



White Paper No. 81

## **LOCAL CAMPAIGN FINANCING:**

### **AN ANALYSIS OF TRENDS IN COMMUNITIES LARGE AND SMALL**



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**THE NEW JERSEY**

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**ELECTION LAW ENFORCEMENT COMMISSION**

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*State of New Jersey*

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## **Acknowledgement**

The Commission is delighted to present the citizens of New Jersey its newest analysis on a topic of importance in the field of public disclosure. ELEC's veteran Deputy Director, Jeffrey M. Brindle, authored this study, which draws upon his wealth of experience in the field of campaign financing.

Research Associate Steven Kimmelman coded reports used in this study and provided invaluable research. Director of Systems Administration Carol Neiman and her staff, Data Entry Supervisor Brenda Brickhouse and Assistant Data Entry Supervisor Darlene Kozlowski, helped with the computerized statistical information, coding, and data entry. The word processing and graphic design work were expertly accomplished by Administrative Assistant Elbia Zeppetelli and Executive Secretary Maureen Tilbury, while Director of Administration Gary Alpert reviewed all of the statistics appearing in the report. The general editor, Executive Director Frederick M. Herrmann, once again served in this capacity, bringing consistency throughout the report.

Local Campaign Financing: An Analysis of Trends in Communities Large and Small is the eighteenth White Paper in a series dating back to 1988. These studies are based on staff research. It is ELEC's goal to contribute substantive research for the ongoing debate on improving the way our State regulates the impact of money on its political process.

For further reading about the role of campaign financing in New Jersey's and the country's political systems, the Commission suggests referring to the sixth edition of the "COGEL Campaign Financing and Lobbying Bibliography" compiled by ELEC's executive director.

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# TABLE OF CONTENTS

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	<u>PAGE NO.</u>
<b>INTRODUCTION</b> .....	1
I.    THE IMPORTANCE OF LOCAL GOVERNMENT .....	4
II.   OVERVIEW .....	11
III.  LOCAL CANDIDATE FUNDRAISING.....	21
IV.  EXPENDITURES.....	32
<b>CONCLUSION</b> .....	49

---

## Table of Contents

---

<b><u>TABLES</u></b>	<b><u>PAGE NO.</u></b>
1. Municipal Candidate Receipts/Expenditures ..... General Elections (1994-2004)	13
2. May Municipal Receipts/Expenditures.....	19
3. Sources of Contributions to Local Candidates..... (2003-2004)	24
4. Sources of Contributions by Population Class.....	26
5. Average Contribution by Contributor Type.....	28
6. Average Contribution by Type by Population Class .....	30
7. Municipal Candidate Expenditures..... (2003-2004)	35
8. Distribution of Spending by Population .....	39

---

## Table of Contents

---

<b><u>FIGURES</u></b>	<b><u>PAGE NO.</u></b>
1. General Election Municipal Candidate Receipts/Expenditures ..... 14 (1994-2004)	
2. May Municipal Receipts/Expenditures..... 16 (1994-2004)	
3. Local Spending ..... 34	
4. Distribution of Mass Communication Expenditures..... 36 by Municipal Candidates	
5. Distribution of Local Spending by Population ..... 38	
6. Distribution of Mass Communication by Population ..... 42	
7. Distribution of Mass Communication Expenditures..... 46 Municipal and Legislative	

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## PREFACE

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This report follows two previous white papers that analyzed campaign financial issues at the local level of politics.

Those two reports reviewed campaign financial activity in municipal and county campaigns as well as activity in school board elections. The analysis of municipal and county campaigns, entitled Local Campaign Financing, traced campaign financial activity at this level between 1989 and 1999, focusing on the general election of 1999 for a detailed study of receipts and expenditures. Similarly, the study of school board elections, School Board Campaign Financing, provided an overview of financial activity in school board elections between 1990 and 2000. It analyzed in detail financial activity of candidates in ten school districts in the years 1990, 1995, and 2000.

This white paper analysis, which supplements the earlier reports, looks at the financial activity of candidates participating in the 2003 and 2004 municipal general and May non-partisan elections. In addition to providing an overview of financial activity by all candidates for municipal office between the years 1994 and 2004, the report analyzes in detail fundraising and expenditure activity of candidates participating in municipal elections in 50 randomly selected communities. Moreover, this detailed review includes a comparative study involving candidates participating in municipal elections in communities falling within four population classes. The analysis also includes comparisons between expenditure activity of municipal candidates and legislative candidates.

The purpose of this report is to provide continuing analysis of trends in campaign financing at the local level of politics and to stimulate debate and discussion about campaign financing in the Garden State.

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## INTRODUCTION

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*It is not without intention that I begin this subject with the township. The village or township is the only association which is so perfectly natural that, wherever a number of men are collected, it seems to constitute itself.*

*Alexis de Tocqueville*

Of late, the New Jersey Press Corps has been highlighting the issue of ethics in government. Integral to this concern is the amount of money raised and spent by candidates seeking elective office. Because of less volunteerism, less party identification, high levels of commuting, fewer hometown roots, and more cynicism, candidates know that money is vital to a successful campaign.

This fact is repugnant to many. But to candidates, who often themselves resent the time spent fundraising, having significant funds is critical to communicating their message and offsetting that of their opponents.

Providing information about candidacies is an important part of democracy, and whether we like it or not, under the American electoral system money is, to repeat an often used phrase, “the mother’s milk of politics.” As things exist, without sufficient funds, voters would be denied the advantage of competitive elections. Wealthy organizations with a capacity to bring supporters to the polls would have inordinate influence over elections, even more so than now. As suggested by Larry Bartels, Princeton University scholar and architect of the current legislative redistricting plan, competitive elections are of great importance. Certainly, the goal of a competitive election process is in the public good.

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## Introduction

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Yet, the realization of competitive elections comes at a price. And, that price is that candidates for office, at any level of government, are forced to spend much time “dialing for dollars.” Donors, to be sure, contribute for many reasons. The most benign reason is that they donate because the candidate shares their views or that they trust him or her. But donors also give because they may hope to obtain a government job or contract if the candidate they support wins the election. Some may contribute hoping that their donation will provide access to the officeholder, thereby creating a favorable climate for discussing important issues. The point is that there are various and sundry reasons for making campaign contributions. And, moreover, that these contributions from individuals, corporations, unions, political action committees (PACs), and parties fuel the war chests of individual candidates and allow them to run campaigns cannot be denied.

Perhaps there are ways to reform the system to lessen the need for private money. Clean Elections is one approach that has been tried in a pilot project in New Jersey. But for now large amounts of money in campaigns in New Jersey are a fact of life; and public disclosure is, and has been, an important vehicle for shedding light on who is giving and who is receiving. As a result, the voters are able to make up their minds about whether or not sources of money will interfere with a public official’s ability to do his or her job properly.

The mission of the New Jersey Election Law Enforcement Commission (ELEC) is to provide up-to-date information to the public regarding campaign financing and lobbying. As a disclosure agency, the Commission fulfills this mission in several ways. Through its upgraded website, the public can access candidate, party, and PAC records via the Internet. Moreover, for those who have specific questions or issues of which there is a need to deal, ELEC’s staff is prepared to provide personal assistance to all who phone, or visit the Commission’s offices. Finally, another way the Commission has informed the public about important issues involving campaign financing and lobbying trends is through its analytical white paper series.

In this White Paper, campaign financing at the municipal level of political activity is analyzed. In 2000, the White Paper Local Campaign Financing, which dealt with county and municipal candidates, broke new ground by analyzing campaign financing at the local level. Prior to this study, analytical reports dealt with legislative candidates, PACs, political parties,



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## Introduction

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legislative leadership committees, and lobbyists. This white paper follows up on the previous white paper on local activity, but differs slightly in its approach. Instead of evaluating the financial activity of county and municipal candidates and comparing that activity to that of legislative candidates, this analysis looks at municipal candidates financial activity only (excluding county activity) and makes comparisons between activity found in communities of different sizes. This novel approach will reveal whether or not there are differences in campaigns depending upon the population of the community. It will also determine whether or not, relatively speaking, financial activity is growing in smaller municipalities in the same way as in the mid-size and largest municipalities. Finally, in addition to comparing campaign financial activity between candidates running in different size communities, the study will also contain comparisons between municipal candidates and legislative candidates.

To complete this study, which also contains an overview of campaign financial activity throughout all municipalities in New Jersey, a random sampling of 50 municipalities was selected for a detailed analysis of fundraising and expenditure activity by candidates running in different size communities. To be specific, in order to obtain sufficient data in each population category, a disproportionate random sample was utilized.

In undertaking this study, municipalities were selected from five population categories: over 75,000; between 50,000 and 75,000; between 25,000 and 50,000; and up to 25,000. For all categories except the over 75,000 population category, activity in 2004 May municipal and November general election was reviewed. Because of a lack of elections in the over 75,000 population category in 2004, municipalities were selected randomly in this range for their activity in the May or November elections of 2003.

As will be noted in Chapter I, a great deal of focus has lately been placed on activities at the local level of government, particularly by the United States Attorney. Municipal officials do important work, have much influence over public policy, and as will be shown, are raising and expending increasing amounts of money. It is hoped that this work will add to the understanding of trends in campaign financing in New Jersey, and, in particular, to the role of municipal campaigns in the overall process.

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## CHAPTER I

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# THE IMPORTANCE OF LOCAL GOVERNMENT

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*Town meetings are to liberty what primary schools are to science; they bring it within the people's reach, they teach men how to use and how to enjoy it.*

*Alexis de Tocqueville*

The Constitution of the State of New Jersey established a unitary system of government. Under this system, municipalities are the creatures of the State. The State is sovereign, all powers are vested in it, and local units exist only as agents of the State and exercise only those powers expressly given to them by State government.

The unitary system differs from the national system, which is federalist. Under federalism, both the national government in Washington, D.C. and the 50 state governments derive their power from the Federal Constitution. Neither level of government can abolish the other. The Constitution itself defines the powers and limitations of each.

In New Jersey, municipalities are granted charters by authority of municipal charter laws adopted by the State Legislature. The forms of government vary and are adopted by the municipalities themselves, but each type is authorized by State law. "Thus, state government can devolve powers to local governments or, as in the case of the city of Camden, assume greater authority over their activities."<sup>1</sup> The legal practice known as Dillon's rule therefore applies to the formal structure of New Jersey's government. This principle holds that "a municipal corporation can exercise only the powers necessarily implied by, or essential to the accomplishments of stated powers."<sup>2</sup>

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## The Importance of Local Government

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Despite this constitutionally established relationship, New Jersey, nevertheless, has a very strong tradition of home rule which, though eroded somewhat by State Supreme Court decisions, such as Mount Laurel I and II, still remain vibrant.

Those familiar with New Jersey understand the distinct role played by municipalities in the lifeblood of its politics and government.

The antecedent to this home rule tradition is traced to pre-revolutionary times when charters were granted to companies or royal personages. These charters were granted for the purpose of governing the colonies. In 1664, for instance, following the English takeover of the territory once controlled by the Dutch; James, Duke of York, took title to land now known as New Jersey.<sup>3</sup> In turn, James granted proprietorship to Sir George Carteret and John, Lord Berkeley. As time passed, so too did proprietorships, until in 1701, governmental authority was returned to the king. From that point forward, the king appointed Royal Governors, who retained formal powers that would seem to give the individual named by the king final decision making authority. As a practical matter, however, the situation was not quite that simple. As noted in The Governors of New Jersey 1664-1974: “Frustrating though the system was for the governors, it worked well enough through the first half of the eighteenth century. Local government took care of most colonial needs and affected individuals more directly than provincial affairs.”<sup>4</sup> Thus, the statement made several years ago by the late Speaker of the House of Representatives Tip O’Neil that politics is all local, then as well as now, has a certain resonance.

That defacto home rule lives on in the hearts and minds of local officials and citizens is certain. If there is any doubt about this tradition remaining important, witness the response to former Governor James E. McGreevey’s call to consolidate school districts. This recommendation was made during his State-of-the-State Address in January 2004. The Home News Tribune wrote: “Having a neighborhood school, particularly one that has received the National Blue Ribbon Award, is a plus for borough parents. Now, however, parents are anxiously wondering whether Governor James E. McGreevey’s plan to order 172 single school districts to consolidate services would spell the end of Cranbury School.”<sup>5</sup> The same newspaper

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## The Importance of Local Government

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reported Helmetta Mayor Nancy Martin stating “I don’t see how we would benefit from consolidating . . . what would the State save by dissolving our little Board of Education? We have no representation. We wouldn’t be Helmetta. We want to keep our identity we’ve worked hard for.”<sup>6</sup>

This cacophony was repeated in the Bridgewater Courier News. Frank Chilson, Business Administrator for Rocky Hill and Millstone said “I would be shocked if those community members allowed the State to dictate to them to be consumed by Montgomery or Hillsborough or anybody else.”<sup>7</sup> And finally, officials in the Rockleigh and Teterboro school districts stated “He’s [Governor McGreevey] assuming there are enormous costs in running a district, and there really aren’t.”<sup>8</sup> Interestingly, but not surprisingly, this recommendation has stalled.

Despite the ultimate authority for governing vested in the State, municipalities retain much power and responsibility for governing. Though legally State government is sovereign, as a practical matter local government maintains a pivotal role in the lives of New Jersey citizens.

In the State of New Jersey, there are 566 municipalities. Property taxes, a major issue for both state and local officials, provide the bulk of funding for the administration of both local government and community schools. Federal and State funds are absorbed by municipal governments and school districts as well. However, the primary source of funding at the local level derives from property taxes. Through these local taxes, a broad spectrum of public services are provided. In 2001-2002, municipal budgets amounted to \$32.5 billion compared with a State budget \$32.7 billion.

