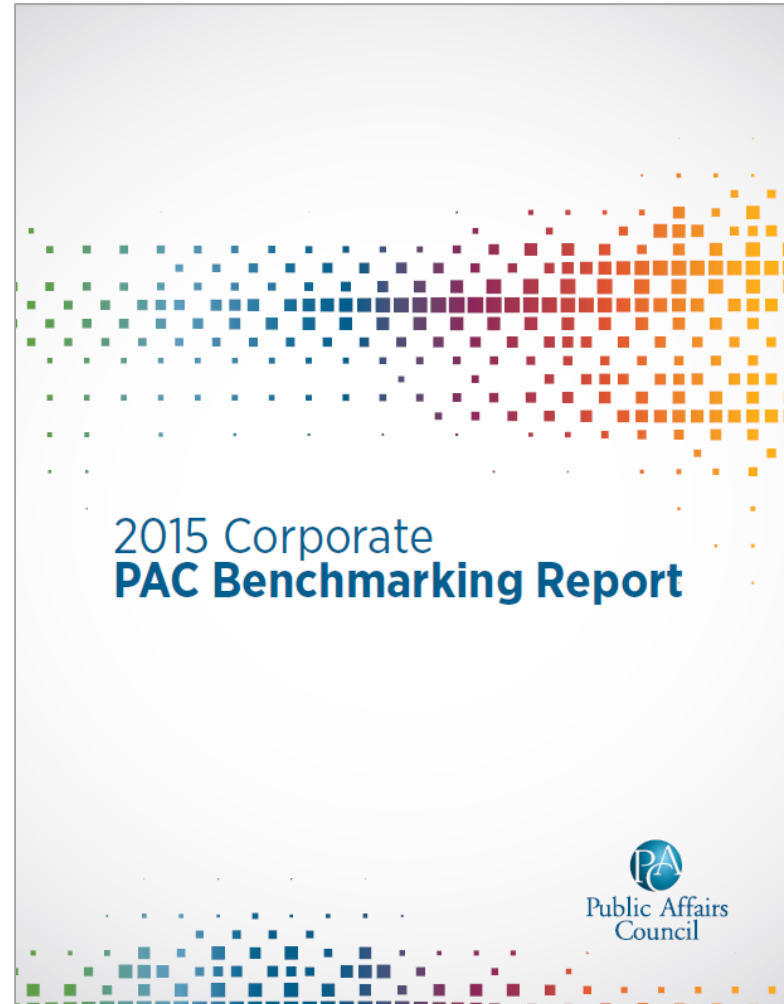


2015 Corporate PAC Benchmarking Report

Webinar for Survey Participants
September 9, 2015

Focus of the Survey

- 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
- 246 participating corporations
- Conducted at the end of every election cycle



How to Use This Report

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

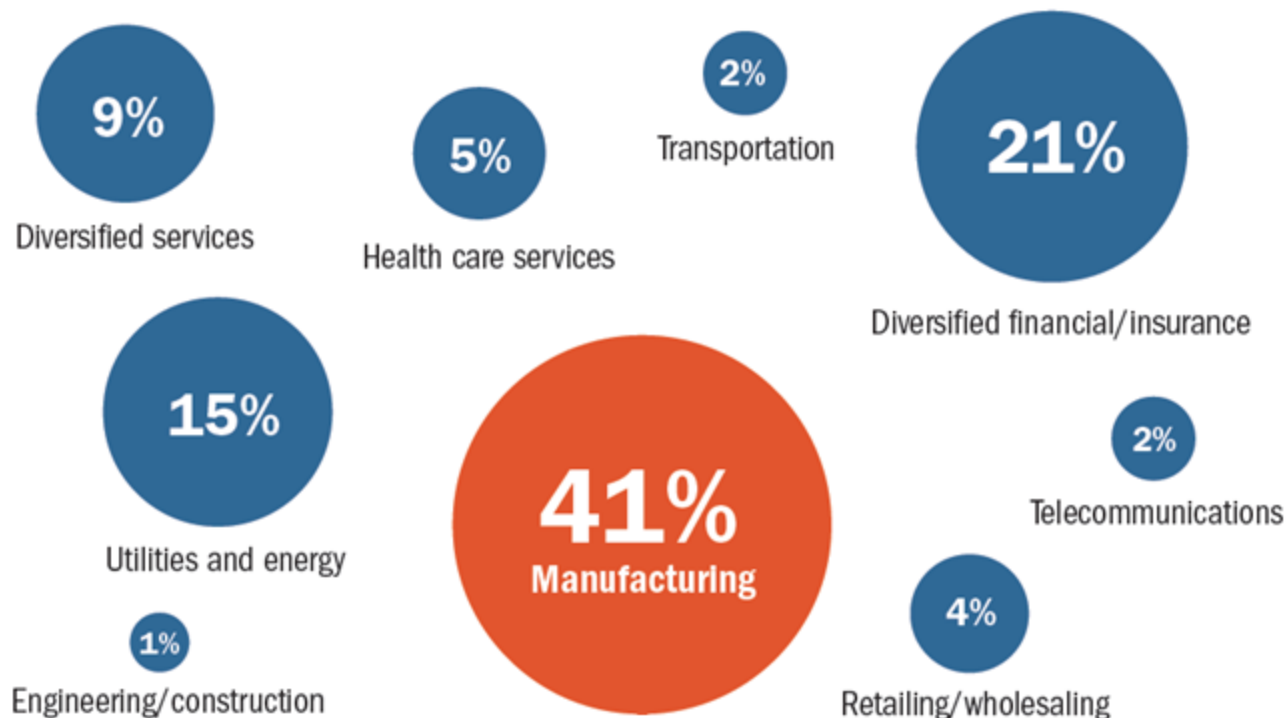
Conduct a comparative analysis (additional fee)

- Compare results with companies in industry, of similar size, best-in-class, etc.
- For more information, contact Sheree Anne Kelly at skelly@pac.org

