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Abstract

Companies have increased political activities through "dark money" donations to political action committees and by hiring government experienced directors (GEDs) to their boards. This had become pressing with court decisions opening unlimited campaign funding and the United States government rescinding executive orders governing post-employment ethics restrictions for political appointees. Bringing former government officials on to a board can yield political connections which benefit firms via preferable regulations and government contracts. However, the "revolving door" nature of government experienced directors can produce a principal-agent problem of diverging interests between the GEDs and the firm.

This study examines the relationship of GEDs to corporate political spending disclosure at S&P 500 firms from 2017-2020. The study contributes to our understanding through the creation of a more comprehensive database of GEDs and by using quantile regression methods. Quantile regression shows that the effect of adding a GED to a board for firms at a low level of disclosure is twice as powerful as at the mean and for firms at the higher end of the disclosure distribution, the effect of adding a GED is only one-tenth the mean impact. Results suggest adding GEDs to boards will best increase disclosure rates for firms at low rates of disclosure. Firms which engage in intensive lobbying activities are also less likely to increase disclosure rates when they add GEDs to their board. If high levels of political disclosure are desired then increased regulation or stakeholder pressure may be necessary to increase transparency of firms' political activities.

Keywords: Government, Directors, Boards, Political, Disclosure
JEL: G34, G38, M12, L20

1. Introduction

The United States recently saw the intervention of their richest businessperson (Elon Musk) directly in the running of the government through Department of Government Efficiency (DOGE). While this direct involvement in the running of the U.S. government by Musk captured headlines, it was only the most high-profile example of political involvement by firms. In fact, corporate influence in government decision making, such as through political spending or participation in electoral activities, has been a controversial topic for many years (e.g., Zardkoohi, 1985; Nyberg, 2021). Following the 2010 United States (U.S.) Supreme Court's Citizens United decision, political spending levels increased exponentially, intensifying the controversy (Coates, 2012; Alzola, 2013). These funds can be sent to political candidates in a variety of manners. Candidates can raise money through direct fundraising,

political party funding and/or political action committees (Super PACs). Through the usage of Super PACs, firms and their CEOs can conceal political involvement, a system of funding called "dark money". The 2024 presidential campaigns raised over $1 billion combined from Super PACs (Vandewalker, 2024). This includes three CEOs each donating over $100 million (Vandewalker, 2024). While empirical findings illustrate political spending can generate significant corporate benefits (e.g., Chen, et al. 2015), it can also lead to agency concerns since it can allow firm leaders to use corporate resources to pursue personal interests (e.g., Cao, et al. 2018). Despite this controversy and the increasing dark money in the political system, the disclosure of corporate political spending remains a relatively under-examined phenomenon.

In addition to political spending, firms have been increasing their involvement with the political system through who they recruit on to their boards. There are an increasing number of board members who have previous experience in government. It has been proven that generally the attributes of firm leaders, such as CEOs and board members can impact firm decision-making (Unsal, et al. 2016;Van den Berghe & Levrau, 2004; Williamson, 2008). Government experienced directors (GEDs) are defined as corporate board members with previous high-level U.S. government or political positions (Goh, et al. 2020; DeBoskey & Luo, 2018). Firms can seek out these types of board members to bolster their influence in the political/regulatory arena or even more directly to increase their government contracts (Wasson and Quinn, 2025).

While having government experienced directors on the board can provide benefits to the firm, their presence also arises the possibility of a principal-agent dilemma. The GED board member could use the firm to pursue their own self-interest rather than the best interests of the company. There are many firms which have struggled with this principal-agent problem on their boards including Tyco, Enron, Adelphia and Goldman Sachs. Even if the board member is not responsible for a multi-billion dollar scandal, they may influence company decisions in a manner to provide themselves with a future

position in government. There is a well-known "revolving door" between private sector and government positions. Some high-profile GEDs have used their board positions as a gateway to cabinet level government employment including at the CIA, Defense Department, Health & Human Services, Homeland Security, Labor Department, Transportation Department and White House Chief of Staff.[1] Firms need to be certain that the political activities of GEDs on their boards are in the best interests of advancing the future of the firm rather than the GEDs' own careers.

This study builds on previous research on government experienced directors and political spending disclosure. This analyses involves the creation of a new database of government experienced directors from 2017 through 2020 at S&P 500 firms. Government experienced directors are found to be a common feature of corporate boards, serving in 40.15% of firm years examined (789 of 1,965), including in all 11 S&P industry sectors. The analyses utilize a comprehensive measure of voluntary political disclosure scores for S&P 500 firms developed by the Center for Political Accountability and the Carol and Lawrence Zicklin Center for Business Ethics Research of the Wharton School of the University of Pennsylvania. Since voluntary political activity disclosure, especially non-financial data, has relatively little reporting guidelines, there is significant variation in reporting practices (Ramanna, 2013). Using the Zicklin Index allows for an objective and standardized measure of the depth and heterogeneity of disclosure across firms and industries. Furthermore, agency theory and resource dependency theory concerns regarding corporate political spending extend beyond how the amount of money spent into how decisions are made, by whom, and what their motivations are. Therefore, it is necessary to use the Zicklin Index to capture these concerns. This paper uses a larger, more

[1] The GEDs used in this example are Robert Gates (Defense), Leon Panetta (CIA, Defense), Elaine Chao (Labor, Transportation), Tom Ridge (Homeland Security), Sylvia Mathews Burwell (Health & Human Services), and Andrew Card (Chief of Staff).

comprehensive data set on government experienced directors and political disclosures than previously done in the literature.

This paper also contributes to the literature via quantile regression. Previous research on this relationship used an ordinary least squares (OLS) regression approach which measures results at variable means. However, the distribution of political disclosure levels is non-normal, weighted towards the lower and higher ends of the distribution (Figure 1). There are a number of firms with very low or very high levels of political disclosure. Quantile regression allows for examining the effect of government experienced directors at distinct parts of the distribution of political spending disclosure levels through the lens of potential agency theory and resource dependency theory concerns.

Results find the impact of government experienced directors on political disclosure experience the phenomenon of diminishing returns. Having GEDs on boards has less impact on disclosure rates the higher the existing political disclosure rate of the firm. Consistent with this finding, the results for OLS and quantile regressions are significantly different. For firms at low levels of political disclosure, putting GEDs on their boards significantly increases their disclosure in an effort to solve the principal-agent problem. However, as firms' political disclosure rates start to rise towards the mean, the impact of adding a GED to the board falls rapidly. Adding GEDs to boards may prompt firms to some moderate level of political disclosure but it will not achieve high disclosure rates. Firms who are already heavily involved in political lobbying activities do not see their disclosure rates affected as much by adding GEDs to their boards. Overall, the results suggest there may be cases where increased regulation is required to enhance transparency of firms' political activities.

2. Literature review and hypothesis development

This section will discuss some of the relevant literature and the theoretical background for the paper. The section will start with a discussion of research on benefits and drawbacks of corporate political activity. The resource dependency view will then be presented as an overarching framework

that leads to a discussion of how the issue represents an application of the agency problem within the resource dependency framework. The section concludes with illustrating how this problem leads to testable hypotheses.

Benefits and Drawbacks of Corporate Political Activity

Corporate political activity research examines how corporations interact with governments and political officials to attempt to influence their political environment in ways that benefit their economic activity (e.g., Funk & Hirschman, 2017; Lawton, et al. 2013). There are ethical arguments about whether political spending is problematic at the societal level due to its capacity to "pervert democracy" by allowing companies to hold disproportionate influence over public decision-making (Alzola, 2013) or if political activities are a legitimate way to improve their regulatory environments (e.g., Hillman, et al. 2004; Sutton, et al. 2021). While an interesting issue, the ethics of corporate political activity in general is beyond the scope of this paper. However, the impact of GEDs on the disclosure of political activity could be important for people interested in the ethics of this issue.

Corporate political activities often receive significant interest from the public and investors. For example, corporate political beliefs and behaviors can be scrutinized (Hadani & Schuler, 2013). Higher levels of voluntary corporate disclosure can signal transparency, improve communication with market participants, and facilitate better internal decision-making (Barth, et al. 2017; Christensen, 2016; DeBoskey & Luo, 2018; Wang & Zhang, 2022). Engaging in political activities to build connections and alliances with legislators and regulators can provide firms with access to information to better anticipate policy changes and improve performance (Schuler, et al. 2002). For example, lobbying can create or sustain barriers to entry (Morck, et al. 2001), improve credit access (Faccio, 2006), obtain more government contracts (Goldman et al., 2009), reduce effective tax rates (Adhikari, et al. 2006), obtain bailouts (Faccio, et al. 2006), delay or prevent takeovers (Croci, et al. 2017), avoid fraud detection (Yu & Yu, 2011) and reduce compliance expenses (Fisman & Wang, 2015). However,

political activities can lead to regulatory capture by giving firms substantial economic and political power over their competitors (Carpenter & Moss, 2014). When exploring the financial impact of corporate political activities, researchers often note the difficulties involved with untangling exogenous variables (e.g., Hadani & Schuler, 2013; Hadani, et al. 2017; Lin, 2019). This is particularly difficult in industries where several firms conduct a vast majority of political activities and others benefit from their efforts while engaging in little or no activities themselves (Brown, et al. 2019; Hillman, et al. 1999; Keim & Baysinger, 1988).

