

Campaign Finance Compliance and Successful PAC Management

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Today's Agenda

- Compliance procedures and reporting
- Planning and auditing activities
- Donor education and recruitment
- Reporting back to stakeholders
- Building a candidate support strategy

Compliance Procedures and Reporting

Understanding Compliance

When in doubt, ask!

Federal Election Commission

www.fec.gov

800-424-9530

202-694-1000

****Ask for your analyst or a PAC specialist**

All 50 states have different laws

- www.pac.org/pac > Legal Considerations
- Check with state Board of Elections/Secretary of State
- Some states allow use of federal PAC, some allow corporate money
- Check with your compliance vendor to get assistance

PAC Reporting

Semi-annual filers (federal):

- Mid-year: January 1 – June 30
Due: July 31
- Year-end – July 1 – December 31
Due: January 31, 2018

Monthly filers (federal):

- 20th of every month through October:
Previous month's activity
(e.g., March 20 covers 2/1 – 2/28)
- Year-end – December 1-31
Due: January 31, 2018

http://www.fec.gov/info/report_dates_2017.shtml

Committees may change filing frequency **once** per calendar year.

Contribution Limits: 2017-2018

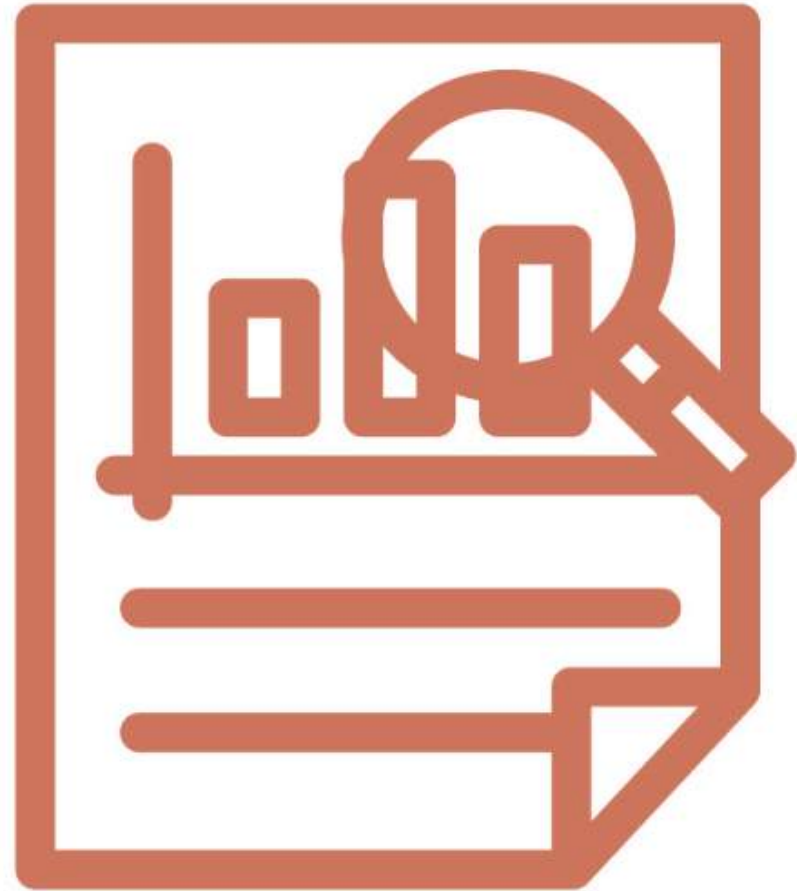
Donor	Candidate Committee per election	National Party Committee (RNC, DNC, NRSC, DSCC, NRCC, DCCC) per year	Additional National Party Committee Accounts	State, District or Local Party Committee per year	Other PACs
Individual may give	\$2,700* per election	\$33,900* per year	\$101,700 per account, per year	\$10,000 per year (combined limit)	\$5,000 per year
PAC (multi-candidate) may give	\$5,000 per election	\$15,000 per year	\$45,000 per account, per year	\$5,000 per year (combined limit)	\$5,000 per year
PAC (non-multi-candidate) may give	\$2,700* per election	\$33,900* per year	\$101,700 per account, per year	\$10,000 per year (combined limit)	\$5,000 per year

*Indexed for inflation.

PAC Reporting

Internal review processes:

- Who is reviewing/signing off on reports? Do you have time built in for internal review?
- Bank account reconciliation
- Documented procedures in place



Reconciliation

Bank Reconciliation		
January 1 - 31, 2016 (Feb 20 FEC)		
Bank Reconciliation		
Bank Balance - January 1, 2016		324,206.23
Receipts and other deposits		\$371,382.06
Offsets		\$0.00
Interest Earned		\$0.00
Total Inflows		371,382.06
Disbursements and other credits		(\$89,500.00)
Service fees		(\$20.00)
Total Outflows		(89,520.00)
Bank Balance - January 31, 2016		606,068.29
Bank to FEC Reconciliation		
Bank Statement Balance - January 31, 2016		606,068.29
Outstanding checks		(88,500.00)
Deposits in transit		0.00
Running Bank Balance - January 31, 2016		517,568.29

