

MAKING THE DOUGH RI\$E

A MANUAL FOR CAMPAIGN FUNDRAISERS BY EMILY'S LIST



Making the Dough Rise

A manual for campaign fundraisers

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Introduction

EMILY's List is the nation's largest resource for women in politics. Since our founding in 1985, EMILY's List has worked to elect 100 pro-choice Democratic women to the U.S. House, 19 to the U.S. Senate, ten governors, and hundreds of women to the state legislatures, state constitutional offices, and other key local offices.

As part of our efforts to help build successful campaigns, we prepared this instructional manual on campaign fundraising in the early 90s. Over the years, it has become widely regarded and well-used by our friends around the country in the Democratic Party. We update the manual every cycle to reflect the latest techniques and technology.

This expanded and updated edition of Making the Dough Rise is designed to help candidates and finance staff meet the daunting challenge of raising the millions of dollars it takes to win a 21st century campaign. We also use it as an instructional tool in our campaign staff training program. Together, the manual and EMILY's List staff training program focus on the most effective fundraising techniques and approaches. Both are designed to demonstrate how these techniques can be applied successfully and in full compliance with the law.

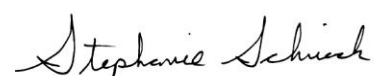
We pay particular attention to the needs of federal candidates in challenger and open seat races because these campaigns are by far the most difficult races to finance, requiring all involved to be especially creative, entrepreneurial, and focused. However, the principles and practices discussed are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

Primary credit for this manual goes to its original authors, Dee Ertukel and Mary Jane Volk, who are extremely experienced and highly regarded fundraising professionals.

The manual also reflects the combined expertise of numerous current and former EMILY's List staff and friends who have successfully raised funds for House, Senate, gubernatorial, and presidential candidates and trained thousands of campaign fundraisers over many years. For their support and assistance, thanks also go to Ellen Malcolm, Emily Campbell, Britt Cocanour, Heather Colburn, Kim Coleman, Jeanne Duncan, Emily Elbert, Callie Fines, Beth Foster Fox, Laura Frugé, Marnie Glickman, Ann Marie Habershaw, Amie Kershner Murray, Emily Lockwood, Sheila O'Connell, Yaël Ouzillou, Taryn Rosenkranz, Brittany Ross, Joe Solmonese, and Jennifer Swanson.

We share our insight openly and enthusiastically and hope that you will join EMILY's List in our efforts to elect pro-choice Democratic women. We are delighted to convey our approach to fundraising and hope our guidance will enable Democrats to excel at fundraising for many years to come.

Best of luck,



Stephanie Schriock

President

EMILY'S List

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How to use this manual

Overview

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 money for a bigger budget than they have in the past.
- Skilled veterans who need to delegate to less experienced staff.

Candidates today must raise an extraordinary amount of money to be competitive. In the wake of the U.S. Supreme Court's *Citizens United v. FEC* decision, 2010 became the most expensive midterm election ever. As a result, Congressional campaign spending soared in 2010. The average cost of a winning congressional campaign was \$1.5 million up from \$1.1 million in 2008. A 22% increase. The average for a winning U.S. Senate campaign was \$9.8 million, up from \$6.5 million in 2008 – an incredible 34% increase.¹

A winning campaign needs not only a good and disciplined candidate, but a skilled manager, comprehensive research, a consistent and clearly articulated message, an effective media strategy, an organized field operation — and above all, a very aggressive fundraising strategy as well.

These elements, alone and together, are vital — but none more so than fundraising. Without money, there is no office, no staff, no computers, no website, 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. You may have six months to raise several million dollars — a challenge you will fathom more completely after calculating how many donors you need 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. Most of the principles and practices introduced in this manual are applicable to all fundraising efforts, from political candidates to nonprofit 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

¹ www.opensecrets.org

can legally contribute and how much they can give. You will be under enormous pressure to reach fundraising goals — but no matter how great the pressure, nothing must distract you from adhering to contribution limits, following FEC guidelines, fully reporting all fundraising activity, and making sure those giving you money are doing so legally (e.g. no foreign nationals, no corporate contributions). And it means respecting the integrity of the reporting process.

In particular, it is very important to understand that it is NOT LEGAL to use FEC reports to build lists or otherwise make fundraising solicitations. FEC information may be used strictly for contribution history and research purposes only.

You must study and understand the laws governing your race. For more information and a summary of federal laws and regulations, see chapter 16 Understanding federal election law, on page 98 and refer to <http://www.fec.gov/info/publications.shtml#guides>.

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

A note to candidates

This manual describes 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 them over and over again. You will ask for \$100 and you will ask for the current maximum allowable contribution under law — \$2,600 in 2013-14. Neither is easy if you've never asked anyone for money before.

Discipline in fundraising ALWAYS pays off. Focusing your time, especially early in the campaign, on raising funds will serve your campaign very well over the long haul. You can plan the most sophisticated field operation and conceive of the finest TV ads ever seen, but without the necessary money you will not be able to execute your strategy. Money is the engine that drives the train.

Use fundraising as an opportunity to talk to supporters early and gain their trust and endorsement. Nothing builds momentum like fundraising success. Many a potential opponent will take notice of your financial prowess and may even be discouraged from challenging you. The local press will spread the word, either good or bad, about the money your campaign has raised. Money talks, so use fundraising to your greatest advantage.

Your fundraising staff will work hard to prepare you for this enormous task. They will conduct research on potential donors to make the most of your precious time. They will prepare call sheets describing whom you are about to call and why. Sometimes they will give you only a name, a number, and an amount to ask for, all based on a hunch that this person will help your campaign. More often, they will provide you with a prospect's giving history to other candidates and the background information that has led them to believe this person will contribute to your campaign. Trust them and know that they are doing this for a reason: they want you to win.

Think about why Barack Obama and Hillary Clinton went the distance in the 2008 presidential primaries in a very crowded field. It is largely the same reason Mitt Romney became the GOP nominee in 2010. They had the money.

Think about what enabled Barack Obama to become President Obama in the first place. Money. He had more money than his Republican opponent — money that enabled him to compete in the reddest of red states. He was able to reach more voters on television, in the mail, and at their computers because he had the most money. Obama's message of change would never have reached so many people if he had not had the bank account to spread the word.

Similarly in 2012 the Obama campaign raised and spent 37% more than Mitt Romney did. But, outside spending for Romney was 66% more than for Obama which virtually leveled the playing

field. All told \$1.1 billion was spent on the Democratic side and \$1.2 billion on the GOP side. That's right, BILLION with a B.

You, too, must make a commitment to do what it takes, to spend the time and energy raising campaign funds. If you do not think you have the discipline to do so, then you should rethink your interest in running for office. If you do, we applaud you and wish you much success.

EMILY'S List

1 The finance plan

A campaign cannot win without a written fundraising plan.

The finance plan is the campaign's most important strategic tool. The first fundraising task of the campaign should 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.

Elements of the plan

Foundation

- 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 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, the internet, or 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, or manager) 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. A campaign prospects in order to acquire donors to resolicit throughout the campaign.

Internet

Soliciting funds over the internet is a mass appeal technique much like direct mail, with one very important difference: time. Internet solicitations take less time to produce and have a faster response time, with contributions coming in within 48 hours of your request. This exceptional fundraising tool should be used regularly, especially for urgent appeals. Constantly look for ways to grow your in-house email list to make the most of this tool.

Telemarketing and phone banks

A fundraising 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 the money that will be raised during the campaign, with a timeline showing when it will be raised. 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 individuality of 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 team on the candidate and her opponent.
- Learn the candidate's relationship to each person filed in her personal and professional list of contacts.
- 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, the major daily papers, and political blogs 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 during your campaign?
- 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.

EMILY'S LIST

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. Finding donors that are either unique to the candidate or stand to benefit by the candidate's election will make for stronger donor relations and enable you to increase your fundraising substantially over the long term.

Remember, it is illegal and imprudent to use other candidates' FEC reports to identify donors.

