



C O R P O R A T E
U N D E R W R I T E R S
A N D T H E
D E M O C R A C Y G A P :

How Company Political Spending
Has Reshaped State Politics and
Created Serious Risks for
Companies, Shareholders
and Our Democracy

FOREWORD BY

Rachel Funk Fordham

Jacob M. Grumbach
author, [Laboratories Against Democracy](#)

FOREWORD

Rachel Funk Fordham & Jacob M. Grumbach

“[A]s a company, we have a responsibility to engage. For this reason, we are working together with other businesses through groups like the Business Roundtable to support efforts to enhance every person’s ability to vote.” These were the words of AT&T CEO John Stankey in response to a Georgia law that limited absentee voting. A similar bill proposed in Texas prompted Dell CEO Michael Dell to issue the following statement: “Free, fair, equitable access to voting is the foundation of American democracy. Those rights — especially for women, communities of color — have been hard-earned. Governments should ensure citizens have their voices heard. HB6 does the opposite, and we are opposed to it.” The pattern is clear: US business leaders are increasingly vocal in support of democratic institutions.

The reasons that business leaders would support democracy are not unclear. Compared to authoritarian regimes, democracies produce greater economic growth,¹ invest more in human capital, and created more stable societies through the rule of law. Consumers are also

quick to punish firms that support politicians with extreme or undemocratic views. At the same time, however, democracy means that all segments of society, including business, must engage in compromise and power sharing with those that might have very different interests over taxation, regulation, immigration, and social issues.

But are major US firms living up to their stated commitments to democracy? This question is at the heart of this report from the Center for Political Accountability. While public statements in support of democracy and the rule of law are laudable, such talk means little if firms’ political spending is at odds with these commitments.

This question has taken on new importance as American democracy has come under strain over the past decade and a half. As the report highlights, large amounts of spending from corporate sources has supported gerrymandering efforts and restrictions on voting rights that have enabled state legislatures to enact unpopular

¹ Acemoglu, Daron, Suresh Naidu, Pascual Restrepo, and James A. Robinson. 2019. "Democracy does cause growth." *Journal of Political Economy* 127(1): 47-100.

policies across many policy realms, including abortion, LGBT rights, health care, and gun control. More recently, state legislatures have even threatened to subvert presidential elections—which, if acted upon, would profoundly destabilize the rule of law in America.

There are two reasons why this report from the Center for Political Accountability makes an important contribution. The first is that understanding political spending is no easy task. US campaign finance law makes it easy to obscure the flow of money to candidates, parties, and especially to political organizations. 527 organizations like the Republican State Leadership Committee (RSLC), which this report focuses on, pool together unlimited contributions from many sources, making it difficult to hold specific donors accountable for how the money is spent.

The second reason is that political spending can have complex and unintended consequences for democratic institutions. Uniquely among wealthy countries, the US puts most of its authority over democratic institutions like elections and legislative districting at the *state level*², where many big-spending

political groups like the RSLC focus their efforts, often with little transparency. The decline of local newspapers and the dominance of national culture wars in media has made it much more difficult to track threats to democracy that arise from the state level—and whose political spending is financing them.

Political spending has long been a challenge for American democracy. But this challenge has become more urgent in recent years as society polarized and political spending grew larger and less transparent. In this light, the Center for Political Accountability's efforts to shed light on political spending—giving shareholders, employees, consumers, and citizens the tools to make informed economic and political decisions—have taken on new significance.

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² Grumbach, Jacob. 2022. *Laboratories against Democracy: How National Parties Transformed State Politics*. Princeton University Press.

ACKNOWLEDGMENTS

This report was compiled by the Center for Political Accountability research team, comprised of Jeanne Hanna, research director; Bruce Freed, CPA president; Peter Hardin, writer and editor; and Terry Mullane, associate research director.

Data collection, analysis, and verification were conducted by Jeanne Hanna and Terry Mullane.

Cover design, layout, and graphics by Jeanne Hanna.

Published December 21, 2023

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This report follows the money. It is based on:

- A review of company political contributions to the Republican State Leadership Committee (RSLC), a partisan political committee organized under Section 527 of the Internal Revenue Code, from the 2010 election cycle to the present;
- State and federal campaign finance records documenting how the RSLC spent contributions from public companies, their trade associations, and other donors;
- Legislation, policy outcomes, and media coverage about state legislative gerrymandering and its subsequent impact on public policy and voting rights;
- And an examination of how these outcomes and actions aligned or conflicted with the core values, brands, and positions of the contributing companies.

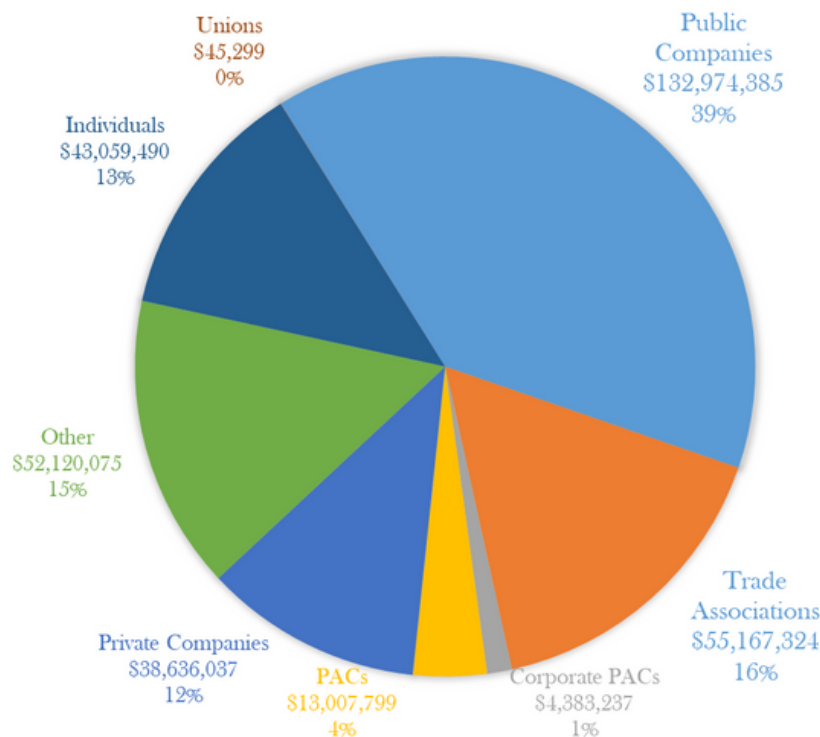
The Center for Political Accountability is a non-partisan public policy organization. It has examined and documented the risks posed to companies by their political spending. This report examines political spending in support of Republicans rather than Democrats. In following the money trail, CPA has identified and documented trends in company political donations to the RSLC — and policy outcomes — that create not only outsized risks for companies and for democracy but are singular to this influential, heavily funded group. These findings are in line with patterns in company political spending and with changes in party control and party priorities at the state level.³ This does not reflect any partisan preference on the part of the Center.

³ For further discussion of the unique Republican approach to state legislative gerrymandering and its negative impacts on democracy see: *Rat F**ked* by David Daley, *Laboratories Against Democracy* by Jacob M. Grumbach, and *Tyranny of the Minority* by Steven Livitsky and Daniel Ziblatt

WHY ISSUE THIS REPORT?

This report presents a case study of corporate support for a partisan political committee, the Republican State Leadership Committee. Since 2010, it has collected more than \$188 million from public corporations and their trade associations. This represents about 55 percent, or more than half, of the more than \$340 million raised by the RSLC during this period. In contrast, the RSLC's Democratic counterpart, the Democratic Legislative Campaign Committee (DLCC), received less than \$52 million dollars, or just over one-quarter (28 percent) of the \$184.6 million it raised from public companies and their trade associations since 2010.⁴ During this same period, the RSLC has openly attempted to stack elections and undermine democracy across this country.

FIGURE 1: CONTRIBUTIONS TO THE
REPUBLICAN STATE LEADERSHIP COMMITTEE
JAN 2010 - JUN 2023



⁴ As numerous political scientists cited throughout this report have found, the RSLC's approach to targeted election spending and gerrymandering undermines democracy in unique ways that are not comparable to the DLCC's approach to these issues. Because the RSLC's impact on democracy is meaningfully different from that of the DLCC, contributions to the former pose significantly more serious risks to corporate donors.

Meanwhile, the public corporations and their trade associations have voiced prominent support for the key tenets of democracy.

Through this report, CPA seeks to highlight the broad scope and deep impact of political spending by public companies and trade associations, using corporate treasury funds. These are the unlimited amounts that companies contribute directly or through third-party groups, including trade associations. They are distinct from spending through political action committees where contributions to a PAC, and by it, are limited under the law.

