

# 2001

# Cost Index Report

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December, 2000



*State of New Jersey*

**ELECTION LAW ENFORCEMENT COMMISSION**

RALPH V. MARTIN  
Chair

PAULA A. FRANZESE  
Vice Chair

LYNNAN B. WARE  
Commissioner

SUSAN S. LEDERMAN, Ph.D.  
Commissioner

Respond to:  
P.O. Box 185  
Trenton, New Jersey 08625-0185

(609) 292-8700

Web site: <http://www.elec.state.nj.us/>

FREDERICK M. HERRMANN, Ph.D.  
Executive Director

JEFFREY M. BRINDLE  
Deputy Director

GREGORY E. NAGY  
Legal Director

JAMES P. WYSE  
Counsel

**December, 2000**

**Dear Members of the Legislature:**

This “2001 Cost Index Report” is presented to you in response to the Commission’s statutory responsibility to make inflationary adjustments to the limits and thresholds in the New Jersey Campaign Contributions and Expenditures Reporting Act, N.J.S.A. 19:44A-1 *et seq.*, for gubernatorial and non-gubernatorial candidates and committees. The Commission therefore reports the changes applicable to all candidates and committees for the four-year period beginning in 2001.

The Commission believes that the quadrennial campaign cost adjustment process is essential to ensure the continued viability of New Jersey’s gubernatorial Public Financing program and the ability of non-gubernatorial candidates and committees to be effective and active participants in elections.

The Commission is proud to again offer this report in its continuous effort to serve the citizens of New Jersey.

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Ralph V. Martin, Chair

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Paula A. Franzese, Vice Chair

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Lynnan B. Ware, Commissioner

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Susan S. Lederman, Ph.D., Commissioner

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# ACKNOWLEDGEMENTS

Preparation of the 2001 Cost Index Report, the third presented by the Commission, rests upon past as well as current Commission efforts. The historical analysis by the Commission and the staff of the gubernatorial public financing program of gubernatorial elections from 1977 through 1997 is the necessary foundation for this work. The Commission therefore wishes to acknowledge the efforts of all those staff members, past and present, whose work is reflected here.

Director of Public Financing and Deputy Legal Director Nedda G. Massar compiled this study. Her efforts administering the 1989 through 1997 programs, as well as her efforts on this report and her analysis of the 1989 election previously published by the Commission, are contributions to the success of New Jersey's nationally acclaimed gubernatorial public financing law.

The Commission's 1988 "Gubernatorial Cost Analysis Report" prepared by Commission Deputy Director Jeffrey M. Brindle was the theoretical and analytical foundation for this document. His support and the review, editorial direction, and guidance provided by Executive Director Frederick M. Herrmann and Legal Director Gregory E. Nagy continue to make this report possible.

Economic data was graciously provided to the Commission by Robert Coen, Senior Vice President and Director of Forecasting of Universal-McCann, Inc., and by the staff of the Office of Revenue and Economic Analysis of the New Jersey Department of Treasury.

Without the talents of Administrative Assistant Elbia Zeppetelli and Legal Secretary Ruth Ford, this text could never have been produced in its polished, professional fashion.

For further information about gubernatorial public financing in New Jersey and related campaign finance issues, the Commission recommends the "COGEL Campaign Financing and Lobbying Bibliography" compiled by Executive Director Herrmann.

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## INTRODUCTION

The New Jersey Election Law Enforcement Commission (the Commission) has for the third time calculated the statutorily-required New Jersey Campaign Cost Index (NJCCI) which is used to adjust various limits and reporting thresholds contained in the New Jersey Campaign Contributions and Expenditures Reporting Act, N.J.S.A. 19:44A-1, et seq., (the Act). The Commission is statutorily mandated to “establish an index reflecting the changes occurring in the general level of prices of particular goods and services ... directly affecting the overall costs of election campaigning in this State”; see N.J.S.A. 19:44A-7.1b. The Commission must use that index to adjust on a quadrennial basis various limits and thresholds which apply to publicly-financed gubernatorial elections; see N.J.S.A. 19:44A-7.1c. Amendments to the Act enacted in 1993 require that the same cost index calculated for the gubernatorial public financing program be applied also to limits and thresholds applicable to non-gubernatorial candidates, candidate committees, joint candidates committees, political committees, continuing political committees, political party committees, legislative leadership committees, and other entities; see N.J.S.A. 19:44A-7.2.

