

# **PAC 101**

An introduction to PACs and the importance of PAC giving

**July 9, 2019**

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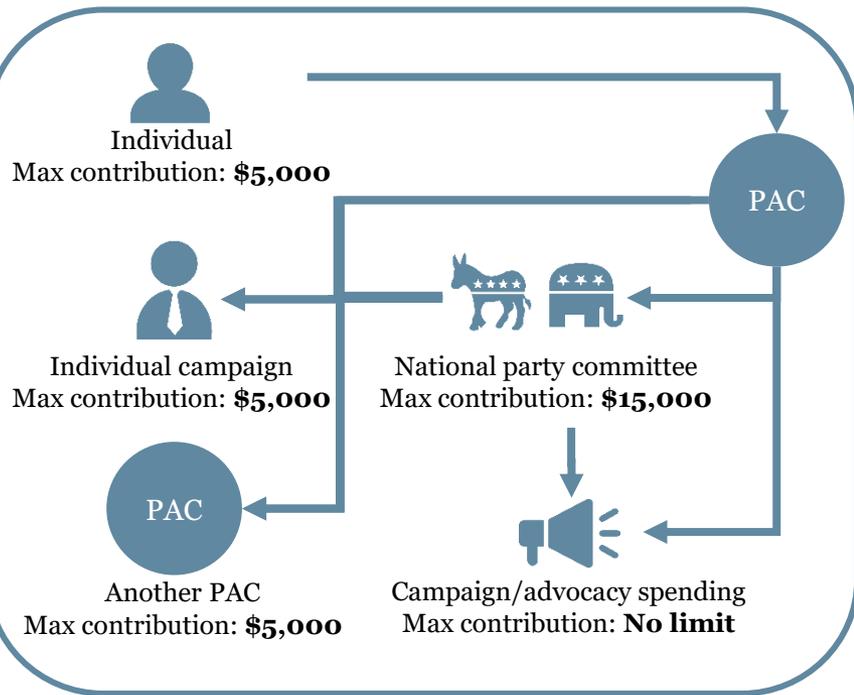
# Roadmap

- What is a PAC?
- Rules and regulations
- Trends in the 2018 cycle
- Importance of PAC giving

# Differences between PACs and Super PACs

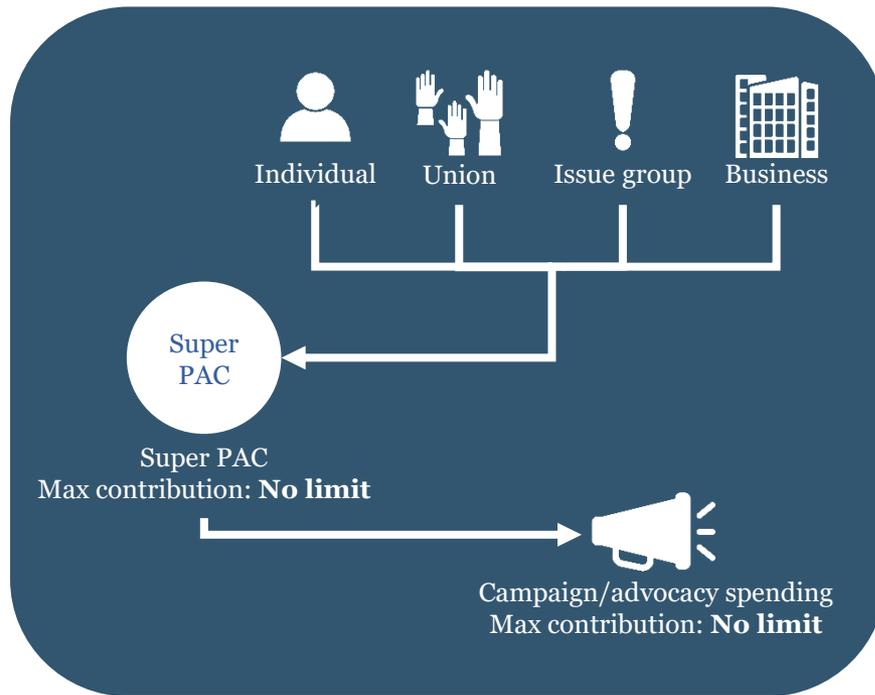
## PACs

First formed in 1944, a Political Action Committee (PAC), is an organization that pools donations from people with similar viewpoints or goals to then spend on election-related activities. PACs are regulated by the Federal Election Commission (FEC), which limits contributions to and from the PAC



