

Also in This Issue:

[CPA-Zicklin Index to Expand in 2014](#)**April 2014**
Spotlight on CPA**Why the Critics are Wrong**Founder's Column
By Bruce Freed

A decade ago, the Center for Political Accountability and investors launched an initiative to bring transparency and accountability to corporate political spending, and it has gained significant traction.

Despite the effort's sustained success, it has received criticism. Most prominently the U.S. Chamber of Commerce contends that secret political spending can be good for business. On the other side, Citizens for Responsibility and Ethics in Washington (CREW) has asserted in a report that voluntary corporate political spending disclosure does not work. CPA explains below why the critics are wrong:

IT IS REMARKABLE how many major companies recognize the value of transparency and have adopted good policies that they adhere to. Of course it is regrettable that disclosure in a voluntary system without a uniform standard can be haphazard and not always assured. In some instances, details are overlooked in the process of building a more robust reporting system; in fewer instances, companies willfully withhold pertinent information. Shareholders and boards need to be vigilant in policing their companies. Good corporate governance requires more than good policies; it requires monitoring and commitment originating at the highest levels of the company.

THE TRENDS on corporate political disclosure and accountability are highly

Communications Giant Comcast Agrees to Disclose Political Spending

Cable giant Comcast Corp. has reached a shareholder agreement to disclose its political spending made with corporate funds, New York State Comptroller Thomas P. DiNapoli announced on April 14.

DiNapoli had filed a shareholder resolution for disclosure as trustee of the New York State Common Retirement Fund. The resolution was withdrawn as a result of the agreement by Comcast, a company currently in the news for its efforts to merge with Time Warner Cable.

DiNapoli applauded Comcast's agreement and said, "In light of the recent Supreme Court decisions governing political contributions, it's more important than ever that shareholders continue to call for greater transparency when it comes to political spending."

Center for Political Accountability President Bruce F. Freed praised the Fund for "its leadership on one of today's leading issues – corporate political disclosure," and commended the specifics of the agreement.

"The agreement with Comcast," Freed said, "commits the company to comprehensive disclosure and board oversight of its political spending and covers the critical areas of election-related contributions to trade associations and other groups."

At a time when Comcast is seeking approval of the merger proposal, its disclosure agreement signals that Comcast wants a transparent government decision on the merits and not on the basis of any secret dealings, Freed added.

Also reaching a shareholder agreement for political disclosure in April was Texas-based Pioneer Natural Resources, an oil and natural gas company. The City of Philadelphia Public Employees Retirement System withdrew a shareholder resolution as a result of the agreement.

The total agreements brought to 107, the number of U.S.

Federal Election Commission Profoundly Divided Over Disclosure

The Democratic vice chairwoman of the Federal Election Commission, Ann M. Ravel, and three Republican commissioners engaged in a blistering opinion crossfire this month. It reflected the commission's profound division over requiring disclosure of millions of dollars of anonymous political spending.

"The commission was created after the Watergate scandal to ensure that money given and spent in federal elections is disclosed so voters know who is trying to influence the outcome," Ravel wrote in [New York Times op-ed](#). "This transparency is vital to our democracy, and even more so after the Supreme Court yesterday struck down aggregate limits on political contributions," she added, referring to *McCutcheon v. Federal Election Commission*.

The commission "is failing to enforce the nation's campaign finance laws," Ravel wrote. She faulted the three Republican commissioners who frequently vote as a bloc against investigating important cases. She also said the courts have been deferring to the commission's inaction.

"This has serious consequences," Ravel concluded. "Money from anonymous donors will continue to pour into elections. And voters will again be barraged with political advertising from

disclosure and accountability are highly encouraging. These include:

A steadily growing number of companies are voluntarily adopting political disclosure. The number of companies that have reached disclosure agreements with shareholders has climbed to 127 as of late April 2014, from zero in 2004. They represent a cross-section of American business and include Merck, Microsoft, Exelon, Aflac, CSX, Noble Energy and Comcast.

Despite different levels of disclosure among companies, their acceptance of disclosure matters and helps build momentum for other non-disclosing companies. Disclosure is widely recognized by companies as a good corporate governance practice and as an integral element of risk management.

Companies are broadening their political disclosure. The annual [CPA-Zicklin Index](#), started four years ago to benchmark companies on disclosure policies, shows companies broadening and strengthening their disclosure year over year. More companies now than ever before disclose direct contributions as well as payments for political purposes to trade associations and 501c4 "social welfare" groups, major sources of "dark money."

THE NEXT STEP, CPA believes, is making company political disclosure *uniform* and *universal*. The Securities and Exchange Commission has been considering for nearly three years a petition submitted by a committee of eminent law professors for a corporate political disclosure the rule. The petition has received a record number of comments. It was made possible by the precedent of widespread company adoption of voluntary political disclosure. CPA supports the petition for a political disclosure rule.

The latest announcements brought to 127 the number of U.S. public companies that have adopted political disclosure and oversight policies. News of the Comcast agreement appeared in a number of media outlets including the [New York Daily News](#), [Albany Times Union](#), [The Street](#), [The Associated Press](#) and [Pensions & Investments](#).

CPA-Zicklin Index to Expand in 2014



Entering its fourth year of publication, the *CPA-Zicklin Index of Corporate Political Accountability and Disclosure* will be expanded in 2014 to include the top 300 companies in the S&P 500, up from the top 200 in 2013.

The annual benchmarking study of corporate political spending disclosure and accountability was developed by the Center for Political Accountability in conjunction with the Zicklin Center for business Ethics Research at The Wharton School of the University of Pennsylvania.

CPA sent letters in early April to the companies that will be included in the 2014 Index, saying data collection will begin in mid-May and the Index will be published in late September. As of press time, about two dozen companies had contacted CPA about the new Index.

The letter noted that in 2014, CPA will partner with the Sustainable Investments Institute (Si2) for the Index, who will be only involved in the data collection part of the study.

unknown sources, making it difficult for them to make informed decisions. If we continue on this path, we will be betraying the public and putting our democracy in jeopardy."

Republican Commissioners Lee E. Goodman, Caroline C. Hunter and Matthew S. Petersen replied in a letter to the editor that "Ravel would rather grandstand than follow the law and judicial precedent. We enforce the law as written by Congress and construed by the courts, not as our colleague and her 'reformer' allies wish it were.

"She disparages the federal courts as 'a rubber-stamp approval of inaction' and essentially encourages them to disregard our governing statute and decades-old legal precedent. By recklessly accusing the courts and us of 'betraying the public' and 'putting our democracy in jeopardy,' our colleague is actually the one encouraging the commissioners 'not to cooperate with one another' and paralyzing the F.E.C.," the Republican commissioners wrote.

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