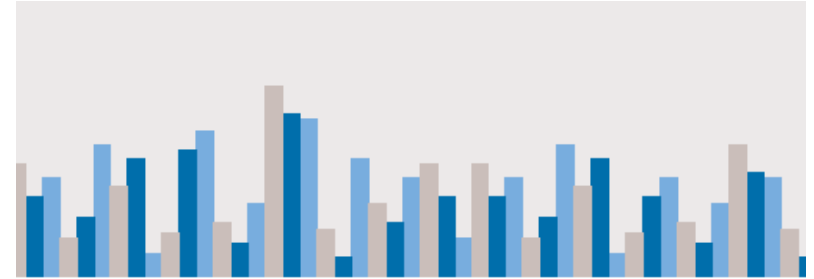


PAC Best Practices: Review of PAC Benchmarking Data

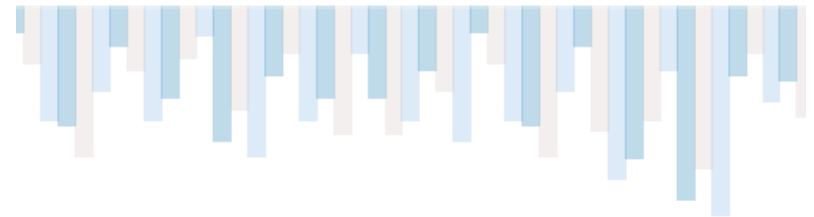
August 28, 2018

Focus of the Surveys

- Comprehensive benchmarking reports 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
- 196 participating corporations and 76 associations



2017 Corporate
PAC Benchmarking Report



How to Use This Data

Benchmark your activities

- Staffing and operating budgets (median PAC size by budget)
- CEO and senior executive engagement by size of PAC
- Participation rates and contribution amounts by solicitation group
- Fundraising and recognition strategies that rank most effective
- Disbursement planning and execution

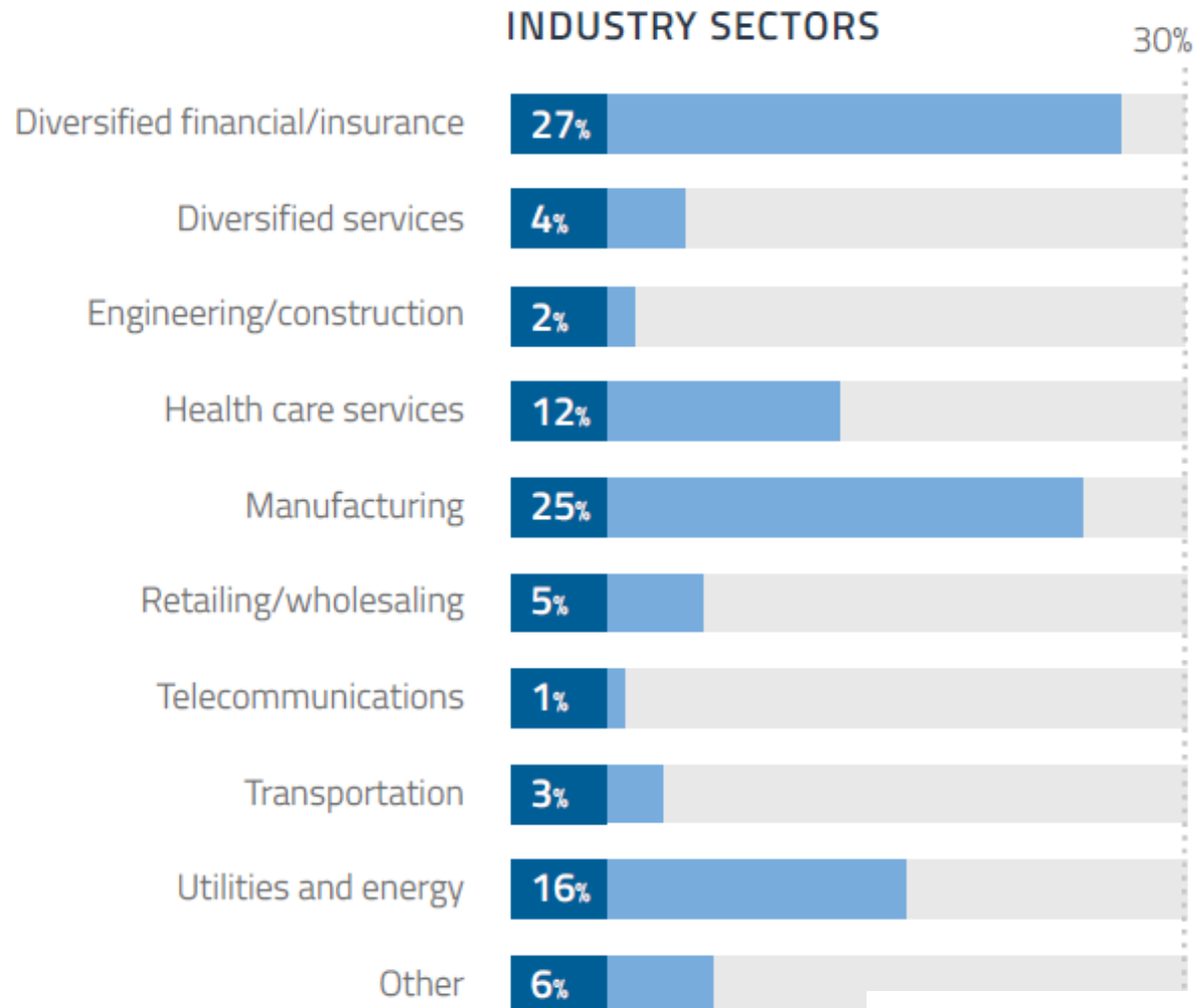
Benchmark trends

- Transparency is a priority
- Leadership engagement drives PAC growth
- Use of peer-to-peer solicitors in fundraising plan
- Strategic use of vendors and consultants
- Revising your incentive structure and philosophy

