THE IMPORTANCE OF POLITICAL ACTION COMMITTEES

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Public Affairs Council
The Truth About PACs

Facts About PACs
• PACs are an offensive measure in government affairs efforts
• PACs help elect the right people to office
• PACs are a tool to build relationships with candidates
• PACs get more Americans engaged in the political process
• PACs enable your company to be a visible player

PAC Myths
• PACs buy elections/votes: *Every PAC has the same $5,000 contribution limit*
• PACs are dirty: *PACs are not only legal, but highly regulated*
• PACs are a slush fund: *PACs go through a well-defined budgeting process to allocate funds*
Why Have PACs?

- Connect donors with candidates to educate them on issues, org
- Provide election/political information to further good government
- Advance organizational/government affairs priorities
- Build relationships with candidates
- Increase audience’s understanding of political process

Benefit of PACs
PACs in 2016

There are more than 4,000 connected PACs in the United States (connected to an association, labor organization or corporation).

Nearly a third are association PACs (trade associations and professional societies).

PACs contributed $469.9 million to federal candidates in the 2014 election cycle ($453.3 million in the 2012 cycle).
Association PAC Benchmarking

• 106 participating associations
• Conducted at the end of every election cycle
• Comprehensive benchmarking report covering trends and best practices in PACs, including:
  – Management and staffing
  – Governance
  – Executive engagement
  – Fundraising and recognition strategies
  – Participation and contribution rates
  – Disbursement strategies and political engagement
HOW DO WE GET THERE?
Key Strategy #1

Leadership is heavily involved in promoting the PAC:

– Staff executive
– Member leader
– PAC board
– Association board
– State executives
## Member Leader Engagement Matters

<table>
<thead>
<tr>
<th>Member Leader Involvement by Size of PAC</th>
<th>Overall</th>
<th>&lt;$100,000</th>
<th>$100,000-$499,999</th>
<th>$500,000-$1M</th>
<th>&gt;$1 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signs or sends solicitation letters and emails</td>
<td>67%</td>
<td>44%</td>
<td>61%</td>
<td>81%</td>
<td>79%</td>
</tr>
<tr>
<td>Makes presentation at or opens solicitation meetings</td>
<td>64%</td>
<td>44%</td>
<td>64%</td>
<td>63%</td>
<td>76%</td>
</tr>
<tr>
<td>Solicits the association's board of directors</td>
<td>60%</td>
<td>38%</td>
<td>64%</td>
<td>50%</td>
<td>73%</td>
</tr>
<tr>
<td>Contributes below the maximum amount allowed to the PAC</td>
<td>51%</td>
<td>50%</td>
<td>67%</td>
<td>50%</td>
<td>36%</td>
</tr>
<tr>
<td>Contributes the maximum amount allowed to the PAC</td>
<td>46%</td>
<td>31%</td>
<td>24%</td>
<td>44%</td>
<td>76%</td>
</tr>
<tr>
<td>Signs or sends thank-you letters</td>
<td>42%</td>
<td>19%</td>
<td>30%</td>
<td>44%</td>
<td>64%</td>
</tr>
<tr>
<td>Hosts PAC donor appreciation events</td>
<td>33%</td>
<td>6%</td>
<td>30%</td>
<td>25%</td>
<td>52%</td>
</tr>
<tr>
<td>N/A – no involvement</td>
<td>3%</td>
<td>6%</td>
<td>6%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
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Case Study #1: National Association of Home Builders

THE PAC IS SEEN AS A LEADERSHIP ACTIVITY

PAC involvement tool for rising leadership (“see and be seen”)

Events are a must-attend

Board members:

- Expected to give/raise certain amount of money
- Serve as a resource for chapters they represent
- Lead their chapters in achieving chapter goals

Leaders have personal ownership over PAC success
## Leadership Contributions Are Critical

<table>
<thead>
<tr>
<th>PAC Contributors by Major Segment, 2014</th>
<th>Median participation rate</th>
<th>Median annual contribution amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of directors</td>
<td>92%</td>
<td>$1,078</td>
</tr>
<tr>
<td>Association senior management staff</td>
<td>80%</td>
<td>$1,000</td>
</tr>
<tr>
<td>Association staff (non-senior management)</td>
<td>50%</td>
<td>$306</td>
</tr>
<tr>
<td>All other members (non-board of directors)</td>
<td>20%</td>
<td>$332</td>
</tr>
</tbody>
</table>
Key Strategy #2

