



# **ADVOCACY FUNDING GUIDE 2022**

**Prepared by:**  
MCUL & Affiliates Advocacy Department

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## **I. What are the State and Federal PACs?**

The State (MCULAF) and Federal (MCULLAF) PAC are the Michigan credit union movement's two non-partisan political action committees (PACs) which are organized for the purpose of collectively supporting candidates for elective office in the U.S. Congress, the Michigan Legislature and other statewide elected offices. The Federal PAC (MCULLAF) is federally registered and accomplishes its mission primarily by making contributions to federal candidates and leaders independently or through our affiliated Credit Union National Association (CUNA) PAC, the Credit Union Legislative Action Council (CULAC). The State PAC is governed by Michigan law, and makes contributions to candidates for the Michigan Legislature and other statewide elective offices. These two PACs are separate entities, both governed by Boards of Trustees who are elected by and from the MCUL Government and Political Affairs Forum. The MCUL Board of Directors Chair and Vice Chair also serve as Trustees. The State and Federal PAC Trustees decide who receives campaign contributions based upon many factors, as outlined in this document. These factors include support of credit union issues, voting record, accessibility, as well as recommendations made by credit unions, Forum members, and MCUL & Affiliates Advocacy staff.

Contributions to the State and Federal PACs have a significant and direct impact on protecting the credit union movement. State and federal legislative challenges to credit union values are ever-present and supporting candidates who support credit unions is a primary means of assuring that our issues will be respected, and our industry will be defended. As credit union officials and members, your involvement will make a difference.

The MCULAF and MCULLAF PAC Board of Trustees set an annual fundraising goal for individual credit unions and MCUL chapters, for both PACs. This annual goal is reached through fundraising efforts at the credit union. Throughout this guide, you will find recommended fundraising activities for credit unions and chapters. Credit unions and chapters who meet and/or exceed their PAC goals are eligible to be considered for recognition at the annual MCUL Government Affairs Conference in Lansing.

## **II. PAC Fundraising Goals and Recognition Program**

### **Fundraising Goals**

Every year the MCULAF and MCULLAF PAC Board of Trustees establishes annual fundraising goals for MCUL member credit unions. These are created based on the number of members reported by each credit union within the state of Michigan.

These goals are emailed to CEO at the beginning of each year and are also located on the Chapter Fundraising Reports, located on the MCUL's fundraising webpage.

## **Recognition Programs**

The MCUL has established several awards for outstanding PAC fundraising efforts by participating credit unions. These awards are based on year-end fundraising data and are presented annually at the MCUL's Government Affairs Conference in Lansing.

**Gold Star Award**—A credit union becomes a Gold Star credit union when it achieves 100% participation in the Lapel Pin program, as well as, reaching 100% of the State PAC (MCULAF) goals—in many cases these two successes will be synonymous. For the credit union to achieve 100% participation, the following individuals must all contribute to the Lapel Pin program:

- CEO
- Senior Staff
- Any Staff who report directly to the CEO
- All members of the Board of Directors
- All members of the Supervisory Committee
- All members of the Credit Committee (if applicable)

In order to receive this award, credit unions must inform the Advocacy team of qualifying for this award by completing the Gold Star Award form, located on the MCUL's fundraising webpage.

**The Chairman's Award—State PAC and Federal PAC**—This award is presented to the credit union that raised the highest percentage over their goal. Asset size categories for this award include: Under \$20M, \$20-100M, \$100-250M, and over \$250M.

**The Trustee's Award—State PAC and Federal PAC**—This award is presented to the chapter that raised the highest percentage over their goal.

**The President's Award—State PAC and Federal PAC**—This award is presented to the credit union that raised the most money overall.

**Greatest Percentage Increase from Prior Year Award—State PAC and Federal PAC**—This award is presented to the credit union that raised at least 25% of their prior year goal and has had the greatest percentage increase.

## **III. State/Federal PAC Rules and Regulations**

The laws and regulations that govern PAC activities are quite complex. The Federal PAC (MCULLAF) is governed by the Federal Election Campaign Act (2 U.S.C. §431) as administered by the Federal Election Commission (FEC). The State PAC (MCULAF), is governed by Michigan's Campaign Finance Act (P.A. 388 of 1976), as administered by the Bureau of Elections (BOE), within the Michigan Department of State (MDOS). In addition to the myriad of regulatory hurdles both PACs must meet

to remain compliant there are also extensive reporting requirements that are discussed below.

