



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

Jack Hanson, Treasurer  
Pioneer Political Action Committee  
412 First Street, SE, Suite 100  
Washington, DC 20003

JUL 3 2001

Identification Number: C00325357

Reference: Year End Report (11/28/00-12/31/00)

Dear Mr. Hanson:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-On Schedules H2, H3 and H4, it appears you have revised the ratio for several fundraising events and for several activities you have categorized as "exempt", and have indicated that the actual non-federal share of expenses was greater than originally estimated. Furthermore, your previous reports have been amended to disclose most of the activities previously categorized as "exempt" to be "administrative".

Please be advised that any adjustment to a ratio for administrative/generic voter drive expenses should be reflected on Schedule H1, while any adjustments for fundraising event expenses should be reflected on Schedule H2. In addition, all adjustments should reflect the federal and non-federal shares of the actual receipts. Furthermore, if an adjustment indicates that the federal account has paid more than its share of allocable expenses, a committee may transfer funds from the non-federal account to make up for the excessive non-federal payment(s). Such transfers, however, may only be made within 60 days after the event. 11 CFR §106.6(d)(2) Transfers from the non-federal account for this type of adjustment should ONLY be itemized on Schedule H3 and included in the total for Line 18 on the Detailed Summary Page. Please amend your report to clarify all ratio adjustments accordingly.

-Please amend Schedule H1 to include the revised ratio and amount of

adjustment to the actual funds expended for administrative expenses.

-Please amend Schedule H2 to provide the date of the fundraising event or activity. In the case of a telemarketing or direct mail campaign, the "date" is the last day of the telemarketing campaign, or the day on which the final direct mail solicitations are mailed. 11 CFR §106.5(f)(2)

-Please amend Schedule H3 to individually itemize the fundraising events/activities by name and the amount of the adjustment per event. In addition, please itemize the amount of any administrative adjustments in the proper administrative/voter drive column.

-Please amend Schedule H4 to remove the entry itemized as "TO ADJUST ALL PREVIOUS REIMBURSEMENT ESTIMATES TO ACTUAL BASED ON REVISED (ACTUAL) FUNDS RECEIVED METHOD". Ratio adjustments are only itemized on Schedule H4 if an adjustment indicates that the federal account owes the non-federal account because of an increase in the federal ratio.

-Your EVENT YEAR-TO-DATE calculations for Administrative/Voter Drive are incorrect. EVENT YEAR-TO-DATE totals for administrative and voter drive costs are derived by aggregating all disbursements during the calendar year for the whole administrative/voter drive category, not by individual purpose such as "Consultant Fundraising" or "Office Rent". Please amend your report by providing the correct administrative/voter drive EVENT YEAR-TO-DATE totals.

-On Schedule H2 of your 12 Day Pre-General Report, you disclosed the activity/event "Consultant Fundraising" as being a fundraising event. On Schedule H2 of this report, you have identified the activity/event to be an exempt event. Please amend your report to clarify the nature of this change. 11 CFR §104.10(a)(1)

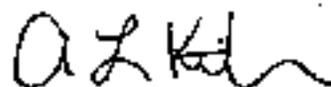
In addition, based upon your previous amendments, if you have incorrectly itemized any administrative expenses as exempt, please amend Schedules H2, H3, and H4 to properly reflect their categorization. As noted before, only state and local party committees are permitted to engage in exempt activities. 11 CFR §100.8(b)(10)

-Payments made to credit card companies must identify the original vendors from which you have purchased an item or service if your payments to these

vendors have exceeded \$200 this year. Please amend your report by providing the mailing address of such payments as required by 11 CFR §104.9(b).

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Antoinette Kitchen  
Senior Reports Analyst  
Reports Analysis Division

## ALLOCATION OF ADMINISTRATIVE EXPENSES

SCHEDULE H1 (Section 104.1)		METHOD OF ALLOCATION FOR SHARED FEDERAL AND NON-FEDERAL ADMINISTRATIVE EXPENSES AND GENERIC VOTER DRIVE COSTS	
NAME OF COMMITTEE <b>Reform PAC</b>			
SEPARATE SEGREGATED FUNDS AND NON-CONNECTED COMMITTEES			
FUNDS EXPENDED:			
ESTIMATED DIRECT CANDIDATE SUPPORT — FEDERAL			20%
ESTIMATED DIRECT CANDIDATE SUPPORT — NON-FEDERAL	50%		
ADJUSTMENTS TO FUNDS EXPENDED:			
ACTUAL DIRECT CANDIDATE SUPPORT — FEDERAL			
ACTUAL DIRECT CANDIDATE SUPPORT — NON-FEDERAL			

