
Commission Meeting

of

NEW JERSEY CITIZENS' CLEAN ELECTIONS COMMISSION

*"The Commission will take testimony from the public
regarding the New Jersey Fair and Clean Elections Pilot Project"*

LOCATION: Warner Student Life Center
Brookdale Community College
Lincroft, New Jersey

DATE: November 29, 2005
4:00 p.m.

MEMBERS OF COMMISSION PRESENT:

William E. Schluter, Chair
Steven Lenox, Vice Chair
Assemblywoman Linda R. Greenstein
Assemblyman Bill Baroni
Victor DeLuca

ALSO PRESENT:

Frank J. Parisi
Office of Legislative Services
Commission Secretary



Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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SENATOR WILLIAM E. SCHLUTER (Chair): Thank you, all, for coming. And we thought we might get started even before we have a quorum of our Commission members, out of courtesy for the people who are testifying and have other things to do. We can take our testimony without having a quorum.

Mr. Secretary, Frank Parisi, will you make note of who is here at this time -- Assemblyman Baroni and myself.

MR. PARISI (Commission Secretary): Okay.

SENATOR SCHLUTER: And do you have any other announcements, Mr. Parisi, to bring before us at this time?

MR. PARISI: No, not at this time.

SENATOR SCHLUTER: Thank you.

Our first person to testify is Assemblyman Sam Thompson, who was victorious in his reelection bid, and we congratulate you, Assemblyman.

A S S E M B L Y M A N S A M U E L D. T H O M P S O N: Thank you, Mr. Chairman.

I'm not sure whether it is on, but I'm not sure I need it either, with the size we have here. (referring to PA microphone)

MR. PARISI: The black one's on.

ASSEMBLYMAN THOMPSON: Yes.

MR. PARISI: That one. The higher one is the amplifier.

ASSEMBLYMAN THOMPSON: This the one you're talking about?

MR. PARISI: Yes.

SENATOR SCHLUTER: That one amplifies for the room. And I think if you use that it's better, because, Assemblyman -- so bring that closer to you.

ASSEMBLYMAN BARONI: Hey, Sam. There's like 10 of us here. We can hear you. (laughter)

ASSEMBLYMAN THOMPSON: That's what I said. I'm not sure we need that. (laughter)

SENATOR SCHLUTER: The other one is for the transcription.

ASSEMBLYMAN THOMPSON: Sure.

Thank you, Mr. Chairman.

As you noted, of course, my running mate and I, in the 13th District, were among two of the participants in the Fair and Clean Elections Pilot Project this year. I would say it was a very interesting experience. At least, it certainly changed the whole way we approached our campaign. And normally, in July after the primary, we would start searching for and perhaps hire a campaign manager. Towards the end of the month, we'd be opening a campaign headquarters. We would prepare some campaign fliers to utilize while out meeting folks over the next few months, begin making plans for our fund-raising, and etc. But, of course, under the terms of the Fair and Clean Elections Pilot Project, all this had to change. We could not hire a campaign manager. We couldn't open a campaign office. We couldn't get telephones. We, basically, had to run our campaign out of our households, our volunteers' households, etc.

We did devote essentially all of our time -- July, August, and most of September -- to attempting to meet the requirements of the FACE

Pilot Project. Unfortunately, we were not successful. We thought that, again, it was a very good thing. It is something that is perhaps needed here in New Jersey -- this approach to Clean Elections -- based on all the things that have occurred in our state. But as stated, we were unsuccessful, as were four other sets of candidates. Only one out of five set of candidates did succeed in raising the number of contributions that were necessary to qualify.

So I will give you my perspective on some of the things that I think should be reexamined, relative to the way it is organized. I might start out by noting that in the statute it indicates the purpose of obtaining the contributions is to demonstrate community support for the candidate. I think that anybody that's won a primary election has given a pretty good indication they have community support already. I'm not saying forget about getting donations for the candidates or contributions, but they have demonstrated they have community support by winning the primary.

The second thing I would note is that, of course, the requirements were that the candidates obtain 1,000 \$5 contributions and 500 \$30 contributions. I am not at all aware of the reason for putting in the requirement for \$30 contributions. I am of the impression that the two states that this was modeled after did not require \$30 contributions. And if the purpose of having someone donate is to show support, community support out there, are we somehow suggesting that if somebody is willing to give \$30, then they are more supportive than somebody who would give \$5, or a better demonstration of community support? I would suggest that one examine: should we bother with keeping the \$30 contribution? I suspect one reason we're putting it in was to attempt to increase the amount of

money that was brought in, so as to reduce the expense to the State if they have to dispense funds. But beyond that, I can see no logic to distinguishing between a person who gives you \$5 or a person who gives you \$30. Or if you want, make them all \$10 contributions. But I think there should only be one contribution amount, not two different ones. I mean, we're trying to get away from big money donations, so certainly somebody who can afford \$30 is much better off than individuals that give 5.

I think I told you before about one little lady, a senior, who came by and said she wanted to give me a \$5 contribution, because of appreciation for help I'd given. And I asked her could she-- She said it was all she could afford because she was just on Social Security. That's all her income. I asked, could she possibly give \$5 to my running mate. She had to check her bank balance before she could decide whether or not she could give an additional \$5. And to say that somebody making lots more money that gives you \$30 somehow is more committed than this lady -- it just is not true.

The biggest problem that we encountered, the biggest problems, first was the lack of public awareness -- failure on the part of the State to get the word out to the people that this program was going on and what it was about. So we were having to try to educate the people at the same time we're trying to solicit donations from them. And that's a rather lengthy process. I mean, it's not something that in three minutes you can fill somebody in on. It's going to take 10 or 15 minutes, and even then they're still a little fuzzy and not too clear, as reflected by the mistakes that were

made in many of the checks that they wrote. Just about every mistake that you could think of in writing a check, they managed to make.

Again, the second thing is the number of contributions that were required. We had a little over 60 days, prior to the Governor extending it for two weeks, a little over 60 days in which to garner 1,500 checks for myself, and 1,500 for my running mate. This just is not really practical, particularly when you're working on a very limited budget. I mean, you got \$3,000 in seed money to cover every possible expense that you might have over this two-month period. And there are expenses candidates have aside from trying to raise Clean Elections money. I mentioned before, I get a tremendous amount of invitations from non-profits to dinners, for advertisements, and other things of that nature. We do need to have some kind of handout material. Because if you go up to a voter who doesn't know you, and you can't give him anything to tell you anything about -- that's even more difficult. So it's exceedingly difficult to accomplish getting 1,500 contributions in that period of time.

In your previous hearing here, there were some that proposed extending the period of time allotted for this. And, in fact, the Governor did extend it two weeks. But there's two problems with talking about extensions. First, on the front end, or the starting date -- well, you're really controlled there by the primary. Not only the primary for a major party candidates, but that also happens to be the filing deadline for Independent or third party candidates. Clearly, you couldn't start it before you have the candidates. So that's as far forward as you can go.

On the other hand, the further you extend it, the more difficulty you put those candidates who participate, but are unable to

qualify -- the bind they get into trying to raise money to run their campaign. I did not have a great deal of difficulty, when we failed to qualify, to raise funds, but that's because I'm an eight-year Legislator. I have established relations out there, and so on. But for the others out there, it was exceedingly difficult for them to get their money together necessary to run their campaigns. Oh, they had, at that point, six or seven weeks left until the election itself. And at that point, we were -- I think it was September 22. At that point, you should be having mail going out for your campaign, etc., not just starting your fund-raising. So, again, I don't think it's practical to attempt to change the time frame to collect the money in. But again, that's as you have to reduce the number of checks that are required.

The process was a real paperwork nightmare. This is something I think can easily be modified and certainly should be modified. The form -- we were told that we had to utilize a form that was developed by ELEC for a receipt. Well, of course, there's not a receipt. A receipt is something that somebody gives you -- they pay for something, you give it back to them. They're having to give this to us, instead of us giving it back to them. This was the form. (indicating) As it is designed, one form must be completed by an individual for each contribution that they make. So if an individual wants to contribute to two people who are running mates, they have to complete this form twice. They have to give their name, their address, their occupation, their employer, their employer's address. Before getting into modifications of the general form, I will say I do not understand why they're being required to give their occupation, their employer, and their employer's address to donate \$5, or even \$30. We

don't require all this information for somebody that's giving \$300 in a normal campaign. I don't think that it's necessary to suggest that there wasn't some hanky-panky in their donating \$5. I think it's just totally unnecessary information. If you eliminate that, you eliminated a lot of the paperwork that they have to go through, as well as the candidates.

We've modified the form ourselves such that you can now get at least four people on the same form. Under this program, each candidate, if they're successful, would have to have 1,500 papers stacked up, minimum. And of course, you're encouraged to have more than 1,500. This is not necessarily saying this is a wonderful form and this is the way to do it, but there are certainly ways to redesign this form to significantly reduce the paperwork.

Additionally, as I said, if an individual wanted to give to both candidates of a given party, they complete two forms -- either on that form or this form that we've got. You could easily put where they can list two candidates when they make their donation and don't have to write, again, their name, their address, and whatever other information is necessary. Similarly, I would suggest that if an individual wishes to donate to two people who are running together, that they be permitted -- i.e., make one line of information, put the two candidates names, and write one check for \$10. You have everything you need there. You have the record and, of course, the check is not made out to the individual candidates anyhow, it's made out to Clean Elections. So if they write a \$10 check, fill out their name and address, and indicate that it is for candidates *A* and candidates *B*. Again, we're reducing their paperwork.

We would go to husbands and wives sometimes, and they both wanted to donate. For them to sit there and fill out four forms now, write four checks to donate a total of \$20, just does not make sense. In fact, you might even consider going so far as to indicate that if the check has on the check the address, there'd be no need to fill out the form. This form was really designed more for people that gave a money order where it doesn't have the address, and so on, on it. But if you've got a check with a name and address on it, you've got all the information you really need relative to the donor. And they have signed the check, so you know where it came from.

Additionally, with regards to the paperwork, ELEC supplied us with a CD, in which they said we had to utilize and transfer the information from this form onto the CD. Well, we figured when it was time to report, we'd send them the CD and that would take care of it. But they said, no, they didn't have the software to be able to use the CD. In fact, they said, "No, you cannot e-mail the information to us." We had to take it, print up forms all over again -- and in our case, about 750 forms -- transmit 750 forms down to them. What they're going to do with all of this, I don't know. Maybe they're going to scan it into the computer. But if we had e-mailed it or given them the CD, whatever data manipulation they desired, they should be able to do, if they have to get their software or what, as opposed to starting out with printing copies all over again.

Basically, I'll summarize the recommendations that I have. The first is, substantially reduce the number of required contributions. I think somewhere in the neighborhood of 750, 800, might not be an unreasonable

number of donations. Certainly it is showing a person has community support out there.

Second, as I stated earlier, eliminate the requirement of \$30 contributions. Again, you're not demonstrating anything further relative to community support, whether somebody gives you \$5 or \$30. I hope not. I mean, if we are, then okay, let's throw in some \$100 and \$200, and so on, contributions.

Reduce the paperwork requirements by designing the form so that an individual can give personal information once, while designating contributions to multiple candidates. Design the forms so that multiple donors can use the same page, instead of one page for every donor.

Eliminate the requirement of listing occupation, employer, and employer address. Permit an individual to make donations to two running mates using one check. Consider eliminating the requirement of completing the form for individuals whose address is on their check.

Something I haven't touched on there, the statute indicates that third party or Independent candidates have to meet the same requirements as major party candidates. But if they do, they only get half the funding as a major party candidate. This is an inequity. If they have to meet the same requirements, they should be eligible for the same amount of money.

Another problem we ran into in attempting to meet the requirements here: I was endorsed by many organizations -- business, labor, tenants association, Senior Truth Squad, etc. A number of these organizations wanted to write to their members and suggest they make a Clean Elections contribution to me. ELEC indicated that if they did that,

then this would be considered an in-kind contribution, and therefore would not be permitted. They can make generalized statements, but they could not recommend it. I find this ruling puzzling in light of the fact that the same organizations during the campaign -- not a Clean Elections candidate -- they can send out literature to their members saying, "We have support -- we endorsed Sam Thompson, Joe Blow, etc. We think he's the best guy. Please vote for him," and that doesn't count as an in-kind contribution. So why would it count as an in-kind contribution if they say, "We support this guy. Send a Clean Elections check to him" -- relative to the people who live in the district?

There are some that I've heard have suggested that the rules should be changed to permit cash contributions. I do not support that. I oppose that. There is too much room for playing around with cash contributions. That's not to say, somebody can't give \$5 and say, "Write a check," but if you just say cash, again, it makes it too easy for improper activities to take place.

Permit or require electronic or CD transmission of the data to ELEC that they need to have. There are certain sections of the statute that also require clarification. Thus to me, it reads very clearly that had we qualified, each candidate, it says, "is entitled to the amount of money that each nonqualifying candidate would have been entitled to." That reads to me that if I qualified, and my running mate, and there's two Democrats that didn't qualify, I'm entitled -- that I am entitled to what each of those would have gotten, and so is my running mate. And also, we had Green Party candidates. I interpreted it to say that we would be entitled to the money that each of the Green Party candidates would have gotten if they

didn't qualify. So you may -- again, the interpretation by ELEC is, "No, that's not it." But I suggest you take a look at the statute again, and if you don't want it that way, then amend the statute to make it very clear that you're talking about what you really want it to be.

And one last point I'd like to mention is, the one set of candidates that did qualify -- I read a news article in which they were quoted as saying that what they had decided, a way to do it, was to have like a hot dog and soda parties and bring large groups of people together. The statute very clearly states that you cannot give anything of value in return for the check. Now, I take giving a hot dog and a soda to somebody, especially when you're looking for \$5, as giving something of value. So we did not do it. A decision has to be made whether this kind of thing is permissible or it is not. I think it is great if you would permit it. Certainly it makes it easier to get your crowds together, but I interpret the statute is that we could not spend a dime on something we're putting on for people to get them there to give us contributions.

I'd say that pretty much covers what I'd like to put in the record. Do you have any questions about my feelings or how it went? I'd be happy to respond.

SENATOR SCHLUTER: Thank you very much, Assemblyman.

And I see that your running mate has arrived, and we will dispense with the necessity of her filling out a form. We expect that she wants to testify.

Is that right, Assemblywoman-Elect?

A S S E M B L Y W O M A N - E L E C T A M Y H. H A N D L I N:
(speaking from audience) We're so used to filling out forms, so we're experts-- (laughter)

SENATOR SCHLUTER: I would like to have the record show that Mr. DeLuca has arrived, from the Commission.

And I would like to ask the other Commissioners, if it's agreeable with them, if we have Ms. Handlin come up, have Mr. Thompson stay at the table, and Ms. Handlin come up, give her testimony, and then we can ask them both to respond to specific questions. Is this acceptable?

ASSEMBLYMAN BARONI: Sure.

MR. DeLUCA: Yes.

SENATOR SCHLUTER: Is this acceptable with you?

ASSEMBLYMAN THOMPSON: Fine.

SENATOR SCHLUTER: And do you have, Assemblyman, do you have written testimony that you're going to give to us, or was this just--

ASSEMBLYMAN THOMPSON: No, I did not bring any written testimony.

SENATOR SCHLUTER: This was all extemporaneous and with your notes?

ASSEMBLYMAN THOMPSON: Well, I had some notes I had handwritten, but you probably couldn't make out what I was saying.

SENATOR SCHLUTER: Now, Ms. Handlin, do you have any written testimony?

ASSEMBLYWOMAN-ELECT HANDLIN: I do not.

SENATOR SCHLUTER: Okay. Would you then come forward, announce -- give your name and everything for the record? The

center microphone is for the auditorium here, and the other is for the transcript. But I think everybody can hear you even without the center microphone. (referring to PA microphone)

Before you arrived, Mr. Thompson gave what I thought was excellent testimony in the form of suggestions of how to improve -- and they were very specific -- and this is what we're looking for. So if you will proceed.

ASSEMBLYWOMAN-ELECT HANDLIN: Okay. Thank you.

I think I heard a good bit of what Assemblyman Thompson had said, and certainly we had enough opportunities to discuss it. So I have great confidence that he expressed a lot of the same concerns that I would have expressed.

I just wanted to stress something a little bit different. When this all began for us, anyway as candidates, the public really knew nothing about it. And of course, one of the hurdles that all of the candidates had to overcome was the fact that we were trying to do public education and collect \$5 and \$30 checks at the same time. I think the place we're in now is different. It's a little bit better in the sense that, of course, we've had some experience with it, and there has been some publicity about it. But in a sense, it's worse, considerably worse. Because there is now a great deal of cynicism and skepticism associated with Clean Elections that didn't exist, or that has been exacerbated to the extent that it did exist. Part of that, I believe, had to do with the fact that we had to go to ELEC and formally make a case, ask permission for the checks to be returned to people. And certainly we're grateful that you did give us the formal permission. But the point I want to make is that up until that time, people were so cynical that

they basically shrugged their shoulders and they said, “Oh, yeah, right. I’m going to get my check back,” like the moon is going to turn into green cheese. Which just gives you a little bit of a feeling of how people viewed the program.

And we are still in a position of not being able to return the donations that were made by people online. And we have been told, and I wanted to make the case again for trying to get permission to do that, is we were told essentially that we can’t get those contributions back because they have disappeared into the black hole of the State Treasury. And when someone says to me, “Well, you’re telling me then that the State can’t find \$5.” What are they then going to conclude about the State’s -- our collective ability to manage and make a success out of a program that clearly has been flawed? So part of what I wanted to stress was that I hope that it’s possible to go back and figure out how we can return the online contributions of \$5 and \$30, as well, since that would only be fair.

But there is a broader question here, too, and it is the question of public education. And that’s why I’m going to make a specific suggestion. I hope that-- Let me back up for a minute. I don’t know what you’re timing is, in terms of making an official report to the Legislature. I hope that you would consider accelerating whatever the timetable is for the following reason: If the Legislature, in its wisdom, chose to revamp this entire program and start up again for legislative elections in 2007, I would want us to not be in the same place we are now. Meaning, the public still knows little about it. And what they do know is soured by cynicism and confusion. If the Legislature were able to agree on a new program, a new and improved program, during 2006, my hope would be that it could then

be placed on the ballot in the Fall of 2006, so that there would be accompanying public education around it, which would occur a full year in advance of the program actually being implemented once again. And by the time we got to the legislative elections of 2007, perhaps we would have a better educated public. We would have a higher awareness, a considerably higher awareness than we did the first time around.

And I also hope that Sam and I will have been able by that time to have returned our online contributions, too. That -- and that's all I have.

