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# 1996 Annual Report

**The N.J. Election Law  
Enforcement  
Commission**



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May, 1997



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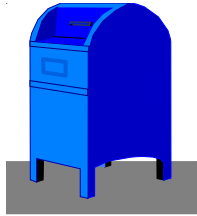
## HOW TO CONTACT ELEC

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ELEC's Location

28 West State Street  
13th Floor  
Trenton, New Jersey



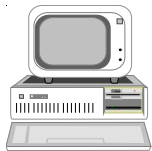
ELEC's Mailing Address

New Jersey Election Law Enforcement Commission  
CN-185  
Trenton, NJ 08625-0185



ELEC's Telephone

(609) 292-8700



ELEC's Home Page

<http://www.state.nj.us/lps/elec/>



## THE COMMISSION

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### **Ralph V. Martin, Chair**

Ralph V. Martin, retired Superior Court Judge serving Passaic County, and now a practicing attorney in Wayne, New Jersey, was appointed to fill an unexpired term on the Commission in December, 1995, and was appointed Chair in February, 1996, by Governor Christine Todd Whitman.

While a Superior Court Judge, the Chair was involved in all divisions of the Court, with the bulk of his service occurring in the Civil Division.

A graduate of Rutgers University in 1951 with a B.S. and M.S., Judge Martin earned his J.D. in 1958 from Rutgers University. He was subsequently admitted to the New Jersey and U.S. District Court in 1958 and to the U.S. Supreme Court in 1963.

The Chair is a member of the Passaic County and State of New Jersey Bar Associations. He has a legal interest in complex litigation and media delivery issues. Judge Martin had chaired the Supreme Court Media Committee for an extensive period of time.

A veteran of the U.S. Army wherein he served as a Nuclear Guided Missile Officer from 1951-1955 (14th Ordnance Battalion), the Chair is married to the former Ida K. Kuiphoff. The couple have four sons.

### **David Linett, Vice Chair**

David Linett has completed two terms on the Commission. An attorney, he is currently President of the Bridgewater law firm of Ginden and Linett, PC.

Vice Chair Linett is a former Prosecutor of Somerset County and a former Treasurer of the National District Attorneys Association. A past Chair of the Supreme Court's District XIII Ethics Committee, he also served as the Treasurer of the Supreme Court's Ethics Financial Committee. He is a member of the American, New Jersey State, and Somerset County Bar Associations.

Very active in charitable and volunteer endeavors, Vice Chair Linett was named "Citizen of the Year" in 1989 by the Somerset County Chamber of Commerce. Further, he served three terms as Chair of the Board of Trustees of Alternatives, Inc. (formerly AAMH), and two terms as a Director of the Somerset County Chamber of Commerce. Vice Chair Linett was a District Governor of Rotary International in 1991-92 and a past-president of the Somerville Rotary Club. He was twice elected to the Democratic State Committee from Somerset County.

Vice Chair Linett is a graduate of Yale University and Harvard Law School. He resides in Summit with his wife, Penny. They have five children and three grandchildren.

### **Paula A. Franzese, Commissioner**

Paula A. Franzese is serving her first term on the Commission. Appointed in 1996 by Governor Christine Todd Whitman, Commissioner Franzese is a Professor of Law at the Seton Hall University School of Law.

Commissioner Franzese is the Founder and Director of the New Jersey Mentor Program, which pairs inner-city high schools with law firms, public sectors law offices, and Seton Hall Law School. Existing since 1987,



## THE COMMISSION continued

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Mentor provides inner-city youth with the opportunity to participate in the legal system and with access to role models within the profession.

A lecturer, as well as a commentator on *Caucus: New Jersey Court T.V.*, Commissioner Franzese had served as President of the Justice Resource Center Board of Directors in New York City.

A graduate of the Columbia University School of Law, Commissioner Franzese is a member of the New Jersey and New York bars and is admitted to practice in the U.S. District Courts for the Southern and Eastern Districts of New York and the District of New Jersey.

A recipient of numerous awards and honors, and the author of several publications and papers, she is married to Michael Roseloa. The couple has two children.

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

Frederick M. Herrmann, Ph.D., has been the executive director of the New Jersey Election Law Enforcement Commission for over a decade. He received an A.B. (1969) from the University of Pennsylvania and an M.A. (1970) and a Ph.D. (1976) from Rutgers, The State University of New Jersey. Dr. Herrmann is also an honor graduate of the United States Army Quartermaster School at Fort Lee, Virginia.

The author of many publications about history and government, he is a frequent speaker at various forums inside and outside of New Jersey. Currently, he is the book review editor of *The Guardian*, a member of

the Peer Review Board of the Ethics Section of *Spectrum: The Journal of State Government*, and on the editorial board of *Public Integrity Annual*.

Once a teacher at Rutgers and Kean College as well as a staff member of the New Jersey Legislature, he has also served on the Organizational Planning and Coordinating Committee of the Council of State Governments and has been the President of the Council on Governmental Ethics Laws and the Chairperson of the Northeastern Regional Conference on Lobbying.

In 1993, he was the recipient of the Annual Award of the Council on Governmental Ethics Laws for his continued efforts to promote the highest level of ethical conduct among governmental officials and candidates for public office in the international arena.

### **James P. Wyse, Counsel**

James P. Wyse was selected to be the Commission's new Counsel in 1994 and began serving in that capacity in January, 1995.

Mr. Wyse is a partner in the Morristown law firm of Schenck, Price, Smith and King, where he specializes in the areas of corporate and commercial law, real estate, environmental law, and estate planning.

Mr. Wyse, admitted to practice in New Jersey and before the United States Court of Appeals for the Third Circuit, has argued cases in that Court and before the New Jersey Supreme Court.

As Counsel for a number of national, State, and local land trust organizations, Mr.



THE COMMISSION continued

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Wyse has developed special expertise regarding conservation and agricultural easements and innovative land preservation techniques.

Mr. Wyse received a B.A. degree from Bucknell University and J.D. degree with honors from the Rutgers University School of Law.

Appointed General Counsel to the New Jersey Conservation Foundation, he also advises the Junior League of Morristown, the Morris Shelter, Inc., and the Dierdre O'Brien Child Advocacy Center. Married to Pamela Paxton, he serves on the Board of Trustees of the Morris Parks and Land Conservancy.



## MESSAGE FROM THE CHAIRMAN

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**By Ralph V. Martin**

As Chair of the New Jersey Election Law Enforcement Commission, it is indeed a pleasure to present this report to the members of the Legislature.

The year 1996 was truly monumental. In fact, it should be remembered as a watershed year in the Commission's efforts toward making significant improvements in its computer operations, thereby enhancing greatly its mission of disclosure.

Without the benefit of an added appropriation earmarked for recomputerization, the Commission drew from its operating budget to begin the process of upgrading its computer operations.

In this vein, the Commission achieved a number of long-held goals in 1996. It initiated steps to enhance its existing software program for candidate reporting, a project which is now in its final stages. It purchased a new platform and it began the process of converting the existing software to a new language. Moreover, using money out of the Gubernatorial Public Financing Program administration account appropriated for computerization purposes, the Commission took the first steps to provide electronic reporting for gubernatorial candidates in future gubernatorial elections.

Specifically, the Prime 4150 System utilized by the Commission for more than a decade will be replaced by the client-server technology of the DEC Alpha Server 1000. The client server database management system of Oracle will now be used and ELEC's Primos Software is now being migrated to Visual Basic. Aided by \$155,000 of a \$630,000

appropriation for public financing, the Commission remains hopeful that it will be able to implement an electronic filing pilot program for the 1997 gubernatorial general election.

In addition to these major recomputerization undertakings, the Commission added other important computer enhancements. For example, it established a home page, it is hooked up to the internet for the purposes of research, and it purchased basic scanning equipment. It now also has flash fax capabilities.

Along with other long-term plans for improved technology, such as electronic filing for legislative candidates and image processing, these recent innovations will greatly improve the Commission's ability to make information available to the public in an efficient and effective manner.

During 1996, the Commission accomplished other important changes that benefit the public and the objectives of disclosure. First and foremost, it undertook a major move that not only optimizes its available space but greatly expanded and improved its public area. No longer will the public have to deal with cramped space for reviewing records, it now has three comfortable and convenient rooms for its use. This area has been set for a computer hookup as well.

The Commission continued its efforts in the area of analysis in 1996. This past year witnessed the publication of its eleventh in a series of white papers by Deputy Director Jeffrey M. Brindle, State Parties and Legislative Leadership Committees: An Analysis 1994-1995. It also produced press releases, one of which analyzed the financial



MESSAGE FROM THE CHAIRMAN continued

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activity of lobbyists.

The Commission's Compliance Section, as well as its enforcement staff, continued their strong efforts in 1996.

Not only did the Compliance Section completely overhaul its candidate and continuing political committee manuals, but it assisted the public with requests for information, processed 20,000 reports, and photocopied over 180,000 pages of reports. It produced press releases and attained a compliance rate of over 90 percent.

In enforcement, the Legal Section while issuing Advisory Opinions and drafting regulatory proposals, issued 140 complaints.

The Review and Investigation Section, on the other hand, closed 45 investigations.

As usual, the Commission's veteran Executive Director, Frederick M. Herrmann, continued to excel in his job. With a strong and unwavering belief in ELEC as an institution, the Executive Director continued his efforts toward fulfilling the Commission's mission of disclosure, most specifically in 1996 by leading ELEC toward a bright technological future. Moreover, as a known national leader in the field, Executive Director Herrmann published an article in the 1997 edition of Public Integrity Annual entitled "Bricks without Straw: The Plight of Governmental Ethics Agencies in the United States."

In terms of its budget, the Commission's regular budget for operations will remain steady at \$1,417,000 in FY-1998. Though an increase in its budget would certainly enable the Commission to intensify

its disclosure efforts even more, the Commission recognizes that government is in a period of budgetary restraint, and is appreciative to the Governor and Legislature for its support.

