



PROSPECT RESEARCH AND POLITICAL CONTRIBUTION DATA 2020

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INTRODUCTION

As the 2020 presidential elections heat up, political contributions ramp up in turn. People and companies throughout the US will be donating small and large sums to their preferred candidates to help them with their election or reelection campaigns. In 2016, the [Center for Responsive Politics/Open Secrets](#) reported that \$6.5 billion were spent in presidential and congressional elections. One can imagine the 2020 race might even be higher.

But as the contributions pile up, there's a lot of questions about political contributions that arise and we here at Aspire Research Group LLC will tackle a few areas of note to shed further light on the world of political contributions.

Political contributions can provide information that informs our understanding of a prospect's wealth picture and personality – sometimes.

HOW DO POLITICAL CONTRIBUTIONS IMPACT OUR UNDERSTANDING OF FUNDRAISING AND CAPACITY?

Studies have shown that philanthropic giving and political giving are related. For instance, [DonorSearch](#) analyzed \$5 billion in charitable giving and determined "someone who has given at least \$2,500 in his/her lifetime to political campaigns is almost 15 times more likely to give a philanthropic donation than someone who hasn't. Even a \$500 donation makes someone five times more likely to donate to a nonprofit."

Political donations are a wealth indicator. If someone can make large donations to political campaigns, it suggests that they have some wealth, especially since political contributions are not tax deductible!

However, donors can make large contributions to political campaigns that do not need to be disclosed. Donors can make political contributions to 501© organizations and other means that do not require that their identity be disclosed, which can be a challenge to determining capacity.

But with the information that is available, researchers and other fundraising professionals can learn about a person's capacity and their potential willingness to give with the information that is reported.

Political donations are a wealth indicator.

HOW ARE POLITICAL CONTRIBUTIONS DIFFERENT FROM OTHER PHILANTHROPIC CONTRIBUTIONS?

According to the FEC, a contribution "is anything of value given, loaned or advanced to influence a federal election." That includes cash, gifts in kind, and [other types of contributions](#). The FEC explains that political contributions are important because they count towards the threshold that decides if "a candidate has qualified as a candidate under the Federal Election Campaign Act (the Act)." However, some contributions are prohibited from certain sources and are subject to contribution limits by source. The amounts are required to be recorded.

According to the IRS, "A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value." It can include cash, securities, gifts in kind, and more.

One major difference is that political campaign contributions [are not tax deductible](#) whereas philanthropic ones are if they are given to tax-exempt organizations, i.e. 501©3 organizations. However, charities are not permitted to lobby or participate in political campaigns.

Moreover, it should be noted that there are ways for donors to use charitable giving to influence politics, such as mobilizing the vote, as noted by [Inside Philanthropy](#). Many donors may elect to participate in political campaigns in different ways, such as giving political contributions, donating to causes that help increase awareness of issues, etc.

Political contributions are not tax deductible, unlike philanthropic contributions.

WHY IS IT IMPORTANT TO DISCLOSE POLITICAL CONTRIBUTIONS?

Campaign finance laws came out of the Watergate scandal when campaign funds were used in the break-in. The idea was that these laws would help prevent corruption and let voters know the impact of money in politics, according to [ProPublica](#). "**The choices candidates make tell you something about their priorities:** where they're spending their time, which voters they're trying hardest to win over (older voters with TV ads or younger folks online) and how much they pay their staff," says ProPublica (bold theirs).

They are not supposed to be quid pro quo; donors should not get direct benefits from their contributions, much like with philanthropic contributions. But it has been established that they "are a way of establishing a relationship and opening the door to conversations between the donor and the government."

Campaign laws were to help prevent corruption and inform voters.

WHAT IS CITIZENS UNITED AND WHY DOES IT MATTER?

In 2010, Supreme Court ruled in *Citizens United V. FEC* that political contributions spent independent of candidates and parties by any group cannot be capped or restricted. So while limitations on direct contributions continues, if a donor—like a corporation or a trade association—makes a political contribution that does not go to the candidate or party directly, it is not restricted. Otherwise, it would violate freedom of speech. Justice Anthony Kennedy wrote in the [decision](#): "Court now concludes that independent expenditures, including those made by corporations, do not give rise to corruption or the appearance of corruption."

Moreover, in the same year, the DC Circuit Court of Appeals ruled in [Speechnow.org v. FEC](#) that "contribution limits as applied to SpeechNow 'violate the First Amendment by preventing [individuals] from donating to SpeechNow in excess of the limits and by prohibiting SpeechNow from accepting donations in excess of the limits.'" [Vox](#) calls this decision is heralded as the genesis of what we know as SuperPACs.