## **A. Solicitations for State PAC/Federal PAC**

### **What is a “Solicitation”?**

- “Solicitation” is broadly defined and generally includes direct requests for a contribution to either a state or federal PAC. A solicitation can also be a general statement encouraging support of one or more of the PACs.
- Solicitations can be oral or in writing. They can occur face-to-face or in writing.
- Each State/Federal PAC solicitation must be accompanied by the required disclaimers.

### **What is Not a “Solicitation”?**

- General factual and legal information about the State/Federal PAC is not a solicitation, such as the fact that a PAC exists, the FEC/MI Campaign Finance Act rules pertaining to a PAC, and the recipients of PAC funds.

### **Whom to Solicit—The “Restricted Class” Only**

- The State and Federal PACs may solicit political contributions only from its “restricted class”. This includes:
  - Executive, managerial, and administrative (non-clerical) personnel of MCUL and its affiliated credit unions, and their families, and
  - The individual members of MCUL-affiliated credit unions. For the Federal PAC, only members of those credit unions that have provided the Federal PAC with a current permission agreement may be solicited.
- Foreign nationals living in the United States with permanent residence state (i.e., “green card” holders) may be solicited and may contribute to the Federal PAC. Those without a green card may not be solicited, nor may they participate in or contribute to the PAC.

Note, any non-administrative and non-policy making staff can contribute if they are a member of the credit union or a member of an MCUL affiliated credit union, otherwise they are not solicitable.

### **Required Disclaimer When Soliciting for the State or Federal PAC**

- When soliciting funds for the State PAC (MCULAF) the following disclosure must be used:
  - “The MCUL State PAC is a state-registered political action committee that makes campaign contributions to candidates for elective office in Michigan. Contributions to the MCUL State PAC are not tax deductible. Contributions to the MCUL State PAC are completely voluntary and will be

used for political purposes. You have the right to refuse without reprisal. Must be 18 years or older to contribute. Must be a member or a qualified employee of an affiliated Michigan credit union.”

- When soliciting funds for the Federal PAC (MCULLAF) the following disclosure must be used:
  - “Contributions to MCULLAF are not considered charitable contributions or business expenses for income tax purposes and are not tax deductible. To comply with federal law the Michigan Credit Union League Legislative Action Fund (MCULLAF) is a federally registered political action committee that makes campaign contributions to candidates for federal elective office. Must be a member or qualified employee of a participating MCUL-affiliated Michigan credit union and 18 years of age or older to participate. Contributions are completely voluntary and will be used for political purposes. There shall be no reprisal for those who decide not to contribute.”

### **Suggestion Amounts of Contributions**

- A solicitation may suggest, but not demand or coerce, a specific contribution amount.
- If an amount is suggested with the solicitation, this additional notice should be added:
  - The above guideline is merely a suggestion. You are free to contribute more or less than the suggested amount. MCUL & Affiliates (and name of credit union) will not favor or disadvantage anyone by reason of the amount contributed or decision not to contribute.

### **B. Federal PAC Permission Agreement**

In order for the MCUL & Affiliates to solicit a member credit union’s restricted class, the MCUL & Affiliates must first obtain the credit union’s written authorization. This authorization must be given by someone authorized to act on the credit union’s behalf. This request should be directed to the person at the member credit union with whom MCUL & Affiliates usually deals.

### **C. Explaining the FEC’s “One-Third Rule”**

#### **The FEC’s “One-Third Rule” and Federal PAC Fundraising**

Credit unions and leagues (as corporations) may purchase gifts, entertainment, items or treats or any item offered at a teller window or other location in the credit union for a contribution for use in fundraising for the Federal PAC but must comply with the Federal Election Commission’s “one-third rule.” The one-third rule requires that the value of PAC prizes or entertainment may not exceed, in the aggregate, one-third of the amount of contributions received as a result of the item or entertainment.

