regardless of whether it is administrative, FEA or fundraising?**

Reporting Scenario #4 Answer:

1. **What is the first thing we need to do for an allocated activity, regardless of whether it is administrative, FEA or fundraising?**

Answer: Determine the ratio. Show Schedule H1 to disclose the fixed percentage ratio, which also applies to allocated FEA. In Wisconsin, as we already know, the fixed federal percentage is 21% for the 2021-2022 election cycle.

Allocated Federal Election Activity
Step 1: Identify Allocation Ratio
July Monthly (M7) Report: Schedule H1

SCHEDULE H1 (FEC Form 3X)

METHOD OF ALLOCATION FOR:

- ALLOCATED FEDERAL AND NONFEDERAL ADMINISTRATIVE, GENERIC VOTER DRIVE AND EXEMPT ACTIVITY COSTS
- ALLOCATED FEDERAL AND LEVIN FUNDS FEDERAL ELECTION ACTIVITY EXPENSES (State, District and Local Party Committees Only)
- ALLOCATED PUBLIC COMMUNICATIONS THAT REFER TO ANY POLITICAL PARTY (BUT NOT A CANDIDATE) (Separate Segregated Funds And Nonconnected Committees Only)

NAME OF COMMITTEE (In Full)
Wisconsin Winners Party Committee

USE ONLY ONE SECTION, A or B

A. State and Local Party Committees

Fixed Percentage (select one)

Presidential-Only Election Year (28% Federal)

Presidential and Senate Election Year (36% Federal)

X Senate-Only Election Year (21% Federal)

Non-Presidential and Non-Senate Election Year (15% Federal)

2. **Now that we know which percentage to use, what do we do next?**

2. Now that we know which percentage to use, what do we do next?

Answer: Report allocated expense. The entire amount of the allocable expense is paid out of the federal account. Show reporting, however, on Schedule H6 (Disbursements of Federal and Levin Funds for Allocated Federal Election Activity) of the federal and Levin shares of the Voter ID file cost, based on the allocation ratio (21% of the \$50,000 is \$10,500 (federal share) and 79% of the \$50,000 is \$39,500 (Levin share)).

Allocated Federal Election Activity Step 2: Report Allocated Expense July Monthly (M7) Report: Schedule H6, Line 30a

SCHEDULE H6 (FEC Form 3X)
DISBURSEMENTS OF FEDERAL AND LEVIN FUNDS
FOR ALLOCATED FEDERAL ELECTION ACTIVITY
 (To be used by State, District and Local Party Committees Only)

PAGE **1** OF **1**
FOR LINE 30a OF FORM 3X

NAME OF COMMITTEE (in Full)
Wisconsin Winners Party Committee

A. Full Name (Last, First, Middle Initial) / Full Organization Name Memo Item
Voter Strategies

Type of Allocated Activity or Event:
 Voter Registration GOTV
 Voter ID Generic Campaign

Mailing Address
123 Steady Way
 City: **Sunny Skies** State: **WI** Zip Code: **72121**

Allocated Activity or Event Year-To-Date
50,000.00

Purpose of Disbursement
Voter ID Campaign Planning

Category/Type
 Date: **06 / 01 / 2022**

FEDERAL SHARE	+	LEVIN SHARE	=	TOTAL AMOUNT
10,500.00		39,500.00		50,000.00

SUBTOTAL of Shared Federal and Levin Activity This Page

FEDERAL SHARE	+	LEVIN SHARE	=	TOTAL AMOUNT
10,500.00		39,500.00		50,000.00

TOTAL This Period (last page for each line only)(Federal share to 30(a)(i) and Levin share to 30(a)(ii))

FEDERAL SHARE	+	LEVIN SHARE	=	TOTAL AMOUNT
10,500.00		39,500.00		50,000.00

TOTAL This Period for the Levin Share

FEC Schedule H6 (Form 3X) Rev. 05/2018

3. Now that we know how much each account must pay, what do we do next?

3. Now that we know how much each account must pay, what do we do next?

Answer: Report transfer-in of Levin funds. Use Schedule H5 (Transfers of Levin Funds for Allocated FEA) to show the receipt of the transfer-in of Levin funds for the Levin share of the voter ID activity. Keep in mind that this transfer must be made within a 70-day window: up to 10 days before the payment, or up to 60 days after. In our example here, the transfer into the federal account occurs on June 15th.

