ELECtronic

An Election Law Enforcement Commission Newsletter

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Comments from the Chairman

Eric H. Jaso

As we enter the fall election season, let's go "back to school" with a brief refresher course on New Jersey campaign finance law.

Although this is not an election year for the Legislature or Governor, thousands of municipal and county candidates will be vying for office this year.

First and foremost, any candidate raising money must establish a campaign committee bank account into which all funds must be deposited.

Moreover, any money spent by the candidate on behalf of his or her campaign must be drawn from this account.

Information about the account must be filed with the Election Law Enforcement Commission on a Form D-1.

Information disclosed on the D-1 includes:

1. The name of the candidate committee;
2. The name, mailing address, and telephone number of the committee Chairperson;
3. The name, mailing address, and telephone number of the Treasurer;
4. The name, mailing address and telephone number of the bank depository; and,
5. The name, mailing address, and telephone number of any persons authorized to sign checks.

As the campaign progresses, the Treasurer must maintain detailed records of all financial transactions.

Accurate and timely recordkeeping is very important, as campaigns must report their financial activity 29 and 11 days before the election, 20 days after the election and then quarterly until the campaign account is zeroed out and closed.

These reports must identify all persons making contributions in excess of $300. Contributions of $300 or less are reported as a lump sum, though the campaign must maintain lists of those donors and their personal information.

The committee must report any loans it receives. All loans, except those from the candidate himself or herself, are subject to contribution limits.

This is just a brief snapshot of the guidelines for reporting and handling the financial aspects of a campaign.

For detailed information, treasurers should access the Compliance Manual at the Commission's website www.elec.state.nj.us.

ELEC's website also has links to two interactive training videos for campaign treasurers: one on reporting guidelines, and the other on forms.

We strongly encourage all campaign treasurers to take advantage of these compliance and training materials.

"Furthering the Interest of an Informed Citizenry"

IN THIS ISSUE

FORMER SENATOR WILLIAM “BILL” SCHLUTER HELPED USHER NEW JERSEY ELECTIONS OUT OF THE DARK AGES

By Joe Donohue

“If it wasn’t for Senator Schluter’s persistence, we wouldn’t be here today”- Jeff Brindle, Executive Director of the New Jersey Election Law Enforcement Commission (ELEC) at the commemoration of ELEC’s 40th anniversary in 2014.

From left to right- Frank Reiche, ELEC’s first chairman; former ELEC Executive Director Frederick Herrmann; former Assemblyman and ELEC commissioner Albert Burstein; former state Senator William “Bill” Schluter; and Jeff Brindle, ELEC Executive Director; at ELEC’s 40th anniversary celebration in 2013.

Forty-five years ago, the New Jersey Campaign Contributions and Expenditures Reporting Act (the Act) was signed into law on April 24, 1973 by Governor William Cahill.

The new statute created the four-member Election Law Enforcement Commission to oversee a system that required most candidates for elected office to fully detail the sources of their campaign funds and how they spent those funds.

The legislation was authored by then-Senator William Schluter (R-6A) from Pennington. In memoirs about ELEC that he shared with this writer before his death on August 6, 2018, the 90-year-old ex-lawmaker said passage of the bill required “a bruising two-and-a-half-year battle” that left behind “a good deal of political blood- including my own…”

“Bill Schluter was, in essence, the Founding Father of ELEC,’’ said Jeff Brindle, the commission’s Executive Director.

“The members and staff of the commission, and, I’m sure, many others, will forever appreciate his passion for an issue- the need for transparency in election financing- that is critical to democracy. We greatly mourn his passing.”

Prior to the ELEC’s creation, New Jersey campaign financing was mostly invisible to the voters.

“Gaping loopholes in the then-governing law allowed virtually unlimited amounts of money to flow freely to a candidate just by channeling funds through a separate committee allied with the candidate. Such contributions did not have to be reported,” Schluter said.

The June 17, 1972 Watergate break-in at the Democratic National Committee offices in Washington sparked a national debate about disclosure of campaign funds. The burglary was financed in part by campaign money secretly laundered through Mexico.