Conduct a comparative analysis

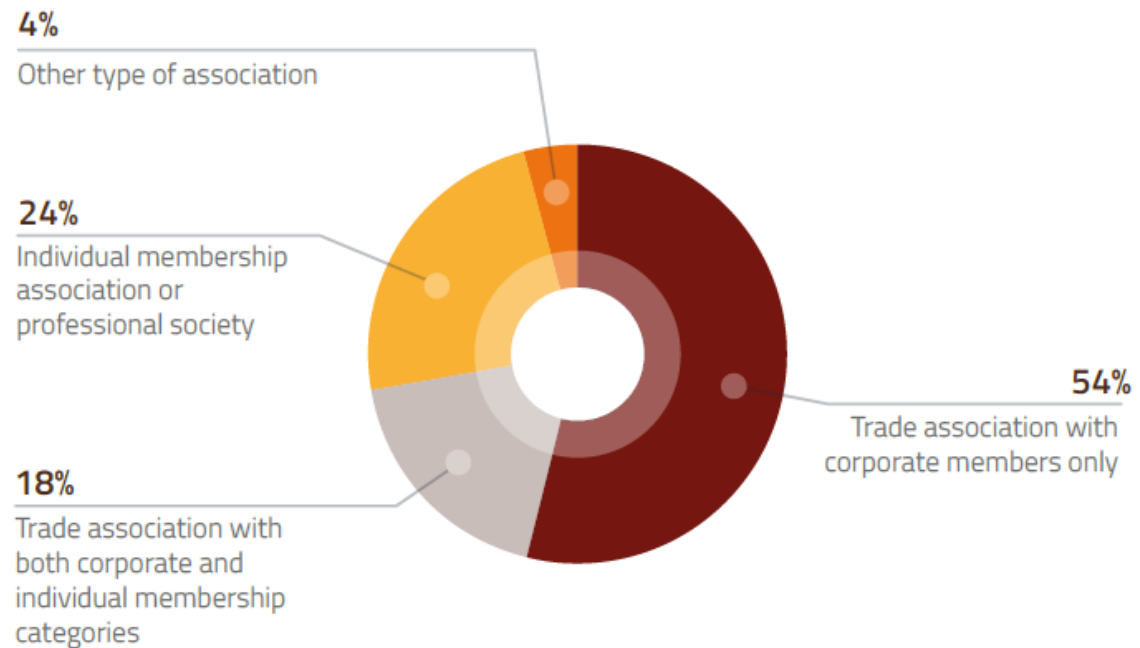
- Compare results with companies in industry, of similar size, best-in-class, etc.
- For more information, contact me at kbrackemyre@pac.org

The Data Set: Industry



The Data Set: Association Type

What is your association type?



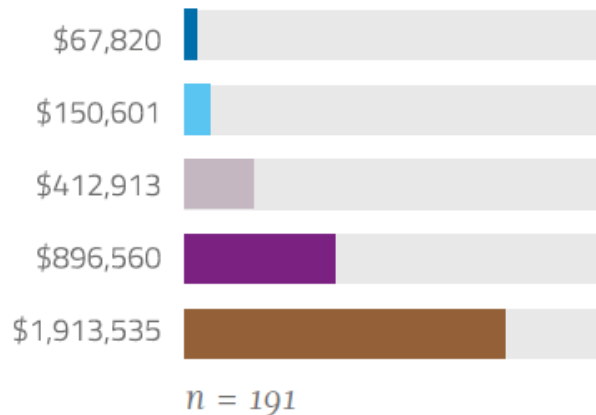
$n = 76$

The Data Set: PAC Size

Percentiles: ● 10th ● 25th ● 50th (median) ● 75th ● 90th

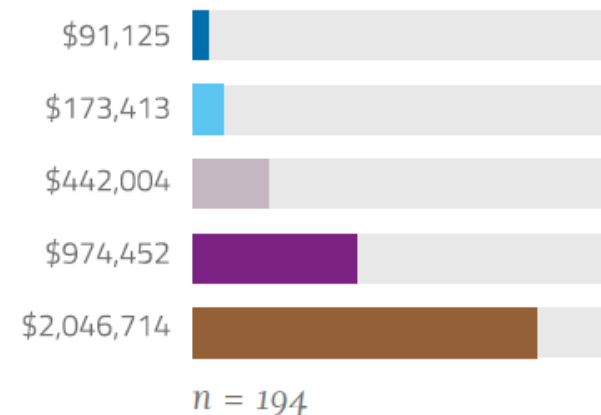
FEC 2014

Median Numbers by Percentile
Size of responding PACs,
2014 (FEC-reported receipts)



FEC 2016

Median Numbers by Percentile
Size of responding PACs,
2016 (FEC-reported receipts)



PACs Are Experiencing Growth

Percentiles:

10th

25th

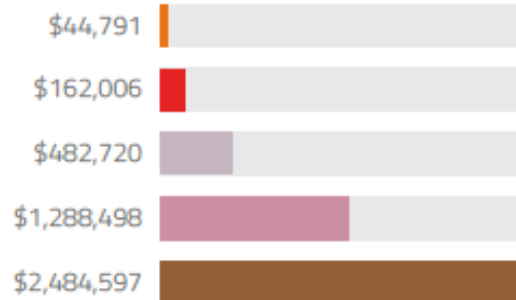
50th (median)

75th

90th

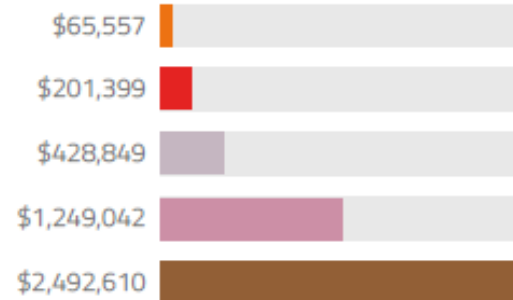
FEC 2014

Median Numbers by Percentile
Size of responding PACs,
2014 (FEC-reported receipts)



FEC 2016

Median Numbers by Percentile
Size of responding PACs,
2016 (FEC-reported receipts)



