Democracy North Carolina

1821 Green St., Durham, NC 27705 • 919-286-6000 or 489-1931 • democracy-nc.org

For Release: August 21, 2003

Contact: Bob Hall at 919-489-1931

Study Finds Presidential Donors Are Nearly All White

Bush Has Zero African-American Donors In Large Southern State; Edwards Gets More Money From Republicans Than From Blacks

A pioneering study of the race and gender of campaign contributors to George W. Bush and other presidential candidates has documented major differences between the donors who determine the winner of the money race and the voters who show up on Election Day.

Using voter registration and other public records, Democracy North Carolina, a nonpartisan research group, identified the race and gender of all 1,436 donors from North Carolina who are listed by name on disclosure reports because they gave a presidential candidate over \$200 in 2003.

The group found that 96% of the presidential donors from North Carolina are white and 67% are men. That profile contrasts sharply with the make up of the state's voters. According to State Board of Elections statistics for February 2003, 78% of registered voters are white and only 45% are men.

"When donors don't look like voters, that's a problem for a democracy – especially when donors can determine who is deemed a viable candidate," said Peter Walz, who helped coordinate the study. "The goal of democracy is 'one person, one vote,' but the campaign financing system seems stuck in the era when elections were restricted to 'white men with property.""

The group's research mirrors academic studies based on polls of campaign contributors, but it is the first attempt to identify the race and gender of such a large number of donors individually. "This study combines campaign finance and voter registration data in an unique fashion to document the biases in the campaign finance system," said John C. Green, director of the Ray C. Bliss Institute of Applied Politics at the University of Akron. Green and a team of colleagues are publishing a book this fall that examines the donor class.

"This unprecedented research demonstrates that today's campaign finance system discriminates against people based on their race and their gender," said John Bonifaz, executive director of the National Voting Rights Institute, a Boston-based law firm challenging the higher hard-dollar contribution limits in federal elections. "A system dominated by wealthy white men is antithetical to the promise of political equality for all."

The study found that:

• Of the 201 North Carolinians giving over \$200 to George W. Bush before the July 1 cutoff, 98% are white, none are African Americans, and 2% are Hispanic or Asian.

• North Carolina's John Edwards had the most donors by far -1,108 giving over \$200. Of this number, 95% are white, 2.5% are African American, and 2% are other people of color.

• Bush received five times as much money from white Democrats as he did from all nonwhites, while Edwards got nearly twice as much from white Republicans as from people of color. • Neither of the African Americans among the leading candidates for president (and the only woman) – Carol Moseley Braun and Al Sharpton – received more than \$200 from any N.C. donor.

• The other leading Democratic contenders (Howard Dean, Dick Gephardt, John Kerry, Dennis Kucinich, Joe Lieberman, and Bob Graham) received at total of 127 donations above \$200, with 98% coming from whites, 1% from an African American, and 1% from an Hispanic donor.

The racial disparity in who funds presidential elections is one of the issues wrapped up in the fate of the McCain-Feingold Bipartisan Campaign Reform Act now before the U.S. Supreme Court. A group of plaintiffs, represented by the National Voting Rights Institute, is arguing that the new law's increase in hard-dollar contributions, from \$1,000 to \$2,000 per election, harms low-income and non-white voters and their candidates.

"The candidates I support are often not connected to people who have that kind of money," says the Rev. Carrie Bolton of Pittsboro, N.C., who chairs the board of the Fannie Lou Hamer Project, a national organization that views campaign finance reform as a civil-rights issue. "I can put up all the signs I want for my candidate, but I'll never be able to get my voice heard like the wealthy backers of my opponent. It's like fighting a fire with a cup of water."

The Democracy North Carolina study shows that the racial disparity widens as the size of the contributions increases. It found that donors of \$2000 are even more often white (97%) than those giving from \$201 to \$999 (94%).

More than any other candidate, George Bush benefited from the higher contribution limits, the study says. Bush got 81% of his North Carolina money from 114 donors who each gave \$2000. Edwards received 57% of his \$1.2 million in state funds from \$2000-donors, while five other Democrats got 34% of their combined total from the top donors.