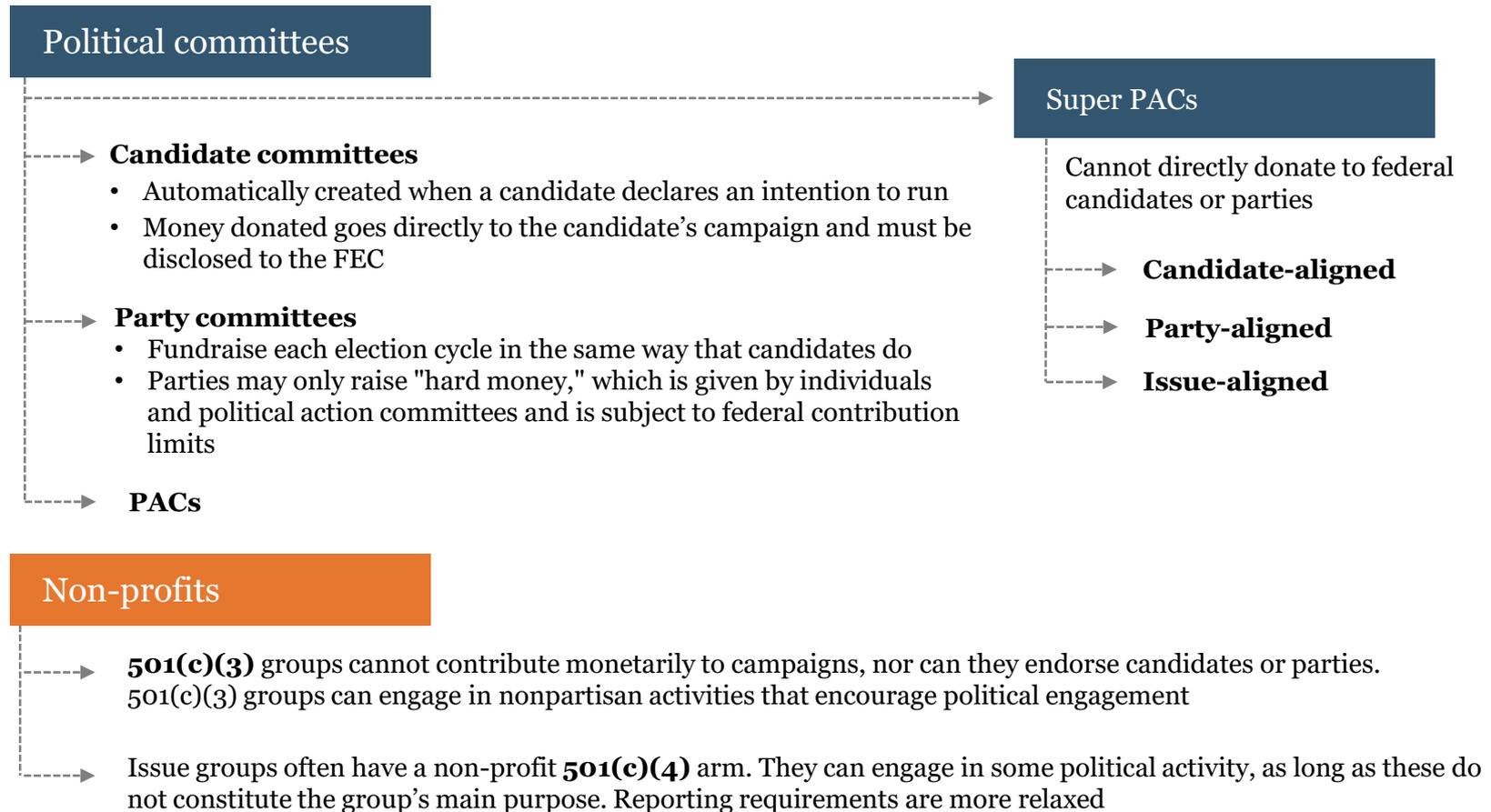
## Super PACs

Created in 2010, a Super PACs similarly pool money from like-minded individuals and are regulated by the FEC. Super PACs do not have contribution or donation limits, but unlike regular PACs, they cannot donate directly to a candidate



Sources: "What is a PAC?" Open Secrets; "Super PACs," Open Secrets; "PACs, Super PACs & Dark Money Groups: What's the Difference?" CLC, June 20, 2018; "What is a Super PAC and how do they allow the Koch brothers to spend almost a billion dollars on the 2016 election?" National Post.