At the same time, New Jersey politics was fraught with scandal, much of it tied to campaign fund-raising. On June 28, 1972, New Jersey Secretary of State Paul Sherwin, a Republican, became the 131st public official indicted for corruption since 1969.

The very next day, former Secretary of State Robert Burkhardt, a Democrat, was fined $5,000 and placed on probation for three years for accepting a bribe to fix a bridge construction contract in 1964.

A January 1973 report by the State Commission of Investigation described campaign contributions as a “malignant cancer rapidly metastasizing through the blood stream of our political life.” A Rutgers-Eagleton poll in early 1973 indicated 77 percent of New Jerseyans believed government was "somewhat corrupt."

"Official corruption of the criminal variety had reached crisis proportions in New Jersey, and the campaign contribution was the most pernicious of all the evils,'' Schluter said in his memoirs.

Without the outrage ignited by the wave of scandal in the early 1970s, the reform bill sought by Schluter most likely would have faced a quiet death in the legislative hopper. Even with widespread public support for anti-corruption legislation, he had to navigate through a fierce gauntlet of opposition.

The Evening Times (now Trenton Times) said in an April 17, 1973 editorial: "Senator William Schluter's colleagues in the Legislature may never forgive him, but he has done the people of New Jersey a great favor. By sheer persistence…he has shoved the reluctant brontosaurus of the New Jersey Political Establishment up to a campaign-fund disclosure bill and made the beast swallow it."

Commenting on the new law, Herbert Alexander, one of the nation's foremost experts on campaign finance issues, said: "In many respects, it's about the best state law in the country." Donald Herzberg, then-director of the Eagleton Institute at Rutgers University, described it as the "toughest disclosure law in the United States." The Star-Ledger called it "a national model."

Since the law's passage, voters in 12 gubernatorial campaigns, 24 legislative elections, and untold thousands of local elections since its passage have been able to learn the details about hundreds of millions of dollars raised and spent on those electoral contests.

The intrepid lawmaker sponsored other legislation that directly affected ELEC's enforcement mission or was an early advocate of reforms that later came within its purview. He sponsored a 1971 law that required lobbyists to wear badges for the first time and file quarterly reports that listed bills they supported or opposed.

In the early 1970s, he crusaded without success for a requirement that public officials file financial disclosure forms. It finally was enacted in 1981 while he was on a hiatus from legislative service. He also sponsored the Senate version of legislation enacted in 1995 that set up procedures for recalling elected officials.

Schluter served as chairman of the Citizens Clean Elections Commission, which oversaw a pilot public financing program administered by ELEC in the 2000s for legislative candidates. He also served on the State Ethics Commission and Joint Legislative Committee on Ethical Standards.

The former legislator popularized the term "soft corruption" and published 296-page book entitled "Soft Corruption: How Unethical Conduct Undermines Good Government and What to do about It," in 2017.

In his book, Schluter says soft corruption "occurs when the people who hold public office figure out how to game the system in ways that enrich them and their cronies *without* breaking any laws." It can drive up the cost of government services, lead to bad decisions and increased voter apathy, he said.

He strongly believed political contributions had the most potential to lead to soft corruption. Schluter said "countless thousands of public officials…are honorable and do not participate in soft corruption."

"But contributions that do not pass the smell test- that lead to direct benefits to the donors through government actions that otherwise would not have been taken- are soft corruption at its worst," he said.

Disclosure reports filed with agencies like ELEC are "the most basic regulation" to discourage this form of corruption, he said.

Echoing a similar recommendation by ELEC, Schluter urged in his book that independent groups such as federal Super PACs be required to fully disclose their contributions and expenses if they participate in New Jersey elections. Schluter also endorsed another ELEC recommendation to close loopholes in state pay-to-play laws.

Executive Director's Thoughts
Jeff Brindle

County Parties: Alive but not Necessarily Well

Reprinted from insidernj.com

During the first six months of 2018, cash-on-hand by New Jersey's county party organizations jumped by 86 percent over the same period four years ago.

