

Local Campaign Financing

White Paper 14



November, 2000



State of New Jersey

ELECTION LAW ENFORCEMENT COMMISSION

RALPH V. MARTIN
Chair

PAULA A. FRANZESE
Vice Chair

LYNNAN B. WARE
Commissioner

SUSAN S. LEDERMAN, Ph.D.
Commissioner

Respond to:

P.O. Box 185

Trenton, New Jersey 08625-0185

(609) 292-8700

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

FREDERICK M. HERRMANN, Ph.D.
Executive Director

JEFFREY M. BRINDLE
Deputy Director

GREGORY E. NAGY
Legal Director

JAMES P. WYSE
Counsel

Acknowledgement

Local Campaign Financing, written by Deputy Director Jeffrey M. Brindle, is the fourteenth title in the New Jersey Election Law Enforcement Commission's (ELEC) White Paper Series that dates back to 1988. As with the other volumes in the series, this one should prove of great interest to the media, the academic community, public officials, and concerned citizens. The Commission continues to be very proud of the Deputy Director's talented efforts in writing this report and the others in the series.

Research Associate Steven Kimmelman coded reports used in this study and provided invaluable research. Director of Systems Administration Carol Neiman and her staff 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, while Director of Administration Barbra Fasanella reviewed all of the statistics appearing in the report. Legal Director Gregory E. Nagy and Deputy Legal Director Nedda Massar served as proofreaders.

The editor of the White Paper Series, Executive Director Frederick M. Herrmann, once again served in this capacity. As usual, he did a fine job in editing the text bringing consistency throughout. For further reading about the role of campaign financing in New Jersey and the nation's political systems, the Commission suggests referring to the fourth edition of the COGEL Campaign Financing and Lobbying Bibliography compiled by him and published by the Council on Governmental Ethics Laws (COGEL) and ELEC.

Ralph V. Martin, Chair

TABLE OF CONTENTS

<u>Chapter</u>	<u>Page No.</u>
1. Introduction.....	1
2. Local Financing: An Overview.....	9
3. Local Candidate Fundraising.....	18
4. How Local Candidates Spend Their Money.....	30
5. Conclusion	48

Table of Contents

<u>Figure No.</u>	<u>Page No.</u>
1. General Election Local Candidate Receipts/Expenditures	12
2. May Municipal Candidate Receipts/Expenditures	15
3. School Board Candidate Receipts/Expenditures	16
4. Comparison of Contribution Sources: Municipal/County (1999 General Election)	24
5. Sources of Contributions: Legislative and Municipal Candidates (1999 General Election).....	26
6. Local Spending	31
7. Distribution of Mass Communication Expenditures Local Candidates.....	33
8. Municipal/County Candidates Compared.....	36
9. Comparison Local/Legislative Spending.....	43

Table of Contents

<u>Table No.</u>	<u>Page No.</u>
1. Local General Election Receipts/Expenditures: 1989-1999	11
2. Sources of Local Contributions (General 1999)	20
3. Sources of Contributions to Municipal Candidates (General 1999).....	21
4. Sources of Contributions to County Candidates (General 1999).....	23
5. Breakdown of Local Candidate Expenditures (General 1999).....	32
6. Municipal Candidate Expenditures (General 1999)	37
7. County Candidate Expenditures (General 1999)	38

CHAPTER ONE

Introduction



hen Jack Rafferty, long time Mayor of Hamilton Township, Mercer County, announced that he would not be running for reelection, local politicians anticipated a spirited contest to replace him. For the local Democratic party, the general election presented the very best opportunity in years to win the mayorship and to rebuild a municipal committee that had been hurt by the sustained popularity of Rafferty and the local GOP organization that backed him. Moreover, the absence of the Mayor on the ticket also encouraged county Democrats into believing that a strong effort in the Hamilton local race would provide an excellent opportunity for them to unseat Republicans Paul Kramer and Barbara Wright in the 14th District Assembly contest. To cut into Kramer and Wright's margins of victory in the district's largest community would vastly enhance the electoral prospects of Democratic hopefuls Linda R. Greenstein and Gary L. Gear. In order to accomplish these goals, two steps needed to be taken: to find a strong candidate and to raise a lot of money. They found the candidate in a youthful newcomer, Glen Gilmore. And, as will be shown, they accomplished their objective of raising a lot of money.

For local Republicans the task was different. It was not so much a concern over raising money, the local organization was equipped to do that. What was most critical was nominating someone who could stem the tide against an electorate that seemed to desire change and to defend against the uneasy feeling among local voters that, in recent years, matters had gone amiss in local government. It appears as if the Republicans had the more difficult task in this particular election season. Following a spirited campaign, Democrat Gilmore defeated the Republican candidate, Councilman Peter Schroeder, ousting the GOP from the Mayor's office

Introduction

for the first time in 24 years. This strong showing locally also helped Greenstein and Guear to be elected to the General Assembly.

Money played no small part in this local contest. Candidates for Hamilton Township Mayor spent over \$415,000 in the 1999 general election. They raised over \$452,000. For the most part, these figures do not include money spent by local parties, especially the GOP.

Attesting to the candidate-centered nature of the Gilmore campaign and the minimal effort put forth by the Hamilton Township Democratic Committee, Gilmore raised over \$345,000 and spent more than \$320,000. Republican Schroeder, on the other hand, was involved in a much more party-centered campaign, raising just over \$80,000 and spending \$69,000. Much of his money came from the GOP local organization, which raised \$389,051 and spent \$388,054. Meanwhile, the Democratic Committee raised a mere \$16,428 and spent \$10,624.

At the same time that the spirited contest in Hamilton Township was taking place, two rivals serving Mercer County government were vying for the County Executiveship. Incumbent County Executive Robert Prunetti was busy touting his record while challenger, and Freeholder Director, Jim McManimon, was attacking it. Prunetti mainly talked about economic development and stable taxes. He hailed the success of Waterfront Park and the development of an arena in downtown Trenton. McManimon was critical of the County Executive's record on open space and the environment. He noted that traffic congestion was becoming a major problem in Mercer County and voiced concerns about overdevelopment.

To get their message across to the voters, both Prunetti and McManimon spent considerable amounts of money. Almost \$1 million was raised between the two candidates and \$855,000 spent. Incumbent Prunetti raised over \$600,000, spending over \$520,000 of it. Challenger McManimon raised almost \$400,000 and spent over \$330,000 of it.

Introduction

State Control Over Local Government

On a matter of a different nature, the state of New Jersey recently assumed direct control over the city of Camden's financial operations. Despite the objection of Camden's Mayor and other officials representing the city, the state believed that the situation in Camden warranted a takeover by the Division of Local Government Services in the Department of Community Affairs. The state of New Jersey has assumed control from time to time of the finances of other municipalities and school districts but a Philadelphia Inquirer article of May 10, 2000, cited state officials saying that "the situation in Camden is dire and cries out for greater intervention than other cities—including the last time Camden was placed under state supervision, in 1981."¹ The city had incurred a deficit of \$13.5 million.

Over the last 20 years, ten cities came under direct state control. This control involved labor negotiations, personnel decisions, restructuring debt, spending decisions, or, in general, managing the business affairs of a municipality. The decision to assume state control over local government is a difficult but important one. Stable finances at the local level contributes to a higher state bond rating, which translates into lower interest rates when the state borrows money. Conversely, instability locally can adversely affect the state's bond rating; contributing to higher rates of interest when borrowing to finance capital projects.

Important Role of Local Government

Local governmental units, including both municipal and county governments, play an important part in the overall structure of government in New Jersey. In New Jersey Politics and Government, Barbra G. Salmore and Stephen A. Salmore, describing the situation in the early part of the 20th century, wrote:

Neither the suburban commuters nor the insular ethnics 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

Introduction

speak of. Political attention always focuses on where public money is raised or distributed. In the New Jersey of the 1900's, Trenton continued to raise its modest budget almost entirely from the corporations and the railroads and to spend it on the penal system and skeletal social services. In contrast, localities raised and spent four times as much, almost all of it coming from a highly visible local property tax and going to visible services such as roads and public schools. State government's 2,900 employees in fiscal year 1916 to 1917 were not merely so rich a source of patronage jobs as were counties and municipalities.²

The early 20th century situation described by the Salmores had not changed over that of the 19th century. Frederick M. Herrmann noted in a study of antebellum New Jersey that:

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.³

In modern times, of course, state budgets have grown larger. In assuming more programmatic responsibilities, the state government has carved out a more positive role for itself in the lives of its citizens. Education, entitlement programs, healthcare initiatives, environmental programs, and costly transportation projects, to name a few, are among the many areas in which state government's responsibilities have grown. Along with this larger role, state government budgets represent a larger piece of the overall budgetary pie than they once did. This fact does not mean, however, that local budgets are insignificant, or have shrunk. Indeed, they have grown

Introduction

larger. Overall, in 1996, local revenues exceeded \$25 billion, a figure greater than the state's fiscal year 2001 budget.⁴

Unitary Relationship between State and Local Government

The governmental structure of the United States is federalist. Under federalism, the national government and the state governments derive their powers from the Constitution. The national government in Washington D.C., for instance, cannot abolish the state governments, nor the states the national government. The Constitution defines the powers and limitations of both levels of government. The relationship between state governments and their local subunits is different. This relationship is organized on the basis of a unitary system whereby municipalities are the creatures of the state. The state is sovereign and all powers are vested in it. Under this governmental structure, "local units exist only as agents of the states and exercise only those powers expressly given to them by their respective state governments."⁵

Like the other states, New Jersey's government is structured in this manner. Local units of government are granted charters under the municipal and county charter laws adopted by the Legislature. While the forms of government adopted by municipal and county governments vary, 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. In a word, New Jersey government acts "in accordance with the legal principle known as Dillon's rule,"⁶ which holds that "a municipal corporation can exercise only the powers expressly given it or those powers necessarily implied by, or essential to the accomplishments of stated powers."⁷

DeFacto Home Rule

Despite this formal relationship, there has, nevertheless, been a strong tradition of home rule in New Jersey. The defacto home rule is still very much alive in the hearts and minds of local officials. And despite the ultimate authority for governing being vested in the state, much

Introduction

power and responsibility in governing has remained with municipal and county governments. Thus, legally and theoretically, state government is sovereign. In practice, however, local government has much authority and jurisdiction vis-à-vis the lives of New Jersey residents.

As noted above, local government is costly. New Jersey is divided into 566 municipalities and 21 counties, all of which contain their own governing bodies. Add to this mix special districts, such as school districts and fire districts, and it's clear that New Jersey certainly has a labyrinth of governments. Through property taxes, these units raise money, which, along with state and federal funds they receive, allow them to spend truly significant amounts of money on a variety of public services. The State's budget in fiscal year 2001 will be \$21 billion. In contrast, municipal and county governments, had budgets amounting to over \$25 billion in 1996. Though more recent figures are not available, that figure has assuredly increased.

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 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.

The substantial duties placed on local officials offers them great opportunities to do much good for their communities and counties. For example, Mercer County government working with Trenton city government has contributed to the revitalization efforts in the capital by being

Introduction

involved in the development of Waterfront Park, home of the Trenton Thunder Minor League baseball team, and the downtown arena, which is home to minor league hockey and basketball. A series of administrations in New Brunswick have worked closely with Johnson and Johnson, which has backed New Brunswick Tomorrow to revitalize the hub city and make it into a center for art and culture. And mayors and councils in small towns across New Jersey have made decisions that have benefited local citizens.

But just as such significant responsibilities present opportunities for good, they do, at times, present local officials with the opportunity to engage in corruption. Revenue from property taxes, state and federal funds, labor negotiations, patronage, and contract bidding give those so inclined the chance to defraud the public. The vast majority of local officials serve tirelessly and thanklessly. They are honest and undertake their responsibilities with integrity and distinction. They are public servants in the best sense of the word. Unfortunately, however, New Jersey, as other states, has witnessed its share of local officials being unfaithful to the trust given them by local citizens. Indeed, as stated in a 1992 report by the State of New Jersey Commission of Investigation:

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 taxpayer dollars. Corrupt inspectors jeopardize the public's health, safety and wellbeing. Purchasing scams deplete local treasuries. Zoning and planning payoffs lead to helter-skelter development. Rip offs in social benefit programs deprive 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.⁸

Conclusion

The purpose of this discussion has been to illustrate how important a role local government and local officials play in the lives of New Jersey residents, and, in so doing, to

Introduction

introduce the topic of this study, which is an analysis of campaign finance data at the municipal and county electoral levels. Though campaign financing activity in municipal and county races is not a topic studied widely by political scientists who otherwise have made noteworthy efforts in this field, it deserves attention. Municipal and county elected officials bear much governmental responsibility. As candidates, they attract substantial campaign dollars. More so than state legislators, local officials have control over important areas of government, such as quality of life issues in local jurisdictions, budgets, contracts, and patronage. As such, it is important to the study of campaign financing that the sources of contributions to local candidates and how they spend their money be examined. It is the intention of this study to accomplish this task.