Related to firms' lobbying and political activities are bringing government experienced directors onto their boards. While government experienced directors can help firms navigate complex political environments, the political activity of large corporations can sometimes lead to conflicts of interest, negative media exposure, increased activist pressure, or stronger government regulation (Dicko, 2016; Sutton, et al. 2021). Furthermore, political strategy missteps can lead to "serious financial (e.g., loss of shareholder value), legal (e.g., criminal and civil penalties) and reputational risk (e.g., tarnished corporate reputations)" to firms, boards, and investors (Goh, et al. 2020, p. 4). Relatedly, political activities have the possibility to be a source of investor risk that can negatively impact shareholder value (e.g., Aggarwal, et al. 2012; Coates, 2012; Dahan, et al. 2013).

Government experienced directors can protect firms from harmful regulations that could destroy firm specific assets. In this way, political skills can be a valuable resource that allows firms to better interpret political and regulatory environments or for political party connected directors to utilize their ties to current state officials to generate firm resources (Hillman & Dalziel, 2003). Government experienced directors can be profitable for U.S. stock market firms (e.g., Faccio, 2006; Chen, et al. 2011), due in part to their political connections and knowledge of political systems (e.g., Agrawal & Knoeber, 2001; Goldman, et al. 2009, 2013). However, in certain instances, government experienced directors can negatively impact board and financial performance (You & Du, 2012). Compared to other

U.S. stock market company directors, government experienced directors missed more meetings, decreased governance quality, and allowed the government to monitor firm activity more closely (Kang & Zhang, 2018). Furthermore, corruption concerns may constrain the governance roles of government experienced directors, thereby increasing both the expected benefits and costs of their appointments (El Nayal, et al. 2021). Government experienced directors may also be beneficial for politicians and political parties since firms may have information or financial resources that politicians are interested in or sociopolitical support (Sun, et al. 2012).

Much corporate political activity research examines corporate political ties, "boundary-spanning personal and institutional linkages between firms and the constituent parts of public authorities" such as government officials and regulatory authorities (Faccio, 2006, p. 68). Political ties can impact firm performance (e.g., Cooper, et al. 2010; Goldman, et al. 2009; Fisman, 2001; Hillman, 2005) and alter their behaviors (Sun, et al. 2015) including by shaping corporate political strategies in developed and emerging economies (Oliver & Holzinger, 2008). Political ties are more common in larger firms (Faccio, 2006; Akcigit, et al. 2023). This suggests government experienced directors are more likely to be found at S&P 500 firms, like those examined in this study, than in indexes with smaller firms (e.g., Russell 3000).

As is common in corporate political activity research, both agency and resource dependency theories can be used to examine this situation because corporate political spending disclosures involve both instrumental economic and managerial perspectives (Frynas & Stephens, 2015). From an instrumental economic perspective, there is likely to be concern for the appropriateness of political spending being used as a strategic resource, as well as how firm leaders utilize political spending to benefit the company and its stock price. From a corporate governance perspective, investors are interested in how firm leaders utilize corporate resources. For corporate political spending, investors

are likely to be concerned about which politicians and political issues are receiving funds. Increased reporting levels can ensure investors that firm resources are being used appropriately.

Resource Dependency View

Corporate political activity researchers have utilized the resource dependency view to examine the influence of top executives on political strategy decisions and actions (e.g., Hadani, et al. 2017; Hillman, et al. 2004, 2009). For example, political contributions can, among other things, provide companies with access to politicians to write sympathetic legislation (Kalla and Broockman, 2016). Similarly, resource dependency theory has been used to illustrate how political ties can allow firms to control or mitigate external risks, increase the probability of obtaining state contracts, or protect themselves from competition (Hillman, 2005). Research has found that firms use political ties to access resources and improve their competitive positions, and that they are impact strategic decisions such as financial leverage and research and development levels (Tihanyi, et al. 2019). Banks with politically connected employees improved their financial positions by improving their regulatory environments (Braun & Raddatz, 2010).

Pascual-Fuster and Crespí-Cladera (2018) apply the resource dependence view to examine directors with political connections on Spanish Stock Exchange firms between 2004 and 2012. They found firms viewed these directors as similar in quality to other directors in terms of monitoring and advising, however, despite above average levels of board involvement, hiring government experienced directors may increase agency costs by reducing the board's capacity to control and advise. Similarly, another study found that relationship-based political capital can become a liability when firms have difficulty severing ties due to managerial self-interest or inertia (Sun, et al. 2012). This may result in maintaining political ties long after their value has deteriorated or despite a sizable increase in maintenance costs. This value erosion can occur gradually (i.e., incremental policy changes) (Sun, et al. 2010) or quickly and unexpectedly (i.e., sudden change in political regimes) (Siegel, 2007).

Similarly, a study of 1,808 Italian directors with government experience at 123 cooperative banks found that political ties resulted in private banks acting like state-owned banks to support the government's goals, which they argued could negatively impact banking activity at the societal level (Carretta, et al. 2012). From the resource dependency view, firms with directors that have well established political ties and interests may increase their levels of political spending disclosure over investor concerns about their use to pursue either personal political interests or as a strategic resource that will benefit the firm and its investors.

Resource dependency concerns focus on how firm leaders utilize corporate resources. From a resource dependency perspective, there is likely to be elevated concern regarding the appropriateness of political spending as a resource, generally, as well as about particular concern for how firm leaders utilize, monitor, and make decisions about political spending to benefit corporate strategy. This includes concern over which politicians and political issues are receiving these funds. In the case of government experienced directors, investors are likely to express concern about the influence of top executives on political strategy decisions and actions. While political ties and skills can, as mentioned, can help firms improve their competitive positions, it is also possible that, because government experienced directors often have relationship-based political capital that it can become a liability since firms can have a harder time severing these ties due to managerial self-interest or inertia, leading to value erosion. In this way, concern over the potential misuse of resources can result in companies increasing their level of political spending disclosures to ensure investors that their activities are value enhancing.

While few investors closely examine incoming director biographies beyond what is listed in public disclosures (Gow, et al. 2018), investors have shown interest in certain information about directors (Drake, et al. 2012). Specifically, agency theory argues that investors may demand more information about an activity when directors appear more likely to have incentives to use firm resources

to accomplish personal objectives, despite empirical research findings that political spending can generate significant financial benefits (Chen, et al. 2015). In addition, political spending can generate agency concerns over firm leaders' use of corporate resources to pursue personal political interests (Cao, et al. 2018). Therefore, political spending disclosures may increase to assure investors that the board is engaging in political activities that are for the benefit of the firm and not to fund their personal political motivations. A study of director appointments at Chinese firms challenged the resource dependency claim that boards with political capital can reduce uncertainty and deliver preferential resources (Sun, et al. 2016). They claim agency theory can better explain potential downsides of board member political capital, including exacerbating principal–agent problems by enabling them to use firm resources to pursue alternative political objectives.

Agency Theory

The principal-agent problem of government experienced directors can be viewed as occurring within a wider resource dependency framework. Agency theory can provide additional important insights into the specific incentive conflicts faced by government experienced directors. Increased political activity disclosures can align managerial actions and shareholder interests by improving political spending efficiency by pushing firms to engage in spending strategies that align with the interests of their shareholders. Relatedly, political spending behaviors are likely to be a larger concern when a firm has political officials serving on their board. Increased transparency can mitigate agency concerns about corruption and corporate leaders using firm resources to achieve personal interests. Agency theory has been used to model employees' political activities but, to the best of our knowledge, not in the context of government experienced directors (Marino, 2024). From the agency theory view, investors (principals) may expect higher disclosure levels when boards have corporate leaders (agents) with strong political ties and interests over agency cost concerns over their political spending strategies. In particular, to ensure these funds are being used to benefit the company and not to pursue their private

political interests. Firm leaders (executives and directors), often have personal incentives tied to corporate strategic decisions and outcomes that may not align with shareholder interests. From an agency theory perspective, investors may be more likely to increase their scrutiny of corporate political spending to ensure it is being used for the benefit of firm performance and not to pursue the personal interests of government experienced directors by allocating corporate funds for candidates and policies that align with their political interests.

Agency theory examines the relationship between the managers (agents) and shareholders (principals) of an organization with the goal of resolving their opposing interests (Donaldson & Davis, 1991). Accordingly, corporations are more likely to improve their overall financial performance and increase their stock price if they minimize "agency costs", the sum of monitoring costs, bonding costs and residual costs that which are the result of diverging interests of managers and owners and results in lost shareholder value (Jensen & Meckling, 1976). In the situation of political spending disclosure, firms with strong political ties, such as government experienced directors, may be more likely to have higher levels of political spending disclosure since investors are more likely to have agency cost concerns. From an agency theory perspective, firm leaders, including government experienced directors, may have personal incentives associated with corporate political spending that may not align with shareholder interests. In particular, investors are likely to increase their scrutiny of political spending to ensure it is being used for the benefit of the firm and not in pursuit of the personal interests of government experienced directors. Therefore, according to agency theory, disclosure levels ought to be higher for firms with government experienced directors to ensure investors that corporate funds are not being used to support candidates and issues specific to the agents, and instead are used to improve firm performance.

In previous research using agency theory, DeBoskey et al (2021) argued that publishing political spending information can mitigate agency concerns by increasing board accountability to stakeholders

and ensuring firm spending is consistent with shareholder values. Wang and Zhang (2022) examined the relationship of board functions to political spending disclosure levels. In line with agency theory, they found that greater board monitoring intensity was related to lower levels of political activity policies and political accountability, and that greater political transparency was associated with better operating performance, lower equity risk, and lower information asymmetry, and positively related to firm valuation. Goh, Liu and Tsang (2020) found higher levels of disclosure at firms with more political spending, more direct political connections and/or more investor activism. As noted, the relationship between firm level characteristics to political spending disclosure levels has been previously tested by This previous research used the PSD index to examine the relationship between government experienced directors and political spending disclosure levels from 2012 to 2016. However, the Zicklin Index only provided disclosure levels for the S&P 300 in 2014, and the S&P 200 in 2012 and 2013 (Goh, Liu and Tsang, 2020). This current paper solves this problem by using the 2017-2020 timeframe for which the Zicklin index is available for all S&P 500 firms every year.