Of the 468 donors in the state who gave \$2000 to a presidential candidate, only 5 are African American. By contrast, 11 top donors, all white, are listed as "students." Altogether, 36 black donors contributed \$27,985 to presidential candidates, while 25 "students" gave a total of \$32,336.

Campaign finance reformers say the racial disparity even at relatively low contribution levels reveals flaws in the partial public financing system in presidential primaries. That system rewards candidates who can gather scores of donations of up to \$250 from at least 20 states – a barrier that candidates with limited access to wealthy donors cannot meet.

"This research clearly shows that any campaign finance system built on large private contributions excludes African Americans from full participation in the political system," says Nick Nyhart, executive director of Public Campaign in Washington, DC. "The current private money setup needs to be put in the trash heap, just like the poll tax and other Jim Crow laws."

The report notes that white men are a minority in the both major parties in North Carolina. One out of every three Democrats is an African American, and women make up 59% of registered Democrats and 51% of registered Republicans. Men are less likely to vote than women in North Carolina and nationally, but they can define the agenda – and the gender – of leading candidates by dominating the supply of money, the report says.

"In virtually every category of giving, two thirds of the donors are men. And often the women are listed as 'homemaker' or 'unemployed,' indicating that another family member is using them to funnel more money to a candidate," said Walz. "The more campaign contributions determine who can succeed in elections, the less the outcomes reflect a true democracy. If money is simply an expression of free speech, then it's clear whose voices are not being heard in our elections."

Democracy North Carolina

1821 Green St., Durham, NC 27705 • 919-286-6000 or 489-1931 • democracy-nc.org

The Color of Presidential Money: North Carolina Case Study

August 2003

Throughout American history, diverse groups of people have demanded and won the right to vote and gain a seat at the table of political power. Moderate- and low-income citizens, women, and people of color have ever so slowly, and often at a high price, won political victories that have brought about sweeping reform in the political make-up of this country's electorate. Among our most important democratic advances has been the enfranchisement of women in 1920, after decades of political pressure from the women's suffrage movement, and the Voting Rights Act of 1965, passed in the midst of the Civil Rights Movement.

These broad social movements created a much more diverse electorate, which should have created diverse public bodies and elected officials. However, while gains have been made at many levels, white men continue to dominate elected bodies and politically powerful positions across the country and in North Carolina. The right to vote is now widely held, but the ability to effectively run for office is largely determined by an elite circle of wealthy campaign contributors. These donors often approve or squash candidates in a "wealth primary" long before voters ever have a say on Election Day. Citizens may have the right to vote, but big-money donors are deciding whom they get to vote for. In this way, our democracy suffers the legacy of a political system that began by only enfranchising white men with property. The advantages white men of wealth gained and protected through that system live on today.

This report is part of a series that looks at gender and race trends among campaign contributors in North Carolina. Previous studies have examined donors in Charlotte in various election cycles, as well as the gap in fundraising between white and black candidates for the N.C. General Assembly. A report issued in July 2003 analyzed campaign contributors in the early phase of the 2000 gubernatorial contest and those in two mayoral races (see www.democracy-nc.org).

SCOPE OF STUDY

This report examines 1,436 donors with North Carolina addresses who are listed on the campaign disclosure reports because the donor gave more than \$200 to one of the major candidates for President of the United States during the period January 1 through June 30, 2003. The race, sex, and party affiliation of each donor was researched using the database of registered voters available from the State Board of Elections and several other tools, including web searches and phone calls. We were able to identify all 1,436 donors by race and sex.

Based on conversations with campaign finance experts, we believe this is first successful attempt to identify the race and gender of a donor group this size in a federal election. North Carolina is the 11th largest state in the nation, with more than 8 million residents and 5 million registered voters. More than one in five registered voters is a person of color – primarily African Americans, Native Americans (the state has the largest Native American population east of the Mississippi), Hispanic Americans, and Asian Americans. One would suspect that the profile of donors in this state would be more diverse than many other parts of the nation. But if the findings in North Carolina reflect the national pattern, we are still a nation where success or failure in electoral politics is largely determined by white men with property. The media, campaign consultants, political parties, candidates, and even voters watch who is scoring well in the money race in order to decide who is a "viable" candidate – and the donors in that race are predominately white and predominately male.

