

PAC 101

An introduction to political action committees, the importance of PAC giving, and 2022 midterm election PAC figures

May 8, 2023

Roadmap

- **What is a PAC?**
- Rules and regulations
- Trends in the 2022 cycle
- Importance of PAC giving
- 2022 cycle financial trends

Understanding the political fundraising landscape, and the various ways to donate

Political committees

→ Candidate committees

- Automatically created when a candidate declares an intention to run
- Money donated goes directly to the candidate's campaign and must be disclosed to the FEC

→ Party committees

- Fundraise each election cycle in the same way that candidates do
- Parties may only raise "hard money," which is given by individuals and political action committees and is subject to federal contribution limits

→ Political Action Committees (PACs)

Super PACs

Cannot directly donate to federal candidates or parties

→ Candidate-aligned

→ Party-aligned

→ Issue-aligned

Non-profits

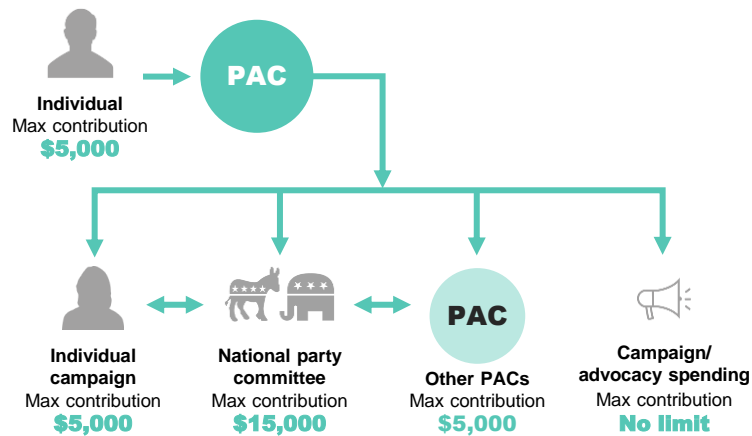
→ **501(c)(3)** groups cannot contribute monetarily to campaigns, nor can they endorse candidates or parties. 501(c)(3) groups can engage in nonpartisan activities that encourage political engagement

→ Issue groups often have a non-profit **501(c)(4)** arm. They can engage in some political activity, as long as such activities do not constitute the group's main purpose. Reporting requirements are more relaxed

Differences between PACs and Super PACs

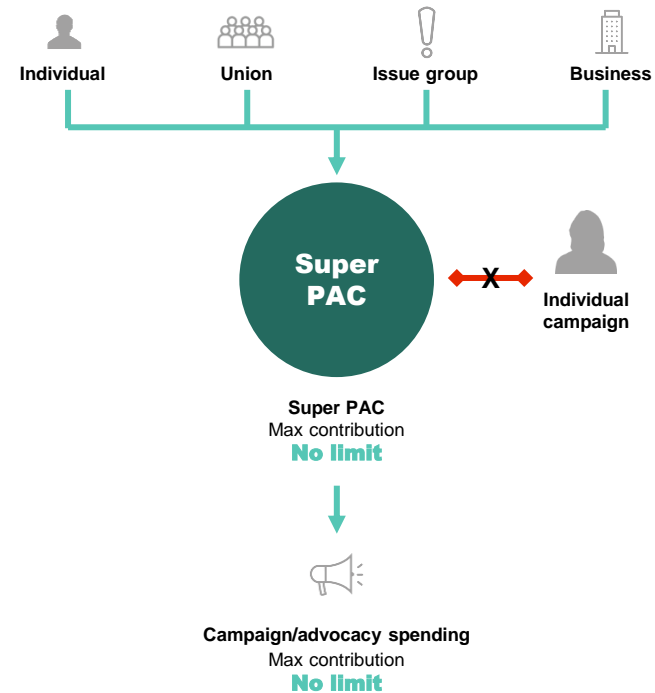
PACs

Political Action Committees pool donations from people with similar views or goals to then spend on election activities. PACs are regulated by the FEC, which limits contributions to and from each PAC



Super PACs

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



Trends in PAC giving and tips for addressing PAC issues

1 Dealing with trend of candidates renouncing PAC contributions

- Education on what PACs are and are not
- Events to discuss campaign finance

2 Getting ahead of PAC conversations and engaging CEOs

- Bring CEOs to DC for engagement
- Find senior leadership and board member champions

3 Managing internal pushback on PAC giving

- Focus on most important policy goals
- Select members with broader support
- Plan branded events for engagement and locate potential internal PAC ambassadors

4 Addressing members whose companies already have PACs

- Make expectations of board members clear
- Can use email campaigns, good government events, or peer-to-peer contact

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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 in a variety of ways, certain contributions may be limited

Contribution limits for an individual donor in 2021-2022 federal elections

RECIPIENT	LIMIT
Candidate committee	\$2,900 per election*
PAC	\$5,000 per year
State/district/local party committee	\$10,000 per year (combined)
National party committee	\$36,500 per year*
Additional national party committee accounts	\$109,500 per account per year
Super PAC	Unlimited
Non-profit	Unlimited

*Indexed for inflation in odd-numbered years

SOURCE FEC, Urban Wire.

