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# Mission and Method

## Regulating Campaign Financing in New Jersey

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### Abstract

State campaign financing laws and how agencies should be structured to administer and enforce them are questions of interest to all concerned with ethics in government. This article presents a case study of the New Jersey Election Law Enforcement Commission (ELEC), suggesting that the commission represents a solid model for the structuring of ethics agencies at all levels. In outlining six building blocks for an effective administrative approach to ethics regulation, the article argues that a sound legal foundation is necessary but not completely sufficient for the establishment and maintenance of an ethical environment. Ethics laws need to be properly administered. Laws without adequate enforcement are not effective.

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In March 1973, with Watergate looming in the background, the winds of scandal swirled around the administration of Governor William T. Cahill. The governor announced that he was running for reelection. His first term had been successful, but his administration was now riddled with charges of corruption. Cahill was not implicated personally, yet he was compelled to proclaim, "I have enough confidence in the people of New Jersey that they know that Bill Cahill is honest and that they know that Bill Cahill has done his best to root out corruption in every area" (Connors, 1982, p. 232).

Less than a year before, Secretary of State Paul J. Sherwin, a longtime friend and political ally of the Republican governor, was indicted on charges of bribery and extortion in connection with a highway construction project. William C. Coughran, a Cahill fund-raiser, was also indicted on similar charges. Within weeks a series of new indictments were issued. Two more fund-raisers were charged with bribery and conspiracy. This time, charges flew that state funds were deposited in a politically connected bank. Other indictments were handed down involving irregularities in the

financing of Cahill's campaign. Among those indicted was former state treasurer Joseph McCrane

These were the circumstances that drove Governor Cahill and the New Jersey legislature to enact the 1973 Campaign Contributions and Expenditures Reporting Act. One year later, the new governor, Brendan T. Byrne, a Democrat, and the Democratic legislature would establish the nation's first voluntary Gubernatorial Public Financing Program as a supplement to the act. The scandal-clad atmosphere eased the path of this legislation. Nevertheless, the road was not completely free of debris. Reformers still had to employ considerable political skills to secure passage of these laws.

State senator William E. Schluter (R-23d District), then an assemblyman and architect of the Campaign Reporting Act, commented:

Even after the long and hard fought battle was all but won, I still had a colleague come up to me to urge me not to push so hard for reform, suggesting that if campaign finance reform stalls, I would actually benefit because I would be able to keep my name in the press by talking about it for the next year (1998)

This advice was ignored, and the act was signed into law by Governor Cahill. It became effective on April 24, 1973

This article examines the New Jersey Election Law Enforcement Commission (ELEC), which was established by the 1973 Campaign Contributions and Expenditures Reporting Act, an act that was precipitated by scandal. The ELEC experience is a case study about ethics laws and how they should be structured and enforced. This case is useful because most boards and commissions in the field operate under similar laws and because ELEC has experienced substantial growth in its budget over the years. It should be noted, however, that the New Jersey Commission, unlike agencies in many other states, administers a gubernatorial public financing program, enforces a personal financial disclosure law, and regulates lobbyists.

The article traces the history and development of the commission to permit understanding of the agency's mission and how this mission fits into the broader category of the administration of governmental ethics laws. By discussing the impact of perceived scandal on the establishment and reform of campaign financing and lobbying laws, it will be shown that, even in the field of ethics, partisan politics can play a pivotal role. Because of the potential influence of politics, it is essential that ethics agencies have a strong statutorily based independence. The statutory independence of ELEC, along with a strong code of ethics for commissioners and staff and an adequate budget, has not only enhanced the commission's reputation in the field of ethics regulation but also made it an effective agency as well. A successful ethics agency depends as much on effective administration as on statutory law.

## **History of the Law**

The effort to enact a statute governing campaign financing can be traced to the Election Law Revision Commission, established in 1964. Though its initial report to the legislature dealt with the issue of paper ballots and called for an end to their use in New Jersey, a later report, issued in 1970, addressed the issue of disclosure of campaign financing information. It was an old, largely ignored statute that caused the

commission to press for the enactment of legislation that related to campaign financing. In particular, the old law had imposed limitations on expenditures that candidates were permitted to make, a provision that had little support on the Revision Commission or in the state legislature.

