

Sacramento For Sale: A Study of Contributions to California Legislative and Statewide Candidates in the 1998 Election Cycle

1998

This report was written and produced by Brad Heavner, Wendy Wendlandt, Derek Cressman, Kirk Weinert and Susan Rakov of the CALPIRG Charitable Trust. The Trust gratefully acknowledges the contributions of Ken Mandler, Jessica Davis, and Greg Herr for data gathering and Chris Chatto for research.

Table of Contents

Executive Summary	2
Preface.....	3
I. Fat Cats Outspent Small Donors 10-to-1.....	4
II. Corporate Contributions Dominate California Politics.....	5
III. Politicians Raise Most of their Funds from Non-Constituents	7
IV. The High Price of Victory Is Getting Higher	8
V. Money Largely Determines Election Outcomes.....	10
VI. Myths About Campaign Financing.....	11
VII. How to Fix the Broken System	12
VIII. Methodology	14

Executive Summary

Many of the most critical problems in the financing of electoral campaigns in California have grown worse since 1994.

A detailed computer analysis of newly-released data on contributions to all campaigns for state-level office in California in the 1998 election cycle reveals that California elections are dominated more than ever by donations from wealthy individuals and corporations outside the districts whose elections they are influencing.

Candidates who don't sympathize with such donors have little chance of being elected. The contributions of citizens who can afford to give only \$100 or less are such a small share of virtually every candidate's war chest that their voices are drowned out by the small segment of the state's population that can afford to make large contributions to candidate campaigns.

Wealthy individuals, corporations, and outside influences provide the vast majority of campaign money.

- The amount raised in large contributions was ten times the amount raised in small contributions, up from 6-to-1 in 1994.
- Corporations contributed \$78 million directly to 1998 candidates, up 44% from 1994. Corporate interests gave an additional \$34 million to candidates via PACs.
- In legislative races, 75% of contributions came from outside the districts the candidates sought to represent.
- 1998 candidates raised more money from fewer donors than four years earlier. Total fundraising increased by 53% from 1994, as the average contribution doubled and the number of donors fell by 14%.

The amount of funding needed to win public office has grown remarkably in recent years.

- The smallest amount raised by a winning Senate candidate in a competitive race - the minimum price of admission - was \$1 million, twice as much as in 1994.
- In the Assembly, winning candidates raised an average of \$683,000 - an 18% increase since 1994.

Money largely determines election outcomes.

- 104 of the 112 legislative and statewide races in 1998 (93%) went to the candidate who raised the most money.
- In 2/3 of all races, the winning candidate outspent his or her opponent more than 5-to-1.

Despite over 70% of the state's voters supporting at least one of two campaign finance reform initiatives in 1996, no reforms have been instituted. Evidence from the latest election cycle continues to demonstrate the urgent need for low contributions limits, a ban on contributions from corporations and unions, and tight limits on contributions from outside a candidate's district.

Preface

For many reasons, the 1998 election cycle should have been the first in many years in which fundraising for state election campaigns in California leveled off - or even went down - and the disparity between candidates evened out somewhat.

The state's voters had loudly expressed their anger at the fundraising process, with over 70% of them voting for at least one of two campaign finance reform measures in 1996 - a message that candidates in 1998 were expected to hear.

Candidates were prevented from raising any money for over 10 months of 1997. The blackout period imposed by Proposition 208 was in effect until the initiative was suspended by the courts in November.

The two top political fundraisers of the 1990s - Pete Wilson and Willie Brown - were no longer raising money for state campaigns of their own or their parties' favorites. Also, due to term limits, the four legislative leaders who traditionally raise the largest amounts of any legislative candidates (the Senate president, Assembly speaker, and the minority leaders in both houses) had only a fraction of the experience and connections of their 1994 counterparts.

And the cost of reaching voters had barely risen, with inflation going up only 11% between 1994 and 1998 and with candidates starting to realize the potential of the Internet for educating voters at virtually no cost.

Yet, despite all of those factors, the campaign fundraising crisis deepened in 1998.

All of the most critical problems got worse or, at best, continued to be as bad as before.

This report demonstrates that trend with a detailed computer analysis of recently-released data on contributors to 1998 campaigns. It uses hard numbers to spell out the increased influence of the wealthy, corporations, and outsiders on the outcome of California's elections - an outcome which ultimately twists the actions of our state's government away from the public interest and toward the private interests of the few.

