

# Democracy North Carolina

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## Special-Interest Donations Fuel Fundraising Advantage Of NC Members of Congress Over Their Opponents

Polls may indicate that voters are in a mood to toss out members of Congress, but early results from the all-important money race show that political donors – especially special-interest PACs – still heavily favor the candidate in office, not the challenger.

An analysis of disclosure reports through June 30 reveals that the five Republican members of the US House of Representatives from North Carolina have out-fundraised their Democratic challengers by a whopping 12 to 1 margin – \$2,968,000 to \$245,000. Meanwhile, the eight NC Democrats in the House have raised more than three times as much as their Republican opponents – \$5,244,000 to \$1,569,000.

Altogether, the 13 incumbents are swamping their challengers by a nearly a 5-to-1 fundraising advantage, \$8.2 million to \$1.8 million.

The advantage that both Republican and Democrat incumbents enjoy is largely due to the money they raise from political action committees sponsored by business, labor and other special interest groups, according to an analysis by the watchdog group Democracy North Carolina.

PACs for insurance companies, banks, agribusiness, public employees, attorneys, doctors, military contractors, and other groups have given \$4.6 million to the 13 North Carolina members of the US House, or more than half [55%] of their total receipts through June 30. By contrast, PACs have given only \$62,000 to all the challengers, less than 4% of their total income.

Most of the challengers' campaign money comes from individual donors and the candidate's own funds. They would be in a more competitive position if incumbents only relied on the same sources, but the millions flowing in PAC money tilt the odds against them.

“Big money from special interests has become such a dominating force that it distorts the whole democratic process,” said Bob Hall, director of Democracy North Carolina. “The tea party activist, social reformer and ordinary citizen all feel frustrated and ignored, because lawmakers in both parties are preoccupied with raising money and wealthy interests get special access to shape legislation for their benefit at the public's expense – on taxes, pollution, food safety, you name it.”

Several members of Congress from North Carolina agree that change is needed. “As the system currently works, special interests contribute heavily to Congressional campaigns,” says Rep. Walter Jones, a Farmville Republican. “This system creates the perception that special interest groups have too much influence, and many Americans believe that the Congress cannot tackle tough issues because of that influence.” See [http://cha.house.gov/UserFiles/242\\_testimony.pdf](http://cha.house.gov/UserFiles/242_testimony.pdf)

Jones and five NC colleagues (G.K. Butterfield, Larry Kissell, Brad Miller, David Price and Mel Watt) are among the 156 House members sponsoring the Fair Elections Now Act which would provide a public financing option for Congressional candidates who voluntarily refuse to rely on PACs or out-of-state large donations. The program is funded through a fee on large contractors, not from general tax funds.

According to the Democracy North Carolina analysis, the advantage incumbents enjoy is even more stark after campaign expenses are deducted:

- As of June 30, the North Carolina incumbents had 16 times as much cash on hand as their opponents – a total of \$7 million compared to \$430,000.

- The biggest gaps between incumbent and challenger are in the 11<sup>th</sup>, 5<sup>th</sup> and 2<sup>nd</sup> Districts, where Reps. Heath Shuler (D-Waynesville), Virginia Foxx (R-Banner Elk), and Bob Etheridge (D-Lillington) each have more than \$1.2 million in the bank, while their opponents have less than \$71,000. Renee Ellmers got a quick burst of money after the damaging video of Bob Etheridge appeared, but her fundraising has slowed down and she had only \$42,000 on June 30.

- In the race considered the most closely contested, Rep. Larry Kissell (D-Biscoe) has raised \$780,600 and has nearly \$300,000 on hand, while his opponent Republican Harold Johnson, spent much of the \$481,500 he has raised on a primary and runoff election; 60% of his money came from his own funds and he has less than \$82,000 left to spend as of June 30.

- In the 7<sup>th</sup> District, Republican Ilario Pantano boasts that he raised more than Rep. Mike McIntyre (D-Lumberton) in the second quarter of 2010, but McIntyre has stockpiled money from his previous campaigns and has \$842,000 on hand compared to Pantano's \$99,000.

- Rep. David Price (D-Chapel Hill) has raised less money from PACs than his NC Democratic colleagues so far this election cycle (\$218,000), but he still has 6 times as much cash-on-hand as Republican opponent, B. J. Lawson.

- Republican Bill Randall, the tea party favorite who won the runoff in the 13<sup>th</sup> District against a better financed opponent, now faces Brad Miller (D-Raleigh) who has raised \$603,000 and has \$348,000 on hand compared to Randall's mere \$5,000, as of June 30.

- Among NC Republicans in the US House, Howard Coble (6<sup>th</sup> District) and Patrick McHenry (10<sup>th</sup> District) are relying the heaviest on PAC funds – for 63% and 56% of their totals, respectively. Coble and McHenry have only token Democratic opposition; it's a good thing for McHenry because he has only \$83,000 left after an expensive primary, plus a debt of \$90,000 for loans from earlier campaigns. McHenry's opponent Jeff Gregory has raised less than \$5,000.

- Charlotte's Sue Myrick (R-9<sup>th</sup> District) and Mel Watt (D-12<sup>th</sup> District) are in safe, partisan districts and both have better than a 30-to-1 advantage over their opponent when it comes to cash on hand. Myrick has raised almost half her money so far from PACs (48%), while Watt leads the NC delegation by relying on PAC funds for 84% of his total receipts through June.

