

# **Money, Politics and Philanthropy: Is There a Link?**

**David Shanton  
Fund Raising Day in New York 2008  
June 20. 2008**

# Credit Where Credit is Due

Abbey Silberman, co-researcher on the study who worked late nights and long hours to bring this research to fruition and to present it to the philanthropic community

# Food For Thought

Less than one tenth of one percent of the American population made a contribution of \$1,000 or more to a federal political campaign in 2000-2002.

**Source: Center for Responsive Politics**

# What Political Data Tells Us

## Research Value

- Occupation
- Job Title
- Changes in occupation over time
- Middle Initial
- Company
- Address
- Spouse
- Political leanings/affiliations
- Age (inference from retired status)
- Earners in household (inference from homemaker/housewife)

# What Political Data Tells Us

## Prospecting Value

- Geographic
- Ideological
- Relational
- Self-disclosure

# What Political Data Tells Us

## Prospecting Value

- Actual titles/occupations found in FEC database for top contributors:
  - Developer
  - Entrepreneur
  - Investor
  - Philanthropist
  - Private Investor
  - Real Estate Developer
  - Real Estate Investor
  - Venture Capitalist
  - Venture Philanthropist

# What Political Data Tells Us

## Political Connections

- Implications for:
  - Lobbying
  - Advocacy
  - Government Relations

# What Political Data Tells Us

- For most gifts ( $\leq \$1,000$ ) markers for a nominal degree of disposable income.
- Identification of those just under the radar screen.
- Any political donor who must disclose should, at minimum, be capable of a \$1,000 annual gift.
- Indicator of those giving under capacity to your organization.

## Keep in Mind

- Changes in Bipartisan Campaign Reform Act of 2002 raise bar for contributions to \$2,100 (effectively \$8,400) for candidates; \$5,000 for PACs and \$26,700 for parties.
- Inflation adjusted so will keep rising each year
- “Millionaire” rule means significantly larger contributions could be available (\$12,000)
  - 22 contributions at this level for one Illinois Senate candidate (Jan – June 2003)
  - Rule being challenged in Supreme Court

## Keep in Mind

- 527 Advocacy Groups swelled with big dollar contributions
- Here's where you'll see 6 and 7 figure contributions
- See New York Times, September 25, 2004, "New Pet Cause for the Very Rich: Swaying the Election"

# Where to get data

- Federal Level
  - FEC
    - <http://www.fec.gov/disclosure.shtml>
  - Money Line
    - <http://moneyline.cq.com/pml/home.do>
  - Open Secrets
    - <http://www.opensecrets.org>
  - Newsmeat
    - <http://www.newsmeat.com/>
  - Fund Race
    - <http://www.fundrace.org/>

# Where to get data

- Federal Level
  - C-SPAN
    - <http://www.c-span.org/congress/campaignfinance.asp>
  - Color of Money
    - <http://www.colorofmoney.org/>
  - Candidates
    - George Bush campaign in 2004

# State and Local Gold Mine?

- Varying contribution limits vs. low limits at federal level
- Many of the largest states have no contribution limits: Illinois, Pennsylvania, Texas and Missouri
- Others with high limits:
  - New York: \$39,000
  - Wisconsin: \$10,000
- Effective doubling of limit with primary/general rules

# State and Local Gold Mine?

- Large, affluent cities also available:
  - New York
  - San Francisco
  - Dallas
- Public financing has impact
  - Values small contribution over large for matching
- Intermediary reporting can demonstrate relationships
  - Also look for many contributions reported on same day

# State and Local Gold Mine?

- Ballot propositions offer greater insight into interests and offer prospecting value:
  - Example: California Proposition 71 (Stem Cell Research)

# State and Local Gold Mine?

- Technology promotes movement for fuller disclosure at all levels
  - Example: Legislation in Pittsburgh for Web disclosure. See:  
<http://www.post-gazette.com/firstamendment/20030706webfun ds404elect6p6.asp>
- Most localities have some form of disclosure law

# Where to get data

- State and Local
  - Web
  - Local Newspapers
  - Magazines
  - Secretaries of State
  - Ethics Commissions
  - County Clerks
  - Election Boards
  - Advocacy/Good Gov't Groups (PIRG, LWV)
  - Individual reform advocates

# Where to get data

- State and Local
  - National Institute on Money in State Politics
    - <http://www.followthemoney.org>
    - Analysis on top contributors within states
    - Includes data from states without searchable name databases (e.g. Oregon)
  - State Web Sites
    - Handout

# Case Study

- **Loren Parks**
  - \$1.051 million in state contributions (Oregon)
  - 4 contributions over \$100,000
  - 1 contribution of \$250,000
  - No federal contributions in same year
  - Only 6 federal contributions since 1992, totaling \$5,500

# Case Study

- **Martin J. Wygod**
  - Wealthy pharmaceuticals executive
  - Only 5 federal contributions since 1992
  - \$279,000 to former California Gov. Gray Davis

# Case Study

- **William Koepfel**
  - High profile New York political fundraiser and donor
  - No federal contributions
  - No state contributions
  - Many New York City contributions

# Other Resources

- Bipartisan Campaign Reform Act
  - [http://www.fec.gov/pages/bcra/bcra\\_update.shtml](http://www.fec.gov/pages/bcra/bcra_update.shtml)
- Public Citizen
  - <http://www.whitehouseforsale.org/>
- Mother Jones 400
  - [http://www.motherjones.com/coinop\\_congress/](http://www.motherjones.com/coinop_congress/)
- Brennan Center
  - [http://www.brennancenter.org/content/section/category/campaign\\_finance\\_reform/](http://www.brennancenter.org/content/section/category/campaign_finance_reform/)

# Other Resources

- Investigative Reporters and Editors
  - <http://www.campaignfinance.org/>
  - <http://www.ire.org/store/books/campaign.html>
- Campaign Disclosure Project
  - <http://www.campaigndisclosure.org/>
- Texans for Public Justice
  - <http://www.tpj.org/index.jsp>
- Village Voice
  - <http://www.villagevoice.com/issues/0343/harkavy.php>
- Hoover Institute
  - <http://www.campaignfinancesite.org/>

## But What Else?

- Do political contributions correlate to a philanthropic spirit?
- Do they indicate or correlate to a greater measure of gift capability?

# What We Know

- High Net Worth Individuals:
  - Those who contribute large amounts to political causes find socially responsible investments more attractive
  - 65% reported making a political contribution (vs. 97% as having made a charitable donation)
  - 28% volunteer their time politically, one quarter as active fund raisers
  - Average family *philanthropic* contributions of \$1.2 million vs. \$12,000 in political contributions

**Source: Wealth With Responsibility Study, Social Welfare Research Institute, 2001.**

# What We Know

- Congressional contributors:
  - Largely male, over 45, and white
  - 80% make \$100,000 or more annually
  - 46% make \$250,000 or more annually
  - 20% make \$500,000 or more annually

**Source: Survey of Congressional Campaign Contributors, Joyce Foundation, 1998.**

# What We Know

- FEC donors comprised 10% of all records submitted, yet were generating 70% of the charitable giving.
- Preliminary data seems to indicate that number of FEC gifts, largest FEC gift, and possibly the timeframes during which they give will be predictive of charitable giving.
- Average highest personal gift from FEC donors was \$8,426 (vs. \$1,233 for all donors reviewed)
- FEC donors ranked just behind foundation trustees, SEC insiders and multiple and high value real estate owners in terms of average largest gift.

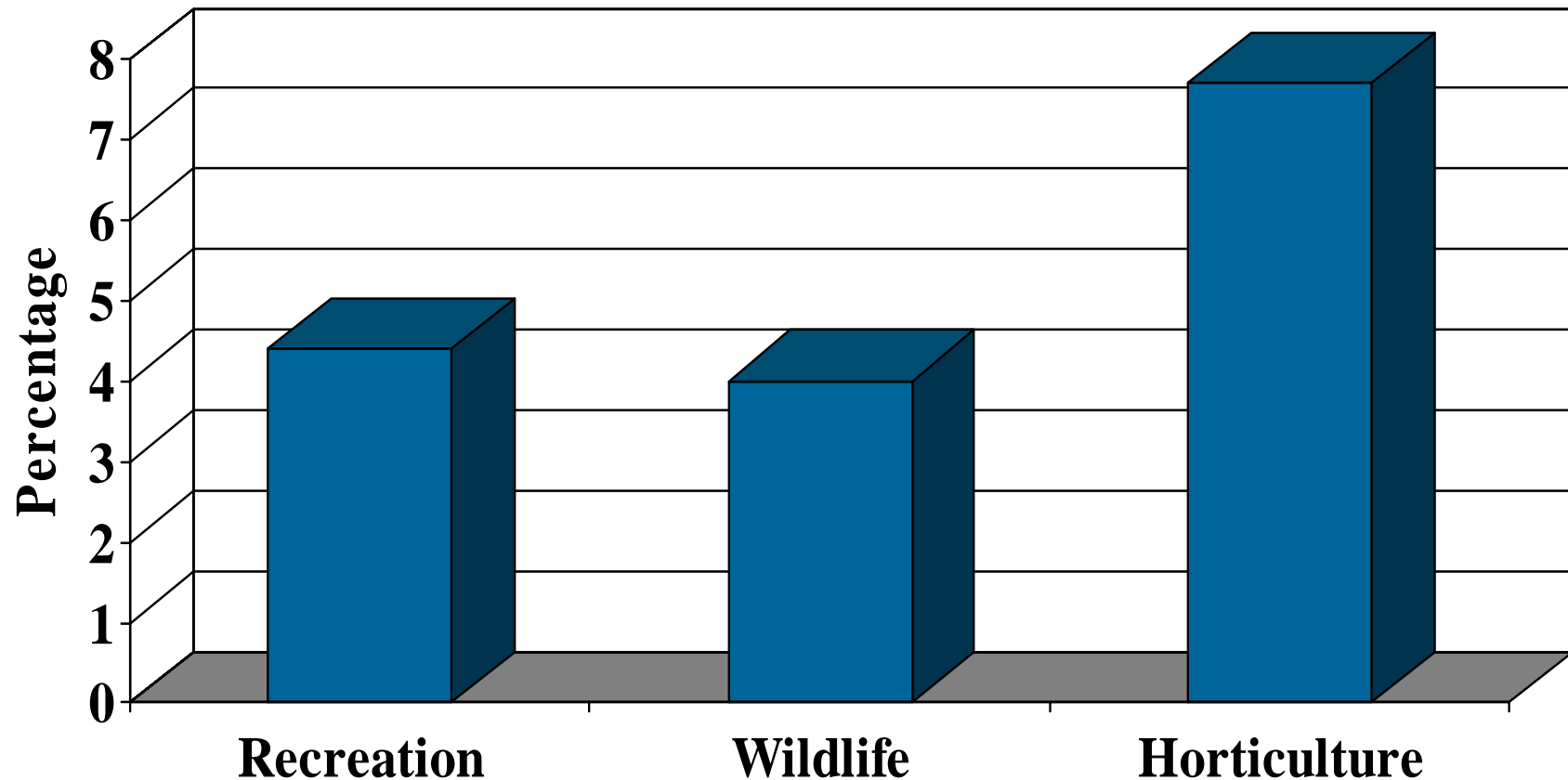
**Source: Wealth Engine study, 2005 (based on a review of 1,000,000 matched records from the constituent databases of more than 50 diverse nonprofits encompassing more than 400,000 known charitable donors.)**

# Cases

- We have chosen five types of organizations to analyze, with some assumptions that they would potentially show different trends.
  - Higher Education
    - Sectarian and Religious
  - Independent schools
  - Environmental organizations
  - Community organizations
  - Cultural organizations

