

NEW JERSEY GUBERNATORIAL PUBLIC FINANCING REVISED: 1989 AND BEYOND



MARCH, 1992



State of New Jersey

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March, 1992

Dear Governor Florio and Members of the Legislature:

The Election Law Enforcement Commission is once again pleased to report on its administration of the Gubernatorial Public Financing Program in New Jersey. Under a dramatically revised statute, eight 1989 primary election candidates and two 1989 general election candidates received public money to support their candidacies.

Since its inception in 1977, New Jersey's Public Financing Program has been at the forefront of campaign finance reform in the United States. From this vantage point, the Commission is in a position to examine both the successes and issues created by the program.

The Commission hopes that the analysis and recommendations contained within this report will assist you and the public in understanding the seminal and pivotal role of this program.

The Commission looks forward enthusiastically to the challenge of continued development of Public Financing in New Jersey.

Owen V. McNany, III, Chairman

Stanley G. Bedford, Commissioner

David Linett, Commissioner

ACKNOWLEDGEMENTS

The Administration of the 1989 Gubernatorial Public Financing Program and the production of this report were the result of the dedicated efforts of many Commission staff members.

Director of Public Financing Nedda Massar was the author of this comprehensive study. She and her capable staff are to be commended for outstanding management of a highly visible program that processed millions of dollars under very stringent time constraints.

The entire Gubernatorial Public Financing staff worked tirelessly under her leadership to meet the needs of the candidates participating in the 1989 Public Financing program. Their work not only served the public and the publicly-financed candidates, but also formed the basis of the data contained within this report.

The Commission wishes to thank Assistant Director of Public Financing Donna Saczynski Bindas; Public Financing Analysts Brett Mead, Kap Chul Sin, and Gail Schneier; and Public Financing Secretary Sandra Magee for their efforts and enthusiasm.

Without the guidance, review, and assistance of Legal Director Gregory E. Nagy, this study could not have been produced. Deputy Director Jeffrey M. Brindle provided inspiration, information, and the critical examination necessary to completion of this project, while Executive Director Frederick M. Herrmann served as general editor of this report.

The patience and supportive care given to production of this text by Executive Secretary Josephine A. Hall were without equal.

Thanks also must go to Elizabeth Michael for her efforts toward distribution of the numerous copies of this Report.

For further reading about gubernatorial public financing in New Jersey and related campaign finance issues, the Commission suggests referring to the “COGEL Campaign Financing and Lobbying Bibliography” compiled by Executive Director Herrmann.

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INTRODUCTION

New Jersey's gubernatorial public financing program, the first such State program in the nation when it began during the 1977 gubernatorial general election, operated for the fourth time in 1989 to distribute public matching funds to qualifying candidates. In fulfilling the statutory mandate of the public financing program, eight primary and two general election candidates received public funds promptly so that they could conduct their campaigns free from improper influence and so that candidates of limited financial means could seek election to the office of Governor.

As a result of its analysis of the operation of gubernatorial public financing in 1989, the Commission will recommend in this report a financial restructuring of the program. This reorganization will reduce matching funds distributed to candidates and therefore keep the cost of the program in balance with the revenue generated by the voluntary income tax check-off funding source.

Amendments to the gubernatorial public financing program contained in legislation enacted on January 21, 1989, resulted in a program which was significantly different in magnitude from prior gubernatorial election cycles. Specifically, the maximum amount of public funds available to a qualified candidate was raised to \$1.35 million per candidate in the 1989 primary election and to \$3.3 million per candidate in the 1989 general election. As a

result, the eight qualified primary election candidates received a record total of \$8,658,782.60 in public matching funds (Table I) and the two general election candidates received a record total of \$6,600,000 (Table II). The total of \$15.3 million in public matching funds distributed to the 1989 gubernatorial primary and general election candidates collectively was a sum almost as large as the \$17 million total that had been distributed to all candidates in the combined 1977, 1981, and 1985 gubernatorial election cycles. Commission staff was called upon to review and process expeditiously 49 submissions for matching funds in the primary election, and eight submissions in the general election, a massive administrative undertaking that was accomplished without any financial discrepancy or disruption to any campaign.

The upward revision of the public funds caps in the 1989 amendments was more than double the amount recommended by ELEC for the primary election, and more than triple the amount recommended for the general election. The fiscal impact of the distribution of a sum as large as \$15.3 million in a single election cycle requires an examination of the funding mechanism which supports the program.

Gubernatorial public financing in New Jersey is financed by a voluntary \$1 income tax check-off. A New Jersey taxpayer may direct that \$1 of his or her tax liability be added to the Gubernatorial Election Fund which was created in 1976 to finance the gubernatorial matching fund program. If check-off revenues fall short of the demand for public funds, the public

financing statute directs the Legislature to appropriate funds from the General Treasury to make up the difference.

Between 1976 and 1985, the check-off generated revenues to the Fund sufficient to offset the distribution of \$17 million in public funds to candidates in 1977, 1981, and 1985. The record \$15.3 million in matching funds paid out to 1989 candidates, not only stripped the ability of the Fund created by the \$1 voluntary check-off to replenish itself and sustain the program over each four-year cycle, but made it virtually impossible for the program to achieve fiscal balance in the future. Therefore, the focus of the recommendations offered later in this report will be upon changes that will refinance and restore fiscal balance to gubernatorial public financing in New Jersey.

The 1989 amendments to the public financing law also significantly raised the primary and general election expenditure limits. The expenditure limit for the 1989 gubernatorial primary election became \$2.2 million per candidate, while the 1989 general election limit was raised to \$5 million per candidate. Therefore, total campaign spending in the 1989 primary election by publicly financed candidates was just over \$15 million (Table III) . In the 1989 general election, the two publicly financed candidates spent a total of \$10.9 million (Table IV).

Among the statutory revisions to the program in 1989 was the innovative requirement that a candidate who applied to receive public funds must agree to participate in two televised debates held for both the primary and general elections. This debate requirement was the first of its kind in the nation and provided the public with a guaranteed opportunity to hear the views of all candidates receiving public money. Successful Commission implementation of the gubernatorial debates will be chronicled in this report.

The new statutory contribution limit, public funds caps, and expenditure limits and the new debate requirement were enacted only a few months before the 1989 primary election and therefore required emergency adoption by the Commission of primary election regulations in March of 1989. It was necessary to review and update the entire text of the primary election regulations to comport with the new provisions of the law. The emergency regulations provided guidance and certainty in the operation of the primary election public financing program and in implementation of the new debate requirement. Similar review and adoption of general election regulations was undertaken without the necessity of emergency adoption procedures and went into effect upon the conclusion of the primary election.

In addition to the new statutory amendments, on February 2, 1989, the New Jersey Supreme Court issued its decision in Friends of Governor Tom Kean v. New Jersey Election Law Enforcement Commission, 114 N.J. 33 (1989), invalidating prior Commission advisory opinions concerning allocation to the

expenditure limit of a gubernatorial campaign of a portion of the cost of advertisements paid for by non-gubernatorial candidates. The decision in Friends of Tom Kean triggered discussion of the scope of regulations concerning such coordinated expenditure activity for the 1989 campaign. The input of the Courter and Florio general election campaigns was sought and incorporated into an emergency regulation which became effective on August 3, 1989, and which was later adopted permanently by the Commission. The regulation defined activity by volunteers and political party committees which would not result in allocations against the expenditure limits of the gubernatorial candidates.

Following each prior publicly-financed gubernatorial campaign, the Commission critically examined the function and operation of the public financing program and issued an analysis and recommendations for legislative action. This report will endeavor to do the same.

Contribution and expenditure data from the 1989 gubernatorial primary and general elections was collected by the public financing staff and has been incorporated into this report. Again, as it has in the past, the Commission held public hearings, in February and March of 1990, to obtain the comments of interested individuals upon gubernatorial public financing in New Jersey.

Analysis of the available data and the input of participants and observers of the public financing program have resulted in the recommendations for legislation which will be developed in this report. This detailed review of public financing in 1989 has led the Commission to the inescapable conclusion that public financing must be refinanced before 1993 in order to remain viable. While the concept of gubernatorial public financing is well-established and well-regarded in New Jersey, the Commission believes that the program can and must be made fiscally sound in order to guarantee its future. Legislative recommendations to accomplish that goal will therefore be at the heart of this report.

In addition, this report will examine other Commission recommendations which have now been incorporated into New Jersey's program, review the 1989 experience with the new gubernatorial debate requirement, and will discuss advisory opinions issued during the 1989 election cycle.

In its 1986 report on public financing, "New Jersey Public Financing 1985 Gubernatorial Elections," the Commission expressed its hope that its proposals would:

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.¹

That theme is repeated in this report with emphasis on legislative initiatives that would preserve public funds. Gubernatorial public financing in New Jersey has always been a model for other jurisdictions. It is hoped by the Commission that the changes to the program suggested herein will preserve its future and enhance its status.

PUBLIC FINANCING PROGRAM DEVELOPMENT

New Jersey's system of partial public financing of gubernatorial elections was created in 1974 as part of "The New Jersey Campaign Contributions and Expenditures Reporting Act." Public financing first operated in the 1977 general election to distribute \$2.1 million to two candidates. The program operated with a \$600 contribution limit, but without a cap on the public matching funds which could be received by each candidate. A candidate was required to prove eligibility and therefore viability by demonstrating that \$40,000 had been raised and spent on the candidacy.

Major changes occurred in the program with amendments enacted in 1980. Public financing was extended to the primary election, and a per candidate public funds cap was instituted. The cap was calculated on a cents-per-voter formula using the number of voters in the immediately preceding presidential election. The candidate qualification threshold was raised from \$40,000 to \$50,000, and the contribution limit was increased from \$600 to \$800.

In 1982, the Commission issued its report on the 1981 publicly-financed primary and general elections; see "New Jersey Public Financing - 1981 Gubernatorial Elections: Conclusions and Recommendations." Among its recommendations were the following:

- increase of the \$800 contribution limit to \$1,200,
- increase of the \$50,000 qualification threshold to \$100,000,
- reduction of the matching ratio of public to private dollars from two-to-one to one-to-one, and
- creation of fixed public funds caps of \$500,000 in the primary election and \$1,000,000 in the general election.

Despite these recommendations, no changes occurred in public financing for its operation during the 1985 election cycle.

The Commission again examined the program at the conclusion of the 1985 primary and general election races and issued a comprehensive set of recommendations for legislation which would accomplish its two major goals: 1) to keep the program viable and realistic in order to attract candidates contemplating a Statewide gubernatorial race, and 2) to preserve public money by judicious distribution of matching funds. With voter turnout in a downward trend and with the public fund maximum tied by the statute to that declining number, and with the costs of campaigning continually rising at a faster pace than the costs of other goods and services, revision of public financing was crucial to encourage candidate participation. Without the participation of most gubernatorial candidates, the public financing program could not operate to keep campaigns free from improper influence that might result from

unlimited contributions and to assist candidates of limited means who could not afford to compete with wealthier opponents.

To ensure that public financing in New Jersey continue in the future to attract candidates, in its 1986 report entitled “New Jersey Public Financing 1985 Gubernatorial Elections,” the Commission proposed:

- automatic adjustments of the public financing thresholds and limits linked to the Consumer Price Index (CPI),
- an increase in the contribution limit from \$800 to \$1,200, and
- replacement of the cents-per-voter cap on public funds in favor of a \$500,000 primary election cap and a \$1,000,000 general election cap.

In 1988, the Commission took a significant step beyond its 1986 recommendation to adjust the public financing limits by the CPI every four years. Instead, the Commission called for adjustment of the public financing thresholds and limits by a specially created Campaign Cost Index which would be weighted to reflect costs specific to political campaigns; see “Gubernatorial Cost Analysis Report,” June 1988.

To further its goal of judicious distribution and preservation of public money, the Commission in 1986 called for:

- reduction of the matching ratio of public funds to private funds from two-for-one to one-for-one,
- an increase of the candidate qualification threshold from \$50,000 to \$100,000,
- creation of fixed public funds caps of \$500,000 in the primary election and \$1,000,00 in the general election,
- return of all unexpended funds, regardless of source, to the State, and
- creation of \$25,000 incremental thresholds for continued receipt of public funds by a candidate.

On January 21, 1989, then-Governor Thomas Kean signed A-1705/2250 (Martin/Cimino/Baer) into law which enacted sweeping changes to public financing in New Jersey and adopted many of the recommendations offered by the Commission in 1982, 1986, and 1988.

The upward revision of the contribution limit, public funds caps, and expenditure limits beyond those suggested by the Commission made the program increasingly attractive to candidates contemplating a run for the

office of Governor. However, it also resulted in record distributions of public funds.

The \$800 contribution limit in effect in 1981 and 1985 was replaced by a \$1,500 limit for 1989. In its 1988 analysis, the Commission had observed that by 1989, the \$800 per election limit would be worth approximately only \$440 in 1980 dollars and had therefore, in its recommendations, called for an increase of the limit to \$1,200. The 87.5 percent increase of the contribution limit to \$1,500 exceeded somewhat the amount called for by the Commission as necessary to offset the effect of inflation on the \$800 limit. In addition, the newly-enacted campaign cost adjuster will be applied to modify the contribution limit in future cycles.

Under the 1989 amendments, a gubernatorial primary election candidate could receive up to \$1.35 million in public matching funds, an amount which was almost three times the \$500,000 cap recommended in 1986 by the Commission. Similarly, the new \$3.3 million general election public fund cap was more than three times the \$1 million cap suggested by the Commission.

The Commission had concluded in its 1978, 1982, and 1986 reports that expenditure limits were unnecessary in a gubernatorial election scenario which guarded against undue influence with limits on contributions, loans, the use of candidates' personal funds, and on the amount of public funds awarded to candidates. The Commission had further cautioned that if expenditure

limits were retained, they must be sufficiently high to permit candidates to communicate adequately with voters. It should be noted that expenditure limits do not have any impact on public fund distributions which are capped by the statutory limit described above. Expenditure limits therefore principally affect the amount of private funds that may be spent.

Although the Commission had repeatedly called for elimination of expenditure limits in gubernatorial elections, limits were retained in the 1989 amendments to the public financing program. The cents-per-voter formula, which had established the expenditure limits for prior publicly financed elections, was replaced by fixed expenditure limits of \$2.2 million in the 1989 primary election and \$5 million in the 1989 general election.

Without doubt, the increased expenditure limits served to make public financing a viable option for gubernatorial candidates facing increasing costs of campaigning in New Jersey. The \$2.2 million primary election expenditure limit represented a 95 percent increase over the 1985 limit and the \$5 million general election limit was 122 percent greater than in 1985. As a result of the 1989 amendments, these 1989 fixed expenditure ceilings will be adjusted prior to the next gubernatorial election to account for changes in the costs of campaigning. The adjusted expenditure limits are more responsive to the needs of gubernatorial campaigns than were the cents-per-voter formulas of the past. Moreover, there seems to be no correlation

between the amount of money needed to run a campaign and the number of people who chose to vote in a previous election.

The individual contribution limit for gubernatorial inaugural events was increased to \$500 as recommended by the Commission in 1985. However, the 1989 changes to the law did not include quadrennial adjustment of the inaugural contribution limit.

Although not as obvious in its impact as the upward revision in 1989 of the contribution limit, public funds caps and expenditure limits, the adoption of the weighted quadrennial campaign cost adjustment mechanism was a major accomplishment. Drawing upon the model established in the Commission's 1988 "Gubernatorial Cost Analysis Report," the new statutory language directs the Commission to:

establish an index reflecting the changes occurring in the general level of prices of particular goods and services, including but not limited to goods and services within such categories of expenditure as mass media and other forms of public communication, personnel, rent, office supplies and equipment, data processing, utilities, travel and entertainment, and legal and accounting services, directly affecting the overall costs of election campaigning in this State. The index shall be weighted in

accordance with the impact in the preceding general election for the office of Governor of the respective prices of each of those several goods and services upon those overall costs. (N.J.S.A. 19:44A-7.1)

The index will serve to keep the gubernatorial public financing program in line with inflationary changes. The following limits and thresholds in the law will reflect changes in the economy without relying upon legislative action prior to every publicly-financed campaign:

- the contribution limit,
- the public funds caps,
- the candidate qualification threshold,
- the amount of private contributions which is not subject to match, and
- the expenditure limits.

The campaign cost index is a refinement of the Commission recommendation to adjust the law by the CPI. Future gubernatorial candidates will be advised by ELEC in December of the year before a gubernatorial election of the precise limits which their campaigns will be required to observe. This process will introduce certainty and financial responsiveness into the public financing cycle.

These changes for 1989 to the contribution limit, public funds caps, and expenditure limits saved the gubernatorial public financing program from extinction by making the program a viable alternative for candidates. At the same time, the 1989 amendments took several steps to further the Commission goal of judicious distribution of public funds.

By raising the candidate qualification threshold for receipt of public funds to \$150,000 from \$50,000, the new legislation affirmed the position that only viable, serious candidates should receive public matching dollars. If a candidate cannot raise \$150,000 in private contributions and is unwilling to spend that same amount in pursuit of a gubernatorial candidacy, then public matching funds should not flow to that candidate. The Commission had recommended that the qualification threshold be increased to \$100,000 from the \$50,000 in effect since 1981.

