Chapter 5

Finance and Fundraising

Finance Overview

Every political campaign and organization must spend money to maintain serious levels of activity. Increasingly, campaigns must raise significant amounts of money to become and remain competitive. Although we can protest the growing costs of campaigning, the reality for any campaign is that without these funds, there can be no staff, no office, no phones, no computers, no signs, no media coverage – no campaign. How much money the campaign will need to succeed depends on a number of factors. One of the first tasks of any campaign is to develop its budget, followed by its finance plan. The budget and finance plan are so important that the finance director is often the first person hired by the campaign. Without the finance plan, no other staff can be hired and no office can be set up.

Know the Law

Before you raise or spend any money on a campaign, you must be familiar with the contribution limits for your race, prohibited sources of income, and what information must be collected and reported about your donors. Contact the Federal Election Commission (for federal races) or your Secretary of State or Division of Elections (for non-federal races) for the fundraising laws relevant to your campaign.

Got a problem asking for money? Get over it.

Fundraising is not simply about asking people for money; it is about offering people an opportunity to participate.

It is not your place to tell people if and how they can participate.
Let the donor decide, but give them the opportunity to make that decision.

Three Basic Components of Your Budget and Finance Plan

1. Goals, Timelines, and Benchmarks

We've established that campaigns cost money, but how much a particular campaign will cost depends on the district, office, opponent(s), the candidate, and a number of other factors. Your initial research into your candidate, district, and past campaigns should give you a good idea of how much money you need to raise to stay competitive. Additional research into cost of materials, phones, office space, staff, media, and anything else the campaign will need to execute its plan will enable you to prepare a budget for the campaign. From the beginning, a finance director should figure out multiple budget scenarios – ones for lean, modest, and robust fundraising scenarios. This allows you flexibility if your spending priorities need to adjust to changing or unanticipated cash flow issues. (See Appendix B of this manual for a sample budget.)

Break down your final fundraising goal along a timeline corresponding to the campaign timeline, keeping campaign finance filing deadlines in mind. For much of the campaign, the campaign's money will be spent raising the candidate's profile and on raising more money. As the campaign continues, finances will be increasingly directed toward voter contact activities. Establish a timeline and plot fundraising benchmarks to meet these needs. Meeting or exceeding these benchmarks means your finance plan is on track. Failing to meet these benchmarks means your finance plan and your campaign are failing.

2. Strategy and Targeting

Once you've figured out how much money you need, you must figure out where you will get this money. Different people will have different reasons to give to a campaign or organization. Understanding these motivations is the key to fundraising. Think of it less as "giving" a donor a reason to contribute, and more as discovering that reason. The donor has had a motivation for engaging the system before you got there, and you're giving them a means to participate. The donor's motivation will drive your message, your messenger, and the tactics you use to successfully reach out to them.

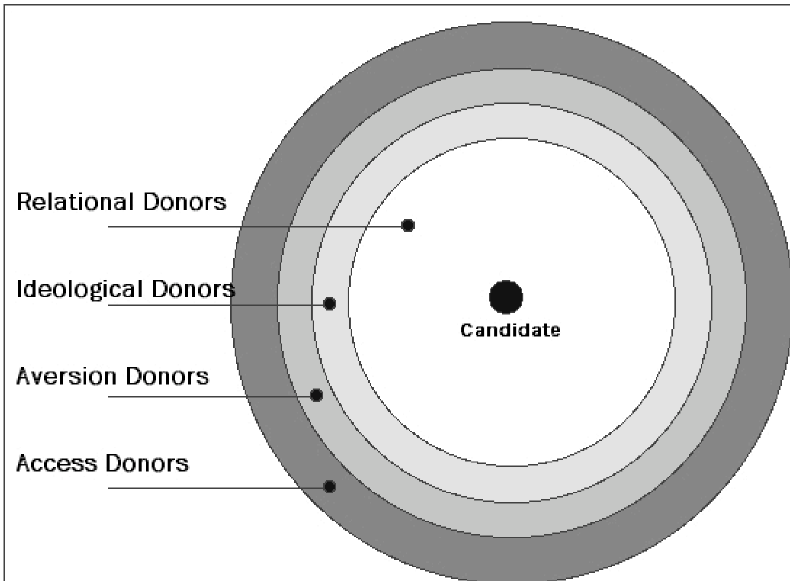
Whenever a campaign or organization asks something of someone, listening is a key component of asking. You can discover a person's motivation just by listening to the potential donor. Nonetheless, you should also have a good idea of the donor's motivations before even starting your pitch. Donor motivations generally fall under four general categories: relational, ideological, aversion, and access.

