

1991 ANNUAL REPORT

The N.J. Election Law Enforcement Commission



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THE COMMISSION

Owen V. McNany, III, Chairman

Appointed Chairman by Governor James J. Florio in February, 1990, Owen V. McNany, III, is now serving his fourth term on the Commission. Prior to his appointment as Chairman, Mr. McNany served for two years as the Commission's Vice Chairman.

Chairman McNany is associated with the Hospital Center - New Jersey Orthopaedic Hospital where he directs its for-profit subsidiary operations and serves as Director of Business Development for the Hospital.

A former President and Director of The Yorkwood Savings and Loan Association, Mr. McNany was also President and Director of the Crestwood Service Corporation. He is a former State Director of the Institute of Financial Education of the U. S. League of Savings Associations and past chairman of the Board of Trustees of the Hospital Center at Orange. Selected as the "Man of the Year" in 1990, Mr. McNany is a member of the Maplewood Chamber of Commerce.

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.

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

Commissioner Bedford is a member of the Essex County Bar Association and the New Jersey State Bar Association, and has served as Acting Surrogate in Essex County from August 1986 to January 1987 and as Deputy Surrogate from January 1987 to June 1987.

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

Commissioner Bedford is married to the former Ruth Grey and is a resident of Nutley.

David Linett, Commissioner

David Linett is serving his second term on the Commission. He is president of the Bridgewater law firm of Ginden and Linett, P.C. Moreover, he is the New Jersey District 7510 Governor of Rotary International.

Formerly the Prosecutor of Somerset County, Commissioner Linett has also served in the past as Chairman of the State Bar Association's Election Law Committee. Moreover, he is a past chairman of the Court's District XIII Ethics Committee and is a current Treasurer of the Supreme Court's Ethics Financial Committee.

A proponent of a variety of social causes, his civic activity included to trustee of Proprietary House Association, member of the Board of Directors of the Greater Somerset County Chamber of Commerce, Chairman of the Board of Trustees of the Association for the Advancement of the Mentally Handicapped (AAMH), past president of the Somerville Rotary Club, and past member of the Democratic State Committee for Somerset County.

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

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

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

Executive Director Herrmann holds a doctorate in American political history from Rutgers University. He is the author and co-author of numerous books, articles, and reviews in history and government. Among his many publications are: the 1990 Campaign Finance Update, prepared for the Council on Governmental Ethics Laws (COGEL), an international ethics organization, and the COGEL Campaign Financing and Lobbying Bibliography. Executive Director Herrmann has also taught at Rutgers University and Kean College.

The Executive Director has served on the Council of State Governments' (CSG) Organizational Planning and Coordinating Committee and has been the Chairperson of COGEL as well as a steering committee member. Instrumental in building the Northeastern Regional Conference on Lobbying (NORCOL), Executive Director Herrmann is a former chairperson of that organization too. In 1991, he received the meritorious services certificate from COGEL.

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. Counsel Farrell has a national reputation as an expert in campaign financing and lobbying law.

CHAIRMAN'S MESSAGE

By Owen V. McNany, III

Thanks to the actions of Governor Jim Florio and the Legislature, the Election Law Enforcement Commission realized a decade-long goal in 1992 - lobbying law reform. When Governor Florio signed the reform package last August, he initialed a measure that contained recommendations long promoted by the Commission, but most recently in its 1990 White Paper entitled Lobbying Reform.

Specifically, the new law gives complete responsibility for regulating lobbyists to ELEC, it closes the now infamous "expressly" loophole that had allowed "benefit passing" to go unreported, and it extends disclosure requirements to legislative staff and executive branch lobbying.

The strengthened lobbying disclosure law became effective on January 1, 1992. Due to the efforts of the Commission and its staff, which included the adoption of regulations and the establishment of the framework to administer the new law, the reform measure has been fully implemented. Through the enactment of this reform package, the disclosure of lobbying activity has taken a giant leap forward, a development that will surely redound to the benefit of the public as it is provided with a more accurate picture of the activities of organized lobbyists.

In 1990, again thanks to the Governor and Legislature, the Commission witnessed another aspect of its legislative agenda become law as well. During

the summer months, Governor Florio signed legislation that established a PAC registration program for those political action committees in the State that benefit from employee payroll deduction programs. A genuine step in the right direction, the registration program is an important beginning. Through the years, the Commission has called for a PAC registration program for all political action committees to enable the public to better understand who controls the committee and what interest is represented by it. In the year ahead, the Commission will continue its efforts to enact such a program based on the payroll deduction initiative.

Understandably pleased with the progress made with respect to its legislative agenda, the Commission was also happy to continue to produce literature in the field of campaign and lobbying financial disclosure. Upholding a tradition of being one of the best agencies for analytical research in the nation, the Commission published White Paper Number Seven: Is There a PAC Plague in New Jersey? which studied the role of PACs in the 1985 and 1989 general elections for Assembly. Moreover, Executive Director Herrmann's highly regarded ELEC Guide to Campaign Financing and Lobbying Literature was published by the Commission and is to be reproduced and marketed by the Council on Governmental Ethics Laws (COGEL). Finally, the Commission released numerous analytical press releases in 1991, including reviews of legislative financial activity in the primary and general elections as well as lobbying activity.

As in the past, the compliance efforts of the Commission continued to be energetic in 1991. Through a series of management initiatives, such as

restricting information requests during election periods to current year reports, the Compliance and Information Section was able to meet an overwhelming demand for public information and to process an increasing number of disclosure reports. All told, the Compliance and Information Section processed 19,942 reports. It responded to 11,797 requests for information, which included the photocopying of 187,881 pages of disclosure reports; held four on-site seminars for candidates and treasurers; and was instrumental in preparing the Commission's analytical press releases.

Dovetailing with the Commission's compliance efforts was the activity undertaken by the data staff. While making numerous improvements to the informational programming operation in general; the Commission, through its computer staff, completed the primary 1991 legislative project. Moreover, data operations continued to provide important information to the public and to support the Commission's research projects. Finally, the computer section was integral to smoothly and effectively transferring aspects of the lobbying regulation program from the Attorney General to ELEC.

Though again impacted by a depleted staff, the Review and Investigation Section nevertheless undertook an aggressive approach toward enforcement in 1991. While enforcement activity necessarily continued to be down from previous years, completed investigations amounted to 65 and complaints issued to 218. Moreover, \$51,497 was collected in fines. This aggressive approach, combining the utilization of an experienced though diminished staff with an intelligent case prioritization program, will continue to be pursued in 1992.

Working hand and glove with the Review and Investigation Section, as well as servicing other aspects of the Commission's operations, has been the Legal Section. Though also hampered by a reduced staff, the Legal Section prepared advisory opinions and regulatory proposals, including the task of preparing the new lobbying regulations. In total, the efforts of the Legal staff resulted in 13 advisory opinions and numerous regulatory proposals.