Differential Impacts of Government Experienced Directors on Political Disclosure

This principal-agent problem can lead firms hiring GEDs to increase their disclosure of political activities. However, this effect will not be uniform across firms. Some firms are already highly transparent in terms of their political activities (high PSD score). At the other end of the distribution, there are firms with a history of opaqueness with regards to their political activities. These firms typically do not report their political activities. This behavior could be the result of corporate culture, industry, and/or leadership decisions.

The ideas in this section lead to the following testable hypotheses for the paper, listed below:

H1: The effect of having a GED on a board on political disclosure will decrease as a firm is higher on the distribution of the disclosure variable. Firms having very low levels of political disclosure are more likely to have their disclosure rates impacted by the presence of government experienced directors. Firms with very low levels of disclosure are more likely to change their disclosure behavior based on the presence of GEDs while firms who already have high levels of political disclosure are unlikely to see much increased disclosure from the presence of GEDs.

H2: The positive impact of lobbying intensity on disclosure decreases as disclosure rates rise. As firms become more likely to disclose, the effect of their lobbying is less important on that decision.

H3: Lobbying intensity will decrease the impact of government experienced directors on political disclosure. Firms who engage in heavy lobbying efforts are more politically engaged and may have already made decisions regarding which political activities they choose to disclose. This will be measured through a lobbying intensity*GED interaction variable.

3. Data and Methodology

The panel data set comprises 1,842 firm year observations. This data set is constructed through multiple data sources. The data set is an unbalanced panel. The primary dependent variable is the firm's level of political disclosure. This is represented through the Political Spending Disclosure (PSD) Index from the Center for Political Accountability at the University of Pennsylvania's Wharton School Zicklin Center for Business Ethics Research. This continuous variable measures a range of disclosure related activities including on lobbying, donations to political candidates, ballot measures, trade associations, and 527 and 501(c) groups, as well as public disclosure of corporate policies for determining where and how much money is spent, and if the firms have board committee policies and processes designed to determine, oversee, and disclose political spending decisions. The PSD Index is a well-accepted measure that has been cited in research published in high-ranking peer reviewed

journals (Goh, et al. 2020, Adrian, et al. 2022; Almaghrabi & Tsalavoutas, 2022). A full description of the 24 measures included in the Zicklin Center's Political Spending Disclosure Index Indicators and Score Assignment is provided in Appendix A.

The main independent variable of interest is the presence of Government Experienced Directors (GEDs) on a firm's board of directors. There are two different formulations of the GED variable used in the analysis. The first formulation of the GED variable is a dummy variable equal to one if a firm has at least one GED on their board and equal to zero otherwise. The second version of the GED variable is a dummy equal to one if the firm has two (or more) GEDs on the board and zero otherwise. Very few firms have more than two GEDs on their board making this version primarily a measurement of having two GEDs. The inclusion of GEDs in these variables is more comprehensive than has been done in previously in the literature. Prior research used employment data provided by BoardEx's Management Diagnostics Limited database (Goh, Liu and Tsang, 2020). However, the BoardEX employment data is incomplete for many directors, including for high profile GEDs such as unsuccessful Presidential or Vice Presidential candidates. In order to remedy these missing GEDs, we used the Security and Exchange Commission (SEC) DEF 14A "proxy statement (definitive)" filings for all firms in the S&P 500 during the period January 1, 2017 to December 31, 2020. Section 14 of the SEC Act requires publicly traded U.S. stock market companies to file a DEF 14A whenever a shareholder vote occurs. Alongside other important investor information, proxy statements include board member biographies which were closely scrutinized for every director. This has resulted in a GED variable which contains the first complete mapping of former U.S. politicians on the S&P 500 over a multiyear period.

To classify board political affiliations, the dates each government experienced director served and their political party affiliations were used. Consistent with Goldman, et al. (2009), the corporate boards were denoted as either Republican or Democratic party affiliated if they had only directors tied

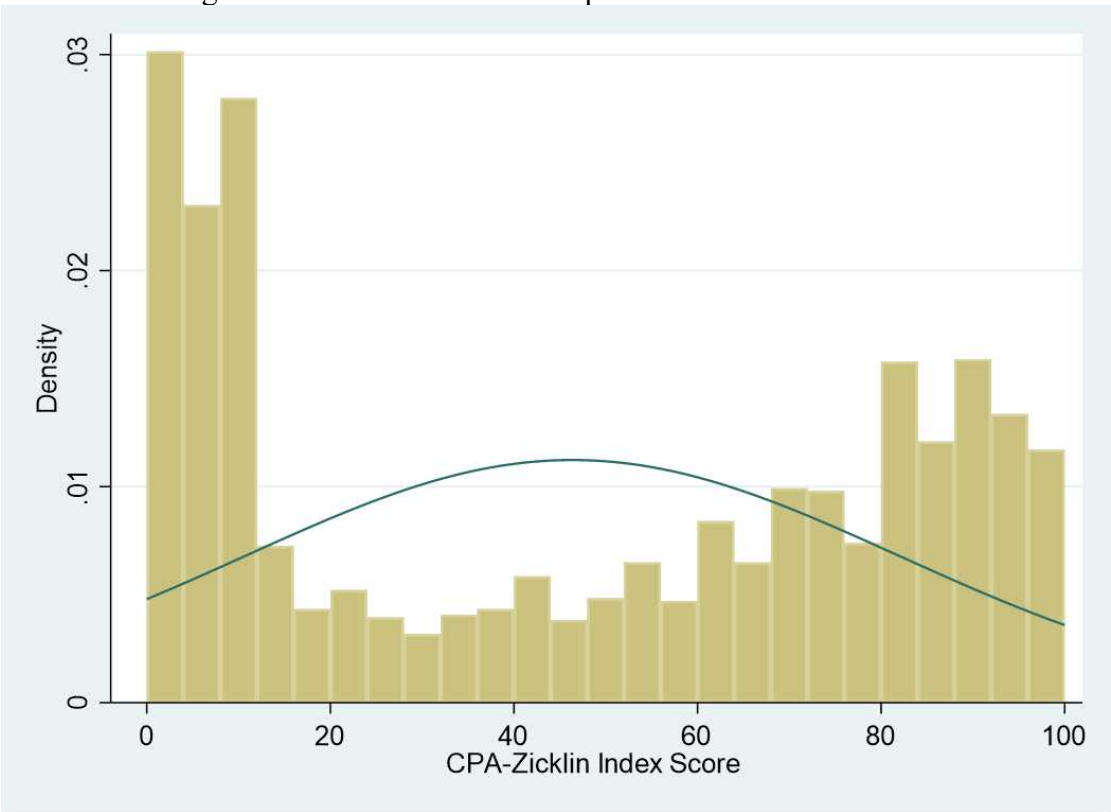
to those parties at any point during the calendar year. Unique to this study, boards were coded as mixed if they had at least one Republican and one Democratic affiliated director in the same year, and non-partisan if they had only government experienced directors without any publicly stated party affiliation. Prior research used one dummy variable for all "political boards", firms with government experienced directors, regardless of their party affiliations or the amount they had (Goh, Liu and Tsang, 2020). This paper builds on that approach with more political distinction variables for boards. Political orientations have been found to impact CEO behaviors (Han and Jung, 2023) so it is important to check if the results for board members vary based on their political affiliations.

The definition of what comprises a GED is also more comprehensive in this paper. The GED variable created in this paper includes all directors with experience in a high-level government position, not only those affiliated with a major U.S. political party. In this period, 206 firm year appointments were held by "non-partisan" government experienced directors. Many non-partisan directors had years of government experience prior to their qualifying political appointments. For example, military officials and career diplomats are less likely to publicly align with a political party and often work for years in non-Senate-confirmed government positions before receiving a Senate-approved appointment. Many non-partisan directors were appointed and voted into their roles by politicians from both major parties. Over half of non-partisan directors (123 of 206; 59.71%) had served in Senate-approved military positions. Military contracts can be a significant source of revenue for some firms and these connections may lead to increased attention from investors and regulators.

Consistent with the paper's hypotheses, the impact of GEDs on political disclosure is expected to vary based on the level of the firm's political disclosure. The first and second hypotheses propose that the impact of GEDs will be less significant at the tail ends of the distribution of the PSD variable. OLS regressions predict the average (conditional mean) relationship between variables, which implies that no matter where you analyze the distribution, the estimates of the relationship are assumed to be

the same. This works well in the case of normally distributed variables with effects that do not vary across the distribution. However, as illustrated in Figure 1, political spending disclosure levels are heavily skewed to the lower and upper ranges.

Figure 1: PSD Index levels compared to normal distribution



The quantile regression method allows researchers to estimate as many quantile regressions as they deem necessary and to identify differences in the effects of covariates along different parts of the distribution of the dependent variable, providing a more comprehensive characterization of the relationship between the dependent and independent variables (Hallock, et al. 2010). Examining the data visually with a quantile plot (Figure 2) suggests significant variation at various distributions levels when comparing boards with government experienced directors to those without them, based on the party affiliations of boards and those with multiple government experienced directors. Figure 3

provides a plot of the number of firms with differing numbers of GEDs on their boards. As one can see in the figure, the vast majority of firms have in the range of zero to two GEDs on their boards.