Allocated Federal Election Activity Step 3: Report Levin Fund Transfer July Monthly (M7) Report: Schedule H5, Line 18b

SCHEDULE H5 (FEC Form 3X)		
TRANSFERS OF LEVIN FUNDS RECEIVED FOR ALLOCATED FEDERAL ELECTION ACTIVITY (To be used by State, District and Local Party Committees Only)		
NAME OF COMMITTEE (In Full)		PAGE 1 OF 1 FOR LINE 18b OF FORM 3X
Wisconsin Winners Party Committee		
NAME OF ACCOUNT	DATE OF RECEIPT	TOTAL AMOUNT TRANSFERRED
Wisconsin Winners Party Levin Account	06 / 15 / 2022	39,500.00
BREAKDOWN OF THIS TRANSFER		
i) Voter Registration		
Total Amount Transferred for Voter Registration		VOTER REGISTRATION
ii) Voter ID		
Total Amount Transferred for Voter ID		VOTER ID 39,500.00
iii) GOTV		
Total Amount Transferred for GOTV		GOTV
iv) Generic Campaign Activity		
Total Amount Transferred for Generic Campaign Activity		GENERIC CAMPAIGN ACTIVITY

4. Do we have anything else to account for?

4. Do we have anything else to account for?

Answer: Yes. Report disbursement of Levin funds. Use Schedule L-B (Itemized Disbursements of Levin Funds) to itemize the transfer-out of Levin funds being disbursed to the federal account (this amount and category of FEA should match your Schedule H5 transaction). Carry totals from Schedule L-B to the appropriate line on Schedule L. In this case, the total must be reported on Line 4(b) of Schedule L.

Allocated Federal Election Activity Step 4: Report Levin Fund Disbursement July Monthly (M7) Report: Schedule L-B, Line 4b

SCHEDULE L-B (FEC Form 3X)		Use separate schedule(s) for each category of the Aggregation Page		FOR LINE NUMBER: PAGE 1 OF 1 (check only one) <input type="checkbox"/> 4a <input type="checkbox"/> 4c <input type="checkbox"/> 5 <input checked="" type="checkbox"/> 4b <input type="checkbox"/> 4d	
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) Wisconsin Winners Party Committee					
Full Name (Last, First, Middle Initial) / Full Organization Name <input type="checkbox"/> Memo Item A. WI Winners Party Committee/Federal Acct				Date of Disbursement MM / DD / YYYY 06 / 15 / 2022	
Mailing Address 2500 Federal Way				Amount of Each Disbursement this Period 39,500.00	
City Sunny Skies		State WI	Zip Code 72121		
Purpose of Disbursement Transfer of Levin Funds					

Allocated FEA Expenses

Four-Step Reporting Process

1. Identify Allocation Ratio

2. Report Disbursement

3. Report Levin Fund Transfer

4. Report Levin Fund Disbursement

Tricky Issues: Reporting Allocated Federal Election Activity:

- **Allocate according to fixed percentage method calculated on Schedule H1.**
 - Schedule H1 has to be filed with the first report each calendar year that discloses allocable disbursements.
 - Do not send in two H1 schedules in a calendar year unless a special election occurs that alters the ratio (e.g., Senate special election in non-election year).
- **Report payments on Schedule H6:**
 - The payments for the expenses must come from either the federal account or the allocation account.
- **Report transfers-in on Schedule H5**
 - The account containing Levin funds must transfer the Levin share during the period beginning 10 days before the payment is made, and ending 60 days after.
 - Schedule H5 is similar to a recordkeeping approach; activities are grouped by the date of the transfers. **(Corresponds to Schedule L-B)**
- **The L Schedules**
 - The L Schedules are memo schedules and do not affect totals on the Summary or Detailed Summary Pages of Receipts and Disbursements for Form 3X.
 - The transfer out of Levin funds is also itemized on Schedule L-B. **(Corresponds to Schedule H5)**