The Revision Commission made clear its endorsement of the repeal of expenditure limitations. It stated, "The public's right to such information (candidates' views) is vital, and to that end candidates, parties, and political committees are justified in spending money to convey their message" (1970, p. 2). The commission recognized, however, that "a veil of secrecy shrouds much of this area" and that the "elimination of public cynicism about political finance should be a goal of the commission" (1970, p. 2). To achieve this goal, the commission recommended: (1) a campaign financing system with stringent disclosure requirements on political financing at every election level but no contribution or expenditure limitations and (2) the establishment of an Election Law Enforcement Commission (1970, p. 2).

When the Campaign Contributions and Expenditures Reporting Act became law in early 1973, partially in response to the corruption charges surrounding the Cahill administration, it was clear that the Revision Commission's recommendations were its foundation. In its original form, the law required candidates and political committees to disclose the source of campaign contributions. It also required disclosure of expenditure information. The law did not contain any limits on contributions. Nor did it contain expenditure limitations.

Moreover, it lacked campaign fund usage guidelines and failed to restrict the number of committees a candidate could control (*N.J.S.A.* 19:44A-1 et seq.).

Despite its shortcomings, the law was viewed as an important step forward. In particular, it established a single agency, ELEC, to administer the new statute and to ensure that adequate disclosure of campaign financial activity would be forthcoming (*N.J.S.A.* 19:44A-5). The new commission was truly the offspring of the Election Law Revision Commission.

## **Independent Agency**

With ELEC, the legislature created an agency that would be independent. It would be free of influence by any political party or public official. This autonomy was accomplished in two ways. First,

the legislature set up a commission of four members. No more than two commissioners could be appointed from the same political party. Fur-

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ther, commissioners were prohibited from holding a public office or an office in any political party. Although the commission has been comprised of two Republican members and two Democratic members, nothing in the law prevented an individual who is not a member of either major party from being appointed.

The four-member commission has worked; whereas an odd-numbered board might have encouraged partisanship, the four-member composition has forced members toward consensus to avoid deadlock and ineffectiveness. Moreover, the appointment of former judges, prosecutors, and law professors to the commission,

many of whom abided by similar codes of ethics to the one imposed by the commission, has helped to inculcate a sense of neutrality in commissioners. This neutrality, in turn, has contributed to the desire on the part of commissioners to compromise and find acceptable solutions to issues facing the commission. Solutions may not be arrived at immediately, sometimes it may take several meetings, but ultimately the commission has avoided being deadlocked.

Second, the legislature guaranteed the autonomy of the commission by making it independent of any department, board, or office. It also granted complete authority to the commission over the hiring and firing of its employees. As noted in a January 1991 ELEC white paper:

Through these provisions, the Legislature further neutralized the Commission and protected it against political interference by the executive branch of government, departments being run by the Republican or Democratic administration that happens to control the Governor's office. Moreover, because the Commission, for constitutional reasons, is placed within the executive branch of government, the Election Law Enforcement Commission is also free from interference from either house of the Legislature (Brindle, 1991, p. 6)

Certainly, the legal status of the commission is at the heart of its independence. Yet the picture would not have been complete without the cooperation of the executive and legislative branches of government. Five successive governors representing both political parties have displayed the utmost respect for the commission's autonomy: Republican William T. Cahill, Democrat Brendan T. Byrne, Republican Thomas H. Kean, Democrat James J. Florio, and now Republican Christine Todd Whitman. They have appointed people to the commission and have refrained from interfering in its operations, including budgetary and personnel matters. The legislature has been similarly mindful of ELEC's status.

### Commission's Reputation

The commission itself has contributed to its reputation. It has functioned in an independent, nonpartisan way. Commissioners and staff, moreover, have adhered to a stringent code of ethics. They are prohibited from engaging in political activity, including the making of contributions. In order to guard against conflicts of interest, they are subject to employment restrictions. They are precluded from involvement in any employment or business interest over which the commission has regulatory authority.

