

**The Attitudes and Opinions
of U.S. Business Leaders
on Campaign Finance, 527 Organizations,
and a Renewed Reform Effort**

Submitted to:
Committee for Economic Development

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I. Methodology and Sample Characteristics

Methodology

Zogby International conducted interviews of 301 business executives* chosen at random from a Zogby-compiled list of large companies nationwide. All calls were made from Zogby International headquarters in Utica, N.Y., from March 8 through March 23, 2005. The margin of error is +/- 5.8 percentage points. Margins of error are higher in sub-groups.

Sample Characteristics	Frequency	Valid Percent [†]
Sample size	301	100
Revenue >\$1.2 Billion	56	19
Revenue \$100 Million-\$1.2 Billion	33	11
Revenue \$50 Million-\$100 Million	52	17
Revenue \$20 Million-\$50 Million	116	39
Revenue < \$20 Million	44	15
Male	183	61
Female	118	39

*Breakdown of executives is as follows:

Vice President/Various Departments	(48)
Sales/Marketing Director/Manager	(38)
Director of Communications	(36)
Public Relations Director/Manager	(33)
Chief Financial Officer/Controller/Comptroller	(32)
General Administrator/Director/Manager	(23)
Human Resource Administrator/Manager	(17)
President/CEO	(10)
Assistant Administrator	(6)
Administrative Support Coordinator	(6)
Administrative Assistant	(5)
Chief Operations Officer	(3)
Director of Government Relations	(3)
Project Director /Manager/Coordinator	(2)
Business Development Director/Manager	(1)
Payroll Manager	(1)
Other/Non-Descript	(35)
Refused	(2)

[†] Numbers have been rounded to the nearest percent and might not total 100.

II. Executive Summary

Zogby International polled 301 executives* of major American companies and found strong support for a number of campaign finance reform proposals, including a renewed effort focused on applying campaign finance rules to 527 advocacy groups and high levels of support for restructuring aimed at increasing the independence and enforcement authority of the Federal Elections Commission.

Nearly four-out-of-five (78%) American business leaders would support further campaign finance reform, and a majority (53%) say they would strongly support such action.

One-in-four (23%) business leaders say that a lot of pressure is placed on them and their peers to make large political contributions. This group is joined by another two-in-five (42%) who say that some pressure is applied. And while just 6% of respondents are certain that their company donated to 527 groups, this number jumps considerably among mid-sized corporations in the poll, with a full one-in-ten respondents whose companies' annual revenue is between \$50 million and \$100 million responding in the affirmative.

527 organizations are not viewed in positive terms by America's business leaders. More than seven-in-ten (71%) American business leaders agree that 527s have a corrupting influence on the political process. Four-in-five (80%) say that 527s amount to a circumvention of campaign finance law. Further, four-in-five (79%) agree that 527s are not playing by the same rules as everyone else in the political process. And, perhaps most significantly, these business leaders blame the 527s, at least in part, for incivility in the last campaign cycle. More than three-in-five (62%) respondents agree that 527s helped make the 2004 campaign negative and personal, and that they had very little to do with actual issues.

In terms of solutions to this perceived problem, business leaders voiced substantial levels of support for requiring 527s to abide by the same rules as other politically involved organizations, as well as some changes to the structure of the Federal Elections Commission.

More than four-in-five (83%) leaders of American businesses say that they support requiring 527s to register with the FEC as political organizations, much as political campaigns, parties, and PACs are already required to do. Three-quarters (74%) of business leaders support changing the law to prohibit unions or corporations from donating money to 527s—a move that would ensure the 527s operate under the same rules as other political committees.

*Executives primarily were vice presidents, public relations directors, communications officers, chief financial officers/comptrollers, and other top-level personnel. A more complete breakdown is available in the Narrative Summary or the Methodology and Sample Characteristics.

Support for changing the FEC structure to include a long-term chairman, much in the same way as the Federal Reserve is structured, is supported at all levels by two-in-three (67%) or more respondents. Four-in-five (79%) American business leaders agree that a change in campaign law that would allow the FEC to conduct random audits during an election would lead to more effective enforcement of that law. This particular change garners some of the highest levels of support, while changes to the partisan distribution of the FEC's appointees were supported by a plurality.

There is a clear consensus in favor of a new round of campaign finance reform efforts, aimed at ensuring that the 527s are forced to play by the same rules as other political influence groups, like parties, campaigns and PACs—and, given the high levels of support available to such courses of action, this seems the easiest course in terms of building public support.