Reconciliation

FEC Reconciliation		Period	YTD
FEC Closing Balance - last report		\$284,706.19	\$284,706.19
Receipts			
	Line 11ai - Individuals Itemized	366,252.68	\$366,252.68
	Line 11aii - Individuals Unitem.	\$5,129.42	\$5,129.42
	Line 15 - Offsets	\$0.00	\$0.00
	Line 16 - Refunds of Contributions Made	\$0.00	\$0.00
Total Receipts		\$371,382.10	\$371,382.10
Disbursements			
	Line 21 - Operating Expenses*	(\$20.00)	(\$20.00)
	Line 23 - Federal Committees	(\$138,500.00)	(\$138,500.00)
	Line 28 - Refunds to Contributors	\$0.00	\$0.00
	Line 29 - State Committees	\$0.00	\$0.00
Total Disbursements		(\$138,520.00)	(\$138,520.00)
FEC Balance - January 31, 2016		\$517,568.29	\$517,568.29
Difference			\$0.00
OUTSTANDING CHECKS			
<u>Payee</u>	<u>Check No.</u>	<u>Date</u>	<u>Amount</u>
John Smith For Congress	4805	1/11/2016	\$1,000.00
Jane Doe For Congress	4807	1/11/2016	\$2,000.00

Building a Recruitment Plan: Who Can You Ask?

Who may be solicited by a **corporate PAC**:

Corporation's executive & administrative staff (policy-making, managerial, professional, supervisory responsibilities)

Stockholders

Families of both groups

Who may be solicited by a **individual membership association PAC**:

Executive & administrative staff (same definition as above)

Non-corporate members

Families of both groups

Who may be solicited by a **trade association PAC (corporate members)**:

Executive & administrative staff (same definition as above)

Non-corporate members

With prior approval – corporate members' executive and administrative personnel, stockholders

Families of those groups

What Constitutes a Solicitation?

What is NOT a solicitation?

Statistical

Factual

Historical

What IS a solicitation?

Asking for money

Sharing of membership benefits

Identifying goals of the PAC

Adjectives & adverbs

All solicitations must include required disclaimers

Keeping the PAC Compliant

PACs are most likely to be audited by the FEC if:

- There are gross discrepancies on their reports to the FEC
- What they report does not match up with what candidates report
- They don't submit reports
- They receive a **complaint about coercion**

Avoiding Coercion

Coercion may include:

- Suggestions that an employee's supervisor will know whether the employee contributes to the PAC
- Use of words that indicate contribution is a condition of employment (e.g., “must” or “expected to” contribute)
- Suggestions that contributing will affect opportunity to advance within the company (i.e., don't discuss promotions or compensation)



Avoiding Coercion

Coercion may include (continued):

- Public or private communication about the need for a specific person to contribute to win a competition or fundraising challenge
- Suggestions that PAC fundraising efforts are similar to charitable drives

Other things to avoid:

- Suggest PAC helps get specific legislative action (quid quo pro)
- Soliciting those who you have directly authority over
- Answering questions you don't have the answer to

Auditing Your Activities and Strategic Planning

Strategic Planning: A Tale of Two PACs

PAC that wants to grow each year and takes every opportunity.

- Annual conference
- Resolicit past donors
- Fly-in
- Newsletters & annual report
- Committee meetings

PAC that knows it wants to be \$1 million in 2 cycles (from \$550K)

- Analyzes data
- Talks to key stakeholders
- Maps out important strategies
- Presents to leadership on resources and support necessary

Strategic Planning: A Tale of Two PACs

PAC that wants to grow each year and takes every opportunity.

- Annual conference
- Reach out past donors
- Fly-in
- Newsletters & annual report
- Committee meetings

10% annual growth

PAC that knows it wants to be \$1 million in 2 cycles (from \$550K)

- Analyzes data
- Talks to key stakeholders
- Maps out important strategies
- Presents to leadership on resources and support necessary

25% annual growth

Auditing Your PAC

	Compliance Audit	Financial Audit	Operational Audit
Ensure compliance with federal/state laws	X		
Make sure reports reflect accurate amounts	X	X	
Review internal controls and safe harbor adherence	X	X	X
Assess why fundraising has stalled			X
Determine if you are “keeping up with the Joneses”			X
Validate the need for new programs and/or resources			X

Auditing and Assessing Your Activities

Things to review:

- PAC board structure, roles
- Bylaws
- Candidate contribution criteria
- Mission statement
- Education efforts
- Messaging
- Recruitment
- Recognition

How to conduct a review:

- Getting feedback from peers
- Benchmark your PAC
- Using other departments
- Strategic discussions with board
- Annual review period

PAC Timeline

[illegible]

DETAILED CAMPAIGN SCHEDULE THROUGH the 2014 ENROLLMENT CAMPAIGN

Long-term Numerical Goals:

- Increase the number of members from the current 17% range to the 35% range.
- Increase the amount of contributions to \$365,000 annually.

Realistic Goal Increases for 2014

Based on best practices, it is recommended that our PAC not try to leap from 17% PAC enrollment to 35% enrollment in one year. We should run a thorough campaign in the spring of 2014, aim quietly for 35%, but publicly aim for something in between - perhaps something halfway, in the 25%-27% range. The key to success is that people like belonging to a winner. It is a good thing to publicly state reasonable, even modest, goals, and then exceed them. Always maintain positive statements. Perhaps achieve the 35% goal over 2-4 years.

Leadership Participation

Based on participation results from the 2013 PAC enrollment campaign, and the potential still remaining, should precede the 2014 campaign with a focused period (3 weeks?) on the top 28 employees (20 office division heads). Of the 28, 7 are not participating in the PAC, and 8 are participating modestly.

