



THE 2005 ASSEMBLY ELECTION: NEW TRENDS ON THE HORIZON?

*The New Jersey Election
Law Enforcement
Commission*

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ELECTION LAW ENFORCEMENT COMMISSION

JERRY FITZGERALD ENGLISH
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Commissioner

Respond to:
P.O. Box 185
Trenton, New Jersey 08625-0185

(609) 292-8700 or Toll Free Within NJ 1-888-313-ELEC (3532)

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

FREDERICK M. HERRMANN, Ph.D.
Executive Director

JEFFREY M. BRINDLE
Deputy Director

NEDDA G. MASSAR
Legal Director

EVELYN FORD
Compliance Director

JAMES P. WYSE
Counsel

Acknowledgement

The Commission is delighted to present to the citizens of New Jersey The 2005 Assembly Election: New Trends on the Horizon?, which includes an historical overview and an in-depth review of expenditure activity.

This report, written by Deputy Director Jeffrey M. Brindle, is the nineteenth title in the New Jersey Election Law Enforcement Commission's (ELEC) White Paper Series that dates back to 1988. It should prove of great interest to the media, the academic community, public officials, and concerned citizens. The Commission is very proud of the Deputy Director's fine work in writing this report and the others in the series.

Research Associate Steven Kimmelman coded reports used in this study and provided invaluable research. Data Entry Supervisor Brenda Brickhouse and Assistant Data Entry Technician Tamika McCoy helped with the computerized statistical information, coding, and data entry. The word processing and graphic design work were expertly accomplished by Administrative Assistant Elbia Zeppetelli and Executive Secretary Maureen Tilbury. Moreover, Legal Director Nedda G. Massar provided assistance with the proofreading, and Director of Administration Gary Alpert reviewed all of the statistics appearing in the report. The general editor, Executive Director Frederick M. Herrmann, once again served in this capacity, bringing consistency throughout the report.

For further reading about the role of campaign financing in New Jersey's and the country's political systems, the Commission suggests referring to the sixth edition of the "COGEL Campaign Financing and Lobbying Bibliography" compiled by ELEC's executive director.

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PREFACE

Repartyization: The Rebirth of County Organizations, written in 1997, became the first major publication to document the rise in electoral influence of political parties in New Jersey.

For decades, due to court decisions that undercut county-based legislative districts, suburbanization, open primary restrictions, and gubernatorial public financing, the strength of the party system had been weakening. In fact, Trends in Legislative Campaign Financing: 1977-1987, emphasized this point repeatedly. Noting the increase in officeholder PACs, the study stated “these entities are emerging in reaction to legislative campaigns that are more intensive and to the power vacuum created by the weakening of the traditional party system.”¹

But as demonstrated in the Repartyization report cited above, and in three subsequent analytical reports published by the Commission, the trend toward a weak party system had been reversed. Following the United States Supreme Court’s 1989 decision in Eu vs. San Francisco County Democratic Central Committee, which determined California’s Open Primary Law to be unconstitutional, a similar law in New Jersey was overturned by the State’s Superior Court. As the result of this sequence of events, the upward march of political parties began. This march of political party entities toward electoral dominance, both at the county and state levels, was given further impetus by the 1993 reform legislation, which greatly favored the parties, both in terms of limits on contributions made to them, and in terms of the unlimited amounts of money they could spend on their candidates. In the end, as shown in Legislative Election 2003: The Rise of Party-Oriented Campaigning, not only did this most recent campaign record the highest level of financial activity ever but it also marked “the culmination of a shift from a candidate-centered system to a party-oriented system.”² During the 2003 general election, State Senate and Assembly candidates raised \$48 million, with 63 percent of this amount derived from political party entities.

PREFACE

This report, which analyzes campaign financial activity by candidates in the 2005 Assembly general election, will focus on answering the question of whether or not this trend in political party dominance has continued. It will do so by undertaking an exhaustive analysis of the sources of campaign contributions as well as strategies employed by legislative candidates through their spending patterns. Moreover, the report will trace certain other developments that may be rising on the State's political horizon. As always, this analysis follows in a long line of Commission reports designed to stimulate discussion and debate that may lend itself to meaningful reform.

INTRODUCTION

Past Commission reports that analyzed the financial activity of legislative candidates involved campaigns for State Senate and Assembly. Trends in Legislative Campaign Financing: 1977-1987 traced this activity over the course of this decade. It declared “the Legislative general election of 1987 was the most expensive in State history.”³ Moreover, the study maintained that “campaigns have become candidate-centered and money-intensive.”⁴ Emphasizing the changing nature of electoral politics in New Jersey between 1977 and 1987, the analysis concluded “if New Jerseyans had not noticed that campaigns were no longer controlled by county and local political party organizations, the 1987 election made that fact evident. It went on to say “concomitantly, if New Jerseyans had not noticed that Legislative campaigns had become candidate-centered, the 1987 election made that clear as well.”⁵

By 1997, however, the situation was different. Money raised continued to increase, but the sources from which that money derived began to change. Published in 1999, Trends in Legislative Campaign Financing: 1987-1997 specified that “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.”⁶ Yet, this report did more than that. It alluded to a trend detected two years earlier in another White Paper entitled, Repartyzation: The Rebirth of County Organizations; namely, that the influence of party organizations, in particular county party committees, was growing. The 1999 Legislative report stated:

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

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imposed on political parties and 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.⁷

Most recently, Legislative Election 2003: The Rise of Party-Oriented Campaigning, again noted that this most recent election was the most expensive in history. Citing the fact that \$48 million was contributed to candidates for State Senate and Assembly, the report stated: “to say that this amount is a record is an understatement. This figure is a record and more; it eclipses that set in 2001 by 35 percent.”⁸ Furthermore, the white paper confirmed the fact that political party entities now dominated legislative elections. The study asserted:

The fact that \$48 million was raised by legislative candidates in New Jersey last year is certainly eye catching. Of even more significance, though, is the fact that the overwhelming majority of receipts came from political party entities and the fact that this development represents the culmination of a steady shift in the electoral landscape that has been occurring over the past decade.⁹

During the 2003 legislative election, party entities made 63 percent of all contributions to legislative candidates. Political parties made 25 percent of all contributions, at \$8.7 million. Legislative leadership committees, contributing \$8 million, equalled that percentage realized by party committees. Candidates contributed, or transferred money from their candidate committee to their joint candidate committee, a total of \$4.1 million, or 12 percent of funds. Other contributor types were less influential. Special interest PACs made 13 percent of contributions, \$4.6 million, individuals 11 percent, or \$3.8 million, and unions two percent, or \$610,440. Thus, the 2004 report demonstrated that the electoral ground had shifted from being candidate-centered to being party-oriented.

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Unlike previous reports, this white paper will analyze a legislative election in which only candidates for the Assembly participated. The purpose is to determine whether or not, when only an Assembly election is held, patterns of financial activity are the same, similar, or different, than when both the State Senate and Assembly are contested. Of specific interest is whether the pattern of party dominance found in recent legislative elections persisted in the 2005 Assembly election. Moreover, the study seeks to determine whether or not the sequential increase in overall activity by legislative candidates participating in State Senate and Assembly campaigns is reflected in contests when only the Assembly is up for election. Finally, the study seeks to determine whether or not any other trends in New Jersey's electoral process may be emerging. These and other issues will be addressed in this white paper.

CHAPTER I

HISTORICAL OVERVIEW

Federalist Paper Number Ten has James Madison acknowledging the reality of faction. In it he admits to the dangers factions, or parties, pose to popular government. Commenting on the “prevailing and increasing distrust of public engagements”¹⁰ Madison write that “these must be chiefly, if not wholly, effects of the unsteadiness and injustice with which a factious spirit has treated our public administration.”¹¹ Next, Madison sets forth remedies by which society can deal with the “mischief of faction”; by “removing its causes” or by “controlling its effects.”¹² Arguing for the ratification of the draft Constitution, Madison ends on a positive note. He states that “in the extent and proper structure of the Union, therefore, we behold a republican remedy for the diseases most incident to republican government.”¹³

President George Washington also weighed in on the dangers of faction. In his farewell address to the nation in 1796, he warned citizens:

There is an opinion that parties in free countries are useful checks upon the administration of the Government, and serve to keep alive the spirit of Liberty. This within certain limits is probably true; and in Governments of a Monarchical cast, Patriotism may look with indulgence, if not with favor, upon the spirit of party. But in those of the popular character, in Governments purely elective, it is a spirit not to be encouraged. From their natural tendency, it is certain there will always be enough of that spirit for every salutary purpose. And, there being constant danger of excess, the efforts ought to be, by force of public opinion, to mitigate and assuage it.¹⁴

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The Founding Fathers did not mention faction, or party, in the Constitution. Perhaps this omission stemmed from their anxiety about the adverse effects of party. And they did not want to encourage the growth of political parties. Whatever the reason, and despite the omission in the document, the Founding Fathers were fully aware of their existence and potential for harm.

While the Founding Fathers were wringing their hands over the potential dangers posed to popular government, their fears did not discourage their growth and development in New Jersey. As early as 1789 the foundation was laid for the unfolding of a political party system in the Garden State. Maureen W. Moakley, in The Political State of New Jersey, writes that “the congressional elections of 1789 laid the groundwork for partisan politics.”¹⁵ Noting that “a group of political leaders from West New Jersey (which would evolve into the federalist party) successfully organized a statewide slate of candidates that became known as the ‘junto ticket,’”¹⁶ Moakley then mentions the emergence of an opposition party in Essex County soon afterward. She states that “by 1800, organized parties dominated the entire electoral process, with thriving local, county, and state organizations established throughout the State.”¹⁷

Over time the party system in New Jersey, growing ever stronger, became one based on county boundaries. And anyone familiar with electoral politics in New Jersey knows that the county-based system is legendary. Though the first era of party dominance began to wane about forty years ago, in the late 1960’s, the second era of party dominance in New Jersey picked up steam in 1989 and has grown stronger ever since.