As stated in White Paper Number 14, Local Campaign Financing:

The services provided by or through local governments are numerous. Schools are obviously supported in large measure by local tax dollars. Basic services such as garbage collection, snow removal, and municipal and county road repairs are supported by local tax revenues. Fire and police protection and

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## The Importance of Local Government

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emergency medical services are often provided by municipalities, either directly or through contracted services with private businesses. Local governments are instrumental in providing for senior citizen services as well as for recreational programming. Local building and health inspectors contribute to the quality of life in communities as well as a variety of local boards and commissions, such as zoning boards and ethics boards. In a phrase, local units of government have significant responsibilities, both to carry out services in a competent manner and to manage large amounts of local tax dollars. Whether authorizing a local quasi-governmental authority or supporting a municipal or county library system, local government responsibilities are huge.<sup>9</sup>

Obviously municipal governments do play, and have played, a major role in the lifeblood of New Jersey government and its citizens. Frederick M. Herrmann, in his study of Antebellum New Jersey, wrote:

Despite State restriction on the municipal collection of revenue, cities in New Jersey combined with township and county governments raised over four times the funds gathered by the State. This discrepancy was indicative of the relative roles played by state and local authorities in satisfying demands. Garden State lawmakers decided early in the industrial revolution to empower cities and other forms of local government randomly to take on many new functions with almost no attempt to regulate these activities. The uncertainty in State government about extending its authority led to this novel response to the great changes of the era. A major reason for New Jersey's ability to avoid more institutionalization at the State level than it did before the Civil War was its delegation of great authority to county, township, and especially city authorities.<sup>10</sup>

Barbra G. Salmore and Stephen A. Salmore described the situation in the early part of the 20<sup>th</sup> century similarly when they wrote: "Neither the suburban commuters nor the insular ethnics

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## The Importance of Local Government

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felt much identity with the State. Thus, New Jersey's politics remained local, parochial, and based in county organizations. Indeed, one might say there was no state politics to speak of."<sup>11</sup>

Thus, the idea that municipal government is central to the lives of New Jersey citizens is deeply embedded in the political culture of the State. Government at the level closest to the people should play a critical role in determining the direction undertaken by communities. Indeed, throughout New Jersey's colorful history municipalities, large and small, have often been at the forefront of progress; and, in turn, have provided local citizens with a quality of life not easily surpassed. Moreover, that inspired tradition continues today. Indeed the responsibilities placed on municipal officials have given them the opportunity to positively impact their communities and their surroundings. For example, city government in New Brunswick forged a partnership many years ago with the Johnson and Johnson Company that brought about the rebirth of that once declining urban community. Middlesex County's hub city has now become a center for art and culture, with many new restaurants flourishing, the expansion of Rutgers University, and the development of office and residential towers. City officials in Trenton have been attempting revitalization efforts through Waterfront Park, home of the Trenton Thunder Minor League Baseball Team, the downtown arena, built for pro hockey, basketball and concerts, and the construction of a first class hotel. Newark and Jersey City have made great strides in recent years, both in the arts and entertainment areas, and in the financial areas.

But it is not just major cities that have taken the initiative to provide additional services and to improve the quality of life for their citizens. Small towns throughout the State have continually embarked upon community improvement efforts. Bordentown officials in Mercer County have taken advantage of the community's rich history to provide a colonial look to a thriving downtown. Milltown, in Middlesex County, is now in the process of planning for the redevelopment of a much abandoned industrial tract, once the home of Michelin Tire Company. Certainly, state and federal dollars, along with local spending, are often involved in supporting these ventures. The initiative, however, to begin these projects, begins at the municipal level and

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## The Importance of Local Government

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ends there. Local officials are involved with the planning and the implementation of these efforts to improve the various towns, townships, and cities throughout the State.

It must be pointed out, however, that just as there is much opportunity to do good at the municipal level, these opportunities do, from time to time, present municipal officials with the chance to engage in corruption. The great majority of local officials serve tirelessly, honorably, and thanklessly. They serve with honesty and integrity and carry out their duties with distinction. However, property tax revenues, state and federal funding, labor negotiations, and contract bidding provide those so inclined with the opportunity to defraud the public. As has become increasingly apparent, New Jersey has been experiencing its share of corruption. In the last three years alone, over 80 public officials have been indicted and/or charged with corruption, many of them municipal employees or officeholders.

Indeed, as far back as 1992, the New Jersey State Commission of Investigation warned about the spread of corruption:

Certainly a significant harm caused by public corruption is the spread of public cynicism and skepticism toward the large number of officials, who perform their jobs honestly. Other harms are more tangible. Embezzlers steal tax dollars. Corrupt inspectors jeopardize the public's health, safety and wellbeing. Purchasing scams deplete local treasurers. Zoning and planning payoffs lead helter-skelter development. Ripp-offs in social benefit programs deprives the truly needy of scarce public assistance funds. Finally, private businesses that pay off corrupt officials are unjustly enriched at the expense of honest competitors.<sup>12</sup>

More recently, Christopher J. Christie, U.S. Attorney, speaking in the context of a spate of charges leveled against several local officials in Monmouth County said that the corruption has "gone beyond even what I was imagining."<sup>13</sup> And, in a Star-Ledger article, Christie added that in terms of corruption cases "the number of tips we are getting on a weekly basis is extraordinary. . . . We can't keep up."<sup>14</sup>

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## **The Importance of Local Government**

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While corruption at the municipal level, indeed any level for that matter, is extremely serious it is not the contention of this report that most, or even a sizeable minority of local officials are corrupt. Again, the vast majority of officials are honest, decent, community-spirited individuals. Nevertheless, government at the level closest to the people is central to the continuing history of the people of New Jersey. There is much decision making; serious property tax issues, often large scale funding; municipal budgets; school budgets; development; opportunities for substantial community progress; and, yes, opportunities for corruption. Moreover, politics at the municipal level can be colorful, hard hitting, and intense. For these reasons, municipal government and politics should bear scrutiny.

### **Conclusion**

The following chapters will analyze an important aspect of municipal politics, namely campaign financing. The sources of contributions, strategies employed at the municipal level through expenditure activity, and the overall extent of financial activity will be explored. As noted in the introduction, comparisons will not be made between municipal and county candidates, but rather on the basis of the size of the municipality in which the election is held. Comparisons will be made, however, between trends in municipal candidate financial activity and that of legislative candidates. It is believed that the relatively unique perspective of analyzing differences in campaign financing between candidates running in communities of different population sizes will prove interesting.



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## CHAPTER II

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### OVERVIEW

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*In the township, as well as every where else, the people are the source of power; but nowhere do they exercise their power more immediately.*

*Alexis de Tocqueville*

Local Campaign Financing, the 2000 study of campaign financing at the local level, recognized that trends uncovered in studies of legislative, gubernatorial, and party activity were present at the local level as well. Moreover, this study acknowledged that campaigns at the level closest to the people had been overlooked despite the fact that financial activity among candidates for local government offices was growing steadily. “Just as at the legislative level (and the gubernatorial level), financial activity [at the local level] has increased substantially over a ten-year period. In many respects, government and campaigns have been overlooked at this level . . . .”<sup>15</sup>

Recent events point to the need for further review of campaign financial activity of municipal campaigns. Issues involving property taxes, education, including school construction and contracting, and a series of indictments of local officials, demonstrate the importance of the earlier study and the fact that campaigns at this level should not be overlooked. As noted in the introduction, this study concentrates on municipal elections and does not include campaigns for county office. While the use of the term *local* often includes municipal and county governments, for the purposes of this study, *local* will refer to municipal candidates only and the two terms will be used interchangeably.

Municipal elections in New Jersey are of two types. Depending upon a community’s charter, elections can either be partisan or non-partisan. In other words, elections for local

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## Overview

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governing bodies can be held at the general election in November or in non-partisan municipal elections in May. This study includes campaign financial activity for both general election candidates and May municipal candidates. For the purposes of this chapter, each will be treated separately, then together in the conclusion.

Future chapters will provide detailed analysis of receipt and expenditure activity in randomly selected municipalities. Both general election and May municipal financial activity have been included in the sample.

In tracing financial activity of general election municipal candidates, Table 1 shows that overall there has been a steady increase in receipts and expenditures between 1994 and 2004. During those years, fundraising increased by 98 percent, from \$5.4 million in 1994 to \$10.7 million in 2004. Spending increased during this period of time from \$4.8 million to \$10.6 million, a 120 percent increase. The chart, though, demonstrates that financial activity, despite having increased during the period under study, has been uneven “in different years.” In certain years, it has spiked significantly, in others it has fallen off. Just as will be shown in the next section dealing with May municipal candidates, this unevenness in financial activity recorded by general election municipal candidates is due to the fact that in certain years there are either more elections being held or elections being held in well-populated communities. As an example, in 1995, 1999, and 2003, years when financial activity rose significantly, municipal elections were held in Woodbridge, Hamilton Township (Mercer County), Cherry Hill, Fort Lee, and Elizabeth. These races included contests for Mayor as well.

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## Overview

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**Table 1**  
**Municipal Candidate Receipts/Expenditures**  
**General Elections (1994-2004)**

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	<i>Receipts</i>	<i>Percent Change</i>	<i>Expenditures</i>	<i>Percent Change</i>
<i>1994</i>	\$5.4		\$4.8	
<i>1995</i>	\$8.9	+65	\$7.1	+48%
<i>1996</i>	\$5.6	-37%	\$5.2	-27%
<i>1997</i>	\$7.7	+37%	\$6.7	+28%
<i>1998</i>	\$7.3	-5%	\$6.8	+1%
<i>1999</i>	\$10.5	+44%	\$9.7	+43%
<i>2000</i>	\$9.5	-10%	\$8	-18%
<i>2001</i>	\$11.6	+6%	\$10.5	+31%
<i>2002</i>	\$10.9	-6%	\$10.2	-3%
<i>2003</i>	\$14.5	+33%	\$12.6	+24%
<i>2004</i>	\$10.7	-26%	\$10.6	-16%
<b><i>TOTAL</i></b>	<b>\$103</b>	<b>+98%</b>	<b>\$92</b>	<b>+120%</b>

In Millions

As mentioned above, local candidate receipts increased by 98 percent between 1994 and 2004, while expenditures rose by 120 percent. From 1994 through 2004, municipal candidates in general elections raised a total of \$103 million and spent \$92 million. These figures demonstrate the enormity of financial activity at the local level of politics.

In certain years, when an increased number of local elections are held, or when large communities hold elections for Mayor and Council, overall financial activity increases precipitously. As indicated by Figure 1 below, these peak years include 1995, 1999, and 2003; when, as mentioned above, municipalities like Hamilton Township and Elizabeth conducted elections. The years 1997 and 2001 experienced gains in financial activity also.

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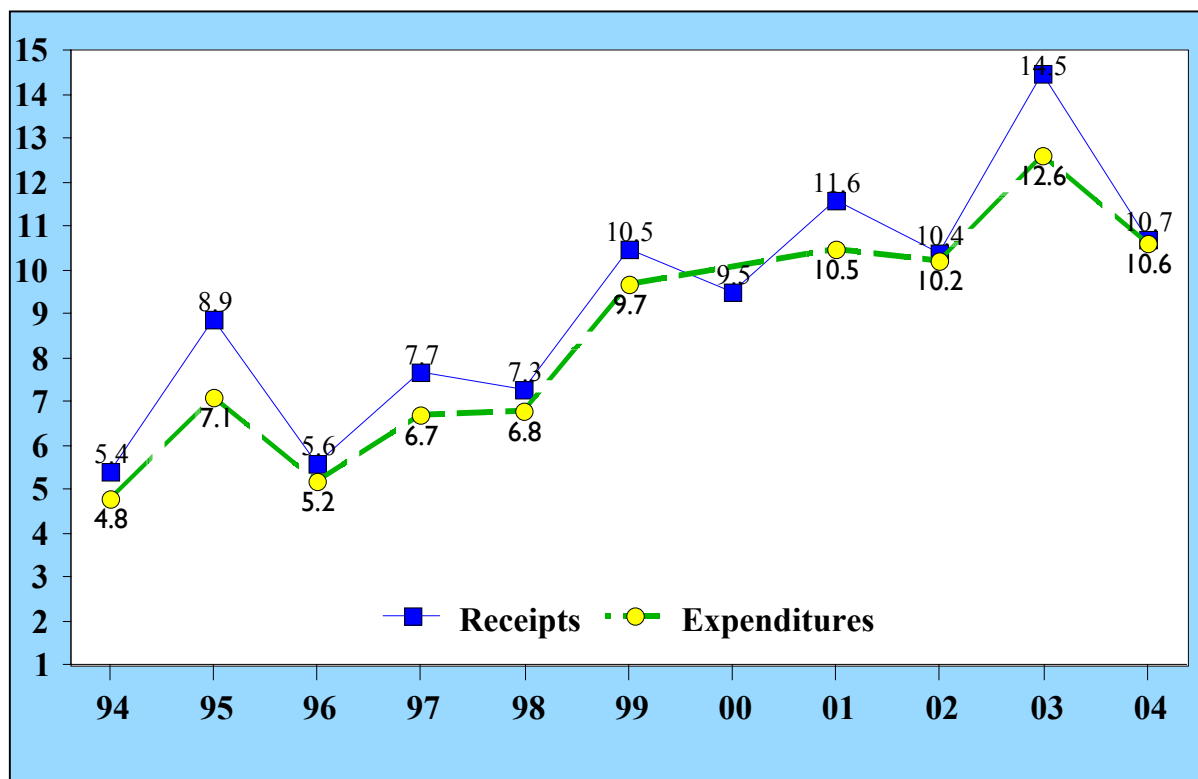
## Overview

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Financial activity dropped, however, in 1996, 1998, 2000, 2002, and 2004, or in every two-year cycle. Nevertheless, even during these years, when receipts and expenditures decreased from previous years, an overall increase in financial activity was accomplished when comparing like election years. For example, from 1996 to 2004, receipts increased by 91 percent and expenditures by 103 percent. Funds raised went from \$5.6 million in 1996 to \$10.7 million during the same period. Expenditures rose from \$5.2 million to \$10.6 million during these years. Interestingly, these percentage increases between what will be termed “valley” years were actually larger than those realized between peak years. Between the peak years 1995 and 2003, receipts rose from \$8.9 million to \$14.5 million, a 63 percent increase. Expenditures increased from \$7.1 million in 1995 to \$12.6 million in 2003, for a 77 percent increase.

