

BASIC INFORMATION ON POLITICAL CONTRIBUTIONS

The Fair Political Practices Commission (FPPC) was created by the Political Reform Act of 1974 (Act), a ballot initiative passed by California voters in 1974 as Proposition 9.

The Commission oversees all aspects of political giving and public disclosure in California. The Commission also investigates alleged violations of the Political Reform Act, imposes penalties when appropriate, and assists state and local agencies in the development and enforcement of conflict-of-interest codes.

How Does CAHF Organize for Effective Political Giving?

CAHF maintains three separate accounts for political action funds: the CAHF Political Action Fund (CAHF-PAF), the CAHF Political Action Committee (CAHF-PAC) and the Good Government Political Action Committee (CAHF-GGPAC). Those accounts are used and administered for specific purposes as outlined below.

The CAHF-PAF (Political Action Fund)

The CAHF-PAF is a general fund used for administrative, operational and grassroots expenses related to political action.

- All funds raised for political action purposes initially are deposited in this fund.
- Funds are transferred from this fund monthly to the PAC for candidate contributions up to the limits established by law (see below).
- Transferred funds from the PAF to the PAC are recorded and reported under the name of the contributing facility or individual.
- Funds contributed through raffles and other similar fundraising events where the individual or facility is not identified remain in the PAF.
- Disbursements from the PAF cannot be used for candidate donations/expenditures.
- Certain contributions to charitable events/funds are made from the PAF.
- Everyone, including non-profits, can donate to the PAF account.
- There are no contribution limits to the PAF.

The CAHF-PAC (Political Action Committee)

Disbursements from the CAHF-PAC account are used for candidate donations/expenditures.

- All expenditures are approved by the CAHF-PAC Board of Directors.
- Funds are transferred from the PAF to the PAC following limits established by the FPPC.
- The fund is administered by a professional CPA expert in political action contributions and reporting. This firm serves as the Treasurer for the PAC.
- Nonprofits cannot donate to the PAC, therefore funds received from non-profit organizations are left in the PAF (see above) to support grassroots and administrative needs of our political action program.
- Unlike federal law, State PAC contributions can be made by any company, corporation or individual. However, there are specific reporting rules and limits on those contributions.

The CAHF-GGPAC (Good Government Political Action Committee)

The Good Government PAC is a second PAC account. If donations to the CAHF-PAC from a single company have reached the legal limits (see below), any additional donations are deposited in the Good Government PAC.

- Disbursements from the GGPAC account are used for contributions to political parties, independent expenditure committees and related entities.
- All expenditures are approved by the CAHF-PAC Board of Directors.
- Nonprofits cannot donate to the GGPAC.
- All tracking and reporting requirements listed above also apply.

Who can donate?

Everyone, including non-profits, out-of-state organizations, associate members, staff and families, and Chapters can donate to the CAHF-PAF. Funds are transferred to the PAC subject to the limitations and reporting requirements below.

Facility members - A suggested annual donation amount of \$10 per bed is printed on the annual Membership Dues invoice. Because CAHF-PAF donations are voluntary, the dues invoice refers to this contribution as “Voluntary CAHF-PAF dues.”

Associate members - A suggested annual donation amount of \$500 - \$1,000 per year, depending on the size of the company, is printed on the annual Membership Dues invoice. Because CAHF-PAF donations are voluntary, the dues invoice refers to this contribution as “Voluntary CAHF-PAF dues.”

CAHF Chapters - CAHF chapters can donate to the CAHF-PAF. Many chapters stage CAHF-PAF fundraisers, including raffles, golf tournaments, etc. (See more information on chapter contributions below.) These funds remain in the PAF and are not transferred to the PAC.

Individuals - Long-term care professionals, families and others are also encouraged to support the CAHF-PAF with individual donations. General contributions are accepted, or donors can become a member of the CAHF Leadership Circle with donations of:

- \$10,000 per year - Chairman Level
- \$5,000 per year - President Level
- \$2,500 per year - Executive Level
- \$1,000 per year - Director Level
- \$500 per year - Member Level

What are the contribution limits?