The Commission is required to determine the cost index and make necessary adjustments no later than December 1st of a year preceding a gubernatorial general election. The Commission is also directed to report its adjustments to the Legislature not later than December 15th of the year preceding a gubernatorial general election. To fulfill its statutory obligation, the Commission applied the 2001 NJCCI to the provisions of the Act and proposed the adjustments as amendments to its regulations which were published in the New Jersey Register on August 21, 2000. The Commission conducted a public hearing on the Cost Index changes on September 19, 2000. This 2001 Cost Index Report will describe the derivation of the NJCCI, summarize public reaction to the 2001 NJCCI, and offer the Commission’s response.

As reported in the “1993 Gubernatorial Cost Index Report” (December, 1992), the Commission first conducted the statutory quadrennial cost adjustment process in preparation for the 1993 gubernatorial primary and general elections. By increasing the gubernatorial limits and

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thresholds in response to inflation, the Commission noted that “[t]he automatic adjustment process introduces certainty and financial responsiveness into the gubernatorial public financing cycle.”<sup>1</sup> The Commission believes that application of the cost adjustment process to non-gubernatorial candidates and committees, as required by the 1993 amendments to the Act, and first implemented in 1997, similarly permits those entities to participate as consumers in a constantly changing economy with increasing technological and other costs.

Pursuant to its statutory mandate, and using the methodology described in the “Gubernatorial Cost Analysis Report” of June, 1988, and applied in calculating the 1993 and 1997 cost adjustments for gubernatorial and non-gubernatorial candidates and committees, the Commission has calculated the 2001 NJCCI and has determined that the campaign cost multiplier is **1.2132**.

Applying the 2001 cost index to the various limits and thresholds in the Act and rounding the results as required by the law (N.J.S.A. 19:44A-7.1b) produces the following adjustments for the four-year period beginning in 2001:

### ADJUSTMENTS FOR GUBERNATORIAL CANDIDATES

<b>Limit/Threshold</b>	<b>1997 Amount</b>	<b>2001 Amount</b>
<i>Contribution Limit</i>	\$2,100.00	\$2,600.00
<i>Qualification Threshold</i>	\$210,000.00	\$260,000.00
<i>Amount Not Matched</i>	\$69,000.00	\$84,000.00
<i>Primary Public Fund Cap</i>	\$1,860,000.00	\$2,300,000.00
<i>Primary Expenditure Limit</i>	\$3,100,000.00	\$3,800,000.00
<i>General Public Fund Cap</i>	\$4,600,000.00	\$5,600,000.00
<i>General Expenditure Limit</i>	\$6,900,000.00	\$8,400,000.00

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### ADJUSTMENTS FOR NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

<b>Limit/Threshold</b>	<b>1997 Amount</b>	<b>2001 Amount</b>
<i>Political Committee Reporting Threshold</i>	\$1,200	\$1,500.00
<i>Continuing Political Committee Reporting Threshold</i>	\$3,000	\$3,700.00
<i>Contribution Reporting Threshold</i>	\$300	\$400.00
<i>48-Hour Notice/Contribution Threshold</i>	\$600	\$800.00
<i>48-Hour Notice/Expenditure Threshold</i>	\$600	\$800.00
<i>Joint Candidates Committee Thresholds</i>	\$4,700 \$7,000	\$5,800.00 \$8,500.00
<i>Form A-3 Threshold</i>	\$3,000	\$3,700.00
<i>Form A-1 Threshold &amp; School Board/Write-in Threshold</i>	\$2,400	\$3,000.00
<i>Independent Expenditure Threshold</i>	\$600	\$800.00
<i>Section 20.1 Penalties</i>	\$3,500/7,000	\$4,300.00/ \$8,500.00
<i>Section 22 Penalties</i>	\$3,500/7,000	\$4,300.00/ \$8,500.00
<i>Pro rata Return of Contributions</i>	\$200	\$400.00

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### ADJUSTED CONTRIBUTION LIMITS FOR NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

