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Supporting Federal Candidates

A Guide for Citizens

Federal Election Commission
March 1987

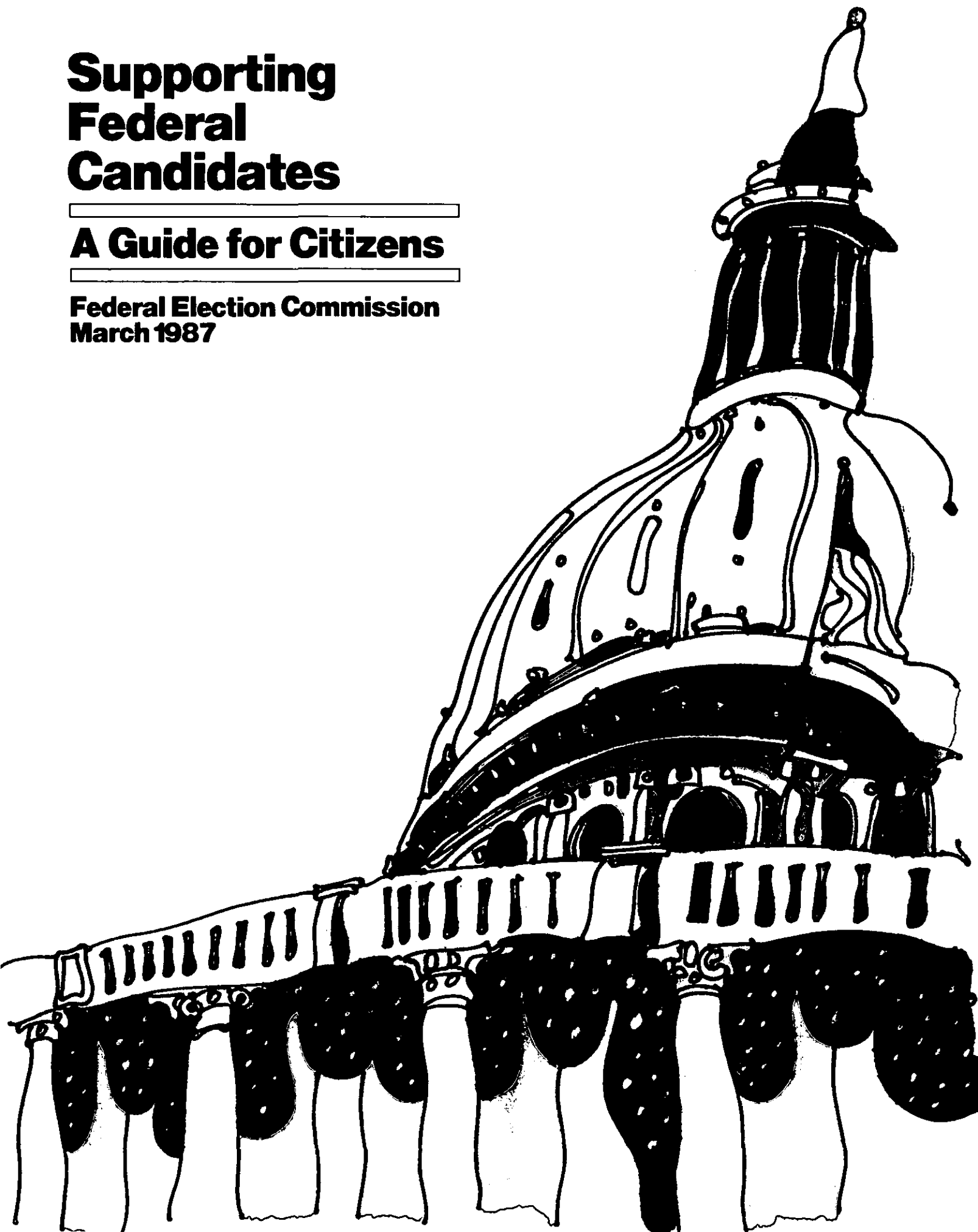
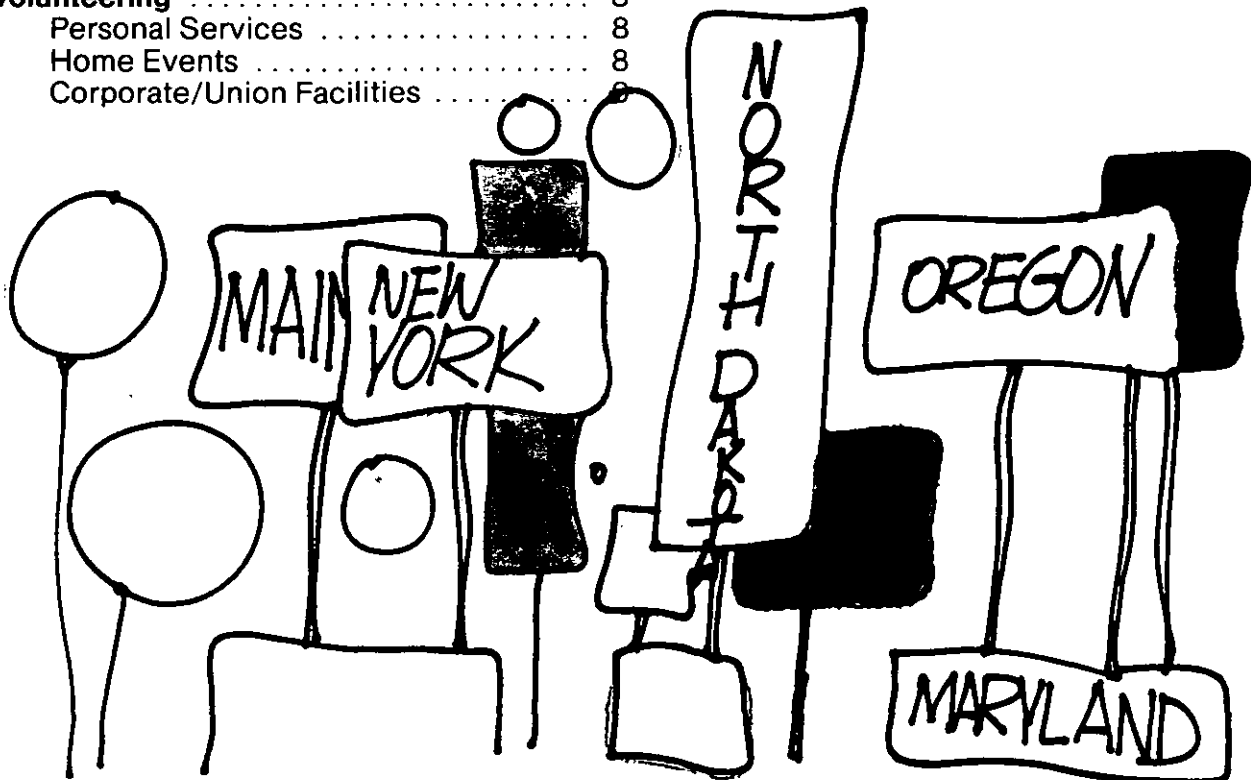