# Understanding the landscape of fundraising in politics, and the various ways to donate



Sources: Alicia Parlapiano, "From \$25 to \$10,000,000: A Guide to Political Donations," New York Times, November 2012; Center for Responsive Politics; "A 501(c)(3) Guide: General Rules," Nonprofit Vote; "Outside Spending: Frequently Asked Questions About 501(c)(4) Groups," OpenSecrets.

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# Though complex, rules about campaign finance stem from three main focal points

## Three pillars of campaign finance regulation

### Contribution limits

Contribution limits restrict the size of contributions made to candidates, political action committees, and political parties

### Reporting & disclosure

Reporting and disclosure rules require groups that hit spending thresholds to register with the FEC, and publicly disclose contributions and expenditures

### Source restrictions

Source restrictions prohibit certain individuals or entities from engaging in campaign activity. Only US citizens or permanent residents are permitted to make contributions or election related expenditures

# While an individual can contribute financially in a variety of ways, certain contributions may be limited

## Contribution limits for an individual donor in 2019-2020 federal elections

Recipient	Limit
Candidate committee	\$2,800 per election*
PAC	\$5,000 per year
State/district/local party committee	\$10,000 per year (combined)
National party committee	\$35,500 per year*
Additional national party committee accounts	\$106,500 per account per year
Super PAC	Unlimited
Non-profit	Unlimited

\*Indexed for inflation in odd-numbered years

# Different types of political fundraising groups have distinct benefits and limits

## Advocacy groups and their regulations

	Contribution limit	Must disclose donors?	Can coordinate with candidate?	Can be primarily political?	Can expressly tell voters who to vote for?	Regulator
<b>Traditional PACs</b>	\$5,000 per year	✓	✓	✓	✓	FEC 
<b>Super PAC</b>	Unlimited	✓	✗	✓	✓	FEC 
<b>501(c)(4) Non-profit</b>	Unlimited	✗	✗	✗	✗	IRS 
<b>527 Non-profit</b>	Unlimited	✓	✗	✓	✓	IRS 

Sources: Bloomberg Politics, July 31, 2015; OpenSecrets.com: Center for Responsible Politics; "527s," OpenSecrets.