Why donors give

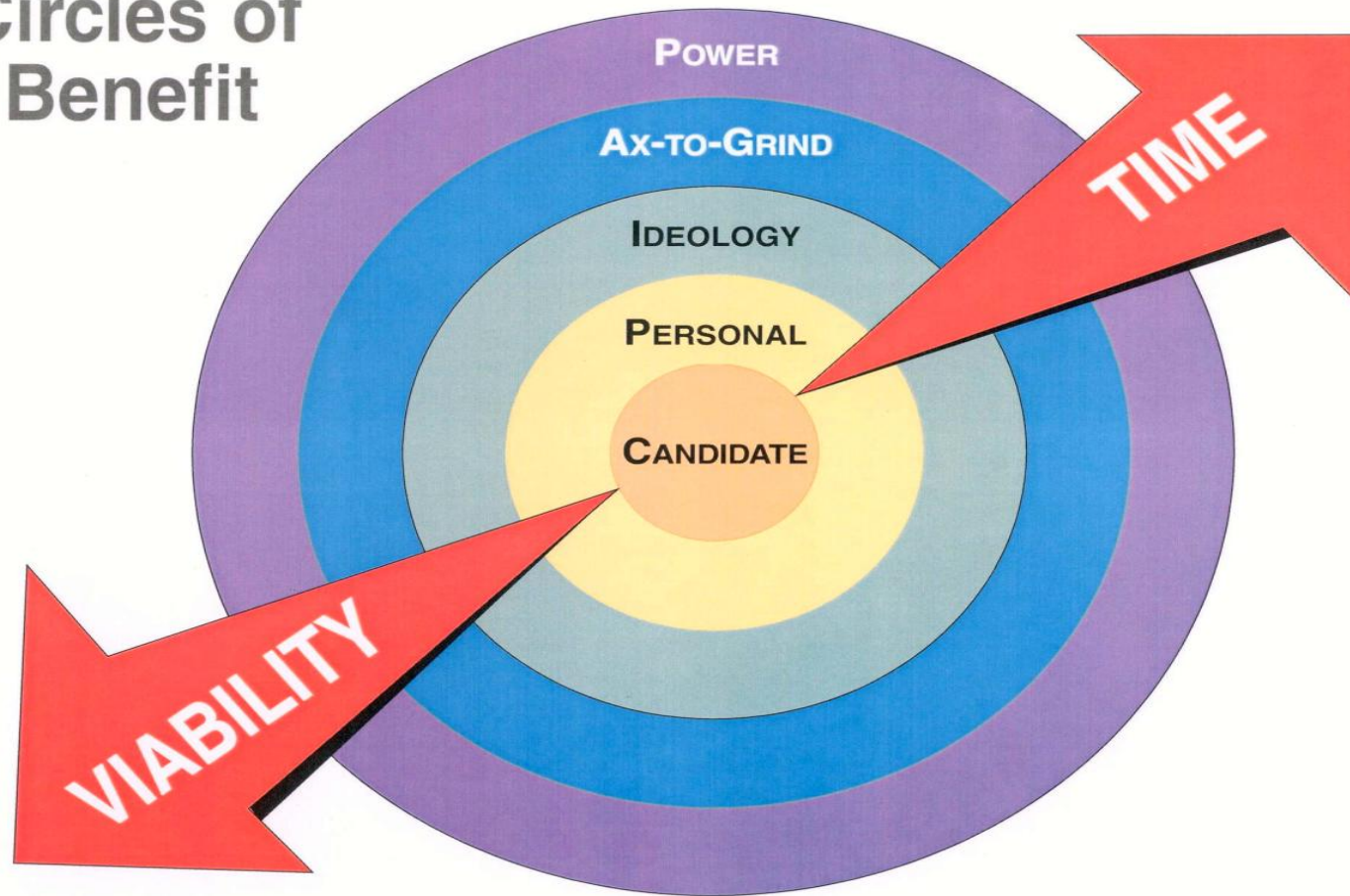
Many people believe fundraising is another word for begging. This notion is perhaps the single greatest obstacle to successful fundraising, and leads candidates, staff, and volunteers to avoid the most critical and essential activity in the campaign: asking for money.

A donor's contribution is not an act of kindness, nor is it a personal favor. People contribute 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.

Thinking through who benefits and why they benefit is a strategic way of thinking about donor prospects that informs the marketing message. Raising money for a candidate is nothing more than marketing that candidate.

Strategic Marketing Model

Circles of Benefit



The Circles of Benefit is a strategic 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: the campaign's seed money. Early support from this circle demonstrates viability to traditional donor sources, the media, community leaders, and other opinion-makers.

NOTE: 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, progressive bloggers, 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.

NOTE: Ideological donors give to challengers, candidates running in open seats, and incumbents, but play a particularly important role in challenger and open seat races, and often in primaries. 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 personal interests, or has already done so. They have tremendous incentive to weaken your opponent and strengthen your candidate. Their allegiance is not directly to your candidate, but to ANY candidate willing to go up against the perceived bad guy.

WHO: Anyone who strongly dislikes or fears your opponent.

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

NOTE: 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 Circle donors should not be counted on to provide early support, unless the candidate is an incumbent. (They may also give earlier to candidates who hold other elective offices.) 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 phase of the campaign.

NOTE: 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 sometimes contribute to both sides.

Who can give?

By law, only individuals, PACs, and political party committees can contribute to federal candidates. Foreign nationals are prohibited from contributing; only citizens and lawful permanent residents ("green card" holders) can make political contributions. A political action committee (PAC) 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 corporations, labor unions, national banks, or nonprofit organizations. Contributions may be accepted from federally registered PACs established by such organizations.

See chapter 16 Understanding federal election law, on page 98 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 contacts, holiday card lists, personal address book or Rolodex, 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 nonprofits. 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 dollar donors. For example, you'll raise more money if you don't assume that all environmental donors make only small contributions.
- 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.
- Once you have built a list of donors, study their donor history and giving patterns to other candidates by checking FEC records and state election agencies. FEC lists are available to the public online but must be used strictly to evaluate donors you have already identified. Most state and local election offices also maintain lists of political donors and often do not prohibit solicitation, as the FEC does.
- 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 these unfamiliar donors and educating them about the benefits of supporting the candidate. Prospecting requires early and ongoing investment of time and money. The best prospects have already demonstrated that they understand the impact of giving by contributing to nonprofit 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.
- As you expand your network, put prospects in the appropriate circle to ensure you are using the strongest message to solicit them.

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 because they stand to derive more benefit from your candidate's election.

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 be motivated to 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 for gun safety. Together we can protect our children from gun violence.”

Ax-to-Grind Circle

Those in the Ax-to-Grind Circle will contribute because they do not like the opponent or have a personal vendetta against him. These donors will often find you before you have a chance to seek them out.

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: Someone who had a highway put directly in back of their house when the opponent sat on the local zoning board.

Ax-to-Grind message: “I know you will do whatever it takes to see that he is not elected to Congress to potentially wreak further havoc on you and your neighbors.”

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: Owner of a small high-tech business.

Power message: “I’m neck-and-neck in the polls. I understand the needs of small businesses and will work to create tax incentives and lower the cost of health care for businesses like yours. With your help, I can win.”

For information on how to communicate these messages to donors, see chapter 4 Asking for money.

Step I. 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 can this group 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, page 28).

- 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 nonprofit 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 to contribute. Then determine the amount you can seek from the group's PAC.

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 donor group you have identified, add the figures together to calculate the preliminary overall gross projection.

Step 4. Select appropriate tools

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

Giving Level Grid

Giving Level	Tool
High \$500-2,600 for House \$1,000-2,600 for Senate	Candidate visits Candidate phone calls Small events Personalized resolicitation mail
Medium \$200-500 for House \$500-1,000 for Senate	Candidate phone calls Events Personalized resolicitation mail Personalized cold prospect mail Internet
Low \$199 or less for House \$249 or less for Senate	Cold prospect mail Internet Telemarketing/phone bank Events

Patterns of giving

Think about past giving patterns when determining which tool to use. Where did the donor's name originally 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 how you will make the solicitation. 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 dollar donors and those who can leverage the support of others; for example, donors who can be asked to contribute the maximum of \$2,600 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 11 Managing fundraising surrogates and finance committees, on page 70.

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 in an open seat.

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 Ed Rich, served as assistant secretary of the Interior Department under the first President Bush. 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: \$20,000 from individual donors and \$5,000 from PAC sources.

4. Tools

Personal solicitation, telephone solicitation, events, internet and direct mail.

- Have the candidate solicit high dollar donors by telephone.
- 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 and the internet to solicit individual donors across the state.
- Organize an event to target low dollar donors (\$200 and under), with leading environmentalists as a host committee.

5. Solicitors

The candidate: Emily will spend a substantial amount of time soliciting high dollar donors by phone and seeking support from the organizations and their PACs.

Surrogates: Surrogates from the endorsing organization (s) will serve as the host committee for the event and may sign a direct mail solicitation.

6. 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.

EMILY'S List

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, telephone solicitation, event organizing, internet fundraising, direct mail, and telemarketing in the chapters that follow.

Elements of a fundraising ask

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. The following ten steps must be woven into a fundraising pitch of five minutes or less.

Step 1. 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?

Step 2. Focus on the donor's needs

Addressing the donor's 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.

Rely on the background research you or your staff has obtained about the donor to inform you about their interests and concerns.

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 must have to convey a persuasive message.

Conduct an informal interview to learn more about the donor. As you begin the conversation, ask 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.

Step 3. 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. Ann Kirkpatrick of Arizona 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."

Step 4. 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.

Step 5. Get the donor invested

The donor will want to know how you'll spend the money so it helps to address a specific financial need. Impress upon the donor the urgency of 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. It paints a picture of just how the money will be utilized in the campaign.

Step 6. 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. She weighs the contribution against the importance of the election's outcome to her life — and if you've done a good job, she'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 she doesn't know what's being asked of her. Ambiguity also reflects a lack of confidence and can erode the donor's faith in the candidate's ability to meet her needs.

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

Step 7. 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.

Step 8. 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, take a credit card number over the phone, or arrange for a volunteer or delivery service to pick up the check. 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.

Step 9. 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.

Email, 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.

Step 10. 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 will need to call your large donors several times over the course of the campaign to ask for additional contributions. You should continue soliciting them until they have given the legal maximum.

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, internet, direct mail, and telemarketing. Subsequent chapters go into more detail on how to use each tool.

