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**LEGISLATIVE GENERAL
ELECTIONS 2007:
AN ANALYSIS OF TRENDS IN
STATE SENATE AND
ASSEMBLY ELECTIONS**



State of New Jersey

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

CAROL L. HOEKJE
Legal Director

EVELYN FORD
Compliance Director

JAMES P. WYSE
Legal Counsel

Acknowledgement

The Commissioners would like to thank the various staff people involved with this report, which is the twentieth white paper released by ELEC over the past two decades. This series has achieved international recognition and its individual numbers have often been cited in media reports, the political science literature, and studies issued by sister agencies in other jurisdictions. It is a proud accomplishment.

Deputy Director Jeffrey M. Brindle is the author of White Paper No. 20. His work on this study and the others in the series has been outstanding. Thanks to his efforts the citizens of New Jersey have had a detailed record of the history of campaign financing activity in their State over a period of twenty years. Because of the Commission's award winning website, all of the white papers are available on the Internet.

The general editor of this white paper and the series is Executive Director Frederick M. Herrmann. Legal Director Carol L. Hoekje and Director of Special Programs Amy Davis served as proofreaders for this study making many important contributions. Director of Finance and Administration Steven M. Dodson was the paper's statistical proofreader, while Director of Information Technology Carol Neiman provided necessary data. Coordination and data entry were provided by Data Entry Supervisor Brenda A. Brickhouse, Assistant Data Entry Supervisor Darlene Kozlowski, and Assistant Data Entry Technician Susan Danley. Associate Help Desk Technician Peter Palaitis added needed computer support.

Report coding and research were handled by Research Associate Steven Kimmelman. Administrator Elbia L. Zeppetelli did her usual extraordinary job with the creation of charts and shared word processing chores with Executive Secretary Maureen Tilbury.

For further information about the role of campaign financing in New Jersey's and the nation's political systems, the Commission suggests readers go to the seventh edition of the "COGEL Campaign Financing and Lobbying Bibliography" compiled by Dr. Herrmann for the Council on Governmental Ethics Laws.

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INTRODUCTION

The Commission's white paper report, The 2005 Assembly Election: New Trends on the Horizon?, demonstrated that the influential role played by political party entities in funding the candidates had continued from previous elections. However, it did reveal differences between this legislative election and ones conducted in the recent past.

As mentioned in this earlier report, the campaign financing aspect of the 2005 campaign was different in two ways. First, total fundraising grew by only five percent over Assembly financial activity in 2003. Second, the 2005 general election witnessed a change in the pattern of giving within the party entity category in particular, and among the contributor base in general.

In terms of overall fundraising activity, the five percent growth in 2005 Assembly receipts was much more modest than had consistently taken place between election cycles dating back more than a decade. For example, between the Assembly elections of 1997 and 1999, receipts increased by 30 percent, and between 1993 and 1995 by 37 percent. The largest increase in fundraising between Assembly contests goes all the way back to 1985, when candidates for the lower house grew their fundraising by 68 percent.

With respect to a change in the contributor mosaic, the 2005 Assembly election evidenced a change in the pattern of giving within the party entity category and by special interest political action committees (PACs) and businesses. As noted in The 2005 Assembly Election: New Trends on the Horizon?, 59 percent of total identifiable contributors to Assembly candidates derived from political party entities. Within this category, legislative leadership committees constituted 32 percent of total Assembly receipts, whereas candidate committees

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accounted for 18 percent of contributions. Political party organizations, including State party committees, county party organizations, and municipal party committees made up eight percent of Assembly receipts. Political committees did not account for even one percent of contributions.

This pattern of party entity financial involvement differed from previous elections. In 2003, for instance, political party committees made up 25 percent of identifiable contributions to legislative candidates. Legislative leadership committees comprised an equal proportion of receipts. Candidate committees accounted for 12 percent of total receipts whereas political committee activity was negligible. In sum, the configuration of party entity giving in 2005 was at variance with previous years. The 2005 race witnessed the percentage of political party contributions dropping measurably while the percentage of legislative leadership committee and candidate committee activity increased.

Besides the changes observed within the party entity category, the 2005 general election for Assembly did show an increase in PAC giving and a decrease in contributions by businesses. PACs comprised 19 percent of Assembly receipts and business nine percent.

At the time the white paper on the 2005 Assembly election was written, it was obviously too early to conclusively determine whether or not this modest increase in overall fundraising would be sustained in future elections. Moreover, it was premature to know whether or not the reconfiguration of contributor patterns would be sustained. Further, it was too soon to predict whether or not a new trend in electoral financing was in the offing and whether or not recent reform measures, in particular, pay-to-play, were responsible. Nevertheless, the 2005 report did hint at the possibility that a new trend was occurring. The report stated:

Assembly candidates in the general election of 2005 raised \$24.7 million and spent \$22 million on their campaigns. . . . [B]oth the increase in fundraising as well as expenditure activity over the previous legislative election was more modest than . . . previous election years. Several explanations were advanced for

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this interruption in the historic pattern. . . . Among these explanations . . . [were the] highly competitive nature of the 2003 elections . . . [and] siphoning off of money due to the gubernatorial race. . . . Finally, . . . the anticipated impact of pay-to-play reform may have dampened financial activity.¹

In addition, the report mentioned the following in terms of the possible impact of pay-to-play on a changing contributor mosaic:

During the most recent Assembly election political party entities continued to be the major player in terms of financial activity. . . . There was one difference . . . and that was in the pattern of giving within the political party entity category. . . . There was another development that also bears watching. Does the 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?²

This white paper will analyze whether or not the pattern of contributor activity identified in 2005 was sustained in the 2007 legislative general election. It will determine whether or not the overall reduction of financial activity evidenced in 2005 reoccurred in 2007. Further, it will seek to discern whether or not the trend toward reduced financial activity by political party committees in 2005 continued into 2007. And finally, if it is shown that the contributor pattern observed in 2005 was repeated in 2007, the report will attempt to measure the impact of the pay-to-play reforms.

Assuredly, this white paper, like similar past efforts, will do more than that which has been mentioned above. The report will examine campaign financial activity by candidates in the 2007 general election for State Senate and Assembly through a detailed analysis of the sources of campaign contributions as well as strategies employed by legislative candidates through their spending patterns. This report follows in the tradition of past Commission reports whose goal was to stimulate discussion and debate that may lead to meaningful reform.

NOTES

1. New Jersey Election Law Enforcement Commission, White Paper Number 19, The 2005 Assembly Election: New Trends on the Horizon?, September, 2006, p. 42.
2. Ibid. p. 39-40.

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,”¹ Madison wrote that “these must be chiefly, if not wholly, effects of the unsteadiness and injustice with which a factious spirit has tainted our public administrations.”² Next, Madison set forth remedies by which society can deal with the “mischiefs of faction” by “removing its causes” or by “controlling its effects.”³ Arguing for the ratification of the draft Constitution, Madison ended on a positive note. He stated that “in the extent and proper structure of the Union, therefore, we behold a republican remedy for the diseases most incident to republican government.”⁴

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.⁵

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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, wrote that “the congressional elections of 1789, laid the groundwork for partisan politics.”⁶ She noted that “a group of political leaders from West Jersey (which would evolve into the Federalist party) successfully organized a statewide slate of candidates that became known as the ‘Junto’ ticket.”⁷ Moakley then mentioned the emergence of an opposition party in Essex County soon afterward. She stated that “by 1800 organized parties dominated the entire electoral process, with thriving local, county, and state organizations established throughout the state.”⁸

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.”⁹

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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.¹⁰

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 1960s and early 1970s were an equally critical factor in the decline of county influence.”¹¹

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 various 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.¹²

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 elections, instituted in 1977, and changing campaign techniques, relegated the county party to a minor role in the statewide political process.”¹³ 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.¹⁴

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 would, to that point, be 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

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that the election in 2003 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.

The legislative election of 2003 marked a highpoint in political party influence. Political party entities accounted for a super majority of legislative contributions. By 2005, however, matters began to change somewhat. In that Assembly election, there was a reconfiguration of contributor activity, particularly within the party entity category. Besides the percentage of overall political party entity contributions to legislative candidates dipping slightly to 59 percent, there was a discernable difference in the pattern of giving within the party-entity category. Furthermore, special interest PACs comprised a higher percentage of legislative receipts than at any time since the election of 1987. Moreover, contributions by businesses slipped slightly.

Political party committees contributed \$1.4 million to 2005 Assembly candidates, or just eight percent of total receipts. This percentage was significantly down compared with the 25 percent of legislative contributions made by these committees in 2003. In contrast, legislative leadership committee contributions in 2005 amounted to \$5.6 million, or 32 percent of Assembly receipts. This percentage represented an increase over 2003, when legislative leadership committees provided 25 percent of legislative contributions. Compared with 2003, candidate committee contributions to Assembly candidates increased as well. Candidate committees gave \$3.2 million to Assembly candidates in 2005. This amount accounted for 18 percent of Assembly receipts. In 2003, these committees accounted for 12 percent of legislative receipts.

Of potential significance was the performance of special interest PACs in 2005. PACs provided \$3.2 million in contributions to Assembly candidates, making up 19 percent of Assembly receipts. As mentioned above, this activity by PACs was their highest since 1987. Finally, business contributions were reported as amounting to \$1.5 million, or nine percent. In prior elections business contributions ranged between 11 and 13 percent of legislative receipts.

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White Paper Number 19, The 2005 Assembly Election: New Trends on the Horizon? said this about the development:

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 requires the approval of legislative leaders, pay-to-play has relatively limited applicability to contributors' activity vis-à-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.¹⁵

Within this historical context this report will contain a comprehensive review of the 2007 State Senate and Assembly general election. There is a difference between the general election of 2007 and that of 2005 which must be kept in mind, however. The 2005 election involved only the Assembly whereas the 2007 election involved both houses. Nevertheless, this white paper will examine whether or not the monumental shift in New Jersey electoral politics toward a party dominated system continued in 2007, or whether a new trend, perhaps impacted by pay-to-play reform, is taking shape. This possibility, as noted above, was first suggested in the report on the 2005 Assembly election.

