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LEGISLATIVE CAMPAIGN COSTS, PAC DONATIONS ON THE RISE

The price of a seat in the N.C. General Assembly more than doubled during the past eight years, and political action committees are paying a growing share of the tab, according to a new study by the N.C. Center for Public Policy Research.

Candidates who won seats in the state legislature in the 1992 elections raised \$21,482 on average for their campaigns, up from \$16,941 in 1988 and \$9,075 in 1984, the Center found in its study. The Center conducted its study of campaign finances as a supplement to its latest edition of *Article II: A Guide to the 1993-94 N.C. Legislature*, which it released today.

"Our new reports show three major trends," says Ran Coble, the Center's executive director. "First, campaign costs are rising. Second, political action committees are becoming an ever-increasing source of campaign contributions. And third, and the legislature's demographic make-up is continuing to change, with groups such as bankers, blacks, educators, and women growing in numbers."

Campaign spending and contributions from political action committees have been going up across the country. The Center's study of campaign finances found that North Carolina is no exception. In fact, the Center found that the average amounts spent by state House and Senate winners in 1992 actually exceeded their base legislative salaries -- \$13,026 a year in the 1993-94 session, not including expense money.

In comparing its findings with previous studies, the Center found that the role of political action committees, or PACs, has increased almost as much as the cost of running legislative campaigns. For instance, the study showed that PAC contributions accounted for nearly half of the money raised by winning candidates in 1992 -- up from about one-fourth in 1984.

House Speaker Dan Blue (D-Wake) says PACs have become a much more potent force over the past decade. "They've organized," Blue says. "From the early 1980s to the late '80s, they proliferated. Every organization that was anybody started forming PACs."

Article II, the Center's legislative handbook, is the largest and most complete guide to the General Assembly. The pocket-sized book contains pictures, voting records, committee assignments, effectiveness rankings, and biographical and occupational information on all 170 members of the

N.C. House and Senate. It also contains information on trends in the overall make-up of the legislature. The Center's supplemental report, *The Cost of Running for the N.C. Legislature*, will be available in July.

The most significant change that *Article II* shows is in legislative turnover, with the 1993 General Assembly having one of the highest proportions of new members in the past two decades. The turnover ratio of 29 percent for the House and the Senate combined is the highest since 1985 (34 percent) and second highest since 1975 (41 percent).

"Turnover was a lot higher because of redistricting, legislators running for higher office, and an unusual number of retirements," Coble says. "That opened up a lot of seats." For example, Reps. Vernon Abernathy, Doris Huffman, Harry Payne, and Dennis Wicker ran for statewide office, while Rep. Johnathan Rhyne and Sens. Ken Royall, Henson Barnes, and William Goldston retired.

Cost of Campaigning Goes Up

The Center's study of campaign financing was based on a review of all contributions and expenditures made between January 1 and December 31, 1992. Although some candidates raise and spend money outside the election year, the Center included only 1992 figures for consistency.

Legislative candidates overall raised slightly more money, \$4,708,515, than they spent, \$4,544,376. The total amount of money they raised and spent was most highly related to the competitiveness of their races -- either in the primaries or in the general election.

Candidates who spent the most money on their campaigns generally were either newcomers vying for open seats, newcomers challenging incumbents, or incumbents holding off strong challengers. But there were wide differences in the results when comparing winners with losers, incumbents with new members, and Senators with House members. Other key findings were:

* *Legislative election winners not only attracted more votes, but also dollars.* Winning candidates in both chambers raised a total of \$3,651,944 -- more than three times the losers' total of \$1,058,303. The legislature's leading money-raiser, Sen. George Daniel (D-Caswell), took in \$177,149 -- eight times more than his opponent, Hubert Lowe of Alamance County. In the House, the leading money-raiser, freshman Rep. David Miner (R-Wake), took in \$89,544 -- nearly three times more than his opponent, former Rep. Larry Jordan (D-Wake).