Though the gubernatorial public financing program was not in effect in 1991 due to the fact that it was not a gubernatorial election year, the two permanent members of the public financing staff nevertheless kept extremely busy with numerous tasks. Gubernatorial accounts from the previous election were finalized, statistical information gathering for the 1989 Gubernatorial Elections Report was completed, plans were made for the next gubernatorial contest, legislation was monitored regarding the program, and assistance was provided to the public.

In conclusion, the Commission is proud of its excellent record in 1992. In submitting this report to the Legislature on behalf of the Commission, I would simply say that the agency has again upheld its fine tradition of competence and service.

COMMISSION STAFF

EXECUTIVE

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

ADMINISTRATION

Barbra A. Fasanello	Director
Donna D. Margetts *	Personnel Officer/Lobbying Auditor
Elaine J. Salit	Fiscal Officer
Debra A. Kostival	Senior Receptionist
Irene Comiso	Associate Receptionist

COMPLIANCE AND INFORMATION

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

COMPUTER

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

LEGAL

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

REVIEW AND INVESTIGATION

Shreve E. Marshall, Jr.	Associate Director
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GUBERNATORIAL PUBLIC FINANCING

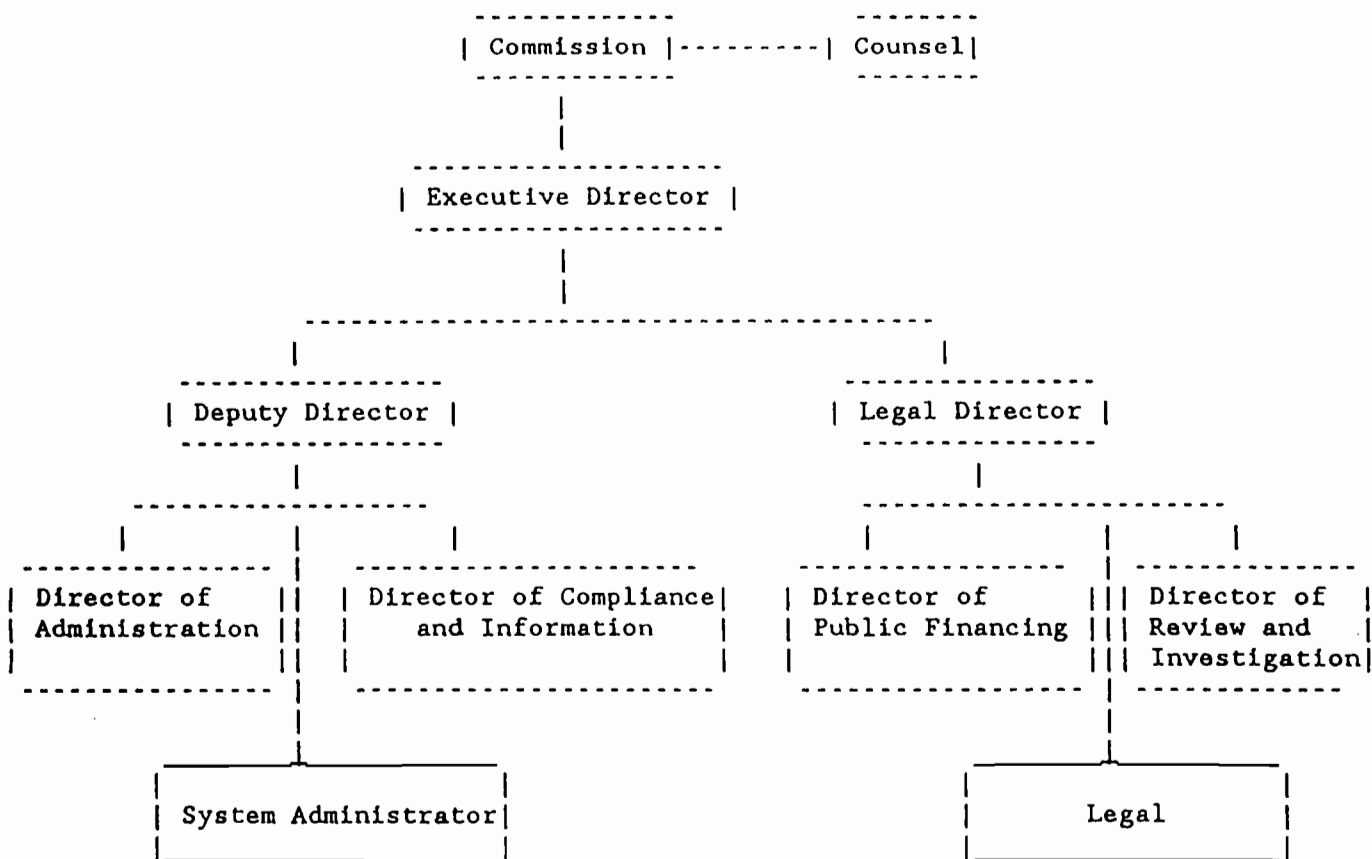
Nedda Gold Massar, Esq.**
Josephine A. Hall

Director
Senior Secretary

- * Donna Margetts is currently performing a dual function, due to the shortage of staff and the new lobbying law.
- ** Virginia Wilkes served as Director for half of 1991 when Director Ford was on a leave of absence.
- *** Nedda Gold Massar is currently performing a dual function, due to the shortage of staff. In addition, Josephine Hall and Ruth Ford are providing much needed secretarial assistance in the Review and Investigation Section as well as in the Public Financing and Legal Sections.

New Jersey Election Law Enforcement Commission

Table of Organization



EXECUTIVE DIRECTOR'S REMARKS

by Frederick M. Herrmann, Ph.D.

The New Jersey Election Law Enforcement Commission (ELEC) has been in existence for almost two decades. In that time period, it has managed to establish a national reputation for excellence in administering and enforcing the State's campaign financing and lobbying laws. It is a record of which all the commissioners, staff, and citizens of this State can be proud.

In 1988, Professor Frank J. Sorauf of the University of Minnesota cited ELEC in his comprehensive study, Money in American Elections, as one of only two ethics agencies in the nation that provided campaign finance data "far above the average." Moreover, he also mentioned the Commission as one of only four governmental ethics agencies with strong enforcement records. A year later, Professor A. T. Barbrook of the University of Kent at Canterbury (England) wrote in a letter to me that "ELEC is certainly a model in the United States for its production of campaign finance literature." In an interview that same year published in Governing, John D. Feerick, the Chairman of the New York State Commission on Government Integrity and the Dean of the Fordham Law School, stated that ELEC is a "dynamic, independent enforcement board."