As outlined in the tool efficiency chart on the next page, you must carefully 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 average 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 means the best person to ask — 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 tool efficiency chart. 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 other 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 chart

Tool Efficiency								
Tool	Response rate	Donor level	Donor type	Who solicits	Time		Cost ratio	Cash flow
					Cand.	Staff		
Face-to-face solicitation	50-70%	H	Individual & PAC	Candidate & surrogates	H	H	1-5%	1-7 days
Telephone solicitation	30-50%	M-H	Individual & PAC	Candidate & surrogates	H	H	1%	1-7 days
Events	15-25%	ALL	Individual & PAC	Surrogates & staff	M	H	10-25%	4 weeks
Cold prospect mail	1-2%	L	Individual	Candidate & surrogates	L	M	70-100%	6 weeks
Resolicitation mail	4-10%	ALL	Individual	Candidate & surrogates	L	M	10-15%	6 weeks
Cold prospect telemarketing	4-10%	L	Individual	Consultant	L	M	50-100%	1-4 weeks
Resolicitation telemarketing	30-50%	L	Individual	Consultant	L	M	35%	1-4 weeks
Internet prospecting	2-7%	L-M	Individual	Candidate & surrogates	L	M	1%	48 hours
Internet resolicitation	5-15%	L-M	Individual	Candidate & surrogates	L	L-M	1%	48 hours

Key

H = high dollar donors (House \$500 and above; Senate \$1,000 and above)

M = medium dollar donors (House \$200 to \$500; Senate \$500 to \$1000)

L = low dollar donors (House \$199 or less; Senate \$249 or less)

PAC = political action committee

6 Personal solicitation

Tool Efficiency Chart: Personal Solicitation

Tool Efficiency: Personal Solicitation								
Tool	Response rate	Donor level	Donor type	Who solicits	Time		Cost ratio	Cash flow
					Cand.	Staff		
Face-to-face	50-70%	H	Individual & PAC	Candidate/surrogates	H	H	1-5%	1-7 days
Telephone	30-50%	M-H	Individual & PAC	Candidate/surrogates	H	H	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 to 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 to 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 high dollars, 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 staff 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 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 dollar 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, and weekends as well, 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.) Often it will be necessary for the candidate 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 and research 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, mobile and home telephone numbers
- Email address
- Fax number
- 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.
- Have a staff person present in the call room at all times to assist the candidate, enter data, and handle necessary follow-up.
- 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 another location.
- Schedule calls to specific donors 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.
- Things will move more quickly if you 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 on the call sheet and in the database.
- Establish a collection strategy. Set up a merchant account so you can take credit card contributions, 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, reevaluate your message and return to chapter 4 Asking for money on page 31.

Call Time Chart

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%)
Pledges	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 candidate'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.

It is now routine for the candidate to 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 dollar 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're following the guidelines in this chapter, you can expect 50 to 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 12 PACs and national fundraising, on page 74.

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, and the ask amount.

Role-play to familiarize the candidate with the dynamics of the 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, email 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 Chart: Events

Tool Efficiency: Events								
Tool	Response rate	Donor level	Donor type	Who solicits	Time		Cost ratio	Cash flow
					Cand.	Staff		
Events	15-25%	ALL	Individual & PAC	Surrogates & staff	M	H	10-25%	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.

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 dollar donors. Like high dollar donors, medium dollar donors want exposure to the candidate. Through events, many donors can meet the candidate and hear her address their concerns first-hand. (High dollar 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 11 Managing fundraising surrogates and finance committees.)

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

Event costs

Event costs range from a minimum of 5 to 10 percent for a house party, to a maximum of 25 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 from people 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 or email invitation template, and a solicitation script. House parties can also be organized online, which is a quick and efficient way to conduct a house party program. Design an online kit specifically for this use. 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 time the host committee is recruited to the day of the event. On average 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 invitations both for email distribution and mailing if appropriate
- Select a union printer if you are not printing in house.

Stage two

- Print and mail and email the invitations
- Coordinate host committee
- Organize phone bank and recruit volunteers

Stage three

- Coordinate host committee
- Conduct phone bank
- Monitor results
- Make food and beverage arrangement.
- 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. 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. Make a list of those who have endorsed your candidate. Approach them about sending your invitation to their donors. To maximize the return, select donors on these lists that match the profile and contribution level of the event.

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 contributions. Committee members are generally recruited through a sponsor letter or email 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 personally.

Call every member of the host committee regularly to monitor their follow-up phoning. If necessary, schedule phone time with members as you would 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.

Projecting event income

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

- Determine event price. Create a tiered pricing structure so that donors are solicited at the appropriate level.
- Estimate the average gift based on donor capacity.
- 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, you may want to calculate each tier separately.

Preparing a budget

Before spending any money on an event, prepare a budget. Event costs generally range from 10 to 25 percent. We recommend keeping costs around 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 and send it through email. 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
- Photography

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. Many campaigns are now foregoing printed invitations in favor of electronic versions which are just as effective and should include the same elements.

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.

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 link with address and directions.

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 email in addition to a mail-in reply device.

Reply device

A reply device allows donors to respond to the invitation. It tells the donor where to send the check and provides the contact name, telephone number, and email address. The reply device must also contain disclaimer language required by federal or state law. See chapter 16 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
- Email 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 or launching the invitations, have several colleagues or volunteers 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.
- Email invitations three to four weeks before the event, with an email reminder one week out.
- 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 two weeks 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, assign seats and make place cards.

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

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. It is better for someone other than the candidate to do this.
- 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 no more than 15 minutes; 20 if sitting.

Preparing the candidate

The most important aspect of the event program 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, such as host committee members, whom 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 name tags 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
- Stapler
- Name tags
- Attendee list (paid/unpaid)

- Sign-in sheets
- Contribution envelopes and compliance forms
- Basket or lock box for checks
- Campaign literature: brochures, bumper stickers, and buttons

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. Having the candidate hand write these is a nice touch.

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

8 Direct mail

Tool Efficiency Chart: Direct Mail

Tool Efficiency: Direct Mail								
Tool	Response rate	Donor level	Donor type	Who solicits	Time		Cost ratio	Cash flow
					Cand.	Staff		
Cold prospect mail	1-2%	L	Individual	Candidate & surrogates	L	M	70-100%	6 weeks
Resolicitation mail	4-10%	ALL	Individual	Candidate & surrogates	L	M	10-15%	6 weeks

Response rate

Cold prospect mail will yield an average response rate of one percent. Expenses can 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 four to 10 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 seven to 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 (often referred to as an appeal program).

- Cold prospecting is used to acquire a large number of new donors, typically low dollar 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 often considered a success.

Cold prospecting requires time. It is best used for a campaign running 12 months or more. With only six to ten months available for prospecting, a House challenger race might add 3,000 to 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 financially. Typically, House campaigns will send prospect mail to low and medium dollar donors who have contributed to the state Democratic Party, other campaigns, or public interest organizations in the district that fit within their circles of benefit, by buying or trading such lists where they are available.

Because of the high number of pieces usually sent, printing and mailing should be done by 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 dollar 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 — *“Time is Running Out!”* — 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 in the letter 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 fundraising 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 "friend," 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 but expensive. A mail house or printer can pre-sort by ZIP code to lower the costs. Bulk mail is rarely recommended but works in certain locales, typically the more rural areas.

Once you have sent the copy to the printer, the printer will send you an electronic proof. Have several people check it. 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(s) mailed
- Number mailed
- Number of contributors by list and package
- Total number of responses
- Total amount contributed
- Percent return (response rate)
- Average contribution
- Income per thousand mailed

EMILY'S LIST

9 Online fundraising

Tool Efficiency Chart: Internet

Tool Efficiency: Internet								
Tool	Response rate	Donor level	Donor type	Who solicits	Time		Cost ratio	Cash flow
					Cand.	Staff		
Internet prospecting	2-7%	L-M	Individual	Candidate & surrogates	L	M	1%	48 hours
Internet resolicitation	5-15%	L-M	Individual	Candidate & surrogates	L	L-M	1%	48 hours

The 2012 election cycle was a record-breaking year for online fundraising. The presidential election showed the power of online contributions: Barack Obama raised \$690 million online from 4.4 million donors. That astonishing amount is nearly \$200 million more than he raised for the 2008 campaign.

Obama's fundraising success depended on a large online community built over many years and his campaign's ability to tap into that community at key moments. The campaign employed a full time army of technologists. They tested, analyzed and innovated. They sent out over 400 national emails in 2012 alone.

While the Obama Presidential campaign's 2012 online fundraising shattered records, other campaigns also had great success in leveraging their online fundraising programs. In each of these examples, the campaign established the foundation for a successful online fundraising program that positioned them to raise money on an ongoing basis and take advantage of key moments.

- In Florida, U. S. House candidate Lois Frankel, raised \$579,000. She was able to do so because she invested early in list building. Her constant communication kept people engaged and built trust so when she asked for contributions she succeeded handily.
- In New York, long time incumbent Congresswoman Louise Slaughter, embraced the digital technology that she had not employed in previous campaigns. She had a healthy list of email addresses she had not been communicating with which had been built largely from anti war petitions. She used that progressive list and built out from there going from raising \$7,000 online in 2011 to almost \$500,000 in just nine months in 2012!
- In Missouri of course there was Senator Claire McCaskill – and Todd Akin. McCaskill, a lover of social media and technology, built a robust email list over the few years leading up to her re-election campaign. McCaskill was well positioned to take great advantage of the infamous gaffes of her opponent, raising over \$4.4 million largely from email solicitations and online ads.

To succeed at this type of fundraising takes a very savvy campaign willing to invest in the staff and/or consultants necessary to sustain a good online program. Do not expect to have Obama-like success — the Obama campaign had over 75 people dedicated to their web and technology outreach! But certainly do everything possible to use this powerful tool to add to your campaign's bottom line.

There are three ways online donors contribute to campaigns: via email solicitations, ads placed on websites and through the campaign's own website. All are equally important to establishing an online presence and raising money as a result of it.

Email

Your email communication program is critical to the success of your overall fundraising program. In 2012, the Obama campaign had 16 million email addresses. The Romney campaign had about 3 million. In both the 2008 and 2012 campaigns the Obama digital team used every means possible to grow their email list. You will need to do the same.