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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
Traditional PACs	\$5,000 per year	✓ YES	✓ YES	✓ YES	✓ YES	FEC
Super PAC	Unlimited	✓ YES	✗ NO	✓ YES	✓ YES	FEC
501(c)(4) Non-profit	Unlimited	✗ NO	✗ NO	✗ NO	✗ NO	IRS
527 Non-profit	Unlimited	✓ YES	✗ NO	✓ YES	✓ YES	IRS

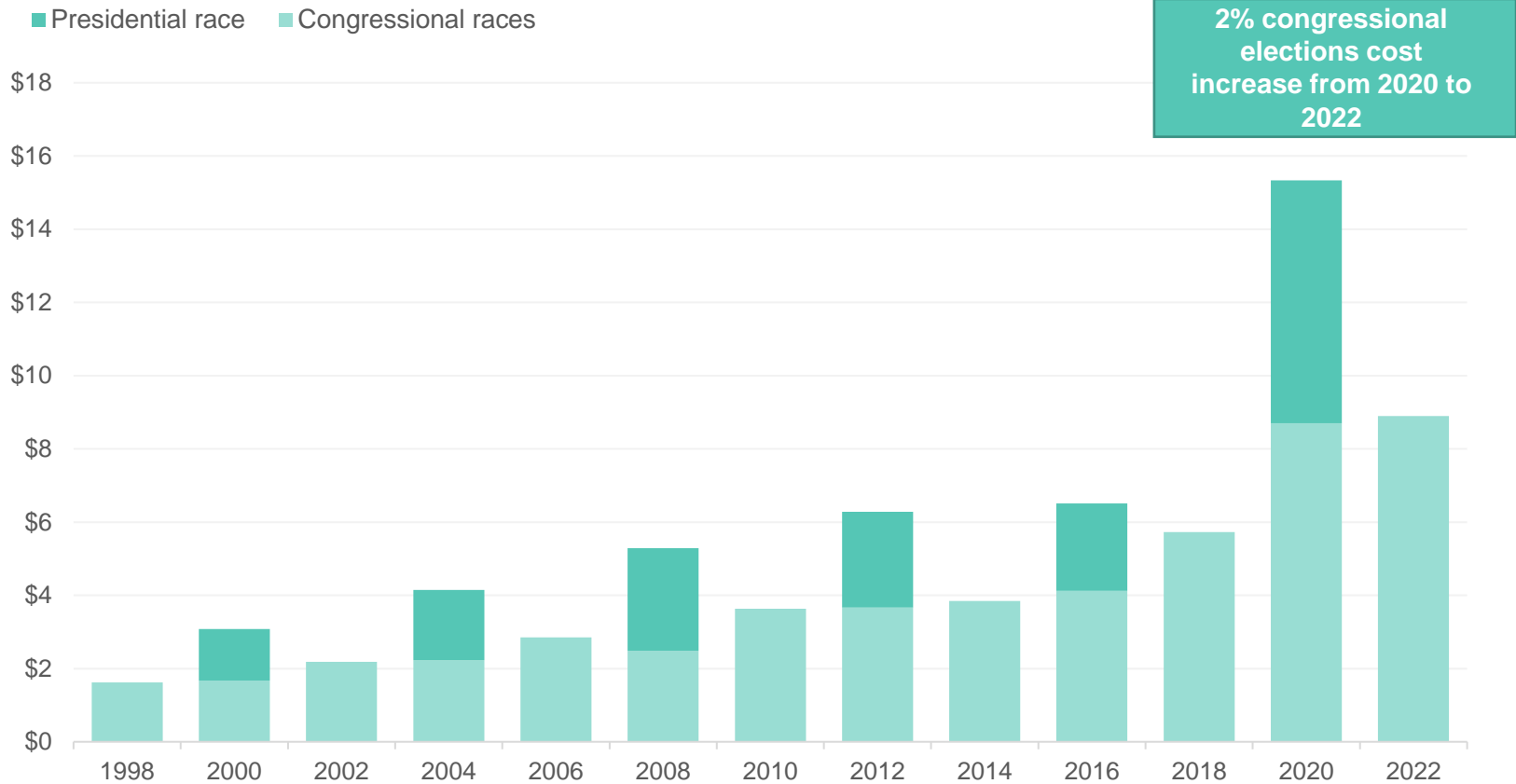
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The cost of federal elections has increased over the past 22 years