Funds
Received
Method


$$\frac{\text{Federal Receipts}}{\text{Total Receipts}} = \text{Funds Received}$$

B. Funds received allocation method (*Guide*, pp. 102-103)

1. Use “funds received” method to allocate:

- a) **Direct costs of a federal/nonfederal party fundraiser**
Examples: Fundraising events that raise funds for both the federal and nonfederal accounts such as an annual dinner.
- b) **Direct fundraising support for candidates**
Example: When funds are raised for federal and nonfederal candidates at the same event, such as a fundraiser on behalf of a House candidate and a gubernatorial candidate.

2. Paying fundraising costs

- a) State and local party committees may allocate the direct costs of each fundraising program or event in which the committee collects both federal and nonfederal funds.
- b) Costs are allocated according to the ratio of the federal funds received to total receipts for the fundraising event:

Ratio:
$$\frac{\text{Federal receipts for program or event}}{\text{Total receipts for program or event}}$$

Funds Received Method



Estimate ratio based on prediction

Within 60 days:

- Adjust ratio & transfer funds to reflect actual receipts

Further transfers may be necessary if:

- More federal funds received than estimated



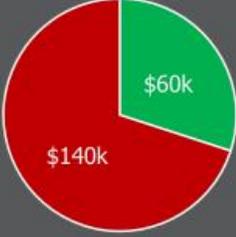
- c) Estimate ratio prior to the fundraising event, based on a reasonable prediction of revenue.
- d) If actual proportion of funds received is different than anticipated, adjust ratio within 60 days after event.
- e) Transfer funds between accounts (either way) to reflect adjusted ratio within 60 days after event.
- f) Further transfers from the federal to the nonfederal account may be necessary, should additional federal funds be received after the 60-day period.
- g) Transfers from nonfederal to federal no longer permissible after 60 days.
- h) In case of fundraising for a federal candidate, fundraising costs incurred represent in-kind contribution to federal candidate or coordinated party expenditure.



SCENARIO #5



Anticipated Proceeds:



Account Type	Amount
Nonfederal	\$140k
Federal	\$60k

Reporting Scenario #5: Reporting Fundraising Expenses, Including Ratio Adjustments

Task 1: Determining Ratio for Allocating Fundraising Expenses

Background: At the beginning of each year, the Unity State Party holds a fundraiser called the Spring Gala. Last year, they raised \$200,000: \$60,000 for their federal account and \$140,000 for their nonfederal account. This year the party hopes to raise approximately the same amount of money.

The fundraiser will be held on May 15th. For reporting purposes, the party assigned the name “Spring Gala” to the event.

- 1. What is the first thing we need to do? How do state party committees allocate fundraising expenses between their federal and nonfederal accounts?**

Reporting Scenario #5 Answers:

- 1. What is the first thing we need to do? How do state party committees allocate fundraising expenses between their federal and nonfederal accounts?**

Answer: Step 1: Determine and report ratio

State and local party committees allocate the direct costs of each fundraising program or event in which the committee collects both federal and nonfederal funds. The costs are allocated according to the **funds received ratio**: the ratio of the federal funds received to total receipts for the fundraising event. (In this case, 60,000 federal receipts ÷ \$200,000 total receipts = 30% federal.)

Show the calculation of the allocation formula, based on the funds received ratio (using last year's figures), and report the ratio on Schedule H2 (Allocation Ratios for Fundraising and Direct Candidate Support Activities). The ratio is 30% federal, 70% nonfederal.

Fundraising

Step 1:

Identify

Allocation

Ratio

May Monthly (M5)

Report: Schedule H2

PAGE **1** OF **1**

SCHEDULE H2 (FEC Form 3X)
ALLOCATION RATIOS

NAME OF COMMITTEE (In Full)
Unity State Party Committee

RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT
ACTIVITIES APPEARING ON THIS REPORT.

