MEMORANDUM

TO: The Commission

THROUGH: Neven F. Stipanovic  
 Associate General Counsel

FROM: Scam PACs Working Group

Attached is a memo: Proposed Commission Actions to Address “Scam PACs.” We have been asked to place this draft on the Agenda by one or more Commissioners.

Attachment
MEMORANDUM

TO: The Commission

THROUGH: Alec Palmer
Staff Director

FROM: Scam PACs Working Group

SUBJECT: Proposed Commission Actions to Address “Scam PACs”

This memorandum provides two recommendations from the Federal Election Commission’s Scam PACs Working Group (the “Working Group”).1 The recommendations in this document involve improved transparency and public outreach.

I. RECOMMENDATIONS

A. TRANSPARENCY: UPDATES TO COMMITTEE PROFILE PAGES ON FEC WEBSITE AND CREATION OF A NEW “PAC SNAPSHOT” PAGE

In an effort to increase public awareness of how political committees are spending their funds and to identify potential scam PACs, the Working Group proposes several updates to the Commission’s website to help the public identify committees that have raised large sums of money but have spent little or none of that money on contributions to, or expenditures in support of or opposition to, candidates, i.e. “Direct Candidate Support” (“DCS”).2 These proposed changes would not label committees as scam PACs, nor would they require any changes in how committees report their information to the Commission. Rather, the proposed updates would aim to improve how existing data is displayed so that potential contributors could be better informed about the activities of political committees to which they may contribute.

1. Displaying Political Committees’ Aggregated DCS Activity

1 The Working Group included staff from the Office of General Counsel – Policy, Reports Analysis Division, Office of Communications, Office of the Chief Information Officer, and the Office of the Commissioners.

2 If the Commission is interested in implementing the proposed website changes, additional consultation with OCIO would be necessary regarding the volume of work and time needed for development and implementation.
The Working Group proposes to include a new field in the profile pages of political committees available on the Commission website that would display each committee’s aggregated DCS activity and add a new column that would show what percentage of a committee’s total disbursements consists of DCS. A committee’s total spending on DCS would be calculated by adding the spending reporting at lines 23 (Contributions to Federal Candidates/Committees), 24 (Independent Expenditures), and 25 (Coordinated Party Expenditures), of FEC Form 3X: Report of Receipts and Disbursements for Other than an Authorized Committee. The screenshot below illustrates this proposal.

Navigation: Home > Campaign Finance Data > Committee Profiles > Financial Summary

2. Displaying Percentage of Political Committees’ Disbursements Spent on Specific Vendors

The Working Group proposes to add a new column in the profile pages of political committees available on the Commission website that would display the percentage of a committee’s total disbursements spent on each vendor. The screenshot below illustrates this proposal.
3. Adding a New Search Parameter for Filtering Data

Currently, individuals who use the Commission website to view the profile pages of political committees may filter data by one or more specific line items. A user, for example, can filter data by Lines 23, 24, and 25 of the Form 3X to collect data regarding DCS. The Working Group proposes to add a new search parameter that would allow a user to filter a committee’s disbursements by the amount the committee spends on DCS. This additional search functionality would help potential contributors evaluate how political committees spend their funds, and make it easier to identify when a committee’s spending on payments to vendors is substantially higher than its spending on DCS or other disbursements. The screenshot below illustrates this proposal.
4. Adding New Search Parameters to the Committee Search Page

The Working Group proposes to add new search parameters to the political committee search page on the Commission website to allow users to search for committees by “activity type” and “percentage of activity.” The page already permits users to search by treasurer; the proposed new parameters would allow users to search for committees that spend a high percentage of their funds on DCS (and to identify committees that spend a high percentage of their funds on activities other than DCS) and also identify the treasurers of such committees. The screenshot below illustrates this proposal.
5. **Amending Column Headers on Political Committee Search Pages**

The Working Group also proposes to make minor changes to some of the headers that appear on the political committee search page on the Commission website. Currently, the column headers on this page identify three main categories of committees: “authorized committees,” “independent expenditure committees,” and “other committees.” The Working Group proposes to clarify that the “authorized committees” heading refers to committees that are authorized *by a candidate* and that the “independent expenditure committees” heading refers to committees that are *not* authorized by a candidate. These minor modifications are intended to make the political committee search pages more user-friendly for individuals who are less familiar with these particular legal terms of art and to help more readily determine whether a committee is authorized by a candidate. The screenshot below illustrates this proposal.
6. Creating a “PAC Snapshot” Page on the FEC Website

Finally, the Working Group proposes adding to the FEC website a “PAC Snapshot” page that presents in a “snapshot” format, the amount of money that certain political committees have raised as of a selected date, as well as the amount those committees have spent on campaign activity (e.g. independent expenditures, contributions, electioneering communications). If the Commission is interested in adding such a page to the Commission website, the Working Group will work with the appropriate FEC staff on a more detailed proposal that includes which
committees would be included in the snapshot as well as what activities would be reflected in the spending snapshot.

B. PUBLIC OUTREACH

While educational outreach is unlikely to deter unscrupulous individuals from forming scam PACs, educating potential contributors about how to review and understand committees’ public FEC filings could lessen the extent to which such PACs successfully mislead potential contributors.

The Commission already offers educational materials for the general public, but most of the agency’s outreach efforts are designed to help political committees comply with federal campaign finance law. Educating committee staff is comparatively easy, because they are a fairly narrow, defined category of individuals who are already motivated to consume FEC educational materials. Potential contributors, by contrast, are a larger, broader, and less defined group, and they may be less inclined to seek out such guidance.

For that reason, it is essential that any educational materials directed to the general public be as accessible as possible. The Working Group proposes development of a short video, to be posted on the FEC’s YouTube channel, FECConnect onDemand (https://www.youtube.com/user/FECTube), which demonstrates how to navigate the FEC website (including utilizing the updated search functionality proposed above) to view information regarding committees’ receipts and disbursements, including how to isolate a committee’s spending on direct candidate support, and how to compare a committee’s spending on DCS to its spending on other expenses. Commission staff could also prepare corresponding written instructions that could be available through the FEC website and that could include a link to the proposed video.

The proposed video and written instructions could be included in the FEC website’s section for citizens.

**Recommendation**
The Working Group recommends the Commission approve the recommendations set forth in this document to improve transparency and public outreach concerning Scam PACs.