

**Trends in Legislative Campaign
Financing: 1987-1997
2nd Volume**



ELEC WHITE PAPER

NUMBER 13

September, 1999



State of New Jersey

ELECTION LAW ENFORCEMENT COMMISSION

RALPH V. MARTIN
Chair

DAVID LINETT
Vice Chair

PAULA A. FRANZESE
Commissioner

LYNNAN B. WARE
Commissioner

Respond to:

P.O. Box 185

Trenton, New Jersey 08625-0185

(609) 292-8700

Website: <http://www.state.nj.us/lps/elec/>

FREDERICK M. HERRMANN, Ph.D.
Executive Director

JEFFREY M. BRINDLE
Deputy Director

GREGORY E. NAGY
Legal Director

JAMES P. WYSE
Counsel

Acknowledgement

Deputy Director Jeffrey M. Brindle authored this White Paper, the Thirteenth in a series that has gained the New Jersey Election Law Enforcement Commission (ELEC) and him international recognition. As with the other numbers in the series, this paper should prove useful to the media, academics, public officials, and concerned citizens. The Commission is extremely proud of the Deputy Director's scholarly efforts in this report and the others he has written.

Director of Systems Administration Carol Neiman and Assistant Systems Administrator Kim Vandegrift were invaluable to the project in terms of data retrieval and the development of computerized statistical information. Research Assistant Steven Kimmelman lent his expertise in coding and political analysis and Legal Director Gregory E. Nagy served as proofreader. Administrative Assistant Elbia Zeppetelli did her usual excellent job of word processing and applying ELEC's desktop publishing technology to the design of the project.

The general editor of the White Paper Series, Executive Director Frederick M. Herrmann, again served in this capacity. As usual, he did a very fine job in editing the text bringing consistency throughout. For further reading about the role of campaign financing in New Jersey and the nation's political systems, the Commission suggests referring to the third edition of the COGEL Campaign Financing and Lobbying Bibliography compiled by him and published by the Council on Governmental Ethics Laws and ELEC.

Table of Contents

	<u>Page No.</u>
1. Introduction	1
2. Financing Legislative Campaigns: An Overview.....	8
3. Fundraising by Legislative Candidates	15
4. Expenditure Activity by Legislative Candidates	29
5. The Changing Role of PACs	47
6. The Changing Role of Political Party Entities	59
7. Conclusion	73

<u>Figure No.</u>	<u>Page No.</u>
1. Percentage Increase in Receipts and Expenditures 1977-1987 and 1987-1997	9
2. Senate/Assembly Candidates Financial Activity: 1987-1997	10
3. Comparison of Democratic/Republican Legislative Candidate Receipts 1987-1997	17
4. Change in Average Contribution Amounts to Legislative Candidates 1987-1997	24
5. Spending Totals by Party 1987-1997	31
6. Spending Totals by Office 1987-1997	36
7. Spending Totals by Incumbents/Challengers 1987-1997	37
8. Proportion of PAC Contributions to Legislative Candidates by Party	52
9. Proportion of PAC Contributions by Office	53
10. Percent of PAC Contributions by Type of PAC	55
11. Party Control of Governorship and Financial Activity of State Parties	63

<u>Table No.</u>	<u>Page No.</u>
1. Legislative Candidate Receipts by Office 1987-1997	18
2. Incumbent/Challenger Fundraising and Incumbent Reelection Rate	22
3. Contribution Ranges: 1987-1997	25
4. Contributions by Contributor Type to Legislative Candidates 1993-1997	26
5. Spending Ranges by Legislative Candidates 1977-1997	40
6. Number of PACs and Amount Contributed to Legislative General Election Candidates: 1987-1997	49
7. Financial Activity by State Party Committees	61
8. Breakdown of Contributions to State Parties by Contributor Type	65
9. Legislative Leadership Committee Financial Activity	68
10. Contributors to Leadership Committees 1997	70

Introduction



rends In Legislative Campaign Financing: 1977-1987, ELEC White Paper Number Two, noted:

The legislative general election of 1987 was the most expensive in State history.¹

As the decade of the 90's dawned, articles were appearing in daily newspapers throughout the State in which individuals bemoaned the fact that the cost of legislative elections had skyrocketed. Eventually, this drumbeat of criticism led to the introduction of legislation designed to reform the campaign finance system. The bills that were introduced ranged from ones that would impose contribution limits, to others that would ban corporate and union contributions, to ones that would establish legislative public financing.

In part because of adverse publicity, and in part because of the efforts of certain reformist legislators, the law was changed in 1993. It established a campaign finance system that imposed limits on contributions to candidates and parties, limited candidates to one candidate committee and/or joint candidates committee, instituted strict guidelines on the uses of campaign money, created a new legislative leadership committee category, and established registration requirements for PACs. In the end, one of the most significant results of the new law was to strengthen political party entities, a reform that would offset the electoral influence of special interest political action committees (PACs).

Calls for Reform

Despite this important and historic reform, however, not much has changed vis-a-vis the rhetorical climate surrounding campaign financing in New Jersey. Just as the legislative general election of twelve years ago was characterized as one that surpassed all others in spending, it is now said of the 1997 version that it was the most expensive in history. In 1997, candidates for State Senate and Assembly raised over \$25 million for their general election campaigns and spent \$20.7 million of it. As noted above, voices were raised in protest following the 1987 election. Now, because of the spending record in 1997, voices are again being raised in protest, this time in opposition to current law. For example: Paul J. Contillo, former Chairman of New Jersey Common Cause, made the following comment to Garden State citizens:

Well, you have a stake in fixing this—and a special role to play in helping decide whether the political system will continue to amplify the voice of [the] politically-connected and the financially-endowed, or whether it will provide you with meaningful power to affect governmental decisions.²

Contillo continued by stating that:

Leadership PACs are the worst blight on New Jersey's political system. In 1994-95, Philip Morris contributed a total \$200,000 to the State's four leadership PACs and two political parties, which then funneled monies to candidates in larger denominations than can be—and are—given by the original donors.³

In the same vein, Neil Upmeyer, former editor of the New Jersey Reporter, has on numerous occasions expressed similar sentiments about legislative leadership committees. The New Jersey press has not been silent on the 1993 law either. In a July, 1997 article in the Asbury Park Press, state house reporter Herb Jackson wrote:

While there is no international intrigue, advocates for reforming campaign finance laws say questions about contributions and influence that are at the heart of Senate hearings [the U.S. Senate Hearings on foreign contributions] begun Tuesday could easily be asked in New Jersey as well. And they say chances of real reform at either the state or federal level are equally slim.⁴

Jackson then proceeded to quote former State Senator Gordon MacInnes who said:

That while New Jersey laws attempt to put limits on contributions for legislative and gubernatorial candidates, loopholes in the law allow "soft money" from big contributors who can influence which laws are passed or not passed.⁵

These press reports and public comments have again led to the introduction of legislation, the goal of which is to "reform" the "reform." One bill, sponsored by Senator John Lynch, (D-17th), would establish a public financing program for legislative elections, complete with a public funds payout of \$20,000 in the primary and \$40,000 in the general election. Moreover, the bill contains expenditure limits of \$50,000 in the primary and \$100,000 in the general election for participating candidates. Another bill, sponsored by State Senator William L. Gormley, (R-2nd), would reduce the \$30,000 per year limit on contributions made to legislative leadership committees to \$10,000 annually. Finally, in a very

comprehensive piece of legislation, Senator Leonard T. Connors, Jr., (R-9) seeks a \$100 across the board limit on contributions to candidates, reduces to \$1,000 per year the amount that could be contributed to political parties, abolishes legislative leadership committees, prohibits bundling, and introduces a variety of changes to the reporting thresholds.

In the words of former Yankee great and favorite son of New Jersey, Yogi Berra, this legislative activity is "dejavu all over again." The legislative elections of 1997, as was the case in 1987, were the most expensive in history. Like a decade ago, there are calls for reform, and there are bills introduced to accomplish this reform. And finally, there is this report, which, like Trends In Legislative Campaign Financing: 1977-1987, provides a complete overview of the trends in campaign financing over a ten-year period, covering the decade 1987 through 1997. All that remains is the answer to the question: Will New Jersey's campaign laws again be revised, this time early in the next century? Will the circle be complete?

More Money for Campaigns

While it is important to highlight the fact that there are individuals who are dissatisfied with current law, who have called for reform, and who have serious concerns about the extent of money involved in New Jersey's electoral process, it is equally important to note that there are those who argue that not enough money flows toward political campaigns and that there is too much regulation of the process.

Of serious concern to these political observers is the continuing fall-off in voter turnout. For instance in the 1997 gubernatorial general election, only 54 percent of registered voters cast ballots on election day. Many fear that an overly restrictive campaign finance law, containing limits on contributions that are too low, would only worsen this trend. If candidates cannot get adequate information to the voters, how is interest in the election to be generated?

To this end, a recent primary election in Maine is worthy of note. Maine, considered to be a leader in campaign finance reform, has implemented a new system that provides public money to candidates who accept limits on fundraising. In the 1998 primary, there was very modest spending by gubernatorial candidates, indicating that the spirit of the new program had already had an impact. The only problem was that less than 14 percent of voters went to the polls. Some have dubbed this campaign the "stealth campaign." In New Jersey the low spending, low impact, and low voter turnout schoolboard elections (often two percent) are often pointed to by advocates of more campaign spending as an example of what will result in partisan general elections if spending is restricted by too low contribution limits and other measures.

Another concern voiced by opponents of an overly regulated campaign financing system is that if it becomes too difficult to raise money than the field of candidates will increasingly be the domain of candidates who are independently wealthy and able to spend enough of their own money to get their message out to the voters. Moreover, the same concern is expressed with regard to even further advantages being given to incumbents by a system which makes it too difficult to raise money. Challengers have a hard enough time raising money, they say. In a more restrictive system, challengers will be further disadvantaged because they will virtually have no chance of overcoming the built in advantage of name recognition enjoyed by incumbents. A challenger will be hard pressed to reach the voters with his or her message.

Moreover, opponents of a restrictive campaign finance system note that recent court decisions, including those of the U.S. Supreme Court, have mostly frowned upon campaign laws that in one form or other limit spending. The courts have found many campaign laws that have imposed stringent limits on contributions, such as resulted from California's proposition 208, to be unconstitutional and in violation of the First Amendment.

Thus, there are reasonable arguments advanced on both sides of two very important questions about New Jersey's campaign system: Should further restrictions be placed on the

use of money in campaigns or would more stringent controls inhibit political speech and do damage to the electoral process? The intent of this study is to help people decide these questions for themselves.

Conclusion

It is the goal of this work, as it was in the earlier work, to present and analyze data relevant to the financial activity of legislative candidates for the purpose of assisting those decision makers who are in a position to either change the system or leave it alone. In furtherance of this goal, this supplementary version of the original report, recast as Trends In Legislative Campaign Financing: 1987-1997, 2nd volume, will again explore the various influences over the process, note changes that have occurred since the publication of the earlier report, and provide a complete analysis of financial activity vis-a-vis legislative candidates over the last ten years. As in the earlier white paper, this revised version takes no position relative to the merits of this upward trend in financing of campaigns. The report only seeks to analyze recent trends and present the data in an understandable manner that will provide perspective to the debate.

Notes

1. New Jersey Election Law Enforcement Commission, Trends In Legislative Campaign Financing: 1977-1987, ELEC White Paper Series, No.2 (Trenton, N.J.: The Commission, 1989), p. 1.
2. Editorial, Times (Trenton), June 23, 1997, p. A13
3. Ibid.
4. Herb Jackson, "Advocates of N.J. Campaign Finance Reform Not Optimistic," Asbury Park Press, July 9, 1997, Section A, p. 6.
5. Ibid.

Chapter I

Financing Legislative Campaigns:

An Overview



Trends In Legislative Campaign Financing: 1977-1987, revealed that financial activity by legislative candidates had increased substantially during the ten-year period then under study. Likewise, Trends In Legislative Campaign Financing: 1987-1997 will reveal that financial activity by Senate and Assembly candidates during the most recent ten-year period has risen as well, but at a more modest pace.

Trend in Financial Activity Uneven

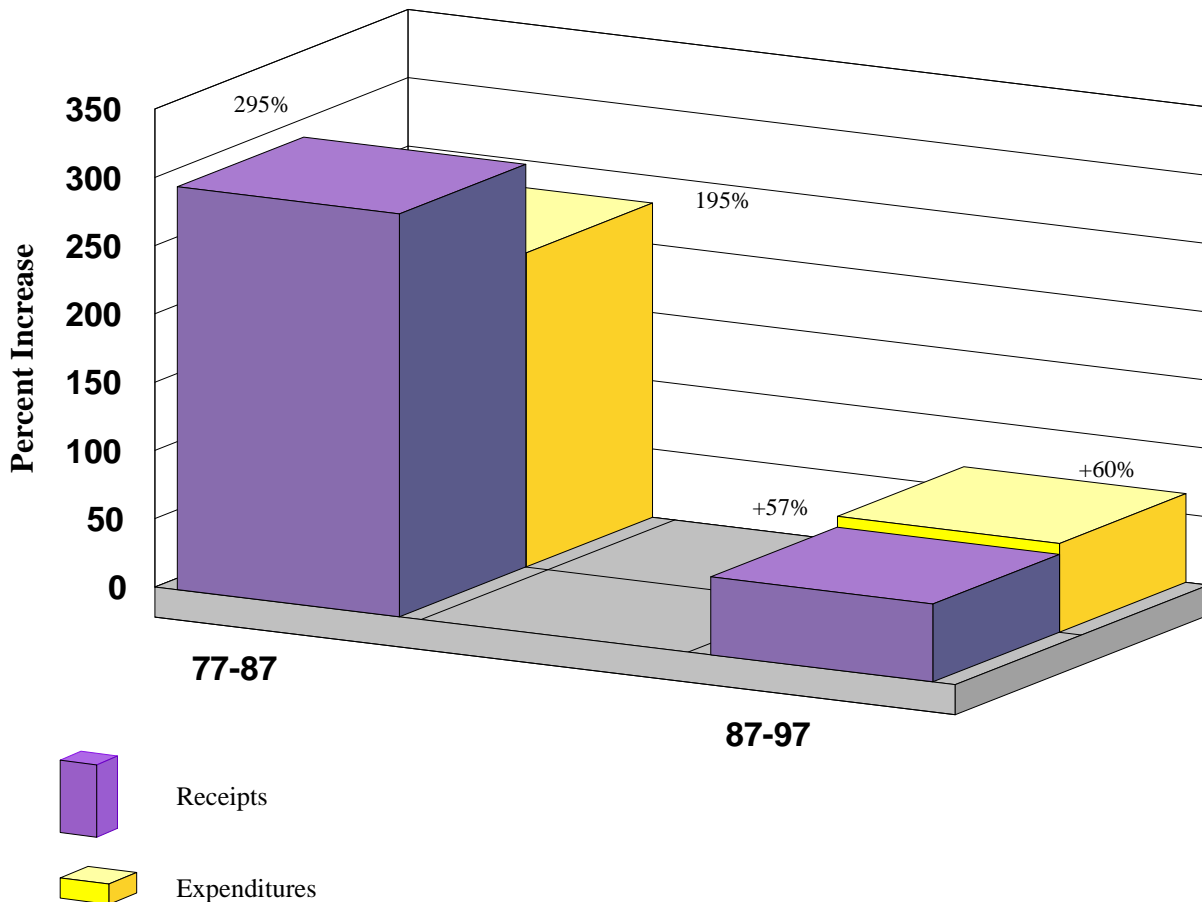
Candidates for the Legislature raised \$16.2 million in the 1987 general election. Ten years later, in 1997, legislative candidates raised \$25.4 million, a 57 percent increase. Though the fundraising effort in 1997 had reached an all-time high, the rate by which receipts had been increased had slowed from the pace recorded during the prior ten-year period. Between 1977 and 1987, candidate receipt totals had increased by 295 percent, from \$4.1 million to \$16.2 million.¹

Spending by Senate and Assembly candidates followed the same pattern. In the 1997 legislative races, candidates spent \$20.7 million compared with \$12.9 million spent in 1987, representing a 60 percent increase in expenditure activity. Even though expenditures by legislative candidates also reached an all-time high by 1997, the rate of increase since 1987 was less than recorded between 1977 and 1987. During the earlier period, spending by legislative candidates had increased by 195 percent, from \$3.9 million in 1977 to \$11.5 in 1987.

