

1987 ANNUAL REPORT

The N.J. Election Law Enforcement Commission





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THE COMMISSION

Stanley G. Bedford, Chairman

Stanley G. Bedford became a member and was appointed chairman of the New Jersey Election Law Enforcement Commission (ELEC) in 1987.

A resident of Nutley, New Jersey, and a member of the New Jersey Bar since 1949, Chairman Bedford is a retired judge.



While serving on the bench, Chairman Bedford was an Essex County District Court Judge from 1971-1972, an Essex County Court Judge from 1972-1976, and a Superior Court Judge from 1976-1986.

A member of the Essex County Bar Association and the New Jersey State Bar Association, Chairman Bedford recently served as Acting Surrogate in Essex County from August 1986 to January 1987 and as Deputy Surrogate from January 1987 to June 1987.

Chairman of the Alpha Chi Rho Educational Foundation, he graduated from Columbia University with a B.A. in 1941 and a J.D. in 1948.

A member of Phi Delta Phi and a Harlan Fiske Stone Scholar while at Columbia, Chairman Bedford has been married to the former Ruth Grey for the past 30 years.

Owen V. McNany, III, Vice Chairman

Owen V. McNany, III, was appointed to serve as Vice Chairman of the Commission in 1987.

Serving his second term on the Commission, Vice Chairman McNany is President and Director of Yorkwood Savings and Loan Association and President and Director of the Crestwood Service Corporation.

An established participant in both the civic and political life of the State, Vice Chairman McNany is the State Director of the Institute of Financial Education of the U.S. League of Savings Associations and is a trustee and Vice President of the Hospital Center at Orange, New Jersey.

Vice Chairman McNany and his wife, the former Patricia Beury, have four children and reside in Maplewood, New Jersey.

Andrew C. Axtell, Commissioner

Andrew C. Axtell is serving an unprecedented fourth term as Commissioner. A former chairman of the Commission, he is a businessman who also serves on the Board of Directors of the Afro-American Purchasing Commission (New York, N.Y.).

President and a partner of the Parkhurst Realty Company of Newark, Commissioner Axtell is a member of the Board of Directors of the Dreyfus Consumer Bank of East Orange.

A former Councilman and Mayor of Livingston, Commissioner Axtell is a former chairman of the Essex County Republican Committee, and a former member of the State Republican delegations to the National Conventions of 1960, 1964, and 1976.

A trustee of the East Orange General Hospital, Commissioner Axtell also served as a Commissioner on the Port Authority of New York and New Jersey from 1970-1976.

Commissioner Axtell is married to the former Ruth Cunningham and has two children.

David Linett, Commissioner

David Linett was appointed to his first term on the Commission in 1987 by Governor Kean. A former Somerset County Prosecutor (1977-1982), Commissioner Linett is a principal in the Bridgewater law firm of Ginden & Linett.

Educated at Yale University, where he received his B.A., and at Harvard University Law School, where he received his J.D., Commissioner Linett is a past member of the New Jersey Supreme Court Committees on County District Courts and Speedy Trial.

Currently serving on the Court's District XIII Ethics Committee, Commissioner Linett is admitted to the New Jersey and District of Columbia Bars. A member of the American, New Jersey, and Somerset County Bar Associations, Commissioner Linett served as Chair of the State Bar Association's Election Law Committee from 1985-1987.

Linett's civic activities include service as Chairman of the Board of Trustees of the Association for the Advancement of the Mentally Handicapped (AAMH). Past President of the Somerville Rotary Club and member of the Board of Directors of the Greater Somerset Chamber of Commerce, he was twice elected to the Democratic State Committee from Somerset County.

Linett is a resident of Franklin Township, Somerset County, and is the father of three children.

Edward J. Farrell, Counsel

Edward J. Farrell has been Counsel to the Commission since its inception in 1973. He is a partner in the Morristown, New Jersey, law firm of Schenck, Price, Smith and King.

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

Frederick M. Herrmann worked for the New Jersey Legislature in the area of election law for eight years before coming to the Commission in 1984.

He holds a doctorate in American political history; has taught at Rutgers University and Kean College; and is the author and co-author of numerous books, articles, and reviews in New Jersey history and government.

Executive Director Herrmann is the Chairperson of the Council on Governmental Ethics Laws (COGEL), and is also the Chairperson of the Northeastern Regional Conference on Lobbying (NORCOL).

MESSAGE FROM THE CHAIRMAN



On behalf of the members of the New Jersey Election Law Enforcement Commission, it is with pride that I present this report to the Legislature.

The Commission had many notable achievements in 1987, and significant progress was made on a number of important projects. In a phrase, it was a year to remember.

In the November 1987 issue of *Governing*, Dr. Herbert E. Alexander and Brian A. Haggerty wrote: "New Jersey, which has done detailed studies of the financing of its last three gubernatorial elections, looks in these studies and others not only at where the money comes from, but where it goes. . . . This kind of detail is essential to determining why campaign costs are rising so much faster than inflation. Without such data, we can do little more than wring our hands."

