

Guide to Convention Funding

Democratic National Convention
Philadelphia, 2016



Acknowledgments

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Introduction

On July 25-28, the Democratic Party will hold its 2016 Democratic National Convention in Philadelphia, Pennsylvania to conclude the party's presidential primary and finalize the Democratic 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 Democratic 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 Philadelphia Host Committee meets its fundraising goals, this year's convention will be the most expensive Democratic convention in history in terms of private fundraising.

This report provides key fundraising numbers, an easy-to-follow flowchart outlining convention funding sources, a timeline of changes to convention fundraising, a breakdown of convention spending, top Democratic convention special interest 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 committee, self-reported fundraising numbers from this year's host committee, and fundraising reports from previous conventions.

U.S. PIRG's analysis of convention funding shows that private funding is expected to increase approximately 12 percent over private funding levels in 2012. The growth of private financing and the influence of convention donors can be partially attributed to a series of rollbacks to campaign finance regulations outlined in this report's timeline.

By the Numbers

 **\$67,199,500**

Expected private fundraising for the Democratic National Convention, including pledged contributions to the Philadelphia host committee and funds raised by the convention committee¹

 **12%**

Expected increase in private convention fundraising since 2012²

 **\$100,200**

Amount a single donor can donate to a party convention committee per year³

 **15**

Number of donors giving maximum allowable contribution to the convention committee in a single year⁴

 **24%**

Percentage of convention committee funding contributed by donors giving maximum allowable contribution⁵

 **\$509,960,527**

Total raised by Democratic candidates with pledged delegates at the convention, through June 2016⁶

 **54%**

Percent of Democratic primary campaign cash raised from large donors⁷

Convention Fundraising: Explained

Two main groups fund the Democratic National Convention, both of which rely on private donors: the Democratic National Convention Committee 2016 and the Philadelphia 2016 Host Committee.

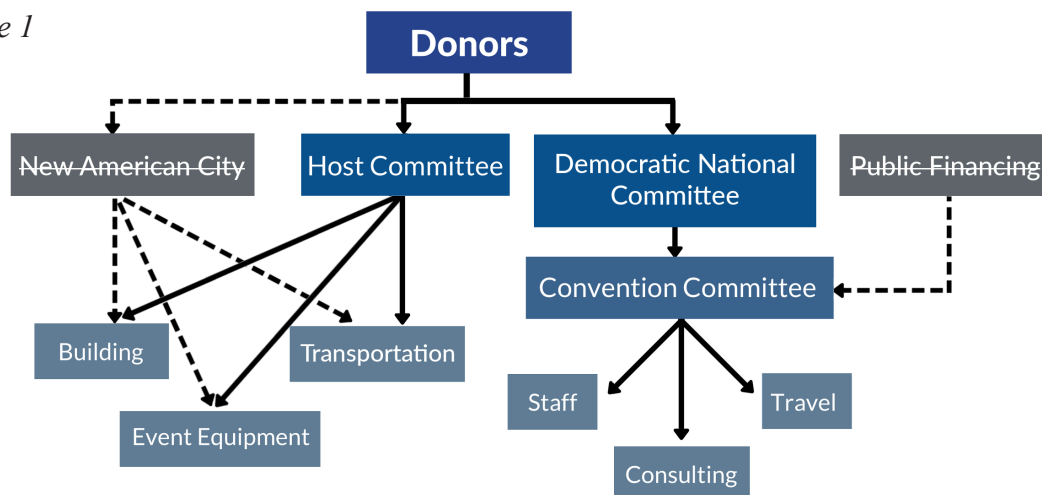
Up through the 2012 convention, convention committees relied on public financing, which was available if a convention committee refused private funds. In 2014, Congress enacted legislation which eliminated public financing.⁸ In the same year, Congress attached a rider in its end-of-year spending bill which tripled the maximum allowable contribution to convention committees, raising the cap on contributions to \$100,200 per year.⁹ As a result, both Democratic and Republican convention committees will rely on private funds rather than public financing this election cycle, and with higher contribution caps. So far this year, the DNC has raised over \$7 million in contributions earmarked for the convention committee.¹⁰

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 event expenses, including costs such as space rental, building services, construction, event production, equipment and entertainment (Figure 5).

