August 23, 2006

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Chairman Michael Toner
Vice Chairman Robert Lenhard
Commissioner Hans von Spakovsky
Commissioner David Mason
Commissioner Ellen Weintraub
Commissioner Steven Walther

RE: Interim Final Rule proposal – Electioneering Communications

Dear Chairman and Commissioners:

Public Citizen strongly urges the Commission to remain within legal norms and reject Commissioner von Spakovsky’s motion to adopt an “emergency” interim final rule to roll back the electioneering communications provision of the Bipartisan Campaign Reform Act (BCRA) adopted by Congress.

Commissioner von Spakovsky’s proposal that the FEC adopt an Interim Final Rule to provide a new and broadly sweeping exception to BCRA’s disclosure and contribution requirements for electioneering communications would:

- Radically change the FEC’s deliberated and established regulations regarding electioneering communications, opening a large loophole that would allow evasion of federal campaign finance laws;
- Run contrary to the explicit intent of Congress when that deliberative body debated and approved the electioneering communications provisions of BCRA; and
- Violate the letter and spirit of the Administrative Procedure Act concerning emergency rules.

Commissioner von Spakovsky’s motion addresses no emergency at all. Rather, this is part of an ongoing assault against our nation’s campaign finance laws by those wishing to evade the disclosure requirements and contribution limits on money in politics. This proposal should be rejected by the Commission, as it was by Congress when it considered and decided not to incorporate similar exceptions in BCRA.
A. The proposed Interim Final Rule would sweepingly re-define electioneering communications and create an opening for abuse

On August 3, 2006, Commissioner Hans von Spakovsky of the Federal Election Commission (FEC) proposed an Interim Final Rule that would carve out an exception to the disclosure requirements and contribution limits applicable to electioneering communications under the 2002 Bipartisan Campaign Reform Act.

The exemption would apply where, among other things, a communication (i) is purportedly directed at an incumbent in his or her capacity as a holder of public office, and not as a candidate; (ii) relates to a public policy issue being considered by Congress or the Executive Branch; and (iii) urges the incumbent to take a position or the public to contact the incumbent on the issue. Commissioner von Spakovsky suggests that these types of broadcast advertisements when aired immediately before an election are “grassroots lobbying” issue ads rather than campaign ads.

As Congress understood, academic research confirmed and the courts ruled, these types of broadcast advertisements, when aired immediately before an election, are in fact have the purpose and effect of influencing the election or defeat of candidates, with very few exceptions. The impact of the proposed Interim Final Rule would not be restricted to those very few exceptions, but instead would exempt a whole class of “sham issue ads” from the campaign finance law, undermining the very intent of BCRA.

As proposed by the Interim Final Rule, any group sponsoring a television or radio ad that airs immediately before an election, that depicts a candidate and that targets that candidate’s voting constituency, may be exempted both from disclosing who is paying for the ad and from the funding restrictions applicable to electioneering communications under BCRA, if the ad:

1. Refers to the candidate only in his or her capacity as an incumbent official;
2. Makes no reference to the officeholder’s character, qualifications or fitness;
3. Does not mention an election or a political party;
4. Urges the officeholder to take a position on a pending legislative issue or encourages the public to contact that official regarding the legislative issue.
5. Refers to the officeholder’s position on the issue only by quoting him or reciting his official action (such as a vote) on the issue.

To make the Interim Final Rule appear not to obviously contradict BCRA, a sixth criteria was also added to qualify for the exemption: the ad may not promote, support, attack or oppose a candidate. This final criteria was added haphazardly, with no procedure in place for determining whether an ad is in fact an issue ad or an ad that promotes, supports, attacks or opposes a candidate. It can only be assumed that the sponsors of the advertisements, subject to the discretion of the FEC, will judge whether the ads are intended to support or oppose a candidate or whether the ad is merely “educational” on a pressing public matter.
Below is just a sampling of sham issue ads that meet all of these criteria – including the criteria, as determined by their sponsors and by default the FEC, that the ads were merely educational issue ads and not intended to support or oppose candidates. Each ad aired immediately before the 2002 or 2000 federal elections, and all were deemed campaign ads designed to influence the election or defeat of a candidate by student coders as part of the Buying Time studies.\(^1\) In each of the cases below, the politicians named were both an incumbent and a candidate for federal office in that election, making the distinction articulated in the FEC proposal functionally meaningless.\(^2\)

**Sierra Club – CO Allard Clean Air [2002 election]**

(See attachment)

*Announcer:* “Dr. Pete Civatuca knows first hand the dangers of polluted air for people with asthma.”

