

Democracy South

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COST OF SEAT IN N.C. GENERAL ASSEMBLY SOARS; BIG SPENDERS, INCUMBENTS NEARLY ALWAYS WIN

North Carolina legislators, who are struggling to find money to balance the state budget, found a record amount of cash to finance their own elections last year, according to a new study by the non-partisan campaign-finance watchdog group Democracy South.

Reports filed with the state Board of Elections show that the 170 General Assembly members spent \$15 million to get elected in 2000, or three times what winners spent in the 1994 election and a 27% jump over 1998.

The cost of winning a seat in the state House jumped to \$69,000 – compared to \$49,800 in 1998 and \$25,800 in 1994.

The price tag for a seat in the state Senate climbed to \$134,500 – compared to \$117,500 in 1998 and \$36,300 in 1994.

A record 31 legislative winners spent over \$150,000 in 2000. Incumbents running for re-election in November outspent their opponents by a record margin and enjoyed a record rate of success.

Analysts say the “arms race” in political fundraising is fueled by intense bipartisan competition and a ready flow of cash from soft-money and special-interest donors seeking the advantages that money buys.

“Candidates and parties fight for partisan control, but wealthy donors focus on investing in winners,” said Bob Hall of Democracy South, a campaign-finance research and advocacy group based in Carrboro. “Many of the big players, like Duke Energy, Bank of America, and the Home Builders PAC, now invest in both sides because overall the parties are very competitive and can deliver big returns on those investments,”

Hall noted that the top two legislative spenders – House Speaker Jim Black and Senate President Pro Tem Marc Basnight – each raised about \$1 million and sent more than half to other candidates or to party committees which, in turn, spent money on behalf of their favorite candidates. Legislative leaders can attract big donations and then use them for partisan gain and increased clout, Hall said.

Party committees, which can accept unlimited amounts from donors, were especially active in funneling money into targeted campaigns. According to Democracy South, both parties received a record amount of unregulated “soft money” from the national parties in 2000, with at least \$1 million earmarked for candidates in sharply contested state House districts.

The rapid rise in fundraising is also fueling more calls for campaign finance reform. A poll by the

Tarrance Group,* a polling firm for Republicans, found that 69% of Tar Heel voters favor serious reforms, including public financing, to curb special-interest influence in elections.

Former state Supreme Court Chief Justice James Exum is representing a coalition of candidates, voters, and public-interest groups in a law suit that claims the state's campaign-finance system violates the North Carolina Constitution, because it imposes a "wealth barrier" on a person's ability to run for office. That suit is now before Wake County Superior Court Judge Howard Manning, Jr.

Meanwhile, more politicians are publicly expressing exasperation with the big-money arms race.

Because of a 1976 ruling by the U.S. Supreme Court, which said political spending is a form of free speech, the state can not mandate a cap on campaign spending. The only constitutional solution is to provide incentives, including an alternative source of campaign money, to those candidates who voluntarily accept a spending ceiling.

More than a dozen public-financing programs exist around the country, with four states providing full financing to candidates who demonstrate a strong base of voter support. Bills modeled on the latter option, called the Clean Elections program, will be debated this year in both chambers of the General Assembly, said Thomas H. Coulson, president of North Carolina Voters for Clean Elections.**

"Legislators are feeling squeezed by the strain of raising money all year, and voters are angry that donors get priority treatment," said Coulson. "The money chase is corrupting our democracy."

Democracy South's analysis of General Assembly elections also found:

- ◆ Top spenders won 87% of contested races, tying the decade's record success rate of 1992.
- ◆ More than a third of the candidates (35%) faced no major party opponent in November.
- ◆ Incumbents outspent their opponents by a record margin of 2.7 to 1, and 96% were re-elected (151 out of 157), an increase from the 94% success rate in 1998 and 1996.
- ◆ House Democratic candidates outspent their Republican opponents by \$7 million to \$4.2 million, reclaiming the lead after lagging behind Republicans in fundraising in 1998 and 1996.
- ◆ Democrats maintained their hefty majority in the state Senate by outspending GOP opponents \$6.5 million to \$1.6 million – a record 4-to-1 margin.
- ◆ Candidates who outspent their opponents by a margin of 2 to 1 won 91% of their races.
- ◆ 61 general-election candidates spent more than \$100,000 in 2000, up from 42 in 1998.
- ◆ The top 10 spenders, all winning Democrats, included three Senate and one House newcomers who won hotly contested races.
- ◆ Twenty-one of the 25 candidates who spent over \$200,000 won their election.

* The Tarrance poll was commissioned by the N.C. Center for Voter Education in May 2000; contact 919-839-1200.