The 1989 amendments left in place the provision of the public financing law which matched with public funds all qualified private dollars raised in excess of \$50,000. While requiring candidates to meet a more stringent test of viability before the award of public matching funds, the retroactive match of all but \$50,000 of private money assured campaigns that public funding was available to them early in the campaign cycle.

The inclusion of a totally new requirement in the 1989 amendments that each candidate/recipient of public funding agree to participate in two

interactive debates was an additional step toward accountability in the distribution of public funds. Never before in New Jersey or in any other jurisdiction have candidates been required as a condition of their receipt of public money to be exposed to public scrutiny in a forum with all other publicly-financed candidates.

The Commission was charged with the responsibility to determine, upon receipt of a complaint, whether a candidate's non-participation in a debate was unreasonable. If found to be unreasonable or without excuse, a gubernatorial candidate would be liable for return to the State of all public monies received.

In an additional attempt to keep public funds flowing to active, viable candidates and to cut the flow of public funds to campaigns which were no longer viable, the Commission in 1982 and 1986 proposed a "continuing threshold" of \$25,000. Campaigns would therefore be required to submit evidence of at least \$25,000 in new contributions eligible to be matched each time they sought to receive further public matching funds.

The 1989 amendments embraced this concept of a "continuing threshold," but reduced the required submission amount to \$12,500. Therefore, the smallest application for public funds processed by the public financing staff during the 1989 election cycle was in the amount of \$12,585. During the 1985 campaigns, staff reviewed 18 submissions for public funds which were in

amounts of less than \$12,500. The smallest was a \$2,120 application for public matching funds in the 1985 primary election. The “continuing threshold” provision therefore worked not only to assure that public money was carefully distributed in 1989, but also made administration of the public financing program more efficient.

The overall effect of the 1989 amendments to public financing was to make the program extremely attractive to candidates, but very costly. Only the increased candidate qualification threshold and the introduction of incremental thresholds for public funds applications acted to brake distribution of public money. The matching ratio remained a generous \$2 for each \$1 in private money, in spite of Commission recommendations in 1982 and 1986 to reduce the ratio to 1:1. Further, since the tax check-off funding mechanism for gubernatorial public financing in New Jersey has remained unchanged since its introduction, the public financing program has become fiscally unbalanced. The pay-out to candidates in 1989 not only nearly equalled the total amount paid out to 1977, 1981, and 1985 candidates, but it outstripped the ability of the program to sustain itself with the current check-off mechanism.

There will always be a tension between the competing goals of attempting to be financially attractive to viable candidates while seeking to distribute public funds judiciously. The 1989 changes to public financing tipped the scale toward the candidates. By renewing its call later in this

report for certain changes to gubernatorial public financing which have been suggested in the past and by adding new recommendations, the Commission hopes that fiscal balance will be restored to public financing in New Jersey.

NEW JERSEY FIRST TO REQUIRE DEBATES

Among the dramatic changes to the public financing program which were enacted in January, 1989, was the requirement that receipt of public funds be conditioned upon a candidate's agreement to participate in debates. Never before in any jurisdiction had public financing been tied to such a requirement.

A primary election gubernatorial candidate was required to appear with all candidates of his or her party in two hour-long debates. The two general election candidates were similarly required to debate twice. Many political observers speculated that in the absence of this new statutory mandate, the debates would not have occurred.

The new provisions of the public financing law not only mandated that publicly-financed gubernatorial candidates take part in the "interactive" debates, but also permitted non-publicly financed candidates, who met the \$150,000 qualification threshold test, to participate. The Commission was given the responsibility for selecting sponsors for the four primary election and two general election debates and for hearing and resolving complaints that candidates required to debate had failed to do so.

The Commission was specifically excluded from any role in determining the rules governing the debates. That task was left to the sponsor organizations. Three criteria for selection of the debate sponsors were included in the new law, and a timetable for the sponsor selection process was established.

The Commission acknowledged immediately that gubernatorial campaigns would require clear guidance to deal with the totally new debate requirement. Therefore, the emergency regulations signed on March 3, 1989, by Governor Thomas H. Kean contained rules to govern the debate sponsor application and selection process and to establish procedures for pursuing a complaint alleging a candidate's failure to debate.

The statutory deadline for applications to sponsor the four primary election debates was March 15, 1989, a date less than two months from the enactment of the totally new debate requirement. The Commission therefore issued a press release to inform the public and prospective debate sponsors of the sponsor selection criteria and process. In order to be considered to sponsor one or more of the primary or general election debates, the statute required that the prospective sponsor must:

- be a private organization which is not affiliated with any political party or with any holder of or candidate for political office,

- not have endorsed any candidate in the pending primary or general election, and
- have previously sponsored one or more televised debates for Statewide office in New Jersey since 1976.

The statutory deadline for selection of the primary election debate sponsors, 30 days from the March 15th application cut-off, presented the Commission with an extremely tight timeframe in which to review applications and select qualified sponsors. At its March 21, 1989 meeting, the Commission therefore evaluated and reviewed the debate sponsor applications submitted by six entities, and selected the League of Women Voters of New Jersey Education Fund and WPVI/TV6 (Philadelphia) with WABC/TV7 (New York) to sponsor the four primary election debates.

The League of Women Voters sponsored debate for Democratic candidates was held on May 15, 1989, and the League sponsored debate for Republican candidates was held on May 17, 1989. Both events were held from 8:00 to 9:00 p.m. on the Douglass College Campus in New Brunswick, and were televised on WCAU-TV and New Jersey Network.

On WPVI/TV6 and WABC/TV7, the Republican candidates faced each other on May 20, 1989 from 7:00 to 8:00 p.m. and their Democratic counterparts debated from 8:00 to 9:00 p.m. on the same day.

For the two 1989 general election debates, sponsor applications were required to be filed by July 3, 1989, with selection of the sponsors to occur no later than August 2, 1989. At its July, 1989 meeting, the Commission selected the Asbury Park Press with WWOR/TV9 (Secaucus) and KYW/TV3 (Philadelphia) and WPVI/TV6 with WABC/TV7 from among nine applicants.

General election candidates Florio and Courter debated on September 25, 1989 from 8:00 to 9:00 p.m. at Monmouth College in the Asbury Park Press and WWOR/TV9 debate. They faced each other again on October 11 from 7:00 to 8:00 p.m. in the WPVI/TV6 and WABC/TV7 debate.

The Commission believes that public response to the debates was favorable because, for the first time, publicly-financed gubernatorial candidates were required to appear and air their views at least twice during each election in a non-candidate directed debate. In information provided by the two general election debate sponsors, the Commission was advised that viewership of the debates was extensive. WWOR/TV9 advised the Commission that at least 115,000 households, over 230,000 people, in the 15 northern counties of New Jersey watched the September 25th debate. WPVI/TV6 and WABC/TV7 reported that a special study of Nielson ratings indicated that over 350,000 homes throughout New Jersey watched the October 11th debate.

As a result of its first experience in 1989 with gubernatorial debates, the Commission has identified problems for which it will suggest

possible remedies. These include the statutory limitations on the debate sponsor applicant pool, and access to the debates by non-publicly financed candidates. Further, two practical problems with the statutory debate timetable became apparent following the conclusion of the first debate cycle. The sponsor application and selection timetable and the time provided for Commission determination of a candidate's eligibility to participate in the primary election debates require modification.

In November, 1991, Governor Jim Florio signed into law A2421 (Baer and Mazur) which expanded eligibility to sponsor gubernatorial debates by relaxing the sponsorship criteria for a very specific group of potential sponsors. Associations of two or more news publications or broadcasting outlets and associations of news or press service correspondents having a substantial readership or audience in New Jersey but which have not had experience in televised debates for New Jersey Statewide office are now eligible to apply to sponsor debates. The Commission welcomes this expansion of the pool of potential debate sponsors.

In applying the statutory criteria for 1989 primary election debate sponsorship, the Commission had reluctantly determined that New Jersey Network with the Rutgers University Department of Journalism were, as divisions within New Jersey State government, not private organizations and therefore ineligible to be considered for sponsorship. The Commission believes that disqualification of such entities from sponsoring gubernatorial debates

excludes qualified sponsor entities from consideration by the Commission. The Commission will therefore recommend to the Legislature that the sponsor pool be further widened by deletion of the statutory requirement that sponsors be “private” organizations.

Dissatisfaction was expressed with the debate process, in both the primary and general election cycles, by those candidates who were denied access to the debates because they could not meet the \$150,000 qualification criterion.

During the public hearings held by the Commission in 1990, both party-affiliated and independent candidates complained that they were excluded from the new mandated debates because their campaigns did not reach the \$150,000 qualification threshold. The Commission urges these candidates and their representatives to approach the major media outlets serving New Jersey prior to each election cycle to encourage that they be provided with media time. Further, the Commission encourages candidates who do not qualify to participate in the required gubernatorial debates to approach the New Jersey Public Broadcasting Authority as a possible forum for presentation of their candidacies.

During its first experience administering the debate program, the Commission observed that more time should be allowed for selection of both primary and general election debate sponsors. The Commission was given 30

days in the new statute from the March 15th and July 1st deadlines in which to process and review the sponsor applications. It is entirely possible that the number of sponsor applications will increase in future public financing cycles. Further, sponsor selection occurs concurrently with the processing of public fund submissions by the public financing staff. The Commission therefore believes that additional time for Commission consideration of the sponsor applications would be beneficial.

By making the sponsor application deadlines one month earlier for both the primary and general elections, February 15th and June 1st, and by giving the Commission 60 days in which to select sponsors, the Commission would gain valuable time in which to resolve the numerous issues raised by the sponsor applications. The Commission will therefore recommend to the Legislature that the gubernatorial debate sponsor application deadlines be changed to February 15th and June 1st, and that it be given 60 days from the earlier deadlines to complete the selection process.

The existing statutory primary election debate timetable also severely compresses the time within which the Commission may be called upon to determine candidate eligibility to participate in the primary election debates. The earliest permissible date for a primary election debate is currently set at 48 days before the election. The deadline for a candidate to establish eligibility to debate is 54 days before the election, potentially

giving staff only six days to review the qualification documents of an unknown number of candidates.

The Commission will therefore recommend to the Legislature that the statute be amended to make the earliest date for a primary election debate 44 days before the election to permit at least ten days for Commission verification of candidate qualification and eligibility for debate participation.

The Commission believes that the innovative debate requirement in gubernatorial public financing in New Jersey significantly enhances the program. The legislative recommendations offered by the Commission will enhance the visibility of the debate requirement by expanding eligibility for debate sponsorship to a wider pool of applicants. They will also improve administration of the program by providing crucial additional time for sponsor selection and for determination of candidate eligibility to debate.

EXECUTIVE SUMMARY

This study continues the Commission's commitment to report to the public after the conclusion of each gubernatorial public financing program. Since 1977, the Commission has critically examined the program and has sought the input, through public hearings, of those observing it. Seventeen individuals, including 1989 gubernatorial candidates and campaign staff members, testified at hearings held in 1990. The recommendations for statutory changes, which appear in this report, are therefore the result of Commission observation and analysis of public financing and assimilation of the public comments received.

New Jersey's gubernatorial public financing program has three goals:

1. To enable candidates of limited financial means to seek election to the State's highest office

Factors unique to New Jersey make the gubernatorial race an extremely expensive one to undertake. There are no other offices of New Jersey State government elected by a Statewide constituency. Therefore, a candidate aspiring to achieve name recognition throughout New Jersey must depend upon the broadcast media. However, New Jersey is served by two separate and extremely expensive media markets: New York City and Philadelphia. New Jersey gubernatorial campaigns therefore require

considerable financial resources to communicate with voters throughout the State, and the existence of public financing may be the determining financial factor in a potential candidate's gubernatorial ambition.

2. To provide adequate financing so that gubernatorial candidates may conduct their campaigns free from improper influence

Because of its extensive appointment power and the ability to exercise absolute, conditional, and line item vetoes over legislation, the New Jersey governorship is one of the strongest in the nation. It is therefore essential that the campaign contribution limit, currently set at \$1,500 per contributor, continue to operate to prevent any single contribution source from exerting undue influence over a gubernatorial candidate.

3. To distribute public funds to qualified candidates in a financially responsible way

The Commission's goal of responsible distribution of public money to qualified candidates has also been met each year. However, the Commission is compelled to point to the dramatic statutory change in the fiscal status of the program which occurred in 1989. As a result of the legislative amendments enacted in 1989, the fiscal under-pinnings of the program have deteriorated, and the goal of supporting gubernatorial public financing through the

voluntary income tax check-off must be abandoned unless remedial legislative action is undertaken.

Gubernatorial public financing in New Jersey is funded by the \$1 State income tax check-off established in 1976 pursuant to N.J.S.A. 54A:9-25.1. If the amounts checked off by taxpayers and paid into the Gubernatorial Elections Fund over each four-year cycle prove insufficient to cover the public funds distributed to gubernatorial primary and general election candidates, N.J.S.A. 19:44A-30 requires that additional funds be appropriated out of the General Treasury of the State. In the 1977, 1981, and 1985 publicly-financed elections, a total of \$17,033,442.14 in public funds was paid out to candidates (Table V), and approximately \$15 million was collected in the Gubernatorial Elections Fund. Before the 1989 program, amounts checked off and paid into the Fund were almost able to replenish the amounts paid out to candidates.

However, the 1989 amendments resulted in a record distribution of \$15.3 million to primary and general election candidates, an amount that almost equals the \$17 million total distributions of the three prior programs combined. The dramatic increase in public matching funds paid out to candidates mandated by these legislative amendments far outstripped the revenue raising capacity of the existing check-off, which collects approximately \$6 million during each four-year cycle, to cover the cost of public financing (Table VI).

The \$1 New Jersey check-off funding mechanism has remained unchanged since its inception in 1976 in spite of documented large increases in the cost of campaigning, and in spite of the dramatic increase in public funds distributed to candidates. The program has lost its ability to raise sufficient revenue over each four-year election cycle, and unless the check-off is raised to at least \$2, there is no prospect for the program to once again become self-sustaining.

Further compounding the fiscal drain on the program is the creation in 1989 of the statutory campaign cost adjustment factor which mandates that if the costs of campaigning increase, there must be a corresponding increase in the amounts paid out to candidates. The \$1 check-off will therefore become even less adequate.

The Commission's 1988 Gubernatorial Cost Analysis Report concluded that campaign costs had risen 60.3 percent during the period 1981 to 1989, while the check-off remained static at \$1 over the 13-year period 1976 to 1989. For this reason, and to preserve the fiscal viability of the program, the Commission will recommend that legislation be enacted to increase the check-off for 1993 to \$2, and that the check-off be adjusted on a quadrennial basis, along with the other limits and thresholds in the law, to account for increases in the costs of campaigning.

Far less than the total \$15.3 million in public funds would have been distributed in 1989 if Commission recommendations made in 1982 and 1986 had been adopted. The 1989 public funds caps of \$1.35 million per primary election candidate and \$3.3 million per general election candidate were far more generous than the \$500,000 and \$1 million recommended by the Commission. The Commission therefore recommends that the \$1.35 million and \$3.3 million public funds caps be reduced for 1993 to no more than \$1 million per candidate in the primary election and \$2 million per candidate for the general election, and that these caps be subject to the quadrennial campaign cost adjustment. The Commission identified the 2:1 matching ratio as too high, and will recommend in this report that the ratio be reduced to 1:1 for future gubernatorial general elections.

While the Commission continues its firm belief that Gubernatorial Public Financing is an essential component in New Jersey's gubernatorial elections, the program must be refinanced. Only with a fundamental restructuring to increase the pay-in from the tax check-off and to reduce the pay-out to candidates will the program be able to again approach self-support. Gubernatorial public financing's goal should be to provide candidates with "seed money" to start their campaigns not to be the major source of their funding. The test in New Jersey therefore is to refinance and rethink the program to make it fiscally responsible and sound especially in the midst of a national recession. The principal goal of the legislative recommendations contained in this report is to accomplish that end.

The Commission recommendations are:

1. Reduce the primary election public funds cap to \$1 million and the general election public funds cap to \$2 million in 1993 and make those caps subject to the adjustment by the quadrennial cost adjustment;
2. Lower the matching ratio of public-to-private dollars from two-for-one to one-for-one in the general election;
3. Increase the income tax check-off for the Gubernatorial Elections Fund to \$2, and make the check-off subject to the quadrennial campaign cost adjustment;
4. Provide to the Commission an appropriation for administrative costs adequate in amount to permit operation of the public financing program to safeguard the contribution limit and the use of public funds;
5. Eliminate the primary and general election expenditure limits;
6. Lengthen the campaigns' period of retention of postelection unspent funds from six to twelve months, and clarify that all

unspent campaign funds, both public and private, are to be refunded to the State;

7. Modify the \$12,500 public fund submission incremental threshold to permit a single final submission for public funds by each campaign to be below the threshold;
8. Modify the statutory deadlines for submission of applications to sponsor gubernatorial debates from March 15th and July 1st to February 15th and June 1st and lengthen the selection period to 60 days;
9. Change the earliest date for a gubernatorial primary election debate from the 48th day prior to the primary election to 44 days before the election to permit time for Commission verification of a candidate's qualification for receipt of public funds and therefore eligibility for debate participation;
10. Delete the statutory requirement that gubernatorial debates sponsor applicants be "private" organizations; and,
11. Eliminate the statutory provision for special State Committee gubernatorial accounts.

