

**NEW JERSEY
PUBLIC FINANCING
1985 GUBERNATORIAL
ELECTIONS**

**NEW JERSEY ELECTION LAW
ENFORCEMENT COMMISSION**

SEPTEMBER 1986



State of New Jersey

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September 1986

Dear Governor Kean and Members of the Legislature:

In 1977, New Jersey had the distinction of being the first State in the Nation to conduct a gubernatorial election campaign partially financed with public funds. In 1981, this pioneering program was expanded to include gubernatorial primary elections. Throughout the history of the Public Financing Program, the Election Law Enforcement Commission has been responsible for administering and enforcing the provisions of the statute. In 1985, the Commission was pleased to provide this function for the third time.

In this report, the Commission recommends numerous ways to improve the Public Financing Program. Building on the recommendations made in 1981, it hopes that the report will be helpful in amending the present statute so as to adapt the program to the needs of the future.

Important improvements in the electoral process have been made in New Jersey in recent years and the Commission trusts that this report will be a further contribution to a continuation of that trend.

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INTRODUCTION

The 1985 New Jersey gubernatorial primary and general elections constituted the second primary election and third general election in which State matching funds were provided to eligible candidates. In 1985, the State provided approximately \$6.2 million in public matching funds for both elections. Five candidates in the primary election participated in the Public Financing Program, receiving a combined total of \$3.6 million in public funds (Table I). Similarly, the two major party candidates in the general election both participated in the program, receiving a combined total of \$2.6 million in public matching funds (Table II).

New Jersey's system for providing partial public financing for gubernatorial candidates was established in 1974 as part of "The New Jersey Campaign Contributions and Expenditures Reporting Act." In enacting this legislation, the State Legislature declared its intention to provide public monies to gubernatorial candidates in amounts that would be sufficient for those candidates to seek election to the State's highest office, and to do so free from improper influence.

The Gubernatorial Public Financing Program was first administered in 1977 and applied only to the general election. By 1981, it was expanded to include the primary election as well. Extending the Public Financing Program to the primary resulted in a dramatic increase in the expenditure of public funds. In 1981, this increase was primarily due to the large field of candidates (22, of whom 16 participated in the Public Funding Program) vying for their respective party's nomination.

The Election Law Enforcement Commission conducted a review of the Public Financing Program shortly after the conclusion of the 1981 general election as it had done four years earlier following the 1977 election. The Commission's analysis resulted in the publication of its conclusions and recommendations for legislative action in a June 1982 report entitled "New Jersey Public Financing-1981 Gubernatorial Elections: Conclusions and Recommendations." This report built upon an earlier

one published in 1978. Included in its examination was a review of the Public Financing Program's goals, costs, and impact as well as recommendations for modifying the program.

Not long after the Commission issued its 1982 report, the Legislature considered the issues raised in it. This initial interest, however, waned and gave way to other pressing concerns. The issues reappeared in 1984 with the introduction of several bills designed to modify the statute and adapt the program to the needs of 1985. With the 1985 gubernatorial elections nearing, some important proposals were discussed, but none were enacted. Thus, the 1981 statute remained in effect during the course of the most recent gubernatorial elections. No changes had taken place in the program during the intervening four years.

As in 1981, the Commission began its review of the 1985 Public Financing Program shortly after primary election day. At that time, the Commission invited the publicly funded candidates, and their campaign treasurers, to comment on their experiences with the Public Financing Program during the primary. The process of gathering and preparing the massive amount of contribution and expenditure information received from gubernatorial candidates took place concurrent with the administration of the general election phase of the program. After the date of the general election, the review process continued and became the central issue for the Commission's public financing staff. Further, the Commission conducted a public hearing in January 1986 to solicit recommendations for legislative change that would be incorporated into the Commission's analysis.

The Commission's study of the Public Financing Program centered on the six primary components of the State's public funding formula:

- the method for establishing thresholds,
- the expenditure limits,
- the contribution limit,
- the public funds caps,
- the matching ratio, and
- the qualification threshold.

The Commission reviewed other provisions of the public financing statute as well to determine if additional changes were needed. These provisions included: the limit on usage of personal funds by publicly funded candidates, the bank loan limit and repayment deadline for publicly funded candidates, the restrictions on permissible uses of public funds, the contribution limit for inaugural events, the role of the State party committees, the limits placed on local party committee involvement in gubernatorial campaigns, the repayment of surplus campaign funds to the State, and other administrative provisions.

Based upon its review, the Commission has modified certain existing recommendations, and is introducing an entirely new, but important, recommendation: tying the program's various thresholds and caps to rates of change in the economy.

The present study analyzes the Public Financing Program and the funding formula in the context of the 1985 elections. The analysis uses many of the recommendations received at the Commission's

public hearing on the program in January 1986. It also includes proposals set forth in public financing bills introduced in the Legislature since the statute was last amended in 1981.

After a brief history of New Jersey's gubernatorial public financing system and an overview of the 1985 elections, there is a detailed discussion of the Commission's recommendations, which includes a section on their fiscal impact. An executive summary of the recommendations is provided for a quick review and an easy reference. There is also a discussion of pertinent advisory opinions, followed by a conclusion, tables, and a bibliography.

In this report, the Commission seeks to provide proposals which balance the goal of enabling candidates of limited means to run for Governor in an environment free from improper influence with the goal of preserving public funds. The Commission hopes the report contains recommendations which will serve as the foundation for legislative reform, thereby strengthening and reaffirming the State's commitment to the Public Financing Program.

HISTORY OF THE PUBLIC FINANCING PROGRAM

In the 1970's, almost every state changed its campaign financing laws in significant ways. In the aftermath of Watergate, the political community became increasingly conscious of the need for politicians to be accountable to the public. The campaign financial disclosure laws that were enacted throughout the country attest to this fact. This increased civic awareness and concern also led to the creation of a number of public financing programs.

Public financing was first implemented at the federal level in the 1976 presidential election. During this election, contributions to qualified candidates in the pre-convention period were matched with public funds. Each of the major party presidential candidates participating in the general election received an equal amount of public funds in order to conduct the general election campaign. The funds used to finance the presidential election were generated by the federal income tax check-off.

In 1977, New Jersey became the first state to conduct a gubernatorial general election campaign with public funds. Moreover, in 1981, it extended such financing to the gubernatorial primary election. New Jersey's system of matching private contributions with public funds is similar to that used in the presidential prenomination period. To date, 19 other states have enacted some form of public financing, and two additional programs are no longer operative.

The Garden State's Public Financing Program is embodied in "The New Jersey Campaign Contributions and Expenditures Reporting Act," which was enacted in 1974. This statute as amended now contains a system of partial public funding for both the gubernatorial primary and general election campaigns. The declared intent of the law is to provide adequate funds to qualified candidates so that they "may conduct their campaigns free from improper influence and so that persons of limited financial means may seek election to the State's highest office."

The governorship of New Jersey is unique in two important respects. First, it is the only office in State

government to be elected Statewide. Thus, only through running for Governor or the U.S. Senate can an individual in New Jersey achieve Statewide electoral recognition.

Second, the Governor of New Jersey is one of the most powerful chief executives in the country. The Governor's vast power of appointment is the basis for a large part of the office's strength. He or she appoints or approves every executive and judicial officer, except the State auditor. Thus, the posts that can be filled by the Governor, with the advice and consent of the Senate, include all department heads, or the boards that choose them; many division heads; all county prosecutors; and members of county boards of election and taxation. They also include various policy and advisory boards, executive commissions, State and regional authorities, and interstate agencies. By making numerous appointments at many different levels of government, the Governor has an enormous influence in areas not directly under his or her control.

The Governor can exert substantial legislative influence through an extensive veto power. As in most other states, the Governor has an absolute veto. However, the New Jersey Constitution also permits him or her to exercise a conditional veto. If the Governor wishes only to amend a bill, he or she may issue a conditional veto setting forth specific amendments. The Legislature can then concur in those amendments by a majority vote in each house. The power to veto conditionally provides a flexible tool to fashion legislation. Finally, New Jersey's Governor also can issue a line-item veto, reducing one or more individual appropriations in a bill including the State's annual omnibus appropriations legislation.

Because of the extensive appointive and veto powers which the Constitution confers upon the Governor and because the office is the only one in State government filled by a Statewide vote, the concern that large contributors might exercise undue influence and that persons with limited financial resources be prevented from running is particularly compelling. New Jersey's Public Funding Program

is designed to ensure that the people of New Jersey can elect a Governor who is free from improper influences. At the same time, it ensures that potential candidates are not prevented from seeking office because of a lack of a personal fortune or access to sources of wealth.

Once a candidate has qualified, each dollar of a contribution to his or her election campaign is matched with two dollars in public funds. In order to qualify for public financing, a candidate in the primary or general election must satisfy several requirements. The candidate must notify the Commission of his or her intent to seek public funding and submit proof to the Commission that a fixed amount in eligible contributions has been raised and expended. In 1977, candidates for Governor qualified for public matching funds after raising and spending \$40,000. The 1980 amendments raised the qualification threshold to \$50,000. After the Commission has verified that the qualification threshold has been met, it matches contributions raised after reaching the threshold. The qualification threshold must be satisfied separately for both the primary and the general elections.

Under current law, contributions to the campaign of any candidate for Governor in the primary or general election from persons or political committees are limited to an aggregate total of \$800 from each contributor for each election. The public financing regulations include individuals, corporations, labor unions, political action committees, and trade and other associations in its definition of "persons." For the 1977 general election, the candidates could not accept a contribution or aggregate of contributions in excess of \$600 from any contributor. The contribution limit was raised to \$800 as part of the passage of important amendments in 1980 and was in effect for both the 1981 and 1985 gubernatorial elections.

Contributions are eligible to be matched with public funds only if they have been deposited in a candidate-designated campaign bank account on behalf of the candidate. In-kind contributions, loans, candidate contributions of personal funds in excess of the contribution limit, and contributions counted or the initial qualification threshold are not eligible for match.

Under the 1977 general election matching program which had no cap on public funds, Democratic candidate Governor Brendan Byrne's campaign received \$1,050,569 in public funds and Republican candidate State Senator Raymond H. Bateman's campaign received \$1,020,247 in public funds. The 1980 amendments set a limit on the amount of public funds for any one primary election candidate at 20 cents-per-voter in the last preceding presidential election and, for the general election, at 40 cents-

per-voter. In 1981, the maximum amount in public funding available to a candidate was \$599,975 in the primary and \$1,199,951 in the general election. Six of the qualified 1981 primary election candidates and the two qualified 1981 general election candidates received the maximum in public funds for their campaigns. The 1985 public funding caps for the primary and general elections were \$643,572.40 and \$1,287,144.80, respectively. The increase was the result of higher voter participation in the 1984 presidential election. In the 1985 primary, four of the qualified candidates received the maximum in public funds and one of the two qualified general election candidates received maximum funding (Tables I and II).

In 1977, gubernatorial candidates in the general election had to limit campaign expenditures to 50 cents-per-voter in the preceding (1976) presidential election. The allowable figure was \$1,518,575.50. As a result of the 1980 amendments, candidates who choose to receive public funding in the primary are required to limit campaign expenditures to 35 cents-per-voter in the preceding presidential election. Candidates in the general election who choose to receive public funding are required to limit expenditures to 70 cents-per-voter in the preceding presidential election. In 1981, candidates who chose to receive public funding were required to limit campaign expenditures to \$1,049,957.65 for the primary and to \$2,099,915.30 for the general election. In 1985, publicly funded candidates were required to limit campaign expenditures to \$1,126,251.70 and \$2,252,503.40 for the primary and general elections, respectively.

Under New Jersey law, some expenditures, such as those for a candidate's travel, legal and accounting costs of complying with the public financing law, election night parties, and certain food and beverage costs of fund raising are exempt from the overall campaign expenditure limitation. Therefore, they are not counted as part of the amount a candidate is permitted to spend.

Generally, there is no restriction on how a candidate may spend funds raised from contributors. However, a candidate is restricted in the use of public matching funds. Public matching funds may be used only for the following specific purposes:

- purchase of time on television and radio stations;
- purchase of rental space on billboards and outdoor signs;
- purchase of advertising space in newspapers and other periodicals;
- payment of the costs of advertising production;
- payment of the costs of printing and mailing campaign literature;

- payment of the costs of legal and accounting expenses incurred through compliance with the public financing law; and
- payment of the costs of telephone deposits, installation charges, and monthly billings.

The latter two purposes were added to the law in 1980.

Bank loans to a publicly funded campaign are permitted, but the maximum amount allowed to the campaign may not exceed \$50,000 at any one time. In 1977, all such loans were required to be repaid in full not later than 30 days prior to the election date. The repayment deadline was extended to 20 days prior to the election by the 1980 amendments.

A candidate participating in the Public Financing Program is limited to contributing \$25,000 of personal funds to his or her campaign. Only an amount equal to the contribution limit (i.e., \$800) of a candidate's personal funds is eligible for match. In 1977, there was no limit on the amount of a candidate's personal funds that could be contributed or loaned to the campaign.

The State committee of each political party may not make any contributions or expend any funds in aid of the candidacy of a gubernatorial candidate in a primary election. However, the State committee may assist the gubernatorial general election nominee it supports by raising funds in his or her behalf through a special gubernatorial account. Contributions raised by the State committee for the nominee may not exceed the contribution limit in the aggregate from any one contributor including any amount contributed directly to a candidate's campaign fund.

County and municipal committees of a political party may not make contributions to their primary election candidates or to their general election nominee. County and municipal committees may make expenditures on behalf of their nominee in the general election within the following limitations:

- the county and municipal committees of any one county may not collectively spend more than \$10,000 on behalf of the nominee, and
- the county and municipal committees in the entire State may not collectively spend more than \$100,000 on behalf of the nominee.

Such expenditures are counted toward the overall campaign expenditure limitation imposed on a candidate.

Candidates may decline to take public funds and defray their campaign costs entirely with private contributions. In such cases, a candidate is still subject to the contribution limit, but is not subject to the overall campaign expenditure limit, the limit on usage of a candidate's personal funds, or the limit on bank loans.

The Public Financing Program is supported through the State income tax check-off provision. With a check-off rate of almost 40 percent (Table III), New Jersey has the best publicly supported program of any state in the nation and its check-off figure is much higher than the current 23 percent rate of the federal check-off program.

Taxpayers elect to contribute to the "Gubernatorial Elections Fund" by checking off a box on their State income tax form. Checking the box does not increase a citizen's tax bill. For individual returns, one dollar goes to the fund and on joint returns spouses may contribute one dollar each.

In 1985, approximately \$6.2 million in public funds were spent for both elections-\$3.6 million in the primary and \$2.6 million in the general. The gubernatorial election fund check-off generates about \$1.5 million a year and is aggregated over a four-year period with payouts only in the election year. If the fund proves inadequate to finance an election, the Legislature is directed by statute to use general treasury funds so that the program does not run out of money during a campaign. This provision was not necessary during the 1985 gubernatorial campaign.

