





## Legislative Campaign Costs, PAC Donations Continue to Rise

by Kim Kebschull Otten and Tom Mather

*In June, the Center released the ninth edition of Article II, the guide to the legislature that it began publishing during the 1977-78 General Assembly. As a companion piece, the Center also is publishing a study of the cost of running for the legislature in the 1992 elections. The two publications reveal three major findings: 1) the cost of campaigning is going up; 2) political action committees are becoming an ever-increasing source of campaign contributions; and 3) the demographic makeup of the legislature is continuing to change, with groups such as bankers, blacks, educators, and women growing in numbers.*

**T**he price of a seat in the N.C. General Assembly has more than doubled over the past eight years, with political action committees 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 Cost of Running for the N.C. Legislature*.<sup>1</sup>

Campaign spending and contributions from political action committees have been going up across the country, and the Center's study found that North Carolina is no exception.<sup>2</sup> In fact, the average amounts spent by House and Senate winners actually exceeded their annual legislative salaries—\$13,026 a year in the 1993-94 session.<sup>3</sup> (See

Tables 1 and 2, pp. 76-77.) The Center's study also under-counts the total campaign contributions and spending because it only includes numbers for the 1992 calendar year.

"It's staggering just to see the amounts of money raised and spent by the candidates," says Ran Coble, the Center's executive director. "The total raised by all candidates was about \$4.7 million and the total spent was about \$4.5 million. That's a lot of money."

In comparing its findings with previous studies by *The Charlotte Observer*,<sup>4</sup> the Center found that the influence 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 (47 percent) of the money raised by winning candidates in 1992—up from about one-fourth in the 1984 elections. 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."

The Center released its study of campaign finances in conjunction with its latest edition of *Article II: A Guide to the 1993-94 N.C. Legislature*. The handy, pocket-sized book is the largest

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and most complete guide to the General Assembly. It contains pictures, voting records, committee assignments, effectiveness rankings, and biographical and occupational information on all 170 members of the N.C. House and Senate.

*Article II* also contains information on trends in the overall make-up of the legislature. The most significant change the guide shows is in legislative turnover, with the 1993 General Assembly having one of the highest proportions of new members in sessions spanning 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," says Coble. "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 the sake of consistency.<sup>5</sup>

Legislative candidates in total raised slightly more money, \$4,708,515, than they spent, \$4,544,376. By and large, the amount of money raised and spent by candidates was most highly related to the competitiveness of their races—either in the primaries or in the general election. Candidates who spent a lot of money on their campaigns generally were either newcomers vying for open seats, newcomers challenging incumbents, or incumbents holding off strong challengers. There also were wide differences in the results if one compares winners with losers, incumbents with new members, and Senators with House members. (See Tables 1 and 2, pp. 76–77.) Other significant findings were:

■ **Legislative election winners not only attracted more votes, but dollars.** Winning candidates in both chambers raised a total of \$3,651,944—more than three times the losers' total of \$1,058,303. In the Senate, winners out-raised losers by \$1.1 million, or \$1,552,548 to \$412,185. In the House, winners out-raised losers by \$1.4 million, or \$2,099,396 to \$646,118.

The legislature's leading money-raiser, Sen. George Daniel (D-Caswell), took in \$177,149—eight times more than his general election opponent, Hubert Lowe of Alamance County. In the House, the leading money-raiser, newcomer David Miner (R-Wake), took in \$89,544—nearly three times more than his opponent, incumbent Rep. Larry Jordan (D-Wake). (See Tables 3 and 4, pp. 82–83.)<sup>6</sup>

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—HOUSE SPEAKER DAN BLUE (D-WAKE)



"THE REASON I NEEDED TO RAISE A LOT OF MONEY IS THAT I WAS RUNNING AGAINST AN INCUMBENT—IT'S THAT SIMPLE. I KNEW MY OPPONENT WOULD RECEIVE A LOT OF PAC MONEY—AND HE DID."

—REP. DAVID MINER (R-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. Senate losers on average spent 8.4 percent more money than they raised, while House losers spent 16.4 percent more than they raised. By contrast, Senate winners spent 12.5 percent less than they raised and House winners nearly broke even—spending a mere 0.4 percent more than they raised.

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). In the Senate, Republican challenger Gerald Hewitt of Forsyth County spent \$21,591—66 percent more than he raised—in losing to Democratic incumbents Ted Kaplan and Marvin Ward for one of the 20th District's two seats.