NOTES

1. James Madison, “Number Ten,” in The Federalist Papers, edited by Clinton Rossiter (New York: Signet Classic Press, 2003), p. 71.
2. Ibid.
3. Ibid.
4. Ibid.
5. “Washington’s Farewell Address 1796” (New Haven: The Avalon Project at the Yale Law School, 2009), avalon.law.yale.edu/18th_century/washington.asp.
6. Maureen W. Moakley, “Political Parties,” in The Political State of New Jersey, edited by Gerald M. Pomper (New Brunswick: Rutgers University Press, 1986), p. 46.
7. Ibid.
8. Ibid.
9. New Jersey Election Law Enforcement Commission, White Paper Number 12, Repartyization: The Rebirth of County Organizations, November, 1997, p. 2.
10. Stephen A. Salmore, “Voting, Elections, and Campaigns,” in The Political State of New Jersey, edited by Gerald M. Pomper (New Brunswick: Rutgers University Press, 1986), p. 69.
11. Moakley, p. 50.
12. See Frederick M. Herrmann, “The Effects of New Jersey Case Law on Legislative and Congressional Redistricting: A Summary of the Relevant Court Precedents Likely to Govern Post-1980 Redistricting in New Jersey,” (Trenton: Office of Legislative Services, 1982).
13. Moakley, p. 51.
14. Legislative Election 2003: The Rise of Party-Oriented Campaigning, p. 33.
15. New Jersey Election Law Enforcement Commission, White Paper Number 19, The 2005 Assembly Election: New Trends on the Horizon?, September, 2006, p. 16-17.

CHAPTER II

LEGISLATIVE RECEIPTS

Previous white papers showed that legislative candidates are very adept at raising money. Published in the late 1990's, Trends in Legislative Campaign Financing: 1987-1997, 2nd Volume, stated: "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."¹

Advocacy groups, many in the press, and individual citizens have decried the influence of money in New Jersey elections. This concern led to reforms, including pay-to-play and Clean Elections. Despite these efforts, legislative fundraising did reach record levels in 2007. However, the percentage increase over the 2003 State Senate and Assembly election is less than in the past. This situation echoed that experienced in the Assembly election of 2005, when Assembly candidates realized only a modest gain in fundraising over two years before.

Coupled with this decline in the rate of increase in fundraising over previous efforts is the apparent emergence of a new contributor mosaic. This new pattern of contributor activity, in tandem with continued robust fundraising, points to the impact of pay-to-play in particular and to the candidates' recognition of the changes to their contributor base brought about by these reforms.

During the 2007 general election, candidates for State Senate and Assembly raised \$50.4 million. This amount represents a five percent increase over 2003, when State Senate and Assembly candidates raised about \$48.1 million. While \$50.4 million represents a record amount raised, the increase over the previous contest in which both houses of the Legislature were up for election was smaller than in the past. For example, between the legislative contest of

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2001 and 2003, receipts increased by 35 percent. Between 1997 and 2001, fundraising increased by 32 percent.

As noted, this slowing of the rate of increase in receipts occurring between the State Senate and Assembly elections of 2003 and 2007 mirrors the decrease in the rate of increase in funds raised by Assembly candidates between 2003 and 2005. The increase in fundraising by Assembly candidates during this period also equaled five percent. In 2005, only the Assembly was up for election. The slowing of the rate of increase in fundraising by 2005 Assembly candidates was noted in The 2005 Assembly Election: New Trends On The Horizon?, which first suggested that reforms such as pay-to-play may be having an impact on financial activity and an altered contributor pattern in legislative elections.

As mentioned above, legislative candidates in the 2007 general election raised \$50.4 million, an increase of five percent over the similar elections of 2003. Identifiable contributions, those excluding contributions of less than \$300 as well as monies rolled over from the primary, amounted to \$38.4 million. In 2003, identifiable contributions amounted to \$34.1 million. In a word, identifiable contributions rose by 13 percent between 2003 and 2007. Regarding identifiable contributions, the average contribution in 2007 was \$1,491. This figure represents a reduction of 47 percent from the mean contribution of \$2,826 in 2003. This decrease suggests that reforms such as pay-to-play are impacting legislative fundraising, particularly with respect to sources of legislative contributions especially those from political parties. Historically, because of the contribution limit schedule, political parties made contributions in large amounts. Pay-to-play reforms may be responsible for the reduced fundraising by the parties, therefore resulting in contributions of lesser amounts being made by them.

This chapter will analyze the fundraising activity of candidates for State Senate and Assembly during the 2007 general election. In doing so, it will explore the contributor mosaic in detail with an eye toward the impact of reforms such as pay-to-play. Further, the analysis will concern contributor data comparisons involving the candidate's party, office sought, and incumbency status. Finally, the chapter will analyze the impact of political party entities to

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determine whether or not their dominance remains or that the electoral ground is shifting, reflecting an impact by the reforms that followed the intense fundraising efforts undertaken during the 2003 campaign.

Sources of Contributions

Candidates for State Senate and Assembly in 2007 raised \$50.4 million. And, as noted above, \$38.4 million has been identified as deriving from donations amounting to over \$300. Table 1 shows the sources of contributions of over \$300 made to legislative candidates in the 2007 general election.

TABLE 1 SOURCES OF CONTRIBUTIONS		
Contributor Type	Amount	Percent
<i>Individuals</i>	\$5,091,730	13%
<i>Businesses/Corporations</i>	\$2,477,192	6%
<i>Unions</i>	\$740,925	2%
<i>Business/Corporation PACs</i>	\$652,530	2%
<i>Professional/Trade Association PACs</i>	\$2,151,063	6%
<i>Union PACs</i>	\$2,443,755	6%
<i>Ideological PACs</i>	\$1,027,477	3%
<i>Political Parties</i>	\$5,294,312	14%
<i>Legislative Leadership Committees</i>	\$7,019,718	18%
<i>Political Committees</i>	\$6,445	--
<i>Candidates</i>	\$7,215,419	19%
<i>Clean Elections Grants</i>	\$3,954,109	10%
<i>Miscellaneous</i>	\$302,183	--
<u>TOTAL</u>	\$38,376,858	

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The table above shows that significant changes occurred in the contributor mosaic in comparison with the contributor patterns of four years before. An important part of this change can be found in the overall financial activity of political party entities, and within this particular contributor category itself. These changes mirror that which was first identified in The 2005 Assembly Election: New Trends On The Horizon?. That report analyzed contributor activity in the 2005 general election.

For purposes of this report, political party entities include political party committees, legislative leadership committees, candidate committees, and political committees. Political party committees, embracing State, county, and municipal party committees, were responsible for \$5.3 million, or 14 percent of legislative contributions. This percentage pales in comparison to 2003, when political party committees accounted for 25 percent of legislative receipts. Moreover, this percentage decline is consistent with that which was observed in the 2005 Assembly election.

Legislative leadership committee contributions amounted to \$7 million, or 18 percent of total legislative receipts. Again, this percentage declined from 2003, when legislative leadership contributions equaled 25 percent of all contributions. Moreover, this percentage represents a decrease from the Assembly election of two years ago, when legislative leadership committees accounted for 32 percent of all receipts. It should be pointed out, however, that, as will be shown, this reduction in the percentage of legislative leadership contributions quite possibly can be traced to the Republican legislative leadership committees in the 2007 election. The GOP legislative committees did not contribute directly to their legislative candidates but rather spent their funds on consultants, polling, and an account known as GOP Choice for Change.

Contributions from candidate committees accounted for \$7.2 million, or 19 percent of legislative candidate receipts. This percentage rose considerably over 2003, when 12 percent of receipts derived from candidate committees. The percentage of legislative receipts from candidate committees in 2007 was consistent with that in the Assembly election of 2005, which was 18 percent. Finally, political committee contributions continued to be negligible in 2007.

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Taken together, party entities constituted 51 percent of total legislative receipts in 2007. They contributed \$19.5 million. This figure is significantly lower than four years before, in 2003, when party entity contributions represented 63 percent of State Senate and Assembly receipts. Moreover, as noted above, the pattern of giving within the party entity category has changed. Contributions from candidate committees and legislative leadership committees led the way. Political party committee's contributions were down. Both the reduction in overall party entity giving and the changing pattern within this category continue a trend begun in the Assembly election of 2005. Thus, it appears that the influence of political parties may be waning a bit, the result of pay-to-play reform.

Another interesting facet of contributor activity observed in 2007 involves the increase in the percentage of contributions made by special interest PACs. Special interest PACs include business and corporate PACs, professional trade association PACs, union PACs, and ideological PACs. Altogether, PACs contributed \$6.3 million, and accounted for 16 percent of legislative receipts. This figure compares favorably with 2003, when special interest PACs made 13 percent of contributions. Moreover, this increased percentage of PAC contributions is consistent with that observed in the Assembly election of 2005, when PAC contributions rose to 19 percent of receipts. This upward trend may bare the imprint of pay-to-play reform as well.

A pay-to-play impact is evidenced through the reduction in the percentage of contribution activity by businesses and corporations in 2007. Businesses and corporations gave \$2.3 million to State Senate and Assembly candidates in 2007, an amount that represents six percent of receipts. In 2003, businesses and corporations provided 11 percent of all legislative receipts. Again, this decrease in activity follows the downward path observed in the Assembly election of 2005, when these contributors made nine percent of contributions to Assembly candidates.

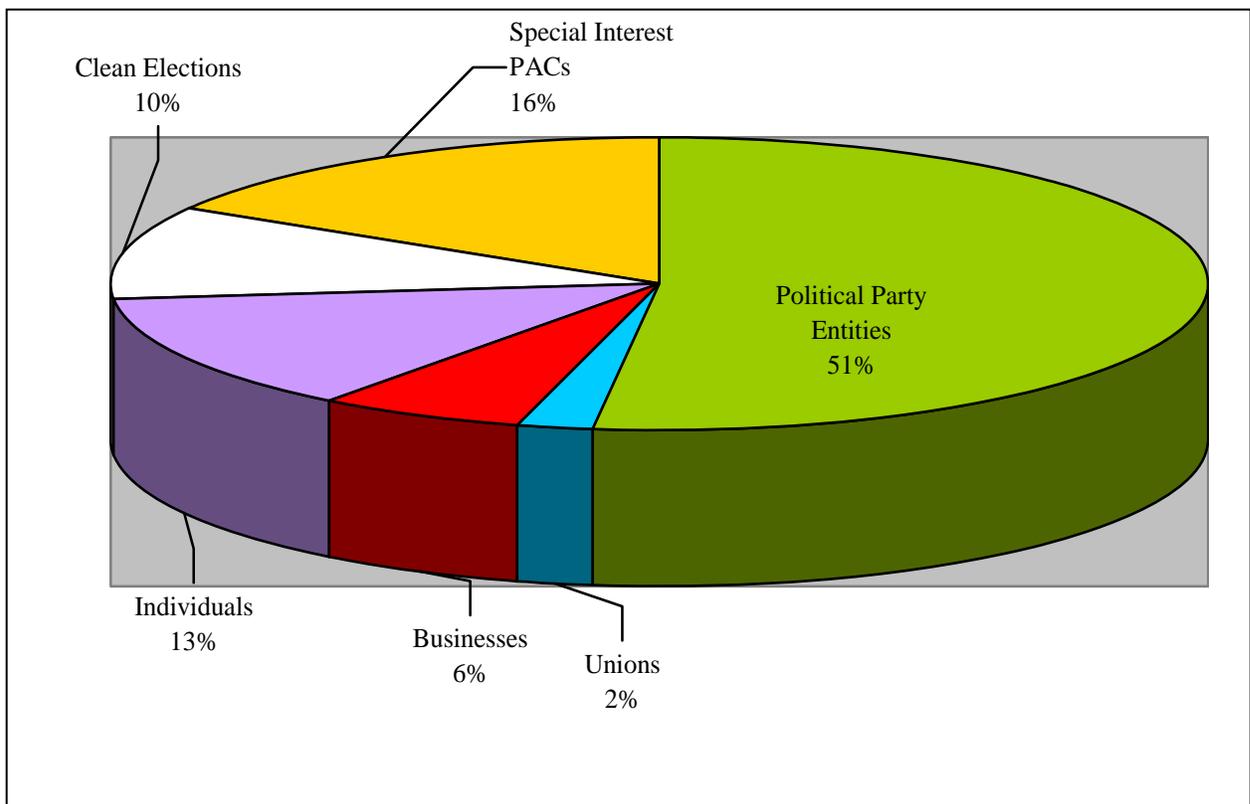
Direct contributions from union treasurers provided \$740,925 to legislative candidates in 2007, or two percent of receipts. The percentage of legislative receipts made by unions remained stable when comparing this activity to 2003 and 2005. In both earlier years, unions accounted for two percent of receipts.

