

# COST INDEX REPORT

# 2017

New Jersey Election Law Enforcement Commission  
P.O. Box 185, Trenton, New Jersey 08625





*State of New Jersey*

RONALD DEFILIPPIS  
Chairman

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July 1, 2016

Dear Members of the Legislature:

This 2017 “Cost Index Report” is presented to you in fulfillment of the Commission’s statutory responsibility to adjust for inflation the thresholds and limits pertaining to the Gubernatorial Public Financing Program and the thresholds applying to non-gubernatorial candidates and committees. Moreover, the Report is presented in fulfillment of the statutory requirement that the Commission recommend to the Legislature adjustments to the contribution limits pertaining to non-gubernatorial candidates and committees.

The Commission believes that the quadrennial campaign cost adjustment process fulfilled pursuant to the New Jersey Campaign Contributions and Expenditures Reporting Act, N.J.S.A. 19:44A-1 et seq., is essential to ensure the continued viability of New Jersey’s Gubernatorial Public Financing Program and the ability of non-gubernatorial candidates and committees to participate effectively in elections.

On behalf of the members of the Election Law Enforcement Commission, I am proud to present this report to the Legislature as part of the Commission’s continuous effort to serve the citizens of New Jersey.

Respectfully,

Ronald DeFilippis, Chairman

## ACKNOWLEDGEMENT

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The Commission would like to thank Deputy Director Joseph W. Donohue for the preparation of this report. He wrote the first draft and coordinated the efforts of the other staff members who worked on it. The “Cost Index Report 2017” is the eighth such analysis in a series that dates back to 1988.

Associate Legal Director Michelle R. Levy, Legal Director Demery J. Roberts, and Compliance Director Stephanie A. Olivo reviewed the text and legal citations in it.

Director of Finance and Administration Christopher Mistichelli, Fiscal Assistant Christine Clevenger, and Research Assistant Steven Kimmelman checked the accuracy of the report’s data. Executive Director Jeffrey M. Brindle served as a general editor and Administrative Assistant Elbia L. Zeppetelli added her usual creative touch to the cover, word processing, and graphics.

ELEC would like to extend its special gratitude to Vincent Letang, Executive Vice President and Director of Global Forecasting for Magna Global, and Cat Stewart, Senior Forecasting Analyst at Magna Global, for the critical media inflation data they graciously provided for this report.

Appreciation also is extended to Carol Neiman, long-time ELEC Director of Technology, for compiling expense data for gubernatorial candidates before her departure from ELEC on November 30, 2015 due to retirement.



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# INTRODUCTION

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New Jersey was the first state in the nation to provide public funds to candidates for governor. Its Gubernatorial Public Financing Program remains a national model.

The program was enacted in 1974 as an amendment to “The New Jersey Campaign Contributions and Expenditures Reporting Act.” It provided public matching funds to qualifying candidates starting with the 1977 general election for governor. In 1980, the program was extended to gubernatorial primary elections.

Among the goals of the program are to allow candidates of limited means to run for governor and to eliminate undue influence from the process. From both standpoints, the program has been a success.

Since its inception, 69 candidates have received \$117 million in public matching funds. That amounts to just \$5.00 per vote cast in those elections. In exchange, voters have been rewarded with publicly-financed elections that have been issue-oriented and scandal-free.

The program has allowed qualified candidates to mount competitive campaigns and has protected the integrity of the gubernatorial electoral process. The program has enabled three Republicans and three Democrats to win the office of Governor, and, in some cases, helped them win reelection.

One of the reasons for the program’s continued success is the fact that contribution limits and other thresholds are adjusted regularly to offset inflation.

<b>YEAR</b>	<b>LIMIT</b>
1977	\$ 600
1981	\$ 800
1985	\$ 800
1989	\$ 1,500
1993	\$ 1,800
1997	\$ 2,100
2001	\$ 2,600
2005	\$ 3,000
2009	\$ 3,400
2013	\$ 3,800
2017	\$ 4,300



# INTRODUCTION

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New Jersey’s adjustments of its gubernatorial contribution limits and thresholds have helped insulate the program from constitutional challenges.

While courts both nationally and within New Jersey generally have upheld contribution limits, they have struck down limits deemed unreasonably low. “Contribution limits that are too low . . . can harm the electoral process by preventing challengers from mounting effective campaigns against incumbent officeholders, thereby reducing democratic accountability,” stated the majority opinion in *Randall et al. vs. Sorrell et al.*, which was decided by the U.S. Supreme Court on June 26, 2006.<sup>1</sup>

At the recommendation of the New Jersey Election Law Enforcement Commission (ELEC), which oversees the program, the Legislature in 1989 enabled the Commission to make quadrennial (every four years) adjustments to its gubernatorial contribution limits and thresholds.