- There are no contribution limits to the PAF. There are separate limits on contributions to a PAC and to an individual candidate or campaign.
- Corporate/company contributions to the PAC are limited to \$6,500 per year.
- Individual contributions to the PAC are also limited to \$6,500 per year.
- All contributions to the PAC made by any single company are counted toward the yearly legal

limit. Contributions made by a SINGLE company means one company that may own several facilities - they are tracked and have limits in total.

- Individuals and companies can also contribute directly to candidates or campaigns.
- An individual, company or PAC may contribute only \$3,900 per election to an Assembly and/or Senate candidate. Primary and general selections are considered separate.
- There are total limits applied to all contributions.
- The contributing company/individual must track total contributions (PAC and direct) and comply with limits and reporting requirements.
- Failure to report can result in significant fines to the company or individual.
- A total contribution of \$10,000 or more per year by a single company or individual necessitates the filing of a major donor report (i.e. \$6,500 to CAHF PAC and \$3,400 each to two individual candidates would equal \$13,300 and would require filing a major donor report; a contribution of \$6,500 to the PAC and one \$3,400 per year would not.).
- Information on this process is available from the FPPC at <http://www.fppc.ca.gov/> or from the Secretary of State at <http://www.ss.ca.gov/>.
- Major donor reports are sent to the FPPC on the form 461.

Can CAHF's chapters make contributions?

- CAHF Chapters can write checks to the PAF without limit.
- While chapters can write a check to an individual candidate, it is advisable to limit contributions drawn from chapter member dues to \$950 per year. Contributions of \$1,000 or more drawn from chapter dues require that the chapter register as a PAC.
- Chapters that are incorporated as a 501(c) (3) or (c) (4) cannot give checks to candidates; only 501 (c) (6) organizations may do so.
- Fund-raising events for local candidates are allowed and encouraged, however it is recommended that these funds be paid in the form of checks from facilities and individual members made directly to the candidate, and not made out of the Chapter's funds.
- Raffles and other types of fund-raising activities are an important part of our over-all fund raising for the PAF and are strongly encouraged.

How Can Contributions Be Made?

Donations can be made using Visa, MasterCard or American Express, or with a business check or personal check to the PAF.

Corporations, Facilities, Chapters and Associates - Indicate your pledge amount on your CAHF Membership Dues invoice or on a CAHF-PAF Pledge Form. Payments can be made in full, or monthly.

Individuals - Individual donations can be made using a CAHF-PAF Pledge Form. Payments can be made in full or quarterly.

Are contributions tax deductible?

Unfortunately, political contributions are not deductible for income tax purposes.

Does CAHF track the contributions?

CAHF tracks funds transferred to the CAHF-PAC or Good Government PAC by an individual or a company. A letter is sent at the beginning of each year to inform contributors of the amount they have contributed in the prior year to the CAHF-PAC and Good Government PAC and which have been reported to the FPPC. It is the responsibility of each individual, or company to complete any necessary reporting as described above, (i.e. Major Donor Reports)

How is a Major Donor defined under FPPC rules?

A major donor is an entity or individual that makes monetary or non-monetary contributions (including loans) to state or local office holders, candidates and committees totaling \$10,000 or more in a calendar year.

How is a Committee defined?

A “committee” is any person or combination of persons who directly or indirectly does any of the following: (a) Receives contributions totaling one thousand dollar (\$1,000) or more in a calendar year; (b) Makes independent expenditures totaling one thousand dollars (\$1,000) or more in a calendar year; or (c) Makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to or at the behest of candidates or committees.

Where are the campaign limits and rules documented?

The Fair Political Practices Commission (FPPC) website is an excellent place to look for specific statutes and regulations relating to contributions. This can be found at www.fppc.ca.gov. The Statue is found at Government Code Sections 81000 - 81016

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