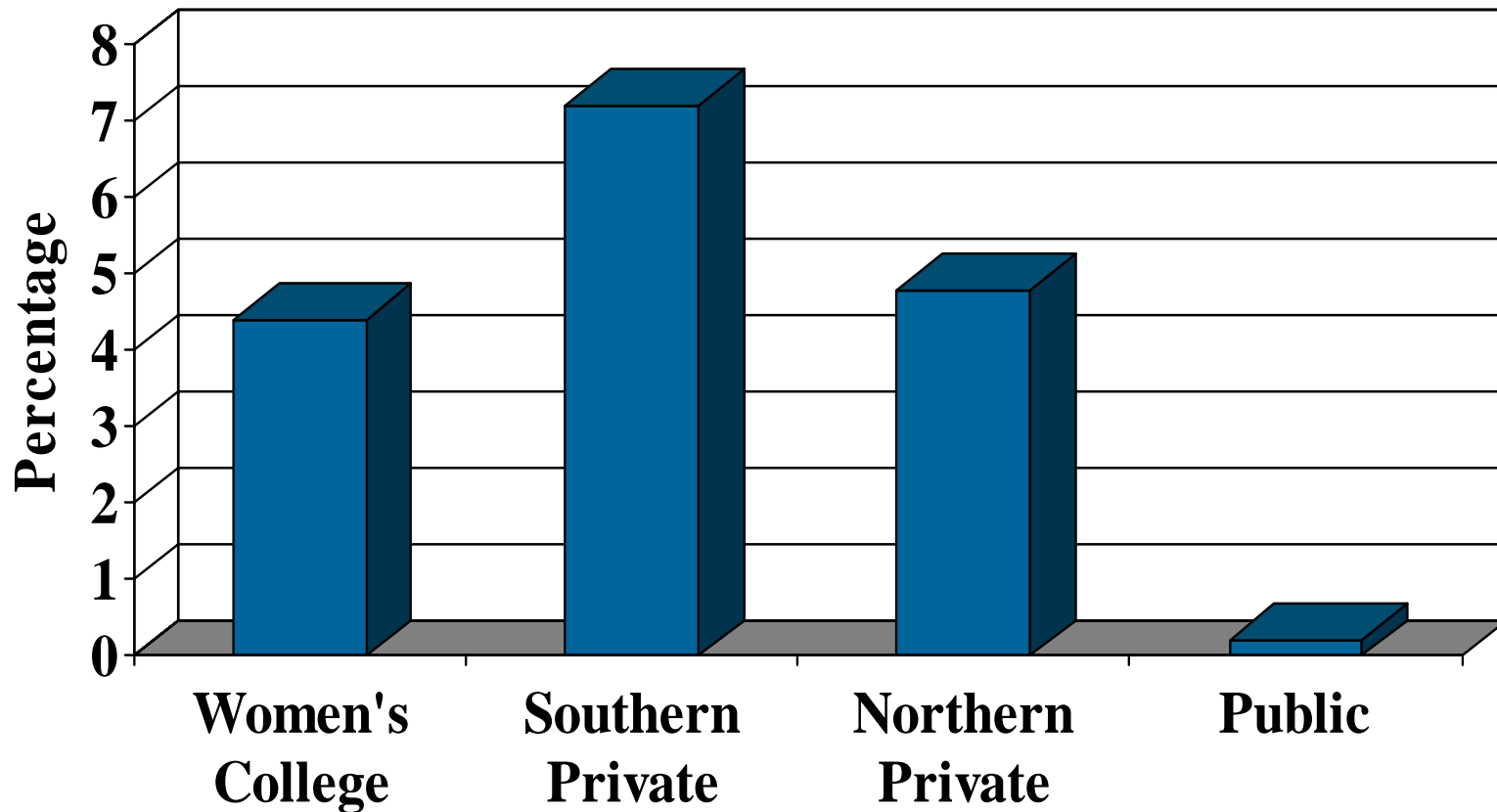
# Percentage of Political Donors

## Select Environmental Organizations



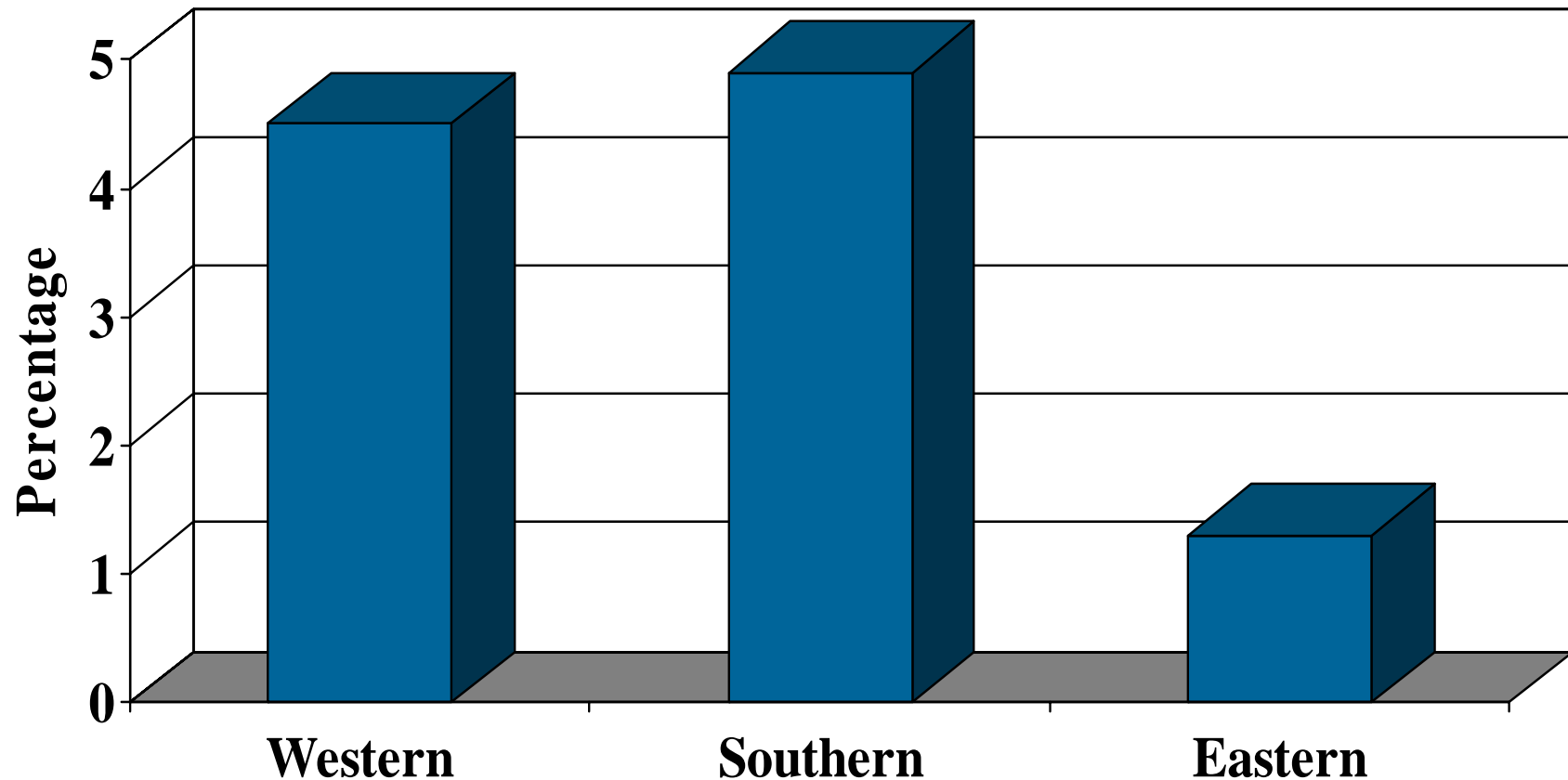
# Percentage of Political Donors

## Selected Colleges and Universities



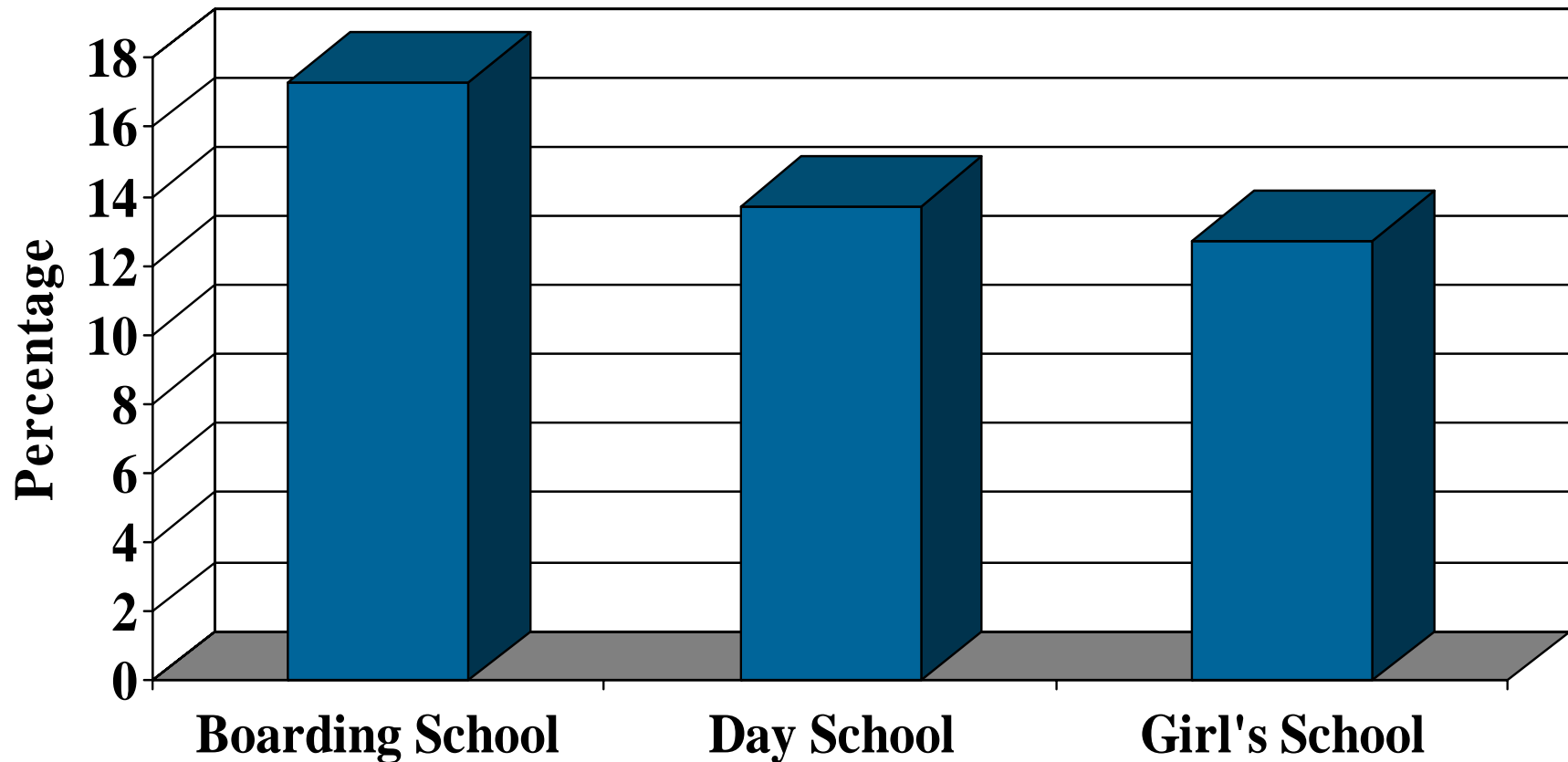
# Percentage of Political Donors

## Selected Religious Colleges and Universities



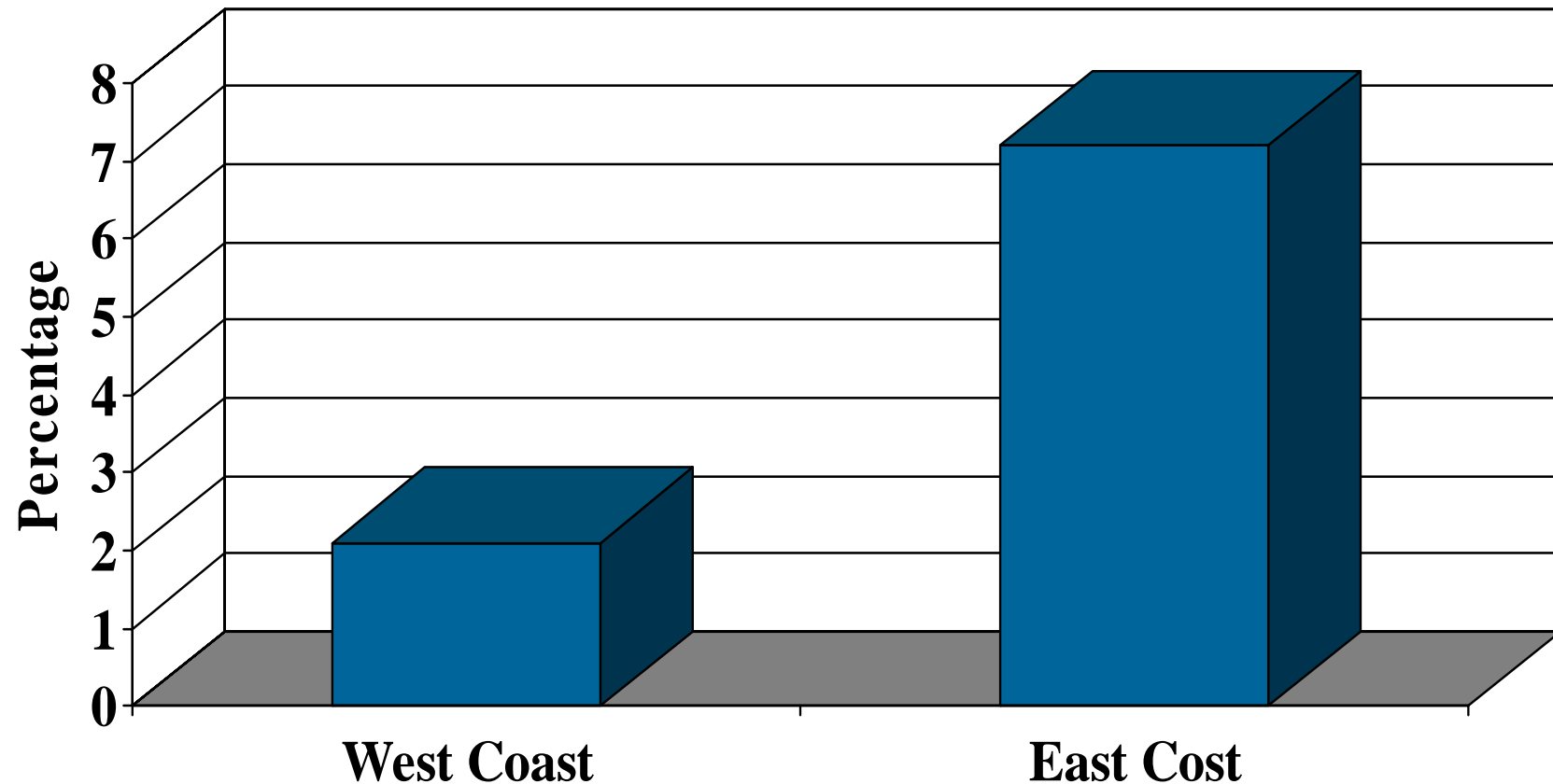
# Percentage of Political Donors

## Selected Private Schools



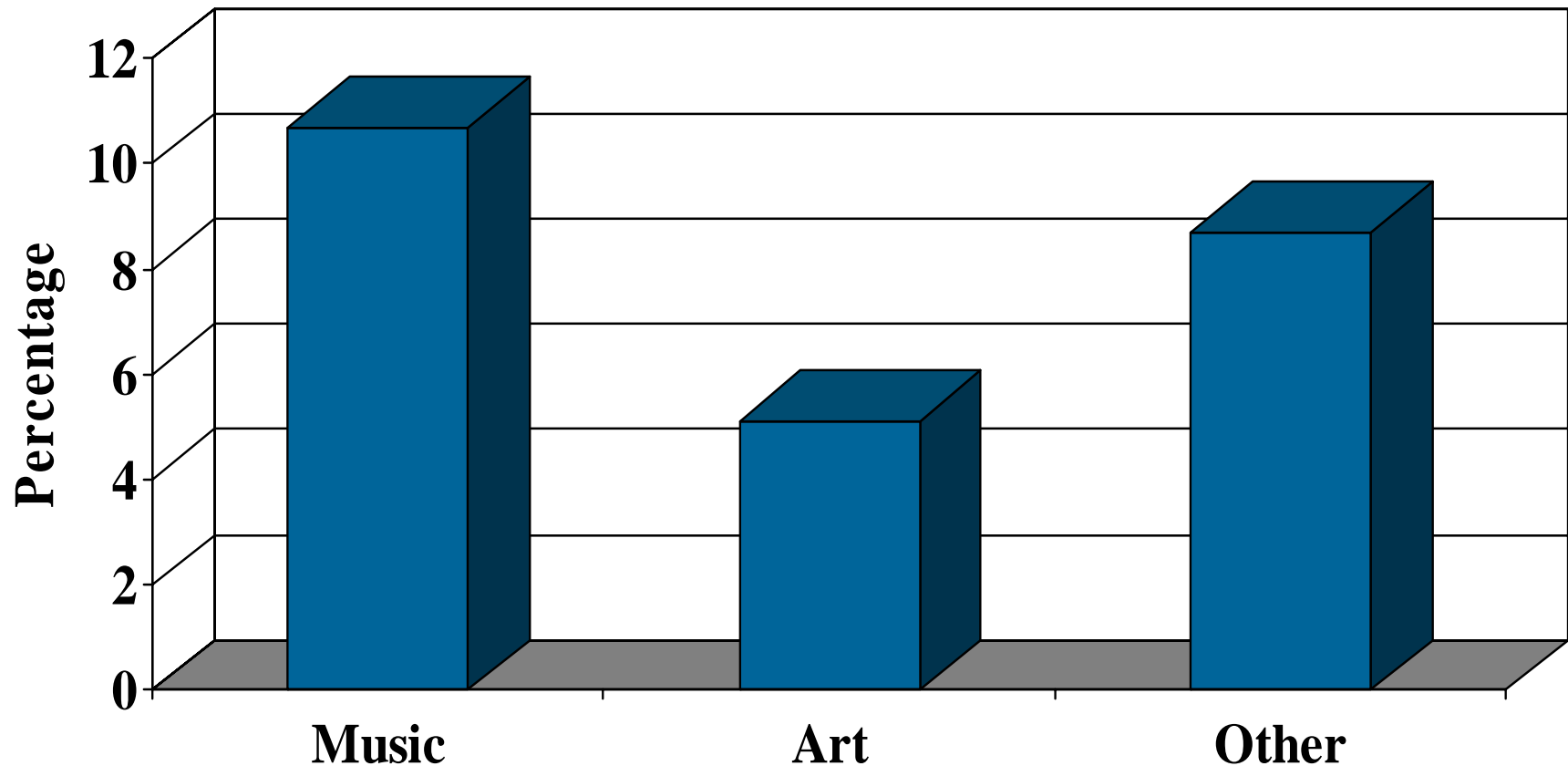