Today's headlines are filled with debate about grave threats to democracy, with the 2024 presidential election less than a year away. Far less attention is paid to the funneling of corporate dollars in support of a long-term project to cripple democracy in state legislatures. With this report, CPA intends to fill out the picture of rising threats to democracy by focusing on disturbing trends in state capitals and the inexorable link to corporate political spending. It examines how nearly \$200 million in corporate donations have been instrumental in reshaping American politics and policy at the state, as well as the national, level. Specifically, this report examines the RSLC's role in creating a "democracy gap" in state legislative elections and enabling minority rule in state legislatures around the country.

Using large dollar donations from corporations and others, beginning in 2010, the RSLC undertook a complex campaign to strategically invest in key state legislative races and capture control of state houses and senate chambers, and state courts. This initial investment allowed Republican lawmakers across the country to rig legislative maps to secure long-term undemocratic advantages in state races. (This redistricting effort was known within the RSLC as the Redistricting Majority Project or REDMAP. Academic researchers and political commentators alike have written extensively about the REDMAP project and the ways in which it has enabled widespread legislative gerrymandering`

Public companies and their trade associations are the RSLC’s dominant funder. As such, they have contributed to the broader crisis in democracy that the United States currently faces. This crisis has raised significantly the level of risk companies face from political spending. And the trend of massive corporate support for the RSLC continues to today; CPA’s research shows that since the beginning of 2023, public companies and their trade associations have pumped millions into the RSLC, adding up to more than 56% of the funds collected by the RSLC so far in this election cycle.

Recent policies enacted by RSLC-funded lawmakers include:

Election interference

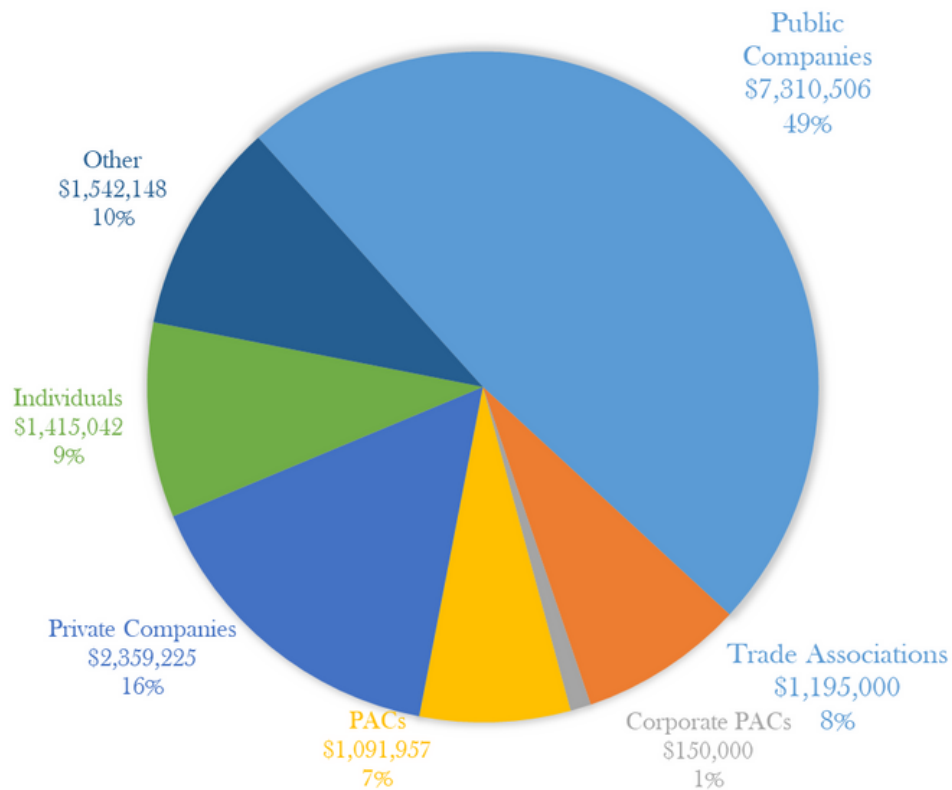
Restricting access to abortion, including total bans and criminalization of doctors

Attacks on LGBTQ rights

Obstruction of elected local and city governments

Intimidation of companies and corporate leaders

**FIGURE 2: CONTRIBUTIONS TO THE REPUBLICAN STATE LEADERSHIP COMMITTEE
JAN 2023 - JUN 2023**



“

“For corporations pursuing agendas they do not want scrutinized, this type of spending has three big advantages over traditional political spending: it is less likely to attract attention than PAC contributions that go directly from firms to candidates; it is effectively 'laundered' by running through the 527 organization so the donor can duck accountability for specific uses of the money; and it allows the resources of many companies to be pooled to achieve maximum impact.”

”

POLITICAL SCIENCE PROFESSORS
JACOB S. HACKER AND PAUL PIERSON

When companies give to third-party political groups like the RSLC, it creates uniquely challenging risks. Companies lose control over how that money is ultimately spent, whom it benefits, and what candidates and potentially controversial issues it associates the company with. To unveil how company money is ultimately used, corporate leaders must look behind the curtain. With this knowledge they will be equipped to mitigate the risks posed by these contributions in today's hypercharged political environment. This report concludes with concrete action steps to help corporate leaders retake control of company political spending -- and to fulfill their fiduciary responsibilities to mitigate the risks that this spending poses to their companies.

The following pages take a case study approach to provide a window into the following

The **scope** of political contributions made by US companies and their trade associations to the RSLC.

The **scope** of spending by the RSLC since the 2010 election cycle

The **impact** of this spending on companies whose commitment to democracy is undermined by their underwriting of the RSLC's agenda

The **impact** of RSLC spending, its effects on state democracy, the makeup of state legislatures, and the policy outcomes that resulted

SCOPE OF COMPANY CONTRIBUTIONS

Of the hundreds of millions of dollars spent by the RSLC since 2010, the majority of these funds were contributed by public corporations and their trade associations. These ongoing contributions create serious risks for each company that gave and continues to give to the RSLC.

Of the more than \$340 million raised by the RSLC between 2010 and the end of the 2022 electoral cycle, public companies and their trade associations contributed more than \$188 million, or more than 55 percent (See Figure 1 above). Without this funding from public companies, the RSLC would have been hard pressed to undertake the work it did to reshape state politics across the country.

Among the top donors to the RSLC in the past 13 years are many prominent household and brand names. The following table shows the US-based companies that gave an aggregate \$1 million or more to the RSLC between January 2010 and June 2023. (Appendix A offers a further lists all US companies that gave \$100,000 or more.)

**PUBLICLY
TRADED
COMPANIES AND
THEIR TRADE
ASSOCIATIONS
HAVE BEEN THE
MOST
SIGNIFICANT
SOURCE OF
CONTRIBUTIONS
TO THE RSLC
FOR MORE THAN
A DECADE AND A
HALF.**

**AGGREGATE COMPANY CONTRIBUTIONS
OF \$1 MILLION OR MORE TO THE RSLC
JAN 2010 - JUN 2023**

Altria	\$6,935,306
Elevance Health ⁵	\$5,724,805
Reynolds American ⁶	\$5,043,838
Devon Energy	\$2,710,579
British American Tobacco	\$2,614,844
Chevron	\$2,258,689
Comcast	\$2,129,030
Walmart	\$1,847,471
Centene	\$1,844,899
Pfizer	\$1,830,747
NextEra Energy	\$1,663,998
AT&T	\$1,622,941
Marathon Petroleum	\$1,604,958
Citigroup	\$1,570,664
Exxon Mobil	\$1,498,707
Eli Lilly	\$1,498,071
Dominion Energy	\$1,615,321
Charter Communications	\$1,244,080
Churchill Downs	\$1,186,436
Lowes	\$1,076,699
Intuit	\$1,050,031

⁵Known as Anthem, Inc prior to June 2022

⁶Acquired by British American Tobacco in 2017. Figures reference contributions made prior to acquisition.

IMPACT OF COMPANY CONTRIBUTIONS

The RSLC has had a significant impact on democracy in state politics. Because public companies and their trade associations are the majority funder of the RSLC they can be, and have been, implicated in the group's attacks on democracy. This creates serious risks for these companies.