The upward trend in financial activity between 1987 and 1997 has not been as dramatic or steady as it was during the previous decade, when increases were consistently recorded in each successive Assembly and Senate election.

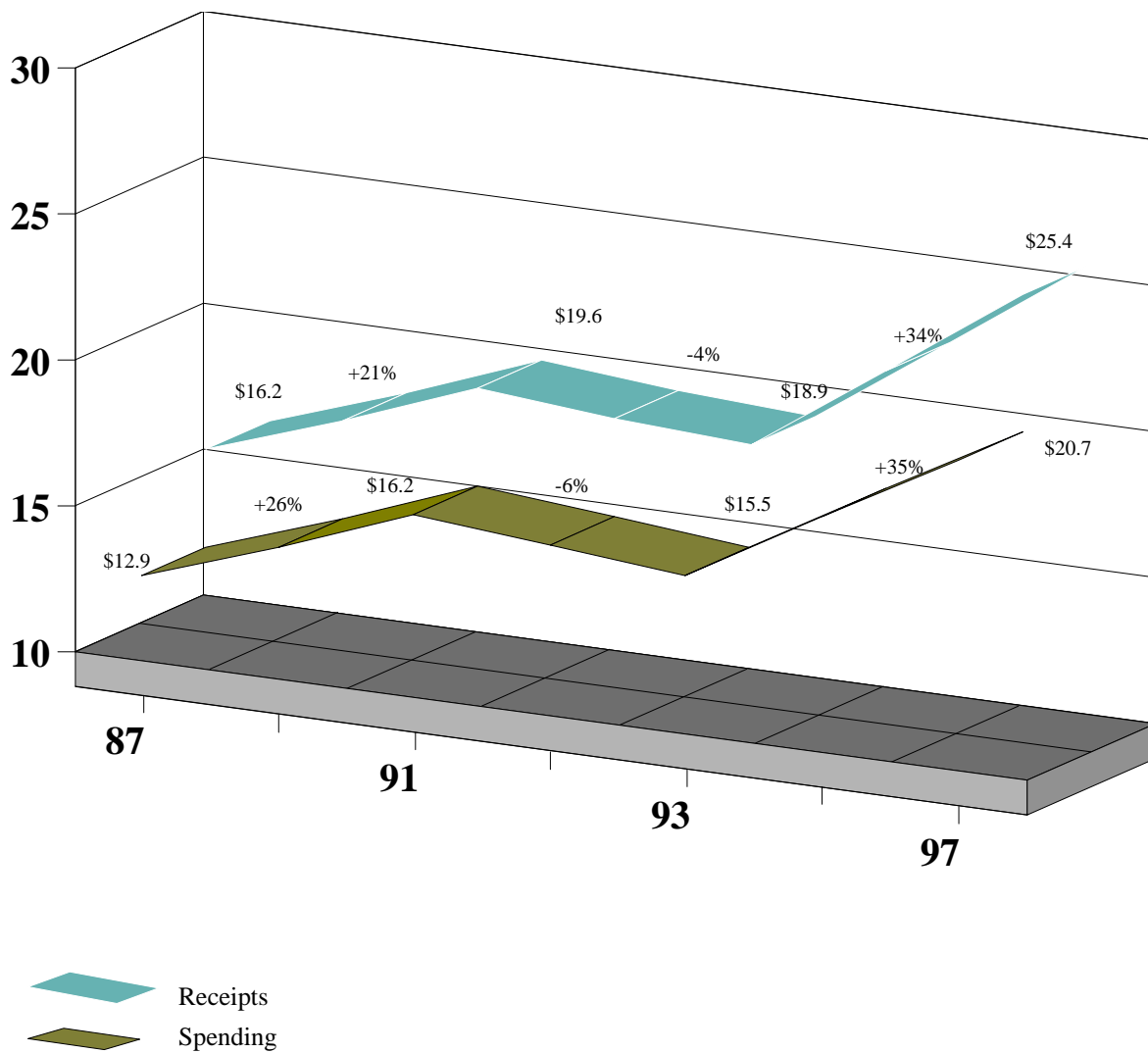
Patterns in fundraising and expenditure activity between the two decades as well as within the decade 1987 to 1997 are shown in Figures 1 and 2.

Figure 1
Percentage Increase in Receipts and Expenditures 1977-1987 and 1987-1997



Source Data: New Jersey Election Law Enforcement Commission

Figure 2
Senate/Assembly Candidates
Financial Activity: 1987-1997



Source Data: New Jersey Election Law Enforcement Commission

As demonstrated in Figure 2, between 1987 and 1991, a four-year period, Senate and Assembly fundraising increased by 21 percent and spending by 26 percent. In 1987, receipts totalled \$16.2 million, increasing to \$19.6 million in 1991. Expenditures rose from \$12.9 million in 1987 to \$16.2 million in 1991. In comparison, between 1977 and 1981, the identical four-year period of ten years before, spending had increased by 105 percent. Expenditure activity increased from \$3.9 million in 1977 to \$8 million in 1981. Receipt figures are unavailable for 1981.

It must be noted at this point that after the first general election for State Senate held in a new decade, State senators, pursuant to New Jersey's Constitution, serve for a term of two years, when they again have to face the voters. Following this once per decade two-year term, state senators then serve two four-year terms. The pattern begins anew in each successive decade.² It was during this two-year period, between the general election of 1991 and 1993, that campaign financial activity by legislative candidates actually declined. This result did not mirror the same period ten years before, although the percentage increase in financial activity during that period was minimal.

Between 1991 and 1993, fundraising decreased by eight percent and spending declined by four percent. Receipts went from \$19.6 million to \$18.1 million and expenditures from \$16.2 million to \$15.5 million. From 1981 to 1983, spending had only increased by four percent, rising from \$8 million to \$8.3 million. This data suggests that the two-year Senate term at the beginning of each decade may adversely impact the ability of candidates to raise and spend campaign dollars. Rather than enjoying a four-year period to raise money, State Senate candidates only have two years to do so at this point in the decade. Moreover, compounding the situation in 1993 was the fact that in March of that year, the campaign reform law went into effect which limited candidates to one candidate committee and/or joint candidates committee. Because the law became effective in the midst of a legislative election year, many candidates, especially incumbents, did not close their personal PACs nor transfer money from them into their candidate committees. Therefore, when financial activity was disclosed by the candidates, it did not always reflect substantial sums of money contained in

their personal PACs, thereby contributing to the decline in reported receipts and expenditures in 1993.

The blip in the upward trend in legislative campaign financing was corrected during the four-year cycle 1993-1997, when fundraising increased by 34 percent and spending by 34 percent. In 1993, receipts totalled \$18.9 million and in 1997 the amount increased to \$25.4 million. Spending rose from \$15.5 million to \$20.7 million. Between 1983 and 1987, fundraising had increased by 193 percent and spending by 55 percent. Fundraising totals in 1983 reached \$8.4 million and in 1987 \$16.2 million. Legislative candidates spent \$8.3 million in 1983 and \$12.9 million in 1987.

Campaign Reform Impacts Flow of Campaign Money

Too much should not be read into the fact that the rate of increase in financial activity slowed between 1987 and 1997, however. These statistics should not be interpreted to mean that the race for campaign dollars has stalled. In all probability, campaign dollars are flowing in a different direction than in the past.

As noted above, in 1993 the Campaign Contributions and Expenditures Reporting Act was amended. This new law imposed limits on contributions to candidates. The limits on giving to candidates are much lower than those imposed on political parties and legislative leadership committees. Moreover, there are no limits on the amounts these political party entities can contribute, either directly or on behalf of candidates. Thus, campaign dollars began to flow in greater quantities to the state and county party committees and the legislative leadership committees. In turn, these entities, especially the county party committees, intensified their involvement in the campaigns of legislative candidates as well as in the campaigns of candidates at the local level.

Inflation as a Factor

One other factor that may have contributed to the slower pace of financial activity reported by Senate and Assembly candidates between 1987 and 1997 is the slower rate of inflation recorded during this period compared with the earlier period. Using the Consumer Price Index for all urban consumers in the New York metropolitan area, there was a rate of inflation of 41 percent from 1987 to 1997. This compares with an 84 percent rate of inflation between 1977 and 1987.³ Similar rates of inflation held for the Philadelphia metropolitan area. Thus to the extent that increases in the inflation rate can be linked to the race for campaign dollars, this factor may have contributed to the slower rate of increase in fundraising by legislative candidates between 1987 and 1997.

Conclusion

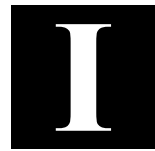
Overall, there has been a decline in the pace of campaign financial activity directly attributable to legislative candidates when comparing the ten-year period of 1987 to 1997 with the previous ten-year period. While the actual amounts in dollars raised has increased substantially, the overall pace of this increase has slowed. This development may be illusionary, however, because of the changes in the law which effectively redirected the flow of campaign dollars to the party entities and because of inflationary pressures that have lessened.

Notes

1. The data contained in this chapter has been produced by the New Jersey Election Law Enforcement Commission from disclosure reports filed with it.
2. For a discussion of qualifications for serving in the New Jersey Legislature and terms of office, see Barbara Williams Prabhu, ed., Spotlight on New Jersey Government, Sixth Edition (New Brunswick, N.J.: Rutgers University Press, 1992) p. 256.
3. United States Department of Labor, Bureau of Labor Statistics Data, Consumer Price Index - All Urban Consumers, New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, Data Extracted July 24, 1998.

Chapter II

Fundraising by Legislative Candidates



In this modern era of politics, an essential requirement for a successful legislative campaign is the ability to raise money. For the most part, candidates for the State Senate and Assembly have proven to be quite adept at this task. During the period 1987 through 1997, legislative candidates continued to increase the amount of money they raised for their campaigns. By 1997, candidates had raised \$25.4 million, a 57 percent increase over 1987, when they raised \$16.2 million. Simultaneously, the average amount raised by individual legislative candidates increased from \$76,000 in 1987 to \$124,000 in 1997, a 63 percent jump.¹ This chapter will explore in detail the fundraising activity of candidates for the Senate and Assembly between the general elections of 1987 and 1997. As the chapter unfolds, certain patterns in fundraising will emerge relative to the candidates party, office sought, and incumbency status. Though the gains in percentage terms were more modest than the previous decade, the chapter will show that fundraising in today's electoral process is one of the key ingredients in a successful campaign. Concomitantly, the chapter will demonstrate that money is not the only factor in achieving electoral victory.

Fundraising is Joint Party Venture

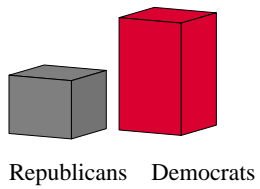
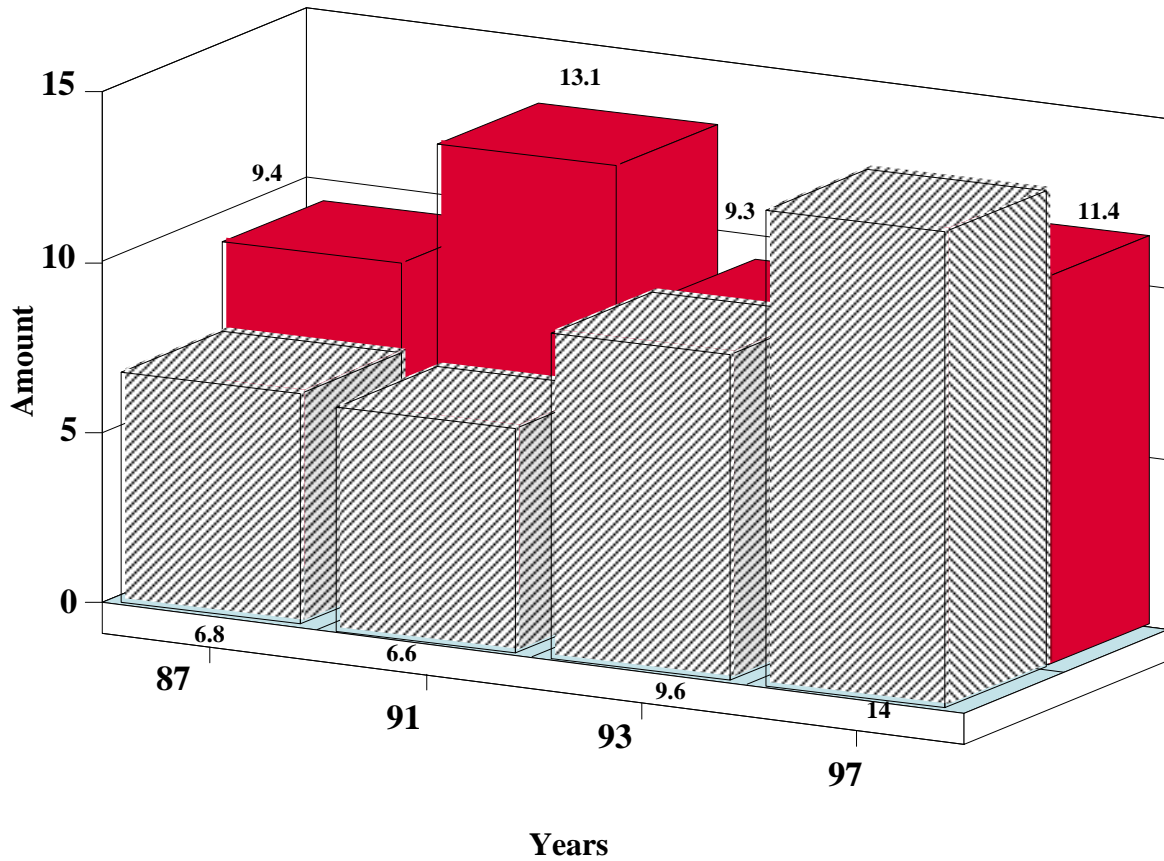
Trends In Legislative Campaign Financing: 1977-1987 observed that the increase reported in financial activity by legislative candidates from the general election of 1977 to the general election of 1987 was bipartisan. That study disclosed that "between 1977 and 1987, Democratic candidates increased their receipts by 300 percent" and "Republican receipts, ...,"

increased by 237 percent."² The data from the most recent ten-year period indicates that between 1987 and 1997 both parties again contributed significantly to the overall increase in fundraising activity.

Between 1987 and 1997, Republican candidates increased their total receipts by 105 percent. In 1987, Republican legislative candidates raised \$6.8 million. Ten years later, in 1997, that amount had climbed to \$14 million. Democratic candidates increased their fundraising totals during this period by a more modest 21 percent, from \$9.4 million in 1987 to \$11.4 million ten years later.

Taken election by election, however, the data indicates that both Democratic and Republican legislative candidates demonstrated fundraising prowess during these years. Figure 3 below shows that candidates from both major political parties intensified their fundraising, although not to the same extent, in each election. For example, in 1987, Democratic candidates outdistanced their Republican counterparts by 38 percent, \$9.4 million to \$6.8 million. Again, in 1991, Democratic candidates raised more money than Republicans by a significant margin of 98 percent, \$13.1 million to \$6.6 million. The picture changed in the general election of 1993. In this general election, Republicans gained the upperhand in the race for funds, eclipsing Democratic legislative candidates by three percent, \$9.6 million to \$9.3 million. This trend continued in 1997 with GOP Senate and Assembly candidates raising 23 percent more money than the Democratic candidates, \$14 million to \$11.4 million. Thus, the data indicates that except for 1987, when Republicans and Democrats split control of the Legislature, with the Republican party in control of the Assembly and the Democratic party in control of the state Senate, the candidates of the party in power raised the most money in any given election year.

Figure 3
Comparison of Democratic/Republican
Legislative Candidate Receipts 1987-1997



Source Data: New Jersey Election Law Enforcement Commission

The earlier study observed that the increase in financial activity by legislative candidates was largely bipartisan. If the most recent data is considered in the context of a ten-year period, it appears that both parties again shared in the overall increase in fundraising activity. The patterns may have been different, and Republicans may have dominated in the two most recent elections, but overall, strong fundraising continued to be a bipartisan venture.