This categorization sorts donors by proximity, size, and effort necessary. Generally, fundraising is easier the closer a potential donor is to the candidate. As the donor category grows more distant, more time and effort is required to successfully solicit a contribution. The easiest way to look at these donor categories is by drawing a chart composed of a series of concentric circles.

The candidate is at the center of the circle. Each ring in the circle represents a different group of stakeholders in the candidate's campaign.

The closer the donor group is to the candidate, the more likely the donor will contribute and the less time that donor will require. The innermost circles will contribute earlier in the campaign. Farther out, donors are more interested in the candidate's viability. For most donors in the outer circles, the ability to fundraise is a major indicator of viability. The key is to raise significant funds early from the inner circles, and continue to build your donor network outwards.

Potential donors may belong to multiple circles.



As you raise money from your innermost circle of donors, your viability will increase and donors further outside of your relational circle will begin to see your campaign as a viable recipient of their contributions. If you cannot raise money from your closest contacts, other donors will look skeptically on your campaign.

Types of Donors: Speaking to Your Donor's Motivations

It makes no sense for the candidate to talk to their best friends as if they were Access Donors or vice versa. Many people are ready to become donors, but only if the campaign can prove to the potential donor that the candidate understands what motivates the donor to participate. Each strategic donor circle has different motivations. Your message must reflect this.

The Candidate - Some candidates shell out a lot of their own money to finance their campaign, especially at the start. Candidates should be encouraged to fundraise from their personal network, and continue to expand their donor circle outward.

Relational Donors - Your first circle of donors are those with whom you have a personal relationship - family, friends, trusted colleagues, etc. They give primarily because of their relationship to you. This connection often overrides the donor's political views or their perception your candidacy's viability. This first group of people are, in many ways, the most important. This circle funds your startup costs, allows you to keep fundraising, hiring staff, and most importantly demonstrates your viability to subsequent circles. This circle can also include communities and constituencies (neighbors, religious, ethnic communities, etc.) with whom the candidate has a strong affiliation. Relational donors give because they care about the person asking them.

"This is an important step in my life. I need to do this, and I need your help."

Ideological Donors - Passionate people will give to passionate candidates and organizations. The candidate has a strong stance on an issue that the donor wants to see represented in government. Ideological considerations trump viability for this group. Activists will understand a campaign struggling for viability. Ideological donors are looking for a shared passion and a track record of commitment to the cause.

"I knew that if were willing to sell out the rights of a whole group of human beings because it might be politically inconvenient for a future office I might run for, then I had wasted my time in public service."
–Howard Dean on civil unions, 2003

Aversion Donors - Aversion to candidates is a powerful motivating force. The opponent's victory could adversely affect the donor's interests. These donors want to get rid of the other candidate and need to be convinced that you are the person to do it. Early support is still possible depending on the level of aversion the donor feels and if there are no other appealing candidates. Aversion donors are mainly interested in making the other candidate lose. The donor wants to know that the candidate understands the risks of losing (fear), that the candidate provides a viable alternative (hope), and that they can do something now to make a difference (urgency).

"George Bush has had four years to come down here, sit down with the mayors, work with these issues. He just ignores them, gives tax cuts to the wealthiest people, and people are hurting more and more"
–John Kerry on the local effects of federal tax cuts, 2004

Access Donors- Many donors participate in the political process to advance institutional or economic interests. This can include businesses, trade and professional associations, labor unions, and special interest groups. Challengers are unlikely to receive support from this circle. Major issue-based interest groups fall in this category. These donors give later in the cycle to demonstrate support and will want to start a relationship to the eventual officeholder. Access donors frequently contribute to both sides of a campaign. The primary concern for access donors is viability.

"And when I'm in that Oval Office, you will have a president that cares every day on every issue about the hard-working people of this country, who are in labor unions, who work hard every day."
–Dick Gephardt at AFSCME debate, 2003

Fundraising Homework: Start Building Your List

Where do you start compiling your fundraising list? It's easier than you think. The key is to start close to home. As you read this page, you have a list with you right now.

What's in your wallet? Your purse? Your cell phone?

Your first donors are the people with whom you have a relationship. Who are your first dozen names?

____________	____________	____________
____________	____________	____________
____________	____________	____________
____________	____________	____________

Find the names of people on business cards, scribbled on notes, on your speed dial or phone memory, your emergency numbers, etc. Can you build a list of two dozen more names?

