

PAC Disbursement Considerations

Can we give?

Who should we give to?

How often should we give?

When should we give?

The next time you prepare to send out a PAC check, stop and ask yourself, “Is this the most effective way to spend my PAC’s funds?”



The most important consideration in any spending plan is making sure your disbursements are compliant with federal and state election law. A comprehensive compliance program that includes a review of your PAC disbursements before checks are written is highly recommended. A spending strategy should be a priority as well.

If the answer is, “I’m not sure,” then read on. In this whitepaper, we will discuss potential strategies that are employed by some of the most successful PACs in the country. And, the good news is that these disbursement plans are not limited to large PACs with a lot of money to spend. PACs of all sizes can adopt these methods to create an effective spending strategy to disburse the funds you work so hard to raise.

As you begin to formulate your spending plan, you will need to answer the following questions about giving:

- Can we give?
- Who should we give to?
- When should we give?
- How often should we give?

Can We Give? – Disbursement Compliance

It is best to begin formulating your disbursement strategy by making sure you have a solid PAC compliance program in place so that every disbursement meets all applicable federal and state rules and regulations.

State election law agencies have very different rules, limits, and reporting thresholds than the Federal Election Commission. Knowing that your disbursements are compliant will give you the confidence to put together a plan that will easily meet with your PAC Board's approval.

Once you have a solid compliance program in place, the next step is to come up with sound giving criteria.

Who should we give to? – Giving Criteria

An essential PAC management practice is to define and set criteria for the disbursement of PAC funds. This ensures consistent giving practices and allows you to provide transparency to your PAC donors. In addition, well-defined giving criteria will cut down the amount of time it will take to create a PAC budget.

Smart PAC managers know that a candidate's party matters little compared to a candidate's position on issues that could impact your organization. Below are a few important considerations if you are setting contribution criteria for the first time.

Location of Facilities: Candidates want to support issues that impact their state or district. In addition, PAC members appreciate their contributions being spent to help members from their home state. While this should not be a requirement of giving, PACs should seek to support those who represent the areas where the organization has a business presence.

Committees or Leadership: One of the best ways to ensure your dollar is being well spent is to reach out to House and Senate members who are a part of the committees that oversee legislation that can impact your business. Helping to elect or re-elect members who understand and share your organization's view is important to the long-term success of your organization.

Voting Record: It may be tempting to strike anyone from your list who votes against a measure that would be positive for your organization's mission, but you should resist that temptation. If a potential recipient has voted against your issues one or two times in recent history, but overall seems like a strong voice for your cause, keep them on your list. However, if you notice sustained decisions against your issues a majority of the time, you may want to have a conversation with that member about their change in position and if it looks like they no longer support your side of the issue then your PAC dollars are better spent elsewhere.

Electability: A candidate for political office may be the nicest person in the world or the most sympathetic to issues that are important to your organization. Unfortunately, that candidate may not have a chance of winning the election. In that case, consider giving them something other than your PAC dollars. Perhaps you can offer some advice or counsel or introduce them to other PAC Directors. A candidate who cannot win the election today may be the victor in the next election cycle so if PAC dollars are scarce, offer whatever help you can and save your PAC dollars.

Guidelines: For some organizations, it may be better to have the ingrained flexibility of guidelines, rather than immovable criteria. One of the biggest benefits of this approach is that these broader ideas can be more easily communicated to your PAC members, thereby improving transparency.

When Should We Give – Calendar Year or Election Cycle Budgeting?

In addition to giving criteria, you should have a PAC budget or spending plan. A plan for how to spend your PAC funds is as critical as the criteria for determining who is eligible to receive PAC funds. The first budgeting task-at-hand is determining whether to budget on a calendar year basis or on a 2-year, election-cycle basis.

Budget Approval

Before deciding on the duration of your budget, consider that when spending PAC dollars, transparency is key and submitting your budget to the PAC Board for approval is a good procedure to follow. Whether you budget for a fiscal year or in two-year cycles, it is important to set budget documentation expectations. If your PAC Board requires documentation in order to approve your PAC budget, keep it simple, factual and straightforward. PAC Board members do not have time to read long, in-depth explanations of why funds are allocated to each candidate.