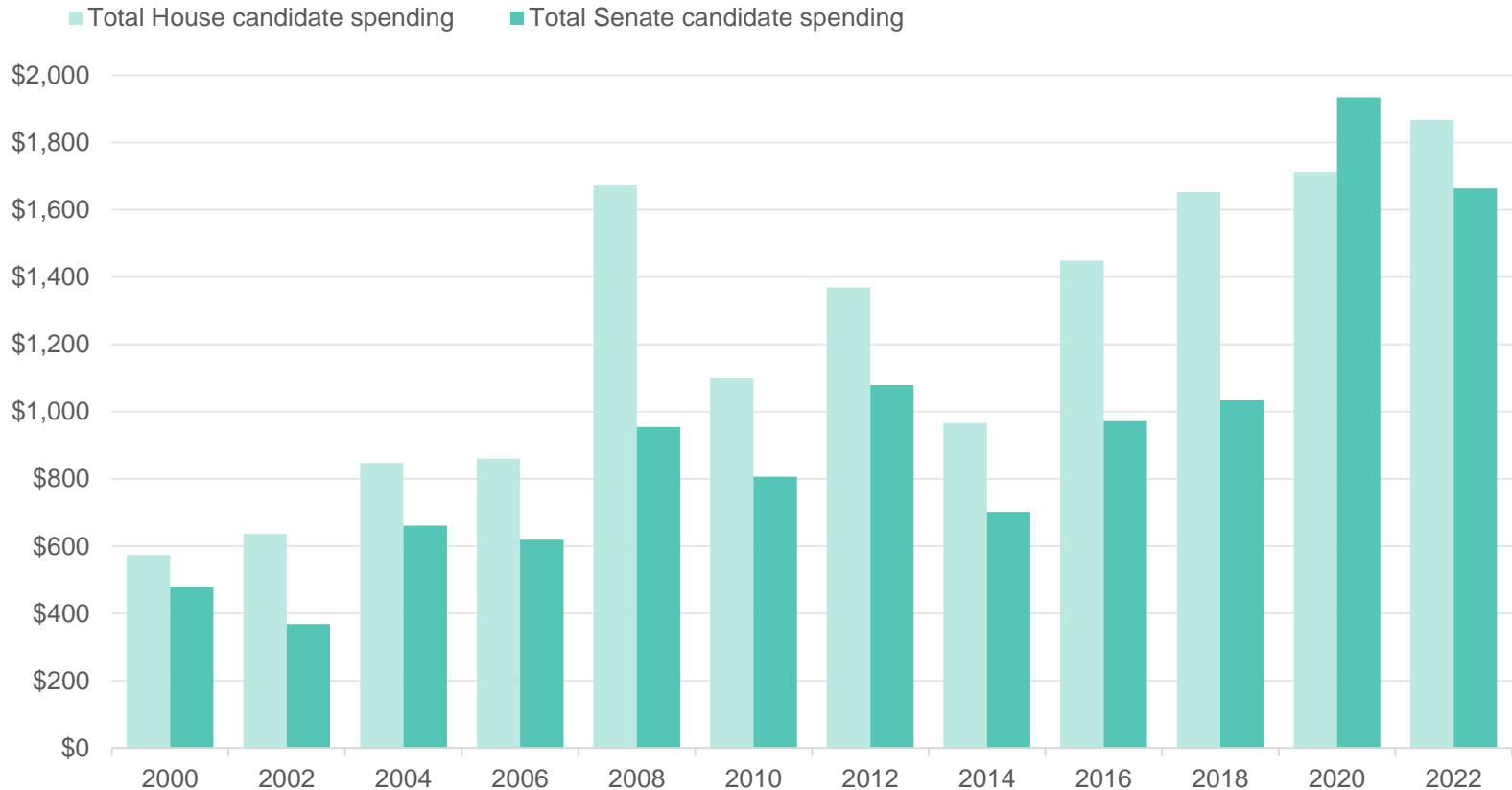
Total spending on elections, 1998-2022

INCLUDES CANDIDATES, POLITICAL PARTIES, INTEREST GROUPS; IN BILLIONS USD



Total spent by congressional candidates per cycle, 2000-2022

DATA AS OF JANUARY 10, 2023
IN MILLIONS USD



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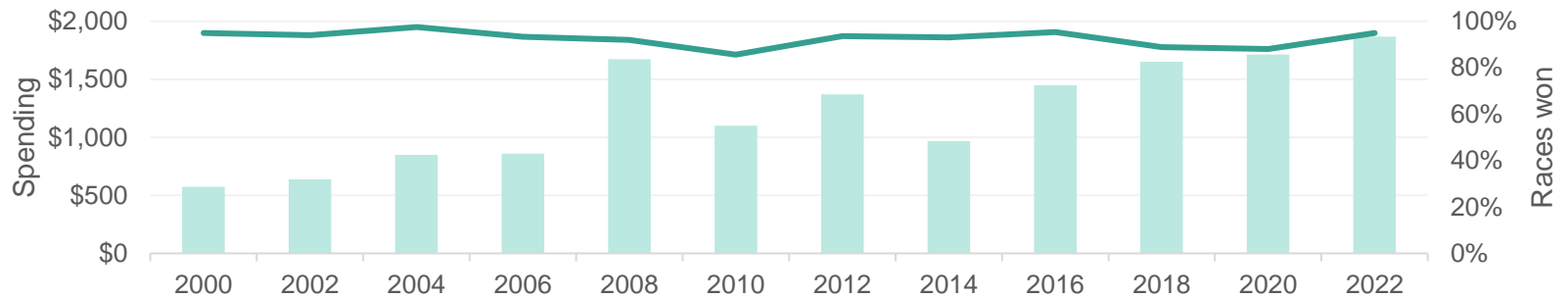
Winning candidates are usually the top spenders