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Individual contributors accounted for 13 percent of 2007 legislative receipts, up from 11 percent in 2003 and 2005. These contributors gave \$5.1 million to State Senate and Assembly candidates in 2007. It is possible the uptick in individual contributions may be due to pay-to-play. Finally, Clean Elections grant money accounted for almost \$4 million, or ten percent of 2007 legislative receipts.

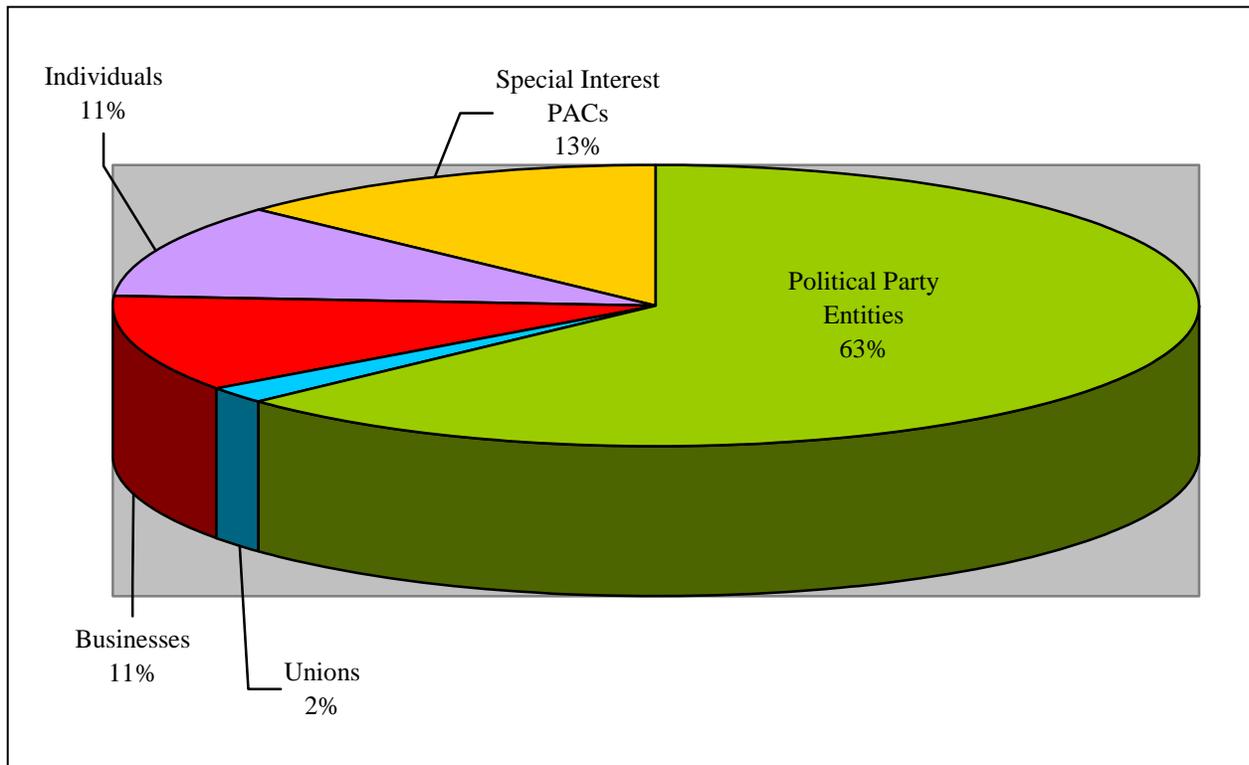
Figures 1 and 2, compare the distribution of contributions to 2007 and 2003 legislative candidates by contributor category. The charts demonstrate the shifting patterns of contributor activity that is resulting from pay-to-play reforms.

FIGURE 1
DISTRIBUTION OF SOURCES OF CONTRIBUTIONS



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FIGURE 2
DISTRIBUTION OF SOURCES OF CONTRIBUTIONS



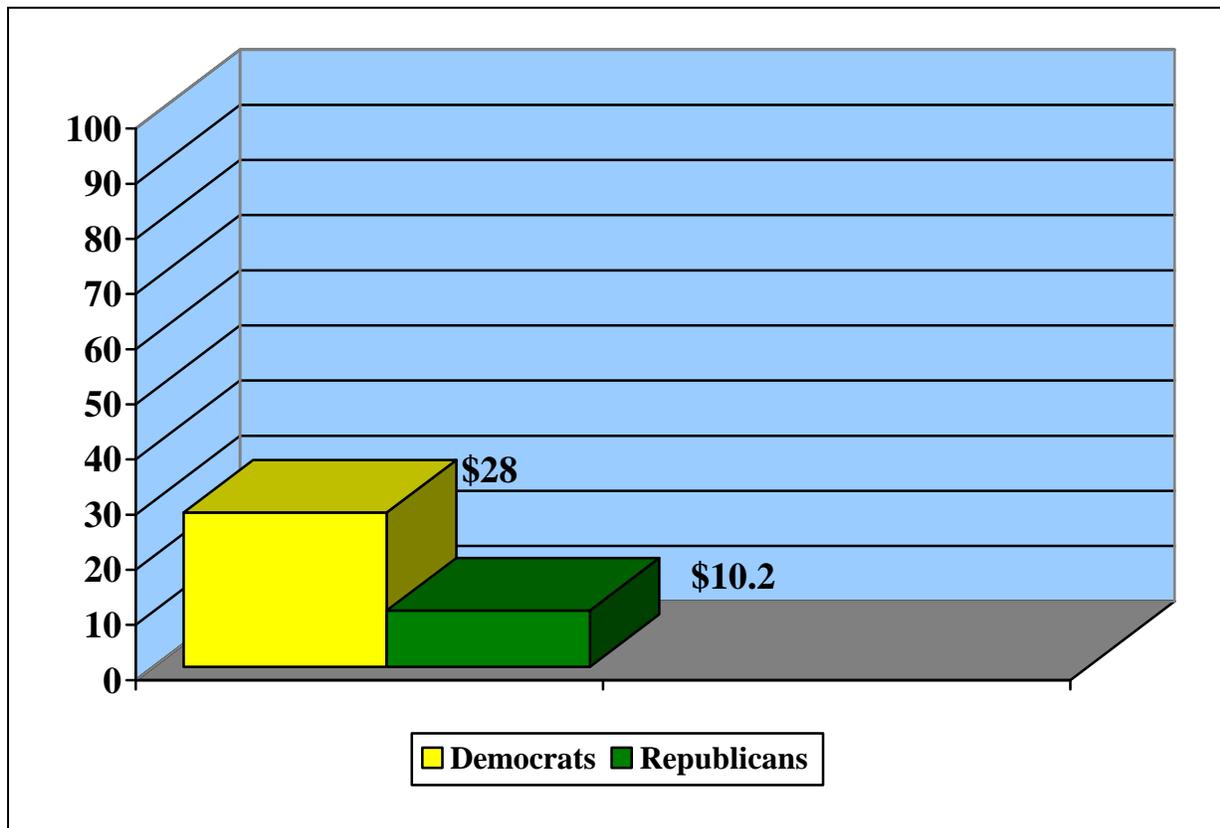
In sum, the contributor mosaic in the 2007 general election for State Senate and Assembly has changed from 2003. And, as indicated above, this new pattern of giving is consistent with what occurred in the Assembly election of 2005. With the percentage of political party entity and business/corporate contributions down and candidate committee, special interest PAC and individual contributions up, undoubtedly pay-to-play reform has had an impact on the amount and flow of money provided to legislative candidates in 2007.

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Sources of Contributions by Party

Figure 3 below illustrates the continuing advantage Democratic candidates maintained over Republicans in the race to raise funds for the 2007 legislative contest. In terms of identifiable contributions over the threshold amount of \$300, Democratic candidates for State Senate and Assembly garnered 73 percent of contributions. Of these identifiable contributions, Democratic candidates raised \$28 million. Conversely, 27 percent of legislative contributions went to Republican candidates, or \$10.2 million. This fundraising advantage of Democratic candidates exceeds even that of 2003, when Democrats accounted for 63 percent of funds compared with the 37 percent of total identifiable contributions received by Republicans.

FIGURE 3
LEGISLATIVE RECEIPTS BY PARTY



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In every contributor category, excepting the ideological PAC category, Democratic legislative candidates outdistanced Republican candidates. The fundraising advantage of Democratic candidates can be further understood by observing the sources of contributions made to the candidates of both major parties. The sources of identifiable contributions are shown in Table 2 below.