Growing the Base

We would like to encourage growth in giving for our current members. For the 19 members who gave to us, we would like to see them at least become Sustaining members. And for the existing sustaining members, we would like to see some portion become Capitol Club members.

Peer Coordinators

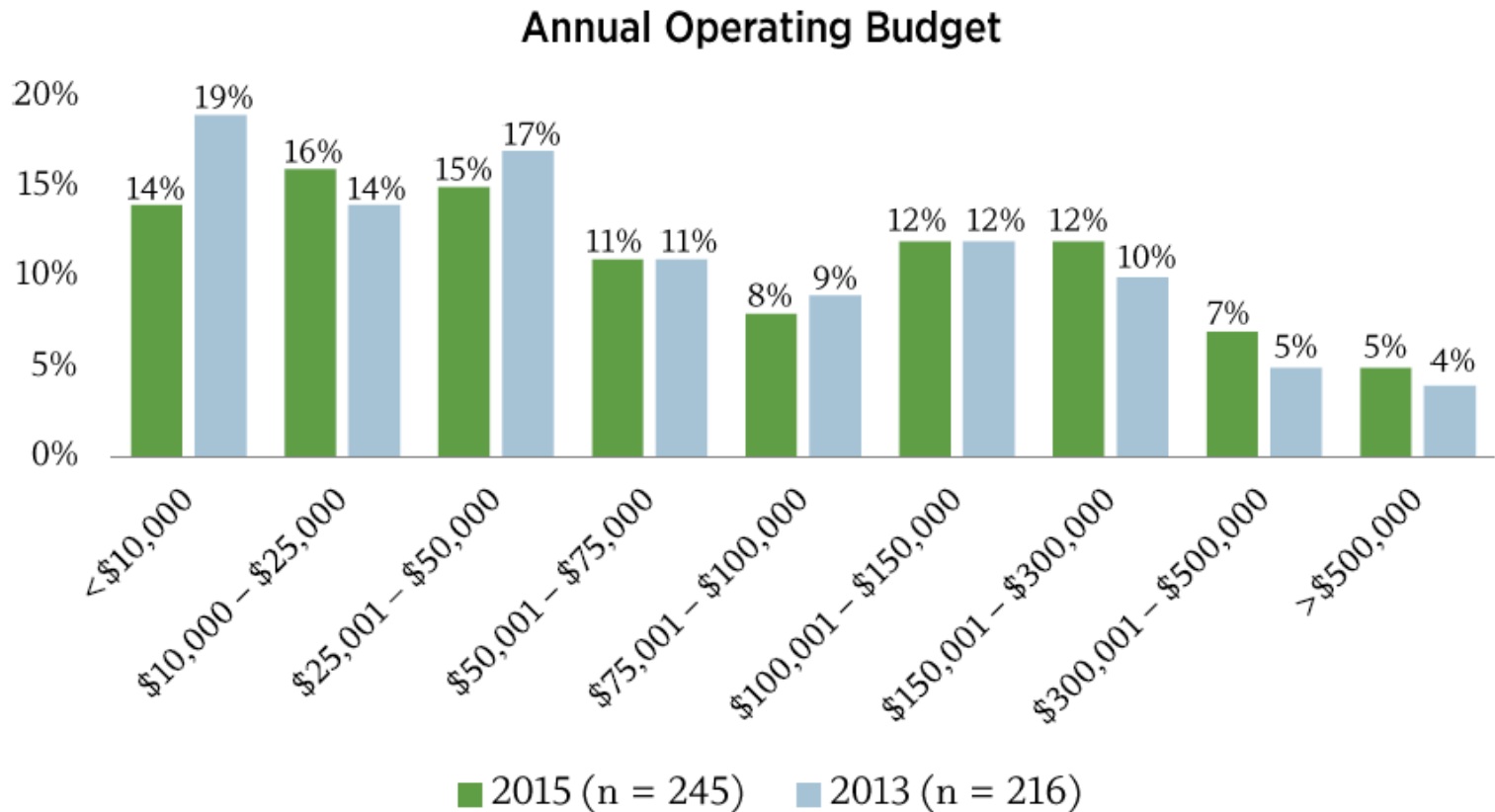
All 18 Peers are now responding to our inquiry of whether they would like to stay on or not as Peer

TIMELINE STRATEGY - for the 2014 ENROLLMENT CAMPAIGN

<u>Date</u>	<u>Activity</u>
September 2013	Final 2013 PAC enrollment campaign evaluation is sent to the Company Leadership, PAC Board of Trustees and Peer Coordinators.
<u>Mid September</u>	Distribute annual gift to all PAC members.
Late September	1 st PAC newsletter is sent to all PAC <u>eligibles</u>
Late October/Early November	1 st PAC Event at HQ
Early December	2 nd PAC newsletter sent to all PAC <u>eligibles</u> .
End January 2014	Capitol Club Gala
Mid-February	3 rd PAC newsletter sent to all PAC <u>eligibles</u> . (focus on fall elections)
Early April	A communication from CEO to all PAC-eligible employees to announce the PAC campaign, convey support and encourage employee participation.
Mid-April	4 th PAC newsletter sent to all PAC <u>eligibles</u> . (flag upcoming campaign)
Late April	A letter from each Business Unit VP is sent to all <i>non-member</i> PAC-eligible employees in their business unit promoting the May 3 kickoff - encouraging participation in one of two presentations.
Late April	PAC peer champion training held at HQ
Late April	Special week of outreach to senior executives
Early May	PAC Kickoff/Orientation hosted by SVP of Government

