

# 1990 ANNUAL REPORT

The N.J. Election Law Enforcement Commission



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## THE COMMISSION

### **Owen V. McNany, III, Chairman**

Owen V. McNany, III, is serving his third term on the Commission. ELEC's most senior commissioner, he was appointed Chairman by Governor James J. Florio in February, 1990. Prior to his selection as Chairman, Mr McNany served for two years as the Commission's Vice Chairman. He served on the Commission for a total of six years.

Chairman McNany is employed by the Yorkwood Savings and Loan Association as its President and Director. He is also President and Director of the Crestwood Service Corporation.

A former State Director of the Institute of Financial Education of the U.S. League of Savings Associations, he is Chairman of the Board of Trustees of the Hospital Center at Orange. A member of the Maplewood Chamber of Commerce, he was selected as their "Man of the Year" in 1990. Residing in Maplewood, Chairman McNany is married to the former Patricia Beury. The couple has four children.

### **Stanley G. Bedford, Commissioner**

Stanley G. Bedford is serving his second term on the Commission.

Chairman of ELEC from 1987 to early 1990, Commissioner Bedford is a former judge of the Essex County Court (1972-1976) and the State Superior Court (1976-1986).

A member of the Essex County Bar Association and the New Jersey State Bar Association, he served as Acting Surrogate in Essex County from August 1986 to January 1987 and as Deputy Surrogate from January 1987 to June 1987.

A graduate of Columbia University with a B.A. in 1941 and a J.D. in 1948, Commissioner Bedford is a member of Phi Delta Phi and was a Harlan Fiske Stone Scholar while at Columbia University. Moreover, he serves as Chairman of the Alpha Chi Rho Educational Foundation.

A resident of Nutley, Commissioner Bedford is married to the former Ruth Grey.

**David Linett, Commissioner**

Recently reappointed, David Linett is serving his second term on the Commission. A former prosecutor of Somerset County, he is president of the Bridgewater law firm of Gindin and Linett, P.C.

A member of the New Jersey and District of Columbia Bars as well as a member of the American, New Jersey, and Somerset County Bar Associations, Commissioner Linett is a former Chairman of the State Bar Association's Election Law Committee. He is a past Chairman of the Court's District XIII Ethics Committee, and now serves as a member of the Supreme Court's Ethics Financial Committee.

Commissioner Linett is a graduate of Yale University and Harvard Law School and has served as a member of the New Jersey Supreme

Court Committees on County District Courts and Speedy Trial. He also served as a panelist at the 1988 Conference of the Council on Governmental Ethics Laws (COGEL).

A tireless civic activist, his involvement includes: past Chairman of the Board of Trustees of the Association for the Advancement of the Mentally Handicapped (AAMH), trustee of Proprietary House Association, past President of the Somerville Rotary Club, past member of the Democratic State Committee for Somerset County, and member of the Board of Directors of the Greater Somerset County Chamber of Commerce.

The Somerset County Chamber of Commerce's "Citizen of the Year" in 1989, Commissioner Linett is the father of three children.

#### **S. Elliott Mayo, Commissioner**

S. Elliott Mayo served on the Commission in 1990 until his term ended in January 1991. A resident of Metuchen, former Commissioner Mayo has held numerous elected posts. He served as a Middlesex County freeholder and a Metuchen Councilman. At one time, he was Council President.

In addition to his activity as an elected official, former Commissioner Mayo has held numerous civic positions. Presently Chairman of the Metuchen Planning Board, he is a member of the JFK Health Systems', Inc. Board of Trustees and the JFK Medical Center Executive Committee. He serves as Vice Chairman of the Metuchen Senior Citizen Housing Corporation.

Married to the former Barbara Monnoyer, he is the father of two sons and a partner with Henry G. Richter Inc., in Mountainside.

**Frederick M. Herrmann, Ph.D., Executive Director**

Frederick M. Herrmann is in his seventh year as Executive Director. Previously he was employed by the New Jersey Legislature, where he was a specialist in election law.

Holding a doctorate in American Political History from Rutgers University, Executive Director Herrmann is the author and co-author of numerous books, articles, and reviews in history and government. In 1990, he prepared the Campaign Finance Update for the Council on Governmental Ethics Laws (COGEL), an international ethics organization. Executive Director Herrmann has also taught at Rutgers University and Kean College.

A former Chairperson of COGEL, a past member of the COGEL Steering Committee, and a former Chairperson of the Northeastern Regional Conference on Lobbying (NORCOL), Executive Director Herrmann served on the Council of State Governments' (CSG) Organizational Planning and Coordinating Committee as COGEL's representative for 1990. His efforts on behalf of ethical government were recognized by COGEL this year when it granted him its meritorious services certificate.

**Edward J. Farrell, Counsel**

Edward J. Farrell has been Counsel to the Commission since its inception in 1973. He is a partner in the Morristown law firm of Schenck, Price, Smith and King.

## CHAIRMAN'S MESSAGE

By Owen V. McNary, III

The Election Law Enforcement Commission (ELEC) upheld its tradition of excellence in 1990. Despite deep funding cuts that occurred at a time when the Commission continued to experience an explosion in its workload, the agency, nevertheless, met an exceedingly ambitious agenda - recording many important achievements in the process.

Two White Papers were completed last year. One, Lobbying Reform, set forth powerful and compelling suggestions for reforming the "Legislative Activities Disclosure Act." The second, ELEC Autonomy and Jurisdiction, advanced ideas for expanding the statutory and tradition-based independence of the Commission. It also explored ideas for broadening and narrowing the agency's jurisdiction.

In addition, the Commission produced numerous analytical press releases in 1990, including a review of PAC activity and an analysis of lobbying activity. And, as if these accomplishments were not enough, the Commission applauded the efforts of its Executive Director Frederick M. Herrmann, Ph.D., for his work on the Council on Governmental Ethics Laws' (COGEL) Update of campaign finance laws in the states. Executive Director Herrmann also published a significant article in the COGEL Guardian entitled "How to Structure an Ethics Agency: A Blueprint for Reform."

In an overall assessment of the Commission's performance, Professor Larry J. Sabato of the University of Virginia, a leading expert in the field of campaign finance, said in testimony before the

Ad Hoc Commission on Campaign Finance and Legislative Ethics, "I think it's the most effective state ethics agency in the country." Moreover, in a national study conducted in 1990, the North Carolina Center for Public Policy Research concluded that ELEC "does the best job of all the states in making information available to the public."

In spite of the "double whammy" of budget reductions in combination with an explosive workload, the Commission nevertheless made a strong effort in 1990 in the area of enforcement. Though the statistics show that enforcement activity declined from previous years, completed investigations still numbered an impressive 44 and complaints issued a respectable 176. Further, more than \$32,610 in fines was collected.

Though hindered by funding cuts, which necessitated the reassignment of some Review and Investigation Staff to other sections within the agency, enforcement continued to be pursued vigorously and effectively by a dedicated group of legal and investigative staff members. As a matter of fact, in certain areas, activity remained as energetic as ever. The Legal Section, for example, though struggling to overcome the ill effects of reduced funding and the inability to hire into an important secretarial position as a result, was still able to meet the demand for advisory opinions and regulatory proposals. A total of 12 advisory opinions was rendered in 1990 along with several regulatory proposals.

True to form, the compliance efforts of the Commission remained strong in 1990. Despite a net loss of one position, the Compliance Section was able to meet the rising demand for public information and to process an increasingly complex array of disclosure reports.



