



Guide to Convention Funding: Cleveland GOP Convention

July 2016

Introduction

On July 18-21, the Republican Party will hold its 2016 Republican National Convention in Cleveland, Ohio, concluding the party's presidential primary, and finalizing the Republican party platform. This report examines the money behind the convention, where it comes from, how convention fundraising has changed over time, and funding in this year's Republican primary.

While big-money is often examined in the context of campaign and super PAC fundraising, the convention offers another outlet for spending by mega-donors and corporations interested in influencing political outcomes. With the exception of federal security grants and smaller municipal expenditures, this year's conventions will be financed entirely with private funding. These are the first conventions held since public financing for party conventions was eliminated in 2014.

If the GOP's Cleveland Host Committee meets its fundraising goals, this year's convention is expected to rank among the most expensive conventions in history in terms of private fundraising.

This report provides key fundraising numbers, an easy-to-follow map outlining convention funding sources, a timeline of changes to convention fundraising, a breakdown of convention spending, top Republican convention funders, and information on proposed campaign finance reforms. Due to the post-convention release of fundraising data by the convention's host committee, this report relies on a combination of fundraising numbers from this year's convention, fundraising reports from previous conventions, and self-reported fundraising numbers.

U.S. PIRG's analysis of convention funding shows that private funding is expected to increase approximately 40 percent over private funding levels in 2012. The growth of private financing and the influence for convention donors can be partially attributed to a series of rollbacks to campaign finance regulations outlined in this report's timeline.

By the Numbers



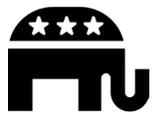
\$81,139,475

Expected private fundraising for the Republican National Convention, comprised of the pledged contributions to the Cleveland host committee and the convention committee.¹



42%

Expected increase in private convention fundraising since 2012²



\$84,258,465

Total raised by all delegate-holding Republican candidates at the convention³



52%

Percent of Republican primary campaign cash raised from large donors⁴



\$100,200

Amount a single donor can donate to a party convention committee per year⁵



75

Number of donors giving maximum allowable contribution to the convention committee⁶

Convention Fundraising: Explained

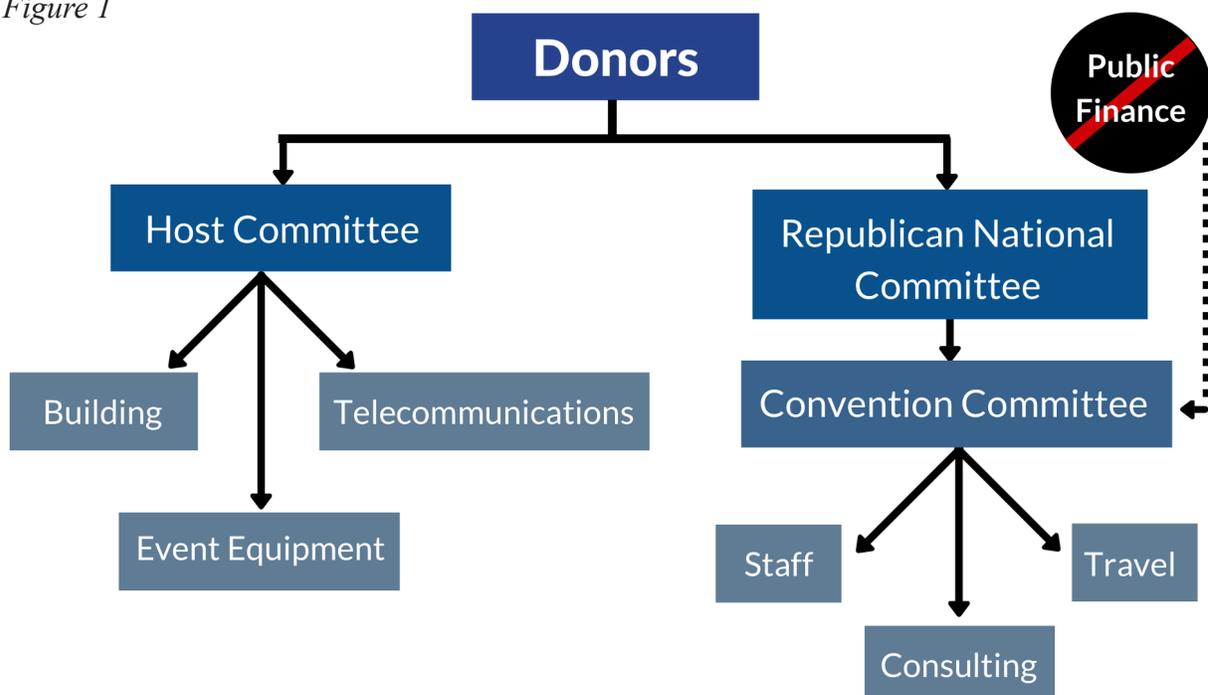
Two main groups fund the Republican National Convention, both of which rely on private donors: the Committee on Arrangements for the 2016 Republican National Convention (the convention committee) and the Cleveland 2016 Host Committee (the host committee).

