



THE BATTLE FOR THE BUCKEYE STATE

A LOOK AT THE FINANCING OF THE
STATE'S POLITICAL PARTIES

By
DENISE ROTH BARBER

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833 NORTH LAST CHANCE GULCH, SECOND FLOOR • HELENA, MT • 59601
PHONE 406-449-2480 • FAX 406-457-2091 • E-MAIL institute@statemoney.org
www.followthemoney.org

EXECUTIVE SUMMARY

While contributions to Ohio's two main political party committees have held relatively steady following passage of federal campaign-finance reform, giving to state legislative caucuses has doubled from the previous presidential-election cycle.

The four legislative caucus committees, combined, had raised more than \$7 million by April of this year, compared to the \$3.6 million they raised at the same point in the 2000 election cycle.

The increase stands out in a review of contributions that examined how — or if — the state committees' fundraising has changed since Congress passed the Bipartisan Campaign Reform Act (BCRA). Also known as the McCain-Feingold Act, the law — among other things—banned "soft" money raised through large, unlimited contributions by the national party committees.

The national party committees passed much of that soft money on to their state counterparts in the past. During the 2000 and 2002 election cycles, Ohio's Democratic and Republican state committees received \$16 million in soft money from the national committees; \$14 million of that amount was given in the last presidential-election cycle.

With national party soft-money out of Ohio's political picture, the state parties need to look elsewhere for the millions they've received from the national parties in the past.

The study shows that the two state parties — the Ohio Democratic Party and the Republican Party of Ohio — raised a combined \$6.7 million of hard- and soft-money contributions through April 2, 2004, comparable to their reported 2002 totals at the same point. But the amount is down from the \$7.6 million they reported raising during the 2000 presidential cycle.

The Institute's review also shows that new major players have surfaced at the state level this cycle to help fill the void. The Institute identified 14 individuals who had contributed \$10,000 or more to the party committees as of April 2004 but had given nothing in previous cycles.

Two large donors from Ohio have also become major players on the national scene this cycle, by giving to so-called "527 committees," which can still receive unlimited dollars to use for political purposes. Peter B. Lewis, who is not a large donor at the state level, has given pro-Democratic 527 committees more than \$14 million so far this cycle, making him the largest individual donor to these nonprofit political groups in the country.

Carl Lindner, chairman and CEO of the American Financial Corp. and a major contributor to national party committees in the past, has shifted his giving to 527 committees. His contributions of more than \$1 million to 527s so far have made him the 10th-largest individual donor to 527 committees so far this cycle. Lindner's state-level contributions have, on the other hand, decreased considerably this cycle.

However, just how much money party committees raise is impossible to know, because the state of Ohio does not require these committees — at the state or county levels — to report the campaign-finance activity of their so-called "operating accounts." These accounts ostensibly are used to pay for such "non-political" expenses as rent, utilities and salaries for some staff members.

The Ohio Democratic Party says it has not maintained such an account for several years. But the Republican Party of Ohio does continue to use such an account, making it impossible to know just how much soft money the GOP committee has actually raised because it does not report the contributions made to its operating account.

Contributions to the committee may be more revealing in the future, should a bill that is currently in the Ohio Legislature requiring the disclosure of the campaign-finance activity of the operating accounts become law.

THE FINANCING OF OHIO'S POLITICAL PARTIES

Ohio's state political parties reported raising \$6.78 million as of April 2, 2004,¹ comparable to their reported 2002 totals, although less than the \$7.6 million they reported raising through April 2000, the last presidential-election cycle. The chart below shows the amounts the committees reported through the first 15 months of each of the respective election cycles.

CONTRIBUTIONS IN FIRST 15 MONTHS OF ELECTION CYCLE, 2000-2004

OHIO DEMOCRATIC PARTY	2000	2002	2004
Hard (Federal)	\$753,942	\$654,172	\$851,539
Soft (Non-Federal)	\$1,844,253	\$1,320,228	\$1,619,890
SUBTOTAL	\$2,598,195	\$1,974,400	\$2,471,429
OHIO REPUBLICAN PARTY			
Hard (Federal)	\$2,970,608	\$2,101,002	\$2,007,038
Soft (Non-Federal)*	\$2,041,752	\$2,673,358	\$2,305,999
SUBTOTAL	\$5,012,360	4,774,360	4,313,037
TOTAL	\$7,610,555	\$6,748,760	\$6,784,466

* These figures do not include the unreported soft money totals from the Ohio Republican Party's operating account.

The above chart reflects not only the soft money the two committees raised, but also the hard-money contributions they still can receive from the national party committees and other contributors, all of which must be reported to the Federal Election Commission. Unlike soft money, hard money can be spent to directly influence congressional or presidential contest.

Reviewing the reported totals, no significant differences between the cycles is discernible with the state party committees. The Ohio Republican Party typically outraises the Democratic Party, in both hard and soft money, although neither committee reports receiving vast sums of soft money.

