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BUSINESS

Minnesota's biggest companies open their wallets to political candidates, and risk

Political giving is a two-edged sword as companies often lose control of where their cash goes.

<https://www.startribune.com/minnesota-s-biggest-companies-open-their-wallets-to-political-candidates-and-risk/572847072/>

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OCTOBER 24, 2020 — 8:17AM



DAVID GOLDMAN – ASSOCIATED PRESS FILE

The 2020 U.S. elections are flush with cash, much of it coming from corporations.

On its face, a corporate political contribution looks simple. Like this little one from Minnesota's biggest company, UnitedHealth Group.

UnitedHealth Group gave \$10,000 to Rely on Your Beliefs, a political action committee that gives exclusively to Republicans. Rely on Your Beliefs then gave \$50,000 to the Senate Leadership Fund.

The Senate fund, a Republican super PAC, then spent more than \$18.5 million on attack ads this month opposing Cal Cunningham, the Democratic candidate for U.S. Senate in North Carolina.

UnitedHealth may not have intended to fund negative advertising in what has become [the most expensive Senate race in U.S. history](#), but it is now linked to those ads through the winding and often murky money trail funding the 2020 U.S. elections.

“UnitedHealth Group works with a wide range of policymakers who share our commitment to building a next-generation health care system,” company spokesman Eric Hausman said last week. He declined to talk about its [specific political donations](#).

Minnesota's largest companies gave millions to 2020 election campaign

Political action committees from the state's biggest corporations donated directly to dozens of individual candidates. The PACs also contributed to campaign committees for both major parties and other PACs, which donated their donations.



Data as of October 23, 2020

Chart: Raymond Grumney, Star Tribune Source: U.S. Federal Election Commission [Get the data](#)

In the face of broad social movements and controversies, Minnesota's biggest companies and others around the nation are beginning to make more measurable public commitments to the environment, racial equity and worker well-being.

Businesses tout such efforts publicly in news announcements, even commercials, and respond to activist stockholders who eagerly test actions against words.

But gaps still remain between the values companies publicly espouse and how they spend their money on political campaigns. Part of the reason for that is because so much corporate giving is funneled through third-party groups that shield the businesses from direct accountability.

“Corporations give to third-party groups and don’t pay attention to where their money ends up,” said Bruce Freed, president of the Center for Political Accountability, which counsels businesses to develop programs for responsible giving. “The line is drawn out much farther these days.”

The group’s recent report, titled [**“Conflicted Consequences”**](#) explains how companies’ brands and reputations are at risk as money passes through a network of groups and eventually ends up in a cul-de-sac of controversy.

For example, in the 2019-20 election cycle, the Star Tribune found that Medtronic’s political action committee gave the maximum annual donation of \$5,000 to Impact, a PAC run by Senate Minority Leader Chuck Schumer. Impact, in turn, gave the maximum contribution to the NARAL Pro-Choice America PAC. This, said Freed, leaves the Minnesota-run medical device company associated with the abortion debate.

“We’re agnostic about corporations making political contributions,” Freed said. “But if they do, they need rigorous board oversight and review.”

Medtronic said its political contributions are determined by a board that uses “criteria such as key committee assignments, leadership, a history of support for Medtronic and industry-related issues, and constituent representation.” Company spokesman Ben Petok said the contribution to Impact met its guidelines and that the company’s PAC doesn’t analyze “downstream contribution decisions” as part of its giving criteria.

The 2020 U.S. elections are flush with cash, much of it coming from corporations. Federal races this year are expected to [**near \\$11 billion in spending**](#), shattering the record of the 2016 cycle, even when adjusted for inflation.

Reportable contributions can link companies to individuals and committees. Minnesota corporations have given millions in disclosed donations so far this year through their official PACs.

Streams of dark money

Larger amounts flow to nonprofits called 501(c)(4) groups — or so-called “social welfare” organizations — that have no donation limits nor any obligation to reveal their donors.

“That’s where a company can come in and give seven figures. The group then donates to something like the Senate Leadership Fund that run attack ads as “independent expenditures,” Freed explained. He called such dark money “corrosive and threatening” to democracy.

Dark money groups have proliferated in politics since the Supreme Court’s landmark 2010 ruling in the Citizens United case allowed the groups to collect unlimited amounts from corporations.

Secret donations also place companies or executives who make them at risk of inadvertent disclosure. Being found out can cause embarrassment, damage reputations and sometimes lead to lost business.

There have been enough inadvertent disclosures of corporate dark money that more companies are taking pledges not to give to 501(c)(4)s or, if they do, to disclose the amounts, Freed said. The Center for Political Accountability list of companies that have taken a pledge to prohibit or disclose dark money donations has grown from 75 in 2015 to 135 in 2020, Freed said.