THE DONORS

The table below provides a profile of the 1,436 donors from North Carolina who contributed \$1.56 million to 8 presidential candidates from January 1 through June 30, 2003. Whites comprise 96% of the group and they gave 96% of the money. African Americans, who as a group have different views than whites on issues ranging from criminal justice to tax cuts, make up 3% of the donor group and contributed 2% of the money. (See the Joint Center for Political and Economic Studies for racial differences among voters on key topics – www.jointcenter.org).

DONATIONS FROM N.C. TO PRESIDENTIAL CANDIDATES, JAN. – JUNE, 2003

	Number	% Total	Amount	% Total
Total Donors Giving Over \$200	1,436	100%	\$1,562,987	100%
Donors Who Are White	1,376	96%	\$1,508,013	96%
Donors Who Are African American	s 36	3%	\$ 27,985	2%
Donors Who Are People of Color	60	4%	\$ 54,975	4%
Donors Who Are Male	963	67%	\$1,045,267	67%
Donors Who Are Female	473	33%	\$ 517,721	33%
Donors Who Are White Males	920	64%	\$1,007,827	64%
Donors Who Are White Females	456	32%	\$ 500,686	32%

White men are 64% of the group, twice the number of white women. Dozens of the white women are listed as "homemaker," "not employed," or "civic leader," indicating that the funds they contributed are tied to their husbands. Many are also listed as giving on the same day as a male in the household or after the man donated the maximum amount. Consequently, the 64% figure for white men very likely understates the control they exercise over the flow of funds to candidates.

The 4% of the 1,436 donors who are not white – 60 individuals – include 36 African Americans, 9 Native Americans, 4 Hispanic Americans, and 11 "others," mostly Asian Americans. Their occupational profile is not that different from the whites; they are listed as attorneys and other professionals, business owners, homemakers, retired, etc. Of the 60, 43 are men and 17 are women. Their average contribution is \$916 compared to an average of \$1,096 given by whites.

The tables at the end of the report indicate that the percent of donors who are white is consistently very high, regardless of the level of giving, but it increases to its highest level as the size of donation increases. Whites make up 94% of those who give from \$201 to \$999 but they are 97% of the elite group of super donors who give \$2,000 apiece.

The dominance of white donors can also be seen from reviewing the party affiliation of the candidate and his supporters. Republican George W. Bush received more than five times as much money from 30 white Democrats as he did from his 5 non-white contributors, none of whom is registered as a Democrat (\$49,500 versus \$8,500). U.S. Senator John Edwards took in nearly twice as much from 87 white Republicans as he did from all 53 of his donors who are people of color (\$85,870 versus \$45,725).

Similarly, it is interesting to note that the 25 whites listed as "students" funneled more money into presidential candidates than the 36 donors who are African Americans (\$32,336 versus \$27,985). Of the 468 individuals in the state who each gave \$2000 to a presidential candidate, 11 donors (all white) are listed as "students." By contrast, only 5 of the \$2000-donors are African American.

The President of the United States did not receive a single contribution over \$200 from an African American in North Carolina, a large Southern state that he won in 2000.

THE CANDIDATES

By far, North Carolina's own John Edwards received the largest number of donations over \$200 from January 1 through June 30 – more than 5 times as many as Bush, who didn't begin his reelection fundraising until the second quarter of the year, and almost 10 times the combined number of donations collected by the other Democratic candidates.

Because he got 1,108 of the 1,436 donations (77%) in the study, the profile of Edwards' donors greatly influences the overall results. Significantly, he received 35 of the 36 donations from African Americans. Indeed, without Edwards drawing 5% of his donations from people of color, the racial profile of presidential contributions would be 98% white rather than 96%. This is a relatively small difference, however, and Edwards almost exactly matches Bush in his heavy reliance on men for just over two-thirds of his donations. So while the Edwards donors make up the bulk of the study, their race and gender profile is not markedly different from the other candidates.

One area where the candidates differ is their reliance on donors who give the maximum contribution of \$2000. As shown on the tables at the end of this report, George Bush received an eye-popping 81% of his itemized contributions in North Carolina from 114 individuals who each gave \$2000. Edwards got a majority of his funds (57%) from 340 of these big donors, while the other Democrats took in a third (34%) of their total from 14 contributors who maxed out at \$2000 each.

