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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

2006 DEC 13 P 2:13

December 13, 2006

MEMORANDUM

TO: The Commission

FROM: Chairman Michael Michael E. Toner *MT*
Vice Chairman ~~Robert D. Lenhard~~

RE: "Purpose of Disbursement" Entries for Reports Filed with the Commission

Attached is a draft of a policy statement concerning "purpose of disbursement" entries for reports filed with the Commission. We request that this document be placed on the agenda for December 14, 2006.

Attachment

AGENDA ITEM
For Meeting of: 12-14-06

SUBMITTED LATE

FEDERAL ELECTION COMMISSION

11 CFR Part 104

[NOTICE 2006-]

**STATEMENT OF POLICY: “PURPOSE OF DISBURSEMENT” ENTRIES FOR
FILINGS WITH THE COMMISSION**

AGENCY: Federal Election Commission

ACTION: Statement of policy

SUMMARY: Political committees and other persons required to file campaign finance reports with the FEC must itemize certain disbursements and, for each itemized disbursement, must provide information including a brief description of the purpose of the disbursement. The “purpose of disbursement” entry, when considered along with the identity of the disbursement recipient, must be sufficiently specific to make the purpose of the disbursement clear. The guidance below includes a non-exhaustive list of “purpose of disbursement” entries that are generally acceptable, and a non-exhaustive list of terms that are generally not acceptable.

DATE: Effective as of [INSERT DATE OF PUBLICATION].

FOR FURTHER INFORMATION CONTACT: Richard T. Ewell, Attorney, 999 E Street, N.W., Washington, DC 20463, (202) 694-1650 or (800) 424-9530, or Debbie Chacona, Branch Chief, Party/Non-Party

Branch, Reports Analysis Division, 999 E Street, NW,
Washington, DC 20463, (202) 694-1130 or (800) 424-9530.

SUPPLEMENTARY INFORMATION:

Political committees and other persons required to file campaign finance reports with the FEC must itemize certain disbursements and, for each itemized disbursement, must provide the full name and address of the recipient, the date the disbursement was made, and a brief statement or description of why the disbursement was made. *See* 2 U.S.C. 434(b); 11 CFR 104.3(b)(3) and (4), 104.10(b)(4), 104.17(b)(3) and 300.36(b)(2)(iii). The “purpose of disbursement” entry, when considered along with the identity of the disbursement recipient, must be sufficiently specific to make the purpose of the disbursement clear. 11 CFR 104.3(b)(3)(i)(B) and (4)(i)(A). The Commission’s regulation requiring a description of the purpose of each itemized disbursement includes examples of descriptions that are acceptable (*e.g.*, “dinner expenses,” “salary,” “travel expenses”) and examples that are unacceptable (*e.g.*, “advance,” “miscellaneous”). Neither list is exhaustive.

The Commission solicited comments on a draft of this policy statement on November 2, 2006. Two comments were received. After reviewing the comments received, the Commission has decided to publish the policy statement with one change. As suggested by a commenter, the Commission has added “Consulting-Political” to the examples of generally insufficient descriptions. In light of this change, the Commission has also added examples of descriptions that would be generally sufficient such as “Consulting-Media,” “Consulting-Fundraising,” “Consulting-Polling,” “Consulting-Legal” and “Consulting-Get-Out-The-Vote.”

The Commission recognizes that the “purpose of disbursement” entries, when linked to information provided about the recipient of the payment, may provide sufficient disclosure. For example, a disbursement to an office supply vendor for the stated purpose of “Supplies” provides adequate and acceptable disclosure, while a disbursement to a committee staff member for the same purpose of “Supplies” would likely trigger a request for a more complete description of the purpose of the disbursement. In the former case, it is obvious to the reader what type of supplies were purchased, while in the latter case, it is not.

As a rule of thumb, filers should consider the following question: “Could a person not associated with the committee easily discern why the disbursement was made when reading the name of the recipient and the purpose?” For example, a person not associated with the committee could not easily discern the purpose of a disbursement made to a vendor for “Consulting” (unless the vendor’s name makes the purpose clear, *e.g.*, Smith Fundraising Consulting, Inc.). As discussed above, however, if the committee were to provide additional detail with respect to the type of consulting the vendor provided (*e.g.*, “Fundraising Consulting”), an unassociated person would have no difficulty discerning the purpose of the disbursement.