Independence and neutrality have been a key part of ELEC's success as a disclosure agency. Equally important, however, has been the agency's ability to carry out its responsibilities under the law. Not only does it administer the Campaign

Contributions and Expenditures Disclosure Act, but it also has responsibility for the Gubernatorial Public Financing Program, the Personal Financial Disclosure

Act, and the Legislative Activities Disclosure Act. All are interrelated and are designed to protect government from the undue influence of special interests. Although the focus of this article is on campaign financing regulations, a broad un-

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derstanding of ELEC's role in promoting open and honest government requires some discussion of all of its duties

## **Campaign Reporting Act Evolves**

Since 1973, the Campaign Reporting Act has undergone several revisions. Among the most significant was the addition of the gubernatorial public financing provisions in 1974, which created a voluntary financing program. Other significant changes included the 1983 amendments authorizing the regulation of continuing political action committees (PACs) and the 1993 campaign financing reforms, which introduced contribution limits and established legislative leadership committees (see below).

Disclosure was the primary tool of regulation in the 1973 act. It required all candidates spending over a threshold amount to file detailed reports. But the act did not limit contributions, expenditures, the number of committees allowable per candidate, or the usage of campaign funds. When amended in 1983 to include PACs, it regulated them in regard to disclosure but did not impose any financial restrictions on fund-raising and spending. The campaign financing reforms of 1993 changed this situation. Passed by a Republican legislature and signed by Democratic governor Florio, it too was precipitated by a controversial episode and the work of a study commission

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## **Ad Hoc Commission**

In January 1990, a leading New Jersey newspaper wrote about allegations made by a lobbyist that "leaders in the Assembly had threatened to block legislation by her clients unless she produced a \$20,000 campaign contribution" (editorial, 1990, p. B-10). If these charges were true, these leaders could be guilty of extortion. The charges were denied and never proven. Nevertheless, the charges, together with a spate of media accounts denouncing campaign spending and the law regulating it, led the legislature to establish the Ad Hoc Commission on Legislative Ethics and Campaign Finance in March 1990. Chaired by Alan Rosenthal, then director of the Eagleton Institute of Politics and professor of political science at Rutgers, the state university, this bipartisan commission had the responsibility to develop recommendations for reforming state campaign financing, lobbying, and ethics laws.

The findings of the commission (1990, pp. 10–21) contained fifteen recommendations for reforming the Campaign Reporting Act. They involved contribution limits, permissible uses of campaign funds, restrictions on the number of committees to be controlled by a candidate, extended disclosure in connection with contributors and PACs, and formalization of so-called legislative leadership committees (four committees, two in each house of the legislature, run by the leaders of both parties).

## **Strengths of the Reform**

The new law adopted in February 1993 incorporated most of the recommendations set forth by the Ad Hoc Commission. Contribution limits were applied to all candidates, political party committees, political committees, and PACs. For example, individuals, corporations, unions, associations, and groups could give no more than

\$1,500 per election to a candidate. Candidates, political committees, and PACs could donate no more than \$5,000 per election to a candidate. State party committees, county party committees, and legislative leadership committees could receive no more than \$25,000 from any contributor each year. They could spend unlimited amounts on their candidates. Contribution limits would be adjusted every four years for inflation. Since 1993, they have been adjusted once and will be adjusted again in December 2000 (*N.J.S.A.* 19.44A-7.2, 11.3, 11.4, and 11.5).

Besides contribution limits, the reforms included guidelines for the use of campaign funds. Candidates could use their funds only for campaign expenses, contributions to other candidates, the ordinary and necessary expenses of holding public office, charity, and contributor refunds. The law prohibited the personal use of these funds. The number of committees controlled by a candidate was limited to a candidate committee and/or a joint candidates' committee. With the latter, the legislature recognized the tradition of candidates running as a slate in New Jersey's multimember legislative district system and at the local level. Also, reporting thresholds were increased, legislative leadership committees were established, occupation and employer information was required of individual contributors, and registration requirements were imposed on PACs (*N.J.S.A.* 19.44A-8, 8.1, 9, 10.1, 11.2, and 16).

