

ELEC WHITE PAPER

NonConnected, Ideological PACs in the Garden State





State of New Jersey

ELECTION LAW ENFORCEMENT COMMISSION

William H. Eldridge
Chairman

Owen V. McNany, III
Vice Chairman

David Linett
Commissioner

NATIONAL STATE BANK BLDG., 12th FLOOR
28 W. STATE STREET, CN 185
TRENTON, NEW JERSEY 08625-0185
(609) 292-8700

Frederick M. Herrmann, Ph.D.
Executive Director

Jeffrey M. Brindle
Deputy Director

Gregory E. Nagy
Legal Director

James P. Wyse
Counsel

Acknowledgement and Statement of Purpose

The Commission is delighted to present the citizens of New Jersey its newest analysis on a topic of importance in the field of public disclosure. ELEC's veteran deputy director, Jeffrey M. Brindle, authored this study, which draws upon his wealth of experience in the field of campaign financing.

Student intern, Laura Hutcheson, provided crucial background material for this report, while Systems Administrator Anthony R. Chianese provided necessary data. Proofreading was done by: Legal Director Gregory E. Nagy, Deputy Legal Director Nedda Gold Massar, and Director of Compliance and Information Evelyn Ford. Director of Administration Barbra Fasanella served as the statistical proofreader, while the wordprocessing was done by Senior Secretary Josephine A. Hall. The general editor was Executive Director Frederick M. Herrmann.

Nonconnected, Ideological PACs in the Garden State is the tenth White Paper in a series dating back to 1988. These studies are based on staff research as well as work by outside persons such as university professors and graduate students. Analyses written by external sources are published with a disclaimer. It is ELEC's goal to contribute substantive research for the ongoing debate on improving the way our State regulates the impact of money on its political process. The Commission is not necessarily taking a position on any of the issues raised and is presenting this paper to promote discussion.

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 "COGEL Campaign Financing and Lobbying Bibliography" compiled by ELEC's executive director. Those interested in political money may also wish to read: Frederick M. Herrmann and Ronald D. Michaelson, "Financing State and Local Elections: Recent Developments" in the 1994-95 edition of The Book of the States published by the Council of State Governments.

TABLE OF CONTENTS

	<i>Page No.</i>
<i>Introduction</i>	1
<i>Chapter I</i>	5
<i>Chapter II</i>	14
<i>Chapter III</i>	25
<i>Chapter IV</i>	35
<i>Conclusion</i>	39

INTRODUCTION

Government by the People, the classic textbook by James MacGregor Burns, J. W. Peltason, and Thomas E. Cronin, maintains that:

Crucial to the democratic faith is the belief that a democracy cherishes the free play of ideas, where issues are freely fought out in public - at city council sessions, in party platform forums, in Congress, and in citizen town meetings with a President. Only where the safety valve of public discussion is available and where almost any policy is subject to perpetual questioning and challenge can there be the assurance that both minority and majority rights will be served. To be afraid of public debate is to be afraid of self-government.¹

Measured against this standard, the condition of New Jersey's democratic health seems excellent. There are, in fact, several aspects of the State's political persona that provide proof of such heartiness.

Newspapers and magazines, for instance, focusing mainly on New Jersey, exist in suitable numbers. Just as talk radio has gained momentum nationally, certain New Jersey radio stations have adopted this format as well. Local cable outlets have proliferated, carrying county, municipal, and State news. Coverage of school board meetings are even carried on these outlets. And, major networks out of New York and Philadelphia appear to be including more New Jersey-based news in their broadcasts.

Elected officials are more and more engaging in public dialogue. Town meetings are a staple for public officials at all levels. Governor Christine Todd Whitman has held such meetings throughout New Jersey and has continued the practice of former Governors Thomas H. Kean and James J. Florio in utilizing radio and New Jersey Network (NJN) to speak with members of the public personally about their concerns.

In recent years, grassroots organizations have developed, such as "Hands Across New Jersey" and "United We Stand New Jersey," which have had an impact on public debate. Other, more traditional citizen-based organizations, such as Common Cause, the Public Interest Research Group (PIRG), and the New Jersey Taxpayers Association, have continued their efforts.

A flourishing democracy in New Jersey is evidenced also by the steady intensification of campaign financial activity throughout all electoral levels. Whether at the local, legislative, or gubernatorial level, financial activity has dramatically increased since the early 1980's. Political parties too have been invigorated, assuming greater involvement in fundraising for polling, registering voters, generic advertising and getting-out-the-vote drives. And finally, citizen participation in the process has been encouraged by the rise of Political Action Committees (PACs), the onset of which began in earnest in New Jersey during the 1980's.

While PACs, be they corporate, union, professional association, trade association, or nonconnected, heighten citizen participation in the electoral process, it is perhaps the nonconnected PACs that most exemplify this good.

This study will concentrate on these PACs, the nonconnected, often ideologically-based ones. It will study their role in New Jersey's electoral politics and their impact on election campaigns. If the measure of New Jersey's democratic health can be gauged by the "free play of ideas," then an analysis of the impact of nonconnected PACs is a good starting point. According to Government by the People, "a cardinal characteristic of a democracy is that it not only recognizes the need for the free organization of opposing views, but even positively encourages this organization."² Judging by recent activity on the part of nonconnected PACs, democracy in New Jersey has more than met this standard.

In 1989, the National Organization for Women of New Jersey Political Action Committee (NOW-NJPAC) requested an advisory opinion regarding the question of independent expenditures. The PAC stated that it intended to "run

an independent campaign in support of Jim Florio." The request stipulated that the organization desired "to direct the campaign ourselves, not in consultation with Florio advisors."³

This independent campaign pursued by NOW-NJPAC on behalf of then gubernatorial candidate Jim Florio perhaps marks the beginning of a period of significant growth in the number of nonconnected PACs and in their overall financial activity. Interestingly, the Florio years in New Jersey coincided with this growth in activity by these PACs, much like the growth in these type of groups at the federal level coincided with the national administration of President Ronald Reagan. Ironically, while this period began in 1989, the year NOW-NJPAC pursued an independent campaign supporting former Governor Jim Florio, it was capped off in 1993 with an independent campaign by another ideological group, the National Rifle Association (NRA), this time in opposition to the former Governor. While to some these nonconnected groups, and their ideas, may be "the bane of the politicians' existence,"⁴ on balance they may really be the balm of a free democratic society.

Writing about nonconnected PACs, Herbert E Alexander, in Financing Politics, states that on the federal level "ideological PACs hit their peak in the 1985-86 election cycle and that in the 1981-82 election cycle, nonconnected PACs, many of which were ideological committees, reported spending almost \$65 million, more than any other category of PACs, and about \$22 million, more than corporate PACs."⁵

Much like the federal experience, New Jersey underwent a period of growth in the number and financial activity of nonconnected PACs, with its peak occurring, however, a few years later. Between 1985 and 1993, the number of nonconnected PACs grew from 27 to 66 (see Table 1). The bulk of that growth occurred between 1989 and 1993. The increase in the number of these groups during this period constituted 72 percent of the overall growth in their numbers during the entire eight-year period. Likewise, expenditures rose from \$540,769 in 1985 to \$1,545,820 in 1993. Expenditures made by the nonconnected PACs between 1989 and 1993 constituted 70 percent of the total

for the eight-year period (see Table 3). In 1991 and 1992, their expenditures reached \$1.8 million and \$2.1 million.

Nonconnected PACs in New Jersey, frequently of an ideological bent, comprise groups of many philosophical persuasions promoting a variety of agendas. Among the groups are: Citizens for School Choice, Vote Environment Committee, Women's Political Caucus N.J., Right to Choose PAC, New Jersey Pro Life PAC, Choice PAC-NJ voter Education Project '93, the Coalition of New Jersey Sportsmen, New Jersey Legislative Action for Animals, Inc. PAC, and Private Enterprise PAC.

The activity undertaken by the nonconnected PACs in New Jersey is important enough to warrant a closer look. In this paper, the role of the nonconnected, mainly ideological, PACs in the electoral process will be analyzed. As part of this analysis their overall financial activity will be scrutinized, comparisons will be made with the activity of other political action committees, and they will be studied from the perspective of their political strategies as witnessed by their spending practices. Through studying the nonconnected PACs, it is hoped that it can be shown that the condition of democracy in the Garden State is healthy, demonstrated by the fact that large numbers of citizens are encouraged to participate in the process through involvement with these issue-oriented political action committees.