The Data Set: Industry

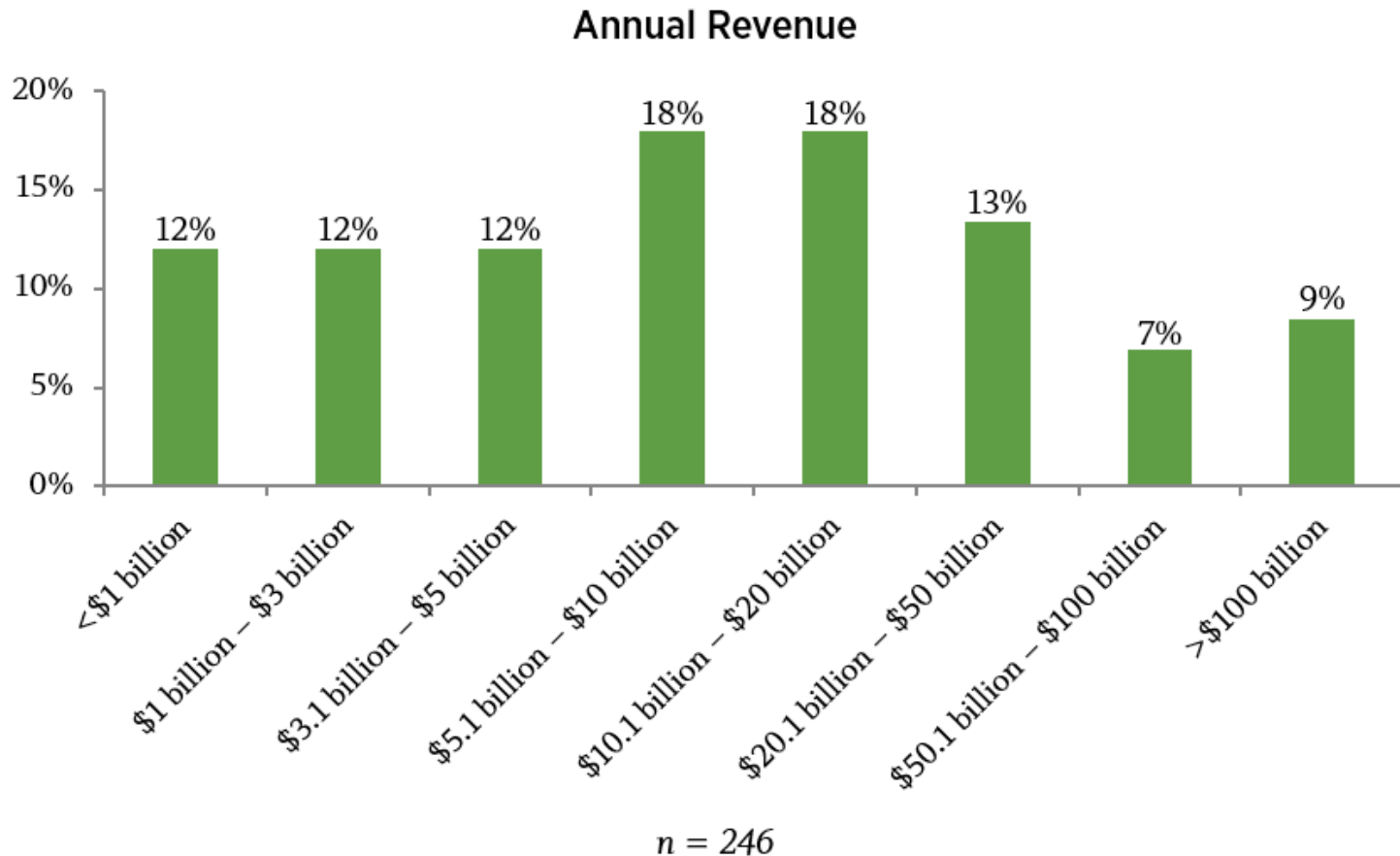
Significant increase in responses (12%)

Industry Sectors Represented



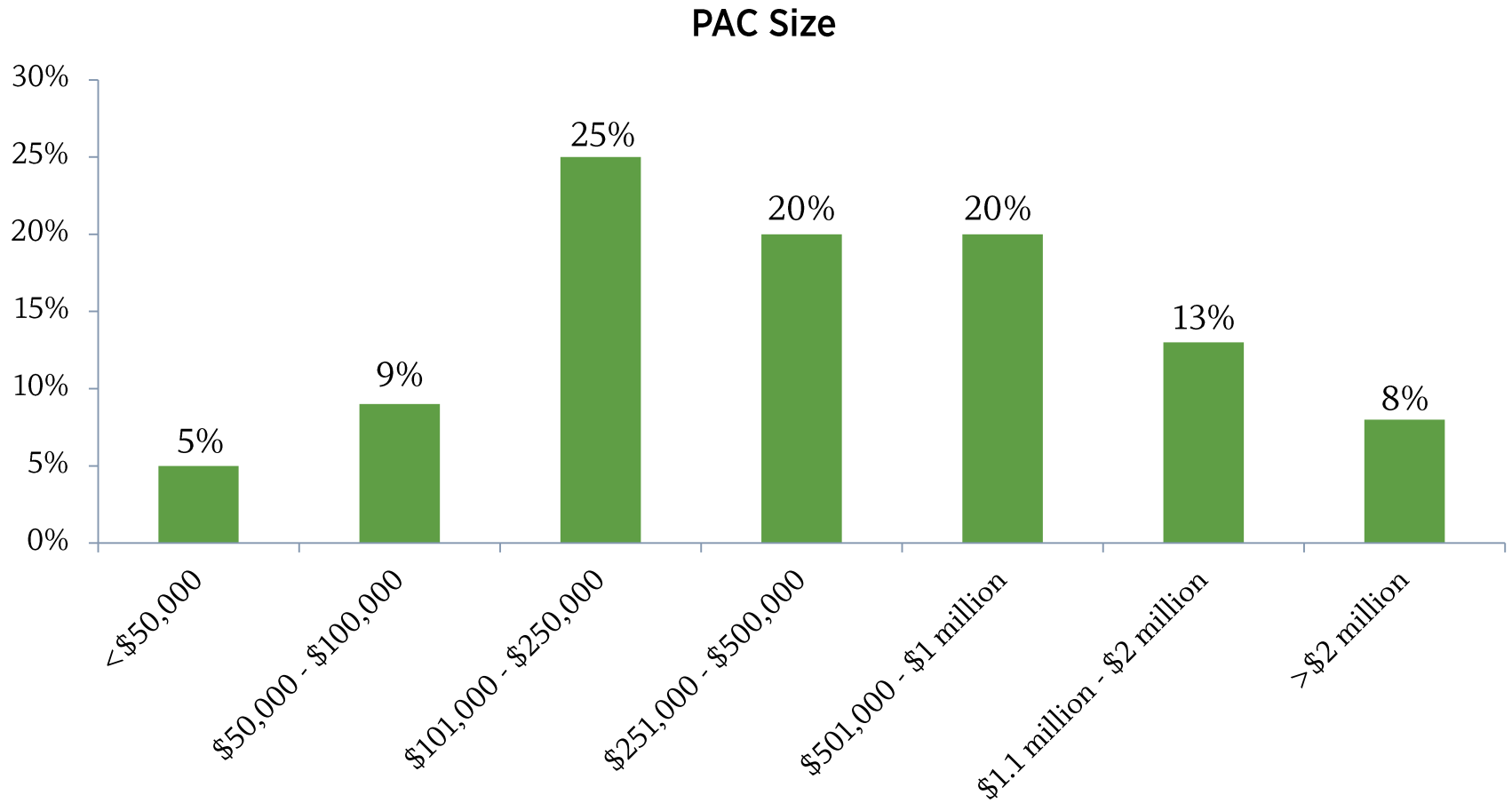
The Data Set:

Company Annual Revenue



Due to rounding, responses do not add up to 100%.

The Data Set: PAC Size



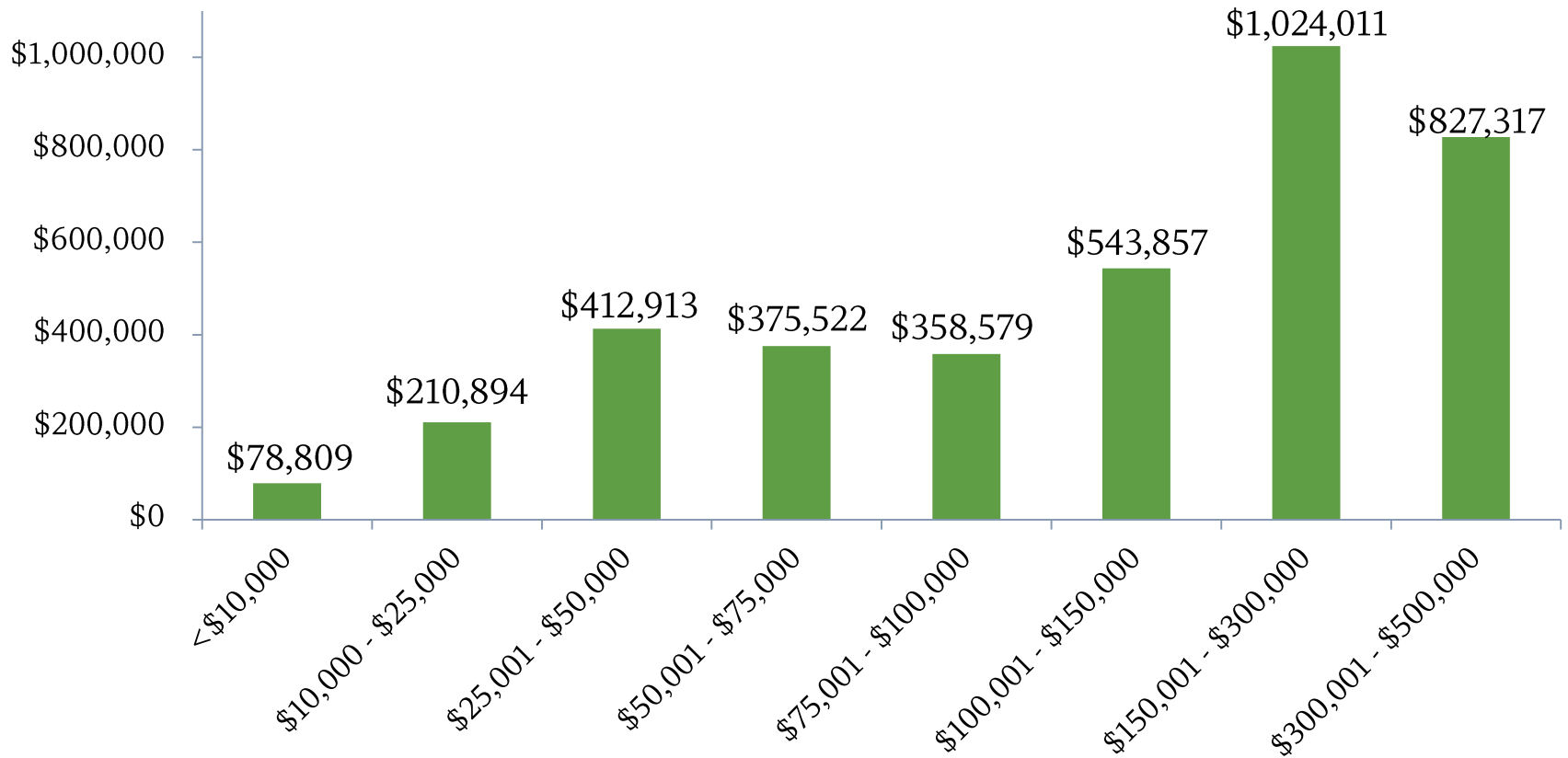
1. Setting the Scene

PACs Are Experiencing Growth

- The median corporate PAC grew by **13%** (in receipts) from the 2012 election cycle to the 2014 election cycle
 - No change in staffing (0.5 administrative staff and 1.0 professional staff)
 - Lots of outside responsibilities
 - Relatively little change in budgets