3. Tactics and Tools

The campaign has a number of tactics it can use to reach potential donors. These tools vary in effectiveness and efficiency. A candidate is likely to have success securing a large contribution using face-to-face solicitation, but this tactic may be inefficient for low-dollar donors.

On a tactical level, donors should be divided by likely giving level. Be careful not to pigeonhole donors into too low a giving level. In the end, the donors decide how much they can give, not the solicitor. It will always be easier to ask high and work down than the other way around. The best indicator of giving potential is past performance. If you do not have information on past giving, aim high and adjust as necessary. For each tactic, divide potential donors by general giving capacity: low, medium, high. The precise dollar amount will vary from campaign to campaign, but a general system to divide donors into tiers will help you prioritize your fundraising activity.

> According to *Giving USA*, 70-80% of Americans contribute annually to causes they believe in.
>
> Regardless of the swings in the economic cycle, political giving from individuals has risen every year.

There are generally eight fundraising tactics available to campaigns. The act of fundraising consumes resources (time, money, people). The campaign must choose appropriate tactics which maximize income and reduce costs. Each should be evaluated:

- Response rate: How many people respond to the tactic
- Cost efficiency: How much money the tactic costs as a proportion of gross raised
- How quickly the tactic creates an actual cash flow
- How time consuming the tactic is and whose time it consumes
- Best messenger for the tactic
- Best target for the tactic

Expectations By Tactic

Tactic	Response	Cost	Cash Flow	Time	Messenger	Target
Face-to-face	50-70%	1-5%	1-7 days	Very High	Candidate, Surrogates	High donors
Call time	30-50%	1%	1-7 days	High	Candidate, Surrogates	Med – High donors
Events	15%	10-25% see notes	4 weeks	Staff–high Candidate–med	Surrogates, Staff	Low, Med, High donors
Prospect Mail	1%	100%	6 weeks	Staff – med	Staff	Low donors
Resolicit Mail	5-10%	10-15%	6 weeks	Staff – med	Staff	Low, Med, High donors
Prospect Phone bank	4-20%	100%	1-4 weeks	Staff – med	Consultant	Low donors
Resolicit Phone bank	30-50%	35%	1-4 weeks	Staff – med	Consultant	Low donors
Email	0 - 10%	<1%; very low	1-3 days	Staff – low	Staff, consultant	Low donors

The activity your candidate should spend most of his/her time on is call time. Face-to-face solicitation is important but extremely time consuming. Call time achieves a high response rate and reaches many more people per day. Successful campaigns have their candidates spend five or more hours a day, just on call time. Fundraising staff prioritize their time with mailings and event planning.

Fundraising Tactics

Candidate Face -to -Face solicitation

This is the candidate's most persuasive technique, and one that will be used more frequently earlier in a campaign. Spending some time on this tactic is a good idea for maximizing the contributions of your most generous supporters. One of the reasons the response rate of this tactic is so high is because the donor has already taken a first step by meeting with the candidate. The candidate must use this opportunity to commit the donor to giving at the highest possible levels. Often these meetings can be used to recruit the donor's network of contacts, or recruit the donor to become a fundraiser within the donor's own network. Prior to these meetings, finance staffers should prep the candidate on pertinent issues and appropriate messaging. These meetings can be a daunting - practicing beforehand allows novices and experts alike to make the most of this tactic.

Candidate Call Time

The candidate's time is the campaign's most valuable asset. The high response rate, the low cost ratio, and the number of donors reached over a given period of time combine to make this a candidate's most effective fundraising tactic. The more time and effort put into call time, the greater the financial return. The candidate should spend at least half his or her time calling donors every day. A few important steps should be taken to make the most of your call time:

- **Prepare the list carefully.** Identify your potential donors to see if it will be worth giving them a personal call, or if they should be reached at another time or by another tactic. Each potential donor will have their own call sheet with pertinent information available to the candidate, including previous giving history and talking points. These sheets are entered into a database as soon as they are used and made ready for the next call time, if needed. A sample call sheet is provided in Appendix B.
- **Staff the candidate**. Always make sure the candidate is calling in the presence of staff or a volunteer, ready to record information, monitor progress, keep additional notes, and motivate the candidate. This will ensure that the candidate follows through on any commitments made during the call. This person will also ensure that interruptions and distractions are kept at bay. Experienced staffers might also start calling numbers to double the call rate – this allows the candidate to talk to a constant stream of donors instead of dead dialing time.
- **Roleplays**. Never let the candidate start dialing cold. A couple of quick warm-ups with a staffer will help the candidate get into the rhythm of the calls.
- **Quick debriefs** help the candidate/staff figure out how to follow through with the person called. This also serves to motivate the candidate and improve his/her skills.
- **Monitor time spent on each call.** Certainly the donor deserves some time with the candidate, but so does every potential donor. Try to have ten conversations per hour. This means no call should last more than five minutes (allowing time for dead dialing).
- **Set goals and benchmarks.** Take a look at the finance plan and break down the goals and benchmarks for Call Time on a daily basis. The candidate must raise a certain amount by the end of the day or spend more time calling to make up for it. Hold the candidate accountable to these goals. Having a visual such as a calendar or a daily thermometer will serve as a constant motivator. A sample call tracking sheet is provided in Appendix B.
- **Switch up calling times** from one day to another. This will allow you to reach more donors, build some flexibility into the campaign schedule, and add variety to the candidate's work. As a general rule, Monday mornings and Friday afternoons are the least effective times for fundraising call time.

(See Appendix B of this manual for sample call time documents.)

Events

Be careful with events. If not properly planned, events can suck time and money from a campaign. The larger the event, the more potential it has to cost more than it's worth. Since events consume both time and money, a campaign should go into event planning with its eyes on the bottom line. The first part of planning an event is to write an event budget, with a goal of keeping it as inexpensive as possible. Form a host committee for your event. Ask members of the committee to contribute in advance of the event to cover the cost; or to make an in-kind donation of supplies or services needed for the event. Events can target any donor level. House parties work well to reach donors while still keeping costs low. High- level donors prefer smaller, more intimate events where they can express their concerns directly to the candidate, but these do not necessarily need to incur a higher cost. See the House Party section of this manual for more information on planning an event.

Direct Mail

Soliciting contributions through the mail is a common tactic for organizations and campaigns. For many campaigns and organizations direct mail is the primary source of income.

- **Prospect mailings** are sent to a list of potential donors in hopes that a portion of these recipients respond and become donors. Prospect mailing rarely nets a profit, but is important for building a donor base to revisit and re-solicit. Prospect mailings can seem like a gamble – the campaign pays upfront in return for uncertain prospects. Without new names, however, a campaign limits its income. Figuring out the campaign's list of prospects is important to the success of the mailing. Larger campaigns (for statewide or federal office) might choose to go through a professional direct mail vendor or do mailings in-house. Down-ballot campaigns are usually better off handling the mailing in-house. Prospect mailings generally target low and medium donors. The campaign typically acquires the names for these lists through previous campaigns, Democratic Party organizations, or other issue advocacy organizations.
- **Re-solicit mailings** are where prospect mailings pay off. People who have contributed once before will likely contribute again once asked. The low cost of this tactic combined with its wide reach (hundreds or thousands of previous donors), makes this tactic a cornerstone to financing your campaign. For electoral campaigns, a re-solicitation email should be sent to your donors every four to six weeks throughout the campaign. For non-electoral campaigns, the organization should not send out as often, but will still find that re-solicitation mailings raise more money than other tactics.

Solicitation Phone banks

Generally smaller, down-ballot campaigns do not have the resources to hire a professional phone solicitation firm, and staff can spend time in better ways than cold-calling a list that the candidate or surrogates should be calling instead. While this tactic should be discouraged for short-term campaigns, it can be effective as part of a long-term fundraising strategy for a party organization, non-profit organization, or political action committee.

Phone banking can be useful in fundraising when recruiting or confirming attendees for finance events or for following up on pledges made during call time. Phone follow-up can be quite useful in conjunction with mailings to boost response rates. In all cases, a script with commonly asked questions and event/mailing details should be available to callers.

Internet and Email Fundraising

Only a small amount of a campaign's income comes from email solicitation. Some large campaigns, such as Howard Dean's nomination campaign and President Obama's 2008 campaign spent significant resources building a large, national list and reaped substantial returns. Your website should certainly have an easy to access form where a donor can give a contribution. But a down-ballot campaign does not have the resources to build such an online presence. A good email sent to a list on which everyone has joined specifically for the purpose of participating in the campaign may yield as much as 5% response, but is more likely to yield 1-2%. For tips on how to write a good email, see this manual's online organizing section.

While a very small percentage of a campaign's budget will typically come from email solicitations, a campaign should have a method of collecting contributions on the Internet. Vendors such as ActBlue, PayPal and NGP Software provide credit card processing services for contributions (for a fee).