After Edwards, Howard Dean led the other Democrats with 72 Tar Heel donors giving over \$200. He was followed by Dennis Kucinich (17 donors), Dick Gephardt (11), John Kerry (10), Joe Lieberman (9), and Bob Graham (8). Underlining the disparities between the races and sexes, it is important to note that the two major Democratic candidates who did not receive any donation over \$200 from North Carolina are Carol Moseley Braun and Al Sharpton, the two African-American candidates and the only female.

THE VOTERS

In order to put these numbers in context, it is important to review the breakdown of registered voters in North Carolina. The statistics in the table below reveal a diverse electorate. More than one in five registered voters in the state is a person of color and more than half are women. White men are a minority in both major political parties, dropping to just 27% of the registered Democrats.

REGISTERED VOTERS IN NORTH CAROLINA, FEB. 2003

	Numbers	Percent
Total number of registered voters	5,053,838	100%
Number of female voters	2,769,098	55%
Number of male voters	2,276,897	45%
Number of white voters	3,945,956	78%
Number of African-American voters	972,820	19%
Number of people-of-color voters*	1,090,691	22%
Number of white males	1,826,923	36%
Number of Democratic voters	2,434,401	100%
Number of female Democrats	1,432,857	59%
Number of African-American Democrats	835,652	34%
Number of people-of-color Democrats*	896,843	37%
Number of white male Democrats	647,149	27%
Number of Republican voters	1,737,459	100%
Number of female Republican	885,205	51%
Number of African-American Republicans	43,408	2%
Number of people-of-color Republicans*	69,169	4%
Number of white male Republicans	814,437	47%

*People of color includes African Americans, Native Americans, Asian Americans and voters who choose "other" as a racial identity.

The profile of North Carolina's voters sharply contrasts with the profile of Tar Heel presidential donors giving over \$200. The 1,436 donors represent less than 3 out of every 10,000 voters (0.03%) – and they are not a cross section of the electorate. The contrast is even evident with George Bush's donors. Women are a majority of Republican voters in the state but they are only one third of the donors who gave Bush more than \$200. And his donors are even whiter than the Republican electorate – 98% versus 96%.

The contrast between donors and voters is much sharper for the Democrats. While 37% of the registered Democrats are African Americans and other people of color, only 5% of John Edwards' donors and 2% of the other leading Democratic candidates' donors are people of color. White men comprise only 27% of registered Democrats in North Carolina, but they make up 64% of Edwards' and 61% of the other Democratic candidates' contributors. Conversely, women comprise 59% of registered Democrats, but they are 32% of Edwards' donors and 39% of the other Democrats.

THE CONSEQUENCES

Voters may outnumber donors, but campaign contributors are the people candidates must appeal to in order to get the money to communicate with other voters nationally and in the state. The donors' interests inevitably shape the agenda and message – as well as the race and gender – of the candidates who succeed to the end of a campaign. Other candidates, and their constituencies and priorities, lose out in the "wealth primary" – the pre-election money race that narrows the choices for voters long before they cast their ballots.

Women and poor people are especially harmed in a system where wealth determines success. "Women have less expendable income than men since, according to the US Census, even women who work full-time still only earn 76 cents for every dollar men earn," points out Susan J. Carroll of the Center for American Women and Politics at Rutgers University. Women candidates have a harder time raising funds, while the men can succeed without needing to rely on women as a significant part of the donor base. "Clearly President Bush and the leading Democratic challengers, all white men, have not yet energized women in their base constituencies to the same extent as they have energized men," Carroll notes.

Meanwhile, as noted earlier, the lone woman among the major candidates – Carol Moseley Braun – did not receive a single contribution of over \$200 from North Carolina during the first six months of 2003. Neither did Al Sharpton, who like Braun is an African American and lacks a network of wealthy donors. Their priorities and policy recommendations may be as relevant as one of the white male candidate's, but the constituencies they energize simply don't have the deep pockets to compete in the money race.

