# WHITE PAPER NO. 28

LEGISLATIVE ELECTION 2017: THE MOTHER OF ALL NJ LEGISLATIVE RACES

N.J. Election Law Enforcement Commission





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#### ACKNOWLEDGEMENT

"Legislative Election 2017-The Mother of All NJ Legislative Races" is the 28<sup>th</sup> white paper released by the New Jersey Election Law Enforcement Commission (ELEC) since 1988.

This series has been cited in media reports, the political science literatures, and in studies prepared by sister agencies and advocacy groups.

The documents serve as reference works and provide valuable background and guidance for the Governor's Office, legislators and other policy makers. Some recommendations have helped spur legislative proposals and even new laws.

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All 28 white papers are available on ELEC's website at www.elec.nj.gov.

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The 2017 legislative election was epic in many ways.

At \$70.7 million, it was the most expensive legislative general election in New Jersey history. It included the most dollars ever spent by independent groups in a legislative general election at \$26.6 million. And independent spending as a percentage of total spending reached a new high of 37.6%. (All three preceding figures from Table 1). The heavy overall spending also resulted in the highest ever average spending per seat and district (both figures in Table 2).

Contributions by continuing political committees, also called PACs, hit a new high of \$8.2 million in 2017 (Table 12), including contributions from union-controlled PACs (Table 13).

Mass media spending overall of \$34.9 million (Table 19) and television spending \$20.3 million (Table 23) hit new highs as did \$2.4 million in digital advertising (Table 25).

Spending on robocalls (Table 25), as well as non-media categories such as administration, fundraising and polling, also set new records (Table 27).

What was most remarkable, however, was an electoral clash that reached national proportions.

The third legislative district race not only was about three times more than the previous high-water mark for a legislative district election in New Jersey.

It was the Godzilla of legislative races, towering over even some past gubernatorial and U.S. Senate campaigns.

At an estimated \$24 million, it continues to loom over previous state legislative races not only in New Jersey but in all of America (Table 15).

The surprise about the 2017 legislative election is that early on, it was expected to be the sideshow to the governor's race.

After eight years in office, former Governor Christ Christie was stepping down. His long-time lieutenant governor, Kim Guadagno, sought to become his successor after fending off a primary challenge.

Her Democratic rival was a first-time candidate for elected office - former Ambassador and Goldman Sachs Executive Phil Murphy.

Murphy spent \$22.5 million of his own funds mostly on promotional media buys in the two years preceding the primary and after he became a primary candidate. This helped him clinch the nomination.

After he won the primary, he felt confident enough about his prospects that he kept his checkbook in his pocket during the general election. He led in virtually every poll and prevailed by a comfortable 57-to-43 percent margin over Guadagno in the overall two-party vote.

#### **SUMMARY**

Partly because of Murphy's personal spending, the governor's race ended up the second most expensive governor's race in history.

But it wasn't the one that caused the most buzz.

The New Jersey Education Association (NJEA) waged a high-profile, all-out effort to oust Senate President Stephen Sweeney (D-3<sup>rd</sup>) from the Legislature due to sharp policy differences, particularly over pension and health benefits.

Despite the teacher's union non-stop assault that began in the spring, the iron worker who had become the state's second-ranking political leader aside from the governor won easily, in part because his allies, including major trade unions, outspent the NJEA.

Sweeney won reelection by his largest margin ever. Democrats won two Republicans seats and lost one in the state Senate, giving them a 25-to-15 margin in the upper house.

State Assembly Democrats added two seats to a majority they won back in 2001, gaining a 54-to-26 edge in the lower house. It was their biggest majority since 1978.

Democrats grumbled after the election, however, that they might have made even bigger gains if they had not been forced to spend so much defending their Senate leader.

One postscript- while tempers simmered several months after the 2017 election, Sweeney and NJEA recently buried the hatchet and announced in March, 2020 that they have collaborated on a plan to slash public educator health care costs by \$1 billion a year while also providing premium relief to individual teachers.

	Table 1 Fundraising and Spending in Legislative General Elections 2001-2017								
Year	Raised By Legislators	Spent by Legislators	Houses Running?	Independent Spending	Total Spending	Total In 2019 Dollars			
2001	\$34,825,851	\$32,550,394	S, A	\$ 3,166,463	\$35,716,857	\$51,773,507			
2003	\$47,911,008	\$44,990,255	S, A	\$ 4,857	\$44,995,112	\$62,741,527			
2005	\$25,081,696	\$23,713,193	A	\$ 3,476	\$23,716,669	\$31,157,243			
2007	\$50,797,317	\$47,231,847	S, A	\$ 165,000	\$47,396,847	\$58,650,232			
2009	\$20,457,342	\$18,584,098	A	\$ 15,999	\$18,600,097	\$22,244,394			
2011	\$45,656,674	\$44,024,272	S, A	\$ 1,835,500	\$45,859,772	\$52,308,793			
2013	\$46,691,108	\$43,446,977	S, A	\$15,442,717	\$58,889,694	\$64,859,127			
2015	\$22,883,719	\$22,632,814	A	\$10,908,983	\$33,541,797	\$36,309,009			
2017	\$44,117,517	\$44,164,473	S, A	\$26,562,428	\$70,726,901	\$73,767,246			

Table 2 Average Spent Per Legislative Seat (Inflation Adjusted)							
Year	Total Spending In 2019 Dollars	Contested Seats	Average Per Seat	Average Per District			
2001	\$51,773,507	120	\$431,446	\$1,294,338			
2003	\$62,741,527	120	\$522,846	\$1,568,538			
2005	\$31,157,243	80	\$389,466	\$ 778,931			
2007	\$58,650,232	120	\$488,752	\$1,466,256			
2009	\$22,244,394	80	\$278,055	\$ 556,110			
2011	\$52,308,793	120	\$435,907	\$1,307,720			
2013	\$64,859,127	120	\$540,493	\$1,621,478			
2015	\$36,309,009	80	\$453,863	\$ 907,725			
2017	\$73,767,246	120	\$614,727	\$1,844,181			

Table 3 Legislative Fundraising and Spending by Party*							
Year	<b>Democrats Raised</b>	<b>Democrats Spent</b>	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			
2011	\$31,838,968	\$31,055,091	\$13,740,008	\$12,909,239			
2013	\$31,023,841	\$28,724,119	\$15,579,153	\$14,635,432			
2015	\$16,343,437	\$15,918,780	\$ 6,538,259	\$ 6,712,224			
2017	\$32,755,854	\$31,613,363	\$11,342,193	\$12,531,796			

<sup>\*</sup>Independent candidates in 2017 also raised \$19,469 and spent \$19,215.