Hormel Foods Corp. was the only Minnesota company on the Fortune 500 with a policy prohibiting corporate contributions to social welfare organizations and their slightly more transparent cousin, 527 groups, in [2018](#), according to the Center for Political Accountability database.

Ecolab, General Mills and Medtronic reported that they made no corporate contributions to such groups in 2018, the most recent election cycle for which figures are posted.

In the 2018 election cycle Xcel Energy, UnitedHealth, 3M, Best Buy, U.S. Bank and Target all gave to 527 groups, which often conduct negative campaigns. Those groups must reveal names of donors.

UnitedHealth was the only Minnesota company that self-reported contributions to 501(c)(4) groups. Others did not disclose one way or the other.

It is a common tactic for corporations to give to both major parties and to candidates on both sides of the aisle. For instance, in the 2020 cycle, 3M's PAC gave to liberal Democratic Rep. Betty McCollum and the conservative Senate Majority Leader Mitch McConnell.

Like UnitedHealth Group, U.S. Bank gave to Rely on Your Beliefs and saw its contribution linked to attack ads against Cunningham.

But a bank spokesman, Jeff Shelman, said that U.S. Bank also gave to a PAC that donated \$10,000 directly to Cunningham, a Democrat.

UnitedHealth [gave tens of thousands of dollars](#) to Democrat and Republican Super PACs and 527 groups in Colorado that are working against one another for [control of the state's Senate](#). On the surface, this suggests corporations aren't playing favorites with political parties. But campaign finance watchdogs say such giving is a way for corporations to gain access to powerful people who can influence policies favorable to their businesses.

Corporate political donations almost always favor incumbents, records show.

C-Suite giving

While most chief executives of Minnesota's publicly traded companies avoid directly contributing to political candidates, some take the risk.

Federal Election Commission records show Polaris CEO Scott Wine personally gave \$121,000 to mostly Republican Party committees and candidates in the 2019-20 cycle. The notable outlier was Democratic Sen. Amy Klobuchar, whose presidential campaign Wine supported.

"I have a strong belief in economic freedom and limited government and contribute to candidates that also support those ideals," Wine said in a statement he issued in response to an inquiry from the Star Tribune. He declined further comment.

Beth Ford, chief executive of Land O'Lakes, has given about \$30,000 of her own money to candidates in 2019-20, chiefly to Democrats.

"Political advocacy and action is important for Land O'Lakes and is also important to me on a personal level, which is why I donate to the Land O'Lakes PAC and personally support candidates on both sides of the aisle who represent the communities where our members and employees live and work, those who support issues personally important to me, and those who are on committees that oversee policies directly impacting our farmer-owners, their communities and our overall business," she said in a statement to the Star Tribune.

Doug Baker, Ecolab's chief executive, gave more than \$23,000 this election to both Republican and Democrat candidates. He declined to comment on his contributions.

Shareholder and consumer expectations affect corporations and their leaders, said marketing specialist Akshay Rao of the University of Minnesota's Carlson School of Management.

Reputation risk

For corporations, perceived hypocrisy can actually be viewed more harshly than the mere existence of a political donation.

Rao pointed to the case of Target Corp.'s gift to Tom Emmer's 2010 campaign for Minnesota governor. Emmer, who is now representative for Minnesota's Sixth Congressional District, opposed same-sex marriage and Target's contribution led some consumers to organize a boycott of the retailer.

"Target is viewed as a gay-friendly brand," Rao explained. "If the action violates some core element of your brand, you are at risk."

Even old donations can come back to haunt corporations and executives.

UnitedHealth Group gave more than \$55,000 to the Republican Attorneys General Association (RAGA) in the 2017-18 election cycle, according to Center for Responsive Politics. Best Buy gave \$30,000 for the same period.

The RAGA Action Fund went on to support Republican attorneys general who sued to overturn the Affordable Care Act, which faces a Supreme Court showdown in November.

A decision to kill the ACA could deprive millions of Americans of health insurance, including allowing health insurers such as UnitedHealth to deny coverage to people with pre-existing conditions.

UnitedHealth declined to comment on its RAGA donation.

A Best Buy spokeswoman, Carly Charlson, said the company has given to Republican and Democratic attorneys general groups for 17 years.

Current events issues matter as well as history, Rao said.

"I tell my students: You are brand stewards," he said. "Don't just watch what you do, but what brands that are associated with you do."

Kristen Leigh Painter covers the food industry for the Star Tribune. She previously covered growth and development for the paper. Prior to that, Painter was a business reporter at the Denver Post, covering airlines and aerospace. She frequently writes about sustainable food production, consumer food trends and airlines.

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