

ISSUE UPDATE

NOW WE KNOW: NJEA LEADERSHIP HAS ALREADY SPENT \$5 MILLION OF TEACHERS' DUES SUPPORTING NJEA PRESIDENT SEAN SPILLER'S PERSONAL SUPER PAC

Is supporting Spiller in the best interests of ALL teachers?

June 26, 2024

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Executive Summary

We know the New Jersey Education Association (NJEA) is all-in for NJEA President/ex-Montclair Mayor Sean Spiller running for governor. In very quick succession, Spiller announced his candidacy and almost immediately thereafter the NJEA endorsed him. With the millions it takes to run for governor, Spiller's "profound and obvious" conflict of interest is going to get a whole lot bigger.

What we did not know was just how big that conflict of interest was. Sunlight previously reported that the NJEA's Super PAC, Garden State Forward, had contributed \$2 million to Spiller's own Super PAC, Protecting Our Democracy, in 2024. We now have learned that Garden State Forward also gave \$3 million to Protecting Our Democracy in 2022. This contribution was *not* reported to New Jersey's elections watchdog, as the 2024 \$2 million contribution was. So NJEA leadership -- including Spiller -- has already spent \$5 million on Spiller's personal political ambitions. How many more millions of teachers' dues will they spend as Spiller runs for governor?

Spiller's run for governor represents a massive -- and growing -- conflict of interest for the NJEA president. The NJEA's Super PAC, Garden State Forward, has been and will be the NJEA's main vehicle for supporting Spiller. It can spend unlimited amounts of money and is funded by the \$135 million pool of New Jersey teachers' regular, annual dues. NJEA leadership -- including Spiller -- has directed Garden State Forward to spend \$5 million on ... NJEA President Spiller.

Yet NJEA leadership hides Garden State Forward's existence from teachers. It has never been mentioned in the NJEA's main interfaces with teachers: its website and its monthly magazine for teachers, *NJEA Review*. Its social media sites have been dead since 2017. Its political spending is directed by a small subset of NJEA leadership (including Spiller) in an opaque process that remains hidden from teachers. Most teachers have no idea that Garden State Forward even exists, let alone that they are funding it. This means that teachers have been forced to fund Spiller's personal political ambitions *without their knowledge and therefore without their consent*.

Moreover, Spiller will be running as a progressive Democrat. But what if a teacher is not a progressive or a Democrat? What if a teacher is a Republican or an independent, as

over 60% of New Jersey voters are? What if a teacher simply does not want her hardearned money spent on politics?

It doesn't matter. She won't have a choice.

Then there is the issue of Spiller, himself. Spiller has been a highly controversial political figure. His tenure in Montclair has been full of legal troubles, strife, and discontent. The word around Montclair is that Spiller did not run for re-election because he is so unpopular he would have lost badly.

Spiller also has unresolved criminal liability hanging over his head. There is reportedly an on-going, state criminal investigation of Spiller's alleged misuse of state health benefits. Three Wildwood officials were indicted for similar behavior, and Spiller pleaded his 5th Amendment right against self-incrimination over 400 times in a deposition.

The *Star-Ledger* highlighted this reality in its recent editorial, "<u>Gov. Spiller? Not until</u> <u>he explains all this</u>:"

"Spiller needs to address the many legitimate concerns about his ethics, as mayor of Montclair, and as president of the New Jersey Education Association."

All of which is to say that we question whether New Jersey teachers would choose to spend their hard-earned money for such a candidate. And yet they have no choice. Maybe that's why Spiller and NJEA leadership are trying to hide the \$5 million they've already spent.

Introduction

NJEA President/ex-Montclair Mayor Sean Spiller is running for governor and the NJEA is all-in, immediately endorsing him and surreptitiously supporting him with millions of teachers' regular dues.

The NJEA has supported NJEA President Sean Spiller throughout his personal political career. It almost as if NJEA leadership has been cultivating Spiller to run for governor all along. He was <u>trained</u> to run for public office by the NJEA's Political Leadership Academy. He was then <u>supported</u> in his campaign for Montclair town council in 2016 as well as his mayoral run in 2020, allowing him to massively outspend his rivals.