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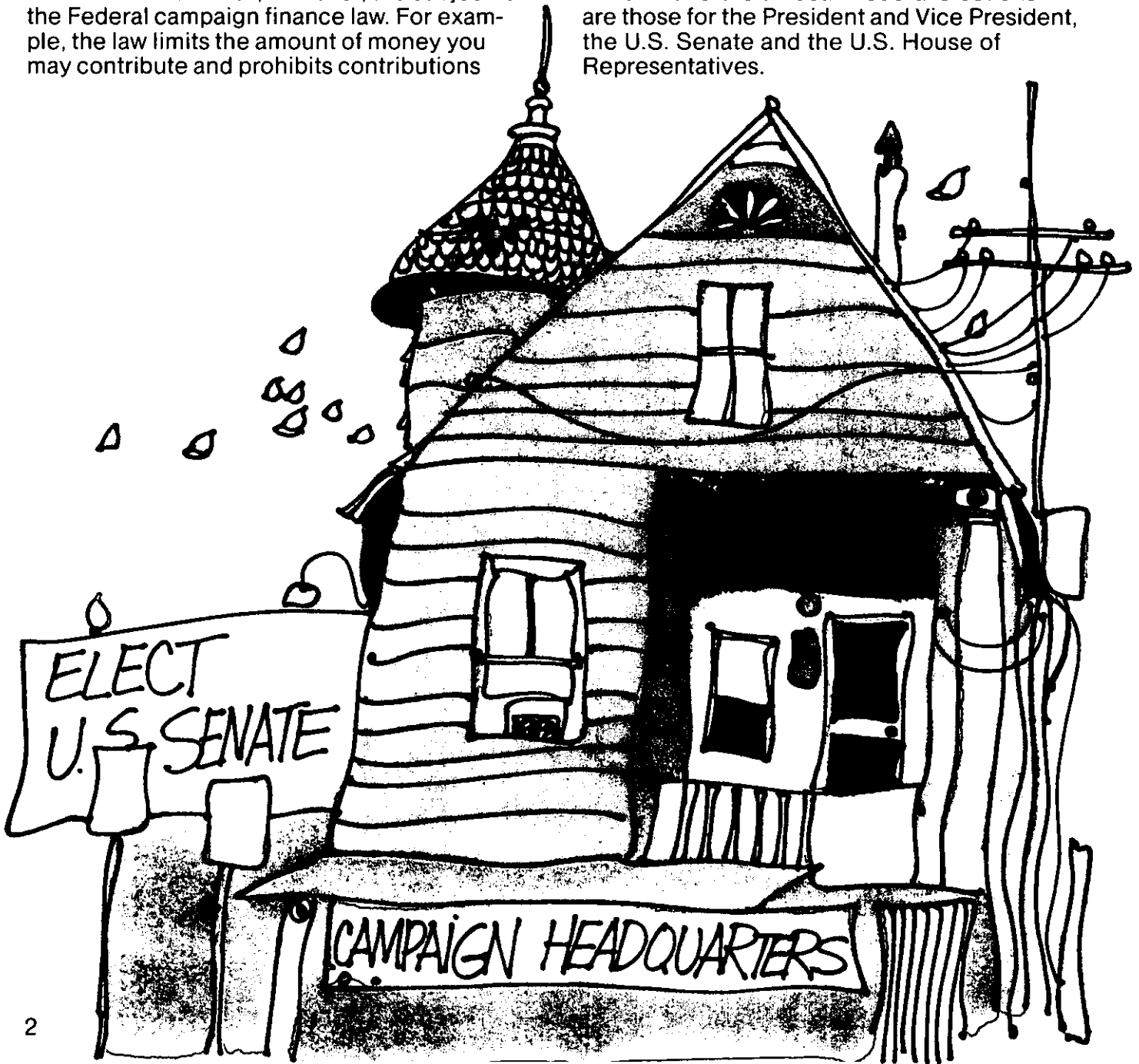


Introduction

The purpose of this brochure is to encourage citizens to take an active part in the Federal election process. There are several ways you may support Federal candidates and political committees involved in Federal elections. These activities, however, are subject to the Federal campaign finance law. For example, the law limits the amount of money you may contribute and prohibits contributions

from certain sources. This brochure explains how to participate in Federal elections in compliance with the law.

It is important to note that the brochure focuses on political activity in Federal elections—not State or local. Federal elections are those for the President and Vice President, the U.S. Senate and the U.S. House of Representatives.