■ **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 Linda Gunter

ranked fourth in amount of money spent by winning candidates. In the House, David Miner and Dewey Hill (D-Columbus) ranked first and second, respectively, in the amount spent by winners. "The reason I needed to raise a lot of money is that I was running against an incumbent—it's that simple," Miner says. "I knew my opponent would receive a lot of PAC money—and he did."

■ **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 and more populous than House districts, presumably resulting in higher advertising and travel expenses.<sup>7</sup>

Sen. Daniel, for example, spent \$125,286—\$23,098 more than the biggest-spending House winner, Rep. Miner. In his *losing* quest for the 36th Senate seat, Republican hopeful and former House member Paul "Skip" Stam spent more money than *any* House candidate except Rep. Miner. Stam, a Wake County attorney, spent \$82,567 in losing to Sen. Linda Gunter (D-Wake). He attributes the high spending in that race to keen competition, in both the primary and the general elections. "Each of us had a contested primary," says Stam, who spent more than any other losing legislative candidate and more than all but three winning candi-

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**Table 1. Average Costs of Running for the N.C. House, 1992 Elections <sup>1</sup>**

*1990 figures in ( ), if available*

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

<sup>1</sup> Based on contributions reported by all candidates during the 1992 calendar year.

<sup>2</sup> PACs = Political Action Committees. PAC numbers include contributions from political party PACs.

**Table 2. Average Costs of Running for the N.C. Senate, 1992 Elections <sup>1</sup>**

*1990 figures in ( ), if available*

Senate Category	Average				
	Amount Raised	Amount From PACs	Percentage From PACs	Amount Spent	% Spent of Amount Raised
All Candidates	\$22,583	\$9,613	41.0%	\$21,127	96.4%
Winners	\$31,051 (\$31,123)	\$15,190 (\$11,002)	58.1% (44.3%)	\$27,992 (\$28,624)	87.5% (87.8%)
Losers	\$11,140	\$2,077	18.0%	\$11,852	108.4%
Incumbents	\$29,341 (\$27,571)	\$16,557 (\$11,887)	65.7% (50.2%)	\$25,236 (\$25,047)	83.7% (85.3%)
New Members	\$36,467 (\$43,715)	\$10,864 (\$7,862)	33.9% (23.4%)	\$36,720 (\$41,308)	99.3% (96.7%)
Democrats	\$35,039 (\$30,894)	\$16,637 (\$12,025)	54.9% (46.7%)	\$32,360 (\$28,153)	93.9% (87.1%)
Republicans	\$16,913 (\$31,710)	\$10,062 (\$8,370)	69.3% (38.1%)	\$12,506 (\$29,835)	64.5% (87.8%)
Men	\$30,379 (\$30,909)	\$15,161 (\$8,370)	58.9% (38.1%)	\$26,949 (\$29,835)	86.4% (87.8%)
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%

<sup>1</sup> Based on contributions reported by all candidates during the 1992 calendar year.

<sup>2</sup> PACs = Political Action Committees. PAC numbers include contributions from political party PACs.

dates. "I don't know what Linda [Gunter] spent, but I spent about \$30,000 through the primary alone."

■ ***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.

In both chambers, however, Democrats dominated the list of top money-raisers. (See Tables 3 and 4, pp. 82–83.) Democrats accounted for seven of the top 10 money-raisers in the House and eight of the top 10 in the Senate—perhaps reflecting more competitive primary elections in their party. For instance, Sen. David Parnell (D-Robeson) says his toughest opponent was another Democrat in the primary election. "My opponent spent a lot of money, so we had to spend a lot of money too," says Parnell, a six-term Senator and former House member. "I've never spent that kind of money [in a campaign] before."

■ ***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, with female candidates raising \$35,177 on average, compared to \$30,379 for men.

Among the Senate candidates, three of the top 10 money-raisers were women—Gunter, Leslie Winner (D-Mecklenburg County), and Mary Seymour (D-Guilford). Gunter says she found fund-raising the most difficult aspect of running a

campaign, and was shocked when she found out that she had raised more money than any female legislator and all but a few men. "I couldn't believe it when I added it all up," says Gunter, who raised \$59,758. "I was just floored because nine people gave me \$300 or more. That's wonderful because it shows the wide base of support that I had. With an average contribution of \$35, that's a lot of people." In the House, losing Republican candidate Wilma Sherrill of Buncombe County was the only woman among the top 10 money-raisers.

