

1984 REPORT
OF THE NEW JERSEY
ELECTION LAW ENFORCEMENT COMMISSION



ANDREW C. AXTELL, CHAIRMAN
ALEXANDER P. WAUGH, JR., VICE CHAIRMAN
HAYDN PROCTOR, COMMISSIONER
OWEN V. MC NANY III, COMMISSIONER
EDWARD J. FARRELL, GENERAL COUNSEL
FREDERICK M. HERRMANN, EXECUTIVE DIRECTOR

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MESSAGE FROM THE CHAIRMAN

The New Jersey Election Law Enforcement Commission continued to evolve during 1984. Commissioner M. Robert DeCotiis and Executive Director Scott Weiner resigned to return to active politics, and the Commission selected Frederick M. Herrmann as its new Executive Director over the summer. In December, Owen V. Mc Nany became the newest Commissioner. Moreover, because of amendments to "The New Jersey Campaign Contributions and Expenditures Reporting Act," the Commission gained the responsibility of administering a new filing entity - the continuing political committee (CPCs). CPC's file quarterly reports and include State, county, and municipal political committees; political clubs; and political action committees (PACs).

By statute, the Commission monitors the campaign financing of all elections held in the State. Whether the election is for membership on a school board or for Governor, all candidates and organizations are required to file contribution and expenditure reports with the Commission. Traditionally, the Commission has sought to be energetic, but fair, in administering the law. Furthermore, it has been dutiful in preparing reports for review by the press and the public. Last year was no exception.

In addition, the Commission administers the law requiring candidates for the Governorship and the Legislature to make public their personal finances prior to election day. The Commission also administers those sections of the "Legislative Activities Disclosure Act of 1971" which establish a financial filing obligation on the part of lobbyists and legislative agents. An important part of the Commission's responsibility is the administration of partial public financing of the gubernatorial primary and general elections. Finally, the Commission exercises investigatory and adjudicative powers with respect to the various programs outlined above.

On behalf of the Commission, I take great pleasure in submitting this report to the members of the State Legislature.

Cordially,

A handwritten signature in cursive script that reads "Andrew C. AxteLL". The signature is written in dark ink and is positioned above the printed name.

ANDREW C. AXTELL

THE COMMISSION

Andrew C. Axtell, Chairman

Mr. Axtell is serving his third term as Commissioner. Named Chairman in 1982, he is a businessman who has long been involved in the political affairs of the State. Vice President of Robinson Technical Products Corp., Mr. Axtell is also President and a partner of Parkhurst Realty Company of Newark. He is a member of the Board of Directors of the Dreyfus Consumer Bank of East Orange, former Councilman and Mayor of Livingston, and former Chairman of the Essex County Republican Committee. Mr. Axtell is married to the former Ruth Cunningham and has two children.

Alexander P. Waugh, Jr., Vice Chairman

Mr. Waugh is serving his second term as Commissioner. Vice Chairman since 1984, Mr. Waugh is a partner in the Princeton law firm of Smith, Stratton, Wise, Heher and Brennan. Mr. Waugh also serves as Secretary of New Jersey Supreme Court's District VII Ethics Committee and as a member of New Jersey Supreme Court's Committee on Civil Practice. Mr. Waugh was an assistant counsel to former Governor Brendan Byrne during 1978 through 1980.

Married to the former Anne Christie, Mr. Waugh lives in Pennington with his wife and their two children.

Haydn Proctor, Commissioner

Haydn Proctor is serving his second term on the Commission. A former Associate Justice of the New Jersey Supreme Court, Justice Proctor served in both the General Assembly and the State Senate. Chairman of the Joint Appropriations Committee in 1941 and 1943, Justice Proctor was Senate Majority Leader in 1945 and Senate President in 1946.

A delegate to the New Jersey Constitutional Convention of 1947, Justice Proctor resides in Interlaken with his wife, the former Dorothy Young. The couple has two daughters.

