



FEDERAL ELECTION COMMISSION

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REPORT OF THE COMPLIANCE REVIEW SECTION
OFFICE OF DISCLOSURE AND COMPLIANCE
FEDERAL ELECTION COMMISSION
ON
THE UNITED FEDERATION OF TEACHERS
COMMITTEE ON POLITICAL EDUCATION (UFT-COPE)

I. Background

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This report covers an audit of the United Federation of Teachers Committee on Political Education undertaken by the Compliance Staff of the Federal Election Commission to determine whether there has been compliance with the provisions of the Federal Election Campaign Act, as amended (the Act). The audit was conducted pursuant to Section 438(a) of the Act which directs the Commission to conduct audits and field investigations with respect to reports and statements filed under the Act.

UFT-COPE was established as the political arm of the United Federation of Teachers in April, 1972. The principal officers of the Committee at the time of the audit were Mr. Mario Raimo, Chairman, and Ms. Ray Frankel, Treasurer. The Committee maintains its headquarters in New York, New York.

The audit covered the period January 1, 1975 through December 31, 1975. During that period, the Committee reported receipts of \$145,546.58, and total expenditures of \$179,070.24.

II. Findings and Conclusions

A. Disclosure of Activity in Support of Local Elections

Parts (a) through (d) of Section 434 of the Act require a political committee to fully disclose its financial activity in its disclosure reports filed with the Commission. As defined by Section 431(d) of the Act, a political committee means any committee . . . which receives contributions or makes expenditures during a calendar year in excess of \$1,000. Sections 431(e)(1)(A) and (f)(1)(A) define a "contribution" and an "expenditure" as a . . . deposit of money or anything of value, made for the purpose of influencing the nomination for election, or election, or any person to Federal office.



Part 102.6 of the Commission's proposed Disclosure Regulations requires each political committee to report all receipts and expenditures, Federal and non-Federal, or to establish a separate Federal campaign committee with a segregated Federal account in either a state or national bank. The Federal account could not receive contributions other than those designated for the Federal committee, or received as a result of a solicitation which expressly stated that the contributions would be used for Federal elections.

Similarly, until the establishment of the Commission, two of the former Supervisory Officers for Federal elections required political committees to report all funds received or expended unless separate Federal and non-Federal accounts were maintained, in which case only the funds received and expended from the Federal account were required to be disclosed.

During 1975, UFT-COPE received contributions and made expenditures in support of candidates seeking local as well as Federal office. In order to separate such activity, the Committee maintained two Federal election accounts, one checking and one savings, into which contributions were deposited and from which expenditures were made to support candidates seeking Federal office. It also maintained two similar accounts in support of candidates seeking local office.

Of the \$145,546.58 in receipts reported by the Committee during 1975, we have determined that \$129,787.48 was deposited in the Committee's local election accounts and was not used to support Federal candidates. This amount included a \$100,000 contribution received from the United Federation of Teachers, the union organization associated with UFT-COPE. At the Commission's request, the Committee clarified the \$100,000 contribution in an amendment to its public reports.

Disclosure of the Committee's disbursements presented similar problems. For example, the Committee identified a number of its expenditures as being made to support local elections. However, there were other expenditures made by the Committee from the Federal accounts that could not be identified as being made specifically in support of local or Federal candidates. Since they were expended from the Federal accounts, it is assumed that all those expenditures were made to support candidates seeking Federal offices.

As a result, we have determined that of the total expenditures reported by the Committee during 1975, approximately \$169,869 was expended from its local election accounts and \$9,201.03 was expended from the Federal accounts.

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Officials of the Committee stated that in keeping with the Committee's policy of open and full disclosure, they would rather disclose all the Committee's activity in its reports. The officials fear the consequences of reporting only part of the Committee's activity would be greater than those suffered if all activity was reported.

We agree that a policy of full and open disclosure is preferable. However, the activity as described could easily be construed erroneously as being conducted in support of candidates seeking Federal office.

B. Opening Cash Balance Understated

Section 434(b) (1) of Title 2, United States Code (2 U.S.C. 434 (b)(1)) requires that each report filed under that Section shall disclose the amount of cash on hand at the beginning of the reporting period.

The Committee's reports show an opening cash balance of \$65,774.46 for the period beginning January 1, 1975. Committee records show an opening cash balance of \$66,107.41 for that period, approximately \$333 more than the reported opening cash balance.

As was discussed, the difference was due to refunds and outstanding checks which were added to the Committee's bank balance, but were overlooked when the Committee's disclosure report was prepared. According to the accountant, the failure to include the amount in the opening cash balance was an oversight on his part.

Although the Committee did attempt to correct its cash balances by including the items overlooked in a later report, the opening cash balance as of January 1, 1975, remains understated by \$332.65. We feel the error to be insignificant and did not require the Committee to amend its reports. However, we informed the Committee that it could do so in order to correct the public record.

III. Recommendations

As noted above, the reporting practices of UFT-COPE present problems in that receipts and expenditures disclosed erroneously suggest an apparent use of substantial amounts of union treasury funds in support of Federal candidates. Therefore, we recommend that the Commission advise the Committee to follow one of the following alternatives as set out in Section 102.6 of the proposed Commission Regulations.

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Alternative I

The Committee may either establish a separate Federal campaign committee, which would establish a segregated Federal account in either a national or state bank and disclose only that activity; or

Alternative II

The Committee may establish a single committee with a single account to make contributions to Federal and non-Federal candidates, but only if all contributions received are permissible under the Act, and all contributors are informed that all contributions are subject to the limitations of 110.1, 110.2, and 110.5.

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