I

When a New Jersey resident hears the word PAC, he or she probably thinks about corporations and unions. This reaction is to be expected. So much is written about corporate-sponsored political action committees especially, and in some cases union-sponsored ones, that it would be unusual for this response not to be the case. Connected PACs, that is political action committees whose membership is comprised of employees or members connected to a particular corporation, profession, or union, do play a significant role in the process. It is only natural that the potential influence these special interest PACs bring to bear be scrutinized and analyzed thoroughly. And, it is completely understandable that the press, good government groups, and citizens-at-large be concerned about whether or not these often powerful, well-heeled entities are in any way corrupting the governmental process.

Nonconnected PACs Examined

While it is recognized that connected PACs, because of the very narrow commercial or other interest represented and the significant dollars they often pour into the process, are deserving of much attention, it is important also not to overlook the increasingly significant involvement of the PACs that are not connected to any particular corporation, profession, or union. These political action committees, often wedded to a certain ideology, or formulated in response to an issue or issues, have become an important part of the process. Though entities like the New Jersey Education Association (NJEA), the State's teacher union; the American Trial Lawyer's Association (ATLA); and PSE&G PAC, are certainly players on the political stage and potentially influential, so too are entities such as the NRA and Choice PAC New Jersey, for example. It is these nonconnected PACs that will be examined.

Growth Pattern of Nonconnected PACs

As depicted in Table 1 below, the number of nonconnected PACs operating in New Jersey grew significantly between 1985 and 1993. In 1985, 27 PACs were

categorized as nonconnected. In 1993, at the end of the eight-year period, a total of 66 PACs were listed as nonconnected. In 1992, that number had reached 70. Thus, between these years, there was a 144 percent increase in the number of nonconnected PACs.

Table I
Number of Nonconnected PACs

<u>Year</u>	<u>Number</u>
1985	27
1986	36
1987	45
1988	39
1989	38
1990	55
1991	54
1992	70
1993	66

Perhaps significantly, the number of nonconnected PACs grew at a much more rapid pace over the course of the second half of this eight-year period. While 28 percent of the eight-year rise in the overall number of these PACs occurred between 1985 and 1989, from 27 to 38, the bulk of the overall increase in nonconnected PACs occurred between 1989 and 1993. During this four-year period, nonconnected PACs grew in number from 38 to 66. Thus, the increase in the number of nonconnected, mainly ideological, PACs occurring between 1989 and 1993 represented 72 percent of the overall growth experienced during the eight-year period under study.

Financial Growth of Nonconnected PACs

In the same way that nonconnected PACs grew in number during this eight-year period, these groups increased their fundraising activity during these

years as well. Between 1985 and 1993, total receipts reported by the nonconnected PACs jumped from \$464,494 to \$1.5 million. This increase equalled 200 percent. Interestingly, in 1987, 1991, and 1992, the funds raised by these PACS equalled or exceeded the funds raised in the final year of the study, 1993. About \$1.5 million was raised by the nonconnected PACs in 1987, \$1.7 million in 1991, and \$2.2 million in 1992. Table 2 shows the pattern of increase in fundraising activity by these nonconnected committees.

Table 2
Nonconnected PAC Receipts

<u>Year</u>	<u>Receipts</u>
1985	\$ 464,494
1986	543, 014
1987	1,497,490
1988	1, 034,463
1989	1,349,867
1990	1,360,269
1991	1,675,398
1992	2,204,306
1993	<u>1,476, 915</u>
Total	\$11,606,716

During the earlier timeframe 1985-1988, the funds raised by the nonconnected PACs amounted to approximately \$3.5 million, or 30 percent of the total \$11.6 million raised by these PACs throughout the entire eight-year period. For the five years encompassing the period 1989-1993, these groups raised \$8.1 million, or 70 percent of their eight-year total. Thus, the larger pool of nonconnected PACs accounted for the higher level of fundraising activity occurring throughout the latter period.

Regarding expenditures, the overall pattern was similar to that of fundraising activity. In 1985, the nonconnected political action committees

spent \$540,769. By 1993, expenditures had risen to \$1.5 million. In 1991 and 1992, expenditures, at \$1.8 and \$2.1 million, exceeded the 1993 total of \$1.5 million. Table 3 demonstrates that, overall, expenditures, like fundraising, increased by 200 percent during this timeframe.

Table 3
Nonconnected PAC Expenditures

<u>Year</u>	<u>Expenditures</u>
1985	\$ 540,769
1986	475,787
1987	1,356,223
1988	1,171,263
1989	1,333,097
1990	1,343,936
1991	1,837,849
1992	2,082,473
1993	<u>1,545,820</u>
Total	\$11,687,217

Between 1985 and 1993, \$11.7 million was spent by the nonconnected PACs. Not surprisingly, the latter part of this eight-year period experienced the most expenditure activity. From 1989 through 1993, \$8.1 million was spent, or 70 percent of all expenditures. During the four earlier years, 1985 through 1988, \$3.5 million was expended by these mainly ideological groups.

The financial activity data outlined above demonstrates that the level of fundraising and the level of spending was pretty much kept in balance by these groups. In other words, the nonconnected PACs did not hold onto their money. In fact, overall expenditures actually exceeded total receipts by approximately \$81,000. Table 4 provides a year by year breakdown of receipt and expenditure activity by the nonconnected groups.

Table 4
Receipts and Expenditures: Nonconnected

	<u>Receipts</u>	<u>Expenditures</u>
1985	\$ 464,494	\$ 540,769
1986	543,014	475,787
1987	1,497,490	1,356,223
1988	1,034,963	1,171,263
1989	1,349,867	1,333,097
1990	1,360,269	1,343,936
1991	1,675,398	1,837,849
1992	2,204,306	2,082,473
1993	<u>1,476,915</u>	<u>1,545,820</u>
 Total	 \$11,606,716	 \$11,687,217

Nonconnected PAC Contribution Activity

In financing politics, Herbert E. Alexander, writing about ideological groups, states:

*These PACs contribute only a small portion of their total receipts directly to candidates, as low as two percent in some cases, because, unlike corporate, union, and trade/membership health PACs, they have no sponsors and thus must use treasury or dues money to pay for fundraising and operating costs.*⁶

In discussing the role of the ideological groups at the federal level, Alexander goes on to say:

But ideological PACs tactics also explain why they have so little money left to give to candidates. Their leaders maintain that they prefer to spend large amounts of their money for candidate training schools,

*polls, and consultants, all of which show up on disclosure reports as operating expenses, not contributions to candidates. A number of these committees also make substantial independent expenditures.*⁷

While New Jersey's nonconnected PACs have contributed a larger portion of their receipts to candidates than ideological PACs at the national level have done, their contribution portion is fairly low. For example, though the portion of receipts utilized for contributions reached 64 percent in the Assembly and gubernatorial election year of 1989 and 71 percent in the legislative election year of 1991, overall, only 38 percent of receipts went for contributions to candidates during the entire eight-year period. In 1986 and 1988, only 15 percent of total receipts were used for contributions to candidates. Thus, to a certain extent, expenditure activity by the nonconnected PACs in New Jersey followed a similar path to that followed by their national counterparts.

Setting aside the fact that the average ratio of contributions to receipts was below 50 percent, it is nevertheless important to note that the same pattern of contribution activity emerged during the eight-period in question as emerged for fundraising and expenditure activity. Throughout, \$4.4 million was contributed by the nonconnected PACs. The largest proportion of contributions was made in the five years constituting the latter part of the eight-year timeframe. From 1989 through 1993, 80 percent of all contribution activity by these PACs occurred, with contributions totaling \$3.6 million. Beginning with 1985 and ending with 1988, \$880,751, or 20 percent of all contributions was made.

As would be expected, contributor activity peaked in those years in which elections were held for Governor and Assembly, Senate and Assembly, or Governor, Senate, and Assembly. Interestingly, in 1993, the only year in the eight-year period in which elections for Governor, Senate, and Assembly were held, contributor activity by these PACs actually dipped below activity in 1989 and 1991 (perhaps because of the contribution limit in the new Campaign Act). Table 5 shows how contributor activity peaked in Statewide election

years and fell off considerably in those years when there was no election for Governor or Legislature.

Table 5
Nonconnected PAC Contributions

<u>Year</u>	<u>contributions</u>
1985*	\$ 160,022
1986	79,479
1987*	488,246
1988	153,004
1989*	860,584
1990	439,428
1991*	1,186,897
1992	396,425
1993*	<u>671,799</u>
Total	\$4,435,884

* gubernatorial and/or legislative election years

From the table, it can be determined that average contribution activity in Statewide election years equalled \$673,509 compared with \$267,084 in off-years. Thus, average contribution activity in years when the governorship was subject to election and/or when one or both houses of the Legislature were up for election amounted to about one-and-one-half times that of off-years. In a word, while a manual examination of contribution activity by New Jersey's nonconnected PACs was not performed, the data indicates that the primary focus of contribution activity has been in the context of gubernatorial and legislative elections. Though significant fundraising has occurred in each year of study, as has expenditure activity, contribution activity has not followed this path. Its pattern has been predictable, but uneven. While less than 50 percent of receipts overall was utilized for contributions, these totals increase significantly in gubernatorial and/or legislative election

years. To emphasize this point, it should be noted that 76 percent of all contributions made by these PACs was made in Statewide election years.