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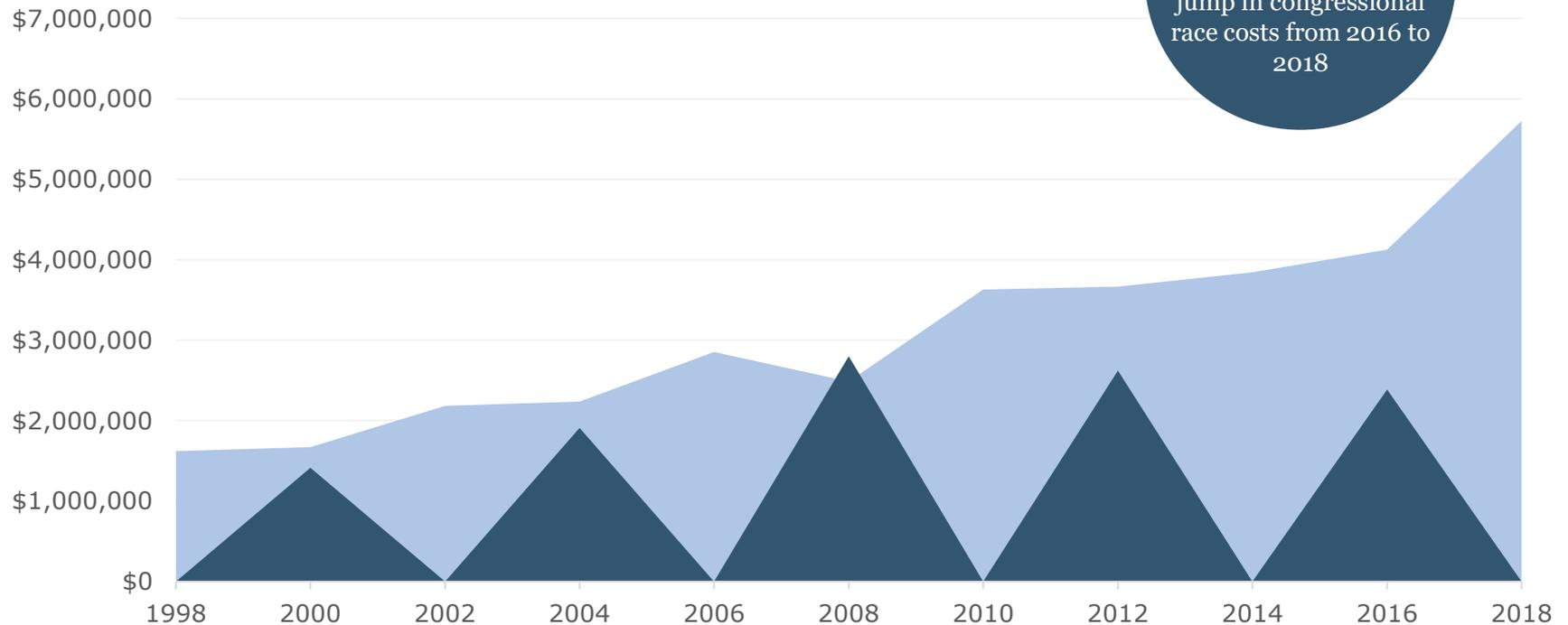
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# The cost of congressional elections has been expanding, as presidential races appear to level off in cost

## The cost of federal elections, 1998-2018

IN THOUSANDS OF USD

■ Presidential races ■ Congressional races



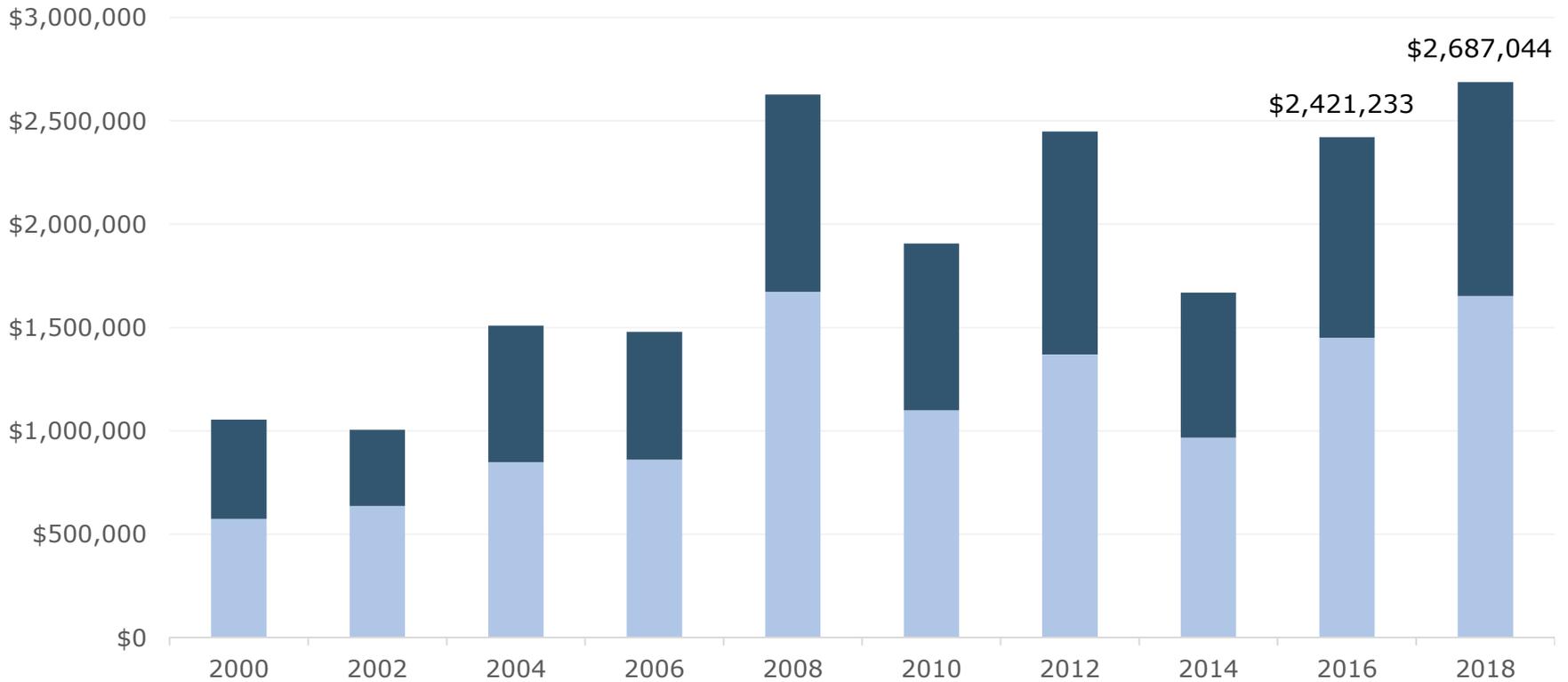
Sources: "Cost of Election," Open Secrets.

