

STATE PARTIES AND LEGISLATIVE LEADERSHIP COMMITTEES: AN ANALYSIS 1994-1995



ELEC WHITE PAPER



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Acknowledgment

This White Paper is the eleventh in a series of highly regarded analyses that date back to 1988. The Commission would like to cite the staff persons who produced this important study.

Deputy Director Jeffrey M. Brindle wrote this report. His more than ten years experience in the field of governmental ethics is readily apparent throughout the detailed analysis. Systems Administrator Carolyn Neiman was responsible for the retrieval of data used in the paper and for a thorough computer analysis of that data. ELEC's Research Assistant, Steven Kimmelman, provided needed research, while Legal Director Gregory E. Nagy served as proofreader. Executive Secretary Elbia Zeppetelli did her usual outstanding job of word processing and applying ELEC's recently acquired desktop publishing technology.

The general editor of the White Paper Series, Executive Director Frederick M. Herrmann, once again served in that capacity. For further reading about the role of campaign financing in New Jersey's and the country's political systems, the Commission suggests referring to the revised edition of the COGEL Campaign Financing and Lobbying Bibliography compiled by him and published by the Council on Governmental Ethics Laws and ELEC.

The goal of this analysis is to contribute substantive research for the ongoing debate on improving the way our State regulates the impact of money on the political process. Although the paper is suggestive, it is not primarily concerned with taking a position on any of the issues raised but is designed to present empirical data for promoting and educating discussion.



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INTRODUCTION

When the debate over whether or not to enact the current campaign act reached a fever pitch in early 1993, opinions varied as to its potential for curing many of the perceived ills of a campaign system that had become more and more candidate-centered and money-driven.

An editorial appearing in the Star-Ledger (Newark) on February 26, 1993, however, captured what seemed to be the prevailing mood in Trenton and in many media outlets throughout the State. It began by stating: “Opponents of the new campaign contributions bill presented by the Legislature to Governor Jim Florio call the document a “sham” and seriously flawed. The legislative majority that adopted it maintains it is a compromise that would improve state law. Oddly enough, this is one of those rare situations in which both sides may be right.”¹

Though urging legislators to get behind the revised measure and push it to enactment, the Times (Trenton) did so haltingly, as it stated “The bill, while it has many commendable provisions, still isn’t as good as it could be.”²

The other newspaper in Trenton, the Trentonian, in an editorial entitled, “Bad Reform Worse than No Reform,” actually came down on the side of opposing the measure if adequate funding for the Election Law Enforcement Commission (ELEC) was not included and if “multiple fundraising committees” and “corporate and union contributions were not banned.”³

For the most part, however, the media and publicly-spirited individuals applauded, if not enthusiastically, the campaign reform law as a step in the right direction. The Press of Atlantic City, though pointing out what it believed to be certain weaknesses in the bill, nevertheless said: “But here’s why the bill deserves to become law anyway: It’s a start.”⁴

Ed McCool, then Executive Director of Common Cause New Jersey, echoed these sentiments by stating that the bill’s pros outweigh its cons. He said “as inadequate as it is, this seems to be the best the system is going to deliver.”⁵ And Senator Peter Inverso (R-Mercer), a co-sponsor of the bill



and an individual who was instrumental in restoring \$300,000 to ELEC's budget to help it enforce the law, noted that it "is just the beginning."⁶

The goal of reforming the State's campaign financing law that had been in effect since 1973 gained impetus with the establishment of the Ad Hoc Commission on Legislative Ethics and Campaign Finance, popularly known as the Rosenthal Commission after Alan Rosenthal, its Chairman.

To be sure, the Election Law Enforcement Commission had analyzed campaign finance and lobbying issues for years in its white papers and gubernatorial public financing reports. These studies often contained recommendations for reforming the lobbying and campaign financing laws, a number of which eventually became law. Moreover, research completed by ELEC in response to inquiries by the Rosenthal Commission, was helpful to this Ad Hoc Commission in its effort to formulate recommendations for reform. Despite ELEC's contributions to the process of reform, though, the real engine for modifying campaign and lobbying laws got revved up following the completion of the work done by the Rosenthal Commission.

In the area of campaign finance, the Rosenthal Commission offered numerous recommendations. It recommended contribution limits, increases in various thresholds and limits, employer identification for individual contributors, guidelines for the use of campaign funds, and PAC registration. These recommendations, in particular the recommended scheme of contribution limits, would effectively strengthen political parties and legislative leadership committees, at the time informally known as leadership committees. The Rosenthal Commission recommendations sanctioned these committees, which would number four. Eventually, these committees would be established statutorily in the new law.

About political parties the Rosenthal Commission said:

In selecting the \$25,000 limit, the Commission seeks to strike a balance between strengthening a political party's ability to support its candidates, especially challengers, and its goal of limiting the influence over the party of any one donor or group of donors. The Commission believes that the role of the party in legislative elections should be strengthened and that increased party unity, and centralization is desirable.⁷



Similarly, the Ad Hoc Commission said of the legislative leadership committees:

By making this recommendation the Commission recognizes and sanctions the existence of the so-called legislative leadership committees The Commission believes that there should be only four such committees: One for the majority party and one for the minority party in each House. The Commission makes this recommendation with the hope of ending the proliferation of this type of committee while at the same time strengthening the ability of party leaders in the Legislature to help elect or re-elect party candidates.⁸

Political party committees and legislative leadership committees have provoked much discussion within the political community since campaign reform became a reality in 1993. As a matter of fact, the treatment of these entities envisioned under the reforms was the subject of discussion, and a bit of controversy, even before the law was enacted.

The Rosenthal report maintained that political parties, which represent a broad spectrum of individuals and interests, should be strengthened. Despite this endorsement of political parties, concerns have been expressed about soft money issues, the interrelationship between the State parties and their national counterparts, especially with regard to the transfer and uses of money, and about the contribution limit levels. Legislative leadership committees have aroused interest and concern as well. Senator William Schluter (R-23rd District), more recently joined by Senator Gordon MacInnes (D-25th District) and Senate Minority Leader John Lynch (D-17th District), has long expressed concerns about legislative leadership committees. He envisions these committees collecting and spending large sums of money from special interests, which ostensibly would have enormous influence over the setting of the legislative agenda. ELEC, itself, in a letter urging then Governor Florio to veto conditionally the reform measure on his desk had expressed reservations about leadership committees, especially in regards to their apparent ability to endow legislative leaders with fund raising ability way out of proportion to other members. Other groups and individuals, such as New Jersey PIRG, have raised concerns about the impact of these committees, and the contributions flowing into them, over the electoral and governmental processes.

In a word, the roles played by political parties and legislative leadership committees under the new campaign law are of substantial interest to observers of the electoral process in New Jersey. It is for this reason that the performance of the state political parties and legislative leadership



committees since the enactment of the new Campaign Act will be the subject of this white paper. The paper will analyze contribution activity as well as the expenditure activity of the legislative leadership committees and state political parties during 1994 and 1995. It is hoped that through this analysis, the public will be provided with a fully accurate picture of the role of these entities in our electoral system. By undertaking this study of these important organizations, it is hoped that the public will obtain a thorough understanding of these entities and a sense of whether or not further reforms relative to these party and leadership committees are required.



CHAPTER I

LEGISLATIVE LEADERSHIP COMMITTEES

Legislative leadership committees have operated since at least the mid 1980's. They became an official part of the statutory framework, however, when the new campaign finance law was enacted in 1993.

As legally recognized entities, these committees grew out of recommendations made by the Ad Hoc Commission on Legislative Ethics and Campaign Finance in October, 1992. The Rosenthal reforms, named after Eagleton Institute of Politics professor Alan Rosenthal, the Chairman, described legislative leadership committees in the following manner:

These are basically continuing political committees controlled by the legislative leadership and caucus of each party in each House which raise money during election and non-election years to allow party leaders in each House to help elect or re-elect party candidates to the Legislature.⁹

The new campaign law became effective on April 7, 1993. It incorporated most of the suggested reforms of the Rosenthal Commission. Included among these reforms was one identifying legislative leadership committees as statutorily recognized committees within the campaign system.

The thinking behind providing a legal foundation for these committees was to "allow the committees to concentrate their financial resources in ways they deemed best, be it by providing funds to challengers or by shoring up the re-election bid of an incumbent facing a tough race."¹⁰

Under the Campaign Act, legislative leadership committees are established by the Senate President, the Speaker of the Assembly, and the Minority leaders of the Senate and Assembly. These committees are separate and apart from committees controlled by the respective leaders as candidates. Thus, while all other officeholders throughout government in New Jersey are restricted



to a candidate and/or joint candidates committee, these legislative leaders are permitted to control legislative leadership committees as well.

The law permits only four leadership committees to be established, one for each party in each House of the Legislature. These committees are required to register with the Commission and are required to disclose their financial activity on a quarterly basis.

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

Legislative leadership committees now gain official status after undergoing a registration process. They must file the names of the treasurer and bank depository with ELEC prior to receiving any contributions. The committees must provide the names and addresses of the chairperson, vice chairperson, and all other members of the committee to the Commission. Information about the committee and its goals is also required to be disclosed to ELEC as part of the registration process.

Once the legislative leadership committee has been organized and is functioning, it is, like a candidate committee, subject to guidelines as to how it spends its money. For example, legislative leadership committees may pay for campaign-related activities, can make direct contributions to candidates, can pay administrative costs, can make contributions to charity, can reimburse contributors, and can pay the ordinary and necessary expenses of those holding public office. Personal use of leadership committee funds is prohibited.

The new campaign law instituted a complicated scheme of contribution limitations, which do bear upon legislative leadership committees but to a lesser degree than other entities. In general, legislative leadership committees are subject to limitations on contributions they receive but not on contributions they make. Except for political party committees, which can transfer an unlimited amount of money to the leadership committees, all contributors are restricted to giving \$25,000 per year to these committees. Legislative leadership committees, however, are unrestricted in terms of how much money they can contribute to candidates and other committees, including political party committees and special interest PACs.



Under the statute, the respective legislative leaders may control these committees as well as their own personal candidate and/or joint candidates committee. All other elected officials and candidates are limited to one candidate and/or joint candidates committees per office sought. A member of the General Assembly, for example, who does not hold any other elected office is restricted to controlling a candidate and/or joint candidates committee.

Needless to say, legislative leadership committees, which should not be equated with special interest or personal PACs but should, instead, be identified as a party entity, have not enjoyed universal approval. Opposition has centered around the argument that the legislative leadership committees serve only to enhance the position of the special interests and the legislative leaders who control these committees. State Senator Bill Schluter, whose opposition to legislative leadership committees dates to before the new law was enacted, said in testimony before the Election Law Enforcement Commission, “In New Jersey legislative leaders have total control over the legislative agenda. In my opinion, this gives them greater powers than even the political parties to raise funds from special interests who have very vital concerns on that legislative agenda.”¹¹ And State Senator Gordon MacInnes added in testimony before the Commission: “However, I would like to concentrate on what I believe to be the primary infection in our campaign finance system, and that’s the open invitation that is extended to special interests to purchase influence in the legislative agenda by contributing \$25,000 annually to the PAC’s of the Senate President and Assembly Speaker.”¹²

Because special interests are able to contribute as much as \$25,000 per year to these committees, many believe that they are able to control the legislative agenda. Thus, the leadership committees have become for them a vehicle for the special interests to gain greater influence over the political process than they had been before. At the same time, these same observers believe the powers of the legislative leaders are significantly enhanced because they are not only in control of their own candidate committees, but are now able to raise additional sums of money through these legislative leadership committees. This fundraising process added to the powers inherent in their official positions, make these leaders even more formidable. Thus, influence over the legislative process is further concentrated into the hands of the few at the expense of individual legislators.

Reform-minded individuals are also concerned that competition for dollars between powerful legislative leaders and the political party committees will erode further the strength of the political parties. Moreover, they are worried that the high contribution limits combined with the ability of



legislative leaders to raise large sums of money from parochial interests creates the perception, if not the reality, that this money is inhibiting legislative solutions to pressing problems. Finally, there is concern that these committees, controlled by leadership, stifle the development of future legislative leaders.

Everyone is not against legislative leadership committees, however. The members of the Rosenthal Commission were not. Eagleton professor Steven Salmore, testifying before the Election Law Enforcement Commission added his support of these committees as well. Suggesting that parties are important in the Legislature for the purposes of Majority or Minority cohesion, professor Salmore raised the constitutional issue of separation of powers. He stated: “There’s also a question of separation of powers. Right now, the state parties can give huge amounts of money. Are we to say the Legislature should be only dependent on Governor for running their campaign. I think it’s important to have it within the Legislature.”¹³

The position in favor of these committees is buoyed by the separation of powers, checks and balances argument. This issue goes to the heart of government effectiveness as well.

In New Jersey, the office of Governor is a very powerful office. The Governor is New Jersey’s only statewide elected public official. Unlike some other states, New Jersey does not elect a Lieutenant Governor, a Treasurer, or an Attorney General, for example. Only the Governor is elected by all the voters of the state. Accordingly, he or she has enormous powers, including the power of appointment and dismissal. Not only does the Governor nominate the Attorney General and Treasurer, but all other cabinet members as well. Moreover, the Governor makes hundreds of other nominations and appointments to the executive branch of government. Concomitant with this power to appoint is the power to initiate investigations into the conduct of public officials and the power to dismiss officials for “cause.” The Governor has substantial veto power, including the conditional veto and the line-item-veto power over the state budget. The conditional veto power permits the Governor to veto a portion of a bill rather than the entire bill. The line-item-veto power over the budget allows the Governor to “red line” certain budget items. This power allows the Governor to eliminate parts of the budget without jeopardizing the entire budget.

As the only Statewide elected official, the Governor’s powers reach beyond those enumerated in the Constitution. Personal popularity and skill at leadership enhance the already significant constitutional powers enjoyed by the Governor. So too does the role the Governor plays



as de facto leader of his or her state political party. The Governor, though not holding an official position in the State political party, by tradition names the State chair of his or her political party and has influence over its affairs. Incidentally, so does the nominee for Governor of the party out of power informally select the party chair of that political party.

It is in the context of the Governor as party leader that proponents of legislative leadership committees say these committees are particularly important. In other words, to offset the power of the Governor over his or her political party, to offset the influence thereby over legislative campaigns, and to protect the separation of powers doctrine, these legislative leadership committees are important.

As the de facto head of the party, a Governor influences how large sums of money are expended. In legislative election years, therefore, the Governor has input into the level of funding of races for Senate and Assembly. Determinations as to which districts are targeted and which candidates benefit from party spending can often be traced back to the Governor's Office. More often than not, substantial sums of money from the State party benefit the candidate. In the case of the Governor's party, those candidates who are victorious might indeed owe a debt of gratitude to the State party and thereby the de facto head of the party, the Governor.

When this scenario is placed in the context of an electoral process that is more and more dependent upon money, with campaigns increasingly candidate-centered, it is understandable that some would suggest that legislative leadership committees are beneficial to the process, especially with regard to maintaining a balance of power between the Executive and Legislative branches. Without leadership committees, the doctrine of separation of powers and the concept of checks and balances would be weakened because the State party, influenced by the Governor, would be the only source of huge political party funds. In effect, a Governor would have even more influence over the legislative process than may already exist. What is more, besides being subjected to more gubernatorial influence, the legislative process, conceivably, would be considerably less subject to discipline and cohesion in the absence of these committees.