Owen V. Mc Nany III, Commissioner

Mr. Mc Nany is serving his first term on the Commission. He is President and Director of Yorkwood Savings and Loan Association and President and Director of the Crestwood Service Corporation. Involved in both the civic and political life of the State, Mr. Mc Nany is active with many business and professional associations. He is the State Director of the Institute of Financial Education of the U. S. League of Savings Associations and is a trustee and Vice President of the Hospital Center at Orange, New Jersey. Mr. Mc Nany and his wife, the former Patricia Beury, have three children and reside in Maplewood, New Jersey.

Edward J. Farrell, General Counsel

Edward J. Farrell has been General Counsel to the Commission since its inception in 1973. He is senior partner in the firm of Farrell, Curtis, Carlin & Davidson.

Frederick M. Herrmann, Executive Director

Frederick M. Herrmann worked for the New Jersey Legislature in the area of election law for eight years before coming to the Commission. He holds a doctorate in American political history and has taught at Rutgers University and Kean College of New Jersey.

MESSAGE FROM THE EXECUTIVE DIRECTOR

Nothing in American political life is more important than preserving the integrity and fairness of the electoral system. In New Jersey, the Election Law Enforcement Commission is the guardian and watchdog over the financial aspect of this process, and it attempts to do so with diligence and impartiality.

During 1984, the Commission made steady progress in improving the efficiency and effectiveness of its internal operations. It also adapted to new responsibilities brought about by amendments to "The New Jersey Campaign Contributions and Expenditures Reporting Act." Moreover, it intensified its efforts in the area of compliance by providing technical assistance to candidates, campaign treasurers, and other campaign operatives, through such devices as public educational forums and private training sessions. Of special note was a joint conference held with the Federal Election Commission in September.

In 1984, the Commission made positive strides toward making its computer system operational. It also began its effort to secure funding for a microfilm project. Both of these initiatives will demonstrably improve the quality of its work and dramatically enhance the Commission's ability to serve the public.

During the past year, the Commission also incorporated added responsibilities stemming from amendments to the Campaign Reporting Act. The establishment of "continuing political committees" as a new reporting entity, and the consequent increase in filing, reviewing, and investigating activity, placed enormous strain on existing staff, but the Commission nevertheless met its responsibility in this area.

As with many governmental agencies, the New Jersey Election Law Enforcement Commission continues to grow and evolve. The year 1984 was a good year for the Commission, and the future looks even brighter. On behalf of the members of the Commission's staff, we look forward to serving the people of our State by helping to preserve their trust in our democratic system of electing public officials.

Sincerely,



FREDERICK M. HERRMANN

COMMISSION STAFF

FREDERICK M. HERRMANN	EXECUTIVE DIRECTOR
JEFFREY M. BRINDLE	DEPUTY DIRECTOR
GREGORY E. NAGY	STAFF COUNSEL
CHERYL R. CLARKE	ASST. STAFF COUNSEL & LOBBYING COORDINATOR
SANDRA L. MAGEE	STAFF MANAGER
CAROLYN NEIMAN	STAFF ADMINISTRATOR
LUISA RAGONESE	DIRECTOR OF INVESTIGATION
SHEILA E. BECKER	SENIOR INVESTIGATOR
LARRY J. HOPKINS	ASSOCIATE INVESTIGATOR & CPC (Continuing Political Cmte.) PFD (Personal Financial Disclosure) COORDINATOR
JOHN L. HULICK	DIRECTOR OF REVIEW
THERESA PICARELLO	ASSISTANT REVIEWERS
MARIA KUPCZAK	DIRECTOR OF PUBLIC FINANCING
PETER NICHOLS	FINANCING ASSISTANTS
MARYANNE BONCZYK	RESEARCH AND PROJECT COORDINATOR
VRAT PETCHOTA	SECRETARIES
JAMES WOJTOWICZ	DIRECTOR OF RECORDS
R. DAVID ROUSSEAU	ASSISTANT FILERS
CELIA MINICH	DATA ENTRY OPERATORS
DONNA MATLOCK	RECEPTIONIST
DIANNE SHIFFLER	
CAROL KILLINGS	
JULIA WILLIAMS	
KIM RIVERA	
DIANE CUNNANE	
SHIRLEY THORPE	
BRENDA DUNKINS	
RENEE INGRAM	
DEBBIE KOSTIVAL	

1984 AND 1985 BUDGET OVERVIEW

The Commission has 24 budgeted full-time positions. Currently, because two of those positions are not funded, the Commission has only 22 full-time employees.