Traditionally, convention committees relied on public financing, which was available for committees that refused private funds, but in 2014 public financing for conventions was eliminated.⁷ Congress also quadrupled the maximum allowed contribution to convention committees, raising the cap on contributions to \$100,200 per year.⁸ As a result, both Democratic and Republican convention committees will rely on private funds rather than public financing this election cycle. So far this year, the RNC has raised \$17,139,475 in contributions earmarked for the convention committee.⁹

Even when convention committees accepted public financing rather than private contributions, host committees were allowed to accept unlimited private contributions for the purpose of encouraging commerce in the convention city and projecting a favorable image to convention attendees. Today, that purpose is broadly interpreted, and host committees spend the bulk of their money on the logistics of hosting a convention by paying for space, equipment, supplies, staff and more. This year, over half of the host committee's spending was on building and equipment expenses, including costs such as space rental, building services, construction, event equipment, supplies and décor (Figure 4).

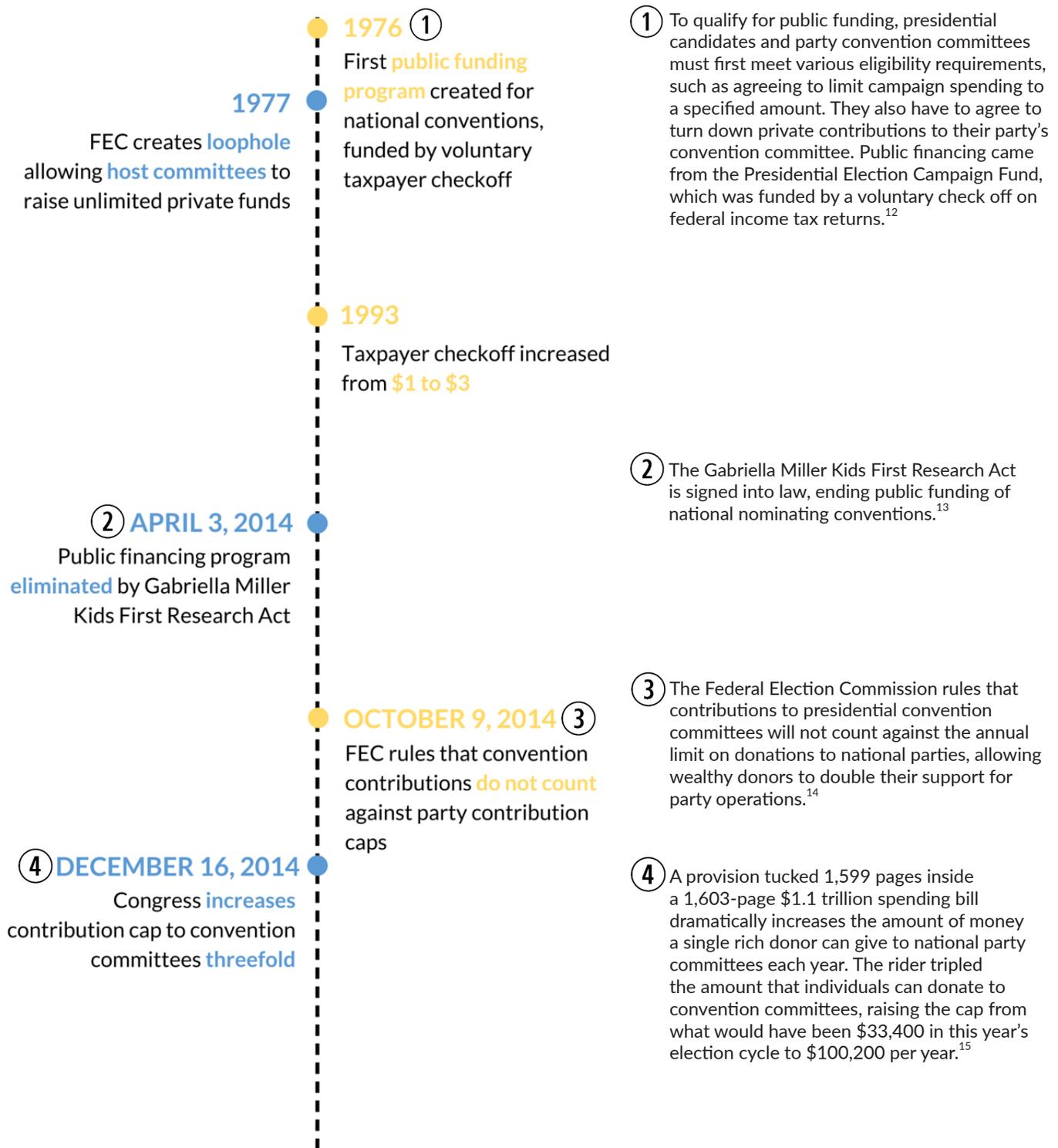
This year's GOP host committee has self-reported raising \$58 million for the upcoming GOP convention, nearing the \$64 million city leaders pledged to contribute during the bid to host the convention.¹⁰ Final fundraising numbers for the convention will not be reported until after the convention.¹¹

