

California Federation of Teachers, AFT, AFL-CIO
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2010 Leadership Conference

Your Local Union's PAC
Keeping It Legal



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GOALS OF WORKSHOP



You Can Do It!!!

Manage Your PAC Wisely and Well

There Is Help Out There

PAC RESOURCES



CFT Publication – AFT Local Union Guide to Political Activity

Fair Political Practices Commission

(Forms, Manuals, Telephone Advice Line)

Secretary of State www.ss.ca.gov

(Electronic Filing Information, Filing Officer Addresses, Committee Information)

Federal Election Commission www.fec.gov

(Federal Election activity by labor organizations – Guide, Forms, Reporting Information)

Internal Revenue Service www.irs.gov

(Political Organization filing information, Forms, Electronic Filing)

OVERVIEW OF WORKSHOP



SETTING UP YOUR PAC/PAC CHECKUP

RAISING FUNDS AND OPERATING YOUR PAC

UNDERSTANDING TAX RULES AND PAC
REPORTING

RECENT CHANGES IN THE LAW

FREQUENTLY ASKED QUESTIONS

SETTING UP YOUR PAC



Basic Steps for Forming a PAC

For Existing PACs – Did you take all of these Steps?

(IF NOT, IT IS NOT TOO LATE!)

PAC FORMATION STEPS



- Amend Local Union Bylaws
- Set Up Funding System
- Select Treasurer and Assistant Treasurer
- Apply for FEIN
- File IRS Form 8871, If Required
- File Statement of Organization (FPPC Form 410)
- Open PAC Bank Account

RAISING FUNDS FOR YOUR PAC



- Timely and Prompt Transfer of Dues Allocation
- Budgeting for your Political Activities
- Prospective Changes in Dues Allocation
- Other Fundraising

MAKING CONTRIBUTIONS TO CANDIDATES



- Monetary Contributions
- Loans
- In-Kind Contributions of Goods or Services
- Reportable, Subject to Applicable Limits

DOES NOT INCLUDE MEMBER COMMUNICATIONS

MAKING INDEPENDENT EXPENDITURES



- Not contributions
- Public Communications Advocating Election or Defeat of Clearly Identified Candidate
- Reportable, Reportable, Reportable
- No Limits

DOES NOT INCLUDE MEMBER COMMUNICATIONS

OTHER LOCAL UNION POLITICAL ACTIVITIES



No PAC and No Reporting Required

- MEMBER COMMUNICATIONS
- REGULARLY PUBLISHED NEWSLETTER
- NONPARTISAN VOTER REGISTRATION/GOTV
- VOLUNTEERS, VOLUNTEERS, VOLUNTEERS
- HOSTED EVENTS COSTING \$500 OR LESS
- CANDIDATE DEBATES AND APPEARANCES

HIGHLIGHTS OF TAX RULES



LOCAL UNION = TAX EXEMPT LABOR ORGANIZATION

LOCAL UNION PAC = POLITICAL ORGANIZATION

SEPARATE FOR TAX PURPOSES:

(1) SEPARATE FEIN FOR PAC

(2) SEPARATE TAX FILINGS:

IRS FORM 1120 POL/FTB FORM 100

IRS FORM 990

PACS AND PAC REPORTING



CONTINUOUS REPORTING OF RECEIPTS AND EXPENDITURES

ADDITIONAL REPORTS REQUIRED FOR ELECTION ACTIVITY

24-HOUR REPORTING DURING THE LAST 16 DAYS BEFORE THE ELECTION

INDEPENDENT EXPENDITURES REQUIRE SPECIAL REPORTS

PAC REPORTING HINTS



BALANCE YOUR BANK STATEMENT

FILE ON TIME

DISCLOSE PRIOR TO THE ELECTION

KEEP THE TREASURER IN THE LOOP

RECENT CHANGES IN LAW



**DISCLOSURE OF PRINCIPAL OFFICERS ON
PAC STATEMENT OF ORGANIZATION
(FPPC FORM 410)**

**NEW RULES FOR DETERMINING TYPE OF
COMMITTEE AND LEVEL OF COMMITTEE
ACTIVITY (STATE/COUNTY/CITY)**

**CONTRIBUTION AND GIFT LIMITS
INCREASED**

FREQUENTLY ASKED QUESTIONS



What can our local union do in connection with the upcoming Congressional elections in 2010?