## Campaign Costs Going Up Across The Nation

**T**he rising cost of state legislative campaigns is a nationwide trend, with many states surpassing the increase in North Carolina.<sup>8</sup> For example, the average amount spent on Senate campaigns in the state of Washington in the 1990 election was \$111,183—more than five times higher than the North Carolina average of \$21,127 in 1992.

Tommy Neal, a campaign reform and elections specialist with the National Conference of State Legislatures, attributes the increases to several factors: inflating campaign expenditures (e.g., mail, advertising, staff salaries); greater professionalism, with more lawmakers claiming 'legis-



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lators' as their primary occupation; the increased difficulty of unseating incumbents, requiring more spending by challengers; and, greater spending by PACs and other groups in elections preceding or following reapportionments.

"Records are set to be broken," Neal wrote in the May 1992 issue of *State Legislatures*. "And when it comes to breaking campaign spending records for state legislature seats, it happens every two or four years."<sup>9</sup>

Spiraling costs have prompted a number of states to place limits and restrictions on campaign contributions.<sup>10</sup> The Center's 1990 report, *Campaign Disclosure Laws*, listed four major reasons for putting limits on the amount individuals or groups can contribute: to encourage candidates to seek a wide variety of funding sources; to diminish the influence of large contributors or interest groups; to reduce the appearance of a corrupting link between contributions and pending legislation; and to slow the rising costs of campaigns.<sup>11</sup>

Another critical link in campaign finance reform has been legislation requiring candidates to disclose the sources of their contributions. As the national public interest group Common Cause concluded in a 1993 study: "Disclosure continues to be a basic element of campaign finance reform. Campaign disclosure statutes play a vital role in enabling the public to trace candidate contributions to their sources and revealing the potential influence of large donors."<sup>12</sup>

## **PACs Increase Contributions to Legislative Campaigns**

A key focus of the Center's study of campaign finances was the relative importance of PACs, or Political Action Committees.<sup>13</sup> 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.<sup>14</sup> The law also prohibits PACs, like individual citizens, from giving candidates more than \$4,000 per election.<sup>15</sup> But PACs can organize fundraising drives among corporate officers, employees, or interest groups, and then distribute that money to sympathetic candidates.

PAC contributions are important because they tend to favor incumbents, and incumbents tend to win elections. For example, in the 1992 North Carolina elections, all of the 39 Senate incumbents who sought re-election won; in the House, 90



**Senate President Pro-Tem Marc Basnight (D-Dare) supports lower limits on individual and PAC contributions to legislative candidates.**

percent (78) of the 87 representatives who sought re-election won.<sup>16</sup> A recent study of campaign financing in North Carolina found that the ratio of PAC contributions to incumbents compared to challengers is about 2:1 for Democrats and nearly 8:1 for Republicans.<sup>17</sup> A number of studies have found similar trends in other states and at the national level.<sup>18</sup>

"The trend in the past two decades has been one of a steady increase in PAC contributions and a relative decrease in individual contributions for state elections," Keon Chi writes in a recent issue of *State Trends & Forecasts*.<sup>19</sup> "... The rapid growth of PACs may be interpreted as evidence of the weakened roles of political parties in elections."

The Center's latest study showed that incumbent candidates in the North Carolina legislature received twice as much of their funding from PACs as did new members. (See Tables 1 and 2, pp. 76-77.) In comparable studies, *The Charlotte Observer* found that PACs accounted for about 25 percent of the money contributed to state legisla-



"THERE'S A LARGE GROUP OF WOMEN WHO ARE INTERESTED IN PROMOTING LEGISLATION THAT DIRECTLY IMPACTS THEM. THE MARITAL RAPE BILL IS A GOOD EXAMPLE OF THAT."

—SEN. MARY SEYMOUR (D-GUILFORD)

tive campaigns in 1984 and about 37 percent in 1988.<sup>20</sup> The Center's study found that PAC contributions had increased to 47 percent of the total for winning candidates in the 1992 elections. (The Center included political party PACs in its compilation of PAC contributions, but *The Charlotte Observer* did not. The *Observer* also counted all contributions made during the 1983–84 and 1987–88 campaign seasons, whereas the Center only counted contributions made during the 1992 calendar year.) Other key findings in the Center's study were:

■ **PACs contributed much more to incumbents than to new members.** In total, PACs contributed \$1,359,452 to incumbents—nearly four times the \$351,539 that they gave to new members. Looked at another way, Senate and House 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. (See Tables 5 and 6, p. 84.) For example, Sen. Daniel raised \$59,628 from PACs—more money than any other legislative candidate and 13 times more than his opponent.