This report also shows how the failures of California's relatively unique "no holds barred" campaign financing system demonstrate the need for campaign finance reform proposals that are in the public interest, and challenges the myths perpetuated by opponents of real reform.

I. Fat Cats Outspent Small Donors 10-to-1

By a 10-to-1 margin, contributions of more than \$100 outweighed those of \$100 or less in the 1998 cycle. This was a major increase over the 1994 ratio of 6-to-1.

\$281 million (91%) was raised in contributions larger than \$100. Only \$7.8 million (2.5%) was contributed as direct contributions to candidates in amounts of \$100 or less, a contribution amount affordable to the average Californian. An additional \$21.5 million (6.9%) was donated through PACs in amounts of \$100 or less.

Candidates raised more money from fewer donors in the 1998 cycle than the 1994 cycle. Total fundraising for legislative and statewide seats rose by 53%, while the number of donors making contributions above the \$100 reporting threshold fell by 14%. (See Appendix A.) Most of the drop in donors occurred in the governor's race, where Gray Davis received contributions from 43% fewer donors than Pete Wilson had four years earlier. (See Appendix B.) The number of donors to legislative races stayed fairly constant - 51,400 in 1994 and 50,600 in 1998 - while the amount contributed to legislative races rose from \$90 million to \$111 million.

Looking only at itemized contributions (i.e. over the \$100 reporting threshold), the average contribution rose by 67%, from \$1,300 to \$2,160. Including unitemized contributions of less than \$100, the picture is even worse. If we estimate that the average size of an unitemized contribution is \$35, the average size of all contributions nearly doubled, from \$595 in 1994 to \$1150 in 1998.

Despite raising more money overall compared with 1994, candidates raised less money in small contributions in the 1998 cycle. The \$7.9 million raised by 1998 candidates in amounts of \$100 or less is a 27% decrease from 1994.

In the governor's race, Davis and Lungren raised only \$1.7 million in direct contributions of \$100 or less. This is less than 40% of the \$4.3 million which Pete Wilson and Kathleen Brown raised in contributions of \$100 or less in the 1994 governor's race.

Every winning candidate raised almost all of their funds from wealthy donors and special interests able to give large amounts. Potential candidates whose positions on issues are unattractive to these major donors either do not bother to run or are unable to compete on any serious basis. While this is true in every district, some candidates are particularly dependent on large donors.

Winning Candidates Raising Highest Portion of Funds from Large Donations

Candidate	Party	Race	Incumbent	Total Raised	Total Raised in Amounts Greater Than \$100	Percent Raised in Amounts Greater Than \$100
Frusetta, P	R	Assem-28	I	\$1,209,123	\$1,161,111	96%
Angelides, P	D	Treasurer		\$9,307,913	\$8,929,293	96%
Pacheco, R	R	Assem-60		\$611,970	\$577,421	94%
Leonard, B	R	Assem-63	I	\$4,275,430	\$4,020,043	94%
Cardenas, A	D	Assem-39	I	\$655,550	\$615,461	94%
Parrish, C	R	Board Eq-3		\$350,009	\$328,145	94%
Quackenbush, C	R	Ins Comm	I	\$3,227,891	\$3,024,863	94%
Jones, B	R	Secy-State	I	\$2,091,478	\$1,956,658	94%
Kaloojian, H	R	Assem-74	I	\$405,439	\$378,197	93%
Wesson, H	D	Assem-47		\$881,859	\$821,672	93%
Florez, D	D	Assem-30		\$1,197,914	\$1,114,936	93%
Granlund, B	R	Assem-65	I	\$487,501	\$449,324	92%
Battin, J	R	Assem-80	I	\$651,300	\$597,748	92%
Maddox, K	R	Assem-68		\$273,918	\$251,254	92%
Morrow, B	R	Assem-38		\$617,648	\$597,748	92%
Baugh, S	R	Assem-67	I	\$521,179	\$477,658	92%
Vincent, E	D	Assem-51	I	\$231,652	\$212,174	92%
Ashburn, R	R	Assem-32	I	\$304,147	\$278,006	91%
Dunn, J	D	Senate-34		\$1,001,855	\$915,501	91%

II. Corporate Contributions Dominate California Politics

Corporate contributions to federal elections were banned in 1907, and 22 states have since banned contributions from corporations. In California, unlimited corporate contributions are still fully legal.

