

Making the Dough Rise

A manual for
campaign
fundraisers

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EMILY's List

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Introduction

EMILY's List is a political network that supports the election of pro-choice Democratic women to office by raising the resources candidates need to win, by helping them build effective campaigns, and by mobilizing women voters.

This expanded edition of *Making the Dough Rise* is designed to help candidates and finance staff meet the daunting challenge of raising millions of dollars. We also use it as an instructional tool in our campaign staff training program. Together, the manual and EMILY's List staff training program examine various fundraising techniques and approaches. Both are designed to demonstrate how these techniques can be applied most effectively and in full compliance with the law.

We pay particular attention to the needs of federal candidates in challenger and open seat races because these campaigns are by far the most difficult races to finance, requiring all involved to be especially creative, entrepreneurial, and focused. However, the principles and practices discussed are applicable to any political fundraising situation.

The manual reflects what we have each learned and experienced raising funds for House, Senate, gubernatorial, and presidential candidates over many years. We share our expertise enthusiastically and hope that you will join EMILY's List in our efforts to elect pro-choice Democratic women.

Credit for this manual goes to its authors, Dee Ertukel and Mary Jane Volk, and to Jeanne Duncan, who edited and designed the manual. Thanks also to Britt Cocanour, Callie Fines, Beth Foster, Marnie Glickman, Ann Marie Habershaw, Sheila O'Connell, Yaël Ouzillou, Jennifer Swanson, and Joe Solmonese for their support and assistance in its preparation.

Best of luck,

Ellen R. Malcolm
President

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How to Use This Manual

Finance director instructions

We have written this manual to be used as a reference book for fundraisers on campaigns. It was created with three types of fundraisers in mind:

- Novices without much political experience.
- Experienced fundraisers who need to raise a bigger budget.
- Skilled veterans who need to delegate to less experienced staff.

Candidates today must raise an extraordinary amount of money to be competitive. In 2002, the least amount spent by a winning congressional candidate (among competitive open seat and challenger candidates) was \$922,944; the most, \$2,966,329. Obviously, Senate races cost considerably more; the maximum raised by one candidate to win an open seat in 2002 was \$13,840,946. These figures do not represent self-funding candidates.

A competitive campaign needs a good candidate, a skilled manager, comprehensive research, a clearly articulated and consistent message, an effective media strategy, an organized field operation — and a very aggressive fundraising strategy.

These elements, alone and together, are vital — but none more so than fundraising. Without money, there is no office, no staff, no computers, no telephones, no polling data, and no television commercials. Without money, you cannot win — because without money, there is no campaign.

The finance director is responsible for raising the resources the campaign needs to win; raising them when they are needed; raising them cost-effectively; and raising them in strict accordance with the law.

The challenge is to build a profitable business in a very short period of time. There may be six months to raise \$1 million — a challenge you will fathom more completely after calculating how many donors are needed to reach that goal.

The finance director must develop a fundraising plan to meet the campaign's budget and set weekly, monthly, and quarterly goals that will satisfy its spending needs. The plan should account for the costs of raising money.

Underlying all this must be a commitment to follow the letter and spirit of the law. You will be under enormous pressure to reach fundraising goals — but no matter how great the pressure, nothing must distract you from managing an effort that fully complies with the law.

Most of the principles and practices introduced in this manual are applicable to all fundraising efforts, from political candidates to non-profit organizations. Political fundraising, however, is highly specialized and regulated. At the federal level, political giving is regulated by the Federal Election Commission (FEC) and at the state level, by other state agencies.

Numerous laws and regulations govern how money can be raised and spent. These laws define what kinds of donors can legally contribute and how much they can give. You must study and understand the laws governing your race. For more information and a summary of federal laws and regulations, see Chapter 15: Understanding Federal Election Law and refer to www.fec.gov/candidate-guide.html.

Daunting as all this might seem, it is possible to raise a remarkable amount of money if you develop the necessary skills. This manual will help you build these skills.

Candidate instructions

This manual outlines what is expected of your fundraising staff, particularly your finance director. Years of experience have taught us the wisdom of explaining what is expected of the candidate, as well.

You are your campaign's number one asset and primary fundraiser. Your fundraising staff has made a commitment to you; you, in turn, must make a commitment to them to fulfill your obligations as the person with the most significant role in raising enough funds for your campaign. Some candidates are born fundraisers. Many are not. Winning candidates work hard to develop and refine these skills, relying on them for continued success.

Due to the high cost of running a campaign in modern politics, you will spend what seems like an unreasonable amount of your time asking people for money. You will ask your family and closest friends; you will ask people you have never met before. You will ask for \$100 and you will ask for \$2,000, the maximum allowable contribution under law. Neither is easy if you've never asked anyone for money before.

Your fundraising staff will work hard to prepare you for this enormous task. They will conduct extensive research on potential donors to make the most of your precious time. They will prepare reports describing whom you are about to call and why. Sometimes they will give you a name, a number, and an amount to ask for, all based on a hunch that this person will help your campaign. Trust them and know that they are doing this for a reason: to help you win.

1 The Finance Plan

The finance plan is the campaign's most important strategic tool. The first fundraising task of the campaign will be to write the plan. It must be committed to paper so you can use it to gauge assumptions and judge the accuracy of projections.

The plan must be able to respond to changes in the political and fundraising environment. Campaigns operate in a highly fluid and dynamic atmosphere. The finance director must constantly evaluate opportunities and challenges.

The fundraising plan is a work in progress. Continually assess what is and is not working, and don't hesitate to change course if necessary.

A campaign cannot win without a written fundraising plan.

Elements of the plan

Foundation of the plan

- The candidate's professional and personal history.
- Her opponent's professional and personal history.
- Incumbency and viability.
- National, state, and local political activities.

Strategy by donor group

Divide donors into groups to target based on ideology, occupation, and affiliation with the candidate, and explain why each is likely to contribute.

The strategy describes how to motivate each donor group to contribute. It includes:

- What messages you will convey.
- What tools you will use to solicit donors.
- How much you expect each group will give or raise.
- Who will solicit these donors.
- What steps to take to cultivate donors.

Fundraising tools

Funds can be solicited using one or more tools: personal solicitation, events, direct mail, and telemarketing.

Personal solicitation

A face-to-face meeting or telephone conversation in which the candidate or another principal of the campaign (a spouse, family member, surrogate, finance director, manager, etc.) personally asks the donor for a campaign contribution.

Events

Gatherings of donors for the purpose of financially supporting the candidate. Donors agree to make a contribution at the advertised price of admission.

Direct mail

A solicitation program using mail to persuade a mass audience of prospective donors to contribute. Cold prospect mail is used to recruit new donors; resolicitation mail is used to ask previous donors to give again.

Telemarketing and phone banks

Solicitation program using the telephone to persuade a mass audience of prospective donors to contribute. Telemarketing employs paid solicitors; phone banks use volunteers.

Income by tool

Project the amount of income each fundraising tool is expected to generate overall. This assessment of gross income determines how much money will be available for fundraising, how best to use the candidate's time, and how much staff will be needed to implement the plan. Expenses are often presented as a percentage of projected income to be raised by each tool.

Calendar of activities

The finance plan presents a calendar of fundraising activities. The calendar itemizes the amount of call time necessary and the number of events planned month to month, as well as direct mail and telemarketing deadlines. This calendar should drive the overall campaign schedule.

Cash flow

An estimate of money to be raised and spent during the campaign. The calendar of activities determines cash flow.

Gross and net income

The finance plan should present total gross income (income raised) and net income (gross income, minus expenses) numbers.

Developing a plan

A finance plan must reflect the candidate and her campaign. Each candidate faces different opportunities and challenges. What works for one candidate may not work for another.

To understand the unique qualities of the candidate and conditions of the race, do the following:

- **Study** the candidate's professional and personal history.
- **Study** the opponent's professional and personal history.
- **Familiarize** yourself with the campaign strategy, particularly regarding targeted voters, campaign message, and budget needs.
- **Read** the information compiled by the research consultants on the candidate and her opponent.

- **Learn** the candidate's relationship to each person filed in her personal and professional Rolodex.
- **Interview** the candidate, family members, the manager, and key members of the candidate's kitchen cabinet. Ask questions about the candidate and the community.
 - Whom does she know?
 - What issues or legislation has she advocated or opposed as an elected official or community leader?
 - What are her political allegiances?
 - To what organizations has she belonged?
 - What family ties will help or hurt fundraising?
- **Analyze** her donor file to determine the potential of these donors, if the candidate has run for or held office previously.
- **Evaluate** the candidate's strengths and weaknesses as a solicitor.
- **Review** *The Almanac of American Politics* and *Politics in America* to learn the history, culture, demography, economy and politics of the state. These books profile the governor and each member of a state's congressional delegation. Look for a similar reference book describing local and state elected officials.
- **Read** the local paper and the major daily papers in the state on a regular basis.
- **Consider** issues being debated on the national, state, and local levels and their impact on this race. What candidates and ballot measures will be competing for voter and donor attention?
- **Analyze** the economy of the district and state. Identify which industries and businesses are the largest employers.
- **Analyze** the demography and geography of the district and state, especially the ethnic, cultural, and religious diversity of each population center.
- **Analyze** the social and political character of the state, paying close attention to leaders and groups who are key opinion-makers.

Review what you've learned and determine which factors will most influence the campaign's ability to raise money. Describe these factors in the finance plan. Evaluate them on a regular basis. Unanticipated events inside and outside the campaign can create opportunities to raise more money. At the same time, they can present challenges that require a shift in strategy.

2 Finding Donors

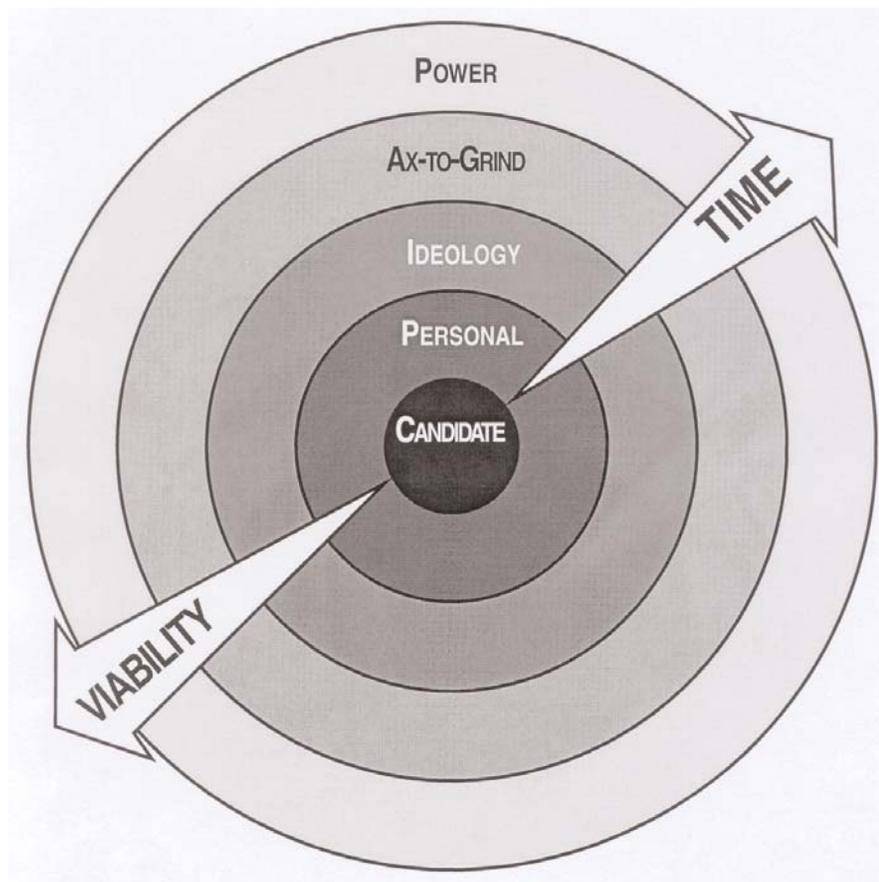
The second phase of developing a fundraising plan is to identify potential donors and donor groups. The most effective way to target donors is to understand what motivates people to give.

Why donors give

Many people believe fundraising is another word for begging. This notion is perhaps the single greatest obstacle to successful fundraising, and leads candidates, staff, and volunteers to avoid the most critical and essential activity in the campaign: asking for money.

A donor's contribution is not an act of kindness, nor is it a personal favor. People donate to a campaign because they want to. Their contribution serves their needs — not the candidate's, and not the fundraiser's. Donors contribute when the fundraiser has identified their needs and demonstrated how they will benefit if the candidate is elected.

Circles of Benefit



The Circles of Benefit is a system to help fundraisers:

- Organize donors.
- Understand a donor's motivation to give.
- Set priorities.

Review the Circles of Benefit diagram, which portrays how donors benefit when they contribute. Knowing this enables you to select the appropriate message to use when talking to potential donors.

The arrows labeled “time” and “viability” illustrate that the further the circles extend from the center, the more a candidate's political viability becomes a factor in the donor's decision to give, and the more time must be invested to educate and cultivate donors.

Personal Circle

WHY: Donors in the Personal Circle give because they have a close relationship with the candidate. Loyalty moves personal circle donors to look past differences in ideology and party affiliation, and sustains their support regardless of the candidate's standing in the polls.

WHO: Personal Circle donors are family members, friends, and close professional colleagues of the candidate.

WHEN: Start with this circle of donors to raise the first operating costs of the campaign. Early support from this circle demonstrates viability to traditional donor sources, the media, community leaders, and other opinion-makers.

NOTES: Soliciting donors in the Personal Circle is the critical first step in a fundraising campaign. This can be a tough circle for the candidate, but her willingness to solicit her Personal Circle demonstrates her commitment to running for office and her ability to build a winning campaign.

Ideological Circle

WHY: Ideological donors give because the candidate is a member of their religious, cultural, or ethnic group. This circle includes donors who share the candidate's advocacy of a particular cause.

WHO: Ideological donors include pro-choice advocates, environmentalists, civil rights activists, and others.

WHEN: Ideological donors take political risks and participate early to ensure the candidates they support have the strongest possible voice. Ideological donors tend to contribute early in the campaign.

NOTES: Ideological donors give to challengers, candidates running in open seats, and incumbents, but play a particularly important role in challenger and open seat races. Ideological donors understand the difficulties of an uphill battle, since many represent constituencies that have struggled to gain a seat at the table.

Ax-to-Grind Circle

WHY: Ax-to-Grind donors give because the opponent's victory would adversely affect their interests, or has already done so. They have tremendous incentive to weaken your opponent and strengthen your candidate.

WHO: Anyone who strongly dislikes or fears your opponent.

WHEN: These donors, like those in the Personal and Ideological Circles, can provide early support.

NOTES: Donors in the Ax-to-Grind Circle give to challengers, open seat candidates, and incumbents.

Power Circle

WHY: Donors in the Power Circle give to protect and advance their economic interests.

WHO: They include business interests, labor unions, political action committees (PACs), and professional associations.

WHEN: Power donors should not be counted on to provide early support, unless the candidate is an incumbent. Power Circle donors tend to give once a candidate has demonstrated viability. The difficulty facing challengers or candidates for open seats is that the Power Circle, which is the largest source of money in politics, is generally unavailable until the final quarter of the campaign.

NOTES: Incumbents receive the majority of Power Circle support. While open seat candidates are frequently beneficiaries, challengers are unlikely to receive their support until the candidate's competitiveness in the race is firmly established. Power Circle donors often contribute to both sides.

Who can give?

By law, only individuals, PACs, and political party committees can contribute to federal candidates. A political action committee is a group of donors who pool resources to support candidates. PACs must register with the federal or state election authority.

Federal candidates cannot accept general treasury funds of corporation, labor unions, national banks, and non-profit organizations. Contributions may be accepted from federally registered PACs established by such organizations.

See Chapter 15: Understanding Federal Election Law for more information on contribution limits, prohibited contributions, and special situations like in-kind contributions and independent expenditures.

How to identify prospects

- Go through the candidate's Rolodex, holiday card lists, personal address book, old calendars, and membership lists from civic organizations. These are the most likely contributors.
- Locate a veteran political fundraiser in the community who can profile local political donors.
- Get copies of annual reports from local cultural institutions and non-profits. Review these materials to become familiar with the community's philanthropists.
- Reach out to leaders of civic organizations sympathetic to the candidate to expand your understanding of the community. Some likely organizations are local chapters of Planned Parenthood, the Jewish Federation, and the Sierra Club. Look for donors here. Many key donor constituencies are prohibited by the IRS from forming PACs and contributing to federal candidates. However, individual members can make personal endorsements and contributions, and work with you to solicit other members of the group.
- Appreciate the diversity of each group. Most groups include a range of high, medium, and low donors. For example, you'll raise more money if you don't assume that all environmental donors are low donors.