Therefore, it is argued, leadership committees enhance the governmental process by bolstering the concepts of separation of powers and checks and balances, by offsetting the power of the Governor, and by bringing greater cohesion and discipline to the respective legislative parties



within the State Senate and Assembly. In this way, proponents argue, greater legislative effectiveness and efficiency should be the result.

Finally, to counter the charge that with the establishment of leadership committees the special interest PACs gained even greater influence over the process than they had before, proponents of these committees maintain that the special interest groups are not unanimous in their points of view and are often in competition with each other. While certain groups may lobby to ease environmental regulations, other groups will lobby to strengthen them. Similarly, the interests of optometrists often clash with ophthalmologists and those of physicians with chiropractors. In a word, supporters of leadership committees believe that the suggestion that special interests have gained control over the process is dubious. They base their opinion on the competition that exists between interests.

Obviously, there is much controversy with regard to the issue of legislative leadership committees as they are defined in New Jersey law. Reasonable arguments have been advanced on both sides. The chapters on legislative leadership committees explore the role of these committees in the process and attempt to address the issues that have been raised. As the result of this empirical analysis, recommendations will be made vis-a-vis the legislative leadership committees and their future place in the campaign system.



CHAPTER II

LEGISLATIVE LEADERSHIP COMMITTEE RECEIPTS

When the Rosenthal Commission proposed that legislative leadership committees be formally established and sanctioned statutorily, its intention was for these committees to “raise money during election years and non-election years to allow party leaders in each House to help elect or reelect party candidates to the Legislature.”¹⁴ To that end, the four legislative leadership Committees: the Doria Democratic Leadership Fund; the Senate Democratic Majority Committee; the Assembly Republican Majority Committee; and the Senate President’s Committee have been successful. Not only were they able to raise sufficient funds to aid their parties’ candidates, but, as will be shown in the following chapter, they have substantially used this funding base for this stated purpose as well.

This chapter will concentrate on the fundraising side of the leadership committee study. It will provide analysis of who is contributing to them and in what amounts. It will provide data that will be useful in determining whether or not the current contribution limit to these committees of \$25,000 a year is appropriate and whether or not a more suitable level should be established. The data will help to balance the twin goals of contribution limits that are high enough to meet constitutional standards, permit fundraising, and facilitate message communication, yet low enough to prevent even the appearance of undue influence.

Overall Fundraising

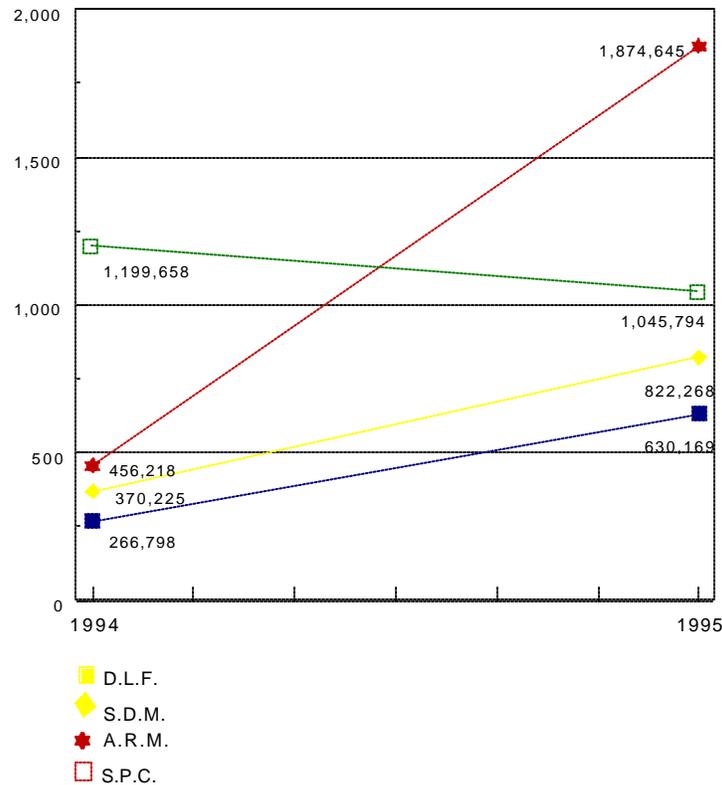
The four legislative leadership committees, during 1994 and 1995, raised a total of \$6.7 million. About two-thirds of that money, \$4.4 million, was raised in 1995, the year the Assembly was up for election. A considerable amount of money was raised by these committees in the off-year 1994, however. All told, approximately \$2.3 million was raised in 1994. The majority of 1994 fundraising was accomplished by the Senate President’s Committee.



Figure 1 below shows fundraising totals of the four legislative leadership committees in 1994 and 1995.

Figure 1

Fundraising by Legislative Leadership Committees 1994-1995



Source Data: New Jersey Election Law Enforcement Commission

As noted above, fundraising activity generally intensified in 1995, the year of the Assembly election. Yet, there was also a considerable amount of activity that occurred in 1994 as well. The Assembly Republican Majority, the leadership committee that will be shown to have centralized legislative campaign efforts and presented itself as a model of a legislative party committee, raised the most amount of money overall, but especially in 1995. During the two-year period under study, the Assembly Republican Majority Committee raised \$2.3 million. A total of \$1.9 million was raised by this committee in 1995, or about 83 percent of all the funds it raised during the two-year cycle. Stated another way, the Assembly Republican Majority greatly intensified its fund raising efforts in the year of the Assembly election, raising almost four times as much as in 1994, when it raised a little over \$450,000.



This fundraising pattern of intensified fundraising in the year of the Assembly election, 1995, held for Assembly Republican Majority's Democratic counterpart, the Doria Democratic Leadership Fund, but at reduced levels. Overall, the Doria Democratic Leadership Fund raised about \$900,000 during 1994-1995, with about \$630,000 of it, or 70 percent being raised in 1995. Since the Doria Democratic Leadership Fund raised a little over a quarter of a million dollars in 1994, fundraising by this committee intensified by about 136 percent in 1995.

Though there was no State Senate election in 1995, the Senate Democratic Majority Committee, followed the same fundraising pattern. Raising a total of \$1.2 million during 1994 and 1995, most of its money was raised in 1995. Slightly over \$820,000 was raised by the Senate Democratic Majority Committee in 1995, or two-thirds of all the money it raised. Thus, the Senate Democratic Majority Committee also intensified its fundraising activity in the year of the Assembly election, raising 122 percent, more money than it did in 1994, when it raised about \$370,000.

Only the Senate President's Committee, the Senate Democratic Committee's counterpart, defied the pattern described above. It actually raised more money in the off-year 1994 than it did in 1995, though by a slight amount. Overall, during the two-year cycle under study, the Senate President's Committee raised about \$2.2 million, 55 percent of it, \$1.2 million, being raised in 1994. It raised slightly over \$1 million in 1995. Thus, in the case of the Senate Republican Leadership Committee, fundraising trailed off slightly in the Assembly election year.

The findings outlined above present no real surprises. All and all, the four legislative leadership committees are raising substantial amounts of money with intensified fundraising activity occurring in the year of the election. Even though the State Senate was not up for election in 1995, the leadership committees in the Senate, nevertheless, undertook serious fundraising efforts that were successful.

Republicans Outraise Democrats

As shown above, the data indicates that Republican leadership committees by a wide margin outraised the Democratic committees. This result is predictable in that the Republican party is currently in control of both houses of the State Legislature as well as the Governorship. What is interesting is that Republican proceeds for the two-year period were about evenly split between the

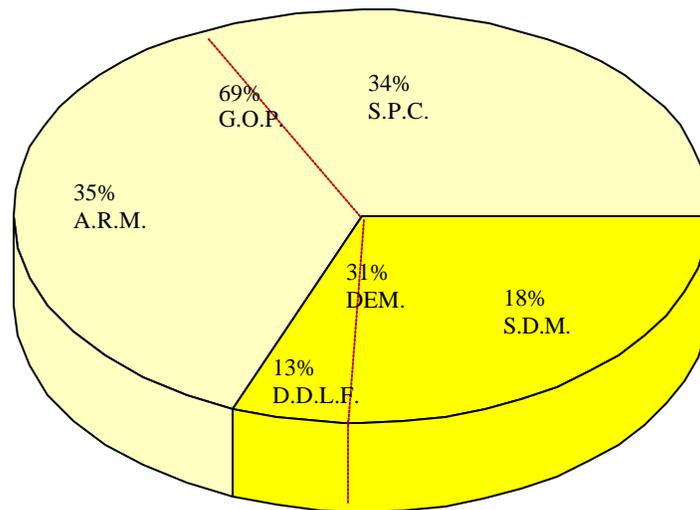


Assembly Republican Majority, which was intricately involved in Assembly elections, and the Senate President's Committee, which did not have a Senate election to contest. Of further interest is that the Senate Democratic Majority Committee with no Senate election, even raised more money than the Doria Democratic Leadership Committee during this period.

Figure 2 below shows the distribution of fundraising activity among the four legislative leadership committees in 1994 and 1995.

Figure 2

Proportion of Overall Leadership Receipts by Party and Committee 1994-1995



Source Data: New Jersey Election Law Enforcement Commission

The Republican legislative leadership committees realized about 69 percent of the total funds raised by all four leadership committees. By raising about \$4.6 million together, the Assembly Republican Majority Committee and the Senate President's Committee outraised their Democratic counterparts by 119 percent. The Doria Democratic Leadership Fund and the Senate Democratic Majority Committee raised \$2.1 million, about 31 percent, or slightly less than one-third of all monies.

The difference in fundraising activity between the Assembly leadership committees, which had Assembly elections to contest, was even more striking. The Assembly Republican Majority Committee, which accounted for 35 percent of all fundraising by these committees, outraised the



Doria Democratic Leadership Committee by 155 percent, \$2.3 million to \$900,000. In contrast to the Assembly Republican Majority, whose fundraising accounted for the highest percentage of the total fundraising, the Doria Committee, realizing 13 percent of total fundraising activity, owned the smallest proportion of total fundraising.

The fundraising gap between the Senate leadership committees was less severe, yet significant. During 1994 and 1995, the Senate President's Committee raised about \$2.3 million, or 91 percent more than the Senate Democratic Majority Committee. Claiming an almost equal proportion of funds raised as the Assembly Republican Majority, the Senate President's Committee accounted for 34 percent of all funds raised. The Senate Democratic Majority Committee raised \$1.2 million, accounting for 18 percent of total leadership committee revenues.

Senate Leadership Committees Lead Fundraising

When looking at the financial activity of the leadership committees from the perspective of Senate vs. Assembly committees, the Senate leadership committees raised slightly more than their Assembly counterparts. The Senate President's Committee and the Senate Democratic Majority Committee together raised \$3.4 million, or six percent more than the Assembly committees, which raised \$3.2 million. During this two-year period 1994-1995, the Senate leadership committees raised 51 percent of total funds to 49 percent by the Assembly committees. Though the race for funds during this two-year span between the Senate and Assembly committees was virtually a dead heat, these figures do indicate that the Senate committees, even in off years in terms of State Senate elections, continue to raise funds quite successfully. It seems probable that this fundraising by Senate leadership committees will intensify as State Senate elections draw closer and that they will be important players in the election of 1997.

Who's Giving to the Leadership Committees

The above sections demonstrate that the legislative leadership committees are raising substantial sums of money. The ensuing sections will discuss the sources of these funds.

Through the painstaking process of coding each contribution and then calculating amounts in each contributor category, the study identifies the sources of leadership committee funding.



There are several categories of contributors identified in the study. They are: individuals, businesses/corporations, business/corporate PACs, professional/trade association PACs, unions, union PACs, ideological PACs, political parties, other candidates, political committees, and legislative leadership committees. As will be shown, the leadership committees attempted quite successfully to tap many sources of funding.

Table 2 depicts the amounts contributed by each contributor type during 1994 and 1995.

<u>Type</u>	<u>Amount</u>	<u>% of Total</u>
Individuals	\$ 901,941	14%
Businesses/corporations	2,971,468	45%
Business/corporate PACs	777,150	12%
Professional/trade PACs	538,550	8%
Unions	149,725	2%
Union PACs	247,975	4%
Ideological PACs	25,350	—
Parties	366,516	5%
Candidates	452,018	7%
Political committees	81,050	1%
Legislative leadership	83,585	1%
Miscellaneous	<u>70,447</u>	<u>1%</u>
TOTAL	\$ 6,665,775	100%

Source Data: New Jersey Election Law Enforcement Commission

As the table indicates, businesses and corporations gave the most money to the leadership committees during 1994 and 1995. At close to \$3 million, these contributors made about 45 percent of all contributions to the legislative leadership PACs during this period.

The next largest category of contributor, though a distant second, was individuals. Individuals gave about \$900,000, or about 14 percent of all contributions to these committees.

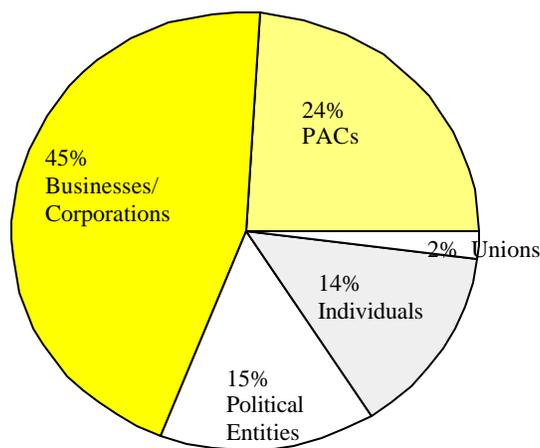
Following individual contributors were corporate and business PACs at almost \$800,000. These PACs made 12 percent of all contributions. Professional and trade associations contributed almost \$550,000, approximately eight percent of all contributions to leadership committees. Candidates and political party committees followed. Candidates, through their campaign committees, provided almost \$450,000 of leadership committee funding, or seven percent. Political party committees, making almost \$370,000 in contributions, accounted for five percent of total contributions to legislative leadership committees.

Union PACs and unions contributed four percent and two percent of total contributions respectively. Union PACs gave \$250,000 and unions \$150,000. Political committees at slightly more than \$80,000, and other legislative leadership committees at \$85,000, made up one percent of the leadership PAC funding each. Finally, miscellaneous receipts like interest from banks, etc., accounted for an additional one percent of almost \$80,000 and ideological PACs at about \$25,000 accounted for less than one percent of leadership funding.

The graph below shows a broader distribution of the categories of contributors making contributions to the legislative leadership committees in 1994 and 1995.

Figure 3

Sources of Contributions to Leadership Committees 1994-1995



Source Data: New Jersey Election Law Enforcement Commission

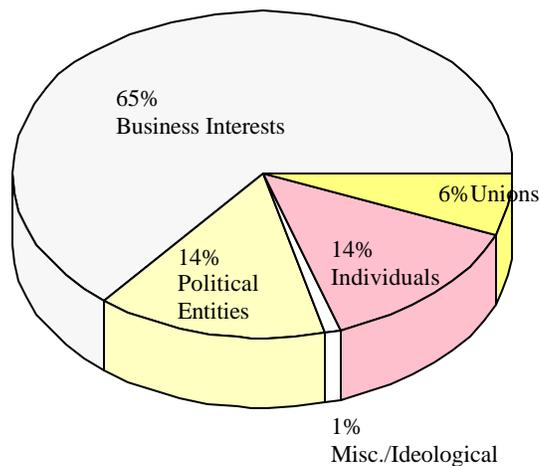


As shown in Figure 3, businesses and corporations made 45 percent of all contributions, special interest PACs made 24 percent of all contributions, individuals 14 percent, unions two percent, and political-oriented entities, 15 percent.

