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Acknowledgement

The Commission is very pleased to present the citizens of New Jersey its latest analysis on a topic of importance in the field of public disclosure. ELEC's veteran Deputy Director, Jeffrey M. Brindle, authored this study, which draws upon his wealth of experience in the field of campaign financing.

Research Associate Steven Kimmelman coded reports used in this study and provided invaluable research, while Systems Administrator Carol Neiman provided necessary data. Thanks also to Data Entry Supervisor Brenda Brickhouse for her coordination of data entry by Data Entry staff. Proofreading was done by Legal Director Nedda Gold Massar and Director of Compliance and Information Evelyn Ford. Director of Administration Barbra Fasanella served as the statistical proofreader, while the word processing and charts were expertly done by Administrative Assistant Elbia Zeppetelli. The general editor was Executive Director Frederick M. Herrmann. Finally, thanks to Commissioner Susan S. Lederman, for her thorough review and valuable contributions.

A Resurgent Party System: Repartyization Takes Hold is the sixteenth White Paper in a series dating back to 1988. These studies are based on staff research. It is ELEC's goal to contribute substantive analysis to the ongoing debate on improving the way our State regulates the impact of money on its political process. The Commission is presenting this paper to promote discussion.

For further reading about the role of campaign financing in New Jersey's and the country's political systems, the Commission suggests referring to the "COGEL Campaign Financing and Lobbying Bibliography" compiled by ELEC's executive director and published by the Council on Governmental Ethics Laws (COGEL).

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EXECUTIVE SUMMARY

This White Paper examines the financial activity of three major political party entities: Legislative leadership committees, state party committees, and county party committees.

It provides an overview of trends in the financial activity of these entities over a number of years, comparing findings of past reports with those of the present one.

The Paper concludes that repartyization, first mentioned in the 1997 report, titled Repartyization: The Rebirth of County Organizations, has been consolidated in recent years, the result being a strong party system in New Jersey.

It notes that during the period 1997-2001, legislative leadership committees increased fundraising by 83 percent and the two state party committees increased their fundraising by 130 percent.

During a similar period 1998-2002, the report shows that county party committees increased their receipts by 32 percent. Between 1992 and 2002, their fundraising increased by 330 percent.

Expenditures by these entities followed a similar pattern. Between 1997 and 2001, the legislative leadership committees intensified their spending by 55 percent and the state committees raised their spending by 54 percent.

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Spending by county party committees increased by 28 percent between 1998 and 2002 and by 342 percent between 1992 and 2002.

The Paper concludes that the Democratic party entities have been responsible for the increase in party entity financial activity in recent years.

Democratic legislative leadership committees increased fundraising between 1997 and 2001 by 63 percent and expenditures by 106 percent. The Republican leadership committees increased fundraising by 77 percent and spending by 25 percent during this time. In terms of actual dollars, the Democratic legislative leadership committees raised more money than the Republican ones in both years.

Raising a phenomenal \$19.9 million in 2001, the Democratic state committee increased its fundraising by 290 percent over 1997. Conversely, the Republican State Committee raised \$4.7 million in 2001, a decrease of 18 percent from 1997.

Expenditures followed a similar path with the Democratic State Committee spending 149 percent more in 2001 than in 1997 and the Republican State Committee spending 22 percent less in the latter year.

The Democratic county committees increased fundraising by 120 percent between 1998 and 2002, whereas the Republican county committees increased their fundraising totals by six percent during this period.

In terms of spending, the Democratic county committees raised their spending by 175 percent between 1998 and 2002, while the Republican county committees spent approximately the same amount in both years.

The Paper also analyzes sources of contributions, noting that monetary and in-kind contributions made by party entities to other party entities increased in percentage terms.

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It concludes that the party entities are making more and more direct monetary contributions as well as in-kind contributions. Also, there is much spending by these entities on mass communication, the majority of which goes to direct mail. This data indicates a greater role for the party entities in electoral politics.

Finally, the work concludes that contrary to popular opinion, the Democratic Party's march toward regaining the Governorship and the Legislature actually began during the period 1995-1997 and not simply in the gubernatorial election year of 2001. Likewise, the Republican Party's fortunes began to change during that period as well.

PREFACE

Throughout the last fourteen years, fifteen White Papers have been issued by the New Jersey Election Law Enforcement Commission (ELEC). All but one involved some aspect of financing political campaigns. The exception was a 1990 study of lobbying activity that included recommendations that were eventually incorporated into the 1991 Lobbying Reform Act. For the most part, however, these publications have taken a comprehensive look at campaign financing in the Garden State.

Each study, from the earliest in 1988, Contribution Limits and Prohibited Contributions, through the latest in 2002, School Board Campaign Financing, represents an educational journey, not only for the author, but also, it is hoped, for staff members, who, in so many different ways, contributed to the success of these efforts. Moreover, it is the hope and belief that these studies have been beneficial for those who share an interest in and concern for this important aspect of the electoral and governmental processes.

ELEC was established in 1973, as part of the then newly enacted “New Jersey Campaign Contributions and Expenditures Reporting Act.” Under the Act, ELEC is charged with the responsibility for regulating candidates, political parties, and all other committees raising and spending money for political purposes that are related to New Jersey elections. The Commission was established to insure that all campaign financial activity, including sources of contributions and ways of spending, were identified and disclosed to the public in pre- and postelection settings.

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Following the implementation of the Act, other reforms were enacted that imposed additional responsibilities on ELEC. These responsibilities include the enforcement of the Personal Financial Disclosure Law and the Lobbyist Disclosure Law. They also include the administration of the Gubernatorial Public Financing Program. In each of these vital areas, changes have been made or proposed to which the Commission has adapted effectively. In each situation, it has made prompt and complete disclosure a priority. Aided by the development of one of the best computer systems in the nation for an agency of its type, reports are scanned onto the Internet making important campaign reports available for public inspection in a very timely manner.

Established during the stormy Watergate era and in the wake of political scandals in New Jersey, this independent disclosure agency has gained a solid reputation for acting judiciously and fairly in promoting open and honest government. A not so small part of this effort has been its work in the area of providing reports that include important data received from candidate committees, political parties, special interest PACs, and lobbyists; and, in turn, interpreting this data to identify trends in campaign financing and lobbying in New Jersey.

To this point, each study has selected one type of entity or one level of governmental or electoral politics as its topic of interest. In doing so, financial activity within specific categories has been analyzed in depth, sometimes leading to recommendations for reform while at other times identifying trends in New Jersey electoral politics that may as yet have gone unnoticed.

For example, in Lobbying Reform, published in May 1990, it was recommended that disclosure of “goodwill lobbying” be required, regardless of whether or not a lobbyist discussed actual legislation with a legislator or executive branch official. If a lobbyist provided a benefit to one of these officials, i.e., paid for a dinner or a ticket to a ballgame, etc., this benefit, it was argued, should be disclosed. In this publication, the Commission urged consolidation of all lobbying regulation under ELEC and recommended that executive branch lobbying, including lobbying on proposed administrative rules and contract procurement, be reported. Finally, that same study prognosticated that “grassroots” lobbying would be increasingly used by lobbyists

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during the 1990's and advocated inclusion of this type of lobbying in any reform package. Only contract lobbying and grassroots lobbying recommendations failed to be enacted into law. However, through the years various bills have been introduced that incorporate the contract lobbying recommendation. The goodwill lobbying and consolidation recommendations, however, were enacted into law as part of the lobbying reform law of 1991. That law also included regulation of executive branch lobbying vis-à-vis regulatory proposals.

In Repartyization: The Rebirth of County Organizations, written in 1997, a trend in campaign financing was first identified which soon became recognized by all involved in electoral politics in New Jersey. After years of operating from a relatively weakened position, county political party organizations had again become very influential players in the electoral and governmental processes. Noting the surge in financial activity of these organizations the report stated that “the fact that county organizations are spending significantly more dollars on behalf of candidates rather than in the form of direct contributions to those candidates, attests to their new found influence over the process.”¹

This report, in conjunction with an earlier publication, State Parties and Legislative Leadership Committees: An Analysis 1994-1995, led to recommendations calling for a reduction in the limits for contributions made to these committees to \$10,000 for county party organizations and legislative leadership committees and \$15,000 for state party committees. In late 2001, the Legislature reduced these limits to a more generous \$25,000 for each of these entities.

The Commission, through these topic-specific studies, has contributed to the public discourse and to the actual statutory process. In a number of instances, the recommendations made by the Commission were enacted into law.

Finally, another area wherein the Commission's studies have contributed to improvements in the law involves the gubernatorial public financing program. In the Gubernatorial Cost Analysis Report of 1988, the Commission recommended that the thresholds

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and limits of the gubernatorial public financing program be adjusted every four years for inflation. This proposal, containing a unique campaign cost formula devised by staff, was enacted into law and has served to keep the program current and viable ever since. Numerous other gubernatorial studies through the years have added to the debate as well.

The Commission is justifiably proud of its record of producing these in depth analyses of specific areas involving the financing of campaigns and lobbying. With this latest publication, the Commission is not only attempting to add to this impressive track record but to go beyond that which was done in the past and provide an even more comprehensive study of the financing of campaigns in New Jersey; this one from the perspective of the state political parties, legislative leadership committees, and county party committees.

The Commission expects that the insights and initiatives emerging from this study will build upon the past improvements of the laws governing New Jersey's system of financing elections. This report, then, continues the tradition established by the Commission of contributing to the enhancement of the political, electoral and governmental processes in the Garden State.

Notes

1. New Jersey Election Law Enforcement Commission, White Paper Number 12, Repartyization: The Rebirth of County Organizations, (November, 1997), p. 65.

INTRODUCTION

In 1964, a now long forgotten Commission was established—the Election Law Revision Commission. Initially, this Commission dealt with the issue of paper ballots, recommending that they be discontinued in New Jersey. Several years later, in a report issued in 1970, it would “press for the enactment of legislation that related to campaign financing.”¹

What followed in 1973 was the adoption of the Campaign Contributions and Expenditures Reporting Act, whose provisions were founded upon the recommendations contained in the earlier report. Included among those recommendations was a call for the establishment of an Election Law Enforcement Commission.

In passing the 1973 legislation, the Legislature created a Commission that was structured in such a way as to insulate it from the influence of politics. As noted in the fall 2000 issue of the journal Public Integrity, the Commission’s “autonomy was accomplished in two ways. First, the Legislature set up a commission of four members. No more than two commissioners could be appointed from the same political party. Further, commissioners were prohibited from holding a public office or an office in any political party.”²

Through the years, the Commission has earned a reputation for fairness, nonpartisanship, and independence. Moreover, over time the Commission has adapted to the revisions made to the Campaign Reporting Act and to the demands of the technology revolution.

Since its inception in 1973, the Commission has witnessed several revisions of the Campaign Reporting Act. All of these revisions added to ELEC’s responsibilities and workload. During 1974, for example, amendments to establish the gubernatorial public financing program

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were added. Nine years later, in 1983, the Commission was given responsibility to regulate PACs. Then, ten years later a major overhaul of the Act occurred. The 1993 campaign finance reform legislation introduced, for the first time, limits on contributions to candidates and political parties. It also formally established legislative leadership committees.

As each separate amendment took effect, the Commission took the necessary steps to implement the required changes and to accommodate its statutory mission of providing speedy disclosure of pertinent financial information relative to campaigns for public office. In this regard, no step was more essential or productive than that which introduced its new computer system.

As noted in the Commission's 2001 Annual Report:

Via the Internet, citizens can view the reports of all candidates and political entities that file with the Commission. In addition, contributor searches can be undertaken vis-à-vis contributions made to legislative and gubernatorial candidates.³

In short, this computer capability has enhanced the Commission's ability to make campaign financial information available to the public in an even more timely manner than before.

Though providing the means by which citizens can access information about candidates and other political entities in both a pre- and post-election setting is important, it is equally important that citizens be able to attach meaning to the data available to them. In this respect, the Commission has taken the lead. By virtue of its White Paper Series, ELEC has provided a steady stream of analytical studies that have categorized contributions and expenditures, identified trends in campaign financing and electoral politics, identified campaign strategies based on spending practices, discerned differences in contribution and expenditure patterns between electoral levels and entities, and made numerous recommendations for improving the system.

Introduction

This Paper has a more comprehensive goal. Instead of undertaking a study which focuses upon one type of entity or level of electoral politics, this work will review the activities of three important party entities: the state political party committees, the legislative leadership committees, and the county party committees. This study is designed to inform those who want to know about the latest trends in revenue and expenditure activity vis-à-vis these important party organizations. Moreover, it is the goal of this Paper to determine whether or not patterns identified in earlier works continue as before or change in response to events or changes in statutory law. As part of the study, any variations in patterns of fundraising, or in campaign strategies as distinguished by changes in spending patterns, will be identified. And, by reviewing multiple entities during the same time period, the study will unveil any noticeable differences in revenue and expenditure activity between different levels of party politics. Finally, the study will measure the relative impact of the State and county party committees and the legislative leadership committees on electoral politics in New Jersey. The Commission hopes that this sixteenth in a series of White Papers will contribute substantially to the ongoing debate over the course of financing campaigns in New Jersey.

Notes

1. Jeffrey M. Brindle, "Mission and Method: Regulating Campaign Financing in New Jersey," Public Integrity, Fall 2000, Vol. II, No. IV, 291.
2. Ibid., p. 291.
3. New Jersey Election Law Enforcement Commission, Annual Report, May 2002, p. 5.

CHAPTER ONE

State Parties and Legislative Leadership Committees: Background

In State Parties and Legislative Leadership Committees: An Analysis 1994-1995, it was noted that “political party committees and legislative leadership committees have provoked much discussion within the political community since campaign reform became a reality in 1993.”¹ Interestingly, not much has changed since these words were written in July, 1996. These entities continue to be a source of controversy and interest even today.

For example, the Fund for New Jersey, in a report issued in 2001 entitled Campaign Reform, stated the following:

The problem, particularly in close races, arising from the heavy dependence on funding from the Big Six is not that the money comes from political parties – the theory behind the 1993 changes, after all, was to enhance the authority of the parties. The real problems are the size and impact of these contributions, the hidden source of the money and power this gives to the leaders through whose hands the money must pass.²

Following up upon this discussion the Fund’s report went on to say:

To remedy the Leadership PAC situation – to ‘reform the reform’ so as to make the rules productive and meaningful – New Jersey should lower the limit on contributions to leadership PACs and state party committees. The limits should be the same as the current \$7,200 limit on how much a PAC can give to individual candidates during a single legislative election cycle. Or, the State

State Parties and Legislative Leadership Committees: Background

should abolish leadership PACs entirely and ensure that caucuses of the Legislature make decisions regarding the distribution of funds raised by the state parties.³

Because political parties and legislative leadership committees represent a broader coalition of people than do special interest PACs, the Commission recommended higher limits on contributions to these committees per year than did the Fund for New Jersey. At the same time, however, the Commission, like the Fund, did recommend that the limits on contributions made to these committees be lowered. In its analysis issued in 1996, the Commission recommended that annual limits on contributions made to leadership committees be set at \$10,000 and those on state political party committees at \$15,000. The report also recommended that the name Legislative Leadership Committee be changed to Legislative Party Committee to reflect the true nature of these entities.

Perhaps in response to the ongoing critique of these committees, the Legislature and the then Acting Governor enacted legislation in late 2001 that lowered the limits on donating to these entities to \$25,000 per year. Though not as low as many would like, the new limits represent a sizeable reduction from the previous limit of \$37,000 and should serve to enhance trust in the electoral process in New Jersey.

The lowering of the limits on these entities, however, should not end the discussion of this issue nor obviate the need to conduct further analysis into the financial activities of state political party committees and legislative leadership committees. In ensuing chapters, the financial activity of these entities will be analyzed for the gubernatorial and legislative election years of 1997 and 2001. In those years, elections for Governor and both houses of the Legislature were held. The forthcoming chapters will analyze receipts and expenditures relative to the two state political party committees and the four legislative committees, identify any trends in this activity, and provide a comparative analysis vis-à-vis the financial activity of these entities as outlined in the earlier Commission reports, which reviewed the financial activity of these entities in their fledgling years of 1994-1995.

State Parties and Legislative Leadership Committees: Background

In preparation for this comparative analysis, this chapter will provide background information in terms of that which was delineated in the previous report State Parties and Legislative Leadership Committees: An Analysis 1994-1995.

Although legislative leadership committees have actually existed since at least the mid 1980's, they became part of the statutory framework only after campaign finance reform legislation was enacted in 1993. Political parties, on the other hand, have historically been referred to in the statutes.

Pursuant to law, legislative leadership committees are established by the Senate President, Speaker of the Assembly, and the Minority Leaders of the Senate and Assembly. In other words, the 1993 statute authorizes the leadership of each party in both the Senate and Assembly to set up leadership committees and to register them with the Commission. Similarly, "Title 19, Elections, sets forth standards for the establishment of political parties and provides general guidelines in terms of their powers, the organization of political parties, and their membership. It also sets forth disclosure requirements under the Campaign Act as well as other restrictions, including contribution limitations on contributions to the political parties."⁴

Because of New Jersey's statutory scheme, the two party system has been sustained in New Jersey. Only the Democrats and Republicans have been able to garner the statutorily required ten percent of the vote cast statewide in General Assembly elections in order to be recognized as a legally constituted political parties. In turn, this fact has influenced the make up of the leadership committees in the legislature. Each house contains one Democratic and one Republican leadership committee. New Jersey's history, culture, and statutory framework have combined to foster a strong two-party system, which allows for third party movements, but discourages their sustainability.

During the years 1994-1995, significant sums of money were raised and spent by both the legislative leadership committees and the state political party committees. Throughout this

State Parties and Legislative Leadership Committees: Background

period legislative leadership committees raised \$6.7 million and spent \$5.2 million. The state political party committees raised \$10.6 million and spent \$10.1 million in 1994-1995.

The sources of contributions to the four legislative leadership committees were primarily business and corporations. Business and corporate interests, along with their political action committees, were responsible for 65 percent of all contributions made to these committees. Individuals made 14 percent of all contributions to the Democratic and Republican legislative leadership committees in 1994-1995 whereas unions, and union PACs, accounted for six percent of all funds. Finally, donations from political entities, including political parties, candidates, and political committees, constituted 14 percent of all contributions to the leadership committees.

The majority of contributions made to the Democratic and Republican state committees also derived from business-oriented entities. In 1994-1995, business and business PACs made 67 percent of all contributions to the state party committees. Political entities made 17 percent of all contributions and individuals eight percent. The state party committees derived four percent of their revenues from unions and union PACs.

Back in 1994-1995, the average contribution made to the legislative leadership committees was \$1,753. While there was, and continues to be today, concern about very large contributions being made to these committees, the fact is that there were very few large donations made. These few large donations were largely derived from political party committees and from legislative leadership committees. The average contribution from the party committees was \$26,179 and from other leadership committees \$9,287. Most other contributors made contributions in the range of \$5,000 or less. According to the earlier report:

The vast majority, 95 percent, were \$5,000 and under with another three percent falling between \$5,001 and \$10,000. One percent of contributions were between \$10,000 and \$15,000, and barely one percent of contributions in total ranged between \$15,000 and \$25,000.⁵

State Parties and Legislative Leadership Committees: Background

In terms of state party committees, the average contribution made to these entities averaged \$3,727. Very large contributions were no more evident for state party committees than they were for the legislative leadership committees. The largest contributions to the state parties in 1994-1995 derived from other political parties and legislative leadership committees. Contributions from other political party committees averaged \$10,788 and from the leadership committees \$8,933. Professional trade association PACs and ideological PACs averaged slightly more than \$4,000 per contribution, as did union PACs. Business PAC contributions averaged \$3,386 and individuals made contributions that averaged \$3,089. Unions averaged \$2,563 in contributions and candidate committees \$1,890. To cite the earlier report:

A full 86 percent of contributions to the state political party committees were in amounts of \$5,000 or less. About seven percent of contributions ranged between \$5,001 and \$10,000, and about three percent between \$10,001 and \$15,000. One percent of all contributions to the Democratic State Committee and the Republican State Committee fell into the \$15,001 to \$20,000 category, and three percent into the \$20,001 to \$25,000 range.⁶

The 1994-1995 report analyzing state parties and legislative leadership committees evaluated expenditure patterns as well. In terms of how legislative leadership committees spent their money the report stated:

Approximately 83 percent of the funds dispersed by these committees correlate directly with election activity. Contributions to candidates made up 30 percent of leadership committee expenditures while mass communication expenditures, most often on behalf of candidates, constituted 25 percent of all expenditures. Other expenditures directly related to election activity included fundraising, election-day activities, polling and consulting. Administration, including salaries, supplies, rent, etc., amounted to 16 percent and charitable contributions, one percent.⁷

State Parties and Legislative Leadership Committees: Background

Regarding the state party committees the report stated further:

Approximately 89 percent of expenditures were made for purposes other than administration. These expenditures correlated with election-related activity. Transfers to the federal account made up 45 percent of state party spending. Mass communication expenditures, in the majority direct mail, constituted 30 percent of expenditures, and administration 11 percent of expenditures. Direct contributions to candidates comprised four percent of expenditures as did consultants, and election-day activity. Polling made up one percent as did fundraising. Charitable spending was negligible.⁸

As noted above, the 2001 legislation reduced the limits on contributions made to the legislative leadership committees to \$25,000 per year. Many, including the Commission, had recommended even lower caps. There were also calls to abolish leadership committees by reformers who believe that these groups are tools of the special interests in their attempts to influence the legislative agenda.

The Commission has not shared the view that these committees should be abolished. Provided they function in the manner prescribed in the law, leadership committees can play a positive role in the governmental and political processes. In addition to fostering discipline and cohesion in the legislative process, they are instrumental in promoting their party candidates, and, in turn, offsetting any perceived or real influence over individual candidates by the special interests. Finally, their existence facilitates the constitutional doctrine of separation of powers. While the Commission has supported lowering the limits on contributions to these committees, it has not endorsed their elimination.

State political parties and legislative leadership committees should be unlimited in terms of the contributions they are able to make, either directly, or on behalf of their candidates. In the interest of offsetting the influence of the special interests over the electoral process, a relatively strong party system is desirable.

Notes

1. New Jersey Election Law Enforcement Commission, White Paper Number 11, State Parties and Legislative Leadership Committees: An Analysis 1994-1995, (July, 1996), p. 3.
2. The Fund for New Jersey, Issue Report, Campaign Reform (2001), pp. 13-14.
3. Ibid., pp. 14-15.
4. New Jersey Election Law Enforcement Commission, White Paper Number 11, State Parties and Legislative Leadership Committees: An Analysis 1994-1995, (July, 1996), p. 41.
5. Ibid., p. 69.
6. Ibid., pp. 72-73.
7. Ibid., p. 68.
8. Ibid., p. 72.

