

Cost Index Report

2009

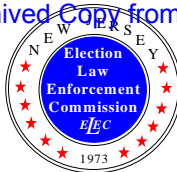


THE NEW JERSEY

ELECTION LAW

ENFORCEMENT COMMISSION

July, 2008



State of New Jersey

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Dear Members of the Legislature:

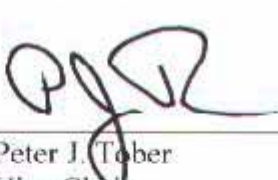
This 2009 "Cost Index Report" is presented to you in fulfillment of the Commission's statutory responsibility to adjust for inflation the thresholds and limits pertaining to the Gubernatorial Public Financing Program and the thresholds applying to non-gubernatorial candidates and committees. Moreover, 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.

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

Respectfully,


Jerry Fitzgerald English
Chair


Peter J. Tober
Vice Chair


Albert Burstein
Commissioner

ACKNOWLEDGEMENT

The Commission would like to thank its Deputy Director Jeffrey M. Brindle 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 2009” is the sixth such analysis in a series that dates back to 1988. Other reports were issued in 1992, 1996, 2000, and 2004.

Legal Director Carol L. Hoekje and Director of Special Programs Amy Davis did a thorough review of the text and the legal citations in it. They both made important contributions to the final draft. Director of Finance and Administration Steven M. Dodson was responsible for checking the accuracy of the report’s data, while Executive Director Frederick M. Herrmann provided guidance with outlining the study and served as the general editor. Administrator Elbia L. Zeppetelli did an outstanding job with the cover, word processing, and graphics. Finally, Executive Secretary Maureen Tilbury helped with the distribution of the report.

ELEC would like to extend its special gratitude to Robert Coen, the Senior Vice President and Director of Forecasting of Universal-McCann, Inc., for the invaluable economic data he so graciously provided for this report and previous ones.

For further information about campaign financing issues in New Jersey and other jurisdictions, the Commission recommends the seventh edition of the “COGEL Campaign Financing and Lobbying Bibliography” compiled by Executive Director Herrmann.

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INTRODUCTION

New Jersey was the first State in the nation to establish a Gubernatorial Public Financing Program. As an amendment and supplement to “The New Jersey Campaign Contributions and Expenditures Reporting Act,” the program was enacted in 1974. It provided public matching funds to qualifying candidates beginning with the 1977 general election for governor. Subsequently, in 1980, the law was amended to extend the matching funds program to gubernatorial primary elections.

The goals of the program are to: allow candidates of limited means to run for governor and eliminate undue influence from the process. From both standpoints, the Gubernatorial Public Financing Program has been successful. Since its inception, 63 candidates have participated receiving approximately \$91.4 million in matching funds. The program has allowed qualified candidates to mount competitive campaigns and has protected the integrity of the gubernatorial electoral process.

Following the 1985 gubernatorial election, the New Jersey Election Law Enforcement Commission (ELEC), in 1986, produced an important report. The Commission was concerned that the threshold and limit levels of the program were being outpaced by inflation. In New Jersey Public Financing: 1985 Gubernatorial Elections, the Commission recommended that the various thresholds and limits be adjusted every four years by the Consumer Price Index (CPI) to reflect general inflation.¹ Then, two years later, in its 1988 Gubernatorial Cost Analysis Report, ELEC refined its proposal by developing a sophisticated formula for calculating campaign inflation.²

The formula recommended by the Commission would become law when the Campaign Act was amended again in 1989. The amendments 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.”³ This automatic adjustment of gubernatorial

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thresholds and limits was to begin with the 1993 primary and general elections. The Legislature set the base limits and thresholds for the 1989 contest, from which amounts the calculation for the 1993 primary and general elections would be made.

Following the 1989 amendments, the Legislature would again amend the Campaign Act, this time to require that the cost index calculation used for the Gubernatorial Public Financing Program be applied to the thresholds and contribution limits pertaining to non-gubernatorial candidates, candidate committees, joint candidates committees, continuing political committees, political party committees, legislative leadership committees, and other entities. Thus, the 1993 amendments required that the thresholds and contribution limits pertaining to non-gubernatorial candidates and committees be adjusted automatically along with those pertaining to gubernatorial candidates. The same campaign cost index derived for use in the Gubernatorial Public Financing Program would be applicable to non-gubernatorial thresholds and contribution limits. Initially, in 1993, the Legislature set the various threshold and contribution limit levels with the automatic adjustment to begin with the 1997 elections.