All signs indicate that New Jersey's Public Financing Program has succeeded in allowing persons of limited means to run for Governor and in eliminating undue influence from gubernatorial campaigns. Any viable candidate can reach the current qualification threshold. Moreover, the \$800 contribution limit and the availability of public funds has reduced the impact of larger contributors. The check-off rate indicates that there is strong support for the program among New Jersey citizens. Finally, the Commission's relatively low administrative costs-\$160,000 for the primary and \$100,000 for the general election-add to the program's appeal.

OVERVIEW OF THE 1985 GUBERNATORIAL ELECTIONS

The Gubernatorial Public Financing Program, first administered in 1977, proved highly successful again in 1985.

In the June primary, six Democrats and one Republican competed for the two party nominations. Of this field, six candidates qualified for public money by raising \$50,000 and received a combined total of \$3.62 million in matching funds (Table 1).

State Senator John F. Russo, Essex County Executive Peter Shapiro, and former State Senator Stephen B. Wiley, all Democrats, received the maximum in public funds (\$643,572.40) each, as did Governor Thomas H. Kean, a Republican. Newark Mayor Kenneth Gibson, a Democrat, qualified for the maximum in public dollars, but did so after the primary. The Commission did not certify his final submission because his campaign failed to demonstrate the need for additional funds. As for the other two Democratic candidates, former U. S. Attorney Robert J. Del Tufo received \$445,136.42 in public funds while Elliott Greenspan did not qualify to receive any money.

Total campaign spending in the 1985 gubernatorial primary amounted to \$6.22 million, 58.1 percent of which was public money. Four candidates, including the eventual nominees, spent more than a million dollars each on their respective campaigns. These figures, included in Table IV, compare favorably with the 1981 primary figures. In 1981,

gubernatorial candidates spent a total of \$14.7 million, 42.7 percent of which was in public funds.

As in the primary, the Public Financing Program played an important role in the general election. Both major candidates qualified for the maximum \$1.29 million in public matching funds. Governor Kean received those funds, while Essex County Executive Shapiro fell just short of receiving the maximum. Mr. Shapiro submitted enough private contributions to qualify for the maximum amount, but did not receive full funding due to technical reasons. During the general election, the Kean campaign's total expenditures outdistanced the Shapiro effort by \$275,000 with Kean spending \$2.25 million and Shapiro \$1.98 million (Table V). These figures compare with 1981 when Democratic candidate Congressman James J. Florio and Republican candidate Kean each spent \$2.37 million.

The 1985 general election continued a trend toward the use of broadcast media and direct mail and away from the use of print media and campaign workers. Governor Kean and County Executive Shapiro expended approximately 88.1 percent and 79.3 percent of their campaign budgets, respectively, on communications; Governor Kean outspent Mr. Shapiro by more than \$415,998.72 for this purpose, \$1.99 million to \$1.57 million. Of this amount, only \$800.19 and \$1,410.10 respectively was spent on newspaper advertising.

EXECUTIVE SUMMARY

Following each gubernatorial contest since 1977, when the Public Financing Program first went into effect, the Election Law Enforcement Commission has issued a report outlining a series of recommendations designed to improve the program.

That tradition is continued in this document. Moreover, this third report concentrates fully on the three major goals of the program, with each recommendation formulated in a way which balances these important aims. These goals are: (1) to enable candidates of limited personal wealth to run for Governor; (2) to keep gubernatorial contests free from improper influence; and, (3) to preserve the fiscal integrity of the program.

Admittedly, the third objective, to preserve the fiscal integrity of the program, evolved as the program progressed. In 1974, for example, when the program was enacted, the stated goals of public financing were to assist persons of limited financial means to run for the State's highest office, and to do so free from undue influence. By limiting contributions and providing a significant portion of the campaign funds in public dollars, these objectives were achieved.

The 1981 gubernatorial elections, the first with public financing in the primary, caused observers to think seriously about another important concern: the responsible distribution of public funds. This concern arose when 16 of 22 candidates in the primary participated in the program, receiving approximately \$6.4 million in assistance, and 2 of 13 candidates in the general election participated, receiving \$2.4 million in public money. The total public funds disbursed in the 1981 elections were approximately \$8.8 million (Table VI, Column D). As a result, many responsible public officials, as well as many members of the public, still fear that the cost to the State of financing gubernatorial elections in the future could escalate despite the reduction in 1985 costs due to a smaller field of candidates. In 1985, fewer candidates may have run in the primary because of political considerations. Interestingly enough, a

larger field than in 1981 might have been expected if public funding were the only reason to run since the law had not changed and inflation made it easier to qualify for public dollars.

In a phrase, the Commission strongly endorses the Public Financing Program as a vital part of New Jersey's gubernatorial election process. Yet it is sensitive to the need not to squander public dollars on candidates who do not have a serious chance of being nominated or elected. The Commission's numerous recommendations are designed, in effect, to separate the "serious candidates from the frivolous," and to provide a useful test of "viability."

At the same time that the Commission is committed to the frugal administration of public funds, it is also dedicated to insuring that serious, viable candidates have access to enough money to enable them to conduct competitive campaigns. It is critically important that these candidates get their "message to the voters." Certainly adequate funding, including a significant portion of public money, is essential to this task. Therefore, in addition to recommending the elimination of the expenditure limits, the Commission is also recommending that the various thresholds, limits and caps be automatically adjusted by the Consumer Price Index (CPI) beginning with the 1989 elections. The recommended figures for 1985 (as found in the Commission's 1982 report) are used as a base. This recommendation is being put forward to enable the program to keep pace with changes in the economy. Further, the Commission believes that the CPI represents a more relevant standard than the cents-per-voter measure currently in effect for altering the public funds cap and the expenditure limits.

The following, then, summarizes the Commission's 1986 recommendations. These recommendations strike a balance between the goals of the program. In the Commission's view, they free the process from undue influence and enable candidates of modest personal means to mount serious campaigns for Governor. Simultaneously, they also safeguard public funds.

The recommendations are:

- 1) to link thresholds in the Public Financing Program to the CPI in all gubernatorial elections, beginning in 1989;
- 2) to abolish the expenditure limits;
- 3) to raise the contribution limit to \$1,200, and adjust it by the CPI;
- 4) to reduce the public funds cap to \$500,000 in the primary and \$1 million in the general election, and adjust them by the CPI;
- 5) to lower the matching ratio from two for one to one for one;
- 6) to raise the contribution and expenditure qualification threshold to \$100,000, to match eligible contributions in excess of \$50,000 once the qualification threshold is met, and to establish subsequent thresholds of \$25,000 after a candidate has received \$125,000 in public funds, and adjust all of these thresholds by the CPI;
- 7) to maintain the limit on use of personal funds at \$25,000 in both the primary and general elections, and adjust this limit by the CPI;
- 8) to raise the inaugural contribution limit to \$500, and adjust it by the CPI;
- 9) to maintain the county and municipal party committee spending limits at \$10,000 countywide and \$100,000 Statewide, and adjust them by the CPI, and to repeal the State committee special gubernatorial account provision;
- 10) to maintain the restrictions on the use of public funds;
- 11) to maintain the \$50,000 bank loan recommendation, and adjust it by the CPI; and
- 12) to extend the period of time that candidates are permitted to retain surplus funds from six months to nine months, and to amend the law to clearly set forth that all campaign funds, regardless of source, are to be refunded to the State.

RECOMMENDATIONS

1. Automatic Adjustment of Thresholds Linked To The Consumer Price Index (CPI)

Six provisions of the Public Financing Program are inextricably related to the rates of inflation or deflation. These are:

- (a) the contribution limits,
- (b) the expenditure limits (if not repealed),
- (c) the qualifying threshold,
- (d) the limits on public funds to any candidate,
- (e) the candidate self-contribution limit, and
- (f) the inaugural contribution limit.

Four of these provisions, items (a) through (d), are at the core of the program. A change in any one of them affects the entire public financing formula. Two others, items (e) and (f), are less central to the program, but are nevertheless affected by inflation rates.

There are persuasive reasons to tie all six of these to automatic adjustments linked to the CPI. Certain aspects of the presidential public funding program are tied to changes in the CPI and these linkages have worked well. The Commission recommends that New Jersey emulate the example set in federal law by relating contribution limits, expenditure limits, public funding caps, and other thresholds to the CPI.

At the federal level, several provisions of the presidential public financing program are related to rises or falls in the Consumer Price Index. The expenditure limits were set by law in 1974 at different levels for the prenomination, convention, and general election phases of the presidential election process, plus the CPI. This index affects overall expenditure limits in the case of the prenomination campaigns, which in turn cap the matching grant public funding at 50 percent of the expenditure limit. Publicly funded candidates must also observe spending limits in the individual states in the prenomination period, equal to a set amount plus a CPI adjustment or according to the voting-age population of the state plus a CPI adjustment.

Public funding of the national nominating conventions is determined by a statutory amount plus an adjustment for the CPI, resulting in flat grants to the major parties.

In the general election period, presidential candidates who qualify for public funding receive flat grants in the amount of the expenditure limit, which was set by statute in 1974, and adjusted subsequently for the 1976, 1980, and 1984 presidential elections by reference to the CPI.

In all these phases, the system of automatic adjustments has worked exceptionally well. Federal law requires the Bureau of Labor Statistics of the Department of Labor to certify to the Federal Election Commission the percentage difference between the price index for the 12 months preceding the beginning of each calendar year and the price index for the base period (1974). The Commission then computes the changes in the expenditure or other limits, and disseminates this information widely. This procedure is realistic because the automatic triggering of changes keeps the law up-to-date and fine-tuned without action by the Congress. Of course, the Congress can revise the law at any time; in fact, it has twice changed the base for the convention public funding, by revising the base amount upward and retaining the CPI adjustment. These changes were made upon joint appeal by the two major parties. There may be an additional cost to the public funding program when the allocations are raised to coincide with changes in the CPI, but there is a clear need to keep levels of public financing realistic if the purposes of the law are to be maintained.

A similar procedure can be applied to the New Jersey Public Funding Program. While the Commission has recommended repeal of the expenditure limits, if the Legislature and Governor do not concur and the expenditure limits remain in the law, then the separate limits and caps (items b and d above) would be adjusted automatically according to changes in the CPI. In the proposed system, the base year would be 1985, and the base amounts would be those the Commission recommended in

1982 for the 1985 primary and general elections. The 1985 figures actually used in the election were based on the voting turnout in the presidential election of 1984; this voting turnout base would not be utilized in the 1989 gubernatorial election or thereafter, under the Commission's recommendation, because the limits would be derived from the 1985 Commission's standard modified by changes in the CPI as of January 1, 1989, and in subsequent gubernatorial election years.

The contribution limit can be subject to revision according to variation in the CPI, but needs to be considered from a slightly different perspective. There is no known example of CPI-affected contribution limits at the federal or state levels, from which experience can be gained. New Jersey would be pioneering in establishing this linkage. The Commission, recognizing the different attributes of a contribution limit, recommends that it be rounded to the nearest \$100 so as to avoid a limit with unusual or odd dollar and cent amounts. The need to educate campaigners and contributors and the public of changes in the contribution limits would be made easier with rounded amounts to the nearest \$100.

A relevant example taken from New Jersey experience demonstrates both the need for linkage and for rounding. As noted in the recommendation below to increase the contribution limit from \$800 to \$1,200, since the contribution limit was raised by statute in 1980 from \$600 to \$800, inflation has eroded virtually all the increase; in 1985, a \$800 contribution was worth \$613 if adjusted to a 1980 base. This change represents a 30.5 percent inflation rate from 1980 to 1985. Media costs have risen at a 40.4 percent rate, far exceeding the CPI while the value of a contribution has decreased. The candidates must spend more time and energy raising money first to qualify and then for matching funds. As to rounding, the rationale is clear that an amount such as \$1,213 would not be a desirable amount for a contribution limit.

The limit imposed on contributions to gubernatorial inaugural fund-raising events, currently \$250, was recommended by the Commission in 1982 to be increased by 1985 to \$500. The same rounding rule would be applied to the inaugural contribution limit.

The limit on candidates' personal funds, currently \$25,000, would be the base to which the CPI would be linked. The same rule, rounding to the nearest \$100, would be applied.

New Jersey law could require that automatic adjustments be implemented by the New Jersey Election Law Enforcement Commission. The law could direct the Office of Economic Policy of the Department of Commerce and Economic Development to provide the Commission with CPI certifications in

January of both the year before and the year of the gubernatorial election. Thus in January 1988, the Commission could calculate the CPI adjustment as of then so that candidates who might want to start earlier fundraising and set their fundraising and spending goals could be advised of the indicated trends. This third-year calculation after the previous election would help the candidate and the Commission in planning, and the final amounts would be set in early January of the election year. Thus candidates would be able to adjust their fundraising and spending strategies accordingly, with five months still remaining until the June primary. The Commission also believes that the adjustments for the CPI in an election year should only be made if there is inflation. Otherwise, no adjustment would be made in order to prevent the necessity and inconvenience of campaigns returning contributions in excess of the contribution limit.

In conclusion, it is important to remember with regard to the impact of these proposed linkages of the CPI with the contribution limits, expenditure limits, public funding caps, and other thresholds, that the Legislature, with the concurrence of the Governor, can always revise the amounts or bases in order to accelerate or decelerate the extent of change.

The Commission recommends then that there be automatic adjustments of the various thresholds in the law to take into account changes in the economy.

2. Expenditure Limits

The Commission strongly urges the elimination of the expenditure limits, a reaffirmation of a position the Commission has consistently taken since 1977.

The Commission believes that the expenditure limits are not needed to achieve the goals of public financing. The expenditure limits have no significant bearing upon the elimination of "undue influence" from special interests in gubernatorial campaigns. Rather, this goal is best achieved through the contribution limit. Because of the limitation on the use of a candidate's personal funds, the expenditure limits are not needed to eliminate any possible advantage to wealthy candidates.

Moreover, the Commission feels that there are disadvantages to such limits. The expenditure limits can work to the disadvantage of non-incumbents who must often spend more money to achieve name recognition with the voters and to overcome the built-in advantages of incumbency. Also, the expenditure limits unnecessarily restrict first amendment rights of free speech and deny a candidate the opportunity to demonstrate widespread support

among less wealthy voters by attracting as many small contributors as possible. Finally, the expenditure limits can put a premium on independent expenditures, a trend which greatly concerns the Commission. Independent expenditures can undermine the goal of limiting contributions to gubernatorial campaigns. If unlimited expenditures can be made by entities not controlled by the candidates, this goal can be defeated.

Historically, the existence of expenditure limits has been responsible for the few controversial issues which the Commission has had to face vis-a-vis the Public Financing Program. At the same time, they have not contributed to the program in any essential manner. In 1985, the Commission, bound by expenditure limits not adjusted for inflation since the prior gubernatorial election, issued an advisory opinion which required allocation of funds against a gubernatorial candidate's expenditure limitation when money was spent by legislative and local candidates for campaign material benefitting the gubernatorial candidate as well as themselves. The advisory opinion was issued reluctantly, since it would have continued the expenditure limit's unfortunate effect of separating the gubernatorial candidate from the campaigns of other members of his or her own party. However, it was invalidated by the New Jersey Supreme Court, which has not yet issued its written opinion. The Commission believes that the effect of expenditure limits may be to encourage circumvention of the expenditure and contribution limits by independent expenditures.