CHAPTER TWO

Legislative Leadership Committee Fundraising

The goal of the Legislature in passing legislation that statutorily established legislative leadership committees was to allow the leadership in each House to raise money to promote the electoral prospects of their respective party's candidates. This reason was also the stated objective of the Rosenthal Commission in proposing the formal establishment of these committees. The Rosenthal Commission, officially the Ad Hoc Commission on Legislative Ethics and Campaign Finance, was created in 1990 to study campaign finance reform in New Jersey.

Since their inception as legally constituted entities, these partisan leadership committees have done their job exceedingly well. As demonstrated in State Parties and Legislative Leadership Committees: An Analysis 1994-1995, and as will be shown in this chapter, not only have they raised sufficient funds to assist their parties' candidates, but they have consistently increased the magnitude of their fundraising as the years passed.

This chapter will begin the study of financial activity by these committees in the years 1997 and 2001. It will focus on fundraising. Data will be presented that will reveal not only how fundraising has increased since the earlier report was published, but will also delineate the sources of contributions to these committees. In analyzing who is contributing to these committees, the study will note any changes in contributor patterns that may have occurred over the years as well as highlight the watershed years for the Democratic resurgence in New Jersey. Finally, this chapter will help to evaluate the impact of existing legislative committee contribution limits.

Legislative Leadership Committee Fundraising

Fundraising

In 1997 and 2001, the four legislative leadership committees were: the Doria Leadership Committee, the Assembly Republican Majority Committee (ARM), the Senate Democratic Majority Committee (SDM), and the Senate President's Committee (SPC), later the Senate Majority Committee (SRM). Overall, these committees together raised slightly over \$6 million in 1997, and nearly \$11 million in 2001, for an increase of 83 percent during this four-year period. The Doria Leadership Committee was the Democratic Committee in the Assembly while the Senate President's Committee represented the Republicans in the State Senate.

As shown in Table 1, the Senate Democratic Majority Committee raised the most money in both years under review. In 1997, the Senate Democratic Majority Committee raised \$2.3 million and in 2001 \$3.8 million. During this period the Senate Democratic Majority Committee increased its receipts by 65 percent. It accounted for 39 percent of all funds raised by the leadership committees in 1997 and for 34 percent of those raised in 2001. The Republican leadership committee in the Senate, the Senate President's Committee, and later Senate Majority Committee, was second in funds raised in these two electoral years. Constituting 28 percent of funds raised in 1997, the Senate President's Committee collected \$1.7 million. In 2001, the Senate Majority Committee comprised 31 percent of leadership committee funds, raising \$3.5 million. Thus, during the four-year period in question, the Republican Senate Leadership Committee increased fundraising by 105 percent.

Following the pattern established by the leadership committees in the 1996 report, the two Assembly committees raised somewhat less than did their counterparts in the Senate. The Assembly Republican Majority raised \$1.3 million in 1997, or 22 percent of all funds, and \$1.8 million in 2001, or 17 percent of all funds. Thus, the Assembly Republican Majority Committee increased its fundraising activity by 38 percent during this four-year period. The Doria Leadership Committee, on the other hand, raised \$710,859, or 12 percent of all funds in 1997, and almost \$2 million, or 18 percent of all funds in 2001. The Doria Leadership Committee increased its receipt totals by 175 percent between 1997 and 2001. Thus in 1997, when the

Legislative Leadership Committee Fundraising

Republicans retained control of the Assembly, the Assembly Republican Majority Committee outdistanced the Doria Committee in terms of money raised, while in 2001, when Democrats captured the majority of seats in the lower house, the opposite was true. In short, success at the polls was heralded by fundraising success.

Regarding the Senate committees, the Democratic leadership committees raised more money than the Republican leadership committees in both 1997 and 2001. In 1997, the Senate Democratic Majority Committee raised 38 percent more than the Senate President's Committee. Four years later it raised nine percent more than the Senate Republican Leadership Committee. Thus, the fundraising record of the Democratic Senate Leadership Committee during this time period presaged the general improvement of the fortunes of Senate Democrats at the polls.

Table 1				
Leadership Committee Receipts				
	Amount in 1997	Percent	Amount in 2001	Percent
ARM	\$1,306,486	22%	\$1,818,414	17%
DORIA	\$710,859	12%	\$1,952,281	18%
SDM	\$2,339,171	39%	\$3,763,262	34%
SPC	\$1,693,750	28%	\$3,458,786	31%
TOTAL	\$6,050,266		\$10,992,743	

Source: New Jersey Election Law Enforcement Commission

Democratic Leadership Committees Outraise Republican Committees

In contrast to the findings of the study published in 1994 and 1995, when the Republican leadership committees outdistanced their Democratic counterparts in the amount of funds raised, (and their party controlled both houses of the legislature), the data from 1997 and 2001 show the Democratic leadership committees raising more money than the Republican committees.

In the election of 1997, though by only a slight margin, the Doria Leadership Committee and the Senate Democratic Majority Committee outpaced the Assembly Republican Majority Committee and the Senate President's Committee in terms of fundraising. The two Democratic committees raised approximately \$50,000 more than the Republicans. As shown in Figure 1 below, the Democratic committees raised about \$3.05 million versus the Republicans \$3 million.

The fundraising gap was more pronounced in 2001, but not enormously so. The two Democratic committees raised \$5.7 million compared with \$5.3 million for the Republican committees. Thus, while in 1997, the leadership committees of both parties can be said to have been roughly equivalent in terms of their fundraising prowess (both sides raising about 50 percent of the funds), the Democratic leadership committees began to inch ahead in 2001, raising 52 percent of the funds.

While at first glance these figures might not seem significant, upon further analysis, and in combination with the data compiled in the earlier report, these figures point to an awakening among contributors to the realization that a trend of Republican Party dominance that began with the 1993 legislative elections might culminate in the Democratic Party eventually retaking control of the Legislature.

Following the legislative elections of 1991, the Republicans enjoyed a 58-22 margin in the Assembly and a 27-13 margin in the State Senate. The Republican majority in both houses slipped following the 1993 legislative elections. The Republicans now held the Lower House by a margin of 53-27 (52-28 in 1995) and the Senate by 24-16. In the Assembly election of 1995

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the Republican majority fell again to 50-30. The State Senate margin for the Republicans remained the same because there was no election for State Senate in that year. Following the 1997 legislative election, the Republican majority in the Assembly continued to be reduced, but the GOP margin in the State Senate remained the same. By a margin of 48-32, the Republicans now controlled the Assembly. Again, the Republican majority in the Assembly declined following the 1999 Assembly election (no election for State Senate) to 45-35. Finally, after the results of the 2001 general election were in (the first election held following redistricting) the Democratic Party held a majority in the Assembly of 44-36 and were tied 20-20 with the Republicans in the State Senate. Thus, in the ten-year period since the Republicans assumed control of both Houses, the Democrats picked up 22 seats in the Assembly and seven seats in the State Senate.

If the financial success of a party or candidate is viewed as one measure of political and electoral trends, then, in terms of the legislative leadership committees, the year 1997 stands out as the year suggestive of a state trending Democratic.

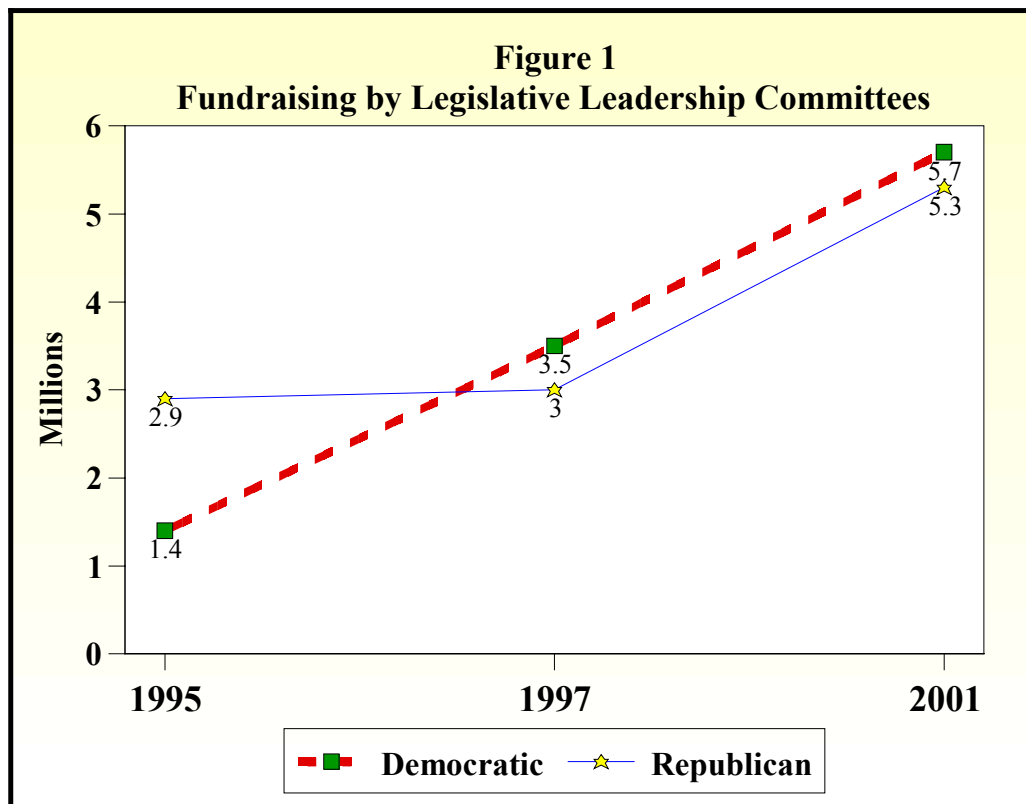
Again, Figure 1 below shows the fundraising totals of the legislative leadership committees by party between the election of 1995 and 2001. As shown in the figure, when the Republicans owned sizable majorities in the Legislature, as in 1995, the fundraising totals of their leadership committees far outdistanced that of their Democratic counterparts. The Republican leadership committees raised 107 percent more money than the Democratic committees. Following the 1995 Assembly elections, however, the Republican majority in the Assembly had dropped by eight to 50-30. The majority of the GOP in the State Senate had declined by 3 to 24-16. It is at this juncture that it apparently occurred to donors that the State was trending Democratic because by the 1997 legislative elections the funding base of the Democratic legislative committees had widened significantly. In the two-year span between 1995 and 1997, the Democratic legislative leadership committees' receipts increased by 250 percent. These committees outraised the GOP committees, who only increased the amount they raised by three percent. Not only did the Democratic committees show a much greater increase in the funds they raised than did the Republicans, but they actually raised more money than the

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party in power. Thus, it appears that it was during this two-year cycle 1995-1997 that the revival of the Democratic Party in terms of state government began in earnest.

It appears that a rise in contributions to partisan legislative committees presaged that party's future election success. During the four-year period 1997—2001, both parties increased their fundraising base almost equally, with the Democratic leadership committees doing slightly better at plus 87 percent to plus 79 percent for the Republicans. Thus, while the Republican Party still controlled both the governor's office and both houses of the Legislature during this period, the continued success of the Democratic leadership committees in raising funds demonstrated that donors now believed the contest for the State House to be very competitive.

In conclusion, the fundraising data of the leadership committees suggests very strongly that while the revival of the State Democratic Party was completed in 2001, it began between 1995 and 1997.



Source: New Jersey Election Law Enforcement Commission

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Average Contributions

Table 2 below shows the average contribution made to the legislative leadership committees in 1997 and 2001. The table also breaks this figure down by party and by individual committee. The table includes data from the earlier report 1994 and 1995 to reinforce the theory that the Democratic Party's resurgence in the State began between 1995 and 1997.

Table 2					
Average Contribution					
	1994-1995	1997	Percent Increase	2001	Percent Increase
DORIA	\$875	\$1,906	118%	\$3,474	+82%
SDM	\$1,552	\$2,924	+88%	\$3,995	+(37%)
<u>DEMOCRATIC</u>	<u>\$1,214</u>	<u>\$2,600</u>	<u>+114%</u>	<u>\$3,800</u>	<u>+46%</u>
ARM	\$2,300	\$2,503	(9%)	\$3,976	+59%
SPC/SRM	\$2,284	\$3,328	(46%)	\$4,392	+32%
<u>GOP</u>	<u>\$2,292</u>	<u>\$2,910</u>	<u>27%</u>	<u>\$4,110</u>	<u>41%</u>
OVERALL AVERAGE	\$1,753	\$2,745	+57%	\$3,943	44%

Source: New Jersey Election Law Enforcement Commission

As shown in the table above, the average contribution to the Democratic leadership committees increased by 114 percent over just the two-year period between 1995 and 1997. During this same two-year period, the average contribution to the Republican leadership committees increased by just 27 percent. Moreover, while the average contribution to GOP

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committees by far outdistanced that made to the Democratic committees in 1995, this gap was closed significantly in 1997. Though the GOP committees received average contributions of \$2,910, the Democratic committees grew closer at contributions averaging \$2,600 in 1997. In addition, the Democratic committees attracted more contributions than did the Republican committees.

Contrast this data with that recorded four years later in 2001. Note that this is a four-year period not a two-year period. The average contribution to the Democratic committees between 1997 and 2001 increased by 46 percent compared with the average contribution made to the GOP committees, which increased by 41 percent. Thus, unlike the earlier period 1995-1997, the increases in the average contributions made to the Democratic and Republican leadership committees were parallel. The Democratic committee continued to receive more contributions than the Republican committees, averaging \$3,800 per contribution compared with the Republican committee at \$4,110.

Thus, the data regarding average contribution levels reinforces the conclusion drawn in the previous section on contribution totals; namely that the revival of the Democratic Party's electoral fortunes for state offices began to take shape between 1995 and 1997.

Contribution Ranges

The table below depicts the range of contributions made to the legislative leadership committees. Shown in Table 3 are the number of contributions whose amounts reached certain threshold levels. While the limit on annual contributions to those committees was reduced to \$25,000 in late 2001, the data contained in this chart will help evaluate the impact of this limit as well as to suggest appropriate contribution levels in the future.

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Table 3
Range of Contributions: 1997-2001

		TOTAL	0-5,000	5001-10,000	10,001-15,000	15,001-20,000	20,001 +
1997	DEMOCRATIC	1,173	1,050	82	10	11	20
	REPUBLICAN	1,031	923	50	36	3	19
	<u>TOTAL</u>	<u>2,204</u>	<u>1,973</u>	<u>132</u>	<u>46</u>	<u>14</u>	<u>39</u>
			90%	6%	2%	less than 1%	2%
2001	DEMOCRATIC	1,504	1,309	69	45	18	63
	REPUBLICAN	1,284	1,135	71	17	11	50
	<u>TOTAL</u>	<u>2,788</u>	<u>2,444</u>	<u>140</u>	<u>62</u>	<u>29</u>	<u>113</u>
			88%	5%	2%	1%	4%

Source: New Jersey Election Law Enforcement Commission

In both 1997 and 2001, the overwhelming percentage of contributions fell in the \$0-5,000 range. Almost 90 percent of contributions in 1997 and 88 percent in 2001 were of the denomination of \$5,000 or less. While obviously a very high percentage, the proportion of contributions in this category in 1997 and 2001 decreased slightly from the 95 percent level of 1994-1995.

About six percent of the contributions made to these committees in 1997 were between \$5,001 and \$10,000. In 2001, this category equaled five percent of total contributions made. Thus, while the percentage of contributions made in the range of \$5,000 or less fell slightly, the number made in the \$5,001 - \$10,000 range increased slightly.

Two percent of contributions to the leadership committees fell in the range of \$10,001 to \$15,000 in both 1997 and 2001. In both years, therefore, contributions falling within this range increased slightly. In 1997, under one percent of donations were between \$15,001 and \$20,000.

Legislative Leadership Committee Fundraising

In 2001, the number of contributions in this range equaled one percent, up slightly from 1994-1995.

Finally, in 1997 the number of contributions made in amounts of \$20,001 or more reached two percent. Interestingly, the number of contributions in the \$20,001 and above category reached four percent in 2001. In 1994-1995, fewer than one percent of the contributions were in this category.

While statistically insignificant, it should be noted that in every category except the under \$5,000 one, the percentage of contributions made in certain ranges increased. Though overwhelmingly the dominant category, the percentage of contributions made in the under \$5,000 range decreased by five percent. And interestingly the category that increased the most was the over \$20,001 category totaling four percent of contributions in 2001, up from under one percent in 1994-1995.

Sources of Leadership Committee Contributions

Several categories of contributors are identified in the study. They are: individuals, business/corporations, business/corporate PACs, professional trade association PACs, unions, union PACs, ideological PACs, political parties, candidates, legislative leadership committees and political committees.

Table 4 shows the amounts and percentage of total contributions made by each contributor type in 1997 and 2001.

Legislative Leadership Committee Fundraising

Table 4
Sources of Contributions

Type	1997 Amount	Percentage	2001 Amount	Percentage
Individuals	\$676,839	11%	\$1,928,100	18%
Bus./Corp.	\$2,597,237	43%	\$3,213,315	29%
Unions	\$105,100	2%	\$296,350	3%
Bus./Corp./PACs	\$513,628	9%	\$404,238	4%
Prof./Trade Asso. PACs	\$807,364	13%	\$1,581,225	14%
Union PACs	\$356,100	6%	\$453,200	4%
Ideo. PACs	\$19,500	--	\$142,500	1%
Pol. Parties	\$257,900	4%	\$1,274,850	12%
Leg. Leadership	\$76,800	1%	\$661,000	6%
Pol. Committees	\$169,148	3%	\$20,000	--
Candidates	\$389,920	6%	\$952,398	9%
Miscellaneous	\$80,730	1%	\$65,567	--
TOTAL	\$6,050,266		\$10,992,743	

Source: New Jersey Election Law Enforcement Commission

The data shows that businesses and corporations provided the most money to leadership committees in both years, albeit in decreased proportions in 2001. Contributing \$2.6 million, or 43 percent of the funds in 1997, businesses and corporations gave \$3.2 million to leadership committees in 2001, or 29 percent of funds.

Depending upon the years in question, the second largest contributor types were either individuals or professional/trade association PACs. In 1997, professional/trade association PACs gave \$807,364, or 13 percent of funds, compared with individuals, who registered \$676,839, or 11 percent of contributions. During 2001, however, individuals provided \$1.9 million, or 18 percent of all funds, compared with professional/trade association PACs, which accounted for 14 percent of contributions.

Legislative Leadership Committee Fundraising

Financial activity by business and corporate PACs declined between 1997 and 2001. In 1997, these entities contributed \$513,628, or nine percent of all contributions to legislative leadership committees. During 2001, however, these PACs contributed \$404,238, slipping to four percent of total contributions to the leadership committees.

On the other hand, political parties at all levels increased their financial contributions to the leadership committees. They contributed just \$257,900 to these committees in 1997, or four percent. By 2001, however, they were contributing \$1,274,850, thereby making 12 percent of all contributions to these committees.

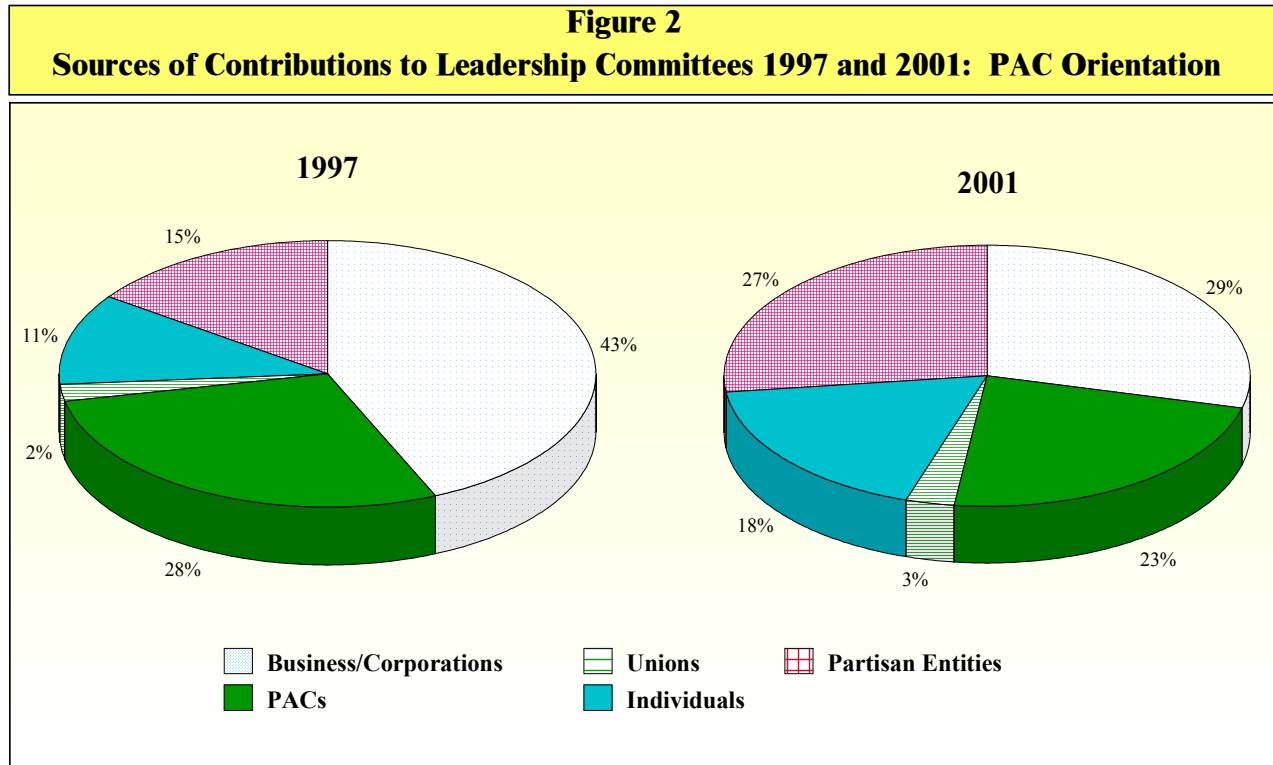
Legislative leadership committees, themselves, have shown an increase in contribution activity between 1997 and 2001, as have candidates. By way of transferring money from one chamber's leadership committee to another (within the parties of course), the leadership committees gave \$76,800, or one percent of funds, to each other in 1997, and \$661,000, or six percent of funds, in 2001. Likewise, candidates increased their donations to the legislative leadership committees between 1997 and 2001. In 1997, candidates contributed \$389,920 to the leadership committees, or six percent of all funds, and increased that total to \$952,398, or nine percent in 2001.

Conversely, union PACs reduced their financial activity between the years in question. Union PACs gave \$356,100, or six percent of contributions in 1997 and \$453,200, or four percent in 2001. Direct contributions from union treasuries reached \$105,100, or two percent of total in 1997, and \$296,350, or three percent of total in 2001.