COMMISSION RECOMMENDATIONS

1. Reduce the 1993 primary and general election public funds caps

The substantial upward revision of the public funds caps by the 1989 amendments to the gubernatorial public financing program more than doubled the 1985 primary election cap and almost tripled the 1985 general election maximum. The resulting \$15.3 million in public funds distributed in the 1989 primary and general elections created fiscal imbalance in gubernatorial public financing and was therefore closely related to the substantial amounts paid out to the publicly-financed candidates (Tables I and II).

The new \$1.35 million primary election cap and \$3.3 million general election cap were dramatically higher than the \$500,000 and \$1 million amounts recommended by the Commission in 1982 and 1986. The revised \$3.3 million general election cap alone guaranteed that the pay-out in public money to two candidates (\$6.6 million) would outstrip the ability of the voluntary income tax check-off to fund the program.

Therefore, the Commission now more than ever endorses the necessity of public funds caps as the component in the New Jersey gubernatorial public financing scheme to control the total amount of public funds distributed to candidates. As the Commission noted in its report on the 1985 public financing program, public funds caps are necessary to prevent uncontrolled

distribution of public money to candidates. Such caps would become even more important to regulate the pay-out to candidates in a public financing program without expenditure limits, as is being recommended once again by the Commission.

If each of the eight qualified 1989 gubernatorial primary election candidates had received the \$500,000 maximum recommended in the past by ELEC, \$4 million in primary election public funds would have been distributed. Similarly, the two 1989 general election candidates would together have received \$2 million. A total of \$6 million would have been provided to the qualified primary and general election candidates, rather than the \$15.3 million that was in fact distributed, and the program could have been sustained by the existing tax check-off revenues.

The Commission acknowledges, however, that the public funds caps it recommended in 1982 and 1986 require upward adjustment to be viable for 1993 campaigns. In its 1989 gubernatorial Cost Analysis Report, the Commission concluded that campaign costs had risen by over 60 percent during the period 1981 to 1989. The Commission believes that it is prudent to assume that campaign costs will have risen even further by 1993. The Commission therefore recommends that the public funds caps for 1993 be reduced from their 1989 levels, but increased over the amounts recommended in both 1982 and 1986, to \$1 million per candidate for the primary election and \$2 million per candidate for the general election. These new reduced public funds limits should then

be subject to the quadrennial campaign cost adjustment factor in future gubernatorial election cycles.

In the 1989 primary election, five candidates received the maximum \$1.35 million in public funds for a total of \$6,750,000. The three remaining publicly-financed primary election candidates received \$1,908,782.40, for an average of \$636,260.87 per candidate. The total received by the three candidates represented approximately 47 percent of the maximum \$4,050,000 in public funds available to them. Each of the two 1989 publicly-financed general election candidates received the \$3.3 million maximum in public funds. Applying the new proposed \$1 million primary election and \$2 million general election public funds limits proportionately to the 1989 experience would have resulted in distribution of approximately \$6.4 million in the primary election and \$4 million in the general election. The resulting \$10.4 million total would have saved almost \$5 million in public money.

The significant increases in the 1989 public funds caps, when combined with the less than proportional increases in the expenditure limits, appear to have had the further effect of increasing the campaigns' dependence upon public over private dollars. Examination of the relationship of total private dollars required to reach the 1989 primary and general election expenditure limits for a candidate receiving the maximum in public funds illustrates the imbalance in the proportion of public and private money

resources, and the sizeable nature of public matching fund pay-outs in New Jersey.

In order to receive the 1989 primary election \$1.35 million maximum cap on public funds and to go on to reach the \$2.2 million primary election expenditure limit, a gubernatorial primary election candidate had to raise \$850,000 in private contributions. In the 1989 general election, the \$3.3 million public funds cap and the \$5 million expenditure limit were reached if a candidate raised \$1.7 million in private money (Table VII). The 1989 private dollar totals of \$850,000 and \$1.7 million were 38.6 percent and 34 percent of the respective primary and general election expenditure limits, down from 42.9 percent in the 1985 primary and general elections (Table VII).

Therefore, as a step toward restoration of fiscal balance in gubernatorial public financing, the Commission recommends that the 1993 public funds caps be set at \$1 million per candidate in the primary election and \$2 million per candidate in the general election. The Commission recommends further that these caps continue to be subject to the quadrennial cost adjustment process.

2. **Lower the matching ratio of public-to-private dollars from two-for-one to one-for-one in the general election**

The eight 1989 primary election candidates received \$8.7 million in public funds and the two 1989 general election candidates received \$6.6 million from the statutory scheme that included a matching ratio of two public dollars for each private dollar.

Because the matching ratio affects the rate at which public funds are distributed, and because a lower ratio would most likely act as a brake upon the flow of public money, less than the \$15.3 million total in public funds might have been distributed in 1989 if the Commission's 1982 and 1986 recommendations concerning the matching ratio had been adopted. The Commission identified the 2:1 matching ratio of public-to-private dollars as too high and urged that the ratio be reduced to 1:1.

In 1986, the Commission observed that “[o]ne 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 This criticism, along with the general public demand for the frugal use of tax dollars, makes it imperative that the matching ratio be reduced”²

Public funds represented an average of 57.6 percent of total campaign receipts in the 1989 primary election and an average of 60.2 percent of total 1989 general election campaign receipts (Table VIII). In the 1985 primary and general elections, public funds represented 58.0 percent and 60.3

percent respectively of total campaign receipts.³ Public funds distributed at a ratio of two public dollars for each private dollar enable a candidate to reach the primary or general election public funds cap more quickly than if funds were distributed at a ratio of one-for-one. At the two-for-one rate, public funds represent a greater portion of campaign receipts than do private dollars.

While public funds are intended to permit candidates of limited means to run for the office of Governor, the Commission has always viewed gubernatorial public financing as a partial funding mechanism which was not intended to provide the largest share of each campaign's resources. The Commission therefore recommended in 1982 and 1986 that the imbalance in the relationship of public-to-private dollars be corrected by reducing the matching ratio to one-for-one for both the primary and general elections.

The principal effect of the matching ratio in gubernatorial public financing is to control the timing and therefore the flow of public money to candidates. Unknown primary election candidates who face the difficult and expensive task of creating name recognition in New Jersey's expensive media markets need an early and adequate flow of money to get their messages to the voting public. Public matching funds distributed at a rate of two public dollars for each private dollar operate as the "seed" money necessary to permit these lesser-known primary election candidates to enter an arena from which they might otherwise be excluded by lack of campaign cash flow.

Therefore, in a departure from its earlier recommendations, the Commission suggests that it is critical to the more vulnerable campaigns of primary election candidates that they continue to receive public funds at the current matching ratio of two public dollars for each qualified private dollar. The early availability of public funds to such candidates fulfills the express statutory purpose of gubernatorial public financing to permit candidates of limited financial resources to run for governor.

The Commission recommends, however, that public funds be distributed to general election candidates at a matching ratio of one public dollar for each qualified private dollar raised. General election candidates are able to raise campaign funds in a less fragmented atmosphere than primary election candidates. They are not faced with the same start-up and name recognition pressures as exist in the primary election setting. The Commission believes that it is reasonable to expect gubernatorial general election candidates to reach out to more supporters for their financial resources and to deal with the slower flow of campaign dollars arising from a matching ratio of one-for-one.

The Commission believes that its goal of judicious use of public money can be balanced with the statutory goals of gubernatorial public financing by retaining the two-for-one matching ratio in the primary election and reducing the ratio to one-for-one in the gubernatorial general election.

The Commission therefore recommends that the two-for-one matching ratio be retained in the primary election and that the matching ratio of public-to-private dollars be reduced to one-for-one in the general election.

3. **Increase the income tax check-off to \$2**

The Gubernatorial Elections Fund and the \$1 voluntary State income tax check-off, which funds it, were created in 1976 to support gubernatorial partial public financing in New Jersey. The New Jersey Gubernatorial Public Financing Program supplements private contributions raised by candidates, and therefore partially funds gubernatorial candidates. At that time, only the general election for the office of Governor was publicly-financed. Since the inception of the voluntary check-off in 1976, not only has public financing been extended to primary elections, but the amounts paid out to candidates have increased dramatically (Table V).

In its July 14, 1991 editorial, the (Trenton) Times pointed to the perilous future of the federal Presidential Election Campaign Fund, the funding mechanism for presidential elections. The federal program provides the entire funding for qualified general election candidates, and partial funding for qualified primary election candidates. Noting that the \$1 federal tax check-off had not changed since its inception in 1974, the Times lamented that the “17-year old [federal] program is in big trouble” That editorial could just as easily have been written about the New Jersey

Gubernatorial Elections Fund. During the period from 1976 to 1989, \$1.5 million per year on the average was checked off by taxpayers and collected in the Gubernatorial Elections Fund (Table VI).

Therefore, the check-off generates approximately \$6 million over each four-year cycle to support the public financing program. If income tax check-off collections are inadequate to support the demand for public funds, the public financing statute provides that the Legislature appropriate funds from the General Treasury to support the program.

In spite of increased amounts paid to candidates, including the record distribution of \$15.3 million in the 1989 primary and general elections, and the increase of costs associated with political campaigns, no effort has been made since 1976 to increase the mechanism created to provide funding for public financing.

The 1989 amendments to the gubernatorial public financing program, which increased the primary election public fund cap to \$1.35 million and the general election public fund cap to \$3.3 million, effectively ended the self-sustaining nature of the program because the unadjusted 1976 \$1 check-off could no longer cover the cost of public financing. Fiscal balance between amounts paid into the Gubernatorial Elections Fund over each four-year cycle and amounts paid out to candidates cannot be achieved without upward adjustment of the voluntary check-off.

The Commission therefore recommends that the income tax check-off be increased to \$2 beginning immediately and that the check-off be subject to the quadrennial adjustment process. Since the income tax check-off does not increase the amount of income taxes paid, the Commission does not believe that the increase to \$2 will result in reduced taxpayer participation in the check-off program. Based upon the steady \$1.5 million per year paid into the Gubernatorial Elections Fund since 1976, the increase of the check-off to \$2 would provide approximately \$12 million to support each publicly-financed election cycle.

As a step toward restoration of fiscal balance in the funding of Gubernatorial Public Financing, the Commission therefore recommends that the voluntary New Jersey income tax check-off be increased to \$2 and that the \$2 tax check-off be subject to the quadrennial adjustment process for public financing limits and thresholds.

4. **Provide an appropriation for administrative costs adequate in amount to safeguard the contribution and expenditure limits**

In order to assure that all contributions, whether or not submitted for public matching funds, conform to the \$1,500 contribution limit and are from permissible sources, the public financing staff examines each gubernatorial contribution received by a candidate. This examination must occur contemporaneously with gubernatorial candidates' receipt of public

funds. The Commission therefore retains the ability to stop immediately distribution of public funds to a candidate who has received a contribution not conforming to the contribution limit. Postelection audits are also conducted to confirm compliance with the expenditure limit, permissible uses of public funds, limits on candidate's personal funds, and other provisions of the law. The integrity of New Jersey's public financing program is protected by this close and comprehensive scrutiny of gubernatorial financial activity.

At public hearings conducted in 1990, the Commission and the public financing staff received much praise from participants in the program. Candidates, campaign treasurers, and campaign staff members publicly thanked the staff for their efficient and responsive attitude. One gubernatorial primary election candidate acknowledged the professionalism, courtesy, and knowledge of the public financing staff and noted that it was especially important to a candidate navigating the public financing maze for the first time. A representative of one of the general election campaigns remarked upon the diligence of staff and their round-the-clock availability to resolve issues. The public financing staff was complimented for its competence, evenhandedness, and objectivity.

The Commission believes that the positive public perception of public financing in New Jersey is a result of the care with which public funds are distributed and monitored. The Commission is proud that while its cost to administer the gubernatorial public program remained low, staff was always

able to be responsive to the requests of the public and the participating campaigns. Administrative costs were 4.2 percent of the total funds distributed in 1985 and an even lower 3.9 percent in 1989.

Using the existing public financing law as its basis, the Commission has projected that it will distribute more than \$12 million to 1993 gubernatorial primary election candidates and has requested an appropriation of \$430,000, or 3.4 percent, for 1993 primary election administrative expenses. The Commission believes that this amount is necessary to continue to provide staff and computer support at existing levels to the campaigns and to the public.

In the event that public funds are not made available for distribution to gubernatorial candidates, the Commission believes that its statutory mandate still requires monitoring of the gubernatorial campaigns for compliance with the contribution limit. The contribution limit and the prohibitions against contributions from certain sources continue in effect even in the absence of financing for the matching fund provisions. An appropriation for FY-93 is still necessary to maintain the compliance review associated with the existence of contribution limits and to preserve meaningful enforcement of those limits.

The Commission therefore recommends that it again be provided with an adequate appropriation for administrative costs to continue operation of

The program to safeguard the contribution limit and other provisions of the law.

5. **Eliminate the primary and general election expenditure limits**

The Commission has since 1977 advocated the elimination of expenditure limits from the gubernatorial public financing program. The Commission believes that such limits do nothing to advance the purposes of the program and that they may result instead in an illusory view of the spending in gubernatorial elections.

The Commission reiterates its belief that it is not expenditure limits, but rather careful monitoring of the contribution limit by the public financing staff that operates to keep gubernatorial campaigns free from “improper influence.” Further, the statutory limits on loans to gubernatorial campaigns reduces the impact that any one contributor can exert upon a candidate or campaign. Moreover, there is also a statutory limit on candidates’ use of personal funds.

In its 1986 report, the Commission explained that “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.”⁴ Therefore, while expenditure limits may provide a level of comfort for some with the concept of public financing, they

may in reality be detrimental to those candidates who most need to spend more to reach voters.

It is therefore entirely possible that the current expenditure limits, \$2.2 million in the primary election and \$5 million in the general election, are inadequate to permit an unknown candidate to communicate his or her message. In the 1988 Lautenberg-Dawkins Senate race in New Jersey, each candidate spent in excess of \$8 million to reach the same Statewide voters as a New Jersey gubernatorial candidate must reach. A 1993 unknown gubernatorial candidate may require that amount to be competitive and communicate with voters in the expensive New York/Philadelphia media market which serves New Jersey.

As long as there is a limit upon the amount of public funds which flow to each candidate and as long as contribution limits operate to eliminate improper influence, the Commission can identify no compelling reason to retain expenditure limits.

Further, the Commission recognizes that expenditure limits create an illusory assurance that the prescribed maximum amounts are being spent by gubernatorial campaigns. In reality, once a campaign has reached its statutory expenditure limit, remaining money may find its way into independent expenditures which are difficult to track and which are not required to be reported by the beneficiary candidates.

The Commission estimates that independent expenditures were at their highest level ever in a gubernatorial campaign in the 1989 general election. Independent committees spent at least \$287,000 in the 1989 general election, with approximately \$234,000 of that amount spent on both sides of the abortion issue. This spending represents a marked increase over the \$10,700 identified as the single independent expenditure in the 1977 gubernatorial general election,⁵ and the \$14,600 largest such expenditure in 1981.⁶ The Commission is unable to conclude whether this increased independent spending in 1989 follows a national trend, or whether it merely reflects the existence of a hotly contested issue in the 1989 gubernatorial general election.

Regardless of the reason for the increase in independent expenditures in 1989, the Commission repeats its concern expressed in its 1986 report on the public financing program that “the effect of expenditure limits may be to encourage circumvention of the expenditure and contribution limits by independent expenditures.”⁷

The Commission therefore again reaffirms its opposition to expenditure limits for gubernatorial public financing and recommends that they be eliminated. The Commission acknowledges however that many believe such limits are appropriate constraints on the political spending process. If retained, therefore, the Commission recommends that the expenditure limits must be adequate to permit all candidates, incumbents and challengers alike, to communicate their messages to all New Jersey voters. The 1989 limits, \$2.2

million in the primary election and \$5 million in the general election, must continue to be subject to the quadrennial cost adjustment factor.

6. Lengthen the campaigns' period of retention of postelection unspent funds to twelve months

The Commission again recommends that gubernatorial campaigns be permitted to retain postelection unspent funds for a period longer than the current statutory six-month limit. The Commission also repeats its request that the statute be amended to clarify that all funds remaining at the conclusion of a publicly-financed campaign, whether public or private in origin, be refunded to the State.

The 1989 gubernatorial primary and general elections provided further evidence that it takes far longer than six months to resolve the outstanding financial issues arising from the operation of multi-million dollar campaigns. Each campaign functions as though it were a business entity and dissolution and resolution of all financial issues is rarely possible within six months.