In the 1998 election cycle, direct contributions to candidates from businesses and trade associations jumped to \$78 million, up 44% from 1994's \$54 million. On top of that, businesses gave \$20 million to PACs and parties which was then passed on to candidates. And \$14 million more came from individuals through corporate-sponsored PACs to candidate campaigns.

This \$112 million in money from corporate interests represents 36% of the money raised by candidates in the primary and general elections. General election candidates raised 42% of their funds from corporations.

Corporations tend to reward incumbents. Corporations gave \$33 million to incumbents and only \$2 million to their challengers. The average incumbent raised 56% of his or her funds from corporate sources, while the average challenger raised 18%.

Corporations also tend to go with winners. 52 of the 57 candidates who raised more than 50% of their money from corporations are now in office. 91% of general election winners raised more than \$100,000 from corporations, compared with only 18% of their opponents.

Candidates who appeal to large corporations clearly have a financial advantage, as their supporters have the means to pour vast sums of money into their campaigns. Since money largely determines election outcomes, corporate-backed candidates usually end up with the electoral advantage as well.

Looking at the percentage of total funds raised from corporate sources, many candidates clearly aimed their fundraising attention squarely on the corporate sector.

Candidates Who Concentrate Most on Corporate Funding

Candidate	Party	Race	Winner/ Loser	Incumbent	Total Raised	Total from Businesses and Business PACs	Pct from Businesses and Business PACs
Cardenas	D	Assem-39	W	I	\$655,550	\$597,684	91%
Washington	D	Assem-52	W	I	\$120,150	\$105,550	88%
Vincent, E	D	Assem-51	W	I	\$231,652	\$201,497	87%
Wright, R	D	Assem-48	W	I	\$268,489	\$227,507	85%
Papan, L	D	Assem-19	W	I	\$354,020	\$293,347	83%
Battin, J	R	Assem-80	W	I	\$651,300	\$533,464	82%
Gallegos	D	Assem-57	W	I	\$269,343	\$219,350	81%
Olberg, K	R	Assem-34	W	I	\$553,280	\$442,300	80%
Ackerman	R	Assem-72	W	I	\$333,307	\$261,702	79%
Brewer, M	R	Assem-70	W	I	\$438,598	\$338,970	77%
Granlund	R	Assem-65	W	I	\$487,501	\$376,543	77%
Escutia, M	D	Senate-30	W		\$322,496	\$246,797	77%
Margett, B	R	Assem-59	W	I	\$186,581	\$142,157	76%
Baugh, S	R	Assem-67	W	I	\$521,179	\$391,836	75%

Looking at the total dollar amount raised from corporations, some candidates who may not have raised as high a percentage of total funds from corporations still raised vast sums from the corporate sector. Seventeen current members of the Senate and Assembly raised over half a million dollars from corporations, as shown in the following table.

Winning Legislative Candidates Raising Largest Amounts of Corporate Money

Candidate	Party	Race	Incumbent	Total Raised	Total from Businesses and Business PACs
Johannessen, K	R	Senate-04	I	\$816,445	\$545,786
Villaraigosa, A	D	Assem-45	I	\$9,555,132	\$3,458,416
Leonard, B	R	Assem-63	I	\$4,275,430	\$2,100,074
Polanco, R	D	Senate-22	I		\$1,591,616
Costa, J	D	Senate-16	I	\$1,749,526	\$1,198,592
Peace, S	D	Senate-40	I	\$1,231,403	\$788,987
O'Connell, J	D	Senate-18	I	\$1,795,800	\$704,279
Hertzberg, R	D	Assem-40	I	\$889,647	\$635,696
Monteith, D	R	Senate-12	I	\$1,294,045	\$598,778
Cardenas, A	D	Assem-39	I	\$655,550	\$597,684
Wesson, H	D	Assem-47		\$881,859	\$577,080
Thompson, B	R	Assem-66	I	\$869,331	\$576,171
Battin, J	R	Assem-80	I	\$651,300	\$533,464
Machado, M	D	Assem-17	I	\$1,215,140	\$524,997
Perata, D	D	Assem-16	I	\$1,103,469	\$504,922
Baca, J	D	Senate-32		\$1,498,254	\$503,454
Morrissey, J	R	Assem-69	I	\$1,201,686	\$503,260

III. Politicians Raise Most of their Funds from Non-Constituents

In the 1998 election cycle, 75% of the contributions to legislative general election candidates were from donors outside of their legislative districts. This is no significant improvement over the 80% out-of-district percentage in 1994. Among gubernatorial candidates, 18% of funds contributed were from out of state.