During 1990, even more praise was lavished on the Commission from other distinguished sources. In its study of computerized entree to state campaign finance data entitled The Paper Chase: A Common Cause/Ohio Study of Improving

Access to Campaign Finance Data in the States, the Buckeye State's citizens' lobby concluded that New Jersey and two other states "lead the pack." Meanwhile, in another national study called Campaign Disclosure Laws: An Analysis of Campaign Finance Disclosure in North Carolina and a Comparison of 50 State Campaign Reporting Laws, the North Carolina Center for Public Policy Research reported that ELEC "does the best job of all the states in making information available to the public." Professor Larry J. Sabato, a leading campaign financing scholar at the University of Virginia and most recently author of Feeding Frenzy: How Attack Journalism Transformed American Politics, made an overall assessment of the Commission's performance before the Rosenthal Commission created to reform the state's ethics and campaign finance laws by remarking "I think it's the most effective state ethics agency in the country."

One of the top experts in the nation for the study of political money is Dr. Herbert E. Alexander, Director of the Citizens' Research Foundation and Professor of Political Science at the University of Southern California. In his latest study, Reform and Reality: The Financing of State and Local Campaigns, he refers to ELEC and only one other state agency as "the best of the bunch" among election commissions in the United States for collecting campaign finance information and enforcing election laws. According to Professor Alexander, "New Jersey's ELEC, in detailed studies of the state's gubernatorial elections, has examined not only where the money comes from but where it goes, with special emphasis on media costs. Such studies are essential in determining why campaign costs are rising so much faster than

inflation. ELEC has also published a series of white papers including 'Trends in Legislative Campaign Financing: 1977-1987' and an analysis leading to an endorsement of 'Legislative Public Financing.'

Perhaps, the most touching praise the Commission received in recent years was in a letter to Commissioner David Linett from a person who had met with ELEC's staff. He wrote, "When I visited the Commission's offices on two occasions I was impressed by the quick access to information that was made available to me, the knowledgeable staff who answered my inquiries and helped me understand the intricate nature of the law and just the general pleasant, warm and helpful atmosphere that prevails [L]o and behold here is an agency that performs its work in an exemplary manner."

ELEC takes great pride in its accomplishments. To be called "far above the average," "a model," "dynamic," "pack leader," "most effective," and "best of the bunch" by nationally prominent sources and, at the same time, to be respected at home by average citizens as "pleasant, warm and helpful" is heady praise to be sure. But, the Commission will not be content to rest upon its laurels. ELEC plans to build upon its outstanding record and continue as New Jersey's preeminent guardian over political and governmental ethics.

LEGISLATIVE REVIEW

The 204th Legislature passed major legislation in the area of lobbying disclosure. Two bills were passed and signed into law by Governor Jim Florio on August 5, 1991, and together they accomplished sweeping reforms of the Legislative Activities Disclosure Act, N.J.S.A. 52:13C-18 et seq. Many of these reforms had been advocated by the Commission for some time. Among the important changes, lobbyists and legislative agents are required to disclose "good will lobbying" activity, that is expenditures made for food, entertainment, and similar items that benefit legislators or regulators. Such expenditures are now subject to disclosure regardless of whether or not they were accompanied by a communication concerning legislation. The amendments also extended the coverage of lobbying disclosure to regulatory as well as legislative activity, and placed full responsibility in ELEC for enforcing the law thereby relieving the Attorney General of his responsibilities in this area. Taken together, the bills accomplished the most significant reform of lobbying disclosure and registration of legislative agents since the enactment in 1971 of the Legislative Activities Disclosure Act.

In the area of campaign finance reform, although the 204th Legislature considered a number of important reform bills to implement the recommendations of the Ad Hoc Commission on Legislative Ethics and Campaign Finance, a body appointed by the Senate President and the Speaker of the General Assembly, no major reforms were enacted. The Ad Hoc Commission on Legislative Ethics and Campaign Finance was composed of both members of the Legislature and the

public, and was chaired by Dr. Alan Rosenthal, Director of the Eagleton Institute of Politics and Professor of Political Science at Rutgers University. The Commission is referred to herein as the "Rosenthal Commission."

One bill affecting gubernatorial public financing was passed and signed into law. The new law permits associations of two or more news publications or broadcasting outlets to act as sponsors of gubernatorial debates. Also, passed and signed into law was a bill that permits employees to authorize voluntary wage deductions for the purposes of making political contributions. Other than these two bills, the campaign reform initiatives of the "Rosenthal Commission," and the recommendations for campaign finance made by the Commission, were not adopted.

The total number of campaign or lobbying related bills introduced during the two-year legislative session were as follows:

- 36 bills that would have amended the Campaign Reporting Act were considered. Many of the proposed changes were derived from the recommendations of the "Rosenthal Commission," and/or from recommendations for legislation contained in Annual Reports or White Papers published by the Commission. Proposed legislation included bills to permit ELEC to impose filing fees as a source of its funding, set contribution limits, define permissible uses of excess

or surplus campaign funds, and increase penalties for violations of the Campaign Reporting Act;

- 12 bills were introduced to reform lobbying disclosure and registration, including the two that were ultimately passed and signed into law;
- 5 bills were proposed for the purpose of modifying the gubernatorial public financing program, including the bill that was enacted to expand eligibility for sponsorship of gubernatorial debates;
- 3 bills were proposed to implement the concept of public financing of legislative elections; and,
- 1 bill was introduced to amend the personal financial disclosure requirements for candidates.

In total, 57 different bills affecting the responsibilities or operations of ELEC were considered in the 204th Legislature.

PROPOSED LEGISLATION

With the successful adoption of lobbying reforms, there appear to be three major legislative initiatives which will face the the 205th Legislature. These are:

1. Amendments to the Gubernatorial Public Financing Program

The Commission has prepared a report on the 1989 gubernatorial public financing program containing 11 recommendations for legislative amendments; see New Jersey Gubernatorial Public Financing Revised: 1989 and Beyond, March, 1992, for the specific recommendations. The most important of the recommendations call for a financial restructuring of the program by reducing the amounts distributed to candidates, and thereby keeping its costs within the revenues generated by taxpayers' voluntary check-offs.

2. Establishment of a filing fee program to cover the cost of campaign finance disclosure

In a time of declining state revenues and fiscal constraints, ELEC continues to believe that the most viable means of assisting meaningful campaign disclosure would be to require reporting entities to pay a modest filing fee. Such a fee would help to cover the cost to ELEC of handling reports and putting the data contained in them in practical and convenient formats. As has been noted by the "Rosenthal Commission" and by the State Commission on Investigation, there must be adequate and stable funding for ELEC if the Commission is to continue carrying out its mission at a meaningful level.