In analyzing the facts reported, the Commission outdid itself in 1987. Certainly the most extensive pre-legislative election analysis of campaign financial activity in its history was undertaken last year. And, for the first time ever, the Commission publicized an analysis of personal financial disclosure filings; thus adding to the list of other studies which included PAC and lobbying financial analysis.

The Commission's new computer system began to contribute to the process of disclosure during 1987. Early in the new year, printouts containing alphabetized contributor information on the 1985 legislative campaigns were made available to the media and the public. The computer will certainly continue to buttress the Commission's efforts to provide meaningful campaign financial information to the public.

There were other firsts in 1987 as well. For the first time ever the Commission managed to close out expeditiously the public financing books on the previous gubernatorial election. And for the first time it evaluated its public assistance function, thereby tabulating that staff responded to over 10,500 requests for public assistance last year.

In enforcement, the record is equally as distinguished. Investigative activity remained high with over 100 investigations closed. The Commission also initiated more than 500 complaints in 1987, maintaining its traditionally high profile in this vital area.

ELEC continued its policy of examining its statutes and regulations last year. Numerous advisory opinions precipitated regulatory changes. As demonstrated by the section on legislation in this report, the Commission quite actively pressed for legislative action that would improve its statutes. In addition to calling for lobbying reform and for PACs to clearly identify themselves in their titles, the Commission continued to urge changes in the Gubernatorial Public Financing Program.

As it has done during the previous two years, the Commission expressed the need to increase its staff in 1987. Despite its fine record last year, the Commission believes that it needs the addition of a research analyst, a second assistant counsel, a second field investigator, another report examiner, another compliance officer, and a fiscal officer in order to bring about further improvements in its operations in the future.

Finally, I wish to make a personal comment. In 1987, both Commissioner Linett and I received the honor of joining Vice Chairman McNary and Commissioner Axtell on the Commission. I am sure I speak for all of us in pledging our support to continuing the tradition of improving governmental ethics in New Jersey, a process of which the Commission has always been such an important part.

Cordially,

A handwritten signature in dark ink that reads "Stanley G. Bedford". The signature is written in a cursive, flowing style.

Stanley G. Bedford
Chairman

COMMISSION STAFF AND TABLE OF ORGANIZATION



COMMISSION STAFF

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

ADMINISTRATION

Richard J. Magee, *Director*
 Donna D. Margetts, *Personnel Officer*
 Elaine J. Salit, *Fiscal Assistant*
 Kimberly A. Aamodt, *Administrative Assistant*
 Debra A. Kostival, *Senior Receptionist*
 Irene Comiso, *Assistant Receptionist*

COMPLIANCE AND INFORMATION

Evelyn Ford, Esq., *Director*
 Donna Saczynski, *Assistant Compliance Officer*
 Rachel T. Herman, *Assistant Compliance Officer*
 Barbara Counts, *Secretarial Assistant*
 Kimberly A. Key, *Senior Clerk*
 Ivestia Williams, *Senior Clerk*
 Jose J. Zayas, *Messenger*
 Vera Mumford, *Messenger*

COMPUTER

Warren L. Heins, *System Administrator*
 Shirley Thorpe, *Associate System Administrator*
 Carol A. Killings, *Senior Data Entry Operator*
 Brenda A. Brickhouse, *Associate Data Entry Operator*
 Nelly R. Rosario, *Assistant Data Entry Operator*

LEGAL

Nedda Gold Massar, Esq., *Assistant Staff Counsel*
 Carol Neiman, *Senior Legal Secretary*

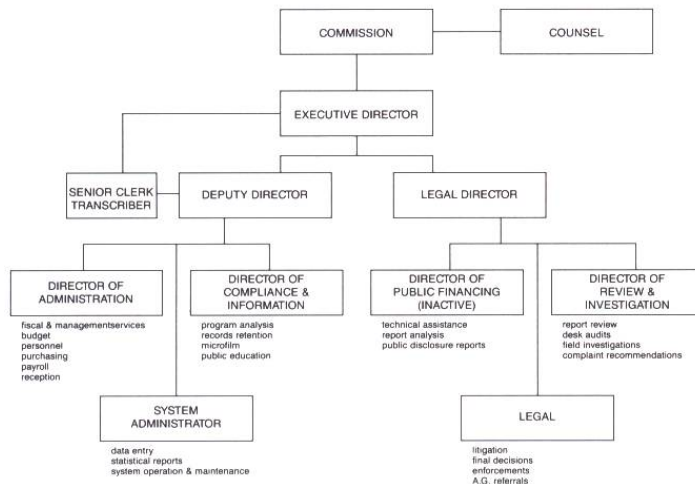
REVIEW AND INVESTIGATION

Elizabeth A. Ryan, Esq., *Director*
 Sheila E. Becker, *Senior Investigator*
 Linda D. Owens, *Assistant Examiner*
 Barbara Fasanella, *Assistant Examiner*
 Shreve Marshall, *Assistant Examiner*
 Beverly A. Dixon, *Secretarial Assistant*

