

Donors use loopholes to support candidates

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him at a tie for the 135th largest donor in the country.

■ Anne Batchelder, the owner of the American Checkbook Co. in Omaha. Batchelder and her husband were both generous in individual donations and were the sixth largest soft money givers.

■ The Kizer family of Omaha. Family members, most of whom work for the Central States Health and Life Insurance company, gave a total of \$19,250 to Ben Nelson and Chuck Hagel in the senate races.

■ Employees of the Willke, Farr and Gallagher law firm in New York. The large firm, which has offices all over the country and donates to many races nationwide, gave Rep. Jon Christensen's campaign \$16,000 in two chunks.

How these donors — and many others in Nebraska — reached these numbers is a lesson in the nuances of modern campaign finance.

Nothing they did was illegal. They merely used two loopholes in campaign finance laws that have become as much a part of campaign finance as the limits themselves.

Both loopholes — bundling and soft money — are part of a system that few seem to think works.

On one hand, there is the group that thinks that, considering the population of the United States, people are not giving enough. And then there are the others who say that the system is benefitting those who can afford to give.

In Nebraska, wealthy families and companies are the primary users of the system, and researchers and professors interviewed said they foresee no changes.

All in the family

Looking at Nebraska donations on paper, housewives should be the target of political fundraisers in both parties.

Housewives, homemakers and variants — one woman called herself a domestic engineer — were the largest single group of occupations in the donations list.

Nationally, retirees outpaced homemakers this year for the first time, said Larry Makinson, the research director for the non-partisan Center for Responsive Politics in Washington.

Makinson said, however, the reason for that was donors knew that groups like Makinson's center were analyzing the donations and didn't want to look like they were bundling.

Recruiting family members to donate to political races is the most popular loophole in politics, he said.

"The campaign finance laws are definitely pro-family," Makinson said. "The larger family you have, the more you can give."

Individuals can only donate a maximum of \$2,000 to a federal candidate — \$1,000 in the primary and \$1,000 in the general election. Those limits were set by the government in the 1970s.

But for every law, there is a loophole. Wealthy donors have found that donors can increase their dollar power by giving in blocks — a check for themselves, their spouses, their children, etc. Whole families of parents, brothers and sisters, spouses and children have donated in races all across the country, he said.

Of the \$3.8 million donated by people giving \$200 or more, \$1.1 million came from husbands, wives and families in blocks, a Daily Nebraskan analysis of federal donation records found.

"The 'thousand-dollar housewife' has been a part of the political scene as long as I have been around," said Makinson, who has been researching campaign finance for more than 20 years.

Homemakers as a group donated \$564,764 to Nebraska political candidates. Students chipped in another \$22,000.

But those numbers are almost assuredly low. Any records that could not be tied together were thrown out. With split marriages, divorcees writing checks for their estranged spouses and couples with different last names, dozens of bundled donations were overlooked for the sake of accuracy.

Some examples of bundling families are the Kizers, who as a group, gave \$19,250; the Vopnforfs of Blair who gave \$10,900; and the Werners of Omaha, who gave \$8,150.

"Every state has got people like that," Makinson said. "That's a one family political powerhouse if they can deliver that kind of money."

"Every politician in the state knows their

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LARRY MAKINSON

research director for the Center for Responsive Politics

name."

Robert Sittig, a UNL political science professor, said the value of the \$1,000-donation the government allowed more than 20 years ago has now been chewed up by inflation.

So, for wealthy donors to make an influential donation, they have to bundle several donations from several people together, he said.

The result, Sittig said, is a small group of wealthy donors filling in a vacuum created by the majority of people not donating to campaigns. He said at the most, one in 10 Americans thinks about giving to campaigns.

"Most of us wash our hands of having to pay for this," he said. "In the vacuum, wealthy people rush in to fill void."

"We've got kind of an impossible situation."

The situation, Sittig said, is a system of campaign funding that most people ignore. And when campaigns cost millions of dollars, thousands of donors must give or the wealthy have to fill the void by giving through loopholes.

"There's a basic systemic flaw," he said. "There are way too many Americans that think someone else should pay the price for campaigns."

Another form of bundling is groups of employees giving as individuals at the same time.