DISBURSEMENT SCHEDULE H4 (Section 104.1)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE OF FOR LINE 21L	
NAME OF COMMITTEE <b>Reform PAC</b>							
A. FULL NAME, MAILING ADDRESS & ZIP CODE	DISBURSEMENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE		
Julian Marose 855 Main Street City, State ZIP	salary	1/1/84	\$1,000.00	\$800.00	\$200.00		
CATEGORY: <input checked="" type="checkbox"/> Administrative/ Voter Drive	<input type="checkbox"/> Fundraising	<input type="checkbox"/> Other					
AMOUNT TO DATE: 1,000.00	<input type="checkbox"/> Shared		<input type="checkbox"/> Non-Shared				

### Allocation Ratio

On Schedule H1, the committee reports the allocation ratio of shared administrative expenses and costs of generic voter drives. The schedule is filed with the first report filed during a two-year election cycle. The committee estimates the federal share using the "funds expended" ratio, i.e., the ratio of federal expenditures to total federal and nonfederal disbursements during the cycle (excluding overhead costs). The estimated federal share is based on the previous election cycle's payments for direct candidate support or on a reasonable estimate of the upcoming cycle's payments for support of federal and nonfederal candidates. 106.6(c)(1).

### Payments

The committee makes all allocable payments for administrative expenses from its federal account (or separate allocation account). 106.6(e)(1). Each payment is itemized on Schedule H4, and the federal and nonfederal shares are included in the total for Line 21(a) (Shared Federal/Nonfederal Operating Expenses) of the Detailed Summary Page.

The "event year-to-date" figure entered for each payment represents the total spent on all allocated administrative expenses as of the date of payment.

### Transfers

The committee may transfer the nonfederal portion of an administrative expense or generic voter drive expenses within the 70-day window described in Section 3. 106.6(a)(2)(ii). The committee reports these transfers from the nonfederal account to the federal account on Schedule H3. The amount is also included on Line 16 of the Detailed Summary Page.

### Adjustments to Ratio

During the election cycle, if the actual allocation ratio for these expenses changes from the one estimated at the beginning of the cycle, the committee must file an adjusted Schedule H1 to reflect the revised ratio.

If an adjustment to the ratio indicates that the nonfederal account has paid more than its allocable share of administrative and generic voter drive expenses, then the committee must transfer funds from its federal account to its nonfederal

account to make up for the excessive nonfederal payment. Any transfers from the federal account are reported on Schedule H4 and included in the total for Line 21(a)(i) on the Detailed Summary Page.

## 5. Allocating Committee Fundraising Expenses

### When Required

When a nonconnected committee raises money for both its federal and nonfederal accounts, the costs of the fundraising event or activity must be allocated between those accounts. However, the federal account could pay 100 percent of the costs without reimbursement and avoid the need to allocate.

Note that expenses incurred in connection with activities directly supporting candidates (such as fundraising for candidates) are not considered the committee's own fundraising expenses, and the committee must report them as *in-kind contributions*.

### Required Forms

- Schedule B—Itemized Disbursements
- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal to Federal Account
- Schedule H4—Payments for Allocable Expenses

### Allocation Ratio

If the committee raises money for both its federal and nonfederal accounts through the same fundraising program, the costs directly associated with the program are allocated using the "funds received" ratio, i.e., the ratio of funds received for federal activities to total funds raised through the event. The committee must estimate the ratio prior to beginning the solicitations and report the ratio on Schedule H2.

The committee must also give each fundraising program a unique name or code. 104.10(b)(2) and 106.6(d).

### Payments

The committee pays for fundraising expenses from its federal account (or separate allocation account). 106.6(e)(1). The nonfederal account may transfer its allocable share to the federal account as

described below. The federal and non-federal shares of the payments are reported on Schedule H4 and included in the total for Line 21(a) (Shared Federal/Nonfederal Operating Expenses) of the Detailed Summary Page.

The "year-to-date" figure entered for each fundraising payment represents the total spent on that committee fundraising event as of the date of payment.

### Transfers

The committee reports transfers from the nonfederal account to the federal account for shared fundraising expenses on Schedule H3. The transfer must be made within the 70-day window described in Section 3.106.6(e)(2)(ii).

