



WHITE PAPER NO. 22

The New Jersey Election Law Enforcement Commission
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TRENDS IN LEGISLATIVE CAMPAIGN
FINANCING: FUNDRAISING IN THE ERA
OF PAY-TO-PLAY REFORM, SELF-FUNDERS
AND RECESSION ◦ 1999-2009
3RD VOLUME



State of New Jersey

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All 22 white papers are available on ELEC's award-winning website at www.elec.state.nj.us.

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SUMMARY

- In legislative elections between 1999 and 2009, more than \$194 million was raised for legislative general elections in New Jersey. Candidates spent \$179 million. The spending total is nearly twice the \$93 million outlay during the previous decade. (Page 5).
- At least \$84 million was spent on various forms of communications, the largest single expense. Communications represented at least 52 percent of all spending. (Page 28).
- Over the decade, candidates also shared a good deal of their money with other fundraising committees or saved it for future elections, nearly \$40 million, or 24 percent. Since many incumbents represent safe districts, they can afford to send money to so-called “battleground” districts where both parties have a chance for victory, or stockpile it for later. (Pages 19 and 31).
- Tight state Pay-to-Play restrictions may be one reason why legislative candidates are relying more on their colleagues (Page 32). Those restrictions also may be making them more dependent on contributions by special interest political action committees (PACs), which have risen steadily since 2003 (Page 21).
- Since 1999, the heaviest spending occurred in the 14th Legislative District (Mercer, Middlesex), a major swing district. Rounding out the top five districts based on spending were the 1st District (Cape May, Cumberland, Atlantic), 2nd District (Atlantic), 3rd District (Cumberland, Salem) and 12th District (Monmouth, Ocean). (Page 25).
- The least spending over the decade came in the 28th District (Essex), where only \$579,921 was expended over the entire period. (Page 24).
- The most expensive single campaign took place in the 4th District (Gloucester, Camden) in 2003, when the two parties shelled out \$6.1 million. (Pages 24 and 26).
- In a decade where wealthy, self-financed candidates became a major new influence in New Jersey campaigns, Democrat Jon Corzine and Republican Doug Forrester gave a combined \$1.1 million directly to legislative candidates and \$4.6 million to county parties, which are active in legislative elections. (Page 17).
- An increasing number of candidates also are spending their personal wealth in pursuit of legislative seats. (Page 18).

CHAPTER I

INTRODUCTION

Charles Dickens could have been talking about the past decade of fundraising by New Jersey legislative candidates when he wrote: “It was the season of Light, it was the season of Darkness.”

The decade began with an unprecedented flood of contributions into legislative elections that poured \$97 million into the 1999, 2001 and 2003 elections.

It ended in drought.

Fundraising for the 2005, 2007 and 2009 elections was \$1 million less than the previous three elections even as inflation drove up the cost of campaigns 32 percent.

This was true despite the fact that fundraising soared to a record \$51 million in the 2007 campaign. By 2009, with just the State Assembly running, fundraising dropped to \$20 million, the lowest total since 1999.

Several changes stoked legislative campaign finance activity early in the decade. Other trends depressed it in the later years.

Democrats took back control of the State House in 2001 after a ten-year exile. This led to a sudden, large shift of funds between the two parties.

Wealthy gubernatorial candidates like Democrat Jon Corzine and Republican Doug Forrester pumped millions of dollars into legislative races to try to expand their influence within their respective parties. Some wealthy legislative candidates also started spending money on their campaigns.

When the economy was booming early in the decade, contributions flowed heavily. State budgets also were brimming. For the first time in New Jersey history, state officials made public funds available for legislative elections. Under the Fair and Clean Elections pilot program, about \$4.2 million in public money was spent in select districts in 2005 and 2007 before the economy- and state coffers- declined and the program was shelved.

CHAPTER I - INTRODUCTION

Unions became even more powerful politically within the state and nationally as they dramatically expanded their electoral activism. Other national groups besides unions, especially Governor's Associations representing both parties, became heavily involved in state campaigns.

Around 2005, the tide began turning.

Restrictions on public contractors dried up a large source of fundraising. While state parties were hit hardest by this restriction, all state candidates suffered to some extent because many contractors simply stopped writing campaign checks due to general fears over losing contracts. Others reduced the size of their checks.

The flagging economy choked off other contributions toward the end of the decade as businesses went bankrupt and citizens tightened their belts.

As a result, it was like the Roaring 1920's in the early part of the decade, followed by a more recent Donor Depression.

One vivid example: The Democratic State Committee alone spent nearly \$29 million in 2001, an all-time annual record for a state or county party committee.

In 2010, with just a few special legislative elections, it spent \$1.6 million. Even in the last statewide election in 2009, when 80 Assembly seats were up for grabs, the state party spent just \$6.1 million.

Yet another sign- the 2009 Assembly race was the first Assembly-only race in at least 25 years where spending was lower than the previous campaign.

New factors could influence this year's upcoming fall campaign. While Democrats continue to control both legislative houses, Republican fundraising has surged following the election of Governor Chris Christie in 2009.

CHAPTER I - INTRODUCTION

There is potential for more spending by independent fundraising committees in legislative races due to federal court rulings and the rapid expansion of independent spending in federal and gubernatorial elections. Other rich, self-funded candidates could emerge on the political scene. The direction of the economy could sway fundraising up or down.

The words of Greek philosopher Heraclitus still hold true today: “The only constant is change.”

Special Note:

This is the 22nd in a series of “white” papers, in-depth reports on campaign finance and lobbying trends approved by the Commission since its formation. This is the third report that examines legislative financing over a previous decade.

The others are White Paper 13, “Trends in Legislative Campaign Financing: 1987-1997, 2nd Volume” and White Paper 2, “Trends in Legislative Campaign Financing: 1977-1987.”

Copies of all ELEC white papers can be obtained from the following website:
www.elec.state.nj.us.

CHAPTER II

AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION

FUNDRAISING AND SPENDING

The past decade began like a lion and ended like a lamb in terms of fundraising for New Jersey legislative general election campaigns.

The pace of fundraising climbed steadily starting in 2001 and reached an all-time high in 2007. Then, it sank to pre-decade levels in 2009.

Spending surged in 2001 in an election that returned control of the Legislature to Democrats after a decade of minority status. With all 120 seats up for reelection, a record \$35 million was raised.

It was nearly \$9 million more than the \$25.9 million in funding for the 1997 elections, the previous campaign with all legislative candidates running and a previous high for legislative elections.

The increase was even more dramatic in 2003, up \$13 million to \$47.9 million. Another record was set.

Table 1 Total Fundraising and Spending in Legislative Elections			
Year	Raised	Spent	Both Houses?
1999	\$ 14,419,683	\$ 12,097,363	No
2001	\$ 34,825,851	\$ 32,550,394	Yes
2003	\$ 47,911,008	\$ 44,990,255	Yes
2005	\$ 25,081,696	\$ 23,713,193	No
2007	\$ 50,797,317	\$ 47,231,847	Yes
2009	\$ 20,457,342	\$ 18,584,098	No
Totals*	\$194,042,335	\$179,545,680	
*Includes off year special elections.			

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

While another new high was reached in 2007, the feverish pace of fundraising growth ended. The economy was on the brink of recession and new Pay-to-Play restrictions on public contractors were choking off a lucrative source of contributions.

Overall fundraising rose just \$2.8 million. Even that number is misleading because a pilot “Clean Elections” program injected \$4.2 million in public funds into three legislative districts. Disregarding public funds, total fundraising from private contributors actually was lower in 2007 compared to 2003, the previous campaign with 120 seats open.

Spending totals followed a similar trend as fundraising totals over the decade, reaching a peak of \$47.2 million in 2007.

For elections with all 120 seats up for reelection, fundraising rose more than 30 percent in both 2001 and 2003 above previous elections. In 2007, it climbed just 6 percent.