- Seek the support of a targeted group’s PAC, if there is one, but don’t stop there — solicit the individual members, too. This works for all PACs except labor unions, because union members typically give only through their PAC.
- Study contributor lists filed with the FEC and state election agencies. These lists include the donor’s name, contribution amount, occupation, employer, and address. FEC lists are available to the public and often available on-line. Most state and local election offices also maintain lists of political donors. Please note that FEC information is available for research purposes only, to determine a donor’s ability to give — not for fundraising.
- Prepare a master list matching the interests of these leaders and groups against those of the candidate. Ask who benefits and why? Use the “Circles of Benefit” to organize this list.

Targeting donors

Step 1. Create a master list of prospects

Using your research on the candidate and the political landscape, develop a comprehensive master list of the candidate’s personal, professional, and political prospects.

Step 2. Organize the candidate’s prospects

Using the Circles of Benefit, go through the master list of prospects, putting prospects names in the appropriate circle or circles (Personal, Ideological, Ax-to-Grind, and Power).

Step 3. Expand the candidate’s prospects

Because most candidates do not have a network of contacts extensive enough to raise the amount of money needed to win, the finance director must identify “cold prospects” — donors who do not know the candidate and may not be aware that they have a stake in the race.

Prospecting is the process of identifying and educating these unfamiliar donors about the benefits of supporting the candidate. Prospecting requires early investment of time and money. The best prospects have already demonstrated that they understand the impact of giving by contributing to non-profit organizations or other candidates.

- Identify contacts close to the candidate in business, labor, law, finance, and other sectors of the economy who can educate you about the issues and identify key players, especially those not already familiar with your candidate.
- Ask donors to give the names of additional prospects for the candidate to call.
- Put prospects in the appropriate circle as you expand your network.

Step 4. Prioritize your prospects

Identify donors who fall into more than one Circle of Benefit. The more circles a prospect falls into, the higher a priority that prospect becomes.

3 Strategies for Soliciting Donors

The third phase of writing the fundraising plan is to develop a strategy for approaching individual donors or PACs. Each requires a tailored approach.

As you develop these strategies, consider:

- What message(s) will motivate the donors to give (based on the donor's circle).
- What steps must be taken to educate and cultivate donors.
- What tools will be used to solicit the donors.
- How much will each donor or group be asked to give and/or raise.
- Who would be the most persuasive solicitor.
- When will donors contribute.

Message and the Circles of Benefit

The fundraising message to donors will be shaped by the Circle of Benefit into which they fall. The key is to develop a fundraising message that will motivate each donor group to give.

Personal Circle

The candidate's **Personal Circle** will contribute out of personal affection and loyalty to the candidate.

Donors in the Personal Circle need no personal cultivation. Their motivation is of the heart and has little to do with the facts and circumstances of the race. These donors will be ready to give early; their support buys time to educate Ideological, Ax to Grind, and Power donors.

When communicating with donors in the Personal Circle, the candidate should speak from the heart, using familiar and emotional language to convey her affection and make them feel needed.

Personal donor: The candidate's best friend

Personal message: "This is the biggest challenge of my life. I can't do it without your support."

Ideological Circle

Ideological Circle donors are cause-driven. They give because they share the candidate's commitment to an issue.

The candidate must demonstrate a common heritage or passion through a personal story, a history of public advocacy, or a legislative record. When speaking to ideological donors, she must convey her passion and commitment to the cause.

Ideological donor: Member of the Brady Campaign to Prevent Gun Violence

Ideological message: "I have a record of fighting to stop gun violence. Together we can make a difference."

Ax-to-Grind Circle

Those in the **Ax-to-Grind Circle** will contribute because they do not like the opponent.

The candidate and Ax-to-Grind donors are linked by their common desire to defeat the opponent. The message should instill fear and a sense of urgency by articulating the risks they face should the opponent win. At the same time, it should allow the candidate to show how much she understands their concerns and give these donors a positive reason to support her candidacy. The message should leave them hopeful that, with their help, the opponent can be defeated.

Ax-to-Grind donor: Victim of a bad vote by the incumbent

Ax-to-Grind message: “Rep. Smith led the fight to prevent poor women from getting funding for abortions. I want to add my pro-choice vote to the House.”

Power Circle

People in the **Power Circle** give because they have an economic interest in government and want elected officials who will advance their issues. They care about the candidate’s viability, so be prepared to cite poll numbers, fundraising figures, and endorsements. Once her viability is established, the candidate should demonstrate that she understands business or trade issues of concern to power donors, as well as an overall grasp of economic and employment issues. Power Circle donors tend to favor incumbents.

Power donor: High-tech business executive

Power message: “I’m neck-and-neck in the polls. I understand your industry. With your help, I can win.”

For information on how to communicate these messages to donors, see Chapter 4: Asking for Money.

Step 1. Know the donor

The key to developing an effective strategy is understanding the needs, interests, and giving practices of the targeted donors. This will help the finance team tailor an approach, craft and communicate a persuasive message, and determine what level of support to seek.

To achieve this understanding, go to the source: ask a member of a targeted group for guidance. Work with the candidate to identify people who will be most helpful. For example, talk to the candidate’s family doctor about how best to approach physicians.

Ask the following questions about your targeted donors or donor groups:

- Who are the leaders? How should they be approached? What interests them? What are their concerns?
- Does the group have a PAC? If so, what is the decision-making process and who makes the decisions?
- Can the contact introduce the candidate to the group’s leadership? If the contact is not appropriate, can he or she recruit someone who is?
- Ask the contact to evaluate the candidate’s position on the issues relevant to this group. Identify the candidate’s strengths and areas she should study.
- How much this group can raise? What is the giving potential of individual members? What is the best way to approach them for support?

Step 2. Craft a fundraising message

Every element of the campaign's fundraising strategy should incorporate a strong message that addresses the donors' needs and demonstrates the benefits of victory.

People contribute to campaigns for a variety of reasons. They may have a personal relationship with the candidate, share a common interest or goal, or disagree strongly with the opponent. More than issues, emotion is the key factor in motivating a donor. Develop a fundraising message that taps into a donor's anger or pride.

The fundraising message should answer these questions:

- What problem does this donor want solved? What cause(s) does this donor advocate?
- How will the outcome of this election affect these interests?
- In what ways does the candidate positively affect these interests?
- In what ways does the opponent negatively affect these interests?

Step 3. Evaluate giving potential and set goals

Decide how much to ask each donor group to give and how much you expect to raise from the group overall. A group's potential is dependent on the factors discussed below: capacity, degree of benefit, depth of relationship, membership size, and donor type.

Capacity

Based on the following factors, estimate the donor's capacity to give as either high, medium, or low (see giving level grid, next page).

- Find out what the donor does for a living. Occupation is almost always the best indicator of how much a donor is capable of giving.
- Research the donor's giving history by examining contribution reports. This information indicates what size contribution this donor usually makes.
- Review publications of non-profit organizations for information about giving patterns. Annual reports, event invitations, and brochures frequently list donors who support the organization and the level at which they have given.

Number of potential donors

A donor group's overall giving potential depends largely on the number of individual donors within it who can be motivated to give. Estimate the number of donors you think can be motivated in each group.

Donor type

What types of donors make up this group? Separate each group into individual, PAC, or both.

Average contribution

Based on capacity, estimate the average to ask each individual donor or PAC to contribute.

Motivation

Do not confuse someone's capacity to give with the amount they will give. Capacity must be judged in tandem with motivation.

Degree of benefit

Not all donors benefit in the same ways. Some have more at stake in the race than others. The degree to which each donor benefits influences the amount each is willing to contribute. The greater the benefit, the greater the willingness to give.

Depth of relationship

The quality and depth of the candidate's relationship to the donor group also influence giving potential.

- What is the nature of her relationship to this group?
- Has she been a member or been involved in their activities?
- Has she championed their interests?

Overall goal

Based on all these factors, determine how much you expect this group to contribute.

Once you have completed step three for every group, add together to calculate the preliminary gross projection.

Step 4. Select appropriate tools

Determine the appropriate fundraising tool (personal solicitation, events, direct mail, telemarketing) for each donor group based on the following criteria.

Giving Level	Tool
<p>High \$500 for House \$1,000 for Senate</p>	<p>Candidate visits Candidate phone calls Small events Personalized resolicitation mail</p>
<p>Medium \$100–499 for House \$250–999 for Senate</p>	<p>Candidate phone calls Events Personalized resolicitation mail Personalized cold prospect mail</p>
<p>Low \$99 or less for House \$249 or less for Senate</p>	<p>Cold prospect mail Telephone solicitation Events</p>

Patterns of giving

Think about past giving patterns when determining which tool to use. Where did her name come from? Donors who respond to direct mail are likely to continue responding to that tool. Donors who give through events are likely to respond to event solicitation.

Efficiency

Efficiency is the measure of the time and expense required to generate a certain level of income. The size of the contribution determines what you can afford to do to solicit it. Each tool has its own efficiency rate; it's important to balance donor preferences with the efficiency with which you can reach and solicit donors.

Step 5. Decide who should ask

Decide who should solicit based on your understanding of the donor group. The candidate should solicit high donors and those who can leverage the support of others; for example, donors who can be asked to contribute the maximum of \$1,000 or those who can raise funds by hosting an event.

When the candidate is not the best choice, consider who among your team of surrogates or campaign staff could be persuasive. Surrogates include the candidate's spouse and family, kitchen cabinet, event hosts, and members of the finance committee. Keep in mind that prospective donors respond best to a peer, to someone they admire or know well, or to someone who is very close to the candidate.

For more information, see Chapter 10: Managing Surrogates.

Sample strategy

Once you have developed a strategy for each donor group, put the pieces together and create a spreadsheet for each. The steps in your process should resemble the following sample strategy.

Sample strategy

Raising environmental money for Emily Baer, candidate for Congress

Circle: Ideological

1. Message

Emily Baer, a lifelong environmentalist and member of the Sierra Club, will make environmental protection a top priority in Congress. She will fight for stricter air and water standards. Her opponent, Republican state Sen. Ed Rich, served as assistant secretary of the interior under Reagan. He has called for the abolishment of the Environmental Protection Agency.

Emily has raised \$100,000 for her campaign. Recent polling shows her neck-and-neck with Rich, who has raised over \$200,000, much of it from industry groups anxious to curtail environmental protection in Congress. This is an opportunity to elect a strong environmentalist to Congress. Emily needs your help.

2. Potential

Environmentalists have a lot to gain by electing Emily Baer to Congress — and a lot to lose if Ed Rich wins. Emily Baer is a lifelong environmentalist with a history of environmental advocacy as an elected official.

This is a coastal state with a strong environmental movement. The Sierra Club has 3,500 members statewide.

People from all backgrounds and professions consider themselves environmentalists. We think the average contribution will be about \$100. In addition to individual contributions, there are several environmental PACs that should be solicited, including the Sierra Club and the League of Conservation Voters. We think these PACs will each give about \$2,500.

3. Goal

Given these estimates, the overall fundraising goal for this group is \$25,000.

4. Tools

Personal solicitation, direct mail, events, telephone solicitation

- Arrange for the candidate to meet personally with the PAC board of the Sierra Club and the League of Conservation Voters to solicit PAC support and ask them to share their direct mail donor lists.
- Use direct mail to solicit individual donors across the state.
- Organize an event to target medium donors (\$100–250), with leading environmentalists as a host committee.
- Have the candidate solicit high donors by telephone.

5. Solicitors

The candidate.

Emily will spend a substantial amount of time soliciting high donors by phone.

6. Surrogates

Surrogates will serve as the host committee for the event.

7. Priority/readiness

Emily Baer's record of environmental advocacy is well-known to local, state, and national environmentalists. This group should be approached immediately to generate early money.

4 Asking for Money

This chapter reviews the key principles of fundraising and the elements of an ask. These points are applied to personal solicitation, event organizing, direct mail, and telemarketing in the chapters that follow.

Steps of fundraising

There are universal principles regarding the solicitation of donors, regardless of what type of candidate you're raising money for or how you are raising it.

Establish rapport

Knowing the donor is key to this process. Conduct some basic research. Refer to the information you've gathered about the donor as you develop your strategy. Make sure you know the following:

- What does the donor do for a living?
- Where does she work?
- How does she pronounce her name?
- What's the donor's relationship with the candidate? Do they know each other? If so, how did they meet?
- Is it a close relationship?
- Is the relationship personal or professional?
- Is the donor a previous contributor? If so, how much did she contribute?
- If there is no prior relationship, what do the candidate and donor have in common? A similar position on issues? Membership in the same civic or professional associations? A common heritage? A common enemy?

Focus on the donor's needs

Listen and be responsive. If you do all the talking, you deprive yourself of the opportunity to hear the donor's views, questions, and needs — information you need to convey a persuasive message.

Conduct an informal interview to learn more about the donor. As you begin the conversation, ask a lot of questions and listen carefully. When asked, donors will share a great deal of valuable information about their concerns and interests. The more you understand, the more responsive you can be to donor needs. Addressing these needs is the most effective way to capture and sustain a donor's attention. A potential donor has a problem to fix or a cause to promote. Your solicitation is not about the candidate, an upcoming event, or the need for funds. It is about addressing the donor's need.

Introduce the subject

The subject is the problem the donor wants fixed, or the issue he or she wants to advance.

Your objective is to communicate that the subject has value and relevance to the donor's life. Identify the subject quickly to establish common ground. For example, when Rep. Betty

McCollum of Minnesota was running against an anti-choice Republican, she opened calls to potential donors whom she knew were pro-choice by saying, “I’m calling because we share an interest in protecting the right to choose.”

Establish viability

Provide evidence of the candidate’s viability and the campaign’s ability to spend resources wisely and effectively. Present the donor with the highlights of your strategy, polling data, key endorsements, and fundraising figures. Describe the expertise and track record of the campaign staff and consultants.

Get the donor invested

The donor will want to know how you’ll spend the money. Impress upon the donor the urgent need for his or her support. For example: “Our opponent has just bought \$40,000 of media time to attack us on the choice issue. We must raise \$35,000 by the end of the week to fight back.” This kind of message helps the donor feel invested and responsible for the outcome. It reinforces the idea that the candidate and donor are partners.

Ask for a specific dollar amount

Use what you know about the donor to set a goal appropriate to the donor’s capacity to give. While asking someone to contribute more than they can give is a risk, little damage is done since you can negotiate down to a more suitable level. Asking for less than the donor can afford leaves money on the table. (For more information on determining an appropriate ask amount, see Chapter 3: Strategies for Soliciting Donors).

Many fear that in being specific they will seem rude or greedy. On the contrary, specificity enables the donor to make a decision. He weighs the contribution against the importance of the election’s outcome to his life — and if you’ve done a good job, he’ll see that it is worth the investment. Donors understand that campaigns cost money and want to support candidates who are realistic about what it takes to win.

Without specificity, the donor doesn’t know how to respond because he doesn’t know what’s being asked of him. Ambiguity also reflects a lack of confidence and can erode the donor’s faith in the candidate’s ability to meet his needs.

Remember, this is not charity. You are not asking for a personal favor. You are meeting the donor’s need.

Listen, don’t speak

Once the request has been made, allow the donor time to consider it. Don’t say a word until she responds. Then listen carefully to the answer. The donor is likely to respond in one of three ways:

- The donor will agree to contribute at the level you’ve asked.
- The donor will communicate some hesitation or objection. If this is the case, ask her to share her reasons.
 - Maybe the donor has been asked to contribute at a level she cannot afford. Offer an opportunity to contribute through multiple payments to ease a possible cash crunch.
 - If cash flow isn’t the issue, ask for less. Work with the donor until you arrive at a contribution level that suits her ability.

- The donor may have misunderstood the candidate’s position on a particular issue. If this is the case, clarify the facts and ask again.
- Sometimes the donor simply isn’t ready. She needs more information or is waiting for a particular endorsement. Keep these donors on your list. Offer to provide her with additional information and let her know you’ll call again. Cultivate and educate this donor further.

In some instances the donor will simply say “no.” If the donor makes it clear that no amount of education or cultivation will convince her to contribute, thank her for her consideration and say goodbye. Remove this donor from your list. It’s a waste of time to pursue this further.

Collect

After expressing your appreciation, make arrangements to collect the check as soon as the donor agrees to a specific amount.

Collect the check at the end of a personal solicitation meeting.

If the commitment has been made by telephone, arrange for a volunteer or delivery service to pick up the check, or take a credit card number over the phone. At a minimum, send the donor a letter confirming the pledge with a return envelope.

Whether it’s a follow-up to a call or meeting, or a direct mail or event appeal, always include a self-addressed return envelope. This simple collection device makes it easy for the donor to fulfill his or her pledge.