# In 2018, congressional candidates spent more during a midterm cycle than during the last presidential election cycle

## Candidate spending in Congress, 2000 -2018

IN THOUSANDS OF USD

■ Spending by House candidates ■ Spending by Senate candidates



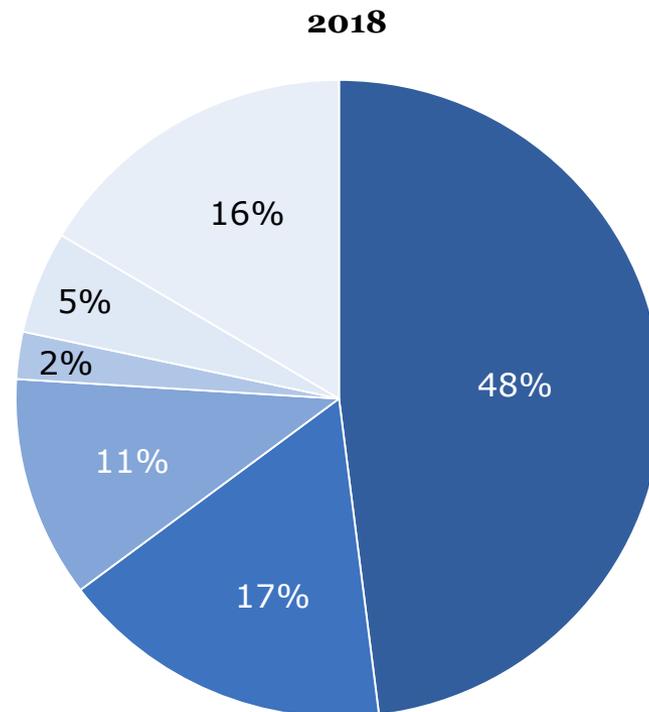
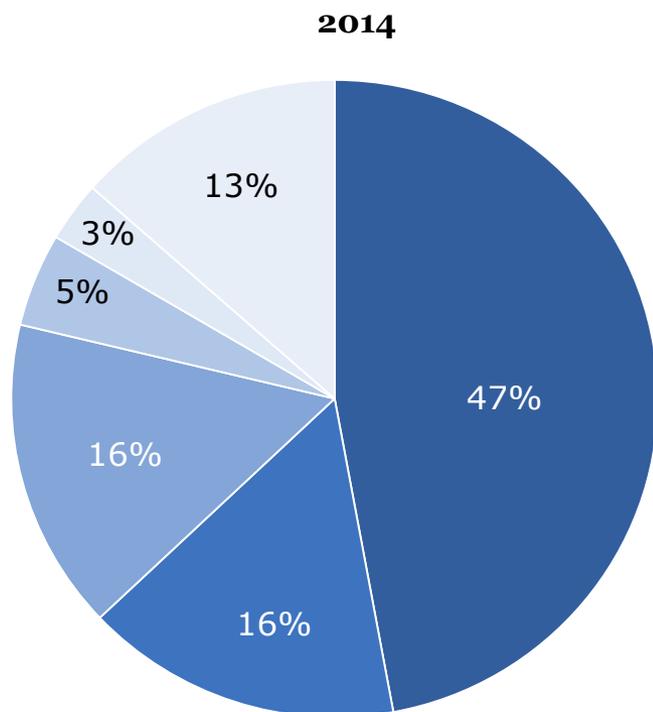
Sources: "Election overview," OpenSecrets.