Candidate spending and percent of winners who were top spenders, 2000-2022

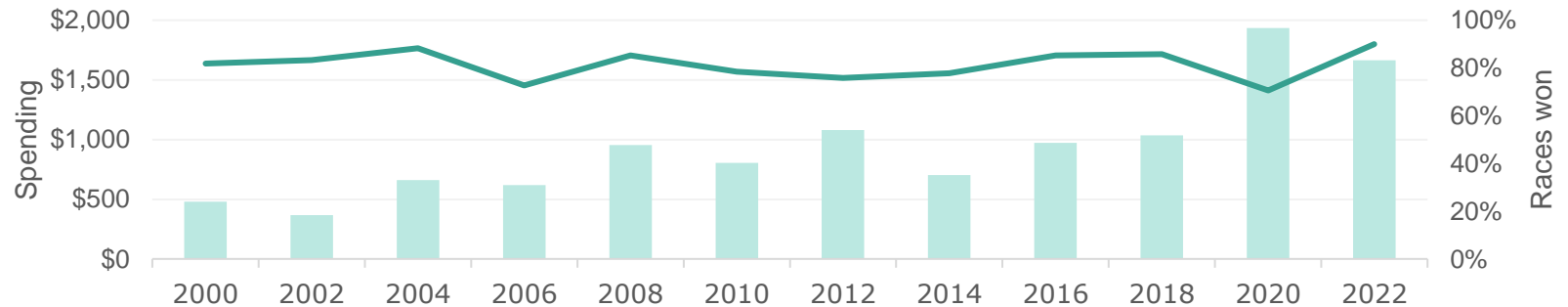
SPENDING IN MILLIONS USD

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

House races



Senate races

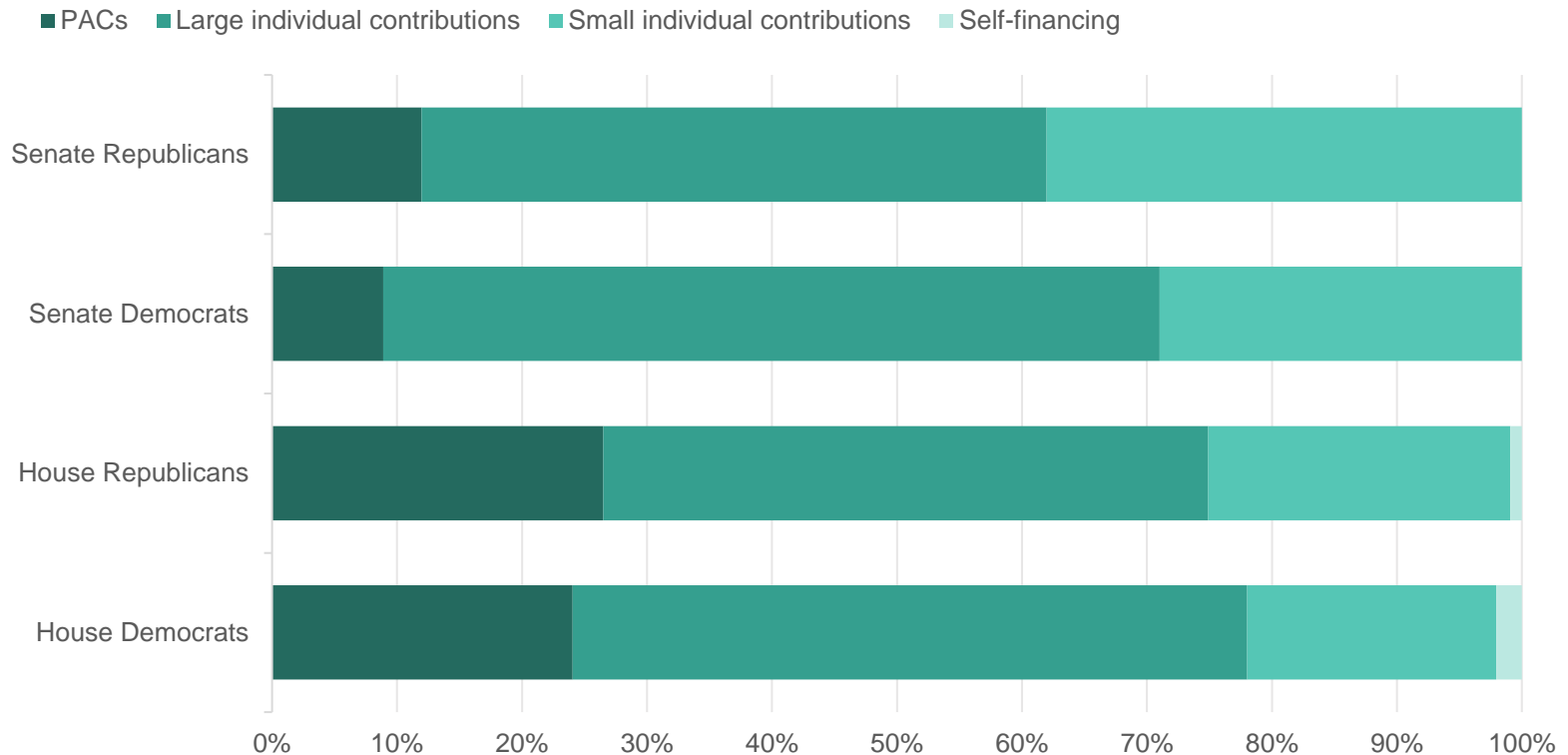


SOURCE Open Secrets.

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Members of the House relied the most on PAC contributions in 2022