The challenge of analyzing campaign financing and electoral politics at the local level began for the Commission with White Paper Number 12: Repartyization: The Rebirth of County Organizations. In this white paper, the campaign financial activity of county political parties in eight of the 21 counties in New Jersey was analyzed in depth. Essentially, the analysis revealed that county political party organizations were rebounding from their recent doldrums. It found that due to a U.S. Supreme Court decision and changes to the campaign law in New Jersey in 1993, county organizations were gaining more power and influence over electoral politics.

This study is a follow up to that initial foray into local electoral activity. Using a stratified probability sampling method, a sample size of 50 reporting entities was selected from a pool of 654 municipal, county executive, and county freeholder candidates in the 1999 general election who filed detailed reports. This method first produced proportionate sample sizes for each category of candidate reports to be analyzed. Because the proportionate sample sizes for the county executive and county freeholder categories proved to be not large enough to provide for adequate analysis, it was determined to produce disproportionate samples for each of the three categories. Thus, 30 municipal reporting entities, 4 county executive reporting entities, and 16 county freeholder reporting entities were selected for observation.

CHAPTER TWO

Local Financing: An Overview



Trends In Legislative Campaign Financing 1987-1997, the most recent Commission white paper, noted that legislative candidates in the 1997 general election increased fundraising by 57 percent over the general election of 1987.

During this ten-year period, expenditures rose by 60 percent.

In New Jersey, there are considerably more local candidates in any given year than legislative candidates. In the 1997 general election, there were 337 candidates for State Senate and Assembly. In the 1999 general election, the focus of this study, there were 654 candidates for local office who filed detailed campaign finance reports. The local candidate category includes candidates for municipal and county offices.

Importantly, legislative candidates in 1997 raised \$26.2 million, or an average \$78,000 per candidate. Local candidates, on the other hand, raised \$18.2 million in 1999, or an average \$27,829. Obviously, these average amounts can be misleading in that some candidates spent much more than these averages and some much less. However, these figures do indicate the relative differences in overall campaign financial activity between candidates for state office and candidates for local office.

Despite the fact that fewer numbers of legislative candidates engage in significantly more financial activity than the greater numbers of local candidates do, it should not be assumed that the financing of local elections is unimportant or insubstantial. In relative terms, money is just as important in these elections as in those for state office.

Local Financing: An Overview

When considering the differences in fundraising between local and legislative candidates, certain factors should be kept in mind. First, though legislative candidates engage in more extensive fundraising, these candidates in general appeal to an electorate that is larger than that of local candidates. Though some local jurisdictions are larger in terms of geography and population than legislative districts, for the most part local candidates campaign before electorates that are smaller than those of legislative candidates. Whereas every legislative district contains approximately 200,000 people⁹, most municipalities involve populations that are smaller than this. For example, the smallest municipality in New Jersey, Tavistock in Camden County, has only 12 people.¹⁰ Many others have populations of 10,000 or less. In a word, most local jurisdictions are smaller than legislative districts.

In terms of fundraising, the implications are clear. Legislative candidates have a larger fundraising base from which to raise money. The donor base available to local candidates, on the other hand, is considerably less. Legislative candidates draw on contributions from numerous municipalities. In general, local candidates tap those individuals and businesses within the local area. Incumbent legislators, in particular, draw upon Trenton lobbyists, legislative leadership committees, and state party committees. Moreover, legislative candidates can depend on newly invigorated county party committees to contribute handsomely as well. Though there are certain exceptions, most local candidates rely mainly on local sources for contributions.

Despite the limited fundraising base of local candidates and the fact that a smaller number of legislative candidates raise more money than the more numerous local candidates, the impact of money on local elections should not be underestimated nor overlooked. As former Commissioner David Linett said, often a \$500 contribution to a municipal candidate can have just as much impact on a local election as a \$5,000 PAC contribution can have on a legislative race. Furthermore, the ability to reward supporters with contracts, jobs, and permits, etc. are greater at the local level than at the legislative level.

Local Financing: An Overview

As noted above, candidates for the legislature increased fundraising by 57 percent and expenditures by 60 percent between 1987 and 1997. While not approaching the totals raised and spent by candidates for the legislature, candidates for local office during a period almost coincidental with the above, 1989-1999, boosted their fundraising totals by 49 percent. Expenditure activity by these candidates increased by 59 percent. In the 1999 general election, these candidates raised \$18.2 million compared with \$12.2 million in 1989. Local candidates spent \$17 million in 1999 and \$10.7 million ten years before. Thus, the trend in local campaign financing closely followed that of legislative campaign financing. Table 1 lists receipts and expenditures of local candidates in each successive year beginning in 1989.

Table 1
Local General Election Receipts/Expenditures: 1989-1999

<u>Year</u>	<u>Receipts</u> *	<u>Expenditures</u> *
1989	12.2	10.7
1990	15.5	13.0
1991	14.4	13.3
1992	13.4	10.6
1993	12.2	10.9
1994	18.3	16.1
1995	15.5	12.2
1996	11.7	10.3
1997	11.8	10.2
1998	14.4	13.4
1999	18.2	17.0

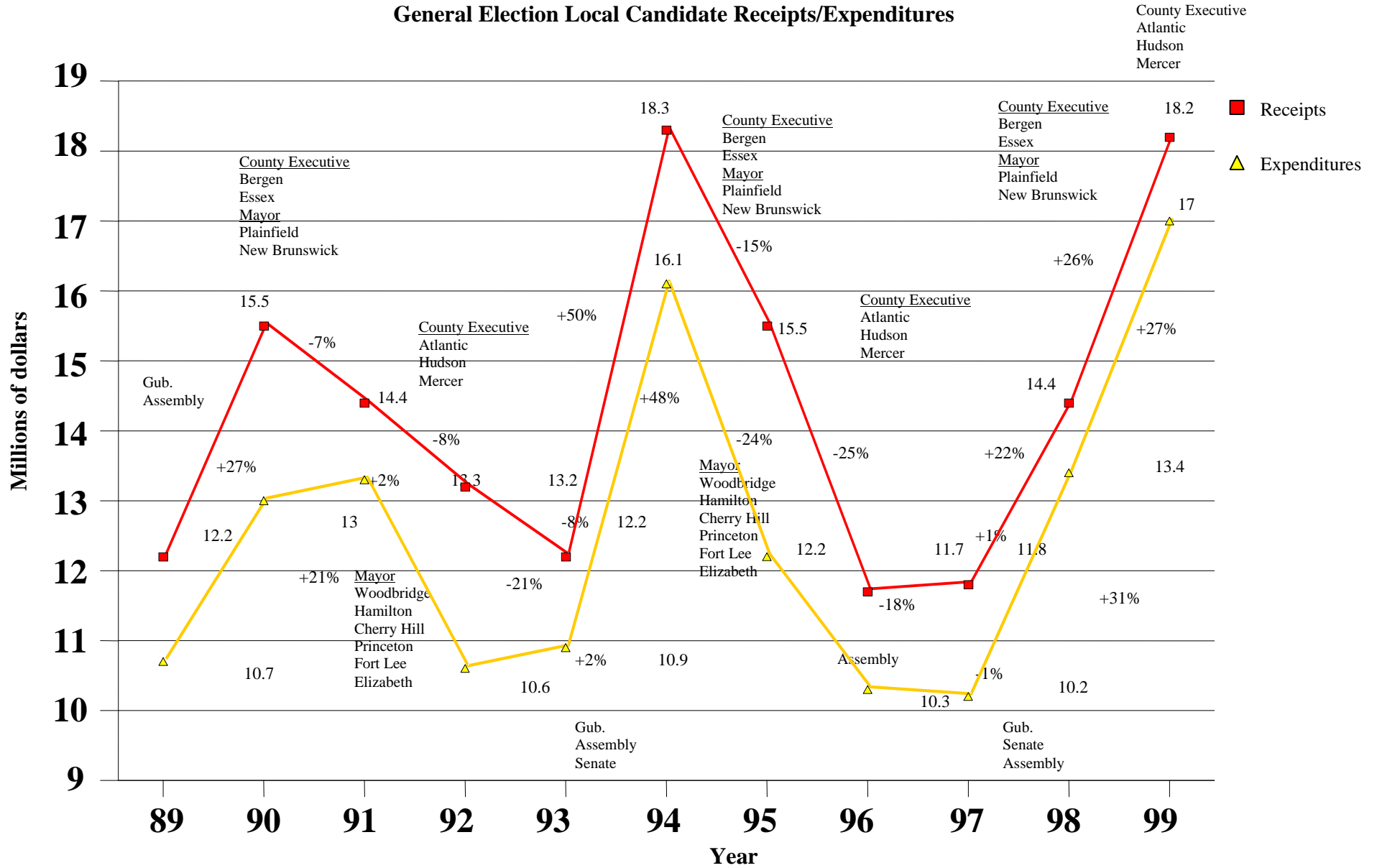
Source Data: New Jersey Election Law Enforcement Commission

*In millions of dollars

Interestingly, but not surprisingly, financial activity by local candidates running in November general elections assumed a distinctive pattern. Overall, as Figure 1 shows, years in which there were comparable elections displayed similar characteristics.

Local Financing: An Overview

Figure 1
General Election Local Candidate Receipts/Expenditures



Source Data: New Jersey Election Law Enforcement Commission

Local Financing: An Overview

In 1990, 1994, and 1999, financial activity on the part of local candidates peaked. Municipal and county candidates raised \$15.5 million in 1990, \$18.3 in 1994 and \$18.2 million in 1999. Expenditures reached \$13 million in 1990, \$16.1 million in 1994, and \$17 million in 1999. Financial activity in 1991, 1995, and 1998 was high also, outdistancing activity by local candidates in the remaining two years of the four-year cycle of elections. Fundraising totaled \$14.4 million in 1991, \$15.5 million in 1995, and \$14.4 million in 1998. Local candidates in these years spent \$13.3 million, \$12.2 million, and \$13.4 million respectively.

There is a straightforward explanation for the consistently greater local financial activity recorded in the election years cited above as opposed to 1989, 1992, 1993, 1996, and 1997. In 1990, 1994, and 1998, there were contests for county executive in the state's two most populous counties, Essex and Bergen. Also, in these years, mayoralty elections occurred in New Brunswick and Plainfield. Similarly, in 1991, 1995, and 1999 county executive races occurred in Atlantic, Hudson, and Mercer counties and mayoralty contests in the populous communities of Woodbridge, Hamilton Township (Mercer County), Cherry Hill, Fort Lee, and Elizabeth. These significant contests drove up the financial activity recorded by local candidates in these election years. In the absence of county executive and major mayoralty races, financial activity in the final two years of the four year cycle necessarily lagged. Finally, the extraordinarily high fundraising totals recorded as early as 1994 of \$18.3 million is in part the result of the new campaign financing law effective in 1993. This law restricted candidates to one candidate and/or joint candidates committee. The law permitted candidates who previously controlled personal PACs to transfer those monies into their new candidate committees. This "dumping" of personal PAC money contributed to the record fundraising totals by local candidates reported in 1994.

May Municipal Candidates

While the focus of this study is on candidates for local office in November general elections, it is important to recognize that certain municipalities hold their elections in May. Stemming from the Progressive era, these May elections are theoretically non-partisan. Though