Thus, the Commission reaffirms its opposition to the expenditure limits. It believes the contribution limit guards against undue influence by special interests and that it is desirable for a gubernatorial candidate to demonstrate support through widespread small contributions and to be able to campaign with affiliated candidates without concern about the effect of coordinated activities on the expenditure limits.

However, if it is decided that the expenditure limits be retained as good public policy, then the Commission suggests that its recommendation for 1985 of a \$1.6 million limit for the primary and a \$3.2 million limit for the general election be adjusted every four years for inflation.

3. Contribution Limit

The most important factor in eliminating undue influence in New Jersey gubernatorial elections is the limit on contributions. Throughout the history of the Public Financing Program, the Commission has consistently held this view and continues to do so today. Accordingly, it recommends that the contribution limit be raised to \$1,200 and adjusted by the CPI

in every gubernatorial election beginning in 1989.

In 1981 and again in 1985, the contribution limit was \$800 per contributor. The recommended increase in this limit represents a realistic modification of this provision based upon inflation. It will permit campaigns to absorb the inevitable increases in campaign costs that will be incurred by 1989. Moreover, this increase does not jeopardize the goal of removing undue influence from the gubernatorial election process. Certainly a \$1,200 contribution limit would not do violence to the purpose of the law. Many contributions in a gubernatorial campaign are not of the maximum amount, and so long as there is widespread participation financially, no single \$1,200 contribution, or series of them from similar sources, is likely to influence a candidate unduly.

While the Commission enthusiastically endorses the concept of a contribution limit, it nevertheless feels strongly that this limit should be high enough so as not to impede the ability of campaigns to raise adequate funds. Despite the fact that the six publicly funded candidates in the 1985 gubernatorial primary election and the two publicly funded nominees in the 1985 general election (Table VII), were generally able to raise adequate funds, the Commission believes that this situation would not be the case in 1989 without a reasonable increase in the contribution limit.

Considering the fact that in 1985 inflation caused an \$800 contribution to be worth only \$613 in 1980 dollars, it is believed that increases in the cost of living would result in an unacceptable erosion of the value of an \$800 contribution by 1989. Indeed, projecting inflation to 1989 using the Consumer Price Index, a contribution of \$800 would be worth approximately only \$440 in 1980 dollars, or a decrease in value of almost 50 percent over the eight-year period.

In addition, a contribution limit that is too low would require campaigns to spend an inordinate amount of time raising funds, a situation frowned upon by the Commission because it would detract from the ability of a candidate to campaign and communicate with the voters. Moreover, a low contribution limit would encourage independent expenditures because contributors with substantial resources might feel compelled to contribute further to a campaign by making expenditures independent of the gubernatorial candidate. The Commission firmly believes that a climate for independent expenditures should not be encouraged because they undermine the benefits to the voter of a well-coordinated campaign and often lead to negative advertising.

The Commission supports an increase in the individual contribution limit to \$1,200, to be ad-

justed by the CPI, and rounded to the nearest \$100. This upward adjustment will account for inflation, permit candidates to spend more time campaigning, discourage independent expenditures, and still keep the gubernatorial election process free from undue influence.

4. Caps On Public Funds

The Commission recommends that the cap on public funds in 1989 be \$500,000 for the gubernatorial primary election, and \$1 million for the general election, adjusted for any CPI increases prior to the election. This adjustment would be automatic in all gubernatorial elections after 1989 as well.

The Commission believes that capping public funds is consistent with its recommendations to raise the qualification threshold and to lower the matching ratio, which also work toward controlling the distribution of public funds. Moreover, the recommendation to cap public funds is critically important in light of the Commission's proposal to eliminate the expenditure limits. Without a ceiling on public funds, the lack of expenditure limits could lead to uncontrolled spending of public dollars, which could eventually bankrupt the public financing system.

The Commission also believes that linking the public funds cap to the CPI is a more logical approach than the current cents-per-voter formula which is based on presidential election turnout. The cents-per-voter formula is similar in purpose to the requirement that a candidate gather a certain number of signatures on a petition in order to prove viability to run, but it bears no relevance to the cost of campaigning. For instance, the trend in voter turnout in presidential elections is downward, whereas the trend in the cost of campaigning is upward. Continuing the link of the public funds caps to a cents-per-voter formula could easily lead to inadequate public funding. This situation could result in candidates refusing public funds. In addition, inadequate public funding for those who cannot depend entirely on private contributions would defeat one of the main goals of the program: to permit candidates of limited means to run for Governor.

Thus, the Commission, recommends a cap of \$500,000 in the primary, and a cap of \$1 million in the general election. It also recommends that these caps be adjusted by the CPI, and not by the existing cents-per-voter formula, in all gubernatorial elections beginning in 1989.

5. Matching Ratio

The Commission recommends that the matching ratio of public funds to private funds be reduced

from two for one to one for one. Since the start of the program in 1977, the public/private funds mix has been two public dollars for each private dollar raised over a threshold amount. Matching private dollars with public dollars begins after a qualification threshold in privately raised contributions is reached by the candidate.

The Commission recommends this change in the matching ratio for two fundamental reasons: it preserves the principle of providing adequate seed money to viable gubernatorial candidates in the primary, as well as to the nominees in the general election, and it takes into account the need to prudently distribute public money (Table VIII).

Although a basic goal of the Public Financing Program is to enable viable candidates of limited financial means to contend for the State's highest office, the Commission has nevertheless concluded that changing the matching ratio from two for one to one for one does not jeopardize this basic tenet of the program. Through its analysis of the 1985 gubernatorial elections, the Commission believes that reducing the public/private match to one for one, in combination with increasing the contribution limit, will preserve the desired objective of providing adequate seed money to the campaigns of serious candidates.

While it is important to maintain this goal of providing adequate seed money, the Commission also recognizes the importance of preserving public funds and economically administering the program. One of the principal criticisms of the Public Financing Program has been that the two for one match is too generous because it provides candidates with too high a percentage of public funds in relation to their total receipts (Table IX). This criticism, along with the general public demand for the frugal use of tax dollars, makes it imperative that the matching ratio be reduced (Table X). Other options, such as reducing the amount of a contribution eligible for match, as well as matching only contributions from individuals, were considered, but the Commission believes that its recommendation is the simplest and most effective means of preserving public funds. The other methods considered would add an administrative and enforcement burden which appears to be unwarranted, since the desired effect can be reached through the reduction of the ratio.

Thus, the Commission recommends that the matching ratio be changed to one for one. It believes that this approach balances the twin goals of enabling candidates of limited means to run for Governor and frugally distributing public monies.

6. Qualification Threshold; Matching Fund Threshold; and Incremental Thresholds

The Commission recommends that the qualification threshold be increased to \$100,000. In addition, the Commission proposes that, once a candidate has reached the \$100,000 threshold and has qualified for the program, every eligible contribution in excess of the first \$50,000 should be matched. The Commission also recommends that once \$125,000 in public funds has been received, a candidate must thereafter reach additional private contribution thresholds in units of \$25,000 in order to receive more public funds. All of these thresholds would be adjusted for each gubernatorial election by the CPI.

In the Commission's view, these recommendations work to establish the test of viability for gubernatorial candidacies. While it is important to enable candidates of limited financial means to run for Governor, public money ought not be spent on candidates unless those candidates demonstrate that they are serious and viable. These thresholds constitute continuing tests of a candidate's ability to raise money, which, from the Commission's perspective, is the most quantifiable and objective means of determining candidate viability.

The Commission recommends an increase in the qualification threshold to \$100,000, adjusted by the CPI, because the existing \$50,000 threshold, established in 1981, will not constitute a valid measurement of viability in 1989 due to inflation which has already taken place and is likely to continue.

In addition, the Commission recommends that after a candidate qualifies for matching funds by raising \$100,000, he or she should receive public funds for every private dollar raised in excess of \$50,000, adjusted by the CPI. The Commission urges the adoption of this recommendation because while it recognizes the need to reward only serious candidates with public funds, it also recognizes its responsibility to provide enough public dollars to candidates in order to enable them to conduct competitive campaigns.

Finally, the Commission recommends subsequent threshold units of \$25,000 following the receipt of \$125,000 in public funds by gubernatorial candidates. Both of these figures would also be adjusted by the CPI. This recommendation sets up continued tests of viability, thereby allowing the prudent distribution of public funds, and considerably eases the administrative burden on the Commission.

Thus, the Commission recommends the following thresholds, all to be adjusted by the CPI: a contribution and expenditure threshold of \$100,000; a matching fund threshold of \$50,000 on the condition that the candidate has qualified for the program; and subsequent unit thresholds of \$25,000 for the receipt of additional public funds after receipt of the first \$125,000.

7. Personal Funds Limit

The Commission recommends that the limit on personal contributions by gubernatorial candidates to their own campaigns should remain at \$25,000 for both the primary and general elections, and be adjusted by the CPI, beginning in the 1989 elections.

The Commission continues to support limits on personal contributions because: (1) they are allowable under **Buckley v. Valeo** when candidates receive public funding; and (2) they help to balance the potential advantage wealthy candidates may have over non-wealthy candidates.

The Commission supports raising the limit on personal contributions by the CPI, however, for the same reasons it supports raising thresholds and limits in its other recommendations: the cost of campaigning continues to increase and a dollar in 1989 and after will not be worth as much as it was in 1985.

Thus, the Commission recommends that candidates be allowed to contribute \$25,000 of their own money in both the primary and general elections with this figure being adjusted by the CPI beginning in 1989.

8. Inaugural Contribution Limit

The Commission recommends that the contribution limit for inaugural fundraising activities be raised to \$500, and be adjusted by the CPI starting with the 1989 gubernatorial elections.

The justification for imposing a contribution limit on inaugural fundraising is to prevent circumvention of the contribution limit in the primary and general elections. It is important to note that the timing of inaugural activities is such that blatantly large contributions could be construed as influencing gubernatorial appointments. The Commission believes that it is in the public interest to prevent even the appearance of such undue influence.

Thus, the Commission recommends that the inaugural contribution limit be raised to \$500 and adjusted by the CPI starting in 1989.

9. Statewide and Countywide

Limits on the Amounts County and Municipal Party Committees May Spend; Special Gubernatorial Account Provision

The Commission recommends that the countywide limit on spending in behalf of gubernatorial candidates by county and municipal committees be maintained at \$10,000. This figure would be adjusted by the CPI in the 1989 elections and in all gubernatorial elections to follow.

In addition, the Commission recommends that the Statewide spending limit for these committees remain at \$100,000. This figure is also to be adjusted by the CPI.

Finally, the Commission recommends that the provision permitting the State Political Party Committees to set up special gubernatorial accounts be repealed. This provision permits a State Party Committee to accept a contribution of \$800 or less and to deposit it in a separate account designated for the party's gubernatorial candidate.

The contributions deposited in this account are reported to ELEC and used solely in behalf of said candidate. Funds derived from other State Party Committee accounts, or funds raised during a non-gubernatorial year are prohibited from being used in aid of a gubernatorial candidate.

The Commission recommends the continuance of county and Statewide limits for local party committees to protect the integrity of the contribution limit. It recommends the repeal of the special gubernatorial accounts provision because it has proven impractical and too unwieldy to administer.

Thus, the Commission recommends that the local party committee limits for countywide and Statewide spending be maintained at \$10,000 and \$100,000 respectively, and that the special State committee gubernatorial account provision be repealed. These base figures, of course, are to be adjusted automatically by the CPI.

10. Restrictions on Use of Public Funds

The Commission recommends that the restrictions on the use of public funds remain intact. These restrictions are fundamental to the program's acceptance by the public. The perception that taxpayers' money is being spent judiciously is critically important and an essential ingredient of the success of the program. Public funds should not be used for "street money" or payment of campaign salaries, for instance.

Thus, it is the Commission's belief that use of public funds be restricted to:

- (1) purchase of radio and television advertising;
- (2) purchase of rental space on outdoor signs or billboards;
- (3) purchase of print advertising;
- (4) payment of the costs of producing advertisements;
- (5) payment of the costs of printing and mailing campaign literature;
- (6) payment of the costs of legal and accounting expenses incurred in complying with the public financing regulations; and
- (7) payment of the costs of telephone deposits, installation charges, and monthly billings in excess of deposits.

11. Bank Loans

The Commission recommends that the bank loan provision be retained, and that the \$50,000 loan threshold be adjusted by the CPI, beginning with the 1989 elections. The Commission further recommends that the limit on individual loan guarantees be raised to \$1,200, also to be adjusted by the CPI.

No gubernatorial candidate in either the primary or general elections in 1985 chose to utilize the section of the public financing statutes permitting gubernatorial candidates to borrow up to \$50,000 from any national or State bank. Under current law, a candidate, his or her campaign treasurer, his or her deputy campaign treasurer, or the State committee of a political party (in a general election only), may take out a bank loan up to \$50,000 provided that it is repaid in full from campaign contributions received pursuant to the \$800 contribution limit 20 days prior to the date of the primary or general election for which the loan was made.

The legislative intent of this section was to enhance the ability of candidates to obtain "start up" or "bridge money" to defray early campaign expenses incurred before the candidate has established the campaign machinery to raise campaign contributions. Although none of the 1985 candidates chose to exercise this option, three of the 1981 publicly funded primary election candidates did take out "bridge loans" and paid them by the date of the 20-day deadline. The Commission took the position in 1981 that no publicly funded candidate could personally endorse any bank loan in an amount in excess of \$25,000, the amount of their "own funds" that candidates are permitted to contribute to their own campaigns. The 1981 "bridge loans" were taken out by the campaign committees themselves, rather than being loans personally endorsed by the candidates.

Although bank loans were not used in either the 1985 primary or general elections, they serve a useful purpose in providing cash flow assistance in the opening days of a campaign until public funds are deposited and available. The Commission's report on the 1981 gubernatorial election noted that in two primary election campaigns the "bridge loans" may have served a crucial role because of the early difficulties those campaigns experienced in raising funds. **The Commission, therefore, recommends that the bank loan provision be retained, and the \$800 limit on individual loan guarantees or endorsements be raised to \$1,200, both to be adjusted by the CPI.**

12. Retaining Public Funds; Repayment of Public Funds

The Commission recommends that the period of time in which candidates are permitted to retain surplus funds be extended from six months to nine months. The Commission further recommends that the statute be amended to clearly set forth that all campaign funds, regardless of source, be refunded to the State.

Experience has shown that the six-month period for refunding surplus funds to the State is impractical. Campaigns have been unable to close out their accounts because checks were not cashed, special insurance audits were incomplete, or federal tax liabilities were unresolved. Because of these and other problems, the Commission believes that a nine-month period for refunding surplus funds is more practical and realistic.

With respect to the question of the refund of leftover campaign funds to the State, the Commission adopted regulations that require all leftover funds, whether public or private, to be refunded to the State. The Commission feels strongly that the Legislature intended that all available leftover funds be returned, thereby ensuring that public money is not used to pay expenses which could be paid out of private contributions. The Commission believes that this provision should be clearly set forth in the statute.