Source of funds by chamber and party, 2022



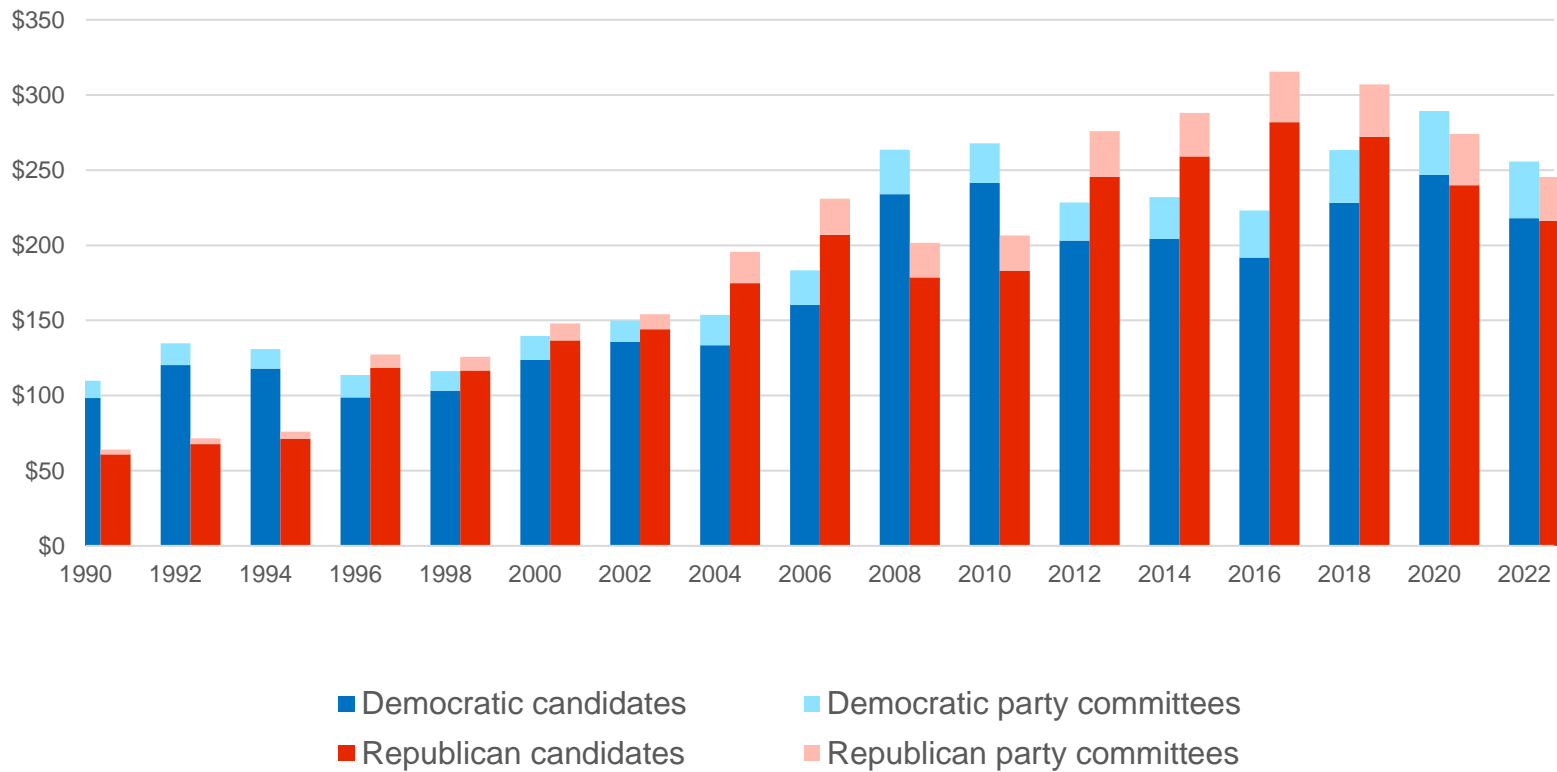
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Historical PAC spending

Party and recipient type spending totals (1990-2022)