State Senate Candidates Raise Most Money

Similar to the decade 1977 to 1987, the ten-year period 1987 to 1997 witnessed greater fundraising on the part of State Senate candidates than their Assembly counterparts, a fact, which, incidentally, might explain why the Democratic candidates raised more money than Republicans in 1987 when the control over the legislature was divided. The Democratic party, as noted above, controlled the state Senate.

As depicted in Table 1, Senate candidates raised more money than Assembly candidates in each election year, even raising as much as 50 percent more in the most recent election of 1997.

Year	Senate	Percent	Assembly	Percent	Total
87	\$8.3	51%	\$7.9	49%	\$16.2
91	\$10.8	55%	\$8.8	45%	\$19.6
93	\$9.6	51%	\$9.3	49%	\$18.9
97	\$15.2	60%	\$10.1	40%	\$25.3

* does not include alternative party totals, which were minimal.

* Joint committee figures were allocated 1/3 to Senate candidates and 2/3 to Assembly candidates.

Source Data: New Jersey Election Law Enforcement Commission

Raising \$8.3 million to \$7.9 raised by Assembly candidates, State Senate candidates raised 5 percent more money than candidates for the lower house in 1987. This differential widened in 1991 when upper house candidates raised 23 percent more than their Assembly counterparts, \$10.8 million to \$8.8 million. The gap narrowed in 1993, but Senate candidates still managed to raise three percent more money than Assembly candidates, \$9.6 million to \$9.3 million. In 1997, however, as noted above, candidates for the State Senate significantly widened the gap by raising 50 percent more money than their Assembly colleagues, \$15.2 million to \$10.1 million.

These results are not unexpected. Trends In Legislative Campaign Financing: 1977-1987 observed this same pattern between 1977 and 1987 stating:

The fact that Senate candidates, who were fewer in number than Assembly candidates, demonstrated greater fundraising ability suggests a strategic decision made by campaign experts in the two major political parties. In any given legislative district, in a year when both the Assembly and Senate are up for election, there are three candidates from each major political party. As they appear on the ballot, the candidate for State Senate heads the ticket. The two Assembly candidates are placed in order next to the Senate candidate. The strategic decision suggested by the data is one of targeted financing of the Senate candidates in hopes that a successful campaign by that candidate would pull his or her running mates into office as well.³

While the analysis offered in the 1989 study goes far toward explaining why

candidates for the state Senate consistently attract more dollars than their Assembly counterparts, this study will take the explanation a few steps further. The campaigns of Senate candidates, for example, receive more attention from the public, the media, and, of course, contributors, simply because they are candidates for the "upper house" of the state Legislature. The mere fact that Senate candidates are vying for 40 seats as opposed to 80 in the Assembly creates the impression that they are more individually influential than their Assembly counterparts. Moreover, Senators exercise advise and consent over gubernatorial appointments. In politics, money more readily flows to the more powerful and influential.

It should be remembered also that, except at the beginning of each decade, elections for the state Senate are held every four years, not every two years, as is the case for Assembly candidates. Incumbent state senators, and to a lesser extent potential challengers, have a longer period of time to raise money. Interestingly, when Senate elections at the beginning of the decade are held on a two-year cycle, the gap between Senate and Assembly candidates fundraising narrows considerably, as in 1993.

Finally, the new campaign law enacted in 1993 strengthened the party entities, which in turn enabled them to provide greater support to their candidates. In particular, the county party committees, as well as legislative leadership committees, grew stronger financially and more influential electorally. Certainly this source of campaign dollars was not lost on candidates for the state Senate who head the legislative ticket. In fact, the Senate legislative leadership committees, both Democratic and Republican, exhibited greater financial resources than did the Assembly committees. In 1993, the Senate legislative leadership committees raised \$2.9 million to \$1.7 million raised by the Assembly legislative leadership committees. During 1997, the two Senate legislative leadership committees raised \$4.1 million compared with \$2 million raised by the Assembly candidates. Naturally, this difference meant that the Senate legislative leadership committees had more money to give to Senate candidates, contributing to their higher fundraising totals.

Incumbents Outraise Challengers

It is a well established fact that incumbents have built-in advantages over challengers. Officeholders almost always have greater name recognition among voters than do challengers. Incumbent legislators in New Jersey, in addition to using their public allowance, can also use campaign dollars for the "ordinary and necessary expenses of holding public office,"⁴ including, but not limited to communicating with constituents. By virtue of holding public office, incumbents provide constituent services, attend numerous community events, are afforded greater coverage by the media, and develop relationships with business, union, and community leaders and opinion makers. Finally, they have a greater capacity to raise money, which is such an important part of modern-day campaigns.

In New Jersey, incumbents have proven time and time again that they enjoy these enormous advantages, not the least of which is the ability to undertake aggressive fundraising efforts. Statistics gathered on the financial activity of incumbent legislators between 1987 and 1997, as well as those published in the earlier study for the years 1977 through 1987, attest to this fact.

During the period 1987-1997, incumbents raised considerably more money than did challengers. As shown in Table 2, which compares the percentages of funds raised by incumbents to that of challengers and provides the percentage of incumbents winning reelection in each general election contest for the legislature between 1987 and 1997, not only did incumbents enjoy an advantage in fundraising but generally utilized the additional funds to great benefit.

	Incumbent		Reelection	Challengers	
	Raised	Percent	Rate	Raised	Percent
1987	\$9.6M	64%	97%	\$5.5M	36%
1991	\$10.1M	61%	76%	\$6.5M	39%
1993	\$12.7M	68%	93%	\$6.0M	32%
1997	\$16.3M	61%	97%	10.1M	39%

Source Data: New Jersey Election Law Enforcement Commission

During 1987, for instance, incumbents raised \$9.6 million to challengers \$5.5 million. Thus, incumbents accounted for 64 percent of all funds raised whereas challengers accounted for 36 percent of all funds. Incumbents were returned to office at a rate of 97 percent in 1987. The legislative election of 1991 witnessed a slight narrowing of the fundraising gap between incumbents and challengers. During the general election of 1991, incumbents were responsible for raising 61 percent of all funds, \$10.1 million, while challengers accounted for 39 percent of total funds raised, \$6.5 million. The rate by which incumbents were reelected dropped dramatically in 1991. In that legislative general election, incumbents were reelected at a rate of 76 percent.

The lower rate of incumbent reelection can be traced to the anti-incumbent mood that was sweeping the country at that time. These anti-incumbent sentiments, which ultimately resulted in the election of Bill Clinton as President in 1992 and the election of a Republican Majority in Congress in 1994, first surfaced in New Jersey in 1991 in the form of a backlash against higher taxes. In the 1991 general election, a tax revolt resulted in a Republican sweep of both houses of the Legislature. Incidental to this legislative outcome was a slight increase

in challenger receipts, mainly stemming from the targeting of key legislative districts by state party entities. The fifteen key districts, for example, accounted for \$4.4 million in challenger funds, or 68 percent of the funds raised by challengers. The 19 Democratic challengers in these districts raised \$2.2 million, the same amount raised by 33 Republican challengers. Thus, considerably more money was raised per candidate among Democratic candidates in these targeted districts than for Republican candidates in these districts. Despite this disparity, however, Republican challengers in these targeted districts overwhelmingly won election. Twenty-eight out of 33 Republican challengers in these targeted districts won election compared to just one Democratic challenger. Thus, the very slight increase in challenger funding notwithstanding, this data suggests that in this election, factors such as the tax issue and the anti-incumbent fervor played a more critical role in determining the outcome of the election than did money.

Matters returned to normal in 1993 and 1997. Responsible for 68 percent and 61 percent of all funds raised in those election years respectively, incumbents raised \$12.7 million in 1993 and \$16.3 million in 1997. Challengers raised 6 million in 1993 and \$10.1 million in 1997, at 32 and 39 percent of all funds, respectively. During these years, incumbent re-election rates returned to historic levels. In 1993, incumbents were returned to office at a 93 percent rate and in 1997 at a 97 percent rate.

Overall, the pattern of incumbent financial advantage mirrors that found in the previous decade. For example, in 1983, incumbents raised 64 percent of total funds and were returned to office at a rate of 96 percent. In 1987, incumbents raised 64 percent of funds and were reelected at a rate of 97 percent.

In conclusion, the above figures representing the most recent decade, in conjunction with those for the previous one, demonstrate the continuing advantages of incumbency, except when exceptional circumstances arise to create an anti-incumbent mood in the electorate. They also suggest that this anti-incumbent mood, though not long lasting, can result in a more long-term realignment of political power in the state.

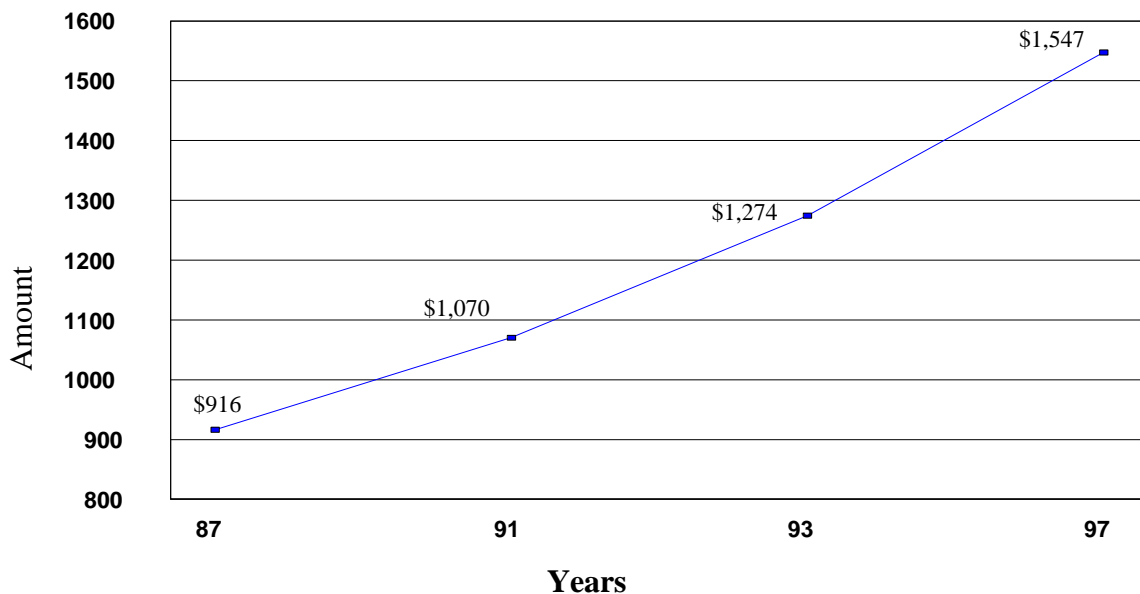
Fundraising by Legislative Candidates

Average Contribution Increases

As would be expected, the average contribution made to legislative campaigns rose between 1987 and 1997 just as it did during the previous ten year period. In the 1987 legislative general election, the average contribution made to Senate and Assembly candidates was \$916. This average amount rose by 17 percent to \$1,070 in 1991. Between 1991 and 1993, the average contribution to candidates increased again. At \$1,274 in 1993, the average contribution had risen by 39 percent over this two-year period. Finally, between 1993 and 1997, average contribution amounts increased by 21 percent to \$1,547. Thus, over the ten-year period 1987 to 1997, average contribution amounts to legislative candidates increased by 69 percent. In each legislative election during this period, the average contribution recorded by State Senate candidates exceeded that of Assembly candidates.

Figure 4 depicts changes in average contribution amounts to legislative candidates over time.

Figure 4
Change in Average Contribution Amounts to Legislative Candidates 1987-1997



Source Data: New Jersey Election Law Enforcement Commission

Contribution Ranges

Table 3 shows the number and proportion of contributions falling in certain ranges in each of the four legislative general elections between 1987 and 1997.

Table 3								
Contribution Ranges: 1987-1997								
	1987		1991		1993		1997	
>\$5,000	411	(2%)	587	(3%)	331	(3%)	516	(4%)
4,001-5,000	207	(1%)	232	(1%)	180	(2%)	180	(2%)
3,001-4,000	163	(1%)	161	(1%)	93	(1%)	205	(2%)
2,001-3,000	420	(2%)	403	(2%)	253	(2%)	314	(3%)
1,001-2,000	824	(5%)	890	(5%)	938	(8%)	1,416	(12%)
301-1,000	5,084	(29%)	5,583	(30%)	4,859	(42%)	7,349	(62%)
<300	10,224	(59%)	10,694	(58%)	4,855	(42%)	1,900	(16%)

Source Data: New Jersey Election Law Enforcement Commission

As indicated by the data, there is an inverse relationship between the contribution range and the number of contributions falling within that range. The bulk of contributions in each of the four election years fell in the lowest contribution ranges. Over 85 percent of all contributions were \$2,000 or under, with a large amount being under \$300. As the contribution ranges increased in terms of amount, the number of contributions falling within those ranges decreased. In other words, the number of contributions of \$2,000 and up was minimal. This finding reflects that of the previous decade. Thus, despite the fact that average contribution amounts continue to increase, the data suggests that a substantial portion of legislative money still is derived from small contributions.

Sources of Contributions to Legislative Candidates

Contributions to State Senate and Assembly candidates streamed in from a variety of sources between 1987 and 1997. Table 4 shows the amount and percentage of contributions to legislative candidates from the various contributor types in each of the legislative general elections beginning with 1987 and ending with 1997.

Table 4				
Contributions by Contributor Type to Legislative Candidates 1993-1997				
	1987	1991	1993	1997
Individual	\$2.6 (16%)	\$3.0 (15%)	\$2.3 (18%)	\$3.5 (18%)
Business	2.0 (13%)	2.2 (11%)	1.7 (13%)	2.4 (13%)
Pol. Parties	3.5 (22%)	2.7 (13%)	1.2 (9%)	3.4 (17%)
Pol. Committees	1.2* (7%)	.5 (3%)	.2 (1%)	.2 (1%)
PACs	3.3 (20%)	2.8 (14%)	1.9 (15%)	2.4 (12%)
Unions	.2 (1%)	.1 (1%)	.1 (1%)	.4 (2%)
Cand. Entities	3.1 (19%)	5.6 (28%)	2.9 (22%)	1.7 (9%)
Leg. Leadership	--	1.7** (9%)	2.6 (20%)	4.6 (24%)
Miscellaneous***	.4 (2%)	1.1 (6%)	.1 (1%)	.7 (4%)
Total	\$16.3	\$19.7	\$13.0	\$19.3

* Entities similar to the now statutory legislative leadership committees were included in this category in 1987

** Entities similar to the now statutory legislative leadership committees were being categorized as such committees in 1991.

*** Includes prior election transfer.

Source Data: New Jersey Election Law Enforcement Commission

As indicated by the data, contributions from individuals and candidate entities, i.e., candidate committees, and, prior to 1997, candidate personal PACs, remained high throughout the period. Representing 16 percent of contributions in 1987, individual contributions constituted 18 percent of contributions in 1993. Candidate entities never made less than 9 percent of all contributions, and, in 1991 made up to 28 percent of total contributions to legislative candidates. Contributions from business remained steady at around 13 percent of legislative contributions during this period.

PAC contributions, though representing a significant proportion of legislative receipts, did decline as a percentage of total contributions between 1987 and 1997. From a high 20 percent in 1987 to a low of 15 percent in 1993, PAC contributions to legislative candidates decreased over the years. Too much should not be read into these statistics, however, because following the 1993 amendments to the Campaign Act, which imposed limits on contributions to candidates that were significantly lower than the limits on contributions to legislative leadership committees and parties, PAC money was redirected toward these newly established entities.

Contributions from legislative leadership committees to their candidates steadily increased while contribution activity by political party entities ebbed and flowed but increased in 1997. Activity by legislative leadership committees reached 24 percent of all contributions in 1997. They were responsible for 9 percent of all contributions in 1991 and for 20 percent of contributions in 1993. Political party contributions accounted for 22 percent of all legislative donations in 1987, dipped to 13 percent and 9 percent respectively in 1991 and 1993, and climbed again to 17 percent in 1997.

Conclusion

This chapter has analyzed fundraising activity by legislative candidates in Senate and Assembly contests between 1987 and 1997. The data included above suggests that in most respects the trend in campaign financing traced over this most recent decade is similar to that profiled in Trends In Campaign Financing: 1977-1987. Though there were certain differences, such as a slowing of the rate of increase in financial activity, overall patterns of activity changed little. In the following chapter, expenditure activity by legislative candidates will be traced for the period 1987-1997.