**Figure 1**

**General Election Municipal Candidate Receipts/Expenditures (1994-2004)**



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## Overview

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What the statistics contained in Table 1 show, and what Figure 1 graphically depicts, is that financial activity among candidates at the local level bears watching. Just as with legislative and gubernatorial candidates, and among political party entities, campaign financial activity at the local level is surging. What this means for the electoral process is left to others. Yet, it is essential that this activity at the municipal level not be overlooked.

### **May Municipal Elections**

This study is about campaign financing in municipal elections. While the vast majority of municipalities hold elections in November, it is important to note that numerous municipalities conduct elections in May. Among these municipalities are major cities. Elections held in May derive from the progressive era and are theoretically non-partisan.

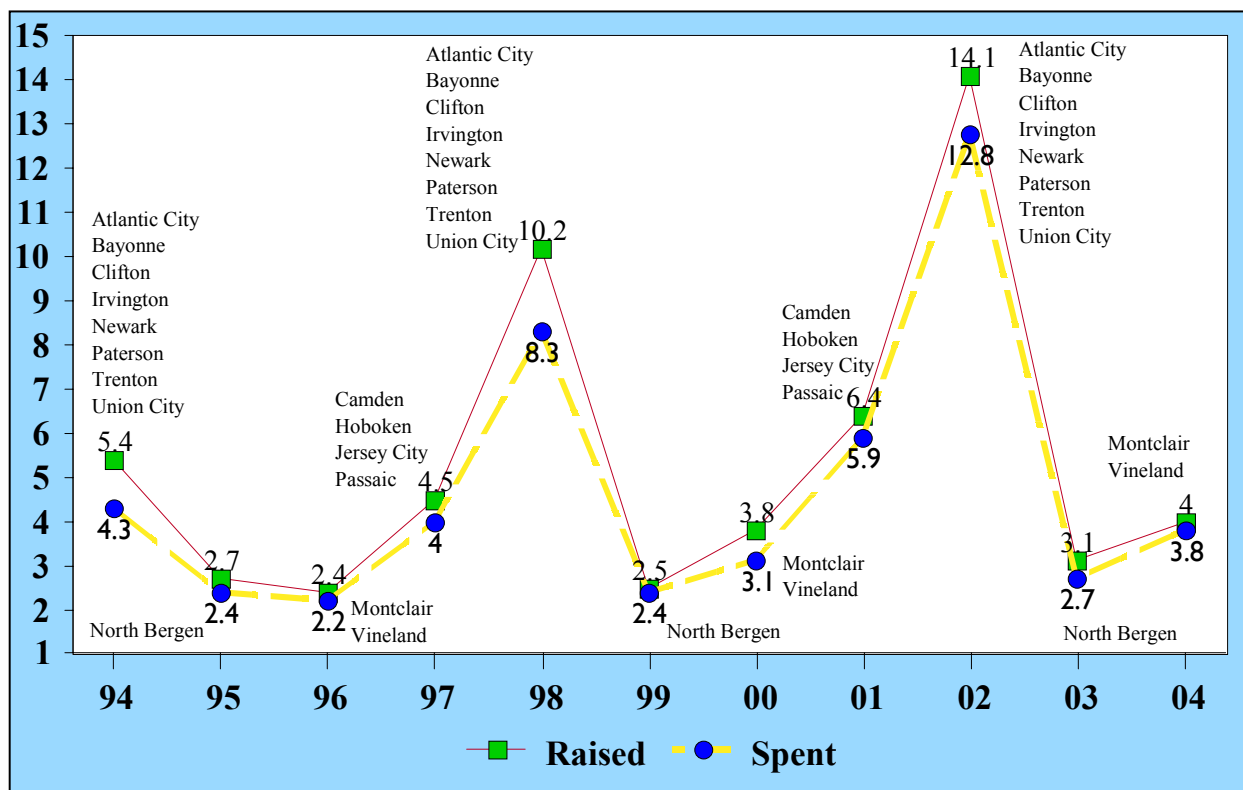
General election candidates for municipal office, with few exceptions, run with official party backing. Republican and Democratic candidates vie for positions on local governing bodies, with a sprinkling of independent or third party candidates sometimes competing. Officially, May municipal candidates run without party backing. In theory, May elections are non-partisan, yet behind the scenes these candidates run on slates that are more than likely supported by major parties, or factions within parties. Nevertheless, substantial money is raised and spent in these elections, making it of paramount importance to include them in this study, especially since in any given year more money may be spent overall by May municipal candidates than general election municipal candidates.

In the November 2000 study, Local Campaign Financing, which analyzed election years 1989 through 1999, a pattern emerged relative to May municipal elections when observing financial activity from year to year. The total amount of receipts and expenditures increased or decreased based upon the communities wherein elections were held in any given year. This pattern is somewhat more extenuated than that evidenced by municipal general election financial activity. As shown in Figure 2 below, the differential in financial activity between years was much more extreme in May municipal elections. And, whereas the trend was upward overall in

## Overview

general election municipal elections, this situation was not the case in May municipal elections. One should not say, however, that substantial amounts of money are not spent in May Municipal contests, or that financial activity is not increasing overtime or between similar election years.

**Figure 2**  
**May Municipal Receipts/Expenditures (1994-2004)**



As demonstrated in Figure 2 above, the pattern of financial activity among May municipal candidates remained consistent throughout the ten-year period under study. It did not differ in any way from the trend observed in the earlier study, Local Campaign Financing, which found that between 1989 and 1999 financial activity was highest in the first two years of a four-year cycle and lowest in the last two years of the cycle. Figure 2 above shows that in the years reviewed in the current study, 1994-2004, this same basic pattern remains. Depending upon the

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## Overview

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municipalities holding elections in any given year, financial activity would fluctuate up or down, and as shown, wildly.

In 1994, the baseline year in the current study, financial activity in May municipal elections peaked, rising higher than in any previous year. To correlate this analysis to the 2000 study, it must be noted that the May election of 1994 represents the second year of that two-year cycle when financial activity began to peak. In 1993, for instance, receipts totaled \$3.1 million and expenditures \$2.9 million, figures that significantly exceeded the two preceding May election years of 1992 and 1991. In 1994, as discussed immediately below, receipts grew to \$5.4 million and expenditures to \$4.3 million.

In terms of the current study, the baseline year 1994 witnessed municipal elections held in Atlantic City, Bayonne, Clifton, Irvington, Newark, Patterson, Trenton, and Union City. It was in this year, as noted, that financial activity peaked. This pattern is evidenced four years later in 1998, and again four years hence in 2002. Overall, financial activity increased significantly between these election years. As mentioned, total receipts in 1994 reached \$5.4 million and expenditures \$4.3 million. During the 1998 May municipal election, receipts totaled \$10.2 million and expenditures \$8.3 million, whereas, in 2002 receipts amounted to \$14.1 million and expenditures to \$12.8 million. Thus, during this eight-year period of May elections conducted in the same communities, receipts increased by 161 percent and expenditures by 198 percent.

The peak years highlighted above were followed by valley years. In the valley years, only a small number of May municipal elections are held. The years 1995, 1999, and 2003 witnessed elections in North Bergen, for example, while in 1996, 2000, and 2004 non-partisan elections were held in such communities as Montclair and Vineland. Campaign financial activity grew over the course of these elections as well. During 1995, 1999, and 2003 fundraising totals reached \$2.7 million, \$2.5 million, and \$3.1 million respectively; while expenditures amounted to \$2.4 million, \$2.4 million, and \$2.7 million. Thus, during this eight-year period 1995-2003,

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## Overview

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receipts reported by candidates participating in May elections increased by 15 percent and expenditures by 13 percent.

Financial activity increased in the Montclair and Vineland years also. Receipts totaled \$2.4 million in 1996, \$3.8 million in 2000, and \$4.0 million in 2004. Expenditures reached \$2.2 million, \$3.1 million, and \$3.8 million in each of those years respectively. Thus, receipts increased by 66 percent from 1996 through 2004, and expenditures by 72 percent during this eight-year period.

As suggested above, following the valley years financial activity again began to rise. For Camden, Hoboken, Jersey City, and Passaic, communities holding elections in 1997 and 2001, the study measures only a four-year period of time. Nevertheless, financial activity will be shown to increase substantially during this four-year period. In 1997, receipts recorded by candidates in May municipal elections registered \$4.5 million and in 2001 \$6.4 million. Expenditures amounted to \$4 million and \$5.9 million in 1997 and 2001 respectively. Thus, fundraising increased by 42 percent over four years and expenditures by 48 percent.

Table 2 depicts the fundraising activity exhibited by candidates in May municipal elections between 1994 and 2004. It also shows the percentage increase in this activity over time and the percentage change between years.



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**Overview**

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**Table 2**  
**May Municipal Receipts/Expenditures**

	<i>Receipts</i>	<i>Percent Change</i>	<i>Expenditures</i>	<i>Percent Change</i>
<i>1994</i>	\$5.4		\$4.3	
<i>1995</i>	\$2.7	-50%	\$2.4	-44%
<i>1996</i>	\$2.4	-11%	\$2.2	-8%
<i>1997</i>	\$4.5	+87%	\$4.0	+82%
<i>1998</i>	\$10.2	+126%	\$8.3	+107%
<i>1999</i>	\$2.5	-75%	\$2.4	-71%
<i>2000</i>	\$3.8	+52%	\$3.1	+29%
<i>2001</i>	\$6.4	+68%	\$5.9	+90%
<i>2002</i>	\$14.0	+119%	\$12.8	+116%
<i>2003</i>	\$3.1	-78%	\$2.7	-78%
<i>2004</i>	\$4.0	+29%	\$3.8	+41%
<b><i>TOTAL</i></b>	<b>\$59.0</b>		<b>\$51.9</b>	

In Millions

As shown in the table above, between 1994 and 2004 candidates in May municipal elections raised \$59 million and spent approximately \$51.9 million. While financial activity was uneven between years, the statistics show that receipts and expenditures did increase between similar election years. Thus, the overall pattern of financial activity between years demonstrates that the upward trend in financial activity evidenced by general election candidates is present for May municipal candidates as well.

### **Conclusion**

This chapter has provided an overview of financial activity concerning general and May municipal local candidates over the ten-year period 1994-2004. In total, receipts recorded by all candidates for municipal office, including general and May municipal candidate, amounted to \$162 million between 1994 and 2004. Expenditures amounted to \$143.9 million during this period. In ensuing chapters, the study will concentrate on providing detailed information about contributor activity and expenditure activity by municipal candidates in randomly selected municipalities both large and small. In addition to providing an in-depth analysis of campaign financing activity at the local level, this study will break new ground in comparing data from a variety of municipalities in several categories, ranging from large communities to small communities. Each category will be compared to determine if there is relative campaign financial activity and as to whether or not campaign activity and strategy varies as to the size of the community.

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## CHAPTER III

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### LOCAL CANDIDATE FUNDRAISING

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*When the kings of England afterwards asserted their supremacy, they were content to assume the central power of the State. They left the townships where they were before; and although they are now subject to the State, they were not at first, or were hardly so.*

*Alexis de Tocqueville*

During the nomination stage of presidential elections, it is traditional to hold the first contests in Iowa and New Hampshire. In 2004, the Iowa Caucus was held on January 19<sup>th</sup> and the New Hampshire primary a week later on January 27<sup>th</sup>. Not everyone is happy with this arrangement. Many believe this schedule provides two small states, not necessarily representative of the nation as a whole, with a disproportionate influence over the presidential nomination process.

To counter the impact of Iowa and New Hampshire, many states, including now New Jersey, have moved up their primaries and caucuses, a process known as front loading. In all, over 30 states hold their contests between February 3 and March 6. Despite these changes, and the perceived inequity favoring Iowa and New Hampshire, their contests remain first in a parade of primaries and caucuses held in a very short period of time.

While many are concerned about a process that grants “most favored State” status to Iowa and New Hampshire, just as much support is expressed for this system which emphasizes campaigning at a very personal and local level. The merits of this arrangement are noted by Stephen J. Wayne in The Road to the White House 2004. He writes:

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## Local Candidate Fundraising

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The early contests are particularly important for lesser known aspirants, less for the number of delegates they can win than for the amount of publicity they can generate and the people they can meet. Personal contact is particularly important in this period. It informs and motivates potential supporters. It may produce contributors and volunteers down the road. The small States provide the “living room” opportunities that are lost in multi-State media campaigns.<sup>16</sup>

Despite the local and personal character of campaigns in the snows of Iowa and New Hampshire, however, these campaigns are supported by strong financial efforts. Fundraising is very active and aggressive. Millions of dollars were raised by presidential aspirants to supplement their grassroots efforts in Iowa and New Hampshire in 2004.

What mirrors these efforts in New Jersey are campaigns for local office. Obviously, the beauty of campaigns taking place throughout New Jersey municipalities is their personal character. These elections are the contests closest to the people. Candidates go door-to-door, greet voters at local watering holes, and participate in meetings and debates that take place in locations truly accessible to all who wish to attend. Candidates are better able to meet the voters personally; and voters, in turn, are better able to get to know their public officials. In this way, much information is made available, voters are better equipped to know the views of candidates, and, moreover, to judge their character. Name recognition is also high for candidates and officials at the local level.