Conclusion

The data provided in this chapter has shown that the activity by nonconnected PACs in New Jersey was much more substantial in the latter half of the period under study. There was a marked increase in the number of these PACs as well as in their financial activity from 1989 through 1993. Some possible explanations can be posited for this development.

First, the events of the Florio years quite possibly encouraged new groups to form and existing groups to maintain their fundraising levels. In the preface to his Governor's Race, Michael Aron, one of New Jersey Network's (NJN) political reporters, writes of former Governor Florio:

Elected by 61 percent of the public in November of 1989, he fell so far so fast after hiking taxes in 1990 by a record amount that his quest for re-election became also a quest for redemption and vindication on an almost epic scale. For a few shining months after his inauguration, Florio took bold steps on automobile insurance, gun control, in ethics, and was hailed on the cover of The New York Times Magazine as a model Democrat for the 90's. Then, after hiking the sales tax by a penny, extending it to new items, doubling the income tax on the wealthy and using the process for a new education funding system that favored the poor districts and capped the rich ones, his approval rating went from 42 percent in March of that year to 18 percent in October.⁸

Whether or not one agrees with the activist initiatives of former Governor Florio, the four years of his administration were undeniably an interesting time that generated initial opposition as well as later support from various segments of the public. The fact that his term coincided with a period of substantial increase in the number and efforts of nonconnected PACs leads to the conclusion that, as during the Reagan years in Washington, the

events of the Florio years had an impact on the growth of nonconnected PACs.

Second, the period beginning with 1989 and ending with 1993, coincided with a time of increased public attention to government and politics, both at the national and at the State level. This interest continues to this day and has been fueled by the revolution in information technology. Computerized mass mailing, E-mail, modems, the Internet, portable telephones, fax machines, home video, cable television, and other advances have made possible the use of the town meeting format at the Statewide and national level.⁹ Whereas, in the 1980's it was unusual for incumbents to be defeated, today, in some ways, incumbency may be a liability. One outgrowth of this heightened attention to governmental activity is the emergence of more and more nonconnected PACs. Instead of a public becoming more apathetic, as feared by some, this increased attention to government has actually fostered a greater activism, with the increase in nonconnected PACs a by-product of this mood.

Third, the increase in numbers and financial activity of the nonconnected groups is also part of the overall trend in campaign financial activity in general. In May, 1989, Trends in Legislative Campaign Financing: 1977-1987, ELEC White Paper Number Two, noted that "the fact that money was such an important part of the 1987 campaign for the Legislature is no surprise. In fact, the high rate of financial activity continues a trend that has been evident at least since 1977."¹⁰ In the years succeeding 1987, the trend in campaign financial activity has continued upward.

In sum, the fact that nonconnected PACs proliferated at a significant rate during the second half of the period under study may be due to a confluence of the above factors. These and others will be further explored in the following pages.

It has been noted that a measurably greater increase in the efforts of nonconnected PACs coincided with the four-year period encompassing the term of Governor Jim Florio. It was suggested that three factors may be responsible for this development: the activist policies of the former governor, the increasing attention by the electorate to government, and the overall upward trend in campaign financial activity. To further analyze the role of nonconnected PACs, particularly with regard to their involvement in the electoral process, it will be useful to compare their record to that of the connected PACs. This chapter will focus on this comparison.

Growth Patterns of Nonconnected and Connected PACs

In 1985, a total of 152 special interest political action committees operated in New Jersey. This total grew to 257 in 1993, for an increase in the total number of special interest PACs of 69 percent.* Of the special interest PACs reporting in 1985, 27 were nonconnected and 125 were connected. Eight years later, in 1993, the nonconnected PAC number had grown to 66 and the connected PAC number to 191. Thus, while the number of nonconnected PACs increased by 144 percent during this period, the number of connected PACs increased at a lesser rate of 53 percent.

Financial Activity of Nonconnected PACs and Connected PACs

Interestingly, the same patterns emerge when considering the financial activity of the special interest PACs. Fundraising by these PACs went from \$5.2 million in 1985 to \$9.6 million in 1993, for an increase of 85 percent. Total expenditures rose by 100 percent, from \$4.9 million to \$9.8 million. Total contribution information by the special interest PACs, available for 1987, 1989, and 1991 contribution activity, also reveals a trend upward. In
* the number of total PACs differ from that reported in previous white papers because these figures do not include candidate PACs.

1987, the PACs contributed \$4.4 million to all candidates and parties whereas in 1991 that figure rose to \$7.8 million, for an increase of 77 percent during this four-year period.

In terms of the nonconnected and connected PAC activity, nonconnected PAC receipts totaled \$464,494 in 1985 and \$1.5 million in 1993, with receipts reaching as high as \$2.2 million in 1992. Overall, fundraising by the nonconnected PACs grew at a rate of 200 percent during this period. Connected PACs, on the other hand, increased their fundraising activity by 69 percent, from \$4.8 million in 1985 to \$8.1 million in 1993.

Expenditures by the nonconnected, mainly ideological PACs, went from \$540,769 to \$1.5 million, again a 200 percent increase between 1985 and 1993. Expenditures by the connected PACs grew from \$4.4 million in 1985 to \$8.3 million in 1993, for a rise of 89 percent.

Finally, contribution activity during the three years cited above displayed a similar pattern. The nonconnected PACs contributed \$488,246 in 1987 and \$1.2 million in 1991, an increase of 140 percent. Connected PACs, on the other hand, increased their contribution activity by 69 percent, from \$3.9 million in 1987 to \$6.6 million in 1991. Table 6 compares the growth and financial activity of the nonconnected PACs with that of the connected PACs.

Table 6

Comparison of Nonconnected and Connected PAC Financial Activity: 1985: - 1993

	<u>Number</u> [*]	<u>Receipts</u>	<u>Expenditures</u>	<u>Contributions</u>
1985	27	\$ 464,494	\$ 540,769	-
	125	4,772,050	4,380,611	-
1986	36	543,014	475,787	-
	135	4,630,396	3,108,147	-
1987	45	1,497,490	1,356,223	\$ 488,246
	172	6,505,028	6,238,457	3,869,897
1988	39	1,034,963	1,171,263	-
	166	6,202,925	4,257,569	-
1989	38	1,349,867	1,333,097	860,584
	188	8,242,066	7,822,229	6,139,416
1990	55	1,360,269	1,343,936	-
	176	8,317,645	6,059,990	-
1991	54	1,675,398	1,837,849	1,186,897
	191	9,684,394	9,888,198	6,571,880
1992	70	2,204,306	2,082,473	-
	190	7,863,278	6,795,376	-
1993	66	1,476,915	1,545,800	-
	191	8,090,902	8,264,153	-

* nonconnected PAC figures are listed first

Nonconnected and Connected PACs: Overall Conclusions

The data presented above is instructive. First and foremost, there is no question but that a comparison of nonconnected PACs with connected PACs reveals that the special interest PACs affiliated, or connected with a business, professional, trade, or union interest, clearly held a commanding position in terms of numbers and financial activity. While contending that "campaign spending, especially as it pertains to legislative elections,

increased rapidly because of the changing nature of campaigns, not because of political action committees,"¹¹ Commission White Paper Number Seven Is There a PAC Plaque in New Jersey showed, nevertheless, that special interest PACs held a place at the financial table. It stated:

*In terms of campaign financing in New Jersey, the decade of the 1980's may be remembered in two ways: it was the time during which campaign spending increased significantly and a time when the PACs matured into a political force. Spending by legislative candidates, for instance, went from \$8.3 million in the 1983 Senate and Assembly general elections to \$11.5 million in the 1987 elections. Relatively slight in the early 1980's, PAC financial activity rose to \$4.4 million in 1987, and even higher, to \$7 million, by the end of the decade.*¹²

The connected PACs, to be sure, were mainly responsible for this maturation process and for the bulk of financial activity during the 1980's and through 1993. For example, throughout the period under study, the number of connected PACs in relation to nonconnected PACs was significantly greater. Even in 1993, there were 191 connected PACs to 66 nonconnected PACs. Financial activity by the connected PACs far outdistanced the nonconnected PACs during this period as well. Connected PACs raised \$64.3 million and spent \$56.8 million between 1985 and 1993, whereas, nonconnected PACs raised \$11.6 million and spent \$11.7 million. During the three years, 1987, 1989, and 1991, when total contribution activity is available for both categories of PACs, the connected PACs contributed \$16.6 million to candidates compared with \$2.5 million contributed by the nonconnected PACs. For 1987, 1989, and 1993, 68 percent of connected PAC receipts went for contributions while 55 percent of all nonconnected receipts went toward that purpose.