GUBERNATORIAL PUBLIC FINANCING

(Inactive in 1987)

New Jersey Election Law Enforcement Commission
 Table of Organization



MESSAGE FROM THE EXECUTIVE DIRECTOR

The 1987 Legislative Campaign combined with many important local races to create one of the heaviest filing years in recent memory. ELEC's annual statistics are staggering: 18,683 reports processed, 103 investigations closed, 518 complaints initiated, 10,560 public assistance requests handled, and \$26,848.28 in fines collected. These numbers clearly demonstrate why the Commission has long



been cited in the field as among the small number of ethics agencies "that strongly enforce their campaign finance laws." But, 1987 brought even more good news. For the first time, ELEC was cited in a national publication as one of the few such bodies "that compile campaign finance data in usable form."

ELEC received Statewide media attention throughout the year by providing timely and comprehensive campaign financial information and analysis *before* the election. In the spring, the Commission not only analyzed PAC activity in a news release but also did two preelection releases and one postelection release on legislative candidate campaign financing. These primary releases represented the first time in ELEC history that a primary had been analyzed before the election and immediately after it.

Over the summer, staff produced for the media an extensive analysis of the personal financial disclosure filings by legislative candidates. This review was the first study of these filings ever attempted by ELEC and contained 30 tables of data! During the early fall, another release analyzed again the Statewide activity of PAC's. In the last critical weeks of the campaign, ELEC reported twice upon the campaign finances of every candidate for the Senate and General Assembly not only giving total figures but also ranking each candidate by the amounts received and spent while comparing 1987 to previous campaigns in this decade. Just after the election, still another release updated these figures. Finally, the Commission also released significant financial data from filings by committees supporting public questions and lobbyists.

To further publicize and promote the importance of ethical government, ELEC took other steps. The Commission spent the year preparing to become one of the handful of states that are part of the Federal Election Commission's "Remote Access Project." Beginning in early 1988, the press and public will be able to access federal campaign financing information from ELEC's Trenton office by use of a computer terminal. This national data will complement the computerized summaries of recent State legislative elections that will also be available in 1988 for public inspection at Commission headquarters.

Moreover, ELEC launched two major initiatives in 1988 to enhance disclosure of financial information to the public even further. One press release urged the Legislature to require that PAC names reflect who or what they represent. Such nondescript nomenclature as "Committee for a Happy Garden State" seriously hinders adequate disclosure. The public may know where a committee gets its money and how it spends it but this information is of little value if our citizens do not know who or what the committee is.

The Commission also brought to Statewide attention a gaping loophole in the

lobbying law. ELEC argued that lobbyists should be required to report the passing of valuable benefits to public officials whether or not they discuss legislation together at the time. It is the passing of benefits not the talking that needs to be thoroughly disclosed. ELEC's campaign culminated in the appearance of a clever Bill Canfield cartoon accompanying an editorial in the *Star-Ledger* and my taping of a segment for WWOR-TV Channel 9's *Viewpoint*.

Once again, the Commission was also active in promoting governmental ethics outside of New Jersey. On February 19, I went to Rhode Island to consult with Governor Edward D. DiPrete and his staff regarding public financing. *Campaigns and Elections* published my article entitled "Public-Funding Lesson: Taxpayer Financed Gubernatorial Elections Work in New Jersey" in its July/August issue. I was privileged in August to moderate a panel on "Campaign Finance and the Political Process" at the Eastern Regional Conference of the Council on State Governments.

Continuing into the fall, five persons from the Commission attended the September Annual Conference of the Council on Governmental Ethics Laws (COGEL) held in Canada's beautiful Quebec City. Legal Director Gregory E. Nagy served on an "enforcement issues" panel and I conducted a workshop on "computer uses in regulatory agencies." At the end of the conference, I was honored by my colleagues when I was named COGEL Chairperson for 1988. In October, the New York Commission on Government Integrity asked me to testify on the role of independent disclosure agencies at their sessions held in New York City and Buffalo.

The Commission staff also began planning in the late fall for a major event in 1988. The Fourth Biennial Conference of the Northeastern Regional Conference on Lobbying (NORCOL) will be held in New Jersey on August 8. Three of NORCOL's officers are ELEC staff members: Frederick M. Herrmann, Chairperson; Jeffrey M. Brindle, Conference Coordinator; and Evelyn Ford, Membership Coordinator.