*Dr. Civatuca:* “On bad air quality days they can experience a lot of chest pains, coughs, wheezing.”

*Announcer:* “Colorado has tried to improve its air quality, but Senator Wayne Allard has voted 12 times in the last 10 years against cleaner air, against enforcing clean air laws.”

*Dr. Civatuca:* “Good enforcement of air quality will allow asthmatics to live more normal lives.”

*Announcer:* “Call Senator Allard. Ask him to vote to enforce clean air laws – for our families, for our future.”

**AFL-CIO – KY Fletcher PBR [2000 election]**

(See attachment)

*John Olson:* “I refer to my experience with my mother’s HMO as a battle. They just hope to wear you out so you give up and go away.”

*Announcer:* “Today, there is no law to hold HMO’s accountable for withholding needed care. Yet, Congressman Ernie Fletcher sided with the insurance companies and voted no to a real Patient’s Bill of Rights. Call Fletcher and tell him he is on the wrong side.”

*John Olson:* “I just wanted to make sure she had the best care possible.”

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\(^2\) Indeed, the proposal suggests that its reading of 2 U.S.C. 431(20)(A)(iii) supports the distinction it attempts to draw between criticism of a candidate for office and criticism of an incumbent on legislative policy. For incumbents, as the ads below illustrate, it is functionally impossible to draw such a line. Nor does the statute support such a line-drawing exercise. Where it refers to a “candidate,” it seems eminently likely that the statute is merely identifying the subject matter of the subsection rather than isolating one role versus another.
Alliance of Retired Americans – Toomey Medicare Pledge [2000 election]  
(See attachment)

Announcer: “This is the statement of an organization that wants to abolish Medicare.”

Announcer: “This is the Congressman of the organization that wants to abolish Medicare.”

Announcer: “This is the excuse made by their Congressman trying to distance himself from the organization that wants to abolish Medicare.”

Rep. Toomey: “I’ve never been a member of this group. I’m not a member of this group.”

Announcer: “And this is the elderly woman who may no longer have Medicare, if Congress signs on to the statement of the organization that issued the pledge that the Congressman signed.”

Announcer: “Call Pat Toomey.”

AFL-CIO – MN Grams Pay for RX [2000 election]  
(See attachment)

Michael Weisman, Pharmacist: “Senior citizens today cannot afford their medication. They come in and I know they’re skipping medication so they can pay for their food. With the rising cost of medication today, it can wipe out anybody at any time.”

Announcer: “Yet Senator Rod Grams sided with the drug company. He voted no to guarantee Medicare prescription benefits that would protect seniors from runaway prices. Tell Grams: quit putting special interests ahead of working families.”

Weisman: “Watching people walking away without their medication takes a little out of me every day.”

None of these ads refers to the targeted official as a candidate, references his or her character, or mentions an election or political party, and all of them purport to urge members of the public to contact the official on a legislative issue on which the official’s position is described only in the official’s own words or through recitation of an official action. Thus, all would be potentially eligible for the proposed exemption.

Yet the electioneering intent of these ads is clear. Indeed, the Supreme Court, in upholding BCRA, pointedly observed that there is “[l]ittle difference … between an ad that urged viewers to ‘vote against Jane Doe’ and one that condemned Jane Doe’s record on a particular issue before exhorting viewers to ‘call Jane Doe and tell her what you think.’”  

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The *Buying Time* studies, along with an extensive array of independent academic research on “issue” advertising in the 1996, 1998, 2000 and 2002 federal elections, have all reached the same conclusion: broadcast ads that depict candidates, airing immediately before an election and targeting the candidates’ voting constituencies, usually are designed to influence the election or defeat of candidates. *Buying Time 2000* concluded that more than 99 percent of so-called “issue” ads were in fact electioneering ads.