Thus, the Commission recommends extending the six-month retention period to nine months and clearly specifying in the law that all surplus funds, regardless of source, should be returned to the State.

FISCAL IMPACT OF RECOMMENDATIONS

Introduction and Summary

The Commission's recommendations, if applied to the experience of those 1985 candidates who applied for and received public funds, would result in a program costing approximately \$2.7 million in the primary election and \$1.9 million in the general election. These figures represent a reduction of approximately \$940,759 in the primary and \$702,622 in the general election, for an overall reduction in public funds of \$1.6 million or approximately 27 percent in comparison with the 1985 actual experience (Table XII). It is estimated, however, that the total funds available to the candidates, from both public and private funding, would not decrease as much, because of the recommended increase in the contribution limit to \$1,200, and because candidates' fund-raising goals would be greater (Table XIII).

It is estimated that the percentage of the candidates' total receipts represented by public funds would be approximately 45 percent under the proposals (Table XIV), as compared with 57.5 percent in 1985, 58.9 percent in 1981, and 63 percent in 1977.

These estimates were developed by applying the Commission's recommendations to the 1985 experience, under a set of assumptions described below. Changing any of the recommendations or assumptions would change the estimates of costs and estimates of impact on individual candidacies. Furthermore, it is impossible to predict the number of candidates who will apply for public funds in 1989 and how much they will raise in private funds to be matched with public funds.

These estimates do not take into account inflation rates. It would be presumptuous for the Commission to seek to make predictions when conditions four years from now are so uncertain. Estimated amounts would increase to the extent of inflation.

Of the Commission's recommendations concerning the Public Financing Program, six have an impact on total program costs and on candidates' cam-

paign receipts. Those recommendations with a fiscal impact are:

1. raising the contribution limit to \$1,200,
2. raising the contribution and expenditure qualification threshold to \$100,000,
3. starting the matching of contributions at \$50,000,
4. adopting a continuing threshold requiring candidates to make additional submissions for public funds only in units of \$25,000 once the candidates have received \$125,000 in public funds,
5. changing the matching ratio from two for one to one for one, and
6. reducing the cap on public funds to \$500,000 per candidate for the primary election and \$1 million per candidate for the general election.

The other Commission recommendations would have very limited, if any, impact on program expenditures.

Basis for Estimates

The 1985 gubernatorial primary and general elections were used as models for the estimates of the effects on public funds and on candidates' total receipts.

In the 1985 primary election, there were six candidates who accepted public funds. In addition, there was one candidate who did not qualify for public funds. It is these six candidates who constitute the basis for the 1985 primary election model used for estimating.

In the 1985 general election, there were seven candidates of whom two, County Executive Peter Shapiro (D) and Governor Thomas H. Kean (R), were eligible for and accepted public matching funds. It is these two candidates who constitute the basis for the 1985 general election model used for estimating program costs.

Assumptions

Many variables are operative which affect the number and amount of contributions to the gubernatorial candidates' campaigns and in turn affect the amount of public funds any one candidate receives and the total public funds allocated. These variables interact with each other with the result that reaching an estimate of costs is difficult. Therefore, before setting forth the conclusions about the impact of the Commission's recommendations on public funds and on total receipts for gubernatorial candidates, it is desirable to present clearly the assumptions underlying the estimates.

Assumption #1

It is assumed that only the variables affected by the Commission's recommendations would change. It is assumed that all other variables would remain constant. For example, it is assumed that candidates' decisions to apply or not apply for public funds would be the same. Thus, of the 7 candidates in the 1985 primary, it is assumed that the same 6 who took public funds would have done so under a program altered by the Commission's recommendations. Of the 7 candidates in the general election, it is assumed that the same two who took public funds would have done so under the provisions of the program as recommended by the Commission. None of the other 5 candidates in the general election were eligible for public funds.

Assumption #2

It is assumed that candidates' decisions to stay in the contest and not drop out would be the same. Holding this variable constant probably tends to inflate the estimate of public spending because some of the candidates may not have been able to stay in the contest or may have decided to drop out because of the higher threshold. Of the six candidates in the 1985 primary election who raised more than \$100,000, two received less than the maximum in public funds; one of these later qualified but did not show sufficient need to receive additional money and the Commission did not reopen its matching program,

Possibly, if the Commission's recommendations had been in effect, one or more of these candidates might have withdrawn from the June 4th primary because of cash flow problems. On the other hand, if the Commission's recommendations were in effect these candidates might have started fund-raising earlier, thus overcoming the cash flow problem.

If it were to be assumed that one or more of these candidates would have withdrawn or never entered the contest, then the estimate of public matching funds costs would decrease.

Assumption #3

It is assumed that no campaign would have continued to raise contributions in order to reach the maximum in public funds. This assumption is necessary because the Commission's recommendations make it more difficult to receive public money.

Assumption #4

It is assumed that all \$800 contributions would have been \$1,200 with the increase in the contribution limit. The number of such contributions by candidate is listed in Table XI.

This assumption may overstate the public funds received because there is no conclusive evidence that those who contributed \$800 would necessarily have contributed \$1,200. However, this overstatement of public funds collected could be modified by contributors of less than \$800 increasing the amount of their contributions. In the case of Governor Kean, for example, more than 478 contributions of \$800 were received, but the additional ones were refunded because the candidate's limit on private funds already had been reached.

Assumption #5

It is assumed that candidates would raise the same amount in matchable contributions. This assumption tends to understate the public funds received because the Commission's recommendations would provide an incentive, greater than in 1985, for candidates to raise more money privately.

Assumption #6

It is assumed, for this estimate, that the continuing threshold of units of \$25,000 in contributions for matching would have little impact. This assumption is made solely because the impact of the continuing threshold recommendations cannot be estimated with certainty. While there were delays of varying length in receiving public funding for three primary candidates, the impact can be considered to have been minimal. If the continuing threshold had been in effect in 1985, these are the candidates who might have been precluded from applying for public funds. The extent to which they might have ceased applying for public funds, which cannot be estimated, is the extent to which this assumption tends to overstate public funds.

Assumption #7

It is assumed that the amount of "other receipts" would not change. "Other receipts" include: in-kind contributions; candidates' own funds in excess of \$1,200; interest earned on invested contributions; public solicitations of contributions of \$100 or less;

and, for general election candidates, in-kind contributions from county and municipal political party committees. This assumption tends to understate total receipts because the Commission's recommendations would give candidates an incentive, greater than in 1985, to contribute to their own campaigns and to invest any idle receipts, thereby earning interest income.

Conclusion

Using the 1985 experience as a model, it is estimated that the cost of publicly financing the gubernatorial primary election with the Commission's recommendations would be approximately \$2.7 million or approximately \$941,000 less than the expenditures for the 1985 gubernatorial primary election.

It is estimated that the cost of publicly financing the gubernatorial general election under the Commission's recommendations would be \$1.9 million or \$703,000 less than the expenditures for the 1985 gubernatorial general election.

The estimated overall reduction in public funds for the gubernatorial primary, using the 1985 experience as a model, would be 26 percent and for the general election would be 27 percent. However, the impact on individual candidacies of the reduction in public funds would vary, depending upon amounts actually raised in each case. These estimates are exclusive of inflation rates, which could increase them accordingly.

In sum, the net result of the Commission's recommendations related to program costs should be a reduction in the amount of public money spent in future gubernatorial elections.

RELEVANT ADVISORY OPINIONS

The Commission issued 13 advisory opinions concerning the Public Financing Program during the 1985 primary and general gubernatorial election period. The first request for an advisory opinion was received in January, 1983, more than two years in advance of the June 4, 1985 gubernatorial primary election. The requests can be divided into five major categories:

- four requests concerned "testing the waters" activity;
- three requests concerned television advertising costs which featured the incumbent Governor but were not intended to promote the Governor's candidacy;
- three requests were received on behalf of legislative candidates inquiring whether costs for advertising, which included a reference to a gubernatorial candidate as well as their own candidacies, had to be partially allocated to the gubernatorial candidate;
- one request asked whether a private club made a "contribution" to a gubernatorial candidate by requiring its prospective members to make campaign contributions to the candidate; and
- two requests concerned payment of outstanding campaign obligations and return to the State of surplus balances.

"Testing the Waters"

"Testing the waters" activity refers to funds raised and spent on behalf of a person who is exploring the feasibility of a candidacy.

On January 26, 1983, the Commission received a request for an advisory opinion from the "Friends of Peter Shapiro," a political committee intending to explore the feasibility of a gubernatorial primary election candidacy by the Essex County Executive (Advisory Opinion 03-1983). The Committee was advised that it would incur reporting obligations in regard to fund-raising and spending activity, if Mr. Shapiro became a primary election "candidate." This expenditure activity included the cost of conducting polls and paying travel expenses.

The Commission received two advisory opinion requests concerning the "testing the waters" activities of the "Friends of Steve Wiley" (Advisory Opinions 10-1984 and 14-1984). Mr. Wiley subsequently became a candidate for the Democratic Party nomination in the 1985 gubernatorial primary election. In Advisory Opinion 10-1984, the Commission addressed several questions concerning the value of goods and services contributed to the Committee for the purposes of conducting a fund-raising auction. The valuation questions were of particular importance because of the necessity of observing the \$800 contribution limit. The Committee was advised that donated items such as the use of a vacation home, clothing, and similar items must be valued at their "fair market value." The Committee was also advised that the purchase price received by the Committee from the auction was to be considered as a campaign contribution eligible for matching funds only to the extent that the purchase price exceeded the "fair market value" of the purchased items.

In Advisory Opinion 14-1984, an associate in Mr. Wiley's law firm inquired whether his volunteer services as counsel to Mr. Wiley's "testing the waters" committee might constitute a campaign contribution. The Commission found that an employed attorney, not receiving compensation for services to the political committee, may be viewed as providing those services on a voluntary basis where neither the law firm nor the attorney perceive those duties as part of the attorney's normal job responsibilities. However, services of other employees, such as clerical personnel, that are not volunteered would be subject to reporting as contributions by the partners of the law firm.

"Friends of John Russo, Inc.," a "testing the waters" committee exploring the possibility of a gubernatorial primary election candidacy by Senator John F. Russo, asked the Commission to provide guidelines to help it distinguish between expenditures made for "testing" for a possible candidacy and expenditures made by Mr. Russo in his capacity

as Senate Majority Leader and as a member of the State Senate (Advisory Opinion 18-1984). The Commission articulated several criteria for determining whether or not spending could be subject to "testing" requirements.

These criteria included whether the costs were paid for by persons anticipating a possible political candidacy, by a political party committee, or by a bipartisan group that was conducting an informational function in which several different political viewpoints were represented. Also, the Commission stated that the timing of the expenditure could be a significant factor in determining whether or not it was related to "testing" activities. The Commission suggested that if Mr. Russo believed that a specific activity was related exclusively or predominately to his role as Senator, and the costs associated with the activity were not to be paid for out of campaign contributions, that he submit the factual particulars to the Commission.

Advertising Costs Not Intended for Political Purposes

On three separate occasions, the Commission was asked to consider whether the costs of advertising featuring Governor Kean would be attributed to his re-election campaign.

In Advisory Opinion 12-1983, requested by the Republican State Committee, the Commission was asked to determine whether television or other media advertising paid for by the State Committee for use during the 1983 legislative election campaigns and featuring the Governor would be subject to the gubernatorial contribution limit in the event that the Governor chose to stand for re-election in the 1985 campaign. The Commission ruled that none of the costs of advertising described in the request would be allocable to a future candidacy of the Governor for re-election. The advertisements were intended to promote Republican legislative candidates in the context of a biennial legislative campaign, two years prior to the general election for which the office of Governor was contested. Moreover, the Commission concluded that the Governor's participation in those advertisements could properly be described as furtherance of his responsibilities as a leader of the Republican Party in the State.

In Advisory Opinion 15-1984, a citizen organization which was being formed for the purpose of achieving excellence in public schools of this State stated that it contemplated using the Governor in radio and television advertising. The anticipated commercials did not contain any reference to a possible gubernatorial candidacy in 1985, nor were they explicitly or implicitly intended to endorse a possible candidacy for his re-election. However, while the

advertising did not endorse the Governor as an individual, the citizen group represented they would endorse his educational policies. The Commission found that the contemplated advertisements could not be construed as being made in furtherance of a possible 1985 gubernatorial primary election candidacy of the Governor because of the timing of the advertisements eight months prior to the primary election and because of the non-political purpose for which they were being aired.

In Advisory Opinion 11-1985, requested by a citizen group of minority business persons, who planned to finance a documentary film which assessed the civil rights record of the Kean administration, the Commission was asked whether its costs constituted a campaign contribution to the Governor. The project was to be undertaken without any cooperation or consultation with the Governor, members of his campaign staff, or the Republican State Committee. Rather than extend a definitive response, the Commission observed that non-partisan efforts aimed at educating the public with respect to candidates are not regarded as activities on behalf of a candidate. In determining whether the costs of the advertising might be construed as a reportable "contribution," the Commission emphasized that the result would turn on the independence of the group from the political campaign of the Governor.

Legislative Candidate Advertising which Includes Reference to a Gubernatorial Candidate

The Commission received three advisory opinion requests on behalf of Republican Party legislative candidates who proposed to promote their campaigns, and that of the Governor, by including a reference to Governor Kean in their promotional materials (Advisory Opinions 05-1985, 07-1985 and 10-1985). The Commission took the position that any joint advertising cost would constitute a minimum 15 percent contribution by a legislative candidate to the incumbent Governor, even in the absence of any indication that the Governor or his campaign staff had consented to such advertising, and would be allocated or added to the Governor's total campaign spending, which was subject to an expenditure limit. This position was consistent with that taken by the Commission in the 1981 gubernatorial elections, except that the minimum percentage was 25 percent at that time (Advisory Opinion 33-1981).

The "Friends of Governor Tom Kean" Committee and two Republican legislative candidates appealed to the Appellate Division of the Superior Court, which reversed the Commission, holding that expenses for such advertising were independent of,

and could not be allocated to a gubernatorial candidate, in the absence of some consent from that candidate or his campaign. The State Supreme Court affirmed this result in an order handed down on September 27, 1985, but as yet has not issued its written opinion expressing its reasoning.

Club Contribution

In Advisory Opinion 02-1985, the "Friends of Governor Tom Kean" asked the Commission to consider whether or not a private club was making a contribution to the Governor's re-election candidacy by requiring perspective members to make contributions to the Governor's re-election campaign. This organization, "The Governor's Club," was incorporated as a not-for-profit New Jersey corporation and did not intend to make any direct cash or in-kind contributions to the Governor. However, the Club proposed reducing its membership dues for 1985 only and as a condition for membership, requiring a maximum \$800 contribution to the Governor's campaign. The Club contended that any tangible benefits that its members would be receiving by virtue of their membership would be covered by their dues, even at a reduced figure, and therefore it was not making any contribution to Governor Kean's candidacy. The Commission responded that it was unable to agree that the proposed solicitation would not constitute a contribution by the Club to the Governor's campaign committee in excess of \$800, particularly in light of the fact that the dues structure was reduced only for 1985, the year of the gubernatorial election.