* *Election losers didn't just lose votes -- they also lost money.* Overall, legislative winners raised \$238,540 more than they spent, while losers spent \$74,401 more than they raised. For example, former House member (R-Wake) and state Senate hopeful Paul "Skip" Stam spent \$82,567, or \$2,455 more than he raised, in losing to Sen. Linda Gunter (D-Wake). In the House, Lanier Cansler of Asheville spent \$52,357 -- nearly 40 percent more than he raised in losing to Speaker Pro Tem Marie Colton (D-Buncombe).

* *New members spent much more money than incumbents in winning seats in both chambers.* On average, new members spent \$36,720 for a Senate seat and \$19,895 for a House seat, compared with \$25,236 for Senate incumbents

and \$15,043 for House incumbents. Winners of open races, in which no incumbents were running, spent even more money -- an average of \$20,858 in the House. In both chambers, two of the top five money-spenders were newcomers. In the Senate, David Hoyle (D-Gaston) ranked second and Gunter ranked fourth in amount of money spent by winning candidates. In the House, Miner and Dewey Hill (D-Columbus) ranked first and second, respectively, in the amount spent by winners.

** Senate races were nearly twice as expensive as House races.* Candidates spent \$27,992 on average to win a Senate seat, compared to \$16,782 for a House seat. That difference is understandable given that Senate districts generally are larger than and more than twice as populous as House districts, presumably resulting in higher advertising and travel expenses. For example, in his losing quest for a Senate seat, Stam spent more money than any House candidate except Miner.

** The amount of money raised by legislative candidates was not consistently related to political affiliation.* In the House, Republican candidates on average out-raised Democrats by more than 10 percent, or \$18,669 to \$16,863. But in the Senate, Democrats out-raised Republicans on average by more than a 2:1 margin -- \$35,039 to \$16,913.

** Female candidates were better fundraisers in both chambers, but not by a large margin.* In the House, women raised \$17,975 on average, compared to \$17,375 for male candidates. The difference was even wider in the Senate, where female candidates raised \$35,177 on average, compared to \$30,379 for males.

PACs Lead Contributors to Legislative Campaigns

A key focus of the Center's study of campaign finances was the relative importance of political action committees. PACs are legal devices that allow corporations, labor unions, and other organizations to raise large sums of money and channel it into political campaigns.

State law prohibits corporations, unions, and other groups from contributing directly to campaigns. But PACs, like individual citizens, can give candidates up to \$4,000 per election. A 1990 study by the Center found that North Carolina was one of 16 states that allow PAC contributions exceeding \$2,000 per candidate.

PAC contributions are important because they tend to favor incumbents, and incumbents tend to win elections. In the 1992 North Carolina elections, the 39 Senate incumbents who sought re-election all won; in the House, 78 of the 87 representatives (90%) who sought re-election won.

"The PACs, as expected, contribute much more to incumbents than to their challengers," Coble says. "Our new study shows that incumbent candidates, on average, received twice as much of their funding from PACs as did new members."

In comparable studies, *The Charlotte Observer* found that PACs accounted for about 25 percent of the money contributed to state legislative campaigns in 1984 and about 37 percent in 1988. The Center's study found that PAC contributions increased to 47 percent of the total for

winning candidates in the 1992 elections. (The Center study included political party PACs in its compilation of PAC contributions; *The Charlotte Observer's* studies did not include political party PACs.) Other key findings in the Center's study were:

** PACs contributed much more to incumbents than to new members.* Overall, legislative incumbents received nearly two-thirds of their money on average from PACs, compared to about one-third for new members. In the House, the 10 candidates who received the most PAC contributions were all incumbents. In the Senate, incumbents accounted for eight of the 10 candidates who received the most PAC contributions. For example, Sen. Daniel raised \$59,628 from PACs -- more than any other legislative candidate and 13 times more than his opponent.