Bolstered by a reallocation of staff from the Review and Investigation Section, which still left staff levels in the Compliance Section beneath the level enjoyed in 1989, the Compliance and Information Section processed 17,121 reports.

Moreover, the Commission, through this its most publicly oriented section, succeeded in responding to 11,832 requests for public assistance. In addition, it responded to thousands of requests for public information last year, a task that involved the photocopying of 126,353 pages of disclosure reports.

Of course, no compliance effort would be complete without staff conducting informational seminars. In keeping with tradition, the Commission conducted four on-site seminars for candidates and treasurers. These educational seminars permitted the Commission to inform many candidates and treasurers of the reporting responsibilities under the Campaign Act and demonstrated that the Compliance Section is determined to keep its 90 percent rate of compliance in tact.

The Commission's computerization program continued to make progress in 1990. Though handicapped by a shortage of Data Entry staff, the Commission was able to complete the Primary and General Legislative 1989 Project, which made computerized contributor information available to the public. In addition, the Commission purchased and installed a new and upgraded tape drive, which improved significantly the production of computer tapes.

In a word, even though the Commission's computer programming is suffering under a climate of budgetary restraint, it nevertheless remains highly regarded. In fact, Ohio Common Cause, after completing a study of computerized access to state campaign finance data, concluded that "New Jersey, Washington, and Oregon lead the pack."

While budget cuts will hamper further improvements in its computer operation, the Commission plans to use its reduced data processing funding wisely by entering into a period of consolidation. During the coming year, the Commission plans to solidify its computer gains through enhancing documentation, standardizing usage, and training and retraining programs.

Even though gubernatorial elections were not held in 1990, the permanent public financing staff, nevertheless, completed many important tasks. Among the accomplishments were two public hearings, held for the purpose of reviewing the 1989 program, the completion of an independent audit of the primary and general gubernatorial campaigns, the preparation of regulatory amendments, and the continued monitoring of the 1989 program, part of which is for the purpose of producing the report on the gubernatorial elections.

Obviously, the Commission, like most other state agencies, has been handicapped by a budget crisis that is out of its control. Even so, the Commission was able to retain in 1990 its strong reputation in the field of campaign financing.

Beyond its research, educational, and enforcement activities, and its perch as the agency which administers a model gubernatorial public financing program, the Commission was instrumental in New Jersey's struggle to accomplish meaningful campaign financing and lobbying reform. In this capacity it was singled out by the Ad Hoc Commission on Campaign Finance and Legislative Ethics for its contribution to that commission's admirable efforts toward reform.

Similarly, Executive Director Herrmann continued to make his own special contribution to the field. As noted earlier, he prepared

the COGEL Update which was published by the Citizens' Research Foundation at the University of Southern California. A member of the Organizational Planning and Coordinating Committee (OPACC) of the Council of State Governments (CSG), he also received a meritorious services certificate from COGEL in 1990 for his efforts on behalf of the Model Law Project and the 1990 Annual Conference. It goes without saying that these efforts, which go beyond his regular duties as the chief administrator of ELEC, have helped the Commission gain its excellent international reputation.

The Commission accomplished a record in 1990 of which it can be justifiably proud. Though hurt by budget cuts, and an exploding workload, the Commission maintained its strong standing among governmental ethics agencies. Intelligent budget management, hard work by a dedicated staff, and a combination of management initiatives and service cuts enabled the Commission to turn in a quality performance.

Yet, despite this outstanding record, it is important to express concern about the future if the Commission's budget is not increased and staff enlarged to meet the growing demands on the agency. During the past year the Commission advanced ideas for funding ELEC through alternative sources that would not cost the taxpayers any money. Among these ideas is a suggestion that ELEC be allowed to charge the PACs, parties, and lobbyists a fee for filing reports. As I submit this report to the Legislature on behalf of the Commission, I would urge serious consideration of this proposal and other alternate funding ideas. In the Commission's estimation, their time has come.

## COMMISSION STAFF

### Executive

Frederick M. Herrmann, Ph.D.	Executive Director
Jeffrey M. Brindle, M.A.	Deputy Director
Gregory E. Nagy, Esq.	Legal Director
Carol A. Killingsworth	Executive Secretary

### Administration

Barbra A. Fasanella	Director
Donna D. Margetts, M.P.A.	Personnel Officer
Elaine J. Salit	Fiscal Officer
Debra A. Kostival	Senior Receptionist
Irene Comiso	Assistant Receptionist

### Compliance and Information

Evelyn Ford, Esq.	Director
Virginia Wilkes*	Assistant Director
Carolyn Neiman	Assistant Compliance Officer
Kimberly Key	Assistant Compliance Officer
Barbara Counts	Secretarial Assistant
Monica T. Triplin	Clerk
LaTray L. Jones	Messenger
Elizabeth A. Michael	Messenger

### Computer

Anthony R. Chianese	Systems Administrator
Shirley R. Thorpe	Associate Systems Administrator
Brenda A. Brickhouse	Associate Data Entry Operator
Nelly R. Rosario	Assistant Data Entry Operator

### Legal

Nedda Gold Massar, Esq.**	Associate Legal Director
Lisa Fagan, Esq.	Assistant Legal Director
Ruth Ford	Secretarial Assistant

### Review and Investigation

Judith S. Chamberlain, Esq.	Director
Shreve E. Marshall, Jr.	Assistant Director
M. Susan Williams	Associate Examiner