Table 2			
Rate of Change in Fundraising in Election Years with Both Houses Running			
Year	Raised	Percent Change	Both Houses?
1997	\$ 25,949,076		Yes
2001	\$ 34,825,851	34%	Yes
2003	\$ 47,911,008	38%	Yes
2007	\$ 50,797,317	6%	Yes

While only Assembly members ran in 2009, fundraising was almost \$5 million below the 2005 campaign, which was the previous all-Assembly race. For Assembly-only races, fundraising jumped 15 percent in 1999, 74 percent in 2005, but dropped by 18 percent in 2009.

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

Table 3 Rate of Change in Fundraising in Election Years with Just Assembly Running			
Year	Raised	Percent Change	Both Houses?
1995	\$ 12,589,837		No
1999	\$ 14,419,683	15%	No
2005	\$ 25,081,696	74%	No
2009	\$ 20,457,342	-18%	No

While the rate of fundraising and spending tapered off during the second part of the decade, combined fundraising was higher than the previous decade. For legislative elections between 1999 and 2009, candidates raised \$194 million and spent \$179 million, including off-year, special elections. The spending figure is almost twice the \$109 million raised and \$93 million spent on legislative elections between 1987 and 1997.

Averages Rise and Fall During Decade

Average fundraising and expenditures also rose and fell during the decade.

For campaigns involving only Assembly candidates, which generally cost less, the average funds raised per legislative seat jumped 74 percent between 1999 and 2005 only to drop 18 percent in 2009. The changes were even sharper for average expenditures.

Table 4 Average Raised and Spent in Years with Just Assembly Campaigns				
Year	Average Raised	Change	Average Spent	Change
1999	\$ 180,246		\$ 151,217	
2005	\$ 313,521	74%	\$ 296,415	96%
2009	\$ 255,717	-18%	\$ 232,301	-22%

The average for campaigns where both houses were running jumped 38 percent between 2001 and 2003. While it did not go down in 2007, the rate of growth slowed drastically to just 6 percent. A similar trend is seen on the expenditure side.

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

Table 5 Average Raised and Spent in Years with Senate and Assembly Campaigns				
Year	Average Raised	Change	Average Spent	Change
2001	\$ 290,215		\$ 271,253	
2003	\$ 399,258	38%	\$ 374,919	38%
2007	\$ 423,311	6%	\$ 393,599	5%

Campaign Finance Activity by Party

Not surprisingly, party fundraising fortunes shifted in the last decade as Democrats captured the governor's seat in 2001 and regained the legislative majority.

Republicans had seized control of the Legislature in 1991 and kept it for a decade. During that period, Democrats raised more money in 1991 but Republicans pulled even in 1993 and outraised their rivals in 1995, 1997 and 1999.

Table 6 Legislative Fundraising and Spending by Party 1991-1997				
Year	Democrats Raised	Democrats Spent	Republicans Raised	Republicans Spent
1991	\$ 13,863,315	\$ 11,934,860	\$ 7,012,797	\$ 6,153,056
1993	\$ 9,660,460	\$ 7,774,815	\$ 9,649,567	\$ 8,074,278
1995	\$ 5,662,891	\$ 4,555,246	\$ 6,907,674	\$ 6,349,611
1997	\$ 11,719,027	\$ 10,937,130	\$ 14,194,546	\$ 11,609,366
1999	\$ 6,210,324	\$ 5,381,011	\$ 8,192,923	\$ 6,697,591

In 2001, Democrats regained the majority and the fundraising advantage. They outraised and outspent Republicans in all five elections since 1999, often holding a more than two-to-one edge.

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

Table 7 Legislative Fundraising and Spending by Party 2001-2009				
Year	Democrats Raised	Democrats Spent	Republicans Raised	Republicans Spent
2001	\$ 19,344,839	\$ 18,350,917	\$ 15,433,716	\$ 14,144,262
2003	\$ 29,159,958	\$ 28,528,080	\$ 18,649,276	\$ 16,366,548
2005	\$ 17,560,153	\$ 16,522,626	\$ 7,514,067	\$ 7,176,582
2007	\$ 35,617,962	\$ 33,394,029	\$ 14,844,892	\$ 13,532,754
2009	\$ 14,674,311	\$ 13,188,346	\$ 5,682,968	\$ 5,267,534

Combining the five elections between 2001 and 2009, Democrats outraised Republicans by \$54 million, about 47 times the \$1.1 million combined advantage held by the Democrats during the previous decade.

Table 8 Democratic Fundraising Advantage 1990's versus 2000's						
Period	Democrats Raised	Democrats Spent	Republicans Raised	Republicans Spent	Democratic Advantage Raised	Democratic Advantage Spent
1991-1999	\$ 47,116,017	\$ 40,583,062	\$45,957,507	\$38,883,902	\$ 1,158,510	\$ 1,699,160
2001-2009	\$116,357,223	\$109,983,998	\$62,124,919	\$56,487,680	\$54,232,304	\$53,496,317

Campaign Finance Activity by Office

Senate campaigns traditionally have tended to attract bigger dollars.

The past decade was no exception, though Assembly candidates did raise almost as much in 2007 and spent slightly more.

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

Table 9 Funds Raised for Senate Campaigns Compared to Assembly Campaigns				
Year	Senate	Percent	Assembly	Percent
1997	\$ 15,654,376	60%	\$ 10,282,800	40%
2001	\$ 17,898,690	51%	\$ 16,913,411	49%
2003	\$ 26,539,492	55%	\$ 21,371,516	45%
2007	\$ 25,423,248	50%	\$ 25,374,069	50%
Note: Totals do not include alternate parties, which were minimal. Joint Committee figures were allocated 1/3 to Senate candidates and 2/3 to Assembly candidates.				

Table 10 Amount Spent on Senate Campaigns Compared to Assembly Campaigns				
Year	Senate	Percent	Assembly	Percent
1997	\$ 14,069,197	62%	\$ 8,500,330	38%
2001	\$ 16,693,489	51%	\$ 15,843,155	49%
2003	\$ 24,249,066	54%	\$ 20,741,190	46%
2007	\$ 23,028,754	49%	\$ 24,203,093	51%
Note: Totals do not include alternate parties, which were minimal. Joint Committee figures were allocated 1/3 to Senate candidates and 2/3 to Assembly candidates.				

In recent years, Senate campaigns were the most expensive because majorities have been slimmer in the upper house and the minority party always felt it had a better chance to shift the balance.

Looking back at the last two decades, Republicans briefly held 27 seats in the Senate in 1992 and 1993 after they seized veto proof majorities in both houses due to public backlash against large tax increases enacted in 1990. Their majority dropped to 24 between 1994 and 2000. (It briefly surged to 25 after a Democratic senator switched parties before the 2001 election).

In 2002 and 2003, the Senate was deadlocked at 20-20. Democrats then seized a 22-to-18 seat margin in the upper house and gradually reached today's 24-to-16 majority.

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

By contrast, Democrats have controlled at least 47 seats in the 80-member Assembly since 2004 (Currently, they control 47 seats).

While the Senate's margin actually is slightly larger on a percentage basis (60 percent Democratic advantage in the Senate versus 59 percent in the Assembly), fewer of its incumbents would have to lose in order for control to tilt to the other party. That has led to some intense, costly campaigns in swing districts.

White Paper 13, "Trends in Legislative Campaign Financing: 1987-1997 2nd Volume" also pointed out that Senate members are viewed as more influential by contributors because there are fewer of them. And except for the election periods immediately after redistricting, they have four years, rather than two, to raise money.

Campaign Finance Activity Incumbents versus Challengers

It is generally recognized that incumbents own many advantages over challengers. They are better known. They have more experience raising campaign funds and tend to receive larger checks. Because of their ability to legislate, they receive far more financial support from special interest groups that feel the impact, pro or con, of legislative agendas. They have full-time offices that provide services to constituents. Legislative incumbents in competitive districts also can receive huge funding from legislative leadership PACs or legislative colleagues from safe districts.