Most legislators acknowledge the advantage of incumbency in raising PAC money. Mary Seymour, who raised the second highest amount of PAC contributions in the Senate, attributes much of her success to her long legislative tenure—including three terms in the Senate and four in the House. "A lot of legislators actively solicit PAC contributions; I did not," says Seymour, while noting that another factor has been her membership on important committees dealing with insurance, utilities, and other business concerns. "I've handled a lot of bills that have affected just about every kind of business in North Carolina over the years. I think they've found that I'm a reasonable person that they can sit down with and work out reasonable compromises. I don't feel like I've had



any pressure put on me by any of my contributors."

■ **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 on average received 54 percent of their money from PACs, compared to 30 percent for losers. The disparities were even larger in the Senate. Winning senators on average received 58 percent of their funding from PACs, compared to just 18 percent for losers. "Normally, the one who is judged to be the prospective winner attracts PACs more so than a prospective loser," Sen. Parnell says.

■ **PAC contributions by political affiliation varied from the House to the Senate.** In the House, Democrats and Republicans received approximately the same proportion of their contributions from PACs, slightly more than half, on average. 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, virtually all of the legislators who raised the most PAC money were Democrats. (See Tables 5 and 6, p. 84.) In the Senate, the top 10



***Sen. Linda Gunter (D-Wake) found fundraising the most difficult aspect of running a campaign, and was shocked to discover that she had raised more money than any female legislator and all but a few men.***

raisers of PAC-money were all Democrats. In the House, nine of the top-10 raisers of PAC money were Democrats. "That's because the Democrats are the ones in power," says House Speaker Dan Blue (D-Wake). "You would observe the same kind of trend with contributions to Governor Jim Martin in the 1988 election. But that's not unusual. People contribute to people who they think are or will be significantly influential."

■ ***Male legislators depended on PAC contributions more than the 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 50 percent for women. Senators Gunter and Seymour were the only female legislators to make the list of top-10 raisers of PAC money in either chamber. Both Gunter and Seymour note that much of their PAC money came from organizations promoting "women's issues," such as equal rights for women, penalties for marital rape, and freedom of choice in abortion. "There's a large group of women who are interested in promoting legislation that directly impacts them," Seymour says. "The marital rape bill is a good example of that."

## **PACs Look For 'Known Quantities'**

The increasing importance of PAC contributions has caused some critics to question whether the groups play too big a role in the electoral process. Jeff Parsons, chair of the governing board for Common Cause of North Carolina, says that growing PAC contributions have fueled the rise in campaign costs and bolstered incumbents' already formidable advantage in elections. "That really makes it difficult for a challenger to have any kind of a chance," says Parsons, who favors smaller limits on campaign contributions. "There's something to be said for lower [contribution] amounts. If we lowered it down to \$2,000 or \$1,000—both for individuals and for PACs—it would even the playing field."

But representatives of leading Political Action Committees in North Carolina say there's a simple reason for the increase in PAC contributions to legislative campaigns. "There's a lot more PACs now than there used to be—that's the primary reason," says Barbara Clapp, director of the N.C. Realtors PAC, which gave \$51,900 to legislative campaigns in 1992. The Greensboro-based group has been one of largest contributors to legislative campaigns over the past decade, but Clapp says her group hasn't increased its campaign donations. "As far as increasing our individual amounts, we haven't," she says. "We've been pretty consistent—ranging from \$500 to \$1,500 per individual. We're not giving any more per candidate now than we did in 1988."

Ann Hale, executive director of the N.C. Medical Society Political Education and Action Committee, agrees with that assessment. Another factor, she says, is the general apathy toward politics. "If the public, as individuals, would get involved in legislative races, then the PAC contributions would be proportionately less," Hale says. "A lot of people don't even know who their legislators are."