Thus, as I stated above, I am delighted, on behalf of the Commission, to present this report of progress to the Legislature

Cordially,

Ralph V. Martin  
Chair





## COMMISSION STAFF

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### **Executive**

Frederick M. Herrmann, Ph.D., Executive Director  
Jeffrey M. Brindle, M.A., Deputy Director  
Gregory E. Nagy, Esq., Legal Director  
Elbia L. Zeppetelli, Administrative Assistant  
Steven Kimmelman, M.A., Research Assistant

### **Administration**

Barbra A. Fasanella, Director  
Donna D. Margetts, M.A., Personnel Officer/  
Lobbying Auditor  
Elaine J. Salit, Fiscal Officer  
Debra A. Kostival, Head Receptionist  
Irene Comiso, Senior Receptionist

### **Compliance and Information**

Evelyn Ford, Esq., Director  
Kimberly Key, Associate Compliance Officer  
Linda White, Associate Compliance Officer  
Christopher Guear, M.A., Assistant Compliance  
Officer  
Amy Davis, Assistant Compliance Officer  
Monica Triplin-Nelson, Clerk  
Elizabeth A. Michael, Clerk  
Maria Concepcion, Clerk  
Erin Kasa, Clerk  
Samira Wood, Messenger

### **Computer**

Carolyn Neiman, Systems Administrator  
Brenda A. Brickhouse, Systems Operator  
Shirley R. Bryant, Senior Clerk  
Nelly R. Rosario, Associate Data Entry Operator  
Barbara Counts, Secretarial Associate

### **Legal**

Nedda Gold Massar, Esq., Deputy Legal Director  
Irene Szedlmayer, Esq., Assistant Legal Director  
Gail Shanker, Esq., Legal Assistant  
Ruth Ford, Legal Secretary

### **Review and Investigation**

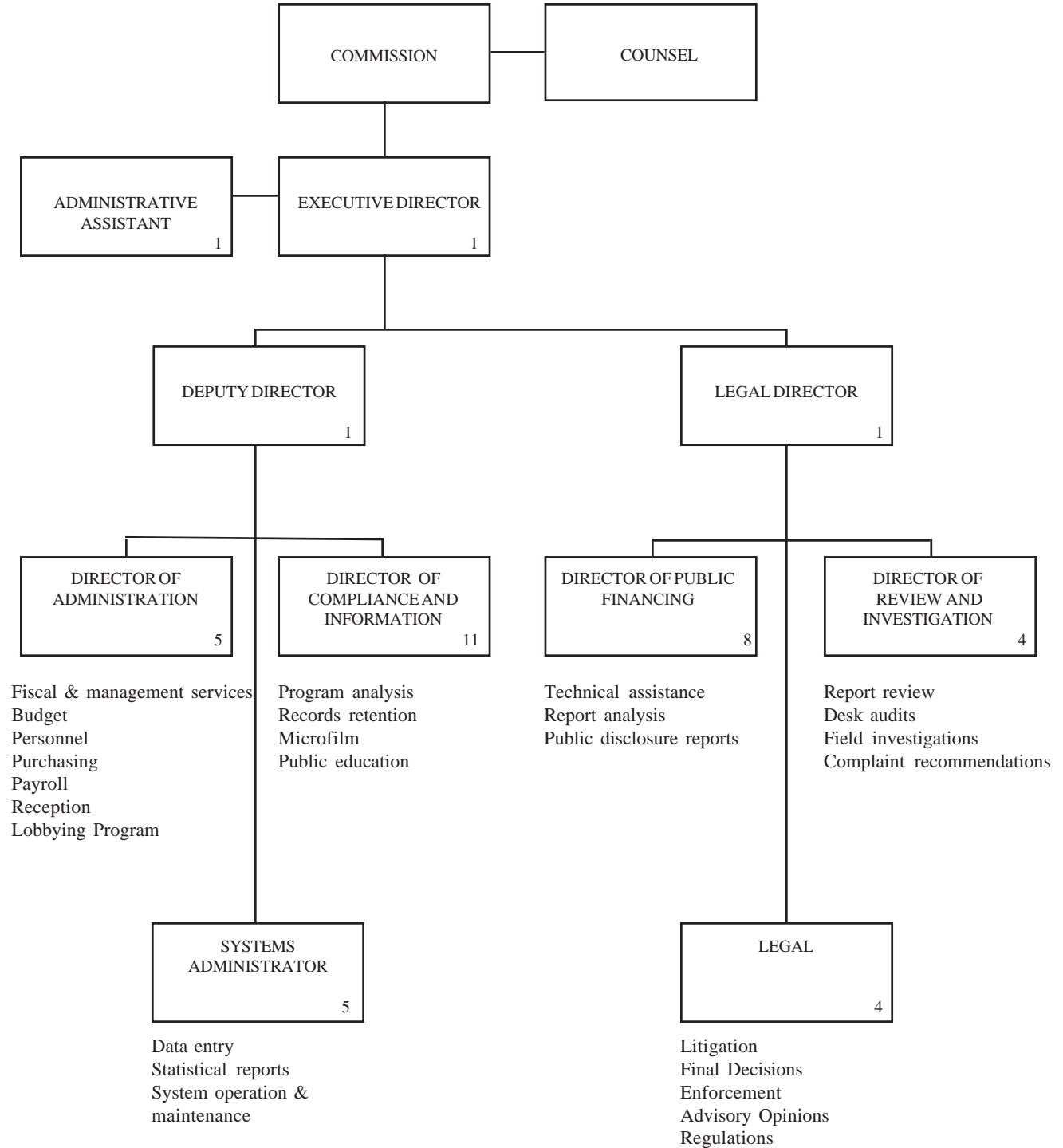
Carol Hoekje, Esq., Director  
Shreve E. Marshall, Jr., Associate Director  
Brett Mead, Associate Report Examiner  
Ivy Bartuswicz, Clerk Typist

### **Gubernatorial Public Financing**

Nedda Gold Massar, Esq., Director  
Andrew Mersel, Analyst  
Pamela Hamilton, Analyst  
Kimberly McCubbin, Analyst  
Harry Ravenel, Analyst  
Leila Sabitsana, Computer Assistant  
Pamela Kinsey, Clerk  
Darlene Kozlowski, Clerk



# TABLE OF ORGANIZATION





## MESSAGE FROM THE EXECUTIVE DIRECTOR

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**By Frederick M. Herrmann, Ph.D.**

The New Jersey Election Law Enforcement Commission (ELEC) has been in existence for over 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 the state can be proud.

In 1988, Professor Frank J. Souraf 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 Dirty Little Secrets: The Persistence of Corruption in 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 important 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.'" The most recent study in that series written by Deputy Director Jeffrey M.



## MESSAGE FROM THE EXECUTIVE DIRECTOR *continued*

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Brindle is State Parties and Legislative Leadership Committees: An Analysis 1994-1995.

Over the Summer of 1996, Contributions Watch, a non-profit group that monitors campaign finance issues, ranked ELEC third nationally among state agencies that try to keep citizens informed about political spending. A review of such factors as copying fees, facilities, report availability, and computerization concluded moreover that the Commission was far ahead of other states in its region. Joe Donohue of the Star-Ledger (Newark) wrote in a story about this survey entitled "Election Law Watchdog Gets a Pat on Head" that ELEC "has always been in the vanguard of state election enforcement agencies."

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," "best of the bunch," and "in the vanguard" by prominent sources and, at the same time, to be respected 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 continue building upon its outstanding record and remain as New Jersey's preeminent guardian over political and governmental ethics.



## ELEC OVERVIEW

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### COMMISSIONERS

#### 1973

Frank P. Reiche, Chair  
Judge Sidney Goldmann, Vice Chair  
Judge Bartholomew Sheehan, Commissioner  
Florence P. Dwyer, Commissioner

#### 1974-1979

Frank P. Reiche, Chair  
Judge Sidney Goldmann, Vice Chair  
Josephine Margetts, Commissioner  
Archibald S. Alexander, Commissioner

#### 1980-1981

Judge Sidney Goldmann, Chair  
Josephine Margetts, Vice Chair  
Andrew C. Axtell, Commissioner  
M. Robert DeCotiis, Commissioner

#### 1982-1983

Andrew C. Axtell, Chair  
M. Robert DeCotiis, Vice Chair  
Justice Haydn Proctor, Commissioner  
Alexander P. Waugh, Jr., Commissioner

#### 1984-1986

Andrew C. Axtell, Chair  
Alexander P. Waugh, Jr., Vice Chair  
Justice Haydn Proctor, Commissioner  
Owen V. McNanny III, Commissioner

#### 1987-1988

Judge Stanley G. Bedford, Chair  
Owen V. McNanny, III, Vice Chair  
Andrew C. Axtell, Commissioner  
David Linett, Commissioner

#### 1989-1990

Judge Stanley G. Bedford, Chair  
Owen V. McNanny, III, Vice Chair  
David Linett, Commissioner  
S. Elliott Mayo, Commissioner

#### 1991-1992

Owen V. McNany, III, Chair  
Judge Stanley G. Bedford, Commissioner  
David Linett, Commissioner

#### 1993-1994

Owen V. McNany, III, Chair  
William H. Eldridge, Vice Chair  
David Linett, Commissioner

#### 1994-1995

William H. Eldridge, Chair  
Owen V. McNany, III, Vice Chair  
David Linett, Commissioner  
Michael Chertoff, Commissioner

#### 1996

Judge Ralph V. Martin, Chair  
David Linett, Vice Chair  
Paula A. Franzese, Commissioner

### EXECUTIVE DIRECTORS

1973-1975	David F. Norcross
1976-1981	Lewis Thurston, III
1981-1984	Scott A. Weiner
1984-present	Frederick M. Herrmann

### COUNSELS

1973-1994	Edward J. Farrell
1994-present	James P. Wyse



## STATUTORY HISTORY OF ELEC

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- **Commission** created by P.L. 1973, c.83 (N.J.S.A. 19:44A-1 et seq.) - "The New Jersey Campaign Contributions and Expenditures Reporting Act" - effective date: April 24, 1973.
- **Street Money Reform Law** established by P.L. 1993, c.370, (codified as N.J.S.A. 19:44A-11.7) - effective date: January 7, 1994.
- **Gubernatorial Public Financing Program** started by P.L. 1974, c.26 (N.J.S.A. 19:44A-27 et seq.) - effective date: May 6, 1974.
- **Uniform Recall Election Law** established by P.L. 1995, c. 105, (codified as N.J.S.A. 19:27A-1 et seq.) - effective date: May 17, 1995.
- **Personal Financial Disclosure Program** started by P.L. 1981, c.129 (N.J.S.A. 19:44B-1 et seq.) - effective date: May 1, 1981.
- **Political Identification Law** established by P.L. 1995, c. 391, (codified as N.J.S.A. 19:44A-22.2 and 22.3) - effective date: February 1, 1996.
- **Lobbying Program** started by P.L. 1981, c.150 (N.J.S.A. 52:13C-18 et seq.) - effective date: May 22, 1981.
- **Continuing Political Committee (PACs) Quarterly Reporting** started by P.L. 1983, c.579 (amendment to N.J.S.A. 19:44A-1 et seq.) - effective date: January 17, 1984.
- **Lobbying Reform** established by P.L. 1991, c.243 (amendments to N.J.S.A. 52:13C-18 et seq.) - effective date: January 1, 1992.
- **Campaign Finance Reform** established by P.L. 1993, c.65 (amendments to N.J.S.A. 19:44A-1 et seq.) - effective date: April 7, 1993.