In addition to the full-time employees, the Commission has four temporary employees to manage the gubernatorial public financing program. Part-time hourly employees are occasionally used to help with professional and clerical backlogs.

The following chart compares fiscal years 1984 and 1985. It includes the public financing budget for fiscal year 1985.

COMPARISON OF FISCAL YEAR 1984 APPROPRIATIONS
TO THOSE OF FISCAL YEAR 1985

<u>ACCOUNT</u>	<u>1984 ADJUSTED APPROPRIATION</u>	<u>1985 ADJUSTED APPROPRIATION</u>	<u>TOTAL (+/-)</u>	<u>%</u>
Personnel	\$ 501,006	\$ 556,500	+ 55,494	11%
Printing & Office Supplies	35,000	35,000	0	0
Travel	7,000	7,000	0	0
Telephone	13,290	13,000	- (290)	2%
Postage	13,500	17,000	+ 3,500	26%
Data Processing	65,000	65,000	0	0
Professional Services	38,000	38,000	0	0
Other Services	12,000	15,000	+ 3,000	25%
Maintenance of Equipment/Furnishings	1,300	1,000	- (300)	23%
Central Motor Pool	4,000	4,000	0	0
Equipment/Furniture	0	0	0	0
Commissioner Per Diem	24,000	24,000	0	0
Insurance	9	0	- 9	100%
<u>Total Operational</u>	<u>\$ 714,105</u>	<u>\$ 775,500</u>		
Gubernatorial Public Financing - Primary Election	-	4,000,000	+4,000,000	100%
Data Processing Initiative (Data Processing Superfund)	-	225,000	= 225,000	100%

OVERVIEW OF PROPOSED FY'86 BUDGET

The Fiscal Year 1986 proposed budget is basically a continuation budget.

The Commission's original budget request was for an additional \$44,000 for microfilming. Through an adjusted priority package submission to the Office of Management and Budget, the Commission has amended its request to include an additional \$60,000 for funding two professional positions in the area of review and investigations. The Commission's final FY'86 budget proposal, therefore, amounts to \$881,000, or an overall increase of \$105,000.

PROPOSED FY'86 Budget Initiatives

* \$15,000 for purchase of a microfilm camera needed to eliminate a paper backlog creating a fire and shelving hazard by allowing the efficient recording and storage of almost a million copies of public records.

* \$29,000 for hiring two microfilm clerks

* \$60,000 to fund the existing positions of Election Finance Analyst and Assistant Finance Analyst. This funding is needed to help relieve a backlog in review and investigations resulting from increased staff responsibilities and understaffing during FY'85.

COMPLIANCE

Candidates, political committees, continuing political committees, lobbyists and legislative agents are required to file disclosure statements with the Commission. Each filing category has a different reporting obligation, and the Commission makes a concerted effort to insure that all of them understand the guidelines under which they are to operate, so that compliance with the reporting laws of New Jersey will be at the highest level possible.

During 1984, the Commission held twelve public educational forums throughout the State. It communicated reporting obligations to a variety of filing entities by mail and telephone. The Commission also provided direct technical assistance to reporting entities upon their request.

As a result of the Commission's efforts to educate filers, compliance by candidates, political committees, continuing political committees, lobbyists, and legislative agents was high in 1984. With the aid of the new computer system, the Commission hopes to continue to improve compliance in the future.

