

The Color of Money in Charlotte: July 2002

Ask any Charlotte native and they'll quickly tell you that the demographics of North Carolina's largest city are rapidly changing. In fact, according to 2000 Census data, Charlotte increased its racial diversity by nearly 10 percent during the 1990s. What's also grown, along with Charlotte's diverse population, is the city's propensity for big-money politics, extremely stratified along racial lines, which makes Charlotte the political financing capital of North Carolina. In fact, Charlotte, with 7.5 percent of North Carolina's population, now furnishes 13 percent of the political money given by Tar Heel individuals to its states' candidates, parties, and PACs.

This updated study by Democracy South shows that Charlotte is not only the bustling center of high finance for business; it is still the place to go for the financing of North Carolina campaigns. In fact, political contributions from individuals in Charlotte to state-level, non-federal candidates and political committees (PACs or parties) jumped more than 2½ times from the \$2.3 million given during the 1997-98 election cycle to \$5.9 million during the 1999-2000 election cycle.

Thus, although Raleigh has more lobbyists and political action committees (PACs) and it has the headquarters of the major political parties and the state government, Charlotte maintains its standing as the political money capital of the Tar Heel state.

Overall, \$44 million was given to state-level, non-federal candidates and political committees (PACs or parties) during the last election cycle by individual Tar Heels who each contributed over \$100. By analyzing these contributions by zip code, Democracy South determined that 13.4 percent, or \$1 in \$7 of this total, came from residents in the zip codes beginning 282. This is a slight increase from 12 percent of the statewide total during the 1998 election cycle.

Amount Contributed by Individual Donors Giving Over \$100

Total donated in 1999-2000 election cycle:	\$44.0 million
Amount from Charlotte (zips 282--)	5.9 million
Amount from Raleigh (zips 276--)	5.6 million
Amount from Greensboro (zips 274--)	2.3 million
Amount from Wilmington (zips 284--)	1.8 million
Amount from Winston-Salem (zips 271--)	1.5 million
Amount from Fayetteville (zips 2830-)	1.0 million

Further analysis of the Charlotte money shows that nearly all the \$5.9 million comes from the richest, whitest neighborhoods and from the skyscrapers that cast a long shadow over the city's poor and black neighborhoods. As election costs escalate, big money suppliers gain an undemocratic advantage in deciding which candidates are viable and, as former state Treasurer Harlan Boyles has noted, too many of these donors "expect a return in benefits" on their political investment.

The fact that such a disproportionate share of money comes from so narrow a segment of society raises serious questions about the fairness, and even the constitutionality, of the campaign finance system. The harshest consequences of this system fall on the poor and people of color. As Nelson Rivers III, Director of National Field Operations for the NAACP says, "Since African Americans have decidedly less income, we're at a disadvantage when money is the deciding factor in whether you can participate as a candidate, as a voter, or as a constituent."

DISPARITY BY ZIP CODE

Here is a summary of findings that reveal the chasm between the haves and have-nots, white and black, rich and poor, when it comes to political money in Charlotte. (Where possible, contributions from office building addresses and post office boxes were attributed to the donor's home zip code.)

- » The two Charlotte zip codes with residents who gave the most money are 86 percent white. They encompass the Myers Park, Cotswold, and Foxcroft areas (28211 and 28207). The two zip codes where residents donated the least political money (28206 and 28208) are among the very poorest in the city and are 82 percent African American and other people of color.
- » Together, the two top-donating zip codes gave \$2.8 million - nearly half (47%) of all the identifiable donations from individuals in Charlotte - compared to the \$6,245 given by the poorest two zips. Put another way, the donations from the two top giving zip codes reached \$76.86 per person, which is 591 times the 13 cents given by the average person in the two lowest giving zips.
- » The whitest zip code (28207) in Charlotte also had the highest rate of giving - \$155.63 per resident. By contrast, the three zips with the highest percentage of people of color (28206, 28208 and 28217) donated \$37,139 or about 55 cents a person; people of color make up 78% of these three zips.
- » The five zip codes that are more than 60% people of color gave only 80 cents per resident to North Carolina politics. The seven zip codes that are more than 80% white gave \$27.80 per person for a total of \$4,379,360 million - which is three of every four dollars given by Charlotte residents.
- » The disparity of political giving follows race even more than income. The 10 zip codes that give the most on a per-capita basis include 7 of the 10 whitest zips, but only 5 of the 10 richest zip codes, measured by disposal household income or "effective buying income (EBI)." Similarly, the 10 zips giving the least on a per-capita basis include 7 of the least white zip codes, but only 5 of the 10 poorest zips.