#### Entities Making Contributions

#### Entities Receiving Contributions

	<u>Candidate Committee</u>	<u>Political Committee</u>	<u>Continuing Political Committee</u>	<u>Legislative Leadership Committee</u>	<u>State Political Party Committee</u>	<u>County Political Party Committee</u>	<u>Municipal Political Party Committee</u>
Individual to:	\$2,200 per election	No Limit	No Limit	\$37,000 per year	\$37,000 per year	\$37,000 per year	\$7,200 per year
Corporation or Union to:	\$2,200 per election	No Limit	No Limit	\$37,000 per year	\$37,000 per year	\$37,000 per year	\$7,200 per year
Association or Group to:	\$2,200 per election	No Limit	No Limit	\$37,000 per year	\$37,000 per year	\$37,000 per year	\$7,200 per year
Candidate Committee to: (see N.J.A.C. 19:25-11.3)	\$7,200 per election	\$7,200 per election	\$7,200 per year	\$37,000 per year	\$37,000 per year	\$37,000 per year	\$7,200 per year
Political Committee to:	\$7,200 per election	\$7,200 per election	\$7,200 per year	\$37,000 per year	\$37,000 per year	\$37,000 per year	\$7,200 per year
Continuing Political Committee to:	\$7,200 per election	\$7,200 per election	\$7,200 per year	\$37,000 per year	\$37,000 per year	\$37,000 per year	\$7,200 per year
Legislative Leadership Committee to:	*	*	*	NO LIMITS	*	*	*
State Political Party Committee to:	*	*	*	NO LIMITS	*	*	*
County Political Party Committee to:	NO LIMITS, except those set forth in N.J.A.C. 19:25-11.7.						
Municipal Political Party Committee to:	*	*	*	NO LIMITS	*	*	*
National Political Party Committee to:	\$7,200 per election	\$7,200 per election	\$7,200 per year	\$37,000 per year	\$72,000 per year	37,000 per year	\$7,200 per year



## **COMPONENTS OF THE 2001 NEW JERSEY CAMPAIGN COST INDEX**

The Commission based its calculation of the first NJCCI in 1993 upon the assumption that a gubernatorial campaign is a consumer of goods and services whose purchases can be studied and quantified. As a consumer, a campaign is subject to changes in the economy including inflationary changes.

Expenditure data reported by publicly-financed gubernatorial campaigns since 1973 has enabled the Commission to examine spending patterns and to identify trends in the campaigns' behavior. Spending by the 1997 gubernatorial general election campaigns maintained the steady shift observed since 1973 to concentration of gubernatorial campaign spending on mass communications to voters and away from spending on administrative, travel, and fundraising goods and services (Table I below). Since 1985, the New Jersey gubernatorial campaign consumer has spent over 80 percent of its campaign dollars on efforts to communicate its message to voters. This trend continued for 1997 with the percentage of spending devoted to communication to voters increasing slightly between 1993 and 1997 from 81.7 percent to 82.5 percent (Table I).

In 1997, for the first time in a publicly-financed general election, three candidates qualified to receive gubernatorial public matching funds. Prior to 1997, only Democratic and Republican candidates applied for and qualified to receive matching funds. An independent candidate met the 1997 contribution and expenditure qualification thresholds, and therefore participated in the gubernatorial candidates' debates and received public matching funds. Therefore, the expenditure data for the 1997 gubernatorial general election that was used in calculating the 2001 NJCCI is based upon expenditure data from three gubernatorial campaigns.

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**TABLE I**

**Major Expenditure Components as a Percentage of  
Total Campaign Expenditures: 1973-1997 Gubernatorial General Elections**

	<b>1973</b>	<b>1977</b>	<b>1981</b>	<b>1985</b>	<b>1989</b>	<b>1993</b>	<b>1997</b>
Mass communication Expenditures	53.1%	62.3%	76.0%	83.9%	81.9%	81.7%	82.5
Other Expenditures (Including Administration, Travel, and Fundraising)	46.9%	37.0%	24.3%	15.8%	18.0%	18.3%	17.5

NOTE: Percentages may not total 100.0 because of rounding.

