

DEALBOOK

A Company Backs a Cause. It Funds a Politician Who Doesn't. What Gives?

As the world expects more of corporations, it is untenable to support social and environmental causes while giving money, even indirectly, to candidates who oppose them.



By **Andrew Ross Sorkin**

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Walmart calls its employees “heroes” for putting their health at risk to work during the pandemic. AT&T champions L.G.B.T.Q. rights. Microsoft is undertaking one of the country’s most ambitious corporate efforts to eliminate its carbon emissions.

At a time when Corporate America is speaking up on some of the most important issues of our time, there is a contradiction between companies’ words today and the role they played in helping create the moment we find ourselves in.

An examination of political spending over the past decade shows how those companies — and dozens of other Fortune 500 corporations — quietly funded political efforts that are antithetical to their public stances. They financed state attorneys general seeking to undo the Affordable Care Act, which has provided health insurance for millions of Americans during the pandemic; they provided funds that backed local legislators who tried to roll back L.G.B.T.Q. rights; and they gave money that supported candidates challenging federal climate change initiatives.

Uniquely, public companies are the biggest benefactors of key political committees supporting the campaigns, donating more than individuals or other groups.

The analysis of donations by the Center for Political Accountability, a nonpartisan organization that tracks political disclosures, reveals many of the contradictions: Walmart is among the companies that donated money to the Republican Attorneys General Association, which supported a group of state attorneys general including Ken Paxton of Texas, who was narrowly re-elected in 2018 and is now leading a group of Republican-run states in a Supreme Court case that seeks to overturn key aspects of the Affordable Care Act.

AT&T, which says its policies prohibiting discrimination against employees based on sexual orientation date back to the 1970s, provided funds to the same group, which helped elect Pat McCrory in North Carolina in 2012. Mr. McCrory, the former governor, signed the “bathroom bill,” which required transgender people to use public bathrooms corresponding to the gender listed on their birth certificates (and was later overturned).



Former North Carolina Gov. Pat McCrory speaking during a University of North Carolina Institute of Politics forum in Chapel Hill, N.C., in January. Gerry Broome/Associated Press

Microsoft, which says it supports sustainability, provided money to the Republican Governors Association, which funneled money to help elect Tom Corbett in Pennsylvania in 2010, who reduced emissions standards for the oil and gas industry.

These corporate donations to state-level political groups go to associations known as “527s,” named after a section of the tax code. The 527 designation allows companies to channel money to candidates without giving to specific individuals. The donations, which come from corporate treasury departments — not via company political action committees — can be tracked by following the money paid to a 527 and examining how it is distributed.

The numbers tell the story: Of the \$1.3 billion raised over the past decade by the Democratic and Republican governors associations, state legislative campaign committees and attorneys general associations, 46 percent — or nearly \$600 million — came from public companies and their trade associations, far more than the 22 percent share from individuals and 16 percent from private companies, according to the Center for Political Accountability. Two-thirds of the corporate and trade association money, around \$390 million, went to Republican-affiliated groups.

Companies argue that they donate to organizations associated with both parties, that their contributions are not endorsements of particular politicians or policies, and that they have no control over how their money is used by the groups. All of that is true, but these same companies’ stances on particular social and environmental matters put them largely at odds with Republican lawmakers and leaders in state houses around the country. Of course, for companies that are as outspoken about lower taxes or lighter regulation as they are about climate change, then their donations to Democratic groups could also be seen as working against their interests.

A spokesman for Walmart said, “We support elected officials on both sides of the aisle to ensure our company can continue to save our customers time and money while operating in the very best business environment possible.” Its donations to 527 groups are intended to “bring together policymakers to solve problems at the state level” and are not endorsements of any particular politician.

Indeed, companies are motivated to make such political donations because it potentially buys them access — and they hope, favor — with politicians who can directly affect their businesses. They may want to bend a politician’s ear on a tax treatment, government contract or regulatory action. During the pandemic, having a direct line to the governor’s office has been critical in how some businesses have sought to influence reopening plans.

Or a company could face a legal challenge. Facebook, which has given to both Republican and Democratic state attorneys general associations, is facing antitrust investigations by 47 states as well as the Department of Justice.



The Facebook campus in Menlo Park, Calif. Jason Henry for The New York Times

Donations to 527 groups may give companies leverage with intended legislators, but since companies have no say how their money is spent by these organizations, a share of their donations may also go to figures that donors wouldn't choose to support in isolation. A spokesman for Microsoft said, "We don't have a role in decisions these groups make to provide financial support to individual candidates for public office."

Today, as employees and the public expect more of corporations beyond maximizing profits, it is untenable for a company to espouse a public position while giving money to political figures, even indirectly, who seek to undermine it.

Some corporate giving is seemingly more hypocritical: Companies like Google, AT&T, Sony, and Target — which say they support Black Lives Matter — have PACs that directly donated to the election campaign of Senator Kelly Loeffler of Georgia, who says she is "adamantly" opposed to the group, as Judd Legum and Tesnim Zekeria of the outlet Popular Information reported.

Bruce Freed, the president of the Center for Political Accountability, said that “companies aren’t paying attention — they give to these groups and that’s essentially where their due diligence stops.” The data shows that some of the biggest companies in the nation have funded “severe restrictions on or prohibitions of abortions, the rolling back of L.G.B.T.Q. rights, the filing of lawsuits challenging federal climate change initiatives, and gerrymandering, some of it racially motivated,” all while publicly supporting the opposite, he adds.

In truth, the donations — often under seven figures — are small in relation to the spending power of companies like Microsoft or Walmart. But this money can have an outsized influence on state-level politics, especially when pooled among many companies.

The result is the election of politicians who can change the rules for everyone in a state, including on the issues about which companies say they care about. At minimum, this risks undermining the time, effort and money that companies devote to the environment, working conditions or other causes. Even worse, it raises questions about how genuinely those companies value the issues they say they do.

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