

THE FACE OF ELECTION MONEY IN NORTH CAROLINA

The Disconnect Between Changing Demographics and
the Political Donor Class in a Battleground State



Alex Kotch
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The Institute for Southern Studies is a public interest media, research and education center in Durham, N.C. Founded in 1970 by veterans of the civil rights movement, the Institute has established a national reputation as an essential resource for grassroots activists, community leaders, scholars, policy makers and others working to bring lasting social and economic change to the region. The Institute publishes Facing South, a popular website and weekly email update featuring news, analysis and in-depth investigations about key issues and trends in the region. To sign up to receive Facing South or to learn more about the Institute, please email info@southernstudies.org.

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The Disconnect Between Changing Demographics and the Political Donor Class in a Battleground State

The racial demographics of North Carolina are rapidly changing. According to Census Bureau estimates, about 65 percent of the state's population is non-Hispanic white, while African Americans make up 21 percent of residents, Latinos 9 percent, Asians slightly over 2 percent, and Native Americans just over 1 percent.¹

But in this closely-watched battleground state, the big political donors who spend the most on influencing elections are still almost entirely white.

To get a snapshot of the biggest political donors in North Carolina, the Institute for Southern Studies looked at the state's 574 largest contributors in seven key races in the 2014-2016 election cycles: North Carolina's five most expensive U.S. House races in 2014, the state's marquee 2014 U.S. Senate race, and contributors to the 2016 presidential race as of June 2015.

Together, these 574 big donors spent a total of \$4.4 million on these contests, a figure that includes direct contributions to candidate campaigns as well as money given to super PACs and other outside political groups.

KEY FINDINGS

The Institute's analysis of North Carolina's largest donors, which drew on federal campaign finance records as well as research into donor demographics using state voter records and other data, reveals a gaping divide between North Carolina's elite donor class and the state's increasingly diverse population and electorate:

- According to the Institute analysis, **95 percent of the largest North Carolina donors to these federal races in the 2014-2016 elections cycles were white**, compared to 65 percent of the state's population.
- Even more striking, out of the pool of top North Carolina contributors, **white donors accounted for 97 percent of the money** given to these federal races in the 2014-2016 election cycles.
- **Out of the 574 biggest North Carolina donors in these 2014-2016 elections, only 29 were non-white.** These few donors of color contributed roughly \$145,000, just 3 percent of all donations from big donors. Only three Latino/Hispanic individuals and four

¹ These numbers are U.S. Census Bureau's estimates based on the 2009-2013 American Community Survey, which provides complete non-Hispanic racial demographics.

African Americans made it into the list of top-tier donors, accounting for 0.7 percent and 1.1 percent of money given, respectively.

EXAMINING NORTH CAROLINA'S 'DONOR CLASS'

The Institute's analysis comes in the wake of a growing body of research examining the makeup of the "donor class" — the small share of wealthy individuals whose political contributions fuel the growing spending in state and national elections. For example, an Oct. 10, 2015 report in the New York Times identified just 158 families who have contributed \$176 million — nearly half the amount spent to date — for the 2016 presidential campaign.²

WHITE DONORS DOMINATE ELECTION SPENDING IN NORTH CAROLINA

Of the top N.C. contributors to the state's 2014 U.S. Senate race, the state's five most expensive 2014 U.S. House races, and the 2016 presidential race so far, 95% of donors were white and 97% of money came from white donors.

ELECTION	WHITE DONORS		NON-WHITE DONORS	
	% of donors	% of money	% of donors	% of money
2016 U.S. PRESIDENTIAL RACE*	97%	99%	3%	1%
Candidate Committees	97%	96%	3%	4%
Leadership PACs	100%	100%	0%	0%
Outside Groups**	100%	100%	0%	0%
2014 U.S. SENATE RACE	97%	97%	3%	3%
Candidate Committees	98%	98%	2%	2%
Outside Groups**	91%	96%	9%	4%
TOP 5 2014 U.S. HOUSE RACES***	94%	95%	6%	5%
ALL ABOVE RACES COMBINED	95%	97%	5%	3%