** Election winners attracted much more PAC money than did losers.* For all candidates, PACs accounted for 47 percent of the money raised by winners and 26 percent of the amount raised by losers. In the House, winners received 54 percent of their money on average from PACs, compared to 30 percent for losers. The disparities were even larger in the Senate. Winning senators received 58 percent of their funding on average from PACs, compared to just 18 percent for losers.

** PAC contributions by political affiliation varied from the House to the Senate.* In the House, Democrats and Republicans received roughly the same proportion of their average contributions from PACs, slightly more than half. But in the Senate, Republicans depended much more heavily on PAC contributions. Senate Republicans received 69 percent of their funds on average from PACs, compared to about 55 percent for Democrats. However, almost all of the legislators who raised the most PAC money were Democrats. In the Senate, the top 10 raisers of PAC money were all Democrats; in the House, ~~eight~~ ^{nine} of the top 10 were Democrats.

** Male legislators depended on PAC contributions more than women in both chambers.* Senate men received about 59 percent of their money on average from PACs, compared to 53 percent for women. In the House, men received about 55 percent of their money from PACs, compared to only 50 percent for women. Senators Gunter and Seymour were the only female legislators to make the top-10 list for PAC money in either chamber.

Some Demographic Trends Hold, Others Reverse

The demographic make-up of the legislature reported by the Center in the 1993-94 edition of *Article II* shows the continuation of a long-term trend: the declining numbers of white male Democrats in the legislature.

Overall, the party affiliation remained unchanged at 117 Democrats (69 percent) and 53 Republicans (31 percent). But that statistic masks changes in both chambers. Democrats gained three seats in the Senate, but lost three in the House. Similarly, Republicans lost three seats in the Senate, but gained three in the House.

Minority Leader David Balmer (R-Mecklenburg) says the Republican gains in the House are important because Democrats no longer have enough votes to rush bills through the chamber. "They can't suspend the rules on us, because we've got more than one-third of the House," Balmer says. "It

takes a two-thirds vote to suspend the rules."

Meanwhile, blacks and women made substantial gains in both the House and the Senate. The total number of African-American legislators increased from 19 in the 1991-92 session to 25 in 1993. Female legislators increased their numbers from 25 to 31.

Other demographic trends, however, appear to have reversed or leveled off. For instance, the total number of retirees dropped from 34 to 32 in both chambers, stemming a steady rise since the 1970s. Lawyers, by contrast, reversed another long-term trend by *increasing* their total numbers from 35 to 39 -- although still far less numerous than their peak of 68 in the 1971-72 session, when the Center first began collecting data on legislators' occupations.

The data show a continuing decline in the numbers of most business professionals, including those in general business, sales, insurance, real estate, manufacturing, and construction and contracting. The total number of legislators in those professions dropped from 93 to 86 since the 1991-92 session. Increasing numbers of legislators were found in the following professions: banking, from one to 6; education, from 19 to 21; health care, from nine to 13; farming, from 17 to 19; and ministry, from two to three.

Perhaps the most publicized feature in *Article II* is the Center's legislative effectiveness rankings, the latest version of which were previously released in April 1992. The Center compiles the rankings from surveys sent to legislators, registered lobbyists, and capital news correspondents. Rankings for the 1993-94 General Assembly will be released in the spring of 1994. The new guide also contains the new House and Senate district maps (after redistricting) and complete committee listings.

The N.C. Center for Public Policy Research is an independent, nonpartisan, nonprofit corporation created to study public policy issues facing North Carolina and to evaluate state government programs. The Center receives general operating support from the Z. Smith Reynolds and Mary Babcock Reynolds foundations, 108 corporate contributors, and about 800 individual and organizational members.

The Center also publishes a quarterly journal, *North Carolina Insight*, and book-length research reports. The Center has published research on topics such as access to health care, ways to increase voter participation, and how the 15 universities in the UNC system evaluate and reward good teaching.