With all these advantages, it is no wonder that incumbents historically have enjoyed a large fundraising edge over challengers. Statistics from the past decade bear this out.

The incumbent advantage ranged from a high of 81-to-19 percent in 2009 to a low of 55-to-45 percent in 2001 and 2007. The average for the decade, 63-to-37 percent, is exactly the same as the previous decade.

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

Table 11 Fundraising Advantage of Incumbent Legislators over Challengers				
Year	Incumbents Raised	Challengers Raised	Incumbents Percent	Challengers Percent
1999	\$ 10,750,944	\$ 3,886,836	73%	27%
2001	\$ 19,449,532	\$ 16,060,044	55%	45%
2003	\$ 31,702,959	\$ 16,356,454	66%	34%
2005	\$ 16,163,381	\$ 8,790,116	65%	35%
2007	\$ 27,887,146	\$ 22,363,352	55%	45%
2009	\$ 14,791,322	\$ 3,440,408	81%	19%
1999-2009	\$120,745,285	\$ 70,897,209	63%	37%

Note on methodology: These are best available estimates, not totals. They are based on 20-day postelection reports that contained most, but not all, fundraising information for each election. Adjustments were made for joint reports filed on behalf of both incumbents and challengers.

Not surprisingly, incumbents also had the edge in spending, ranging from a high of 80-to-20 percent in 2009 to a low of 51-to-49 percent in 2001 and 2007. The decade average: 60-to-40 percent.

Table 12 Spending Advantage of Incumbent Legislators over Challengers				
YEAR	Incumbents Spent	Challengers Spent	Incumbent Percent	Challengers Percent
1999	\$ 7,367,722	\$ 3,505,373	68%	32%
2001	\$ 14,326,038	\$ 13,670,769	51%	49%
2003	\$ 25,376,630	\$ 15,069,233	63%	37%
2005	\$ 14,279,965	\$ 8,219,657	63%	37%
2007	\$ 22,242,726	\$ 21,160,907	51%	49%
2009	\$ 12,761,309	\$ 3,230,602	80%	20%
1999-2009	\$ 96,354,390	\$ 64,856,540	60%	40%

CHAPTER II - AN OVERVIEW OF LEGISLATIVE GENERAL ELECTION FUNDRAISING AND SPENDING

Large Percentage of Incumbents Reelected

The reelection rate for incumbents is the best proof that they benefit from many advantages. During the decade, nearly 97 percent of all Assembly incumbents were reelected in six elections, including 100 percent in 2009.⁽¹⁾ These numbers lend credence to the argument that redistricting tends to protect incumbents.

Table 13 Number of Assembly Candidates Who Won Reelection 1999-2009				
Year	Total	Won	Lost	Percent Won
1999	77	74	3	96%
2001	59	56	3	95%
2003	72	68	4	94%
2005	73	70	3	96%
2007	54	53	1	98%
2009	71	71	0	100%
Average All Elections				97%

The rate was slightly lower for Senate incumbents in three elections but still high, an average of 91 percent.

Table 14 Number of Senate Candidates Who Won Reelection 1999-2009				
Year	Total	Won	Lost	Percent Won
2001	32	29	3	91%
2003	37	35	2	95%
2007	27	24	3	89%
Average All Elections				91%

CHAPTER III

KEY FUNDRAISING TRENDS

Fundraising and Inflation

To compare the growth of fundraising against inflation, an analysis was made using only elections with all 120 legislative seats at stake. The inflation rate is based on the Consumer Price Index for all urban consumers in the New York Metropolitan area.

Total fundraising between the 1987 and 1997 elections rose \$7 million, or 39 percent, to nearly \$26 million. During the same time, inflation surged 41 percent.⁽²⁾

Between 1997 and 2007, total fundraising jumped \$25 million to nearly \$51 million, a 96 percent increase. During the same period, inflation rose 56 percent.⁽³⁾

Clearly, the tempo of fundraising in the past decade exceeded the previous period.

However, most of the growth took place between 1997 and 2003, when fundraising rose 85 percent. Between 2003 and 2007, it climbed just 6 percent even though inflation rose 29 percent. This is more evidence of how the intensity of fundraising subsided after an earlier period of rapid growth.

Average Contribution Goes Up, Down, and Up Again

There has been plenty of debate about the Clean Elections pilot program, which cost the public about \$5.3 million in 2005 and 2007 for candidate subsidies, administrative and promotional costs.

Supporters said it would help insulate candidates from the influence of special interests, free them to truly focus on constituents rather than fundraising, and help even the playing field for challengers.

After the pilot program was over, critics contended that special interests still exerted their clout by monopolizing the small contributions in some Clean Elections districts.⁽⁴⁾ The outlays generally had little impact on voter turnout and incumbents still won by large margins.⁽⁵⁾

CHAPTER III - KEY FUNDRAISING TRENDS

In retrospect, Clean Elections did have one clear impact- it got far more contributors engaged in legislative elections than ever before while reducing the average contribution two elections in a row.

During the previous decade, average contributions to legislative elections nearly doubled from \$916 in 1987 to \$1,547 in 1997.⁽⁶⁾

For a while, the average continued to rise during the more recent decade, peaking at \$2,803 in 2003. Then it fell two campaigns in a row to \$1,472 in 2007. In both years when it dropped, the Clean Elections program attracted thousands of small contributions. In 2009, the average rose again to \$2,147 when there was no Clean Elections program.

Table 15 Average Contributions to Legislative Candidates by Election Year		
Election Year	Average Contribution	Clean Elections Program In Effect?
1999	\$1,786	No
2001	\$2,436	No
2003	\$2,803	No
2005	\$1,800	Yes
2007	\$1,472	Yes
2009	\$2,147	No

Small contributions mandated under the Clean Elections program to qualify for public funds clearly had an impact on the overall averages.

In 2005, for instance, there were 2,032 contributions of \$5, and 962 contributions of \$30.

In 2007, there were 12,989 contributions of \$10 under the public funds qualifying rule. The 25,451 total contributions to legislative elections that year were the largest ever. Not counting the Clean Elections qualifying contributions, the average is \$3,001.

Contribution by Size

Table 11 shows the number and proportion of contributions falling in certain ranges in each of the six legislative elections between 1999 and 2009.

CHAPTER III - KEY FUNDRAISING TRENDS

Table 16
Size of Contributions by Amount for Legislative Elections 1999 through 2009

Range	1999	%	2001	%	2003	%	2005	%	2007	%	2009	%
>\$100,000	6	0.1%	13	0.1	45	0.4%	15	0.2%	44	0.2%	7	0.1%
\$25,001-\$100,000	33	1%	141	1%	132	1%	57	0.6%	122	0.5%	45	0.6%
\$5,001-\$25,000	180	3%	556	6%	672	6%	449	5%	793	3%	509	7%
>\$5,000												
\$4,001-\$5000	148	3%	341	3%	290	2%	152	2%	276	1%	162	2%
\$3,001-\$4,000	91	2%	112	1%	141	1%	66	1%	140	1%	115	2%
\$2,001-\$3,000	187	4%	754	7%	967	8%	647	7%	1,074	4%	721	10%
\$1,001-\$2,000	632	12%	985	10%	1,287	11%	647	7%	1,419	6%	702	10%
\$301-\$1,000	3,372	65%	6,353	63%	7,927	65%	4,153	42%	7,355	29%	4,118	58%
\$300 or less	567	11%	829	8%	691	6%	3,667	37%	14,228	56%	672	10%
Total	5,216		10,084		12,152		9,853		25,451		7,051	

As mentioned previously, the most striking trend is the large number of small contributions in 2005 and 2007 because of Clean Elections. Ironically, the year with the most small contributions ever, 2007, also had 44 contributions over \$100,000, the second largest ever. Usually, these are transfers of funds from state parties, legislative leadership PACs or county parties to candidates in so-called battleground districts where the competition is the most intense. The bulk of the contributions to legislative campaigns still come from checks of \$2,000 or less, about 84 percent for the decade.