These risks are heightened because, in many cases, the RSLC's actions also directly undermine company statements about the value they place on democracy and their related commitments to key stakeholders. Corporate contributions to the RSLC create further risks as companies face threats of political intimidation and retribution from politicians that the company knowingly or unwittingly helped to elect.⁷

As the words and actions of prominent businesses leaders on the following pages illustrate, companies express their value for democracy in a variety of ways:

- Through initiatives to encourage civic participation
- In proactive responses when democracy is threatened, as in the aftermath of the U.S. Capitol insurrection on Jan. 6, 2021
- In open opposition to legislation that would restrict voting access
- In statements supporting civil rights and pro-democracy reforms

⁷ For more on the threats and risks related to political retribution against companies see the Center for Political Accountability's 2022 report [Practical Stake](#)

Citigroup “The right to vote is the foundation of American democracy. Citi not only supports this fundamental right, we have taken steps to encourage our colleagues to vote, such as providing paid time-off for the 2020 election. We strongly oppose efforts to undermine the ability of Americans to avail themselves of this fundamental right.”

Edward Skyler, Head of Global Affairs

Eli Lilly “[Civic Engagement] also leads to a better educated and healthier workforce for our company. Civic engagement is the basis for dialogue and collaboration between the private sector, government and a civil society.”

Susan Brock Williams,
Associate Vice President

AT&T “Change starts with us. Businesses have a big role in making it happen. AT&T acknowledges its distinct responsibility to be part of the solution to achieve equitable justice...”

[I]t’s important...to note the loss of two local heroes who championed human dignity on the global stage – Congressman John Lewis and Reverend C. T. Vivian. Their lives remind us that positive change is possible and continue to inspire us to work together to end societal injustices.”

Vanessa Harrison
President, AT&T Georgia

Chevron “[T]he Capitol riot [will] be brought into account as we make our decisions going forward...the insurrection tarnishes a two-century tradition of respect for the rule of law”

Mike Wirth, CEO

Altria We believe voting is a foundational democratic process and should be a non-partisan issue. All eligible individuals should have their voices heard at the ballot box. Altria has long supported efforts to encourage employees and adult tobacco consumers to vote...W[e articulate the following principles, which are central to what we believe about any voting:

- The right to vote should be protected and promoted.
- Every registered voter should have a reasonable opportunity to participate in the electoral process.
- Legislation impacting voting rights should advance principles of equality, fairness, and transparency, and should encourage more, not fewer, eligible voters to register and vote.
- Requirements governing how the right to vote is exercised should not place undue burdens or unnecessary restrictions on voters.
- Legislation should promote confidence in our electoral system while at the same time ensuring the integrity and fairness of the election process.
- Legislation altering election practices should not be designed to benefit one political party over others, and such changes should be adopted on a bipartisan basis after comprehensive analysis and open debate.”

Todd Walker, Senior Vice President Government Affairs & Public Policy

Comcast “The peaceful transition of power is a foundation of America’s democracy. This year, that transition will take place among some of the most challenging conditions in modern history and against the backdrop of the appalling violence we witnessed at the U.S. Capitol last week. At this crucial time, our focus needs to be on working together for the good of the entire nation. Consistent with this view, we will suspend all of our political contributions to those elected officials who voted against certification of the electoral college votes, which will give us the opportunity to review our political giving policies and practices.”

Statement released after Jan. 6 Capitol Insurrection.

As the following pages demonstrate, companies' commitments to democracy are being actively subverted by groups like the RSLC who use company contributions to elect state legislators who are hostile to democracy. This creates reputational risk for companies and undermines the commitments they have made to stakeholders. More fundamentally, companies economically benefit when they can operate in a robust and stable democracy. As the RSLC continues its project to overturn and challenge democratic norms in state politics, companies must contend with emerging and grave political risks, including political retribution and retaliation, regulatory uncertainty and gridlock, and interference from elected officials. Corporate leaders should consider these impacts when evaluating their political spending priorities as the 2024 election cycle progresses.

SCOPE OF RSLC SPENDING

According to state and federal campaign finance databases, since 2010, the RSLC has spent at least \$144 million⁸ on state legislative races in 48 of 50 states, every state except for Rhode Island and South Dakota.

RSLC SPENDING ON STATE LEGISLATIVE RACES

More than \$10 Million

Virginia	\$28,457,100
North Carolina	\$17,800,000
Texas	\$12,361,073

\$5 million to \$10 million

Pennsylvania	\$9,353,130
Florida	\$6,477,929
Colorado	\$6,027,735
Washington	\$5,465,727

⁸ This figure represents a conservative estimate of RSLC spending specifically on state legislative races and does not include RSLC spending on state judicial elections or elections for executive branch officials. The estimate is also subject to the limitations of state campaign finance databases. Some states, for example do not collect or publish data when political groups make independent campaign expenditures without the direct involvement of the candidate's campaign. The full dollar amount spent by the RSLC on state races since 2010 almost certainly exceeds \$144 million.

RSLC SPENDING ON STATE LEGISLATIVE RACES (continued)

\$2 million to \$5 million	
Georgia	\$4,867,251
Nevada	\$4,487,483
Iowa	\$4,475,654
New York	\$4,198,817
Michigan	\$4,173,450
Indiana	\$3,944,452
Minnesota	\$3,638,758
Maine	\$3,540,856
Illinois	\$3,283,366
West Virginia	\$2,815,948
Wisconsin	\$2,549,344
Arizona	\$2,339,790
Wisconsin	\$2,264,501

\$1 million to \$2 million	
Alaska	\$1,639,750
Connecticut	\$1,550,000
New Mexico	\$1,488,800
Missouri	\$1,257,500

Under \$1 million	
Mississippi	\$666,206
Utah	\$613,030
Louisiana	\$568,834
Kentucky	\$526,020
Tennessee	\$483,733
New Hampshire	\$472,821
Montana	\$423,680

RSLC SPENDING ON STATE LEGISLATIVE RACES (continued)

Under
\$1 million

Vermont	\$397,997
Alabama	\$275,145
North Dakota	\$195,000
New Jersey	\$184,800
California	\$157,400
Nebraska	\$133,850
Ohio	\$116,124
Delaware	\$108,900

South Carolina	\$86,000
Oklahoma	\$81,500
Idaho	\$65,150
Maryland	\$63,297
Arkansas	\$54,300
Massachusetts	\$50,150
Alaska	\$50,000

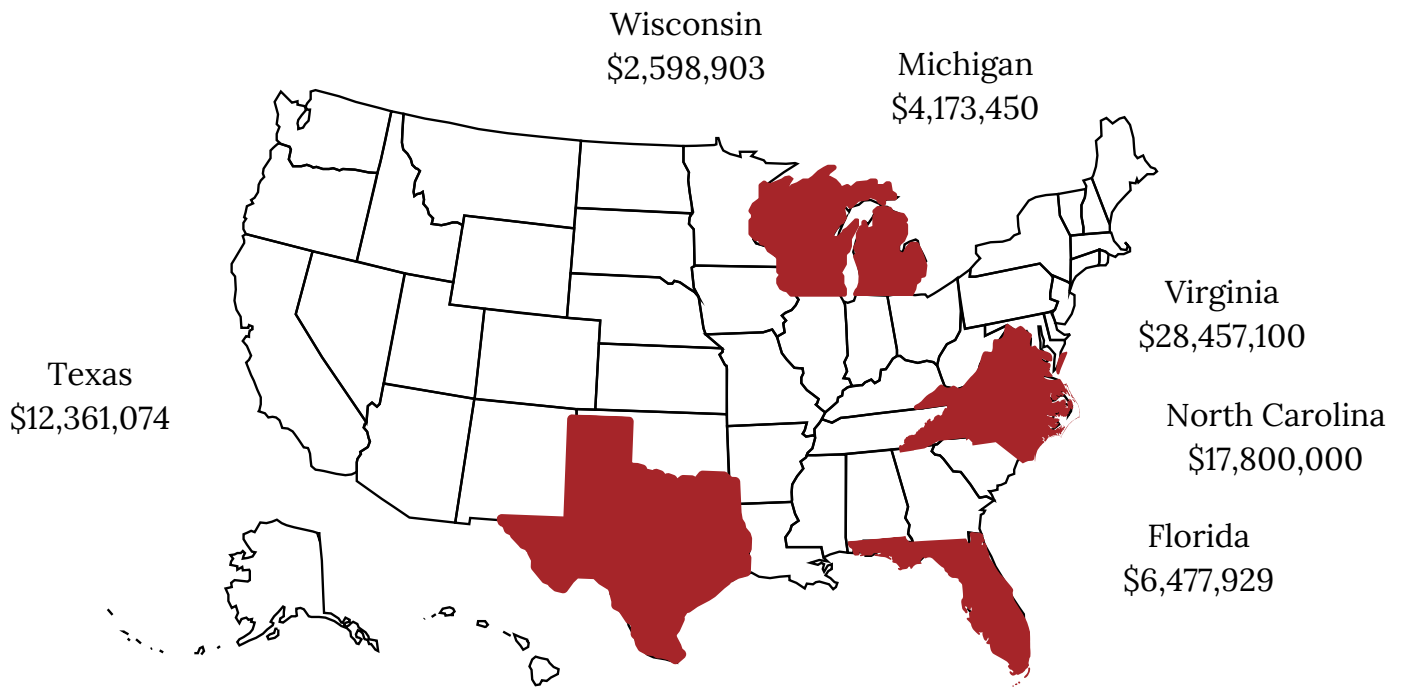
These expenditures were targeted and strategic. The RSLC's REDMAP project focused on states where the legislature controlled mapping of both state and congressional districts, or those in which a relatively small investment could have an outsized impact on electoral outcomes.