Capturing email addresses

Your email list is your best source for raising money online, and you should take advantage of every opportunity to increase its size.

- Place an email sign-up box prominently on your homepage and on every page of your website.
- Set up a splash page (a temporary page with a specific ask or message that a site visitor sees and must click through before accessing the homepage) to collect email addresses.
- Collect email addresses at on-the-ground events.
- Trade lists with political allies.
- Ask those on your list to invite others to sign up.
- Use petitions. People love to give their opinion and will forward them on to others. Post these petitions on social media sites like Facebook.
- Partner with like-minded organizations or other campaigns to do joint petitions or other actions.
- You may also consider a paid acquisition program where you purchase and test some lists similar to direct mail acquisition. You will need to monitor this closely to make sure it is cost effective.
 - Cost per Acquisition (CPA) sites is where you pay a flat rate for each individual email and for a contracted amount of acquisitions in total generally gathered through petitions or other actions. It is a relatively inexpensive and a good way to start to build a list. Examples of these sites are Change.org and Care2.com.
 - List can also be rented from blogs such as Daily Kos, The Nation, Mother Jones and National Memo. Generally you send to their list and have people take an action. If the action is taken it is like an opt in to your email. These usually charge a flat rate for

sending the email to their list. The number of email address you receive is based on the success of how many take action from your email to their list.

Communicating with your email list

Establish multiple email surrogates

Generally, the candidate herself is the best solicitor for fundraising appeals. A direct, personal ask from the candidate will be most compelling. However, it is important to cultivate and use multiple email surrogates to diversify your email program. Establish another voice from within the campaign to sign emails; this could be the campaign manager or the finance director. Developing another voice will protect your candidate from overexposure while providing donors with information from another campaign insider who can speak about the race in a different tone than the candidate.

Additionally, if you have access to a high-profile surrogate (a governor, a senator, etc.), you should ask if he or she would be willing to send an email on your behalf to her or his email list, and/or sign emails to your list.

Diversify email asks

Occasionally you should ask the people on your email list to do something other than give money, like sign a petition, watch videos, read the latest news about the race, or view an online photo album. By providing your online supporters with valuable non-soliciting content, you will make them feel more invested in the campaign and they will likely stay more engaged — and ultimately give more money. If you send only fundraising emails, your open and response rates will go down.

Develop an email calendar

To keep your list active, you should send relevant and timely communications regularly. Use your online fundraising goals to develop a schedule for sending emails. The calendar will likely change as the race develops, but this will give you a good benchmark from which to start. Develop your email calendar based on your campaign's calendar — initiate an online fundraising campaign around an FEC reporting deadline; send a video email when your first ad is released; issue a news email after your first debate.

Look for key moments to email

While it's important to have an established email schedule, you should be ready to shift your schedule in the event of breaking news, as this will often give you a promising moment to fundraise. You must act quickly in these moments when the news is hot.

Do a series (aka an email campaign)

It is good to think about email solicitation as a series, a bundle or a campaign. The first email states the goal and deadline. "We need to raise \$2,500 this week." The second updates the status of the campaign. "Just \$800 to go to reach our goal." The third is a thank you. "We did it. Thanks to you we surpassed our \$2,500 goal!"

Segmentation

Depending on the size of your email list, you should consider segmenting it both for tracking purposes and to deliver targeted content to specific groups of people. Keep messages relatively short and palatable. The content of the messages is the most important. Mix it up testing subjects like “breaking news” and “urgent”. Try one short and one longer test message. But always keep the main message interesting.

- **Donors vs. non-donors.** With fundraising emails in particular, you should segment donors from non-donors so you can tailor your ask with phrases like *“I know that you gave recently, and I can’t thank you enough”* or *“I wouldn’t be asking again so soon, but...”*
- **Petition signers vs. non signers.** You might use different messaging with people who take action and people who don’t.
- **Voters vs. non-voters.** If you have the luxury of matching your email list with the voter file, you can also message differently to these two groups. Most broadcast email providers can segment down to match at least to the congressional district.
- **Regions.** If you have a national email list, consider using different messaging for in-state and out-of-state names. For example, it usually doesn’t make sense to send event invitations or canvassing asks to out-of-state supporters.

Other fundraising techniques

There are many techniques that may increase email fundraising response. Some work better than others, depending on your list, so test these techniques to see how they work:

- **Matching gifts.** Including a donor match in an email can dramatically lift response. *“If you contribute by midnight tonight, a generous donor has agreed to match your contribution dollar for dollar — meaning that your gift will be doubled.”*
- **An HTML light or “Blackberry” message.** Sending a stripped down message without graphics can increase your response rate, because it lends authenticity to the email. These emails should not include “Sent from my Verizon Wireless Blackberry” or similar language; that would take away from the authenticity.

Fundraising email structure

Your basic objective regarding fundraising email communications is to convince people to (A) open the email, (B) read the email, and (C) contribute. Here are best practices to meet those objectives:

Choose the right sender

Your email should always come from a person: “Jane Smith” instead of “Jane Smith for Congress.”

Choose the right subject line

The subject line is critical to getting your list to open your emails. A few best practices:

- Do not give away the news of your email in the subject line
 - Good: *An exciting endorsement*
 - Bad: *The New York Times endorses Elizabeth*
- Do not use language, punctuation or capitalization that is likely to trip a spam filter. When in doubt, ask your digital consultant or website provider.
- Do not use a subject line that indicates that the email is asking for something, such as “*Help us meet our goal*” or “*Sign our petition.*”

Have a compelling opening

Think of the opening line of the email as the equivalent of the elevator pitch: you have about 10 seconds to capture the reader’s attention and entice them to read the full message. The opening should have a personal tone that reflects the person sending the email. It should be short, convey a sense of urgency and clearly let the person know why you are sending an email.

The text before the first ask should be no longer than 150 words. There is a direct correlation between contributions and the length of the text before the first ask: the shorter, the better.

Make a clear ask

People want to know specifically how their money will be spent. Before making the direct ask for a contribution, it is important to give donors a specific reason to give. An email that says “*Please give us \$25 to help us reach 10,000 voters before Election Day*” will do better than “*Please give us \$25 to help us win.*”

- Including a deadline and a goal will almost always lift response by giving a sense of urgency to the ask: “*We need to raise \$ 10,000 by midnight tonight so that we can keep our ad on the air.*”
- The ask in the email can be on its own line; the text should be clickable and stand out in some way – bigger text, bold or highlighted in yellow.
- The ask should be reiterated in a large clickable graphic with a large contribution button.
- There should always be a contribution button at the bottom of every non fundraising email.

Keep it legal

Be sure to include all applicable disclaimers in your email solicitations and on your website.

Website

Raising money through your website is a result of three factors: traffic, current content, and promotion.

Traffic

You may have the greatest website in the world, but if no one sees it, no one will give through it. Building traffic takes work. Here are four ways you can increase your traffic.

Make sure you have the basics in place.

- **Contribution button.** Every page of your website should feature a very clear, large contribution button. It's helpful if this button is larger or a different color from the other buttons on your site. Testing has shown that red is the best color to use.
- **Feature graphics.** When you send out any email, make sure that your website has a corresponding feature so that you are presenting one coordinated message to your online community. For example, if you send an email solicitation around an FEC deadline — “*we need to raise \$6,500 by midnight tonight*” — make sure there is a graphic or a box with matching language on the home page of the website: e.g. “*Help us raise \$6,500 by midnight tonight.*”
- **Up sells.** There will likely be many options for people to take action on your website — sign up for the email list, sign up to attend an event, volunteer, etc. Use those actions as opportunities to raise money. After someone signs up for your email list, consider redirecting them to a contribution page with text that “up sells” them to make a contribution: “*Thank you for joining our online community. We are at a critical stage in this race, and every dollar is making a difference. Please consider making a contribution below.*”

Keep content up-to-date

The use of Facebook and Twitter will help keep content about your campaign fresh. You also need to keep current what is on your website. You can influence the prominence of your site in search results that appear in engines like Google and Yahoo by optimizing the content on your website.

- Provide relevant content that is updated regularly. Be sure that the content repeats the most important keywords you are trying to target. For example, if you want your site to appear as a result for a search of “health care in Indiana,” use those words and that phrase on the page.
- Write descriptive, clear page titles. For example, instead of just “Health care,” make the page title, “[Candidate’s] record on health care in Indiana.” Remember that this text will appear on the search engine results page, so it should accurately reflect the content on that page.
- Use URLs that are friendly to search engines — rather than a URL with a string of numbers or an obscure acronym, use words that reflect the content on the page.
- Use text instead of text images whenever possible. Search engines cannot read text that is embedded in an image, so you should use plain text wherever possible. If you must use an image, make sure to provide the proper ALT text (HTML code that appears when you mouse over an image) for the image.
- Get other sites to link to yours to boost your site’s credibility. This is the best, fastest way to get your site at the top of a search result page. During Jeanne Shaheen’s 2008 Senate campaign, the New Hampshire Democratic Party’s site always had a link to the Shaheen campaign’s website.

Promote the website

- Blogs and mainstream media can help drive traffic to your website. Make sure that all communications and pitches drive readers to the website for additional resources. This will increase the likelihood that the blogger or reporter will link to your website in the story.
- Every single campaign document, poster, banner, etc. that leaves your office (either on paper or via email) should prominently feature a link to your website.
- The candidate and campaign staff should seize every opportunity to plug the website at events large and small.
- Use your email list to promote your website. Let your email list know that the candidate has posted a blog entry or that you've uploaded a new ad on the website. Sending this information to your email list reminds them that the website is the best place to find the most current information on the campaign.
- Provide compelling content. The hardest task is driving traffic to the site — so make sure to offer relevant, timely content that encourages visitors to stay and keeps them coming back in the future.