Methods of allocation:

I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.

II. Shared **DIRECT CANDIDATE SUPPORT** activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity. **For PACs Only:** Direct candidate support includes public communications or voter drives that refer to both federal and nonfederal candidates, regardless of whether there is a reference to a political party. Such expenses are allocated using a time/space method.

ACTIVITY OR EVENT IDENTIFIER	FEDERAL %	NONFEDERAL %
Spring Gala (5/15/22)	30.00 %	70.00 %

ACTIVITY IS:
 Fundraising Direct Candidate Support

CHECK IF THE RATIO IS:
 New Revised Same as Previously Reported

Background: To help organize the dinner, the party committee contracted with a consultant, Political Party Planners, Ltd., for \$25,000. On April 21st, they paid the consultant \$10,000. The nonfederal account transferred its share of the expenses on April 30th.

2. **Since we have determined the ratio for this amount, which will allow us to determine each account's share of expenses, how do we actually disclose the payments to the consultant?**

3. **What do we have to do next?**

4. **We know each account's share and have made the appropriate transfers to square our accounts. What else do we have to account for?**

2. Since we have determined the ratio for this amount, which will allow us to determine each account's share of expenses, how do we actually disclose the payments to the consultant?

Answer: Report allocated federal/nonfederal share. Show on Schedule H4 the federal and nonfederal shares of the disbursement to the consultant, based on the allocation formula. (30% federal share = \$3,000; 70% nonfederal share = \$7,000) Remember, the entire amount is still paid out of the federal account, even though H4 discloses each account's share.

Fundraising Step 2: Report Disbursement May Monthly (M5) Report: Schedule H4, Line 21a

SCHEDULE H4 (FEC Form 3X) DISBURSEMENTS FOR ALLOCATED FEDERAL/NONFEDERAL ACTIVITY			PAGE 1 OF 1	
NAME OF COMMITTEE (In Full) Unity State Party Committee			FOR LINE 21a OF FORM 3X	
A. Full Name (Last, First, Middle Initial) Political Party Planners, Ltd.		<input type="checkbox"/> Memo Item		
Mailing Address 123 Capitol Hill		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt <input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support <input type="checkbox"/> Public Comm (ref to party only) by PAC		
City Big Sky	State WY	Zip Code 59716	Allocated Activity or Event Year-To-Date 10,000.00	
Purpose of Disbursement: Fundraising Event Planning		003	Date 04 / 21 / 2022	
Activity or Event Identifier: Spring Gala (5/15/22)		Category/ Type		
FEDERAL SHARE	+	NONFEDERAL SHARE	=	TOTAL AMOUNT
3,000.00		7,000.00		10,000.00

3. What do we have to do next?

3. What do we have to do next?

Answer: Report transfer from nonfederal account. Show the amount of the nonfederal transfer for its share of this fundraising expense on Schedule H3.

Fundraising Step 3: Report Nonfederal Transfer May Monthly (M5) Report: Schedule H3, Line 18a

The screenshot shows a portion of Schedule H3 (FEC Form 3X) titled "TRANSFERS FROM NONFEDERAL ACCOUNTS FOR ALLOCATED FEDERAL / NONFEDERAL ACTIVITY". The form is for the "Unity State Party Committee".

NAME OF ACCOUNT	DATE OF RECEIPT	TOTAL AMOUNT TRANSFERRED
Unity State Party Nonfederal Account	04 30 2022	7,000.00

BREAKDOWN OF TRANSFER RECEIVED

- ii Total Administrative
- iii Generic Voter Drive
- iiii Exempt Activities
- iv Direct Fundraising (List Activity or Event Identifier)
 - a) Spring Gala (5/15/22) 7,000.00
 - b)
- c) Total Amount Transferred For Direct Fundraising 7,000.00
- vi Direct Candidate Support (List Activity or Event Identifier)
 - a)
 - b)

4. We know each account's share and have made the appropriate transfers to square our accounts. What else do we have to account for?