Ohio's four legislative caucus committees, on the other hand, have shown an appreciable increase in their contributions this cycle, compared to what they had raised by April of the previous election years. The only exception is the Ohio Senate Democrats, which raised slightly less by April 2004 than it had raised in 2002. The four legislative caucus committees combined had raised more than \$7 million by April 2004, almost double the \$3.6 million they raised by April 2000 and equal to the amount the two state party committees had raised.

CONTRIBUTIONS IN FIRST 15 MONTHS OF ELECTION CYCLE, 2000-2004

LEGISLATIVE CAUCUS COMMITTEES	2000	2002	2004
House Democratic Caucus Fund	\$357,016	\$453,293	\$528,412
Ohio Senate Democrats	\$105,584	\$375,210	\$358,361
SUBTOTAL	\$462,600	\$828,503	\$886,773
House Republican Campaign Committee	\$1,592,180	\$3,575,813	\$3,805,892
Republican Senate Campaign Committee	\$1,617,132	\$2,108,115	\$2,467,039
SUBTOTAL	\$3,209,312	\$5,683,928	\$6,272,931
TOTAL	\$3,671,912	\$6,512,431	\$7,159,704

¹ The next campaign finance report, covering April 3, 2004, through Oct. 13, 2004, is due Oct. 21, 2004.

NEW MAJOR DONORS EMERGE

With passage of BCRA, state-level party committees need to look elsewhere for the millions of dollars in soft money they received from the national committees in the past.

So far this cycle, several new major players have surfaced to help make up the difference. The table below lists 14 individuals who contributed \$10,000 or more to the party committees as of April 2004 but had reportedly given nothing in previous cycles.

NEW DONORS TO STATE PARTY COMMITTEES

TO DEMOCRATIC COMMITTEES	HOMETOWN	INDUSTRY	AMOUNT
Gray, Harold R.	Columbus, OH	Construction Services	\$15,000
Cordray, Richard A.	Grove City, OH	Lawyers & Lobbyists	\$11,000
Cervenik, William R.	Euclid, OH	Civil Servants/Public Officials	\$10,547
Puzzitiello, Carol	Palm Harbor, FL	Real Estate	\$10,000
Weiler, Robert J.	Columbus, OH	Lawyers & Lobbyists	\$10,000
Zimmerman, Brian L.	Canton, OH	Civil Servants/Public Officials	\$10,000
TO REPUBLICAN COMMITTEES			
Miller, Judy	Fostoria, OH	Building Materials & Equipment	\$25,000
Harbarger, David	Lakewood, OH	Lawyers & Lobbyists	\$17,000
King, Roger	Hamilton, OH	Hospitals & Nursing Homes	\$17,000
Rice, Wanda	Hamilton, OH	Homemaker	\$11,000
Bourque, Basil	Carlisle, MA	Securities & Investment	\$10,000
Cary, Ladonna	New Albany, OH	Real Estate	\$10,000
McNamera, Sean	New York, NY	Agricultural Services & Products	\$10,000
Pigott, William	Far Hills, NJ	Securities & Investment	\$10,000

Two other past contributors also stepped up their contributions through April:

- Gerald Springer, of the controversial Jerry Springer TV talk show, gave \$120,000 to the state's Democratic Party committees as of April this year, compared to the \$42,500 he gave during the *entire* 2002 cycle and \$15,000 during the entire 2000 cycle.
- Frank Cipriano, a real estate developer from Columbus, gave \$12,500 to the Ohio Democratic Party through April. Cipriano had not given any soft money during the 2002 cycle and gave just \$500 to the Republican Senate Campaign Committee during the 2000 cycle.

OHIO DONORS MAKING THE NATIONAL SCENE

Although Ohio does not have a gubernatorial race this election, Ohio donors have nonetheless given more than \$1 million to the Republican Governors Association (RGA), a group chaired by Ohio's own governor, Bob Taft. By comparison, Ohio donors have given just over \$200,000 to the Democratic Governors Association this cycle.

Although the RGA exists primarily to elect Republican governors, the association is pitching in this cycle to help President Bush win re-election by targeting key battleground states, such as Ohio.²

The largest individual contributor to the RGA so far this cycle³ is Ohio's Carl Lindner, chairman and CEO of the American Financial Corp., owner of the Cincinnati Reds, and longtime giver to political campaigns on both sides of the aisle. Through Sept. 20, 2004, Lindner had given \$200,000 of his own money to the RGA in this election cycle.⁴ In addition, his company had given \$119,000.

Lindner's contributions to the RGA this cycle are not surprising, given the McCain-Feingold ban on soft-money contributions to national party committees. Many political observers had predicted that large donors who used to infuse the national committees with large soft-money contributions would simply give to alternative, though like-minded, organizations that can still legally take their money. Known as "527 committees" for the section of the Internal Revenue Service code under which they are formed, these political committees can expressly engage in political activities, such as supporting or opposing federal candidates, and can still raise unlimited amounts of money from almost any source.