Finally, 1987 was a year of arrivals and departures. ELEC was extremely proud of the selection of Judge Stanley G. Bedford as its new chairman. Judge Bedford has had a distinguished career on the Essex County bench and brings to ELEC a wealth of experience. Former Chairman Andrew C. Axtell was reappointed to an unprecedented fourth term attesting to his many years of outstanding service while Commissioner Owen V. McNany, III, was deservedly honored by his fellows in being chosen as the new Vice Chairman. Former Somerset County Prosecutor David Linett joined the Commission late in the year. His strong background in law enforcement, ethics, and elections will certainly be put to good use. Sadly, ELEC lost the presence of two outstanding public servants—Vice Chairman Alexander P. Waugh, Jr., and Justice Haydn Proctor. Both men have a deep commitment to ethical behavior in government and left an enduring legacy for the Commissioners, the staff, and the citizens of New Jersey.

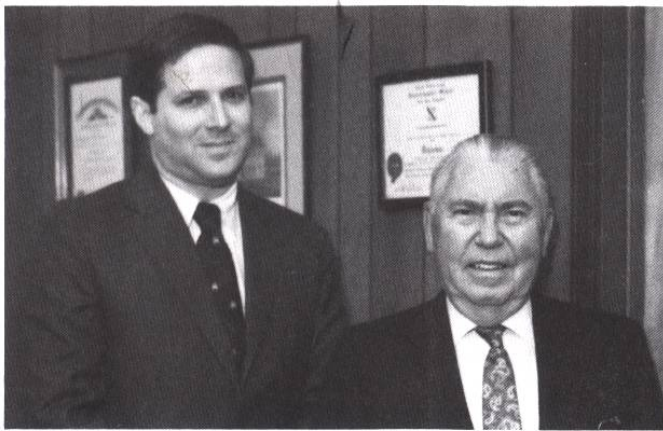
Sincerely,



Frederick M. Herrmann, Ph.D.
Executive Director

LEGISLATIVE REVIEW

There were three major legislative initiatives urged by the Commission in 1987: 1) a comprehensive revision of the Gubernatorial Public Financing Program, 2) a package of important administrative changes in the "The Campaign Contributions and Expenditures Reporting Act," and 3) a complete reform of the "The Legislative Activities Disclosure Act." Despite the fact that the Legislature did not consider these bills in 1987, the Commission's efforts helped to lay the foundation for change in the future.



Summary of Suggested Legislation

The Commission recommends the following legislative objectives for 1988:

1. Comprehensive amendments to the gubernatorial public financing statutes that would finetune the program as recommended in the Commission's 1986 report. These recommendations include: elimination of the expenditure limit, alteration of the funding formula to preserve public money, and adjustment of the formula by the Consumer Price Index (CPI) to take account of inflation.

2. Legislation to require PACs and political party committees to identify their political or economic affiliation in their titles. PACs would be required to file with the Commission registration statements which identify their sponsorship and political or economic affiliation, and would be required to use these titles in all reports and all fundraising activity.
3. Comprehensive amendments to "The Legislative Activities Disclosure Act" that would require lobbyists to disclose expenditures for "goodwill" lobbying activity. Under current law, lobbyists and their agents are required to disclose expenditures for food, entertainment and similar items only if specific communication concerning legislation occurs. The Commission also made a number of recommendations that would streamline and simplify lobbying reporting. It also recommended that responsibility for monitoring lobbyists be placed solely with the Commission and not be shared with the Attorney General.
4. Comprehensive amendments to "The Campaign Contributions and Expenditures Reporting Act" that would:
 - a) regulate the use of surplus campaign funds, providing specific direction as to whether such surplus funds may be used for supporting legislative district offices or other constituent services;
 - b) establish civil jurisdiction in the Commission to enforce the law concerning prohibited contributions by regulated corporations;
 - c) establish civil jurisdiction in the Commission to enforce requirements that political advertising identify the person or entity which paid for it;
 - d) require reporting by an individual contributor of his or her occupation and the name and mailing address of his or her employer;

- e) change the threshold requiring identification of contributors in excess of \$100 to in excess of \$200 and change the threshold from \$250 to \$500 for requiring 48-hour identification of contributors immediately before an election;
 - f) raise the threshold for requiring reporting by persons making independent expenditures from \$100 to \$1,000 and raise from \$1,000 to \$2,000 the level at which ELEC can administratively terminate post-election reporting requirements of candidates and committees;
 - g) permit candidates and committees required to file 60-day postelection campaign reports to file quarterly postelection campaign reports instead;
 - h) lengthen the term in office of each commissioner from three to five years, and lengthen the time for the Commission to respond to a request for an advisory opinion from 10 to 35 days;
 - i) adjust the Commission's penalty provisions for inflation; and,
 - j) exempt candidates for municipal charter study change commission or for special taxing districts from the reporting requirements.
5. Amendments to the personal financial disclosure law requiring disclosure by gubernatorial and legislative candidates of not only the sources of gifts, honoraria and reimbursements, but also the amount of funds given or paid, and lowering the reporting threshold of gifts from more than \$250 per year to more than \$100 per year, which is the same threshold that currently exists for honoraria and reimbursements.