PAC representatives, likewise, say there's a simple explanation for why most PAC money goes to incumbents. "An incumbent is a known

**Table 3. Top Money-Raisers, N.C. House Candidates <sup>1</sup>**

Representative <sup>2</sup> (Party-County)	Total Money Raised	% PAC Money of Total
1. David Miner (R-Wake) .....	\$89,544 .....	4%
2. Dan Blue (D-Wake) .....	\$86,778 .....	61%
3. Lyons Gray (R-Forsyth) .....	\$54,864 .....	24%
4. Martin Nesbitt (D-Buncombe) .....	\$49,864 .....	57%
5. Robert Hunter (D-McDowell) .....	\$48,753 .....	38%
6. James Black (D-Mecklenburg) .....	\$48,475 .....	26%
7. George Miller (D-Durham) .....	\$47,179 .....	60%
8. Phil Baddour (D-Wayne) .....	\$43,384 .....	19%
9. Richard Moore (D-Vance) .....	\$41,869 .....	29%
10. Wilma Sherrill (R-Buncombe) .....	\$41,750 .....	4%

<sup>1</sup> Based on contributions reported by all candidates during the 1992 calendar year.

<sup>2</sup> Six of the top 10 PAC money-raisers were incumbents. The exceptions were Baddour, Miner, Moore, and Sherrill. Rep. Baddour defeated Republican hopeful Helig Hoffman of Lenoir County. Rep. Miner defeated Democratic incumbent Larry Jordan of Wake County. Rep. Moore defeated Republican hopefuls Louis "Ed" Nicholson of Halifax County and Robert Rector of Franklin County for one of two 22nd District seats. Sherrill lost her bid for one of three seats in the 51st District, all of which were won by incumbents: Nesbitt, Speaker Pro Tem Marie Colton (D-Buncombe), and Narvel J. Crawford (D-Buncombe).

quantity," Hale says. "That doesn't mean that somebody has to agree with you 100 percent of the time, because nobody does. The new folks don't always go to the effort to let the PACs know who they are. It's not that we have a bias against new folks running. But if you've got a friend who's willing to listen, that's kind of a burden for new folks to overcome. We're eager for information

from anybody running for office—because we want to support the best person we can." The Realtors PAC supports newcomers as well as incumbents, but Clapp acknowledges that office-holders often have an edge. "Generally, we go with the incumbent if he's doing a good job and we have an open-door relationship with him," she says.

Despite such trends, PAC representatives see nothing sinister or worrisome in the increasing percentage of campaign contributions coming from their groups. "I don't think PACs, per se, are the problem," says Paul Pulley, a former legislator and lobbyist who chairs the N.C. Academy of Trial Lawyers PAC. "PAC money is identifiable and has some limits. There are things a lot worse than PAC money, in my opinion, such as bundling.

"The increasing cost of campaigning and the increasing importance of funding for campaigns should be a concern for all of us," Pulley says.

***"I don't think PACs, per se, are the problem. PAC money is identifiable and has some limits."***

—PAUL PULLEY, CHAIR,  
N.C. ACADEMY OF TRIAL LAWYERS PAC

**Table 4. Top Money-Raisers, N.C. Senate Candidates <sup>1</sup>**

<b>Senator<sup>2</sup> (Party-County)</b>	<b>Total Money Raised</b>	<b>% PAC Money of Total</b>
1. George Daniel (D-Caswell) .....	\$177,149 .....	34%
2. David Hoyle (D-Gaston) .....	\$86,083 .....	16%
3. Skip Stam (R-Wake) .....	\$80,112 .....	18%
4. Robert Pittenger (R-Mecklenburg) .....	\$80,049 .....	3%
5. Linda Gunter (D-Wake) .....	\$59,758 .....	38%
6. Leslie Winner (D-Mecklenburg) .....	\$59,640 .....	18%
7. David Parnell (D-Robeson) .....	\$52,903 .....	46%
8. J.K. Sherron (D-Wake) .....	\$47,719 .....	49%
9. Clark Plexico (D-Henderson) .....	\$46,878 .....	46%
10. Mary Seymour (D-Guilford) .....	\$42,304 .....	61%

<sup>1</sup> Based on contributions reported by all candidates during the 1992 calendar year.

<sup>2</sup> Five of the top 10 money-raisers were incumbents: Daniel, Parnell, Sherron, Plexico, and Seymour. Gunter defeated Stam for an open seat in 36th District. Hoyle won an open seat in 25th District, and Winner captured an open seat in the 40th District. Pittenger lost to incumbent Sen. James Richardson (D-Mecklenburg).