The personal nature of local campaigns, notwithstanding, these efforts, like presidential campaigns in Iowa and New Hampshire, are nevertheless augmented by increasing amounts of financial activity. Though local candidates can reach many people personally, they cannot reach every voter. Moreover, even with voters they have met, perhaps even know personally, follow-up communications that reinforce their message, as well as get-out-the-vote efforts, are necessary. As will be shown, advertising on radio, cable T.V., and in local newspapers takes place. Lawn signs are distributed, mailers sent, and, increasingly, polling conducted. There are election-day get-out-the-vote operations, election night rallies, fundraising events, and in some

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## **Local Candidate Fundraising**

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instances, postelection legal challenges. All of these efforts cost money. Therefore, despite the often highly personal nature of these campaigns, elections at the local level have followed the trend set by county, legislative, and gubernatorial candidates, as well as political parties, in intensifying their financial activity.

As noted earlier, candidates for local office, in raising millions of dollars, increased their receipts by 98 percent between 1994 and 2004. While acknowledging the intensification of financial activity at this most basic level of politics in New Jersey, it is now time to evaluate sources of contributions made to municipal candidates. As indicated, this study will accomplish this task through an in-depth analysis of campaign fundraising undertaken by candidates in 50 communities selected randomly. Again, municipalities were chosen from five population categories and mainly involve elections held in 2004. However, in the over 75,000 population category elections held in 2003 were observed because of the limited number of contests in those communities in 2004.

### **Sources of Contributions**

Among the candidates competing in the 50 municipalities selected for study, a total of \$1.8 million was raised for elections in 2003 and 2004. As shown in Table 3, the largest proportion of these funds derived from political party committees. A total \$620,566, or 34 percent of all funds, came from these organizations. Individual donors were a major source of contributions to municipal candidates as well. Individuals gave \$536,399, or 30 percent of the funds to the local candidates selected for review. Contributions from businesses and corporations amounted to \$315,475, or 17 percent of all contributions. Finally, from among the four top categories of contributors to local candidates, funds from other candidates equaled \$252,802, or 14 percent of total funds.

Municipal candidates from the 50 selected communities received funds from other sources as well, but in minimal amounts. Union PACs contributed \$28,037, or two percent of funds, while unions themselves contributed \$25,400, or one percent of monetary contributions.

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## Local Candidate Fundraising

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Ideological PACs contributed \$17,575, or one percent of funds, as did professional trade association PACs at \$10,300. Business PACs gave \$2,343 and miscellaneous receipts, i.e. interest, etc., accounted for \$4,561. Thus, at the municipal level of politics party entities, including political parties and campaign committees are very much involved in campaigns and a prime source of funding.

**Table 3**  
**Sources of Contributions to Local Candidates (2003-2004)**

	<i>Amount</i>	<i>Percent</i>
<i>Individual</i>	\$536,399	30%
<i>Business/Corporations</i>	315,475	17%
<i>Party Committees</i>	620,566	34%
<i>Candidate Committees</i>	252,802	14%
<i>Political Committees</i>	--	--
<i>Business PACs</i>	2,343	--
<i>Professional/Trade Association PACs</i>	10,300	1%
<i>Union PACs</i>	28,037	2%
<i>Ideological PACs</i>	17,575	1%
<i>Unions</i>	25,400	1%
<i>Miscellaneous</i>	4,561	--
<b><i>TOTAL</i></b>	<b>\$1,809,458</b>	

In Millions

### **Sources of Contributions by Population**

Interestingly, as indicated by Table 4 below, there were differences in the distribution of contributions to municipal candidates, depending upon the population category under study. Among contributor types involved in elections held in municipalities with a population of over

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## Local Candidate Fundraising

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75,000, individuals comprised the largest contributor group. Out of \$549,839 received by candidates in large communities, individuals donated \$231,775, or 42 percent of contributions. In these selected municipalities, business and corporate contributions amounted to \$153,380, or 28 percent of donations. The party related entities, political party committees and candidate committees, constituted the third and fourth largest donor groups to candidates in this population category. Political party committees contributed \$98,709, 18 percent of funds, and candidate committees \$25,325, or five percent of donations. Unions were somewhat active in this category as well, with union PACs contributing \$20,800, or four percent, and unions themselves donating \$14,650, or three percent of total contributions. Business, professional/trade association, and ideological PAC activity was negligible as was political committee activity.

The pattern of contributing within the over 50,000 to \$75,000 population category was markedly different. In this municipal category, political party financial activity was dominant. The total amount contributed to candidates running in this municipal population category was \$234,576. Political parties gave \$169,746, or 72 percent of contributions. Business and corporate donations amounted to \$40,634, or 17 percent of funds, while individuals donated \$21,353, or nine percent of contributions. Ideological PACs gave \$1,700 to candidates, or one percent of donations. Financial activity by other candidates, by political committees, business PACs, professional/trade association PACs, union PACs, and unions was negligible or non-existent.

The pattern of giving within the over 25,000 to 50,000 population grouping differed from other categories as well, although political parties did account for a sizeable proportion of donations to candidates running in these municipalities. In this category, contributions by other candidates constituted the largest proportion of donations to municipal candidates in these mid-level communities. Out of \$534,598 contributed in the selected municipalities, candidate committees gave \$210,577, or 39 percent of donations. Political party committees accounted for \$168,425, or another 31 percent of total contributions to candidates in this municipal category. Individual contributors gave \$91,521, or 17 percent of contributions, whereas businesses and corporations accounted for \$59,075, or 11 percent. Unions gave \$4,500, amounting to one

## Local Candidate Fundraising

percent of total, while contribution activity by all other contributor types was minimal or nothing at all.

Individual contributors and political parties were equally important in the smallest communities. Donations to candidates running in the 35 municipalities selected as representative of the population category up to 25,000 amounted to \$486,741. Individuals contributed \$191,749, or 39 percent of the total. Political parties accounted for \$183,684, an amount equal to 38 percent of contributions. Business and corporations made \$62,385 in contributions, 13 percent of the total, and other candidates contributed \$16,100, or three percent. Ideological PACs donated \$15,375, or three percent, professional trade association PACs gave \$7,600, two percent, and union PACs provided \$6,737, or one percent of the total contributions. Municipal candidates in these small communities under study received negligible amounts from unions and nothing from business PACs or political committees.

**Table 4**  
**Sources of Contributions by Population Class**

	75,000 & Over		50,000 to 75,000		25,000 to 50,000		Up to 25,000	
<i>Individual</i>	\$231,775	42%	\$21,353	9%	\$91,521	17%	\$191,749	39%
<i>Business/Corporation</i>	153,380	28%	40,634	17%	59,075	11%	62,385	13%
<i>Party Committee</i>	98,709	18%	169,746	72%	168,425	31%	183,684	38%
<i>Candidate Committees</i>	25,325	5%	800	--	210,577	39%	16,100	3%
<i>Political Committees</i>	--	--	--	--	--	--	--	--
<i>Business PACs</i>	2,000	--	343	--	--	--	--	--
<i>Professional/Trade Association PACs</i>	2,700	--	--	--	--	--	7,600	2%
<i>Union PACs</i>	20,800	4%	--	--	500	--	6,737	1%
<i>Ideological PACs</i>	500	--	1,700	1%	--	--	15,375	3%
<i>Unions</i>	14,650	3%	--	--	4,500	1%	2,250	--
<i>Miscellaneous</i>	--	--	--	--	--	--	861	--
<b><i>TOTAL</i></b>	<b>\$549,839</b>		<b>\$234,576</b>		<b>\$534,598</b>		<b>\$486,741</b>	

In Millions



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## Local Candidate Fundraising

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### Average Contribution

The average contribution made to local candidates campaigning in the 50 selected municipalities was \$1,354. Unexpectedly, candidate committees, though making the least number of contributions, recorded the highest average contribution. The average contribution made by candidate committees to municipal candidates was \$5,266. This situation resulted from the fact that in one of the municipalities selected in the over 25,000 to 50,000 population category, a candidate contributed \$120,000 from his candidate committee to his joint candidates committee. Under the law candidates seeking the same office in the same subdivision are unlimited in the amount they can contribute to each other.

Apart from candidate committees, political party committees made average contributions that were larger than those made by any other contributor category. The average contribution made by political party committees was \$3,466. Professional/trade association PACs made contributions averaging \$1,471 while contributions from ideological PACs averaged \$1,255. Contributions derived from union treasuries averaged \$1,188, while contributions stemming from union PACs averaged \$1,168. Individuals, who made the highest number of contributions as well as a significant amount in terms of actual dollars, provided average donations of \$865. Also, contributing a significant amount of money to municipal candidates were businesses and corporations. This category of contributor averaged \$730. Finally, the average contribution from business PACs to local candidates in selected municipalities was \$585. Table 5 shows the average contribution made by each contributor category as well as the number of contributions made by each contributor type.

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## Local Candidate Fundraising

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**Table 5**  
**Average Contribution by Contributor Type**

	<i>Average</i>	<i>No. Contributions</i>
<i>Individual</i>	\$865	620
<i>Business/Corporation</i>	730	432
<i>Party Committees</i>	3,466	179
<i>Candidates Political Committees</i>	5,266	48
<i>Business PACs</i>	585	4
<i>Professional/Trade Association PACs</i>	1,471	7
<i>Union PACs</i>	1,168	24
<i>Ideological PACs</i>	1,255	14
<i>Unions</i>	1,188	18
<i>Miscellaneous</i>	651	7
<b><i>TOTAL</i></b>	<b>\$1,354</b>	<b>1,336</b>

In Millions

### **Average Contribution by Population**

Table 6 below depicts the average contribution per contributor type within each municipal population category. In every population class, excepting that of municipalities registering between 25,000 and 50,000 people, political party committees recorded the highest average contribution. In communities with over 75,000 people, donations from political parties averaged \$9,870. In municipalities of between 50,000 and 75,000 people, the parties averaged \$9,430 and within communities of 25,000 to 50,000 people the average party donation was \$4,010. Among candidates running in the smallest municipalities, political party committees averaged \$1,685. Thus, in all population categories, political party committees were active in their giving and a significant source of funding for municipal candidates.

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## Local Candidate Fundraising

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Union activity was present in three of the four population categories. The average union PACs contribution in the over 75,000 population class was \$1,733 and in the 25,000 to 50,000 category it was \$500. Union PACs contributed on average \$612 per donation to candidates in the up to 25,000 population category. Unions themselves made average contributions of \$1,126 to the largest municipalities, of \$1,500 to candidates in municipalities of 25,000 to 50,000, and of \$1,125 to candidates contesting elections in the smallest communities.

Although the average contribution by candidate committees was skewed by the extremely large donation of \$120,000 given by one candidate to his joint candidates committee, candidate committee giving was common in each population category. In the 25,000 to 50,000 category, candidate committees averaged \$17,548 per contribution. The average contribution by this contributor type was not so generous in the three other population categories, however. Candidate committee donations averaged \$1,406 in the over 75,000 category. Municipal candidates in the selected communities ranging in population from between 50,000 to 75,000 received contributions averaging \$800 from other candidates, while those in the smallest municipalities received donations averaging \$947 from their counterparts.

Individual contributors made average contributions of \$845 to local candidates in selected municipalities of over 75,000 people and average contributions of \$928 to candidates in municipalities of between 50,000 and 75,000 people. Individuals averaged \$863 in donations to candidates in communities registering 25,000 to 50,000 people and 883 in localities of up to 25,000 residents.

Corporate and business contributions averaged \$800 in the largest communities. These corporate and business donations averaged \$923 to candidates running in municipalities with 50,000 to 75,000 population and \$1,001 to candidates in communities of 25,000 to 50,000 people. In the smallest communities, corporate and business contributions averaged \$479.

Among the PACs other than union related organizations, professional trade association PACs and business PACs made average contributions to candidates in the largest communities of

## Local Candidate Fundraising

\$1,350 and \$1,000 respectively. In communities of over 75,000 population, ideological PAC donations averaged \$500. Business PACs averaged \$342 in contribution activity in municipalities of between 50,000 and 75,000 population, while ideological PAC donations averaged \$1,700 in these communities. Professional/trade association PACs did not contribute to candidates in municipalities of this size, nor did they contribute to candidates in municipalities with populations of 25,000 to 50,000. However, in communities of less than 25,000 people, professional/trade association PACs made average contributions of \$1,520, while ideological PACs contributed on average \$1,397 per donation. Business PACs did not contribute to candidates in these small communities. As noted earlier, political committees were devoid of any activity in local elections within the selected communities.

**Table 6**  
**Average Contribution by Type by Population Class**

	<i>Up to 25,000</i>	<i>25,000-50,000</i>	<i>50,000-75,000</i>	<i>Over 75,000</i>
<i>Individual</i>	\$883	\$863	\$928	\$845
<i>Business/Corporation</i>	479	1,001	923	800
<i>Party Committees</i>	1,685	4,010	9,430	9,870
<i>Candidates</i>	947	17,548*	800	1,406
<i>Political Committees</i>	--	--	--	--
<i>Business PACs</i>	--	--	342	1,000
<i>Professional/Trade Association PACs</i>	1,520	--	--	1,350
<i>Union PACs</i>	612	500	--	1,733
<i>Ideological PACs</i>	1,397	--	1,700	500
<i>Unions</i>	1,125	1,500	--	1,126
<i>Miscellaneous</i>	286	927	--	--

\* high average due to 120,000 contribution from a candidates committee to the same candidates joint candidates committee.