The move again was ground-breaking. “Pursuant to a 1989 revision to the Act, New Jersey, once again a pioneer, was the first state in the nation to create a campaign cost index to ensure the sufficiency of, among other things, the contribution limits, public funds caps, qualification threshold and expenditure limits.”<sup>2</sup>

Amendments to the Campaign Act called for the quadrennial adjustment of thresholds and limits pertaining to the gubernatorial primary and general elections. Specifically, ELEC was directed to “adjust the limits” and to “establish an index reflecting the changes occurring in the general level of prices of particular goods and services . . . directly affecting the overall costs of election campaigning in this State.”<sup>3</sup>

This automatic adjustment of gubernatorial thresholds and limits was to begin with the 1993 primary and general elections using 1989 as a base.

Also in 1993, the Legislature mandated that the thresholds and contribution limits that apply to non-gubernatorial candidates and committees be automatically adjusted at the same time as gubernatorial thresholds and limits. For the first time, the cost index calculation used for the Gubernatorial Public Financing Program would be applied to the thresholds and contribution limits pertaining to non-gubernatorial candidates, joint candidates committees, continuing political committees, political party committees, legislative leadership committees, and other entities. While the Legislature authorized the change in 1993, it didn’t schedule the adjustments until the 1997 elections.



# INTRODUCTION

Another change occurred prior to the 2005 elections. In December 2004, the Legislature passed and Governor Richard J. Codey signed into law P.L. 2004, c.174. This law froze non-gubernatorial contribution limits at the then- current levels. The limits have not been increased since that time.

Further, it required that by July 1<sup>st</sup> of each year preceding a gubernatorial election, ELEC must make public a report recommending to the Legislature any future adjustment of the contribution limits applicable to non-gubernatorial candidates and committees.<sup>4</sup> The report must be transmitted to the Legislature by July 15<sup>th</sup>.

The law further states that “The Legislature shall have the option of adopting all or part of the recommended adjustments by the passage of appropriate legislation.”<sup>5</sup> In other words, Legislative approval is necessary before higher limits can take effect.

<b>YEAR</b>	<b>MILESTONE</b>
<b>1974</b>	Public Financing Program Created for General Election Candidates for Governor
<b>1980</b>	Public Matching Funds Extended to Gubernatorial Primary Elections
<b>1986</b>	ELEC Recommends Inflation Adjustments for Thresholds and Contribution Limits
<b>1989</b>	Legislature Authorizes Inflation Adjustments for Thresholds and Contribution Limits Imposed on Gubernatorial Candidates
<b>1993</b>	Legislature Authorizes Extension of Inflation Adjustments to Non-Gubernatorial Thresholds and Contribution Limits
<b>1997</b>	Automatic Inflation Adjustments for Thresholds and Contribution Limits Take Effect for First Time
<b>2004</b>	Legislature Freezes Several Non-Gubernatorial Thresholds and Contribution Limits and Authorizes ELEC to Recommend Changes

The Legislature did not change the law involving gubernatorial thresholds and limits and non-gubernatorial thresholds. These thresholds and limits continue to be automatically adjusted every four years.<sup>6</sup> The exception is that contributions to gubernatorial and non-gubernatorial committees must be in excess of \$300 before the identities of contributors are subject to disclosure requirements. This limit was frozen by P.L. 2004, c.28



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Non-gubernatorial thresholds must be adjusted by the same percentage as the one applied to gubernatorial thresholds.

No later than December 1<sup>st</sup> of the year preceding the gubernatorial election, the Commission is required to determine a cost index and make necessary adjustments to gubernatorial limits and thresholds. By December 15<sup>th</sup> of the same year, the Commission must report to the Legislature and make public its final adjustments of gubernatorial and non-gubernatorial limits and thresholds.<sup>7</sup>

The two-part report that follows fulfills the mandates set forth regarding the automatic and recommended adjustments in the “Campaign Act.” In Part One, the adjustments to the thresholds and limits pertaining to the Gubernatorial Public Financing Program are presented. In the second part, the adjustments to the thresholds pertaining to non-gubernatorial candidates and committees are presented along with recommendations to the Legislature for adjusting contribution limits applicable to non-gubernatorial candidates and committees.

