



# California Target Book

## **MEDIA ADVISORY**

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## **INDEPENDENT EXPENDITURE SPENDING HAS REACHED RECORD LEVELS**

Independent expenditure (IE) spending in legislative races has smashed the highs reached in 2014 and could edge out the \$30 million in outside spending that flooded into legislative races between 2014's June Primary and the November election. As of Tuesday morning, no fewer than 79 IE committees had poured \$24,301,172 into legislative races. In the 2012 and 2014 primary and general elections, between 21% and 30% of that election's IE spending arrived during the final seven days, which would put this year's total IE primary spending north of \$30 million if that pattern holds.

Since 2010, there has been a steady rise both in the amount of outside spending and in the share of this spending in the overall total spent in legislative races. In 2010, \$11.5 million of the \$108.6 million spent in legislative races came from outside sources. After redistricting reforms, changes to term-limits, the ushering in of the top-two primary, along with the 2010 Citizens United Supreme Court case triggering a new way of thinking about campaign expenditures, outside spending surged to \$33.3 million in 2012 and IE spending more than doubled its share of overall spending from 11% the previous cycle to 23.6% of the \$108.1 million spent in legislative races in 2012. The next election cycle witnessed another increase, with \$47.2 million of the \$174.3 million coming from outside sources and the share rising to 27.1% of the total spending in legislative races. Year to date, \$24.2 million of the \$73.8 million in overall spending has come from IE committees. Outside expenditures already account for nearly a third of the total, and could surge closer to 40% once the final receipts are tallied.

The rise in spending is accompanied by a similar increase in the sheer number of legislative races impacted by it. In the 2010 Primary, only one legislative race exceeded \$1 million in IE spending, and only four saw expenditures exceeding half a million. The 2012 Primary saw the numbers double on both fronts, with two races exceeding \$1 million and eight logging over half a million in IE spending. During the 2014 Primary, five legislative races saw over \$1 million in spending and twelve races exceeded half a million. This year, eight legislative races have already broken the \$1 million barrier for IE spending, while fifteen

have seen over half a million. Four of those races have now exceeded \$2 million in IE spending.

The \$3.79 million spent during the 2014 Primary for the 16th Assembly District seat serves as a prologue for the dynamics at play this year. After Democratic Assembly member Joan Buchanan was termed-out, the open seat led to a largely three-way race between moderate Democrat (and now State Senator) Steve Glazer, Tim Sbranti, a teacher, mayor, and the political Chair of the California Teachers Association, and moderate Republican Catharine Baker. The primary race drew huge sums of outside spending from realtors, charter schools, and education reform groups backing Glazer, and from teachers and other labor unions backing Sbranti. In keeping with the pattern seen in past and present elections, the spending during the primary to support the Republican accounted for a small fraction of the total. Sbranti edged out Glazer by 6% during the primary, but ultimately lost to Baker (who received Glazer's endorsement) during the general election.

This year, the two principal sources driving the spending increase are education and energy oriented groups. Since the 1988 passage of Prop 98, which mandated that a minimum of 40% of California's budget be directed to education, there has been a marked interest in how best to allocate this vast sum of money. With Governor Brown's proposed 2016-2017 budget directing nearly \$65.8 billion to K-12 and higher education (53.66% of the \$122.6 billion total), this remains more so than ever. EdVoice, which has spent \$4.26 million, and the Parent Teacher Alliance, Sponsored by California Charter Schools Association Advocates Independent Expenditure Committee, which has spent \$3.42 million, have directed the vast majority of their \$7.68 million in combined spending towards supporting moderate Democrats in competitive assembly and state senate races scattered throughout the state. The two groups have little to no overlap in the individual races being targeted, but share an eclectic donor roster of real estate developers, venture capitalists, hedge fund managers, Silicon Valley CEOs, and heirs to the Wal-Mart and Gap clothing company fortunes.

Sandwiched between the education and energy groups is the California Realtors Association, which takes the number three spot and accounts for \$2.24 million of the money deployed so far this year. While they, too, have been mostly assisting moderate Democrats and Republicans, they are not completely in lockstep with the energy and education-oriented groups, backing opponents to the candidates endorsed by those groups in SD15 and AD43.

Coalition to Restore California's Middle Class, along with IE committee Keeping Californians Working, occupy the number four and five slots, with respective spending of \$1.8 million and \$870.8 thousand. The two groups have received significant funding from the energy industry, and the beneficiaries of their largesse have largely been, as with the former

group, moderate Democrats. The bulk of incumbent candidates receiving their support sided with the energy industry in defeating a provision in last year's SB 350 environmental bill that would have mandated a 50% reduction in petroleum usage by 2030. The petroleum reduction vote was considered a red line by environmental groups and progressive challengers were recruited in retaliation. Nowhere is this more visible than in AD47, where Asm. Cheryl Brown is facing an attack from her left by Eloise Gomez-Reyes, a Colton attorney backed by labor and environmentalist groups. This is so far the only \$2 million IE spending race in which an incumbent is running for re-election. Aissa Sanchez, a Republican candidate who has raised no money, has nevertheless been the beneficiary of nearly \$62 thousand worth of outside spending as part of an effort to secure her enough votes to elbow Reyes out of the top-two primary. In SD15, the energy industry appears to be adopting a 'sauce for the goose, sauce for the gander' approach, with the energy-friendly moderate Democrat Asm. Nora Campos mounting a challenge to incumbent Jim Beall, Jr. and receiving a windfall in IE spending. Billionaire environmental activist Tom Steyer responded by launching an IE committee to back Beall, funding it to the tune of half a million dollars.

Perhaps more interesting than where the money is coming from, is where the money isn't coming from. At this point in 2014, teachers unions, labor groups, and environmentalists were behind approximately a quarter of the outside spending, opening their wallets to the tune of \$3.5 million of the \$12.6 million spent up to that point in legislative races. This year, they are behind just 10.5% of the IE spending, accounting for \$2.5 million of the \$24.2 million in outside expenditures. As recently as last week, the spending accounted for only 5%, with most of the sudden increase in the recent days coming from Tom Steyer and consumer attorneys and teachers groups becoming more active. Permanent Vote By Mail voters account for a rising share of the electorate as voters are increasingly avoiding the polls, and in some of the more contentious races this cycle, that figure is at over 70% of registered voters in those districts. As of last Friday, over 1.5 million ballots had already been returned to the counties according to totals tabulated by Political Data, Inc. It is possible that as many as a million additional ballots are in the mail now on their way to the counties. Political Data's figures show a much higher return of ballots for the 2016 primary than was the case in the 2014 primary and general election, which may mean a much higher turnout in 2016. But it may also be a sign that people are more accustomed to voting by mail and getting their ballots in earlier. No matter the reason, the calculus of election spending is changing and belated attempts to affect voter behavior at this late hour will have steadily diminishing returns.

With the most recent figures released by the Secretary of State showing a deteriorating percentage of the electorate identifying as Republican, the money is increasingly focused on cultivating a varietal of Democrat that pairs well with interests often at odds with the party's traditional

stances. However, the exodus from the GOP and into the Democratic Party's big tent poses its own unique set of challenges. In terms of dollars and cents, the 2016 Primary has become a battle for the soul of the Democratic Party. The GOP's decline has been matched by a corresponding rise in the influence of the moderates, and with that rise, the fissures within the Democratic caucus exposed by the debate over SB 350 are likely to deepen. Whether and how the two factions will reach a detente and be able to co-exist side by side after this year's eruption of blue-on-blue warfare will remain one of the more intriguing questions going forward.