Political committees gave \$169,148 in 1997, constituting three percent of contributions to the leadership committees. Their activity in 2001 was negligible. Contributions to leadership committees by ideological PACs was miniscule in 1997, and reached one percent of total in 2001, at \$142,500.

Legislative Leadership Committee Fundraising

Figure 2 below shows a broader distribution of contributor categories to legislative leadership committees in 1997 and 2001. In this figure, contributions by all PAC types were combined into one category. Further, contributions from all party-related groups were combined into one category entitled partisan entities.



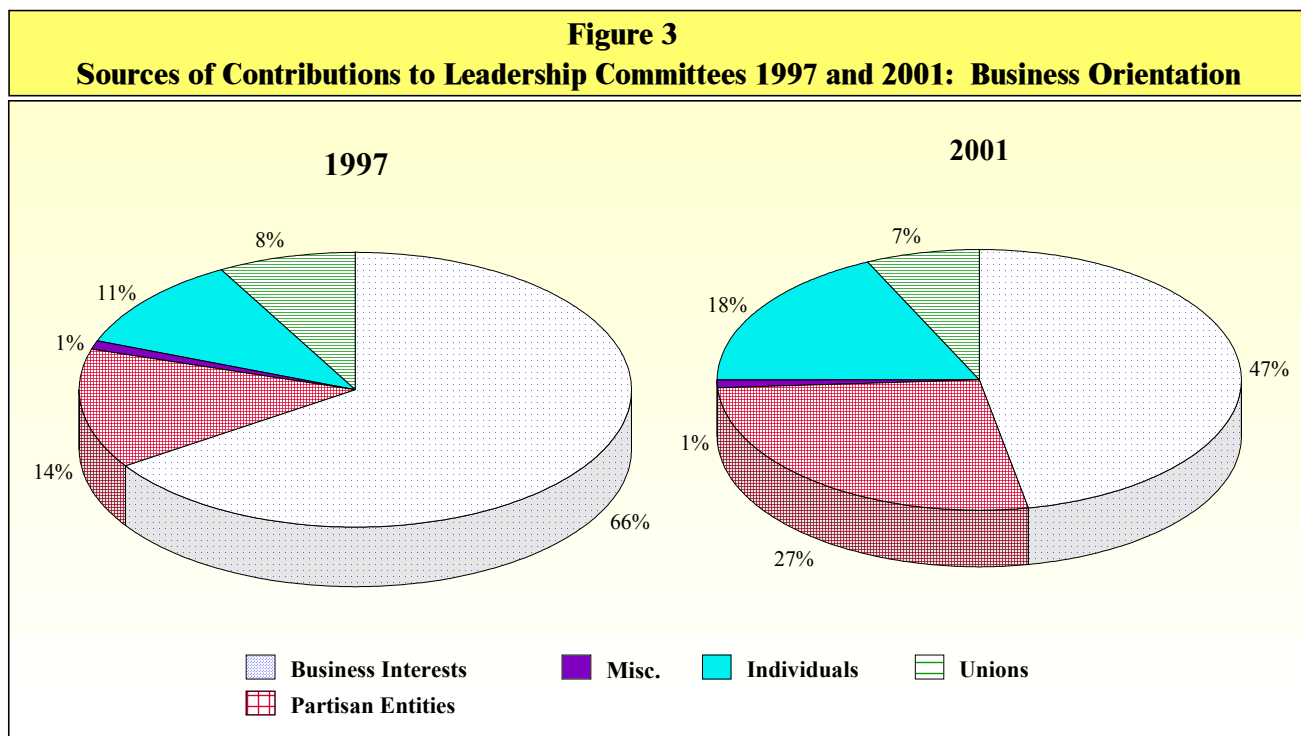
Source: New Jersey Election Law Enforcement Commission

As shown in the figure, the contribution activity directed toward legislative leadership committees grew between 1997 and 2001 for partisan entities and individuals. On the other hand, it declined for businesses and corporations and political action committees, and increased ever so slightly for unions. Between 1997 and 2001, individual contributions increased from 11 percent of total legislative leadership committees to 18 percent, whereas the increase in partisan entity contributions to these organizations went from 14 percent to 27 percent. Union contribution activity rose slightly from two percent of the leadership committee contributions to three percent.

Legislative Leadership Committee Fundraising

Finally, contributions from business to leadership committees between 1997 and 2001 dipped from 43 percent of total to 29 percent. PAC contribution activity declined from 28 percent of total in 1997 to 23 percent of total in 2001.

Figure 3 displays the data from still a different perspective. In Figure 3, all groups, including PACs, with a business orientation were combined into one category entitled business interests. Similarly, unions and union PACs were collapsed into one category entitled unions.



Source: New Jersey Election Law Enforcement Commission

An analysis of the above pie charts tells largely the same story as told by the previous ones. Between 1997 and 2001, partisan entities increased their percentage contribution activity to the leadership committees from 14 percent to 27 percent. Individual contributions rose relative to total contributions to legislative leadership committees from 11 percent to 18 percent. Union activity, at eight and then seven percent remained stable, but contribution activity by business interests declined between 1997 and 2001, from 66 percent to 47 percent of total leadership committee receipts.

Legislative Leadership Committee Fundraising

If any trend can be discerned from the data contained in the figure above, it is the same one as seen in other observations of the electoral process in New Jersey undertaken by the Commission. Namely, that political party entities are resurgent in New Jersey, in part evidenced by their increased role in financing not only the campaigns of their candidates, but of the leadership committees, which in turn support these candidates.

Comparison of Sources of Contributions to Leadership Committees by Party

Tables 5 and 6 provide a breakdown of the sources of leadership committee receipts based on partisan affiliation. The tables include data from 1997 and 2001, the two election years under study.

Table 5					
Sources of Contributions					
1997	Type	Dem. Amount	Percentage	GOP Amount	Percentage
	Individuals	\$328,560	11%	\$348,279	12%
	Bus./Corp.	\$1,383,415	45%	\$1,213,822	40%
	Unions	\$46,850	2%	\$58,250	2%
	Bus./Corp. PACs	\$169,950	6%	\$343,678	11%
	Prof./Trade Asso.	\$338,764	11%	\$468,600	16%
	Union PACs	\$211,600	7%	\$144,500	5%
	Ideo. PACs	\$17,500	--	\$2,000	--
	Parties	\$235,350	8%	\$22,550	1%
	Leg. Leadership	\$25,000	--	\$51,800	2%
	Pol. Committees	\$118,050	4%	\$61,098	2%
	Candidates	\$177,675	6%	\$212,245	7%
	Miscellaneous	\$7,314	--	\$73,416	2%
	TOTAL	\$3,050,028		\$3,000,238	

Source: New Jersey Election Law Enforcement Commission

Legislative Leadership Committee Fundraising

Table 6
Sources of Contributions

2001	Type	Dem. Amount	Percentage	GOP Amount	Percentage
	Individuals	\$1,353,450	24%	\$574,650	11%
	Bus./Corp.	\$1,756,326	31%	\$1,456,989	28%
	Unions	\$154,650	3%	\$141,700	3%
	Bus./Corp. PACs	\$177,050	3%	\$227,188	4%
	Trade Asso. Pacs	\$700,175	12%	\$881,050	17%
	Union PACs	\$305,450	5%	\$147,750	3%
	Ideo. PACs	\$79,000	1%	\$63,500	1%
	Parties	\$789,350	14%	\$485,500	9%
	Leg. Leadership	--	--	\$661,000	13%
	Pol. Committees	\$20,000	--	--	--
	Candidates	\$371,362	7%	\$581,036	11%
	Miscellaneous	\$8,729	--	\$56,838	1%
	TOTAL	\$5,715,542		\$5,277,201	

Source: New Jersey Election Law Enforcement Commission

Without rehashing all of the statistics contained in the tables, it is interesting to point out certain findings, some unexpected, some expected. First, businesses and corporations made a higher proportion of contributions to the Democratic leadership committees than to the Republican committees. In both 1997 and 2001, the Democratic committees received more in donations from these entities than did the Republicans. On the other hand, professional trade associations provided more money and a higher percentage of receipts to the GOP leadership committees than to the Democratic committees. Contributions deriving from partisan entities were evenly divided with Democratic committees receiving the greater amount and percentage in 1997 and Republican committees in 2001.

Legislative Leadership Committee Fundraising

This chapter has attempted to analyze the financial activity of the statutorily established legislative leadership committees. From the data presented in the chapter, it is clear that the legislative leadership committees have become important players in legislative elections, and are now operating in the manner envisioned in the 1993 Campaign Finance Reform Act. Moreover, from the data it can be discerned that while both parties have demonstrated great ability to raise money, the gains made by the Democratic leadership committees between 1995 and 1997 suggest that the trend toward the Democratic Party in legislative elections in New Jersey that culminated in 2001 actually began during this pivotal period 1995—1997. Certainly this situation is so in consideration of the data involving the legislative leadership committees.

CHAPTER THREE

Legislative Leadership Committee Spending

This analysis of how legislative leadership committees utilized their money in 1997 and 2001 follows a similar review of expenditure activity by these committees in 1995 and 1996. This chapter will provide a glimpse of the campaign strategies pursued by the leadership committees in their efforts to promote the electoral prospects of their candidates for legislative office. Moreover, it will suggest how, if at all, these strategies have changed since the publication of the earlier report, which analyzed the expenditure activity of these committees in 1994 and 1995, the years immediately following the onset of the 1993 campaign finance reform law. It was this law that established statutorily the legislative leadership committees.

The effort to categorize these expenditures was not an easy one. As noted in the 1996 report:

At times, information provided by these committees vis-à-vis their expenditures was accurate and complete. In these instances there was no difficulty in categorizing them. At other times, however, descriptions of expenditures were vague and indefinite. It was in these instances where categorization was difficult and left to the best judgement of the experienced coders who undertook the painstaking task. Thus, the Commission makes no claim that the expenditure analysis contained in this chapter is exact in every respect. It does, however, express full confidence that the chapter presents a general picture of how these newly fashioned leadership committees have spent their money during 1994-1995.¹

Legislative Leadership Committee Spending

Overall Legislative Leadership Committee Spending

Together the four legislative leadership committees spent \$8.7 million in 1997 and \$13.5 million in 2001. Thus, over this four-year period these committees increased their spending by 55 percent. In 1997, the Republican committees, the Assembly Republican Majority Committee and the Senate President's Committee spent \$2.2 million and \$3.3 million respectively. The Democratic leadership committees, the Doria Leadership Committee and the Senate Democratic Majority Committee spent \$790,752 and \$2.4 million respectively.

Four years later, the Assembly Republican Majority Committee spent \$2.6 million and the Senate Majority Committee \$4.4 million. On the Democratic side, the Doria Leadership Committee spent \$2.1 million and the Senate Democratic Majority Committee \$4.5 million.

Except for the Senate Democratic Committee in 2001, the Republican leadership committees outspent their counterparts in each year. This situation occurred in 1994-1995 as well. It is interesting to note, however, that despite the fact that the Democratic leadership committees were outspent by the Republican committees, the Democrats continued to increase the number of members in both legislative bodies, actually taking control of the Assembly in 2001 and equaling Republicans in the Senate.

Table 7 depicts the spending by the four committees in 1997 and 2001.

Legislative Leadership Committee Spending

Table 7
Legislative Leadership Committee Spending Totals: 1997 and 2001

		1997	2001
Assembly	Assembly Republican Majority Committee	\$2,159,929	\$2,581,550
	Doria Leadership Committee (Democratic)	\$790,752	\$2,089,369
	SUBTOTAL	\$2,950,681	\$4,670,919
Senate	Senate President's Committee (Republican)	\$3,388,153	\$4,381,229
	Senate Democratic Majority Committee	\$2,394,104	\$4,468,480
	SUBTOTAL	\$5,782,257	\$8,849,709
	<u>TOTAL</u>	<u>\$8,732,938</u>	<u>\$13,520,628</u>

Source: New Jersey Election Law Enforcement Commission

Senate or Assembly Legislative Leadership Committees: Who Spends the Most?

As might be expected, the Senate leadership committees outspent their Assembly counterparts by a considerable margin. This fact was true for both parties. During 1997, the two Senate leadership committees spent \$5.8 million compared with \$3 million spent by the Assembly committees, or 93 percent more. Likewise in 2001, the Senate committees expended \$8.8 million compared with \$4.7 million spent by the Assembly committees, or 87 percent more.

Succeeding sections will explore in detail the expenditure strategies of the legislative leadership committees. In general, however, both the Senate and Assembly committees directed their spending toward the campaigns of their respective candidates. As will be seen, significant amounts of money were spent on mass communication, particularly direct mail and or contributions to candidates, both direct monetary and in-kind.

Legislative Leadership Committee Spending

In the July, 1996 White Paper, State Parties and Legislative Leadership Committees: An Analysis 1994-1995, it was pointed out that the Assembly Republican Majority Committee undertook spending strategies that differed from the other three. In explaining this anomaly the report concluded:

Perhaps these different modes operandi can be traced to the origins of these committees. The Assembly Republican Majority Committee has existed since the 1980's and was formed to be the party's campaign committee to promote the election of its members to the Assembly. It has been affiliated with the Republican State Committee, and to this day, as is permissible under the law, is established under the aegis of the state committee.

The three other committees, to the contrary, derived more from the base of personal PACs that had once been the province of state legislators. Personal PACs controlled by candidates and officeholders are now prohibited under the new law. Essentially, a committee formulated on the model of a legislative party committee is going to function more broadly than a committee originally created as a legislator's personal PAC. As time passes, however, most likely these leadership committees will evolve toward a broad-based model.²

As will be shown in the following section, this scenario is what has occurred.

Spending Patterns of the Leadership Committees

As in the earlier report, eight expenditure categories were established. For this analysis, each expenditure was coded by category. The categories are mass communication, election-day activity, fundraising, consultants, charitable, contributions, administration, and polling.

Mass communication involves print and broadcast advertising. Administration includes salaries, rent, utilities, overhead costs, entertainment, and refunds. Election-day activity involves

Legislative Leadership Committee Spending

get-out-the-vote efforts, which includes money for election-day workers and telephone canvassing. Charitable includes expenditures made to volunteer organizations, including ads in ad books and flowers for weddings and funerals. Finally, expenditures for mass communications, polling, fundraising, and consulting, very importantly include in-kind contributions to candidates as well. In-kind contributions represent money spent on behalf of candidates by these leadership committees whereas direct contributions represent monetary donations made to the candidates.

Table 8 summarizes spending in each category by the leadership committees in 1997 and 2001.

Table 8				
Leadership Committee Spending Breakdown: 1997 and 2001				
	1997 Amount	Percentage	2001 Amount	Percentage
Mass Communication	\$2,945,157	34%	\$5,200,084	38%
Election Day	\$43,393	1%	\$214,068	2%
Fundraising	\$468,074	5%	\$409,017	3%
Consultants	\$1,781,430	20%	\$621,582	5%
Charitable	\$14,057	--	\$39,857	--
Contributions	\$2,521,579	29%	\$4,930,208	36%
Administration	\$769,405	9%	\$1,708,127	13%
Polling	\$189,839	2%	\$397,681	3%
TOTAL	\$8,732,934		\$13,520,624	

Source: New Jersey Election Law Enforcement Commission

The categories mass communication and direct contributions constituted the largest classes of expenditure activity by the legislative leadership committees in 1997 and 2001. Both years witnessed an increased percentage of total leadership committee spending attributed to these two categories over that recorded in 1994-1995. Moreover, the standing of these two

Legislative Leadership Committee Spending

categories relative to overall spending was flip-flopped from that realized in 1994-1995. In other words, whereas in 1994-1995, the category direct contributions constituted the largest proportion of legislative leadership spending, with mass communication being second, in both 1997 and 2001 the situation was reversed. This development is of some significance.

In 1997, spending on mass communication amounted to \$2.95 million, or 34 percent of all leadership committee spending. By 2001 that figure had risen to \$5.2 million, or 38 percent of all expenditures. Direct contributions, in 1997, constituted \$2.5 million, or 29 percent of all spending and in 2001 \$4.9 million, or 36 percent of all spending. In the prior years studied, 1994-1995 contributions reach \$1.5 million, or 30 percent of expenditures, and mass communication \$1.3 million, or 25 percent of spending.

The significance of this data is two-fold. First, spending on these two categories amounted to 63 percent of all spending in 1997 and 74 percent in 2001. The meaning of these figures should be clear: as predicted in the July, 1996 report, these committees have evolved into truly broad-based legislative party committees whose number one function is to promote their candidates for the Legislature. No longer do they resemble a personal PAC of a legislator. The majority of their money is now being distributed, either directly or indirectly, on behalf of their respective candidates.

Second, the fact that as a category, mass communication now leads direct contributions in terms of percentage of total spending, suggests that these leadership committees have become more involved in directing the media strategies of individual candidacies for the Legislature. As will be shown, the vast majority of mass communication spending is for direct mail and is reported as in-kind contributions or expenditures made on behalf of the candidate and not by the candidate himself, or herself. This finding is in line with the thesis expounded in recent Commission white papers that there is a party resurgence in New Jersey. No longer does New Jersey have a totally candidate-centered electoral system.

Legislative Leadership Committee Spending

Besides mass communication and contributions, the legislative leadership committees spent money on targeted activities directly related to enhancing the election of their candidates.

In 1997, for instance, 28 percent of leadership committee money was spent on election-day efforts, fundraising, consultants, or polling. In 2001, about 13 percent of their expenditures went toward these activities. Administrative expenditures accounted for the remaining nine percent and 16 percent of leadership committee expenditures in both 1997 and 2001 respectively.

During 1997, election-day activity reached \$43,393 (one percent), fundraising \$468,074 (five percent), consultants \$1.8 million (20 percent), and polling \$189,839 (two percent). During 2001, election-day activity accounted for \$214,068 (two percent), fundraising \$409,017 (three percent), consultants \$621,582 (five percent), and polling \$397,681 (three percent). Administration costs were at \$769,405 (nine percent) in 1997 and \$1.7 million (13 percent) in 2001. Expenditures on charity were negligible in both years.

Thus, 91 percent of leadership committee expenditures in 1997 and 87 percent of their spending in 2001 was made on behalf of, or directly for, candidates for the Legislature. These figures further corroborate the notion that New Jersey has again become a strong party state.

Spending by Party

In comparing the Democratic legislative leadership committees with the Republican committees, some differences in patterns of spending do emerge. The most striking differences occur in the following categories: mass communication, consultants and direct contributions.

The Republican leadership committees emphasized mass communication spending much more so than did the Democratic committees. In 1997, the Republican committees spent \$2.8 million, or 51 percent of expenditures on mass communication. The Democratic committees spent just \$174,890, or five percent of their money on mass communication. During the 2001 election cycle, The GOP committees spent \$3.6 million, or 52 percent of their total expenditures

Legislative Leadership Committee Spending

for mass communication. The Democratic committees spent \$1.6 million on mass communication in 2001, or 25 percent of all spending. Thus, the Democratic committees began to spend more on mass communication in 2001, but still considerably less than the Republican leadership committees.

Though spending less in actual dollars in 1997 than the Republicans did on direct contributions, the Democratic leadership committees used a higher percentage of their expenditures on direct contributions to candidates than did their counterparts. And in 2001, the Democratic leadership committees spent more in actual dollars on direct contributions than the Republicans and used a higher percentage of expenditures for this purpose as well. The Democratic leadership committees made \$981,128 worth of direct contributions in 1997, or 31 percent of total expenditures. Republican leadership committees directly contributed \$1.5 million, which represented 28 percent of their expenditures. During 2001, Democratic leadership committees direct contribution total increased drastically to \$3.7 million, amounting to 56 percent of their total expenditures. The Republican committees, on the other hand, spent less on direct contributions than four years prior, using 18 percent of expenditures, or \$1.2 million, on direct contributions.

Interestingly, the Democratic legislative leadership committees made 44 percent of their expenditures in 1997 for consultants. They spent \$1.4 million on consultants in that year. In 2001, the Democratic committees reduced that figure considerably to \$189,490, or three percent of expenditures. The Republican leadership committees were consistently modest in their expenditures for consultants during the two years under study. In 1997, they spent \$397,431, or seven percent of expenditures on consultants, and in 2001 the figure was similar at \$432,091, and six percent of spending.

There were no marked differences between the two sets of leadership committees in other categories. Tables 9 and 10 present a breakdown of spending for both sets of legislative leadership committees in the two election years under review.

Legislative Leadership Committee Spending

**Table 9
Republican Leadership Committee Spending**

	1997 Amount	Percentage	2001 Amount	Percentage
Mass Communication	\$2,769,765	51%	\$3,583,128	52%
Election Day	\$1,238	--	\$140,092	2%
Fundraising	\$302,509	5%	\$177,163	2%
Consultants	\$397,431	7%	\$432,091	6%
Charitable	\$10,532	--	\$485	--
Contributions	\$1,533,499	28%	\$1,229,287	18%
Administration	\$353,794	6%	\$1,162,696	17%
Polling	\$179,305	3%	\$237,820	3%
TOTAL	\$5,548,034		\$6,962,762	

**Table 10
Democratic Leadership Committee Spending**

	1997 Amount	Percentage	2001 Amount	Percentage
Mass Communication	\$174,890	6%	\$1,616,947	25%
Election Day	\$42,155	1%	\$73,975	1%
Fundraising	\$165,564	5%	\$231,852	4%
Consultants	\$1,383,998	44%	\$189,490	3%
Charitable	\$3,525	--	\$39,370	1%
Contributions	\$981,128	31%	\$3,700,920	56%
Administration	\$415,606	13%	\$545,426	8%
Polling	\$10,533	--	\$159,860	2%
TOTAL	\$3,177,399		\$6,557,840	

Source: New Jersey Election Law Enforcement Commission

Legislative Leadership Committee Spending

Certain differences in strategy between the Democratic committees and the Republican committees can be discerned from the data. Spending a higher proportion of their money on mass communication indicates that the Republican committees have centralized their legislative campaign efforts to a greater extent than have the Democrats. This involvement by the GOP committees might suggest that these committees may be emphasizing a statewide effort in terms of the legislative campaigns. On the other hand, the Democratic committees, by making a higher proportion of their spending in the form of direct donations to candidates suggests that their approach may be to emphasize the local aspects of campaigns.

Mass Communication Spending

In order to analyze mass communication expenditures, the data is broken down into two categories: broadcast media and print media. In both 1997 and 2001, legislative leadership committees spent the majority of their mass communication money on print advertising, primarily direct mail. During 2001, however, an increasing percentage of mass communication dollars went toward broadcast media, mainly cable TV. This development marked a change from previous years, including 1994-1995. Unfortunately, in 2001, there was an inordinate amount of spending on mass communication that was unable to be identified.

In 1997, five percent (\$157,380) of mass communication spending was directed toward broadcast advertising, most of which went toward television. That figure increased to \$1.4 million, or 26 percent of mass communication spending in 2001.