In last fall's second congressional district race, the Willke, Farr and Gallagher law firm in New York did it twice: once on April 17, 1995, when they poured \$8,500 into Rep. Jon Christensen's campaign fund, and again on Sept. 11, 1996, when they gave \$7,500.

Makinson said bundled donations don't always mean the politician is going to sway to his or her interests. But, he said, the group's donations come in handy when they need a favor.

"It's very hard to say no to someone who has participated in a major way to get you elected," he said.

Tricia Bruning, at the Nebraska Democratic Party, said parties do not seek out bundled donations because the donations could potentially be illegal if one person is writing all the checks.

Bruning said in cases of housewives donating, it was her opinion that the donors had equal control over the family money. With students giving \$22,000 as a group, she said she remembers students in college who had enough disposable income to donate to campaigns.

Bruning specifically denied any wrong-doing was going on in Nebraska fundraising.

"It doesn't happen here and it's against the law," she said. "People think we use all the loopholes we have, but when it is stated that it is expressly against the law we don't mess with that."

"We don't mess around with the FEC."

Soft money, hard currency

Soft money — despite being mired in partisan finger-pointing in Washington over Democratic fundraising efforts — is a legal loophole that allows companies to participate in political donations.

Federal election laws ban direct contributions from corporations to candidates. They must do it through a political action committee. But federal law does not ban contributions to parties.

More than \$708,000 in soft money left Nebraska last fall, with the bulk of it going to more than a half-dozen different Republican federal accounts.

But the money didn't stay in Washington — it came back. Because Nebraska was a battleground state for a vacated Senate seat and a House seat was targeted by a labor union independent expenditure campaign, the money came back in spades.

Not counting all the individual politicians who received soft money from the national party, the state parties took in slightly less than \$1 million: \$637,288 went to the Nebraska Re-

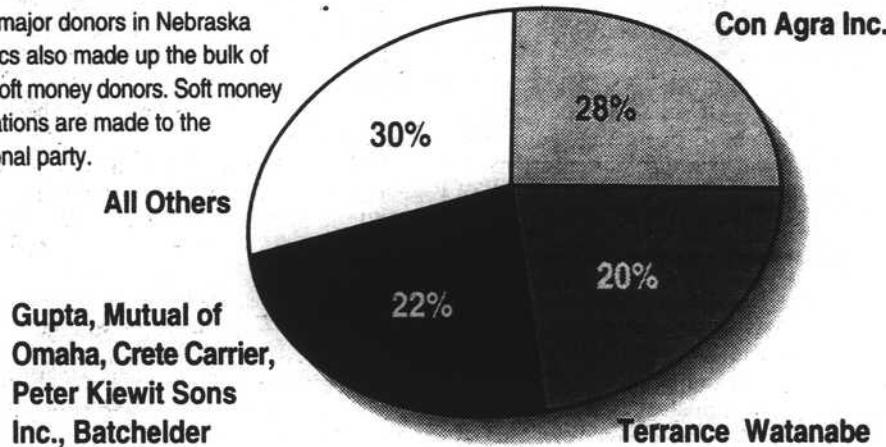
The Rain Makers

The following five are some of the top donors across elections and funding mechanisms.

Name	Individual Donation	Soft Money Donation	PAC Donation	Total
Con Agra	NA	\$310,400.00	\$35,395.00	\$345,795.00
Terrance Watanabe	\$6,000.00	\$245,000.00	NA	\$251,000.00
Vinod Gupta*	\$13,750.00	\$83,000.00	NA	\$96,750.00
Mutual of Omaha	NA	\$66,300.00	NA	\$66,300.00
Anne Batchelder*	\$11,050.00	\$23,850.00	NA	\$34,900.00

* with family members

The major donors in Nebraska politics also made up the bulk of the soft money donors. Soft money donations are made to the national party.



SOURCE: FEDERAL ELECTION COMMISSION

AARON STECKELBERG/DN

publican State Central Committee, \$346,974 went to the Nebraska Democratic Party.

As a small state, Sittig said, Nebraska is going to see more targeting of soft money dollars and independent expenditures in the future.

He said the money was better spent here, where there is a good chance of picking up a seat than in large-population states like New York or California.

"We're going to get more attention like that in the future," he said.