To capture the scope of the REDMAP project in greater depth, this report focuses on RSLC spending on legislative races in six states: Michigan, North Carolina, Wisconsin, Virginia, Florida, and Texas. These states were selected based on a variety of factors.

State politics in Texas, Virginia, and North Carolina have been impacted by the largest RSLC investments in the country. The group has spent well over \$10 million in each of these three states since 2010. This is partially an effect of laws that regulate political spending in these states - both Virginia and Texas allow virtually unlimited political spending on state races.

However, the case studies of Wisconsin, Michigan, and Florida demonstrate that the RSLC can impact elections and state politics through more modest and targeted investments. Furthermore, the impact of RSLC spending is not restricted to these six states. Many of the outcomes discussed below in connection to the erosion of democracy can be seen in states across the country.

Case study: RSLC spending on state legislative races since 2010



IMPACT OF RSLC SPENDING

In several state legislatures, the RSLC's targeted spending has contributed to a democracy gap or to an electoral competition gap, each of which have implications for the health of democracy in the states where they are evident. Five of the case studies below examine the historical and the contemporary impacts of a democracy gap in Michigan, Wisconsin, Virginia, North Carolina, and Florida.

In the final case study, of RSLC spending on legislative races in Texas, gerrymandering has more recently been used to limit electoral competition. The data in Texas demonstrates that partisan gerrymandering does not only pose a threat via disproportionate representation, but also by strategically stifling competition in general elections. This lack of competition disproportionately weights the outcome of primary races, which attract fewer and more partisan voters. When elections are not competitive, elected officials have been proven to be more polarized and less accountable and responsive to voters.

DEMOCRACY GAP

The difference between the statewide popular vote in legislative races and the partisan makeup of a state legislative chamber following an election.

For example, if 50 percent of a state's voters support Republican State Senate candidates, but Republicans win 65 percent of State Senate seats, the democracy gap is 15 percent.

COMPETITION GAP

The percentage of seats in a given election with a margin of victory that was less than 10 points.

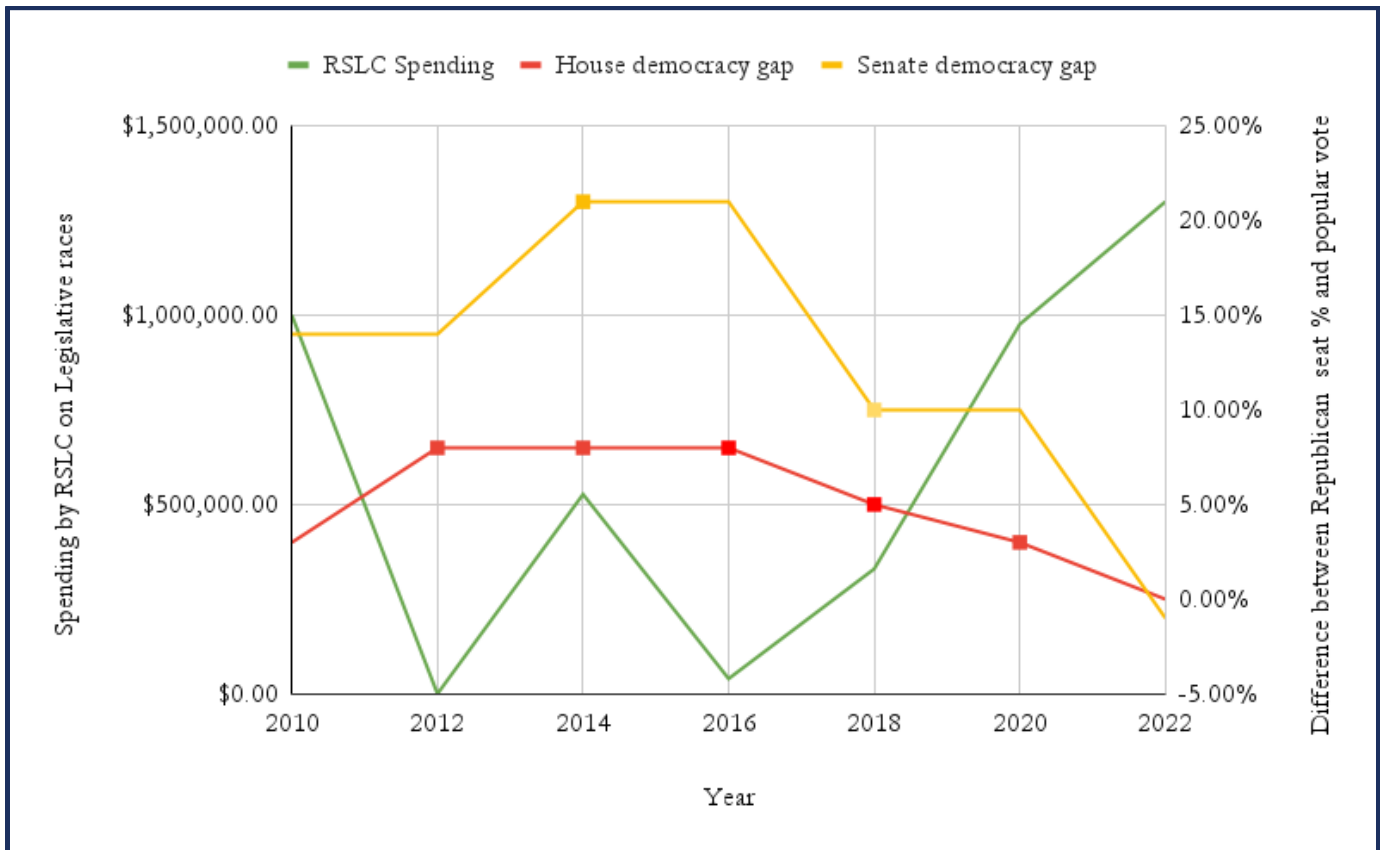
For example, if 5 of 100 State House races are decided by fewer than ten points, the competition gap is 5 percent.

MICHIGAN



Michigan was among the first states targeted by the RSLC through Project REDMAP. The group spent \$1 million on legislative races there in 2010. This investment allowed Republican legislators to control the decennial redistricting process in 2011. The legislative maps they developed led to a decade of minority rule in Michigan between 2012 and 2022 (illustrated in square red and yellow data points in the graph below). In 2018, voters amended the state constitution via a referendum that shifted redistricting powers to a bipartisan citizen commission. As the chart below illustrates, the RSLC responded to this change by once more significantly increasing its spending in Michigan.

RSLC SPENDING AND THE DEMOCRACY GAP IN MICHIGAN



MICHIGAN



IMPACT OF THE DEMOCRACY GAP IN MICHIGAN

- **Flint Water Crisis.** Deepening of the Flint Water Crisis when legislature-appointed city manager decided against lead mitigation efforts. The manager was retained by the legislature despite the outcome of a popular referendum in 2012 that sought to reassert local control of city management.
- **LGBTQ rights.** Legislature limited the ability of LGBTQ couples to adopt children, despite popular support for adoption rights.
- **Tax reform.** Legislature voted down a bill to implement a graduated state income tax, despite popular support for the measure.