The U.S. Supreme Court agreed and added that the electioneering communication standard is not overly burdensome:

> “The precise percentage of issue ads that clearly identified a candidate and were aired during those relatively brief pre-election time spans but had no electioneering purpose is a matter of dispute between the parties and among the judges on the District Court. … Nevertheless, the vast majority of ads clearly had such a purpose. … Moreover, whatever the precise percentage may have been in the past, in the future corporations and unions may finance genuine issue ads during those time frames by simply avoiding any specific reference to federal candidates, or in doubtful cases by paying for the ad from a segregated fund.”

It is ironic indeed that the memorandum from Commissioner Spakovsky attempting to justify the need for such a sweeping exception to the electioneering provision could only offer a single example where an electioneering communication could conceivably be a genuine issue ad – and even that example was a sheer hypothetical. Commissioner Spakovsky suggested that BCRA could have chilled grassroots lobbying activity of groups seeking to influence the Voting Rights Act debate during the primary season of 2006. A “publicly-spirited corporation or labor union that wished to broadcast a communication in Georgia on the eve of the congressional debate asking the public to call Congressmen Westmoreland, Norwood or Lewis and urge them to vote a particular way on this legislation, could not do so without violating the electioneering communications provisions and facing legal penalty.”

Besides the fact that no actual case is indicated, the publicly-spirited groups in this hypothetical situation were not prohibited in any way from sponsoring broadcast ads to lobby on the Voting Rights Act. They could simply have followed the advice of the U.S. Supreme Court to pursue their lobbying objectives: avoid specific reference to candidates in their broadcast ads; or pay for the broadcast ads from a segregated fund; or/and, alternatively, which such publicly-spirited groups did in fact do, pursue their lobbying agenda through a myriad of other effective lobbying tools. A single hypothetical case doth not an emergency Interim Final Rule make.

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4 *Id.* at 206 (emphasis added).

B. The proposed Interim Final Rule is contrary to the intent of Congress to capture sham issue advocacy under the disclosure requirements and contribution limits of BCRA

Just as the FEC previously considered and rejected “grassroots lobbying” exceptions to the electioneering communications provision because it would undermine the integrity of the law, so too did Congress.

In the 107th Congress, the McCain-Feingold bill (S. 27) survived an onslaught of 38 potentially crippling amendments, which were disposed of with 26 roll call votes. One of the amendments that was considered and rejected was to soften the “bright-line standard” of the electioneering communications provision. On March 22, 2001, Sen. Arlen Specter (R-Pa.), a strong proponent of the pending campaign finance legislation, introduced Amendment No. 140 to allow greater discretion by the FEC in determining what constitutes an electioneering communication.

Instead of steadfastly following the objective four-point criteria defining what constitutes an electioneering communication, namely that it is – (i) a broadcast ad, (ii) that clearly identifies a candidate, (iii) distributed within the 60-day or 30-day windows before an election, and (iv) targeting the candidate’s voters – Specter proposed qualifying this bright-line standard to accommodate possible objections by the court. The amendment would have added a modified “Furgatch” exception to the bright-line standard, adding: “which, when read as a whole, in the context of external events, is unmistakable, unambiguous and suggestive of no plausible meaning other than an exhortation to vote for or against a specific candidate.”

If a modified Furgatch exception were added to the electioneering communications provision, the FEC would be allowed to determine that some advertisements that otherwise met the four-point criteria of an electioneering communication could be exempt from campaign finance regulation if the agency deemed the communications “issue ads” or, in the parlance of the proposed rule, “grassroots lobbying” communications.

Sen. Fred Thompson (R-Tenn.) led the opposition to softening the electioneering communications provision by arguing that the public and regulated community all benefit by knowing exactly what is and what is not an electioneering communication subject to regulation. “[The] Buckley and Snowe-Jeffords [magic words and electioneering communications] standards are set out that one can look at and conclude they are ambiguous or unambiguous…. What behavior is allowed, and what behavior is disallowed? In this case, it seems to me under the Supreme Court you have to have a bright line in the statute itself. You have to have something that you can look at and conclude that it is unambiguous.”

Congress agreed, expressing a clear preference for an electioneering communications provision that is not at all vague in determining what constitutes a campaign ad subject to regulation. Congress approved the current bright-line standard of electioneering communications.