### Conclusion

Local Campaign Financing, published in November 2000, stated:

Political parties represented a dominant source of donation activity vis-à-vis general election municipal candidates. Fifty-one percent of all contributions to municipal candidates included in the study were obtained from political parties. Business and corporations gave the second largest amount to municipal candidates. These contributors provided 27 percent of all contributions. Finally, individuals accounted for 22 percent of contributions to municipal candidates.<sup>17</sup>

As demonstrated above, the earlier finding is essentially corroborated by the pattern of giving among contributor types to 2003-2004 municipal candidates. Political parties, individuals, and business and corporations were again the primary contributors, though in different ratios. Political parties, at 34 percent of total contributions made to candidates in the selected communities, again provided the majority of contributions. When exempting selected municipalities of more than 75,000 people, this percentage rises to about 41 percent. Thus, in terms of the vast number of candidates represented in the sample, political party contributions again proved to be a major source of funding. The data suggests that the predominant role played by political parties in county and legislative elections in New Jersey is present and continuing at the local level. Perhaps, the lower contribution limits placed on giving to municipal party committees relative to those placed on state and county party committees has precluded these local party committees from assuming an even greater role.

Individuals carved out a slightly stronger role for themselves as contributors to municipal candidates in this study. Compared with making 22 percent to selected candidates in 1999, individuals made 30 percent of contributions to selected municipal candidates in 2003-2004. Finally, business and corporate contributions represented 27 percent of contributions in 1999 compared with 17 percent in 2003-2004. Nevertheless, despite the altered pattern among these three contributor types, political parties, individuals, and business/corporations provided the bulk of funding to municipal candidates under study.

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## CHAPTER IV

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### EXPENDITURES

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*Their government is suited to their tastes, and chosen by themselves.*

*Alexis de Tocqueville*

How candidates spend money reveals much about strategy and trends in campaigning. Is direct mail emphasized? Or, is radio and T.V. (cable or network) advertising the medium of choice? How about newspaper advertising? Is much importance placed on get-out-the-vote efforts? Are candidates relying on consultants and polling? What of the Internet? Do trends in spending and strategy vary in relation to the office sought? In other words, do differences in strategy exist between local candidates and their legislative counterparts, for example? These questions will be answered in this chapter, which analyzes spending patterns among the 50 randomly selected municipal campaigns.

In total, candidates for municipal office throughout the State spent \$144 million between 1994 and 2004. This figure includes spending by local candidates in general elections as well as in May municipal elections. Though spending totals were uneven from year to year, depending upon the particular municipalities conducting elections, expenditures increased by 58 percent from 1994 to 2004, from \$9.1 million to \$14.4 million. In at least one of these years, 2002, expenditures by all municipal candidates exceeded \$20 million.

When spending activity of local candidates was compared with that of legislative candidates, it was noted in Local Campaign Financing:

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## Expenditures

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This trend resembled that displayed by legislative candidates during 1987-1997, analyzed in Trends In Legislative Campaign Financing: 1987-1997. The study noted that expenditures by legislative candidates “rose by 60 percent between 1987 and 1997, increasing to \$20.7 million from \$12.9 million.” Though two years later spending by local candidates still had not reached the level reported by legislative candidates in 1997, the data indicates that local candidates have been intensifying their spending at approximately the same rate as their legislative counterparts.<sup>18</sup>

The statement cited above remains largely true today. The trend in expenditures for both candidate categories is upward, except that spending reported by legislative candidates in 2003 increased exponentially. This incredible increase in legislative candidate spending was due to significant involvement by state and county party committees. For example, legislative candidate spending in 2003 exceeded \$40 million, resulting in a ten-year increase (1993-2003) of 165 percent. In 1993, legislative candidates had spent \$15.2 million. Municipal candidate spending, though uneven from year to year, increased by almost 60 percent from 1994-2004. As noted above, local candidate spending went from \$9.1 million to \$14.4 million in this ten-year span.

Despite the differential in the rate of increase in spending between legislative and municipal candidates during almost corresponding ten-year periods, the total amount of spending by both candidate categories was similar. In fact, in total, more money was spent by municipal candidates than by legislative candidates during the ten-year periods in question. As mentioned above, local candidates spent \$144 million from 1994-2004, whereas legislative candidates spent \$127 million between 1993 and 2003. Thus, spending by municipal candidates is substantial and requires analysis. As with other political entities, the trend in municipal candidate expenditures is increasing and the amount of money spent is significant. Certainly, this trend promises to continue into the future.

In the ensuing pages a comprehensive analysis of expenditure activity will be undertaken of campaigns in the 50 selected municipalities of varied population sizes.

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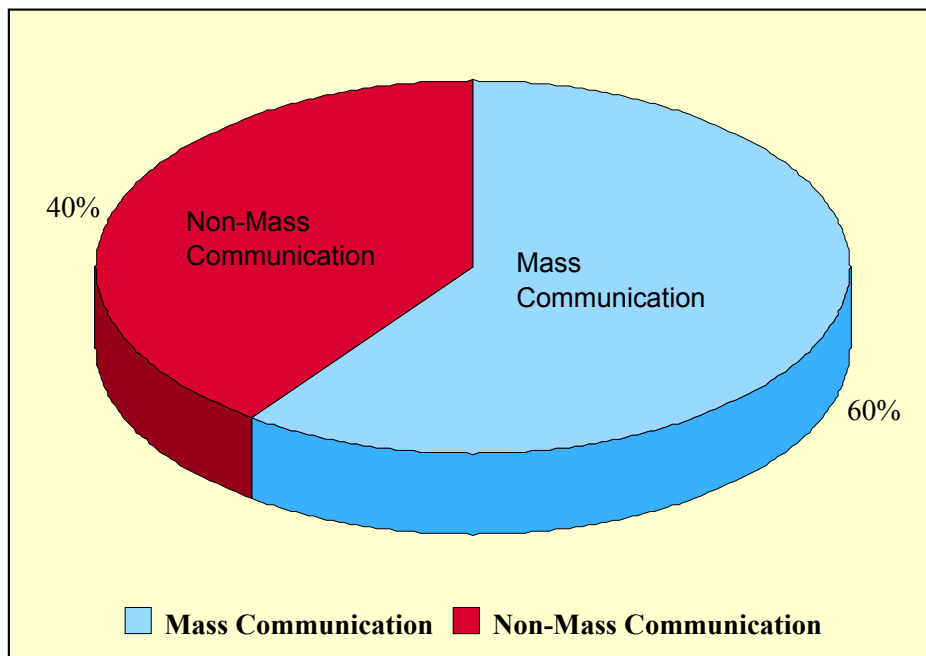
## Expenditures

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### Local Candidate Spending Strategies

Campaign reports of candidates in the 50 selected communities show that the majority of expenditures were directed toward mass communication. As indicated by Figure 3 below, 60 percent of spending went toward mass communication compared with 40 percent aimed at non-communication purposes.

**Figure 3**  
**Local Spending**



The mass communication category is split into two parts: broadcast media, including radio and cable T.V., and print media, involving direct mail, newspaper, and outdoor advertising. This category also includes mass media spending that is unidentifiable in terms of type. At times, municipal candidates did not clearly identify the purpose of their mass communication spending in their disclosure reports. Non-mass communication expenditures include those made for election-day activities, fundraising, consultants, charity, contributions to other candidates, administration, entertainment, and polling. Table 7 provides a breakdown of spending by candidates within the municipalities selected for this study.



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**Expenditures**

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**Table 7**  
**Municipal Candidate Expenditures (2003-2004)**

	<i>Amount</i>	<i>Percent All Expenditures</i>	<i>Percent Mass Communication Expenditures</i>
<i>Radio</i>	\$19,043	1%	1%
<i>Cable</i>	8,545	--	1%
<b><i>TOTAL BROADCAST</i></b>	<b>\$27,588</b>	<b>1%</b>	<b>2%</b>
<i>Direct Mail</i>	817,434	37%	62%
<i>Newspaper</i>	134,055	6%	10%
<i>Outdoor</i>	127,508	6%	10%
<b><i>TOTAL PRINT</i></b>	<b>\$1,078,997</b>	<b>49%</b>	<b>82%</b>
<i>Unidentifiable</i>	210,351	10%	16%
<b><i>TOTAL MASS COMMUNICATION</i></b>	<b>\$1,316,936</b>	<b>60%</b>	--
	<i>Amount</i>	<i>Percent</i>	
<i>Election Day</i>	\$94,818	4%	
<i>Fundraising</i>	148,479	7%	
<i>Consultants</i>	266,699	12%	
<i>Charity</i>	39,121	2%	
<i>Contributions</i>	47,316	2%	
<i>Administration</i>	175,211	8%	
<i>Entertainment</i>	60,061	3%	
<i>Polls</i>	60,154	3%	
<b><i>TOTAL NON-MASS COMMUNICATION</i></b>	<b>\$891,859</b>	<b>40%</b>	
<b><i>TOTAL</i></b>	<b>\$2,208,795</b>		

Total expenditures by candidates in the 50 randomly selected communities totaled \$2.2 million dollars. As noted above, mass communication expenditures amounted to 60 percent of all spending. Spending for purposes other than mass media equaled 40 percent of total

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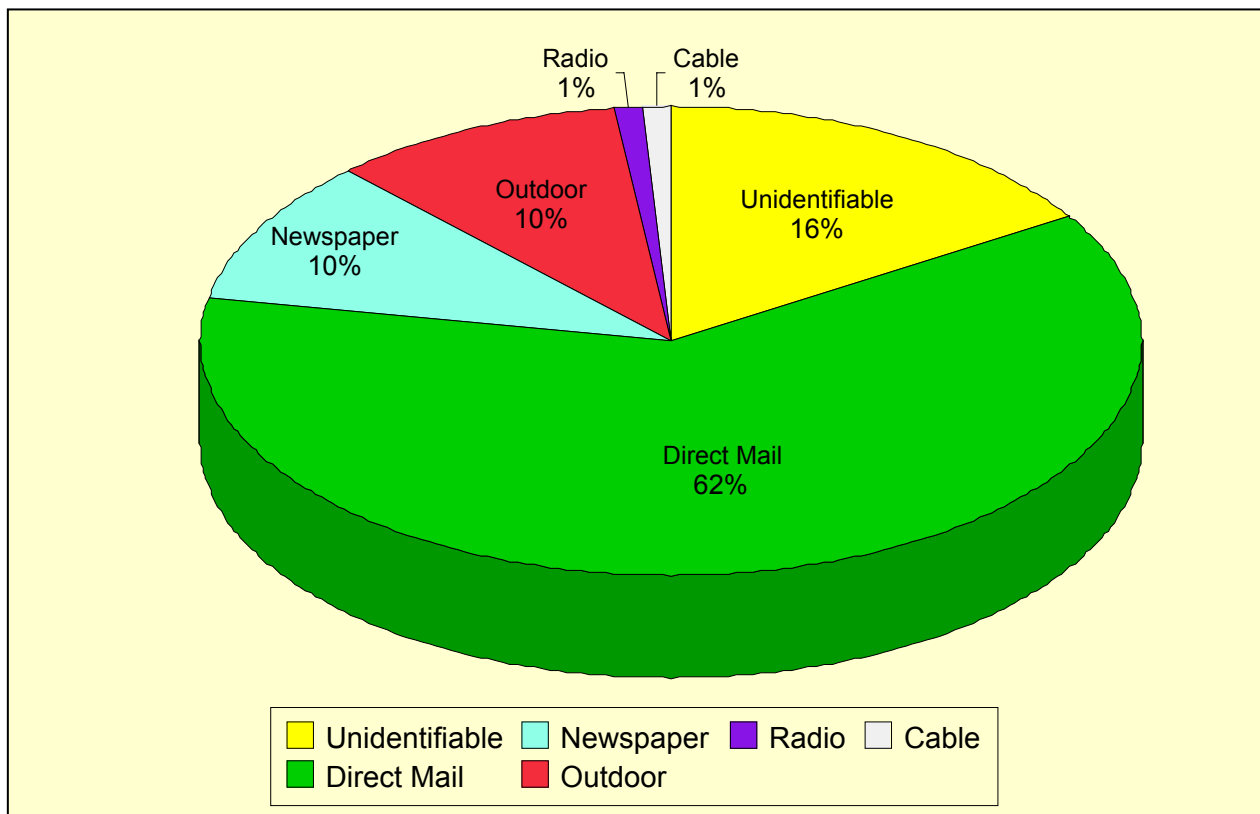
## Expenditures

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expenditures. Within the mass communication category, print advertising accounted for almost all spending, at 82 percent of total media expenditures. In terms of broadcast media advertising, two percent of mass communication expenditures went for this purpose. All told, 16 percent of mass media spending was unidentifiable.

Figure 4 below depicts the distribution of spending for mass media by candidates in the 50 selected municipalities. As indicated, direct mail accounted for 62 percent of mass media spending, newspaper advertising equaled ten percent, and outdoor advertising was responsible for an additional ten percent of total spending for this purpose. Regarding broadcast advertising, radio and cable T.V. each accounted for one percent of mass communication spending by local candidates.

**Figure 4**  
**Distribution of Mass Communication Expenditures by Municipal Candidates**



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## **Expenditures**

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Indeed, expenditures made for mass communication purposes constituted the majority of spending by selected municipal candidates. However, spending for non-mass communication purposes was significant. As shown in Table 7 above, election-day expenditures accounted for four percent of spending by local candidates, fundraising equaled seven percent of spending, and expenditures for consultants comprised 12 percent of total spending. Spending on charity reached two percent of the total, contributions to other candidates amounted to two percent of expenditures, entertainment three percent, and polling three percent. Finally, expenditures for administration accounted for eight percent of expenditures made by municipal candidates in the selected communities.