## LEGISLATIVE REVIEW

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An important task for Commission staff at the start of each legislative session is review of the many bills introduced which either directly or indirectly impact on campaign financing or lobbying disclosure. These bills are closely monitored, and Commission staff is often called upon to provide technical assistance during the legislative process. In 1996, the first year of the 207<sup>th</sup> Session of the New Jersey Legislature, a total of 78 bills were identified as having potential impact upon the areas of Commission jurisdiction.

Of those bills, 36 directly concerned the Campaign Contributions and Expenditures Reporting Act (hereafter, the Reporting Act), including its gubernatorial public financing provisions. Among those were bills that would reduce the contribution limits for non-gubernatorial candidates and committees, while others would abolish legislative leadership committees or create a public financing system for legislative candidates. Bills were also introduced to increase the number of debates in which publicly-financed gubernatorial candidates are required to participate and to reduce the public funds which may be given to qualified gubernatorial candidates.

Eight bills concerned the Legislative Activities Disclosure Act (hereafter, the Lobbying Act). Among them was a bill requiring lobbyists and legislative agents to provide written notice to Legislative and Executive Branch members and staff of reportable benefits given to them. Approved by the Governor on December 20, 1996, as Chapter 144 of the Laws of 1996, this bill is intended to promote more accurate disclosure on annual lobbying reports filed by lobbyists and legislative agents of benefits actually passed to members and staff of the Legislative

and Executive Branches. The Commission anticipates that regulations will be proposed during 1997 to clarify the reporting requirements and other issues raised by this new law.

One of the two bills introduced in 1996 concerning the Gubernatorial and Legislative Candidate Personal Disclosure Statement Act (hereafter, the Candidate Disclosure Act) proposes to change the filing deadline for the gubernatorial and legislative disclosure statements of sources of income and other information and would give candidates additional time to prepare and file the reports.

The remaining 32 bills concerned general election-related matters. For example, several of them would change the dates of certain elections or consolidate elections and therefore could potentially affect Commission operations in a significant manner.

### **Legislative Recommendations**

The recommendations for legislative changes which follow are based on Commission review of the Reporting Act, the Lobbying Act, and the Candidate Disclosure Act, or as a result of questions raised by members of the public and requests for advisory opinions. These inquiries often point out unclear areas of the law, or raise new questions not addressed in existing statutes. Research conducted into campaign financing issues and results published in the Commission's White Paper series highlight additional areas of concern. Further, in the course of public hearings which are held during the regulation adoption process, the Commission becomes aware of areas of the law which require clarification.





The Commission therefore recommends consideration of the following legislative changes:

- Reduce the contribution limit to the State party committees from \$25,000 (\$30,000 as adjusted for 1997) to \$15,000 and reduce the contribution limit to legislative leadership committees and county party committees from \$25,000 (\$30,000 as adjusted for 1997) to \$10,000 as suggested in the Commission’s July, 1996, White Paper, “State Parties and Legislative Leadership Committees: An Analysis 1994-1995.” This recommendation is based upon detailed Commission analysis of actual contributions received by the State party committees and legislative leadership committees over a period of two calendar years. The Commission determined to undertake a white paper research project to examine the financial activity of the county political party committees.
- Amend the definitions in the Reporting Act of “political committee” (PC) and “continuing political committee” (CPC) to require that each receive contributions from a number of different contributors each year and that each make a number of contributions to different candidates during the year. The current definitions do not specify that a PC or CPC should have any required number of contributing persons or entities or that any number of candidates be supported in a year. These changes will prevent establishment of PCs or CPCs by one or two contributing entities for the purpose of circumventing the contribution limits in the Reporting Act.
- Establish limits for contributions to PCs and CPCs from individuals, corporations, unions, associations, and groups. These contributions are currently unlimited, and the Commission believes that reasonable limits to PCs and CPCs from all types of contributors are appropriate.
- Amend N.J.S.A. 19:44A-16d to require that in order to be eligible to file a Certified Statement (Form A-1 or A-2), the total amount of contributions raised in an election by a candidate or candidates, as well as the amount to be spent in the election, must not exceed the Form A-1 or A-2 threshold. This change will enhance disclosure by strictly limiting filing of certified statements to only those candidates who have raised and spent amounts below the certified statement thresholds.
- Amend the Reporting Act to define the term “national committee of a political party.” Among the contribution limits established by the 1993 amendments to the Reporting Act was the prohibition that the “national committee of a political party” contribute no more than \$50,000 annually (\$59,000 as adjusted for 1997) to the State committee of a political party. In order to monitor effectively that contribution limit, it is necessary to know precisely which entities qualify under New Jersey law as the “national committee of a political party.”
- Lengthen the statutory response time for a Commission advisory opinion from 10 days, as provided in N.J.S.A. 19:44A-6f, to 35 days to conform to the monthly meeting schedule of the Commission.





## LEGISLATIVE REVIEW continued

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- Ban contributions made directly from corporations and labor unions, and permit only those contributions made through their voluntary employee political action committees.
  - Permit the Commission to impose penalties equal to the dollar amount of information which is missing or late or equal to the current statutory maximums, whichever penalty amount is greater.
  - Lengthen Commissioner terms from three to five years; require that upon the expiration of a Commissioner's term, a replacement be nominated and confirmed within 90 days, or the Commissioner serving in holdover status shall automatically retain the position for another term; and permit the Governor to select a chair and vice chair for a fixed term. These changes are necessary because the complexity of the Reporting Act, Lobbying Act, Candidate Disclosure Act, and Commission regulations requires expertise that develops over a period of years and warrants longer terms. Further, with the current three-year Commissioner terms, the Commission might be composed during a gubernatorial election year of members with no prior experience in administering the gubernatorial public financing program.
  - Create a program for partial public financing of legislative elections. The Commission's experience since 1977 in publicly-financed gubernatorial elections provides a sound basis for designing and implementing such a program for legislative races.
  - Implement the recommendation contained
- in the Commission's "1997 Cost Index Report" to modify the statutory rounding process mandated at N.J.S.A. 19:44A-7.1 for quadrennial adjustment of the limits and thresholds in the Reporting Act. This recommendation is also discussed in the Gubernatorial Public Financing Section of this Annual Report.
- Adequately fund the continued acquisition of computer technology, the hiring of such additional staff as may be necessary to enable the Commission to provide the public with timely access to the campaign finance reports it receives, and the Commission's enforcement responsibilities.

The Commission offers these suggestions for legislative change in its constant effort to enhance disclosure of information to the New Jersey public.



## LEGAL SECTION

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The Legal Section is responsible for:

1. Developing regulations to assist in interpreting the statutory requirements of the Campaign Contributions and Expenditures Reporting Act (hereafter, the Reporting Act) or the Lobbying Disclosure Act (hereafter, Lobbying Act);

2. Providing advisory opinions to filing entities seeking specific legal guidance under those laws; and,

3. Prosecuting alleged violations of these laws by issuing civil complaints. In addition, of particular importance in 1996, were issues concerning the application of contribution limits in different fact settings. For the first time, contribution limit violation allegations were litigated under a statute permitting candidates to seek pre-election relief in the State Courts against an opposing candidate. Also in 1996, a new law was enacted assigning to the Commission responsibility for administering full identification of candidates or committees circulating campaign advertising.

### Regulations

The Commission is very active in utilizing rulemaking as a means of providing guidance for reporting entities and the public in: interpreting statutory requirements for reporting contributions, applying various contribution limits to different categories of contributors, properly identifying campaign materials, and understanding other regulatory matters pertinent to financing elections. During 1996, rulemaking activity included:

***Contributions by Partnerships:*** Late in 1995, the Commission proposed regulations

prohibiting contributions from partnership entities from being accepted by candidates or committees. The Reporting Act does not specifically address whether or not partnerships may make contributions. After a public hearing was conducted on January 2nd, the regulation was adopted in February.

***Joint Candidates Committees:*** Rules reflecting statutory amendments concerning participation in and full identification of joint candidates committees and naming of campaign depositories were proposed in early April, and became effective on June 3rd.

***Campaign Advertising:*** Legislation requiring candidates and committees to identify themselves on all campaign advertising (such as print and broadcast paid advertising, billboards, literature, etc.) was adopted into law in February. The Commission proposed rules to implement these new requirements on April 19, and after a public hearing in June, the rules became effective on August 19.

***Advisory Opinion Procedures:*** In an effort to facilitate requests for advisory opinions, the Commission proposed rules specifying the information that must be provided by requesting persons. After a hearing conducted in July at which no one offered any comments, the rules were adopted on September 10. In conjunction with these rules, the Commission implemented a form for making such requests.