Thus, in terms of the high stakes campaign financial game, the PACs with the commercial interest were unquestionably the major players of the two. Despite this fact, however, some very interesting points should be made with regard to the patterns displayed by the nonconnected PACs vis-a-vis the

connected PACs and to the increasingly significant role of these entities throughout the period 1985 to 1993. First, the number of nonconnected PACs in the system increased at a far greater rate during this period than did the number of connected PACs. They grew by 144 percent compared to a 53 percent growth rate for connected PACs. Likewise, receipts and expenditures of nonconnected groups increased by a significant 200 percent while receipts and expenditures for the connected PACs grew by 68 and 69 percent respectively. Similarly, contribution activity by the nonconnected PACs rose by 140 percent compared with 69 percent for the connected PACs. Table 7 compares the nonconnected and connected PAC growth rates in terms of overall activity during this period.

Table 7
Comparison of PAC Growth Rates: 1985 - 1993

	Number	Receipts	Expenditures	Contributions [*]
Nonconnected	144%	200%	200%	140%
Connected	53%	68%	69%	69%

* 1987, 1989, and 1991

Nonconnected and Connected PACs: Similarities and Differences

Earlier, it was noted that the overall activity of the nonconnected PACs intensified dramatically between 1989 and 1993 compared with 1985 through 1988. What similarities and differences in patterns of activity occurred between these groups and the connected PACs within these two periods of time?

The connected PACs and the nonconnected PACs showed similarities and differences in their patterns of activity within the eight-year period under study. The number of nonconnected PACs entering the political fray increased significantly between the base year 1989 and 1993, whereas the reverse is true for the connected PACs. In this fact, lies an important distinction between

the two groups. Between 1989 and 1993, the number of nonconnected PACs rose by 28, a figure which accounts for 72 percent of the overall increase in the number of these PACs during the eight-year period. Connected PACs, conversely, increased in number by only three during this latter period, a figure that accounts for just five percent of the total increase in the number of these PACs. The universe of connected PACs realized 95 percent of its eight-year growth between 1985 and 1989, when 63 new commercially-oriented PACs were added to the field. On the other hand, the nonconnected PAC numbers rose by eleven between 1985 and 1989, accounting for 28 percent of their overall growth in numbers. Thus, a real difference between nonconnected and connected PACs emerges with respect to their growth patterns within the eight-year span in question. Whereas, nonconnected PACs displayed substantial growth from 1989 on, the connected PAC numbers mostly increased prior to 1989.

The nonconnected and connected PACs both raised and spent considerably more money during the five years covering 1989 through 1993 than during the previous four years. In other words, the bulk of financial activity for both groups occurred in the later part of the eight-year study period. Nonconnected PACs raised \$8.1 million from 1989 on, or 70 percent of their total receipts. Connected PACs raised \$42.2 million, or 66 percent of their receipts. In terms of expenditures, nonconnected PACs also spent \$8.1 million, or 70 percent of their funds from 1989 through 1993 and connected PACs \$38.8 million, or 68 percent of all their funds.

Distinctly different explanations can be offered for this parallel situation. Between the years 1989 through 1993, the strong financial activity by the connected PACs was due much more to intensified fundraising and the upward trend in campaign financial activity in general than to any increase in the number of these PACs. From 1989 through 1993, the number of connected PACs increased by only three. At the same time, however, their overall activity was substantially higher than in the previous four years.

The reverse appears to be true for the nonconnected PACs. These groups increased in number by 28, an increase equivalent to 74 percent during this

latter period. Yet from year to year, excepting 1992 when receipts and expenditures were over \$2 million, financial activity remained relatively stable. Thus, while the trend in campaign financial activity in general surely impacted the nonconnected PACs, it appears that the overall increase in financial activity by the nonconnected groups was mainly due to their increased numbers not to intensified fundraising.

In Chapter I, a pattern of increased contributor activity by the nonconnected PACs in gubernatorial/legislative election years was identified. It was also mentioned that, while in a couple of those legislative years, the ratio of contributions to receipts reached 64 and 71 percent, overall the percentage of receipts utilized for contributions averaged only 38 percent. Unfortunately, total contribution activity by the connected PACs to all candidates is not readily available, making an exact comparison impossible. However, it can be noted that in the three legislative years when contribution data is available for the connected PACs, these special interest groups used the bulk of their receipts for contributing to candidates, legislative leadership committees and political parties. In 1987, 1989, and 1991, the connected PACs used respectively 60 percent, 74 percent, and 68 percent of their receipts for contributions.

Despite the fact that exact comparisons cannot be made vis-a-vis contributor activity in each year, other financial activity can be measured in this way. Specifically, fundraising and overall expenditure activity can be traced through each year in the study for both nonconnected and connected PACs. Interestingly, different patterns emerge. Generally, an increase in financial activity by the nonconnected PACs does not appear to be linked to gubernatorial/legislative election years. While the level of financial activity, especially in the period after 1989, is fairly consistent year to year, in a couple of off-election years the level of nonconnected PAC financial activity is actually greater than in gubernatorial /legislative years. In 1986, these PACs raised more money than in 1985. In 1990, more money was spent by these PACs than in the preceding legislative election year. And in 1992, receipts and expenditures, exceeding \$2 million, eclipsed

activity in both 1991 and 1992. The same cannot be said for the connected PACs. Generally, overall financial activity by these PACs is up in gubernatorial/legislative election years and down in non-gubernatorial/legislative election years. This pattern holds true for the connected PACs in both the 1985 to 1988 period and the period of 1989 to 1993. In a word, these varying patterns of financial activity evidenced by the connected and nonconnected PACs may suggest differences in how the two groups are spending their money.

Conclusion

In conclusion, while the data suggests certain similarities between nonconnected and connected PACs it suggests differences as well. Previously, it was theorized that three factors, the activist policies of the Florio administration, increased voter interest in governmental activities, and the upward trend in campaign financial activity may have been responsible for the increase in nonconnected PAC activity between 1989 and 1993. The comparison set forth in these pages between connected and nonconnected PACs does nothing to dispute that theory and, indeed, may even bolster it.

Perhaps the most compelling evidence for suggesting that the Florio administration's activism and increased voter interest were partially responsible for the blossoming of nonconnected, mainly ideological PACs from 1989 to 1993, lies in the differences set forth between nonconnected and connected PACs with respect to the growth in their respective numbers. As mentioned earlier, connected PAC numbers increased substantially between 1985 and 1989. They increased hardly at all in number from 1989 to 1993, however. The record of the connected special interest political action committees in this regard is consistent with the statement made in Is There a PAC Plague in New Jersey? when it said of PACs in general that "the 1980's... was... a time when the PACs matured into a political force."¹³ Moreover, this fact is consistent with the notion that the increase in activity of the PACs is part of the overall upward trend in campaign financial activity that was prevalent throughout the 1980's and into the 1990's; a trend that was fostered by the

changing nature of the electoral process and campaigns and of society in general.

On the other hand, the opposite growth pattern displayed by the nonconnected PACs suggests that other factors were at work besides simply the upward trend in campaign financial activity and the changing nature of the system. Otherwise, these PACs would have followed the same growth patterns of all the other PACs. Just like the more polarizing effects of the ideological presidency of Ronald Reagan stimulated the growth of ideological PACs on the federal level which peaked in 1985, it seems plausible to suggest that the policies of the Florio administration combined with the increase in voter attention to governmental policies were perhaps most responsible for the proliferation of the nonconnected PACs during 1989 to 1993.

Connected PACs, those associated with business, trade and professional associations, and unions, often promote narrow commercial interests and draw from individuals who share that particular economic interest. Nonconnected PACs form around a particular philosophy or in response to a particular issue. Their contributors are individuals who share the philosophy they espouse or who feel strongly about the issue the PAC is concerned about.

In terms of those PACs which have an economic basis, the economic interest promoted is always of concern to those employees or members who contribute to these PACs. To be sure, there are always times when activity by these connected PACs becomes more important because of the emergent nature of an issue critical to their cause. In general, though, connected PACs remain ever active in guarding and promoting their economic interest.

Regarding nonconnected PACs there is more ebb and flow to their activity. The data, both from the federal level and from New Jersey, suggests that as politics become more issue-oriented, more groups of an ideological nature form and become active. As the times become less restless and the voters more content, the existence and activity of nonconnected PACs tends to lessen.