Throughout New Jersey’s history until the latter part of the 1960’s, the electoral landscape was dominated by powerful party chairmen in the State’s 21 counties. Jobs, patronage, nominations, and elections were subject to control by party bosses in one-party dominated counties. As noted in Repartyization: The Rebirth of County Organizations, “this dominance extended to State politics and government as well, with county leaders having a strong hand in selecting legislative and gubernatorial candidates.”¹⁸

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Historically, a strong party system meant that the party label carried with it a strong appeal to voters. Party identification and registration was strong among voters, the party label was a cue to voting, and voter turnout at the polls was high. Moreover, party leaders and active members of the party in power dominated government. Among the better known county leaders were Hudson County's Frank Hague and Atlantic County's Hap Farley. For over 30 years the much beloved Lewis "Luke" Gray was a party leader in Somerset County who maintained an excellent reputation. There were many other party leaders of lore, some notorious and some revered.

Strong county party organizations maintained influence over politics and government within their respective counties and within the State until the 1960's. It was during this decade, however, when a confluence of events changed the power arrangements within New Jersey and weakened county political party organizations. During the ensuing decades, these once powerful party organizations became less and less influential, to the point that electoral politics in New Jersey became predominantly candidate-centered. By the 1980's political parties were being memorialized as a dying breed.

In an article published in The Political State of New Jersey, Stephen A. Salmore identified two important social and demographic changes that contributed to the weakening of the strong party system in New Jersey. He wrote:

Suburbanization weakened party organizations in several ways. Democratic city organizations were hurt as their adherents moved to the suburbs. Most former urban residents retained their party affiliations, but did not become part of the local organizations in their new suburban hometowns, which often had at least nominally nonpartisan governments. On the other hand, the increasing numbers of exurbanites weakened what were once largely rural-based Republican county organizations. The net result was an increase in self-styled independents and in ticket-splitting.

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At the same time, voter turnout fell. This decline had many causes, but it was at least partially related to the reduced impact of party loyalty, which had given more reason to vote, and to greater mobility, which now made it more complicated for voters to register.¹⁹

Besides suburbanization and decreased voter turnout, the decline in party strength and influence was hastened by other developments as well. As indicated by Maureen Moakley, “reapportionment decisions of the late 1960’s and early 1970’s were an equally critical factor in the decline of county influence.”²⁰

Historically, legislative districts were drawn on the basis of county lines. These districts had been apportioned on the basis of population within each county, with representation determined accordingly. Following these court decisions, legislative districts were to be drawn on the basis of one-person-one-vote. This doctrine eliminated county boundaries as the framework for establishing state legislative districts. Thus, the system wherein county lines determined how representation in the State Legislature would be constituted ended, contributing greatly to the weakening of the party system in the Garden State.²¹

There were other changes that quickened the demise of the State’s legendary party system. An Open Primary Law enacted in 1981 prohibited party organizations throughout the state from endorsing or otherwise supporting candidates in primary elections. The ability of party leaders to influence, or, in many instances, to outright control the nomination of candidates is a major source of strength of party organizations. Removing this ability from party leaders further eroded the strength of once powerful county organizations.

The seemingly unending stream of events that weakened the heralded party system in and of themselves served to further undermine activities important to strong parties. For example, while county parties once ran the campaigns of their candidates in part because of their financial resources, the financial base of parties was now undercut. Campaigns became candidate-centered and money-centered. Moreover, they were increasingly run by professionals rather than

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volunteers. Fundraising was undertaken by candidates themselves. Candidates depended less on the parties, and professional consultants increasingly participated in managing campaigns, especially for Governor and the Legislature.

The introduction of gubernatorial public financing in 1977 further eroded party influence in New Jersey. As suggested by Maureen Moakley, “public financing of gubernatorial primaries and election, instituted in 1977, and changing campaign techniques, relegated the county party to a minor role in the statewide political process.”²² Because they no longer controlled funding, county party influence over gubernatorial campaigns was weakened considerably.

As this confluence of events was bringing the parties to their knees, political action committees (PACs) flourished. Money from the PACs allowed candidates to purchase media advertising, polling, and new technology. Conversely, volunteers, the staple of political parties in days gone by, were in less demand. The political winds were blowing away from the parties and toward an electoral landscape featuring candidate-centered campaigns and increasingly influential special interest PACs.

Political party strength in New Jersey hit its nadir in the mid to late 1980’s. County parties in particular had minimal impact in local and statewide campaigns. The tables began to turn, however, in the 1990’s, when county party organizations, indeed party organizations in general, became much more involved in the campaign process. Court decisions and statutory reform served as catalysts for the reemergence of the parties.

The United States Supreme Court, in 1989, made an important decision that would ultimately impact party organizations in New Jersey. In the Eu decision, the court decided that a California law banning parties from participating in primary elections was unconstitutional. It held that such a ban violated the First and Fourteenth Amendments. Further, the court determined that restrictions on the organization and makeup of political parties was unconstitutional.

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This important decision had ramifications for New Jersey's Open Primary Law, which was similar to California's law. Not long after the New Jersey Superior Court determined that the decision in Eu was applicable to New Jersey. Thus, the 1981 Open Primary Law, with its ban on endorsements by parties, was declared unconstitutional. This ruling began the process of restoring the viability of political parties by allowing them to be involved in the nomination process.

Another change, one that truly altered the dynamic in New Jersey elections, resulted from the 1993 enactment of Campaign Finance Reform. As the result of this reform, non-gubernatorial candidates were, for the first time, subject to limits on contributions made to them. In addition, these candidates now were confined to controlling one candidate committee and/or one joint candidates committee. Prior to the reform, candidates were unlimited in terms of the number of fundraising vehicles they could control. Political parties also had limits placed on contributions made to them. However, those limits were considerably more generous than those imposed on candidates. Further, political parties were not limited in terms of how much they could contribute to, or spend on behalf of, candidates. Candidates did not enjoy such freedom. Unless they were giving to candidates running for the same office in the same district, or jurisdiction, they too were limited in terms of how much money they could give to other candidates.

At the time of the passage of the reform law, candidates could receive \$1,500 per election from individuals, corporations, and unions, and \$5,000 per election from PACs. Political parties, on the other hand, could receive up to \$25,000 per year from these contributors. Over the years, these limits have been adjusted for inflation, but the built-in-advantage to parties remained. A tweaking of the law in late 2004 did lower limits on contributions made to state political parties to the original amount of \$25,000, thus reducing the gap somewhat between candidates and state party committees. However, this law left alone the limit on contributions made to county party organizations, currently at \$37,000. Thus, the change in the law had the perhaps unintended consequence of further strengthening county party committees in terms of New Jersey's political landscape.

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Another provision enacted as part of the 1993 Reform Package contributed to the overall resurgence of the party system in New Jersey. Whereas political committees controlled by leaders of legislative parties existed on an ad hoc basis prior to 1993, the reforms statutorily established legislative leadership committees. These party entities, controlled by the Senate President, the Assembly Speaker, and minority leaders in each House respectively were not limited in terms of how much they could spend on candidates. Moreover, they enjoyed the same limits on in-coming contributions as did state and county party committees.

Thus, like Lazarus rising from the dead, political parties in New Jersey were revived by the 1989 Eu decision and the 1993 reforms. Certainly, Legislative Election 2003: The Rise of Party-Oriented Campaigning, bore out this fact. It stated:

During the general election of 2003, party entities, including state, county, and municipal party committees, as well as legislative leadership committees, made 63 percent of contributions to legislative candidates. Thus, almost two-thirds of the money raised for the campaign by legislative candidates came from their respective political party entities. Compare this proportion of receipts to the thirteen percent of contributions made by special interest PACs, the eleven percent of contributions made by individuals and business respectively, and the two percent of donations made by unions; and the shift to an electoral process dominated by the political party entities becomes apparent.²³

In the State Senate and Assembly election of 2003, Democratic candidates received 62 percent of their funds from party entities. Republican candidates collected 55 percent of their contributions from party sources. Democratic candidates received \$14.4 million from party sources while Republicans obtained \$6.9 million from party entities.

The legislative election of 2003 broke new ground in many areas. Financially, it was the most expensive legislative campaign in history. Candidates for Legislature raised \$48 million and spent \$36.2 million in that campaign. Perhaps, even more significant was that election 2003

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marked the culmination of a political party revival that had been recognized first by the Commission in a 1997 White Paper, Repartyization: The Rebirth of County Organizations. As mentioned above, party entities were responsible for almost two-thirds of legislative contributions in the general election of 2003.

This white paper will undertake a comprehensive review of the Assembly election of 2005. It is important to keep in mind the distinction between this election and the one in 2003; namely both the State Senate and Assembly were up for election in 2003, whereas, just the Assembly was up for election in 2005. Nevertheless, this white paper will examine whether or not the monumental shift in New Jersey electoral politics, one that altered the landscape from a system characterized by candidate-centered campaigns to one dominated by party entities, continued in the 2005 Assembly general election. Moreover, this report will examine the pattern of giving to Assembly candidates by the various party entities which will be shown to reflect an intensity of contributor activity by the Assembly legislative leadership committees and candidate committees. Finally, this analysis will uncover a development involving the special interest political action committees (PACs) that shows them being more active than at anytime since 1987. Could these developments be related to the newly enacted pay-to-play laws that restrict donations to municipal, county, and State political party committees by businesses seeking or performing government contracts? This report will raise that possibility. In any event, it is hoped that this report will add to meaningful debate in New Jersey about ways to enhance trust in the State's electoral system through modifications to its campaign finance system and heightened disclosure.

In the immortal words of Washington in speaking of the spirit of faction, "a fire not to be quenched, it demands a uniform vigilance to prevent its bursting into a flame, instead of warming, it should consume."²⁴

CHAPTER II

ASSEMBLY RECEIPTS

Assembly candidates in the 2005 general election raised \$24.7 million. This amount is five percent more than the \$23.5 million raised by Assembly candidates in 2003. This increase, both in actual dollars and in percentage terms, is significantly less than in previous years. Thus, the amount of money raised by Assembly candidates in 2005 interrupts a pattern traceable to at least the early 1980's.

Since 1983, in every year when only the Assembly was up for election, the amount of money raised by Assembly candidates exceeded totals recorded by their counterparts in the previous general election by a sizeable margin. As shown in Table 1 below this was not the case in 2005.