### Reform Creates Controversy

Considered by most people as a major step in the right direction, the new law is not, however, without its critics, nor is it without its side effects. A target of criticism has been the legislative leadership committees. Because special interests can contribute substantial amounts to these committees, which are controlled by legislative leaders,

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critics charge that lobbyists are in de facto control of the legislative agenda. The arguments for these committees, though, include strengthening the separation of powers doctrine and greater legislative discipline. State party committees in New Jersey raise substantial sums of money and are not restricted in terms of how much they can contribute to legislative candidates. The governor controls

his or her state committee. In the absence of legislative leadership committees controlled by legislative leaders and endowed with equally substantial resources, the governor would wield even more influence over the legislative process than he or she already does. Moreover, the fact that legislative leadership committees have become a major source of funding of campaigns has increased party discipline in the legislature.

The law now permits contributions of no more than an adjusted \$30,000 per year to these committees. The same amount can be contributed to each of the state party committees and the county committees. All of these entities are unlimited in terms of what they can spend on candidates. These provisions have worked to restore political party entities as important players in elections. Of particular note is the impact of the new law on the fortunes of county committees and their leaders. Until 1993, county party committees were marginalized. They were not involved significantly in candidate-centered campaigns. Now that money is flowing to these committees, however, they are more deeply involved in campaigns and steadily growing in influence.

Some criticize this trend. Others hail it. Its supporters see special-interest money in the campaign financing system offset by that of broad-based party organizations,

which “cleanse” the “interested” money they receive before they give it to their candidates. ELEC, for its part, is ambivalent. The greater role for party entities is viewed positively, the high limits on contributions to the parties is not. ELEC has recommended they be lowered to \$10,000 per year. It has also supported the democratization of leadership committees that would allow greater participation by the rank and file (Brindle, 1996, p. 70 and 1997, p. 71). Though legislation exists to implement these recommendations, to date neither proposal has been enacted.

### **The Commission’s Jurisdiction**

As noted above, within a year of the enactment of the original act, the legislature amended the law to establish a public financing program for gubernatorial candidates. Matching funds were first available only to general election candidates. But after the first publicly funded election in 1977, the program was expanded to include candidates in the primary election as well. Though the limits and thresholds of this program have changed over time, the basic financing provisions of the program remain intact. They are contribution limits, a qualifying threshold, a 2:1 public to private matching ratio, caps on public funds, and expenditure limits.

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Every four years, these limits and thresholds are adjusted by a special campaign inflation index. In the most recent gubernatorial general election, for instance, candidates could qualify for matching funds by raising and spending \$210,000 and promising to participate in two debates. Other than the first \$69,000 raised, all of the qualifying amount is matched. In 1997, a candidate could receive up to \$4.6 million in public funds and spend as much as \$6.9 million on his or her general election race. Three candidates, one a third-party candidate, received \$9.8 million in public funds. Since 1977, the commission has distributed over \$62 million to fifty-one participating gubernatorial candidates (Election Law Enforcement Commission, 1998, p. 46 and 1996, p. 3).

### **Personal Financial Disclosure**

ELEC also regulates the personal financial disclosure of candidates. The Personal Financial Disclosure Act requires candidates for governor and the legislature to file disclosure statements in election years. They are to disclose information about earned income, unearned income, fees, honoraria, reimbursements, gifts, and any interests in the casino gambling industry (*N.J.S.A. 19.44A-44B-1 et seq.*). Similar, though not identical, information is filed each year by members of the legislature with the Joint Legislative Committee on Ethical Standards.

### **Regulation of Lobbyists**

The commission has full jurisdiction over the regulation of lobbyists. This situation was not always the case. Prior to 1992, the commission shared jurisdiction with New Jersey’s attorney general. The Department of Law and Public Safety registered lob-

byists and served as the repository for their quarterly activity reports. Lobbyists, on the other hand, were required to submit annual financial reports to the commission.

Dating from 1981, this system proved inefficient. Reports by the department and the commission recommended consolidation (1982 and Brindle, 1990). Good government organizations and concerned citizens endorsed the consolidation of all lobbying functions in one agency as well. Lobbyists, on the other hand, did not support the recommended changes in the lobbying law and for a decade successfully thwarted attempts at reform. It was not until 1991 that the legislature reformed the lobbying law.