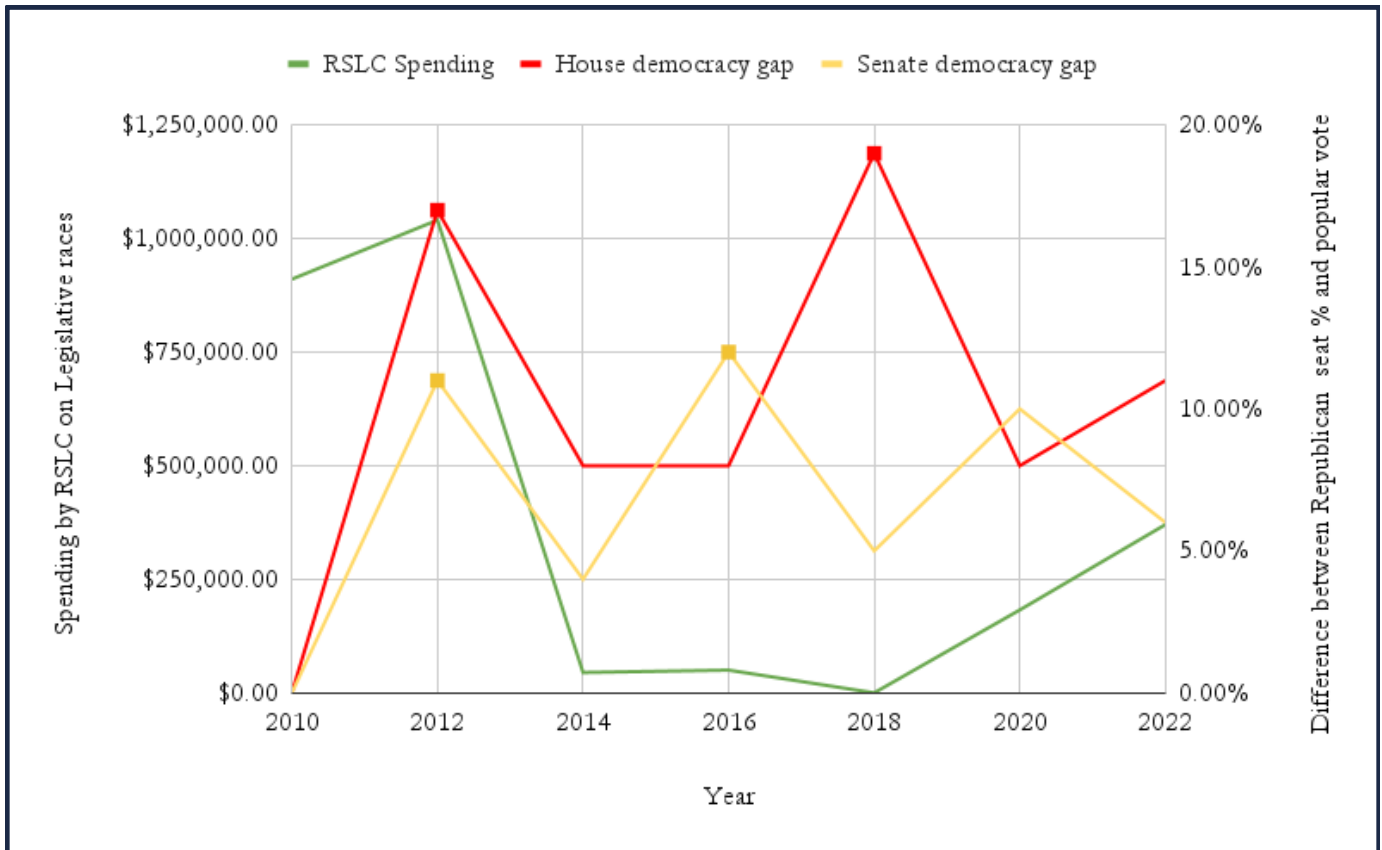
Michigan was the proving ground for the RSLC and Project REDMAP. The decade of minority rule had a serious impact on Michigan voters. The RSLC continues to use the same strategies in other states around the country.

WISCONSIN



Wisconsin was another early target of RSLC spending and gerrymandering that undermined democratic norms and contributed to multiple years of minority rule in the state legislature (illustrated in square red and yellow data points in the graph below). However, unlike in Michigan, Wisconsinites do not have the ability to amend the state constitution via popular referendum. Instead, the democracy gap remains high in Wisconsin and the RSLC has recently begun reinvesting in the state to widen and protect the Republican Party's undemocratic advantage.

RSLC SPENDING AND THE DEMOCRACY GAP IN WISCONSIN



WISCONSIN



IMPACT OF THE DEMOCRACY GAP IN WISCONSIN

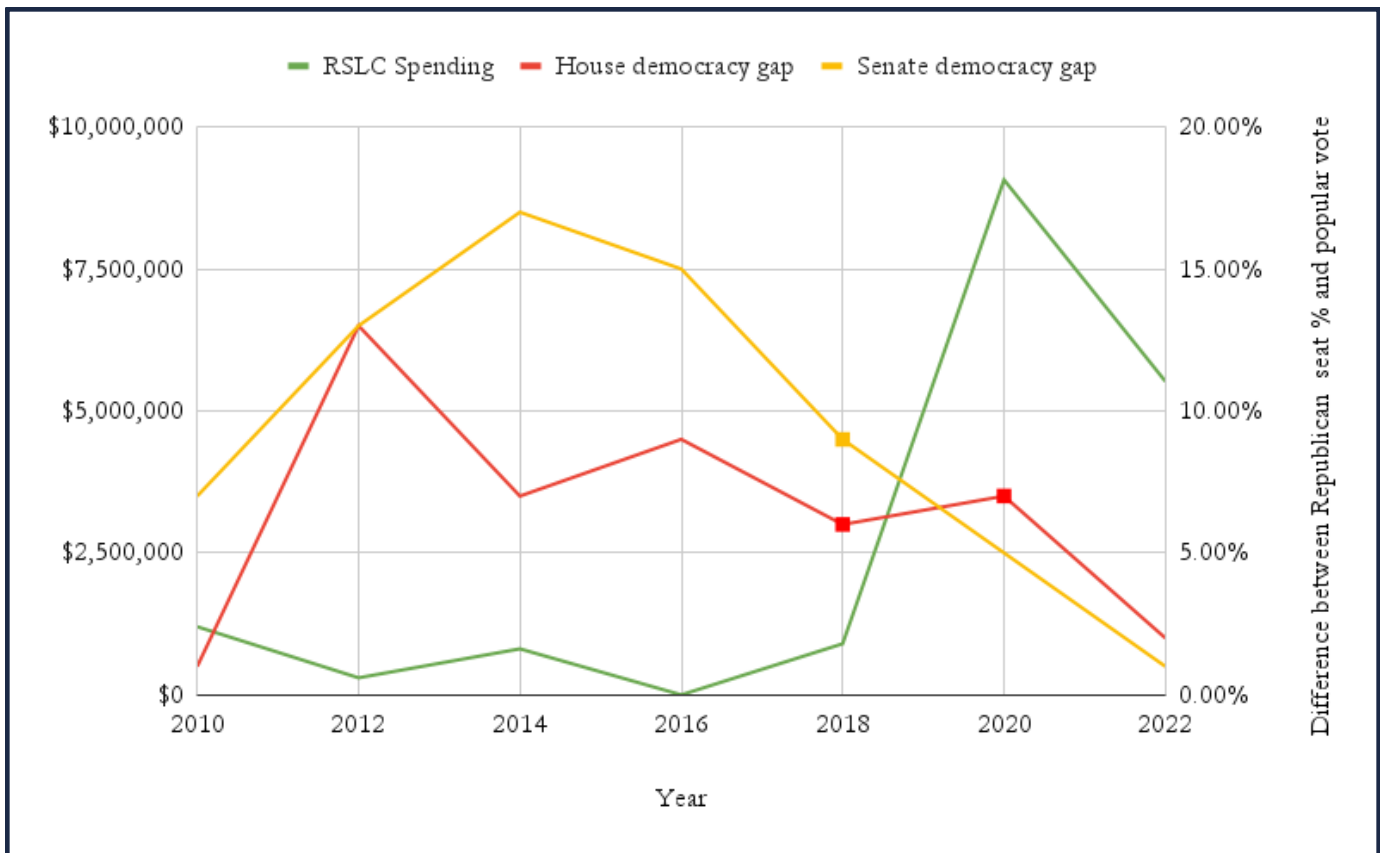
- **Power grab.** The “lame-duck coup” of 2018 in which the legislature attempted to strip the Democratic Governor-elect of many important powers of the office.
- **Threats and impeachment.** Republican legislators threatened to impeach democratically elected State Supreme Court Judge Janet Protasiewicz to stop her from hearing a case on redistricting. The Republican Assembly speaker has also recently threatened to fire the nonpartisan state elections administrator because she upheld the results of the 2020 presidential election in Wisconsin.
- **Voting restrictions.** Republican legislators have repeatedly attempted to make it harder for Wisconsinites to vote, with restrictions that are particularly challenging to voters of color and low-income voters.
- **Abortion.** Republican legislators refuse to repeal 1849 law banning abortion in Wisconsin, despite popular support for abortion access in the state.