Notes

1. The data contained in this chapter has been produced by the New Jersey Election Law Enforcement Commission from disclosure reports filed with it.
2. Commission, Trends, p. 10.
3. Ibid, p. 14.
4. See New Jersey Campaign Contributions and Expenditures Reporting Act.

Chapter III

Expenditure Activity by Legislative Candidates



In the years between 1987 and 1997, spending activity by candidates for the State Senate and Assembly followed the same pattern as did their fundraising. It increased during the four-year period 1987 to 1991, dipped during the two-year period 1991-1993, and climbed again between 1993 and 1997, a four-year cycle.

Expenditures rose by 60 percent between 1987 and 1997, increasing to \$20.7 million from \$12.9 million. The average amount spent per candidate increased substantially as well, climbing to \$100,965 in 1997 from \$60,441 in 1987.

This trend in spending activity by legislative candidates over the past ten years was similar to that exhibited by candidates during the previous decade, except that between 1977 and 1987 the rate of increase was more substantial and uninterrupted. Climbing to \$12.9 million in 1987 from \$3.9 million in 1977, a 231 percent increase, spending had intensified during that period in each successive election.

In ELEC White Paper Number Nine, Legislative Candidates: How They Spend Their Money, it was noted:

This study of legislative expenditures involves elections that occurred prior to the enactment of reforms. Quite possibly, legislative spending and the associated strategies of legislative campaigns might be influenced by the changes. It will have to be left to a future study to measure the

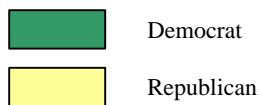
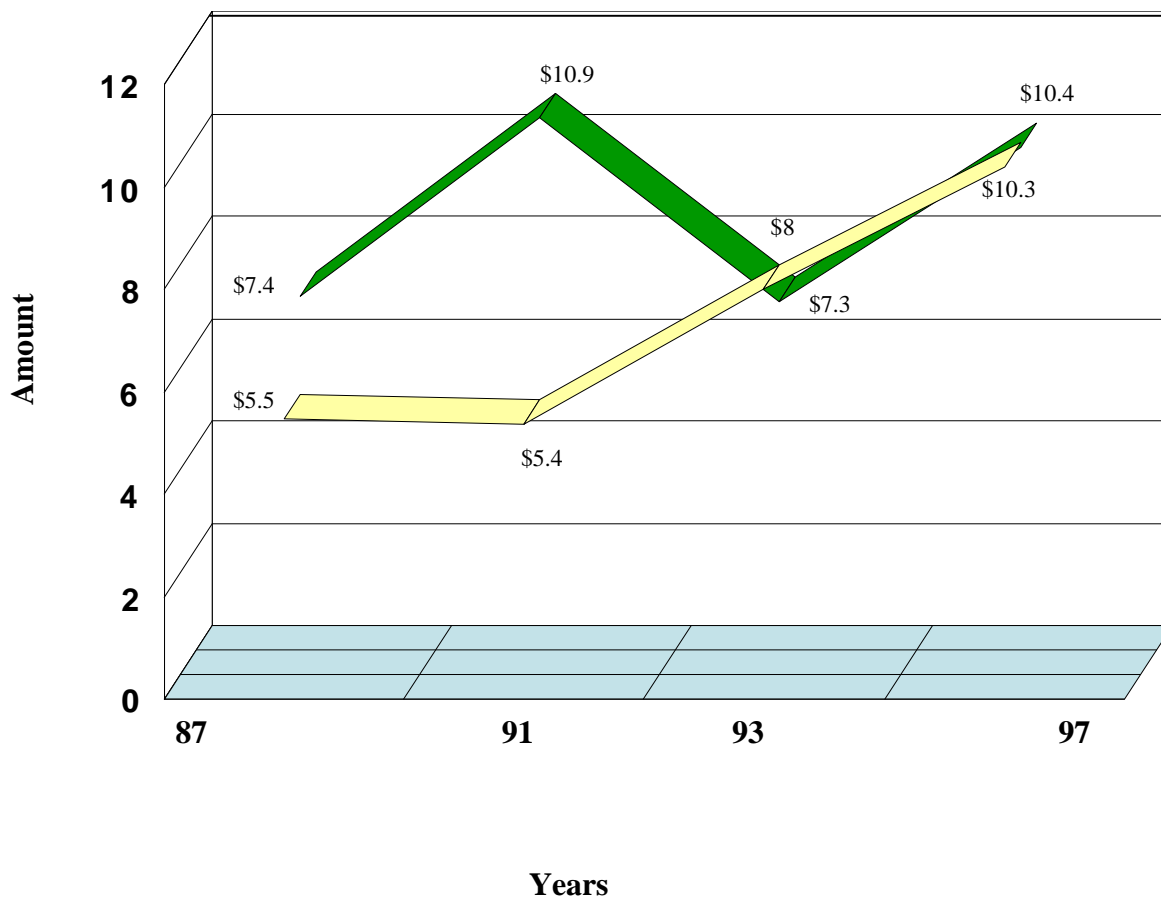
impact, if any, of the campaign reforms on the campaign strategies of legislative candidates as evidence by their spending patterns.¹

In fact, an analysis of the top 20 spending districts in the two legislative general elections occurring in the post reform era showed that the trend toward legislative spending on mass communication displayed prior to the enactment of the campaign reform law continued. In 1993 and 1997, as in 1987 and 1991, a very significant proportion of legislative expenditures went toward direct mail and cable television.

Democrats Outspend Republicans

Except in the general election of 1993, Democratic candidates for the legislature spent more on their campaigns than did their Republican counterparts. Figure 5 depicts the pattern of spending over four general elections by candidates of the two major political parties.

Figure 5
Spending Totals by Party 1987-1997



Source Data: New Jersey Election Law Enforcement Commission

Though Republican spending increased by 87 percent between 1987 and 1997 compared with Democratic spending, which increased by 41 percent during the same period, Democratic legislative candidates by far outspent Republicans during the past decade. For example, in 1987 Democratic candidates spent \$7.4 million compared with Republican spending totaling \$5.5 million. Four years later, in 1991, Democrats outspent Republicans by a wide margin, \$10.9 million to \$5.4 million. Over the two-year election cycle leading to the 1993 legislative general election, Republican candidates outspent Democratic candidates, \$8 million to \$7.3 million, but in the next Senate and Assembly election four years later Democrats again outdistanced Republicans in spending, \$10.4 million to \$10.3 million.²

The pattern of spending exhibited by legislative candidates in the previous decade is similar to that of the most recent ten-year period of Senate and Assembly elections. Though Republican candidates in that decade edged out Democrats in spending, the overall trend was upward for both parties. Except for Democratic candidates in 1983, a two-year election cycle, spending by both Republican and Democratic candidates increased in each successive general election, rising from \$1.9 million to \$3.9 million.

This comparison of spending during the two decades raises interesting questions, however. First, how important was spending to the outcome of those elections. Second, were issues and incumbency status as important, or even more important, to the election outcome as spending? And third, what role did secondary spending (that is, spending by parties and legislative leadership committees) play in the outcome of these elections?

In 1987 the two parties divided control over the Legislature, with Republicans controlling the Assembly and Democrats controlling the State Senate. During that general election, Democratic candidates spent more money than Republican candidates. Four years later, in 1991 when the Democrats controlled both houses of the Legislature, Democrats again outspent Republicans, this time by a 2 to 1 margin. But in that election, Republicans won a veto-proof majority in both houses of the State Legislature. Just two years later, in 1993, it was the Republicans who outspent the Democrats. In so doing, they retained control of both

houses of the State Legislature. Finally, in the most recent State Senate and Assembly election, Democrats, by \$100,000, once again outspent Republicans. Despite being outspent in this election, Republicans retained control of both houses of the legislature. Thus, in two out of four Senate and Assembly elections over the last ten years the party that spent the most money failed to win a majority in either house and, as stated above, in 1991, though being outspent by a wide margin, the Republicans actually won control of the Legislature.

Did a similar phenomenon occur in the previous decade 1977-1987? Twenty-two years ago, in 1977, Democratic and Republican candidates spent equal amounts of money but Democrats enjoyed sizable majorities in both houses. In 1981, Republican legislative candidates outspent Democratic candidates but failed to gain the majority in either house. Again in 1983, by \$1 million, Republican candidates outspent Democratic candidates, yet Democrats retained control of the Legislature. Interestingly, in the Senate and Assembly elections of 1987, two years after Republicans had gained control of the Assembly in the wake of Governor Thomas H. Kean's landslide victory in 1985, Democrats outspent Republicans yet could only retain control of the Senate. Republicans, though not spending as much, held on to control of the General Assembly. Thus, in two out of four Senate and Assembly elections between 1977 and 1987, the party spending the most money failed to gain a majority in either house. In the other two general elections, funding levels did not appear to be the significant factor in determining the outcome of the election either, with a split decision in 1987 and the Democratic candidates emerging victorious in 1977, when they had spent an amount of money equal to the Republican candidates.

Money Not the Only Factor

This data suggests that money alone has not been the determining factor in the outcome of legislative elections. While it is an important factor, especially if a challenger is to communicate his or her message to the voters, it is not the only factor in determining the outcome of legislative elections. A candidate's status as an officeholder, in years when voter satisfaction is high, or the significance of an issue, such as taxes in 1991, when voter

satisfaction is low, are equally important factors in determining election results. Finally, party involvement now plays a more significant part in defining how successful the party's candidates do on election day.

By way of example, the Democratic party assumed control of the Legislature in the 1970's in the wake of Watergate and former Governor Brendan T. Byrne's landslide victory in 1973. Following this initial success, the Democratic party maintained control of both houses of the Legislature until the Republicans finally won back majority control of the Assembly more than a decade later as a result of incumbent Governor Thomas H. Kean's landslide victory over then Essex County Executive Peter Shapiro in 1985. In the subsequent gubernatorial election of 1989, the Democrats held a majority in both legislative houses in the aftermath of then candidate Jim Florio's impressive victory over Republican Jim Courter. Just two years later the Democrats again lost control, falling prey to the voter backlash against higher taxes. The Republicans won a veto proof majority in both the Senate and Assembly. Though losing a few seats since that time, Republicans have enjoyed majority status as a result of apparent voter satisfaction. Throughout these years, excepting 1989, voters were either dissatisfied and reacting to an overridingly important issue or were satisfied and rewarding the incumbents. In 1989, candidate Florio and the Democratic legislative candidates won on the basis of a solid campaign which highlighted inconsistencies in their opponents' positions.

Spending By Office

Conventional wisdom holds that candidates for the state Senate spend more on their campaigns than do candidates for the Assembly. For the most part, this conventional wisdom held true over the most recent decade. Other than in the general election of 1993, Senate candidates outspent their Assembly colleagues.

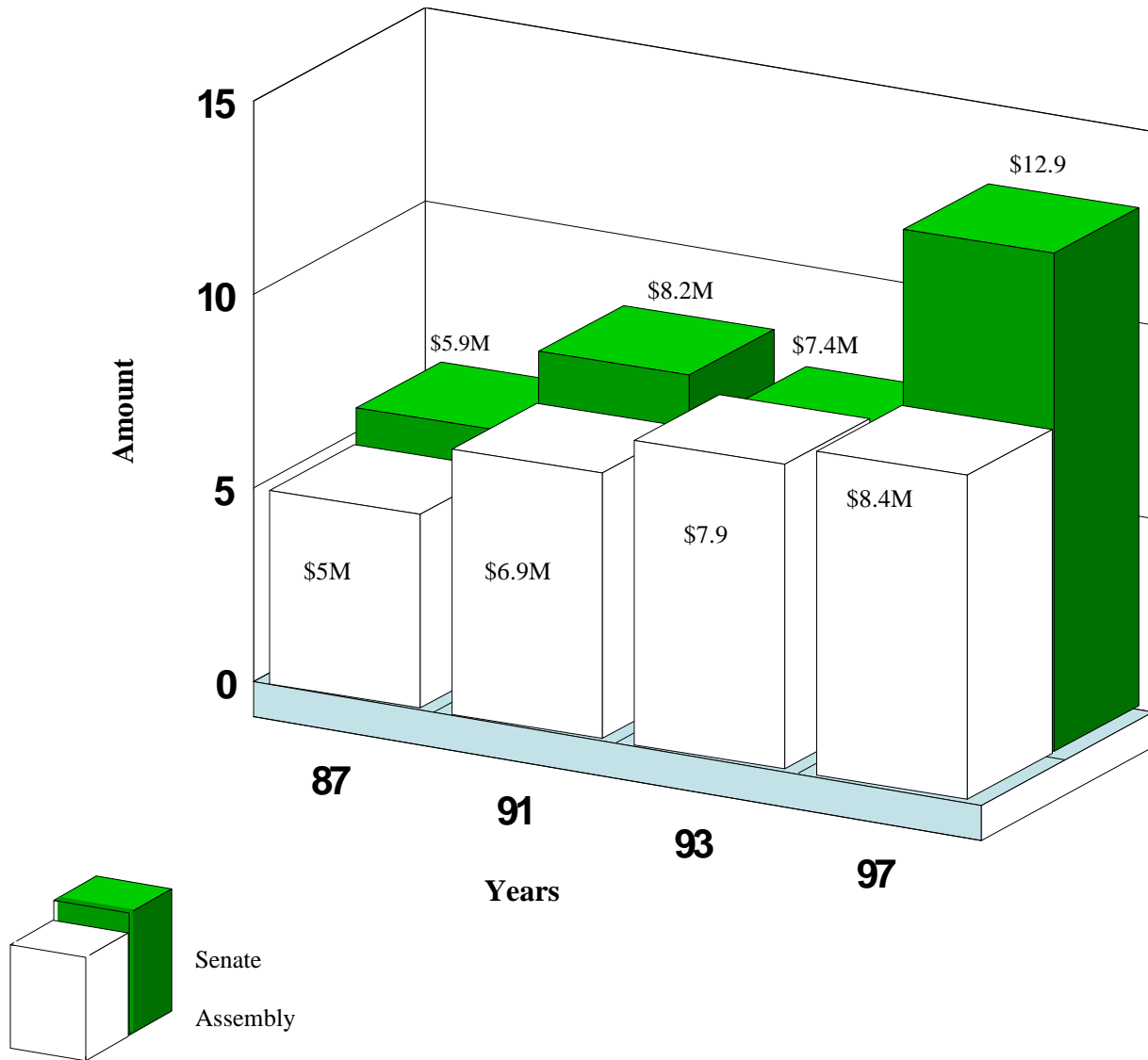
Figure 6 traces spending by candidates for Senate and Assembly over the past decade.

Candidates for the state Senate spent \$5.8 million, \$8.2 million and \$12.9 million in 1987, 1991, and 1997 respectively. In each of these years, they outspent their Assembly counterparts, who spent \$5 million, \$6.9 million and \$8.4 million respectively. The pattern was different in 1993, however. In that year, Assembly candidates spent \$7.9 million and Senate candidates \$7.4 million.

During the years 1987 and 1991, Senate candidates spent an average 18 percent more on their campaigns than Assembly candidates did. This spending gap in favor of candidates for the state Senate was even more pronounced in 1997 when these candidates spent 54 percent more money than did their Assembly counterparts. It is important to remember, however, that four years before, in 1993, Assembly candidates had actually spent 7 percent more money than did the Senate candidates.

Statistical information is not available for the previous decade. However, it is plausible to suggest that the election of 1993 was an aberration and that most likely State Senate candidates will continue to spend the most campaign dollars in the future.