Finally, yet 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 current levels except for contributions to candidate committees. Further, it authorized ELEC recommending to the Legislature the future adjustment of these limits applicable to non-gubernatorial candidates, political party committees, legislative leadership committees, continuing political committees, and political committees.

The rules involving gubernatorial thresholds and limits and non-gubernatorial thresholds remained unchanged except for the \$300 disclosure threshold. Gubernatorial thresholds and limits would continue to be adjusted by the Commission every four years. N.J.S.A. 19:44A-7.1 reads, “for the purpose of ensuring the continuing adequacy of the limits set by law upon contributions, expenditures and certain other amounts relating to campaigns for nomination or election to the office of Governor, the Commission is authorized and directed to adjust the limits of those amounts as provided herein.” Similarly, thresholds pertaining to non-gubernatorial candidates and committees would be quadrennially adjusted except that the threshold for

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disclosing the identity of contributors to gubernatorial and non-gubernatorial committees was frozen at more than \$300 by P.L. 2004, c.28.

Under the 2004 amendments impacting non-gubernatorial candidates and committees, N.J.S.A. 19:44A-7.3 states that “no later than July 1 of each year preceding any year in which a general election is to be held to fill the office of Governor for a four-year term, the commission shall issue a report setting forth its recommendations for . . . limitations on contributions”

Moreover, pursuant to N.J.S.A. 19:44A-7.2, the Commission is mandated to adjust all thresholds applicable to “primary and general elections for any public office other than the office of Governor at a percentage which shall be the same as the percentage of change that the commission applies to the amounts used for the primary and general elections for the office of Governor” The Commission is required to determine a cost index and make necessary adjustments no later than December 1st of the year preceding the gubernatorial election.

Finally, N.J.S.A. 19:44A-7.2 states “not later than December 15 of each year preceding any year in which a general election is to be held to fill the office of Governor for a four-year term,” the Commission “shall report to the Legislature and make public its adjustment of [non-gubernatorial] limits.” It should be noted that N.J.S.A. 19:44A-7.1 sets parallel December deadlines for the gubernatorial amounts.

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

Review of Gubernatorial Expenditures

The 2005 gubernatorial general election differed from recent gubernatorial contests in that the two major party candidates did not participate in the public financing program. A third party candidate did, however. Thus, for the first time since the program's inception, no major party candidate received public funds in the gubernatorial general election.

Certainly the lack of major party involvement was unfortunate. In all probability, however, it will be a one-time occurrence. The potential for both major party candidates in future elections to forego public financing is limited. Moreover, the continued importance of the program was demonstrated in the primary, when six candidates participated in the Gubernatorial Public Financing Program. Funding received by primary candidates allowed them to campaign effectively and reach the voters with their message. Further, the fact that some candidates may self-fund places greater importance on the public financing program. Without it, very well-qualified candidates may not be able to compete effectively against independently wealthy candidates.

For the purposes of this report, however, there was no change in a very discernable trend in the pattern of spending by general election candidates for governor. As noted in the 2005 Cost Index Report, "data reported by publicly-financed gubernatorial campaigns since 1973 has enabled the Commission to examine spending patterns and to identify trends in the campaigns' behavior."⁴

As shown in Table 1 in all gubernatorial general elections since 1973, there has been a consistently upward trend in the percentage of gubernatorial expenditures made for mass communication purposes. From 1985, in fact, gubernatorial spending on mass communication has consistently exceeded 80 percent. In the general election of 2005, spending on mass communication by gubernatorial candidates again surpassed 80 percent; indeed, candidates spent almost as high a percentage on media advertising as ever. Gubernatorial candidates directed 83.7

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percent of their spending toward mass communication compared with 16.3 percent spent on administration.