NORTH CAROLINA



Like voters in Wisconsin, North Carolinians have been subjected to minority rule as a result of recent elections (illustrated in square red and yellow data points in the graph below). This RSLC-funded democracy gap has had several tangible impacts on public policy and people’s lives.⁹ Recent increases in RSLC spending in North Carolina could secure a long-term democracy gap in North Carolina similar to the unfair advantage the RSLC helped Republicans implement after 2010.

RSLC SPENDING AND THE DEMOCRACY GAP IN NORTH CAROLINA



⁹ According to state and federal campaign finance records, RSLC spending in North Carolina in 2020 and 2022 was funneled through a group called the Good Government, which in turn gave the money to a state PAC called Citizens for a Better NC.

NORTH CAROLINA



IMPACT OF THE DEMOCRACY GAP IN NORTH CAROLINA

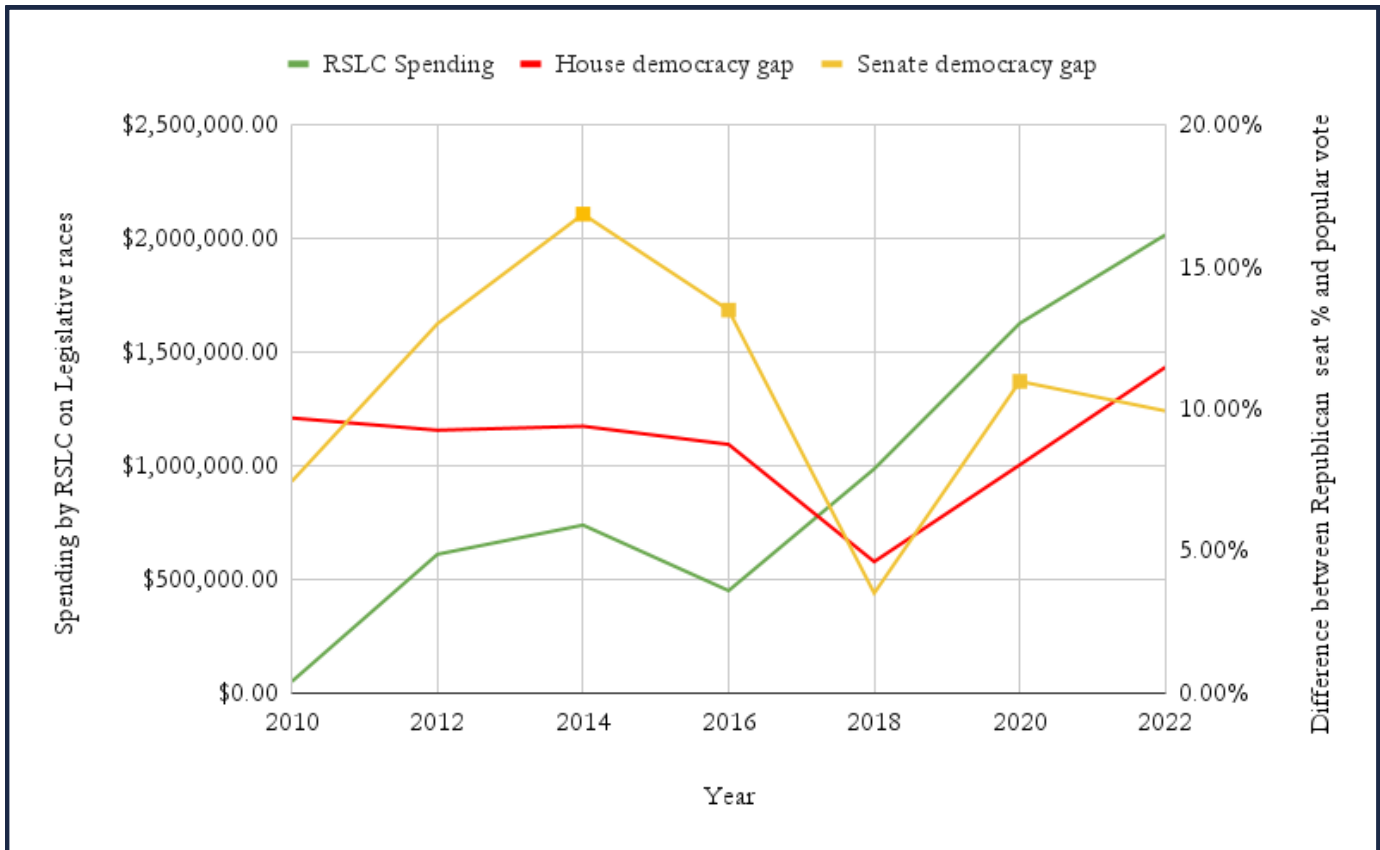
- **The first power grab.** Republican legislators attempted to strip Democrat Governor-elect Roy Cooper of many of the powers of the office in 2016.
- **The second power grab.** In 2023, Republicans attempted to remove Governor Cooper's ability to appoint members of state executive boards, including those charged with running and protecting elections in the state.
- **Abortion.** In 2023, Republican supermajority overturned Governor Cooper's veto of a 12-week abortion ban, despite strong opposition to the ban among voters.
- **LGBTQ rights.** NC legislators overrode the governor's veto of a trio of 2023 measures that discriminate against LGBTQ people in education and healthcare, despite popular opposition to the bills as well as concerns from healthcare providers and educators.
- **Healthcare.** Voters overwhelmingly supported expanding access to Medicaid in 2013 but the legislature refused to allow the expansion.

FLORIDA



In Florida, as in North Carolina, there has been a recent resurgence in RSLC spending on state legislative races. The RSLC spent nearly \$3 million on state legislative races in Florida between 2010 and 2018 and a further \$3.6 million in 2020 and 2022. The resulting democracy gap in Florida led to minority rule in the Florida state senate after elections held in 2014, 2016, and 2020 (illustrated in square red and yellow data points in the graph below).

RSLC SPENDING AND THE DEMOCRACY GAP IN FLORIDA



FLORIDA



IMPACT OF THE DEMOCRACY GAP IN FLORIDA

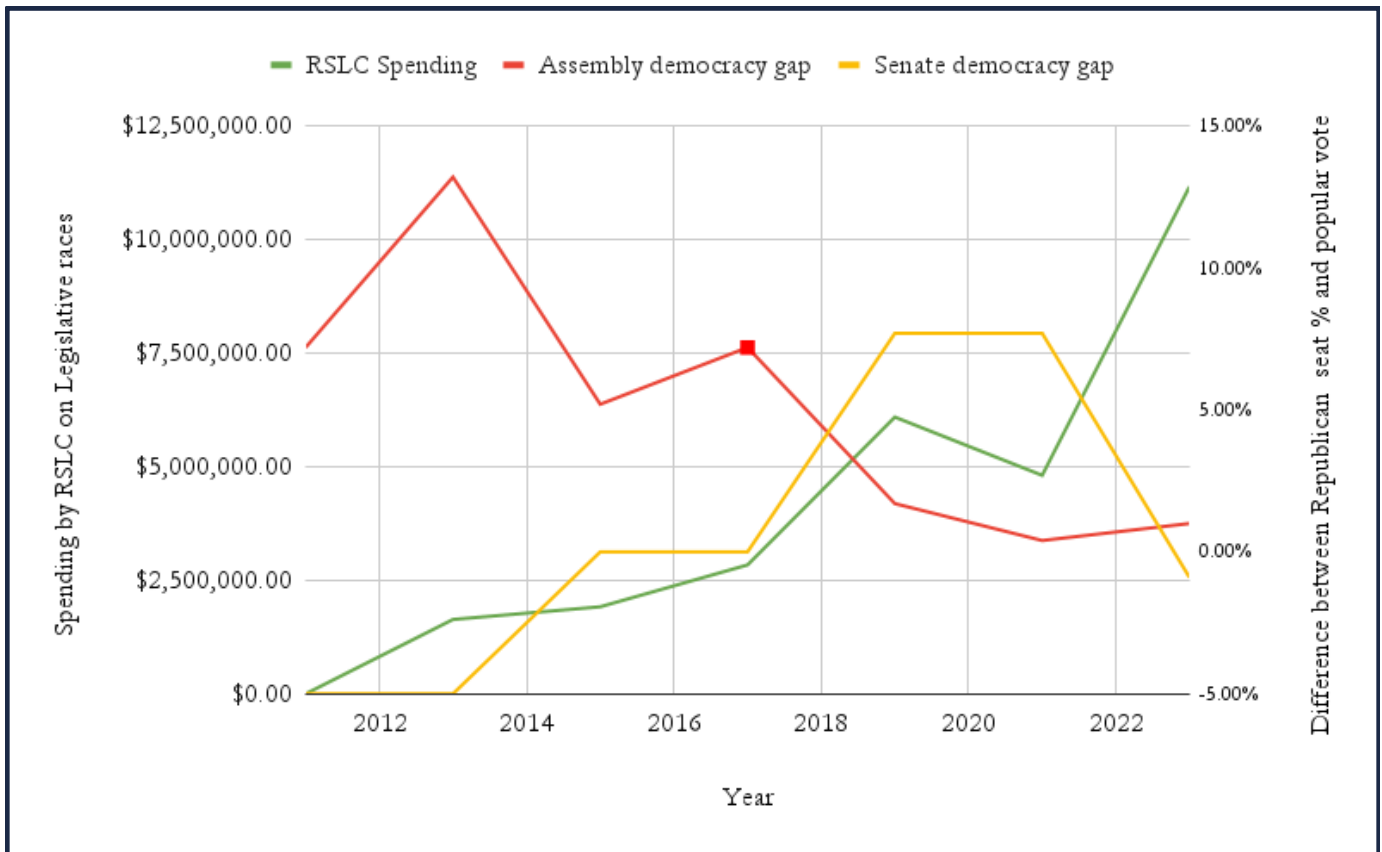
- **Political backlash against companies.** The Florida legislature enabled Republican Gov. Ron DeSantis' retaliatory attacks on Disney in retaliation once the company had dissented on controversial legislation and suspended political giving in Florida.
- **Voting rights.** In 2018, nearly 65 percent of Florida voters chose to lift the state's lifetime ban on felon voting. The state legislature reversed the popular will on this issue by creating new and opaque restrictions to felon voting access.
- **Judicial gerrymandering.** Florida legislators recently began a project to redraw judicial district boundaries to create unfair and unrepresentative advantages for Republican candidates in state judicial races.
- **Gun safety and mass shootings.** Florida Republicans voted down an assault weapons ban in 2018, less than a week after the death of 17 students at Marjory Stoneman Douglas High School. The measure had broad popular support. Instead, in 2023, the legislature voted to allow permitless carry of firearms in Florida, despite opposition from 77 percent of Floridians.