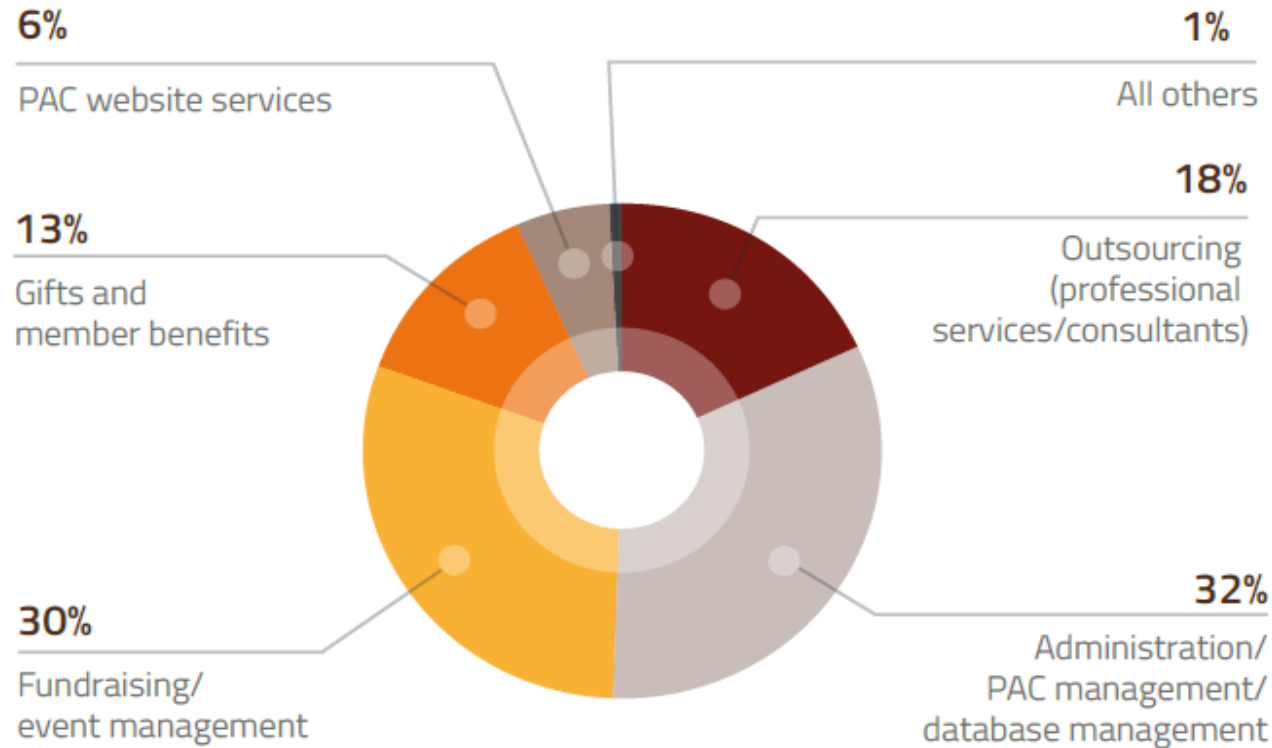
- No change in staffing
(0.5 administrative staff and 1.0 professional staff)
- Lots of outside responsibilities
- Relatively little change in budgets

PACs Are Experiencing Growth

- The median corporate PAC grew by **7%** (in receipts) from 2014 to 2016
 - No change in staffing (0.5 administrative staff and 1.0 professional staff)
 - Lots of outside responsibilities
 - Relatively little change in budgets

Budget Matters

PAC BUDGET ALLOCATION



Budget Matters

PAC BUDGET ALLOCATION

n = 181

10%

PAC website services

1%

All others

17%

Gifts and
member benefits

27%

Outsourcing
(professional
services/consultants)

15%

Fundraising/
event management

32%

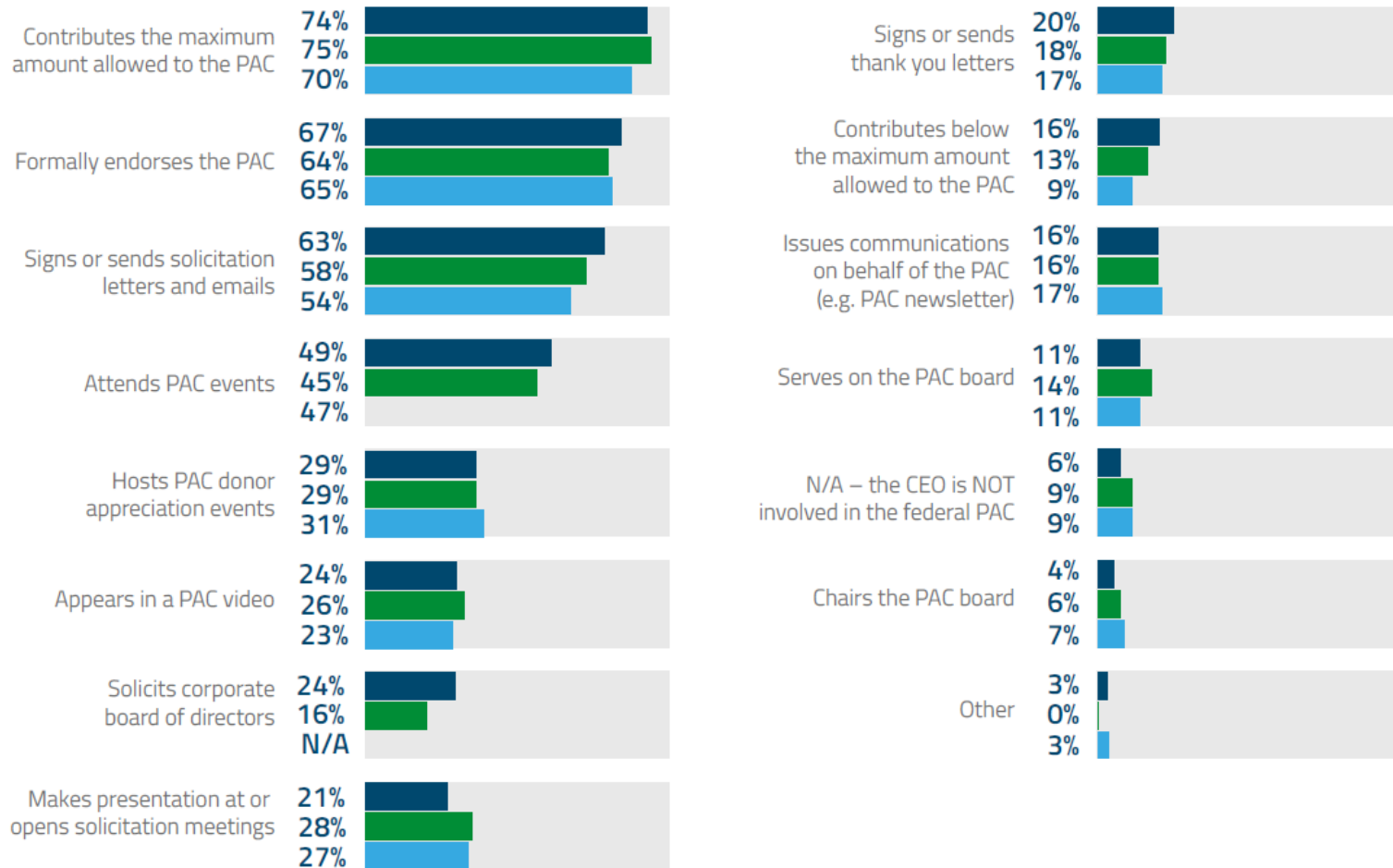
Administration/
PAC management/
database management