The amount of gross receipts reported by filing entities has grown in recent years at an exponential pace, and this growth has had a direct impact

on the Commission's workload. The establishment of a modest filing fee would impose part of the responsibility for supporting ELEC on those entities that are generating campaign finance data. The Commission believes in a time of limited tax revenues, it is not unreasonable to suggest that some of the burden of maintaining an efficient campaign disclosure system should be borne by the entities that necessitate that system.

3. Accomplishment of campaign finance reform

The 204th Legislature appointed the "Rosenthal Commission" to make legislative recommendations within the areas of campaign finance, lobbying and ethics. This special commission was composed of legislators and public members, and it made a number of recommendations that resulted in legislative amendments to statutes governing lobbying disclosure and ethics administration. However, although a number of bills were introduced to implement the "Rosenthal Commission's" recommendations in the area of campaign finance, campaign finance reform has not yet been accomplished.

The "Rosenthal Commission" recommendations for legislative action, which included many recommendations that have been previously offered by the Commission in its White Papers and Annual Reports, can be briefly summarized as follows:

- Comprehensive limits on contributions to candidates, political committees, and continuing political committees;

- Restrictions on the use of campaign funds, including surplus funds, and a specific prohibition against personal use of campaign funds;
- Disclosure of contributors' occupations and employers;
- Registration of political committees and continuing political committees to provide identification of controlling persons or groups;
- Limitation of each candidate to only one committee for the purposes of political activity;
- Prohibitions against any loan made to a person for the purpose of inducing that person to make a campaign contribution;
- Requirement that candidates may only raise charitable money in checks made payable to the charity involved;
- Higher reporting thresholds to reflect the inflation that has occurred since the enactment in 1973 of the Campaign Reporting Act. 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 should be raised from over \$250 to over \$500; and,

- Increased civil penalties for violations of reporting requirements.

In addition to the recommendations of the "Rosenthal Commission," ELEC has proposed the following recommendations, which it continues to believe deserve serious consideration:

- Lengthen commissioner terms. The existing three-year term for commissioners should be expanded to five years, which is similar to the length of terms (six years) 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.
- 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;

- Establish civil jurisdiction in ELEC to enforce requirements that political advertising contain identification of the person paying for it;
- Exempt candidates for municipal charter study change commission or for special taxing districts from reporting requirements;
- Raise reporting thresholds for various candidates and committees to reflect inflation;
- Repeal superfluous reporting obligations for some municipal candidates whose obligations predate the establishment of the Reporting Act requirements; see N.J.S.A. 40:73-1;
- 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 to reflect ELEC's monthly meeting schedule; and,

- Amend the statute governing the content of nominating petitions (i.e., N.J.S.A. 18A:14-10) of school board candidates to require that such petitions give notice of filing requirements with ELEC.

Related to campaign finance reform, the Commission suggests that the personal financial disclosure requirements of candidates for State office should also be examined. Candidates for Governor and Legislature are currently only required to file statements that identify the sources of gifts, honoraria, and reimbursements; but are not required to state the amount of funds given or paid in those categories. The Commission recommends that the statute be amended to require the amount of funds given or paid, or the value of the gift, and further that the threshold for reporting of gifts be lowered from the current standard of more than \$250 per year to more than \$100 per year, which is the same threshold that currently exists for honoraria and reimbursements. Contributors of such benefits should also be required to reveal their employers. The Commission believes that the law should be strengthened to disclose more clearly major sources of private income that could represent potential conflicts of interest. Finally, the filing date of the statement should be changed to 20 days after the candidate has filed a nominating petition instead of the current standard of only ten days to allow candidates adequate time to get their statements to ELEC.

The Commission looks forward to working with the 205th Legislature and the Governor to improve the quality of campaign regulation in these areas, and to promote the confidence of the electorate in the democratic process.

LEGAL SECTION

The Legal Section is responsible for reviewing proposed legislation (see Legislation Section), preparing regulations, prosecuting civil complaints concerning violations of campaign reporting or lobbying disclosure, and preparing advisory opinions. The Legal Section suffered from the budget cuts due to the recession that affected the entire agency, but nevertheless there were important accomplishments during 1991.

AGENCY INITIATED CIVIL PROCEEDINGS

The Commission continued its prioritization policy established in 1990 to focus its agency-initiated civil proceedings activity on major substantive reporting violations and on those candidates failing to file reports. Therefore, the high volume of this type of activity that had been generated in the late eighties was lowered somewhat. A total of 218 complaints were issued in 1991, slightly higher than the total of 176 for the prior calendar year. Furthermore, revenues from the collection of penalties imposed as a result of the agency-initiated prosecutions reached \$51,497. This total was a significant increase from the prior calendar year total of \$32,610, and was accomplished as a result of prioritizing major cases, and changes in procedure that encouraged respondents to pay proposed penalties during settlement or hearing proceedings. Unlike prior years in which the precise amount of penalty would not be fixed until a Final Decision was issued, proposed penalties were set forth in almost all of the complaints that were issued.

Therefore, respondents knew precisely the amount of the proposed penalty the Commission was seeking.

The 1991 calendar year was notable for the very low number of contested cases that resulted in hearings before the Office of Administrative Law (OAL). In one such case, ELEC v. Denbeaux, the Administrative Law Court rejected the argument that a candidate could avoid all civil liability for a failure to file a campaign report on the grounds that the candidate had not appointed a campaign treasurer, and only the campaign treasurer is subject to penalties for failing to file such reports. The opinion also rejected the candidate's contention that the filing of a one-page Sworn Statement, (Form A-1) irrationally burdened a citizen who voluntarily participated in a local election as a candidate, and therefore was unconstitutional.

APPELLATE OPINIONS

In a unanimous opinion, the State Supreme Court on June 25, 1991, upheld an Appellate Division opinion denying the Commission access to Grand Jury transcripts and exhibits, notwithstanding the fact that the Grand Jury had issued a presentment recommending the Commission be granted such access for the purpose of investigating campaign contributions to a gubernatorial primary election candidate; see In the Matter of An Application for Disclosure of Grand Jury Testimony, 124 N.J. 443 (1991). The Supreme Court held that the Commission could reapply for disclosure of the Grand Jury materials if, after

making a good faith effort to obtain the desired evidence through its own resources, it is unsuccessful.

ELEC v. D'Alessio and Thor was an appeal from a Commission ruling that a candidate as well as his campaign treasurer is 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 an election. The appeal was withdrawn by the appellants before submission to the Appellate Division of Superior Court.

SUPERIOR COURT, LAW DIVISION

On April 12, 1991, a consent order was entered in the matter of New Jersey Republican State Committee v. Del Tufo, et al, L-91-1645, Superior Court, Law Division, Mercer County, which found unconstitutional those portions of the New Jersey statutes that prohibited political party activity in a primary election. Specifically, N.J S.A. 19:44A-11, contained within the Campaign Contributions and Expenditures Act, insofar as it prohibits the receipt and expenditure of funds by a State, county, or municipal political party committee in a primary election setting was held to be unconstitutional and therefore void.