Print advertising, primarily direct mail, accounted for 95 percent (\$2.8 million) of mass communication spending in 1997. That percentage declined to 74 percent (\$3.8 million) in 2001. Direct mail accounted for 77 percent (\$2.3 million) of mass communication spending in 1997 but only for 32 percent (\$1.7 million) of it in 2001.

Table 11 depicts mass communication spending in the two years under review.

Legislative Leadership Committee Spending

Table 11					
Mass Communication Spending					
		1997 Amount	Percentage	2001 Amount	Percentage
Broadcast	TV	\$142,606	5%	\$1,194,781	23%
	Radio	\$14,774	--	\$163,828	3%
	SUBTOTAL	\$157,380	5%	\$1,358,609	26%
Print	Direct Mail	\$2,262,072	77%	\$1,672,643	32%
	Newspaper	\$43,748	1%	\$4,223	--
	Outdoor	--	--	\$1,549	--
	Unidentifiable	\$481,957	16%	\$2,157,057	41%
	SUBTOTAL	\$2,787,777	95%	\$3,841,475	74%
<u>TOTAL</u>		<u>\$2,945,157</u>		<u>\$5,200,084</u>	

Source: New Jersey Election Law Enforcement Commission

This chapter has analyzed the spending patterns over time of the legislative leadership committees. In both 1997 and 2001, spending on mass communication and direct contributions represented the majority of spending by these committees. In fact, spending on these two categories increased between 1997 and 2001, indicating that the leadership committees are playing an important role in legislative elections.

Notes

1. New Jersey Election Law Enforcement Commission, White Paper Number 11, State Parties and Legislative Leadership Committees: An Analysis 1994-1995, (July, 1996), p. 27
2. Ibid., p. 33

CHAPTER FOUR

State Party Committee Receipts

The state political party committees, like all political party organizations, exist to promote the election of their respective candidates. Their ability to accomplish this goal successfully depends, to a large extent, on their ability to raise money. Fundraising, so vital to the effectiveness of these committees, will be reviewed in this chapter. The chapter will analyze how well the Republican and Democratic state committees did in this regard during the election years 1997 and 2001. Moreover, it will examine the source of state party funds and will analyze data regarding these contributions, including average contribution information and contribution ranges. In so doing, it is hoped that the analysis is helpful in determining the impact of existing limits.

How Much Did They Raise

During 1997, the two state party committees combined raised \$10.7 million. Four years later in 2001, these same committees raised a combined \$24.6 million, an increase of 130 percent. This significant increase in receipts by the state party committees is due to the Democratic State Committee's dramatically increased success in fundraising. In fact, the Republican State Committee actually raised less money in 2001 than it did in 1997.

During the election year 1997, the Republican State Committee raised \$5.6 million, or 52 percent of total funds. In that year the Democratic State Committee raised \$5.1 million, or 48 percent of all funds. Just four years later the results were startlingly different. The fundraising prowess of the Democratic State Committee underwent a transformation that was quite

State Party Committee Receipts

remarkable. In 2001, the Democratic State Committee raised \$19.9 million, a figure that represents 81 percent of state party receipts and a 290 percent increase over that which it raised in 1997. The Republican State Committee, on the other hand, raised \$4.7 million, or 19 percent of state party funds. This figure represents a decrease of 18 percent from 1997. The gap between the fundraising totals of the Democratic State Committee and the Republican State Committee in 2001 is the biggest ever recorded in the history of state party fundraising. In the following sections, it will be shown how the Democratic State Committee accomplished this fact. In other words, the following sections will reveal the sources of Democratic State Committee and the Republican State Committee funding. Table 12 shows the fundraising totals of the two state party committees in 1997 and 2001.

Table 12				
State Party Receipts				
	Amount in 1997	Percent	Amount in 2001	Percent
Democratic State Committee	\$5,124,497	48%	\$19,902,744	81%
Republican State Committee	\$5,560,305	52%	\$4,680,893	19%
TOTAL	\$10,684,802		\$24,583,637	

Source: New Jersey Election Law Enforcement Commission

Sources of State Party Money

As stated on previous occasions, the effort to obtain data on the sources of contributions was a rigorous one. Each contribution is manually coded as to type. When this process is completed, amounts in each category are tabulated. The data compiled for each year, 1997 and 2001, is then compared.

State Party Committee Receipts

The coding system used in this chapter is the same as that used for legislative leadership committees. The contributor categories are: individual, business/corporation, unions, business/corporate PACs, professional/trade association PACs, union PACs, ideological PACs, parties, legislative leadership committees, candidates, and miscellaneous.

Table 13 sets forth the amount contributed by each contributor type as well as the percentage of total contributions represented by each category.

Table 13				
Sources of Contributions to State Parties				
	1997 Amount	Percentage	2001 Amount	Percentage
Individual	\$2,807,417	26%	\$7,921,848	32%
Business/Corporation	\$4,796,421	45%	\$7,674,034	31%
Unions	\$376,315	4%	\$531,230	2%
Business/Corp. PACs	\$266,011	2%	\$456,394	2%
Professional/Trade PACs	\$206,994	2%	\$728,190	3%
Union PACs	\$425,673	4%	\$1,371,655	6%
Ideological PACs	\$17,218	--	\$118,195	--
Parties	\$165,908	2%	\$1,903,865	8%
Legislative Leadership	\$575,945	5%	\$1,859,247	8%
Political Committees	\$178,671	2%	\$23,920	--
Candidates	\$417,205	4%	\$1,828,097	7%
Miscellaneous	\$451,024	4%	\$166,962	1%
TOTAL	\$10,684,802		\$24,583,637	

Source: New Jersey Election Law Enforcement Commission

As occurred in 1994 and 1995, businesses and corporations constituted the largest proportion of state party receipts during 1997. As noted in State Parties and Legislative Leadership Committees: An Analysis 1994-1995, this category of contributor made 62 percent, \$6.5 million, of all state party contributions over this two-year period. The percentage was down measurably in 1997, but at 45 percent of state party receipts, businesses and corporations still

State Party Committee Receipts

made the largest proportion of contributions to these entities. They contributed \$4.8 million in 1997.

This decrease in the proportion of overall state party receipts by businesses and corporations continued in 2001, accounting for 31 percent of the total, or \$7.7 million. In fact, by 2001, business and corporate contributions no longer constituted the largest percentage of state party receipts. Contributions by individuals totaled \$7.9 million, or 32 percent of all contributions, exceeding the impact of business and corporate giving.

Thus, while the percentage of contributions lagged far behind that of businesses and corporations in 1994-1995, these statistics indicate a measurable increase in the proportion of receipts attributed to individuals in 1997 and then again in 2001, when the individual contributor proportion of state party receipts outdistanced all other contributor types. In 1994-1995, the percentage to total state party receipts recorded by individuals amounted to eight percent. That percentage rose to 26 percent in 1997 and to 32 percent in 2001. Individual contributions amounted to \$865,159 in 1994-1995, \$2.8 million in 1997 and \$7.9 million in 2001.

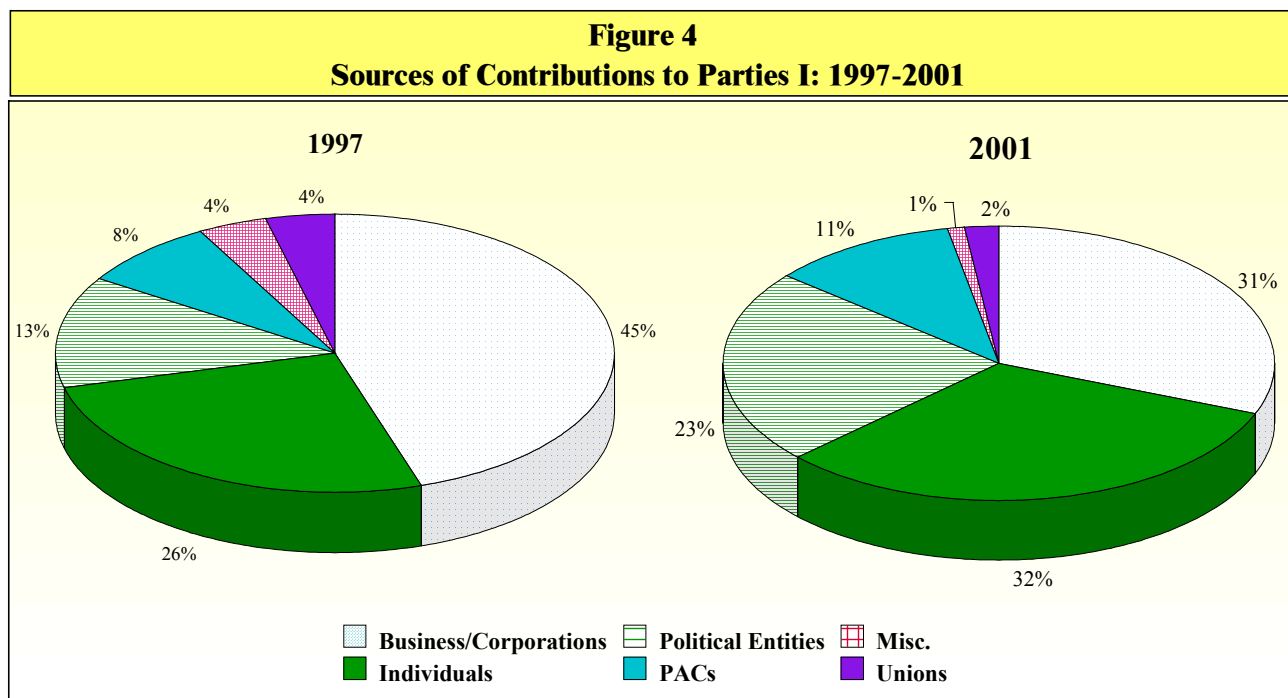
The decline in business and corporate contributions is due to a decrease in the percentage of this category of contribution directed toward the Republican State Committee. The percentage of contributions from individuals to both parties increased.

In all other contributor categories, percentage levels remained fairly consistent. During 1997, unions gave four percent of total state party contributions, \$376,315, business and corporate PACs made two percent of donations, \$266,011, professional/trade association PACs two percent, \$206,994, and union PACs four percent, \$425,673. Minimal contributions were made by ideological PACs in 1997. In this election year other political parties provided two percent of state party funds, \$165,908, legislative leadership committees five percent, \$575,945, political committees two percent, \$178,671, and candidates four percent, \$417,205.

State Party Committee Receipts

The percentages were not much different in 2001. In that year, unions comprised two percent of state party funds, \$531,230, business and corporate PACs two percent, \$456,394, professional/trade association PACs three percent, \$728,190, and union PACs six percent, at \$1.4 million. Minimal contributions were again made by ideological PACs. Among the party entities, political parties increased their percentage of total contributions made to state party committees to eight percent, \$1.9 million (though this percentage was similar to 1994-1995), legislative leadership committees recorded eight percent of total, \$1.9 million, political committees provided minimal support and candidates made seven percent of all funds, \$1.8 million. The percentage level of contributions made by these contributor types was similar in 1994-1995.

The above data can be viewed from slightly different perspectives as well. Figure 4 below sets forth a broader distribution of contributor categories.

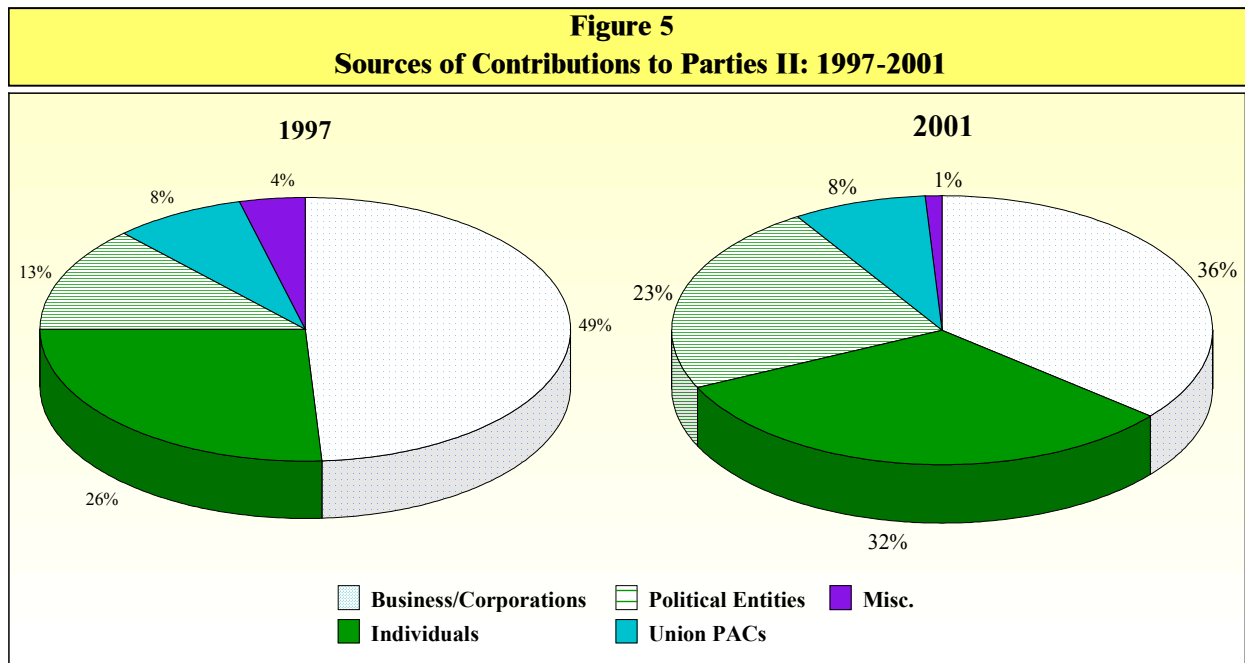


Source: New Jersey Election Law Enforcement Commission

State Party Committee Receipts

In Figure 4 immediately above, political parties, legislative leadership committees, political committees, and candidates were grouped into a super category called political entities. Likewise, each PAC category was grouped together. When viewed from this perspective, contributions from political entities reached 13 percent of total contributions to the state parties in 1997, less in percentage terms than in 1994-1995. This percentage grew, however, to 23 percent of total in 2001. PAC contributions to the state party committees amounted to eight percent of total in 1997 and 11 percent thereof in 2001. Business and corporate donations reached 45 percent and 31 percent of total state party receipts in 1997 and 2001 respectively. Individual contributors made 26 percent of contributions in 1997 and 32 percent in 2001. Unions were responsible for four percent of contributions to state parties in 1997 and two percent in 2001.

Figure 5 depicts the data presented above in a slightly different manner.



Source: New Jersey Election Law Enforcement Commission

State Party Committee Receipts

In Figure 5 above, all business interests were grouped together. Even under these circumstances the percentage of business-oriented contributions to state party committees is shown to clearly have declined from the level recorded in 1994-1995. In 1994-1995, all categories of business interests, when grouped together, made 67 percent of all contributions to the Democratic and Republican state committees. In 1997, however, that percentage dropped to 49 percent and lower still to 36 percent in 2001. The percentage of contributions recorded by the other categories shown in the above graphs remained the same. Unions and union PACs comprised eight percent of contributions in both 1997 and 2001.

Sources of Contributions by Party

As mentioned above, the Democratic State Committee raised \$5.1 million in 1997 and \$19.9 million in 2001. In comparison, the Republican State Committee raised \$5.6 million in 1997 and \$4.7 million in 2001. Table 14 below provides the sources of contributions to these two committees in 1997 and 2001.

Table 14								
Sources of Contributions by Party								
	DSC Amount	1997 %	RSC Amount	%	DSC Amount	2001 %	RSC Amount	%
Individual	\$1,232,645	24%	\$1,574,772	28%	\$7,024,341	35%	\$897,507	19%
Business/Corporation	\$1,757,850	34%	\$3,038,571	55%	\$6,035,811	30%	\$1,638,223	35%
Unions	\$356,130	7%	\$20,185	--	\$513,230	3%	\$18,000	--
Business/Corp. PACs	\$108,164	2%	\$157,847	3%	\$278,565	1%	\$177,829	4%
Professional/Trade PACs	\$96,345	2%	\$110,649	2%	\$618,590	3%	\$109,600	2%
Union PACs	\$364,500	7%	\$61,173	1%	\$1,340,155	7%	\$31,500	1%
Ideological PACs	\$17,218	--	--	--	\$98,195	1%	\$20,000	--
Parties	\$87,720	2%	\$78,188	1%	\$1,481,125	7%	\$422,740	9%
Legislative Leadership	\$307,949	6%	\$267,996	5%	\$821,033	4%	\$1,038,214	22%
Political Committees	\$120,671	2%	\$58,000	1%	\$18,920	--	\$5,000	--
Candidates	\$293,561	6%	\$123,644	2%	\$1,527,454	8%	\$300,643	6%
Miscellaneous	\$381,744	7%	\$69,277	1%	\$145,325	1%	\$21,634	--
TOTAL	\$5,124,497		\$5,560,302		\$19,902,744		\$4,680,890	

Source: New Jersey Election Law Enforcement Commission

State Party Committee Receipts

As demonstrated in Table 14, there was a precipitous increase in contributions made to the state parties between 1997 and 2001. This tremendous growth in receipts is due entirely to the efforts of the Democratic State Committee, which realized an increase in contributor activity in almost every category. The Republican State Committee, on the other hand, lost ground or remained even between 1997 and 2001 in every contributor category, excluding those involving political entities.

Contributions from individuals to the Democratic State Committee increased by 483 percent between 1997 and 2001, from \$1.2 million to \$7 million. Businesses and corporations increased their donor activity to the Democratic State Committee by 233 percent during this period, \$1.8 million to \$6 million. Contributions to the Democratic State Committee by unions rose by 44 percent between 1997 and 2001, \$356,130 to \$513,230, while contributions from business and corporate PACs increased by 157 percent, \$108,164 to \$278,565. Professional and trade association PACs intensified their contributor activity to the Democratic State Committee during this period by 542 percent, \$96,345 to \$618,590, while activity by union PACs increased by a sizeable 268 percent, from \$364,500 to \$1.3 million. Even contributions from ideological PACs rose from \$17,218 in 1997 to \$98,195 in 2001, a 470 percent increase. True to the theory that political party committees, including those at the county level, are now key players in New Jersey elections, contributions from mainly local political parties to the Democratic State Committee intensified by 1,588 percent, from \$87,720 in 1997 to \$1,481,125 in 2001. Receipts from the Democratic legislative leadership committees to the Democratic State Committee rose as well, from \$307,949 to \$821,033, a 166 percent increase over the four-year period. Finally, while contributions from political committees to the Democratic State Committee did decline by 84 percent from \$120,671 in 1997 to \$18,920 in 2001, donations from candidates increased by 420 percent, \$293,561 to \$1,527,454.

The Republican State Committee story was quite different. The Republican State Committee experienced a significant decrease in contributions from individuals between 1997 and 2001, from \$1.6 million down to \$897,507, a decline of 43 percent. Business and corporate contributions to the Republican State Committee were down by 46 percent, from \$3 million to

State Party Committee Receipts

\$1.6 million. Though minimal in 1997, contributions from unions to the Republican State Committee in 2001 dipped slightly from \$20,185 to \$18,000, a decrease of 11 percent. Contributor activity from professional and trade association PACs decreased slightly during this period. The Republican State Committee received \$110,649 from these entities in 1997 and \$109,600 in 2001, a negligible decline. Union PACs contributed \$61,173 in 1997, a figure that dropped to \$31,500 in 2001. This drop constituted a decrease of 49 percent during this four-year period.

Except for political committee activity, which declined for the Republican State Committee between 1997 and 2001, from \$58,000 to \$5,000, a decrease of 91 percent, contributor activity by the remaining contributor types increased. Business and corporate PAC contributions to the Republican State Committee rose by 13 percent between 1997 and 2001, \$157,847 to \$177,829, whereas political party donations, mainly county organizations, went from \$78,188 to \$422,740, an increase of 440 percent. The Republican legislative leadership committees stepped up their contributions to the Republican State Committee during this period, from \$267,996 to \$1 million, or by 287 percent. Candidates too contributed more in 2001 than they did in 1997, from \$123,644 to \$300,643, an increase of 143 percent.

What explanations can be offered by the patterns displayed above? First, as noted above, the incredible surge in donations to the state parties is solely due to the activity of the Democratic State Committee. And this achievement was the result of the following factors: the support of then candidate James E. McGreevey within the Democratic Party, his position of being unopposed in the primary, his fundraising prowess, the trend toward Democrats in New Jersey, the expectation that candidate McGreevey would win the Governorship, and the significantly strengthened political party system.

Conversely, the controversial and competitive GOP primary and the less than united Republican Party during the general election can be offered as reasons for the difficult time the party had in raising funds.

State Party Committee Receipts

Average Contribution Amounts

As noted in Table 15 below, the average contribution made to the state party committees was \$4,048 in 1997 and \$4,989 in 2001. The Democratic State Committee average contribution was \$3,858 in 1997 and \$4,599 in 2001. The Republican State Committee average contribution was \$4,241 in 1997 and \$7,801 in 2001. What is apparent from the data is that in each year the Republican State Party Committee received fewer contributions than did the Democratic State Committee. Moreover, it suggests that the Republican State Committee was dependent on larger donations, but fewer in number, than the Democratic State Committee, particularly in 2001.

Table 15						
Average Contributions to State Parties: 1997 and 2001						
	1994-1995	%	1997	%	2001	%
DSC	\$3,981		\$3,858	-3%	\$4,599	+19%
RSC	\$3,473		\$4,241	+22%	\$7,801	+84%
OVERALL	\$3,727		\$4,048	+8%	\$4,989	+23%

Source: New Jersey Election Law Enforcement Commission

Average Contribution by Contributor Type

Contained in the table below are amounts representing average contributions made to the state party committees by each category of contributor.

State Party Committee Receipts

Table 16
Average by Contributor Type

	1997	2001
Individual	\$3,074	\$3,365
Business/Corporation	\$4,054	\$4,662
Political Party	\$5,925	\$15,230
Campaign Fund	\$5,087	\$9,621
Political Committee	\$8,508	\$2,990
Business/Corporate PAC	\$2,742	\$7,131
Professional/Trade Association	\$3,393	\$6,742
Union	\$5,534	\$4,390
Union PACs	\$7,094	\$7,257
Ideological PAC	\$2,459	\$10,745
Legislative leadership	\$10,866	\$39,558

Source: New Jersey Election Law Enforcement Commission

In both 1997 and 2001, legislative leadership committees had the highest average contribution for those contributor types donating to the state party committees. The average contribution made by the legislative leadership committees was \$10,866 in 1997 and \$39,558 in 2001. Political party committees, including national, county and municipal committees gave an average \$5,925 in 1997 and significantly increased the size of their donations in 2001 to an average \$15,230. Candidate campaign funds averaged \$5,087 in 1997 and \$9,621. Political committees averaged \$8,508 in 1997 but only \$2,990 in 2001. Overall, in both years, it was the political entities that appear to have made the largest contribution, a finding similar to 1994-1995.

