

Campaign online fundraising opens up new avenues while posing new challenges

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BY JEFF BRINDLE

COMMENTARY

Following this week's legislative primaries, all eyes will be fixed on the November elections.

The New Jersey Election Law Enforcement Commission has clearly documented that legislative fundraising is harder these days due to tight restrictions on state contractors, a weak

economy and the departure of wealthy candidates who were major donors in the last decade.

Which raises a key question: As candidates resort to new fund-raising techniques to try to overcome these difficulties, will they still comply with campaign finance disclosure rules?

The initial answer is that both candidates and regulators are entering a grey area that could make compliance trickier.

Even in good times, elected officials of all stripes—federal, state, and local—face relentless pressure to attract donors.

Many candidates bemoan the aggravation and distraction that comes with raising enough campaign dollars to make campaigns competitive. Fundraising takes weeks of effort and endless rounds of phone calls. Yet, most accept this necessity. They realize it goes with the territory.

So how, in these difficult times, will lawmakers go about this task?

It's likely that multiple approaches will be employed, including traditional events like rubber chicken dinners, picnics, and cocktail parties. There will be phone calls to contributors, appeals to lobbyists, and appearances before special interest organizations. And there will be the usual direct mail solicitations.

But just as many Congressional and gubernatorial candidates have adapted to the times, some State Senate and Assembly candidates are likely to seek innovative ways of using new media to raise funds. While certainly understandable given real-world fundraising demands, it could lead to new questions about compliance with campaign finance regulations.

Will candidates develop substantial email lists to mine for funds? This is certainly being done aggressively at the federal level and in gubernatorial campaigns.

Will the candidates effectively use websites to attract potential donors or employ Facebook applications for this purpose?

And how about utilizing widgets to connect with twitter and Facebook accounts? These online sources open up new avenues for raising money while posing new challenges.

For instance, what about vendors who service online fundraising efforts? These vendors collect campaign contributions, subtract a fee, and then provide the remaining funds to the candidate. The middleman is little more than a conduit between candidate and donor.

Say, for instance, that contributor John Doe uses a credit card to send a \$500 contribution to Assemblywoman Smith. A firm named Online Contribution Transfer Service processes the transaction, pockets a \$25 fee, and sends \$475 to the candidate.

Will the candidate report the \$25 as an expense? Or will she just say she received a \$500 contribution?

By discarding the traditional direct contribution arrangement between the donor and the candidate, accurate disclosure may be impaired. Especially in the final days of a campaign, when candidates are supposed to promptly report contributions and expenses in so-called 48-hour notices, incomplete or erroneous reporting may occur.

On the one hand, online fundraising may help campaigns raise adequate funds, and in small amounts. On the other hand, it could thwart full disclosure. With transparency being of paramount importance to the integrity of the electoral process, any impediment to full disclosure does a disservice to the public.

While the new media presents golden opportunities for obtaining new sources of campaign dollars, which enable candidates to effectively communicate their message to the public, it also carries with it significant pitfalls.

Thus, it will be a challenge for candidates, and for the New Jersey Election Law Enforcement Commission, to recognize

potential problems with new media fundraising, to handle those problems effectively, and to provide accurate and complete public disclosure.

Certainly, the Commission will be monitoring the election closely to spot any potential shortcomings involving the reporting of new media fundraising. In this way, the Commission hopes to assure that the voters are fully informed about the sources of campaign money. An informed public is the clearest path to responsive government.

Jeff Brindle is the Executive Director of the New Jersey Election Law Enforcement Commission.

The opinions presented here are his own and not necessarily those of the Commission.