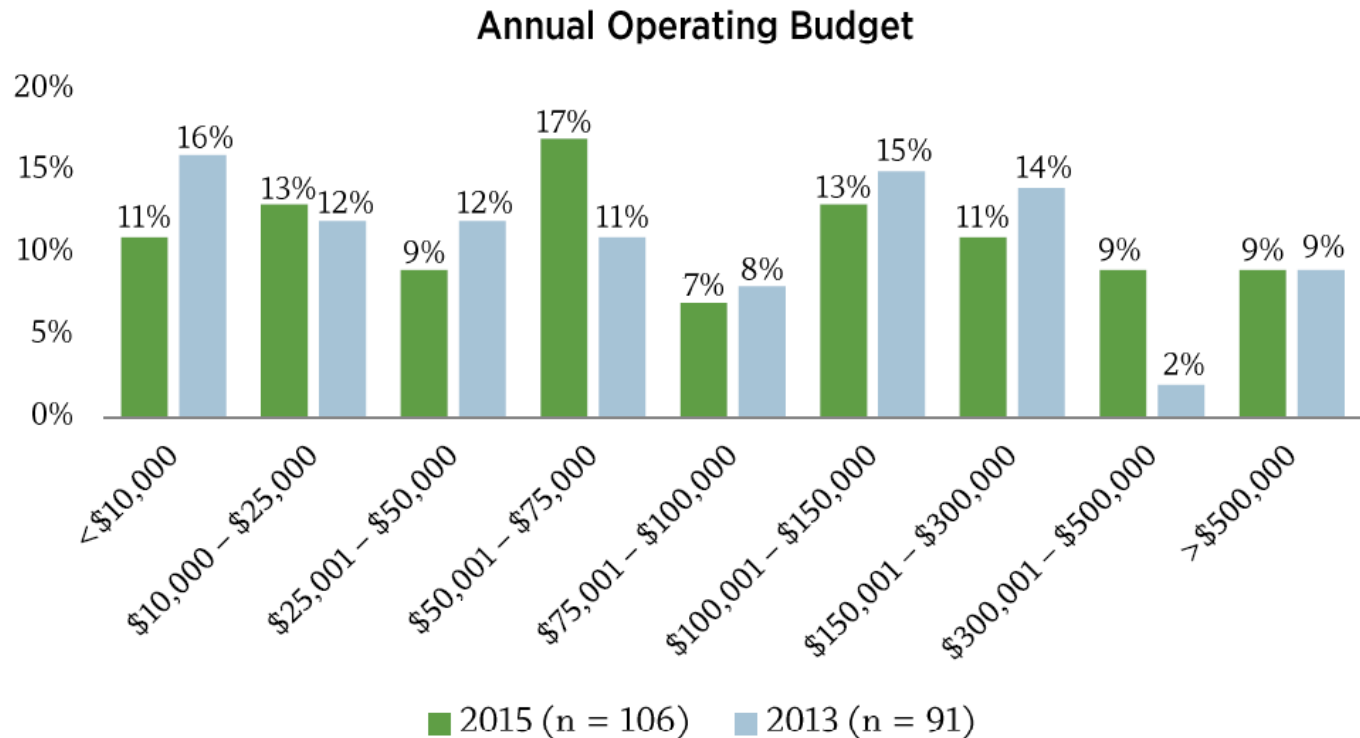
Budgeting and Resource Allocation: Corporate PACs

What is the approximate annual operating budget for your federal PAC?



Budgeting and Resource Allocation: Association PACs

What is the approximate annual operating budget for your federal PAC?

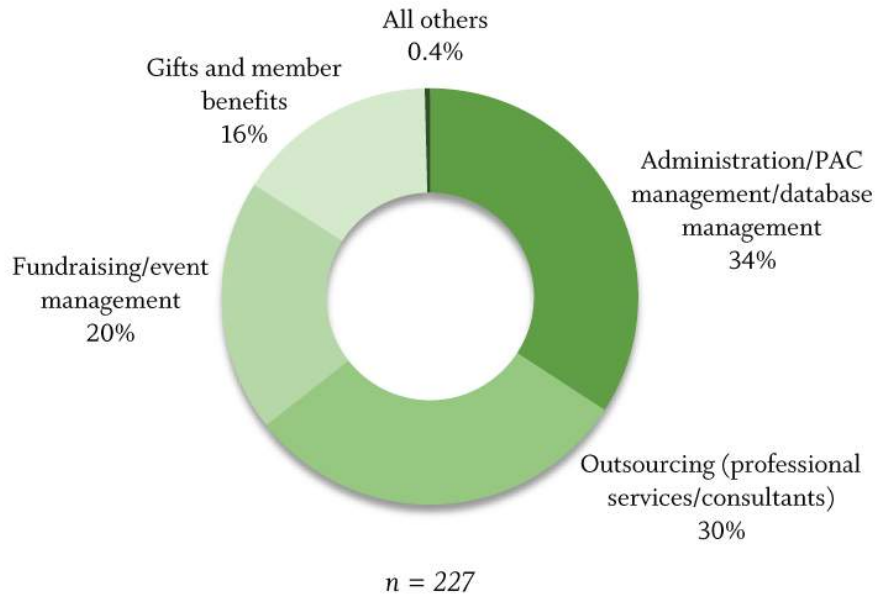


Due to rounding, responses do not add up to 100%.