TABLE 2 SOURCES OF CONTRIBUTIONS BY PARTY				
	Democratic		Republican	
Contributor Type	Amount	Percent	Amount	Percent
<i>Individuals</i>	\$3,007,293	11%	\$1,985,968	19%
<i>Businesses/Corporations</i>	\$1,631,450	6%	\$816,392	8%
<i>Unions</i>	\$591,625	2%	\$141,300	1%
<i>Business/Corporation PACs</i>	\$451,350	2%	\$200,680	2%
<i>Professional/Trade Association PACs</i>	\$1,405,889	5%	\$744,423	7%
<i>Union PACs</i>	\$2,113,210	8%	\$330,545	3%
<i>Ideological PACs</i>	\$485,592	2%	\$540,384	5%
<i>Political Parties</i>	\$3,423,178	12%	\$1,871,134	18%
<i>Legislative Leadership Committees</i>	\$7,019,718	25%	--	--
<i>Political Committees</i>	\$4,600	--	\$1,845	--
<i>Candidates</i>	\$5,462,679	20%	\$1,725,939	17%
<i>Clean Elections Grants</i>	\$2,086,750	7%	\$1,843,840	18%
<i>Miscellaneous</i>	\$294,253	1%	\$7,930	--
<u>TOTAL</u>	\$27,977,587		\$10,210,380	

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Democratic candidates for the Legislature, as shown above, received \$3.4 million in political party contributions. This figure constitutes 12 percent of their total funds raised. Legislative leadership committees accounted for \$7 million in contributions, or 25 percent of Democratic candidate receipts. Candidate committees provided Democratic legislative candidates with \$5.5 million in contributions, accounting for 20 percent of receipts. Political committee giving to Democrats was negligible. All told, political party entity contributions to Democratic legislative candidates in 2007 reached \$15.9 million, or 57 percent of total. While this figure is certainly significant, the percentage of Democratic receipts deriving from political party entities decreased from 2003, when 67 percent of receipts originated from this source. Furthermore, the pattern of giving within the party entity category changed. For example, the percentage of political party donations to Democratic legislative candidates was significantly lower, down from 30 percent in 2003 to 12 percent in 2007. Legislative leadership committee giving, as a percentage of total Democratic receipts, remained stable, but the percentage from candidate donations rose, from 13 percent in 2003 to 20 percent in 2007. This pattern of giving reflects the impact of pay-to-play.

Contributions from special interest PACs to Democratic legislative candidates amounted to \$4.6 million, or 16 percent of total. This percentage marked an increase over 2003, when PACs accounted for 12 percent of total receipts. The increase in the percentage of contributions derived from PACs can be laid at the door step of union PACs. In 2003, union PACs accounted for five percent of Democratic legislative receipts, whereas, in 2007 that percentage rose to eight percent. This increase may well be reflective of pay-to-play as well, in that unions are not subject to the pay-to-play laws.

Interesting, business and corporate contributions to Democratic legislative candidates declined in 2007, amounting to \$1.6 million, or six percent of total receipts. The decrease from 10 percent of total contributions in 2003 again suggests the impact of pay-to-play, as businesses and corporations receiving public contracts are often subject to pay-to-play laws, thereby discouraging giving.

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Individual contributions to Democratic legislative candidates in 2007 amounted to \$3 million, or 11 percent of total. In 2003, individual contributions amounted to ten percent of total. Finally, Clean Elections grant money provided Democratic candidates in selected districts with \$2.1 million, or seven percent of funds. There was no Clean Elections program in 2003.

As noted above, Republican candidates for the Legislature raised considerably less money than did Democratic candidates. Moreover, the Republican contributor mosaic differed in a number of respects as well. Political party committees gave \$1.9 million, or 18 percent of GOP receipts. Candidate committees provided \$1.7 million, or 17 percent of total Republican legislative contributions. Republican legislative leadership committees in 2007 did not provide direct monetary contributions to their legislative candidates. Political committee giving also was negligible. In total, Republican legislative candidates received \$3.6 million, or 35 percent of their funding from party entities. Compared with 2003, this percentage has declined considerably. In the 2003 general election, Republican legislative candidates received 55 percent of funding from party entities.

Within the party entity category, the percentage of political party committee giving was the same in 2007 as it was in 2003, at 18 percent. Legislative leadership committee donations decreased dramatically from 26 percent of GOP receipts in 2003 to zero direct contributions in the most recent legislative general election. Candidate committee contributions to Republican legislative candidates rose in 2007 to 17 percent of total. In 2003, that percentage stood at 11 percent. Political committee giving was negligible. This pattern of contribution activity by party entities again reflects the impact of pay-to-play, in particular with regard to contributions from candidate committees.

The special interest PACs gave a total of \$1.8 million to Republican legislative candidates. This amount represented 18 percent of total GOP funding. Professional trade association PACs and ideological PACs provided the bulk of PAC contributions to Republican candidates. The percentage of professional trade association PAC contributions was less than in 2003, however. While providing seven percent of GOP contributions in 2007, these PACs

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provided 10 percent of total in 2003. The percentage of ideological PAC contributions to GOP candidates in 2007 increased over 2003, however, from two percent to five percent. Overall, the percentage of PAC contributions in 2007 equaled that of 2003.

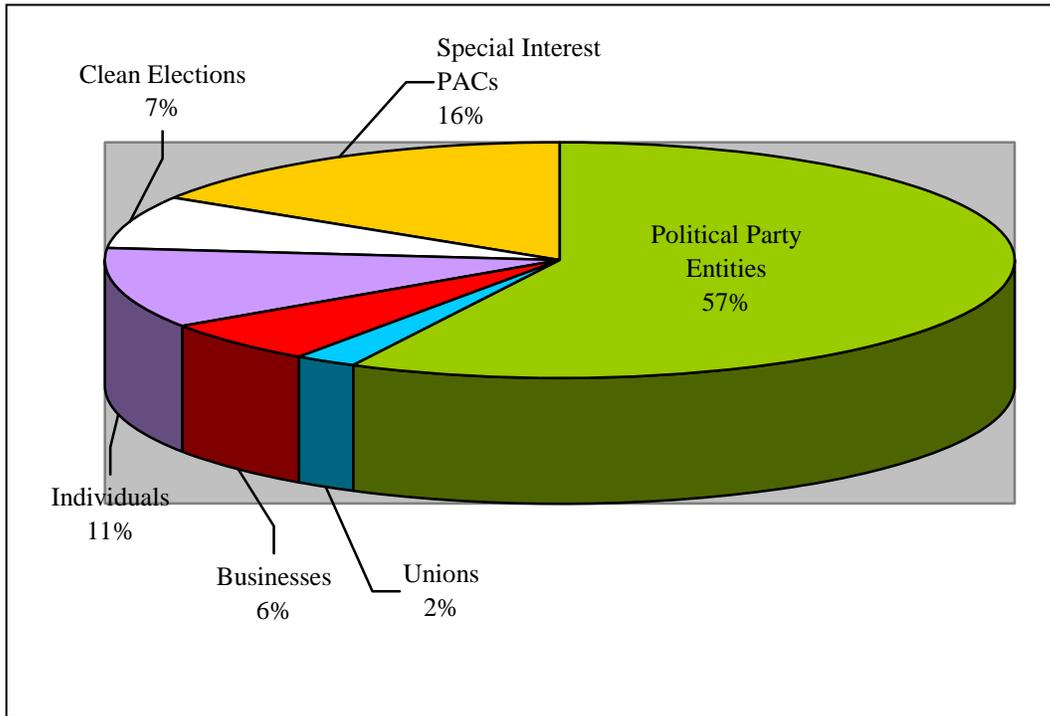
Unions gave \$141,300 to Republican candidates, or one percent of total contributions. That same percentage was provided in 2003. Business and corporate contributions reached \$816,392, or eight percent of Republican contributions in 2007. That percentage is down from 2003, when businesses and corporate contributions amounted to 12 percent. This reduction in GOP contributions again shows the result of pay-to-play reforms.

Individual contributors provided \$2 million in contributions to Republican State Senate and Assembly candidates, or 19 percent of total. This figure is an increase over the 14 percent of contributions recorded in 2003, again perhaps reflective of pay-to-play. Finally, Clean Elections grant money provided \$1.8 million to GOP candidates, or 18 percent of total.

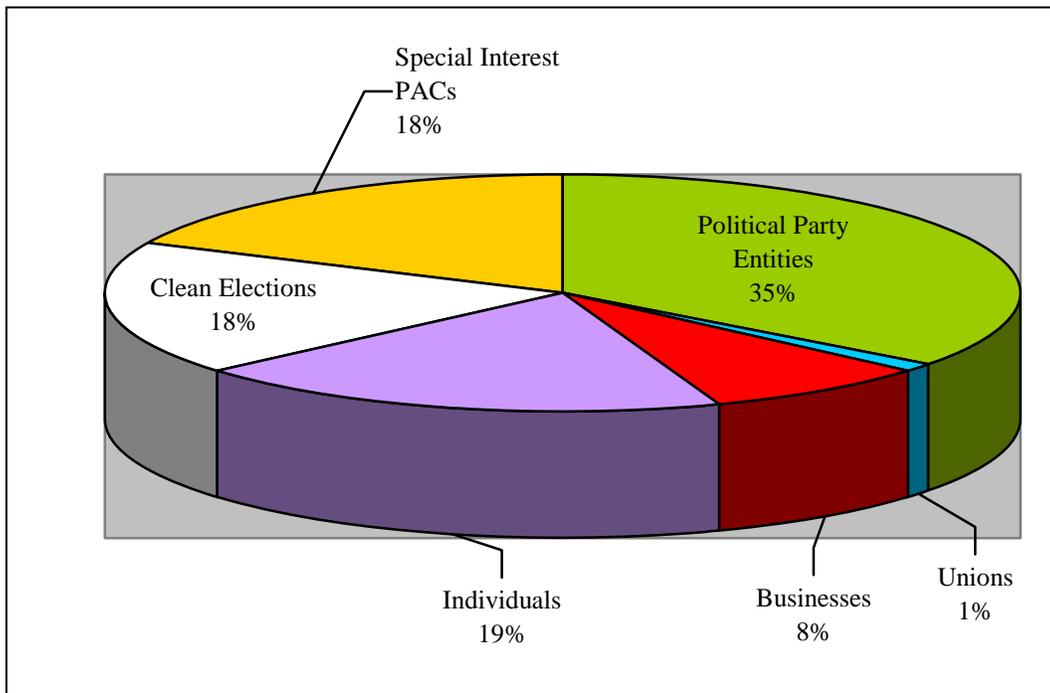
Figure 4 below shows the distribution of sources of contributions to both Democratic and Republican candidates when party entities are lumped together and special interest PACs are combined. The chart indicates that there is a lessening of the dominance of political party entities and an increase in PAC activity, a lessening of business and corporate influence, and an increase in contributions from individuals. Taken together, the figures suggest that pay-to-play reform is having an impact on contributor activity, primarily in the contributor mosaic involving the flow of money to legislative candidates.

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FIGURE 4
DISTRIBUTION OF CONTRIBUTIONS BY PARTY
Democratic Candidates



Republican Candidates



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Assembly Candidates Raise Most Money

There was an interesting turn about in the legislative general election of 2007. In a reversal of an historical pattern, Assembly candidates raised more money than did State Senate candidates.

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

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.²

Interestingly, in the 2007 legislative election that conventional wisdom was thrown on its head, specifically as the result of the fundraising efforts of Democratic Assembly candidates.