Oversight and Engagement

CEO Engagement Matters

TRENDS IN CEO INVOLVEMENT

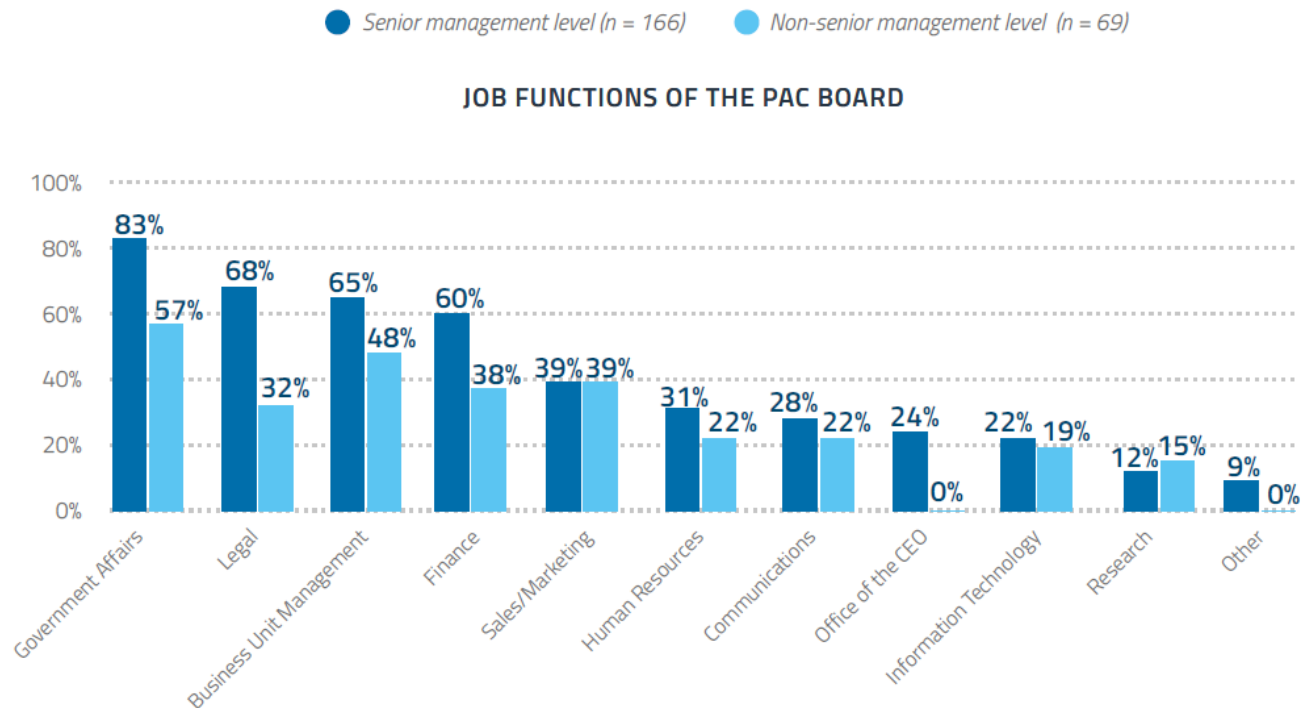


Leadership Engagement

- More than 94% of corporate PACs report that CEOs are involved in some solicitation or recognition activities
 - CEOs soliciting the board: 24% (up from 16%)
- 74% contribute at maximum level (92% for \$1M+ PACs)
- Top solicitors:
 - Senior management (other than the CEO)
 - CEO
 - Head of government relations
 - Peer solicitors

Don't Forget the PAC Board

- Ranked top five most effective solicitors
- 88% of PACs have PAC board
 - Median size: 9 members



Member Leader Engagement Matters More

Member Leader Involvement by Size of PAC	Overall	<\$100,000	\$100,000-\$499,999	\$500,000-\$1M	>\$1 million
Formally endorses the PAC	81%	70%	71%	83%	96%
Attends PAC events	74%	70%	71%	67%	83%
Makes presentation at or opens solicitation meetings	69%	40%	64%	75%	83%
Signs or sends solicitation letters and emails	69%	70%	43%	75%	96%
Solicits association's board of directors	66%	60%	57%	50%	87%
Serves on the PAC board	64%	90%	32%	75%	83%
Chairs the PAC board	55%	70%	29%	67%	74%
Contributes the maximum amount allowed to the PAC	53%	20%	43%	58%	74%
Contributes below the maximum amount allowed to the PAC	47%	50%	61%	42%	35%
Sends communications on behalf of the PAC (e.g., PAC newsletter)	42%	40%	29%	50%	57%
Hosts PAC donor appreciation events	39%	30%	25%	42%	57%
Signs or sends thank you letters	39%	30%	21%	42%	65%
Solicits prior approval (trade associations only)	27%	50%	25%	17%	26%
Appears in a PAC video	22%	0%	11%	33%	35%

Top Leadership Activities

Leadership Involvement	Staff Executive	Member Leader
Attends PAC events	89%	74%
Formally endorses the PAC	77%	81%
Signs or sends solicitation letters and emails	62%	69%
Makes presentation at or opens solicitation meetings	63%	69%
Solicits the association's board of directors	55%	66%
Serves on the PAC board	22%	64%

Don't Forget the PAC Board

Trends in PAC Board Activities	2017	2015
Approves changes to bylaws	75%	75%
Provides general PAC oversight/input	75%	30%
Attends PAC Events	75%	N/A
Approves contributions to candidates	62%	62%
Manages strategic planning/goal setting	60%	63%
Conducts in-person fundraising or gives PAC presentations	60%	57%
Signs/sends solicitation letters	56%	55%
Attends Candidate Fundraisers	52%	N/A
Recruits PAC ambassadors/champions	37%	N/A
Solicits prior approval (trade associations only)	35%	22%
Selects candidates	27%	28%
Provides internal budget planning/oversight	24%	30%
Hosts PAC donor appreciation events	18%	30%
Plans solicitations	18%	29%
Manages communications activities	15%	14%
Manages transparency activities	15%	19%
Other	0%	1%

Fundraising and Solicitations

Fundraising Snapshot: Corporate

- Median PAC solicits all eligible employees
- Median participation rate is **16%**
- Median per person contribution is **\$384**
- Median sr. management participation rate is **78%** for a median per person contribution of **\$1,684**

Leadership Contributions Are Critical

	Median participation rate – All	Median contribution amount – All
Board of directors	89%	\$3,292
Senior Management	78%	\$1,684
Restricted class/salaried employees	12%	\$384
All other donors	36%	\$556

Fundraising Trends

- 47% of PACs do one short campaign per year
 - 19% solicit continuously (higher for \$1M PACs)
- Companies are not heavily engaged in soliciting shareholders
 - The majority of which solicited fewer than 10% of shareholders
- The majority of donors contribute **via payroll deduction** (88%)
 - 10% are by check
 - 2% are by credit card

Peer-to-Peer is King

- The use of peer-to-peer solicitations continues to grow
- Ranked second as most effective solicitation approaches behind only online solicitations.