Thank the donor

Once you’ve received the commitment, thank the donor immediately. Thank donors over the telephone and send a letter of thanks once the contribution comes through the door. Not only do donors deserve your appreciation, an acknowledgment is an opportunity to further educate and cultivate them. Most importantly, it enables you to ask again.

Donors want to be appreciated for more than their ability to give. Communicate regularly with them to build relationships.

Fax, e-mail or call donors who are able to give more or help you raise money. Report good news to build enthusiasm; report danger signs to show urgency.

Finally, always play it straight — it’s the only way to sustain a donor’s loyalty and support.

Resolicit and ask for more

Your best donors are those who have already given. Review the list of donors who have given, regardless of the method you used to solicit them initially. Select those who have the potential to give additional funds and develop an upgrade strategy for each. Identify those who could be recruited as surrogates.

You should expect to call your large donors several times over the course of the campaign to ask for additional contributions.

5 Using the Tools of Fundraising

The previous chapters focused on the fundamentals of communicating with and soliciting donors. The following chapters provide an overview of the primary tools of fundraising: personal solicitation, events, direct mail and telemarketing. Subsequent chapters go into more detail on how to use each tool.

In addition to coordination and logistics, we'll also consider these factors for each tool:

- **Response rate:** the number of people likely to say “yes” when asked. Response rate presumes prospects have a history of responding to political solicitations and have demonstrated their capacity to give at the targeted level.
- **Average contribution:** the level of contribution you can expect from each tool;
- **Donor type:** the type of donor — individual or PAC — likely to respond to the tool.
- **Solicitor:** this column describes the tools most commonly used by the candidate, a surrogate, fundraising staff, or all three.
- **Efficiency:** the cost in terms of time and dollars of each tool. Note that every tool requires extensive staff time. Tools that require the least amount of candidate time and yield the highest response rate are the most efficient to use.
- **Expense rate:** percentage of total costs compared to gross income, or what you can expect to spend for every dollar you raise using each tool.
- **Collection:** how quickly each tool will generate income. This chart assumes you collect the money as quickly as possible. Developing a collection strategy is essential to overall cash flow.

These points are summarized in the following table, “Tool Efficiency.” As you work with each tool to implement your fundraising plan, measure your performance against the standards represented in this table. If some tools are under-performing, determine why and change your strategy. If you are exceeding the standards with some tools, rely more heavily on those to reach your goals.

Remember that your primary objective is to raise as much money as possible as efficiently as possible in order to generate the most net income.

Tool Efficiency						
Tool	Response rate	Average contribution level	Donor type	Solicitor	Expense rate	Collection
Face-to-face solicitation	50–70%	H	Ind. & PAC	Candidate & surrogates	1–5%	1–7 days
Telephone	30–50%	M–H	Ind. & PAC	Candidate & surrogates	1%	1–7 days
Events	15–25%	L–H	Ind. & PAC	Surrogates & staff	10–15%	4 weeks
Cold prospect mail	1%	L	Ind.	Staff	100%	6 weeks
Resolicitation mail	5–10%	L–H	Ind.	Staff	10–15%	6 weeks
Telemarketing	1–10%	L–M	Ind.	Consultant	15–50%	1–3 weeks

Key

H = high donors (House: \$250 and above; Senate \$1,000 and above)

M = medium donors (House \$100-249; Senate \$250-500)

L = low donors (House \$99 or less; Senate \$249 or less)

Ind = individual donors

PAC = political action committee

6 Personal Solicitation

Tool Efficiency: Personal Solicitation						
Tool	Response rate	Average contribution level	Donor type	Solicitor	Expense rate	Collection
Face-to-face solicitation	50–70%	H	Ind. & PAC	Candidate & surrogates	1–5%	1–7 days
Telephone	30–50%	M–H	Ind. & PAC	Candidate & surrogates	1%	1–7 days

Personal solicitation is a fundraising tool used to ask an individual or a PAC for a contribution directly. Personal solicitation can be used by the candidate or a surrogate, in a face-to-face visit or by telephone.

Response rate

Face-to-face solicitation will generally yield a 50–70 percent response rate. The response rate is high because the donor, by agreeing to a personal meeting, has already made the decision to hear more and expects to be solicited. In general, face-to-face solicitation is a very persuasive technique.

Candidate call time will yield a response rate of 30–50 percent. Though this is lower than a face-to-face appeal, it is far more efficient because the candidate can solicit more donors in the same period of time.

Costs for both approaches are low. Expect to spend one percent of what you raise by telephone on long-distance charges, postage, and messenger services (for check pick-up). Costs increase as much as five percent for face-to-face solicitation to cover transportation, parking, and meals.

Soliciting donors in person or by phone potentially has a very high response rate. It's also a very inexpensive technique compared to others. Harnessing the power of personal solicitation, however, is more than getting the candidate on the phone to “dial for dollars.”

Achieving the highest possible response rate and keeping costs low depends on how carefully you select donors. Personal solicitation requires a significant amount of candidate time – more than any other tool. It's important to be judicious with the candidate's time. Select donors who have the capacity to give, the ability to raise money, or both.

The candidate must develop strong solicitation skills. Without them, it will be impossible to fulfill this tool's tremendous potential. Developing these skills requires training, practice and a great deal of patience on the part of the candidate.

Personal solicitation also demands a lot of your attention and energy. It can take many hours to prepare for one hour of call time and several more to acknowledge donors and collect checks. It can also be a challenge to keep the candidate focused. Making the best use of this tool means earning the candidate's respect and building her trust — enough to give her honest feedback and to talk tough when fundraising falls low on her priority list.

Telephone solicitation

Personal solicitation by telephone is the most effective and efficient tool of fundraising. Unfortunately, organizing call time is also time-consuming and labor-intensive for staff. That said, it is the most important tool you have to meet your fundraising goals. A majority of your budget will be raised by phone.

The candidate should use the telephone to solicit high prospects. The range of donors surrogates solicit by phone may vary, depending on the capacity of their network of family members, friends, and colleagues.

Scheduling

The candidate should devote 50 to 80 percent of the day, every day, to call time. Rotate call sheets and schedule a variety of call time hours; i.e., morning one day, early evening the next, to vary her routine and increase the chances of reaching donors. (If you call the same prospects at the same time every day without reaching anyone, you will continue to have the same problem.) Sometimes it will be necessary for her to spend the entire day on the phone.

Protect call time fiercely. Eliminate interruptions and postponements. Calculate scheduled call time vs. what really happened and insist that the difference be made up. The finance director should be present at all scheduling meetings, and call time should always be staffed by a member of the finance team. Stress to the campaign manager and candidate that cutting call time has a direct impact on the amount of money available in the budget.

Preparation

Identify prospects who merit a personal call. Complete a call sheet for each prospect, including the information noted in the chart below. The solicitor will use the call sheet to personalize and target her request as she talks with each prospective donor.

The call sheet

The call sheet should include the following information:

- Name.
- Ask amount.
- Business and home telephone numbers.
- Fax number.
- E-mail address.
- Referred by.
- Employer, occupation, and other relevant background information.
- Giving history to other candidates.
- Record of contact with the campaign.
- Relationship and giving history to the candidate.
- Fundraising message.
- Space for candidate notes and your comments.

Managing call time

The goal of call time is to reach as many donors as possible each hour. Make call time more productive by following these suggestions:

- Make sure the calling is done in a quiet, comfortable room, away from interruptions.
- Staff call time.
- Outfit the room with at least two phone lines and phones — one for the candidate and one for a staff member to set up the next call.
- Set up a system for the candidate to get messages during call time.
- Seat the candidate in a comfortable chair.
- Change the scenery occasionally by holding call time at the candidate's home.
- Schedule calls at specific times to motivate the candidate.
- Verify the accuracy of all phone numbers before the calling session begins. Make sure there are enough prospects with good numbers to fill the available time.
- Get another prospect on the second line while the candidate is completing a call with one prospect, so the candidate can solicit again without delay.
- De-brief the candidate after each call or while on hold to pin-point results and determine necessary follow-up and collection method. Keep complete notes.
- Establish a collection strategy. Have staff or volunteers ready to pick up checks locally, and open an account with an overnight delivery service for long-distance checks.

Monitoring call time

You should be able to place approximately 30 calls per hour. That alone is a good reason to have a second line and another dialer: with two dialers, you can increase the number of calls placed per hour to 60. The candidate will probably talk to 30 to 40 percent of the donors you attempt to reach. Of those reached, 30 to 50 percent will respond favorably. If you are reaching donors and not meeting your goals, re-evaluate your message and return to the Elements of the Ask.

What to expect from call time (per hour)		
	One dialer	Two dialers
Calls placed	30 per hour	60 per hour
Donors reached	9 (30 x 30%)	18 (60 x 30%)
Favorable responses	3 (9 x 30%)	6 (18 x 30%)

Staffing the Candidate

Listen to your candidate while she's on the telephone. Make sure she is making all the relevant arguments and asking for a specific amount of money.

Give her feedback. What was difficult about the call? What went well? Treat every call as an opportunity to improve her pitch.

Always be mindful that telephone solicitation is hard work, and not very interesting. Monitor the caller's state of mind. Call time and the inevitable rejection it entails can be frustrating.

Respect her need to take breaks. Include some guaranteed "yes" calls to build her morale.

Call in reinforcements when necessary.

Get feedback from the candidate on the system and ways to improve it.

Collecting the money

If the donor makes a pledge, get a specific date for collection and stick to it. Within 24 hours of the meeting or phone call, send the donor a letter of thanks confirming the amount pledged, and include a pre-addressed return envelope. If you have not received the contribution within five to seven days, call the donor to reiterate the impact the donor's support will make and communicate the campaign's urgent need. These follow-up calls should be made by staff or experienced volunteers. If several weeks have passed, consider having the candidate call to follow up on a pledge.

When possible and appropriate, the candidate can ask the donor if they would consider making a credit card contribution. This eliminates follow-up (except for the thank-you note and a resolicitation, of course).

Face-to-face solicitation

A face-to-face meeting with a potential donor allows the candidate to make a more persuasive appeal than by phone. Face-to-face solicitation is best used to solicit high donors or donors who can raise more money. Both individuals and PACs can be solicited face-to-face.

Selecting donors

The candidate should meet personally with donors who fit the following criteria:

Potential surrogates. People don't accept the responsibility of raising money easily. A personal meeting can make all the difference. Securing a donor's commitment to raise \$10,000 is worth an hour of the candidate's time. Assuming you've following the guidelines in this chapter, you can expect 50–70 percent of those with whom the candidate meets to say "yes."

Key PACs. Not all PACs need a personal visit by the candidate, but those that give the maximum or are especially persuasive within the PAC community warrant a personal meeting. Raising money from PACs is discussed extensively in Chapter 11: PACs and National Fundraising.

Preparation

A face-to-face visit requires at least an hour of the solicitor's time and a significant amount of staff time to schedule, prepare, and brief the candidate or surrogate. Using the solicitor's time in this way, especially the candidate's, requires strategic prospect selection.

Before the meeting, brief the candidate or surrogate on the potential donor, the appropriate fundraising message, common ground between the donor and the solicitor, the solution, and the ask amount.

Role-play to familiarize the candidate with the dynamics of ask. The more she practices, the more she'll be able to internalize the key elements. Eventually she will grow more comfortable and response rates will improve significantly.

Scheduling

Once you've identified the donor and determined that a face-to-face solicitation is appropriate, you or a member of your finance staff should arrange the meeting directly through the donor or the donor's office. Call the prospect directly and request a meeting, or have a peer of the prospect make the initial contact. A letter or fax may also be helpful. You will likely be asked what the meeting is about. Be straightforward about the purpose of the meeting and send materials in advance.

During the meeting, the solicitor should follow the steps outlined in Chapter 4, Asking for Money, beginning with establishing rapport and concluding with making arrangements to collect the check.

You must accompany the candidate on all personal meetings involving donors, especially meetings with potential surrogates. Doing so will enable you to build a relationship with the surrogate, a relationship which is critical to reaching your overall fundraising goal. In addition, observing the candidate at work will help you provide feedback and suggestions for improving her pitch.

Collecting the contribution

At the end of every meeting, ask for the money. This is your best opportunity to collect. The campaign will always have an urgent need for funds; it's perfectly appropriate to share this with the donor. If possible in face-to-face meetings, as for the check or credit card information before you leave (with telephone solicitations, get the credit card information before hanging up). The candidate should empower you at these meetings, so that you can follow up with the prospect more easily.

7 Events

Tool Efficiency: Events						
Tool	Response rate	Average contribution level	Donor type	Solicitor	Expense rate	Collection
Events	15–25%	L–H	Ind. & PAC	Surrogates & staff	10–15%	4 weeks

A fundraising event is a gathering of donors for which there is a pre-advertised price of admission. The event is an opportunity to attract a particular group of donors to support your candidate at a given place and time. Your marketing tools include the venue, time, invitation, food, and entertainment.

Events vary greatly in size, price, time of day, venue, and form — from a large formal event at a hotel, to a reception, to a house party, to a lunch meeting. Events can be organized to recruit a single constituency of donors or a mix of constituencies. They can be used to solicit both individuals and PACs.

There is a broad range of event sizes, locations, and styles, but among these variables is one constant: the purpose of the event is to raise money. It's a fundraiser, not a party.

Response rate

Without a host committee, the response rate for events is one percent. A host committee can help bump the response rate of an event to as high as 25 percent. Achieving a 25 percent response rate requires developing a marketing plan for the event, which outlines whom to invite and why, how best to capture their attention and, most importantly, how to get them to contribute and attend the event.

Although events can be used to solicit all levels of donor, to generate the most net income, events as a tool are best used to solicit medium donors. Like high donors, medium donors want exposure to the candidate. Through events, many donors can meet the candidate and hear her address their concerns first-hand. (High donors prefer intimate gatherings which guarantee more personal interaction with the candidate.)

Events are also an effective vehicle for motivating surrogates to meet fundraising commitments. (For more information, see Chapter 10: Managing Surrogates.)

Events are particularly time-consuming for surrogates and especially staff. The candidate's role is limited to recruiting the event chair or host and making calls to recruit key surrogates. Surrogates sell the event. Staff coordinate logistics, the host committee, and event production.

Event costs

Event costs range from a minimum of 10 percent to a maximum of 15 to 20 percent.

Assuming invitations are mailed four weeks before the event, you can expect to collect 25 percent of your income during the first two weeks, another 25 percent in the third week, and 50 percent in the final week, up to the day of the event.

If you have outstanding pledges who don't attend the event, follow up and collect their pledges in the days immediately following the event.

House parties

Campaigns can raise small contributions through a house party program. This involves recruiting several hosts to invite neighbors and friends to a fundraising event in their home. The campaign should prepare a kit with organizing instructions, preprinted invitations, and a solicitation script. These events may be held simultaneously on the same day or continuously throughout the campaign. The candidate may or may not attend. The same rules and expectations apply to house parties, coffees, and meet-and-greets. Prepare a budget, have a program, and stick to it.

Event planning

An event will start generating income from the date the invitation drops to the day of the event. Fifty percent of the income from an event comes in during the final days leading up to the event. Following are the stages of event planning:

Stage one

- Secure date, time, and location. (Remember to consider holidays and other events when scheduling a date.)
- Recruit host committee.
- Develop event budget.
- Collect lists.
- Design invitation.
- Select a union printer.

Stage two

- Print and mail invitation.
- Coordinate host committee.
- Organize phone bank and recruit volunteers.

Stage three

- Coordinate host committee.
- Conduct phone bank.
- Monitor results.
- Make food and beverage arrangements.
- Recruit volunteers for registration.

Stage four

- Complete phone banking.
- Complete host committee follow-up.
- Conduct walk-through.
- Prepare candidate remarks.
- Brief candidate.

- Prepare for registration.
- Hold event.
- Send acknowledgments.

Event planning checklist

Event planning involves ten essential steps which are discussed in detail in this chapter.

- Marketing and packaging.
- Projecting event income.
- Preparing a budget.
- Recruiting a committee.
- Producing the invitation package.
- Selling the event.
- Predicting attendance.
- Coordinating logistics.
- Developing the program.
- Acknowledging donors.

Marketing and packaging

Remember what you are selling (the candidate) and to whom (your targeted donors). People will come because of the candidate — not the entertainment, the food, or the house.

Begin by identifying the donors you plan to invite. Here is a list of suggestions for putting together an invitation list.

Previous donors

Events are a convenient and effective way of asking donors for additional support. Review your list of previous donors and identify those whom it would be appropriate to invite.

Donors to other organizations

Organizations whose members represent the constituency group you are pursuing — for example, environmentalists or pro-choice organizations — are an excellent source. You can negotiate an agreement to trade your list of donors for theirs, including the terms and conditions under which the lists may be solicited.

