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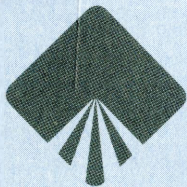
PAC

POLITICAL
ACTION
COMMITTEE

Handbook



A Guide for the Development of the CPA-PAC



A I C P A 1 0 0
A CENTURY OF PROGRESS
IN ACCOUNTING
1887-1987

American Institute of Certified Public Accountants

Notice to Readers

This handbook was written to encourage and to assist state CPA societies in organizing state-level political action committees (PACs). Each state has its own campaign finance laws; hence, the legal information that follows is of a general nature.

Before making a campaign contribution, all pertinent requirements governing the collection, accountability, and disbursement of PAC funds should be carefully scrutinized and observed. Those charged with political action committee organizational responsibility should be alert for changes in election law-related statutes and regulations. In addition, they should seek competent legal advice or guidance from the appropriate election authority.

The views, expressions, and directives outlined herein are not necessarily those of the AICPA, but are rather a compilation by members and staff of the AICPA State Legislation Committee. This committee is charged with implementing the Institute's legislative policy as well as assisting state CPA societies in developing their particular legislative programs.

CPA
PAC POLITICAL
ACTION
COMMITTEE

Handbook



A Guide for the
Development
of the
CPA-PAC

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Preface

This handbook is largely based on material developed by numerous state CPA societies. Political activists within the accounting profession have accumulated several decades of experience, and much of this knowledge was used in the Handbook's preparation. The intention of this Handbook is to help CPA societies organize an effective PAC or to revitalize an existing, though slightly dormant, one.

While political problems and needs may vary from state to state, the fundamentals for implementing a PAC program are common across jurisdictional borders.

The AICPA expresses gratitude to members of the profession who, in giving their time, experience, and funds, protect the public interest and work against any efforts that rescind or weaken state accountancy laws.

The AICPA State Legislation Committee
July 1987

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Introduction

CPAs, as individuals and as members of a profession, have become increasingly aware of the need for maintaining closer ties with state legislators, especially when matters affecting the accounting profession are the subject of legislation.

A political action committee or PAC is an association of individuals with common interests and political goals that has been organized to provide information and financial support to candidates for elective office. By combining individual resources, members of a collective PAC can achieve greater results than if they were to contribute individually.

If a state CPA society is to exercise effective political clout, the CPA-PAC must have the financial resources to—

- Make significant political contributions to candidates.
- Assist the society's lobbying efforts on behalf of legislation either supported or opposed by the profession.
- Keep members of the accounting profession informed and involved in its activities.

Political action committees are the most effective means for achieving the financial resources necessary to accomplish these goals.

This PAC Handbook was written by the AICPA's State Legislation Committee to assist state CPA societies interested in either forming a PAC, or designing a more contemporary PAC. The State Legislation Committee and staff are available upon request to provide assistance in accomplishing these goals.

The relationship between a PAC and a state society must be based on state law as well as on political considerations. To ensure compliance, it is advisable to consult licensed local counsel. Some PACs are closely associated with state CPA societies; others maintain a more formal distance. Although PACs are separate entities, they frequently receive some as-

sistance from state societies (for example, sharing office space and receiving administrative support).

PACs can easily tie in with a state society's Key Man Program. Both the PAC and the Key Man programs will prove more effective if used in conjunction with one another. A state society's legislative strategy should include the consistent and effective use of both programs.

This Handbook will address, as follows, what constitutes the structure of a PAC.

The manner in which money is solicited. Raising funds can be done by one or a combination of the following methods: membership dues billings, direct mail appeals, solicitation of individuals by direct contact, and fund-raising events.

The amount requested. The contributions requested by PACs vary. Although some PACs believe small contributions should be solicited with the hope that participation will progressively increase over time, others maintain that suggested contributions should be in graduated levels (for example, a specified contribution based on the number of years the CPA certificate has been held, or alternatively, on the position the CPA currently holds in his or her firm).

The disbursement of contributions. Three suggested methods of disbursing campaign contributions are: personally delivering the money, sending a check, or buying tickets for fund-raising events.

The selection of recipients. The method PACs use to choose the candidates who will receive campaign contributions is based on the following criteria:

- A candidate's voting record and/or position on issues that concern the accounting profession
- Committee chairs and/or assignments
- Candidates most likely to be influential
- Incumbents with good chances for reelection and strong-showing newcomers.

Although PACs in the past have usually refrained from contributing in primary elections, they are increasingly favoring such conduct. (Several PACs make contributions in general elections to both candidates.)

The dollar amount of contributions. Most PACs set a ceiling, which is below legal restrictions, on the size of contributions to candidates. General guidelines are used regarding the size of the contribution for each type of office and election. A few PACs vary limits depending on the influence of a state legislator (for example, a committee chairman will receive a larger contribution than a freshman lawmaker). Ultimately, the size and number of contributions will depend on the extent of the PAC's campaign war chest and state law restrictions.

It should be remembered that there is no *one* way to operate a PAC. The PAC's Board of Trustees is responsible for choosing the policy as well as determining the guidelines for the PAC's operation. The State Legislation Committee trusts that this PAC Handbook will be helpful to you and the other leaders of the accounting profession in running a well-orchestrated political action committee.

It is vital that citizens play an active role in the political process, and one of the most effective ways they can participate is by financially supporting candidates' campaigns. In the hope of furthering the spirit of such participation we present the *Political Action Committee Handbook*.

Why a Political Action Committee?

A broad base of financial support prevents candidates from being obligated to only a few major contributors. PACs, moreover, are not in the business of buying votes. They do, however, establish visibility and issue identification. PACs help elect public officials who are accessible and will listen to your problems. PACs help ensure that a legislator will consider the side of an issue held by the accounting profession; getting the legislator's attention is often the critical element that persuades lawmakers to focus on your point of view.

To be politically effective, state CPA societies must support political candidates. Just as other professional organizations have long recognized the tremendous value of PACs, CPAs also have too much at stake to relinquish control of their destiny. Well-funded CPA-PACs enable the profession to be a more viable political force in state capitols by assuring that the voice of the accounting profession is heard.