When Spiller's unpopularity in Montclair prevented him from running for re-election as mayor, Spiller moved on to greener pastures. He started his own Super PAC, <u>Protecting Our Democracy</u>, which was widely and correctly seen as a platform for a Spiller gubernatorial run. Via its own Super PAC, Garden State Forward, we now know that NJEA leadership -- including Spiller -- has very quietly given \$5 million to Protecting Our Democracy. All paid for by New Jersey teachers' highest-in-the-nation dues.

<u>New news: IRS filings reveal NJEA leadership spent \$3 million</u> <u>more on Spiller than was previously reported to ELEC</u>

As so often happens with the NJEA's political spending, a researcher has to do a lot of digging to get at the truth. The NJEA's Super PAC, Garden State Forward, is not supposed to be a dark-money Super PAC, but the NJEA seems to treat it like one.

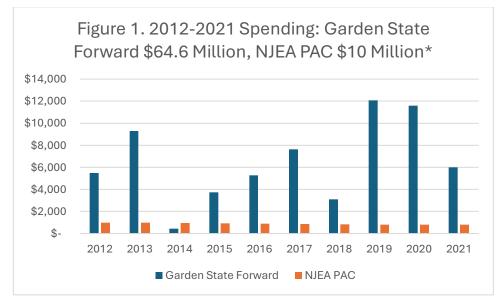
Sunlight has already <u>reported</u> on Garden State Forward's giving \$2 million to Spiller's own Super PAC, Protecting Our Democracy, in January, 2024.

We then received a tip that Garden State Forward also gave \$3 million to Protecting Our Democracy in 2022. The \$3 million was not reported to the New Jersey Election Law Enforcement Commission (ELEC), as the 2024 \$2 million donation was. We checked Garden State Forward's IRS Form 8872 filings and there they were: \$1 million on April 27, 2022 and \$2 million on September 12, 2022. (See Appendix A).

<u>Garden State Forward has been the NJEA's main vehicle for</u> <u>funding Spiller's personal political ambitions.</u>

Founded in 2013, Garden State Forward is a Super PAC that can spend unlimited amounts of money in support of political candidates. Importantly, unlike the NJEA's traditional PAC, NJEA PAC, Garden State Forward is funded by teachers' regular, annual dues, which are withheld from every paycheck. This means that NJEA leadership can draw from a \$135 million pool to support the NJEA's favored candidates. As a result, Garden State Forward has become the NJEA's primary vehicle for political spending, eclipsing the NJEA's traditional PAC, NJEA PAC.

And spend they have. As shown in Figure 1, for the decade 2012-2021, the NJEA allocated \$64.6 million to Garden State Forward compared to \$10 million in funding for NJEA PAC. Adding in data for 2022-24, Garden State Forward has spent a total of \$71 million of teachers' regular dues on politics -- without their knowledge and therefore without their consent.



*Tax-year 2012 = NJEA FY2013. Source: NJEA IRS Forms 990, 2012-2021.

As has been the case in previous elections, and particularly in previous gubernatorial elections, Garden State Forward will be the NJEA's primary vehicle for political spending. If the past is prologue, we can expect that the NJEA will spend many millions more of teachers' regular dues in support of Spiller's run.

NJEA leadership hides its Super PAC from the teachers pay for it

Despite its being the NJEA's main vehicle for political spending, and despite its being funded by teachers' regular dues, NJEA leadership hides the existence of Garden State Forward from the very teachers who fund it.

In an opaque and secretive process, Garden State Forward is run by a three-person subset of NJEA leadership -- including Spiller -- which directs how those millions of dues are spent -- including the \$5 million supporting Spiller's Super PAC.

As the <u>Star-Ledger</u> described: the contribution to Spiller's Super PAC was "decided behind the scenes by three top executives -- one of whom was Spiller himself." The process was "completely opaque" and thus hidden from teachers.

By design, teachers have been kept in the dark about this self-dealing by Spiller because NJEA leadership -- including Spiller -- hides the existence of Garden State Forward from the very teachers who fund it. In its entire existence, Garden State Forward has *never* been mentioned in any of the NJEA's main interfaces with teachers:

- Search of NJEA Website: No Results for "Garden State Forward." Searching the NJEA's website for the words "Garden State Forward" results in this response: "Sorry, but nothing matched your search terms. Please try again with different keywords."
- Budgets and Delegate Assembly Minutes in *NJEA Review*: No Mention of Garden State Forward. Sunlight has read every edition of *NJEA Review* since 2013, including all the Delegate Assembly minutes and annual budget summaries, and the expenditures for Garden State Forward are disguised with generic terms like "organizational projects" and "independent expenditure issue advocacy effort."
- **Garden State Forward Social Media: No Posts Since 2017**. There is a Garden State Forward Facebook <u>page</u> and a X (Twitter) <u>page</u> but nothing has been posted to either since October 23, 2017 -- *over six years ago*. These are effectively dead social media sites that provide no information to teachers.