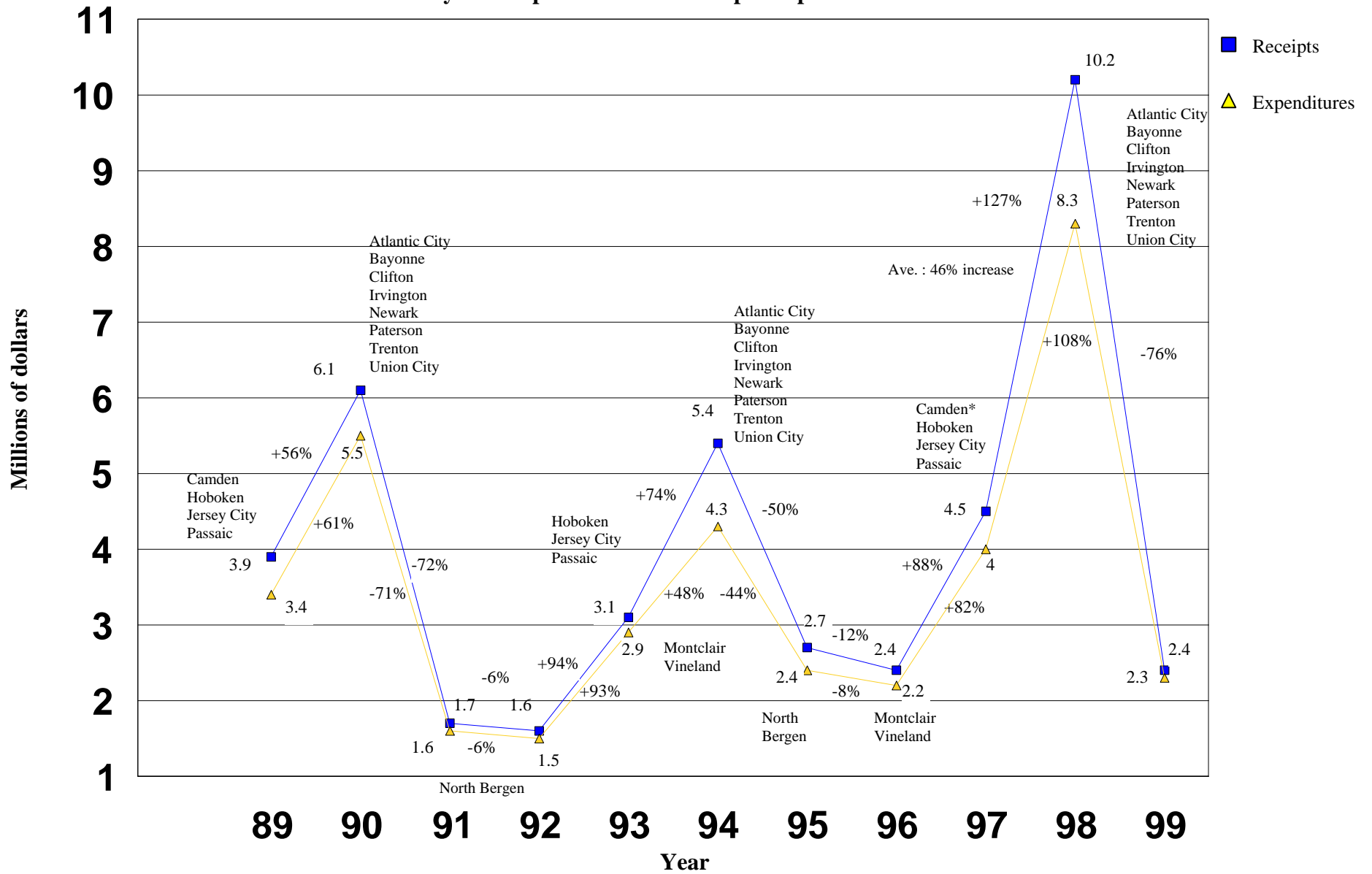
Local Financing: An Overview

the November general election ballot primarily contains candidates identified by partisan labels, the May election ballot does not identify candidates as partisans. Unofficially, however, these candidates are often supported by the major parties. Regardless, a considerable amount of money is spent in these elections, making the financial activity of these candidates worthy of note.

In observing May municipal elections, a consistent pattern emerges vis-à-vis campaign financial activity over the period 1989 through 1999. As shown in Figure 2, with 1989 as the base year, financial activity in May elections is highest in the first two years of a four year cycle and lowest in the last two years of the cycle. This pattern is standard throughout. As in the case of November local elections, the peaks and valleys are related to the particular elections that are held in any given year. For example, in the peak years of 1990, 1994, and 1998, when \$6.1 million, \$5.4 million, and \$10.2 million was raised, May municipal elections were held in populous jurisdictions such as Atlantic City, Bayonne, Clifton, Irvington, Newark, Paterson, Trenton, and Union City. Expenditures in those years amounted to \$5.5 million, \$4.3 million and \$8.3 million. The years 1989, 1993, and 1997 also witnessed fairly substantial financial activity by candidates in May municipal elections. These years coincided with elections in Camden, Hoboken, Jersey City, and Passaic. Fundraising in these years reached \$3.9 million, \$3.1 million, and \$4.5 million respectively and expenditures registered \$3.4 million, \$2.9 million, and \$4 million. In the “off-year” municipal elections, when elections were not held in major municipalities, financial activity was significantly less.

Local Financing: An Overview

Figure 2
May Municipal Candidate Receipts/Expenditures



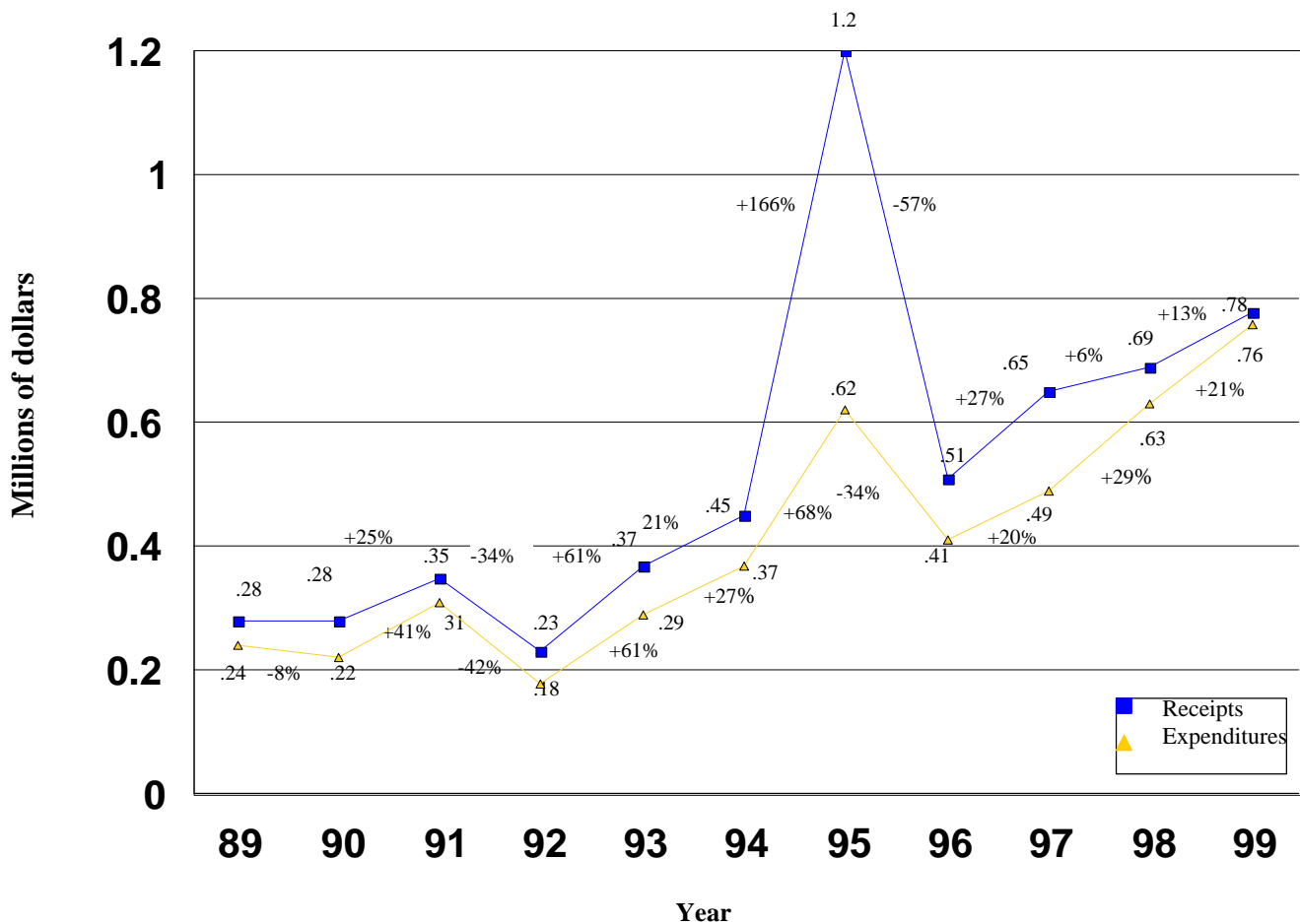
Source Data: New Jersey Election Law Enforcement Commission

Local Financing: An Overview

School Board Candidates

Finally, this chapter, which provides an overview of campaign financial activity at the local electoral level, would be remiss in not mentioning school board elections. Not much attention has been given to this type of election. Historically, school board contests have experienced insignificant levels of financing and a low voter turnout. This situation appears to be changing. As demonstrated in Figure 3, the financial activity of school board candidates steadily grew between 1989 and 1999.

Figure 3
School Board Candidate Receipts/Expenditures



Source Data: New Jersey Election Law Enforcement Commission

Local Financing: An Overview

Except for a decrease in overall financial activity in 1996, following the extraordinary spending that occurred in 1995, the data indicates that school board candidates increased their financial activity in each successive year during this period. Overall, fundraising increased by 173 percent and expenditures by 215 percent during this period. School Board candidates raised \$284,798 in 1989, and spent \$242,395. Ten years later in 1999, they raised \$776,770 and spent \$764,018. Though financial activity is less in School Board elections than in other local and state elections, the data does indicate that the rate of increase in financial activity by school board candidates surpassed that of municipal, county, and legislative candidates during this period. Because of the impact of school budgets on local property taxes as well as on the educational opportunities offered in a district, interest in these elections is increasing. More and more, teachers' unions, local PTA's, and senior citizen groups are engaging in political activity at this level.

Conclusion

In conclusion, while financial activity by general election local candidates and May municipal candidates has increased during the period 1989-1999, the pattern of increase has been uneven. In both instances, the explanation for the uneven levels of financial activity in any given year lies in the nature of elections held in those years. Financial activity increases when there are county executive races and contests in major cities and townships and decreases when these elections are not held. With respect to school board contests, overall financial activity has steadily increased.

This chapter has provided an overview of financial activity involving general and May municipal local candidates and school board candidates over a ten-year period. The study will now focus on providing more detail about contributor activity and expenditure activity undertaken by randomly selected local candidates running in the 1999 general election. This effort will provide a more in-depth analysis of campaign financing at the local level.

CHAPTER THREE

Local Candidate Fundraising



Trends In Legislative Campaign Financing: 1987-1997 noted that “in this modern era of politics, an essential requirement for a successful legislative campaign is the ability to raise money.”¹¹ Fundraising is not as essential a part of a local candidate’s campaign as it is of a legislative candidate’s campaign. Local campaigns, in general, are more personal in character, especially in small jurisdictions, and more dependent on the local political party organizations for financial support. The generally different nature of local campaigns, however, does not entirely mitigate the need for local candidates to raise money for their campaign. In fact, many local candidates have demonstrated an ability to raise not only sufficient but also significant amounts of campaign cash.

In the white paper mentioned above, it was reported that in 1997 legislative candidates “had raised \$25.4 million, a 57 percent increase over 1987, when they raised \$16.2 million.”¹² The previous chapter revealed that fundraising undertaken by local candidates in partisan general elections increased by 49 percent between 1989 and 1999. During 1989, money raised by municipal and county candidates amounted to \$12.2 million compared with \$18.2 million ten years later. As indicated earlier, these figures are less than for legislative candidates yet still sizeable. Moreover, though the rate of increase is less than that recorded by State Senate and Assembly candidates, this percent increase in financial activity at the local level merits attention.

This chapter will analyze in detail the fundraising activity by randomly selected county and municipal candidates in the 1999 general election. Comparisons will be made between county and municipal candidates in terms of the sources of their contributions. Further comparisons will be made between the sources of local candidate contributions and those of

Local Candidate Fundraising

legislative candidates. In this way, the difference between local fundraising efforts and the fundraising pursuits of candidates for state offices can be discerned.

Because of the Commission's greatly enhanced computer capability, detailed contributor information was able to be entered with regard to the randomly selected local candidates. Unfortunately, no comparisons can be drawn with local activity in earlier years because of the enormity of the task of keying information on past local campaigns. However, because of the new system, and this base study into local financing, comparisons will be made in the future and trends in local financing thereby observed.

Sources of Contributions to Local Candidates

As noted, a disproportionate stratified random sampling methodology was used to select local candidates for this study. A sample size of 50 local candidates was utilized. Therefore, out of 654 local candidates filing detailed reports in the 1999 general election, 30 municipal, four county executive, and 16 county freeholder candidates were selected for observation. Again, these candidates were selected randomly with each candidate having an equal chance of being selected. It is believed that as the result of this approach, a representative sampling of both Democratic and Republican candidates has been achieved as well as a balanced geographical distribution. Because of the sampling method used, however, total receipt and expenditure figures for Democratic and Republican candidates should be disregarded as irrelevant. What is relevant are the proportions represented in this chapter for candidates of each party.

Table 2 shows that out of all contributions made to the 50 local campaigns (includes municipal and county candidates) selected as part of this study, the bulk of these donations derived from three sources: individuals, business interests, and political parties. Local political parties, including re-energized county political organizations, were responsible for 76 percent of all contributions. Business and corporate interests made 10 percent of all contributions. Individuals were the source of nine percent of contributions. Campaign funds of other candidates were responsible for two percent of contributions, with political committees, unions

Local Candidate Fundraising

and union PACs, business and association PACs, and ideological PACs each exhibiting truly minimal contribution activity at the local level.