<sup>\*\*</sup>Spending may be larger than fundraising due to use of cash reserves.

Table 4 Breakdown of Spending by Independent Groups And Candidates by Party*						
Party	Independent Groups	Percent	Candidates	Percent	Totals	Percent
Democrats	\$18,406,895	73%	\$31,613,463	72%	\$50,020,358	72%
Republicans	\$ 6,709,142	27%	\$12,531,796	28%	\$19,240,938	28%
Totals	\$25,116,036	100%	\$44,145,258	100%	\$69,261,296	100%

<sup>\*\$1,446,392</sup> in independent spending could not be classified by party.

Table 5 Spending Advantage of Incumbent Legislators Over Challengers						
Year	Incumbents Spent	<b>Challengers Spent</b>	Incumbent Percent	Challenger Percent		
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%		
2011	\$32,174,797	\$11,849,475	73%	27%		
2013	\$33,525,856	\$ 9,921,121	77%	23%		
2015	\$17,331,766	\$ 5,301,048	77%	23%		
2017	\$26,737,008	\$12,153,041	69%	31%		

# **KEY FUNDRAISING TRENDS**

The 69 to 31 percent spending advantage for incumbents in the 2017 election paid big dividends. In the state Senate, 35 of 37 incumbents, or 94.6 percent, were returned to their seats.

In the lower house, all 70 incumbents seeking reelection prevailed. Only twice since 2001 have Assembly incumbents gone undefeated in an election.

Table 6 Number of Legislative Incumbents Winning Reelection by Year								
Year	Year Total Won Lost Percent Won							
		Assembly						
2001	59	56	3	94.9				
2003	72	68	4	94.4				
2005	73	70	3	95.9				
2007	54	53	1	98.1				
P009	71	71	0	100				
2011	66	65	1	98				
2013	74	72	2	97.3				
2015	74	70	4	95				
2017	70	70	0	100				
		Senate						
2003	37	35	2	94.4				
2007	27	24	3	88.9				
2011	37	37	0	100				
2013	39	39	0	100				
2017	37	35	2	94.6				

	Table 7 Average Contributions to Legislative Candidates (Disclosed Contributions Only)					
Year	Average Contribution					
2001	\$2,436					
2003	\$2,803					
2005	\$1,800*					
2007	\$1,472*					
2009	\$2,147					
2011	\$2,501					
2013	\$2,668					
2015	\$2,093					
2017	\$2,161					

<sup>\*</sup>Clean Elections Program in effect, which drastically increased number of small contributions.

#### **KEY FUNDRAISING TRENDS**

This white paper includes a new analysis of contributions by range to try to better reflect the impact of small contributions.

Candidates are not required to disclose contributions under \$300. They must report only a lump sum of those contributions. For instance, if they received ten \$300 donations totaling \$3,000, they must report only the total. In 2017, the total of these lump sums for all legislative candidates was \$2,693,687.

For the first time, an attempt was made to estimate how many \$300 contributions that might represent.

While candidates are not required by law to individually list contributions of \$300 or less, some do voluntarily. Candidates in 2017 reported 1,184 contributions of \$300 or less- an average of \$170.

A ballpark estimate of the number of donors who gave the lump sum amount was obtained by dividing \$2,693,687 by this average. It resulted in an estimate of 15,845 small donors.

Table 8 Range of Contributions Received by Legislative Candidates <sup>1</sup>							
Range	Count	Percent Count	Amount	Percent Amount	Averages		
>\$100,000	9	0.03	\$ 1,955,620	6.6	\$217,291		
\$25,001 to \$100,000	75	0.3	\$ 3,460,488	11.7	\$ 46,140		
\$5,001 to \$25,000	818	3	\$ 8,450,245	28.7	\$ 10,330		
\$4,001 to \$5,000	288	1	\$ 1,397,208	4.7	\$ 4,851		
\$3,001 to \$4,000	192	1	\$ 691,095	2.3	\$ 3,599		
\$2,001 to \$3,000	1,548	5	\$ 3,967,158	13.5	\$ 2,563		
\$1,001 to \$2,000	1,196	4	\$ 1,922,150	6.5	\$ 1,607		
\$301 to \$1,000	7,075	25	\$ 4,721,553	16	\$ 667		
\$300 or Less (Disclosed)	1,184	4	\$ 201,675	0.7	\$ 170		
\$300 or Less (Undisclosed)	15,845*	56*	\$ 2,693,687	9.1	\$ 170		
Totals *Estimates assumes lump	28,230*	100	\$29,460,879 <sup>2</sup>	100	\$ 1,044**		

<sup>\*</sup>Estimates assumes lump sum contributions are the same average (\$170) as disclosed contributions under \$300.

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<sup>\*\*</sup>Average for just disclosed contributions is \$2,161.

<sup>&</sup>lt;sup>1</sup> This analysis is new to this white paper and is not directly comparable to similar charts in previous white papers.

<sup>&</sup>lt;sup>2</sup> Does not include \$14,774,600 carried over from primary elections as a lump sum or \$117,963 in refunds and loan repayments. Total candidate fundraising, including these adjustments, was \$44,117,517.

# **KEY FUNDRAISING TRENDS**

Based on these numbers, contributions of \$300 or less represent about 56 percent of donors but provide just 9.1 percent of the funds to legislative candidates (see Table 8).

Contributions of \$5,000 or less made up 97 percent of all donors and 53 percent of fundraising.

On the other hand, contributions above \$5,000 represented just 3 percent of all donors but provided 47 percent of the dollars.

Table 9 Range of Contributions Received by Legislative Candidates- Small vs Large							
Range Count Percent Count Amount Percent Amount							
\$5,000 or less	27,328	97	\$15,594,526	53			
>\$5,000	<b>&gt;\$5,000</b> 902 3 \$13,866,353 47						

#### LEGISLATIVE SELF-FINANCING

In 2017, legislative candidates plowed a minimal amount of their own money into their campaigns-\$213,060. It was less than one-half of one percent of the \$44.2 million raised for the general election.

