

Federal PAC End-of-Cycle Checklist

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The end of an election cycle is not only the recommended time to audit your PAC's accounts, but it is also a perfect time to review the campaign finance processes, undertake education and training, and generally prepare for the new cycle. Below are some of our recommendations with respect to PAC activities.

PAC Financial Audit

- A federal PAC should consider a financial audit of the PAC's accounts every election cycle in order to ensure that the PAC is on firm financial footing and that there are no financial irregularities.
- For such an audit, the PAC may use either in-house or outside accountants.
- A federal PAC also should audit the accounts against the FEC reports. This involves the use of specialized accountants familiar with FEC rules, policies and reports, but the results of this type of audit may be more useful from a compliance standpoint.
- Amendments should be made as necessitated by the results of the audit.

PAC Legal Process Audit

- PACs should review their bylaws, communications, solicitations, processes, etc. in order to ensure compliance with the myriad of FEC regulations going into the new election cycle.
- Any formal review should be done by counsel.
- Such a review should include analysis of federal PAC activity in the states and localities.
- The review can be combined with a review of federal, state and local lobbying processes.

Education and Training

- PACs should have a training program to ensure that employees comply with applicable FEC rules about solicitations, handling contributions, reporting, etc.
- The beginning of an election cycle or the start of an annual solicitation is a great time to disseminate training materials more broadly among employees who solicit contributions for the PAC. In-person training is recommended for PAC managers and the employees directly involved in PAC affairs.

Reporting Cycles

- Each year, a PAC has the choice of reporting cycles. For 2009, a PAC may choose to report with the FEC on a semiannual basis or on a monthly basis.
- PACs should consider filing reports on a monthly basis in order to regularize reporting processes and to avoid having to file special pre-primary and pre-special-election reports. Some PACs have reason to use the semiannual reporting process in non-election years.

Contribution Limits

- As required by law, contribution limits must be adjusted for inflation. Sometime early in 2009, the FEC will raise the amount an individual may contribute per election to a federal candidate and the aggregate election-cycle contribution limits applicable to individuals. This increase will affect the expected special elections.
- A PAC should notify its supporters and executives at the company or association of changes to the contribution limits.
- A PAC also will need to take the new contribution limits into account when planning political activities for the year, for, among other things, the amount a couple may contribute to a federal candidate per election may more closely approach the amount a PAC may contribute.
- The PAC, subject to the bundling disclosure rules discussed on page 11, may wish to consider additional partisan communications to supplement direct PAC support of candidates.

Bundling Disclosure Rules

- Sometime in 2009, the FEC will finalize the Explanation and Justification for the regulations related to disclosure of federal lobbyists, lobbyist employers and their PACs that bundle contributions.
- These rules will not create any reporting or other obligation for the lobbyists, lobbyist employers, or corporate or association PACs. Instead, the reporting requirements will fall upon the recipient candidate committees, leadership PACs and political party committees.
- Nonetheless, the details of these rules may affect how lobbyists, their employers and their PACs participate in the federal election process.

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