Table 2
Sources of Local Contributions (General 1999)

	<u>Republican</u>		<u>Democratic</u>		<u>Total</u>	
<i>Individual</i>	\$139,059	(10%)	\$88,139	(9%)	\$227,198	(9%)
<i>Business/Corporation</i>	147,752	(10%)	91,416	(10%)	239,168	(10%)
<i>Political Party</i>	1,114,600	(76%)	748,892	(78%)	1,863,492	(76%)
<i>Other Campaigns</i>	39,182	(3%)	15,653	(2%)	54,835	(2%)
<i>Political Committee</i>	5,900		3,500		9,400	
<i>Union</i>	--		8,100	(1%)	8,100	
<i>Business PAC</i>	1,000		--		1,000	
<i>Association PAC</i>	--		1,000		1,000	
<i>Union PAC</i>	5,500		5,000	(1%)	10,500	
<i>Ideological PAC</i>	<u>6,000</u>		<u>--</u>		<u>6,000</u>	
TOTAL	\$1,458,993		\$961,700		\$2,420,693	

Source Data: New Jersey Election Law Enforcement Commission

Sources Based on Party

The data indicates that there was virtually no difference in the distribution of sources of contributions between local Republican and Democratic candidates. While individuals were the sources of ten percent of local Republican candidate contributions, they were responsible for nine percent of the contributions to local Democratic candidates. Both the Republican and Democratic candidates received ten percent of their receipts from business and corporate interests. Altogether 76 percent of Republican contributions derived from political party organizations. Democrats received 78 percent of their contributions from party organizations. Other campaign committees provided 3 percent of GOP receipts and 2 percent for the

Local Candidate Fundraising

Democrats. Very minimal amounts were derived from PACs, political committees, and unions by the candidates of either party.

Sources of General Election Municipal Candidate Money

Municipal candidates in the 1999 general election selected for this study received all of their funding from either individuals, business and corporations, or political parties, with the majority of donations derived from political parties. No contributions were reported from other campaigns, unions or union PACs, business PACs, or ideological PACs. Table 3 delineates the sources of money contributed to municipal candidates.

Table 3						
Sources of Contributions to Municipal Candidates (General 1999)						
	<u>Republican</u>		<u>Democratic</u>		<u>Total</u>	
<i>Individual</i>	\$57,109	(26%)	\$36,994	(18%)	\$94,103	(22%)
<i>Business/Corporations</i>	69,802	(31%)	42,513	(21%)	112,315	(27%)
<i>Political Party</i>	94,309	(43%)	121,726	(61%)	216,035	(51%)
<i>Campaign Fundraising</i>						
<i>Union</i>						
<i>Business PAC</i>						
<i>Union PAC</i>						
<i>Ideological PAC</i>	_____		_____		_____	
TOTAL	\$221,220		\$201,233		\$422,453	
Source Data: New Jersey Election Law Enforcement Commission						

Local Candidate Fundraising

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.

Slight differences in the distribution of sources of contributions emerged between Republican and Democratic municipal candidates. For example, whereas Republican candidates received 43 percent of their funds from political parties, the Democratic candidates reported receiving 61 percent from this source. Republicans on the other hand, received 31 percent of their funds from business interests compared with the Democrats, who received 21 percent of their funds from this source. Finally, individuals accounted for slightly more of GOP candidate funds than of Democratic candidate funds. Republicans raised 26 percent of their funds from individuals compared with 18 percent raised from this source by Democrats. Thus, in this sample universe of municipal candidates, Democrats appear to depend more on party funds whereas Republicans are more successful at attracting business contributions. Republican candidates also identified a higher proportion of funds as deriving from individuals than did Democrats.

Sources of Funding for Candidates for County Office

Interestingly, political parties were the dominant source of contributions to County Freeholder and County Executive candidates. Table 4 depicts the distribution of sources of contributions to these candidates.

Local Candidate Fundraising

Table 4
Sources of Contributions to County Candidates (General 1999)

	<u>Republican</u>		<u>Democratic</u>		<u>Total</u>	
<i>Individual</i>	\$81,950	(7%)	\$51,145	(7%)	\$133,095	(7%)
<i>Business/Corporations</i>	77,950	(6%)	48,903	(6%)	126,853	(6%)
<i>Political Party</i>	1,020,291	(82%)	627,166	(82%)	1,647,458	(82%)
<i>Campaign Fundraising</i>	39,182	(3%)	15,653	(2%)	54,836	(3%)
<i>Political Committee</i>	5,900		3,500		9,400	
<i>Union</i>	--		8,100	(1%)	8,100	(1%)
<i>Business PAC</i>	1,000		--		1,000	
<i>Association PAC</i>	--		1,000		1,000	
<i>Union PAC</i>	5,500		5,000	(1%)	10,500	(1%)
<i>Ideological PAC</i>	<u>6,000</u>		<u>--</u>		<u>6,000</u>	
TOTAL	\$1,237,773		\$760,467		\$1,998,243	

Source Data: New Jersey Election Law Enforcement Commission

As shown, political parties, providing 82 percent of the contributions made to the Freeholder and County Executive campaigns under study, accounted for the vast majority of funds to these candidates. Individuals provided seven percent of the funding and business/corporate contributors made six percent of the contributions. Other campaigns were the source of three percent of the funds and unions and union PACs each contributed one percent. Business PACs contributed meager amounts to county candidates as did political committees.

As indicated by the data, there was little, if any, difference between Republican and Democratic candidates for county office in terms of the sources of their funding. Both sets of candidates received 82 percent of their contributions from parties, seven percent from individuals, and six percent from business and corporate sources. Unions and union PACs contributed more to Democrats but did not entirely neglect Republican county candidates.

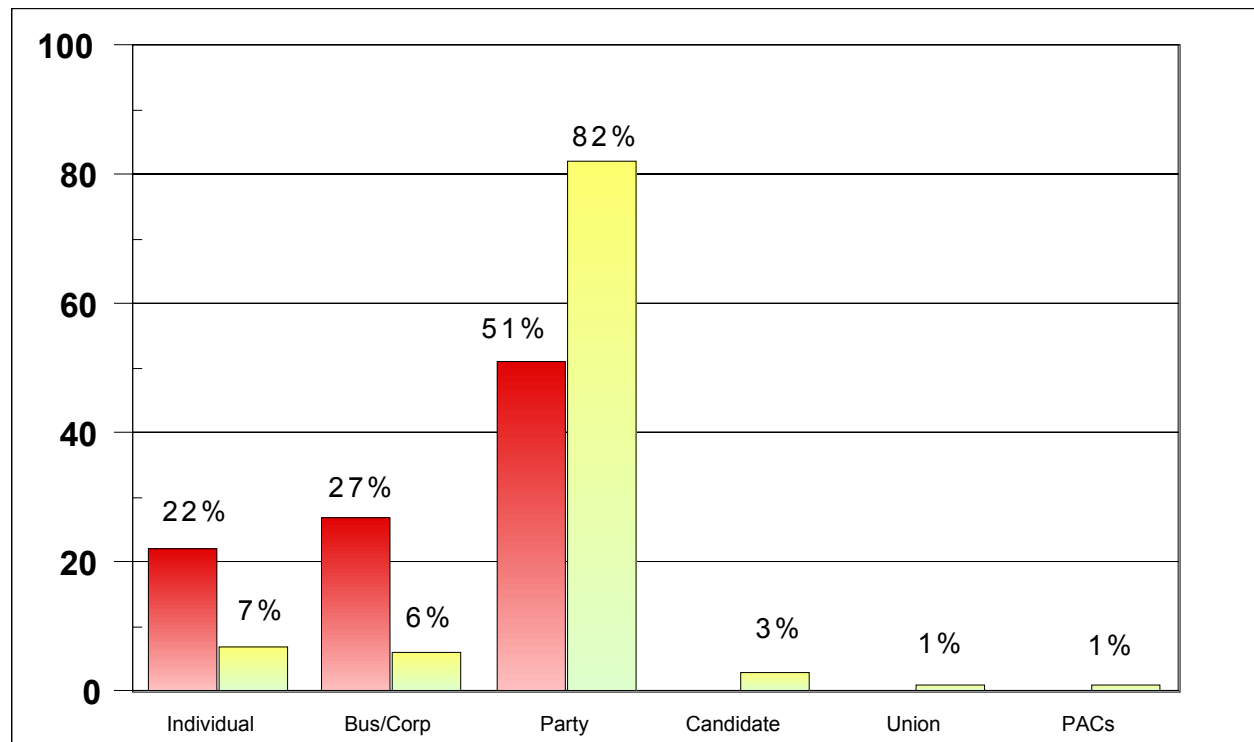
Local Candidate Fundraising

Political committees gave minimally but to both sets of candidates. Business and ideological PACs gave a small amount to Republican candidates but trade and professional PACs provided slight funding to the Democrats.

Comparisons between Municipal and County Funding Sources

In comparing contributions to general election municipal candidates with those of candidates for county office, the data indicates that money for both sets of candidates derives mainly from the same three sources. However, the distribution within these three categories varies significantly between municipal and county candidates.

Figure 4
Comparison of Contribution Sources: Municipal/County (1999 General Election)



■ Municipal ■ County

Source Data: New Jersey Election Law Enforcement Commission

Local Candidate Fundraising

As Figure 4 above demonstrates, candidates for County Freeholder and Executive were supported almost exclusively by political parties, whereas municipal candidates, though supported strongly by local parties, were not underwritten by the parties to the extent that county candidates were underwritten by them. A full 82 percent of contributions to county candidates came from their party organizations compared with 51 percent of contributions to municipal candidates that were drawn from this source. Municipal candidates, on the other hand, received proportionately more contributions from individual and business/corporate contributors than did county candidates. Municipal candidates drew 22 percent and 27 percent of their receipts from individual and business oriented contributors respectively compared with just 7 and 6 percent of contributions respectively that were derived from these sources by county candidates. While the general election municipal candidates selected for this study did not tap any other sources for contributions, county candidates did. However, as shown in the figure above, contribution activity involving other candidates, political committees, unions and PACs was minimal for county candidates.

In Repartyization: The Rebirth of County Organizations, it was stated:

This study contends that there is a repartyization process underway in New Jersey and that an integral part of this process is the greatly strengthened role of the county party organizations in the campaigns of their candidates. While relatively dormant in the early and mid 1980's, these county party organizations began to rebound following the Supreme Court's Eu decision in 1989. They subsequently became a key player in election campaigns at all levels when the money began to flow to them as the result of campaign finance reform in 1993. This reform placed stricter contribution limit standards on donations to individual campaign committees than on parties.¹³

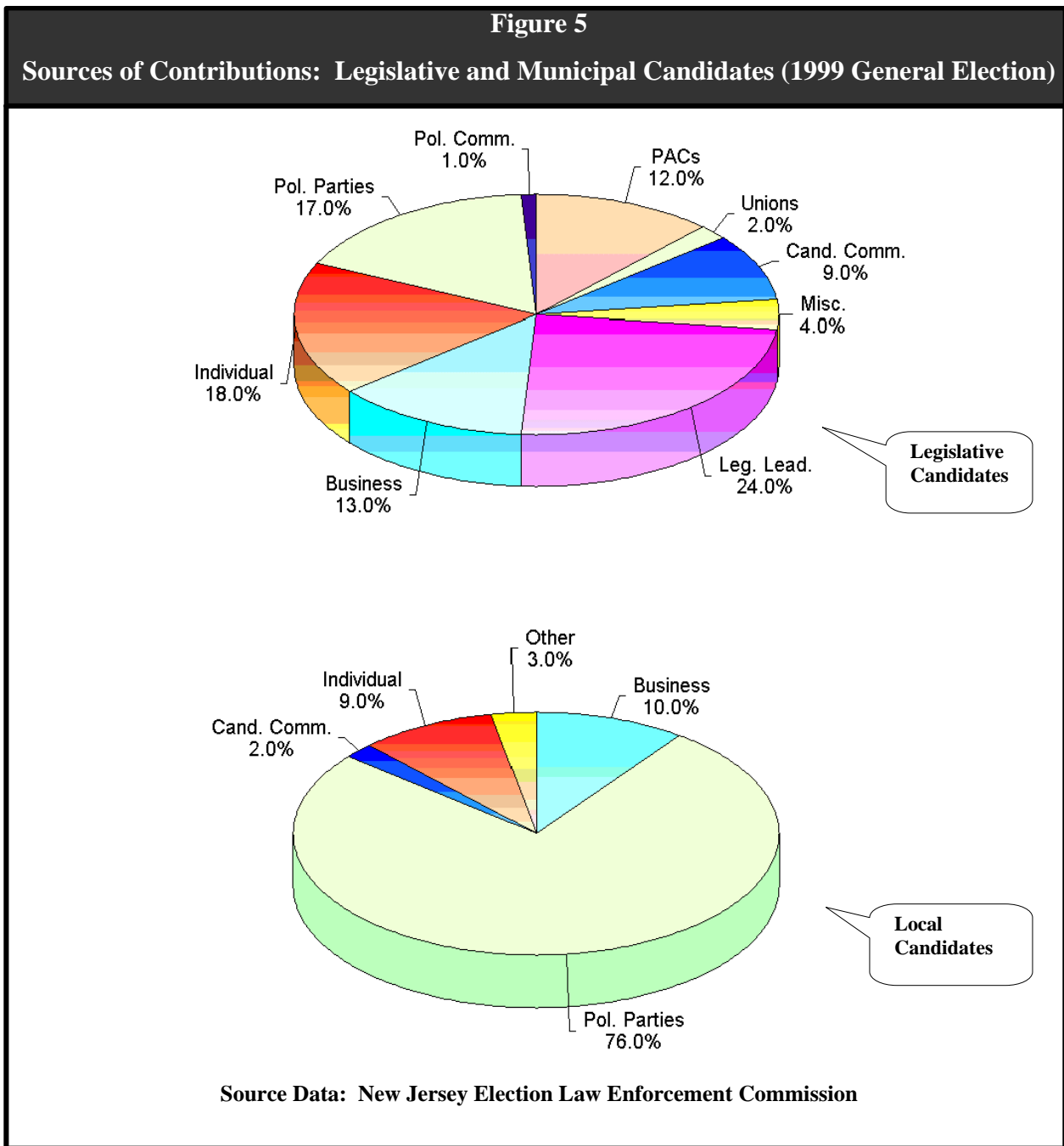
The data cited above corroborates the contention made in this earlier study that the county party organizations are again a major player in New Jersey elections, particularly at the county level. As indicated, political party organizations were the dominant source of financial

Local Candidate Fundraising

support for both municipal and county candidates and by virtue of this fact alone were major actors in these elections.