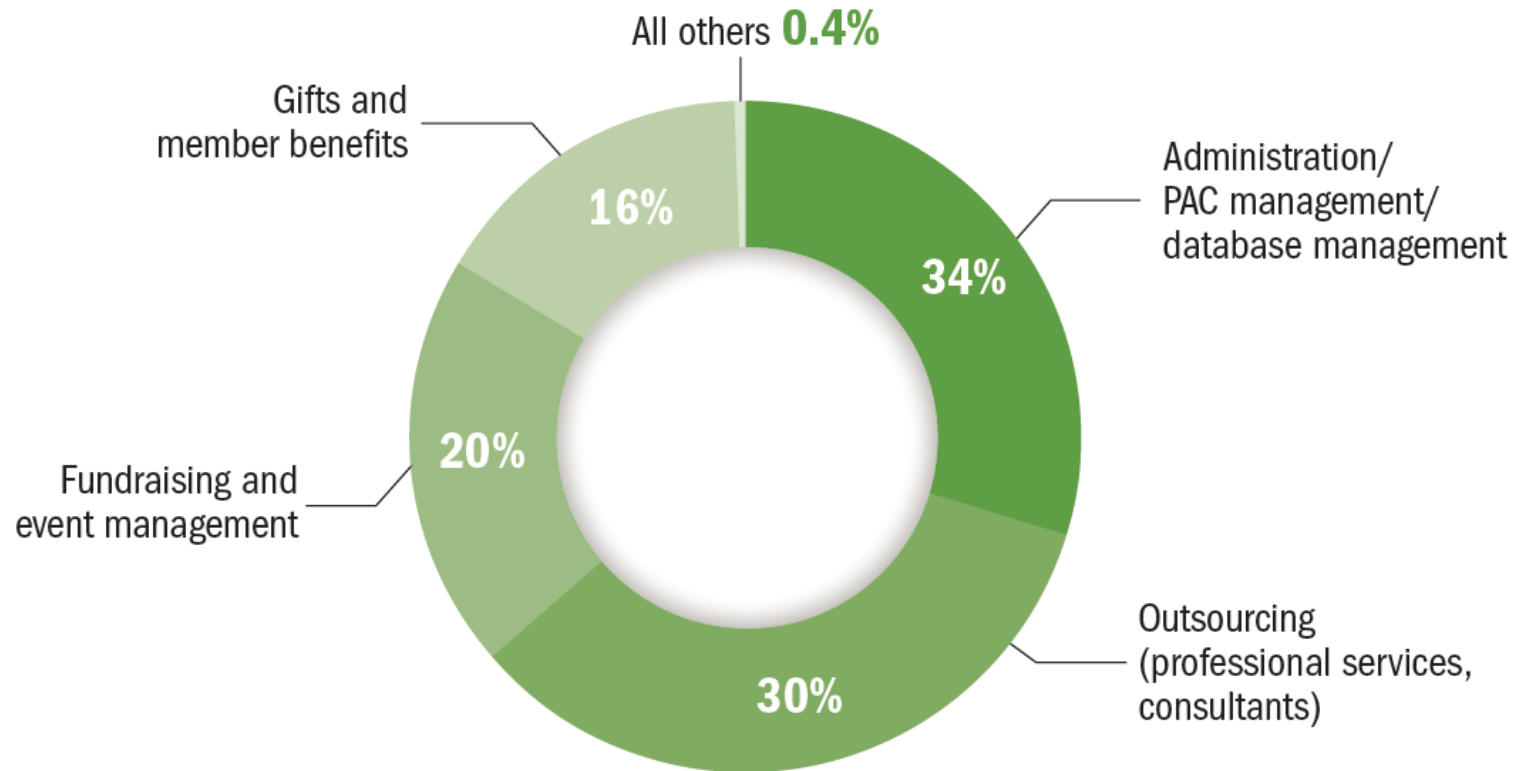
Budget Matters

Median PAC Size by Annual Operating Budget



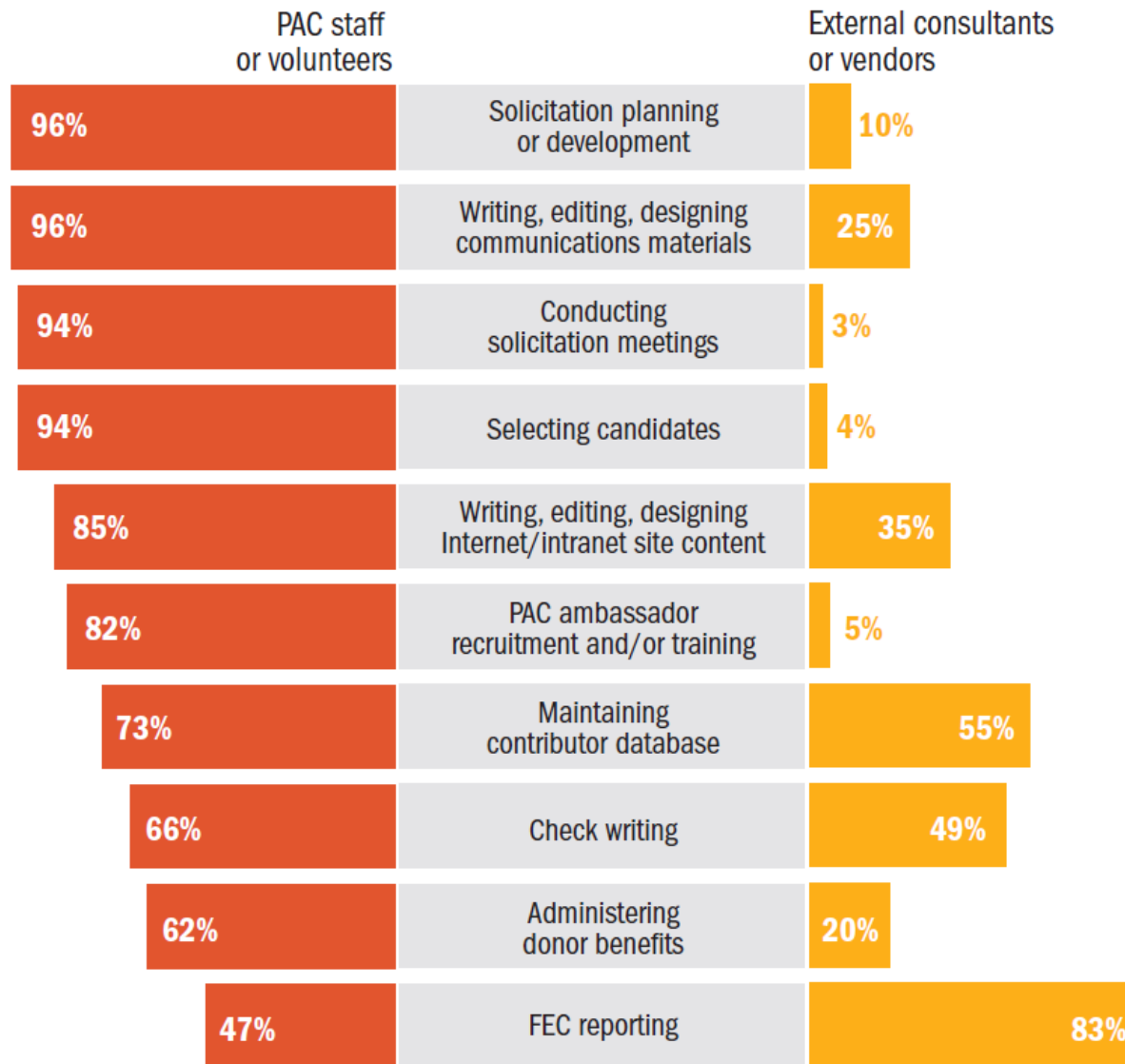
Budget Matters

Annual Operating Budget Allocation



(n = 227)

Who Does What?



(n = 245)

(n = 193)

2. Oversight and Engagement

CEO Engagement Matters

CEO Engagement by Size of the PAC	Overall	<\$1 million	>\$1 million
Contributes <u>the maximum</u> amount allowed to the PAC	75%	69%	94%
Formally endorses the PAC	64%	62%	69%
Signs or sends solicitation letters and emails	58%	56%	67%
Attends PAC events	45%	44%	51%
Hosts PAC donor appreciation events	29%	25%	41%
Makes presentation at or opens solicitation meetings	28%	28%	28%
Appears in a PAC video	26%	22%	43%
Signs or sends thank-you letters	18%	16%	26%