Further, there is clearly a good deal of support for a restructuring effort at the FEC that would focus on providing the group a long-term appointed chairman, though support for radical restructuring of the agency from its current three Democrats and three Republicans is much lower. Further, efforts to increase the enforcement capabilities of the FEC have overwhelming support, and would be quite viable politically, especially when cast in language that reminds target audiences that this would apply to both corporations and labor unions.

Any campaign to change campaign finance rules further should be publicly tied to McCain-Feingold, which proves a popular law among business leaders. At least four-in-five members of every subgroup agree that increased political participation by small donors is a positive outcome of McCain-Feingold, and three-in-four (73%) business leaders say that the restrictions placed on soft money by the McCain-Feingold campaign finance reform law were a positive step. Only one-in-five (22%) disagree.

III. Narrative Analysis

1. *May I ask your title with your company? (Number in parentheses denotes frequency of response.)*

Vice President/Various Departments	(48)
Sales/Marketing Director/Manager	(38)
Director of Communications	(36)
Public Relations Director/Manager	(33)
Chief Financial Officer/Controller/Comptroller	(32)
General Administrator/Director/Manager	(23)
Human Resource Administrator/Manager	(17)
President/CEO	(10)
Assistant Administrator	(6)
Administrative Support Coordinator	(6)
Administrative Assistant	(5)
Chief Operations Officer	(3)
Director of Government Relations	(3)
Project Director /Manager/Coordinator	(2)
Business Development Director/Manager	(1)
Payroll Manager	(1)
Other/Non-Descript	(35)
Refused	(2)

I would like to ask you a few questions about the U.S. political process and campaigns in particular. Please answer these based on your experience as a business leader and what you believe is in the best interests of both your company and the American political system.

4. *Has your company made financial contributions to 527 Advocacy Groups?*

Yes	6%
No	71
Not sure	23

While just 6% of respondents are certain that their company donated to 527 groups, this number jumps considerably among mid-sized corporations in the poll, with a full one-in-ten respondents whose companies' annual revenue is between \$50 million and \$100 million responding in the affirmative.

5. How much pressure is placed on American business leaders to make large political contributions?

A lot	23%
Some	42
Not very much	19
None whatsoever	6
*Other	1
Not sure	9

One-in-four (23%) American business leaders say that a lot of pressure is placed on them and their peers to make large political contributions. This group is joined by another two-in-five (42%) who say that some pressure is applied.

Only a minority (25%) say that either no pressure whatsoever or not very much pressure is applied to business leaders to provide political contributions.

This feeling is present at all levels of business in the survey.

6. Before McCain-Feingold was signed into law by the President, candidates for federal office could raise unlimited funds from unions and corporations for the national political parties. This was known as “soft money.” The ban on soft money took effect in 2004, resulting in a record number of low-dollar contributions by individuals. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that the prohibition placed on “soft money” was a positive step?

Strongly agree	47%	Agree	73%
Somewhat agree	26		
Somewhat disagree	11		
Strongly disagree	11	Disagree	22
Not sure	5		

Three-in-four (73%) American business leaders say that the restrictions placed on soft money by the McCain-Feingold campaign finance reform law were a positive step. Only one-in-five (22%) disagree.

These levels of support for the reform legislation hold across all sizes of companies polled, although intensity on the question increases somewhat as the revenue of a respondent’s company decreases. Gender, however, impacts neither overall agreement nor intensity of agreement.

7. *Some 527 Advocacy Groups are political groups that are organized to elect or defeat political candidates. In the 2004 election, two of the most prominent 527 groups were the Swift Boat Veterans for Truth and The Media Fund. Did you contribute to any 527 advocacy groups during the 2004 election cycle?*

Yes	5%
No	89
Not sure	5

One-in-twenty (5%) American business leaders say they have contributed to a 527 group—roughly the same percentage as whose companies contributed to 527 advocacy groups.

Women are slightly more likely than their male peers to have contributed, by a margin of 7% to 4%.

Business leaders whose companies’ revenue is in the \$50 million to \$100 million range are also a bit more likely than their counterparts to have made such contributions, with a full 10% of this group saying they had contributed to 527s during the 2004 election cycle.

8. *Some have suggested that because contributions to 527 groups are not regulated by the Federal Election Commission and there is no maximum contribution level, these political advocacy groups are not playing by the same rules as the rest of the campaign finance system. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that 527 groups are not playing by the same rules as everyone else?*

Strongly agree	62%	Agree	79%
Somewhat agree	17		
Somewhat disagree	7		
Strongly disagree	6	Disagree	13
Not sure	8		

Four-in-five (79%) American business leaders agree that 527s are not playing by the same rules as everyone else in the political process. This includes more than three-in-five (62%) business leaders who strongly agree.