Businesses were much more likely than individuals to cross district lines. 79% of the money that businesses gave to legislative candidates was out-of-district. In contrast, 45% of the amount contributed from individuals to legislative candidates was to candidates in other districts.

Contributions from outside the district are often larger than what local donors give. The average size of an out-of-district contribution - not including unitemized contributions of less than \$100 - was \$1850, more than double the \$800 average of contributions coming from within a candidate's district.

Out of District Fundraising (\$ millions)

	Assembly	Senate	Legislature Total	Governor	Other Races
In District	16	10.9	26.8	58.8	42.6
Out of District	49.3	29.3	78.7	13	3.7
Total	65.3	40.2	105.5	71.8	46.3
% Out of District	76%	73%	75%	18%	8%

Candidates Raising Highest Portion of Funds from Out of District

Candidate	Party	Race	Result	Incumbent	Total Raised	Pct Out of District
Cardemas, A	D	Assem-39	W	I	655,550	98%
Leonard, B	R	Assem-63	W	I	4,275,430	98%
Thompson, B	R	Assem-66	W	I	869,331	97%
Cannella, S	D	Senate-12	L		1,390,563	96%
Vincent, E	D	Assem-51	W	I	231,652	96%
Gallegos, M	D	Assem-57	W	I	269,343	96%
Dunn, J	D	Senate-34	W		1,001,855	95%
Escutia, M	D	Senate-30	W		322,496	95%
De Maillie, R	R	Assem-61	L		699,744	94%
Hertzberg, R	D	Assem-40	W	I	889,647	93%
Washington, C	D	Assem-52	W	I	120,150	93%
Hawkins, P	R	Assem-56	L		1,031,782	93%
Bowen, D	D	Senate-28	W		466,145	93%
Peace, S	D	Senate-40	W	I	1,231,403	92%
Wright, R	D	Assem-48	W	I	268,489	92%

IV. The High Price of Victory Is Getting Higher

Candidates needed to raise vast sums of money to win in the 1998 general election.

The smallest amount raised by a winning candidate - the minimum price of admission - was \$320,000 ... and that was for a virtually uncontested seat. The smallest amount raised by a victorious candidate in a race that was at least somewhat competitive¹ was \$1 million. The average raised by Senate winners was \$1.4 million, a 30% increase over the 1994 average.²

The average raised by Assembly winners was \$683,000, an 18% increase from 1994. The minimum price of admission to the Assembly was \$120,000 for a virtually uncontested seat. No candidate was able to in the general election with less than \$195,000. Thirty-six Assembly winners - 45% of the races - raised more than \$500,000.

Fundraising by Senate Winners

Candidate	Party	District	Total Raised
Polanco, R	D	22	\$2,378,039
Chesbro, W	D	2	\$2,213,837
Ortiz, D	D	6	\$1,909,450
O'Connell, J	D	18	\$1,795,800
Costa, J	D	16	\$1,749,526
Baca, J	D	32	\$1,498,254
Monteith, D	R	12	\$1,294,045
Peace, S	D	40	\$1,231,403
Dunn, J	D	34	\$1,001,855
Alarcon, R	D	20	\$964,253
Johannessen, K	R	4	\$816,445
Solis, H	D	24	\$788,994
Poochigian, C	R	14	\$656,564
Morrow, B	R	38	\$917,648
Figueroa, L	D	10	\$557,057

Highest Fundraising Assembly Winners

Candidate	Party	District	Total Raised
Villaraigosa, A	D	45	\$9,555,132
Leonard, B	R	63	\$4,275,430
Machado, M	D	17	\$1,215,140
Frusetta, P	R	28	\$1,209,123
Florez, D	D	30	\$1,197,914
Wayne, H	D	78	\$1,191,580
Perata, D	D	16	\$1,103,469
Kelley, F	D	27	\$1,097,844
Nakano, G	D	53	\$1,051,400
Lowenthal, A	D	54	\$968,908
Scott, J	D	44	\$963,391
Jackson, H	D	35	\$918,237
Hertzberg, R	D	40	\$889,647
Wesson, H	D	47	\$881,859
Cardoza, D	D	26	\$874,575
Thompson, B	R	66	\$869,331
Reyes, S	D	31	\$831,051
Oller, T	R	4	\$810,438
Migden, C	D	13	\$712,590
Davis, S	D	76	\$702,368