Online advertising

The 2012 election cycle clearly showed that online advertising is an emerging source for contributions and list growth. From the Obama campaign to Claire McCaskill in Missouri to Lois Frankel in Florida, online advertising produced an incredible return on investment. But this is still an arena strongly geared toward large corporations with large budgets, so invest wisely.

Paid search ads

Placing ads on Google, Bing, Yahoo, and other search engines is an important part of any campaign's online program and are pretty affordable. Choose vendor ads that give you maximum control over your budget, targeting, and messaging. The best investment is in ads that run on a cost-per-click basis — meaning you pay only if someone clicks through to your website. Select the highest amount you are willing to pay for an ad and the maximum amount that you are willing to spend in a day.

Work with a representative of the search engine company to set up basic ads to run throughout your campaign. In addition to ongoing advertising, consider making a larger investment during key moments in the campaign, particularly if your campaign gets national coverage. You will be leaving money on the table if you don't.

As with all online programs, there are best practices in setting up ads. Work with your search engine representative to select keywords and develop text. If possible, work with companies who allow you a great deal of control in your messaging, so you can tweak, test, and analyze results throughout the campaign.

The response rate for paid search ads is on the low side but the names acquired prove to be quite valuable.

Increase the volume of these ads when there is a big moment in the campaign. It will pay off.

Banner ads

These graphics-heavy ads generally appear at the top of or side of a website. Unless your campaign has a large advertising budget, banner ads will probably not be a good investment. They are expensive and run on a flat rate, with no guaranteed number of clicks.

Social networking site ads

You can run ads on sites like Facebook and LinkedIn. As with paid search ads, it is most cost effective to run ads on a cost-per-click basis. It also allows you to target based on age, gender, location, and interest. These sites can be used successfully for list growth.

Drive up your fan base on Facebook then have an aggressive campaign to convert fans to email members by having them sign petitions as the ask in the ad.

Blog ads

Blog ads can be an important part of your communications plan. They foster good relationships with bloggers and can help drive your message. They are generally not as good for driving list growth or online contributions, however.

Internet fundraising is an ever changing arena. It has proven to be a good, fast and relatively inexpensive fundraising tool. It is important to keep on top of the latest trends and schemes. Every campaign's program will be different. Online fundraising is becoming more and more reliable and well worth the investment of time. The most successful programs will do everything mentioned here. Remember to test, track and change when necessary.

10 Telemarketing and phone banking

Tool Efficiency Chart: Telemarketing

Tool Efficiency: Telemarketing								
Tool	Response rate	Donor level	Donor type	Who solicits	Time		Cost ratio	Cash flow
					Cand.	Staff		
Cold prospect telemarketing	4-10%	L	Individual	Consultant	L	M	50-100%	1-4 weeks
Resolicitation telemarketing	30-50%	L	Individual	Consultant	L	M	35%	1-4 weeks

Response rate

A professional telemarketing program will generate a four to 50 percent response at a cost of 35 to 50 percent and possibly higher. Once a donor has committed and follow-up letter mailed, you can expect returns within one to four 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 most often 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 medium and low dollar 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 good way to reach out to previous donors. Resoliciting low and medium dollar donors by telephone can be done by volunteers, or through a telemarketing firm, if the cost is less than 30 percent. Resoliciting or upgrading high dollar 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 a pre-addressed envelope, or if there is a reporting deadline looming, send a volunteer 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. However for planning and cash flow purposes, 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 "yeses" 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

The internet has made it much easier to solicit small donor prospects economically. Many campaigns will also use direct mail to solicit these prospects, while others use telemarketing. Most use a combination of all three.

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. Many telemarketing companies take their fees directly out of the money they raise for you, so 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? And ALWAYS maintain exclusive control and ownership over your own list.

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

EMILY'S List

11 **Managing fundraising surrogates and**

finance committees

Surrogates and/or finance committee members 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. Rather, they will use various fundraising tools to raise money for the campaign. 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. Be careful not to double-count money to be raised by surrogates, since many of them will raise through events.

Recruiting surrogates

Recruit surrogates and finance committee members 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. Set up deadlines for raising the money as well.

There are no rules regarding the number of surrogates or finance committee members 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 and finance committee members, look out for the following danger signs:

- Someone 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.
- Someone 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.
- Someone 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.

- Someone who says, “Sure, give me a list, I’ll make some calls.” While this is helpful, the campaign needs surrogates or finance committee members 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 or finance committee member 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 (see page 19) with the surrogate. Now ask who falls in the surrogate’s Personal, Ideological, or Power Circles.

Choosing the right 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 and finance committee members 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 finance committee member as you would with the candidate. Meet with them 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, on page 37.

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 (see chapter 4 Asking for money, on page 31). Role-playing can be especially helpful.

Mail

Another approach favored by surrogates and finance committee members 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 dollar donors, but not as effective for soliciting a small number of medium to high dollar 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. Produce the letter on the surrogate's personal letterhead to improve the chances that the letter will be opened. (Do not, however, use corporate or law firm letterhead — this would be a violation of FEC laws.) 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, on page 42).

Motivating surrogates and finance committee members

Provide surrogates and finance committee members 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 staff 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 email 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 or finance committee members, 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.

12 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 Circle donors, but some fall into other categories. The message and approach should reflect these variations.

Realistic PAC expectations

Many House challenger 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. Other than a small group of progressive and ideological PACs, 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 charts illustrate the trend of PAC giving from 2002 through 2010, when 75 to 80 percent of PAC funds consistently went to incumbents. Statistics for 2012 are not yet available.

Chart: PAC Contributions to Candidates

Total PAC contributions 2002-2010 (in millions)

	2010		2008		2006		2004		2002	
	Amount (millions)	% of total giving	Amount (millions)	% of total giving	Amount (millions)	% of total giving	Amount (millions)	% of total giving	Amount (millions)	% of total giving
Incumbents	\$311.60	77%	\$304.70	79%	\$279.30	80%	\$246.80	80%	\$213.40	76%
Challengers	\$40.40	10%	\$48.80	13%	\$36.30	11%	\$22.30	7%	\$28.50	10%
Open seats	\$50.30	13%	\$32.40	8%	\$32.40	9%	\$41.30	13%	\$40.20	14%
Total	\$402.30	100%	\$385.90	100.00%	\$348.00	100%	\$310.40	100%	\$282.10	100%

The reality is that Democratic challengers or open seat candidates are unlikely to raise more than 15 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.

The chart below illustrates how much more evenly PAC money was divided between Democratic and Republican House candidates in 2002, when control of Congress was considered up-for-grabs. By the 2004 election cycle, Republicans, who controlled all branches of government, flexed their muscle and pressured business PACs not to support Democrats. The 2004 and 2006 figures shown below are largely a result of that effort.

In 2007, Democrats were back in control of the House and Senate, albeit marginally in the Senate. The following chart illustrates that in the 2008 elections, the Senate was still considered up for grabs, while the House was expected to stay in Democratic hands.

The 2010 PAC numbers are notable because more money went to the party not in control of Congress, turning on its head the usual pattern of money going to those in power. Control of both the House and Senate was considered up for grabs. Progressive leaning PACs may have been particularly motivated by the gridlock caused by Republican reluctance to support any of President Obama's agenda. PAC contributions on the Republican side were impacted by the tendency of Republican-oriented Business PACs to pour money into independent expenditure efforts and therefore give less money directly to Republican candidates for Congress.

Chart: PAC Contributions to Parties

PAC Contributions to Parties 2002-2010 (in millions)

	2010		2008		2006		2004		2002	
	\$	%	\$	%	\$	%	\$	%	\$	%
Senate Dem	\$39.90	45%	\$46.00	46%	\$35.30	41%	\$33.20	44%	\$31.90	46%
Senate Rep	\$48.90	55%	\$54.10	54%	\$48.00	56%	\$42.80	56%	\$38.10	54%
House Dem	\$184.40	58%	\$185.70	60%	\$126.10	44%	\$100.50	43%	\$104.60	49%
House Rep	\$129.10	41%	\$122.50	40%	\$159.70	56%	\$130.70	56%	\$107.20	51%
TOTAL	\$402.30		\$408.30		\$369.10		\$307.20		\$281.80	

There are over of 4,500 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 generally divide into four groups:

- Labor PACs promote the interests of organized labor. Individual labor unions seek to improve the working conditions of a particular segment of the work force, such as the Communication Workers of America. The AFL-CIO is an umbrella organization of 56 labor unions. In 2005, seven labor unions led by SEIU split off from the AFL-CIO and launched Change to Win, another umbrella group. See AFLCIO.org and changetowin.org for lists of the individual unions that make up each coalition.
- Advocacy organizations such as EMILY's List, NARAL Pro-Choice America and the National Rifle Association promote broad social, economic, and cultural policy changes through their PACs.
- Trade association PACs promote the interests of a particular profession such as the American Medical Association or the American Association for Justice.
- Business PACs promote the broad interests of a particular industry such as the motion picture industry or the specific concerns of a company like General Electric. Any PAC that is controlled by or employs registered lobbyists must identify itself as a lobbyist PAC in order to comply with the bundling rules (see chapter 16 Understanding federal election law).