SOURCE: New Jersey Election Law Enforcement Commission Data; New Jersey Election Law Enforcement Commission, "New Jersey Gubernatorial Public Financing Revised: 1989 and Beyond," Table X, p. 90; "New Jersey Public Financing: 1985 Gubernatorial Elections," Table K, p. 44; and "New Jersey Public Financing: 1981 Gubernatorial Elections," Table 6.1, p. 6.7.

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Of the 82.5 percent spent on mass communication to voters, 1997 gubernatorial general election campaigns spent 70.4 percent of total campaign dollars to purchase broadcast media time (Table II below). The amount spent on media increased by 3.8 percent from 66.6 percent in 1993 to 70.4 percent in 1997 (Table II). Spending by the 1997 campaigns on newspaper advertising and printing and mailing of campaign literature (3.8 percent) remained relatively stable in comparison to amounts spent in 1993 (4.6 percent). The total amount spent on voter communication in 1997 again represented the lion's share of gubernatorial spending.

As Table II below demonstrates, the proportion of 1997 campaign dollars devoted to expenditures exempt from the expenditure limit (8.0 percent) and to administrative costs (9.5 percent) closely paralleled the amounts spent in 1993 (9.1 percent and 9.2 percent, respectively).

Expenditure data from the 1997 gubernatorial general election demonstrated the continued existence of the same two key campaign spending components identified in the earlier elections: mass communications and all other campaign costs. These components formed the basis of the campaign cost index weighted formula first proposed in the Commission's 1988 "Gubernatorial Cost Analysis Report,"<sup>2</sup> and therefore continue as the foundation of the 2001 cost index calculation.

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<b>TABLE II</b>				
<b>Comparison of Expenditures by Type of Expenditure (Net)</b>				
<b>For 1993 and 1997 General Election Gubernatorial Publicly-Funded Candidates</b>				
<b>Type of Expenditure</b>	<b>1993 General- Net</b>	<b>Total Net%</b>	<b>1997 General- Net</b>	<b>Total Net%</b>
<b>Expenditures Exempt from Limit:</b>				
Candidate Travel	\$144,266.23	1.1	\$215,905.74	1.4
Food and Beverage/Fundraising	172,714.46	1.4	258,409.43	1.7
Election Night Activities	130,668.27	1.0	154,961.93	1.0
Compliance-Legal/Accounting	720,408.33	5.6	616,341.73	3.9
<b>Total Expenditures Exempt from Limit:</b>	<b>\$1,168,057.29</b>	<b>9.1</b>	<b>\$1,245,618.83</b>	<b>8.0</b>
<b>Expenditures Subject to Limit:</b>				
<b>Administration:</b>				
Telephone	\$133,473.61	1.1	\$174,225.42	1.1
Personnel/Taxes	497,788.34	3.9	606,775.34	3.9
Other	557,010.22	4.4	703,980.84	4.5
<b>Total Administration</b>	<b>\$1,188,272.17</b>	<b>9.2</b>	<b>\$1,484,981.60</b>	<b>9.5</b>
<b>Communication:</b>				
Media Time	\$8,594,469.36	66.6	\$11,028,402.33	70.4
Advertising Production	1,351,584.96	10.5	1,296,178.01	8.3
Newspaper Advertising	43,168.88	0.3	15,105.70	0.1
Billboards	0.0	0.0	1,950.25	0.0
Printing Literature	125,907.84	1.0	233,875.97	1.5
Mailing Literature	426,550.37	3.3	347,080.16	2.2
<b>Total Communication Expenditures</b>	<b>\$10,541,681.41</b>	<b>81.7</b>	<b>\$12,922,592.42</b>	<b>82.5</b>
<b>Total Expenditures by Others*</b>	<b>\$3,049.80</b>	<b>0.0</b>	<b>\$7,300.85</b>	<b>0.0</b>
<b>Total Expenditures Subject to Limit</b>	<b>\$11,733,003.38**</b>	<b>90.9</b>	<b>\$14,414,874.87***</b>	<b>92.0</b>
<b>Total Campaign Expenditures</b>	<b>\$12,901,060.67</b>	<b>100.0</b>	<b>\$15,660,493.70</b>	<b>100.0</b>

**SOURCE:** New Jersey Election Law Enforcement Commission Data; New Jersey Election Law Enforcement Commission, "New Jersey Gubernatorial Public Financing Revised: 1989 and Beyond," Table X, p. 90; and "New Jersey Public Financing: 1985 Gubernatorial Elections," Table K, p. 44.