VIRGINIA



As in Michigan, Virginia adopted a bipartisan redistricting commission in advance of the 2020 census. However, while Michigan’s commission is voter-run, Virginia’s commission includes lawmakers and does not wholly remove redistricting debates from the political sphere. This decision led to repeated deadlocks in the redistricting process in 2021 and left the door open for a resurgence of the democracy gap in future elections. Between 2021 and 2023 the RSLC more than doubled its spending on state legislative races in Virginia.

RSLC SPENDING AND THE DEMOCRACY GAP IN VIRGINIA



VIRGINIA



IMPACT OF THE DEMOCRACY GAP IN VIRGINIA

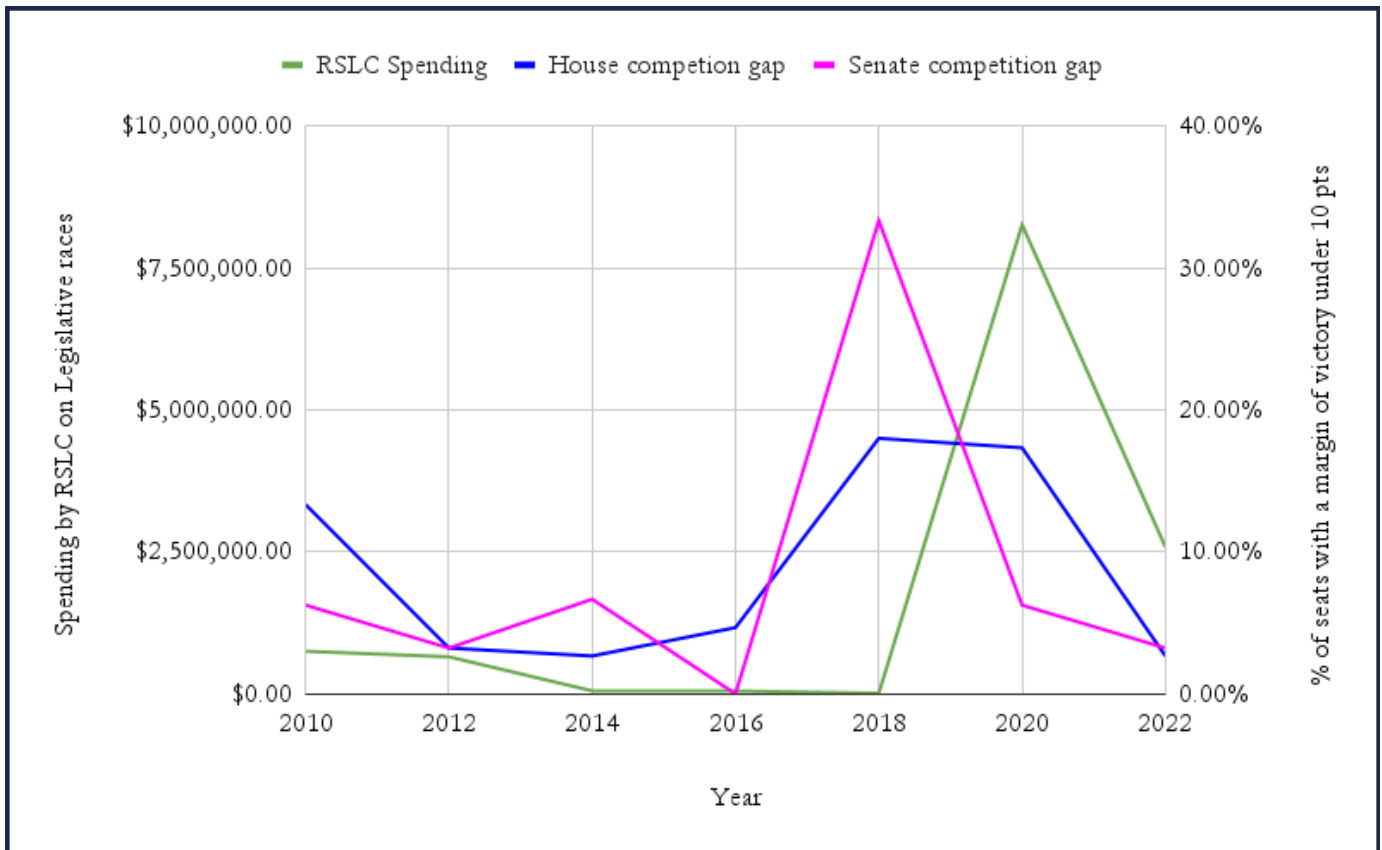
- **Gun control.** While controlling the House of Delegates through minority rule following the 2017 elections (illustrated in square red point in the graph above), Republicans refused to consider several gun control proposals. Their refusal persists in spite of popular support for an assault weapons ban, pre-purchase background checks, and red-flag laws to empower law enforcement to temporarily remove guns from people at risk of harming themselves or others.
- **Healthcare.** The Virginia legislature initially rejected Medicaid expansion despite voters' broad support for the measure. Medicaid expansion was eventually adopted in 2019.

TEXAS



In Texas, the electoral and campaign finance data tell a different story. Rather than a straightforward democracy gap, as discussed in the states above, RSLC money in Texas has been used to protect the competition gap. As the chart below illustrates, after districts became more competitive in 2018, the RSLC responded by boosting funding for Republicans running in state legislative races in 2020. In 2022, Texas legislators engaged in so-called “defensive gerrymandering” to secure a record number of “safe” non-competitive state legislative seats. The impact of this anti-competitive gerrymandering may shape public policy in Texas for the next decade or more.

RSLC SPENDING AND THE COMPETITION GAP IN TEXAS



TEXAS



IMPACT OF THE COMPETITION GAP IN TEXAS

- **Undermining local democracy.** A pair of 2023 bills stripped local elected officials of their ability to pass and enforce laws. This legislation jeopardizes key tenets of democracy and local representation.
- **Low voter turnout.** A lack of competitive races discourages voter turnout in recent Texas elections.
- **LGBTQ rights.** A 2023 law criminalizes gender affirming medical care for trans youth, despite widespread support for doctors and families.
- **Abortion.** Three laws have been passed in Texas in recent years that make it virtually impossible for women to receive abortions, even when their lives and health are at risk. These bills were passed over the objections of a majority of Texans. State legislators have little incentive to heed the views of the majority when they are unlikely to face competition in elections.