The Commission is pleased to present this report to the Legislature and looks forward to its deliberations upon the recommended non-gubernatorial contribution limit adjustments.





# PART ONE

## GUBERNATORIAL PUBLIC FINANCING PROGRAM

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### Review of Gubernatorial Expenditures

At first glance, spending in the 2013 gubernatorial election was unusually low.

Candidate spending on both the primary and general elections totaled nearly \$27 million. The total was the second lowest in 36 years. Only the 1985 reelection clash between Republican Governor Tom Kean and Democrat Peter Shapiro cost less on an inflated adjusted basis (\$23 million in today's dollars).

Spending in 2013 was nearly a quarter of the record \$107 million spent in 2005 when seven Republicans ran in the primary and millionaires Jon Corzine and Doug Forrester used their personal fortunes for a high-spending contest.

Table 3 Cost of Gubernatorial Elections- Candidate Spending Only- 1977-2013 (Sorted by Year)				
YEAR	PRIMARY SPENDING	GENERAL SPENDING	BOTH ELECTIONS	INFLATION ADJUSTED
1977	\$ 5,200,000	\$ 3,309,366	\$ 8,509,366	\$ 33,326,384
1981	\$14,751,459	\$ 4,741,698	\$19,493,157	\$ 50,895,797
1985	\$ 6,224,289	\$ 4,235,184	\$10,459,473	\$ 23,070,720
1989	\$15,034,503	\$10,943,835	\$25,978,338	\$ 49,722,539
1993	\$ 9,967,456	\$12,901,061	\$22,868,517	\$ 37,550,708
1997	\$10,132,370	\$15,661,251	\$25,793,621	\$ 38,141,775
2001	\$23,019,458	\$18,214,250	\$41,233,708	\$ 55,289,510
2005	\$28,461,596	\$59,263,392	\$87,724,988	\$106,606,747
2009	\$14,807,441	\$41,292,468	\$56,099,909	\$ 62,061,686
2013	\$ 9,677,478	\$17,143,856	\$26,821,334	\$ 27,325,507

In some ways, the 2013 election was similar to 1985. Like Kean in 1985, Governor Chris Christie was riding high in popularity. He had no serious opposition in the primary election as he sought reelection to a post he first won in 2009.

There also were differences. Democrats in 1985 were undaunted by Kean's high approval rating. Six vied for their party's nomination with former Essex County Executive Peter Shapiro emerging as the winner.



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In 2013, only one was willing to take on the incumbent governor- former State Senate Majority Leader Barbara Buono (D-Middlesex).

Buono received little support from party colleagues and her private fundraising lagged. She received the smallest amount of matching public funds of any party nominee since the program began in 1977. She lost by 22 percentage points.

While candidate spending in 2013 was down, it wasn't the only spending. A growing trend due to federal court cases and legislation is for special interest groups to spend their campaign money independent of candidates and parties. The impact of those groups was huge in 2013.

Table 4 Cost of Gubernatorial Elections- Candidate and Independent Spending 1977-2013 (Sorted by Year)				
YEAR	CANDIDATES	INDEPENDENT GROUPS	TOTAL	INFLATION ADJUSTED
1977	\$ 8,509,366	\$ 10,700	\$ 8,520,066	\$ 33,368,290
1981	\$19,493,157	\$ 14,600	\$19,507,757	\$ 50,933,917
1985	\$10,459,473		\$10,459,473	\$ 23,070,720
1989	\$25,978,338	\$ 287,000	\$26,265,338	\$ 50,271,857
1993	\$22,868,517	\$ 326,000	\$23,194,517	\$ 38,096,151
1997	\$25,793,621		\$25,793,621	\$ 38,141,775
2001	\$41,233,708	\$ 6,783,119	\$48,016,827	\$ 64,384,868
2005	\$87,724,988	\$ 407,748	\$88,132,736	\$107,102,258
2009	\$56,099,909	\$14,080,168	\$70,180,077	\$ 77,638,164
2013	\$26,821,334	\$20,620,091	\$47,441,425	\$ 48,333,203

Estimated independent spending on the governor's race in 2013 set a record at \$20.6 million. It represented 43 percent of all spending. When added to candidate spending and adjusted for inflation, the full cost of the election topped \$48 million. With independent spending included, the 2013 race jumped from the ninth to the sixth most expensive race among 10 gubernatorial elections held since 1977.



