Guide to Convention Funding
Democratic National Convention
Philadelphia, 2016
Acknowledgments

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The authors thanks Tyler Creighton of ReThink Media for reviewing the first edition of this report and providing thoughtful and informed comments.

The author bears any responsibility for factual errors. The recommendations are those of U.S. PIRG. The views expressed in this report are those of the author and do not necessarily reflect the views of our funders or those who provided review.

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With public debate around important issues often dominated by special interests pursuing their own narrow agendas, U.S. PIRG Education Fund offers an independent voice that works on behalf of the public interest. U.S. PIRG Education Fund, a 501(c)(3) organization, works to protect consumers and promote good government. We investigate problems, craft solutions, educate the public, and offer Americans meaningful opportunities for civic participation.
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 committee.

**12%**

Expected increase in private convention fundraising since 2012.

**$100,200**

Amount a single donor can donate to a party convention committee per year.

**15**

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

**24%**

Percentage of convention committee funding contributed by donors giving maximum allowable contribution.

**$509,960,527**

Total raised by Democratic candidates with pledged delegates at the convention, through June 2016.

**54%**

Percent of Democratic primary campaign cash raised from large donors.
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. 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. 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.

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. 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. Final fundraising numbers for the convention will not be reported until 60 days after the convention.

Figure 1
To qualify for public funding, presidential candidates and party convention committees must first meet various eligibility requirements, such as agreeing to limit campaign spending to a specified amount. They also have to agree to turn down private contributions to their party's convention committee. Public financing came from the Presidential Election Campaign Fund, which was funded by a voluntary check off on federal income tax returns.  

The Gabriella Miller Kids First Research Act is signed into law, ending public funding of national nominating conventions.  

The Federal Election Commission rules that contributions to presidential convention committees will not count against the annual limit on donations to national parties, allowing wealthy donors to double their support for party operations.  

A provision tucked 1,599 pages inside a 1,603-page $1.1 trillion spending bill dramatically increases the amount of money a single rich donor can give to national party committees each year. The rider tripled the amount that individuals can donate to convention committees, raising the cap from what would have been $33,400 in this year's election cycle to $100,200 per year.
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**

- Food & Beverage
- Transportation
- Hospitality
- DNC
- Consulting
- Office
- Other
- Equipment

**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 rental & supplies, printing, delivery, moving, storage
Other: Event equipment, supplies, décor

**2012 Charlotte Host Committee + New American City**

- 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

source: Federal Election Commission
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 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.

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<thead>
<tr>
<th>Name</th>
<th>Amount</th>
<th>Top issues lobbied</th>
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<tbody>
<tr>
<td>Duke Energy</td>
<td>$5,696,561</td>
<td>☒ ☐ ☐ ☐ ☐</td>
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<tr>
<td>Bank of America</td>
<td>$5,271,864</td>
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<tr>
<td>Dreamworks II Financial</td>
<td>$2,000,000</td>
<td>☐ ☐ ☐ ☐ ☐</td>
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<td>AT&amp;T</td>
<td>$1,298,562</td>
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</tr>
<tr>
<td>Time Warner Cable</td>
<td>$600,000</td>
<td>☒ ☐ ☐ ☐ ☐</td>
</tr>
<tr>
<td>United Therapeutics Corporation</td>
<td>$600,000</td>
<td>☐ ☒ ☐ ☐ ☐</td>
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<tr>
<td>Experient, Inc.</td>
<td>$518,460</td>
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<td>Wells Fargo</td>
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<tr>
<td>Shaw Group, Inc.</td>
<td>$500,000</td>
<td>☐ ☒ ☐ ☐ ☐</td>
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<tr>
<td>Florida Sugar Crystals</td>
<td>$450,000</td>
<td>☐ ☐ ☒ ☐ ☐</td>
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source: Federal Election Commission and Open Secrets
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. Nearly half of that money comes from just 50 mega-donors.

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.
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. 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.

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.
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