

Developing a Comprehensive Election Cycle Budget

With the 2014 elections behind us, now is the time to develop a thoughtful PAC contribution budget. A well-developed strategy is critical to using your PAC effectively to connect with candidates and offer a voice to employees or members. Building out a contribution budget does not need to be complicated, provided you follow a few critical steps. Doing so will allow you to increase buy-in and transparency with key stakeholders, find connections to your grassroots activities and make sure you use your donors' contributions to their greatest impact.

Step 1: Identify Your Goals

Take time at the beginning of the election cycle to think about your goals and assess your past successes. It is important to think about not just your outputs, but the outcomes you are trying to achieve. Often, these include:

- Building long-term relationships with candidates
- Keeping communications open and being transparent in your activities
- Engaging your donors — members and employees

There will be a number of items that impact your goal achievement, so it is also important to include those in your assessment process. Think about:

- whether your organization is committed to a bipartisan agenda, and how that may impact who you support;
- the political savvy of your PAC community — donors and potential donors;
- internal pressures that may influence you who you support;
- the amount of money you can reasonably raise to contribute to candidates; and
- your organization's long-term priorities and values.

Step 2: Assessing Processes and Procedures

This is also the perfect opportunity to review your decision making processes, begin a dialogue with stakeholders who will be involved in those processes, reach out to peers you may want to partner with on events and do your research on potential candidates. Take time to review your candidate contribution criteria: do they suit your needs — and are you following them? If not, this may be the time to revise them. Remember that these criteria should guide your contribution strategy but still leave room for the reality of changing priorities and needs.

It is also a good time to look at your bylaws and review requirements related to who approves contributions. Do the bylaws provide enough oversight but also offer some flexibility when you may need it? Are you abiding by the rules of who must be involved in approving contributions? Is that process working for your PAC? If your bylaws need to be amended, it is best to do this early in the election cycle.

Take time early in the budgeting process to speak to your stakeholders. You should make sure that your lobbyists feel like their priorities and feedback are being heard, and they should be an integral part of the decision making process. Ask them if they feel the process needs adjustments. Also, consider talking to

your PAC board if they are involved in the approval process. Do they feel they are getting the information they need to make contribution decisions? You may find that they want more — or possibly less — information than they currently receive.

Step 3: Ranking and Prioritizing Spending

Now that you have buy-in from key stakeholders and have processes that will give you the greatest flexibility in accomplishing your goals, you will have to decide who to give to and how much to give. In the Council's *2013 PAC Benchmarking Report*, we found that association and corporate PACs made contribution decisions based on the following priorities:

Criteria for PAC Contributions	Corporate PACs	Association PACs
Membership on key legislative committees	67%	78%
Voting record consistent with organizational goals	62%	76%
Organization has facilities/large footprint in candidate's district	60%	24%
Leadership position	45%	32%
Candidate's political alignment with stakeholders (e.g. customers, membership, etc.)	30%	33%
Incumbent status	9%	7%
Likelihood of being reelected	6%	14%
Industry peers are supporting candidate/event	6%	3%
Recommendation of PAC member	2%	11%
Financial need	1%	1%
Party affiliation	1%	0%
N =	209	76

You cannot, however, create a spending plan in a bubble. You must be attentive to how much you will likely raise. Develop a Plan A based upon how you will spend the money if you reach your fundraising goal. But you should also develop Plans B and C for how to spend money if you raise more than expected or if you fall short of your goal. Knowing who you *must* support versus who you *want to* support will be especially helpful in the latter case. There are several key questions to answer in prioritizing contributions, including:

- *How much of your budget should be allocated to each category of contributions?* This will include direct candidate contributions, party committee contributions, leadership PACs, debt retirement, state candidates, etc. Also, make sure you take into account how much your organization wants to keep in reserve to carry over at the end of the cycle. It is important that you also keep a reserve for any surprises or unexpected priorities that may arise during the election cycle.

- *Who do you need/want to max out to?* Determining the key pool of candidates that it is critical to contribute the maximum to will help you figure out how much you have left to spend on other candidates.
- *Who will you give to early?* The contributions you make early will impact what you can give later in the cycle, which will be more dependent on your fundraising progress. Determine who you want to help early in the cycle, or who may need your contribution the most.
- *If necessary, where can you cut contributions?* If your fundraising falls short, having a plan of candidates that it would be nice, but not necessary, to contribute to will make the decision making easier. These are the individuals you should contribute to later in the election cycle.

Once you know who you want to support, determine which candidates you may want to do more for than just contribute to, like hosting a fundraising event. Reach out to industry peers early in the cycle and see if they would be like to be involved in an industry event. Doing so will ensure they save their allotted budget for a candidate for your event, which will help make your own events successful.

Step 4: Building the Budget

With a better idea of your spending priorities, you can now develop an actual budget to guide your election cycle activities. Starting with a list of your ideal budget — everyone you want to give to and how much you want to contribute — will let you know how much you want to spend and how that compares to the reality of your fundraising. This is also an important time to keep in mind your partisan balance and make sure your budget is faithful to that goal, whether it be a 50-50 split or not. From here, you can work with your team — lobbyists and others in government affairs — to determine if any cuts are feasible and where those should be. A simple Excel spreadsheet can help you track your budget against actual expenditures, as well as help you make sure everything you spend is within your category and partisan goals. To view an example, click [here](#).

This budget should be your guiding document and should be reassessed quarterly — if not monthly. Watch your expenditures and make sure you are truly supporting your top priority candidates first. It might also be helpful to set goals for how much you want to spend each quarter of the cycle so that you don't spend too much or too little early on.