Fundamentals of PAC Budgeting
Mike Walter, Member Services Manager, PAC

As a PAC professional, you recognize the value of a PAC as an integral part of a holistic government relations strategy. It must have the necessary resources to contribute to lawmakers who understand and value your industry and its interests. Your PAC may have to make difficult spending choices, but developing a budget for your PAC can make the process easier. A good PAC budget is realistic, flexible, strategic, organized, and should be treated as a living document. Below are five tips for developing an effective budget for your PAC.

Set a fundraising goal for the election cycle. Your goal should be realistic and achievable for your PAC, and it should align with your candidate disbursements goal for the cycle. Review your fundraising goal from the previous cycle and if it was enough to reach your disbursements goal. What campaigns, club levels, events, and benefits were most effective at raising money? With the current COVID-19 pandemic and economic uncertainty, assess your tactics and consider revising for a conservative fundraising and disbursement approach with the goal of increasing later in the cycle.

Your PAC bylaws likely have giving criteria but you can create your own internal “giving tiers” and use it as a framework for developing your budget. Don’t fall into the trap of “we’ve always given X amount to X candidate.” Putting specific giving criteria in writing will push you to think more critically about why you contribute to a candidate. For example, your top tier lawmakers should be those who serve on relevant committees, represent a company facility or site, and are “champions” for your organization and industry.

Budget strategically. At the beginning of the year, allocate your budget for each candidate you’re going to support during the cycle. Use a coding system to keep track of how PAC dollars are being spent – develop fundraising reception and host and co-host event codes. Review your budget every quarter and make necessary changes. Consider using separate spreadsheets for House and Senate disbursements to maintain budget flexibility. If you’re budgeting for the two-year cycle but want to contribute to a senator’s campaign that is not in-cycle, budget conservatively early in the official’s term to ensure you have funds to contribute throughout.

Budget for unanticipated disbursements. This will give you flexibility to leverage PAC funds for a key lawmaker if you don’t have any remaining money allocated. Your organization’s strategy and priorities may also shift – a lawmaker who wasn’t on your radar six months ago may now be a key member for your industry. Planning for unanticipated distributions will also save you time and keep you from seeking approval for each disbursement not budgeted. A member from the GR team seeking a budget exception should request it in writing and include the amount, candidate, event, and why the disbursement would advance the company’s interests or mission. The PAC manager should save all exceptions to review at the end of the year for trends.

Have a designated budget manager. The manager should ideally be the PAC Manager or PAC Assistant. Having a single member on the team manage, update, and track requests and disbursements will ensure budget integrity and consistency. The budget manager should compile a list of upcoming events, highlight industry activities for lawmakers on key committees, and distribute the list with the budget to the GR team each week. Members of the team should submit their event requests to the budget manager. The manager should double check the budget to ensure funds are available for each request and update the balance of funds.