# The share of contributions made by PACs decreased from 16% to 11% from 2014 to 2018

## Percent of contributions by group, 2014 vs. 2018

SOURCES OF MONEY FOR CANDIDATES, PARTY COMMITTEES, OUTSIDE GROUPS, AND 527 COMMITTEES DURING THE ELECTION CYCLE

■ Large individual contributions ■ Small individual contributions ■ PACs ■ Organizations ■ Self funding candidates ■ Other



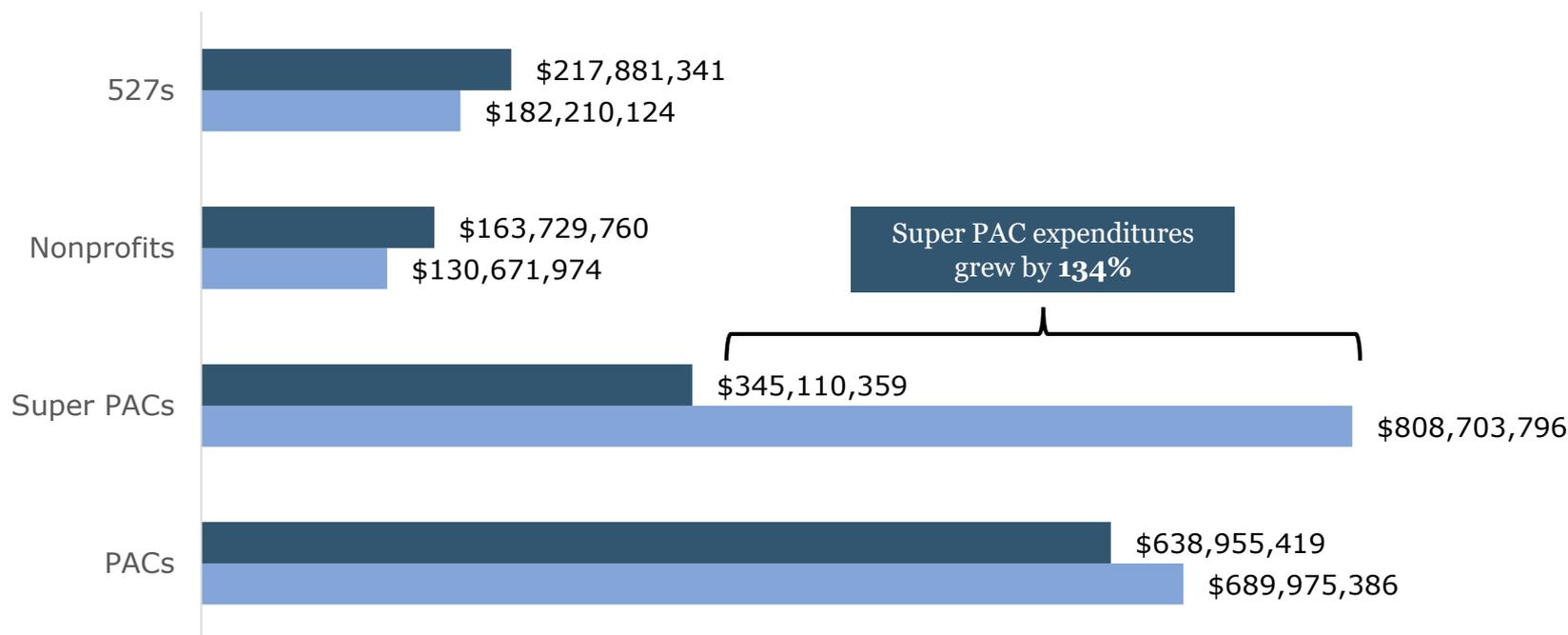
Sources: "Most expensive midterm ever: Cost of 2018 election surpasses \$5.7 billion," OpenSecrets, Feb. 6, 2019.