Topping the increase in total dollars were the candidates for governor. Gray Davis raised \$39 million and Dan Lungren raised \$34 million, for a combined increase of 52% over Pete Wilson and Kathleen Brown four years earlier. Winning candidates for other statewide offices and the four Board of Equalization seats raised \$36 million, up 45% from their 1994 counterparts.

Overall, winning candidates raised \$152 million, 24% more than the \$122 million raised in 1994. Statewide, Senate, and Assembly candidates all had major increases in fundraising over 1994.

V. Money Largely Determines Election Outcomes

The candidate who raised the most money won in 104 of the 112 California general election races for state-level office in 1998 (93%).³ This is no significant improvement over the 96% of races won by the top fundraiser in 1994.

Moreover, the further apart the two candidates were in fundraising, the higher the correlation between money and outcome. Of the eight races in which the winning candidate raised less, three were close fundraising matches, with a disparity of less than 1.25-1, and three others were almost close, with disparities between 1.25-1 and 2-1. 76 out of 78 candidates (97%) who outspent their opponents 2-1 or more won their elections.

More alarming still is the number of races where one candidate completely dominated the fundraising in his or her race - a dynamic that often scares away high-quality potential candidates from even running. In 67% of all races, one candidate raised more than five times as much as his or her opponent. In all of these races, the candidate who raised the most money won.

VI. Myths About Campaign Financing

Casual observers of campaign financing have often misunderstood its dynamics and have proposed changes that either don't attack fundamental problems or ultimately make those problems worse. At the same time, supporters of the status quo - and those who seek to loosen contribution limits at the federal level and in other states - have trumpeted false claims about the negative effects of contribution limits on our democracy.

California's 1998 campaigns throw a lot of water on many of the myths used against campaign finance reforms.

Myth 1. *Campaign fundraising is rising only because campaign costs are spiraling out of control.*

The increasing amount of money raised by candidates in recent years is not solely the result of an increased need for money driven by rising campaign costs. Based on the California experience, it appears to be driven more by the increased availability of money, and the increased ingenuity of campaign managers to tap into that money and spend it in more lavish ways.

53% more money was contributed to candidates in the 1998 election cycle than in the 1994 cycle. This is almost five times the 11% increase in three key indicators of the cost of campaigns. The increase in postage for the period was 11%⁴ - an expense that makes up a major portion of the expenses for California campaigns, especially for legislative candidates, most of whom cannot afford to buy TV and radio time in the major markets. The national average salary for managerial and professional specialty occupations, which would include campaign managers and political consultants, increased 11% between 1994 and 1998. And the Consumer Price Index also increased by 11% in that period.

The extra dollars raised are being used not so much to pay more for the same type of campaign items as in 1994, but for new and more expensive items. For example, where a 1994 candidate might have done mailings of two different letters to every voter in the district, 1998's cash-flush candidate could pay for detailed information on every voter in the district and send four letters - each with ten variations based on the targeted voter's interests and concerns.

Myth 2. *Unions pour as much money into campaigns as businesses do.*

Reform opponents argue that unions play the political big money game as hard as corporations. In reality, unions are vastly outspent by corporate interests. In the 1998 election cycle, unions were outspent by businesses 4.4-to-1. Unions gave less than \$8 million to candidates, and union PACs gave an additional \$16 million. Businesses and trade associations gave \$78 million, and

business PACs added \$27 million. This disparity is nearly as high as in 1994, when businesses outspent unions 5-to-1.

Myth 3. *Challengers benefit from the absence of contribution limits.*

Opponents of campaign finance reform claim that the only way to contest an inherent fundraising advantage of incumbents is by allowing contributions of unlimited amounts. These voices argue for the elimination of contribution limits in federal elections and in states where limits are in place, and against the creation of contribution limits where they do not now exist.

