PAC 101

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

August 7, 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

<table>
<thead>
<tr>
<th>Political committees</th>
<th>Super PACs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate committees</td>
<td>Cannot directly donate to federal candidates or parties</td>
</tr>
<tr>
<td>• Automatically created when a candidate declares an intention to run</td>
<td>Candidate-aligned</td>
</tr>
<tr>
<td>• Money donated goes directly to the candidate’s campaign and must be disclosed to the FEC</td>
<td>Party-aligned</td>
</tr>
<tr>
<td>Party committees</td>
<td>Issue-aligned</td>
</tr>
<tr>
<td>• Fundraise each election cycle in the same way that candidates do</td>
<td></td>
</tr>
<tr>
<td>• Parties may only raise “hard money,” which is given by individuals and political action committees and is subject to federal contribution limits</td>
<td></td>
</tr>
<tr>
<td>Political Action Committees (PACs)</td>
<td></td>
</tr>
</tbody>
</table>

| 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

**KEY PILLARS OF CAMPAIGN FINANCE REGULATION**

<table>
<thead>
<tr>
<th>Contribution limits</th>
<th>• Contribution limits restrict the size of contributions made to candidates, political action committees, and political parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting and disclosure</td>
<td>• Reporting and disclosure rules require groups that hit spending thresholds to register with the FEC, and publicly disclose contributions and expenditures</td>
</tr>
</tbody>
</table>
| 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.

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

*Indexed for inflation in odd-numbered years

SOURCE: FEC, Urban Wire.
Different types of political fundraising groups have distinct benefits and limits

<table>
<thead>
<tr>
<th></th>
<th>CONTRIBUTION LIMIT</th>
<th>MUST DISCLOSE DONORS?</th>
<th>CAN COORDINATE WITH CANDIDATE?</th>
<th>CAN BE PRIMARILY POLITICAL?</th>
<th>CAN EXPRESSLY TELL VOTERS WHO TO VOTE FOR?</th>
<th>REGULATOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional PACs</td>
<td>$5,000 per year</td>
<td>✓ YES</td>
<td>✓ YES</td>
<td>✓ YES</td>
<td>✓ YES</td>
<td>FEC</td>
</tr>
<tr>
<td>Super PACs</td>
<td>Unlimited</td>
<td>✓ YES</td>
<td>✗ NO</td>
<td>✓ YES</td>
<td>✓ YES</td>
<td>FEC</td>
</tr>
<tr>
<td>501(c)(4) Non-profit</td>
<td>Unlimited</td>
<td>✗ NO</td>
<td>✗ NO</td>
<td>✗ NO</td>
<td>✗ NO</td>
<td>IRS</td>
</tr>
<tr>
<td>527 Non-profit</td>
<td>Unlimited</td>
<td>✓ YES</td>
<td>✗ NO</td>
<td>✓ YES</td>
<td>✓ YES</td>
<td>IRS</td>
</tr>
</tbody>
</table>
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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, AND INTEREST GROUPS

- Presidential race
- Congressional races

2% congressional elections cost increase from 2020 to 2022
Total spent by congressional candidates per cycle

TOTAL SPENDING BY CONGRESSIONAL CANDIDATES, 2000-2022
- Total House candidate spending
- Total Senate candidate spending

$0M
$200M
$400M
$600M
$800M
$1,000M
$1,200M
$1,400M
$1,600M
$1,800M
$2,000M

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Winning candidates are usually the top-spenders

CANDIDATE SPENDING AND PERCENT OF WINNERS WHO WERE TOP SPENDERS, 2000-2022

- **Spending by candidates**
- **Percent of races won by the top spending candidates**

**HOSE RACES**

**SENATE RACES**

**Source:** OpenSecrets.
Members of the House relied the most on PAC contributions in 2022

SOURCE OF FUNDS BY CHAMBER AND PARTY, 2022

- **PACs**
- **Large individual contributions**
- **Small individual contributions**
- **Self-financing**

<table>
<thead>
<tr>
<th>Party</th>
<th>PACs</th>
<th>Large Individual Contributions</th>
<th>Small Individual Contributions</th>
<th>Self-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senate Republicans</td>
<td>11.2%</td>
<td>45.7%</td>
<td>35.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Senate Democrats</td>
<td>8.9%</td>
<td>59.3%</td>
<td>27.5%</td>
<td></td>
</tr>
<tr>
<td>House Republicans</td>
<td>23.1%</td>
<td>42.0%</td>
<td>20.9%</td>
<td>0.8%</td>
</tr>
<tr>
<td>House Democrats</td>
<td>23.4%</td>
<td>52.5%</td>
<td>19.4%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

SOURCE: OpenSecrets.
Roadmap

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Historical PAC spending

PARTY AND RECIPIENT TYPE SPENDING TOTALS, 1990-2022

- Democratic candidates
- Democratic party committees
- Republican candidates
- Republican party committees
Industry sector contributions

SECTOR TOTALS, 2021-2022 CYCLE

- Agribusiness
- Communications/Electronics
- Construction
- Defense
- Energy & Natural Resources
- Finance, Insurance & Real... (not fully visible)
- Health
- Lawyers & Lobbyists
- Transportation
- Misc Business
- Labor
- Ideological/Single-issue
- Other
- Unknown

Total
Democrats total
Republicans total
Top 6 Leadership PAC (LPACs) contributors

TOTAL LPAC CONTRIBUTIONS, 2021-2022

- **To Democrats**
- **To Republicans**

### Contributions

- **Kevin McCarthy (R-CA-20)**: $2,240,000
- **Steve Scalise (R-LA-01)**: $2,078,000
- **ex-Gov. Mike Huckabee (R-AR)**: $1,590,000
- **Adam Schiff (D-CA-30)**: $1,439,542
- **Steny H Hoyer (D-MD-05)**: $1,117,900
- **ex-Pres. Donald J Trump**: $760,000

### Political Affiliates

- **Majority Cmte PAC**
- **Eye of the Tiger PAC**
- **Huck PAC**
- **Frontline USA**
- **AmeriPAC: The Fund for a Greater America**
- **Save America**
Democratic candidates outraised and outspent Republican candidates in the House and Senate.

**HOUSE CANDIDATE FINANCIAL ACTIVITY**
AS OF JANUARY 10, 2023
- **Total raised**: $982.4M
- **Total spent**: $980.4M
- **Total cash on hand**: $251.1M

**SENATE CANDIDATE FINANCIAL ACTIVITY**
AS OF JANUARY 10, 2023
- **Total raised**: $954.9M
- **Total spent**: $746.7M
- **Total cash on hand**: $183.9M

**Source**: OpenSecrets
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