That is lower than the previous decade, when contributions under \$2,000 averaged 92 percent. It also should be pointed out that the number fell to 78 percent in 2009 after the expiration of the Clean Elections program, the lowest in the past two decades.

Impact of Self-Financed Candidates

A major new factor influenced legislative fundraising during the past decade- the impact of two wealthy individuals, Doug Forrester and Jon Corzine.

Rich candidates have run for governor in earlier decades. But never have two candidates spent such huge sums on their political activities in New Jersey or shared so much of their wealth with other candidates in the State.

Combined, the two candidates, who squared off in the 2005 gubernatorial campaign, spent \$100 million on their gubernatorial campaigns, \$29 million by Forrester in 2005, and \$71 million by Corzine in 2005 and 2009.

They also spent about \$6.5 million on non-gubernatorial campaigns.

Together they gave \$1.1 million directly to legislative fundraising committees. They also gave \$4.6 million to county parties, which often are major participants in legislative elections.

Table 17			
Contributions by Jon Corzine and Doug Forrester to Legislative Fundraising Committees and County Parties 1999-2009			
Candidate	Legislative Committees	County Parties	Totals
Jon Corzine	\$ 914,785	\$ 4,338,414	\$ 5,253,199
Doug Forrester	\$ 209,054	\$ 237,825	\$ 446,879
Combined Totals	\$ 1,123,839	\$ 4,576,239	\$ 5,700,078

Assuming that half the county party contributions ended up financing legislative campaigns, the two men alone provided an estimated \$3.4 million in funds to legislative elections, about 1.8 percent of the \$194 million in total receipts.

Some Legislative Candidates Self-Finance

In some states, notably California, a number of legislative candidates have reached into their own wallets to help finance their campaigns. While the trend is not widespread in New Jersey, some candidates have partially financed their races in recent years.

Most notable was Gina Genovese, an unsuccessful Democratic candidate in the 21st District in 2007. She spent a combined \$235,000 on her primary and general elections.

John Napolitani, an unsuccessful Democratic Assembly candidate in the 11th District in 2007, shelled out \$200,000.

Bob Martin, a Republican who lost the 15th District contest for Senate in 2007, contributed \$194,384* to his campaigns (He currently serves as State Environmental Commissioner). Robert Schroeder, a Republican who won a 39th District Assembly seat in 2009, gave \$71,000 to his campaign.

While these candidates are part of a recent trend, they did not pioneer legislative self-financing.

The earliest known example occurred in 1983. Attorney and former Orange Mayor Joel Shain spent \$167,043 of his own funds to mount an unsuccessful 27th District primary bid against Richard Codey, who still serves in the Legislature as a State Senator. In today's dollars, Shain's outlay would be the equivalent of \$360,804.

Sources of Contributions to Legislative Candidates

An analysis of contributions to State Senate and Assembly candidates between 1999 and 2009 shows several trends.

For one thing, political party committees and legislative leadership PACs have become less dominant sources of support for legislative candidates. This is partly because Pay-to-Play restrictions now prevent many contractors from making contributions to those fundraising committees.

*Corrected 9/28/15

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Political party support reached its zenith in 2001, when it amounted to 26 percent of legislative fundraising. It fell only slightly to 25 percent in 2003. It then sank to 8 percent in 2005 and then rose to 13 percent in 2009. The 2009 total is half the share provided in 2001.

Legislative leadership PACs peaked in 2005 at 32 percent then dropped to 19 percent and 10 percent, respectively, in 2007 and 2009. During this period, Pay-to-Play restrictions on contributions by contractors were extended to legislative leadership PACs.

At the same time that political party and legislative leadership PAC support has waned, contributions from campaign funds, mainly those operated by individual legislators, have risen.

Contributions by legislative candidates to other legislative candidates jumped from 10 percent in 1999 to 25 percent in 2009. This is a return to a pattern seen early in the last decade before legislative leadership PACs were authorized in 1993.

In 1991, these committees contributed 28 percent of their total funds. By 1997, their share of contributions reached only 9 percent.⁽⁷⁾

One explanatory note: contributions by legislative candidates also are discussed on page 31. But that part of the analysis includes contributions not just to other legislators, but also party committees and legislative leadership PACs.

Contributions by individuals hovered around 12 percent during the decade.

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Type	1999		2001		2003	
Business PAC	\$ 152,108	2%	\$ 378,250	2%	\$ 483,919	1%
Businesses- Direct	\$ 1,034,014	11%	\$ 2,196,293	9%	\$ 3,542,347	10%
Campaign Fund (Mostly Legislative)	\$ 946,065	10%	\$ 2,937,138	12%	\$ 4,090,004	12%
Clean Elections Grants	NA		NA		NA	
Ideological PAC	\$ 223,171	2%	\$ 683,767	3%	\$ 394,862	1%
Individuals	\$ 1,132,898	12%	\$ 2,313,488	9%	\$ 3,833,140	11%
Interest	\$ 1,877	0%	\$ 15,794	0%	\$ 1,424	0%
Legislative Leadership Committee	\$ 1,805,228	19%	\$ 5,722,553	23%	\$ 8,680,885	25%
Misc/ Other	\$ 29,402	0%	\$ 26,295	0%	\$ 6,049	0%
Political Committee	\$ 441,125	5%	\$ 1,065,668	4%	\$ 15,200	0%
Political Party Committee	\$ 1,998,547	21%	\$ 6,398,581	26%	\$ 8,675,890	25%
Professional/ Trade Association PAC	\$ 692,264	7%	\$ 1,441,054	6%	\$ 2,280,416	7%
Union	\$ 206,905	2%	\$ 325,875	1%	\$ 619,090	2%
Union PAC	\$ 652,116	7%	\$ 1,055,100	4%	\$ 1,444,337	4%
Grand Total	\$ 9,315,719		\$24,559,855		\$34,067,563	

Type	2005		2007		2009	
Business PAC	\$ 396,383	2%	\$ 644,730	2%	\$ 480,568	3%
Businesses- Direct	\$ 1,502,542	8%	\$ 2,281,112	6%	\$ 1,317,085	9%
Campaign Fund (Mostly Legislative)	\$ 3,185,671	18%	\$ 7,208,549	19%	\$ 3,720,634	25%
Clean Elections Grants	\$ 260,000	1%	\$ 3,975,889	11%	NA	
Ideological PAC	\$ 422,533	2%	\$ 1,008,827	3%	\$ 331,811	2%
Individuals	\$ 2,074,153	12%	\$ 4,544,569	12%	\$ 1,820,924	12%
Interest	\$ 670	0%	\$ 29,049	0%	\$ 1,062	0%
Legislative Leadership Committee	\$ 5,639,772	32%	\$ 7,019,718	19%	\$ 1,551,636	10%
Misc/ Other	\$ 2,700	0%	\$ 272,828	1%	\$ 2,000	0%
Political Committee	\$ 83,500	0%	\$ 8,795	0%	\$ 502,389	3%
Political Party Committee	\$ 1,415,081	8%	\$ 5,323,576	14%	\$ 1,981,919	13%
Professional/ Trade Association PAC	\$ 1,088,073	6%	\$ 2,107,413	6%	\$ 1,356,830	9%
Union	\$ 355,150	2%	\$ 673,275	2%	\$ 562,895	4%
Union PAC	\$ 1,305,840	7%	\$ 2,362,245	6%	\$ 1,505,830	10%
Grand Total	\$17,732,068		\$37,460,574		\$15,135,583	

CHAPTER III - KEY FUNDRAISING TRENDS

Contributions by special interest PACs climbed from a decade low of 14 percent in 2003 to 24 percent in 2009.