* Donations from N.C. donors to presidential candidates as of mid-year 2015 filings in July

** Independent groups including 527 political committees, super PACs, and other outside PACs required to disclose their donors

*** The five U.S. House races in North Carolina with most money raised



Alex Kotch and Chris Kromm, October 2015

Source: Federal Elections Commission spending reports, N.C. State Board of Elections voter information

² <http://www.nytimes.com/interactive/2015/10/11/us/politics/2016-presidential-election-super-pac-donors.html>

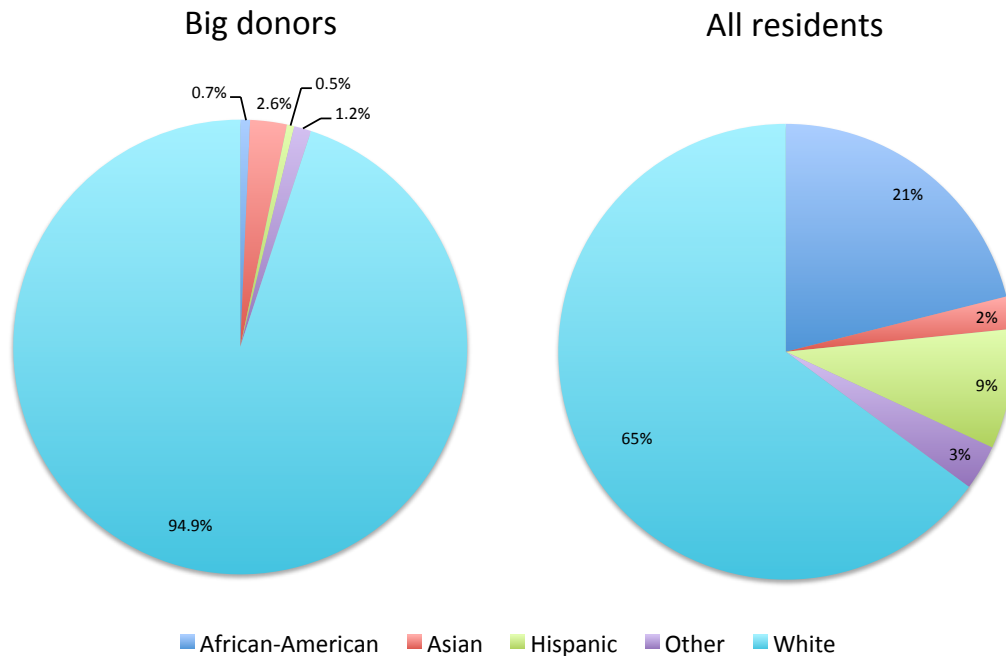
To identify North Carolina’s top-tier donors in the 2014-2016 election cycles, the Institute looked at the biggest contributors in three key contests:

- 1) The competitive 2014 U.S. Senate race between Key Hagan and Thom Tillis (donors contributing \$4,200 or more to the candidates and/or \$10,000 or more to super PACs or outside committees spending \$1 million-plus in the race);
- 2) The five most expensive 2014 U.S. House races in North Carolina (donors contributing \$2,600 or more to the candidates); and,
- 3) The 2016 presidential races (donors contributing \$2,700 or more to one of the candidates, \$2,500 or more to a presidential super PAC, or \$5,000 or more to a presidential leadership PAC).

The Institute’s analysis of donor demographics included only those whose race, gender and location could be verified using voter registration data through the N.C. State Board of Elections and other supporting evidence; a small number weren’t able to be identified and were removed from the final results.

NORTH CAROLINA’S BIG DONORS DON’T REFLECT STATE’S RACIAL DEMOGRAPHICS

Despite people of color making up 35 percent of North Carolinians, the state’s donor class is 95 percent white.