It has been mentioned that in the latter portion of the eight-year period, financial activity, which was substantially higher for both groups, was due more to an intensification of fundraising by connected PACs and to the overall upward trend in campaign financial activity than to any other factor. Conversely, the higher financial activity of this period by nonconnected PACs was due as much, and even moreso, to the increase in PAC numbers as to the upward trend in campaign financing.

These facts do not contradict the theory that the Florio activist policies and voter interest were major factors in the activity levels of the nonconnected PACs. The economically-based PACs in general have greater resources to call upon. In New Jersey, corporations and unions are permitted to make contributions (except regulated industries) and there has not been, nor is there now under the new law, any restriction on how much money can be given to a PAC. Thus, connected PACs generally have these financial resources to call upon. Furthermore, it is not difficult to identify the pool of contributors likely to support the PAC. In the case of unions, for example, those associations are supported by membership dues. Business PACs similarly receive some of their money from employee deductions, thus, even though the universe of connected PACs may remain stable, as from 1989 to 1993, there is always the means to augment an intensification of fundraising.

The same ability does not exist for nonconnected PACs. While a handful of these groups, such as the NRA, may be able to raise funds through membership dues, in the majority of cases they cannot. Nonconnected PACs must first identify individuals who share the views of the PAC and then attempt, through fundraising, to tap these individuals for contributions. Because of the greater difficulty these groups have in identifying their potential contributors (and at greater cost) it is understandable why the increase in the number of these PACs, not more successful fundraising by existing groups, helped to maintain levels of funding that were substantially higher than during the period prior to 1989. Moreover, the fact that these funding levels, though exceeding the previous period and increasing from year to year, only rose moderately between 1989 and 1993, can be explained in the nature of

nonconnected PACs. Formed around a philosophy, or an issue, these PACs have a more limited resource pool to draw from. As more nonconnected PACs form, there is greater competition for the pool of dollars available. In other words, many of these PACs share the same basic philosophy and promote similar issue positions, and therefore may be competing for the support of the same contributors. For example, in any given year, there can be as many as four or five women's rights groups, which presumably promote similar goals, or more than one PRO-Life PAC or School Choice PAC. In situations such as these, the hunt is on to attract the dollars from many of the same contributors. Thus, just because the number of groups increase, it does not automatically mean that there will be a sudden infusion of new money, although the competition may actually result in enhanced fundraising for all.

This chapter has provided a comparative analysis of nonconnected and connected PACs in terms of their development and financial activity. In so doing, it is hoped that the reader will have a better understanding of the nature of nonconnected PACs and how they may differ from their more economic-based brothers. Moreover, through this comparison, it is hoped that a better understanding of what the factors are that contribute to the development of these PACs and to their increasing role in the political process in New Jersey.

Throughout this study, the overall financial activity of the nonconnected PACs has been examined. Employing the technique of comparative analysis, the paper has reviewed this data in relation to the activity of PACs affiliated with business, labor unions, and professional and trade associations. Further, contribution activity was analyzed, whereupon it was noted that the nonconnected PACs intensified this activity in gubernatorial/legislative election years. In fact, 76 percent of contributions made by the nonconnected PACs occurred in these years. In this chapter, contribution activity by the nonconnected PACs in these election years will be studied in greater depth. In particular, the flow of nonconnected PAC money will be observed. Ultimately, their approach to giving will be compared to the strategy employed by the connected political action committees.

M. Margaret Conway, writing in Interest Group Politics, suggests that two types of strategy are pursued by political action committees with respect to congressional elections. She writes that PACs made contributions to gain access or to affect electoral outcomes.

According to Conway "many types of PACs appear to employ an access strategy. Eighty percent of corporate and trade PAC contributions to House campaigns in 1984 went to incumbents, indicating that these types of PACs tended to pursue a 'seeking access' strategy. In Senate elections, more than 70 percent of the funds contributed by these PACs went to incumbents." ¹⁴

Conway continued: "nonconnected PACs have focused on defeating incumbents whose policy preferences and voting records are displeasing to the PACs. The primary criteria used by nonconnected PACs in selecting candidates for support or opposition are the ideology and voting records of incumbents and their potential vulnerability. Incumbents who are perceived as unlikely to be defeated would usually have only limited amounts spent against them or in support of their challengers." ¹⁵

M. Margaret Conway suggests that connected PACs and nonconnected PACs at the federal level pursue, through their contributions, separate strategies. The analysis of contribution activity relative to legislative elections in New Jersey will be undertaken with this thought in mind. Specifically, it will consider the following questions what electoral strategy is pursued by nonconnected PACs, is it different from the connected PACs, and are patterns displayed the same or different from PACs on the federal level?

The Trail of Nonconnected PAC Money

In three out of the four legislative election years under study, the nonconnected political action committees proved skillful in distributing their money. Namely, they gave a preponderance of their legislative contributions to eventual winners. Only in 1985 did the nonconnected PACs back more losers than winners.

The nonconnected groups made 43 percent of their contributions to winners of the 1985 Assembly general election, for a total of \$30,765. These PACs gave 57 percent of their contributions, or \$40,305, to losers of Assembly contests in that year.

Over the course of the next three legislative general elections, the nonconnected PACs proved skillful at backing winners. In 1987, these groups made 76 percent of their contributions to winners of legislative contests. In 1989, that figure rose to 84 percent but in 1991 declined to 74 percent. A total \$373,269, \$157,451, and \$306,145 was contributed to winners in 1987, 1989, and 1991 respectively.

The connected PACs made the majority of their contributions to winners throughout all four general election seasons and mostly at higher rates than the nonconnected PACs. Interestingly, however, the pattern of contribution activity displayed by the connected PACs relative to legislative winners is practically the reverse of that of the nonconnected PACs.

In 1985, the connected PACs made 80 percent of their contributions to winners, equal to \$603,380. That figure rose to 85 percent and 87 percent respectively in 1987 and 1991. During those general elections the connected PACs contributed \$1,588,913 and \$1,076,416 to winning legislative candidates. Unlike that of nonconnected PACs, however, the percentage of contributions made to winners by the connected PACs dropped to 61 percent in 1991, equalling \$1,070,698. As noted above, the nonconnected PACs made 74 percent of their contributions to winners in 1991. Table 6 shows the contributions made to winners and losers by the connected PACs and the nonconnected PACs.

Table 8
PAC Giving to Winners/Losers:
Legislative Elections 1985, 1987, 1989, and 1991

Nonconnected

	<u>1985</u>	<u>1987</u>	<u>1989</u>	<u>1991</u>
Winners	\$ 30,765 (43%)	\$373,269 (76%)	\$157,451 (84%)	\$306,145 (74%)
Losers	<u>40,305</u>	<u>118,662</u>	<u>30,589</u>	<u>105,737</u>
Total	\$ 71,070	\$491,931	\$188,040	\$411,882

Connected

Winners	\$603,380 (80%)	\$1,588,913 (85%)	\$1,076,416 (87%)	\$1,070,698 (61%)
Losers	<u>152,772</u>	<u>273,390</u>	<u>154,833</u>	<u>689,836</u>
Total	\$756,152	\$1,862,303	\$1,231,249	\$1,760,534

The data above show that while both types of PACs were relatively skillful at doling out their money to winning candidates, on the whole the connected groups gave to winners to a greater extent than nonconnected groups. The exception to that rule came in 1991, which along with 1985, will be shown to be key in determining shades of electoral strategy employed by the

nonconnected PACs. In a word, the 1991 data may suggest the degree to which the nonconnected PACs pursued access-based or outcome-based electoral strategy through their contribution decisions. The following discussion of the approach toward incumbents taken by the PACs may shed further light on the strategy of the nonconnected PACs and any similarities or differences between their approach and that of connected PACs.

Financing Incumbents

In writing about the support that all political action committees (including nonconnected ones) gave to incumbents in 1985 and 1989, White Paper Number Seven states "they had a very clear strategy of funding incumbents, who, as noted above, had a very high winning percentage."¹⁶ To what extent did the nonconnected PACs, specifically, pursue this approach taken by PACs in general?

The nonconnected PACs gave most of their dollars to incumbents. They did so, however, at a lesser rate than the whole category of PACs did, and, as will be shown, as connected PACs did.

During 1985, the nonconnected groups made 81 percent of their contributions to incumbents. They contributed \$57,268 to their candidacies. By 1987, that figure had dropped to 69 percent, the nonconnected PACs having contributed \$337,697 to incumbents. In 1989, giving \$143,468 to Assembly candidates, the nonconnected PACs made 76 percent of their contributions to incumbents. Finally, in 1991, that rate had dropped to 64 percent, when nonconnected groups gave \$262,522 to Senate and Assembly candidates.