The National Voting Rights Institute is a Boston-based law firm that views the "wealth primary" as an unconstitutional infringement on the voting rights of ordinary citizens, especially people of color and low-income voters. After reviewing our analysis of North Carolina donors, the Institute's executive director, John Bonifaz, told us, "This unprecedented research demonstrates that today's campaign finance system discriminates against people based on their economic status, their race, and their gender. A system dominated by wealthy white men is antithetical to the promise of political equality for all." He recommends that the "wealth primary" be replaced by a public financing system that allows a wider range of candidates, with grassroots support, to run effective campaigns.

The National Voting Rights Institute is challenging the higher contribution limits allowed under the McCain-Feingold Bipartisan Campaign Reform Act on the grounds that they exacerbate the discrimination caused by the wealth primary. The new law doubles the hard-dollar contributions, from \$1,000 to \$2,000 per election and, in some cases, permits a candidate to collect donations of \$12,000 per donor. "The candidates I support are often not connected to people who have that kind of money," says the Rev. Carrie Bolton of Pittsboro, N.C. Rev. Bolton is a plaintiff in that lawsuit and chairs the board of the Fannie Lou Hamer Project, which is a national organization that views campaign finance reform as a civil-rights issue. "I can put up all the signs I want for my candidate, but I'll never be able to get my voice heard like the wealthy backers of my opponent. It's like fighting a fire with a cup of water."

There is increasing interest in the discriminatory effect of money-centered politics in America. At the urging of the Fannie Lou Hamer Project and others, the national NAACP has added campaign finance reform to its legislative agenda. The Project, Public Campaign in Washington, DC, and the

Texas-based William C. Velasquez Institute are now sponsoring a detailed analysis of "the color of money" in Congressional campaigns that is due out in October 2003. An earlier study by Public Campaign that matched the zip codes of donors to their racial make-up documented the severe racial disparities in the source of campaign donations (see http://www.publicampaign.org). A survey of 1,100 contributors in the 1996 Congressional elections, conducted by academics at four universities, found that \$200+ donors are far more likely to be wealthy white men with conservative economic views than the electorate (see http://www.opensecrets.org/pubs/donors/donors.asp).

After reviewing our data, Nick Nyhart, executive director of Public Campaign, said, "This research clearly shows that any campaign finance system built on large private contributions excludes African Americans from full participation in the political system. The current private money set-up needs to be put in the trash heap, just like the poll tax and other Jim Crow laws."

CONCLUSION

Winning the right to vote was a long and arduous struggle for many segments of our population. Today, the new struggle is for regular citizens to run successfully for public office in an ever escalating money race. In that race, which precedes and overshadows the election itself, big-money donors are the decision makers. Receiving their blessing and their cash has become an accepted hurdle one must face in order to run for public office.

In exchange for their support, major contributors gain access to public officials and the legislative process that other voters do not enjoy. Our research demonstrates that the groups that have traditionally been shut out of the political process (women, low-income citizens, and people of color) continue to be under-represented in the all-important money race. Because these constituencies are not wealthy, candidates who are women and/or people of color have a much harder time raising money in order to get elected. For example, a previous Democracy North Carolina study found that African-American candidates for the N.C. General Assembly raise about 40% of what white candidates raise, on average, for the same office.

A system of public financing for candidates who accept strict spending and fundraising limits would create a level playing field for candidates, voters, and contributors. The public financing of elections is the only guarantee that citizens will not be shut out of our political process simply because they lack access to big-money campaign donors. Otherwise, we will continue to reap the consequences of having a private financing system that uses public elections to serve private interests rather than the public good.

CONTACTS

Project Coordinators: Bob Hall, Democracy North Carolina, 919-489-1931

Rev. Carrie Bolton, Fannie Lou Hamer Project, 919-542-4111 John Bonifaz, National Voting Rights Institute, 617-624-3900 Susan J. Carroll, Center for American Women and Politics, 732-932-9384 ext. 235 Nick Nyhart, Public Campaign, 202-293-0222 Clyde Wilcox, Georgetown University, 202-687-5273