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. Many have 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
- Endorsements
- 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 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, and poll numbers. Always include the campaign address, telephone and fax numbers, email address, and website address.

National fundraising

It is rare for a House challenger or open seat candidate to raise money outside her district or state. National donors are more interested in U.S. Senate races. Use this checklist to decide whether a national fundraising program makes sense if you are running for or leading a congressional campaign.

Is your candidate:

- A recognized national leader of a major movement such as gay rights or gun control?
- One with national stature, such as former Sen. Hillary Rodham Clinton?
- Running against a well-known opponent, like Rep. Betsy Markey (D-CO.) who ran against then-Rep. Marilyn Musgrave, a well-known leader of the far right.

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.

13 **Creating and managing a finance**

operation

Staff needs

The number of staff you hire for a fundraising operation and the kind of talent 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 finance committee, 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 \$700,000 to be raised for a House race, and one person for every \$1 million for a statewide race. 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 several staff members may be assigned to handle event logistics and solicitations.

Date of entry

If the candidate enters the race late in the campaign, the ratios above are 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 most of all 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 but usually pay for themselves; 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 communication. 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.
- Take the time to mentor your staff so they become better at their jobs and will better serve you and the candidate in the future.
- 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 are 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 involved in the continually 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 hardware

In addition, you must have a computer system capable of storing and manipulating massive volumes of data about your donors. Do not settle for five-year-old, outdated equipment. You must have computers that are equipped with good speed and ample memory to service the large technology stream of the fundraising operation. 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
- Keep fundraising spreadsheets and cash flow
- Track credit card contributions
- Solicit funds via the internet

Database software

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

- Name
- Salutation
- Address
- Email address
- Telephone numbers
- Giving history, including amounts, dates, sources, and tools
- Occupation and employer
- Contribution amount
- Aggregate contribution amount
- Other data required by the FEC

There are both good and bad database products on the market. Ask others in your state which product they use and ask for demonstrations and references before signing a contract with a database provider.

Scanner

You should have a scanner for sending check copies and other accounting documents electronically to your treasurer or compliance shop if it is not in house.

Fax machine

You might also want to have a fax machine. Some businesses and most lawyers still rely on faxes.

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. With multi-million dollar campaigns now being the norm, you may want to hire either full time compliance staff or retain a compliance firm. Fundraising staff SHOULD NOT spend their time on compliance and report filing.

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. (The FEC requires that you maintain copies of all checks).
- 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. Month and year coding can also be added. For example, if the contribution was generated through an event hosted by Julie Green in March 2012, the code would be “EGREEN312.”
- 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.
- Ability to collect checks overnight or by messenger (use volunteers when possible).
- A merchant account for processing credit card contributions.
- 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. 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 your fundraising plan from day one through Election Day, not quarter by quarter.
- Set overall fundraising goals and weekly, monthly, and quarterly targets for each fundraising tool.
- Work with the manager to coordinate and reconcile the fundraising plan with the campaign's cash flow needs.

Appealing to donors

- Organize and, if necessary, staff candidate call time.
- Write and prepare copy for event invitations, direct mail and internet 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 and/or finance committee members.
- Coordinate and enforce candidate's fundraising schedule.

Complying with election law

- Supervise daily check collection, deposit, and data entry.
- Devise systems for tracking, thanking, upgrading, and reporting donors to state and/or federal authorities.
- Ensure that all campaign activities, including those of candidate, surrogates, staff, consultants, and volunteers, are in full compliance with the law.
- Review compliance reports before they are filed.

14 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, on page 24 and familiarize yourself with the standard projection formulas below:

Strategy information

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

- Donor target list
- Tools for each group
- Number of prospects estimated for each group

Standard projection rates

Review the standard projection rates for each tool. This information can be found in the Tool efficiency chart on page 36. For each group you will need to estimate:

- Average contribution for each tool
- Response rate for each tool (column two in tool efficiency chart)
- Expense rate for each tool (column eight in tool efficiency chart)

Standard 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 cash flow

Set up a projecting income worksheet like the one found at the end of this chapter on page 93.

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.

Step 1. Identify targeted donor group and goal

Use the Circles of Benefit to identify donor groups. On the chart, fill in the name of the group, the total income goal, and check-off which tools you will use to solicit for each donor group you have identified.

Step 2. Fill in assumptions for each tool

- Estimate the number of prospects. This will be the most difficult part of projecting because you will be making an educated guess. Remember, your finance plan will change many times based on how this information changes.
- Use the Tool efficiency chart on page 36 to help estimate the average contribution. Once you've determined if it is a low, medium or high dollar contribution, use your gut instinct to estimate an average contribution.
- Use the same tool efficiency projection chart to estimate the rate at which prospects will say "yes" (response rate).

Step 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).

Step 4. Calculate gross income per tool

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

Step 5. Review donor group totals

Compare the donor group preliminary projection with the gross income total. Are the numbers close? If not, which one instinctively feels more accurate? Use your gut instinct. Review the estimated number of prospects and determine if your preliminary projections are realistic. If necessary, adjust your assumptions and repeat steps 3 and 4.

Step 6. Projecting gross income

Using the donor group totals from each of the sheets you have prepared, follow steps 7 through 10 to calculate gross income.

Step 7. Create overall summary sheet

Create a donor group projection sheet similar to the one here. Input each donor group. Calculate income by tool for each of those groups, and overall total.

Chart: Income by Donor Group

Donor Group Name	Overall Goal	Candidate Visits	Candidate Calls	Events	Prospect mail	Email Solicitation
Anthropologists	\$25,239	\$4,680	\$9,375	\$10,500	\$525	\$159
Brain Surgeons	\$43,130	\$12,880	\$13,750	\$16,500	\$0	\$0
Candy Makers	\$4,356	\$0	\$2,250	\$2,000	\$68	\$38
TOTAL	\$72,725	\$17,560	\$25,375	\$29,000	\$593	\$197

Step 8. Project resolicitation income

Projecting income from resoliciting donors gets a little tricky because you want to resolicit donors using the same tool to which they originally responded. A fair way to project resolicitation income is to follow these steps.

- Look carefully at the current total number of donors on each projection sheet. This represents the total number of donors you will have acquired using all of the tools you chose for that donor group. This is the number of donors you now have to resolicit.
- At this point you will need to come up with an **AVERAGE** response rate based on all of the tools used for each group. Use the low-end response rates for this formula. For example, if you used phone solicitation and prospect mail, take the low range response rate (30 percent for phone and 1 percent for prospect mail) and your average response rate for resolicitation will be about 15.5 percent. Note: if you use candidate calls and surrogate calls as tools only count this as one tool (calls) and only add in that response rate one time. Also do not count candidate visits as a resolicitation tool because it is very unlikely that you will resolicit those donors in person again.
- Now multiply your total number of donors by that percentage.
- Next look at your current average contribution and divide it by two. This becomes your resolicitation response rate.
- Finally, multiply your response rate by your average contribution to come up with your total resolicitation income.

Step 9. Add resolicitation income to overall summary sheet.

Step 10. Evaluate bottom line

Sum by tool: what percent of the total income does each tool represent? This is important to know so that your plan is well balanced, makes sense given your candidate’s time commitment (or lack of), and reflects your fundraising calendar. If the tools seem out of balance, go back and reevaluate each donor group and be certain the tools you have chosen make sense for each one.

Once you have completed all of these steps your summary sheet will look like this:

Chart: Income by Donor Group

Donor Group Name	Overall Goal	Candidate Visits	Candidate Calls	Events	Prospect mail	Email Solicitation	Resolicitation
Anthropologists	\$28,698	\$4,680	\$9,375	\$10,500	\$525	\$159	\$3,459
Brain Surgeons	\$45,630	\$12,880	\$13,750	\$16,500	\$0	\$0	\$2,500
Candy Makers	\$5,302	\$0	\$2,250	\$2,000	\$68	\$38	\$946
TOTAL	\$79,630	\$17,560	\$25,375	\$29,000	\$593	\$197	\$6,905
		22%	32%	36%	1%	0.25%	9%

Projecting expenses and net

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

Step 1. Calculate expense per tool

Multiply the total income projected for each tool by an estimated expense ratio using the Tool efficiency chart on page 36.

Step 2. Calculate total expenses

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

Step 3. Calculate net

Calculate the net by subtracting expenses from gross income.

Step 4. Evaluate efficiency

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

As a rule, expenses should not exceed 15 percent of gross income. If expenses hit or exceed the 15 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.

Step 5. Evaluate net income vs. campaign budget goal

The campaign budget 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 honestly communicate your projection to 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: Personal Circle first, Power Circle last.

Total income raised by circles generally fall into quarters (based on the entire duration of the campaign not FEC quarters), and the cash flow for a challenger or open seat race typically follows the pattern by quarter illustrated in the chart below.

Chart: Cash Flow

Cash flow	
Quarter	Percentage of income
One	18-25%
Two	15-18%
Three	10-15%
Four	35-50%

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 money from the power circle earlier, for example if your candidate already holds office.

Step 1. Break down goal projections by month and week

The cash flow column from the tool efficiency chart in chapter 5 Using the tools of fundraising, on page 36 will help you develop a more precise cash flow picture for income and expenses by tool. Your cash flow document should look similar to the one on the following page.