# Percentage of Political Donors

## Selected Community Organizations



# Percentage of Political Donors

## Selected Cultural Organizations

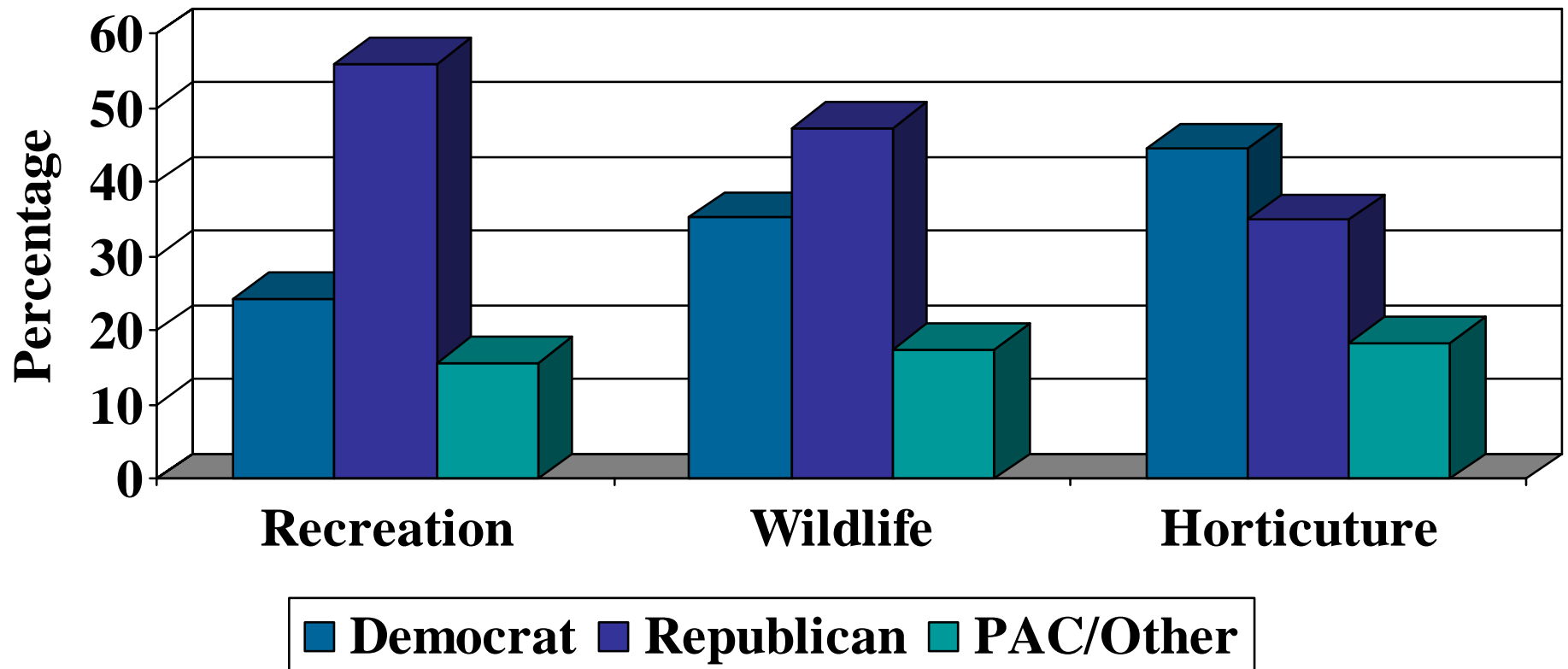


## Findings

- Most surveyed institutions, with both controlled and self-selected constituencies, average about 4-7% of their donor base as political contributors, though independent schools had substantially higher rates.
- Have observed instances of 10-25% match rates for donor subsets and advocacy organizations