One of the most difficult tasks of running for political office is obtaining campaign funds. Because campaigns are so expensive, providing financial support to candidates has become an important means of citizen involvement. Despite legal restrictions on the ways in which campaign funds may be collected and contributed, our government has recognized the need for, and the legitimacy of, helping office-seekers in their campaigns. PAC recognition is a manifestation of such acknowledgment.

Purposes and Objectives

The American government has long been recognized to be firmly based on the right of individuals with common interests to participate jointly in the electoral process, and political campaigns are a vital part of democracy. The CPA-PAC is dedicated to the election of well-qualified persons to public office and to the protection and advancement of the accounting profession. The PAC encourages members of the profession and those interested in its objectives to actively participate in the political process through collective fund-raising efforts in order to provide financial support to candidates.

CPAs are regulated primarily at the state level, thus, the profession needs to maintain a strong voice in state political affairs. In addition, CPAs, as professionals charged with protecting the interests of third parties, have a duty to provide information to state lawmakers who may not be aware of the needs and obligations of the profession.

The role of a state CPA-PAC is to support state-level candidates who understand the public need to maintain the high ethical, technical, and professional standards of the accounting profession. Further, a CPA-PAC is an essential organization of professionals with the same goals and expectations of the candidates they support.

Organized fund-raising is the cornerstone of the CPA-PAC's activity. Contributions to candidates will increase the lawmakers' awareness of the profession's views on legislative matters, as well as create a solid identification between the CPA and the lawmaker. In this way, the primary objective of the PAC—getting the attention of lawmakers and keeping it—can be accomplished.

However, the CPA-PAC is not affiliated with any political party. It is organized and operated on a nonpartisan, independent basis in support of candidates who share the profession's objectives and concern for the public interest. The leadership of the American Institute of Certified Public Accountants has strongly endorsed the PAC concept.

Operating Guidelines

A CPA-PAC should be tailored to serve the political and legislative objectives as determined by the members of the accounting profession in your state. Before establishing operating guidelines, variables such as financial resources and state election laws must be considered.

This handbook offers the following sample operating guidelines as an aid in formalizing the operating rules for a CPA-PAC.

- If resources are limited, support candidates who are most likely to be influential lawmakers (for example, the legislative leadership and the chairmen of committees who are of interest to the accounting profession).
- Support candidates running only for state legislature and state executive branch. (For CPAs seeking other state-level offices, the PAC may want to make an exception.)
- Adopt contribution guidelines, especially if resources are limited and there is no cap on campaign contributions.
- Give the main thrust of support during the general election (unless politics of the district places more emphasis on the primary).
- Deliver checks to candidates personally, and, whenever possible, delivered by one or more CPAs from the candidate's district.

Points of Special Significance

Following a general review of state election statutes, CPA-PACs, and other association PACs, precautionary suggestions are offered below. These items deserve special consideration in light of the laws and requirements presently governing the operation of PACs.

1. Ensure that your state election laws allow association PACs to share office space with the parent membership

organization. Before accepting services, such as secretarial help, use of office machines, and so forth, the CPA-PAC Board of Trustees should also determine whether such assistance is allowed under applicable law. The same would hold true of such services from an individual. In some instances, the performance of a service might be regarded as a contribution.

2. Always make contributions to and from the PAC by check.
3. Have the PAC finances audited annually.
4. File required reports with the designated governmental authorities.
5. Do not allow carelessness to cause your PAC—or your state CPA society—to infringe upon the law.

In summary, before enacting organizational procedures, the CPA-PAC organizers should review current law governing political action activity with legal counsel. Additionally, PACs already in existence should have their legal counsel review periodically the appropriate law.

How CPA-PACs Have Operated

Although some of the CPA-PACs reviewed showed diversity in their structures and functions, all followed the same general pattern. The following points may help you consider whether to establish or reorganize a PAC.

- Due to various legal restrictions, state-level PACs usually do not incorporate.
- For the most part, PACs operate by collecting funds from members, either by direct mail, periodic dues, or personal solicitation.
- After due deliberation and consultation with several sources, the PAC decides which candidates to support.
- Campaign contributions are usually given directly to the candidate by one or more CPAs from his or her district.

Handling and Distributing Funds

Handling Funds

In accordance with state election laws, the CPA-PAC treasurer should designate a bank or other depository(ies) as the committee's campaign repository. A checking account should be immediately opened in the PAC's name.

All contributions received should be deposited in the committee's account. Contributions and revenues must be kept separate from any account maintained by the state CPA society or any individual CPA or firm.

According to local state mandates, the committee treasurer must ensure that all contributions are from legally acceptable sources. Checks from "unacceptable" sources should be returned at once to the contributor.

With the advent of stricter requirements governing the collection, accountability, and disbursement of campaign contributions, CPA-PAC treasurers generally have certain record-keeping responsibilities. While requirements vary from state to state, it is good policy to keep a detailed account of all contributions made to the committee. The treasurer should record the complete identification (name and address) of every person making a contribution and the date and amount contributed. It is advisable (and sometimes required by law) to record the occupation and principal place of business of all contributors. If a person other than the treasurer receives a contribution for the PAC, he or she should immediately forward the contribution to the treasurer or another designated representative.

Distributing Funds

Some CPA-PACs have taken the opportunity to present their contributions during a state CPA society chapter meet-

ing or at small, informal gatherings, such as a legislators' breakfast. To reinforce a positive identification, the PAC's contribution should be presented personally to the candidate, preferably by a CPA known to the candidate. Exceptions to this rule should be made whenever the size of the contribution is insufficient to request a meeting, or a meeting is inconvenient to the candidate. If your state society has a Key Man Program, one of these participants would be an ideal representative, as would the candidate's campaign treasurer, if he or she is a CPA. In any event, avoid sending contributions through the mail.

When requesting members to distribute checks, CPA-PACs should emphasize that the contribution made is on behalf of certified public accountants through their political action committee.

Whether the contribution is delivered in person or by mail, a transmittal letter on CPA-PAC letterhead should accompany each check. In appendix IV, a sample letter for use when transmitting the checks to candidates is exhibited. It is recommended that the PAC request a copy of all transmittal letters.