This argument does not correspond with actual experience. The success rate of challengers is typically as low in California, where there are no contribution limits, as it is in federal races, where corporate contributions are banned and individual contributions to candidates are capped at \$1,000 per election. Allowing fundraising in unlimited amounts helps incumbents at least as much as challengers - and probably more, since they tend to have closer ties to the business leaders who can afford to make massive contributions.

VII. How to Fix the Broken System

The number one influence on the California electoral arena is contributions from wealthy special interests. The most important factor in determining whether or not a candidate is elected is not how closely their outlook, experience, and stated positions reflect the preferences of the voters they represent. Instead, they get elected based upon how well their outlook, experience, and stated positions reflect the preferences of large donors, who usually do not live in the candidate's district and, as with corporations, may not be voters at all.

The solution is to reform our electoral system in a way that requires candidates to seek support from ordinary citizens who live in their district. Only then will the voters be solely responsible for electing their representatives, and only then will those representatives be truly accountable to their constituents. The following reform policies would help achieve this objective.

1. Set low contribution limits. Candidates should only be allowed to accept contributions that are within the reach of what ordinary citizens can afford. Every citizen would then have an equal opportunity to influence elections, and special interests would not enjoy disproportionate influence based upon wealth. These contribution limits should apply equally to candidates, parties, and PACs. Limits of \$100 would be adequate for these purposes.

2. Set in-district limits. It is plainly inappropriate for citizens outside of a candidate's district to influence the election of that candidate. Just as it is inappropriate for China to influence American elections, and just as a San Franciscan cannot vote in Los Angeles, it is inappropriate for interests outside a district to pour their money into the district. While outsiders may have business that will come before the winner of the election, this does not give them the right to diminish the voices of in-district voters and sway the election. While a complete ban on contributions from outside the district makes logical sense, requiring candidates to raise at least 75% of their funds from within the district is a reasonable first step.

3. Ban corporate contributions. As was done at the federal level in 1907, California should immediately ban direct contributions from corporations to candidates, parties, PACs, and ballot initiative campaigns. Corporations are entities established by the state and empowered for specific economic objectives. It is wholly inappropriate for corporations to use the vast sums of wealth that are accumulated through their economic privileges to influence elections. For-profit corporations should also be prevented from funneling contributions through trade associations or non-profit associations. Individuals who make up a corporation, including shareholders, employees, and management should be allowed to contribute to candidates and to organize their contributions via PACs if they so choose, subject to the same limits as those of other citizens.

4. Set mandatory spending limits. Wealthy candidates should be prevented from using their own money to overwhelm candidates backed by small contributions from ordinary citizens. This could be accomplished by mandatory spending limits, including limits on the use of personal wealth for campaigns.

5. Provide adequate resources for campaigns. Campaigns need not be as expensive as they are now - where the two candidates are the primary sources of information about themselves and they inform the public about their opinions via the same consultant-driven mass-marketing techniques that are used to sell toothpaste. However, candidates do need a certain amount of money to run effective campaigns. Additional resources can be brought into place via the following mechanisms.

A) People PACs. PACs that accept only in-district contributions in small amounts, say \$25 or less, could be allowed to give all of the funds thus raised to candidates of their choice within the district, and not be restrained by the \$100 limit that applies to individuals. This would encourage organizing of civic groups, and would maintain accountability toward citizens of ordinary wealth, while providing candidates with large pools of money.

B) Tax credits. Several states, including Arkansas, Minnesota, and Oregon, offer tax deductions, rebates, or deductions for small contributions to political candidates, parties, or interest groups.

C) Free TV. Citizens could condition the use of public airwaves by TV and radio corporations on the requirement that those stations provide free airtime to candidates during elections. As the airwaves are federally regulated, the federal government would need to institute this reform.

D) Public financing. California could choose from a variety of public financing mechanisms, from matching small contributions with public funds to replacing all private contributions with "clean money."

6. Protect freedom of speech. A central requirement to representative democracy and citizen self-government is for all citizens to have the opportunity to speak their opinions to the public. This does not necessarily guarantee all citizens a right to be heard, as the marketplace of ideas should determine which voices citizens want to listen carefully to and which voices they might choose to ignore. Our current system of campaign financing grossly distorts the marketplace of ideas by guaranteeing that those candidates who can amass great wealth can have their voices

heard via saturation advertising. Meanwhile, other voices who may have more compelling ideas never have the opportunity to present those ideas in a public forum. The Supreme Court has failed to understand this principle, and has instead protected the ability of wealthy interests to spend money without limit to influence elections, while striking down citizen efforts to set limits on contributions and spending in campaigns. Therefore, the Court has infringed on the freedom of speech of everyone who is not among the super-wealthy. Citizens, attorneys, and elected officials should make a concerted effort to educate the courts as to the error of their judgments. At the same time, they should be prepared to utilize the checks and balances established by the Founders of the country to pass a constitutional amendment which clarifies for the courts how elections ought to be run - to protect freedom of speech for all citizens, not just the rich.