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## GUBERNATORIAL PUBLIC FINANCING PROGRAM

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Table 5 Cost of Gubernatorial Elections Ranked by Total Spending 1977-2013 (Sorted by Total)		
RANK	YEAR	INFLATION ADJUSTED TOTAL
1	2005	\$107,102,258
2	2009	\$ 77,638,164
3	2001	\$ 64,384,868
4	1981	\$ 50,933,917
5	1989	\$ 50,271,857
6	2013	\$ 48,333,203
7	1993	\$ 38,096,151
8	1997	\$ 38,141,775
9	1977	\$ 33,368,290
10	1985	\$ 23,070,720

### Review of Campaign Expenditures

Table 6 below provides a breakdown of how much candidates spent on mass communication and administration. The table compares general election spending in 2009 versus 2013.

General election spending by candidates was down sharply in 2013. It fell 58 percent from \$41.2 million to \$17.2 million.

At least four factors led to the drop.

For one thing, former Governor Jon Corzine, a millionaire, declined to accept public funds in 2009 so he faced no limit on his spending. The 2009 general election also included a third candidate who raised far more than most previous independent candidates- former state environmental commissioner Chris Daggett.

Another change- independent spending was up 49 percent from \$14.1 million to \$20.6 million. The other factor was Buono's unusual difficulty raising funds compared to most previous publicly funded candidates.



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## GUBERNATORIAL PUBLIC FINANCING PROGRAM

While overall spending was down, the major categories of spending- mass communications and administration- hewed close to their historical averages.

Mass communications were 77.3 percent while the average since 1983 was 76.8 percent. Administration was 22.7 percent in 2013 versus a historical average of 23.1 percent.

Table 6 Comparison of Expenditures by Type: 2009 and 2013 Gubernatorial General Elections				
EXPENDITURES	2009 Election		2013 Election	
	AMOUNT	PERCENT	AMOUNT	PERCENT
<b>Administration</b>				
Candidate Travel	\$ 289,008	1%	\$ 369,192	2%
Food and Beverage/Fundraising	\$ 334,746	1%	\$ 193,196	1%
Election Night Activities	\$ 94,462	0.2%	\$ 418,081	2%
Compliance Legal/Accounting	\$ 994,103	2%	\$ 600,857	3%
Telephone	\$ 197,886	0.5%	\$ 32,898	0.2%
Personnel/Taxes	\$ 1,731,915	4%	\$ 1,422,121	8%
Research and Polling	\$ 1,279,461	3%	\$ 238,726	1%
Other	\$ 3,399,456	8%	\$ 619,350	4%
<b>Subtotal - Administration</b>	<b>\$ 8,321,037</b>	<b>20%</b>	<b>\$ 3,894,422</b>	<b>22.7%</b>
<b>Mass Communication</b>				
<b>Media Time</b>				
Television	\$17,321,667	42%	\$ 1,521,429	9%
Unidentified	\$ 8,892,814	22%	\$ 9,586,657	56%
Cable/Internet	\$ 1,032,766	3%	\$ 405,034	2%
Radio	\$ 719,998	2%	\$ 175,112	1%
Robocalls	NA	NA	\$ 60,732	0.4%
<b>Subtotal - All Media Time</b>	<b>\$27,967,245</b>	<b>68%</b>	<b>\$11,748,964</b>	<b>68%</b>
Advertising Production	\$ 2,205,106	5%	\$ 411,505	2%
Newspaper Advertising	\$ 21,186	0.1%	\$ 2,420	0.01%
Printing Literature	\$ 1,098,260	3%	\$ 618,211	4%
Mailing Literature	\$ 1,213,508	3%	\$ 494,646	3%
Billboards	\$ 332,511	1%	\$ 5,505	0%
<b>Subtotal - Mass Communications</b>	<b>\$32,837,817</b>	<b>80%</b>	<b>\$13,281,251</b>	<b>77.3%</b>
<b>Total Expenditures</b>	<b>\$41,158,854</b>		<b>\$17,175,673</b>	

Since 1985, gubernatorial spending on mass communications has consistently hovered above 80 percent. While the percentage in 2013 dipped slightly to its lowest level since 1981, it still amounted to 77.3 percent of all expenditures.



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Keep in mind that this excludes major expenditures by independent groups on communications.

<b>MASS COMMUNICATION</b>	
<b>1973</b>	53.1%
<b>1977</b>	62.3%
<b>1981</b>	76.0%
<b>1985</b>	83.9%
<b>1989</b>	81.9%
<b>1993</b>	81.7%
<b>1997</b>	82.5%
<b>2001</b>	82.7%
<b>2005</b>	83.7%
<b>2009</b>	80.0%
<b>2013</b>	77.3%

Source: New Jersey Election Law Enforcement Commission

Of the two major party candidates, Christie spent the most on communications- \$11 million, or 82 percent of the \$13.4 million he spent on the general election. Buono spent \$2.2 million, or 62 percent of her \$3.6 million in general election spending.