Just one-in-eight (13%) disagree that the 527s are not playing by the same rules.

These numbers are very consistent across various sizes of corporations and both genders.

9. *Some have suggested that some 527 groups amount to a loophole in the current campaign finance law, allowing unlimited contributions to political organizations from large donors, such as union treasuries and corporate funds, advocating for one federal candidate or another in an election. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that 527 groups amount to circumvention of campaign finance law?*

Strongly agree	62%		
Somewhat agree	18	Agree	80%
Somewhat disagree	9		
Strongly disagree	5	Disagree	14
Not sure	6		

Four-in-five (80%) of the American business leaders in this poll say that 527s amount to a circumvention of campaign finance law. There is considerable vehemence in this feeling, with 62% of the business leaders agreeing strongly that the 527s are circumventing campaign finance law.

In this instance, intensity of agreement tends to increase as the revenues of the respondent's company decrease. Likewise, men (65%) are more intense in their agreement with the statement than are women (56%).

10. *Because 527s are allowed to raise unlimited contributions, some have suggested that 527s have a corrupting effect on the political process by allowing high-dollar donors, like unions, corporations, and wealthy individuals, to make unrestricted contributions. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that 527s have a corrupting effect on the political process?*

Strongly agree	54%		
Somewhat agree	17	Agree	71%
Somewhat disagree	11		
Strongly disagree	13	Disagree	24
Not sure	6		

More than seven-in-ten (71%) American business leaders agree that 527s have a corrupting influence on the political process. One-in-four (24%) disagree with this view.

Majorities of every group in the survey agree, regardless of annual revenues or gender, though respondents whose companies' annual revenue is less than \$1.2 billion are more intense in their agreement. And while levels of agreement are similar among both genders, men are a bit more likely than women (by a 55% to 51% margin) to strongly agree with this view.

11. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that 527 groups helped make the 2004 campaign negative and personal, and had very little to do with actual issues?

Strongly agree	45%		
Somewhat agree	17	Agree	62%
Somewhat disagree	18		
Strongly disagree	9	Disagree	27
Not sure	11		

More than three-in-five (62%) respondents agree that 527s helped make the 2004 campaign negative and personal, and that they had very little to do with actual issues. This includes a substantial plurality—45%—who strongly agree.

As with previous questions, there is remarkable stability across demographic groups, with overall levels of agreement consistently within the margin of error despite the size of the company or the gender of the respondent.

12. Some have suggested that more campaign finance reform is necessary to ensure that 527 groups are not able to circumvent the bi-partisan campaign finance reform laws recently passed by Congress and signed by the President. Would you strongly support, somewhat support, somewhat oppose, or strongly oppose further campaign finance reform?

Strongly support	53%		
Somewhat support	25	Support	78%
Somewhat oppose	8		
Strongly oppose	8	Oppose	16
Not sure	6		

Nearly four-out-of-five (78%) American business leaders would support further campaign finance reform, and a majority (53%) say they would strongly support such action.

In this question, as in others, overall levels of support are independent of the size of the respondent's corporation. However, women are a bit more likely than men (83% versus 74%) to support further reform of campaign finance laws.

13. 527s currently function outside the purview of the Federal Election Commission. Would you strongly support, somewhat support, somewhat oppose, or strongly oppose requiring these groups to register as political organizations with the Federal Election Commission, as campaigns, parties, and political action committees are already required to do?

Strongly support	66%		
Somewhat support	17	Support	83%
Somewhat oppose	5		
Strongly oppose	7	Oppose	12
Not sure	4		

More than four-in-five (83%) leaders of American businesses say that they support requiring 527s to register with the FEC as political organizations, much as political campaigns, parties, and PACs are already required to do.

Of the various concepts tested in this survey, this has both the highest overall support, and the most intense, with two-thirds of America’s business leaders saying they would strongly support such a requirement.

Overall levels of support are consistent across subgroups and genders.

14. Currently, unions and corporations are allowed to contribute unregulated donations to 527 groups with no maximum level, unlike contributions to political parties or political action committees, which are banned entirely. Would you strongly support, somewhat support, somewhat oppose, or strongly oppose changing the law to prohibit unions or corporations from donating treasury money to 527 organizations, so that they operate under the same laws as other political committees?

Strongly support	55%		
Somewhat support	19	Support	74%
Somewhat oppose	11		
Strongly oppose	9	Oppose	20
Not sure	6		

Three-quarters (74%) of business leaders support changing the law to prohibit unions or corporations from donating money to 527s—a move that would ensure the 527s operate under the same rules as other political committees.