***Street Money Payments:*** On October 21st, the Commission proposed amended regulations to strengthen the reporting of street money transactions. The term “street money” refers generally to payments made to individuals for get-out-the-vote efforts, poll



watching, and other activities intended to aid or promote a candidate, or the passage or defeat of a public question. All such payments must be made by check. The proposed rule clarified that in the event that a candidate employs a vendor or other entity on behalf of the campaign to make such payments, that vendor or entity is also required to make the payments by check, and the candidate retains responsibility for reporting the identity of persons receiving payments. After a public hearing was conducted on November 19, at which no testimony was offered, the amendments were adopted by the Commission in December.

**Limited Liability Entities:** In response to questions made during its hearing on its regulations prohibiting contributions by partnerships (see above), the Commission proposed on August 19, to prohibit also contributions from limited liability companies and limited liability partnerships. A hearing on the proposal was conducted on November 19, and the proposal was adopted by the Commission on January 17, 1997.

**Contributions by Affiliated Entities:** On December 2d, the Commission proposed a rule preventing affiliated corporations, associations, or labor organizations from each making contributions that, when aggregated together, exceed applicable contribution limits. Therefore, if such entities are affiliated under the standards contained in the rule, they collectively may contribute only an amount that does not exceed what a single entity can give. After a public hearing was conducted on December 17, the Commission adopted the rule on January 17, 1997.

**Contributions by Minors:** At its meeting of December 17th, the Commission

authorized proposal of rules prohibiting minors from making contributions unless the minor is 14 years of age or older, the contribution is made from funds comprised of the minor's earned income, and affidavits are submitted from the minor and the minor's guardians that the decision to contribute was solely that of the minor. A public hearing on the proposal was held on February 18, 1997.

### **Advisory Opinions**

Issues concerning the permissible uses of candidate funds and application of contribution limits dominated questions presented to the Commission in requests for advisory opinions. Any candidate, committee, or person subject to recordkeeping, reporting, or other requirements of the Reporting Act or Lobbying Act may seek guidance from the Commission upon submitting a written request for the Commission's opinion on a specific question of law. In order to facilitate such requests, the Commission this year established a form for these requests, which form is available on request. Advisory opinions issued in 1996 addressed the following topics:

**Use of candidate funds for future elections:** The Commission was asked whether or not a candidate who raised funds in an election candidacy for one office, in this case State Assembly, could use the remaining unspent balance from that candidacy for a future candidacy for another office (i.e., State Senate). In Advisory Opinion No. 04-1996, the Commission observed that nothing in the 1993 amendments to the Reporting Act appeared intended to change the policy permitting a candidate to transfer unspent funds from a prior candidacy to a future candidacy, and that this policy extended both to a future candidacy for the same office, or a



different office. However, the Commission concluded that in order to insure that contribution limits were not violated in any single election, contributions received after the date of the termination of the 20-day postelection report for the prior election and not used to meet net outstanding obligations from that prior election, must be considered as contributions to the new candidacy.

***Use of candidate funds for legal fees and constituent communications:*** Late in 1995, the Commission was asked whether or not an officeholder could use candidate funds to pay legal fees arising out of the officeholder's defense for alleged ethics violations. The Commission held that the statute regulating permissible uses of candidate funds permitted "ordinary and necessary" officeholding expenses, and that an officeholder subject to the rules of the Legislature is answerable before the Joint Legislative Committee on Ethical Standards. Therefore, legal fees for representation before that body acting in its official capacity were a permissible use; Advisory Opinion No. 13-1995 (issued January 4, 1996). Also, the Commission held that candidate committee funds could be used to pay part of the costs of producing and distributing the annual report of a governing body to its constituents, but that any text that might be construed as election-related could give rise to political communication reporting and contribution limits for the candidate; Advisory Opinion No. 06-1996.

***Joint federal and State fundraising:*** A State political party committee asked the Commission to prescribe procedures for handling contributions received by check the proceeds of which are ultimately allocated by the State Committee between its federal and

State election accounts. The Commission established several restrictions, including a requirement that the State Committee provide notice to contributors of the formula that would be used by the State Committee to make the allocation. Also, the State Committee must receive acknowledgment from the contributor that the contributor was aware that such an allocation would be made; Advisory Opinion No. 01-1996.

***Non-election related activity:*** In Advisory Opinion No. 3-1996, the Commission ruled that a group of persons who solicited funds to purchase a personal gift for an officeholder (i.e., a birthday present) would not acquire reporting responsibilities under election-related finance disclosure law. However, the Commission noted that under other ethics statutes not within its jurisdiction, the officeholder would be required to report the identities of persons providing personal gifts having a value of more than \$400.

***Charitable contributions:*** The Commission was asked whether or not it was permissible for a candidate to make a charitable contribution by using campaign funds to purchase a raffle ticket sold by a charity. The ticket ultimately proved to be the winning one. The Commission held that as long as the candidate disclaims any rights to the winnings, the purchase of a raffle ticket from a bona fide charity is permitted; Advisory Opinion No. 08-1996.

***Lobbying activities:*** The Commission was asked whether or not an organization established by elected legislators would be subject to lobbying reporting and other requirements if it solicited funds and hired staff to make lobbying communications to other legislators. The Commission concluded



that the fact that the organization was established by legislators did not remove it from the Lobbying Act's requirements. While the acts of a State officer in carrying out the officer's duties are exempted from lobbying reporting, the Commission ruled that undertaking the solicitation and spending of funds to lobby other legislators was not within the scope of the exemption; Advisory Opinion No. 02-1996. The Commission declined to issue an opinion to a person who contended that lobbying of regulatory officials occurring in the context of a public hearing or other opportunities to be heard under the Administrative Procedures Act were exempt from lobbying disclosure requirements. Because of the absence of any statement of what lobbying activity was actually contemplated by this person, and what interest that person had in that contemplated activity, the Commission lacked adequate facts to issue a ruling; Advisory Opinion Request No. 05-1996.

***Prohibited corporate contributions:*** Election law prohibits certain corporate entities from making political contributions. However, since that law is not part of the Reporting Act, the Commission does not have legal jurisdiction to administer the prohibition, or issue legal opinions interpreting it. Instead, the Commission refers inquiries concerning the statutory prohibition to the Attorney General, who may issue opinions for the guidance of such corporations. Accordingly, the Commission referred such a request to the Attorney General from a group of insurance companies and officers who wished to form a committee for the purpose of making contributions; Advisory Opinion Request No. 07-1996.

***Cost index and gubernatorial public financing:*** The extensive rulemaking that occurred on these subjects is discussed in the Gubernatorial Public Financing section of this Annual Report.

### **Civil Complaints**

Both the Reporting Act and the Lobbying Act authorize the Commission to bring civil complaints seeking monetary penalties against persons who may have violated the requirements of those laws. Such enforcement proceedings are used as a means of compliance with reporting requirements, such as in the case of non-filers who file reports in response to complaint proceedings. Any person charged by the Commission may request a full hearing before an Administrative Law Judge, but in the great majority of cases such hearings are voluntarily waived.

In 1996, the Commission issued 140 complaints for alleged violations; 109 concerning violations of the Reporting Act and the remaining 31 concerning the Lobbying Act.

While most respondents waive formal hearing proceedings, a person named as a Respondent in a Commission complaint has the right to a full, evidentiary hearing before an Administrative Law Judge, who is an independent hearing officer of the Office of Administrative Law (OAL) in the Department of State. There were a total of 23 hearing requests pending during the year, 14 of these were closed prior to conducting the hearing and nine remain pending at the OAL. Interestingly, despite the number of hearing requests, it proved unnecessary for the OAL to conduct any hearing in Commission cases because respondents chose to settle during





prehearing conferences or immediately prior to the hearing date. Settlements are often achieved after discovery is completed, and respondents accept the proposed penalties in the complaint. As a general rule, proposed penalties are not negotiated, and are only reduced in cases where a respondent makes a required filing or otherwise brings a filed report into compliance.

The great majority of complaints were generated by an examination of Commission records, comparing lists of candidates with filings received from those candidates. In cases where records indicated no reports were filed, complaints were initiated. However, 12 of the complaints were the result of investigations conducted by the Review and Investigation Section. In these cases, the prosecuting attorney and the investigator work together in drafting the specific allegations of the complaint, and in prosecuting the hearing, if one is requested.

After a complaint has either been heard before the OAL, or a hearing has been waived, the Commission reviews the record and enters a Final Decision in the case. If the alleged violations have been proved to the Commission's satisfaction, the Commission may impose a monetary penalty of up to \$3,000 per violation, or higher penalties in cases of intentional violations of contribution limits. During 1996, the Commission received payments totalling \$32,877 for such penalties.

Among the complaints undertaken this year for the first time, the Commission prosecuted a violation of the contribution limits established by the 1993 amendments to the Reporting Act. The case involved a candidate-controlled Continuing Political Committee (CPC) which had dissolved by

contributing the balance of its funds to a local municipal political party committee. Since this balance amounted to slightly more than \$100,000, this violation was a substantial one of the \$5,000 limit for a CPC contributing to a municipal committee. In this case, since the funds were returned and ultimately disbursed properly, the Commission concluded that the evidence did not support a finding that the excessive contribution was made willfully and intentionally, and therefore imposed a penalty for a non-willful violation on the CPC and its treasurer.

Also a first in 1996, was the bringing of 31 complaints against legislative agents who were charged with filing late or not filing quarterly lobbying activity reports. Previous lobbying enforcement activity had been for late or non-filing of annual reports, which convey most financial information. However, the Commission undertook this year to prosecute also quarterly report violations because of the importance of timely information concerning legislative agent lobbying activities, including identification of clientele, areas of legislation and regulation lobbied, and specific bills.

In other significant litigation, the Commission brought a complaint against a county political party committee which had engaged in joint fundraising with a U.S. Senate candidate. The county committee filed, as a result of the complaint, reports identifying bank accounts in which jointly raised funds had been deposited, and information regarding expenditures for "street money" in the election. In another case, still pending, the Commission has alleged that a committee affiliated with a labor union and two of its officers acted as a Continuing Political Committee by making contributions to candidates going back to 1991,



LEGAL SECTION continued

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but has failed to file any reports.