# Both PACs' and Super PACs' expenditures increased from 2014 to 2018, while expenditures from nonprofits and 527s decreased

## Expenditures by group, 2014 vs. 2018

USD SPENT ON FEDERAL RACES

■ 2014 ■ 2018



\*Nonprofits reflect giving by 501(c)(4), (5), and (6)s

Sources: "Most expensive midterm ever: Cost of 2018 election surpasses \$5.7 billion," OpenSecrets, Feb. 6, 2019; "527s: Advocacy Group Spending," OpenSecrets; "Outside Spending," OpenSecrets.

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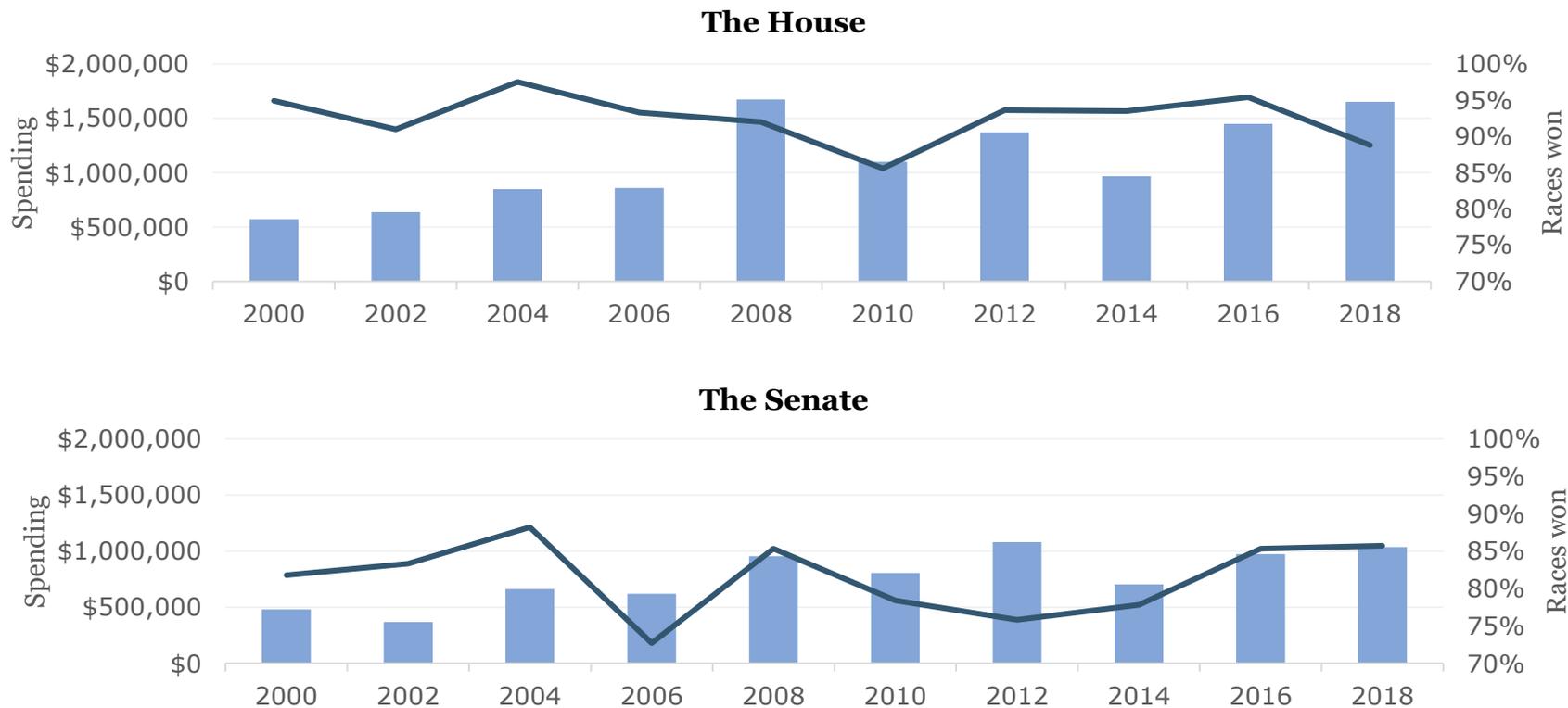
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# In both the House and the Senate, there is a strong correlation between the top spender and winner of an election