How Much May Be Contributed

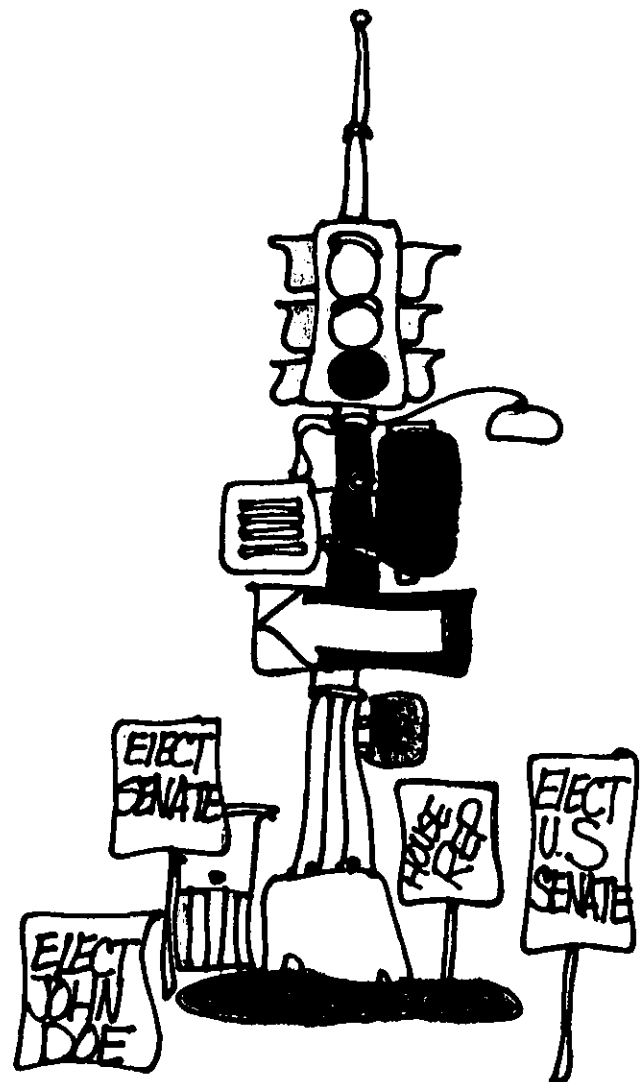
Your contributions¹ to Federal candidates and committees are limited under the law. You, the contributor, and the committee you are giving to are both legally responsible for making sure that your contribution does not exceed your contribution limits. The paragraphs below list the contribution limits for individuals.

Contribution Limits

An individual may give a maximum of:

- **\$1,000 per election to a Federal candidate** or the candidate's campaign committee.² Notice that the limit applies separately to each election. Primaries, runoffs and general elections are considered separate elections.
- **\$5,000 per calendar year to a PAC or State party committee.** This limit applies to a PAC (political action committee) or a State (or local) party committee that supports Federal candidates. (PACs are neither party committees nor candidate committees. Some PACs are sponsored by corporations and unions—trade, industry and labor PACs. Other PACs, often ideological, do not have a corporate or labor sponsor and are therefore called nonconnected PACs.) Party committees and PACs use your contributions to make their own contributions to Federal candidates and to fund other election-related activities.

- **\$20,000 per calendar year to a national party committee.** This limit applies separately to a party's national committee, House campaign committee and Senate campaign committee.
- **\$25,000 total per calendar year.** This annual limit places a ceiling on your total contributions, as explained below.
- **\$100 in currency (cash) to any political committee.** (Anonymous cash contributions may not exceed \$50.) Contributions exceeding \$100 must be made by check, money order or other written instrument.



¹ See page 7 for an explanation of what a contribution is.

² This limit applies to a contribution made to any type of political committee if the contributor knows that a substantial portion of the contribution will be used to support a particular candidate.

\$25,000 Annual Limit

You have an annual limit of \$25,000 on your total contributions to Federal candidates and Federal political committees. Your contribution to a candidate counts against your annual limit for the year in which the candidate seeks election, regardless of when you make the contribution. For example, if you contribute to a candidate the year before the election, the contribution counts against the annual limit for the election year. Similarly, if you make a contribution to a candidate the year after the election to help retire campaign debts, the contribution counts against your annual limit for the previous year. (See also Designated Contributions, below.)

On the other hand, your contribution to a Federal party committee or PAC counts against your annual limit for the year in which the contribution is made, as long as the contribution is not earmarked for a specific candidate.

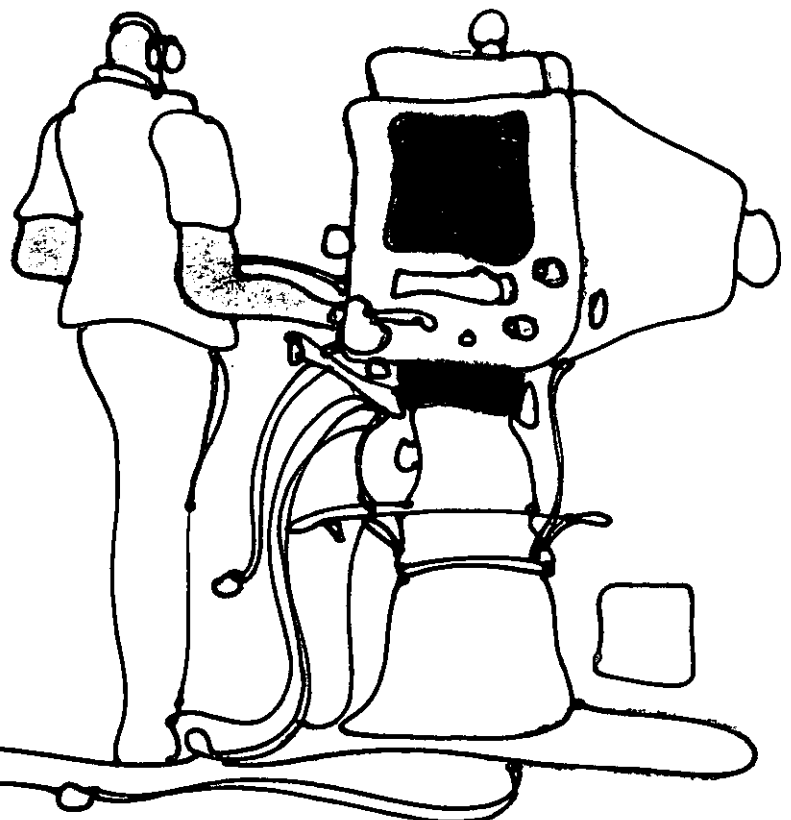
Presidential Campaigns

The contribution limits work a little differently for Presidential campaigns. In the case of a Presidential candidate running in various State primaries, you may contribute up to \$1,000 for the entire primary campaign period—not \$1,000 for each State primary in which the candidate runs.