Contributions from union PACs fluctuated during the decade. While the union share was 7 percent in 1999, it fell to 4 percent in 2001 then gradually rose to a decade-high of 10 percent in 2009.

Table 19						
Contributions by PAC Type to Legislative Candidates 1999-2009						
Type of PAC	1999		2001		2003	
Business PAC	\$ 152,108	2%	\$ 378,250	2%	\$ 483,919	1%
Ideological PAC	\$ 223,171	2%	\$ 683,767	3%	\$ 394,862	1%
Professional/Trade Association PAC	\$ 692,264	7%	\$ 1,441,054	6%	\$ 2,280,416	7%
Union PAC	\$ 652,116	7%	\$ 1,055,100	4%	\$ 1,444,337	4%
All PACS	\$ 1,719,659	18%	\$ 3,558,171	14%	\$ 4,603,534	14%

Type of PAC	2005		2007		2009	
Business PAC	\$ 396,383	2%	\$ 644,730	2%	\$ 480,568	3%
Ideological PAC	\$ 422,533	2%	\$ 1,008,827	3%	\$ 331,811	2%
Professional/Trade Association PAC	\$ 1,088,073	6%	\$ 2,107,413	6%	\$ 1,356,830	9%
Union PAC	\$ 1,305,840	7%	\$ 2,362,245	6%	\$ 1,505,830	10%
All PACS	\$ 3,212,830	18%	\$ 6,123,214	16%	\$ 3,675,039	24%

Percentage totals correct - based on rounded numbers.

The union numbers were slightly higher when contributions from individual unions were added to PAC contributions, with a low of 6 percent in 2001 and 2003 to a high of 14 percent in 2009.

Table 20						
All Union Contributions to Legislative Candidates						
Source of Contribution	1999		2001		2003	
Union	\$ 206,905	2%	\$ 325,875	1%	\$ 619,090	2%
Union PAC	\$ 652,116	7%	\$ 1,055,100	4%	\$ 1,444,337	4%
Contributions All Union Sources	\$ 859,021	9%	\$ 1,380,975	6%	\$ 2,063,427	6%

Source of Contribution	2005		2007		2009	
Union	\$ 355,150	2%	\$ 673,275	2%	\$ 562,895	4%
Union PAC	\$ 1,305,840	7%	\$ 2,362,245	6%	\$ 1,505,830	10%
Contributions All Union Sources	\$ 1,660,990	9%	\$ 3,035,520	8%	\$ 2,068,725	14%

Percentage totals correct - based on rounded numbers.

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Contributions from individual businesses and business PACs stayed relatively even during the decade. Combined, they were 13 percent in 1999 and 12 percent in 2009.

Table 21						
All Business Contributions to Legislative Candidates						
Source of Contribution	1999		2001		2003	
Business PAC	\$ 152,108	2%	\$ 378,250	2%	\$ 483,919	1%
Individual Business	\$ 1,034,014	11%	\$ 2,196,293	9%	\$ 3,542,347	10%
Contributions All Business Sources	\$ 1,186,121	13%	\$ 2,574,543	10%	\$ 4,026,267	12%

Source of Contribution	2005		2007		2009	
Business PAC	\$ 396,383	2%	\$ 644,730	2%	\$ 480,568	3%
Individual Business	\$ 1,502,542	8%	\$ 2,281,112	6%	\$ 1,317,085	9%
Contributions All Business Sources	\$ 1,898,926	11%	\$ 2,925,842	8%	\$ 1,797,653	12%
Percentage totals correct - based on rounded numbers.						

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Battleground Districts Draw Lion's Share of Campaign Funds

It has been mentioned that fundraising and spending during the past six legislative elections rose substantially between the 2001 and 2007 elections. One reason appears to be that there were almost twice as many high cost campaigns during the past decade as Democrats fought to gain control of both houses and then sought to maintain their majorities.

In an effort to identify the most expensive races, an analysis was done of spending by district since 1987. The analysis didn't focus on individual candidates because many candidates now typically pool their funds with their running mates by using joint committees. In districts where joint committees are prevalent, it becomes impossible to say exactly how much was spent on each candidate. One can divide by the number of candidates and come out with an average, but that might not reflect the true spending.

A focus on district spending clearly shows the areas of the State that are attracting the most money from each party. The districts where spending totals are highest usually are so-called "swing" or "battleground" districts. These are districts where both parties think they have a reasonable chance of victory. Voting margins tend to be narrowest in these districts.

In a few cases, district totals are high because they are represented by legislative leaders in safe seats who raise large amounts of money to assist their legislative colleagues and solidify their positions.

In comparing the last six legislative elections with the previous six, it is clear the number of pricey campaigns has risen sharply during the past decade.

Between 1987 and 1997, a total of 19 legislative districts attracted \$1 million or more. The largest was the \$2.2 million spent in the 6th District in 1997.

By contrast, between 1999 and 2009, spending exceeded \$1 million in 43 districts. In 21 districts, it topped \$2 million.

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The \$6.1 million campaign in the 4th District (Gloucester, Camden) in 2003 stands as the most expensive legislative race in state history. One other legislative race topped the \$5 million threshold, the \$6 million campaign in the 12th District (Monmouth, Mercer) in 2007.

By contrast, the least active district based on fundraising was the 28th District in Essex County. Only \$579,921 was spent there during the entire decade.

During the earlier decade, the majority of races cost less than \$500,000 per district. Only in one year, 1997, did average spending by district top that threshold, reaching \$564,543.

In four of the six most recent elections, average spending per district topped \$500,000. The highest average occurred in 2007 when spending approached \$1.2 million per district. It was the first year when spending topped \$2 million in seven legislative districts. Even spending in the 14th District, which was financed with Clean Elections funds, was higher than in 2003.

Table 22
Number of Legislative Districts at Various Spending Ranges
Plus Overall Averages in 12 Previous Legislative Elections

Range	1987	1989	1991	1993	1995	1997
>\$1 Million	2	0	4	3	1	9
\$500,000 To \$1 Million	9	6	9	8	5	6
\$250,000 To \$500,000	9	7	13	15	9	12
\$250,000 or Less	19	27	14	13	25	13
Average Per District	\$392,423	\$244,442	\$459,219	\$402,017	\$273,091	\$564,543

Range	1999	2001	2003	2005	2007	2009
>\$1 Million	1	9	11	7	11	4
\$500,000 To \$1 Million	9	13	15	2	11	6
\$250,000 To \$500,000	4	11	10	16	8	15
\$250,000 or Less	25	7	4	15	7	15
Average Per District	\$316,915	\$874,322	\$1,124,756	\$592,830	\$1,180,796	\$464,602

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This analysis also reveals that the districts considered among the most competitive also have attracted the most cash. The 14th District topped the million threshold in all six elections. The 1st and 36th districts topped the \$1 million threshold in 5 elections. The 7th, 2nd, 3rd, and 12th districts also have attracted several expensive campaigns.

Table 23 Districts where Candidates have Spent More than \$1 Million Three or More Times Since 1999		
District	Number More Than \$1 Million	Average Victory Margin ⁽⁸⁾
14	6	2.4
1	5	10
36	5	12.7
7	4	18.2
2	3	13.1
3	3	13.8
12	3	5.8

In terms of dollars spent, District 14, which spans Mercer and Middlesex Counties, has been the major battleground district during the past decade.

Table 24 Top 10 Districts by Spending Since 1999	
District	Spending - 1999-2010*
14	\$ 14,320,264
1	\$ 12,848,004
2	\$ 12,005,612
3	\$ 11,970,317
12	\$ 11,812,679
4	\$ 10,899,457
36	\$ 10,800,650
7	\$ 7,820,118
38	\$ 7,449,937
8	\$ 6,755,343

*Includes 2010 special election in 14th District.