The connected PACs displayed a somewhat different pattern. These PACs made 90 percent of their contributions to incumbents in 1985, 81 percent in 1987, 85 percent in 1989, and 74 percent in 1991. In those years, they contributed \$680,003, \$1.5 million, \$1.1 million, and \$1.3 million to incumbent legislative candidates. Table 9 compares contributions going to incumbents and challengers by nonconnected and connected PACs.

Table 9

PAC Giving to Incumbents/Challenger:
 Legislative Elections: 1985, 1987, 1989, and 1991

Nonconnected

	<u>1985</u>	<u>1987</u>	<u>1989</u>	<u>1991</u>
Incumbents	\$ 57,268 (81%)	\$337,697 (69%)	\$143,468 (76%)	\$262,522 (64%)
Challengers	<u>13,802</u>	<u>154,234</u>	<u>44,572</u>	<u>149,289</u>
Total	\$ 71,070	\$491,931	\$188,040	\$411,811

Connected

Incumbents	\$680,003 (90%)	\$1,503,380 (81%)	\$1,050,943 (85%)	\$1,308,312 (74%)
Challengers	<u>76,760</u>	<u>358,923</u>	<u>180,306</u>	<u>452,220</u>
Total	\$758,763	\$1,862,303	\$1,231,249	\$1,760,433

The data above suggest answers to the questions inspired by M. Margaret Conway's analysis of federal PACs; namely, what electoral strategy is employed by New Jersey's nonconnected PACs, does it differ from connected PACs and are the patterns the same as at the federal level?

Although the strategy employed by the nonconnected PACs vis-a-vis legislative elections is not clear cut, and perhaps can best be described as mixed, it has strong elements of an outcome-based strategy as opposed to access-based. First, while for three out of four years the nonconnected PACs gave the majority of their contributions to incumbents they did so at a lesser rate than other PACs. Moreover, in 1991, these groups proved better at selecting winners than the connected PACs, when they gave just 64 percent of their contributions to incumbents but supported winners 74 percent of the time. While it can be argued that in the last year of the study the nonconnected PACs were simply more clever at selecting potential winners, the record of these groups over four years makes it more probable that the

nonconnected PACs placed more emphasis on candidates' positions on issues and incumbents voting records in selecting who to support than other groups did. In this regard, they were voting with their contributions moreso to effect the outcome of the election rather than to gain access to the halls of power.

The connected PACs, on the other hand, demonstrated, in the terminology of M. Margaret Conway, an "access" strategy through their contribution activity. This approach is indicated through the consistently high rate of contribution activity directed toward incumbents. Even in 1991, when incumbents were defeated in legislative elections at a higher rate than previously, the connected PACs still made 74 percent of their contributions to officeholders. Among these PACs, predisposition to an "access" strategy is in evidence. Thus, while there may be a certain overlap of strategies existent within each PAC type, the data thus far suggests that nonconnected PACs differ from connected PACs, in that the prior group pursued a mixed strategy, with emphasis on effecting the outcome of the election, as opposed to an accessed-based strategy, which is the case of the connected groups.

Finally, the data suggests that the pattern of contribution activity by the nonconnected and connected groups is similar to the pattern found on the federal level in the mid-1980's. In New Jersey, the nonconnected PACs did seem to give to incumbents at a higher rate than their brethren on the federal level did, yet their lower levels of incumbent support relative to other groups suggest that nonconnected PACs in New Jersey also were more motivated by electoral outcome.

Partisan Distribution of Contributions

Nonconnected PACs in 1985 gave 53 percent of their contributions, or \$38,010, to Democratic candidates for Assembly. Two years later, in the Senate and Assembly elections of 1987, \$314,915, or 64 percent of their contributions went to Democratic candidates. In the 1989 Assembly elections, the nonconnected PACs changed their approach and directed \$107,968, or 57 percent of their contributions to Republican candidates. During the 1991

Senate and Assembly elections, the nonconnected PACs supported Democratic candidates the majority of time, providing these candidates with 61 percent of their contributions, or \$238,060. Interestingly, the nonconnected PACs in this year directed five percent of their contributions to independent candidates, or \$20,152. Republicans received 37 percent of nonconnected PAC contributions, at \$153,669.

Connected PACs in 1985 split their support equally between Republican and Democratic candidates for the Assembly in the general election. These PACs gave \$378,432 to Republican candidates and \$375,464 to Democratic candidates. During the 1987 general election for Senate and Assembly, Democrats received 54 percent of the contributions from these entities. The connected PACs contributed \$1 million to them. By 1989, the connected PACs were giving 60 percent of their contributions to Democratic candidates for Assembly, or \$744,450. Democratic candidates for Assembly and Senate received 56 percent of connected PAC activity in 1991. Out of a total \$1.8 million in contributions Democrats received \$973,374, Republicans \$766,408, and Independents \$20,150. Table 10 compares partisan activity by the connected and nonconnected PACs.

Table 10
 Partisan Giving by PACs:
 Legislative Elections 1985, 1987, 1989, and 1991

Nonconnected

	<u>1985</u>	<u>1987</u>	<u>1989</u>	<u>1991</u>
Democrats	\$ 38,010 (53%)	\$314,951 (64%)	\$ 80,072	\$238,060 (61%)
Republican	<u>33,060</u>	<u>176,980</u>	<u>107,968</u> (57%)	<u>153,669</u>
Total	\$ 71,070	\$491,931	\$188,040	\$391,729

Connected

Democrats	\$375,464 (50%)	\$1,012,719 (54%)	\$ 744,450 (60%)	\$ 973,374 (56%)
Republican	<u>378,432</u> (50%)	<u>849,583</u>	<u>486,798</u>	<u>766,408</u>
Total	\$753,896	\$1,862,302	\$1,231,248	\$1,739,782

* Independents received \$2,250 from nonconnected PACs in 1985, and \$20,152 from nonconnected and \$20,750 from connected PACs in 1991

There is nothing remarkable in these numbers. The pattern of partisan giving basically reflects the partisan control of the Legislature going into the election in question. Despite differences in degree, both nonconnected and connected PACs primarily supported incumbents, who won reelection the vast amount of time. Thus, because Democrats controlled the Senate throughout the entire period under study, and the Assembly during two of the four elections in question, the majority of contributions from both types of PACs went to Democratic candidates. Only in the Assembly election of 1989, when partisan advantage in that house lay with the Republicans, did these groups give more to Republicans than to Democrats. In general, Democratic candidates received more contributions from these groups because the flow of their money mainly went to incumbents, and, except for the Assembly throughout four of the eight

years, the Democrats were in control. Moreover, Senate candidates generally received more funding than Assembly candidates, and the Democrats controlled this house throughout the entire period.

Money Flows to Targeted Districts

In Is There a PAC Plaque in New Jersey? it was noted that "beyond giving to incumbents, the PAC strategy embraced funding those candidates, incumbent and challengers, who ran in targeted districts."¹⁷ The same basic pattern held for the nonconnected PACs during the years under study.

For the purposes of this study, a total of 15 legislative districts were determined to be targeted by the Republican and/or Democratic parties as competitive in the general election of 1985. In 1987, 17 districts were identified as targeted; in 1989, 15, and in 1991 nine. In general, these districts were considered to be competitive because they were targeted by one or both parties as winnable. They were either open, not having an incumbent running, or considered competitive because of issue factors making the incumbent vulnerable.

In the Assembly general election of 1985, the nonconnected PACs contributed \$46,438, or 65 percent of their overall contributions in targeted districts. In the 1987 Senate and Assembly elections, the nonconnected groups gave \$247,303 to candidates in targeted districts, representing 50 percent of their donations. The nonconnected groups made 55 percent of their contributions, \$102,883, in targeted districts during the Assembly elections of 1989, and 32 percent of their contributions, \$130,873, in these districts during the Senate and Assembly races of 1991. In each of these years, the percentage of money flowing to targeted districts was greater than the percentage of all legislative districts represented by these selected ones.

Not surprisingly, challengers in targeted districts received a substantial amount of the contributions made to challengers by the nonconnected PACs.- Challengers in targeted districts received 36 percent of

total challenger contributions in 1985, \$4,900; and 42 percent of those contributions, \$64,374, in 1987. In 1989 and 1991, they received 80 percent, \$35,622, and 47 percent, \$69,739, respectively.