RULEMAKING ACTIVITY

As a result of the comprehensive amendments of the Legislative Activities Disclosure Act (see Legislation Section), the Commission was required to promulgate as rapidly as possible extensive revisions of its lobbying and legislative agent regulations. The statutory amendments were signed into law on August 5, 1991. A proposal text was prepared by staff and was approved at the September 17, 1991 Commission meeting, and was published in the New Jersey Register on October 21, 1991. A public hearing was conducted on November 20, 1991, at which 14 organizations and corporations submitted either oral or written testimony. After the preparation of the summary of the comments, and Commission responses, the Commission at its December 20, 1991 public meeting approved the final text of the regulations which will become effective upon their publication in the New Jersey Register on January 21, 1992.

In addition to the lobbying regulations, the Commission proposed and adopted a new regulation defining what constituted a "violation" of the Campaign Reporting Act. The new regulation permits the Commission to treat each reporting transaction that is incorrectly reported, omitted, or filed late as a separate violation of the Act, rather than treating all violations occurring on a single report as a single violation.

The Commission amended its regulation defining the term "political communication" in order to clarify the circumstances under which written and

broadcast political materials become subject to campaign reporting. If such communications do not contain explicit election advocacy language, they nevertheless may be deemed to be reportable political communications if they are circulated to constituents within 90 days before the date of an election, if they are produced or circulated with the consent or cooperation of a candidate, and if they meet certain other criteria set forth in the regulation. A typical example of such communications are newsletter publications of governmental entities that do not specifically solicit votes in an approaching election but contain laudatory references to incumbent officeholders seeking reelection.

The Commission also adopted a regulation amending its definition of the term "political committee" so that appointed as well as elected public officials may communicate to constituents in their official capacities in regard to any public question on the ballot without requiring campaign reporting.

Finally, the Commission was compelled to amend its fee setting regulation to increase its charges for copying services in order to cover the Commission's costs.

ADVISORY OPINIONS

The Campaign Reporting Act provides that any person who may be subject to its provisions may request an advisory opinion from the Commission as to

whether a given set of facts or circumstances might give rise to reporting requirements. During 1991, the Commission issued a total of six advisory opinions. Three of the opinions concerned the Commission's regulation defining the term "political communication"; two of the opinions concerned permissible uses of campaign funds, and one opinion was referred to the Attorney General because it concerned the scope of the prohibition against certain regulated corporations from making political contributions.

In regard to the "political communication" regulation, a national insurance company doing business in New Jersey was advised that a letter that it was required to circulate to its policyholders from Governor Florio was not a "political communication" within the meaning of the regulation; see Advisory Opinion No. 01-1991. A county government however, was advised that its funding of a public information television program, which featured interviews with an incumbent freeholder seeking reelection, would be subject to reporting as a "political communication"; see Advisory Opinion No. 02-1991. Finally, a municipal political club was advised that it would not be required to treat the cost of its monthly newsletter as a "political communication" because the newsletter identified all of the political party candidates seeking the primary election nomination and did not express any preference among them; see Advisory Opinion No. 04-1991.

With regard to permissible uses of campaign funds, the Commission declined to approve the purchase of clothing by a candidate which was to be used for the candidate's election bid on the grounds that the opinion was

requested after the purchases were made, and therefore an advisory opinion was an inappropriate vehicle for determining reporting consequences of prospective or anticipated conduct; see Advisory Opinion No. 13-1990 (issued January 17, 1991). The Commission was asked to approve several proposed uses of surplus campaign funds under the control of a legislator who had resigned to assume an appointed office in the Executive Branch. The Commission approved uses related to the former legislative activities of an elected officeholder, but disapproved proposed uses concerning the current position of the appointed official who no longer held elective office; see Advisory Opinion No. 07-1991.

COMPLIANCE AND INFORMATION SECTION

During 1991, the Compliance and Information Section experienced a surge in its workload. In addition to the annual local contests (school board, municipal, runoff, primary, and general), both houses of the Legislature were up for re-election. By establishing new initiatives and clear cut priorities, the Compliance and Information Section successfully met its statutory and regulatory mandates despite budgetary declines felt throughout State government.

COMPLIANCE

One of the Compliance and Information Section's main missions is to enhance compliance with campaign, political committee, and lobbying disclosure laws. By year's end, in excess of 19,000 disclosure reports were filed, representing a 12 percent increase over the number of reports filed in 1990.

With overtime funds non-existent, a "flex time" program was successfully instituted. Most reports which are filed during the busy periods arrive at ELEC close to the end of the day. To accommodate this occurrence, several staff members adjusted their work hours to an evening schedule. Accordingly, reports were processed promptly throughout the evening. The Compliance Section, therefore, was able to notify candidates and treasurers of their delinquencies expeditiously.

Compliance rates by candidates remained high throughout the major elections. Approximately 93 percent of legislative candidates and treasurers complied with the law by election day in both the primary and general elections. In addition, 91 percent of local candidates and treasurers complied with the law by the primary election day and 95 percent complied by the date of the general election.

These outstanding compliance rates are thought to be directly related to the outreach efforts made during 1991 by the Compliance staff.

First, the Compliance staff was present at the Elections Division in the Department of State when legislative candidate petitions were filed. As candidates and treasurers submitted petitions, ELEC staff provided information packets and answered questions concerning filing requirements. This new initiative instituted with the support of Midge Trainor, the Director of the Elections Division, resulted in candidates receiving filing information at a very early point in the campaign.

Second, prior to the primary and general election filing dates, the staff of ELEC conducted in-house training seminars, with almost one hundred people in attendance.

Third, ELEC staff went to Cherry Hill to teach municipal clerks the procedures concerning local reporting.

Of course, the newly revised "Compliance Manual for Campaign Reporting" was distributed at all of the seminars and sent to the candidates and treasurers during the general election.

The Compliance and Information Section continued to do an excellent job of processing continuing political committee (CPC) reports. CPCs include special interest PACs, personal PACs, and political party committee PACs. The number of groups seeking to have continuing political committee status remained at a high level, averaging 12 per month. As expected, the actual number of CPCs filing reports with ELEC increased again in 1991 to 1,496.

Overall, compliance by CPCs remained high. On an average, there was an 80 percent compliance rate throughout 1991.

During 1991, a new law requiring PACs to file registration statements was enacted. The Compliance and Information staff drafted a form to enable PACs which receive contributions through employee payroll deductions to register with ELEC. The program was well underway by the end of 1991.

In the area of reporting by lobbyists and legislative agents, sweeping new changes were enacted into law to become effective in 1992.