In terms of the financial health of county parties, this appears to be good news. In reality, however, it simply masks the bad news, namely that the parties are in the financial doldrums compared to the late 1990's and early years of the new century.

Over the ten-year period 2007-2017, spending by county parties actually declined by 1.4 percent, from $14.3 million to $14.1 million. If county spending instead had increased to simply match inflation, it would now be $17.3 million.

Moreover, while the 2017 election involved the Governorship and the Legislature, the 2007 election included only the Legislature.

Keep in mind that county coffers last year were temporarily fattened from an infusion of money in 2017 from the Democratic Governor's Association (DGA), the Democratic National Committees, national and state unions, and pre-2017 contributions from then-gubernatorial candidate Phil Murphy and other Democratic hopefuls. Minus that cash flow 2017 financial activity by the county parties would have been notably less than ten years earlier.

Even with the extra contributions related to the 2017 governor's race, the $14.1 million spent in 2017 still pales in comparison to the $27 million spent by county parties in 2003, the peak year for county expenditures.

Clearly, the health of county party organizations has deteriorated. Without legislation the party organizations will soon be on life support.

The declining health of once-vigorous county parties is traceable to the Pay-to-Play Law, implemented in 2006. Though well-meaning, this confusing law resulted in the growth of independent groups and other special interest PACs that have plagued the State's electoral system.

This is not surprising. Through the years changes to campaign finance laws, as well as other developments, have worked to alter the fortunes of county parties and in turn impacted the electoral system.

County parties dominated politics and government in New Jersey until the 1960's. Historically, they were the stuff of legend. Hudson County boss Frank Hague and Atlantic County's "Nucky" Johnson and Frank "Hap" Farley set the standard for strong party leaders. Lewis "Luke" Gray provided unparallel leadership in Somerset County.

Then, in the 1960's suburbanization and reapportionment decisions, which undid the practice of drawing legislative district lines on the basis of county borders, constituted a major blow to county parties.

Legislative changes in the 1970's and 1980s made things worse.

After passage of the 1977 Gubernatorial Public Financing Program, county parties no longer played a dominant role in gubernatorial elections because parties were restricted in how much they could give the new, publicly-financed candidates.

The 1981 Open Primary Law further undermined the influence of county parties in that it removed their ability to endorse candidates in the primary and to give them the line on the ballot. The law effectively took away their role in the nominating process.

Yet as the 1980's drew to a close, county fortunes suddenly improved again. In February 1989, the U.S. Supreme Court, in *Eu v San Francisco County Democratic Central Committee*, ruled that California's prohibition on primary endorsements was unconstitutional. This decision likewise caused New Jersey's law to be in violation of the Constitution. County party leaders regained powers they had lost eight years earlier.

The real turning point for county party organizations, however, came as the result of legislative reforms in 1993.

These reforms stemmed from recommendations made by a legislative study group known as the Rosenthal Commission as well as by the New Jersey Election Law Enforcement Commission (ELEC). In commission white paper reports, I helped craft the ELEC recommendations as deputy director.

The intent was to generally strengthen the parties, including county organizations. The legislative changes allowed parties to accept much larger contributions than individual candidate committees and permitted them to spend unlimited amounts on their candidates.

In the ensuing years, county parties resumed their historic role of preeminent players in New Jersey elections.

Then all began to change again following the enactment of the Pay-to-Play Law, which took effect in 2006. Rather than money flowing to accountable parties, contractor money began flowing to special interest PACs. In many cases, they were specifically set up to circumvent the Pay-to-Play laws.

A bit later, independent 501(c) and 527 non-profit groups emerged, which further drained money away from the parties.

Independent groups now dominate elections in New Jersey. During the 2017 gubernatorial and legislative elections, outside groups spent $48 million, a figure that outdistanced state, county, and municipal parties combined, and by a significant margin.

For their part, as noted above, county party organizations spent $14.1 million, an amount that was half as much as spent in 2003.

As in the past, it is time to change the law again, this time to alter the system in favor of more accountable parties and candidates and away from outside, independent groups.