Your contributions may be supplemented with Federal (U.S. Treasury) funds. If a Presidential primary candidate has qualified for the Federal matching fund program, up to \$250 of your total contributions to that candidate may be matched with Federal funds. Contributions must be in the form of a check or other written instrument. (Note that some contributions are not matchable, such as currency, loans, goods and services, and any type of contribution from a political committee.)

In the general election, however, you may not make any contributions to the campaigns of Democratic or Republican nominees who receive Federal funds. (Federal funding in the general election takes the form of direct government grants rather than matching payments.) You may nevertheless designate a contribution of up to \$1,000 to the candidate's compliance fund, a special account used to pay for certain legal and accounting expenses. You may also contribute up to \$1,000 to the general election campaign of any Presidential candidate who is not a Federally funded Democratic or Republican nominee.

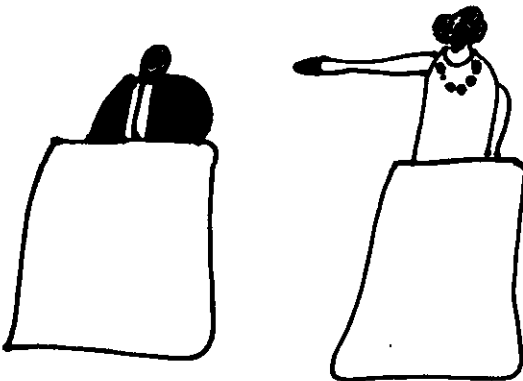
Federal funds used in Presidential elections come from the dollars voluntarily checked off by taxpayers on their Federal income tax returns. (The checkoff does not affect the total amount of taxes paid or any refund due.)



Designated Contributions

The Commission encourages you, when making a contribution to a candidate, to specify which election the contribution is for. By designating the contribution in this way, there will be no confusion as to which election limit applies to your contribution. To designate a contribution, you write the name of the specific election on your check (or other written instrument). Or you may attach a signed statement with the same information.

If you do not designate a contribution to a candidate, your contribution automatically applies to your \$1,000 limit for the candidate's next election. In other words, if you make³ an undesignated contribution after the candidate has won the primary but before the general election, your contribution counts against your \$1,000 limit for the general. Similarly, if you make an undesignated contribution after the general election, it automatically applies toward the limit for the next election in which the candidate runs for Federal office.



³A contribution is "made" on the date when you relinquish control over it. If mailed, a contribution is "made" on the date of the postmark.

If, however, you want a contribution to count against your limit for an election other than the candidate's upcoming election, you must designate the contribution. For example, suppose you want your contribution to count against the candidate's general election, even though the primary has not yet taken place. In this case, you must designate the contribution for the general. Or, if you want to help a candidate retire campaign debts for a past election, you must designate your contribution for that specific election.

Joint Contributions

If two or more individuals want to make a contribution using one check drawn on a joint account, all the contributors must sign the check or an attached statement. The check or signed statement may show how much should be attributed to each donor; otherwise, the contribution is equally divided among the contributors.

Contributions from Family Members

A husband and wife each have separate contribution limits, even if only one spouse has an income. For example, a couple may contribute a \$2,000 check to a candidate's primary campaign as long as both sign the check (or an attached statement), as explained above.

Children under 18 may make contributions, subject to the limits, as long as the child knowingly and voluntarily decides to contribute. The child must own or control the funds, such as the proceeds of a trust or money held in a savings account under the child's name. Children may not use money that is provided by their parents specifically for the purpose of making a contribution. This would be a contribution in the name of another, which is prohibited (see below).

Prohibited Contributions

While most individuals are free to make political contributions, two categories of individuals are prohibited by law from making contributions: foreign nationals and individuals under contract to the Federal government. These and other prohibitions on contributions are explained below.

Foreign Nationals

Foreign nationals may not make contributions in connection with any election—Federal, State or local. This prohibition does not apply to foreign citizens who are lawfully admitted for permanent residence in the United States (those who have “green cards”).

Federal Government Contractors

Individuals under contract to the Federal government may not make contributions to influence Federal elections. For example, if you are under contract as a consultant to a Federal agency, you may not contribute to Federal candidates or political committees. Or, if you are the sole proprietor of a company that has a contract with the Federal government, you may not make contributions from either your personal funds or your business account. But, if you are merely employed by a business with Federal government contracts, you are permitted to make contributions from your personal funds.

Corporations and Unions

The law also prohibits contributions from corporations and labor unions. This prohibition applies to any incorporated organization, profit or nonprofit. For example, the owner of an incorporated “mom and pop”

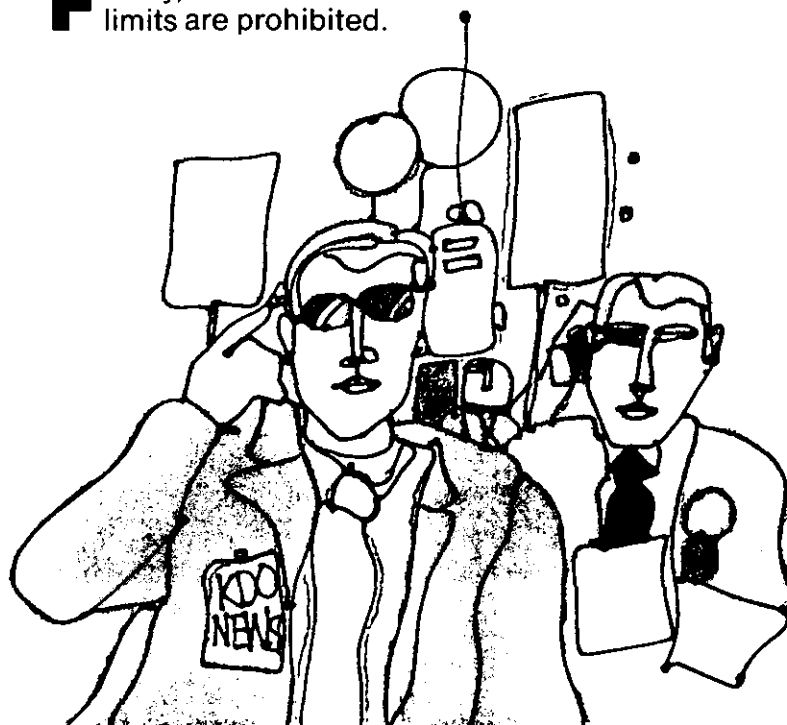
grocery store is not permitted to use a business account to make contributions. Instead, the owner would have to use a personal account. A corporate employee may make contributions through a nonrepayable corporate drawing account, which allows the individual to draw personal funds against salary, profits or other compensation.

