

CONSIDERATIONS FOR CORPORATE POLITICAL CONTRIBUTIONS

The United States has just completed a national election cycle in which corporations, organizations and individuals donated an estimated \$14 billion to candidates, parties and causes. 2020 was the most expensive election in the nation's history, with nearly twice the reported amount from the 2016 elections. Indeed, this year's Georgia contests that tipped party control of the Senate to the Democrats involved spending of more than \$800 million, according to the [Center for Responsive Politics](#).

In the wake of last week's violence in Washington, there is now increasing attention on corporate political giving and pressure from employees, advocacy groups and media to hold companies accountable for their contributions. While many companies prefer to keep their political giving quiet, that may no longer be an option. Advocacy groups are reviewing public records to see who has been donating to whom. As a consequence, most companies are actively reviewing their political giving strategy – and making decisions on whether to continue their practices, or review, suspend, or end these contributions. At the very least, companies need to be preparing for what they say when (not if) they are asked about specific contributions. Many are making decisions before the questions come.

A number of companies have already announced they will pause all political donations, while others are stopping donations to Republican members of Congress who voted against the certification of the Electoral College results; others still are contemplating giving corporate PAC eligible employees a choice regarding which party may receive their money. Some companies have said they will halt contributions to individual candidates but continue giving to PACs. In addition, some companies have asked certain political candidates to refund donations they have previously made. CNN is maintaining a [running list](#) of companies making announcements about their political contributions

Here is a set of options for all companies to consider in the current political, advocacy and media context. Careful internal and external consideration needs to be given to how stakeholder audiences will react to any of these options. Decisions should be coordinated among communications, government relations and legal teams.

+ OPTION 1: TAKE NO ACTION AT THIS TIME

- Pro:** There is the potential avoidance of short-term criticism by staying out of the news.
Con: Potential criticism for a lack of corporate leadership during a time of national crisis.

+ OPTION 2: REVIEW CORPORATE GIVING STRATEGIES, PRIORITIES AND POLICIES

- Pro:** This could be interpreted as doing at least the bare minimum to recognize that a problem exists with certain political donations, and its influence in public discourse and engagement.
Con: This could also be interpreted as doing only the bare minimum to recognize that a problem exists with certain political donations, and its influence in public discourse and engagement.

+ OPTION 3: INITIATE A CORPORATE REVIEW PROCESS AND TEMPORARILY SUSPEND ALL POLITICAL CONTRIBUTIONS

- Pro:** An acknowledgement that there may be a change in corporate policy to come, and potential consequences for elected officials who voted against certification.
Con: Delaying political contributions to all elected officials could be seen as punishing elected officials from both parties who performed their constitutional duties; this may affect support for policy objectives.

+ OPTION 4: SUSPEND OR CEASE ALL POLITICAL CONTRIBUTIONS TO ELECTED OFFICIALS IN THE SENATE AND HOUSE OF REPRESENTATIVES WHO VOTED AGAINST CERTIFICATION

Pro: This could demonstrate disapproval of this action and target those members of Congress who voted against certification.
Con: Criticism from pro-Trump constituencies for punishing members of Congress for a vote that demonstrated support for the President and party leader.

+ OPTION 5: SUSPEND OR CEASE ALL POLITICAL CONTRIBUTIONS TO ELECTED LEADERS IN THE SENATE AND HOUSE WHO CONTINUE TO DENY THE LEGITIMACY OF THE 2020 ELECTION RESULT

Pro: This would demonstrate tougher action against continual election deniers but would not target Democrats or Republicans who express regret over their past actions.
Con: Criticism that corporations are targeting and vilifying Republicans in Congress.

+ OPTION 6: SUSPEND OR CEASE ALL POLITICAL CONTRIBUTIONS TO REPUBLICAN ELECTED OFFICIALS AND REPUBLICAN ORGANIZATIONS AND AFFILIATED SUPER PACS

Pro: This would demonstrate tougher action against all Republicans, as a consequence of their support for President Trump.
Con: Criticism that corporations are trying to damage the Republican Party and advance Democratic Party interests; may also impede support for certain policy objectives, including ones governed by state and local officials.

+ OPTION 7: SUSPEND OR CEASE CONTRIBUTIONS TO ALL POLITICAL CANDIDATES AND POLITICAL ORGANIZATIONS

Pro: This would demonstrate bold action and be welcomed by advocacy groups that want to see “big money” taken out of politics, or who support the public funding of campaigns.
Con: Criticism from elected officials and political organizations that this is an overreaction and could harm the political system; again, may diminish policy and advocacy influence.

While there is currently a focus on political contributions in the wake of the violence in Washington, corporations should be prepared for heightened scrutiny of their political and advocacy contributions for consistency with their commitments to other stakeholder capitalism issues, including diversity, racial equity, and climate change. In addition, members of the House of Representatives will be making high-profile votes on the impeachment of President Trump in the days ahead and Senators may have to consider how to vote in a second impeachment trial in that chamber, changing the consideration set for several of the options above.

Companies might also use this moment to provide guidance to executives and employees on their individual political contributions, which are often made on a personal basis rather than in support of a corporate agenda. In today’s cancel culture, individual actions can impact an employer and companies should have reactive strategies prepared in case their brand becomes associated with the views or actions of an individual employee or former employee.

Companies headquartered outside of the United States, but with significant U.S. workforces, sales or business operations here, should also be reviewing how the events of recent days might impact their reputation both in the United States and their home market.

The 2022 election cycle is already underway. Political fundraising during the first months after an election is usually slow, but this time attention will be higher as to what corporations are doing, with a heightened focus on how their actions are supporting our democratic institutions and processes.

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