CPA-PACs must be aware of state election laws that may impose limitations on the amount a PAC may contribute to any one candidate in a primary and general election.

Contributions by a CPA-PAC must be recorded in detail by the committee. Under most state election laws, these records include all expenditures made by or on behalf of the PAC, the identification of the candidate to whom an expenditure was made, the date and amount of the expenditure, and the office sought by the candidate.

The PAC may be required by the state election law to obtain and file receipted bills of certain expenditures. To be fully aware of pertinent reporting requirements, the CPA-PAC should consult with legal counsel and the designated election authority.

Solicitation Criteria

Four methods of PAC solicitation often used are the following:

1. Direct mail
2. The contribution request included with the society's membership dues billings
3. Personal contacts
4. Fund-raising events

(Any one method or combination may be employed.)

To increase the response rate from the direct mail and personal contact solicitation appeals, follow-up letters or telephone calls, or both should be directed to those who do not respond to a first-time solicitation effort.

The active support of the officers of the state CPA society and the other leaders of the profession is critical to the success of any solicitation appeal. Therefore, a public relations and information campaign should be aimed at increasing both the profession's awareness and support. The following activities, designed to gain grass roots support, should be coordinated prior to a PAC solicitation effort.

- In order to achieve maximum participation by the general membership, support should be solicited from key leaders of the profession. In addition to correspondence, this solicitation would probably entail both telephone conversations and personal meetings.
- A request should be made to managing partners of accounting firms that letters or memoranda proposing universal support for the PAC be distributed to all their partners and employees.
- PAC brochures and bulletin board notices should be sent to all accounting offices for distribution and display.
- To create interest and visibility in the upcoming PAC solicitation drive, articles should be written and advertisements

designed for the state CPA society newsletter and other publications.

- To increase the participation rate, seminars for profession members, either as a separate fund-raising effort, or in conjunction with the other three solicitation methods, could be held. These seminars should explain what PACs do, their necessity, and the role the CPA-PAC plays in the political process. An effective film on PACs, available for these seminars, could be shown (for more information on the PAC film, see page 33). Pledges of support for volunteer work (for example, participation in the Key Man Program) and contributions to the PAC could also be obtained at the seminars.

Contribution Criteria

CPA-PACs select candidates and choose the contribution amounts in various ways. The critical element in operating an effective PAC is the determination of the allocation of PAC funds.

Candidate Selection Criteria

The most frequently used criteria for the selection of the candidate's campaign to which the PAC will contribute are—

- Voting record and/or position on issues important to the accounting profession.
- Leadership position (for example, chairperson of a committee).
- Committee assignment(s).
- Incumbency.
- Need for the most money. (A well-banked candidate will not appreciate the contribution nearly as much as a financially strapped candidate. In addition, early contributions are more effective than those that arrive after other PACs and individuals have contributed.)
- Electability.

Some PACs legitimately contribute to two candidates running for the same office, thereby creating friendship with both. While other PACs allow donors to designate their contributions to specific candidates (most bylaws, however, permit a PAC to disallow, under certain conditions, the designation of a contribution), a few state society chapters also have a voice in candidate selection.

Amount of Contributions: From Donors

There are different philosophies concerning the amount of money that the PAC should solicit from donors. Some PACs believe that the amount should be set low to ensure maximum participation. Others believe that there should be a sliding scale, with categories including type of employment (public practice versus industry) and the number of years a person has held a CPA certificate or position (for example, manager versus partner), or both. There is a danger in requesting a specific contribution since the “minimum will become the maximum.” In addition, only a certain percentage of people will respond to solicitation appeals, and the evidence shows that the suggested amount minimally affects this rate of response. Therefore, more solicitation requests will raise more money.

Amount of Contributions: To Candidates

There are several viewpoints on the “optimum” amount for contributions to candidates. The size of the PAC fund and campaign contribution limitations, if any, under the state election law will help determine this amount. Almost all CPA-PACs set a limit on campaign contributions to candidates. The criteria used are based on one or more of the following factors:

- Office sought
- Influence of a lawmaker (for example, holds a leadership position)
- Committee assignment(s)
- Primary or general election

Larger contributions are sometimes made to candidates who are low in campaign funds. Candidates who are in a close race and who have a good chance of winning are also occasionally given additional funds (especially if the candidate is considered a good friend of the accounting profession).

A handful of PACs invest in marginal seats and vulnerable races. The risks are greater, but so are the rewards.

How to Choose Candidates

Several information sources should be used to determine which candidates should receive a contribution. Valuable sources for this type of information are: the state CPA society's executive director, legislative director, and lobbyist, the state chamber of commerce, business and professional PACs, and politically active CPAs. Although contribution criteria guidelines should be used to choose candidates, reliable sources should be part of the decision-making process. Not only will the guidelines provide crucial information on such matters as candidates' positions on issues, but they will also have valuable knowledge about a candidate's likelihood of winning as well as other data that may be the swing factor when deciding whether to make a contribution to a candidate.

The following checklist contains the most commonly used criteria upon which contributions depend:

- The resources of the PAC
- The candidate's electability
- The number of races in which the PAC chooses to get involved
- The stature of the office sought
- Limits established by state election laws
- The candidate's status with the accounting profession (for example, has legislation been sponsored on the profession's behalf?)
- The support a candidate has provided on bills that have been sponsored on the society's behalf
- The support on issues of concern to the profession
- A candidate's leadership position in the legislature
- A candidate's leadership potential

- A candidate's committee assignment(s)
- A candidate's chairing of a committee

Some PACs have a *matching-type* offer; that is, the PAC will match either dollar-for-dollar or some other ratio for a candidate's campaign to which a CPA contributes.

In the past, it was acceptable to make "token" contributions in the range of \$25.00 to \$50.00 to candidates; however, such is no longer the case. Now that more and more professions and organizations have PACs, it is necessary to contribute a "respectable" amount. This sum will vary from state to state as well as from office to office within a state. As a result, PACs are increasing their average contribution by increasing their fund-raising efforts and, in some instances, by contributing to fewer candidates.