Incumbents too received a sizeable portion of their nonconnected PAC funds in the targeted districts. In 1985, 73 percent of all contributions to incumbents by nonconnected PACs occurred in targeted districts. Nonconnected PACs contributed \$41,536 to incumbents in these districts. In 1987, incumbents received 54 percent of their nonconnected PAC funds in targeted districts, \$182,928, and in 1989, 47 percent, or \$67,261. During the Senate and Assembly elections of 1991, nonconnected PAC funds to incumbents in targeted districts amounted to \$61,133, or 23 percent of their contributions to incumbents.

The record of the connected PACs is similar. In the four general elections under study, the groups associated with business, labor, trade, and professional associations contributed significantly to candidates in targeted districts. In 1985, targeted district challengers received 55 percent, \$43,400, of all challenger connected PAC money. In 1987, targeted district challenger money amounted to 71 percent, \$254,071 of all challenger connected PAC money. Challengers in these districts in 1989 received 19 percent, \$35,013, of all their connected PAC money and 27 percent, \$123,974, of it in 1991.

Connected PACs gave a significant portion of their contributions to incumbent officeholders running in targeted districts as well. In 1985, targeted district incumbents received 46 percent, 309,817, of all connected PAC incumbent money. In 1987, 58 percent, \$871,588, of connected PAC contributions to incumbents went to incumbents in targeted districts. Incumbents in these districts in 1989 received 33 percent, \$349,915, of all incumbent money and 24 percent, \$311,641, of it in 1991.

In Financing Politics, Herbert E. Alexander explains that "nonconnected PAC leaders maintain that they prefer to spend large amounts of their money for candidates, training schools, polls, and consultants, all of which show up on disclosure reports as operating expenses, not contributions to candidates. A number of these committees also make substantial independent expenditures."¹⁸

Following, in this chapter, an abbreviated look at how nonconnected PACs spend their money will be taken to better understand how they function in New Jersey and to see if their behavior resembles that of nonconnected PACs on the federal level.

The analysis offered in this chapter was undertaken by reviewing only a sampling of the most recent nonconnected PAC reports and by discussing expenditure activity with representatives of nonconnected groups. In all, the activity of 18 nonconnected PACs over seven reporting periods^{*} was reviewed. In selecting PACs for review, an attempt was made to strike a balance in terms of ideological perspective and financial resources. Groups were sometimes selected because of a kinship to a national group or its link to an umbrella group in New Jersey. The bottom line, however, is that this cursory look at only a sampling of nonconnected PAC reporting in 1993-94 undoubtedly has its shortcomings and is offered merely to suggest how some of these groups in recent years are going about spending their money.

Breakdown of Expenditures

During the four quarters of 1993 and the three quarters of 1994, the 18 nonconnected PACs in the sample population have reported spending \$1.1 million. From this amount, 33 percent, or \$372,922, was spent on operations.

* For this Chapter, PAC reporting in 1994 was included simply because of the ease of contacting representatives of existing groups.

Another 50 percent, or \$559,177 , was directly contributed to candidates and 17 percent, \$186,593, was spent on their behalf, most of it by the National Rifle Association (NRA). Of the 18 groups reviewed, seven spent more than 50 percent on operations while 11 made more than half their expenditures in the form of contributions to candidates.

The data indicates that though a large percentage of nonconnected PAC expenditures among the sample population went toward operations (personnel, fundraising, educational events, etc.), an even larger amount went toward funding candidates and political organizations. Among the sample population, New Jersey's nonconnected PAC spending in the 1993-94 reporting cycle did not mimic the federal pattern. Perhaps the best that can be said of spending activity by the nonconnected PACs in the sample group is that it cannot be easily categorized. Within the group, spending for a variety of purposes, rather than for a few, is the norm. In a word, "one-size" does not fit all.

Use of Money Varies

PAM's List , for example, is patterned after Emily's List, a national PAC which supports pro-choice, Democratic, female candidates. It is the impression of Judith F. Lutz, former treasurer of the group, that most of PAM's money is spent on candidates through the bundling of members' contribution checks. These checks are then turned over to candidates. Ms. Lutz also suggested that PAM's List keeps operational costs to a minimum by holding social functions and recruiting new members at members, private homes. PAM's List reports no payroll and all administrators and directors are volunteers.¹⁹

Treasurer Ralph Cialla, of the Political Action League (PAL) , suggests that as much of the PAC's money as possible is spent on candidates. He recalled only one instance when the PAC's money went for an educational purpose or for the purchase of such items as voter registration tapes. Though a substantial portion of the PAC's money goes for candidates , the greater

portion of the PAL's proceeds go for operational costs , which have included database mailing lists, maintenance, charitable giving, and personnel. ²⁰

The New Jersey Pro-Life PAC spends most of its money on candidates, the majority of which is "on behalf of" them instead of through direct contributions. Treasurer Daniel Calleo said that they would like to spend more money on education but that the PAC is small and has limited resources. Most of the PAC's expenditures on behalf of candidates went for the printing and mailing of flyers.

Citizens for School Choice displayed a different pattern of spending. This PAC's money was spent on advertisements , mailings, and speaker honoraria.

Choice PAC Treasurer Kathryn Brock said that during the 1993-94 cycle the PAC spent mostly on candidates and on mailings sent by the PAC advertising the name of candidates endorsed by the PAC. Choice PAC also contributed to a group called Right to Choose to help defray the costs of an advertisement in The New York Times which commemorated the Roe v. Wade decision. According to Ms. Brock, Choice PAC also pays for membership in "Right to Choose," termed an "umbrella group" by the treasurer for pro-choice PACs in New Jersey. Right to Choose creates strategies for educating members, but does not spend its own money. It functions like a franchise operation, in which all the franchises give money to the parent company for advertising, management, and strategy. Ms. Brock indicated that the group also participates in leadership training. ²¹

The Committee for New Jersey Now, Inc , spent most of its money on candidates. Jim Evans, Treasurer, said that the majority of its operational expenses are for direct mailings for the purpose of raising money. ²²

Finally, the NRA expended most of its PAC money on consultants and independent expenditures. These independent expenditures were made to oppose or support candidates. Though not officially connected to the NRA, the Coalition of New Jersey Sportsmen, a group with a similar ideological bent,

spent its money independently on signs advocating the defeat of former Governor Florio.

Conclusion

As noted above, the nonconnected PACs in the sample group, as evidenced in their most recent reports and through interviews, spend their money in a variety of ways. Like the federal PACs, they report such things as mailings, consultants, and educational seminars as operating expenses; but unlike the federal PACs, many of the PACs in the sample population actually spent more money on contributions to candidates than on other purposes, which would be categorized as operational expenses. It must be remembered, however, that the spending patterns outlined in this chapter represent only a sample group in the most recent filing periods. The findings are interesting but the best that can be said is that these patterns perhaps point toward changes in expenditure activity and strategy by the nonconnected PACs in the future. In actuality, over the course of the eight-year period 1985-1993 included in this study, the spending patterns, as noted in earlier chapters, have been more closely aligned with the federal model. On average, the nonconnected PACs have spent 38 percent of their money on contributions and 62 percent on operational costs. In sum, this chapter has offered a glimpse of some of the ways in which the nonconnected PACs in New Jersey are spending their money. Though the groups studied in the sample population display patterns of spending at variance with federal nonconnected PACs, and at variance with the summary spending information of New Jersey nonconnected PACs in total and throughout an eight-year period, the habits of these groups provide insight into some of the ways these PACs utilize their money and perhaps into the direction nonconnected groups will take in the future.

CONCLUSION

This paper has focused upon the involvement of nonconnected PACs in New Jersey's electoral system. The study concentrates on the role played by these groups between 1985 and 1993, with particular emphasis on the legislative and gubernatorial election years of 1985, 1987, 1989, and 1993.

As part of this analysis, comparisons have been made with respect to the activities of the nonconnected PACs on the federal level as well as with the activities of connected groups in New Jersey. Throughout the paper statistical information obtained from the Commission's data bank and disclosure reports are relied upon heavily to depict the role of these groups and to show similarities and differences in activity patterns between them and other groups in New Jersey and between these PACs and their federal cousins.

Nonconnected PACs, in a word, are those political action committees that are not connected, or otherwise affiliated with any business or union interest. Generally, they are formed around a certain ideology and exist for the purpose of promoting a certain social agenda. They can be conservative or liberal, pro-government or anti-government, and religious based or secular based. Examples of nonconnected groups are the Pro-Life PAC, Choice PAC, the NRA, and New Jersey Legislative Action for Animals PAC.

Connected PACs, on the other hand, are connected to a commercial interest. The economic interest can be either from a business or labor perspective. Examples of this type of group are American Trial Lawyers Association PAC (ATLA), the New Jersey Teachers Association PAC (NJEA), Prudential PAC, and First Fidelity PAC.