COMPLIANCE AND INFORMATION SECTION

In 1987, the Compliance and Information Section made great strides toward providing information to candidates, treasurers, the press and public, and toward increasing compliance with the State's disclosure laws.

COMPLIANCE

In February of 1987, the compliance manuals for both campaign reporting and quarterly reporting were revised. The reporting forms became a part of the quarterly manual for the first time. Thus, in both publications, candidates and treasurers had everything needed to comply with ELEC's filing requirements.



Overall compliance with disclosure laws increased substantially. The Compliance and Information Section processed a total of 18,683 disclosure reports during 1987. In part, increased compliance was the result of the local information sessions held throughout the State prior to the general election. ELEC staff conducted information sessions for candidates and treasurers on the "how-to" of filing reports in Hackensack, Morristown, Freehold, Franklin Lakes, Pennsauken, and Cape May. These information sessions were highly successful and well attended.

The Compliance and Information Section continued its efforts to inform personally candidates and treasurers of their filing obligations through frequent direct mailings. Candidates and treasurers received informational memoranda and materials well in advance of each reporting deadline. In addition, warning notices were promptly mailed if a report was not received by a prescribed filing date. This scheduling provided each candidate and treasurer with an opportunity to be advised of his or her filing status, which enabled timely corrective action.

INFORMATION

The Compliance and Information Section's accomplishments in the area of providing information to the press and public were particularly impressive in 1987.

The voters of New Jersey elected the members of both houses of the Legislature. Accordingly, there was great interest in both the primary and general legislative elections. For the first time in its history, ELEC provided comprehensive, up-to-the-minute data on the amounts of contributions to, and expenditures by, candidates and committees in both the primary and general elections. Two press releases were published in each of the preelection settings and one press release was published after each election. The press releases contained information concerning the total amounts of money raised and spent, ranked the candidates according to dollars raised and spent, and compared the 1987 financial picture to 1985, when the Assembly held its last election.

In addition, press releases addressing a number of topics pertaining to other areas were published. During the spring, ELEC staff analyzed the top twenty PAC receivers and spenders. In the summer, a release was published on personal financial disclosure by legislative candidates. In the fall, ELEC staff published a press release

which analyzed spending by PACs for and on behalf of candidates. And in the winter, ELEC provided comparative data on lobbying dating back to 1982.



The press and public made frequent visits to ELEC's public room to obtain information. In 1987, approximately 125 requests per month for disclosure reports or other information were processed. The press, using ELEC's information base as its source, published numerous articles concerning both the 1987 races and spending by political action committees.

Two more editions of ELEC's popular newsletter, "The ELEC Report" were published in 1987. As each edition is published, the readership grows. The Compliance staff looks forward to publishing this newsletter on a quarterly basis in future years if staffing allows.

DATA PROCESSING

During the early half of 1987, ELEC's data operation was in a state of transition. The computer's data base, which is arranged into four modules, required programming adjustments. These adjustments compromised accessibility to the data for a few short months. Computer usage was necessarily limited to the most critical of functions.

However, during the latter half of 1987, the data entry operation began to benefit from the programming adjustments. The computer was able to turn around data at an increasing rate and the programming capabilities were expanded. By the beginning of 1988, both detailed and summary information will be available for the 1985 legislative races. Moreover, plans are underway to provide, more quickly than ever before, summary information of 1987 primary and general legislative elections. This accomplishment was remarkable in only a six-month period, and a direct result of hard work by the professional staff.

The Compliance and Information Section looks forward to the future and has many ideas about how to continue to increase candidate and committee compliance with the law. This Section has definite plans that will make it more systematic and efficient in its delivery of informational and research services to the press and public.

LEGAL SECTION

One of the best campaign finance enforcement records in the country was achieved by the Legal Section last year. In fact, due largely to its efforts, ELEC has been cited nationally as one of only four disclosure agencies that also has a strong enforcement record.



In 1987, the Legal Section initiated 518 complaint proceedings against candidates, treasurers, political committees and continuing political committees that filed late or incomplete campaign financial disclosure reports. Moreover, \$26,848 in civil fines was received by the Commission from candidates and committees that violated campaign finance laws.

This vigorous enforcement record was accomplished despite the fact that both houses of the Legislature were up for election last year, a situation that substantially increased the Commission's workload.

Finally, to augment the Commission's status as one of the strongest enforcement agencies in the country, the Legal Director along with Federal Election Commission General Counsel Lawrence M. Nobel conducted a seminar for election and ethics officials throughout the country and Canada on campaign reporting enforcement techniques and issues. The Commission continues to

believe that meaningful enforcement is critical to insuring that campaign reports are filed promptly and accurately.