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6 147 CONGRESSIONAL RECORD S2704 (Mar. 22, 2001).
7 147 CONGRESSIONAL RECORD S2709-2710 (Mar. 22, 2001).
communications, but added the Specter amendment only as an alternative to the bright-line standard in the event that the court invalidated the former. On December 10, 2003, the U.S. Supreme Court upheld the constitutionality of the bright-line electioneering communications standard, as Congress intended, and the Specter alternative was rendered moot.\(^8\)

The proposed Interim Final Rule is merely another attempt to introduce unnecessary ambiguity in the electioneering communications provision, to allow the FEC discretion to decide that a large number of electioneering communications currently captured under BCRA are exempt from the law’s disclosure and contribution requirements. Congress was wary that the FEC might attempt to do exactly that, and so the law explicitly prohibits the agency from promulgating regulations that could exempt ads that promote, support, attack or oppose federal candidates from the electioneering communications provision.\(^9\)

Yet, this is precisely what the proposed Interim Final Rule as written would do: exempt a whole class of political advertisements from the electioneering communications of BCRA under the guise of issue advocacy. Even the fig-leaf to preserve its legality – the proviso that an ad may not be exempted if the communication as a whole would promote, support, attack, or oppose a federal candidate – fails to satisfy the intent of Congress. The effect of the regulation would be to supplant BCRA’s and the existing regulations’ objective, unambiguous definition of electioneering communications with a regime under which most electioneering communications could claim exemption from BCRA unless the Commission made an ad hoc, subjective determination that the ads supported or opposed a candidate. The Supreme Court, however, has already determined that BCRA’s categorical approach to regulation of electioneering communications is permissible precisely because “the vast majority” of ostensible issue ads that mentioned the names of candidates in the pre-election period “clearly” had an electioneering purpose.\(^10\) Creating a broad and indeterminate exception to the statute that would, in essence, revive the fallback definition of electioneering communications is clearly unwarranted in light of the McConnell’s approval of the objective, primary definition of electioneering communications.

As demonstrated earlier in this comment, most – if not all – of the newly-exempted ads would in fact be electioneering in nature; promoting, supporting, attacking or opposing federal candidates; and intended to influence the election or defeat of these candidates. As has been extensively documented in empirical research, simply requiring that that such ads only refer to a candidate’s voting record or use the candidate’s own quotes, fails to provide a meaningful safeguard against electioneering abuses.

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\(^8\) “BCRA also provides a backup definition of electioneering communication, which would become effective if the primary definition were held to be constitutionally insufficient by final judicial decision to support the regulation provided herein. 2 U. S. C. A. §434(f)(3)(A)(ii). We uphold all applications of the primary definition and accordingly have no occasion to discuss the backup definition.” McConnell at fn. 73.


\(^10\) McConnell, 540 U.S. at 206.
C. The proposed Interim Final Rule violates the letter and spirit of the Administrative Procedure Act.

The federal Administrative Procedure Act (APA), adopted by Congress in 1946, governs the way in which administrative agencies may propose and establish regulations.\(^1\) The APA applies to both independent agencies and executive department agencies, including the Federal Election Commission. Former Senator Pat McCarran called the APA a “bill of rights for the hundreds of thousands of Americans whose affairs are controlled or regulated in one way or another by agencies of the Federal Government. It is designed to provide guaranties of due process in administrative procedure.”\(^2\)

Perhaps the most critical component of the APA is the requirement that rules and regulations be promulgated through a deliberative and open process that invites public participation. Agencies must provide adequate notice and an opportunity for comment before final rules and regulations are adopted and imposed upon the public.\(^3\) In very unusual cases, the public notice requirement may be waived for “good cause,” if notice and comment is “impracticable, unnecessary or contrary to the public interest.”\(^4\)

The “good cause” exception to open government in administrative rulemaking is to be invoked only rarely and under extraordinary circumstances. In developing the APA, Attorney General Robert Jackson established a Committee on Administrative Procedure to frame the parameters of the pending APA. The final report of the committee recognized potential situations in which open notice and comment may not be practical in rulemaking, such as emergencies or cases in which the contemplated rule is of little or no significance to the public.