The total is a tenth of the record \$2.1 million (inflation adjusted) raised in 2007 from the personal wealth of candidates.

In 2017, eight candidates- five Democrats and three Republicans- spent more than \$10,000. All lost except one incumbent.

Table 10 Legislative Candidates Spending \$10,000 or More of Personal Wealth in 2017 Legislative Elections								
Candidate	Candidate Amount District Party W/L?							
Ordway, Christine	\$35,000	40	Democrat	L				
Colon, Eliot	\$30,323	30	Democrat	L				
Patel, Nirav	\$25,100	12	Democrat	L				
Auth, Robert*	\$25,000	39	Republican	W				
Duch, Thomas	\$20,000	40	Democrat	L				
Vagianos, Paul	\$20,000	40	Democrat	L				
Langschultz, Kelly	\$17,000	38	Republican	L				
Quinn, Robert	\$10,980	17	Republican	L				

<sup>\*</sup>Incumbent

The all-time record continues to be the \$430,305 (inflation-adjusted) spent in 1983 by former Orange Mayor Joel Shain in an attempt to win a state Senate campaign in the 27<sup>th</sup> District.

# Sources of contributions to legislative candidates

#### LEGISLATORS STILL HELPING OTHER LEGISLATORS

Since 2007, legislative candidate committees have received the largest percentage of their contributions from other legislative candidate committees. That is due, in part, because they can still accept contributions of up to \$2,600 from state contractors. Except for certain exceptions, state political party committees and legislative leadership committees can accept no more than \$300 from state contractors under pay-to-play laws that began taking effect in 2005.

Back in 2003, candidates received \$4.1 million from other legislative candidates or 12 percent but \$8.7 million from state parties and legislative leadership committees or 50 percent.

By 2017, candidates received \$6.9 million or 26 percent from other candidates but just \$5 million combined from parties and leadership committees- 19 percent. These statistics provide further evidence of decline in New Jersey's party system.

Table 11 Contributions by Contributor Type to Legislative Candidates in 2017 (Highs in Bold)							
Type Total-\$ Percent Highest Year (%) Percent							
Campaign Fund (Mostly Legislative)	\$ 6,870,232	26	2011	31			
Union PAC	\$ 4,574,763	17	2015	20			
Individual	\$ 4,251,618	16	2017	16			
Political Party Committee	\$ 3,475,629	13	2001	26			
Professional/Trade Association PAC	\$ 2,346,708	9	2009, 2017	9			
Misc. Businesses- Direct	\$ 2,323,326	9	2003, 2013	10			
Legislative Leadership Committee	\$ 1,525,081	6	2005	32			
Ideological PAC	\$ 425,585	2	2001,2007	3			
Regulated Industries PAC**	\$ 420,100	2	2017	2			
Misc. Business PAC	\$ 397,665	1	2009, 2011	3			
Political Committee	\$ 75,000	0.3	2001	4			
<b>Union- Direct</b>	\$ 67,700	0.3	2009	4			
Total	\$26,767,193*	100%					

<sup>\*</sup>Includes \$13,785 from interest income. \*\* Data available for only three elections.

Another trend in recent years is that legislative candidates have relied more heavily on continuing political committees, more commonly known as political action committees (PACs).

The \$8.2 million in PAC contributions received in 2017, when both legislative houses were running, sets a new high dollar-wise. It represented 31 percent of total contributions.

Only in 2015, when there were fewer candidates running with just the Assembly up for grabs, did PAC contributions represent a higher percentage (33%).

# SOURCES OF CONTRIBUTIONS TO LEGISLATIVE CANDIDATES

The significant increase in PAC contributions may relate in part to the fact that parties and legislative leadership PACs no longer can accept contributions above \$300 from public contractors under the mid-2000s reforms.

PACs can. So, some contractors may have shifted their larger checks from parties to PACs.

Table 12 PAC Contributions as Percentage of all Contributions to Legislative Candidates (Highs In Bold)					
Year Total PAC Dollars Percent of Total Contributions					
2001	\$3,558,171	14%			
2003	\$4,603,534	14%			
2005	\$3,212,830	18%			
2007	\$6,123,214	16%			
2009	\$3,675,039	25%			
2011	\$6,485,603	22%			
2013	\$7,141,747	23%			
2015	\$4,671,762	33%			
2017	\$8,164,821	31%			

Another trend since 2005 is that contributions from union PACs have become the major source among PAC contributions.

In 2003, union PACs gave \$1.4 million- 31 percent of all PAC dollars and just 4 percent of total contributions. Professional and trade associations gave \$2.3 million- 50 percent of all PAC bucks. It was the last time another group gave more than union PACs.

By 2017, union PAC contributions had reached a new high of \$4.6 million- 56 percent of all PAC dollars and 17 percent of total contributions.

Table 13 Contributions by PAC Type to Legislative Candidates in 2017						
PAC Type Amount Percent of PACs						
Union PAC	\$4,574,763	56%				
<b>Professional/Trade Association PAC</b>	\$2,346,708	29%				
Ideological PAC	\$ 425,585	5%				
Regulated Industries PAC	\$ 420,100	5%				
Misc. Business PAC	\$ 397,665	5%				
All PAC Total	\$8,164,821	100%				

# Sources of contributions to legislative candidates

Tabl	le 14				
Union PAC Contributi	ions as a	l Per	centa	ge of	
<b>Total Contributions to</b>	Legislat	tive (	Candi	dates	
and Total Share of PAC Co	ntributi	ions	(High	s in B	old)
			0.75	-	-

and Total Share of TAC Contributions (Highs in Dold)						
Year	Union PAC Contributions	Percent of Total Contributions	Percent of Total PAC Contributions			
2001	\$1,055,100	4%	30%			
2003	\$1,444,337	4%	31%			
2005	\$1,305,840	7%	41%			
2007	\$2,362,245	6%	39%			
2009	\$1,505,830	10%	41%			
2011	\$3,073,812	10%	47%			
2013	\$3,935,864	13%	55%			
2015	\$2,814,260	20%	60%			
2017	\$4,574,763	17%	56%			

#### BATTLEGROUND DISTRICTS

In all wars, some battles stand out due to their size, ferocity or importance.