Candidates for the Assembly raised \$25.3 million compared with candidates for the State Senate, who raised \$25 million. While outdistancing Senate candidates by a mere one percent, nevertheless, this occurrence is rare. As noted above, the fact that Assembly candidates outraised their Senate counterparts was due to the fundraising of Democratic Assembly candidates. In 2007, Democratic Assembly receipts reached \$18.7 million compared with Democratic Senate receipts, which totaled \$16.8 million. Thus, Democratic Assembly candidates raised 11 percent more than did their Senate counterparts. Republicans, on the other hand, followed the traditional model. Republican Senate candidates raised 21 percent more funds than their Assembly candidates, \$7.9 million to \$6.6 million.

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This change in the conventional model is simply unusual and not attributable to any particular reform.

Incumbents Outraised Challengers

One aspect of the legislative election of 2007 that did not change was the fact that incumbents outraised challengers. Incumbent receipts totaled \$28 million, accounting for 55 percent of funds raised. Challengers, on the other hand, raised \$22.4 million, or 45 percent of money raised. Following a subtle trend noted in the study of the 2003 contest, Legislative Election 2003: The Rise of Party-Oriented Campaigning, the percentage of challenger receipts was higher than in previous elections. The previous high was 40 percent recorded in 2003, which in and of itself eclipsed the 39 percent challenger record of 1997.

Contribution Ranges

Table 3 displays the number and proportion of contributions falling within certain ranges in the 2007 general election for State Senate and Assembly. Moreover, Table 3 shows the dollar amount in contributions represented by each category, the proportion of overall funds represented by that dollar amount, and the average contribution in each category.

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TABLE 3 CONTRIBUTION RANGES					
	Number	Percent	Amount	Percent	Average
<i>0-5,000</i>	24,760	96%	\$12,545,438	33%	\$507
<i>5,001 – 10,000</i>	535	2%	\$4,109,496	11%	\$7,266
<i>10,001 – 15,000</i>	121	--	\$1,587,089	4%	\$13,116
<i>15,001 – 20,000</i>	85	--	\$1,469,937	4%	\$17,293
<i>20,001</i>	234	1%	\$18,664,898	49%	\$79,765
<u>TOTAL</u>	25,735		\$38,376,858		

In terms of the overall distribution of contributions within the various ranges depicted in Table 3 above, nothing has changed since the general election of 2003. However, what the chart reinforces is the notion that pay-to-play has had an impact on campaign financing of legislative elections in New Jersey. Most significantly, the number of contributions under \$5,000 has grown dramatically. A total of 24,760 contributions were made in this range in 2007 compared with 11,245 in 2003, an increase of 120 percent. Further, the average contribution in this category in 2007 was \$507, half as much as this average contribution in 2003 of \$1,053. From this data, it can be assumed that the bulk of these contributions derived from individuals, a presumption that lends credence to the notion that pay-to-play has impacted the flow of money to candidates.

Overall, the table indicates that 96 percent of contributions made to 2007 legislative candidates fell within the up to \$5,000 range. Two percent fell within the \$5,001-\$10,000 range, while less than one percent fell between \$10,000 and \$15,000. Less than one percent of

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contributions made were within the category \$15,001-\$20,000, while one percent of contributions fell in the over \$20,000 category. Interestingly, compared with 2003, the percentage of contributions within the under \$5,000 range rose while the percentage of contributions in the \$20,000 and over range decreased. These facts corroborate the assertion that pay-to-play is impacting campaign financing in that a smaller number of contributions is being derived from political party committees and a greater number from other sources.

As in the past, there is an inverse relationship between the number of contributions made in each category and the dollar amount represented by each range. For example, though only one percent of all contributions fell within the over \$20,000 category, this category was responsible for \$18.7 million, or 49 percent of all funds. Further, while 96 percent of contributions were \$5,000 or less, this category accounted for 33 percent of funds, or \$12.5 million. Within the category \$5,001-\$10,000, \$4.1 million, or 11 percent of funds were provided. The categories \$10,001-\$15,000 and \$15,001-\$20,000 accounted for four percent of funds each, at \$1.6 million and \$1.5 million, respectively.

The fundraising activity analyzed in this chapter demonstrates that political party entities are still an important player in New Jersey's electoral process. However, the dominance witnessed over the past decade appears to be waning. Effectively, pay-to-play reform is working to redirect the flow of money both in terms of the contributor base in general and within the political party entity category specifically. Moreover, pay-to-play may be responsible for a reduction in the rate of increase in the amount of money raised from one election to the next.

NOTES

1. New Jersey Election Law Enforcement Commission, White Paper Number 13, Trends in Legislative Campaign Financing: 1987-1997, 2nd Volume, September, 1999, p. 15.
2. Ibid. p. 20.

CHAPTER III

LEGISLATIVE SPENDING STRATEGIES

During the legislative general election campaign of 2007, candidates for State Senate and Assembly spent \$35.8 million in pursuit of office. This total is slightly less than that spent in 2003, when legislative candidates expended \$36.4 million. Thus, expenditures decreased by about two percent between 2003 and 2007.

Despite the fact that candidates for the State Senate and Assembly continued to spend large amounts on their campaigns, this slight decrease in spending represents a reversal of past patterns. For example, spending by legislative candidates between 2001 and 2003 increased by 44 percent. At the beginning of each decade, there is a two-year interval between Senate and Assembly elections. Further, between 1997 and 2001 spending increased by 31 percent and between 1993 and 1997 by 39 percent.

This decrease in spending in the most recent cycle reflects that highlighted in The 2005 Assembly Election: New Trends on the Horizon?, which dealt with spending involving Assembly candidates in 2005 and 2003. Between those years candidates increased expenditures by only eight percent; a more modest gain than in the past. This easing of the rate of increase in campaign spending undoubtedly was impacted by the decline in the rate of increase in fundraising between 2003 and 2007, as noted in the previous chapter.

In the tradition of past reports, expenditures made by all candidates filing detailed reports were categorized. By doing so, this study of how money was spent represents an attempt to observe strategies in campaigning relative to legislative campaigns. In depicting how candidates

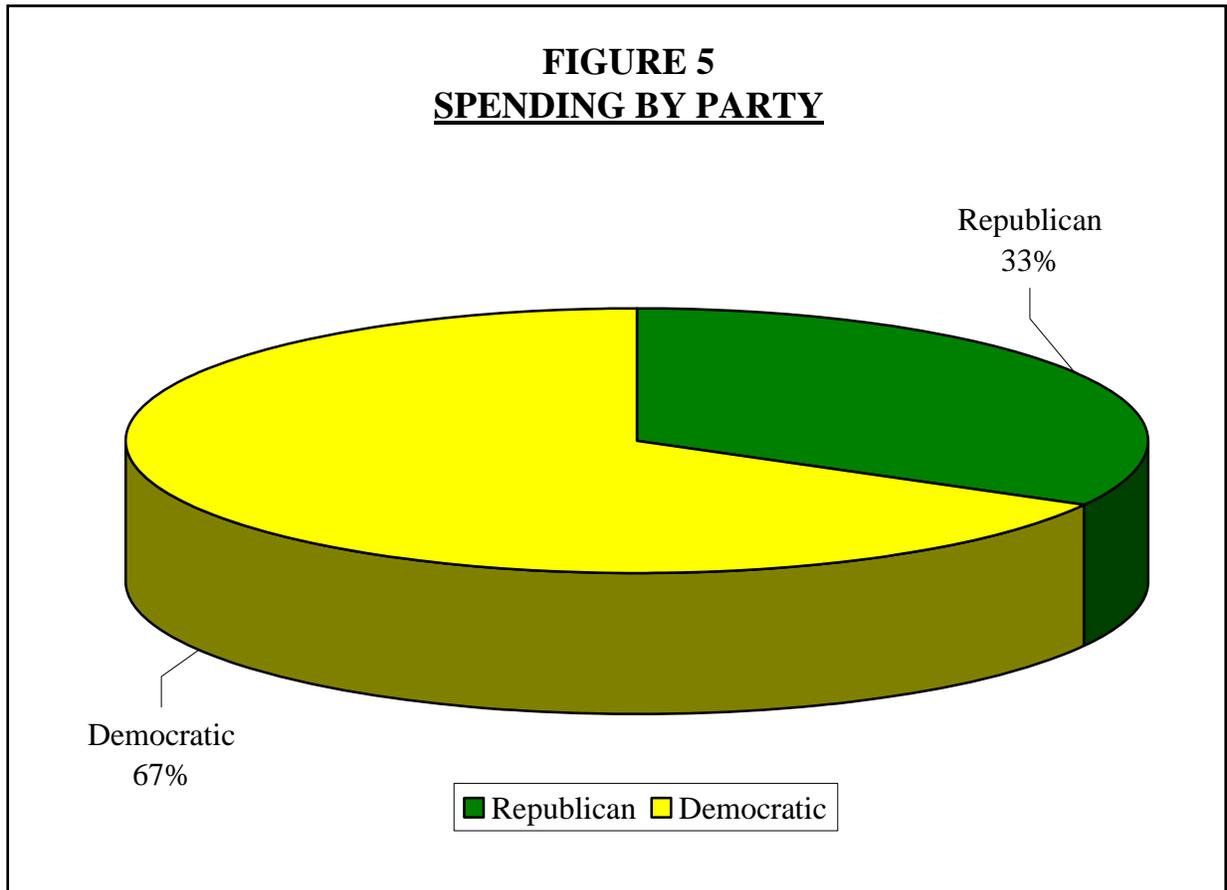
LEGISLATIVE SPENDING STRATEGIES

spent their money, the analysis provides a better understanding of whether or not strategies have changed as new laws were passed and reforms put in place. As noted in earlier white papers, the Commission, in analyzing legislative spending, undertook an effort that was perhaps the first of its kind and the most thorough.

As might be expected, given the differential in fundraising activity between Democrats and Republicans, Democratic legislative candidates outspent their Republican rivals by a large margin. Democratic candidates spent \$24 million on their legislative campaigns, making 67 percent of expenditures. Republican legislative candidates were responsible for spending \$11.7 million, or 33 percent of expenditures. Independent candidates spent an additional \$194,202. Thus, Democratic candidates spent 151 percent more money on their campaigns than their GOP counterparts. In 2003, Democratic candidates spent 100 percent more than Republicans.

Figure 5 compares Democratic candidate spending with Republican spending in the recent legislative campaign. The chart highlights the ever widening gap between Democratic financial activity in 2007 and Republican financial activity; an advantage accruing to the Democrats in campaigning due to their use of the financial resources flowing from certain entities, in particular legislative leadership committees, candidate committees, and union PACs.