The Ask

The heart of fundraising is asking. Practically no one gives money to a campaign without being asked. Every dollar spent on the campaign – from materials to salaries to mail – was a dollar someone on the campaign raised. The principles of the ask apply to every type of donor. These principles are used most directly in personal solicitation, but also apply to every tactic used in fundraising.

The Five C's: A Step by Step of the Ask

1. **Connect**
2. **Context**
3. **Commit**
4. **Catapult**
5. **Confirm**

1. Connect

The first step sets the tone for the interaction. The donor is not an ATM, but a person with motivations and hopes. These hopes and motivations translate into actual campaign work via the donor's contribution. Before each interaction, do some research on the donor. Basic information such as how to pronounce their name, the relationship to the candidate or campaign, how you got their name, the donor's occupation and interests can be helpful in the interaction. Listening is a key part of fundraising, and the fundraiser's best opportunity to listen is during this section.

Asking open-ended questions will establish or reestablish the donor's motivations. This step shows the donor that the interaction is not only about the candidate or organization, but also about building a relationship with the donor.

"It was great meeting you at the event on Thursday. How are you doing? Arshad mentioned you teach at the University. I'm an alumni. What do you teach? I'm glad to hear that you've been following my candidacy for the state house. Are there any issues affecting our neighborhood you would like to discuss?

2. Context

The context portion of the interaction addresses the donor's motivation. The fundraiser makes a pitch which includes the 1) problem, 2) urgency, and 3) the solution.

This sets the candidate up for making a specific ask for money. Your goal for this part of the ask is to connect the donor's needs to the success of the campaign. The donor's goal and the campaign's goal are the same, so by supporting the campaign, the donor achieves a shared goal. Remember to consider the donor's relationship to your campaign. How important are the issues? How important is the candidate's viability?

"You've hit on a very important point. My opponent voted to raise his own salary three times, but has voted to cut higher-ed funding every year for the last six years. We need an ally in this district. As a graduate of the University, I know how important it is to our community. With your support, I will work to ensure funding for the educational programs that make our community thrive."

3. Commit

A solid ask will yield a solid commitment. The ask should have a specific dollar amount. Non-specificity demonstrates a lack of professionalism and might erode the donor's faith in the viability of the campaign. Ask high. There is less risk in asking high and having to go down, than asking low and trying to go higher.

This is another opportunity to listen. The donor will not always agree immediately. Most of the time, the donor will need a chance to think about it. To the extent possible, get the donor to agree to an amount during the interaction. Work with the donor until you come to a level comfortable with the donor. Remember, if you get a lot of people to agree on an amount right away, you are not asking enough people or not asking for enough money. A successful fundraiser is rejected much of the time. The ask must be a yes or no question. Pause to allow time for the donor to answer.

"I need your help to win this seat and restore funding to this state's university system. Will you contribute $2000 to my campaign today?"

4. Catapult

Once you've asked for a specific dollar amount and the donor has agreed, you are not finished. What you do after a commitment is as important as everything you've done beforehand. The fundraiser should 'catapult' the donor into his/her commitment. First, thank the donor. Thank them when they commit, thank them again when they contribute, thank them again after that. Let the donor know what a difference the money will make in the campaign and how that will serve the donor's needs. Make arrangements to follow up.

"Thank you so much for your contribution. $2000 goes a long way in getting our message out to the voters. You'll see the campaign getting out and knocking on doors, you'll see us in the paper. If you could drop the check in the mail tonight, that would be great. My staff will let you know when we have received the check. I'm so glad you're getting involved in such an important race. Thanks again."

5. Confirm

Follow up. Most fundraising is done in the follow up stages of the ask. People make commitments to contribute, and most come through when the fundraisers follow up. If they've made a commitment to give you a check, they expect you to contact them if they've forgotten and to contact them once you've received it. This is your chance to keep them involved in the campaign. Donors and candidates/fundraisers cultivate relationships long past the first donation.

"I wanted to let you know I received your check this afternoon. Thanks to you, we're meeting our goals for the quarter and on track for victory in November. I thought you might be interested in an event we're doing in your neighborhood next week…"

Asking Again

Donors who contribute once will likely contribute again if a good relationship has been built since the first ask. Fundraising is relationship building. Developing this relationship involves the donor and continues to serve the donor's needs. Good fundraisers will turn their donors into fundraisers. Donors often have friends who will also contribute. Take advantage of this growing network; it will provide you a sustainable source of income if maintained well. Keep your lists meticulously updated. And remember to **say thank you!**