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Kerry's Campaign Has Soared From Poorhouse to Penthouse

By GLEN JUSTICE

ASHINGTON, June 26 - John Kerry may be only a candidate for president, but he and his entourage travel like kings. A month ago, his campaign began chartering a gleaming 757, packed with first-class seats, fine food, sleeping accommodations - even a stand-up bar. They hardly shy away from fancy hotels, like the Four Seasons in Palm Beach and the St. Regis in Los Angeles.

Late last year, Mr. Kerry's campaign was so broke that the senator had to mortgage his own home to keep the presidential effort in motion. Now its finances are soaring, the result of a surge of more than $100 million in contributions after the Super Tuesday primaries in March. That has given Mr. Kerry the distinction of being the best-financed challenger in presidential campaign history.

The swelled coffers, spurred by money raised over the Internet, has allowed Mr. Kerry to pour money into the race at a pace that rivals spending by President Bush's campaign. In fact, he spent more than the president in both April and May.

``At our Monday morning meetings, our fund-raising people give their reports and there is a lot of cheering,'' Mary Beth Cahill, Mr. Kerry's campaign manager, said Friday.

Mr. Kerry's financial success has significant implications for how he mounts his campaign. Aides say they no longer worry so much about having the money to compete against President Bush's vast political fortune, which has grown to a record $213 million. However, the president still held a 2-to-1 advantage in money in the bank last month.

More than anything else, the money has allowed the Kerry campaign to sharply increase its television advertising. The campaign has spent $43 million on commercials since May, aides said. That is less than the $85 million Mr. Bush has spent since March but enough to reduce the Kerry campaign's dependence on advocacy groups that provided television support for the campaign in leaner days.

The campaign has also been able to expand the size of its paid staff, adding on-the-ground organizers in swing states. Ms. Cahill said the infusion of money has helped her recruit talent like J. Terry Edmonds, who directed Bill Clinton's speechwriters

at the White House. The campaign's travel budget has also vastly increased.

There were also smaller expenditures. In May alone, the campaign spent $10,500 for photographers at its events; more than $200,000 to dispense Kerry hats and T-shirts and other promotional material, and at least $6,500 for parking.

``We are narrowing the gap,'' said Peter Maroney, a longtime Kerry fund-raiser now working at the Democratic National Committee. ``They are hearing our footsteps.''

Presidential campaigns are inherently expensive, costing millions to move the candidate around the country, advertise on television and otherwise get the message out.

Yet lavish spending does not always guarantee success. In 1980, John B. Connally famously spent $12 million to capture one delegate to the 1980 Republican convention. In the Democratic race earlier this year, Howard Dean set fund-raising records over the Internet, only to exhaust roughly $50 million on a spending spree that helped him win only his home state of Vermont.

``Any campaign has to worry about financial discipline,'' said David Magleby, an authority on campaign finance at Brigham Young University.

It is only natural that Mr. Kerry would raise - and spend - far more now that he is the expected nominee. But the transformation in his spending patterns is striking.

President Bush spent almost $50 million in March, primarily on a barrage of advertisements designed to attack Mr. Kerry as he emerged from the primaries; Mr. Kerry spent $14.6 million. But by April, the competition was more even: President Bush spent about $31 million and Mr. Kerry about $35 million. By May, Mr. Kerry was far surpassing President Bush in spending, $32 million to $22 million, as the president cut back.

Mr. Kerry is benefiting not simply from his operation's fund-raising prowess but from the outpouring that would flow to any Democrat who emerged as the party's nominee. Fund-raisers nationwide point to the powerful anti-Bush sentiment running through the party that is manifesting itself through money.

``The money is not just money,'' said Representative Barney Frank, a Massachusetts Democrat who is raising money for Mr. Kerry. ``It's a proxy for enthusiasm.''

But many Democratic fund-raisers give Mr. Kerry credit for moving energetically to help his campaign withstand severe dips in the polls last year and into the early primaries. The campaign made an important decision last November when it declined public financing and the spending restrictions that come with it. The decision left Mr. Kerry free to raise and spend money without limits - a critical ingredient to getting the outpouring of money that flowed in the last three months.

At the time, some Democrats warned that rejecting millions in public money could be a mistake for a flagging campaign. Mr. Kerry limped through the final months of last year as his poll numbers sank and Howard Dean rocketed to the front. Mr. Kerry, who had once led the presidential pack, loaned his campaign $6.4 million as his fund-raisers struggled.

Larry Stone, a California fund-raiser who has collected hundreds of thousands of dollars, recalled that last December he struggled to take in his goal of $25,000 for a campaign event. ``I raised $10,000,'' he said, adding that the money ``came harder than anything I've ever done at the presidential level.''