ELEC was given jurisdiction over the registration and filing requirements of legislative agents, formerly under the jurisdiction of the Attorney General. Furthermore, the new law now provided for reporting of

lobbying activity on administrative rulemaking, and disclosure of a broader spectrum of lobbying activities.

The latter half of 1991 became the transition period for this new area of law. New forms and instructional packets were designed by the Compliance and Information Section to assure compliance with the new requirements. The section saw an increase in compliance-related questions from lobbyist organizations and legislative agents, adding further to the workload.

Compliance efforts through informational mailings continued at a brisk pace, despite staff shortages. To assist candidates, treasurers, and legislative agents to comply with the laws, reminder materials were sent on time to potential filers. ELEC continued to provide, free of charge, manuals, forms, regulations, and other compliance materials, despite a tight budget for these items. Delinquent and non-filer letters were sent to all of those to which this applied, giving each an opportunity to correct the situation quickly.

Telephone assistance provided to candidates, treasurers, and legislative agents once again reached an "all time" high in 1991, averaging 700 contacts per month. The highest density of contacts occurred during the primary and general elections.

All of these compliance efforts were well rewarded, since overall compliance rates remained extremely high in 1991.

INFORMATION

Another critical mission of the Compliance and Information Section is that of providing disclosure to the press and public. This function is accomplished not only by providing copies of actual reports filed, but by campaign finance analyses done by this section.

Because it was a legislative election year, there was an enormous demand in 1991 for copies of the reports filed by Senate and General Assembly candidates during the primary and general election periods. With ELEC resources at reduced levels and overtime funds unavailable, staff worked "flex" schedules to be available during periods of peak demand. Requests for information during the busiest month of October rose 22 percent over requests during that month in 1989, when the General Assembly and Governor ran for election. Approximately 180,000 photocopies of reports were made during 1991, an increase of 80,000 over the prior year!

Since this increase was expected, the Compliance and Information Section temporarily limited photocopy requests for reports to the current election. This initiative worked well since it was announced well in advance of the critical period allowing those needing reports from prior elections to obtain their copies early.

The Compliance and Information Section once again used the services of an outside vendor to obtain some of the photocopies for public sale. This

initiative began in 1989 and has worked well, since ELEC can ill-afford to tie up its single, heavy-duty photocopier during the primary and general elections.

A total of 40 press releases were done during 1991, six of which were analytical projects. A press release assessing the activities of lobbyist organizations and legislative agents was done in early 1991. There were five press releases concerning legislative candidate activities. One release focused upon the candidates' personal financial disclosure. The other four analyzed the candidates' campaign spending during and after the primary and general elections. All of these releases created increased interest by television networks, radio stations, and journalists in reviewing campaign reports.

In sum, the Compliance and Information Section has reason to be very proud of its performance throughout 1991. Although ELEC experienced budget reductions, all statutory and regulatory mandates were met. This level of performance was accomplished through the adoption of a "flex-time" policy during busy periods. Priorities were established to insure that the press and public received the most disclosure possible within a reasonable timeframe as candidates, committees, and legislative agents were given guidance on filing procedures. As staff continues to meet the challenge of doing "more with less," it is hoped that normal resource levels will return in the near future.

REVIEW AND INVESTIGATION SECTION

As a consequence of budget constraints and personnel reductions caused by the recession, the Review and Investigation Section was reduced by the close of 1991 to a single professional, an investigator. The Director and three desk auditor positions are vacant. Therefore, the Commission was compelled to reduce and re-evaluate the Section's mission as described below.

INVESTIGATIONS

In 1991, 65 investigations were closed and 59 new investigations were opened. Those figures were higher than 1990, when 46 investigations were opened and 44 were closed. However, levels are still much lower than in the late eighties.

Of the 65 investigations that were closed, 35 resulted in the commencement of 78 civil complaint proceedings, 11 resulted in letters of correction to some 36 persons, and 19 were closed without any further activity.

An investigation is opened as a result of either the receipt of a written request from a member of the public (i.e., externally-generated request), or as the result of staff review by a desk auditor of a filed report (i.e., internally-generated review). Because of the limited staffing, the Commission no longer undertakes an investigation of all externally-generated

requests that it receives. All requests for investigations are evaluated by the Commission, which determines their potential severity and to the extent that the existing workload permits, new investigations are opened. Internally-generated investigations initiated by desk auditors through report review have been curtailed due to a lack of any staff in these positions. Nevertheless, the section still periodically reviews a sampling of reports from campaigns and committees.

Some of the more significant investigations completed in 1991 included the following:

- Postelection reporting of the names and addresses of contributors of more than \$100.00 that should have been disclosed on preelection reports. One case involved 43 contributions, totaling \$19,450.

- Failure to file preelection "48-hour notices" identifying contributions of more than \$250.00 in the aggregate which had been received in the time period between 13 days before the election and the day of the election. One case involved 17 contributions, totaling \$60,024.

- Failure to disclose the identity of ultimate recipients of \$25.00 or more of "street money" expenditures. One case involved "street money" expenditures of \$23,675 to an unknown number of recipients.

OTHER ACTIVITIES

The Review and Investigation staff reviewed Commission filing records and prepared civil complaint recommendations for candidates and/or committees that filed late reports, or failed to file entirely, in recent elections. These complaints are "routine" in the sense that they do not require full investigations.

The staff prepared the fact record or assisted in discovery in 17 cases in which the respondents requested hearings in the Office of Administrative Law. The investigator usually serves as the principal Commission witness in cases that proceed to plenary hearings.

A program was conducted by the Section in 1991 to collect unpaid fines from past years, and \$3,107 was collected.

Besides investigative and prosecutorial activity, the section provided public assistance during 1991 for 1,271 telephone calls or in-person contacts with candidates, treasurers, or other persons seeking information or guidance on reporting requirements. The section provided technical assistance in the preparation of a revised Campaign Compliance Manual, in drafting amendments to regulations, and in preparation of advisory opinions. Finally, staff completed contributor coding so that contributions could be entered into the computer by the data processing staff for use in statistical reports.

GUBERNATORIAL PUBLIC FINANCING SECTION

Tasks related to New Jersey's gubernatorial public financing program continued during 1991. The year witnessed a transition between activities to conclude the 1989 program and planning to prepare for gubernatorial public financing in 1993.

1989 REPORT PRODUCED

The primary focus of 1991 activity was production of the Commission's comprehensive report "New Jersey Gubernatorial Public Financing Revised: 1989 and Beyond." The \$11 million of private contribution activity and the almost \$26 million of expenditure activity of the eight 1989 primary election and two 1989 general election publicly financed campaigns was analyzed, extensive charts of financial activity were prepared, and the impact of the 1989 public financing legislative amendments was examined. The Commission made eleven specific recommendations for legislative action, the most important being that gubernatorial public financing needed restructuring and refinancing in order to remain viable.