Dean Acheson, chairman of the committee, observed that: “[T]he committee’s proposed bill is intended to improve the rulemaking process by emphasizing the importance of participation, prior to the issuance of a rule, of those persons affected and by permitting interested persons to petition for rules and for amendments.” Nevertheless, noted Acheson, “…there are emergencies where public safety or other public interest requires the immediate issuance or effectiveness of the rule…. In other types of cases, where there is no emergency, the rule may be such that it is necessary to issue it immediately without referring it to outsiders. This sort of rule is similar to the ones which the Securities and Exchange Commission sometimes issue…. If outside persons were to be notified in advance that such a rule were to be issued, the illegal transactions could be completed before the rule became effective. Then, too, there are some types of rules where the actual substance makes little difference; all the parties want is a rule so that they can know exactly what they are expected to do.”\(^5\)

\(^1\) 5 U.S.C. 500 et seq.
\(^2\) 92 CONGRESSIONAL RECORD 2149 (1946).
\(^3\) 5 U.S.C. 533(b).
\(^4\) 5 U.S.C. 533(b)(B).
\(^5\) Hearings before a Subcommittee of the Committee on the Judiciary, U.S. Senate, “Administrative Procedure” (April 2-29, 1941), pp. 827-828.
Consistent with the intent of the APA’s framers, the courts have steadfastly rejected efforts to transform the “good cause” exception into an ‘‘escape claus[e]’ that may be arbitrarily utilized at the agency’s whim.”16 Rather, the courts have emphasized that the ‘‘good cause’ exception to notice and comment rulemaking … is to be ‘narrowly construed and only reluctantly countenanced.’’17 The use of the clause is generally limited to “emergency situations, … or where delay could result in serious harm.”18 The exception may also sometimes be invoked where notice and comment are “unnecessary” because “the administrative rule is a routine determination, insignificant in nature and impact, and inconsequential to the industry and to the public,” or where “‘the public interest would be defeated by any requirement of advance notice,’ as when announcement of a proposed rule would enable the sort of financial manipulation the rule sought to prevent.”19

None of these conditions is applicable here.

Clearly, notice and comment would not be self-defeating. Nor are the changes proposed here, which would turn the electioneering communications provisions of BCRA upside down, too “inconsequential” to require comment. And there is absolutely no emergency situation present.

The electioneering communications provisions of BCRA have been in effect since the 2004 election cycle, under rules and regulations promulgated by the FEC in 2002 and revised in accordance with the court order in 2005.20 In developing the established electioneering communications regulation, the FEC considered and rejected “grassroots lobbying” exemptions. The Commission recognized that such an exemption, as noted earlier in this comment, would very likely open the floodgates for electioneering ads disguised as sham issue advocacy. In the FEC’s own words for rejecting the “grassroots lobbying” exemption: “The Commission concludes that communications exempted under any of the alternatives for this proposal could well be understood to promote, support, attack or oppose a federal candidate.”21

It is not credible to suggest that the rules that were so carefully considered by the Commission, that operated successfully in a presidential election cycle, and that have consistently been defended by the Commission in the courts, pose an emergency that requires an about-face by the Commission without full notice and comment.

Nor does the imminence of the 2006 elections justify bypassing the rulemaking procedures prescribed by law. The petition seeking this rulemaking was filed a full six months ago, on February 16, 2006, by the AFL-CIO, Alliance for Justice, Chamber of Commerce, National Education Association, and OMB Watch to reconsider the electioneering communications provisions of BCRA.

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18 Id.
communication regulations. After receiving an initial round of comments on whether to initiate a rulemaking, the Commission took no further action until, on August 3, 2006, Commissioner von Spakovsky suddenly proposed bypassing normal administrative procedures, skipping over deciding whether a reconsideration of the regulations is even appropriate, and declaring an emergency Interim Final Rule to take effect immediately.

Under these circumstances, any urgency related to the timing of the election is entirely of the Commission’s own creation. Had the Commission acted promptly, there would have been ample time for full public comment on the proposal. The courts have consistently refuse to allow agencies to satisfy the “good cause” standard for dispensing with notice and comment by appealing to time constraints that are of the agencies’ own making: “the good cause exception does not apply when an alleged ‘emergency’ arises as the result of an agency’s own delay.”

Otherwise, an agency could always manufacture good cause simply by delaying action until the eve of some deadline and then claiming that it was too late for notice and comment — precisely what Commissioner von Spakovsky proposes.