SENATOR SCHLUTER: Thank you.

Did you have something else to add?

ASSEMBLYMAN THOMPSON: Yes. Based on one part that she covered there, I would like to add one more thing. She mentioned, of course, our request to return the checks, which we made, etc. Back in July, as we had a first meeting on this whole thing, I raised the question at that time with ELEC relative to the funds that were collected for candidates who were unsuccessful in qualifying, and wondered would they be permitted to receive those funds back -- that is, however much they had collected. Again, what I was told was, there's nothing in the statute that permits it. There's nothing in the statute that prohibits it, but there's nothing that permits it. I would suggest that you look at this whole question. Because again, the candidates will spend a great deal of time, a great deal of effort trying to do this. And then when the deadline comes, if they're one check short, they've got nothing for all of the time and effort they put in.

As we found, the majority of the people donating are donating because they want to help that specific candidate. They are not donating because they want to send the State \$5 or \$30 to put into some fund

somewhere. I would again ask that it be considered whether the candidate should receive back from the State the moneys that they've raised. If we compare it, again, to the gubernatorial campaigns, where we have public financing, there it is not required that the gubernatorial candidates have checks made out to the State and send them to the State in order to get matching funds. Whatever they take in, they're permitted to keep. If they don't get enough funds to qualify, they keep it. I don't really see why it should be different here in these races versus the gubernatorial. Thus the checks could be made out to the candidate for \$5. They could be required to provide the proof that they got the checks and everything else, but at least at the end, they would have gotten something for the time and effort they put in, as opposed to reaching a late date in September, having no money, and having to go out and start from scratch.

SENATOR SCHLUTER: Before I turn it over to the other Commissioners, I would like to exercise the prerogative of the Chair and make a couple of general comments. First of all, Ms. Handlin, the polls that Eagleton and Fairleigh Dickinson took bear out what you said to a certain degree, and bear out what everybody has said -- that there was no real knowledge of this program in the districts. As a matter of fact, there was no real knowledge that Assembly people were running for re-election in the districts or in other districts.

About 20 percent throughout the state, except District 13 and District 6, knew that there was such a thing as Clean Elections. And in District 6 and District 13, it was 30 percent. So it was really a nonstarter. The polls also said, asked people, "Do you believe that Clean Elections will improve the system?" And you're right. There was a certain amount of

cynicism. There is a certain amount of cynicism. About half of them said they thought it would, and about half of them said it wouldn't.

Now, the second point I want to make: I think your thought about putting something on a ballot -- and we can get lawyer Baroni's comments on this -- I think that was a brilliant idea. Because if that were on the ballot in 2006, in some way to dedicate money -- which you'd have to put on the ballot -- and then there would be a campaign to pass it, or people would want to reject it. Whether it's a check off, or whatever it is, or it might be a certain percentage of punitive damages of lawyer fee -- all these different things that you can have. But that might be a way. Because the other states that did have success in having this known in those states -- Arizona and Maine -- had initiative and referendum, and they had it on the ballot. So I think that was something that -- is really-- And we have Mr. Rosen from the Democrat Majority Assembly here, and I'm sure he's going to take that back to his people, probably tomorrow. But I thought that was a great idea.

Before I ask my colleagues to ask you specific questions, I'd just like to get an expression from both of you. Don't go into a lot of detail. Is the program, if it can be improved, worth salvaging?

ASSEMBLYMAN THOMPSON: Yes.

SENATOR SCHLUTER: You say yes?

ASSEMBLYWOMAN-ELECT HANDLIN: Oh, definitely.

SENATOR SCHLUTER: Okay.

Thank you.

Mr. Baroni, you were here first, so you have precedence over Mr. DeLuca.

MR. DeLUCA: You got it.

ASSEMBLYMAN BARONI: First, I'd like to ask you a fact-specific question, Assemblywoman-Elect, about how much do you actually think the State Treasury is holding of contributors from the 13th District?

ASSEMBLYWOMAN-ELECT HANDLIN: I think actually-- You can answer, because I think you had said most of the online contributors were to me, rather than to you.

ASSEMBLYMAN THOMPSON: Yes. I heard-- Well, the State sent me notification of the online, and they only sent me notification of just a very, very few.

ASSEMBLYWOMAN-ELECT HANDLIN: Okay. So most of them would have been mine. I'm guessing a couple hundred dollars total.

ASSEMBLYMAN BARONI: And you've actually been told by an administration official that they can't find it?

ASSEMBLYWOMAN-ELECT HANDLIN: Well, I guess I can ask the ELEC experts. When Assemblyman Thompson and I were in your offices and I specifically asked about the online contributions, I was told that they had disappeared into the abyss, essentially. Correct me? I'll stand corrected if I'm wrong.

N E D D A G. M A S S A R, ESQ.: (speaking from audience)
Treasury has been asked.

ASSEMBLYWOMAN-ELECT HANDLIN: Oh, I'm sorry.

SENATOR SCHLUTER: Do you want to come up here?

You have to speak into one of the-- (referring to PA microphone)

MS. MASSAR: We have made a request of the Department of Treasury with regard to return of the contributions, and we don't have an answer at this point in time. After you appeared at the meeting, we have started to ask. We've started that process, and we're waiting for an answer.

ASSEMBLYMAN BARONI: If it's possible, Assemblywoman-Elect, if you could keep us informed as to the-- It's stunning to me that we can't figure out a way to keep records of \$400. I guess it shouldn't shock me. We can't keep records of building schools, or anything else for that matter, so I guess this doesn't surprise me. But it actually does drive a significant cynicism, not just about the Clean Elections Program, but also about State Government generally.

ASSEMBLYMAN THOMPSON: If I may? I think your question was, have they lost track of who made the contributions?

ASSEMBLYMAN BARONI: No, I was actually--

ASSEMBLYWOMAN-ELECT HANDLIN: No.

ASSEMBLYMAN THOMPSON: I'm not sure that was the answer. You probably know who made the contributions, but getting the money back out of Treasury is -- they don't have a mechanism for that.

ASSEMBLYWOMAN-ELECT HANDLIN: I would be delighted to keep you informed about the status of the abyss, yes.

ASSEMBLYMAN BARONI: Please do. Yes. I think it says a lot, actually.

And they're going to invest the pension funds.

There were two major reforms in what I would -- two major reforms in election/campaign finance law in New Jersey this year. One was the Clean Elections, and two was, vote by mail. Essentially, taking away the

necessity, the reason to vote by absentee ballot. Sadly, the second, the vote by mail issue, has been partisanized incorrectly, I think, by folks on our side of the political aisle, quite frankly. But I think it is a good reform. That got a lot of attention, because the candidates for office and the political parties were able to expend their resources to inform voters that you could vote by mail -- both candidates for governor did it. They spent a lot of money behind it. It strikes me that because of the very small amount of seed money that the statute allots to candidates that are possibly going to try and achieve Clean Elections status, you couldn't even inform people if you wanted to. If you wanted to go out and put mailings out, put newspaper ads, the statute handcuffed you from doing it. Would you agree with that?

ASSEMBLYMAN THOMPSON: Yes.

ASSEMBLYWOMAN-ELECT HANDLIN: There's no question about that. And it happened that we were fortunate because the major newspaper that covers the 13th District, which is the *Asbury Park Press*, gave it tremendous coverage and really worked very hard to do as much as they could. But it seems to me not right to put the burden entirely on the local media in any district. I mean, there are some districts I'm sure that don't have -- or rather that have daily newspapers, but that for whatever reason wouldn't devote that kind of coverage to it or wouldn't do it as well as the *Asbury Park Press* did. And that's fundamentally unfair. That in one district there should be a local daily that takes tremendous interest and great care to give thorough going coverage, and in another district, that might have Clean Elections in the future, there is nothing. So there has to be a way of equalizing it.

ASSEMBLYMAN BARONI: The -- and I know Victor wants to ask some questions -- but I want to jump to a topic, Assemblyman Thompson, you raised, which I don't think we've really addressed as a possible solution, because it was the timeliness of it. You didn't call it this, but essentially you're advocating a sliding scale of return. The Clean Elections mechanism has always been a triggering mechanism. You get the contributions, then you're triggered, and you get a check. That is distinctly unlike both the gubernatorial financing in New Jersey -- you match what you can raise -- and presidential primary matching, when you're running for the president of the United States. In the primaries, you are able to get Federal matching dollars based on what you are able to raise, and it's a very simplistic answer. But not everybody gets the same thing. You match what you raise.

New York City's municipal campaign finance for mayor, for example, borough president -- you get an amount based on what you're able to raise.

Would you advocate moving to a sliding scale system at the legislative level? Let's say a hypothetical. I guess in the 6th District the Republicans -- in the 6th District I remember seeing-- They raised about 70 percent of the contributions they needed to raise. Would you advocate going to a system that then, therefore, they would be able to match 70 by two-to-one, or some number?

ASSEMBLYMAN THOMPSON: I think a sliding scale starting at some minimum. You have to start at some minimum level.

ASSEMBLYMAN BARONI: You have to raise something, right.

ASSEMBLYMAN THOMPSON: You can't say, if you have one \$5 check, we're going to give you something. So the sliding scale with some minimum would be great. But failing that again, at a minimum, the candidate should be permitted to at least keep what the people have donated to them, if they're not going to get any additional funds back. But if -- a sliding scale would be even better. But you have the two alternatives to consider. One is let the checks be made out to the candidates, and the candidates keep them -- just as they do in the gubernatorial where it is public financing. Or again, go to the sliding scale, they'd keep the checks and they would get some contribution once they reach a given level and so on.

ASSEMBLYMAN BARONI: And finally, Assemblywoman-Elect, your point about putting the question before the voters. I'd have to talk to -- Frank, you'd probably know better than any of us in the room. But it strikes me that to put a question like this before the voters would require some fiscal-- We'd have to be asking the voters, "Should we expend a certain amount of--" I don't think there's a minimum of what we can ask the voters. We could--

SENATOR SCHLUTER: Excuse me? It could be dedicating, which is fiscal.

ASSEMBLYMAN BARONI: Right. Right. Could we dedicate a certain amount of money to the Clean Elections Program.

Would you agree to put a specific dollar amount to go to education and management of the program? That gets the question on the ballot.

ASSEMBLYMAN THOMPSON: Well, I would respond, but actually that was my running mate's. So I leave it to her.

ASSEMBLYWOMAN-ELECT HANDLIN: I mean, it would obviously depend what it was.

ASSEMBLYMAN BARONI: Right. But you'd agree to an *X* amount?

ASSEMBLYWOMAN-ELECT HANDLIN: An *X* amount, sure.

ASSEMBLYMAN BARONI: Some amount?

ASSEMBLYWOMAN-ELECT HANDLIN: Yes. Because I'd believe that down the road the benefits of Clean Elections would save taxpayers considerable dollars.

ASSEMBLYMAN BARONI: Absolutely.

ASSEMBLYWOMAN-ELECT HANDLIN: So we'd need to understand exactly what we could accomplish with *X* number of dollars.

ASSEMBLYMAN BARONI: Well, the *X* number could be spelled out in the question in the statement to the voters, I imagine.

ASSEMBLYWOMAN-ELECT HANDLIN: Yes.

ASSEMBLYMAN BARONI: That would not only go to the funding of the Clean Elections Program, meaning the amount of money going to the candidate, but also to the publicity of the Clean Elections Program. That funds could be used, as it is in other State expenditures, funds could be used specifically to inform the voters of whatever. Because right now, if the statute doesn't change, we're going to go from two to four districts--

ASSEMBLYMAN THOMPSON: Four districts.

ASSEMBLYMAN BARONI: --with right now no mechanism for informing. Because I think the folks in the 6th and the 13th Districts, at least, I guess, a third of them know about the program. But I can tell you in my district, there's like seven of us. And two of us sit on this Commission. (laughter) So I think your idea to expend resources, through a public referendum, is a smart idea.

ASSEMBLYWOMAN-ELECT HANDLIN: Good.

SENATOR SCHLUTER: Is that all for now, Mr.--

ASSEMBLYMAN BARONI: Sure.

SENATOR SCHLUTER: --Assemblyman, because we're going to have more questions, as I think this thing picks up speed, of you. And we got some great testimony in Camden, Collingswood, last Thursday on some of these very subjects. And both Assemblyman Roberts and Assembly candidate Gurenlian gave very specific suggestions.

Mr. DeLuca, don't you think they were very good and very helpful?

MR. DeLUCA: Yes. Yes.

SENATOR SCHLUTER: But before I turn it over to you, I would like to answer one of the questions that was raised by you, I think, Ms. Handlin. And that was, our schedule is that we have to report 90 days after the Election. That would mean approximately February 8, with a preliminary report to the Legislature and the Governor. And then we will have to make a final report 90 days after that, which would be May, with the idea that it would be in the hands of the Legislature early enough so that if the Legislature, in its wisdom, wants to continue the program with the changes, it can have those changes, and it can pass legislation in 2006.

Mr. DeLuca.

MR. DeLUCA: Thank you, Mr. Chairman.

First, I want to congratulate the two of you for participating, or at least trying to participate in the program. Speaking on my side of the aisle, I was disappointed that the Democrats pulled out so quickly. I thought that they didn't give the program a fair shot. And I was very disappointed about that. So I want to compliment you on your efforts.

I have a few questions and then I just want to ask a couple other questions, and also just make a statement about the 13th District, which I think was different than the 6th.

On the suggestion of the reduced contributions to somewhere around 750 or 800, were you thinking of that being still at \$5 each?

ASSEMBLYMAN THOMPSON: Yes. Because it really-- We didn't have -- I didn't, and I think the same applies to my running mate -- didn't have that much more difficulty collecting \$30, as opposed to five, without telling people or telling them what size we want. It just worked out that we were running, essentially, a two-to-one ratio, which you need. But again, I just think in terms of equity, if what we're trying to do is simply demonstrate community support, as opposed to raise money, then it should be \$5 for everybody to demonstrate their support, as opposed to some people \$30 and some people \$5.

MR. DeLUCA: And Assemblyman, you said that you did not support allowing cash contributions.

ASSEMBLYMAN THOMPSON: That's correct.

MR. DeLUCA: Could you speak a little bit more? Some suggestions to us have been allowing cash contributions but having someone sign a certification that it's their money, and you think that's not enough?

ASSEMBLYMAN THOMPSON: No, not really. The general public would agree to me that there's too many people out there kind of shady in the things that they're willing to do. And I could well see somebody bringing \$1,000 to a party and saying, "Okay, here's \$5 each, give it to them, and sign the sheet." As I say, I recognize they could give him \$5 and say, "Write a check," but that's a little more complicated than \$5, write a sheet.

SENATOR SCHLUTER: Excuse me? If I could intrude on you?

MR. DeLUCA: Certainly.

SENATOR SCHLUTER: But if this affirmation, which is signed by the giver and countersigned by the candidate, said that it is a criminal violation if this money was given to you to circumvent your own personal giving, and so on and so forth, don't you think that would be enough to validate a cash contribution?

ASSEMBLYMAN THOMPSON: Not really. No, I don't.

SENATOR SCHLUTER: You think enough people are willing to--

ASSEMBLYMAN THOMPSON: There are too many reports out there of vote buying and everything else that goes on today. I just don't think it's a good idea to take the-- I know it would simplify life tremendously. Because again, people carry money in their pocket -- small

amount, not big amounts -- and they don't always carry their checkbook. But I would be very leery of--

SENATOR SCHLUTER: But isn't that kind of affirmation like when you go in to vote in a voting booth and you sign your name, and it looks like who checks that out. If you sign it illegally, you are committing a criminal act. And we don't get that much voter fraud for people--

ASSEMBLYMAN THOMPSON: That we know of.

SENATOR SCHLUTER: Well-- Excuse me.

Go ahead.

MR. DeLUCA: Thank you.

Thank you, Mr. Chairman.

I'd like to go to the comment you made about the house parties and giving away hot dogs and something of value. Although some people might question whether a hot dog has any value, but-- Are you suggesting that house parties be allowed and not be considered an in-kind contribution?

ASSEMBLYMAN THOMPSON: No. I'm saying that, according to a news article, the candidates who succeeded down in the 6th District--

MR. DeLUCA: Right.

ASSEMBLYMAN THOMPSON: --said they did this. I was under the impression, as I read the statute, we could not do that. I think it should be clarified.

MR. DeLUCA: Okay.

ASSEMBLYMAN THOMPSON: I mean, clearly state you can or you cannot do this. If you can do it, fine. Next time I'll throw hot dog

parties, and so on, too. But if it's prohibited-- Again, following the letter of what it said, "nothing of value may be given in exchange for a contribution," I took it that we could not do this kind of thing.

MR. DeLUCA: You may have mentioned this before I got here, but if you did, I can just read the transcript. But I didn't hear, from the part I heard, the question of timing, which was a big issue down in our last hearing, that the successful candidates thought that there should be strict deadlines by which you submit the contributions to ELEC or file reports of how successful you've been, and that there should be benchmarks along the way. I think the implication was that the other team was hoarding the checks to see if they received enough before they submitted to ELEC.

ASSEMBLYMAN THOMPSON: Now, I did not offer any comments with regards to that. But my own personal feelings on it are, in light of the-- The way it's presently conducted, where again you're making the checks out to Clean Elections and so on, and knowing again the position of our contributors, that by far the majority did not want to send money to Trenton, and especially didn't want to send money to Trenton that might end up going to support Democrat candidates somewhere. I think it worked out well this way that we didn't send the checks down, so we're able to send them back. But certainly, I think a periodic reporting would be very appropriate. Thus, of course, the way it was set up by ELEC, they had certain dates for which you could report. You could only report on those dates, but they said you did not have to report on those dates.

So to send some kind of report to Trenton on those dates would be appropriate. But again, you have to decide the questions that I've raised about disposition of these checks, whether the candidates are going

to be able to keep them or whether they are going to be able to send them back, and so on, before you address whether the checks have to be sent to Trenton or not. Clearly, if there's a feasibility of the candidates getting them back or getting to keep the money, then there's no point in sending them to Trenton and have Trenton send the checks back to them. But if you simply say, okay -- is send a report with maybe copies of the checks, or whatever, or to show that you have gotten this. I mean, what do they have to do for -- as a gubernatorial? They don't have to send checks down there. They have to send records showing that they have gotten these donations. That would be reasonable to do for candidates in the Federal elections here.

MR. DeLUCA: Thank you.

ASSEMBLYMAN THOMPSON: Oh, no. Let me first further add, when some people said, "Well, they might be hoarding their checks," that would not prevent them from doing that anyhow.