Figure 6
Spending Totals by Office 1987-1997

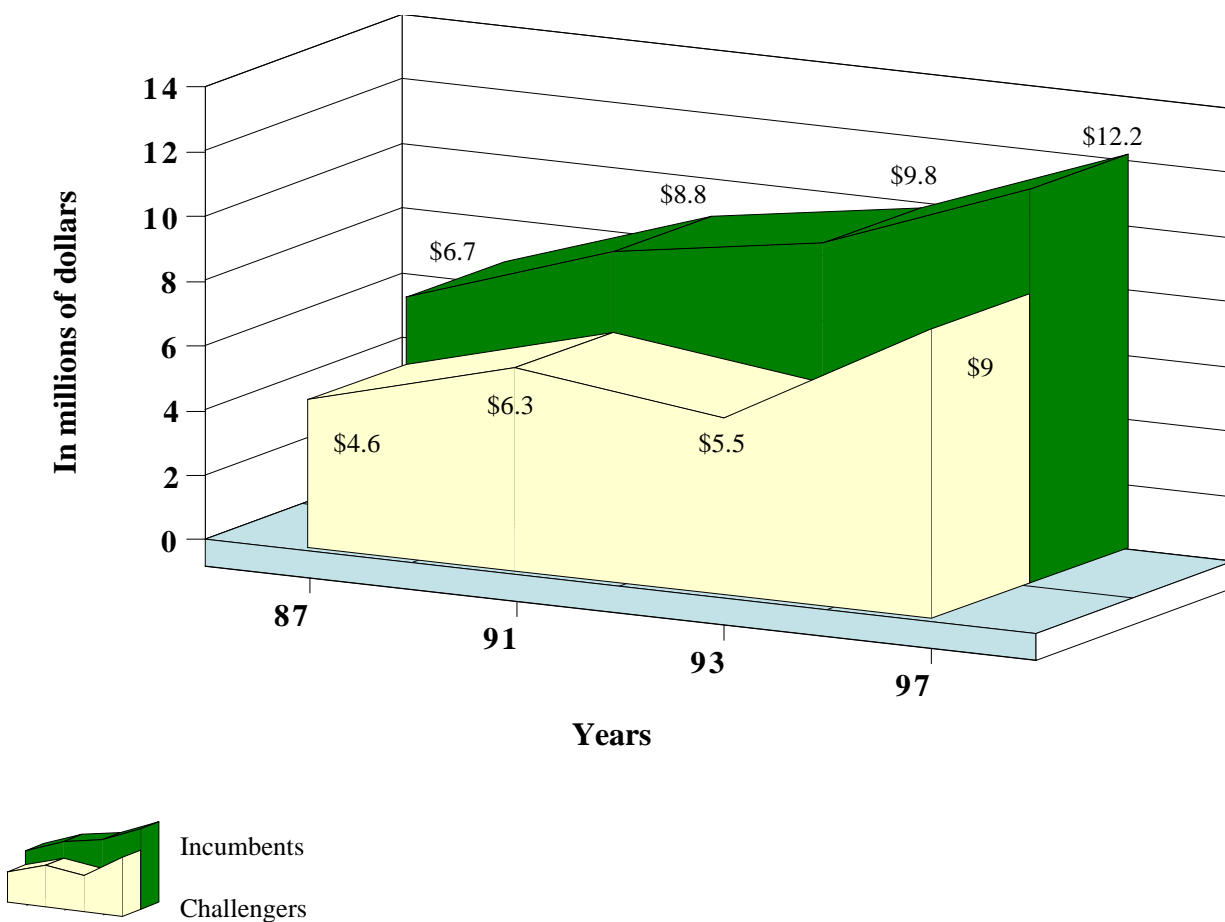


Source Data: New Jersey Election Law Enforcement Commission

Incumbents Outspend Challengers by Wide Margin

Senate and Assembly incumbents outspent challengers by wide margins in all four elections during the period 1987 through 1997. Figure 7 compares incumbent spending to challenger spending.

Figure 7
Spending Totals by Incumbents/Challengers 1987-1997



Source Data: New Jersey Election Law Enforcement Commission

As indicated, incumbents spent 46 percent more money than did challengers in 1987, \$6.7 million to \$4.6 million. In 1991, that gap narrowed slightly to 40 percent as incumbents were returned to office at an unusually low rate of 76 percent. Incumbents spent 8.8 million to challengers \$6.3 million. In 1993, the situation returned to normal and incumbents were reelected at a rate of 93 percent. Officeholder spending eclipsed challenger spending by 78 percent in that year, \$9.8 million to \$5.5 million. Finally, in 1997, incumbents outspent challengers by 36 percent, \$12.2 million to \$9 million. Interestingly, the gap between incumbent spending and challenger spending was narrower in 1997 than in 1991. Unlike 1991, however, when the incumbent reelection rate fell to 76 percent, incumbents were reelected at a rate of 97 percent in 1997.

What then does the above data suggest about the role of money in legislative campaigns in New Jersey during the last ten years? While noting that money is indeed a factor in legislative campaigns, the lack of which would prevent candidates from adequately communicating their messages to the public, the data supports the view presented throughout that money is not the only factor contributing to successful campaigns and in all probability not even the predominant factor. It seems that a certain monetary threshold must be reached in order for legislative candidates, in particular challengers, to be able to run effective campaigns. However, it is simply incorrect to suggest that the candidate who has the most money is the candidate who is going to win. During the last decade, success at the polls for challengers had more to do with the anti-incumbent mood and the backlash against former Governor Florio's tax program than it did with the amount of money spent. The ability to spend more money certainly aided challengers, but they would not have been elected to the extent that they were based on that factor alone. The political climate of the time, containing a pivotal issue upon which voter dissatisfaction could be focused, was the critical factor in the high rate of success of challengers in 1991, for instance. On the other hand, in years when voter dissatisfaction was low, incumbency became a more important factor.

The data is not available for 1977 and 1981, but statistics from 1983 and 1987 suggest that similar patterns emerged in the previous decade. In 1983, incumbents spent 66 percent

more money than challengers, \$3.5 million to \$2.1 million and were returned at a rate of 96 percent. As noted above, incumbents outspent challengers by 46 percent in 1987, \$6.7 million to \$4.6 million, and were returned at a rate of 98 percent.

In conclusion, it appears that having enough funds to capitalize on seminal issues is critical to challengers chances of overcoming the built-in advantages of incumbency. However, having ample funds is not enough. More importantly, issues of significance to voters is central to the success of challenger campaigns. In other words, money is necessary but not sufficient for victory.

Average Spending Increases

The average amount spent by legislative candidates rose from \$60,441 in 1987 to \$100,965 per filer in 1997, an increase of 67 percent. The pattern was uneven over the course of the decade, however. While increasing by 20 percent between 1987 and 1991, \$60,441 to \$72,543, average spending between 1991 and 1993 decreased by 10 percent, from \$72,543 to \$65,964. Average spending increased again between 1993 and 1997, from \$65,964 to \$100,965, a 53 percent rise.

The trend in average spending amounts recorded between 1987 and 1997 was similar, but not identical, to that recorded in the previous decade. Between 1977 and 1987, average spending rose consistently between each successive election. Over this earlier period, average spending increased by an overall percentage of 267 percent.

Spending Ranges Increase

Trends In Legislative Campaign Financing: 1997-1987 revealed that until 1987 less than a tenth of all candidates for the Legislature spent \$50,000 or more on their campaigns. An even smaller percentage had spent \$100,000 or more on their legislative races. Needless to say, in the last decade the percentage of candidates spending over \$50,000 and \$100,000 has risen.

Table 5 shows the percentage of candidates spending between \$50,000 and \$100,000 and \$100,000 and over from 1987 to 1997.

Table 5			
Spending Ranges by Legislative Candidates 1977-1997			
	No. Candidates	50 to <100*	100 and Over*
1977	310	2%	0%
1981	262	3%	1%
1983	260	10%	3%
1987	243	22%	21%
1991	229	16%	19%
1993	233	24%	23%
1997	217	24%	33%

*** In thousands of dollars**

Source Data: New Jersey Election Law Enforcement Commission

As indicated by the data, the percentage of candidates spending between \$50,000 and \$100,000 and \$100,000 and more has jumped significantly over the last ten years in comparison to the previous decade. While on average, 22 percent of candidates spent between \$50,000 and \$100,000 in each of the elections considered since 1987, only an average of 9 percent of candidates spent within this range from 1977 through 1987. Similarly, in each of the last four elections an average 24 percent of candidates spent \$100,000 or more compared with 6 percent of candidates in the elections of the previous decade. While this figure is not indicated on the chart due to the fact that no data is available for spending over \$200,000 in elections prior to 1987, a significant number of candidates spent \$200,000 or more in the four elections under consideration during the most recent ten-year period. An average 9 percent of candidates in each one of these contests spent \$200,000 or more.

Legislative Candidates: How did They Spend Their Money?

This chapter has to this point examined the extent of legislative candidate spending between 1987 and 1997. The remainder of the chapter will evaluate the uses to which the money was put by these candidates.

An earlier white paper, Legislative Candidates: How They Spend Their Money, studied the spending patterns of Legislative candidates in the top 20 spending districts during the general elections of 1987 and 1991. This section will build upon the earlier study by analyzing spending patterns in the top 20 districts in terms of spending in 1993 and 1997. It should be kept in mind that the 1987 and 1991 elections took place prior to enactment of the new campaign law in March 1993, whereas the 1993 and 1997 general elections occurred following the passage of the reform statute. This analysis will, in part, determine what, if any, impact the new law has had on spending patterns.

In 1987 and 1993, legislative candidates reported spending about half of their funds on mass communication, including broadcast and print media. The majority of that spending went toward print media, mostly for direct-mail.

Print media expenditures accounted for 82 percent of mass communication expenditures in 1987 and 67 percent in 1991. It should be noted that broadcast advertising, in the main cable TV, did increase from 18 percent of mass communication expenditures in 1987 to 33 percent in 1991, perhaps suggesting a future trend. It was revealed that significant amounts of money were contributed by candidates to other candidates and between candidates and political parties. According to the study, 17 percent of the expenditures represented these transfers in 1987 and 19 percent in 1991. Legislative candidates in 1987 and 1991 also spent money on: gifts and charity; entertainment, including fundraisers; administrative purposes; election-day activities; and consultants.

Between 1987 and 1991, there was a 295 percent increase in expenditures on political consultants by legislative candidates. Candidates in the top 20 spending districts spent \$982,257 on consultants in 1991 compared with \$248,653 in 1987. They also spent significantly more on administration, including staffing and computerization, in those years. In 1991, they spent \$725,944 compared with \$456,839 four years earlier.

As a result of these findings the earlier study concluded:

There is no doubt that legislative campaigns are becoming more sophisticated and candidate-centered.... The findings of this paper suggest legislative campaign strategies...to be a blend of the new and the old, and centering around the local characters of the contest. Mass communication techniques are utilized for these more candidate-centered efforts, but with emphasis on advertising efforts that fit the essentially local nature of the campaigns. At the same time, more traditional models of campaigning have not been abandoned. The candidates do, through the party and through direct campaigning, try to meet as many people as possible....

Non-professionals, then, may still be very much involved in legislative

campaigns, but these campaigns are becoming more and more sophisticated and modernized with each passing election.³

Now it is important to determine if this trend has indeed continued in 1993 and 1997.

The largest proportion of expenditures by legislative candidates in the top 20 spending districts in 1993 and 1997 went toward mass communication. This situation was similar to 1987 and 1991.

Legislative candidates reported spending approximately one third of their funds on mass communication in the most recent legislative general elections. In 1993, candidates in the top 20 spending districts expended 35 percent, \$4.7 million on mass communication and in 1997 36 percent, or \$7 million.

Print media expenditures accounted for 70 percent of all mass communication expenditures in 1993 and 63 percent of those expenditures in 1997. Legislative candidates spent \$3.3 million in 1993 and \$4.4 million in 1997 on print media, which includes direct mail, newspapers, and outdoor advertising. As in the previous years, a sizeable amount of mass communication expenditures could not be clearly identified as falling within any specific mass communication category.

Direct mail continued to constitute the largest proportion of mass communication spending in both 1993 and 1997. Legislative candidates in the top 20 spending districts spent approximately \$2 million on direct mail, or 41 percent of mass communication expenditures. In 1997, clearly identifiable direct mail spending accounted for 35 percent of mass communication spending, \$2.4 million. The percentage of mass communication expenditures made for direct mail in 1993 and 1997 was in the same range as in 1987 and 1991. In 1987, 53 percent of mass communication expenditures went for direct mail and in 1993, 39 percent. Spending on newspaper and outdoor advertising was minimal in both years.

Broadcast media, i.e., television and radio, accounted for 29 percent of mass communication expenditures in 1993, \$1.4 million, and 37 percent, \$2.6 million, in 1997. Advertising on radio, targeted locally, amounted to \$369,078 in 1993, 8 percent of mass communication expenditures, and \$228,937, or only 3 percent of those expenditures in 1997. As a percentage of total mass communication spending, and in terms of real dollars, advertising on radio remained about the same as in 1987 and 1991.

Spending on television, primarily cable television, equalled approximately 21 percent, or \$1 million, of mass communication expenditures in 1993 and 33 percent of those expenditures \$2.3 million, in 1997. These totals represent a significant increase over 1987 and 1993, indicating that campaign strategies of legislative candidates involve sizeable investments in television, which, due to the local nature of these campaigns, must be assumed to be in cable television advertising.

The legislative candidates in the top 20 spending districts spent money on charity, administration, including fundraisers, election day activity, and consultants.

Continuing a trend from 1991, legislative candidates continued to spend substantial sums on consultants in 1993 and 1997. Although declining from \$982,257 in 1991 to \$621,786 in 1993, spending on consultants reached an all time high in 1997 at \$1.6 million. Thus, it appears that legislative candidates are more and more using consulting services to professionalize their campaigns. Legislative candidates spent \$632,610 on administrative costs, which includes office space, computers, and personnel costs, and fund raising in 1993 and \$639,584 in 1997. These figures do not depart much from 1987 and 1991. Expenditures on election day activities were minimal, reflecting the fact that the main effort in terms of getting out the vote lies with the municipal and county party organizations. As in 1987 and 1991, contributions to other candidates was substantial. In 1993, these legislative candidates in the top 20 spending districts contributed \$963,364 to other candidates and in 1997 \$706,772. Finally, spending on charitable events remained constant, at under \$200,000 in each year. All told, the patterns of spending that emerged in 1987 and 1991 remained

constant, except for the fact that spending on television, primarily cable, rose significantly.

Conclusion

This chapter has analyzed expenditure activity by legislative candidates. It builds upon the pioneering effort in Legislative Candidates: How They Spend Their Money written in February, 1994, which is still the only such analysis of the spending patterns of legislative candidates in New Jersey. This chapter has explored in detail how candidates in the top 20 spending legislative districts spent their money in 1993 and 1997. Besides analyzing trends in legislative spending, in general, this chapter has demonstrated that the campaign strategies of these candidates in these later years have not departed much from those exhibited in 1987 and 1991, except that it can be presumed that increased spending is being directed toward cable television advertising. Direct mail advertising, however, continues to be an area of great concentration by these candidates.

Notes

1. New Jersey Election Law Enforcement Commission, Legislative Candidates: How They Spend Their Money, ELEC White Paper Series, No. 9 (Trenton, N.J.: The Commission, 1994), p. 47.
2. The data contained in this chapter has been produced by the New Jersey Election Law Enforcement Commission from disclosure reports filed with it.
3. Commission, Legislative Candidates: How They Spend Their Money, p. 51.

Chapter IV

The Changing Role of PACs



In the 1980's, the emergence of political action committees (PACs) appeared to be one reason why legislative candidates were spending larger and larger amounts on their campaigns. PACs received most of the blame for campaign spending that critics felt was out of control. Article after article expressed concern about the influence of the PACs. Campaign financial data bore out these concerns.

Through its reports, the Election Law Enforcement Commission contributed to the debate. Its conclusions were drawn from data collected from campaign reports, especially those of legislative candidates. Noting the increase in PAC activity throughout the decade Trends In Legislative Campaign Financing 1977-1987 speculated:

Barring any changes in the law that inhibits PAC activity, future elections will show political action committees to be a force behind increased campaign financial activity at the legislative level.¹

Whether or not this prediction proved correct will be the subject of this chapter, which will evaluate PAC activity in legislative campaigns between 1987 and 1997.

There are four types of special interest PACs as categorized by the Commission: business, union, professional and ideological. The non-ideological variety promotes a

narrow economic interest. Organized by employers or union members, these PACs raise funds for the purpose of contributing to candidates and political parties. Underlying these efforts is a desire to influence the governmental process in a way that benefits their industry, profession, or labor union. Ideological PACs, on the other hand, are not connected with any business, union, or professional/trade association but rather are organized to advance specific issues or sets of values. Funded mainly through individual contributions, contributors are reached through a variety of fundraising techniques.