ADVISORY OPINIONS

The Legal Section, in conjunction with the Commission's Counsel, was active in the area of advisory opinions in 1987. During the past year, the Commission processed 18 requests for advisory opinions through its counsel.

Five advisory opinions were referred to the Attorney General as beyond the purview of "The Campaign Contributions and Expenditures Reporting Act." They involved issues arising from the statute which prohibits banks, insurance companies and certain other regulated industries from making campaign contributions.

In another advisory opinion, a county political party committee was advised that it is prohibited from making contributions to candidates in a primary election, whether or not the contribution is made before or after the election. Also, a political committee raising and expending funds in the 1987 legislative general election was instructed that it could allocate fundraising and administrative costs among the candidates it was supporting.

In another opinion, a lawyer-candidate for the State Senate was advised that personal financial disclosure regulations did not require identification of clients who provided fees to his law firm. Rather, it required that the firm be identified as the source of income. Also, business members of a lobbying association were advised of the circumstances under which they would be required to file individual lobbying reports. In addition, the Commission advised a county board of freeholders that "The Campaign Contributions and Expenditures Reporting Act" did not prohibit it from supporting a committee established to inform the public about a public question. The Commission could not advise the freeholder board as to whether or not it was appropriate to use public funds for this purpose.

In other opinions, ELEC declined to issue advice concerning the reporting requirements of an entity other than the one which requested the opinion and declined to advise a non-profit entity on the propriety of making political contributions.

Five requests concerned both reporting by business entities contributing more than \$10,000 annually and the uses of surplus campaign funds.

REGULATORY ACTIVITY

Regulatory activity is another important function of the Legal Section. In 1987, the Commission adopted regulations governing the permissible uses of surplus campaign funds and specifically prohibiting personal use of such funds. Under these regulations candidates are permitted to use such funds for payment of outstanding campaign debts; for transferral to another candidate, political committee or continuing political committee; for pro rata repayments to contributors; for repayment of loans made by the candidate to the campaign; for donations to charitable organizations; and for use in a future campaign.

In addition, the Commission also proposed amendments to its personal financial disclosure regulation which would have required candidates for Governor or the State Legislature to identify clients providing fees or commissions to firms or companies in which they have a financial interest. The proposed amendments were subsequently withdrawn.

COURT OPINIONS

In *ELEC v. Citizens to Make Mayor Council Government Work*, The State Supreme Court upheld the Commission's ruling that a committee's contributions and expenditures for a recall petition drive were subject to campaign reporting requirements. In a unanimous opinion, the court rejected the committee's argument that it had no reporting obligation because it was merely advocating the holding of a recall election and not necessarily advocating the defeat of a candidate. The same opinion, however, held that the Commission could not rule that a contribution was "anonymous" and subject to escheat provisions unless the Commission could prove that the identity of the contributor was unknown to the committee at the time the contribution was made.

REVIEW AND INVESTIGATION SECTION

The primary function of the Review and Investigation Section is to discover and investigate potential violations of the campaign law. This responsibility is accomplished largely through the review of campaign reports. In 1987, this Section performed in an exemplary manner while rendering a significant amount of public assistance to candidates and other reporting entities.



COMPLETED INVESTIGATIONS

The following table provides a comparison of the number of cases investigated and completed since 1983:

	Completed
1983	102
1984	66
1985	95
1986	128
1987	103

These statistics demonstrate that the Section was able to complete the investigation of 103 cases despite the fact that it was short of staff for much of the year. Moreover, it was able to achieve this record while providing public assistance,

reviewing necessary data for press releases, and closing out the 1985 Public Financing Program. All in all, the Review and Investigation Section performed its main function in noteworthy fashion in 1987.

ORGANIZATION OF STAFF

Established in 1985 as the result of an agency-wide reorganization, the Review and Investigation Section consists of two units: desk auditors (report review staff) and field auditors (investigative staff). The report review staff often initiates investigations by identifying possible problems during its review of campaign reports. It then refers these cases to the investigative staff for a more detailed investigation, which often includes field work and the review of a reporting entity's financial records to ensure that accurate financial disclosure has taken place.

PUBLIC ASSISTANCE

In addition to the review and investigation function, this Section also provided public assistance to candidates or reporting entities with questions concerning the requirements of the campaign law. Generally, public assistance is given by providing technical and other information over the telephone. A significant accomplishment of the Review and Investigation Section was the 5,673 public assistance contacts made in 1987. This total reflects the heavy demand for technical assistance that occurred just prior to both the primary and general elections. Both houses of the Legislature were up for election last year, and the number of public assistance contacts is illustrative of the Section's efforts in 1987 to encourage public disclosure and assist those who were required to file campaign reports.

PRESS RELEASE ASSISTANCE

Aware of the public's desire for campaign related information ELEC issued numerous press releases in 1987. The Review and Investigation Section made an important contribution to this process by reviewing campaign reports during the primary and general elections.