4. We know each account’s share and have made the appropriate transfers to square our accounts. What else do we have to account for?

Answer: We still owe the fundraising consultant \$15,000!

Report outstanding debt. Show Schedule D with the outstanding debt owed to the consultant and the payment this period.

Fundraising Step 4: Other Reporting – Debt May Monthly (M5) Report: Schedule D, Line 10

SCHEDULE D (FEC Form 3X)			(Use separate schedule(s) for each numbered line)		PAGE 1 OF 1
DEBTS AND OBLIGATIONS Excluding Loans			FOR LINE NUMBER: (check only one)		<input type="checkbox"/> 9 <input checked="" type="checkbox"/> 10
NAME OF COMMITTEE (In Full) Unity State Party Committee					
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor Political Party Planners, Ltd.			Nature of Debt (Purpose): Fundraising Event; Planning for Spring Gala (5/15/22)		
Mailing Address 123 Capitol Hill					
City Big Sky	State WY	Zip Code 59716			
Outstanding Balance Beginning This Period 0.00					
Amount Incurred This Period 25,000.00		Payment This Period 10,000.00		Outstanding Balance at Close of This Period 15,000.00	

5. What should the committee do at this point? How long does the committee have to re-estimate and adjust their fundraising ratio?

Answer: The committee has up to 60 days after an event or after the date of a program to adjust the ratio, based on actual funds received, and show the new ratio (40% federal / 60% nonfederal) on Schedule H2.

- When the adjustment results in a higher federal percentage than originally estimated (as in this case), transfers must be made from the federal account to the nonfederal account for as long as federal funds are received.
- On the other hand, when the federal percentage becomes lower than originally estimated, transfers from the nonfederal account to the federal account can only be made within 60 days after an event.

Fundraising Step 5: Re-estimate and Adjust Ratio August Monthly (M8) Report: Schedule H2

SCHEDULE H2 (FEC Form 3X) ALLOCATION RATIOS		PAGE 1 OF 1
NAME OF COMMITTEE (In Full) Unity State Party Federal Committee		
RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.		
Methods of allocation:		
I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.		
II. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity. For PACs Only: Direct candidate support includes public communications or voter drives that refer to both federal and nonfederal candidates, regardless of whether there is a reference to a political party. Such expenses are allocated using a time/space method.		
ACTIVITY OR EVENT IDENTIFIER Spring Gala (5/15/22)	FEDERAL % 40.00 %	NONFEDERAL % 60.00 %
ACTIVITY IS: <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Direct Candidate Support		
CHECK IF THE RATIO IS: <input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported		

6. How do we calculate the amount to transfer from the federal account to the nonfederal account?

6. How do we calculate the amount to transfer from the federal account to the nonfederal account?

Answer: Apply new federal percentage (40% federal) to total expenditures paid for this event (\$50,000). Since the federal share has increased, you will need to calculate the amount that must be transferred from the federal account to the nonfederal account.

- The federal account's percentage under the new ratio is 40%
- The federal account's percentage under the old ratio was 30%
- This is a 10% difference. So the federal account **owes \$5,000 to the nonfederal account** ($\$50,000 \times 10\% = \$5,000$)

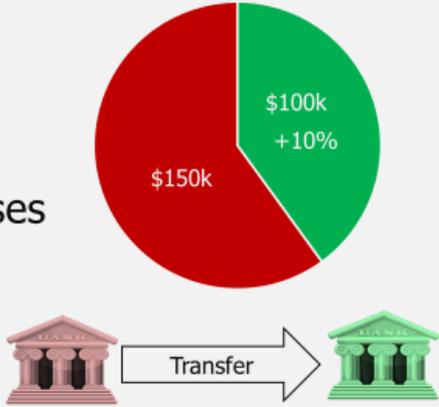
OR-

Another way you can determine whether this amount is correct is to calculate the federal account's share using both ratios and transfer the difference. In this case,

- The federal account's share under the new ratio is **\$20,000**. ($\$50,000 \times 40\% = \$20,000$)
- The federal account's share under the old ratio is **\$15,000**. ($\$50,000 \times 30\% = \$15,000$)
- So, the federal account **owes \$5,000 to the nonfederal account** ($\$20,000 - \$15,000 = \$5,000$)

Calculating Transfer Amount

- Anticipated federal share = 30%
- Recalculated federal share
 $\$100,000 \div 250,000 = 40\%$
- Required transfer = 10% of expenses
(due to 10% increase in federal share)
- Total spent on event = \$50,000
 $10\% \times \$50,000 = \$5,000$



Background: The federal account transfers its share of adjusted expenses on July 11.