In Trends In Legislative Campaign Financing: 1977-1987, the observation was made that “the appearance of PACs on the political scene in New Jersey is virtually a development of the 1980’s.”² The study pointed out that in 1977 political action committees “did not constitute a major force in campaign finance.”³ It went on to say, however, that by 1987 not only had their numbers increased but that the money they contributed to legislative candidates had grown considerably. This chapter will determine whether this trend has continued.

Has the Upward Trend In PAC Activity Continued?

It was suggested above that PACs were virtually nonexistent in the 1970’s and that their presence began to be felt in the 1980’s. Notably absent in 1977, by 1983 109 special interest PACs were filing reports with the Commission. At that time, these groups reported contributions of \$1.5 million to legislative candidates in the 1983 general election. Just four years later the number of PACs had swelled to 238, a 118 percent increase. By 1987, their contribution activity had increased as well. Approximately \$3.4 million was donated to legislative general election candidates, a 127 percent rise.

This trend in financial activity was reversed in the 1990’s, though the number of PACs continued to increase. Table 6 shows that the number of PACs operating in New Jersey grew between 1987 and 1997 but that their direct contributions to legislative candidates declined.

In Millions

Table 6					
Number of PACs and Amount Contributed					
to Legislative General Election Candidates: 1987-1997					
	1987	1991	1993	1997	
Number	238	254	283	308	+ 29%
Contributions	\$3.4	\$2.8	\$1.9	\$2.4	- 30%

Source Data: New Jersey Election Law Enforcement Commission

From a high \$3.4 million in contributions in the 1987 general election, contributions to these candidates by PACs declined to \$2.8 million in the legislative election of 1991, a decrease of 21 percent. On the other hand, there were 238 PACs in 1987, a number which increased by seven percent to 254 in 1991. A further decline in contribution activity by PACs occurred between 1991 and 1993. In 1993, PACs contributed \$1.9 million to legislative candidates in the general election, a decrease of 47 percent from the \$2.8 million contributed in 1991. Again, however, the number of PACs reporting to ELEC rose between these years. PACs reporting to the Commission numbered 283 in 1993, an increase of 11 percent over 1991. Finally, while contributions by PACs to legislative candidates did rise by 26 percent between 1993 and 1997, \$1.9 million to \$2.4 million, the later amount was considerably less than ten years before when PAC contributions reached \$3.4 million. Between 1993 and 1997, the number of PACs again rose. In 1993, there were 283 PACs compared with 308 in 1997, a nine percent jump.

Although the number of PACs filing reports with the Commission rose by 29 percent between 1987 and 1997, direct contributions from these PACs to legislative candidates decreased by 30 percent during this period. The average amount contributed to legislative

candidates declined as well from \$14,084 per PAC to \$7,900 per PAC. Though many PACs certainly contributed more than others and exceeded the average amounts by sizeable margins, these statistics suggest that financial activity directed by the PACs toward individual legislative candidates has been declining. While this data does not necessarily indicate a decrease in overall PAC financial involvement, it does suggest that at a minimum their monetary resources have been redirected. The redirection of PAC money resulted from the 1993 reform of the Campaign Act, which effectively strengthened the parties and leadership committees at the expense of individual candidates. This conclusion will be further explored in a subsequent chapter.

Republicans Collect Most PAC Money

In a reversal of the previous decade, Republican candidates for the Legislature benefited most from PAC contributions during the 1990's. The reason is simple: Special interest money flows to the party in power.

During the 1980's, when Democrats were in charge of the State Senate and part of the time in charge of the Assembly, the majority of PAC money went to Democratic candidates. As noted in Trends In Legislative Campaign Financing: 1977-1987 "Democratic candidates received \$790,224 in 1983 compared with \$677,605 in PAC contributions to Republicans."²⁴ The Democrats received 53 percent of PAC contributions while Republicans received 47 percent of those contributions. Four years later, in 1987, Democratic candidates again outdistanced Republican candidates in PAC receipts. They received \$2 million from PACs compared with \$1.4 million received by GOP candidates. Democratic candidates got 59 percent of PAC contributions compared with 41 percent for Republicans.

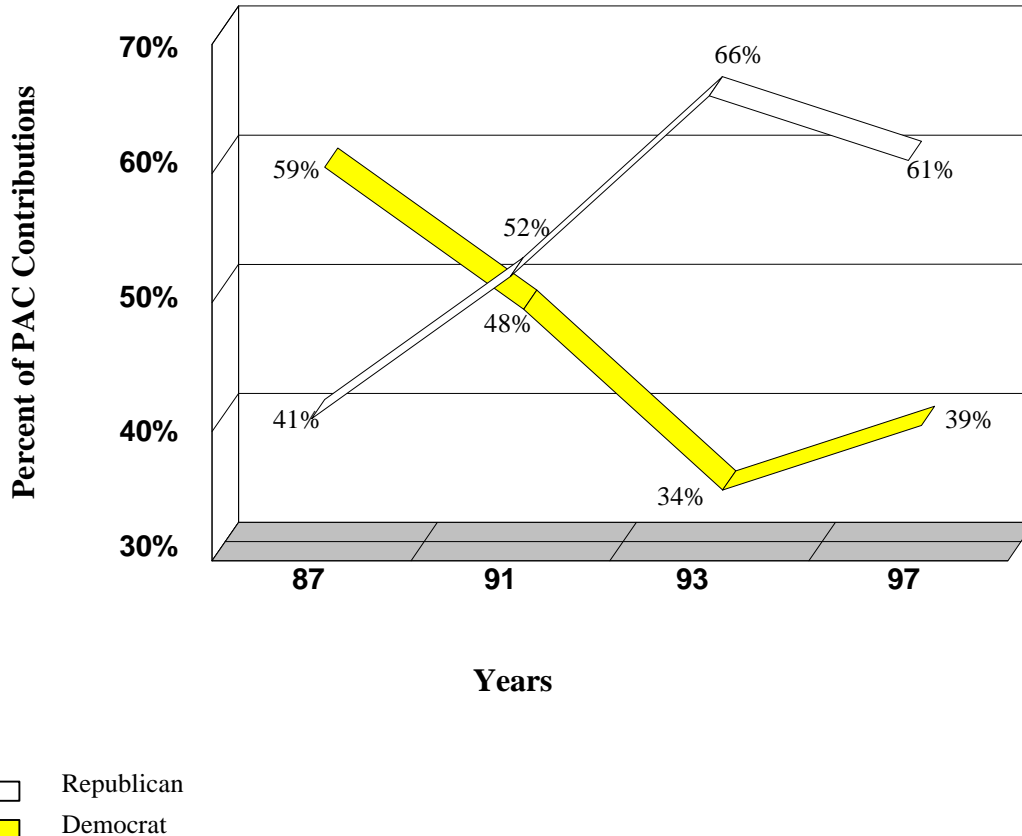
During the 1990s, starting with the Democratic slide in 1991 due to Governor Florio's unpopular tax increases and continuing through the general election of 1997, Republican candidates were the main beneficiaries of PAC contributions.

For example, in the legislative general election of 1991, Republican candidates reported receiving \$1.5 million from PACs, or 52 percent of PAC contributions. Democrats, still in control of both houses of the Legislature but burdened with defending their votes for Governor Florio's tax program, received \$1.3 million from PACs, or 48 percent of the contributions from these groups.

In 1993 and 1997, the situation worsened for Democratic legislative candidates. Republican candidates far outpaced their opponents in terms of PAC contributions in both of these general elections. Though PACs continued to make fewer direct contributions to legislative candidates in 1993, Republicans received 66 percent of this diminished amount, \$1.2 million. Democratic candidates received just 34 percent of contributions from PACs, \$632,953. In 1997, Republican legislative candidates absorbed 61 percent of PAC contributions, \$1.5 million, to 39 percent for Democrats, \$940,203.

Figure 8 depicts the trends in PAC contributions in terms of party.

Figure 8
Proportion of PAC Contributions to Legislative Candidates by Party



Source Data: New Jersey Election Law Enforcement Commission

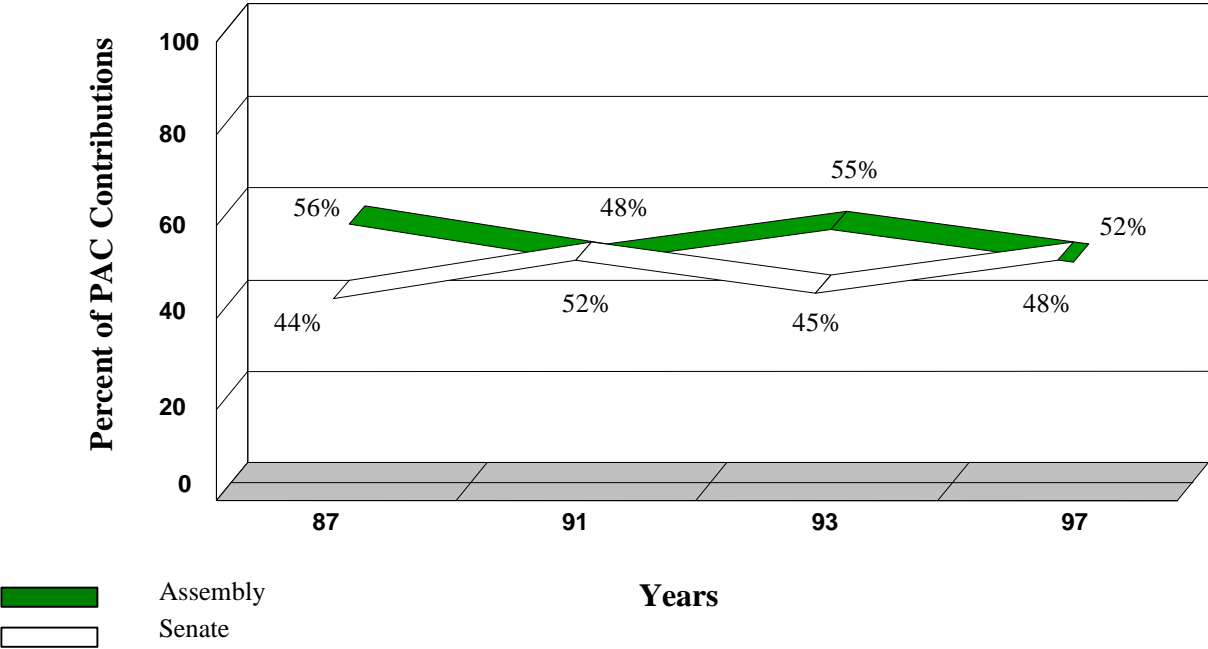
In the earlier White Paper, it was suggested that PACs sought to make the best use of their money by investing in candidates they believed would win. As the data indicates, this approach, which most of the time results in giving the majority of contributions to the candidates of the party in power, was continued during the nineties. Whereas Democratic candidates benefited the most from PACs in the 1980's, Republicans, in power through most of the current decade, benefited the most in recent years.

PAC Contributions by Office

There was a slight variation in the 1990’s from the 1980’s in terms of PAC contributions to State Senate versus Assembly candidates. In the 1980’s, the majority of PAC donations to legislative candidates went to Assembly candidates. According to Trends In Legislative Campaign Financing: 1977-1987, in 1983, “candidates for the Assembly received \$764,892, while candidates for the Senate received \$703,287.”⁵ Thus, Assembly candidates received 52 percent of all PAC contributions. That differential widened in 1987 when Assembly candidates received \$1.9 million from PACs compared with \$1.5 million received by Senate candidates. Thus, 56 percent of PAC contributions to legislative candidates went to Assembly candidates in 1987.

As shown in Figure 9 this pattern was interrupted in the 1990’s.

Figure 9
Proportion of PAC Contributions by Office



Source Data: New Jersey Election Law Enforcement Commission

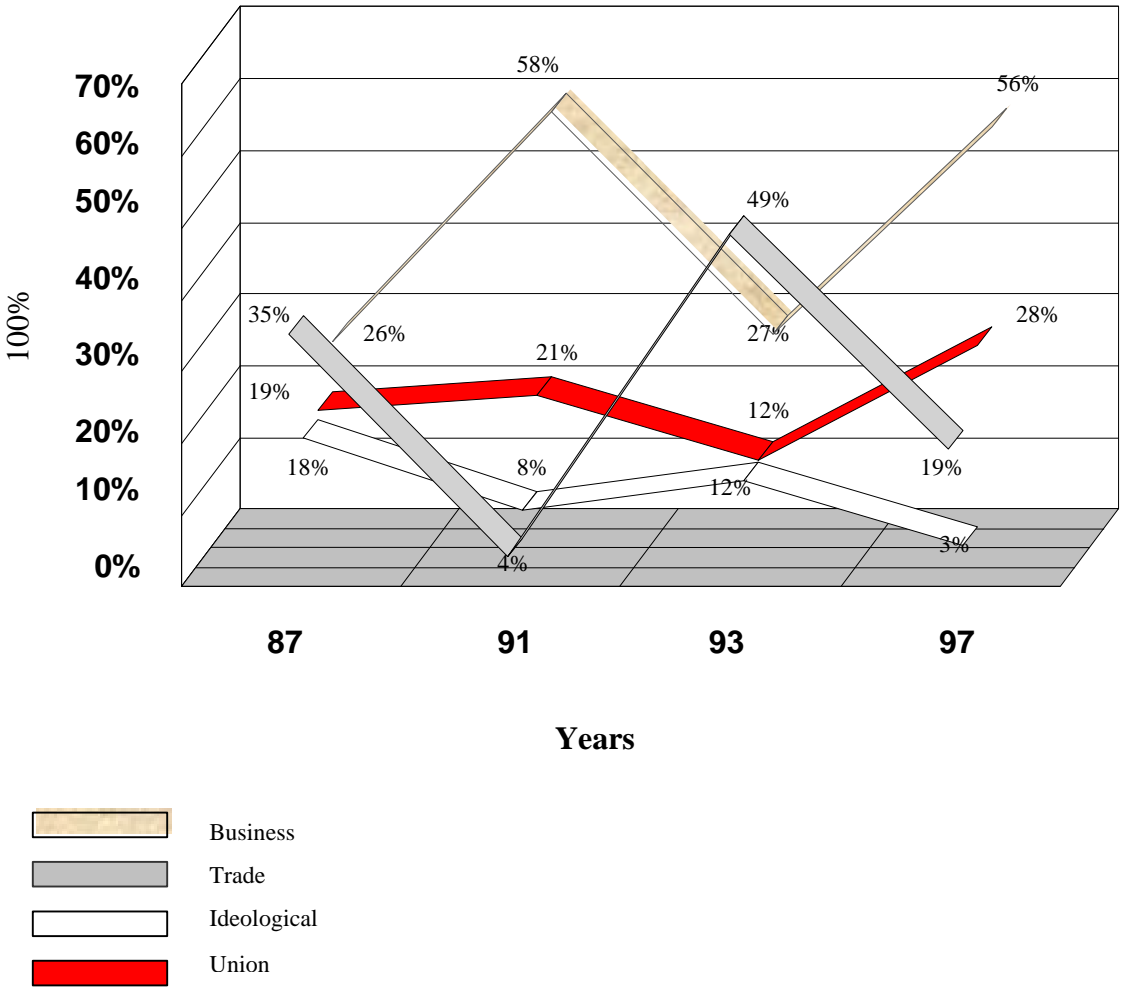
In two of the legislative election years, 1991 and 1997, State Senate candidates received more money from PACs than did Assembly candidates, but by a slim margin. Senate candidates received \$1.4 million to Assembly candidates \$1.3 million in 1991. Receiving 52 percent of PAC contributions to 48 percent by Assembly candidates, Senate candidates broke the trend of the 1980's. Four years later, in the general election of 1997, candidates for the Senate again received 52 percent of PAC donations, \$1.3 million, to 48 percent received by Assembly candidates, \$1.2 million.

The story was different in 1993, however. By a wider margin, Assembly candidates received the majority of PAC contributions. With PACs donating slightly over \$1 million to candidates for the Lower House these candidates got 55 percent of PAC money. Senate candidates raised \$949,567 or 45 percent of this funding.

Type of PAC and Giving

Since 1987, business and trade association PACs were the biggest PAC contributors to legislative candidates. As depicted in Figure 10, trade association PACs made 35 percent of all PAC contributions to Senate and Assembly candidates in 1987. Out of \$3.4 million in PAC contributions, these groups gave \$1.2 million to legislative candidates in the general election.