This review was completed in order to provide the public with accurate data relative to the contributions and expenditures of candidates. In addition to general campaign spending information, these press releases ranked the legislative candidates according to how much money they raised and spent, and were distributed in a preelection setting.

The efforts of the Review and Investigation Section were an indispensable part of the press release process. In addition to the above, the Section also reviewed quarterly reports submitted by the PACs to assist in the preparation of a press release listing the top 20 PACs in terms of contributions and expenditures. The report review staff did an outstanding job helping with the press release data while simultaneously handling public assistance contacts.

REVIEW OF 1985 GUBERNATORIAL REPORTS

One of the Section's most outstanding accomplishments of 1987 was its completion of a review of the audits undertaken for each 1985 primary and general election gubernatorial candidate before the start of the 1989 campaign. A first for the Commission, this effort resulted in the verification of all funds submitted for matching. Needless to say, this was a proud accomplishment, doubly so because of the fact that funding for the program ended in 1986 and the Commission had no permanent public financing staff to complete the task.

In 1987 the Review and Investigation Section provided public assistance while still fulfilling its obligation to discover and investigate potential violations of the law. The accomplishments over the past year will enable the Review and Investigation Section to continue to grow and develop in order to meet the challenges of the future. In the year ahead, the section plans to continue its excellent performance.

GUBERNATORIAL PUBLIC FINANCING SECTION

Despite the fact that there was no formal staff for this Section or Gubernatorial Public Financing Program in 1987, ELEC employees did not stop working on public financing.

TOWARD A PERMANENT STAFF

First and foremost, the Executive Director, in conjunction with the Administration Section, formalized a proposal to secure the services of a permanent public financing director and secretary and presented it to the Office of Management and Budget (OMB) in the Department of the Treasury. As the result of this initiative, and with the approval by OMB, these staff positions will become a permanent part of the Commission's operating budget after fiscal year 1989. Thus, for the first time, the program promises to take on permanent status following the next gubernatorial elections in 1989.



The importance of a permanent program should not be underestimated. When the gubernatorial elections are over, the work generated by the program is not. In addition to the Public Financing Report, which contains recommendations for improving the program, and is published within a year of the elections, an analysis of the cost of campaigning for Governor must be undertaken. This report had to be completed before a new public financing director is hired for the next gubernatorial primary and general elections.

Needless to say, these tasks have been performed by regular ELEC staff. With the addition of a permanent director and secretary, these reports will be undertaken by persons who deal with the program on a daily basis and gain special expertise in this area.

A FIRST

Other responsibilities of the program also persist long after the departure of the temporary public financing staff. These responsibilities consume a substantial amount of regular staff time to complete. They include: the completion of audits on the primary and general elections, the retrieval of all surplus campaign funds in gubernatorial accounts, the continuous

review of gubernatorial campaign reports, the prosecution of any violations of the public financing laws, and the development of advisory opinions.

Although regular ELEC staff was again charged with fulfilling these responsibilities, a remarkable achievement was realized in 1987. For the first time ever a full accounting of all gubernatorial financial activity was completed in a timely fashion.

ALMOST \$18 MILLION TO CANDIDATES

Since 1977, the Gubernatorial Public Financing Program has been a mainstay of the Commission. Financed by the State income tax check-off provision, it has allowed persons of limited means to run for Governor and has kept their campaigns free from improper influence.

Since its inception, approximately \$17.7 million in public funds has been distributed to qualifying candidates for Governor. Altogether a total of 24 candidates have received funds from the program.

A POPULAR PROGRAM

The fact that public financing in New Jersey is so popular makes it all the more important that the program remain viable. Two years ago, the Commission issued a report that contained recommendations for changing its thresholds and limits. These recommendations also included the proposition that all thresholds and limits be linked to the Consumer Price Index.

In 1987, the Commission continued to urge these realistic reforms. ELEC's Executive Director even wrote an article highlighting the program and the need to fine-tune it in *Campaigns and Elections*.

New Jersey's Gubernatorial Public Financing Program has now assumed institutional status. The Commission realizes this fact and makes every effort to insure that the program is administered effectively. Moreover, it will continue to work toward further improving the program in the future. And it will continue to press the Governor and Legislature to upgrade the various thresholds and limits to insure that the program keeps pace with inflation.

ADMINISTRATION SECTION



During 1987, the Administration Section continued to meet the ever increasing fiscal and personnel demands of the Commission in a professionally efficient manner.

An essential part of the Commission, Administration provides all management services for the agency. In this capacity, Administration's responsibilities include:

BUDGET MANAGEMENT

During the past year, the Administration Section managed an operating budget totaling \$1,067,000. Despite an urgent need for more staffing, the Commission was not authorized to add any new positions in FY 1988 and received only a modest increase in its budget. Unlike the previous two years, when the Commission was able to add necessary personnel, the increase in its budget covered only inflation and salary increases for regular employees.