Figure 2: Quantile plot – PSD Index levels by political boards

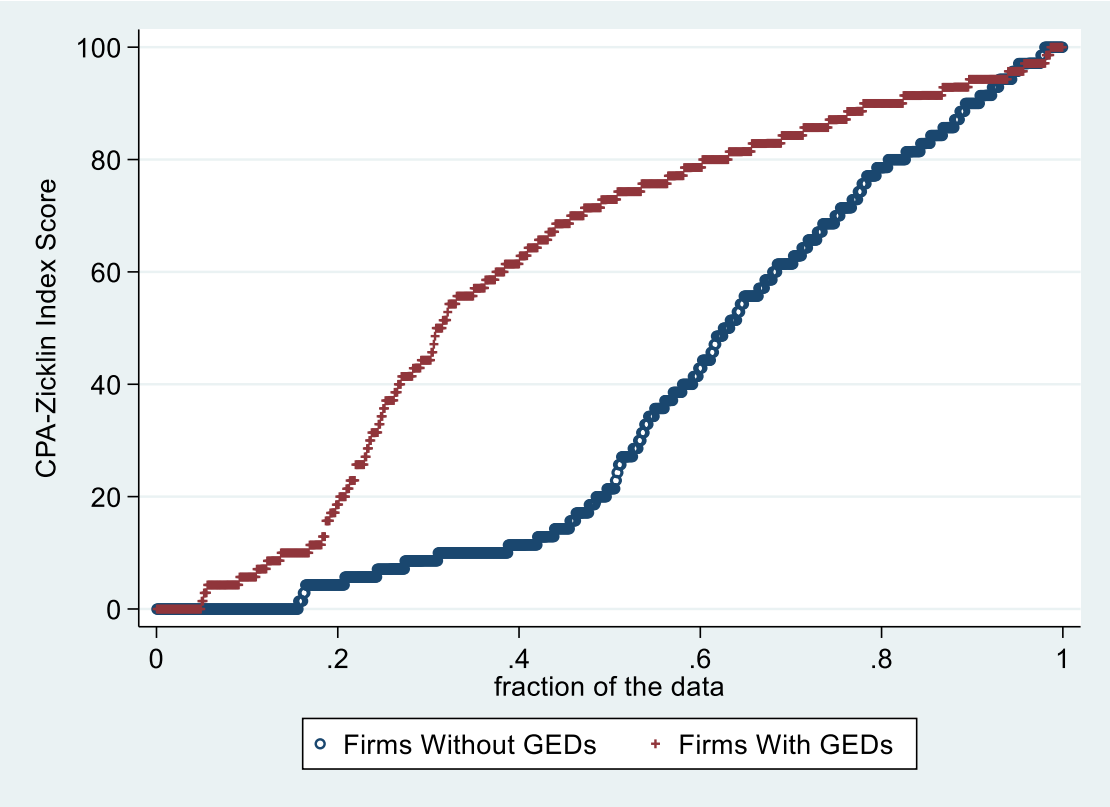
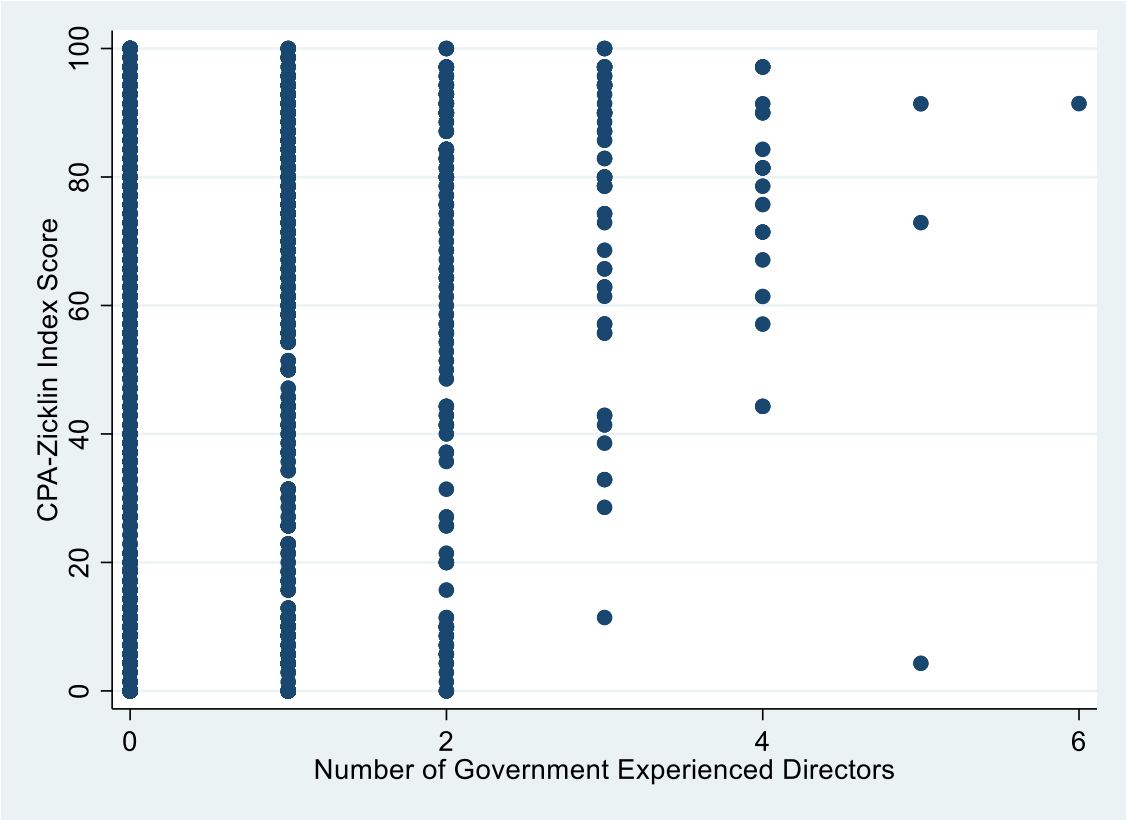


Figure 3: PSD Index, number of government experienced directors



The quantile regression methodology produces estimates at every decile of the distribution of the political disclosure variable rather than only at the mean. A quantile regression approach has been used previously in corporate governance research to examine if specific governance attributes have a quantitatively different effect across the distribution of the response variable, such as how the impact of women on corporate boards varies at different parts of the performance distribution (Conyon & He, 2017). To illustrate the difference in results between the OLS and quantile regression, the paper presents findings for both. The OLS model is similar to those used in previous research and is presented as a baseline. The quantile regression equation used in this study with regression results are presented at every tenth percentile which allows for the testing of the first and second hypotheses. The third hypothesis regarding the impact of lobbying is tested via the lobbying intensity*PSD interaction

variable in both the OLS and quantile regression approaches. Lobbying intensity is measured as firm lobbying spending as a percentage of their total assets.

The regression equation is contained in Equation 1 below:

(1) $D_{i,t} = \beta_0 + \beta_1 G_{i,t} + \beta_2 L_{i,t} + \beta_3 (L * G)_{i,t} + \beta_4 X_{i,t} + \beta_5 Y_t + \gamma_i + \varepsilon_{i,t}$

The dependent variable is the firm's score in the PSD Zicklin Index of political disclosure ($D_{i,t}$) and varies by firm (i) and by year (t). There are three main independent variables of interest: GED on board ($G_{i,t}$), lobbying intensity ($L_{i,t}$), lobbying intensity*GED interaction $(L * G)_{i,t}$. Regressions are run with GED on board as a dummy variable and in a second formulation with a dummy for two or more GEDs on a board. In addition to the variables of interest there are a number of firm level control variables used in the analysis designated as the vector of variables ($X_{i,t}$). This vector includes financial variables such as whether the firm restated its earnings, market capitalization, firm leverage levels (debt/equity), total assets, and return on assets. There are also politically oriented firm controls such as whether the firm's headquarters were located in a Republican state, firm headquarters in a state capital, and the percentage of the firm's revenue which comes from government contracts, and whether the firm received a shareholder political spending proposal that year. There are three other firm level controls. If the firm was listed in the S&P 500 for the entire sample period, Fortune magazine listed as one of the most ethical firms, and whether the firm was listed as one of the 100 best companies to work for by Fortune magazine. Regressions also contain a time trend (Y_t), industry dummies (γ_i), and an error term ($\varepsilon_{i,t}$). Some descriptive statistics for the variables are contained in Table 1 below.

Table 1. Descriptive Statistics

	Mean	Std.Dev	Min	Max
GED on Board	0.40	0.49	0.00	1.00
Multiple GEDs on Board	0.13	0.34	0.00	1.00
Lobbying Intensity	0.00	0.00	0.00	0.01
Core Firm	0.84	0.37	0.00	1.00
Ethical Firm	0.11	0.31	0.00	1.00
Fortune Best Firm	0.05	0.22	0.00	1.00
Political Resolution	0.11	0.32	0.00	1.00
Percent Institutional Owned	0.73	0.21	0.00	1.55
Restated Earnings	0.05	0.21	0.00	1.00
HQ in Republican State	0.42	0.49	0.00	1.00
HQ in State Capital	0.13	0.34	0.00	1.00
% Firm Revenue from Government	0.01	0.08	0.00	1.17
Total Assets (log)	10.10	1.29	7.19	15.04
Market Capitalization	3.24	1.01	0.52	7.41
Leverage (log)	5.11	1.45	0.00	11.25
ROA (log)	1.65	0.89	0.00	3.85

4. Empirical Results

Prior to running the regressions, some initial examinations were made of the data set. Initial investigation found a significant difference in average political disclosure levels between several political board types. As seen in Table 1, while the overall average PSD Index score for the entire data set was 46.35, firms with government experienced directors averaged 60.27. The average is even higher for boards with politically connected directors (60.93) and those with multiple government experienced directors (66.76). All boards with party affiliated directors exceeded the sample average. Mixed boards had the highest PSD Index levels (65.61), followed by Democratic (63.17) and Republican boards (56.58). Regardless of political affiliation, firms listed in the “ethical” or “prestigious” categorization had higher than average disclosure scores at 62.01 and 57.60, respectively.