Comparing Local Candidates with Legislative Candidates

As shown in Figure 5 below, the answer to the question who funds the candidates is quite different for local candidates than for legislative candidates.



Local Candidate Fundraising

Over three-fourths of all contributions to local candidates stem from political parties. This overarching figure compares with a combined political party and legislative leadership committee figure of 41 percent of legislative candidate receipts. Taken separately, political party committees gave 17 percent of all legislative contributions and legislative leadership committees provided 24 percent of them.

Contributions from individuals constituted considerably less of a percentage of local contributions than of legislative contributions. Individuals made nine percent of contributions to local candidates. In comparison, they made 18 percent of contributions to legislative candidates. The percentage of contributions made by business and corporate interests was similar for both candidate categories. A total of 13 percent of contributions to legislative candidates derived from business whereas ten percent of local contributions derived from this source.

As demonstrated in Figure 5 above, the range of contributor categories involved with legislative candidates was broader than that of local candidates. Local candidates received contributions from mainly three sources: parties, individuals, and business. The range of contributors to legislative candidates was wider in scope. Besides contributions from parties, individuals, and business, legislative candidates benefited from PAC contributions, candidate committee contributions, and union contributions. PACs made 12 percent of legislative candidate contributions in the general election of 1997, candidates committees made nine percent, and unions two percent. Contributions from these entities were virtually nonexistent in local campaigns.

The difference between local candidates and legislative candidates in terms of the range and scope of contributor types participating in their respective elections is significant. The fact that political parties are a dominant contributor in local campaigns attests to the credibility of the findings first articulated in Repartyization: The Rebirth of County Organizations. This study had demonstrated that county party organizations, once the power center of New Jersey politics but marginalized in the 1970s and 1980s, have resurrected themselves in terms of their involvement in the state's electoral politics due to the 1989 Eu decision by the U.S. Supreme Court and the 1993 Campaign Finance Reform Act in New Jersey.

Local Candidate Fundraising

While the decision of the Court and campaign finance reform substantially strengthened the role of the parties in New Jersey, the dominance of political parties at the local level is due in part to the fact that local candidates are often newly recruited to run for public office and as such are not yet seasoned in the nuts and bolts of running campaigns. They are, therefore, more dependent on local party organizations to undertake the everyday tasks of running a campaign. These tasks include fundraising, reporting, publicity, election day activity, and overall strategy.

In contrast, legislative candidates, though increasingly benefiting from the financial and logistical support of party entities like the state and county political parties and legislative leadership committees, still run more candidate-centered campaigns. In so doing, they utilize personal campaign staffs that undertake the responsibilities otherwise accomplished by parties in local campaigns. Moreover, legislative candidates attract funds from a wider array of contributors than local candidates because they deal with a broader spectrum of issues. Though representing local constituencies, legislators deal with state issues. Therefore, political action committees, often connected with lobbying groups, have a direct stake in the electoral process at the state level and thereby more of an incentive to contribute to state level candidates. Individuals, businesses, and unions also share in these same incentives.

There is another major difference that distinguishes legislative candidates from local candidates in terms of the range of potential contributors. Legislative candidates, especially incumbents, have an interest in contributing to fellow legislative candidates (of the same party) in order to gain influence with their colleagues for the purpose of moving up the leadership ladder. This same incentive does not exist on the local level to the extent that it does among legislators. Members of township committees who do not have independently elected mayors, but who choose them from among themselves, may use this tool to gain influence to be selected mayor, but, by and large, this approach is not usual at the local level.

While local candidates, unlike their legislative counterparts, may not avail themselves of such a wide array of contributors, they do, in addition to political parties, tap business interests and individuals in their quest for dollars. Ample incentives exist for business to contribute at the

Local Candidate Fundraising

local level. In providing ten percent of local candidate contributions, lawyers, contractors, architects, engineers, etc. often have a very real financial stake in who wins local elections. Individual contributors also have ample incentives to contribute at this level such as patronage, appointment to a board, or favorable treatment regarding some local matter or other. It would be unfair, however, not to point out that many donors contribute to local candidates for purely altruistic or simply partisan reasons. They like the person running and believe he or she will do the best job for the community – or the person running is of the same party as the contributor. In other words, many people give simply to participate in the electoral process and not to gain personally from their contribution.

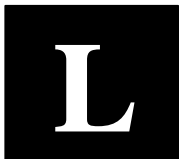
There are a broad range of incentives for giving to candidates at all levels. Often who gives to whom is predicated upon the respective responsibilities and powers inherent at each level of public service and the particular incentive that a contributor has in contributing to a candidate who is already an officeholder or expected to be one. Just as often, however, contributions are made for no other reason than helping a candidate who it is believed is best suited for the job, or who is a member of the party with which the contributor identifies.

Conclusion

This chapter has focussed on the fundraising activity of the 50 randomly selected local candidates. In both municipal candidate campaigns and county candidate campaigns, the major sources of contributions have been from political parties supporting the view taken in an earlier study that the political parties have increasingly developed as important players in elections during the 1990s. The chapter noted that individuals and businesses are important sources of campaign money for local candidates of both political parties. In contrasting local candidates with legislative candidates it was determined that legislators dealing with state issues and having a larger political base, are able to raise funds from a wider array of contributor types than can local candidates.

CHAPTER FOUR

How Local Candidates Spend Their Money



Local candidates increased their spending by 59 percent between 1989 and 1999. Spending by general election municipal and county candidates climbed from \$10.7 million in 1989 to \$17 million in 1999.

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.”¹⁴ 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.

Because local candidates have registered significant gains in expenditure activity over the past decade, the time is ripe for studying how these dollars are being spent. Moreover, it is time to explore whether or not the expenditure patterns exhibited by local candidates approximates those of legislative candidates. Finally, it is important to observe the campaign strategies that are indicated by the spending patterns of local candidates and to note whether or not they are similar to the strategies employed by candidates for the Legislature?

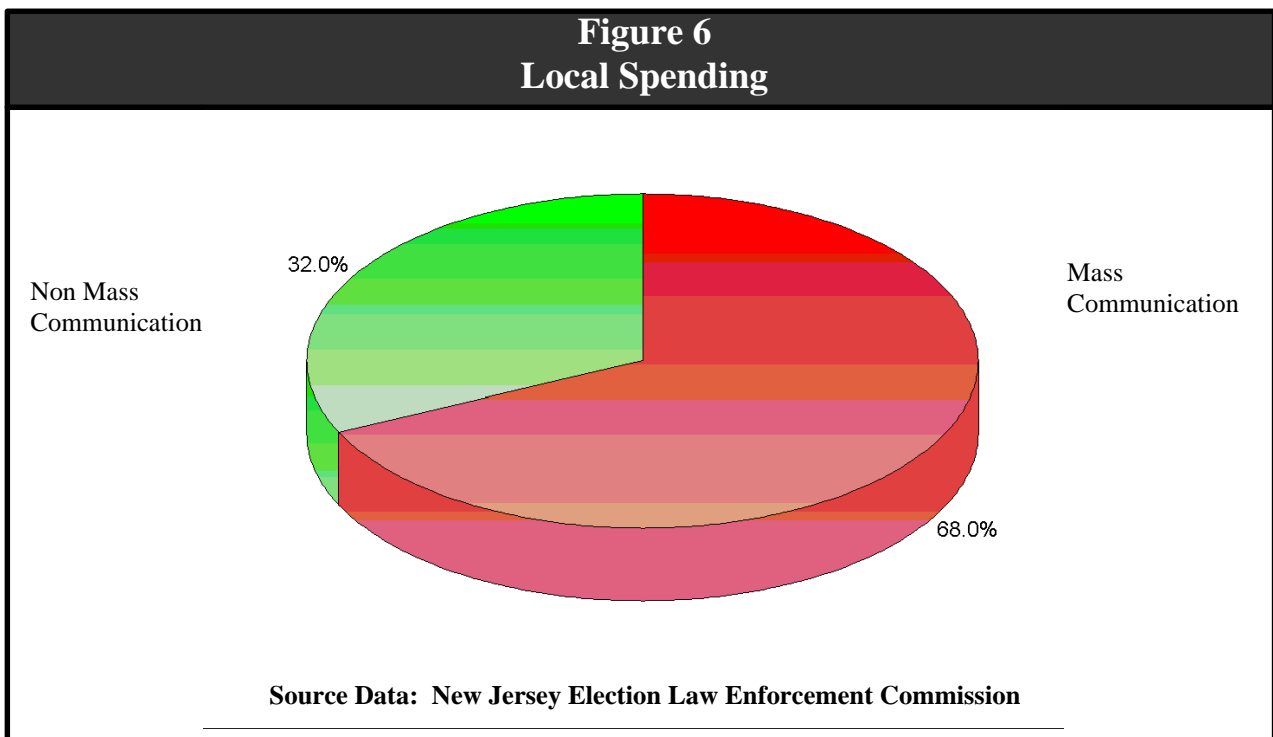
In Legislative Candidates: How They Spend Their Money, and later in Trends In Legislative Campaign Financing: 1987-1997, the Commission pioneered studies into how New Jersey legislative candidates utilized their funds. The Commission has also analyzed spending by gubernatorial candidates participating in the public matching funds program. By analyzing the spending patterns of New Jersey legislative and gubernatorial candidates, these studies have

How Local Candidates Spend Their Money

contributed to the understanding of campaign strategies at these electoral levels. In the ensuing pages, a similar study will be undertaken vis-à-vis the spending strategies of county and municipal candidates. Though limited in scope, the work will provide clues to campaigning at the local level. It will also determine if the trends that have set in at the statewide level have also been established locally.

Local Candidates Spending

Campaign reports of the 50 local candidates randomly selected for this study indicate that the majority of their expenditures went toward mass communications. As shown in Figure 6 below, 68 percent of all local expenditures were made for this purpose. Conversely, 32 percent of local spending went for purposes other than mass communication.



Mass communication is divided into two parts, broadcast media, entailing radio and cable TV, and print media, including direct mail, newspaper, and outdoor advertising. Due to the sometimes inadequate manner by which local candidates detailed their spending on mass media, there is also a category entitled unidentifiable. Non mass communication expenditures include those made for election-day activities, fundraising, consultants, charity, administration, entertainment, and polls.

How Local Candidates Spend Their Money

Table 5 provides a breakdown of all spending by the local candidates selected for this study.

