



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

August 4, 1995

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1995-22

Robert F. Bauer  
B. Holly Schadler  
Perkins Coie  
607 Fourteenth Street, N.W.  
Washington, D.C. 20005-2011

Dear Mr. Bauer and Ms. Schadler:

This responds to your letter dated June 2, 1995, requesting an advisory opinion, on behalf of the Democratic Congressional Campaign Committee ("DCCC"), concerning the application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to the reporting of reimbursements for allocable expenditures.

You inquire as to the proper method of disclosing transactions involving partial reimbursements of allocable disbursements on the DCCC's monthly reports filed with the Commission. The DCCC has been reporting the transactions described below in a certain manner, and wishes to know whether it may continue to report that way.

The DCCC receives partial reimbursements for certain payroll and vendor disbursements it pays on a regular basis. These expenses are paid from its allocation account set up for payment of allocable expenses of joint Federal and non-federal activities. For example, the DCCC pays one hundred percent of the salary of an employee who also provides services to the Democratic Senatorial Campaign Committee ("DSCC"). The DSCC then reimburses the DCCC for a portion of the employee's salary. In this situation, the DCCC reports its original disbursement for salary, and the Federal and non-federal shares of the disbursement on Disbursement Schedule H4 (Joint Federal/Non-Federal Activity Schedule), and these figures are included in the totals on the Detailed Summary Page for the Federal and non-federal share of shared activity on lines 21a(i) and 21a(ii). When the DCCC is reimbursed for the agreed upon portion of the disbursement, the reimbursement is disclosed as a negative disbursement on Schedule H4 and the amount is

subtracted from the figures on line 21. Similar reporting occurs with respect to refunds from vendors to the DCCC for overpayment or credit.

Commission regulations provide that party committees that make disbursements in connection with Federal and non-federal elections shall make those disbursements totally from funds subject to the limitations and prohibitions of the Act or from separate Federal and non-federal accounts established under 11 CFR 102.5(a)(1)(i). 11 CFR 106.5(a)(1). Political committees that have established such separate accounts shall allocate expenses between those accounts. *Id.* For national Senate and House campaign committees of a party, such expenses include administrative expenses not directly attributable to a clearly identified candidate, the direct costs of a fundraising program or event where both Federal and non-federal funds are collected, and generic voting drives that do not mention a specific candidate. 11 CFR 106.5(c). Disbursements are made in accordance with percentages derived from allocation formulae prescribed by the Commission regulations. See 11 CFR 106.5(c) and (f).

Commission regulations have prescribed how allocated expenditures are made and how they are reported. Pursuant to one of the two options offered in the regulations, the DCCC has established an allocation account in which funds from its Federal and non-federal accounts are deposited solely for the purpose of paying for allocable expenses of mixed activities. Once a committee establishes an allocation account, all allocable expenses should be paid from that account. 11 CFR 106.5(g)(1)(ii)(A). When making a disbursement from the allocation account, the committee transfers funds from its Federal and non-federal accounts to the allocation account in amounts proportionate to the allocable shares. 11 CFR 106.5(g)(1)(ii)(B).

The committee reports the disbursements from its allocation account in payment for mixed activities. The committee identifies the recipient of each disbursement, the date, the amount, and the Federal and non-federal share comprising that amount. The committee also discloses the total amount spent for each category. 11 CFR 104.10(b)(4). Consistent with these requirements, Commission report forms also require that these amounts be included in the totals of Federal and non-federal operating expenditure activity. See 11 CFR 104.3(b)(1).

You have included examples of how the DCCC reports the original disbursements and the reimbursements, and how they are reflected on the Detailed Summary Page. On the Detailed Summary Page, your initial payments to shared employees or to vendors are included under "Operating Expenditures" in the totals for the "Federal Share" and "Non-Federal Share" of "Shared Federal/Non-Federal Activity" [lines 21a(i) and 21a(ii)]. On Schedule H4 (page 24), you show the disbursement of \$6326.67 to joint employee, Richard E. Murphy, divided between a Federal share of \$5694.00 and a non-federal share of \$632.67. This reporting is correct, and presumably included on the aforementioned lines.

The reimbursements are disclosed as follows. You have reported on Schedule H4 (page 12) a "payroll reimbursement" from the DSCC, disclosing a negative expenditure of \$3418.08, divided into a Federal share of \$3076.27 and a non-federal share of \$341.81. For the purposes of this request, you also include a written notation that reimbursements for the period from the DSCC and the vendors totaled \$9768.43, divided into a Federal share of \$8641.60 and a non-

federal share of \$1126.83. These figures are subtracted from figures for the totals of Operating Expenditures and the appropriate Shared Activity lines.

Normally, refunds to political committees are reported as receipts and included in the category of "Offsets to Operating Expenditures (Refunds, Rebates, etc.)" on line 15 of the Detailed Summary Page. See 11 CFR 104.3(a)(2)(vii). In a situation involving reimbursements allocated between Federal and non-federal shares, reimbursements and refunds of allocated disbursements may be reported in the manner you propose. The Commission notes that your method is not the only permissible method in such circumstances.

This response constitutes an advisory opinion concerning application of the Act, or regulations prescribed by the Commission, to the specific transaction or activity set forth in your request. See 2 U.S.C. 437f.

Sincerely,

(signed)

Danny L. McDonald  
Chairman