TABLE 1				
COMPARISON OF ASSEMBLY RECEIPTS				
			Percent Increase	Dollar Increase
<u>2003</u> \$23.5		<u>2005</u> \$24.7	5%	\$1.2
<u>1997</u> \$11.2		<u>1999</u> \$14.6	30%	\$3.4
<u>1993</u> \$9.3		<u>1995</u> \$12.7	37%	\$3.4
<u>1987</u> \$7.7		<u>1989</u> \$9.9	29%	\$2.2
<u>1983</u> \$4.1		<u>1985</u> \$6.9	68%	\$2.8

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As noted above, Assembly candidates in the general election of 2005 increased their fundraising by five percent, or \$1.2 million over receipts reported by Assembly candidates in 2003. Between 1997 and 1999, however, candidates for the Lower House enhanced their fundraising totals by 30 percent, or \$3.4 million. Similarly, Assembly candidates in 1995 raised 37 percent more than their counterparts in 1993, for an increase of \$3.4 million. Twenty-nine percent more funds were reported by 1989 Assembly candidates than were reported by candidates in 1987; in actual dollars this was an increase of \$2.2 million. Finally, between 1983 and 1985, Assembly candidates intensified their fundraising by 68 percent, or \$2.8 million. Thus, in the four periods cited above, excluding 2003-2005, Assembly candidate receipts rose an average 41 percent between election years.

Several explanations can be advanced to account for the small increase in fundraising activity recorded by Assembly candidates in 2005. First, the election of 2005 followed the presidential election of 2004 that was more competitive in New Jersey than expected. This surprisingly competitive race may have resulted in enhanced fundraising, thus draining somewhat the resources available for 2005. Second, expectations were low for a truly competitive Assembly race in 2005. Legislative districts, established through the redistricting process at the beginning of the decade, favored a Democratic majority. The fact that six districts were targeted by party insiders underscored the widely held view that 2005 was not considered a competitive election. In previous elections as many as 13 districts were thought to be “up for grabs.” General consensus held that in 2005 only the first, second, eleventh, twelfth, fourteenth and thirty-sixth districts were considered winnable by both parties. Third, the election of 2003, not 2005, represented the election the Democratic party needed to consolidate control of the Legislature. Having secured a majority in the Assembly in 2001, the Democratic party sought control of the State Senate in 2003. The election of 2001 had resulted in the Republicans and Democrats sharing majority status in the State Senate. Therefore, in 2003, the Democratic party put on a full court press to increase its majority in the Assembly and take control of the upper House. It was then that a record \$48 million was raised by legislative candidates, overwhelmingly by Democratic candidates. In terms of contributions over the \$400 threshold, Democratic candidates raised \$21.4 million compared with Republican candidates, who raised

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\$12.6 million. Moreover, an exceedingly high amount of money was raised for the contest in the Fourth legislative district, wherein \$3.3 million was raised by the Assembly candidates alone. This figure certainly impacted Assembly totals in 2003. A targeted district in 2003, and one in which a change in party representation occurred, this district was missing among those considered competitive in 2005. Fourth, the difficulty Republican candidates experienced in raising money in 2005 played a part in the reduction in Assembly receipts. Democratic candidates raised 70 percent of Assembly funds compared with 30 percent of funds raised by Republican Assembly candidates. The Republican percentage declined from the 37 percent of funds raised in 2003 by GOP Senate and Assembly candidates combined. Democratic candidates had raised 63 percent of funds. While part of this drop in Republican totals undoubtedly is the result of the GOP being the party out of power, this fact does not constitute the whole explanation. In the 1990's, when the GOP controlled the Governorship and the Legislature, the gap between Democratic and Republican candidates was narrow. By 1997, the Democratic legislative candidates actually raised more money than did Republican candidates. Though not able to achieve a majority in the Legislature, the party did continue to chip away at the Republican majority, a process that began as early as 1993, when Democrats picked up five seats in the Assembly and three seats in the State Senate. As noted in A Resurgent Party System: Repartyization takes Hold, "following the 1997 legislative election, the Republican majority in the Assembly continued to be reduced Thus, in the ten-year period since the Republicans assumed control of both Houses [1991-2001], the Democrats picked up 22 seats in the Assembly and seven seats in the State Senate."²⁵ No such trend is evident for Republicans. Currently the State is trending Democratic. In all probability it will require a seminal issue to reverse this trend in the foreseeable future. Lastly, the Clean Elections Pilot Program, which involved the Sixth and Thirteenth legislative districts, not only reduced financial activity in those districts, but by so doing impacted total receipts and expenditure in 2005. Finally, as will be discussed in ensuing pages, the anticipation of pay-to-play reform may have dampened fundraising by Assembly candidates and political party committees.

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Sources of Contributions

Assembly candidates in 2005, as noted above, raised \$24.7 million. From this amount \$17.3 million can be identified as to type of contributor. The \$17.3 million represents contributions amounting to more than \$300, which is the threshold for reporting the identity of the contributor. Table 2 shows the sources of contributions of over \$300 reported by Assembly candidates in the 2005 general election.

TABLE 2		
SOURCES OF CONTRIBUTIONS: G2005		
Contributor Type	Amount	Percent
Individual	\$1,970,832	11%
Business/Corporation	\$1,499,367	9%
Union	\$371,250	2%
Business/Corporation PACs	\$393,883	2%
Professional/Trade Association PACs	\$1,100,273	6%
Union PACs	\$1,313,040	8%
Ideological PACs	\$415,033	2%
Political Parties	\$1,416,331	8%
Legislative Leadership Committees	\$5,565,411	32%
Political Committees	\$82,900	--
Candidates	\$3,193,687	18%
Miscellaneous	\$4,370	--
<u>TOTAL</u>	\$17,326,377	\$123,343

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Once again, what jumps out from the chart is the percentage of identifiable contributions made by political party entities. Overall, 59 percent of total identifiable contributions, an amount equaling \$10.3 million, derived from political party entities.

During the 2003 general election, political party committees made 25 percent of total identifiable contributions to legislative candidates. Legislative leadership committees matched that percentage. Candidate committees made 12 percent of contributions to legislative candidates while the amount donated by political committees failed to reach one percent. Overall, in 2003, political entities made 63 percent of all contributions made to legislative candidates.

As mentioned previously, the pattern of giving within the political party entity category differed in 2005 from that in 2003. In 2005, legislative leadership committees and candidates made the largest percentage of contributions. Having contributed \$5.6 million to Assembly candidates, legislative leadership committees were responsible for 32 percent of total receipts last year. Candidates, often through transfers between their candidate committees and joint candidate committees, but also through direct contributions to fellow Assembly candidates, made 18 percent of contributions, at \$3.2 million. Political party committees made eight percent of Assembly contributions in 2005, or \$1.4 million. Political committees failed to reach one percent of contributions.

What is behind this changing mosaic of political party entity giving in 2005? It is mere speculation at this point but perhaps the anticipation of pay-to-play dampened the fundraising and direct involvement of county and State political party committees in the recent Assembly election. The pay-to-play law that went into effect in January, 2006, has limited impact on legislative leadership committees. The law precludes business entities from seeking or performing a State contract if those entities made contributions to legislative leadership committees only when the contract in question requires the approval of the presiding officer in either or both houses. Since a minimal number of State contracts require the approval of legislative leaders, pay-to-play has relatively limited applicability to contributors' activity vis-à-

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vis legislative leadership committees. Therefore, it is speculated that business interests, in anticipation of pay-to-play, may have directed donations more so to legislative leadership committees and less so to the State and county political party committees, avoiding possible pitfalls related to State contractual activity. It must be emphasized that the State impact of pay-to-play legislation on the manner in which contributor activity is directed is as yet speculative. It will take at least another legislative election cycle to determine whether or not this theory is credible.

As indicated above, the proportion of contributions deriving from candidate committees increased in the 2005 Assembly election over that in the legislative election of 2003. Did pay-to-play influence this development? Perhaps!! In “The Parties’ Congressional Campaign Committees in 2004,” Diane Dwyre and Robin Kolodny, crediting the federal Bipartisan Campaign Reform Act (BCRA), point out that these national party entities “witnessed a significant loss of total receipts compared to the 2000 and 2002 election cycles.”²⁶ In that same article the authors note also that “one of the consequences not intended by the authors of BCRA was the increased importance of individual members of Congress as fundraisers for both the party committees and for other candidates.”²⁷ While again it is too premature to be more than speculative, it may be that the increase in contributor activity by legislative candidates may signal their greater importance as fundraisers as the result of pay-to-play. Thus, it appears that even before the effective date of pay-to-play, these reforms may be inhibiting contributor activity by contractors in the way that was intended by the law.

While political party committees did reduce their direct involvement in contributing to Assembly candidates any report of their death, to paraphrase Mark Twain, “is greatly exaggerated.” Certainly, the impression should not be left that these entities were not, or will not be, a factor in future legislative campaigns. Though as much money may not have been raised, nor directly contributed to Assembly candidates as in the 2003 legislative campaign, it is too early to predict any significant decline in their influence. As noted earlier, the more direct involvement in Assembly campaigns was left to the two legislative leadership committees: New Democratic Party Leadership PAC 2005 and Assembly Victory 2005. It remains to be seen,