Further, at the conclusion of each gubernatorial cycle, the Commission has historically undertaken audits of the campaigns' activities. These audits are crucial to maintain public confidence in the expenditures of public monies distributed to the campaigns. Resolution of audit-related

issues, including payment of audit-generated expenses, often requires several months beyond the six month deadline. Extension of the time for concluding campaign activity would also provide the Commission with necessary flexibility in determining how and when campaign audit and review activity will occur. Since surplus campaign funds remain subject to postelection reporting, staff would still be able to monitor their use during an extended period for concluding campaign activity.

Commission regulations, but not the statute, currently clarify that all campaign funds, whether public or private, remaining in a campaign after satisfaction of campaign obligations are subject to repayment to the State. Because the Commission believes that this was the intent of the Legislature it again suggests that the statutory language concerning repayment of surplus campaign funds be clarified to require repayment of both public and private surplus funds to the State.

Therefore, the Commission recommends that publicly-financed gubernatorial campaigns be permitted to retain unspent funds for a period of no longer than twelve months. Further, the Commission recommends that the statute be amended to clarify that all unspent campaign funds, whether public or private, should be refunded to the State.

7. **Modify the new \$12,500 public fund submission incremental threshold**

In 1982 and again in 1986, the Commission proposed that once a candidate has established eligibility for receipt of public funds, each subsequent submission for public matching funds must include evidence of at least \$25,000 in new contributions eligible for match. This concept of an incremental threshold supported the Commission policy of judicious distribution of public funds to gubernatorial campaigns which remained viable, as evidenced by a continuing ability to raise new private funds.

The 1989 amendments to gubernatorial public financing adopted the concept and incorporated a “continuing threshold,” but reduced the required submission amount from \$25,000 to \$12,500. Therefore, the smallest application for public funds processed by the 1989 public financing staff was a primary election submission in the amount of \$12,585. In contrast, during the 1985 campaigns, staff processed 18 submissions for public funds which were in amounts of less than \$12,500, including a primary election application for public funds in the amount of \$2,120. The Commission believes that the \$12,500 incremental threshold operated successfully in 1989 to assure judicious distribution of public funds to viable campaigns and to improve administration of the public financing program.

The legislation which established the \$12,500 threshold for public matching fund submissions made no provision, however, for a campaign to submit

a single, final request for public funds in an amount less than \$12,500. The Commission believes that an exception should be created to permit a publicly-financed campaign to receive public matching funds for a submission of less than \$12,500 if the campaign certifies that a given application for public money is its last.

The Commission therefore recommends modification of the \$12,500 incremental threshold requirement to permit a single, final submission for public matching funds in an amount less than \$12,500.

8. **Change the filing deadlines for gubernatorial debate sponsor applications and lengthen the period for sponsor selection**

The 1989 amendments to the gubernatorial public financing program that mandated debates for publicly-financed candidates gave to the Commission the responsibility for selection of primary and general election debate sponsors. The statutory timetable for sponsor selection established March 15th as the sponsor-application deadline for the four primary election debates and July 1st as the deadline for the two general election debates. The Commission was required to review the applications and make its determination within 30 days of the respective deadlines.

As a result of its first experience with sponsor selection, the Commission believes that additional time for review and consideration of

sponsor applications and resolution of the resulting complex qualification issues would be beneficial. Setting each sponsor application deadline one month earlier and giving the Commission an extra month to complete the selection process would significantly ease the burden on the Commission. The selection process, as currently scheduled, must take place during the height of activity for the distribution of public funds in both the primary and general elections. By giving the Commission sixty days in which to review applications and by starting the process one month earlier, the Commission believes that it will be better able to address issues of sponsor qualification, and that the process will thereby be enhanced.

The Commission therefore recommends that the gubernatorial debate sponsor application deadlines be made earlier and changed to February 15th and June 1st. The Commission further recommends that the statute be changed to allow 60 days from the application deadline for completion of the selection process.

9. **Change the earliest date for a gubernatorial primary election debate to a date closer to the election**

While all candidates who are receiving or who intend to receive public funds must participate in the gubernatorial debates, the public financing statute permits a primary election candidate to submit his or her initial application for public funds at any time in the election cycle.

A candidate may therefore first request public funds at a date after a primary election debate has already occurred. The earliest date for a primary election debate is set by the statute at 48 days before the election.

Therefore, the statute requires that a candidate must notify the Commission in writing by the petition filing deadline (54 days before the election) that he or she intends to apply for public funds and must sign an agreement in order to be eligible to debate. A candidate who wants to debate must also prove to the Commission at that time that he or she has raised and spent the \$150,000 threshold amount on a gubernatorial candidacy. Further, any candidate who has met the \$150,000 threshold, but does not intend to apply for public funds, may elect to participate in the gubernatorial debates.

As a result of this statutory scheme, the Commission may be notified 54 days before the election by an unknown number of candidates that they intend to apply for public financing or wish to participate in the gubernatorial debates, the first of which may occur only six days later. In a very tight timeframe, Commission staff would therefore have to confirm the \$150,000 threshold qualification of these individuals to debate. All of this activity would occur during a period of intense Commission activity to distribute primary election public funds.

By adjusting the earliest date for a primary election debate to 44 days before the election, instead of 48, the Commission would gain four days

for verification of candidate qualification without significantly shortening the permissible period for holding primary election debates.

The Commission therefore urges that the statute be amended to make the earliest date for a primary election debate 44 days before the election.

10. **Delete the statutory requirement that gubernatorial debate sponsor applicants be “private” organizations**

Gubernatorial debate sponsor applicants must meet three statutory criteria for consideration by the Commission. An organization must not have endorsed a candidate in the pending election and must have sponsored a televised debate for Statewide office since 1976. The third prong of the sponsorship test requires that the organization be “private” and unaffiliated with any candidate or officeholder. It is a portion of the third test, requiring that the organization be “private,” which the Commission urges the Legislature to reconsider. The Commission supports retention of the requirement that the organization be unaffiliated with any candidate or holder of public office.

In its first application of the sponsorship criteria during 1989, the Commission followed the requirement that a sponsor be a “private” organization and not be “public,” that is not affiliated with the State of New Jersey or any political subdivision of the State. As a result, the

Commission disqualified New Jersey Network and the Rutgers University Department of Journalism from sponsorship consideration.

The Commission believes that exclusion of sponsor applicants who may be “public,” deprives the sponsor selection process of qualified university and broadcasting applicants who possess technical expertise and specialized knowledge of New Jersey issues.

The Commission therefore recommends that the debate sponsor pool be widened by deleting the statutory requirement that sponsors be “private” organizations.

11. Eliminate the statutory provision for special State Committee gubernatorial accounts

The public financing statute provides for the creation by each State party committee of a separate bank account for receipt of contributions to the party’s gubernatorial candidate. The State Committee may then disburse funds, only from that account, on behalf of the gubernatorial candidate. All financial activity is required to be reported to the Commission and must be monitored for compliance with the contribution and expenditure limits.

The Commission is unaware of the creation in any gubernatorial election of such an account by any State Committee. Political reality

dictates that a separate party account is impractical to operate and monitor and unwanted by the gubernatorial campaigns which require close control over all monies received and spent on behalf of their candidates.

Therefore, the Commission again recommends repeal of the statutory provision permitting creation of special State Committee gubernatorial accounts.

ADVISORY OPINION ACTIVITY

During 1988 and 1989, individuals and organizations requested advisory opinions for Commission guidance on application of the Campaign Contributions and Expenditures Reporting Act (hereafter, “the Act”) and Commission regulations to a variety of issues surrounding public financing.

“TESTING THE WATERS”

In its responses to a series of advisory opinion requests, the Commission was called upon to clarify the reporting obligations of individuals and committees engaged in pre-candidacy or “testing the waters” activity.

In its July, 1988 response directed to Clifford M. Sobel, Esq. (Advisory Opinion 07-1988), the Commission provided extensive advice on the issue of “testing the waters” to a group of individuals planning to engage in pre-candidacy activity on behalf of a possible gubernatorial candidacy by Congressman James A. Courter. Mr. Sobel was advised that in order to be considered as “testing the waters” or pre-candidacy activity, and therefore to be excluded from reporting obligations under the Act, fundraising activity by the committee must be strictly confined to the purpose of determining whether or not Congressman Courter could conduct a viable gubernatorial candidacy. Any payments for general public political advertising or to amass funds for

candidacy purposes would not be within the “testing the waters” guidelines, and would trigger reporting obligations.

Mr. Sobel also asked whether funds raised during the “testing” period could later be eligible for match with public funds once a candidacy was established. He was advised that Commission regulations specifically provide that a “testing the waters” account may be converted to a matching fund account for a publicly-financed candidate and that contributions made during a “testing” period which meet the matching requirements, could later be submitted for match with public funds. Further, should any contribution received during the “testing” period exceed the statutory contribution limit, Commission regulations require that the excess be refunded to the contributor upon assumption of a gubernatorial candidacy.

The Commission further responded to Mr. Sobel that expenses for fundraising activity which might be undertaken by the committee before a candidacy was declared would later be counted against the statutory expenditure limit imposed upon a publicly-financed candidate.

In Advisory Opinion 10-1988, issued October 18, 1988, the Commission instructed Senator Richard J. Codey that he could use funds remaining unexpended from his 1987 Senate candidacy for “testing” activity. It cautioned Senator Codey, however, that should he then undertake a gubernatorial candidacy, the contribution of those surplus funds by his 1987

campaign committee would be limited to the then \$800 contribution limit. The Commission reaffirmed that funds received and payments made for “testing the waters” activity are not reportable as “contributions” or “expenditures” under the Act until an individual becomes a candidate. Once achieving candidate status, the reporting requirements and other limitations of the Act attach to all pre-candidacy financial activity.

The Commission advised Senator Codey of its newly-enacted regulation requiring individuals or committees engaged in “testing” activity to file with the Commission a Notice of Account Established for Pre-Candidacy Activity (Form T-1) containing bank depository information.

Further questions concerning “testing” activity were raised by Todd R. Caliguire, Esq., representing individuals seeking to encourage Attorney General Cary Edwards to become a gubernatorial candidate. Mr. Caliguire was told in Advisory Opinion 12-1988 that the potential candidate need not be affiliated with a committee before that committee could undertake pre-candidacy activity on his behalf. The Commission reiterated the new requirement that a committee file Form T-1, Notice of Account Established for Pre-Candidacy Activity, once it receives funds for “testing.”

By again clarifying that funds received for “testing” were not “contributions” under the statutory definition, the Commission confirmed that such pre-candidacy monies could exceed the gubernatorial contribution limit.

Similarly, in responding to Mr. Caliguire, the Commission determined that loans for pre-candidacy activity were not subject to any limits, but that upon assumption of a gubernatorial candidacy, the strict gubernatorial loan limits attached.

Advisory Opinion No. 07-1989 addressed the questions of Senator Richard J. Codey who had undertaken “testing” activity and had then decided not to pursue a gubernatorial candidacy. Senator Codey was told that unexpended pre-candidacy funds should be disbursed for purposes in conformity with Commission Regulations governing the use of surplus campaign funds. He was advised that if the unspent funds were applied to any political purpose, a report was required to be filed with the Commission identifying not only the use, but also the contributors to the pre-candidacy account.

In a related issue, the Commission was asked by Trustee Donald T. DeFrancesco to determine whether funds spent by “Citizens for Fiscal Responsibility,” a continuing political committee, to sponsor television announcements featuring Assembly Speaker Chuck Hardwick would be considered as “testing the waters” activity. The television announcements were in support of a non-binding referendum on the issue of “state mandate/state pay” on the November, 1988 ballot in 17 counties.

The Commission applied two criteria in its analysis in Advisory Opinion No. 13-1988 to determine that the activity would not be “testing” by

either Assembly Speaker Hardwick or the committee. First, Speaker Hardwick was the prime sponsor of the legislation which formed the basis of the referendum, permitting the Commission to conclude that his appearance in the televised announcements was in support of the referendum and not activity related to a gubernatorial candidacy. Second, the Commission found most significant the fact that the announcements were to be televised between November 1, 1988, and election day, November 8, 1988, dates which were in advance of the 1989 gubernatorial primary election.

APPLICATION OF THE CONTRIBUTION LIMIT

In Advisory Opinion No. 01-1989, the Commission was asked whether individuals who contributed to a continuing political committee, the “Friends of Don DiFrancesco,” could themselves make maximum contributions to a gubernatorial candidate if the continuing political committee also made a maximum contribution. Applying Commission regulations to the facts presented, the Commission concluded that if the continuing political committee was a bona fide committee with at least 15 contributory members and was not created to circumvent the contribution limit, both the individuals and the continuing political committee could give maximum contributions. Senator DiFrancesco was advised that the Commission was satisfied that the continuing political committee, “Friends of Don DiFrancesco,” was a bona fide committee. Therefore, the committee and contributors to the committee could make maximum gubernatorial contributions.

POLITICAL PARTY ACTIVITY IN THE PRIMARY ELECTION

In two advisory opinion requests, the Commission was called upon to determine whether activities by State and county political party committees in support of gubernatorial primary election candidates were permissible under New Jersey law. Prior to 1989, activity in support of or opposition to candidates in a primary election by a political party committee was proscribed.

However, the United States Supreme Court in Eu v. San Francisco County Democratic Central Committee, 489 U.S. 214 (1989), held that California statutes prohibiting political party endorsement of or opposition to candidates in a primary election were invalid as violative of the First Amendment protection of free political speech. The Commission therefore issued its responses to the two requests aware that reconsideration might be requested once the constitutionality of the relevant New Jersey statutes prohibiting primary election political party activity was determined.

The New Jersey Democratic State Committee proposed to conduct issue oriented research, targeting research, mailing list enhancement, polling research, and opposition research and to make the results available to all Democratic candidates. In Advisory Opinion No. 05-1989, the Commission determined that such activities by a State political party, when conducted on behalf of all candidates, were permissible and would not result in an

allocation against the expenditure limit of publicly-financed candidates. The Commission also affirmed that primary election voter registration efforts by a State party committee that would benefit all of the party's candidates were permissible activities.

The Commission cautioned the Democratic State Committee that if any of the research efforts were intended to benefit one or more, but not all of the party's candidates, the activity would then be improper. The Commission also acknowledged that while some benefit from the primary election research activity would necessarily accrue to a party's general election candidate, no allocation against the general election expenditure limit was required.

Similarly, in its response to the Republican Committee of Union County in Advisory Opinion No. 12-1989, the Commission advised that get-out-the-vote efforts by a county political party committee did not violate the statutory prohibition against party activity in a primary election as long as the efforts were of benefit to all of the party's primary election candidates. Further, such get-out-the-vote efforts would not be charged against gubernatorial candidates' expenditure limits.

On April 12, 1991, a consent order was entered in the matter of New Jersey Republican State Committee v. Del Tufo, et al, L-91-1645, Superior Court, Mercer County, which found unconstitutional those portions of the New Jersey statutes that prohibited political party activity in a primary

election. Specifically, N.J.S.A. 19:44A-11, contained within the Campaign Contributions and Expenditures Report Act, insofar as it prohibits the receipt and expenditure of funds by a State, county, or municipal political party committee in a primary election setting was held to be unconstitutional and therefore void. It appears these advisory opinions have become moot to the extent they addressed the statutory prohibition against political party activity in a primary election. There is apparently no longer any prohibition or restriction upon such activity in the primary election setting.

Under the current statutory framework, in the gubernatorial general election the county committee of a political party and the municipal committees of that party within each county are permitted to spend \$10,000 in the aggregate on behalf of the party's gubernatorial general election candidate. Direct contributions to gubernatorial candidates by county and municipal committees are prohibited. State party committees may establish special gubernatorial accounts to handle contribution and expenditure activity.

The Commission has made no recommendation concerning extension of this political party spending structure to the primary election setting. The Commission believes that because of the uniquely political nature of this matter, suggestions for resolution are best left to the political parties themselves. Therefore, until such action is taken, the Commission reads the statute to require that any political party organization activity undertaken

on behalf of a gubernatorial primary election candidate would be subject to existing contribution and expenditure limits.

VALUATION OF FILM FOOTAGE

In Advisory Opinion No. 14-1989, the Gormley for Governor '89 Committee asked the Commission whether it had to report on its gubernatorial campaign finance reports the costs of film footage, originally developed for Senator Gormley's 1987 Senate campaign, which was being used in the 1989 primary election.

The Commission responded that a proportional calculation of the production cost must be made and reported as having been contributed by the 1987 Senate campaign to the 1989 gubernatorial campaign.

PROHIBITED CONTRIBUTION

A contribution was made to then Assemblyman Alan Karcher's 1989 gubernatorial primary election campaign by Marine Midland Capital Markets Corporation. Information provided to the Commission indicated that Marine Midland Capital Markets Corporation, a securities company, was a subsidiary of Marine Midland Holdings, Inc., itself a wholly-owned non-banking subsidiary of Marine Midland Banks, Inc.

The public financing staff denied the award of public matching funds for the contribution because of the potential that the contribution was prohibited as having been made by a banking corporation, pursuant to N.J.S.A. 19:34-45. Because it has no jurisdiction over the issue of prohibited contributions, the Commission requested the formal opinion of the State Attorney General of the ability of Marine Midland Capital Markets Corporation, Inc., to contribute to a candidate in New Jersey.