Finally, the graph below provides a further perspective of from where contributions to leadership committees derived.

Figure 4

Sources of Contributions to Leadership Committees 1994-1995



Source Data: New Jersey Election Law Enforcement Commission

From the perspective provided by the figure 4 above, it is clear that business interests constituted the vast majority of contributions to the legislative leadership committees. Business interests, including businesses, corporations, business/corporate PACs, and professional/trade association PACs involved 65 percent of all contributions to these committees. Even if professional/trade association PACs are excluded, (which involve realtors and architects), business interests still reach 57 percent of all contributions. Politically oriented groups make up 14 percent of contributions under this configuration, individuals, 14 percent, and unions including individual unions and union PACs, six percent.



Comparing Sources of Contributions to Leadership Committees by Party

The Democratic legislative leadership committees, the Doria Democratic Leadership Committee and the Senate Democratic Majority Committee, together raised almost \$2.1 million between 1994 and 1995. The two Republican committees, Assembly Republican Majority and Senate President's Committee collectively raised \$4.6 million. Table 2 provides a breakdown of the source of leadership committee receipts. It also shows the percentage of their receipts represented by each category of contributor.

Table 2

Contributors to Leadership Committees 1994-1995

	Democrat		Republican	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Individuals	\$ 250,025	12	\$ 651,916	14
Businesses/corporations	1,089,020	52	1,882,440	41
Business/corporate PACs	183,600	9	593,550	13
Professional/trade PACs	169,225	8	369,325	8
Unions	48,050	2	101,675	2
Union PACs	133,250	6	114,725	3
Ideological PACs	20,850	1	4,500	—
Parties	8,100	—	358,416	8
Candidates	107,540	5	344,478	8
Political committees	49,300	2	31,750	1
Legislative leadership	--	—	83,585	2
Miscellaneous	<u>30,500</u>	<u>2</u>	<u>39,947</u>	<u>1</u>
TOTAL	2,089,460	99%	4,576,315	101%

Percentages do not equal 100% due to rounding

Source Data: New Jersey Election Law Enforcement Commission

As shown in the table above, though the Republican leadership committees raised substantially more money than did the Democratic leadership committees, the distribution of the sources of the contributions was quite similar.

For example, the Democratic committees raised 12 percent of their funds, approximately \$250,000, from individuals. Republican committees raised over \$650,000, or 14 percent of their funds, from individual contributors.



Businesses and corporations accounted for the largest proportion of contributions to both the Democratic leadership committees and the Republican leadership committees. These contributors accounted for 52 percent of all contributions to the Doria Democratic Leadership Committee and the Senate Democratic Majority Committee and 41 percent of total contributions made to the Assembly Republican Majority Committee and the Senate President's Committee. They contributed almost \$1.1 million to the Democratic committees and \$1.9 million to the Republican ones.

Business and corporate PACs contributed over \$180,000 to the Democratic committees, nine percent of all contributions, and professional and trade association PACs gave about \$170,000, or eight percent of contributions to the Democratic committees. Business and corporate PACs gave close to \$600,000 to the Republican committees, 13 percent of all their contributions, and professional and trade association PACs gave an additional \$370,000 to these committees, or eight percent of their funds.

Unions and union PACs actually gave more in real dollars to Republicans than they did to Democrats, though in terms of percentage of their total receipts the Democratic leadership committees fared better. Unions gave approximately \$50,000 to Democratic leadership committees, or two percent of their receipts, and union PACs gave a little more than \$130,000, or six percent of their receipts. To the Republican leadership committees, unions gave a little over \$100,000, making two percent of all contributions to these committees. Union PACs gave the Republicans approximately \$115,000, or three percent of GOP contributions.

While political party committees provided very minimal funding, just under one percent, or about \$8,000 to the Democratic leadership committees, political parties provided eight percent of total Republican leadership committee receipts, almost \$360,000. Candidates and political committees also provided funding to the leadership committees. Candidates provided almost \$110,000 to the Democrats, five percent of democratic receipts, and close to \$350,000 to the Republicans, eight percent of total Republican contributions. Political committees made two percent and under one percent of contributions to the Democrats and Republicans respectively, about \$50,000 and \$30,000.

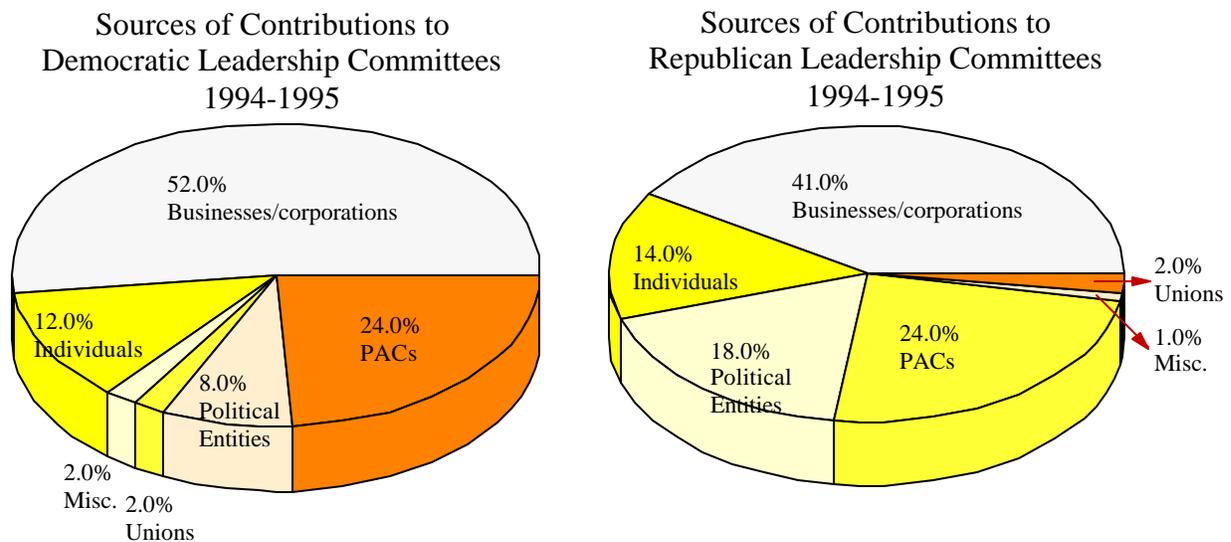
Contributions from one leadership committee to another were solely the domain of the Republicans. A total of slightly more than \$80,000 was contributed by leadership PACs, two percent of receipts.

Finally, ideological PACs and miscellaneous entities accounted for the remaining funds. Ideological PACs gave what amounted to one percent of Democratic leadership committee receipts, \$20,000, and under one percent of Republican receipts, \$4,500. Miscellaneous receipts accounted for two percent of Democratic receipts, about \$30,000, and one percent of Republican funding, about \$40,000.

Below are graphs which depict the sources of funding to the Democratic and Republican leadership committees using the same broader categories of contributors as presented earlier when funding totals were combined.

Figure 5

Comparison of Contributions by Party



Source Data: New Jersey Election Law Enforcement Commission

Figure 5 shows that among the Democratic leadership committees, businesses and corporations made 52 percent of all contributions, individuals 12 percent, PACs 24 percent, political entities 8 percent, and unions two percent. Miscellaneous receipts accounted for two percent of Democratic leadership committee receipts. Republican leadership committees garnered 41 percent of their receipts from businesses and corporations, 14 percent from individuals, 24 percent from PACs, 18 percent from political organizations, and two percent from unions. Miscellaneous entities accounted for one percent of Republican receipts.

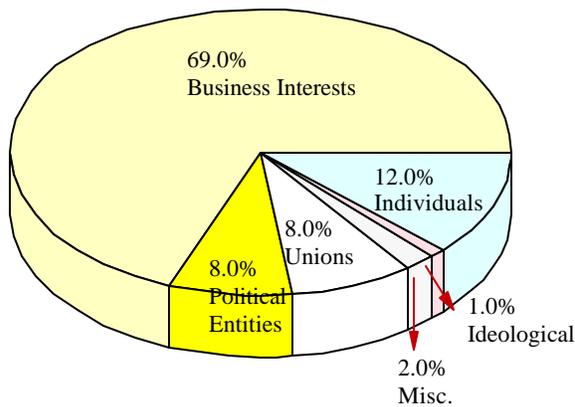


From the slightly different perspective as depicted in Figure 4 earlier, Figure 6 shows a further breakdown of the sources of leadership committee receipts to both parties.

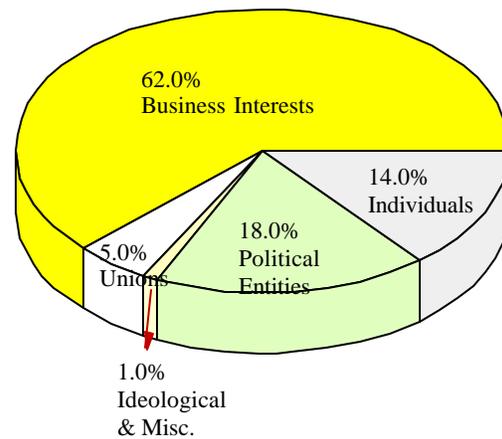
Figure 6

Comparison of Contributions by Party

Sources of Democratic Leadership Committee Funds 1994-1995



Sources of Republican Leadership Committee Funds 1994-1995



Source Data: New Jersey Election Law Enforcement Commission

From the perspective presented immediately above, Democratic leadership committees are shown to have received a greater proportion of their receipts (actual dollar amounts, of course, were greater for the Republicans) from business interests and from union interests than did Republican leadership committees. They received 69 percent of their funds from business interests and eight percent of their funds from unions. Republicans, on the other hand, received 62 percent of their receipts from business interests and five percent from unions.

Republicans did better among the political party committees and other political oriented organizations than the Democrats, however. A total of 18 percent of Republican leadership committee receipts derived from political organizations like the parties compared with eight percent for the Democrats.



Finally, individuals constituted 12 percent of Democratic receipts and 14 percent of Republican ones. Contributions from ideological groups made up one percent of Democratic contributions and less than one percent of Republican contributions. Miscellaneous receipts accounted for two percent and one percent of Democratic and Republican receipts respectively.

Overall Average Contributions

Regarding the question of at what level should contribution limits be set vis-a-vis legislative leadership committees, data involving average amounts contributed to these committees is important. Table 3 depicts the average contribution made to each of the legislative leadership committees during the two year span 1994-1995. It shows the average contribution made to the Democratic committees collectively versus the average contribution made to the Republican committees collectively. Finally, it depicts the overall average contribution for all committees combined.

<u>Committee</u>	<u>Average</u>
Doria Democratic Leadership Fund	\$ 875
Senate Democratic Majority Committee	\$1,552
Democratic Average	\$1,214
Assembly Republican Majority Committee	\$2,300
Senate President's Committee	\$2,284
Republican Average	\$2,292
OVERALL AVERAGE	\$1,753

Source Data: New Jersey Election Law Enforcement Commission

The overall average contribution made to the four legislative leadership committees was \$1,753. As expected, the average contribution made to the Democratic leadership committees was



smaller than the average contribution made to the Republican committees. The average contribution to the Democratic legislative leadership committees was \$1,214 compared with \$2,292, which was the average contribution made to the Republican committees during this period.

The Doria Democratic Leadership Fund received contributions averaging \$875 and the Senate Democratic Majority Committee received contributions averaging \$1,552. The Assembly Republican Majority Committee received the highest average contribution, \$2,300, while the Senate President’s Committee received contributions averaging \$2,284.

Average Contributions by Contributor Type

Table 4 below provides the average contribution made to the legislative leadership committees by each category of contributor identified in this study. Except for the party– affiliated entities, the political parties, and the leadership committees, which made few but large contributions, the average contribution for each of the remaining contributor types is under \$3,200.

Table 4

Average Contribution by Contributor Type to Legislative Leadership Committees

<u>Type</u>	<u>Amount</u>
Individuals	\$ 1,078
Businesses/corporations	1,814
Business/corporate PACs	1,551
Professional/trade asso. PACs	2,017
Ideological PACs	2,816
Union PACs	3,138
Unions	1,527
Political parties	26,179
Leadership committees	9,287
Candidates	2,064
Miscellaneous (interest)	838
Political committees	2,383

Source Data: New Jersey Election Law Enforcement Commission



The political party committees made few contributions. However, the contributions that were made were made in large denominations. The political parties averaged \$26,179 per contribution. Likewise, the number of contributions made by the leadership committees to each other were few and far between, but in large amounts. Leadership committee contributions averaged \$9,287.

Aside from the party-affiliated contributors, the contributor type making the highest average contribution to these committees was union PACs. Union PACs averaged \$3,138 per contribution, ideological PACs were next. They made relatively few contributions in number. However, their average contribution was \$2,816. Political committees contributed an average of \$2,383 and professional/trade association PACs contributed an average of \$2,017 per contribution. Candidates contributed from their committees an average of \$2,064 per contribution.

The remaining contributor types averaged under \$2,000 per contribution. Businesses and corporations averaged \$1,814 per contribution, business and corporate PACs \$1,551, unions \$1,527, and individuals \$1,078.

Number of Contributions at Certain Threshold Levels

Table 5 below depicts the number of contributions whose amounts reached certain threshold levels. Just as the data on average contribution amounts will assist in determining appropriate contribution levels for these committees, the information provided below will be of valuable assistance as well.

	<u>TOTAL</u>	Up to <u>\$5,000</u>	<u>\$5,001+</u>	<u>\$10,001+</u>	<u>\$15,001+</u>	<u>\$20,001+</u>
Democratic	1,790	1,735	36	13	2	4
Republican	1,993	1,858	81	27	10	17
TOTAL	3,783	3,593	117	40	12	21

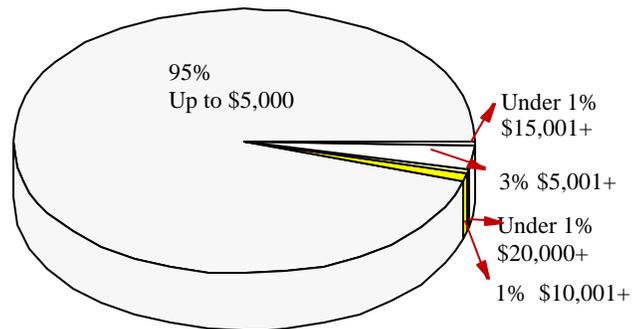


Source Data: New Jersey Election Law Enforcement Commission

Viewing this data from another perspective, Figure 7 shows the proportion of legislative

Figure 7

Proportion of Contributions to Legislative Leadership Committees Threshold Amount Categories 1994-1995



leadership committee contributions falling into each threshold category.

Source Data: New Jersey Election Law Enforcement Commission

The data presented above demonstrate clearly that the vast amount of contributions fall in the category of \$5,000 and under. About 95 percent of all contributions to leadership committees fall into this range. According to the data, three percent of all contributions fall into the range of between \$5,001 and \$10,000. An additional one percent of contributions fall between \$10,001 and \$15,000. Finally, contributions above \$15,000 equate to about one percent of all contributions.