Budgeting and Resource Allocation

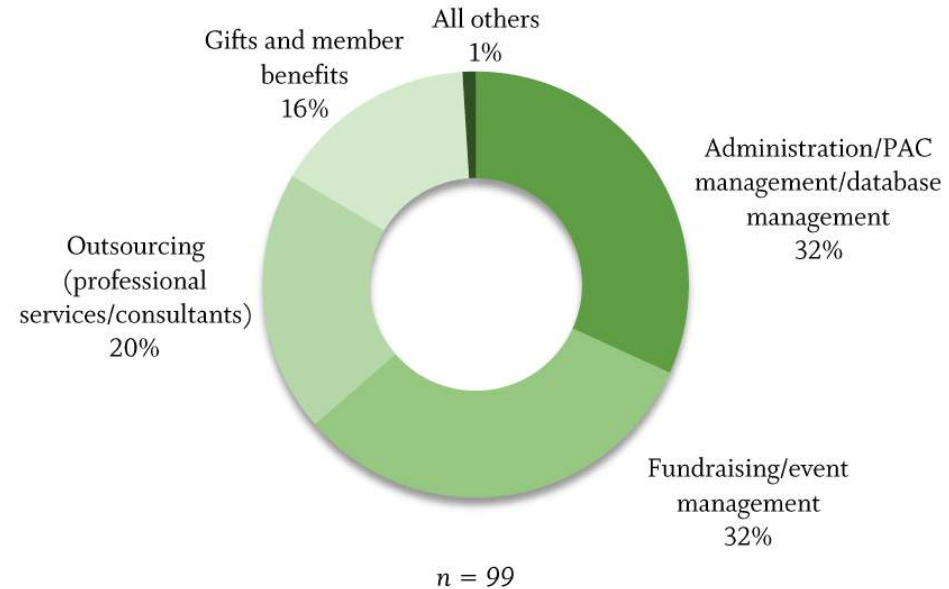
Corporate PACs

PAC Budget Allocation



Association PACs

PAC Budget Allocation



Donor Education and Recruitment

Education Strategies

- Surveys/focus groups
- Lunch and learns
- Guest speakers
- Staff meetings
- Communications (newsletters, annual reports, website, social media)
- Election education



Fundraising Snapshot

- Median **CORPORATE** PAC solicits all eligible employees
- Median participation rate is **18%**
- Median per person contribution is **\$657**
- **88%** comes from payroll deduction
- Median **ASSOCIATION** PAC solicits all eligible members
- Median participation rate among membership and staff is **19%**
- Median per person contribution is **\$377**
 - *7% comes from PAC-to-PAC
- **41%** comes from credit card contributions

Building a Recruitment Plan

Corporate PAC Contributors	Median Participation Rate	Median Annual Contribution Amount
Overall	18%	\$657
Senior management	67%	\$1,309
Restricted class/salaried employees	14%	\$400
Corporate board	79%	\$3,875

Association PAC Contributors	Median Participation Rate	Median Annual Contribution Amount
Overall	19%	\$377
Association staff senior mgmt.	80%	\$1,000
Association staff (non-senior management)	50%	\$306
Association board	92%	\$1,078
All other members	20%	\$332

Who is Critical?

Executive champions

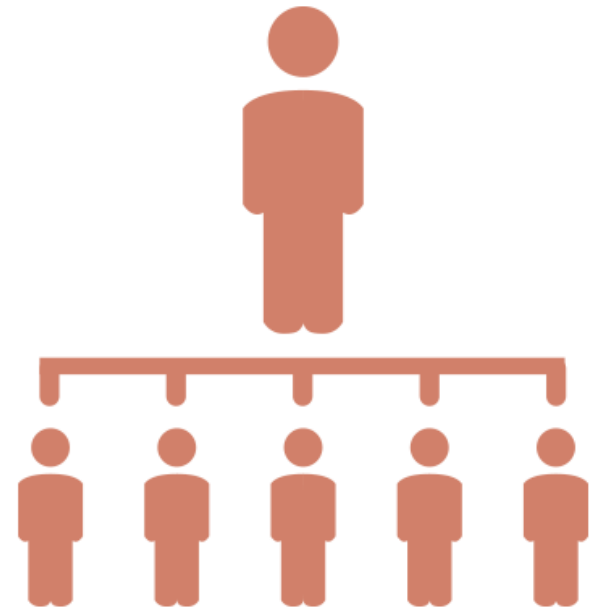
- Leverage strengths, schedule
- Find right connection point
- Develop reporting mechanisms

Associations: Elected leaders are critical

Corporations: CEO involvement corresponds strongly with size of PAC

Peer champions

- Effective messengers
- Promote education on the process



Leadership Engagement

Corporate:

- **91%** of CEOs are engaged in some activities
- **75%** contribute at maximum level (**94%** for \$1M+ PACs)
- Top solicitors:
 - Senior management (other than the CEO)
 - CEO
 - Head of government relations
 - Peer solicitors

Association:

- Member leader engagement most important
- **>60%** of member leaders are involved
- **>50%** of staff executives are involved
- Top three solicitors:
 - CEO/staff executive
 - Member leader (e.g. board chair)
 - PAC board members