Although it may appear as if the logic of consolidating lobbying regulation and eliminating a glaring weakness in the law finally prevailed, this was not the case. The combination of the 1990 charges of strong-armed fund-raising tactics plus more vigorous enforcement efforts by the then attorney general, caused the lobbying community to reverse field and support reform. Once it got behind the reform legislation, the law was quickly enacted.

Taking effect in January 1992, the reform accomplished two important goals. It gave full responsibility for regulating lobbyists to the commission, and it closed a gaping hole known as the "expressly loophole." Now all benefits passed to legislators and executive branch officials would be reported, not just ones passed when a lobbyist spoke to a public official "expressly" about a specific bill or regulation (*NJS A 52 13C-18 et seq.*) What the reform law failed to cover, however, was the disclosure of expenditures in connection with grassroots lobbying, a technique increasingly used by lobbyists to petition public officials. This form of lobbying solicits the public to contact governmental officials for the purpose of influencing executive or legislative action.

## **Six Building Blocks**

Regardless of how it develops, statutory law is essential to the field of ethics, which includes campaign financial, personal financial, and lobbying disclosure. In New Jersey, an effective legal foundation exists. But good statutory language is not enough. To establish and maintain an ethical environment, ethics laws need to be administered effectively.

There are six building blocks that comprise an effective administrative approach to ethics regulation. They are: (1) agency independence; (2) dedicated, competent commissioners and staff members who are subject to a code of ethics; (3) a sound compliance and educational program; (4) strong enforcement; (5) prompt disclosure through automation; and (6) sufficient resources (Herrmann, 1997, pp. 18-19).

First, an independent agency is essential to the proper administration of ethics laws. Staff members and commissioners who abide by a strict code of ethics are critical. Those who regulate in this area must be seen as above the fray, neutral, and fair in their dealings with the regulated community as well as immune to conflicts of interest.

Second, because of its mission, individuals drawn to ELEC are by their very nature interested in politics and government. They may come from political backgrounds and may have been elected officials. Yet when they affiliate with the commission they must forfeit all activity regulated by it. Fortunately, this code has



served ELEC well. Individuals who have served as commissioners and staff have consistently complied with these guidelines. They have dedicated themselves to administering efficiently and fairly the laws under their charge and to abiding by the standards imposed by the code of ethics. During the agency's quarter of a century of existence, not one commissioner has been accused of acting in a partisan manner, let alone been removed from the commission. To conduct themselves in any other way would be to compromise the credibility of the entire agency.

Third, and equally important to effective administration of the state's ethics laws, is an educational program that involves the regulated community. A successful program is made up of several components. It includes: in-house staff-training, public room accommodations and assistance, workshops and seminars, Internet access, telephone and on-site instruction, and instructional packets and follow-up letters

The commission pursues an aggressive approach toward educating the regulated community. Through its direct mail program, it provides all candidates with the necessary instructional manuals and forms. Regulations, advisory opinions, and other materials are also available through its flashfax technology. The Internet is being increasingly used for sharing information as well.

In addition, ELEC's staff assists the public and the press in its recently expanded and refurbished public room. Moreover, individualized assistance to treasurers, candidates, and lobbyists is also available by appointment and over the phone. ELEC holds several seminars each year and consults with candidates on petition filing days and at conventions, such as the League of Municipalities annual convention. The executive director regularly makes himself available to the media and groups that invite him to discuss the role of the commission. The commission's record proves that an aggressive approach to educating the regulated community pays dividends. It enjoys a 90 percent or better compliance rate on an annual basis (Election Law Enforcement Commission, 1999, pp. 38-43). Indeed, as a citizen wrote in a letter to Commissioner David Linett, "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 behold here is an agency that performs its work in an exemplary manner" (ELEC, 1991, p. 16).