CHAPTER III

LEGISLATIVE LEADERSHIP COMMITTEE EXPENDITURES

In February, 1994, the Commission charted a new course in publishing White Paper Number Nine: Legislative Candidates: How They Spend their Money. As noted in the introduction to that study: "For the first time in the White Paper Series, campaign spending by legislative candidates is analyzed and systematically reviewed to provide a glimpse of how campaign contributions are utilized by Senate and Assembly candidates in New Jersey."¹⁵

This chapter on legislative leadership committees will build upon the earlier ground breaking analysis of legislative candidate expenditure activity. Just as the earlier study provided a glimpse of the campaign strategies employed by modern day campaigns for Senate and Assembly, this analysis of how legislative leadership committees have spent their money will be suggestive of the role played by these committees in the campaign process, especially with regard to legislative elections.

As emphasized in the earlier work, it should be pointed out that this exploration into the expenditure activity of these committees has not been an easy task. Categorizing the expenditures made by these committees was, to say the least, difficult. At times, information provided by these committees vis-a-vis their expenditures was accurate and complete. In these instances there was no difficulty in categorizing them. At other times, however, descriptions of expenditures were vague and indefinite. It was in these instances where categorization was difficult and left to the best judgement of the experienced coders who undertook this painstaking task. Thus, the Commission makes no claim that the expenditure analysis contained in this chapter is exact in every respect. It does, however, express full confidence that the chapter presents a general picture of how these newly fashioned leadership committees have spent their money during 1994-95.



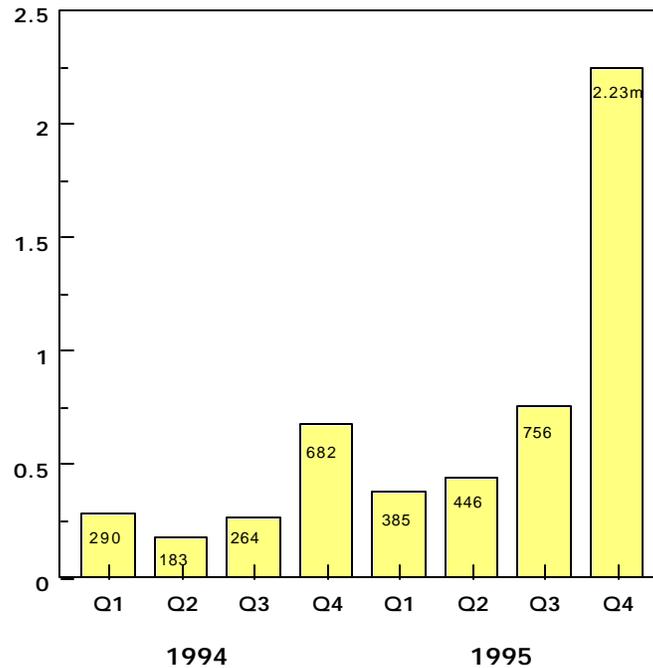
The expenditure activity highlighted in this chapter occurred in 1994 and 1995, the years following the enactment of the new campaign law in 1993. The Campaign Act of 1993 formally established these committees. Of course, only the Assembly was up for election in these years, so it is not absolutely clear as to how these committees, especially the Senate leadership committees, may perform in a Senate election year. However, it is not expected that the patterns disclosed in this chapter would change very much, only, perhaps, the amount of money expended by committees of the upper house. Nor is it expected that as the future unfolds, at least the foreseeable future, that spending strategies of these leadership committees will change very much. In a word, this chapter seeks to provide the public with an overview of how campaign money is spent by the legislative leadership committees, and thereby with a glimpse into their role in the electoral process.

Levels of Legislative Leadership Committee Spending

The four legislative leadership committees: the Doria Democratic Leadership Fund, the Senate Democratic Majority Committee, the Assembly Republican Majority Committee, and the Senate President's Committee spent a combined total of \$5.2 million during 1994 and 1995. Not surprisingly, the bulk of that amount was spent in 1995, the Assembly election year, when these committees spent \$3.8 million, or 73 percent of all expenditures. Equally unsurprising, a large percentage of spending occurred in the third and fourth quarters of 1995, the time period immediately prior to and including the legislative general election. For the period including July through September, 1995, legislative leadership committees spent approximately \$750,000, 14 percent of total spending for the two-year period. During October through December of that year, these committees spent \$2.3 million, or 44 percent of total spending. Figure 8 depicts the overall spending pattern of legislative leadership committees during the two-year period, demonstrating that increased

Figure 8

Overall Spending Pattern of Legislative Leadership Committees 1994-1995



spending is linked to legislative elections.

Source Data: New Jersey Election Law Enforcement Commission

Thus, in the first two full years of their official existence, legislative leadership committees appear to be pursuing the goal set forth for them in the Rosenthal recommendations, which was in part to strengthen the ability of legislative party leaders to elect party candidates.

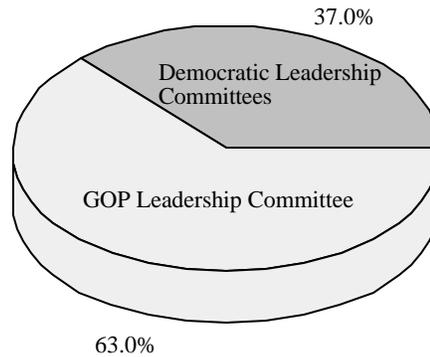
Republican Committees Spending Higher

During 1994 and 1995, the Republicans controlled both Houses of the Legislature by fairly significant margins. They also were in control of the Governor’s Office. As would be expected, the Republican leadership committees, with the fundraising strength of a party in power, substantially outspent their Democratic counterparts. Figure 9 shows the proportion of overall legislative committee spending undertaken by Republican committees versus that undertaken by the Democratic committees. It indicates that 63 percent of all legislative leadership committee spending was



Figure 9

Proportion of Leadership Committee Spending
1994 and 1995 by Party



Total Spending = \$5.2 million

undertaken by the GOP committees versus 37 percent undertaken by the Democratic committees.

Source Data: New Jersey Election Law Enforcement Commission

Overall, GOP legislative leadership committees spent \$3.3 million during 1994 and 1995. The Assembly Republican Majority Committee and the Senate President's Committee expended the largest part of this money in the months preceding the general election for Assembly. In spending for the purpose of getting the party's candidates elected to the Assembly, the Republican leadership committees spent approximately \$500,000 in the third quarter of 1995 and \$1.4 million in the fourth quarter of that year. Thus, the GOP committees made 15 percent of their two-year period expenditure from July through September of 1995 and 42 percent of the overall expenditures between October and the end of December.

The Doria Democratic Leadership Fund and the Senate Democratic Majority Committee reflected the pattern displayed by the Republican committees, but in smaller dollar amounts. The Democratic legislative leadership committees spent a total of \$1.9 million during 1994 and 1995. Much of this spending took place also in the six-month period immediately preceding the general election for Assembly in 1995. From July through September, the Democratic committees made 11 percent of their expenditures, \$206,000, and from October through December, 47 percent, or almost \$900,000.

Overall, Republican leadership committees outspent their Democratic counterparts by 74



percent between 1994 and 1995, \$3.3 million dollars to \$1.9 million dollars. Despite the differential in spending between the parties, attributable to the fact that Republicans are in power, their spending patterns, unamazingly, are almost exactly the same. Both parties legislative leadership committees undertook most of their spending in the months closest to the Assembly general election. In the first two full years of their official existence, the leadership committees of both political parties appear to have taken seriously their charge to support the election to the Legislature of their party's candidates.

Assembly and Senate Leadership Committee Activity

As noted above, only the Assembly ran for election in 1995. The State Senate was up for election in 1993 and will be up for election as a body again in 1997. As such, Assembly leadership committees would be expected to undertake the most activity during the years under study. This observation was not entirely true, however.

Republican leadership committees followed the expected pattern, though the Senate Committee spending was substantial. During 1994 and 1995, the Assembly Republican Majority spent \$2.1 million compared with the Senate President's Committee spending which reached \$1.2 million. The majority of the Assembly Republican Majority's 1995 expenditures occurred in the third and fourth quarters, or during the six months preceding and including the general election for Assembly. The Senate President's Committee did most of its spending in the fourth quarter of 1995, mainly during October and November.

The Democratic leadership committees did not follow exactly this expected pattern. The Senate Democratic Majority actually outspent its Assembly partner during 1994 and 1995. While the Doria Democratic Leadership Fund spent almost \$900,000 during these years, the Senate Democratic Majority Committee spent over \$1 million. The Senate Democratic Majority Committee outspent the Doria Democratic Leadership Fund in 1995 as well, the year of the Assembly election; except that in the two quarters immediately preceding and eclipsing the general election, the Doria Committee spent a few thousand dollars more.



Table 6 profiles spending by Assembly and Senate legislative leadership committees during 1994 and 1995.

	1994	1995	Total
Assembly			
ARM	\$ 437,218	\$1,665,917	\$2,103,135
DDLf	<u>237,138</u>	<u>654,115</u>	<u>891,248</u>
Subtotal	\$ 674,356	\$2,320,032	\$2,994,383
Senate			
SPC	\$ 438,659	\$ 726,707	\$1,165,366
SDM	<u>308,581</u>	<u>740,872</u>	<u>1,049,453</u>
Subtotal	\$ 747,240	\$1,467,579	\$2,214,819
TOTAL:	\$1,421,596	\$3,787,611	\$5,209,202

Source Data: New Jersey Election Law Enforcement Commission

The findings show that though an election for the State Senate may not have been held in this two-year period involving an Assembly election, the Senate leadership committees nevertheless remained very active. As shown earlier, they continued to raise money and spend it. There is no reason to believe that this situation will change.

But what are the Senate committees spending money on in an election period which encompasses only Assembly elections? Though succeeding sections will explore in greater depth



expenditure activity strategies of the leadership committees, in general it can be stated that spending in the months closest to the Assembly elections involved much contribution activity vis-a-vis county and local party organizations. The Senate President's Committee made direct contributions to a limited number of Assembly candidates from throughout the State, to the Assembly Republican Majority, and to various Republican groups and county party committees. The Senate Democratic Majority Committee made mainly in-kind contributions for consulting, polling, and fundraising to local and county party organizations and Assembly candidates.

The Assembly leadership committees, by contrast, directed their spending toward the Assembly elections. During the six-month period up to and through these elections, the Assembly committees contributed heavily to further the electoral prospects of their parties' candidates. The Republican leadership committee made the bulk of its expenditures on behalf of its candidates for consulting, polling, and mass communications. The Doria Democratic Leadership Fund made mostly direct contributions to the campaigns of the party's Assembly candidates.

This very general look at spending by Assembly and Senate leadership committees suggests basic differences between these groups in terms of their approach and their operation. In a word, during this initial two-year period of the official existence of legislative leadership committees, the Assembly Republican Majority Committee operated much like a party organization of the Legislature.

In many ways, by spending on consultants, fundraising, and mass communications, expenditures of which benefitted their candidates Statewide and were allocated to their campaigns individually, Assembly Republican Majority assumed a central role in the Assembly Campaign. Though its efforts were tailored to account for local factors in Assembly campaigns throughout the State, its approach was one of centralizing the party's campaign for retaining control of the Assembly. It was as if Assembly Republican Majority undertook the consultants role in orchestrating a Statewide Assembly campaign for its members, but always with an eye toward the local aspects of these campaigns. Moreover, it assumed a role similar to a State political party organization.

The three other leadership committees: the Doria Democratic Leadership Fund, the Senate Democratic Majority Committee, and the Senate President's Committee were decentralized in their approach and operated much more so like the old personal PACs, which had proliferated under the old law. The Doria Democratic Leadership Fund, as noted above, contributed heavily to Assembly campaigns, choosing to do so in the form of direct contributions to the Party's Assembly Candidates,



with no apparent attempt to be involved in campaign strategy. In other words, no attempt to coordinate campaign activities appeared to be made. Moreover, the Doria Committee spent locally, and in ways more consistent with traditional party politics.

The two Senate leadership committees expended money both in terms of direct contributions and in terms of in-kind contributions. However, this spending was directed toward county and local party organizations mainly, and did not appear to have any coordinated campaign aspect to it. And, in the case of the Senate Democratic Majority Committee, the money in the later stages of the Assembly campaign was spent to a large degree locally, that is, in the home area of the Democratic party leader.

It should be pointed out, however, that the above analysis of the Senate committees' spending was done in the context of a period containing only the Assembly elections. It is possible that when the full Senate is up for re-election, these committees will take a different approach, more along the lines of the Assembly Republican Majority Committee.

While not making any judgement as to the merits of their respective strategies nor suggesting that any one approach is right and the other wrong, suffice it to say that the leadership committees have functioned differently.

Perhaps these different modes operandi can be traced to the origins of these committees. The Assembly Republican Majority Committee has existed since the 1980's and was formed to be the party's campaign committee to promote the election of its members to the Assembly. It has been affiliated with the Republican State Committee, and to this day, as is permissible under the law, is established under the aegis of the State Committee.

The three other committees, to the contrary, derived more from the base of personal PACs that had once been the province of state legislators. Personal PACs controlled by candidates and officeholders are now prohibited under the new law. Essentially, a committee formulated on the model of a legislative party committee is going to function more broadly than a committee originally created as a legislator's personal PAC. As time passes, however, most likely these leadership committees will evolve toward the broad-based model.



How did the Legislative Leadership Committees Spend

In order to analyze spending by the legislative leadership committees between 1994-1995, nine categories of expenditures were established. Each expenditure was then individually coded by category. The categories were administration, election-day activities, fundraising, consulting, polling, charity, contributions, and mass communications.

Administration includes salaries, rent, utilities, and other overhead costs. Contributions involve direct contributions to campaigns and political party organizations. However, it will be pointed out that expenditures for mass communication, polling, fundraising, and consulting involve in-kind, or indirect contributions to candidates as well. Election-day activities involves all get-out-the-vote efforts, including election-day money for workers and telephone canvassing. Finally, charitable includes all expenditures made to eleemosynary or volunteer organizations, including space in their ad books, as well as flowers for weddings and funerals.

Table 7 summarizes spending in each category by all leadership PACs during the two-year period under study.

	<u>Amount</u>	<u>Percent</u>
Mass Communication	\$1,305,745	25%
Election-day Activities	50,043	1%
Fundraising	829,116	16%
Consulting	362,458	7%
Charitable	34,984	1%
Contributions	1,547,720	30%
Administration	840,094	16%
Polling	<u>235,997</u>	<u>5%</u>
Total	\$5,200,157	101%

Percentages do not equal 100% because of rounding.

Source Data: New Jersey Election Law Enforcement Commission



The largest category of spending by legislative leadership committees during the period comprising 1994-1995 was direct contributions. This spending category, equalling about \$1.5 million, or 30 percent of all spending by these committees, involved direct monetary contributions to candidate campaigns, political party committees, and a variety of party-oriented groups.

Second only to direct monetary contributions was spending on mass communications, much of which was allocated to candidates as in-kind contributions. Spending on mass communication, which will be detailed further below, amounted to approximately \$1.3 million, or 25 percent of all expenditures.

Another 29 percent of expenditures were made for fundraising, consultants, election-day activities and polling, all election-related expenditures that benefit the committees' candidates and party. Fundraising, in which the committees spent money to raise money on behalf of their cause, amounted to over \$800,000, or 16 percent of all expenditures. Consultants, receiving over \$350,000 from these committees, garnered seven percent of all expenditures. Expenditures for polling amounted to almost \$250,000, or five percent of all expenditures, and election-day activity, at about \$50,000, reached almost one percent of total expenditures.