Solicitation Approaches	Most used	Most effective
Online solicitations (e.g., email)	88%	68%
Peer-to-peer solicitations	69%	58%
Small group meetings	61%	33%



Top Solicitors

Trends in Federal PAC Solicitors	2017	2015	2013
Head of government relations department	83%	77%	N/A
Government relations staff	72%	75%	85%
Senior management (not the CEO)	72%	69%	68%
CEO	56%	57%	49%
PAC manager	55%	57%	64%
PAC board members	54%	57%	55%
Peer solicitors	41%	43%	33%
Corporate board of directors	5%	2%	0%
Consultants	3%	1%	2%

Most effective:

- #1 Senior management (not CEO)
- #2 CEO
- #3 Head of government relations department
- #4 Peer solicitors
- #5 PAC board members

Top Solicitation Approaches

Solicitation Approaches	Most used	Most effective
Online solicitations (e.g., email)	88%	68%
Peer-to-peer solicitations	69%	58%
Small group meetings	61%	33%
Large organization event (e.g., leadership meeting or shareholder meeting)	51%	23%
Large group meetings	39%	9%
New hire communication or orientation	38%	11%
PAC video	33%	5%
Regular staff meetings	28%	6%
Fundraising events (e.g., dinner, reception, auction)	27%	13%

Most effective:

- #1 Online solicitations
- #2 Peer-to-peer meetings
- #3 Small group meetings

Fundraising Snapshot: Association

- Median participation among general membership is **18%**
- Median per person contribution is **\$400**

*9% of total election cycle receipts come from PACs
(esp. for trade associations)

Prior Approval Concerns

70% of respondents have some corporate members

Percent of Member Companies That Grant Prior Approval	Percentage of Respondents
None	15%
1% – 10%	24%
11% – 25%	35%
26% – 50%	17%
51% – 75%	7%
76% – 90%	2%
91% – 100%	0%
Average (from midpoints)	20%

Fundraising Trends

- The majority of donors contribute once per year (88%)
- 13% of donors use payroll deduction
 - 44% are by credit card (one-time or recurring)
 - 43% are by check

Peer-to-Peer Solicitations

- The use of peer-to-peer solicitors stayed at 43% from **44%** in 2015
- Peer-to-peer were ranked most effective and second most used
- When peer-to-peer meetings are used, participation rates increase:

PARTICIPATION RATES	Association board of directors	All other members
When peer-to-peer meetings are used	95%	23%
When peer-to-peer meetings are not used	76%	9%

Top Solicitors

Top Solicitors	2017	2015
PAC board members	82%	79%
PAC manager	82%	63%
Association member leader (e.g., board chair)	66%	61%
CEO/staff executive	66%	55%
Association sr. staff (not the CEO)	52%	43%

Most effective:

- #1 PAC board members (56%)
- #2 CEO/staff executive (46%)
- #3 PAC manager (43%)
- #4 Peer solicitors (not on the board) (29%)
- #5 Association member leader/board chair (27%)

Top Solicitation Approaches

Solicitation Approaches	2017	2015
Online solicitations (e.g., email)	88%	81%
Peer-to-peer solicitations	87%	72%
Association's Annual Meeting or Trade Show	78%	83%
Direct Mail	60%	43%
Events (e.g., Fly-in)	59%	64%

Most effective:

- #1 Peer-to-peer solicitations (54%)
- #2 Online solicitations (50%)
- #3 Association's Annual Meeting or Trade Show (47%)

Incentives and Recognition

General Membership Benefits

Trends in General Membership Benefits	2017	2015
Special communications (e.g. issue updates or newsletters)	75%	78%
Live events with politician, celebrity or other guest speaker	43%	51%
Annual gift	40%	50%
Virtual events with politician, celebrity or guest speaker	27%	23%
Lapel pin	25%	23%
Event with CEO and/or senior executives	21%	29%
Opportunity to attend candidate fundraiser	21%	-
PAC match	20%	18%
Raffles	14%	20%
Other	9%	3%
Ability to deliver PAC checks to candidates	9%	14%
Special name recognition	7%	10%
Trip to Washington, DC, or state capital	3%	6%
Upgraded services or special events at company meetings/events	1%	3%
Trips to vacation destination	1%	1%
Incentive-club only events	0%	3%

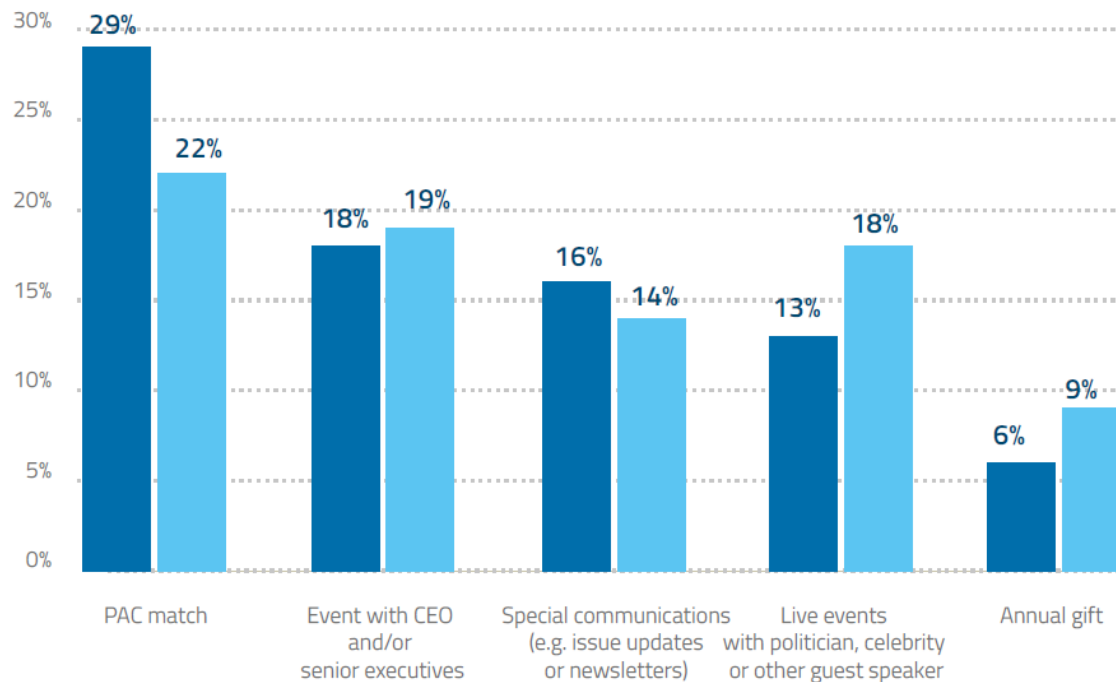
Recognition Levels

- 88% of PACs have recommended giving levels
 - 70% are tied to title or pay grade
- 50% of corporate PACs have incentive clubs with defined benefits
 - 51% of these have 3 or more levels
 - Minimum contribution for *lowest* level is \$250 or 0.5% of salary
 - Minimum contribution for *highest* level is \$3,750 or 1% of salary
 - Up from \$3,000 in 2015