Gubernatorial Public Financing

Nedda Gold Massar, Esq.\*\*  
Josephine A. Hall

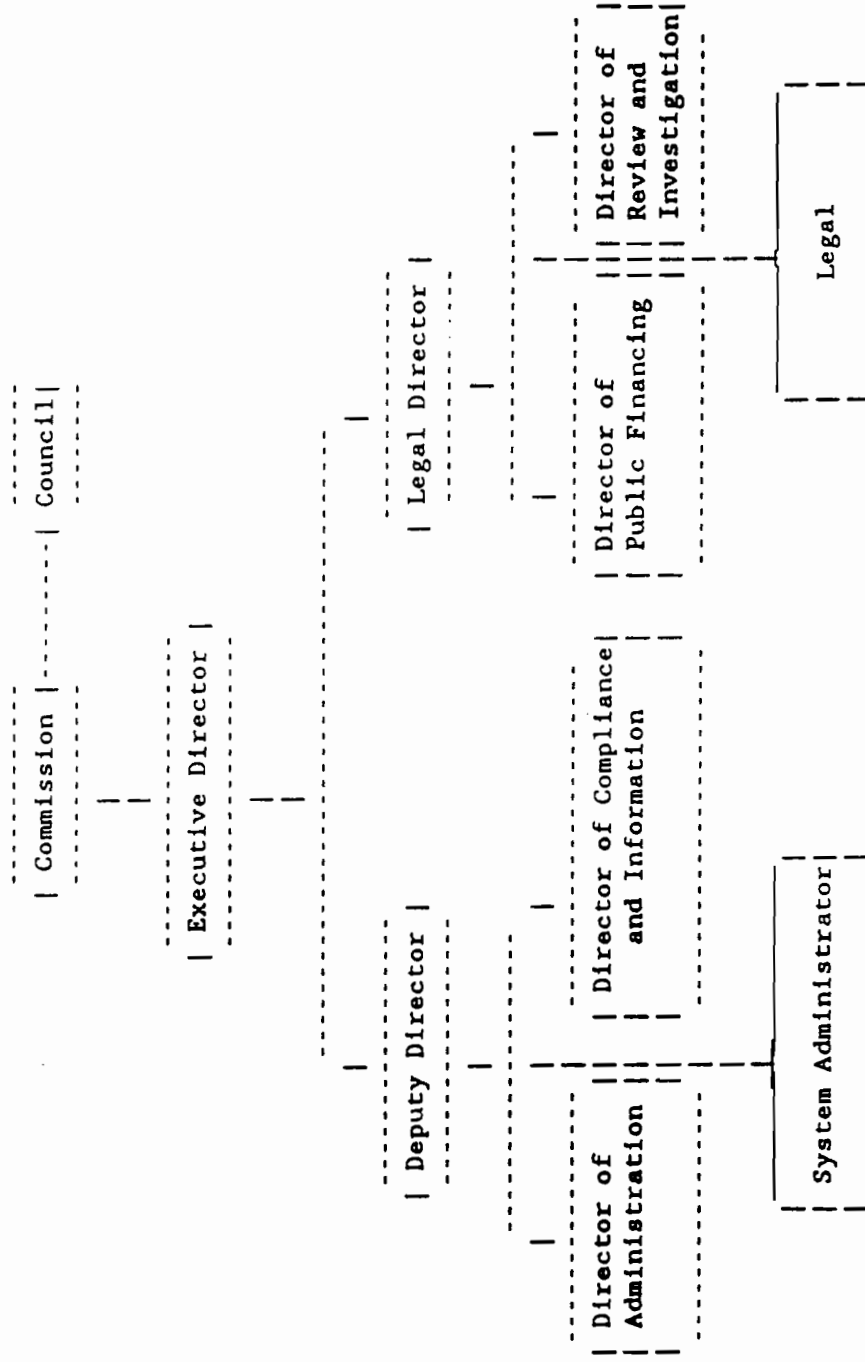
Director  
Secretarial Assistant

\* Virginia Wilkes served as Acting Director for a good part of FY 1991 while Director Ford was on leave.

\*\* Nedda Gold Massar is currently performing a dual function, due to the shortage of staff and the inability to hire additional staff. In addition, Josephine Hall and Ruth Ford are providing much needed secretarial assistance in the Review and Investigation section as well as in Public Financing and Legal.

New Jersey Election Law Enforcement Commission

Table of Organization



**EXECUTIVE DIRECTOR'S REMARKS**  
by Frederick M. Herrmann, Ph.D.

As the national recession continues, New Jersey state government will have to go on finding ways to finance necessary activities. Each agency will be forced to prioritize its functions regularly and attempt to locate alternate sources of funding. ELEC's burgeoning workload combined with steadily declining resources has placed a unique burden on its ability to maintain its nationally recognized leadership in the field of governmental ethics. In response to the current fiscal crisis, the Commission issued its most recent research analysis, White Paper Number Six: ELEC Autonomy and Jurisdiction, to suggest ways to raise and save dollars during a period of extreme budgetary scarcity.

The paper argues that ELEC could be funded by the special interests it regulates and which cause it to exist and not by the taxpayers of New Jersey. The Commission, which is currently struggling to do its job because of a serious lack of funds and an ever-growing workload, could be adequately financed at little or no public expense if PACs, political parties, and lobbyists were required to pay it reasonable filing fees. ELEC, as sister ethics agencies across the nation, desperately needs adequate funding to do its job. With one desk auditor for 17,000 reports filed annually, two data entry operators for recording tens of thousands of contributors each year, one field investigator for the entire state, and no research staff, ELEC is hardly well prepared to monitor the ethical behavior of candidates for public office and those who support them.

However, raising more money is only half of the answer to the Commission's dilemma. The other half is locating savings. White Paper Number Six also carefully reviewed possible areas in which ELEC's jurisdiction could be responsibly narrowed to save funds in places that would not put at risk the maintenance of the highest ethical standards for Garden State government.

The Commission suggested the discontinuance of special district filings. Fire commissioners, sewer commissioners, and garbage commissioners simply do not generate enough financial activity during their campaigns to warrant filing with ELEC. Similarly, school board candidates could be required to file locally instead of with ELEC if the citizens in their districts deem it necessary. Moreover, the various contributor and committee reporting thresholds in the law could be adjusted for inflation to reduce an unnecessary burden on the candidates and commission to keep pace with de minimis activity. The crush of excessive, small filings truly will obscure the forest for the trees - if not the leaves.

ELEC's role in the democratic process in New Jersey is essential to the preservation of public confidence in open and honest government. Yet, without the State taking responsible action to preserve the Commission's ability to perform its mission, that role is in grave danger. To avoid an "ethical shortfall," it is imperative that our governmental leaders make sure that ELEC has the resources and ability to maintain its watch.



## LEGISLATIVE REVIEW

Thirty-five bills were introduced in the Senate and Assembly during the first year of the 204th Legislature. These bills represent potential legislation in the following areas of concern to the Commission:

- Twenty-four bills would amend the Campaign Reporting Act. Many of the proposed changes have been derived from recommendations for legislation contained in Annual Reports or White Papers published by the Commission. The proposed legislation includes bills which would define the permissible uses of excess or surplus campaign funds, would prohibit contributions by corporations or unions except through voluntary PACs, would place per election or annual limits on contributions by certain entities, would authorize ELEC to impose certain filing fees, and would increase penalties for violations of the Campaign Reporting Act.
- Five bills proposed changes to the gubernatorial public financing program and included among other modifications, a bill to expand eligibility to sponsor the gubernatorial primary and general election debates.
- Three bills would implement the concept of public financing of legislative elections.
- Three bills deal with lobbying activity in New Jersey and would significantly expand reporting requirements imposed upon lobbyists and would restrict the amounts spent each year by lobbyists.

### Proposed Legislation

During the summer and fall of 1990, the Ad Hoc Commission on Legislative Ethics and Campaign Finance, appointed by Senate President John A. Lynch and General Assembly Speaker Joseph V. Doria, Jr., met several times with Executive Director Frederick M. Herrmann and other ELEC staff. On October 22, 1990, the Ad Hoc Commission issued its legislative recommendations. Many of these recommendations reiterated suggestions previously offered by ELEC in its White Papers and prior Annual Reports. The recommendations included:

- Increased funding for effective ELEC operations;
- Comprehensive limits on contributions to candidates, political committees and continuing political committees;
- Restrictions on the use of campaign funds, including surplus funds;
- Disclosure of contributors' occupations and employers;
- Registration of political committees and continuing political committees;
- Prohibitions against a loan made to a person for the purpose of inducing that person to make a campaign contribution;

- Higher reporting thresholds to reflect inflation since the enactment in 1973 of campaign reporting. Specifically, the threshold for contributions that must be individually identified should be raised from over \$100 to over \$200, and the threshold for "48-hour" reporting of contributions received immediately prior to an election from over \$250 to over \$500;
- Increased civil penalties for violations of reporting requirements;
- Removal of the "expressly" loophole from the current lobbying disclosure law so that "goodwill" lobbying expenditures are reportable;
- Extension of lobbying reporting to expenditures by lobbyists on legislative staff; and,
- Establishment of quarterly lobbying disclosure reporting and consolidation of the registration of lobbyist function in ELEC.

In addition to the Ad Hoc Commission recommendations, ELEC continues to recommend establishment of filing fees for political action committees (PACs), political party committees, and lobbyists, which fees would be based on the amount of reported contributions; see ELEC White Paper Number Four. In this time of declining State revenues, the most viable means of supporting meaningful campaign and lobbying disclosure would be requiring filing entities to pay a user fee based on gross receipts. The amount of reported receipts has a direct and vital impact on the workload of ELEC. User fees would

impose the burden of support of meaningful campaign finance disclosure on the entities that generate campaign finance data. Therefore, ELEC continues to urge consideration of reasonable filing fees pegged to reported receipts.