In 2012, the Democratic host committee announced that it would not accept monetary gifts from corporations, donations in excess of \$100,000 and contributions from any political organization or any contribution from individuals registered as federal lobbyists under the Lobbying Disclosure Act.¹¹ After it became apparent that the 2012 host committee would fall short of fundraising goals, leaders established New American City, Inc., which accepted corporate cash and large donations. This year, the Philadelphia host committee has not restricted large and corporate contributions.

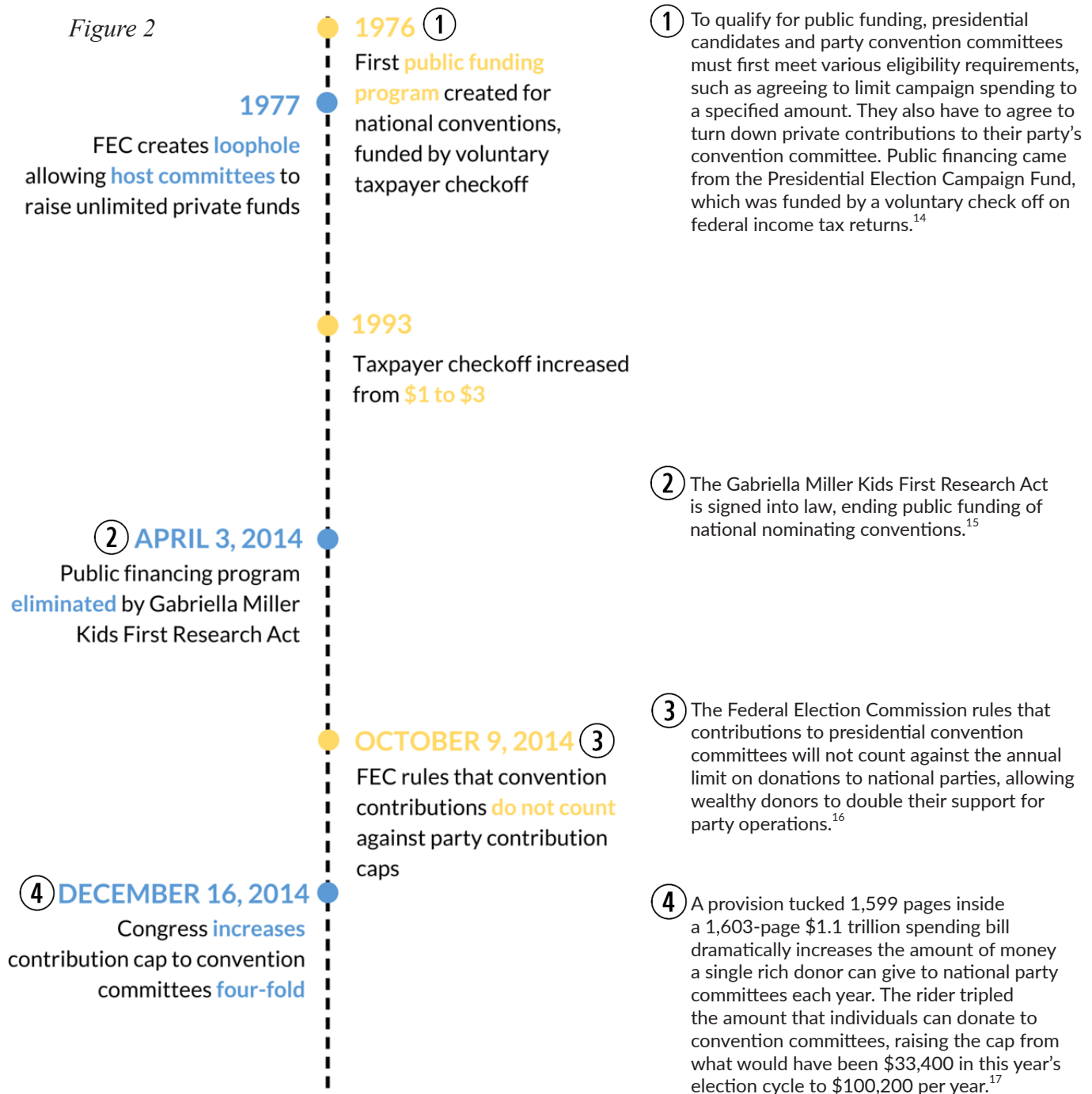
This year's Democratic host committee has self-reported raising \$55 million for the upcoming convention in Philadelphia, nearing the committee \$60 million fundraising goal.¹² Final fundraising numbers for the convention will not be reported until 60 days after the convention.¹³