Article II and *The Cost of Running for the N.C. Legislature* can be ordered by calling (919) 832-2839 or writing the N.C. Center for Public Policy Research, P.O. Box 430, Raleigh, N.C. 27604. *Article II* costs \$22.70, and the campaign finance publication costs \$8. Or, the two reports can be purchased as a set for \$26, a savings of \$4.70. All prices include sales tax, postage, and handling.

Table 1.

HOUSE CAMPAIGN AVERAGES, 1992 ELECTIONS
 [1990 figures in (), if available]

<u>Category</u>	<u>Amount Raised</u>	<u>Amount From PACs</u>	<u>Average % From PACs</u>	<u>Amount Spent</u>	<u>Average % Spent of Amount Raised</u>
All House Candidates	\$14,441	\$6,057	45.2%	\$14,244	106.4%
House Winners	\$17,495 (<i>\$21,433</i>)	\$7,929 (<i>\$8,567</i>)	54.4% (<i>44.9%</i>)	\$16,782 (<i>\$18,971</i>)	100.4% (<i>86.9%</i>)
House Losers	\$9,100	\$2,822	29.7%	\$9,777	116.4%
House Incumbents	\$16,756 (<i>\$19,858</i>)	\$9,484 (<i>\$9,373</i>)	64.8% (<i>50.8%</i>)	\$15,043 (<i>\$17,280</i>)	93.2% (<i>85.6%</i>)
New House Members	\$18,818 (<i>\$27,732</i>)	\$5,144 (<i>\$5,344</i>)	35.9% (<i>21.3%</i>)	\$19,895 (<i>\$25,737</i>)	113.4% (<i>92.2%</i>)
House Democrats	\$16,863 (<i>\$21,668</i>)	\$7,896 (<i>\$8,691</i>)	54.9% (<i>44.3%</i>)	\$16,038 (<i>\$19,849</i>)	100.7% (<i>89.2%</i>)
House Republicans	\$18,669 (<i>\$20,945</i>)	\$7,989 (<i>\$8,312</i>)	53.5% (<i>46.2%</i>)	\$18,162 (<i>\$17,147</i>)	99.9% (<i>82.3%</i>)
House Men	\$17,375 (<i>\$22,629</i>)	\$7,955 (<i>\$9,082</i>)	55.4% (<i>45.3%</i>)	\$16,659 (<i>\$19,816</i>)	103.4% (<i>86.6%</i>)
House Women	\$17,975 (<i>\$15,455</i>)	\$7,825 (<i>\$5,996</i>)	50.3% (<i>43.1%</i>)	\$17,274 (<i>\$14,748</i>)	88.7% (<i>88.6%</i>)
All Open Seat Candidates	\$14,630	\$3,807	28.7%	\$15,547	118.0%
Open Seat Winners	\$19,851	\$5,231	35.4%	\$20,858	119.6%
Open Seat Losers	\$6,231	\$1,516	17.9%	\$7,003	115.5%

Table 2.

SENATE CAMPAIGN AVERAGES, 1992 ELECTIONS

[1990 figures in (), if available]