Table 1
Major Expenditure Components as a Percentage
of Total Campaign Expenditures: 1973-2005
Gubernatorial General Elections

	1973	1977	1981	1985	1989	1993	1997	2001	2005
Mass Communication	53.1%	62.3%	76.0%	83.9%	81.9%	81.7%	82.5%	82.7%	83.7%
Administration	46.9%	37.0%	24.3%	15.8%	18.0%	18.3%	17.5%	17.3%	16.3%

Source: New Jersey Election Law Enforcement Commission

Review of Campaign Expenditures

Table 2 below provides information about the type of spending conducted within the two general categories of mass communication and administration. The table compares expenditure activity in the 2001 gubernatorial general election with that of spending in the 2005 general election for governor.

In 2001, candidates for governor spent \$18,016,932.68 in furtherance of their efforts to become governor. Four years later, in 2005, gubernatorial general election candidates spent \$58,182,978.95, an increase over 2001 of 323 percent. This significant increase in spending was due to the lack of major party candidates participating in the public financing program and the resultant lack of an expenditure limit. Yet, despite this increase in spending, which in and of itself points to the importance of the Gubernatorial Public Financing Program in terms of holding down costs, the pattern of expenditure activity remained constant. As noted above, 83.7 percent of 2005 expenditures went toward mass communication compared with 82.7 percent in 2001.

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The percentage of non-communication spending, or administration spending, reached 16.3 percent in 2005 versus 17.3 percent in 2001. Thus, the percentage of spending in these two broad categories was consistent with the proportion of expenditures allocated to the mass communication and administration categories in the past, at least since the general election of 1985.

Table 2
Comparison of Expenditures by Type:
2001 and 2005 Gubernatorial General Elections

Expenditures	2001 General		2005 General	
	Amount	Percent	Amount	Percent
Administration				
Candidate Travel	\$173,999.45	1.0%	\$2,536,101.28	4.4%
Food and Beverage/Fundraising	\$478,484.78	2.6%	\$436,345.30	.8%
Election Night Activities	\$107,689.13	.6%	\$596,884.46	1.0%
Compliance Legal/Accounting	\$551,144.84	3.0%	\$277,048.04	.5%
Telephone	\$52,813.24	.3%	\$201,501.69	.4%
Personnel/Taxes	\$842,111.10	4.7%	\$1,893,741.41	3.3%
Other	\$905,940.40	5.0%	\$3,531,101.59	6.1%
Sub-Total	\$3,112,182.94	17.3%	\$9,472,723.77	16.3%
Mass Communication				
Media Time	\$9,593,616.60	53.3%	\$40,783,624.82	70.0%
Advertising Production	\$2,033,672.15	11.3%	\$1,680,484.19	2.9%
Newspaper Advertising	\$852,611.32	4.7%	\$17,292.20	0%
Printing Literature	\$212,841.77	1.2%	\$654,640.58	1.1%
Mailing Literature	\$2,212,007.70	12.3%	\$5,574,213.39	10.0%
Sub-Total	\$14,904,749.54	82.7%	\$48,710,255.18	83.7%
TOTAL EXPENDITURES	\$18,016,932.48		\$58,182,978.95	

Source: New Jersey Election Law Enforcement Commission

Percentages not adding to the subtotal and total is the result of rounding.

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As shown in Table 2, the spending percentages within the various subcategories remained largely the same. Thus, based upon the consistent spending behavior of the gubernatorial campaigns between 1985 and 2005, it is assumed that the proportions spent on mass communication and administration will be similar in the 2009 general election for governor. The Commission, therefore, will use as the basis for calculating the 2009 New Jersey Campaign Cost Index (NJCCI) the following mix of mass communication and administration expenditures:

Mass Communication Expenditures: 83.7%

Administration Expenditures: 16.3%

Measuring Mass Communication Cost Inflation

During the gubernatorial election of 2005, the two major party candidates and third party candidates reported spending the bulk of their campaign funds on mass communication. As indicated, the general election candidates for governor spent \$48,710,255.18, or 83.7 percent of their funds on mass communication.

Included in the mass communication category are costs associated with radio and television advertising. Also included are the costs of preparing and mailing direct mail, and the costs of creating and purchasing newspaper advertising. The mass communication category, therefore, involves broadcast and print media components.

Broadcast media consists of radio and television commercial spots. This category constituted 73 percent (\$42,464,109.01) of total gubernatorial spending. Within the mass communication category alone, broadcast media comprised 87.2 percent of expenditures. Print advertising, involving direct mail and newspaper advertising, represented 10.7 percent (\$6,246,146.17) of overall spending. Print advertising consumed 12.8 percent of expenditures within the mass communication category.