\* "In-kind" contributions

\*\* The 1993 general election expenditure limit was \$5,900,000.00 per candidate

\*\*\* The 1997 general election expenditure limit was \$6,900,000.00 per candidate

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Based upon the consistent spending behavior of the gubernatorial campaigns of 1985, 1989, 1993, and 1997, the Commission has assumed that the mix of the mass communication and non-communication expenditure components for 2001 campaigns will be similar. The Commission has therefore used as its basis for calculation of the 2001 NJCCI the mix of communication and non-communication expenditures exhibited in 1997:

Mass communications expenditures:	82.5 percent
Other campaign expenditures:	<u>17.5</u> percent
	100.0 percent

Repeating its 1997 methodology, the Commission relied upon Universal McCann (formerly McCann-Erickson) Media Cost Indexes and Consumer Price Index (CPI) data to measure the magnitude of the change in costs between the 1997 and 2001 elections in the two expenditure categories: communication costs and other campaign costs.

### **Measuring the Change in Communication Costs**

Of the 82.5 percent of total 1997 campaign expenditures devoted to mass communication, television and radio advertising and production, and direct mail expenses accounted for 82.4 percent of the communications component dollars spent by the gubernatorial campaigns (Table II).

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Therefore, in order to determine the magnitude of change since 1997 in costs associated with the mass communication component of the campaign cost index, the Commission again examined media cost data compiled by Universal-McCann, Inc., New York City. Universal-McCann and its predecessor, McCann-Erickson, have since 1945 maintained and indexed media advertising costs, including costs for television, radio, newspapers, magazines, outdoor media, and direct mail. McCann-Erickson data was used by the Commission in its 1984<sup>3</sup> and 1988<sup>4</sup> gubernatorial campaign cost analyses and in calculation of the 1993<sup>5</sup> and 1997<sup>6</sup> campaign cost indices.

The Universal-McCann Media Cost-Per-Thousand (CPM) Composite measures change in the cost to reach an audience of 1,000 individuals in nine media relevant to statewide campaigns in New Jersey.<sup>7</sup> Further, its use is appropriate because it specifically includes data for the New York and Philadelphia media markets, the media markets in which New Jersey statewide candidates must make purchases of television and radio time.

The media cost-per-thousand composite for the period 1996 to 2000 rose by 23.8 percent, reflecting increases in the costs of both broadcast and print media. Significant increases are noted in network and cable television costs, while the costs of direct mail advertising decreased significantly (Table III below). As in its 1992 and 1996 calculations of the NJCCI, the Commission used the 23.8 percent increase in the CPM as the measure of change in mass communication costs applicable to New Jersey gubernatorial campaigns during the four-year period preceding the 2001 gubernatorial election.

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<b>TABLE III</b>		
<b>Cost-Per-Thousand</b>		
<b>Mass Communication Percentage Increases</b>		
<b>Media Type Percentage</b>	<b>1992-1996 Percentage Increase</b>	<b>1996-2000 Increase</b>
<u>Broadcast</u>		
Network TV	23.5	42.3
Spot TV	27.6	30.9
Network Radio	1.8	27.9
Spot Radio	12.1	37.1
Cable TV	17.4	50.2
<u>Print</u>		
Newspapers	12.1	18.1
Magazines	16.2	24.2
Outdoor	6.2	34.1
Direct Mail	22.8	3.9
<u>Composite*</u>	17.4	23.8

\* Based on national and local budgets in nine media, including cable TV

Source: Universal McCann Cost Indexes (May, 2000) Table III, Media Cost-Per-Thousand Indexes, and McCann-Erickson Cost Indexes (April, 1996), Table III, Media Cost-Per-Thousand Indexes

### Measuring the Change in Other Campaign Costs

As it did in its prior analyses of gubernatorial campaign costs, the Commission relied upon the Consumer Price Indexes (CPI), maintained by the United States Bureau of Labor Statistics (BLS), to measure changes in gubernatorial campaigns' non-communication costs. As defined by the BLS, the CPI measures the average change in prices over time for a fixed "market basket" of goods and services purchased either by urban wage earners and clerical workers (CPI-W) or by all urban consumers (CPI-U). The CPI-U, which covers approximately 80 percent of the total population, is more representative of price changes in New Jersey than is the CPI-W which only covers data for 32 percent of the total population.

