

Democracy North Carolina

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Campaign Costs Skyrocket in Chapel Hill – Spending By Mayoral Candidates Has More Than Tripled Since 1995

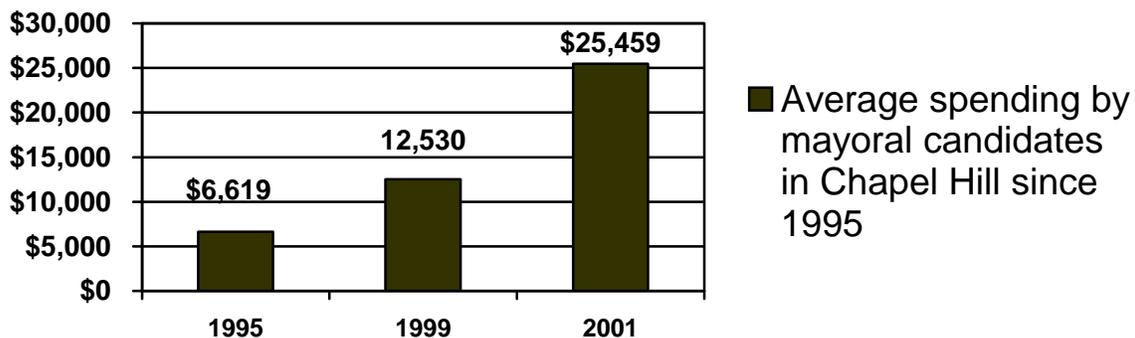
98.6% of major contributors are white and gave more than \$4 of every \$5 of the campaign cash for mayor

By Peter Walz

As citizens in Chapel Hill consider becoming candidates in this year's mayoral race, likely challenging incumbent Mayor Kevin Foy, they should be wary about some troubling trends in campaign spending and fundraising for the position.

A review of Orange County Board of Election campaign reports in Chapel Hill's mayoral race since 1995 has found that the average amount spent by candidates in contested races more than tripled from 1995 to 2001. The study, by the non-partisan and non-profit watchdog group Democracy North Carolina (formerly the N.C. Project of Democracy South), has also found that the major campaign contributors to the candidates for mayor in 2001 gave more than \$4 of every \$5 in the race. Those same donors made up less than 0.5% of Chapel Hill's population and were more than 98% white. Also, the pro-growth development community invested heavily in Lee Pavao's unsuccessful bid for mayor in 2001, giving more than 1 in every 3 of the major donations to his campaign.

"While anyone in Chapel Hill can ride the bus, there is a very expensive fare to run for mayor – regular folks just can't come up with tens of thousands of dollars simply to run for public office," says Peter Walz, who conducted the study on behalf of Democracy North Carolina. "The more expensive elections become, the more exclusive they will be for those with access to wealth."



Mayoral Race Spending Skyrocketing:

The average amount spent by candidates for Chapel Hill's most prized political position has been steadily on the rise since 1995. The average spent in 1995's race between eventual winner Rosemary Waldorf and Kevin Foy (who won in 2001) was \$6,619. There was no race in 1997 as Waldorf ran unopposed. The 1999 election pitted Waldorf against Susan Franklin and the spending average

climbed upward to \$12,530 spent per candidate. The Kevin Foy versus Lee Pavao race in 2001 was historic in spending for the mayor's office, averaging \$25,459 between the two. The rise in spending is a more than tripling of the average spent by mayoral candidates in Chapel Hill in 1995, even after adjusting for inflation. (Adjusted for inflationⁱ in 2001 dollars, the figures are: \$7,691.76 spent on average in 1995 and \$13,319.70 spent on average in 1999)

Race and Party Politics in the Mayors Race:

Democracy North Carolina found 247 major campaign contributors – defined as those giving \$100 or more - in Chapel Hill's 2001 mayoral race. About the 247 top contributors:

- Based on recent census dataⁱⁱ for the town of Chapel Hill, the 247 contributors make up less than one half of 1% of the town's population. (.48%)
- Those 247 contributors, including the candidates themselves, gave \$43,100 to both Pavao and Foy, over 84% of all the money raised by the two candidates (total raised by Foy and Pavao was \$51,091).
- 76 donors contributed to Foy, 171 donors contributed to Pavao.