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The most expensive legislative showdown in history took place in 2003, when a Democratic slate headed by Fred Madden (who remains a State Senator) defeated a Republican slate headed by George Geist. To put the amount in perspective, the \$6.1 million outlay exceeded the entire spending for the 1985 gubernatorial general election.

Table 25 Top 10 Districts by Spending			
District	Spent	Year	Winners
4	\$ 6,142,441	2003	Democrats
12	\$ 5,963,939	2007	Republicans
1	\$ 4,975,772	2007	Democrats
3	\$ 4,548,302	2003	Democrats
2	\$ 4,458,631	2005	Split*
2	\$ 4,314,225	2007	Split*
3	\$ 3,940,278*	2001	Democrats
38	\$ 3,417,490	2003	Democrats
14	\$ 3,385,929	2007	Republicans
8	\$ 3,313,428	2007	Republicans

*Revised

Legislative Candidates: How did they Spend their Money?

Legislative candidates spent \$179 million during the past decade. This section tries to show how they allocated those funds.

Before reviewing the results, it is necessary to explain the method used to compile this information and how it compares to the previous ten-year overview of legislative fundraising. It has some advantages, and also shares some shortcomings.

The previous analysis included expense information from only the top 20 districts. It also excluded in-kind contributions, which are made mostly by political parties and legislative leadership PACs on behalf of individual legislative candidates. In-kind contributions are important because they mostly flow to targeted districts where both parties think they have an even chance at victory.

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The new analysis sought to categorize nearly \$133 million in direct spending that was reported by candidates. It also reviewed nearly \$29 million in indirect, or in-kind, outlays on their behalf. Combined, this represents nearly \$162 million, or nearly 91 percent of the \$179 million in total candidate spending for the decade. Due to time considerations, many small expenses were not catalogued as part of the analysis.

While the latest analysis includes more information from candidate reports, it is hampered just like the previous report in one key way: the quality of expense information varies widely.

Some candidates detail every expense. Others give vague responses, particularly when they make large media purchases. It isn't uncommon to see a \$200,000 expense that simply lists "media" or "production." Some candidates also lump several expenses together without giving subtotals, making it impossible to separate out individual expenses.

What this means is that this report can state with certainty that mass communications are the single largest expense for most candidates. But it cannot say precisely how much was spent on categories such as direct mail, network or cable television, radio or robo-calls.

Candidates Still Devote Most Resources to Mass Communications

Previous white papers found that legislative candidates generally spent half or more of their funds on mass communications, including direct mail, television and radio. Except for 2009, when the share fell to 35 percent, the share ranged between 49 percent in 1999 to 56 percent in 2001. The average for all six elections was 52 percent.

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Table 26 Mass Communication Spending by Legislative Candidates 1999-2009		
Year	Amount	Percent of Total Spending*
1999	\$ 5,566,568	49
2001	\$15,894,343	56
2003	\$22,763,046	54
2005	\$11,641,252	55
2007	\$22,284,576	53
2009	\$ 6,054,152	35
1999-2009	\$84,203,936	52
*Refers to total spending categorized in white paper analysis. Some years include independent candidates.		

It isn't clear what caused the sudden 19 percent drop in communications spending in 2009. One thing does stand out- transfers of funds to future campaigns soared during the same year. During the past decade, transfers never before exceeded 5 percent. They jumped to 13 percent in 2009.

One possible explanation for the shift is that the main focus of the 2009 campaign was not the Assembly race, but the high stakes election between incumbent Democratic Governor Jon Corzine and Republican Challenger Chris Christie, the ultimate winner.

It could be that officials from both parties decided it was better to spend resources on the campaigns for Governor rather than the Assembly races. Even with an anti-incumbent mood that prevailed at the time, few expected Democrats to lose their 14-seat majority in the lower house. The fact that many incumbents felt safe could explain why they were able to roll over \$2.3 million, the largest amount in the past decade, to their next legislative campaigns.

As previously mentioned, a large number of expenditures are identified as media-related without providing the exact purpose.

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In fact, more than \$35 million of the nearly \$84 million spent on communications during the past decade could not be clearly identified, 42 percent of all communications spending. The year with the least information was 2007, when 58 percent of the \$22 million in media expenditures could not be categorized.

	1999	2001	2003	2005	2007	2009	Total
Uncategorized Media	\$1,598,481	\$2,447,178	\$11,181,893	\$5,309,891	\$12,920,770	\$1,932,212	\$35,390,425
Percent Uncategorized	29%	15%	49%	46%	58%	32%	42%

Of expenses that could be categorized, direct mail was the largest. This should be expected since direct mail is a reliable, efficient means of targeting voters in legislative districts. Direct mail use was highest in 2009, when it reached 48 percent of total communications expenditures. The decade average-32 percent. One veteran political consultant said most legislative races tend to be mail driven because voters to read it.

	1999	2001	2003	2005	2007	2009	Total
Direct Mail	\$2,349,775	\$5,994,869	\$5,962,443	\$3,507,614	\$5,893,596	\$2,905,523	\$26,613,820
Percent	42%	38%	26%	30%	26%	48%	32%

Television advertisements are the second largest expense. The true figure probably is much higher since it appears many large media expenditures that are vaguely categorized are actually for network or cable television.

Political veterans say network television outlays are more common in South Jersey than elsewhere in the state because advertising costs are lower. Cable television and radio buys are more typical in the more expensive Central and North Jersey markets and can be targeted to local audiences.

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2001 was the year in which the most television advertisements were reported by candidates. Nearly \$5.7 million was identified for either network or cable television buys. It represented 36 percent of all communications expenditures. The smallest amount was reported in 2009, only \$619,558, or 10 percent, of all communications spending.

Table 29
Television Advertisements as a Percentage of Total Communications Spending

	1999	2001	2003	2005	2007	2009	Total
Television	\$860,962	\$5,688,277	\$3,746,983	\$1,597,313	\$2,356,953	\$619,558	\$14,870,046
Percent	15%	36%	16%	14%	11%	10%	18%

Expenditures on radio advertisements continue to be a small but continuing part of legislative campaigns.

Table 30
Radio Advertisements as a Percentage of Total Communications Spending

	1999	2001	2003	2005	2007	2009	Total
Radio	\$180,083	\$792,621	\$671,060	\$277,106	\$658,997	\$179,586	\$2,759,453
Percent	3%	5%	3%	2%	3%	3%	3%

An evaluation of other, smaller media expenditures is hampered by the imprecision of expense reporting. The information that is available suggests some trends may be underway.

Expenditures on newspaper advertisements appear to be down over the past decade, paralleling the downward trend in newspaper advertising generally (other than Internet advertising).

The \$89,417 reportedly spent in 2009 was the lowest for the decade. It was 61 percent lower than the 1999 outlay, and 86 percent below the 2003 total, which was the peak for the decade.

As expected, Internet-related expenses appear to be much higher, jumping 594 percent between 1999 and 2009. This, too, reflects the rapidly growing use of the Internet in all areas of society as a means of communication.

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Spending on outdoor advertising such as billboards dropped 73 percent since 2005, perhaps because of the weak economy or more reliance on Internet or cable television advertising. As with newspaper advertising, the \$174,194 total reported in 2009 for outdoor advertising was the lowest for the decade.

	1999	2001	2003	2005	2007	2009	Total
Newspapers	\$227,546	\$436,629	\$648,988	\$ 309,548	\$143,298	\$ 89,417	\$1,855,425
Internet	\$ 21,446	\$ 40,090	NA	NA	\$ 75,655	\$149,023	\$ 286,215
Outdoor	\$212,392	\$387,869	\$491,143	\$639,779	\$235,307	\$174,194	\$2,140,684

Major Expenses besides Communications

Legislative candidates spent more funds on communications than any other purpose.