Figure 1



Convention Fundraising Through the Years

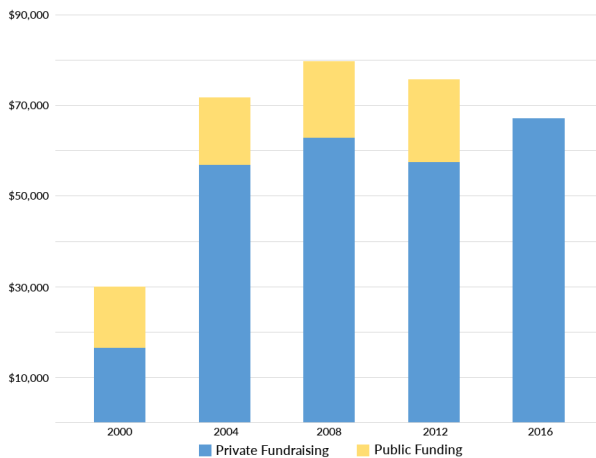
Figure 2



Convention Fundraising Through the Years (cont.)

Convention Fundraising 2000-2016

Figure 3



Year	Private	Public
2000	\$16,510,364	\$13,512,000
2004	\$56,942,541	\$14,924,000
2008	\$62,921,575	\$16,820,760
2012	\$57,538,906	\$18,200,000
2016	\$67,199,500	\$0

source: Federal Election Commission

The 2016 Democratic National Convention is on track to be the most expensive Democratic convention ever in terms of private fundraising. During the bid for hosting the convention, host committee leaders pledged to raise \$60 million, and the convention committee has raised an additional \$7,199,500 for a combined total of \$67,199,500 (Figure 3). While the host committee is still several million dollars short of its fundraising goal, the committee will continue to raise money throughout the remainder of this year to cover convention expenses.

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 Philadelphia Host Committee and several of its donors.¹⁸

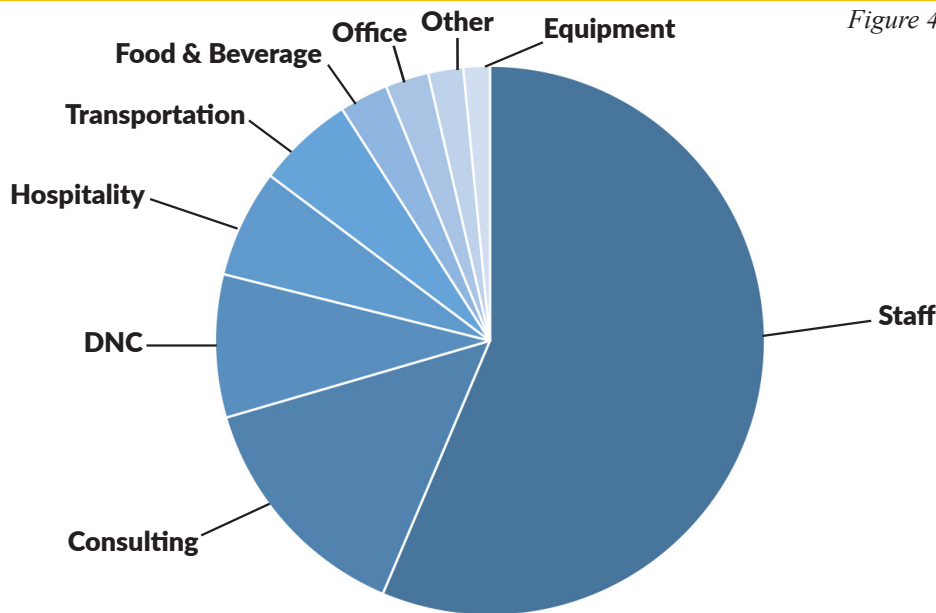
Large private fundraising receipts for this year's convention are in part due to the recent elimination of public financing and an increase in contribution caps to convention committees (Figure 2). Fifteen donors have given \$100,200 to this year's Democratic convention committee, the maximum allowable contribution this cycle. Donations from these large donors account for 23.7% of the convention committee's total fundraising receipts.

Not included in this analysis are private funds from corporations hosting private events in coordination with the national convention.