Issues communications on behalf of the PAC (e.g., PAC newsletter)	16%	35%	38%
Solicits corporate board of directors	16%	15%	22%
Serves on the PAC board	14%	15%	14%
Contributes <u>below the maximum</u> amount allowed to the PAC	13%	17%	0%
N/A — the CEO is NOT involved in the federal PAC	9%	10%	6%
Conducts solicitations	7%	7%	6%
Chairs the PAC board	6%	7%	4%

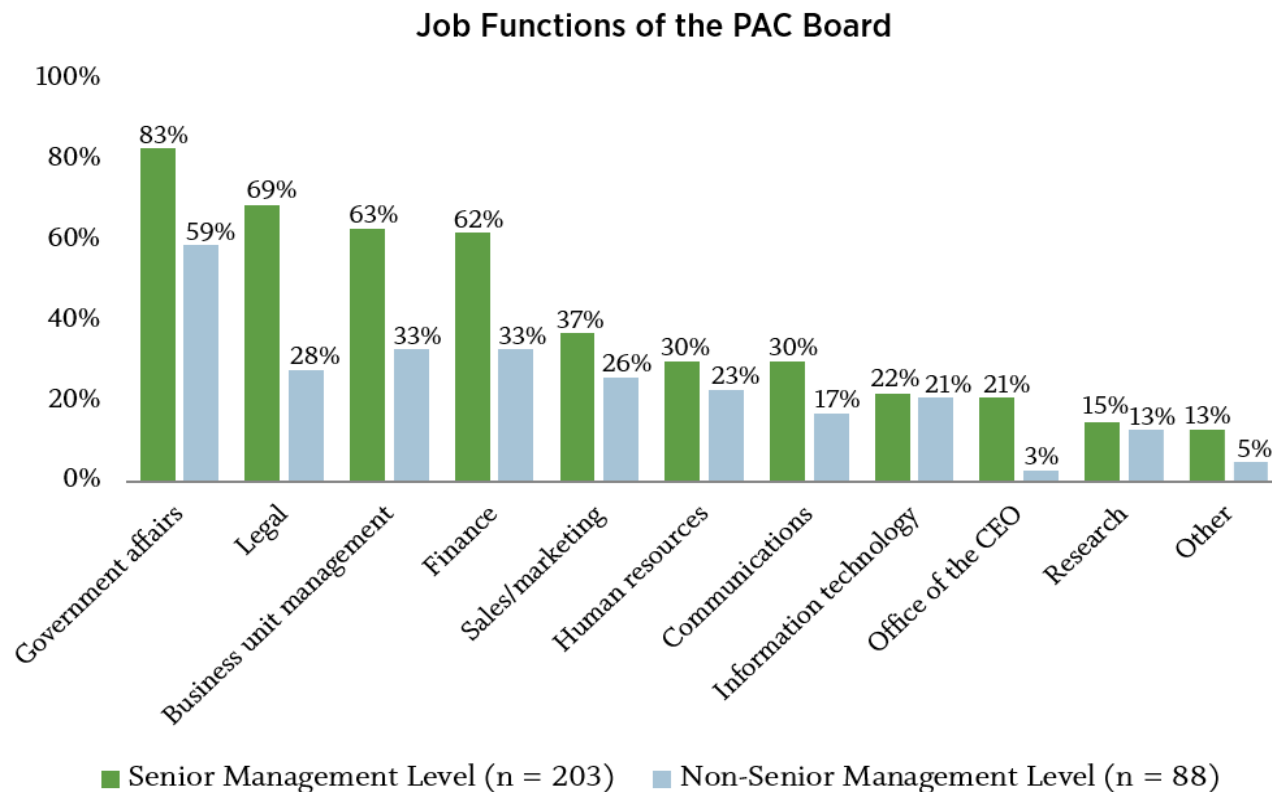
Leadership Engagement

- More than 91% of corporate PACs report that CEOs are involved in some solicitation or recognition activities
 - Soliciting the board: 33% (up from 20%)
 - Half of board solicitations are made by CEO
- 75% contribute at maximum level (94% for \$1M+ PACs)
- Top solicitors:
 - Senior management (other than the CEO)
 - CEO
 - Head of government relations
 - Peer solicitors