Finally, administrative costs and charitable donations made up approximately 17 percent of all expenditures. Somewhat over \$800,000, 16 percent of all expenditures, was expended on such items as salaries, rent, telephones, business lunches and dinners, office equipment, stationary, etc. Just under one percent of expenditures, or almost \$35,000 was contributed to charity.

From this analysis of expenditures, which resulted from a review of all reports submitted by the leadership committees during 1994 and 1995, as well as a painstaking effort to code each expenditure individually, it is clear that each committee abided by the letter of the law in terms of how they are to spend their money. Additionally, despite differences in strategy and approach, as noted above, these committees largely fulfilled expectations in terms of how they would spend their money, the uses they would put to it, and their deep involvement in the electoral process.

The four legislative leadership committees applied 83 percent of their expenditures to purposes directly related to campaigns and elections. Only 16 percent of expenditures were made



for administration, which in and of itself worked toward the goal of advancing the party's candidates in elections. Under one percent of all expenditures went outside the campaign system toward charities.

Legislative Leadership Committee Spending by Party

Between the Democratic legislative leadership committees and the two Republican ones, differing levels, as well as patterns of spending, do emerge.

The Doria Democratic Leadership Committee and the Senate Democratic Majority Committee spent a combined amount of \$1.9 million between 1994 and 1995. Out of this total, these committees made close to \$900,000 in monetary contributions. This amount equalled 47 percent of their total output for the two-year period.

Second to direct monetary contributions was the category involving mass communication expenditures, many of which were allocated as in-kind contributions to candidates and party organizations. The Democratic leadership committees spent over \$350,000, or 19 percent of all expenditures, for mass communication. Thus 66 percent of all Democratic expenditures went to candidates and political party organizations either in the form of direct monetary contributions or in-kind contributions in the form of mass communication.

Add to these totals, a little over \$300,000, or 16 percent of total expenditures, for fundraising; approximately \$60,000, or three percent for consulting; about \$9,000, less than one percent for election-day activities; and, approximately \$90,000, or five percent for polling; and it is clear that the bulk of expenditures by the Democratic leadership committees, 91 percent, were directly related to campaigns and elections.

Out of the Democratic leadership committee's total funding, \$200,000, or 11 percent, went for administration, and about \$30,000, or two percent of total spending, went to charity.

The analysis of spending by the Democratic leadership committees suggests that they utilized contributor dollars in an entirely proper way and consistent with the usage guidelines set forth in the new Campaign Act. As noted above, the majority of expenditures were made in 1995, with the bulk of those being made in the last two quarters. The Doria Democratic Leadership Fund, naturally



focussing on the Assembly election, made the majority of direct monetary contributions to candidates and party organizations, almost \$600,000 worth. The Senate Democratic Majority Committee expended more than a quarter of a million dollars in direct monetary contributions. On the other hand, most in-kind contributions involving mass communication, consulting, and polling were undertaken by the Senate Committee, about \$330,000. The Doria Committee made just over \$30,000 in in-kind contributions for mass communication. Virtually all charitable contributions were made by the Doria Leadership Fund.

As cited above, the Assembly Republican Majority Committee and the Senate President's Committee combined to spend \$3.3 million in 1994 and 1995. Compared with the Democratic committees, the GOP leadership committees made proportionately less of their expenditures in the form of direct monetary contributions. Over \$650,000, or 20 percent of all expenditures (compared with 47 percent by the Democrats), was directly contributed to candidates and political party organizations. Republicans, on the other hand, expended about \$950,000, 29 percent, on in-kind contributions (compared with 19 percent by Democrats), mostly in the form of expenditures for mass communications. Thus between 1994-1995 about 50 percent of all Republican expenditures were made as either direct monetary contributions to candidates and party organizations or in-kind contributions to these entities.

The Republican Leadership Committee spent considerable amounts on other election-related activities as well. They spent about \$40,714, one percent on election day activities; over \$500,000, 15 percent on fundraising; \$302,279, or 9 percent on consulting; and, \$142,272, about four percent of expenditures on polling. All told the Republican leadership committees made 80 percent of their expenditures on items directly related to campaigns and elections.

The Republican committees, with a larger staff, etc., spent proportionately more money on administration than did the Democratic committees. The Republican committees spent about \$630,000, or 19 percent of 1994-95 expenditures on administration. They spent a minimum amount, a little over \$3,000, on charity.

Like the Democratic leadership committees, the analysis of GOP spending indicates that the Assembly Republican Majority and the Senate President's Committee utilized contributor money in a wholly proper manner, in conformance with statutory usage guidelines. There were differences, of course, but these differences were in approach and strategy.



The Assembly Republican Majority committees, with the goal of retaining majority control in the 1995 Assembly elections, spent \$2.1 million compared to \$1.2 million by the Senate President's Committee. The Assembly Majority Committee made the Majority of their contributions in the form of mass communications expenditures on behalf of Assembly candidate. This committee expended close to \$800,000 on mass communications benefitting candidates. The Senate President's Committee spent \$165,651 for this purpose, much of which benefitted party organizations. In both cases, the vast majority of the money was spent in 1995.

Conversely, the Assembly Republican Majority made direct contributions in the amount of approximately \$250,000. Most of these direct contributions, proportionately less than the Senate President's Committee expenditure of about \$200,000 for this purpose, actually occurred in 1994 and not in the Assembly election year of 1995. The Assembly Republican Majority Committee also spent the vast amount of overall administration dollars.

Mass Communication Expenditures

In the landmark commission White Paper, Legislative Candidates: How They Spend their Money, it was shown that the Senate and Assembly candidates in the top 20 spending districts studied "emphasized direct-mail in their attempts to reach the voters."¹⁶ The study went on to say that "out of total mass communication spending of \$3.8 million in 1987, legislative candidates in the top 20 spending districts expended approximately \$2 million for the purchase of direct mail. Thus, 53 percent of the entire amount spent by legislative candidates on mass communication went into direct-mail advertising."¹⁷

Spending on mass communication by the legislative leadership committees displayed the same preference for direct mail in mass communication strategy as did legislative candidates, especially among the Republicans, and particularly by the Assembly Republican Majority. Table 8 shows spending levels between broad categories of mass communication during 1994 and 1995. The categories are broad because of the often imprecise manner of reporting these expenditures, making exact categorization difficult. The data clearly show, however, that the vast majority of mass communication expenditures, almost completely allocated to candidates and political party organizations as in-kind contributions, were made for direct mail.



Table 8

Legislative Leadership Mass Communication
1994-1995

	<u>Amount</u>	<u>Percent</u>
Broadcast	\$ 125,000	10%
Direct mail	858,096	66%
Print	10,261	—
Unidentifiable	<u>311,603</u>	<u>24%</u>
Total	\$1,304,960	100%

Source Data: New Jersey Election Law Enforcement Commission

Total spending on mass communication by legislative leadership committees, most of it occurring prior to the Assembly general election of 1995, reached \$1.3 million. Direct mail spending, the mass communication strategy mainly employed by candidates and committee in legislative elections, accounted for two-thirds of all mass communication spending, over \$850,000.

The vast amount of direct mail spending, close to \$800,000, was done by the Republican committees, with the Assembly Republican Majority accounting for almost \$700,000 of it. Just a little over \$100,000 was spent on direct mail by the Democratic committees, with virtually all of it being spent (over \$100,000) by the Senate Democratic Majority Committee.

Broadcast media spending accounted for ten percent of mass communication expenditures by these committees, \$125,000. Most of this spending was done by the Republican committees as well, over \$100,000 of it. Again most of this broadcast spending, including radio, television and cable television was exercised by the Assembly Republican Majority. Finally, less than one percent of expenditures for mass communication went for print media, including newspaper and billboard advertising, while 24 percent of these expenditures, or 24 percent, could not be identified.



CHAPTER IV

STATE PARTY COMMITTEES

Although New Jersey law does not bar the formation of political parties beyond the established Republican and Democratic parties, the provisions of Title 19, Elections, effectively inhibit the creation of a multi-party system in the State. Unlike New York State, for example, where candidates regularly appear on the ballot in columns designated for the conservative and liberal parties, as well as the Republican and Democratic ones, New Jersey has remained a two-party state. In all probability, because of certain statutory provisions governing the creation of third parties, it will remain so in the future.

To be sure, independent candidates frequently obtain places on the general election ballot who have identified themselves with socialist, libertarian, conservative and environmental causes and parties, for example, but these efforts have not resulted in victory at the polls and have always fallen way short of enabling a slate of like-minded candidates to emerge in the next primary election as an official party. Though the recent general election for assembly in 1995 witnessed perhaps the strongest third party effort in memory, when candidates identifying themselves as members of the conservative party appeared on the ballot in many legislative districts throughout the State, even this effort failed in terms of electing any of the movements candidates, of impacting the election, or in meeting the standards to enable the movement to legally be constituted as a party for the purposes of participating in the next primary election.

Title 19, Elections, sets forth standards for the establishment of political parties and provides general guidelines in terms of their powers, the organization of political parties, and their membership. It also sets forth disclosure requirements under the Campaign Act as well as other restrictions, including contribution limitations on contributions to the political parties.

In Title 19, a "Political Party" means a party which, at the election held for all members of the General Assembly next preceding the holding of any primary election . . . , polled for members



of the General Assembly at least ten percent of the total vote cast in the State. N.J.S.A. 19:5-1 further states: “. . . except that no political party which fails to poll at any primary election for a general election at least ten percent of the votes cast in the State for members of the General Assembly at the next preceding general election, held for the election of all of the members of the General Assembly, shall be entitled to have a party column on the official ballot at the general election for which the primary election has been held.”

Election officials and the courts have interpreted this statutory language in a commonsense way. The policy for gaining status, even if not permanent status, as a Statewide political party in New Jersey essentially hinges on whether or not a movement's candidates obtain ten percent of the vote for General Assembly candidates in a general election. If that result occurs then the movement is recognized as a party and allowed to participate in the primary election, which in turn places its candidates on a party line in the general election. However, in order to sustain its status as a political party, the movement must continue to receive ten percent of the votes for Assembly in general elections.

Needless to say, it is very difficult for movements to crystallize into full-fledged, legally recognized political parties. By virtue of New Jersey's political history and culture, it has been and will continue to be extremely difficult for fledgling political movements to reach the ten percent threshold, let alone sustain that level of support. Therefore, the Republican and Democratic parties will undoubtedly remain the two legally constituted political parties and New Jersey a two-party state.

For the two parties, however, certain guidelines apply relative to their organization and functioning.

The statute sets forth how political parties in New Jersey are structured. Working from the grassroots upward, each party is comprised of 567 municipal committees, 21 county committees, and the State committee.

The municipal party committees are comprised of individuals residing in the municipality who have been elected in the primary election as members of the county committee. These people are the committeemen and women who serve the party in statutorily established municipal election districts. They volunteer their time distributing leaflets, taking candidates door-to-door, organizing



local fundraising, and organizing get-out-to-vote drives, which include phone calls and providing voters with rides to the polls. Following the primary election, the municipal committees of the Republican and Democratic parties hold an annual reorganization meeting. At this meeting, by law held on the first Monday following the primary election, the members of the committee elect a municipal chair. Municipal party committees have been granted the option of adopting a constitution and bylaws.

County committees, which are made up of the county committeemen and women from the respective municipal party committees throughout the county, meet on the Tuesday following primary election day. At this annual meeting, a county chair is elected. In addition, a vice chair of the opposite sex of the chair is elected as well. The county committee may adopt a constitution and bylaws.

The State committee of each political party is made up of members who are elected in the primary held in a gubernatorial election year. By statute the total number of state committee members can be determined by using one of three methods. First, one male and one female member from each county may be elected to the State committee, each having one vote. Second, not less than 79 or more than 82 members may be elected Statewide, apportioned among the counties according to population. Under this method each county must have at least one vote and membership must be divided equally among males and females. And third, one male and one female member of the State committee is elected in each county, with each member having a vote weighted on the basis of population.

Republicans elect two State committee persons in each county. They distribute their votes equally between counties. Each county is accorded two votes.

The Democrats have chosen the second method for determining the number of members of the State committee, with apportionment of committee persons based on the population of the counties.

Members of the State committees by law serve for four years. Meetings of the State committees are held on the basis of their bylaws. The members of the State committees select the chair and national committee persons.

State political party committees, county political party committees, and municipal party



committees, the primary goal of which is to nominate and support candidates, are also subject to the provisions of the “Campaign Contributions and Expenditures Reporting Act.”

Under the Campaign Act, municipal, county, and State party committees are required to file financial information quarterly unless they spend less than \$2,500 in a calendar year. If these political party committees spend less than \$2,500 per year then they are required to file a short form vouching for that fact. The Act also requires that political party committees designate a treasurer and depository on or before July 1 of each year and file this information with the Election Law Enforcement Commission within ten days.

Additionally, political party committees are required to file a 48-hour notice on any contribution of more than \$500 they receive during the period following the final day of a quarterly period and election day. Except under very special circumstances, political party committees are unlimited in what they can give to a candidate. On the other hand, there are certain limitations on what contributors can give to them.

As indicated above, political parties generally are not restrained in terms of how much money they can contribute to candidates and other entities. Among the exceptions are: (1) a county committee can only give \$5,000 per election to a candidate seeking election to an office in another county; and (2) a county committee can only give \$5,000 per year to municipal committees in other counties. County committees are also limited to \$5,000 per election to legislative candidates whose district is comprised of less than twenty percent of the county’s population and to \$25,000 per election to legislative candidates whose districts comprise at least twenty percent but less than forty percent of the county’s population. Finally, a national party committee is limited in giving \$50,000 per year to State party committees.

Basically, there are no limits on contributions from the parties to each other or from the legislative leadership committees to the political parties. The only limits are those enumerated above. All other contributions are subject to a \$25,000 per year contribution limit to the State and county political party committees and to a \$5,000 per year contribution limit to municipal party committees.

New Jersey law clearly outlines the structure unto which the political party system fits and by which political parties may be established and operate. It provides for general guidelines as to how political parties must organize but grants broad authority to most aspects of their internal workings



through their power to decide their method of representation and their ability to design and adopt bylaws and party constitutions. New Jersey disclosure laws now have given the parties greater potential to play a more important role in the campaign process than at anytime since at least before the reforms occurring after Watergate. The ability to spend virtually unlimited amounts of money on their candidates and their ability to raise money in denominations larger than candidates is a key feature in the new law which has strengthened the parties.

Despite these advantages, however, and the broadly written statute governing their operations, it must be kept in mind that New Jersey law greatly restricts the ability of movements to develop into full-fledged political parties, with the singular advantage of running a slate of candidates in the general election under one column, or line, that clearly identifies these candidates as members of a party. These laws, which encapsulate as well a “winner-take-all” approach toward elections, have made it next to impossible for political parties other than the two major ones to emerge in New Jersey.

It is not the goal of this study, however, to pass judgement on the merits of a system that promotes the two major parties at the expense of lesser, third party movements. While such a system most certainly would have its detractors it has been the way of New Jersey for many years and has many adherents. The purpose of this paper, rather, is to analyze the role played by existing political parties and to examine this role in the context of such issues as the parties role in financing campaigns, soft money, party building, and the party as professional consultant. The study vis-a-vis the political party will focus on the activities of the Republican State Committee and the Democratic State Committee in 1994 and 1995, the first two complete years following the enactment of the new laws. In undertaking this analysis, an attempt will be made to measure the impact of the new law on the role of the political parties in elections and to make recommendations as to ways to strengthen the role of these parties, which represent broad coalitions of voters, relative to the special, or parochial interests, operating in today’s electoral environment. It will also be the intent of this paper that at the same time that it analyses the activities of the parties and suggests ways to strengthen them, it will also suggest ways to enhance trust in the process vis-a-vis the activities of these important entities.