The credit union or league may pay the total cost for sit down food, beverages, and facility rental without regard to the one-third rule.

### ***Examples of One-Third Rule Application to Common Federal PAC Fundraisers***

**Giveaways**—A credit union purchases coffee mugs to give away in return for a contribution. The per unit price of the coffee mug is \$5, so each contribution must be at least \$15 in order to comply with the one-third rule.

**Payroll Deduction**—A credit union may apply the one-third rule over a reasonable amount of time. For example, the credit union above decides to give away the \$5 coffee mug to every employ who enrolls in payroll deduction. To comply, each employee must commit to at least \$.58 per paycheck (assuming 26-pay period payroll schedule over the course of a year; \$.58 times 26 pay periods equals \$15.08).

**Fundraising Events**—The league decides to hold a “comedy night” at its annual meeting and sell tickets for the Federal PAC. The comedian charges the league \$4,000 to perform. Additionally, the league rents a facility, and has it catered with an open bar. In this case, the one-third rule only applies to the comedian’s fee, since food, drink and facility rental are exempt. Therefore, total ticket sales must exceed \$12,000 in order to comply.

Note: If the credit union is going to solicit contributions for the Federal PAC, the credit union must have a valid permission agreement on file. Federal law requires specific authorization from your credit union before the Federal PAC (MCULLAF) can solicit contributions from individuals associated with your credit union. That authorization can be provided simply by completing a permission agreement. If you are not sure whether your credit union has permission agreement on file, contact the MCUL & Affiliates Advocacy staff.

## **IV. Contribution and Reporting Requirements**

**Make PAC Contributions**—PACs may only accept personal funds from those who are solicitable. **CORPORATE MONEY IS ABSOLUTELY PROHIBITED.** Even if a credit union or chapter holds a fundraiser, the collected personal contributions cannot be pooled and sent in the form of a corporate check, (a check from a credit union is considered a corporate check). The money must be sent in the form of a personal check/share draft, money order, cashier’s check, or personal credit card.

Also, because MCUL has two separate PACs, it is important that you designate which PAC you are making contributions to prior to the fundraising event. State and federal law require that a notice be posted or given to contributors that designate which PAC the contribution is being made. Contact a member of the Advocacy team with any question prior to your fundraising event.

## **PAC Reporting Requirements**

Just like a credit union must report certain information to regulators, the Federal and State PACs must report information to the Federal Elections Commission (FEC) and the Bureau of Elections (BOE) respectively. And just like the books and records of credit unions are examined, so are the books and records of State and Federal PACs. There are substantial fines and even criminal liability for improper information filed on government PAC reports. Therefore, it is absolutely imperative that accurate information is contained on the reports compiled by the MCUL on behalf of the State and Federal PACs. This is why it is important that we receive a completed fundraising remittance form with each contribution from your credit union. The forms were created to help ensure we have the information we need. Below is more important information regarding reporting requirements.

Federal PAC Reporting Requirements—There are no reporting requirements for contributions \$50.00 and under. However, any individual contribution of \$50.00 or more must include the following: amount, name, address, occupation, employer of contributor and date of receipt.

State PAC Reporting Requirements—The threshold for reporting information of contributors to the State PAC is \$0.00. This means you must provide use with the name, address, date and amount of any money raised for the State PAC. For contributions that total more than \$100.00 annually, additional employer and title information is required. We are required to include this information in a report to the Bureau of Elections.

## **D. Fundraising Remittance Timelines**

To ensure that funds are remitted in a timely manner our we ask that contributions received for the State PAC (MCULAF) be remitted no later than 30 days after the funds were collected by the credit union. In order to help us with the BOE reporting process please ensure that funds collected for MCULAF the State PAC are remitted following the timelines below:

- April 20<sup>th</sup> Filing Deadline: March 25<sup>th</sup> Remittance Date
- July 20<sup>th</sup> Filing Deadline: June 25<sup>th</sup> Remittance Date
- October 20<sup>th</sup> Filing Deadline: September 25<sup>th</sup> Remittance Date
- January 30<sup>th</sup> Filing Deadline: December 15<sup>th</sup> Remittance Date