MR. DeLUCA: Just on the question of the threshold, it was also suggested at our last hearing that maybe there be a floor. Let's just use your example of 800, let's say, contributions. Maybe there would be a floor of 500, in order to qualify. And then to get payments, you'd need to get the 600, the 700, and the 800. Do you think that would work? And let me give you the opposite argument of that, is that the idea of this is to level the playing field to give each side the same amount of money. So if you had a floor system with increments, then you would have an imbalance of what each side would get.

ASSEMBLYMAN THOMPSON: Well, relative to that argument there, the point is you would have a maximum. It has been made level in terms of everybody achieves the maximum, they have the same

amount. But if you don't have this floor in getting incremental, you've made it even worse -- that is, the person got nothing for whatever has been raised. At least they'd be getting something, and it would not be as much as the one that did reach the maximum, but at least they would have something. So the gap is smaller than, "this one got this much, that one's got zero," and going to go out there and see what they can do to get some money.

MR. DeLUCA: Thank you.

Assemblywoman--

ASSEMBLYMAN THOMPSON: Of course, I think maybe if you do this, now-- Since we're saying Clean Elections, and we got a maximum, then you would also have to stipulate that when you've got this sliding scale that, okay, they can raise additional money, but the maximum they can raise is up to that level.

MR. DeLUCA: Right.

ASSEMBLYMAN THOMPSON: They can't take 60 percent of the funding and now go out and raise twice as much as the other person had.

MR. DeLUCA: Yes. Once they meet that floor, they would qualify. They would have to live by all the rules, and then just get more money as they--

ASSEMBLYMAN THOMPSON: Well, the rules right now say you can only spend the Clean Elections money--

MR. DeLUCA: Right.

ASSEMBLYMAN THOMPSON: --so you'd have to amend that to say, "Okay, they could raise some more money elsewhere to come up to the Clean Elections maximum."

MR. DeLUCA: Okay. If we went that way, we'd have to decide if we were to go that way.

ASSEMBLYMAN THOMPSON: If you went that way.

MR. DeLUCA: Assemblywoman-Elect, you talk about the public losing confidence and being confused in your district. My statement I wanted to make about the difference in the 13th and the 6th was: early on in the 13th District, the *Asbury Park Press* was pretty negative to this program. And editorials were written, and there were comments and op-eds by others in that district which really trashed the program. That did not happen in the 6th. At some point, the press changed in both districts and became more user-friendly, let's say, by running stories about it and informing people. So I think you're right that the public was confused. And certainly in your case, with the issue of the checks going to ELEC and not being able to come back to the donors, there may have been some anger even generated by that. But I do think there's a little difference in the two districts as to how it was portrayed in your district and how it was portrayed in the 6th. And finally, at some point, the *Asbury Park Press* editorial policy changed. I mean, even our Chairman had to write some op-eds in that district to try to clarify what we were trying to do. So I just wanted to make that point, and you may agree or not agree with me, but that's how (indiscernible). And we get to look at every -- our staff is sending us every article in the state about this. And you can see, really, the marked difference between the 13th and the 6th.

The question I wanted to ask you about this recommendation for the ballot: You're suggesting that the ballot question may solve the need, or it may solve a number of needs, but one of the needs you're suggesting is to increase the awareness of the public of this program and maybe to get a buy-in by the public towards this program. It seems to me that this is a huge step to go out for a referendum by the citizens across the state. And it allows an opportunity for those who may feel this program is a threat to their political control right now -- the very thing we're trying to change -- to really organize and defeat this. Is there some utility in letting the plan go forward in 2007, with trying in the four districts, correcting the course from what we've learned in 2005, and then maybe after that take stock and say, we want to roll it out on a larger level and that's the time we go to the public?

ASSEMBLYWOMAN-ELECT HANDLIN: I would say absolutely not. Because it seems to me that what you're suggesting is that we make the same mistakes the second time, so that then we'll be in a position to tell the entire state, not just the voters in four districts, that we've made all these mistakes.

MR. DeLUCA: No, I'm not suggesting we make the same mistakes. I'm suggesting the opposite. I'm suggesting that we learn from the mistakes we've made now, that we change that. We do the public education. Some of the suggestions identifying districts earlier, so that people are aware of it at an earlier time in the election process. That we change some of the questions about donation levels, watchdogging, how it works. That we make all those changes for 2007. We don't leave anything static. That this is a dynamic process, that we make the changes for 2007,

and we see how it runs in those four districts before going statewide in allowing this to-- What I'm afraid of is being stolen by special interests and county bosses, and that this goes down the tube because this gets portrayed as some kind of money-grubbing effort on the part of politicians.

ASSEMBLYWOMAN-ELECT HANDLIN: The way I view it is fundamentally different. I think that everyone in the state has a stake in this. I think that with fair and complete airing of the issues that the public at large would support it -- meaning the public throughout the state. Because I believe the public throughout the state is disgusted with the current system. You talk about these monstrous county bosses who might try to defeat it. They would have to use a significant portion of their funds and their own political capital and their own power in the effort to defeat it. And it would seem to me that would thwart, if they have some kind of evil plots going on, that would certainly thwart and take away time from their pursuit of their evil plots.

So I just have faith in people throughout the state who want to see the political system overhauled. And if it were an education effort that originated at the State level, with the experts who would understand what to communicate to the public and how, I believe the majority of the public would get it and would support it. But you'd essentially be dealing with the same kind of situation with any ballot question, with any referendum. There are always going to be those who, for reasons that -- evil or otherwise -- will oppose it and will try to defeat it. This is, I think, an unusual situation because it is hard, I think, to mount an effort, a really vigorous effort, against what will still be a small-scale pilot program, which if it works has tremendous potential for improving the State. And if it doesn't work,

will again have not really harmed anyone, except the evil monsters who are bosses and who have their own plots.

So again, it's hard for me to imagine that we would be undertaking that much of a risk in putting this to the voters, doing proper education, informed by and guided by, again, those who are experts in it. I believe that that would do the trick.

MR. DeLUCA: Okay.

Thank you, Mr. Chairman. Thank you.

SENATOR SCHLUTER: These are good questions. And I can see Mr. DeLuca's point. If you have a statewide referendum to authorize this, then what are the 36 other districts who don't have Clean Elections going to say, "Hey, we voted for this, and now we don't have them. What's this all about?" I think the idea is good, and it can be worked out. You might even -- and this gets very convoluted, and I presume it could be possible -- but you might even have the ballots in those four districts that are going to be subject to Clean Elections the next time -- have that on their ballots so that the people in those districts know about it and campaigns can be run to either approve it or not. But that's a good idea. You've started us thinking on it, and we will proceed. When you talk about these evil bosses, and so on, your partner was once a county chairman. I hope you don't mean him in those--

ASSEMBLYMAN THOMPSON: That was a nice comment, Chairman. (laughter)

SENATOR SCHLUTER: Okay.

We had a number of good suggestions at the last meeting, as well as these that you've given. And I'm just going to jump around. At the

Federal level, when you run for Congress or run for Senator, they have a certain provision in the law -- and Bill Baroni, I'm sure you know more about this than I do -- but where the person who has a fundraiser is allowed to expend a certain amount of money for a cocktail party to raise money. Is that not correct?

ASSEMBLYMAN BARONI: There's a limited amount, yes.

SENATOR SCHLUTER: Limited amount. And that idea possibly could be utilized here at the State level for the in-kind, whether it's hot dogs or a barbecue, or whatever. In other words, a person could spend that amount of money to help the candidates raise their qualifying contributions. So there is precedent to that, and that's something that our Commission could consider. Do you have any comments on that?

ASSEMBLYMAN THOMPSON: First I've heard of that.

ASSEMBLYMAN BARONI: It wouldn't cover your hot dog problem.

ASSEMBLYMAN THOMPSON: Something else you might consider is that there are expenditures that even candidates make that are not termed *campaign expenditures*. Thus, on your ELEC form, you have one line is *campaign expenditures*, you have another line, *other disbursements*, and another line that -- *disbursements to other campaigns*, or something like that. You might consider whether you're talking about the limitations on campaign expenditures and not necessarily eliminating the ability to make these other disbursements. Because again, there are things that you value that are not directly-- Well, again, if I am buying a half-page ad in a -- 180, Turning Lives Around, that's not normally listed as a campaign expense. But we get a lot of nonprofits that are looking for ads, or looking for us to

buy a ticket to their dinner, or one thing or another. So whether you want to draw any distinction between, some expenses are campaign expenses and some aren't. You might look at that.

SENATOR SCHLUTER: Going on, last week there was a lot of talk about what has been mentioned here already about a tiered level of contributions. In other words, if you reach that first step of 500 contributors, whatever it might be, then you qualify and you're in. And you can get a portion of the amount of public funds. And you have to stay in, and then if you presumably get more donations, you get the next increment. There might be several tiers, there might be two tiers, or whatever. But this was mentioned in terms of the primaries.

Now, as everybody knows, sometimes the real contest is not in the general election, it's in the primary. And it's the charge in the legislation for our Commission to make recommendations with respect to the primary. So do you have any comment as to, perhaps, when people file their petitions for a primary? This would not apply to independent candidates, but that we can take up at another discussion. But if people then can start raising money on April 5 or April 7, whatever it is, to give them a better time to raise money -- a longer time to raise money. And it would go toward the first level of their qualifying contributions. Any comments?

ASSEMBLYMAN THOMPSON: Two comments. There's probably more uncontested primaries than there are contested primaries. So therefore, it really wouldn't be leveling playing fields. In one party, if you take, for example, Morris County-- Morris County, you may have a primary on the Republican side, not on the Democrat side. Union County

or Hudson County, you'll have a primary on the Democrat side, maybe not on the Republican side. You have that kind of imbalance. And then there is a situation of the Independent or third party candidates, they can't file until primary day. So they're placed at a further disadvantage.

SENATOR SCHLUTER: That would be another thought. But the point is, one of the objections which I think both of you mentioned was the fact that Summer months are bad months for raising money, and you're under great pressure to raise all this money. But if you started earlier, you could start -- it seems to me -- when the petitions are filed for primary. And so if the person does have a contest, or so the person doesn't have a contest? You're qualifying to get more money to make a level playing field, and it would have to apply in the same sense to the primary as it would to the general.

ASSEMBLYMAN THOMPSON: Well, now, if you're going to do this, are you saying total money, when you get through, is the same as if you only did it in the general election; or are you going to say, well, there was money to be raised and to be received from the State for the primary, and then there's more money to be received, and etc., from the State in the general?

SENATOR SCHLUTER: This is something that we would have to figure out. This is not uncomplicated. It's very complicated.

ASSEMBLYMAN THOMPSON: Again, when we speak of contested or not contested in the primary, that would make a big difference.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN THOMPSON: Okay. One party if you have a primary, yes, they raise the money, they get the State money, but they have to spend it in the primary because they had contest.

SENATOR SCHLUTER: Exactly.

ASSEMBLYMAN THOMPSON: The other candidate doesn't have a primary, raises the money, doesn't have to spend it, he's got it there for the Fall. Now, if more money comes in, in the Fall, look, the guy's got twice as much money already as the one who had a primary. They raise the same amount. They get the same amount from the State, but the first one had to spend the State money in the primary, the second one didn't.

SENATOR SCHLUTER: Maybe there's an offset for the amount that is spent. But one of the things that we've got to start thinking about is, do we want to cover primaries and how do you cover primaries? And do we want to extend the time for raising the qualifying contributions to a longer length of time, so that if it goes into the Summer, then they don't have as many to get in the Summer, and you can reach your maximum in a more reasonable basis.

ASSEMBLYMAN THOMPSON: Well, again, also again, you do that unless you change the filing deadline for your Independent and third party candidates. They don't start until July, and everybody else starts before.

SENATOR SCHLUTER: Well, there's nothing to prevent an independent candidate from filing the petition the same day that you file for party candidates. And if they don't do it until the primary date, then maybe their level of receipts is lower because of that.

ASSEMBLYWOMAN-ELECT HANDLIN: I'd like to add, I think the need to extend the time for collecting contributions is so critical that it really trumps a lot of these other things -- the vast majority of which I would say fall into the category of mechanics. And they're tricky, of course, to work out. I understand that. And whether it would be done on the basis of offsets, depending upon whether there is a challenge primary on one side and not on the other, whatever the case may be; whether you dedicate a certain pot to be used in primaries which people could qualify for, and a wholly separate pot that would be dedicated solely to generals -- I'm not sure how it would be done. And as you indicated, Mr. Chairman, the Commission would need to deliberate on all of those mechanics still -- is where I'm coming from is. I think the single most critical change that's needed after changing the contribution thresholds is the need to add more time. And there's no other way to do it other than pushing it back into the Spring.

And the other piece of that, in my view that's important, is that, I think down the road, what we would really like to have, to the extent we could create an ideal world, is candidates who will be essentially forced by the public at the time they file for primary elections, whether they're opposed or unopposed, they would be forced to declare their willingness to live by these rules or not. Again, in the interest of a fully educated public, and a public that over time gets over some of the cynicism, I myself would love to see a system whereby you file on April 10, and on April 10 you declare to your voters that either I believe in this program and I intend to abide by it, or I don't. And if you don't, the voters can decide, and it's one of many issues. But right now, of course, as you pointed out, many

elections are decided in the primaries. And the voters in those races have no opportunity at all to gauge whether or not the candidates believe in this program, take it seriously, think it's a solution to some of our problems, etc., etc.

ASSEMBLYMAN THOMPSON: Arizona does permit the candidates eight months in which to qualify. Do you know, is that based on starting with the filing date, from that date on to the general election, or how does it tie into their election cycle?

MR. DeLUCA: We can find out.

ASSEMBLYMAN THOMPSON: That's when they spoke on their Commission out there. They said they have eight months to collect their much smaller number of contributions.

SENATOR SCHLUTER: Incidentally, we have somebody from Maine coming to our hearing on Friday, at Seton Hall, who will explain the Maine thing. Unfortunately, we're not able to get somebody from Arizona, but we hope to be in conference call or something.

With respect to the \$30 and the \$5, and I think it has been said universally that, "Why have this -- two price tag donations?" Do you think something would work such as the following? And they do this for presidential primaries where there are public financing. And they also have qualifying funds that a presidential primary candidate, public financing, must apply for, and they must qualify by getting a certain number of contributions. Say that you would, in your system of raising money, say that the maximum would be \$20 that a person could give in clean campaign fund money, and they can give up to that. But that the candidate would

have to raise \$10,000 from at least 500 contributors, which would give them flexibility.

Now, the simple math is, if you've got 500 contributors, each giving \$20, that's \$10,000. But if you've got a lot giving \$5 or \$10, and you can get more, but you get to your qualifying amounts both by the number of contributions and the dollar amount that you collect-- Do you think something like that--

ASSEMBLYMAN THOMPSON: No. That would be more reasonable if you set-- Okay, you got an X dollar limit, now you can get checks anywhere from here to there in order to meet that, that would make more sense than saying, okay, it has to be 500 \$30 checks and has to be 1,000 \$5 checks. Yes, that approach would make a good deal of sense.

SENATOR SCHLUTER: Combined with what you suggested, Mr. Thompson, Assemblyman, about putting-- Allowing a contributor to give to both candidates on the same form, and give a check for \$20 and, say, split it \$10 each, or whatever -- \$10, split it \$5 each -- makes sense.

ASSEMBLYMAN THOMPSON: That would simplify it for the donors a lot. Again, the paperwork we're asking some of these people to go through. I mean, it was taking them 15 or 20 minutes just to fill out the paperwork after we talked to them.

SENATOR SCHLUTER: With respect to -- I know that your district experienced the retaining of the checks, and you wanted to give them back to your contributors. I think we've heard a lot that there is a certain rationale for having checks, if people do not qualify, go back to the donors. And depending on the wisdom of this Commission, we might want to adopt something to be sure that that is possible. I know that -- and I'm

not that familiar with all the detail -- but if ELEC says that when you liken other contributions to other campaigns, you have to submit a report of a receipt within so many days of you getting it. Or if they did get the money, they could hold it in escrow until you've qualified, and then they could fold that into the fund. But it seems to me that it's important for there be a regular reporting of these funds that you raise going to Trenton, at least being accounted for.

ASSEMBLYMAN THOMPSON: That's no problem.

SENATOR SCHLUTER: But maybe being held in escrow until such time as the candidates qualify. Does this run counter to your thinking?

ASSEMBLYMAN THOMPSON: Yes, there's no problem with that.

ASSEMBLYWOMAN-ELECT HANDLIN: No. Yes, that's very reasonable.

ASSEMBLYMAN THOMPSON: As I said, either return the -- a provision to either return the checks or else have the checks made out to the candidate so that they ultimately get to keep the checks, whichever in your wisdom you decide. But the best two alternatives you could consider.

SENATOR SCHLUTER: Do you think there should be leaving the contribution amounts at the same level, do you think there should be more seed money available to candidates? Seed money is limited to \$3,000 per candidate, consisting of \$200 -- what is it? Two hundred times--

ASSEMBLYMAN THOMPSON: Contributions up to this.

SENATOR SCHLUTER: --how many contributions. But anyway--

ASSEMBLYMAN THOMPSON: Because I think the seed money is set kind of low for the size of the districts we have and the number of people we have to reach out to, etc.

SENATOR SCHLUTER: Fifteen contributions, 30, whatever it is. But if you get \$3,000, and your running mate gets \$3,000 of seed money -- \$6,000 -- can you do a mailing for your other qualifying contributions with that limited amount of money?

ASSEMBLYWOMAN-ELECT HANDLIN: It obviously -- it's a constraint. It's one among many constraints. And I think it's perfectly reasonable, in context, to insist upon a modest seed money amount, whether \$3,000 per candidate is the right number, I don't know. But I think what's more important at this stage-- Let me back up. I think the reason why it's hard to make a judgment about an actual number now is because there remain these unresolved issues, such as the question of what is something of value. Again, in our case, under the circumstances that, as we understood them, we were not buying any hot dogs, because our concern was that we weren't allowed to. If we were allowed to buy hot dogs, then the hot dog allocation would have reduced what we did use on mailings and to do everything. So the whole question of what is something of value needs to be resolved before a number can be determined.

The other question that needs to be resolved before a number can be determined goes back to the public education. If again we're in a position where the candidates are really at the mercy of local media -- and we have a case where some newspapers will give a lot of coverage and other newspapers won't -- then that's one situation. If we have a case where there is significant public education guided by the State, and it's equal for

everyone -- everyone in every participating district benefits from the State-generated public education, that's a different situation. And the public education dollars don't have to come out of the seed money.

