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# CONFLICTED CONSEQUENCES



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# As 2020 Election Nears, New Report Shows Public Companies as Dominant Spenders Reshaping State and National Politics

## CPA Exposes \$800 Million That Backed Gerrymandering, ACA Legal Challenge, Attacks on Climate Change Efforts

WASHINGTON – Leading public corporations and their trade associations have quietly poured hundreds of millions of dollars over the decade into political groups influential in shaping state elections and resulting divisive policy agendas, according to research released today by the Center for Political Accountability.

The Center's "[Conflicted Consequences](#)" report has two central findings:

--It pulls back the curtain on the large, little-noticed donations by U.S. corporations and their trade associations to these so-called "527" groups and corrects a popular misconception that these companies are not major campaign finance players.

--It shows how in today's polarized environment, such spending may place companies in the bulls-eye for charges of acting hypocritically, fueling racial injustice, and supporting reduced access to affordable health insurance and attacks on effort address climate change and women's and LGBTQ rights.

**The report** was described by two eminent academics as "vital" and "a bracing reminder that talk, when not backed by action, is cheap. Indeed, in few places today is the gap between word and deed as wide as it is in the political spending of American corporations," wrote political scientists Jacob S. Hacker of Yale University and Paul Pierson of the University of California at Berkeley in their foreword to "Conflicted Consequences."

"For a corporation concerned about its image," their foreword said, "spending in the spotlight sends a public message; spending in the shadows delivers on private priorities – even when those priorities are at odds with its public reputation or the wishes of its shareholders." Hacker and Pierson are authors of the newly published book, "Let Them Eat Tweets: How the Right Rules in an Age of Extreme Inequality."

**“Conflicted Consequences”** tracks donations by public corporations and their trade associations to six Democratic and Republican groups focused on electing governors and attorneys general and flipping control of state legislative chambers. These groups are non-profit and tax-exempt. They are called 527 organizations for the section of the Internal Revenue Code that governs them.

It is the first comprehensive look at the impact of company political contributions to the six partisan state-focused 527s and the breakdown of sources of money to the groups.

To compile fundraising data, CPA examined reports filed by the 527 groups to the IRS. Three Republican 527 groups, CPA found, “targeted their political spending over the past decade from cumulative funds of more than \$800 million, with \$388 million or almost half (46.6 percent) received from public company and trade association treasuries. This spending helped bring changes in control of state legislatures and the election of governors and attorney general” and in turn “helped drive new agendas that have transformed state and national policy.”

“In contrast,” CPA’s report says, Democratic counterpart groups took in \$475 million during the same period, a little over half the amount received by the Republican groups. Democrats early in the decade lost significant representation in elected offices at the state level.”

**The report** uses detailed money maps to track millions of dollars donated to 527 groups by politically active companies, and examples of spending by the Republican 527 groups that eventually facilitated such initiatives as partisan and racial gerrymandering; a lawsuit to dismantle Obamacare; a challenge to President Obama’s Clean Power Plan; and attacks on women’s reproductive rights and LGBTQ rights.

It also includes graphics displaying the source of the money to each of the 527 groups for the election cycles from 2010 through 2019. The charts show the preponderance of public company and trade association money to the groups over the decade.

“In this explosive election year, voters, shareholders and consumers deserve to know how companies have deployed their money to wield outsized influence on politics and policy in state capitals and beyond,” CPA President Bruce Freed said in releasing the report.

“At a time of pandemic, economic crisis, and ongoing protests for racial equality,” Freed added, “companies are pledging to contribute to a better world. This report provides a timely tool for measuring their actions against their rhetoric.”

“**Conflicted Consequences**” builds on the Center’s 2018 groundbreaking report entitled “**Collision Course: The Risks Companies Face When Their Political Spending and Core Values Conflict, and How to Address Them.**” A Washington-based nonprofit, CPA advocates for companies to adopt political spending disclosure and accountability in order to minimize risk.