In order to be compliant with FEC regulations (11 CFR 102.8(b)) for funds raised at the federal level we ask that contributions collected by the credit union be remitted based on the following requirements. Any individual contribution(s) that total over \$50 for the Federal PAC (MCULLAF) should be remitted within 10 days of receiving that individual contribution. Any individual contribution(s) that total less than \$50 for the Federal PAC (MCULLAF) should be remitted within 30 days of receiving that individual's contribution. So, if a member makes a \$5 donation when purchasing a raffle ticket those funds need to be remitted back to our team no later than 30 days after receiving them. If the member were to purchase \$50 in raffle tickets, then those funds would need to be



remitted to our team no later than 10 days after receiving them.

## V. Fundraising Remittance Forms

It is very important that the MCUL receive a fundraising remittance form with each contribution submitted to either the State PAC or the Federal PAC. Our team has forms available on the MCUL fundraising webpage to help make remittance easier. These forms can be found at <https://www.mcul.org/elections-and-fundraising>. Contributions from individual contributors are credited to the individual's credit union. Credit union fundraising events are credited to the credit union. Chapter fundraising events are credited towards the chapter's goal. *To ensure your credit union and chapter are properly credited, it is important that the fundraising remittance form is properly filled out and sent in with any contribution to either the State or Federal PAC.*

## VI. State PAC Fundraising Programs

**Lapel Pin Program for State PAC**—For a personal contribution an individual will receive that year's edition of the State PAC lapel pin to wear to credit union functions. Wearing this pin is a symbol of personal commitment to preserving and protecting the credit union philosophy through political action. Below are the contribution levels for this program.

### Lapel Pin Contribution Levels

Diamond Club (White Stone)	\$1,000.00
Ruby Club (Red Stone)	\$500.00
Emerald Club (Green Stone)	\$250.00
Sapphire Club (Blue Stone)	\$100.00
Classic Club	\$50.00
Classic Club – Upper Peninsula	\$50.00
Frontliner's Club	\$50.00

This is the premier fundraising program for the State PAC, resulting in over half of the money raised for the State PAC. It is a very easy way to meet and exceed your State PAC goal very early in the year.

**Holiday Plush Program**—For a contribution of \$10, credit union members and employees can purchase the State PAC's holiday plush animal. These are typically sold at teller windows starting in the fall. For questions or to sign up and receive your plush, contact Maria Moore at [Maria.Moore@mcul.org](mailto:Maria.Moore@mcul.org).

## VII. Federal PAC Programs

**Grand Raffle**—This annual event is one of the largest fundraising events in the entire

credit union movement. The campaign kicks off in the spring and the drawing is held in November. Tickets are sold to eligible credit union members and employees for \$5 each of 5 tickets for \$20. Please note that employees should not sell tickets to themselves. Another employee must sell tickets to their fellow employees. The proceeds of the Grand Raffle benefit the Federal PAC (MCULLAF). The grand prize for this drawing is \$20,000 in cash. The second-place winner wins \$5,000 and there are ten additional \$1,000 prize winners as well.

## **VIII. Programs for Both State and Federal PACs**

**Charity Match**—A credit union may encourage voluntary contributions to the State or Federal PACs by offering a matching charitable contribution to a charity of the credit union's choice. MCUL could offer a lapel pin for donations given at the appropriate level through the charity match program.

Credit unions that would like to contribute to funds through the charity match for the State PAC must provide us with the **name, home address, occupation, place of employment, amount of contribution, and date of contribution for each contributor along with proceeds.**

For the Federal PAC any individual contribution of \$50.00 or more must include the following: amount, name, address, occupation, employer of contributor and date of receipt.

The PAC Trustees have newly authorized the charity match program in 2021. If you are considering operating a charity match program, please contact Maria Moore at [Maria.Moore@mcul.org](mailto:Maria.Moore@mcul.org).

**Casual Days**—For a minimal contribution (suggested \$1-5) credit union staff may dress casually for a day. Money is collected, made into a money order and remitted to the State PAC along with a fundraising remittance form. This is a good way to build political awareness and teamwork among staff. Casual days have been a very successful way to raise money. They take little time and involve the entire credit union.