Other legislation that ELEC recommends includes:

- Prohibit campaign contributions directly from corporations or labor unions, except through their voluntary political action committees (PACs);
- Raise from \$1,000 to \$2,000 of outstanding obligations the level at which ELEC can administratively terminate postelection reporting requirements of candidates and committees;
- Mandate that active candidates and committees be required to file quarterly reports before and after the campaign cycle reporting currently required by law and delete the 60-day postelection campaign reports;
- Establish civil jurisdiction in ELEC to enforce requirements that political advertising identify the person paying for it;
- Exempt candidates for municipal charter study change commission or for special taxing districts from reporting requirements;
- Repeal superfluous reporting obligations for some municipal candidates which obligations predate the establishment of the Reporting Act requirements; see N.J.S.A. 40:73-1;

- Amend the personal financial disclosure law to require disclosure by gubernatorial and legislative candidates of not only the sources of gifts, honoraria and reimbursements, but also the amount of funds given or paid, and lowering the reporting threshold of gifts from more than \$250 per year to more than \$100 per year, which is the same threshold that currently exists for honoraria and reimbursements. The contributors of benefits should be required to reveal their employers as well. Also, this law should be strengthened to disclose more clearly major sources of private income that could represent conflicts of interest and changed to require reporting 20 days after the filing of nominating petitions instead of only 10 days;
  
- Establish a provision for the escheat of: unexpended surplus campaign funds remaining at the death of a candidate or elected officeholder, unexpended surplus campaign funds of former candidates or elected officeholders who move out-of-State, and campaign funds that remain dormant in an account over a specified number of years;
  
- Lengthen the time for the Commission to respond to a request for an advisory opinion from 10 to 35 days;
  
- Amend the statute governing the content of nominating petitions (i.e., N.J.S.A. 18A:14-10) of school board candidates requiring that such petitions give notice of filing requirements with ELEC; and

- Enhance commissioner compensation and lengthen commission terms. Commission members are currently compensated at \$250 per meeting, plus expenses. The ever-increasing complexity of campaign finance requires a more burdensome time commitment from the commissioners. Commission membership should always be open to persons without regard to personal wealth. Therefore, commissioners should be compensated on a salaried basis, with State benefits, as are members of the State Commission of Investigation (SCI). Also, the existing three-year term of commissioners should be expanded to six years, which is the length of terms at the Federal Election Commission (FEC). The complexity of regulation in campaign finance demands an expertise that is not quickly acquired. Further, under the existing three-year term structure, the entire membership of the Commission could be without any personal experience in administering a publicly-financed gubernatorial election, which occurs every four years. Finally, lengthened terms will add an additional measure of autonomy to the Commission's structure.

## LEGAL SECTION

The Legal Section is responsible for reviewing proposed legislation (see Legislation Section), preparing advisory opinions, promulgating regulations, prosecuting civil complaints, and collecting fines. As a result of budget cuts and personnel reductions, retrenchment and reprioritization proved to be the operative words in these areas during 1990. Nevertheless, there were important accomplishments.

### Complaints

Faced with a reduced number of legal and clerical personnel, the Commission in 1990 elected to focus complaint activity on substantive reporting violations, and on candidates failing to file reports. Therefore, late reporting was assigned a lower priority, and the high volume of such complaints that has been generated in past years was not present. As a result of that decision, a backlog of investigative matters requiring complaint action that had accumulated during the busy 1989 election cycles was eliminated. A total of 176 complaints were issued in 1990, most of which concerned candidates who had not filed reports. Revenues from collection of fines imposed as a result of complaint prosecutions totalled \$32,610, the second highest total for a calendar year since the Commission's inception.

There were two significant opinions issued in complaint cases that proceeded to hearings in the Office of Administrative Law:

- In ELEC v. Lohbauer and Esola, the requirement that a candidate file timely notice (Form SR-1) with the Commission that a joint committee would be filing

reports on behalf of the candidate was upheld. The opinion is significant because a substantial number of candidates chose to designate a joint campaign committee to file for them, and permitting delay in notices of such designations would jeopardize meaningful campaign finance disclosure.

- In ELEC v. D'Alessio and Thor, a candidate as well as his campaign treasurer was held subject to penalties for late disclosure of "street money" recipients, and late disclosure of contributions of more than \$250 received immediately before the date of the election (i.e., "48-hour" notices). The candidate contended that as a matter of statutory construction the Reporting Act placed exclusive liability on the campaign treasurer. The decision has been appealed by the respondents to the Appellate Division of New Jersey Superior Court.

The State Supreme Court granted certification of an appeal by the Commission of an Appellate Division opinion which held that the Commission could not obtain access to Grand Jury proceedings and exhibits, notwithstanding that the Grand Jury had issued a presentment recommending such access for the purpose of investigating campaign contributions; In the Matter of An Application for Disclosure of Grand Jury Testimony. Oral argument on the appeal occurred in early 1991.



### Advisory Opinions

The Campaign Reporting Act provides an opportunity for any person who may be subject to its provisions to request an advisory opinion from the Commission as to whether a given set of facts or circumstances might give rise to reporting requirements. During 1990, the Commission received 13 requests for advisory opinions, some of which highlighted the impact of new technology on fundraising. For example, in Advisory Opinion No. 09-1990, the Commission approved establishment of a "900" line telephone service as a campaign solicitation vehicle subject to certain operational and record keeping restrictions. Also approved was the use of credit cards for contributions to a political action committee (PAC); see Advisory Opinion No. 11-1990. Other opinions included the following subjects;

- A candidate for State office was permitted to retain surplus funds remaining unexpended for a possible future State reelection candidacy, or for a possible federal candidacy, provided certain reporting requirements were met (Advisory Opinion No. 01-1990); and another candidate was permitted to use surplus funds for funeral expenses of a volunteer campaign worker (Advisory Opinion No. 04-1990);
  
- A continuing political committee (CPC) was permitted to use its funds for a non-partisan environmental event (Advisory Opinion No. 02-1990), and another CPC was permitted to purchase a computer subject to restrictions intended to prevent personal use of the equipment (Advisory Opinion No. 03-1990);

- A candidate was not required to report the value, if any, of discount coupons appearing on campaign literature which provided a reduced price on the purchase of pizza because the Commission viewed the coupons as a commercially viable activity intended to promote the business of the participating restaurants (Advisory Opinion No. 10-1990);
- A municipal governing body was not required to file campaign reports in regard to expenditures it made to promote passage of a public question because the expenditures were made pursuant to a duly adopted resolution of that body (Advisory Opinion No 05-1990);
- A candidate for a municipal political party committee is not subject to reporting requirements of the Act (Advisory Opinion No. 06-1990);
- The Commission demurred from issuing an opinion to a candidate who had used campaign funds to purchase clothing for himself and refreshments for campaign workers because the request for the opinion was made after the expenditures had been made, and the Commission would not retroactively decide on past conduct (Advisory Opinion Request No. 11-1990);
- A partnership enterprise composed of two corporations was advised it did not have an obligation to file reports because it made political contributions, and was advised that for purposes of observing the

contribution limit on contributions to gubernatorial candidates, any contribution it made must be attributed to the corporate partners (Advisory Opinion No. 08-1990);

- An association of alternate power producing companies asking if criminal statutes prohibiting campaign contributions from certain regulated corporations applied to the association was referred to the State Attorney General because of lack of ELEC jurisdiction (Advisory Opinion No. 07-1990); and,
- A coalition formed for the purpose of lobbying was advised that the Legislative Activities Disclosure Act required it to file lobbying reports if it expended more than \$2,500 in a calendar year, and addressed the lobbying reporting obligations of the coalition members (Advisory Opinion No. 12-1990).