On May 11, 1990, Attorney General Robert J. Del Tufo advised the Commission that Marine Midlands Capital Markets Corporation, Inc., was prohibited from making political contributions in New Jersey, because of the regulated activities of the banking subsidiaries held by the parent company of Marine Midland Capital Markets Corporation, Inc.

INDEPENDENT EXPENDITURES

Linda Bowker, Chairperson of the National Organization for Women of New Jersey Political Action Committee (NOW-NJ PAC), a continuing political committee, requested Commission instruction concerning independent expenditure activity contemplated by her organization in support of the 1989 general election candidacy of Congressman Jim Florio.

Advisory Opinion No. 17-1989 undertook a detailed analysis of the issues and questions posed by Ms. Bowker's request. The Commission advised

Ms. Bowker that as long as expenditures by NOW-NJ PAC were made without the consent of, consultation with, or coordination with a candidate, there is no limit, even in a gubernatorial election, on amounts that may be independently spent by the continuing political committee, to support or endorse a candidate.

The Commission explained that expenditures which are made completely independently of a candidate or his or her campaign are constitutionally protected speech which may not be limited in amount. Further, such independent expenditures may not be charged against a gubernatorial candidate's expenditure limit.

While independent expenditures may not be limited in amount and may not be applied to reduce the expenditure limit of a gubernatorial candidate, Ms. Bowker was instructed by the Commission that they are subject to all Commission reporting and disclosure requirements. In addition, the entity making an independent expenditure must file a sworn statement with the Commission attesting to the independence of the expenditure. Further, if the independent expenditure is made to purchase an advertisement, Commission regulations require that the text include a clear, conspicuous statement of the sponsor organization and that the advertisement is not authorized by the candidate.

NOW-NJ PAC, the continuing political committee making the independent expenditure, must also provide written notice to the candidate receiving the benefit of the expenditure.

Ms. Bowker also asked whether contributions received by NOW-NJ PAC in response to a solicitation using a “voter pledge card” must be reported to the Commission. Because the text of the solicitation made no reference to a specific candidate or election, the Commission determined that it lacked the “express advocacy” language necessary to characterize the resulting donations as campaign contributions. However, if any of the donations were to be deposited in the bank account of NOW-NJ PAC, rather than that of NOW-NJ, they would be construed as contributions subject to reporting on the quarterly reports of the continuing political committee.

INSTITUTIONAL ADVERTISEMENTS AND THE EXPENDITURE LIMIT

Concern about the effect of proposed institutional advertising efforts upon their candidates’ \$5 million general election expenditure limits led both the Democratic and Republican State Committees to seek the advice of the Commission. Each wanted to know whether its proposed script would result in an allocation against the \$5 million gubernatorial general election expenditure limit. In issuing its responses, the Commission examined whether the proposed advertising expenditures were being made on behalf of a gubernatorial candidate or to promote the interests of a political party, and

relied upon criteria established in earlier advisory opinions in reaching its conclusions.

Specifically, the Commission explained that:

Such an expenditure would be made, at least in part, on behalf of the gubernatorial candidate, and thereafter allocable to some extent to the gubernatorial candidate, if (1) either of the gubernatorial candidates is named or visually depicted or referred to; or (2) the office of Governor is named or referred to; or (3) the incumbent Governor is named or visually depicted or referred to; or (4) the identity of the candidate, the opponent, or the incumbent Governor is apparent by unambiguous reference.

OVERVIEW: PUBLIC FINANCING TRENDS

New Jersey's 1989 Gubernatorial Public Financing Program differed significantly from its 1977, 1981, and 1985 predecessors in the magnitude of public funds awarded and campaign dollars raised and spent. The major 1989 revisions to the applicable public funds caps and expenditure limits resulted in far greater contribution and expenditure activity in total dollars. However, the nature of the contribution and expenditure activity frequently paralleled the patterns of financial activity of the 1985 publicly-financed gubernatorial candidates.

In 1989, a record \$15.3 million in public funds was distributed to eight primary election and two general election candidates. In the primary election, four Republican candidates and one Democratic candidate received the \$1.35 million maximum in public funds: Congressmen Jim Florio (D) and Jim Courter (R), State Attorney General Cary Edwards (R), State Senator William Gormley (R), and Assembly Speaker Chuck Hardwick (R). Three primary election candidates received less than the maximum in public funds. Senator Gerald Cardinale, Assemblyman Alan Karcher, and Princeton Mayor Barbara Sigmund received a total of \$1.9 million in public funds (Table I).

Both general election candidates, Courter and Florio, received the \$3.3 million public funds maximum, for a total distribution of \$6.6 million in general election public matching funds.

All primary and general election candidates who qualified for receipt of the maximum in public funds did so before the date of the relevant election.

Contributions by individuals continued to represent the mainstay of contributions to the primary and general election campaigns. Of contributions to 1989 primary election campaigns, 81.3 percent were from individual contributors (Table IX). In its report on the 1985 gubernatorial elections, the Commission reported that 84.1 percent of 1985 primary election contributors were individuals.⁸ Individuals represented 74.6 percent of the contributors to the two 1989 general election candidates (Table IX), down from 86.1 percent in the 1985 general election.⁹ The percentage of corporate contributors was 14.2 percent in the 1985 primary election¹⁰ and 15.7 percent in the 1989 primary election. Corporate contributors increased from 11.6 percent in the 1985 general election¹¹ to 21.1 percent in the 1989 general election.

Campaign spending totals for the 1989 primary and general election campaigns increased over 1985 levels because of the significant increases for 1989 in the primary and general election expenditure limits. The eight primary election campaigns spent just over \$15 million and the two general election campaigns spent \$10.9 million (Table X). Of the totals, the proportions spent on communications to voters, the essence of campaign spending, were similar to 1985 spending.

Among other items, communications expenditures include purchase of media time; costs of advertising production, including research and polling; and printing and mailing of campaign literature. The 1989 primary election campaigns spent 78.5 percent of total campaign dollars on communications (Table X). Their 1985 counterparts spent 75.7 percent.¹² The two publicly-financed 1989 general election campaigns devoted an even higher 81.9 percent of total campaign dollars to communications (Table X), while the two 1985 campaigns had spent a similar 83.9 percent.¹³

Of the campaign dollars spent on communications, 1989 totals once again demonstrate heavy reliance upon the broadcast media over other means of delivering a candidate's message. Primary election campaign spending on broadcast media averaged 51.2 percent of total expenditures, while the two general election campaigns spent an average of 76.6 percent of total dollars on media time (Table X). These expenditures closely paralleled the 55.5 percent spent on media in the 1985 primary election and the 72.8 percent spent by the two 1985 general election candidates.¹⁴

Publicly-financed campaigns are permitted to spend in excess of the expenditure limit on four specific categories of expenditures: candidate travel, food and beverage costs associated with fundraising, election night activities, and legal and accounting costs of complying with public financing program requirements. Total spending on these categories exempt from the expenditure limit increased in 1989 over 1985 amounts. In the 1989 primary

election, expenditures outside the expenditure limit were 8.3 percent of total expenditures (Table X) up from 5.2 percent reported by the Commission for the 1985 primary election.¹⁵ Similarly, in the 1989 general election, expenditures outside the expenditure limit were 8.7 percent of total expenditures (Table X), up from the 4.3 percent reported for the 1985 general election.¹⁶

The Commission expects that the trends noted in 1985 and 1989 contribution and expenditure activity will continue in future publicly-financed gubernatorial elections. Individual contributors are expected to remain the bulwark of private campaign dollars. Campaigns will continue to spend the lion's share of their funds on communications with voters. Of the communications dollars spent, the Commission believes the broadcast media will consume the biggest share as gubernatorial campaigns attempt to reach a broader base of New Jersey voters.

CONCLUSION: MAINTAINING THE SUCCESS OF GUBERNATORIAL PUBLIC FINANCING

The New Jersey Gubernatorial Public Financing Program has, since its inception with the general election in 1977, distributed \$32.2 million to 38 candidates from both major political parties in four general elections and three primary elections. The preservation of public funds and simplicity of operation have always been major objectives pursued by the New Jersey Election Law Enforcement Commission in its administration of the public financing program.

Gubernatorial public financing in New Jersey has been innovative from its creation in 1977 as the first gubernatorial general election campaign in the nation to be conducted with public funds. This pioneering role continued with the addition in 1989 of the gubernatorial debate requirement, the first of its kind in the country.

The Commission is committed to maintaining the success of this highly visible and nationally-recognized program. Once again, therefore, with this report, the Commission attempts to look critically at public financing in New Jersey in an effort to further improve and enhance the program. From its unique perspective, the Commission is able to call attention not only to the successes and highlights of the program, but also to the potential problems facing the system.

The Commission continues in its conviction that gubernatorial public financing is essential to maintaining gubernatorial elections which are free from improper influence and which permit candidates of limited means to seek election to the office of Governor. The Commission acknowledges however, in this report, that portions of the 1989 statutory changes created a staggering and threatening financial impact upon New Jersey's gubernatorial public financing program and that the program must therefore be revised.

The emphasis of this report has therefore been to offer recommendations which would restore fiscal balance in order to preserve the program. The time has come to refinance public financing by altering the fiscal components of the program: the primary and general election public funds caps, the matching ratio of public funds to private funds in the general election, and the voluntary income tax check-off. Only with a fundamental restructuring of the fiscal mechanism of public financing, increasing the pay-in and reducing the pay-out, will the program again be able to approach fiscal balance.

Now more than ever, New Jersey's gubernatorial public financing program is necessary as a model to maintain public confidence, in a nation where campaign financing methods are coming increasingly under attack. The Commission believes that the legislative recommendations contained within this report represent a significant step toward restoration of the program to fiscal responsibility and soundness, and therefore toward continuing the

successful history of public financing in the Garden State. It is the hope of the Commission that gubernatorial public financing in New Jersey continue to serve in an outstanding manner the candidates, taxpayers, and voters of our State.

NOTES

1. ELEC, "New Jersey Public Financing: 1985 Gubernatorial Elections," (September 1986), P. 2.
2. Ibid., p. 12.
3. Ibid., Table IX (Public Funds as a Percentage of Total Campaign Receipts - 1985 Gubernatorial Candidates), p. 28.
4. Ibid., p. 10.
5. ELEC, "Public Financing in New Jersey: The 1977 General Election for Governor," (August 1978), p. 25.
6. ELEC "Analysis of Costs of Election Campaigning and Recommendations for Altering Contribution and Expenditure Limits for Gubernatorial Elections," (May 1984), p. 20.
7. Op. cit., "1985 Gubernatorial Elections," p. 11.
8. Ibid., Table F (1985 Gubernatorial Primary Totals - Amount and Number of Contributors by Type of Contributor), p. 39.
9. Ibid., Table G (1985 Gubernatorial General Election Candidates - Amount and Number of Contributors by Type of Contributor), p. 40.
10. Ibid., Table F, p. 39.
11. Ibid., Table G, p. 40.
12. Ibid., Table K (Comparison of Expenditures by Type of Expenditure (Net) for 1985 Primary and General Gubernatorial Publicly Funded Candidates), p. 44.
13. Ibid.
14. Ibid.
15. Ibid.
16. Ibid.

TABLES REFERENCED IN THE TEXT

Tables I through X are specifically referred to in the text of this report and contain summary information on the 1989 gubernatorial primary and general elections. Table XI attempts to demonstrate the impact of application of certain Commission recommendations upon gubernatorial public financing for 1993.

The information in these tables is compiled from contributor and expenditure information supplied in candidate submissions for public funds and the campaign financial disclosure reports required to be filed under the Reporting Act. Information for the 1989 primary election includes candidate report information through the fifth 60-day postelection report (due 5/27/90), and 1989 general election information is included through the third 60-day postelection report (due 5/29/90).

Where percentages have been provided, details may not add up to totals because of the effect of rounding.

TABLE I
Public Funds Received by
1989 Gubernatorial Primary Election Candidates

| Candidate | Public Funds Received |
|------------------------|------------------------------|
| Florio (D) | \$1,350,000.00* |
| Karcher (D) | 759,334.38 |
| Sigmund (D) | <u>420,457.72</u> |
| Democratic Subtotal | \$2,529,792.10 |
| Cardinale (R) | \$ 728,990.50 |
| Courter (R) | 1,350,000.00* |
| Edwards (R) | 1,350,000.00* |
| Gormley (R) | 1,350,000.00* |
| Hardwick (R) | <u>1,350,000.00*</u> |
| Republican Subtotal | \$6,128,990.50 |
| TOTAL – PRIMARY | \$8,658,782.60 |

* *Received maximum in primary election public funds*

TABLE II
Public Funds Received by
1989 Gubernatorial General Election Candidates

| Candidate | Public Funds Received |
|------------------------|------------------------------|
| Courter (R) | \$3,300,000.00* |
| Florio (D) | <u>3,300,000.00*</u> |
| TOTAL – GENERAL | \$6,600,000.00 |

* *Received maximum in general election public funds*

TABLE III
Expenditures by 1989
Gubernatorial Primary Election Candidates

| Candidate | Amount Within The Limit* | Amount Outside The Limit** | Total Net Expenditures |
|---------------------|-------------------------------------|---------------------------------------|-----------------------------------|
| Cardinale (R) | \$1,082,663.33 | \$68,330.34 | \$1,150,993.67 |
| Courter (R) | 2,195,863.81 | 320,796.13 | 2,516,659.94 |
| Edwards (R) | 2,179,389.28 | 252,327.45 | 2,431,716.73 |
| Florio (D) | 2,193,536.48 | 239,538.69 | 2,433,075.17 |
| Gormley (R) | 2,104,087.33 | 109,444.49 | 2,213,531.82 |
| Hardwick (R) | 2,187,707.14 | 195,997.08 | 2,383,704.22 |
| Karcher (D) | 1,176,736.57 | 13,454.45 | 1,190,191.02 |
| Sigmund (D) | <u>638,276.38</u> | <u>49,084.22</u> | <u>687,360.60</u> |
| Democratic Subtotal | \$4,008,549.43 | \$302,077.36 | \$4,310,626.79 |
| Republican Subtotal | <u>9,749,710.89</u> | <u>946,895.49</u> | <u>10,696,606.38</u> |
| TOTAL | \$13,758,260.32 | \$1,248,972.85 | \$15,007,233.17 |

* The expenditure limit was \$2,200,000.

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

SOURCE: Public Financing Expenditures – N.J. E.L.E.C. Public Financing computer prepared
report (1/92)

TABLE IV
Expenditures by 1989
Gubernatorial Primary Election Candidates

| Candidate | Amount Within The Limit* | Amount Outside The Limit** | Total Net Expenditures |
|------------------|-------------------------------------|---------------------------------------|-----------------------------------|
| Courter (R) | \$4,985,997.57 | \$364,988.34 | \$5,350,985.91 |
| Florio (D) | <u>\$4,999,672.18</u> | <u>592,151.51</u> | <u>5,591,823.69</u> |
| TOTAL | \$9,985,669.75 | \$957,139.85 | \$10,942,809.60 |

* The expenditure limit was \$5,000,000.