Return of State Funds

Candidates who receive partial public financing of their gubernatorial candidacies are required to pay all of their outstanding obligations and to return to the State any unspent surplus campaign funds no later than six months after the date of the election.

In Advisory Opinion 03-1986, the treasurer of the "Russo for Governor Campaign of 1985" indicated that several contributors, who had given in excess

of \$800, had not negotiated checks delivered to them by the Committee for the purpose of paying back the excess contributions. Further, some vendors holding outstanding obligations of the Committee had not negotiated checks delivered by the Committee as payment for their services. The Committee proposed using its account balance, which resulted from these non-negotiated checks, to pay an outstanding debt owed to a consulting firm. The Commission advised the Committee that in regard to contributions received in excess of \$800, the Committee could not use those proceeds for payment of any outstanding obligation. Rather, the Committee was obligated to make further efforts to return the excess contributions to the contributors, or if that proved impossible, ultimately to deliver the excess contributions to the State. In regard to the vendors, the Commission advised that if those vendors intended to make an "in-kind" contribution to the candidacy of Senator Russo by foregoing payments of amounts owed to them, they could do so provided that any payment forgiven did not exceed the \$800 contribution limit when added together with any prior contribution made by that vendor.

In Advisory Opinion 05-1986, the Commission was asked to provide instructions to the "Shapiro '85 General Election Committee, Inc." in regard to keeping public monies after the expiration of the six-month statutory deadline in order to pay outstanding obligations that had still not been satisfied and to meet anticipated accounting and legal expenses. The Commission permitted the Committee to retain funds for the payment of specific outstanding obligations provided they were satisfied within thirty days. In regard to accounting expenses, the Commission permitted the Committee to retain a sum to meet the reasonable accounting expenses that might be required in order to conclude a Commission audit. Finally, in regard to the anticipated legal expense, the Commission permitted the Committee to retain a sum that appeared reasonably adequate for maintaining legal representation in an on-going suit against the Committee. The Committee was directed to turn over all other remaining funds to the Commission for deposit in an escrow account.

CONCLUSION

In a substantial way, the 1986 report builds upon the previous Commission recommendations of 1978 and 1982. It contains a strong endorsement of the existing program, which has been hailed as a national model, but at the same time recognizes that the program needs to be periodically fine-tuned.

In this report, the Election Law Enforcement Commission proposes that the difficult and often politically-charged process of modifying the various Public Financing Program thresholds through legislation be discontinued. Instead, the Commission recommends that, beginning in the 1989 gubernatorial election, the many thresholds, limits and caps be changed in accordance with the Consumer Price Index. This process would be automatic and would not require action by the Governor and the Legislature, thereby removing the issue from the realm of partisan politics. To be sure, these elected officials would retain the authority to change the concept of the program, to change the thresholds themselves, and even to rescind this "automatic inflation adjuster mechanism," but in the absence of such action, this mechanism would assure that the program's thresholds would keep pace with the cost of conducting elections. It is the Commission's view that the adoption of this recommendation is in the public interest.

As has been the case since 1978, the Commission again calls for the elimination of the expenditure limits. It believes that these restrictions on overall

spending are unnecessary, and even antithetical to the democratic process of elections, which demands that candidates be able to reach out to the voters with their views in an uninhibited manner. The Commission believes that this stricture has nothing to do with eliminating undue influence from gubernatorial elections, but instead hampers the candidate's First Amendment rights and the voters' right to receive as much information as possible from their prospective State leaders. The Commission, in effect, believes that the contribution limit is the key factor in controlling improper influence, and with it in existence, expenditure limits are not needed.

The Public Financing Program greatly contributes to the gubernatorial election process in New Jersey. Since 1977, when it was in effect only for the general election, through 1981, when the program expanded to include the gubernatorial primary election, and again in 1985, the program has enabled candidates to conduct competitive campaigns while keeping those campaigns free from the corrupting influence of big money. The program is truly a New Jersey institution and its basic concept should be kept intact. It needs only to have its thresholds, limits, and caps adjusted to account for inflation and the increased cost of campaigning. In this report, the Commission has offered recommendations that balance the goals of the Public Financing Program in a way that will strengthen the program and set it on a steady course toward the 21st century.

TABLES REFERENCED IN TEXT

The following tables are specifically referred to in the text. The first twelve tables contain summary information on the 1985 and 1981 gubernatorial primary and general elections. The last three tables contain information concerning the impact on the candidates when the Commission's recommendations for change are applied.

All information in these tables is compiled from candidate submissions for public funds and the campaign financial disclosure reports that are required to be filed under the Reporting Act and from other relevant sources as noted.

TABLE I Public Funds Received by 1985 Gubernatorial Primary Election Candidates	
Candidate	Public Funds Received (Gross)
Del Tufo (D)	\$ 445,136.42
Gibson (D)	601,409.66
Greenspan (D)	.00
Kean (R)	643,572.40*
Russo (D)	643,572.40*
Shapiro (D)	643,572.40*
Wiley (D)	643,572.40*
Democratic Subtotal	\$2,977,263.28
Republican Subtotal	643,572.40
TOTAL	\$3,620,835.68
* Received maximum in public funds	
SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)	

TABLE II Public Funds Received by 1985 Gubernatorial General Election Candidates	
Candidate	Public Funds Received (Gross)
Kean (R)	\$1,287,144.80*
Shapiro (D)	1,281,083.18
TOTAL	\$2,568,227.98
* Received maximum in public funds	
SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)	

TABLE III New Jersey Gubernatorial Elections Fund Tax Check-Off		
Tax Year	Total Amount Checked For Fund	Participation Rate of Eligible Taxpayers
1976	\$ 1,172,286	38.1%
1977	1,438,983	41.3
1978	1,482,819	40.8
1979	1,538,400	41.1
1980	1,585,773	41.7
1981	1,543,879	39.5
1982	1,508,831	38.2
1983	1,516,784	37.0
1984	1,569,606	38.0
TOTAL	\$13,357,361	
Average per year (1976-1984)	\$ 1,484,151	39.5%
SOURCE: N.J. Department of the Treasury, Division of Taxation		

**TABLE IV
Expenditures by
1985 Gubernatorial Primary Election Candidates**

Candidate	Amount Within The Limit*	Amount Outside The Limit**	Total Net Expenditures
Del Tufo (D)	\$ 713,011.25	\$ 24,083.15	\$ 737,094.40
Gibson (D)	901,965.64	85,869.30	987,834.94
Greenspan (D)	600.00	0.00	600.00
Kean (R)	1,097,300.48	46,943.97	1,144,244.45
Russo (D)	1,082,935.04	51,569.36	1,134,504.40
Shapiro (D)	1,101,804.17	59,356.49	1,161,160.66
Wiley (D)	1,002,258.78	56,591.88	1,058,850.66
Democratic Subtotal	\$4,802,574.88	\$277,470.18	\$5,080,045.06
Republican Subtotal	1,097,300.48	46,943.97	1,144,244.45
TOTAL	\$5,899,875.36	\$324,414.15	\$6,224,289.51

• The expenditure limit was \$1,126,251.70

**The following categories of expenditures are allowable outside the expenditure limit: candidate travel costs, N.J. E.L.E.C. compliance costs, election night activity, and food and beverage costs for fund-raising events

SOURCE: Public Finance Expenditures- N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

**TABLE V
Expenditures by 1985
Gubernatorial General Election Candidates**

Candidate	Amount Within The Limit*	Amount Outside The Limit**	Total Net Expenditures
Kean (R)	\$2,181,792.58	\$ 73,178.29	\$2,254,970.87
Shapiro (D)	1,871,300.35	108,913.04	1,980,213.39
TOTAL	\$4,053,092.93	\$182,091.33	\$4,235,184.26

* The expenditure limit was \$2,252,503.40

**The following categories of expenditures are allowable outside the expenditure limit: candidate travel costs, N.J. E.L.E.C. compliance costs, election night activity, and food and beverage costs for fund-raising events

SOURCE: Public Finance Expenditures - N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE VI
1985 and 1981 Gubernatorial Candidates' Percentage of Votes Cast,
Public Funds Received and Cost-Per-Vote in Public Funds
(Sorted by Party)

Column A	Column B	Column C	Column D	Column E
Candidate	Votes Received	Percentage of Total Votes (For Each Party in Primary)	Public Funds Received (Gross)	Cost-per-Vote in Public Funds
Primary 1985				
Del Tufo (D)	19,742	6.0	\$ 445,136.42	\$22.55
Gibson (D)	85,293	26.1	601,409.66	7.05
Russo (D)	86,827	26.6	643,572.40	7.41
Shapiro (D)	101,243	31.0	643,572.40	6.36
Wiley (D)	27,914	8.6	643,572.40	23.06
Democratic Subtotal	326,403 (votes cast)		<u>\$2,977,263.28</u>	
Kean (R)	151,259	100.0	<u>\$ 643,572.40</u>	\$ 4.25
Republican Subtotal	151,259 (votes cast)		<u>\$ 643,572.40</u>	
PRIMARY TOTAL			\$3,620,835.68	
General 1985				
Kean (R)	1,372,631	68.4	\$1,287,144.80	\$ 0.94
Shapiro (D)	578,402	28.8	1,281,083.18	2.21
GENERAL TOTAL	2,005,330 (votes cast)		<u>\$2,568,227.98</u>	
1985 TOTAL			\$6,189,063.66	
Primary 1981				
Degnan (D)	65,844	10.4	\$ 599,975.80	\$ 9.11
Dodd (D)	23,866	3.8	327,543.77	13.72
Florio (D)	164,179	25.9	599,975.80	3.65
Gibson (D)	95,212	15.0	393,879.00	4.14
Hamilton (D)	17,395	2.7	309,678.76	17.80
Klein (D)	14,884	2.4	52,763.74	3.54
Lan (D)	*	-	249,919.69	*
McConnell (D)	16,123	2.5	95,916.72	5.95
Merlino (D)	70,910	11.2	599,975.80	8.46
Smith (D)	57,479	9.1	599,949.80	10.44
Democratic Subtotal	633,322 (votes cast)		<u>\$3,829,578.88</u>	
Kean (R)	122,512	30.8	\$ 599,975.80	\$ 4.90
Kramer (R)	83,565	21.0	599,975.80	7.18
McGlynn (R)	5,486	1.4	233,916.74	42.64
Parker (R)	26,040	6.5	306,042.00	11.75
Rafferty (R)	12,837	3.2	246,575.22	19.21
Wallwork (R)	61,826	15.5	557,594.74	9.02
Republican Subtotal	398,369 (votes cast)		<u>\$2,544,080.30</u>	
PRIMARY TOTAL			\$6,373,659.18	
General 1981				
Florio (D)	1,144,202	48.3	\$1,199,951.60	\$ 1.05
Kean (R)	1,145,999	48.4	1,199,951.60	1.05
GENERAL TOTAL	2,367,808 (votes cast)		<u>\$2,399,903.20</u>	
1981 TOTAL			\$8,773,562.38	

* Withdrew from the race before election

SOURCE: Results of Primary, General Election for the Office of the Governor and the Members of the General Assembly, N.J. Department of State, Division of Elections

TABLE VII
Amount of Contributions (Net) Submitted for Match
by Date of Submission-1985 Gubernatorial Elections

Date	WILEY (D)	Del Tufo (D)	Candidate Gibson ¹ (D)	RUSSO (D)	SHAPIRO (D)	KEAN (R)
Primary						
1/07/85	\$ 136,510.00	\$ -	\$ -	\$ -	\$ -	\$ -
1/28/85	-	-	-	-	-	-
2/11/85	-	-	-	-	-	-
2/25/85	C 40,340.00	88,790.00	-	-	-	-
3/11/85	7,458.00	A 17,915.00	-	-	-	-
3/25/85	D 19,267.00	12,890.00	A 110,241.00	-	-	-
4/01/85	-	B 10,475.19	D 102,724.99	D 214,155.00	D 200,000.00	-
4/08/85	10,000.00	-	45,510.00	-	-	-
4/15/85	12,210.00	12,193.02	11,900.00	17,375.00	-	-
4/22/85	11,950.00	C 14,780.00	7,925.00	16,690.00	-	D 421,108.00
4/29/85	12,364.00	17,445.00	10,750.00	56,490.00	42,850.00	-
5/06/85	12,265.00	10,595.00	-	59,030.00	51,150.00	-
5/13/85	48,633.47	10,400.00	22,722.01	46,999.00	60,062.00	(500.00)
5/20/85	32,547.00	D 35,760.00	20,607.16	(700.00)	31,476.00	-
5/28/85	25,126.33	32,450.00	22,486.00	(5,800.00)	-	-
6/03/85	14,373.00	12,395.00	11,589.88	(2,550.00)	-	-
6/10/85	-	2,700.00	20,245.00	(120.00)	-	-
6/24/85	-	2,120.00	3,020.00	-	-	-
	<u>\$ 383,043.80</u>	<u>\$ 280,908.21</u>	<u>\$ 389,721.04</u>	<u>\$ 401,569.00</u>	<u>\$ 385,538.00</u>	<u>\$ 420,608.00</u>
	Shapiro ² (D)	KEAN (R)				
General						
6/10/85	\$ -	\$ -				
6/24/85	-	-				
7/08/85	-	-				
7/22/85	-	D 741,667.05				
8/05/85	-	-				
8/19/85	-	-				
9/03/85	-	-				
9/09/85	D 300,000.00	-				
9/16/85	-	-				
9/23/85	100,000.00	-				
9/30/85	-	-				
10/07/85	112,600.00	-				
10/15/85	49,970.00	-				
10/21/85	45,629.59	-				
10/28/85	57,580.00	-				
11/04/85	36,717.00	-				
	<u>\$ 702,496.59</u>	<u>\$ 741,667.05</u>				

THRESHOLD GUIDE:

- A = \$100,000 Contributions
- B = \$125,000 Contributions
- C = \$150,000 Contributions
- D = \$200,000 Contributions

Candidates in CAPS are those who received the maximum public funding (Primary-\$643,572.40, General-\$1,287,144.80)

¹Candidate qualified for the maximum after the date of the election

²Candidate submitted enough to qualify for the maximum, but due to technical deficiencies in documentation, did not receive the maximum public funding

SOURCE: Submissions for public matching funds as filed with N.J. E.L.E.C.