The Battle of Trenton helped Americans turn the tide against the British in the Revolutionary War. Gettysburg stopped the northern advance of the rebel army in the Civil War. D-Day was the beginning of the end for the Third Reich.

During the 2017 election, the showdown over the Third Legislative District didn't just obliterate the previous New Jersey record for spending in a single legislative district.

It was the most expensive state legislative contest in American history- about \$24.1 million in dollars unadjusted for inflation. Due to the historical importance of the race, a special effort was made to estimate spending even though a precise figure was not available due to inadequate disclosure. See Appendix for a detailed explanation of how the figure was determined.

The \$24.1 million is twice the previous high for money spent within a single legislative district- a 2008 California race that today would cost \$12.8 million.

A 2016 Illinois race that topped \$18.5 million is not comparable because most of the expenditures actually were transfers to candidates in other districts by a legislative leader.

	Table 15  Most Expensive State  Legislative Elections Nationally							
State	Year	Winner	Party	Independent Spending	Candidates Spending	Total	Inflation Adjusted	
NJ	2017	Sweeney, Senate President Steve	Democrat	\$19,780,794*	\$ 4,322,147	\$24,100,941	\$25,075,762	
IL	2016	Durkin, Republican Leader Jim	Republican	\$ 101,900	\$18,443,974	\$18,545,874 <sup>3</sup>	\$19,824,807	
CA	2008	Strickland, Senator Tony	Republican	\$ 2,378,843	\$ 8,365,446	\$10,744,289	\$12,803,042	
TX	2018	Paxton, Senator Angela	Republican	\$ 186,614	\$12,091,130	\$12,277,744	\$12,544,268	
CA	2016	Grayson, Assemblyman Tim	Democrat	\$ 9,264,075	\$ 1,606,252	\$10,870,327	\$11,619,950	

<sup>\*</sup>Estimate

Using inflation adjusted numbers, New Jersey's third district clash in 2017 actually cost more than the general election for governor in 1985 (\$24.9 million) and the 2013 <u>U.S. Senate</u> special general election (\$19.7 million).

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<sup>&</sup>lt;sup>3</sup> From candidate's quarterly report filed January 17, 2017 at https://www.elections.il.gov/#News. Nearly all the money was transferred outside district. Jim Durkin is House Republican leader. During the 2016 election, he had \$1 million in cash and received \$17.7 million in contributions, including \$12 million from then-Governor Bruce Rauner and \$5 million from Kenneth Griffin. He then transferred \$18.3 million to House Republicans and the state party.

# **BATTLEGROUND DISTRICTS**

It also was triple the previous high - \$8.6 million in 2019 dollars- spent on the fourth legislative district campaign in 2003.

	Table 16								
	All-Time Most Expensive Legislative Districts in New Jersey*								
Rank	District	Year	Total Spending	Democrats	Republicans	Independent Groups	Total Spending (Inflation Adjusted)	Winners	
1	3	2017	\$24,100,941	\$4,125,878	\$ 196,269	\$19,780,793	\$25,075,762	Democrats	
2	4	2003	\$ 6,142,441	\$4,570,686	\$1,571,755		\$ 8,564,632	Democrats	
3	12	2007	\$ 5,963,939	\$5,057,798	\$ 906,141		\$ 7,379,577	Republicans	
4	1	2007	\$ 4,975,772	\$3,605,195	\$1,370,577		\$ 6,156,853	Democrats	
5	2**	2011	\$ 5,806,467	\$3,519,935	\$2,069,512	\$ 209,762	\$ 6,622,665	Split	
6	38	2013	\$ 5,910,318	\$2,713,003	\$ 976,179	\$ 2,221,136	\$ 6,509,096	Democrats	
7	3	2003	\$ 4,548,302	\$3,943,220	\$ 605,083		\$ 6,341,866	Democrats	
8	38	2011	\$ 5,183,499	\$3,214,496	\$1,483,318	\$ 485,685	\$ 5,860,802	Democrats	
9	2	2005	\$ 4,458,631	\$2,832,527	\$1,626,104		\$ 5,857,130	Split	
10	3	2001	\$ 3,940,278	\$2,828,825	\$1,111,453		\$ 5,711,355	Democrats	

<sup>\*</sup>Ranked by inflation adjusted spending.

One quarter of all spending in the 2017 New Jersey legislative election took place in the third district. That lone race cost more than the other top nine races combined.

Table 17								
Top 10 Legislative Districts by General Election Spending in 2017								
District	Candidates	<b>Independent Committees</b>	Total					
3	\$ 4,322,147	\$19,780,794	\$24,102,941					
11	\$ 3,729,836	\$ 1,522,750	\$ 5,252,586					
2	\$ 3,247,506	\$ 1,010,856	\$ 4,258,362					
16	\$ 2,757,545	\$ 377,816	\$ 3,135,361					
39	\$ 1,984,134	\$ 240,000	\$ 2,224,134					
38	\$ 2,118,009	\$ 2,933	\$ 2,120,942					
36	\$ 1,649,714	\$ 2,000	\$ 1,651,714					
21	\$ 1,366,945	\$ 118,524	\$ 1,485,469					
8	\$ 747,227	\$ 382,820	\$ 1,130,047					
14	\$ 1,029,062		\$ 1,029,062					
Top ten districts	\$22,952,125	\$23,438,493	\$46,390,518					
		3rd District Race	24%					
		Top Ten Districts	66%					

<sup>\*\*</sup> Includes \$7,258 in spending by independent candidate.

#### BATTLEGROUND DISTRICTS

The third district clash also was almost five times more than the next highest legislative race in 2017- the \$5.3 million showdown in the 11<sup>th</sup> legislative district.

Due to the unprecedented scale of the third district race, the top ten districts consumed a record 66 percent of total legislative spending for the 2017 election.

It should be noted that the third district total includes spending during primary months because neither candidate faced a primary opponent and campaign ad attacks began during spring and ran straight through to the November election.

Due to the 2017 election, the third legislative district now ranks as the district that has drawn the most spending since 2001.