FIGURE 5
SPENDING BY PARTY



How Campaign Funds were Used

Table 4 below shows how campaign funds were used by candidates for State Senate and Assembly in the 2007 general election. As mentioned, \$35.8 million was spent by these candidates in 2007. Out of this amount, as would be expected, the largest percentage was spent on mass communications. Altogether, \$16.8 million, or 47 percent of expenditures, was directed toward mass communication. This category includes television (mostly cable), radio, newspaper, outdoor, and direct mail advertising. A new mass communication category, Internet advertising, has been added this time as well.

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In addition to spending on mass communication advertising, legislative candidates spent their funds on election day activities, fundraising, consultants, contributions to other candidates, charity, entertainment, polling, administration, and transfers (primarily for future elections). As has been the case in the past, there were a sizeable number of expenditures that defied categorization.

Election day get-out-the-vote efforts constituted two percent of overall spending at \$658,715. Money expended for fundraising accounted for \$1.1 million, or three percent of spending. Expenditures for election day activities and fundraising, in percentage terms, approximated that experienced in 2003.

Consultants were paid \$1.3 million, an amount equal to three percent of total expenditures. This expenditure for consultants was considerably less than in 2003, when legislative candidates invested \$3.2 million, or nine percent of total spending on consultant services. Contributions by legislative candidates to other candidates amounted to \$9.5 million, or 27 percent of spending. This total is greater than 2003, when 20 percent of expenditures were in the form of contributions. The large amount of expenditures made in the form of contributions to other candidates corroborates the receipt data contained in the previous chapter. The fact that an increased percentage of expenditures are in the form of contributions to other candidates illustrates the impact of pay-to-play.

Administrative expenditures amounted to \$2.4 million, or seven percent of total outlays. This percentage was slightly less than the eight percent reported in 2003.

Spending on entertainment reached \$134,277, an amount not accounting for even one percent of expenditures. In 2003, entertainment spending reached two percent of outlays. Legislative candidate spending on polling in 2007 amounted to \$795,971, two percent of expenditures. This percentage equaled that of 2003. Charitable gifts accounted for one percent of spending (\$267,030), the same as 2003. Candidates for State Senate and Assembly returned \$859,046 in terms of refunds and reimbursements (two percent) and transferred \$2.1 million (six

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percent). The percentage of refunds and reimbursements was similar to 2003. However, the percentage of transfers for future campaigns exceeded that recorded in 2003.

TABLE 4 LEGISLATIVE EXPENDITURES		
	Amount	Percent
<i>Mass Communication</i>	\$16,775,287	47%
<i>Election Day</i>	\$658,715	2%
<i>Fundraising</i>	\$1,115,153	3%
<i>Consultants</i>	\$1,250,969	3%
<i>Charity</i>	\$267,030	1%
<i>Contributions</i>	\$9,485,909	27%
<i>Refunds</i>	\$859,046	2%
<i>Administration</i>	\$2,391,466	7%
<i>Entertainment</i>	\$134,277	--
<i>Polling</i>	\$795,971	2%
<i>Transfers</i>	\$2,105,018	6%
<u>TOTAL</u>	\$35,838,841	

Spending patterns that were identified in Legislative Election 2003: The Rise of Party-Oriented Campaigning were similar to past patterns in the majority of categories. The exceptions were the following categories: contributions, consultants, and transfers. Regarding the contribution category, in particular, the impact of pay-to-play is demonstrated.

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Breakdown of Spending by Party

In Table 5 below legislative expenditures are categorized by party affiliation.

TABLE 5 EXPENDITURES BY PARTY						
	Democratic		Republican		Independent	
	Amount	Percent	Amount	Percent	Amount	Percent
<i>Mass Communication</i>	\$10,257,822	43%	\$6,434,047	55%	\$83,416	43%
<i>Election Day</i>	\$457,895	2%	\$189,838	2%	\$10,981	6%
<i>Fundraising</i>	\$713,250	3%	\$394,560	3%	\$7,342	4%
<i>Consultants</i>	\$738,203	3%	\$501,689	4%	\$11,077	6%
<i>Charity</i>	\$128,600	1%	\$138,430	1%	--	--
<i>Contributions</i>	\$7,176,948	30%	\$2,294,922	20%	\$14,039	7%
<i>Refunds</i>	\$689,469	3%	\$168,741	1%	\$836	--
<i>Administration</i>	\$1,543,814	6%	\$781,793	7%	\$65,863	34%
<i>Entertainment</i>	\$81,347	--	\$52,280	--	\$650	--
<i>Polling</i>	\$622,528	3%	\$173,444	2%	--	--
<i>Transfers</i>	\$1,557,964	7%	\$547,054	5%	--	--
<u>TOTAL</u>	\$23,967,840		\$11,676,798		\$194,204	

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Unlike 2003, major differences between the candidates of the two major parties in terms of how they spent their money did not emerge. Except for the mass communication and contribution categories, the percentage of funds spent by Democratic and Republican candidates in each category were similar. On the other hand, perhaps because of the pivotal election of 2003 in terms of control of the State Senate and pay-to-play, spending in certain categories did vary from 2003 to 2007.

Democratic legislative candidates spent more money on mass communication than did Republican legislative candidates, \$10.3 million to \$6.4 million. In percentage terms, however, Democratic candidates spent a lesser percentage of their total spending on mass communication than did Republicans. Democrats made 43 percent of their expenditure for mass communication compared with 55 percent by Republicans.

In comparison with 2003, Democratic candidates not only spent a smaller proportion of funds on mass communication, but, in real dollars, a smaller amount. Democratic legislative candidates had applied 50 percent of expenditures to mass communication while spending \$12.1 million dollars for this purpose in 2003.

The reverse was true for Republicans. In 2003, Republican legislative candidates spent \$5.9 million on mass communication, or 49 percent of their expenditures. Thus, in terms of percentage and real dollar amounts, Republicans invested more in mass communication in 2007 than they did in 2003.

Between Democrats and Republicans there existed a gap in the percentage of expenditures directed toward contributions to other candidates in 2007. Democratic candidates dedicated 30 percent of their expenditures toward this purpose, or \$7.1 million, whereas Republican candidates committed 20 percent of their expenditures toward this end, or \$2.3 million.

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For Democratic candidates considerably more money was reported as contributions in 2007 compared with 2003. In 2003, Democrats spent \$4.2 million, 17 percent, on donations to other candidates. Republicans, for their part, while dedicating a significant proportion of spending in 2007 toward helping other candidates, actually committed less money toward this end, both in percentage terms and real dollars. In 2003, the GOP candidates contributed \$3.2 million, or 26 percent of spending.

Democratic and Republican legislative candidates spent similar amounts on consultants in 2007. The percentage of expenditures for consultants was similar for Democrats and Republicans as well. However, for Democratic candidates there was a significant change from 2003, when those candidates spent significantly more, both in real dollars and percentage terms. In 2007, Democratic legislative candidates spent \$738,203, or three percent of total expenditures, on consultants. Republican legislative candidates, for their part, spent \$501,689, or four percent of their spending in 2007, on consultants. Compared with the 2003 legislative general election, the 2007 Democratic candidates spent significantly less for this purpose. In 2003, Democratic candidates expended \$2.6 million on consultants, 11 percent of spending. Republican candidates in 2003 expended \$589,110 (three percent) on consultants, a figure similar to 2007.

In all other categories the percentage amount spent by both major party candidates was similar. Moreover, the percentage amounts spent in each category by Democratic and Republican legislative candidates essentially mirrored the percentage spending in each category demonstrated by their 2003 counterparts. Because of the similarity between 2003 and 2007 in categories other than those already discussed above, comparisons will not be made in the text. The 2003 expenditure tables are included in Legislative Election 2003: The Rise of Party-Oriented Campaigning.

Fundraising made up three percent of Democratic candidate expenditures, \$713,250, and three percent of Republican ones, \$394,560. Expenditures for election day get-out-the-vote efforts and other activities accounted for two percent of Democratic spending, \$457,895. It comprised two percent of Republican legislative candidate spending as well, \$189,838.

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Administrative costs comprised six percent, \$1.5 million, of Democratic legislative expenditures and seven percent of Republican candidate expenditures, or \$781,793. Expenditures for polls made up three percent of Democratic spending, \$622,528, and two percent of Republican spending, at \$173,444.

Altogether Democratic legislative candidates transferred \$1.6 million, a figure that amounted to seven percent of their expenditures. Republican legislative candidates, for their part, transferred \$547,054, or five percent of their expenditures. Democratic candidates also refunded \$689,469 (three percent) while Republicans refunded \$168,741 (one percent). Finally, spending for charity and entertainment by both sets of candidates was negligible, at \$128,600 (one percent) and \$138,430 (one percent) for Democratic and Republican candidates respectively.

Independents, as shown above, spent \$194,204 in the statewide legislative contests. All told, 43 percent of expenditures made by independents went toward mass communication. They expended \$83,416 toward this purpose. Another 34 percent, or \$65,863, was spent on administration while six percent, or \$11,077, was directed toward consultants.

Independents gave other candidates \$14,039, a figure that comprised seven percent of expenditures. Fundraising by independents accounted for four percent, \$7,342, of expenditures and election day spending comprised six percent, or \$10,981, of expenditures. Independents did not spend any of their money on any other categories.

Mass Communication

As noted above, \$16.8 million was spent for mass communication purposes during the 2007 legislative general election. Thus, 47 percent of all expenditures went toward mass media advertising. Spending on mass communication in 2007 was similar but not exactly the same as that expended by State Senate and Assembly candidates in 2003, both in percentage terms and

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actual dollars. In 2003, State Senate and Assembly candidates spent \$18 million, or 50 percent of expenditures on mass media advertising.

In order to be consistent with past reports, mass communication expenditures are divided into two categories: broadcast advertising and print advertising. Broadcast advertising is comprised of television (mainly cable), radio, and now for the first time Internet. Print advertising involves direct mail, newspaper, and outdoor sign advertising. Table 6 breaks down mass communication spending in 2007 by category.

TABLE 6 MASS COMMUNICATION SPENDING			
Broadcast		Amount	Percent
	<i>Television</i>	\$2,356,953	14%
	<i>Radio</i>	653,997	4%
	<i>Internet</i>	75,655	1%
<u><i>Subtotal</i></u>		\$3,086,605	18%
Print			
	<i>Direct Mail</i>	\$3,501,628	21%
	<i>Newspaper</i>	143,298	1%
	<i>Outdoor</i>	235,307	1%
<u><i>Subtotal</i></u>		\$3,880,233	23%
Unidentifiable		\$9,808,449	59%
<u>TOTAL</u>		\$16,775,287	

LEGISLATIVE SPENDING STRATEGIES

Broadcast advertising, as a category, represented 18 percent of total mass communication expenditures, or close to \$3.1 million. This percentage and amount was less than that recorded in 2003. In 2003, broadcast advertising as a category, represented 24 percent of mass communication expenditures, or \$4.4 million. Print advertising in 2007 amounted to \$3.9 million, or 23 percent of mass media spending. This percentage and dollar amount was also less than in 2003, when candidates for State Senate and Assembly spent \$5.2 million, or 29 percent of expenditures.

