

THE CORPORATE UNDERWRITERS TRILOGY



A three part series on the scope, scale, and impact of corporate political spending



EXECUTIVE SUMMARY

The 2024 trilogy of reports by the Center for Political Accountability—*Corporate Underwriters and the Democracy Gap*, *Courting Risk: Corporate Underwriters & State Attorneys General*, and *Corporate Underwriters: Where the Rubber Hits the Road*—provides a groundbreaking examination and comprehensive analysis of the role corporate political spending plays in shaping state and national policy and politics.

Prior to the publication of these reports, little attention was paid by the media and companies themselves to corporate political spending at the state level via three third-party groups known as “527” committees – the governors associations, state legislative campaign committees and attorneys general associations. Companies are significant or dominant funders of these groups. As the reports lay out, spending by these groups has had profound impacts that pose serious risks to companies.

Together, these reports highlight the tension between corporations' public commitments to democratic principles, addressing climate change, environmental stewardship, and broad human resources policies, and the reality of their financial contributions that often undermine these ideals. The series underscores the critical need for corporate accountability, transparency, and a framework for approaching, managing and assessing the risks of their political spending. These actions are critical for ensuring a company's political spending aligns with its publicly stated values and societal expectations.

Corporate Underwriters and the Democracy Gap

This report examines the profound impact of corporate donations on the democratic process at the state level. It pays particular attention to the Republican State Leadership Committee (RSLC) and details how these contributions have facilitated gerrymandering, voter suppression, and minority rule in state legislatures, creating a "democracy gap."

While many corporations publicly support democratic principles, their financial backing of organizations promoting anti-democratic practices reveals a stark contradiction. The report calls attention to the long-term consequences of such actions, including the erosion of public trust in both democratic institutions and corporate integrity.

Courting Risk: Corporate Underwriters & State Attorneys General

The second report in the series delves into the influence of corporate contributions to state attorneys general races, primarily through the Republican Attorneys General Association (RAGA) and the Democratic Attorneys General Association (DAGA). State attorneys general wield significant power over legal and regulatory issues that affect businesses, and corporate donations to these races have fueled increasing partisanship.

The report highlights the risks companies face when their political spending aligns them with controversial policies or lawsuits that contradict their stated values, such as opposition to environmental regulations or support for restrictive voting laws. This misalignment creates reputational risks and potential backlash from consumers, employees, and investors.

Corporate Underwriters: Where the Rubber Hits the Road

The final report broadens the scope to examine corporate contributions exceeding \$1 billion since 2010 to six major "527" political organizations, which are influential in electing state governors, legislators, and attorneys general. These organizations play a decisive role in shaping policy outcomes on critical issues like climate change, reproductive rights, and voting access.

The report reveals how corporate political spending often supports agendas that run counter to the values these companies publicly promote, such as sustainability, equity, and inclusivity. It emphasizes the ethical and strategic dilemmas and risks that corporations face when their political giving undermines their credibility and long-term interests.

Key Takeaways from the Trilogy

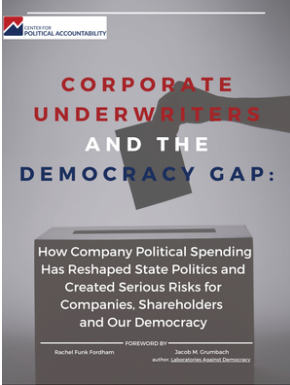
The reports collectively expose a growing "democracy gap" where corporate actions contribute to anti-democratic practices while professing to uphold democratic values. They highlight the importance of corporate accountability and the need for a framework for handling political spending in addressing the systemic risks posed by that spending, including reputational damage, the threat of corruption, consumer backlash, and potential regulatory scrutiny.

The series argues for greater transparency, stricter oversight, and a rethinking of political spending strategies to ensure alignment with societal values and commitments to being a responsible corporate citizen.

By shining a light on the disconnect between corporate values and political contributions and the accompanying risks, these reports provide a roadmap for companies to navigate the complex landscape of political spending and reaffirm their commitment to democratic principles, responsible governance, and public trust.

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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, 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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Jacob M. Grumbach is an associate professor of public policy at UC Berkeley. He studies American democratic institutions with a focus on federalism and state level policy.

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

ACKNOWLEDGMENTS

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

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METHODOLOGY

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.

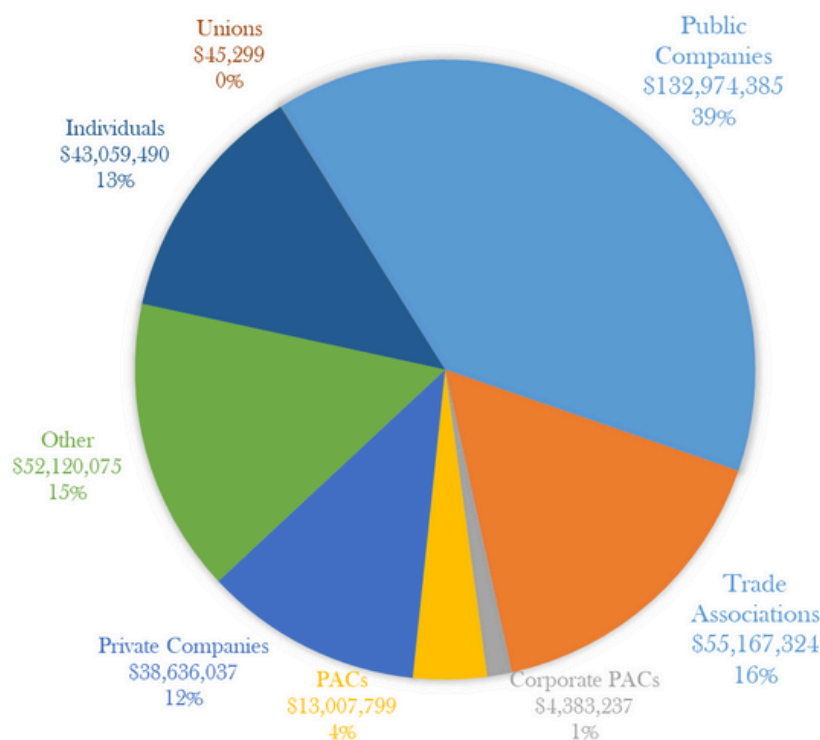
The Center for Political Accountability is a non-partisan public policy organization. It has examined and documented the risks posed to companies by their political spending. This report examines political spending in support of Republicans rather than Democrats. In following the money trail, CPA has 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

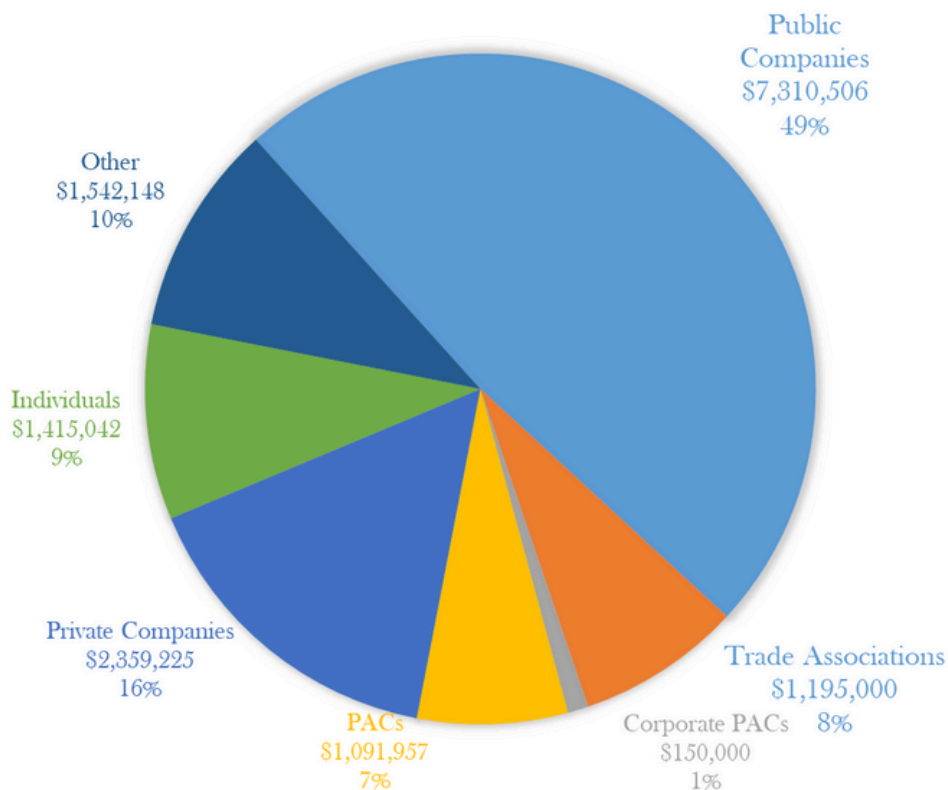
Restricting access to abortion, including total bans and criminalization of doctors

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
Lowe's	\$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

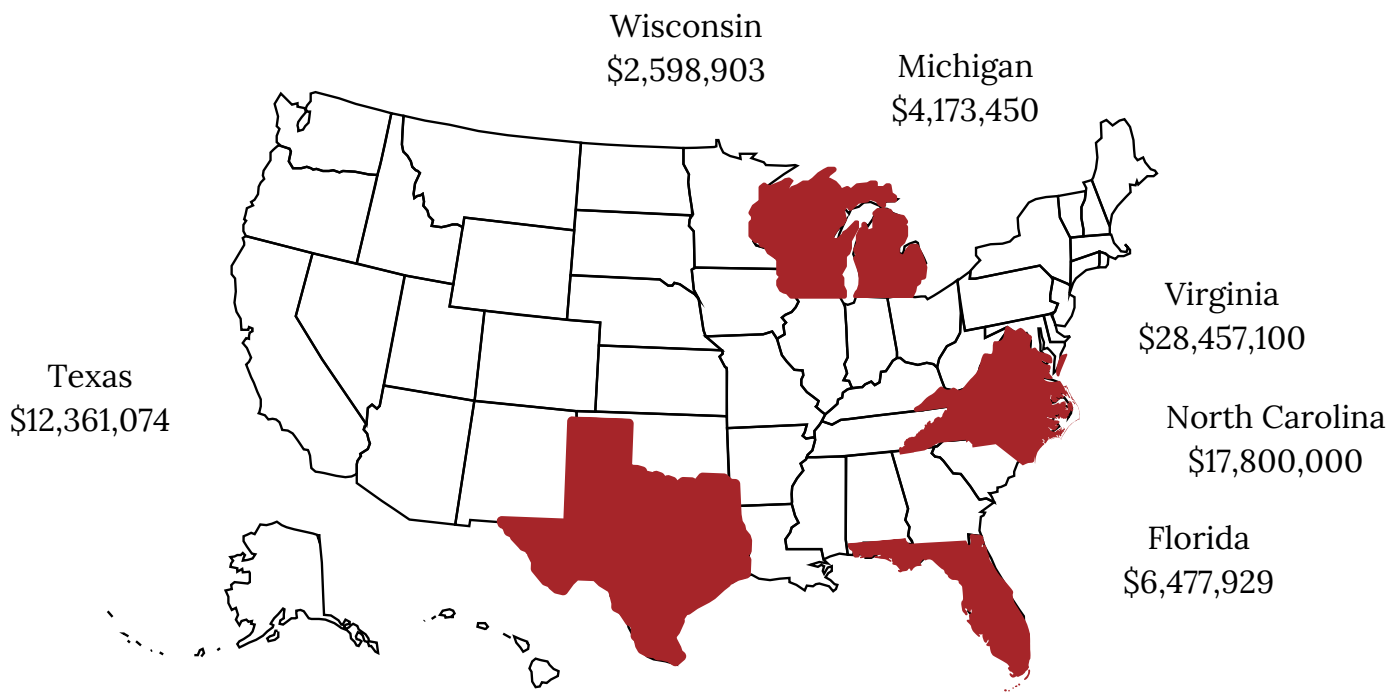
These expenditures were targeted and strategic. The RSLC's REDMAP project focused on states where the legislature controlled mapping of both state and congressional districts, or those in which a relatively small investment could have an outsized impact on electoral outcomes.

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.

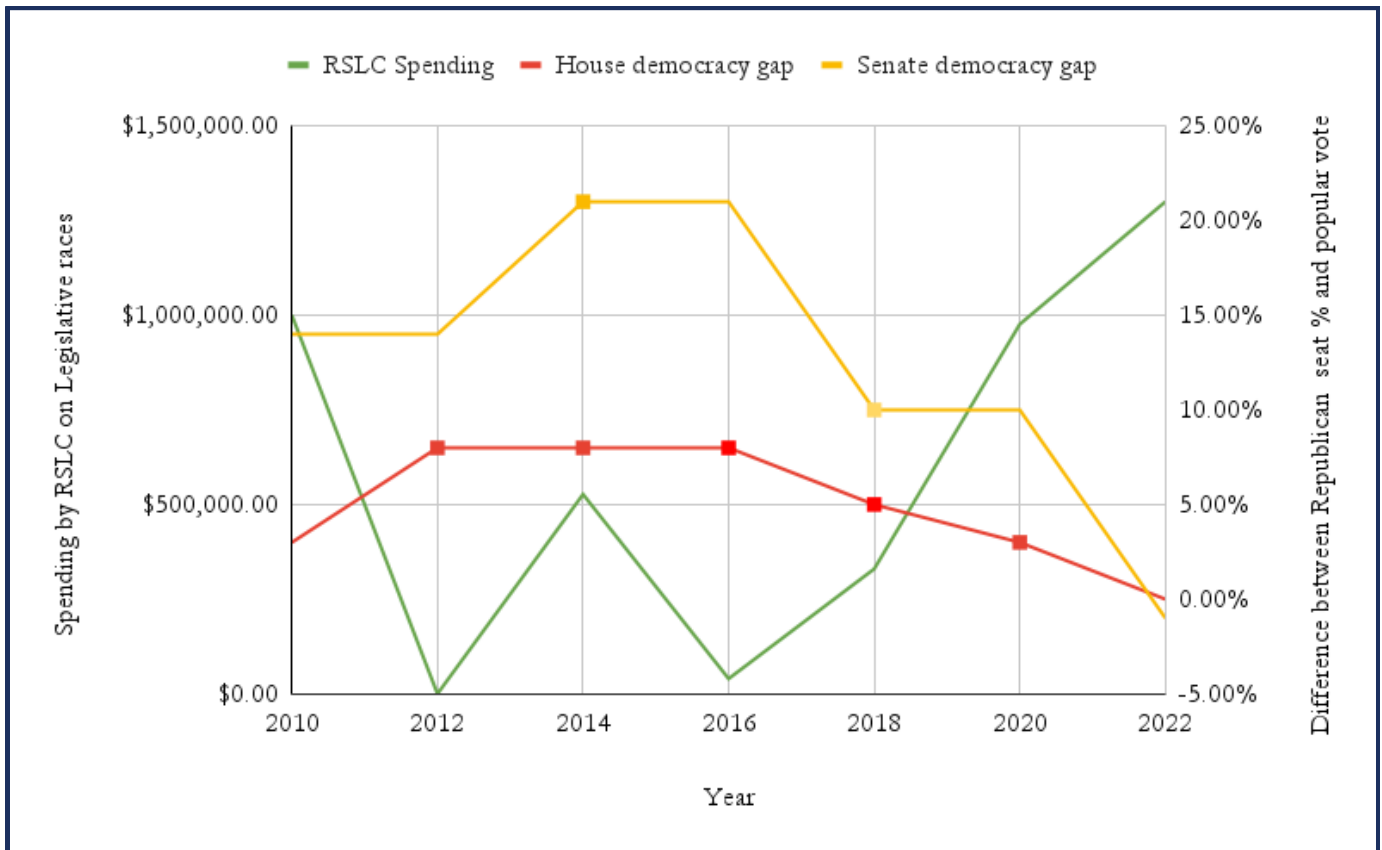
For example, if 5 of 100 State House races are decided by fewer than ten points, the competition gap is 5 percent.

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.

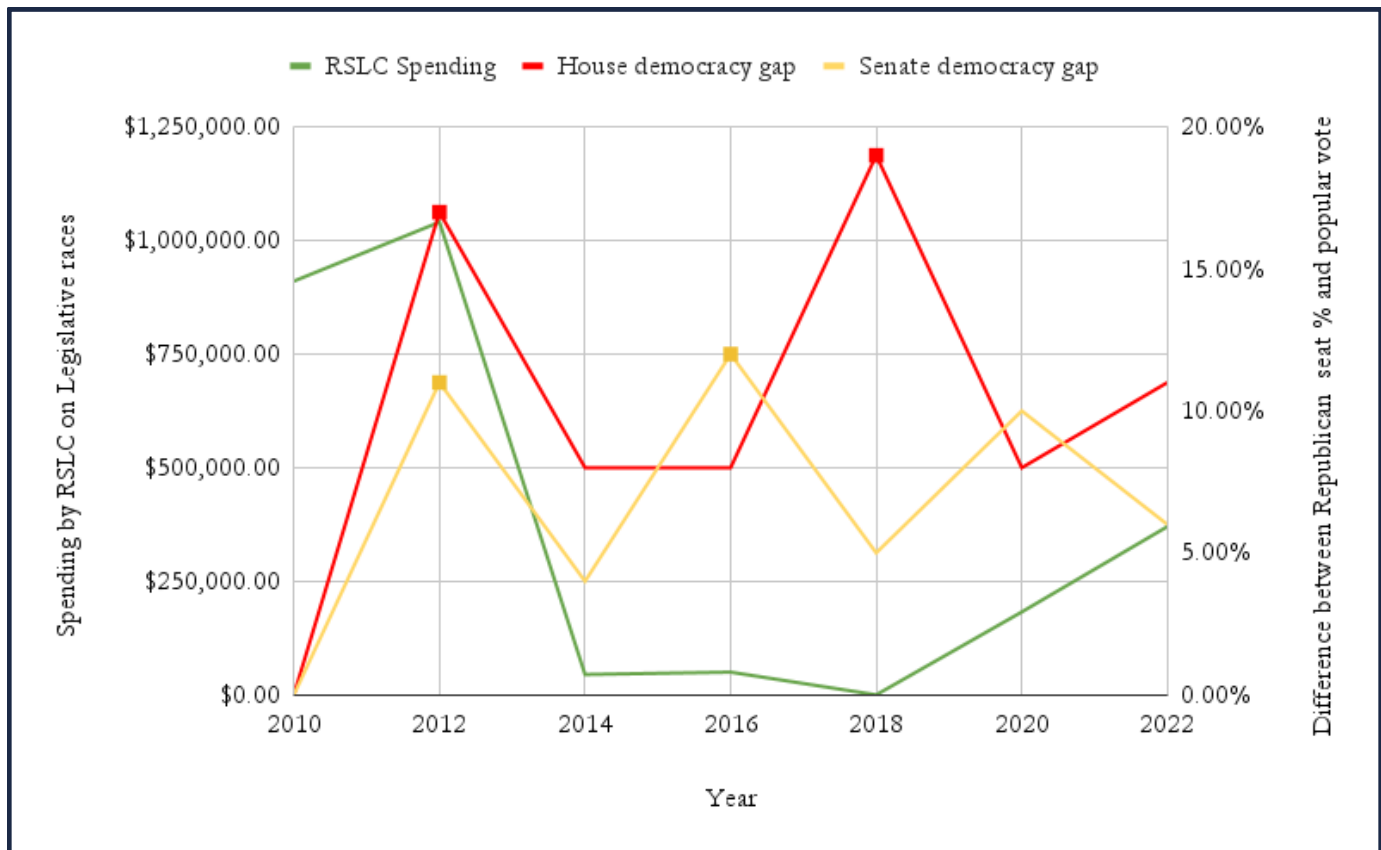
Michigan was the proving ground for the RSLC and Project REDMAP. The decade of minority rule had a serious impact on Michigan voters. The RSLC continues to use the same strategies in other states around the country.

