



TOOL KIT

NABPAC MEMBER TOOL KIT

WHAT IS A PAC?

PAC stands for Political Action Committee.

PACs pool voluntary campaign contributions from individuals and donate funds to support candidates.



A PAC is made up of a group of individual citizens who share common concerns and who pool their financial resources and their talents to elect candidates who share those concerns.

PACs are often sponsored by organizations, such as issue-oriented groups, labor unions, trade associations, and corporations. These individuals join together to make their voice heard in the political process.

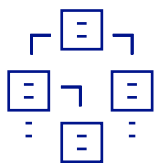
Their collective voice is louder and has more of an impact than their individual voices.



PACs are **legally required to file reports disclosing their receipts and disbursements**. These reports are available to the public.



PACs are **the original campaign finance reform**; designed to ensure public disclosure of funds raised and spent to influence federal elections.



Federal PACs must **register with the FEC within 10 days** of their formation, providing name and address for the PAC, its treasurer, and any connected organizations.



Federal PACs are strictly governed by the rules of the Federal Election Commission.

2 Types of Traditional PACs

There are two types of traditional PACs:

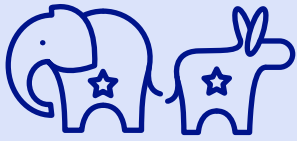
1 Separate segregated funds, which are employee-funded and sponsored by corporations, labor unions, membership organizations or trade association PACs (i.e. National Association of REALTORS®).

2 Non-connected committees (i.e. Emily's List).



KEY FACTS ABOUT PACS

Traditional PACs are the most regulated, most transparent, and most accountable way for American citizens to join together to help elect candidates.



Employee-funded PACs are non-partisan. They contribute to Democratic candidates, Republican candidates, and candidates from neither major party.



Employee-funded PAC donations to candidates for federal office **do not come from the corporations themselves**, but from employees who are U.S. citizens or green card holders and others who are deemed eligible by federal regulation like shareholders, board members, and spouses.



PACs help moderate the political discussion. They give to candidates of both political parties.

Trade association and employee-funded corporate PACs support more moderate viewpoints and contribute on a more bipartisan basis than super PACs, individual “super” donors or even small-dollar donors drawn to more extreme candidates or policy issues.



Employee-funded and trade association PACs advocate for results, not ideology. They connect the business community with candidates and policymakers.

Spending and contribution limits for PACs, put in place in 1974 as a result of the Federal Election Campaign Act and set at \$5,000, have not increased since that law was passed. When you factor in inflation, the value of those campaign dollars has declined by 80 percent since 1974.

Because PACs can contribute directly to candidates and their committees, they are one of the few ways that candidates can raise money to get their own message out to voters and tell their own story.



It is illegal for corporations to give directly to candidates for federal office.



Nearly five decades later, **PACs are one of the few reforms that have functioned exactly as intended.** By promoting civic understanding and involvement, PACs have stimulated millions of Americans across all political parties to become active in the process.

PACs remain a result of reform with an unblemished record. **PACs should be recognized as a model—not something to be abolished or further limited.**

FAQs ABOUT PACS

■ PACS ARE NOT DARK MONEY

Contributions to employee/member-funded PACs are both limited and transparent.

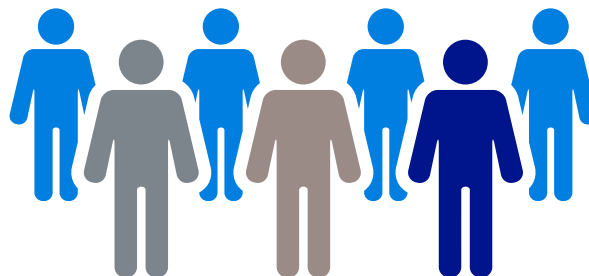
Contributions to PACs are voluntary. An individual decides whether or not to contribute and the amount they give is subject to a contribution limit of \$5,000 per calendar year. These contribution limits have not increased in over 40 years.

Not all PACs are the same. Employee-funded and trade association PAC's (Traditional PACs) are not "dark money." Super PACs are not traditional PACs because they are legally prohibited from making direct contributions to candidates. SuperPACs may accept corporate contributions but may only make independent expenditures expressly advocating the election or defeat of a candidate without any coordination with the campaign. SuperPACs are also regulated by the FEC.

■ CORPORATIONS CANNOT MAKE DIRECT CONTRIBUTIONS TO CANDIDATES

Employee-funded, labor union, membership organization, and trade association PACs **can** solicit contributions **only** from individuals associated with the connected or sponsoring organization.