The breakdown of PSD values by industry in Table 2 below provides some additional motivation for the quantile regressions. The average level of PSD in the sample is 46. However,

much higher levels of disclosure are found in some industries such as Utilities (66.6), Energy (53.5) and Health Care (54.3). On the other end of the spectrum are industries with much lower levels of disclosure such as Real Estate (20.7). All of the regressions include dummy variables for industry. Thus, any results from the tail ends of the PSD distributions consistent with the paper's hypotheses are accounting for unobserved industry effects.

Table 2. Zicklin Political Disclosure Index by Industry

Sector	Mean	Std.Dev	Min	Max
Consumer Discretionary	40.9	32.2	0	98.6
Consumer Staples	51.4	33.6	0	97.1
Energy	53.5	30.8	0	100
Financials	51.6	37.3	0	100
Health Care	54.3	35.1	0	100
Industrials	38.4	33.5	0	100
Information Technology	38.5	37.4	0	100
Materials	51.9	32.4	0	100
Real Estate	20.7	28.7	0	100
Telecommunication	38.0	30.7	0	97.1
Utilities	66.6	26.3	4.3	97.1

The finding that firms generally disclosure more of their political spending when they have former politicians on their boards is consistent with the agency theory perspective. Consistent with previous research, the OLS results show a positive effect of GEDs on disclosure. Results from the OLS regressions of government experienced directors on political disclosure are contained in Table 3. The quantile regressions in Table 4 use the GED variable defined as one or more GEDs on the board and defined as two or more GEDs for the quantile regressions in Table 5. As a robustness check, Appendix C contains results for boards based on the GED's party affiliation. Results are robust.

Table 3. OLS Regressions on Political Disclosure

	Min 1 GED	Min 2 GED
GED on Board	0.688***	
	(0.067)	
Multiple GEDs on Board		0.591***
		(0.091)
Lobbying Intensity	,108.328***	2,766.827***
	(590.031)	(577.670)
GED*Lobbying Interaction	4,020.052***	-2,471.898**
	(603.186)	(584.535)
Core Firm	0.683***	0.639***
	(0.082)	(0.083)
Ethical Firms	0.485***	0.558***
	(0.091)	(0.092)
Fortune Best Firm	0.189	0.156
	(0.133)	(0.136)
Political Resolution	-0.267***	-0.254***
	(0.094)	(0.096)
Institutional Ownership	0.174	0.200
	(0.139)	(0.142)
Restated Earnings	0.014	-0.013
	(0.135)	(0.137)
HQ in Republican State	0.120*	0.090
	(0.062)	(0.063)
HQ in State Capital	-0.073	-0.028
	(0.086)	(0.088)
Firm Revenue from Government	0.005	0.054
	(0.398)	(0.407)
Total Assets	0.328***	0.374***
	(0.047)	(0.048)
Market Cap	0.111**	0.115**
	(0.051)	(0.052)
Leverage	0.008	0.008
	(0.021)	(0.022)
ROA	-0.054	-0.026
	(0.044)	(0.044)
Time Trend	0.069***	0.074***
	(0.025)	(0.026)
Industry Fixed Effects	Yes	Yes
Observations	1,842	1,842
R-squared	0.358	0.336
F-statistic	37.47	33.93

Coefficients listed with standard errors in parentheses.

*** p<0.01, ** p<0.05, * p<0.1

As predicted by the first hypothesis (and shown in Tables 4 and 5), the quantile regressions show significantly different effects at the tail ends of the distribution. The magnitude of the coefficients at the 10^{th}, 50^{th} and 90^{th} percentiles are 1.26, .58, and .06, respectively. The coefficients are dramatically different across the distribution. Thus, OLS regressions will underestimate the impact of GEDs on disclosure for many firms and overestimate for many others. Using a quantile regression yields insights which cannot be gained from OLS regressions. The quantile results show a diminishing effect of adding GEDs to at board across the distribution. The large bump in disclosure rates from adding a GED on a board can only be expected for companies with low disclosure rates. At the higher levels of disclosure, the magnitude of the effect of adding a GED on disclosure becomes negligible.

The impact of lobbying intensity on political disclose falls throughout the distribution, consistent with the second hypothesis. The magnitude of the coefficients on lobbying intensity at the 10^{th}, 50^{th} and 90^{th} percentiles are 5459, 3483, and 747, respectively. Regression results are also consistent with the third hypothesis that the impact of government experienced directors on disclosure is lower for firms with more intensive lobbying. This is seen in the significant, negative results for the lobbying intensity*GED variable. Firms which are already heavily engaged in political lobbying have more exposure to the potential scrutiny of political activities. Adding a GED to their board will have less impact as the firms' stakeholders are more likely to already have an understanding of their political activity. The lobbying intensity*GED interaction term also experiences a diminishing impact as firms are higher on the disclosure distribution. The magnitude of the interaction coefficients at the 10^{th}, 50^{th} and 90^{th} percentiles are -5459, -3491, and -639, respectively.

Table 4. Quantile Regressions on Political Disclosure

	Q10	Q20	Q30	Q40	Q50	Q60	Q70	Q80	Q90
GED on Board	1.261***	0.947***	0.866***	0.714***	0.582***	0.385***	0.213***	0.108***	0.060***
	(0.130)	(0.134)	(0.104)	(0.096)	(0.091)	(0.079)	(0.074)	(0.042)	(0.021)
Lobbying Intensity	5,846.529***	5,306.277***	4,743.056***	4,622.518***	3,483.807***	3,281.870***	2,085.820***	1,191.358***	747.328***
	(1,150.955)	(1,185.310)	(920.146)	(849.104)	(805.070)	(701.887)	(656.744)	(371.017)	(188.598)
GED*Lobbying Interaction	-5,459.139***	-5,093.759***	-4,655.956***	-4,589.578***	-3,491.640***	-2,960.847***	-1,796.546***	-934.155**	-639.897***
	(1,176.613)	(1,211.733)	(940.658)	(868.032)	(823.017)	(717.534)	(671.384)	(379.288)	(192.803)
Core Firm	0.612***	1.083***	1.075***	1.031***	0.950***	0.914***	0.825***	0.344***	0.097***
	(0.160)	(0.164)	(0.128)	(0.118)	(0.112)	(0.097)	(0.091)	(0.051)	(0.026)
Ethical Firms	0.774***	0.498***	0.347**	0.368***	0.339***	0.237**	0.180*	0.125**	0.114***
	(0.178)	(0.183)	(0.142)	(0.131)	(0.124)	(0.108)	(0.101)	(0.057)	(0.029)
Fortune Best Firm	0.531**	0.374	0.206	0.289	0.123	0.058	0.030	0.022	0.011
	(0.260)	(0.268)	(0.208)	(0.192)	(0.182)	(0.158)	(0.148)	(0.084)	(0.043)
Political Resolution	-0.791***	-0.372**	-0.229	-0.251*	-0.220*	-0.157	-0.103	-0.127**	-0.097***
	(0.183)	(0.188)	(0.146)	(0.135)	(0.128)	(0.112)	(0.104)	(0.059)	(0.030)
Institutional Ownership	0.334	0.171	0.035	-0.013	-0.084	0.019	-0.041	-0.011	-0.007
	(0.269)	(0.277)	(0.215)	(0.198)	(0.188)	(0.164)	(0.153)	(0.087)	(0.044)
Restated Earnings	0.050	-0.017	0.061	0.134	0.007	-0.059	-0.041	-0.056	-0.036
	(0.263)	(0.271)	(0.210)	(0.194)	(0.184)	(0.160)	(0.150)	(0.085)	(0.043)
HQ in Republican State	0.325***	0.254**	0.138	0.045	0.038	0.025	-0.075	-0.062	-0.027
	(0.122)	(0.125)	(0.097)	(0.090)	(0.085)	(0.074)	(0.069)	(0.039)	(0.020)
HQ in State Capital	-0.430**	-0.357**	-0.252*	-0.135	-0.103	-0.053	0.002	-0.014	0.013
	(0.169)	(0.174)	(0.135)	(0.124)	(0.118)	(0.103)	(0.096)	(0.054)	(0.028)
Firm Revenue from Govt	-1.315*	0.174	0.444	0.593	0.481	0.270	0.376	0.124	0.072
	(0.775)	(0.798)	(0.619)	(0.571)	(0.542)	(0.472)	(0.442)	(0.250)	(0.127)
Total Assets	0.477***	0.361***	0.281***	0.294***	0.181***	0.131**	0.137***	0.088***	0.065***
	(0.092)	(0.095)	(0.074)	(0.068)	(0.065)	(0.056)	(0.053)	(0.030)	(0.015)
Market Cap	0.228**	0.173*	0.160**	0.097	0.173**	0.126**	0.015	0.027	0.027*
	(0.099)	(0.102)	(0.079)	(0.073)	(0.069)	(0.060)	(0.056)	(0.032)	(0.016)
Leverage	0.094**	0.105**	0.044	0.003	0.001	0.004	0.017	0.004	0.010
	(0.042)	(0.043)	(0.033)	(0.031)	(0.029)	(0.025)	(0.024)	(0.013)	(0.007)
ROA	-0.080	-0.039	-0.135**	-0.137**	-0.103*	-0.061	-0.038	-0.024	-0.018
	(0.085)	(0.088)	(0.068)	(0.063)	(0.060)	(0.052)	(0.049)	(0.027)	(0.014)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842
Pseudo R2	0.295	0.286	0.278	0.277	0.232	0.175	0.118	0.0743	0.0425