Category	<u>Amount Raised</u>	<u>Amount From PACs</u>	<u>Average % From PACs</u>	<u>Amount Spent</u>	<u>Average % Spent of Amount Raised</u>
All Senate Candidates	\$22,583	\$9,613	41.0%	\$21,127	96.4%
Senate Winners	\$31,051 (\$31,123)	\$15,190 (\$11,002)	58.1% (44.3%)	\$27,992 (28,624)	87.5% (87.8%)
Senate Losers	\$11,140	\$2,077	18.0%	\$11,852	108.4%
Senate Incumbents	\$29,341 (\$27,571)	\$16,557 (\$11,887)	65.7% (50.2%)	\$25,236 (\$25,047)	83.7% (85.3%)
New Senators	\$36,467 (\$43,715)	\$10,864 (\$7,862)	33.9% (23.4%)	\$36,720 (\$41,308)	99.3% (96.7%)
Senate Democrats	\$35,039 (\$30,894)	\$16,637 (\$12,025)	54.9% (46.7%)	\$32,360 (\$28,153)	93.9% (87.1%)
Senate Republicans	\$16,913 (\$31,710)	\$10,062 (\$8,370)	69.3% (38.1%)	\$12,506 (\$29,835)	64.5% (87.8%)
Senate Men	\$30,379 (\$30,909)	\$15,161 (\$8,370)	58.9% (38.1%)	\$26,949 (\$29,835)	86.4% (87.8%)
Senate Women	\$35,177 (\$33,046)	\$15,372 (\$11,417)	52.8% (44.4%)	\$34,402 (\$26,596)	94.2% (85.1%)
All Open Seat Candidates	\$27,008	\$7,690	31.4%	\$27,740	101.9%
Open Seat Winners	\$36,467	\$10,864	33.9%	\$36,720	99.3%
Open Seat Losers	\$15,658	\$3,881	28.6%	\$16,964	105.1%

Table 3.

Trends in Legislative Demographics

Category	Year and Number of Members per Category									
	1975	1977	1979	1981	1983	1985	1987	1989	1991	1993
Blacks										
Senate	2	2	1	1	1	3	3	4	5	7
House	4	4	3	3	11	13	13	13	14	18
Total number	6	6	4	4	12	16	16	17	19	25
Total percent	4 %	4 %	3 %	3 %	7 %	9 %	9 %	10 %	11 %	15 %
Women										
Senate	2	4	5	3	5	4	4	4	5	7
House	13	19	17	19	19	16	20	21	20	24
Total number	15	23	22	22	24	20	24	25	25	31
Total percent	9 %	14 %	13 %	13 %	14 %	12 %	14 %	15 %	15 %	18 %
Indians										
Senate	0	0	0	0	0	0	0	0	0	0
House	1	1	1	1	0	0	0	0	1	1
Total number	1	1	1	1	0	0	0	0	1	1
Total percent	1 %	1 %	1 %	1 %	0 %	0 %	0 %	0 %	1 %	1 %
Democrats										
Senate	49	46	45	40	44	38	40	37	36	39
House	111	114	105	96	102	82	84	74	81	78
Total number	160	160	150	136	146	120	124	111	117	117
Total percent	94 %	94 %	88 %	80 %	86 %	71 %	73 %	65 %	69 %	69 %
Republicans										
Senate	1	4	5	10	6	12	10	13	14	11
House	9	6	15	24	18	38	36	46	39	42
Total number	10	10	20	34	24	50	46	59	53	53
Total percent	6 %	6 %	12 %	20 %	14 %	29 %	27 %	35 %	31 %	31 %
Turnover Ratio										
Senate (New Members Elected)										
Number	21	11	7	8	9	18	6	5	8	8
Percent	42 %	22 %	14 %	16 %	18 %	36 %	12 %	10 %	16 %	16 %
House (New Members Elected)										
Number	49	24	30	33	31	39	25	25	21	42
Percent	41	20	25	28	26	33	21	21	18	35 %

(Note: If a Senator or Rep. had served in the legislature during the immediate past session, he or she is not considered a new member. If a member had served in either chamber during sessions prior to the immediate past session, however, he or she is considered a new member.)

** This research was drawn largely from editions of the North Carolina Manual, and does not reflect members who first reached the General Assembly by appointment to legislative vacancies caused by death or resignations.*

Table 4.

