



California Fair Political Practices Commission

August 10, 1987

Betty Karnette, Treasurer
United Teachers of Los Angeles
2511 West Third Street
Los Angeles, Ca 90057

Re: Your Request for Advice
Our File No. A-87-192

Dear Ms. Karnette:

You have requested advice on behalf of United Teachers of Los Angeles (UTLA) regarding the campaign reporting provisions of the Political Reform Act.^{1/} This letter confirms the oral advice rendered to Mr. Tom Knox of UTLA by telephone July 22, 1987.

QUESTION

Is UTLA required to report payments received from a "related organization" if that organization uses UTLA's first-class mailing account?

CONCLUSION

All transactions involving UTLA's recipient committee financial records must be reported, even if the transaction does not result in a net reduction or increase in committee funds.

Additionally, if the related organization would have incurred additional costs if not for the use of your organization's mailing account, the costs must be reported by UTLA as an in-kind contribution from your committee.

FACTS

United Teachers of Los Angeles, a sponsored recipient committee, will allow a "related" but separate recipient committee to use its first-class mailing account. Funds to cover the cost of

^{1/}Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Administrative Code Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

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the mailing will be deposited in UTLA's recipient committee account. Any excess funds will be returned to the related committee.

ANALYSIS

The Act requires recipient committees to file periodic reports disclosing all payments received or made. (Sections 84200-84204, 84211.) When UTLA receives funds which are not contributions (e.g., deposits or payments for goods or services UTLA provides to others), it must report the funds as an increase to cash on Schedule G of the Recipient Committee Campaign Statement (Form 420). Any refund made to the related committee must be reported on Schedule E (Section 84211.)

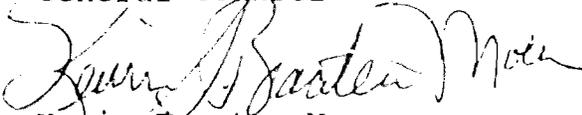
In addition, the Act defines a contribution, in part, as "any transfer of anything of value received by a committee from another committee." (Section 82015.) Although UTLA is not providing a cash contribution, the law provides for reporting of in-kind contributions at the fair market value. The law defines fair market value as the "estimated fair market value of goods, services, facilities or anything of value other than money." (Section 82025.5.) The "fair market value" of goods or services provided to a committee is whatever it would cost the committee to purchase the goods or services on the open market. (1987 FPPC "Information Manual on Campaign Disclosure Provisions," page 91.)

Therefore, if the related committee would have incurred additional costs if not for the use of your organization's mailing account, then UTLA must report those costs as an in-kind contribution to the committee. Because UTLA will not be making any payments on behalf of the committee, it should report the in-kind contribution on the Allocation Schedule at the front of the Form 420 only. The contribution need not be itemized on Schedule E.

If you have additional questions concerning this matter, please contact me at (916) 322-5662.

Sincerely,

Diane M. Griffiths
General Counsel


By: Kevin Braaten-Moen
Political Reform Consultant

DMG:KBM:kmt



UNITED TEACHERS LOS ANGELES

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Fair Political Practice Committee
Technical Assistance Division
P. O. Box 807
Sacramento, California 95804-0807

To Whom It May Concern:

Re: reimbursed advances

A ruling is requested on the following situation.

- (1) A related organization has asked the use of our first class mailing account at the post office.
- (2) They would deposit with us over estimate of costs before actual mailing took place.
- (3) When actual costs were determined they would pay us, we would pay them any difference.
- (4) The transaction would be a matter of courtesy.
- (5) We would not include any part of the transaction on our disclosure statement.
- (6) We would have neither a profit nor loss on the transaction.

Please give us a ruling on whether or not this type of transaction would be exempt from reporting by us.

Sincerely,

Betty Karnette
Treasurer

BK/ej
opeiu #30
afl-cio,clc





California Fair Political Practices Commission

July 14, 1987

Betty Karnette, Treasurer
United Teachers Los Angeles
2511 West Third Street
Los Angeles, CA 90057

Re: 87-192

Dear Ms. Karnette:

Your letter requesting advice under the Political Reform Act was received on July 10, 1987 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact me directly at (916) 322-5662.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to the information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Adm. Code Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

A handwritten signature in cursive script that reads "Jeanne Pritchard".

Jeanne Pritchard
Chief
Technical Assistance and Analysis
Division

JP:jaj