Unfortunately, as in the past, a large amount of mass communication expenditures were imprecisely identified by candidates. Out of \$16.8 million spent on mass communication, 59 percent, almost \$10 million, was not specified. Though the percentage of unidentifiable mass communication expenditures has been traditionally high, the 2007 percentage is higher than in past elections. This large amount of unidentified mass communication expenditures may help to explain changes in both the broadcast and print categories, as well as other mass media advertising subcategories.

One of those subcategories may well be television. Television expenditures, in legislative campaigns, mainly cable, amounted to \$2.4 million, or 14 percent of total. In both percentage and real dollar amounts, expenditures for television were significantly less than in 2003, when legislative candidates spent \$3.7 million (21 percent) for this purpose. Therefore, it is feasible that a substantial amount of mass communication expenditures that were not specified were directed toward television advertising.

As a subcategory of broadcast media advertising, radio expenditures reached \$653,997, or four percent of total. Expenditures for radio advertising approximated those of four years ago, when legislative candidates in the general election of 2003 also spent four percent of expenditures on radio, at \$671,060. Expenditures for Internet advertising, a new category in 2007, amounted to \$75,655, or almost one percent of legislative spending on mass communication.

LEGISLATIVE SPENDING STRATEGIES

Turning to the print advertising category, State Senate and Assembly candidates in 2007 expended \$3.5 million, or 21 percent of spending on the subcategory of direct mail. Both in real dollar terms and in percentage terms this effort was shy of that recorded in 2003. In that year, legislative candidates spent \$5.2 million, or 23 percent of mass media expenditures on direct mail. The lesser amount and degree of expenditures directed toward direct mail in 2007 may also be partly attributable to the large amount of unidentifiable mass communication expenditures. It is interesting, also, to compare 2007 spending to 2005, when only the Assembly ran for election and 41 percent of mass media expenditures went toward direct mail in 2005. Assembly candidates, spending \$3.2 million for that purpose, spent almost as much on direct mail as State Senate and Assembly candidates combined spent in 2007.

Newspaper advertising constituted one percent of mass communication expenditures, amounting to \$143,298. Again, this amount is considerably less than spent by candidates in 2003, when \$648,988 went toward newspaper advertising, or four percent. This decline appears to reflect that which is occurring generally vis-à-vis newspaper advertising.

Finally, outdoor advertising equaled \$235,307, or one percent of mass communication spending. Spending for this purpose was down compared with 2003, when candidates spent \$491,143, or three percent for this purpose.

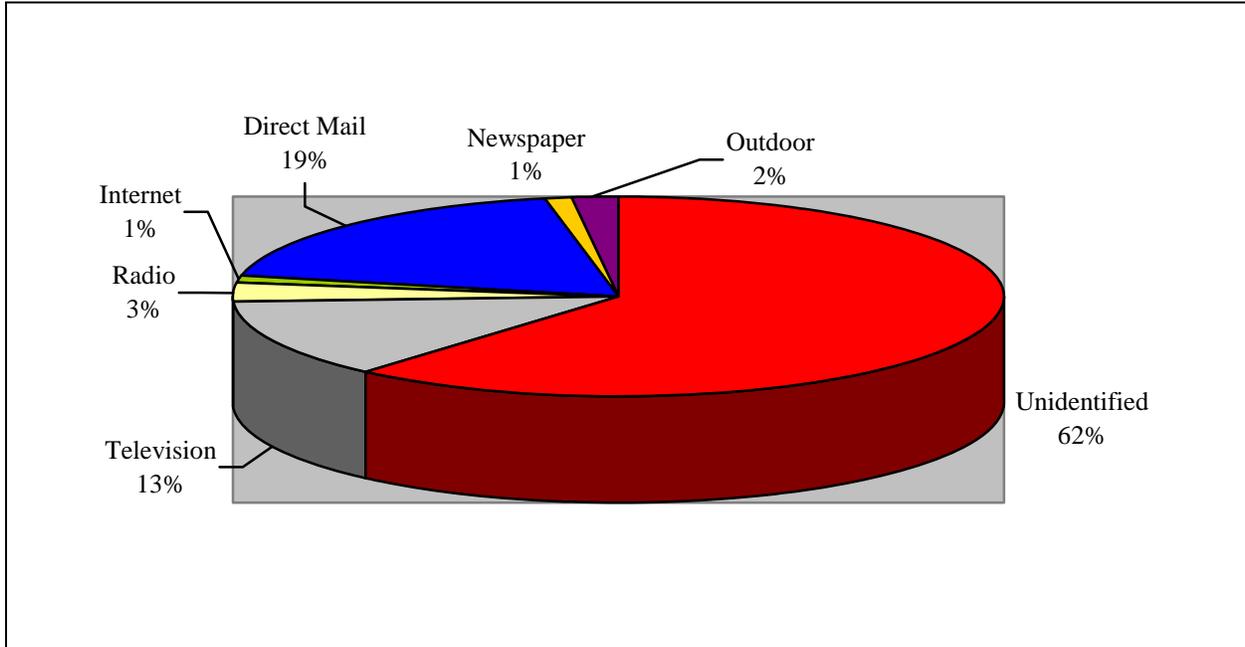
Mass Communication Spending by Party

Figure 6 below shows the distribution of mass communication spending between Democratic and Republican candidates for the Legislature in 2007.

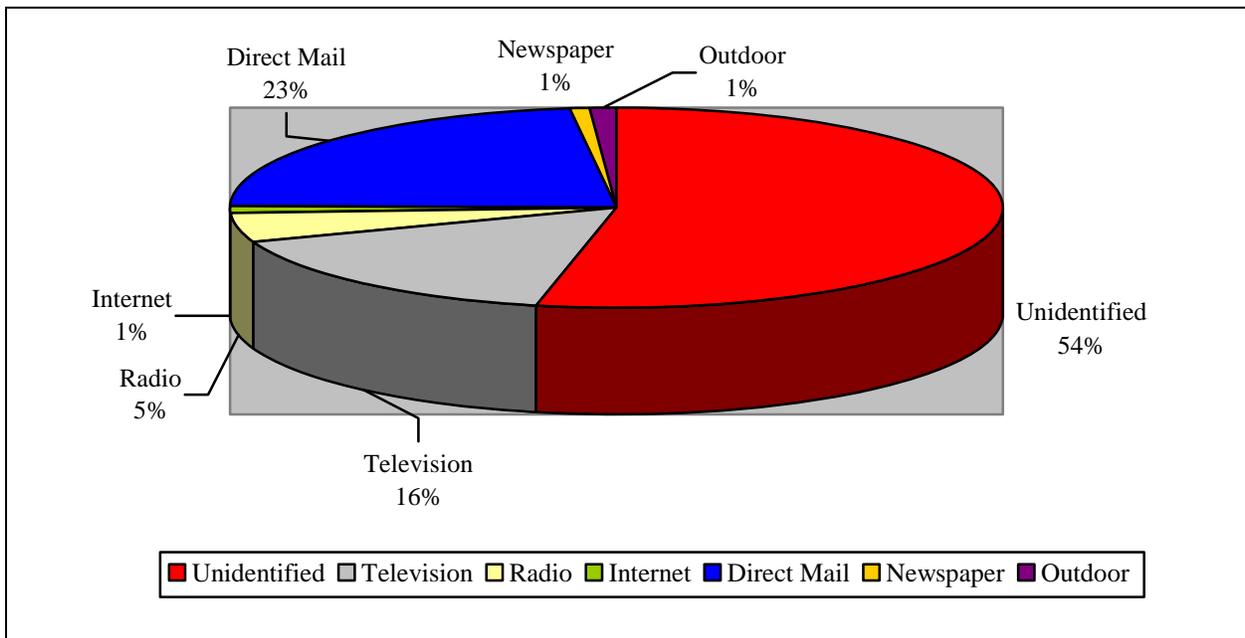
LEGISLATIVE SPENDING STRATEGIES

FIGURE 6
MASS COMMUNICATION SPENDING BY PARTY

Democratic



Republican



LEGISLATIVE SPENDING STRATEGIES

In most mass communication subcategories, Democratic legislative candidates in 2007 spent similarly in percentage terms as their counterparts in 2003. Except for an increase in the unidentifiable subcategory and a slight decrease in newspaper advertising, Democratic candidates were consistent throughout other subcategories.

Republican candidates, on the other hand, exhibited changes in subcategory spending between 2007 and 2003 that were more distinct. These changes were reflected throughout all subcategories.

Democratic State Senate and Assembly candidates spent about \$10.3 million on mass communication in 2007. This amount was a reduction from the \$12.1 million spent for this purpose in 2003. Out of the \$10.3 million spent by these candidates, \$6.3 million, or 62 percent, could not be confidently identified. In 2003, the unidentifiable figure for Democrats stood at 54 percent.

Television advertising comprised \$1.3 million, or 13 percent of Democratic mass communication expenditures. Four years earlier, television made up 16 percent of mass media spending. Again, most television advertising was on cable. Radio advertising expenditures by Democratic legislative candidates in 2007 amounted to \$333,607, or three percent of mass media spending. In 2003 that figure stood at four percent. Democratic candidates spent \$44,655 on Internet advertising in 2007, or less than one percent. In 2003 this subcategory did not exist.

Regarding the print advertising category, Democratic legislative candidates in 2007 expended \$2 million on direct mail advertising. At 19 percent of 2007 mass communication expenditures by Democrats, this figure compares with the 20 percent expended by their counterparts in 2003. Finally, 2007 Democratic candidates spent \$87,637 (one percent) and \$165,962 (two percent) on newspaper and outdoor advertising respectively. In 2003, Democratic candidates spent three percent and four percent of mass media spending on these purposes respectively.

LEGISLATIVE SPENDING STRATEGIES

Republican candidates for State Senate and Assembly spent a total \$6.4 million on mass communication advertising. From this total \$3.5 million was unidentifiable, or 54 percent of mass media spending. The Republicans' unidentifiable percentage increased drastically over their percentage in 2003. In 2003, 32 percent of mass communication expenditures were not able to be ascertained. Republican candidates spent \$1.1 million, or 16 percent of mass advertising expenditures on television advertising. Unlike the unidentifiable category, spending on television by 2007 Republican legislative candidates fell considerably from the 30 percent of mass media spending their GOP colleagues realized in 2003. Radio advertising by Republican candidates was similar in percentage terms during the 2007 general election as it was in 2003. Republicans spent \$320,388 on radio advertising in 2007, or five percent of their mass media budget. They spent three percent for this purpose in 2003. Republicans spent \$31,033 on the Internet, about one percent of mass media spending.