Figure 10
Percent of PAC Contributions by Type of PAC



Source Data: New Jersey Election Law Enforcement Commission

Business PACs provided 26 percent of all PAC contributions to legislative candidates in that year, totaling \$863,173. In the same general election setting, ideological PACs made 18 percent of all PAC contributions, \$608,729, while Union PACs provided 19 percent of total PAC contributions to legislative candidates, \$639,080.

A change of pace occurred in 1991. Business PACs accounted for 58 percent of all PAC contributions to legislative candidates, \$1.6 million. Of the \$2.8 million in PAC contributions in the legislative general election, only four percent, \$101,809, came from trade associations in this year. This time, union PACs made 21 percent of contributions to legislators, \$588,127, while ideological PACs made 8 percent of PAC contributions to legislative candidates, \$227,331.

The pattern which occurred in 1987 prevailed again in 1993. Trade association PACs accounted for 49 percent of PAC contributions to Senate and Assembly candidates whereas business PACs accounted for 27 percent. Trade association PACs contributed \$909,915 to business PACs \$510,679. Ideological PACs, in this year, made 12 percent of PAC contributions, \$227,331, to just under 12 percent of contributions made by union PACs, \$223,809. Total PAC contributions equaled \$1.9 million.

Finally, the general election of 1997 saw business PAC contributions to legislative candidates increase to 50 percent of PAC contributions, \$1.2 million. Out of the \$2.4 million contributed by PACs in that year, 28 percent, or \$694,660, was contributed by union PACs. Trade association groups provided 19 percent of PAC contributions to legislative candidates, \$459,450, while ideological PACs contributed a mere 3 percent of the total PAC contributions to these candidates.

The most plausible explanations for the alternating pattern of PAC giving may involve particular issues debated before the Legislature in a given election year and a high level of interest in legislation addressing those issues by certain PACs. It may also involve competitiveness of campaigns.

Conclusion

Trends In Legislative Campaign Financing 1977-1987 asserted “future trends are clearly in the direction of PAC dominance.”⁶ That claim was qualified, however, through the

cautionary note that this statement would be true “barring any changes in the law.” Certainly, this qualification was fortuitous. There has been a change in the law, and one which has indeed mitigated the impact of political action committees. Though still an important source of funding, political action committees have not become the dominant source of funding anticipated by the analysis of data that occurred in the late 1980’s. More will be written about this in Chapter V as the sources of political party money are analyzed.

Suffice it to say, however, that PAC contributions, as a percentage of total direct contributions to legislative candidates, has consistently declined since 1987. At 21 percent of total contributions to Senate and Assembly candidates in 1987, that percentage decreased to 14 percent in 1991 and 1993, and to 13 percent in 1997.

Notes

1. Commission, Trends, p. 22.
2. Ibid, p. 16.
3. Ibid.
4. Ibid, p. 19.
5. Ibid, p. 20.
6. Ibid, p. 22

Chapter V

The Changing Role of Political Party Entities



ituations change when electoral politics and campaign financing is involved. Trends that were evident ten years before may be partially, or even completely, reversed. Or they may be furthered. In the case of political party entities in New Jersey, certain trends of ten years before were reversed while others were continued.

Trends In Legislative Campaign Financing: 1977 - 1987 noted:

While certainly the state political party entities, which, for the purpose of this study include the state party committees as well as legislative party committees, do not yet approach the influence over the process once wielded by the county party organizations, suffice it to say that they have gained considerably in strength from the time when they existed virtually in name only. Conversely, the county political party committees, once dominant over both the process of elections and governance, have been weakened in the face of reforms, technology, and the onset of candidates-centered campaigns for the Legislature.¹

The Supreme Court's Eu decision in 1989, which permitted parties to endorse candidates in the primary, and the 1993 Campaign Finance Reform Law in New Jersey, which imposed much lower contribution limits on candidates than on party entities and allowed these entities to contribute unlimited amounts to their candidates, resulted in the trend toward a weakened county party system to be reversed. These legislative developments, moreover,

which strengthened state parties and actually established legislative leadership committees, assured these state party entities a place in the electoral process. During the 1980's, state parties were reputed to assume a stronger role in the electoral process, often providing consultant services to candidates. This trend toward more state party involvement has continued.

The strengthened hand of county party committees has been well documented in the recent publication Repartyization: The Rebirth of County Organizations and will therefore not be treated here. Let it be sufficient to restate, however, the contention of that study:

... there is a repartyization process underway in New Jersey and ... an integral part of this process is the greatly strengthened role of the county party organizations in the campaigns of their candidates. While relatively dormant in the early and mid-1980's, these county party organizations began to rebound following the Supreme Court's Eu decision in 1989. They subsequently became a key player in election campaigns at all levels when the money began to flow to them as the result of campaign finance reform in 1993. This reform placed stricter contribution limit standards on donations to individual campaign committees than on the parties.²

Financial Activity of State Party Committees Increases

In 1987, fundraising by the state party committees reached \$5.2 million while expenditures amounted to \$5.5 million. These totals were the highest to that point in time recorded by these committees.

As shown in Table 7, which denotes financial activity in legislative election years when the Senate and Assembly were both up for election, overall financial activity by the Republican and Democratic State Committee increased significantly during the 1990's.

In Millions of dollars	Raised	% Change	Spent	% Change
1987	\$5.2		\$5.5	
1991	\$5.7	+ 10%	\$6.5	+ 18%
1993	\$10.2	+ 79%	\$10	+ 54%
1997	\$10.9	+ 6%	\$12.2	+ 22%

Source Data: New Jersey Election Law Enforcement Commission

Between 1987 and 1991, a four-year period prior to the enactment of the campaign reform law in 1993, fundraising by the state party committees increased by ten percent, from \$5.2 million to \$5.7 million. Expenditures by these committees increased by 18 percent, from \$5.5 million to \$6.5 million.

The real, and very significant jump occurred in 1993, the year in which the new law took effect. This law, as noted earlier, imposed contribution limits on candidates that were much more restrictive than for parties and legislative leadership committees. It also limited candidates to one candidate committee and/or joint candidates committee and allowed parties and legislative leadership committees to spend unlimited amounts on their candidates. The data suggests that this law served as an impetus for greater financial activity by the political party entities and for an even stronger role in campaigns.

In 1993, the state party committees raised \$10.2 million, a 79 percent increase over 1991. They spent \$10 million that year compared with \$6.5 million two years earlier, a 54 percent increase. That substantial rise in financial activity by the state parties was not only sustained, but also bettered four years later. In 1997, fundraising by the state party committees increased by six percent over 1993, from \$10.2 to \$10.9. Spending by these committees increased more dramatically from \$10 million to \$12.2 million, a 22 percent increase.

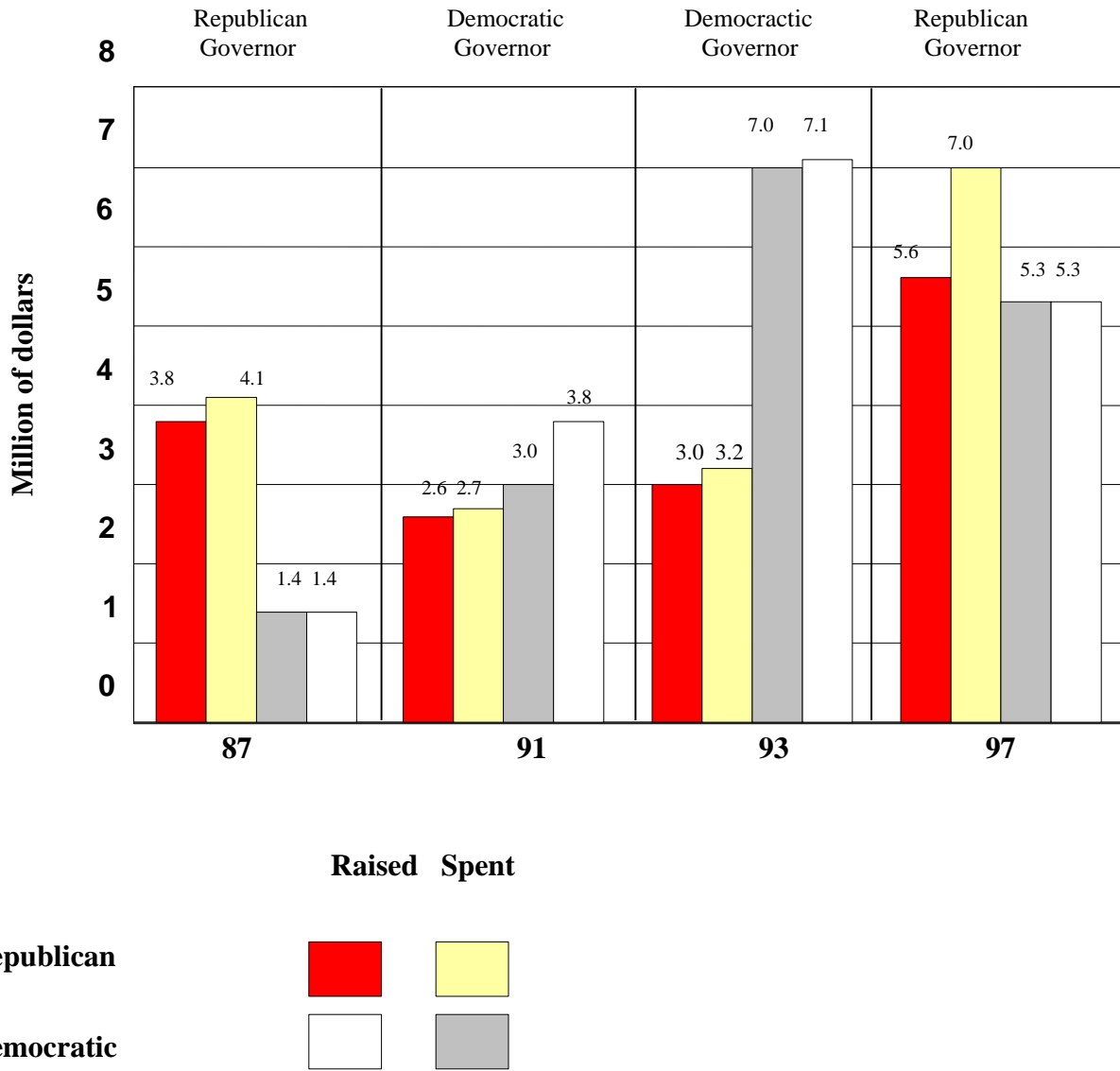
All in all, the amount of campaign dollars raised by the Republican and Democratic state party committees rose by 110 percent between 1987 and 1997, \$5.2 million to \$10.9 million. Spending rose substantially as well. From \$5.5 million in 1987 to \$12.2 million in 1997, expenditures increased by 118 percent. This rapid rise is at least partially attributable to the new law, which ushered in an era of new found party strength.

Republican State Committee and Democratic State Committee Compared

The Republican State Committee and the Democratic State Committee proved equally adept at raising funds during these years. During the period 1987 to 1997, the Republican State Committee increased its fundraising by 47 percent and its spending by 71 percent. The Democratic State Committee increased its fundraising by 278 percent and its spending by an equal percentage.

In both 1987 and 1997, the Republican State Committee outraised and outspent the Democratic State Committee. But in 1991 and 1993, the reverse was true. As Figure 11 suggests, there is a link between a party holding the governorship and its ability to raise and spend money.

Figure 11
Party Control of Governorship and Financial Activity of State Parties



Source Data: New Jersey Election Law Enforcement Commission

Thomas H. Kean, a Republican, was governor in 1987. In that legislative general election, the Republican State Committee raised 171 percent more money than the Democratic State Committee and spent 192 percent more. The Republican State Committee raised \$3.8 million to \$1.4 million raised by the Democratic State Committee and spent \$4.1 million compared with the Democratic state committee's \$1.4 million.

In 1991 and 1993, the Governor was James J. Florio, a Democrat. In both years, the Democratic State Committee outdistanced the Republican State Committee in terms of financial activity. The Democratic State Committee raised \$3 million and spent \$3.8 million in 1991 compared with \$2.6 million and \$2.7 million raised and spent by the GOP Committee. Thus, the Democratic State Committee raised 15 percent more money and spent 41 percent more than the Republican State Committee in 1991.

The differential was larger in 1993. Collecting \$7 million, the Democratic State Committee raised 118 percent more money than did the Republican State Committee. Likewise, in spending \$7.1 million, the Democratic State Committee outpaced the Republican State Committee by 136 percent. The Republican State Committee raised \$3.2 million and spent \$3 million in 1993.

Finally in 1997, with Republican Christine Todd Whitman as Governor, the Republican State Committee again out financed the Democratic State Committee. The Republican State Committee raised \$5.6 million to \$5.3 million raised by the Democratic State Committee, an advantage of 6 percent. The GOP Committee outspent the Democratic State Committee by 32 percent in 1997, \$7 million to \$5.3 million.

Holding the governorship has historically provided a fundraising lift to the state party committees. During the past decade this historical fact continued to be true.

Contributors to the State Committees in 1997

As the result of the Commission's computer upgrade, detailed contributor information has been made available vis-a-vis the state party committees in 1997. Unfortunately, this detailed information is not available for the years 1987, 1991, or 1993 so comparisons cannot be made. Detailed contributor information, which at the time was obtained manually, is available for 1994 and 1995 and is published in State Parties and Legislative Leadership Committees: An Analysis 1994-1995.

Table 8 provides the amount and percentage of contributions received by the Republican and Democratic State Committees from each contributor type.

Table 8							
Breakdown of Contributions to State Parties by Contributor Type							
	Democratic	%	Republican	%	Total	%	
	State		State				
	Committee		Committee				
Individual	\$1.2	24%	\$1.6	29%	\$2.8	26%	
Business/Corp.	1.8	35%	3.0	54%	4.8	44%	
Political Party	.09	2%	.08	1%	.2	2%	
Candidate Entities	.3	6%	.1	2%	.4	4%	
Political Committees	.1	2%	.06	1%	.2	2%	
PACs	.8	16%	.4	7%	1.2	11%	
Unions	.1	2%	.02%	--	.1	1%	
Legislative Leadership	.3	5%	.3	5%	.6	6%	
Miscellaneous	.4	8%	.07	1%	.5	5%	
Total	\$5.1		\$5.6		\$10.8		

In Millions

As shown in the table, business and corporate contributions constituted the largest proportion of contributions to the Democratic and Republican State Committees. Business and corporations made 44 percent of all contributions to the state parties, with more of these contributions benefitting the Republican party. Individual contributors made a high percentage of the contributions to the state political parties, with slightly more again benefitting the GOP. These contributors made 26 percent of all contributions. PACs contributed 11 percent of all contributions, with more of these contributions going to the Democratic State Committee. Interestingly, legislative leadership committee contributions constituted 6 percent of all contributions, divided evenly between both parties. The percentages of contributions from all other contributor types was negligible.

Legislative Leadership Committee Overview

Because legislative leadership committees were not formalized in the law until the Campaign Finance Act was reformed in 1993, this study will deal only with their activity in 1993 and 1997. Indeed, State Parties and Legislative Leadership Committees: An Analysis 1994-1995, which is the definitive study of these committees to-date, points out that:

Though legislative leadership committees in one form or other predated the new law, as noted above, they are a totally new category of filer. Previously, these committees were categorized as either political committees or continuing political committees. Campaign '89, a Democratic political committee and Assembly Republican Majority (A.R.M.), a Republican continuing political committee, for example, were forerunners of the legislative leadership committees.³

Again, because exact comparisons are difficult and because they became part of the statutory framework in 1993, the legislative general elections of 1987 and 1991 will not be considered and only comparisons between 1993 and 1997 activity will be made. Moreover,

the reader may wish to consult the study mentioned immediately above for a more exhaustive analysis of the financial activity of these party committees, including both contributor and expenditure information.

Financial Activity of Legislative Leadership Committees Increases

Fundraising by legislative leadership committees reached \$4.6 million and expenditures topped \$4.9 million in 1993. Four years later, in 1997, the legislative leadership committees raised \$6.1 million and spent \$8.1 million. Thus, fundraising increased during this four-year span by 33 percent and spending by 65 percent.