I think, at the end of the day, we didn't do any advertising at all -- did we? -- with our seed money. No. We thought about it at times. We never did. But -- and if it's determined that the candidates are going to be responsible for public education, then they're going to need to be able to fund that, which was one of the difficulties that we were presented with. We really could not have done enough. I think that was one of the reasons why we didn't do it. We couldn't have done enough for it to have accomplished the goals. So where I'm going with all of this is, is it's like dominoes. There are a number of other questions that have to be answered first, and then it will be time to sit down and say the seed the money -- now that we know it needs to cover these things -- isn't high enough or the seed money is high enough, given that we're going to change the nature of the program.

ASSEMBLYMAN THOMPSON: The other thing is the seed money, as stated in the statute, is specifically there to aid in the raising of these donations that you need to get. But over this two-plus month period that you're working on raising this money, you can't stop all other campaign activity. There are other things you need to do in your campaign that costs money, too. So thus, if you devoted the 3,000 strictly to trying to get the contributions, you got other expenses you have to cover too, somehow or other, but there's no provision for it. So therefore, anything that you do-- If you have a cell telephone bill, for example, that you use, or anything else which needs to be paid, it has to come out of the \$3,000, too.

It's not solely-- Since that's the only money you have access to for over two months, it's not used just solely for, again, soliciting contributions.

SENATOR SCHLUTER: I'm getting to a real big issue here, gradually, and the next question is, this is supposed to be neutral with respect to incumbents versus challengers. Yet for seed money, the incumbent has an advantage because the incumbent can use their candidate's fund for the \$200 contributions, as long as it's attributable to one person.

ASSEMBLYMAN THOMPSON: Who contributed no more than that.

SENATOR SCHLUTER: Who contributed that. But the fact is that the incumbent has this candidate's fund, whereas a challenger doesn't have it -- challenger has to have that fund. That is an advantage.

This leads into my other question, and other issue, which we're going to have to wrestle with. The purpose of Clean Elections is to remove the influence of the special interests over policymakers in the State. And this is a very noble mission. And you can do it with Clean Elections. And you can have these elections, which everybody agrees to, and they get public money, and they meet their qualifying amount, and nobody's been bought. And they have -- the elections have played out, and there are winners and losers. What about the candidate's own funds which they have had in the past and which -- an incumbent officeholder needs money to exist, to pay for expenses that aren't reimbursed in any way. In the testimony, we had one person indicate that he had raised several hundred thousand dollars, and he was able to donate some of that money to other candidates who needed money in other districts which were competitive. So what do you

do about the need of candidates -- and maybe Mr. Baroni would like to speak to this, also -- to have money that they will use to buy ads in the American Legion program, or they buy tickets to such-and-such a dinner, and so on, which is raised in a way that does not make them beholding to the donors?

ASSEMBLYMAN THOMPSON: My understanding of the law, and this is what I went by, was that once I agreed to participate I could not touch my campaign fund for anything. I could not donate to Bill Baroni's campaign. I could not use it to buy an ad or anything else. And so that's the way it was for the full period that we were in this. Now, are you suggesting that some candidates were doing this, using it for--

SENATOR SCHLUTER: No, no, I'm not. I'm saying that that campaign fund that you called your *candidate's fund*, do you think that this program should say that people who are elected to the office in a Clean campaign, in a Clean Elections, should then disavow any campaign fund, any personal campaign fund?

ASSEMBLYMAN THOMPSON: After their election, you say?

SENATOR SCHLUTER: After their election.

ASSEMBLYMAN THOMPSON: After the election?

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN THOMPSON: No. I don't think they-- Unless you're saying-- In other words, what they got for the campaign, that was it.

SENATOR SCHLUTER: Yes.

ASSEMBLYMAN THOMPSON: When the campaign is over-- Because it costs money to run your office. Money that -- I mean, the State

doesn't supply, and so on. You were there, Bill. You know every month you get -- God, the number of invitations you get from good causes and so on to attend their dinners, asking you to buy an ad in their program, and so on. Now, if we're going to say-- For example, here we were supposed to get somewhere around \$60,000 for the campaign if we qualified. I can assure you, we would have spent essentially every penny of that \$60,000 in the campaign. So come the day after election, we've got zero money. And now for two years we're going to be asked to support this organization, support that one, good organizations, etc. If we're saying, "Well, you can't have a PAC," you've got no money to cover any of it.

ASSEMBLYMAN BARONI: Well, also, if I remember correctly, Bill, that there is no guarantee. Not only is there no guarantee, but let's assume, for the sake of argument, nothing changes in the Clean Elections law. Literally, the statute does not change, ELEC does -- which I don't believe is the case, but hypothetically -- there is no guarantee the 13th District is going to be a Clean Elections district in four years. It's going to be up to the State chairs to-- There is no way you know whether or not 13 is going to be.

ASSEMBLYMAN THOMPSON: Probably, if you said we didn't raise any money between now and two years down the road.

ASSEMBLYMAN BARONI: It could be-- I mean, we have no idea whose district it's going to be, and we won't know until 20-something days after the June '07 primaries, when the State chairs pick what the districts will then be, unless I'm misunderstanding something.

MR. DeLUCA: I think our Chairman is anticipating changes.

SENATOR SCHLUTER: This is true, but you asked the question and the public will ask the question. Yes, that's great. The election is Clean. They didn't get any special interest money. But my gosh, Assembly person X or Senator Y has had this big fund-raiser, and I look at their report and they've raised \$300,000 from special interests.

ASSEMBLYMAN THOMPSON: But again, if they end up as a Clean Elections district, they can't use that money to get themselves elected.

SENATOR SCHLUTER: They can't use the money in the election. But if it's not a competitive district, and a lot of districts aren't competitive, how do we rationalize with the public the fact that these people can go out and get special interest money for their walking around money, if you want to call it, or their subsistence?

ASSEMBLYMAN BARONI: Well, quite frankly, Bill, as long as there's 36 districts that will not be, and 40 districts up until 20 days after the June '07 primary that won't know if they will be, the only way you're really going to eliminate all the special interest money in legislative elections is to go to a statewide Clean Elections system where every district is in the system, you know it's in the system, and--

Quite frankly, we just picked up *The New York Times* today and read what Connecticut did yesterday, and they're going to go to a statewide Clean Elections system for legislative candidates, coupling that with, essentially, a ban on pay-to-play. But that would be the only way you could truly eliminate it -- is that everybody is in the system, every candidate who runs for office would potentially be in the-- They wouldn't have to participate, but would potentially be in a Clean Elections district.

Because, quite frankly, you wouldn't have to be in a safe district. I'm going to use this as a -- I don't (indiscernible) because you're sitting here. Smith and Jones, who represent the 41st Legislative District, could raise a million dollars in special interest money and have a year-and-a-half of incumbency to spend it. We always assume the election is about the last two months. Let me tell you, you could spend a lot of money in 18 months preserving your incumbency -- buying television commercials and doing mail from all special interest dollars. So the only way you could avoid that is to go to a complete Clean Elections system and ban those kinds of contributions.

The other thing that's important in doing that is the moral and, sort of, collective view that a candidate who doesn't participate in Clean Elections is somehow bad. And the reason why Clean Elections works in Arizona and Maine and other places is that a candidate who doesn't participate-- If you're running for the legislature in Maine and you're not a Clean Elections candidate, *(a)* it's on the ballot, but *(b)* people look at you as a bad person. Why aren't you a Clean Elections candidate? There's got to be a reason you're not a Clean Elections candidate. In this state, people don't even know -- in this state, you don't even know-- There's supposed to be a good imprimatur for being a Clean Elections candidate. There's supposed to be a gold star next to your name. And until we teach people what it is, what we're dealing with right now are details. People need to know that Amy Handlin and Sam Thompson are good people because they are Clean Elections candidates. Right now, nobody knows what that means.

SENATOR SCHLUTER: Well, this -- I'm throwing out something that is somewhat hypothetical, but it is real, and it's in the public's mind.

ASSEMBLYMAN THOMPSON: No. I think maybe, again, recognizing that participation is voluntary, if you said any candidate that participates, when once the election is over he cannot raise any more money from anybody until you get into the next Clean Elections cycle, that your participation rate is going to be low. Because that means that everything related to their office, aside from their office staff, if going to have to come out of their pocket. And it costs thousands of dollars a month to run that office. I can't see a lot of people saying, "I'm going to spend \$20,000 to \$30,000 a year to buy ads, go to dinners, and this kind of stuff."

ASSEMBLYMAN BARONI: Would you think that it's a worthwhile endeavor for us to consider an exception to the definition of expenditure to include -- because you want to avoid a loophole -- but conceivably you could allow contributions to a 501 C-3 organization?

ASSEMBLYWOMAN-ELECT HANDLIN: You could do that.

ASSEMBLYMAN BARONI: Outside of the seed money.

ASSEMBLYWOMAN-ELECT HANDLIN: You could do that. There are other ways to skin the same cat. You could ask the Clean Elections candidates to agree, as an additional option, that if elected they would continue to disavow large contributions -- the definition of large to be determined. I would think one very significant change that may occur, that I hope will occur, that would alter the entire picture would be comprehensive pay-to-play reform. Once we have that, there will be far fewer opportunities for anybody, Clean or unclean, to be bought by special

interests. If that reform is enacted, then it really, I think, takes the sting out of the kind of situation you're talking about, where somebody runs Clean and then runs out and gets a million dollars from all the same people that weren't allowed to contribute to his campaign.

SENATOR SCHLUTER: Well, this is -- I'm just putting this out as something that I think our Commission is going to wrestle with or is going to give consideration to. We've had in the past election one district where a couple of million dollars was spent, was brought in there by other outside forces, and it was perfectly legal and everything else. Now the incentive for the people running in those districts to go Clean would be minimal. They wouldn't want to do it, because the reality is that the only way they can win is with tons of money coming in.

ASSEMBLYMAN THOMPSON: You're going to encounter that throughout--

SENATOR SCHLUTER: Pardon me?

ASSEMBLYMAN THOMPSON: If next time you have four districts and those four are selected and they are districts that again, both sides say -- one say, "God, we got to defend this one," the other one say, "We got to take that one," those districts are not going to be Clean Elections districts. They're going to decline. There's going to be \$2 million coming in both from sides. I mean, that's the reality of life.

SENATOR SCHLUTER: Maybe I've opened a can of worms that I shouldn't have. But anyway, any more questions of these--

Yes.

MR. DeLUCA: I have just a couple. We had a suggestion at our last meeting about decoupling the candidates -- allowing one candidate

in the same party to qualify and the other not. And I'm not sure how that would work, but what got me thinking about it is, the law is written as individual candidates. But the reality is, and at least at the Assembly level, you run as a team. And maybe we ought to think about writing the law, for at least for the Assembly races, as a joint fund-raising. As opposed to each candidate having to raise so much, to have the team raise so much and thresholds developed for the team. And that's something that we can talk about more.

You mentioned that if you did qualify, that you each would have received about \$60,000. Did you spend -- could you tell us if you spent more in your campaign than the 120,000?

ASSEMBLYMAN THOMPSON: I don't really know just how much my running mate spent, and she probably doesn't know about me.

ASSEMBLYWOMAN-ELECT HANDLIN: Yes. I really don't know.

ASSEMBLYMAN THOMPSON: In terms of the amount that I spent as campaign expenditures, as opposed to what I contributed to other campaigns and so on, wasn't a great deal above 60,000.

MR. DeLUCA: So the 60 would have worked as a--

ASSEMBLYMAN THOMPSON: Now, but we did get some in-kind contributions.

MR. DeLUCA: Okay. And just two other questions. Did you find that you campaigned any differently as a Clean Elections candidate than you did in the past, as far as meeting more people one-on-one, talking more about issues, trying to describe the ins and outs of how the political system works?

ASSEMBLYMAN THOMPSON: No. No. I might even have met less people. Because again, I had to do a lot more one-on-one, as opposed to meeting with larger groups simultaneously. Thus, the large group, I'd get my attention, all of them, etc. But again, obviously, when you're knocking on doors, you're going to see a lot less people in a better part of a day than if you go to one meeting and you sit down with 100 people and talk to them. The meetings -- I ran a lot of mobile office days, and in my mobile office days I don't campaign. I don't ask people for contributions or anything like that. I'm there to help them out, etc. If because of my help they choose to support me, that's wonderful, but I don't campaign at those. So thus, I spend more time out there one-on-one than I would, again, at these kind of functions. So I would say in terms of total people that I saw, or communicated with, it was not increased by doing this.

ASSEMBLYWOMAN-ELECT HANDLIN: I feel a little bit differently about that. I think during those Summer months, I think I probably met and spent a lot of time talking to completely new and different people than I would have otherwise. I might have spent time in rooms with 100 people during July and August, but I would have known most of those people. We did a lot of door-to-door. I did a lot of additional door-to-door on my own. And the one way in which I feel the program succeeded was that it did create opportunities for me to spend a lot of time with people on their doorsteps talking about campaign finance reform, which would inevitably lead to other important State issues. And again, the way the rest of the campaign played out after Labor Day may well have been no different. But during July and August, I felt -- the way it felt to me was different.

I can tell you for sure that when it was 102, I would not have been knocking on doors. And I did. And while the absolute numbers -- clearly, there's no question -- the absolute numbers were not large. But there was a lot of quality time spent with a lot people whom I would not otherwise have met. And whether that means it was 150 people, or a little bit more or a little bit less, again I probably would never have met them. And there were some number of those folks who specifically said, "I've never contributed to a political candidate before, but I'm so glad to learn about this, and here's \$5." And that was a wonderful experience. And you got through those days because of those kinds of experiences.

So I think, down the road, what we might all agree needs to be achieved here is, we want to hold on to the good things -- getting people excited about campaign finance reform; reducing public skepticism about the State implementing reforms that will work; creating more opportunities for candidates to spend time talking with voters, when they don't feel that if they continue to do so that they'll lose their elections because there's so little time -- and still to make it workable and attract more candidates into the process, which is what we really will have to worry about now.

MR. DeLUCA: If I could just finish with this question: Some have said to us that, when you're taking Maine and Arizona, that the experience has been more women have gotten involved as candidates, and people who just don't have access to money have gotten involved as candidates, and it has opened up the process. Others have said that that only happens when you include primaries, because candidates tend not to give up their seats. And if you want to open it up, sometimes you have to push a little bit to get that open. Do you see that as -- we talked a little bit

about whether primaries should be involved -- do you see that as a goal of Clean Elections -- that we should be trying to bring new people into the process as candidates, and would that have any influence on you as to whether or not primaries should be involved?

ASSEMBLYWOMAN-ELECT HANDLIN: I'm sorry. There were two questions, what was your first question?

MR. DeLUCA: Well, do you see-- Should we talk, as we lay this out in a report, should we include in there a goal that Clean Elections will bring in new people? When I read the law -- I just read it again in this list of what all the things it will solve -- it doesn't really talk about bringing new people in. But yet, many people talk about that as a result of Clean Elections. So I'm asking if you think that Clean Elections is an opportunity to bring new people in as candidates?

ASSEMBLYWOMAN-ELECT HANDLIN: Sure it is.

MR. DeLUCA: And should we talk about that as a goal? And if we do that, should we tie that, in any way, to recommending that it really be extended to the primaries?

ASSEMBLYWOMAN-ELECT HANDLIN: I would say yes, yes, and yes. (laughter)

ASSEMBLYMAN BARONI: Good answer.

MR. DeLUCA: You were in a primary. I just went through a primary fight this year from the outside in, so I certainly agree with the primaries. And I know you were in a primary, too. So I've been on both sides of those issues, and probably have taken different positions. But right now, I'm very much in favor of opening this up to primaries. And I do think for me it is a goal in bringing people in as candidates, not just the

people who will give the \$5, as donors and people into that process, but I think we have to really have a much more vibrant level of candidates and people coming into the system that generally are shut off because they don't have money to do that.

SENATOR SCHLUTER: I might add, what I think Mr. Baroni said before has merit for our Commission to consider. And that is, what they do in other jurisdictions under public financing, where the candidates can raise some money which is matched by the public amount, rather than all public dollars. Because what you're trying to do is limit the amount of money spent, therefore you limit the amount of money that they have to raise, and you can make them in small denominations so that you can't be bought by special interests. You could eliminate corporate contributions, which would be special interest contributions and things like that. So there are other ways to skin the cat if you want to be able to give candidates and officeholders the ability to have funds available after they are in office, in a system which might work.

Thank you very much.

Assemblyman Baroni has a meeting to go to, and thank you very much, if you are all through.

MR. DeLUCA: Thank you very much.

We're still meeting, so don't leave.

ASSEMBLYMAN THOMPSON: Well, you're supposed to take a break and then come back at 7:00.

MR. DeLUCA: Well, we have people that want to speak to us, so we're going to stick around.

Right, Frank?

MR. PARISI: Whatever you say.

MR. DeLUCA: That's what we did last week. We went right through last week.

MR. PARISI: So I heard.

MR. DeLUCA: How many more speakers do we have?

MR. PARISI: Let's see. Four.

SENATOR SCHLUTER: We have several other witnesses that are speakers, and at 7:00 the Democratic candidates are going to come in to testify. They wanted to do it in the second part.

MR. DeLUCA: Are we taking a break, Mr. Chairman?

SENATOR SCHLUTER: (speaking from audience) No, we're not breaking now.

Can you carry on, Mr. DeLuca?

MR. DeLUCA: Sure.

SENATOR SCHLUTER: I want to talk to the Assemblyman.

MR. DeLUCA: Mr. Parisi, can you call our next speaker.

MR. PARISI: The next speaker that we have registered is Abigail Caplovitz, from New Jersey PIRG.

MR. DeLUCA: Who I think just left the room. How about we take the next person.

MR. PARISI: Okay. Pat Freeman, from AARP, in the 13th District.

P A T F R E E M A N: Oh, okay.

Thank you very much for allowing me to make a few comments about what it's like to be one of the electorate in the 13th District. I had worked with AARP and Citizen Action for many years on Clean Elections

campaigns, and I was so excited when I heard that it was coming to my district. And then I tried to get some information about exactly what do I do. And I called the Democratic Committee in Monmouth County and I got-- You have to send the checks to the Clean Elections campaign, nothing else. I called the Republicans. They said they'd get back to me, which they did, and they said, "You have to call Amy Handlin." So Sam Thompson was my Assemblyman, so I thought, I'm going to call his office, and I did get the information on how you qualified.

I made out the forms. I actually donated to all four candidates. And I tried to get my friends involved. It was, no one knew anything. I knew about it, because for years I've been, sort of, part of it. I've gone to visits with the legislators. I wanted to see this law passed. But I found it really, really difficult to talk to people, so I really can sympathize with the candidates who are going door-to-door. They were the ones who had to educate the public. That was their job, and I'm sure that they did it one-on-one as good as they could. I guess I must have gotten 20 people to contribute. But somebody would make the form out wrong, and I'd have to say, "Nope. No, you've got to do it this way." And someone else said, "Well, I'll give you a check for me and my husband." I said, "No, you can't do that. You've got to give one check for you and one check for your husband."