All information on campaign finance reports submitted to the FEC, including the entries for “purpose of disbursement,” are reviewed by analysts in the Reports Analysis Division (RAD). Some campaign finance reports, particularly those filed by presidential campaign committees accepting public funding, are also reviewed by auditors in the Audit Division. In practice, the RAD analysts and the auditors often encounter “purpose of disbursement” entries that are not listed in the examples contained in 11 CFR

104.3(b)(3) and (4), and receive questions from filers regarding acceptable descriptions. Therefore, in order to provide further guidance to filers and to encourage consistency between filers, the Commission is publishing lists of additional generally acceptable and generally unacceptable descriptions.

The Commission does not intend to request that a committee provide additional information about a purpose of disbursement entry if the committee uses those descriptions listed below as providing sufficient detail. However, if a committee uses a description that is listed as lacking sufficient detail, a RAD analyst may review the report more closely but the Commission would not automatically take any particular action. In most instances, the Commission will merely contact the reporting committee and the committee may then amend its report. In the rare circumstances in which the Commission deems it necessary to pursue the matter further, the Commission will conduct a separate review of the sufficiency of the description of purpose to determine whether it meets the requirements of 11 CFR 104.3(b).

Any future revisions to these lists will be posted on the Commission's website at <http://www.fec.gov/law/policy.shtml#guidance>. Committees with questions can contact either their assigned RAD analyst (phone: (800) 424-9530 (press 5)) or the FEC Information Division (phone: (800) 424-9530 (press 6); e-mail: info@fec.gov).

Descriptions of purpose that provide sufficient detail:

- “Salary” for a disbursement to a staff member.
- “Media” for a disbursement to a television or radio communication company.
- “Polling” for a disbursement to a research/communications company.

- “Travel,” “Travel Expenses,” or “Travel Expense Reimbursement” for a disbursement to a staff member.
- “Printing” for a disbursement to a printing company.
- “Phone Banks” for a disbursement to a vendor providing phone bank services.
- “Dinner Expense” for a disbursement to a restaurant.
- “Catering Cost” for a disbursement to a hotel or restaurant where a fundraiser was held.
- “Party Fees” or “Party Annual Dues” for a disbursement to a National Party Committee for their annual dues.
- “Exit Polling,” “Door-to-Door Get-Out-the-Vote,” “Get-Out-the-Vote Phone Calls,” or “Driving Voters to the Polls” to individuals or vendors contracted for get-out-the-vote or voter registration activity.
- “Supplies” for a disbursement to an office supply vendor.
- “Consultant-Media,” “Consultant-Fundraising,” “Consultant-Get-Out-The-Vote,” “Consultant-Legal,” or “Consultant-Polling” for a disbursement to a consultant or consulting company.

Descriptions of purposes that generally lack sufficient detail:

Administrative Expenses

Admin.

Advance

Bonus

Bounty

Campaign Expense

Campaign Material
Charges
Collateral
Collateral Materials
Commission
Compensation (*other than committee staff*)
Consultant
Consultant-Political
Consulting
Consulting Non-FEA
Consulting Service
Contract
Contract Labor
Contractual Services
Convention Expenses
Convention Services
Costs
Delegate
Delegate Expenses
Design
Discount Fees
Election Day Expense
Entertainment

Event
Event Expense
Event Reimbursement
Event Supplies (*if to an individual*)
Expenses
Expense Reimbursement
Fees
Fundraising (*if to an individual*)
Fundraising Event
Fundraising Expense (*if to an individual*)
Fundraising Fees (*if to an individual*)
Fundraising Supplies (*if to an individual*)
General Advice
General Consulting
Generic Campaign Activity
Generic Consulting
Get-Out-The-Vote or GOTV
GOTV Expenses
GOTV Labor
Invoice
Labor
Literature
Meeting (*if to an individual*)

Meeting Expenses *(if to an individual)*

Meeting Supplies *(if to an individual)*

Miscellaneous or Misc.

Miscellaneous Expense

Office Expense *(if to an individual)*

Office Services

Outside Services

Operating Expenses

Other Expenses

Production

Professional Fees

Professional Fees – Consulting

Professional Services

Promotional Material

Publication

Push Card

Reimbursement

Rendered Service

Services

Services Rendered

State Convention

Supplies *(if to an individual)*

Voter Bounty

Voter Contact

Voter Drive

Voter Identification or Voter ID

Voter Registration

Worker

This **Federal Register** notice represents a general statement of policy announcing the general course of action that the Commission intends to follow. This policy statement does not constitute an agency regulation requiring notice of proposed rulemaking, opportunities for public participation, prior publication, and delay in effective date under 5 U.S.C. 553 of the Administrative Procedure Act (“APA”). As such, it does not bind the Commission or any member of the general public. The provisions of the Regulatory Flexibility Act, which apply when notice and comment are required by the APA or another statute, are not applicable.

Michael E. Toner
Chairman
Federal Election Commission

DATED _____
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