TABLE VIII
Estimated Decrease* in Public Funds Resulting From
Reducing the Matching Ratio to 1 for 1 from 2 for 1-1985 Gubernatorial Candidates
(Sorted by Party)

Candidate	Contributions (A)	\$2.00 for \$1.00	\$1.00 for \$1.00	Decrease
Primary 1985				
Democrats: Del Tufo	\$ 281,823.21	\$ 563,646.42	\$ 281,823.21	\$ 281,823.21
Gibson	387,521.04	643,572.40	387,521.04	256,051.36
Russo	490,017.61	643,572.40	490,017.61	153,554.79
Shapiro	519,259.00	643,572.40	519,259.00	124,313.40
Wiley	390,331.49	643,572.40	390,331.49	253,240.91
Democratic Subtotal	<u>\$2,068,952.35</u>	<u>\$3,137,936.02</u>	<u>\$2,068,952.35</u>	<u>\$1,068,983.67</u>
Republicans: Kean	\$ 508,173.25	\$ 643,572.40	\$ 508,173.25	\$ 135,399.15
Republican Subtotal	<u>\$ 508,173.25</u>	<u>\$ 643,572.40</u>	<u>\$ 508,173.25</u>	<u>\$ 135,399.15</u>
PRIMARY TOTAL	\$2,577,125.60	\$3,781,508.42	\$2,577,125.60	\$1,204,382.82
General 1985				
Kean (R)	\$ 968,565.74(B)	\$1,287,144.80	\$ 968,565.74	\$ 318,579.06
Shapiro (D)	706,806.59(C)	1,287,144.80	706,806.59	580,338.21
GENERAL TOTAL	<u>\$1,675,372.33</u>	<u>\$2,574,289.60</u>	<u>\$1,675,372.33</u>	<u>\$ 898,917.27</u>
1985 TOTAL	\$4,252,497.93	\$6,355,798.02	\$4,252,497.93	\$2,103,300.09

* Assumes caps on public funds remain at 1985 levels
(A) Does not include candidates' personal funds in excess of \$800, loans, interest, and public solicitations
(B) Does not include items that are in the process of being refunded
(C) Does not include large in-kind contributions by party organizations
SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE IX
Public Funds as a Percentage of Total Campaign Receipts-
1985 Gubernatorial Candidates
(Sorted by Party)

Candidate	Non-Public Funds (Net)*	Public Matching Funds (Net)*	Total Receipts	Public Funds As a Percentage of Total
Primary 1985				
Del Tufo (D)	\$ 294,578.03	\$ 442,776.52	\$ 737,354.55	60.0
Gibson (D)	387,521.04	599,630.66	987,151.70	60.7
Russo (D)	490,017.61	643,572.40**	1,133,590.01	56.8
Shapiro (D)	521,382.05	643,572.40**	1,164,954.45	55.2
Wiley (D)	415,333.45	643,517.21**	1,058,850.66	60.8
Democratic Subtotal	<u>\$2,108,832.18</u>	<u>\$2,973,069.19</u>	<u>\$ 5,081,901.37</u>	<u>58.5</u>
Kean (R)	<u>\$ 508,173.25</u>	<u>\$ 643,059.14**</u>	<u>\$ 1,151,232.39</u>	<u>55.9</u>
Republican Subtotal	<u>\$ 508,173.25</u>	<u>\$ 643,059.14</u>	<u>\$ 1,151,232.39</u>	<u>55.9</u>
PRIMARY TOTAL	\$2,617,005.43	\$3,616,128.33	\$ 6,233,133.76	58.0
General 1985				
Kean (R)	\$ 970,965.74	\$1,287,144.80**	\$ 2,258,110.54	57.0
Shapiro (D)	720,691.26	1,281,083.18	2,001,774.44	64.0
GENERAL TOTAL	<u>\$1,691,657.00</u>	<u>\$2,568,227.98</u>	<u>\$ 4,259,884.98</u>	<u>60.3</u>
1985 TOTAL	\$4,308,662.43	\$6,184,356.31	\$10,493,018.74	58.9

* Net means less refunds and/or check not cashed because of insufficient funds
**Denotes candidate that received maximum in public matching funds
SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE X
Estimated Increase/Decrease in Public Funds for 1985 Gubernatorial
Primary and General Election Candidates Resulting From Reducing Matching
Ratio and Increasing the Contribution Limit to \$1,200*
(Sorted by Party, 2 for 1 and 1 for 1 Matching Ratios)

Candidate	Column 1 Number of \$800 Contributions	Limit: \$1,200 (Col. 1 x \$800) (A) 2 for 1 Matching Ratio -Increase-**	Limit: \$1,200 (Col. 1 x \$400) (B) 1 for 1 Matching Ratio -Decrease-
Primary 1985			
Del Tufo (D)	162	\$ 129,600.00	\$ 64,800.00
Gibson (D)	271	216,800.00	108,400.00
Russo (D)	389	311,200.00	155,600.00
Shapiro (D)	358	286,400.00	143,200.00
Wiley (D)	243	194,400.00	97,200.00
Democratic Subtotal	<u>1,423</u>	<u>\$1,138,400.00</u>	<u>\$ 569,200.00</u>
Kean (R)	478	\$ 382,400.00	\$ 191,200.00
Republican Subtotal	<u>478</u>	<u>\$ 382,400.00</u>	<u>\$ 191,200.00</u>
PRIMARY TOTAL	1,901	\$1,520,800.00	\$ 760,400.00
General 1985			
Kean (R)	836	\$ 668,800.00	\$ 334,400.00
Shapiro (D)	507	405,600.00	202,800.00
GENERAL TOTAL	<u>1,343</u>	<u>\$1,074,400.00</u>	<u>\$ 537,200.00</u>
1985 TOTAL	3,244	\$2,595,200.00	\$1,297,600.00

*Assumes that contributors of \$800 would contribute \$1,200, others at increased levels

**Estimate of increase in public funds does not take into account cap on public funds (\$643,572.40 for Primary and \$1,287,144.80 for General election in 1985)

(A) \$800 contribution when matched 2 for 1 provides \$1,600 in public funds \$1,200 contribution matched 2 for 1 provides \$2,400. Therefore, the increase equals \$800 for each contribution.

(B) \$800 contribution when matched 2 for 1 provides \$1,600 in public funds; \$1,200 contribution matched 1 for 1 provides \$1,200 in public funds. Therefore, decrease equals \$400 for each contribution.

SOURCE: Cumulative Campaign Contribution List - N.J. E.L.E.C, Public Financing computer prepared report (5/27/86)

**TABLE XI
Number of \$800 Contributions for 1985
Primary and General
Gubernatorial Candidates
(Sorted by Party)**

Candidate	Number of \$800 Contributions
Primary 1985	
Del Tufo (D)	162
Gibson (D)	271
Russo (D)	389
Shapiro (D)	358
Wiley (D)	243
Democratic Subtotal	<u>1,423</u>
Kean (R)	478
Republican Subtotal	<u>478</u>
PRIMARY TOTAL	1,901
General 1985	
Kean (R)	836
Shapiro (D)	507
GENERAL TOTAL	<u>1,343</u>
1985 TOTAL	3,244
SOURCE: Cumulative Campaign Contribution List by Amount- N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)	

**TABLE XII
Estimated Effect on Public Funds, Total and by Candidate,
Resulting from Applying Recommended Changes in Public Financing Formula
(Sorted by Party)**

Candidate	Estimated Public Funds (1)	1985 Public Funds (Gross)	Decrease In Public Funds Amount	Percent
Primary 1985				
Del Tufo (D)	\$ 296,623	\$ 445,136	\$ 148,513	33.4
Gibson (D)	445,921	601,410	155,489	25.9
Russo (D)	500,000	643,572	143,572	22.3
Shapiro (D)	500,000	643,572	143,572	22.3
Wiley (D)	437,531	643,572	206,041	32.0
Democratic Subtotal	<u>\$2,180,075</u>	<u>\$2,977,262</u>	<u>\$ 797,187</u>	26.8
Kean (R)	<u>\$ 500,000</u>	<u>\$ 643,572</u>	<u>\$ 143,572</u>	22.3
Republican Subtotal	<u>\$ 500,000</u>	<u>\$ 643,572</u>	<u>\$ 143,572</u>	22.3
PRIMARY TOTAL	\$2,680,075	\$3,620,834	\$ 940,759	26.0
General 1985				
Kean (R)	1,000,000	1,281,145	281,145	21.9
Shapiro (D)	\$ 859,606	\$1,281,083	\$ 421,477	32.9
GENERAL TOTAL	<u>\$1,859,606</u>	<u>\$2,562,228</u>	<u>\$ 702,622</u>	27.4
1985 TOTAL	\$4,539,681	\$6,183,062	\$1,643,381	26.6

(1) The estimate of public funds is based on the following calculation: (a) 1985 matchable contributions consisting of cash or check contributions submitted for match, rejected for match, not submitted for match and in-kind contributions from individuals and businesses as reported through May 27, 1986, plus (b) an amount representing \$400 times the number of contributions of \$800 to account for the \$1,200 contribution limit, minus (c) a net \$50,000 threshold (\$100,000 threshold, matching begins at \$50,000), multiplied (d) by one up to a maximum of \$500,000, the cap on public funds for the primary, or \$1 million, the cap for the general election.

SOURCE: For "matchable contributions," Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE XIII
Estimated Effect on Candidate's Total Receipts
Resulting From Applying Recommended Changes in Public Financing Formula
(Sorted by Party)

Candidate	Estimated Total Receipts (1)	1985 Total Receipts (2)	Change	
			Amount	Percent
Primary 1985				
Del Tufo (D)	\$ 656,001.30	\$ 737,354.55	\$- 81,353.25	- 11.0
Gibson (D)	941,842.04	987,151.70	- 45,309.66	- 4.6
Russo (D)	1,145,617.61	1,133,590.01	+ 12,027.60	+ 1.1
Shapiro (D)	1,164,582.05	1,164,954.45	- 372.40	- 0.0
Wiley (D)	950,064.45	1,058,850.66	- 108,786.21	- 10.3
Democratic Subtotal	\$ 4,858,107.45	\$ 5,081,901.37	\$- 223,793.92	+ 4.4
Kean (R)	\$ 1,199,373.25	\$ 1,151,232.39	\$+ 48,140.86	+ 4.2
Republican Subtotal	\$ 1,199,373.25	\$ 1,151,232.39	\$+ 48,140.86	+ 4.2
PRIMARY TOTAL	\$ 6,057,480.70	\$ 6,233,133.76	\$- 175,653.06	- 2.8
General 1985				
Kean (R)	2,305,365.74	2,258,110.54	+ 47,255.20	+ 2.1
Shapiro (D)	\$ 1,783,097.26	\$ 2,001,774.44	\$- 218,677.18	- 10.9
GENERAL TOTAL	\$ 4,088,463.00	\$ 4,259,884.98	\$- 171,421.98	- 4.0
1985 TOTAL	\$10,145,943.70	\$10,493,018.74	\$- 347,075.04	- 3.3

(1) Estimated total receipts were calculated as follows: (a) total matchable contributions (see footnote for Table XII) plus (b) total other receipts composed of in-kind contributions, interest income, candidates' funds in excess of \$800, and public solicitations per N.J.S.A. 19:44A-19(a), plus (c) the estimated public funds from Table XII

(2) Total receipts are composed of the following: (a) net private receipts plus (b) gross public receipts (Table IX)

SOURCE: For 1985 Total receipts: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE XIV
Estimated Effect on Percent of Total Funds
Represented by Public Funds
From Applying Recommended Changes in
Public Financing Formula
(Sorted by Party)

Candidate	1985	Estimated Percent
	Actual Percent	
Primary 1985		
Del Tufo (D)	60.0	45.2
Gibson (D)	60.7	47.3
Russo (D)	56.8	43.6
Shapiro (D)	55.2	42.9
Wiley (D)	60.8	46.0
Democratic Subtotal	58.5	44.9
Kean (R)	55.9	41.7
Republican Subtotal	55.9	41.7
PRIMARY TOTAL	58.0	44.2
General 1985		
Kean (R)	57.0	43.4
Shapiro (D)	64.0	48.2
GENERAL TOTAL	60.3	45.5
1985 TOTAL	58.9	44.7

SOURCE: Tables IX, XII, XIII

TABLES NOT REFERENCED IN TEXT

The following tables are not specifically referred to in the text of this report. They are included for purposes of comparative analysis and historical depth. Some tables provide detailed data regarding the 1985 campaigns, and thus can be compared with the reports of 1982, **New Jersey Public Financing**, and 1978, **Public Financing in New Jersey**, similarly detailing data on the 1981 and 1977 elections. Other tables are presented with 1981 and 1977 data incorporated. Taken together with this report, the tables provide trend data on the New Jersey experience with public funding since 1977.

TABLE A
Comparison of Amount of Contributions,
Contributions of \$800 and
Contributions of \$100 or Less by Candidate*-
1985 and 1981 Primary Gubernatorial Elections
(Sorted by Party)

Candidate	Total Contributions \$ (A)	Contributions of \$800 \$	%	Contributions of \$100 or Less \$	%
Primary 1985					
Del Tufo (D)	\$ 281,823.21	\$ 129,600.00	46.0	\$ 33,005.19	11.7
Gibson (D)	387,521.04	216,800.00	55.9	28,833.04	7.4
Greenspan (D)	600.00	0.00	0.0	0.00	0.0
Russo (D)	490,017.61	311,200.00	63.5	28,874.45	5.9
Shapiro (D)	519,259.00	286,400.00	55.2	40,208.00	7.7
Wiley (D)	390,331.49	194,400.00	49.8	37,897.27	9.7
Democratic Subtotal	<u>\$2,069,552.35</u>	<u>\$1,138,400.00</u>	55.0	<u>\$ 168,817.95</u>	8.2
Kean (R)	\$ 508,173.25(B)	\$ 382,400.00(B)	75.2	\$ 39,405.95	7.8
Republican Subtotal	<u>\$ 508,173.25(B)</u>	<u>\$ 382,400.00(B)</u>	75.2	<u>\$ 39,405.95</u>	7.8
1985 TOTAL	<u>\$2,577,725.60</u>	<u>\$1,520,800.00</u>	59.0	<u>\$ 208,223.90</u>	8.1
Primary 1981					
Buehler (D)	\$ 9,161.00	\$ 0.00	0.0	\$ 3,126.00	34.1
Degnan (D)	501,563.88	273,600.00	54.5	70,752.05	14.1
Dodd (D)	213,981.44	72,000.00	33.6	39,860.50	18.6
Florio (D)	504,604.50	304,800.00	60.4	59,639.51	11.8
Gibson (D)	280,321.00	83,200.00	29.7	74,882.50	26.7
Hamilton (D)	214,773.99	58,400.00	27.2	48,093.94	22.3
Klein (D)	77,741.48	30,400.00	39.1	18,807.00	24.2
Lan (D)	192,954.00	21,600.00	11.2	23,564.00	12.2
McConnell (D)	101,945.27	27,200.00	26.7	36,654.63	36.0
Merlino (D)	397,031.50	114,400.00	28.8	80,577.50	20.3
Roe (D)	925,528.23	366,400.00	39.6	131,868.50	14.2
Smith (D)	442,421.73	77,600.00	17.5	106,400.00	24.0
Democratic Subtotal	<u>\$3,862,028.02</u>	<u>\$1,429,600.00</u>	37.0	<u>\$ 694,226.13</u>	18.0
Imperiale (R)	\$ 9,969.00	\$ 1,600.00	16.0	\$ 3,794.00	38.0
Kean (R)	505,829.00	231,200.00	45.7	72,028.25	14.2
Kramer (R)	544,822.63	126,400.00	23.2	49,049.50	9.0
McGlynn (R)	167,468.37	49,600.00	29.6	41,466.00	24.8
Parker (R)	213,962.97	71,200.00	33.3	38,749.50	18.1
Rafferty (R)	187,039.66	36,000.00	19.3	36,342.00	19.4
Sullivan (R)	325,850.00	133,600.00	41.0	21,255.00	6.5
Wallwork (R)	329,571.72	109,600.00	33.2	74,359.06	22.6
Republican Subtotal	<u>\$2,284,513.35</u>	<u>\$ 759,200.00</u>	33.2	<u>\$ 337,043.31</u>	14.8
1981 TOTAL	<u>\$6,146,541.37</u>	<u>\$2,188,800.00</u>	35.6	<u>\$1,031,269.44</u>	16.8
*Does not include loans, candidates' personal funds over \$800, interest, and public solicitations of \$10 or less					
(A) Includes contributions submitted for match, not submitted for match, and in-kinds					
(B) Numbers are understated because campaigns fully refunded large numbers of \$800 contributions					
SOURCE: Cumulative Campaign Contribution List - N.J. E.L.E.C. Public Financing computer prepared report (5/27/86) 1981-Table 1.1 on p. 1.8-1982 Public Financing Report					