Table 18 Five Most Expensive Legislative Districts 2001-2017					
District	Total Spent*	Years Ranked as Top Race in Election	Years Ranked Among Top Five Races		
3	\$43,466,609	2	5		
2	\$31,282,064	3	6		
1	\$23,231,295	1	5		
38	\$22,273,240	1	4		
14	\$22,050,142	1	7		

<sup>\*</sup>not inflation adjusted.

2001 was the last year the third legislative district ranked as the number one battleground. At the time, it was the most expensive legislative election in state history.

It also was the year Sweeney first won election as the district- and the legislature- shifted from Republican to Democrat.

That race was a bargain compared to the 2017 figure - \$3.9 million, or \$5.7 million in current dollars.

Following a long-time trend, mass media spending represented the single biggest area of spending in legislative campaigns.

Given that overall spending set a new record in 2017, it isn't too surprising that mass media overall and some of its categories also surpassed previous highs.

Total mass media spending surged to \$34.9 million in 2017.

Adjusting for inflation, the highest previous total occurred in 2003, when media spending was \$31.7 million in today's dollars. Taking inflation into account, the 2017 figure equals \$36.4 million in current dollars.

Table 19 Mass Media Spending as a Percent of Total Campaign Spending					
Year	Mass Media Spending	Percent of All Spending			
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%			
2011	\$14,426,075	33%			
2013	\$21,607,970	41%			
2015	\$12,500,784	37%			
2017	\$34,921,646**	49%			
	Average	46%			

<sup>\*\$31,739,356</sup> inflation adjusted. \*\*\$36,433,872 inflation adjusted.

Mass media represented 49 percent of all campaign spending. That is not a record.

Table 20 Total Spending by Category in 2017 Legislative General Election						
Category	Amount	Percent				
Mass Media	\$34,921,646	49%				
Contributions-Political	\$16,039,747	23%				
Administration	\$ 6,951,018	10%				
Transfer to Next Election	\$ 5,027,090	7%				
Research and Polling	\$ 2,499,868	4%				
Fundraising/Entertainment	\$ 2,246,662	3.%				
Consulting	\$ 1,065,005	2%				
Get-Out-The-Vote (GOTV)	\$ 760,792	1%				
Contributions-Charitable	\$ 528,635	1%				
Miscellaneous (Expense Not Identified)	\$ 482,241	0.7%				
Multiple Purposes	\$ 217,579	0.3%				
Compliance	\$ 169,038	0.3%				
Refund	\$ (182,418)	-0.3%				
Total	\$70,726,901	100%				

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Table 21 All Spending Categories-Legislative Candidates								
and Independent Groups (Sorted By Combined)								
Categories	Candidates	Percent	Independent	Percent	Combined	Percent		
	Culturdates	1 01 00110	Groups	1 CI CCIIC	Comonica	1 CI CCIIC		
Media	\$18,842,694	43%	\$16,078,952	61%	\$34,921,646	49%		
Contributions- Political	\$12,303,769	28%	\$ 3,735,978	14%	\$16,039,747	23%		
Administration	\$ 2,320,808	5%	\$ 4,630,210	17%	\$ 6,951,018	10%		
Transfer To Next Election	\$ 5,027,090	11%			\$ 5,027,090	7%		
Research And Polling	\$ 1,415,356	3%	\$ 1,084,512	4%	\$ 2,499,868	4%		
Fundraising/ Entertainment	\$ 2,070,572	5%	\$ 176,090	1%	\$ 2,246,662	3%		
Consulting	\$ 699,879	2%	\$ 365,126	1%	\$ 1,065,005	2%		
GOTV	\$ 403,723	1%	\$ 357,069	1%	\$ 760,792	1%		
Misc Not Identified	\$ 438,557	1%	\$ 90,078	0.4%	\$ 528,635	0.7%		
Contributions- Charitable	\$ 482,241	1%			\$ 482,241	1%		
<b>Multiple Purposes</b>	\$ 217,579	0.5%			\$ 217,579	0.3%		
Compliance	\$ 75,545	0.2%	\$ 93,493	0.4%	\$ 169,038	0.3%		
Refund*	\$ (133,340)	-0.3%	\$ (49,078)	-0.2%	\$ (182,418)	-0.3%		

\$26,562,428

100%

\$70,726,901

Total

\$43,897,793

100%

100%

Table 22								
Mass Media Spending by Legislative Candidates and Independent Groups								
Media Spending	Candidates	Percent	Independent Groups	Percent	Combined	Percent		
Media- TV	\$ 6,197,651	33%	\$ 7,445,668	46%	\$13,643,319	39%		
Mail	\$ 5,313,831	28%	\$ 2,274,420	14%	\$ 7,588,251	22%		
Media- Cable TV	\$ 791,240	4%	\$ 2,986,586	19%	\$ 3,777,826	11%		
Media- Uncategorized	\$ 2,621,342	14%	\$ 39,624	0.2%	\$ 2,660,966	8%		
Media- Digital	\$ 673,912	4%	\$ 1,749,086	11%	\$ 2,422,998	7%		
Media- Mixed	\$ 42,601	0%	\$ 1,198,623	7%	\$ 1,241,224	4%		
Media- Production	\$ 1,096,460	6%	\$ 91,719	1%	\$ 1,188,179	3%		
Media- Radio	\$ 882,600	5%	\$ 57,646	0.4%	\$ 940,246	3%		
Printing	\$ 672,291	4%	\$ 8,542	0.1%	\$ 680,833	2%		
Media- Billboards	\$ 276,717	1%			\$ 276,717	1%		
Media- Robocalls	\$ 68,950	0.4%	\$ 177,938	1%	\$ 246,888	1%		
Media- Newspapers And Other Print	\$ 192,453	1%			\$ 192,453	1%		
Signs	\$ 12,647	0.1%	\$ 49,099	0.3%	\$ 61,746	0.2%		
	\$18,842,694	100%	\$16,078,952	100%	\$34,921,646	100%		

Legislative candidates have done a better job in recent years of categorizing their media expenses. For instance, in 2007, nearly \$13 million in media buys were unidentified. By contrast, in 2017, a record \$13.6 million was identified as a purchase of television time. Uncategorized media was just \$2,660,966 despite record overall spending in the campaign.