Figure 1



Convention Fundraising Through the Years

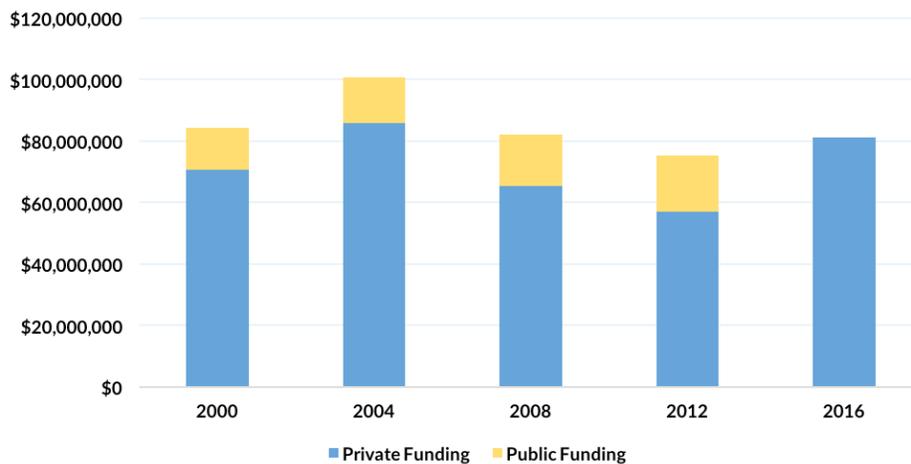
Figure 2



Convention Fundraising Through the Years (cont.)

Convention Fundraising 2000-2016

Figure 3



The 2016 Republican National Convention is on track to rank among the most expensive Republican conventions in terms of private fundraising. During the bid for hosting the convention, city leaders pledged to contribute \$64 million to the host committee, and the convention committee has raised an additional \$17,139,475 for a combined total of \$81,139,475 (Figure 3). While the host committee is still \$6 million short of its fundraising goal, the committee will continue to raise money throughout the remainder of this year and likely next to cover convention expenses.

This year's private fundraising total is only topped by the 2004 Republican National Convention, which raised \$85,728,974 in private money through its host committee. The convention's large private fundraising receipts this cycle may be partially attributed to the recent elimination of public financing and an increase in contribution caps to convention committees (Figure 2).