#### Rulemaking Activity

The Commission rules were readopted, with amendments, during 1990. Pursuant to Executive Order No. 66 (1988) (i.e., "Sunset" requirements), the Commission must review its regulations and readopt them periodically in order to prevent expiration. The readoption was accomplished on October 1st, and the new expiration date became October 1, 1995. Amendments made concurrently with the readoption included:

- Adding a definition for the terms "file" and "filed" to mean deposited in the Commission offices;
- Conforming the reporting requirements of write-in candidates receiving a contribution of more than \$100 to the requirements on other candidates; and,
- Specifying that expedited mail or other expedited delivery method may be used for "48-hour" notice filings, but not permitting electronic facsimile transmission.

Budget considerations compelled other rule-making actions. The Commission proposed in late 1989 to require filing of personal interest disclosure statements when a campaign expenditure was made in which a candidate or treasurer, or any of their family members, had a financial interest. The statement would have required disclosure of any payment to a candidate, treasurer, family member, or business owned by a candidate or treasurer, and would have required disclosure of the rate of compensation, or the per item cost of goods purchased. The Commission reluctantly withdrew the proposal because it concluded that budget and personnel reductions would not permit effective implementation.

Finally, the Commission proposed and adopted increases in its copying fees to reflect its increased costs for providing copying services. Also, it repealed a regulation specifying its office hours because of concern that further budget reductions may compel reductions in those hours.

## REVIEW AND INVESTIGATION SECTION

Despite the budget cuts and subsequent staff reallocations experienced in 1990, the Review and Investigation Section performed effectively. The Section, which suffered a 40 percent loss in personnel in 1990, is responsible for reviewing campaign and continuing political committee reports in order to uncover potential violations of the Campaign Act and for investigating possible violations of the Act.

### Organization of Staff

In 1985, the Review and Investigation Section was established as the result of an agency-wide reorganization. The section is divided into two units: desk auditors (report review staff), and a field auditor (investigative staff). At the beginning of 1990, the staff was comprised of a director, three report reviewers, and one investigator. Due to staff reallocations within the agency, the Review and Investigation staff was reduced by two report reviewers. Nonetheless, through prioritization and management initiatives, the section remained productive.

### Investigations

In the past, the section's investigator would conduct field investigations of allegations arising under the Campaign Act. To reduce costs and staff time out of the agency, almost all investigations are now conducted at the Commission offices.

Investigations are initiated either in response to external sources such as receipt of a specific allegation in writing from a member of the public, or by internal activity such as report review staff discovering a potential violation of the Campaign Act in a filed report. Since the report review staff was reduced by two-thirds in 1990, the number of internally-generated investigations generated by report review greatly diminished. Thus, of the 46 investigations opened in 1990, only five were generated by internal activity.

In 1990, 46 investigations were opened and 44 were closed. Of the 44 completed investigations, 22 resulted in complaint actions which ultimately resulted in the issuance of a total of 36 complaints. These complaints addressed substantive violations of the Campaign Act, as follows:

- late reporting of 50 contributions totaling nearly \$15,000;
- failure to file 48-hour notice of receipt of eleven contributions each in excess of \$250 totaling \$11,500;
- failing to disclose the ultimate recipients of over \$27,000 disbursed to election day workers;
- failing to file 48-hour notice of receipt of three contributions totaling \$41,500; and,
- failure to maintain records of campaign activity as required by the Campaign Act and Commission Regulations.

Anonymous requests for investigations are pursued if there is identification of a person or entity subject to the reporting requirements of the Campaign Act and an allegation of a violation of the Campaign Act. In 1990, 12 anonymous requests were received, none of which provided sufficient information to support the pursuit of an investigation.

### Report Review

The report review functions were severely reduced in 1990 as a result of the decrease in staff. Generally, the report review staff reviews campaign reports as well as reports filed by continuing political committees, lobbyists, legislative agents, and gubernatorial and legislative candidates disclosing personal finances. It also prepares contributor information for statistical analysis and release to the public, and it assists filing entities in correcting discrepancies in the reports. The staff shortage forced the section to limit its activities in the review and preparation of contributor information, and in the review of reports for recommendation of late filing and non-filing complaint action.

Both the number of reports filed with the Commission and the amount of contributions and expenditures reported on each report has significantly increased. For example, between 1987 and 1989, Assembly fundraising increased by 27 percent, with total receipts reported by Assembly candidates through November 27, 1989 amounting to \$9,787,549. In 1987, receipts reported by Assembly candidates totaled only \$5,971,427. The reviewing and coding of such a massive amount of data would be a monumental task even at peak staffing levels. The expeditious preparation of contributor information for the 1989 primary and general elections by the section's remaining report reviewer attests to her outstanding performance.

The Review and Investigation Section also provides public assistance to candidates, political committees, PACs and lobbyists with technical questions concerning the requirements of the Campaign Act. Staff responds to reporting questions over the telephone or in person in the Commission's offices. In 1990, the Section responded to 1,52 technical assistance requests.

#### Other Activity

The Review and Investigation Section provides assistance in prosecution for administrative hearings. For each complaint that results in a hearing, staff prepares a chronology of events detailing ELEC's mailings to the respondents and summarizing the filings of the respondents. Staff members also serve as the Commission's witnesses.

The Section also does research for responses to advisory opinion requests. Staff members provide background information regarding the filing status of a requesting entity and rely on their report review expertise to suggest appropriate technical solutions to reporting questions.

Technical assistance is also provided for the drafting of Commission regulations. The Section provides information and analysis as to how regulations involving new fundraising developments or reporting techniques impact upon Commission procedures.



## COMPLIANCE AND INFORMATION SECTION

Despite serious budget cuts that resulted in staff losses, the Compliance and Information Section was able to accomplish its task of providing information to candidates and treasurers in 1990. In addition, the Section maintained its ability to respond to the public's increased demand for information related to the campaign finance activity of candidates and committees, and to the intensified interest in the activities of lobbyists.

The efforts of staff to accomplish these vital tasks did not come without cost, however. Because of the severity of the budget and staffing restraints last year, numerous reductions in service were forced upon the Compliance Section, which had to streamline its operations in order to meet the statutory requirements of providing information to the public and to the entities that file with it.

### Compliance

The Compliance and Information Section was extremely busy last year. Though 1990 was a non-legislative year, the Section still processed over 17,000 disclosure reports.

In 1990, the trend by candidates and committees toward filing lengthier, more detailed reports continued. For example, the number of candidates and multi-candidate committees filing detailed reports, which must be filed when spending thresholds of \$2,000 and \$4,000 respectively are exceeded, continued to increase last year. During the 1990 general election alone, the Section received approximately 4,500 detailed reports, an increase of 10 percent from 1988. The number of continuing political committees reporting to the

Commission continued to increase too, as did the complexity of their reports. Finally, the activity of lobbyists remained significant, with more and more filers acquiring an increased sophistication about the disclosure law. This sophistication generated more telephone calls and resulted in more complexity in reporting.

As in the past, the compliance rate by candidates attained by the Commission was over 90 percent. In fact, in the general election, candidates complied with their filing responsibilities at an excellent rate of 94 percent. Certainly, the Section's effort to educate candidates and treasurers about their filing obligations through such outreach activities as information sessions and technical assistance continued to bear fruit.