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

SOURCE: Public Finance Expenditures – N.J. E.L.E.C. Public Financing computer prepared
report (1/92)

TABLE V
Public Funds Distributed to New Jersey Primary and General Election Gubernatorial Candidates
1977 Through 1989

| <u>Election</u> | <u>Public Funds Cap Per Candidate</u> | <u>No. Candidates Receiving Public Funds</u> | <u>No. Candidates Receiving Maximum Public Funds</u> | <u>Public Funds Distributed</u> |
|----------------------|---|--|--|-------------------------------------|
| 1977 General | No limit | 2 | - | \$2,070,816.00 |
| 1981 Primary | \$599,975.80 | 16 | 5 | 6,373,659.28 |
| <u>1981 General</u> | 1,199,951.60 | <u>2</u> | <u>2</u> | <u>2,399,903.20</u> |
| 1981 Totals | | 18 | 7 | \$8,773,562.48 |
| 1985 Primary | \$643,572.40 | 6 | 4 | \$3,620,835.68 |
| <u>1985 General</u> | 1,287,144.80 | <u>2</u> | <u>1</u> | <u>2,568,227.98</u> |
| 1985 Totals | | 8 | 5 | \$6,189,063.66 |
| 1989 Primary | \$1,350,000.00 | 8 | 5 | \$8,658,782.60 |
| <u>1989 General</u> | 3,300,000.00 | <u>2</u> | <u>2</u> | <u>6,600,000.00</u> |
| 1989 Totals | | 10 | 7 | \$15,258,782.60 |
| PROGRAM TOTAL | | 38 | 19 | \$32,292,224.74 |

TABLE VI

**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% |
| 1985 | 1,630,210 | 37.8% |
| 1986 | 1,604,215 | 36.3% |
| 1987 | 1,530,909 | 33.9% |
| 1988 | 1,488,406 | 32.3% |
| 1989 | <u>1,413,701</u> | 31.9% |
| TOTAL | \$21,024,802 | |
| Average per year (1976-1989) | \$1,501,772 | 37.7% |

SOURCE: N.J. Department of the Treasury, Division of Taxation

TABLE VII
Private Dollars Necessary to Reach Expenditure Limit for a Candidate
Receiving Maximum Public Funds: 1985 and 1989

| | <u>1985</u> <u>Primary</u> | <u>1985</u> <u>General</u> | <u>1989</u> <u>Primary</u> | <u>1989</u> <u>General</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Public Fund Cap: | \$643,572.40 | \$1,287,144.80 | \$1,350,000.00 | \$3,300,000.00 |
| Expenditure Limit: | 1,126,251.70 | 2,252,503.40 | 2,200,000.00 | 5,000,000.00 |
| 1. Private dollars not subject to match | 50,000.00 | 50,000.00 | 50,000.00 | 50,000.00 |
| 2. Additional private dollars needed to reach public fund cap (2:1 ratio) | 321,786.20 | 643,572.40 | 675,000.00 | 1,650,000.00 |
| 3. Maximum in public funds | <u>643,572.40</u> | <u>1,287,144.80</u> | <u>1,350,000.00</u> | <u>3,300,000.00</u> |
| 4. Total (lines 1, 2, and 3) | 1,015,358.60 | 1,980,717.20 | 2,075,000.00 | 5,000,000.00 |
| 5. Additional private dollars to reach expenditure limit (expenditure limit minus line 4) | 110,893.10 | 271,786.20 | 125,000.00 | -0- |
| 6. Total private dollars necessary to reach expenditure limit (Total of lines 1, 2, and 5) | \$482,679.30 | \$965,358.60 | \$850,000.00 | \$1,700,000.00 |
| 7. Private dollars needed to reach expenditure limit as a percentage of the expenditure limit | 42.9% | 42.9% | 38.6% | 34.0% |

TABLE VIII
Public Funds as a Percentage of Total Campaign Receipts:
1989 Gubernatorial Candidates
(Sorted by Party)

| Candidate | Non-Public Funds (Net)* | Public Matching Funds | Total Receipts | Public Funds As a Percentage of Total Campaign Receipts |
|----------------------|-------------------------------|--------------------------|---------------------|--|
| Primary 1989 | | | | |
| Cardinale (R) | \$416,249.12 | \$728,990.50 | \$1,145,239.62 | 63.7 |
| Courter (R) | 1,188,544.64 | 1,350,000.00** | 2,538,544.64 | 53.2 |
| Edwards (R) | 1,087,800.77 | 1,350,000.00** | 2,437,800.77 | 55.4 |
| Gormley (R) | 859,858.33 | 1,350,000.00** | 2,209,858.33 | 61.1 |
| Hardwick (R) | <u>1,041,496.37</u> | <u>1,350,000.00**</u> | <u>2,391,496.37</u> | <u>56.5</u> |
| Republican Subtotal | \$4,593,949.23 | \$6,128,990.50 | \$10,722,939.73 | 57.2 |
| Florio (D) | \$1,096,975.19 | \$1,350,000.00** | \$2,446,975.19 | 55.2 |
| Karcher (D) | 430,856.64 | 759,334.38 | 1,190,191.02 | 63.8 |
| Sigmund (D) | <u>261,748.86</u> | <u>420,457.72</u> | <u>682,206.58</u> | <u>61.6</u> |
| Democratic Subtotal | \$1,789,580.69 | \$2,529,792.10 | \$4,319,372.79 | 58.6 |
| Primary Total | \$6,383,529.92 | \$8,658,782.60 | \$15,042,312.52 | 57.6 |
| General 1989 | | | | |
| Courter (R) | \$2,057,390.42 | \$3,300,000.00** | \$5,357,390.42 | 61.6 |
| Florio (D) | <u>2,299,689.73</u> | <u>3,300,000.00**</u> | <u>5,599,689.73</u> | <u>58.9</u> |
| General Total | \$4,357,080.15 | \$6,600,000.00 | \$10,957,080.15 | 60.2 |
| 1989 Total | \$10,740,610.07 | \$15,258,782.60 | \$25,999,392.67 | 58.7 |

* Net means less refunds and/or check not cashed because of insufficient funds

** Denotes maximum in public matching funds

SOURCE: Cumulative Campaign Contribution List – N.J. E.L.E.C. Public Financing computer prepared report (5/91)

TABLE IX
1989 Gubernatorial Election Candidates:
Amount and Number of Contributors by Type of Contributor*

| | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributor | Average Contribution/ Contributor |
|----------------|-----------------------|---------------------|--------------------------|-------------------------|------------------------|-----------------------------------|
| Primary | | | | | | |
| 1989 Total | Individual | \$4,602,076.83 | 72.6 | 10,489 | 81.3 | \$438.75 |
| | Corporation | 1,372,247.87 | 21.6 | 2,024 | 15.7 | 677.99 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 37,220.13 | 0.6 | 54 | 0.4 | 689.26 |
| | Political Cmte. | 9,300.00 | 0.1 | 9 | 0.1 | 1,033.33 |
| | Business PAC | 67,289.45 | 1.1 | 69 | 0.5 | 975.21 |
| | Trade PAC | 150,600.00 | 2.4 | 141 | 1.1 | 1,068.51 |
| | Union | 25,925.00 | 0.4 | 30 | 0.2 | 864.17 |
| | Union PAC | 22,180.00 | 0.3 | 24 | 0.2 | 924.17 |
| | Ideological PAC | 21,550.00 | 0.3 | 20 | 0.2 | 1,077.50 |
| | Other | <u>32,050.00</u> | <u>0.5</u> | <u>34</u> | <u>0.3</u> | <u>942.65</u> |
| | TOTAL | \$6,340,499.28 | 100.0 | 12,894 | 100.0 | \$491.74 |
| General | | | | | | |
| 1989 Total | Individual | \$2,898,269.85 | 67.0 | 4,658 | 74.6 | \$622.21 |
| | Corporation | 1,131,580.55 | 26.1 | 1,315 | 21.1 | 860.52 |
| | Political Party Cmte. | 2,788.45 | 0.1 | 2 | 0.0 | 1,394.23 |
| | Campaign Fund | 41,150.00 | 1.0 | 58 | 0.9 | 709.48 |
| | Political Cmte. | 17,175.00 | 0.4 | 18 | 0.3 | 954.17 |
| | Business PAC | 59,200.00 | 1.4 | 45 | 0.7 | 1,315.56 |
| | Trade PAC | 108,000.00 | 2.5 | 84 | 1.3 | 1,285.71 |
| | Union | 15,475.00 | 0.4 | 15 | 0.2 | 1,031.67 |
| | Union PAC | 25,600.00 | 0.6 | 21 | 0.3 | 1,219.05 |
| | Ideological PAC | 9,000.00 | 0.2 | 6 | 0.1 | 1,500.00 |
| | Other | <u>19,595.00</u> | <u>0.5</u> | <u>24</u> | <u>0.4</u> | <u>816.46</u> |
| | TOTAL | \$4,327,833.85 | 100.0 | 6,246 | 100.0 | \$692.90 |

CONTINUED

TABLE IX CONTINUED
1989 Gubernatorial Election Candidates:
Amount and Number of Contributors by Type of Contributor*

| Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributor | Average Contribution/ Contributor |
|-----------------------|---------------------|--------------------------|-------------------------|------------------------|-----------------------------------|
| 1989 Total | | | | | |
| Individual | \$7,500,346.68 | 70.3 | 15,147 | 79.1 | \$495.17 |
| Corporation | 2,503,828.68 | 23.5 | 3,339 | 17.4 | 749.87 |
| Political Party Cmte. | 2,788.45 | 0.0 | 2 | 0.0 | 1,394.23 |
| Campaign Fund | 78,370.13 | 0.7 | 112 | 0.6 | 699.73 |
| Political Cmte. | 26,475.00 | 0.2 | 27 | 0.1 | 980.56 |
| Business PAC | 126,489.45 | 1.2 | 114 | 0.6 | 1,109.56 |
| Trade PAC | 258,660.00 | 2.4 | 225 | 1.2 | 1,149.60 |
| Union | 41,400.00 | 0.4 | 45 | 0.2 | 920.00 |
| Union PAC | 47,780.00 | 0.4 | 45 | 0.2 | 1,061.78 |
| Ideological PAC | 30,550.00 | 0.3 | 26 | 0.1 | 1,175.00 |
| Other | <u>51,645.00</u> | <u>0.5</u> | <u>58</u> | <u>0.3</u> | <u>890.43</u> |
| TOTAL | \$10,668,333.13 | 100.0 | 6,246 | 100.0 | \$692.90 |

*Does not include loans, candidates' personal funds in excess of \$1,500, interest, sale of campaign assets, or contributions fully refunded.

TABLE X
Comparison of Expenditures by Type of Expenditure (Net)
for 1989 Primary and General Election Gubernatorial Publicly-Funded Candidates

| Type of Expenditure | Primary-Total | | General-Total | | 1989-Total | |
|---------------------------------------|-----------------|-------|-----------------|-------|-----------------|-------|
| | Net | Net % | Net | Net % | Net | Net % |
| Expenditures Exempt from Limit: | | | | | | |
| Candidate Travel | \$232,881.30 | 1.6 | \$194,323.38 | 1.8 | \$427,204.68 | 1.6 |
| Food and Beverage/Fundraising | 243,143.54 | 1.6 | 163,626.93 | 1.5 | 406,770.47 | 1.6 |
| Election Night Activities | 71,820.71 | 0.5 | 95,502.34 | 0.9 | 167,323.05 | 0.6 |
| Compliance-Legal/Accounting | 701,127.30 | 4.7 | 503,687.20 | 8.7 | 1,204,814.50 | 4.6 |
| Total Expenditures Exempt from Limit: | \$1,248,972.85 | 8.3 | \$957,139.85 | 8.7 | \$2,206,112.70 | 8.5 |
| Expenditures Subject to Limit: | | | | | | |
| Administration: | | | | | | |
| Telephone | \$252,078.61 | 1.7 | \$81,305.46 | 0.7 | \$333,384.08 | 1.3 |
| Personnel/Taxes | 1,073,837.08 | 7.2 | 602,125.77 | 5.5 | 1,675,962.85 | 6.5 |
| Other | 643,720.58 | 4.3 | 333,868.29 | 3.1 | 977,588.87 | 3.8 |
| Total Administration | \$1,969,636.28 | 13.1 | \$1,017,299.52 | 9.3 | \$2,986,935.80 | 11.5 |
| Communication: | | | | | | |
| Media Time | \$7,680,837.51 | 51.2 | \$8,380,700.00 | 76.6 | \$16,061,537.51 | 61.9 |
| Advertising Production | 2,050,998.09 | 13.7 | 520,354.79 | 4.8 | 2,571,352.88 | 9.9 |
| Newspaper Advertising | 8,883.12 | 0.1 | 12,627.99 | 0.1 | 21,511.11 | 0.1 |
| Billboards | 21,146.88 | 0.1 | 0.0 | 0.0 | 21,146.88 | 0.1 |
| Printing Literature | 1,273,677.82 | 8.5 | 33,777.11 | 0.3 | 1,307,454.93 | 5.0 |
| Mailing Literature | 746,633.67 | 5.0 | 16,641.90 | 0.2 | 763,275.57 | 2.9 |
| Total Communication Expenditures | \$11,782,177.09 | 78.5 | \$8,964,101.79 | 81.9 | \$20,746,278.88 | 79.9 |
| Total Expenditures by Others | \$6,446.95 | 0.0 | \$4,268.44 | 0.0 | \$10,715.39 | 0.0 |
| Total Expenditures Subject to Limit | \$13,758,260.32 | 91.7 | \$9,985,669.75 | 91.3 | \$23,743,930.07 | 91.5 |
| Total Campaign Expenditures | \$15,007,233.17 | 100.0 | \$10,942,809.60 | 100.0 | \$25,950,042.77 | 100.0 |

Source: Summary Expenditure Listing-N.J. E.L.E.C. Public Financing computer prepared report (1/92)

TABLE XI

Estimated Impact of Proposed Reduction of the Public Funds Caps on Private Dollars Necessary to Reach 1993 Expenditure Limits for a Candidate Receiving Maximum Public Funds

| | 1993 <u>Primary</u> | 1993 <u>General</u> |
|---|--------------------------------|--------------------------------|
| Proposed Public Fund Cap: | \$1,000,000.00 | \$2,000,000.00 |
| Estimated Expenditure Limit: | 2,420,000.00* | 5,500,000.00* |
| Matching Ratio: | 2:1 | 1:1 |
| 1. Private dollars not subject to match | 55,000.00** | 55,000.00** |
| 2. Additional private dollars needed to reach public fund cap | 500,000.00 | 2,000,000.00 |
| 3. Maximum in public funds | <u>1,000,000.00</u> | <u>2,000,000.00</u> |
| 4. Total (lines 1, 2, and 3) | 1,055,000.00 | 4,055,000.00 |
| 5. Additional private dollars to reach expenditure limit (expenditure limit minus line 4) | 865,000.00 | 1,445,000.00 |
| 6. Total private dollars necessary to reach expenditure limit (Total of lines 1, 2, and 5) | \$1,420,000.00 | \$3,500,000.00 |
| 7. Private dollars needed to reach expenditure limit as a percentage of the expenditure limit | 58.7% | 63.6% |

* Assumes a 10% adjustment to the expenditure limit (1989 to 1993) resulting from application of the campaign cost index (N.J.S.A. 19:44A-7.1)

** Assumes a 10% adjustment to the private dollars not subject to match resulting from application of the campaign cost index (N.J.S.A. 19:44A-7.1)

TABLE NOT REFERENCED IN THE TEXT

Tables A through I are not specifically referred to in the text of this report, but are included for the purpose of comparative analysis. The data provided concerning the 1989 public financing experience can therefore be compared with that available in the Commission's prior reports on the 1977, 1981, and 1985 publicly-financed gubernatorial elections.

TABLE A
1989 Gubernatorial Primary and General Election Candidates' Percentage
of Votes Cast, Public Funds Received, and Cost-per-vote in Public Funds

| CANDIDATE | VOTES REC'D | PERCENTAGE OF TOTAL VOTES (FOR EACH PARTY IN PRIMARY) | PUBLIC FUNDS REC'D | COST-PER-VOTE IN PUBLIC FUNDS |
|----------------------|------------------------|--|-------------------------|----------------------------------|
| PRIMARY '89 | | | | |
| Florio (D) | 251,979 | 66.1 | \$ 1,350,000.00 | \$ 5.36 |
| Karcher (D) | 56,311 | 14.8 | 759,334.38 | 13.49 |
| Sigmund (D) | 61,033 | 16.0 | <u>420,457.72</u> | 6.89 |
| | | | \$ 2,529,792.10 | |
| Democratic Subtotal | 381,015 (votes cast) | | | |
| Cardinale (R) | 32,250 | 8.2 | \$ 728,990.50 | \$22.60 |
| Courter (R) | 112,326 | 28.4 | 1,350,000.00 | 12.02 |
| Edwards (R) | 85,313 | 21.6 | 1,350,000.00 | 15.82 |
| Gormley (R) | 66,430 | 16.8 | 1,350,000.00 | 20.32 |
| Hardwick (R) | 82,392 | 20.9 | <u>1,350,000.00</u> | 16.39 |
| | | | \$ 6,128,990.50 | |
| Republican Subtotal | 395,059 (votes cast) | | | |
| PRIMARY TOTAL | | | \$ 8,658,782.60 | |
| GENERAL '89 | | | | |
| Courter (R) | 838,553 | 36.7 | \$ 3,300,000.00 | \$ 3.94 |
| Florio (D) | 1,379,937 | 60.3 | <u>3,300,000.00</u> | 2.39 |
| GENERAL TOTAL | 2,286,693 (votes cast) | | \$ 6,600,000.00 | |
| 1989 TOTAL | | | \$ 15,258,782.60 | |