The top 5 contributors in 2001 Mayoral Race:

- The candidates: Mayor Foy gave his own campaign \$9,800 while Lee Pavao gave his own campaign \$4,354.
- The Ernest and Maurice Koury families of Burlington: A wealthy family in textile manufacturing, gave Pavao \$600 on 12-19-01, more than a month after the election, through six family members. Giving contributions from a family members or co-workers on one day in one large amount is known as “bundling” contributions, often increasing the impact and influence of the contribution.
- The Steven and Leigh Hart family of Chapel Hill: A husband and wife in dentistry, gave Pavao \$500, giving \$100 each and \$100 for three children.
- Stuart Bondurant: Chapel Hill physician gave Pavao \$500 on 11-27-01, which appeared to be \$300 over Chapel Hill's \$200 contribution limit. The Orange County Board of Elections was notified by Democracy North Carolina of this error after conducting this study, which contacted the Pavao campaign treasurer, Steven Manton. On 1/29/03 Manton subsequently told the Orange BOE that the listed \$500 contribution was a set of 10 separate \$50 contributions, all from doctors such as Bondurant. This appears to be another case of “bundling” contributions.
- Peter and Mary Margolis of Chapel Hill: Physicians for UNC Health Care gave a total of \$475 to Foy, although \$75 of that money was repaid by Foy.

Disclosure and the Development Community:

Chapel Hill should be applauded for the town's \$200 limit on campaign contributions and requirement that all donors who give over \$20 must be reported in a candidates campaign finance reports. However, the candidates are not required to reveal the occupations and employers of donors who give \$100 or less. In the 2001 mayoral race, candidates' Foy and Pavao were required to disclose the occupational/employer information of less than 5% of all their donors (24 out of 492 contributions).

Pavao's campaign should be commended for listing the occupation of each of the 261 contributions he received. However, many of those disclosures were extremely vague without the additional information of the donors' employer. For instance, Roger Perry, developer of the controversial Meadowmont project in Chapel Hill, was simply listed as “CEO.” Another Meadowmont developer, Robert Woodruff, was listed only as “executive.”

Democracy North Carolina was able to determine that of the 171 major donors to Pavao, more than 1 in 3 were connected to the development community (developers, construction, appraisers, real estate, home builders, others with ties to Meadowmont and Weaver Dairy Road expansion), which is typically at odds with environmentalists in Chapel Hill. The development community gave over 39% (\$6,900) of Pavao's major donor campaign money (\$17,400).

“The major problem is the appearance that developers are attempting to buy undue influence with a prospective mayor. That appearance gives weight to voter cynicism about our democracy and the roll of special interests,” says Walz.

Kevin Foy's campaign disclosed only 15% of his donors' occupations/employers (35 out of 231 campaign contributions.) Five development-community contributors were found among these contributors, giving a total of \$600 to his campaign. Two of those six contributors, Eunice Brock and Thomas Heffner, gave to Pavao as well. Foy had a number of local smart-growth advocates and environmentalists among his major donors, including Beth and Dan Okun, Henry and Madeline Jefferson, and Robert and Margaret Brown.

Many local citizens are worried that the big-money influence of developers, such as in Cary, Chatham County, Durham, and Raleigh, could be headed to Chapel Hill elections.

Dennis Markatos, Youth Coordinator of N.C. Common Cause Education Fund and Chapel Hill resident says, “While our municipal elections may not have the problems of other municipalities, many citizens want a preventative system in place such as public financing to ensure that big-money contributors do not control future elections in Chapel Hill.”