**Trend
alert!**

Don't Forget the PAC Board

- Ranked top five most effective solicitors
- 89% of PACs have PAC board
 - Median size: 9 members



3. Fundraising and Solicitations

Fundraising Snapshot

- Median PAC solicits all eligible employees
- Median participation rate is **18%**
- Median per person contribution is **\$657**
- Median growth over 2012 cycle is **13%**

Leadership Contributions Are Critical

	Median participation rate – All	Median participation rate – \$1 million+ PACs	Median contribution amount – All	Median contribution amount – \$1 million+ PACs
Board of directors	79%	75%	\$3,875	\$4,875
Senior Management	67%	81%	\$1,309	\$1,755
Restricted class/salaried employees	14%	16%	\$400	\$358
All other donors	30%	36%	\$540	\$340

Fundraising Trends

- 47% of PACs do one short campaign per year
 - 21% solicit continuously (higher for \$1M PACs)
- While 88% of companies have shareholders, only 12% of those solicited any shareholders
 - The majority of which solicited fewer than 10% of shareholders
- The majority of donors contribute **via payroll deduction (88%)**
 - 9% are by check
 - 2.4% are by credit card

Peer-to-Peer is King

- The use of peer-to-peer solicitors increased from 33% in 2013 to 43% in 2015
- One-third of companies rank them as among the three most effective solicitors
- When peer-to-peer meetings are used, participation rates increase:

PARTICIPATION RATES	Senior Management	Other Employees
When peer-to-peer meetings are used	72%	19%
When peer-to-peer meetings are not used	52%	9%

**Trend
alert!**

Recruiting & Training PAC Ambassadors

- PAC boards are key in helping identify PAC ambassadors from among the membership (27% do this)
 - Senior management also play significant role
- Staff are more involved in training (62%) than outside consultants or vendors (5%)

Top Solicitors

Top Solicitors	2015	2013
Head of government relations department	77%	N/A
Government relations staff	75%	85%
Senior management (other than the CEO)	69%	68%
PAC manager	57%	64%
CEO	57%	49%

Most effective:

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

Top Solicitation Approaches

Solicitation Approaches	2015	2013
Online solicitations (e.g., email)	89%	83%
Peer-to-peer meetings	64%	61%
Small group meetings	58%	58%
New-hire communication or orientation	39%	37%
Large group meetings	37%	45%

Most effective:

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

4. Incentives and Recognition

General Membership Benefits

Trends in General Membership Benefits	2015	2013
Special communications (e.g., newsletter)	78%	78%
Live events with politician, celebrity or other guest speaker	51%	35%
Gifts	50%	49%
Event with CEO and/or senior executives	29%	15%
Virtual events with politician, celebrity or guest speaker	23%	N/A
Lapel pin	23%	21%
Raffles	20%	22%
PAC match	18%	21%
Ability to deliver PAC checks to candidates	14%	N/A
Special name recognition	10%	8%

Recognition Levels

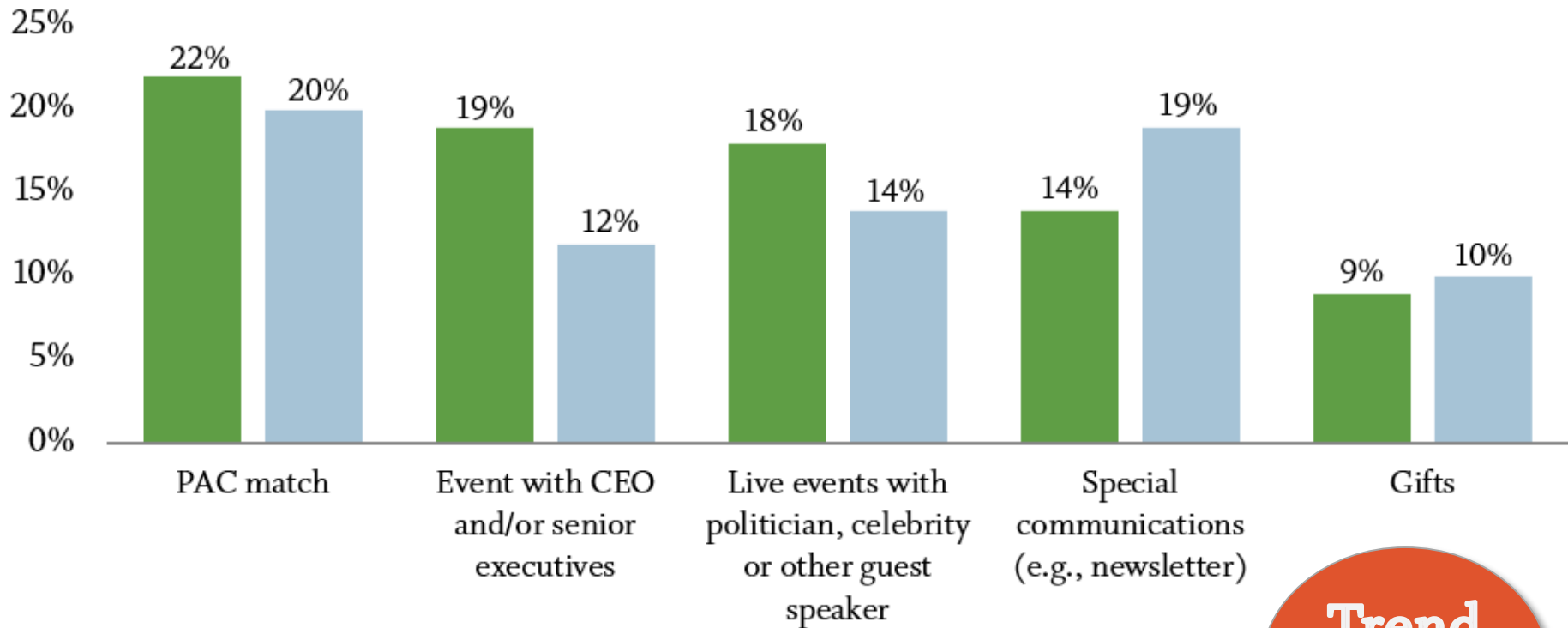
- 93% of PACs have recommended giving levels
 - 65% are tied to salary, title or pay grade
- 45% of corporate PACs have incentive clubs with defined benefits
 - 60% of these have 3 or more levels
 - Minimum contribution for *lowest* level is \$240 or 0.5% of salary
 - Minimum contribution for *highest* level is \$3,000 or 1% of salary
 - Down from \$5,000 in 2013