All complaints and final decisions issued by the Commission are made available for public inspection at the Commission offices.

The Legal Section staff was expanded late in 1996 with the addition of a legal assistant. As a result, the Legal Section was able to establish a campaign finance case law library containing precedents from both federal and out-of-State courts. As the regulation of campaign finance has become more complex and has extended to the other States, it has become increasingly important to establish this research tool. In addition, the legal assistant has provided assistance in the prosecution of more involved cases, and in the drafting, production and recordkeeping of complaints and final decisions.



## COMPLIANCE AND INFORMATION SECTION

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The calendar year 1996 was a busy year for the Compliance and Information Section. The enormous task of phasing in the campaign financial disclosure reforms enacted in 1993 continued throughout the year as new regulations were promulgated. The “Compliance Manual for Campaign Reporting” was updated and expanded to reflect the reforms. The recall law, along with the political identification statement law, were also phased in, requiring new forms and materials. In addition, the Compliance and Information Section began to focus on examining the ways in which its policies and procedures could be streamlined and improved by using new technology.

The Compliance and Information Section did an outstanding job of re-working its operations both inwardly and outwardly.

### **Compliance**

In 1996, as in 1994, neither house of the Legislature was slated for election, nor were there any gubernatorial races. Despite this fact, there were still approximately 20,000 reports filed with the Commission during 1996. While the number of reports is about the same as that filed in 1994, it appears that candidates and committees filing detailed reports are spending more money. Accordingly, while the number of candidates and committees does not appear to be rising dramatically, the amount of money spent by these committees is increasing.

During 1996, 5,272 candidates and committees participated in the elections (school board, municipal, runoff, primary, and general). In prior years, the Commission required that the county clerks place candidate names onto Commission documents. Since it

was apparent that many clerks’ offices were computerizing their candidate lists, the Compliance and Information Section authorized the clerks to transmit candidate names using the clerks’ own computerized formats. Further, the Section accepted the candidate names via facsimile. This initiative saved time and effort on the part of the 21 county clerks and enabled the Section to receive the names more quickly. As a result, the 1996 candidates and committees received their filing materials much earlier.

The Compliance and Information Section re-examined in 1996 many of its internal procedures. One such procedure is the process of “coding” reports. Every report filed with the Commission is assigned a code. The code is necessary for the purpose of identification and for use by the data entry staff. A code consists of numerals which reflect the office sought, county and municipal location, political party, and a sequence number. Since the Commission’s creation in 1973, this code was manually created and placed on a report. During the fall elections, a pilot program was implemented to determine if computerized labels could be substituted for the manual operation. The program was a huge success and has become a permanent procedure for the Section. The “labeling” has decreased human error, saved time, and will allow the disclosure timeframe to be greatly improved.

To assist candidates and treasurers with their compliance with the campaign laws, the staff of the Compliance and Information Section conducted four seminars: three seminars were held in Trenton and one seminar was held in Bergen County. Seminars heighten compliance with the law and help build relationships with the candidates and treasurers





who file reports with the Commission. The seminars were well attended and continue to be a favored event as a compliance tool.

For those candidates and treasurers who were unable to attend the seminars, the Compliance and Information Section had videotapes available to borrow, or for viewing at the Commission's offices in Trenton. This service is available in recognition that many campaign officials are unable to attend seminars, but would be able to view a seminar tape at home.

By far one of the most notable accomplishments of 1996 concerned the revision of the major source of information necessary for candidate compliance: "The Compliance Manual for Campaign Reporting." This Manual was totally revised to capture the numerous changes to the regulations as a result of the sweeping campaign reforms enacted in 1993 and to provide materials for those involved with a recall election. The Manual was created with desk-top publishing, and contains a much more comprehensive discussion of the complex campaign financial disclosure laws. Much of 1996 was spent creating the new Manual, which was published and available in January of 1997.

The Compliance and Information Section continued to provide support and assistance to candidates and committees through its informational mailings and nonfiler/delinquent notices. Prior to each election, every candidate running for office received a Manual with forms and reporting dates. Within 3 days of the filing date, nonfiler or delinquent notices were sent to candidates who failed to file reports. Treasurers of PACs received filing materials and reporting dates one month prior to each of the quarterly

reporting dates, and a delinquent notice if reports were not filed. By providing informational mailings prior to the filing dates and nonfiler/delinquent notices promptly after the filing date, the Section was able to maintain its high rate of compliance throughout 1996. By election day, 95 percent of the general election candidates had filed reports with the Commission.

Disclosure by lobbyist organizations and legislative agents remained an area of high interest during 1996. As with the candidates and PACs, the Compliance and Information Section provided informational mailings to registered agents, along with delinquent notices. At each quarterly filing, approximately 88 percent of the registered agents filed their quarterly report of legislative activities on time. At the filing date of the annual reports of financial activity, 89 percent of legislative agent filed reports; that number rose to 99 percent within one month of the filing date. Furthermore, the Section continued to administratively terminate any agents who failed to remit the required registration fee, thus keeping the active agent list current. The administrative termination program is an excellent compliance tool to insure that agents properly register and maintain a bona fide agent status.

The Compliance and Information Section continued to produce its quarterly report of lobbying activity, published shortly after each calendar quarter. This comprehensive report summarizes all activity, by quarter, of all legislative agents registered in New Jersey. The report also contains a listing of whether or not a particular legislative agent filed a quarterly report. Copies of the quarterly reports filed are also compiled and published with the report. This publication is both an



excellent compliance tool and a popular and useful resource for the press and public.

As a result of the passage of a political identification statement law in 1996 (also called the “disclaimer” or “labeling” law), entities making expenditures for political advertising and filing with the Commission are required to place an identification statement on the communication. The Compliance and Information Section notified those affected by the new law of its requirements and assisted those posing questions concerning the law’s application.

Overall, the Compliance and Information Section was very successful in promoting compliance with the campaign, PAC and lobbying disclosure laws, thereby providing the citizens of New Jersey with an abundance of information with which to be informed voters.

### **Information**

One of the highest priorities of the Compliance and Information Section is the function of providing disclosure to the citizens of New Jersey. The Compliance and Information Section is very proud of its accomplishments in this area.

During 1996, a study was done by a national watchdog agency called “Contributions Watch.” This group examined the practices and procedures in each of the 50 states concerning public disclosure. The Commission was ranked third highest in excellence among the 50 states, a ranking which reflects the continuous striving to provide a high level of service to the people of New Jersey.

Each year more and more New Jerseyans become involved with the political process. Accordingly, the Compliance and Information Section is always poised and ready to experiment with new initiatives to accommodate as many interested persons as possible. One such initiative was the expansion of the “public records” area. Over the history of the Commission, the public area was confined to one room, with limited workspace and seating. Due to the lack of space, there was no photocopying machine available for public use, and the reports placed in the public area were on display on a temporary basis. Each election cycle, reports were removed from the public area to make space for the next election cycle reports. During 1996, the Commission was able to obtain additional space for the public area expansion. The public area now has three times the physical space it once had, with plans to open a fourth room during the next year. A large photocopying machine has been installed for exclusive use by the public. Filing cabinets line the walls and house reports which can be accessed much like that of a library. Reference materials can now be shelved and provide a comprehensive source of current information concerning the campaign and lobbying laws. The press and public can visit the public area and review the reports and materials without staff intervention, thereby enhancing confidentiality and convenience.

Since the public records area is also the “filing headquarters” for candidates, treasurers, and legislative agents required to file reports with the Commission, space in the newly expanded public area was devoted to their needs. Forms, manuals, advisory opinions, and regulations are available to assist those who file with the Commission. Also, a secured receptacle was installed to streamline



the filing procedures on filing deadlines. A filer is never required to wait in line to file a report; the report need only be deposited in the secured receptacle located in the public records area.

To further improve the disclosure function of the Commission, staff of the Compliance and Information Section travelled to the Federal Election Commission (FEC) in Washington, D.C. to observe and learn of practices and procedures which could benefit the public in New Jersey. Since the FEC shares a similar mission with New Jersey's Election Law Enforcement Commission, it is quite economical to benefit from the FEC's disclosure experience. The staff of the FEC was able to provide invaluable advice concerning various technologies and vendors.

Since more and more members of the public have access to a facsimile machine, the use of "flash fax" technology is imperative. This technology enables a person to obtain, through their facsimile machine, copies of such items as forms, regulations, advisory opinions, press releases, and other important notices, by calling into a facsimile directory. This service will be available 24 hours a day. Much of the ground work was done on this project during 1996 to have it in place for the 1997 elections.

The Compliance and Information Section published numerous press releases in 1996 announcing upcoming Commission meetings, new laws, filing and disclosure dates for the elections, and analytical releases. The Commission meeting releases provide an open invitation to the press and public to attend the open public meetings and to become involved with the work of the Commission. The analytical releases done in the lobbying

area during 1996 remained to be of extraordinarily high interest and resulted in widespread coverage by the media.

### **Conclusion**

The Compliance and Information Section is very proud of its compliance and disclosure record during 1996. By improving compliance with the law by those who are required to file with the Commission, and by enhancing disclosure with the use of new technology, an expanded physical space, and streamlined procedures, the citizens of New Jersey can become the most informed electorate ever.



## REVIEW AND INVESTIGATION SECTION

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### Investigations

This year again proved to be a busy one for the Review and Investigation staff. The Commission received 107 requests to undertake new investigations (a figure that is consistent with the 110 requests received in 1995), and the Commission determined to open 51 investigations as a result. Ten of these requests were referrals from other State or local agencies. In addition, the Commission determined to open another 19 investigations as a result of internal review. The Section staff closed a total of 45 investigations, and at the close of 1996 a total of 35 investigations remained open.