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

TABLE B
New Jersey 1989 Gubernatorial Election
Contributions: Amount, Number, and Average Contribution;
Number of Contributors and Average Contribution per Contributor*
(Sorted by Party)

| Candidate | Total Contributions (\$) | Total Contributions** (#) | Average Contribution (\$) | Total Contributors (A) (#) | Average Contribution/ Contributor (\$) |
|----------------------|--------------------------------|---------------------------------|---------------------------------|----------------------------------|--|
| Primary 1989 | | | | | |
| Cardinale (R) | \$ 415,153.75 | 1,431 | \$ 290.11 | 1,285 | \$ 323.08 |
| Courter (R) | 1,180,198.58 | 2,571 | 459.04 | 2,498 | 472.46 |
| Edwards (R) | 1,085,727.45 | 1,836 | 591.36 | 1,660 | 654.05 |
| Gormley (R) | 852,657.53 | 1,956 | 435.92 | 1,620 | 526.33 |
| Hardwick (R) | <u>1,035,367.87</u> | <u>2,615</u> | <u>395.93</u> | <u>2,445</u> | <u>423.46</u> |
| Republican Subtotal | \$ 4,569,105.18 | 10,409 | \$ 438.96 | 9,508 | \$ 480.55 |
| Florio (D) | \$ 1,078,788.60 | 1,020 | \$ 1,057.64 | 976 | \$ 1,105.32 |
| Karcher (D) | 430,856.64 | 1,174 | 367.00 | 1,045 | 412.30 |
| Sigmund (D) | <u>261,748.86</u> | <u>1,568</u> | <u>166.93</u> | <u>1,365</u> | <u>191.76</u> |
| Democratic Subtotal | \$ 1,771,394.10 | 3,762 | \$ 470.87 | 3,386 | \$ 523.15 |
| PRIMARY TOTAL | \$ 6,340,499.28 | 14,171 | \$ 447.43 | 12,894 | \$ 491.74 |
| General 1989 | | | | | |
| Courter (R) | \$ 2,047,674.45 | 2,594 | \$ 789.39 | 2,506 | \$ 817.11 |
| Florio (D) | <u>2,280,159.40</u> | <u>3,931</u> | <u>580.05</u> | <u>3,740</u> | <u>609.67</u> |
| GENERAL TOTAL | \$ 4,327,833.85 | 6,525 | 663.27 | 6,246 | \$ 692.90 |
| 1989 TOTAL | \$10,668,333.13 | 20,696 | \$ 515.48 | 19,140 | \$ 557.38 |

* Does not include loans, candidates' personal funds in excess of \$1,500, interest, and sale of campaign assets

** Does not include contributions fully refunded

SOURCE: Cumulative Campaign Contribution List – N.J. E.L.E.C. Public Financing computer prepared report (5/91)

TABLE C
1989 Gubernatorial Primary Election Candidates:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/ Contributor |
|-------------|-----------------------|---------------------|--------------------------|-------------------------|-------------------------|--------------------------------------|
| Florio (D) | | | | | | |
| | Individual | \$ 765,950.00 | 71.0 | 711 | 72.8 | \$ 1,077.29 |
| | Corporation | 226,300.00 | 21.0 | 198 | 20.3 | 1,142.93 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 16,638.60 | 1.5 | 14 | 1.4 | 1,188.47 |
| | Political Cmte. | 3,300.00 | 0.3 | 3 | 0.3 | 1,100.00 |
| | Business PAC | 9,000.00 | 0.8 | 6 | 0.6 | 1,500.00 |
| | Trade PAC | 18,000.00 | 1.7 | 12 | 1.2 | 1,500.00 |
| | Union | 15,400.00 | 1.4 | 13 | 1.3 | 1,184.62 |
| | Union PAC | 10,700.00 | 1.0 | 8 | 0.8 | 1,337.50 |
| | Ideological PAC | 2,900.00 | 0.3 | 3 | 0.3 | 966.67 |
| | Other | <u>10,600.00</u> | <u>1.0</u> | <u>8</u> | <u>0.8</u> | <u>1,325.00</u> |
| | TOTAL | \$ 1,078,788.60 | 100.0 | 976 | 100.0 | \$ 1,105.32 |
| Karcher (D) | | | | | | |
| | Individual | \$ 310,097.19 | 72.0 | 842 | 80.6 | \$ 368.29 |
| | Corporation | 86,745.00 | 20.1 | 159 | 15.2 | 545.57 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 850.00 | 0.2 | 2 | 0.2 | 425.00 |
| | Political Cmte. | - | - | - | - | 0 |
| | Business PAC | 3,239.45 | 0.8 | 3 | 0.3 | 1,079.82 |
| | Trade PAC | 21,450.00 | 5.0 | 21 | 2.0 | 1,021.43 |
| | Union | 3,775.00 | 0.9 | 10 | 1.0 | 377.50 |
| | Union PAC | 1,300.00 | 0.3 | 3 | 0.3 | 433.33 |
| | Ideological PAC | 1,500.00 | 0.3 | 1 | 0.1 | 1,500.00 |
| | Other | <u>1,900.00</u> | <u>0.4</u> | <u>4</u> | <u>0.4</u> | <u>475.00</u> |
| | TOTAL | \$ 430,856.64 | 100.0 | 1,045 | 100.0 | \$ 412.30 |

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TABLE C – CONTINUED
1989 Gubernatorial Primary Election Candidates:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/ Contributor |
|---------------|-----------------------|---------------------|--------------------------|-------------------------|-------------------------|--------------------------------------|
| Sigmund (D) | | | | | | |
| | Individual | \$ 206,428.86 | 78.9 | 1,254 | 91.9 | \$ 164.62 |
| | Corporation | 37,150.00 | 14.2 | 79 | 5.8 | 470.25 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 3,355.00 | 1.3 | 8 | 0.6 | 419.38 |
| | Political Cmte. | - | - | - | - | - |
| | Business PAC | 3,375.00 | 1.3 | 4 | 0.3 | 843.75 |
| | Trade PAC | 5,610.00 | 2.1 | 8 | 0.6 | 701.25 |
| | Union | 750.00 | 0.3 | 2 | 0.1 | 375.00 |
| | Union PAC | 580.00 | 0.2 | 2 | 0.1 | 290.00 |
| | Ideological PAC | 2,250.00 | 0.9 | 5 | 0.4 | 450.00 |
| | Other | <u>2,250.00</u> | <u>0.9</u> | <u>3</u> | <u>0.2</u> | <u>750.00</u> |
| | TOTAL | \$ 261,748.86 | 100.0 | 1,365 | 100.0 | \$ 191.76 |
| Cardinale (R) | | | | | | |
| | Individual | \$ 307,534.75 | 74.1 | 1,084 | 84.4 | \$ 283.70 |
| | Corporation | 85,619.00 | 20.6 | 172 | 13.4 | 497.79 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 200.00 | 0.0 | 2 | 0.2 | 100.00 |
| | Political Cmte. | - | - | - | - | - |
| | Business PAC | 4,950.00 | 1.2 | 8 | 0.6 | 618.75 |
| | Trade PAC | 15,250.00 | 3.7 | 17 | 1.3 | 897.06 |
| | Union | - | - | - | - | - |
| | Union PAC | - | - | - | - | - |
| | Ideological PAC | - | - | - | - | - |
| | Other | <u>1,600.00</u> | <u>0.4</u> | <u>2</u> | <u>0.2</u> | <u>800.00</u> |
| | TOTAL | \$ 415,153.75 | 100.0 | 1,285 | 100.0 | \$ 323.08 |

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TABLE C – CONTINUED
1989 Gubernatorial Primary Election Candidates:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/ Contributor |
|-------------|-----------------------|---------------------|--------------------------|-------------------------|-------------------------|--------------------------------------|
| Courter (R) | | | | | | |
| | Individual | \$ 872,509.58 | 73.9 | 2,149 | 86.0 | \$ 406.01 |
| | Corporation | 269,925.00 | 22.9 | 319 | 12.8 | 846.16 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 2,064.00 | 0.2 | 3 | 0.1 | 688.00 |
| | Political Cmte. | - | - | - | - | - |
| | Businee PAC | 10,150.00 | 0.9 | 8 | 0.3 | 1,268.75 |
| | Trade PAC | 18,050.00 | 1.5 | 14 | 0.6 | 1,289.29 |
| | Union | 1,500.00 | 0.1 | 1 | - | 1,500.00 |
| | Union PAC | 1,500.00 | 0.1 | 1 | - | 1,500.00 |
| | Ideological PAC | 3,000.00 | 0.3 | 2 | 0.1 | 1,500.00 |
| | Other | <u>1,500.00</u> | <u>0.1</u> | <u>1</u> | <u>0.0</u> | <u>1,500.00</u> |
| | TOTAL | \$1,180,198.58 | 100.0 | 2,498 | 100.0 | \$ 472.46 |
| Edward (R) | | | | | | |
| | Individual | \$ 787,102.45 | 72.5 | 1,304 | 78.6 | \$ 603.61 |
| | Corporation | 259,050.00 | 23.9 | 309 | 18.6 | 838.35 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 1,275.00 | 0.1 | 10 | 0.6 | 127.50 |
| | Political Cmte. | 1,500.00 | 0.1 | 1 | 0.1 | 1,500.00 |
| | Business PAC | 12,500.00 | 1.2 | 11 | 0.7 | 1,136.36 |
| | Trade PAC | 14,550.00 | 1.3 | 15 | 0.9 | 970.00 |
| | Union | 4,000.00 | 0.4 | 3 | 0.2 | 1,333.33 |
| | Union PAC | 1,500.00 | 0.1 | 1 | 0.1 | 1,500.00 |
| | Ideological PAC | 1,500.00 | 0.1 | 1 | 0.1 | 1,500.00 |
| | Other | <u>2,750.00</u> | <u>0.3</u> | <u>5</u> | <u>0.3</u> | <u>550.00</u> |
| | TOTAL | \$1,085,727.45 | 100.0 | 1,660 | 100.0 | \$ 654.05 |

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TABLE C – CONTINUED
1989 Gubernatorial Primary Election Candidates:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/Contributor |
|--------------|-----------------------|---------------------|--------------------------|-------------------------|-------------------------|----------------------------------|
| Gormley (R) | | | | | | |
| | Individual | \$ 662,040.00 | 77.6 | 1,270 | 78.4 | \$ 521.29 |
| | Corporation | 157,090.00 | 18.4 | 308 | 19.0 | 510.03 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 3,977.53 | 0.5 | 4 | 0.2 | 994.38 |
| | Political Cmte. | 500.00 | 0.1 | 1 | 0.1 | 500.00 |
| | Business PAC | 10,200.00 | 1.2 | 13 | 0.8 | 784.62 |
| | Trade PAC | 11,650.00 | 1.4 | 12 | 0.7 | 970.83 |
| | Union | - | - | - | - | - |
| | Union PAC | 3,600.00 | 0.4 | 7 | 0.4 | 514.29 |
| | Ideological PAC | 400.00 | 0.0 | 1 | 0.1 | 400.00 |
| | Other | <u>3,200.00</u> | <u>0.4</u> | <u>4</u> | <u>0.2</u> | <u>800.00</u> |
| | TOTAL | \$ 852,657.53 | 100.0 | 1,620 | 100.0 | \$ 526.33 |
| Hardwick (R) | | | | | | |
| | Individual | \$ 690,414.00 | 66.7 | 1,875 | 76.7 | \$ 368.22 |
| | Corporation | 250,368.87 | 24.2 | 480 | 19.6 | 521.60 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 8,860.00 | 0.9 | 11 | 0.4 | 805.46 |
| | Political Cmte. | 4,000.00 | 0.4 | 4 | 0.2 | 1,000.00 |
| | Business PAC | 13,875.00 | 1.3 | 16 | 0.7 | 867.19 |
| | Trade PAC | 46,100.00 | 4.5 | 42 | 1.7 | 1,097.62 |
| | Union | 500.00 | 0.0 | 1 | 0.0 | 500.00 |
| | Union PAC | 3,000.00 | 0.3 | 2 | 0.1 | 1,500.00 |
| | Ideological PAC | 10,000.00 | 1.0 | 7 | 0.3 | 1,428.57 |
| | Other | <u>8,250.00</u> | <u>0.8</u> | <u>7</u> | <u>0.3</u> | <u>1,178.57</u> |
| | TOTAL | \$1,035,367.87 | 100.0 | 2,445 | 100.0 | \$ 423.46 |

* Does not include loans, candidates' personal funds in excess of \$1,500 interest, sale of campaign assets, or contributions fully refunded.
SOURCE: N.J. E.L.E.C. Public Financing computer prepared report (5/91).

TABLE D
1989 Gubernatorial Primary Election Totals:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/Contributor |
|-------------|-----------------------|---------------------|--------------------------|-------------------------|-------------------------|----------------------------------|
| Republicans | | | | | | |
| | Individual | \$3,319,600.78 | 72.7 | 7,682 | 80.8 | \$ 432.13 |
| | Corporation | 1,022,052.87 | 22.4 | 1,588 | 16.7 | 643.61 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 16,376.53 | 0.4 | 30 | 0.3 | 545.88 |
| | Political Cmte. | 6,000.00 | 0.1 | 6 | 0.1 | 1,000.00 |
| | Business PAC | 51,675.00 | 1.1 | 56 | 0.6 | 922.77 |
| | Trade PAC | 105,600.00 | 2.3 | 100 | 1.1 | 1,056.00 |
| | Union | 6,000.00 | 0.4 | 5 | 0.1 | 1,200.00 |
| | Union PAC | 9,600.00 | 0.2 | 11 | 0.1 | 872.73 |
| | Ideological PAC | 14,900.00 | 0.3 | 11 | 0.1 | 1,354.55 |
| | Other | <u>17,300.00</u> | <u>0.4</u> | <u>19</u> | <u>0.2</u> | <u>910.53</u> |
| | TOTAL | \$4,569,105.18 | 100.0 | 9,508 | 100.0 | \$ 480.55 |
| Democrats | | | | | | |
| | Individual | \$1,282,476.05 | 72.4 | 2,807 | 82.9 | \$ 456.89 |
| | Corporation | 350,195.00 | 19.8 | 436 | 12.9 | 803.20 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 20,843.60 | 1.2 | 24 | 0.7 | 868.48 |
| | Political Cmte. | 3,300.00 | 0.2 | 3 | 0.1 | 1,100.00 |
| | Business PAC | 15,614.45 | 0.9 | 13 | 0.4 | 1,201.11 |
| | Trade PAC | 45,060.00 | 2.5 | 41 | 1.2 | 1,099.02 |
| | Union | 19,925.00 | 1.1 | 25 | 0.7 | 797.00 |
| | Union PAC | 12,580.00 | 0.7 | 13 | 0.4 | 967.69 |
| | Ideological PAC | 6,650.00 | 0.4 | 9 | 0.3 | 738.89 |
| | Other | <u>14,750.00</u> | <u>0.8</u> | <u>15</u> | <u>0.4</u> | <u>983.33</u> |
| | TOTAL | \$1,771,394.10 | 100.0 | 3,386 | 100.0 | \$ 523.15 |

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TABLE D – CONTINUED
1989 Gubernatorial Primary Election Totals:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/Contributor |
|-----------|-----------------------|---------------------|--------------------------|-------------------------|-------------------------|----------------------------------|
| TOTAL | | | | | | |
| | Individual | \$ 4,602,076.83 | 72.6 | 10,489 | 81.3 | \$ 438.75 |
| | Corporation | 1,372,247.87 | 21.6 | 2,024 | 15.7 | 677.99 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 37,220.13 | 0.6 | 54 | 0.4 | 689.26 |
| | Political Cmte. | 9,300.00 | 0.1 | 9 | 0.1 | 1,033.33 |
| | Business PAC | 67,289.45 | 1.1 | 69 | 0.5 | 975.21 |
| | Trade PAC | 150,660.00 | 2.4 | 141 | 1.1 | 1,068.51 |
| | Union | 25,925.00 | 0.4 | 30 | 0.2 | 864.17 |
| | Union PAC | 22,180.00 | 0.3 | 24 | 0.2 | 924.17 |
| | Ideological PAC | 21,550.00 | 0.3 | 20 | 0.2 | 1,077.50 |
| | Other | <u>32,050.00</u> | <u>0.5</u> | <u>34</u> | <u>0.3</u> | <u>942.65</u> |
| | TOTAL | \$ 6,340,499.28 | 100.0 | 12,894 | 100.0 | \$ 491.74 |

* Does not include loans, candidates' personal funds in excess of \$1,500, interest, sale of campaign assets, or contributions fully refunded.

SOURCE: N.J. E.L.E.C. Public Financing computer prepared report (5/91).

TABLE E
1989 Gubernatorial General Election Candidates:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/ Contributor |
|-------------|-----------------------|---------------------|--------------------------|-------------------------|-------------------------|--------------------------------------|
| Courter (R) | | | | | | |
| | Individual | \$1,352,853.00 | 66.1 | 1,792 | 71.5 | \$ 754.94 |
| | Corporation | 585,808.00 | 28.6 | 622 | 24.8 | 941.81 |
| | Political Party Cmte. | 2,788.45 | 0.1 | 2 | 0.1 | 1,394.23 |
| | Campaign Fund | 7,200.00 | 0.4 | 9 | 0.4 | 800.00 |
| | Political Cmte. | 6,525.00 | 0.3 | 9 | 0.4 | 725.00 |
| | Business PAC | 32,050.00 | 1.6 | 25 | 1.0 | 1,282.00 |
| | Trade PAC | 46,500.00 | 2.3 | 35 | 1.4 | 1,328.57 |
| | Union | 3,000.00 | 0.1 | 2 | 0.1 | 1,500.00 |
| | Union PAC | 1,500.00 | 0.1 | 1 | 0.0 | 1,500.00 |
| | Ideological PAC | 1,500.00 | 0.1 | 1 | 0.0 | 1,500.00 |
| | Other | <u>7,950.00</u> | <u>0.4</u> | <u>8</u> | <u>0.3</u> | <u>993.75</u> |
| | TOTAL | \$2,047,674.45 | 100.0 | 2,506 | 100.0 | \$ 817.11 |
| Florio (D) | | | | | | |
| | Individual | \$1,545,416.85 | 67.8 | 2,866 | 76.6 | \$ 539.22 |
| | Corporation | 545,772.55 | 23.9 | 693 | 18.5 | 787.55 |
| | Political Party Cmte. | - | - | - | - | - |
| | Campaign Fund | 33,950.00 | 1.5 | 49 | 1.3 | 692.86 |
| | Political Cmte. | 10,650.00 | 0.5 | 9 | 0.2 | 1,183.33 |
| | Business PAC | 27,150.00 | 1.2 | 20 | 0.5 | 1,357.50 |
| | Trade PAC | 61,500.00 | 2.7 | 49 | 1.3 | 1,255.10 |
| | Union | 12,475.00 | 0.5 | 13 | 0.3 | 959.62 |
| | Union PAC | 24,100.00 | 1.1 | 20 | 0.5 | 1,205.00 |
| | Ideological PAC | 7,500.00 | 0.3 | 5 | 0.1 | 1,500.00 |
| | Other | <u>11,645.00</u> | <u>0.5</u> | <u>16</u> | <u>0.4</u> | <u>727.81</u> |
| | TOTAL | \$2,280,159.40 | 100.0 | 3,740 | 100.0 | \$ 609.67 |

* Does not include loans, candidates' personal funds in excess of \$1,500, interest, sale of campaign assets, or contributions fully refunded.