Host committees aren't required to report their fundraising figures to the FEC until 60 days after the convention ends, so 2016 host committee data shared in this report relies on self-reported figures from the Cleveland Host Committee and several of its donors.¹⁶

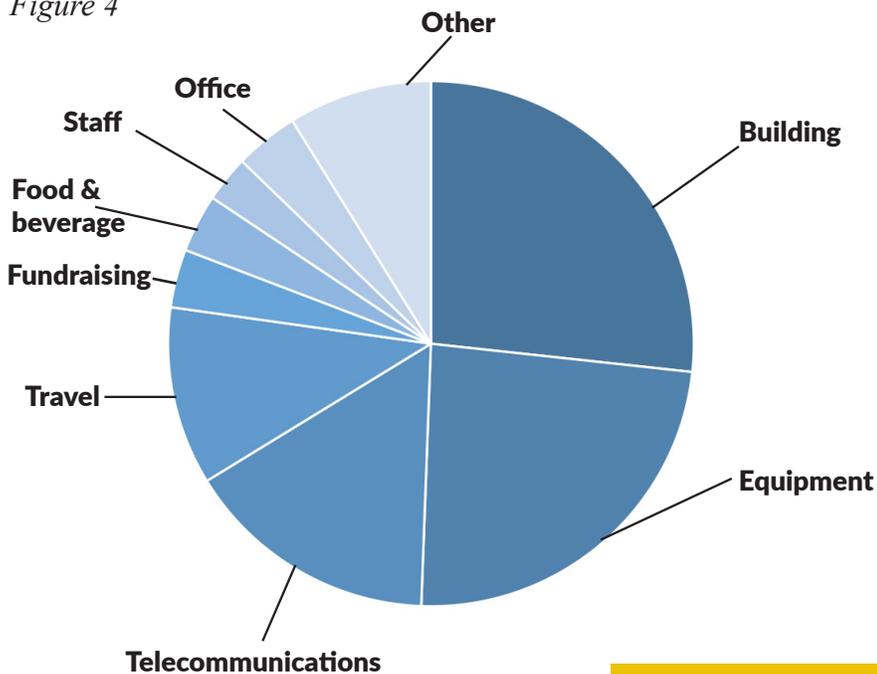
Not included in this analysis are private funds from corporations hosting private events in coordination with the national convention. Reports estimate that corporations and outside groups will host nearly 1,200 ancillary events at this year's convention in Cleveland.¹⁷

While public financing for convention committees was eliminated in 2014, national conventions continue to receive public funds for security purposes. This year, both the Republican and Democratic conventions have received \$50 million for security.¹⁸ The analysis in Figure 3 does not include publicly financed security funding.

Where does the money go?