### **Local Candidate Spending by Size of Municipality**

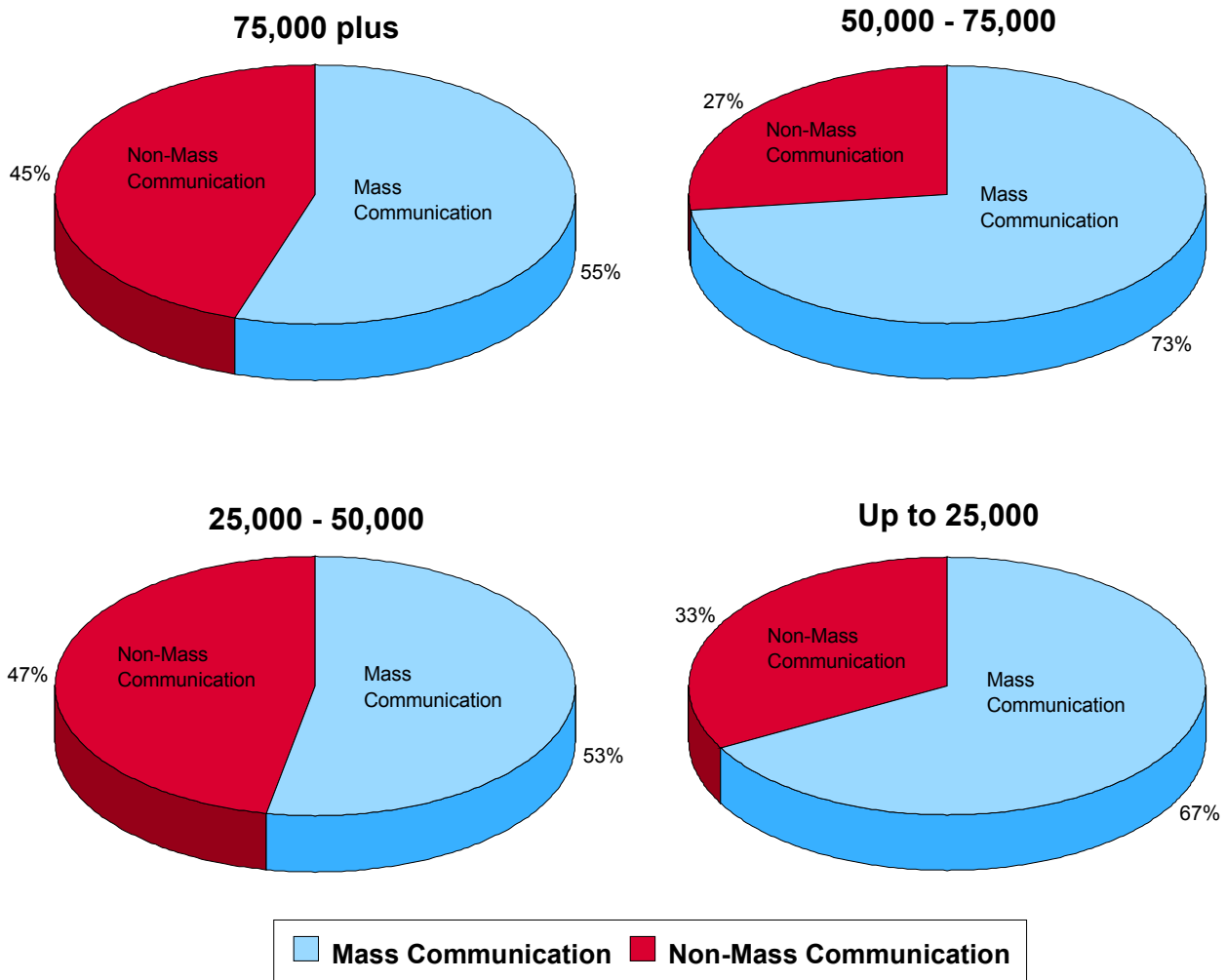
In each of the four population categories, expenditures for mass communications constituted the majority of expenditures, though in varying proportions. Figure 5 below shows the percentage of expenditures made for mass communication versus non-mass communication in each of the four population categories. In selected municipalities with populations exceeding 75,000 people, local candidates made 55 percent of expenditures for mass communication and 45 percent for non-mass communication purposes. The percentage of expenditures for mass communication rose precipitously for candidates running in municipalities with populations between 50,000 and 75,000. In these communities, candidates spent 73 percent of their funds for mass communication and 27 percent for non-mass communication purposes. Interestingly, in communities with populations between 25,000 and 50,000 people, 53 percent of funding by candidates went toward mass communication, while 47 percent went toward non-mass communication activities. Finally, in municipalities containing up to 25,000 residents, the percentage of expenditures by candidates going toward mass communication jumped again. In these small communities, local candidates spent 67 percent of their funds on mass communication and 33 percent of their expenditures on non-mass communication purposes.

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## Expenditures

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**Figure 5**  
**Distribution of Local Spending by Population**



In Table 8 below, a breakdown of spending by candidates in the 50 selected municipalities is provided. This table demonstrates the spending patterns of candidates according to the size of the municipality in which they are running for office.

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## Expenditures

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**Table 8**  
**Distribution of Spending by Population**

	75,000 or More	% All	% Mass	50,000 to 75,000	% All	% Mass	25,000 to 50,000	% All	% Mass	Up to 25,000	% All	% Mass
<i>Radio</i>	\$200	--	--	\$1,007	--	1%	\$9,266	1%	2%	\$8,570	1%	2%
<i>Cable</i>	1,370	--	--	--	--	--	4,219	--	1%	2,954	--	1%
<b>TOTAL BROADCAST</b>	<b>\$1,570</b>	--	--	<b>\$1,007</b>	--	<b>1%</b>	<b>\$13,485</b>	<b>2%</b>	<b>4%</b>	<b>\$11,524</b>	<b>2%</b>	<b>3%</b>
<i>Direct Mail</i>	\$211,791	31%	57%	\$91,746	46%	62%	\$262,071	39%	73%	\$251,824	38%	68%
<i>Newspaper</i>	35,251	5%	9%	3,212	2%	2%	31,237	5%	9%	64,354	9%	10%
<i>Outdoor</i>	27,720	4%	7%	24,253	12%	16%	22,559	3%	6%	52,974	8%	8%
<b>TOTAL PRINT</b>	<b>\$274,726</b>	<b>41%</b>	<b>74%</b>	<b>\$119,211</b>	<b>60%</b>	<b>81%</b>	<b>\$315,867</b>	<b>46%</b>	<b>88%</b>	<b>\$369,152</b>	<b>56%</b>	<b>85%</b>
<i>Unidentifiable</i>	97,175	14%	26%	27,028	13%	18%	30,585	4%	8%	55,561	9%	13%
<b>TOTAL MASS COMM.</b>	<b>\$373,471</b>	<b>55%</b>		<b>\$147,246</b>	<b>73%</b>		<b>\$359,937</b>	<b>53%</b>		<b>\$436,237</b>	<b>67%</b>	<b>67%</b>
<i>Election Day</i>	16,187	2%		9,252	5%		34,106	5%		35,272	5%	
<i>Fundraising</i>	82,033	12%		9,613	5%		20,472	3%		36,360	5%	
<i>Consultants</i>	76,530	11%		2,400	1%		180,464	26%		7,305	1%	
<i>Charity</i>	23,137	3%		5,755	3%		4,050	--		6,178	1%	
<i>Contributions</i>	25,738	4%		1,524	1%		4,410	--		15,643	2%	
<i>Administration</i>	28,073	4%		17,438	9%		33,370	5%		96,328	15%	
<i>Entertainments</i>	9,285	1%		7,037	4%		25,468	3%		18,270	3%	
<i>Polls</i>	40,466	6%		--	--		18,093	3%		1,594	--	
<b>TOTAL NON-MASS COMM.</b>	<b>\$301,449</b>	<b>45%</b>		<b>\$53,017</b>	<b>27%</b>		<b>\$320,433</b>	<b>47%</b>		<b>\$216,950</b>	<b>33%</b>	
<b>TOTAL</b>	<b>\$674,920</b>			<b>\$200,263</b>			<b>\$680,370</b>			<b>\$653,187</b>		

Total expenditures by candidates running for office in the largest communities amounted to \$674,920. Out of this amount 55 percent of total expenditures went toward mass communication. Within this mass communication category, print advertising accounted for 74 percent of all media expenditures. Broadcast media, on the other hand, did not equal even one percent of mass media spending. Those mass communication expenditures labeled unidentifiable accounted for 26 percent of mass communication expenditures made by candidates in communities of 75,000 people or more.

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## **Expenditures**

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In terms of spending on non-communication purposes by candidates in municipalities of 75,000 or more people, election-day expenditures accounted for two percent of all expenditures, fundraising for 12 percent, and consultants for 11 percent. Spending on charity reached three percent of all expenditures, contributions to other candidates amounted to four percent, and spending on administration equaled four percent of total expenditures. Finally, entertainment costs reached one percent of all spending and expenditures for polling accounted for six percent of total expenditures. As noted above, total non-mass media spending for candidates in municipalities of 75,000 people or more totaled \$301,449, or 45 percent of all expenditures.

In communities ranging in population of between 50,000 and 75,000 people, more than \$200,000 was spent by candidates running in the selected municipalities within this category. Mass communication expenditures accounted for 73 percent of all expenditures made by these candidates. Print advertising was responsible for 81 percent of mass media spending, whereas broadcast advertising accounted for only one percent of mass communication expenditures. Those mass communication expenditures that were unidentifiable amounted to 18 percent of total spending on advertising.

In relation to spending on non-mass communication items, candidates contesting elections in municipalities of 50,000 to 75,000 people made five percent of their expenditures for election-day activities and five percent for fundraising. An additional one percent of candidate expenditures went toward consultants and three percent toward charity. Contributions to other candidates accounted for one percent of expenditures while four percent of spending went toward entertainment. Finally, spending on administration by candidates in this population category reached nine percent of total expenditures. All told, non-communication expenditures by candidates in municipalities ranging from 50,000 to 75,000 people amounted to 27 percent of total expenditures in this category.

Candidates in municipalities of between 25,000 and 50,000 people that were selected to participate in this study spent a total of \$680,370. Out of this amount 53 percent of spending went toward mass communication. Print advertising accounted for 88 percent of mass media

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## Expenditures

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spending compared with broadcast advertising, which was responsible for four percent of mass media expenditures. Those mass communication expenditures that were unidentifiable reached eight percent of mass media spending.

Regarding non-mass communication spending, election-day expenditures by candidates in this population category accounted for five percent of all expenditures as did fundraising. Spending on consultants by candidates in the 25,000 to 50,000 population range amounted to an astounding 26 percent while spending on charity was negligible. Contributions to other candidates amounted to under one percent, while spending on entertainment and polls reached three percent and three percent respectively. Finally, expenditures for administrative purposes amounted to five percent of total. Of the total \$680,370 spent by candidates in communities of between 25,000 and 50,000 people, 47 percent of expenditures went toward non-mass communication purposes.

In the smallest communities, with populations of up to 25,000 people, selected candidates spent \$653,187. Out of this amount 67 percent of total was spent on mass communication purposes. Within the mass communication category, 85 percent of spending went toward print advertising compared with three percent of expenditures that went toward broadcast advertising. Unidentifiable mass communication expenditures accounted for 13 percent of spending on mass media.

With respect to non-mass communication expenditures, election-day activities accounted for five percent of total spending as did expenditures for fundraising. Spending on consultants and charity reached one percent each, while spending on contributions to other candidates accounted for two percent of all spending. Entertainment accounted for three percent of total spending while spending on polls was negligible. Finally, candidates in selected communities of up to 25,000 people made 15 percent of their expenditures for administrative purposes. Altogether 33 percent of spending went toward non-mass communication purposes.

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## Expenditures

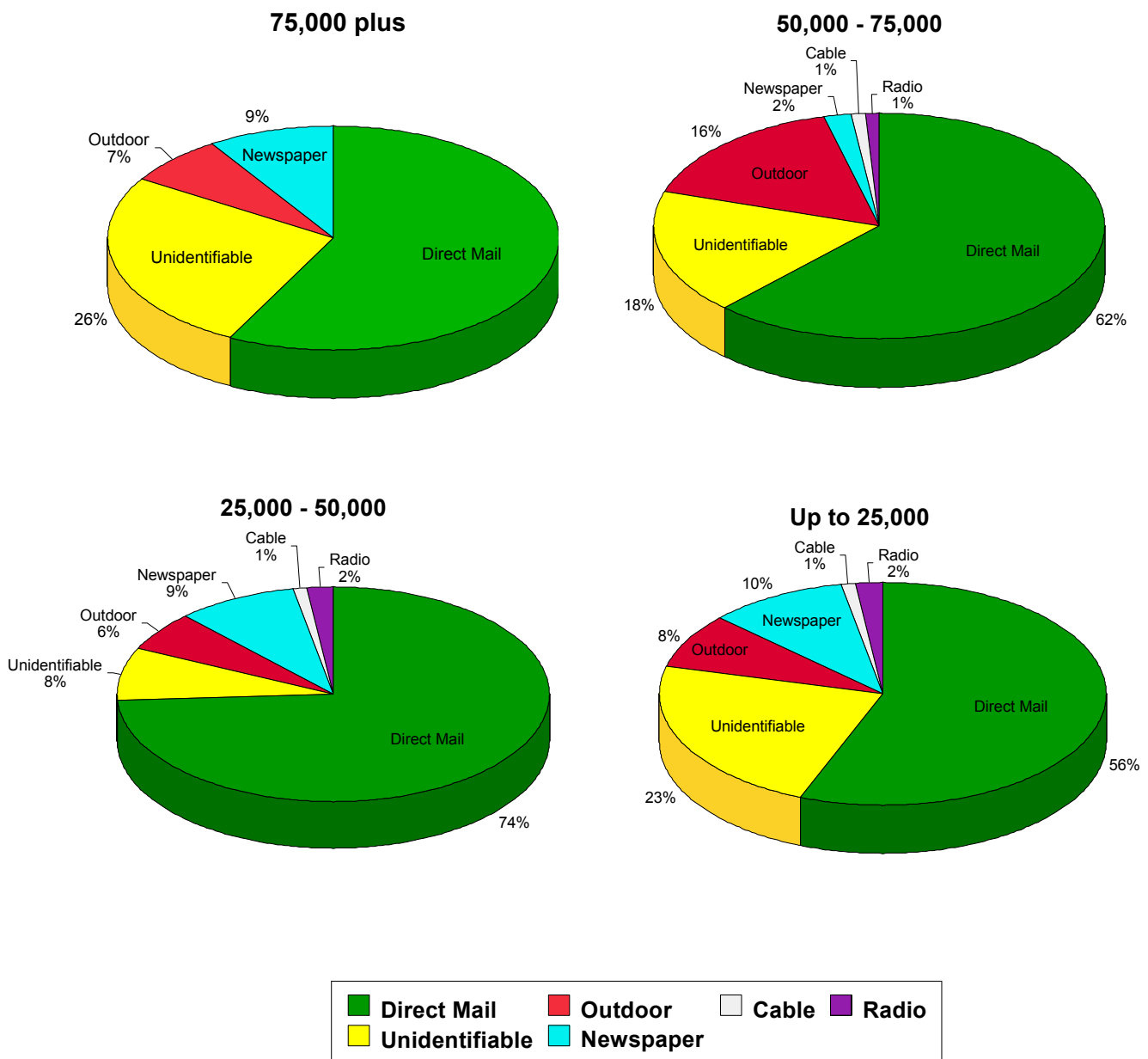
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### Spending on Mass Communication by Population

Figure 6 below shows the distribution of mass communication spending by candidates within selected municipalities based on population.