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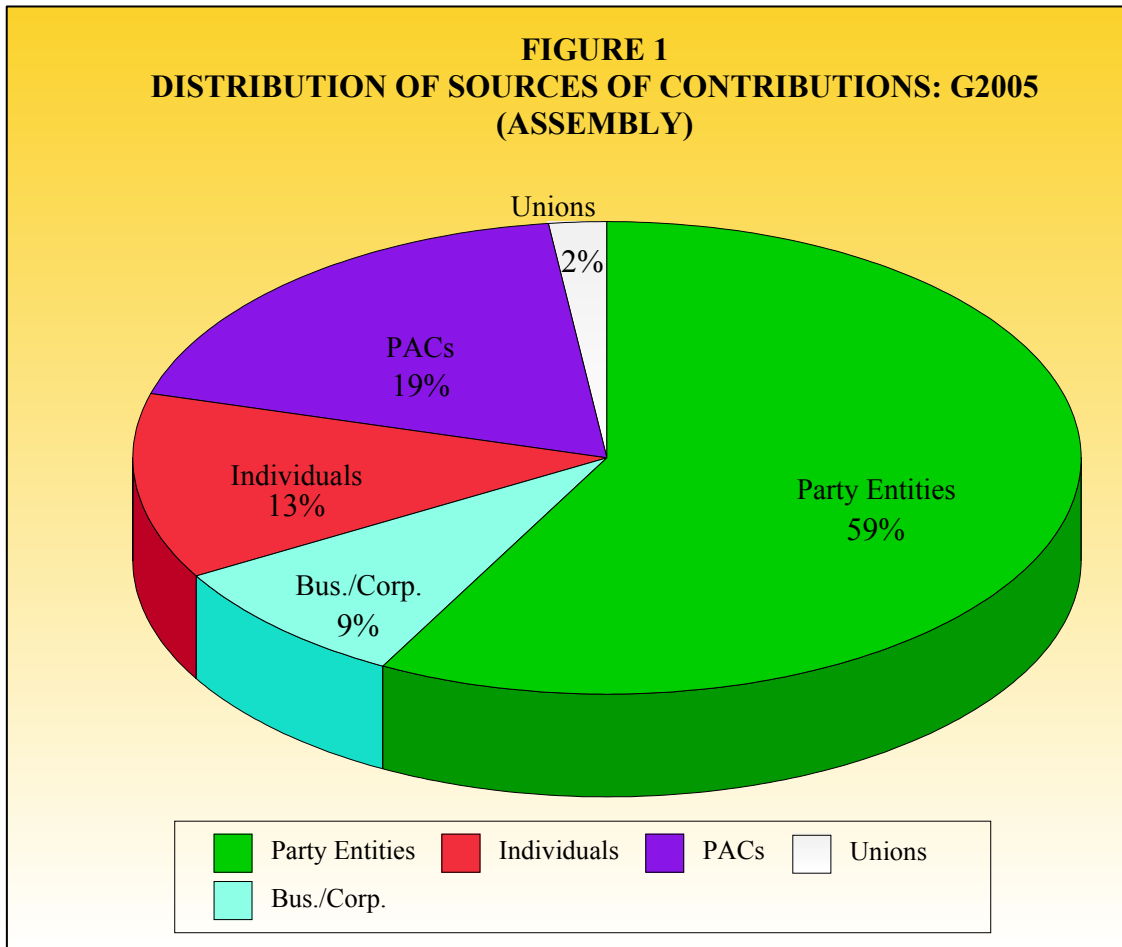
however, whether or not this pattern of spending by the political party committees will be repeated in the Senate and Assembly general election of 2007, or again increase to 2003 levels. In either case, this change in political party contributor activity does not yet suggest that the parties' influence over the process has weakened. As long as the campaign finance laws in New Jersey continue to provide an advantage to parties over candidates, the political parties will continue to be an influential player in electoral politics.

In terms of non-political entity contributor types, the pattern of giving to Assembly candidates remained the same as two years before. Individual contributors made 11 percent of contributions in 2005, \$2 million, or the same percentage as in 2003. Business PACs made nine percent of contributions, or \$1.5 million in 2005. During the general election of two years earlier these entities made 11 percent of total contributions to legislative candidates. Professional Trade Association PACs, at \$1.1 million, made six percent of contributions, compared with seven percent two years before. Union PACs provided a larger percentage of total contributions in 2005 than in 2003. These contributions equaled eight percent of total last year, \$1.3 million, compared with four percent in 2003. Unions themselves, at \$371,250 in 2005, made two percent of contributions as they did in 2003. Finally, ideological PACs in last year's Assembly election made two percent of contributions, \$415,033, compared with one percent of total in 2003.

Distribution Pattern of Contributions by Category

Figure 1 below depicts the distribution of contributions to general election Assembly candidates by contributor categories. This chart demonstrates the influence that political party entities had vis-à-vis the electoral process in 2005. Keep in mind, however, that in terms of direct monetary, or allocable in-kind contributions, it was the Assembly legislative leadership committees that led the way in this election year.

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As mentioned in Legislative Election 2003: The Rise of Party-Oriented Campaigning,

. . . the reforms undertaken in 1993 advantaged political party organizations and legislative leadership committees in terms of their ability to raise money and to spend it. These reforms were undertaken to offset the growing influence of special interest PACs and to strengthen what many believed to be an enfeebled party system. As demonstrated in the figure above, the campaign finance law more than accomplished its goals.²⁸

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When merged together the party entities comprised 59 percent of total contributions to Assembly candidates in 2005. Special interest PACs, on the other hand, made 19 percent of contributions. Individual contributors made 13 percent of contributions while business and corporate contributors made nine percent of Assembly contributions. Union contributions totaled two percent of donations. Interestingly, the proportion of contributions represented by the special interest PACs is the highest since 1987, when these entities made 20 percent of total contributions to legislative candidates. In future studies, activity by PACs will be observed to determine if the general election of 2005 marks the beginning of a trend toward greater PAC activity, very possibly spurred by the enactment of pay-to-play laws. Interestingly, since the enactment of this very important legislative initiative, there has been some indication that more political action committees are being formed. While it is too early to tell whether or not this phenomenon will occur, it bears watching.

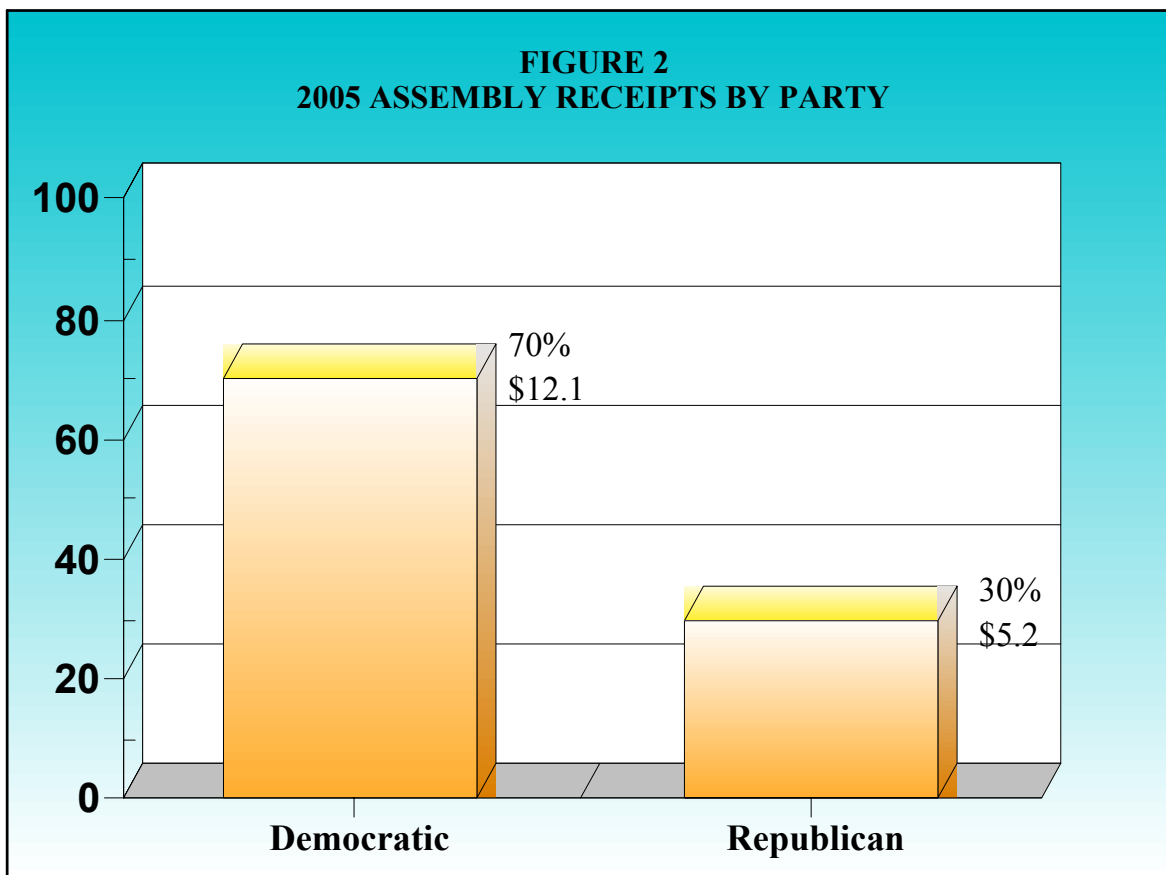
To conclude, the data indicates that the dominant role played by political party entities, though as noted earlier, emerging in a different pattern than in 2005, continued during the 2005 Assembly general election. While political party committees reduced their direct contributions, legislative leadership committees and candidates increased their proportion of donations. Moreover, the data may point to an increase in PAC involvement due to the pay-to-play laws that may result in a proliferation of special interest PACs. Thus, in conclusion, the new pay-to-play reforms may effectively be bringing about a reduction in contributor activity to the areas intended; and a redirection of certain contributor activity toward other entities, including legislative leadership committees, candidates, and PACs.

Sources of Contributions by Party

In the contest for funds between candidates of the two major parties, Democratic candidates continued to hold the upper hand, and by a large margin. Figure 2 below illustrates this superiority. Out of \$17.3 million in contributions of over \$300, Democratic candidates raised \$12.1 million compared with \$5.2 million raised by Republican Assembly contestants. Thus, as noted earlier, Democratic candidates were responsible for 70 percent of the funds raised

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while Republican candidates were responsible for just 30 percent of total contributions. The Democratic advantage was due to lop-sided totals involving the political party entities and union PAC activity.



The importance of the political party entities and union PACs to the electoral success of Democratic candidates in the 2005 Assembly general election becomes abundantly clear when observing the sources of contributions to Assembly candidates by party. The sources of contributions are shown in Table 3 below.