The campaign entered 2004 with more debt on the books than money in its bank account.

But all that changed in Iowa, where Mr. Kerry's come-from-behind victory began to generate money immediately. Louis Susman, the campaign's national finance chairman, issued instructions for top fund-raisers to collect $10,000 each immediately.

Many fund-raisers recall a brief conference call with Mr. Kerry as he departed a bus to campaign in New Hampshire, the crowd roaring in the background. He delivered a clear message: it was time for the finance team to do its job.

But it was the campaign's Internet site that was most beneficial.

Throughout most of 2003, Mr. Kerry had collected money the traditional way, relying on large events and large checks. He raised only about $1 million online, as Dr. Dean brought in tens of millions.

But a group of campaign staff members and advisers had been working for months to change that. David Thorne, Mr. Kerry's brother-in-law from his first marriage and longtime friend, headed an effort designed to enhance the campaign's appeal online. The campaign recruited Josh Ross, a Silicon Valley executive with political experience, to head the team.

The campaign scrutinized strategies pioneered by the Dean campaign, which experimented heavily with different Internet techniques, and evaluated what worked and what did not. At first, some Kerry campaign veterans resisted raising money through the Internet, several campaign officials said.

``This was a new phenomenon and nobody who grew up in a traditional campaign environment really believed it could happen," Mr. Thorne said. ``We kept trying to get John and the campaign to mention the U.R.L. I don't think anybody was comfortable with that."

But the team convinced the campaign's senior staff to put Mr. Kerry's Web address in the Iowa victory speech. The plug paid off. Campaign aides said the mention on national television caused a tenfold spike in Internet traffic in an instant. In the subsequent days, hundreds of thousands turned into millions as Mr. Kerry continued to win contests and his campaign was fueled by the cash that was instantly available through the Internet.

Even after his victories, Mr. Kerry was struggling to raise as much as he was spending. The campaign was so strapped that after Mr. Kerry's victory in the New Hampshire primary, one California fund-raiser wrote an e-mail to several dozen colleagues asking how much they were raising. The campaign was basing its budget on projected donations - not on money in hand. ``The campaign is literally spending every dollar that's coming in," he wrote.

In early March, when he had emerged from the Democratic pack, Mr. Kerry had roughly $2.5 million in the bank: 45 times less than the president.

By mid-March, the campaign rolled out a schedule sending Mr. Kerry on a 20-city fund-raising tour with an overall goal of raising $100 million by the summer. There were many meetings of Mr. Kerry's top fund-raisers, including one in which Mr. Susman required each to bring $10,000 in checks to get in the door.

Kerry officials had also been actively recruiting Democratic fund-raisers from rival campaigns, a move that significantly expanded the fund-raising network.

``There was a lot of reaching out," said John Merrigan, Mr. Kerry's mid-Atlantic finance chairman. ``We were identifying the leaders in every campaign and getting them to join with us."

Fund-raisers and donors are not without egos, of course, and some campaign officials said it was sometimes difficult to integrate Democrats from rival campaigns into the fund-raising operation. At one point, Mr. Susman banned titles for the top fund-raisers to prevent intense negotiations over who was called what.

There was also the potential for friction between newcomers and veterans. Some Kerry fund-raisers had taken to wearing buttons reading ``4JKB4IA,'' meaning ``for John Kerry before Iowa.'' Aides said the senator himself put a stop to those button after catching sight of one backstage at an event in Virginia.

``He said, `take those off, we are all together now,''' recalled a spokesman who was there, Michael Meehan.

The aides working on Internet fund-raising also intensified their efforts, and launched a drive to raise $10 million in 10 days. With the Democratic Party apparatus uniting behind a single candidate, the campaign was able to use appeals from party luminaries like Senator Hillary Rodham Clinton of New York and the strategist James Carville.

``That was a time when people wanted to see unity,'' Mr. Ross said. ``That was a great way to say it.''

The campaign's fund-raising took off two days after Mr. Kerry won Super Tuesday, when it took in $2.6 million online, a record for a single day. March turned out to be a prosperous month for fund-raising over all as the campaign brought in $43 million, with more than half coming in online.

The pattern continued. Of the more than $100 million Mr. Kerry raised since Super Tuesday, roughly three-quarters has come as a result of mail and Internet solicitations.

Mr. Kerry has now raised $44 million through the Internet and $31 million through mail and phone solicitations. The campaign has sent out more than 15 million letters seeking new donors and several million more asking people who have given to donate more.

The campaign said it had received as many as 40,000 letters a day, and the company that opens Mr. Kerry's mail was so overwhelmed that it dropped the Kerry account.