7. How do we report that transfer?

Background: The federal account transfers its share of adjusted expenses on July 11.

7. How do we report that transfer?

Answer: Show reporting of transfer on Schedule H4 as a 100% federal expense.

Fundraising

Step 6: Adjusted Ratio – Federal Payment

August Monthly (M8) Report: Schedule H4, Line 21a

SCHEDULE H4 (FEC Form 3X)			PAGE 1 OF 1
DISBURSEMENTS FOR ALLOCATED FEDERAL/NONFEDERAL ACTIVITY			FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Unity State Party Committee			
A. Full Name (Last, First, Middle Initial) Unity State Party Nonfederal Account		<input type="checkbox"/> Memo Item	
Mailing Address 777 Central Avenue, Suite 400			
City Big Sky	State WY	Zip Code 59716	
Purpose of Disbursement: Ratio Adjustment Transfer		Category/Type 003	Allocated Activity or Event Year-To-Date 50,000.00
Activity or Event Identifier: Spring Gala (5/15/22)		Date 07 / 11 / 2022	
FEDERAL SHARE	+	NONFEDERAL SHARE	= TOTAL AMOUNT
5,000.00		-----	5,000.00

Continue to monitor receipts. Should the committee continue to receive additional federal funds relating to this event, the committee would be required to re-estimate the allocation ratio, adjust the ratio on Schedule H2 and transfer federal funds to the nonfederal account, as appropriate.

Tricky Issues: Reporting Allocated Fundraising Expenses

- **Ratio on Schedule H2**
 - Use Funds Received ratio based on estimate.
 - H2 must be filed with each report that discloses a disbursement for fundraising or direct candidate support activity on H4.

- **Payment on Schedule H4**
 - Include specific purpose.
 - Check appropriate category (fundraising).
 - Include unique code or event identifier; make sure it is the same as disclosed on H2.

- **Transfer-in of nonfederal share on Schedule H3**
 - Use appropriate line for type of expense.
 - Make sure totals listed for each category match up to bottom of H3.
 - Make sure unique code or event identifier is the same as disclosed on H2.
- **Debts**
 - Include contracted-for services.
 - Report on Schedule D.
- **After the event or program:**
 - Continue to monitor receipts and adjust ratio to reflect actual funds received.
 - Show new ratio (check revised ratio box and provide date of event).
 - Make corrective transfers within 60 days (or afterwards if more federal funds are received).
 - Report such transfers on Schedule H4 as 100% federal disbursement if federal share increases; or report transfers on Schedule H3 within 60 days if nonfederal share increases.

Part 3 Key Points

- ✓ Remember Type 1 and 2 FEA timeframes to know when activity qualifies as FEA
- ✓ Dates are calculated state-by-state and posted on FEC website each election year (or for each special election)
- ✓ Disbursements for FEA trigger monthly filing for remainder of calendar year
- ✓ Fixed percentages are in effect 1/1/21 through 12/31/22
- ✓ Transfer window for nonfederal/Levin funds is 70 days



Party Operations Part 3 - FEC Virtual Conference (February 9, 2022)

1. How would you rate the workshop overall?

- Excellent
- Very Good
- Good
- Moderately Good
- Poor

2. How would rate the speakers' knowledge of the subject matter?

- Excellent
- Very Good
- Good
- Moderately Good
- Poor



Help Us Help You!

Please complete an evaluation of this workshop.

FECConnect


Evaluation link: <https://www.surveymonkey.com/r/DHJ7VFZ>