Incentive Club Benefits

Trends in Incentive Club Benefits	2015	2013
Gifts	75%	64%
Live events with politician, celebrity or other guest speaker	70%	51%
Event with CEO and/or senior executives	69%	46%
Incentive-club-only events	59%	61%
Special communications (e.g., newsletter)	45%	40%
Special name recognition	34%	29%
Lapel pin	28%	33%
Virtual events with politician, celebrity or guest speaker	25%	N/A
Raffles	24%	28%
PAC match	23%	20%

Single Most Effective Benefit

Trends in Most Effective PAC Benefits



**Trend
alert!**

5. Transparency

Communications to Increase Transparency

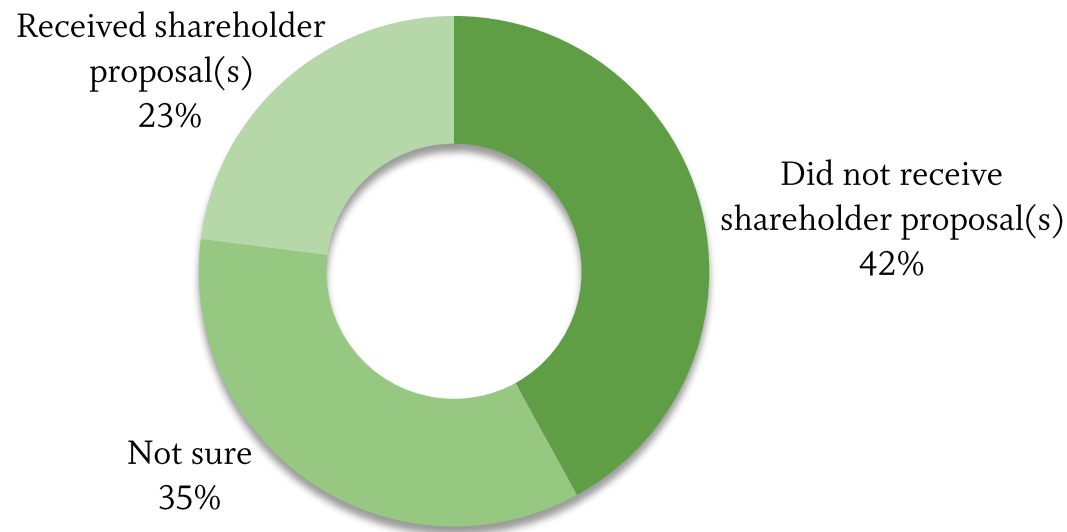
Use of PAC Communications Tools to Increase Transparency: 2013 and 2015

2013	2015	CHANGE	
59%	66%	+7%	PAC annual report
56%	46%	-10%	PAC newsletter
42%	44%	+2%	Intranet site
35%	38%	+3%	General email communications
18%	27%	+9%	Brochure/other printed materials
24%	25%	+1%	PAC education events
18%	24%	+6%	External website (password-protected)
10%	16%	+6%	Webinars/teleconferences/conference calls

**Trend
alert!**

Shareholder Activism

- Over 80% are publicly traded
- Of those, in the last year:



6. Political Engagement

PACs Remain Key

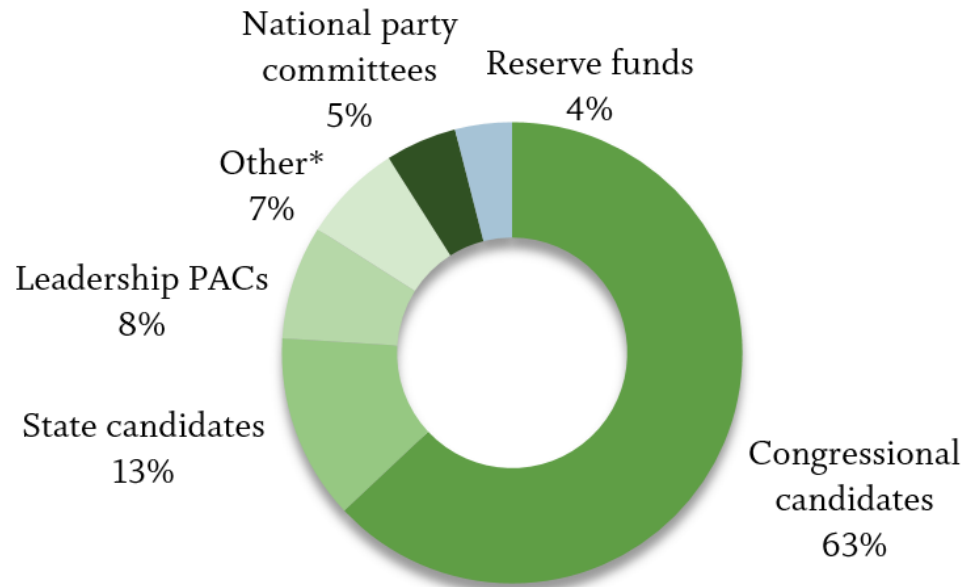
- Only **5%** of companies report ever giving to a super PAC
- **36%** have a policy *prohibiting* contributions to super PACs
 - Up from 16% in 2013
 - For companies greater than \$1 million/cycle, 50% have a policy prohibiting super PAC contributions

Strategic Support of Candidates

Criteria for PAC Contributions	Percentage of Respondents
Membership on key legislative committees	77%
Organization has facilities or locations in the candidate's district	62%
Voting record consistent with your organization's goals	61%
Leadership position	43%
Candidate's political alignment with customers or other stakeholders	31%
Incumbent status	7%
Likelihood of being reelected	4%
Industry peers are supporting candidate/event	4%
Other	3%
Party affiliation	1%
Financial need	1%
Recommendation of a PAC member	1%

Where Does the Money Go?