VIII. Methodology

Research for this report was conducted with a database containing all contributions of \$100 and above to major party candidates for legislative and statewide office. The database was compiled by Capitol Weekly from Form 490 filings, which the Secretary of State requires of all candidates who raise at least \$1,000. An additional database produced from Form 490 summary pages provided totals for the amount raised by each candidate in amounts under \$100.

1994 is used for comparison with 1998 because it was the last election for statewide offices and the same Senate seats were up for reelection. Aside from changes in the external political climate, the only significant difference between the two election cycles was that the Senate majority leader - a top fundraiser - was running for reelection in 1994 (Bill Lockyer), but not in 1998 (John Burton). Term limits had been expected to significantly increase the number of contested races, which tend to attract more money. However, this factor was not significant, as there were only two more open seats in 1998 than in 1994 (37 vs. 35).

The figure for the average raised by Senate winners includes \$7.6 million raised by John Burton in 1997-98. Although Burton was not up for reelection in 1998, all of the money he raised was passed on to support Senate candidates who were running in 1998. According to summary filings, Burton spent \$9.9 million in the two year period, but the smaller fundraising total was used. The figure for the total raised in the 1998 election cycle does not include Burton's fundraising. Without Burton's fundraising, the average for Senate winners was \$1.1 million, almost identical to the 1994 average, which included fundraising by then-Majority Leader Lockyer. Burton's fundraising was also included in the out-of-district calculation.

Contributions made in the six months following the two-year election cycle were included for the 1994 cycle, a period when candidates raise money to retire debts from the recent elections. This data is not yet available for the 1998 cycle. Instead, the data set for the 1998 cycle includes contributions made in the eighteen months prior to the two-year election cycle (July '95 through December '96) for those candidates who ran for office in 1998 but not in 1996.

While these data periods are different, they are closely comparable. 1994 candidates raised \$20 million in the six months following the 1994 cycle. Since the amount of candidate debt at the end of the two-year cycles went from \$33 million in 1994 to \$47 million in 1998, fundraising in the first six months of 1999 is expected to be far higher than the first six months of 1995.5 1998

candidates not running in 1996 raised \$34 million in the 1 1/2 years before the beginning of the two-year 1998 election cycle.

Some of the candidates who are listed in this report as having raised no money may in fact have raised a small amount. It is expected that a few candidates slipped through the data gathering process by filing late, getting waivers from full reporting, or having disputes under investigation as data was being gathered. It is not expected that any of these candidates raised a large amount of money.

Figures for the total raised by each candidate include all funds from all sources, including money that was later passed on to other candidates. For calculating the fundraising disparity between candidates in each race, funds transferred to other races was subtracted, leaving totals for the amounts spent on each candidate's own race.

The amount of small contributions, corporate contributions, and union contributions donated to candidates through PACs was calculated based on analysis of a database of 1994 contributions to 75 of the biggest California PACs. CALPIRG assembled this database from the paper records filed with the Secretary of State. The average raised in small contributions was calculated for each type of PAC - corporate, union, ideological, leadership, or other - as well as the average raised from businesses and unions. Under the assumption that PAC donors and their contribution sizes would not have changed dramatically, these percentages were then applied to the 1998 PAC-to-candidate contributions and totaled for each candidate.

For the calculation of the average contribution, multiple contributions from the same donor to the same candidate were aggregated.

Each contribution was calculated as in or out of district based on the donor's zip code. If any portion of the zip code was contained in the candidate's district, the contribution was assumed to be in-district, even when the majority of a zip code lies in another district. The figures in this report thus understate out-of-district percentages to some extent. Donors with no reported zip codes were assumed to be out-of-district in the same proportion as the contributions to each candidate which had reported zip codes. All contributions under the \$100 reporting threshold were assumed to be in-district.