Timing

There are several different opinions on the "optimum" time to contribute to a campaign. The PAC must decide on guidelines, such as the degree of risk the PAC wants to take. Early money is frequently considered to have more "bang per buck." If given during a hard fought primary or early in the general election of a candidate, such money is valued in far greater proportions. Most CPA-PACs give contributions long after primaries have been held, and are many times sent to candidates during the last weeks or days of an election.

Although there is greater risk in contributing early in the campaign before it becomes clear who will be the winner, rich dividends can result from such a strategy. This will be especially true for a candidate who is low in campaign funds. As previously stated, some PACs make their regular contribution after the general election, but others make an additional contribution to help retire a campaign debt.

Tax Aspects of PAC Activity

CPA-PAC treasurers should be familiar with the requirements for filing financial and tax reports under both state and federal laws (P.L.93-625). Under current federal law, PACs are exempt from federal income tax on proceeds from political fund-raising activities. However, other income (for example, interest income, dividend income, and so forth) is considered taxable and must be so reported. All necessary forms and information regarding filing deadlines should be in-hand before engaging in fund-raising activities.

We stress that both the CPA-PAC Board of Trustees and contributors must recognize and follow any restrictions and requirements imposed by individual state campaign election laws.

Final Comments

- Remember . . . lawmakers' positions are rarely inflexible . . . policy decisions can be influenced.
- As with the Key Man Program, to ensure maximum effectiveness, the CPA-PAC **must be ongoing**.
- Although wholly independent from the state CPA society, the CPA-PAC activities should be coordinated with the society's legislative program.
- The CPA society's members should be kept informed on a regular basis of the PAC's activities and its impact on the profession's legislative and political objectives.
- Finally, judicial rulings, decisions by the Federal Election Commission, and legislative action by the U. S. Congress and the various state legislatures may alter some of the suggested organizational and operational directives outlined in this publication. The CPA-PAC leadership is again reminded that current statutes and regulations should be reviewed periodically by legal counsel so as to ensure that the PAC conforms with existing requirements governing its activities.

Appendices

Stationery

Items that need to be considered before ordering stationery are—

Bond Paper

- **Quality of paper.** High quality stock is a worthwhile investment. In addition to correspondence purposes, a paper weight of twenty-four pounds or more should be used in a first-class direct mail solicitation effort. For other mass mailings, for example, one that employs nonpersonalized offset letters, a cheaper stock could be used.
- **Information on the stationery.** Besides the PAC's name, you will want to include its mailing address and telephone number. Some PACs include the names (and hometowns) of the members of the Board of Trustees. (Note: Stationery must be reordered whenever there are changes of data and names. This possibility should be considered before deciding the type and quantity of information to be listed.)
- **Artwork.** Most PACs use a logo on their stationery, brochures, and other PAC material. There is an incremental increase in cost for each additional color that is used in the logo and other printed information on the stationery.

Envelopes

- To precipitate ordering envelopes for each type of stationery, the paper stock of envelopes should match the bond paper. The size and style (for example, oversized envelopes and window envelopes) depend on the fundraising package used in the solicitation effort.
- If a logo is used on the stationery, then it should also be included on the envelope. In any event, the PAC's name with a return address is necessary.

- A contribution card and accompanying self-addressed envelope should be enclosed with each solicitation appeal.
- Sample stationery is available upon request from the State Legislation Department.

Contribution Cards

- If applicable, the following information should be included on the card identifying contributions made to the CPA-PAC. (Because the vast majority of these will be returned by mail, the card should fit inside a no. 10 business envelope. Sample cards are on file with the State Legislation Department.)

—Name of the PAC

—A notation to whom checks are made payable

—Name of contributor and residence and/or business address; a request for a telephone number may be optional

—Occupation and employer's name (depending on your state's election law)

—Donor's signature and date (may be needed to satisfy legal requirements)

- Regardless of your CPA-PAC's contribution solicitation schedule, an effective way to increase the stated or "minimum" amount is to list the requested amount on one line with another line beneath to allow the donor to make an additional contribution. For example:

| | |
|-------------------------------|---------|
| Suggested Contribution | \$_____ |
| Additional Contribution | \$_____ |
| Total | \$===== |

- On the bottom of the card, it may be desirable to note that a copy of the PAC's report is filed with either the state election commission or another appropriate entity.
- Additionally, the card may have a checklist concerning volunteer work for either the CPA-PAC or the state society's legislative effort (for example, joining the Key Man Program).
- On the front of the card, a catch phrase, similar to the one below, may be used to help increase contributions. For

example: "CPA-PAC Contribution Form, Complete and Return Today. We Can Make a Difference!"

- Contributors' cards should be retained for future reference.
- Other forms to help in the organization of the PAC are also available upon request.

Four Fund-raising Methods

Solicitation Letters

Not only do direct mailings raise funds in a cost-effective manner, but they also have the additional benefit of keeping members of the accounting profession informed of state CPA society activities.

Before launching a direct mail project, you should test different fund-raising letters with various fund-raising packages to determine what type of appeal(s) will be the most cost-effective. Follow-up letters should also be tested to ascertain their cost effectiveness. The following suggestions should be considered while planning a direct mail campaign:

- Solicitation letters should be on the CPA-PAC stationery.
- A direct mail campaign should be done annually. (Appeals can be sent, for example, during legislative attacks.)
- Direct mail appeals should be sent on a more frequent basis to those who have previously contributed.
- A PAC brochure should be included in the package.
- Enclose a return envelope and contribution form card.
- Personalized letters are preferable to unpersonalized letters.
- The use of individually typed correspondence is suggested rather than using offset letters.
- Individually addressed envelopes should be used instead of labels.
- The use of one-page letters is encouraged opposed to two- to four-page letters. (However, longer letters do have a higher response rate.)
- Oversized envelopes are better than business-sized envelopes.

- Individually affixed stamps create a better impression than mailing permits.