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.¹⁹ The analysis in Figure 3 does not include publicly-financed security funding.

Where does the money go?

2012 Democratic Convention Committee

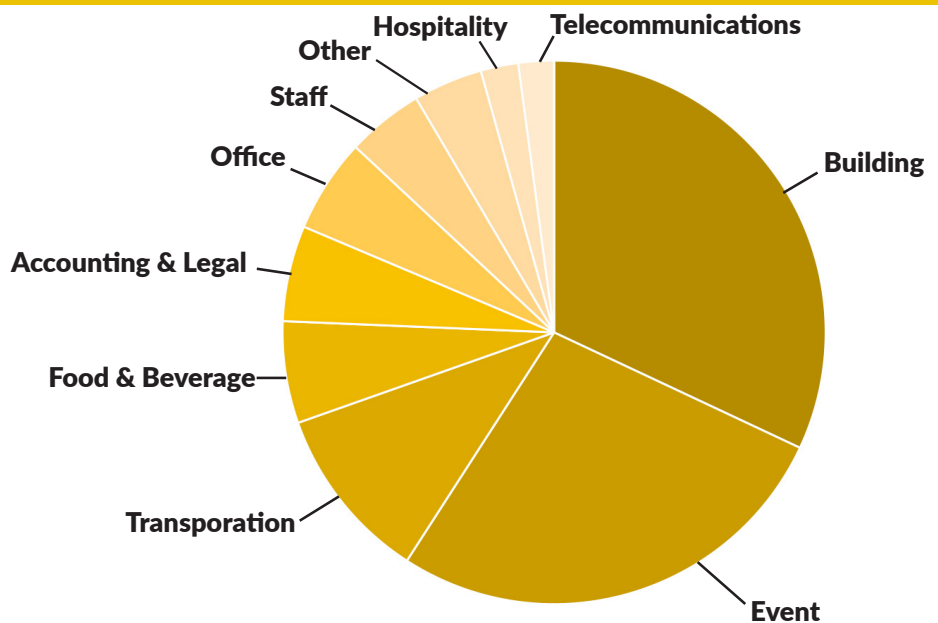


Staff: Payroll and Staff
Consulting: Political and operations
Top recipients: QRS Newsmedia, Inc., Cameron Moody, Fontastics Electronics Graphs, Inc.
DNC: Assorted reimbursements to the Democratic National Committee
Hospitality: Lodging, hospitality, souvenirs
Top recipients: Hilton, Comfort Inn, Ritz Carlton
Transportation: Air travel, car rental & maintenance, parking
Food & Beverage
Office: Office rental & supplies, printing, delivery, moving, storage
Other
Equipment: Event equipment, supplies, décor

2012 Charlotte Host Committee + New American City
































Figure 5

Building: Building rental, services & construction
Top recipients: Hargrove, Inc., Charlotte Arena Operations, LLC, Panthers Stadium, LLC
Event: Event production, equipment, and entertainment
Top recipients: RK Corporate Productions, Inc., Sellars, Hinshaw, Ayers, Dortch & Lyons, GO! Productions, LLC
Transportation: Air travel, car rental & maintenance, parking
Food & Beverage
Accounting & Legal: Banking, insurance, legal & administrative
Office: Office rental & supplies, printing, delivery, moving, storage
Staff: Payroll and Staff
Other
Hospitality: Lodging, hospitality, gifts/souvenirs
Telecommunications: Communications services, website, software, tech



2012 Special Interest 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 2012 host committee. For a better understanding of the corporations and special interest groups that finance national conventions and the issues they lobby for, this report examines the top special interest donors to the 2012 Democratic National Convention.

	Name	Amount	Top issues lobbied
	Duke Energy	\$5,696,561	  
	Bank of America	\$5,271,864	  
	Dreamworks II Financial	\$2,000,000	
	AT&T	\$1,298,562	  
	Time Warner Cable	\$600,000	  
	United Therapeutics Corporation	\$600,000	 
	Experient, Inc.	\$518,460	
	Wells Fargo	\$504,500	  
	Shaw Group, Inc.	\$500,000	  
	Florida Sugar Crystals	\$450,000	