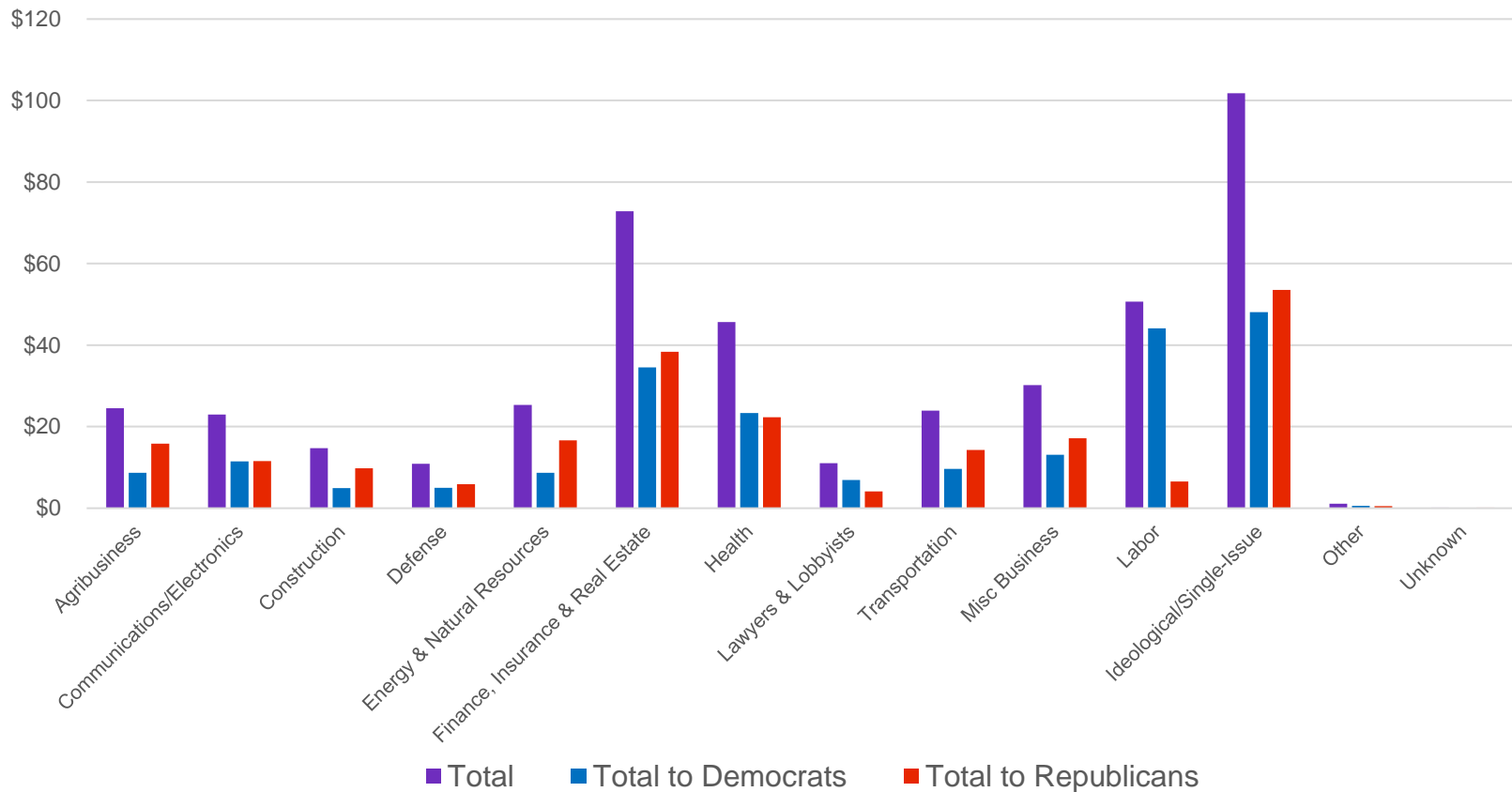
IN MILLIONS USD



Industry sector contributions