The following chart represents the number of reporting entities and the total number of reports filed in 1984:

NEW JERSEY ELECTION LAW ENFORCEMENT COMMISSION 1984

REPORTING ENTITIES

Candidates and Campaign Committees	4,717
Continuing Political Committees	1,132
Lobbying and Legislative Agents	319
Legislative Candidates Filing	
Personal Financial Disclosure	6
TOTAL	<u>6,174</u>

REPORTS FILED

Campaign Disclosure	11,189
Annual Reports	1,163
Quarterly Reports	2,329
Legislative Activities Disclosure	
(Lobbyists and Legislative Agents)	319
Personal Financial Disclosure	6
TOTAL	<u>15,006</u>

REVIEW AND INVESTIGATIONS

The Election Law Enforcement Commission reviews the thousands of reports filed with it each year. In addition, when a possible violation is discovered by the staff or brought to the Commission's attention by a member of the public, the investigatory staff conducts field reviews of the financial records of candidates, political committees, continuing political committees, lobbyists, and legislative agents to ensure that the appropriate disclosure has been made. Moreover, as a matter of policy, the Commission conducts detailed reviews of all county political party committees' ongoing campaign financial records.

The review and investigations function of the Commission is an integral part of the preservation of accountability in the State's electoral process. Under the direction of the Commission and the new Executive Director, plans are under way to improve efforts in this area during 1985.

The following table provides the number of cases opened and investigated in 1983 and 1984:

	<u>Opened</u>	<u>Completed</u>
1983	128	102
1984	129	66

LEGAL

Litigation and Enforcement

Litigation and enforcement are important functions of the Commission. When an apparent violation of the filing requirements is found to exist, the Commission initiates a complaint which can result in an administrative hearing. These enforcement proceedings are undertaken by the Commission's Staff Counsel and Assistant Staff Counsel. Following the finding of a violation, the Commission is authorized to impose civil penalties ranging from a reprimand to a fine of up to \$1,000 on each count. The Commission takes pride in its record of fair and impartial enforcement of the disclosure laws which it administers. During 1984, the Commission initiated 364 complaints. In 320 cases, the Commission took some sort of disciplinary action. The Commission collected \$22,581.60 in fines, which reverted to the general treasury of the State.

The following data represents enforcement activity during 1984:

Cases open as of 12/31/83	101
Complaints initiated	364
Fines imposed	194
Reprimands (no fine imposed)	126
Dismissals	15
Cases open as of 12/31/84	130
Cases concluded after OAL proceedings	62
Fines received	\$22,581.60

Advisory Opinions

The Commission, with the assistance of its Staff Counsel and General Counsel, issues advisory opinions to reporting entities seeking advice as to whether a certain course of action would result in a filing obligation or would be a violation of the disclosure laws. In 1984, 18 advisory opinions were issued by the Commission. Among the principal opinions were:

- * AO 10-1984, AO 14-1984, and AO 18-1984 which addressed several questions concerning "testing the waters" activities by possible 1985 gubernatorial candidates;
- * AO 12-1984 which addressed the reporting requirements of national political action committees for out-of-state and federal-candidate activity; and
- * AO 16-1984 which addressed the reporting requirements for recall elections of municipal officials.

Regulations

The Commission is empowered to adopt regulations to help it administer the financial disclosure laws.

During 1984, the following regulations were enacted:

- * A Comprehensive set of amendments, new rules, repeals, and recodifications to carry out substantial amendments made to the Reporting Act by the adoption on January 17, 1984, of Chapter 579 of the Laws of 1973. These regulations included new provisions for "continuing political committees," a term including political party committees and Political Action Committees (PAC's); see 16 N.J.R. 2154-2168.
- * An amendment concerning reporting obligations of national PAC's; see 16 N.J.R. 2258(a).
- * An amendment concerning the establishment of a separate bank account by a "continuing political committee" designated to file candidate reports; see 16 N.J.R. 2256(a).
- * Comprehensive amendments to public financing of gubernatorial primary and general elections; see 16 N.J.R. 2765(a).