Among the recommendations included in the report, the Commission proposed that the \$1 voluntary income tax check-off be increased to \$2 to generate additional revenue to support public financing. The Commission also concluded that primary and general election public funds must be reduced so that campaigns are primarily funded by private contributions. Specifically,

candidates would now receive a maximum \$1 million in the primary and \$2 million in the general election as opposed to \$1.35 million and \$3.3 million respectively as provided in 1989. It was further recommended that the matching ratio of public-to-private-dollars be reduced from two-for-one to one-for-one during the general election. The combined effect of the legislative recommendations would work to return the public financing program to the fiscal balance it accomplished in previous election cycles.

In conjunction with upholding the two statutory goals of the program, to enable candidates of limited financial means to seek election to the State's highest office and to provide adequate financing so that gubernatorial candidates may conduct their campaigns free from improper influence, the Report emphasized the importance of maintaining a solvent Gubernatorial Elections Fund as a way of keeping the program viable.

AWARENESS OF THE PROGRAM

New Jersey's Gubernatorial Public Financing Program is supported by the income tax check-off provision. In an attempt to heighten the public's awareness of gubernatorial public financing and to increase check-off participation, the Commission requested that the Division of Taxation incorporate additional information about the program in the New Jersey Gross Income Tax Resident Return package.

The Commission is pleased to report that the tax return for calendar year 1991 includes expanded information on the purpose and operation of New Jersey's Gubernatorial Public Financing system. By including more descriptive information in the tax booklet, the Commission hopes to encourage increased taxpayer participation in the income tax check-off which funds the gubernatorial public financing program. At no cost to the State's taxpayers, additional information on public financing is now being circulated to the citizens of New Jersey.

GUBERNATORIAL DEBATE SPONSOR POOL WIDENED IN 1991

For the first time, during the 1989 public financing cycle a candidate's receipt of public funds was conditioned upon the candidate's agreement to participate in two primary or general election debates. The Commission was charged with the responsibility for selection of the debate sponsor organizations.

Sponsors are required by the public financing statute to be private organizations which are unaffiliated with any political party or any holder of or candidate for political office, which have not endorsed any candidate in the pending election, and which have previously sponsored one or more televised debates for statewide office since 1976.

In November, 1991, Governor Florio signed into law A-2421 (Baer and Mazur) which expanded the eligible pool of debate sponsor organizations. Now,

associations of two or more news publications or broadcasting outlets and associations of news or press service correspondents having a substantial readership or audience in New Jersey, but which have not had experience in televised debates for New Jersey Statewide office may, beginning in 1993, apply to the Commission for consideration to sponsor gubernatorial debates. The Commission supported this expansion of the pool of potential debate sponsors.

PUBLIC INFORMATION

While requests for information concerning public financing predictably declined in 1991 over 1989 and 1990 levels, the public still remained interested in the operation of the program and in the contributor and expenditure data available. During 1991, over 8,000 pages of data were provided in response to 78 specific requests for information. Over 200 telephone calls relevant to public financing were logged. The existence of a permanent public financing staff member within the ELEC staff complement insures that public financing information is easily accessible to the public.

While the Director of Public Financing and Public Financing Secretary perform tasks specific to the gubernatorial public financing program, they are always an integral part of the Commission staff and function to support all phases of the Commission's responsibilities. Assistance is provided on a continual basis to the Legal, Compliance, and Review and Investigation Sections. The Director also serves as Associate Legal Director, a position

with numerous responsibilities. Consequently, in "off-years" the public financing staff work part-time on the public financing program and part-time on other Commission business.

PREPARATION FOR THE 1993 PROGRAM

Steps begun during 1991 to review the text of Commission regulations will form the basis of proposals during 1992 to improve and clarify public financing procedures and requirements. Examination of public financing program operations and materials was begun and will continue in depth during 1992.

Until the 1989 amendments to the public financing statute were enacted, the Commission was required to monitor costs associated with campaigning for elective office in New Jersey, and then to report to the Legislature its recommendations concerning the adequacy of the various limits forming the basis of public financing. With the adoption in 1989 of the Commission's recommendation to establish a campaign cost index prior to each gubernatorial election, the Commission now has the statutory responsibility to adjust public financing thresholds and limits for 1993. Research efforts necessary to establish the campaign cost adjustment factor were begun during 1991 and will be a major focus of 1992 activity. The Commission must by December 1, 1992, calculate the campaign cost index and announce the adjusted limits and thresholds.

Interest in gubernatorial public financing will undoubtedly accelerate during 1992. Potential candidates and the public will require information on both the history and future operation of the program. Efforts which were undertaken during 1991 to analyze and examine ciitically the 1989 program will permit the Commission to continue its tradition of responsiveness to the public and to gubernatorial candidates.

COMPUTER SECTION

The computer section is a key part of the Election Law Enforcement Commission. It is comprised of two functional areas, data entry and computer systems/operations.

DATA ENTRY

In 1991, the Data Entry staff keyed file status summary information for the municipal, runoff, school board, and primary elections. These file status reports included total receipts and expenditure information for candidates from school board elections through legislative elections as well as summary financial information from political parties, political committees, and PACs.

Besides the summary information on candidates and committees that was keyed in 1991, the data staff also keyed detailed contributor information for the primary 1991 election. This effort, which is part of the primary and general election 1991 project, will culminate in the production of contributor information which is useful to the Commission's research activities as well as to political scientists, governmental officials, public interest groups, journalists, political operatives, and the general public.

Finally, over and above the Data Entry staff's accomplishments relative to campaign financing, the staff also keyed important information on lobbyists and legislative agents. This data was not only useful to the compliance and

enforcement efforts, but also to the analytical press release project which depicted lobbyist financial activity in 1990.

Because of the Commission's staff shortages caused by the economy, the data entry staff, like all other sections, filled in to help the Commission in other areas when necessary. For example, besides performing its regular data entry functions, the data entry staff assisted with filing, sorting, coding, and photocopying reports. These staff members also filled in as receptionists and as mail delivery people. They also assisted with entering complaint information.

In conclusion, the Data Entry staff is mainly responsible for entry and maintenance of all information input into ELEC's Prime Information Data Base Information System. In this era of budgetary restraint, however, the Data Entry staff have been called on to assist with many other functions in the agency which require support as the result of overall Commission staff shortages.

SYSTEMS OPERATION

An extremely important component of the Computer Section, the systems/operations area is charged with the responsibility for maintaining the system software for the Prime Information 4050 operating system and the personal computers used by the secretarial staff. Moreover, this area is challenged with the task of upgrading the various systems and enhancing the

capacity of the computer to do its job. In 1991, this process was aided in the following ways:

- a) the modem and communication software was installed relative to the legislative data base inquiries; and,
- b) the PC system to manage all agent and lobbyist activities relative to the new lobbying law was designed and programmed.