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Since 1993, when the Commission first adjusted the gubernatorial thresholds and limits, the proportion of expenditures directed toward mass communication has been a component of the formula used for calculating campaign cost inflation. Because of the importance of mass communication efforts to gubernatorial campaigns, the Commission has relied upon media cost data compiled by Universal-McCann, Inc., New York City, to enable it to determine the extent of inflation associated with mass media. As noted in the 2005 Cost Index Report, “McCann and its predecessor, McCann-Erickson, have since 1945 maintained and indexed media advertising costs, including costs for television, radio, newspaper, magazines, outdoor media, and direct mail.”⁵

Data from McCann-Erickson was utilized in the 1986 and the 1988 Commission reports on the cost of gubernatorial campaigning and was used in calculating the 1993, 1997, 2001, and 2005 campaign cost indexes. Importantly, McCann includes data from the New York and Philadelphia media markets, two of the most expensive media markets in the nation; and the ones that are applicable to New Jersey.

Table 3 measures the inflationary impact on the various types of media buys applicable to campaigns for governor. The percentage increases displayed are derived from the Universal-McCann Media Cost-Per-Thousand (CPM) 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. In Table 3, the change over the four-year period 2004 through 2008 is measured. The table also provides a composite measure for all media categories during the four-year period.

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Table 3
Cost-Per-Thousand
Mass Communication Percentage Increases

Media Type	2000-2004 Percentage Increase	2004-2008 Percentage Increase
Broadcast		
Network Television	22.3	5.1
Spot Television	15.2	4.4
Cable Television	11.0	8.2
Network Radio	1.0	7.7
Spot Radio	2.1	3.1
Print		
Newspapers	1.0	2.3
Magazines	16.8	1.5
Direct Mail	11.7	13.6
Composite	13.5	13.0
Based upon Universal-McCann projected increases for 2008.		
Based on national and local budgets.		

Source: Universal-McCann Cost Indexes (December 2004 through December 2007 and 2008 projected) Table III, Media Cost-Per-Thousand Indexes.

The Media Cost-Per-Thousand composite for the period 2004 through 2008 rose by 13 percent. This increase in media costs is approximately the same as calculated between 2000 and 2004. This increase may be due to inflationary pressures and general economic conditions prevailing over the last four years, particularly during the last two years of the cycle.

Interestingly, between 2004 and 2008, network, spot, and cable television advertising costs have increased at a slower pace than during the previous four-year period. Network and spot radio costs, on the other hand, increased at a quicker pace. Direct mail and newspaper advertising costs both increased at a higher rate between 2004 and 2008 than between 2000 and 2004. Network advertising involves affiliated stations; a larger audience is reached at a lower cost-per-person than with a single station. Spot advertising involves purchasing commercial time on local television and radio stations. It concerns market-by-market buys. Cable television

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advertising is available in large and small markets. It is carried by local and super stations and cable-exclusive networks. Many newspapers are now owned by larger companies and are affiliated because of consolidation within this business.

Measuring the Change in Administration Costs

In previous cost analysis reports dating to 1993, the Commission has used the CPI to measure inflationary increases in costs related to campaign expenditures that were made for purposes other than mass communication. As indicated above, those costs, which for the purposes of this report are categorized as administration, include: candidate travel, food and beverage, fundraising, election night activities, and compliance. In addition, they include costs for telephone, personnel, and other.

The CPI is maintained by the United States Bureau of Labor Statistics (BLS). The CPI measures the average change in prices of goods and services affecting all urban consumers. Commensurate with past reports, CPI data relevant to New Jersey will be utilized 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 geographic regions, New York/New Jersey (NY/NJ) and Pennsylvania/New Jersey (PA/NJ).

In relying upon this data to measure the change in the campaign cost index component for administration, or costs other than mass communication, the Commission used CPI data from the base year 2004 through December 2007. Mathematically projected inflationary increases for December 2008 are included to determine the percent increase in consumer prices for the two regions mentioned above. Table 4 below provides the Consumer Price Index affecting consumers in New Jersey.