The following are suggested topics that might be considered for fund-raising letters:

- An appeal highlighting certain proposals for greater regulation that threaten to strip independence from the accounting profession.
- The many efforts made by the state CPA society and leading members of the profession to upgrade professional standards, and how recent legislative actions will weaken these efforts.
- A description of what effect the imposition of additional regulation would have on the day-to-day practice of a CPA.
- An appeal based on professional pride that examines the political motivation behind making the auditor responsible for corporate mismanagement and malfeasance.

Appeals that are based on immediate concerns and emotional issues are the most effective. The cost to produce a package and letter should be compared with the average amount raised by an appeal. As a result, the most cost-effective package and letter to be sent to the membership will become easily identified.

Dues/Statement Billings

A second, and the easiest, fund-raising method is to include a PAC solicitation request with the society's membership dues billing statement. However, before deciding to use this method, check with your legal counsel to determine if your state's election law prohibits it. Recent disclosure indicates that at least one jurisdiction has been highly successful by automatically including a previously established amount within the annual dues with the option that a member may "check off" that he or she does not wish to participate. This procedure should be examined for compliance to your laws by local counsel.

Before undertaking a solicitation effort, it is important to gain support from the leaders in your state. For detailed information on how to build this leadership support, contact the State Legislation Department.

Under most state election laws, an organization, such as a state CPA society, can spend some of its funds on a CPA-PAC's solicitation effort. This practice can benefit the PAC; for each dollar provided by the state CPA society, an extra dollar is available for candidate contributions.

Personal Contact

Another method for raising PAC funds is to make a personal appeal either by telephone or in person. If your CPA-PAC decides to make "personal contact," it would be worthwhile to write a script for the telephone solicitors. Besides asking for a contribution, the solicitors could also recruit CPAs who are interested in getting involved in PAC and state society activities.

Meetings. PAC monies can also be raised in conjunction with professional meetings or at seminars held expressly for this purpose.

Professional meetings—A good opportunity to give a PAC presentation is at a state CPA society function, a chapter meeting, or some other professional gathering. Checks and pledges of financial support could be collected at these presentations.

PAC seminars—A series of seminars can be held throughout the state to ensure maximum participation in soliciting PAC contributions. A PAC film or slideshow presentation should be the centerpiece of these seminars. (The film and slides could also be shown at the professional meetings described above.) Speakers (for example, the president of the society, the society's legislative chairman, or one or more members of the Board of Trustees) covering various topics could be part of the program. Checks and pledges should be collected at the conclusion of these seminars. (The State Legislation

Committee staff would be pleased to help your CPA-PAC organize a seminar or presentation.)

Fund-raising Events

A fourth method to solicit PAC funds is holding fund-raising events, such as dinners or receptions. (The State Legislation Committee staff could provide guidance on these events.)

Public Relations

Publicity

During the formation or reorganization of a PAC, and before a fund-raising solicitation effort, a public relations campaign should be undertaken. State CPA society newsletter advertisements and articles are good public relations tools for educating members of the accounting profession on the importance of contributing to the CPA-PAC. The State Legislation Department's PAC file contains advertisements and articles that have appeared in various CPA society newsletters. Staff is available to send sample copies to assist you in this matter.

The size of advertisements can range from full-page ads to fillers (for example, "The CPA-PAC is supporting XX candidates who have supported the accounting profession") and can be dispersed throughout an issue. Either an advertisement or an article, which can be instrumental in increasing the number and size of contributions, should appear in all issues of a society's newsletter.

The following are suggested topics for these ads and articles:

- General information on PACs
- Information announcing the formation or reorganization of a CPA-PAC
- Your state CPA-PAC's purpose and objectives
- Information on other association PACs in your state
- An appeal from the CPA society's president or the PAC's chairman for contributing to an upcoming solicitation drive
- Information highlighting the leaders of the accounting profession who support the CPA-PAC

- A discussion of the issues that may be considered during the next session of the legislature, and why having an effective PAC is important
- Information about the general election and the candidates who are running
- Data on how much the CPA-PAC is planning to raise, the number of candidates it hopes to support, and the amount of money it plans to contribute
- Interviews with public officials who have received a contribution from the CPA-PAC
- Capsule profiles of candidates who will receive a contribution
- A breakdown of contributors by number, target group (for example, size of firm, years of practice, and so on), dollar amount, and any other pertinent criteria
- Post-election data on the new makeup of the legislature, including the membership of important committees, and the PAC's success ratio

The advertisements and articles are intended to educate as well as create interest in the CPA-PAC among the members of the accounting profession. A "PAC-topic-per-month" public relations campaign could be implemented by state CPA society public relations committees. Articles could also be submitted to other publications.

(Sample newsletter advertisements and articles are available upon request from the State Legislation Department.)

The data below should be included at least once during an election-year cycle in your state CPA society's newsletter. This information can either run on its own or with an accompanying article.

THE [STATE] CPA-PAC: MAKING A DIFFERENCE

The results of the last three elections in which the PAC has been involved are as follows:

198X GENERAL ELECTION

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

SENATE—XX Total Races

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

HOUSE (ASSEMBLY)—XXX Total Races

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

198X GENERAL ELECTION

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

SENATE—XX Total Races

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

HOUSE (ASSEMBLY)—XXX Total Races

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

198X GENERAL ELECTION

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

SENATE—XX Total Races

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

HOUSE (ASSEMBLY)—XXX Total Races

Involved in XX Races

Contributed \$XX,XXX

XX Winners—Win percentage of XX%

The following data should be included annually in your state CPA society's newsletter, run either on its own or with an accompanying PAC article.