Power of Peers

Corporations



Associations



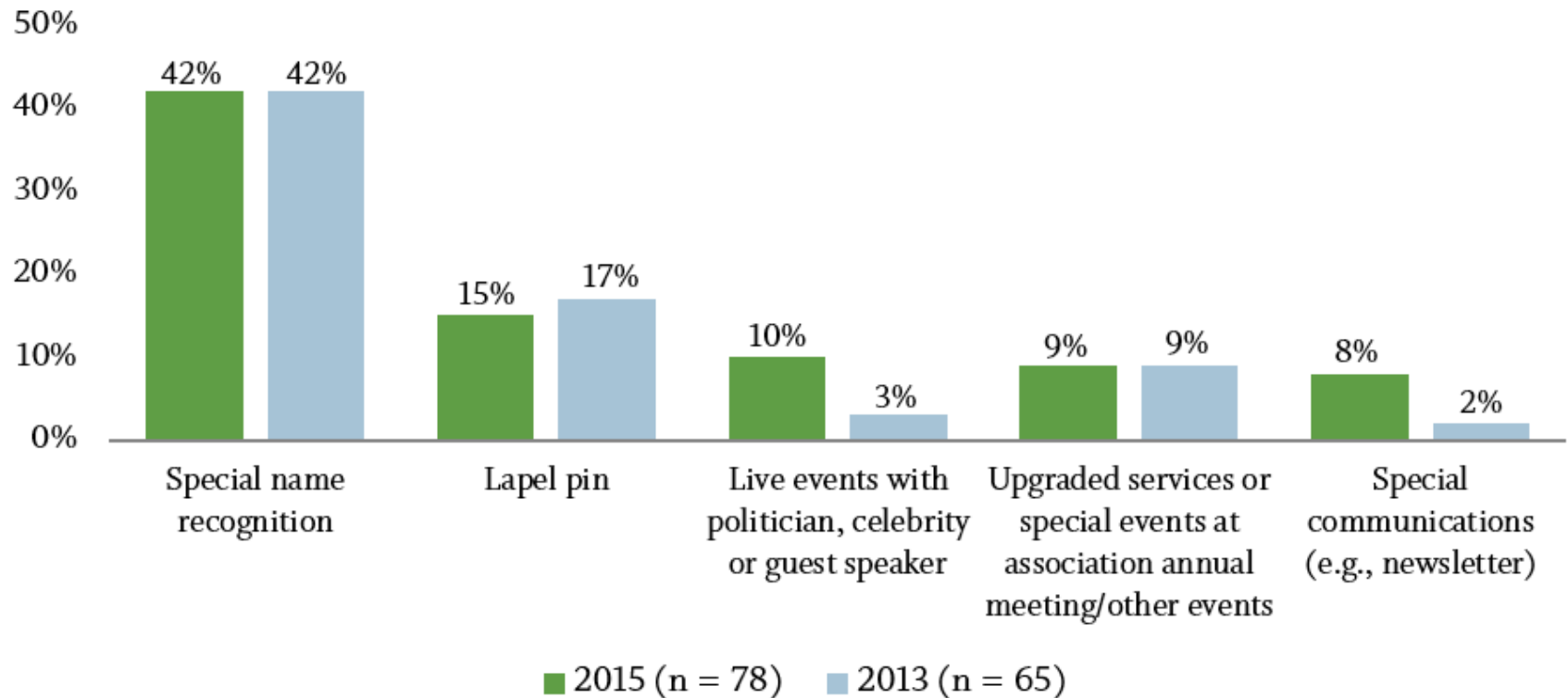
Diversifying Asks

- Minimize attrition (payroll, recurring contributions)
- Online solicitations (mobile ready?)
- Small group meetings
- Use key events to fundraise and recognize
- Creative information (infographics, videos)
- Ongoing communications & transparency