So it was very, very frustrating. And I just -- I'm listening here and I know that the rules have to change. And I hope that you do change it so that the people of New Jersey understand how wonderful it can be if we can get new people, qualified people, involved in politics who just don't

have the money to do it and get big interest, special interest money out of politics. It would be so wonderful. But we need the education.

And when Amy said that it would be a good idea to have a referendum, I think that that might be excellent, however you decide to do that. I think it would be great. Because we do need education, and it's not enough to depend on your local media to do it. So that's about all that I have to say, as a voter. And it was a little frustrating, but it's still exciting. I hope it works. I hope you continue your work and really give us something that's wonderful.

I don't want to be ashamed of being a citizen of New Jersey. I've always been a fan of New Jersey, and I want to continue to do that. So good luck, and I hope that you come up with the right solution for us and that you listen to all of the people who've had this experience so far.

MR. DeLUCA: Could I ask you one question?

MS. FREEMAN: Sure.

MR. DeLUCA: Thank you very much.

When you think about messengers, as to who might convey the message and educate the public, you talked about the candidates, you talked about the newspaper. Are there any other groups -- you mentioned AARP that was your -- are there any other groups, sort of generally, that you think might be better messengers than others to convey this story?

MS. FREEMAN: Well, we have the Monmouth County Senior Citizen Council, and I'm sure that there are other groups in all counties. And I know I do legislative reports for them. But during the Summer months, you don't meet. I didn't have the opportunity to even get to them. What I did, on my own, was send out-- I got everyone in the 13th District

and I sent them notices and forms. They called me, and said, “Well, what’s this all about?” And I explained it to them, and they said, “How wonderful.” And I know that there were quite a few that made contributions, and hopefully they’ll spread the word. And in the future if we have more-- But I write about it in this legislative report every time. I always write about what we’re doing with ethics, and pay-to-play, and the Fair and Clean Elections.

So I don’t know. I guess you just have to get through to people who are on fire. Maybe you’ve got to get the leadership. I felt really bad because people who should know didn’t know. See, I’m just a volunteer. I don’t get paid by anybody, but I really am a fan of New Jersey, and I’m a fan of good government. And I want us to really have the best. So this is an opportunity to do just that.

MR. DeLUCA: Great.

Thank you.

MS. FREEMAN: Okay. You’re welcome.

SENATOR SCHLUTER: Thank you.

Very good.

MR. DeLUCA: Mr. Chairman, I’m going to hand this meeting back to you. (laughter)

SENATOR SCHLUTER: Excuse me for that.

Abby Caplovitz of New Jersey PIRG.

ABIGAIL CAPLOVITZ: Hi. Thank you for the opportunity to speak tonight. I’m sorry, I ran out in the hall to catch the Assemblyman for a moment.

I'd like to make a few big picture comments, and then a couple of detailed ones. On the big picture comment, I'd like to remind you that the law does not limit you to four districts next time. Four districts are merely the suggestion in the law. There is no reason this can't go statewide next. And there is, in fact, every reason that it should.

We urge you very strongly to be issuing a report that recommends the end goal -- the system we all want; the system that would transform New Jersey politics from day one, and then we'll see where it goes from there. I strongly encourage you to think statewide from here on out, as opposed to four districts next, for all of the reasons that have been discussed so far. And also, there is precedent out there for a legislature doing this, given Connecticut's commitment yesterday, which I'll talk about more in a second.

The second thing I'd like to mention is, at one of the other hearings I was at, there was talk about: Is this a success or a failure, this Clean Elections thing so far? And I think if you view the initial law as the hypothesis, we are committing to Clean Elections -- New Jersey. We are deciding it's going to be, but we don't really know mechanically, mechanistically, the best way to work, so we think this is the way to go. We'll go collect our data, and then we'll use that data per scientific method to create our hypothesis or reform it, and make it empirically design plan, going forward. Well, then, what happened this year was not remotely a failure, it gave you exactly that. It gave you the-- It's a total success. You got the experiential information to design this system that works. And if we just view this as that process, I think we can all see this as just a tremendous success already.

And I think that, actually, that's the implicit mindset all along, from all of the people who've testified. Everyone talks about their commitment to going forward. Everyone is offering constructive feedback based on the experiences and their observations. So I think we should just make this an explicit frame and really run with this idea about, look, it's a huge success, because now we have what we need for the next step that we always knew we needed to do. We never thought that it was just going to be magically right from the get-go, because that would be too much to ask. So those are big picture comments.

A couple of specific ones to respond to some of the suggestions that have been made, and this is not the final set of recommendations that New Jersey PIRG will offer in the end. Like you, we are still receiving information and evaluating things, but there are certain things I can respond to.

The primaries are essential. This must include primaries for a number of reasons, not the least of which is bringing in new people to the process. But you also don't solve the problem of money in politics if you need the money in the first half. This idea that a lot of primaries aren't contested -- well, if outside people could participate maybe they would be. I think the issue of whether primaries are contested or not is actually a nonissue, because you're talking about the current paradigm of elections versus what there would be. And so I strongly urge you to include primaries. I think that this is a half measure if it doesn't. It doesn't really address the root core if you don't take on primaries.

The question that was raised earlier about Arizona's eight months, it's my understanding that they start being able to collect

contributions the day after the general election. And if you think about the idea of one year leading up to a primary, there's no reason you couldn't start that day. You can extend it, essentially, all the way back if you have the primaries included.

Another comment -- this idea that you floated of, say, any amount up to \$20 could be a contribution. While we feel that flexibility is a good idea -- and I don't see any reason why you couldn't have, just for the sake of convenience to people, this idea of a cap and you can give anything up to that -- we don't like the corollary you offered, which is that -- as long as you need a certain dollar amount. It has to be tied to a number of contributions, not total amount raised, or you have the perverse situation that the Assemblyman was mentioning where a \$30 person is worth more than a \$5 person. If I have to raise \$10,000, and I could do it with 500 \$20 contributions or 50, or whatever -- I can't do the math in my head -- 500 \$20 contributions, or 2,000 \$5 contributions, that means the \$5 contributor is less valuable somehow or is expressing less support. And his parable about the Social Security check person shows why that's just a false way to go.

So I urge you, the instinct for flexibility is correct, and we fully support that. But you can't couple it with this goal of raising a certain amount of money. The State is going to finance campaigns and worry about how does it pay for that going on. It has to embrace the fact that it will save a lot of money by a Clean process and people elected to the Legislature who are not favoring special interests because they owe special interests. And so that the money will come back to the State, and we should not be so upset about the candidates self-financing this way.

Another comment about delinking the running mates. We think that's a great idea. I don't understand why they need to be linked at all, especially if the primaries are open. I mean, yes, they run as a team now in practice, but they don't get elected as a team. Why does it need to be -- I don't understand why they need to be linked. And so I -- maybe there's a reason somebody could persuade me to.

On the issue of more seed money, we want whatever level of seed money there to be, to be an amount that makes sense. I don't have a dollar value to offer you. And like the Assemblywoman-Elect was saying, I think it is strongly tied to how you are defining in-kind contributions, what the allowable expenditures are. We definitely don't want to create a backdoor for there to be some big money coming in. That sort of swamps everything out. But we definitely want people to have the resources necessary to make this process work. So we think that the seed money, in-kind contributions, and all that should be part of the conversation you guys are having. And if we can give you a firm recommendation, we'll do that. I'm not prepared to do that today.

In addition to that, I'd like to second much of what was said by the candidates here today. I think they had a lot of very sensible suggestions, particularly as to the nitty-gritty process pieces, so I won't reiterate them.

And I'll just close -- or I want to close, in part, by responding to something that Chairman Schluter was putting on the table, with his comments about what happens in the off-season and what kind of restrictions should we be putting on money in general. It is true that Clean Elections without strict campaign finance reform is not a full panacea. We

think that Clean Elections is perhaps the most transformative thing that can happen. And if nothing else was to be done, I mean, we still strongly support pay-to-play reform. I'm not sure I'm prepared to say as an *or* at all. I want an *and*. But Clean Elections is incredibly important just in and of itself. But strict campaign finance reform is also extraordinarily important if we're really going to get at the root, for the reasons that you are illustrating.

So I just want to put into the record a little bit of today's *New York Times* article on what Connecticut is doing, just to show you what a legislature has put on the table. And I quote, "Under the proposal, beginning in the 2008 election cycle, candidates for governor, other state offices, and the legislature would no longer be able to accept contributions from lobbyists or contractors, as well as those made by corporations through the purchases of advertising space and so-called ad books, which are typically distributed at fundraisers. Lobbyists would also not be able to raise money from their clients. Political action committees would not be allowed to raise money from lobbyists, contractors, and ad books, and they would have new restrictions on how much they can give to candidates. Contributions to political parties would be restricted, and the parties would be limited in how much they could give candidates. The restrictions would apply whether or not the candidates choose to participate in a new state-financing system."

And the new state-financing system, by the way, applies to the legislature, and the governor, and to primaries. Prior to this, New Jersey was the only Legislature braving this new ground, and the New Jersey Legislature were the heroes and the standard setters, because everywhere

else the only way that the entrenched powers could be challenged was through a means we didn't have in New Jersey -- the citizen initiative.

But now Connecticut is setting the bar, and there's no reason that New Jersey should relinquish its crown. And we urge you in your report, where you lay out what is to be done and what should be done, that to the extent your charter allows you, you put on the table, you mention, you bullet point -- I'm not sure what your charter will allow you to do -- but the fact that this belongs in this larger context. Because as your questions raise, it certainly does.

And with that, I have no more comments. Thank you for your time.

SENATOR SCHLUTER: Stay right there.

MS. CAPLOVITZ: Sure.

SENATOR SCHLUTER: Mr. DeLuca.

MR. DeLUCA: Yes. Thank you very much, Mr. Chairman.

Thank you for your comments.

I did have one question I wanted to ask, and it was actually something that the Assemblywoman-Elect also said, where she said that Clean Elections saves dollars for the State in the long run. And you just said--

MS. CAPLOVITZ: Yes.

MR. DeLUCA: --that the State will save money. Could you put on the record why you think that is?

MS. CAPLOVITZ: Yes. There's a reason we call them special interests. The whole point is that they are seeking decisions that benefit themselves narrowly at the expense of the public. I mean, there's a reason

these terms exist. And if you accept the premise, which many New Jerseyans seem to, as well as -- well, many New Jerseyans seem to, that our government is currently too influenced by special interests. What flows from that is that there are policy decisions that are being made to benefit the few at the expense of the many. And if we did a very thorough -- crawled through all of the laws in the books, we could probably identify several of them. I'm not prepared to give examples right now. And the idea being that if you take that influence out of the policy-making decisions to the maximum extent possible, you will end up with decisions being made, with taxpayer dollars, that are more appropriate. And I would posit to you that if you were consistently making public interest decisions with taxpayer dollars, you will be conserving taxpayer funds.

An example might be the congressman, because I don't want to use any State examples at all. But we just had a congressman resign in a corruption scandal. I think if we looked at the defense contracts that he created in exchange for his bribes, we would find an enormous amount of taxpayer waste -- dollars wasted. And while I don't think that any New Jersey legislator has taken \$2.4 million in bribes, I do think that the whole premise of the need for Clean Elections presumes that there are decisions being made that are costing taxpayer dollars inappropriately.

MR. DeLUCA: The other question I have is about rolling this out to the entire state, all 40 districts. We have some districts in this state-- I live in the 27th District, and it's a Democratic district. It is not going to be, soon, electing a Republican. Why should we spend public dollars in a district like that, or in an overwhelmingly Republican district, where it's not going to change anything?

MS. CAPLOVITZ: Oh, I completely disagree that it won't change anything. It might not change the party designation of who was elected, because of the thing that you described. However, there is an enormous amount of independent voters in New Jersey, and you might find that a clean and open process changed some of the conventional wisdom about districts. But saying, for a just a moment, that you could -- the day after a Clean Elections process is put in that will work as we all seem to dream it will -- that it will still be a Democratic district. I suggest that you would have different Democrats running. Not all of them by any means, but we've already said that one of the purposes of this is to bring people into the process who are currently turned off or excluded. And if that's true -- if you do not open up the primaries, okay, then it's, perhaps, less valuable to the taxpayer. But I think you cannot do this. I think New Jersey's Legislature cannot do this in a sincere fashion and not open up the primaries to this.

MR. DeLUCA: Thank you.

Thank you, Mr. Chairman.

SENATOR SCHLUTER: Thank you, Ms. Caplovitz.

A couple of points. You talk about other things having to happen. You talked about the Connecticut situation, and they have a whole series of reforms. And we are all aware of the fact that you cannot restrict freedom of expression, but you can cut down on some of the features of contributing to campaigns. The fact that, I think, 41 states prohibit corporations from contributing -- not New Jersey -- other states and the national contribution laws apply aggregate limits that lobbyists cannot contribute more than X amount of dollars in an election cycle to the

candidates for Assembly, etc. And I think this makes eminent good sense. And when you talk about primaries and when you talk about competitive districts, it's not just a matter of money. It's a matter of who gets the line. And I'm sure that Mr. DeLuca knows that, and everybody else that's running New Jersey knows that, except in Morris County, where the Republicans have an open primary.

But this whole matter of reform extends way, way out. Now, we could make recommendations, for example, that in order to be a Clean candidate and get public funds, you have-- The primary process has to be opened up. It has to be through a convention. And there are ways to do that. I know you can't respond. We might say that in order for a candidate to be a Clean candidate and get public funds, they cannot accept money from corporations or that the contribution limits have to be much lower than they are. And this is the way that you can also take it out. So anyway, I'm getting off the basic track of what you said in your testimony, and more specifically with how we're going to reform the present Clean Elections law.

You make a good statement about going statewide.

MS. CAPLOVITZ: Thank you. I would just say I would be careful about merging Clean Elections and the other election reforms too tightly, because I think you can do a well-designed Clean Elections primary and election process in the absence of the greater campaign finance reforms that we would very much wish would pass. I think that it's important to note in the conversation that all these other things have to happen, but I would hate to end up defeating the more narrow, but incredibly important and transformative piece that is simply Clean Elections with the

complexities of the broader conversation. So I encourage you to have it in your minds, have it appropriately in the report, but I'm not actually suggesting that we link it all somehow into the Clean Elections process.

SENATOR SCHLUTER: Well, one specific example, and it's been mentioned in a couple of our public meetings. If a candidate or a set of candidates wants to go outside of the Clean Elections system, they don't want to become qualified, they want to spend unlimited amounts, there is a certain amount that the Clean candidates can get. They can get what those pair of candidates would get, which is a maximum of \$100,000 per candidate. And if they use independent expenditures, there's another \$50,000 per candidate, which makes \$300,000, plus the \$200,000 that they would get. So that's roughly 500.

But when you're talking some of these elections where they have a couple million dollars, people say, "We'll give you your \$500,000. We want that ability to get 2 or 3 million to dump in there." And I think it's well within our purview to make some comments. For example, on the dumping of money into a campaign at a very, very late date where there is no way to counteract it, there's no way to-- Sure, maybe you can get that \$50,000 to counteract it or something like that, but maybe we should consider what some states have, and that is: no contribution shall be made within 15 days of an election.

MS. CAPLOVITZ: Well, I encourage you--

SENATOR SCHLUTER: Things like that.

MS. CAPLOVITZ: I encourage you to think it all through. And note again, the Connecticut plan I was reading in -- on the campaign finance, applies to everybody, not just Clean candidates. And that's, I

think, important, and that gets out what you're talking about. My point, I guess, that I'm trying to clarify is the Clean candidates in the Clean Elections is one thing that needs to be done. Comprehensive campaign finance reform is another thing that needs to be done, and it should apply regardless of whether someone is running Clean.

One other point I forgot to make, that's a smaller thing, is this discussion of a sliding scale -- about if you qualify here, and then you get this much. If you qualify at 70 percent, we'll give you 70 percent, or whatever. We actually don't think that's a great idea. And there's two parts to that.

First is, just make qualifying easier. If qualifying is easier, it's a nonissue. We are only sitting here thinking about this threshold process because we had this experience where qualifying was so hard. But there's all these reasons we've talked about why qualifying was so hard that are going to be addressed. We don't know exactly how they'll be addressed, but they're going to be addressed. And in a world in which it's easier to qualify, it becomes much less important to find a way to compensate people for -- "Well, it was a nice try." At a certain point-- Because then you could open up that door to 20 candidates, for example -- or whatever -- in theory. And then there is -- starts to become a question. I mean, there should be a certain amount of, "You must meet this standard." But it should just be a much more realistic standard.

The second reason is, you can end up favoring incumbents or professional politicians. If I am somebody with the existing name recognition, or the existing relationships, or the other advantages that can come with incumbency, it might be easier for me to qualify to the highest

threshold. And then my competitor might not qualify to that highest threshold. And so we have not actually succeeded in leveling the playing field.

I think the problem has been recognized. It was just too hard to qualify. But the answer to that is, make it easier to qualify, not allow there to be different levels of success.

SENATOR SCHLUTER: But there is still an advantage to incumbency because of their existing candidate's fund, and their exposure, and so on, which you want to try and level -- and their connection with the primary process and the system.

MS. CAPLOVITZ: We encourage you to reduce incumbent's advantage in as many ways as you can. But a sliding scale isn't a way to do it.

SENATOR SCHLUTER: Steve Ma and I have a little secret on that. And we can tell you afterwards -- a special piece of legislation which would take care of everything.

Right, Steve?

MS. CAPLOVITZ: Are you ready for him?

SENATOR SCHLUTER: Thank you very much.

I guess Steve Ma is up.

S T E V E M A: Thanks for being here on this late time, and holding these Commission hearings out in the public -- in the communities.

My name is Steve Ma. I am Associate State Director for AARP in New Jersey. AARP has over 1.3 million members, just in New Jersey. We represent-- We are, by far, the largest, nonprofit membership organization in the state. We represent over 50 percent of the people in

this state who are 50 and older. And we probably represent, on any given election day, about one in four of the voters, or one in three of the voters. So, clearly, we have a profound interest in ensuring that the election process works and is a process that is fair and, ultimately, has the consumers in mind.

On top of that, I think, as some of you may know -- definitely Chairman Schluter knows -- four years ago, I decided to leave my job and walk around New Jersey for six months, talking to people about campaign finance reform. And I literally walked 1,523 miles through hundreds of New Jersey towns, literally talking to thousands and thousands of people about campaign finance reform. I don't know if there's any other individual in New Jersey who's talked to more people about the need for campaign finance reform than myself.