"Recently we had a fairly glaring example reported in the newspapers, where one candidate for lieutenant governor received almost a half-million dollars from four contributors, apparently through contributions that circumvented the law."<sup>21</sup>

House Speaker Dan Blue shares Pulley's concern about campaign-finance loopholes, such as bundling—in which corporations and professions can avoid contribution limits and disguise large donations by lumping together large numbers of individual contributions from employees. But he says disclosure requirements and limits on contributions generally prevent PACs from wielding undue influence. Blue also points out some apparent contradictions: PACs with differing goals often contribute money to the same candidates, and individual PACs often contribute to opposing candidates. "They just try to cover the waterfront," Blue says.

***"The primary reasons for limiting campaign contributions are to give challengers a fair, if not equal, chance of competing in elections and, perhaps more importantly, to restore public confidence in government by reducing the influence of money in election campaigns."***

—KEON CHI,  
THE COUNCIL OF STATE GOVERNMENTS

**Table 5. Top PAC Recipients, N.C. House Candidates <sup>1</sup>**

<b>Representative<sup>2</sup> (Party-County)</b>	<b>PAC Money Received</b>	<b>Percent of Total Raised</b>
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. Narvel J. Crawford (D-Buncombe) .....	\$18,475 .....	47%
9. Robert C. Hunter (D-McDowell) .....	\$18,362 .....	38%
10. Larry Jordan <sup>3</sup> (D-Wake) .....	\$17,359 .....	56%

<sup>1</sup> Based on contributions from Political Action Committees to all candidates during the 1992 calendar year.

<sup>2</sup> All of the top 10 PAC recipients were incumbents.

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

**Table 6. Top PAC Recipients, N.C. Senate Candidates <sup>1</sup>**

<b>Senator<sup>2</sup> (Party-County)</b>	<b>PAC Money Received</b>	<b>Percent of Total Raised</b>
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%

<sup>1</sup> Based on contributions from Political Action Committees to all candidates during the 1992 calendar year.

<sup>2</sup> 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.

***House Minority Leader David Balmer (R-Mecklenburg) says the Republican gains in the House are particularly important because Democrats no longer have enough votes to suspend the rules and rush bills through the chamber.***



Senate President Pro Tem Marc Basnight (D-Dare), however, favors lower limits on individual and PAC contributions. "Your limits ought to come down—maybe to \$2,000 or somewhere around there," says Basnight, who wants the legislature to create a bipartisan commission to review all of the state's election laws.<sup>22</sup> "The laws are just a hodgepodge." A 1990 Center study found that North Carolina was one of 16 states that allowed PAC contributions exceeding \$2,000 per candidate.<sup>23</sup> The study also found that 25 states permit unlimited PAC contributions.

According to The Council of State Governments, a growing number of states have been placing stricter limits on PAC contributions.<sup>24</sup> As Chi writes: "The primary reasons for limiting campaign contributions are to give challengers a fair, if not equal, chance of competing in elections and, perhaps more importantly, to restore public confidence in government by reducing the influence of money in election campaigns."<sup>25</sup>

### **Some Demographic Trends Hold, Others Reverse**

**T**he demographic make-up of the legislature reported by the Center in the 1993–94 edition of *Article II* shows the continuation of a key, long-term trend: the declining numbers of white male Democrats in the legislature.<sup>26</sup> (See Table 7, p. 86.) 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. Likewise, Republicans lost three seats in the Senate, but gained three in the House.

Rep. David Balmer (R-Mecklenburg) says the Republican gains in the House are particularly 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," says Balmer, the House minority leader. "It takes a two-thirds vote to suspend the rules. Now there's going to be a debate on each bill. There will be no way to race a bill through on us." Balmer also predicts that Republicans will continue to make inroads in future legislative elections. "I think our numbers are going to continue to grow throughout the decade of the '90s, particularly in portions of Eastern North Carolina," he says. "We think Eastern North Carolina will be the last frontier for the Republican Party."