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Table 4
Consumer Price Index for All Urban Consumers:
Monthly Index Number for December

	New York/New Jersey	Pennsylvania/New Jersey
December, 2004	206.8	197.8
December, 2005	214.2	204.9
December, 2006	221.3	211.6
December, 2007	229.4	219.6
December, 2008	237.7*	227.1*
Percentage Change 2004-2008	14.9	14.8

Source: United States Bureau of Labor Statistics, Monthly Index Numbers – All Urban Consumers, April 2008

* Mathematical projection based on average monthly increases January and February.

In order to determine the percentage increase in the CPI to be used in calculating the Campaign Cost Index for 2009, 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 2004 through 2008 inflationary number of 14.9 percent was multiplied by two yielding a percentage increase of 29.8 percent. This number was then added to the four-year percentage increase of 14.8 percent for PA/NJ region, yielding a total of 44.6 percent. Finally, the 44.6 percent number was divided by three to yield a weighted CPI of 14.9 percent. Therefore, the consumer price increase for New Jersey to be used in calculating the Campaign Cost Index for 2009 is 14.9 percent.

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Calculation of the 2009 Campaign Cost Index

In the previous two sections the four-year increase in mass communication costs as well as the increase in the Consumer Price Index impacting New Jersey was provided. The inflationary increase in media advertising between 2004 and 2008 was determined by using the Universal-McCann Media Cost-Per-Thousand Indexes. During this period, the composite change in mass communication costs amounted to 13 percent.

Regarding the Consumer Price Index, data was displayed in Table 4 for both the inflationary increases in the New York/New Jersey and the Pennsylvania/New Jersey regions. The CPI for the NY/NJ region registered 14.9 percent while the CPI for the PA/NJ region amounted to 14.8 percent. When the percentage change in the CPI in the two metropolitan areas was weighted for the larger population in the NY/NJ region, the CPI calculation arrived at for determining the campaign costs indexes equaled 14.9 percent.

Utilizing the indexes mentioned above, the Commission calculated the 2009 Campaign Cost Index by applying the formula contained in the 1993 Gubernatorial Cost Index Report. This report was published in December of 1992. The formula was first proposed in the June 1988 Gubernatorial Cost Analysis Report. It is presented step-by-step below and the calculated Campaign Cost Index for 2009 appears in Table 5.

Step 1. The 13 percent increase in mass communication costs was applied to the proportion of all 2005 general election expenditures on media advertising, or 83.7 percent, to arrive at a mass communication cost component of 10.88 percent ($13 \times .837 = 10.88$).

Step 2. The 14.9 percent increase in the CPI was applied to the proportion of all 2005 general election expenditures on administration costs, or 16.3 percent, to yield a component for non-communication spending of 2.43 percent ($14.9 \times .163 = 2.43$).

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Step 3. The mass communication and administration components were then added together to yield a Campaign Cost Index for New Jersey of 13.31 percent ($10.88 + 2.43 = 13.31$).

Table 5
2009 New Jersey Campaign Cost Index (NJCCI) Calculation

Expenditure Category	Percent of 2005 General Election Spending	Four-Year Increase	Component of Campaign Index*
Mass Communication Costs	83.7%	13	10.88
Administration Costs	16.3%	14.9	2.43
Campaign Cost Increase			13.31

*Percent of 2005 general election spending multiplied by four-year change in costs.

Based upon the above calculations, the Commission has determined that the cost index multiplier for the limits and thresholds applicable to publicly-financed gubernatorial campaigns is **1.1331** percent. Applying the 1.1331 index to the various gubernatorial 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 2009 as displayed in Table 6.

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Table 6
2009 Gubernatorial Cost Index Adjustments

Limit/ Threshold	2005 Amount	Cost Index Multiplier	Sum	2009 Rounded Amount (N.J.S.A. 19:44A-7.1b)
Contribution Limit	\$3,000	1.1331	\$3,399.30	\$3,400
Qualification Threshold	\$300,000	1.1331	\$339,930	\$340,000
Amount not Matched	\$96,000	1.1331	\$108,777.60	\$109,000
Primary Public Fund Cap	\$2,700,000	1.1331	\$3,059,370	\$3,100,000
Primary Expenditure Limit	\$4,400,000	1.1331	\$4,985,640	\$5,000,000
General Public Fund Cap	\$6,400,000	1.1331	\$7,251,840	\$7,300,000
General Expenditure Limit	\$9,600,000	1.1331	\$10,877,760	\$10,900,000

PART TWO: NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

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, see N.J.S.A. 19:44A-7.2

Additional amendments to the Campaign Act relating to the automatic adjustment of non-gubernatorial contribution limits were enacted in December, 2004. While leaving 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, the Legislature directed the Commission only to recommend changes for the contribution limits relating to non-gubernatorial candidates, political committees, continuing political committees, political party committees, and legislative leadership committees, see N.J.S.A. 19:44A-7.3.