2010 rulings in *Citizens United* and *SpeechNow* changed political campaign laws and resulted in the formation of SuperPACs and more.

WHAT ARE CAMPAIGN DONATION LIMITS?

There are limits that people and organizations can contribute to political donations. Knowing these limits are important because you know the person is capable of making a donation to the maximum amount. Anonymous contributions are limited to \$50. Gift-in-kind is also counted the same as money.

Here is an abbreviated summary of those limits for 2019-2020 federal elections according to the [FEC](#).

Giving from Individuals

- Maximum \$2,800 to candidate committee per election;
- \$5,000 per year to PAC;
- \$10,000 (combined) to party committee at state/district/local levels per year; \$35,500 to the party committee national per year;
- and \$106,500 to the additional national party committee account per account per year.

The additional national party committee is defined as "the presidential nominating convention; (ii) election recounts and contests and other legal proceedings; and (iii) national party headquarters buildings."

Giving from a Multi-Candidate PAC

- Maximum is \$5,000 to candidate committee per election;
- \$5,000 per year to PAC;
- \$5,000 (combined) to party committee at state/district/local levels per year; \$15,000 to the party committee national per year;
- and \$45,000 to the additional national party committee account per account per year.

Giving from Non-Multi-Candidate PAC

- Maximum is \$2,800 to candidate committee per election;
- \$5,000 per year to PAC;
- \$10,000 (combined) to party committee at state/district/local levels per year; \$35,500 to the party committee national per year;
- and \$106,500 to the additional national party committee account per account per year.

There are other categories as well listed on the FEC page.

When it comes to limits, there's differences between primary election and general election. The FEC requires that campaigns have accounting systems that separate primary contributions v. general election contributions. The FEC reports that the campaign can use unused primary contributions for general election expenses. However, if the person loses the primary, any general election contributions need to be "be refunded, redesignated or reattributed within 60 days and may not be used to repay primary election debt."

There are several websites that report political contributions including [FEC.gov](#) and [OpenSecrets.org](#).

Knowing these limits are important because you know the person is capable of making a donation to the maximum amount.

WHAT EXACTLY IS A PAC AND SUPERPAC?

A PAC is a Political Action Committee for "the purpose of raising and spending money to elect and defeat candidates," according to [OpenSecrets.org](#). Super PACs were created after 2010 and the SpeechNow v. FEC decision by the US Court of Appeals and the Supreme Court Decision on Citizens United. These PACs don't make contributions to candidates or parties but rather they spend money on aids, mail or other ways of sending messages that promote or oppose a candidate. There are no limits on the funds.

This means that corporations and unions can contribute as much as they want as long as the money doesn't directly support a candidate or political party. They are also required to report the donors to the FEC on a regularly basis, even monthly during an election year. [Here](#)'s a list of PACs by sector and more and a list of SuperPACs [here](#).

ProPublica identifies three main topics of SuperPACs:

- Single-Issue Groups – like groups focusing on environment or abortion
- Partisan Groups – "These are super PACs formed at the direction of key House and Senate leaders..."
- Family Interests – like a wealthy family can contribute a lot of money.

There are also Leadership PAC, which is where politicians start a PAC that raises money for other politicians, not themselves. It can help "to gain clout among their colleagues and boost their bids for leadership posts or committee chairmanships" according to [Open Secrets](#).

There are also hybrid PACs, or Carey Committees that do not have an affiliation with a candidate but can contribute funds directly and work as a super PAC. These organizations have to have separate bank accounts for their purpose. The campaign limits still apply for the PAC contributions.

There are many criticisms of PACS and SuperPACs. Some feel that they reduce transparency in political campaigns. Others see it as a way for the wealthy and corporations to influence politics in a bigger way than in the past. Others, however, contend that they are not pivotal and just get ideas out into the world.

Corporations and unions can contribute as much as they want to SuperPACs as long as the money doesn't directly support a candidate or political party.

WHAT IS DARK MONEY?

Dark money is when money is spent to impact an election but the donor and/or source of the money is not disclosed according to [OpenSecrets](#). Donating from political nonprofits, trade associations, member organizations, labor unions, business groups, LLCs, and shell companies and more can be ways to obscure donor funding, making it very difficult to impossible for researchers to find these kinds of contributions.

[Columbia Law](#) points out that these groups are not required to report donors "because they claim to work on issues and not on behalf of specific candidates." For instance, if an ad calls for voters to accept or reject a candidate, they have to disclose. But if they merely praise or criticize a candidate but do not state someone to vote for, then they do not. Another workaround, per Columbia Law, is to donate to a group that buys the ad. There are requirements about disclosing donors when ads are close to an election but they can get around it easily when they have ads run 60 days or more before an election.