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. The number of Native Americans remained unchanged at one.<sup>27</sup>

Other demographic trends, however, appear to have reversed or leveled off. For instance, the total number of retirees dropped from 34 to 32 in

—continued on page 88

**Table 7. Trends in N.C. Legislative Demographics**

Category	Year and Number of Members per Category									
	1975	1977	1979	1981	1983	1985	1987	1989	1991	1993
<b>Blacks</b>										
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	5
Total percent	4 %	4 %	3 %	3 %	7 %	9 %	9 %	10 %	11 %	5 %
<b>Women</b>										
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 %
<b>Native-Americans</b>										
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 %
<b>Democrats</b>										
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 %
<b>Republicans</b>										
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 %
<b>Turnover Ratio</b>										
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 Representative served in the legislature during the immediate past session, he or she is not considered a new member. If a member 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.*

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**Table 8. Trends in N.C. Legislators' Occupations**

Occupation	Year and Number of Members per Category									
	1975	1977	1979	1981	1983	1985	1987	1989	1991	1993
<b>Senate</b>										
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
<b>House of Representatives</b>										
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.)



both chambers, stemming a steady increase since the 1970s. (See Table 8, p. 87.) 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.

The data also showed a continuing decline in the numbers of most business professionals, including those in general business, sales, insurance, real estate, 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.

The new *Article II* also contains the Center's legislative effectiveness rankings—the most publicized feature of the guide. The Center compiles the rankings from surveys conducted at the end of each long legislative session, held in odd-numbered years. Surveys are sent to legislators, registered lobbyists, and capital news correspondents—asking respondents to rate the effectiveness of individual legislators. The Center then compiles the rankings and publishes the scores. *The rankings contained in the latest edition of Article II were originally released in April 1992.* Rankings for members of the 1993–94 General Assembly will be released in the spring of 1994.

Other information included in the guide are the new House and Senate district maps (after redistricting) and complete committee listings. For each legislator, the book contains:

- business and home addresses and phone numbers;
- seat number, office number, and phone number at the legislature;
- party affiliation, district number, and counties represented;
- number of terms served;
- committee assignments;
- bills introduced in the previous session;
- birth date, occupation, and education; and
- past effectiveness rankings (1981–1991).

*Article II* and *The Cost of Running for the N.C. Legislature* can be ordered by calling (919) 832-2839 or writing to the N.C. Center at P.O. Box 430, Raleigh, N.C. 27602. *Article II* costs \$22.70, and the campaign finance publication costs \$9.48. Or, the two reports can be purchased as a set for \$26, a savings of \$6.18. All prices include sales tax, postage, and handling. ☐☐

## FOOTNOTES

<sup>1</sup>Figures from the 1984 and 1988 elections were taken from articles published in *The Charlotte Observer*. See the series on legislative campaign finances by Ken Eudy, et al., June 16–20, 1985, pp. 1–8 in special reprint; and Jim Morrill, et al., April 9, 1989, pp. 1A, 8–10A.

<sup>2</sup>For a detailed look at nationwide trends in campaign finance, see Keon S. Chi, "State Campaign Finance Reform: Options for the Future," *State Trends & Forecasts*, The Council of State Governments, Vol. 2, Issue 1 (April 1993), pp. 1–35.

<sup>3</sup>According to the Legislative Services Office, a legislator's total compensation includes: \$13,026 per year in base salary; \$522 per month in expenses; \$92 per day for a subsistence allowance, seven days a week during sessions; \$1,500 per two-year term for postage and telephone expenses; and 25 cents per mile for one round-trip a week between Raleigh and their homes.

<sup>4</sup>See Ken Eudy, "PAC Contributions Win Attention From Candidates," *The Charlotte Observer*, special reprint from articles published June 16–20, 1985, p. 1. The *Charlotte Observer* study did not include political party PAC contributions, which the Center included in its study.

<sup>5</sup>According to the state Board of Elections, candidates in the 1992 campaign were required to file reports on their contributions on April 27 (10 days before the first primary election) and October 26 (10 days before the general election). Primary losers also had to file reports 10 days after the primary election or runoff, if required. Candidates who had not closed out their campaigns at year end were required to file annual reports by Jan. 29, 1993.

<sup>6</sup>Rep. Miner says that he raised an additional \$22,000 in 1991, increasing his contributions for the entire campaign to more than \$110,000.

<sup>7</sup>According to the 1990 Census, the average Senate district has 132,572 people—more than twice as many as the average House district, which has 55,239 people.

<sup>8</sup>For more on the national perspective of rising campaign costs, see Tommy Neal, "The Sky-High Cost of Campaigns," *State Legislatures*, May 1992, pp. 16–22.