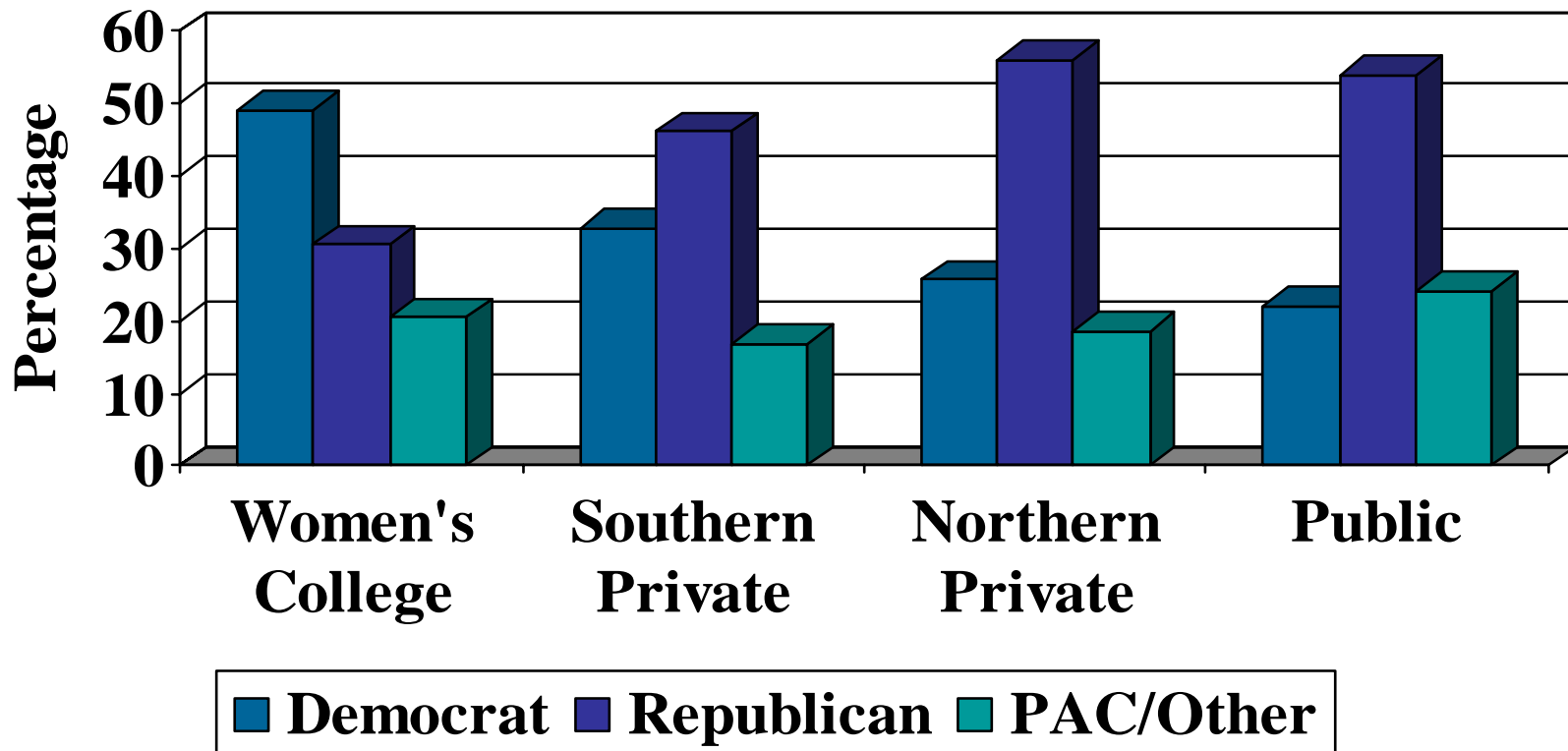
# Major Party Donations

## Select Environmental Orgs By Donation Count



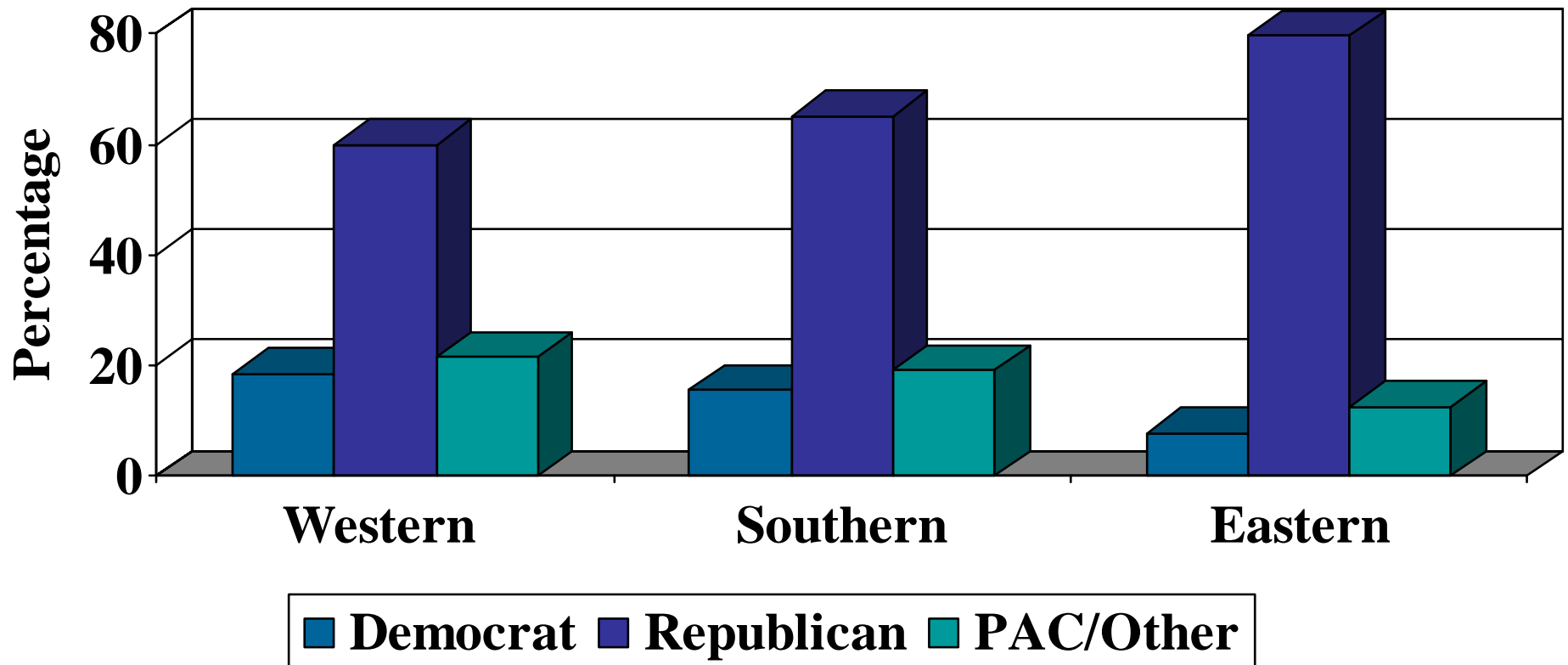
# Major Party Donations

## Selected Colleges and Universities By Donation Count



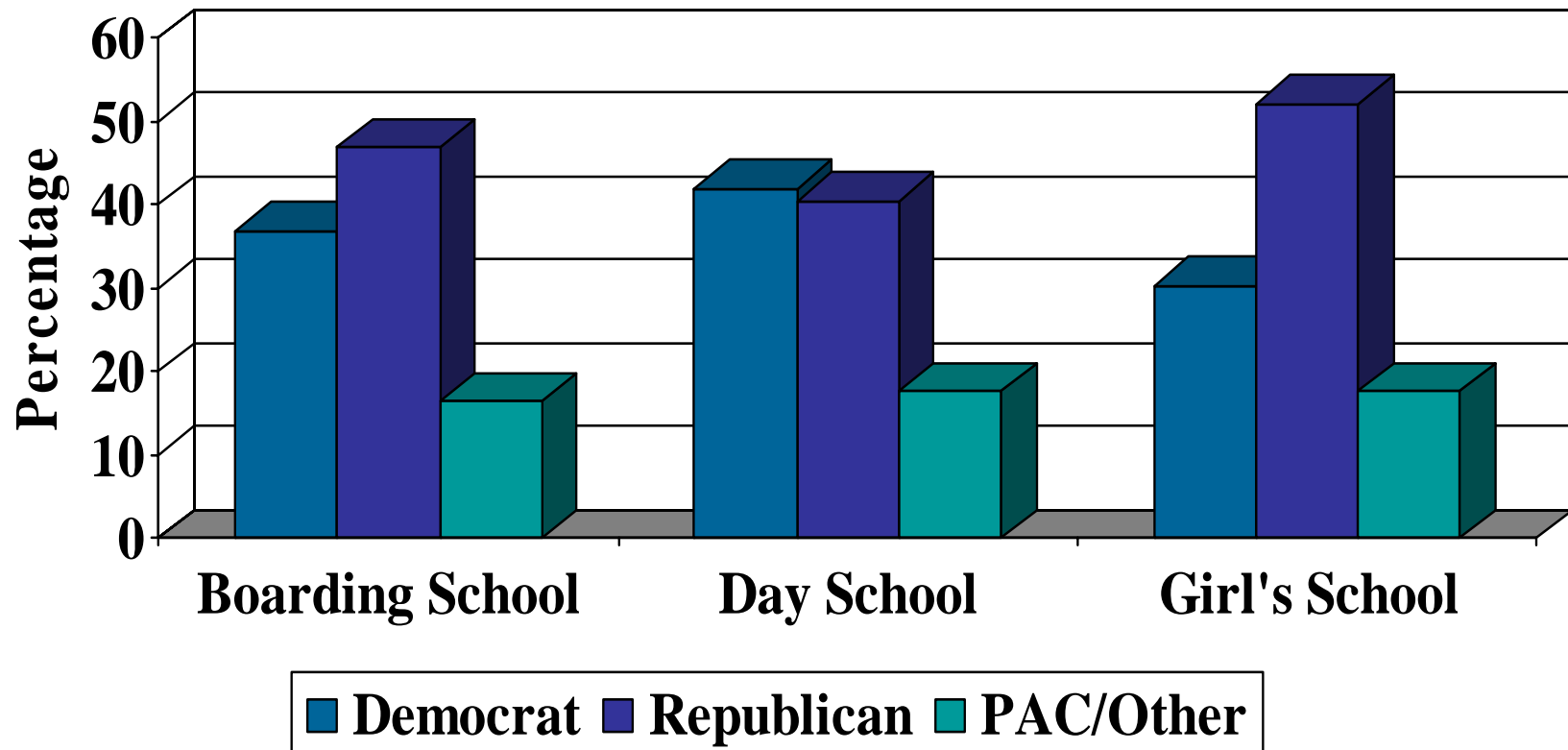
# Major Party Donations

## Selected Religious Colleges and Universities By Donation Count



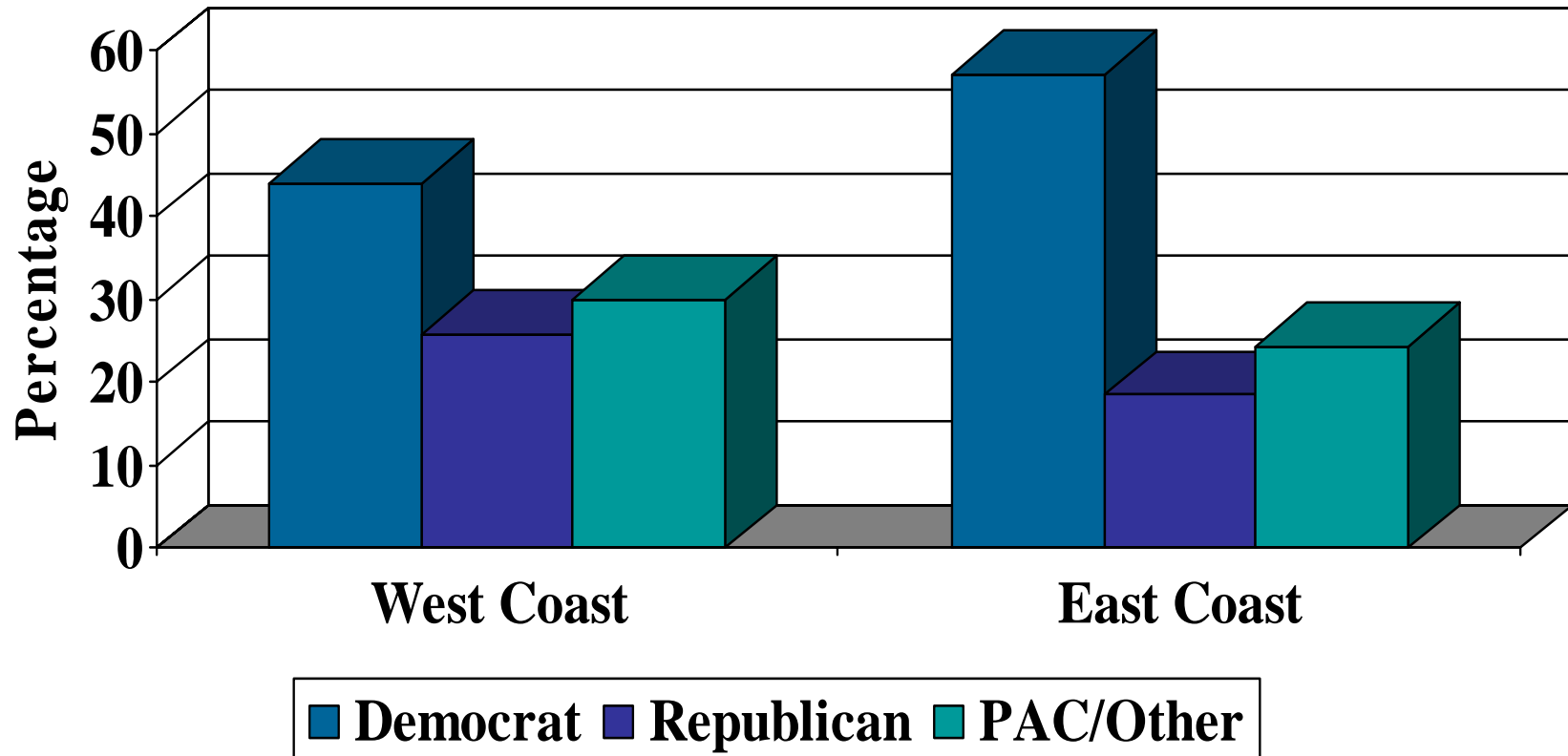
# Major Party Donations

## Selected Independent Schools By Donation Count



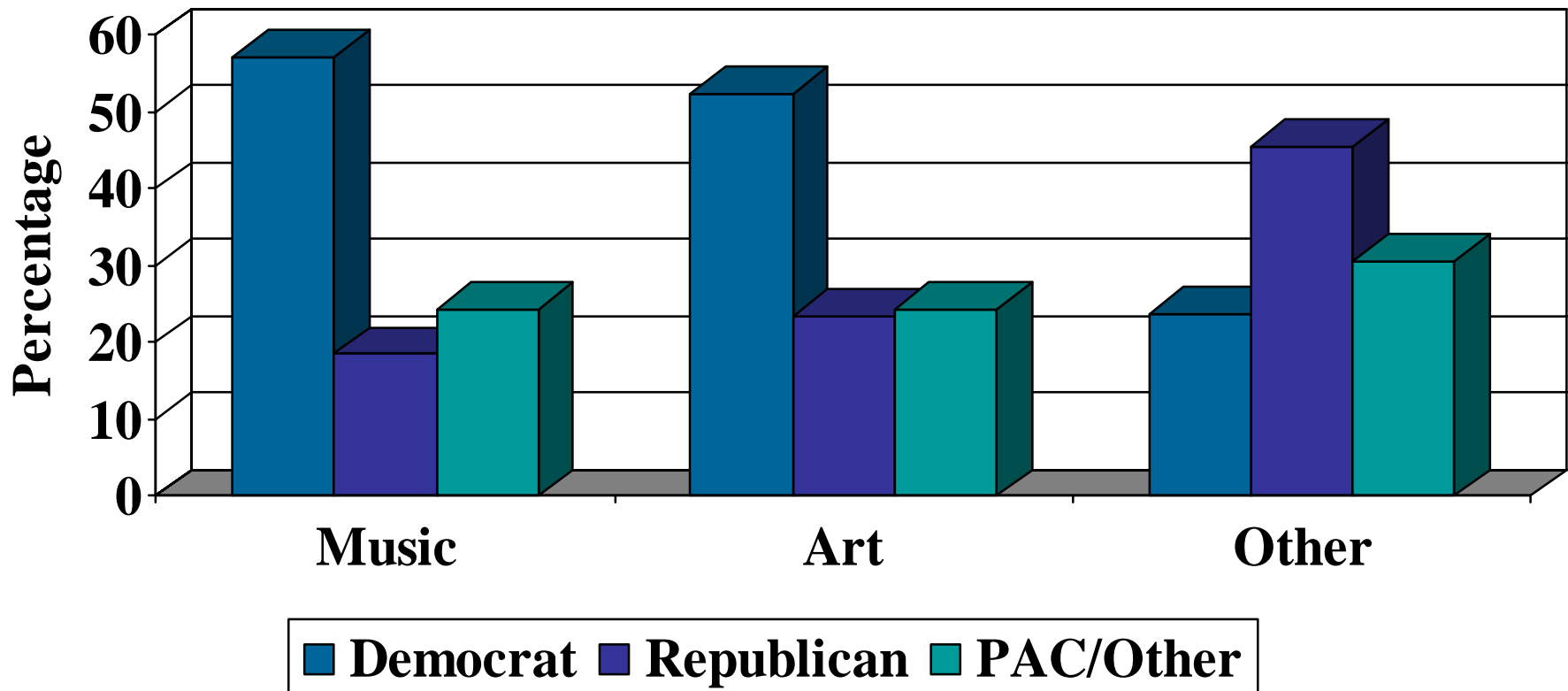
# Major Party Donations

## Selected Community Organizations By Donation Count



# Major Party Donations

## Selected Cultural Organizations By Donation Count

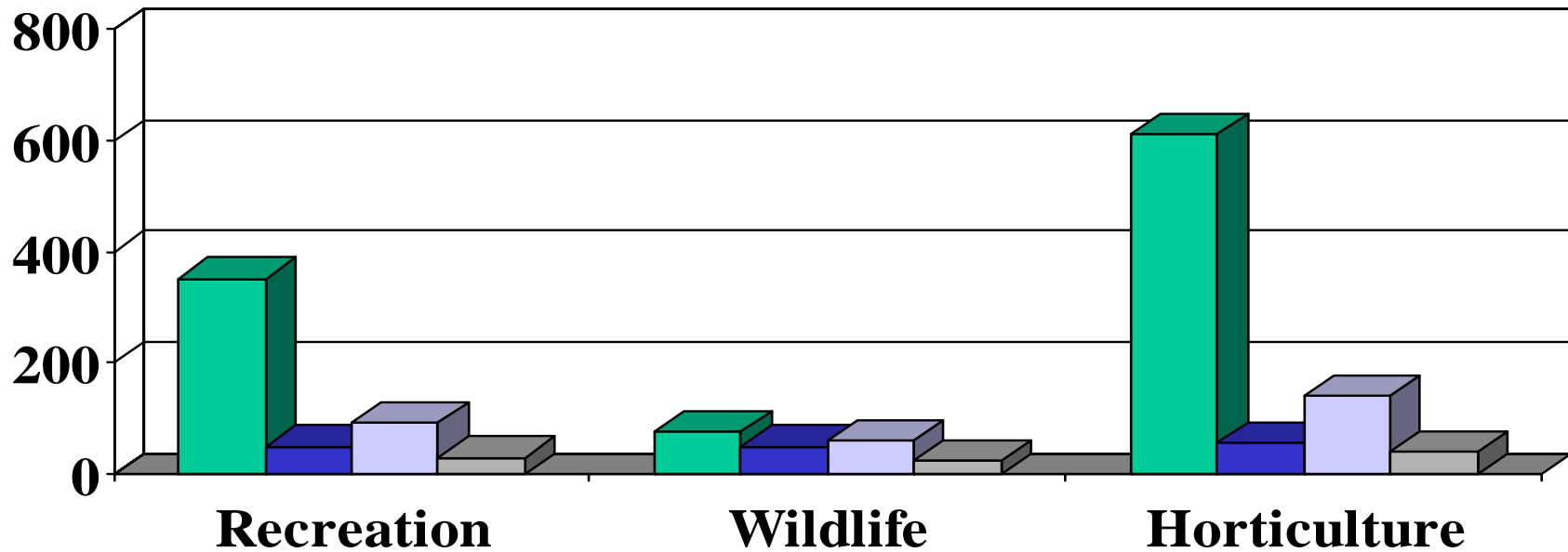


## Findings

- Distribution of party donations varied by organization, and seemed to follow internal sense of constituency.