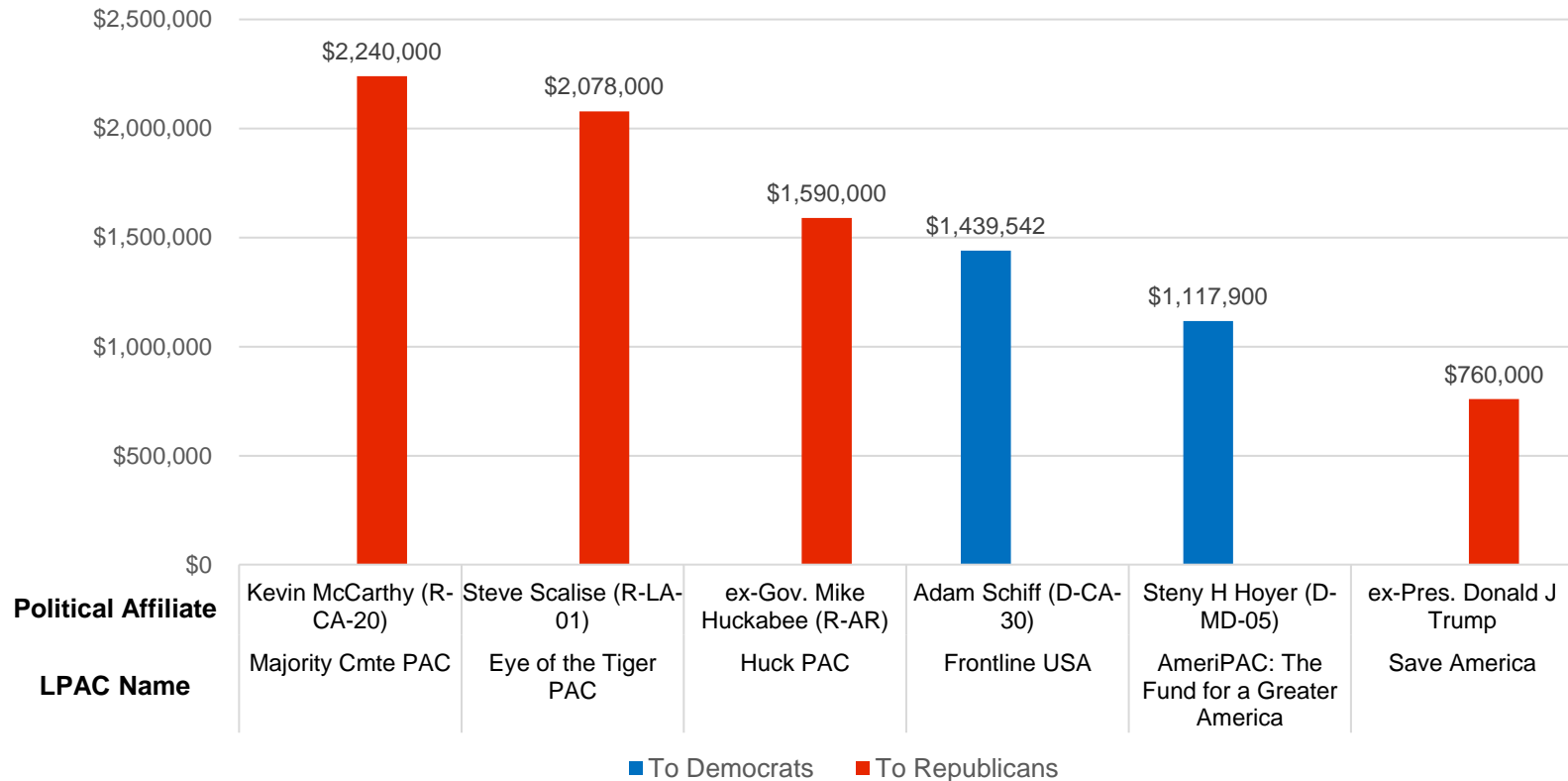
Sector totals (2021-2022 cycle)