Table 5
Breakdown of Local Candidate Expenditures (General 1999)

	<u>Rep.</u>	<u>Percent All Exp.</u>	<u>Percent Mass Comm Exp.*</u>	<u>Dem.</u>	<u>Percent All Exp.</u>	<u>Percent Mass Comm Exp.*</u>	<u>Total</u>	<u>Percent All Exp.</u>	<u>Percent Mass Comm Exp.*</u>
<i>Radio</i>	\$860	--	--	\$11,912	(3%)	(5%)	\$12,772	1%	(2%)
<i>Cable</i>	2,563	--	(1%)	9,777	(3%)	(4%)	12,340	(1%)	(2%)
<i>Total Broadcast</i>	3,423	--	(1%)	\$21,689	(6%)	(9%)	\$25,112	(2%)	(4%)
<i>Direct Mail</i>	283,330	(45%)	(63%)	94,924	(24%)	(40%)	378,254	(37%)	(55%)
<i>Newspaper</i>	47,277	(8%)	(11%)	65,026	(16%)	(27%)	112,303	(11%)	(16%)
<i>Outdoor</i>	40,598	(6%)	(9%)	20,811	(5%)	(9%)	61,409	(6%)	(9%)
<i>Total Print</i>	371,205	(59%)	(83%)	180,761	(47%)	(76%)	551,966	(54%)	(80%)
<i>Unidentifiable</i>	72,895	(12%)	(16%)	36,443	(9%)	(15%)	109,338	(11%)	(16%)
<i>Total Mass Communication</i>	447,523	(71%)		238,893	(62%)		686,416	(68%)	
<i>Election Day</i>	10,797	(2%)	(6%)	6,248	(2%)	(4%)	17,045	(2%)	(5%)
<i>Fundraising</i>	48,354	(8%)	(27%)	28,247	(7%)	(19%)	76,601	(8%)	(23%)
<i>Consultants</i>	11,725	(2%)	(6%)	27,326	(7%)	(18%)	39,051	(4%)	(12%)
<i>Charity</i>	27,020	(4%)	(15%)	14,127	(4%)	(9%)	41,147	(4%)	(12%)
<i>Contributions</i>	1,917	--	--	4,490	(1%)	(3%)	6,407	(1%)	(2%)
<i>Administration</i>	44,484	(7%)	(25%)	32,551	(8%)	(22%)	77,035	(8%)	(23%)
<i>Entertainment</i>	17,148	(3%)	(9%)	7,850	(2%)	(5%)	24,998	(2%)	(8%)
<i>Polls</i>	4,698	(1%)	(3%)	825	--	--	5,523	(1%)	(2%)
<i>Miscellaneous</i>	14,400	(2%)	(8%)	27,590	(7%)	(19%)	41,990	(4%)	(13%)
<i>Total Non Mass Communication</i>	180,543	(29%)		149,254	(38%)		329,797	(32%)	
<i>TOTAL</i>	\$628,066			\$388,147			\$1,016,213		

*Mass communication category includes expenditures that are unidentifiable

Source Data: New Jersey Election Law Enforcement Commission

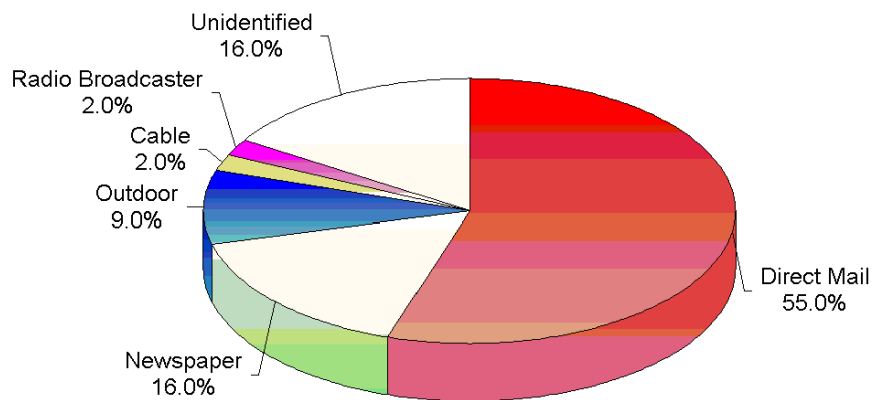
How Local Candidates Spend Their Money

Total spending reported by the selected local candidates amounted to slightly more than \$1 million in the general election of 1999. Mass communication expenditures accounted for 68 percent of all expenditures. Spending for other purposes registered 32 percent of total expenditures.

Within the category mass communication, local candidates chose to devote the vast majority of dollars to print media advertising, with the bulk of money utilized for direct mail. A full 80 percent of mass communication spending went toward print media advertising compared with four percent expended on broadcast advertising. Sixteen percent of mass communication expenditures was unidentifiable.

As shown in Figure 7, direct mail accounted for 55 percent of mass communication spending. Newspaper advertising totaled 16 percent of mass communication spending and outdoor advertising 9 percent of these expenditures. Radio advertising accounted for two percent of mass communication spending as did cable TV advertising.

Figure 7
Distribution of Mass Communication Expenditures
Local Candidates



Source Data: New Jersey Election Law Enforcement Commission

How Local Candidates Spend Their Money

While spending on mass communications constituted the bulk of local candidate expenditures, the 50 candidates selected for the study reported spending respectable amounts for purposes other than mass communication. As enumerated in Table 5 above, fundraising represented eight percent of total spending by local candidates. Administration costs, including salaries, office equipment, and headquarters rental, etc., accounted for eight percent of total expenditures and consultants four percent of this spending. Local candidates also spent money for charity and entertainment. Expenditures on charity reached four percent of total spending and on entertainment two percent. Just two percent of local expenditures went toward election-day efforts and only one percent toward polling. Local candidates did not give very much to other candidates either, with only one percent going toward this purpose. Miscellaneous spending accounted for four percent of total local candidate spending.

Republican/Democrat Differences

As demonstrated in Table 5, Republican and Democratic candidates did display disparities in their overall spending patterns, though slight and within the mass communication category itself. Spending patterns were almost identical within the non mass communication category, however. Whereas 71 percent of total GOP candidate expenditures went for mass communication, 62 percent of Democratic candidate expenditures went for this purpose. Republican candidates directed 29 percent of the dollars toward non mass communication compared with the Democrats, who made 38 percent of their expenditures in this regard.

A much greater emphasis was placed upon direct mail by Republican candidates than by Democratic candidates. Out of the total mass communication outlay reported by selected GOP candidates, 63 percent of this spending was directed toward direct mail. Democrats placed 40 percent of their mass media dollars on direct mail.

While spending proportionately less on direct mail than Republicans, local Democratic candidates did spend a larger proportion of their mass communication dollars on newspaper advertising and on radio and cable TV. A total 27 percent of Democratic spending on mass communication went toward newspaper advertising. Republicans, on the other hand, committed

How Local Candidates Spend Their Money

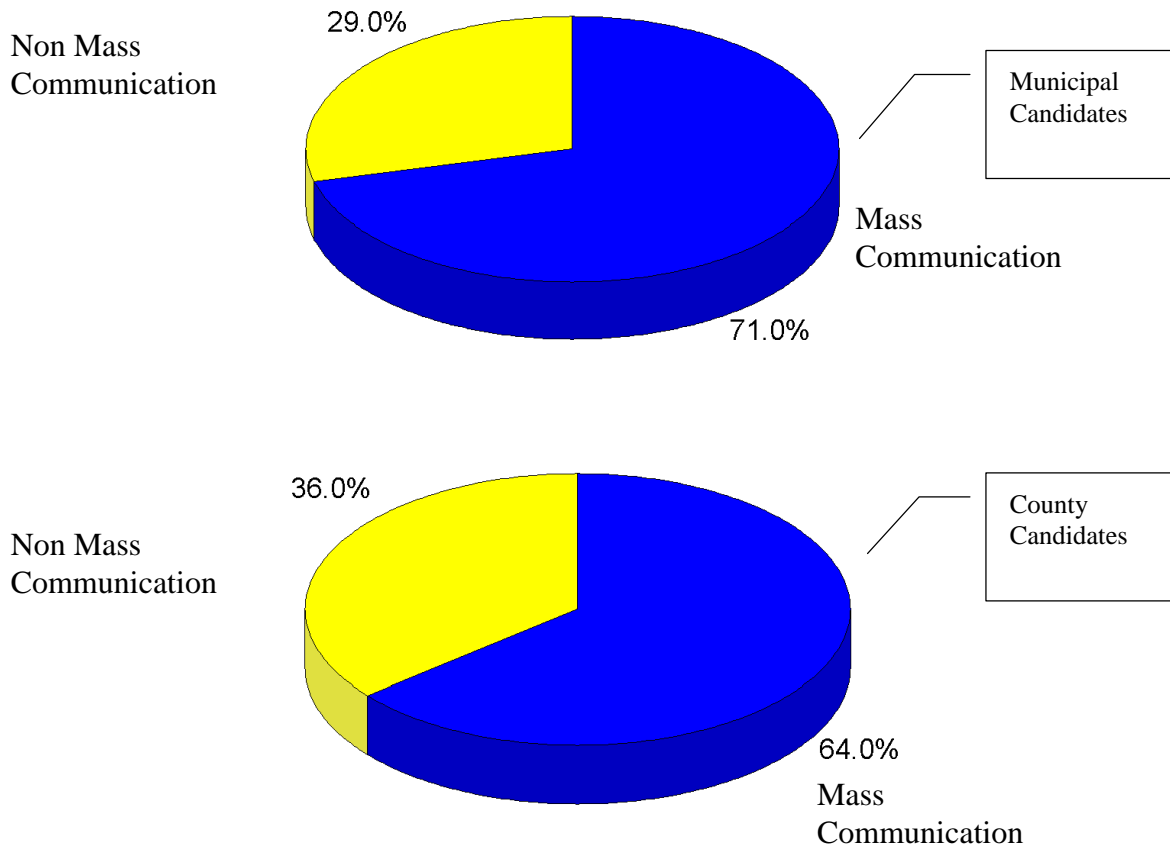
11 percent of their mass communication outlay on newspaper advertising. Both parties spent nine percent on outdoor advertising. Spending on radio and on cable TV constituted five percent and four percent of Democratic mass media spending respectively. Republican spending on radio and cable TV was extremely minimal, less than one percent in each category.

Municipal and County Spending Compared

In analyzing the spending patterns of municipal and county candidates separately, slight but noticeable differences are observable. As demonstrated in Figure 8, municipal and county candidates both dedicated the majority of their expenditures to mass communication. Approximately 71 percent of total spending by municipal candidates is attributable to mass communication as compared with 64 percent by county candidates. Municipal candidates spent 29 percent of their campaign budgets on non mass communication items, whereas county candidates spent 36 percent of their funds for this purpose.

How Local Candidates Spend Their Money

Figure 8
Municipal/County Candidates Compared



Source Data: New Jersey Election Law Enforcement Commission

Differences in spending between municipal and county candidates did emerge within the mass communication category. Municipal candidates reported spending 76 percent of mass communication dollars on print media advertising and two percent on broadcast media advertising. The remaining money spent on mass media was unidentifiable. County candidates, on the other hand, devoted 86 percent of their mass communication dollars to print media and five percent to broadcast media. The remaining amounts were unidentifiable.

How Local Candidates Spend Their Money

**Table 6
Municipal Candidate Expenditures (General 1999)**

	<u>Republicans</u>		<u>Democrats</u>		<u>Total</u>	
<i>Radio</i>	\$600		--		\$600	
<i>Net TV</i>	--		--		--	
<i>Cable</i>	2,038	(1%)*	5,827	(5%)*	7,865	(2%)*
<i>Total Broadcast*</i>	2,638	(1%)	5,827	(5%)	8,465	(2%)*
<i>Direct Mail</i>	119,454	(49%)*	55,694	(47%)	175,148	(48%)*
<i>Newspaper</i>	32,821	(13%)*	25,984	(22%)*	58,805	(15%)*
<i>Outdoor</i>	26,166	(11%)*	15,050	(13%)*	41,216	(11%)*
<i>Total Print*</i>	178,441	(73%)*	96,728	(81%)*	275,169	(76%)*
<i>Unidentifiable</i>	64,154	(26%)*	16,287	(14%)*	80,441	(22%)*
<i>Total Mass Communication</i>	245,233	(79%)**	118,842	(59%)**	364,075	(71%)**
<i>Election Day</i>	9,581	(3%)	5,498	(3%)	15,079	(3%)
<i>Fundraising</i>	20,953	(7%)	25,225	(13%)	46,178	(9%)
<i>Consultants</i>	2,225	(1%)	8,331	(4%)	10,556	(2%)
<i>Charity</i>	4,561	(1%)	6,067	(3%)	10,628	(2%)
<i>Contributions</i>	417	--	4,490	(2%)	4,907	(1%)
<i>Miscellaneous</i>	9,734	(3%)	15,881	(8%)	25,615	(5%)
<i>Administration</i>	15,885	(5%)	12,439	(6%)	28,324	(6%)
<i>Entertainment</i>	1,398	--	5,016	(2%)	6,414	(1%)
<i>Polls</i>	798	--	--	--	798	--
<i>Total Non Mass Communication</i>	65,552	(21%)	82,947	(41%)	148,499	(29%)
<i>TOTAL</i>	\$310,785		\$201,789		\$512,574	