TABLE B
New Jersey 1985 Gubernatorial Elections
Contributions: Amount, Number and Average Contribution;
Number of Contributors and Average Contribution per Contributor*
(Sorted by Party)

Candidate	Total Contributions (\$)	Total Contributions (A) (#)	Average Contribution (\$)	Total Contributors (A) (#)	Average Contribution/ Contributor (\$)
Primary 1985					
Del Tufo (D)	\$ 281,823.21	1,298	\$217.12	1,037	\$271.77
Gibson (D)	387,521.04	1,613	240.25	1,470	263.62
Russo (D)	490,017.61	1,430	342.67	1,289	380.15
Shapiro (D)	519,259.00	2,143	242.30	1,815	286.10
Wiley (D)	390,331.49	2,148	181.72	1,430	272.96
Democratic Subtotal	<u>\$2,068,952.35</u>	<u>8,632</u>	<u>\$239.68</u>	<u>7,041</u>	<u>\$293.84</u>
Kean (R)	\$ 508,173.25	2,303	\$220.66	2,296(B)	\$221.33
Republican Subtotal	<u>\$ 508,173.25</u>	<u>2,303</u>	<u>\$220.66</u>	<u>2,296(B)</u>	<u>\$221.33</u>
PRIMARY TOTAL	\$2,577,125.60	10,935	\$235.68	9,337	\$276.01
General 1985					
Kean (R)	\$ 968,565.74(C)	3,335(C)	\$290.42	3,259	\$297.20
Shapiro (D)	718,726.62	2,665	269.69	2,409	298.35
GENERAL TOTAL	<u>\$1,687,292.36</u>	<u>6,000</u>	<u>\$281.22</u>	<u>5,668</u>	<u>\$297.69</u>
1985 TOTAL	\$4,264,417.96	16,935	\$251.81	15,005	\$284.20

*Does not include loans, candidates' personal funds in excess of \$800, interest, and public solicitations

(A) Does not include contributions fully refunded

(B) Numbers are understated since the campaign fully refunded large numbers of \$800 contributions

(C) Does not include excesses that are in process of being refunded

SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE C
Comparison of Contributions to
New Jersey Gubernatorial General Election
Candidates by Contribution Amount, Number of Contributors and by
Average Contribution Per Contributor*
(1985, 1981, and 1977)

Candidate	Amount of Contribution	Amount	% of Total Contributions	Number of Contributors	% of Total Contributors	Average Contribution/Contributor
General 1985						
Kean (R)	\$100 or Less	\$ 62,519.05	6.5	1,731	53.1	\$ 36.12
	\$101-\$599	206,368.00	21.3	647	19.9	318.96
	\$600-\$799	30,878.69	3.2	45	1.4	686.19
	\$800	668,800.00(A)	69.1	836(A)	25.7	800.00
	Total	\$ 968,565.74(A)	100.0	3,259(A)	100.0	\$297.20
Shapiro (D)	\$100 or Less	\$ 62,093.59	8.8	1,058	44.0	\$ 58.69
	\$101-\$599	220,098.00	31.1	814	33.8	270.39
	\$600-\$799	19,015.00	2.7	27	1.1	704.26
	\$800	405,600.00	57.4	507	21.1	800.00
	TOTAL	\$ 706,806.59(B)	100.0	2,406(B)	100.0	\$293.77
General 1981						
Florio (D)	\$100 or Less	\$ 151,531.25	12.3	3,631	61.8	\$ 41.74
	\$101-\$599	445,932.00	36.3	1,439	24.5	309.89
	\$600-\$799	52,956.00	4.3	80	1.4	661.95
	\$800	576,800.00	47.0	721	12.3	800.00
	TOTAL	\$1,227,219.25	100.0	5,871	100.0	\$209.03
Kean (R)	\$100 or Less	\$ 114,251.50	10.2	1,945	47.4	\$ 58.74
	\$101-\$599	418,565.69	37.3	1,411	34.4	296.64
	\$600-\$799	70,352.50	6.3	102	2.5	689.73
	\$800	517,600.00	46.2	647	15.8	800.00
	TOTAL	\$1,120,769.69(B)	100.0	4,105(B)	100.0	\$273.03
General 1977						
Bateman (R)	\$100 or Less	\$ 182,324.00	28.7	4,639	79.3	\$ 39.30
	\$101-\$599	196,311.00	30.9	786	13.4	249.76
	\$600	257,400.00	40.4	429	7.3	600.00
	TOTAL	\$ 636,035.00	100.0	5,854	100.0	\$108.65
Byrne (D)	\$100 or Less	\$ 98,401.00	17.2	2,271	62.1	\$ 43.32
	\$101-\$599	197,179.00	34.4	920	25.2	214.32
	\$600	277,800.00	48.4	463	12.7	600.00
	TOTAL	\$ 573,380.00	100.00	3,654	100.0	\$156.92

*Does not include interest, and contributors of net \$0.00

(A) Excess contributions yet to be refunded not included

(B) Does not include in-kind contributions from party organizations

SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5-27-86)
1977 and 1981 -"Comparison of Contributions to 1981, 1977 and 1973 New Jersey Gubernatorial General
Election Candidates by Contribution Amount," 1982 New Jersey Public Financing Report, Table 1.3 on page 1.10

TABLE D
Comparison of Contributions to
New Jersey Gubernatorial General Election Candidates by
Contribution Amount and by Number of Contributions*
(1985, 1981, and 1977)

Candidate	Contributions of \$100 or Less as a Percentage of Total Contributions		Large Contributions as a Percentage of Total Contributions**	
	Amount	Contributions	Amount	Contributions
Democrats				
1985 Shapiro	8.8%	44.4%	60.1%	22.2%
1981 Florio	12.2	61.8	51.3 (A)	13.7 (A)
1977 Byrne	17.2	62.1	48.4	12.7
Republicans				
1985 Kean	6.5 %	53.1%	72.2% (B)	27.0%
1981 Kean	10.2	47.4	52.5 (A)	18.3 (A)
1977 Bateman	28.7	79.3	40.4	7.3
*Does not include candidates' personal funds, public solicitations, loans, interest, contributions of net \$0.00, and in-kind contributions from political party organizations				
**Large Contributions are those of \$600 or more				
(A) These percentages are understated because both the Florio and Kean campaigns refunded large contributions that the campaign could not use because of the expenditure limit				
(B) \$2,400.00 in excess contributions are not included since they are in the process of being refunded				
Note: Contribution is an aggregate contribution from a contributor				
SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86) 1981, 1977-Table 1.3, Page 1.3 of 1982 Public Financing Report				

TABLE E
1985 Gubernatorial Primary Election Candidates-
Amount and Number of Contributors by Type of Contributor*

Candidate	Type of Contributor	Total Contributions (A)	% of Total Contributions	# of Total Contributors (A)	% of Total Contributors	Average Contribution/Contributor
Kean (R)	Individual	\$372,883.25	73.4	2,021	86.3	\$184.50
	Corporation	129,140.00	25.4	309	13.2	417.93
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	250.00	0.0	1	0.0	250.00
	Political Cmte.	-	-	-	-	-
	Business PAC	2,400.00	0.5	3	0.1	800.00
	Trade PAC	2,500.00	0.5	5	0.2	500.00
	Union	-	-	-	-	-
	Union PAC	800.00	0.2	1	0.0	800.00
	Ideological PAC	-	-	-	-	-
	Other	200.00	0.0	1	0.0	200.00
	TOTAL	\$508,173.25	100.0	2,341	100.0	\$217.08
Del Tufo (D)	Individual	\$250,978.21	89.1	953	91.9	\$263.36
	Corporation	30,255.00	10.7	80	7.7	378.19
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	-	-	-	-	-
	Political Cmte.	-	-	-	-	-
	Business PAC	170.00	0.1	1	0.1	170.00
	Trade PAC	-	-	-	-	-
	Union	85.00	0.0	1	0.1	85.00
	Union PAC	-	-	-	-	-
	Ideological PAC	85.00	0.0	1	0.1	85.00
	Other	250.00	0.1	1	0.1	250.00
	TOTAL	\$281,823.21	100.0	1,037	100.0	\$271.77
Gibson (D)	Individual	\$269,736.04	69.6	1,189	82.6	\$226.86
	Corporation	110,135.00	28.4	231	16.0	476.77
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	2,400.00	0.6	7	0.5	342.86
	Political Cmte.	-	-	-	-	-
	Business PAC	1,600.00	0.4	2	0.1	800.00
	Trade PAC	-	-	-	-	-
	Union	1,100.00	0.3	3	0.2	366.67
	Union PAC	800.00	0.2	1	0.1	800.00
	Ideological PAC	250.00	0.1	2	0.1	125.00
	Other	1,500.00	0.4	5	0.3	300.00
	TOTAL	\$387,521.04	100.0	1,440	100.0	\$269.11

-Continued-

TABLE E-Continued
1985 Gubernatorial Primary Election Candidates-
Amount and Number of Contributors by Type of Contributor*

Candidate	Type of Contributor	Total Contributions (A)	% of Total Contributions	# of Total Contributors (A)	% of Total Contributors	Average Contribution/Contributor
Russo (D)	Individual	\$342,893.00	70.0	876	67.9	\$391.43
	Corporation	111,956.45	22.8	337	26.1	332.21
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	5,418.16	1.1	12	0.9	451.51
	Political Cmte.	1,700.00	0.3	6	0.5	283.33
	Business PAC	2,150.00	0.4	7	0.5	307.14
	Trade PAC	16,450.00	3.4	34	2.6	483.82
	Union	3,750.00	0.8	8	0.6	468.75
	Union PAC	3,600.00	0.7	8	0.6	450.00
	Ideological PAC	2,100.00	0.4	3	0.2	700.00
	Other	-	-	-	-	-
TOTAL	\$490,017.61	100.0	1,291	100.0	\$379.56	
Shapiro (D)	Individual	\$405,574.00	78.1	1,570	86.5	\$258.33
	Corporation	96,192.00	18.5	203	11.2	473.85
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	5,958.00	1.1	15	0.8	397.20
	Political Cmte.	4,125.00	0.8	7	0.4	589.29
	Business PAC	-	-	-	-	-
	Trade PAC	-	-	-	-	-
	Union	3,400.00	0.7	9	0.5	377.78
	Union PAC	2,065.00	0.4	4	0.2	516.25
	Ideological PAC	1,275.00	0.2	3	0.2	425.00
	Other	670.00	0.1	4	0.2	167.50
TOTAL	\$519,259.00	100.0	1,815	100.0	\$286.09	
Wiley (D)	Individual	\$318,953.49	81.7	1,256	87.8	\$253.94
	Corporation	70,103.00	18.0	169	11.8	414.81
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	250.00	0.1	1	0.1	250.00
	Political Cmte.	-	-	-	-	-
	Business PAC	800.00	0.2	1	0.1	800.00
	Trade PAC	25.00	0.0	1	0.1	25.00
	Union	50.00	0.0	1	0.1	50.00
	Union PAC	150.00	0.0	1	0.1	150.00
	Ideological PAC	-	-	-	-	-
	Other	-	-	-	-	-
TOTAL	\$390,331.49	100.0	1,430	100.0	\$272.96	

*Does not include loans, candidates' personal funds over \$800, interest, and public solicitations

(A) Does not include contributions fully refunded

SOURCE: Cumulative Campaign Contributions List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE F
1985 Gubernatorial Primary Totals-
Amount and Number of Contributors by
Type of Contributor*

	Type of Contributor	Total Contributions (A)	% of Total Contributions	# of Total Contributors (A)	% of Total Contributors	Average Contribution/Contributor
Democrats	Individual	\$1,588,134.74	76.8	5,844	83.3	\$271.75
	Corporation	418,641.45	20.2	1,020	14.5	410.43
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	14,026.16	0.7	35	0.5	400.75
	Political Cmte.	5,825.00	0.3	13	0.2	448.08
	Business PAC	4,720.00	0.2	11	0.2	429.10
	Trade PAC	16,475.00	0.8	35	0.5	470.71
	Union	8,385.00	0.4	22	0.3	381.14
	Union PAC	6,615.00	0.3	14	0.2	472.50
	Ideological PAC	3,710.00	0.2	9	0.1	412.22
	Other	2,420.00	0.1	10	0.1	242.00
	TOTAL	\$2,068,952.35	100.0	7,013	100.0	\$295.02
Republicans	Individual	\$ 372,883.25	73.4	2,021	86.3	\$184.50
	Corporation	129,140.00	25.4	309	13.2	417.93
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	250.00	0.0	1	0.0	250.00
	Political Cmte.	-	-	-	-	-
	Business PAC	2,400.00	0.5	3	0.1	800.00
	Trade PAC	2,500.00	0.5	5	0.2	500.00
	Union	-	-	-	-	-
	Union PAC	800.00	0.2	1	0.0	800.00
	Ideological PAC	-	-	-	-	-
	Other	200.00	0.0	1	0.0	200.00
	TOTAL	\$ 508,173.25	100.0	2,341	100.0	\$217.08
TOTAL	Individual	\$1,961,017.99	76.1	7,865	84.1	\$249.33
	Corporation	547,781.45	21.3	1,329	14.2	412.18
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	14,276.16	0.6	36	0.4	396.56
	Political Cmte.	5,825.00	0.2	13	0.1	448.08
	Business PAC	7,120.00	0.3	14	0.1	508.57
	Trade PAC	18,975.00	0.7	40	0.4	474.38
	Union	8,385.00	0.3	22	0.2	381.14
	Union PAC	7,415.00	0.3	15	0.2	494.33
	Ideological PAC	3,710.00	0.1	9	0.1	412.22
	Other	2,620.00	0.1	11	0.1	238.18
	TOTAL	\$2,577,125.60	100.0	9,354	100.0	\$275.51

*Does not include loans, candidates' personal funds over \$800, interest, and public solicitations

(A) Does not include contributions fully refunded

SOURCE: Cumulative Campaign Contributions List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE G
1985 Gubernatorial General Election Candidates-
Amount and Number of Contributors by Type of Contributor*