The host committee

Each member of the host committee should commit to raising or giving a specific amount, as designated by the campaign, to be a part of the host committee.

Ask each member of the host committee to compile a list of potential donors to invite, and to send you the list with addresses and phone numbers. Give them the opportunity to include a personal note with the invitation or, at a minimum, ask each to hand-print his or her name on the outer envelope.

Note: your host committee should reflect the constituency you are trying to attract.

Donors to other candidates and elected officials

Identify donors to federal, state, and local candidates and elected officials. Make a list of those who have endorsed your candidate. Approach them about sending your invitation to their donors. While it is illegal to solicit directly from an FEC report, it is perfectly legal to solicit these donors with the permission of the candidate or elected official. To maximize the return, select donors on these lists that match the profile and contribution level of the event.

Projecting event income

Before projecting income for an event, determine a preliminary income goal by doing the following:

- Estimate the average gift based on donor capacity.
- Determine event price. Create a tiered pricing structure so that donors are solicited at the appropriate level.
- Estimate the number of donors you can invite.
- Estimate the response rate.
- Multiply the number of invited donors by the response rate to get an estimated number of attendees.
- Calculate the income goal by multiplying the estimated number of attendees by the average contribution. If the event has more than one contribution tier, calculate each tier separately.

Preparing a budget

Before spending any money on an event, prepare a budget. Event costs generally range from 10 to 15 percent. On the rare occasion that you organize a large event involving venue rental, a meal, and VIP transportation, your costs will run significantly higher.

Look for ways to keep costs down. Have someone on the campaign design the invitation. Hold the event at the home of a supporter or get the space donated in-kind.

Once you've estimated the cost of each of these items, you have your event budget. If total costs are above 15 percent, cut your budget. To project net income, subtract total costs from gross goal.

As you produce the event, keep a close watch on all costs and make adjustments along the way to keep within your budget. After all the event bills have been paid, compare what you spent to what you projected.

Following is a list of potential event expenses. You will not have all these expenses at every event.

Potential budget items

- Site rental.
- Graphic design for invitation, materials (can be done in-house).
- Printing costs.
- Decorations and/or flowers (minimal).
- Catering.
- Postage.
- Speakers and entertainment.

- Photography.

Recruiting the host committee

Expect an event invitation without a host committee to generate a response rate no higher than one percent. That means even if you mail a creative invitation with a clear and compelling message to 1,000 targeted donors, only ten people will respond favorably. While you can increase the response rate with a follow-up phone call, it's unrealistic and impractical to call 1,000 people.

You need a host committee — a group of leaders or donors who represent the constituencies targeted for the event and who are willing to ask their peers for support. Committee members are generally recruited through a sponsor letter signed by the candidate or co-chairs of the event, followed by a phone call.

Use your income goal to determine how many people you need on your host committee — then ask twice as many as that to serve.

Host committee responsibilities

Host committee members should agree to raise a specific amount of money and list their names on the invitation. If the event involves a large host committee, offer the additional incentive of a “VIP” reception held immediately before or after the main event to give the candidate an opportunity to acknowledge the committee members.

Call every member of the host committee regularly to monitor their follow-up phoning. If necessary, schedule phone time with members as you would do with the candidate. Have the candidate call those who are doing well to express her appreciation. Have her call members who are struggling to encourage them and remind them of how urgently she needs their assistance.

Formula for projecting income

Use this formula to determine how many members of the host committee you must recruit to meet the income goal:

Goal: \$10,000

Ticket price: \$100

Number of donors: If the goal is \$10,000 and the tickets cost \$100, you need 100 donors to reach the goal.

Insurance policy: For every ten donors you ask each host to target, count on four positive responses.

Number of hosts: To determine the number of hosts you need to reach your goal, divide the number of donors needed by the four you can count on: $100/4 = 25$. Recruit 25 people for the host committee.

Creating the invitation package

The invitation package consists of four elements: the invitation, a reply device, the return envelope, and the outer envelope.

Invitation

The invitation is the message vehicle and primary element of the invitation package. The form and style of this element can vary (a flyer, a letter, a single card, a fold-over card)

as long as it carries the message. It should address the concerns of the targeted constituency and identify:

WHO? The name of the event sponsors should be displayed prominently.

WHAT? The nature of the event — dinner, reception, luncheon, etc.

WHEN? The date, day of the week, start time, and end time.

WHERE? The location and venue of the event. Provide the exact street address, city, and directions. If it's being held in a private home, identify the hosts. Include a web site address.

WHY? The purpose of the event. Remember, the subject is not the candidate; the subject is the cause to be advanced or the problem to be solved. The candidate is the solution.

HOW MUCH? The price of admission. Present the base price and include a string of higher options. Give people a way to respond by telephone or e-mail in addition to a mail-in reply device.

Reply device

A reply device allows donors to respond the invitation. It tells the donor where to send the check and provides the contact name, telephone number, and e-mail address. The reply device must also contain disclaimer language required by federal or state law. See Chapter 15: Understanding Federal Election Law for disclaimer language and a more extensive discussion of federal law.

Like the invitation, the reply device can take a variety of forms but must ask donors for the following information:

- Name.
- Address.
- Day and evening phone.
- E-mail address.
- Fax number.
- Number of tickets being purchased.
- Attending — Y/N.
- Amount of contribution.
- Employer/occupation information.

It should include to whom checks should be made payable (the name of the campaign as filed with the FEC).

Return envelope

Include a return envelope. This is your collection device, and should make it convenient for the donor to respond. This envelope should include a pre-printed return address. Do not include a stamp.

Outer envelope

The outer envelope encloses the invitation package. It should include a return address and display the union bug, the symbol that indicates that a union shop printed the invitation (as should all printed campaign materials).

Production

- Before printing the invitations, have a colleague or volunteer proofread the package to make sure all the elements are in place and the information is correct. Double-check the time, site address, spelling of host names, RSVP telephone numbers, etc.
- Print, stuff, address, and mail invitations four weeks before the event.
- Display a union bug prominently on all printed materials.
- Always use a first-class stamp.
- Neatly hand-address the invitations or print directly onto the envelope or onto clear labels.

Selling the event

Event follow-up phone calls should focus on the issue of common concern between the donor and the candidate — not on the event. The donor is being given the opportunity to meet his or her needs by supporting a candidate who will advocate those needs in Congress. The question to ask is, “Will you contribute to the candidate?” If the donor says yes, ask if he or she would like to attend the event. Making the event a secondary aspect of the pitch allows you to raise money even if the donor is unable to attend.

If possible, make arrangements for the donor to send in the contribution by check or credit card immediately, rather than at the event.

Organize a volunteer phone bank to call event prospects. Provide volunteers with a script and a tally sheet to record the results of each phone call. Follow-up phoning by host committee members and volunteers should begin the week after after the invitations have been mailed. Phoning by volunteers should continue up until two days before the event. Maintain a list of pledges and receipts to monitor progress. Use this list to develop your attendance list for check-in at the event. Twenty-five percent of those who say “yes” will stay home. A “maybe” is a NO.

Coordinating logistics

Event production involves careful management and attention to detail. Advance planning is essential.

Food and beverages

No one comes to an event for the food. Donors want their money spent on winning elections, not on entertainment. Be mindful of costs and make selections appropriate to the contribution level of the donors attending. Comparison shop to obtain the best price.

Be aware of any dietary restrictions.

Include non-alcoholic beverages.

Present your budget, including tax and service, when negotiating with hotels or caterers, and ask them to develop a menu accordingly.

Location

No one comes to an event because of the location. When you are selecting a venue for the event — whether in a home, restaurant or hotel — think about convenience in terms of distance and traffic flow. Make sure there is sufficient parking or that the site is accessible by public transportation.

If you're holding the event in a hotel or restaurant, select a union-approved venue. Call your local labor council for a list.

Also consider the size of the venue given the projected attendance. Err on the smaller size; a packed room creates energy and underscores your success.

Make sure the site is wheelchair-accessible.

Walk-through

At least one week before the event, walk through the event from the perspective of the candidate. Incorporate notes from this walk through into a briefing for candidate.

- Where will she speak? If in a private home, make sure the candidate can be seen and heard. How will her voice carry from this location? Will she be able to make eye contact with as many guests as possible?
- Do you need a podium and/or a microphone?
- Is a backdrop or podium sign necessary?
- Check for sufficient lighting over or near the location where she will speak.
- If it's a sit-down dinner, there should be a head table. Assign seats and make place cards.

Repeat this process from the contributors' perspective. Where will they enter, check in and view the podium? Where it would be best to set up the food and beverage station?

Developing the program

Select an appropriate person to give a two-minute introduction for the candidate. Provide this person with a copy of the candidate's official biography, emphasizing particular aspects of her background that would be of interest to event guests.

Prior to introducing the candidate, this person should introduce all elected officials and other VIPs in attendance.

After the candidate speaks, allow five minutes for Q and A.

Select someone else to do the fundraising pitch at the event to solicit additional donations. Prepare briefing materials for this second pitcher.

Carefully time the program. If people are standing, program should last about 15 minutes; 20 if sitting.

Preparing the candidate

The most important aspect of the event is the candidate's speech. The speech should be no longer than five minutes. Work with the press secretary and manager to shape a message appropriate to the audience. Prepare a 3" x 5" card listing the individuals the candidate should acknowledge at the beginning of her remarks.

Provide her with a guest list prior to the event with background information on certain guests. Alert her to any areas of concern or interest expressed by donors. The finance director should review the guest list before the event to highlight donors the candidate should meet.

Assign a staff person to move the candidate through the event, ensuring that she has the opportunity to greet as many donors as possible. If a few guests are monopolizing her time, whoever is staffing the candidate should politely excuse her and move her onto the next group of donors. This staff person should collect business cards and remember conversations

in order to take appropriate follow-up steps. A donor, for example, may express an interest in hosting an event. Offers like these should be pursued immediately.

Registering guests

Establish a process for registering guests. The primary goal should be to make sure that everyone attending has contributed. No one should be admitted who hasn't paid. This is a fundraiser — not a political event, not a press event, and certainly not a party. Collecting checks at the door is critical; collecting checks after the event is nearly impossible.

Select a location with plenty of space for registration. Be mindful of how traffic flows through the space. Make arrangements to prevent bottlenecks. To move guests quickly through the process at larger events, have separate stations for paid and unpaid guests. Create substations for sections of the alphabet (A-E, for example).

Recruit plenty of volunteers and provide careful instructions to each about how to collect checks and obtain employer/occupation information.

Whether it is a small or large event, provide each guest with a legible name tag. Name tags are extremely helpful to the candidate. Prepare them in advance to facilitate registration. Large, neat handwriting is more legible than calligraphy.

Registration checklist

Prepare a box for events with the following items:

- Pens, including markers.
- Tape.
- Name tags.
- Attendee list (paid/unpaid).
- Basket for checks.
- Campaign literature: brochures, bumper stickers, buttons and contribution envelopes.

Acknowledging donors

Immediately following the event, acknowledge all participants with a thank-you letter from the candidate. A personalized acknowledgment should be prepared for members of the host committee and others who played an important role in organizing the event.

Establish a time frame for thanking donors. Get thank yous out the week after the event — especially to the host committee.

8 Direct Mail

Tool Efficiency: Direct Mail						
Tool	Response rate	Average contribution level	Donor type	Solicitor	Expense rate	Collection
Cold prospect mail	1%	L	Ind.	Staff	100%	6 weeks
Resolicitation mail	5–10%	L–H	Ind.	Staff	10–15%	6 weeks

Response rate

Cold prospect mail will yield an average response rate of one percent. Expenses are likely to be as high as 100 percent of what you raise. This inefficient ratio of income to expenses may make you wonder why anyone would use cold prospect mail to raise funds. The reason is that cold prospect mail increases your donor base and is worthwhile *only* if you resolicit these donors numerous times over the course of the campaign.

Resolicitation mail, in contrast, will generate a response rate of five to ten percent. Expenses should run between 10 to 15 percent of income raised. Through frequent resolicitations, a first-time donor will, over time, contribute more and more to the campaign.

Cash flow is generally the same for cold prospect mail and resolicitation mail. The first returns will arrive ten days from the mail drop and continue for three to four weeks. Fifty percent of the income will be generated in the first 10 days of returns.

Direct mail basics

Direct mail is a fundraising tool used to persuade a mass audience. There are two kinds of direct mail: cold prospecting and resolicitation.

- **Cold prospecting** is used to acquire a large number of new donors, typically low donors. A cold prospect mail program is designed to work in tandem with a resolicitation mail program; it produces new donors who can be solicited repeatedly for additional support.
- **Resolicitation** is used to generate additional income from previous donors.

While the techniques used in cold prospect and resolicitation mail are similar, when and how you employ them is quite different. Moreover, though the messages you send to prospective and current donors will be based on the Circles of Benefit, your pitch will be different because cold prospects have not yet contributed. The message you use with these donors is critical to the success of your direct mail program.

Cold prospect mail

The goal of cold prospecting is to acquire a large number of donors who can be continuously resolicited to contribute more income. It's a risky venture; breaking even is considered a success.

Cold prospecting requires time. With only six months to a year available for prospecting, a House challenger race might add 3,000–4,000 names to its base.

Cold prospecting requires a significant up-front investment. It can cost more than it raises.

List selection and production

Successful prospecting requires good lists. Whether your prospecting plans are large or small, your goal should be to expand your donor file and at least break even. Typically, House campaigns will send prospect mail to low and medium donors who have contributed to the state Democratic party, other campaigns, or public interest organizations in the district.

Printing and mailing can be handled by the campaign, although larger mailings may be sent to a mail house.

Finally, you should monitor and evaluate results carefully. Even with abundant prospects, do not expect your mail program to be an immediate success. Results take time, making your initial cash outlays even more costly.

Resolicitation mail

Previous donors can be upgraded by resoliciting them through the mail. This is the most risk-free form of direct mail fundraising.

In fact, when it comes to income, resolicitation mail is the bread and butter of your campaign. **We strongly encourage you to resolicit your donors every four to six weeks throughout the campaign.**

Resolicitation mail does not require the same up-front investment or lead time as cold prospect mail.

Plan to include all contributors to your campaign in your resolicitation mail program. Include high, medium and low donors, whether they contributed through the mail, at an event, or because of a candidate's telephone call. Exclude only those that have given the maximum allowable contribution under law ("maxed out") or who have specifically asked not to be resolicited.

Direct mail production

Copy writing and package design

A direct mail letter, or package, usually consists of five pieces:

- Outside envelope.
- Letter.
- Insert or lift note.
- Reply card.
- Return envelope.

Whether you are cold prospecting or resoliciting, the package will make or break your mail program. Direct mail is not advertising, or an essay on the future of humanity. The purpose is to motivate individuals to contribute by explaining why their contribution will benefit them.

All pieces in the package should carry the same message. If you can afford it, put a teaser sentence on the outside envelope and include a newspaper clipping or other type of insert that reinforces the message. Re-state the message and the ask on the reply card.

The letter

Use a familiar salutation and words of appreciation in a letter to a previous donor to demonstrate that the candidate recognizes the critical role the donor has played in this or past campaigns.

Write to just one person. Select someone representative of the constituency you are trying to reach to help you write warm, persuasive copy.

Appeal to basic human motivations like pride, idealism, compassion, fear, anger, and ego gratification. Remember the Circles of Benefit!

Describe the campaign. Convince the prospect that the candidate is a winner and illustrate what has been accomplished so far. Indicate what you need; raise the stakes by making the prospect feel that much depends on his or her contribution. Include an article reinforcing these points, if possible.

Point to widespread support. Talk about the endorsements you've received and the donors and volunteers from across the district and state who have come on board.

Use real deadlines to create a sense of urgency — buying TV spots or meeting a looming FEC deadline.

Capitalize on your opponent's errors and missteps.

Create a sense of urgency both in the body of the letter and on the envelope.

Ask for a contribution early and repeat the request several times.

Ask for a specific amount of money. For example, \$25, \$50, \$100, or more, depending on the prospect category.

Be specific about how the funds will be used.

Keep paragraphs short and highlight key words with indentation, underlining, and boldfaced type.

Use a P.S. Studies show the postscript is the most widely read part of letters. Ask for a contribution again in the P.S. and repeat the sense of urgency.

Put yourself in the donor's shoes. Like you, most donors throw away letters addressed to "resident," set aside invitations with computer-generated labels, and get annoyed by mail that spells their name wrong. No one likes to be just another name on a long list.

Personalize communication. Establish rapport through a personalized salutation, acknowledgment of previous contributions, or a shared concern.

Review the package with your campaign manager and press secretary.