Fourth, a strong enforcement program goes hand-in-hand with an aggressive educational program in shaping a successful ethics regulatory policy. Unquestionably, the prosecution of those who violate ethics laws is an important compliance tool. In 1998, for example, 50 investigations were conducted and 151 civil prosecutions completed. A typical effort, these investigations, initiated by internal audits, public complaints, and media stories generated \$78,047 in fines (1999, p. 64). In terms of the commission's reputation as having an effective and fair enforcement program, Frank J. Sorauf of the University of Minnesota has numbered the commission among four governmental ethics agencies with strong enforcement records and John D. Feerick, chairman of the New York State Commission on Government Integrity and dean of the Fordham Law School said in an interview that the commission is a "dynamic, independent enforcement board" (ELEC, 1991, p. 14). In conclusion, although the overriding mission of an ethics agency regulating campaign financial ac-

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tivity by candidates, PACs, and parties should be disclosure, an essential aspect of this effort is the agency's enforcement program

Perhaps there is no better testament, however, to the commission than the supportive comments made by representatives from the two major parties following a recent enforcement action against the six major fund-raising committees, three from each political party. Assembly minority leader Joseph V. Doria, Jr. (D-31st District), responding to the penalty action taken against the Doria Leadership Fund, said, "I think it was just a case of them (ELEC) wanting to send a message. You have to really pay attention to these reports." Rae Hutton, representing the Senate President's Committee, responded to a similar enforcement action against Senator Donald T. DiFrancesco's (R-22d District) committee by stating, "clearly ELEC did its job in enforcing the law the way it was meant to be" (Donohue, 1999, p. 34). Such comments not only speak highly of ELEC, but also of New Jersey's governmental leaders.

Fifth, no one component is more important to the effective administration of ethics laws than the prompt disclosure of public documents. Though disclosure can be accomplished through a manual process, a more successful program is achievable through automation. Today, agencies that oversee ethics laws should use high technology in their approach to disclosure. Whereas the disclosure of documents via a manual process might take several days, a fully automated system can accomplish this goal in less than forty-eight hours.

The commission now has completely automated its procedures. Recently ELEC replaced its decade-old computer system. The new one allows data entry and retrieval to proceed more quickly. Moreover, this system is compatible with the latest scanning and imaging technology. Finally, it is compatible with electronic filing software, which allows filers to submit reports by diskette.

All reports filed with the commission are scanned and immediately placed on the Internet. Within forty-eight hours, the public can access the reports of gubernatorial, legislative, and local candidates from their own homes. Or they can access these and other records from terminals in libraries, county clerks' offices, a work place, or the commission's public room. Further, filers can submit their reports electronically, eliminating paperwork and duplication of effort. Electronically filed reports are automatically placed on the Internet. Finally,

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searchable and downloadable databases that allow the public and media to find contributors and to analyze campaign financing trends are accessible through the Internet.

Frederick M. Herrmann, the commission's executive director, tells the story of a public official who commented to him that "having 20,000 reports sitting in the office is not the same thing as having 20,000 reports available for use by the media and the public" (Election Law Enforcement Commission, 1998, p. 12). Herrmann no longer is compelled to share those concerns because automation gains at ELEC have made comprehensive analysis not just possible but timely. New technology opens the door to truly effective disclosure.

Finally, none of the above ingredients necessary to the successful administration of ethics laws would be possible without adequate financial resources. To keep all the building blocks in place, an ethics agency must be funded properly. Without

enough money to support adequate staffing levels and to improve computer technology, effective administration of ethics laws is not possible.

The commission has been fortunate in this respect. Though experiencing lean years in the early 1990s recessionary period, it has received steady and substantial increases in its budget during the administration of Governor Christine Todd Whitman. In fact, in fiscal year 1999, with the support of both parties in the legislature the governor made a special appropriation of \$1 million to enable the commission to implement electronic disclosure. Since fiscal year 1993, when the budget hit a six-year low of \$913,000, ELEC's budget, excluding the \$1 million special appropriation, has risen by 178 percent to \$2.5 million in fiscal year 2000. Staffing has increased from twenty-four full-time positions in Fiscal Year 1993 to forty-one in fiscal year 2000. Although the period of low funding was to a degree reflective of governmentwide cutbacks and the high period to governmental surpluses, these broad trends were not entirely responsible for the budgetary fortunes of the commission. The period of low funding was accompanied by a legislative approach that embodied a desire to reform campaign financing laws without providing adequate funding, the latter period included an approach that eschewed reforming the laws but supported increased funding to permit the agency to enforce existing laws more effectively.