Unable to lavish the national party committees with soft money as he had in the past, Carl Lindner is now giving large sums to 527s. In fact, according to the Center for Responsive Politics, as of reports filed by Sept. 20 of this year, Lindner is now the 10th-largest individual donor to 527 committees.

Lindner's state-level contributions have, on the other hand, decreased considerably this cycle. By April of 2000, Lindner had already given \$101,000 to state-level committees. By April of 2002, he had given \$64,500. By April of this year, however, he had given only \$27,000.

CONTRIBUTIONS BY CARL LINDNER, 2000-2004

RECIPIENT TYPE	2000	2002	2004
527 Committees*	\$2,000	\$70,000	\$1,020,000
State-Level Parties/Candidates	\$106,000	\$111,900	\$27,000
National Party Committees**	\$1,130,000	\$1,295,000	\$0
TOTAL	\$1,238,000	\$1,476,900	\$1,047,000

* Center for Responsive Politics, from records released by the IRS on Sept. 20, 2004

** Based on reports filed with the Federal Election Commission

Carl Lindner isn't the only Ohio contributor making his presence felt nationwide. Peter Lewis has made a name for himself in the federal campaign-finance world this cycle, dwarfing Lindner's contributions to Republican 527s. Relatively inconspicuous in previous cycles, Lewis — chairman of Progressive Corp., the third-largest auto insurance company in the country — has given pro-Democratic 527 committees more than \$14 million so far this cycle, making him the largest individual donor nationwide to all 527 committees.

² "Republican Governors meet in Las Vegas, Discuss Campaign Issues," Christina Almeida *Associated Press*, March 12, 2004.

³ Center for Public Integrity Web site, <http://www.publicintegrity.org/527/search.aspx?act=com&orgid=479>, Sept. 29, 2004.

⁴ Center for Responsive Politics Web site, <http://www.opensecrets.org/527s/527indivsdetail.asp?ID=11001223031&Cycle=2004>, Sept. 29, 2004.

CONTRIBUTIONS BY PETER LEWIS, 2000-2004

RECIPIENT TYPE	2000	2002	2004
Pro-Democratic 527 Committees*	\$0	\$0	\$14,375,000
Democratic National Party Committees**	\$25,000	\$50,000	\$0
Republican National Party Committees**	\$500	\$0	\$0
State-Level Committees***	\$750	\$474,668	\$10,000
TOTAL	\$26,250	\$524,668	\$14,385,000

* Center for Responsive Politics, from records released by the IRS on Sept. 20, 2004

** Based on reports filed with the Federal Election Commission

*** Most of Lewis' 2002 contributions (\$406,168) went to a pro-medical marijuana ballot initiative in Arizona.

Lewis' foray into giving at the state level is less remarkable, except for his substantial support of a pro-medical marijuana initiative on the ballot in Arizona in 2002. While Lewis has emerged as a prominent supporter of national Democratic groups this cycle, he has given to both sides of the aisle at the state level. So far this cycle, he has given \$5,000 each to the Republican House and Senate Campaign Committees. In 2002, he gave comparable amounts to committees of both parties — \$33,750 to Democratic committees and \$34,750 to Republican committees.

UNANSWERED QUESTIONS: UNDISCLOSED CONTRIBUTIONS

The exact amount of soft money raised by Ohio's political party committees is actually unknown, because Ohio does not require either state or county party committees to report the campaign-finance activity of their operating accounts. These accounts ostensibly are used to pay for such "non-political" expenses as rent, utilities and some staff salaries. The Republican Party of Ohio maintains such an operating account. When asked if he would reveal the total raised through its operating account, Chris McNulty, executive director of the state Republican Party refused, saying: "We don't have to reveal that. It's not required by law."⁵

The Ohio Democratic Party, on the other hand, has not maintained an operating account since 1997 and thus reports all its income to the state, according to David Duffey, director of operations for the state Democratic Party.⁶ Asked why the party doesn't maintain an operating account when the law allows it to do so, Duffey replied: "We feel everything should be reported. We have nothing to hide."

Further, the reported totals for the four legislative caucuses are complete since, as state law does not allow them to have operating accounts.

CONCLUSION

The battle for Ohio's prized 20 electoral votes is likely to continue until Election Day. Likewise, the full picture of state party committee finances remains a work in progress, with three campaign-finance reports still to be filed this election cycle.

Yet even after all the reports are in, the real totals of the Ohio Republican Party, at least, will remain a mystery. That mystery may become a thing of the past however, should a bill currently in the Ohio Legislature requiring the disclosure of the operating accounts become law.

⁵ Phone interview with Chris McNulty, executive director of the Republican Party of Ohio, Oct. 20, 2004.

⁶ Phone Interview with David Duffey, operations director for the Ohio Democratic Party, Oct. 20, 2004.