- Rep. Watt is one of eight House members nationally under investigation for violating an ethics rule against raising campaign money from an interest group near the time of voting on an issue affecting that group. Because fundraising events are scheduled weeks in advance, Hall says "the proximity to a crucial vote is the inevitable consequence of a pay-to-play culture that has impaired both political parties. A fundraiser with lobbyists and PACs is held virtually daily in Washington – and once a week to benefit a North Carolina lawmaker."

Hall points out that the Sunlight Foundation's *PoliticalPartyTime.org* website shows Virginia Foxx has held 6 fundraising events since March 2009 at the Washington townhouse of the Associated General Contractors. Patrick McHenry and G.K. Butterfield each held at least 14 in Washington in the same period. Mel Watt, Brad Miller, Larry Kissell and Heath Shuler have each held at least 8; David Price, Walter Jones and Mike McIntyre have each held 4; and Bob Etheridge has held 7 – all in Washington since March 2009. That's 85 fundraising events in 72 weeks.

"There's no law against federal legislators holding fundraisers with PACs and lobbyists while in session, as there is for our state legislators," Hall said, "and with year-round sessions, a huge appetite for campaign money, and no public financing alternative, that's not likely to change."

**CONTRIBUTIONS RAISED BY JUNE 30, 2010 BY NC CANDIDATES FOR CONGRESS**

Distr./ Party	Incumbent/ Chall.	Candidate	Total From Individuals	Total From PACs	Candidate Funds & Loans	Other Receipts	TOTAL RECEIPTS	% Total From PACs	Cash On Hand 6/30/2010
1 D	I	G.K. BUTTERFIELD	\$147,863	\$412,294	\$0	\$477	\$560,634	74%	\$304,051
1 R	C	ASHLEY WOOLARD	54,299	0	8,500	0	62,799	0%	3,914
2 D	I	BOB ETHERIDGE	324,252	555,215	0	46,568	926,036	60%	1,208,055
2 R	C	RENEE ELLMERS	163,294	2,000	21,500	0	186,794	1%	41,955
3 R	I	WALTER JONES	277,778	221,930	0	236	499,944	44%	146,291
3 D	C	JOHNNY ROUSE	3,678	0	0	0	3,678	0%	1,007
4 D	I	DAVID PRICE	187,169	218,000	370	2,445	407,985	53%	293,088
4 R	C	B.J. LAWSON	148,465	2,555	0	6,025	157,044	2%	50,924
5 R	I	VIRGINIA FOXX	454,292	165,842	0	23,314	643,449	26%	1,270,734
5 D	C	BILLY KENNEDY	138,507	1,070	15,357	267	155,201	1%	70,406
6 R	I	HOWARD COBLE	103,719	229,915	0	29,157	362,792	63%	214,267
6 D	C	SAM TURNER	1,100	0	2,600	0	3,700	0%	1,156
7 D	I	MIKE MCINTYRE	425,404	289,917	0	11,212	726,533	40%	842,423
7 R	C	ILARIO PANTANO	298,371	15,200	2,360	5,000	320,931	5%	98,960
8 D	I	LARRY KISSELL	181,656	591,465	0	7,452	780,574	76%	292,993
8 R	C	HAROLD JOHNSON	152,993	38,544	290,000	0	481,538	8%	81,731
9 R	I	SUE MYRICK	359,214	330,284	0	5,749	695,247	48%	321,764
9 D	C	JEFF DOCTOR	41,760	1,250	39,210	0	82,220	2%	10,198
10 R	I	PATRICK MCHENRY	336,543	425,971	0	4,106	766,620	56%	83,134
10 D	C	JEFF GREGORY	na	na	na	na	>5,000	-	>5,000
11 D	I	HEATH SHULER	348,260	521,372	0	37,351	906,983	57%	1,428,886
11 R	C	JEFF MILLER	233,077	1,200	42,000	0	276,277	0%	65,056
12 D	I	MEL WATT	52,403	280,000	0	97	332,500	84%	209,233
12 R	C	GREG DORITY	na	na	na	na	>5,000	-	>5,000
13 D	I	BRAD MILLER	291,917	308,200	0	2,813	602,930	51%	348,082
13 R	C	BILL RANDALL	70,951	0	13,000	0	83,951	0%	5,045
<b>Totals for:</b>		Repub. Incumbents	1,531,546	1,373,942	0	62,562	2,968,052	46%	2,036,190
		Dem. Incumbents	1,958,924	3,176,463	370	108,415	5,244,175	61%	4,926,811
		Repub. Challengers	1,121,450	59,499	377,360	11,025	1,569,334	4%	347,585
		Dem. Challengers	185,045	2,320	57,167	267	244,799	1%	82,767
		Incumbents	3,490,470	4,550,405	370	170,977	8,212,227	55%	6,963,001
		Challengers	1,306,495	61,819	434,527	11,292	1,814,133	3%	430,352

Source: Federal Election Commission campaign disclosure reports filed by the candidates for the period January 1, 2009 through June 30, 2010. Jeff Gregory and Greg DORITY did not file reports. Prepared by Democracy North Carolina, July 2010