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TABLE 3

SOURCES OF CONTRIBUTIONS BY PARTY: G2005

Contributor Type	Democratic	Percent	Republican	Percent
Individual	\$1,174,975	10%	\$795,351	15%
Business/Corporation	\$830,437	7%	\$668,930	13%
Union	\$300,950	2%	\$70,300	1%
Business/Corporation PACs	\$266,807	2%	\$127,076	2%
Professional/Trade Association PACs	\$726,648	6%	\$373,625	6%
Union PACs	\$1,018,725	8%	\$294,315	6%
Ideological PACs	\$259,191	2%	\$155,842	3%
Parties	\$1,183,340	10%	\$232,991	4%
Leg. Leadership Committees	\$3,923,174	33%	\$1,642,238	31%
Candidates	\$2,309,920	19%	\$883,767	17%
Political Committees	\$82,150	10%	\$750	--
Miscellaneous	\$4,036	--	\$334	--
TOTAL	\$12,080,353		\$5,245,519	

The data shows that Democratic candidates for the Assembly received 33 percent of their contributions from legislative leadership committees. They received \$3.9 million from these entities. Democratic candidates collected 19 percent, \$2.3 million, of their funds from other candidates. This money came in the form of contributions; but mostly in the form of transfers between candidate committees and joint candidates committees. Political parties made ten percent of contributions, \$1.2 million, to Democratic candidates whereas political committee activity equaled one percent of total, at \$82,150. Thus, together the party entities accounted for 62 percent of Democratic Assembly receipts, at \$7.5 million. Individual contributors made ten percent of contributions to Democratic Assembly candidates at \$1.2 million, contributions from business constituted seven percent of Democratic candidate receipts, equaling \$830,437, while union contributions comprised two percent of total, at \$300,950. Activity by union PACs,

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however, was more pronounced and significant. Democratic Assembly candidates received eight percent of their contributions from union PACs, collecting \$1 million from these entities. Professional trade association PACs added six percent of total, \$726,648, and business and corporate PACs made two percent of Democratic Assembly contributions, at \$266,807. Finally, ideological PACs accounted for two percent of Democratic Assembly receipts, at \$259,191.

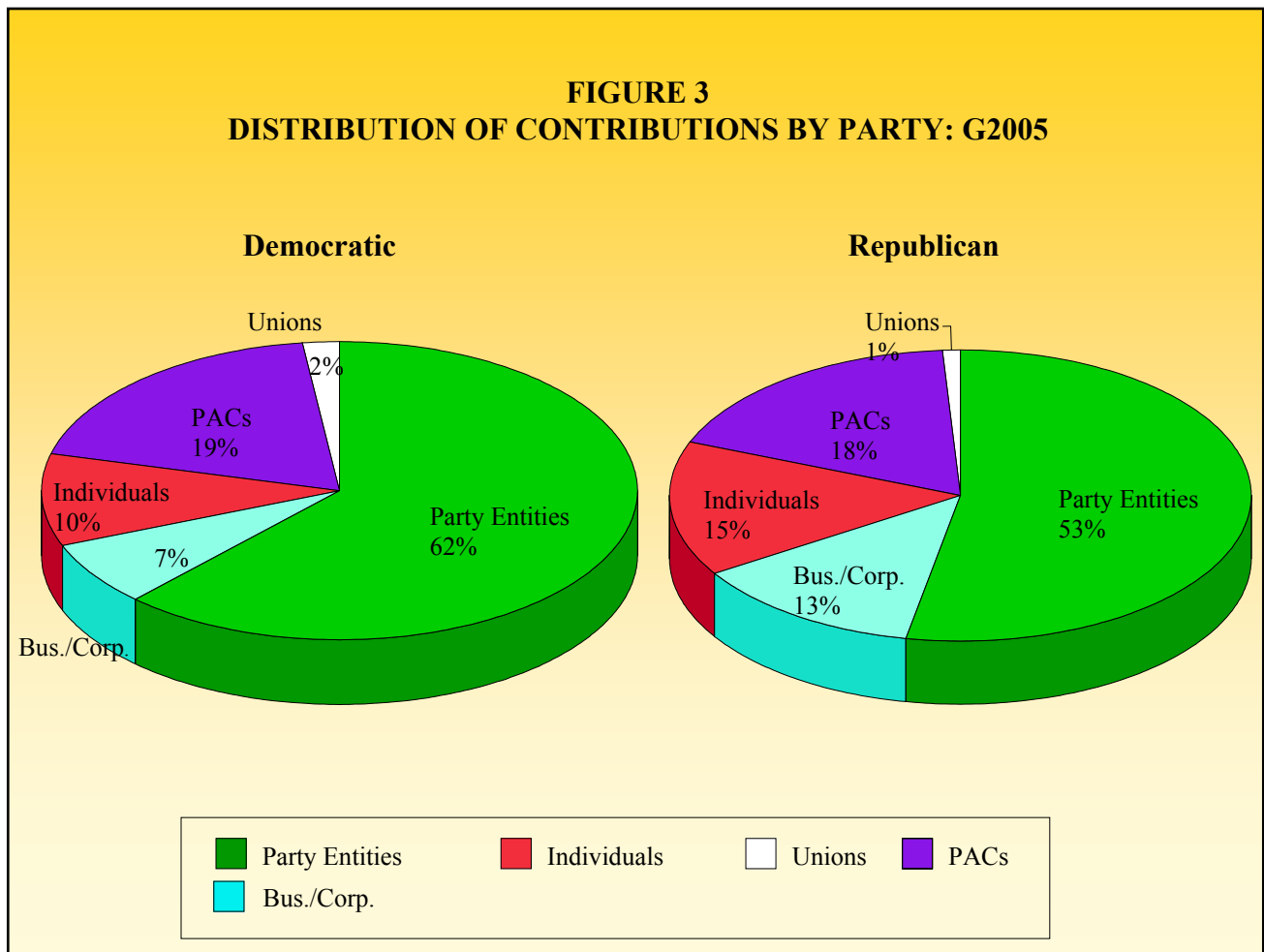
Republican Assembly candidates, as noted above, raised considerably less money than did Democratic candidates. Moreover, the proportion of receipts derived from contributor types differed somewhat as well. Noteworthy was the fact that the percentage of contributions from individual contributors and from business and corporate contributors was higher than that of Democratic Assembly candidates. On the other hand, the proportion of Republican funds derived from political party entities was considerably lower.

Individuals made 15 percent, \$795,351, of total Republican Assembly candidate contributions; and business and corporations made 13 percent of contributions, or \$668,930. Political parties, to the contrary, made just four percent of total GOP Assembly candidate contributions, at \$232,991. In all other categories, Republican contribution source percentages reflected those of Democratic Assembly candidates. Among the party entities, legislative leadership committees made 31 percent of total contributions, at \$1.6 million. Candidates registered 17 percent of funds, \$883,767, while political committees made less than one percent of receipts. Union contributions comprised one percent of Republican Assembly funds, \$70,300, while union PACs provided six percent, \$294,315, of total GOP money raised. Ideological PACs accounted for three percent of Republican Assembly receipts, \$155,842, while professional/trade association PACs made seven percent of contributions, \$373,625. Finally, business and corporate PACs contributions comprised two percent of total GOP Assembly funds, at \$127,076.

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Distribution of Contributions by Party

Figure 3 below compares the proportion of total contributions made by each contributor type to Democratic Assembly candidates with the proportion made to Republican Assembly candidates. From the chart can be seen the influence of political party entities over the Assembly electoral process, particularly regarding Democratic candidates. Also, the renewed vigor of PACs is portrayed. Moreover, certain variations in the proportion of contributions made respectively to Democratic and Republican candidates by each contributor type is shown.



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As in the general election of 2003, Assembly candidates continued to benefit from the participation of party entities. Democratic candidates received a total of 62 percent of their funds from party entities. Republican candidates received 53 percent of their receipts from party entities. Thus, while both sets of candidates continued to do well vis-à-vis political party entity involvement, it was the Democratic candidates who demonstrated once again a greater degree of party strength. Activity by PACs increased among candidates of both political parties. Special interest PACs made 19 percent of contributions to Democratic candidates and 18 percent of contributions to GOP candidates. Again, the data presented in Figure 3 above suggests that PAC activity is again on the rise, perhaps in anticipation of the Pay-to-Play law. Further, the figure indicates that individuals provided ten percent of contributions to Democratic Assembly candidates, business and corporations seven percent, and unions two percent. The percentage of contributions from individuals was greater for Republican candidates, at 15 percent, as was the proportion from business and corporations, at 13 percent. Unions made one percent of contributions to Republican candidates.

Thus, political party entities continued to be the dominant player in this Assembly election, with special interest PACs, making a comeback in terms of electoral influence in legislative elections. As mentioned previously, despite the difference between parties in terms of proportionate giving vis-à-vis contributor type; Democratic candidates collected more in actual dollars in every contributor category.

Incumbents Outraise Challengers

Not surprisingly, incumbents continued their dominance in fundraising. This advantage, both in terms of fundraising and at the polls, enjoyed by incumbents has been historically documented. These advantages include constituent services, free media, expectation of victory at the polls, and, in some cases, holding legislative leadership positions. They also enjoy the advantages of attendance at community events and the benefits of personal relationships with opinion makers, community leaders, business leaders, and union leaders. As mentioned in Legislative Election 2003: The Rise of Party-Oriented Campaigning, these advantages “all add

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up to an incumbent ability to raise money for communicating their message and heightening their name recognition, which in most instances is already greater than that of challengers.”²⁸

During the 2005 Assembly general election, incumbents raised over \$16 million, accounting for 65 percent of funds. Challengers, on the other hand, raised \$8.6 million, or 35 percent of funds. This ratio between incumbents and challengers is consistent with past statistics, although the advantage to incumbents this year is slightly up over two years ago.

Contribution Ranges

Table 4 provides the number and proportion of contributions falling in certain monetary ranges during the Assembly general election of 2005. Moreover, it depicts the dollar amount in contributions represented by each category and the proportion of total contributions represented by that dollar amount. Finally, it shows the average contribution in each range.