CPI data relevant to New Jersey are incorporated by the BLS into statistics for two geographic regions, New York - Northern New Jersey (NY/NJ) and Pennsylvania - New Jersey (PA/NJ). In this report the Commission has again relied upon CPI data for the NY/NJ and PA/NJ regions to measure the change in the campaign cost index component for campaign expenditures other than communications.<sup>8</sup> The Commission used CPI data for 1997 through 1999 for the NY/NJ and PA/NJ regions and used mathematically projected index numbers for December of 2000 to determine the percent increase in consumer prices for the two regions which included New Jersey (Table IV below).



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<b>TABLE IV</b>		
<b>Consumer Price Index for All Urban Consumers:</b>		
<b>Monthly Index Number for December<sup>1</sup></b>		
	<b>New York/New Jersey<sup>2</sup></b>	<b>Pennsylvania/New Jersey<sup>3</sup></b>
December, 1996 <sup>4</sup>	168.2	164.8
December, 1997	171.9	166.4
December, 1998	174.7	169.0
December, 1999	178.6	172.9
December, 2000 <sup>5</sup>	184.8	279.7
Percentage Change:		
1996 to 2000	9.9	9.0

1. United States Bureau of Labor Statistics, Monthly Index Numbers - All Urban Consumers, as maintained by New Jersey Department of Treasury, Office of Revenue and Economic Analysis.
2. Includes 12 New Jersey counties: Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union.
3. Includes 6 New Jersey counties: Burlington, Camden, Cumberland, Gloucester, Mercer, and Salem. Three counties are not included in any region: Atlantic, Cape May, and Warren. Since 1998, data for the Pennsylvania/New Jersey region are provided only on alternate months.
4. Mathematical projection based upon average monthly increases in 1996.
5. Mathematical projection based upon average monthly increase for January through May, 2000.

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The percentage change in the two regional numbers was then weighted at a ratio of two-to-one to reflect the larger population in the NY/NJ region. The 9.9 percent change in the Index Number for the period 1996 to 2000 for the New York/New Jersey region was multiplied by two and added to the 9.0 percent change in the Index Number for the same period in the Pennsylvania/New Jersey region. The result of 28.8 percent was divided by three (3) to yield the weighted CPI-U of 9.6 percent for all of New Jersey. The Commission therefore found that the resulting increase in the CPI-U in New Jersey for campaign costs other than mass communications was 9.6 percent.

### CALCULATION OF THE 1997 CAMPAIGN COST INDEX

Using the indexes described above to determine the magnitude of change in costs for the two components of gubernatorial campaign spending, the Commission calculated the 2000 campaign cost index by applying the formula reported in the “1993 Gubernatorial Cost Index Report” (December, 1992)<sup>9</sup> and described in the June, 1988 “Gubernatorial Cost Analysis Report”<sup>10</sup> as follows:

Step 1. The 23.8 percent increase in media costs was applied to the proportion of all 1997 general election expenditures on mass communications, or 82.5 percent, to yield a Campaign Cost Index communication cost component of 19.64 ( $.825 \times 23.8 = 19.64$ ).

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Step 2. The 9.6 percent increase in the CPI was applied to the proportion of all 1997 general election expenditures on other campaign items, or 17.5 percent, to yield a Campaign Cost Index component for other costs of 1.68 ( $.175 \times 9.6 = 1.68$ ).

Step 3. The components for mass communications (Step 1) and other costs (Step 2) were combined as follows to indicate that campaign costs in New Jersey increased by 21.32 percent:

### 2001 Campaign Cost Index (NJCCI) Calculation

<b>EXPENDITURE CATEGORY</b>	<b>% OF 1997 GENERAL ELECTION SPENDING</b>	<b>FOUR-YEAR CHANGE IN COSTS</b>	<b>COMPONENT OF CAMPAIGN INDEX*</b>
Mass communication costs	82.5%	23.8	19.64
Other campaign costs	17.5%	9.6	1.68
<b>Campaign Cost Increase</b>			<b>21.32</b>