CHAPTER V

STATE PARTY COMMITTEE RECEIPTS

State Parties: How Much Did They Raise

Fundraising by the State political parties will be analyzed in this chapter. The purpose of political party committees is to promote the election of their respective candidates. In this modern age, the ability to raise money is an essential ingredient in any effort to accomplish the goal. This chapter will examine how well the Republican and Democratic State Committees did in this regard. Moreover, it will examine the source of State party funds. And finally, it will look at additional data regarding contributions, including average contribution information, in an effort to determine whether or not existing contribution limits are adequate or need to be either raised or lowered.

Fundraising by the State Party Committees

The Democratic State Committee and the Republican State Committee combined to raise \$10.6 million during 1994 and 1995. A total of \$5.7 million, or 54 percent of all receipts, was raised in 1995, the year of the Assembly election. However, much more so than the leadership committees, the State party committees were very active in terms of fundraising in 1994. They raised approximately \$4.9 million that year, or 46 percent of their two-year total.

Table 9 shows the fundraising totals of the two state party committees in 1994 and 1995.



Table 9

State Party Committee Receipts, 1994-1995

	<u>1994</u>	<u>1995</u>	<u>Total</u>
DSC	\$ 970,466	\$1,473,699	\$2,444,165
RSC	<u>3,891,025</u>	<u>4,258,970</u>	<u>8,149,995</u>
TOTAL	\$4,861,491	\$5,732,669	\$10,594,160

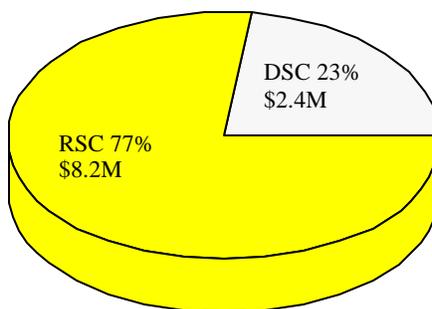
Source Data: New Jersey Election Law Enforcement Commission

Republican State Committee Raises Most Money

Not surprisingly, given the fact that the Republican party is in control of both Houses of the Legislature and the Governorship, the Republican State Committee outraised the Democratic State Committee by a wide margin during the two-year period under study. Overall the Republican State Committee raised about \$8.2 million compared with \$2.4 million by the Democratic State Committee. In other words, the Republicans outraised the Democrats by about 242 percent between 1994 and 1995. Figure 10 below proportions fundraising activity between the two state party committees.

Figure 10

Proportion of Total Fundraising by State Parties
1994-1995



Source Data: New Jersey Election Law Enforcement Commission



As the figure indicates, the Republican State Committee raised 77 percent of all state party funds in 1994-1995 compared with the Democratic State Committee's 23 percent of all funds.

Who is Contributing to the State Party Committees

Not dissimilar to the effort put forth to obtain data for other parts of this study, the effort to obtain data for this section involved the difficult process of manually coding each contribution reported by the state committees during a two-year period and then calculating amounts in each contributor category.

The contributor coding system utilized in this chapter is identical to that used in Chapter II on leadership committee receipts. The contributor categories are: individuals, businesses/corporations, business/corporate PACs, professional/trade association PACs, unions, union PACs, ideological PACs, political parties, candidates, political committees, and legislative leadership committees.

The table below sets forth the amount contributed by each contributor type as well as the percentage of total contributions represented by each.



Table 10

Contributions to State Parties by Contributor Type

<u>Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Individuals	\$ 865,159	8%
Businesses/corporations	6,524,958	62%
Business/corporate PACs	344,318	3%
Professional/trade PACs	257,150	2%
Unions	123,000	1%
Union PACs	270,000	3%
Ideological PACs	30,780	—
Parties	927,830	9%
Candidates	207,882	2%
Political committees	115,325	1%
Legislative leadership	544,950	5%
Miscellaneous	<u>382,808</u>	<u>4%</u>
	\$10,594,160	100%

Source Data: New Jersey Election Law Enforcement Commission

Even more so than they did for the legislative leadership committees, businesses and corporations made the highest amount in contributions to the State political party committees in 1994 and 1995. They gave about \$6.5 million to the parties or about 62 percent of all contributions. National, county, and municipal party committees constituted the second largest contributor category. These entities gave over \$925,000 to the State parties, representing nine percent of all funds. Individual contributors gave about \$865,000 to the State political party committees, or eight percent of their funds. The legislative leadership committees gave almost \$550,000 to the parties, five percent of all funds, and miscellaneous receipts accounted for \$382,000, or four percent of all receipts.

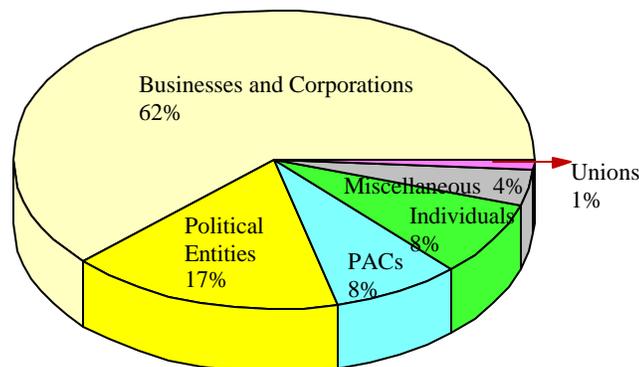
Business and corporate PACs and union PACs accounted for three percent of receipts each. Business and corporate PACs contributed close to \$350,000 and union PACs \$270,000. Professional



and trade association PACs and candidate committees gave two percent of the contributions each to the parties. Professional and trade association PACs gave almost \$260,000 and candidates over \$200,000. Unions and political committees made one percent of contributions each to the parties while ideological PACs gave less than one percent. Unions gave close to \$25,000, political committees \$115,000 and ideological PACs slightly over \$30,000.

As was done in the chapter on leadership committee receipts, the graph below sets forth a broader distribution of the categories of contributors making contributions to the political party committees in 1994 and 1995.

Figure 11
Sources of Contributions to Parties
1994-1995



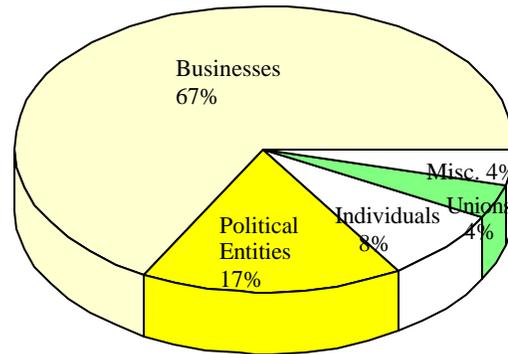
Source Data: New Jersey Election Law Enforcement Commission

Figure 11 indicates that businesses and corporations made 62 percent of all contributions, politically oriented entities made 17 percent of contributions, and special interest PACs made eight percent of total contributions, equal to the percentage of total contributions made by individuals. Miscellaneous receipts, such as those from interest bearing accounts, accounted for four percent of receipts and unions one percent of total contributions.

Grouped differently again, Figure 12 below provides another perspective on giving to the Democratic State Committee and the Republican State Committee.

Figure 12

Sources of Contributions to Parties
1994-1995



Source Data: New Jersey Election Law Enforcement Commission

Business interest are shown by this graph to clearly account for the majority of contributions to the State party committees. They accounted for 67 percent of all contributions. Without including professional and trade association PACs in this total, business interests still account for 65 percent of all receipts. Politically oriented groups accounted for another 17 percent of receipts, individuals eight percent, unions four percent, and miscellaneous receipts four percent.

Comparing Contributors by Party

As noted above, the Democratic State Committee and the Republican State Committee raised \$10.6 million between 1994 and 1995. Of this amount, the Democratic State Committee raised \$2.4 million and the Republican State Committee raised about \$8.2 million. Table 11 below provides a breakdown of the sources of contributions to each State political party committee. Including the proportion of receipts represented by each category of contribution.



Table 11

Contributions to State Parties by Contributor Type and Party

	DSC		RSC	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Individuals	\$ 185,396	8%	\$ 679,763	8%
Businesses/corporations	596,802	24%	5,928,156	73%
Business/corporate PACs	25,000	1%	319,318	4%
Professional/trade asso. PACs	60,650	2%	196,500	2%
Unions	63,000	3%	60,000	1%
Union PACs	167,400	7%	102,600	1%
Ideological PACs	—	—	30,780	—
Parties	658,409	27%	269,421	3%
Candidates	152,506	6%	55,376	1%
Political committees	74,350	3%	40,975	1%
Legislative leadership	391,220	16%	153,730	2%
Miscellaneous	<u>69,430</u>	<u>3%</u>	<u>313,378</u>	<u>4%</u>
TOTAL	\$2,444,163	100%	\$8,149,997	100%

Source Data: New Jersey Election Law Enforcement Commission

As demonstrated in Chapter II, the distribution of the sources of contributions to the leadership committees of the two political parties was quite similar. This situation is not entirely the case regarding the Democratic State Committee and the Republican State Committee. In fact, there were some pronounced differences between the two parties in terms of from whom their contributions derived.

While each party received about eight percent of their contributions from individuals (DSC - \$185,000, RSC - \$680,000), there was a wide gap between the proportion of total receipts received from business and corporate interests. For example, businesses and corporations accounted for 24



percent of the Democratic State Committee's contributions, about \$600,000. But they accounted for 73 percent of the Republican State Committee's contributions, \$5.9 million. While business and corporate PACs made just one percent of contributions to the Democratic State Committee, \$25,000, they made four percent of the contributions made to the Republican State Committee, about \$320,000. Professional and Trade Association PACs gave about \$60,000 to the Democratic State Committee, two percent of its receipts, while they gave almost \$200,000 to the Republican State Committee, a figure equal to two percent of its receipts.

The Democratic State Committee received a much larger percentage of its receipts from alternative party sources than did the Republican State Committee. For example, 27 percent of its receipts, about \$660,000, derived from other party sources in the Democratic party, much federal, some local. The Republican State Committee, on the other hand, derived only three percent, \$270,000, of its contributions from other party sources. Candidates accounted for six percent of the contributions to the Democratic State Committee, \$150,000, but only for one percent of contributions to the Republican State Committee, about \$55,000. Legislative leadership committees contributed 16 percent of the Democratic State Committee's receipts, \$390,000, and two percent of Republican State Committee's receipts, \$150,000. Political committees made three percent, \$75,000, of the Democratic State Committee's contributions, and one percent, \$40,000, of the Republican State Committee contributions.

As expected, contributions by unions and union PACs constituted a larger proportion of the Democratic State Committee's receipts than of the Republican State Committee's receipts. In total, unions accounted for almost \$65,000, or three percent of the Democratic State Committee's contributions. Union PACs made seven percent of the Democratic State Committee's contributions, or almost \$170,000. The Republican State Committee only received \$60,000 from unions and about \$100,000 from union PACs, one percent and one percent of total receipts respectively. Ideological PACs did not account for even one percent of contributions to either party. About the same percentage of receipts, three percent for the Democratic party and four percent for the Republican party, can be attributed to the miscellaneous category.

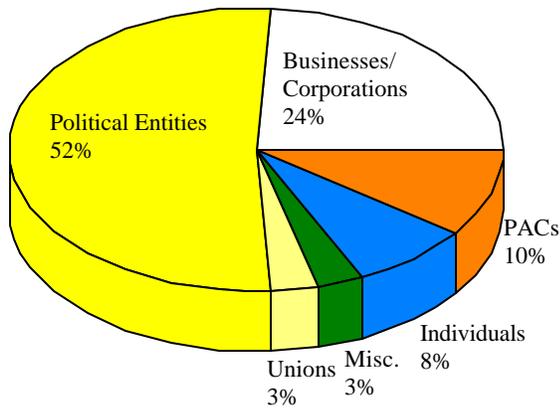
Using the same broader distribution of contributions as used in the previous section, Figure 13 provides one picture of who gave to the Democratic State Committee and who contributed to the Republican State Committee.



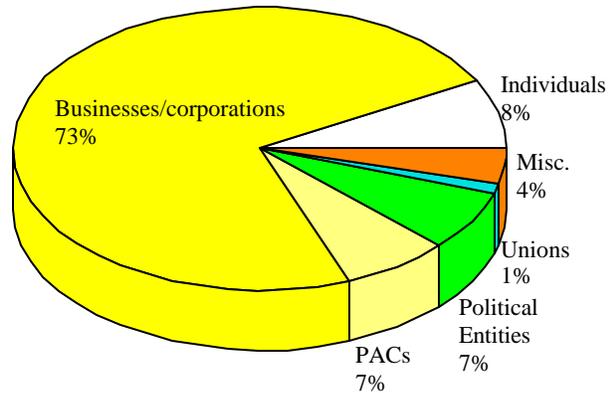
Figure 13

Sources of Contributions to State Committees by Party 1994-1995

Democratic State Committee



Republican State Committee



Source Data: New Jersey Election Law Enforcement Commission

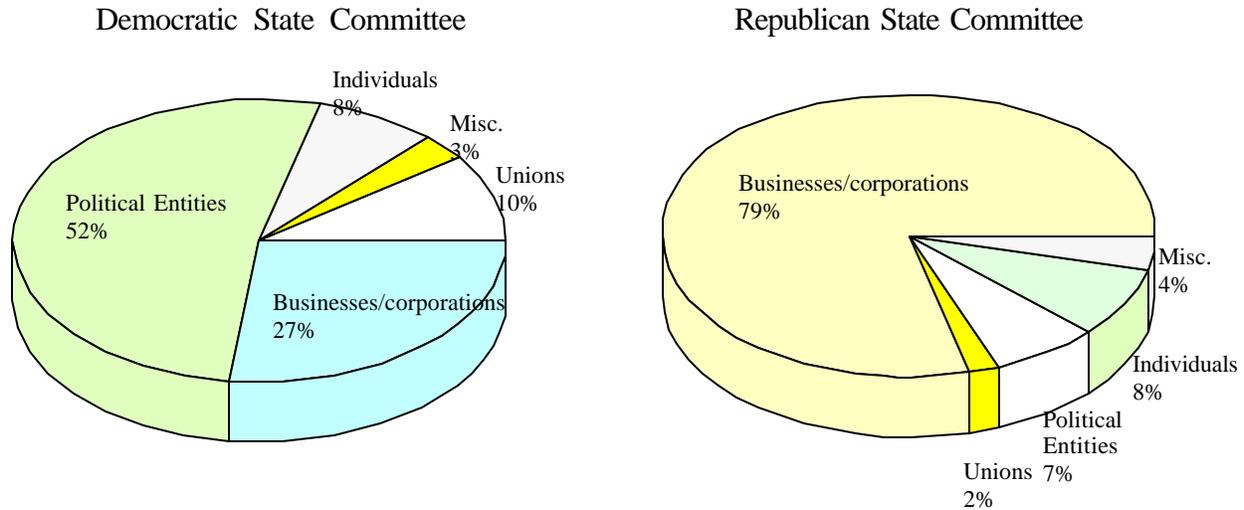
About 52 percent of Democratic State Committee receipts derived from political entities, like local and federal party organizations. Businesses and corporations accounted for 24 percent of the Democratic State Committee’s receipts, PACs ten percent, individuals eight percent, and unions and miscellaneous entities three percent each.