# Giving from FEC Donors

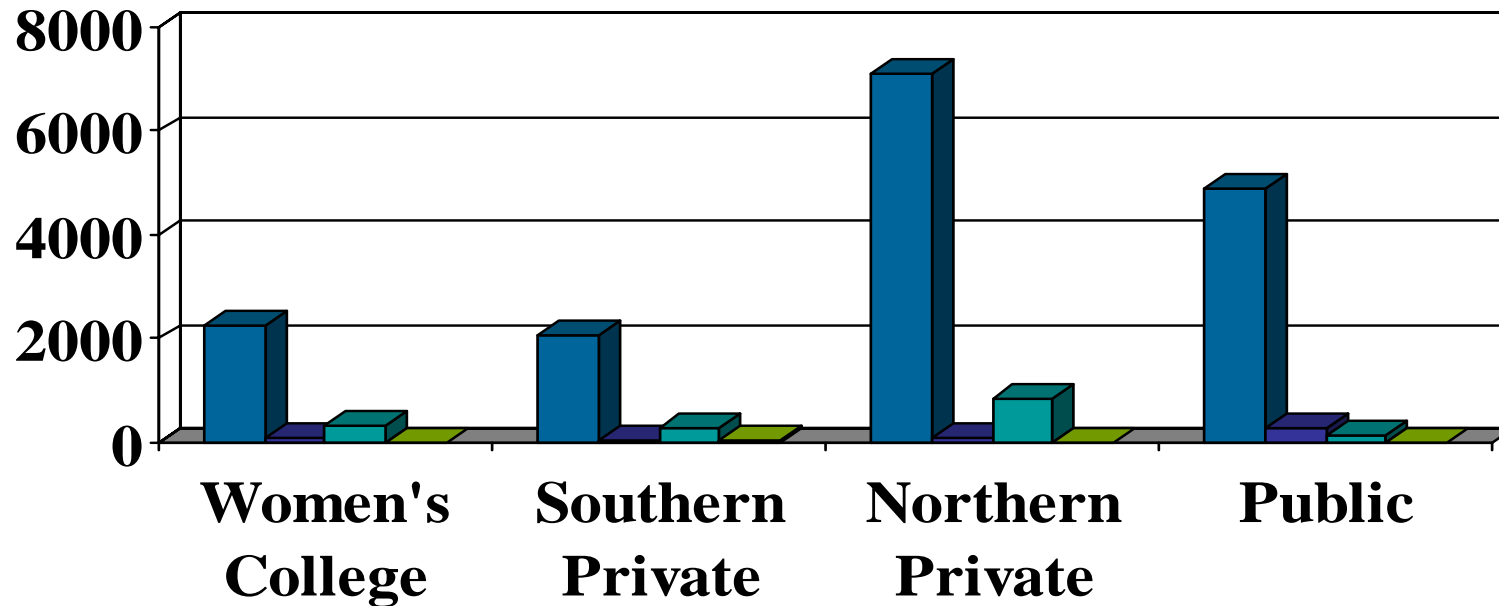
## Environmental Organizations



**■ Average from FEC Donors**    **■ Median from FEC Donors**  
**■ Mean - All Prospects**    **■ Median - All Prospects**

# Giving from FEC Donors

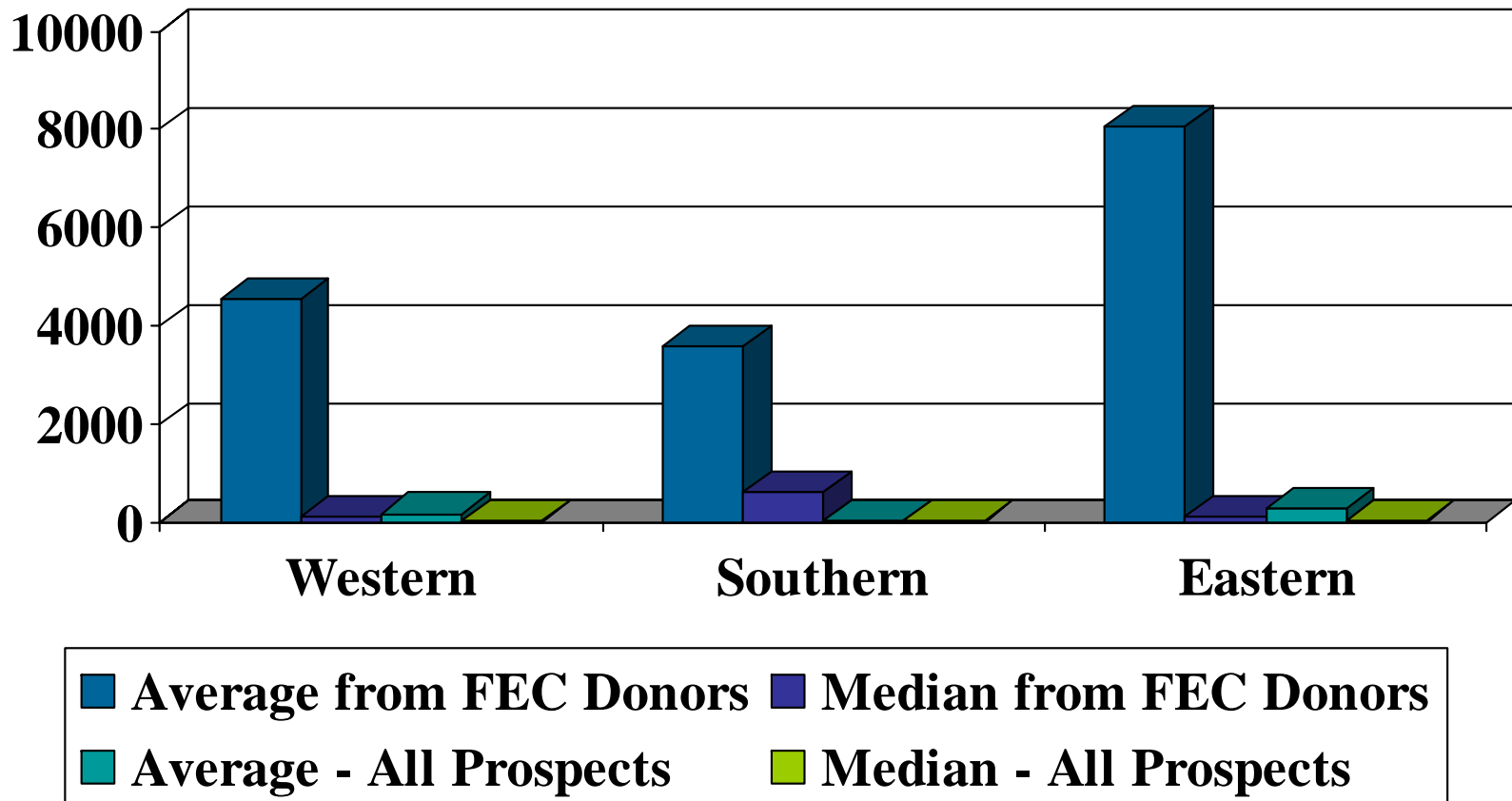
## Higher Education



■ Average from FEC Donors    ■ Median from FEC Donors  
■ Average - All Prospects    ■ Median - All Prospects

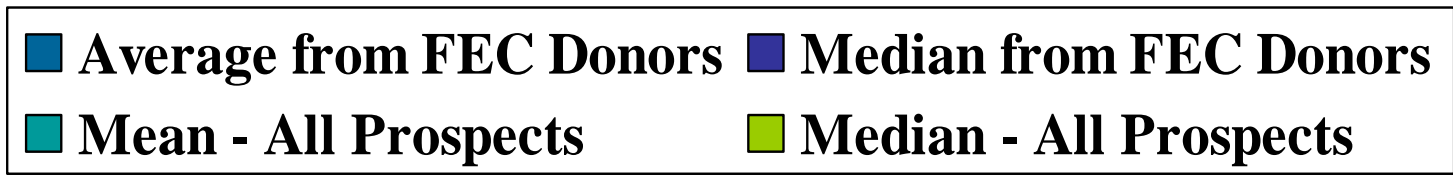
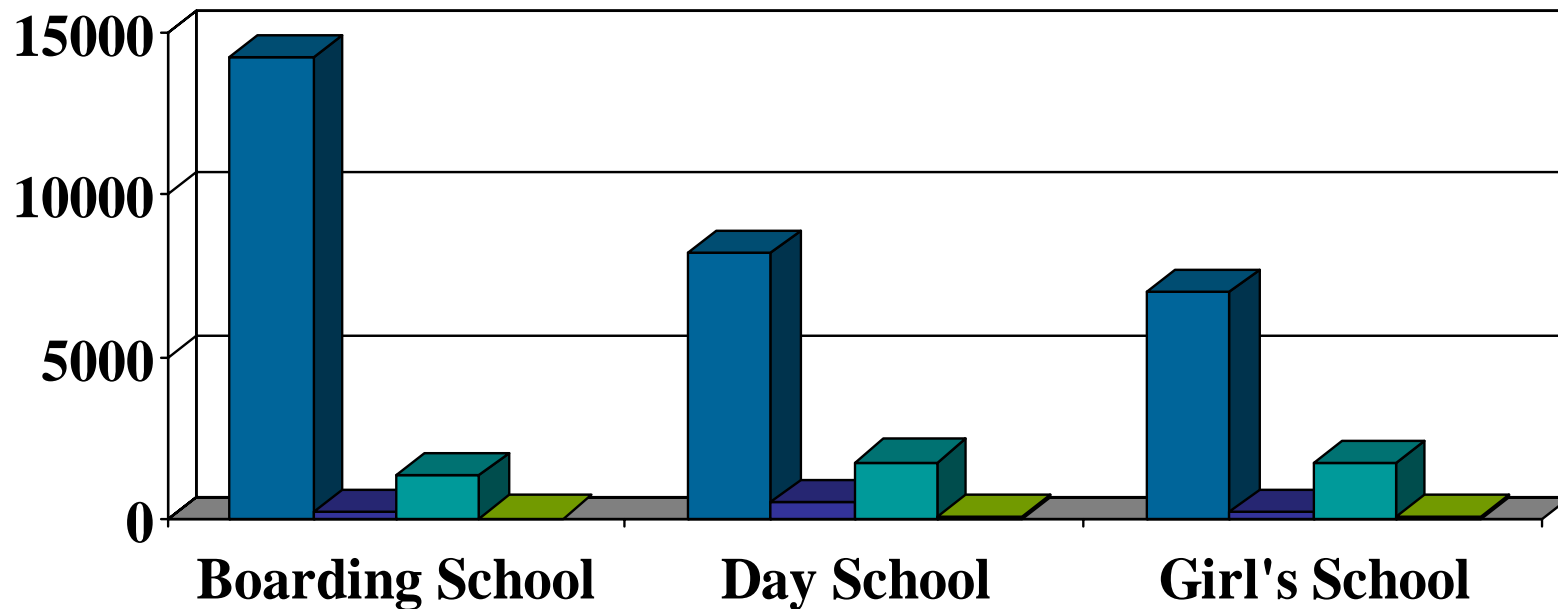
# Giving from FEC Donors