THE [STATE] CPA-PAC

CONTRIBUTIONS—EXPENDITURES
January 1, 198X through December 31, 198X

| | | |
|--|------------|------------------------|
| Cash in bank, 01/01/8X | | \$XX,XXX |
| Receipts, contributions | | <u>XX,XXX</u> |
| Total | | <u><u>\$XX,XXX</u></u> |
| <i>Disbursements</i> | | |
| To candidates | \$XX,XXX | |
| PAC expenses | <u>XXX</u> | \$XX,XXX |
| | | \$ XXX |
| Contribution checks returned or not cashed | | <u>XXX</u> |
| Balance | | <u><u>\$ X,XXX</u></u> |

SUMMARY OF RECEIPTS AND DISBURSEMENTS
For the past five election years

| <i>Year</i> | <i>Receipts</i> | <i>Disbursements</i> | <i>Balance</i> |
|-------------|-----------------|----------------------|-----------------|
| 198X | \$X,XXX | \$X,XXX | \$X,XXX |
| 198X | X,XXX | X,XXX | X,XXX |
| 198X | X,XXX | X,XXX | X,XXX |
| 198X | X,XXX | X,XXX | X,XXX |
| 198X | <u>X,XXX</u> | <u>X,XXX</u> | <u>X,XXX</u> |
| Total | \$XX,XXX | \$XX,XXX | \$XX,XXX |
| Average | <u>\$ X,XXX</u> | <u>\$ X,XXX</u> | <u>\$ X,XXX</u> |

Promotional Tools

The following proposals are intended to increase the amount of money raised from a PAC solicitation appeal.

Mail Inserts. One productive and inexpensive promotional tool is the insertion of flyers regarding the CPA-PAC into the state society's mailings. The only expense is the printing of the inserts. (Note: Check with your state's election law to determine if this activity is allowed. In most states, the CPA society is permitted to pay the costs associated with the insertions.)

Bulletin Board Notices. Posters distributed to accounting firms are a cost-effective way to significantly increase the CPA-PAC's visibility.

Lapel Pins. A specially designed pin, signifying that the wearer has contributed a certain amount to the CPA-PAC, is yet another tool to raise funds. The amount should be printed large enough on the pin to denote uniqueness. Ties and scarves could also be used for this purpose, or used instead to denote a smaller, yet significant, contribution.

Audiovisual Aids. PAC films can be rented or bought from the Public Affairs Council (a Washington, D.C.-based organization) to show at meetings and PAC seminars. These films are effective in increasing the response rate to fund-raising appeals. In addition, a slideshow has been produced by one state CPA society, and this could be tailored to meet individual CPA-PAC specifications.

Additional information on these promotional tools can be obtained by contacting the State Legislation Department.

Brochures

PAC committees, including those associated with other professions and corporations, have found brochures to be very helpful in their fund-raising efforts.

One of the first steps when designing a brochure is determining the type of information the brochure will contain. The body should first raise and then answer the most frequently asked questions regarding a PAC. In addition to information on the objectives and operation of the CPA-

PAC, general information on the legislative process and a listing of legislators by their districts may also be included.

The following list is a compilation of the information found in brochures produced by state CPA-PACs:

- Message from the state CPA society president
- Comments from the PAC chairman
- A list of the members (and their hometowns) on the PAC Board of Trustees
- Date of the formation of the PAC
- Names of chapters and their presidents
- A perforated contribution form attached to the last page of the PAC brochure

Artwork is another necessary and worthwhile expense. PAC brochures should look good! A well-produced brochure will more than pay for the additional costs.

Two CPA-PAC logo examples are shown below in exhibit 1.

On the following page, the CPA-PAC brochure front covers for the Colorado, Connecticut, and Massachusetts state societies have been reprinted (in a reduced form) as exhibit 2. Our files at the AICPA contain a number of PAC brochures. Please let the staff know if copies would be helpful.

Exhibit 1
Sample CPA-PAC Logos

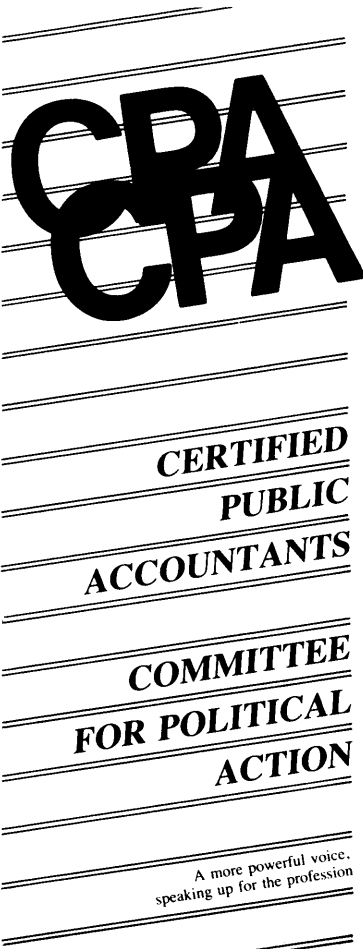


Reprinted with permission from the (a) Ohio and (b) Kentucky state CPA societies.

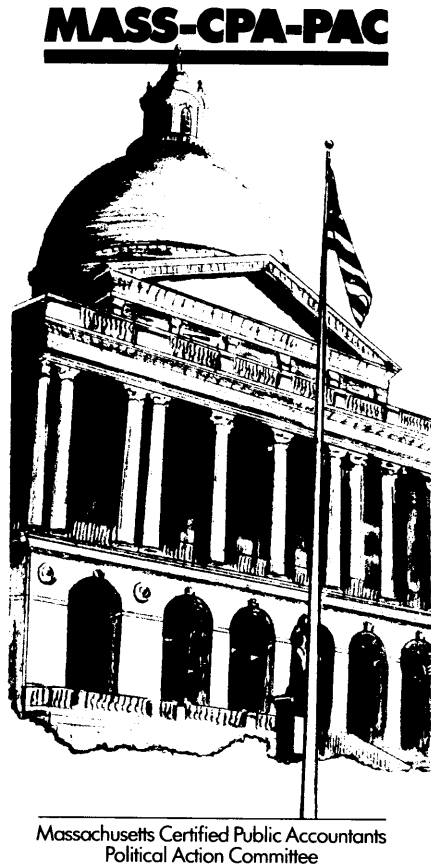
Exhibit 2
Sample CPA-PAC Brochure Covers



a



b



c

Reprinted with permission from the (a) Colorado, (b) Connecticut, and (c) Massachusetts state CPA societies.