The Republican State Committee configuration was different. It received 73 percent of its contributions from businesses and corporations and only seven percent from political entities. The Republican State Committee got seven percent of its receipts from PACs and eight percent from individual contributors. Unions accounted for only one percent of receipts and miscellaneous entities four percent.

Figure 14 views the sources of funding of the state political party committees from a different perspective. It shows a further breakdown of the sources of party committee receipts.

Figure 14

Sources of Contributions to State Party Committees by Party 1994-1995



Source Data: New Jersey Election Law Enforcement Commission

Viewed from this perspective, the picture becomes even clearer in terms of the Democratic State Committee receiving the majority of its funding from political sources and the Republican State Committee being funded predominantly by business and corporate interests. During 1994 and 1995, the Democratic State Committee received 52 percent of its funding from political sources and 27 percent of its funding from businesses and corporations. The Republican State Committee, on the other hand, received about 79 percent of its funds from businesses and corporations and only seven percent of its funds from political sources. Unions constituted ten percent of the Democratic State Committee's receipts, whereas, the Republican State Committee realized just about two percent of its funds from union sources. Individual contributors accounted for eight percent of the Democratic State Committee's receipts and eight percent of the Republican State Committee's receipts. Miscellaneous receipts constituted three percent of the Democratic State Committee's funds and four percent of the Republican State Committee's funds.

Average Contribution Amounts

As shown in Table 12 below, the average contribution made to the two State party committees was \$3,727. The average contribution made to the Democratic State Committee was \$3,981, while the average contribution made to the Republican State Committee was \$3,473.



Table 12

Average Contribution to State Party Committees

<u>Party</u>	<u>Average</u>
Democratic State Committee	\$3,981
Republican State Committee	<u>3,473</u>
OVERALL	\$3,727

Source Data: New Jersey Election Law Enforcement Commission

Average Contribution by Contributor Type

The table below indicates the average contribution made to the State party committees by each category of contributor.

Table 13

Average Contribution by Contributor Type to State Party Committees 1994-1995

<u>Type</u>	<u>Amount</u>
Individuals	\$3,089
Businesses/corporations	3,386
Business/corporate PACs	2,442
Professional/trade association PACs	4,148
Ideological PACs	4,397
Union PACs	4,286
Unions	2,563
Political parties	10,788
Leadership committees	8,933
Candidates	1,890
Miscellaneous	4,116

Source Data: New Jersey Election Law Enforcement Commission



Political party committees, including the national political party committees and county and municipal party committees, had the highest average contribution for those contributors contributing to the State political party committees. The average contribution made by party committees was \$10,788. The four legislative leadership committees average contribution was also high, at \$8,933. Though there were very few ideological PAC contributions, the average contribution for these groups was \$4,397. Professional and trade association PACs averaged \$4,148 per contribution and unions and union PACs averaged \$2,563 and \$4,286 respectively. Businesses and corporations and business and corporate PACs made average contributions of \$3,386 and \$2,442. Individual contributions averaged \$3,089, candidates \$1,890, and miscellaneous receipts averaged \$4,116.

Contribution Ranges

The table below provides the number of contributions which fall into specific range categories. As in Chapter II, this information, as well as the average contribution information cited immediately above, will help in analyzing contribution limit levels.

Table 14

Contribution Ranges State Political Party Committees
1994-1995

	5,000	5,001	10,001	15,001	20,001	
	<u>under</u>	to	to	to	to	
<u>TOTAL</u>	<u>under</u>	<u>10,000</u>	<u>15,000</u>	<u>20,000</u>	<u>25,000</u>	
DSC	614	537	39	14	8	16
RSC	<u>2,347</u>	<u>1,994</u>	<u>175</u>	<u>87</u>	<u>25</u>	<u>66</u>
TOTAL	2,961	2,531	214	101	33	82

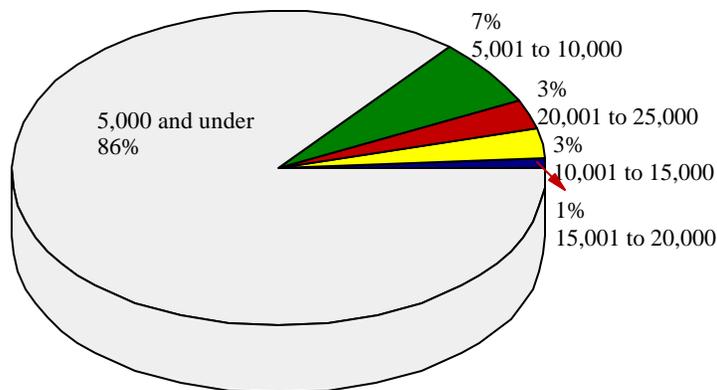
Source Data: New Jersey Election Law Enforcement Commission



Figure 15 indicates the proportion of contributions to the state political party committees falling into each range presented.

Figure 15

Distribution of Ranges of Contributions
to State Party Committees
1994-1995



Source Data: New Jersey Election Law Enforcement Commission

Similar to the legislative leadership committees, the vast amount, 86 percent, of contributions to the State party committees are at \$5,000 and under. Another seven percent of contributions fall into the \$5,001 to \$10,000 range. Three percent of contributions fall between \$10,001 and \$15,000 and just one percent falls between \$15,001 and \$20,000. Finally, three percent of all contributions ranged between \$20,001 and \$25,000.



CHAPTER VI

STATE PARTY COMMITTEE EXPENDITURES

In Chapter III, expenditure patterns of legislative leadership committees, it was noted that the ~~Commission had charted a new course when it published~~ White Paper Number Nine: Legislative Candidates: How They Spend their Money. Chapter III said further that in its analysis of the spending patterns of the legislative leadership committees it was building upon that earlier study. In that same way, this chapter, which investigates the expenditure activity of the Democratic and Republican state committees, will build upon that earlier work.

Again, it must be emphasized that this exploration into the expenditure activity of these committees has not been easy. The categorization of expenditures was difficult. While at times information on State committee reports was accurate and identified specifically, most of the time expenditure descriptions were very general. Thus, as in Chapter III, the Commission makes no claim that the expenditure analysis contained in this chapter is exact in every respect. Full confidence, however, is expressed in regards to the chapter representing a general picture of how the State political party committees have spent their money in 1994 and 1995.

How Much Did the State Committees Spend

During 1994 and 1995, the Democratic State Committee and the Republican State Committee spent a combined total of \$10.1 million. Though not to the same degree as the legislative leadership committees did, the State political party committees also spent the majority of their money in 1995, the year of the Assembly election. In 1995, the state parties spent \$5.9 million, a figure that amounted to 58 percent of expenditures for the two-year period.

The largest proportion of their money was spent in the third and fourth quarters of 1995, the period eclipsing the general election for Assembly. However, though the parties spent more money



in the Assembly election year, the link between this spending and the legislative elections does not appear to be as strong as for the leadership committees.

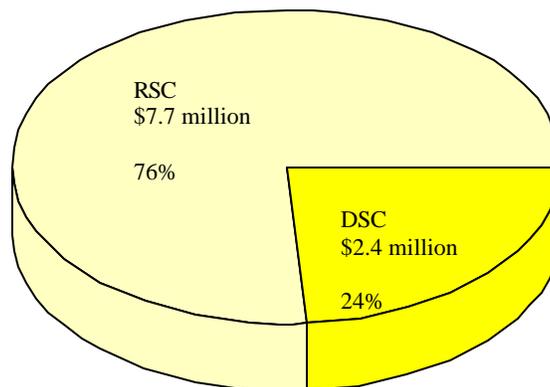
The analysis shows that while the parties were certainly very involved in the Assembly election year, they were also very active in 1994, when elections were local and federal in nature. They assisted local candidates as well as local party organizations. In addition, in 1994 there was an election for the United States Senate and the state parties were engaged in activity helpful to their Senate candidates as well.

More Spending by the Republican State Committee

As the party in control of the Legislature and Governor's Office, the Republican State Committee had the ability to raise more dollars and therefore to spend more in furtherance of the party's efforts to elect Republicans to office. Figure 16 below compares the proportion of overall State party spending undertaken by the Republican State Committee versus that undertaken by the Democratic State Committee.

Figure 16

1994-1995 Expenditures
Republican State Committee and
Democratic State Committee



Source Data: New Jersey Election Law Enforcement Commission



The Republican State Committee spent \$7.7 million during 1994 and 1995. This amount constituted 76 percent of all State party spending. The largest proportion of the party's spending occurred in the months preceding the general election for Assembly.

Although the Democratic State Committee displayed the same spending pattern as the Republicans, overall spending levels were not nearly as great. A total of \$2.4 million was spent by the Democratic State Committee between 1994 and 1995, or 24 percent of State party spending. The heaviest spending took place during the six-month period leading up to and eclipsing the general election of 1995.

The Republican State Committee, between 1994 and 1995, outspent the Democratic State Committee by 221 percent, \$7.7 million to \$2.4 million. Even though there was a large gap between the spending levels of the parties, their spending patterns were similar. While a significant amount of spending occurred in the months before the 1995 general election, they both spent significant amounts in the off-year, indicating an interest and involvement in municipal, county, and federal races.

How the State Committees Spent their Money

In analyzing the uses that State Party Committee expenditures were put to, an almost identical categorical system was applied to spending by the Democratic State Committee and Republican State Committee as was applied to the four legislative leadership committees. The categories included: administration, election-day activities, fundraising, consulting, polling, charitable contributions, and mass communication. Unlike for the leadership committees, a category entitled, "federal transfers," was utilized for the parties. Salaries, rent, utilities and other overhead costs were included under administration. Contributions includes only direct contributions to political campaigns and political party organizations. Expenditures for mass communication, polling, fundraising, and consulting, categorized as such in this paper, may also be considered in-kind contributions to candidates and parties as well. Election-day activity includes get-out-the vote efforts and charitable involves contributions to eleemosynary and volunteer organizations. Any expenditure for celebrative flowers or funeral flowers, etc., are also categorized as charity.



Table 15 below outlines the spending patterns of the state committees in 1994 and 1995.

Table 15

State Party Committee Spending 1994-1995

	<u>Amount</u>	<u>Percent</u>
Mass Communications	\$ 2,977,249	30%
Election-day Activities	405,848	4%
Fundraising	56,380	1%
Consulting	436,828	4%
Charitable	10,885	—
Contributions	414,217	4%
Polling	150,688	1%
Administration	1,087,724	11%
Transfers to Federal Account	<u>4,481,398</u>	<u>45%</u>
TOTAL	\$10,021,217	100%

Source Data: New Jersey Election Law Enforcement Commission

While spending on mass communication constituted a very large portion of total spending by the State party committees, like the legislative leadership committees, the parties did not spend the greatest portion of their funds for this purpose. Rather, the largest category of spending was in the form of transfers to their federal accounts. Since 1994 was a congressional year, as well as a year in which one of New Jersey's United States Senate seats was up for election, this transaction, permissible under federal as well as State law, was not unexpected. A total of \$4.5 million, 45 percent of all expenditures, was transferred from State committee accounts to their federal accounts.

As noted above, spending on mass communication was large. The State party committees spent \$3 million, or 30 percent of their funds, on mass communications. Much of this money was allocated to candidates in the form of in-kind contributions. The third highest category of spending for the State political party committees was spending on administration. Four percent of party



proceeds went for each of the following categories: election-day activities, consulting, and direct contributions to candidates and other political party committees. Fundraising and polling expenditures, each, accounted for one percent of total expenditures, respectively. Not even one percent was spent on charity.

Democratic State Committee Spending versus Republican State Committee Spending

As noted above, the Democratic State Committee spent considerably less money than did its counterpart, the Republican State Committee. However, in the manner in which the money was spent, the Democratic State Committee and the Republican State Committee were very similar.

Table 16 shows how each committee spent its money.

	DSC		RSC	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Mass Communication	\$ 725,702	31%	\$2,251,457	29%
Election-day Activities	72,874	3%	332,974	4%
Fundraising	43,427	2%	12,953	—
Consulting	108,057	5%	328,771	4%
Charitable	10,885	—	0	—
Contributions	192,696	8%	221,521	3%
Polling	9,000	—	141,688	2%
Administration	258,014	11%	829,710	11%
Transferred to Federal	<u>934,791</u>	<u>40%</u>	<u>3,546,607</u>	<u>46%</u>
TOTAL	\$2,355,446	100%	\$7,665,681	99%

Percent does not equal 100% due to rounding

Source Data: New Jersey Election Law Enforcement Commission



The only category under which the Democratic State Committee and the Republican State Committee differed in their pattern of spending to any significant degree was direct contributions. The Democratic State Committee spent proportionately more of their money on direct contributions to candidates and local party organizations than did the Republican State Committee. Eight percent of the Democratic State Committee's money, almost \$200,000, was contributed directly to candidates and party committees. The Republican State Committee, by comparison, expended just a little more than \$200,000, or three percent of its funds, on direct contributions.

In all other categories, the proportionate spending by these committees was remarkably similar. Both the Democratic State Committee and the Republican State Committee spent the largest proportion of their funds in the form of transfers to their federal accounts. These transactions indicate that both parties are very active in the campaigns of their candidates for national office, be it the House of Representatives or the United States Senate. The Democratic State Committee utilized 40 percent, over \$930,000, of its money for transfers to federal accounts. The Republican State Committee used 46 percent of its funds for this purpose, over \$3.5 million.

Proportionate spending on mass communication was similar for both party committees. The Democratic State Committee spent about \$725,000 on mass communication compared with the Republican State Committee, which spent about \$2.25 million, 31 percent and 29 percent of their total funds, respectively.

The Democratic State Committee spent almost \$110,000 on consultants, five percent, to the Republican State Committee's almost \$330,000, or four percent of their funds. Election-day activities consumed three percent and four percent of the Republican State Committee and Democratic State Committee funds, respectively, over \$72,000 and \$330,000, respectively. The Democratic State Committee spent only \$9,000 on polling, not even one percent, and the Republican State Committee close to \$40,000, just two percent of their money. Spending on charity was almost non-existent by both committees. And finally, both the Democratic State Committee and the Republican State Committee spent proportionately the same amount on administration, 11 percent. The Democratic State Committee spent close to \$260,000 compared with approximately \$830,000 spent by the Republican State Committee.

This analysis of state party committee spending demonstrates that both parties spent their



money in largely the same manner. While the Democratic State Committee may favor direct contributions for candidates and party committees to a greater degree than the Republican State Committee, both parties are involved in federal activity. Moreover, both parties are inclined to spend proportionately large amounts on mass communication, most significantly on direct mail, which benefits their candidates. And finally, administration costs are kept down to about 11 percent of total by both parties. All in all, the State party committees are spending their money properly on election-related activities which serve to promote the interests of their party and their candidates.

Mass Communication Expenditures

In Chapter III, it was noted that the legislative leadership committees showed the same preference for direct mail as did Senate and Assembly candidates in the White Paper entitled, Legislative Candidates: How They Spend Their Money. In the category of mass communication spending, the State party committees demonstrated this same preference. Table 17 shows spending levels between broad categories of mass communication during 1994 and 1995.

Table 17

Mass Communication Spending
State Party Committees 1994-1995

	<u>Amount</u>	<u>Percent</u>
Broadcast	\$ 56,000	2%
Direct mail	1,650,967	55%
Print	3,771	—
Unidentified	<u>\$ 1,266,511</u>	<u>43%</u>
TOTAL	\$ 2,977,249	100%

Source Data: New Jersey Election Law Enforcement Commission

Obviously, as in the case of the legislative leadership committees, there were many unidentifiable mass communication expenditures. Categorization was, therefore, difficult.