Proofread. Before you send your prepared copy to the printer, but after you have proofread it, ask a staff member who has never seen the package to find the error. Then have two other people read the letter.

Remember, all fundraising solicitations are public information. Assume the press and your opponents will read your letter. The manager should always approve copy before it is produced.

To those who have already given...

Recognize the specific contribution each has already made. Acknowledge the partnership formed with the candidate.

Personalize the request. Always ask donors to give again at the same level as or higher than their previous contribution.

Restate and expand on the reasons they initially contributed. Provide a new reason for giving.

Printing and mailing

If you cannot produce the mailing in-house, shop around for a reliable union printer who can meet your deadlines and give you a good price. The key logistical issues you must resolve are:

- Who will prepare the letter, the reply device, the outer envelope and the business reply envelope for the printer?
- How will you mail your prospect and resolicitation pieces? Can volunteers do it? What about a mail shop? First-class mail is preferable; bulk mail is rarely recommended.

Once you have sent the copy to the printer, the printer will send you a blueline. Have several people check the blueline. This is your last chance to catch embarrassing errors.

Monitoring the results

Several basic facts about each mailing must be recorded accurately so that you can evaluate the results. This data will enable you to compare the results of mailings, determine which lists are successful, and, most importantly, determine if you are turning a profit. Monitor the following:

- Date mailed.
- List mailed.
- Number mailed.
- Number of contributors by list and package.
- Total number of responses.
- Total amount contributed.
- Percent return.
- Average contribution.
- Income per thousand mailed.

Internet and e-mail fundraising

At the minimum, your campaign must have a web site that can accept credit card contributions. You can process web contributions on or offline; this will most likely be a financial decision. You must keep costs under control.

Keep your expectations and your budget for web fundraising low. Firm up your budget only after you have gotten a sense of what kind of money you are likely to raise on the web.

Web fundraising has been best used as a component of the direct mail fundraising program, where donors are directed to the web site through mail pieces.

E-mail fundraising

E-mail is a highly effective tool for surrogates to communicate with their personal circle — their friends and colleagues.

The same rules of fundraising apply: the e-mail must contain an appealing message and an effective and specific ask.

If you are maintaining a list of campaign donors' e-mail addresses, create fields to sort the list according to issue interest, geography, etc., so that you can target donors with the most effective message.

Send e-mails selectively to your donor lists. If you e-mail them every week asking them to volunteer, they are not likely to read the e-mail that finally asks them to contribute.

Web site

Don't double count: remember that if you drive people to the web site via the direct mail and they give on the web instead, this may affect your mail returns. Some campaigns have figured out how to use the web to capture different donors, but others have found that web fundraising takes donors from the pool that would otherwise contribute through regular mail.

Some large campaigns — like those of Bill Bradley and John McCain, which were extremely high-profile and Internet-driven — averaged a solid one percent response rate from web fundraising. You can achieve this kind of return only by expending significant resources driving traffic to your site. Major statewide campaigns might be able to afford this kind of promotional expenditure, but most House races will raise just enough money to maintain their web site, leaving little left over to promote it.

Get your campaign's web site up and running as soon as you can. Success can take a while. Give people a reason to come back: change the site often and make it interesting. Bring a digital camera to campaign events and candidate appearances and post action photos on the web site soon afterward. Put up press releases and important newspaper clips. And feature the campaign's web site address prominently on every piece of printed material you produce.

The web site, like fundraising mail, is public information. Don't put anything up that you would not want to see on the front page of the newspaper.

9 Telemarketing and Phone Banking

Tool Efficiency: Telemarketing						
Tool	Response rate	Average contribution level	Donor type	Solicitor	Expense rate	Collection
Telemarketing	1–10%	L–M	Ind.	Consultant	15–50%	1–3 weeks

Response rate

A professional telemarketing program will generate a one to ten percent response at a cost of 15 to 50 percent. Once the commitment has been made and follow-up letter mailed, you can expect returns within one to three weeks. Because of the high cost, it is unusual for a House campaign to hire a professional telemarketing firm.

The response rate of volunteer phone banking cannot be measured, because it is used to boost the performance of an event invitation or a resolicitation appeal and thus is a tool enhancer rather than a tool.

Phone banking for fundraising

Phone banking is a method by which campaign staff and talented volunteers solicit donors in a formal calling campaign. Phone banking is used to solicit high, medium, and low donors, primarily for the following:

- To follow up mailings and invitations.
- To respond to a financial crisis.
- To resolicit donors.

Following up mail solicitations and event invitations

Following up a fundraising mailing or event invitation with a phone call will increase response, if callers are well-trained.

Making follow-up calls before events is critical. A call reminds prospects about the event and greatly increases the likelihood that they will attend the event and make a contribution. This is a good activity for volunteers, though probably not cost-effective for a professional telemarketing firm.

A good phone bank can also serve as an early warning system for an event. If few prospects appear interested, you probably have a problem to solve. Remember, even if prospects say they cannot attend the event, be sure to ask for a contribution.

Crisis response

In a cash crunch or other campaign crisis, the telephone is a quick way to reach out to previous donors. Resoliciting low and medium donors by telephone can be done by volunteers and surrogates, or through a telemarketing firm, if the cost is less than 30 percent.

Resoliciting or upgrading high donors by telephone should be done by the candidate, surrogates, and top campaign staff. Use the telephone when you have a strong campaign message and can create a sense of urgency.

Components of a calling campaign

- A call list of names to be telephoned.
- A brief phone script.

Every calling campaign should have a script and/or talking points incorporating the campaign's message and explaining concisely and persuasively why the campaign is calling. It should have a sense of urgency.

The script should be short and should instruct the caller what to ask for and how to negotiate. The first ask should be roughly two and a half times what you expect donors to give. The second and third asks should "trade-down," or negotiate a smaller contribution.

The script can make or break your calling campaign, so test it thoroughly at the start. Remember, donors will be hearing the script, not reading it. Listen to callers read the script and change difficult or cumbersome words or phrases.

Donors who pledge should be given specific instructions for making their contributions. This is an excellent opportunity to ask for a credit card contribution. Otherwise, especially for large contributions, the campaign should be ready to send volunteers or use a messenger service to pick up checks.

Follow-up

With very good follow-up, you can collect 70 to 75 percent of the pledges received. Don't plan to collect more than 70 percent.

Donors will either say "yes," "maybe," "no" (which usually means "not right now" or "not over the phone"), or "don't call me." It's important to track results and follow up with each contact appropriately. Take donors who say "don't call me" off your calling list permanently. Collect pledges from the "yesses" and persuade the "maybes" by sending a "pledge or hedge" confirmation letter and return envelope within 24 hours of the call. Be sure to repeat the dollar amount pledged.

Telemarketing

Every campaign faces the problem of how to solicit small donor prospects economically. Many campaigns will use direct mail to solicit these prospects, while others use telemarketing. Most use a combination of both.

Telemarketing can be used to acquire new donors and to upgrade previous donors, usually in conjunction with direct mail. In that case, a mail solicitation is followed by a phone call about one week after the solicitation drops. This will boost the response rate of the mailing considerably.

Prospecting by phone is best done through a telemarketing firm. A major campaign of this kind requires a consultant and a professional operation. Like mail, telemarketing for cold prospects is a risky venture requiring expert advice, an up-front financial investment and plenty of lead time. Proceed at your own risk.

Before undertaking any of these options, research the costs very carefully. Like direct mail prospecting, this can be very expensive. If you decide to go ahead with a small donor telemarketing prospecting program, monitor the results continuously and carefully.

Hiring a telemarketing firm

Shop around for a telemarketing firm with experience in campaign fundraising. Costs vary from city to city, so get a few quotes to compare costs. Ask local political fundraisers and activists about the firm's reputation. Call past clients for references — and be sure to call at least two not listed on the firm's official client roster.

When you get a proposal, make sure you know exactly what is included in the quote. For example, some people will request a reminder by mail. Does the quote include mailing costs?

Projecting and monitoring income

Monitor your telemarketing firm closely to determine if the tool is working. Plan to reach about 60 percent of the names on file. If you are dissatisfied with the results, adjust the script or stop the campaign all together.

The telemarketing firm should track the following:

- Total number of names with phone numbers (generally 50 to 60 percent of names in a file have phone numbers).
- Number of callers.
- Number of hours called.
- Number of contacts (number of donors reached).
- Number of donors pledged (“yes”).
- Number of donors hedging (“maybe”).
- Total amount pledged.
- Average pledge amount.
- Pledge rate.
- Contacts per hour.
- Dollars raised per hour.

10 Managing Surrogates

Surrogates are supporters who agree to raise a specific amount of money for the campaign. By soliciting their own circle of friends, relatives, and colleagues, surrogates can bring new sources of support to the campaign and play a key role in helping the campaign reach its fundraising goals.

As much as surrogates can open up new fundraising sources, they are not a tool. Their participation can help the campaign realize its fundraising goals, but the amount they pledge to raise should not be counted on until it comes in. Do not double-count money to be raised by surrogates.

Recruiting surrogates

Recruit surrogates who represent the cross-section of constituencies who will benefit from your candidate's election. Select those who have the ability to reach these constituencies on behalf of the candidate. Personal wealth is not necessary; a willingness to raise a specific sum of money, however, is.

Assign a specific dollar goal for each surrogate and make sure they are committed to raising this amount.

There are no rules regarding the number of surrogates you should recruit, what role each should play, how much each should raise, or how formally their involvement should be structured. Put together a team of surrogates that works best for your campaign.

Focus your attention on surrogates who are truly committed and productive. As you recruit and manage surrogates, look out for the following danger signs:

- A prospective surrogate who says, "Sure, put my name on the list, but I can't raise any money." A name can lend credibility to the campaign, but names don't raise money, people do.
- A surrogate who says, "You can use my home for a party, but you must solicit the guests." It's a nice offer, but no matter how special, homes don't raise money, people do.
- A surrogate who says, "You can have my list, but you can't use my name." Lists don't raise money, people do. The owner of the list needs to lend his or her name to the effort and personally solicit each person on the list.
- A surrogate who says, "Sure, give me a list, I'll make some calls." While this is helpful, the campaign needs surrogates who are willing to solicit their own networks of contacts to expand the candidate's base of support.

Developing a plan

Meet individually with each surrogate to develop a specific plan. Negotiate the level of responsibility each is willing to assume. Chances are that most of the surrogates you'll work with have little or no fundraising experience, political or otherwise. Many will shy away from the responsibility simply because they don't know what it entails. Your job as finance director is to show them what the responsibility entails and build their confidence. The best way to do this is to help each surrogate put together a plan.

A surrogate plan mirrors the plan you've developed for the campaign and includes the following:

- A list of likely donors.
- A strategy for solicitation (message, ask amount, tool).
- An overall goal.

Use the Circles of Benefit to draw up a list of people for the surrogate to solicit. Replace the candidate in the center of the target diagram with the surrogate. Now ask who falls in the surrogate's Personal, Ideological, Ax-to-Grind or Power Circles.

Helping surrogates select a tool

With likely prospects identified, help the surrogate develop a plan to solicit each for support. Remember to use giving level as your guide: the higher the dollar goal, the more personalized the technique.

Personal solicitation

Telephone solicitation by surrogates is a very effective way to raise money. Peers respond best to peers. Some surrogates won't need much guidance or prodding to make their calls. Others, however, will require a great deal of structure. In these cases, schedule call time with the surrogate as you would with the candidate. Meet with the surrogate at the office or at home, several hours each week, to call likely donors.

Some surrogates prefer to solicit donors face-to-face. Though more time-consuming than a phone call, this is also a highly effective technique. For guidance on soliciting donors by telephone and face-to-face, see Chapter 6: Personal Solicitation.

Practice making the pitch. Coach the surrogate on the elements and principles of an ask. Don't assume they know how. Few people have experience raising money, so it's important that you walk them through the fundamental steps. Role-playing can be especially helpful.

Mail

Another approach favored by surrogates is to solicit their friends, family, and associates by mail. Direct mail is an effective technique when used to solicit a very large number of low donors, but not as effective for soliciting a small number of medium to high donors.

However, communication by mail can be used very effectively in this instance to introduce the candidate and cultivate donors. These letters pave the way for a solicitation visit or call.

If the surrogate wants to send a letter in advance of the call, prepare a draft that includes all the elements of an ask (see Chapter 8: Direct Mail). Produce the letter on the surrogate's personal letterhead to improve the chances that the letter will be opened. The letter should be very personal in tone. Follow-up calls should begin two to three days after the letter has been mailed. If necessary, work with the surrogate as he or she makes these calls.

Events

Raising money through events is the most common and successful tool for surrogates. A surrogate can solicit through events in a variety of ways:

- By hosting a fundraising event in his or her home.
- By joining the host committee for an event sponsored by another surrogate.
- By selling tickets to a larger community event.

Events work for surrogates because the activity is tangible. A set date provides focus, while the public nature of the event creates healthy pressure. In addition, surrogates enjoy giving family, friends and colleagues the opportunity to meet the candidate.

If the surrogate decides to host an event at home, work closely with him or her to plan the details. Surrogates can easily forget that the purpose of the event is to raise money. The desire to be generous to friends, colleagues, and relatives can lead to unnecessary cost overruns. It's important that you walk through every detail, from the invitation, to food, to the program. Refer to Chapter 7: Events for details.

Motivating surrogates

Provide surrogates with lots of guidance and direction. Train them as you would your finance staff. Familiarize them with the tools of fundraising and the Circles of Benefit.

- Follow-up. Remember that each surrogate is busy with responsibilities at home and work. Without your reminders and guidance, the campaign is likely to become less of a priority.
- Express your appreciation. The candidate, the manager, and you should recognize their hard work and thank them regularly.
- Make sure they have reasonable contact with the candidate and other principals. Set up joint call time with the candidate and the surrogate to foster competition and motivation.
- Ask the press secretary or research staffer to prepare a series of brief issue summaries that present your candidate's views, history, and position on a range of donor concerns.
- Develop a brief summary of the candidate's personal and professional background. The profile should include a section on why she's running, the campaign's message, progress to date, and evidence of her viability. Select positive news clippings to reinforce the presentation of the candidate and the race. Clips showing good poll results or key endorsements are especially useful.
- Provide inside information. Use e-mail and the fax to report progress, new developments, and any other information that reinforces how donors benefit by helping elect your candidate. Keep surrogates on top of campaign events. If the news is bad, always play it straight and make sure they hear it from you first.
- Demonstrate how their support is improving the candidate's chances of winning. For example, show how the funds they contribute enable the campaign to air television commercials.
- Track each surrogate's progress on a commitment sheet and circulate it regularly to all surrogates, the candidate, and the campaign manager.

These simple gestures communicate to surrogates how essential they are to winning the campaign and how much their support is appreciated.

11 PACs and National Fundraising

A political action committee (PAC) is a group of individuals with a common goal or interest who pool their resources to support candidates. Federal PACs support federal candidates and are regulated by the FEC. PACs that support state candidates are regulated by an equivalent state agency. Although the laws governing these committees vary from the federal to the state level and from state to state, how they make decisions to contribute to candidates is quite similar.

The Circles of Benefit apply when developing a strategy for PAC and national fundraising. Most PACs are Power donors, but some fall into other categories. The message and approach should reflect these variations.

Realistic PAC expectations

Many House challenge candidates and their fundraisers make the mistake of assuming that a large percentage of the funds raised for their campaigns will come from PACs. They think that labor PACs, for example, automatically give to Democrats or that most PACs contribute to all candidates in a race. They hope that by hiring a PAC fundraiser in Washington, D.C., their money worries will be over.

They are wrong. As with Power Circle donors, a PAC's priority is supporting a winner — which overwhelmingly leads them to favor incumbents. For challengers, support, when it comes, usually comes late. PACs rarely participate in contested primaries.

There will always be a limited number of targeted open seat or top-tier challenger races that can solicit funds from the PAC community. But it's a small list — the PAC must be convinced that yours is the winning campaign.

The following chart illustrates the trend of PAC giving.

Total PAC contributions 2001–02 (in millions)		
Race	Amount	Percentage
Incumbents	\$213.4	76%
Challengers	\$28.5	10%
Open seats	\$40.2	14%
TOTAL	\$282.1	100%

The reality is that Democratic challengers or open seat candidates are unlikely to raise more than 25 percent of their income from PACs.

PACs favor the party in power

On the whole, PACs favor incumbents and the political party in control. Rarely do they contribute to both sides in a primary or general election.

To gain an appreciation of the pragmatism of these donors and the extent to which they support the party in control, examine the figures below. Note the change in PAC contributions

between 1993–94, when Democrats controlled the Congress, and 1995–96, after Democrats lost control — then again in 1998, 2000, and 2002 when control of Congress was considered up-for-grabs.