And one thing that was extremely clear to me is, it does not matter whether you're Republican or Democrat, conservative or liberal, independent, or whatever your stripe is. There is a profound and deep concern amongst the populace that the election system in this state and this country needs to be cleaned up dramatically.

I am so proud to live in a state where our Legislature decided to take this issue on and launch this Clean Elections project. And absolutely, I would say that the question is not whether we should expand Clean Elections, but how, and how quickly can we do it. And let's do it as soon as possible, the right way.

I also want to-- There's a lot of things that came up during this conversation with the candidates. And it sparked just so many different thoughts in my mind. And there's a number of amendments, proposals,

things that I think need to be addressed. But I do want to say that I think it is just as important, if not more important, to hear from constituency groups, to hear from people, voters, much more than just focusing on what the candidate experiences. The candidate experience is important. But what this is really about is democracy. And democracy is really about people. A definition of *democracy* is a government system where the primary source of political power is the citizens. And so I know there's probably candidates coming at 7:00, as you mentioned. And maybe there's more time at a future hearing that you can offer myself or other citizen organizations to give the citizen perspective. Because I think it is vitally important that average citizens, ordinary people feel, once again, empowered in a political system, and feel like they can have a real say. And this Clean Elections law is, I think, the best way to get to real citizen empowerment.

Let me also say that I think it's important to think about Clean Elections as a fundamental reform, and to think about-- When we're making these changes, try to imagine the different world that we would be in. And, ultimately, I'd like to think that, in 50 years, we're going to look back and wonder why in the world we ever had elections funded by private dollars. Just like we look back now and imagine a time where women weren't allowed to vote -- or landowners were only the ones who were allowed to vote -- or slaves, or (indiscernible), or whatever it may be. We look back and see the advances in our democracy, and realize our failures in the original design. And we have improved on it.

This is an experiment in democracy. And I'm confident that some day, in the future, we will look back and wonder why in the world did

we ever even consider funding elections through private dollars. It does waste money. It is inherently, to me, just an unsound way to have an elected body.

We know that-- Ideally, you wouldn't have to use money to run for office. People could just know whether you're a good person or not a good person. They could understand your policies, and they would vote. But we know, in the practical and real world, it costs money to run elections. It simply costs money to run elections. So the big question then is, where should the dollars come from? Should they come from private sources, from corporations, from special interest groups, from entities who can't even vote but have an agenda to push? Or should they come from public dollars, where the candidate who gets into office is only accountable to the public? I think the answer is extremely obvious. We need to have elections funded through private dollars -- through public dollars.

I also want to just talk about the end in mind with Clean Elections. One of the things we want with Clean Elections is more candidates, not less; more competitive races, not less. Voters want more choices, not less. We want politicians that are more accountable to citizens. We want people to feel engaged in their democracy. We want a Legislature that is representative of the public.

So when I think about the reforms, the amendments, the changes to Clean Elections, those ultimate goals are on my mind each time. Not, well, what's going to work and what's going to be easy, but what's going to make democracy work in the ideal sense.

So with that in mind, I want to go through a number of changes that I think are important for this law. But I also want to say that I

think, as Abigail thinks, this experiment, this pilot was a profound success. The fact that we had a Clean Election in New Jersey, where candidates from District 6 ran for office without using any private sources, to me is a monumental victory for the citizens of New Jersey. And I hope it is the stepping stone to a much more fundamental change for this state and, ultimately, this country.

Regarding specific changes, I absolutely believe that we need to do a number of things to just make this process more citizen friendly, more candidate friendly. One of the ways to do that is to allow, as other people have mentioned, multiple contributions on one form. To fill out different contributions on different forms is overly burdensome for a citizen who wants to participate. If I lived in a Clean Elections district, I would absolutely give a contribution and a signature to every candidate running for office. Regardless of whether I supported their candidacy or not, I support their efforts to run Clean. And a lot of citizens, in our experience as an organization, wanted to participate and just support the Clean Elections process in general, and wanted to make multiple contributions, whether it was four contributions or six contributions. But it was very burdensome to do that.

Another change-- Clearly, I think we all understand the need for making the contributions easier. Just having a check as your only option seems to be an inappropriately burdensome way to run the system. Credit cards, money orders, Web donations, debit cards, all the-- ELEC thankfully, near the end, offered some more citizen-friendly ways to contribute. We need to encourage that in our next go-round.

Another point is, I think it's important for citizens to be able to send their checks directly to ELEC. Again, they're not necessarily supporting the candidate when they say, "I want you to run Clean, and I'm making a \$5 contribution." They are supporting a system to create a Clean process. And, again, if I was a citizen living in a district with Clean candidates, I would want to give contributions to all of them. So I shouldn't need to send my contribution to the candidates directly. Why wouldn't I be able to just send it to ELEC and say, "I want all those folks to qualify?" Let's make it easier for the citizens to participate.

Fourth, I absolutely believe that ELEC should have some money to do some public education. We, as an organization -- AARP -- absolutely spent a significant amount of resources trying to do public education around this issue. But there was a number of questions as to what was an in-kind contribution and what was not? How much could we-- We are a nonpartisan organization. We do not tell people who to vote for, we don't endorse candidates, we don't give money to candidates. But we did want to tell citizens in Districts 6 and 13 where to send a contribution if you wanted to support this system. And there was a question, legally, as to-- If we're giving addresses of candidates, and where to send checks, that might be considered either partisan or might be considered an in-kind contribution to that candidate. If we're doing pre-labeled envelopes of where the candidates can -- where citizens can give their money to, there was questions as to whether or not that was an in-kind contribution. So we need to encourage a more simple process and open process where nonprofit, nonpartisan organizations can do education. But we also need to provide ELEC with the resources to do public education so that the average citizen

can very easily access the information they need to make the contributions that they need to make.

I don't agree at all with the idea of having a citizen referendum, if that citizen referendum's purpose is to do public education and raise awareness. A referendum-- There's a number of reasons why to do a referendum. But I don't think the main reason to do a public referendum is to educate people about a program. If we pass a law that expands Clean Elections, we need to tout it, we need to promote it, we need to give ELEC and other State agencies the resources to educate people. We need organizations like AARP, and NJPIRG, and Citizen Action to do public education. But a referendum simply to encourage citizen education doesn't seem like a wise use of resources.

And I do agree with some of the concerns that Mr. DeLuca had, and Mr. Baroni, I believe, about the inherent process right now is dominated by big money. So using a political system, and an election process, and a referendum process, which is dominated by big money, and asking a question about whether or not we should have Clean Elections, could become corrupted. And I absolutely, from my experience, know that there are major, major interest groups that have lots of power through their money. And their number one thing in the world to prevent from happening would be Clean Elections. And so there is a significant concern that a referendum could be inundated with huge amounts of money.

Again echoing what Abigail said, primaries absolutely need to be included in a future expansion of Clean Elections. We need to open up this process from the start to the finish. And, ideally, almost all candidates will run Clean. This is the experience in Maine, where literally about 75

percent of the sitting legislature -- legislators in Maine got there running clean. That means three-fourths of the legislature in Maine got there without raising one penny from a special interest group. I think that just profoundly changes how politics works in that state. If we can have a similar statistic that we can tout about in the very near future in New Jersey, we're going to be doing very well. And that means we have to open up the process from start to finish, primary through general elections, and beyond.

Another thing that I want to echo with Abigail is, there is no reason why we can't expand this to all legislative districts in 2007. And I strongly urge the Commission to write in their report that this was a system that makes sense; this was a system that needs some tweaking, but it's a system that absolutely needs to be expanded. And we need to have this throughout the State of New Jersey in 2007 and, ideally, in the gubernatorial elections in 2009.

Just a quick aside. You asked, would it really save money? We're going to spend money on politicians. That seems like a poor use of tax dollars, some people would argue. I would argue that it's probably the best way, that I can think of, to save money for taxpayers. Spend a little now, and save a whole lot more money later.

There's a study -- and I don't know the exact citations for it -- but it was a study done from Berkeley, I think by a business school. And they studied where your best return for the dollar was, whether it be in the stock market or real estate. Where could you put money in and get the most return back? And the finding -- the conclusion of the study was, making political contributions. If you make a political contribution, you

will get the best return on your dollar. That, to me, is an embarrassment of our democracy -- that when you make campaign contributions, you're going to get paid back in untold quantities, way more than 5 or 6 percent. You're getting paid back hundreds of times of your contributions.

When you get paid back, that's tax dollars that are paying you back. That's government programs that should be going to somebody in particular -- more needy -- and is going, unfortunately, to a special interest group that happened to make a campaign contribution. We need to make these changes, and we need to make them soon, and we need to do everything we can to expand this program, not only throughout New Jersey, but I think New Jersey can really be a model for the rest of the country.

Let me address, quickly, the qualifying contributions and dollar amounts. I absolutely believe, again with the end in mind, that we want to improve democracy, increase the number of candidates, give people more choices. We need to lower the threshold and simply make it more easy to qualify.

In most of this conversation that we've had tonight -- is about how hard it was to make contributions, to qualify, to have these spaghetti dinners. Do hot dogs count? All of these things can be solved if we simply lower the threshold and start with the end in mind -- that we want more candidates to run. And we want competitive primaries, we want a level playing field. And what happens in the -- again in the ideal world, what happens is, we have lots of candidates that qualify. Now, there should be a threshold. You can't just be a quack. You have to have some real citizen support. But the threshold, first of all, should not be based upon how much

money you can raise. It should be based on what kind of public support you have.

But once you reach that threshold, we give you a flat sum of money, and you run for office. And everyone else who's reached that threshold has the same amount of money. And what happens is, the best candidates win, not the candidates that raised the most money. And you have a primary system that is fair, and you have voters that have a choice, and ultimately vote the people that they want into office representing them. That is not what the current system is now. If we include the primaries, we will have a system where the process is much more opened up and we have a much more representative democracy, where our Legislature looks a lot like the people of New Jersey.

And I think New Jersey -- we're embarrassed to say we have one of the lowest percentages, for instance, of women legislators. We have minority legislators that can't necessarily break into what's called the *old boys' network*. We need to break through these things and do what we can to open up the process.

Regarding seed money, I think it is important to offer a significant amount of money, a reasonable amount of money to allow these candidates to succeed. Again, we want candidates to qualify, we want candidates to run Clean. We shouldn't arbitrarily limit their ability to succeed by placing a very low seed money cap.

And I do think it's important that we maintain a strict contribution limit on seed money. If you are only allowed to accept \$100 contributions or \$50 contributions for seed money, then you're inherently protecting against some of the corruption issues that we're worried about.

Right now, in New Jersey, if I wanted to make a campaign contribution to my favorite politician, I can essentially make a \$25,000 check to a political party, or to one of the leadership PACs. Under this system, with the seed money limits, the most I could give is \$50 or \$100. So we have protections against corruption over that process. And I would encourage that, if you're raising seed money, we should specifically designate-- I think this might already be in there. But we should specifically designate that when you're raising seed money, it needs to come from real people, voters, not corporations, not law firms, not labor unions, and not PACs. And there should be strict limits on how much you can give.

Regarding the time to qualify-- Again, in the effort to make qualifying easier and to encourage more candidates, we should absolutely expand the time to qualify. Again, I think it was cited -- Arizona -- literally the day after election day, you can start qualifying for the next year. And there's no reason why, if you want to qualify for Clean Elections, we should have arbitrary time limits on when you can qualify for Clean Elections.

And the last point I have right now is, that the maximum amount of money that you would receive as a candidate, if you wanted to run for office, I think, should be higher. Or it should be relative to what's competitive in that district. Again, when we go back to the thought of, where should money come from, we know it costs money to run for office. In some places, it costs a lot more money to run for office than others. It has to come from somewhere. If the choice is private dollars or public dollars, it needs to be public dollars. And we all know that spending public dollars in Clean Elections, through Clean Elections, will save money in the long run. So let's not be frugal about how much we're offering these

candidates. It does make sense to lower the amount of money we're spending on elections. But, more importantly, we need to be more concerned with where the money is coming from. And so a hundred thousand dollar limit on a legislative race, although it might make sense in some districts, we all know in other districts will not remotely come close to offering the amount of money that those candidates need to succeed.

And so we need to really explore those things and ensure that we have a process that's going to encourage as many people to participate as possible. If I'm running in District 4 or District 3, one of these competitive districts, and I know my limit is going to be, essentially, a hundred thousand -- or it could be matched higher -- essentially a hundred thousand dollars, I'm not going to opt into the Clean Elections system. We need to create a system in the future that's going to encourage people from all districts, all walks of life, to participate in this process in a way that allows candidates to run for office and win. I think that's the big-- Ultimately, one of the big goals of Clean Elections is to offer candidates a very viable option to run for office without having to put their hands out for big bucks and win -- have an option to win. And they need a dollar amount that fits that.

And let me conclude -- and obviously, if you have questions -- let me conclude by saying that I think we really need to focus on looking at models that work. I've heard a number of times -- we say, "Let's consider how we run the gubernatorial race, or let's look at the presidential matching system." Why do we need to look at a model that demonstrates the influence of big money?

If you look at our gubernatorial elections, we do have public funds. But, ultimately, the gubernatorial race and all legislative races in New Jersey, except for the Clean Elections races, are dominated predominantly by big money, even with those public funds. If you look at the presidential level, 100 percent of the candidates who raised the most money in their party got their party's nomination. That is a system -- the presidential level -- that clearly promotes big money's dominance over the political process.

We need to look at Maine, and we need to look at Arizona, and we need to look at the municipalities that have now passed Clean Elections, where it is working, and try to do as much as we can -- translate it into New Jersey -- but try to do as much as we can to model what they're doing, because clearly they've come up with a system that works. They have-- Their qualifying contributions are \$5. There's no five and 30, there's no mixing and matching, or 20 and under, or whatever it is. It is a simple system. And the \$5 really doesn't represent money, but it represents people.

Their whole thing is not, "You need to raise a certain amount of money in \$5 contributions." They don't talk about money. And money should not be the precursor to qualifying as a candidate. It should be about public support. And when they talk about it in Maine and Arizona, they say, "You need to get *X* number of people to support your candidacy." And that's what it should be about. The \$5 is just to make that contribution a -- that signature a little bit more real. I've done a lot of petition drives, and oftentimes people will just sign something without thinking about it. But

putting even a small dollar amount makes sure that they're thinking about it.

But that dollar amount needs to be low enough so that real people, average people, folks on Social Security, seniors represented by AARP who have very limited resources can still participate in the political process. Five dollars is a level that almost any citizen in this country and this state can participate. And so we need to think about that in a very strong way.

In Maine and Arizona, the model also is to have a very low number -- not a very low number, but a significantly achievable number so that more candidates can qualify. Those are the models that we should use. And I don't think we should think about this gubernatorial matching system that we have, because ultimately, you are matched by how much money you are raising. And in the new world of politics, the new world of how we're thinking about democracy, it is not about how much money you can raise. It is about public support and policies. It's not about money. The gubernatorial system is based on how much money you can raise. The presidential system is based on how much money you can raise. Those are not the models that we need to be focusing on here in New Jersey.

So, again, thank you for your time. And I'll take questions if you have any.

SENATOR SCHLUTER: We are joined by Mr. Lenox, Commissioner Lenox, up here.

Mr. DeLuca, do you want to lead off?

MR. DeLUCA: Yes, I have one question.

You talked about making contributions easier, and you listed checks and bank cards. One thing you didn't say was cash. It was recommended earlier that we not have cash, by Assemblyman Thompson. Last week at our hearings we -- it was recommended to us to allow cash. What's your feeling on that?

MR. MA: I'm going to withhold judgment right now. I think there is a legitimate concern. We obviously don't want fraud in the system. And I think even with checks and credit cards, there can be fraud. So we're going to study that issue and make sure that there's appropriate protections. I think some of the suggestions that Chairman Schluter offered -- making sure they're signing an affidavit that it would be a criminal -- a crime if they're essentially bundling contributions or somebody else is providing the money. We need to look at it. We don't have a position right now.

But, again, I think the general idea of making contributions easier, not harder, is what's driving our organization and my comments. And so if there is a way that we can make cash contributions work, in dealing with the fraud issue, I think we'd absolutely be open to it.

MR. DeLUCA: Thank you, Mr. Chairman.

SENATOR SCHLUTER: Mr. Lenox, do you have any?

MR. LENOX: I have no questions.

Thank you for being a part of this dialogue tonight.

SENATOR SCHLUTER: A question of Mr. Herrmann. Didn't we say -- didn't we ask you or staff to look into the procedures whereby cash contributions could be made with a statement of affirmation?

F R E D E R I C K M. H E R R M A N N, P h . D .: You did, and we did.

We actually have something in our regulations now that probably could serve as a model, in terms of requiring the information a contributor has to give, if they're giving cash. So we can share that with you.

SENATOR SCHLUTER: Could you share that with the Commissioners so that we could have something as soon as possible to look at?

DR. HERRMANN: Absolutely.

SENATOR SCHLUTER: And is it your opinion, Mr. Herrmann -- Dr. Herrmann, that this could eliminate fraud to the -- on a reasonable basis -- to the maximum extent?

DR. HERRMANN: I think *reasonable* is a good word to use. I mean, there's no perfect system, even when you use checks. No matter how you do it, there's always going to be some slippage. But I would think it has been reasonably -- it's a reasonable safeguard we've got in place now. We've never had a major problem. And we'd be happy to share that regulation with the Commission. We'll send it to you, through Mr. Parisi.

SENATOR SCHLUTER: Thank you.

Mr. Ma, we got into a discussion about -- other than Clean Elections, you made a very strong case -- as did Ms. Caplovitz -- about, let's concentrate on Clean Elections.

Would you comment about the other -- the use of large contributions by elected officials to -- in their candidate's campaign -- or their candidate committee -- and the use of that money for sustaining their office, or their position, as well as contributing to other candidates? How do you--

If you want to-- If we admit that a large contributor to an election will have an influence over that person when he or she is in office, isn't it the same as a large contributor giving to that person, once in office, for their candidate's or their officeholder's fund?

MR. MA: I think-- First of all, let me just say, again using Maine as a model, when you're running for office-- When you're in office, it's almost assumed that you're going to run Clean, you're going to run Clean next year, you ran Clean before. I think there is this very real sense amongst the populous that running Clean is the way to go.