TABLE 4					
CONTRIBUTION RANGES: G2005					
	Number	Percent	Amount	Percent	Average
0 - 5,000	6,264	92%	\$6,413,947	37%	\$1,023
5,001 - 10,000	* 317	5%	\$2,302,812	13%	\$7,264
10,000 - 15,000	49	1%	\$616,926	4%	\$12,590
15,000 - 20,000	73	1%	\$1,243,298	7%	\$17,031
20,001	** 79	1%	\$6,749,391	39%	\$85,435
<u>TOTAL</u>	6,782		\$17,326,374		

* denotes PAC contribution range
** denotes party entity contributions which are unlimited

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According to the data, 92 percent of contributions to Assembly candidates in 2005 were in the up to \$5,000 category. Five percent of total contributions fell within the \$5,001 to \$10,000 range. Only one percent of total contributions fell within each of the final three contributor ranges between \$10,001-\$15,000; between \$15,001-\$20,000; and over \$20,000. These percentages were almost exactly the same as in the legislative elections of two years before.

In Legislative Election 2003: The Rise of Party-Oriented Campaigning, it was stated that “interestingly, or better yet, as might be expected given the new electoral landscape dominated by political party entities, there is an inverse relationship between the number of contributions made in each category and the dollar amount represented by each range.”³⁰

Essentially the same comment can be made relative to the Assembly election of 2005, with one slight difference. The election of 2005 witnessed, as indicated above, an increase in special interest PAC activity. In the category \$5,001-\$10,000, the range involving limits applicable to PACs, the percentage of the total dollar amount contributed to Assembly candidates increased. Thus, \$2.3 million, or 13 percent of dollars raised fell in this category. With regard to political party entities, though only one percent of all contributions made fell within the over \$20,000 category, this category was responsible for 39 percent of funds, or \$6.8 million. On the other hand, 92 percent of contributions made were \$5,000 or less, even though 37 percent of all dollars raised, or \$6.4 million, derived from this category. In a word, the data supports the conclusion that political party entities remain the dominant player in legislative elections, though the contributor mosaic within this category changed in 2005. However, the data also suggests a possible resurgence of special interest PACs in terms of activity in legislative races. Taken together, the developments found via the analysis of the contributions made to Assembly candidates in 2005 suggest the possibility of a changing electoral landscape resulting from the pay-to-play reforms.

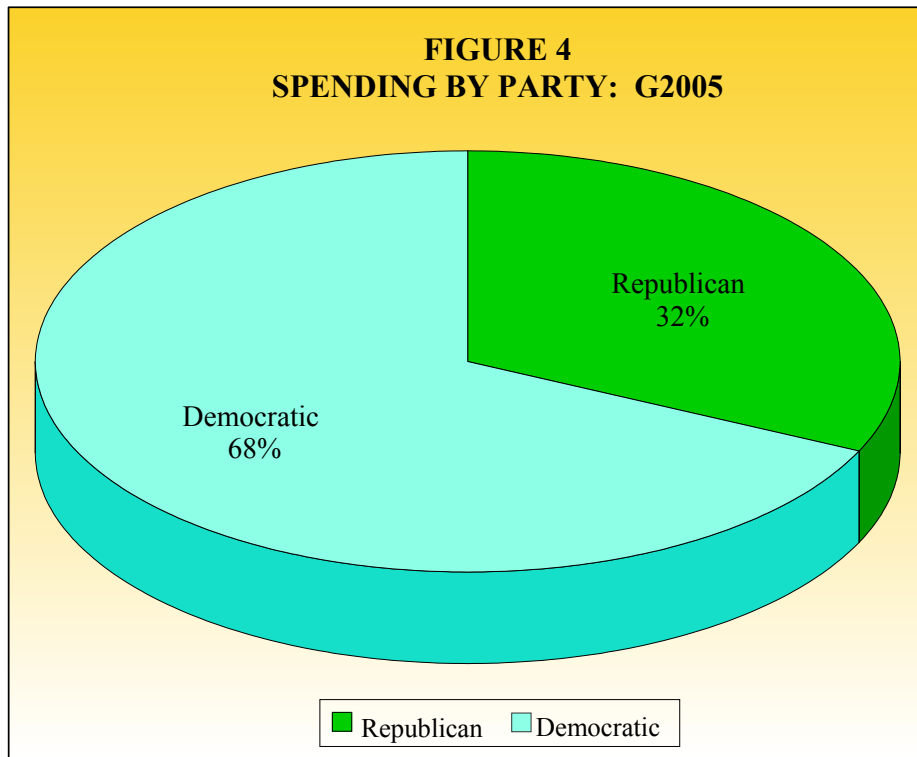
CHAPTER III

HOW THEY SPEND THEIR MONEY

During the general election of 2005, candidates for the Assembly spent \$22 million on their campaigns. Two years earlier, in the general election of 2003, Assembly candidates spent \$20.3 million. Spending, therefore, increased by eight percent over this two-year period. This modest increase in spending reflects the modest increase in fundraising that occurred during the same period, explanations for which were noted in the previous chapter. Thus, a pattern of strong increases in spending traceable through Assembly elections dating to the mid 1980's was interrupted in 2005. For example, between 2001 and 2003, Assembly expenditures rose by 41 percent and from 1999 to 2001 by 33 percent. Between 1997 and 1999, Assembly spending increased by 30 percent.

In similar fashion to 2003, Democratic candidates for the Assembly in 2005 outspent their Republican rivals by a significant margin. Assembly Democratic candidates spent \$11.6 million, or 115 percent more than Republican candidates, who spent \$5.4 million. Figure 4 compares spending by Assembly Democratic candidates with their Republican counterparts in the 2005 general election. In it the gap between the Democrats and Republicans, a gap that was observed in 2003, is evident once again. This differential between the candidates of both major parties is due in large measure to the ability of Democratic candidates to benefit from the large dollar amounts contributed by political party entities, and in 2005, by union PACs.

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How Campaign Funds Were Spent

Before discussing how Assembly candidates spent their money it must be noted that the categorization of expenditures resulted from a very careful effort undertaken by staff who evaluated every expenditure item to determine its type. Thus, as with previous reports denoting spending, this report represents an analysis of campaign strategies by Assembly candidates based upon their spending patterns. Moreover, in highlighting how candidates spent their money, the analysis will reveal whether or not spending patterns changed from 2003.

Table 5 shows how campaign funds were used by all Assembly candidates. As indicated, 46 percent of available funding, \$7.9 million, was directed toward mass communication. Mass communication expenditures included spending for cable television, radio, newspaper, outdoor, and direct mail advertising. This percentage was slightly less than the 50 percent of expenditures made for mass communication purposes by legislative candidates in 2003.

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Election day expenditures for get-out-the-vote efforts equaled one percent of spending by Assembly candidates in 2005, a percentage similar to the two percent spent by State Senate and Assembly candidates in 2003. Because the political parties assume most responsibility for get-out-the-vote operations, the Assembly candidates expended just \$201,101 on this activity.

Fundraising expenditures amounted to \$541,807, or three percent of total spending in 2005, a percentage similar to that of 2003. Interestingly, the same percentage of expenditures went toward the use of political consultants in the 2005 Assembly race as in the 2003 legislative races. Nine percent of spending, \$1.6 million, was spent on consultant services. Recent elections have witnessed an increase in the use of political professionals, not only by gubernatorial candidates, but by legislative and local candidates as well.

Charitable donations by Assembly candidates constituted two percent of spending, \$324,368, a percentage similar to the two percent expended for this purpose in 2003. Contributions to other candidates, mostly in the form of transfers from candidate committees to joint candidates' committees, or vice versa, accounted for 29 percent of Assembly expenditures, at \$5 million. This percentage increased significantly over 2003, when State Senate and Assembly candidates made 20 percent of their expenditures in the form of contributions, including transfers, to other candidates.

Assembly candidates last year directed four percent of spending toward administration, \$725,623, a percentage that decreased from that recorded in 2003. Spending on entertainment accounted for one percent of expenditures, \$89,534, while expenditures directed toward polling amounted to three percent of total, at \$478,961. Finally, miscellaneous spending, including refunds to contributors, reached one percent of expenditures, \$178,909, a percentage equal to that in the legislative election of 2003. Thus, overall, the spending pattern exhibited by Assembly candidates in the 2005 general election largely matches that of legislative candidates in 2003, indicating no significant departure in campaign strategies.

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TABLE 5		
ASSEMBLY EXPENDITURES: G2005		
	Amount	Percent
Mass Communications	\$7,870,364	46%
Election Day	\$201,101	1%
Fundraising	\$541,807	3%
Consultants	\$1,598,720	9%
Charity	\$324,368	2%
Contributions	\$5,001,171	29%
Administration	\$725,623	4%
Entertainment	\$89,534	1%
Polling	\$478,961	3%
Miscellaneous	\$178,909	1%
<u>TOTAL</u>	\$17,010,558	

Spending by Party

Besides the differential between Democratic and Republican Assembly candidates in terms of the amount of money actually spent, were there differences in the expenditure strategies employed by the two major party candidates? As shown in Table 6 below, there were differences in spending in four key categories, mass communication, consultants, contributions, and polling, all of which are important to successful campaigning in modern day New Jersey.

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TABLE 6				
EXPENDITURES BY PARTY: G2005				
	Democratic	Percent	Republican	Percent
Mass Communication	\$4,741,975	41%	\$3,128,387	58%
Election Day	\$85,111	1%	\$115,989	2%
Fundraising	\$311,906	3%	\$229,900	4%
Consultants	\$1,442,863	12%	\$155,856	3%
Charity	\$210,489	2%	\$113,878	2%
Contributions	\$3,657,026	32%	\$1,344,143	25%
Administration	\$538,125	5%	\$187,498	3%
Entertainment	\$60,218	1%	\$29,315	1%
Polling	\$446,582	4%	\$32,378	1%
Miscellaneous	\$106,554	1%	\$72,354	1%
<u>TOTAL</u>	\$11,600,849		\$5,409,698	

Interestingly, highlighting the importance of mass communication, the Republican Assembly candidates made 58 percent of their expenditures for mass media purposes. The Democratic Assembly candidates directed 41 percent of expenditures toward this purpose. Despite this differential in the proportion of money spent on mass communication, the Democratic candidates at \$4.7 million, spent 51 percent more on this purpose than did the Republicans, who collectively spent \$3.1 million. In comparison with the general election of 2003, the Democrats committed proportionately less money on mass communication whereas the Republicans committed percentage-wise more money toward this purpose.