The paper showed that the nonconnected PACs increased in number during the eight-year period 1985-1993, with the bulk of this growth occurring between 1989 and 1993. While these PACs increased in number from 27 to 66 through the entire period, 72 percent of the overall growth occurred in the latter period.

Fundraising activity and expenditure activity by the nonconnected groups jumped during this entire period as well. Fundraising, for instance, jumped from \$464,494 in 1985 to \$1.5 million in 1993. Again, the latter portion of the eight-year period recorded the most fundraising activity. For the period 1989-1993, these groups raised 70 percent of their total funds. Expenditure activity over the entire period ran from \$540,769 in 1985 to \$1.5 million in 1993. From 1989 through 1993, 70 percent of all expenditure activity occurred.

The same pattern held sway for contribution activity during the eight-year period as well. Though overall, only 38 percent of receipts went for contributions, the largest portion of contribution activity occurred in the period 1985-1989. Overall, \$4.4 million in contributions was made by the nonconnected PACs, with 80 percent of that total being made since 1989.

While similarities in activity patterns existed between these PACs and connected PACs, there were important differences as well. Connected PACs, for instance, did increase in number between 1985 and 1993 and did increase their overall financial activity. The bulk of their growth in numbers, unlike that of the connected PACs, occurred between 1985 and 1989. Moreover, while connected PACs clearly were and are the dominant PAC type in terms of their numbers and financial activity, the nonconnected PACs realized a greater rate of increase in all categories during the eight-year period under study. The number of nonconnected PACs grew by 144 percent compared with 53 percent for the connected PACs. Receipts and expenditures grew by 200 percent compared with 69 and 89 percent respectively for the connected PACs. Finally, contribution activity of the nonconnected groups rose by 140 percent compared with 69 percent for the connected PACs.

As noted earlier, the growth rate of the nonconnected PACs increased significantly between 1989 and 1993. Financial activity was greatest during this period as well. The paper posits three reasons for this pattern of activity: activist Florio administration policies, increased voter interest, and the overall upward trend in campaign financial activity.

In the gubernatorial election of 1989, Candidate Florio won 62 percent of the vote compared with 38 percent for Candidate James A. Courter. During the campaign, the governor-to-be talked about the economy, automobile insurance, drugs and crime, and waste disposal. Regarding tax increases, future governor Florio said that he did not want new taxes but that he would not rule them out.

Following his inauguration, Governor Florio moved quickly to carry-out much of his platform. By the end of his first month, legislation to reform auto insurance was introduced. Within a short period of time, action on other measures were taken, including those dealing with the environment and federal policies toward solid waste management.

At about this time, another proposal was set forth, one which was to focus further public attention and set the stage for grassroots efforts in response to administration policy. In all, approximately \$2.8 billion in new taxes was proposed by the new governor to fill a budget deficit and to increase school funding, part of the school package being to redistribute funding from richer districts to poorer districts.

In a word, the enactment of this tax package served as an additional catalyst for grassroots efforts, which were a result of heightened public attention to governmental actions.

In July, 1990, the town of Holmdel hosted a protest meeting involving mayors and municipal officials. By November, a small number of legislators from the Governor's party asked for a repeal of parts of the tax package. In the school elections, with over one-half of the districts rejecting school budgets, State government was blamed for local property tax increases. During this period of time, the grassroots organization known as "Hands Across New Jersey" formed. Besides protesting tax increases, this organization began promoting a legislative agenda, which included such things as initiative and referendum and the recall. During this same period, third party efforts vis-a-vis Ross Perot's presidential campaign took root, in many ways dovetailing

with the agenda pushed by "Hands Across New Jersey." In many ways, similar to that which occurred and continues to occur nationwide, widespread attention to government spread like wild fire across New Jersey's electoral plain.

Rapid growth in the number of nonconnected PACs, as well as increased levels of financial activity, coincided with governmental activity during the Florio years. This activity helped to spawn the development of PACs both supporting and opposing governmental programs. Moreover, an increased public focus on government enveloped the State's voting population, much like that which has occurred nationally, and this factor too contributed to intensified activity by the nonconnected groups. Finally, the upward trend in financial activity in campaigns, also played a part in fostering greater activity by these PACs. In sum, it is theorized that there is an ebb and flow to the patterns of development and financial activity of these PACs. These changes are related to the public's interest level with government, which interest has been enhanced by the revolution in high technology communications, and to administrations which energize the electorate by undertaking activist policies. On the federal level, the peak period of these PACs occurred in the mid-1980's, during the activist presidency of Ronald Reagan. It may well be the case that nonconnected PACs will grow in number and activity at the federal level again as reforms are proposed vis-a-vis many federal policies.

As in a previous white paper on Political Action Committees in general, a discussion of the strategy employed by the nonconnected PACs by virtue of their spending habits ensues. Basically, the paper contends that while the legislative strategy pursued by nonconnected PACs is not clear cut, and perhaps can best be described as mixed, it has strong elements of an outcome-based strategy as opposed to access-based. Connected PACs, the paper maintains, pursue more of an access-based strategy. while the nonconnected PACs did give most of their dollars to incumbents and primarily backed winners, they gave to incumbents at a lesser rate than did connected PACs. The paper also shows that connected PACs contributed heavily in so-called "targeted districts."

Finally, the paper discusses some specific spending approaches of the connected PACs during 1993 and three quarters of 1994, as determined by reviewing reports and discussions with individuals who have a role in the organization of a sample number of PACs.

In conclusion, this white paper has attempted to categorize the role of nonconnected PACs in the electoral system in New Jersey and to do so through an analysis of statistics, discussions with individuals involved in their management, and comparisons with New Jersey's connected PACs as well as with connected PACs on the federal level. The phenomenon of a growing presence for nonconnected PACs in the State's political life is a corollary to a healthy, flourishing democracy that is witnessing enhanced political communication through talk radio, town meetings, and active grassroots citizen organizations. Freedom of speech is alive and well in New Jersey and its democratic heritage will continue to be nurtured by the reinvigorated ability of citizens to talk and reason peacefully with each other about their differing opinions and points of view.

NOTES

1. James MacGregor Burns, J. W. Peltason, and Thomas E. Cronin, Government by the People. (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1981) p. 456.
2. Ibid., p. 456.
3. New Jersey Election Law Enforcement Commission, Advisory Opinion No. 17, 1989.
4. Government by the People, p. 456.
5. Herbert E. Alexander, Financing Politics, Fourth Edition. (Washington, D.C.: CQ Press, 1992), p. 61.
6. Ibid., p. 62.
7. Ibid.
8. Michael Aron, Governor's Race, A TV Reporter's Chronicle of the 1993 Florio/Whitman Campaign. (New Brunswick, N.J.: Rutgers University Press, 1994), p. xi.
9. Robert Wright, "Hyperdemocracy." Time. Vol. 145, No. 3 (January 23, 1995), pp. 15 -17. Wright also makes the point that "the striking thing about many modern special interests is how unspecial they are. Whereas a century ago lobbying was done on behalf of titans of industry, the members of [many lobbying groups today] are no one in particular - just a bunch of people with an average income ____" See Ibid. , p. 18.
10. New Jersey Election Law Enforcement Commission, ELEC White Paper Number Two, Trends in Legislative Campaign Financing: 1977-1987, May, 1989, p. 4.
- ii. New Jersey Election Law Enforcement Commission, ELEC White Paper Number Seven, Is There a PAC Plaque in New Jersey? November, 1991, p. 84.
12. Ibid.
13. Ibid.
14. M. Margaret Conway, "PACs and Congressional Elections," in Interest Group Politics, Second Edition, Allan J. Cibler and Burdett A. Loomis, editors. (Washington, D.C.: CQ Press, 1986), p. 77.
15. Ibid., p. 78.
16. ELEC White Paper Number Seven, Is There a PAC Plaque in New Jersey? p. 47.
17. Ibid., p. 48.
18. Financing Politics, p. 62.

19. *Judith F. Lutz, Interview, November, 1994.*
20. *Ralph Cialla, Interview, November, 1994.*
21. *Kathryn Brock, Interview, November, 1994.*
22. *Jim Evans, Interview, November, 1994.*

PREVIOUS WHITE PAPERS

Number One: Contribution Limits And Prohibited Contributions

Number Two: Trends In Legislative Campaign Financing: 1977-1987

Number Three: Legislative Public Financing

Number Four: Ideas For An Alternate Funding Source

Number Five: Lobbying Reform

Number Six: Autonomy And Jurisdiction

Number Seven: Is There A PAC Plaque in New Jersey?

Number Eight: Technology In The Future: Strengthening Disclosure

Number Nine: Legislative Candidates: How They Spend Their Money