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

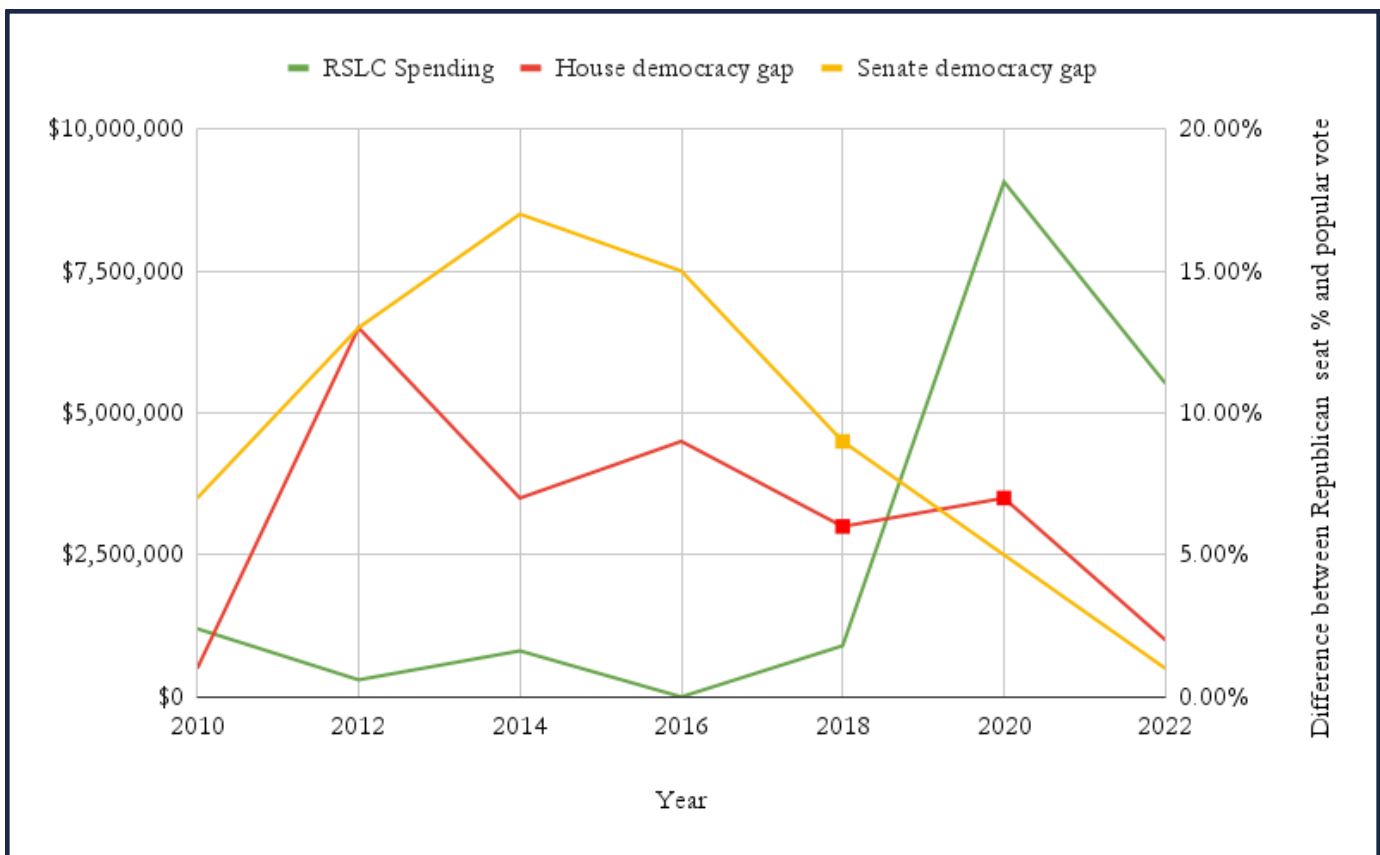
- **Power grab.** The “lame-duck coup” of 2018 in which the legislature attempted to strip the Democratic Governor-elect of many important powers of the office.
- **Threats and impeachment.** Republican legislators threatened to impeach democratically elected State Supreme Court Judge Janet Protasiewicz 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

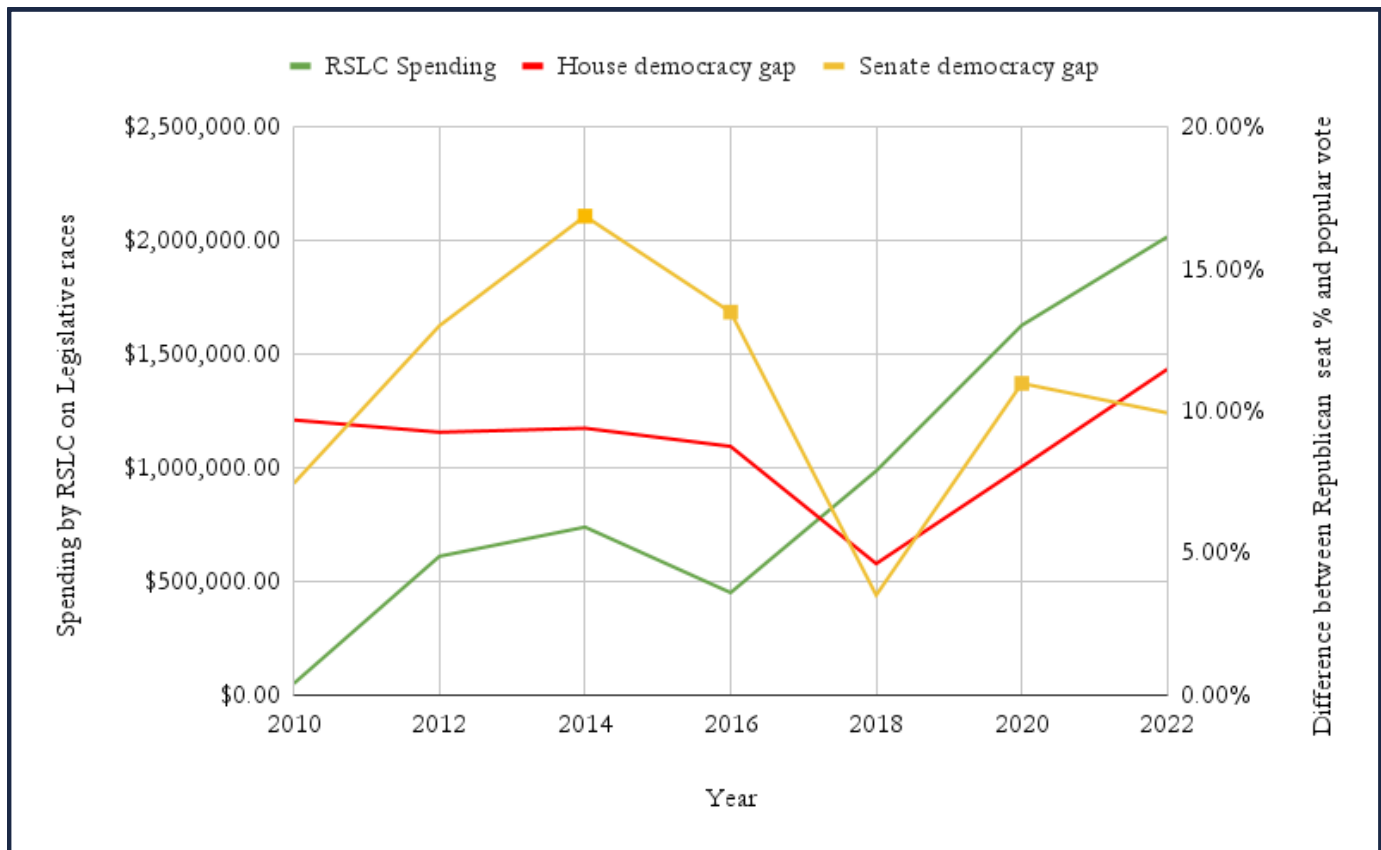
- **The first power grab.** Republican legislators attempted to strip Democrat Governor-elect Roy Cooper of many of the powers of the office in 2016.
- **The second power grab.** In 2023, Republicans attempted to remove Governor Cooper's ability to appoint members of state executive boards, including 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

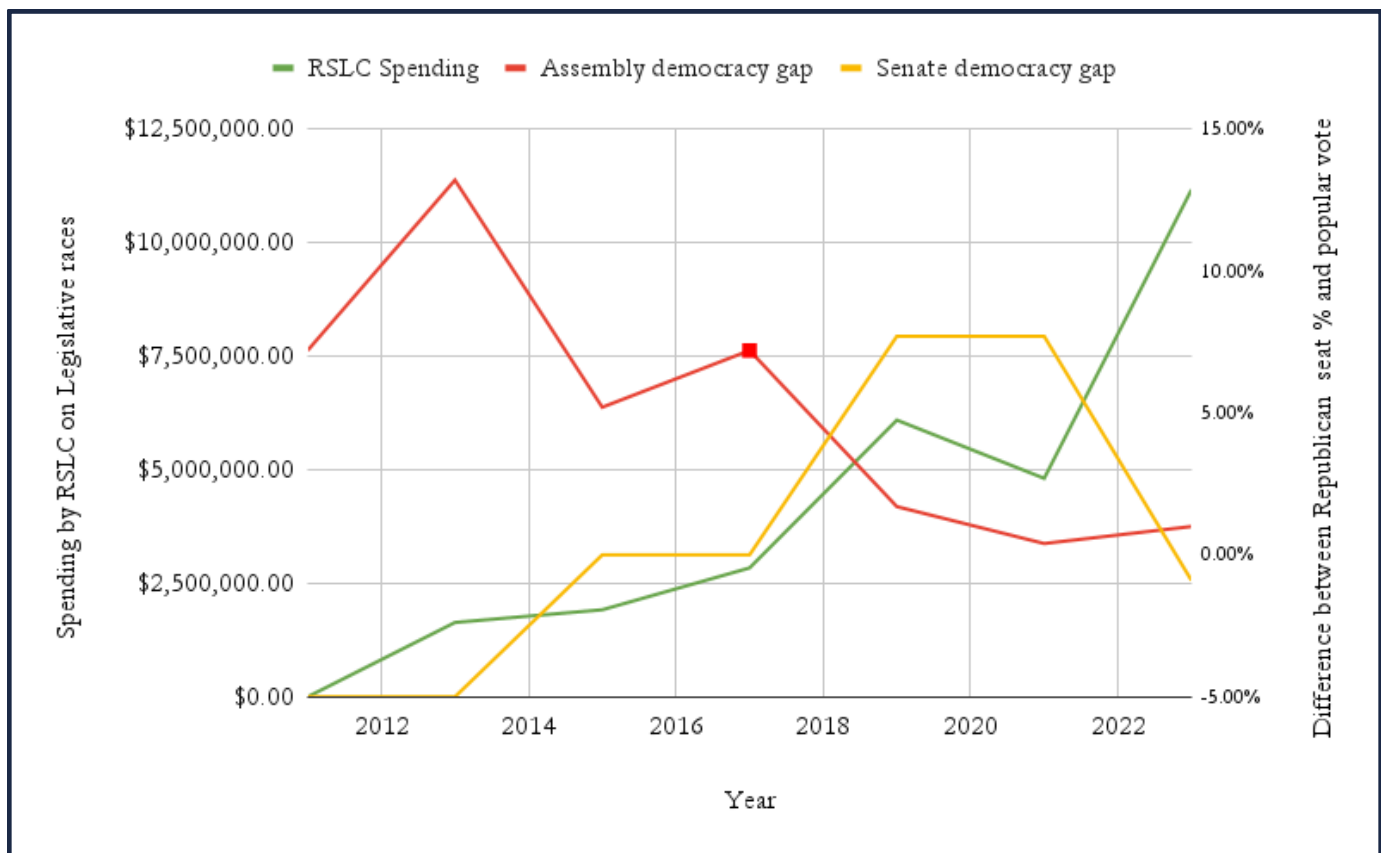
- **Political backlash against companies.** The Florida legislature enabled Republican Gov. Ron DeSantis' retaliatory attacks on Disney in retaliation once the company had dissented on controversial legislation and suspended political giving in Florida.
- **Voting rights.** In 2018, nearly 65 percent 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

**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

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

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

COURTING RISK:

CORPORATE UNDERWRITERS & STATE ATTORNEYS GENERAL

How third-party election spending
undermines corporate
transparency and enables
conflicted spending and its
consequences

FOREWORD BY

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FOREWORD

Jacob Hacker & Paul Pierson

Political spending to support controversial policies and leaders thrives in darkness. And no spending has defied necessary scrutiny more than the bigger and bigger donations that public corporations are giving to state attorneys general through partisan third-party groups.

As this pathbreaking report lays bare, even companies that have dedicated themselves to transparency and accountability in political spending are pouring tens of millions of dollars into state attorney general races through third-party groups like the Democratic Attorneys General Association (DAGA) and Republican Attorneys General Association (RAGA). RAGA, in particular, has raised more than \$84 million from public companies and its trade associations (roughly half again more than DAGA), which it has used to help elect state attorneys general who have pursued aggressive litigation directly at odds with these companies' stated values.

The stakes could not be higher. Riven by gridlock and polarization, America's Congress has ceded much of its power to shape policy to the courts and the states.

In this political vacuum, state attorneys general have become far more powerful. Fueled by the same rising polarization, they have also become far more partisan.

The races that elect state attorneys general do not receive the attention that national elections do. Yet they are shaping both states' most fundamental laws and setting the agenda for the nation's most powerful courts. And the money pouring into them from large companies and their trade associations now poses enormous risks to policy ideals that corporations say they support, to the reputation of these companies, and even to democracy itself.

Why are the stakes so high? First, the federal courts themselves are increasingly unpopular, with an alarming loss of legitimacy. There is a growing perception that the system is partisan. And this perception is grounded in reality: nearly 80 percent of the amicus briefs filed by state attorneys general during the Trump presidency were partisan, compared with less than 30 percent of those filed during the George W. Bush presidency.

Second, when money is contributed to a pass-through organization like RAGA there is a dangerous loss of control. Who, or what, will it be spent on? RAGA decides. And there is no guarantee those decisions will be consistent with what companies insist they value.

Indeed, as this report makes clear, many of the specific decisions emanating from the actions of state attorneys general whose campaigns are supported by this spending are inconsistent with the public stances of the corporations making these donations. On abortion, on climate, on voting rights, and on many other vital issues, RAGA-backed state attorneys general have pursued controversial policies that are inconsistent not just with contributing companies' stated positions but often with the views of large majorities of Americans, too.

The report provides many examples of state attorneys general pursuing such risky actions. They include Lynn Fitch, the attorney general for Mississippi, who received more than \$250,00 from RAGA and led the campaign to overturn *Roe v. Wade*; Patrick Morrissey, attorney general of West Virginia, who received \$1.7 million and was the instigator of the 2022 Supreme Court case that

hobbled federal efforts to regulate carbon emissions; and Ken Paxton, attorney general of Texas, who received \$1.2 million and has filed lawsuits trying to overturn the Affordable Care Act, curtail voting rights, and even challenge the validity of election results in 2020.

The issue is not that these attorneys general are Republican. It is that they are seeking controversial ends that pose risks to companies' values, reputations, and commitments to democracy. It is also that funneling money to associations that invest in these leaders and policies directly conflicts with the growing expectations of corporate transparency and accountability—expectations that many of these companies say they uphold.

As the report says, “Transparency and accountability around corporate political spending are now the norm.” That norm is being broken, with real risks for the companies flouting it. With this report, we hope that this will change.

Jacob Hacker is Stanley Resor Professor of Political Science at Yale University.

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ACKNOWLEDGMENTS

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

Cover design, layout, and graphics by Jeanne Hanna.

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METHODOLOGY

This report follows the money. It is based on:

- A review of company political contributions to the Republican Attorneys General Association (RAGA) and the Democratic Attorneys General Association (DAGA), two partisan political committees organized under Section 527 of the Internal Revenue Code, from the 2014 election cycle to the present;
- State and federal campaign finance records documenting how these associations spent contributions from public companies, their trade associations, and other donors;
- Legal briefs, official correspondence, and policy positions taken by elected state attorneys general;
- Policy outcomes, academic research, and media coverage about the impact of state attorneys general on issues of national importance; and
- An examination of how these outcomes and actions aligned or conflicted with the core values, policies and positions of the contributing companies.

CORPORATE UNDERWRITERS SERIES

The Center for Political Accountability is a non-partisan public policy organization. It examines and documents the risks posed to companies by their political spending. This is the second report in CPA's Corporate Underwriters series examining the scope and impact of company spending through third-party groups. The first report, Corporate Underwriters and the Democracy Gap, examines the ways in which corporate political spending has reshaped state legislatures and created serious risks for both companies and American democracy. The forthcoming third report, *Corporate Underwriters: Where the Rubber Hits the Road*, will look at company political spending with treasury funds more broadly. This final report will examine how this spending compares with the spending by other entities – individuals, unions, and political action committees. This comparison will highlight how significant company political spending is, what it enables, its impact, and the risks it poses to companies.

This second report in the Corporate Underwriters series focuses on political spending in support of the attorneys general associations, with special attention to the Republican Attorneys General Association. It receives a closer look here for three reasons:

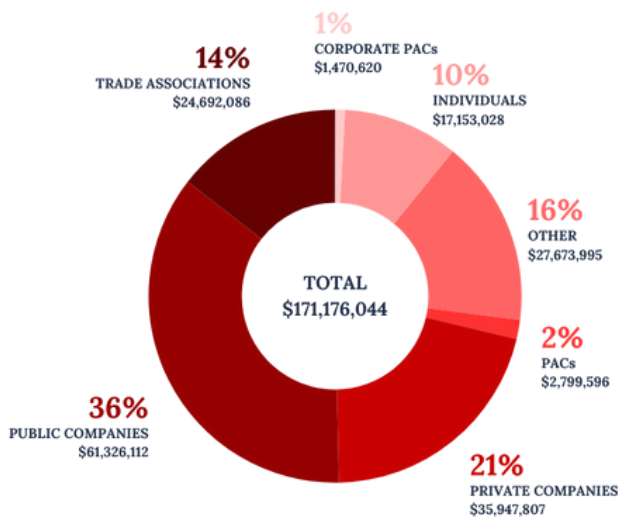
- 1. RAGA receives significantly more funding from public companies, which associates companies more strongly with it and exposes them to a greater level of risk.**
- 2. Republican attorneys general have repeatedly brought partisan suits and filed briefs before the U.S. Supreme Court and other select Federal courts to overturn established legal precedents despite popular opposition.**
- 3. Attorneys general backed by RAGA in recent years have pursued issues and achieved policy outcomes that conflicted more frequently with values, positions, and commitments undertaken by companies.**

In following the money trail, CPA has identified and documented trends in company political donations to RAGA — and ultimate policy and precedent outcomes — that not only create risks for companies but are unique to giving to RAGA. Donations to it are used to elect state attorneys general. As the top legal authority in state governments, they hold significant power in state policymaking. And as this report demonstrates, state politicians, including attorneys general, are also playing an increasingly important role in national politics. Accordingly, as the power and prominence of state attorneys general has increased, so too has public scrutiny of the groups that help fund their elections.

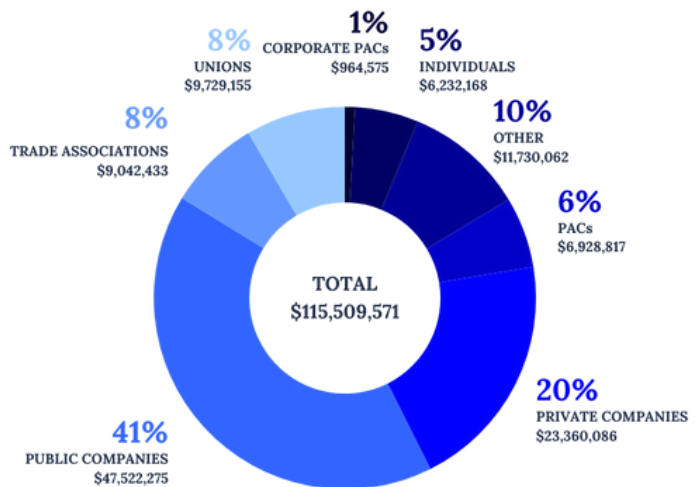
The findings of this report are in line with patterns in company political spending and with changes in party control and party priorities in state capitals nationwide. This does not reflect any partisan preference on the part of the Center.

WHY ISSUE THIS REPORT?

This report is a case study of corporate support for two partisan political committees, the Republican Attorneys General Association and the Democratic Attorneys General Association. Since its founding in 2014, the Republican group has received more than \$83.4 million from public companies and their trade associations. This accounts for more than half of the nearly \$166 million collected by RAGA during this period. DAGA, in contrast, raised a total of \$110.8 million during the same period. Less than \$54 million of its total fundraising came from public companies and their trade associations.



Contributions to the Republican Attorneys General Association (RAGA)
Jan 2014 - Mar 2024

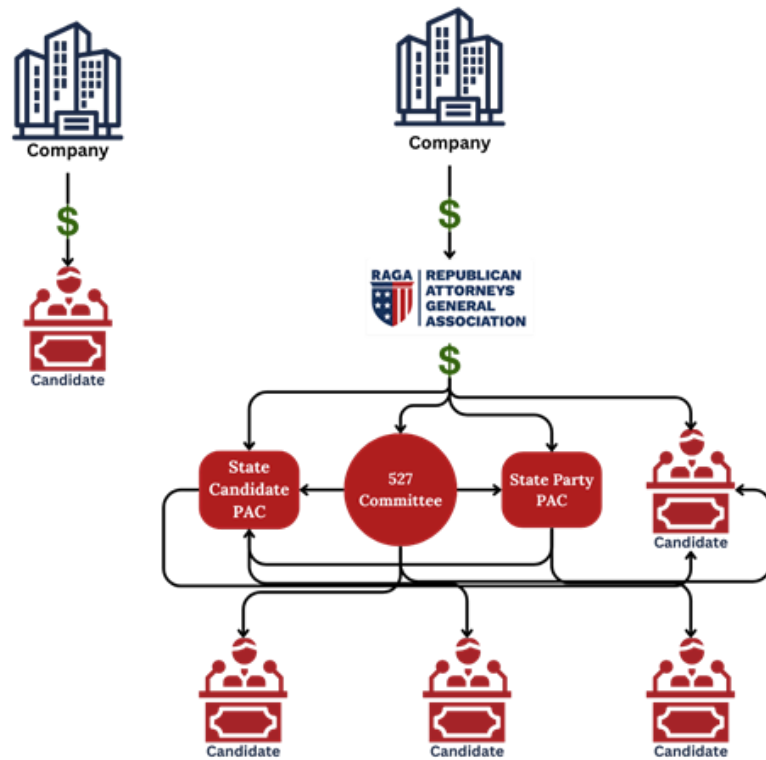


Contributions to the Democratic Attorneys General Association (DAGA)
Jan 2014 - Mar 2024

State attorneys general hold a powerful office. These chief state legal officers have the power to direct state agencies; interpret and enforce state law; act as public advocates for the citizens of the state; engage in lawsuits on behalf of the state, including against federal agencies and other states; and file amicus (friend-of-the-court) briefs with the U.S. Supreme Court. They have recently played a major role in reshaping long-standing precedent.

Because a deeply divided and historically unproductive U.S. Congress has contributed to a power vacuum in American politics, state-level elected officials, including attorneys general, have begun to fill it. State attorneys general have used their powers to challenge federal laws and policies. In recent years, state attorneys general have led suits against the Affordable Care Act, the Clean Air Act, and federal immigration policy. In 2020, a coalition of state attorneys general also challenged the validity of election results in several states as part of the effort to undermine the legitimacy of the presidential election results. And in 2022, a suit spearheaded by Mississippi Attorney General Lynn Fitch led to the U.S. Supreme Court's overturning *Roe v. Wade* and abolishing women's long-held constitutional right to abortion.

For companies, giving to third-party groups like RAGA and DAGA courts risk. When a company gives money to such third-party groups, it loses control over how that money is spent. More problematically, many companies are unaware of, or may not pay attention to, how their contributions are ultimately distributed, which candidates their money may support, and, crucially, what the consequences may be for a company, its reputation, and its relationships with key stakeholders. This was underscored by a recent report from The Conference Board, a leading business membership and research organization. It noted, "The risks associated with political spending, particularly through third-party groups highlight the need for companies to maintain control and transparency over where their money is directed."



The risks posed by corporate political spending have prompted dozens of companies to take proactive steps to increase their transparency and accountability practices. In 2023, nearly 200 companies in the S&P 500 received a score of 80 percent or better in the CPA-Zicklin Index of Corporate Political Disclosure and Accountability. These companies earned this score because of policies they voluntarily adopted to govern the handling, oversight and transparency of their election-related spending using corporate funds.