Donations of NC Individuals to Presidential Candidates

<u>ALL DONATIONS OVER \$200</u> George John Other TOTALS SUMMARY TOTALS Bush Edwards Democrats* Total Number of Donors 201 1,108 127 1,436 \$282,500 \$1,197,165 Total Amount Donated \$83,322 \$1,562,987 Number of White Donors 196 1,055 125 1,376 % of All Donors Who Are White 98% 95% 98% 96% \$274,000 Amount Whites Donated \$1,151,441 \$82,572 \$1,508,013 Number of Black Donors 0 35 1 36 % of All Donors Who Are Black 0% 3% 1% 3% Amount Blacks Donated \$0 \$27,485 \$500 \$27,985 Number of Donors Who Are 5 53 2 60 People of Color (POC)** % of All Donors Who Are POC 5% 2% 2% 4% Amount People of Color Donated \$8,500 \$45,725 \$750 \$54,975 78 Number of Male Donors 751 134 963 % of All Donors Who Are Male 67% 68% 61% 67% \$48,481 Amount Males Donated \$185,500 \$811,286 \$1,045,267 Number of Female Donors 67 357 49 473 % of All Donors Who Are Female 33% 32% 39% 33% \$97,000 Amount Females Donated \$385,880 \$34,841 \$517,721

DONATIONS OF \$2000	George Bush	John Edwards	Other Democrats*	TOTALS
Number of Donors Giving \$2000 Amount Donated by \$2000-Donors % of Total \$\$ from \$2000-Donors	\$228,000	340 \$680,000 57%		
Number of White Donors % of \$2000-Donors Who Are White Amount Whites Donated				
Number of Black Donors % of \$2000-Donors Who Are Black Amount Blacks Donated	0 0% \$0	5 1% \$10,000	0 0% \$0	5 1% \$10,000
Number of Donors Who Are People of Color (POC)** % of \$2000-Donors Who Are POC	4	10	0	14
Amount People of Color Donated Number of Male Donors % of \$2000-Donors Who Are Male Amount Males Donated	72 63%	230		
Number of Female Donors % of \$2000-Donors Who Are Female Amount Females Donated	42 37%	110 32%	7	159 34%

Jan. 1 to June 30, 2003

<u>DONATIONS OF \$1000 TO \$1999</u>	George Bush	John Edwards	Other Democrats*	TOTALS
Number Donors Giving \$1000-\$1999 Amount Donated by This Group % of Total \$\$ from This Group	\$32,250	310 \$325,135 27%		361 \$378,386 24%
Number of White Donors in Group % Group's Donors Who Are White Amount Whites Donated				
Number of Black Donors in Group % Group's Donors Who Are Black Amount Blacks Donated	0 0% \$0	9 3% \$9,500	0 0% \$0	9 2% \$9,500
Number of Donors in Group Who Are People of Color (POC)** % of Group's Donors Who Are POC Amount People of Color Donated	0 0% \$0	12 4% \$13,000	0 0% \$0	12 3% \$13,000
Number of Male Donors in Group % Group's Donors Who Are Male Amount Males Donated		214 69% \$221,525		250 69% \$259,025
Number of Female Donors in Group % Group's Donors Who Are Female Amount Females Donated		31%	-	111 31% \$119,360

<u>DONATIONS OF \$201 TO \$999</u>	George Bush	John Edwards	Other Democrats*	TOTALS
Number Donors Giving \$201-\$999 Amount Donated by This Group % of Total \$\$ from This Group	55 \$22,250 8%	458 \$192,031 16%		607 \$248,603 16%
Number of White Donors in Group % Group's Donors Who Are White Amount Whites Donated		427 93% \$179,306		573 94% \$234,628
Number of Black Donors in Group % Group's Donors Who Are Black Amount Blacks Donated	0 0% \$0	21 5% \$7,985	1 1% \$500	22 4% \$8,485
Number of Donors in Group Who Are People of Color (POC)** % of Group's Donors Who Are POC Amount People of Color Donated	1 2% \$500	31 7% \$12,725	2 2% \$750	34 6% \$13,975
Number of Male Donors in Group % Group's Donors Who Are Male Amount Males Donated	37 67% \$16,250	307 67% \$129,761	64%	404 67% \$168,242
Number of Female Donors in Group % Group's Donors Who Are Female Amount Females Donated	33%	33%	34 36% \$12,091	33%

* Other Democrats are Howard Dean, Dennis Kucinich, Dick Gephardt, John Kerry, Joe Lieberman, and Bob Graham.

** "People of Color" include African Americans, Native Americans, Asian Americans, Hispanic Americans and voters who list themselves on registration forms as "Other"