<b>MEDIA TIME</b>	<b>CHRIS CHRISTIE</b>	<b>BARBARA BUONO</b>
Television		\$1,521,429
Unidentified	\$ 9,606,950	\$ (20,383)
Cable/Internet	\$ 316,166	\$ 86,452
Radio	\$ 166,447	
Robocalls	\$ 60,732	
<b>Subtotal- Media Time</b>	<b>\$10,150,295</b>	<b>\$1,587,498</b>
<b>OTHER COMMUNICATIONS</b>		
Advertising Production	\$ 374,672	\$ 36,833
Newspaper Advertising		\$ 2,420
Printing Literature	\$ 14,267	\$ 593,160
Mailing Literature	\$ 479,455	\$ 15,192
Billboards		\$ 5,505
<b>Subtotal- Mass Communications</b>	<b>\$11,018,689</b>	<b>\$2,240,608</b>
<b>Total Expenditures</b>	<b>\$13,447,570</b>	<b>\$3,640,437</b>



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Historically, administrative costs have been the second largest expense for publicly-financed gubernatorial candidates in New Jersey. The 2013 total was the highest since the 1981 elections, reaching 22.7 percent.

<b>ADMINISTRATION</b>	
<b>1973</b>	46.9%
<b>1977</b>	37.0%
<b>1981</b>	24.3%
<b>1985</b>	15.8%
<b>1989</b>	18.0%
<b>1993</b>	18.3%
<b>1997</b>	17.5%
<b>2001</b>	17.3%
<b>2005</b>	16.3%
<b>2009</b>	20.0%
<b>2013</b>	22.7%

Source: New Jersey Election Law Enforcement Commission

The Commission will use as the basis for calculating the 2017 New Jersey Campaign Cost Index (NJCCI) the following mix of mass communication and administration expenditures:

Mass Communication Expenditures: 77.3 %

Administration Expenses: 22.7 %

### Measuring Mass Communication Cost Inflation

Traditionally in statewide elections, mass communications represent the biggest single expense for candidates. The 2013 gubernatorial general election campaign was no exception even though fewer dollars were spent compared to the previous election. Combined candidate outlays on mass communications were nearly \$13.2 million, or 77.3 percent of all expenditures.



## **PART ONE**

### **GUBERNATORIAL PUBLIC FINANCING PROGRAM**

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Within that category, broadcast media has been dominant. Candidates together spent \$12.2 million on broadcast media. This category includes network television, radio and cable television or the Internet, as well as related production costs. It represents 92 percent of all mass communications expenses, and nearly 71 percent of total spending.

Print advertising, including direct mail, newspaper advertising and billboards, totaled \$1.1 million, or 8 percent of mass communications spending, and 7 percent of total spending.

The Commission has adjusted gubernatorial thresholds and limits since 1993. Since then, the proportion of expenditures used for mass communications has been a component of the formula used to calculate campaign cost inflation.

It is believed that New Jersey is the only state that places such emphasis on mass communications, meaning that its adjustments should be a better reflection of real world cost pressures.

ELEC was provided with media cost inflation data by Magna Global of New York City, a Universal-McCann Inc. affiliate, for this analysis.



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Table 10 Cost-Per-Thousand Mass Communication Percentage Increases		
MEDIA TYPE	2008-2012 PERCENTAGE INCREASE	2012-2016 PERCENTAGE INCREASE
<b>Broadcast</b>		
Network Television	21.3%	22.6%
Cable Television	21.6%	22.5%
Radio	3.0%	4.0%
<b>Print</b>		
Newspapers	7.0%	13.0%
Magazines	-3.0%	10.5%
Online	7.0%	10.7%
Outdoor	9.0%	10.2%
<b>All-Media Composite*</b>	<b>12.37%</b>	<b>16.1%</b>

\*Not a simple average of above numbers. Includes weighting adjustments  
Source: 2013-2016 Magna Global with 2016 projected

Table 10 measures the inflationary impact on the various types of media buys applicable to campaigns for governor. The percentage increases displayed are derived from the cost-per-thousand indexes. These indexes measure the change in the cost of advertising targeted to reach 1,000 individuals in the New York and Philadelphia media markets. The chart compares the estimate for the current four-year period to the estimate used in the previous cost index report.

