



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 19, 2005

MEMORANDUM

TO: The Commission
General Counsel
Staff Director
Public Information
Press Office
Public Records
Audit Division

FROM: Brad C. Deutsch *BCD*
Assistant General Counsel

SUBJECT: Testimony of Diane Casey-Landry at the May 17, 2005 Hearing on
Payroll Deductions

Ms. Diane Casey-Landry, of America's Community Bankers, submitted the attached in connection with her testimony at the May 17, 2005 hearing on Payroll Deductions by Member Corporations for Contributions to a Trade Association's Separate Segregated Fund.

Attachment

cc: Public Financing, Ethics & Special Projects
Associate General Counsel for Policy
Congressional Affairs Officer
Executive Assistants

Written Testimony of

**Diane Casey-Landry
President and Chief Executive Officer
America's Community Bankers**

before the

Federal Election Commission

**Regarding Its Rulemaking on Payroll Deductions by Member
Corporations for Contributions to a Trade Association's Separate
Segregated Fund**

May 17, 2005

Good afternoon, Chairman Thomas, Vice Chairman Toner and Commissioners Mason, McDonald, Smith and Weintraub. America's Community Bankers welcomes the opportunity to testify at this hearing in support of the Federal Election Commission's proposed rulemaking to permit payroll deductions by member corporations to its trade association's political action committee. I am Diane Casey-Landry, the president and CEO of ACB, the trade association for the nation's community banks. First, we strongly support this proposal and urge the Commission to adopt the rule as proposed, and as quickly as possible.

ACB petitioned the Commission to undertake this rulemaking because, as the representative of community banks, we understand how much has changed in the payment habits of consumers since this 29-year-old prohibition took effect in 1976. Today, payments by individuals, employees and small businesses increasingly are automated.

A key factor in this change is the ever-expanding use of payroll deduction as a preferred method of making payments. Why? Three key reasons. First, consumers are demanding more convenience and greater control when it comes to their finances.

Second, convenience comes in the ability to have payments and deposits completed quickly, conveniently and more safely. Third, the use of payroll deduction is viewed as a “painless” way to spread payments out over the year.

Taking more control of one’s finances is a key component of improved financial literacy, something that is very important to community banks, members of Congress and both the current and former Administrations. By including a schedule of regular payments as part of a budget, consumers are better able to manage their finances.

The change in consumer payment habits has been dramatic. Americans have adopted electronic payments as their preferred means of completing financial transactions at a rapid pace. Today, 135 million people in the United States utilize direct deposit for paychecks, while more than 50 million American households make at least one monthly payment electronically. Even the Federal Reserve Bank of Boston is hosting a conference later this year to study changes in the payment behavior of consumers.

Payroll deductions have become a preferred method of making payments because they allow individuals to better manage those payments over time. Payroll deductions have increased the number of people participating and making contributions, whether to charitable organizations, a retirement account or another recipient. If you consider the Combined Federal Campaign fundraising efforts, the introduction of a payroll deduction option enabled the CFC to grow, both in terms of the number of contributors and the amount of their contributions. More than 90% of the CFC's raised funds come through payroll deductions.

In the case of my Association and our affiliated PAC, when we offered employees the ability to contribute by payroll deduction, we saw a significant increase in our participation levels, as well as in overall dollars contributed to the PAC.

ACB represents community banks of all sizes, yet most of our members do not operate their own PAC. For many individuals and employees of small businesses, a trade association PAC often is the only vehicle, other than through a single contribution, that enables individuals to add their voice to the political process.

The Commission has drafted a straightforward, simple rule that permits members of a trade association to provide a payroll deduction or check-off system for voluntary contributions by its solicitable class of employees. We believe the proposed rule accomplishes what the Commission set out to do and should be adopted as proposed.

We thank you for the opportunity to testify today and we look forward to a final rule in the very near future. I would be pleased to answer any questions you might have.