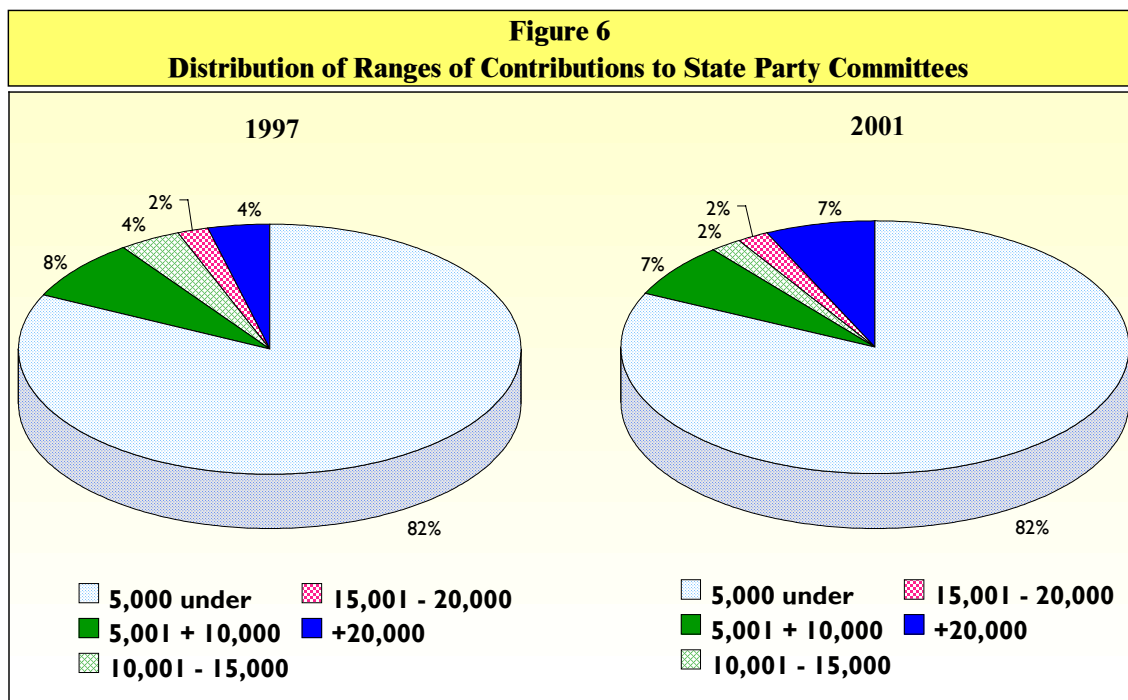
Among the PAC groups, union PACs made average contributions to the state parties in denominations of \$7,094 in 1997 and \$7,257 in 2001. Professional/trade association PACs averaged \$3,393 and \$6,742 in 1997 and 2001 respectively and business/corporate PACs \$2,742 and \$7,131 in those respective years. Ideological PACs averaged \$2,459 in donations in 1997

State Party Committee Receipts

and \$10,745 in 2001. The average contribution to the state parties made by individuals was \$3,074 in 1997 and \$3,365 in 2001. Business and corporations averaged \$4,054 per contribution in 1997 and \$4,662 in 2001, and unions \$5,534 and \$4,390 in 1997 and 2001 respectively.

Contribution Ranges

The most interesting development regarding ranges of contribution was the increase in the proportion of contributions falling within the more than \$20,000 range in 2001. Whereas in 1994-1995 and again in 1997, the proportion of contributions in this category was in the range of three to four percent of total contributions, in 2001, that proportion rose to seven percent. The vast number of contributions made to the state committees were under \$5,000. The proportion in this category was 82 percent in 1997 and 82 percent in 2001. These percentages were down from 1994-1995, when 86 percent of contributions fell into this range. All other ranges remained similar. Figure 6 indicates the proportion of contributions to the state party committees falling in each range in 1997 and again in 2001.



Source: New Jersey Election Law Enforcement Commission

State Party Committee Receipts

Between 1997 and 2001, the state political party committees increased their fundraising totals by 129 percent, having raised \$10.7 million in 1997 and \$24.6 million in 2001. This chapter has demonstrated that the significant surge in fundraising by the two state parties is entirely the result of the efforts undertaken by the Democratic State Committee. While the Republican State Committee actually raised less in 2001 than in 1997, the Democratic State Committee increased its total to \$19.9 million, an increase of 290 percent during this period. To be sure, these figures are consistent with the Democratic trend in New Jersey noted earlier in the discussion of legislative leadership committees.

CHAPTER FIVE

State Party Committee Expenditures

In the same way that Legislative Leadership Committee expenditures were analyzed in Chapter Three, this chapter will investigate the expenditure activity of the Democratic and Republican state committees. This review will build upon earlier efforts contained in State Parties and Legislative Leadership Committees: An Analysis 1994-1995.

As before, this review of the expenditure activity of these committees was not an easy task, particularly with respect to the initial data gathering. The coding and categorization of expenditures was difficult. While much information provided by the State Committees was easily discernable, a significant number of expenditures were described very generally. Thus, the Commission makes no claim that the expenditure analysis is exact in every respect. Full confidence is expressed, however, in regards to the chapter representing a general picture of how the state political party committees spent their money in 1997 and 2001.

Total Spending

Altogether the two state parties spent \$12.3 million in 1997 and \$18.9 million in 2001. Thus, during this four-year period spending by the two state party committees increased by 54 percent. Interestingly, in 1994 and 1995, a two-year period, the Democratic State Committee and the Republican State Committee spent a total \$10.1 million. Thus, as of 1997 the two parties were spending more in one year than they had during the two-year period including 1994 and 1995. This data reflects the surge in party activity noted throughout.

State Party Committee Expenditures

As was the case, however, with fundraising by the state parties, it was the Democratic State Committee that proved to be instrumental to the upsurge in spending between 1997 and 2001. In 1997, the Democratic State Committee spent \$5.5 million; and, in 2001, it spent \$13.7 million, an increase of 149 percent. The Republican State Committee, on the other hand, spent \$6.8 million in 1997 and \$5.3 million in 2001, a decline of 22 percent.

Table 17 below demonstrates the manner in which the two parties spent their money during 1997 and again in 2001 and the percentage of spending represented by each category.

Table 17				
State Party Spending				
	1997 Amount	Percentage	2001 Amount	Percentage
Mass Communication	\$3,383,013	28%	\$7,122,352	38%
Election Day	\$1,349,772	11%	\$767,056	4%
Fundraising	\$19,644	--	\$800,003	4%
Consultants	\$1,077,806	9%	\$1,311,357	7%
Charitable	\$23,776	2%	\$19,419	--
Contributions	\$1,372,214	11%	\$1,845,207	10%
Administration	\$3,151,310	26%	\$3,282,391	17%
Polling	\$16,039	--	\$392,718	2%
Transfers	\$1,869,107	15%	\$3,397,127	18%
TOTAL	\$12,262,701		\$18,937,630	

Source: New Jersey Election Law Enforcement Commission

As shown, mass communication expenditures constituted the largest proportion of state party expenditures in both 1997 and 2001. Mass communication includes broadcast and print media. In spending about \$3.4 million in 1997 on mass communication, this category represented 28 percent of all state party expenditures. That proportion increased to 38 percent of total in 2001, when the two state party committees spent \$7.1 million for this purpose. Administration, including salaries, rent, telephone, entertainment, and other miscellaneous

State Party Committee Expenditures

operating costs, constituted the second largest proportion of state party expenditures in 1997 and third largest in 2001. During 1997, the state parties expended \$3.2 million on administration, or 26 percent of total expenditures. In 2001, 17 percent of state party expenditures, or \$3.3 million, went toward administration.

Transfers made from the state party account to the federal accounts maintained by the Democratic State Committee and Republican State Committee accounted for 15 percent of expenditures in 1997 and 18 percent in 2001, \$1.9 million and \$3.4 million respectively. The state parties expended \$1.4 million, or 11 percent of expenditures, and \$1.8 million, or ten percent of expenditures, in the form of direct contributions in 1997 and 2001 respectively. It should be noted that this category does not include contributions on behalf of candidates, which covered many mass communication expenditures and consultant costs. Consultants, for that matter, accounted for nine percent of total state party expenditures in 1997, \$1.1 million, and seven percent in 2001, \$1.3 million. Expenditures for election-day activities amounted to \$1.3 million, or 11 percent of total, in 1997, and \$767,056, or four percent, in 2001.

In both years, expenditures for polling, charity, and fundraising amounted to four percent or less. Not even one percent of spending by the state parties, \$19,664, was directed toward fundraising in 1997. About \$800,003, four percent, went for this purpose in 2001. Polling expenditures amounted to \$16,039, less than one percent, and \$392,718, two percent, in 1997 and 2001 respectively. Finally, state party expenditures for charity reached two percent, \$23,776, in 1997, and under one percent, \$19,419, in 2001.

The proportions noted above reflected those in 1994-1995, except that by 2001 the proportion of expenditures made for mass communication and direct contributions had increased and the proportion transferred to the federal account decreased. This data corroborates with other data, which demonstrates that the involvement of political parties in campaigns is increasing.

State Party Committee Expenditures

Partisan Breakdown of Spending

A comparison of spending patterns displayed by the Democratic and Republican state committees shows some differences between the two organizations. It also indicates that certain changes in spending patterns occurred between 1997 and 2001. Table 18 provides data on the manner by which both state party organizations spent their fundraising dollars in 1997 and again in 2001. As noted above, the Democratic State Committee by far outdistanced the Republican State Committee in terms of total spending in 2001.

Table 18								
State Party Committee Spending								
	DSC Amount	1997 %	RSC Amount	%	DSC Amount	2001 %	RSC Amount	%
Mass Communication	\$736,613	13%	\$2,646,399	39%	\$5,026,584	37%	\$2,095,768	40%
Election Day	\$891,159	16%	\$458,613	7%	\$285,143	2%	\$481,913	9%
Fundraising	\$5,741	--	\$13,923	--	\$769,449	6%	\$30,554	1%
Consultants	\$905,614	17%	\$172,192	3%	\$1,050,893	8%	\$260,463	5%
Charitable	\$20,234	--	--	--	\$8,319	--	--	--
Contributions	\$699,689	13%	\$672,525	10%	\$896,830	7%	\$948,377	18%
Administration	\$1,121,574	20%	\$2,029,734	30%	\$2,711,713	20%	\$570,675	11%
Polling	--	--	\$16,039	--	\$325,193	2%	\$67,525	1%
Transfers	\$1,085,249	20%	\$783,858	12%	\$2,579,378	19%	\$817,749	15%
TOTAL	\$5,465,873		\$6,796,824		\$13,653,502		\$5,284,124	

Source: New Jersey Election Law Enforcement Commission

The proportion of expenditures made for mass communications remained high, but steady, for the Republican State Committee during the time period in question. Spending \$2.6 million, or 39 percent of their expenditures on mass communication in 1997, the Republican State Committee spent \$2.1 million, or 40 percent of their expenditures, toward this purpose in 2001. The Democratic State Committee, on the other hand, greatly increased its investment in mass communication in 2001, reaching parity with the Republican State Committee in terms of

State Party Committee Expenditures

the percentage of total expenditures made for this purpose, and outdistancing the Republican State Committee in terms of actual dollars expended. About 13 percent, \$736,613, of Democratic State Committee expenditures in 1997 went for mass communication. In 2001, that portion increased to 37 percent, with spending by the Democratic State Committee for this purpose amounting to \$5 million.

There was somewhat of a reversal of patterns with regard to direct contributions by the two state parties between 1997 and 2001. As had been the case in 1994-1995, the Democratic State Committee directed a higher percentage of expenditures toward direct contributions to candidates in 1997 than did the Republican State Committee. Thirteen percent, \$699,689, of Democratic State Committee expenditures went directly to candidates in 1997 compared with ten percent, \$672,525, of Republican State Committee expenditures. In 2001, however, the Republican State Committee contributed 18 percent, \$948,377, of its expenditures to candidates whereas the Democratic State Committee gave just seven percent, \$896,830, of its expenditures toward contributions to candidates.

This data, showing the Democratic State Committee spending proportionately larger amounts on mass communication and less amounts on direct contributions in the latter year, suggests that the party is getting more involved in participating in the campaigns of its candidates and less interested with merely turning money over to candidate-centered campaigns. While the Republican State Committee did make a higher percentage of expenditures in the form of direct contributions, it did maintain its high proportion of expenditures going for mass communication.

Perhaps significantly the Democratic State Committee increased the proportion of spending for the purposes of fundraising in 2001. Expenditures on fundraising rose from under one percent of total Democratic State Committee spending in 1997 to six percent of total in 2001. Just \$5,741 was reportedly spent for this purpose by the Democratic State Committee in 1997, whereas, \$769,449 went for fundraising in 2001. In comparison, the Republican State

State Party Committee Expenditures

Committee spent one percent or less in both years for fundraising, \$13,923 in 1997 and \$30,554 in 2001.

The Democratic State Committee reported spending higher amounts for consultants (as well as percentage of total) than did the Republican State Committee in both years. In 1997, the Democratic State Committee spent \$905,614, 17 percent of total expenditures, on consultants compared with the Republican State Committee, which spent \$172,192, or three percent of expenditures, for this purpose. In 2001, the Democratic State Committee expended over \$1 million on consultants, eight percent of total spending, whereas the Republican State Committee spent just \$260,463, or five percent of their total expenditures for consultants.

Except for the GOP State Committee in 2001, when its overall financial activity was down, both parties devoted considerable proportions of their expenditures to administration. In 1997, the Democratic State Committee reported 20 percent, \$1.1 million, of spending directed toward administration and the Republican State Committee reported spending \$2 million, or 30 percent of total expenditures on administration. The administration spending was \$2.7 million, 20 percent, for the Democratic State Committee in 2001 and \$570,675, or 11 percent, for the Republican State Committee in that year.

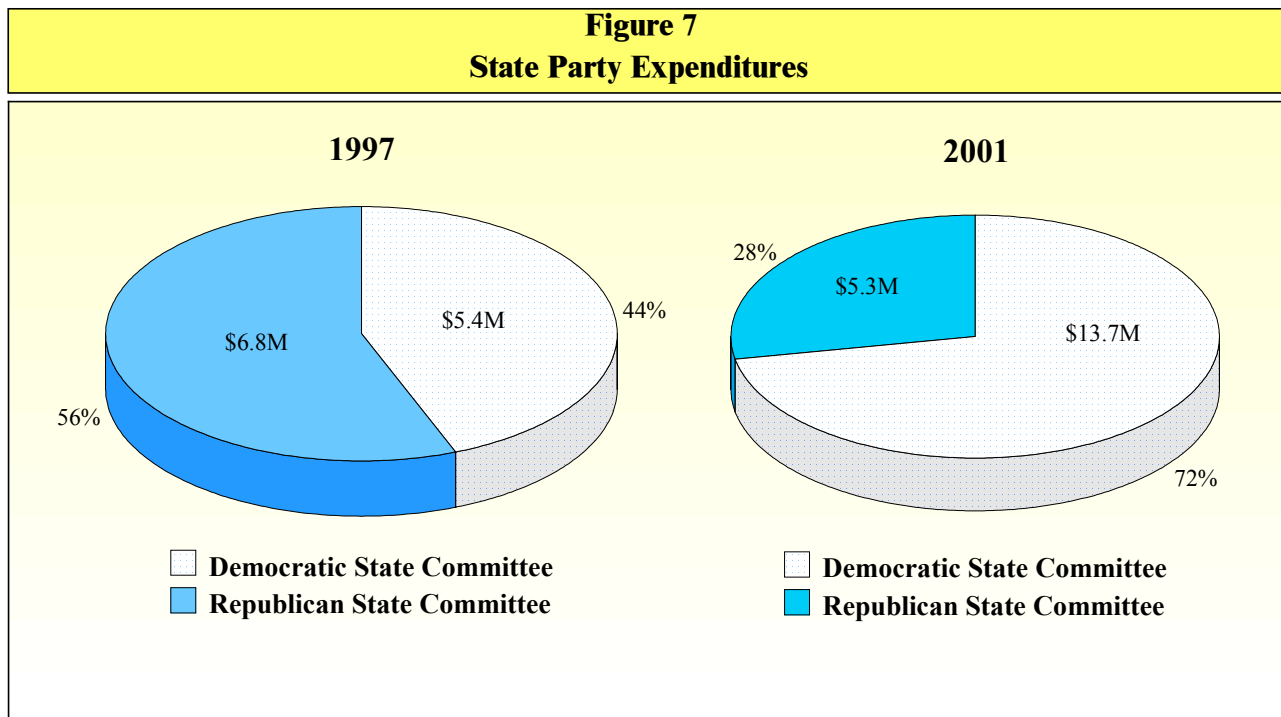
The Democratic State Committee transferred more money to its federal account than did the Republican State Committee in both years. Twenty percent and 19 percent of Democratic State Committee reported expenditures in 1997 and 2001 respectively, \$1.1 million and \$2.6 million, went into the federal account. Twelve percent and fifteen percent of Republican State Committee reported expenditures were transferred to the federal account in 1997 and 2001 respectively. The GOP spent \$783,858 in 1997 and \$817,749 in 2001 for this purpose.

The proportion of spending invested for polling was minimal for both parties in both years. Only \$16,039 was spent to commission polls in 1997, all by the Republican State Committee. This was less than one percent of expenditures made by this committee. The Democratic State Committee spent no money for this purpose in 1997. The Democratic State

State Party Committee Expenditures

Committee did, however, devote two percent of its expenditures \$325,193 to polling in 2001, whereas the Republican State Committee committed one percent of its expenditures, \$67,525, to conducting polls in 2001. Finally, election-day activities comprised 16 percent (\$891,159) of Democratic State Committee spending in 1997 and just two percent (\$285,143) in 2001. The Republican State Committee made seven percent of its expenditures in 1997 (\$458,613) on election-day activities and nine percent, or \$481,913, for that purpose in 2001. Both parties spent negligible amounts on charity in both years.

It would be remiss to not point out again the tremendous advantage enjoyed by the Democratic State Committee in 2001, this time not in terms of fundraising but in terms of expenditures. This advantage is highlighted in Figure 7.



Source: New Jersey Election Law Enforcement Commission

State Party Committee Expenditures

What is interesting about the above is that Figure 7 represents almost the mirror image of the distribution of expenditures between the Democratic State Committee and the Republican State Committee as contained in State Parties and Legislative Leadership Committees: An Analysis 1994-1995. During that two-year period the Republican State Committee made 76 percent of total expenditures compared with the Democratic State Committee, which made just 24 percent of expenditures. In 2001, the Democratic State Committee made 72 percent of total expenditures compared with 28 percent of total expenditures made by the Republican State Committee.

Three conclusions can be made from this data. First, it is an obvious fact that the party with the most money is the party that will spend the most money. Second, as demonstrated in 1994-1995 and in 1997, the party in power is in most instances the party that has the greater ability to raise and spend money. But third, sometimes the potential to raise and spend the most money derives not from being the party in power but from the anticipation that it will be the party in power after the general election. This situation clearly was the case in 2001 when Democratic gubernatorial candidate James E. McGreevey was favored to win the Governorship and when the Democratic Party was thought to have a good chance of taking control of the Legislature.

If precedent is a guide, the Democratic State Committee, blessed with a Democratic Governor, control of the Assembly, and sharing power in the State Senate, will continue to be effective at fundraising for the foreseeable future.

Mass Communication Spending

The pattern by which mass communication dollars were spent differed strikingly between 1997 and 2001. In fact, 1997 differed from that pattern discerned in the 1996 report, which provided data relative to mass communication spending, by the state parties in 1994-1995. Whereas a distinct preference for spending on direct mail surfaced in 1994-1995 and again in 2001, there was a clear emphasis on broadcast advertising, in particular cable T.V., in 1997.

State Party Committee Expenditures

Table 19 shows how the state parties spent their mass communication dollars in 1997 and 2001.

Table 19					
Mass Communication Spending by State Party Committee: 1997 and 2001					
		1997 Amount	Percent	2001 Amount	Percent
Broadcast	T.V.	\$2,104,792	62%	--	--
	Radio	\$143,684	4%	\$200,000	3%
	<u>Subtotal</u>	<u>\$2,248,476</u>	<u>66%</u>	<u>\$200,000</u>	<u>3%</u>
Print	Direct Mail	\$823,814	24%	\$5,573,196	78%
	Newspaper	\$57,904	2%	\$7,896	--
	Outdoor	\$2,816	--	\$19,129	--
	<u>Subtotal</u>	<u>\$884,534</u>	<u>26%</u>	<u>\$5,600,221</u>	<u>79%</u>
Unidentifiable		\$250,002	7%	\$1,322,131	19%
TOTAL		\$3,383,012		\$7,122,352	

Source: New Jersey Election Law Enforcement Commission

In 1997 \$2.2 million, or 67 percent of mass communication expenditures, were made for the purpose of broadcast advertising. The bulk of this category was made up of expenditures for network and cable T.V. advertising. Approximately \$2.1 million, 62 percent of total mass communication spending, went toward T.V. and \$143,684, four percent, went toward radio advertising. Unlike 1994-1995 and 2001, only 26 percent of mass communication expenditures went for print advertising. A total of \$884,534 was directed toward print advertising. Within this category, the vast majority of mass communication dollars was spent on direct mail. Direct mail consumed \$823,814, or 24 percent of total mass communication dollars. Newspaper advertising amounted to \$57,904, or two percent of mass communication spending. There was \$250,002 in unidentifiable mass communication expenditures.

The year 2001 witnessed a different mass communication expenditure scheme, one similar to 1994-1995. Only three percent of mass communication spending went toward

State Party Committee Expenditures

broadcast advertising, all of it directed toward radio advertising. Just \$200,000 was spent on broadcast advertising in 2001. In contrast, 79 percent of mass communication spending, \$5.6 million, came in the form of print advertising, almost all in the category of direct mail. A total of \$5.6 million, or 78 percent of mass communication spending, went toward direct mail in 2001. Negligible amounts were directed toward newspaper and outdoor advertising in that year. Approximately 19 percent, \$1.3 million, was unidentifiable.

In 1994, the state parties spent two percent of total expenditures on broadcast advertising, \$51,000, 55 percent on print advertising, \$1.7 million (virtually all on direct mail), while 43 percent, \$1.3 million, was unidentifiable.

Reflecting the tremendous increase in fundraising between 1997 and 2001, spending by the state political party committees increased by leaps and bounds as well. The four-year period witnessed an increase in spending of 54 percent by the two state political party committees. As might be expected, the Democratic State Committee was responsible for the uptick in spending. While the Democratic State Committee increased spending by 149 percent between 1997 and 2001, the Republican State Committee experienced a decline in its rate of spending of 22 percent during this period. Interestingly, the Democratic State Committee spent proportionately more on mass communication in 2001, than in the past, further suggesting a greater involvement in the campaigns of candidates.