## Higher Education - Religious Institutions



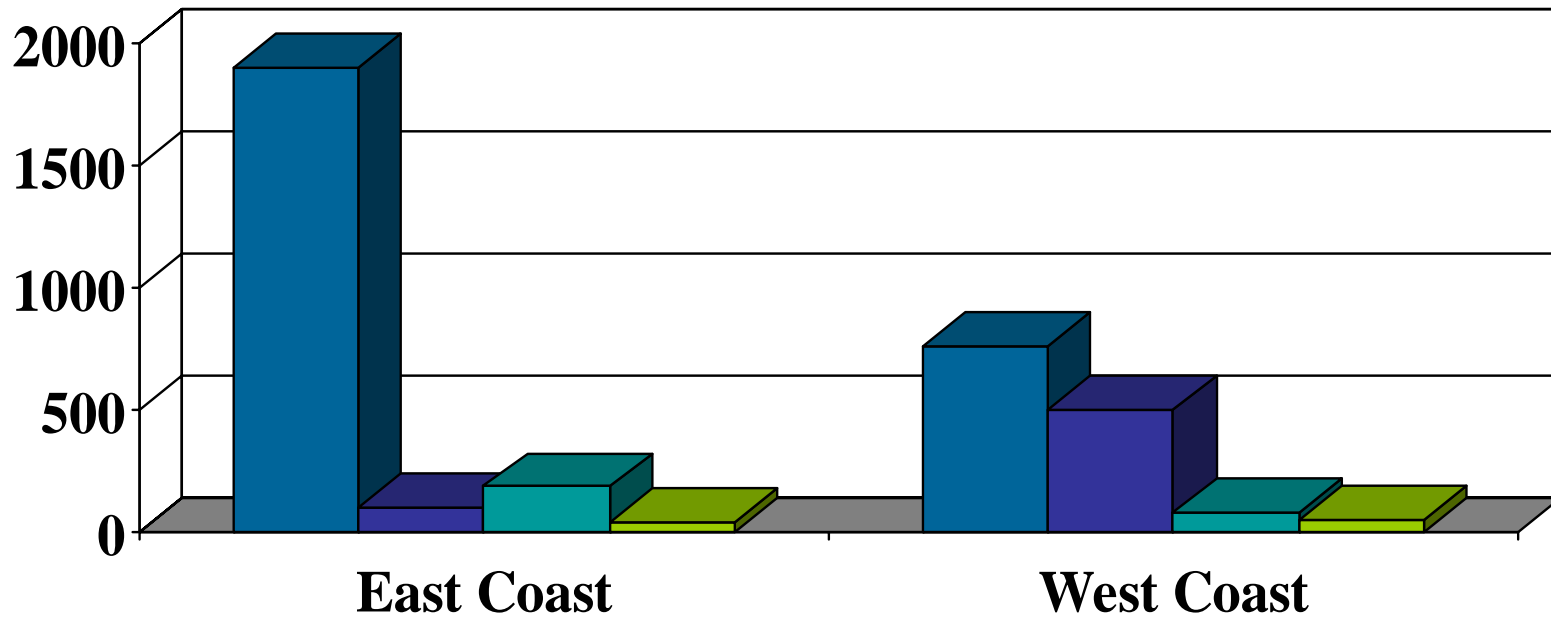
# Giving from FEC Donors

## Private Schools



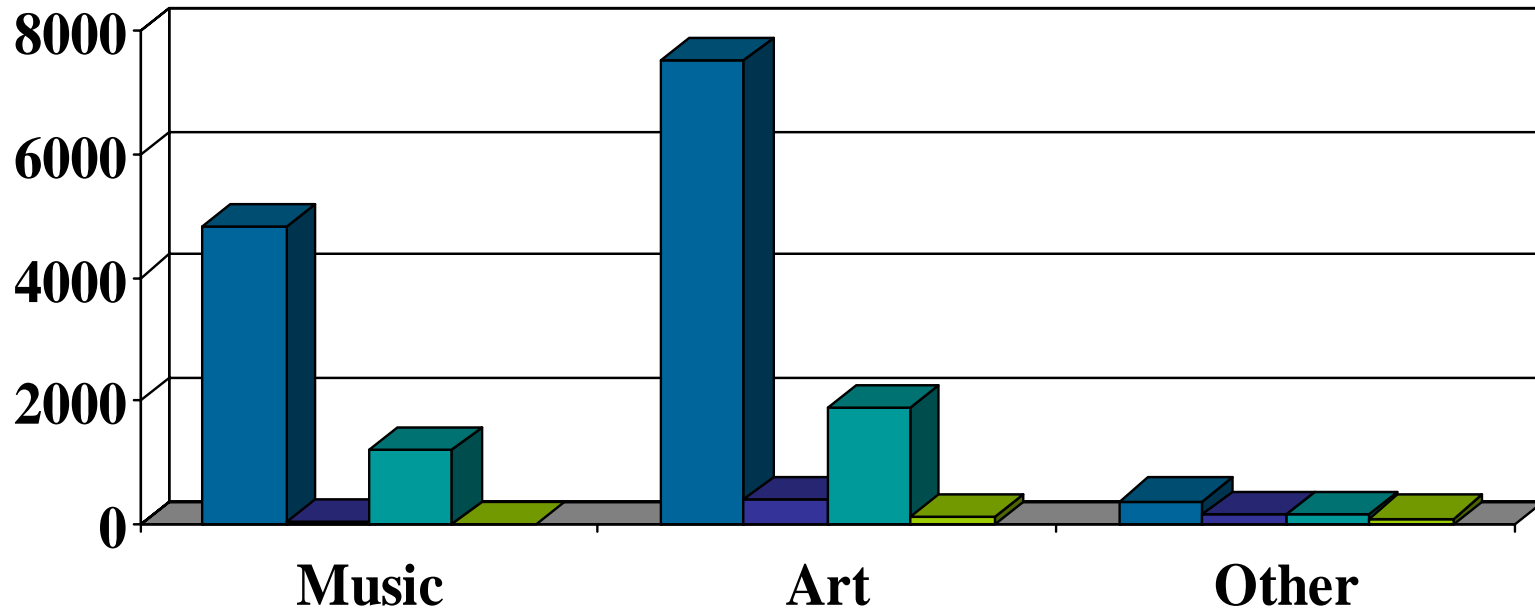
# Giving from FEC Donors

## Community Organizations



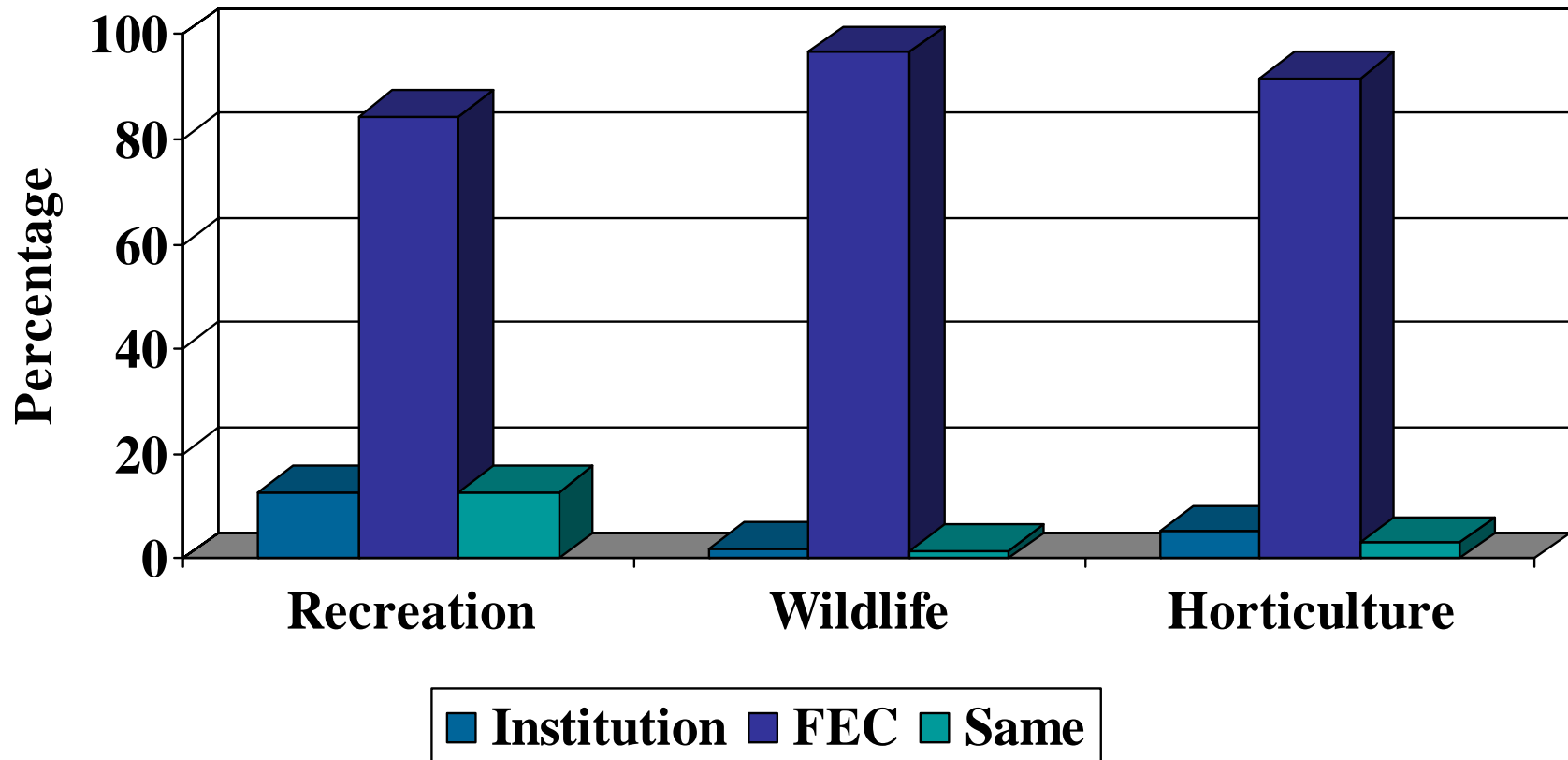
# Giving from FEC Donors

## Cultural Organizations



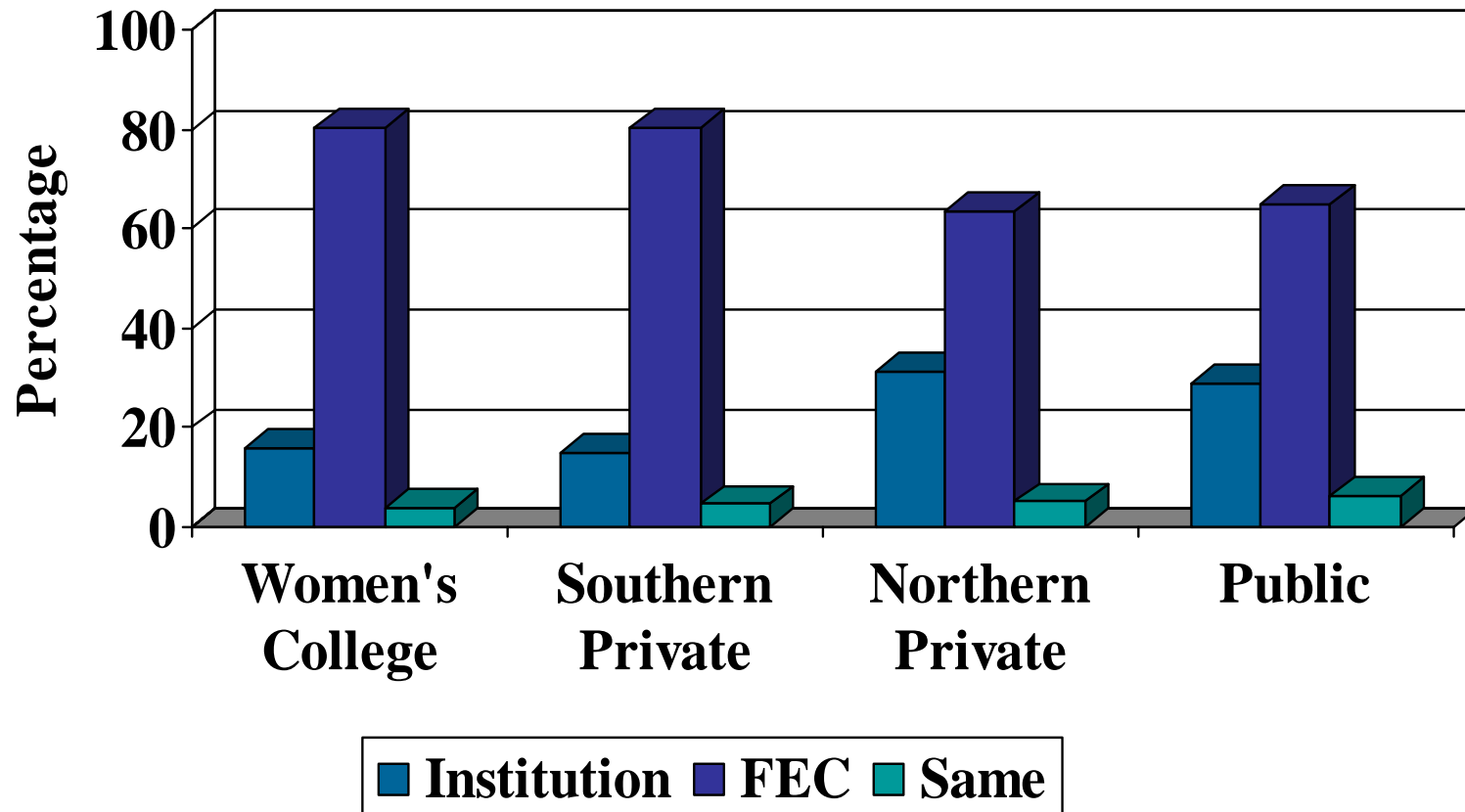
# Greater Giving Comparison

By Largest Gift to Environmental Organization



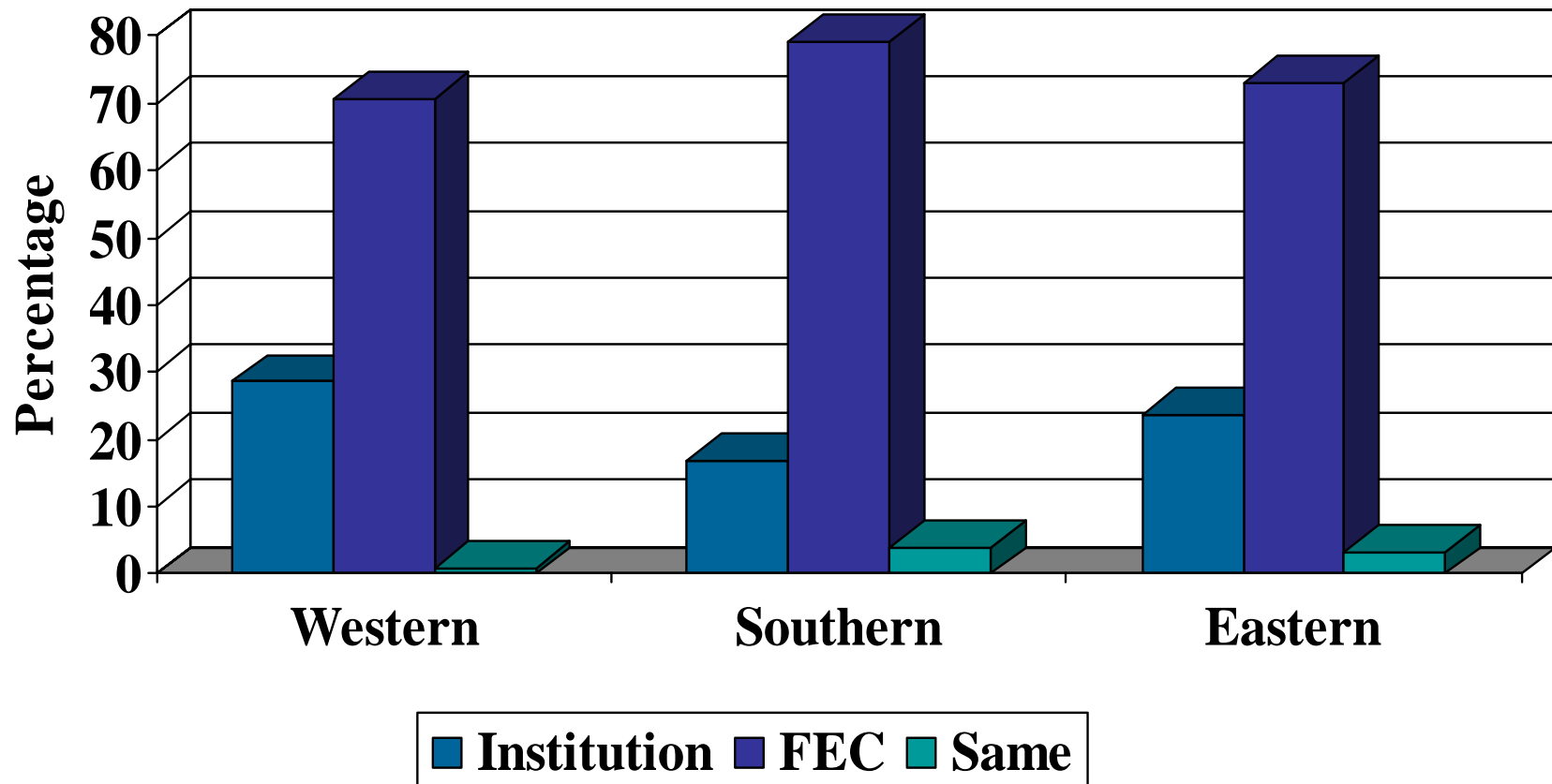
# Greater Giving Comparison

## By Largest Gift to Higher Education



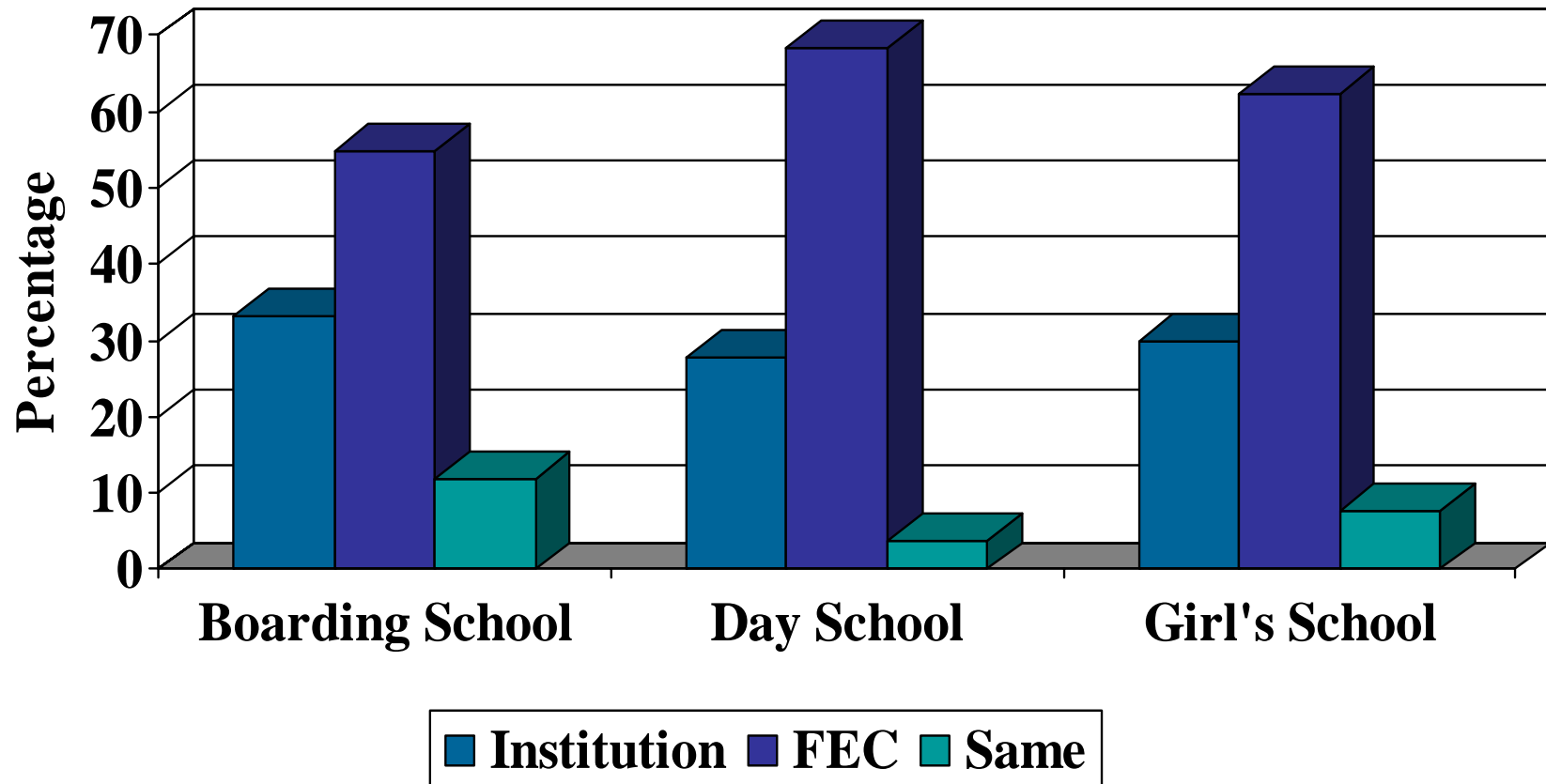
# Greater Giving Comparison

**By Largest Gift to Higher Education - Religious**



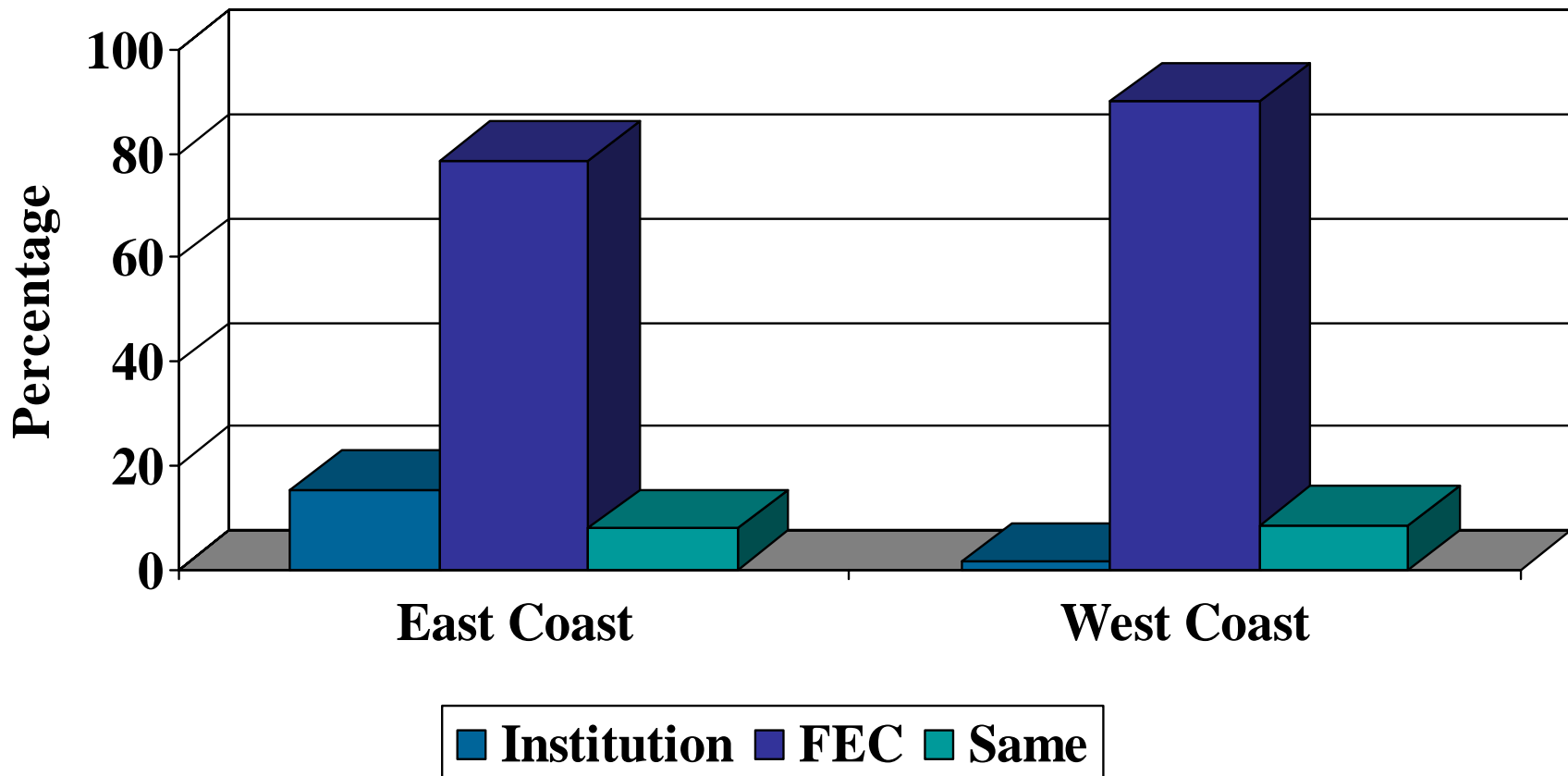
# Greater Giving Comparison

## By Largest Gift to Private School



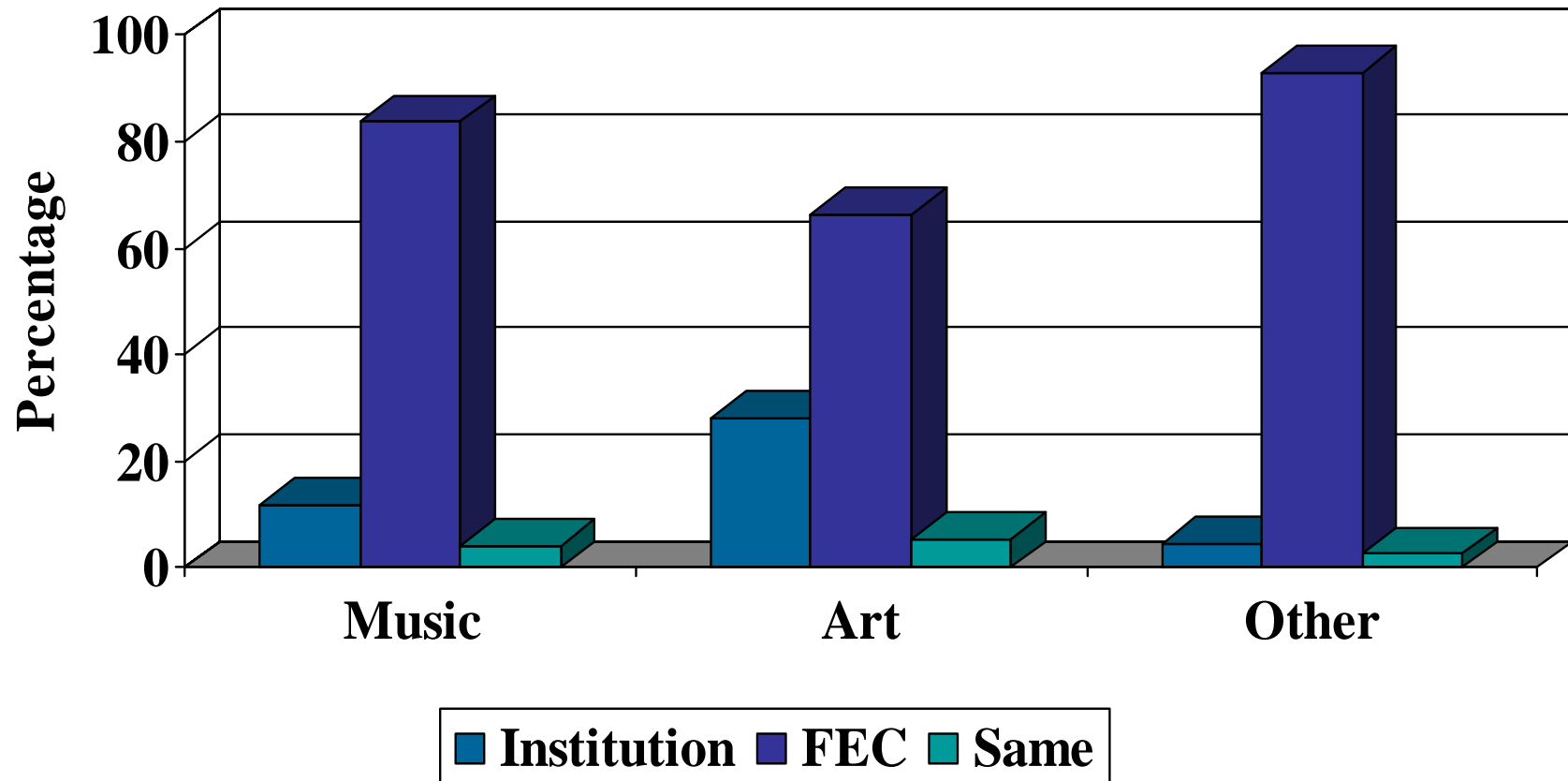
# Greater Giving Comparison

## By Largest Gift to Community Organization



# Greater Giving Comparison

## By Largest Gift to Cultural Organizations



# Findings

- Prospects who also happen to make political gifts to these nonprofit organizations do so at an average level that significantly out-paces the constituency as a whole.
- Even though their philanthropic giving outpaces most other prospects, political donors are making gifts at levels far below their political gifts (which are by definition, mostly limited to \$1,000 - \$2,000).
- Result: Large *Opportunity Gap*

# Question

- Have a capacity to give more, but are not.  
Why?
- Possible reasons: inclination, identification, engagement by organization
- Question:
  - Is there any indication of propensity to give?