Source Data: New Jersey Election Law Enforcement Commission

*Percent of mass communication expenditures

**Percent of total expenditures

How Local Candidates Spend Their Money

**Table 7
County Candidate Expenditures (General 1999)**

	<u>Republicans</u>		<u>Democrats</u>		<u>Total</u>	
<i>Radio</i>	\$260	--	\$11,912	(10%)	\$12,172	(4%)
<i>Net TV</i>	--	--	--	--	--	--
<i>Cable</i>	525	--	3,950	(3%)	4,475	(1%)
<i>Total Broadcast*</i>	785	(0%)	15,862	(13%)	16,647	(5%)
<i>Direct Mail</i>	163,876	(81%)	39,230	(33%)	203,106	(63%)
<i>Newspaper</i>	14,456	(7%)	39,042	(33%)	53,498	(17%)
<i>Outdoor</i>	14,432	(7%)	5,761	(5%)	20,193	(6%)
<i>Total Print*</i>	192,764	(95%)	84,033	(70%)	276,797	(86%)
<i>Unidentifiable</i>	8,741	(4%)	20,156	(17%)	28,897	(9%)
<i>Total Mass Communication</i>	202,290**	(64%)	120,051	(64%)	322,341	(64%)
<i>Election Day</i>	1,216	--	750	--	1,966	--
<i>Fundraising</i>	27,401	(9%)	3,022	(2%)	30,423	(6%)
<i>Consultants</i>	9,500	(3%)	18,995	(10%)	28,495	(6%)
<i>Charity</i>	22,459	(7%)	8,060	(4%)	30,519	(6%)
<i>Contributions</i>	1,500	--	--	--	1,500	--
<i>Miscellaneous</i>	4,666	(1%)	11,709	(6%)	16,375	(3%)
<i>Administration</i>	28,599	(9%)	20,112	(11%)	48,711	(10%)
<i>Entertainment</i>	15,750	(5%)	2,834	(2%)	18,584	(4%)
<i>Polls</i>	3,900	(1%)	825	--	4,725	(1%)
<i>Total Non Mass Communication</i>	114,991	(36%)	66,307	(36%)	181,298	(36%)
<i>TOTAL</i>	\$317,281	--	\$186,358	--	\$503,639	--

Source Data: New Jersey Election Law Enforcement Commission

*Percent of mass communication expenditures

**Percent total expenditures

How Local Candidates Spend Their Money

As noted above, within the mass communication category fairly definite differences did appear between municipal and county candidates in terms of the specific kinds of choices they would make regarding mass media advertising. For example, county candidates relied more heavily on direct mail than did municipal candidates. The county candidates expended 63 percent of their mass communication dollars on direct mail. Municipal candidates devoted 48 percent of their mass communication money to this purpose. While both sets of candidates spent on newspaper advertising in about the same proportion, municipal candidates expended a greater proportion of their mass media dollars on outdoor advertising. Municipal candidates dedicated 11 percent of their mass media funds toward outdoor advertising. County candidates put six percent of their mass communication money toward this end. In terms of newspaper advertising, municipal candidates committed 16 percent of their money toward this end compared with 17 percent committed by county candidates.

Slight differences in spending patterns did emerge in the non mass communication category between municipal and county candidates. While county candidates spent six percent of total dollars each in the non mass communication categories of fundraising, consultants, and charity, municipal candidate expenditures in these categories reached nine percent for fundraising but dipped to two percent in consultant and charitable categories respectively. Finally, county candidates spent proportionately more on administration, ten percent, than did municipal candidates, who spent six percent of their funds for this purpose.

Partisan Differences In Strategy between Municipal and County Candidates

As discussed earlier, certain differences had surfaced with regard to the spending strategies of all local Republican and Democratic candidates. Differences surfaced as well when observing the spending patterns of municipal and county candidates from the perspective party.

How Local Candidates Spend Their Money

Municipal

At the municipal level, Republican candidates spent 79 percent of their funds on mass communication whereas Democratic candidates spent proportionately much less on items in this category. Though the majority of Democratic funds were directed toward mass communication, these candidates did not spend nearly as much in this area as Republicans. Democratic candidates used 59 percent of their expenditures for mass communication purposes. Conversely, they committed a higher proportion of their money to non mass communication items than did their Republican counterparts. Democratic municipal candidates spent 41 percent of their total funds for purposes other than mass communication compared with GOP candidates, who expended 21 percent of their total dollars on non mass communication items.

Within the mass communication category itself, Democratic municipal candidates spent 81 percent of their mass communication dollars on print advertising and less than one percent on broadcast advertising, specifically cable TV. Republican municipal candidates expended 73 percent of their mass communication dollars on print advertising and only one percent on broadcast advertising, including both radio and cable TV. The remaining amounts were unidentifiable.

In terms of their print advertising budget, Democratic candidates spent 47 percent of their mass communication funds on direct mail and 13 percent on outdoor advertising. Republicans used 49 percent of their mass communication dollars on direct mail and 11 percent on outdoor advertising. A marginal difference was apparent, however, between the two sets of candidates regarding the use of campaign dollars for newspaper advertising. While Democrats saw newspaper advertising account for 22 percent of total mass communication dollars, Republicans spent 13 percent of their mass communication dollars for this purpose.

With respect to non mass communication spending by municipal candidates, proportionate spending in these categories was similar for both Republican and Democratic candidates, except in two categories, fundraising and consultants. Democratic candidates

How Local Candidates Spend Their Money

expended 13 percent of total funds for fundraising compared with the GOP candidates, who expended seven percent of their funds for this purpose. In the area of consultants, while not a high percentage, Democrats spent four percent of funds on consultants compared with Republicans, who spent one percent for this purpose.

County

Regarding county candidates, differences in spending patterns between Republican and Democratic candidates were reflected within the two major expenditure categories, mass communication and non mass communication, not between them. Specifically, both Republican and Democratic candidates at the county level spent 64 percent of their funds on mass communication compared with 36 percent on non mass communication items. Disparities in spending patterns occur when observing types of spending classified as either broadcast or print advertising.

First, significant spending differences appeared when analyzing the use of broadcast media versus print media by Republican or Democratic county candidates. Thirteen percent of mass communication expenditures was spent on broadcast media, mostly radio, by Democratic county candidates. Expenditures on broadcast media by Republican county candidates did not even reach one percent of their total mass communication spending.

Republican county candidates, on the other hand, spent 95 percent of their mass communication dollars on print media advertising. Democratic county candidates expended 70 percent of their mass media budget on print advertising.

Direct mail cornered the largest proportion of mass communication expenditures by Republican county candidates. This spending strategy represented one of the major differences between Republicans and Democrats. GOP candidates used 81 percent of their mass communication dollars for direct mail while Democrats used only 33 percent for this purpose. Democratic candidates, conversely, spent proportionately more money on newspaper ads than

How Local Candidates Spend Their Money

did Republicans. Democratic county candidates spent 33 percent of mass communication dollars on newspaper ads in comparison with Republican candidates who utilized seven percent of their funds for this purpose. Seven percent and five percent of mass communication dollars was expended on outdoor advertising by Republican county candidates and Democratic county candidates respectively.

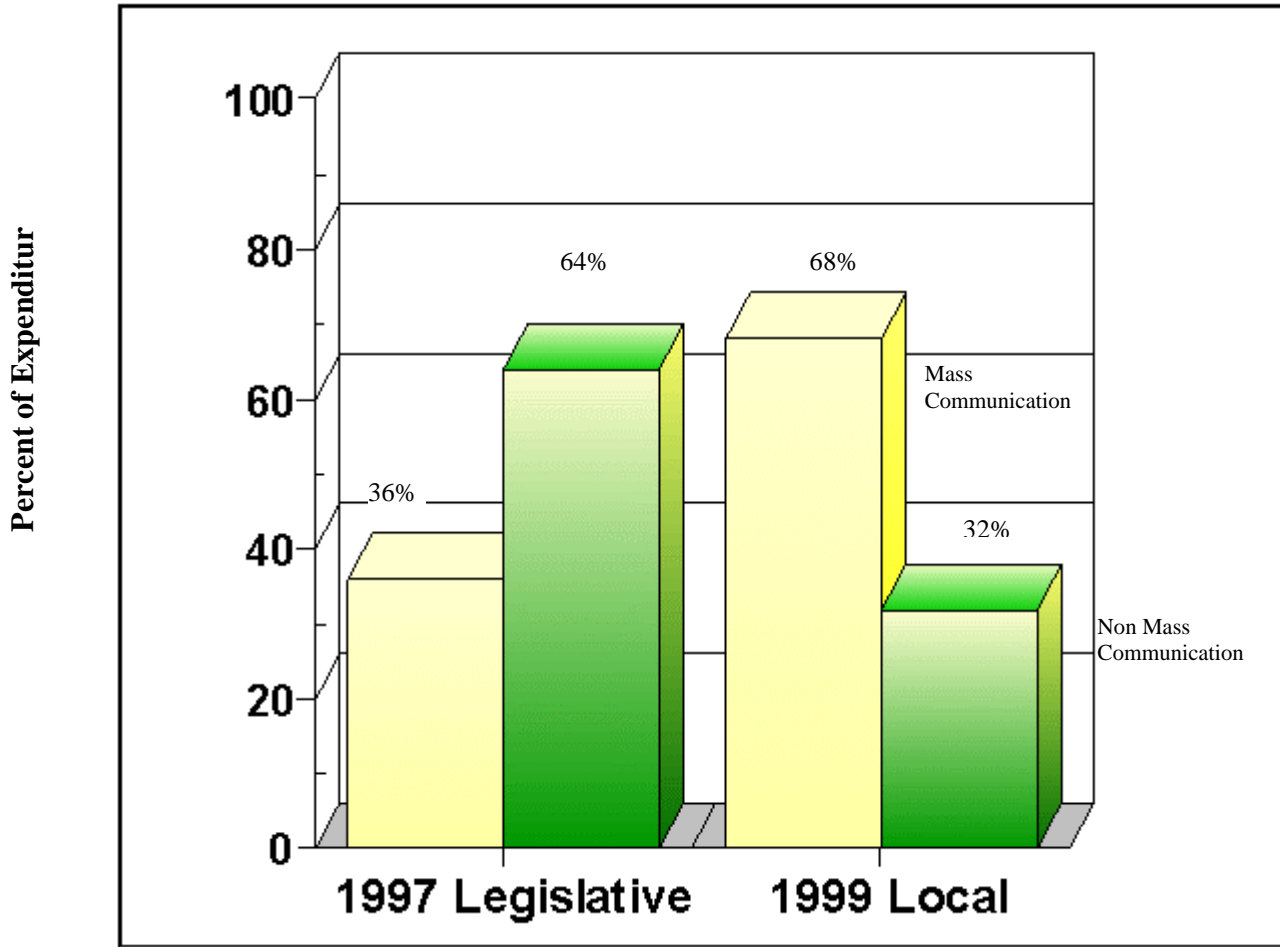
Expenditure activity for non mass communication purposes was similar for both sets of candidates at the county level, except that the GOP spent a slightly higher proportion for fundraising and Democrats slightly higher for consultants (see Table 6). Nine percent of total GOP funds went toward fundraising compared with two percent of the Democratic funds. Conversely, ten percent of Democratic county candidate funds went for consultants, compared with three percent for the GOP.

Comparing Local Spending to Legislative Spending

In comparing the spending patterns of all local candidates under study with those of the 1997 legislative candidates analyzed earlier in Trends In Legislative Campaign Financing: 1987-1997, local candidates spent proportionately more money for mass communication purposes than did legislative candidates. As shown in Figure 9, local candidates utilized 68 percent of their funds for mass communication and 32 percent for non mass communication purposes. Legislative candidates spent 36 percent for mass communication and 64 percent for purposes other than mass communication.

How Local Candidates Spend Their Money

Figure 9
Comparison Local/Legislative Spending



Source Data: New Jersey Election Law Enforcement Commission

While legislative candidates and local candidates did differ in their overall spending patterns, their spending within the mass communication category was similar. Both, in other words, spent the bulk of their mass communication dollars on print advertising. Local candidates expended 80 percent of their mass media dollars on print advertising. Legislative candidates spent 63 percent of their mass communication money for this purpose. Though local candidates committed a higher proportion of their resources to this end, Legislative candidates did, nevertheless, place a high priority on advertising of this type.

How Local Candidates Spend Their Money

In terms of print advertising spending, both local and legislative candidates spent most of their money on direct mail. Direct mail accounted for 55 percent of local candidate mass media expenditures. It accounted for 41 percent of mass media spending by legislative candidates in the 1997 general election. There were disparities between local and legislative candidates in the other print advertising categories, however, namely newspaper and outdoor advertising. Spending on newspaper advertising accounted for 16 percent of local candidate mass media spending and outdoor advertising nine percent of these expenditures. Legislative candidates, on the other hand, spent minimal amounts for these purposes.

Regarding spending on broadcast media, legislative candidates were dominant. While the local candidate group selected for this study virtually ignored this type of advertising, legislative candidates viewed it as useful. Legislative candidates committed 21 percent of their mass communication dollars to cable TV advertising and three percent to advertising. The remaining expenditures for both local and legislative in the mass communication category were unidentifiable. The data collected in the other major category, non mass communication, indicate that local candidates spent proportionately less on these purposes than did legislative candidates. As noted in Trends In Legislative Campaign Financing: 1987-1997, legislative candidate “spending on consultants reached an all time high in 1997 at \$1.6 million.”¹⁵ The administrative costs attributed to target legislative campaigns was higher as well. These legislative candidates reported \$639,584 in expenditures for office space, computers, and personnel. Another area of major difference was in contributions to other candidates. Legislative candidates made over \$706,772 in contributions to other candidates in 1997. In these categories, as mentioned above, spending by local candidates was minimal. One area of similarity, however, is that of spending on election-day activities, i.e., get-out-the-vote operations. Neither local candidates nor legislative candidates expended money for this purpose.