Nevertheless, it is clear that the vast majority of mass communication expenditures by the parties was for direct mail. Direct mail constituted 55 percent, almost \$1.7 million of all mass communication expenditures. Broadcast media expenditures, in the case of the parties entirely for radio, made up two percent of mass communication expenditures, \$56,000. Newspaper advertising was negligible. Finally, unidentifiable mass communication expenditures comprised 43 percent of expenditures for mass communication, about \$1.3 million.

The pattern of mass communication expenditures between the parties was similar in some respects. Both, the Democratic State Committee and the Republican State Committee spent significant amounts on direct mail, over \$700,000 and over \$900,000, respectively. The Democratic State Committee spent \$6,000 on broadcast media and the Republican State Committee \$50,000. Just about all unidentifiable expenditures were reported by the Republican State Committee.

The data indicates that in terms of legislative and local spending, the parties, as the leadership committees and individual candidates have done, have determined that spending on broadcast media and print advertising is not as effective as direct mail, which can be more focused and targeted.



CHAPTER VII

CONCLUSION

What are the statutorily constituted legislative leadership committees up to? How about the State party committees? What role do they play in the political and electoral life of modern day New Jersey?

Citizens interested in the well-being of New Jersey government should wonder about the answers to these questions. When views are exchanged regarding leadership committee and party committee activity, the discussion often turns on issues related to campaign financing. At times, these discussions become heated. Charges and counter-charges fly. The leadership committees and State parties are too powerful. On the contrary, they must be strengthened. The money going into the coffers of the leadership committees, which the legislative leaders control, is obscene. Too much money, soft money, is available to the parties. This money buys influence. Not so! There is not enough money to run effective campaigns. In fact, the parties should be strengthened. Leadership committees, rather than abolished, should be encouraged as a means of helping the parties counter the influence of a system that has resulted in candidate-centered campaigns often operating entirely independent of the party system. Who is right? And who is wrong?

This study is presented to bring perspective to the debate. Moreover, through the presentation of empirical data vis-a-vis the financial activity of the leadership committees and the state party committees, the study is attempting to contribute, thoughtfully, to the on-going process of reform in New Jersey.

While the financial doings of the Democratic and Republican State Committees is always of interest, and sometimes of concern, the financial activity, even the very existence of legislative leadership committees, is more often than not, drawn into question. The Rosenthal Commission recommended that a new category of committee, the legislative leadership committee, be created in the statute through reform legislation. It envisioned these committees functioning as party



committees in the Legislature, promoting the election goals of their respective legislative candidates. In the campaign reform package signed in 1993, the Legislature created these committees as recommended by the Rosenthal Commission.

The analysis of legislative leadership committees' activity during 1994-1995, indicates that these committees are functioning by and large in the manner envisioned by the Rosenthal Commission and, it must be assumed, by the Legislature. While there is still room for certain of these committees to grow, develop, and become more sophisticated in their approach to campaigns, each one of these committees functioned in an entirely appropriate manner and in accordance with the usage guidelines set forth in the law.

The committees did raise and spend substantial amounts of money and did serve as vehicles by which donors who had already given to individual candidates and the party committees could give additional sums, sometimes in large amounts.

Fundraising for the four legislative leadership committees during 1994-95 reached \$6.7 million. Of this amount, \$5.2 million was expended by these committees, primarily in the last half of 1995, the year of the Assembly elections. While the four legislative leadership committees displayed different patterns of spending, overall spending reflected the desire of these committees to further the electoral goals of their parties and their parties' candidates. Approximately 83 percent of the funds dispersed by these committees correlate directly with election activity. Contributions to candidates made up 30 percent of leadership committee expenditures while mass communication expenditures, most often on behalf of candidates, constituted 25 percent of all expenditures. Other expenditures directly related to election activity included fundraising, election day activities, polling, and consulting.

Administration, including salaries, supplies, rent, etc., amounted to 16 percent and charitable contributions, one percent.

In terms of funding these committees, the bulk of legislative leadership committee contributions derived from business interests. Businesses and corporations and their PACs made about 65 percent of all contributions to them. Individual contributors made 14 percent of all contributions to the leadership committees, and unions and union PACs, constituted six percent of all leadership committee contributions. Politically oriented groups, including political parties, gave 14 percent of



all leadership committee contributions, and miscellaneous and ideological PACs only made up one percent of the fundraising base.

The average contribution made to the legislative leadership committees was \$1,753. With relatively few contributions made, but in large amounts, political party committees made contributions to the leadership committees averaging \$26,179 and leadership committees giving to each other averaged \$9,287 per contribution. Union PACs averaged slightly over \$3,000 per contribution. All other contributors were in the range of \$2,000 or less.

Finally, the vast majority of contributions, 95 percent, were \$5,000 and under with another three percent falling between \$5,001 and \$10,000. One percent of contributions were between \$10,001 and \$15,000 and barely one percent of contributions in total ranged between \$15,000 and \$25,000.

There have been some who have suggested that legislative leadership committees should be abolished. With due respect given to those who make such a suggestion, this study does not conclude that legislative leadership committees should be abolished, but rather that the Campaign Law be modified as pertains to them.

It is the conclusion of this paper that the goal of the Rosenthal Commission, pursuant to these committees, essentially to have legislative party committees established for the purpose of promoting the party's legislative candidates, was and is a good one.

Certainly those who contend that the legislative leadership committees are tools for the special interests to influence leaders in the Legislature and therefore the legislative agenda have legitimate concerns. Their views are respected and should not go unnoticed. Moreover, concern about the adverse effect they may have on political parties and on the development of future legislative leaders gives pause. However, it is the view of this work that on balance legislative leadership committees do and can play a useful role in the political and governmental process. As the party arm of the Legislature, they can help balance the influence of the Executive Branch over legislators in that the State party committees, strongly influenced by governors or gubernatorial nominees, spend large amounts of money. Moreover, in this day of public frustration over perceived governmental inaction, legislative leadership committees can help to bring discipline and cohesion to the legislative process. Finally, there is nothing wrong with party affiliates such as these being



involved in promoting their candidates. In a word, they may actually serve to offset any influence special interests may gain over individual candidates.

Though this study favors the continued existence of legislative leadership committees, it should not be suggested that there is no room for reform.

Under existing law, legislative leadership committees are permitted to receive \$25,000 per year from contributors, except that they may receive unlimited amounts of money from political parties. Legislative leadership committees are also permitted to give unlimited amounts to candidates.

The data presented in this study suggests the contribution limits pursuant to contributions made to the legislative leadership committees could be lowered without adversely affecting their ability to raise money and thereby help their candidates communicate their messages to the voters.

Moreover, by decreasing these contribution limits, the Legislature would be enhancing trust in the governmental process by effectively eliminating the perception, if not reality, of undue influence over the process by moneyed interests. Finally, by lowering these limits, the Legislature would be strengthening the State party committees, yet at the same time, preserving the potential for the leadership committees to offset the influence of these parties over legislative affairs and to install greater cohesion into the legislative process.

Therefore, it is suggested that the contribution limit vis-a-vis contributions to the legislative leadership committees be lowered to \$10,000 per year. Because approximately 98 percent of all contributions to these committees were in amounts of \$10,000 or less, it appears that such a change would not hinder fundraising in the least thereby protecting free speech. This limit would apply to all contributors except political party committees, who would still be unrestricted in the amount of money they could contribute to these leadership committees. Furthermore, the legislative leadership committees should be allowed to contribute as much as they want for the purpose of electing their candidates to office. By implementing this reform, the Legislature would accomplish two goals: eliminating the perception, if not reality, of undue influence over the process and permitting these committees to effectively promote the campaigns of their candidates.

It is further recommended that the statutorily based name Legislative Leadership Committee



be changed to Legislative Party Committee. Such a change would help to dispel the perception of these committees being more akin to special interest or personal PACs than to party-affiliated committees. Concomitant with this change, the legislators should consider making changes in the overall structure of these committees that would insure that they function democratically. In other words, instead of being permissive in terms of the control of the committee, the law should be written in such a way as to guarantee reasonable participation of membership in decision-making, perhaps through an executive board. While not suggesting that the leaders have not been accountable or solicitous of the views of their delegation's members, formal changes along these lines would go far toward making these committees truly the legislative arm of the party. Moreover, in terms of public perception, and enhancing trust in the process, such reforms would do a world of good.

Finally, the guidelines currently in the law relative to the uses the legislative leadership committees can put their money should remain intact. Personal use of any funds should continue to be prohibited. There is no more important aspect of campaign finance law than strong anti-personal use guidelines and generally stringent usage guidelines for those controlling money in the political system.

In addition to the research relative to the legislative leadership committees presented above, the study also reviewed the financial activity of the State party committees. As noted, State political party committees are established through statute and are subject to certain guidelines vis-a-vis their powers, their organization, and their membership. They are also subject to certain disclosure requirements under the Campaign Act as well as limitations on contributions made to them. Considered by the courts to be private organizations, political party committees are established to promote their candidates for elective office. They are different than special interest PACs in that they represent a broad spectrum of people and no single interest.

In part because of provisions in the statute that have made it difficult for third parties to emerge, New Jersey has historically been a two-party state. In this context, the Democratic State Committee and the Republican State Committee have functioned effectively. In terms of campaign financing, which is the focus of this study, the two major parties have been effective as well. While one party or the other may have the advantage in any given year, depending upon which one dominates State government, overall, they both have competently performed their role vis-a-vis supporting their candidates, an important part of which in this modern era involves strong fundraising efforts and effective spending practices.



During 1994-1995, the period under study, fundraising by the two major parties reached \$10.6 million. During this same period, they spent about \$10.1 million. The majority of the money was spent in 1995, the year of the Assembly election, but not nearly as extensively as the legislative leadership committees. A significant amount of money was spent by the parties in 1994, the year of the United States Senate election.

Approximately 89 percent of expenditures were made for purposes other than administration. These expenditures correlated with election-related activity. Transfers to the federal account made up 45 percent of State party spending. Mass communication expenditures, in the majority direct mail, constituted 30 percent of expenditures, and administration 11 percent of expenditures. Direct contributions to candidates comprised four percent of expenditures as did consultants and election-day activity. Polling made up one percent as did fundraising. Charitable spending was negligible.

Regarding fundraising by the State political party committees, businesses and corporations, as well as the business-oriented political action committees, including professional and trade association PACs, contributed the majority of funds. All in all, business and business PACs made 67 percent of all contributions to the State political party committees. Politically oriented groups, including county and federal political party committees, contributed 17 percent of all contributions to the Democratic and Republican State Committees. Individuals provided eight percent of State party committee money, whereas, unions and union PACs accounted for four percent of those receipts. Miscellaneous receipts made up the remaining one percent of the funds.

The average contribution made to the State party committees was \$3,727. Other political party committees, local and federal, averaged \$10,788 and legislative leadership committee contributions averaged \$8,933. Professional and trade association PACs averaged \$4,148 in their contributions and ideological PACs, only making seven contributions in total, averaged \$4,397. Union PACs made contributions to the State party committees averaging \$4,286. Business and corporate contributions averaged \$3,386 and individual contributors contributed to the State party committees an average of \$3,089. Unions averaged \$2,563 in their contributions and candidate committees \$1,890. Finally, miscellaneous receipts averaged \$4,116.

As is the case with the legislative leadership committees, the vast majority of contributions were in denominations of \$5,000 or under. A full 86 percent of contributions to the State political party committees were in amounts of \$5,000 or less. About seven percent of contributions ranged



between \$5,001 and \$10,000, and about three percent between \$10,001 and \$15,000. One percent of all contributions to the Democratic State Committee and the Republican State Committee fell into the \$15,001 to \$20,000 category, and three percent into the \$20,001 to \$25,000 range.

It is the sense of this study that political party committees in general, and the State political party committees specifically, were strengthened by the Rosenthal reforms and that this process ought to be continued. Political party committees are broad based and while they represent a general philosophical point of view, they are not single issue committees or special interest committees. They are an integral party of our political system and can effectively offset the influences of special interest politics. To the extent that they can do that they should be, through campaign finance laws, encouraged to do so. They must be able to raise enough money to promote their candidates and to communicate the party's general message to the voters.

At the same time that parties should be able to accomplish the above, it is also important for them to be free of the perception, if not reality, of undue influence. In order to permit political parties to balance the influences of special interest groups over candidates, they must, of course, be able to raise substantial amounts of money. Simultaneously, however, they must be beyond the suggestion that they themselves are susceptible to undue influence.

A lowering of the contribution limit vis-a-vis contributions made to the state political party committees to \$15,000 per year would accomplish both goals as well as protecting First Amendment rights. As shown by the statistics cited above, about 96 percent of all contributions made to the State parties were in amounts of \$15,000 or less. Lowering the contribution limit to this level would not adversely impact fundraising efforts and might even serve to broaden the party's base even more. Furthermore, a contribution limit lowered to \$15,000 per year would help to ease the perception that big money contributors are circumventing contribution limits to candidates by making large contributions to the parties. So, even though the contribution limit vis-a-vis contributions to the parties would be lowered, the \$15,000 level would still be higher than that imposed on contributors to the leadership committees and to special interest PACs. Thus, the broad based political party committees would be strengthened vis-a-vis these committees as well as all other players in the electoral process. It is additionally recommended that county political party committees also have their contribution limit lowered to the same amount.



Concomitant with the goal of strengthened political party committees, it would be the recommendation of the study that the Democratic National Committee and the Republican National Committee should not be restricted to a \$50,000 limit on the amount they can contribute to the State party committees. There appears to be no clear rationale for restricting national party giving to their New Jersey State party affiliates or the legislative leadership committees.

Finally, the State political party committees should continue to be allowed to contribute as much money as they desire to their candidates. The laws governing State party spending should remain intact. There is no basis in restricting the amount of money the parties can contribute directly to candidates or spend on their behalf. In fact, the lack of restrictions in this area helps to strengthen the role of broad-based parties in the electoral process.



NOTES

1. Editorial, the Star-Ledger (Newark), February 26, 1993.
2. Editorial, the Times (Trenton), February 11, 1993.
3. Editorial, the Trentonian, March 8, 1993.
4. Editorial, the Press of Atlantic City, February 24, 1993.
5. Joe Donahue, "Legislature Votes Limits on Campaign Donations," Star-Ledger (Newark), February 19, 1993, p. 1.
6. Ibid.
7. The Ad Hoc Commission on Legislative Ethics and Campaign Finance, Findings and Recommendations of the Ad Hoc Commission on Legislative Ethics and Campaign Finance, October 22, 1990, p. 13.
8. Ibid.
9. Ibid.
10. Ibid., p. 14.
11. State Senator William Schluter, speaking at a public hearing of the New Jersey Election Law Enforcement Commission, September 22, 1995.
12. State Senator Gordon MacInnes, speaking at a public hearing of the New Jersey Election Law Enforcement Commission, September 22, 1995.
13. Professor Steven A. Salmore, speaking at a public hearing of the New Jersey Election Law Enforcement Commission, October 20, 1995.



14. Ad Hoc Commission, October 22, 1990, p. 13.
15. New Jersey Election Law Enforcement Commission, White Paper Number Nine: Legislative Candidates: How They Spend their Money, February, 1994, p.1.
16. Ibid., p. 26
17. Ibid.



PREVIOUS WHITE PAPERS

Number One: Contribution Limits and Prohibited Contributions

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