Legislation

The legal staff of the Commission regularly tracks legislation which would affect the electoral process in New Jersey. Besides recommending legislation, the Commission frequently takes a position on bills determined to be of importance to the areas within its jurisdiction. In other cases, the Commission makes only technical comments on pending legislation. Often, the Executive Director, or his representative, will testify before the legislative committee considering a particular bill. The following pending legislation is of particular interest to the Commission:

- * Public Finance Reform

The Commission recommended several amendments to the public financing program for gubernatorial elections to reflect campaign inflation since 1981. These included adjusting the amount of public funds appropriated to candidates for Governor as well as increasing the \$800 contribution limit and the \$50,000 qualification threshold. A bill (Senate Bill No. 1523) which would have adopted some, but not all, of the Commission's recommendations was conditionally vetoed. The Commission stands ready to assist the Legislature and the Governor in developing legislation to make much needed improvements in the existing law.

- * Surplus Funds -

The Commission supports legislation which defines how candidates can use surplus campaign funds and specifically prohibits personal use of such funds. Bills aimed at this purpose include Senate Bill Nos. 1399, 2307 and 2070 and Assembly Bill No. 2816.

Suggested Legislation for introduction in the Legislature is as follows:

- * Legislation to require elective office holders to file reports for testimonial affairs conducted while they are in office.

- * Legislation to increase the threshold requiring the identification of contributors, or the filing of the Form C-1, from in excess of \$100 to in excess of \$200.

* Legislation to raise the threshold from \$250 to \$500 for 48-hour identification of contributors immediately before an election.

* Legislation to raise the threshold for requiring reporting by persons making independent expenditures from \$100 to \$1000.

* Legislation to permit candidates and committees required to file 60-day postelection reports to file quarterly reports instead.

* Legislation to increase the length of the term of each Commissioner from 3 to 5 years.

* Legislation to increase the time for responding to a request for an advisory opinion from 10 to 20 days.

* Legislation to delete fire district elections from the Reporting Act.

* Legislation to establish civil jurisdiction in the Commission to enforce the provisions concerning prohibited contributions by insurance companies, banks, regulated industries, and political parties in primary elections.

* Legislation to establish civil jurisdiction in the Commission to enforce requirements that political literature identify the persons who paid for it.

PUBLIC FINANCING OF GUBERNATORIAL ELECTIONS

A major role of the Commission in gubernatorial election years is to administer the State's public financing program. Enacted in 1974, the public financing program, supported through the State income tax check-off provision, has enabled gubernatorial candidates to conduct their campaigns free from improper influence. It also has allowed persons of limited financial means to seek election to the State's highest office.

In 1981, the State held its second publicly funded general election and first publicly funded primary election. Approximately \$8.7 million was spent for both elections - \$6.3 million to assist 16 of 22 primary candidates and \$2.4 million to aid the two major candidates in the general election.

Following the 1981 election, the New Jersey Election Law Enforcement Commission prepared a report which contained conclusions about the 1981 election and recommendations for improving public financing in the future. Essentially, the Commission called for raising the contribution limit from \$800 to \$1,200, increasing the qualification threshold from \$50,000 to \$100,000, reducing the matching ratio from 2:1 to 1:1, lowering the public funding limitation from about \$600,000 to \$500,000 for the primary and from about \$1.2 million to \$1 million for the general election, and eliminating the expenditure limitation of approximately \$1.2 million for the primary and \$2.4 million for the general election.

At the time of printing, amendments to the public financing statute had not been enacted and it was impossible to know whether the 1985 election would be affected by new legislation or whether any of the Commission's recommendations would be adopted.

Currently, the FY'85 public financing budget, mainly for primary 1985, stands at \$4 million. A total of \$2.5 million is appropriated from the gubernatorial election fund and the rest from the General Treasury. The Governor's proposed FY'86 budget contains an appropriation of \$3 million entirely from the General Treasury, primarily to be used for the general election. Monies received from the General Treasury will be repaid over the next four years out of the Gubernatorial Election Fund, supported by the State income tax check off. The fund generates about \$1.5 million a year and is the most popularly supported mechanism of its kind in the nation.