- **FEDERAL LAW APPLIES TO FEDERAL RACES**
- **LABOR ORGANIZATIONS ARE PROHIBITED FROM MAKING CONTRIBUTIONS IN FEDERAL ELECTIONS – INDEPENDENT EXPENDITURES NOW PERMITTED**
- **MEMBER COMMUNICATIONS ARE PERMITTED**
- **ROLE OF AFT FEDERAL COPE**

FREQUENTLY ASKED QUESTIONS



We have a PAC. How do we know if we are in compliance with all of the applicable laws?

- REVIEW GUIDE AS A CHECK-UP FOR YOUR PAC
- MAINTAIN FILES OF ENDORSED REPORTS AND FINANCIAL RECORDS
- AMEND REPORTS WHEN NECESSARY
- MAKE SURE TREASURER HAS ADEQUATE RESOURCES AND TRAINING

FREQUENTLY ASKED QUESTIONS



We do not have a PAC. What kinds of political activities can we engage in without a PAC?

- MEMBER COMMUNICATIONS
- PROVIDE VOLUNTEERS TO A CANDIDATE'S CAMPAIGN
- HOST SMALL EVENTS (LESS THAN \$500)
- SPONSOR CANDIDATE DEBATES
- NONPARTISAN GET-OUT-THE-VOTE ACTIVITIES (NO MENTION OF CANDIDATES)

FREQUENTLY ASKED QUESTIONS



How do the tax laws affect our activity?

- LARGE PACS (GREATER THAN \$25,000 IN ANNUAL RECEIPTS) MUST REGISTER AND FILE INCOME TAX RETURNS WITH THE IRS
- ALL OTHER PACS FILE INCOME TAX RETURNS IF THEIR INTEREST INCOME EXCEEDS \$100 IN A CALENDAR YEAR
- DUES EARMARKED FOR PAC MUST BE TRANSFERRED TO THE PAC ON A PROMPT AND TIMELY BASIS (AT LEAST EVERY 30 DAYS)
- ALL PAC EXPENDITURES MUST RELATE DIRECTLY OR INDIRECTLY TO THE ELECTION OF CANDIDATES TO PUBLIC OFFICE

FREQUENTLY ASKED QUESTIONS



We want to start a PAC or invigorate our existing PAC. How do we fund it? What are the rules?

- MAY USE A PORTION OF DUES TO FUND THE PAC BY EARMARKING A PER MEMBER AMOUNT OR PERCENTAGE
- EARMARKED DUES MUST BE TRANSFERRED TO PAC PROMPTLY AND TIMELY (WITHIN 30-DAYS OF RECEIPT)
- EARMARKED DUES ARE REPORTED AS CONTRIBUTIONS FROM THE MEMBERS ON THE PAC REPORT
- MEMBERS MAY ALSO MAKE ADDITIONAL VOLUNTARY DONATIONS
- EVENT FUNDRAISING IS ALSO PERMITTED

FREQUENTLY ASKED QUESTIONS



How does any of this apply to a ballot measure campaign?

- BALLOT MEASURES ARE TREATED DIFFERENTLY FROM CANDIDATES FOR TAX PURPOSES
- BALLOT MEASURE CONTRIBUTIONS OR EXPENDITURES SHOULD BE MADE FROM LOCAL UNION GENERAL FUND OR A SEPARATE NON-CANDIDATE/ISSUES PAC
- MOST LOCAL BALLOT MEASURE CAMPAIGNS RUN BY A COMMITTEE FORMED ONLY FOR THAT CAMPAIGN
- STATE CAMPAIGN LAWS REQUIRE REPORTING OF BALLOT MEASURE ACTIVITY



YOUR QUESTIONS AND WRAP-UP