In recent years, ELEC, following discussions with political consultants, has estimated television expenditures by assuming 75 percent of uncategorized media represents a TV ad buy.

The following table combines this information with known television buys and gives a final totalan estimated record \$20.3 million.

Table 23 Estimated Television Spending as a Percentage of Total Media					
Category	Candidates	Independent Groups	Combined		
75% of Uncategorized Media Spending Assumed to be TV	\$1,966,006	\$ 29,718	\$ 1,995,725		
Media- TV	\$6,197,651	\$ 7,445,668	\$13,643,319		
Media- Cable TV	\$ 791,240	\$ 2,986,586	\$ 3,777,826		
75% of Media Mixed	\$ 31,951	\$ 898,967	\$ 930,918		
Totals	\$8,986,848	\$11,360,939	\$20,347,787		
% of Total Media Spending	48%	71%	58%		

Table 24 Estimated Television Spending as a Percentage of Total Media Spending by Year						
	2003	2005	2007	2009		
75 Percent of Uncategorized Media Spending	\$ 8,386,420	\$ 3,982,418	\$ 9,690,578	\$ 1,449,159		
Media- TV	\$ 3,746,983	\$ 1,597,313	\$ 2,356,953	\$ 619,558		
Media- Cable TV	\$ 3,708,009	\$ 43,113	NA	\$ 66,637		
Estimated TV	\$15,841,412	\$ 5,622,844	\$12,047,531	\$ 2,135,354		
% of Total Spending	70%	48%	54%	35%		
Total Media Spending	\$22,763,046	\$11,641,252	\$22,284,576	\$ 6,054,152		
	2011	2013	2015	2017		
75 Percent of Uncategorized Media Spending	\$ 5,111,141	\$ 5,582,487	\$ 1,912,657	\$ 1,995,725		
Media- TV	\$ 1,577,335	\$ 4,636,453	\$ 4,186,117	\$13,643,319*		
Media- Cable TV	NA	\$ 806,842	\$ 305,842	\$ 3,777,826		
75 % of Mixed Media			\$ 345,811	\$ 930,918		
Estimated TV	\$ 6,688,476	\$11,025,782	\$ 6,750,427	\$20,347,787*		
% of Total Spending	46%	51%	54%	58%*		
Total Media Spending	\$14,426,075	\$21,889,028	\$12,500,786	\$34,921,646*		

\*New high

Given that overall and mass media spending both set new records, some other media categories also registered record or near-record highs (see Table 25).

Digital advertising soared to \$2.4 million, by far the largest sum ever in a legislative campaign.

The \$246,888 spent on robocalls also sets a new standard.

Direct mail reached \$7.6 million, the highest amount except when some earlier totals are adjusted for inflation. The 2001 total for direct mail of almost \$6 million would cost nearly \$8.6 million if bought with today's dollars.

# MASS MEDIA SPENDING

	Table 25 Other Media Categories 2001-2017								
	2001	2003	2005	2007	2009	2011	2013	2015	2017
Unidentified	\$2,447,178	\$11,181,893	\$5,309,891	\$12,920,770	\$1,932,212	\$6,814,855	\$7,443,315	\$2,550,209	\$2,660,966
Percent	15%	49%	46%	58%	32%	47%	34%	20%	7%
Direct Mail	\$5,994,869	\$ 5,962,443	\$3,507,614	\$ 5,893,596	\$2,905,523	\$3,986,659	\$6,158,651	\$3,368,943	\$7,588,251*
Percent	38%	26%	30%	26%	48%	28%	28%	27%	22%
Radio	\$ 792,621	\$ 671,060	\$ 277,106	\$ 658,997	\$ 179,586	\$ 224,409	\$ 715,511	\$ 589,662	\$ 940,246
Percent	5%	3%	2%	3%	3%	2%	3%	5%	3%
Newspapers	\$ 449,253	\$ 648,988	\$ 309,548	\$ 143,298	\$ 89,417	\$ 132,487	\$ 105,955	\$ 102,709	\$ 192,453
Percent	3%	3%	3%	1%	1%	1%	0.50%	1%	1%
Billboards	\$ 393,899	\$ 491,143	\$ 639,779	\$ 235,307	\$ 174,194	\$ 324,226	\$ 243,133	\$ 146,976	\$ 276,717
Percent	2%	2%	5%	1%	3%	2%	1%	1%	1%
 Digital	\$ 40,090	NA	NA	\$ 75,655	\$ 150,417	NA	\$ 269,382	\$ 144,702	\$2,422,998*
Percent	NA	NA	NA	0.30%	2%	NA	1%	1%	7%
Robocalls	\$ 86,639	\$ 38,884	NA	NA	\$ 1,934	\$ 52,967	\$ 54,923	\$ 50,716	\$ 246,888*
	1%	0.3%	NA	NA	0.03%	0.4%	0.3%	0.4%	1%

<sup>\*</sup>New high

Table 26 Contributions to Other Candidates and Committees and Transfers to Future Campaign								
	2001 2003 2005 2007 2009							
Political Contributions	\$ 5,219,286	\$ 7,392,713	\$ 5,001,171	\$ 9,485,909	\$4,958,467			
Transfers to Next Campaign	\$ 478,328	\$ 1,175,233	NA	\$ 2,105,018	\$2,272,267			
Total	\$ 5,697,614	\$ 8,567,946	\$ 5,001,171	\$11,590,927	\$7,230,734			
Percent	20%	20%	24%	28%	42%			
	2011	2013	2015	2017				
Political Contributions	\$13,906,135	\$20,243,491	\$11,109,040	\$16,039,747				
Transfers to Next Campaign	\$ 6,431,152	\$ 4,933,748	\$ 3,045,204	\$ 5,027,090				
Total	\$20,337,287	\$25,177,239	\$14,154,244	\$21,316,837				
Percent	46%	43%	42%	30%				

While administrative expenses hit \$7 million, the most ever, the figure was inflated by the fact that one independent group did heavy borrowing and loan repayments.

Fundraising and polling costs also reached new highs.