Alex Kotch, October 2015
 Source: Federal Elections Commission spending reports, N.C. State Board of Elections voter information, 2009-13
 American Community Survey 5-year Estimates from the U.S. Census Bureau

In addition to finding that 95 percent of North Carolina’s top donors are white, and that these white donors account for 97 percent of donors to these key races, the Institute’s analysis revealed other details of the state’s donor class:

- North Carolina’s top donors are disproportionately male. Two-thirds of the leading donors were men, who contributed 79 percent of the big donations, while slightly more than half of North Carolina’s population and registered voters are women.
- Of the large donors, registered Republicans accounted for 60 percent of money contributed in the 2014 and 2016 election cycles. Contributions from GOP-affiliated donors were especially disproportionate in giving to super PACs and other outside groups.
- Of the 574 big North Carolina donors identified in the analysis, the top 10 were all white men.

WHERE IS THE MONEY COMING FROM?

As part of the donor analysis, the Institute also looked at the geography of where top political contributors reside. Overall, big donor money in North Carolina comes from areas that are whiter and richer than average in the state. Mostly located in or near urban areas around Charlotte, the Triad and the Triangle, the top 10 ZIP codes with the largest donor giving had an average non-Hispanic white population 8 percent higher than the state average and an average median income almost 50 percent higher than the state overall.

TOP ZIP CODES IN ELECTION SPENDING WHITER, RICHER THAN STATE AVERAGE

The 10 North Carolina ZIP codes that gave the most money to candidates and outside groups are 8 percent whiter than the state as a whole, and residents take in almost 50 percent more annual income than the state average.

RANK	ZIP CODE	AMOUNT DONATED	N.C. CITY	TOTAL POPULATION	MEDIAN ANNUAL INCOME	PERCENT OF RESIDENTS*				
						African-American	Asian	Hispanic	Other**	White
1	27587	\$281,600	Wake Forest	53,860	\$81,287	11.1	2.2	5.3	1.9	79.4
2	27513	\$276,400	Cary	40,929	\$85,546	8.4	10.9	7.9	4.1	68.7
3	28207	\$270,000	Charlotte	9,360	\$119,063	2.5	0.3	3.4	1.8	91.9
4	28211	\$267,575	Charlotte	29,400	\$70,403	12.1	3.6	5.9	0.9	77.5
5	27106	\$212,000	Winston-Salem	44,932	\$48,892	24	3.3	12.7	2	58
6	28405	\$169,510	Wilmington	29,021	\$51,580	18.9	1.6	4.9	2.3	72.2
7	27408	\$145,650	Greensboro	18,279	\$60,938	8.2	4.9	2.9	1.6	82.3
8	27707	\$138,125	Durham	46,299	\$45,831	39.4	3.5	16.2	3.1	37.8
9	28226	\$125,051	Charlotte	37,412	\$68,291	9	3.4	5.8	2.1	79.8
10	27104	\$117,400	Winston-Salem	28,466	\$52,480	9.8	3.5	5.9	2.8	77.9
		\$2,003,311	AVERAGES	33,796	\$68,431	14.3	3.7	7.1	2.3	72.6
			NORTH CAROLINA	9,651,380	\$46,334	21.1	2.3	8.5	3.2	64.9

* Percentages in the white, African-American, Asian, and other categories are non-Hispanic only

** Includes American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other races, and two or more races



Alex Kotch, October 2015

Source: Federal Elections Commission spending reports, N.C. State Board of Elections voter information, 2009-13 American Community Survey 5-year Estimates from the U.S. Census Bureau

BIG DONORS, FAMILIAR FACES

The biggest overall donors in the Institute’s analysis were familiar names in North Carolina political circles. At the top of the list among large donors to federal races in the 2014-2016 election cycles were two contributors who gave \$200,000 or more to the campaigns: North Carolina businessmen Robert “Bob” Luddy and James “Jim” Goodnight.

Luddy, a white Republican who is president of CaptiveAire Systems and founder of private school chain Thales Academy, gave \$21,000 to candidate committees and \$250,000 to outside groups supporting 2014 U.S. Senate candidate Thom Tillis and 2016 presidential candidates Scott Walker (who has since dropped out of the race) and Bobby Jindal. A close ally of major Republican donor Art Pope, Luddy has given large amounts to conservative state and national groups, including the North Carolina Judicial Coalition, the Republican Governors Association, and the Republican State Leadership Committee.