Coefficients listed with standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 5. Quantile Regressions on Political Disclosure, Multiple GEDs

	Q10	Q20	Q30	Q40	Q50	Q60	Q70	Q80	Q90
Multiple GEDs on Board	1.182***	0.685***	0.515***	0.376***	0.253**	0.153	0.116	0.099*	0.067**
	(0.223)	(0.146)	(0.146)	(0.138)	(0.122)	(0.099)	(0.091)	(0.054)	(0.031)
Lobbying Intensity	3,989.504***	3,141.629***	2,869.853***	2,406.499***	2,370.530***	2,081.647***	1,428.364**	913.463***	574.853***
	(1,407.653)	(922.994)	(923.467)	(874.645)	(770.280)	(628.357)	(577.518)	(343.636)	(197.320)
GED*Lobbying Interaction	-3,597.538**	-2,851.392***	-2,686.090***	-2,350.012***	-1,236.786	-1,166.325*	-797.645	-550.785	-287.917
	(1,424.379)	(933.960)	(934.439)	(885.037)	(779.432)	(635.823)	(584.380)	(347.719)	(199.665)
Core Firm	0.459**	0.979***	0.905***	0.945***	0.826***	1.051***	0.863***	0.324***	0.120***
	(0.202)	(0.133)	(0.133)	(0.126)	(0.111)	(0.090)	(0.083)	(0.049)	(0.028)
Ethical Firms	1.197***	0.761***	0.559***	0.389***	0.415***	0.238**	0.143	0.119**	0.097***
	(0.225)	(0.147)	(0.147)	(0.140)	(0.123)	(0.100)	(0.092)	(0.055)	(0.032)
Fortune Best Firm	0.377	0.223	0.269	0.258	0.241	0.017	-0.011	0.011	0.018
	(0.332)	(0.218)	(0.218)	(0.206)	(0.182)	(0.148)	(0.136)	(0.081)	(0.047)
Political Resolution	-0.410*	-0.458***	-0.272*	-0.231	-0.206	-0.146	-0.138	-0.139**	-0.101***
	(0.233)	(0.153)	(0.153)	(0.145)	(0.127)	(0.104)	(0.096)	(0.057)	(0.033)
Institutional Ownership	0.530	0.224	0.171	0.133	-0.020	-0.018	-0.058	-0.057	-0.009
	(0.342)	(0.224)	(0.224)	(0.212)	(0.187)	(0.153)	(0.140)	(0.083)	(0.048)
Restated Earnings	-0.228	-0.043	0.069	0.133	0.021	-0.080	-0.052	-0.053	-0.054
	(0.334)	(0.219)	(0.219)	(0.208)	(0.183)	(0.149)	(0.137)	(0.082)	(0.047)
HQ in Republican State	0.434***	0.232**	-0.036	-0.102	0.019	0.015	-0.064	-0.060	-0.028
	(0.154)	(0.101)	(0.101)	(0.096)	(0.085)	(0.069)	(0.063)	(0.038)	(0.022)
HQ in State Capital	-0.153	-0.243*	-0.144	-0.026	-0.055	-0.069	-0.046	0.012	0.014
	(0.214)	(0.140)	(0.140)	(0.133)	(0.117)	(0.095)	(0.088)	(0.052)	(0.030)
Firm Revenue from Govt	-0.008	0.652	0.445	0.503	0.165	0.068	0.132	0.002	0.023
	(0.991)	(0.650)	(0.650)	(0.616)	(0.542)	(0.442)	(0.407)	(0.242)	(0.139)
Total Assets	0.618***	0.509***	0.387***	0.328***	0.290***	0.159***	0.146***	0.089***	0.066***
	(0.117)	(0.076)	(0.077)	(0.072)	(0.064)	(0.052)	(0.048)	(0.028)	(0.016)
Market Cap	0.165	0.171**	0.199**	0.156**	0.127*	0.117**	0.026	0.025	0.021
	(0.126)	(0.083)	(0.083)	(0.078)	(0.069)	(0.056)	(0.052)	(0.031)	(0.018)
Leverage	0.030	0.085**	0.077**	-0.010	-0.006	0.005	0.010	0.006	0.009
	(0.053)	(0.035)	(0.035)	(0.033)	(0.029)	(0.024)	(0.022)	(0.013)	(0.007)
ROA	0.084	-0.041	-0.099	-0.080	-0.039	-0.088*	-0.029	-0.013	-0.017
	(0.108)	(0.071)	(0.071)	(0.067)	(0.059)	(0.048)	(0.044)	(0.026)	(0.015)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842
Pseudo R2	0.274	0.271	0.261	0.258	0.216	0.164	0.111	0.0718	0.0426

Coefficients listed with standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

5. Conclusion

The paper's results have implications for both the literature and practice. For the literature, the paper provides a new dataset of government experienced directors based on a more comprehensive inclusion criteria. The paper shows the merits of utilizing a quantile regression methodology. Previous results in the literature from OLS analyses may be misestimating the impact of GEDs on political disclosure by only accounting for the impact of firms around the mean values. Of particular concern is the rapidly diminishing effect on disclosure from adding a GED to boards as disclosure rates increase. These results imply that future research needs to take a more granular approach to firms when examining their political activities as their behavior is not uniform.

With the reduction of ethical requirements for cabinet members leaving office and increased political donations by firms, the issue of government experienced directors takes on extra urgency. Companies contributed more than $1 billion to the last presidential election cycle with much of those funds being "dark money" which is not publicly accountable. Executive orders which established longer waiting periods for cabinet members taking related jobs in the private sector have been rescinded. These two conditions are occurring at the same time as the number of government experienced directors on boards is rising. In order to protect firms from the conflicted incentives of these government experienced directors and the scrutiny of investors, there needs to be increased disclosure of firms' political activities. For firms with low levels of disclosure who are not heavily involved in lobbying, they should expect that hiring a former political official to their board may result in them being "nudged" by investors to disclosure more information on their political spending levels and policies. However, since political spending practices can be an important strategy action that can create more supportive regulatory and legislative outcomes, increased disclosure levels could require them to discuss an important

component of their strategy. For that reason, companies might see the decision to hire a government experienced director as a strategic trade-off since increasing political ties appears likely to result in increased political spending transparency. Also, if former political officials have a waiting period to become lobbyists, they might decide to join a corporate board of directors where there is no such delay. Companies might could see this as a strategy to speed up this timeline. The paper's results also suggest that the market will not spur on disclosure from firms across the distribution and that regulations on the disclosure of political activities may be required. The government may also want to consider closing the "loophole" which imposes waiting periods on lobbying after government service but places no such restriction on board positions.

Appendix A. Zicklin PSD Index indicators and score assignment

		Indicator	Max Score
DISCLOSURE	1	Does the company publicly disclose corporate contributions to **political candidates, parties, and committees**, including recipient names and amounts given?	4
	2	Does the company publicly disclose payments to **527 groups,** such as governors associations and super PACs, including recipient names and amounts given?	4
	3	Does the company publicly disclose **independent political expenditures** made in direct support of or opposition to a campaign, including recipient names and amounts given?	4
	4	Does the company publicly disclose payments to **trade associations** that the recipient organization may use for political purposes?	6
	5	Does the company publicly disclose payments to **other tax-exempt organizations**, such as 501(c)(4)s, that the recipient may use for political purposes?	6
	6	Does the company publicly disclose a list of the amounts and recipients of payments **made by trade associations or other tax exempt organizations** of which the company is either a member or donor?	2
	7	Does the company publicly disclose payments made to influence the outcome of **ballot measures**, including recipient names and amounts given?	4
	8	Does the company publicly disclose the company's **senior managers** (by **position/title** of the individuals involved) who have final authority over the company's political spending decisions?	2
	9	Does the company publicly disclose an **archive** of each political expenditure report, including all direct and/or indirect contributions, for each year since the company began disclosing the information (or at least for the past five years)?	4
POLICY	10	Does the company disclose a **detailed policy** governing its political expenditures from corporate funds?	6
	11	Does the company have a publicly available policy permitting political contributions only through voluntary employee-funded PAC contributions?	Y
	12	Does the company have a publicly available policy stating that all of its contributions will **promote the interests of the company** and will be made **without regard for** the **private political preferences** of executives?	2
	13	Does the company publicly describe the **types of entities** considered to be proper recipients of the company's political spending?	2
	14	Does the company publicly describe its **public policy positions** that become the basis for its spending decisions with corporate funds?	2
	15	Does the company have a public policy **requiring senior managers to oversee** and have final authority over all of the company's political spending?	2