CHAPTER SIX

County Parties: Background

Recognizing the private nature of political parties, the United States Supreme Court, in 1989, issued its now very consequential Eu v. San Francisco County Democratic Central Committee decision. The Eu decision declared a California law that barred political parties from endorsing candidates in a primary election to be unconstitutional. Subsequently, a New Jersey Superior Court Consent Order invalidated a similar law in the state. This event was the catalyst for the rebirth of moribund political parties in New Jersey, not the least of these the county party committees.

An even bigger boost to the state's political party system came four years later, when in 1993, a campaign finance reform law was enacted. This law permitted higher limits on contributions to political parties than on contributions to candidates. Moreover, it also allowed the political parties to contribute unlimited amounts of money, either directly to or on behalf of their candidates. Needless to say this reform, which provided a significant advantage to political parties, brought about a sea change in the political power structure in New Jersey, ushering in an era of significant party strength, particularly at the county party level. This trend, termed repartyization in the Commission's 1997 White Paper, Repartyization: The Rebirth of County Organizations, continues apace today and may grow even stronger as the effects on state politics of the federal McCain/Feingold bill are felt. McCain/Feingold at the time of writing allows for soft money dollars, banned at the federal level, to flow into the states. The Act is currently before the United States Supreme Court.

County Parties: Background

In truth, this rise in the strength of county political party committees reflects an earlier time in the state's history. In fact, "the county-based party system in the state is the stuff of legend."¹

Forty years ago, county political organizations dominated electoral politics in New Jersey. In all 21 counties, one party or the other controlled patronage, contracts, nominations, and elections for county and municipal offices. This control had its reach into state politics and government. Also, with county leaders influential in selecting legislative and gubernatorial candidates, legislative districts were configured on the basis of county lines. There was never a thought of inhibiting the parties in terms of the nomination process. Indeed, it is a characteristic of a strong party system that the leadership controls the candidate selection process and the campaign. This situation was the case prior to the 1960's, the time before rapid suburbanization began. City dwellers retained their party affiliation. As Democrats, they voted and identified strongly with that party's candidates, and more often than not were beholden to party leaders for the various means of assistance granted to them. Likewise, Republican leaders in the less populated, but more influential rural areas, retained power, not only in their counties, but also in the state. This influence was caused by a historically unfair redistricting process which assigned equal representation to each county, no matter the size of its population, in the state senate. Further, county and municipal governments had more control over the processes of government, the result of a strong home rule tradition in the state. At that time, state government had not grown to the level it would following the enactment of the Great Society programs, when state and federal dollars began to flow into local governments in significant amounts. After the adoption of a State income tax in 1977 and the growth of Johnson era federal spending programs, state government became a more dominant force. Finally, the gubernatorial public financing program had not been established as yet. This program, along with gubernatorial control over public assistance money, would make gubernatorial candidates less dependent on county organizations.

In a word, the history of electoral politics in New Jersey prior to the 1960's is one of a county political party system flush with power. The factors noted above combined to insure that

County Parties: Background

county leaders would have an influential, even dominant, role in politics at all levels of the State. It was a time of bosses, both famous and infamous, who had a steady hand on the wheel of New Jersey politics and governance.

This situation began to change, if temporarily, in the mid 1960's. It was during this period when certain developments converged to restructure electoral politics in New Jersey and weaken county political party organizations. One of these developments was suburbanization, alluded to earlier. Strong identification with the Democratic Party by urban residents weakened as these voters moved to the suburbs. Similarly, rural-based Republican committees fell prey to the development of suburbs, greatly weakening these organizations in the process.

A second significant event involved reapportionment decisions in the 1960's and early 1970's. About this development, it was noted in Repartyization: The Rebirth of County Organizations.

Prior to these court decisions legislative districts were drawn on the basis of county lines. Whereas each county historically was apportioned legislative representation on the basis of population within the county, these court decisions required that legislative districts be drawn on the basis of one-person-one-vote, essentially eliminating boundaries as the foundation for establishing state legislative districts. The end of a system wherein county lines determined the makeup of representation in the State Legislature contributed substantially to the weakening of the party system in New Jersey.²

Third, the erosion of the county-party driven electoral system was furthered by the 1981 open primary law that precluded party organizations from endorsing, supporting, providing the organization line, or contributing to candidates in the primary election. In effect, this law stripped party leaders of the power to select candidates and control the nomination process. This led to a period of candidate-centered campaigns, increased influence by political action committees (PACs), and a fundraising arms race.

County Parties: Background

Public financing of gubernatorial campaigns had been implemented in 1977. This development, along with the increase in state money available to local governments, made for an independent Executive, already the strongest Governorship in the nation. The 1947 Constitution, creating this strong office, allowed the governor to transcend county politics and be the key political player in the state.

All in all, these developments contributed to a decline in participation and effectiveness of county party organizations that sank to its lowest level in the mid 1980's. This slide toward obscurity did not last long, however. As noted above, by 1990 the county party organizations began to make a comeback that would culminate in their being among the most influential players in New Jersey electoral politics. By the new millennium, these organizations became virtually indispensable to any candidate hoping to win his or her party's nomination, and later on, the general election. In the following two chapters this road to dominance will be traced through analyzing this development from the perspective of campaign financing and by updating the Commission's seminal study Repartyization: The Rebirth of County Organizations.

Notes

1. New Jersey Election Law Enforcement Commission, White Paper Number 12, Repartyization: The Rebirth of County Organizations, November, 1997, p. 2.
2. Ibid., p. 4

CHAPTER SEVEN

County Committee Receipts

According to Paul Light, author of A Delicate Balance, “a political party is a broad membership organization designed to win elections and influence government, in part by helping citizens decide how to vote.”¹

In their chapter on political parties James Q. Wilson and John J. Dilulio, Jr., explain that “a party exists as a label in the minds of voters, as an organization that recruits and campaigns for candidates, and as a set of leaders who try to organize and control the legislative and executive branches of government. A powerful party is one whose label has a strong appeal for the voters, whose organization can decide who will be candidates and how their campaigns will be managed, and whose leaders can dominate one or all branches of government.”

During the 1990’s, as the result of the heretofore mentioned Eu decision and changes to New Jersey’s campaign finance laws, county political party committees came about as close to meeting Wilson’s definition of a “powerful party” as any such New Jersey entity in recent memory. If found constitutional, McCain/Feingold, which bans soft money at the national level, will only further that process.

Through their involvement in primary elections, and through taking advantage of recent campaign finance reforms, county party organizations can influence the candidate nomination process as well as the governmental appointment process. Moreover, despite the number of independent voters, party labels do count, as do considerable efforts to get people to the polls on election day.

County Committee Receipts

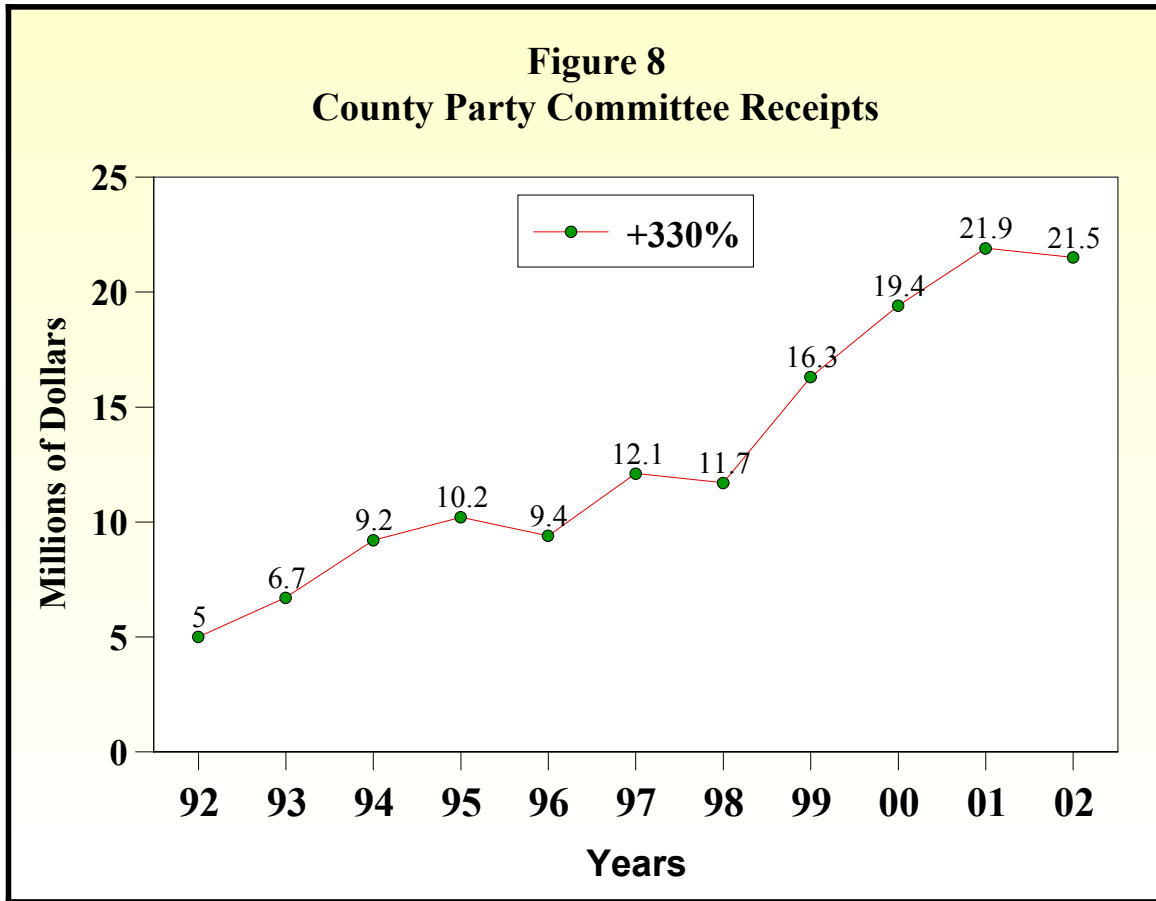
All of these activities, of course, cost money. Certainly, county political party committees have plenty of it, and in increasing amounts. Without question the availability of campaign funds is the single most important factor in their resurgence. Increasing amounts of contribution activity intensify the magnitude of their clout vis-à-vis the electoral process, contributing to the growing impact of the county party organizations on political life in New Jersey.

This chapter will analyze the financial activity of county party organizations from the standpoint of contributions. It will provide an overview of fundraising activity over the last ten years, updating the landmark 1997 White Paper, Repartyization: The Rebirth of County Organizations. The chapter will also include an in depth study of contribution activity undertaken by the county party committees in nine selected counties. The counties are Hudson, Middlesex, Camden, Essex, Bergen, Somerset, Atlantic, Passaic, and Mercer. These counties were selected because of their fundraising prowess and the fact that among this group are Democratic and Republican controlled counties and competitive counties. These counties were selected also because of their geographical diversity. The analysis undertaken of the party committees in the nine selected counties involves the years 1997 and 2001, years during which State Senate and Assembly elections were held.

Trends In Fundraising

County party committees in the 21 counties throughout New Jersey raised a total \$5 million in 1992. By 2002, that figure rose to \$21.5 million. Thus, over a ten-year period county party committee receipts increased by 330 percent. Figure 8 depicts this trend in fundraising by the 42 county party committees.

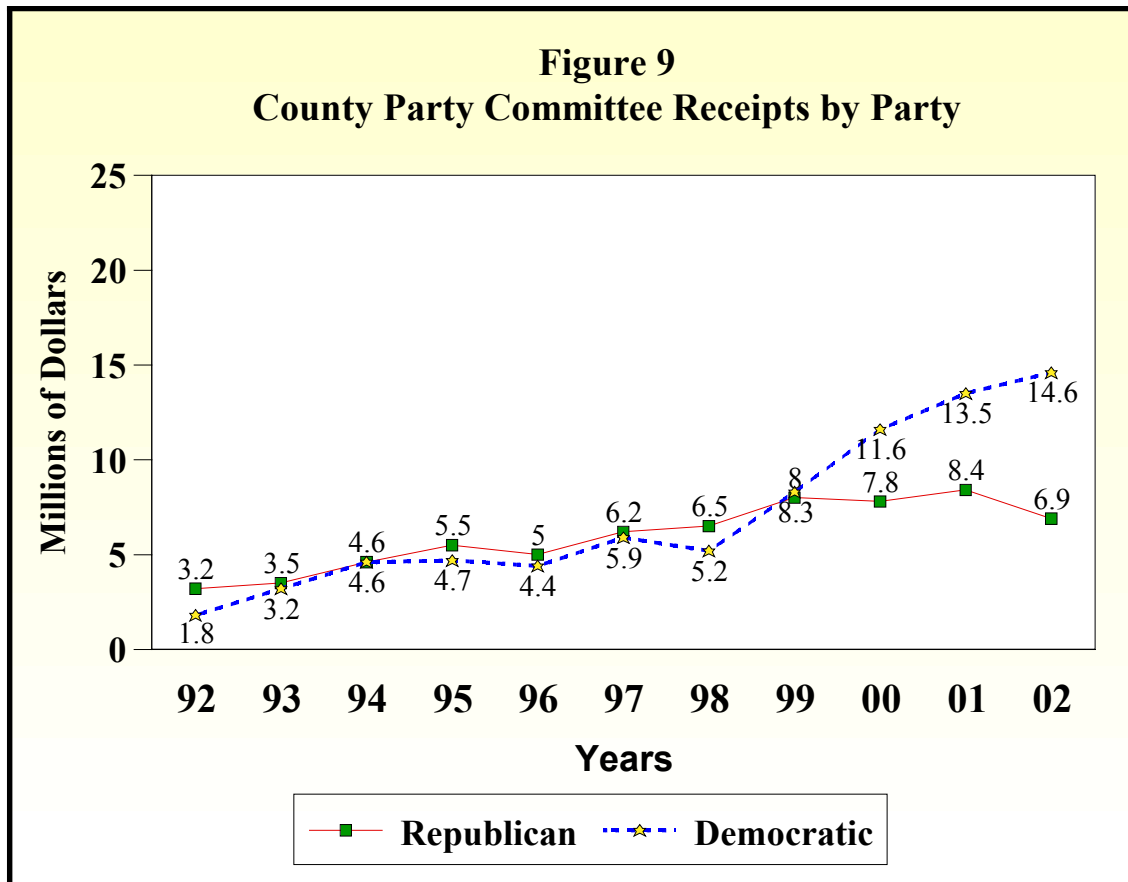
County Committee Receipts



Source: New Jersey Election Law Enforcement Commission

In reviewing the fundraising activity by the two major political party committees, the Democratic county organizations increased their activity by 711 percent between 1992 and 2002, from \$1.8 million to \$14.6 million. The Republican county committees, on the other hand, increased their activity during this period by 116 percent, from \$3.2 million in 1992 to \$6.9 million in 2002. Thus, the Democratic county committees were primarily responsible for the surge in receipts. As shown in Figure 9, they displayed real dominance in terms of fundraising during the last four year period of the ten-year cycle.

County Committee Receipts



Source: New Jersey Election Law Enforcement Commission

This dominance by the Democratic Party at the county level between 1998 and 2002 is best understood by comparing fundraising during this period with total fundraising reported for the period 1992 to 2002. Over the ten-year span, the 42 county party committees raised \$143.4 million. Of this amount, 63 percent, or \$90.8 million, was raised between 1998 and 2002.

Between 1992 and 2002, the Democratic county party committees raised \$77.8 million and the Republican county party committees \$65.6 million. Thus, out of the total \$143.4 million raised by these committees during the ten-year period, the Democratic committees were responsible for 54 percent of proceeds while the Republican committees accounted for 46 percent of receipts.

County Committee Receipts

Now compare these figures with those recorded for the period 1998-2002. The data clearly demonstrates that it was during this period that the Democratic county party committees became ascendant. For example, out of the total \$90.8 million raised between 1998 and 2002, the Democratic committees were responsible for 59 percent of these receipts. They raised \$53.2 million during this period. The Republican county committees, on the other hand, raised \$37.6 million during this span, or 41 percent of the funds raised during this period.

Thus, the fact that the majority of funds were raised between 1998 and 2002, combined with the fact that the Democratic county party committees overwhelmingly raised the most money during this period, indicates that the Democratic Party organizations have dominated fundraising at the county level in recent years. Further, this time frame fits into the time period mentioned earlier in the chapters on legislative leadership committees and state party committees as the period of time when the Democratic Party became the ascendant party in New Jersey politics.

Fundraising In Selected Counties

In the remaining sections of this chapter, focus will be placed upon the eighteen county party committees targeted for detailed review. Again, Democratic and Republican county committees in Hudson, Middlesex, Camden, Essex, Bergen, Somerset, Atlantic, Passaic, and Mercer counties are the focus of this detailed study of fundraising activity. This analysis will involve the legislative election years of 1997 and 2001.

The eighteen county party committees selected for analysis showed significant fundraising prowess in 1997 and 2001, the two years under detailed study. In 1997, the selected county committees raised \$7.4 million and in 2001 that figure increased to \$10.8 million. Thus, between 1997 and 2001, years when legislative and gubernatorial elections were held, fundraising by the eighteen targeted counties increased by 46 percent.

County Committee Receipts

The Republican county committees selected for study raised \$2.9 million in 1997 and \$2.5 million in 2001, decreasing their totals by 14 percent. The Democratic county committees, on the other hand, raised \$4.5 million in 1997 and \$8.5 million in 2001, an increase of 88 percent. The selected Democratic county party organizations, in raising significantly more money than the GOP county party committees during this period, reflected the general trend toward the Democrats in terms of fundraising and results at the polls.

Source of Contributions to County Party Organizations

The effort to identify individual contributor items was painstaking. Each contribution reported by selected county party organizations was individually coded. Once coded, the contributions were tabulated to determine the number of contributions in each category in each year of review. The process took months.

The contributor coding system utilized is the same one that was used in previous chapters. Individual, business/corporations, business/corporate PACs, professional trade association PACs, union PACs, ideological PACs, unions, political parties, candidates, political committees, and legislative leadership committees are all categories included in this study.

Table 20 below lists the total amount of contributions made by each contribution type in 1997 and 2001. It also lists the percentage of total contributions to the county party committees represented by each category.

County Committee Receipts

Table 20
Contributions to Selected County Party Committees

Type	1997 Amount	Percentage	2001 Amount	Percentage
Individuals	2,238,657	31%	2,698,080	25%
Business/Corp.	2,819,522	39%	3,219,832	29%
Business/Corp. PACs	85,871	1%	185,965	2%
Professional/Trade PACs	5,200	--	28,600	--
Unions	86,230	1%	257,963	2%
Union PACs	104,232	1%	482,821	4%
Ideological PACs	--	--	315,351	3%
Parties	747,875	10%	2,483,602	23%
Candidates	714,892	10%	1,037,864	10%
Political Committees	73,871	1%	75,475	1%
Legislative Leadership	45,442	1%	171,125	2%
Miscellaneous	378,638	5%	10,077	--
TOTAL	7,300,430		10,966,755	

Source: New Jersey Election Law Enforcement Commission

While there was little change in the percentage of contributions derived from some categories between 1997 and 2001, there were, however, measurable differences in two contributor categories and less noticeable changes in three others.

Business and corporate contributions, though contributing the most to the selected county party committees in both 1997 and 2001, evidenced a decrease in their share between 1997 and 2001. In 1997, business and corporate contributions amounted to \$2.8 million, or 39 percent of total, and in 2001 this source amounted to \$3.2 million, or 29 percent of total contributions to the county organizations. Thus, as a percentage of total contributions, business and corporate contribution activity dropped significantly. Political party contributor activity took the opposite turn. During 1997, party contributions to the county committees reached \$747,875, or ten percent of total donations made to these organizations. By 2001, that number grew to \$2.5 million, or 23 percent of total contribution activity relative to the county party committees.

County Committee Receipts

Thus, the trend toward greater and greater political party involvement evidenced in all other areas of the electoral process appears to be occurring vis-à-vis county party committees as well. In the case of the county committees, this surge in party contributions involves the phenomenon of county party committees contributing to one another.

There was a slight increase in the percentage of contributions derived from union and ideological PACs between 1997 and 2001. Union PACs, giving \$104,232, or one percent of contributions to the county committees in 1997, increased that amount in 2001 to \$482,821, or four percent of total. Ideological PACs, not active in 1997, gave \$315,351, or three percent of contributions to the county party committees in 2001. Regarding contributions from individuals to the county party committees these contributors gave \$2.2 million, or 31 percent of contributions to the county committees in 1997 and \$2.7 million in 2001, or 25 percent of total. Thus, the percentage of individual contributions declined between 1997 and 2001.

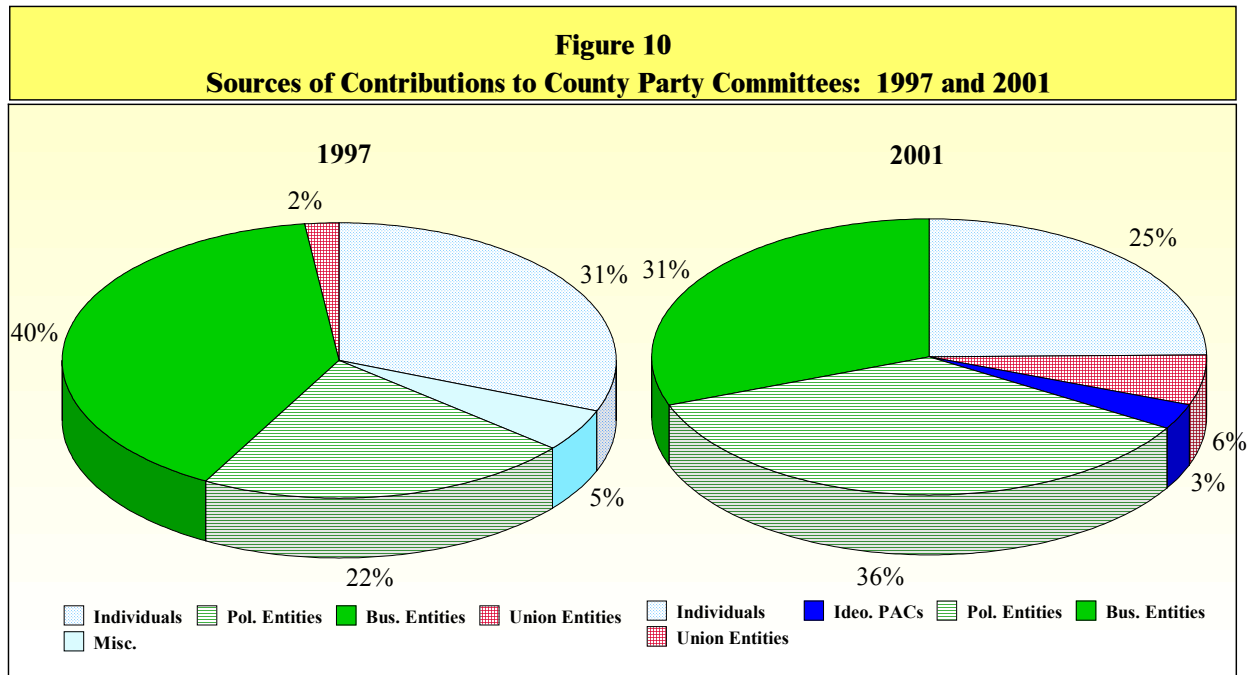
In all other contributor categories, the variation in the percentage of contributions made to the county party committees was either very slight or none at all. As shown in the chart above, while most of the remaining categories evidenced an increase in actual contribution amounts, all, excepting the candidate category, hovered around one or two percent of total. Contributions from candidates to the county party committees, though remaining at ten percent of total in both 1997 and 2001, did increase from \$714,892 in the earlier year to over \$1 million in 2001.