SOURCE: N.J. E.L.E.C. Public Financing computer prepared report (5/91)

TABLE F
1989 Gubernatorial General Election Totals:
Amount and Number of Contributors by Type of Contributor*

| Candidate | Type of Contributor | Total Contributions | % of Total Contributions | # of Total Contributors | % of Total Contributors | Average Contribution/Contributor |
|-----------|-----------------------|-----------------------|--------------------------|-------------------------|-------------------------|----------------------------------|
| TOTAL | | | | | | |
| | Individual | \$2,898,269.85 | 67.0 | 4,658 | 74.6 | \$ 622.21 |
| | Corporation | 1,131,580.55 | 26.1 | 1,315 | 21.1 | 860.52 |
| | Political Party Cmte. | 2,788.45 | 0.1 | 2 | 0.0 | 1,394.23 |
| | Campaign Fund | 41,150.00 | 1.0 | 58 | 0.9 | 709.48 |
| | Political Cmte. | 17,175.00 | 0.4 | 18 | 0.3 | 954.17 |
| | Business PAC | 59,200.00 | 1.4 | 45 | 0.7 | 1,315.56 |
| | Trade PAC | 108,000.00 | 2.5 | 84 | 1.3 | 1,285.71 |
| | Union | 15,475.00 | 0.4 | 15 | 0.2 | 1,031.67 |
| | Union PAC | 25,600.00 | 0.6 | 21 | 0.3 | 1,219.05 |
| | Ideological PAC | 9,000.00 | 0.2 | 6 | 0.1 | 1,500.00 |
| | Other | <u>19,595.00</u> | <u>0.5</u> | <u>24</u> | <u>0.4</u> | <u>816.46</u> |
| | TOTAL | <u>\$4,327,833.85</u> | <u>100.0</u> | <u>6,246</u> | <u>100.0</u> | <u>\$ 692.90</u> |

* Does not include loans, candidates' personal funds in excess of \$1,500, interest, sale of campaign assets, or contributions fully refunded.

SOURCE: N.J. E.L.E.C. Public Financing computer prepared report (5/91)

TABLE G
Contributions to 1989 New Jersey Gubernatorial General Election
Candidates by Contribution Amount, Number of Contributors, and
Average Contribution Per Contributors*

| Candidate | Amount of Contribution | Amount* | % of Total Contributions | Number of Contributors | % of Total Contributions | Average Contribution/ Contributor |
|--------------|---------------------------|---------------------|-----------------------------|---------------------------|-----------------------------|--------------------------------------|
| General 1989 | | | | | | |
| Courter (R) | | | | | | |
| | \$100 or Less | \$28,574.80 | 1.4 | 443 | 17.7 | \$64.50 |
| | \$101-\$599 | 303,253.49 | 14.8 | 805 | 32.1 | 376.71 |
| | \$600-\$799 | 29,641.03 | 1.4 | 41 | 1.6 | 722.95 |
| | \$800-\$1,299 | 283,271.68 | 13.9 | 281 | 11.2 | 1,008.08 |
| | \$1,300-\$1,499 | 8,145.00 | 0.4 | 6 | 0.2 | 1,357.50 |
| | 1,500 | <u>1,392,000.00</u> | <u>68.1</u> | <u>928</u> | <u>37.1</u> | <u>1,500.00</u> |
| | TOTAL | \$2,044,886.00 | 100.0 | 2,504 | 100.0 | \$816.65 |
| Florio (D) | | | | | | |
| | \$100 or Less | \$60,470.16 | 2.7 | 1,195 | 32.0 | \$50.60 |
| | \$101-\$599 | 396,120.59 | 17.4 | 1,161 | 31.0 | 341.19 |
| | \$600-\$799 | 34,233.78 | 1.5 | 48 | 1.3 | 713.20 |
| | \$800-\$1,299 | 433,066.87 | 19.0 | 431 | 11.5 | 1,004.80 |
| | \$1,300-\$1,499 | 15,268.00 | 0.1 | 11 | 0.3 | 1,388.00 |
| | 1,500 | <u>1,341,000.00</u> | <u>58.8</u> | <u>894</u> | <u>23.9</u> | <u>1,500.00</u> |
| | TOTAL | \$2,280,159.40 | 100.0 | 3,740 | 100.0 | \$609.67 |

*Does not include interest, contributors or net \$0.00, in-kind contributions from party organizations, and proceeds from sale of campaign assets

SOURCE: N.J. E.L.E.C. Public Financing computer prepared report 5/91

TABLE H
Comparison of Expenditures by Type of Expenditure (Net)
for 1989 Gubernatorial Primary Election Candidates

| Type of Expenditure | Cardinale (R) | | Courter (R) | | Edwards (R) | |
|---------------------------------------|----------------|-------|----------------|-------|-----------------|-------|
| | Net | Net % | Net | Net% | Net | Net % |
| Expenditures Exempt from Limit: | | | | | | |
| Candidate Travel | \$ 2,256.26 | 0.2 | \$ 97,500.43 | 3.9 | \$ 33,476,35.14 | 1.4 |
| Food and Beverage/Fundraising | 33,220.93 | 2.9 | 27,496.48 | 1.1 | 6,694.87 | 0.3 |
| Election Night Activities | 2,998.92 | 0.3 | 34,001.92 | 1.4 | 6,823.65 | 0.3 |
| Compliance-Legal/Accounting | 29,854.23 | 2.6 | 161,797.30 | 6.5 | 205,332.58 | 8.4 |
| Total Expenditures Exempt from Limit: | \$ 68,330.34 | 5.9 | \$ 320,796.13 | 12.7 | \$ 252,327.45 | 10.4 |
| Expenditures Subject to Limit: | | | | | | |
| Administration: | | | | | | |
| Telephone | \$ 10,675.14 | 1.0 | \$ 52,849.48 | 2.1 | \$ 51,715.41 | 2.1 |
| Personnel/Taxes | 43,612.22 | 3.8 | 123,999.97 | 4.9 | 100,054.59 | 4.1 |
| Other | 45,799.94 | 4.0 | 41,741.55 | 1.7 | 40,796.20 | 1.7 |
| Total Administration | \$ 100,087.30 | 8.7 | \$ 218,591.00 | 8.7 | \$ 192,566.20 | 7.9 |
| Communication: | | | | | | |
| Media Time | \$ 377,050.20 | 32.8 | \$1,496,760.08 | 59.4 | \$1,213,790.33 | 49.9 |
| Advertising Production | 274,157.43 | 23.8 | 192,884.08 | 7.7 | 271,064.17 | 11.2 |
| Newspaper Advertising | 1,254.40 | 0.1 | 3,207.56 | 0.1 | 40.00 | 0.0 |
| Billboards | 0.00 | 0.0 | 0.00 | 0.0 | 16,904.80 | 0.7 |
| Printing Literature | 168,918.13 | 14.7 | 189,066.37 | 7.5 | 334,883.72 | 13.8 |
| Mailing Literature | 161,195.37 | 14.0 | 93,790.72 | 3.7 | 149,440.06 | 6.2 |
| Total Communication Expenditures | \$ 982,575.53 | 85.4 | \$1,975,708.81 | 78.5 | \$1,986,123.08 | 81.7 |
| Total Expenditures by Others | \$ 0.50 | 0.0 | \$ 1,564.00 | 0.1 | \$ 700.00 | 0.0 |
| Total Expenditures Subject to Limit | \$1,082,663.33 | 94.1 | \$2,195,863.81 | 87.3 | \$2,179,389.28 | 89.6 |
| Total Campaign Expenditures | \$1,150,993.67 | 100.0 | \$2,516,659.94 | 100.0 | \$2,431,716.73 | 100.0 |

- CONTINUED -

TABLE H - CONTINUED
Comparison of Expenditures by Type of Expenditure (Net)
for 1989 Gubernatorial Primary Election Candidates

| Type of Expenditure | Florio (D) | | Gormley (R) | | Hardwick (R) | |
|---------------------------------------|----------------|-------|----------------|-------|----------------|-------|
| | Net | Net % | Net | Net% | Net | Net % |
| Expenditures Exempt from Limit: | | | | | | |
| Candidate Travel | \$ 24,937.90 | 1.0 | \$ 20,138.42 | 0.9 | \$ 49,623.72 | 2.0 |
| Food and Beverage/Fundraising | 71,310.41 | 2.9 | 25,859.24 | 1.2 | 49,541.58 | 2.1 |
| Election Night Activities | 14,953.18 | 0.6 | 354.50 | 0.0 | 12,688.54 | 0.5 |
| Compliance-Legal/Accounting | 128,337.20 | 5.3 | 63,092.33 | 2.9 | 84,143.24 | 3.6 |
| Total Expenditures Exempt from Limit: | \$ 239,538.69 | 9.8 | \$ 109,444.49 | 4.9 | \$ 195,997.08 | 8.2 |
| Expenditures Subject to Limit: | | | | | | |
| Administration: | | | | | | |
| Telephone | \$ 43,235.00 | 1.7 | \$ 19,927.69 | 0.9 | \$ 15,732.30 | 0.6 |
| Personnel/Taxes | 429,827.10 | 17.7 | 29,327.58 | 1.3 | 172,831.53 | 7.2 |
| Other | 204,971.78 | 8.4 | 61,278.94 | 2.8 | 124,785.61 | 5.2 |
| Total Administration | 678,033.88 | 27.8 | \$ 110,534.21 | 5.0 | \$ 313,349.44 | 13.0 |
| Communication: | | | | | | |
| Media Time | \$1,208,325.14 | 49.7 | \$1,731,118.50 | 78.2 | \$1,005,532.00 | 42.2 |
| Advertising Production | 254,968.85 | 10.5 | 230,224.99 | 10.4 | 558,765.86 | 23.6 |
| Newspaper Advertising | 10.60 | 0.0 | 3,058.56 | 0.1 | 60.00 | 0.0 |
| Billboards | 0.00 | 0.0 | 0.00 | 0.0 | 4,242.08 | 0.2 |
| Printing Literature | 37,073.20 | 1.5 | 20,276.04 | 0.9 | 206,075.11 | 8.6 |
| Mailing Literature | 12,009.71 | 0.5 | 8,245.98 | 0.4 | 99,520.15 | 4.2 |
| Total Communication Expenditures | \$1,512,387.50 | 62.2 | \$1,992,924.07 | 90.0 | \$1,874,195.20 | 78.8 |
| Total Expenditures by Others | \$ 3,115.10 | 0.1 | \$ 629.05 | 0.0 | 162.50 | 0.0 |
| Total Expenditures Subject to Limit | \$2,193,536.48 | 90.2 | \$2,104,087.33 | 95.1 | \$2,187,707.14 | 91.8 |
| Total Campaign Expenditures | \$2,433,075.17 | 100.0 | \$2,213,531.82 | 100.0 | \$2,383,704.22 | 100.0 |

- CONTINUED -

TABLE H - CONTINUED
Comparison of Expenditures by Type of Expenditure (Net)
for 1989 Gubernatorial Primary Election Candidates

| Type of Expenditure | Karcher (D) | | Sigmund (D) | |
|---------------------------------------|----------------|-------|---------------|-------|
| | Net | Net % | Net | Net% |
| Expenditures Exempt from Limit: | | | | |
| Candidate Travel | \$ 489.45 | 0.0 | \$ 4,458.77 | 0.6 |
| Food and Beverage/Fundraising | 0.00 | 0.0 | 29,020.03 | 4.2 |
| Election Night Activities | 0.00 | 0.0 | 0.00 | 0.0 |
| Compliance-Legal/Accounting | 12,965.00 | 1.1 | 15,605.42 | 2.3 |
| Total Expenditures Exempt from Limit: | \$ 13,454.45 | 1.1 | \$ 49,084.22 | 7.1 |
| Expenditures Subject to Limit: | | | | |
| Administration: | | | | |
| Telephone | \$ 47,408.06 | 4.0 | \$ 10,535.54 | 1.5 |
| Personnel/Taxes | 83,031.20 | 7.0 | 91,152.89 | 13.3 |
| Other | 76,609.81 | 6.5 | 47,736.75 | 6.9 |
| Total Administration | \$ 207,049.07 | 17.4 | \$ 149,425.18 | 21.7 |
| Communication: | | | | |
| Media Time | \$ 323,990.00 | 27.2 | \$ 324,271.26 | 47.2 |
| Advertising Production | 153,979.52 | 12.9 | 114,953.19 | 16.7 |
| Newspaper Advertising | 1,100.00 | 0.1 | 152.00 | 0.0 |
| Billboards | 0.00 | 0.0 | 0.00 | 0.0 |
| Printing Literature | 289,806.83 | 24.3 | 27,578.42 | 4.0 |
| Mailing Literature | 200,811.15 | 16.9 | 21,620.53 | 3.1 |
| Total Communication Expenditures | \$ 969,687.50 | 81.5 | \$ 488,575.40 | 71.1 |
| Total Expenditures by Others | \$ 0.00 | 0.0 | \$ 275.80 | 0.0 |
| Total Expenditures Subject to Limit | \$1,176,736.57 | 98.9 | \$ 638,276.38 | 92.9 |
| Total Campaign Expenditures | \$1,190,191.02 | 100.0 | \$687,360.60 | 100.0 |

SOURCE: Summary Expenditure Listing – N.J. E.L.E.C. Public Financing computer prepared report (1/92)

TABLE I
Comparison of Expenditures by Type of Expenditure (Net)
for 1989 Gubernatorial General Election Candidates

| Type of Expenditure | Florio (D) | | Courter (R) | |
|---------------------------------------|----------------|-------|----------------|-------|
| | Net | Net % | Net | Net% |
| Expenditures Exempt from Limit: | | | | |
| Candidate Travel | \$ 43,349.87 | 0.8 | \$ 150,973.51 | 2.8 |
| Food and Beverage/Fundraising | 98,654.18 | 1.8 | 64,972.75 | 1.2 |
| Election Night Activities | 86,283.36 | 1.6 | 9,218.98 | 0.2 |
| Compliance-Legal/Accounting | 363,864.10 | 6.5 | 139,823.10 | 2.6 |
| Total Expenditures Exempt from Limit: | \$ 592,151.51 | 10.6 | \$ 364,988.34 | 6.8 |
| Expenditures Subject to Limit: | | | | |
| Administration: | | | | |
| Telephone | \$ 57,678.33 | 1.0 | \$ 23,627.13 | 0.4 |
| Personnel/Taxes | 439,306.15 | 7.9 | 162,819.62 | 3.0 |
| Other | 225,425.57 | 4.1 | 108,442.72 | 2.1 |
| Total Administration | 722,410.05 | 12.9 | 294,889.47 | 5.5 |
| Communication: | | | | |
| Media Time | \$3,908,000.00 | 71.2 | \$4,400,700.00 | 82.2 |
| Advertising Production | 270,976.13 | 4.8 | 249,378.66 | 4.7 |
| Newspaper Advertising | 5,618.99 | 0.1 | 7,009.00 | 0.1 |
| Billboards | 0.00 | 0.0 | 0.00 | 0.0 |
| Printing Literature | 10,894.27 | 0.2 | 22,882.84 | 0.4 |
| Mailing Literature | 8,292.75 | 0.1 | 8,349.15 | 0.2 |
| Total Communication Expenditures | \$4,275,782.14 | 76.5 | \$4,688,319.65 | 87.6 |
| Total Expenditures by Others | \$ 1,479.99 | 0.0 | \$ 2,788.45 | 0.1 |
| Total Expenditures Subject to Limit | \$4,999,672.18 | 89.4 | \$4,985,997.57 | 93.2 |
| Total Campaign Expenditures | \$5,591,823.69 | 100.0 | \$5,350,985.91 | 100.0 |

SOURCE: Summary Expenditure Listing – N.J. E.L.E.C. Public Financing computer prepared report (1/92)