

# POLITICO

## Where is political donor money going?

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American donors to charities, ideological causes and political campaigns are among the most generous in the world. Now, under a proposal before Congress, givers can find out more clearly whether their money is properly reaching its intended targets.

Under current disclosure rules, national nonprofits must report their information to a tangled web of 39 state charitable solicitation offices, along with the Internal Revenue Service. Federal political committees disclose to the Federal Election Commission.

These rules may be aimed at promoting disclosure and preventing fraud, but in reality, it means an awful lot of reporting goes into bureaucratic "black holes" rather than to donors.

It's time to change that priority. The House Oversight and Government Reform Committee recently held well-publicized hearings on nonprofit fundraising, and it will soon take up a yet-to-be-introduced measure that would put donors' needs ahead of those of government bureaucrats, through an online disclosure statement to donors.

The disclosure statement would cover federal political committees and nonprofits that solicit contributions in more than one state. Each entity would disclose a unique URL, which would allow donors to see the information and make more-informed decisions about who should receive their largesse.

Under the proposal, causes that ask for contributions would disclose key and valuable information online and directly to donors, not just to government agencies.

While there are several proposals being floated that would add more regulation for disclosure of nonprofit fundraising, this is the only one that would require direct-to-donor disclosure of fundraising data by federal political committees, including lawmakers. The current political impasse about appointing FEC commissioners, effectively shutting down some key operations at the commission, adds further urgency to this proposal.

Nonprofits that disclose funds online would be exempt from registering in the 39 states that have charitable solicitation laws, but not from license requirements in the states where they're located.

Annually, this would save more than a half-billion donor dollars diverted in compliance with the current 39-state system, which has failed donors and charities.

Federal candidate and national party committees raise money from the general public, too, and they would be required to disclose funds using the direct-to-donor online system. Lawmakers would also be required to disclose how much donor money they contribute to their colleagues. That's because, under the current system, lawmakers, using other people's money and without their permission, can give unlimited contributions to party committees such as the Republican National Committee, the Democratic National Committee and the national House and Senate campaign committees.

A Dec. 19, 2007, Politico.com article ("Dem leaders try tix-for-cash fundraising") described how the House Democratic and Republican campaign committees dictate amounts that lawmakers must raise through their personal campaigns for these national committees.

Donors have good reason to worry about how much of their contributions are going to other politicians, because under a soft money loophole in the McCain-Feingold law, lawmakers

are not subject to the \$28,500 limit per election cycle that applies to individual donors to national committees. The top 20 contributors to the Democratic Congressional Campaign Committee and the National Republican Congressional Committee averaged about \$430,000 each in the 2006 cycle, which was approximately 30 percent of the money raised by those lawmakers ostensibly for their own campaigns. The online disclosure system would let donors know how much of each dollar they give to federal lawmakers actually goes to other candidates and the national committees.

Hot-button-issue donors may be surprised, even angry, to learn that significant portions of their contributions to lawmakers help finance candidates who take positions that are precisely the opposite of those they'd support. Staunch anti-abortion Republican donors to anti-abortion lawmakers may find that more than a quarter of their contributions were diverted. Contributions to gun-control-favoring Democrats help finance Blue Dog Democratic candidates backed by the National Rifle Association, through either direct contributions to the candidates or through the DCCC. These are moral issues to many donors, and the lawmaker loophole makes them unwitting supporters for the "wrong" side.

The online disclosure system would be better for donors and charities, but without reducing the authority of law enforcement. It is consistent with First Amendment opinions about fundraising disclosure without creating yet another taxpayer-financed bureaucracy, so the proposal protects against unnecessary interference by Big Brother.

If lawmakers were fair-minded enough to disclose their own fundraising data and practices, the system would create a more level playing field among those who solicit contributions from the general public.

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