CASH CONCENTRATE

In North Carolina, the 2000 election featured gubernatorial and Council of State elections, in addition to state legislative races. Thus, the amounts being contributed to statewide races played heavily into the Charlotte contribution totals. For example, two-time Charlotte-based gubernatorial candidate Richard Vinroot received \$1.95 million from Charlotte contributors. In fact, this was 39% of what Vinroot raised from North Carolina residents. (These figures don't include the more than two million dollars Vinroot collected from the Republican National Committee "soft money" account by taking advantage of a loophole in North Carolina's campaign finance law.)

By contrast, Governor Mike Easley received \$725,800 from Charlotte donors, or about 8% of his total take from Tar Heel residents. Easley's hefty showing in Vinroot's hometown illustrates the deep pockets of Charlotte's political givers.

Ultimately, all the money in North Carolina elections is supposed to originate from individuals, but it can be filtered through parties or PACs, which pool the money of their members or executives and present one check to the candidate to maximize the message, "Pay attention to our special interest." In a gubernatorial election year, such as 2000, the amount of individual, hard money donations going directly to candidates increases dramatically. That is the main reason why the amount given by Charlotte individuals leaped from \$2.3 million in the 1997-1998 period to \$5.9 million in the 1999-2000 election cycle at the same time total giving by North Carolina residents jumped from \$18.6 million to \$44.0 million.

By focusing on the individual donors to political campaigns in the U.S., one can see the disproportionate role that a relative handful of wealthy white men still play in electoral politics. A national survey by the Joyce Foundation in Chicago found that 81 percent of contributors giving \$200 or more to a federal candidate had annual incomes in excess of \$100,000; 95 percent are white and 81 percent are men.

Statewide, Democracy South's research has found that less than 1 percent of North Carolinians give 90 percent of all the money in state politics.

The list of donors from Charlotte for the 2000 election cycle continues to mimic this national trend, as a relatively small circle of donors display their political prowess. In Charlotte, a mere 180 families gave \$2.5 million of the \$5.9 million total in 1999-2000.

Interestingly enough, the top individual donor from Charlotte, Andres Reyes, is a person of color. Reyes, who has been missing since May 2001, has been accused of embezzling money from his former and now deceased employer, Doug King. Reyes contributed at least \$92,000 to state-level candidates and political committees in 1999-2000 (and his friends gave thousands more), but apparently most of the money came from King's business accounts which Reyes managed. Reyes' contributions continued an expensive spending spree that placed him among the state's top donors to Democratic Party candidates and committees in North Carolina and beyond.

Reyes aside, we still see the familiar list of prolific Charlotte donors. They include Charles and Ed Shelton, the brothers whose children and spouses give more to state politics, year in and year out, than any other family, with the possible exception of Walter R. Davis of Texas and the occasional family that includes a candidate (like the Robin Hayes family in Concord). The list of \$15,000+ donors also includes Ed Weisiger of Carolina Tractor; developers John Crosland, Peter Pappas, Allen Tate, and John W. Harris; retailers Wayland Cato and Leon Levine; power couple Erskine and Crandall Bowles; philanthropist Judy Harrison Barry; J. Frank Harrison of Coca-Cola Consolidated; Democratic party leader Cameron Harris; Republican legislator and architect Ed McMahan; former bankers C.C. Cameron and Hugh McColl; and James Hynes of Hynes Sales Co.

Only about 1,000 Charlotte residents - less than two-tenths of one percent of the city's people - invested \$750 or more in state politics in the 2000 election, for a total of \$4.8 million or 81 percent of the money traceable to the city.

About \$900,000 from Charlotte donors in the 2000 cycle went to PACs, which in turn wrote checks to their favorite candidates. Some of those donations went to large trade PACs, based in Raleigh, such as those sponsored by the N.C. Home Builders, the Medical Society, or the N.C. Academy of Trial Lawyers. Most of the money went to the home-based PACs, such as Duke Energy, First Union, and Coca-Cola Consolidated PAC.