Tampa Bay 2012 Host Committee

Figure 4



Building: Space rental, building services, construction

Top 3 recipients: Freedman Decorating Co., Tampa Bay Arena, City of Tampa

Equipment: Event Equipment, Supplies, Décor

Telecommunications: Networking equipment, communications services, software

Travel: Air travel, auto rentals, maintenance, transportation

Fundraising: consulting

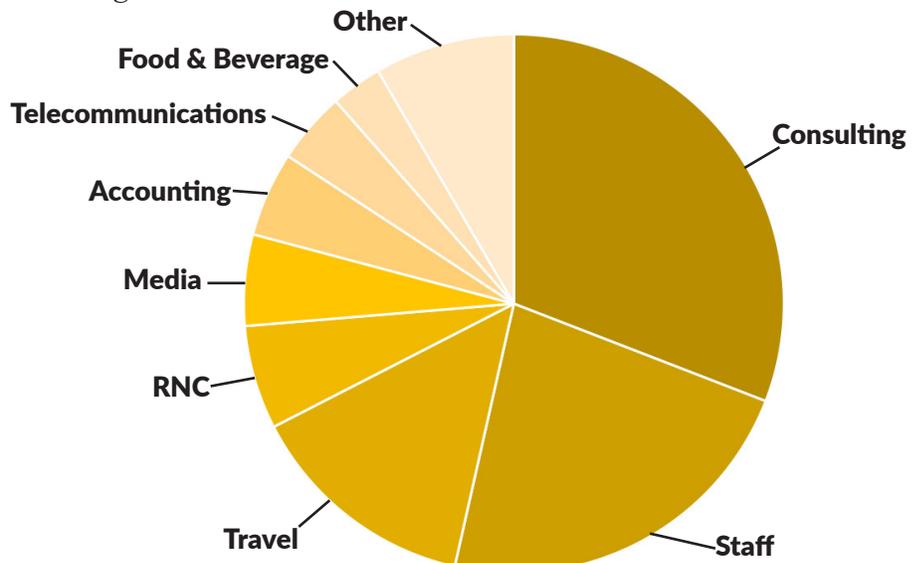
Food & Beverage

Staff: Payroll, salary

Office: rent, office furniture, supplies, printing

2012 Convention Committee

Figure 5



Consulting: Political and Operations

Top 3 recipients: David J. Nash Associations, Freeman, American Rambler Productions

Staff: Payroll, salary

Travel: Air travel, auto rental, auto maintenance

RNC: Assorted reimbursements to the Republican National Committee

Media: Media production and advertising, magazine subscriptions, news

Accounting: Banking and accounting

Telecommunications: Website, phone, internet, IT

Food & Beverage

2012 Corporate Donors

Because host committees are not required to release donor data until after the convention, limited information is available on the corporations and individuals funding the 2016 host committee. For a better understanding of the corporations that finance national conventions and the issues they lobby on, this report examines the top corporate donors from the 2012 Republican National Convention.

	Name	Amount	Top issues lobbied
	AT&T	\$3,090,557	  
	Cisco Systems	\$3,032,693	  
	Bright House Networks	\$2,520,000	 
	American Petroleum Institute	\$2,022,473	 
	Microsoft	\$1,558,754	 
	Bank of America	\$1,149,500	 
	MetLife	\$1,061,905	
	Florida Power & Light Company	\$1,000,000	
	Paulson & Company	\$1,000,000	
	The Coca-Cola Company	\$775,204	 