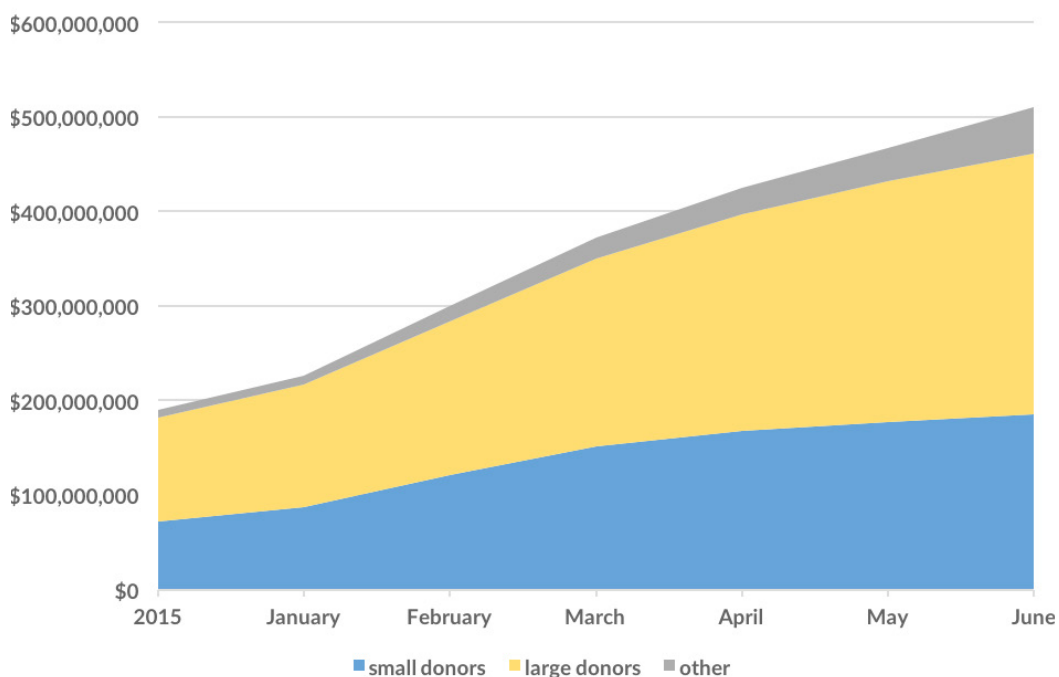




Primary Recap: Candidate Fundraising

Democratic Candidates Primary Fundraising by Source

Figure 6



source: Federal Election Commission; data through June 2016

Through June of this year's primary, 54 percent of the \$509,960,527 raised by candidates Hillary Clinton and Bernie Sanders came from large donations of over \$200. Clinton raised 66 percent of her contributions from large donors, while Sanders relied on large donors for 41 percent of his funding. By contrast, just over 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.²⁰ Nearly half of that money comes from just 50 mega-donors.²¹

Figure 6 totals fundraising by Clinton and Sanders through June 30, highlighting the sources of contributions to their campaigns 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 Democratic primary, 54 percent of the funds raised by Clinton and Sanders came from large donors giving over \$200 (Figure 7). The predominance of large 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 on courting wealthy and corporate interests rather than everyday constituents.

But there's one 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 Democratic primary had taken place with a small donor empowerment system, and each donor contributed the maximum \$200 donation, more than 85 percent of funding from the election would have come from small donors, compared to this year's 39 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 161 cosponsors. In the upper chamber, Senator Dick Durbin has introduced the Fair Elections Now Act (S. 1538), with 27 cosponsors.

2016 Democratic Primary Funding

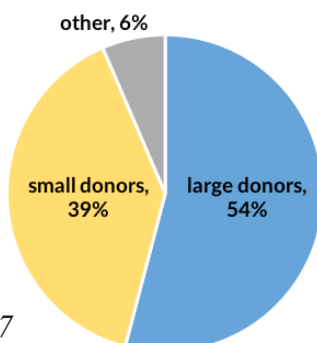


Figure 7

Expected Primary Funding with Small Donor Empowerment

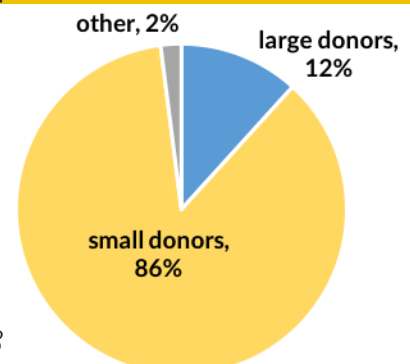


Figure 8

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