This represents widespread and growing support for transparency and accountability. It highlights a shift in corporate governance: Transparency and accountability around corporate political spending are now the norm. Companies have instituted these policies en masse, not because they were mandated by legislative action or a regulatory agency, but because corporate leaders determined that these policies benefit companies, their workforces, their shareholders, and their bottom lines. These policies are an essential element of enterprise risk management. They are smart business.

Nonetheless a gap remains, of ultimate risk for companies. This report encourages corporate leaders to take the next step and close the gap that leaves companies vulnerable to legal, reputational and financial risks through third-party election-related spending.

With its case study approach, this report highlights the types of risks companies may face by giving to RAGA. It concludes with a framework and several guides to help companies maintain political engagement while regaining control of their contributions, and to avert risks posed by remaining gaps in transparency and accountability.

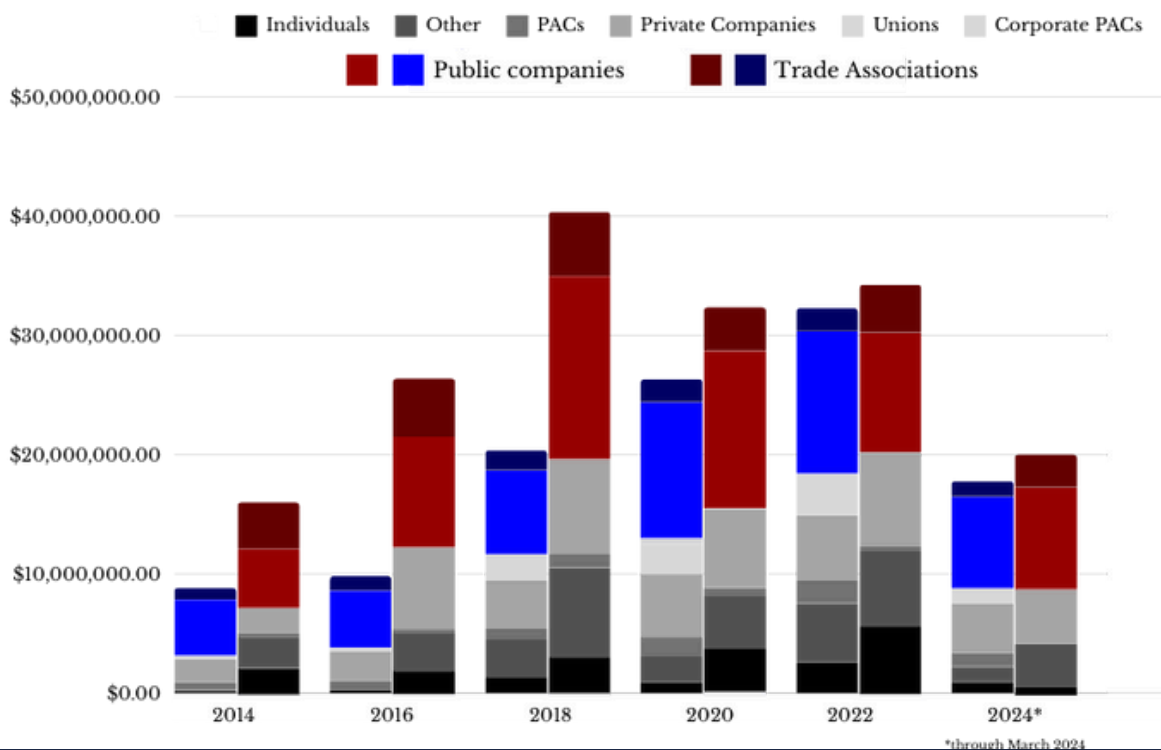
As the research demonstrates, once they're elected, key state officials supported by RAGA have engaged in legal action that conflicts with many corporate donors' stated values, policies, or positions. This report focuses on specific companies' commitments around three issues - reproductive rights, climate change, and democracy - and how these companies' contributions to RAGA create risks for the donors.

SCOPE OF COMPANY CONTRIBUTIONS TO RAGA

Public companies and their trade associations have contributed more than \$83.4 million to RAGA since its founding in 2014. This figure represents more than 50 percent of the total \$165.8 million collected through the end of 2023. The average corporate contribution to RAGA is more than \$73,000.

The graph below illustrates the disparate roles public companies and their trade associations have played in funding RAGA’s, versus DAGA’s, operations over six election cycles in the past decade.

Contributions to RAGA & DAGA by cycle year and contributor type



Among top donors to RAGA in the past 10 years are many leading public companies that have strong political spending and disclosure practices, as indicated by their first-tier scores in the 2023 CPA-Zicklin Index. The table on the following page shows the first-tier companies that gave an aggregate \$100,000 or more to RAGA between January 2014 and March 2024.

Given their companies' high Index scores, leaders at these companies have already recognized the benefits of transparency and accountability in corporate political spending practices. However, gaps in due diligence, particularly when giving to third-party groups, nonetheless leave these companies vulnerable to significant risks.

**PUBLICLY
TRADED
COMPANIES AND
THEIR TRADE
ASSOCIATIONS
HAVE BEEN THE
MOST
SIGNIFICANT
SOURCE OF
CONTRIBUTIONS
TO RAGA SINCE
ITS FOUNDING.**

**AGGREGATE COMPANY CONTRIBUTIONS
OF \$100,000 OR MORE TO RAGA
JANUARY 2014 - MARCH 2024**

Company	Amount	2023 CPA-Zicklin Score
Alphabet	\$381,150	97.1
Altria	\$3,055,921	94.3
Amazon	\$413,135	81.4
American Electric Power	\$180,000	90
AT&T	\$980,750	100
Bank of America	\$225,820	90
Cigna	\$521,000	81.4
Citigroup	\$658,930	92.9
Coca-Cola	\$438,606	95.7
Comcast	\$1,349,573	94.3
CVS Health	\$825,536	90
Elevance	\$1,195,820	84.3
Home Depot	\$913,564	88.6
Intuit	\$421,065	94.3
Johnson & Johnson	\$302,790	91.4
Lowe's	\$598,085	85.7
Mastercard	\$264,285	94.3
Pfizer	\$922,290	88.6
Pinnacle West Capital	\$641,300	91.4
Southern	\$722,315	91.4
Uber	\$315,500	81.4
UnitedHealth Group	\$226,935	87.1

IMPACT OF COMPANY CONTRIBUTIONS TO RAGA

RAGA, through its participation in election campaigns, has had a strong impact on many of the most controversial political issues of the past decade. Because public companies and their trade associations are the majority funder of RAGA when their donations are combined, they have been associated with its activities.

This association creates serious reputational, internal, and financial risks for companies that give to RAGA and other third-party groups. These risks are heightened because often the actions undertaken by RAGA-backed state attorneys general directly conflict with company statements about core values and related commitments to key stakeholders. In addition, corporate contributions to RAGA create further risks when companies face threats of political intimidation and retribution from officeholders whom they helped elect.

Companies express their values around social issues in a variety of ways via:

- **internal policies, including human resources policies and benefits for employees;**
- **commitments to employees' safety and well-being;**
- **public statements of action or intent issued by corporate officers, on company sites, in statements to the press, or via social media; and**
- **the principles they espouse in annual reports and other communications with shareholders.**

The following sections examine ways that corporations have expressed their values around three contentious social issues. Close attention needs to be paid to company statements and how they square with the company's political spending through third-party groups. Often, company values on these issues are undermined by the impact of company contributions on both elections and on society. The misalignment can spark blowback or harm.

Impact of Company Contributions to RAGA - Spotlight on Abortion and Reproductive Healthcare

Shortly after the U.S. Supreme Court, in *Dobbs v. Jackson Women's Health*, overturned in June 2022 the constitutionally protected right to abortion care, many major US companies made commitments to protect their health and safety. They offered travel assistance and support for employees seeking abortions and other reproductive healthcare procedures.

Here are representative statements from some of RAGA's major corporate contributors:



“Travel benefit coverage for eligible travel costs to obtain medical and behavioral services that cannot be obtained within a 60-mile radius of your home, or because of geographic legislative action”

Altria's employee benefits informational [webpage](#).



“[Roe v. Wade is] the settled law of the land. We believe people should have that access [to abortion care].”

Brian Moynihan, Bank of America CEO and Chairman, May 2022.



“In response to changes in reproductive healthcare laws in certain states in the U.S., beginning in 2022 we provide travel benefits to facilitate access to adequate resources.”

Citigroup 2022 Notice of Annual Meeting and Proxy Statement.



“We will continue to provide colleagues, clients, and consumers with the flexibility to choose medical and pharmacy benefits to best suit their needs. This includes...making out-of-state abortion healthcare services more accessible and affordable.”

Statement by CVS. Reported July 2022.



“This is a profound change for the country that deeply affects so many of us, especially women...To support Googlers and their dependents, our US benefits plan and health insurance covers out-of-state medical procedures that are not available where an employee lives and works. Googlers can also apply for relocation without justification, and those overseeing this process will be aware of the situation.”

Fiona Cicconi, Google’s Chief People Officer in an all-staff email, June 24, 2022



“We support our employees’ access to comprehensive health care — no matter where they live. We will continue to do what we can to best support employees’ ongoing access to the full range of health care that they believe is right for them.”

Statement by Intuit. Released August 2022.



“We believe healthcare decisions are best determined by individuals in consultation with their healthcare provider. We offer reimbursement for travel expenses to U.S. employees and their families for eligible medical services not available from any in-network or out-of-network provider within 100 miles of the patient’s home.”

Statement by Johnson & Johnson, June 2022.



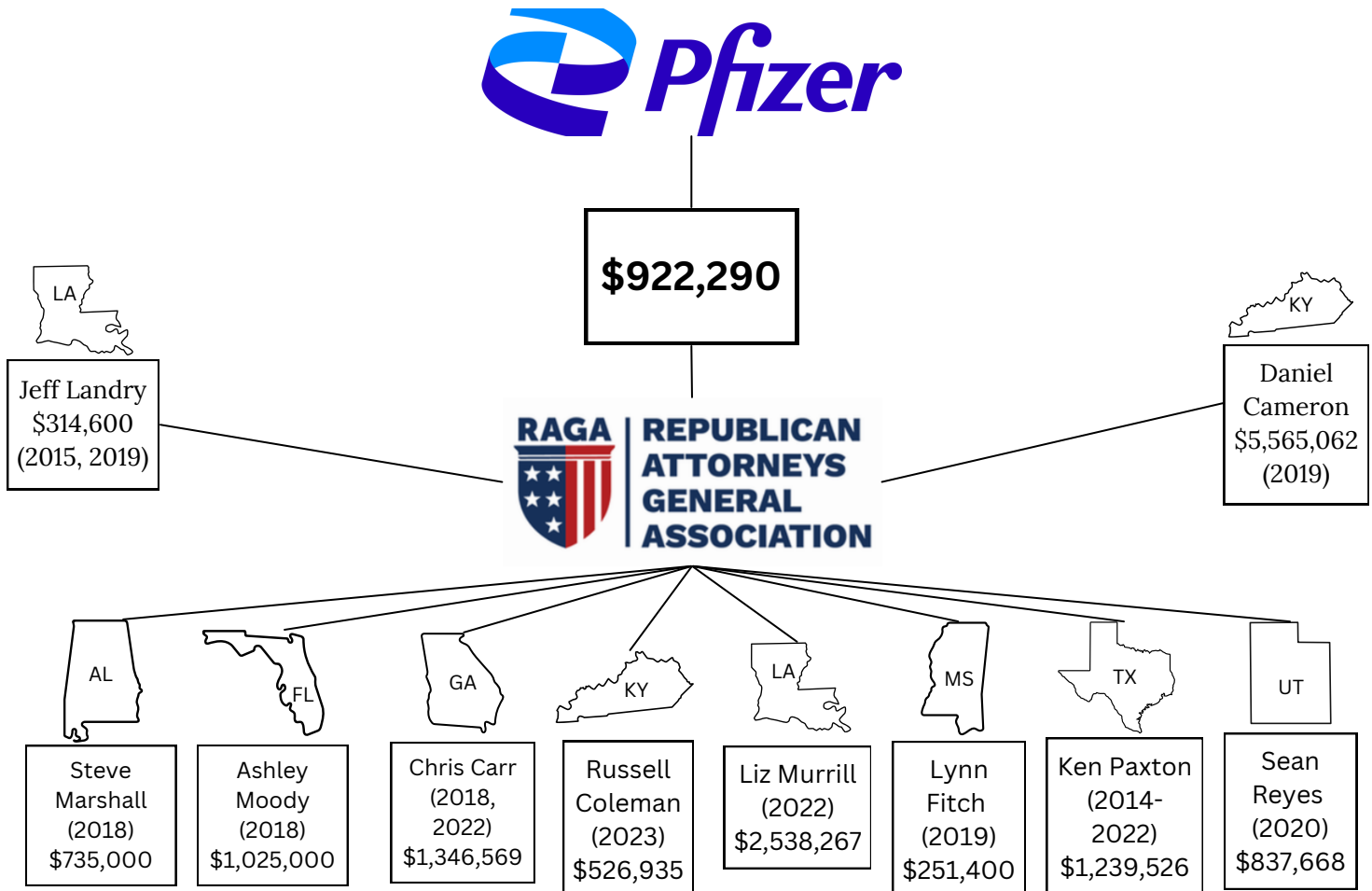
“[D]rivers shouldn’t be put at risk for getting people where they want to go. Team Uber is in too and will cover legal fees in the same way. Thanks for the push”

Tweet by Dara Khosrowshah, Uber CEO, in response to Logan Green, Chair of rival company Lyft, tweeting, “TX SB8 threatens to punish drivers for getting people where they need to go— especially women exercising their right to choose.”

These types of statements illustrate each company’s public commitment to its employees’ health and safety. However, as the table on page 15 shows, each of these companies has also given substantially to RAGA, which has used its funds to elect state attorneys general who continue to undermine the healthcare access the companies have pledged to protect.

Reproductive rights and one company's bottom line

As national debate over reproductive healthcare access has continued since Dobbs, anti-abortion activists have also challenged FDA approval of a drug, mifepristone, commonly used in medication abortions. Several drug manufacturers, including Pfizer, have challenged U.S. District Judge Matthew Kacsmaryk's April 2023 decision to temporarily halt approval of mifepristone. Similar rulings could impact these companies' ability to sell other medications that have become socially divisive, including birth control and vaccinations. As shown below, eight current and two former state attorneys general elected with RAGA support have continued to advocate in favor of this ban. In this case, Pfizer's contributions to RAGA could ultimately create risks to Pfizer's profits.



Impact of Company Contributions to RAGA - Spotlight on Climate Change

Climate change has begun to impact American business. Many companies have recognized these risks and made commitments to lower their own carbon emissions. In doing so, they have recognized the financial risks that unchecked climate change could pose to their future success.

Here are statements pledging action to address climate change from some of RAGA's major corporate contributors:



"Climate change presents very significant global risk. Humans are the primary cause and inaction is not an option. According to leading climate scientists, climate change is a range of global phenomena caused predominantly by burning fossil fuels; it includes not just global warming, but also rising sea level, ice melting, extreme weather events and shifts in seasonal events. Changes in nature as a result of climate change and society's response to those changes can affect the future of our businesses."

[Altria](#) corporate website.



"Climate scientists agree that the world needs to reduce its carbon emissions, and we at Amazon are working to do our part. We aim to reach net-zero carbon emissions across our operations by 2040 by investing in renewable energy, scaling solutions, and collaborating with partners to broaden our impact."

[Amazon](#) corporate website.

“Bank of America announced a commitment to achieve net zero greenhouse gas (GHG) emissions across our financing activities, operations and supply chain before 2050.



“Consistent with our approach toward Responsible Growth, we are helping finance this transition by setting and achieving milestone targets, partnering with clients to support their transition, investing in climate solutions, developing and reporting decision-useful metrics to drive progress, leading industry collaborations, and following guidance for transparency.”

[Bank of America](#) corporate website.



"We are committed to reducing our absolute greenhouse gas emissions by 25% by 2030. Our ambition is to achieve net-zero carbon emissions by 2050."

[Coca-Cola](#) corporate website.



“We’re taking action towards a greener future by reducing our carbon footprint across our enterprise – with a goal to be carbon neutral for Scope 1 and 2 emissions by 2035.”

[Comcast](#) corporate website.



“Mastercard is mobilizing against climate change directly through our business, as well as by committing to net-zero emissions by 2040 and supporting our suppliers’ decarbonization efforts. We’re also developing innovations that regenerate natural resources and reduce carbon footprints. And we’re leveraging our network effect – giving consumers tools to measure their own footprints and make donations to Priceless Planet.”

Mastercard corporate website.



“Building on 20+ years of climate action, we are proud to set new, ambitious climate goals to commit to Net Zero by 2040. This further builds on our multi-year efforts, setting a trajectory to reduce company greenhouse gas emissions by 95% and value chain emissions by 90%, which we aim to deliver by 2040.”

Pfizer corporate website.



UnitedHealth GroupSM

“All UnitedHealth Group businesses are dedicated to helping people live healthier lives and making the health system work better for everyone. We recognize that the environment plays an important role in the well-being of every community. Our awareness and concern for the environment fits within our core values of Integrity, Compassion, Relationships, Innovation, Inclusion and Performance.

UnitedHealth Group Environmental Policy

Each statement reflects a company's public commitment to addressing climate change. However, these companies have also contributed significantly to RAGA, which used its funds to elect officials who deny the threat that climate change poses to businesses. As the flowcharts beginning on page 32 show, RAGA-supported attorneys general have also used their offices to challenge climate change laws and regulations. Many of these laws were designed to both assist companies in upholding their climate commitments while also maintaining a level playing field across industries.

Impact of Company Contributions to RAGA - Spotlight on Voting and Democracy

Many prominent US companies and business groups celebrate American democracy and voting rights. They coordinate voter registration drives, give employees time off to vote and to volunteer as election workers, and make public statements about the value the company places on democracy. In doing so these companies recognize not only the importance of voting rights for individual Americans but also the fact that a stable and predictable democracy is important to the company's success.

Below are statements about the value of voting and democracy from some of RAGA's major corporate contributors.



“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.”

Todd Walker, Senior Vice President, Government Affairs & Public Policy at Altria



“It has been fifty-six years since the Voting Rights Act became law, yet efforts to disenfranchise Black people and other minorities continue to this day. The ability to vote is one of the most prized fundamental rights in our American democracy, and Amazon supports policies that protect and expand those rights.”

Jay Carney, Amazon PR and public policy chief



“We believe the right to vote is sacred and we support voting laws that make it easier for more Americans to vote in free, fair and secure elections. We understand that election laws are complicated, not our company’s expertise and ultimately the responsibility of elected officials. But, as 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. In this way, the right knowledge and expertise can be applied to make a difference on this fundamental and critical issue.”

John Stankey, CEO of AT&T



“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 Skylar, Head Of Global Public Affairs at Citigroup



“Voting is fundamental to our democracy. We believe that all Americans should enjoy equitable access to secure elections and we have long supported and promoted voter education, registration and participation campaigns across the country to achieve that goal. Efforts to limit or impede access to this vital constitutional right for any citizen are not consistent with our values.”

Comcast statement.



“The Home Depot encourages all associates to get involved by making their voices heard. We have a website, www.HomeDepotVotes.com, where associates and their families can register to vote, learn about the candidates on their ballots, and sign up to be poll workers. Change happens at the polls, and all associates are encouraged to make a plan and vote.”

[Home Depot corporate website.](#)



"The right to vote is integral to our democracy. Intuit is committed to voting rights and we oppose voter suppression in any form. With the help of technology to make it even easier, every citizen should be able to exercise their right to vote."

[Susan Goodzari, Intuit CEO](#)



“Elections are at the core of who we are as Americans. During each and every election, Southern Company and our subsidiaries strongly encourage all of our employees to take part in the elections process and cast their vote. Broad participation is the first and most important principle of voting and our election system must encourage and allow for the full participation of all citizens. Our companies will continue to support efforts that promote fair, accessible, transparent and secure voting. Our commitment must remain to these enduring principles. We will continue to support efforts that facilitate a balanced approach to the election bills that have been introduced in Georgia.”