Sources of Contributions: A Party Entity Perspective

Figure 10 reveals the sources of contributions from a different perspective than above. In this graph, the categories business/corporations, business/corporate PACs, and professional trade association PACs were combined to form a new category business entity. The categories of unions and union PACs were combined to form the new category union entities. Finally, the categories of parties, candidates, political committees and legislative leadership committees were lumped together into a new political entity category. Individual and ideological PAC contributor

County Committee Receipts

categories were left alone. Viewing the data in the figures below from this perspective, it can be clearly discerned that the involvement of party-oriented contribution activity intensified, even when it involves political parties themselves.



Source: New Jersey Election Law Enforcement Commission

In 1997, business entities made 40 percent of all contributions to the selected county party committees. Individual contributors were responsible for 31 percent of those contributions while union related entities accounted for three percent. During 1997 the party entities gave 22 percent of all contributions to the eighteen selected party committees. Miscellaneous receipts accounted for five percent of total county party receipts.

The graphs above depicting sources of contributions to the county parties in 2001 show a different picture. Political entities now represent the largest proportion of contributions to the selected county party organizations. At 36 percent of total, this figure indicates that political or partisan entities increased their contribution activity to the county organizations significantly from four years earlier. Conversely, the percentage of contributions to the county entities by business interests dropped significantly during the four-year period. From 40 percent of total

County Committee Receipts

contributions in 1997, contributions to the selected parties from business entities decreased to 31 percent in 2001. The percentage of union entity contributions did increase to six percent of total in 2001 but the percentage of contributions to the selected county party committees by individuals dropped to 25 percent in the latter year. Interestingly, ideological PAC contribution activity, non-existent in 1997, amounted to three percent of total contributions in 2001.

Thus, viewing the data from this perspective does provide further support for the theory that party involvement in the electoral process continues to grow.

Sources of Contributions: Party Differences

Table 21 below depicts sources of contributions to selected county party committees on the basis of party and provides the proportion of receipts represented by each contribution category. The table shows changes occurring in the data between 1997 and 2001 as well as differences between the two major parties.

Table 21								
Sources of Contributions by Party								
	Rep. Amount	1997 %	Dem. Amount	%	Rep. Amount	2001 %	Dem. Amount	%
Individual	\$770,094	27%	\$1,468,563	33%	\$627,623	25%	\$2,070,457	24%
Bus./Corp.	\$1,003,292	35%	\$1,816,230	40%	\$1,038,626	42%	\$2,181,206	26%
Bus./Corp. PACs	\$37,342	1%	\$48,529	1%	--	--	\$185,965	2%
Prof./Trade PACs	\$1,500	--	\$3,700	--	\$2,900	--	\$25,700	--
Unions	\$18,290	1%	\$67,940	1%	\$29,450	1%	\$228,513	3%
Union PACs	\$3,982	--	\$100,250	2%	\$8,550	--	\$474,271	6%
Ideological PACs	--	--	--	--	\$11,000	--	\$304,351	4%
Parties	\$402,829	14%	\$345,046	8%	\$369,593	15%	\$2,114,009	25%
Candidates	\$214,660	8%	\$500,232	11%	\$309,476	12%	\$728,388	9%
Political Comm.	\$2,400	--	\$71,471	2%	--	--	\$75,475	1%
Leg. Leadership	\$25,942	1%	\$19,500	--	\$77,000	3%	\$94,125	1%
Miscellaneous	\$371,078	13%	\$7,560	--	\$2,517	--	\$8,499	--
TOTAL	\$2,851,413		\$4,449,021		\$2,476,735		\$8,490,959	

Source: New Jersey Election Law Enforcement Commission

County Committee Receipts

The proportion of contributions to the selected county party committees deriving from individuals is consistent over years for the Republican organizations but less so for the Democratic committees. Individual contributors gave 27 percent, \$770,094, of total contributions to the selected GOP county committees in 1997 and 24 percent, \$2.1 million, in 2001. While Democratic county committees received 33 percent, \$1.5 million, of their money from individuals in 1997 that percentage decreased to 24 percent, \$2.1 million, in 2001. There was a significant shift as well regarding contributions made by businesses and corporations. In 1997 businesses and corporations accounted for 35 percent, \$1 million, of selected Republican county committee receipts and 42 percent, \$1 million, in 2001. Business and corporations made 40 percent, \$1.8 million, of Democratic county receipts in 1997 but just 26 percent of those receipts in 2001, though the actual amount rose to \$2.2 million.

Once again contribution activity by political parties to the county party committees provided interesting data. In Table 20 and Figure 10 displayed earlier in the Chapter, it was shown that the proportion of contribution activity by political parties and political entities toward county party organizations increased significantly. From the data in Table 21 immediately above, it can be seen that Democratic political parties are responsible for this upsurge in contributor activity. The selected Republican county committees received 14 percent, \$402,829, and 15 percent, \$369,593, of their total contributions from political party committees in 1997 and 2001 respectively. The selected Democratic county party organizations, however, received just 8 percent, \$345,046, of their contributions from political parties in 1997, but in 2001 that percentage and amount swelled to 25 percent, or \$2.1 million, of total receipts. Thus, this financial data clearly shows an increased involvement by Democratic Party committees, particularly with respect to certain county party committees giving to other county party organizations. In this respect the Democratic Party is ahead as the curve, perhaps leading the way toward a period of revenue sharing between political parties of the same stripe.

In all other contributor categories, the results were similar for both political parties. Business and corporate PACs made one percent of contributions to Republican county committees, \$37,342, in 1997 and gave nothing in 2001. Democratic county committees

County Committee Receipts

received one percent, \$48,529, of their contributions from business and corporate PACs in 1997 and two percent, \$185,965, in 2001. Contributions from professional and trade association PACs were negligible in both years for both parties. Union activity amounted to one percent of Republican county party receipts in 1997 and 2001, \$18,290 and \$29,450, respectively. Little more was provided to Democratic county committees by these unions in either year, one percent, \$67,940, in 1997, and three percent, \$228,513, in 2001. Except for the Democratic county committees, union PAC activity was negligible. They made two percent of Democratic county committee receipts, \$100,250, in 1997 and six percent of them, \$474,271, in 2001. They gave virtually no money to the Republican county organizations. Activity by ideological PACs was negligible for both parties with the one exception being the Democratic county committees in 2001. In that contest, Democratic county party organizations received four percent, \$304,351, of their total contributions from ideological PACs.

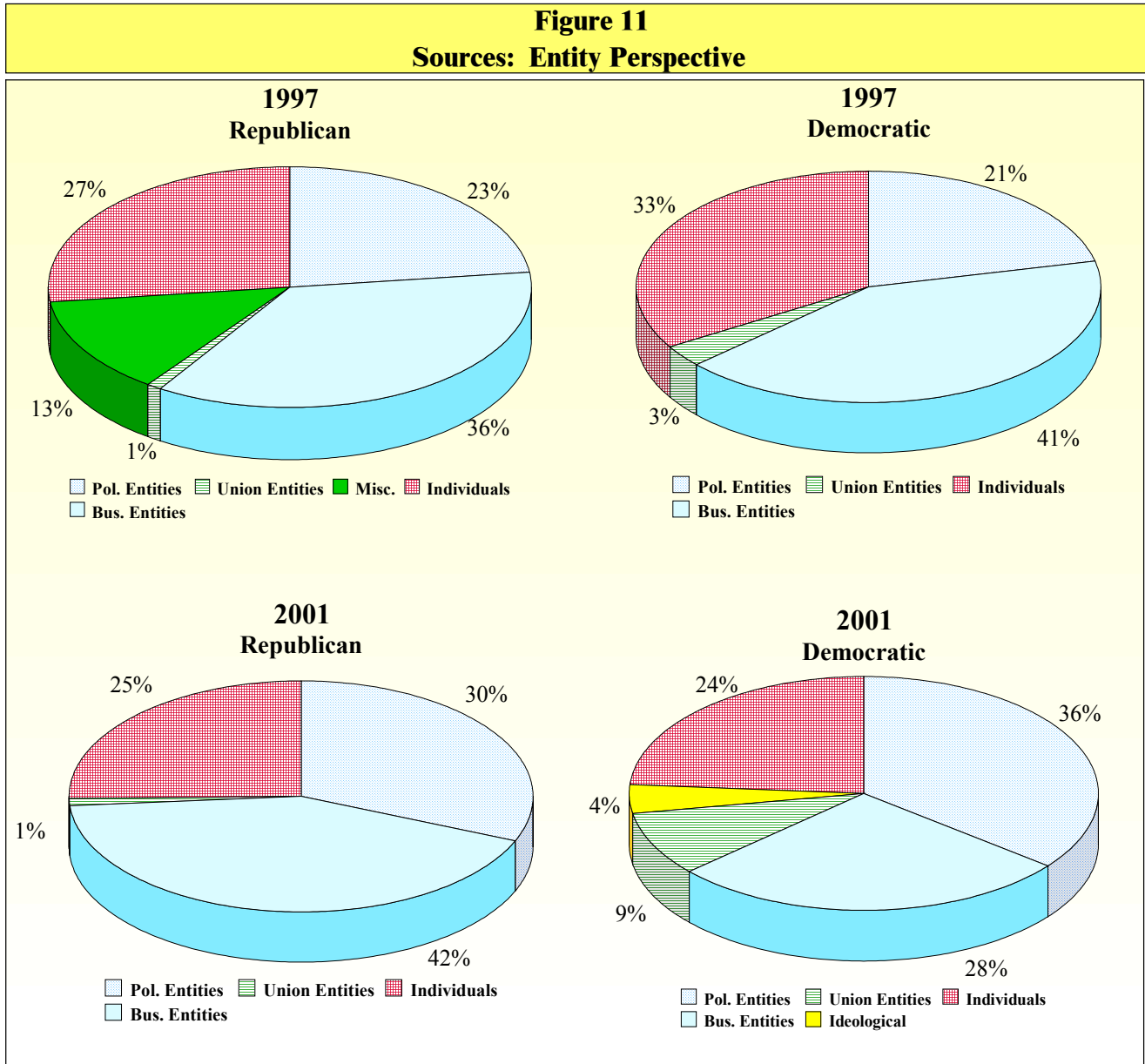
Candidates contributed their fair share to both political parties at the county level. In 1997 eight percent, \$214,660, of Republican county party committee receipts derived from candidate committees whereas 12 percent, \$309,476, came from that source in 2001. Democratic county parties realized 11 percent of their funds, \$500,232, from candidates in 1997 and nine percent, \$728,388, in 2001. Political committee contributions were negligible with regard to the Republicans in both years but stood at two percent, \$71,471, and one percent, \$75,475, for Democrats in 1997 and 2001 respectively. Finally, legislative leadership committees made one percent, \$25,942, of total contributions to the Republican county committees in 1997 and three percent, \$77,000, in 2001. The leadership committees made a negligible percentage of contributions to Democratic county organizations in 1997 and just one percent, \$94,125, to these committees in 2001.

Sources of Contributions: Party Entity Perspective

Figure 11 depicts the sources of contributions to the selected county party committees from a different perspective than immediately above. In this graph, contributions to the two major political parties at the county level are analyzed by including political parties, political

County Committee Receipts

committees, candidates, and legislative leadership committees in one overall category titled political entity. Likewise, the category business/corporation, business/corporate PAC and professional trade association PAC are combined into a business entity category. Finally, unions and union PACs are combined into the category union entity. All other categories remain the same.



Source: New Jersey Election Law Enforcement Commission

County Committee Receipts

When viewed from the above perspective, the Republican county party committees witnessed an increase in percentage participation by political entities between 1997 and 2001. Political entities made 23 percent of contributions to the Republicans in 1997 and 30 percent in 2001. Contribution activity by business entities not only remained high for Republican county committees, but increased as well between these years. In 1997, business entities contributed 36 percent of Republican county party receipts compared with 41 percent in 2001. Union entity contribution activity to the GOP committees remained low at one percent for each year. The percentage of contributions from individuals to the selected Republican county committees remained stable at 27 percent in 1997 and 25 percent in 2001.

Between years, there was a greater variation in the percentage of contributions made by each source to the Democratic county committees than to the Republican ones. The percentage of political entity giving to the selected Democratic county committees went from 21 percent in 1997 to 36 percent of total in 2001. On the other hand, percentage participation by business entities dropped between these years, from 42 percent of total contributions in 1997 to 28 percent in 2001. The percentage of union entity activity increased for the Democratic county committees between 1997 and 2001, moving from three percent of total to nine percent respectively. Finally, individuals gave less to the selected Democratic county committees in percentage terms in 2001 than they did in 1997. In 1997, individuals made 33 percent of contributions to these committees compared with 24 percent in 2001.

With regard to the increase in the percentage of political entity giving to the Republican county committees, the data indicates that candidates and legislative leadership committees were responsible for the percentage increase, not other political parties. Conversely, the increase in the percentage of political entity giving to the Democrats between these years is directly traceable to other political parties, including other county party committees. Thus, the data corroborates evidence noted earlier, pointing to the Democratic Party committees themselves benefiting from the swelling of political party coffers.

County Committee Receipts

Average and Range of Contributions

Overall the average contribution made to the selected county party committees was \$1,395 in 1997 and \$2,026 in 2001. The average contribution made to the Republican county committees in 1997 was \$1,623 and in 2001 \$1,329. Thus, the Republican county party committees average contributions declined by 18 percent during the four-year period. The Democratic county party committees' meanwhile experienced an 89 percent increase in the average contribution made to them from \$1,263 in 1997 to \$2,391 in 2001. Thus, this data further demonstrates the ascendance of the Democratic county committees during the period 1997—2001.

With regard to contribution ranges to the selected county party committees in both years, the overwhelming majority of contributions fell in the \$0-\$5,000 range. In 1997, 89 percent of contributions were at \$5,000 or under compared with 93 percent in that range in 2001. Approximately eight percent and three percent of contributions fell in the category \$5,001 - \$10,000 in 1997 and 2001 respectively. Regarding the ranges \$10,001 - \$15,000 and \$15,001 - \$20,000 less than one percent of contributions fell in this category in both 1997 and 2001. Finally, less than one percent of contributions fell in the over \$20,000 range in 1997 compared with two percent falling in that category in 2001.

What is interesting about this data is that it clearly demonstrates that the Democratic county committees accounted for the most of the growth in campaign receipts and expenditures in recent years. During the last four years of the study, 1998-2002, the county party committees raised a total of \$90.8 million, which amounted to 63 percent of total revenues of \$143.4 million raised by these entities since 1992. Out of that \$90.8 million, the Democratic committees were responsible for 59 percent of it compared with the Republican committees, which accounted for 41 percent of the funds. As with other Republican Party entities included in this study, the GOP county committees did not significantly enhance their fundraising base during this period.

Notes

1. Paul Light, A Delicate Balance, (St. Martin's Press, Inc. 1997), p. 91
2. James Q. Wilson and John J. Dilulio, Jr., American Government, Eighth Edition, (Houghton Mifflin Co.), p. 150.

CHAPTER EIGHT

County Committee Expenditures

Chapters Three and Five contained analyses of the spending patterns of the state party committees and legislative leadership committees. The analyses of these party entities follow studies undertaken and included in previous white papers. These previous studies reviewed the spending patterns of legislative, local, and school board candidates, county party organizations, legislative leadership committees, and state party committees. The analysis contained in this chapter is in the same tradition as these previous efforts. It involves a detailed review of county political party committee spending patterns exhibited in 1997 and 2001, when gubernatorial and legislative elections were held. Further, it updates the information provided in the earlier study of county party committees.

Consistent with the chapter on county party committee receipts, this chapter analyzes in detail the expenditure activity in 1997 and 2001 of party organizations in Essex, Hudson, Bergen, Passaic, Somerset, Middlesex, Mercer, Camden, and Atlantic counties.

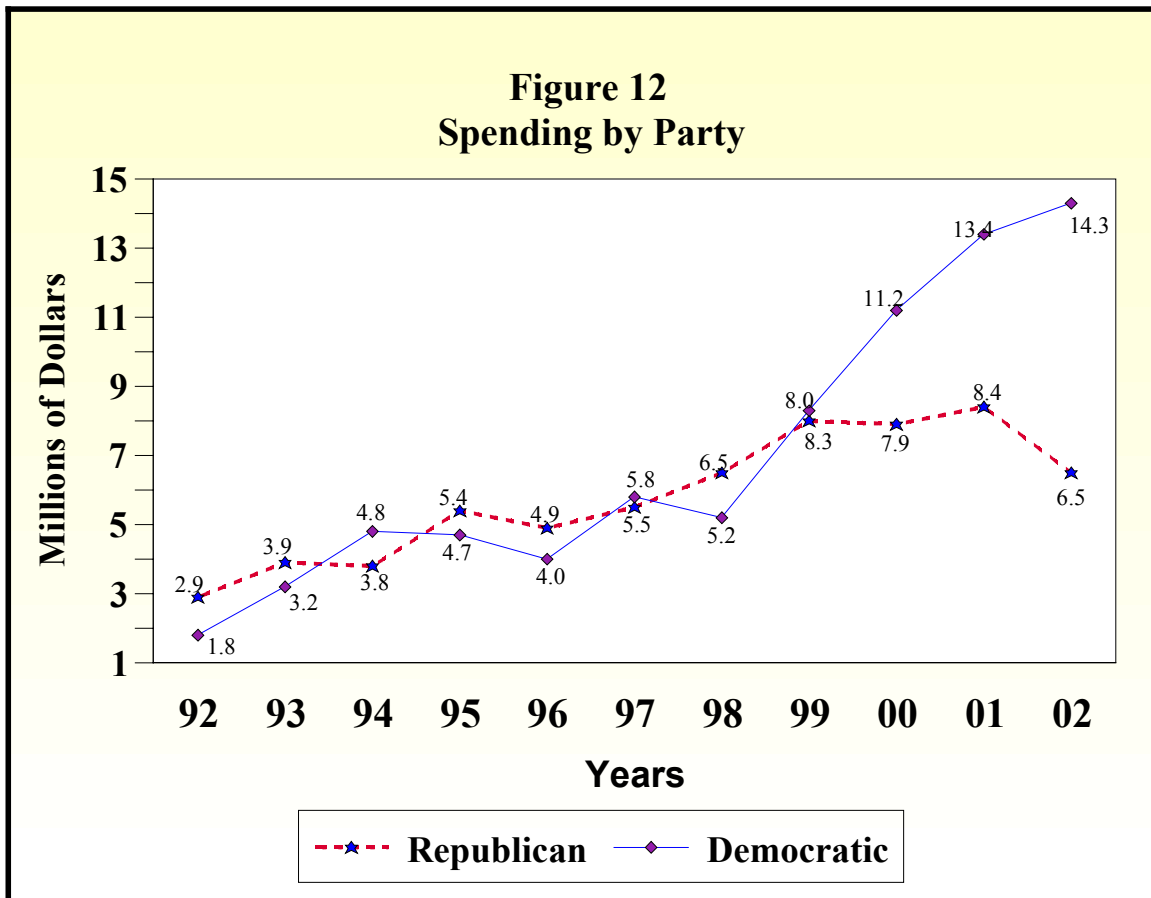
Total Spending

Between 1992 and 2002, county party committees in all 21 counties increased their spending by 342 percent, from \$4.7 million in 1992 to \$20.8 million in 2002.

As was the case in the preceding chapter on county party receipts, the Democratic county party organizations were mainly responsible for the sizeable increase in expenditures during this

County Committee Expenditures

period. Moreover, as with receipts, the turning point for the Democratic county committees in terms of the amount of money they spent occurred between 1998 and 2002. Figure 12 below maps the trend in spending exhibited by the two major parties at the county level.



Source: New Jersey Election Law Enforcement Commission

During the period of 1992 through 2002, the Democratic county committees increased spending from 1.8 million in 1992 to \$14.3 million in 2002. Thus, the Democratic committees increased their spending by 694 percent during this period. The Republican county committees spent \$2.9 million in 1992 and \$6.5 million in 2002. Overall, the Republican committees increased their spending by 124 percent during this period.

County Committee Expenditures

The spending that occurred between 1998 and 2002 represented 62 percent of all spending by the county party committees during the ten-year period under review. From 1998 through 2002, the county party committee spent \$89.7 million. Spending during the entire ten-year period reached \$145.8 million.

During the period 1998-2002, when the majority of spending occurred, the Democratic county committees were responsible for 58 percent of expenditures compared with 42 percent of expenditures attributable to the Republican county party committees. The Democratic committees spent \$52.4 million and the Republican committees spent \$37.3 million. Thus, during this important period 1998—2001, the Democratic committees by far outdistanced the Republican ones. Whereas, the Democratic county committees increased their spending by 175 percent, \$5.2 million to \$14.3 million, the Republican county committee spending remained static during this period.

Spending By Selected County Committees

Expenditure activity by the eighteen county party committees selected for analysis followed largely the same pattern as that displayed by committees in all 21 counties. In 1997, for example, the eighteen selected committees reported spending \$7.8 million. In 2001, that figure rose to \$12.7 million, for a 63 percent increase. The targeted Republican county committees expended \$3.2 million in 1997 and \$2.9 million in 2001, a nine-percent decrease. The selected Democratic county party committees, on the other hand, spent \$4.7 million in 1997 and \$9.8 million in 2001, for a 108 percent increase. Thus, it was the Democratic county party committees in the selected counties that were responsible for the increase in spending activity in these targeted areas. The period 1997—2001 was selected for detailed review because this is the period that was involved in the study of the other entities included in this study. Moreover, 1997 and 2001 were both gubernatorial and legislative election years.

Selected County Committees: How Did They Spend Their Money

In analyzing the spending patterns by the eighteen county party committees selected for study, eleven categories were established. Each expenditure was then individually coded by category. The categories are: mass communication, election-day activities, fundraising, consultants, charity, contributions, refund, administration, entertainment, polls, and miscellaneous expenses.