The data contained in this chapter suggests that local candidates are very dependent on municipal and county political party organizations to conduct the “ground war” aspect of political campaigns. The “ground war” includes those efforts that involve identifying supporters and getting them to the polls on election day. In this respect, they have much in common with

How Local Candidates Spend Their Money

legislative candidates. Trends In Legislative Campaign Financing: 1987-1997 stated that “expenditures on election day activities were minimal (for legislative candidates), reflecting the fact that the main effort in terms of getting out the vote lies with the municipal and county party committees.”¹⁶ This statement certainly rings true for local candidates as well.

In regards to political party involvement, there are some differences between local and legislative campaigns. From the data on expenditures, as well as from the data regarding contribution activity cited in Chapter Two, it is theorized that local campaigns are much more party oriented than legislative campaigns, which are, in comparison, more candidate-centered. While party organizations have become much more involved in legislative campaigns because of the U.S. Supreme Court’s Eu decision in 1989, which permits party involvement in primaries, and the 1993 reforms to New Jersey campaign finance laws, which provides an advantage to political parties in terms of fundraising and contribution limits, legislative campaigns still retain much of the character of candidate-centered efforts. Local campaigns do not.

This fact is indicated by observing the expenditure data of local and legislative candidates and through reviewing the sources of contributions to these candidates. Slightly less than a third of local expenditures go toward such activities as get-out-the-vote drives, fundraising, consultants and administration, etc. The reverse is true for legislative candidates. Fundraising, consultants, and administration, etc. constituted over two-thirds of legislative expenditures in the top 20 legislative spending districts selected for study in the 1997 general election. This breakdown of expenditures suggests strongly that local candidates, often recruited to run by local parties, lean heavily on the local parties for support. Moreover, it suggests that legislative candidates still retain important control over their campaigns.

Corroborating this theory is the data collected vis-à-vis party contribution activity in local and legislative campaigns. As demonstrated in Chapter Two, political party contributions, including county and state parties and legislative leadership committees, constituted together 41 percent of legislative receipts. County and municipal party contributions accounted for 76

How Local Candidates Spend Their Money

percent of all receipts reported by local candidates. Quite a difference! This data suggests the magnitude of party involvement in local campaigns.

Finally, spending within the category mass communication not only is suggestive of local campaign strategies but of the differences between approaches taken by local candidates and those of legislative candidates. In most instances, local jurisdictions are smaller in scope than legislative districts, both from the perspective of population and geography. Therefore, local candidates can take a much more personal approach toward campaigning than can legislative candidates. Local candidates can go door-to-door, meet personally many of the voters at local functions, and use more traditional modes of getting their message to voters. Either through door-to-door delivery or through the mail, local candidates rely heavily on flyers to convince people to vote for them or against their opponent. Local newspapers are still used quite a bit for local advertising. Outdoor lawn signs are used both to increase name recognition, to suggest the candidates are running an active campaign, and to suggest that the candidates are widely supported throughout the community by neighbors and friends. Perhaps because consultants are not hired locally to the extent they are legislatively, and perhaps because broadcast media is not understood to be an effective use of campaign dollars by local candidates, radio and cable TV is not used widely by these candidates. In a word, local candidates run more traditional campaigns.

Although legislators do serve local constituencies, they serve numerous communities, which sometimes overlap into more than one county. Therefore, their approach is by necessity not as personal.

Though legislative candidates do make campaign efforts within the various communities in their districts, either through attending club meetings, meeting with local newspaper editorial boards, or even campaigning door-to-door in targeted neighborhoods, their time and resources are often better spent in other ways. In larger districts, a candidate's message is more effectively circulated via direct mail and radio and cable TV advertising. Local candidates, on the other hand, are much more able to conduct more personal campaigns.

How Local Candidates Spend Their Money

Conclusion

In conclusion, the data contained in this chapter indicates that local candidates spend the bulk of their financial resources on mass communication. In all, 68 percent of local spending went for this purpose, with the majority of these expenditures made for print advertising. Minimal amounts are spent on cable TV and radio advertising, but significant amounts are spent on direct mail, newspapers, and outdoor advertising.

Conversely, local candidates spend little on traditionally party-oriented activities, such as election-day activities, suggesting that political parties are very much involved in their campaigns, especially in light of the fact that such a large percentage of local contributions came from political parties.

Though local candidates do spend notable amounts on administration and fundraising, the ground war seems very much the domain of party organizations rather than that of often neophyte local candidates and campaigns.

CHAPTER FIVE

Conclusion



he Commission takes great satisfaction in providing the public with analytical reports that explore the many facets of campaign financing in New Jersey. These reports, in many instances, have been groundbreaking in nature. They have contributed not only to the literature in the field but to changes in the law. These changes have enhanced disclosure, brought thresholds and limits in line with years of inflation, and increased party participation in election campaigns. These changes have also incorporated limits on contributions into the statutory scheme and broadened registration requirements for PACs.

This report is written in that same tradition. By analyzing campaign financial activity at the local level, new ground has been broken. This effort provides an in-depth review of local financing, inclusive of municipal and county candidates, a thorough analysis of contributor activity at this level, and a review of expenditure activity from numerous perspectives.

In years past, the Commission did not key detail information into its computer vis-à-vis candidates at the local level. Until last year's upgrading of its computer system, including a highly sophisticated scanning operation and the hiring of additional computer staff, the Commission, out of necessity, limited its input of contributor and expenditure data to legislative candidates. Now, with the modernization of its computer operations and the addition of staff, the Commission is able to key-in detailed information on a much larger number of candidates and committees. Thus, for the first time, detailed contributor and expenditure data was entered relative to local candidates running in the 1999 general election. Although this study, which focuses on 50 targeted local candidates selected randomly, is unable to compare data over time, and therefore identify trends, it nevertheless serves as a base-line study from which future trends in local financing can be discerned.

Conclusion

Moreover, numerous comparative data is contained in the report, which helps the reader gain perspective vis-à-vis the financing of local campaigns. Municipal candidates, for instance, are compared with county candidates, and these local candidates with legislative candidates. These comparisons involve both contributor and expenditure information.

The study found that total fundraising for local candidates in the 1999 general election amounted to \$18.2 million. These candidates spent 93 percent of that money, or \$17 million on their local campaigns. Thus, local candidate receipts jumped by 49 percent between 1989 and 1999. In 1989, local candidates raised \$12.2 million. Expenditures, as might be expected, increased by 59 percent, from \$10.7 million in 1989 to \$17 million in 1999. As noted, these percentage increases closely parallel those recorded by legislative candidates during a similar, if not identical, time period. Legislative candidates registered an increase in receipts of 57 percent between 1987 and 1997 and an increase in expenditures of 60 percent during this time frame.

In analyzing the sources of contributions made to the 50 selected local candidates, it was found that contributions derived from three basic contributor types. Local candidates received the bulk of their contributions from political parties, business and corporate interests, and individuals. Political parties made 76 percent of the total contributions made to the 50 selected local candidates under study. Business and corporate interests provided ten percent of total local contributions and individual contributors accounted for nine percent of donations. Local candidates received a mere two percent of their donations from other candidates and less than one percent of contributions from each of the following categories: political committees, unions, and PACs.

Local candidates were compared with legislative candidates in terms of the sources of contributions, and significant differences were found. These differences were attributable to the generally larger electoral jurisdictions of legislative candidates, the kinds of issues dealt with at the state level, and the relative political unsophistication of many new local candidates necessitating a significant role in political campaigns by municipal and county political party organizations.

Conclusion

Legislative candidates tap a larger donor pool than do local candidates, including political action committees and lobbyists. While donations from PACs to local candidates were non-existent, these organizations made 12 percent of legislative contributions in the 1997 legislative general election. Legislative candidates received nine percent of their contributions from other candidates and two percent from unions. Negligible amounts from these sources were received by local candidates and unions. On the other hand, political parties were major donors to local campaigns and key players in these campaigns. Over three-fourths of local contributions derived from this source. Legislative campaigns, more candidate-centered, received 41 percent of their contributions from legislative leadership committees and political parties combined. Finally, whereas individuals were an important source of contributions to local candidates, they proved to be much more important to legislative candidates. Legislative candidates received 18 percent of their campaign dollars from individual donors compared with nine percent made from this source to local candidates.

The differences between local and legislative sources of contributions betray the dissimilar nature of these campaigns and the public offices to be held. In general, local candidates, if elected, represent relatively small jurisdictions, both geographically and from the standpoint of population. Conversely, legislative districts are generally larger from both these perspectives. Often, they overlap into two or more counties. This fact alone in part explains why legislators can raise more money and from a wider array of contributor types. Secondly, the issues dealt with by both sets of candidates are different. Local candidates, as future officeholders, will be dealing with local issues, such as property taxes, garbage collection, municipal road maintenance, senior citizen housing, and the like. The nature of these issues results in many decisions involving contracts for engineering firms, architectural firms, builders, and waste haulers. As such, local candidates do receive contributions from these sources, in the form of both business and individual contributions.

The decisions of local officeholders impact the local business climate as well. Local business people are therefore a source of contributions to local candidates. These contributions

Conclusion

can be made both from individual accounts and from business accounts. Legislative candidates, on the other hand, deal with state issues. Whether major policy initiatives flow from their decisions on auto insurance law, HMO reform, parental notification, transportation, welfare reform, or tort reform, their actions are sure to provoke the interests of lobbyists and the PACs with which they are connected. These committees are major sources of contributions to legislative candidates but not to local candidates. Also, incumbent legislators with ample sources of money and perhaps safe districts are likely donors to other legislative campaigns. The motive behind these contributions is one of desiring to build support, or maintain support for leadership positions within the legislative party. This motive, by and large, does not exist for local candidates.

Finally, local candidates, many of whom may be running for the first time, and who have been recruited to run by local party officials, are very dependent upon political parties for financial support and tactical support. While political parties have increased their involvement in legislative campaigns, legislative candidates still run more candidate-centered efforts.

The study analyzed the expenditure activity of local candidates as well. Again, this activity, which reveals basic strategy decisions of local candidates, was compared with legislative candidates. Local candidates, by a large margin, spent the majority of their money on mass communication. These candidates spent 68 percent of all local expenditures on mass communication. Slightly under one-third of all expenditures was expended on non-mass communication items such as administrative costs, election day costs, consultants, and the like.

Mass communication expenditures include broadcast media (radio and cable TV) and print media (direct mail, newspaper, and outdoor). Print media accounted for 80 percent of mass communication expenditures while broadcast media accounted for four percent of these expenditures. In the print media category, direct mail was utilized by local candidates to the greatest extent. Approximately 55 percent of mass communication expenditures were made for direct mail.

Conclusion

In comparison to legislative candidates, local candidates devoted 68 percent of their money to mass communication but legislative candidates spent 36 percent of their proceeds on this purpose. Legislative candidates, more candidate-centered, spent 64 percent of their money on non mass communication compared with under a third of local candidate expenditures going for that purpose.

Within the mass communication category, legislative candidates, similar to local candidates, spent the bulk of their money on print media, 63 percent. They spent 24 percent on broadcast media, however, with the remaining mass communication dollars being unidentifiable. The use of radio and cable TV advertising by legislative candidates was distinguishable from that of local candidates, who committed negligible amounts to this purpose. Finally, legislative candidates spent the majority of mass media dollars, 41 percent, on direct mail as did local candidates at 55 percent. However, while local candidates committed a larger proportion of their dollars to newspaper and outdoor advertising legislative candidates spent minimal amounts for this purpose.

In conclusion, the study found that there is significant financial activity at the local level and that financial activity at this level is largely following trends at other levels of New Jersey politics. Just as at the legislative level (and the gubernatorial level), financial activity has increased substantially over a ten-year period. In many respects, government and campaigns have been overlooked at this level, with the focus of most studies being placed at the legislative, gubernatorial, congressional, and presidential levels. Because local government has such an important impact on the lives of individual citizens, i.e., police protection, road maintenance, schools, housing, safety inspections, welfare administration, and garbage collection etc., it was felt that campaign financing at this level should finally be reviewed. This study represents the first such thrust into this important electoral level.

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PREVIOUS WHITE PAPERS

- Number One:** Contribution Limits and Prohibited Contributions (1988)
- Number Two:** Trends in Legislative Campaign Financing: 1977-1987 (1989)
- Number Three:** Legislative Public Financing (1989)
- Number Four:** Ideas for an Alternate Funding Source (1989)
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- Number Eight:** Technology in The Future: Strengthening Disclosure (1992)
- Number Nine:** Legislative Candidates: How They Spend their Money (1994)
- Number Ten:** Nonconnected, Ideological PACs in the Garden State (1995)
- Number Eleven:** State Parties And Legislative Leadership Committees: An Analysis 1994-1995 (1996)
- Number Twelve:** Repartyization: The Rebirth of County Organizations (1997)
- Number Thirteen:** Trends in Legislative Campaign Financing: 1987-1997 2nd Volume (1999)