

Joint Fundraising 101: Transparency & Compliance

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Pro-regulatory groups and the media frequently bemoan joint fundraising as a “loophole” that allows federal candidates and parties to “circumvent” contribution limits by accepting “huge checks” from donors. But nothing could be further from the truth. The Federal Election Campaign Act (FECA) and Federal Election Commission (FEC) regulations not only specifically permit joint fundraising, but also highly regulate the activity to ensure that each participant pays for its share of the joint fundraising costs and the funds raised comply with contribution limits and are fully disclosed.

What is joint fundraising? Joint fundraising is a fundraising effort jointly conducted by one or more political committees or unregistered organizations. It allows participants to jointly solicit contributions and split fundraising overhead costs. It also allows donors to contribute to joint fundraising participants via a single check, which is subsequently split and transferred to the participants.

What is a joint fundraising committee? Joint fundraising participants often establish a separate political committee—referred to as a joint fundraising committee (JFC)—to facilitate the effort. A JFC effectively operates as an escrow agent for the participants. Instead of writing separate contribution checks to each JFC participant, donors may write a single contribution check to the JFC. The JFC, in turn, transfers to each participant its net share of the contribution after subtracting the participant’s share of the fundraising overhead costs.

How much may individuals contribute to joint fundraising committees? The contribution limit to a JFC is simply the combined total of the contribution limits to the participating entities. For example, if a campaign committee and leadership PAC form a JFC,

Authors

Michael E. Toner
Partner
202.719.7545
mtoner@wiley.law
Brandis L. Zehr
Partner
202.719.7210
bzehr@wiley.law

Practice Areas

Election Law & Government Ethics

an individual could contribute up to \$10,400 to the JFC in 2017. The JFC would distribute the individual's \$10,400 contribution to the participants as follows: \$2,700 would be transferred to the campaign committee for the 2018 primary; \$2,700 would be transferred to the campaign committee for the 2018 general election; and \$5,000 would be transferred to the leadership PAC for the 2017 calendar year. Importantly, a donor's contribution limit to a JFC is not separate from the donor's contribution limit to each participating entity. Using the example above, if an individual had already contributed \$2,700 to the campaign committee directly for the 2018 primary, the individual would only be able to contribute \$7,700 to the JFC.

If I contribute to a joint fundraising committee, who will get my money? FEC regulations require JFCs to include a "joint fundraising notice" on every solicitation listing the joint fundraising participants, explaining how the JFC will allocate contributions, and informing donors that they may override the allocation formula by designating their contributions for a particular participant. Thus, unless a donor specifies otherwise, a contribution will be split among the joint fundraising participants according to the pre-determined allocation formula. It's worth noting that a donor's JFC contribution would be allocated differently if the donor has made prior contributions to any joint fundraising participants that affect his or her contribution limit to the participants.

As explained above, joint fundraising is not a "loophole"—it is merely a mechanism that allows donors to contribute to more than one entity with a single check.