As a reminder credit unions that would like to contribute to funds for casual days for the State PAC must provide us with the **name, home address, occupation, place of employment, amount of contribution, and date of contribution for each contributor along with proceeds.** Many credit unions combine casual days and the Lapel Pin program together to boost participation.

For the Federal PAC any individual contribution of \$50.00 or more must include the following: amount, name, address, occupation, employer of contributor and date of receipt.

**IX. PAC Fundraising FAQ's Document**—To find answers to some of the most common PAC Fundraising/Remittance questions please visit our website at: <https://www.mcul.org/election-and-fundraising>.

## **X. Policy Governing the Handling, Accounting and Transfer of Certain Political Contributions**

### **POLICY GOVERNING THE HANDLING, ACCOUNTING, AND TRANSFER OF CERTAIN POLITICAL CONTRIBUTIONS**

#### **I. PURPOSE**

The Michigan Credit Union League Action Fund (“MCULAF”) hereby adopts the following policy (the “Policy”) governing the handling, accounting, and transfer of contributions to MCULAF whenever a solicitable individual makes a contribution to MCULAF that is paid or payable first to the MCUL or a participating member credit union, or aggregated with a dues or other payment to the MCUL, as allowed and provided for under section 55 of the Michigan Campaign Finance Act, MCL 169.255.

#### **II. DEFINITIONS**

For the purposes of this Policy, the following definitions shall apply:

“Contributor” means an individual making a contribution to MCULAF. A contributor must be any of the following individuals or their spouses:

- (a) Members of the MCUL who are individuals.
- (b) Members of participating member credit unions of the MCUL.
- (c) Officers or directors of participating member credit unions of the MCUL.
- (d) Employees of participating member credit unions who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.
- (e) Employees of the MCUL who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

“Electronic record” means a record created, generated, sent, communicated, received, or stored by electronic means.

“MCFA” means the Michigan Campaign Finance Act, 1976 PA 388, MCL 169.201 *et seq.*

“MCUL” means the Michigan Credit Union League & Affiliates.

“MCULAF” means the Michigan Credit Union League Action Fund, a separate segregated fund of the MCUL and its participating member credit unions, organized and registered with the Michigan Department of State (Committee Identification Number 000344) as an independent political action committee pursuant to the MCFA.

“Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Written instrument” means a money order, or a check, cashier’s check, or other negotiable instrument as those terms are defined in the Uniform Commercial Code, in the name of the Association and payable to PAC.

The meaning of any terms not otherwise defined herein shall have those meanings as set forth in the Michigan Campaign Finance Act, MCL 169.201 *et seq.*

### **III. PROCEDURES**

A contribution by an individual to MCULAF that is paid or payable first to the MCUL or a participating member credit union, or aggregated with a dues or other payment to the MCUL, may be collected by or made payable first to the MCUL or its participating member credit union for subsequent transfer to MCULAF if all of the following occur:

(a) If aggregated with dues or another payment through a participating member credit union, the individual making the contribution does either of the following:

(i) Specifically indicates in a record or electronic record that the amount collected, or a specified portion of the total amount if remitted as part of a dues or other payment to the MCUL, is a contribution to MCULAF.

(ii) Fails to return a record or electronic record described in subparagraph (i) above, but remits payment to the MCUL or a participating member credit union in response to a specifically requested amount that includes a solicited contribution, the solicitation for a contribution was clearly distinguishable from any dues or other payment requested as part of the total, and the MCUL or participating member credit union maintains a record or electronic record of the solicitation that includes the amount of the solicited contribution and the amount of any dues or other fees charged in conjunction with the solicitation for each contributor.

(b) The MCUL or participating member credit union transfers the entire specified amount of any designated contribution, individually or aggregated with other contributions, to MCULAF electronically or by written instrument.

(c) Any transfer of designated contributions shall be accompanied by or logically associated with a record or electronic record setting forth all information required under section 26 of the Michigan Campaign Finance Act for each individual contributor whose contribution is transferred.

(d) The MCUL or participating member credit union shall not otherwise use or divert any contribution intended for MCULAF for any purpose prior to its transfer to MCULAF.

### **IV. EFFECTIVE DATE**

This Policy is effective as of October 10, 2019.