Of the 45 completed investigations, 17 resulted in the Commission approving issuance of formal complaint proceedings. The Commission is authorized to file complaints in cases where it believes violations of campaign or lobbying laws may have occurred, and civil penalties may be imposed after respondents have had an opportunity for a hearing in an Administrative Law Court.

In addition to receiving requests for investigations from outside sources, the Commission also determines to initiate investigations as a result of its own review. In 1996, the Commission authorized the Review and Investigation Section to undertake a project to review the quarterly reports filed by the county political party committees. That project is still ongoing and involves review of such reporting obligations as the requirement to report all depository accounts, to disclose complete contributor information, and to file 48-hour notices for contributions received and expenditures made in the period between the date of the last quarterly report and an election occurring before the due date of the

next quarterly report.

Investigations during 1996 involved two new and very different areas of examination - the contribution limits imposed by the 1993 Amendments and the political identification requirements which were brought under the Commission's jurisdiction by legislation effective February 1, 1996. Each area has involved new challenges for the staff and will probably continue to do so. In investigations involving violations of the contribution limits, a critical issue has become to examine not only whether the contribution limit was violated, but also whether or not it was done wilfully and intentionally, thereby requiring a showing of specific intent. Therefore, establishing and proving intent in a contribution limit case has presented an additional challenge.

During 1996, a new law was enacted placing responsibility with the Commission for enforcement of correct political identification on political advertisements. Under this law, candidates and committees financing political advertisements or other similar campaign materials must identify themselves on the advertisements. This law has already generated three investigations arising out of the 1996 primary election, and in those cases the Commission issued letters of correction rather than undertaking complaint action because of the relative newness of the legislation, and the lack of familiarity with the requirements. The name and address of the candidate or other committee must appear on the literature, not the name of the treasurer as in the prior, now superceded law, which was under the jurisdiction of the county prosecutors' offices. An increasing number of requests for investigation now include allegations of incorrect and/or missing political



identification. These allegations have involved a number of local elective offices and often require on-site inspection of signs and other campaign material around the state, an investigative function which differs from the accounting function involved in auditing books and records for reporting of campaign contributions and expenditures. Despite this increased demand for investigative resources, the Section has received no additional personnel and remains staffed with two investigators.

Investigations continued to involve such other issues as: failure to report contributions and expenditures, including “in-kind” (that is, other than cash) contributions; failure to identify contributions in excess of \$200.00 and/or to report occupation and employer information for those contributions; failure to report outstanding obligations; failure to report required detailed information for “street money” expenditures; exceeding the affidavit report form expenditure threshold of \$2,000 in an election; failure to establish and/or report a depository account; filing obligations of entities allegedly engaged in election advocacy; the requirement to dissolve all candidate-controlled political committees and continuing political committees; and the alleged “personal use” of campaign funds.

In 1996, the Section completed its first investigation with a recommendation for prosecution concerning the contribution limits imposed by the 1993 Amendments. This investigation involved a candidate-controlled continuing political committee, which was required to wind up and dissolve by April 8, 1994. The full balance of some \$100,000 was transferred to a municipal political party committee. While this transfer effectively satisfied the requirements of Section 9h(1),

the amount of the transfer exceeded the limit of \$5,000 on a contribution from a continuing political committee to a municipal political party committee. The Commission approved the issuance of a Complaint against the continuing political committee and its organizational treasurer for making a contribution in the amount of \$101,752.37, an amount in excess of the \$5,000.00 statutory contribution limit.

Another investigation involved a committee of a labor union, which allegedly was making contributions to and on behalf of candidates for elective office, and therefore had incurred an obligation to file quarterly reports with the Commission as a continuing political committee. Review of expenditures by this entity disclosed that it exceeded the \$2,500.00 expenditure threshold for filing as a continuing political committee in calendar years 1991-1994, and therefore incurred a filing obligation with the Commission as a continuing political committee. The investigation showed that over the relevant time period, more than \$50,000 was expended in election-related activity. Staff recommended the issuance of an eighteen-count complaint against the continuing political committee and its treasurers for failing to file quarterly reports for calendar years 1991 through 1995, and for failing to file a designation of campaign treasurer and depository (Form D-3).

In one investigation involving a political committee raising and expending funds to support candidacies of two candidates for Township Committee in the 1994 general election, staff recommended a three-count complaint against the political committee and its campaign treasurer, including one count for failure to file 48-hour notices relevant to





the receipt of five “in-kind” contributions, totaling \$5,302.99, each in excess of \$500 in the aggregate, which were received between the thirteenth day prior to the election and the date of the election.

In another investigation in which the Commission approved issuing a complaint against a continuing political committee for late filing of quarterly report information, the Commission also approved issuance of a letter of correction to two officeholders listed as “honorary co-chairmen” of the continuing political committee on fundraising material, to advise the officeholders that Section 9h(1) prohibits each from participating directly or indirectly in the management of the continuing political committee, and that when a candidate lends his or her name as “honorary chair” or “co-chair,” an implication arises that there is some degree of participation by the candidate because the candidate otherwise would not lend his/her name to be used for purposes with which he/she does not agree.

### **Requests for Investigation**

Any person may request that the Commission undertake an investigation by submitting a written statement setting forth an allegation that constitutes a potential violation of the Campaign Reporting Act. It is always helpful when the complainant forwards as much specific evidence as possible to support the allegations. The staff reviews every request for investigation, determining whether or not it presents an allegation that falls within the Commission’s jurisdiction. Staff assesses whether or not the allegation can be resolved by a relatively minor reporting adjustment, or by clarification of the applicable reporting requirements with the complainant. In some instances, the request involves allegations that

are not yet “ripe” for review because they concern future elections and/or reporting periods that have not been concluded. All remaining requests for investigation are presented to the Commission for its consideration. In 1997, the Review and Investigation Section anticipates completing a form for use in requesting an investigation.

### **Subpoenas**

The Review and Investigation Section issued 15 subpoenas in calendar year 1996 in nine investigations. Eight subpoenas were issued to respondent reporting entities and/or treasurers for records, and seven subpoenas were issued to financial institutions for records.

### **Additional Complaint Recommendations**

The Review and Investigation Section is also responsible for generating complaint recommendations for those candidates or filing entities that did not file campaign, quarterly, or personal financial disclosure reports with the Commission. In order for the Commission to identify these entities, staff must undertake a review of its files of campaign reports, and compare those files against the computer-generated checklist which identifies those entities that have not filed with the Commission as of a specific date. The complaint recommendation process is conducted with painstaking thoroughness so that complaints are recommended only in cases where both the report files and the checklist agree that no report was filed. In addition, staff also reviews the annual and quarterly reports of lobbyists and legislative agents for compliance with the provisions of the Legislative Activities Disclosure Act. In 1996, the Review and Investigation staff prepared and forwarded complaint recommendations



that resulted in the issuance by the Legal Section of 36 complaints for non-filers in the 1995 general election, five complaints for non-filers in the 1996 municipal election, 56 complaints for non-filers in the 1996 primary election, 15 complaints for non-filers of 1995 second quarter lobbyist reports, and 16 complaints for late filers of 1995 second quarter lobbyist reports.

### **Administrative Hearing Support**

The Review and Investigation Section also assists in the preparation of cases for hearings before the Office of Administrative Law. The investigators prepare a chronology of the filing events that constitute the alleged violation and work with the prosecuting attorney to identify within the Commission's files the documents and prepare the testimony necessary to present the Commission's case at the hearing. In 1996, the Associate Director prepared testimony for one hearing. The investigators also completed resident address checks for the Legal Section to determine the current and correct address for a respondent whenever a county sheriff advises ELEC that personal service could not be accomplished at the address provided in election records.

### **Fine Collection**

The Review and Investigation Section is also responsible for maintaining a fine collection program in cases where penalties remain unpaid after issuance of Final Decisions. During 1996, staff issued 27 fine collection letters. Staff efforts resulted in the collection of \$3,367 in unpaid fines in 1996.

### **Other Activities**

The Review and Investigation staff

provided technical assistance and input to the Compliance and Information Section into the drafting and issuance of a new compliance manual and updated forms for candidates and candidate committees. This input was important because it was based upon the investigators' experience with reporting errors and accounting problems and was intended to assist in making the new manual and forms as user-friendly as possible, particularly in view of the complex requirements inherent in any system of contribution limits. The Section staff also provided supplemental assistance to the Compliance and Information Section with telephone coverage and in-office contacts as necessary during various intervals during the year in responding to inquiries by candidates, treasurers, or other persons seeking information on reporting and filing requirements.

Staff members also provided input into the drafting of Commission regulations and assistance to the Legal Director in the preparation of advisory opinions, including background information on the filing status of requesting entities, and suggested appropriate technical solutions for reporting questions. The staff also provided report review assistance on the contributor coding project for the 1995 general election.

Associate Director Shreve Marshall served as liaison to investigative counterparts in other state, local, and federal agencies in giving assistance in a number of investigative inquiries. He also conducted report review training for new staff members. Both investigators attended training courses in analysis sponsored by the State Criminal Justice Academy and training courses in the EXCEL software program. As a result, investigative reports began to incorporate new



charts and other applications of this enhanced training. All of the investigative staff has worked to become as proficient as possible in the use of the personal computer.

### **Staffing**

The Review and Investigation Section was staffed by two investigators, one secretary/clerk and the Director, during 1996. In July the Section completed its move from the thirteenth floor to the twelfth floor. As the year ended, the Section anticipated converting to a new computer system designed to enable the more efficient preparation and completion of investigative reports. The Commission looks forward in the coming year to responding to the challenge of meeting the growing demands placed upon its investigative resources by the accounting complexity involved in investigating all the various per election and annual contribution limits, by the relatively new duty imposed by the 1993 Amendments to examine whether or not specific uses of campaign funds are permissible, and by administering the provisions of the new political identification law.