PAC contributions to parties (in millions)				
Party	1993–94	1995–96	1999–2000	2001–02
Democrats	\$112.1	\$93.3	\$116.8	\$136.5
Republicans	\$67.2	\$200.7	\$127.9	\$145.3

PAC categories

There are upwards of 4,000 PACs registered with the FEC representing a range of political and legislative concerns. Some are progressive, some are conservative. Some represent business interests, while others represent ideological concerns. Some only support Democrats, some only Republicans, and some support both. They vary widely in size, policy, and approach. Appreciating their diversity, as you would any category of donor, is key to mobilizing PAC support.

PACs divide into four groups:

- Labor PACs promote the interests of organized labor. The AFL-CIO is an umbrella organization of labor unions. Individual labor unions seek to improve the working conditions of a particular segment of the work force, such as the Communication Workers of America.
- Advocacy groups such as NARAL (the National Abortion and Reproductive Rights Action League) and the National Rifle Association promote broad social, economic, and cultural policy changes through their PACs.
- Trade associations promote through their PACs the interests of a particular profession such as the American Medical Association or the American Trial Lawyers Association.
- Business PACs promote the broad interests of a particular industry such as the motion picture industry or the specific concerns of a company like AT&T.

Targeting PACs

Local recommendations are considered by a PAC's national board, with input from the executive or political director. Rarely will the recommendations of local members be overruled. Therefore, prior to arriving in Washington to meet with PAC directors, do your homework.

- Identify and meet with local decision-makers. Who sits on the national board?
- When do they meet locally and nationally?
- What is their decision-making process? Ideally, your education and cultivation efforts will secure the early support of local representatives. Their willingness to advocate on your behalf nationally will improve your chances of receiving the PAC's support dramatically.
- To raise PAC money, you must determine which PACs might have an interest in the outcome of your race. Use the Circles of Benefit to identify the most likely prospects, based on your candidate's ideology and professional connections.

Consider the following factors when researching and targeting PACs. You may want to organize this information into a spreadsheet or database to help you assess and track PAC prospects.

- **Common ground.** Does your candidate share the principles and convictions of the individuals who contribute to the PAC?
- **Giving history.** PACs, like candidate committees, must report everything they raise and spend to the FEC. This information is a matter of public record and can tell you just about everything you want to know, including contributions to the last Democratic nominee running in the district, contributions to your opponent, and support of other like-minded candidates in similar districts and states.
- **Policy.** Become familiar with the PAC's policies and rules governing its ability to give. Do they participate in primaries? Does the PAC contribute only in states where they have members? Do they give to challengers and to open seat candidates?
- **Capacity.** The size of the contribution you can expect depends on the total amount the PAC raises from its members and on its willingness to take a risk. As with an individual donor, this risk is usually associated with the degree to which the PAC will benefit by your candidate's election relative to other candidates around the country. Legally, federal PACs are limited to contributing a maximum of \$5,000 for the primary election and \$5,000 for the general election to a candidate.
- **Organizational structure.** Most PACs are membership-based organizations with members in all 50 states and in every congressional district. While most political action committees have headquarters in Washington, D.C., they tend to operate in a decentralized fashion, with decisions about candidate support made at the local level.

Message and pitch

In terms of message, asking a PAC for support is just like soliciting an individual. You must develop specialized, persuasive arguments that address the PAC's concerns. Again, keep in mind that PACs represent individuals linked by a common interest.

Above all, your message must address how and why you can win. We cannot emphasize enough how focused PACs are on the question of viability.

PACs are extremely informed donors. Before meeting with the PAC, make sure your candidate is briefed on the PAC's primary issues of concern. If you are seeking labor support, get advice from an expert — a retired union official or someone with considerable labor experience — to help shape your strategy.

To reinforce your message, produce a PAC prospectus — a packet of information designed specifically for PACs. It should include:

- Your candidate's biography.
- A description of the campaign team.
- District demographics and recent election results.
- Polling data.
- Endorsement letters.
- Recent positive newspaper clips.
- The name of the campaign's treasurer and your FEC identification number (assigned by the FEC when candidates file).

Cultivation and education

It's essential to start a positive "buzz" about your campaign's viability in the political community.

Talkers

Create a network of talkers for each targeted PAC. These talkers include local affiliates of the PAC who speak frequently with national representatives; friendly elected officials; representatives of like-minded PACs that have already contributed; and other people in Washington, D.C., or at home who travel in Democratic circles.

PAC updates

After meeting with the PAC, send regular updates regarding the campaign. These updates should be professional and brief. Include facts and figures, FEC filing updates, relevant news clips, poll numbers. Always include the campaign address, telephone and fax numbers, e-mail address, and web site address.

National fundraising

It is rare for a House challenger or open seat candidate to raise money outside her district or state. Use this checklist to decide whether a national fundraising program makes sense.

Is your candidate...

- ...A recognized national leader of a major movement such as gay rights or gun control (example: Rep. Carolyn McCarthy (D-N.Y.)?)
- ...One with national stature, such as former Governor Ann Richards of Texas?
- ...Running against a well-known opponent, like Rep. Adam Schiff (D-Calif.), who defeated Republican Rep. Jim Rogan, one of the House Impeachment managers, in 2000?

If your candidate meets one or more these criteria, develop an appropriate national fundraising strategy. If not, maximize the potential of donors who live in your district or state.

If you choose to organize an event outside the state, consider these factors:

- Telephone solicitation by the candidate is the most successful form of fundraising. Your candidate can easily reach national donors by telephone from campaign headquarters or through direct mail.
- Don't be tempted by the mansion in Beverly Hills or the penthouse on Park Avenue. Make sure there's someone who can fill the house with contributing guests.
- Take a hard look at what you can raise by traveling out of state. Evaluate the cost of the event and the travel. What face-to-face visits can be scheduled to supplement event income? What can be raised in total?
- Calculate expenses. What will your net return be? Would it be higher if the candidate stayed home, made fundraising calls and attended local fundraising events?

Include national donors in the pool of prospects your surrogate team can solicit; in all likelihood they have family members, friends and colleagues in all parts of the country.

12 Creating and Managing a Finance Operation

Staff needs

The number of staff and the kind of experience you need to recruit depends on the following factors:

- Type of race and overall dollar goal.
- When your candidate got into the race.
- The candidate's fundraising skill level.
- The geography and demographics of the district.
- The number and commitment level of your surrogates and volunteers.

Dollar goal

The first factor is the amount of money needed to win. The higher your dollar goal, the larger your staff. The ratio is usually one full-time staff person for every \$500,000 to be raised. Larger campaigns require more staff. The finance director manages the staff, whose responsibilities become more specialized. If your plan assumes that a large percentage of income will be generated through events, for example, then a single staff member may be assigned to handle all event logistics and solicitations.

Date of entry

If the candidate enters the race late in the campaign, the ratio of one staff per \$500,000 is no longer applicable. Media is the biggest and most important cost, representing a majority of the campaign's overall budget. Because campaigns usually don't start spending their media funds until the final weeks, the amount of money required to win remains more or less the same no matter when the candidate enters the race. This means you have less time to raise the same amount of money. You can only accomplish that by hiring more staff.

Candidate skill

You must evaluate your candidate's strengths and weaknesses as a solicitor. Relying on your candidate to generate a large share of your income through phone calls is the ideal strategy. Most candidates need to be trained how to solicit successfully. Their skills improve with practice, but some candidates never become great fundraisers. This requires shifting gears to an event strategy — which means hiring more staff.

Geography and demographics

The size of the district or state and the location of its population centers will often affect the number of staff you need to hire. Having staff available to work closely with donors and surrogates in their own communities is essential.

Alternatively, you may plan to raise a large percentage of income from a particular cultural or professional group. A candidate who is a physician, for example, is likely to look to other

physicians locally and statewide as a primary source of income. Tapping into groups with this kind of potential may warrant the full-time attention of a staff member.

Number of surrogates

If you have recruited many surrogates, managing their efforts may be the focus of one staff member's job. This is common in statewide campaigns where surrogates are recruited to form a formal finance committee.

Availability and skills of volunteers

Consider your net income goal before hiring staff. Some volunteers can perform fundraising functions, provided that they commit the time, have the skills, and are reliable.

Managing staff and volunteers

As a manager, you must provide focus, direction, and leadership for your team. Whether you are working on a race with an all-volunteer staff or on a large campaign with a sizable paid staff, incorporate the following into your daily practices.

- Hire the best staff you can afford. Good fundraisers cost money; you get what you pay for. Balance your paid staff with capable volunteers.
- Provide written job descriptions to clarify responsibilities and help staff and volunteers see how their work relates to others. This increases efficiency and encourages team work.
- Be clear about the chain of command. If you have a deputy, be sure to support his or her decisions.
- Delegate, delegate, delegate. You cannot possibly do everything yourself. Increase your own productivity by hiring staff and volunteers you can trust and turning over some of your responsibilities to them.
- Give clear instructions. Most mistakes are the result of poor instructions. Carefully prepare your instructions before giving an assignment.
- Put instructions in context. People perform best when they understand the framework into which their task fits.
- Provide honest feedback in a positive and helpful way. Most people want to improve their job performance. Being honest about work performance will help your staff excel.
- Share information to create a bond of trust and empower staff and volunteers. Your team's effectiveness will increase exponentially.
- Make staff a priority. Staff and volunteers will need your approval on critical decisions and guidance to resolve problems.
- Approve all written materials.
- Show appreciation to staff and volunteers. Reward milestones, such as the first \$100,000 collected.
- Be truthful, considerate, and caring.
- Don't be afraid to make changes.

Fundraising systems

Information

You and your staff act as the liaison between the candidate and her donors. You represent the campaign to those donors, who in turn see you as their link to the campaign and candidate. To do a credible job, you must have access to information. It's your manager's responsibility to keep you informed about strategic decisions, polling data, crises, and short- and long-range campaign plans. Make sure you're at the table when decisions are made. Be aware of the evolving cash flow needs of the campaign. You and the manager must meet regularly to keep revenues and expenditures on a parallel track.

Equipment

Telephone

The telephone is a fundraiser's lifeline. You will need a phone system that can handle a large volume of calls professionally and efficiently. A reliable receptionist or a good voice mail system is essential.

Computer

In addition, you must have a computer system capable of storing and manipulating data about your donors. The computer will be used to:

- Communicate with donors.
- Store donor and prospect information and lists.
- File campaign finance reports.
- Research donors on the Internet.

Software

To track donors, monitor fundraising progress, and prepare FEC reports, purchase software that allows you to capture the following donor information:

- Name.
- Salutation.
- Address.
- E-mail address.
- Telephone (work and home).
- Giving history, including amounts, dates, sources, and tools.
- Occupation and employer.
- Other data required by the FEC.

You should also have the ability to do mail-merges and labels.

Fax machine

You must have a fax machine — ideally one dedicated to finance, with broadcast fax capabilities that allow you to fax to a large number of prospects and donors at once. This will help you cultivate and educate donors.

Accounting and compliance support

Compliance is the responsibility of everyone on the campaign, but it is a particular focus of the finance and accounting departments and the campaign treasurer. Your job is to make sure the funds are raised according to the law. The accounting department and/or treasurer ensure that the campaign's finances are in order and comply with FEC reporting requirements. Segregating these responsibilities creates a vital system of checks and balances.

Fundraising systems

The smooth functioning of your fundraising operation depends on the procedures and systems you set in place for asking, collecting, and monitoring income and expenses.

Asking and collecting

- Computerized candidate call sheets.
- System for filing pending and completed call sheets.
- Regularly scheduled call time.
- Standardized solicitation letters which can have special language to personalize the ask for individuals and constituency groups.
- System for tracking pledges.
- System for processing checks.
- Form to track contributor information and check copies.
- System for filing check copy forms.
- A simple coding system to track every contribution to the campaign. For example, “E” indicates the contribution was generated through an event; the host's last name indicates which event. For example, if the contribution was generated through an event hosted by Julie Green, the code would be “EGREEN.”
- A database to sort by multiple fields, such as last name and dollar amount.
- In-kind contribution form.
- Standard “thank you for your pledge” letter (revise every few months).
- Standard medium- to high-dollar thank-you note (revise every few months).
- Standard low-dollar thank-you postcard (revise every few months).
- Ability to collect checks overnight or by messenger (use volunteers when possible).
- An organized system for acknowledging donors. Thank-you notes with the candidate's signature should be sent out at least twice a week.

Monitoring progress

- Daily income report. Distribute this to the fundraising staff, campaign manager, candidate and, in some cases, the finance chair. This should always be treated as a confidential, internal document with limited distribution.
- Cash flow spreadsheet. Can be created with standard software. This should mirror your fundraising plan and track projected versus actual fundraising income and costs.

Finance director job description

The following outline describes the basic responsibilities of a House campaign finance director.

Planning and monitoring

- Write fundraising plan.
- Set overall fundraising goals and weekly, monthly, and quarterly targets for each fundraising area.
- Work with the manager to coordinate and reconcile the fundraising plan with the campaign's cash flow needs.

Appealing to donors

- Organize and staff candidate call time.
- Write and prepare copy for event invitations, direct mail appeals, and PAC solicitations.
- Plan fundraising events, including recruiting hosts and finance committee, printing and mailing invitations, soliciting and acknowledging donors.

Managing staff

- Hire and supervise staff, volunteers, and consultants (depending on the size of the fundraising operation).
- Recruit, establish guidelines for, and manage surrogates.
- Coordinate and enforce candidate's fundraising schedule.

Complying with election law

- Supervise daily check collection, deposit, and financial report.
- Devise systems for tracking, thanking, upgrading, and reporting donors to state and federal authorities.
- Ensure that all campaign activities, including those candidate, surrogates, staff, consultants, and volunteers, are in full compliance with the law.
- Depending on the size of the campaign, prepare and file compliance reports (not recommended).

13 Projecting Income and Cash Flow

This chapter shows you how to prepare the final sections of your fundraising plan: predicting income, expense, cash flow, and staffing needs.

Success in fundraising is measured by your ability to:

- Identify and solicit enough qualified prospects.
- Generate as much income with as few expenses as possible.
- Predict when this income will be available.

You can predict income, expense, and cash flow by using good judgment and standard projection formulas. These formulas can be used as base measurements.

Before you begin

Before you start the projection process, gather your strategy summary as prepared in Chapter 3: Strategies for Soliciting Donors, and familiarize yourself with the standard projection formulas below:

Strategy information

Gather your strategy summary. You will need the following information:

- Donor target lists.
- Tools for each group.
- Number of prospects estimated for each group.

Standard projection rates

Review the standard projection rates for each tool. For each group you will need to estimate:

- Average contribution for each tool.
- Response rate for each tool.
- Expense rate for each tool.

Projection formulas

This is what you will determine:

- Number of donors (multiply number of prospects by response rate).
- Gross income (multiply number of donors by average contribution).
- Expenses (multiply expense rate by gross income).

Projecting income, expenses, and cashflow

Use the enclosed sample worksheet for projecting income.

Projecting income by donor group and tool

Follow steps 1 through 6 for each donor group. Calculate the total and produce an itemized list. This is your projection by donor group and tool.

1. Identify targeted donor group and goal

Use the Circles of Benefit to identify donor groups. Fill in the name of the group, the total income goal, and check off which tools you will use to solicit.

2. Fill in assumptions for each tool

- Use the standard projection chart to estimate the average contribution.
- Use the standard projection chart to estimate the rate at which prospects will say “yes” (response rate).
- Estimate the number of prospects.

3. Calculate number of donors

For each tool, calculate the number of donors who will say “yes” (multiply number of prospects by the response rate).

4. Calculate gross income per tool

For each tool, multiply the number of donors by the average contribution.

5. Calculate prospect totals

Calculate gross income, number of donors, and number of prospects for each donor group. Total the numbers in each column. (Spreadsheet will do this automatically).

6. Review donor group totals

Compare gross goal with gross income total (subtract the total income from your original goal).

Review the estimated number of prospects and determine if your preliminary projections are realistic. If necessary, adjust your assumptions and repeat steps 3 through 5.

Projecting gross income

Using the donor group totals, follow steps 7 through 10 to calculate gross income.

Step 7. Create overall summary sheet

Input donor group, income by tool, number of donors, number of prospects and overall sum.

Step 8. Project resolicitation income

Multiply the overall projected number of donors from summary sheet by estimated response rate (use standard). Average to project resolicitation income.

Step 9. Add resolicitation income to overall summary sheet

Step 10. Re-create overall summary sheet(s) and evaluate bottom line

Sum by circle: what percent of the total income does each circle represent? (You’ll use this information to evaluate cash flow.)

Sum by tool: what percent of the total income does each tool represent?

Projecting expenses and net

Predict expenses from your overall income projections sorted by tool. Follow these steps:

1. Calculate expense per tool

Multiply the total income projected for each tool by an estimated expense ratio (use standard).