HOW COMPANIES CAN REDUCE THE RISKS OF POLITICAL SPENDING

As the case studies above illustrate, corporate dollars are being used to undermine corporate commitments to democracy and related values. This creates substantial risks for companies, economically and for their ability to conduct their business; reputationally with employees, customers, and shareholders; and it has led to prominent instances of intimidation and retaliation against companies.

Companies have made clear commitments to protecting democracy. To maintain these commitments and mitigate risks, corporate leaders can take proactive steps to ensure that political spending through third-party groups does not contribute to the erosion of democratic norms, which could further harm companies' ability to operate effectively.

Democracy is under threat in 2024 and corporate stakeholders are more attuned than ever to the role companies are taking in defending democratic norms. Protecting democracy is important for the country and important for companies.

**COMPANIES CAN MITIGATE THESE RISK THROUGH THE
ACTION ITEMS DESCRIBED ON THE FOLLOWING PAGES**

THE CPA GUIDE TO CORPORATE POLITICAL SPENDING

Written by the Center for Political Accountability in collaboration with executives at CPA-Zicklin Index Trendsetter companies, the [Guide to Corporate Political Spending](#) lays out a pragmatic checklist for:

- Managing the risks of political spending
- Strengthening and updating corporate political spending policies
- Encouraging dynamic decision-making within companies to avoid the risky pitfalls of siloed and competing priorities
- Addressing the unique and growing risks of contributing to third-party groups like the RSLC
- Facing the challenges of a changing political culture, in which companies are increasingly associated with all aspects of a candidate's political platform, including controversial or damaging issues like the threat to democracy
- Protecting the rule of law on which companies depend

THE ERB PRINCIPLES FOR CORPORATE POLITICAL RESPONSIBILITY

The Erb Principles offer a template for companies seeking to responsibly engage in civic and political affairs. The Principles center on the following:

- **Legitimacy.** Firms' political activities reflect legitimate use of resources and authority, and an authentic basis for engaging.
- **Accountability.** Firms are accountable for their political activities, actively striving for alignment with their commitments to purpose, values, stated goals and stakeholders.
- **Responsibility.** Firms' political activities demonstrate active support for the systems on which the economy, society and life depend.
- **Transparency.** Firms communicate openly and honestly about their political activities to promote informed stakeholder decision-making and public trust.

THE CPA-ZICKLIN MODEL CODE OF CONDUCT FOR CORPORATE POLITICAL SPENDING

The first action item encouraged by the Erb Principles is the adoption of the CPA-Zicklin Model Code. Companies that adopt or have policies consistent with the Model Code are comprehensively addressing the risks specifically posed by third-party political spending. The Model Code provides:

- A framework for aligning company values and company political spending
- Mechanisms for transparency and accountability with stakeholders
- Methods for evaluating and mitigating risks specific to third-party political spending. These methods build on existing norms of third-party risk management in other areas of business practices
- A requirement to know the ultimate recipients of a company's third-party contributions and what the company's money enables.
- Policies that give a company the ability to control its political spending and to say no
- A shield against political retaliation for a company's contribution practices
- A commitment by the board of directors to consider the societal impact of a company's political spending. This means looking beyond immediate business interests to consider the ramifications, for example, of threats to democracy on the business environment.

APPENDIX A

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AGGREGATE COMPANY CONTRIBUTIONS OF \$100,000 OR MORE TO THE RSLC JAN 2010 - JUN 2023

Altria Group	\$6,935,306
Anthem/Elevance	\$5,724,805
Reynolds American	\$5,043,838
AstraZeneca	\$2,776,447
Devon Energy	\$2,710,579
British American Tobacco	\$2,614,844
Brooks Macdonald Group	\$2,339,560
Chevron	\$2,258,689
Comcast	\$2,129,030
Marathon Petroleum	\$1,914,958
Walmart	\$1,847,471
Centene	\$1,844,899
Pfizer	\$1,830,747
NextEra Energy	\$1,663,998
AT&T	\$1,622,941
Dominion Energy	\$1,615,321
Citigroup	\$1,570,664
Exxon Mobil	\$1,498,707
Eli Lilly	\$1,498,071
Astellas Pharma	\$1,322,950
Charter Communications	\$1,244,080
Churchill Downs	\$1,186,436
Lowes	\$1,076,699
Intuit	\$1,050,031

Marathon Oil	\$914,942
Verizon Communications	\$911,450
General Motors	\$859,344
Visa	\$811,295
Crown Holdings	\$735,399
Alliant Energy	\$693,205
Walgreens Boots Alliance	\$689,702
Duke Energy	\$689,014
Vertex Pharmaceuticals	\$680,257
Noble Energy	\$675,000
UnitedHealth Group	\$669,288
LKQ Corp	\$632,910
General Electric	\$602,571
Las Vegas Sands	\$600,750
Coca-Cola	\$588,905
Caesars Entertainment	\$579,381
Home Depot	\$545,354
Wynn Resorts Limited	\$540,000
HP	\$536,355
Alphabet	\$530,224
General Mills	\$526,649
Maximus	\$526,511
CNX Resources	\$475,000
Apollo Global Management	\$474,355

APPENDIX A

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AGGREGATE COMPANY CONTRIBUTIONS OF \$100,000 OR MORE TO THE RSLC Jan 2010 - Jun 2023 (continued)

Liberty Broadband	\$473,147
Johnson & Johnson	\$473,092
Gilead Sciences	\$472,443
Waste Management	\$469,705
T-Mobile Us	\$468,665
Corecivic	\$460,275
eBay	\$456,373
Motorola Solutions	\$444,327
ConocoPhillips	\$432,000
TriStar Gold	\$425,000
Wells Fargo	\$418,103
Best Buy	\$417,149
Bank of America	\$414,939
Southern	\$412,942
Range Resources	\$393,275
Archer-Daniels-Midland	\$392,296
Dow	\$386,560
CVS Health	\$383,249
Stride	\$381,868
Peabody Energy	\$377,408
FMC Corp	\$375,000
Scotts Miracle-Gro	\$374,859
Rent-a-Center	\$368,361
Allstate	\$355,482

3M Co	\$346,930
Alliance Resource Partners	\$345,000
Davita	\$341,177
Yahoo	\$340,433
Molson Coors Beverage	\$340,076
Horizon Therapeutics	\$333,142
Expedia Group	\$319,031
DISH Network	\$315,458
WEC Energy Group	\$311,724
Kraft	\$311,222
Geo Group	\$310,774
Bristol-Myers Squibb	\$307,145
DISH Network	\$306,845
United States Steel	\$302,434
EQT	\$301,064
Amazon	\$292,379
Union Pacific	\$288,034
Energy Transfer LP Unit	\$275,000
Molina Healthcare	\$274,797
Vistra	\$273,194
Express Scripts	\$269,563
KKR & Co	\$261,094
Mastercard	\$253,708
Trinity Industries	\$251,874

APPENDIX A

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AGGREGATE COMPANY CONTRIBUTIONS OF \$100,000 OR MORE TO THE RSLC Jan 2010 - Jun 2023 (continued)

PepsiCo	\$239,078
Biogen	\$235,711
Carlyle Group	\$229,823
Cleveland-Cliffs	\$227,181
Merck & Co	\$225,137
Microsoft	\$222,478
American Electric Power	\$221,546
ODP	\$220,555
Xcel Energy	\$218,735
Meta Platforms	\$214,500
Reneable Energy Group	\$212,558
Capital One Financial	\$210,939
Switch	\$210,629
AbbVie	\$210,253
Ovintiv	\$210,000
Lorillard	\$208,402
Great Lakes Dredge & Dock	\$207,302
Exelon	\$195,000
CenterPoint Energy	\$194,649
Minerals Technologies	\$191,000
Delta Air Lines	\$187,523
Teladoc Health	\$180,489
News Corp	\$173,534
AFLAC	\$170,500
DuPont de Nemours	\$169,300

Amgen	\$167,724
Public Service Enterprise Group	\$162,500
Brown-Forman Corporation	\$160,660
Mylan	\$160,000
DirectTV	\$151,500
US Bancorp	\$148,521
Abbott Laboratories	\$136,923
Yum! Brands	\$135,881
Target	\$135,051
FirstEnergy	\$135,000
Celgene	\$133,377
Fresenius Medical Care AG	\$127,890
Equitrans Midstream	\$120,558
JPMorgan Chase	\$117,554
PayPal Holdings	\$117,136
iShares Digital Security	\$110,000
Cleantech Lithium	\$108,500
International Paper	\$106,000
Nucor	\$105,906
Cisco Systems	\$105,398
Fiat Chrysler	\$104,662
Uber Technologies	\$101,088
Southwest Airlines	\$100,894
Atlanticus Holdings	\$100,000
Domo	\$100,000

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