Candidate	Type of Contributor	Total Contributions (A)	% of Total Contributions	# of Total Contributors (A)	% of Total Contributors	Average Contribution/Contributor
Kean (R)	Individual (B)	\$ 773,312.22	79.8	2,900	89.0	\$ 266.66
	Corporation	169,774.00	17.5	317	9.7	535.56
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	800.00	0.1	1	0.0	800.00
	Political Cmte.	954.52	0.1	3	0.1	318.17
	Business PAC (B)	7,350.00	0.8	11	0.3	668.18
	Trade PAC	10,050.00	1.0	14	0.4	717.86
	Union	3,600.00	0.4	6	0.2	600.00
	Union PAC	1,800.00	0.2	3	0.1	600.00
	Ideological PAC	800.00	0.1	2	0.1	400.00
	Other	125.00	0.0	2	0.1	62.50
	TOTAL	\$ 968,565.74	100.0	3,259	100.0	\$297.20
	Shapiro (D)	Individual	\$ 539,716.00	75.1	1,986	82.4
Corporation		132,730.59	18.5	340	14.1	390.38
Political Party Cmte.		10,181.25	1.4	8	0.3	1,272.66
Campaign Fund		5,570.00	0.8	20	0.8	278.50
Political Cmte.		9,357.78	1.3	16	0.7	584.86
Business PAC		2,600.00	0.4	5	0.2	520.00
Trade PAC		5,900.00	0.8	8	0.3	737.50
Union		3,210.00	0.4	9	0.4	356.67
Union PAC		4,200.00	0.6	6	0.2	700.00
Ideological PAC		4,865.00	0.7	11	0.5	442.27
Other		400.00	0.1	2	0.1	200.00
TOTAL		\$ 718,730.62	100.0	2,411	100.0	\$ 298.10
TOTAL		Individual (B)	\$1,313,028.22	77.8	4,886	86.1
	Corporation	302,504.59	17.9	657	11.6	460.43
	Political Party Cmte.	10,181.25	0.6	8	0.1	1,272.66
	Campaign Fund	6,370.00	0.4	21	0.4	303.33
	Political Cmte.	10,312.30	0.6	19	0.3	542.75
	Business PAC (B)	9,950.00	0.6	16	0.3	621.88
	Trade PAC	15,950.00	0.9	22	0.4	725.00
	Union	6,810.00	0.4	15	0.3	454.00
	Union PAC	6,000.00	0.4	9	0.2	666.67
	Ideological PAC	5,665.00	0.3	13	0.2	435.77
	Other	525.00	0.0	4	0.1	131.25
	TOTAL	\$1,687,296.36	100.0	5,670	100.0	\$ 297.58

*Does not include loans, candidates' personal funds over \$800, interest, and public solicitations

(A) Does not include contributions fully refunded

(B) Does not include excesses that are being refunded

SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE H
1985 Gubernatorial Election Candidates-
Amount of Contributions and Number of Contributors by
Type of Contributor*

	Type of Contributor	Total Contributions (A)	% of Total Contributions	# of Total Contributors (A)	% of Total Contributors	Average Contribution/Contributor
Primary 1985 Total	Individual	\$1,961,017.99	76.1	7,865	84.1	\$ 249.33
	Corporation	547,781.45	21.3	1,329	14.2	412.18
	Political Party Cmte.	-	-	-	-	-
	Campaign Fund	14,276.16	0.6	36	0.4	396.56
	Political Cmte.	5,825.00	0.2	13	0.1	448.08
	Business PAC	7,120.00	0.3	14	0.1	508.57
	Trade PAC	18,975.00	0.7	40	0.4	474.38
	Union	8,385.00	0.3	22	0.2	381.14
	Union PAC	7,415.00	0.3	15	0.2	494.33
	Ideological PAC	3,710.00	0.1	9	0.1	412.22
	Other	2,620.00	0.1	11	0.1	238.18
	TOTAL	\$2,577,125.60	100.0	9,354	100.0	\$ 275.51
General 1985 Total	Individual (B)	\$1,313,028.22	77.8	4,886	86.1	\$ 268.73
	Corporation	302,504.59	17.9	657	11.6	460.43
	Political Party Cmte.	10,181.25	0.6	8	0.1	1,272.66
	Campaign Fund	6,370.00	0.4	21	0.4	303.33
	Political Cmte.	10,312.30	0.6	19	0.3	542.75
	Business PAC (B)	9,950.00	0.6	16	0.3	621.88
	Trade PAC	15,950.00	0.9	22	0.4	725.00
	Union	6,810.00	0.4	15	0.3	454.00
	Union PAC	6,000.00	0.4	9	0.2	666.67
	Ideological PAC	5,665.00	0.3	13	0.2	435.77
	Other	525.00	0.0	4	0.1	131.25
	TOTAL	\$1,687,296.36	100.0	5,670	100.0	\$ 297.58
1985 TOTAL	Individual (B)	\$3,274,046.21	76.8	12,751	84.9	\$ 256.77
	Corporation	850,286.04	19.9	1,986	13.2	428.14
	Political Party Cmte.	10,181.25	0.2	8	0.1	1,272.66
	Campaign Fund	20,646.16	0.5	57	0.4	362.21
	Political Cmte.	16,137.30	0.4	32	0.2	504.30
	Business PAC (B)	17,070.00	0.4	30	0.2	569.00
	Trade PAC	34,925.00	0.8	62	0.4	563.31
	Union	15,195.00	0.4	37	0.2	410.68
	Union PAC	13,415.00	0.3	24	0.2	558.96
	Ideological PAC	9,375.00	0.2	22	0.1	426.14
	Other	3,145.00	0.1	15	0.1	209.67
	TOTAL	\$4,264,421.96	100.0	15,024	100.0	\$ 283.84

*Does not include loans, candidates' personal funds over \$800, interest, and public solicitations

(A) Does not include contributions fully refunded

(B) Does not include excesses that are being refunded

SOURCE: Cumulative Campaign Contribution List-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE I
Comparison of Expenditures by Type of Expenditure (Net)
for 1985 Gubernatorial Primary Candidates

Type of Expenditure	Del Tufo (D)		Gibson (D)		Kean (R)	
	Net	Net %	Net	Net %	Net	Net %
Expenditures Exempt from Limit:						
Candidate Travel	\$ 6,582.88	0.9	\$ 22,676.09	2.3	\$ 955.04	0.1
Food and Beverage/ Fund-raising	10,794.06	1.5	48,350.88	4.9	0.00	0.0
Election Night Activities	1,393.11	0.2	0.00	0.0	3,795.30	0.3
Compliance-Legal/Accounting	5,313.10	0.7	14,842.33	1.5	42,193.63	3.7
Total Expenditures Exempt from Limit:	\$ 24,083.15	3.3	\$ 85,869.30	8.7	\$ 46,943.97	4.1
Expenditures Subject to Limit:						
Administration:						
Telephone	\$ 7,753.19	1.1	\$ 7,318.05	0.7	\$ 2,638.51	0.2
Personnel/Taxes	38,420.01	5.2	143,481.41	14.5	37,273.55	3.3
Other	108,396.85	14.7	116,262.01	11.8	33,266.24	2.9
Total Administration	\$154,570.05	21.0	\$267,061.47	27.0	\$ 73,178.30	6.4
Communication:						
Media Time	\$495,789.45	67.3	\$414,388.66	41.9	\$ 845,982.50	73.9
Advertising Production	34,318.68	4.7	41,210.40	4.2	105,366.94	9.2
Newspaper Advertising	815.97	0.1	3,163.75	0.3	0.00	0.0
Billboards	40.00	0.0	47,771.32	4.8	2,067.00	0.2
Printing Literature	12,017.91	1.6	75,734.80	7.7	53,535.27	4.7
Mailing Literature	2,455.72	0.3	52,635.24	5.3	15,120.47	1.3
Total Communication Expenditures	\$545,437.73	74.0	\$634,904.17	64.3	\$1,022,072.18	89.3
Total Expenditures by Others	\$ 13,003.47	1.8	\$ 0.00	0.0	\$ 2,050.00	0.2
Total Expenditures Subject to Limit	\$713,011.25	96.7	\$901,965.64	91.3	\$1,097,300.48	95.9
Total Campaign Expenditures	\$737,094.40	100.0	\$987,834.94	100.0	\$1,144,244.45	100.0

Type of Expenditure	Russo (D)		Shapiro (D)		Wiley (D)	
	Net	Net %	Net	Net %	Net	Net %
Expenditures Exempt from Limit:						
Candidate Travel	\$ 19,489.37	1.7	\$ 7,722.76	0.7	\$ 10,038.93	0.9
Food and Beverage/ Fund-raising	24,380.12	2.1	23,939.97	2.1	24,505.80	2.3
Election Night Activities	0.00	0.0	3,034.61	0.3	1,000.00	0.1
Compliance-Legal/Accounting	7,699.87	0.7	24,659.15	2.1	21,047.15	2.0
Total Expenditures Exempt from Limit:	\$ 51,569.36	4.5	\$ 59,356.49	5.1	\$ 56,591.88	5.3
Expenditures Subject to Limit:						
Administration:						
Telephone	\$ 40,526.79	3.5	\$ 16,550.99	1.4	\$ 14,561.85	1.4
Personnel/Taxes	37,563.54	3.3	20,828.63	1.8	106,377.38	10.0
Other	248,872.92	21.7	113,534.71	9.8	70,965.03	6.7
Total Administration	\$ 326,963.25	28.8	\$ 150,914.33	13.0	\$ 191,904.26	18.1
Communication:						
Media Time	\$ 408,302.82	36.0	\$ 647,549.22	55.8	\$ 639,378.32	60.4
Advertising Production	138,764.38	12.2	234,301.11	20.2	33,882.88	3.2
Newspaper Advertising	11,611.51	1.0	0.00	0.0	500.00	0.0
Billboards	16,600.33	1.5	0.00	0.0	0.00	0.0
Printing Literature	95,572.60	8.4	60,801.37	5.2	61,706.80	5.8
Mailing Literature	82,888.70	7.2	5,309.14	0.5	72,865.83	6.9
Total Communication Expenditures	\$ 753,740.34	66.4	\$ 947,960.84	81.6	\$ 808,333.83	76.3
Total Expenditures by Others	\$ 2,231.45	0.2	\$ 2,929.00	0.3	\$ 2,020.69	0.2
Total Expenditures Subject to Limit	\$1,082,935.04	95.5	\$1,101,804.17	94.9	\$1,002,258.78	94.7
Total Campaign Expenditures	\$1,134,504.40	100.0	\$1,161,160.66	100.0	\$1,058,850.66	100.0

SOURCE: Summary Expenditure Listing - N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE J
Comparison of Expenditures by Type of Expenditure (Net)
for 1985 Gubernatorial General Election Candidates

Type of Expenditure	Shapiro (D)		Kean (R)	
	Net	Net %	Net	Net %
Expenditures Exempt from Limit:				
Candidate Travel	\$ 9,693.00	0.5	\$ 9,291.50	0.4
Food and Beverage/ Fund-raising	40,546.83	2.0	746.09	0.0
Election Night Activities	5,276.61	0.3	4,901.34	0.2
Compliance-Legal/Accounting	53,396.60	2.7	58,239.36	2.6
Total Expenditures Exempt from Limit:	<u>\$ 108,913.04</u>	5.5	<u>\$ 73,178.29</u>	3.2
Expenditures Subject to Limit:				
Administration:				
Telephone	\$ 23,317.74	1.2	\$ 9,317.79	0.4
Personnel/Taxes	60,961.19	3.1	97,970.65	4.3
Other	205,838.44	10.4	88,362.95	3.9
Total Administration	<u>\$ 290,117.37</u>	14.7	<u>\$ 195,651.39</u>	8.7
Communication:				
Media Time	\$1,220,000.00	61.6	\$1,862,045.19	82.6
Advertising Production	305,445.49	15.4	113,938.53	5.1
Newspaper Advertising	1,410.10	0.1	800.19	0.0
Billboards	0.00	0.0	3,204.30	0.1
Printing Literature	38,219.69	1.9	3,574.79	0.2
Mailing Literature	4,612.67	0.2	2,123.67	0.1
Total Communication Expenditures	<u>\$1,569,687.95</u>	79.3	<u>\$1,985,686.67</u>	88.1
Total Expenditures by Others	\$ 11,495.03	0.6	\$ 454.52	0.0
Total Expenditures Subject to Limit	<u>\$1,871,300.35</u>	94.5	<u>\$2,181,792.58</u>	96.8
Total Campaign Expenditures	<u>\$1,980,213.39</u>	100.0	<u>\$2,254,970.87</u>	100.0

SOURCE: Summary Expenditure Listing-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

TABLE K
Comparison of Expenditures by Type of Expenditure (Net)
for 1985 Primary and General Gubernatorial Publicly Funded Candidates

Type of Expenditure	Primary-Total		General-Total		1985-Total	
	Net	Net %	Net	Net %	Net	Net %
Expenditures Exempt from Limit:						
Candidate Travel	\$ 67,465.07	1.1	\$ 18,984.50	0.4	\$ 86,449.57	0.8
Food and Beverage/Fund-raising	131,970.83	2.1	41,292.92	1.0	173,263.75	1.7
Election Night Activities	9,223.02	0.1	10,177.95	0.2	19,400.97	0.2
Compliance-Legal/Accounting	115,755.23	1.9	111,635.96	2.6	227,391.19	2.2
Total Expenditures Exempt from Limit:	\$ 324,414.15	5.2	\$ 182,091.33	4.3	\$ 506,505.48	4.8
Expenditures Subject to Limit:						
Administration:						
Telephone	\$ 89,349.38	1.4	\$ 32,635.53	0.8	\$ 121,984.91	1.2
Personnel/Taxes	383,944.52	6.2	158,931.84	3.8	542,876.36	5.2
Other	691,297.76	11.1	294,201.39	6.9	985,499.15	9.4
Total Administration	\$1,164,591.66	18.7	\$ 485,768.76	11.5	\$ 1,650,360.42	15.8
Communication:						
Media Time	\$3,451,390.97	55.5	\$3,082,045.19	72.8	\$ 6,533,436.16	62.5
Advertising Production	587,844.39	9.4	419,384.02	9.9	1,007,228.41	9.6
Newspaper Advertising	16,091.23	0.3	2,210.29	0.1	18,301.52	0.2
Billboards	66,478.65	1.1	3,204.30	0.1	69,682.95	0.7
Printing Literature	359,368.75	5.8	41,794.48	1.0	401,163.23	3.8
Mailing Literature	231,275.10	3.7	6,736.34	0.2	238,011.44	2.3
Total Communication Expenditures	\$4,712,449.09	75.7	\$3,555,374.62	83.9	\$ 8,267,823.71	79.1
Total Expenditures by Others	\$ 22,234.61	0.4	\$ 11,949.55	0.3	\$ 34,184.16	0.3
Total Expenditures Subject to Limit	\$5,899,275.36	94.8	\$4,053,092.93	95.7	\$ 9,952,368.29	95.2
Total Campaign Expenditures	\$6,223,689.51	100.0	\$4,235,184.26	100.0	\$10,458,873.77	100.0

SOURCE: Summary Expenditure Listing-N.J. E.L.E.C. Public Financing computer prepared report (5/27/86)

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