Public Affairs Council

Super PACs vs. Connected PACs

Despite decades of campaign finance reform beginning in the early 1970s, a traditional connected PAC remains the only vehicle a company or association may use to fund a candidate's campaign. Connected PACs are also the most transparent and regulated way for any organization to participate in the political process.

What are super PACs, and how does that impact what corporations and associations can do to support candidates?

In *Citizens United v. FEC,* the Supreme Court found that prohibiting certain types of political speech by corporations and unions violated the First Amendment. The decision allows all types of organizations – corporations, associations, labor unions and advocacy groups – to:

- Use money from their general treasuries for advertising that is **not coordinated** with candidates in federal elections (also known as "independent expenditures").
- Use words that expressly advocate for the election or defeat of a candidate. For instance, "Vote for John Doe."
- Run these ads in previously prohibited windows – 60 days before a general election and 30 days before a primary election.

Corporations and associations are **still prohibited** from directly supporting a candidate for federal office with contributions to candidate PACs or campaigns. This means organizations still <u>cannot</u>:

- Use general treasury funds to make monetary or in-kind contributions to a federal candidate or that candidate's PAC.
- Coordinate contribution activities with federal candidates.

The ruling does not change how PACs operate or the important role they play in the political process.
In fact, PACs are still the only way corporation and association employees can combine funds to directly support candidates who have like-minded public policy priorities.

Why all the hype about super PACs?

The numbers aren't small. Super PACs' spending on independent expenditures exceeded $600 million in the 2012 election cycle, and over half of that came from the top five groups (two of which were Restore our Future, which supported Governor Mitt Romney, and Priorities USA Action, which supported President Obama), according to the Center for Responsive Politics. Still, traditional connected PACs raised more than $1.4 billion in the 2012 election cycle. In the 2014 election cycle, super PACs spent a smaller amount ($345.1 million) due it only being a mid-term election. In the 2016 election cycle through the end of 2015, super PACs have already spent over $110 million, with those figures expected to climb dramatically through the election.

How can you explain the relevance of connected PACs?

Connected PACs can directly contribute to a candidate's campaign, with the primary goal of electing candidates who understand their business and industries, whereas super PACs may not. Only connected PACs may coordinate directly with the candidates they support. This aspect is important to many companies and associations because, through their PAC, they can educate candidates, including incumbents seeking reelection, on the issues that are important to them.

While super PACs will continue to grow and play a bigger role in the election process, contributions to connected PACs will help companies and associations advance their government affairs objectives by supporting candidates who have similar views on many of the complex and challenging issues they face.

The best advice?

Talk about them. A crucial focus for PAC directors and government affairs teams is educating PAC eligibles and contributors, to help them distinguish between these two very different entities. To do this, many include slides describing super PACs in the solicitation decks they use at in-person events and webinars. Many also issue news alerts or include information in their PAC newsletters to keep employees and members informed.

When seeking to educate eligibles and contributors, keep in mind that super PACs are largely misunderstood. While they are reshaping the political giving landscape, in doing so, they also reinforce the importance of connected PACs as the only way to directly fund a candidate. Following is a chart to help articulate the distinctions between traditional corporate or association PACs and super PACs.

Public Affairs Council

Distinguishing Between Super PACs and Connected PACs

FEC REPORTING REQUIREMENTS

Corporate and Association PACs	Super PACs
Report to the FEC (not the IRS, like 527s)	
Required to report all receipts and expenditures	
Register with the FEC as a connected PAC	Register with the FEC as a non-connected political committee

USE OF CORPORATE FUNDS

Corporate and Association PACs	Super PACs
General treasury funds from connected organizations (corporations or associations) may be used only to pay fees associated with PAC administration	Can raise money from corporations, associations, unions and individuals
Corporations and associations cannot contribute directly to the PAC	

FUNDRAISING AND DISBURSEMENT LIMITS

Corporate and Association PACs	Super PACs
Strict limits — Can accept a maximum of only $5,000 per year from **eligible** individuals	No limits — Can accept unlimited contributions from corporations, associations, unions and individuals
Disbursement limits — Can contribute up to $5,000 per federal candidate committee per election	No disbursement limits — Can spend unlimited amounts of money on independent expenditures **only**

EXPENDITURE RULES

Corporate and Association PACs	Super PACs
Funds can be given directly to federal candidate committees	Cannot contribute to federal candidate committees
	Contributions are made in the form of independent expenditures
	Cannot coordinate independent expenditures with candidate committees