Additional information, which could be included in the brochure, are statistical data (see pages 30 and 31) and brief sections concerned with one or more of the following topics:

1. The Vital Role of the [State] CPA-PAC
2. How the PAC Functions
3. The Important Goal of the [State] CPA-PAC
4. Your Role in the [State] CPA-PAC
5. The PAC . . . Making a Difference
6. Looking Ahead . . .
7. Why Should You Contribute to the [State] CPA-PAC?

PAC Questions and Answers

The twenty-seven questions and answers that follow should encompass the areas of concern and interest that your PAC will want covered in a brochure. Because state election laws differ, certain questions will have to be answered by each CPA-PAC. In addition, answers to a few questions could not be provided because the PACs must determine their own individual policy regarding general guidelines and operating procedures. When preparing a brochure, choose any of the questions you believe should be included, and feel free to re-word the prose. The PAC brochure should be designed to fit inside a no. 10 envelope, and be made of high quality paper stock.

What Is a Political Action Committee?

A political action committee (PAC) is a legal organization of a group of like-minded individuals who—

- share common concerns that can be dealt with by effective legislative efforts; and
- are willing to contribute to candidates who are sympathetic to their goals.

PACs are an accepted method of contributing to candidates

who use these funds to help pay the cost of conducting their political campaigns. Now, more than ever before, professions are forming PACs.

What Is the CPA-PAC?

The [State] CPA-PAC is a voluntary, nonprofit, [un/ incorporated] group of CPAs and their friends. It is an independent entity and was established in 19XX. The CPA-PAC operates under the jurisdiction of the [name of the state agency that oversees the election law in your state]. We are just one of XX PACs in [State]. The CPA-PAC is a key element of the profession's government relations program, and it is designed to foster political participation through contributions. The PAC's objective is to raise funds in order to contribute to the political campaigns of candidates who share the accounting profession's concern for maintaining the high standards of the profession.

Who Is the CPA-PAC?

It is you. Under state statutes and regulations on political action committees, the [State] CPA-PAC may receive contributions from [individual PACs must complete this question].

Why Is a PAC Necessary for [State] CPAs?

The CPA-PAC will enable us to support candidates who support the accounting profession. PAC contributions are targeted to help elect lawmakers who are sensitive to our concerns. A contribution from the PAC creates an awareness among lawmakers of our needs as a profession. While PAC contributions could not be designed to buy a legislator's vote, such contributions do help ensure that a legislator will acknowledge more directly our side of an issue. The opportunity to provide information on legislative and regulatory initiatives can be the crucial element in influencing lawmakers.

What Does the CPA-PAC Do?

The CPA-PAC raises money from members of the accounting profession in order to contribute to the political campaigns of selected candidates. The PAC can, by pooling and targeting contributions, achieve greater results than are possible on an individual basis.

Is the CPA-PAC a Permanent Organization?

Yes. Experience has shown that those PACs that operate in an irregular manner attain minimal results. Effective political action requires a permanent, ongoing CPA-PAC program.

Is the CPA-PAC Affiliated With a Political Party?

No. The CPA-PAC supports those candidates, regardless of political affiliation, who share the accounting profession's concern for protecting the public interest by maintaining the high standards of our profession.

Do the Activities of the CPA-PAC Duplicate or Counter the Activities of Other CPA Organizations?

No. The CPA-PAC only supplements the political and legislative activities of the accounting profession.

Is There a Direct Relationship Between the CPA-PAC and the [State] CPA Society or the AICPA?

No. The CPA-PAC operates independently of all other organizations. In addition, it is not affiliated with any other political action committee.

How Does the CPA-PAC Fit in With the [State] CPA Society's Legislative Program?

As government increases its impact on the accounting profession, [State] CPAs must have the means to make lawmak-

ers aware of our problems and needs. The CPA-PAC is only one part of the effort. It is the part, however, that helps draw lawmakers' attention. The CPA society's lobbyist and the accounting profession's membership are other parts that comprise the legislative program.

Why Was the CPA-PAC Organized?

The CPA-PAC was organized because the accounting profession needed a means by which its members could participate more directly in the electoral process. The PAC also serves to further the political knowledge of CPAs.

The accounting profession must be effective in the political arena. Since the CPA-PAC provides added leverage on our behalf when the profession's representatives speak to lawmakers, one of the most effective ways to have a strong legislative program is to have an active PAC.

The CPA-PAC is working to protect the state accountancy act by assuring that our profession is heard by lawmakers. Collective action is an important element in this effort.

Who Directs the CPA-PAC Activities?

A (seven)-member Board of Trustees administers the affairs of the CPA-PAC. The trustees are duly elected [*describe your PAC's nominating process*]. They serve on a voluntary basis.

Who Handles the Money?

The CPA-PAC treasurer. All campaign contributions should be directed to this official.

What Offices Will the CPA-PAC Support?

The PAC will contribute to candidates for the state legislature as well as [*if your PAC contributes to candidates for other state offices, list them here*].

Does the CPA-PAC Only Support Incumbents?

[This answer must be provided by the individual PACs.]

How Does the CPA-PAC Decide Which Candidates to Support?

In general, voting records and the positions of candidates towards the accounting profession will determine the amount of support the CPA-PAC gives them. To a large extent, the decision-making process for supporting a candidate is subjective. The criteria used in making contributions are *[individual PACs must provide this information]*.

Who Decides Which Candidate Will Receive a PAC Contribution?

The *[State]* CPA-PAC Board of Trustees determines who will receive a campaign contribution.

How Much Does the CPA-PAC Give to Candidates?

It depends to a large extent on how much the PAC collects. The more the CPA-PAC has, the more it can contribute. The Board of Trustees has established the following contribution guidelines: *[these criteria guidelines, such as amount by office, must be provided by each PAC]*.

The average contribution tends to be about \$XXX. Some candidates have received as much as \$X,XXX and others as little as \$XXX.

Can Contributors Suggest Candidates Who They Feel the CPA-PAC Should Support?

[This answer must be provided by the individual CPA-PACs.]

Why Should You Give Money to the CPA-PAC Instead of Directly to the Candidate of Your Choice?