## GUBERNATORIAL PUBLIC FINANCING SECTION

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Preparations for the 1997 gubernatorial public financing program were begun by the Commission immediately upon conclusion of the 1993 gubernatorial elections. Administrative and regulatory matters which were the subject of litigation in 1993 were reviewed, and staff began preparing data pertinent to the statutory mandate to adjust by December, 1996, the limits and thresholds applicable to the gubernatorial public financing program. As a result of the 1993 amendments to the Campaign Contributions and Expenditures Reporting Act (hereafter, the Act), staff was under the additional mandate to adjust, for the first time, the various thresholds and limits applicable to non-gubernatorial candidates and committees.

The following four goals were therefore established for public financing and met in 1996:

- Calculate and implement the gubernatorial and non-gubernatorial cost indices and propose and adopt regulations to implement the cost index changes;
- Conduct a comprehensive review of the gubernatorial public financing primary and general election regulations;
- Take steps to implement the “electronic disk filing” project for the 1997 gubernatorial general election; and,
- Hire and train analyst and data entry staff for the 1997 public financing program and conduct information sessions for prospective candidates and interested individuals.

### **Campaign Cost Index Calculation and Implementation**

Calculation of the New Jersey Campaign Cost Index (CCI) and promulgation of regulations implementing the cost index changes were the major focus of public financing efforts during 1996. The Commission has since 1989 been statutorily mandated to “establish an index reflecting the changes occurring in the general level of prices of particular goods and services . . . directly affecting the overall costs of election campaigning in this State,” and to use that index on a quadrennial basis to adjust the various limits and thresholds applicable to publicly-financed gubernatorial campaigns (N.J.S.A. 19:44A-7.1). This task became even more complex because the 1993 amendments to the Campaign Act required that the same index be applied also to the limits and thresholds applicable to all non-gubernatorial candidates and committees regulated by the Campaign Act (N.J.S.A. 19:44A-7.2).

Using methodology described by the Commission in its June, 1988 “Gubernatorial Cost Analysis Report,” and applied for the 1993 gubernatorial campaigns, staff calculated the 1997 CCI and determined that campaign costs increased 16.12 percent since 1993. This resulted in the need to adjust for the second time the seven limits and thresholds in the public financing provisions of the Act, and adjustment for the first time of the 11 limits and disclosure thresholds applicable to non-gubernatorial candidates and committees. Further, the various limits for contributions to non-gubernatorial candidates and committees also required change. The cost index multiplier was applied to each limit or threshold and the statutorily-required rounding formula was



used. The cost adjustment process next required identification and amendment of almost 60 sections of Commission regulations containing the changed gubernatorial and non-gubernatorial limits and thresholds. This was accomplished as part of extensive amendments proposed in the October 7, 1996 New Jersey Register.

As part of the proposed CCI adjustments, a public hearing was conducted on October 22, 1996, and five persons presented oral and written testimony. The commenters were generally opposed to the contribution limit increases mandated by the law. The cost index process, the public comments received, and the Commission responses to the comments were discussed in the "1997 Cost Index Report," which was published in December, 1996, and provided to the Legislature by the mid-December statutory deadline.

The Commission concluded that the cost index adjustments must be implemented, even though there were objections to the increased contribution limits, because the quadrennial process is statutorily mandated. However, as a result of the public comments received, the Commission made the following recommendations in the "1997 Cost Index Report":

1. Any changes to the CCI process for the 2001 elections should be implemented by the end of 1999 to provide adequate time for evaluation and public response. The Legislature may wish to determine whether or not a different CCI calculation, less reliant on media costs, is more appropriate for application to non-gubernatorial candidates and committees.

2. The statutory rounding process for the cost index adjustments, required by N.J.S.A.19:44A-7.1, as applied to the limits and thresholds in the Campaign Act of \$1,000 or less should be modified to require adjustment only where the increment exceeds \$50. Review by the Legislature of the effect of the statutory rounding process as applied to all the limits and thresholds may be warranted.
3. As described in the Commission's July, 1996 White Paper, "State Parties and Legislative Leadership Committees: An Analysis 1994-1995," the Legislature should consider reducing the maximum contribution permitted to the legislative leadership committees from \$25,000 (\$30,000 as adjusted) to \$10,000 to be adjusted by the CCI in the future, and should also consider adjustment of the limit to the State party committees from \$25,000 (\$30,000 as adjusted) to \$15,000.
4. All the contribution limits should be reviewed by the Legislature prior to the 1999 elections to determine whether or not the present limits could be reduced without harming the balance between protecting the government from the potential for corruption and maintaining First Amendment rights of free speech.

The regulations containing the CCI adjustments for 1997 gubernatorial elections became effective on December 16, 1996, while the adjustments relevant to non-gubernatorial candidates and committees became effective on January 1, 1997.



### **Review of Gubernatorial Regulations**

Based upon the experience of the Commission staff in administering the public financing program, litigation which occurred during the 1993 gubernatorial election cycle, advisory opinions issued by the Commission involving public financing issues, and changes to the Campaign Act, staff undertook an examination of the gubernatorial primary and general election regulations. Extensive amendments to the primary election regulations were proposed on May 20<sup>th</sup> and similar changes to the general election regulations were proposed on October 7<sup>th</sup>. Public hearings on the amendments were conducted on June 11<sup>th</sup> and October 22<sup>nd</sup>, respectively. Highlights of the changes follow.

Litigation conducted during the 1993 general election concerned the expenditure of general election funds by a publicly-financed gubernatorial campaign before the primary election. Expenditures for the general election are prohibited until the day after the primary election. The Administrative Law Judge hearing the case suggested that future Commission regulations specifically address this issue. The Commission therefore proposed and adopted amendments which permit a successful gubernatorial primary election candidate to make payments from primary election funds in certain strictly limited circumstances which may later be reimbursed after the date of the primary election using general election funds. For example, if a successful gubernatorial primary election candidate has paid rent for campaign headquarters for the month of June, a portion of that rent may become attributable to general election activities and may therefore be properly reimbursed to the primary election account using general election funds.

Regulations were adopted requiring that, as a condition for receipt of primary and general election public matching funds, a contribution from an individual must disclose the individual's occupation and employer. The requirement to report occupation and employer information for individual contributors was among the 1993 amendments to the Act. A similar amendment to Commission regulations was not adopted in 1993 because the gubernatorial campaigns stated that more time was needed to adjust to the new requirement. The Commission believed that by 1997 campaigns and contributors had had sufficient experience with the requirement to make reporting of occupation and employer information a prerequisite for all contributions submitted for match with public funds.

Independent expenditures were the subject of several requests for advisory opinions during the 1993 gubernatorial election cycle. The Commission determined that a State political party committee could make independent expenditures in the primary election if the expenditures were made without the consent of, consultation with, or coordination with the gubernatorial candidate. The primary election regulations were amended to incorporate this result. However, because of different statutory provisions and public policy objectives, the general election regulations were amended explicitly to prohibit independent expenditures by political party committees for their gubernatorial candidates. The Commission found that, by virtue of its role promoting candidates in a general election, a State political party committee cannot be deemed independent of its gubernatorial candidate and cannot make independent expenditures for a gubernatorial candidate in a general election.



In prior gubernatorial elections, campaigns had requested regulatory guidance from the Commission in determining whether or not two or more contributing corporations were affiliated for purposes of applying a single gubernatorial contribution limit. The Commission therefore proposed and adopted a regulatory test based on corporate ownership and control to assess corporate affiliation.

Gubernatorial candidates receiving public matching funds are required to participate in two televised debates, and the Commission is responsible for selecting sponsors for these debates. The Commission amended its rules for organizations applying to sponsor the mandated primary and general election debates to require more specific information concerning an applicant's plans for media coverage of the debates to insure that the entire New Jersey voting public be provided with the greatest opportunity to view the televised debates. The regulations were also amended to require that sponsor applicants describe sources of funds being used to pay for costs associated with the debates so that the Commission can avoid selection of a sponsor with a possible appearance of a conflict.

The Commission had found in a 1994 advisory opinion that there is no public policy objective served by limiting a loan from a State political party committee to the Inaugural Committee of a Governor-elect to the \$500 Inaugural event contribution limit. The rules were therefore amended to clarify that an Inaugural Committee may accept a loan from the State political party committee in excess of the \$500 inaugural event contribution limit. An amendment was also adopted to require that, after its initial 45-day report of

contributions and expenditures, a gubernatorial inaugural event committee file reports on quarterly intervals rather than 60-day intervals. The regulatory change in reporting cycle parallels reporting dates established in the 1993 amendments to the Act.

### **Public Information**

New Jersey's gubernatorial public financing program has earned a national reputation since it first provided matching funds to candidates in the 1977 general election. Inquiries about the program are therefore frequently received from states and other groups studying public financing systems. During 1996, more than 70 requests were completed for copies of documents, including over 12,000 pages of information, and staff responded to more than 200 telephone inquiries. Gubernatorial information maintained by the Commission therefore continues to be of great interest even in non-election years.

### **Electronic Filing Initiative**

During 1996, the Commission requested and received a special appropriation in its public financing administrative budget to design and implement an "electronic" filing pilot project for the 1997 gubernatorial general election. This project will permit gubernatorial campaigns to submit detailed contributor information, required as a part of the gubernatorial public matching fund application process, on a single computer disk rather than in voluminous paper reports. When completed, the disk filing pilot project will permit faster processing of candidates' applications for public matching funds and eliminate duplicative data entry tasks.



To implement this initiative, in 1996 staff applied for and received approval to work with a vendor to convert its existing gubernatorial computer software to a new format which will support the disk filing project. Once the software conversion is complete, the Commission will work in early 1997 with the Office of Telecommunication and Information Services (OTIS) in the Department of the Treasury to design additional software necessary for a gubernatorial campaign to collect required contributor information on a diskette which will then be “filed” in place of a paper report. The data on diskette will then be up-loaded from the diskette into the Commission’s gubernatorial computer database. It is hoped that at least a portion of 1997 gubernatorial general election public matching fund submission data will be filed using this new technology.

### **Staffing and Planning**

The most important component of the public financing program is the temporary staff hired to review and process candidate applications for matching funds and to respond to the high volume of inquiries for information. Four public financing analysts were hired in late 1996 and received intensive training in Commission regulations and computer procedures. Data entry staff and a computer assistant began in January, 1997.