In addition to the technical modifications to the system, other steps were taken under the systems operation function to enhance the operational efficiency of the overall system. These steps primarily involved training activities. They included:

- a) the in-house training for personal computer users on procedures to backup and restore wordprocessing documents;
- b) the in-house training for secretarial and clerical staff on the uses of Word Marc Computer Plus for all their wordprocessing needs;
- c) the continued technical support of hardware and software for the secretarial staff; and,
- d) the in-house training on Database 3 Plus now used for the agent/lobbyist system.

Beyond the noteworthy achievements enumerated above, the systems operations area made a huge contribution to the Commission's research efforts in 1991. For example, the detailed contributor information that was keyed for the G89 Assembly contest was extracted from the computer via special programs, providing important data for use in White Paper Number Seven: Is There a PAC Plague in New Jersey? Further, other statistical reports were programmed to extract summary data on receipts and expenditures in all local, municipal, and statewide elections. Finally, a master alpha index list of all contributors in the 1989 legislative elections was programmed to assist staff in applying to contributors the proper code for use in analytical reports.

In a word, the task of the Computer Section is to provide support to the users of the system and to provide the public with timely data. During 1991, the Computer Section lived up to this challenge and will continue to do so in the future.

ADMINISTRATION SECTION

During 1991, 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 this Commission.

1. MANAGING THE BUDGET

During FY 1992, the Commission's budget of \$1,051,000 was further reduced to \$965,000 due to an interdepartmental assessment of \$86,000. This loss amounted to a nine percent reduction. This reduction was on top of the 3 percent reduction from the FY91 appropriation of \$1,086,000 to the FY 1992 appropriation of \$1,051,000. The budget has been met through an internal hiring freeze begun at the beginning 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 reduction of computer maintenance contracts, saving \$10,000;

- A moratorium on the purchase of major computer items and other equipment, such as a new photocopier and telephone system;
- The in-house production of reports, saving printing costs; and,
- The elimination of the Commission's biannual newsletter.

Through attrition and a reduction in many internal functions, the Commission has been able to manage within its financial constraints without the need for layoffs beyond attrition. However, working with a reduced staff of 24 people (a 29 percent reduction since 1990 when staff levels were at 34), makes the management of an ever-increasing workload a more challenging task. During FY 1991, ELEC was allowed, for the first time, to retain its fine revenues. This source of funding in FY 1992 has become an additional asset during the course of the fiscal year, raising about the same amount of money as ELEC's photocopying fees and constituting about 3 percent of ELEC's budget. ELEC has now requested permission from OMB to carry forward any remaining funds from this 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 1993, the Commission's operating budget for continuing operations is anticipated to be \$965,000. This amount provides funding for day-to-day operations. In addition, there will be a special

purpose appropriation in FY 1993 for the Public Financing program because there will be a gubernatorial election next year.

The FY 1993 proposed budget of \$965,000 is \$86,000 less than the original FY 1992 appropriation, thus bringing the reduction since FY 1990 to \$221,000 or 19 percent. Needless to say, the added cuts in FY 1993 will place further strain on the Commission's trimmed budget resources, placing an enormous challenge to the Administration Section as it attempts to navigate the Commission through the rough fiscal seas of FY 1992. The austere budget situation caused by the recession will continue to place enormous strain on scant staff resources and may necessitate the continuation of service reductions.

In 1992, the Commission will be taking over the administration of the Quarterly Lobbying Reports from the Attorney General's Office. This added responsibility has caused the Commission to once again utilize existing staff for many responsibilities. In the Administration Section, the personnel officer will be taking on the added responsibilities of monitoring the quarterly reports submitted by legislative agents and administering the distribution of badges as well as collecting the annual fees. These responsibilities are in addition to her regular functions of payroll, affirmative action, and maintenance of the PMIS system.

Due to lack of staff, it is necessary to utilize existing personnel resources to the fullest. ELEC is fortunate to have the dedicated staff that

it does in these hard economic times. However, as existing staff leave to pursue career opportunities beyond ELEC, the restrictions to rehire is making it increasingly difficult to maintain services at historic levels.

2. OTHER ACTIVITIES

In December 1991, the Administrative Section organized its second Ethics Seminar. Frank P. Reiche, former Chairman of the Commission as well as former Chairman of the FEC, was the guest speaker. The subject was ELEC's history and its longstanding responsibility to ethics. An ethics seminar is now held on an annual basis. In addition to the Annual Seminar, the publication of a quarterly ethics memo was initiated in 1990, prepared by the Director of Administration, who serves as Ethics Liaison Officer. These quarterly memos 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 and nation.

3. HIGH MARKS FOR OPERATIONAL PERFORMANCE

ELEC was the subject of several audits during past years. In March, 1991, the Office of Legislative Services conducted an audit of personnel fiscal functions to determine compliance with the rules and regulations in effect for transactions and notifications. ELEC was found in compliance with all rules and only minor exceptions were noted. In an effort to keep in

compliance in 1992, 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 six years in existence, the Administration Section will strive to improve efficiency in management and daily operations in the coming year.

1991 and 1992 BUDGET OVERVIEW

In FY 1992, the Commission sustained a \$86,000 budget cut from its original budget due to the economy, and no inflationary adjustments were received in the non-salary operating accounts. In FY 1993, the Commission anticipates an appropriation without adjustment for inflation or priority requests.

COMPARISON OF FISCAL YEARS 1991 AND 1992 APPROPRIATIONS

	<u>FY 1991</u> <u>Appropriation</u>	<u>FY 1992</u> <u>Appropriation</u>
Personnel	\$881,000	\$886,000
Printing & Supplies	38,000	36,000
Travel	7,000	2,000
Telephone	17,000	17,000
Postage	19,000	19,000
Data Processing	54,000	34,000
Professional Services	33,000	34,000
Other Services	12,000	3,000
OTIS	5,000	5,000
Maintenance/Equipment	1,000	1,000
Central Motor Pool	4,000	0
Furniture/Equipment	0	0
Commissioner Per Diem	<u>15,000</u>	<u>15,000</u>
Total Operational	\$1,086,000 *	\$1,051,000 **
Public Financing Administration	0	0
Gubernatorial Public Financing	0	0

* In FY 1991, \$23,490 was 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

** In FY 1992, \$86,000 was taken from the ELEC budget due to an Interdepartmental Assessment. This amount was removed from the salary account.

In addition, the furniture and equipment account has been eliminated completely. This account had a carry-forward balance of \$67,407.

1991 Evaluation Data

Disclosure Reports (Total)	19,942
Campaign & Quarterly	18,989
Lobbyist	676
Personal Finance	277
Photocopies	187,881
Investigations	65
Agency-Initiated Civil Proceedings	218
Public Assistance Requests	11,797
Fine Collection	\$ 51,497