2. Calculate total expenses

Add together the projected expenses for each tool. This represents your expense projection by tool.

3.: Calculate net

Calculate the net by subtracting expenses from gross income.

4. Evaluate efficiency

Evaluate the efficiency of your fundraising program by calculating total expenses/total gross income.

As a rule, expenses should not exceed 25 percent of gross income. If expenses hit or exceed the 25 percent mark, you're probably relying too much on less efficient tools such as events, direct mail, and telemarketing. Go back to your income projections and make better use of tools.

5. Evaluate net vs. spending goal

The campaign spending goal is the amount of money the campaign plans to spend on media and running the campaign, including all staff costs.

The overall net is the amount of money the campaign can spend, excluding fundraising program expenses. Compare the net projection to the campaign budget.

The net projection should meet the campaign spending goal. If your plan projects less net income than the campaign plans to spend, go back to the Circles of Benefit and see if there is more money. Whether you project less or more income than the campaign's spending goal, you must communicate your projection with your manager.

Projecting cash flow

The cash flow document in your plan presents weekly, monthly, and quarterly projections for gross income, expenses, and net.

Cash flow is a direct result of the schedule of activities — i.e., when you plan to call your donors, have an event, drop a mailing, etc. The Circles of Benefit will help you determine when you should go after a donor or donor market.

Total income raised by circles generally fall into quarters, and the cash flow for a challenger or open seat race typically follows the pattern by quarter below.

Total income	
Quarter	Percentage of income
One	25%
Two	15%
Three	10%
Four	50%

Generally (but not exclusively), your goal during the first, second, and third quarters is to raise income from donors in the Personal, Ideological, and Ax-to-Grind Circles. These funds will demonstrate your candidate's viability and allow you to access Power Circle donors in the final quarter of the campaign. Remember, viability means everything to donors in the Power Circle.

Note: This is a general guide. Special circumstances in your race may mean that you can raise more money earlier.

Enter income projections

Using the summary spreadsheet, enter income projections for each group by quarter.

Break down goal projections by month and week

The collection section from the "Tool Efficiency" chart in Chapter 5: Using the Tools of Fundraising will help you develop a more precise cash flow picture for income and expenses by tool.

Calculate total by circle

Evaluate the numbers.

Calculate total by quarter

Evaluate the numbers. Turn into formula.

Monitoring performance

Projections are only useful if you monitor your performance. Every week, compare actual income against projected income. Remember to keep your finger on the pulse at all times, and adjust your plans and projections to match reality.

Keep your manager and candidate informed. Your job is to provide the manager with the most realistic picture of the progress of your fundraising program. Such realism will enable him or her to adjust the campaign's strategy accordingly.

If a particular donor group is generating more income than you expected, pursue the group more aggressively. Increase your expectations about what the group can ultimately contribute. If your events are under-performing, there may be a problem with timing, message, or organization. Identify and resolve the problem to get income back on track.

14 Working With the Campaign Team

A campaign is made up of staff and consultants who are involved at different levels in various decisions. Establish a relationship with each department of the campaign so that you know what is going on outside the finance office. Help others by sharing information about the campaign's fundraising.

The candidate

You will be spending many hours with the candidate, during which you'll be in the awkward position of assigning tasks, setting goals, and critiquing her performance — so forge a strong relationship with her early. Work with her to develop a fundraising pitch that she can deliver comfortably. Make sure she understands her role and buys into the fundraising plan.

Get to know family members and personal advisors. They usually play a prominent role in campaigns — you need them to be your allies.

Keep the candidate informed of fundraising progress on a regular and predictable basis.

Make sure she is comfortable during call time and informed about meetings and events.

Choose your battles carefully and use your expertise to help her improve her fundraising skills. Though you must be a task master, always remember that your candidate is a human being with a breaking point.

The manager

The campaign manager is the CEO of the operation, responsible for all strategic and tactical decisions in the campaign, as well as for budget, cash flow, and the daily management of staff and operations.

As finance director, you must have a close working relationship with the campaign manager. You will be telling the manager how much money she can spend in a given week. It's important that this information be a part of the campaign strategy. She must understand the fundraising plan and how it will drive the campaign.

The campaign manager should make everyone on the campaign aware that fundraising activities are a top priority. You need full cooperation from everyone on the team to do your job effectively.

Your responsibility to the manager is to:

- Create a workable and flexible fundraising plan.
- Set realistic goals.
- Implement the plan.
- Provide regular and honest appraisals of cash flow.

Accounting and compliance staff

The finance director works very closely with the people who handle the accounting and process the checks. In statewide campaigns, the accounts receivable staff should be part of

the fundraising operation. In smaller congressional campaigns, the campaign treasurer often handles the banking.

The finance director should set up a daily reporting mechanism with whoever does the deposits so that you, the fundraising staff, the manager, the candidate, and the finance chair know how much money was deposited, how much cash is on hand, and what the weekly, monthly, and quarterly totals are. Daily deposits will need to be reconciled with fundraising records.

The scheduler

Scheduling on a campaign is of tremendous strategic importance. The scheduler is responsible for the campaign's most precious resource: the candidate's time. You will need a big chunk of that time to come up with the campaign's second most-precious resource: money.

The fundraiser must negotiate with the campaign scheduler and compete with other staff, especially field and press, for call time, fundraising meetings, and events. Because it's such a significant portion of the schedule, fundraising time is often the first thing a scheduler will try to cut down to accommodate other events. Countering this will require your constant effort throughout campaign.

Be prepared to fight for the campaign's finance plan. Make sure the scheduler understands that the campaign's entire budget is directly tied to the amount of time the candidate spends fundraising. But also keep in mind that compromise and cooperation may work to your benefit when the next conflict arises.

Research staff

Campaigns will hire someone, either on staff or as a consultant, to conduct thorough research on the candidate and her opposition. The researcher will gather publicly available information to be used in campaign materials (i.e., direct mail, paid media, talking points). The information this person compiles about your candidate and your opponents will be invaluable to fundraising, helping you identify potential targets and shape fundraising messages.

Research can provide background information on individuals or groups you plan to solicit, help you refine your message and help steer you away from inappropriate donors. Share all your fundraising research with the research team. Ask them to evaluate the constituencies you plan to solicit for contributions and help you keep an eye out for useful information about the groups. Ask the research team to pay particular attention to issues that concern your targeted groups when writing issue papers.

When planning a meeting between the candidate and a group of potential contributors from a specific business or group, ask the research staff to help you prepare. Make certain that both you and the candidate are prepared to address the issues that concern the prospect. (This is not to say that the candidate should express agreement with every group on every issue. Doing so would be both unethical and imprudent.)

The research and press staff should also help you communicate regularly with surrogates and prospective donors by providing regular updates about issues of particular interest.

The press secretary

The press secretary is the public relations manager of the campaign, assigned to disseminate the campaign's message to and through the media. Just as you are marketing the campaign to potential donors, the press secretary is marketing the campaign through the press.

Work closely with the press secretary on the candidate's schedule, making clear which fundraising events should be open to the press. Be aware of media events and occurrences. Make sure you get copies of the daily press clips. You and your staff are on the front line with donors; you must be completely informed about your candidate and the opponent.

The press secretary will work very closely with the manager to decide which information about the campaign should be made public. When this involves fundraising, make sure you are part of the discussion. Aside from quarterly FEC reports, which are newsworthy, information about fundraising will rarely be released to the press. When it is, press staff should get the facts and figures from you.

Most fundraising events will be closed to the press.

Field staff

The field staff is responsible for generating a volunteer organization that will contact, identify, and mobilize voters. Sometimes the field director oversees paid campaign activities like phone banks and get-out-the-vote (GOTV) mail. Field staff will be your key political contacts at the local level.

Field staff can help identify potential house party hosts or networks of small donors and business people. They can also find volunteers for phone banks to build crowds for big fundraising events.

Share your needs with the field staff, making them aware of the fundraising plan and asking for their help. They can get something out of it, too: a low-dollar fundraising program is an excellent way to test a field structure and see who delivers and who does not. Small donor house parties can combine field and fundraising.

The volunteer coordinator

Fundraising will consume about three-quarters of campaign volunteer activities. The volunteer coordinator can find volunteers who will:

- Staff phone banks.
- Help with fundraising mailings.
- Work at events.
- Look up telephone numbers.
- Alphabetize call sheets.
- Pick up checks.

The receptionist

The receptionist, whether a staff member or a volunteer, must always do the following:

- Take down time and date of message.
- Be accurate and professional.
- Note urgency.
- Get messages to finance director or candidate quickly.
- Develop a system for communicating donor messages to the candidate quickly during call time.

15 Understanding Federal Election Law

As the person leading the campaign's fundraising, you have an obligation to the candidate, the manager, surrogates, your staff, and the campaign organization to be familiar with the campaign finance laws. Races for state office (governor, state legislature) are governed by state law, which varies from state to state. Races for federal office (U.S. House and Senate) are governed by federal law.

If a contribution or situation doesn't feel right, immediately contact the campaign's lawyer or someone with knowledge of election law to resolve the situation. Knowledge of campaign finance regulations can expedite the fundraising process and give everyone around you the confidence that you are acting within the letter and spirit of the law. Share information about campaign finance regulations with anyone who is helping the campaign raise money.

State laws

State election law applies only to races like governor, lieutenant governor, attorney general, and state legislature. Money raised for these campaigns is referred to as non-federal or soft money.

If you are raising money for a non-federal race, you and the campaign's treasurer must become fluent in the particular laws, rules, and regulations that govern your fundraising activities. These laws are constantly being changed and updated, so stay informed.

If you are raising funds for a state race, contact the secretary of state's office or the board of elections for a copy of the campaign and elections regulations.

As a finance director, it is your responsibility to know the laws governing your race. Read the law thoroughly before you deposit any funds into a campaign account. You would be ill-advised to follow someone else's interpretation of the law without having read it yourself.

Federal laws

FEC laws govern all campaigns for federal office: U.S. Senate, House, and president. Money raised for these campaigns is generally referred to as federal or hard money.

This chapter highlights the main aspects of FEC laws governing fundraising of federal dollars. In addition, you should obtain a copy of the FEC's Campaign Guide for Congressional Candidates and the campaign guide supplement. Read it thoroughly and keep it handy throughout the campaign. If you have questions, call the FEC at (202) 219-3440 or (800) 424-9530 or visit their web site at www.fec.gov.

Who cares about FEC reports? The press. Your opponent. Potential donors. The FEC. You.

The press and your opponents in particular will scrutinize your reports to determine from where your candidate is receiving her money and how much support her candidacy has. Any missteps, intentional or accidental, will make your candidate look very bad very publicly.

In addition, there are penalties for non-compliance with federal regulations. The treasurer of the campaign committee is accountable for the accuracy of your FEC reports. Fines are assessed for late filing or failure to file, and often for even minor infractions. It is important to be careful about the source of funds (watch for corporate contributions) and to be accurate in the information you provide about donors.

The following describes the laws as of this writing (June 2003). Many provisions of Bipartisan Campaign Reform Act (BCRA) are under review and subject to change.

Rules for compliance

- Hire a lawyer who knows FEC law. At the very least, have someone on call for specific questions.
- Get all advice in writing. Otherwise, be sure to get the name of the person giving the advice and take notes of your conversation.
- Develop a working knowledge of the regulations.
- Know the filing deadlines.
- Never assume. If you don't know, ask your attorney or someone knowledgeable about compliance. The rules often don't make sense — and they can change on a dime. Even when the written rules don't change, interpretations often do.

Federal election laws

What follows is a summary of important highlights of the FEC laws to help you understand the basics of compliance.

Registering a candidate

An individual becomes a candidate upon raising or spending over \$5,000. Once an individual becomes a candidate, she must:

- Within 15 days, file a statement of candidacy with the secretary of the Senate (if running for the U.S. Senate) or with the FEC (if running for the U.S. House) designating the name of the committee. Some states require federal candidates to file a copy with the state's secretary of state; check the state election law to see if this applies in your state. A candidate must now also declare intent to expend personal funds at the time of registration. When filling out this new line, a candidate must send a copy by fax or email to both the FEC and opposing candidates.
- Within 10 days of filing the statement of candidacy, register the campaign committee with the FEC by filing a statement of organization with the same entities listed above.
- File an amended statement of organization within 10 days of making any changes to your original statement of organization (additional bank accounts, joint fundraising committees, or a new treasurer).

Funds spent on exploratory (or “testing the waters”) committees do not count against the \$5,000 threshold. Exploratory activities are polling, phone calls, or travel to determine whether to run — not activity promoting candidacy. Money for an exploratory committee must be raised in accordance with federal election law, as these contributions are subject to federal limits and prohibitions.

If an individual does become a candidate, money raised for exploratory committees must be reported on the next FEC report due to be filed by candidates, and counts against limits for the next election (usually the primary).

Contribution limits

Individuals

- Individuals may contribute \$2,000 per election. This includes monetary and in-kind contributions. A contributor who has given the maximum allowable contribution is said to have “maxed out.”
- Primary, run-off, and general elections count as separate elections.
- Individuals may spend up to \$1,000 towards expenses (food, invitations, entertainment) to hold events in their home. This does not count toward the \$2,000 limit on monetary contributions.
- Individuals can contribute a total of \$95,000 per two-year cycle to all federal entities, including federal candidates, PACs, and party committees; of the \$95,000, only \$37,500 may be contributed to candidate committees. The remaining \$57,500 may be contributed to PACs and party committees, but no more than \$37,500 may be given to committees that are not national party committees.
- A contribution to a candidate counts against an individual’s limit for the calendar year in which the candidate to whom they are contributing is up for re-election, regardless of when the contribution is made. Thus the \$2,000 contribution made in 2003 to a senator running in 2004 would count against that individual’s limit for 2004, the year the senator is up for re-election.
- Contributions to non-candidate committees (PACs, parties) count against an individual’s federal limit in the year in which the contributions are made.
- Individual contribution limits and the bi-annual aggregate limit will be indexed for inflation every odd-numbered year beginning in 2005.

Contributions in excess of \$2,000

If a donor sends in a check for more than \$2,000, the campaign has three options:

- Ask the donor to redesignate the amount over \$2,000 to the general election. “Redesignate” means that the contributor allocates to the next election the portion exceeding his \$2,000 per election limit. In most cases, the first \$2,000 is credited to the primary election. A check that would put a donor over the individual limit may be presumptively redesignated to the general election if it is made before the primary, not specifically designated to a particular election, and would not cause the donor to exceed the limit for the general. An undesignated check made after the primary but before the general may also be presumptively redesignated if the campaign has primary debt and the donor has not maxed-out in the primary. In both cases the donor must be notified of redesignation and offered a refund of the excessive portion.
- If a check is from a husband and wife, the contributor can be asked to re-attribute the excessive portion of the contribution to his or her spouse. A check may be presumptively reattributed to the spouse if the spouse has not maxed-out. The campaign must notify the donor of the reattribution and offer to refund the excessive portion.
- Your final option is to refund the excess portion of the contribution.

Note: All notification of redesignations and re-attributions must be made in writing within 60 days of the original receipt of the contribution.

Remember, money designated for the general election cannot be spent until the general election. If your candidate loses the primary, any funds designated for the general election must be returned to the donor.

Federal PACs

Federal PACs that are multi-candidate PACs may contribute \$5,000 per election. Those that are not multi-candidate PACs may contribute only \$2,000 per election.

Candidates

A candidate may contribute unlimited personal funds to her own campaign. This must be money or assets over which the candidate herself has control. It may include income from trusts, interest, dividends, and bequests.

If a candidate owns joint property or assets with her spouse, the candidate can only use assets up to the amount in which she has a stake (with no limit, normally 50 percent).

A candidate can lend money to her campaign at a commercially reasonable rate of interest. If that money is initially reported as a loan, the candidate can forgive the loan later provided the above conditions are met. If a candidate lends the campaign more than \$250,000 per election, the committee may use contributions to repay the candidate for the entire amount of the loan only if those contributions were made on or prior to the election. Contributions received after the election may be used to repay the candidate only up to \$250,000. The campaign has only 20 days after an election to repay loans in excess of \$250,000 (if cash is available). At that time, any amount that cannot be repaid in excess of \$250,000 must be treated as a contribution.

Loans from family members, friends, etc., count against the individual limit of \$2,000 per election.

Involve your lawyer when attempting to procure and report a candidate loan. It is a confusing process and requires specific reporting.

Transferring campaign funds

State officials running for federal office cannot transfer or use any funds from a state campaign to a federal campaign no matter where those funds came from. (Federal funds, however, can often be transferred to a state campaign account. Check state law.) A federal candidate may refund contributions to donors from a non-federal committee and then help coordinate contributions to a federal committee. The federal committee must pay these expenses. Again, please seek advice when conducting this kind of transaction.