telecommunications



taxes



radio & tv
broadcasting



copyright, patent,
trademark



fuel, gas, oil



banking



insurance

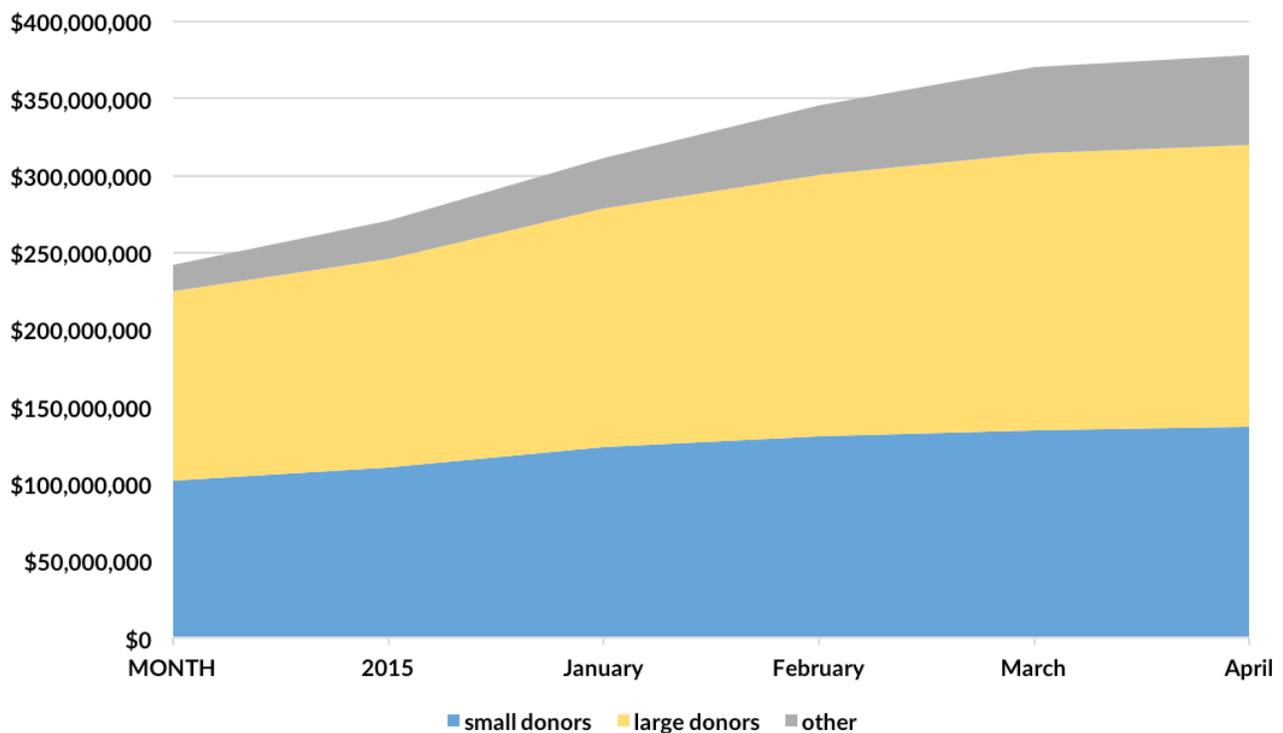


food and beverage

Primary Recap: Candidate Fundraising

GOP Candidates Primary Fundraising by Source

Figure 6



This year, 52 percent of the funds raised by Republican primary candidates who won delegates came from large donations of over \$200. By contrast, just a third of the campaign cash came from small donors, who contributed less than \$200. These numbers do not include spending by super PACs, which have raised over \$750 million this election cycle.¹⁹ Nearly half of that money comes from just 50 mega-donors.²⁰

Figure 6 totals fundraising by all nine delegate-holding Republican candidates, highlighting the source of contributions this primary season. The figure highlights large donations (above \$200), small donations (\$200 and under), and other contributions, including PAC contributions, loans, refunds and other receipts.

Reforming the System to Empower Small Donors

In the 2016 Republican primary, over 52 percent of funds came from large donors (Figure 6). For some candidates, this number was as high as 90 percent.²¹ The predominance of mega-donor contributions in funding for presidential campaigns and national conventions allows candidates to rely on a few wealthy connections to win public office. As a result, candidates and lawmakers focus their time courting wealthy and corporate interests rather than everyday constituents.

But there's one bipartisan solution that could upend today's fundraising system by empowering everyday people. It's called small donor empowerment, and the system it creates would encourage candidates to engage with regular voters over mega-donors and corporations. Here's how it works: candidates who agree to turn down large contributions (over \$200), receive public matching funds at a six-to-one ratio for all small contributions they collect, turning a small \$50 donation into a \$350 contribution.

While small donor empowerment wouldn't impact convention fundraising directly, it would shift the balance of power in our elections, making it possible for a candidate to fund their campaign by interacting with constituents. If this year's Republican primary had taken place with a small donor empowerment system, and each donor contributed the maximum \$200 donation, over 60 percent of funding from the election would have come from small donors, compared to this year's 33 percent (Figure 7-8).

In places like New York City, similar programs have been highly successful. There, a small donor empowerment program was strengthened in 2009 with great effect for City Council races.²² In New York City's 2013 elections, 61 percent of contributions in the 2013 city council race came from small donors. Ninety-two percent of candidates running in the race participated in the program.²³

Legislation to enact a small donor empowerment program at the congressional level has been introduced in the House and the Senate. In the House, Representative John Sarbanes has introduced the Government by the People Act (H.R. 20), which has gathered 160 cosponsors. In the upper chamber, Senator Dick Durbin has introduced the Fair Elections Now Act (S. 1538), with 25 cosponsors.

2016 Republican Primary Funding

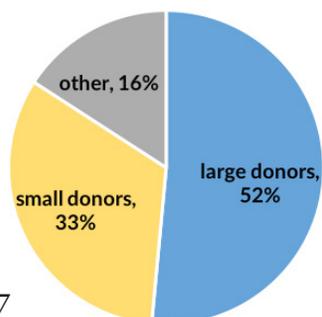


Figure 7

Expected Primary Funding with Small Donor Empowerment

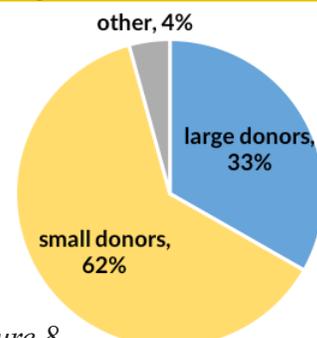


Figure 8

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