The rate of compliance by continuing political committees (CPCs) remained high as well. Overall, CPCs, which include PACs, personal PACs, and political party committees, filed timely and complete reports at a rate of 90 percent. Moreover, the actual number of CPCs filing reports with ELEC climbed in 1990 to 1448, with an average of 14 new committees per month seeking certification in this category. And, while there was an overall increase in the three categories of CPCs, the increase in the area of personal PACs was most striking, increasing by 24 percent over the previous year. In a word, activity within the realm of CPC filings continued to be brisk, with more and more groups entering the system as the months passed.

Interest in the area of annual reporting by lobbyists remained high in 1990. A total of 529 lobbyists and legislative agents exceeded \$2,500 in spending in 1989, requiring them to make an annual report to the Commission in 1990. Their financial activity, though slightly less than the previous year, remained high at \$8,599,381.

The Sections's attempts to educate would-be filers last year remained energetic despite budgetary pressures. To assist candidates and treasurers in complying with the Campaign Act, for example, the Compliance and Information Section conducted four in-house informational seminars. The seminars helped to advise these individuals of their filing requirements under the Campaign Act. They also gave staff the opportunity to assist candidates and treasurers personally with their efforts to file their reports correctly with the Commission.

Attempts were made to assist continuing political committees in meeting their filing requirements as well. Reminder notices, including all necessary forms and instructions, were mailed prior to every quarterly filing due date. In addition, a series of delinquent and nonfiler letters were mailed immediately after the due dates to those entities which did not file. The Section's continued efforts to assist entities file timely disclosure reports continued unabated in 1990.

Finally, outreach to lobbyists continued to help these individuals and groups conform to the requirements of the "Legislative Activates Disclosure Act." Prior to the annual filing date, every registered Legislative Agent received a detailed mailing including forms, instructions, regulations and the Legislative Reporting Act. In addition, readily available in the Commission's public room, were copies of this mailing for any lobbyists needing extra forms.

#### Management Initiatives

As part of its strategy to deal with reduced levels of funding, the Compliance and Information Section limited requests for information to the current election during the periods immediately preceding and following the primary and general elections. The

limitation was a temporary measure and imposed as a final resort. In spite of this restriction, however, the Section received approximately 1,500 requests resulting in over 103,900 photocopies being made during 1990.

Similarly, during the general election, the Commission had to extend the period for disclosing filed reports to the public from 48 hours to 72 hours. Even in the past, an agency-wide effort, with staff working late nights and through weekends, was required to accomplish the task of providing information to the public within 48 hours. In 1990, working with the need to keep overtime expenditures at an absolute minimum, the average disclosure date still occurred only three days after the report due date because of management initiatives.

Seeking to decrease its mailing costs, the section adopted the policy of finalizing any continuing political committee that became inactive over a four-year period. This process not only reduced mailing costs, but also created a more efficient continuing political committee mailing list.

In the same spirit, the Section streamlined information in the "Compliance Manual for Campaign Reporting" and was able to reduce the booklet to 25 pages. Furthermore, the Commission, unlike past years, did not have the Compliance Manual professionally bound, but instead had it photocopied. These two management initiatives, making the manual physically lighter so that it would cost less to mail and producing a non-bound manual, enabled the Commission to mail all necessary information to candidates and treasurers at a lower price to the taxpayers.

Due to budgetary cuts, the Section reorganized its system of retaining campaign records. Through management initiatives, the

Section reduced the amount of time and money required to retrieve election documents. Previously, prior election reports were delivered to off-sight retention buildings. Therefore, when members of the press and public requested past election reports, staff members had to drive and pick-up the reports. To compensate for staff losses, the Commission expanded the amount of reports it stores in-house at its Trenton office. The Commission now has available on-sight election reports, as far back as 1987. Secondly, the Commission transferred all records to one, less costly, off-sight retention building. Not only did this move prove to be cost effective, but it reduced travel time. Because more records are in-house, staff travels less frequently to the off-sight retention building. Furthermore, when staff does have to retrieve off-sight records travel is kept to fewer than four miles.

The Commission newsletter, the "ELEC REPORT", was not published in 1990. Even though the readership was growing at a rapid rate, the Commission no longer has the resources to publish this very popular informational organ. It is the Commission's hope that resumption of the "ELEC REPORT", as well as other services, will resume once funding is restored to the levels necessary to undertake the activities performed in the past.

#### Workload Increases

Telephone assistance to candidates, treasurers, the press, and public is ever-increasing, with an "all time" high in 1990 that averaged 625 telephone calls a month. This amount represented a 64 percent increase in telephone assistance over just a two year period, with telephone assistance in the Compliance Section averaging 379 calls per month in 1988. The majority of telephone calls were handled by the Compliance Officers of the Section; however, as the demand necessitated, assistance from other sections was required.

The Compliance and Information Section published 38 press releases during 1990. The releases announced upcoming Commission meetings and public disclosure dates, and provided analytical data on topics of interest in the field of campaign finance and lobbying.

One release was an analysis of expenditures by lobbyists. It emphasized the need for reform due to the "expressly" loophole in the law and the need to capture more critical lobbying-activity information on the reports.

Another was an analysis of contributions by Political Action Committees (PAC's). This release emphasized the increase in activity by these entities during recent elections and the need for them to disclose the type of interest they represent and who is in control of them.

### Conclusion

In summation, the Compliance & Information Section was able to fulfill its mission by giving thoughtful consideration to its many obligations and prioritizing them. The impressive compliance rate in 1990, 94 percent, was primarily due to the Section's effective educational programs. Staff conducted informational seminars, gave technical assistance both in person and on the telephone, and provided the candidates and committees with a plethora of instructional mailings. Nonetheless, the Section's informational functions have been curtailed. As previously described, temporary restraints were placed on the availability of reports from past elections, the disclosure date of filed reports was extended, and some informational analyses were discontinued. It is the Compliance and Information Section's hope that the Commission's financial situation improves so that all functions may be resumed.

## PUBLIC FINANCING SECTION

Administration of New Jersey's gubernatorial public financing program represents one of the Commission's on-going statutory responsibilities. Successful operation of the public financing program, which distributed \$15.3 million to candidates during the 1989 primary and general elections, requires substantial postelection review, as well as review of the 1990 inaugural event contributions.

Public Financing analyst staff positions expired in June of 1990, at the conclusion of Fiscal Year 1990. However, the permanent positions of Director of Public Financing and Public Financing Secretary have been retained on the staff of the Commission. Efforts to review and conclude the 1989 program are therefore being accomplished without draining the Commission's already limited staff resources.

### Campaign Disclosure Continued

The eight 1989 primary election and two 1989 general election publicly-financed campaigns continued during 1990 to file campaign reports containing contributor and expenditure data which required review and data entry. During 1989, public financing staff efforts had concentrated upon prompt dissemination of contributor data for use by the public. In 1990, staff focused on undertaking a major enhancement of its ability to produce computerized data on expenditures by gubernatorial campaigns. Existing computer software was modified to permit entry of complete expenditure information, including identification of the recipient of each disbursement of campaign funds. Expenditure transactions for the \$15.1 million spent by the eight primary election campaigns and the \$10.9 million spent by the two general election campaigns were reviewed and entered into the computer database.

Requests from the public for complete expenditure information for each campaign therefore may now be generated by computer and no longer require staff time to locate and copy reports, an initiative that should prove to be of significance in this time of limited staff and reduced budget.