In other meaningful areas, the Republican Assembly candidates fell proportionately behind their Democratic counterparts. In actual dollars spent, the Republicans fell far behind as well. For example, while the Democratic Assembly candidates expended \$1.4 million on consultants, or 12 percent of their expenditures, the Republican candidates only spent \$155,856

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for this purpose, or three percent of expenditures. The Democratic proportion was equivalent to that of 2003, but the Republican proportion declined from the five percent of expenditures reported for that purpose two years ago.

There was a sizeable gap between Democrats and Republicans in terms of money spent on polling. Democratic standard-bearers expended \$538,125, five percent of total spending on polling data. Republican candidates, on the other hand, spent \$187,498 on polling, or three percent of their expenditures. Both sets of candidates spent proportionately more on polling data than two years prior, in the general election of 2003.

While both Democratic and Republican candidates made a large percentage of their expenditures in the form of contributions to other candidates, or transfers to and from their candidate and joint candidates' committees, the Democratic candidates again outdistanced their Republican candidates, both proportionately and in actual dollars spent. Democratic candidates spent \$3.7 million, or 32 percent of expenditures, in the form of contributions or transfers. Republican Assembly candidates directed \$1.3 million toward contributions to other candidates, or transfers to and from candidates and joint candidates' committees, or 25 percent of expenditures. While the Republican percentage remained static from 2003, the proportion of spending directed toward contributions and transfers by Democratic candidates increased significantly. Democratic legislative candidates in the general election of 2003 committed 17 percent of spending to contributions and transfers.

In the remaining expenditure categories, Democratic and Republican candidates applied similar proportions of total spending as they did in 2003. Democratic candidates committed \$538,125 to administration, or five percent of expenditures, while Republicans directed \$187,498, or three percent of expenditures toward this end. Election day spending reached \$85,111, accounting for one percent of Democratic Assembly candidate spending. Republicans directed \$115,989, or two percent of expenditures toward this purpose. The relatively low amounts of money spent by both Democratic and Republican Assembly candidates to get-out-the-vote reflects the efforts made by the political parties for this purpose.

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Democratic candidates expended \$311,906, or three percent of expenditures, toward fundraising and GOP Assembly candidates spent \$115,989, or two percent of funds toward this effort. Charity absorbed \$210,489, or two percent of Democratic expenditures compared with \$113,878, or two percent of Republican candidate expenditures. Spending on entertainment reached \$60,218, one percent of Democratic expenditures, while for Republicans this category amounted to \$29,315, also one percent of expenditure. Finally, miscellaneous spending, such as refunding contributors and petty cash, accounted for \$106,554 of Democratic spending and \$72,354 of Republican candidate spending, one percent each.

Mass Communication

The percentage of unidentifiable mass media expenditures declined from the State Senate and Assembly general election of 2003. In the earlier election, 47 percent of mass communication expenditures were not identified compared with 24 percent in 2005, \$1.9 million. Despite the still high percentage of unidentifiable mass communication expenditures, however, the data nevertheless permits a thorough review of the 76 percent of identifiable mass communication expenditures, allowing for a representative picture to emerge of mass media strategy.

Table 7 below divides mass communication expenditures into two categories: broadcast advertising and print advertising. Broadcast advertising is comprised of television (mainly cable) and radio. Print advertising includes direct mail, newspaper, and outdoor advertising. Out of \$7.9 million in mass communication spending \$1.8 million, or 23 percent, was identified as broadcast advertising. On the other hand, 53 percent of mass communication spending, \$4.2 million, went toward print advertising. While the percentage of broadcast advertising spending remained about the same as in 2003, the proportion of mass communication expenditures directed toward print advertising in 2005 increased by 77 percent over the previous legislative election.

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TABLE 7			
MASS COMMUNICATION EXPENDITURES: ASSEMBLY 2005			
		Amount	Percent
<u>Broadcast</u>	Television	\$1,554,200	20%
	Radio	\$277,106	3%
	<u>Subtotal</u>	<u>\$1,831,306</u>	<u>23%</u>
<u>Print</u>	Direct Mail	\$3,227,506	41%
	Newspaper	\$309,548	4%
	Outdoor	\$639,779	8%
	<u>Subtotal</u>	<u>\$4,176,833</u>	<u>53%</u>
<u>Unidentifiable</u>		<u>\$1,862,225</u>	<u>24%</u>
	<u>TOTAL</u>	\$7,870,364	100%

When broadcast and print advertising are broken down it becomes clear that the medium of choice for Assembly candidates in 2005 was direct mail. Forty-one percent, \$3.2 million, went toward direct mail, up from the 23 percent of expenditures made for this purpose in 2003. Interestingly, outdoor advertising constituted eight percent of Assembly expenditures in 2003, \$639,779, up from three percent of expenditures made for signs, billboards, etc. in 2003. The percentage of expenditures committed for newspaper advertising remained the same in 2003 as in the general election of two years prior; four percent at \$309,548.

In terms of broadcast advertising 20 percent of expenditures, \$1.6 million, went toward cable television, a proportion roughly equivalent to that spent in the general election of 2003.

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Radio advertising constituted three percent of expenditures at \$277,106, a proportion similar to that spent by State Senate and Assembly candidates in 2003.

While it might be easy to suggest that the trend in legislative spending is in the direction of direct mail advertising, this paper is not prepared to suggest that anything has changed very much from previous elections. Though it is true that the proportion of expenditures involving direct mail rose by 78 percent between 2003 and 2005, this lower proportion in the earlier year may be due to the disproportionate number of unidentifiable mass communication expenditures in that year. It must be pointed out that as noted in Trends in Legislative Campaign Financing: 1987-1997 spending on direct mail by legislative candidates during these years constituted between 35 and 41 percent of expenditures, proportions akin to 2003. What was noted in that earlier report was the increasing use of cable television advertising, denoting a proportion of mass media spending similar to that indicated in the 2003 analytical report as well as in this report.

In any event, direct mail was used extensively by Assembly candidates in the general election of 2003. As noted in Legislative Election 2003: The Rise of Party-Oriented Campaigning, “with campaigns for the Legislature being local in nature, this mode of communication, which can be targeted toward local issues, makes sense.”³¹

Mass Communication Spending By Party

Between Democratic and Republican candidates for Assembly in the general election of 2005, there was a marked difference in how they spent their mass communication dollars and the media strategy employed. This variance, in part, was also seen in the analysis of mass media strategy employed by candidates in the 2003 legislative election.

In any event, in the general election of 2005, Democratic candidates on a proportionate basis displayed a marked propensity to commit mass communication dollars to direct mail. Republican candidates, on the other hand, exhibited a greater preference for expending mass

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media dollars on cable television. Why the disparity in mass media strategy? Perhaps, it was due to the enhanced ability of Democratic candidates to raise money, and, thereby, to spend greater amounts on consultants and polling. In turn, this greater use of professional campaign strategists, may have led to a determination that direct mail would be more effective in the districts in question.

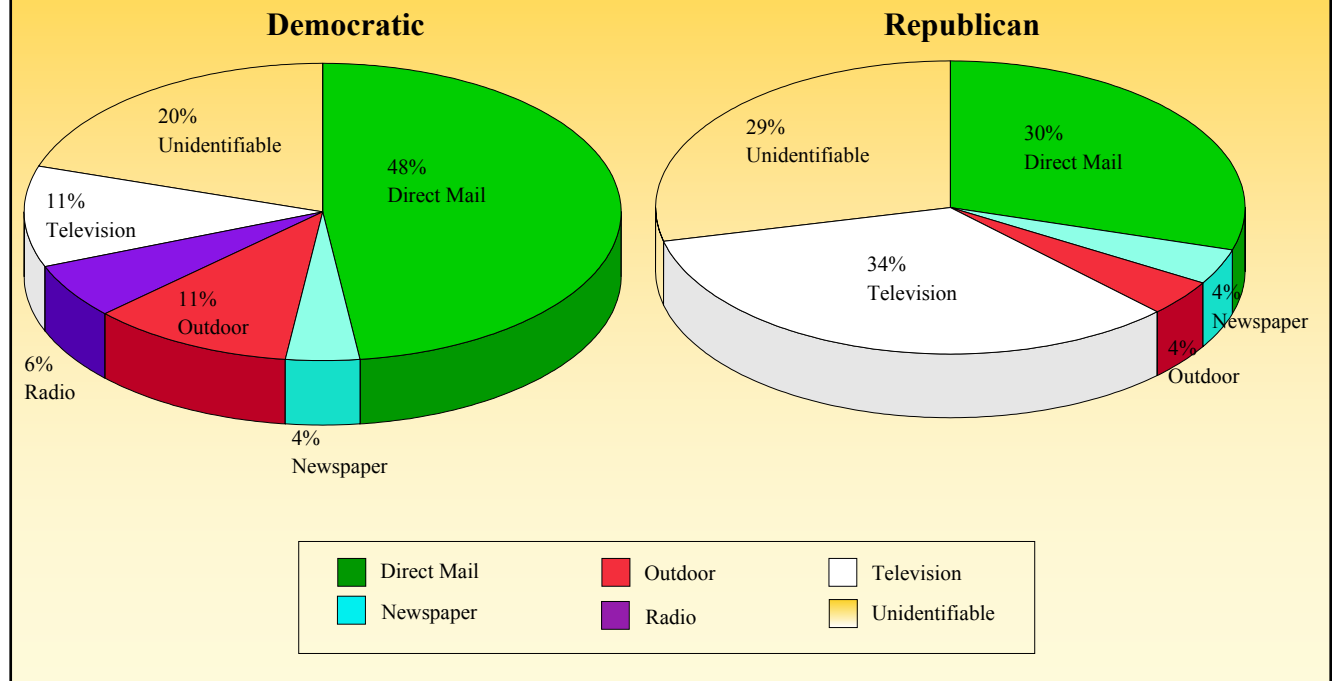
As shown in Figure 5 below, Democratic Assembly candidates spent \$3 million, or 64 percent of mass communication spending on print advertising, most of which went toward direct mail. Direct mail accounted for 48 percent of Democratic mass media spending, at almost \$3 million. Democratic candidates committed 11 percent, \$526,339, of media dollars to outdoor advertising and four percent, \$199,957, to newspaper ads. Cable television and radio advertising were not the medium of choice of Democratic Assembly candidates. Just 16 percent, \$768,881, of mass media spending went toward broadcast advertising. Of this amount, 11 percent of mass media spending was directed toward cable television and 6 percent toward radio. Democratic Assembly candidates spent \$505,107 on cable television and \$263,774 on radio advertising.