Single Most Effective Benefit

● 2017 (n=165) ● 2015 (n=191)

TRENDS IN MOST EFFECTIVE PAC BENEFITS



General Membership Benefits

Benefits Offered for PAC Membership	Incentive Club Membership	General Donors
Special name recognition	93%	61%
Lapel pin	78%	42%
Special communications (e.g. issue updates or newsletters)	61%	56%
Incentive-club-only events	51%	0%
Upgraded services or special events at association annual meeting/other events	49%	11%
Annual gift	42%	19%
Live events with politician, celebrity or guest speaker	39%	19%
Opportunity to attend candidate fundraiser	34%	23%
Event with staff executive and/or board leadership	29%	14%
Ability to deliver PAC checks to candidates	27%	22%
Virtual events with politician, celebrity or guest speaker	15%	2%
Raffles	12%	13%
Trips to vacation destination	5%	0%
Other	5%	8%
Trip to Washington, DC, or state capital	2%	0%
PAC match	2%	6%



Recognition Levels

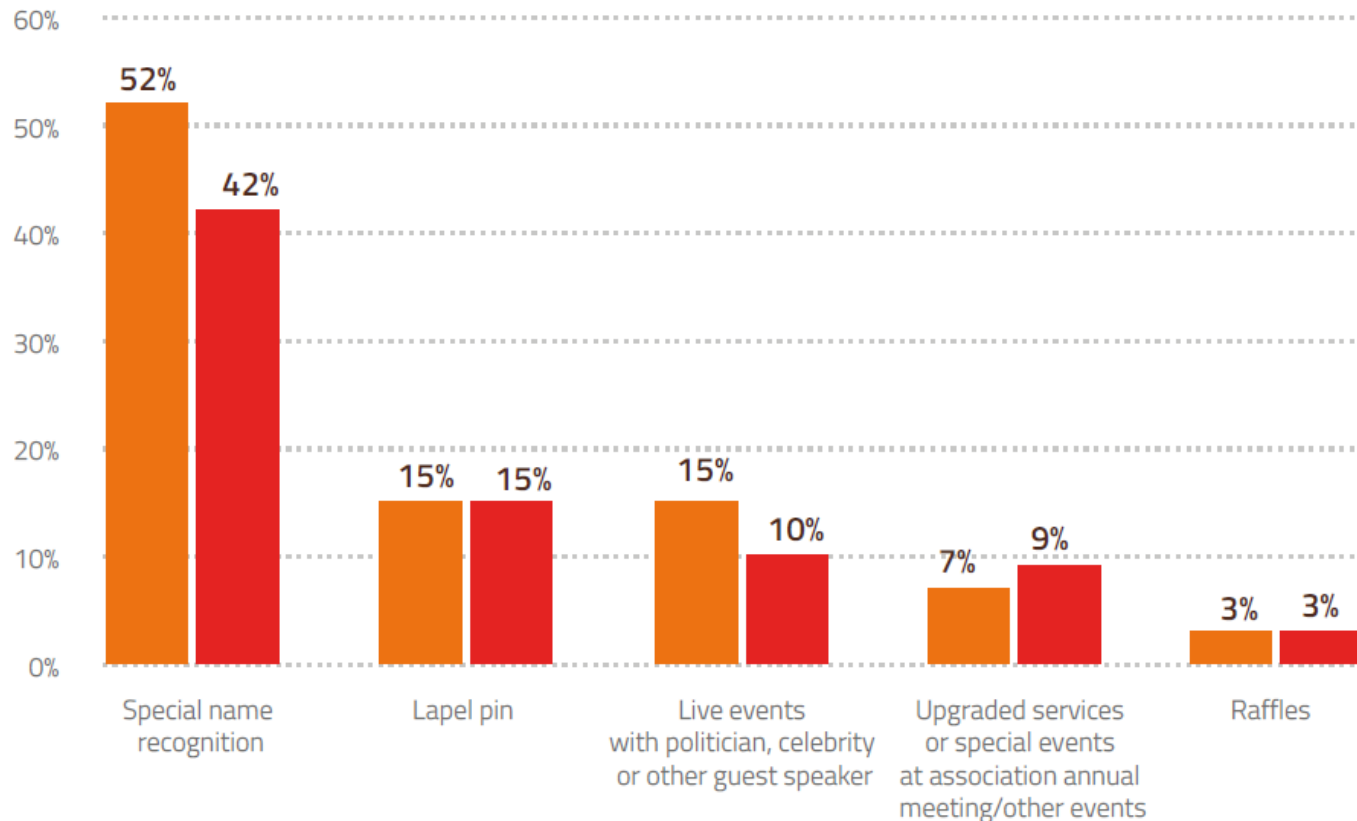
- 60% of associations have incentive clubs
 - 95% of these have 3 or more levels
 - Over one-third have 5 or more levels
 - Minimum contribution for *lowest* level is \$125
 - Minimum contribution for *highest* level is \$5,000

Single Most Effective Benefit

2017 (n=62)

2015 (n=78)