Direct mail spending by Republican State Senate and Assembly candidates in 2007 amounted to \$1.4 million, or 23 percent of mass media spending. That percentage in 2003 stood at 27 percent. Finally, Republicans expended \$46,805 on newspaper advertising and \$64,845 on outdoor advertising, one percent and one percent respectively. The percentages in 2003 were at three percent and four percent respectively.

Independent candidates spent \$83,416 on mass communication advertising in 2007. About seven percent went toward television advertising, or \$6,200. Independents did not spend any money on radio or Internet advertising. They did, however, spend \$63,849, or 76 percent of mass communication expenditures on direct mail. They spent \$8,854 on newspaper advertising and \$4,500 for outdoor advertising. Approximately 11 percent of mass communication expenditures by independents were directed toward newspaper advertising and five percent toward outdoor advertising. There were no comparables for 2003 for independent legislative candidates.

CONCLUSION

White Paper Number 17, published in 2004, highlighted the influence of political party entities in campaigns for the State Legislature. It noted that the influence of these party entities had been growing since the early 1990's. The report mentioned that political party committees and legislative leadership committees were primarily responsible for this trend.

The White Paper, Legislative Election 2003: The Rise of Party-Oriented Campaigning, stated: "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."¹

Interestingly, after tracking this party dominance trend in several white papers over more than a decade, a white paper published in 2006, The 2005 Assembly Election: New Trends on the Horizon?, observed changes in the contribution mosaic that might signal the emergence of a new trend in the financing of legislative campaigns. And, just as the party dominance period began as the result of reforms in 1993, this new trend, if proven to be so, may be the result of recently enacted reforms, in particular pay-to-play.

This white paper noted:

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

CONCLUSION

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. . . . As speculated in Chapter II, the anticipation of pay-to-play may be responsible for this new contribution mosaic.²

The analysis of the 2007 State Senate and Assembly general election confirms the observation made in the report on the 2005 Assembly election. Pay-to-play reform does appear to be altering the decade old financing mosaic that lent great influence to political party committees, both State and county political party committees.

As mentioned throughout, candidates for the State Senate and Assembly in 2007 raised \$50.4 million, which represented a five percent increase over 2003, when State Senate and Assembly candidates raised \$48.1 million. In the same way that previous elections for the Legislature set new records for contributor activity, so too did this one. There was, however, one difference. During this four-year period, financial activity grew at a much more modest pace than between previous election intervals.

Between the State Senate and Assembly contests of 2001 and 2003, for instance, receipts increased by 35 percent. And between 1997 and 2001, receipts grew by 32 percent. An increase that approximates five percent is markedly different than in prior elections. Moreover, this circumstance reflects that which was experienced in the Assembly election of 2005 when it was determined that Assembly receipts had increased by a mere five percent as well. Again, this increase was a modest one compared with past Assembly elections. During the two-year interval 1997 and 1999, when only the Assembly was up for election, receipts increased by 30 percent. Between 1993 and 1995, there was a 37 percent increase in Assembly candidate receipts.

Several reasons were advanced in The 2005 Assembly Election: New Trends on the Horizon? to explain the discordance in the rate of increase in fundraising between Assembly

CONCLUSION

candidates in 2003 and 2005. Among the several explanations proffered in the report was pay-to-play reform.

The white paper stated: “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.”³

The general election of 2003 was a pivotal one in terms of control of the State Senate. The Democrats were by this time in control of the Assembly and were energetically pursuing control of the State Senate as well. During the 2001-2003 session, the State Senate was tied, thereby requiring the leadership of the body to be shared between Republicans and Democrats. Certainly, this situation explains the explosive growth in financial activity in 2003 and thereby may have contributed to the modest increase in Assembly receipts in 2005 over 2003. Moreover, the 2003 situation undoubtedly impacted the modest increase witnessed in 2007 as well.

Having stated the above, however, it is clear pay-to-play reform was a major contributing factor as well. The pay-to-play reform of 2005 and 2006 placed restrictions on campaign donations by businesses negotiating, or having been awarded, contracts with the executive and legislative branches of government. Restrictions were placed on contributions by businesses contracting with county and municipal government entities as well.

The law prohibited businesses from entering into a State contract of more than \$17,500 if the entity contributed in excess of \$300 to the campaign of a sitting governor, a gubernatorial candidate, a State political party committee, or a county political party committee. Furthermore, aside from the contracts with the executive branch, contributions were restricted in terms of legislative contracts. In this case, businesses could not contribute to a candidate or joint candidates committee of a presiding officer, a legislative leadership committee established by the presiding officer, or a State political party committee of the political party of which the presiding officer is a member. There are relatively few legislative contracts and restrictions only applied to those legislative contracts that were not awarded on the basis of a fair and open bidding process.

CONCLUSION

Pay-to-play restrictions apply to candidates and party committees at the county and municipal levels as well. However, at these levels, as with legislative contracts, businesses awarded contracts in accordance with a fair and open process are not subject to prohibitions on contributions. Non-fair and open contracts, though, are subject to pay-to-play restrictions. Under these circumstances, business entities negotiating or performing county contracts are prohibited from giving to a candidate or joint candidates committee of any person serving in an elective public office of the county when the contract is awarded. These businesses are also prevented from contributing to the county political party committee to which such a person belongs. Similar restrictions apply at the municipal level.

In addition to this complex, intricate array of laws, Governor Jon S. Corzine issued Executive Orders No. 117 and No. 118, which expand still further the reach of pay-to-play. The Governor's action included contracts involving the executive branch of government. These orders place restrictions on State contractor contributions to legislative leadership committees and municipal political party committees. Included in the orders is a ban on contributions by redevelopers and consultants to: gubernatorial candidates and officeholders; State, county, and municipal political party committees; legislative leadership committees; and legislative, county, and municipal candidates and officeholders in the jurisdiction where the redevelopment takes place. The Governor's ban also extends restrictions to include partners of professional service firms and not just to principle owners or those owning stock amounting to 10 percent of company profits. In addition to the Executive Orders, the Governor has proposed a comprehensive ethics reform package that if enacted would further extend pay-to-play and alter the contribution limit scheme. Both the Executive Orders and proposed reforms, if enacted, would further restrict and redirect fundraising in the future.

It stands to reason that the pay-to-play reforms have had an impact on campaign financing in New Jersey. As noted in several past reports of the Commission, the State's electoral process had become dominated by political party entities, in particular the State and county party committees. Pay-to-play appears to be changing that scenario. This can be seen in

CONCLUSION

two ways. First, in the reduction of funds raised by the State and county party committees; and, second, in the changes in contributor patterns, particularly within the political party category.

In comparing receipt totals of the State party committees and county party committees between 2003 and 2007 the impact of pay-to-play can be clearly seen. The two State party committees in 2003 raised \$17.4 million compared with the \$8.3 million they raised in 2007. The 42 county party committees, for their part, exhibited a similar pattern. In 2003, they raised \$8.3 million. Four years later, in the wake of pay-to-play reforms, they raised but \$3.3 million.

This reduction in fundraising by State and county party entities was reflected in the contributor mosaic involving 2007 legislative candidates as discussed in the report. In this most recent general election for the Legislature, party entities constituted 51 percent of contributions to State Senate and Assembly candidates. This figure was significantly less than the 63 percent of contributions made by these entities four years earlier. The State and county political parties appear to be responsible for this decline – the very same entities that would be most impacted by the pay-to-play laws described above. As noted in the text, the political party committees were responsible for 14 percent of legislative receipts, a figure down from the 25 percent they posted in 2003. Legislative leadership committees were also down, but not by as great an amount as the parties. The leadership committees made 18 percent of legislative receipts in 2007 compared with 25 percent in 2004. These committees raised \$10.8 million in 2007 compared with \$12.7 million in 2003. Receipts by the legislative leadership committees could possibly slip further in the next two to four years with Governor Corzine’s Executive Orders and potential enactment of his proposed reforms.

At the same time that contributions to legislative candidates by the political parties and legislative leadership committees declined, contributions from other candidates and from special interest PACs increased. Contributions from other candidates reached 19 percent of legislative receipts in 2007. In 2003, candidates made 12 percent of contributions. PACs, in 2007, made 16 percent of contributions to State Senate and Assembly candidates up from 13 percent in 2003. The effect of the pay-to-play laws can be seen here as more money is given to and by candidates

CONCLUSION

and PACs, both of which are less impacted by the reforms. Further, the effects of pay-to-play are evidenced by the following: a decrease in business contributions, an increase in individual contributions, and a decrease in the average contribution made to legislative candidates. Changes in the number of contributions within certain ranges also suggests a pay-to-play impact.

This report represents a continuation of the effort dating back to 1987 to track trends in campaign financing of legislative campaigns in New Jersey. During the course of this travel through time, numerous changes in the electoral landscape have been highlighted. In most instances changes occurred as the result of reforms to the system. These most recent years are no exception. The pay-to-play reforms of recent years appear to be reversing somewhat the dominance of political party entities that grew steadily from the earlier reforms enacted in 1993. To be sure, the political party organizations – State, county, and municipal – continue to be influential. But, if the trend recognized in the Assembly election of 2005 and the State Senate and Assembly election of 2007 continues, then the influence of these organizations will not be as consequential as in the previous periods, at least not with regard to campaign financing. To be sure huge sums of money will continue to be raised and spent in elections in New Jersey. The difference will be that it will flow from a variety of different sources.

NOTES

1. New Jersey Election Law Enforcement Commission, White Paper Number 17, Legislative Election 2003: The Rise of Party-Oriented Campaigning, July, 2004, p. 33.
2. New Jersey Election Law Enforcement Commission, White Paper Number 19, The 2005 Assembly Election: New Trends on the Horizon?, September, 2006, p. 39.
3. Ibid. p. 14.

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)
- Number Thirteen:** [Trends in Legislative Campaign Financing: 1987-1997 2nd Volume](#) (1999)
- Number Fourteen:** [Local Campaign Financing](#) (2000)
- Number Fifteen:** [School Board Campaign Financing](#) (2002)
- Number Sixteen:** [A Resurgent Party System: Repartyization Takes Hold](#) (2003)
- Number Seventeen:** [Legislative Election 2003: The Rise of Party-Oriented Campaigning](#) (2004)
- Number Eighteen:** [Local Campaign Financing: An Analysis of Trends in Communities Large and Small](#) (2005)
- Number Nineteen:** [The 2005 Assembly Election: New Trends On The Horizon?](#) (2006)