# Predictive Model

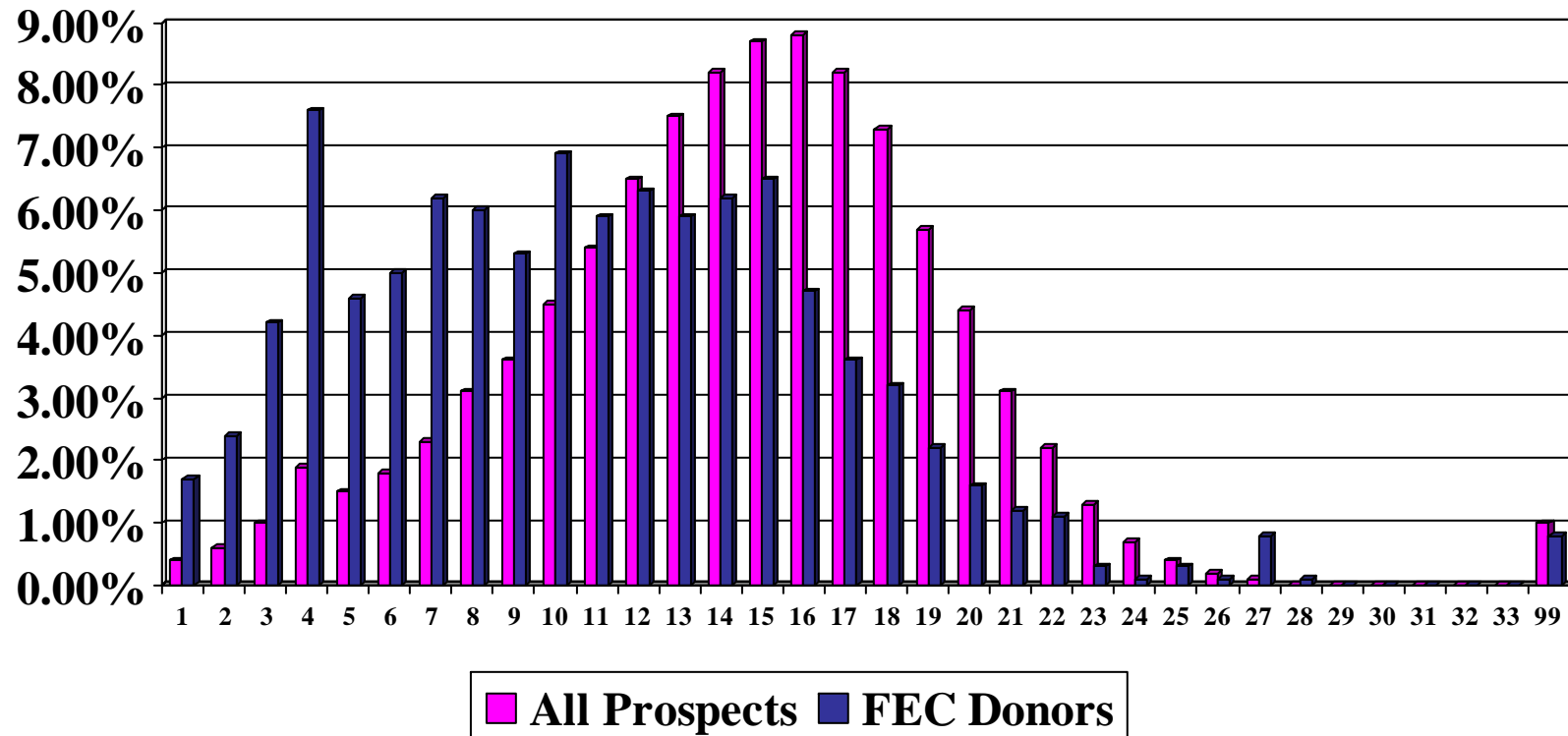
- Scores of 1-33 based on a model of correlating predictors, based on a control group of 1 million+ actual major donors.
- Using regression analysis, these same predictors are sought and measured on other prospects and they are scored according to their “look-alike” quality of a major donor.
- Those with a 1 are more likely than all others, statistically speaking, to be major donors.

# Predictive Value of FEC Donors

Women's College

Greatest Likelihood

Least Likelihood

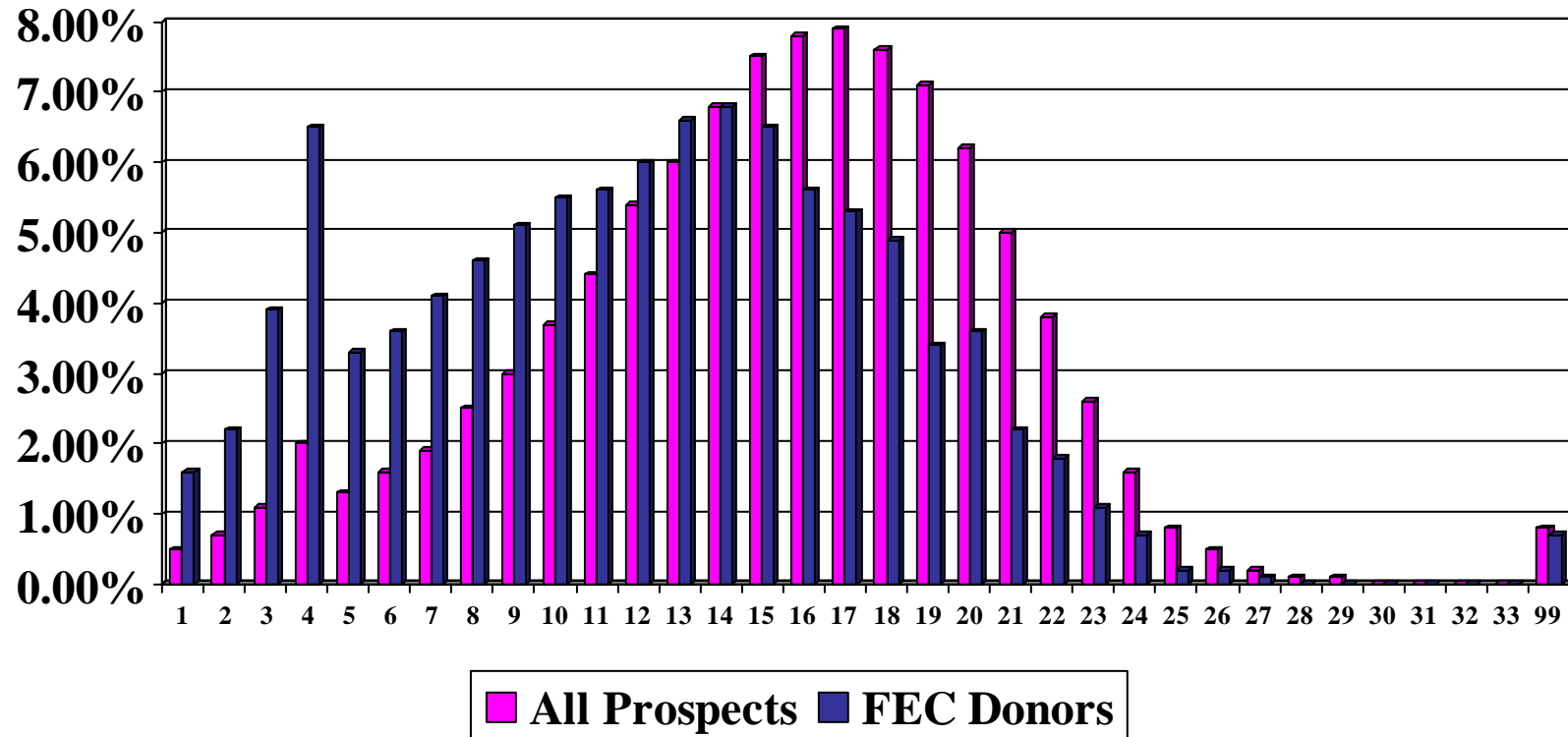


# Predictive Value of FEC Donors

Southern Private University

Greatest Likelihood

Least Likelihood

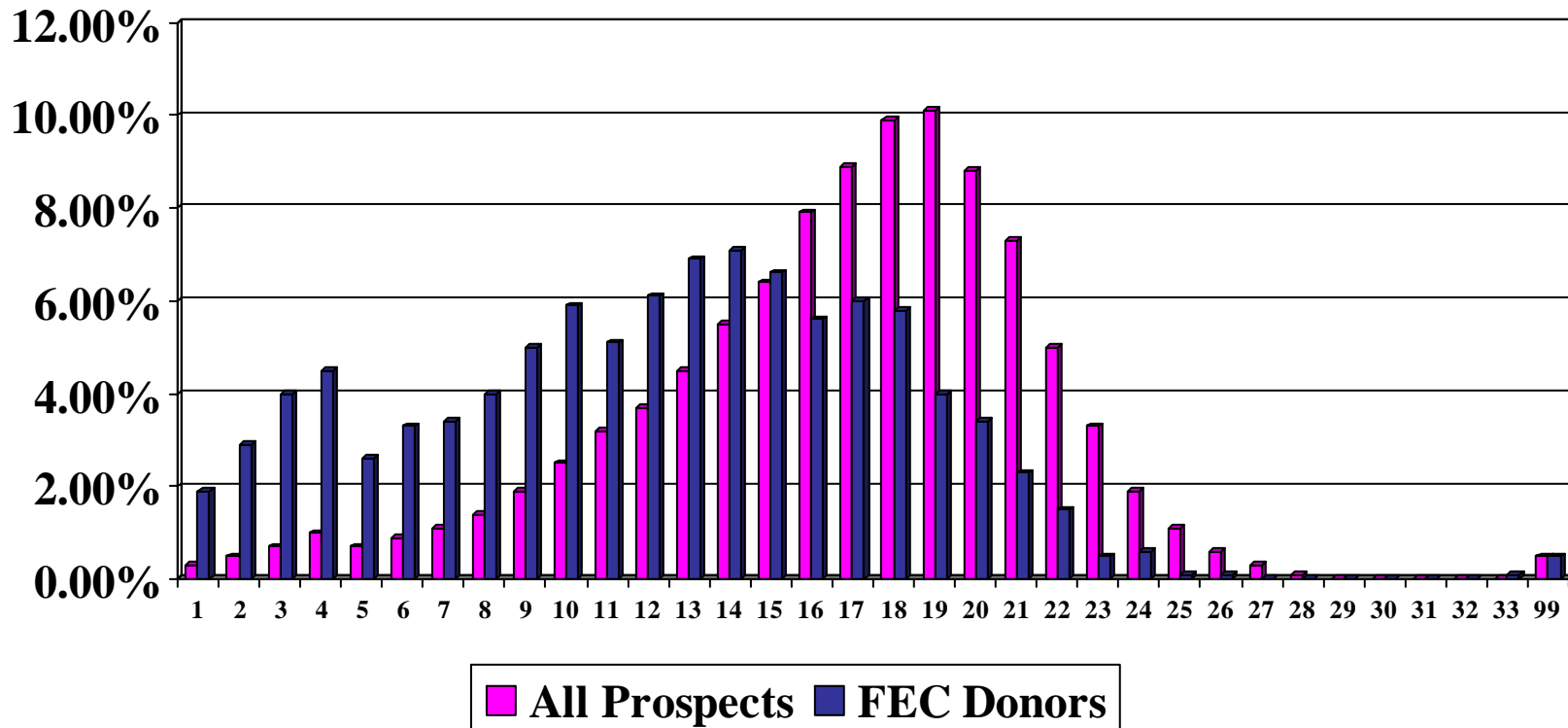


# Predictive Value of FEC Donors

Northern Public University

**Greatest Likelihood**

**Least Likelihood**



*Etc....*

## Findings

- Results from a proprietary predictive model – based on regression analysis – demonstrate that FEC donors are as a group more likely to be major donors than individual constituencies as a whole.
- This held true for every reviewed institution.

# Conclusions

- Federal, state, and local political gifts are a valuable source of Prospect Research information.
- Individuals who are donors to Federal political campaigns and PACS generally evidence themselves to be better donors than those who are not.
- However, most of them do not give to their full philanthropic potential.
- Statistical analysis to date indicates that they are, as a group, more likely to also be inclined philanthropically.

## Links & More

- Giving and Philanthropy Blog:

<http://politicalgiving.blogspot.com/>