And so-- And I'll have to-- This is, sort of, my anecdotal experience from my understanding of Maine. And I heard that you're going up to Maine, so maybe you can ask these questions. But my sense is that problem is largely solved since, first of all, the system exists in all legislative races. Second of all, the system is so popular that almost everyone runs Clean. To take private money and use it for any means, essentially, disqualifies you from the Clean Elections process -- that almost no one does that. I think it's very important that we expand this program, and that we assume that -- we try to imagine a world where the candidates for office, by and large, are running Clean, and they are no longer raising these big dollars from private sources.

Now, that being said, this Clean Elections system does not solve every problem. It is voluntary, it is optional. It creates an option for people. But it does not require them to do that. So, yes, I think we definitely need to look at what happens when people aren't participating in a Clean process. What happens when they are running using private sources? And we need to clearly tighten up that process. We need to

clearly put limits on how much money they can raise, and how they can spend that money, and how they can distribute to other candidates.

Again, bottom line, our organization believes in a system where democracy is essentially run by people, not by money and special interest groups. And to the extent that large contributions from corporations and, then, expenditures out from politicians to other politicians gives them power and gives them undue influence, we're going to be very concerned about that and want to put controls on it.

But I do also want to echo what Abigail was saying, in that there is a level of, it can get too complex. We do want to expand Clean Elections. That's the primary focus. I would love to deal with leadership PACs, and corporate contributions, and all these things, as well. And there needs to be a significant dialogue, and a significant focus on what happens when people aren't running Clean. Are there ways to limit it?

And I think we even need to look at the wealthy contributions (*sic*). Right now, the wealthy candidates -- right now, the Supreme Court says that wealthy candidates, essentially, are protected under the First Amendment. But the Constitution can be interpreted in different ways and different times. And it is-- Our expectations and our beliefs on what's constitutional and not have evolved over time. And I think that's absolutely one of the things we need to look at in the future.

SENATOR SCHLUTER: Incidentally, this matter of personal fortunes is something that we've seen in this last election. In the year 2000, one candidate ran for U.S. Senate and spent \$65 million. And the other candidate spent \$6 million and darn near beat the person. So there is a

point of diminishing returns, where wealth and the ability to be Clean has got merits.

We welcome Assemblywoman Greenstein.

And we're questioning Mr. Ma. Do you have any questions that you would like to ask him?

ASSEMBLYWOMAN GREENSTEIN: Not right at this time.

Thank you.

SENATOR SCHLUTER: Okay.

MR. MA: Chairman, if I can address what you were just saying-- The wealthy candidate problem, if you will, I think, is hard to say on a scale -- what's the bigger problem. But in my mind, the bigger problem is special interest influence over the political process. There is some legitimacy to the idea that a wealthy candidate can't be bought off. He or she is making decisions based on his or her own political beliefs, not by special interest. And so there is a level of-- I suppose it's not as significant of a problem. But it is a problem in that it isolates or, often times, prevents other candidates from running for office.

And in my mind -- and when I was walking around New Jersey. And I met you many times along the way. And talked to Assemblywoman Greenstein. After my walk, talked to Assembly Majority Leader Roberts, who ultimately -- both moved the Clean Elections bill. And I'm very thankful for that.

But there is this level of-- In my mind, in New Jersey, without Clean Elections, there are essentially two ways that you can succeed in politics. One is, you can be really, really rich and spend that money running for office, and making contributions to political parties. Two is,

you can be a really, really good fund-raiser. There is not a real good way to become very powerful, and move through the political process, and gain leadership positions in this state without having access to huge amounts of money, whether it be personal or through fund-raising.

Clean Elections changes that. It creates a third option for running for office; it creates a third option to leadership; it creates a third option for representing the public -- and that is to have real public support. In Maine, and now in New Jersey, people can actually run for office, and succeed, and gain power in politics using public dollars. And that is a great value. Even if we can't solve this ultimate problem of wealthy candidates running for office, we are at least now creating a third option for candidates to run.

And, again, as Mr. DeLuca mentioned, that also opens up the political process to different kinds of candidates: to women, to minorities. And really, I think the goal shouldn't just be inherently to increase more women or more minorities. But the goal should be to have a political system that is more representative of the real people. And at this point, we are woefully short on women and minorities. And we need to make some improvements so that our political system is much more -- mirrors the population of our state.

SENATOR SCHLUTER: You made a point about extreme wealth. People cannot be bought. And my point was that you get to a point of diminishing returns, where the wealth is more of a negative than it is a positive.

And what I was trying to point out with respect to Clean candidates was -- and I ask you this as a question. Do you think we can,

with the present system, or maybe enhanced in some way that you might suggest, have candidates who run as Clean candidates, who can compete or who will discourage the politicians from doing like they did in Atlantic County this year -- dumping a couple million dollars in, because "We've got to have that district, and we know that money will buy it"? At what point does the label of Clean candidate prevail over the stigma of too much money?

MR. MA: I think that's a very good question. And I think I honestly have not thought-- Your suggestion of maybe we just end -- you can't make a contribution after -- within 15 days of Election Day. I honestly have not thought of that. It's an interesting thing to think about. We can get back to you on that.

But I do think there is this level of diminishing returns. Again using the model in Maine, there is a limit. And if both candidates run Clean, they stick to that limit. If one candidate runs Clean, and the other candidate is privately funding their elections or raising money the old fashioned way, the Clean candidate will get a match, up to a certain point. And that point is to say that there is a level of diminishing returns. We can't spend unlimited tax dollars on every election. Just because somebody else spent \$60 million, doesn't mean the Clean candidate needs to spend \$60 million. There is this real level of diminishing returns, and taxpayer's bang for the buck.

So I think there can be reasonable limits. There can be efforts to raise the caps, should they be needed. But I do think there's also a reasonable place to say, "You're not going to get any more." And, again, what I said earlier was that we need to have a system to allow candidates to

run for office without having to raise public dollars, and give them a real opportunity to win.

MR. DeLUCA: I think -- private dollars, not public dollars.
(laughter)

MR. MA: I'm sorry. Yes, yes.

But the idea is, offer a good enough amount of money to allow people to be competitive, to allow the citizens, ultimately, to decide who should win. And the Clean Elections system, I think, does that in a very good way. It doesn't solve all the problems, but it definitely gets to where we need to go -- much closer.

SENATOR SCHLUTER: Any more questions of Steve Ma?
(no response)

Thank you very much. We appreciate it.

MR. MA: All right, thank you.

SENATOR SCHLUTER: Who is the next--
Marilyn Carpinteyro.

M A R I L Y N C A R P I N T E Y R O: Carpinteyro (indicating pronunciation).

SENATOR SCHLUTER: Carpinteyro.

You're from Citizen Action, in Newark.

MS. CARPINTEYRO: Yes.

SENATOR SCHLUTER: I've talked to you on the phone.

If you could, identify yourself and give us your testimony.

MS. CARPINTEYRO: Good evening, everyone.

My name is Marilyn Carpinteyro. I'm an Organizer with New Jersey Citizen Action. Citizen Action, as everyone well knows, has been

heavily involved in the Clean Elections program and public financing early on -- since the late '90s.

My statement will be brief. I know the Commission is looking to Citizen Action, to the AARP, and to NJPIRG for our recommendations. We are taking this opportunity to come to these early hearings, to hear what the candidates are saying and other Clean Elections advocates are saying, so we can draft our detailed recommendations.

So, at this current moment, we do not have any recommendations to submit. We are working with our coalition, our allies, board members, affiliates, and Clean Elections organizations across the country, reviewing their models, coming up with our recommendations that we plan on submitting and go into detail with, with the Commission on December 13 -- at your hearing on December 13.

We understand that there are a lot of things that need to be -- there are things that need to be tweaked, such as the contribution threshold, time lines, seed moneys, as well as other issues that need to be addressed.

So I just wanted to take this opportunity to let the Commission know that Citizen Action is in the process of drafting up our recommendations. And we will be submitting them to the Commission on December 13. I know that the Commission was looking for us to have something early on, but unfortunately we are looking to December 13 to submit them. So I just wanted to let you guys know that we were doing that.

SENATOR SCHLUTER: Thank you very much. We appreciate your involvement, your help in initiating this program.

Do other Commissioners have--

Mr. DeLuca.

MR. DeLUCA: Thank you, Mr. Chairman.

Marilyn, the timetable may need to be looked at by you. We're meeting on the 2nd, and the 9th, and the 13th.

SENATOR SCHLUTER: And the 14th.

MR. DeLUCA: And the 14th. And we're going to be doing a lot of talking on the 2nd and the 9th. And so--

MS. CARPINTEYRO: So we're looking to push this forward by the 9th?

MR. DeLUCA: I think you'd be better served by at least coming on the 9th. And if we can, make sure that you get a space on the agenda for that. I don't know how we're going to run those -- if they're going to be public hearings or--

SENATOR SCHLUTER: Well, they're going to be work sessions, Mr. DeLuca. They're going to be public. But we would welcome testimony at any one of these, because there are going to be other people that will be providing input.

MR. DeLUCA: I think the 9th would be a better target than the 13th.

SENATOR SCHLUTER: And even if you just have an initial, first cut of your recommendations by the 9th, that would be helpful. Because we have to build our recommendations around some things that are fairly easy to-- And then the more difficult ones are going to take a little more time.

MS. CARPINTEYRO: Okay. So we'll look to getting them to you on the 9th.

SENATOR SCHLUTER: Before you leave, here is -- I stole this from Ms. Murphy's material. This is the-- This is a series of recommendations by JoAnn Gurenlian.

MS. CARPINTEYRO: Okay.

SENATOR SCHLUTER: And it's very, very good, and they're very specific.

Were you here when Assemblyman Thompson and--

MS. CARPINTEYRO: Yes.

SENATOR SCHLUTER: You heard their-- They had some--

MS. CARPINTEYRO: We're taking everyone's-- We've attended the hearing in Cherry Hill, this hearing, and we're attending all the hearings, and we're getting information from all the candidates, constituents, and other good government groups. And we're taking it back to our coalition to draft up our recommendations.

SENATOR SCHLUTER: And before you leave there, when might we expect a transcript from this meeting?

MR. PARISI: A couple of weeks.

SENATOR SCHLUTER: A couple of weeks. So it wouldn't be before the 9th.

MR. PARISI: No, I don't think so.

SENATOR SCHLUTER: But Mr. Parisi might have his minutes, and maybe he could share them with--

MR. PARISI: If they're prepared. I can't guarantee that. It's very unlikely, actually, that they'll be ready on the 9th, unfortunately.

MS. CARPINTEYRO: We're prepared to get something to you by the 9th -- at the hearing on the 9th. I thought the 9th was a business meeting.

SENATOR SCHLUTER: Well, it's a work session.

MS. CARPINTEYRO: Okay.

SENATOR SCHLUTER: Again, we do want input.

MS. CARPINTEYRO: You will accept testimony on the 9th. Okay.

SENATOR SCHLUTER: Thank you.

Are there other people to testify? (no response)

Seeing none, I think-- I don't know how the other Commissioners feel. We heard that the Democratic candidates from this district were going to show up at 7:00. And I think we ought to--

I'm sorry, the Green candidates are going to show up at 7:00.

MR. DeLUCA: Mr. Chairman, this is a college. You wait 20 minutes for a full professor. (laughter)

SENATOR SCHLUTER: Well, I'm not saying we should leave now, but maybe we should hang around. I haven't had anything to eat for a little while. I think there's a snack bar -- snack place outside.

ASSEMBLYWOMAN GREENSTEIN: Have the Democrats testified?

SENATOR SCHLUTER: No, they have not.

ASSEMBLYWOMAN GREENSTEIN: Are they planning to?

SENATOR SCHLUTER: We did not hear from them.

But let's get back here. Let's reconvene around 7:30. And if they don't show up by then--

MR. DeLUCA: I have to leave around 7:30. So if they're not here, I'm going to be leaving. Even if they're here, I may be leaving. But I'll stay to see if they show up.

SENATOR SCHLUTER: We thank everybody for your participation. And we've heard a lot.

And we've heard that there are many other reforms that would help this system. But how much can we bite off at the same time?

ASSEMBLYWOMAN GREENSTEIN: That's the key. We have to decide.

(RECESS)

AFTER RECESS:

SENATOR SCHLUTER: We are reconvening now. And Assemblywoman Greenstein will be back in a minute. We have Mr. Lenox.

Do we have a quorum today, Mr. Secretary?

MR. PARISI: No.

SENATOR SCHLUTER: We've had five people total.

MR. PARISI: We've had five people, but not at one time.

SENATOR SCHLUTER: Not at one time. So that doesn't qualify as a quorum.

MR. PARISI: No.

SENATOR SCHLUTER: But we don't have any business to do anyway, do we?

MR. PARISI: No.

SENATOR SCHLUTER: Just to let everybody know, we meet at 2:00 at Seton Hall, in South Orange, on Friday. And we will have a representative of the -- the Executive Director of the Maine ethics committee -- or the Maine -- the committee in the state of Maine that runs the public financing program. And then we will have other testimony there. That will be from 2:00 to 6:00, if it goes that long. But it will be an afternoon meeting.

So now we have Mr. Mike Hall, the Green Party candidate.

And if you could, give your testimony, please.

MIKE HALL: Thank you.

Thanks for the opportunity to give feedback.

The Green Party has long advocated for a Clean Election law. And in June 2003, we introduced New Jersey's first such bill based on the successful programs of Maine and Arizona. Unfortunately, rather than building upon this proven approach to clean and open democracy, the New Jersey Legislature instead created a pilot program that has proven to be profoundly flawed. New Jersey deserves a Clean Election program that encourages and enables the participation of all candidates. This can be achieved with the following recommendations, which returns to the original approach.

The first recommendation is to reduce the qualifying criteria. The primary failure clearly resulted from raising the qualifying threshold to an extreme level. In Arizona, an assembly candidate is given eight months to collect 210 contributions of \$5 each. Maine requires only 50 \$5 contributions. Instead of taking a similar approach, the New Jersey Legislature raised the bar to 1,500 contributions, 500 of which were at a

new, \$30 level. For the joint campaign of two Assembly candidates running together, this meant raising 3,000 contributions, totaling \$40,000, all in a period shortened to just nine weeks. Instead of encouraging Clean Elections, the New Jersey Legislature created an effective barrier.

The solution is not complicated though. First, return the qualifying criteria to a reasonable number of \$5 contributions, to no more than Arizona's requirement. It is unacceptable to lower the threshold only to a point that favors major-party candidates, while continuing to effectively exclude third party and Independent candidates. In addition, the all-or-nothing threshold could be removed in favor of a funding allocation that would be prorated to the amount of Clean Election Fund money raised. This would give all ballot-qualified candidates the ability to participate in the Clean Elections program.

In addition to lowering the qualifying criteria, the interval to collect qualifying contributions should remain similar to Maine and Arizona. If such a process can be set up in other states, New Jersey should be able to do the same.

The second recommendation: Reduce the funding allocation. First, remove the provision that hands over to a qualifying candidate the additional funding allocations that were earmarked for candidates who were unable to qualify. As it stands, this extra handout, one, further inflates the already obscene amounts of money spent in New Jersey elections; two, wastes taxpayer money; and three, it doubles or more the State funding provided to the more entrenched candidates, as we saw in District 6.

Second, the funding allocation itself should be made much lower than what the current formula provides. Indeed, the Arizona and

Maine programs provide their candidates with a much lower funding allocation. The amount of money spent on New Jersey elections is excessive, wasteful, and unnecessary. Do citizens really benefit from the barrage of repetitive, glossy attack-ad mailings; or from viewing 10 lawn signs for the same candidate at a single intersection? To lower the funding allocation, while still making the Clean Elections program attractive to major party candidates, the Commission needs to recommend that a campaign finance reform component be incorporated into the Clean Elections legislation. This reform should do two things: First, eliminate all special interest money from elections. If corporate money can be banned in Texas for the past 100 years, why not do the same here in New Jersey? Second, reduce the maximum individual contribution from the current \$2,600 to \$200. Imagine restoring democracy so that it works for average citizens instead of just corporations and the very wealthy.

And, lastly, remove the blatantly unfair provision which states that if a third party candidate manages to qualify, they receive no more than half of the public funding allocated to major party candidates.

Third recommendation: Keep the seed money. The pilot program statute appears quite clear in stating that the return of seed money applies only to qualifying candidates. Yet, in 2005, ELEC repeatedly requested seed money return from all candidates. At a minimum, ELEC needs to get clarification. One consideration, however, is that the process could be simplified by eliminating altogether the requirement to turn over seed money. This may be a reasonable simplification, considering that the maximum amount of seed money is limited to \$3,000, and it should be

Clean money, since it only came from individual contributors in amounts less than \$200.

And my last recommendation is: distribute the candidate statement. The statute should clarify the means by which the candidate statement is to be made available to the voters. Currently, candidate statements are buried on the ELEC Web site, where most voters will not access them, and many voters do not have Internet access. Instead, the candidate statements should be sent out with the sample ballot. This could give voters a much clearer view of their candidates' positions, while helping to lower a candidate's campaign cost for direct mail advertising.

In summary, before a Clean Election law is rolled out across the state, a return to the approach offered by the original 2003 Green Party bill will provide a real solution to the pilot program's fundamental flaws. With the above changes, New Jersey can reap the benefits of a program that fairly encourages the participation of all candidates. After all, why should New Jersey settle for less than what has already been accomplished in Maine and Arizona?

Thanks.

SENATOR SCHLUTER: Thank you very much, Mr. Hall.

Do we have questions?

We'll start off with Mr. DeLuca.

MR. DeLUCA: Thank you.

It seems I'm batting first tonight, here.

Did you provide us with a copy of the 2003 Clean Elections bill?

MR. HALL: Sure.

But just for information, it is on the Legislature Web site. You can search for it on 2003 Clean Elections, and it will come right up.

MR. DeLUCA: Could we have our staff do that?

MR. PARISI: Is that what you read from?

MR. HALL: I didn't read from that, but that was what I was referring to.

MR. PARISI: So you have-- Where is-- I'm sorry.

MR. HALL: I should give the number, A-3833.

SENATOR SCHLUTER: Of 2003?

MR. HALL: Yes.

MR. PARISI: That's 3833.

SENATOR SCHLUTER: That's simple.

MR. PARISI: And that's the bill that embodies what your point of view is?

MR. HALL: What I'm referring to.

MR. PARISI: Okay.

MR. HALL: I think my comments kind of expand off of that.

MR. PARISI: Okay. Wasn't that sponsored by Assemblyman Ahern?

MR. HALL: Yes.

MR. DeLUCA: The second thing is, we had Assemblyman Roberts testify at the hearing last week. And I asked him about this 50 percent limit for third party and Independent candidates. And he thought that it should be changed, and I think that, too. I think if you qualify, you should get what everybody gets.

MR. HALL: Thank you. I don't know how it got in, but that's beside the point, I guess.