[Southern Company corporate site.](#)

SCOPE OF RAGA SPENDING

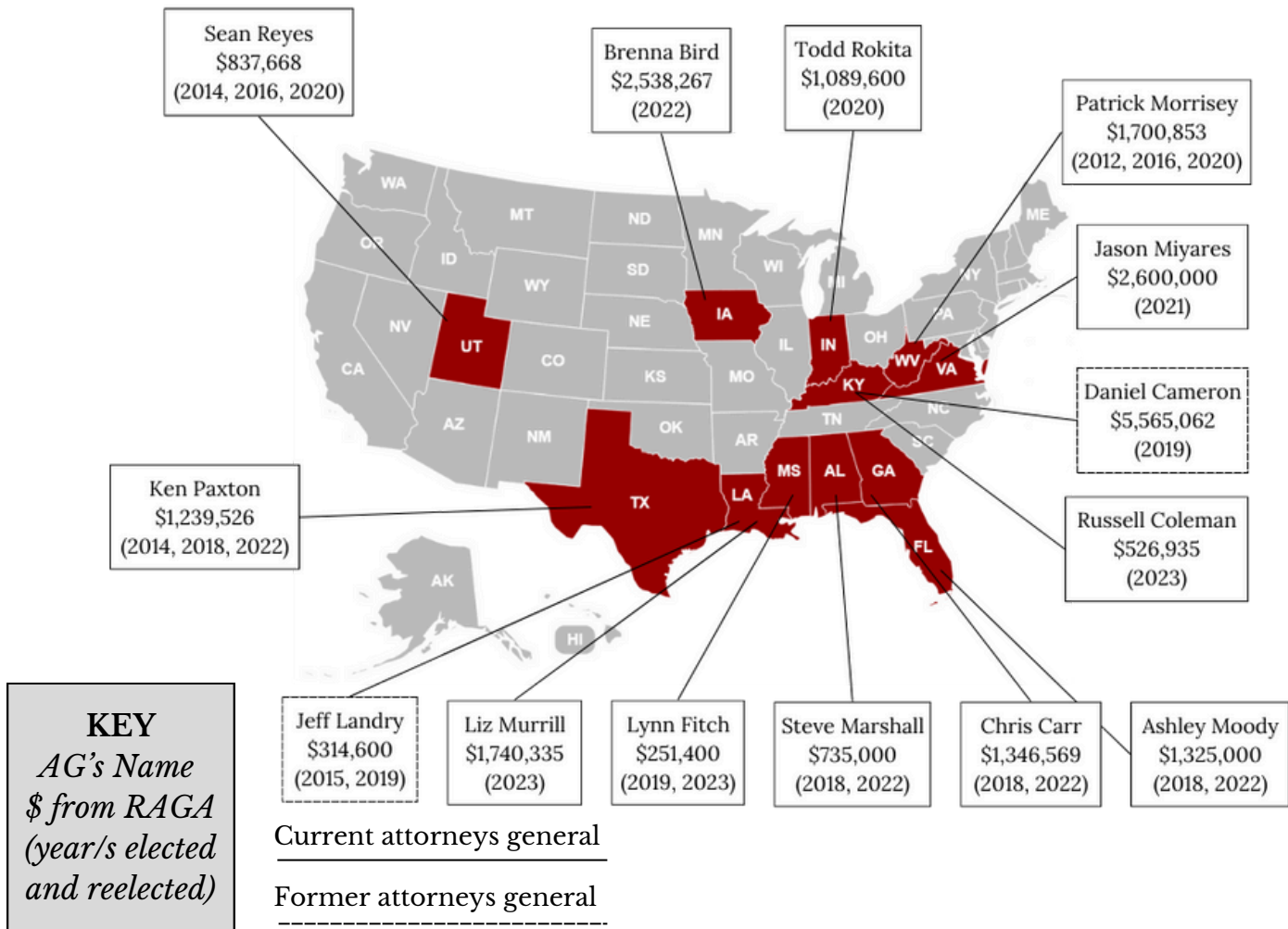
Since 2014, RAGA has spent nearly \$80 million on state attorneys general races in 23 states

State	Total spent by RAGA since 2014
Alabama	\$835,000
Arizona	\$10,320,775
Colorado	\$7,468,169
Florida	\$647,515
Georgia	\$1,581,369
Indiana	\$2,089,437
Iowa	\$1,801,650
Kentucky	\$8,794,924
Louisiana	\$514,700
Minnesota	\$2,688,076
Mississippi	\$401,400
Missouri	\$3,438,000

State	Total spent by RAGA since 2014
Nevada	\$7,262,907
New Mexico	\$880,915
North Carolina	\$4,167,041
Oklahoma	\$1,755,892
Pennsylvania	\$1,594,890
South Carolina	\$198,000
Texas	\$1,239,526
Utah	\$1,181,340
Virginia	\$9,308,811
West Virginia	\$1,807,553
Wisconsin	\$6,669,448
GRAND TOTAL	\$76,647,338

To show the scope and impact of RAGA spending on both state and national politics, this report focuses on the official actions of 12 current and two former attorneys general who were all elected with significant and recent support from RAGA.

State Attorneys General recently elected with support from RAGA



KEY IMPACTS OF RAGA SPENDING

Why does RAGA spending matter, when it comes to companies, employees, and democracy?

The final sections of this report examine the actions of 14 current and former state attorneys general. Each was elected or reelected with substantial support from RAGA. Each has repeatedly pursued legal and policy outcomes that are in conflict with, and create risks for, key corporate donors.

State attorneys general impact important national issues through both collective and individual actions.

State attorneys general have placed themselves at the heart of some of the most controversial social and political issues of the 21st century. RAGA-supported attorneys general were directly involved in ending the constitutional right to abortion in 2022. And many continue to fight against access to abortion care and medications. Ken Paxton, attorney general of Texas, led several other state attorneys general in unsuccessful lawsuits to undermine the legitimate results of the 2020 presidential election. Paxton has continued to join forces with other state attorneys general to challenge voting rights and ballot access around the country. Republican attorneys general also continue to work in concert to weaken environmental protections and erode progress in the fight against climate change.

In all of these cases, RAGA-funded attorneys general have collectively organized to file legal opinions in U.S. Supreme Court proceedings, or to sue the federal government or the governments of other states. This type of collective and controversial action on the part of state attorneys general is new. Historically, these collective suits and briefs have been filed primarily by bipartisan groups of state attorneys general.

However, these collective actions have become increasingly partisan in recent years, researchers have noted. One analysis found that of the amicus briefs filed by state attorneys general during Donald Trump’s presidency, 78 percent were partisan in nature, while only 25 percent were partisan during the presidency of George W. Bush.

The increasingly partisan and contentious nature of state attorney general actions has altered the risk calculus for companies that donate to groups like RAGA. Today, these donations inevitably associate companies’ money and brands with divisive, high-profile cases and issues that contradict company values.

The following graphics illustrate which RAGA-funded state attorneys general engaged in collective, partisan actions that create risks for RAGA’s corporate donors.








The current partisan approach to multistate litigation detracts from the [State Attorneys General] role. Filing multistate lawsuits (or failing to do so) for solely political reasons takes SAG discretion too far. In such circumstances SAGs are no longer representing the interests of their states and constituents. They are representing personal and party interests—even at the expense of those who they have a duty to represent.



- “Politization of State Attorneys General: How the Partisanship is Changing the Role for the Worse.” By Marissa A. Smith

The following graphics illustrate which RAGA-funded state attorneys general engaged in collective, partisan actions that create risks for RAGA’s corporate donors. Each flow chart and map illustrates an amicus brief, a lawsuit, or threats to prosecute or file suits against companies. These actions are intended to challenged establish legal precedents in the areas of reproductive healthcare, climate change policy, or voter protections. They also undermine company commitments related to these issues.



Attorneys general target reproductive healthcare access

-  **Lawsuit** against the US Equal Employment Opportunity Commission (EEOC) to challenge a provision of the Pregnancy Workers Fairness Act that requires employers to provide accommodations for pregnancy-related health issues, including abortions. April 25, 2024.
-  **Amicus brief** in Supreme Court case challenging FDA approval of mifepristone, a drug commonly used in medication abortions. February 29, 2024.
-  **Amicus brief** in Supreme Court case challenging FDA approval of mifepristone, a drug commonly used in medication abortions. November 13, 2023.
-  **Letter** to Xavier Becerra, the US Secretary of Health and Human Services, seeking access to out-of-state private medical records to prosecute women who travel for abortion care. June 16, 2023.
-  **Letter to pharmacies** threatening to prosecute pharmacies for selling medications like mifepristone, even if the sale takes place in states where abortion is legal. February 1, 2023.

Attorneys general target voter rights and protections

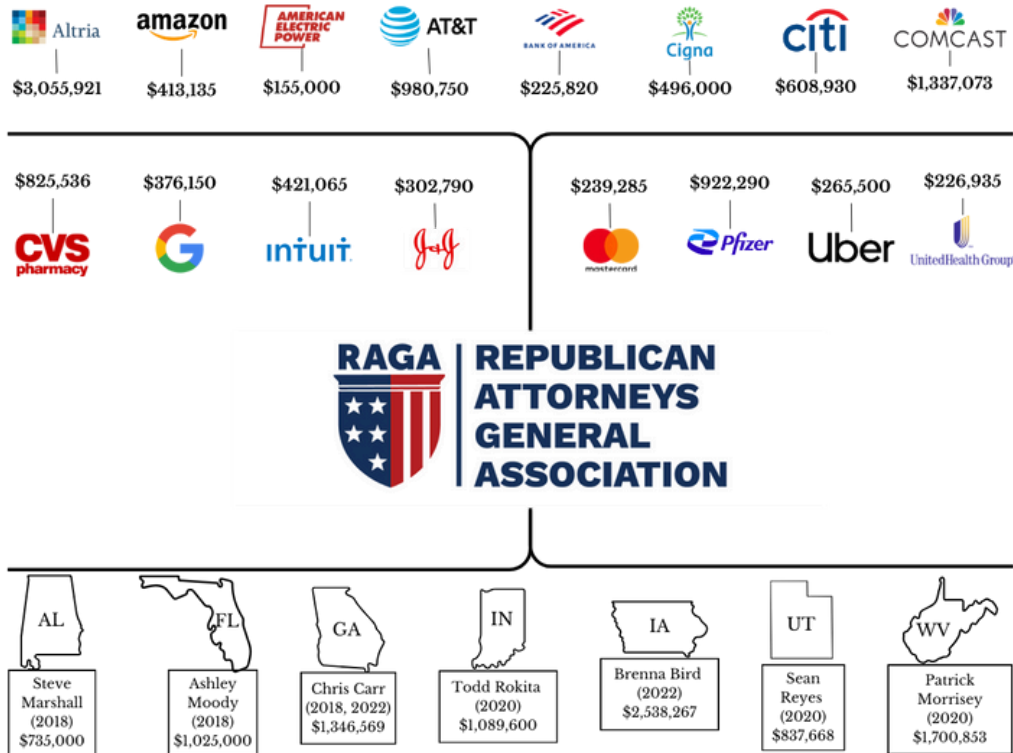
-  **Amicus brief** in the US Court of Appeals arguing that certain absentee ballots in Pennsylvania should not be counted. January 3, 2024.
-  **Amicus brief** in the US Court of Appeals attacking a key provision of the Voting Rights Act of 1965. December 8, 2023.

Attorneys general target clean energy policies

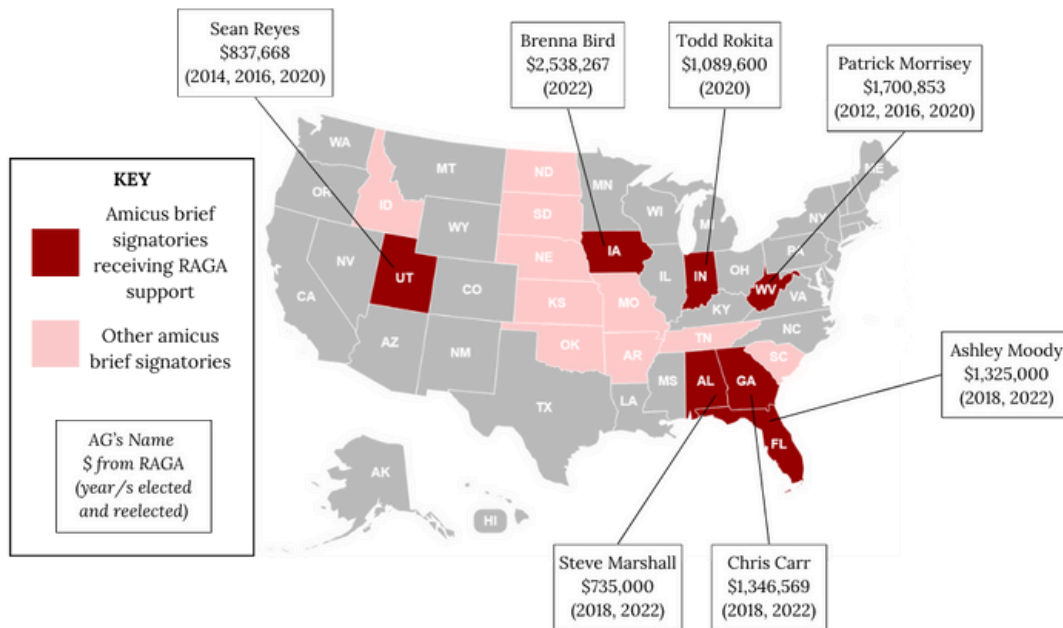
-  **Multiple lawsuits** against new rules proposed by the Securities and Exchange Commission (SEC) to standardize the disclosure of emissions responsible for climate change. March 2024.
-  **Multiple lawsuits** against the Environmental Protection Agency’s (EPA) plans to combat climate and its effects. 2023 and 2024.

KEY IMPACTS OF RAGA SPENDING

These companies have made public commitments to reproductive healthcare access.



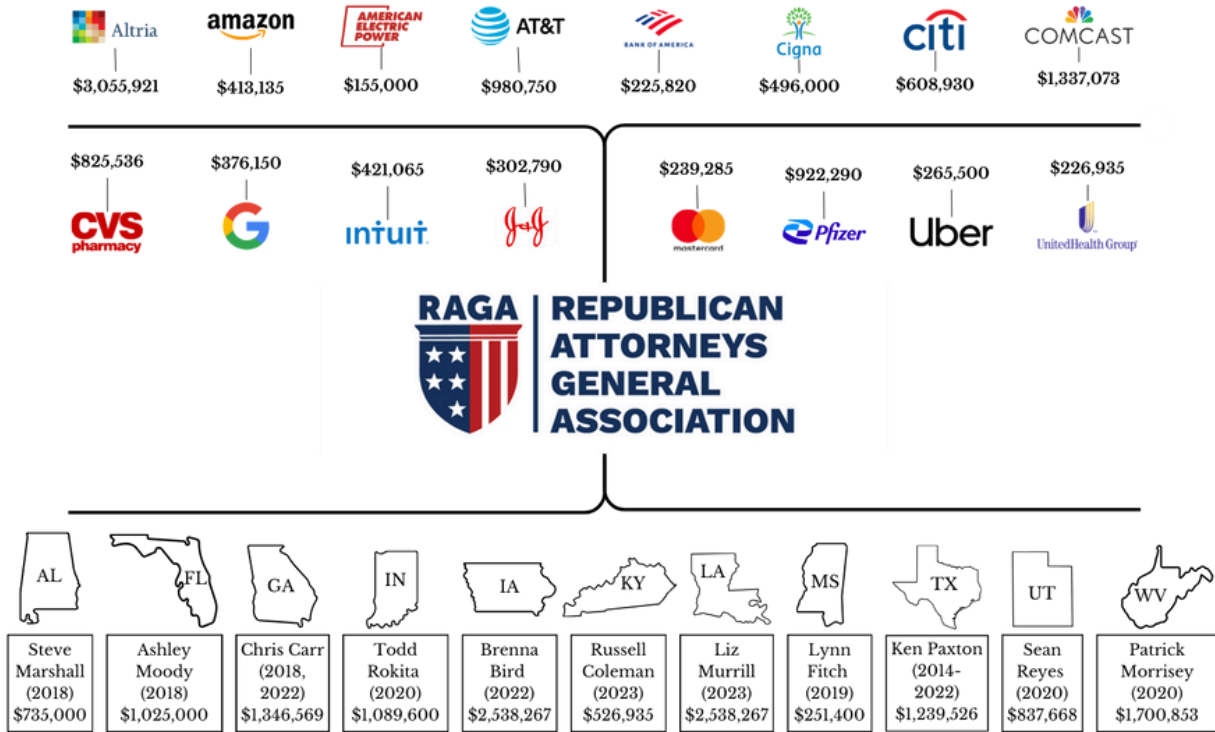
On April 25, 2024, these AGs filed suit against the EEOC challenging the Pregnant Workers Fairness Act and accommodations for workers who receive abortions



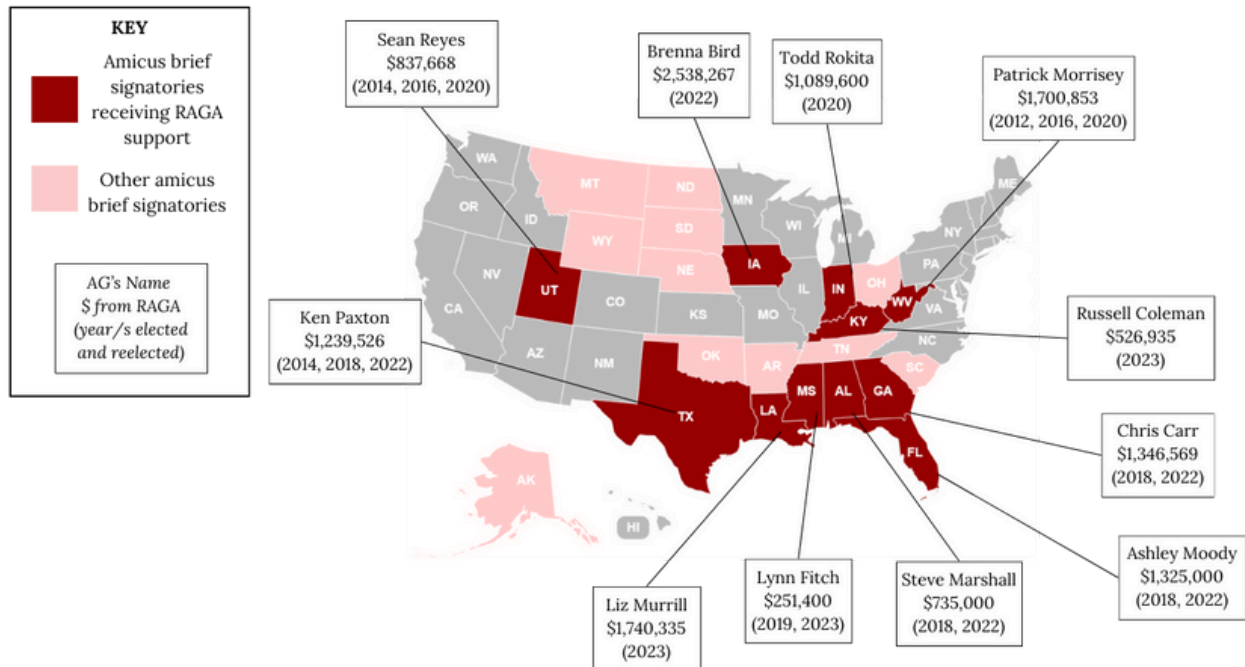
The EEOC has committed to defending the new law. The US Supreme Court may eventually hear the case.

KEY IMPACTS OF RAGA SPENDING

These companies have made public commitments to reproductive healthcare access.



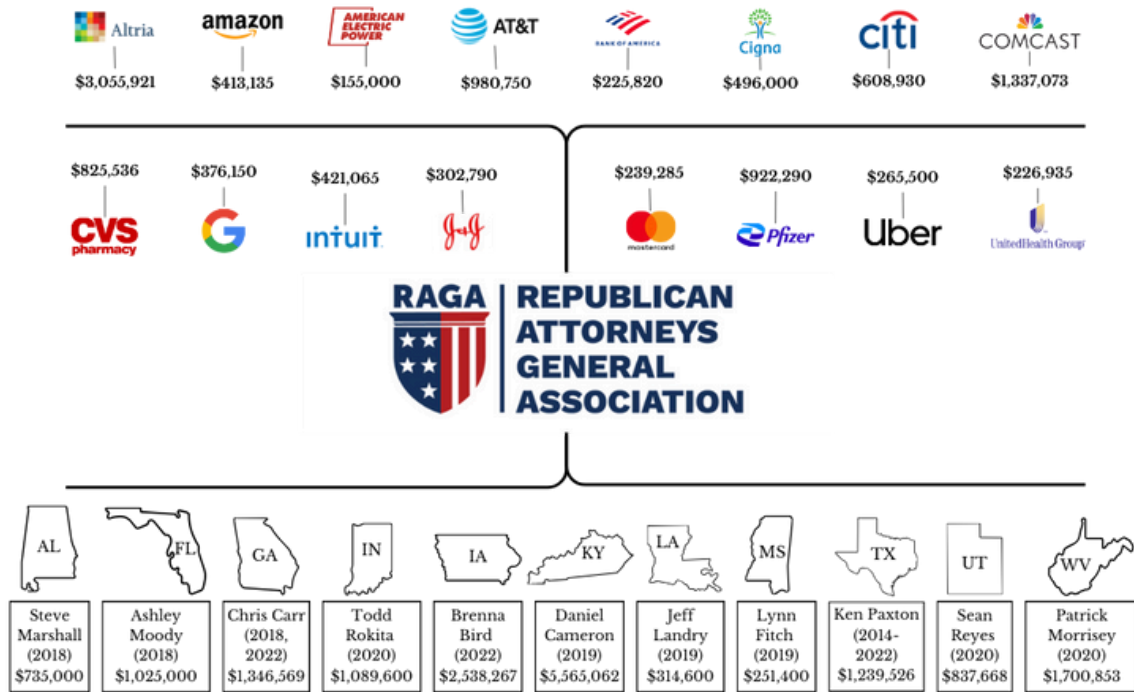
On February 29, 2024, these attorneys general signed an amicus brief challenging FDA approval of Mifepristone.



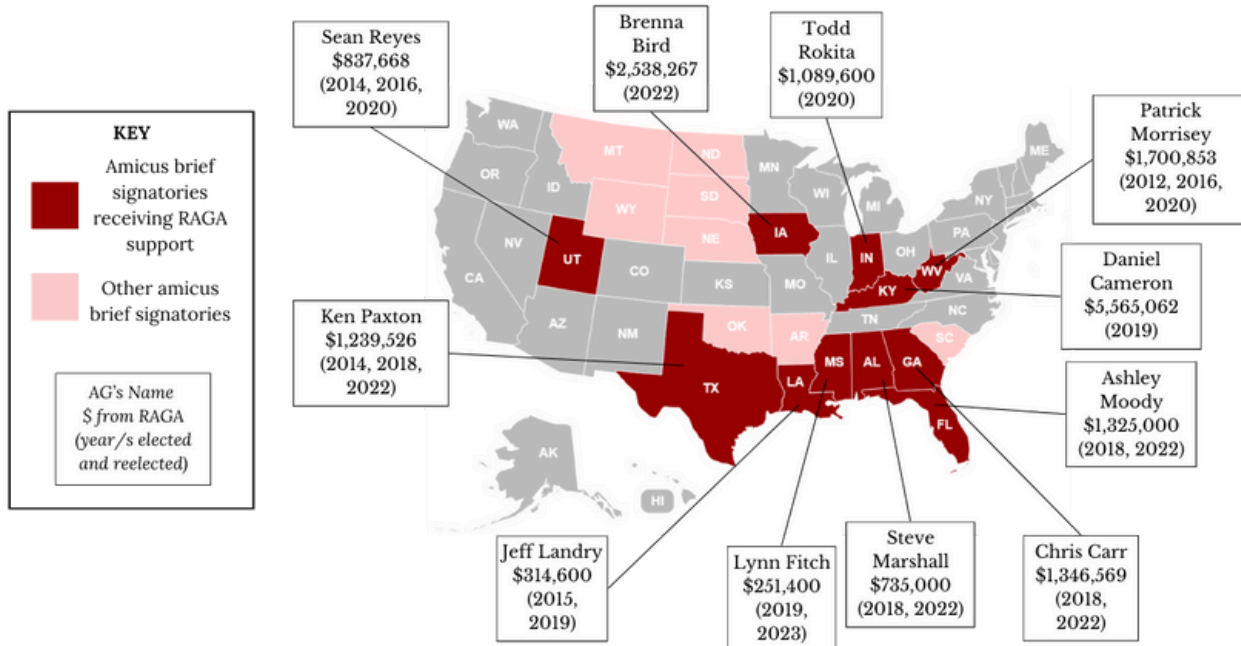
The case was heard by the Supreme Court on March 26, 2024. A decision is expected in June 2024.