TRENDS IN MOST EFFECTIVE PAC BENEFITS



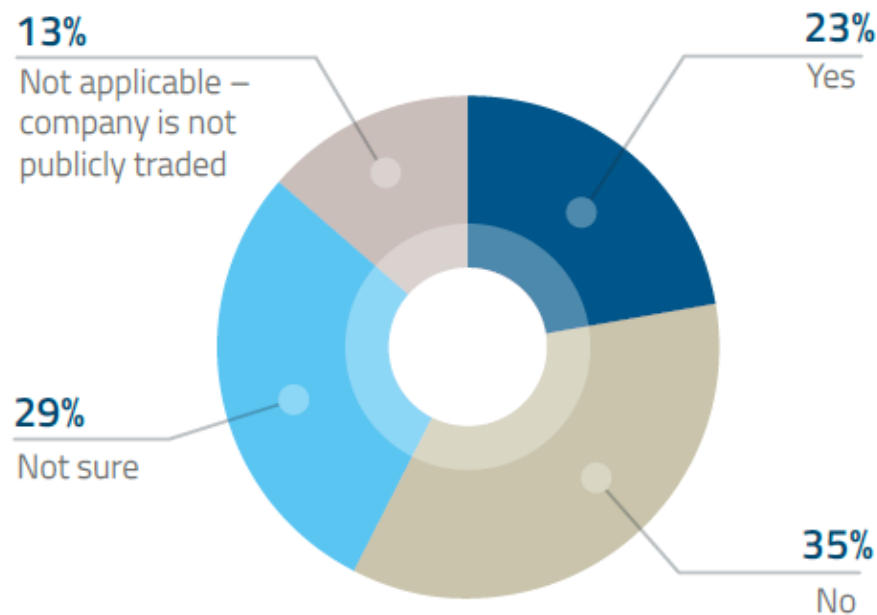
Transparency

Communications to Increase Awareness

Trends in Strategies Used to Enhance Awareness	PAC donors only	All PAC eligibles
PAC newsletter	61%	31%
Issue updates via email and/or web	50%	41%
Live events (e.g., PAC education, issue overviews and meet-and-greets)	48%	34%
Webinars or teleconferences on issues or featuring guest speakers	47%	26%
PAC annual report	46%	46%
PAC advertising/awareness campaign	19%	61%
Get-out-the-vote education	14%	58%
PAC-specific social media activities	7%	9%
Other	3%	1%
n=	155	157

Shareholder Activism

- Over 75% are publicly traded
- Of those, in the last year:



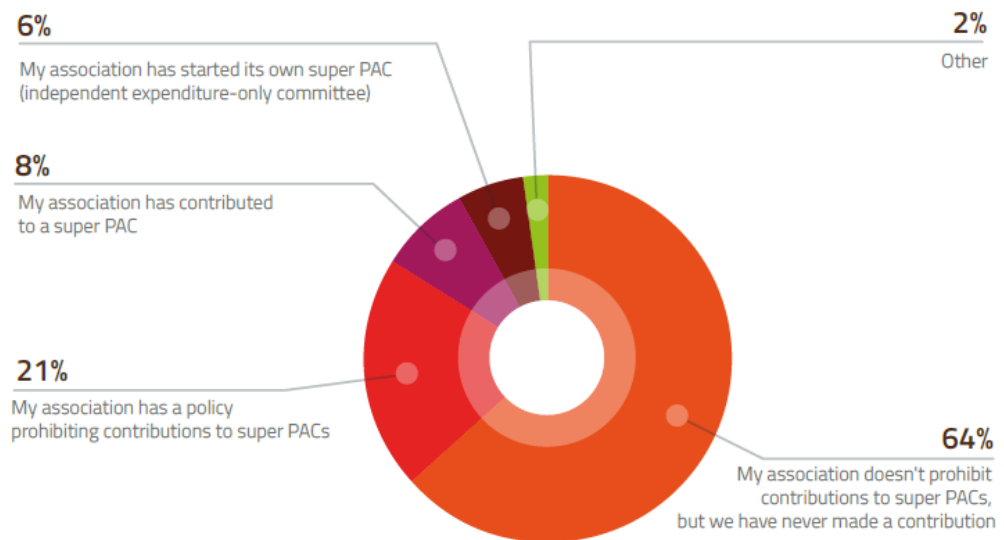
Political Engagement

PACs Remain Key

- Only **5%** of companies report ever giving to a super PAC
- **39%** have a policy *prohibiting* contributions to super PACs
 - Up from 35% in 2015
 - For companies greater than \$1 million/cycle, 52% have a policy prohibiting super PAC contributions

PACs Remain Key

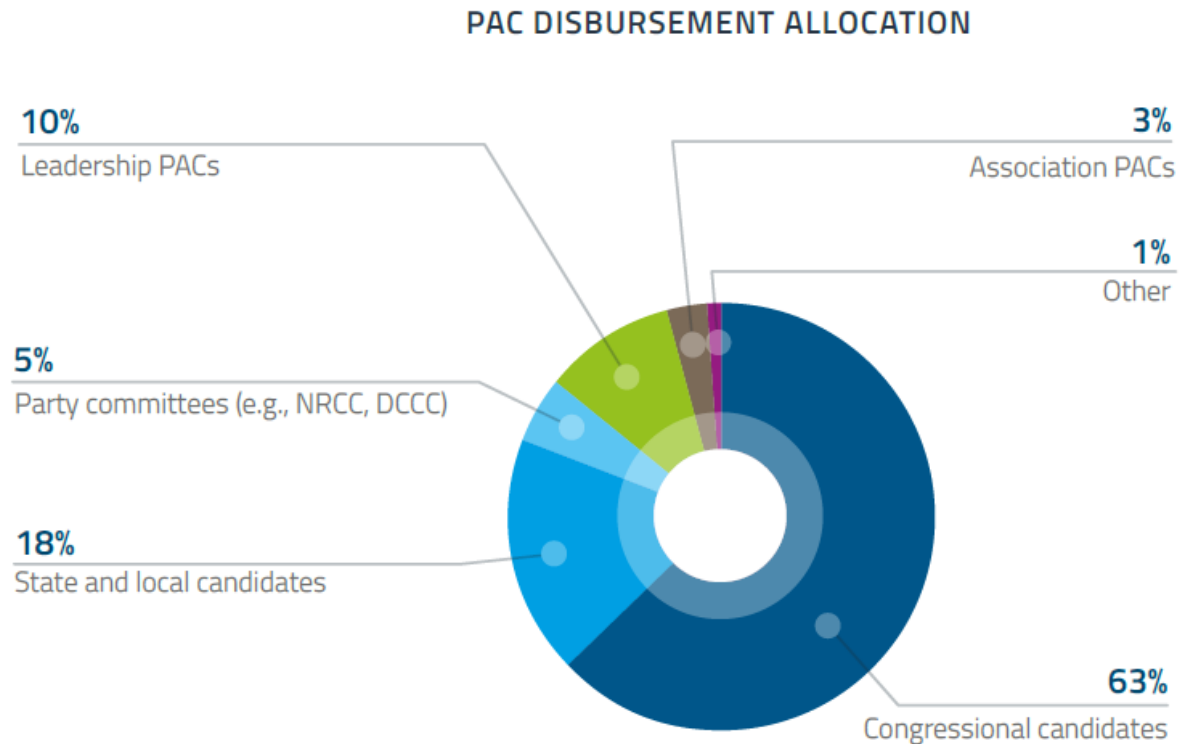
- 14% of associations report ever giving to a super PAC or creating their own for IEs
- 21% have a policy *prohibiting* contributions to super PACs