[Columbia Law](#) points out that it makes it harder to determine if there are violations of campaign finance law, as well as obscuring contributions from "disreputable sources" like Jeff Epstein. Moreover, Columbia points out that the lack of disclosure means that voters do not know the interests behind a candidate.

[OpenSecrets](#) believed that \$181 million was spent in dark money in 2016, down from \$308 million and more in 2012. They believe that \$600 million in dark money has been contributed since 2010. The Center reports that it is a tool preferred by people support the GOP, making up 76% of all reported spending. The NRA topped the list with \$30M spent on congressional races. However, the \$181 million was the amount reported to the FEC so it might be much higher, according to the Center.

Donating from political nonprofits, trade associations, member organizations, labor unions, business groups, LLCs, and shell companies and more can be ways to obscure donor funding.

ADDITIONAL RESOURCES

- [2016: Trump's free media helped keep cost down, but fewer donors provided more of the cash](#) | OpenSecrets 2017
- [New at DonorSearch: State Political Giving](#) | DonorSearch 2015
- [Types of Contributions](#) | FEC
- [Perfectly Legal: Eight Ways of Charitable Cash is Shaping the 2020 Election](#) | Inside Philanthropy 2020 (Paywall)
- [How to "Follow the Money" When It Comes to Political Campaigns](#) | ProPublica 2018
- [Are political contributions tax deductible?](#) | HR Block 2019
- [What is a PAC?](#) | OpenSecrets
- [Leadership PACS](#) | FEC
- [Contribution Limits](#) | FEC 2019-2020
- [The Citizens United era of money in politics, explained](#) | Vox 2015
- [Citizens United v FEC](#) | Supreme Court Decision 2019
- [Speechnow.org v. FEC](#) | FEC 2009
- [Dark Money Basics](#) | OpenSecrets
- [What is Dark Money? 5 Questions Answered](#) | Columbia Law 2019
- [\\$1.4 billion and counting in spending by superPACs and dark money groups](#) | OpenSecrets 2016

ABOUT ASPIRE

Aspire Research Group LLC ("Aspire") is a fundraising research consulting firm specializing in major gifts and campaigns. We work with organizations around the globe that are struggling to find the right prospects, concerned about asking for the right-sized gifts, or know they need to use prospect research, but are not sure how to get started. Our clients include local, national, and international organizations that are making a difference in the world.

Jen Filla, President

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Jen Filla is on a mission to perform research with distinction. A long time ago in a far-away career, Jen got hooked on research as a legal secretary. Now she leads Aspire Research Group LLC, assisting fundraisers across the country.

A popular speaker and trainer, Jen co-wrote the book, *Prospect Research for Fundraisers: The Essential Handbook*. In 2014 she launched the Prospect Research Institute to provide rigorous online courses.

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BOUTIQUE RESEARCH

We work with small and large organizations to solve fundraising problems with right-sized research. We focus on the purpose of your request and deliver custom research that supports your fundraising with fundraising intelligence.

CORPORATE How to Prioritize?

The client had a very successful, individual direct mail program, but was starting a corporate giving program. She had nearly 2,000 corporate donors. But how should she prioritize them?

- Since there was no screening product for corporations, Aspire took a multi-prong approach.
- We appended key information and developed a scoring formula. Then we segmented. We delivered the spreadsheet – and an easy-on-the-eye visual, too.

WEALTH SCREENING Now what?

This is a frequent dilemma! Whether the goal is to build a major gift initiative, get the most out of an event, or thank donors, screening results can be overwhelming. Aspire has helped clients in many ways, including:

- Verifying the top-rated and providing snap bios.
- Combining the ratings with other data to segment into portfolios and verifying known data trouble-spots.
- Providing advice on how to incorporate ratings into the database and into the overall development objectives.

PROFILES Do we need all that?

Everybody loves profiles! But one-size profile usually does not fit all. At Aspire we work with you to create an information format that fits your need and your budget.

- Aspire delivers your first profile and schedules a feedback call to be sure you understand the information and that we understand your needs.
- We fit the profile into the overall client research program, providing hourly or flat fee rates so that we can home in on what matters most.

OUR PROMISE

At Aspire, we are committed to helping you build a stronger organization and deeper relationships with your donors through prospect research. Aspire guarantees the quality of its work and we will waive or refund our fee if we do not deliver as promised.

CALL TODAY!

Call and schedule a brief consultation to determine if fundraising research with Aspire will help you reach your fundraising goals.

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