Trends in Legislators' Occupations

Occupation	Year and Number of Members per Category									
Senate	1975	1977	1979	1981	1983	1985	1987	1989	1991	1993
Banking	2	2	2	3	1	2	1	1	1	2
Business and sales	14	18	13	20	19	21	19	15	16	12
Construction and contracting	0	0	2	3	3	2	1	4	3	2
Education	3	5	4	4	4	3	3	3	4	7
Farming	2	4	3	5	6	6	6	5	6	7
Health care	1	1	1	0	0	0	0	0	2	3
Homemaker	1	0	2	0	4	2	0	1	0	1
Insurance	5	5	6	7	6	4	4	2	1	2
Law	15	14	13	10	14	17	21	20	17	18
Manufacturing	4	2	3	3	3	2	0	0	0	0
Minister	1	1	1	0	0	0	0	0	0	1
Real estate	5	5	7	12	8	8	6	6	6	4
Retired	2	0	3	4	6	6	4	6	6	8
House of Representatives										
Banking	3	3	2	3	3	3	0	0	0	4
Business and sales	35	41	37	43	45	45	43	37	33	34
Construction and contracting	2	2	2	3	1	2	2	3	2	2
Education	16	16	10	11	10	15	12	7	15	14
Farming	20	22	22	18	24	16	12	8	11	12
Health care	3	3	6	3	5	4	4	4	7	10
Homemaker	3	4	4	4	4	3	4	4	3	2
Insurance	12	11	13	10	6	10	10	8	12	9
Law	36	26	25	26	26	24	23	25	18	21
Legislator	0	0	0	0	0	0	0	0	0	2
Manufacturing	1	0	4	2	2	2	0	0	0	0
Minister	1	1	0	1	3	7	4	4	2	2
Real estate	9	7	10	15	19	20	15	17	20	17
Retired	5	8	6	15	12	13	17	22	28	24
Self-employed	0	0	0	0	0	0	0	0	0	3

(Note: Some legislators list more than one occupation; thus, the total number of occupations may be higher than the actual number of members.)

Table 6. Top PAC Recipients, N.C. Senateⁱ

Representative ² <i>Senator</i> (Party-County)	PAC Money Received	Percent of Total
1. George Daniel (D-Caswell)	\$59,628	34%
2. Mary Seymour (D-Guilford)	\$25,923	61%
3. David Parnell (D-Robeson)	\$24,150	46%
4. Ralph Hunt (D-Durham)	\$24,084	84%
5. J.K. Sherron (D-Wake)	\$23,354	49%
6. Joe Johnson (D-Wake)	\$23,029	75%
7. Linda Gunter (D-Wake)	\$22,646	38%
8. Marc Basnight (D-Dare)	\$22,641	57%
9. R.C. Soles (D-Columbus)	\$22,350	70%
10. Ollie Harris (D-Cleveland)	\$21,361	85%

1. Based on contributions from Political Action Committees during the 1992 calendar year.

2. All of the top 10 PAC recipients were incumbents, except Gunter and Harris. The top Republican recipients of PAC money were: Sen. James Forrester of Gaston County, who received \$18,450 (53%), and Paul "Skip" Stam of Wake County, who received \$14,455 (18%) in his race against Gunter.

Table 5. Top PAC Recipients, N.C. Houseⁱ

Representative ² (Party-County)	PAC Money Received	Percent of Total
1. Dan Blue (D-Wake)	\$53,206	61%
2. Martin Nesbitt (D-Buncombe)	\$28,412	57%
3. George Miller (D-Durham)	\$28,258	60%
4. E. David Redwine (D-Brunswick)	\$22,700	65%
5. George Robinson (R-Caldwell)	\$20,000	67%
6. Ronnie Smith (D-Carteret)	\$19,975	68%
7. David Diamont (D-Surry)	\$18,509	70%
8. N. "Jim" Crawford (D-Buncombe)	\$18,475	47%
9. Robert C. Hupter (D-McDowell)	\$18,362	38%
10. Larry Jordan ³ (D-Wake)	\$17,359	56%

1. Based on contributions from Political Action Committees during the 1992 calendar year.

2. All of the top 10 PAC recipients were incumbents.

3. Rep. Jordan was defeated in the 1992 election by Republican challenger David Miner of Wake County.