\*% of 1997 general election spending multiplied by four-year change in costs

The Commission therefore reports that the cost index multiplier for the limits and thresholds applicable to both publicly-financed gubernatorial campaigns and non-gubernatorial candidates and committees in 2001 is **1.2132**. Applying the 1.2132 index to the various gubernatorial public financing thresholds and caps and to the reporting thresholds and limits applicable to non-gubernatorial candidates and committees, and rounding off the results as required by the formula contained in the statute (N.J.S.A. 19:44A-7.1b), produces the following statutorily required adjustments for 2001:

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### 2001 Gubernatorial Cost Index Adjustments

<b>Limit/Threshold</b>	<b>1997 Amount</b>	<b>Cost Index Multiplier</b>	<b>Sum</b>	<b>2001 Rounded Amount (pursuant to <u>N.J.S.A.</u> 19:44A-7.1b)</b>
<i>Contribution Limit</i>	\$2,100.00	1.2132	\$2,547.72	\$2,600.00
<i>Qualification Threshold</i>	\$210,000.00	1.2132	\$254,772.00	\$260,000.00
<i>Amount Not Matched</i>	\$69,000.00	1.2132	\$83,710.80	\$84,000.00
<i>Primary Public Fund Cap</i>	\$1,860,000.00	1.2132	\$2,256,552.00	\$2,300,000.00
<i>Primary Expenditure Limit</i>	\$3,100,000.00	1.2132	\$3,760,920.00	\$3,800,000.00
<i>General Public Fund Cap</i>	\$4,600,000.00	1.2132	\$5,580,720.00	\$5,600,000.00
<i>General Expenditure Limit</i>	\$6,900,000.00	1.2132	\$8,371,080.00	\$8,400,000.00

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### 2001 Adjustments for Non-Gubernatorial Candidates and Committees

Limit/Threshold	1997 Amount	Cost Index Multiplier	Sum	2001 Rounded Amount (pursuant to <u>N.J.S.A. 19:44A-7.1b</u> )
<i>Political Committee Reporting Threshold</i>	\$1,200	1.2132	\$1,455.84	\$1,500.00
<i>Continuing Political Committee Reporting Threshold</i>	\$3,000	1.2132	\$3,639.60	\$3,700.00
<i>Contribution Reporting Threshold</i>	\$300	1.2132	\$363.96	\$400.00
<i>48-Hour Notice/Contribution Threshold</i>	\$600	1.2132	\$727.92	\$800.00
<i>48-Hour Notice/Expenditure Threshold</i>	\$600	1.2132	\$727.92	\$800.00
<i>Joint Candidates Committee Thresholds</i>	\$4,700 \$7,000	1.2132	\$5,702.04 \$8,492.40	\$5,800.00 \$8,500.00
<i>Form A-3 Threshold</i>	\$3,000	1.2132	\$3,639.60	\$3,700.00
<i>Form A-1 Threshold &amp; School Board/Write-in Threshold</i>	\$2,400	1.2132	\$2,911.68	\$3,000.00
<i>Independent Expenditure Threshold</i>	\$600	1.2132	\$727.92	\$800.00
<i>Section 20.1 Penalties</i>	\$3,500/7,000	1.2132	\$4,246.20/ \$8,492.40	\$4,300.00/ \$8,500.00
<i>Section 22 Penalties</i>	\$3,500/7,000	1.2132	\$4,246.20/ \$8,492.40	\$4,300.00/ \$8,500.00
<i>Pro rata Return of Contributions</i>	\$200	N/A	N/A	\$400.00

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**2001 NON-GUBERNATORIAL CONTRIBUTION LIMIT AMOUNT ADJUSTMENTS**

<b>1997 CONTRIBUTION AMOUNT</b>	<b>COST INDEX MULTIPLIER</b>	<b>SUM</b>	<b>2001 ROUNDED AMOUNT (pursuant to <u>N.J.S.A. 19:44A- 7.1b</u>)</b>
\$1,800	1.2132	\$2,183.76	\$2,200.00
\$5,900	1.2132	\$7,157.88	\$7,200.00
\$30,000	1.2132	\$36,396.00	\$37,000.00
\$59,000	1.2132	\$71,578.80	\$72,000.00

**PUBLIC COMMENT CONCERNING THE PROPOSED  
2001 COST INDEX ADJUSTMENTS**

The Commission proposed the 2001 adjustments to the limits and thresholds in the Act in the form of amendments to its regulations. The 2001 proposed amendments represent the second time that the cost index changes affect non-gubernatorial candidates and committees and the third adjustment of the gubernatorial limits.

