Corporate PACs vs Treasury Spending

Why Corporate Treasury Spending Matters: The Hidden Iceberg

TOO MANY media reports and other political analyses focus on contributions by corporate Political Action Committees (PACs) but overlook the serious consequences of political contributions made directly from corporate treasury funds.

IN TALKS WITH corporate executives, the default too often is to focus almost exclusively on company political engagement through its PAC. This virtually ignores what one political scientist has likened to an iceberg of spending, where disclosure is not required and totals are much greater than what is reported publicly. It is part of millions in “dark money” that cannot be traced to its sources.

THIS SPENDING MATTERS GREATLY. Donations from treasury funds have been crucial for reshaping state legislatures and influencing national politics and policy over more than the past decade. So-called 527 committees, for example, have played a major role in underwriting changes in control of state legislatures and redistricting of political maps that followed. They have been crucial for the election of attorneys general engaging in lawsuits that impact women’s reproductive rights, voting rights, election administration and the regulatory powers of the U.S. government.

COMPANIES ARE EXPOSED to serious risks from political spending with treasury funds. It directly links their brands with controversial candidates and issues important to consumers, workers and shareholders. Accordingly, CPA, unlike other research and advocacy groups, closely tracks corporate political spending from treasury funds, and its associated risk and consequences.

Corporate Treasury Spending

- This spending draws directly from corporate profits. When a company gives to third-party groups, it loses control over its money and can be tarred with the consequences.
- This spending funds “dark money’ groups that are not required to disclose their donors.
- With no contribution limits, donations can run into six- and seven-figure sums, vastly above PAC giving. This is a dominant political spending source.
- These contributions have a major impact on state political races. They comprise almost a third of donations to 527 groups, which spend heavily in legislative, executive and judicial races. In a “massive change,” states are increasingly where policy gets made.

Corporate PAC Spending

- PAC donations largely come from contributions from employees, not directly from a company’s profits.
- Donations to PACs, and donations they make, must be disclosed publicly.
- Donations to PACs, and donations they make, are strictly limited.
- Corporate PAC donations focus overwhelmingly on federal races, and attention to them diverts it from state politics and its immediate impact on voters, democracy, and society more broadly.

The Bottom Line

More than ever, consumers, employees, shareholders, and other stakeholders are keenly interested in supporting companies whose values align with their own. The political causes and candidates that a company supports is a key metric for assessing those values. Corporate PAC spending only partially illuminates the totality of a company’s political influence. To fully assess a company’s impact on the political landscape, contributions made from treasury funds must be closely examined.