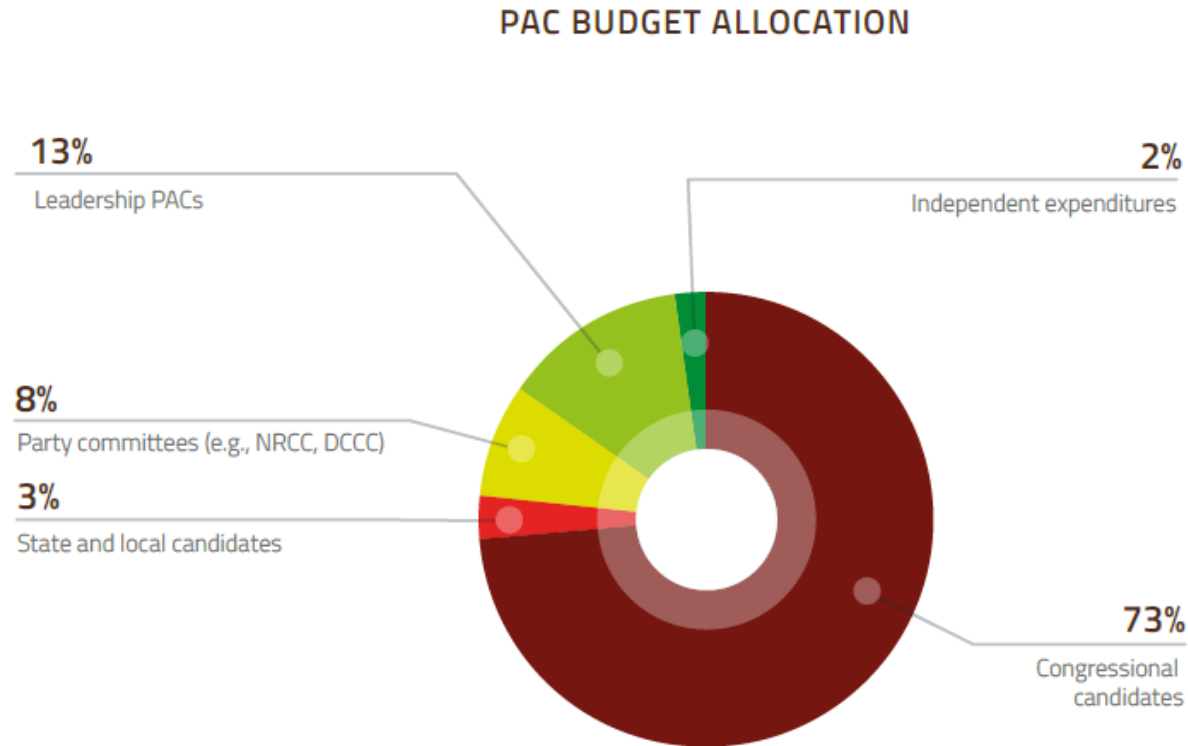
Strategic Support of Candidates

Criteria for making decisions	Percentage of Respondents
Membership on key legislative committees	77%
Voting record consistent with your organization's goals	64%
Organization has facilities or locations in the candidate's district	52%
Leadership position	46%
Candidate's political alignment with customers, employees or other stakeholders	29%
Incumbent status	8%
Industry peers are supporting candidate/event	7%
Likelihood of being reelected	5%
CEO, senior management or Board preference for candidate	3%
Recommendation of a PAC member	3%
Other	1%
Candidate's position on social issues (e.g., human rights, discrimination, etc.)	1%

Where Does the Money Go?



Where Does the Money Go?



Decision-Makers

Most Influential in Directing PAC Contributions	Percentage of Respondents
Federal/state lobbyists	49%
Head of Washington, DC, office (not the head of Public Affairs)	23%
Head of Public Affairs	9%
PAC board – all members	5%
PAC board chair	4%
Senior PAC professional	4%
CEO	1%
Other	5%
n=	185

“Other” responses include: corporate lobbyist/government affairs director, director of government relations, head of congressional affairs, head of DC office & PAC committee (GR team), head of global government relations, based at corporate headquarters, head of government affairs, head of government/public affairs/lobby team, VP of governmental affairs.

Decision-Makers

Most Influential in Directing PAC Contributions	Percentage of Respondents
Federal/state lobbyists	49%
Senior PAC professional	12%
PAC board – all members	10%
Head of Washington, DC, office (not the head of Public Affairs)	9%
Head of Public Affairs	8%
Other	8%
CEO/staff executive	5%
PAC board chair	0%

“Other” responses include: association board of directors candidate selection group director of legislative advocacy & APMAPAC past contributions, committees of jurisdiction, and PAC/GR staff. VP federal affairs.

Connecting With Candidates

- 22% of PACs deliver at least *some* of their contributions via staff in district
 - 32% deliver checks at a small group meeting with the candidate in Washington
- 75% of PACs hosted candidate fundraisers in 2016 election cycle
 - 30% of organizations delivered some contributions at event they hosted

Creating Connections With Members

- 62% of PACs deliver at least *some* of their contributions via members
 - 55% offer this as a benefit of contributing to the PAC
- 43% delivered some contributions during a small group meeting with the candidate in DC
- 88% of PACs hosted candidate fundraisers in 2016 election cycle
 - 17% hosted 50 or more
 - 42% of organizations delivered some contributions at event hosted by a member company

Conclusions & Trends

Major Conclusions

1. PAC practitioners must find efficiencies to keep their PAC growing. Budgets, staffing and resources are not trending up.
2. CEO and sr. leadership engagement in the PAC is rising and highly effective.
3. Corporate PACs are making transparency a priority, not because they have to by regulation or shareholder proposals, but because it's becoming increasingly expected and valuable to donors.

Major Conclusions

4. Peer-to-peer programs continue to be among the most effective solicitation efforts for PACs and most PAC professionals take an internal leadership role in managing P2P activities.
5. Corporate PAC donors are incentivized by PAC match, unique opportunities, access to information and to speakers and leaders above all else. Association members are looking for unique opportunities, access to information and name recognition above all else.

Other Trends

- PACs are returning to the basics. Education campaigns are increasing and just as important as solicitation campaigns.
- An increased shift away from all things political is happening. PACs are striving to be more fun!
- Donors will no longer simply trust that PACs are responsible stewards of their contribution, we must constantly demonstrate and communicate this through increased transparency.
- Social issues are increasingly becoming political issues.
- The rise of candidates not accepting corporate PAC money is concerning.

Comparative Analyses



*2015 Corporate PAC Benchmarking Report
Comparative Custom Report
February 26, 2016*

Methodology

The data in this report are derived from *The 2015 Corporate PAC Benchmarking Survey* research program conducted by the Public Affairs Council. This report provides data for the following custom sample:

- Companies with \$5.1 to \$20 billion in revenue that have 20,001 to 50,000 employees (total of 46).

For ease of comparison, results for the full sample are also provided.

Compare your responses to companies in your industry, of the same size or those deemed “best-in-class.”

For More Information

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