An individual contribution cannot equal the effectiveness of one made by scores of CPAs on behalf of the entire accounting profession. By contributing to the CPA-PAC, your dollars are combined with those of other CPAs. There is strength in numbers. Upon receiving a PAC contribution, the candidate understands that the support is coming from many people with a common interest. However, the individual CPA's interest in a political candidate should be encouraged.

Should CPAs Working in Industry, Government, and Education Contribute to the CPA-PAC?

Yes. Accountancy statutes and regulations can affect **all** certificate holders.

How Much Should You Give?

The amount is entirely up to you. However, the CPA-PAC guidelines suggest that [*describe your PAC's contribution philosophy*].

Why Should You Contribute to the CPA-PAC?

The CPA-PAC is working on behalf of the accounting profession, and it protects your interests against efforts to rescind or to weaken state accountancy laws.

What's in it for You?

Contributions to the CPA-PAC help to maintain the accounting profession's standards. The PAC provides a means of communication with lawmakers—the same lawmakers who

regulate your livelihood. Contribute to the CPA-PAC and make your voice heard.

Can Firms Contribute to the CPA-PAC?

[Individual CPA-PACs must answer this question since state election laws differ on this point. In your answer, distinguish between a partnership and a corporate checking account.]

How Is a Contribution to the CPA-PAC Made?

Write a check payable to the [State] CPA-PAC, and send it to [give the PAC's mailing address].

When Is the Best Time to Contribute?

Now.

Sample Transmittal Letter to Candidates

[Type the letter on the PAC stationery.]

[Name]
[Address]

Dear Mr/s. *[candidate's last name]*:

I am pleased to enclose a check for \$_____ to assist you in your campaign for election to the *[name of office]*.

This contribution is being made by the CPA-Political Action Committee on behalf of certified public accountants in *[name of your state]*.

We wish you success in the upcoming election.

Sincerely,

*[Name of the PAC Chairman
or a CPA who knows the
candidate.]*

For the *[State]* CPA-PAC

Enclosure

Bylaws, which spell out the organizational structure and purpose of the CPA-PAC, should be adopted. The following sample bylaws provide for a seven-member Board of Trustees as the administrative arm of the PAC.

Sample Bylaws of the [*State*] Certified Public Accountants-Political Action Committee

Article I Name

The name of the political action committee shall be the [*insert name of your state*] Certified Public Accountants-Political Action Committee, and the abbreviated designation shall be "CPA-PAC."

Article II Purpose

To encourage the participation of members of the accounting profession in the political process by providing financial support to candidates for state public offices. The CPA-PAC is not affiliated with any political party or any other organization. It is organized and operated on a nonpartisan, independent basis to assist those candidates who understand and support the protection of the public interest by maintaining high ethical, technical, and professional standards for the accounting profession.

Article III Powers

The CPA-PAC is empowered to solicit contributions, to expend monies on behalf of candidates for state elective offices, and to do such other acts that may be necessary or desirable for the attainment of the purpose stated above.

Article IV Officers

The officers shall be a chairman and a treasurer, both of whom shall be elected by the Board of Trustees. These two officers shall be elected to serve a two-year term, with a maximum of two consecutive terms for each office.

Section A. The chairman shall preside at all meetings of the Board of Trustees and shall be a member of all subcommittees of the CPA-PAC.

Section B. The treasurer shall be the financial officer of the CPA-PAC and shall give a financial report at each meeting of the Board of Trustees. A detailed account shall be kept of:

1. All contributions made to the CPA-PAC.
2. The name and mailing address of every person making a contribution and the date and amount of the contribution. (Please note that because the required information varies among state election laws, this provision may have to be revised.)
3. All expenditures made by the CPA-PAC.
4. The name and mailing address of every candidate to whom any expenditure is made, the date and amount of the expenditure, and the office sought. (Please note that because the required information varies among state election laws, this provision may have to be revised.)
5. Any other records as required by either state or federal law.

Article V Board of Trustees

Section A. The CPA-PAC shall be administered by a Board of Trustees. The Board shall be comprised of seven members, who shall serve four-year terms. Each member of the Board of Trustees shall serve no more than two consecutive full terms. Each member shall serve without compensation.

Section B. The Board of Trustees shall be responsible for initiating and implementing activities that will promote the objectives of the CPA-PAC, including, but not limited to, raising and disbursing funds.

Section C. Nominations to the Board of Trustees shall be made by a nominating committee appointed by the chairman. The nominating committee shall nominate at least one member for each vacancy on the Board. The nominating committee shall be composed of the chairman, the treasurer, the president of the [State] CPA society, the chairman of the CPA society's legislation committee, and the executive director of the [State] CPA society. The Board of Trustees shall select from the nominee(s), by majority vote, the member(s) to fill the vacant trusteeship(s).

Section D. A vacancy created on the Board of Trustees may be filled by the chairman. The appointed trustee shall fill the remaining term of the vacant trusteeship. If the remaining term is two years or less, it shall not be considered a full term.

Article VI Operations

Section A. The fiscal year of the CPA-PAC shall be maintained on a calendar year basis. An annual meeting of the CPA-PAC shall be held, upon thirty days notice, at a time and place each year as determined by the Board of Trustees.

Section B. These bylaws may be amended by an affirmative vote of two-thirds of the Board of Trustees.

Section C. The Board of Trustees shall meet at least two times annually.

Section D. The presence of four trustees at any meeting called by the chairman shall constitute a quorum.

Article VII Books and Finances

Section A. The CPA-PAC shall keep a complete set of books of account. The books of account shall be audited at least once a year by a CPA. The auditor shall be named by the chairman with the approval of the Board of Trustees.

Section B. The CPA-PAC funds shall be deposited in such bank(s) or other depository(ies) as the Board of Trustees directs.

Article VIII Dissolution

The CPA-PAC may be dissolved by a vote of two-thirds of the Board of Trustees. Upon dissolution of the CPA-PAC, its assets, after all expenses and debts have been paid, shall be distributed, at the discretion of the Board of Trustees, to an organization similar to the CPA-PAC or to the state committees of both major national political parties on an equal basis or in accordance with the provisions of applicable statutes.

[Date]

090505