MR. DeLUCA: He said-- You can read the transcript. I don't want to put words in his mouth. But he said it came down to a question of dollars and resources available for this program. But, in any event, I think there's a fairness question. And I think if you're going to make the threshold, you should get that allocation.

MR. HALL: Thanks. Certainly.

MR. DeLUCA: And just a last question on the--

I don't disagree with you that too much money is being spent on campaigns. But it just is very costly to run campaigns in New Jersey. And I'm not sure that this \$60,000 that we're providing -- that you would have gotten, and that other candidates would have gotten, would have been spent wisely. I just think that it's--

When you start doing mailings, and you start looking at signs-- I mean, some of these things are just the way you have to run campaigns. And it's just a fact of what it costs in New Jersey to run campaigns.

MR. HALL: Can I respond a little bit to that?

MR. DeLUCA: Sure.

MR. HALL: I see a lot of waste in the way money is spent. I see, like I mentioned, 10 signs at a single intersection. We ran a campaign for freeholder, here in Monmouth County, for \$4,000, and got 18,000 votes as a third party candidate. We had signs that were clearly visible on all the major roads. People that we campaigned with -- or two -- had seen them. We don't -- weren't able to do a lot of direct mailings. That's expensive. I understand that.

But on the mailings that I received from candidates, a lot of it's duplicate, a lot of it's just very minimal distortion kind of attack ads which, I think, does a disservice to voters. So I think you can run campaigns on a lot less money than are being run. And I think they can be more informative. And I think, also, with the candidate's statement being distributed -- it's another way to get a candidate's message out.

So I would-- I think part of the problem, personally, is that there is just a lot of money in the system, and that encourages people to spend. I'd like to see, like I mentioned, campaign finance reform that limits that and brings it all down to level. I understand that it is more expensive than elsewhere.

And the other thing I mentioned is about maybe prorating it, so that if there is some concern about certain districts needing more than third party candidates, it could be addressed, maybe.

MR. DeLUCA: Thank you.

Thank you, Mr. Chairman.

SENATOR SCHLUTER: Questions of Mr. Hall, Mr. Lenox?

MR. LENOX: Mr. Hall, real briefly, could you just speak specifically about your experiences trying to educate voters about the program? Did they know about it? Did they like it, once you told them about it?

MR. HALL: Okay. First of all, when we first looked at this situation, we knew that New Jersey Citizen Action was helping candidates solicit contributions from voters for the Clean Election Fund. And we basically wanted to see that, and other efforts similar to that, play out.

When we looked at the 3,000 contributions, we realized that there was really no way that our effort could go into achieving that in a meaningful way. We had to focus our effort on, basically, printing up our own flyers and distributing them every chance we could at street fairs and things like that. So we did not really actively go out for Clean fund. So I don't really have direct experience on that. That's the only stance, through there.

MR. LENOX: Okay. Thank you.

SENATOR SCHLUTER: Assemblywoman.

ASSEMBLYWOMAN GREENSTEIN: I don't really-- I don't have anything right now.

Thank you.

SENATOR SCHLUTER: Well, I have a couple of questions.

And I want to thank you for participating and taking the time. And we really gain a lot from what you have to say, and from your perspective. And we are grateful. The people of New Jersey should be grateful.

MR. HALL: Thanks.

SENATOR SCHLUTER: You talked about reducing the number of contributions, making it easier. I think all of the people who've had experience in this last election say the same thing.

There was a feeling -- and it's in the legislation -- that we should direct the next part of this program to the primary. Now, independent candidates are not involved in the primary. A suggestion was made that maybe we should have -- give the candidates in Clean districts the ability to start raising money when they file their petitions, which is like April 10.

That would not apply to the independent party candidates. But independent party candidates could file a petition on April 10. They have until the primary date to file a petition.

Do you have any comments on that?

MR. HALL: Well, would that allow them to begin collecting Clean Election Fund contributions?

SENATOR SCHLUTER: To begin collecting. If the rest of the statute were crafted around that idea to take care of all conditions and everything else.

MR. HALL: So, in other words, if there was a general election, then it would increase the time frame over which we could--

SENATOR SCHLUTER: It would increase the time frame by almost two months.

MR. HALL: I'd like to just ask you to consider how Maine and Arizona managed to do it on an eight-month time frame. I think that's a question that should get answered.

SENATOR SCHLUTER: Well, I think part of that is the fact that they -- it is universal in Arizona. And, therefore, a candidate knows that that person is going to be a Clean candidate after the last election. They start right in, and they chalk it up for their qualifying contributions right off the bat. There is this question of -- "Well, we're going to wait and see. And we're going to see what the other person does to gain the system. And then maybe we're going to try and hold out, and then get big money in, and buy the election."

MR. HALL: Well, as I mentioned, my view is that it should be extended as long as possible. And we should find a way to make it eight months.

SENATOR SCHLUTER: If there is a sequenced or tiered system where people are allowed to start on primary filing date-- And then if they get whatever it might be -- 500 contributions by -- in two months, or in one month, they can get a certain -- they can get 25 percent, or whatever it might be. And then they get more contributions, they get more of that. But once they get their first contribution -- once they get their first qualifying amounts, then they have -- then they're in, and they have to stay in. And if, then, the independent candidate doesn't file until primary day, they would still have the opportunity to raise moneys to get it in increments.

I think that might be a fair system. Do you think it-- Could you comment on that?

MR. HALL: Well, I'm not positive I understood that. But I think that bottom line, for me, is that I think third party candidates who know they're going to run in the general election should be able to start as early as possible, collecting their Clean Election Fund contributions. That's how I view it.

SENATOR SCHLUTER: And if you couldn't get-- If you had it, for everybody, that there were steps -- maybe two or three steps to getting the maximum number of contributions -- but at each step you would qualify for a portion, a percentage of the Clean Election Funds. So you would not be disadvantaged in any way. But if you started late, you would still be able to get to the top, but you might not have enough time.

Go ahead, Assemblywoman.

ASSEMBLYWOMAN GREENSTEIN: Mr. Hall, right?

MR. HALL: Yes.

But can I just finish one other thing?

ASSEMBLYWOMAN GREENSTEIN: Yes.

MR. HALL: I would also-- I don't understand the reason why it would be just the primary, but I thought there was a lot of value in applying it to the general election. That's my personal opinion. Would this be another pilot that's being proposed?

SENATOR SCHLUTER: Well, no. The fact is that this does not apply to people running in a primary. There are two issues. The issue is starting earlier to collect it and then, possibly, making money available if there is a primary -- and a contested primary -- of public funds so that there would be an even playing field in that, which is a very complex kind of thing. If they're raising money-- If just some no-name candidate runs -- puts their name in -- is that really a primary, or is it not? But it could be. On the amount of money they spend-- It becomes complicated.

ASSEMBLYWOMAN GREENSTEIN: I wanted to ask you, I think our system makes it difficult for third party candidates, generally. I mean, this particular program that we're doing is difficult enough for the two major party candidates. What are some of the other things that you think would make it easier in the system for third party candidates to be able to really get their word out, to get more votes?

MR. HALL: Well, I think it really is, in terms of the Clean Election Fund--

ASSEMBLYWOMAN GREENSTEIN: Well, let's say even beyond Clean Elections. Both.

I mean, I just think it's always hard, because it's--

MR. HALL: I'm probably-- There's probably people in the party better able to answer that question. But just in terms of my experience--

ASSEMBLYWOMAN GREENSTEIN: Just in terms of your experience.

MR. HALL: I think that-- Well, I guess in terms of this program, I think it's a real opportunity to open up the system to other voices, by making some amount of funding available to them, to help them with their campaigns. So that's really where I've, sort of, focused my attention. I'm sure there's a lot of other areas, in terms of registration, and ballot access, and that whole set of issues about petition, and getting your column on the ballot, and that sort of thing.

ASSEMBLYWOMAN GREENSTEIN: I think you're right to focus on that, because that was one of the goals of Clean Elections -- to try to open it up to non-traditional groups, people who haven't had much access before.

MR. HALL: In that case, the threshold has to be drastically lowered.

ASSEMBLYWOMAN GREENSTEIN: You do feel though that it's-- I mean, do you think we're going in the right direction with this? If the threshold were to be lowered, do you think it would have opened you up to opportunities you wouldn't have had before, more money for example?

MR. HALL: Sure. I think if it was a reasonable goal for a third party, without, basically, a political organization that's really substantive behind you. I mean, we could start early. We would have, maybe, tried to go for a reasonable threshold like Maine and Arizona. And one thing that would be interesting to find out is how well third party candidates have done in those areas. But I believe they've had some. And you can ask them.

ASSEMBLYWOMAN GREENSTEIN: I think so. I believe so. From what -- the little bit I remembered, they indicated that a non-traditional candidate had one office in the other states.

MR. HALL: But I think this is a great opportunity, if it can be made workable, for third party candidates. It's a great opportunity to start working on campaign finance reform, and get Clean money into the system and get corporate money out of the system. And I would like, as I mentioned, to have a campaign finance component of the bill to lower the maximum contributions that individuals can make. I think average citizens need to be brought back into the process. And one of the best ways to do that is make their contributions meaningful. So that's, sort of, worth pursuing.

ASSEMBLYWOMAN GREENSTEIN: I don't know if this is something we were going to do as a group, Mr. Chairman. But I think it would be interesting to look at how the Federal system works a little bit more closely, since they're not allowed to take these corporate contributions. They have to go for, well, smaller ones, anyway, from individuals. It would be interesting to see.

SENATOR SCHLUTER: There are 41 states who prohibit corporate contributions.

ASSEMBLYWOMAN GREENSTEIN: Oh really? I didn't even realize that.

SENATOR SCHLUTER: Forty-one.

Do you have more questions?

ASSEMBLYWOMAN GREENSTEIN: No, I don't.

Thank you.

SENATOR SCHLUTER: I just had a couple more comments.

And I note, with interest, you saying that there should be a campaign finance reform component in this. Before you got here, a lot of the other people who testified, as well as ourselves up here, were talking about other types of reforms like prohibiting corporate giving, lowering the limits, making open primaries a prerequisite for getting on the-- Would you add instant run-off to that?

MR. HALL: Oh, certainly. (laughter) That's one of our--

SENATOR SCHLUTER: I want to be sure you--

MR. HALL: But I'm glad that other candidates are talking in those terms, and that you are considering those things. Those are very crucial. I think that would go a long way to restoring public confidence in the system, if this can really be done in a meaningful way.

SENATOR SCHLUTER: I think there's a lot of feeling on this Commission for a lot of these reforms. But the question is going to be, in our report, we might say this is what the ultimate might be; but we might also say that this is the achievable objective at this point in time.

If there are no more questions, we thank you very much for your--

And you're going to leave this with the Secretary?

MR. HALL: Yes, I will.

SENATOR SCHLUTER: And if you could send us copies of his testimony -- hard copy.

MR. PARISI: Sure.

MR. HALL: Thank you very much.

SENATOR SCHLUTER: Thank you.

Before we leave, I've been thinking that-- Some of these candidates have talked about the competitiveness of the different districts. And if you have a district-- There was talk about the 15th District, which is Trenton and part of Mercer County, being a Clean Election district.

And you know that, somewhat, because you're the--

Where do you live, Steve?

MR. LENOX: I'm in (indiscernible). I'm the 14th District.

SENATOR SCHLUTER: I don't care how much you pour in there to level the playing field, you're not going to change the result.

ASSEMBLYWOMAN GREENSTEIN: Probably not.

SENATOR SCHLUTER: And I wondered if we could-- I don't know if OLS could do this, but it would be very good to see if we can get an analysis of this last election -- of how much was spent in each district, per vote, both sides. And who were the winners? And you would see, in some districts, they spent 15 times as much, and some districts--

ASSEMBLYWOMAN GREENSTEIN: I did want to say that one of the things that I found -- because the newspapers-- Since I am in a

competitive district, the newspapers will often write about the money. And they get the numbers wrong all the time. There are lots of little things that they don't realize. Sometimes people have more than one account. Sometimes numbers are double counted because of the way the counting is done.

SENATOR SCHLUTER: Right.

ASSEMBLYWOMAN GREENSTEIN: So when they're doing that, they should be sure they get the numbers right. Because most of the time, the newspapers get them wrong, I've found. They don't really seem to know how to read those reports and understand how it's done.

SENATOR SCHLUTER: I'm getting signals from our Secretary that this might be a Herculean job. But I think it would be interesting to see--

ASSEMBLYWOMAN GREENSTEIN: It could be a big job, based on what I'm--

SENATOR SCHLUTER: --see an analysis, which tells us which districts are competitive and which, almost, you can just tell ahead of time, no matter how much money you pour into them.

MR. PARISI: Well, the concern I have is, how do you figure out things, such as in-kind contributions? How somebody spends, outright, yes. But there are a lot of things, as you know, in a campaign, which are not always clear the money is being spent, like an in-kind contribution.

ASSEMBLYWOMAN GREENSTEIN: In-kind should be clear on there.

SENATOR SCHLUTER: It should be.

ASSEMBLYWOMAN GREENSTEIN: A lot of times, people file late reports.

MR. PARISI: And that's the other thing.

ASSEMBLYWOMAN GREENSTEIN: So after the election, when you look at the numbers, they're not right. But they're right six months later. There's lots of problems.

MR. PARISI: Not all the reports are in yet.

ASSEMBLYWOMAN GREENSTEIN: That's right.

MR. PARISI: And it would be very difficult to decide.

Plus, the other thing is, it really would be up to Fred Herrmann to provide that kind of information. I can speak to him about it.

SENATOR SCHLUTER: Well, he's not here.

But I think it would give us a little bit of guidance on this whole business of how you level the playing field, even though there are noncompetitive districts that you can never level.

ASSEMBLYWOMAN GREENSTEIN: I mean, I believe it's all in the redistricting every 10 years. That's the place where they can make the districts more competitive. Clearly, that has not been the desire of either party to do. But if they made all the districts as competitive as the one that I'm in, then you could do a level playing field. You could do it in a competitive district. You can't do it, really, in the noncompetitive ones.

SENATOR SCHLUTER: Let me ask Fred Herrmann if we could get some sort of analysis on that. And it might not be totally accurate, but it could give us an idea of what this is all about.

MR. DeLUCA: Mr. Chairman, the legislation talks about excluding districts that ranked under 10 and over 30, in terms of percentage of party registration. Maybe that would be a useful list, also.

SENATOR SCHLUTER: Party registration.

MR. DeLUCA: Right. And I think it would correlate a lot to results.

SENATOR SCHLUTER: Yes.

MR. DeLUCA: I'm not sure how much more we're going to gain from a per-vote expenditure, but we can take a look at all the data.

SENATOR SCHLUTER: I don't think-- We've heard that you want to level the playing field.

To use a personal experience, I was in a race where the other side decided to target me. And they dumped a lot of money from the state and the leadership PACs, and everything else. And my opponent, who was the mayor of Flemington, spent \$160,000, which is unheard of. I spent \$40,000. I still beat him two to one. I mean, it just doesn't change. Money isn't the only equalizer in a lot of these things.

But let me see what I can do.

Now, are you folks going to be at the meeting on Friday?

MR. DeLUCA: Yes.

SENATOR SCHLUTER: You will?

ASSEMBLYWOMAN GREENSTEIN: Where is it?

SENATOR SCHLUTER: At Seton Hall.

MR. LENOX: I will not.

SENATOR SCHLUTER: You will not.

ASSEMBLYWOMAN GREENSTEIN: As far as I know.

SENATOR SCHLUTER: Because I think we should, as a Commission, should talk about how we want to frame the report. And we have two reports. The preliminary report -- February 8. And then 90 days after that, the final report. Do we want to, as some people have suggested, say this would be the ideal?

ASSEMBLYWOMAN GREENSTEIN: We should suggest, if there's going to be a need for new legislation, what should be in that legislation, I think.

SENATOR SCHLUTER: And should the first report just say basic objectives, and the second report be specific?

MR. DeLUCA: Well, Mr. Chair.

SENATOR SCHLUTER: Yes.

MR. DeLUCA: The legislation says we go out of business -- or the whole program goes out of business.

Correct, Mr. Parisi?

MR. PARISI: The way it says, is that Subsection F -- the NJCCEC shall, one, issue a preliminary report to the Legislature on the pilot project, established by this Act, with respect to the 2005 general election, no later than the 90th day following the day of that election. So it's a preliminary report on the project. And, two, issue a final report to the Legislature on its findings and recommendations, relative to the pilot project, with respect to the 2005 general election, including, but not limited to, any suggestions for changes to the project for the 2007 primary and general elections, no later than the 180th day following the day of the 2005 general election. And the final report shall contain such legislation as prepared by the NJCCEC and recommended thereby for enactment.

Now, there's also provision in the last section of P.L. 2004, c.121 -- provides that that section -- that the whole section, including that one, expires on the 180th day following the day NJCCEC issues its final report, which turns out to be in -- basically in about November. So if you think of the time line, it really -- the first report is due in February. And I have the date -- the exact date for that. It's on the time line that I had distributed earlier.

The first report is due on February 6, and that's a Monday. The second report is due on May 7. And then the NJCCEC expires on November 3, 2006.

MR. DeLUCA: But the Sections 1 through 16, and 18 through 19 expire on the day we give the final report.

MR. PARISI: That's correct.

MR. DeLUCA: So, in essence, we may live on to November, but there's no program as soon as we issue our final report.

MR. PARISI: That's correct.

SENATOR SCHLUTER: Well, this is somewhat confusing, Victor. When we make the report -- and we're going to make recommendations in the report.

MR. DeLUCA: Stick around.

SENATOR SCHLUTER: And maybe we'll make recommendations that our Commission should still be in existence even after the extra 180 days. And we will have other responsibilities, or whatever.

MR. DeLUCA: Well, I assume that after we give the report, we still have six months of existence. And that's to enable us to meet if we

have to, and make recommendations, and interact with the Legislature, and do that kind of work.

SENATOR SCHLUTER: Maybe one of our recommendations will be to make the Commission permanent. And we will still be-- And then they'll put that in their bill.

Okay. Well, anymore business? (no response)

MR. DeLUCA: I move we adjourn.

ASSEMBLYWOMAN GREENSTEIN: Second.

SENATOR SCHLUTER: So ordered. We don't even have a quorum. We can adjourn.

Thank you very much, everybody, for--

MR. DeLUCA: See you Friday.

SENATOR SCHLUTER: Thank you, Mr. Hall, again.

MR. DeLUCA: See you all Friday.

ASSEMBLYWOMAN GREENSTEIN: See you.

MR. PARISI: Bye.

(MEETING CONCLUDED)