The media cost-per-thousand composite for the period 2012 to 2016 is expected to rise by 16.1 percent. That number is nearly four percentage points higher than the composite for the previous four-year period. It remains smaller than the highest index ever- 21.32 percent for the period from 1997 to 2001.

### Measuring the Change in Administration Costs

The Commission traditionally has used the Consumer Price Index (CPI) to measure inflationary increases in costs related to campaign expenditures that were made for purposes other than mass communications.





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For purposes of this report, the following expenses are categorized as administration: candidate travel, food and beverage, fundraising, election night activities and compliance. In addition, this category includes costs for telephone, personnel and miscellaneous.

The CPI is maintained by the United States Bureau of Labor Statistics (BLS). It measures the average change in prices of goods and services affecting all urban consumers. CPI data relevant to New Jersey is being included as part of the formula used to calculate the adjustments pursuant to thresholds and limits. Statistics from the BLS for the purposes of this analysis involve data compiled for two geographical regions, New York/New Jersey (NY/NJ) and Pennsylvania/New Jersey (PA/NJ).

To develop its estimates, the Commission combined CPI data from the base year 2013 through February 2016 with a mathematically projected increase for the remainder of 2016.

In order to determine the percentage increase in the CPI to be used in calculating the Campaign Cost Index for 2017, the percentage change in the two regional numbers was then weighted at a ratio of two-to-one to reflect the larger population in the NY/NJ region.

Thus, the NY/NJ 2013 through 2016 inflationary number of 3.4 percent was multiplied by two yielding a percentage increase of 6.8 percent. This number was then added to the four-year percentage increase of 2.2 percent for the PA/NJ region, yielding a total of 9 percent.

Finally, the 9 percent number was divided by three to yield a weighted CPI of 3 percent. This number is being used to help calculate the 2017 Campaign Cost Index.



# PART ONE

## GUBERNATORIAL PUBLIC FINANCING PROGRAM

Table 11 Consumer Price Index for All Urban Consumers Monthly Index Number for December		
DATE	NEW YORK/ NEW JERSEY	PENNSYLVANIA/ NEW JERSEY
December 2012	253.555	238.492
December 2013	257.284	241.383
December 2014	258.080	242.912
December 2015	259.941	242.356
December 2016 (Projected)	262.180	243.760
Index Change 2013-2016	8.625	5.248
<b>Percentage Change 2013-2016</b>	<b>3.4%</b>	<b>2.2%</b>
<b>Weighted CPI 2013-2016</b>	<b>3.0%</b>	

Source: United States Bureau of Labor Statistics, Monthly Index Numbers-  
All Urban Consumers through February 2016

The Commission computed the 2017 Campaign Cost Index by applying the formula first contained in the 1993 Gubernatorial Cost Index Report. The formula is as follows:

- Step 1. The 16.1 percent increase in mass communication costs was applied to the proportion of all 2013 general election spending on media advertising, or 77.3 percent. The result: a mass communications cost component of 12.45 percent ( $16.1 \times .773 = 12.45$ ).
- Step 2. The 3.0 percent increase in the CPI was applied to the proportion of all 2013 general election administrative expenses or 22.7 percent to yield a component for non-communication spending of 0.68 percent ( $3 \times .227 = 0.68$ ).
- Step 3. The mass communication and administration components were then added together to yield a Campaign Cost Index for New Jersey of 13.13 percent ( $12.45 + 0.68 = 13.13$ ).



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## GUBERNATORIAL PUBLIC FINANCING PROGRAM

Table 12 2013 New Jersey Campaign Cost Index (NJCCI) Calculation			
EXPENSE CATEGORY	PERCENT OF 2013 GENERAL ELECTION SPENDING	FOUR-YEAR INCREASE	COMPONENT OF CAMPAIGN INDEX*
Mass Communication Costs	77.3	16.1%	12.45
Administration Costs	22.7	3.0%	0.68
<b>Campaign Cost Increase</b>			<b>13.13</b>

\*Percent of 2013 general election spending multiplied by four-year change in costs.

Based on the above calculations, the Commission has determined that the cost index multiplier for the limits and thresholds application to publicly-financed gubernatorial campaigns is 1.131.

Applying the 1.131 index to the various public financing thresholds and caps, and rounding as required by the formula contained in N.J.S.A. 19:44A-7.1b, produces the following statutorily required adjustments for 2013 as displayed in Table 13.