Chart: Cash Flow by Month (next page)

	January	February	March	April	May	June	July	August	September	Oct/Nov	TOTALS
Candidate visits											
Cost (2%)											
Net											
Candidate calls											
Cost (2%)											
Net											
Events											
Cost (15%)											
Net											
Surrogate/finance cmte. calls											
Cost (2%)											
Net											
Prospect mail											
Cost (75%)											
Net											
Emails											
Cost (1%)											
Net											
PACs											
Cost (5%)											
Net											
Resolicitation											
Cost (5%)											
Net											
GROSS TOTAL											
Total costs											
Net total											
			Q1/FEC			Q2/FEC		Q3/FEC		Pre-gen/FEC	
FEC quarterly totals											
YTD gross totals											

Step 2. Calculate total by circle

Evaluate the numbers of all the groups you have in each of the donor circles. Do they instinctively feel right. If not, make adjustments to the projection work sheets and then adjust your summary sheet accordingly.

Step 3. Calculate total by month

Evaluate the numbers. Take into account FEC filings and other campaign activities such as primary dates. How does your income budget compare to the campaign's spending budget? Will there be enough money raised when the campaign really needs it.

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.

On the following page is a projection worksheet. You can use one like this to input the estimated average contribution, response rate and number of prospects for each tool for every donor group. Eventually you will learn to do this instinctively, but this sheet will help you develop your gut instinct on how to project income for donor groups.

Worksheet: Projecting Income

Worksheet: Projecting Income

Target group	Environmentalists			Donor group preliminary projection	\$50,000			
Circle(s)	Ideological			Gross income	\$104,544			
				Difference	\$54,554			
Assumptions				Calculations				
TOOLS	# prospects	Response rate	Average \$	# donors	Gross income	% cost	Expense	NET
Universe of prospects	550							
Candidate visits	5	75.0%	\$2,600	3.75	\$9,750	1%	\$97.50	\$9,653
*Candidate calls	225	50.0%	\$500	112.50	\$56,250	1%	\$562.50	\$55,688
Events	550	20.0%	\$150	110.00	\$16,500	15%	\$2,475.00	\$14,025
*Surrogate calls	150	30.0%	\$200	45.00	\$9,000	1%	\$90.00	\$8,910
Email	235	9.0%	\$250	21.15	\$5,287	1%	\$52.88	\$5,235
Cold prospect mail	550	2.0%	\$42	11.00	\$462	75%	\$346.50	\$116
Subtotal			\$321	303.40	\$97,250		3,624.38	\$93,625
*Resolicitation	303	15.0%	\$160.50	45.51	\$7,304	7.50%	\$547.83	\$6,757
Total					\$104,554			

(This is a projection sheet. Input the estimated average contribution, response rate & # prospects for each tool.)

Figuring the numbers

Term = Formula for Actuals

donors = # prospects * response rate

Gross income = # donors * average \$

*Resolicitation average = subtotal average / 2

15 **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.

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 the 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 digital media team

Digital media touches all aspects of the campaign. It is particularly important to the campaign's communications and fundraising components. You should make sure that at least one member of the digital media team is dedicated to drafting, sending and tracking email solicitations. You must work closely with the digital media team to ensure that fundraising remains a priority and does not get usurped by communications functions. Your relationship with the people in this department will be critical to getting your fundraising solicitations out according to your schedule and that they can quickly turn around a solicitation when an unanticipated fundraising opportunity arises.

Press and communications

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. As a general rule, most fundraising events will be closed 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 communications team 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.

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
- Research donors for 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.

16 **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, Senate, and president) are governed by federal law. This chapter focuses mainly on 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.

Please be aware of any and all reporting requirements: organization and candidate committee registration requirements, bank accounts, and electronic filing thresholds.

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 a state officeholder becomes a federal candidate, transfer of funds or assets from the federal candidate's non-federal committee is prohibited. However, the nonfederal committee may refund leftover funds to contributors and coordinate arrangements with the federal campaign to solicit those donors. The full cost of the solicitation must be paid for by the federal committee.

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 Committees and the campaign guide supplement (both are available online at

www.fec.gov/info/publications.shtml). 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 website 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. Make sure you file on time! The Bipartisan Campaign Reform Act (BCRA) made fines and penalties more severe, and base penalties and daily fines accrue for each day a report is late.

Rules for compliance

- Hire a lawyer who knows FEC law. At the very least, have someone on call for specific questions.
- Hire a good database or financial manager. The better your campaign's accounting system — daily contribution processing and database or accounting software — the easier it will be to comply with FEC regulations and to prepare accurate and complete reports.
- 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, where to file, and how to file.
- 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 (FEC form 2, which can be found at www.fec.gov) 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 a principal campaign committee.

- Within 10 days of filing the statement of candidacy, register the campaign committee with the FEC (FEC form 1 also found at www.fec.gov) by filing a statement of organization with the same entities listed above.
- First time federal candidates must also file a personal financial disclosure within 30 days of becoming a candidate (or by May 15th of the year in which they become a candidate, whichever is later).
- 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).

Exploratory committees

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).

Caution: “testing the waters” is strictly interpreted by the FEC.

Be very careful about the activity the campaign undertakes when testing the waters. According to the FEC, the following signs indicate that a candidate has crossed the line from “testing the waters” to candidacy:

- Makes or authorizes statements that refer to he/she as a candidate; i.e., “Emily Behr for Congress.”
- Advertises intention to run for office.
- Raises more money than what is reasonably needed to test waters.
- Conducts activities over a protracted period of time.
- Takes action to qualify for ballot.

Contribution limits

Individuals

- For the 2013-14 election cycle, individuals may contribute \$2,600 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, as well as special primary and special general 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 \$2,600 limit on monetary contributions.
- Individuals can contribute a total of \$123,200 per two-year cycle to all federal entities, including federal candidates, PACs, and party committees; of the \$123,200, only \$48,600 may be contributed to candidate committees. The remaining \$74,600 may be contributed to PACs and party committees, but no more than \$32,400 may be given to national party committees.
- A contribution to a candidate counts against an individual's biannual limit in the year the contribution was made, regardless of when the candidate is up for election. For example, a contribution made in January 2010 to a candidate up for reelection in 2012 counts against the contributor's limit for the 2009-10 cycle.
- 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 limits have been indexed for inflation every odd-numbered year beginning in 2005.

Excess contributions

If a donor sends in a check for more than the individual legal limit, the campaign has three options:

- Ask the donor to **redesignate** the amount over the limit to the general election. "Redesignate" means that the contributor allocates to the next election the portion exceeding his \$2,600 per election limit. In most cases, the first \$2,600 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, re-attribution, and refunds must be made in writing within 60 days of the original receipt of the contribution.

According to the FEC, "If before the primary election, a campaign receives contributions designated or redesignated for the general election, it must use an acceptable accounting method to distinguish between primary contributions and general election contributions." In other words, **don't spend general money until after the primary!** Yet another good reason to hire a database/account manager.

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 \$2,600 per election. (Consult www.fec.gov for information on how a PAC qualifies as a multi-candidate PAC.)

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. See the FEC candidate guide or consult an election law attorney for more information.

Loans from family members, friends, etc., count against the individual limit of \$2,600 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 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 \$2,600 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 per election.

Minors

Federal candidates may accept contributions from minors under the following conditions:

- The decision to give is made by the minor.
- The contribution is made from the minor's own funds.
- The contribution is not made from proceeds of a gift given to the minor for the purpose of making a contribution.

Minors may volunteer on campaigns.

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 nonprofit 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. A "government contractor" is anyone who enters into contract with any agency or department of the U.S. government and is paid for services, material equipment, supplies, land, or buildings with funds appropriated by Congress.
- 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. 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.
- 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.

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 or sell 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 changed the rules for candidates and campaigns use of private air planes. Consult the FEC's candidate guide or an election law attorney for best advice and compliance.

Exceptions

There are three 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 \$2,600 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 maximum individual monetary contribution). A couple may spend up to \$2,000.
- An individual may engage in a variety of different campaign-related activities on the Internet without making a contribution to a federal candidate's committee. For example: a volunteer may prepare a website supporting the committee, using his or her personal property at home, without making a contribution. The ongoing cost of maintaining the site also falls under the volunteer exemption. Volunteers may send campaign-related email messages using their personal computers without making a contribution to the committee. For additional information, please consult FEC Advisory Opinion No. 1999.17

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 within 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 in a clear and conspicuous manner, boxed or shaded, and clearly set apart from the rest of the text:

Paid for by [official name of candidate's committee] (committee's street address or website).

This applies for ALL printed communications, including those that do not contain a solicitation or express advocacy.

In addition to this “paid for by” disclaimer, all broadcast media must include a “stand by your ad” statement. For radio ads, the candidate herself 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.

Disclaimers are not required on materials where they cannot be realistically printed; for example, bumper stickers, pins, or hats. See the FEC’s candidate guide for more detail.

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, along with employer and occupation information, for all donors, regardless of the size of the contribution. It’s extremely important to establish an efficient, accurate, daily routine of deposits and recordkeeping. The better your records, the easier it will be to prepare reports. **It is essential that the campaign’s account** balances to ensure no discrepancies and utmost accuracy of your FEC report.

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.

Election cycle versus per election: an election cycle begins the day after the previous general election and concludes the day of the next general election for that office. A candidate seeking a House seat has a two-year election cycle; and a candidate for Senate has a six-year election cycle.

The committee needs to aggregate contributions per election in order to ensure that a contributor doesn't give in excess of FEC limits. For purposes of reporting, committees aggregate contributions and receipts based on election cycle.

Example: Joe gives candidate X \$75 before the primary. This contribution is un-itemized. Then Joe gives candidate X \$150 before the general. This contribution is itemized because the total given in the election cycle to date is \$225.