KEY IMPACTS OF RAGA SPENDING

These companies have made public commitments to reproductive healthcare access.



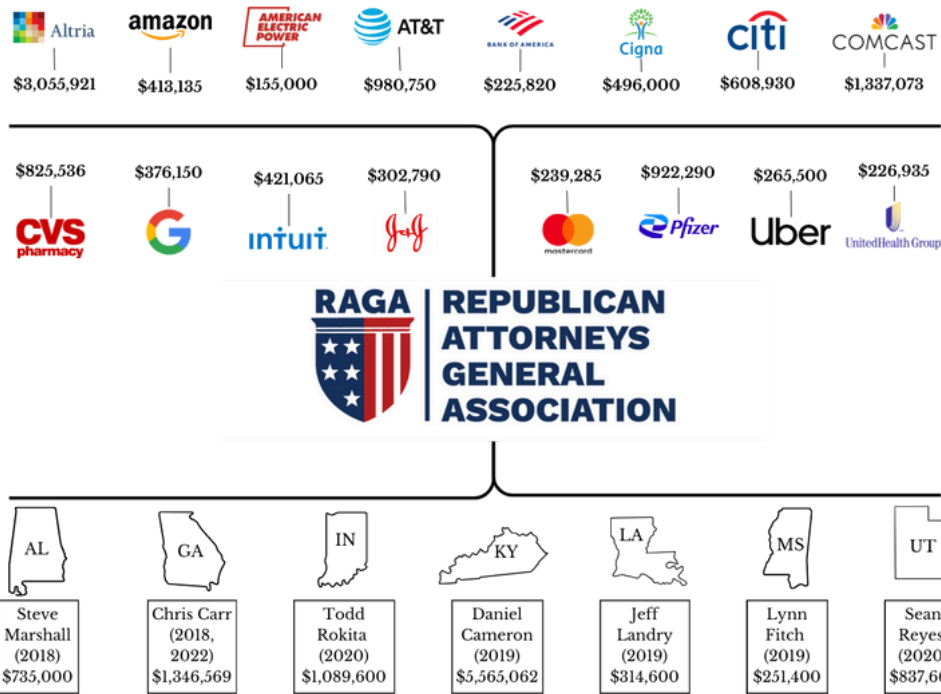
On November 13, 2023, these AGs signed an amicus brief challenging FDA approval of Mifepristone.



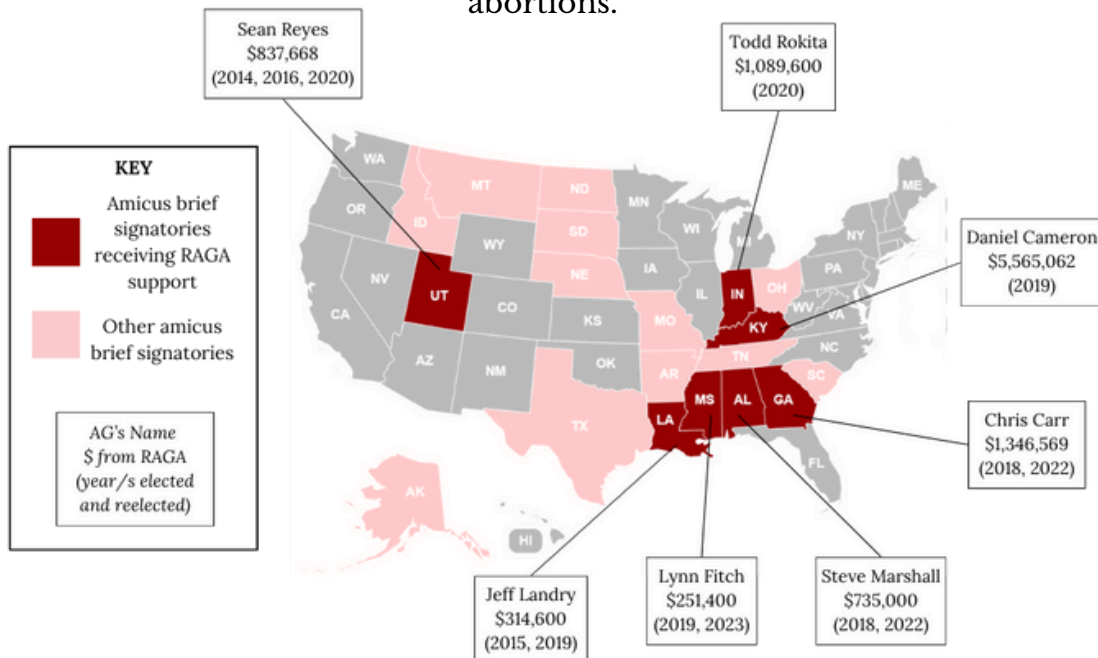
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KEY IMPACTS OF RAGA SPENDING

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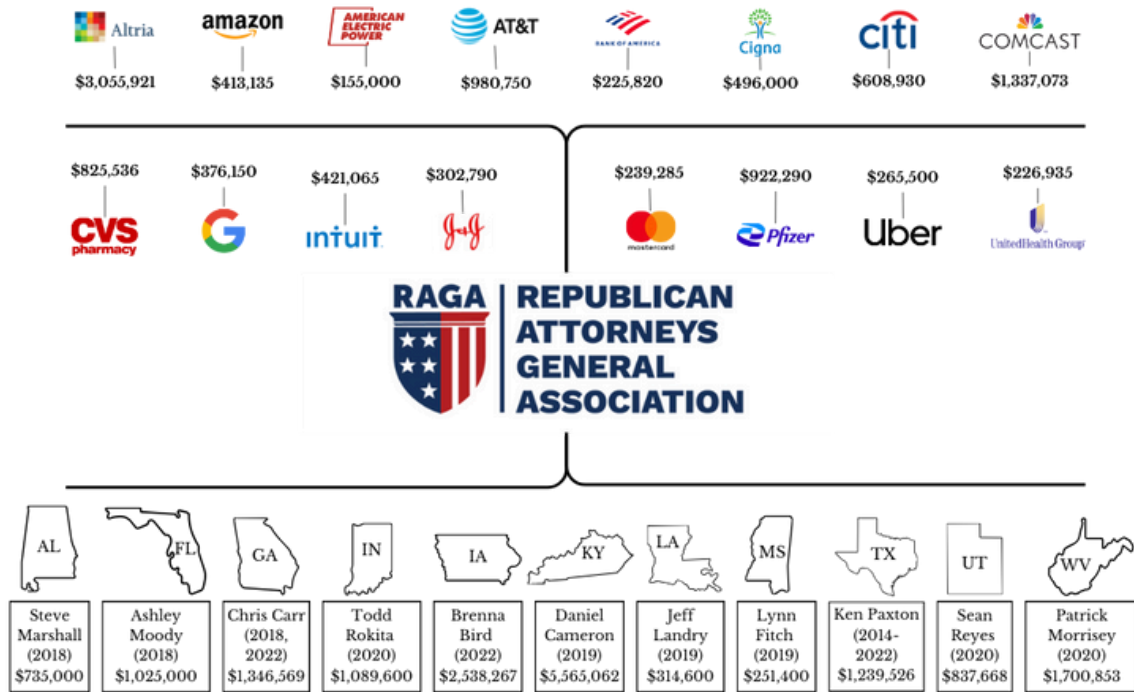
On June 16, 2023, these attorneys general wrote a letter to the HHS secretary seeking seeking access to out-of-state private medical records to prosecute women who sought abortions.



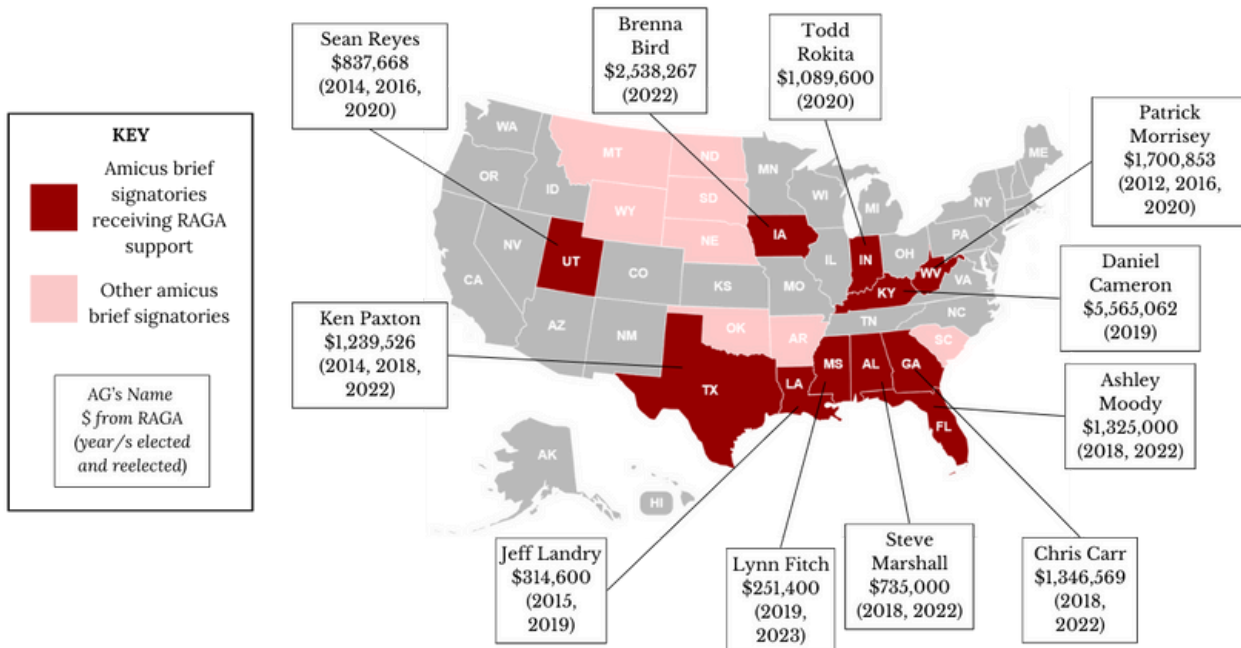
On April 22, 2024, the Biden Administration announced new rules to protect the privacy of patients seeking abortions across state lines.

KEY IMPACTS OF RAGA SPENDING

These companies have made public commitments to reproductive healthcare access.

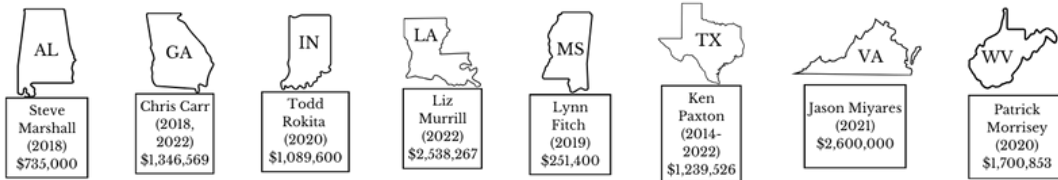


On February 1, 2023, these AGs wrote a letter to pharmacies threatening legal action for selling abortion medications, even in states without laws prohibiting their sale.

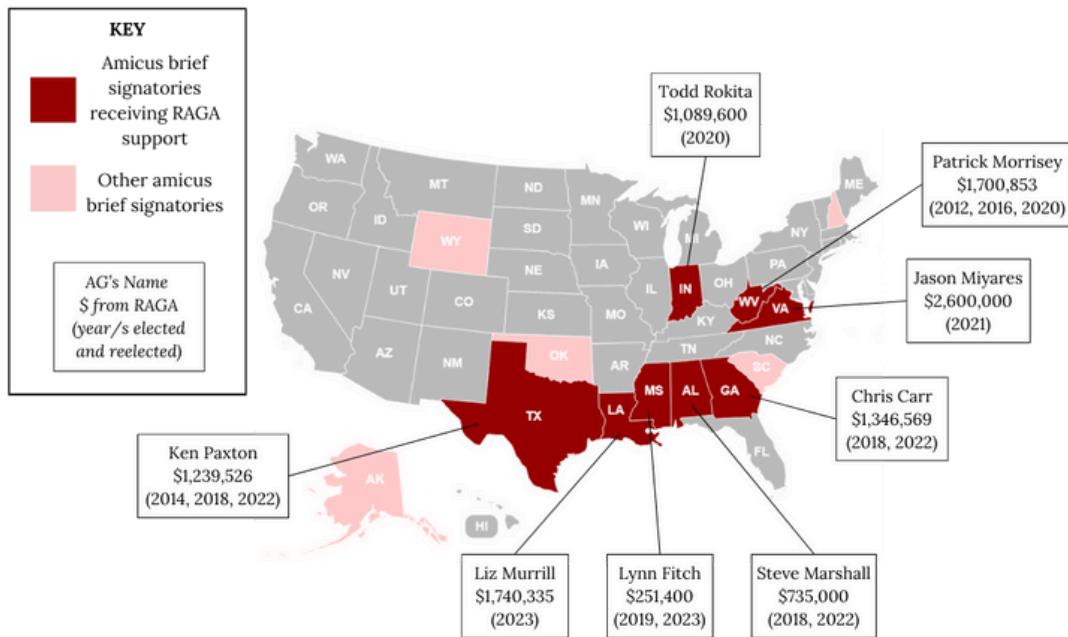


National retail pharmacies CVS and Walgreens reported that they still intended to sell the drug in states where it is legal to do so.

These companies have made public commitments to clean energy policies.

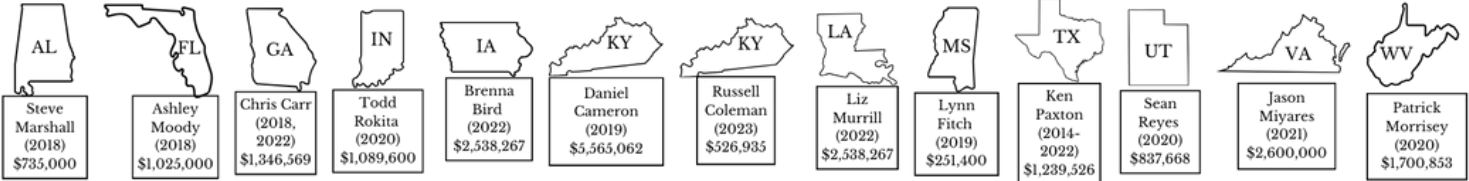


In March 2024, these attorneys general filed two separate suits against the SEC in an attempt to block new corporate carbon emissions standards.

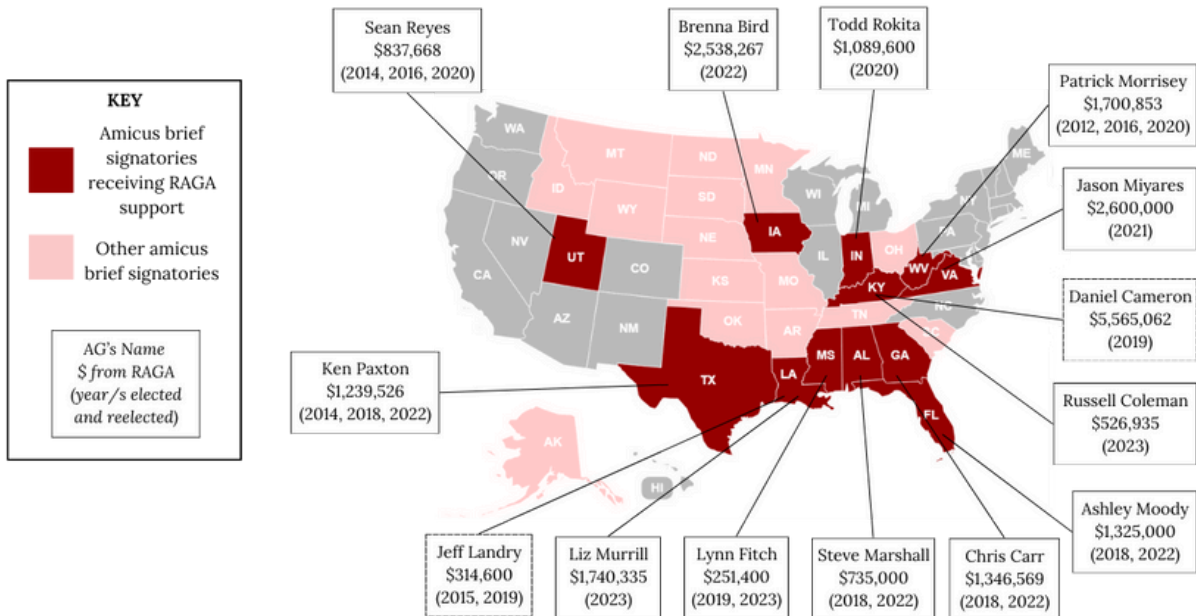


The SEC has placed a voluntary hold on new rules while these challenges are heard in Federal Courts. Companies have been cautioned that these suits will extend the legal and regulatory uncertainty around emissions disclosure rules.

These companies have made public commitments to clean energy policies.



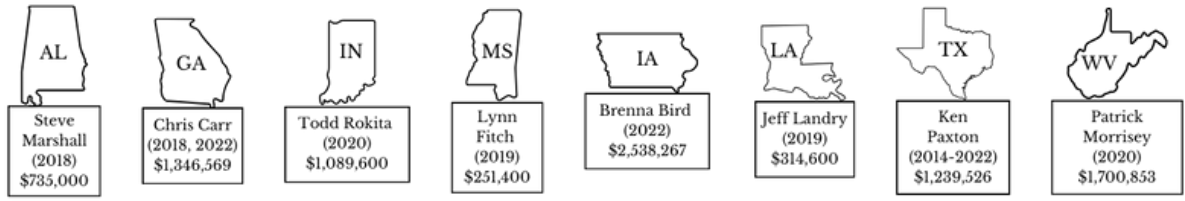
In 2023 and 2024, these attorneys general filed multiple suits against the EPA in attempts to block new corporate carbon emissions standards.



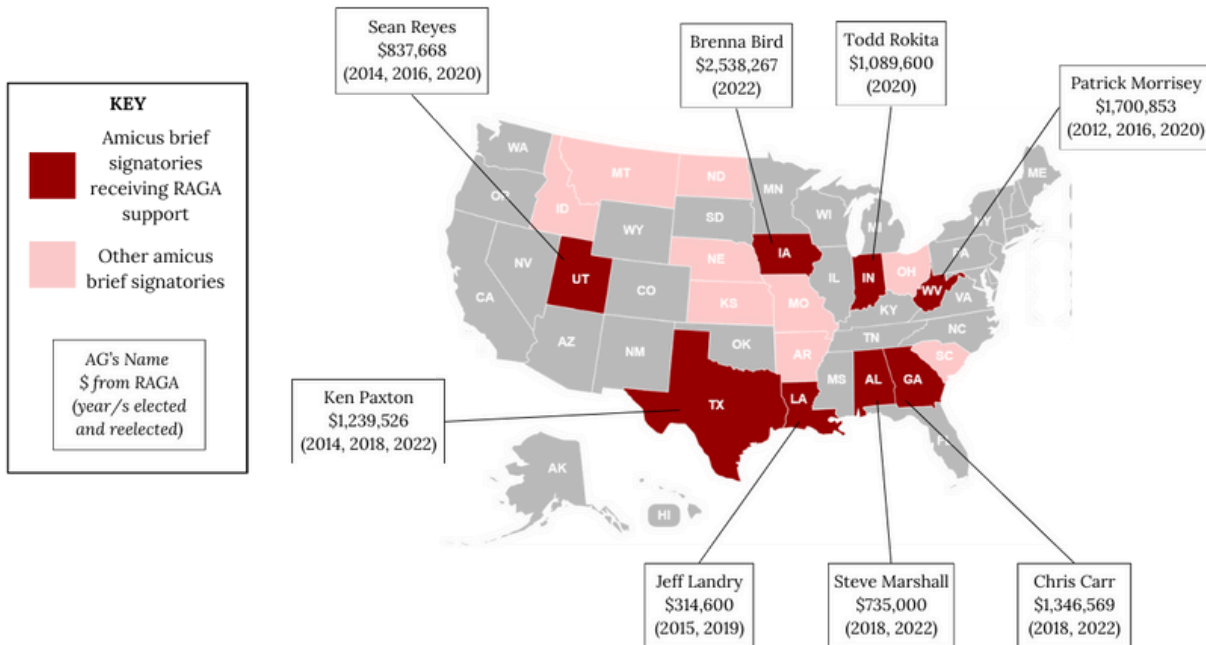
These suits are currently working their way through the Federal court system. State attorneys general have promised to pursue them to the Supreme Court, which could further limit the EPA's regulatory power

KEY IMPACTS OF RAGA SPENDING

These companies have made public commitments to democracy and voting rights.



On January 3, 2024, these AGs filed an amicus brief challenging Pennsylvania’s ability to count absentee ballots.



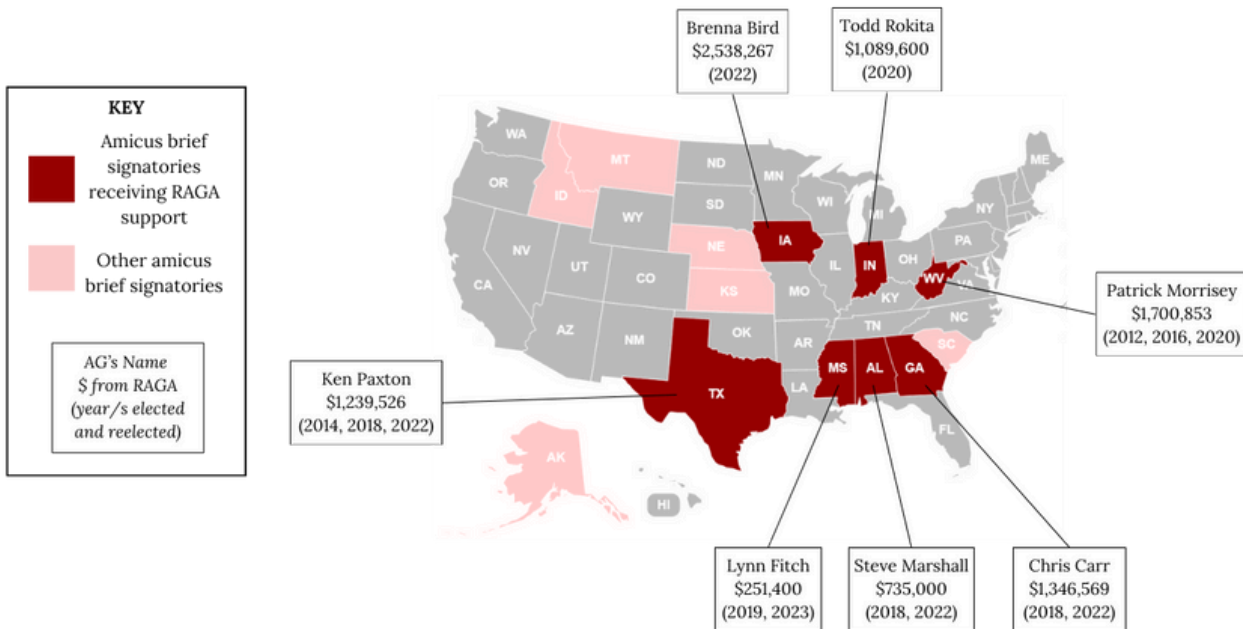
On March 27, 2024 the Court of Appeals ruled the absentee ballots in question should not be counted. The case is expected to eventually be appealed to the Supreme Court.