Table 13 2017 Gubernatorial Cost Index Adjustments				
LIMIT/THRESHOLD	2013 AMOUNT	COST INDEX MULTIPLIER	UNROUNDED	2017 ROUNDED AMOUNT
Contribution Limit	\$ 3,800	1.131	\$ 4,298	\$ 4,300
Qualification Threshold	\$ 380,000	1.131	\$ 429,780	\$ 430,000
Amount Not Matched	\$ 122,000	1.131	\$ 137,982	\$ 138,000
Primary Public Fund Cap	\$ 3,500,000	1.131	\$ 3,958,500	\$ 4,000,000
Primary Expenditure Limit	\$ 5,600,000	1.131	\$ 6,333,600	\$ 6,400,000
General Public Fund Cap	\$ 8,200,000	1.131	\$ 9,274,200	\$ 9,300,000
General Expenditure Limit	\$12,200,000	1.131	\$13,798,200	\$13,800,000



## PART TWO

### NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

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In 1993, the Governor and Legislature enacted legislation that directed the Commission to adjust the limits and thresholds pertaining to non-gubernatorial candidates, committees, and political party entities in the same manner as it adjusts the gubernatorial limits and thresholds. In other words, the same campaign cost index used to calculate the limits and thresholds pertaining to the gubernatorial public financing program would now be applied to non-gubernatorial thresholds and limits. The 1993 amendment would apply for the first time to the 1997 primary and general elections.<sup>9</sup>

Additional amendments to the Campaign Act relating to the automatic adjustment of non-gubernatorial contribution limits were enacted in December, 2004. The amendments left in place the automatic adjustment of thresholds and limits pursuant to the Gubernatorial Public Financing Program and the thresholds applicable to non-gubernatorial candidates and committees.

But the Legislature directed the Commission to only recommend changes for the contribution limits that apply to non-gubernatorial candidates, political committees, continuing political committees, political party committees, and legislative leadership committees.<sup>10</sup>

A report containing these recommendations must be issued by July 1<sup>st</sup> in the year preceding a gubernatorial election.

In furtherance of the statutory directives, the Commission used the same campaign cost index as developed for adjusting the thresholds and limits applicable to the gubernatorial elections. Using the cost index multiplier of 1.131, the Commission presents tables 14, 15, and 16 containing the adjustments for non-gubernatorial thresholds and the recommended adjustments for contribution limits pertaining to non-gubernatorial candidates and committees.

It should be noted that the contribution threshold remains frozen at \$300 pursuant to P.L. 2004, c.28, while the pro rata return of contributions remains frozen at \$300 pursuant to a Commission regulation; see N.J.A.C. 19:25-6.5(a)5.

Table 14 shows the adjustments to the various thresholds pertaining to non-gubernatorial candidates and committees. The cost index multiplier developed in Part One of this report was applied to the 2013 threshold amounts to obtain the 2017 amounts as rounded by virtue of N.J.S.A. 19:44A-7.1b and N.J.S.A. 19:44A-7.2 and 7.3.



## PART TWO

### NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

**Table 14**  
**2017 Adjustments for Non-Gubernatorial Candidates and Committees**

THRESHOLD	2013 AMOUNT	COST INDEX MULTIPLIER	UNROUNDED	2017 ROUNDED AMOUNT
Political Committee Reporting Threshold	\$ 2,400	1.131	\$ 2,714	\$ 2,800
CPC Reporting Threshold	\$ 5,500	1.131	\$ 6,221	\$ 6,300
Contribution Reporting Threshold (P.L. 2004, c.28)*	\$ 300	1.131	\$ 300	\$ 300
48-hr Notice Contribution Threshold	\$ 1,400	1.131	\$ 1,583	\$ 1,600
48-hr Notice Expenditure Threshold	\$ 1,400	1.131	\$ 1,583	\$ 1,600
JCC Thresholds - 2 candidates	\$ 8,500	1.131	\$ 9,614	\$ 9,700
JCC - 3 or more candidates	\$ 12,300	1.131	\$ 13,911	\$ 14,000
Form A-3 Threshold	\$ 5,500	1.131	\$ 6,221	\$ 6,300
Form A-1 & School Board/Write-in Threshold	\$ 4,500	1.131	\$ 5,090	\$ 5,100
Independent Expenditure Threshold	\$ 1,400	1.131	\$ 1,583	\$ 1,600
Section 20.1 Penalties (P.L. 2004, c.32)				
<b>First Time</b>	\$ 7,600	1.131	\$ 8,596	\$ 8,600
<b>Subsequent</b>	\$ 15,200	1.131	\$ 17,191	\$ 17,200
Section 22 Penalties (P.L. 2004, c.32)				
<b>First Time</b>	\$ 7,600	1.131	\$ 8,596	\$ 8,600
<b>Subsequent</b>	\$ 15,200	1.131	\$ 17,191	\$ 17,200
<b>Pro Rata Return of Contributions**</b>	<b>\$ 300</b>	<b>1.131</b>	<b>\$ 300</b>	<b>\$ 300</b>