## **Conclusion**

In this period of heightened cynicism toward government, there is no better antidote than a public that is assured that its elected officials are acting ethically. One of the ways to assure citizens that their officials are conducting public business in a professional and ethical manner is to shine light on political activities. In this endeavor, agencies that administer ethics and disclosure laws, such as ELEC, are essential.

To be sure, the effective administration of ethics and disclosure laws is not an easy task. The experience of the commission over a quarter century of service to the citizens of New Jersey attests to this fact. Established in response to governmental corruption, its responsibilities have grown through the years but not always its budget. Beginning with a law that dealt only with the disclosure of campaign financial information, its jurisdiction steadily broadened to include a gubernatorial public financing program, a personal financial disclosure law, PAC regulation, and lobbying standards. Until recently, however, these added mandates were not accompanied by sufficient funding to support adequate staffing levels and the development of a state-of-the-art computer system. With a mission of disclosure, the functions of the commission were largely performed manually by a small staff. In recent years, however, circumstances have changed for the commission. Aided by steady increases in its budget over the last six years, the highlight of which was a special \$1 million appropriation for computer upgrades and scanning, disclosure has been enhanced and enforcement of campaign financing laws strengthened.

The experience of the commission should prove instructive for other ethics agencies. In addition to the need for a statutory foundation that contains autonomy, strong enforcement provisions (including the authority to prosecute violators civilly

and issue fines), and regular reporting, these ethics agencies need to approach the administration of the laws in an aggressive manner. They must lobby for adequate funding, as the commission did for years by working closely with the governor's office, the legislature, good government groups, and the press

Agencies must adopt a stringent code of ethics that prohibits any partisan involvement, including making political contributions, and carefully guards against conflicts of interest in the area of employment. The commission adopted a code of ethics at its inception. Staff and commissioners should be carefully screened to insure competence, dedication, and neutrality. The commission has been successful in this area in that commissioners have never violated the trust placed in them and employee turnover has been remarkably low through the years.

A public education program that includes information seminars, in-house assistance, and telephone assistance is necessary. The success of the commission's educational outreach efforts is demonstrated in its better than 90 percent compliance rate for filers. Finally, computerization that both aids disclosure and makes internal operations more efficient is required. The commission now is able to make reports available on-line within forty-eight hours of receipt, offer electronic filing, provide a searchable database via the Internet within a month of campaign reports being received, and use its technology to complete mass mailings that are more quickly completed and more extensive than before.

The administration of an ethics agency is not an easy task. It has not been an easy one for the commission, although a level of success has been achieved, the road has often been rocky. Moreover, there is still much to be done. The commission enjoys some statutory independence, but its autonomy can still be strengthened. In ELEC's annual report, the commission recommended that commissioner terms be lengthened, that the chair be selected by his or her peers instead of the governor, and that commissioners be replaced within ninety days of the end of their terms or retain their seat for a full term.

The commission has not accomplished all that it needs to in the area of enforcement either. To enhance its enforcement efforts, it needs to obtain additional funding to hire more investigators. Although the ability to issue fines has bolstered enforcement, the statutorily set fine range needs to be made higher in order to strengthen the enforcement and compliance efforts. Finally, the commission has recommended that contribution limits governing donations to the state and county party committees and the legislative leadership committees be lowered, corporate and union contributions be banned, and a legislative public financing program be adopted (Election Law Enforcement Commission, 1999, pp. 26-28).

These recommended changes are needed to strengthen the agency's independence and to ensure that vacancies are filled within a reasonable time to preserve party balance. Additionally, the above recommended changes vis-à-vis campaign financing provisions are important to eliminate even the appearance, if not reality, of undue influence over the electoral process by moneyed interests.

The Campaign Reform of 1993 was prompted by a potential scandal and the work of a study commission much like the original Campaign Act was twenty years earlier. Although scandal and potential scandal, study commissions, and press reports were common to both successful efforts in New Jersey to adopt major campaign finance laws, perhaps further reforms can be approved in a less contro-

versial atmosphere. Nevertheless, the New Jersey experience has shown that effective ethics laws are achieved through a synergism of statutory language, adequate budgeting, and effective administration. It is a record and model well worth emulating.\*

## NOTES

\*The views expressed in this article do not necessarily represent those of the New Jersey Election Law Enforcement Commission

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