### Adjustments to Ratio

After a particular fundraising program or event, the committee may need to adjust the allocation ratio reported for the event on Schedule H2 to reflect the federal and nonfederal shares of the actual receipts. The committee must determine whether such an adjustment is necessary within 60 days after the date of the fundraising event.<sup>1</sup> The adjusted ratio should be noted on a Schedule H2 filed with the committee's next report.

If an adjustment indicates that the nonfederal account paid more than its allocable share of expenses for the event, the committee must transfer funds from its federal account to its nonfederal account to avoid an excessive payment by the nonfederal account. Any transfers from the federal account to the nonfederal account made as a result of the revision must be reported on Schedule H4 and included in the total for Line 21(a)(1) on the Detailed Summary Page in the committee's next regular report. Further adjustments and transfers from the federal account may be necessary if additional federal receipts come in.

If an adjustment indicates that the federal account paid more than its share of allocable expenses, the committee may transfer funds from the nonfederal account to make up for the excessive nonfederal payment. Such transfers, however, may only be made within 60 days after the event. 106.6(d)(2). Transfers from the nonfederal account are itemized on a Schedule H3 and included in the total for Line 18 on the Detailed Summary Page.

## ADJUSTMENTS TO RATIO (COMMITTEE FUNDRAISING)

SCHEDULE H2 (Section 11401)		ALLOCATION RATIO		
			PAGE	OF
NAME OF COMMITTEE Progress PAC (revised ratio)				
NAME OF ACTIVITY OR EVENT Direct Mail Campaign (event date 9/23/94)			FEDERAL % 66%	NON-FEDERAL % 34%
ACTIVITY IS: <input type="checkbox"/> PLACEMARK <input type="checkbox"/> EVENT <input type="checkbox"/> DIRECT CONTRIBUTION SUPPORT				
OTHER FUNDRAISING: <input type="checkbox"/> NEW <input type="checkbox"/> REVISED <input type="checkbox"/> SAME AS PREVIOUSLY REPORTED				

**Step One:** Within 60 days after the end of a fundraising event, determine whether an adjustment is necessary to reflect the actual federal and nonfederal shares of the expenses related to the activity or event. File a new H2 with the next regular report showing the revised allocation ratio for the activity or event.

DISBURSEMENT SCHEDULE H4 (Section 11401)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			
NAME OF COMMITTEE Progress PAC					
A FULL NAME, MAILING ADDRESS, ZIP CODE	DESCRIPTION	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Progress State PAC 299 Rochester Bridge Rd. City, State ZIP	Direct Mail Campaign (event date 9/23/94)	11/19/94	\$108.45	\$108.45	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE EXPENSE <input checked="" type="checkbox"/> RAISE FUNDS <input type="checkbox"/> EVENT					
OTHER REPORTING: <input type="checkbox"/> NEW <input type="checkbox"/> REVISED <input type="checkbox"/> SAME AS PREVIOUSLY REPORTED					

**Step Two:** If the nonfederal account paid more than its share of fundraising expenses, the committee must make an appropriate transfer from the federal account to the nonfederal account, up to 60 days after the activity or event. Itemize the transfer on H4, as shown. Because fundraising expenses are operating expenditures, the same amount is also included on Line 21(a)(1) of the Detailed Summary Page (not shown).

RECEIPT SCHEDULE H3 (Section 11401)		TRANSFERS FROM NON-FEDERAL ACCOUNTS		
NAME OF COMMITTEE Progress PAC				TOTAL AMOUNT TRANSFERRED
NAME OF ACCOUNT Progress State PAC			DATE OF RECEIPT 11/19/94	\$108.45
BREAKDOWN OF TRANSFER RECEIVED				
	ADMINISTRATIVE EXPENSE	DIRECT FUNDRAISING AMOUNT	EVENT ACTIVITY/CONTRIBUTION SUPPORT	
1	Total Administrative/Event Exp.			
2	Direct Fundraising (RM Share-Amount for RM)			
	Direct Mail Campaign	\$108.45		
	(event date 9/23/94)			

**Step Two (Alternate):** If the federal account paid more than its share of fundraising expenses, the committee may make an appropriate transfer from the nonfederal account up to 60 days after the activity or event. Itemize the receipt of the transfer on a Schedule H3 and include the amount on Line 18 of the Detailed Summary Page (not shown).

1. For direct mail fundraising the event date is the day on which the final solicitations are mailed.