**Also, diversify your goals:
participation vs. dollars raised.**

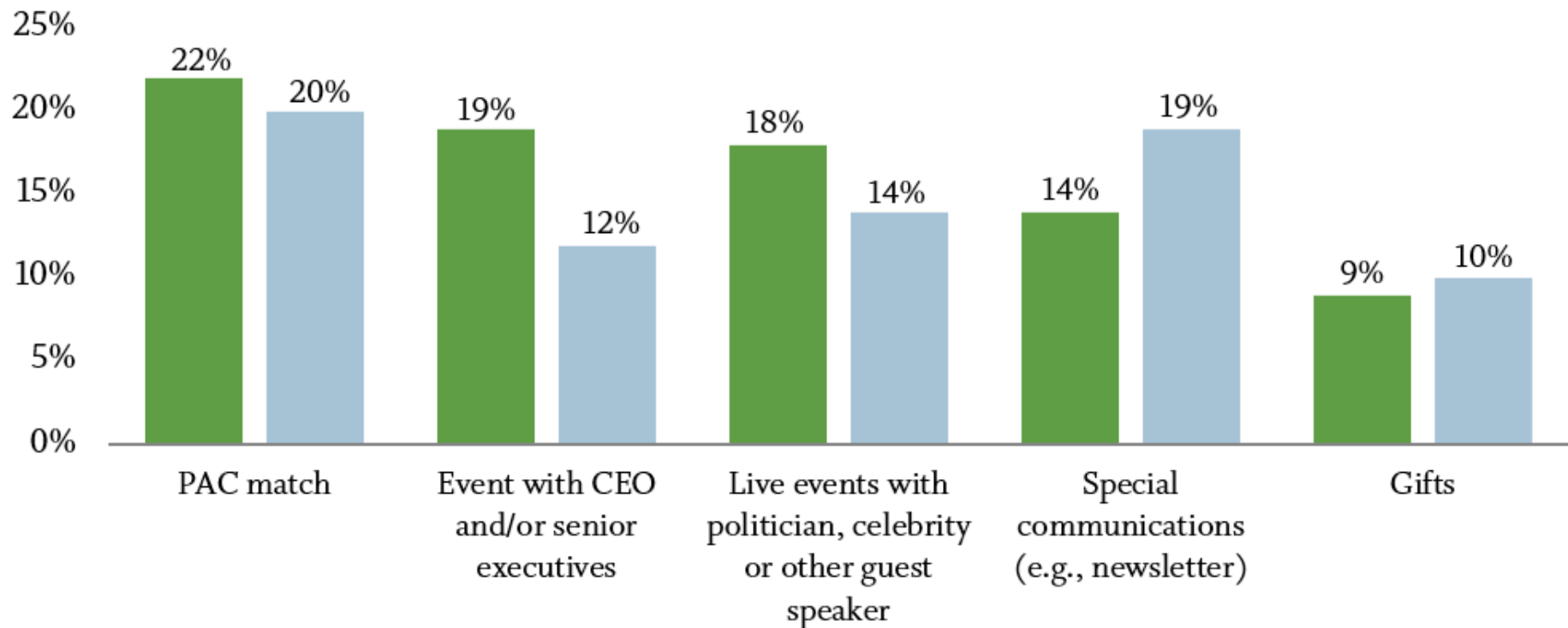
Rewards & Recognition: Associations

Trends in Most Effective PAC Benefits



Rewards & Recognition: Corporate

Trends in Most Effective PAC Benefits



Reporting Back to Stakeholders

Measuring Success



Reporting Out

- Dedicated reporting to key stakeholders (board, leadership, peer champions)
- Mimic other functions' reporting mechanisms
- Status reports on website/newsletters
- Talking points for leadership
- Post-election updates

Division	\$ Goal	Total Raised to Date	% of Goal	Participation Goal	# Participants	% of Goal
Division A	\$52,000	\$37,000	71%	105	78	74%
Division B	\$28,000	\$8,000	29%	49	13	26%
Division C	\$63,000	\$35,000	56%	118	72	61%

CAMPAIGN RESULTS

Associates were asked to suit up and join the Anthem PAC team during the 2015 membership campaign—and did they ever!



Anthem PAC allows us to identify legislators who share our organizational values and to support them as they seek to get elected or stay in office, thereby developing relationships with the very people who serve as both our regulators and some of our biggest customers.

It's not too late
to join Anthem PAC!

Visit www.anthemincpac.com to find out more
and make your pledge today.

Our Team is Stronger Than Ever!

All current Anthem PAC members and each eligible Anthem PAC associate who made a decision during the entered into a drawing to win \$1,000.

We're pleased to announce the

\$500 StubHub Gift Card - \$500

\$100 StubHub Gift Cards - \$100

\$100 StubHub Gift Cards - \$100

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\$100 StubHub Gift Cards - \$100

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Political Footprint

Impact by the Numbers 2014 ELECTION CYCLE

\$1,000

Contributions

Candidates



2,000
Fundraising event
invitations received by PAC



250
Events attended by
Government Relations

11 → 7
Fundraisers hosted
by PAC for
Members of Congress



432
Congressional Districts with
[redacted] present



60
Calls to Action were initiated by
[redacted] in Congress and in



76,000
Communications were sent to
federal and state lawmakers in



Take Action With Us

AB-PAC helps elect leaders who support key initiatives that affect our industry.



CORPORATE TAX REFORM

Well crafted corporate tax reform can boost economic development. For employers such as AB, corporate tax reform could kick-start job creation, surge capital investment and help us better compete in the global economy. We are keeping a close eye on tax reform progress.



THE BEER ACT

The BEER Act would roll back beer taxes from current historic high rates. Passage would allow brewers to reinvest in their businesses, employees and communities. With taxes being the most expensive "ingredient" in beer today, this is critical legislation.



SPENT GRAIN

The FDA is moving to regulate spent grain, which would effectively end the practice of sharing this brewing by-product with farmers and ranchers. Brewers have food safety and quality assessments built into the entire brewing process and we believe this regulation isn't necessary to protect public health.

Your dollars make a difference! With your contributions, AB-PAC can be our voice in the political process.

Who contributes to AB-PAC?

YOU DO! In 2013 you contributed \$388,000 to the AB-PAC. Participation in AB-PAC is growing, and in 2014, AB employees are on track to raise \$454,982. Our goal is to reach \$500,000 pledged for 2015.

\$388,000
CONTRIBUTED IN 2013

\$450,000+
CONTRIBUTIONS FOR
2014 (PROJECTED)

Your AB-PAC
is the **THIRD LARGEST** in the
beer, wine and
liquor industry.

Many company entities increased their participation in 2013!

Houston Brewery +55 pts!	Columbus Brewery +54 pts!	Williamsburg Brewery +40 pts!	FL Collins Brewery +33 pts!	Procurement +40 pts!
Legal Department 97%!	CA/COMM 95%!		Supply +16 pts!	People +12 pts!
IBS +10 pts!	Finance +11 pts!	MANCOM 100%!	Marank Brewery +18 pts!	St. Louis Brewery +17 pts!