Four years and a series of elections later, Commissioner von Spakovsky proposes jettisoning the existing regulations on electioneering communications, and replacing them with sweeping new regulations void of deliberation, public comment and debate. Because no emergency situation exists to warrant such a radical action, the Interim Final Rule would be in violation of the Administrative Procedure Act.

D. Conclusion: If it ain’t broke, don’t fix it

The efficacy of the twin pillars of BCRA – banning soft money in federal elections and redefining what constitutes a campaign advertisement – largely turns on the scope and clarity of the electioneering communications provision of the law. Providing a clear, unambiguous, bright-line standard defining what constitutes a campaign ad (subject to regulation) and what constitutes a genuine issue ad (not subject to regulation) lays down a fundamental and strong foundation for the campaign finance regime.

Congress and the courts have determined that a bright-line standard for defining electioneering communications is far preferable to other, more ambiguous standards. Extensive research has documented that the current bright-line standard is appropriate for capturing most campaign ads under the disclosure requirements and contribution limits of federal campaign finance law, while also narrowly drawn to avoid unnecessarily capturing genuine issue ads.

The proposed Interim Final Rule would significantly undermine a bright-line standard, introducing considerable discretion and needless ambiguity in determining which ads are subject to regulation. It is an old debate, and one that Congress and the courts have largely resolved.

Revisiting this old debate in the manner prescribed by the Interim Final Rule would be a major step backward for the FEC. It should not be entertained by the Commission.

23 Id.
The proposed Interim Final Rule would be a sweeping change in the campaign finance regime and is ripe for electioneering abuse. The Rule is being offered as an emergency regulation, where no emergency exists, in clear violation of the Administrative Procedure Act. Finally, the proposed rule would fundamentally undercut the twin pillars of BCRA and runs contrary to the express intent of Congress.

Respectfully submitted,

Joan Claybrook              Craig Holman
President                  Legislative Representative
Public Citizen             Public Citizen’s Congress Watch

Laura MacCleery            Scott L. Nelson
Director                  Attorney
Public Citizen’s Congress Watch Public Citizen’s Litigation Group
[Announcer]: Dr. Pete Civateus(?) knows first hand the dangers of polluted air for people with asthma. [Dr. Civateus]: "On bad air quality days they can experience a lot of chest pains,
coughs, wheezing." [Announcer]: Colorado has tried to improve its air quality, but Senator Wayne Allard has voted 12 times in the last 10 years against cleaner air, against enforcing clean air laws. [Dr. Civateus]: "Good enforcement of air quality will allow asthmatics to live more normal lives." [Announcer]: Call Senator Allard. Ask him to vote to enforce clean air laws. for our families, for our future.

[PFBB: Rocky Mountain Chapter of Sierra Club]
Ad Detector

[Olson]: “I refer to my experience with my mother’s HMO as a battle. They just hope to wear you out.”

[Announcer]: Today, there is no law to hold HMO’s accountable for withholding needed care. Yet, Congressman Ernie Fletcher sided with the insurance companies and voted no to a real patient’s bill of rights.

Call Fletcher and tell him he’s on the wrong side. [Olson]: “I just wanted to make sure she had the best care possible.”

Campaign Media Analysis Group
703-683-7110
www.politicosontv.com
PA/ARA TOOMEY MEDICARE PLEDGE

[Announcer]: This is the statement of an organization that wants to abolish Medicare. This is the Congressman of the organization who wants to abolish Medicare. This is the excuse made by their Congressman trying to distance himself from the organization that wants to abolish Medicare. And this is the elderly woman who may no longer have Medicare, if Congress signed on to the statement of the organization that issued the pledge that the Congressman signed.

[PYB]: ALLIANCE OF RETIRED AMERICANS

www.TheDoctorsPat.com

call Pat Toomey 610-439-8881
Ad Detector

[Visuals]: "Senior citizens today can't afford their medication. They come in and I know they're skipping medication so they can pay for their food. With the rising costs of medication today, it can wipe out anybody at any time."

[Announced]: "Ye Senate Rod Grams aided with the drug company. He voted me to guarantee Medicare prescription benefits that would protect seniors from runaway prices."

[Voiceover]: "Watching people walking away without the medication takes a little out of me every day."

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