Goodnight, a white Republican and CEO and majority owner of the SAS Institute in Cary, was a close second, giving \$5,200 to Tillis’ campaign and over \$257,000 to outside groups supporting Tillis and presidential candidates Jeb Bush and Scott Walker. Goodnight’s SAS Institute is a frequent corporate donor to national political groups that spend in state elections contributing hundreds of thousands of dollars to the Republican and Democratic governors associations and to the Republican State Leadership Committee, among others.

As the chart below shows, the top 10 biggest donors in North Carolina are all white men, and mostly Republican.

THE TOP 10 NORTH CAROLINA DONORS TO SEVEN FEDERAL RACES, 2013-2015

RANK	NAME	AMOUNT	RACE	GENDER	PARTY	ZIP
1	Robert Luddy	\$271,000	White	Male	R	27587
2	James Goodnight	\$262,600	White	Male	R	27513
3	Neill A. Currie	\$155,510	White	Male	R	28405
4	Jay W. Faison	\$152,675	White	Male	R	28211
5	John C. Whitaker	\$107,900	White	Male	R	27106
6	Phil Drake	\$100,000	White	Male	R	28734
7	Leslie M. Baker, Jr.	\$80,200	White	Male	D	27104
8	Robert A. Ingram	\$67,400	White	Male	R	27707
9	Robert L. Page	\$65,100	White	Male	D	27408
10	Allen E. Gant, Jr.	\$59,600	White	Male	R	27215

For party, D = Democrat; R = Republican; and U = unaffiliated.

CONCLUSION

The Institute’s analysis demonstrates that despite North Carolina’s changing demographics, the money that fuels the state’s elections still comes almost exclusively from wealthy white donors.

The findings of this report are consistent with other research that has highlighted the narrow demographic makeup of the donor class. In Democracy North Carolina’s 2003 study, “The Color of Money in North Carolina,” the nonpartisan elections watchdog group found that major campaign donors to seven North Carolina candidates in four races were 97 percent white and two-thirds male.³

More recently, in 2015 the national public policy group Demos released the report “Stacked Deck,” which found that more than 90 percent of the large contributions (\$200 and over) to federal candidates in the 2012 election cycle came from majority-white neighborhoods.⁴ Also in 2015, Every Voice — a group that advocates reforms to reduce money in politics — found that the top contributors to the campaigns and super PACs backing the 10 leading presidential candidates came from ZIP codes made up of only 21 percent people of color and much wealthier than the national average.⁵

This report and other research underscores the need for meaningful reforms that curb the influence of special-interest money in elections and that not only promote “good government” but also have the potential to promote equity and a more level playing field in the democratic process.

METHODOLOGY

Donations to campaigns and super PACs were downloaded from the Federal Elections Commission website. For certain 527 groups, donor information was downloaded from the Internal Revenue Service. The Institute used the N.C. State Board of Elections online voter lookup tool to identify the race, gender, and party of donors.

Some donors were not registered with the state Board of Elections; others listed addresses when donating to federal candidates — often corporate addresses — that were different from their voter registration address. In these cases, we used other means to identify the race and gender of a donor; many big donors are high-level corporate executives, for example, and their images and biographies are available online. When race and gender were apparent, we used photos and biographical information to determine this. In some cases, the race and gender of a donor were not possible to verify, and these donors were left out of our data set.

For racial demographics of North Carolina and its ZIP codes, we used Census Bureau estimates based on the 2009-2013 American Community Survey. The Census uses ZIP code tabulation areas, which are slightly different from postal ZIP codes.

³ <http://www.democracy-nc.org/downloads/whatdoesancontributer-July-2003.pdf>

⁴ <http://www.demos.org/publication/stacked-deck-how-racial-bias-our-big-money-political-system-undermines-our-democracy-a-0>

⁵ <http://www.everyvoicecenter.org/wp-content/uploads/2015/08/ColorOfMoneyFinal.pdf>