#### Audits of the Publicly-Financed Campaigns

In order to maintain public confidence in the integrity of the Public Financing program and to assure the public that funds awarded to the gubernatorial campaigns were properly spent, a financial review of each primary and general election campaign was conducted by an independent auditing firm during 1990. Financial activity was examined in both the public funds and non-public funds accounts of each campaign. Compliance with the primary and general election expenditure limits was verified.

This review serves not only as a mechanism to achieve compliance with statutory and regulatory requirements, but also permits staff to identify questions and issues which should be codified or strengthened in Commission regulations. Review of existing public financing regulations is a complex task which must be undertaken in preparation for the next public financing cycle.

#### Inaugural Activity

Contributions to gubernatorial inaugural events are capped by a contribution limit which was increased from \$250 to \$500 by the 1989 amendments to the public financing law. It is the responsibility of the public financing staff to monitor all inaugural contributions for adherence to that limit.



Reports filed by the Florio inaugural committee, Inaugural 90, reported almost \$1.9 million in contributions arising from approximately 4,400 contribution transactions. This record activity represented a substantial increase over the approximately \$422,000 raised and 1,900 contribution transactions reported by the Kean inaugural in 1986. This contributor data was reviewed and entered during 1990 into the public financing database and is available to the public.

### Public Assistance

Interest in the financial activity of the 1989 gubernatorial campaigns remained high during 1990. The public financing staff handled 390 telephone inquiries from the public and provided over 22,000 pages of computer printouts and other documents to interested individuals. Computerized contributor data available from the 1989 campaigns continues to be a valuable resource for New Jersey candidates for many offices, for students and researchers, and for the general public.

New Jersey's years of experience with public financing are of interest to other jurisdictions which are contemplating adoption of public financing programs. Commission staff has therefore held training and information sessions for officials of out-of-state sister agencies to explain administration of the New Jersey public financing model and its computer component.

### The Future

Activity undertaken during 1991 will be crucial to the successful operation of the 1993 public financing program. Staff will critically evaluate its procedures in order to streamline and improve

the program. Commission regulations will be examined and modifications will be proposed where necessary. Work will begin on the statutorily mandated campaign cost index report. A statistical and historical analysis of the 1989 public financing program will be published during 1991.

Staff expects to receive inquiries from potential gubernatorial candidates and their supporters beginning late in 1991 or early in 1992. It is therefore imperative to prepare for the next public financing cycle. Tasks which were completed during 1990 and those anticipated during 1991 will form the essential groundwork for New Jersey's 1993 public financing program.

## COMPUTER SECTION

The Computer Section is comprised of two major areas, data entry and computer systems/operations.

### Data Entry

The staff in the data entry area was utilized in 1990 for keying all filing status information derived from reports filed with the Commission, including total receipts and total expenditures information from the 1989 legislative primary and general election reports. Elections keyed included: municipal, runoff, and general elections. In addition, detailed contributor information has been keyed for the legislative Assembly candidates in the 1989 primary and general elections.

The data entry staff also assisted the Commission with other responsibilities last year, including the filing, sorting, and coding of reports for the Compliance Section. Moreover, the staff helped the Compliance Section with sorting and delivering mail and answering phone calls. Finally, the staff assisted the Public Financing Section with the keying of gubernatorial reports, and the Legal Section with entering complaint information.

In sum, the Data Entry staff is primarily responsible for entry and maintenance of all information input into ELEC's Prime Information Data Base Information System. However, in this era of budgetary scarcity, the members of the Data Entry staff have busied themselves with assisting with many other functions in the agency which require support as the result of overall Commission staff shortages.

## System Operations

The Computer Systems/Operations area responsibilities include maintaining the system software for the Prime Information 4050 operating system and the personal computers used by the secretarial staff.

As part of the maintenance function relative to the Prime System, this area is responsible for taking steps which will ultimately result in upgrading the various systems and improving the capability of the computer system to do its job. Among these steps in 1990 were:

- A. The Prime Computer's tape unit has been upgraded from single density to quad density reading and writing. This upgrade provides all tape functions including daily, weekly, and monthly backups to run two to three times faster than previously. This upgrade also permits tape reels to be used at only 50 percent of the prior rate. A net savings in tape reel purchasing costs and overall computer run times has been accomplished as a result.
- B. Lobbyist report keying procedures have been documented. Also input and output batch controls have been implemented to facilitate data integrity and timely reporting of all lobbying statistics. Data entry keying instructions have also been written and documented.
- C. Tighter computer room security has been enforced, allowing only authorized data processing personnel access to the computer room area and equipment.

- D. The computer room environment has been cleaned up and organized. All non-essential paper and supplies are stored in other areas.
- E. The Prime computer hardware and software library has been organized and documented in a master file index reference manual.
- F. A computer equipment inventory manual has been documented to include users' names, locations and installed software.
- G. Computer output tapes of campaign finance contributor data is made readily available to election data users. This program is executed from Prime's information menu process.

In regard to the function of providing support and maintenance to the personal computer system, procedures were documented and standardized in 1990 for the purpose of backing up all personal computer software and user data documents. Further, secretaries were trained in the first of an ongoing series of information training sessions. Moreover, new personal computer, word processing, data base, and spread sheet software applications were created which were instrumental in supporting a variety of public finance, legal, and compliance requests.

In conclusion, the Computer Section's primary goal is to support and service its users and the public with timely data. The effort to maintain and enhance this function in order to better serve the needs of the public in the future will require further improvements

and new ideas. Though budget cuts in FY 1991 and FY 1992 have forced the Computer Section into a consolidation mode, every attempt will be made to insure that computer operations remain at a high level during the coming months.

## ADMINISTRATION

During 1990, the Administration Section effectively met the increased fiscal and personnel demands of the Commission. An essential part of the agency, Administration provides all management services for the Commission.

Since ELEC is "in but not of" the Department of Law and Public Safety, the Department has no administrative responsibility or control over the Commission.

### Managing the Budget

During FY 1991, the Commission has been operating on an appropriation of \$1,086,000, which is \$100,000 less than the target originally approved by the Office of Management and Budget in the Department of the Treasury. This loss amounts to an eight percent reduction. The budget has been met through an internal hiring freeze begun at the end of the last fiscal year, and reductions in some internal functions. The following measures, among others, have been taken to reduce expenditures and avoid costs:

- the postponement of the investment in a new xerox machine, saving \$12,000.
- A moratorium on the purchase of major computer items.
- The in-house production of reports, saving printing costs.
- The elimination of the Commission's quarterly newsletter.

In addition to the internal constraints ELEC has placed upon itself, OMB placed into reserve or froze a total of \$23,490 of ELEC's operating budget. This further reduced ELEC's budget to \$1,062,510.

Through attrition and a reduction in many internal functions, the Commission has been able to manage within its financial constraints this fiscal year without the need for layoffs. However, working with a reduced staff of 28 people (an 18 percent reduction since 1990 when staff levels were at 34), makes an ever-increasing daily workload more and more challenging. During FY 1991, ELEC was allowed, for the first time, to retain its fine revenues. This source of funding has become essential during the course of the fiscal year, as it is being used to cover deficits in various accounts. ELEC has now requested of OMB permission to carry forward any remaining funds from the revenue account so as to provide a small cushion for the Commission in subsequent fiscal years. ELEC is anticipating that this request will eventually be approved.

Looking forward to FY 1992, the Commission's operating budget for continuing operations is anticipated to be \$1,052,000. This amount provides funding for day-to-day operations and includes the two positions made permanent in FY 1990 to provide for the continued and essential review of the over \$15 million of taxpayer money spent on the Public Financing program. There will be no special purpose appropriation in FY 1992 for the Public Financing program because there will be no gubernatorial elections next year.