**Figure 6**

**Distribution of Mass Communication by Population**





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## Expenditures

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While candidates running for election in municipalities falling within the four population categories did display differences in their spending on mass communication, they did not differ in one respect; all candidates, regardless of the size of the community, spent the majority of their mass communication money on direct mail. For example, candidates in municipalities of more than 75,000 people spent 57 percent of their money on direct mail. These same candidates spent nine percent on newspaper advertising and seven percent on outdoor advertising, including billboards and lawn signs. A total of 26 percent of mass communication expenditures by candidates in this population class were unidentifiable, while less than one percent were for radio and cable T.V. combined.

Candidates seeking election in municipalities of between 50,000 and 75,000 people made 62 percent of their expenditures for direct mail. In these communities, outdoor advertising comprised 16 percent of mass media expenditures, whereas, newspaper advertising involved only two percent of this spending. Cable T.V. and radio advertising amounted to one percent and one percent of mass communication expenditures respectively, while expenditures that were unidentifiable accounted for 18 percent of media spending.

Within communities of between 25,000 to 50,000 population an even larger percentage of mass communication expenditures were committed to direct mail. Candidates in these communities spent 73 percent of their mass communication dollars on direct mail. Nine percent of these dollars were directed toward newspaper advertising, and six percent went toward outdoor advertising. Radio comprised two percent of mass media spending, cable T.V. one percent and those expenditures that were unidentifiable accounted for eight percent of mass communication spending by candidates in this population class.

Finally, in communities of up to 25,000 people, direct mail constituted 68 percent of mass communication expenditures. Newspaper advertising consumed ten percent of mass media dollars and outdoor advertising eight percent. Radio advertising comprised two percent of mass communication spending while cable T.V. made up only one percent of this spending. Those

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## Expenditures

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mass media expenditures that were unidentifiable accounted for 13 percent of advertising spending among candidates in this population class.

As noted above, spending for mass media purposes constituted the bulk of expenditures by candidates in all four municipal population classes. Mass communication, including broadcast and print media advertising, comprised 60 percent of expenditures made by candidates in the 50 selected New Jersey communities. Non-mass communication comprised 40 percent of total expenditures.

Interestingly, there were some differences between candidates representing the various municipal population categories in terms of spending within both the mass communication category and the non-mass communication category. In other words, the proportion of spending on each specific function within these categories varied in some respects, depending on the population class. For example, while direct mail comprised the majority of mass communication spending in all population classes, within municipalities of between 25,000 to 50,000 people direct mail constituted 73 percent of spending. On the other hand, in the two largest communities direct mail made up 57 percent and 62 percent of spending respectively. Within the 25,000 to 50,000 category, direct mail comprised 68 percent of mass communication expenditures. Another difference was in spending on outdoor advertising. About 16 percent of mass communication spending went toward this purpose in municipalities of between 50,000 and 75,000 people. In the other three population categories, outdoor advertising ranged between six and eight percent of mass communication spending. Interestingly, in municipalities of between 50,000 and 75,000 people, newspaper advertising constituted only two percent of mass communication spending, whereas, in the other three population categories spending for this purpose ranged between nine and ten percent.

There were differences in the non-mass communication category as well. Spending on consultants reached 26 percent of all spending in municipalities with populations between 25,000 and 50,000 people and 11 percent in the largest communities. In the other two population categories (50,000 to 75,000 and up to 25,000), spending for consultants was negligible.

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## **Expenditures**

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Fundraising comprised a significant proportion of total spending in the more than 75,000 category, whereas, fundraising ranged between three and five percent in the three other municipal population classes. Finally, polling was conducted in the largest communities and in communities with populations ranging between 25,000 and 50,000 people, but was non-existent in the other two categories.

### **Municipal/Legislative Strategies Compared**

As noted, candidates for municipal office displayed a distinct preference for spending the majority of their funds on mass communication. Among candidates running in the 50 communities selected for review, 60 percent of spending went toward mass media advertising. An additional 40 percent was directed toward non-mass communication purposes.

Within the mass communication category, direct mail was unquestionably the medium of choice for municipal candidates. These candidates determined that direct mail, including mail delivered door-to-door by either volunteers, or the candidates themselves, was the best way to reach local voters with the candidate's message about important local issues. They spent 62 percent of their mass media dollars on direct mail. Newspaper and outdoor advertising was also used frequently. Spending on newspaper ads and on lawn signs, etc., amounted to ten percent of total for each category. For municipal candidates, expenditures for cable T.V. and radio advertising was practically non-existent. In all, 82 percent of mass communication spending was on print advertising, two percent on broadcast advertising, and 16 percent was unidentifiable.

Legislative candidates, on the other hand, pursued a different path. Though spending on mass communication was of importance to legislative candidates, spending for this purpose was not undertaken to the extent that it was for municipal candidates. In fact, legislative candidates, as demonstrated in Legislative Election 2003: The Rise of Party-Oriented Campaigning, spent an equal proportion of funds on non-mass communication as they did on mass media. Moreover, as shown in Figure 7, there were differences between the two sets of candidates within the mass communication category as well.

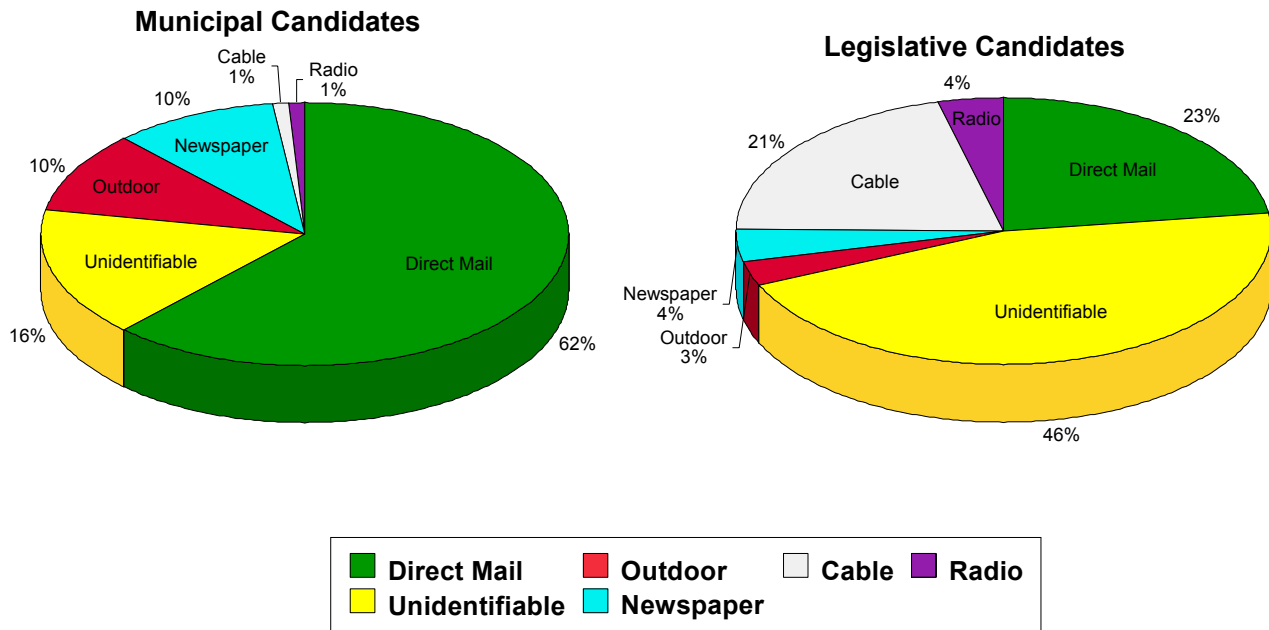
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## Expenditures

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**Figure 7**  
**Distribution of Mass Communication Expenditures**  
**Municipal and Legislative**

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Rather than spend an overriding majority of their mass communication funds on direct mail as did municipal candidates, legislative candidates committed 23 percent of these dollars to mailings. Moreover, an almost equal proportion of mass media funds, 21 percent, was directed toward cable T.V. by legislative candidates. As noted above, spending on cable T.V. by municipal candidates was negligible. Finally, spending by legislative candidates on radio, newspaper, and outdoor advertising amounted to four percent, four percent and three percent of total expenditures respectively. Spending by municipal candidates was negligible with regard to radio advertising and more significant than legislative candidates with respect to newspaper and outdoor advertising.

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## Expenditures

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Expenditure activity by legislative candidates on non-communication purposes was similar to that of municipal candidates, except in two areas. The two exceptions are fundraising and contributions to other candidates. While municipal candidates committed seven percent of expenditures for fundraising, legislative candidates spent only two percent for this purpose. And, whereas, municipal candidates dedicated two percent of their expenditures for the purpose of contributing to other candidates, the percentage was significantly higher for legislative candidates. About 20 percent of legislative expenditures went toward contributions to other candidates.

The differences in spending on mass communication and non-mass communication between municipal and legislative candidates is explained by the nature of the office sought, the difference in responsibilities, and the size of governmental jurisdiction, both in terms of population and geography. Legislative candidates use cable and radio advertising to a greater extent than municipal candidates because it allows them to reach more people with a more general message. Municipal candidates, at this point at least, appear to view spending for these purposes as not cost-effective because their message would reach people who would not be voting for them, and their ads would be in competition with other candidates, perhaps municipal, county, legislative, and maybe even gubernatorial.

On the other hand, municipal candidates, running more grassroots campaigns, prefer direct mail or mail delivered by volunteers or themselves. The use of direct mail allows for greater micro-targeting of local issues. Certainly, legislative candidates use direct mail in a significant, but not as substantial way. As campaigns for the Legislature have grown more sophisticated, this medium permits these candidates to micro-target issues within communities in their districts as well. But, they also must relay a more general message about issues the State Legislature is dealing with that affect all citizens in their respective districts. For this reason, they use broadcast advertising to a greater extent.

In the area of fundraising, municipal candidates, because of the variance in contribution limitations on contributions to municipal party committees with those of state and county party

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## **Expenditures**

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committees, must rely on their own fundraising to a greater extent. Campaign laws that favor political party entities at the state and county levels have resulted in more dollars flowing to these entities, more involvement by these entities in legislative campaigns, and seemingly less fundraising by legislative candidates.

Finally, municipal candidates provide less funding to each other than legislative candidates. Legislative candidates, to a greater extent, form candidate and joint candidate committees. Thus, there is more transfer of money between these respective committees. Also, legislative candidates, particularly those in safe districts, are apt to contribute more to their colleagues in hopes of gaining support for legislative party leadership.

### **Conclusion**

Expenditure activity undertaken by candidates for municipal office demonstrates that they spent the bulk of their campaign dollars on mass communication. About 60 percent of spending went for this purpose compared with 40 percent for non-communication. Overall, within the mass communication category, the medium of choice for municipal candidates was direct mail followed by newspaper and outdoor advertising. Among local candidates, radio and cable T.V. advertising was used minimally. This pattern of spending on mass communication differed slightly from that of legislative candidates. Legislative candidates spent virtually equal percentages on cable T.V. and direct mail. The differences are explained by the office sought, a distinction in responsibilities, and the size of the governmental jurisdiction.

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## CONCLUSION

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*In America I met with men who secretly aspired to destroy the democratic institutions of the union; in England I found others who openly attacked the aristocracy; but I found no one who did not regard provincial independence as a great good. In both countries I heard a thousand different causes assigned for the evils of the State, but the local system was never mentioned among them. I heard citizens attribute the power and prosperity of their country to a multitude of reasons, but they all placed the advantages of local institutions in the foremost rank.*

*Alexis de Tocqueville*

The detailed analysis of financial activity of all municipal candidates running in 2003 and 2004, and the overview of this activity between 1994 and 2004, demonstrates that financial activity of candidates at this level of politics is following a similar path of that demonstrated by legislative candidates and state and county party entities. All told, general election and May municipal candidates together raised \$162 million over the ten-year period. For their part, general election candidates for municipal office throughout New Jersey raised \$10.7 million in the general election of 2004. This figure represents a 98 percent increase over 1994, when in that year these candidates raised \$5.4 million. Municipal candidates running in May, non-partisan elections raised \$3.8 million in 2004, a lower amount than that raised in 1994. However, the analysis of campaign financial activity vis-à-vis May municipal candidates must be treated differently than that of general election candidates. In order to obtain a true idea of the trend in campaign financial activity by May municipal candidates, similar election years must be compared rather than the base year 1994 and the out year 2004. In May municipal elections, there are significant differences from year to year in terms of the number of communities holding non-partisan elections and the size of those communities. To compare activity in 1994 with that

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## **Conclusion**

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of 2004 gives the false impression that financial activity in these elections is declining. Rather, for a more accurate depiction of trends in May municipal financial activity, it is incumbent that like years be compared. While it is true that municipal general elections vary from year to year, depending on whether or not mayoralty elections are held, and in which communities, these differences are considerably less amplified than in May municipal elections. Thus, in May municipal elections occurring between the like years 1994 and 2002, fundraising increased by 161 percent, from \$5.4 million to \$14.1 million. Moreover, between the May election of 1995 and 2003, receipts rose from \$2.7 to \$3.1 million, or by 15 percent. Finally, during the period 1996 through 2004, receipts by May municipal candidates increased by 66 percent, from \$2.4 million to \$4 million.