	Table 27								
Non-Media Spending- 2001-2017									
Category	2001	2003	2005	2007	2009	2011	2013	2015	2017
Fundraising	\$ 811,233	\$ 767,468	\$ 541,807	\$1,119,352	\$1,106,917	\$1,738,756	\$1,575,244	\$ 935,539	\$2,246,662*
Percent	3%	2%	3%	3%	6%	4%	3%	3%	3%
Consulting	\$1,080,974	\$3,309,063	\$1,732,673	\$1,388,125	\$ 871,210	\$2,370,730	\$1,967,233	\$ 913,026	\$1,065,005
Percent	4%	8%	8%	3%	5%	5%	4%	3%	2%
Polling	\$ 570,535	\$ 882,162	\$ 541,359	\$ 854,971	\$ 295,951	\$1,041,827	\$2,243,067	\$1,493,303	\$2,499,868*
Percent	2%	2%	3%	2%	2%	2%	4%	4%	4%
<b>Election Day</b>	\$ 492,990	\$ 622,507	\$ 201,101	\$ 658,715	\$ 245,885	\$ 564,394	\$2,229,452	\$1,395,232	\$ 760,792
Percent	2%	1%	1%	2%	1%	1%	4%	4%	1%
Charitable Donations	\$ 350,328	\$ 433,778	\$ 324,368	\$ 267,030	\$ 166,184	\$ 427,461	\$ 509,670	\$ 378,020	\$ 482,241
Percent	1%	1%	2%	1%	1%	1%	1%	1%	1%
Administrative Expenses	\$ 856,679	\$2,910,023	\$ 819,081	\$2,633,627	\$ 843,671	\$2,410,481	\$2,352,280	\$1,500,763	\$6,951,018*
Percent	3%	7%	4%	6%	5%	5%	4%	5%	10%
Refunds	\$ 680,096	\$ 637,288	NA	\$ 859,046	\$ 178,803	\$ 164,356	\$ 51,556	\$ 89,687	\$ 182,418
Percent	2%	2%	NA	2%	1%	0.40%	0.50%	0.30%	0.3%

\*New high

#### RECOMMENDATIONS

For nearly a decade, ELEC has been calling for legislation changes to make independent special interest groups more transparent and accountable because they have become a dominant force in New Jersey elections during the last decade.

It also has suggested changes to try to reinvigorate political parties, which already are transparent and accountable.

Party fundraising has declined sharply since the mid-2000s due to tight contribution limits on public contractors and a shift of contributions away from parties to independent spenders.

Among these recommendations, which are among ELEC's top priorities for legislative change:

- ❖ Independent spenders should be required to file disclosure reports with ELEC listing significant contributions whether they expressly advocate the election or defeat of a candidate or ballot question, or whether they use issued-oriented advertisements that might not include phrases like "vote for" or "vote against" yet are clearly aimed at electing or defeating a candidate or ballot question. Current law requires independent groups doing express advocacy to disclose only expenditures. It requires no disclosure at all for issue-style election advocacy except in one narrow case.⁴
- ❖ End the \$300 limit on most contributions from public contractors to state, county and political parties while imposing it on continuing political committees, or PACs.
- \* Raise general contribution limits for non-gubernatorial candidates, parties and political committees for the first time since 2005. Contribution limits gubernatorial candidates are adjusted for inflation every four years.
- ❖ Let state parties spend directly on gubernatorial elections.

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<sup>&</sup>lt;sup>4</sup> Gubernatorial candidates who use non-profit groups to promote themselves within the previous four years before their election must disclose the campaign finance activity of those groups.

# HOW ELEC ESTIMATED THE COST OF THIRD LEGISLATIVE DISTRICT RACE 2017

Regardless of how you add up the numbers, the third legislative district election in 2017 was the most money ever spent in one state legislative district in U.S. history.

Reports filed with the NJ Election Law Enforcement Commission (ELEC), the Internal Revenue Service, and Federal Communications Commission, and information compiled by Advertising Analytics, an ad-tracking service, indicate that at least \$14.9 million was specifically earmarked for the district by candidates and independent groups.

Table 1 Known Legislative District 3 Spending				
Group	Amount			
Garden State Forward (NJEA)	\$ 3,581,083			
General Majority PAC	\$ 2,627,793			
New Jerseyans for a Better Tomorrow	\$ 2,066,073			
Better Education for Kids	\$ 1,347,106			
Coalition of Real Estate	\$ 357,347			
Unite Here (Hotel Workers)	\$ 304,400			
Stronger Foundations (Operating Engineers)	\$ 184,697			
NJ Building and Construction Trades Advocacy Fund	\$ 124,420			
State Laborers PAC	\$ 27,843			
Carpenters Fund for Growth and Progress	\$ 4,052			
League of Humane Voters of NJ	NA			
Total- Independent Spenders	\$10,624,814			
Democratic Candidates	\$ 4,125,878			
Republican Candidates	\$ 196,269			
Grand Total	\$14,946,961			

By far, the lion's share of spending in the district came from three groups- General Majority PAC, New Jerseyans for a Better Tomorrow and Garden State Forward. They spent at least \$8.3 million- 55 percent- of the total. They also were the three biggest independent spenders in the entire legislative election, spending a combined \$21 million on all 2017 legislative races.

Two of the groups- General Majority PAC and New Jerseyans for a Better Tomorrow - were aligned with Senate President Stephen Sweeney, who represents the district. Garden State Forward (GSF), a federal 527 political organization run by the New Jersey Education Association (NJEA), targeted Sweeney in the election due to policy differences.

Subtracting from the Big Three's total spending the \$8.3 million known to be spent by the three groups in the third district and another \$1.7 million in other districts leaves \$11.1 million not linked to a specific district.

Much of this spending was likely done in the third district.

While most of their television expenditures are known, the groups also reported spending considerable sums on such items as digital media, radio, mail, robocalls, fundraising, polling, research, administration, and loan repayments.

The historical significance of the race warranted a special effort to develop a better – though still ballpark<sup>5</sup> - total. Since it is an estimate, ELEC wanted to be transparent about the assumptions used to develop it.

First, ELEC totaled known LD 3 spending by each group, totaled spending for other districts, added the two together, and calculated the percentage that went to LD 3.