\*Frozen at \$300 pursuant to P.L. 2004, c.28

\*\*Frozen by regulation to conform to contribution reporting threshold pursuant to P.L. 2004, c.28

In Table 15 below, the recommended 2017 non-gubernatorial contribution amount adjustments are displayed. The Commission derived the 2017 recommended amounts by applying the cost multiplier of 1.131 to the contribution levels from 2005, the last year when adjustments were made. The recommended amounts for 2017 are rounded pursuant to N.J.S.A. 19:44-7.1b.

**Table 15**  
**Recommended 2017 Non-Gubernatorial Contribution Amount Adjustments**

2005 CONTRIBUTION AMOUNT	COST INDEX MULTIPLIER	UNROUNDED	2017 ROUNDED AMOUNT
\$ 2,600	1.131	\$ 2,941	\$ 3,000
\$ 7,200	1.131	\$ 8,143	\$ 8,200
\$ 8,200	1.131	\$ 9,274	\$ 9,300
\$ 25,000	1.131	\$ 28,275	\$ 29,000
\$ 37,000	1.131	\$ 41,847	\$ 42,000
\$ 72,000	1.131	\$ 81,432	\$ 82,000



## PART TWO

### NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

Finally, in Table 16, a chart is provided showing the recommended contribution limits for non-gubernatorial candidates and committees. This chart contains those limits that would apply to contributions to and from candidates, committees and political party entities if the Legislature adopts the Commission's recommendations.

Table 16 Recommended Contribution Limits for Non-Gubernatorial Candidates and Committees							
Entities Making Contributions	Candidate Committee	Political Committee	Continuing Political Committee	Legislative Leadership Committee	State Political Party Committee	County Political Party Committee	Municipal Political Party Committee
<b>Individual to:</b>	\$3,000 per election	\$8,200 per election	\$8,200 per year	\$28,000 per year	\$28,000 per year	\$42,000 per year	\$8,200 per year
<b>Corporation or Union to:</b>	\$3,000 per election	\$8,200 per election	\$8,200 per year	\$28,000 per year	\$28,000 per year	\$42,000 per year	\$8,200 per year
<b>Association or Group to:</b>	\$3,000 per election	\$8,200 per election	\$8,200 per year	\$28,000 per year	\$28,000 per year	\$42,000 per year	\$8,200 per year
<b>Candidate Committee to:</b>	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$28,000 per year	\$28,000 per year	\$42,000 per year	\$8,200 per year
<b>Political Committee to:</b>	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$28,000 per year	\$28,000 per year	\$42,000 per year	\$8,200 per year
<b>Continuing Political Committee to:</b>	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$28,000 per year	\$28,000 per year	\$42,000 per year	\$8,200 per year
<b>Legislative Leadership Committee to:</b>				NO LIMITS			
<b>State Political Party Committee to:</b>				NO LIMITS			
<b>County Political Party to:</b>	NO LIMITS, EXCEPT THOSE SET FORTH IN <u>N.J.A.C. 19:25-11.7</u> FOR A COUNTY POLITICAL PARTY COMMITTEE						
<b>Municipal Political Party to:</b>				NO LIMITS			
<b>National Political Party to:</b>	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$28,000 per year	\$82,000 per year	\$42,000 per year	\$8,200 per year

Pursuant to N.J.S.A. 19:44A-7.3



# FOOTNOTES

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1. *Randall et al vs. Sorrell et al. p. 3.*
2. “Public Campaign Financing in New Jersey- Governor: Weeding Out Big Money in the Garden State,” Center for Governmental Studies, 2008, p. 11.
3. See N.J.S.A. 19:44A-7.1b
4. See N.J.S.A. 19:44A-7.3
5. Ibid.
6. See N.J.S.A. 19:44A-7.1
7. See N.J.S.A. 19:44A-7.1 and N.J.S.A. 19:44A-7.2
8. See N.J.S.A. 19:44A-27
9. See N.J.S.A. 19:44A-7.2
10. See N.J.S.A. 19:44A-7.3



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