At this writing, it is not expected that all of the public financing dollars will be used. There will be fewer candidates in the 1985 primary than in 1981, and it is possible that some of the candidates will not opt to use public funds.

COMPILATION OF FINANCIAL INFORMATION ON CAMPAIGNS

Each year, the Commission compiles statistics on spending in New Jersey's election campaigns. The information below includes spending for the 1983 legislative races, PAC activity in those elections, and spending by public question committees in 1983 and 1984. Total spending by Senate and Assembly candidates in the 1983 election is also given. These totals do not include State party committee expenditures.

<u>Total Senate (1983)</u>	<u>Average Per Candidate</u>
Democrats \$ 1,329,803	\$ 33,245
Republicans 1,480,711	38,966
Other 33,044	11,015
<u>Total Assembly (1983)</u>	<u>Average Per Candidate</u>
Democrats \$ 1,430,574	\$ 18,579
Republicans 1,228,137	16,824
Other 12,788	6,394

Total number of legislative candidate and candidate-related committees expending more than \$100,000 and \$50,000 respectively in 1983 general election.*

	<u>Senate</u>	<u>Assembly</u>
More than \$100,000	11	2
More than \$50,000	24	11

*Figures include contributions made by State committees

The following tables summarize 1983 PAC activity:

Total PAC spending in primary and general election 1983

	<u># of PACS</u>	<u>Amount</u>
1983 Primary	37	\$ 163,498
1983 General	112	1,675,629

Top Five PAC Contributors-Primary

	<u>PAC</u>	<u>AMOUNT</u>
1.	N.J. Dental PAC	\$ 31,800
2.	Lawyers Encouraging Government And Law	26,208
3.	Jersey Bankers PAC	15,535
4.	Builders PAC	12,559
5.	Physical Therapists PAC	12,159

Top Five PAC Contributors-General

1.	Builders PAC	\$ 179,671
2.	N.J. Dental PAC	103,300
3.	New Jersey Education Association PAC	99,603
4.	New Jersey Organization for a Better State	85,000
5.	Lawyers Encouraging Government And Law	84,273

The Five Senate and Assembly Candidates Receiving the Most Money From
PAC's in the Primary Election

<u>Senate</u>			<u>Assembly</u>		
1.	Jackman	D \$8,000	Doria	D	\$ 8,416
2.	Bubba	R 6,660	Aduato, M.	D	6,135
3.	Lesniak	D 6,400	Brown	D	5,950
4.	Codey	D 5,940	Kalik	D	5,800
5.	O'Connor	D 5,067	Janiszewski	D	3,600

The Five Senate and Assembly Candidates Receiving the Most Money from PAC's in
the General Election

<u>Senate</u>			<u>Assembly</u>		
1.	Salerno	R \$38,946	Doyle	D	\$25,113
2.	Van Wagner	D 37,722	Fortunato	D	23,075
3.	Bassano	R 35,493	Gallo	R	22,105
4.	Orechio	D 30,227	Aduato, M.	D	22,040
5.	Cardinale	R 29,892	Bocchini	D	17,576

Activity on Behalf of Public Questions in 1983 and 1984

Statewide

Public Questions

1983

no. on ballot	8
no. passed	8
amount spent	<u>\$ 9,222.72</u>

1984

no. on ballot	6
no. passed	6
amount spent	<u>\$218,260.18</u>

Public Question Committees with filing obligations
and amount of money expended

1983

Expended

Committee for Water Supply	\$6,709.12
Citizens for Green Acres	<u>2,513.60</u>
TOTAL	\$9,222.72

1984

New Jerseyans Care Citizens Committee	\$ 23,036.68
New Jersey Citizens for Jobs, Science & Technology	165,470.55
New Jersey Coalition to Support Transportation	<u>29,752.95</u>
TOTAL	\$218,260.18