Republican and Democratic Committees Compared

Though the Republican party enjoyed majority status in both houses of the Legislature in 1993 and 1997, the Democratic leadership committees held their own in terms of financial activity during these years. As shown in Table 9, the Republican leadership committees, the Assembly Republican Majority and the Senate President's Committee, jointly raised \$2.9 million and spent \$3.3 million in 1993. The Democratic committees, the Doria Democratic Leadership Fund and the Senate Democratic Majority, together raised \$1.7 million and spent \$1.6 million. Therefore, the Republican committees raised 70 percent more than the Democratic committees and spent 106 percent more than their committees in 1993.

In 1997, the total amount raised by the Republican leadership committees increased by only 1 percent over 1993. The Assembly Republican Majority Committee and the Senate President's Committee raised \$3.0 million in 1997. Republican expenditures in 1997, however, increased by 48 percent reaching \$4.9 million. The Doria Democratic Leadership Fund and the Senate Democratic Committee intensified their fundraising effort by 82 percent between 1993 and 1997, raising \$3.1 million in 1997. Expenditures by the Democratic leadership committees increased as well, climbing to \$3.3 million, up by 106 percent. Thus, the Democratic leadership committees outraised the Republican leadership committees by 3

percent but the Republicans, with more money to carry forward from 1996, outspent the Democratic committees by 48 percent in 1997.

In both years, the Senate leadership committees of both parties outraised and outspent their counterpart assembly committees.

Table 9				
Legislative Leadership Committee Financial Activity				
	Raised		Spent	
	1993	1997	1993	1997
Democratic				
Doria Democratic Leadership Fund	\$512,281	\$703,924	\$472,416	\$791,882
Senate Democratic Majority	<u>\$1,181,368</u>	<u>\$2,393,241</u>	<u>\$1,152,971</u>	<u>\$2,471,125</u>
Subtotal	\$1,693,649	\$3,097,165	\$1,625,387	\$3,263,007
Republican				
Assembly Republican Majority	\$1,206,904	\$1,275,173	\$1,523,332	\$1,483,522
Senate Presidents Committee	<u>\$1,730,276</u>	<u>\$1,698,525</u>	<u>\$1,756,403</u>	<u>\$3,401,354</u>
Subtotal	\$2,937,180	\$2,973,698	\$3,279,735	\$4,884,876
TOTAL	\$4,630,829	\$6,070,863	\$4,905,122	\$8,147,883

Source Data: New Jersey Election Law Enforcement Commission

Link between Financial Activity of Legislative Leadership Committees and Control of Legislature

At the beginning of this chapter, a link between the fundraising success of a state political party and that party's hold on the governorship was established. As the result of the data vis-a-vis legislative leadership committees presented immediately above, a similar connection is suggested with regard to the Republican and Democratic legislative leadership committees and the respective party's control of the Legislature. Except in the case of the Senate Democratic Majority Committee, which raised the most money in 1997, the Republican legislative leadership committees have fared better financially in this decade than have Democratic legislative leadership committees. Importantly, the Republicans have controlled both houses of the Legislature since 1991. Moreover, even in the case of the Senate Democratic Majority Committee's successful fundraising in 1997, the balance carried forward by the Republicans from the previous year offset this advantage and allowed the Republican committees to outspend the Democratic committees.

Legislative Leadership Committees Spend Significant Amounts on Legislative Candidates

The four legislative leadership committees provided \$814,376 in direct contributions to legislative candidates in 1993 and spent an additional \$2.8 million on their behalf for a total \$3.6 million in contributions. Thus, 73 percent of the total expenditures made by these committees in 1993 either directly or indirectly benefitted legislative candidates. Four years later, in 1997, \$2 million was donated to legislative candidates in the form of direct monetary contributions and \$2.7 million was spent on behalf of these candidates. Altogether, \$4.7 million was provided to legislative candidates in the form of direct or in-kind contributions. Thus, 50 percent of total expenditures by legislative leadership committees benefitted their legislative candidates. Interestingly, these legislative leadership committees sought also to assist local candidates and parties. A total \$537,152 was directly contributed to these other entities, or 7 percent of all expenditures by these committees.

Contributors to Legislative Leadership Committees in 1997

As the result of the computer upgrade noted above, detailed contributor information is also available vis-a-vis legislative leadership committees in 1997. This detailed contributor information is also available vis-a-vis legislative leadership committees in 1997. This detailed contributor information is not available for 1987, 1991, or 1993, so comparisons to those earlier years cannot be made. As with state political parties, detailed contributor information for 1994 and 1995 is published in State Parties and Legislative Leadership Committees: An Analysis 1994-1995.

Table 10 provides the amounts and percentages of contributions received by the Republican and Democratic legislative leadership committees from each contributor type.

Table 10						
Contributors to Leadership Committees 1997						
	Democratic	%	Republican	%	Total	%
Individual	\$3	10%	\$4	13%	\$7	12%
Business/Corp.	1.4	47%	1.2	40%	2.6	43%
Political Party	.2	7%	.03	1%	.2	3%
Candidate Entities	.2	7%	.2	7%	.4	7%
Political Committees	.1	3%	.06	2%	.2	3%
PACs	.7	23%	1.0	33%	1.7	28%
Unions	.05	2%	.06	2%	.1	2%
Legislative Leadership	.03	1%	.05	2%	.08	1%
Miscellaneous	--		--		--	
Total	\$3.0		\$3.0		\$6.0	

Source Data: New Jersey Election Law Enforcement Commission

The table indicates that businesses and corporations made the largest proportion of contributions to the legislative leadership committees in 1997. The Democratic leadership committees received the most money from business and corporate contributors for 47 percent of all their contributions. This contributor type accounted for 40 percent of Republican leadership contributions. All told, business and corporate contributions accounted for 43 percent of contributions to leadership committees in 1997.

Political action committees also made a high percentage of contributions to legislative leadership committees with the largest amount benefitting the Republican leadership committees. PAC donations constituted 28 percent of all contributions to the leadership committees. Individual contributors accounted for a significant proportion of leadership committee contributions for 12 percent of the total. Slightly more of individual contributions went to the Republican committees. Candidates made 7 percent of all contributions, divided evenly between the two parties. Finally, the percentage of contributions to the legislative leadership committees from all other sources was minimal.

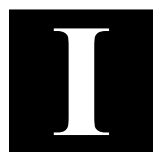
Conclusion

As suggested in State Parties and Legislative Leadership Committees: An Analysis 1994-1995, the legislative leadership committees have in large measure been carrying out the functions they were established to perform. They have been involving themselves extensively in legislative campaigns and have contributed money to these campaigns at an accelerated pace in each successive legislative general election. The state political parties, for their part, have continued the trend begun in the 1980's by intensifying their fundraising efforts and increasing their involvement in the campaigns of their candidates. Aided by court decisions and the new law in 1993, the party entities are increasingly engaged in electoral campaigns.

Notes

1. Commission, Trends, p. 28.
2. New Jersey Election Law Enforcement Commission, Repartyization: The Rebirth of County Organizations, ELEC White Paper Series, No. 12 (Trenton, N.J.: The Commission, 1997), p. 69.
3. New Jersey Election Law Enforcement Commission, State Parties and Legislative Leadership Committees: An Analysis 1994-1995, ELEC White Paper Series, No. 11 (Trenton, N.J.: The Commission, 1996), p. 6.

Conclusion



In updating Trends In Legislative Campaign Financing: 1977-1987, patterns emerged that were sometimes consistent with those of the previous decade and at other times different.

Campaign financial activity continued to increase between 1987 and 1997 as it had during the previous ten-year period 1977 through 1987. This increase, however, was more modest. Between 1987 and 1997, the amount of money raised by candidates for the State Senate and Assembly increased by 57 percent while between 1977 and 1987 it had increased by 295 percent. Similarly, spending over the most recent ten-year period climbed by 60 percent compared with the 195 percent increase recorded during the previous ten-year period. Moreover, financial activity during 1987-1997 did not exhibit a steady and consistent upward trend from year to year. Instead, unlike the period 1977-1987, financial activity from election to election was uneven, decreasing in 1993 from 1991 before climbing again in 1997.

1987-1997 Fundraising Increases are more Modest

The slower rate of increase in campaign fundraising activity between 1987 and 1997 should not be construed as a sign that the race for campaign dollars has ebbed, however. By 1997, in terms of real dollars, fundraising by legislative candidate had exceeded \$25 million and spending \$20 million. Further, the 1993 reform of the Campaign Act, which imposed limits on contributions to candidates that were much more stringent than those imposed on political party committees, facilitated the flow of contributions to the state and county party

committees to a much greater extent than before.

Increases in Financial Activity Includes both Parties

While Republican legislative candidates increased their receipt totals by 105 percent between 1987 and 1997, \$6.8 million to almost \$14 million, and Democratic legislative candidates increased their fundraising totals by only 21 percent, \$9.4 million to \$11.4 million, the reader should not be misled into thinking that the Democrats were left out in the cold. In fact, a closer look reveals that on an election by election basis Democratic candidates more than held their own. Democratic legislative candidates outraised Republicans by 38 percent in 1987 and by 98 percent in 1993. When Republicans ran as the majority party in 1993 and 1997, they outdistanced Democrats in fundraising by 3 percent and 23 percent. Thus, as pointed out in the earlier study of legislative financial activity occurring between 1977 and 1987, extensive financial activity from 1987 through 1997 was bipartisan.

Incumbents Remain Strong Fundraisers

Very similar to the previous decade incumbents enjoyed a considerable advantage in fundraising. While for the most part they also enjoyed a high rate of return to office, as was the case between 1977 and 1987, there was, however, a significant drop-off in that rate in one election during the later period.

Incumbents raised 64 percent, 61 percent, 68 percent, and 62 percent of all funds in 1987, 1991, 1993, and 1997, respectively. They were returned to office at a rate of 97 percent, 93 percent, and 97 percent in 1987, 1993, and 1997, respectively. That rate of reelection was much lower in 1991, however, at 76 percent. This decrease is attributable to three factors: a national anti-incumbent mood, the backlash against higher taxes, and a slight increase in challenger receipts.

Contributions from Party Entities Increases

The sources of legislative candidate funds remained fairly consistent throughout the most recent ten-year period, with slight variations from year to year. Legislative leadership committees steadily increased their proportion of contributions to legislative leadership committees, making a 24 percent of all contributions to legislative candidates in 1997. Political party contributions reached 17 percent in 1997, while the proportion of legislative contributions represented by individuals peaked in 1997 at 18 percent.

The proportion of legislative contributions derived from other candidates was significant during most of this period, excepting 1997. From a high 28 percent of contributions in 1991, candidate entity contributions receded to 9 percent by 1997.

Business contributions as a proportion of all legislative contributions remained around 13 percent throughout but the percentage of contributions derived from PACs declined from 20 percent in 1987 to 12 percent of all receipts in 1997. Unions and political committees provided a relatively low proportion of contributions to legislative candidates throughout the ten-year period.

Spending Increases but more Modestly than Previous Ten-Year Period

As noted above, spending by legislative candidates increased to its highest level ever by 1997, but at a slower pace than during the period 1977 to 1987. Overall, Democratic candidates for the Legislature spent more money on their campaigns between 1987 and 1997 than did their Republican opponents. However, Republican candidate spending did increase by 87 percent during this period compared with 41 percent by Democrats.

The study points out that the pattern of spending undertaken by the legislative candidates from 1987 to 1997 was similar to that of spending between 1977 and 1987, with spending increasing for both parties in both decades. The analysis highlights the fact that in

both decades the party that spent the most money failed to win a majority in either house in two out of four Senate and Assembly elections.

The theory was thus presented that money alone has not been the determining factor in legislative elections. While certainly important, the study points out that incumbency, issues, and an increased involvement by party entities in campaigns all are important factors in determining the outcome of elections.

With the exception of the general election of 1993, when candidates for the Assembly outspent their Senate counterparts, State Senate candidates expended the most money on campaigns. Not surprisingly, incumbents outspent challengers, and by a wide margin, ranging from a differential of 36 percent in 1997 to one as wide as 78 percent in 1993. As indicated, it is the contention of the study that other factors in addition to money play a role in the outcome of campaigns and that this spending data, which shows a narrowing of the spending gap in 1997, but an incumbent return rate of 97 percent, supports this theory.

Legislative Candidates Spend on Mass Media

Finally, the study of legislative spending indicates that legislative candidates reported spending about half of their money on broadcast and print media advertising, which includes direct mail. The majority of that spending incidentally, went for direct mail, which makes very good sense in that direct mail allows legislative candidates to target their messages and not have these messages get lost on television advertising that broadcasts their message beyond their districts and includes the messages of many other candidates. The study points out, however, that cable television advertising, which is local in nature, did increase to 33 percent of mass communication expenditures in 1997 from 18 percent in 1987.

PAC Contributions Decline

In this update of Trends In Legislative Campaign Financing: 1977-1987, an inquiry was undertaken with regard to political action committees. Noting that the earlier study predicted that PACs would continue to be a force behind increased campaign spending by legislative candidates provided the campaign law did not change, the analysis disclosed that because the law did change PAC contributions instead of increasing over the decade actually declined. From 1987 through 1997, while the number of special interest political action committees increased by 29 percent, their contributions decreased by 30 percent in 1997, and their contributions to legislative candidates declined to \$2.4 million. The study suggests, though, that the reduction in PAC activity does not necessarily indicate that PACs are giving less but that their money may be flowing through the legislative leadership committees and parties. In any event, they are an important source of funding but not the dominant source.

PAC money went to Republican candidates to a greater degree during the most recent ten-year period under study. This trend was not surprising in that the Republicans have controlled both houses of the legislature during most of the 90's. As the analysis noted during the 1980's, when Democrats mainly controlled the Legislature, PAC money flowed to candidates of their party.

Finally, business and trade association PACs were the biggest donors to legislative candidates, ideological and union PACs contributed significant amounts but not to the extent that business and trade association PACs did. It has been theorized that PAC giving may relate to the nature of issues prominent in any given election year.

Political Party Entities Grow Stronger

Among other subjects, this study also inquired into the financial activity of political parties and legislative leadership committees between 1987 and 1997. As suggested, the U.S. Supreme Court's 1989 Eu decision, which officially sanctioned party endorsements in

Conclusion

primary elections and the 1993 revision of New Jersey's Campaign Finance Law, which strengthened party entities, had a major impact on the activity of political parties during the recent decade. Between 1987 and 1997, for example, financial activity by the state party committees increased by a significant margin. Fundraising rose by 110 percent and spending by 118 percent. The study found that the Republican State Committee led in financial activity in 1987 and 1997, while the Democratic State Committee raised and spent the most money in 1991 and 1993. An advantage in financial activity coincided with whichever party holds the governorship.

Because legislative leadership committees were not formalized in the statute until 1993, the study analyzed only their activity in 1993 and 1997. During this four-year period, receipts increased by 33 percent and spending by 65 percent. The study points out that in most instances the legislative leadership committees of the party that holds a majority in the Legislature has the best chance of raising the most money.

Conclusion

This study has provided a comprehensive view of financial activity by legislative candidates and of entities involved in legislative elections. Where possible, it has compared data from the most recent decade, 1987-1997, to that of the ten-year period 1977-1987. In so doing, it has uncovered patterns of financial activity that point, in some instances, to continuing trends, and in others, to interruptions in trends. It has been the intent of this study to provide valuable information on financing legislative campaigns to assist the public as well as policymakers, in determining whether or not further reform of the system is needed.

PREVIOUS WHITE PAPERS

Number One: Contribution Limits and Prohibited Contributions (1988)

Number Two: Trends in Legislative Campaign Financing: 1977-1987 (1989)

Number Three: Legislative Public Financing (1989)

Number Four: Ideas for an Alternate Funding Source (1989)

Number Five: Lobbying Reform (1990)

Number Six: Autonomy and Jurisdiction (1991)

Number Seven: Is There a PAC Plague in New Jersey? (1991)

Number Eight: Technology in The Future: Strengthening Disclosure (1992)

Number Nine: Legislative Candidates: How They Spend their Money (1994)

Number Ten: Nonconnected, Ideological PACs in the Garden State (1995)

Number Eleven: State Parties And Legislative Leadership Committees: An Analysis 1994-1995 (1996)

Number Twelve: Repartyization: The Rebirth of County Organizations (1997)