Partnerships

Contributions from a partnership (such as an unincorporated law firm) are reported and disclosed as individual contributions. Like individuals, the partnership itself can contribute up to \$2,000 per election. However, the amount of the check must be divided among the partners along the partnership percentage or as designated by the partnership. The money allocated to each partner also counts against the individual limit of \$2,000 per election.

Minors

Minors may no longer contribute to federal campaigns. However, they may still volunteer.

Restricted contributions

A candidate for federal office may not accept contributions from any of the following:

- **General treasury funds of corporations, labor unions, national banks, and non-profit organizations.** (Contributions may be made from federally registered PACs established by such organizations, however.)
- **Federal government contractors or partnerships with a government contract.** This prohibition also applies to contributions from personal or business funds of individuals or sole proprietors under contract to the federal government. It does not apply to the personal funds of employees, partners, shareholders, or officers of businesses with government contracts.
- **Cash contributions which exceed \$100 cumulatively.** You can accept up to \$100 in cash from a donor with the proper identification: name, address, date, and amount of contribution.
- **Any individual who is not a U.S. citizen or who does not have a green card** (permanent lawful residence in the U.S.). This applies to any election — local, state, or federal.
- **A contribution made in the name of another.** (For example, Jane Jones cannot make a contribution to a candidate using funds given to her for that purpose by Mary Smith.) This prohibition also applies to any attempt by an incorporated organization to reimburse an employee or anyone else for a contribution.

Any check from a questionable source should be verified. Either seek written documentation from the donor or place a phone call, followed up with a memo to file. The FEC provides a safe harbor for campaigns who accept donations from donors with foreign addresses as long as the campaign requests and obtains copies of the donor's current and valid U.S. passport papers.

If you cannot verify the legality of the contribution within 30 days of receipt, it **MUST** be refunded. Remember that contributions must be deposited within 10 days of receipt.

In-kind contributions

An in-kind contribution is when an individual or a federally registered committee provides goods or services to a candidate without charge or at less than the “normal or usual” charge. Anything of value received by a campaign for free or for less than fair market value is considered an in-kind contribution and is subject to FEC rules.

The total value of these goods or services counts against the usual contribution limits. Discounts are allowed if they are also available to non-political entities (a volume discount, for example). Volunteer services do not count as in-kind contributions.

Because corporate contributions to federal candidates are illegal, corporations cannot make in-kind contributions. Furthermore, corporations must provide goods or services at fair market value, so that an illegal contribution does not result when less than the usual amount is charged.

Special care should be taken regarding free cars and planes, or free or reduced rent for offices. If accepted from a company which is incorporated, the contribution is prohibited.

The FEC has determined that for a campaign to use a corporation's or union's private plane, the campaign must pay the equivalent of first-class air fare to the organization up-front.

Exceptions

There are two exceptions to the in-kind contribution rule:

- A volunteer can spend up to \$1,000 per year of her own funds on transportation on behalf of the campaign (in addition to her \$1,000 monetary contribution).

- An individual may host an event in her home and spend up to \$1,000 on the cost of food, beverages, and invitations (in addition to her \$1,000 monetary contribution). A couple may spend up to \$2,000.

Disclaimers

All “public communications” (any cable, satellite or broadcast communication; newspaper or magazine communication; mass mailing, phone bank, or unsolicited email of more than 500 pieces/calls containing some basic message with a 30-day period; or any other form of general or public political advertising; this includes any communication that expressly advocates the election or defeat of a clearly identified candidate or solicits money) made by a federally registered committee must carry the following disclaimer language:

“Paid for by [official name of candidate’s committee].”

In addition to this disclaimer, TV and radio ads must include a “stand by your ad” statement. For radio ads, a candidate must deliver one of the following audio statements:

“I am [name of candidate], a candidate for [federal office sought], and I approved this advertisement” or “My name is [name of candidate]. I am running for [federal office sought] and I approved this message.”

TV ads must feature a full-screen view of the candidate making one of the above statements or a photo of the candidate that appears during a voice-over statement. This statement must also appear in writing at the end of the ad and be at least four percent vertical picture height; be visible for at least four seconds; and have a reasonable degree of color contrast. The “paid for by” disclaimer in printed communications must be set apart from the content of the communication in a box or shaded area; must be of sufficient type size to be “clearly readable”; and must be of sufficient contrast to reasonably stand out against the background.

In addition to the “paid for by” disclaimer, all solicitations must include the following statement:

“Federal law requires us to use best efforts to collect and report the name, mailing address, occupation, and name of employer for each individual whose contributions exceed \$200 in a calendar year.”

Provide space to request this information from the contributor as follows:

Occupation _____ Employer _____.

This language is required by the IRS:

“Contributions to [name of committee] are not deductible for federal income tax purposes.” This must be set in the same size type as the principle message of the fundraising solicitation and on the same side. It must be stated as a separate sentence or at the beginning of a paragraph.

Record-keeping and reporting

Records of the donor’s name and address must be kept for all contributions over \$50. It is advisable to keep this information for all donors, regardless of the size of the contribution.

Once an individual’s contributions to a candidate exceed \$200 in an election cycle, subsequent contributions, regardless of the amount, must be itemized and reported. You must also obtain the donor’s occupation and employer.

All contributions must be deposited within 10 days of receipt.

“Best efforts”

A campaign must use best efforts to obtain occupation and employer information from donors. The information should be requested on the original solicitation for funds. If a donor does not provide the information upon making a contribution, a second request (verbal or written) must be made and documented within 30 days of receipt of the contribution. When the additional information is obtained, amended FEC reports must be filed, if necessary, no later than the due date of the next report.

Cash contributions

Cash contributions up to \$100 per individual may be accepted and must be accompanied by the donor’s name, address, and the amount and date of the contribution.

Anonymous contributions

Anonymous contributions of up to \$50 may be accepted.

Joint accounts

A husband and wife can give \$4,000 per election in one check if the check is drawn on a joint account and if both husband and wife sign the check or an accompanying document.

If only one has signed, the campaign can presumptively reattribute the other half to the spouse if the spouse has not maxed-out. A letter notifying the contributor of the re-attribution must be sent within 60 days of receipt and must offer a refund option for the excessive portion.

A contributor can send one check for \$4,000, but must specifically designate in writing that \$2,000 is for the primary and \$2,000 is for the general election. If the donor has not designated the contribution as \$2,000 for the primary election and \$2,000 for the general election, the campaign may re-designate to excessive portion to the general election. A notification letter must be sent to the donor within 60 days and must offer a refund option for the excessive portion.

Conduits

“Earmarked” or “bundled” contributions (such as those made through EMILY’s List) must be reported in a special way. When a check is made payable to the campaign but sent by the donor to some other person or entity (the “conduit”) who then turns it over to your campaign, the following rules apply:

- The conduit must turn over a contribution to the campaign within 10 days of receiving it.
- The contribution counts towards the individual donor’s limits to that campaign, not towards the conduit’s limits (provided the conduit has not exercised direction and control over the contribution).
- Both the conduit and the donor must be disclosed on the FEC report. The conduit must report all contributions passed on to the campaign on its FEC report. The recipient committee must disclose the total dollar amount of conduit contributions and itemize contributions from individuals whose contributions exceed \$200 in an election cycle. When reported, the contributions must be specifically labeled as coming through the conduit.
- A PAC of a prohibited source (a corporation, for example) cannot serve as a conduit. If a prohibited source’s PAC served as a conduit, the contribution would count against the original contributor’s \$2,000 limit and the PAC’s \$5,000 limit.

Excess funds

Any excess funds and assets from primary campaigns can be used without limit for general election campaigns as long as the primary does not have a debt.

Excess campaign funds can be donated without limit to national and state party committees and charities, or for any other lawful purpose.

Primary debt

Contributions to retire debt can be collected if they are specifically designated by the contributor for primary debt retirement. In addition, funds collected after the primary election can be applied to the primary debt with contributor's permission, as long as they do not exceed the contributor's primary election giving limit of \$2,000 for individuals and \$5,000 for PACs.

Note: The primary debt is equivalent to the outstanding debt the day after the election, less the same day's cash on hand. Once that debt is eliminated, no more funds can be accepted for the primary.

Reporting to the FEC

Reports must be filed on FEC forms or using software-generated forms approved by the FEC. House campaigns that have or expect to have aggregate contributions or expenditures exceeding \$50,000 in a calendar year must file their reports electronically, so invest in a good computer system and software.

Reports must itemize the following information:

- Name, address, and total amount contributed by the donor.
- The total dollar amount of contributions from a conduit committee.
- All contributions which exceed \$200 when aggregated with other receipts in an election cycle from any one individual.
- Employer and occupation information for contributors of \$200 (cumulative) and above.
- All PAC contributions and party committee contributions, regardless of amount.
- All disbursements in excess of \$200 per year to any one source.
- Loans from any source.
- Debts and obligations over \$500 or any debt of a lesser amount that is more than 30 days due.

Report deadlines

FEC reports are due as follows:

- Candidates must file quarterly reports covering activity through the end of calendar quarter (March, June, September, and December). The reports are due January 31, April 15, July 15, and October 15.
- In addition, pre-election reports are due 12 days before an election (primary, general, or runoff) and cover the period through the 20th day before the election.
- Contributions of \$1,000 or more received between 20 days and 48 hours before any election must be disclosed to the FEC or Senate authorities within 48 hours of receipt on a special FEC form.
 - This includes in-kind contributions and loans.

- If not required to file electronically, campaigns can fax, overnight mail, or file these reports online with the FEC.
- Contributions must also be itemized on the campaign's next scheduled FEC report.
- Post-general election reports must also be filed covering activity through the 20th day after the election and due 30 days after the election.
- U.S. Senate candidates file FEC reports with the Secretary of the U.S. Senate.
- U.S. House candidates file FEC reports with the FEC.

How PACs and other organizations participate in elections

Independent expenditures

PACs and individuals can make independent expenditures to support or oppose a federal candidate.

Note: rules regarding independent expenditures are in constant flux. The following information may change. Stay on top of new developments so you'll know how independent expenditures may or may not affect your campaign. If you have questions, please seek legal advice.

There are no limits on the amount of money a PAC or individual can spend independently to support or defeat a particular federal candidate. Contributions and expenditures must be reported to the FEC. Such efforts must be truly independent: they cannot in any way be coordinated, suggested by, or made in consultation with the candidate, campaign, or any agent of the campaign.

The FEC has established a three-part test to determine coordination. Coordination has occurred if all three of the following criteria are satisfied:

1. Source of payment.
2. Content standard.
3. Conduct standard.

For example, use of common consultants or employees in the same election cycle may satisfy the conduct standard and could be considered coordination.

National party committees

The Democratic National Committee, the Democratic Senatorial Committee, and the Democratic Congressional Campaign Committee (DNC, DSCC, DCCC) may also make unlimited independent expenditures only if combined post-nomination, they have not and will not make any coordinated expenditures on the candidate's behalf. National party committees can also make direct contributions to candidates.

Senatorial candidates can receive a maximum of \$35,000 in direct contributions from the DSCC and the DNC combined. This limit will be indexed for inflation every odd-numbered year beginning in 2005. In addition, the DSCC can make expenditures on behalf of a general election candidate, but only if the national party committees as a whole have not and will not make any post-nomination independent expenditure with respect to the candidate. The amount of these expenditures varies from state to state and is based on the voting age population of the candidate's state.

House candidates can receive up to \$5,000 per election in direct cash contributions from the DCCC. The committee can also make coordinated expenditures on behalf of candidates, but only if the national party committees and state and local committees as a whole have not and will not make any post-nomination independent expenditure with respect to the candidate. The amount is adjusted each year and may range from \$50,000 to \$70,000.

All federal coordinated party limits are published by the FEC in its newsletter, THE RECORD, usually in February or March of the election year.

Corporations

Corporations can use their own (non-PAC) funds to promote the election or defeat of candidates in communications to their “restricted class” stockholders (administrative and executive personnel).

A candidate may appear on corporate premises to meet stockholders and administrative and executive personnel. If, however, candidates are introduced to other employees, it must be on a nonpartisan basis.

The campaign must pay in advance for use of a corporate facility at the usual and normal commercial rate.

Corporations can pay for phone banks promoting election or defeat of a candidate if directed to its “restricted class” (administrative and executive personnel).

Corporate employees may volunteer for a candidate on their own time and make “incidental or isolated” use of their offices.

Labor unions

Labor unions can use their own (non-PAC) funds to promote election or defeat of candidates in communications to union members and their families.

Unions can allow candidates to address members at meetings, conventions or other union functions. This can be completely partisan.

A union can pay for phone banks promoting election or defeat of a candidate directed at its own members and their families.

Use of union facilities (phones or halls) by a candidate for general campaign activity directed at the general public must be paid for in advance at the usual and normal commercial rate. (For example, if your candidate wants to hold a fundraiser which will be open to the public at a union hall, your campaign must pay whatever the union charges others to use the facility).

501(c)(3) (charitable) organizations

Because contributions to charitable organizations or foundations are tax-deductible, 501 (c) (3) organizations cannot spend any significant amount of time lobbying on issues, nor can they engage in any partisan political activity whatsoever.

They may, however, engage in nonpartisan voter registration and get-out-the-vote (GOTV) activities under strict IRS guidelines, which stipulate no support of a specific candidate or party.

Churches that are 501 (c) (3)s may not distribute voter guides that are partisan. Doing so is a violation of their tax status.

501(c)(4) (membership) organizations

Because contributions to these groups are not tax-deductible, they may lobby on issues and can engage in limited partisan political activity subject to campaign finance rules, but may face a special tax for doing so.

Political activity cannot be the “primary purpose” of the organization.

They may engage in nonpartisan voter registration and GOTV activities under strict IRS guidelines which stipulate no contact with a specific candidate or party.

Incorporated membership organizations

These organizations generally cannot use their own (non-PAC) funds for communications that “expressly advocate” the election or defeat of any federal candidate or candidates of an identified political party.

Membership organizations that are incorporated can pay for communications to the general public (advertising) that talk about candidates if the language falls short of “express advocacy.” Thus, it is permissible during a certain period — not 30 days prior to a primary or 60 days prior to a general — if the language criticizes or praises candidates for their positions on issues and has a “call to action” (contact legislator) but does not advocate election or defeat. Again, this is a sensitive area and constantly in flux; please consult legal experts.

Such communications cannot be coordinated with any candidate or political party. If communications are coordinated, they count as an illegal corporate contribution under FEC rules.

Incorporated membership groups can send communications to their own members “expressly advocating” the election or defeat of candidates. In other words, in communicating with members, anything goes.

Administrative operations

Employees

For all employees, a campaign should withhold and remit:

- Federal and state income tax.
- FICA (Social Security) and Medicare tax and employer-paid share.
- Workers’ compensation (inquire with the agency in your state that oversees this area; state requirements vary, but it’s generally employer-paid).
- Employer-paid FUTA (federal unemployment tax).

The state in which you operate may also have a state unemployment or disability tax that the campaign must pay.

Consultants

Do not retain people as consultants rather than employees unless they truly meet most of the key IRS criteria. Consultants must:

- Have their own office (in other words, they do not work only in the campaign’s offices).
- Have a written contract of specific, limited duration (not indefinite).
- Perform work for other clients besides the campaign.
- Not supervise employees of the campaign as assistants.

Disbursement rules

General rules regarding disbursements are as follows:

- All disbursements over \$100 must be made by check.
- Records must be kept regarding the amount, date, name, address of payee, and purpose for all disbursements.
- A receipt (invoice or canceled check) must be kept for any disbursements over \$200.
- All transfers and loans must be itemized, regardless of amounts.
- Operating expenditures and other disbursements must be itemized if they exceed \$200 or aggregate over \$200 when added to other disbursements made to the same payee during the election cycle.

Credit card charges

A campaign must itemize any payment to a credit card company that exceeds \$200 in an election cycle and prepare a memo entry to its FEC report itemizing all individual charges that exceed \$200 in payments to the actual payee.

Excess campaign funds

The use of excess campaign funds is limited to the following:

- Donations to charities.
- Unlimited transfers to any national, state, or local party committee.

Excess funds may be transferred to another authorized federal committee of the same candidate as long as the committee making the transfer has no outstanding debts.

A candidate cannot use campaign funds for personal use. "Personal use" is an obligation or expense that would exist whether or not the candidate was campaigning. The candidate's mortgage, food, or personal travel are some examples.

Campaign debt

Unpaid bills and written contracts or agreements to make expenditures are considered debts. All debts of \$500 or less are reported once they are outstanding for 60 days from the date the expense was incurred (not the invoice date). All debts in excess of \$500 must be reported on the report covering the period in which they occur.