Expenditures for mass communication, polls, fundraising, and consultants involve in-kind contributions to candidates as well. Election-day activities involve all get-out-the-vote efforts, including election-day money for workers and telephone canvassing. Charity includes all expenditures made to charitable or volunteer organizations as well as flowers for weddings and funerals. Administration involves salaries, rent, utilities, and other overhead costs. Entertainment includes lunches, dinners, etc., for organizational staff, volunteers and party supporters. Miscellaneous includes money transferred from one account to another.

Like previous studies, the investigation into the expenditure activity of these committees has not been easy. Because much information was hard to classify, the categorization of these expenditures was difficult. Though most information was reported accurately and completely, extreme care was taken in exercising judgement as to the classification of many reported expenditure items. Therefore, in reviewing the expenditure activity of the eighteen selected county party committees in 1997 and 2001, no claim is made that the expenditure analysis is exact in every respect. As noted in earlier chapters of this work, full confidence is, nevertheless, placed in the belief that the chapter presents a general picture of how the county party committees have spent their funds during the period under review.

Table 22 below summarizes spending in 1997 and 2001 by the eighteen county party committees under study.

County Committee Expenditures

Table 22
County Party Committee Spending: 1997 and 2001

Type	1997 Amount	Percentage	2001 Amount	Percentage
Mass Communication	\$1,569,845	20%	\$3,121,240	25%
Election-Day	\$646,644	8%	\$941,321	7%
Fundraising	\$891,297	11%	\$963,079	8%
Consultants	\$1,093,616	14%	\$649,732	5%
Charity	\$65,269	1%	\$76,830	--
Direct Contributions	\$1,230,602	16%	\$3,154,892	25%
Refunds	\$54,416	1%	\$121,417	--
Miscellaneous	\$587,555	7%	\$166,325	1%
Administration	\$1,386,247	18%	\$2,621,574	21%
Entertainment	\$138,798	2%	\$371,228	3%
Polls	\$177,955	2%	\$520,893	4%
TOTAL	\$7,842,244		\$12,708,533	

Source: New Jersey Election Law Enforcement Commission

Between 1997 and 2001, there were increases in the amount and percentage of total spent in the categories mass communication and direct contributions. These two categories are key to understanding the increased involvement of the county party committees in the electoral process. In the category mass communication, which includes print and broadcast advertising, the eighteen selected party committees spent \$1.6 million, or 20 percent of total spending on mass communication in 1997. This amount and percentage increased in 2001 to \$3.1 million, or 25 percent of total expenditures. Regarding contributions, both to candidates and other political parties, the eighteen county party committees under study spent \$1.2 million, or 16 percent of expenditures for this purpose in 1997. Four years later the county party committees gave \$3.2 million, or 25 percent of expenditures in direct contributions. Thus, the data indicates that the increased involvement in campaigns and the strengthening of county party organizations, begun

County Committee Expenditures

in 1989 with the Eu decision and reinforced in 1993 by the Campaign Finance Reform Act, continues apace.

Spending on election-day activities, in percentage terms, remained the same. In 1997, the county organizations spent \$646,644, or eight percent of expenditures, on election-day matters. Eight percent of total spending was also made in 2001 for election-day activities, or \$941,321. Efforts to raise funds accounted for 11 percent, \$891,297, of total expenditures in 1997 and eight percent, \$963,079, in 2001. More money, both in terms of actual dollars and in terms of percentage of total expenditures, was spent on consultants in 1997 than in 2001.

In 1997 the selected county party organizations committed 14 percent of expenditures, \$1.1 million, to pay consultants but in 2001 the percentage and amount dropped to five percent, or \$649,732. Charitable contributions remained steady at one percent in 1997 and 2001, at \$65,269 and \$76,830 respectively.

Expenditures on administration remained in the same general range in both years. At 18 percent of total expenditures, about \$1.4 million was spent on administration in 1997 by the county party organizations. In 2001, these organizations applied 21 percent, or \$2.6 million, to that purpose. Costs for entertainment accounted for two percent of spending, or \$138,798, in 1997 and three percent, or \$371,228, in 2001. Spending on polls by the selected county party organizations accounted for two percent and four percent of total spending in 1997 and 2001 respectively. The committees spent \$177,955 in 1997 and \$520,893 in 2001 on polls. In 1997, miscellaneous expenditures were at the root of seven percent of county organization spending, \$587,555, and at one percent of it in 2001, \$166,325. Refunds accounted for minimal spending in both years.

County Committee Expenditures

County Party Committee Spending: Partisan Differences

Table 23 below delineates differences between the two major parties in terms of patterns of spending, thereby, demonstrating that the Democratic county committees have become much more engaged in the electoral process than have their Republican counterparts.

Table 23								
Spending by Party								
	Dem.	1997	Rep.		Dem.	2001	Rep.	
	Amount	%	Amount	%	Amount	%	Amount	%
Mass Communication	\$856,981	18%	\$712,862	22%	\$2,268,355	23%	\$852,882	30%
Election-Day	\$559,221	12%	\$87,422	3%	\$853,269	9%	\$88,051	3%
Fundraising	\$363,733	8%	\$527,564	17%	\$653,836	7%	\$309,242	11%
Consultants	\$989,369	21%	\$104,246	3%	\$396,713	4%	\$253,019	9%
Charity	\$39,904	1%	\$25,365	1%	\$54,470	--	\$22,360	1%
Direct Contributions	\$824,752	18%	\$405,850	13%	\$2,721,492	28%	\$433,398	15%
Refunds	\$31,772	--	\$22,643	1%	\$64,193	1%	\$57,223	2%
Miscellaneous	\$45,109	1%	\$542,446	17%	--	--	\$120,445	4%
Administration	\$773,806	17%	\$612,440	19%	\$2,021,839	21%	\$599,680	21%
Entertainment	\$74,492	2%	\$64,305	2%	\$273,737	3%	\$97,491	3%
Polls	\$97,307	2%	\$80,648	2%	\$475,722	5%	\$45,173	1%
TOTAL	\$4,656,446		\$3,185,791		\$9,829,568		\$2,878,972	

Source: New Jersey Election Law Enforcement Commission

Very definite differences in certain categories indicate different levels of involvement in the electoral process between the Democratic county party committees and the Republican ones. These differences can be seen in terms of amounts spent as well as, in most instances, the proportion of total expenditures spent on the particular category.

Though in both years the Republican county committees committed a larger proportion of their total spending to mass communication, in terms of real dollars the amounts expended were considerably less than that of the Democratic committees, particularly in 2001. The selected

County Committee Expenditures

GOP county committees made 22 percent, \$712,862, and 30 percent, \$852,882, of their expenditures for mass communication purposes in 1997 and 2001 respectively. By contrast, while the Democratic county committees under study committed 18 percent and 23 percent of their money to pay for mass communication in 1997 and 2001, in terms of actual dollar amounts these committees committed much more money to this purpose in both years. In 1997, the Democratic committees spent \$856,981 on mass communication and in 2001, \$2.3 million.

In terms of election-day expenditures there were striking differences between the two major parties. From a percentage standpoint as well as an actual dollar amount standpoint, the Democratic committees invested more funds toward getting out the vote than did the Republican county committees. In spending \$87,422 in 1997 and \$88,051 in 2001 on election-day activities, the GOP organizations made three percent of their expenditures for this purpose in both years. The Democratic county party committees, in comparison, committed \$559,221, or 12 percent of expenditures to election-day activity in 1997. Likewise, in 2001, \$853,269, or nine percent of expenditures went for that purpose.

Finally, in terms of direct contributions, either to candidates or other party committees, the Democratic Party committees outdistanced the Republican organizations in both years. In 1997, the Republican county committees provided \$405,850, or 13 percent of expenditures, to candidates and committees in the form of direct contributions. There was little change in this output in 2001, when the Republican committees gave \$433,398 to candidates and committees, or 15 percent of their expenditures in that year. Contrast this record with that of the Democratic committees. In 1997, the Democratic county organizations provided \$824,752, or 18 percent of expenditures to candidates and other committees. Four years later, in 2001, these same organizations gave \$2.7 million to candidates and other party committees, or 28 percent of total expenditures. Thus, in these three important categories relative to involvement in the electoral process by county party committees, the Democratic committees again demonstrated that in these years they are ahead of the curve.

County Committee Expenditures

In other key areas, the Democratic county committees outstripped the Republican ones, if not always in percentage of total, certainly, except with regard to fundraising in 1997, in terms of dollars committed.

In 1997, the Republican county party committees under review invested \$527,564, or 17 percent of their expenditures in fundraising. In 2001, however, that amount slipped to \$309,242, or 11 percent of expenditures. The opposite pattern was experienced by the Democratic county party organizations. These committees spent \$363,733 on fundraising efforts, or eight percent of expenditures in 1997. Though at seven percent of total, the Democrats spent proportionately less than the Republicans in 2001, the Democratic county party organizations did expend \$653,836 on fundraising in that year. In the area of campaign consultants, the Republican county party organizations selected for detailed analysis committed just \$104,246, or three percent of expenditures, to this purpose in 1997. Four years later, in 2001, the GOP committees invested \$253,019, or nine percent of total spending on consultants. The Democratic county party committees spent \$989,369, or 21 percent of expenditures, on consultants in 1997 and \$396,713, or four percent of expenditures, for that purpose in 2001.

In the area of polling, the Republican county party committees spent \$80,648, or two percent of expenditures, on polls in 1997 and \$45,173, or one percent of expenditures, in 2001. By contrast, while spending a similar amount and percentage in 1997, \$97,307 and two percent, the selected Democratic county committees increased the amount and percentage in 2001 to \$475,722 and five percent respectively.

Administrative spending by Republican county committees equaled \$612,440, or 19 percent of expenditures, in 1997 and \$599,680, or 21 percent of expenditures, in 2001. The Democratic county committees spent \$773,806, 17 percent of expenditures, on administration in 1997 compared with \$2 million or, 21 percent of expenditures, in 2001. Minimal amounts were spent by the county committees of both political parties on charity and entertainment. Refund activity and miscellaneous spending were minimal for both parties in both years as well. Republican and Democratic committees in selected counties spent one percent or less on charity

County Committee Expenditures

in both years. The Republican county committees spent \$25,365 in 1997 and \$22,360 in 2001. The Democratic county organizations spent \$39,904 and \$54,420 for this purpose in 1997 and 2001 respectively. Entertainment costs amounted to two percent for the county committees of both parties in 1997 and to three percent in 2001. The Republican county committees expended \$64,305 in 1997 and \$97,491 in 2001. The Democratic county committees spent \$74,492 on entertainment in 1997 and \$273,737 in 2001. Miscellaneous expenses, including expenditure items that were unidentifiable, did reach \$542,446, or 17 percent of expenditures, for Republican county committees in 1997.

Mass Communication Spending

In Repartyization: The Rebirth of County Organizations, it was noted that “the county party committees did not spend for direct mail to the same extent that legislative candidates and state level party entities did, however.” In that study it was reported that between 1986-1996, the county party committee then under study made about 24 percent of their expenditures on direct mail. The present study, however, reveals that in both 1997 and 2001, the selected county party committees spent a significantly larger proportion of expenditures on direct mail. Thus, county party committee spending appears to be increasingly in-line with legislative candidate and state party entity spending within the broad category of mass communication, thereby further suggesting an increased involvement in the electoral process. Table 24 outlines spending within the broad category of mass communication, which in and of itself has constituted the category with the highest proportion of dollars being expended upon it. Mass communication is broken down into subcategories broadcast, print, and unidentifiable. In turn, these subcategories are further broken down into radio and cable T.V. (broadcast) and direct mail, newspaper ads, and outdoor advertising (print).

County Committee Expenditures

Table 24
Mass Communication Spending

		1997 Amount	Percent	2001 Amount	Percent
Broadcast	Radio	\$27,434	2%	\$14,241	--
	Cable	\$242,961	15%	\$291,268	9%
	SubTotal	\$270,395	17%	\$305,509	10%
Print	Direct Mail	\$930,565	59%	\$1,766,118	56%
	Newspaper	\$46,466	3%	\$70,350	2%
	Outdoor	\$95,095	6%	\$349,786	11%
	SubTotal	\$1,072,126	68%	\$2,186,254	70%
Unidentifiable		\$227,324	14%	\$629,477	20%
TOTAL		\$1,569,845		\$3,121,240	

Source: New Jersey Election Law Enforcement Commission

Similar to the data in previous studies, there were sizeable mass communication expenditures reported by the selected county party committees that were unable to be identified. In 1997, \$227,324, or 14 percent of mass communication expenditures were unidentifiable and in 2001 \$629,477, or 20 percent of these expenditures were unidentifiable. However, the good news is that the percentage of unidentifiable mass communication expenditures is down significantly from previous years.

In terms of identifiable mass communication expenditures, spending on broadcast advertising, including radio and cable T.V. reached \$270,395, or 17 percent of mass communication expenditures, in 1997 and \$305,509, or ten percent of mass communication expenditures, in 2001. Within this category, radio advertising only amounted to \$27,434 in 1997 and \$14,241 in 2001, at two percent and less than one percent of total mass communication expenditures respectively. Spending on cable T.V. advertising reached \$242,961, or 15 percent of total mass communication expenditures, in 1997 and \$291,268, or nine percent of total, in 2001.

County Committee Expenditures

Print advertising constituted the largest proportion of mass communication expenditures in both years. At \$1.1 million in 1997 and \$2.2 million in 2001, print advertising amounted to 68 percent of total mass communication expenditures in 1997 and to 70 percent of them in 2001. Within the print advertising category, direct mail was obviously the advertising method of choice. In 1997, \$930,565, or 59 percent of total mass communication expenditures went toward direct mail. In 2001, the selected county party committees spent \$1.8 million dollars on direct mail. This figure amounted to 56 percent of mass communication spending.

Newspaper advertising reached \$46,466 in 1997 and \$70,350 in 2001, assuming three percent of total mass communication spending in those years, respectively. And finally, outdoor advertising on billboards and lawn signs reached \$95,095, six percent of mass communication spending, in 1997 and \$349,786, 11 percent of this spending, in 2001.

Thus, as suggested above, the county party committees are increasingly placing their mass communication dollars into direct mail, which may be the best way to reach voters at the local level.

Throughout this study it has become apparent that in terms of campaign financial activity, it has been the Democratic Party that has been ascendant in recent years. Once again, in this Chapter, which has reviewed expenditure activity undertaken by county party committees, it has been demonstrated that the Democratic county committees have by far outspent the Republican ones, especially since 1998. While the 21 Republican county committees actually saw their expenditures remain static between 1998 and 2002, the Democratic committees increased their spending by 175 percent during this period.

CHAPTER NINE

A Resurgent Party System: Repartyization Takes Hold

The conclusion to be drawn from this study is that its findings reinforce assertions made in previous White Papers that the political party system in New Jersey is resurgent. Indeed, the repartyization process noted in the earlier study on county party committees is ongoing. Moreover, this resurgence is demonstrated in part by the increasing amount of money raised by the party entities included in this study, a development in many ways attributable to court decisions and statutory reform. It is also evident in the manner by which these party entities have been spending the money they have raised. Finally, regarding the dramatic increase in financial activity by these party entities in recent years, the study suggests that it has been the Democratic Party entities that have been the driving force behind this explosion in campaign financial activity. This success by the Democrats in raising money has been reflected in success at the polls.

As mentioned earlier, the U.S. Supreme Court's Eu decision in 1989 declaring California's open primary law to be unconstitutional was a pivotal event in the fortunes of political parties in New Jersey. A Superior Court not long after determined that the Eu decision was applicable to New Jersey's open primary law, thereby opening the door to the political parties to once again involve themselves in primary election contests. This restored power of endorsing and providing money and ballot position to favored candidates started the process of the recovery of the party system in the State. This decision, in particular, marks the starting point of the repartyization process involving the then weakened county party organizations.

The second blow struck for political party organizations in New Jersey was the campaign finance law enacted in 1993. Specifically, this law, by imposing limits on contributions made to

A Resurgent Party System: Repartyization Takes Hold

candidates that were much lower than those imposed on contributions made to political parties, gave great advantage to the parties in the electoral process. Moreover, this feature of the Act certainly offset the heretofore increasing influence of special interest PACs and inhibited any further development of an electoral system whose underpinning had become candidate-centered campaigns. As part of this reform, it must be added, that while limits were imposed on contributions made by individuals, corporations, unions, PACs, and even candidates, there was no limit imposed on contributions made by the parties and legislative leadership committees. Without question, the 1993 law had the effect of greatly strengthening parties in the State.

Finally, a third factor potentially enhances the role of political parties: the recent enactment of the McCain/Feingold law. This law, prohibiting soft money at the federal level, allows for these soft money dollars to flow to the parties within the various states. While a recent court decision on the law permits some soft money to go to federal parties for certain party building activities, the final decision on the constitutionality of McCain/Feingold awaits action by the U.S. Supreme Court. If the Supreme Court reverses the lower court's decision and lets the law stand as enacted, the result will be increasing dollars and power to political parties in New Jersey.

In this study, the campaign financial activity of legislative leadership committees, the state party committees, and county party committees was observed for the purposes of determining whether or not previous white papers, which predicted the strengthening of the party system at all levels, were correct; and to discern recent trends in party involvement in campaigns as suggested by the financial data taken from the reports. Moreover, the study was undertaken to mark the impact of relatively recent developments, such as the Eu decision and the 1993 reform on the role of the parties. And finally, the study was completed to provide important analysis that might play a role in discussions about future campaign finance reform efforts in New Jersey. These discussions might involve contribution limit levels, the role of legislative leadership committees, and the appropriateness of corporate and union contributions.

In terms of overall financial activity, the study looked at financial activity by the various entities during the ten-year period 1992 through 2002. Regarding the detailed analysis of

A Resurgent Party System: Repartyization Takes Hold

fundraising and spending, the study analyzed this data obtained for the years 1997 and 2001, two years when legislative elections and gubernatorial elections were held. In studying the county party organizations specifically, the financial data for all 42 county party committees was used in connection with the financial overview covering a ten-year period. Regarding the detailed study, eighteen county committees in nine counties were selected for observation.

In the chapters on legislative leadership committees, it was pointed out that the financial data suggested that the pivotal time for the Democratic Party in terms of its return to power in state government was the period 1995 through 1997. While the party's effort to regain power in state government met with success in the general election of 2001, the process actually began during the 1993 general election and took a giant leap forward between 1995 and 1997. From a majority in the Assembly of 58-22 and 27-13 in the State Senate following the 1991 general election, the Republican majority slipped following the 1995 general election to 50-30 in the Assembly and 24-16 in the State Senate. Interestingly, it was at this juncture that money began to flow in increasing amounts to Democratic legislative leadership committees. In 1995, the Democratic leadership committees raised \$1.4 million compared with \$2.9 million raised by the Republican leadership committees. Two years later, the two parties were at parity, the Democratic leadership committees having raised \$3.05 million and the Republican ones \$3 million.

By 2001, when the Democrats took control of the Assembly and tied the Republicans in the Senate, the Democratic leadership committees outdistanced the Republican leadership committees by raising \$5.7 million to \$5.3 million. The fact that the Democrats picked up so many seats in 1995 may have given contributors the idea that this party might be ascendant in the Legislature, therefore, leading to significant gains in fundraising by 1997. In turn, the gains in fundraising by the Democratic legislative leadership committees was predictive of future success at the polls. Between 1995 and 1997, the Democratic leadership committees increased fundraising by 118 percent compared with the Republican leadership committees, which increased their totals by just three percent. Moreover, over the four-year "critical period" leading to a changing of the guard in Trenton, the Democratic leadership committees increased fundraising by 307 percent, while the Republican committees increased their fundraising by 82

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percent. Thus, the two-year period 1995-1997 was an absolutely critical time in determining the future success of the Democrats and the future slippage of the Republicans.

The conclusion drawn immediately above is corroborated by the data involving the state party committees. During the 1997 election period, the two state party committees combined to raise \$10.7 million. Four years later, these entities raised \$24.6 million, an increase of 129 percent. As with the legislative leadership committees, the dramatic increase in the actual amount of dollars raised was due to the Democratic Party. In 1997, for example, the Democratic State Committee raised \$5.1 million, or 48 percent of the funds raised by the state party committees. The Republican State Committee had raised \$5.6 million, or 52 percent of total funds. In 2001, the story was entirely different. During that election year, the Democratic State Committee raised \$19.9 million, or 81 percent of total funds raised by the parties. The Republican State Committee raised \$4.7 million, or 19 percent of all funds. Thus, the Democratic State Committee increased their fundraising by 290 percent during this four-year period, while the Republican State Committee reduced their fundraising by 19 percent.

The trend in fundraising by the two state party committees reflects that of the legislative leadership committees, indicating first that the party system is strengthening and, second, that it was the Democratic State Committee that was at the root of this incredible display of fundraising success.

The approach toward analyzing the financial activity of the county party committees was slightly different than that taken toward the “big-six” committees. The conclusion drawn from the analysis, however, was the same within a very similar timeframe, 1998-2002, that fundraising by the county party committees skyrocketed, and it was again the Democratic county committees that proved to be the driving force behind this phenomenon.

While in the body of this study, financial data for all 42 county committees is displayed for the ten-year period 1992-2002, for the purposes herein, data will be discussed for the pertinent period 1998-2002.

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During the period 1998-2002, a total of \$90.8 million was raised by the 42 county committees statewide. The Democratic county committees raised \$53.2 million, or 59 percent of this amount. The Republican county committees raising \$37.6 million, or 41 percent of the total funds raised by these committees during this period.

From another perspective, the Democratic county committees, raising \$5.2 million in 1998, increased their fundraising by 180 percent to \$14.6 million in 2002. The Republican county committees, reflecting the trend cited above for legislative leadership committees, raised only six percent more during this period. Raising \$6.5 million in 1998, they raised \$6.9 million in 2002. Interestingly, from 1992 through 1998 (except for 1994 when each group raised \$4.6 million), it was the Republican county party committees that raised more money in each year. Thus, this same basic period of time was marked this time by an impressive increase in county party receipts; but again, it was the Democratic Party that proved to be the driving force behind this development.

The study also looked at the spending patterns of the party entities. In each situation as would be expected, spending increases paralleled that of fundraising increases. In terms of the money spent by the big-six committees and the county party committees, it was the Democratic Party that was the driving force behind the rise in expenditure activity. These increases also indicate that the political party's entities at the State and county levels are extremely instrumental in promoting the campaigns of their candidates. By virtue of the fact that the percentage of expenditures is increasingly made for in-kind mass communication spending, such as cable T.V. and direct mail, as well as on direct contributions to candidates, is suggestive of the fact that the party entities are extremely influential players in the electoral and governmental processes.

PREVIOUS WHITE PAPERS

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