	16	Does the company have a publicly available policy that the **board of directors regularly oversees** the company's corporate political activity?	2
OVERSIGHT	17	Does the company have a **specified board committee** that **reviews** the company's **policy** on political expenditures?	2
	18	Does the company have a **specified board committee** that **reviews** the company's political **expenditures** made with corporate funds?	2
	19	Does the company have a **specified board committee** that **reviews** the company's **payments to trade associations and other tax-exempt organizations** that may be used for political purposes?	2
	20	Does the company have a **specified board committee** that **approves** political **expenditures** from corporate funds?	2
	21	Does the company have a **specified board committee**, composed entirely of **outside directors**, that oversees its political activity?	2
	22	Does the company post on its website a detailed report of its political spending with corporate funds **semiannually**?	4
	23	Does the company make available a **dedicated political disclosure web page** found through search or accessible within **three mouse-clicks** from homepage?	2
	24	Does the company disclose an internal process for or an affirmative statement on **ensuring compliance** with its political spending policy?	2
			70

Appendix B. Variable Descriptions

Political Spending Disclosure Index Score	
PSD (CPA-Zicklin) Index Scores	A firm's overall political spending disclosure (PSD) index score, measured as the sum of the scores of all indicators obtained from the CPA-Zicklin PSD Index. See Appendix A for details of each indicator.
Major Variables of Interest	
S&P 500 Firm	An indicator variable that equals 1 if the firm was listed as a member of the S&P 500 Index at any point during the calendar year
Political Board	An indicator variable that equals 1 if any member of the board has previous work experience in the U.S. government. This includes having served as a locally elected political official, in Congress, the Senate, worked in White House, a Senate-appointed position or for a party-affiliated organization. Information was hand-collected from DEF 14A director biographies.
Party Connected Board	An indicator variable that equals 1 if any member of the board has previous work experience in the U.S. government and has represented either the Republican or Democratic parties or has publicly aligned with either party. This includes having served as a locally elected political official, in Congress, the Senate, worked in White House, a Senate-appointed position or for a party-affiliated organization. Information was hand-collected from DEF 14A director biographies.
Multiple Directors	An indicator variable that equals 1 if the firm had more than one member of the board during the calendar that had previous work experience in the U.S. government.
Appointed board	An indicator variable that equals 1 if at least one member of the board had served in a Senate-approved U.S. government position, regardless of party affiliation.
Republican Board	An indicator variable that equals 1 if the political party that members of the board with previous work experience in the U.S. government were associated with while in their political positions was the Republican party.
Democratic Board	An indicator variable that equals 1 if the political party that members of the board with previous work experience in the U.S. government were associated with while in their political positions was the Democratic party.
Mixed Board	An indicator variable that equals 1 if members of the board of directors with previous work experience in the U.S. government have been associated with both the Republican and Democratic parties.
Non-partisan Board	An indicator variable that equals 1 if members of the board with previous work experience in the U.S. government have no publicly listed associated with either the Republican or Democratic parties.
Elected board	An indicator variable that equals 1 if at least one member of the board had been elected to a U.S. government office, either federal, state, or local, regardless of the party they represented.

Appointed board	An indicator variable that equals 1 if at least one member of the board had served in a Senate-approved U.S. government position, regardless of party affiliation.
Military board	An indicator variable that equals 1 if at least one member of the board had served in a Senate-approved U.S. military.
White House board	An indicator variable that equals 1 if at least one member of the board had worked as a White House official.
Ambassador board	An indicator variable that equals 1 if at least one member of the board had served as an ambassador, including as a Trade Ambassador, regardless of party affiliation.
Core Firm	An indicator variable that equals 1 if the firm was included on the S&P 500 for the entirety of the period. This is a distinction made by the CPA-Zicklin Center to discuss their results.
Ethical Firm	An indicator variable that equals 1 if a firm had been selected as one of Ethisphere Magazine's 'World's Most Ethical Companies' during the calendar year
Best Firm	An indicator variable that equals 1 if a firm had been selected as one of Fortune Magazine's '100 Best Companies to Work For' during the calendar year
Accounting related control variables	
Restate	An indicator variable that equals 1 if a firm restated its earnings from the previous year.
Political Resolution	An indicator variable that equals 1 if a firm had received a shareholder proposals specifically related to political spending or political spending disclosure at that year's annual shareholder meeting.
Assets	A firm's total assets.
Government Revenue	Percentage of total revenue that came from government contracts.
Institutional Ownership	Percentage (of shares outstanding) owned by institutional owners (HHI Index).
Market Capitalization	A firm's total market capitalization.
Leverage	The ratio of total debt to total equity x 100.
ROA	Return on assets, measured as (income before extraordinary items scaled by total assets) × 100.
Political Variables	
State Capital	An indicator variable that equals 1 if a firm is located in a state capital.
Republican State – 2016	An indicator variable that equals 1 (0) if a firm is located in a state/district where the majority of voters voted Republican (Democrat) in the 2016 presidential election.
Lobbying Intensity	The company's annual lobbying amount scaled by total assets.

Appendix C. Party Connected Board Results

As a robustness check, the quantile regressions were also run based on whether the GED(s) on their board were primarily affiliated with the Republican party, Democratic party, or if they were mixed affiliations among the GEDs. with boards that had a party affiliation. This was done to see whether party affiliation would affect the impact of GEDs on political disclosure. Results from the tables below show results are consistent across these party classifications. The diminishing impact of GEDs, lobbying intensity, and the lobbying intensity*GED interaction on disclosure rates across the distribution are consistent with the results in the body of the paper.

Table A1. Quantile Regressions on Political Disclosure, Republican GEDs

	Q10	Q20	Q30	Q40	Q50	Q60	Q70	Q80	Q90
Republican GED	0.681***	0.364***	0.360**	0.314**	0.206*	0.197**	0.097	0.074	0.036
	(0.207)	(0.129)	(0.149)	(0.128)	(0.108)	(0.096)	(0.087)	(0.049)	(0.028)
Lobbying Intensity	3,273.637**	2,780.741***	2,653.984***	3,016.404***	2,137.629***	2,095.142***	1,356.608**	819.212**	622.521***
	(1,426.848)	(891.546)	(1,025.744)	(883.047)	(747.029)	(658.107)	(602.247)	(340.231)	(194.795)
GED*Lobbying Interaction	-2,941.687**	-2,530.750***	-2,517.352**	-2,837.568***	-1,221.310	-1,214.542*	-800.477	-431.385	-385.968*
	(1,449.780)	(905.875)	(1,042.229)	(897.239)	(759.035)	(668.684)	(611.926)	(345.699)	(197.926)
Core Firm	0.638***	1.012***	0.902***	1.009***	0.900***	0.970***	0.868***	0.315***	0.125***
	(0.205)	(0.128)	(0.147)	(0.127)	(0.107)	(0.094)	(0.086)	(0.049)	(0.028)
Ethical Firms	1.123***	0.719***	0.522***	0.450***	0.440***	0.267**	0.194**	0.168***	0.104***
	(0.227)	(0.142)	(0.163)	(0.141)	(0.119)	(0.105)	(0.096)	(0.054)	(0.031)
Fortune Best Firm	0.290	0.454**	0.387	0.326	0.278	0.098	0.078	0.040	0.003
	(0.333)	(0.208)	(0.240)	(0.206)	(0.175)	(0.154)	(0.141)	(0.079)	(0.046)
Political Resolution	-0.480**	-0.446***	-0.266	-0.267*	-0.245**	-0.184*	-0.118	-0.113**	-0.105***
	(0.235)	(0.147)	(0.169)	(0.145)	(0.123)	(0.108)	(0.099)	(0.056)	(0.032)
Institutional Ownership	0.407	0.173	0.145	0.073	-0.013	-0.026	-0.026	-0.038	0.011
	(0.345)	(0.216)	(0.248)	(0.214)	(0.181)	(0.159)	(0.146)	(0.082)	(0.047)
Restated Earnings	0.045	0.078	0.094	0.217	0.068	-0.027	-0.066	-0.024	-0.049
	(0.338)	(0.211)	(0.243)	(0.209)	(0.177)	(0.156)	(0.142)	(0.081)	(0.046)
HQ in Republican State	0.347**	0.220**	-0.034	-0.099	0.021	0.037	-0.071	-0.064*	-0.031
	(0.156)	(0.098)	(0.112)	(0.097)	(0.082)	(0.072)	(0.066)	(0.037)	(0.021)
HQ in State Capital	-0.030	-0.147	-0.140	-0.086	-0.022	-0.070	-0.034	-0.000	-0.003
	(0.216)	(0.135)	(0.155)	(0.134)	(0.113)	(0.100)	(0.091)	(0.051)	(0.029)
Firm Revenue from Government	-0.612	1.187*	1.075	0.782	0.445	0.436	0.499	0.270	0.083
	(0.988)	(0.617)	(0.710)	(0.611)	(0.517)	(0.456)	(0.417)	(0.236)	(0.135)
Total Assets	0.622***	0.532***	0.430***	0.369***	0.289***	0.193***	0.141***	0.096***	0.075***
	(0.118)	(0.074)	(0.085)	(0.073)	(0.062)	(0.054)	(0.050)	(0.028)	(0.016)
Market Cap	0.129	0.159**	0.164*	0.123	0.134**	0.127**	0.038	0.022	0.022
	(0.127)	(0.079)	(0.091)	(0.079)	(0.067)	(0.059)	(0.054)	(0.030)	(0.017)
Leverage	0.070	0.099***	0.076**	0.012	0.011	0.002	0.014	0.005	0.012*
	(0.054)	(0.033)	(0.038)	(0.033)	(0.028)	(0.025)	(0.023)	(0.013)	(0.007)
ROA	0.039	-0.013	-0.101	-0.108	-0.052	-0.069	-0.037	-0.019	-0.013
	(0.109)	(0.068)	(0.078)	(0.067)	(0.057)	(0.050)	(0.046)	(0.026)	(0.015)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842
Pseudo R2	0.266	0.263	0.254	0.255	0.216	0.163	0.111	0.0713	0.0413