KEY IMPACTS OF RAGA SPENDING

These companies have made public commitments to democracy and voting rights.



On December 8, 2023, these attorneys general filed an amicus brief challenging a section of the Voting Rights Act that allows civil rights groups to sue states for disenfranchising voters



An appeal of this case is expected to be heard in 2024 or 2025 at the US Supreme Court.

WRAP UP: HOW TO REDUCE THE ULTIMATE RISK

State attorneys general have placed themselves at the center of some of today's most contentious political issues and legal challenges. Corporate donors, when they support attorney general election campaigns via third-party groups like RAGA and DAGA, are associated with the actions of state attorneys general. Contributions to these groups have been crucial for underwriting the elections of state attorneys general who in turn have undermined company commitments to reproductive rights, the environment, and democracy.

Both academics and corporate governance experts have urged companies to strengthen their due diligence in managing political spending. This means knowing how third-party groups, including the attorneys general associations, are using company money; what this spending enables; and the issues that corporate brands are associated with through these contributions.

The examples of state activity cited in this report are only the most recent controversial cases in which RAGA-supported attorneys general have been involved. For example, Lynn Fitch, the attorney general for Mississippi was the driving force behind the case that overturned Roe. She was first elected in 2019 with more than \$250,000 from RAGA. Patrick Morrissey, attorney general of West Virginia, was similarly involved in the 2022 U.S. Supreme Court case, West Virginia v. EPA, which limited the agency's ability to regulate the pollution that causes climate change. Morrissey received more than \$1.7 million in support from RAGA. He continues to challenge the Clean Air Act in 2024. And the Texas attorney general, Ken Paxton, has received more than \$1.2 million in support from RAGA since he was first elected in 2014. While in office, he filed the suit to overturn the Affordable Care Act and has repeatedly tried to curtail voting rights.

Meanwhile, corporate contributions to RAGA have tied certain donors to each of these issues.

Across all sectors, major companies have faced increased scrutiny over their election-related spending. It has prompted companies to increase their transparency, accountability policies for, and oversight of, many types of political giving. However, the consequences of unchecked spending to third-party groups like RAGA demonstrate that these commitments to transparency and accountability need to be deepened and strengthened. Despite companies' efforts, corporate contributions are used to fund candidates whose positions conflict with company policies, positions, and core values as well as their commitments to employees, customers and shareholders. More than ever, employees and other stakeholders are scrutinizing and challenging companies' stances on a range of issues and on their political spending choices. This scrutiny demands companies take action to address how they approach political spending.

There are already robust frameworks and guides to help companies strengthen their transparency and accountability around political spending, give them control over political spending, and more effectively manage the risk posed by that spending.

They are:

- **CPA's Guide to Corporate Political Spending**
- **The CPA-Zicklin Model Code of Conduct for Corporate Political Spending**
- **CPA's Guide to Becoming a Model Code Company**
- **CPA's Primer on Corporate Political Spending for Incoming Directors, and**
- **The Erb Principles for Corporate Political Responsibility**

A recent survey of US executives found that significant majorities of business leaders characterized the nation's political and legal/regulatory environment in 2024 as challenging or extremely challenging. As the election cycle continues to unfold, companies can and must confront these challenges head-on. Contributions to third-party groups like RAGA, which spend company donations to elect increasingly divisive officials, will continue to associate companies with serious risks. These risks already outweigh any of the potential rewards of access or political favor. Companies' policies on political spending must evolve with the political and risk environment. The CPA-Zicklin Model Code of Conduct for Corporate Political Spending provides companies with a framework – one that gives them the policies to justify decisions and control their political spending -- for making these changes now, and for guiding their political spending decisions into the future.



CENTER FOR
POLITICAL ACCOUNTABILITY

CORPORATE UNDERWRITERS: WHERE THE RUBBER HITS THE ROAD

FOREWORD BY

Bruce Buchanan

C. W. Nichols Professor of Business Ethics, NYU Stern School of Business

FOREWORD

Bruce Buchanan

In this important report, the Center for Political Accountability has brought to light a little-noticed but politically important set of organizations that fund campaigns for governors, state legislators, and attorneys general. These big six “527 Committees” (Republican Governors Association, Democratic Governors Association, Republican Attorneys General Association, Democratic Attorneys General Association, Republican State Leadership Committee and Democratic Legislative Campaign Committee) disburse campaign funds at the state level but collect funds nationally. Through this arrangement, they focus contributions from across the country into those few states that are strategically important, bringing national scale funding to local and state elections. Their power far exceeds their media presence. The American citizenry has little awareness of their influence, and even less of their funding and methods. This is unfortunate. The intense media scrutiny leveled upon national politics has no parallel when it comes to state governments, yet so much of the law and regulations that rule our daily lives comes out of places like Montgomery, Olympia, and Lansing.

By delineating the funding sources of these Committees, CPA has made a major contribution to political transparency. The results are shocking: in the years since *Citizens United*, for-profit corporations and their trade associations have been the dominant source of funding to these 527’s, with over \$1 billion total contributions, or over 40% of all funds collected. This is not PAC money or individual contributions; these funds are coming straight out of corporate treasuries. These funds reflect executive decisions.

Because of *Citizens United*, corporations now are free to spend such money from their treasuries on various forms of political engagement, and to spend sums that individual citizens or groups of citizens or even unions could never match. Such spending power, no doubt, can serve their shareholders, electing candidates who will further corporate agendas on matters such as reduced pollution control and workplace safety regulations, and right-to-work laws. Such spending, however, also creates risks for the firm, because even for-profit corporations must attend to the rights and concerns of their stakeholders.

FOREWORD

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Many firms have learned the hard way that no business can flourish, especially over the long term, without the trust and support of customers, employees, and local communities. Their greatest asset is their own good name, so they must consider both shareholders and stakeholders when making political contributions.

At the state level, this balancing act is more delicate than at the national. Corporations are relatively larger and more powerful compared to states, and individual firms can hold considerable leverage. That economic power combined with political contributions can be very effective in advancing shareholder interests. And because press and media scrutiny in state capitals is low – and sometimes almost non-existent – firms might attempt behaviors in certain states that they would avoid on the national stage. And because some state governments are corporate friendly – especially when the Republican party controls – corporations might be further emboldened in advancing their agendas.

But major corporations are national or international in scale, and so have powerful stakeholders – customers, employees, civil society – in many states and countries. When furthering their agendas in any one state, they must ensure that they do not degrade their relationships in other communities where they operate.

On this point, close study of *Where the Rubber Hits the Road* will pay great dividends to the executive or analyst who invests the time. As major corporations open their checkbooks to these 527's – and especially to the Republican Attorney Generals Association (RAGA) – these funds are going to elect and re-elect state officials that are actively advancing policies antithetical to stakeholder groups across society. On issues like climate change, DEI, voting rights, LGBTQ rights, racial justice, and reproductive rights, corporations are finding that their political contributions are at odds with their stated policies to stakeholders. Alarming, some of these contributions go to officials who fought to overturn the results of the 2020 election, and who are threatening to attempt the same in 2024.

By publishing this well-researched, balanced, and insightful report, CPA has provided executives with a guide for thinking about how to engage with the political process and how to spend corporate treasury funds at the state level. And with its Model Code of Conduct for Corporate Political Spending, CPA has provided thoughtful, prudent guidelines designed to help each corporation find its own effective path through the political minefields of our unsettled times.

Bruce Buchanan is the C.W. Nichols Professor of Business Ethics at the NYU Stern School of Business

ACKNOWLEDGMENTS

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

Cover design, layout, and graphics by Jeanne Hanna.

Published August 20, 2024

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METHODOLOGY

This report follows the money. It is based on:

- A review of all contributions to six partisan political committees 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 these associations spent contributions from public companies, their trade associations, and other donors;
- Legislation, official correspondence, and policy positions taken by elected state attorneys general;
- Media coverage about the impact of elected state officials on issues of national importance; and
- An examination of how these impacts align or conflict with the core values, policies and positions of contributing companies

INTRODUCTION: WHY ISSUE THIS REPORT

Where the Rubber Hits the Road, the third in the Corporate Underwriters series, examines the scope of corporate political spending and its impact on state and national politics and policy. Since 2010, major US companies and their trade associations have donated more than an eye-popping \$1 billion to six powerful but often overlooked political organizations that have funded the elections of state government officials across the country. These elections have reshaped policy and politics and, more fundamentally, have had a major impact on our democracy.

The organizations are the Democratic and Republican governors associations; the rival parties' state legislative campaign committees; and their attorneys general associations. For the purposes of this report, these groups will be referred to as 527 committees, after the section of the Internal Revenue Code under which they are organized and operated.

This report offers the first comprehensive analysis of how companies are an influential funder of these elections and the dominant source of money for several of these committees. It examines the impact of corporate spending on some of the most controversial issues in the country. This spending poses serious risks to companies' reputations, their profitability, and to the environment companies need to succeed.

Unlike other research on campaign finance and corporate America, this report focuses on election-related spending using corporate treasury funds. This form of political spending, the impact that it has on state and national politics and policy, and the risks it creates for American companies have received little attention until now.

With the high-stakes 2024 election season fully underway, this report shines much-needed light on the weighty consequences of corporate political spending that goes well beyond the political action committee.

It also recommends a framework and policies for companies to gain greater control over their political spending and to address its risks. The framework is the [CPA-Zicklin Model Code of Code for Corporate Political Spending](#), the first action item of the [University of Michigan's Erb Principles for Corporate Political Responsibility](#).

To illustrate the risks and consequences, this report closely examines the corporate financing of these so-called 527 committees and the candidates and positions they advance. It focuses on these committees because of their national scope, prominence and impact. There are many organizations at both the state and national level that receive corporate funding and merit attention, but the problem and risks of corporate funding are well illustrated by the following examples. These organizations were chosen for three primary reasons:

- 1 Public companies and their trade associations are dominant funders of these six organizations. Of the \$2.5 billion raised by these groups since the 2010 election cycle, public companies and their trade associations have accounted for close to half -- more than \$1 billion. Public companies' dominance in this area of political spending creates unique risks that need to be addressed.
- 2 Three of these groups – RAGA, DAGA, and the RSLC – have the greatest electoral impact and receive more than half their funding from public companies and their trade associations.

All six 527 groups contribute exclusively to state-level races but have nevertheless become increasingly influential in driving major election, judicial and policy outcomes at both the state and federal levels. The Republican groups examined here have raised a total of more than \$1.5 billion while the Democratic groups have raised \$1 billion since 2010.

527 Committees

Republican Governors
Association (RGA)

Democratic Governors
Association (DGA)

Republican Attorneys General
Association (RAGA)

Democratic Attorneys General
Association (DAGA)

Republican State Leadership
Committee (RSLC)

Democratic Legislative
Campaign Committee (DLCC)

3 While it is consequential, spending through the groups remains under-examined by the news media and has received little attention from business leaders. As a result, the risks posed, and actions to address that risk, are too often underappreciated and underutilized. This report seeks to correct both these gaps.

This report is particularly timely because of major changes to the political landscape now confronting company leaders. The U.S. Supreme Court's 2010 *Citizens United* decision opened the door to unlimited election spending from corporate treasury funds. A substantial amount of this spending is "dark," going through groups that are not required to disclose their donors. This holds true for trade associations and social welfare organizations operating under Section 501(c)(4) of the Internal Revenue Code. *Citizens United* also increased public scrutiny of corporate political spending among consumers, employees and other important stakeholders. This scrutiny was heightened after the Capitol insurrection on January 6, 2021, and related efforts to overturn the results of the 2020 presidential election. In response, many companies were forced to face the risk their political spending posed to their reputations, their profitability, and their ability to operate in a favorable societal and political environment.

In a transformed landscape, American businesses must face a new risk calculus, as the risks associated with corporate political spending have increased dramatically. As a result, companies' political donations are no longer part of simple or discrete transactions and can no longer be defended as merely intended to ensure access to elected officials. Each dollar spent on an election inextricably associates corporate donors with the candidates who are elected and the policies that are advanced or enacted with their support.

This report examines the broader extent and associated effect of corporate political spending in this critical election year and beyond. It first details the enormous scope of corporate electoral spending by comparing it to other categories of political spenders. Next it delves into the impact of corporate spending on American elections, detailing concrete examples of the types of risks companies have faced when they fail to adapt to the new reality of corporate political spending. Finally, the report concludes with an urgent call to action.

SCOPE OF CORPORATE POLITICAL SPENDING: MASSIVE -- YET OVERLOOKED

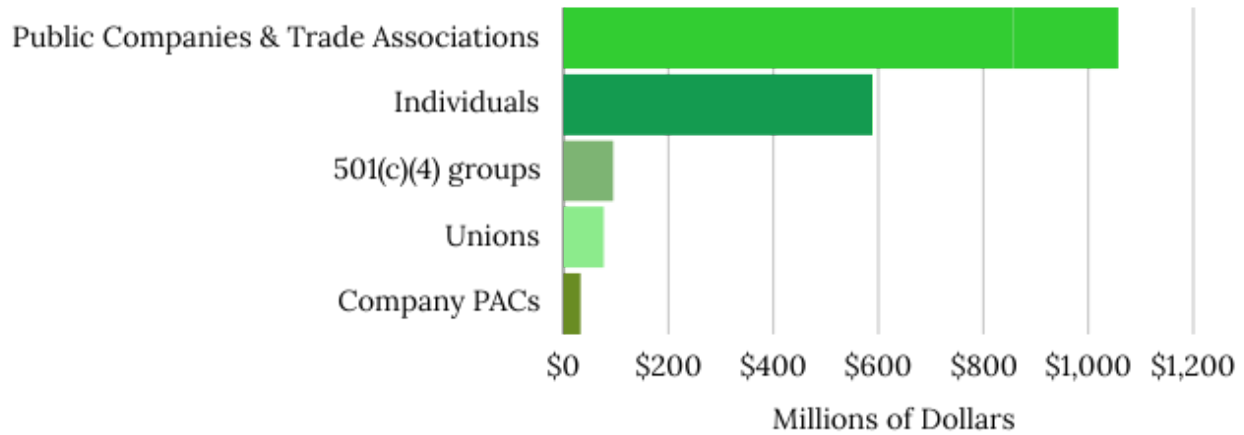
The billions spent on US elections routinely draw considerable attention. However, corporate political spending using treasury funds is often overlooked completely.

This spending matters too much to ignore. It has an enormous impact on American politics and on companies' bottom lines. This is especially true when it comes to corporate spending through third-party partisan groups like state legislative campaign committees, attorneys general associations, and governors associations. These groups fund some of the most momentous elections in American politics that have a national ripple effect.

Four types of political spending -- by corporate political action committees (PACs), by wealthy individual donors, by labor unions, and by so-called "social welfare groups" -- rightly receive attention.

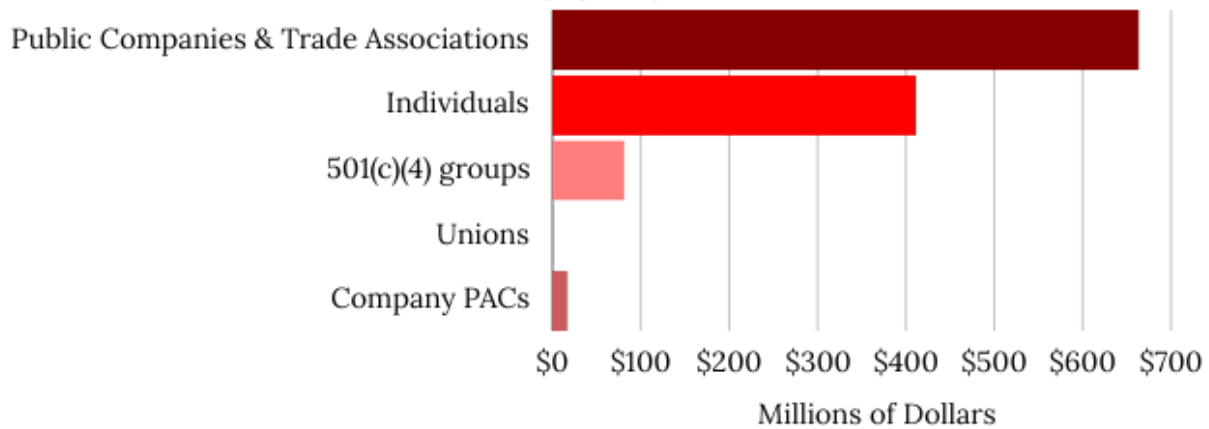
However, the scope of their impact on important state races (through support of these 527 committees) pales in comparison to that of public companies and their trade associations. As the graph and figures on the following pages illustrate, public company dollars provide far more funding to important third-party electoral groups than do any of those other types of donors.

Dominant categories of donors to all six 527 committees, 2010 - 2024



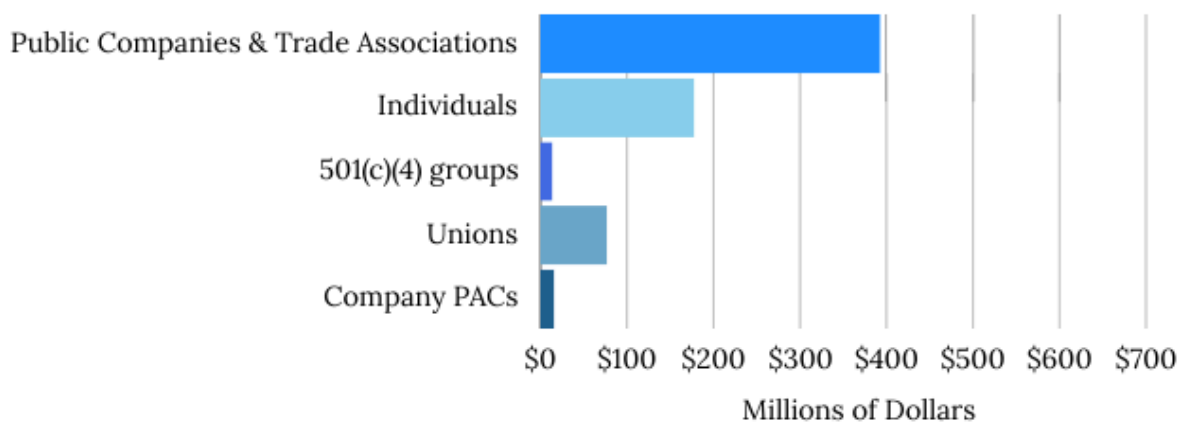
Source: US Internal Revenue Service

Dominant categories of donors to three Republican 527 committees, 2010 - 2024



Source: US Internal Revenue Service

Dominant categories of donors to three Democratic 527 committees, 2010 - 2024



Source: US Internal Revenue Service

**SCOPE OF CORPORATE POLITICAL SPENDING:
MASSIVE -- YET OVERLOOKED**

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- **The \$1 billion contributed to the six influential 527 organizations discussed above dwarfs donations the groups received from corporate PACs, which total less than \$34 million through June of 2024. Similarly, labor unions have donated less than \$78 million to these groups since 2010.**

- **While wealthy individuals play a large role in funding American politics, not even the largest contributions from high-dollar individual donors come close to what US companies routinely give these groups. Illinois Governor and philanthropist J. B. Pritzker has been the largest individual funder of any of the 527 groups examined here. He has donated just over \$31 million to the Democratic Governors Association since 2010. Public companies and their trade associations have given several times that amount, more than \$270 million to just the DGA during that same period.**

- **The contributions of 501(c)(4) or “social welfare” groups get significant attention in coverage of money in politics. Yet the scope of their spending is outweighed by that of public companies when it comes to state-focused 527 groups. Since 2010 social welfare groups have collectively given less than \$96 million to these six 527 groups. This is far less than the nearly \$860 million contributed to these groups by public companies or the \$200 million the groups received from corporate trade associations.**

As the data here show, corporate dollars materially affect the outcome of important elections, at times easily surpassing the impact of other, more high-profile categories of political donations. It is therefore critical that corporate leaders, media, and researchers more closely examine the impacts of that spending.

IMPACT OF CORPORATE POLITICAL SPENDING

Corporate political spending delivers great impact today because, as discussed above, these dollars play a major role in financing highly contested state political races through third-party 527 groups. These expenditures effectively have throw-weight greater than might be expected, for two chief reasons.

- **Corporate donations to these groups wield a greater bang for the buck because third-party contributions are spent collectively and in targeted key races, unlike direct contributions to a candidate.** Leading political scientists Jacob Hacker and Paul Pierson remarked upon this outsized impact in their foreword to a [2021 report](#) by CPA. Accordingly, these contributions can also expose companies to unforeseen risks and associate them with political candidates, causes and outcomes that conflict with a company's core values.
- **Secondly, the seat of power in American politics has, in many ways, shifted away from federal elected officials to state authorities including governors, state attorneys general and state legislatures.**

More and more, such key issues of the day as healthcare, reproductive rights, the environment, the economy, immigration, election integrity, and voting rights, are driven by laws not passed in Congress but in state capitals. This was in part the result of the millions of dollars contributed by companies that underwrote changes in control of state legislatures, the gerrymandering that followed in many states and the subsequent rise of minority rule despite corporate commitments to protecting democratic norms.