Contributions in the Name of Another

Contributions made in the name of another are also prohibited. An individual who has already contributed up to the limit for a candidate’s election may not give money to another person to make a contribution to the same candidate. Similarly, a corporation is prohibited from using bonuses or other methods of reimbursing employees for their contributions. As previously mentioned, parents may not make a contribution in the name of a child.

Excessive Contributions

Finally, contributions that exceed the law’s limits are prohibited.



What Counts as a Contribution

Most people think of contributions as donations of checks or currency. While these are common ways of making a contribution, **anything of value** given to influence a Federal election is considered a contribution. This section describes several forms of giving that are considered contributions under the Federal campaign law. All the contributions you make—whatever their form—count against your annual \$25,000 limit and your separate committee limits (see pages 3 and 4).

Donated Items and Services

The donation of office machines, furniture, supplies—anything of value—is an in-kind contribution. The value of the donated item (the usual and normal charge) counts against the contribution limits. A donation of paid services is also considered an in-kind contribution. For example, if you pay a consultant's fee or a printing bill for services provided to a campaign, you have made an in-kind contribution in the amount of the payment.

If you sell an item or service and ask the committee to pay less than the usual and normal charge, you have also made an in-kind contribution to the committee in the amount of the discount.

Under limited exceptions in the law, you may provide certain goods and services without making a contribution to the committee. These exceptions are discussed below under Volunteering, Travel Expenses and Business Services.

Fundraising Tickets and Items

Yet another way of making a contribution is to purchase a fundraising item or a ticket to a fundraiser. The full purchase price counts as a contribution. If you pay \$100 for a ticket to a fundraising event like a dinner, you have

made a \$100 contribution (even though your meal may have cost the committee \$30). Or, if you pay \$15 for a tee shirt sold by a campaign, your contribution amounts to \$15 (even though the tee shirt may have cost the committee \$5).

Loans and Loan Endorsements

If you loan money to a candidate or political committee, you have made a contribution, even if you charge interest on the loan. The outstanding amount of the loan counts against the contribution limits. Loan repayments, therefore, decrease the amount of your contribution. Nevertheless, if your loan exceeds the limits, it is an illegal contribution, even if it is later repaid in full.

Endorsements and guarantees of bank loans are also considered contributions. Endorsers and guarantors are liable for equal portions of a loan unless the agreement states otherwise. You alone, therefore, may not endorse a \$5,000 loan to a candidate committee. There must be four other individual endorsers so that each one is liable only for \$1,000, the per-election limit. Repayments made on a loan reduce the amount of your liability and thus reduce the amount of your contribution.

Support Given to "Test the Waters"

You may wish to support a prospective candidate who is "testing the waters"—exploring the feasibility of becoming a candidate. Your total donations are limited to \$1,000, just as if they were given to an actual candidate. If the individual who is testing the waters later becomes a candidate, the candidate's committee will report your donations as contributions.

Volunteering

Personal Services

An individual may help candidates and committees by volunteering personal services.⁴ For example, you may want to take part in a voter drive or offer your skills to a political committee. Your services are not considered contributions as long as you are not paid by anyone. (If your services are compensated by someone other than the committee itself, the payment is considered a contribution by that person to the committee.)

As a volunteer, you may spend unlimited money for normal living expenses.

Home Events

In volunteering your services, you may use your home for activities benefiting a candidate or political party without making a contribution. If you live in an apartment complex, you may use the recreation room;

any small fee you pay is not considered a contribution. You may also use a church or community room, if the room is regularly made available for noncommercial purposes, without regard to political affiliation. Any nominal rental fee you pay is not considered a contribution.

You might want to hold a fundraising party or reception in your home, or in a church or community room. Your costs for invitations and for food and beverages served at the event are not considered contributions if they remain under certain limits. These expenses on behalf of a candidate are limited to \$1,000 per election; expenses on behalf of a political party are limited to \$2,000 per year. (A husband and wife may each spend up to the limit. Their combined limits would be: \$2,000 per candidate, per election, and \$4,000 per year for a political party.) Any amount spent in excess of the limits is a contribution to the candidate or party committee.⁵



⁴Exception: The Federal Election Commission has said in an advisory opinion (AO 1981-51) that a foreign national may not volunteer fundraising services in connection with a Federal election.

⁵The Commission has said in an advisory opinion (AO 1980-63) that if an individual co-hosts an event held in someone else's home, any expenses paid by the nonresident co-host are considered contributions.