NJEA leadership knows what transparency looks like: NJEA PAC is a model of transparency. On the other hand, the NJEA's traditional political action committee, NJEA PAC, is a model of transparency. Its internal processes and endorsements are regularly provided on both the NJEA website and in *NJEA Review*. A search for "NJEA PAC" on the website generates <u>seven pages</u> of results.

Revealingly, NJEA leadership uses NJEA PAC's transparency to mislead teachers into thinking political spending is limited to NJEA PAC. On its website, the NJEA <u>states</u> <u>unequivocally</u>: "By law, dues money cannot be used for partisan political campaigns." So a teacher would draw the conclusion that her dues are not being spent on politics, when they actually are.

<u>Spiller will run as a progressive Democrat, but what if a teacher</u> <u>does not want to support a progressive Democrat?</u>

If Spillers' Montclair political career and Protecting Our Democracy's platform are any indications, Spiller will run as a progressive Democrat.

But what if a teacher is not a progressive or a Democrat? What if she is a Republican or independent, <u>as over 60%</u> of New Jersey voters are? What if she simply doesn't want her hard-earned money spent on politics?

It doesn't matter. She won't have a choice.

Spiller is a controversial politician with a history of ethical problems

In a hard-hitting editorial, "<u>Gov. Spiller? Not until he explains all this</u>," the Star-Ledger said it well: "Spiller needs to address the many legitimate concerns about his ethics, with as mayor of Montclair, and as president of the New Jersey Education Association."

Spiller Is a Walking Conflict of Interest. The *Star-Ledger* rightly characterized the contribution to Spiller's Super PAC as a "pretty big conflict of interest," and asked: "Is it really in the best interest of teachers to use millions of their dues to advance his own political career, without their knowledge?"

But this is just the latest in a long line of conflicts of interest that have plagued Spiller's career as a politician. Yet Spiller remains undeterred, seeing nothing wrong with his "profound and obvious" conflicts of interests as a councilman, as mayor and as NJEA president. (*Star-Ledger*).

As a Montclair councilman, Spiller was removed from the Board of School Estimates (which approves school budgets) by a Superior Court judge because of his blatant conflict of interest as an NJEA officer.

But that didn't stop Spiller. Spiller then ran for mayor, where his conflict of interest was even greater because at the time the mayor appointed the school board, which negotiated with the NJEA-affiliated Montclair Education Association. That didn't bother Spiller either but it did bother Montclair citizens: Spiller won by less than 2% despite outspending his opponent <u>30-to-1</u> (thanks to the NJEA). Montclair citizens then showed their displeasure at Mayor Spiller's massive conflict of interest by stripping him of his appointment power.

Spiller's Legal Troubles as Montclair Mayor. During his tenure as mayor, Spiller's ethical problems increased. According to the <u>Montclair Local</u>, Spiller was named in a whistleblower lawsuit that alleged illegal use of state health benefits and then retaliation against the whistleblower, among other misdeeds. In the end, Montclair was forced to settle the lawsuit for \$1,250,000, \$1,000,000 of which will be borne by Montclair taxpayers. But this is not the end of the matter for Spiller, who faces potential criminal liability for allegedly accessing state health benefits that he was not eligible for. Per the *Local*, the New Jersey Attorney General's office is conducting an on-going criminal investigation and subpoenaed the town for pay records and other documents.

We do know that Spiller pleaded his 5th Amendment right against self-

incrimination over 400 times in his deposition for the whistleblower lawsuit. And we do know that three Wildwood officials were <u>indicted</u> by the Attorney General for similar abuse of health benefits. The criminal threat to Spiller appears very real: even the judge in the whistleblower lawsuit stated he was "more worried" about town officers getting "health benefits they weren't entitled to" than the town's stonewalling in the civil lawsuit.