** Mr. Coulson, president of NCVCE, can be reached in Madison County, N.C. at 828-683-9354.

Democracy South based its study on disclosure reports filed at the Board of Elections. As in past years, some candidates' expenditure reports may include double-counted dollars – money listed as spent when it was sent to a state party and then listed again as an in-kind expenditure when the party used it to help the candidate. Loan repayments are not included.

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2000: A BANNER YEAR FOR BIG MONEY

(Figures for 302 General Assembly candidates in General Election;
Records based on period from 1991 to 2000)

Record amount spent on N.C. General Assembly campaigns by candidates in general election:
\$19.4 million

Record amount spent by 170 winners:
\$15.0 million

Record percent of top spenders who won contested races in single- or multi-member districts:
87% (tied with 1992)

Record margin by which Senate Democratic candidates outspent Senate Republican candidates:
4.1 to 1

Record margin by which House Democratic candidates outspent House Republican candidates:
1.7 to 1

Record margin by which incumbents outspent non-incumbents:
2.7 to 1

Record number of incumbents running in general election, and winning:
157 running, 151 winning

Record success rate for incumbent candidates seeking re-election:
96%

Record number of winners – and losers – who spent over \$100,000:
48 winners, 13 losers

Record number of winners – and losers – who spent over \$200,000:
21 winners, 4 losers

SUMMARY OF 170 GENERAL ASSEMBLY WINNERS, 2000

- ◆ 60 or 35% had no major-party opponent in November general election
(45 or 26% had no opponent at all)
- ◆ 87 or 51% outspent the losing major-party opponent(s)
- ◆ 23 or 14% were outspent by a losing opponent
(9 were in head-to-head races in single-member districts)

- ◆ 86% of the 170 winners outspent opponents or faced no opposition
- ◆ 89% of the 170 winners ran as incumbents for the same office

BIG SPENDERS, BIG WINNERS: 2000

Analysis of General Election Winners & Losers for General Assembly

	<u>2000</u>	<u>1998</u>	<u>1996</u>	<u>1994</u>	<u>1992</u>
Number of 170 winners unopposed <u>or</u> who outspent their losing opponent(s)	147	151	136	142	150
Percent of winners, unopposed <u>or</u> outspending losing opponent:	86%	89%	80%	84%	88%
% winners outspending losing opponent	60%	54%	55%	41%	63%
% winners with no opposition	26%	35%	25%	42%	25%
Percent winners with no major party opponent	35%	39%	30%	43%	31%

Percent of top spenders who win contested races in single or multi-member districts	87%	86%	77%	78%	87%
Percent of low spenders (under 60% of opponent) who win contested races in single-member districts	9%	4%	11%	13%	10%

Number of incumbents who run	157	156	145	143	125
Number of incumbents who win	151	146	137	113	116
% of incumbents running who win	96%	94%	94%	79%	93%

HOW MUCH MONEY WAS SPENT

	<u>2000</u>	<u>1998</u>	<u>1996</u>	<u>1994</u>	<u>1992</u>
Spending by all gen. elec. candidates in millions	\$19.4	\$15.0	\$13.2	\$7.2	\$5.1

Spending by all winners in millions	\$15.0	\$11.9	\$9.1	\$4.9	\$3.9
Spending by all losers in millions	\$4.3	\$3.1	\$4.1	\$2.3	\$1.2
Ratio of winners to losers	3.5 to 1	3.8 to 1	2.2 to 1	2.1 to 1	3.1 to 1

Spending by incumbents in millions	\$14.2	\$10.2	\$7.7	\$4.1	\$2.7
Spending by non-incumbents in millions	\$5.2	\$4.8	\$5.5	\$3.2	\$2.4
Ratio of incumbents to non-incumb.	2.7 to 1	2.1 to 1	1.4 to 1	1.3 to 1	1.1 to 1

Spending by House Dem. candidates in millions	\$7.0	\$3.7	\$3.0	\$2.3	\$1.8
Spending by House GOP candidates in millions	\$4.2	\$4.2	\$4.2	\$2.2	\$1.2
Ratio of House Dem. to House GOP	1.7 to 1	0.9 to 1	0.7 to 1	1.0 to 1	1.5 to 1

Spending by Senate Dem. candidates in millions	\$6.5	\$5.2	\$4.0	\$1.9	\$1.5
Spending by Senate GOP candidates in millions	\$1.6	\$1.8	\$2.0	\$0.9	\$0.6
Ratio of Senate Dem. to Senate GOP	4.1 to 1	2.9 to 1	2.0 to 1	2.3 to 1	2.5 to 1