

THE CENTER FOR PUBLIC INTEGRITY

527s in 2004 Shatter Previous Records for Political Fundraising

WASHINGTON, DECEMBER 16, 2004—So-called 527 committees raised and spent just over a half-billion dollars during the 2004 election cycle—double the amount spent during the 2002 cycle, according to a report by the Center for Public Integrity.

Although the 527 committees have been operating on the fringes of American politics for at least the past three election cycles, election 2004 was the first time they played a major role, perhaps a decisive role, in determining the outcome of a national election.

Below are some of the Center's findings, based on four years of financial reports filed with the Internal Revenue Service.

- In 2004 alone, 527s raised a total of \$434 million, \$60 million more than the amount raised in all of the previous three years combined.
- Fifty-three of the 527s focused their activities largely or exclusively on the presidential election.
- These 53 groups brought in \$246 million during the 2003-2004 election cycle.
- America Coming Together, which raised more than \$78 million, collected the most money (although a third came from transfers from other 527s).
- Six committees that focused largely or exclusively on the presidential election raised more than \$10 million each; three raised \$40 million or more.
- Although 527s by definition are supposed to be engaged in “nonfederal” political activities, 98 committees clearly targeted all or part of their message at the presidential or congressional races.
- Although ACT and the Media Fund spent more than \$130 million combined, Swift Boat Veterans (which spent only \$23 million) probably made the biggest splash on the presidential election. Their accusations were picked up by the media and succeeded in blunting Senator Kerry's campaign message.
- State 527s—largely overshadowed by the attention paid to presidential groups—also raised record amounts of money in the 2004 cycle, moving these funds around state to state or to a number of candidates within a state with little accountability.

Although the Federal Election Commission placed some new restrictions on 527s starting with the 2006 cycle, there are still a number of ways to get around these limitations. It remains to be seen how effective the new rules will be. Several lawmakers, including Sens. John McCain, R-Ariz., and Russell Feingold, D-Wis., who were the authors of the campaign finance reform law, have already moved to introduce legislation to rein in 527s.

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