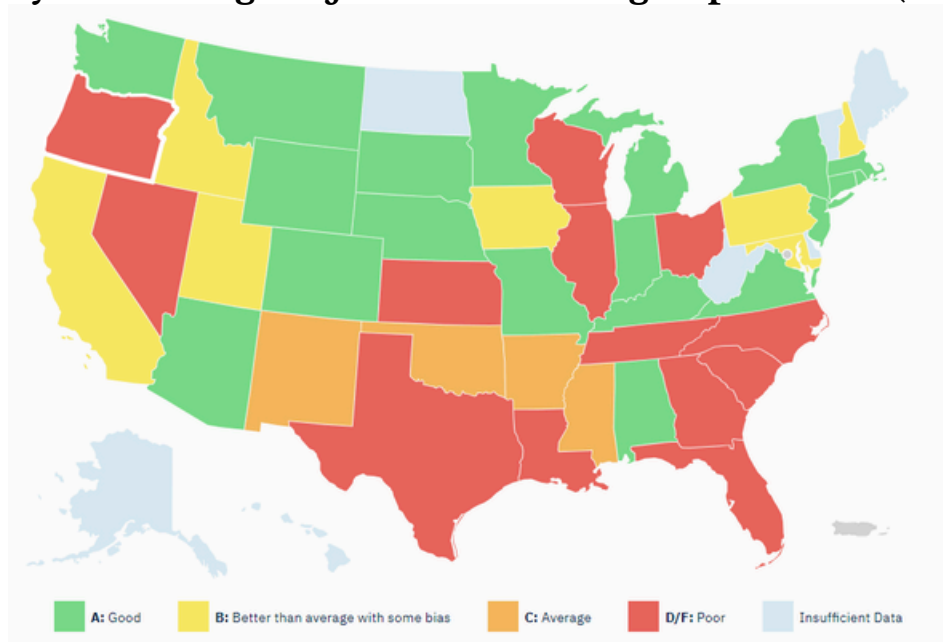


states and the subsequent rise of minority rule despite corporate commitments to protecting democratic norms.

CPA's [Corporate Underwriters and the Democracy Gap](#) more closely examines the impact of corporate contributions on undermining democracy in state legislatures. The map below, compiled by the [Gerrymandering Project](#) at Princeton University, shows which states are gerrymandered in ways that limit or eliminate the ability of opposition parties to hold power.



Gerrymandering Project: Redistricting Report Card (2021)



In other cases, state attorneys general have used interstate lawsuits and “friend of the court” briefs to the U.S. Supreme Court to drive national policy from the state level. CPA's [Courting Risk: Corporate Underwriters and State Attorneys General](#) explores these themes and how their contributions to state attorneys general associations tie companies to these political actions even when the outcome conflicts with company values.¹



¹ Among the recent Supreme Court decisions in which state attorneys general were involved were the 2022 *Dobbs v. Jackson Women's Health* decision that ended the constitutional right to abortion; the 2022 *West Virginia v. EPA* decision that affected the EPA's ability to regulate pollution and combat climate change; and the 2023 decision in *Students for Fair Admissions v. the University of North Carolina* and *Students for Fair Admissions v. President & Fellows of Harvard College* which found affirmative action policies in college admissions to be unconstitutional. State attorneys general have used this ruling to also challenge the legality of diversity, equity, and inclusion policies within American companies.

These factors amplify the impact of corporate political spending through third-party groups. And because the political landscape has changed so fundamentally, companies, in turn, must address the evolving risks associated with what may have previously been seen as innocuous, everyday political spending.

Access to elected officials and their staffs frequently is cited as a rationale for companies continuing to give large sums to these political groups. A leaked list of membership benefits for contributors to the Republican Attorneys General Association, for example, details some of these incentives; they range from two passes to the group's annual meeting in return for a \$15,000 contribution, to a list of dinners, events, and opportunities to brief sitting attorneys general for companies that give \$125,000.

However, in today's hyper-partisan political climate these contributions also associate companies with concrete risks to their reputations and their bottom lines, and they expose the companies to intimidation by office holders whom they may have helped to elect.



2018 MEMBERSHIP BENEFITS

2018 VICTORY FUND **(\$250,000+ CONTRIBUTION)**
 Details available upon request

EDMUND RANDOLPH CLUB "ERC" **(\$125,000 ANNUAL CONTRIBUTION)**

- Invitation to annual ERC Retreat: April 19 – 22, 2018
- **5 passes** to RAGA National Meetings
 - Registration fees (up to 5 people)
 - Invitation to Host Committee Dinner
 - Invitation to ERC and Capital Club events
 - Invitation to ERC, Capital Club, Roundtable & Sponsors Dinner
 - Opportunity to submit issue panel topics, and to be a panelist
 - Recognition as a platinum sponsor (optional)
 - Annual opportunity to lead issue briefings with Republican Attorneys General
- **3 passes** to the following RAGA events (and complimentary entry to all RLDf Events):
 - Senior Staff Retreat
 - Issue Symposia
 - Tech Summit
 - General Counsel Summit
- Posting access to online RAGA Briefing Room
- Monthly Political Briefing hosted by Scott Will, *RAGA Executive Director*

ATTORNEYS GENERAL CAPITAL CLUB **(\$50,000 ANNUAL CONTRIBUTION)**

- **4 passes** to all RAGA National Meetings
 - Registration fees waived (up to 4 people)
 - Invitation to Capital Club events
 - Invitation to ERC, Capital Club, Roundtable & Sponsors Dinner
 - Opportunity to submit issue panel topics, and to be a panelist
 - Annual opportunity to lead issue briefings with Republican Attorneys General
- **2 passes** to the following RAGA events (and complimentary entry to all RLDf Events):
 - Senior Staff Retreat
 - Issue Symposia
 - Tech Summit
- Posting access to online RAGA Briefing Room

ATTORNEYS GENERAL ROUNDTABLE **(\$25,000 ANNUAL CONTRIBUTION)**

- **3 passes** to all RAGA National Meetings
 - Registration fees waived (up to 3 people)
 - Invitation to ERC, Capital Club, Roundtable & Sponsors Dinner
- Posting access to online RAGA Briefing Room

ATTORNEYS GENERAL COMMITTEE **(\$15,000 ANNUAL CONTRIBUTION)**

- **2 passes** to all RAGA National Meetings

Contributions to RAGA are not deductible as charitable contributions for federal income tax purposes. Contributions will not be used for federal electioneering communications. Contributions may be placed in one of RAGA's 401(c)(3) funds. Contributions from foreign nationals are prohibited.

RISKY BUSINESS: EXAMPLES OF THE RISKS OF CORPORATE POLITICAL SPENDING

These risks are varied. They include reputational risks, which can harm a company's relationships with its employees, customers, and other important stakeholders. They include business risks that damage company assets or profitability. Another kind of risk involves an emerging pattern of political intimidation against company policies and positions. Elected officials have shown an increased willingness to use lawsuits and legislative processes to retaliate against companies that promote positions with which politicians disagree. In some cases, companies have been sued or threatened by politicians they supported through direct or indirect financial contributions.

Reputational Risks

Companies' reputations may be jeopardized when their political spending undermines their values or contradicts commitments the company has made to key stakeholders.

Employees are one important stakeholder group with whom companies frequently make commitments. Employee recruitment, retention and commitment are increasingly linked to shared values between the company and the employee.

FORTUNE

The FirstEnergy Scandal Shows Everything That Could Go Wrong With Companies' Political Spending in 2024

By Allison Herron Lee and Bruce Freed

July 31, 2023

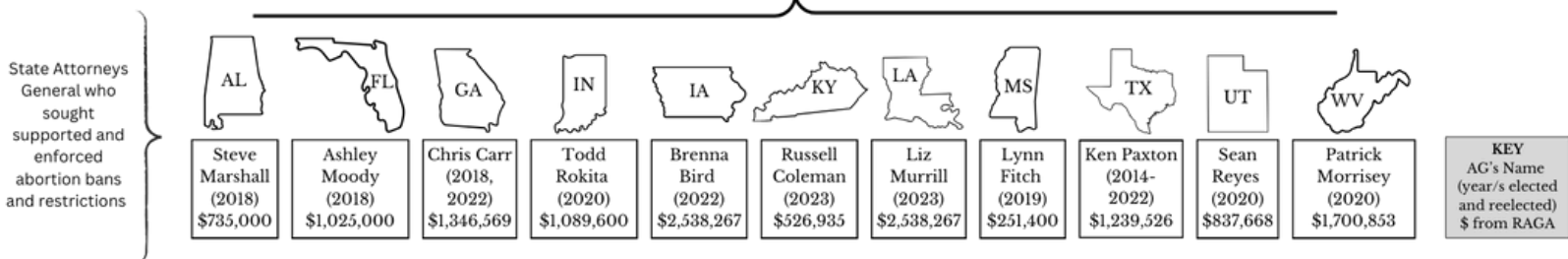
Reproductive rights. In the wake of the 2022 U.S. Supreme Court decision that overturned *Roe v. Wade* and led to abortion restriction in many states, dozens of US companies pledged to protect employees' access to abortion care through travel reimbursements for employees forced to seek out-of-state medical care. Companies offering these commitments saw an uptick in recruitment. However, it tarnished these companies' reputations with employees that the companies had contributed to groups funding the campaigns of state officials who actually enacted abortion bans.

Forbes

Companies Offering To Pay For Abortion Travel See Recruitment Uptick
By Kim Elsesser
August 21, 2023

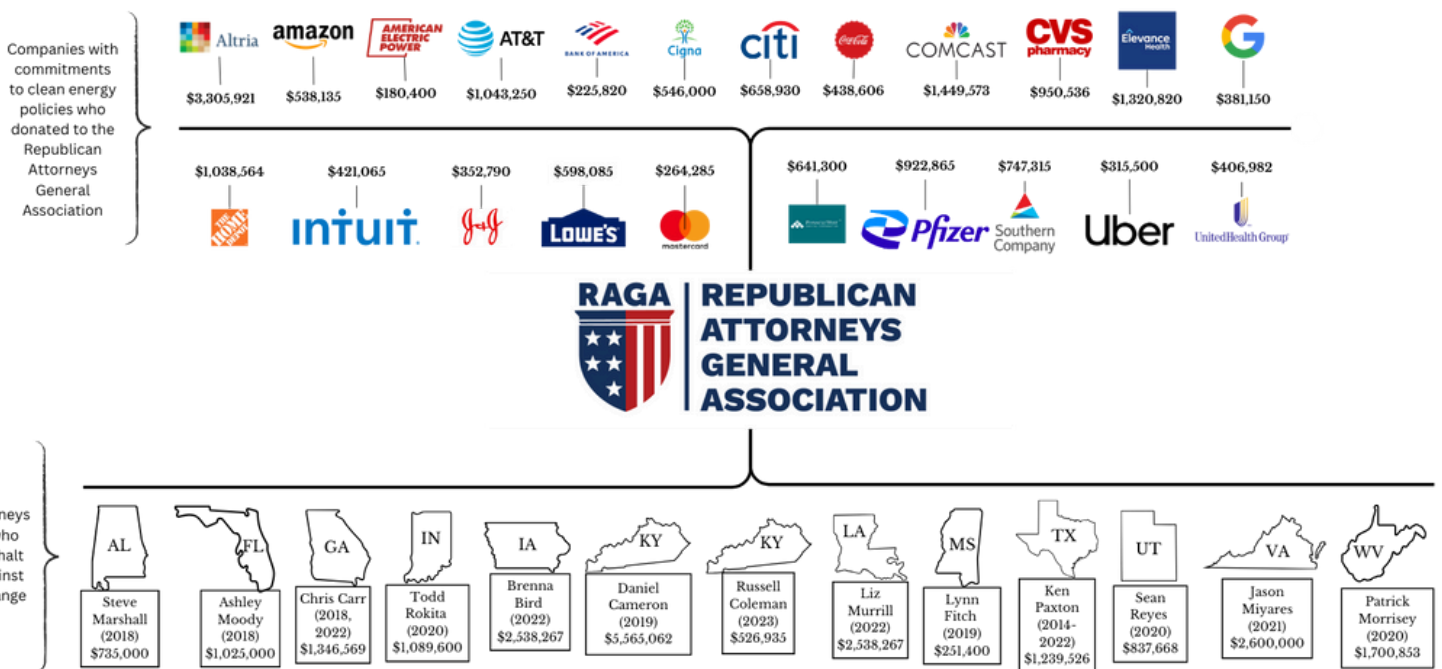
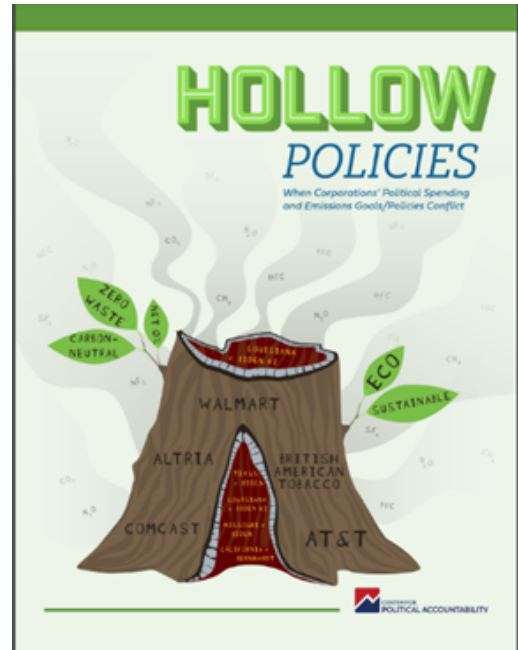
The Guardian

Amazon and Google Fund Anti-Abortion Lawmakers Through Complex Shell Game
By Nick Robins-Early
June 3, 2023



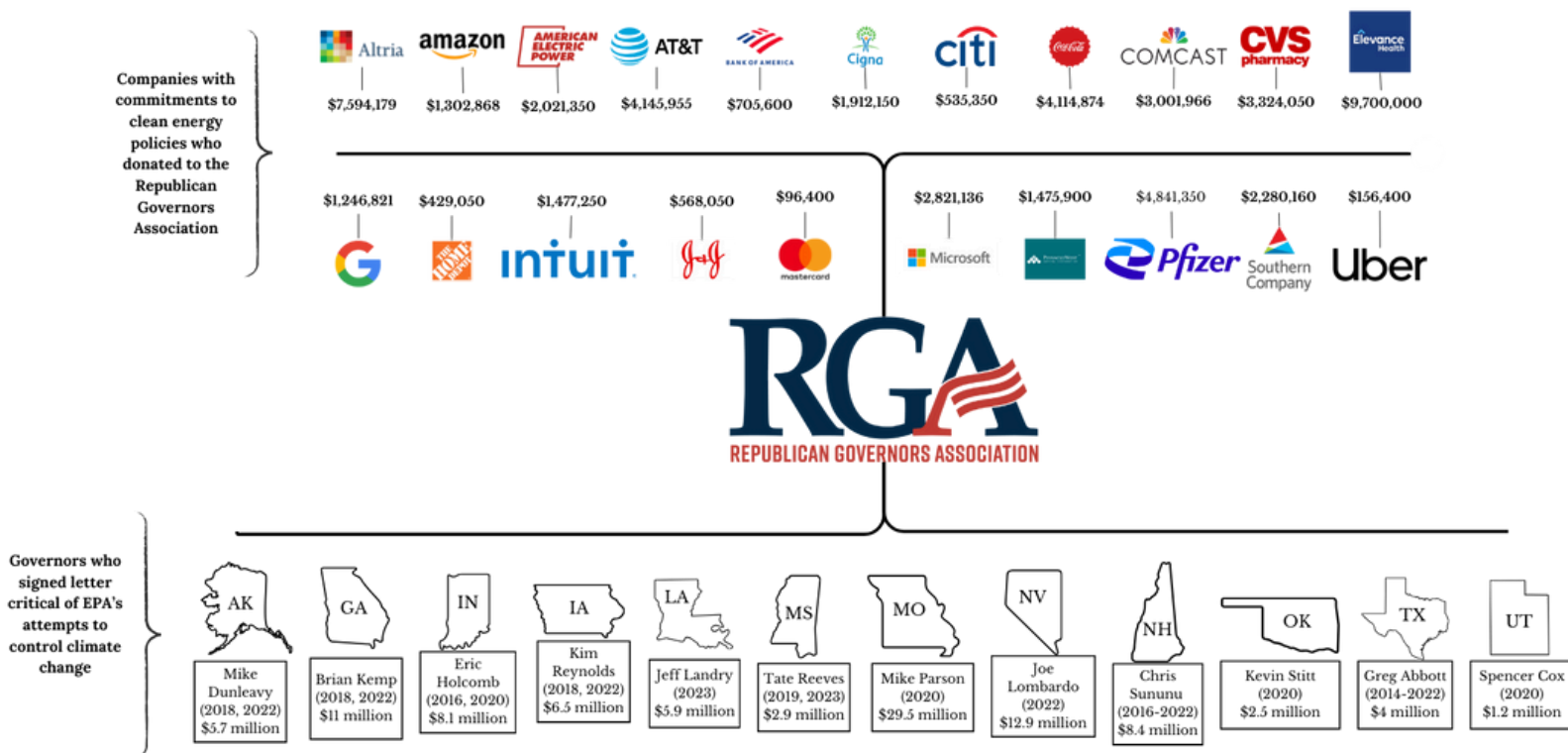
Climate change. Companies frequently tout their commitments to addressing climate change, to reducing or eliminating their carbon emissions and to supporting policies to mitigate the risks climate change poses to their profitability. However, for many of these companies, their political spending actually undermines these goals.

For example, dozens of companies, including household brands like Amazon, Comcast, Lowe’s and Uber have documented their robust commitments to addressing climate change. However, these companies have simultaneously given hundreds of thousands of dollars to groups including the Republican Attorneys General Association. RAGA has funded the election and reelection of more than a dozen state attorneys general actively involved in efforts to halt action against climate change. This clear contradiction damages companies’ reputations with both employees and customers.



RISKY BUSINESS: EXAMPLES OF THE RISKS OF CORPORATE POLITICAL SPENDING

A similar list of companies with clean energy commitments has funded the Republican Governors Association. It, in turn, has funded the election and reelection of several state governors who recently wrote a [letter](#) to President Biden criticizing the EPA’s attempts to control climate change and demanding a cessation of many major efforts to combat climate change.



LGBTQ rights and racial justice. Companies’ reputations are also in jeopardy when their political spending undermines their commitments to minority groups. Pledges to support anti-racist values and to LGBTQ rights ring hollow when the companies that make them are also giving to political groups that help elect state officials who pass laws discriminating against Black and Queer communities.



Voting and democracy. In the wake of the Capitol insurrection on January 6, 2021, many companies affirmed their commitments to democracy and to safeguarding US elections. However, several companies' contributions not only helped elect some of the officials who challenged the results of the 2020 presidential election; their contributions to the Republican Attorneys General Association also linked them to a related 501(c)(4) group, the Rule of Law Defense Fund, that sent robocalls urging participants to join the January 6th march to the US Capitol.



Business Risks

When political spending damages a company's reputation, it can also have negative and quantifiable effects on the company's bottom line.

Climate change. Along with many other companies, [Walmart](#) vows robust commitments to address climate change explicitly because of the business risks that environmental instability poses to the company's supply chains.



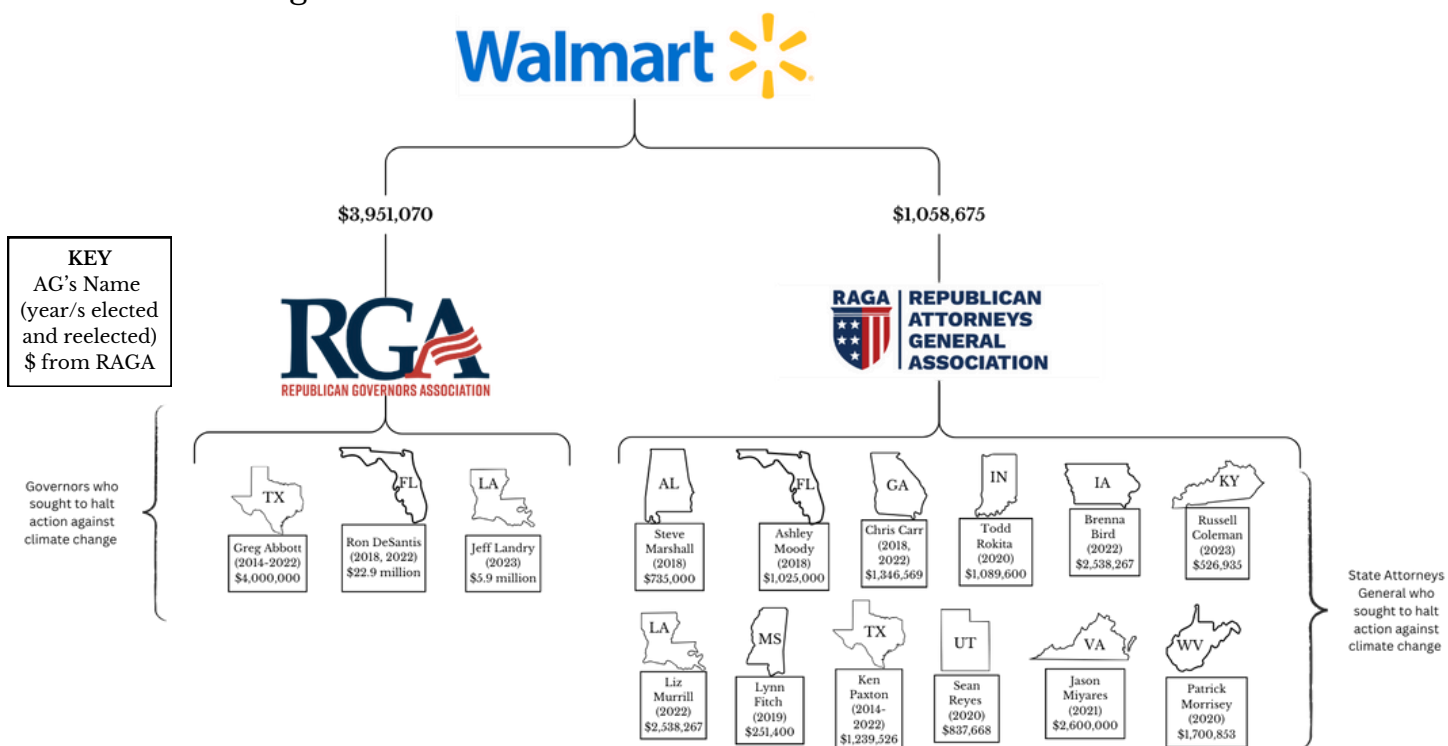
“

“Climate change is one of the greatest challenges of our time. If we don’t take more aggressive action now, the damage will only worsen, and the consequences will be disastrous for this and future generations.