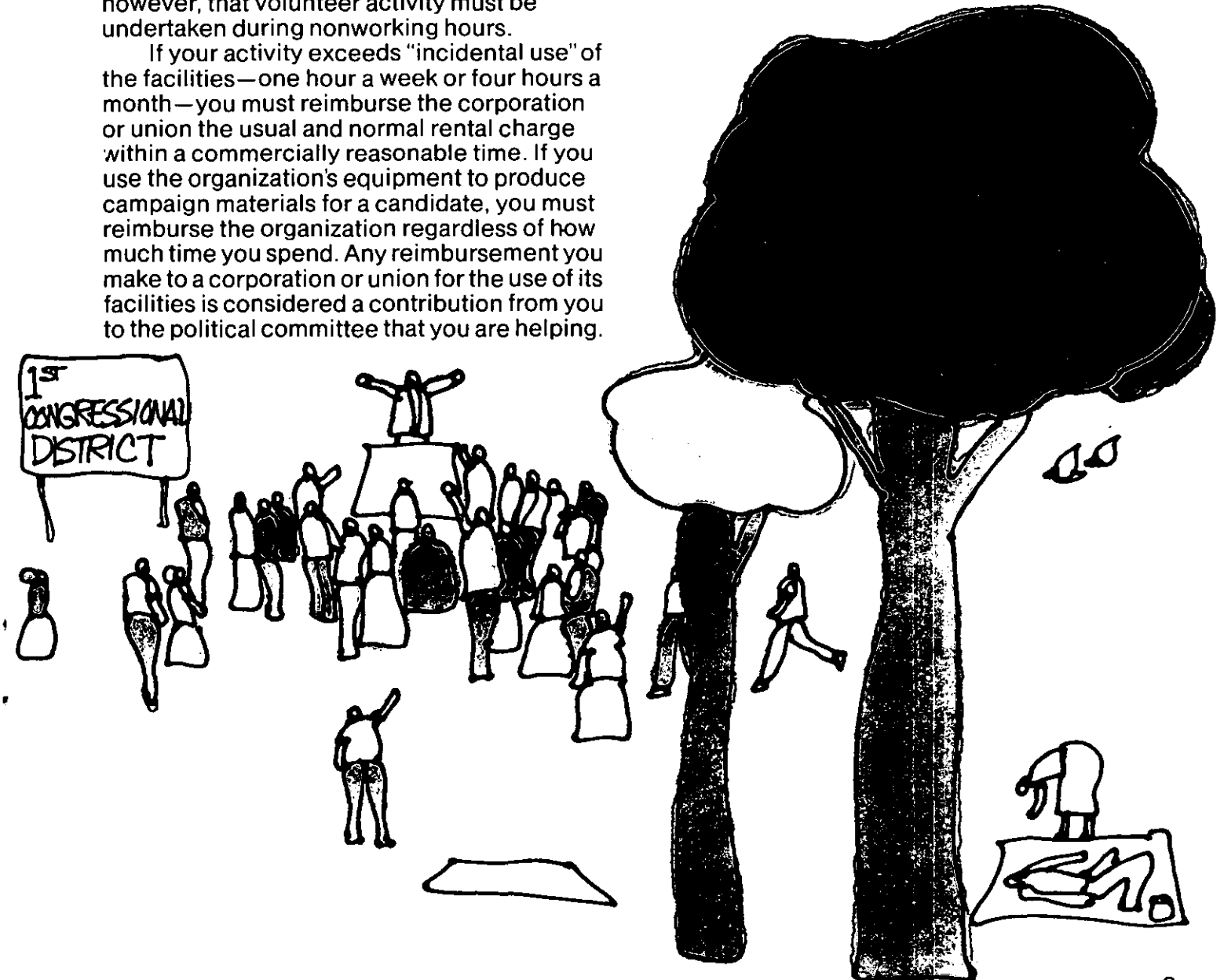
Travel Expenses

Corporate/Union Facilities

If you are an employee, stockholder or member of a corporation or labor union, you may use the organization's facilities—for example, the phone—in connection with your volunteer activities, subject to the rules and practices of the organization. Keep in mind, however, that volunteer activity must be undertaken during nonworking hours.

If your activity exceeds "incidental use" of the facilities—one hour a week or four hours a month—you must reimburse the corporation or union the usual and normal rental charge within a commercially reasonable time. If you use the organization's equipment to produce campaign materials for a candidate, you must reimburse the organization regardless of how much time you spend. Any reimbursement you make to a corporation or union for the use of its facilities is considered a contribution from you to the political committee that you are helping.

You may spend up to \$1,000 per election for your own travel on behalf of a candidate, and \$2,000 per year for party-related travel, without making a contribution. (If you are reimbursed for your travel expenses by someone other than the committee, the payment is considered a contribution from that person to the committee.)



Business Services

Discounts on Food and Drink

If you are in the business of selling food and beverages, your business may offer a discount to candidates and party committees without making a contribution, even if your business is incorporated. The discount price must at least equal the cost of the items. The value of the discount—the difference between the normal charge and the amount paid by the committee—must, however, remain within certain limits. The limit for a discount to a candidate is \$1,000 per election; the limit for a political party is \$2,000 per year. Once the limits are exceeded, the excess amount is a contribution. An incorporated business may not exceed the limits since contributions from corporations are prohibited.

Legal and Accounting Services

Businesses, including corporations, may support candidates in yet another way. If the business employs individuals who perform legal or accounting services, the business may provide unlimited free services to a political committee as long as certain qualifications are met:

- First, the firm may provide services to a candidate committee or PAC only for the purpose of helping the committee comply with the Federal campaign finance law.
- Second, services on behalf of a party committee may be provided for any purpose that does not directly further the election of a Federal candidate.
- Third, the firm must use its own regular employees (not outside consultants) to perform the service. The business may not hire additional personnel to free regular employees to provide the service.
- Fourth, the recipient committee must report the value of the service (the amount paid by the employer).

Of course, an individual may personally volunteer legal or accounting services (uncompensated) to a committee; the above restrictions would not apply.

Independent Expenditures

Independent expenditures provide yet another way to support Federal candidates. An independent expenditure is money spent for a communication that expressly advocates the election or defeat of a candidate. It is "independent" only if the individual making the expenditure does not coordinate or consult in any way with the candidate campaign benefiting from the communication. Independent expenditures are not considered contributions and are unlimited. You may spend any amount on each communication as long as the expenditure is truly independent.

You may, for example, pay for an advertisement in a newspaper or on the radio urging the public to vote for the candidate you want elected. Or you may produce and distribute posters or yard signs telling people not to vote for a candidate you oppose.

When making an independent expenditure, you must include a notice stating that you have paid for the communication and that it is not authorized by any candidate's committee. ("Paid for by John Doe and not authorized by any candidate's committee.") Additionally, once you spend more than \$250 on independent expenditures during a year, you must file a report with the Federal Election Commission, either FEC Form 5 or a signed statement containing the same information.