Republican candidates for the Assembly spent \$1.2 million, or 37 percent of mass communication expenditures on print advertising and a comparable amount, \$1.1 million, or 34 percent of these dollars on broadcast advertising. Republican candidates, however, expended 34 percent of mass communication dollars on cable television and 30 percent of this spending on direct mail. The GOP candidates spent approximately \$1.1 million on cable television advertising and \$932,504 on direct mail. A negligible amount was expended for radio advertising while four percent, \$113,440, of mass communication expenditures were expended for outdoor advertising. Newspaper advertisements comprised four percent, \$109,592, of Republican mass communication expenditures.

In terms of mass communication expenditures that were unidentifiable the Democratic candidates placed 20 percent in that category. A total of \$951,796 went unidentified. The Republican candidate amount that was unidentifiable reached 29 percent of mass communication dollars, at \$910,429.

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**FIGURE 5
EXPENDITURES BY PARTY: G2005**



Thus, as demonstrated in Figure 6 above, Democratic candidates for the Assembly leaned heavily on direct mail and its capacity to more greatly target local concerns. Republican candidates, though committing a significant proportion of mass communication dollars to direct mail, utilized cable television to a much greater degree.

In conclusion, the spending strategies employed by Assembly candidates in 2005 largely mirrored that of 2005. However, the percentage of spending in the form of contributions to other candidates increased, driven by Democratic Assembly candidates. This increase reflects the increase noted in the previous chapter regarding contributions received by Assembly candidates from other candidates, suggesting that legislative candidates may become a fundraising vehicle to offset possible fundraising reductions vis-à-vis political parties due to what appears to be a successful pay-to-play law.

CHAPTER IV

CONCLUSION

Recent Commission reports have highlighted the growing influence of political party entities over legislative and local elections in New Jersey. In Legislative Election 2003: The Rise of Party-Oriented Campaigning it was stated that “the legislative election in New Jersey in 2003 set all kinds of financial records. It also marked the culmination of a trend begun in the 1990’s which has altered the electoral landscape from being one that was candidate-centered to one that is party-oriented.”³²

While noting that at the municipal level, political parties, because of lower limits on contributions to municipal party committees than to county and state party entities, do not play the dominant role in electoral politics that their brethren do in legislative elections, Local Campaign Financing: An Analysis of Trends in Communities Large and Small, shows that local parties are nevertheless “extremely significant players.”³³ In fact, in terms of the communities that were selected for review, 34 percent of contributions made to candidates derived from political parties. Thus, even at the local level the highest share of contribution activity came from the parties.

During the most recent Assembly election political party entities continued to be the major player in terms of financial activity, thereby maintaining their preeminent role in legislative elections. There was one difference, however, and that was in the pattern of giving within the political party entity category. In 2005, legislative leadership committees and candidate committees led the way in terms of contributions, making 32 and 18 percent of donations respectively. Political party committees accounted for eight percent of contributions. As speculated in Chapter II, the anticipation of pay-to-play may be responsible for this new contribution mosaic. There was another development that also bears watching. Does the

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noticeable increase in the percentage of special interest PAC contributions signal a new trend in New Jersey electoral politics? And, if so, has this trend been precipitated by the enactment of pay-to-play laws? Only time will tell. Nevertheless, special interest PACs, which must register and report to the Commission, and which are subject to contribution limitations, both in terms of what they can receive as well as give, were much more active in the 2005 Assembly election than in recent legislative elections.

Special interest PACs, including economically and ideologically based ones, made 19 percent of total Assembly contributions in 2003. This proportion of legislative receipts is the highest since 1987, a year that preceded the Eu decision and the 1993 campaign finance reform laws in New Jersey. Interestingly, new laws often spur new developments in campaign finance and electoral politics. Whether the pay-to-play laws will result in a proliferation of PACs and in a redirection of party fundraising to legislative leadership committees and candidates remains to be seen.

As mentioned above political party entities were dominant in terms of contributions made to 2005 Assembly candidates. Political party entities made 59 percent of contributions, continuing a trend first identified in 1997 in ELEC White Paper Repartyization: The Rebirth of County Organization. It must be noted that this figure does not fully measure the extent of party influence, for it does not account for generic activities like get-out-the-vote efforts that help all candidates.

In 2005, Democratic candidates not only maintained but increased their superiority in terms of fundraising. Democratic Assembly candidates garnered 70 percent of total receipts, a percentage exceeding that recorded in 2003. Republican candidates, on the other hand, received 30 percent of contributions, a smaller percentage than in 2003. The Democratic advantage derived mainly from the fact that the party is in power and from the strength of Democratic party organizations and the support of unions. However, in every contributor category, Democratic candidates outdistanced their Republican counterparts in real dollar terms.

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To no one's surprise incumbents accounted for the lion's share of receipts. They accounted for 65 percent of funds versus challengers, who raised 35 percent of funds. Moreover, this funding advantage, along with the configuration of legislative districts, allowed the rate of reelection of incumbents to remain consistent with historical standards. In 2005, 94 percent of incumbent Assembly members seeking reelection were successful.

About 92 percent of the total number of contributions made to Assembly candidates were under \$5,000. The average contribution in this category was \$1,023. In terms of total dollars, 37 percent of Assembly receipts came from contributions of \$5,000 or less. Interestingly, while only one percent of the total number of contributions made fell in the over \$20,000 category, this category represented 39 percent of total proceeds reported by Assembly candidates. Again, this data points to the advantage provided to political party entities as the result of the 1993 reforms, which imposed limits on party entities that are considerably higher than for other contributor types and allows party entities to give unlimited amounts to their candidates. The average contribution in this category was \$85,435.

Finally, this paper underscored the increase in activity of the special interest PACs during the 2005 Assembly general election. The data relative to contribution ranges supports this contention. In the category \$5,001-\$10,000, the range involving contribution limits applicable to PAC giving, 13 percent of total dollars raised fell in this category, or five percent of the total number of contributions made. Those percentages have increased over the 2003 legislative general election.

Once again, the largest proportion of expenditures were directed toward mass communication advertising. When all Assembly candidates are considered 46 percent of mass media spending went toward this purpose. The next largest spending categories were contributions, or transfers, to other candidates and consultants. Contributions made up 29 percent of expenditures and consultants, nine percent.

Certain differences were discerned, however, when analyzing expenditures by party. For instance, Democratic candidates made a higher proportion of expenditures for contributions to other candidates. They also proportionately spent more on consultants and polling. Republican

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candidates, on the other hand, spent proportionately more on mass communication. In all spending categories, however, Democratic candidates spent more in real dollars than did Republicans.

In the important category of mass communication, divided between broadcast (television, radio) and print (direct mail, newspaper, and outdoor) there were differences in the way the two parties allocated their spending. While collectively, all candidates spent 53 percent on print and made 23 percent of their expenditures on broadcast advertising, Republican candidates spent a decidedly larger proportion on broadcast advertising while Democratic candidates spent proportionately more on print advertising. Democratic Assembly candidates committed 48 percent of expenditures to direct mail, 11 percent to outdoor advertising and four percent to newspaper advertising. These candidates directed 11 percent of their expenditures toward television and six percent toward radio. Conversely, Republican candidates committed 34 percent of expenditures to television, 30 percent to direct mail, four percent to outdoor advertising, and another four percent to newspaper advertising. Both sets of candidates reported a large percentage of mass communication expenditures as unidentifiable. Overall, the largest percentage of mass communication expenditures by all candidates went toward direct mail at 41 percent.

In conclusion, Assembly candidates in the general election of 2005 raised \$24.7 million and spent \$22 million on their campaigns. As noted earlier, both the increase in fundraising as well as expenditure activity over the previous legislative election was more modest than that recorded between previous election years. Several explanations were advanced for this interruption in the historic pattern of increases in financial activity between legislative election years. Among these explanations included are the highly competitive nature of the 2003 elections, when Democrats sought control of both houses of the Legislature, the low expectations for a truly competitive race in 2005, the siphoning off of money due to the gubernatorial race as well as the previous years presidential contest, and the incredible amount of money raised and spent in the fourth legislative district in 2003 that was surely not matched in 2005. Finally, the Clean Elections Program and the anticipated impact of pay-to-play reform may have dampened financial activity.

NOTES

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2. New Jersey Election Law Enforcement Commission, White Paper Number 17, Legislative Election 2003: The Rise of Party-Oriented Campaigning, July 2004, p. 35.
3. Trends in Legislative Campaign Financing: 1977-1987, p. 45.
4. Ibid. p. 45.
5. Ibid. p. 48.
6. New Jersey Election Law Enforcement Commission, White Paper Number 13, Trends in Legislative Campaign Financing: 1987-1997, 2nd Volume, September 1999, p. 2.
7. New Jersey Election Law Enforcement Commission, White Paper Number 12, Repartyization: The Rebirth of County Organizations, November 1997, p. 12.
8. Legislative Election 2003: The Rise of Party-Oriented Campaigning, p. 1.
9. Ibid. p. 1.
10. James Madison, The Federalist Papers (No. 10), 1782.
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13. Ibid.

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16. Ibid.
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20. Moakley, p. 50.
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23. Legislative Election 2003: The Rise of Party-Oriented Campaigning, p. 33.
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26. Diane Dwyre and Robin Kolodny, “The Parties’ Congressional Campaign Committees in 2004,” in The Election After Reform: Money, Politics, and the Bipartisan Campaign Reform Act, edited by Michael J. Malbin, (Rowan & Littlefield Publishers, Inc., 2006), p. 39.
27. Ibid. p. 40.
28. Legislative Election 2003: The Rise of Party-Oriented Campaigning, p. 14.
29. Ibid. p. 19
30. Ibid. p. 20.
31. Ibid. p. 28.
32. Ibid. p. 33.
33. New Jersey Election Law Enforcement Commission, White Paper Number 18, Local Campaign Financing: An Analysis of Trends in Communities Large and Small, p. 54.

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