Calendar Year Budgeting

Following a calendar year budget may make the entire process run a bit smoother for some PACs because an annual budget is more manageable and predictable than stretching it out over the longer two-year term. Approval is often much more likely if you can develop a budget for the coming year and add to it a report with last year's numbers showing A) what you did with the discretionary spending that was authorized and B) the rationale for why you spent the way you did.

With a calendar year budget, flexibility is key. In an off-election year, requests from candidates for PAC contributions will not be as great so reserve PAC funds for the more active election year. Also, keep in mind the end of every quarter will see an increase in spending requests as candidates try to beef up their coffers prior to filing their FEC reports.

Election Cycle Budgeting

Another budgeting option is to plan for a 2-year period that follows the federal election cycle. For this, you may set a fundraising goal for the entire two-year period of, say, \$200,000 in the first calendar year after an election. Since there is less certainty over this longer period of time, it may make sense, if possible, to establish a certain percentage of PAC funds raised that you set aside to use as a cushion – perhaps anywhere from 10 to 20 percent. This way, if you miss your PAC fundraising goal, you will not run out of funds before the end of the election cycle.

How Often Should we Give? – Effective Spending

Once you have decided who your PAC will give to, you will need to focus on the mechanics and timing of your campaign contributions. This will require paying attention to the political landscape, talking to your organization's lobbyists who are well versed in the issues that resonate most with certain members, and working with candidate fundraisers to get a schedule of events.

No matter the budget duration you select, beginning a budget at the start of a year or an election cycle gives you the advantage of establishing recipients early on and coming up with an effective disbursement plan. PAC members give to the PAC with the intent that the funds will be contributed to individuals running for elected office. An effective spending strategy is key to making sure you do not end up with a significant amount of money left over in your PAC bank account at the end of the election. While keeping some money in the bank is smart – for post-election debt retirement requests – having too much money left over can put you in a position of having to decide whether to spend to potentially little effect, or hang on to it until the next year or cycle. While it is nice to have some reserve funds to start the new election cycle, a large cash reserve may mean explaining to your PAC members why you need their money next year.

One question that may come up is how to parse out your contributions to candidates throughout the cycle. Is it better to give 10 checks for \$1,000 each, 4 checks for \$2,500 each, 2 for \$5,000 each or some other combination of amounts?

The answer to this question is determined on a candidate-by-candidate basis. For example, when giving to a candidate you intend to max out to, it may be better to spend your budgeted amount early in the cycle, and then work with the candidate's fundraiser to determine which events you will have access to throughout the rest of the cycle. In contrast, you may want to make smaller contributions to non-incumbent candidates or candidates with less experience. Smaller contributions can be spread out over the election cycle to even out a campaign's cash flow.

Strategies for Attending Fundraisers and Other Events

Events and fundraisers provide you with the chance to talk with a member. A common strategy to maximize your exposure to a particular candidate is to max out your contribution to a member early in the cycle. This gets the attention of the member early, boosts their fundraising early in the election thereby making the candidacy much more legitimate. Maxing out early will typically result in being invited to many or all of the campaign events for the remainder of the cycle.

It may be tempting to go to as many events as possible, and, if your PAC is large, giving to every event is a viable strategy. However, if your budget is limited, consider only attending industry-specific events. These are typically smaller events with a focus on issues that are important to your organization.

Get Started

There is no one-size-fits-all approach when it comes to spending PAC money as effectively as possible. However, getting started and following a general framework will lead you to the strategy that works best for your organization.



This whitepaper offers just a handful of the many considerations you should take into account when managing your PAC disbursement plan. Keep in mind that the most important consideration in any spending plan is making sure your disbursements are compliant with federal and state election law. A comprehensive compliance program that includes a review of your PAC disbursements before checks are written is highly recommended. A spending strategy should be a priority as well. For more information on keeping your PAC disbursements compliant and managing your spending strategy, contact PASS today.



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