The FY 1992 proposed budget of \$1,052,000 is \$34,000 less than the original appropriation for FY 1991, thus bringing the reduction since FY 1989 to 15 percent. A total of \$23,490 from ELEC's FY 1991 operating budget was frozen, reducing the actual dollar amount available to \$1,062,510.



Needless to say, the added cuts in FY 1992 will place further strain on the Commission's trimmed budget resources, placing an enormous challenge in the way of the Administration Section in its attempts to navigate the Commission through the rough fiscal seas of FY 1992. Throughout the last two fiscal years, a primary goal of the Commission was to manage the budget in a way that averted layoffs. By implementing an internal hiring freeze and by taking other budget-trimming measures, the Section was able to help the Commission accomplish this important objective. It plans to keep sight of this important goal in FY 1992, making it again a top priority.

Despite this stated objective, however, the ability of management to avert layoffs in FY 1992 is shrouded in uncertainty. Though its tight fiscal controls, prudent planning, and foresight in budgetary matters has permitted it to accomplish this goal thus far, the possible combination of increased salaries together with budget cuts and lack of salary program money, may well be enough to bring the Commission to a fiscal abyss wherein it can no longer avoid this unfortunate situation. As it has in the past, the Administration Section will do everything possible to manage the budget in a way that avoids layoffs. Certainly such an effort will prove taxing, with close scrutiny of its operating accounts and the extension of its basic policy of not hiring into vacated positions (down to a certain level) a virtual necessity.

Whether or not staff levels, through some means or other, are further reduced in FY 1992, one thing remains clear. The austere budget situation will place enormous strain on scant staff resources and will necessitate the continuation of service reductions. In 1991, the Senate and Assembly will be up for reelection. The public interest in these two races will be overwhelming, putting tremendous pressure on the compliance and information section, as well as the computer, legal,

and review and investigation areas. Without doubt, the coming year will be exceedingly difficult; yet if history is a guide, the Commission, with the support of the Administration Section will handle the personnel and fiscal strains that unavoidably accompany a budget situation that is compounded by an economic recession.

#### Expanded Office Space

In addition to the twelfth floor space which the agency presently occupies, the Commission was approved in FY 1990 for occupancy of most of the thirteenth floor. As the initial plans were being implemented for this move, the Commission was asked if it would agree to delay the move to permit use of the space by the new governor's transition team. The Commission quickly and graciously agreed to this arrangement as temporary office space in downtown Trenton is very scarce. Thus, occupancy of the thirteenth floor was accomplished in April, 1990 after a six-month delay. In July, ELEC was asked to vacate part of its space on the thirteenth floor for the Board of Public Utilities (BPU). ELEC regained this space in December and currently occupies all of the thirteenth floor except for one office which is separated from the ELEC floor space.

#### Personnel Shifts

During 1990, there were two major personnel shifts made within the Administration Section. In February, the Director of Administration resigned. In March, the Administrative Assistant in this section also resigned. This loss of key staff members created a situation whereby the Deputy Director temporarily assumed direct responsibilities for overseeing the Administration Section. To assist the Deputy Director with the added responsibilities of the Administration Section, a staff member from the Review and

Investigation Section was assigned to this area. This staff member was a former Grants Analyst at Kean College and had a background in State budgetary procedures. At this time, the staffer was given the internal title of Coordinator for Administrative Services. Subsequently, this individual was appointed Director of Administration. This reallocation of staff was done to adhere to ELEC's internal "hiring freeze" to avoid possible layoffs. Currently, there is a statewide hiring freeze in effect.

#### Other Activities

In December 1990, the Administration Section organized its first Ethics Seminar. Anthony Scocozza, from the Executive Commission on Ethical Standards, was the guest speaker. The subject was ethics and gifts. An ethics seminar will now be held on an annual basis. In addition to the Annual Seminar, the publication of a quarterly ethics memorandum was initiated in 1990, prepared by the Director of Administration, who serves as Ethics Liaison Officer. These quarterly memorandums are intended to keep staff current on ethics issues. As an ethics agency, ELEC believes that it is especially important to create a sensitivity among staff on the subject of ethics and ethical behavior. ELEC has one of the most comprehensive Ethics Codes in the State.

During the latter part of 1990, the Administrative staff completed a manual outlining procedures relative to each of the components of the section. The day-to-day administrative, personnel, and fiscal functions have their procedures outlined in the manual. The manual serves as a guide for current staff and also helps in the event of a staff member's absence or separation. This document was initiated for the purpose of standardizing procedures within the

Administration Section and provides easy access and training for new staff members. This manual will make the Administration Section much more efficient and effective in its ability to provide support to staff and to the Commission.

#### High Marks for Operational Performance

ELEC was the subject of several audits during past years. In October 1989, the Department of Personnel conducted an audit of personnel functions to determine compliance with the rules and regulations in effect for personnel transactions and notifications. ELEC was found in compliance with all rules and no exceptions were noted. In an effort to keep in compliance in 1990, several new internal controls were initiated including a management policy manual which was completed to keep staff aware and current of stated ELEC procedures. This manual is an ever-evolving document which is updated periodically and as circumstances warrant.

Undoubtedly, the Administration Section, with its responsibility for purchase and contract negotiation, fiscal and personnel management, and the efficient functioning of the Commission's day-to-day operations, is a vital part of the Election Law Enforcement Commission. As it has always done during its five years in existence, the Administration Section will strive to improve efficiency in management and daily operations in the coming year.

## 1990 AND 1991 BUDGET OVERVIEW

In FY 1991, the Commission sustained a \$100,000 budget cut from its original target, and no inflationary adjustments were received in the non-salary operating accounts. In FY 1992, the Commission anticipates an appropriation without adjustment for inflation or priority requests.

### Comparison of Fiscal Years 1990 and 1991 Appropriations

	<u>FY 1990</u> <u>Appropriation</u>	<u>FY 1991</u> <u>Appropriation</u>
Personnel	\$946,000	\$881,000
Printing & Supplies	42,000	38,000
Travel	8,000	7,000
Telephone	17,000	17,000
Postage	19,000	19,000
Data Processing	63,000	54,000
Professional Services	37,000	33,000
Other Services	19,000	12,000
OTIS	12,000	5,000
Maintenance/Equipment	1,000	1,000
Central Motor Pool	4,000	4,000
Furniture/Equipment	3,000	0
Commissioner Per Diem	15,000	15,000
Total Operational	\$1,186,000	\$1,086,000*
Public Financing Administration	300,000	0**
Gubernatorial Public Financing	\$6,600,000***	0

\* \$ 23,490 has been frozen due to the State's fiscal situation.

These cuts were taken in the following accounts:

Printing & Supplies	-	\$7,590
Travel	-	1,050
Data Processing	-	8,100
Professional Services	-	4,950
Other Services	-	1,800

\*\* There was no Public Financing appropriation in FY1991

\*\*\* Includes supplemental

In addition, the furniture and equipment account has been frozen completely. This account had a carry-forward balance of \$67,407. Moreover, salary program money amounting to \$48,000 was also held back by the State due to fiscal constraints.

1990 Evaluation Data

Disclosure Reports (Total)	17,121
Campaign & Quarterly	16,581
Lobbyist	529
Personal Finance	11
Photocopies	126,353
Investigations	44
Complaints	176
Public Assistance Requests	11,832
Fine Collection	\$32,610.00