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Rise in Corporate Political Spending Disclosure Shown in 2014 CPA-Zicklin Index

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The Center for Political Accountability has published the 2014 CPA-Zicklin Index, which rates 300 companies in the S&P 500 on their disclosure of corporate political spending. Nearly half provide some information about direct payments to state candidate, parties and committees, 527 groups (such as national governors' associations) and trade associations.

According to the 2014 Index, 64% of companies provided full disclosure publicly, while 28% gave brief policy statements. Noble Energy and CSX Corporation received the highest overall scores. 20 companies placed in the top five rankings for disclosure.

Direct contributions. 44% of companies disclose information on their direct contribution to candidates, parties and committees, while 17% said it is their policy not to make direct contributions.

National 527 groups and trade associations. About 43% disclose information on contributions to these groups. 41 companies said they do not give to 527 organizations at all, while 18 companies have requested that their trade associations not use their dues and other payments to fund political activities. Many companies set a threshold, such as $25,000 a year, for disclosing trade association dues, and then may also provide the specific amounts identified by those associations as non-deductible expenditures.

501(c)(4)s. Payments to these tax-exempt organizations continue to be the least likely to be disclosed, as 67% of companies studied did not provide any information about these types of contributions. It can be challenging for companies to determine which of these groups engage in political activities.

Board oversight. More than half of the companies said their boards regularly oversee corporate political spending. 37% stated that a board committee reviews company policy and 44% noted that a board committee examines actual expenditures.

Appendix C provides a detailed scoring sheet of all of the factors examined and the maximum number of points that can be achieved. It can be a useful guide for companies that receive a shareholder proposal on the topic and wish to consider whether to be responsive.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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