THE PUBLIC WANTS CHANGE

Given a choice between an oligarchy and a democracy, most Americans choose the latter. In Charlotte, people have not lost faith in the promise of democracy. Indeed, there is clear evidence that people who can't "pay to play" still want to exercise their right to vote when they think it will make a difference. However, voting rights in Mecklenburg County are under attack, both through the means of financing campaigns and the mechanics of voting.

For example, in the 2000 election, African Americans in Charlotte turned out in higher than expected numbers. However, many of these voters were met with undemocratic, Florida-like barriers that prevented their votes from being counted. Eyewitnesses and victims of these voting rights abuses in and around Charlotte, spoke out loudly after the 2000 election; however, the damage had been done. The Mecklenburg Voter Coalition worked vigorously to highlight these alleged abuses, which included locked precinct doors, denial of provisional ballots to potential voters, and lack of proper oversight from county Board of Elections officials.

Minority voters face yet another persistent barrier. In addition to needed voting rights reforms, more and more people believe we need a dramatic change in how campaigns are financed in order to put voters, not donors, in charge of elections and to give candidates without wealth or access to wealthy donors a fair chance to serve their community.

One of the most innovative approaches to campaign finance reform is the N.C. Voter-Owned Elections Act that gives candidates for state office a competitive amount of campaign money from a public fund if they (a) show strong support from voters in their district by obtaining a large number of qualifying small donations, (b) agree to raise no other money, and (c) accept strict spending limits.

Versions of this system are now in place in Arizona, Massachusetts, Maine and Vermont. More than 1,200 local elected officials in North Carolina have endorsed the basic principles of the program, and currently the legislation has 73 General Assembly co-sponsors, including moderates, liberals, and conservatives. Supporters in the Charlotte area include: state Senators Dan Clodfelter, Charles Dannelly, and Fletcher Hartsell; Reps. Martha Alexander, Daniel Barefoot, Jim Gulley, Pete Cunningham, Beverly Earle, Ruth Easterling; Mecklenburg County Commissioners Becky Carney and C. Parks Helms; Charlotte City Council members Patrick Cannon, Nancy Carter, Malcolm Graham, James Mitchell Jr., Sara Spencer, and Joe White. Also supporting these principles are former Commissioner Jim Richardson and former Charlotte Mayor Pro Tem Susan Burgess.

Organizational supporters include the League of Women Voters of Charlotte-Mecklenburg, NAACP of N.C., AARP of N.C., N.C. Association of Educators, the Southern Piedmont Central Labor Council of the AFL-CIO, and N.C. Council of Churches.

African Americans have shown strong interest in the principles of Voter-Owned Elections. The N.C. Legislative Black Caucus has endorsed the concept of full public financing for state-level elections, as has the N.C. Black Political Leadership Caucus. In addition, progressive politicians, such as state Senator Frank Ballance and Rep. Dan Blue, have signed on as co-sponsors of the N.C. Voter-Owned Elections Act (HB 1410).

In May 2000, voters in North Carolina were asked about their views on public financing of elections by the Tarrance Group, a Republican polling firm in Alexandria, Virginia. People were given statements for and against the program, and an overwhelming majority said they favored it if it meant the candidates would limit spending and fundraising. In fact, of all sections in the state, the greater Charlotte metropolitan area showed the strongest support for Clean Elections - 74 percent in favor, 20 percent against, and 6 percent undecided.

People in Charlotte and elsewhere across the state want a different way to run elections. Money should not be the deciding factor. The residents of Charlotte should stand as equals when they face the ballot box, each one as powerful as the other: "one person, one vote." That's the great promise of democracy - and the only way it will work.

This report was researched and prepared by Brock Towler, Denita Smith, and Summa Thompson, who staffed the Charlotte Democracy Summer Project, and by Democracy South staff members Adam Sotak and Bob Hall. The database of contributions in the 1999-2000 election cycle comes from campaign reports filed with the State Board of Elections and excludes donations to federal and local candidates, federal party committees and federal PACs. It includes donations from individuals with a North Carolina zip code who gave \$100 or more to a state-level candidate, PAC, or political party committee. Gubernatorial candidates received \$19.2 of the \$44 million in the study.