**Culture is key.**

Successful PACs connect with members where they are and talk about what they care about:

- Annual meetings and other events
- State-level activity
- Leadership engagement
- Every dollar matters
- Issues that impact them
Case Study #2: National Apartment Association
BUILDING THE PAC FROM THE GROUND UP

Share the wealth

Each chapter required to do an event

Chapter chooses event that is interesting for membership

Connect it to other opportunities (board meetings, annual meetings)

Form a committee (chair, hosts)
National Apartment Association

Champagne and Diamonds – or a variation

Auction

Treasure Box

Wine, beer or scotch tasting

Jail and bail

Celebrate association milestones

Late night receptions

Boat cruise

Golf outing

Special attractions:

What’s unique to your location? Special attractions

Example: Beach blanket bash (San Diego)
Key Strategy #3

Peer-to-peer fundraising is king

– Builds trust
– Gives the feeling of “everyone else is doing it”
– Provides opportunity to dispel myths
– Gives a face to the PAC
Peer-to-Peer is King

- The use of peer-to-peer solicitors increased from 34% in 2013 to 44% in 2015
- One-third of associations rank them as among the three most effective solicitors
- When peer-to-peer meetings are used, participation rates increase:

<table>
<thead>
<tr>
<th>PARTICIPATION RATES</th>
<th>Association board of directors</th>
<th>All other members</th>
</tr>
</thead>
<tbody>
<tr>
<td>When peer-to-peer meetings are used</td>
<td>94%</td>
<td>21%</td>
</tr>
<tr>
<td>When peer-to-peer meetings are not used</td>
<td>78%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Peer Fundraiser Dos and Don’ts

DON’T MAKE ANY ASSUMPTIONS

Don’t assume anyone understands what a PAC is, what it does, or why it is important. They probably don’t.

Things to address:

Can’t the association contribute itself?

How does the PAC build relationships?

Where does the PAC fit with other government affairs activities?

Why shouldn’t I just give directly to candidates?
Peer Fundraiser Dos and Don’ts

DO MAKE YOUR ASK EFFECTIVE

Always:

Answer “what’s in it for me?”

Work with Government Affairs to maintain compliance

Be proud of what you are doing

Set a positive tone

*Don’t apologize for asking!*

Public Affairs Council
Peer Fundraiser Dos and Don’ts
DON’T FORGET TO ADDRESS MYTHS

Topics to talk about:
Mistrust in politics and politicians
Confusion over Super PACs
Nothing is happening in Washington
Buying votes/elections
“Slush fund”
Dark and mysterious
Peer Fundraiser Dos and Don’ts

DO KNOW THE BEST WAYS TO MAKE CONTACT

- Match the method to your audience
  - In-person vs. e-mail
- Give them the chance to ask questions
- Small group presentations
- Don’t waste their time
- Have an elevator speech ready to go
- Talk about where the money goes
- Emphasize how decisions are made and why
Case Study #3: Air Line Pilots Association

PROJECT WINGMAN

Pilots talking to pilots about ALPA-PAC

Recruit 3 pilots to be recognized

The 2 most successful pilots will win expense-paid trip to DC (for our Legislative Summit)

Pilot who recruits the most people
Pilot who raises the most money
Air Line Pilots Association
PROJECT WINGMAN

2014
193 recruiters (58 Flight leads)
1,592 recruits
$17,921.27/month in new receipts
  $215,055.20/year

Lifetime
2,802 recruits
$29,677/month in new receipts
  $356,125/year
Case Study #4: Northrop Grumman
DIVERSIFY PAC MESSENGERS

Use of pictures/visuals

Multiple PAC messengers

Targeted messages

Low ask, high participation

Education – short & sweet

Will You Join Me And Give 5?

ENG PAC provides a united voice for Northrop Grumman employees in Washington. I participate so that my elected officials are informed about the issues affecting the aerospace and defense industry.

– Ben Ingham, IS sector strategic and external communications, McLean, VA

Five reasons I Give 5 to ENGPAC:

1. Being a member gives me a greater sense of involvement in the political process

2. It ensures that those making important policy decisions affecting our company are fully informed

3. ENGPAC allows its members to speak with one voice in Washington

4. ENGPAC helps me make a difference

5. It feels good to know that there is someone looking out for my company in Washington

Click here to Give 5 today!