IN MILLIONS USD



Top 6 Leadership PAC (LPACs) contributors

Total LPAC contributions (2021-2022)



Congressional fundraising and expenditures

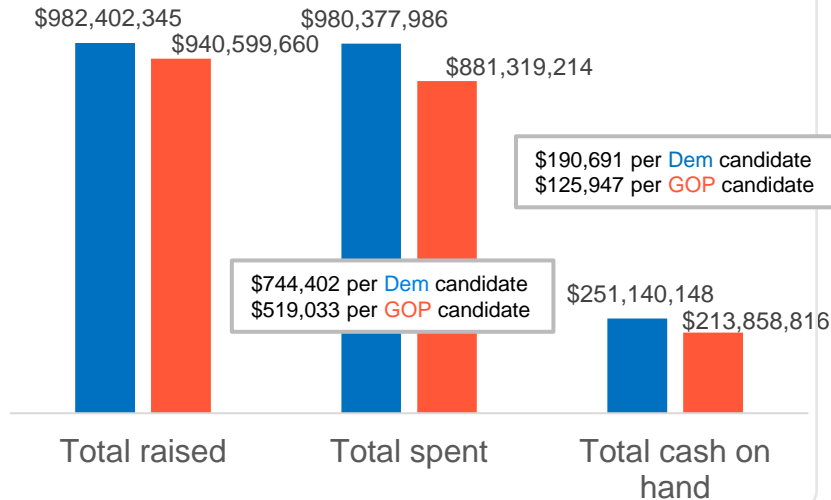
Democratic House candidates have raised more per candidate than Republican candidates

Financial activity for all House candidates

As of January 10, 2023

Total **Dem** candidates: 1,317
Total **GOP** candidates: 1,698

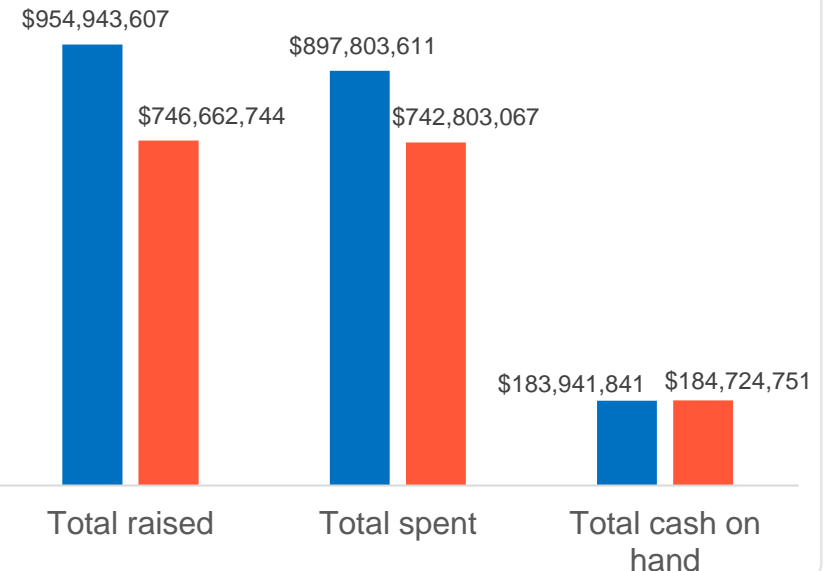
\$745,940 per **Dem** candidate
\$553,945 per **GOP** candidate



Democratic Senate candidates outspent Republican candidates by about \$155 million

Financial activity for all Senate candidates

As of January 10, 2023



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