Coefficients listed with standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A2. Quantile Regressions on Political Disclosure, Democrat GED

	Q10	Q20	Q30	Q40	Q50	Q60	Q70	Q80	Q90
Democrat GED	0.799***	0.462***	0.459***	0.413***	0.345***	0.145	0.074	0.045	0.006
	(0.207)	(0.149)	(0.142)	(0.127)	(0.106)	(0.099)	(0.085)	(0.055)	(0.028)
Lobbying Intensity	4,531.972***	2,427.611**	2,778.493***	2,609.252***	2,941.068***	2,139.424***	1,265.809**	959.764***	573.989***
	(1,394.073)	(1,005.353)	(957.998)	(857.925)	(712.734)	(668.282)	(572.901)	(368.263)	(189.916)
GED*Lobbying Interaction	-4,027.345***	-2,091.204**	-2,602.475***	-1,944.167**	-1,861.493***	-1,284.147*	-659.952	-596.850	-342.690*
	(1,410.516)	(1,017.211)	(969.298)	(868.044)	(721.140)	(676.164)	(579.658)	(372.606)	(192.156)
Core Firm	0.479**	0.905***	0.909***	0.944***	0.891***	1.011***	0.857***	0.325***	0.111***
	(0.200)	(0.144)	(0.138)	(0.123)	(0.102)	(0.096)	(0.082)	(0.053)	(0.027)
Ethical Firms	1.152***	0.508***	0.490***	0.413***	0.362***	0.258**	0.148	0.140**	0.096***
	(0.224)	(0.161)	(0.154)	(0.138)	(0.114)	(0.107)	(0.092)	(0.059)	(0.030)
Fortune Best Firm	0.559*	0.423*	0.419*	0.253	0.346**	0.161	0.085	0.043	0.009
	(0.327)	(0.236)	(0.225)	(0.201)	(0.167)	(0.157)	(0.134)	(0.086)	(0.045)
Political Resolution	-0.596***	-0.366**	-0.253	-0.194	-0.165	-0.133	-0.107	-0.123**	-0.095***
	(0.230)	(0.166)	(0.158)	(0.141)	(0.117)	(0.110)	(0.094)	(0.061)	(0.031)
Institutional Ownership	0.403	0.207	0.165	0.070	0.007	0.015	-0.036	-0.042	0.001
	(0.338)	(0.244)	(0.232)	(0.208)	(0.173)	(0.162)	(0.139)	(0.089)	(0.046)
Restated Earnings	0.033	0.076	0.113	0.175	0.031	-0.061	-0.109	-0.026	-0.056
	(0.331)	(0.238)	(0.227)	(0.203)	(0.169)	(0.158)	(0.136)	(0.087)	(0.045)
HQ in Republican State	0.481***	0.253**	0.004	-0.038	0.049	0.014	-0.067	-0.061	-0.014
	(0.153)	(0.110)	(0.105)	(0.094)	(0.078)	(0.073)	(0.063)	(0.040)	(0.021)
HQ in State Capital	-0.177	-0.210	-0.086	-0.013	-0.063	-0.057	-0.056	-0.019	0.002
	(0.212)	(0.153)	(0.146)	(0.130)	(0.108)	(0.102)	(0.087)	(0.056)	(0.029)
Firm Revenue from Government	-0.241	0.686	0.750	0.380	0.072	0.177	0.302	0.167	0.088
	(0.971)	(0.700)	(0.667)	(0.598)	(0.496)	(0.465)	(0.399)	(0.257)	(0.132)
Total Assets	0.584***	0.478***	0.412***	0.338***	0.302***	0.166***	0.140***	0.093***	0.064***
	(0.116)	(0.084)	(0.080)	(0.071)	(0.059)	(0.056)	(0.048)	(0.031)	(0.016)
Market Cap	0.166	0.201**	0.126	0.123	0.099	0.128**	0.032	0.028	0.030*
	(0.124)	(0.090)	(0.085)	(0.077)	(0.064)	(0.060)	(0.051)	(0.033)	(0.017)
Leverage	0.142***	0.147***	0.071**	0.000	0.000	-0.001	0.009	0.006	0.012*
	(0.052)	(0.038)	(0.036)	(0.032)	(0.027)	(0.025)	(0.022)	(0.014)	(0.007)
ROA	-0.012	-0.032	-0.114	-0.098	-0.049	-0.093*	-0.039	-0.024	-0.016
	(0.107)	(0.077)	(0.074)	(0.066)	(0.055)	(0.051)	(0.044)	(0.028)	(0.015)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842
Pseudo R2	0.266	0.264	0.256	0.258	0.220	0.164	0.111	0.0707	0.0407

Coefficients listed with standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A3. Quantile Regressions on Political Disclosure, Mixed Party GEDs

	Q10	Q20	Q30	Q40	Q50	Q60	Q70	Q80	Q90
Mixed GEDs on Board	0.790**	0.289	0.259	0.146	0.073	0.065	0.057	0.055	0.038
	(0.335)	(0.214)	(0.213)	(0.198)	(0.160)	(0.140)	(0.121)	(0.074)	(0.042)
Lobbying Intensity	3,857.923**	2,243.705**	2,460.900**	2,416.006***	1,832.618**	2,067.259***	1,259.033**	892.977***	577.271***
	(1,533.714)	(978.335)	(974.302)	(906.961)	(733.727)	(639.964)	(551.371)	(339.992)	(192.333)
GED*Lobbying Interaction	-3,429.110**	-1,954.192**	-2,278.144**	-2,179.462**	-735.644	-964.588	-630.433	-348.036	-300.542
	(1,550.494)	(989.039)	(984.961)	(916.883)	(741.755)	(646.966)	(557.403)	(343.712)	(194.438)
Core Firm	0.446**	0.877***	0.913***	0.907***	0.834***	0.985***	0.869***	0.321***	0.117***
	(0.222)	(0.142)	(0.141)	(0.131)	(0.106)	(0.093)	(0.080)	(0.049)	(0.028)
Ethical Firms	1.354***	0.734***	0.526***	0.406***	0.394***	0.262**	0.159*	0.140**	0.100***
	(0.246)	(0.157)	(0.156)	(0.146)	(0.118)	(0.103)	(0.088)	(0.055)	(0.031)
Fortune Best Firm	0.393	0.216	0.251	0.304	0.314*	0.105	0.054	0.027	0.016
	(0.364)	(0.232)	(0.231)	(0.215)	(0.174)	(0.152)	(0.131)	(0.081)	(0.046)
Political Resolution	-0.529**	-0.416**	-0.321**	-0.207	-0.205*	-0.163	-0.094	-0.126**	-0.091***
	(0.254)	(0.162)	(0.162)	(0.150)	(0.122)	(0.106)	(0.091)	(0.056)	(0.032)
Institutional Ownership	0.541	0.259	0.201	0.086	-0.011	-0.015	0.002	-0.056	-0.001
	(0.374)	(0.239)	(0.238)	(0.221)	(0.179)	(0.156)	(0.135)	(0.083)	(0.047)
Restated Earnings	-0.100	-0.046	0.056	0.153	0.074	-0.080	-0.073	-0.038	-0.062
	(0.366)	(0.234)	(0.233)	(0.217)	(0.175)	(0.153)	(0.132)	(0.081)	(0.046)
HQ in Republican State	0.373**	0.170	-0.091	-0.117	0.030	0.004	-0.070	-0.063*	-0.026
	(0.169)	(0.108)	(0.108)	(0.100)	(0.081)	(0.071)	(0.061)	(0.038)	(0.021)
HQ in State Capital	-0.170	-0.245	-0.122	-0.033	-0.058	-0.055	-0.034	-0.002	0.016
	(0.234)	(0.149)	(0.149)	(0.139)	(0.112)	(0.098)	(0.084)	(0.052)	(0.029)
Firm Revenue from Government	-0.115	0.778	0.956	0.758	0.356	0.202	0.219	0.073	0.063
	(1.071)	(0.683)	(0.680)	(0.633)	(0.512)	(0.447)	(0.385)	(0.237)	(0.134)
Total Assets	0.672***	0.574***	0.415***	0.366***	0.297***	0.198***	0.144***	0.093***	0.066***
	(0.128)	(0.081)	(0.081)	(0.076)	(0.061)	(0.053)	(0.046)	(0.028)	(0.016)
Market Cap	0.151	0.154*	0.184**	0.127	0.132**	0.109*	0.026	0.023	0.024
	(0.138)	(0.088)	(0.087)	(0.081)	(0.066)	(0.057)	(0.050)	(0.031)	(0.017)
Leverage	0.064	0.101***	0.080**	-0.017	-0.002	-0.004	0.009	0.005	0.011
	(0.058)	(0.037)	(0.037)	(0.034)	(0.028)	(0.024)	(0.021)	(0.013)	(0.007)
ROA	0.061	-0.017	-0.103	-0.067	-0.044	-0.068	-0.027	-0.018	-0.016
	(0.118)	(0.075)	(0.075)	(0.070)	(0.057)	(0.049)	(0.043)	(0.026)	(0.015)
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842	1,842
Pseudo R2	0.259	0.261	0.252	0.252	0.214	0.161	0.110	0.0708	0.0412

Coefficients listed with standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

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