<sup>9</sup>*Ibid.*, p. 16.

<sup>10</sup>See Chi, pp. 2–22. Also see Kim Kebschull, et al., *Campaign Disclosure Laws: An Analysis of Campaign Finance Disclosure in North Carolina and a Comparison of 50 State Campaign Reporting Laws*, N.C. Center for Public Policy Research, March 1990, pp. 14–19. The report was summarized by Kebschull in "Campaign Reporting Laws: The Inadequacies of Disclosure," *North Carolina Insight*, Vol. 12, No. 3 (June 1990), pp. 34–46.

<sup>11</sup>Kebschull, p. 55.

<sup>12</sup>See Julie Marsh, *Campaign Finance Reform in the States*, Common Cause, Washington, D.C., January 1993, p. 20. For more on campaign financing reform, see Ann McColl and Lori Ann Harris, *Public Financing of State Political Campaigns: How Well Does It Work?* N.C. Center for Public Policy Research, November 1990.

<sup>13</sup>The Center counted as PAC contributions all donations by political committees registered with the Campaign Reporting Office. This includes political party organizations, both local and state. Party donations are usually small, however.

<sup>14</sup>N.C.G.S. 163-278.19.

<sup>15</sup>N.C.G.S. 163-278-13. The \$4,000 limit applies separately, to each election—primary, runoff (if necessary), and general election.

<sup>16</sup>Incumbent Representatives who lost in the 1992 elections included: Howard Chapin (D-Beaufort), Gerald Anderson (D-Craven), Bruce Ethridge (D-Carteret), Joe Hege (R-Davidson), Wayne Kahl (D-Iredell), William Withrow (D-Rutherford), Marty Kimsey (R-Macon), Larry Jordan (D-

Wake), and Edward McGee (D-Nash).

<sup>17</sup> See Joel Thompson, William Cassie, and Malcolm Jewell, "A Sacred Cow or Just a Lot of Bull?: The Impact of Money in State Legislative Campaigns," paper presented at the 1991 annual meeting of the American Political Science Association.

<sup>18</sup> *Ibid.* Also see Chi, p. 8.

<sup>19</sup> See Chi, pp. 6-7.

<sup>20</sup> See Ken Eudy, "PAC Contributions Win Attention From Candidates," *The Charlotte Observer*, reprinted from June 16-20, 1985, p. 1; and Jim Morrill, "Lobbyists Escalate Arms Race," *The Charlotte Observer*, April 9, 1989, p. 1.

<sup>21</sup> See Sarah Avery, "Donations to Hardison called illegal," *The News & Observer*, Raleigh, N.C., May 8, 1993, p. 1A. *The News & Observer* reported that a State Bureau of Investigation probe had found that former state Sen. Harold Hardison (D-Lenoir) had improperly collected \$465,000 from four businessmen during his unsuccessful campaign for lieutenant governor in 1988. The men accused of making the contributions were: Wendell Murphy, a major pork farmer and former state senator; Robert Hill, a nursing home operator; Marvin Johnson,

president of a turkey processing company; and William C. Shackelford, now in federal prison on fraud and conspiracy charges stemming from the misuse of \$34 million in funds from Interstate Insurance Co.

<sup>22</sup> As quoted by *The News & Observer* of Raleigh, "Basnight seeks new election laws," May 20, 1993, p. 3A.

<sup>23</sup> See Kebschull, pp. 63-69.

<sup>24</sup> See Chi, p. 6.

<sup>25</sup> *Ibid.*

<sup>26</sup> For more on trends in legislative demographics, see Jack Betts, "In the Legislature, White Male Democrats Become a Minority," *North Carolina Insight*, Vol. 13, No. 2 (June 1991), pp. 65-71. Also, see Paul T. O'Connor, "Legislative Demographics: Where Have All the Lawyers Gone?," *North Carolina Insight*, Vol. 9, No. 2 (September 1986), pp. 44-47; and "The General Assembly of the 21st Century," *North Carolina Insight*, Vol. 14, No. 2 (September 1992), pp. 58-68.

<sup>27</sup> Rep. Adolph Dial (D-Robeson) was the only Native American in the 1991-92 session, while Rep. Ronnie Sutton (D-Robeson) was the sole Native American in the 1993 session.

*How can you tell who's who in the legislature?*

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## ARTICLE II

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