The next largest expense is contributions they make to party and leadership committees, to joint committees, or to other legislative candidates, or transfers to future campaign accounts.

Contributions and transfers nearly tripled from 15 percent of total contributions in 1999 to 42 percent in 2009.

	1999	2001	2003	2005	2007	2009	Total
Contributions	\$1,351,688	\$5,219,286	\$7,392,713	\$5,001,171	\$ 9,485,909	\$4,958,467	\$33,409,234
Transfers	\$ 369,333	\$ 478,328	\$1,175,233	NA	\$ 2,105,018	\$2,272,267	\$ 6,400,179
Total	\$1,721,021	\$5,697,614	\$8,567,946	\$5,001,171	\$11,590,927	\$7,230,734	\$39,809,413
Percent of All Expenses	15%	20%	20%	24%	28%	42%	24%

There are various reasons why money is flowing more frequently between legislative committees and others.

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Since many incumbents have little chance of losing, party leaders, budget committee leaders and other legislators help colleagues running in more vulnerable districts.

Incumbents also often have the luxury of stockpiling funds for future campaigns.

In 2009, \$2.3 million was saved for future campaigns. This occurred in a year when 100 percent of incumbents running in 2009 won reelection. While incumbents almost always do well, the percentage is higher than in other recent legislative elections when the reelection rate ranged from 95 to 98 percent.

Another reason for the spike in contributions and transfers could be a concern for the public. Some candidates could be using them as a way to give more than contribution limits, particularly since the advent of “Pay-to-Play” restrictions in 2005 that imposed very low contribution limits on public contractors.

Here is an example of how Pay-to-Play laws could be circumvented in legislative elections.

State parties and legislative leadership committees can no longer accept reportable contributions from state contractors. However, individual legislators can take them. This may be one reason why contributions by legislators to other committees has risen sharply in the era of Pay-to-Play laws.

There is nothing that stops a contractor from giving a \$2,600 check to a legislator, and the legislator contributing the money to either the state party or legislative leadership committee.

Using transfers to get around contribution limits is commonly referred to as “wheeling.” Wheeling is prohibited between county party committees during the primary election but otherwise allowed by law.

One explanatory note: contributions by legislative candidates also are discussed on page 19. But that part of the analysis includes contributions only to other legislators, not to parties or legislative leadership PACs.

Another reason for the upsurge in contributions between committees is because more candidates are using joint committees to finance their campaigns. It is now common for a State Senate candidate to

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use a joint committee with two Assembly candidates. Often, they also have individual committees, and they swap money back and forth.

In the six legislative campaigns between 1987 and 1997, joint committees raised \$30.7 million. In the six legislative campaigns between 1999 and 2009, joint committees raised \$67.5 million. The peak year, 2007, when they raised \$16.4 million. That also happened to be the largest year, dollar-wise, for contributions and transfers, \$11.6 million.

Year	Total Raised by Joint Committees
1987	\$ 4,168,841
1989	\$ 4,539,524
1991	\$ 5,304,051
1993	\$ 4,851,184
1995	\$ 6,380,372
1997	\$ 5,480,062
1999	\$ 7,201,199
2001	\$ 8,225,871
2003	\$ 15,823,147
2005	\$ 12,338,212
2007	\$ 16,443,124
2009	\$ 7,455,163

Joint committees have advantages. They provide “one-stop-shopping” convenience for contributors. For instance, if a Senate candidate runs with two Assembly members, a contributor can write one check for \$7,800 – the equivalent of \$2,600 each if they all had separate committees. Joint committees also make it easier to coordinate spending for the candidate slate.

Reliance on joint committee is not just spreading in New Jersey. “In order to raise the necessary funds, candidates and parties have developed new methods and re-invigorated old fund-raising techniques,” said a August 10, 2011 story by Center for Responsive Politics. “One fund-raising tactic that has been growing in popularity is the use of joint fund-raising committees....”

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Another expense- fundraising was slightly higher than in the past. It reached 6 percent after ranging from 2 to 4 percent during the previous five elections. And the amount spent on fundraising in 2009 with just 80 Assembly seats at stake was nearly as much as candidates spent in 2007 when all 120 seats were up. It could be that as it has become harder to raise money due to the recession and Pay-to-Play laws, professional fundraisers have to spend time and charge more.

Table 34 Fundraising Expenses for Legislative Candidates							
	1999	2001	2003	2005	2007	2009	Total
Fundraising	\$449,301	\$831,233	\$767,468	\$541,807	\$1,119,352	\$1,106,917	\$4,816,078
Percent	4%	3%	2%	3%	3%	6%	3%

The cost of hiring political consultants has fallen steadily since 2003. But as a share of total expenses, it was the same as the decade-long average, 5 percent.

Table 35 Consulting Expenses for Legislative Candidates							
	1999	2001	2003	2005	2007	2009	Total
Consulting	\$339,308	\$1,080,974	\$3,309,063	\$1,732,673	\$1,388,125	\$871,210	\$8,753,054
Percent	3%	4%	8%	8%	3%	5%	5%

Polling also has remained fairly level as a campaign expense, usually around 2 percent.

Table 36 Polling Expenses for Legislative Candidates							
	1999	2001	2003	2005	2007	2009	Total
Polling	\$283,212	\$570,535	\$882,162	\$541,359	\$854,971	\$295,951	\$3,428,189
Percent	2%	2%	2%	3%	2%	2%	2%

CHAPTER IV - KEY SPENDING TRENDS

Legislative candidates generally have donated about 1 percent of their funds to charities, and that trend has stayed consistent.

Table 37 Charitable Donations by Legislative Candidates							
	1999	2001	2003	2005	2007	2009	Total
Charitable Donations	\$190,520	\$350,328	\$433,778	\$324,368	\$267,030	\$166,184	\$1,732,208
Percent	2%	1%	1%	2%	1%	1%	1%

Since the state and county parties generally handle election day expenses, individual candidates traditionally have spent less than 2 percent on that purpose, another trend that has remained steady.

Table 38 Election Day Expenses by Legislative Candidates							
	1999	2001	2003	2005	2007	2009	Total
Election Day	\$293,948	\$492,990	\$622,507	\$201,101	\$658,715	\$245,885	\$2,515,146
Percent	3%	2%	1%	1%	2%	1%	2%

General administrative costs also have remained relatively even.

Table 39 Administrative Expenses by Legislative Candidates							
	1999	2001	2003	2005	2007	2009	Total
Administrative Expenses	\$482,936	\$856,679	\$2,910,023	\$819,081	\$2,633,627	\$843,671	\$8,546,016
Percent	4%	3%	7%	4%	6%	5%	5%

Candidates refunded the most contributions in 2007, the year when fundraising peaked. As a percent of all spending, the most refunds occurred in 1999.

Table 40 Refunds by Legislative Candidates							
	1999	2001	2003	2005	2007	2009	Total
Refunds	\$486,782	\$680,096	\$637,288	NA	\$859,046	\$178,803	\$2,842,014
Percent	4%	2%	2%	NA	2%	1%	2%

CHAPTER V

RECOMMENDATIONS

The original law that created ELEC mandated that candidates for state, county and local offices accurately report both their contributions and expenditures. In reviewing information from legislative campaign reports, it is clear that the law has been more successful in compelling candidates to provide quality contribution information than expense data.

There is no doubt contribution information is most important. The main concern behind campaign finance disclosure laws is to help prevent well-heeled contributors from exerting undue influence on candidates and elected officials. Voters can judge for themselves whether this is happening if they know what groups or individuals are providing major financial support to the candidates. While there is always room for improvement, legislative candidates generally are fulfilling that disclosure obligation.

On the expense side, it is another story.

The quality of expense information varies widely. Some candidates have filed reports where they completely omit any description of the expense. Others are meticulous. For instance, one legislative joint committee in 2003 reported purchasing 8 cases of Chandon wine for a fundraising event.

The biggest omissions involve media expenses.