In preparation for the 1989 gubernatorial primary election, the Commission, as part of its FY 1989 budget proposal has targeted \$8,000,000 for the Gubernatorial Public Financing Program. While this money is earmarked for gubernatorial candidates, an added \$362,000 has been requested to cover the administrative costs of the program.

Regarding its regular operating budget, the Commission's projected FY 1989 appropriation will be \$1,152,000 exclusive of the special purpose monies designated for public financing. Unfortunately, this figure does not include four new professional positions that the Commission needs nor the innovative proposal to establish a \$10,000 research grant program for public service organizations and universities. It contains only one additional data entry position. The Commission made these requests because it is faced with an ever increasing number of entities filing reports and the reporting of contributions and expenditures of greater sums of money. These facts intensify the burden on the Review and Investigation and Legal staffs, and increase the difficulty of analysis. Moreover, the increased complexity of issues, resulting from campaign finance practitioners delving into gray areas of the law, has intensified the demand for more professional staff.

As urged in a *New Jersey Reporter* article by Jeffrey Kanige entitled "Money and Power: A Dangerous Brew," the Commission believes that ELEC's "resources should be beefed up." In the coming year it will again request funding for a research analyst, another report examiner, a second field investigator and a fiscal officer. Moreover, it will request the addition of a second assistant counsel and another compliance officer.

The Commission has established a strong research program, but needs the services of a Research Analyst in order to make its research effort even more effective. Further, the Commission received over 18,000 reports last year, and the future promises that this number will increase. To process these reports, provide adequate public assistance, and to thoroughly review them and enforce the campaign finance laws, the Commission requires the services of more staff as outlined above.

Thus, an important part of Administration's budget responsibility is the effort to obtain adequate staffing for the Commission.

WORD PROCESSING

With assistance from the Office of Telecommunications and Information Systems (OTIS) in the Department of the Treasury and the Commission's Computer Section, the Administration Section continued to implement its state-of-the-art word processing system. Two of five terminals are now fully operational. In 1988, three additional terminals will be put into operation. This system, which includes a total of five work stations, three high-speed laser printers, and one Okidata printer, will substantially improve secretarial staff efficiency by providing more timely delivery of public information services.



PERSONNEL AND FISCAL MANAGEMENT

In 1986, the Administration Section installed a terminal to access the Department of Treasury's fiscal data network. In 1987, the new "Personnel Management Information System" (PMIS) was installed in conjunction with a modernization program coordinated by the Department of Personnel. This new system has greatly improved the efficiency with which personnel

transactions are processed. Entering these transactions on-line has substantially reduced both the time and paperwork necessary to accomplish such activities as promotions, salary changes, new hires, and separations. Additionally, the personnel area monitors all employee performance evaluations, handles all Affirmative Action and Occupational Safety and Health Act (OSHA) activities, prepares all payroll actions, and manages and schedules training courses for all staff employees.

There is no doubt that the Administration Section, with its responsibility for purchase and contract negotiation, for fiscal and personnel management, for future staffing, and for the efficient functioning of the Commission's day-to-day operations, is a vital part of the Election Law Enforcement Commission. As it has done during its first two years in existence, the Administration Section will strive to improve efficiency in management and day-to-day operations in the coming year.

1986 AND 1987 BUDGET OVERVIEW AND EVALUATION DATA

1987 and 1988 Budget Overview

In FY 1987, the Commission increased the number of full-time budgeted positions to 28. This increase of two resulted from the conversion of two previously temporary positions to permanent ones. These positions are Associate System Administrator and Assistant Compliance Officer. In FY 1988, however, no new positions were authorized as the result of the budget process.



COMPARISON OF FISCAL YEARS 1987 AND 1988 APPROPRIATIONS

	1987 Adjusted Appropriation	1988 Adjusted Appropriation
Personnel	\$ 733,000	\$ 779,000
Printing Supplies	40,000	40,000
Travel	7,000	7,000
Telephone	16,000	16,000
Postage	18,000	18,000
Data Processing	81,000	89,000
Professional Services	38,000	38,000
Other Services	19,000	19,000
OTIS	11,000	11,000
Maintenance/Equipment	1,000	1,000
Central Motor Pool	4,000	4,000
Furniture/Equipment	15,000	15,000
Commissioner Per Diem	30,000	30,000
Total Operational	\$1,013,000	\$1,067,000
Gubernatorial Public Financing	\$ 0	\$ 0

1987 Evaluation Data

Disclosure Reports	18,683	Complaints	518
Campaign and Quarterly	18,087	Public Assistance Requests	10,560
Lobbyist	360	Fine Collection	\$26,848
Personal Finance	236		
Advisory Opinions	18		
Investigations	103		