As part of the adoption process for the proposed regulations, the Commission conducted a public hearing on September 19, 2000, to provide an opportunity for public comment. Staci A. Berger presented oral and written testimony at the public hearing on behalf of New Jersey Citizen Action.

Ms. Berger indicated that New Jersey Citizen Action opposes the proposed amendments to implement the cost index adjustments because increasing the contribution limits will exacerbate the problem of the influence of private money in New Jersey elections. She stated that under the current system large contributors are more valuable to candidates than smaller individual contributors and that the concentration of campaign funds is a problem. New Jersey Citizen Action believes that the existing method of financing legislative elections narrows the pool of candidates and discourages voter participation, and that the proposed cost index amendments “will enlarge the role of wealthy corporations and individuals at the expense of working families and small business people.”<sup>11</sup>

Ms. Berger suggested that to remedy the high costs of elections, New Jersey adopt a “Fair Elections System” for gubernatorial and legislative candidates. In such a system candidates qualify for public funding by raising small contributions from registered voters and voluntarily agree to limit spending to the amount of public money provided. She urged the Commission, Governor, and Legislature to study the Fair Elections System.<sup>12</sup>

**COMMISSION RESPONSE TO THE PUBLIC COMMENT**

The Commission is required by law to adopt the statutorily-mandated campaign cost amendments to the various limits and thresholds in the New Jersey Campaign Contributions and Expenditures Reporting Act. N.J.S.A. 19:44A-7.1 and 7.2 require that the Commission determine the adjustments by December 1, 2000, and report the changes in the limits and thresholds to the Legislature by December 15, 2000. Therefore the Commission determined that the 2001 cost adjustment process must be implemented, and further believes that Ms. Berger's observations and recommendations for changing the method of funding gubernatorial and legislative elections in New Jersey are not within its jurisdiction and are more appropriately addressed to the Legislature.

**CONCLUSION**

The Commission recommends implementation of the 2001 campaign cost adjustments described in this report because it perceives them as statutorily mandated. Further, the adjustments introduce "certainty and financial responsiveness" into the gubernatorial election process<sup>13</sup> and now serve the same important goals for non-gubernatorial candidates and committees.

The Commission proposed the cost adjustment process as an improvement to New Jersey's nationally-recognized gubernatorial public financing program and lauded its expansion and application to non-gubernatorial candidates and committees. The quadrennial inflation adjustment process ensures the continued viability of New Jersey's gubernatorial public financing program and the ability of non-gubernatorial candidates and committees to be active participants in the election process. The Commission again welcomes the opportunity to offer this report and to continue its tradition of service to the citizens of New Jersey.



## NOTES

1. ELEC, "1993 Gubernatorial Cost Index Report," (December, 1992), p. 3.
2. ELEC, "Gubernatorial Cost Analysis Report," (June, 1988), p. 23.
3. ELEC, "Analysis of Costs of Election Campaigning and Recommendations for Altering Contribution and Expenditure Limits for Gubernatorial Elections," (May, 1984) p. 7.
4. *Op. cit.*, "Cost Analysis Report," p. 20.
5. Op. cit., "1993 Report," p. 8.
6. ELEC, "1997 Cost Index Report," (December, 1996), p. 11.
7. Universal-McCann, Inc., New York City, New York, Media Cost-Per-Thousand Indexes, Table III, May, 2000.
8. United States Bureau of Labor Statistics Monthly Index Numbers - All Urban Consumers, as maintained by New Jersey Department of Treasury, Office of Revenue and Economic Analysis, Trenton, New Jersey.
9. Op. cit., "1993 Report," pp. 12-13.
10. Op. cit., "Cost Analysis Report," p. 23.
11. Statement by Staci A. Berger, representing New Jersey Citizen Action, to the Election Law Enforcement Commission, September 19, 2000, p.1.
12. Ibid., p. 2.
13. Op. cit., "1993 Report," p. 14.