2014

Annual Report



CenterPoint Energy Political Action Committee



854 politically engaged employees

CAMPAIGNS SUPPORTED



To view last year's CNPPAC disbursements, [click here](#)

★ INSIDE

State Highlights.....	2
Arkansas	2
Louisiana	2
Minnesota	2
Mississippi	3
Oklahoma	3
Texas	3
CNPPAC Political Council Members	5

CenterPoint Energy PAC • 1

Refocusing our priorities

By Scott Doyle

This past year, CenterPoint Energy renewed its focus on local and state government activities. We closed our Washington, D.C. lobbying office, as

it primarily supported our FERC-regulated interstate pipeline business, now operated by Enable Midstream Partners. We continue to be active members of national industry associations that advocate our interests at the state and federal levels; however, our electric and natural gas utilities are primarily overseen by state and local regulatory bodies with the support and oversight of state legislatures.

To support our focused efforts, the PAC has adopted a strategy that places a priority on local races that are within the company's operating footprint. We will continue to give to candidates from both parties and seek to develop relationships that reflect our core values as a company.

CNPPAC 2014



GGF supporters gather in Norfolk for a Cookies with the Congressman event hosted by the GGF with special guest Congressman Randy Forbes of Virginia.

Marchant Kenny	\$2,000.00	U.S. House	TX	REP	FC
McCaul Michael	\$5,000.00	U.S. House	TX	REP	FC
Sessions Pete	\$5,000.00	U.S. House	TX	REP	FC
Smith Lamar	\$2,500.00	U.S. House	TX	REP	FC
Williams Roger	\$4,000.00	U.S. House	TX	REP	FC

U.S.

Dem Cong Camp Cmte (DCCC)	\$15,000.00	National Party Cmte-Fed Acct	US	DEM	FC
Dem Sen Camp. Cmte (DSCC)	\$15,000.00	National Party Cmte-Fed Acct	US	DEM	FC
Natl Rep Cong Cmte (NRCC)	\$15,000.00	National Party Cmte-Fed Acct	US	REP	FC
Natl Rep Sen Cmte (NRSC)	\$15,000.00	National Party Cmte-Fed Acct	US	REP	FC
New Democrat Coalition PAC (NDCPAC)	\$5,000.00	Federal PAC	US	DEM	FC
Republican Main Street Partnership PAC	\$5,000.00	Federal PAC	US	REP	FC

UTAH

Constitutional Conservatives Fund (Lee-US S-UT)	-\$5,000.00	Federal Leadership PAC	UT	REP	FC
Constitutional Conservatives Fund (Lee-US S-UT)	\$5,000.00	Federal Leadership PAC	UT	REP	FC

Communications and Transparency

Adding value and reporting back:

PAC board information

Overview of decision-making policies/candidate criteria

Candidates supported

Issue analysis

Annual report

Post-election reporting

Spotlights on candidates

Events attended (pictures!)

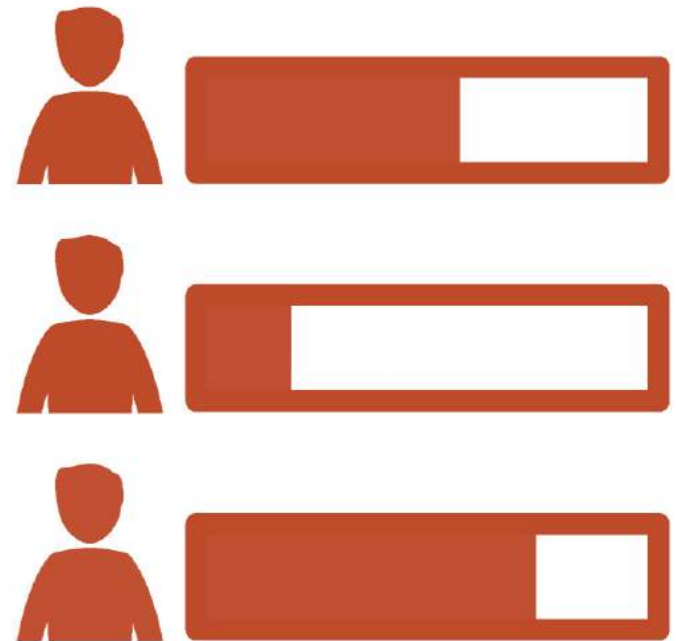


Candidate Support Strategy

Strategic Support of Candidates:

What matters?

- Membership on key committees
- Voting record consistent with organization goals
- Leadership position
- Footprint in candidate's district
- Political alignment with key stakeholders



Selecting Candidates

- Staff/lobbyists play a big role
 - More so for larger PACs
- $\frac{1}{4}$ of PAC boards select candidates
- $\frac{3}{4}$ of corporate PAC boards approve contributions
 - 62% in associations



Creating Connections With Candidates

- Delivering checks in the district
 - 20% of corporate PACs
 - 57% of association PACs
- Delivering checks at small group meeting with candidate
 - 27% of corporate PACs
 - 47% of association PACs
- Hosting candidate fundraisers
 - 75% of corporate PACs
 - 84% of association PACs



Important Reminders

- Get engaged in the PAC community: Your peers can be your biggest asset
- Don't reinvent the wheel – steal some ideas and adapt to your organization!
- Consider your organization's culture in every aspect of your PAC
- Be transparent in your operations to build trust
- Don't be afraid of the FEC: Get to know your analyst
- Ask for help!

Questions?

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