Corporations and trade associations are prohibited from making direct contributions to candidates for federal and many state offices. Their PACs—often called connected PACs or separate segregated funds—are comprised entirely of individual, after-tax and voluntary contributions from eligible employees or association members who join together to engage in the political process.



THE HISTORY OF PACS



1940s

PACs first came on the scene when an organization was formed to allow members to raise money for the re-election of President Franklin D. Roosevelt.

Early 1970s

PACs were eventually authorized by law in the early 1970s as a result of campaign finance reform.

Approximately 600 PACs

2010

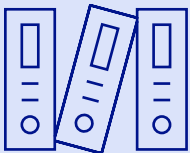
Super PACs established following the U.S. Supreme Court's *Citizens United v. Federal Election Commission* decision

Approximately 2,600 business-related PACs.

PACs first came on the scene in the **1940s** when the Congress of Industrial Organizations (CIO) formed an organization to allow its members to raise money for the re-election of President Franklin D. Roosevelt. They were eventually **authorized by law in the early 1970s** as a result of campaign finance reform and are regulated by the Federal Election Commission and state boards of elections. They file regular reports either with these organizations and often with the Internal Revenue Service.

PACs were established to **allow citizens of average means to join together**—pooling their small, after-tax and voluntary contributions—to compete with wealthy, individual donors. It was also a recognition that the United States is a nation of interests which have a constitutional right to participate in the electoral process. **PACs were seen as a way to channel this involvement in a fully transparent, accountable, and appropriately limited manner.**

WHAT IS A SUPER PAC?



A Super PAC is an Independent Expenditure-Only Committee (IEOC)

An independent expenditure is an expenditure for a communication that:

- Expressly advocates the election or defeat of a clearly identified federal candidate; and
- Is not coordinated with a candidate, candidate's committee, party committee or their agents.

Super PACs can accept money in unlimited amounts from unions, corporations, and

unaffiliated individuals as well as from non-profit organizations who do not have to report the sources of their funding.

Some sources of funding to Super PACs are not transparent

- Super PACs can spend unlimited amounts supporting or opposing federal candidates.
- Super PACs cannot directly donate money to political candidates or parties.
- Super PACs cannot coordinate with the candidates or political parties they benefit.

EMPLOYEE-FUNDED PACS MATTER

As a regulated facet of our democracy, PACs provide U.S. employees with an **avenue to express their voice in the political process.**

While the individual voter is seldom powerful enough to present a viewpoint before the government and the public, an association or employee-funded PAC comprised of many individual voters sends a clear and collective message representing the company, industry, or profession. **PACs are an affirmative measure an organization has in the government affairs space.**



The country benefits with more voices at the table, not fewer, to solve the problems confronting our nation. **Our PACs provide a voice for U.S. employees to advocate for their industry, communities, and livelihoods.**



PACs are a **basic extension of an individual's right to participate in the political process and support candidates** who share objectives consistent with their own.



Money in politics is not going away and PACs remain the most transparent and regulated avenue for political contributions.

The PAC is an **important tool** within an overall government affairs engagement strategy and amplifies U.S. voters' voices.



PAC contributions don't ensure access. They do help send a message and build relationships with candidates and lawmakers.

12
MILLION

PACs foster voter education by communicating issues and candidate views to their members and offering voting information. PACs serve as a medium for educating stakeholders on politics, legislation, and civic involvement opportunities, drawing an estimated 12 million people into the political arena. *(Source: Public Affairs Council)*

FEC LIMITS FOR PACS

PACs can give:

- \$5,000 to a candidate committee per election (primary, general or special)
- \$15,000 annually to any national political party committee
- \$5,000 annually to any other PAC

PACs can receive:

- No more than \$5,000 from any one individual, PAC, or party committee per the calendar year

Traditional PACs are bound by a \$5,000 annual limit on the size of contributions they can accept from individuals and are prohibited from accepting contributions from corporations and labor unions.

Donors to traditional union and corporate PACs must work for or own shares in those corporations or belong to those unions. Contributors who contribute more than \$200 per year must be identified and the amounts of their donations made public.



STATS ABOUT PACS

3,000

There are **nearly 3,000 employee-funded and trade association PACs** registered with the Federal Election Commission.

\$5,000

The PAC **contributions limit of \$5,000 hasn't changed since 1976**. Adjusted for inflation, the value of that contribution is now only one-fifth of its original value.

5%

Employee-funded and trade association PACs represented **only five percent of the total campaign spending in the 2020 Election**.

LESS THAN

.5%

Of the 1.3 million Americans who gave political **contributions over \$200 in the last election cycle, about 350,000 gave only to a PAC**. That is less than half of one percent of the entire population of the United States.

\$26

PER PAY

The average employee contribution to a PAC is **\$26/pay period**.