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Federal Election Commission
Attn: Robert M. Knop
Assistant General Counsel
1050 First Street, NE
Washington, D.C. 20463

Nov. 16, 2018

Personal Use of Leadership PAC Funds (Comments on REG 2018-02)

Dear Mr. Knop:

Public Citizen urges the Federal Election Commission (FEC) to proceed with this Petition for Rulemaking and apply the prohibition against personal use of campaign funds by a candidate or officeholder to the leadership PAC of a candidate or officeholder.

Whatever perceived distinctions between the two types of accounts that may have been used in earlier times to justify *not* applying the personal use prohibition to leadership PACs have since been shattered in a recent study by the Campaign Legal Center and Issue One, entitled “All expenses paid: How leadership PACs became politicians’ preferred ticket to luxury living.”¹ This research documents several disturbing trends about the realities of the financing and behavior of today’s leadership PACs. Among these findings are:

- Leadership PACs have proliferated in number and in fundraising, with 88 percent of House members and 98 percent of Senators having their own leadership PAC.
- Only a minority of leadership PAC spending (45 percent) is done for campaign contributions to other candidates, contravening what has always been the express purpose of leadership PACs since their existence in 1978.
- An exorbitant amount of expenditures by leadership PACs is for travel, wining and dining, country club fees, sporting tickets and clothing purchases for the candidate or officeholder, expenditures that are defined by campaign finance regulations as personal use and prohibited for campaign funds.

Previously, the Federal Election Commission has been reluctant to impose the prohibition against personal use to leadership PAC funds, largely because it was not clear how leadership PACs operated. Despite their immense growth in number and financing over the past few decades, leadership PACs have received very limited scholarly attention.² The notion that leadership PACs more or less

¹ Campaign Legal Center and Issue One, “All expenses paid: How leadership PACs became politicians’ preferred ticket to luxury living,” available at: <https://campaignlegal.org/document/all-expenses-paid-how-leadership-pacs-became-politicians-preferred-ticket-luxury-living>

² Marian Currinder, “Leadership PAC contribution strategies and House member ambitions,” *Legislative Studies Quarterly* (Nov. 2003).

served their original purpose – to provide members of Congress a means to support candidacies of their colleagues and thus boost their leadership roles – prevailed as recently as 2015, when the Commission declined to change course on the issue in an advisory opinion.³

The evidence that leadership PACs have not been living up to expectations began to trickle in during a *60 Minutes* exposé in October 2013, documenting some luxury expenditures on vacation destinations. But the new study by the Campaign Legal Center and Issue One is the most condemnatory to date, and provides the empirical grounds for the Commission to reverse its previous rulings on personal use of leadership PAC funds. For many, if not most, candidates and officeholders, leadership PACs have become slush funds for wealthy special interests to pay for travel, entertainment, club memberships and even clothes for lawmakers – all of which pose very real opportunities for undue influence peddling and even corruption.

The data suggests that leadership PACs have changed their behavior over time. In case after case, leadership PACs have shown a decreasing interest in making campaign contributions over time. For example, Rep. Ann Wagner’s (R-MO) Ann PAC spent 60.4 percent of its funds on campaign contributions in the 2014 election cycle, but only 36.2 percent in the 2018 cycle. Rep. Bob Goodlatte’s Good Fund spent 55 percent of its funds on campaign contributions in the 2014 cycle, but only 39.8 percent in the 2018 cycle. Sen. Bill Nelson’s (D-FL) Moving America Forward PAC saw a drop in contributions from 58.5 percent down to 43.8 percent over the same time period. Altogether over the last five years spending on campaign contributions by all leadership PACs still only amounted to 45 percent of total spending.⁴

The absence of clear guidance by the Commission appears to have given the green light for growing abuses of how leadership PACs operate.

While spending on travel and entertainment by leadership PACs is sometimes defended on the grounds that the spending is for fundraising purposes, that defense does not seem to bear out in most instances. First of all, many of the leadership PACs spending the most on travel and entertainment simply are not making substantial campaign contributions. Sen. Saxby Chambliss’ (R-GA) spends heavily on membership and entertainment at golf clubs, yet still spends only a small fraction of its total budget on campaign contributions. This does not constitute efficient fundraising for contribution purposes. It appears to be much more fundraising for in order to spend even more on golf club memberships and entertainment.

Other travel and entertainment expenses by leadership PACs seem to be little more than travel junkets for the officeholder, family and friends. The average DisneyWorld vacation runs a family about \$6,000. But Sen. Roy Blunt’s (R-MO) Rely On Your Beliefs Fund has spent more than \$117,000 on travel and lodging at DisneyWorld’s Yacht Club Resort, awarding himself a world-class vacation at no personal expense.⁵

³ Advisory Opinion 2015-06.

⁴ Campaign Legal Center and Issue One, “All expenses paid: How leadership PACs became politicians’ preferred ticket to luxury living,” available at: <https://campaignlegal.org/document/all-expenses-paid-how-leadership-pacs-became-politicians-preferred-ticket-luxury-living>

⁵ Id.

Still other leadership expenses veer straight into the territory of prohibited personal use expenses for campaign funds. Former Rep. Mary Bono Mack's (R-Cal.) Mary's PAC spent \$10,000 in 2013 for membership dues to a private cigar club, while spending only \$3,000 on campaign contributions that same year. Sen. Rand Paul's (R-KY) Reinventing a New Direction spent about \$800 on clothing for the senator, which is also expressly a prohibited personal use for campaign funds.⁶

It is worth asking whether leadership PACs should even exist. They are not recognized in the Federal Election Campaign Act (FECA) and play a limited role in the campaign finance system. Yet leadership PACs provide wealthy donors who max out to a candidate's campaign a second means to send more money to the candidate or officeholder, in even larger amounts than permitted for a campaign account. The largest donors to leadership PACs tend to be individuals and corporate PACs with business pending before Congress.⁷ And it is now known that leadership PACs are not serving their original purpose and are frequently used for the personal benefit of candidates and officeholders.

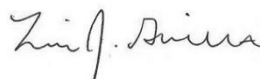
But this Petition for Rulemaking is narrower in scope, asking that the FEC take the simple step of prohibiting candidates and officeholders from using leadership PAC funds for personal use. This is the very least that the Commission should do. It is now evident that many candidates and officeholders are using leadership PACs as slush funds for travel, lodging, wining and dining, entertainment, club memberships and even purchasing apparel. The personal use of leadership PAC funds provides a golden opportunity for wealthy donors with business pending before Congress to foot the bill for such lavish personal expenses, often in the hope of endearing themselves to the lawmaker. If these second fundraising committees tied to lawmakers are allowed to continue to exist, the Commission should take appropriate measures to help ensure leadership PACs do not become an avenue for donors to seek favoritism and potential corruption.

Public Citizen strongly encourages the Federal Election Commission to proceed with the Petition for Rulemaking and apply the ban on personal use to leadership PAC funds.

Sincerely,



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⁶ 52 USC 30114(b)(2)(A)-(I).

⁷ Issue One, "Top 15 PAC donors to leadership PACs of current members of Congress," (Oct. 24, 2018), available at: <https://www.issueone.org/wp-content/uploads/2018/10/Top-PAC-Donors.pdf>