The applicable provision N.J.S.A. 19:44A-7.3, thus reads:

No later than July 1 of each year preceding any year in which a general election is to be held to fill the office of Governor for a four-year term, the commission shall issue a report setting forth its recommendations for the adjustment of the amounts, set forth in subsection b. of this section and applicable to P.L.1973, c.83 (C.19:44A-1 et seq.), to primary and general elections for any public office other than the office of Governor, to limitations on contributions to and from political committees, continuing political committees, candidate committees, joint candidates committees, political party committees and legislative leadership committees and to other amounts, at a percentage which

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shall be the same as the percentage of change that the commission applies to the amounts used for the primary and general elections for the office of Governor held in the third year preceding the year in which that December 1 occurs, pursuant to section 19 of P.L.1980, c.74 (C.19:44A-7.1). Any amount so recommended for adjustment shall be rounded in the same manner as provided in that section, N.J.S.A. 19:44A-7.3a.

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 1.1331, which was developed from the formula described on pages 12 and 13, the Commission presents tables 7, 8, and 9 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 7 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 2005 threshold amounts to obtain the 2009 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.

NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

Table 7
2009 Adjustments for Non-Gubernatorial Candidates and Committees

Threshold	2005 Amount	Cost Index Multiplier	Sum	2009 Rounded Amount (N.J.S.A. 19:44A-7.1b)
Political Committee Reporting Threshold	\$1,800	1.1331	\$2,039.58	\$2,100
Continuing Political Committee Reporting Threshold	\$4,300	1.1331	\$4,872.33	\$4,900
Contribution* Reporting Threshold	\$300*			\$300*
48-Hour Notice/ Contribution Threshold	\$1,000	1.1331	\$1,133.10	\$1,200
48-Hour Notice/ Expenditure Threshold	\$1,000	1.1331	\$1,133.10	\$1,200
Joint Candidates Committee Thresholds	\$6,700 \$9,700	1.1331	\$7,591.77 \$10,991.07	\$7,600 \$11,000
Form A-3 Threshold	\$4,300	1.1331	\$4,872.33	\$4,900
Form A-1 Threshold & School Board/ Write-in Threshold	\$3,500	1.1331	\$3,965.85	\$4,000
Independent Expenditure Threshold	\$1,000	1.1331	\$1,133.10	\$1,200
Section 20.1 Penalties	\$6,000 \$12,000	1.1331	\$6,798.60 \$13,597.20	\$6,800 \$13,600
Section 22 Penalties	\$6,000 \$12,000	1.1331	\$6,798.60 \$13,597.20	\$6,800 \$13,600
Pro rata Return of** Contributions	\$300**			\$300**

* 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.

NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

In Table 8 below, the recommended 2009 non-gubernatorial contribution amount adjustments are displayed. The Commission again derived the 2009 recommended amounts by applying the cost multiplier of 1.1331 to the 2005 contribution amounts. The recommended amounts for 2009 are rounded pursuant to N.J.S.A. 19:44A-7.1b.

Table 8
Recommended 2009 Non-Gubernatorial Contribution Amount Adjustments

2005 Contribution Amount	Cost Index Multiplier	Sum	2009 Rounded Amount
\$2,600	1.1331	\$2,946.06	\$3,000
\$7,200	1.1331	\$8,158.32	\$8,200
\$8,200	1.1331	\$9,291.42	\$9,300
\$25,000	1.1331	\$28,327.50	\$29,000
\$37,000	1.1331	\$41,924.70	\$42,000
\$72,000	1.1331	\$81,583.20	\$82,000

Finally, in Table 9, 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 recommendation.