## Candidate spending and percent of winners who were top spenders, 2000-2018

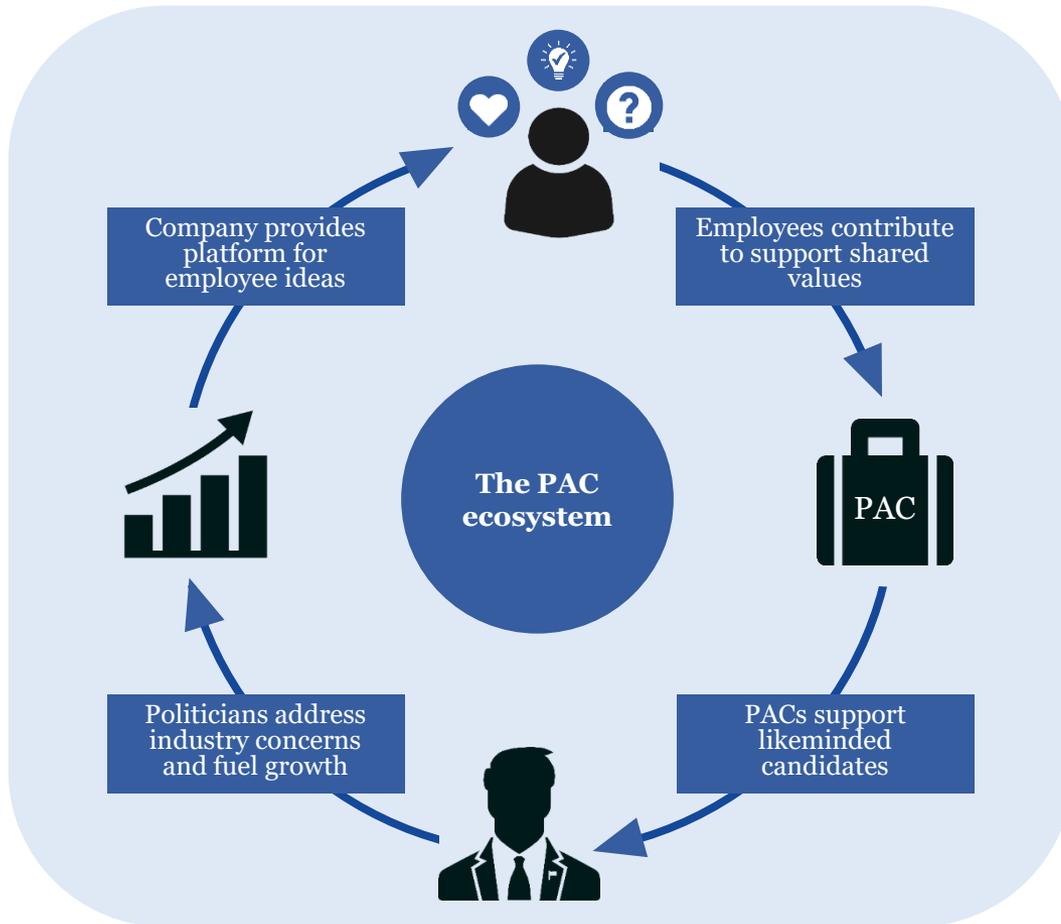
IN THOUSANDS OF USD

■ Spending by candidates ■ Percent of races won by the top spending candidates



Sources: "Election overview," OpenSecrets; "Did money win?" OpenSecrets.

# Understanding the PAC ecosystem, and how it allows you to add your voice to Washington's agenda



## PACs help by:



Giving employees direct access to the political process



Allowing employees to pool resources to support candidates with shared values

*PACs allow you to engage in America's policies – and its future*