“As a retailer with operations in more than two dozen countries and sourcing that spans the globe, Walmart is deeply committed to addressing climate change. We’re focused on strengthening business resilience, advocating for climate action and targeting zero emissions across our global operations by 2040.”



However, despite its commitment to mitigate the risks that climate change poses to its profitability, Walmart’s political contributions have supported groups that help to elect candidates who oppose key remedies to address climate change.



Reproductive rights. Similarly, many companies have recognized that reproductive healthcare access creates major business costs for companies operating in states with bans on abortion and other reproductive health care. Regardless of where they are located, workers increasingly want to work for companies that support abortion access. Eli Lilly and Company acknowledged that the strict abortion ban passed in the company's home state of Indiana would likely harm its ability to attract talented employees within the state. However, Eli Lilly continues to make regular contributions to the Republican Attorneys General Association, totaling more than \$400,000 since 2014. RAGA was a major funder in the election of Indiana Attorney General Todd Rokita in 2020. Rokita made national headlines for repeatedly targeting an Indiana doctor who performed an abortion on a 10-year-old rape victim in June 2022. In November 2023, the Indiana Supreme Court reprimanded Rokita for violating state rules of office in this case. Given the money trail connecting RAGA donors to Rokita, Eli Lilly has created a serious risk to its own ability to recruit employees.

Newsweek

Eli Lilly Says Indiana Abortion Ban Will
Spur It to Hire Outside Home State

By Thomas Kika
August 2, 2022

kxan

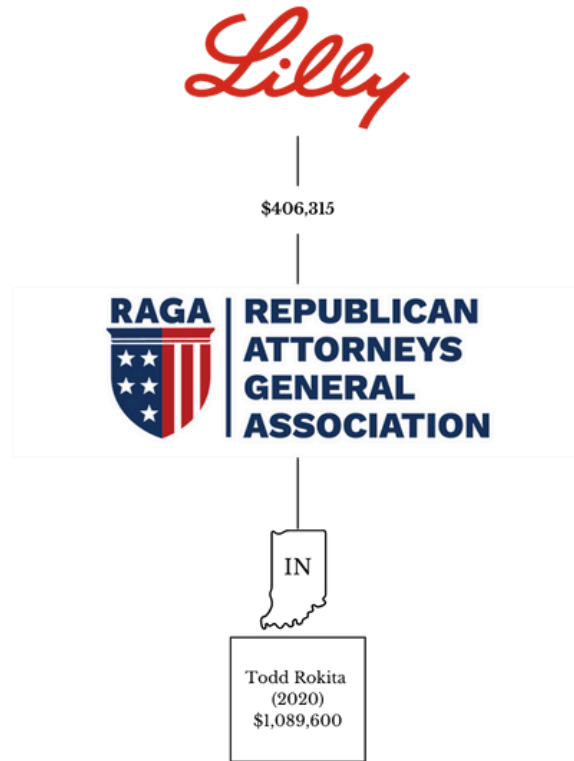
Texas Businesses Say Abortion Ban Costs
State Nearly \$15 Billion a Year

By Ryan Chandler
November 10, 2023

Forbes

More Than 75% Of Employees Want To Work For
Companies That Support Abortion Access

By Kim Elsesser
August 2, 2022

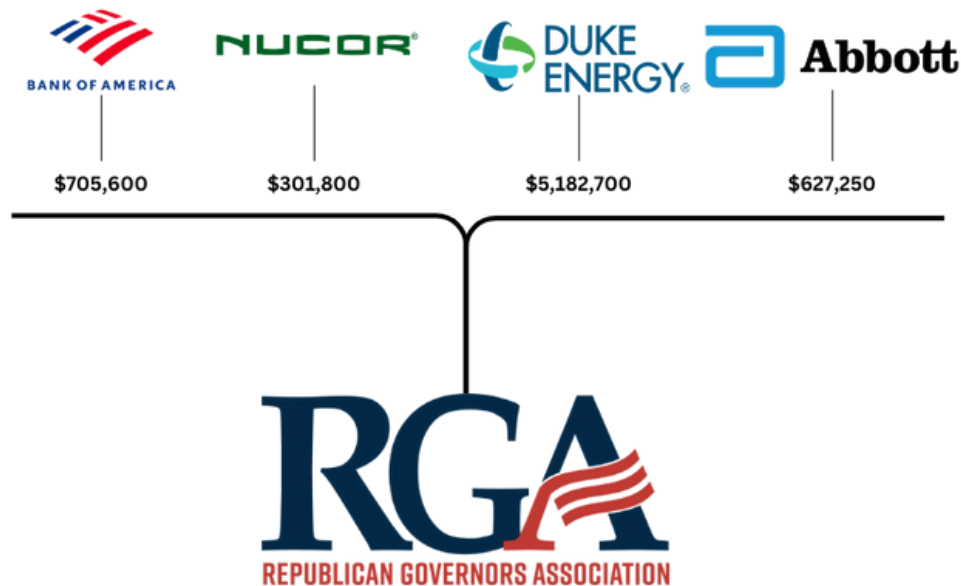


LGBTQ rights. Companies in North Carolina have expressed similar concerns about business risks that could stem from the state’s forthcoming gubernatorial election. Lt. Gov. Mark Robinson, the 2024 Republican nominee for governor, has espoused several extremely controversial policy positions. Many of these positions, including legislation to undermine the rights of gay and transgender people, have posed problems for businesses in North Carolina in the past. A 2016 law that targeted LGBTQ community members’ ability to use public bathrooms led directly to PayPal and other major companies divesting from the state.

The Washington Post
Far-Right Politics Could Hurt Business
In North Carolina, Some Fear. Again.
By Danielle Paquette
April 5, 2024

WCNC CHARLOTTE
Citing Robinson’s Nomination, Connecticut Aims to
Poach North Carolina Companies
By Will Doran and Paul Specht
March 21, 2024

The Republican Governors Association has pledged to support Robinson in 2024 and recently announced [a seven-figure ad campaign](#) to support his campaign. Several North Carolina companies, including Bank of America, Duke Energy, and Nucor, are major contributors to the RGA and could be supporting a political climate that is harmful to their businesses' interests.



Democracy and voting. US companies have a business stake in maintaining the country's democratic institutions, including fair elections and voting rights. Researchers have repeatedly found that a strong democracy leads to economic growth and fosters the most favorable conditions – predictability, stability and rule of law – for companies to prosper. Conversely, when democratic norms are eroded, business interests can suffer. Many companies have published value statements that acknowledge these risks and benefits. However, many of these companies have also contributed to political groups that have undermined voting rights and contributed to gerrymandering that led to minority rule in states around the country. This political spending associates companies with politicians and policies that threaten the economic and political stability and the rule of law they need to succeed.



Intimidation Risks

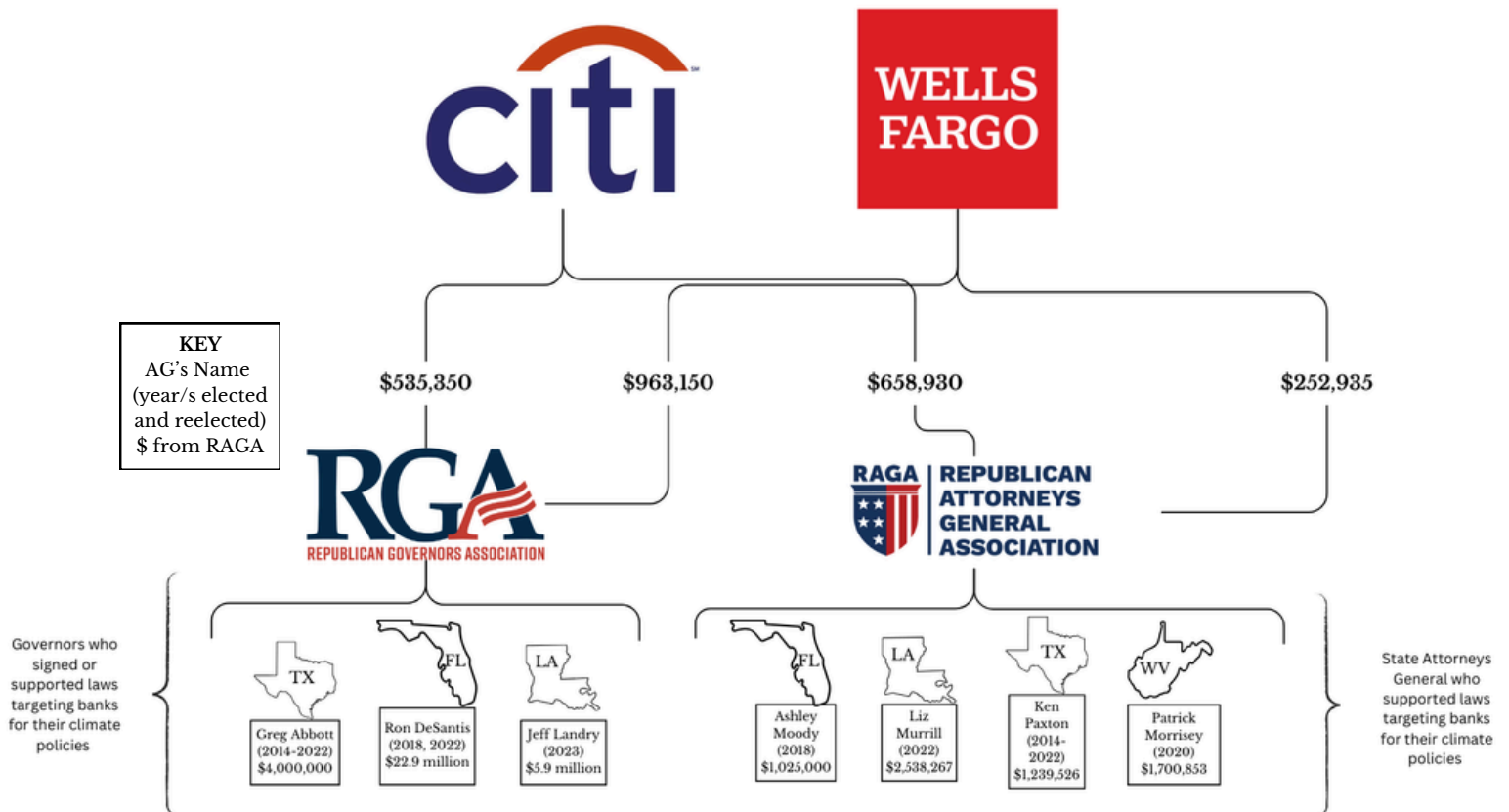
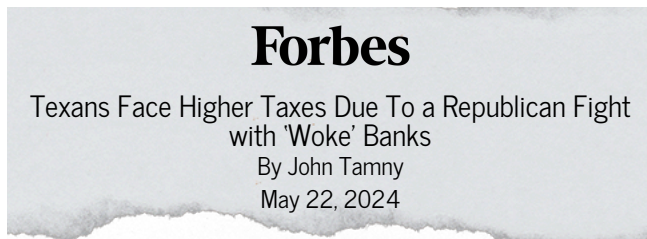
Some business risks that companies can incur through their political spending stem directly from the politicians they help to elect. There is a growing trend of elected officials threatening, intimidating, and punishing companies for business decisions. This new reality compels companies to reconsider the broader consequences of their political giving.

Diversity, equity, and inclusion. In July 2023, 13 state attorneys general wrote letters to the country's 100 largest companies, threatening legal action if the companies continued their use of diversity, equity and inclusion (DEI) programs and policies.

DEI policies have been shown to have numerous benefits for businesses, including profitability, innovation, and employee retention. However, there are already reports that threats like the one filed by state attorneys general are leading some companies to curb these policies.



Climate change. Texas Attorney General Ken Paxton has led a years-long effort alongside the state legislature and regulatory bodies to prohibit banks with policies to counter the negative effects of climate change from doing business with any state or local government entity. A similar law has also passed in West Virginia. Citigroup and Wells Fargo are both affected by the bans, while each bank has donated generously to 527 groups that funded the election and reelection of state officials who helped institute the ban policies.

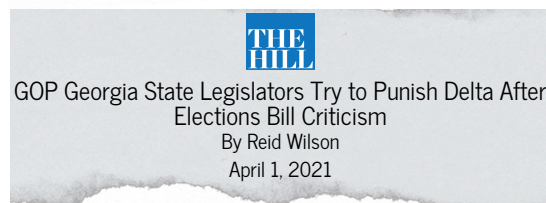


LGBTQ rights. Companies have reportedly faced threats and intimidation from governors they helped to elect. The Walt Disney Company was a major contributor to Ron DeSantis's first campaign for Florida governor in 2018. However, in 2022, Disney employees expressed concern about recent state legislation that limited discussions about sexual orientation and gender identity in public school classrooms. In response, Disney then-CEO Bob Chapek expressed opposition to the law on behalf of the company. Shortly afterwards, Gov. DeSantis asked the state legislature to revoke several tax and business privileges that the state had long granted to Disney and its Florida theme parks. This ignited a legal battle between Disney and the DeSantis administration that lasted more than two years. The parties reached a settlement in March 2024.



Democracy and voting rights. In 2021, several US corporations criticized a new law in Georgia that the companies argued unjustly restricted voting rights, particularly for Black voters. Atlanta-based Delta Airlines was among the law's critics. In retaliation, the Republican-controlled Georgia House passed legislation to end a state tax credit on jet fuel. While the bill failed to advance in the State Senate, the attempt demonstrated state officials' willingness to punish companies over their stances on voting issues.

Importantly, researchers have shown that standing up for voting rights and democratic norms benefits companies' bottom lines. Major corporations and business groups also have criticized recent proposals to tighten voting restrictions in other states.

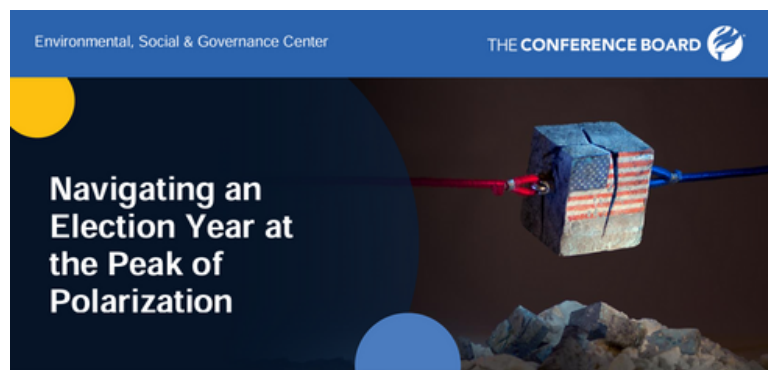


FOCUS ON 2024: UNLIKE ANY OTHER ELECTION IN RECENT TIMES

“This is going to be the most important election since 1860, because it is going to be about the future of this country as a democracy,” Duke political scientist Herbert Kitschelt told the *The New York Times* about the 2024 election. He is far from alone among analysts fearing that the nation’s bold experiment in democratic governance could be extinguished once votes for the White House are tallied.

This election will be particularly consequential for American corporations and their leaders. Some of the political rhetoric coming from the campaign trail promises a future that could destabilize core aspects of the American economy and the broader environment companies need to thrive, and these concerns are escalated above the level of four years ago.

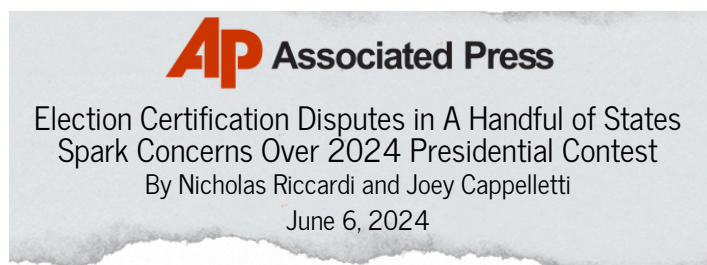
A recent report from [The Conference Board](#), a leading business group, found that more than half of companies consider the legal and regulatory environment in 2024 to be more challenging than it was in 2020. It cited



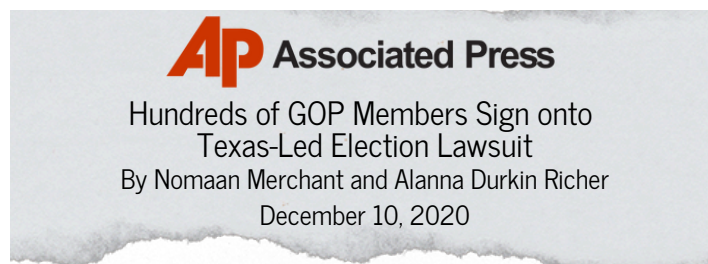
polarization among elected policymakers as the most significant challenge companies currently face in navigating the political environment. This has led more companies to be more selective and cautious in the political and social issues they choose to address. There are compelling reasons for companies to extend this caution to their approach to corporate political spending as well.

Challenging the election: state attorneys general

Many of the state attorneys general who filed unsuccessful lawsuits to challenge the results of the 2020 presidential election are still in office and potentially poised to take similar action if they are unhappy with the results of elections this November. The Associated Press has reported that Republican officials in three states have already attempted to interfere with the certification process of local election results in 2024 primary races.



The Republican Attorneys General Association and candidates it helped to elect were involved in many of the efforts to overturn the presidential election in 2020. Ken Paxton, attorney general of Texas, has received more than \$1.2 million in support from RAGA since he was first elected in 2014. Paxton spearheaded unsuccessful suits challenging the election results in several other states. The Texas state bar association is still pursuing sanctions against Paxton for these actions, which he continues to defend.



Major elections always bring a level of uncertainty for business leaders. However, the apparent willingness of some elected officials to undermine the norms of our electoral system magnifies that uncertainty. Contributing to candidates and political groups that have demonstrated a repeated willingness to undermine democracy magnifies the risks to which companies are exposed. Not only do these candidates' actions threaten some fundamental norms of the US economic and political system; contributions to election deniers associate company brands with one of the most controversial issues of our tumultuous times.

Populism and the business community

Business success relies on predictability, stability, and the rule of law. Researchers have noted that many promises of candidates reflect a shift away from these long-held principles of democracy and towards a more extreme form of populism. This shift poses real risks for businesses. A recent report by the Carnegie Endowment found that more populist governments have led to more volatile economies, more unpredictability in policy making and enforcement, and an overall degradation in the rule of law. Populist governance also inhibits overall economic growth, leading to stagnant markets and more frequent economic crises that can harm businesses. Given this uncertainty, companies are obliged to consider the policies their spending may enable in the near future. This is a particular problem at the state level where, as the Corporate Underwriters reports have detailed, company political spending via 527s has been critical in the election of state legislatures and attorneys general.



CONCLUSION: PULLING BACK THE CURTAIN ON POLITICAL SPENDING, MANAGING THE RISK

What responsibility do corporate leaders have to recognize the impact of their companies' political spending? How can these leaders manage the risks outlined here? What is the role and responsibility of the media for covering corporate political spending and its impact?

Companies and their leaders

This report has shown how public companies have become the dominant source of funding for some of the nation's most influential partisan political groups. These contributions place companies at the heart of some of today's most contentious political issues. Political spending by wealthy individuals, labor unions, social welfare groups, and corporate PACs may often receive more attention; however, its actual impact, particularly through the partisan state-focused political groups called 527s, is easily outweighed by donations flowing from corporate treasury funds.

Thus, the critical first step for management and directors is acknowledging the scope and impact of corporate political spending and the real risks it poses to companies. Executives within US companies must consider these features of the transformed political landscape:

- **Major scope and impact.** Corporate political spending plays a major role in the financing of US elections.
- **No longer just a way to gain access.** Corporate political spending associates company brands with all outcomes of elections, political causes, and candidates that the spending advances.
- **Stakeholders are watching.** Employees, consumers, and investors increasingly care about a brand's political values and reputation.
- **The new risk management.** The risk calculus that governs decision-making around corporate political spending must be adapted to these new realities.
- **Find a framework.** Companies need a robust framework that guides them in fully assessing the impact, risks and benefits of each political contribution.

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“Among the biggest risks that today’s managers of corporate DC offices must be aware of are their corporate treasury contributions to political entities that turn around and pass the money on to others and candidates. Companies must do their best to know in whose pocket their money is ultimately ending up or face the consequences. These contributions speak for the business’s position on various matters associated with the ultimate recipient, and companies don’t want to be in a position of saying one thing publicly while donating to groups/candidates who advocate for the opposite.”

[Rex Wackerle](#), former senior executive at Northrop Grumman, Bank of America and Prudential Financial

The news media

Even in an election year likened to 1860 for its historic ramifications, political spending with corporate treasury funds is totally evading the radar of the news media. This observation is not intended to scold or indict the media, an industry diminished by technology and social change, but to renew an appeal for the in-depth coverage that is so crucial for helping the public understand the true scope and impact of company political spending in 2024. This coverage also benefits companies through the accountability it instills.

Without the in-depth coverage, citizens may go the polls uninformed about the money trail placing candidates on the ballot, and investors may be unaware of the policy outcomes their companies help fund in state capitals nationwide. It is not enough for the news media to report on easily accessible political action committee reports, but it must go further to provide regular coverage of company political spending with corporate funds.

The Model Code

In a time of uncertain outcomes and near-certain risks, companies need a framework that provides an objective yardstick for weighing the benefits and the holistic risks of each political contribution they make. If controversies arise over a company's political spending, the [CPA-Zicklin Model Code of Conduct for Corporate Political Spending](#), the first action item of the [Erb Principles of Corporate Political Responsibility](#), offers an approved rationale behind a company's decision-making. The 12 provisions of the Model Code help companies navigate today's more complex risk environment by broadly examining the full consequences of their spending. The Code helps companies to consider where their political contributions ultimately end up and to reconcile the benefits of those contributions with the broader impact their spending has on their reputations, their bottom lines, their legal exposure and on the environment they need to flourish.

Companies' values and integrity may be tested during this historic election cycle. Corporate political spending is where the rubber hits the road -- and companies need to appreciate the pitfalls and risks before it is too late.

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