While none of the soft money came back directly to the major candidates, tens of thousands of dollars went to lesser candidates — public defenders, state senators and public service commissioners.

Soft money was a key part in distinguishing large individual donors from the rainmakers.

An example is Watanabe of Omaha. The owner of the Oriental Trading Co. gave more than a quarter of a million dollars in soft money alone, all to the Democrats.

"He's a good Democrat," Bruning said. "He is one of the few Democrats that can support the party."

"Of course Terry Watanabe is an important donor. But as important as they are, our lower donors ... are just as important and, in fact, fund the state party in nonelection years."

Big donors write big checks, Bruning said, but smaller donors fund practical things.

"Those large \$250,000 donors are important," she said, "but those who keep the lights on in our building and pay the bills ... are the smaller donors."

Those writing big checks often don't write them from the same account. Several of the top donors used soft money and PACs to expand donations.

PACs, like individuals, also are limited, but PACs are held to \$10,000 per candidate in an election season by the federal government.

An example is Con Agra in Omaha, which was the largest soft money donor from Nebraska and whose PAC was generous to both parties, especially to the Republicans.

In the 1996 elections, Con Agra donated more than \$35,000 through its PAC — the Con Agra Good Government Association. But with soft money, Con Agra increased its donations by more than \$310,000, the vast majority of it going to the Republicans.

Sittig said if the reservoir wealthy donors were dumping into were expanded by many more smaller donations, they wouldn't have as much impact.

"I don't see how we are going to keep the wealthy from doing what they do," he said.

The American catch-22

Asking for solutions in campaign finance is dangerous business. If anyone had the answers to the criticisms of the current system, they would take on a mystical status.

"If I knew the answer to that I could walk on water," Bruning said.

Researchers know the realities — that the wealthy few give the most. But there is precious little consensus on a way to equalize the system.

"I'm kind of not surprised at the result (of the Daily Nebraskan analysis)," Sittig said. "If that is unacceptable, then we need to find a

better way to fund campaigns.

"It's really easy to complain about others giving the where-with-all to campaign."

Some extreme solutions involve everyone donating modest amounts to public financing of federal elections, Sittig said. Other solutions have proposed increasing the limit of individual donations.

Makinson said that theory wouldn't jibe among working people.

"The idea that someone would complain that they could only give a thousand dollars is absolutely incomprehensible to those on the street," he said.

Makinson, like Sittig, said more people should give, but Makinson said he favored limiting donations to very small amounts — like \$5. He said that way, the wealthy could not make influential donations and more people would be interested.

Now, Makinson said, one half of 1 percent of the population gives half of the money used in politics.

"There is no coincidence that the people at the top of the pyramid in giving are doing well for themselves," he said.

But Makinson said people in the system are human and some behavior is going to be apparent.

"The way the system works, the system can be corrupt without individual members of Congress being corrupt," he said. "All they have to be is human."

Makinson said politicians are like everyone — they are going to help those who help them. When a donor needs access, they will get a fair hearing, he said.

"They are not going to abandon supporters."

But no matter how large the donation, politicians will probably not change opinions on large issues they campaigned on, he said. That's not where the money is.

"Where it counts is the whole galaxy of issues that (politicians) do not talk about but are hit with in Washington," Makinson said.

An example is energy deregulation, he said. Billions of dollars are at stake, and millions in campaign donations are flowing into Washington.

But for now, donors will give, and politicians will take. And when the next federal elections roll around, the same donors will be called upon again.

"They will be getting letters from the DNC (Democratic National Committee) and the RNC (Republican National Committee) until their dying day," Makinson said. "There is some price to pay for making that first contribution and the price is that they are not going to let you alone."

Bruning said the big — and little — donors are targeted. The big dollar donors are on a first-name basis with the fund-raisers, she said.

During the campaign seasons, donor recruiting is a "survival tactic," she said.

But Bruning insists that money does not necessarily mean the large donor is more influential than the small donor. Small donors have just as much voice at state conventions and platform hearings as large donors, she said.

"And they vote," she said. "There may be 100 people that donate \$15 and one person that donates a thousand."

"And politicians love money, but they need the votes. It takes money to run campaigns, but the bottom line is they need the voters."