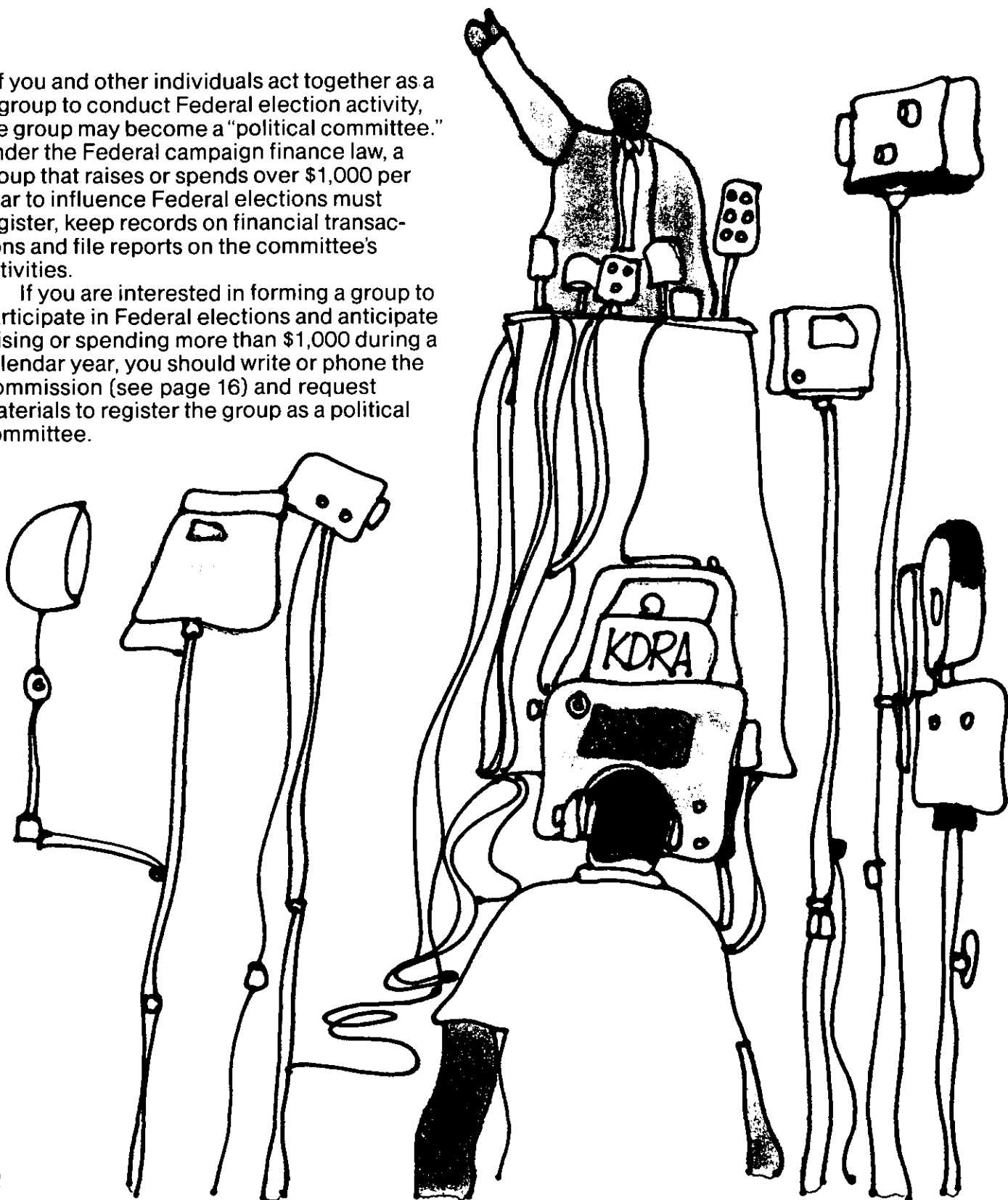
Because this brief explanation does not cover all you need to know before making an independent expenditure, you should first call or write the Commission for more information (see page 16).



Acting as a Group

If you and other individuals act together as a group to conduct Federal election activity, the group may become a "political committee." Under the Federal campaign finance law, a group that raises or spends over \$1,000 per year to influence Federal elections must register, keep records on financial transactions and file reports on the committee's activities.

If you are interested in forming a group to participate in Federal elections and anticipate raising or spending more than \$1,000 during a calendar year, you should write or phone the Commission (see page 16) and request materials to register the group as a political committee.



Campaign Finance Information

The Federal campaign finance law requires most participants in the election process to submit reports on their financial activity. These reports are then put on the public record. Generally, an individual is not required to report. Political committees, however, must file detailed reports on the money they raise and spend. You, as a contributor, may be asked to provide information to the recipient committee for its reports.

Contributor Information

If you contribute more than \$200, the recipient committee is required to publicly disclose on a financial report your name, address, occupation and employer, as well as the date and amount of your contribution. Many committees request this information even for smaller contributions since the \$200 reporting threshold applies to the aggregate total of a donor's contributions to one committee during a calendar year. For example, you may make several small contributions to a committee during a year. Once these contributions add up to over \$200, the committee must report the contributor information.

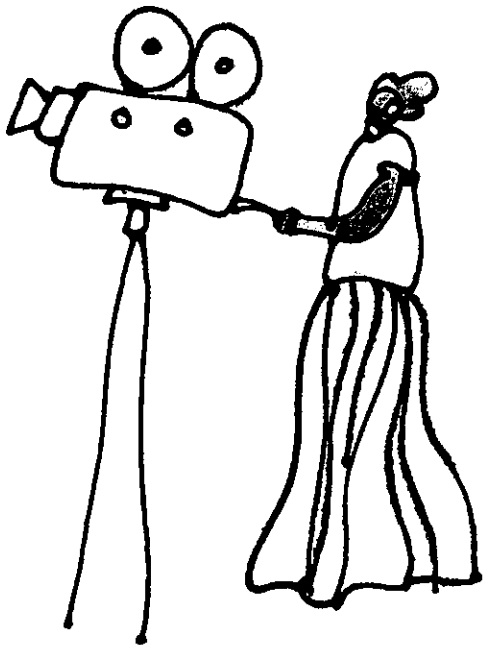
Note that if you collect and forward contributions to a committee, you must transmit them within a specified period of time and must also provide the committee with certain information on the contributors. Additionally, you may have reporting obligations. For more details, call the FEC (see page 16).

Information Available to the Public

As a voter, you may be interested in learning how a particular candidate finances his or her campaign. Who is contributing? How much? Is the candidate using personal funds to finance the campaign? Does the committee have debts? Or you may want to know which candidates a party committee or PAC is supporting, and how much the committee is giving.