All contributions must be deposited within 10 days of receipt. Committees must keep full-sized photocopies or a digital image of all contributions made by check. It is also important to keep logs of all credit card contributions (including those made via the web).

“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.

Anonymous contributions

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

Joint accounts

A husband and wife can give \$5,200 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 \$5,200, but must specifically designate in writing that half is for the primary and half is for the general election. If the donor has not designated the contribution in this way, the campaign may re-designate the 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.

Earmarked or bundled contributions are those that the contributor directs (either orally or in writing) to a clearly identified candidate through an intermediary or conduit. Earmarking may take the form of a designation, instruction, or encumbrance and it may be direct or implied.

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 \$2,600 limit and the PAC’s \$5,000 limit.
- In addition, as of March 2009, campaigns will now also be required to disclose “bundled” contributions forwarded or credited to lobbyists or organizations that lobby and their PACs.

Please see Appendix A in the FEC Campaign Guide for Congressional Candidates and Committees for more information on accepting and reporting these contributions.

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. Any funds left over after the general election may be carried over to the next election cycle if the candidate runs for the same office.

Excess campaign funds can be donated without limit to national and state party committees and charities, or for any other lawful purpose. However, please seek legal advice before making these types of expenditures.

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.

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 run-off) 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.

Candidate salary option for challengers

Challenger candidates have the option of paying themselves a salary from the treasury of the principal campaign committee. This salary must not exceed the lesser of the minimum annual salary for the federal office sought, or what the candidate received as earned income in the previous year. Incumbents are not eligible for this option.

The first salary payment must be made no sooner than the filing deadline for access to the primary election ballot in the state in which the candidate is running for office. Salary must be made on a pro-rated basis (no lump sum). If the candidate decides to pay herself, she must provide income tax records and proof of earnings from relevant years upon request from the Federal Election Commission.

How PACs and other organizations participate in elections

Independent expenditures

PACs, individuals, corporations and labor unions can make independent expenditures to support or oppose a federal candidate.

Note that it is important to stay on top of new developments in regard to independent expenditure rules so you'll know how independent expenditures may or may not affect your campaign. If you have questions, please seek legal advice.

Currently there are no limits on the amount of money a PAC, individual, corporation or labor union 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.

Visit www.fec.gov for more information.

National party committees

The Democratic National Committee, the Democratic Senatorial Campaign Committee, and the Democratic Congressional Campaign Committee (DNC, DSCC, DCCC) may make unlimited independent expenditures and repeated coordinated expenditures on the candidate's behalf. National party committees can also make direct contributions to candidates.

The DNC and the DCCC may contribute a combined \$5,000 to a House candidate. Senatorial candidates can receive a maximum of \$45,400 per election in direct contributions from the DSCC and the DNC combined. This limit is indexed for inflation every odd-numbered year. In addition, the DSCC can make expenditures on behalf of a general election candidate. The amount of these expenditures varies from state to state and is based on the voting age population of the candidate's state.

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).

Corporations may now also use their own (non-PAC) funds to finance independent expenditures and electioneering communications supporting or opposing a clearly identified federal candidate. These expenditures must comply with all FEC regulations regarding these types of expenditures and must be reported to the FEC.

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.

Labor unions may also use their own (non-PAC) funds to finance independent expenditures and electioneering communications supporting or opposing a clearly identified federal candidate. These expenditures must comply with all FEC regulations regarding these types of expenditures and must be reported to the FEC.

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.

Administrative operations

Employees

For all employees, a campaign must 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.

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ask amount

The specific dollar figure being sought from a particular donor.

assumptions

Conditions or data believed to be true prior to conducting research.

average contribution

The quotient derived by totaling all contributions and dividing by the number of contributions.

banner ad

Graphics-heavy ads generally appearing at the top of or side of a website.

budget

A comprehensive plan in an Excel spreadsheet that details projected financial resources and expected expenditures.

call sheet

A fact sheet used in telephone solicitation containing all relevant donor information: professional, economic, personal, contribution history plus the ask amount.

call time

Designated, uninterrupted time for the candidate to spend on the telephone soliciting contributions.

cash flow

Projected income of contributions covering a specified period of time.

Circles of Benefit

The EMILY's List method of targeting donors by identifying which of four categories a donor falls into based on their motivation to give and the degree of benefit to them. The four Circles are Personal, Ideology, Ax-to-Grind and Power.

cold prospect mail

Fundraising letters sent to targeted individuals who have not yet contributed, featuring a compelling message that will motivate them to do so.

collect; collection; collecting

The act of gathering pledged contributions to deposit in the bank.

contribution limits

The amount a donor can legally contribute to the campaign.

debt

Money owed by a campaign to vendors, staff or the candidate, usually following an election.

degree of benefit

The extent to which a donor will benefit if the candidate gets elected.

digital media

The Internet and everything connected to it such as websites; computer multimedia, online games, computer run games, CD-ROMS, and DVDs. Most technologies described as digital, often having characteristics of being manipulated, networkable, and interactive.

direct mail

Fundraising letters mailed to targeted individuals for the sole purpose of soliciting a contribution.

disbursement

A payment of funds.

disclaimer

Legally required language that must be featured (printed or spoken) on many forms of print, electronic, and broadcast campaign communications.

donor group

Set of potential donors who share a commonality that would make them responsive to a specific message.

efficient

Not wasteful; cost-effective; usually referring to time and/or money.

EMILY's List

The nation's largest grassroots political network dedicated to electing pro-choice Democratic women to federal, state, and local office. EMILY's List recruits and funds viable women candidates; helps them build and run effective campaign organizations; trains the next generation of activists; and mobilizes women voters to help elect progressive women candidates across the nation.

expense

A charge for any service provided to the campaign.

finance plan

A written road map outlining how much to raise, from whom, why they should give, a fundraising message, fundraising methods and tools, a timeline for when the money will come in, and fundraising costs/expenses.

finance committee member

A volunteer who has agreed to raise a specified amount of money for the campaign.

financial disclosure deadline

Deadline mandated by state, local, or federal agencies requiring candidates to disclose fundraising information, usually all receipts and disbursements.

fundraising event

An organized gathering of donors who have come together to support the candidate or for which there is a pre-advertised price of admission.

giving capacity

An individual's financial/economical ability to contribute.

giving history

An individual's contribution patterns, i.e. how much and how often s/he has given to candidates in the past.

gross income

Total contribution receipts before expenses are deducted.

HTML light

A stripped-down email message without graphics.

host committee

An organized group of individuals who sponsor a fundraising event and commit to raising money for the campaign from their own personal networks and lists.

house party

An event held in a private home with the express purpose of raising funds for a campaign. Often but not exclusively of the low-dollar variety. Attendees tend to be brought together solely by the host of the event (as opposed to by a committee).

independent expenditure (IE)

An expenditure by an outside entity that seeks to influence an election; must have no coordinated strategy with the candidate or campaign.

in-kind contribution

An expense incurred by the campaign but paid for by an outside individual or entity on behalf of the campaign. In-kind contributions must be reported; count against the individual's legal maximum limit; and cannot exceed the limit of the current election cycle (i.e. primary or general).

invitation package

An envelope with the event invitation, a specific ask amount, a response card, and a response envelope.

kitchen cabinet

A candidate's core group of informal advisors comprised of people who know the candidate, the district and the issues important to the election.

logistics

The details of an operation or event.

message

A theme repeated and used by the candidate or staff when talking about the campaign to supporters, potential donors, the media, etc. In fundraising, the message comprises compelling points designed to motivate contributors based on their degree of benefit.

monitoring results

Tallying contributions and measuring them against income projections.

national party committees

Democratic National Committee (DNC), Democratic Campaign Committee (DCCC), Democratic Senatorial Campaign Committee (DSCC), Democratic Governors Association (DGA) and their Republican counterparts who often work directly or indirectly with candidates to advise and advance their campaigns.

net income

Contribution totals after costs and expenses are deducted.

phone banking

Staffing multiple phone lines with campaign volunteers and staff in order to call targeted donors or voters.

pledge follow up

Phone calls, letters, faxes and emails made in order to collect a pledged contribution.

political action committee (PAC)

A formal group of individuals with a common goal or interest who pool their resources to support and/or lobby candidates; PACs must register with the Federal Election Commission and/or the appropriate state entity and follow federal and/or local campaign finance laws.

projecting income

Forecasting the amount of money that will be raised for the campaign using various fundraising tools.

prospect

A group or individual identified as a logical target to become a donor to the campaign based on the Circles of Benefit.

rapproach

A bond or connection.

registration

The process of signing people in at the door and collecting checks for a fundraising event.

resolicit

To ask for a contribution from individuals who have donated to the campaign in the past.

resolicitation mail

Fundraising direct mail sent to prior contributors.

response rate

The return on a particular contribution solicitation (any form).

segment; segmentation

To separate a donor or prospect list into logical parts.

solicit

To ask for a campaign contribution, in a specified amount.

surrogate

Any individual performing a duty for the campaign in place of the candidate (soliciting contributions, making public appearances, etc.).

targeted donor

An individual who has been researched and fits the profile of a good prospect to solicit based on the Circles of Benefit.

telemarketing

Using the telephone to deliver a message to a wide audience, usually to raise money, persuade voters, or turn out supporters for a specific event or activity.

tools

Methods used to raise money for the campaign: call time, face-to-face meetings, direct mail, events, web/internet, and telemarketing.

viability

A candidate's reasonable or perceived chance of winning the election.

walk-through

To advance a site prior to the scheduled campaign event to anticipate and minimize problems beforehand.