

US companies amass political funding cash pile after Capitol riot

Corporate Pacs that halted donations are sitting on \$28m ahead of 2022 midterm elections

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Tuesday, May 25, 2021

More than 40 American companies that stopped making political contributions after the riot at the US Capitol are sitting on \$28m in unspent cash, giving them an unusually large amount of dry powder to deploy ahead of next year's midterm congressional elections.

The political action committees of companies including 3M, American Airlines, Chevron, Citigroup, Facebook, Target and UPS each had record cash on hand as of April this year compared with this point in previous election cycles, according to a Financial Times review of the latest filings to the Federal Election Commission.

The rise in funds came after the companies paused donations to both main US political parties following January 6, when supporters of Donald Trump mobbed the Capitol in a siege that left five people dead and interrupted the certification of Joe Biden's presidential victory. Several other companies said they would withhold money from the campaigns of Republicans who opposed the certification.

The cash accumulated in committee bank accounts could lead to a spending gush in the next election cycle, when the entire US House of Representatives and a third of the Senate will be campaigning.

"If they have a lot of money, money tends to burn a hole" in Pacs' pockets, making them likely to spend it rather than hold it back, said Bruce Freed, president of the Center for Political Accountability, which tracks campaign finance.

“It is a symbiotic relationship in that members of Congress need this money . . . and the companies use it as a way to get face time with members Robert Maguire, Citizens for Responsibility and Ethics

Corporate Pacs are funded by voluntary donations from company employees, often through regularly scheduled payroll deductions. Many big companies match employees’ political giving with payments to their favourite charities.

The Pacs as a whole gave less to federal candidates during the 2020 election cycle than in 2016, meaning they had already begun to build up cash before January 6. The coffers of Pacs that continued to receive employee contributions, while suspending their giving after January, received an extra influx.

The funds do not expire, meaning corporate Pacs are free to stockpile cash on hand for future election cycles, said Andrew Mayersohn of the non-partisan research group OpenSecrets.

“They’ll find ways to spend it,” Mayersohn said.

The committees can be an important funding source. Some members of Congress obtain more than 80 per cent of their campaign money from corporate Pacs, said Robert Maguire, research director at Citizens for Responsibility and Ethics in Washington. “It is a symbiotic relationship in that members of Congress need this money . . . and the companies use it as a way to get face time with members, and to promote and push bills and legislation and regulation that impacts their bottom line.”

Mayersohn said corporate Pacs that are reluctant to give directly to members of Congress have alternatives, including giving to national or state party committees that can act as fundraising vehicles for candidates. Corporate Pacs may also support state and local candidates and causes in lieu of federal ones.

\$193,130 the amount spent by General Motors’ political action committee in April

Under US election law, corporate Pacs can donate up to \$15,000 a calendar year to national party committees and up to \$5,000 a year to state party committees. For certain expenses, national party committees can also each receive Pac donations of up to \$45,000 a year in special accounts.

Corporate Pacs can give up to \$5,000 to other Pacs or specific candidates for the primary and general elections.

There's only so many members of Congress, and the contribution limits to them are much smaller" than to party committees, Mayersohn said.

A small number of corporate Pacs resumed political donations in February and March, including Cigna, Intel and T-Mobile.

The latest FEC filings show a handful of other companies started giving again in April, including Microsoft and General Motors. Microsoft's Pac spent \$34,640 in April, including \$8,100 — the maximum allowable under state law — to Californians for Jobs and a Strong Economy, a Pac supporting moderate, pro-business Democrats.

GM's Pac spent \$193,130 in April, including \$15,000 each to the National Republican Senatorial Committee, the Democratic Congressional Campaign Committee and the Democratic Senatorial Campaign Committee.

Republicans loyal to Donald Trump set fundraising records in first quarter

UPS said that its committee "will begin making disbursements again soon" and that its pause would "not impact the overall giving level of the Pac for the year or election cycle".

American Airlines said: "When we resume, we will ensure we focus on a bipartisan array of lawmakers who support US aviation, airline workers and our values."

Chevron, which had said its Pac was reviewing donations in the wake of the Capitol attack — and which has not made any disbursements since — said donations "continue to be available to pro-business and pro-energy candidates", adding that it did "not have a pause in effect".

3M, Citigroup, Facebook and Target either declined to comment or referred to earlier statements.

Corporate Pacs amass cash ahead of 2022 midterms
Committee Cash on hand as of April 2021
Cash on hand as of April 2019
3M \$129,425 \$88,815
American Airlines \$589,573 \$392,734
Chevron \$406,905 \$325,364
Citigroup \$496,487 \$364,390
Facebook \$128,328 \$57,363
UPS \$2,613,947 \$1,510,871
Target \$274,342 \$86,163
Selected companies shown. Source: Federal Election Commission