This information is available to the public in the campaign finance reports regularly filed by all political committees supporting Federal candidates. The Commission's Public Records Office keeps all reports on file and will send you copies of specific reports, upon request. You can also order computer printouts focused on the information you want. Call the toll-free number, 800-424-9530, or 202-376-3140.

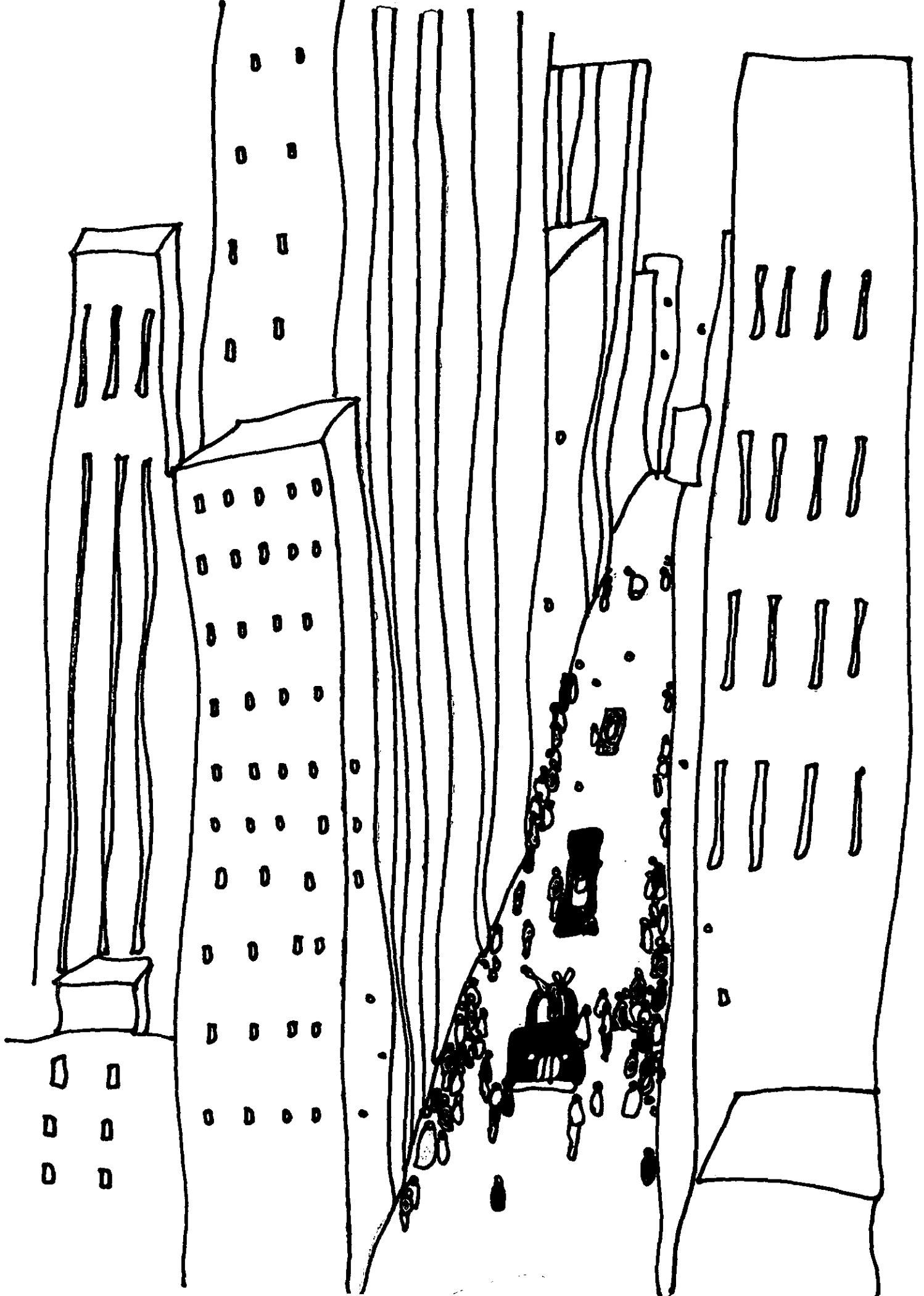
The campaign records office in your State also keeps copies of reports filed by political committees active within the State. (Call the Commission for the address and telephone number of your State office.)



Filing a Complaint

If you believe a violation of the Federal campaign finance law has taken place, you may file a complaint with the Federal Election Commission. Send the Commission a letter explaining why you (the complainant) believe the law may have been violated, describe the specific facts and circumstances and name the individuals or organizations responsible (the respondents). Your complaint should also indicate which allegations are based on personal knowledge rather than on outside sources (for example, newspaper articles). The letter must be sworn to, signed and notarized. Complaints of alleged violations receive case numbers and are called MURs, Matters Under Review. (For more information on how to file a complaint, call the FEC.)

The Commission sends a copy of the complaint to the respondents, who have the opportunity to demonstrate why the Commission should not pursue the complaint (for example, because no violation occurred or because there were mitigating factors). The agency considers the views of both sides and may conduct an investigation to gather facts. Until the MUR is resolved, the Commission must keep all phases of the proceedings confidential, as required by law. After it makes a decision, the agency notifies the complainant and the respondents. The file on the MUR is then made public.



For More Information On...

The Federal Campaign Finance Law

The Commission's Information Services Division answers questions on the Federal campaign finance law. Call or write the agency (see below); FEC staff are waiting to help you.

If you wish, you may formally request an advisory opinion concerning your own political activity. Advisory opinions usually address questions that require clarification of the law. Mail your written request to the Office of General Counsel at the address below.

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463
Telephone: 202-376-3120
Toll Free: 800-424-9530

Federal Employees and the Hatch Act

Although the Hatch Act does not prohibit contributions, it does bar Federal employees from certain partisan political activities. Some Federal government agencies place additional limits on the political activity of their employees. For more information, contact your agency's ethics officer. For information on the Hatch Act, contact the:

Office of Special Counsel
U.S. Merit Systems Protection Board
1120 Vermont Avenue, N.W.
Washington, D.C. 20005
Telephone: 202-653-7143
Toll Free: 1-800-872-9855