Table 2 Known Spending All Legislative Districts by Top Three Independent Groups							
Group	Known LD 3 Earmarks	Known Earmarks Other Legislative Districts	All Known Legislative District Earmarks	LD 3 as % of Known Earmarks			
General Majority PAC	\$2,627,793	\$959,792	\$3,587,585	73%			
New Jerseyans for a Better Tomorrow	\$2,066,073	\$191,735	\$2,257,808	92%			
Garden State Forward	\$3,581,083	\$539,392	\$4,120,475	87%			

Next, ELEC took spending that hadn't been broken out by district and multiplied it by the LD 3 percentage.

Table 3 Allocations Based on Known Legislative District Spending					
Group	Spending- No District Specified	Multiply by:	LD 3 Allocation		
General Majority PAC	\$4,866,894	73%	\$3,564,846		
New Jerseyans for a Better Tomorrow	\$4,148,395	92%	\$3,796,110		
Garden State Forward	\$2,065,395	87%	\$1,795,024		

Adding LD 3 allocations to the known spending led to these revised totals.

<sup>&</sup>lt;sup>5</sup> An approximation, made with a degree of knowledge and confidence, that the estimated figure falls within a reasonable range of values. www.businessdictionary.com/definition/ball-park-estimate.html Accessed November 8, 2019.

Table 4				
<b>Estimated Total Spending on Third Legislative District Race 2017</b>				
Group	<b>Total Estimated</b>			
O. O. P	LD 3 Spending			
General Majority PAC	\$ 6,192,639			
New Jerseyans for a Better Tomorrow	\$ 5,862,183			
Garden State Forward (NJEA)	\$ 5,376,107			
Better Education for Kids	\$ 1,347,106			
Coalition of Real Estate	\$ 357,347			
Unite Here (Hotel Workers)	\$ 304,400			
Stronger Foundations (Operating Engineers)	\$ 184,697			
NJ Building and Construction Trades	\$ 124,420			
Advocacy Fund	\$ 124,420			
State Laborers PAC	\$ 27,843			
Carpenters Fund for Growth and Progress	\$ 4,052			
League of Humane Voters of NJ	NA			
Total- Independent Spenders	\$19,780,794			
Democratic Candidates	\$ 4,125,878			
Republican Candidates	\$ 196,269			
Grand Total	\$24,102,941			

While some might argue the numbers are too high, they are not much higher than one pre-election forecast.

A New York Times story appearing October 27, 2017 said:

"Democratic groups estimate they will spend \$11 million to support Mr. Sweeney, while the teachers' union is on pace to spend more than \$8 million. Other unions are pouring money in on Mr. Sweeney's behalf and by Election Day, Nov. 7, the total amount spent on the single race could easily eclipse \$20 million."

One factor that drove up the overall spending total is that General Majority depended on millions of dollars of borrowed money. It still is paying off loans related to the 2017 election.

Another thing to keep in mind is that even the upper range estimate by ELEC still leaves \$1.9 million in unallocated spending by the "Big Three".

If some or all of that was related to the third district, the total would be even higher than \$24.1 million.

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<sup>&</sup>lt;sup>6</sup> Corsaniti, Nick, "In New Jersey, a Union's Costly Campaign to Defeat a Democrat", New York Times, October 27, 2017.

#### **Background on the Big Three**

General Majority PAC is a 527 political organization affiliated with South Jersey Democratic leader George Norcross, a lifelong friend and political ally of Sweeney. General Majority remains active and participated in the 2019 legislative campaign. It gave \$2,627,793 to New Jerseyans, of which more than \$400,000 was later repaid.

Along with reporting its contributions to New Jerseyans for a Better Tomorrow, General Majority PAC also reported some spending in legislative districts 1, 2, and 11. General Majority remains active and was the number one independent spender in the 2019 legislative election.

New Jerseyans for a Better Tomorrow was a 527 political organization set up May 5, 2015 by Sean Kennedy, who previously had served as Sweeney's senior advisor and associate executive director of state Senate Democrats.

It was widely reported after its creation that the aim of New Jerseyans for a Better Tomorrow was to help pave the way for a potential gubernatorial run by Sweeney. Instead, Sweeney opted out of the governor's race, and the committee ended up serving as the main bulwark against the political onslaught by NJEA, the state's largest teachers union.

The primary mission of New Jerseyans for a Better Tomorrow was clearly to support Sweeney. It began doing TV ads in his district in June 2017. Ad buys for the other districts didn't begin until October 28. The amount it spent in other districts was small- about three percent of its total spending.

New Jerseyans for a Better Tomorrow filed disclosure reports with ELEC until closing down in June 2018. Its reports did not break out spending by legislative district.

The New Jersey Education Association (NJEA), which is state's largest special interest group both in membership and political spending, publicly vowed to oppose Sweeney's reelection in March 2017.

In its initial independent expenditure filing with ELEC, NJEA's independent spending arm, Garden State Forward, said it spent \$317,800 in the third district. Subsequent filings made no reference to a legislative district. Advertising Analytics reports that GSF spent \$3,263,283 on television advertisements targeting Sweeney or promoting his opponent starting in June, 2017. The group spent another \$289,392 on TV in Legislative District 2, according to Advertising Analytics. IRS filings indicate it also gave \$250,000 to another group that campaigned in legislative districts 25 and 39. Garden State Forward remains active and took part in the 2019 elections.

# PREVIOUS WHITE PAPERS

Number One: Contribution Limits and Prohibited Contributions (1988)

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

Number Three: <u>Legislative Public Financing</u> (1989)

Number Four: <u>Ideas for an Alternate Funding Source</u> (1989)

Number Five: <u>Lobbying Reform</u> (1990)

Number Six: <u>Autonomy and Jurisdiction</u> (1991)

Number Seven: <u>Is There a PAC Plague in New Jersey?</u> (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: <u>Trends in Legislative Campaign Financing</u>: <u>1987-1997 2<sup>nd</sup>Volume</u> (1999)

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Spending (2014)

Number Twenty-Five: Top Local Elections in NJ- A Tale of Two Cities and More (2015)

Number Twenty-Six: Legislative Elections 2013: Big Spending, Little Change Plus a History of Self-

Financing by Legislators and Others (2015)

Number Twenty-Seven: Legislative Election 2015: Big Independent Spending, Big Assembly Shakeup

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