Millions of dollars are being spent each election without the specific purpose being disclosed. More than one in five dollars in campaign expenses reviewed during this analysis were uncategorized.

	1999	2001	2003	2005	2007	2009	Total
Uncategorized Communications Expenses	\$ 1,598,584	\$ 2,447,178	\$11,181,893	\$ 5,309,891	\$12,920,770	\$ 1,932,212	\$ 35,390,425
Total Expenses Examined	\$11,690,279	\$28,580,801	\$42,421,507	\$21,170,167	\$41,827,011	\$16,980,991	\$162,407,338
Percent	14%	9%	26%	25%	31%	11%	22%

CHAPTER V -- RECOMMENDATIONS

Many candidates simply list vague terms like “media” or “production” without specifying what the expense was actually for.

Why should we care whether candidates clearly identify their expenses?

In the case of media expenditures, it is because they often represent the biggest expense for candidates. Aren't members of the public and contributors poorly served if they have no real idea how the candidate spent most of their money?

ELEC regulations require specific information about the purpose of an expense. For instance, ELEC's compliance manual indicates expenditures include “The purpose of the expenditure (describe the specific election-related reason for the expenditure, such as “newspaper advertising,” “postage,” “printing of campaign fliers,” “headquarter rentals,” “telephone expense,” etc.; generic, non-informative descriptions such as “operations,” “petty cash,” “expenses,” or “reimbursement) are not permitted.”⁽⁹⁾

Privately, political consultants claim there can be strategic value in keeping their major media expenses vague. There also is another issue. Some candidates buy media “packages” that might include consulting, production, television buys, and direct mail outlays all in one. Some candidates clearly show the cost of each item. Others don't.

The Commission might wish to consider adopting a new regulation to require candidates to give a breakdown of these combined packages.

Keep in mind the Legislature declared long ago that candidates in New Jersey campaigns should disclose both their contributions and expenses.

For the most part, candidates are complying with the first requirement. Most wouldn't think of accepting a contribution, say, from Johnson & Johnson and reporting only that a “pharmaceutical firm” gave them the funds.

CHAPTER V -- RECOMMENDATIONS

The expenses of gubernatorial candidates face more rigorous disclosure requirements than other candidates because they are eligible for public financing of their campaigns. Yet, disclosure doesn't seem to create major strategic problems for those candidates. Some gubernatorial candidates have spent more than the entire Legislature on television commercials during their campaigns and they fully spell out the cost. After publicly-financed gubernatorial campaigns, ELEC provides expense information in spreadsheets that can be downloaded from its website. Even candidates who self-financed their campaigns and spent tens of millions of dollars have complied with this requirement.

At the federal level, House and Senate disclose expenditures in detail on the Federal Election Commission website. Anyone can download an Excel spreadsheet that lists the expenses of their federal representatives.

Disclosure of both contributions and expenses is important not only for voters. It assists political scientists, journalists, regulators and others who study campaign finance trends and can help influence public policy.

Another important reason for precise disclosure of expenditures- it can help ELEC investigators and other law enforcement authorities who must ensure that candidates are spending their money properly. Making expenditure information available in searchable databases or downloadable spreadsheets would make it far easier to analyze and check.

Even without more conveniently available expense information, candidate expenses are becoming a bigger focus in New Jersey and elsewhere.

Last year, the State Supreme Court unanimously upheld ELEC's refusal to permit a former state senator to use campaign funds to pay for his criminal defense. In May, ELEC filed a civil lawsuit against another former state senator and mayor to recoup \$94,004 of campaign funds that were used to pay criminal defense costs.

During the past decade, several criminal convictions have resulted from improper spending of campaign funds. In 2008, a local party treasurer confessed to using \$10,000 in campaign funds to pay off personal debts. In 2004, a long-time assembly member admitted to spending thousands of dollars in campaign funds on trips, clothing, furniture and even hearing aids. In 2003, a former mayor admitted

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using \$16,420 in campaign funds to trade stocks. In 2001, a former assembly member and mayor spent \$36,000 in campaign funds on mortgage payments, credit card bills, vacation rentals and a car purchase.

While ELEC handles only civil matters and not these types of cases, it can refer them to the Attorney General's Office. Improper or misreported expenditures ranging from lawn signs to robo-calls have led to ELEC investigations or complaints.

High profile campaign finance cases involving expenses also have occurred recently in other states. The former lieutenant governor of South Carolina agreed to pay a \$48,400 fine and reimburse his campaign \$13,700 because he spent campaign funds on personal clothing, a family vacation, a Playstation and football tickets. A District of Columbia council member is under fire for failing to report spending on automated phone calls. Oregon's governor is facing criticism for spending \$7,400 in leftover campaign funds to buy a home security system.

Steps Needed to Enable ELEC to Better Enforce Expense Disclosure

With additional funding, ELEC can improve the quality of expense disclosure and make expense information more accessible. The agency would need more staff and funding to provide this level of detail for candidates other than gubernatorial candidates.

Providing better access to expense information also depends in part on ELEC's ability to collect campaign finance reports electronically. Information from reports filed electronically can be converted into searchable databases. The Commission is making steady headway in the area of electronic filing. But this effort depends on critical improvements to the agency's software infrastructure that could take several years unless it is made a more urgent priority. This too requires additional funding.

One step being taken after this year's election might help improve the quality of disclosure. Legislative candidates who file their reports electronically will be given a clearer set of choices in the "dropdown" box used to fill in the purpose of their expenses.

The investigative section will undertake general audits of certain candidate groups to check the level of compliance in expense reporting.

EXPLANATORY NOTES

- ❖ The previous 10-year analysis of legislative fundraising analyzed only contribution and expense information from the top 20 districts. This analysis included all 40 legislative districts.
- ❖ The current analysis focused solely on contribution and expense information from the general election to minimize double-counting. A large portion of the funds raised during primary elections are carried over into general elections.
- ❖ The earlier analysis did not include in-kind contributions, though the current analysis did not include all of them due to time limitations. In legislative districts that attracted more than \$500,000 in in-kind contributions, an effort was made to categorize all in-kind contributions. In other legislative districts, the focus included only in-kind contributions that exceeded \$25,000.
- ❖ The analysis of how candidates spent their money was based in part on spending data generated for White Papers 17, 19 and 20. Those reports analyzed legislative spending in 2003, 2005 and 2007, respectively. Spending patterns for 1999, 2001 and 2009 were analyzed for the first time in this analysis.
- ❖ Total fundraising and spending figures for legislative elections are higher than previously published totals because they include all reports filed by legislative candidates. Previous totals were taken solely from reports filed 20 days following the election.

FOOTNOTES

1. Certified Election Results, New Jersey Division of Elections.
2. White Paper 13, "Trends in Legislative Campaign Financing: 1987-1997 2nd Volume."
3. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers, New York-Northern New Jersey-Long Island.
4. Sean Parnell, President of the Center for Competitive Politics in story written by Matt Freidman, "With Clean Elections Program Stumbling, Its Opponents Try to Knock It Down," NJPoliticker.com, August 6,2008.
5. "2007 Fair and Clean Elections Report," March 28, 2008.
6. White Paper 13, "Trends in Legislative Campaign Financing: 1987-1997 2nd Volume."
7. Same as 6.
8. Analysis prepared by former Senators William Schluter and Policy Analyst Ingrid Reed for State Redistricting Commission in February 2011. Analysis covered 2003, 2005, 2007, and 2009 elections.
9. Page 28, Compliance Manual for Candidates Including a Summary of Requirements, Reporting Forms, and Instructions - March 2011.

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:** [Repartyzation: 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: Repartyzation 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)
- Number Twenty:** [Legislative General Elections 2007: An Analysis Of Trends In State Senate And Assembly Elections](#) (2009)
- Number Twenty-One:** [School Elections Campaign Financing: An Update](#) (2010)