The Color of Money:

As campaign spending grows, the small circle of donors from whom candidates must raise their funds becomes a roadblock for nearly all candidates who are not wealthy themselves. National studies of major donors to congressional campaigns has found that those donors are 90% white and 4 of 5 have average incomes over \$100,000.ⁱⁱⁱ

Of the major donors identified by race^{iv} in the Chapel Hill 2001 mayoral campaign, they were:

- 1.4% African-American or 3 of 217 contributors identified. (All three gave to Pavao)
- 98.6% white or 214 of 217 contributors. (150 to Pavao, 64 to Foy)

The latest census data for Chapel Hill states that:

- African-Americans make up 11.4% of Chapel Hill's population;
- Asian Americans 7.2%;
- Native American/Eskimo 0.4%;
- White 77.9%;
- 3.0% identified “other.”

Fred Battle, President of the CH-Carrboro NAACP, says that, “This is an indicator that in local politics blacks don't feel like their voices are heard. It should be about issues, not about who can raise the most money.”

Party Politics:

While the mayoral race is a “non-partisan” election, the study also found that there were some clear distinctions in political leanings of the major contributors to the 2001 mayoral candidates' campaigns. Kevin Foy's major contributors were overwhelmingly affiliated as Democrats (50 of 64)

and unaffiliated, with only four Republicans contributing to his campaign. However, more than one in three of Lee Pavao's major contributors were Republicans (51 of 152 identified donors).

Of the major donors identified^v by political party, they were:

- 61.1% Democratic (78.1% of Foy's contributors, 53.9% of Pavao's contributors)
- 25.5% Republican (6.3% of Foy's contributors, 33.6% of Pavao's contributors)
- 13.4% Unaffiliated (15.6% of Foy's contributors, 12.5% of Pavao's contributors)

Who's Who of Chapel Hill Donors:

Chapel Hill citizens who want to run for mayor will also have some connections to some of the best-known town families. Some highly recognizable names also were on the major donor lists of Pavao and Foy including:

- Lt. Governor Bev Perdue: Her husband, Robert Eaves, gave \$100 to Pavao.
- Basketball: Leesie Guthridge, wife of former UNC basketball coach Bill Guthridge, gave \$100 to Pavao.
- Elected officials: Moses Cary Jr. (Orange County Com.), Pat Evans (CH town council), the wife of David Price (Congress NC 4th), the husband of Teresa Williams (CH-Carr BOE), Ken Broun (former mayor CH), and the husband of Rosemary Waldorf (former mayor CH) each gave \$100 to Pavao.

Contributors to Kevin Foy included Bill Strom (CH town council), Margaret Brown (Orange County Com.), the husband of Dorothy Verkerk (CH town council), and Julie McClintock (former CH town council).

Study Conclusion

As a result of these troubling trends in spending and fundraising, and to ensure that all voters in Chapel Hill have a meaningful chance to run for public office without dependence on personal wealth or special interest money, the town of Chapel Hill should consider a public financing alternative based on the successful programs in Maine and Arizona. Often called a "Clean Election" or "Voter-Owned Election" program, this type of comprehensive reform would allow qualified candidates without wealth to run for office and strengthen voter confidence in the integrity of elections by replacing privately financed campaigns with publicly financed campaigns.

ⁱ Based on the Consumer Price Index at the U.S Department of Labor, Bureau of Labor Statistics.

ⁱⁱ According to The Town Of Chapel Hill website: "*The Town, which was incorporated in 1819, presently covers an area of 21.04 square miles and has a population of 51,598.*"

ⁱⁱⁱ 1998 study founded by the Joyce Foundation and available at: www.opensecrets.org/pubs/donors/donors.htm

^{iv} Based on searches of voter registration information at the North Carolina Board of Elections. Democracy North Carolina was able to identify 217 of the 247 major donors.

^v Based on searches of voter registration information at the North Carolina Board of Elections. Democracy North Carolina was able to identify 216 of the 247 major donors.