Spiller is So Unpopular that He Chose Not to Run for Re-Election. The word around Montclair is that Spiller is so unpopular that he chose not to run for re-election as mayor because he would have lost badly. Hardly a ringing endorsement of Spiller for governor from deep-blue Montclair.

Conclusion

So the conflict of interests that have plagued Spiller's personal political career -- and which he repeatedly ignored -- have now spread to the organization he leads as president.

Spiller is part of a small subset of NJEA leadership that has already directed \$5 million to Spiller's own Super PAC via the NJEA's Super PAC, Garden State Forward. Yet NJEA leadership hides the existence of Garden State Forward from the very teachers whose dues fund it. Most teachers do not know Garden State Forward exists, let alone that they are paying for it.

And now we know that \$3 million of these contributions were not even reported to New Jersey's elections watchdog. Sure looks like Spiller and NJEA leadership are trying to hide something.

But what if a teacher does not want her dues spent on the controversial progressive Democrat Spiller? Or doesn't want her hard-earned money spent on politics at all? Too bad. She doesn't have a choice. NJEA leadership -- including Spiller -- has made her choice for her. It's a rotten deal for New Jersey teachers.

We'll leave the last word to the *Star-Ledger*: "The people of New Jersey deserve transparency without a whiff of conflict — not another politician who operates in the dark."

We'd just add that teachers deserve the same.

APPENDIX A

1. Garden State Forward IRS Form 8872, Political Organization Report of Contributions and Expenditures, for period 7/1/22 - 9/30/22.

Schedule B Itemized Expenditures		Schedule	
Recipient's name, mailing address and ZIP code	Name of recipient's employer	Amount of Expenditure	
Protecting Our Democracy, Inc	N/A	\$ 2000000	
O Box 15845	Recipients's occupation	Date of expenditure	
Vashington, DC 20003 -	N/A	09/12/2022	
Purpose of expenditure			

2. Garden State Forward IRS Form 8872, Political Organization Report of Contributions and Expenditures, for period 4/1/22 - 6/30/22.

Form 8872 (11-2002)						
Schedule B Itemized Expenditures		Schedule				
Recipient's name, mailing address and ZIP code Protecting Our Democracy Inc PO Box 15845 Washington, DC 20003 -	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 1000000 Date of expenditure 04/27/2022				
Purpose of expenditure Contribution						
Recipient's name, mailing address and ZIP code Aggregate Below Threshold 180 West State Street Trenton, NJ 08607	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 200 Date of expenditure 06/30/2022				
Purpose of expenditure Aggregate Below Threshold						
Recipient's name, mailing address and ZIP code Progressive Values Committee 40 Avenue B Bayonne, NJ 07002 -	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 70000 Date of expenditure 05/03/2022				
Purpose of expenditure Contribution						
Recipient's name, mailing address and ZIP code Americas Future First PO Box 15320 Washington, DC 20003 -	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 8100 Date of expenditure 05/06/2022				
Purpose of expenditure Contribution						

3. Garden State Forward ELEC Form R-1, Report of Contributions and Expenditures, filed 4/12/24.

SCHEDULE 9 - Other Expenses								
Account: GARDEN STATE FORWARD ****7219								
Check No. wire	Payee Name And Address AMERICAN REPRESENTATIVE MAJORITY PO BOX 8899, TRENTON NJ 08650	Date	Balance Amount	Date Disbursed 03/11/2024	Amount Disbursed \$74,000.00			
Purpose	CONTRIBUTIONS (CHARITABLE)		Comments					
Check No. wire	Payee Name And Address DEMOCRACY IN ACTION 4200 WISCONSIN AVE NW #106- 319, WASHINGTON DC 20016	Date	Balance Amount	Date Disbursed 03/11/2024	Amount Disbursed \$500,000.00			
Purpose	CONTRIBUTIONS (CHARITABLE)		Comments					
Check No. wire	Payee Name And Address PROTECTING OUR DEMOCRACY INC PO BOX 15845, WASHINGTON DC 20003	Date	Balance Amount	Date Disbursed 01/26/2024	Amount Disbursed \$2,000,000.00			
Purpose	CONTRIBUTIONS (CHARITABLE)		Comments					
			Total	Disbursements	\$2,574,000.00			