Expenditure activity by local candidates in both general and May municipal elections followed a similar path. Candidates in general elections spent \$4.8 million in 1994 and \$10.6 million in 2004. During this ten-year period, expenditures rose by 120 percent. Expenditure activity between like election years rose for May municipal candidates as well. Between the elections of 1994 and 2002, spending by May municipal candidates went from \$4.3 million to \$12.8 million, a 198 percent increase. Between 1995 and 2003, expenditures in non-partisan May elections increased from \$2.4 to \$2.7 million, or by 13 percent. Finally, during the period 1996 through 2004, spending by May municipal candidates rose from \$2.2 million to \$3.8 million, for a 72 percent gain. Over the course of the ten-year period 1994-2004, expenditures by municipal general and non-partisan May candidates amounted to about \$144 million.

### **Sources of Contributions**

In reviewing the sources of money contributed to local candidates during this time span, 50 municipalities were selected randomly from among all New Jersey communities. In terms of the contribution review, the financial activity of candidates running in the 2003-2004 elections was evaluated. Thus, candidates participating in the general election as well as those participating in May non-partisan elections in 2003 and 2004 had an equal chance of being selected and were combined together for the detailed study of contribution sources. As the result



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## Conclusion

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of this study, which involved coding of all contributions, data entry, and analysis, it was determined that political parties exhibited the highest rate of contributor activity. Political parties made 34 percent of contributions to selected local candidates. It should be pointed out that candidate committees made an additional 14 percent of contributions. Thus, taken together, these party-related entities were responsible for 48 percent of contributions made to municipal candidates in the 2004 municipal elections. Individual contributors played an influential role in local contests as well, as did local businesses and corporations. Contributions from individuals accounted for 30 percent of contributions to municipal candidates, whereas businesses and corporations were responsible for 17 percent of receipts. Contribution activity by PACs and unions was negligible at this level of politics.

In comparing sources of contributions between municipalities of different sizes, there were, however, certain demonstrable differences. While activity by political parties was strong in each population category, it was particularly dominant in elections held in municipalities with between 50,000 and 75,000 people. Candidates in those communities received 72 percent of their funds from political party committees. By contrast, in municipalities of over 75,000; people, individuals, and business interests held sway. Candidates in those communities received 42 percent of their money from individual contributors and 28 percent from business and corporate contributors. In these large communities, political party committees made 18 percent of contributions to candidates.

While throughout the four population categories, the proportion of contributions made by each contributor type remained fairly consistent, an interesting twist occurred within the 25,000 to 50,000 population bracket. Candidates in these communities received 39 percent of their money from other candidate committees. But, it must be pointed out that candidates running for the same office are permitted to give unlimited amounts to each other. In this population category, one candidate loaned \$120,000 to his joint candidates committee from his candidate committee. Yet, even without this amount included, candidate committee contributions would amount to 17 percent of contributions, a percentage much higher than in other population categories.

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## Conclusion

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### Expenditures

Regarding expenditure activity by local candidates participating in municipal elections in 50 selected communities, there were some interesting findings. While it was not surprising that candidates would spend the majority of their funds on communicating with voters, what was of interest was how those mass communication dollars were spent. Moreover, there were some interesting developments vis-à-vis spending in the non-mass communication category. For example, while 62 percent of mass communication dollars was committed to direct mail, which includes hand delivered fliers, a mere one percent of media dollars went toward radio and cable T.V. respectively. With cable T.V. more localized, it was anticipated that municipal candidates would increasingly use cable as a means of promoting their candidacies. These candidates did use the old standbys of newspaper advertising and outdoor advertising, including lawn signs, as vehicles for promoting their candidacies and increasing their name recognition. Spending on newspaper advertising accounted for ten percent of mass media expenditures while spending on outdoor advertising amounted to an additional ten percent of expenditures. Evidently, local candidates, who would compete with state and county candidates for air time, concluded that broadcast advertising is not the best medium upon which to spend campaign dollars and obtain maximum exposure. Print advertising, namely direct mail, newspaper, and outdoor advertising, is preferable to being lost in a sea of radio and cable advertising.

Perhaps, consultants provided certain guidance in implementing media strategy. The data indicates that among non-mass communication expenditures, spending on consultants proved significant. In terms of overall spending by municipal candidates in selected communities, expenditures for consultants constituted 12 percent of total spending. Thus, the use of consultants in campaigns for local office appears to becoming more common. Spending on administration and fundraising reached eight percent and seven percent of total respectively. All other non-communication spending was minimal.

Patterns of spending by candidates within the four municipal population categories essentially reflected that represented by the entire universe of candidates cited immediately

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## **Conclusion**

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above, with certain exceptions. For example, in each category spending on mass communication was dominant, but with spending for this purpose reaching 73 percent of all expenditures in the 50,000 population category. Further, while spending on radio and cable T.V. was minimal in each population category, direct mail, while preponderant in each, nevertheless, ranged from 73 percent of mass media spending in the 25,000 to 50,000 class to 50 percent of media spending in the smallest communities. Outdoor advertising was most significant in communities with populations of between 50,000 and 75,000 people. As a percentage of mass communication spending, it reached 16 percent in this population category. Newspaper advertising approached ten percent of mass media spending in every population class except in that of 50,000 to 75,000. Only two percent of this spending went toward this purpose in municipalities of this size.

Throughout the four municipal population classes spending on non-mass communication did vary to a greater extent than spending on mass communication. For example, in communities of between 25,000 to 50,000 people, expenditures related to consultants amounted to 26 percent of all spending. In the largest municipalities, expenditures for this purpose reached 11 percent. However, in communities of 50,000 to 75,000 residents, and in the smallest municipalities, expenditures for this purpose only amounted to one percent. Polling occurred in the largest communities and in municipalities of between 25,000 to 50,000 people. Six percent of expenditures went for polling in the largest communities and three percent in the 25,000 to 50,000 class. Thus, there is a correlation between polling, the use of direct mail, and the use of consultants. In other words, candidates in the largest communities, and those in communities of between 25,000 and 50,000 people, spent significantly on consultants. And, it was within these municipalities, that candidates spent the highest proportion of funds on direct mail and polling.

### **Comparison of Municipal and Legislative Candidate Fundraising**

In Legislative Election 2003: The Rise of Party-Oriented Campaigning, it stated that “during the general election of 2003, party entities, including state, county, and municipal party committees, as well as legislative leadership committees, made 63 percent of contributions to legislative candidates.”<sup>19</sup> In explaining the genesis of this phenomenon, the report pointed to the

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## Conclusion

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1989 U.S. Supreme Court decision in Eu vs. San Francisco Democratic Central Committee and the 1993 Campaign Finance Reform Law. The Eu decision permitted parties to participate in primary elections while the campaign finance reforms advantaged political parties in terms of fundraising and unlimited spending on their candidates.

At the municipal level of politics, political parties and related party entities are also extremely significant players, but not as yet to the same degree as at the legislative level. This occurrence may be explained by the fact that the limit on contributions to municipal party committees is \$7,200 per year compared with \$25,000 per year to state party committees and \$37,000 per year to county party committees. There are other differences as well between municipal and legislative candidates in terms of their financial resources. Individual contributors carry more weight at the local level than at the legislative level. While municipal candidates received 30 percent of these contributions from individuals, legislative candidates received just 11 percent of funds from individual contributors. Municipal candidates were supported to a greater degree by local businesses than were legislative candidates. While 17 percent of local candidate funds derived from business, 11 percent of legislative contributions came from this source. Finally, PACs were more engaged at the legislative level, providing 13 percent of funds, than at the local level, where just four percent of contributions derived from PACs.

The contrast between municipal and legislative candidates in terms of sources of funding can be explained from two standpoints: the campaign finance law and differences in the types of issues being handled.

First, the campaign finance law in New Jersey allows state and county party entities to receive contributions in amounts that are substantially higher than for any other entity, including that for municipal party committees. Moreover, these party entities are permitted to spend unlimited amounts of money on candidates. As pointed out in previous white paper studies, these entities have become dominant at the state level in particular, which is their main focus. These studies have measured the steady influence of parties at the state level since the inception of the 1993 reforms, recording the increasing amount of contribution activity vis-à-vis legislative

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## **Conclusion**

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candidates. This same activity has not yet taken place at the local level, in part because the limit on contributions to municipal party committees is not significantly higher than for other contributors. Unlike at the state and county level, the money is not flowing into and out of municipal party committees in record amounts.

Second, the types of issues being handled by municipal officials is different in many respects than that of state legislators. The State Legislature makes state law, law that affects not only individuals, but unions, businesses, regulated industries, educational institutions, and various state supported programs, etc. It is responsible for setting social policy, whether or not related to the environment, adoption procedures, or gun control, to name just a few. Naturally, special interests, whether economic or ideological, will be more interested in participating at this level than at the local level; thus, the greater proportion of funding from special interests at the legislative level than at the municipal level. On the other hand, an old adage relative to local officials is “make sure you pave the roads.” Municipal government is about paving the roads, collecting garbage, police and fire protection, recreation, a strong business community, and, in terms of school boards, doing the business of education. It is about delivering services to the people in a concrete way. Thus, the sources of contributions to local candidates derive to a greater extent from individuals and business, i.e., architects, engineers, lawyers, builders, and local store owners. It is at the community level where the quality of life is most observed. And, in terms of local government, quality of life issues can best be manifested through concrete accomplishments of municipal officials who have the support of the local citizenry.

### **Spending: Local vs. Legislative Candidates**

Besides certain differences in the sources of contributions to municipal versus legislative candidates, the study found that spending patterns between local and legislative candidates were at variance as well. For example, there was a 60/40 ratio favoring mass communication for municipal candidates. Legislative candidates, on the other hand, split spending between mass communication and non-mass communication evenly. Within the mass communication category, municipal candidates spent 82 percent of the funds on print advertising and only two

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## Conclusion

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percent on broadcast advertising. Sixteen percent of mass communication spending by local candidates was unidentifiable. In contrast, legislative candidates spent 30 percent of their funds on print advertising, 25 percent on broadcast advertising, with 47 percent of spending in this category unidentifiable.

Direct mail was the medium of choice by both municipal and legislative candidates. However, while the preponderance of mass media spending was on direct mail, 62 percent by municipal candidates, just 23 percent of this spending went toward that purpose by legislative candidates. And, while spending on cable T.V. was practically non-existent at one percent for local candidates, legislative candidates found cable T.V. to be a useful advertising medium, expending 21 percent of their mass communication dollars for this purpose. Municipal candidates committed ten percent of mass communication dollars to newspaper advertising and an additional ten percent to outdoor advertising. Legislative candidates used four percent of mass media funding for newspaper advertising and three percent for outdoor advertising. Radio advertising was utilized very sparingly by local candidates. Legislative candidates committed four percent of their mass media dollars for this purpose.

The differences in mass media spending between the two sets of candidates can be explained by the nature of the office being sought, the significantly larger constituency of legislative candidates, and the larger geographical area included in legislative districts. For legislative candidates, cable T.V. is a means of communicating with a larger population of voters, yet, in a way that targets local campaigns. Unlike municipal candidates, whose message would be heard by many who would not be voting for them, and whose message may be lost in a sea of competing political advertisements, legislative candidates are at least assured that this means of advertising will reach many people in their districts who will be voting for or against them.

In terms of direct mail, or in the case of many local candidates, fliers delivered directly to homes by volunteers, or the candidates themselves, this medium is useful to both sets of candidates, but even more so to local candidates. Direct mail can be strictly directed to local

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## Conclusion

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concerns and be targeted only to those voters who are potential constituents of municipal candidates, thereby constituting the most effective use of local dollars. While direct mail is also an effective means of communicating campaign messages for legislative candidates, the wider constituency of these candidates is more conducive to a more diverse advertising strategy. Legislative candidates appear to be able to spend their money equally effectively whether for direct mail, cable T.V., or to a lesser extent on radio commercials.

Finally, in the non-mass communication category differences in spending between municipal and legislative candidates are not as pronounced. The two exceptions involve the fundraising and contribution category. Municipal candidates spent seven percent of their money on fundraising, whereas, just two percent of legislative candidate dollars went toward this purpose. This situation is explained by the dominant role played by political parties at the legislative level. As noted in Legislative Election 2003: The Rise of Party-Oriented Campaigning, 63 percent of legislative contributions derived from party entities. Thus, the party entities are doing the fundraising, allowing candidates more time for campaigning. Municipal candidates, by contrast, received less of a proportion of funds from political party entities.

Finally, in terms of contributions to other candidates, legislative candidates were much more active than municipal candidates. While municipal candidates contributed two percent of their funds to other candidates, legislative candidates provided 20 percent of their funds to other candidates. Legislative candidates, usually running as a team of two or three in a district, depending upon whether the State Senate is up for election, are allowed a candidate committee and/or a joint candidates committee. Often money is transferred between these entities. Legislative candidates also give to legislative candidate of their own party in other districts with an eye toward gaining support for leadership positions within the legislative majority or minority.

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## Notes

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