Respondents from every size corporation in the sample support such a change in the law at levels above 68%.

Gender has only minimal impact on response, with slightly more women than men favoring such a change.

15. In the 2004 election, both national parties shifted attention towards small-dollar contributors, and were able to raise a record sum of \$1.2 billion dollars in contributions of \$2,000 and under, without the use of unregulated “soft money,” which was banned by McCain-Feingold. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that increased political participation by small donors is a positive outcome of the McCain-Feingold campaign finance law?

Strongly agree	60%		
Somewhat agree	25	Agree	85%
Somewhat disagree	5		
Strongly disagree	5	Disagree	10
Not sure	5		

At least four-in-five members of every subgroup agree that increased political participation by small donors is a positive outcome of McCain-Feingold. The aggregate level of agreement is 85%, with three-in-five (60%) in strong agreement.

16. Currently in the presidential campaign funding system, candidates who agree to limit their spending receive a matching contribution from the federal government of one dollar for every dollar a donor gives, up to the first \$250. Some have suggested that a multiple dollar match—for example, four dollars for each dollar donated—would encourage more small donors to participate. Would you strongly support, somewhat support, somewhat oppose, or strongly oppose a system that increases the federal matching funds to encourage small-dollar donations and decrease campaigns’ reliance on large contributions?

Strongly support	26%		
Somewhat support	15	Support	41%
Somewhat oppose	16		
Strongly oppose	37	Oppose	53
Not sure	6		

Opposition outweighs support for the proposed four-fold increase in federal matching funds.

The highest levels of support are among respondents whose companies’ annual revenue exceeds \$100 million but does not surpass \$1.2 billion. Among this group, support reaches 61%.

17. In the last presidential campaign, both major party candidates opted out of public financing during the primaries, allowing them to raise and spend unlimited amounts of money prior to the start of the general election. Would you strongly support, somewhat support, somewhat oppose, or strongly oppose increasing the primary spending limit to account for the requirements of modern presidential campaigns in order to provide presidential candidates more incentives to utilize public funding, instead of raising unlimited amounts of money?

Strongly support	29%		
Somewhat support	20	Support	49%
Somewhat oppose	14		
Strongly oppose	26	Oppose	40
Not sure	10		

Half of respondents (49%) support an increase in the primary spending limits that exist under current campaign finance law. This includes three-in-ten (29%) who strongly support such a move.

As with the previous question, the highest levels of support can be found among those companies whose revenue is between \$100 million and \$1.2 billion, with two-thirds (64%) of this group supporting such a change.

Unlike other regulatory agencies such as the SEC, Congress created the Federal Election Commission to have three Republican and three Democratic appointees. Some believe this has resulted in partisan gridlock and resulted in inaction.

18. Would you strongly support, somewhat support, somewhat oppose, or strongly oppose changing the structure of the FEC to have an odd number of appointees, preventing tied votes?

Strongly support	31%		
Somewhat support	14	Support	45%
Somewhat oppose	11		
Strongly oppose	31	Oppose	42
Not sure	13		

A plurality (45%) favors modifying the structure of the FEC to feature an odd number of appointees to prevent gridlock. Two-in-five (42%) oppose this change.

Support is generally consistent, though it falls to 37% among respondents whose companies' annual revenue exceeds \$1.2 billion.

19. *Would you support or oppose changing the FEC structure so that a long-term chairman was appointed, much like the Federal Reserve, so that this individual would be able to function independently of political parties?*

Support	71%
Oppose	22
Not sure	8

Support for changing the FEC structure to include a long-term chairman, much in the same way as the Federal Reserve is structured, is supported at all levels by two-in-three (67%) or more respondents.

Women are more likely than men to hold this view, by a 73% to 69% margin.

20. *Currently, the FEC has very little power to enforce campaign finance laws, largely because auditing of campaign for potentially fraudulent contributions and expenditures occurs after the election has been held. Some have suggested empowering the FEC to conduct random audits of campaign financing. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that such a change would make the FEC more effective in enforcing campaign finance law?*

Strongly agree	55%	Agree	79%
Somewhat agree	24		
Somewhat disagree	8		
Strongly disagree	8	Disagree	16
Not sure	6		

Four-in-five (79%) American business leaders agree that a change in campaign law that would allow the FEC to conduct random audits during an election would lead to more effective enforcement of that law, and a majority (55%) strongly agree with this view.

Support for such a move is universal, with more than three-in-five respondents at every level of company agree that empowering the FEC to conduct random audits would lead to more effective enforcement of campaign finance law.