NON-GUBERNATORIAL CANDIDATES AND COMMITTEES

Table 9
Recommended Contribution Limits for Non-Gubernatorial
Candidates and Committees

	Candidate Committee	Political Committee	Continuing Political Committee	Legislative Leadership Committee	State Party Committee	County Party Committee	Municipal Party Committee
Individual to:	\$3,000 per election	\$8,200 per election	\$8,200 per year	\$29,000 per year	\$29,000 per year	\$42,000 per year	\$8,200 per year
Corporation or Union to:	\$3,000 per election	\$8,200 per election	\$8,200 per year	\$29,000 per year	\$29,000 per year	\$42,000 per year	\$8,200 per year
Association or Group to:	\$3,000 per election	\$8,200 per election	\$8,200 per year	\$29,000 per year	\$29,000 per year	\$42,000 per year	\$8,200 per year
Candidate Committee to:	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$29,000 per year	\$29,000 per year	\$42,000 per year	\$8,200 per year
Political Committee to:	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$29,000 per year	\$29,000 per year	\$42,000 per year	\$8,200 per year
Continuing Political Committee to:	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$29,000 per year	\$29,000 per year	\$42,000 per year	\$8,200 per year
Legislative Leadership Committee to:	NO LIMITS						
State Political Party Committee to:	NO LIMITS						
County Political Party to:	NO LIMITS, EXCEPT THOSE SET FORTH IN <u>N.J.A.C.</u> 19:25-11.7 FOR A COUNTY POLITICAL PARTY COMMITTEE						
Municipal Political Party to:	NO LIMITS						
National Political Party to:	\$9,300 per election	\$8,200 per election	\$8,200 per year	\$29,000 per year	\$82,000 per year	\$42,000 per year	\$8,200 per year

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

CONCLUSION

The “Cost Index Report 2009” differs from the previous Cost Index reports in this series. Because of an amendment to the law in December 2004, this report is presented in two parts: Gubernatorial Public Financing Program and Non-Gubernatorial Candidates and Committees.

In Part One, the thresholds and limits applicable to the Gubernatorial Public Financing Program were adjusted by the Campaign Cost Index for 2009 as calculated by virtue of the formula set forth in the “Campaign Act.” By statute, these thresholds and limits are automatically adjusted except for the \$300 disclosure threshold.

Likewise, in Part Two, which involves non-gubernatorial thresholds and limits, the same formula was utilized. However, only non-gubernatorial thresholds were adjusted automatically to account for inflation except for the \$300 disclosure threshold. Adjusted amounts applicable to non-gubernatorial contribution limits are recommended and not adjusted automatically, and it is the prerogative of the Legislature to accept or modify the Commission’s recommendations.

As noted above, the Commission, in determining the 2009 Campaign Cost Index, used the statutory formula as first proposed in its 1988 Gubernatorial Cost Analysis Report. As part of this formula, the Commission blended the Universal-McCann Media Cost-Per-Thousand Composite Index with the Consumer Price Indexes for New York/New Jersey and Pennsylvania/New Jersey regions to determine the campaign cost multiplier and to determine the various adjustments. Campaign cost inflation was measured for the period 2004 through 2008, using projections for the latter year.

As stated in the 2005 Cost Index Report, “the Commission proposed the cost adjustment process as an improvement to New Jersey’s nationally-recognized gubernatorial public financing program and lauded its expansion and application to non-gubernatorial candidates and committees.”⁶

With this Report, the Commission again is delighted to participate in this important exercise and to continue its tradition of service to the citizens of New Jersey.

NOTES

1. ELEC, “New Jersey Public Financing: 1985 Gubernatorial Elections,” (September, 1986), p. 9.
2. ELEC, “Gubernatorial Cost Analysis Report,” (June, 1988), p. 23.
3. See N.J.S.A. 19:44A-7.1b.
4. ELEC, “2005 Cost Index Report,” (December, 2004), p. 5.
5. Ibid. p. 10.
6. Ibid. p. 20.

PREVIOUS COST INDEX REPORTS

- [2005 Cost Index Report](#)
- [2001 Cost Index Report](#)
- [1997 Cost Index Report](#)
- [1993 Gubernatorial Cost Index Report](#)
- [Gubernatorial Cost Analysis Report](#) (1988)