PAC Budget Allocation

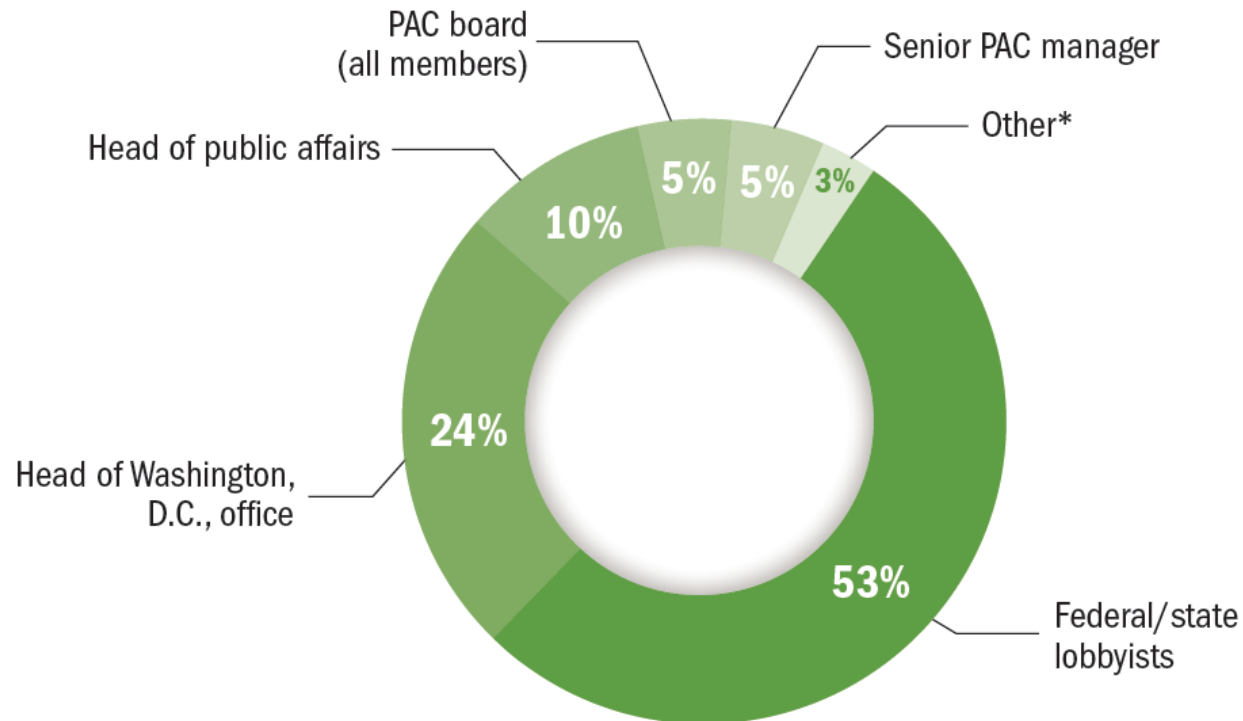


$n = 210$

“Other” includes: local candidates (2%), association PACs (2%), state party committees (2%), debt retirement (0.4%), presidential candidates (0.2%), state ballot initiatives (0.2%), 527 committees (0.1%) and independent expenditures (<0.1%).

Decision-Makers

Most Influential in Directing PAC Contributions



*Other includes PAC board chair, CEO, government affairs manager/staff and trade association.

(n = 218)

Creating Connections With Candidates

- 20% of PACs deliver at least *some* of their contributions via staff in district
 - 27% deliver checks at a small group meeting with the candidate in Washington
- 75% of PACs hosted candidate fundraisers in 2014 election cycle
 - 9% hosted 50 or more
 - 30% of organizations delivered some contributions at event they hosted

**Trend
alert!**

Major Conclusions

1. Corporate PAC managers must find efficiencies to keep their PAC growing. Investing in and nurturing a peer-to-peer program is a major way to do that.
2. Corporate PACs are making transparency a priority, not because they have to by regulation or shareholder proposals, but because donors find it valuable.
3. Senior executive engagement in the PAC is highly effective and continues to increase. Soliciting corporate boards is also on the rise.
4. PACs are diversifying their governance to get more people engaged on the PAC board, which continues to be a major contributor to peer-to-peer and solicitation efforts.

Major Conclusions

5. PACs are getting more sophisticated in how and when they contribute to candidates to increase name recognition, create more touch points with candidates and have a greater impact.
6. PAC donors are looking for PAC match, unique opportunities, access to information and access to speakers and leaders above all else.

Comparative Analyses



Public Affairs Council

2013 PAC Benchmarking Analysis Custom Report

Custom Sample Composition

The data in this report are derived from the *2013 PAC Benchmarking Report* conducted by the Public Affairs Council. The data are grouped as follows:

- ▶ **Full sample** — these data are based on the full sample of 2013 PAC Benchmarking Survey respondents. Please refer to the full report for details on sample composition and research methodology.
- ▶ **Targeted subsample** — these data are based on responses provided by the following companies:

AT&T, Inc.
Cisco Systems, Inc.

Qualcomm, Inc.
Raytheon Co.

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

For More Information

Hannah Wesolowski

Associate Director, Political Engagement

202.787.5969

hwesolowski@pac.org

Sheree Anne Kelly

Vice President

202.787-5970

skelly@pac.org