Each contribution submitted for match and the supporting documentation provided by a campaign are reviewed by the public financing analysts for conformity with statutory and regulatory criteria. Contributions which are missing any required information are temporarily rejected for match until the necessary information is provided. Each

contribution is coded and keyed into the Commission computer database and given final review for compliance with the gubernatorial contribution limit. As a result of this process, computerized contributor lists for publicly-financed gubernatorial candidates are made available to the public in a preelection setting. To accomplish these tasks, public financing staff must therefore be trained in complex statutory and regulatory materials and database operations in a very short period of time.

The public financing manual for candidates, the internal staff procedures manual, and forms were critically reviewed and updated during 1996 to reflect changes in the law and regulations. Computer operations were fully tested and documented.

A list of persons who indicated interest in the gubernatorial election was compiled by staff and included those who contacted the Commission as well as individuals identified in newspaper articles and elsewhere as prospective gubernatorial candidates. This list was used to invite members of the public to two information sessions conducted by the public financing staff in December, 1996. Public financing regulations, materials, and forms were provided to approximately 40 attendees at the two sessions, and public matching fund procedures were discussed in detail. These information sessions assist prospective candidates and treasurers to become familiar with the strict statutory and regulatory limits and requirements for publicly-financed gubernatorial candidates.



### **The 1997 Public Financing Program Begins**

The first date for receipt of a gubernatorial primary election matching fund submission is January 6, 1997, and all Commission forms and preparations for that date are complete. Regulatory review, with significant public input, the CCI process, and staffing and training were concluded. The Commission is proud that all of these steps were accomplished on time and without interruption to other essential Commission services. The Gubernatorial Public Financing Section looks forward to serving the public and the gubernatorial campaigns in 1997.





## COMPUTER SECTION

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There are two basic areas which comprise the Computer Section. They are the Computer/Systems Operation and the Data Entry Staff. In 1996, the data entry staff increased by one and the computer/systems operation acquired a DEC Alpha Server 1000, 38 new personal computers, and three new printers. Moreover, Computer/Systems Operations rewired all the Commission's offices to accommodate the new equipment. Both of these areas are basic to managing the Commission's data efficiently and effectively.

### **Systems Operations**

The systems operations area is responsible for running and maintaining the PRIME Information 4150 Operating System as well as overseeing the upgrading, software development, and enhancements to the system. Systems operations also oversees the installation and use of personal computers utilized by staff. Systems operations is now responsible for the newly acquired Alpha System and LAN (local area network), and for staff training relative to utilizing this system.

In 1996, the system operations area continued to phase in the last of the software changes to accommodate the 1993 amendments to the Campaign Reporting Act, which is used on the current PRIME system.

Additionally, 1996 marked the beginning of a new stage in the life of the Systems Operations area. With direction from the Office of Telecommunications and Information Systems (OTIS), the Commission purchased new computer hardware, had its offices rewired for a LAN, and contracted with an outside vendor to rewrite its customized, software programs for ORACLE to be used in windows on the Personal

Computers (PCs). The Commission also contracted with OTIS to write a public financing software program for electronic filing. The Commission hopes to have a pilot program for electronic filing in place for the 1997 gubernatorial general election. These changes began during the second half of the year and will gradually be phased in during the next year. The ultimate goal is to be independent of the PRIME Information System and to run all programs in a client/server windows environment.

The Systems Operation area was very instrumental in putting out a compendium of campaign financing and lobbying statistics. This report was recently expanded to include the State and county political party committee statistics for the last ten years. The area produces various statistical reports on campaign finance, continuing political committees, and annual lobbyists and legislative agent filings.

The Systems Operations area also provides technical support for the agency by handling any PC problems, arranging training classes as needed, providing initial PC training and making determinations for its end users on software packages. It provides the public with timely statistical data in various output formats and is very basic to managing the Commission's statistical information on candidates and committees efficiently and effectively.

### **Data Entry**

During 1996, the data staff entered the names and addresses of candidates running in the May municipal, June runoff, June primary, November general, school board, fire commissioner, and special elections. The



names and addresses are entered and verified for accuracy as quickly as possible in order to generate mailing labels for the Compliance Section. The Compliance Section then sends notice to candidates of their filing obligation.

The data staff keyed the summary financial information of receipts and expenditures for candidates running in county and local elections. The staff also keyed the financial summary information on State, county, and local political party committees, political committees as well as special interest PAC's.

Staff also keyed the annual lobbyist financial information as well as the activity data for the lobbyist quarterly reporting system. Various statistical reports were made available from the information filed by the lobbyists and legislative agent annual reports. These reports reflect salaries, benefit passing, and boards or commissions that legislative agents serve on, and other forms of receipts and expenditures.

A major accomplishment in 1996 by staff was the keying of all contributor information from the 1995 legislative general election. This effort was the first time that the employer information from individual contributors was keyed into the system for legislative candidates. In order to more efficiently and quickly enter this contributor information, a secretarial staff member was reassigned to the data entry staff. This action brought the data staff to four operators.

In addition to the achievements noted above, the data entry staff was also instrumental in retrieving information from the Commission's computer system and then converting it into a more usable fashion.

Requests for computer generated statistical information were completed by the data entry staff as well. By making better use of the Commission's PC's, staff was able to retrieve statistical and contributor informational from the main computer system and copy it to disk. This information now becomes much more user friendly and can be read in a spread sheet file. This development has made it much easier for the public to use this information on their individual PC's.

In 1996, data staff also assisted other sections by providing receptionist coverage, helping with large mailing projects, photocopying on request, and assisting on an as needed basis whenever possible.





## ADMINISTRATION SECTION

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During 1996, the Administration Section effectively met the ever-increasing fiscal and personnel demands of the Commission. An essential part of the agency, Administration provides all management services for the Commission.

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

### **Managing the Budget**

In FY-1997 (July 1, 1996), ELEC received an annual appropriation of \$1,417,000, which represents a continuation budget from FY-1996. The Commission also received a separate appropriation of \$630,000 for the administration of the Gubernatorial Public Financing Program.

As part of the \$630,000 appropriation for Public Financing, \$155,000 has been obligated for the implementation of an electronic filing program to be used by the gubernatorial candidates in the general election (FY-1998). This election was chosen as the pilot project due to the limited amount of candidates participating. These funds will be used to pay for the necessary hardware and software design needed to allow candidates to file by diskette. The Commission is using the services of an outside vendor as well as the Office of Telecommunications and Information Systems (OTIS) to accomplish the design of the program. In the future, an electronic filing program for legislative candidates is planned, contingent on funds availability.

### **Other Activities**

The Commission accomplished several goals throughout 1996. First, the implementation of the Commission's recomputerization effort began. The client-server technology of the DEC AlphaServer 1000 was purchased to eliminate the use of the PRIME 4150 System the Commission has had for over ten years. ORACLE will be used as the client server database management system. In addition, ELEC's software which is now written in PRIMOS, is being migrated to Visual Basic a language which is widely used and easily changeable when new legislation dictates. This migration is expected to be completed by the end of FY-1997.

The Commission has also accomplished its goal of moving staff in order to optimize its available space. The Compliance and Information section has moved to the 13th floor and the Review and Investigation Section and Legal Section staff have moved to the 12th floor. This change has allowed for three additional rooms to be utilized for public area space. Now, ELEC's public area consists of four rooms, one containing a small photocopier to be used, free-of-charge, by the public, for 50 pages or less. This "convenience" copier has helped the public and press greatly in securing limited amounts of information quickly and easily. Also, the increase in space has allowed for reports to be placed in these rooms for quicker retrieval by the public and press. In addition, an area has been set up for use of ELEC's Federal Election Commission (FEC) computer hook-up, which enables the public to access reports filed by federal candidates and committees.



In addition, the Commission has also purchased an instant fax system which will allow for commonly asked forms and general information to be faxed "on demand" to any fax machine. This system is similar to the one used by the Division of Taxation in the Department of the Treasury for tax forms and general information. The Commission hopes to have it operational by Spring 1997. This technology too will enhance the public's ability to obtain information from the Commission.

### **Looking Forward**

The Commission hopes to be able to provide limited access to its database from its public room as early as the next fiscal year. The need for easy access to public documents is increasing day by day. ELEC is also linked to the Internet. Moreover, the Commission now has a "home page." Future technologies should make it possible for candidate filings to be made available via the Internet.

The next phase of the Commission's re-automation plan consists of making further enhancements to its software and obtaining scanning and imaging technology which will not only save on space requirements but also increase the speed in which candidate reports can be made available to the public. In addition, a legislative electronic filing program is also envisioned for the future.



**BUDGET OVERVIEW AND EVALUATION DATA**

In FY-1998, the Commission anticipates an appropriation of \$1,422,000 based on the Governor's Budget Recommendation.

**Comparison of Fiscal Years 1996 and 1997 Appropriations**

	<u>FY-1996</u> <u>Appropriations</u>	<u>FY-1997</u> <u>Appropriations</u>
Personnel	\$1,212,000	\$1,212,000
Printing & Supplies	44,000	44,000
Travel	1,000	1,000
Telephone	25,000	25,000
Postage	26,000	26,000
Data Processing	39,000	39,000
Professional Services	40,000	40,000
Other Services	8,000	8,000
OTIS	5,000	5,000
Maintenance/Equipment	2,000	2,000
Furniture/Equipment	0	0
Commissioner Per Diem	<u>\$15,000</u>	<u>\$15,000</u>
Total Operational	\$1,417,000	\$1,417,000
Public Financing Administration	0	\$ 630,000
Gubernatorial Public Financing	0	\$5,700,000

**1996 Evaluation Data**

Disclosure Reports (Total)	19,568
<i>Campaign &amp; Quarterly</i>	16,202
<i>Lobbyist</i>	3,364
<i>Personal Finance</i>	2
Photocopies	182,273
Investigations	45
Civil Prosecutions	140
Public Assistance Requests	10,243
Fine Collection	\$32,877
Lobbying Annual Fees	\$173,875