The Election Law Enforcement Commission has set forth proposals that taken together would change the electoral landscape again by offsetting the influence of outside groups and re-invigorating political parties.

These proposals would strengthen political parties, require registration and disclosure by independent groups and reform Pay-to-Play.

In the interest of the public, independent groups, which already have an advantage in that they are not subject to limits on contributions or on spending, should at least be treated the same in terms of transparency as parties and candidates.

Farewell Judy, Welcome Barbara, Good Luck to Both

When she arrived in 2012, Judy Sheridan was one of the few people who had given up a job at the towering Department of Treasury (about 4,800 employees) for a job at the tiny New Jersey Election Law Enforcement Commission (ELEC), a 61-worker agency.

Now verging on retirement, Sheridan said she has no regrets.

"It was a great opportunity. I got to learn so much and meet so many great people," said Sheridan, who will be ending her tenure as ELEC's personnel assistant on August 31. "ELEC is a great place to work and I am thankful for the opportunity I was given."

Sheridan will be succeeded by Barbara Doose, who works in human resources at the New Jersey Department of Environmental Protection, another large state agency (about 2,700 workers). She begins September 4.

Sheridan said she has no immediate plans once she begins her new life without an alarm clock. She is planning to visit Panama in November with her husband Jim. Both are itinerant travelers, and she said more trips are looming as a retiree.

"We are pretty adventurous for our age," she said. Previous destinations have included Alaska, California and Yellowstone National Park in Wyoming, Montana and Utah.

Sheridan also said she may become a part-time volunteer, perhaps at an unemployment office because "I think I'm a good resume writer." Another option might be to share her time at a school or hospital.

Now on her fifth Kindle e-reader, more reading is on the agenda. And with two grandchildren, one 11 years old and one 10 months old, also more babysitting.

Sheridan said she leaves ELEC hoping morale is a little better because of her efforts to organize occasional office luncheons, which have been well-attended. Another part of her legacy: extensive files on human service issues that she hopes will be a useful guide for her successor.

Training Seminars Reminder

For more information, please visit ELEC's website at www.elec.state.nj.us/.

CAMPAIGN TRAINING SEMINAR	
September 12, 2018	10:00 a.m.
October 2, 2018	10:00 a.m.
PAC (CPC/PPC) TRAINING SEMINAR	
September 25, 2018	10:00 a.m.
October 4, 2018	10:00 a.m.

Reporting Dates Reminder

	INCLUSION DATES	REPORT DUE DATE
GENERAL (90-DAY START DATE: AUGUST 8, 2018)* - NOVEMBER 6, 2018**		
29-day Preelection Reporting Date	6/23/2018 - 10/5/2018	10/9/2018
11-day Preelection Reporting Date	10/6/2018 - 10/23/2018	10/26/2018
20-day Postelection Reporting Date	10/24/2018 - 11/23/2018	11/26/2018
48-Hour Notice Reporting Starts on 10/24/2018 through 11/6/2018		
RUNOFF (DECEMBER) - DECEMBER 4, 2018**		
29-day Preelection Reporting Date	No Report Required for this Period	
11-day Preelection Reporting Date	10/24/2018 - 11/20/2018	11/23/2018
20-day Postelection Reporting Date	11/21/2018 - 12/21/2018	12/24/2018
48-Hour Notice Reporting Starts on 11/21/2018 through 12/4/2018		
PACS, PCFRS & CAMPAIGN QUARTERLY FILERS		
3rd Quarter	7/1/2018 - 9/30/2018	10/15/2018
4th Quarter	10/1/2018 - 12/31/2018	1/15/2019
GOVERNMENTAL AFFAIRS AGENTS (Q-4)		
3rd Quarter	7/1/2018 - 9/30/2018	10/10/2018
4th Quarter	10/1/2018 - 12/31/2018	1/10/2019

* Inception Date of Campaign (first time filers) or from January 1, 2018 (Quarterly filers).

** A candidate committee or joint candidates committee that is filing in a 2018 Runoff election is not required to file a 20-day postelection report for the corresponding prior election (May Municipal or General).

*** Form PFD-1 is due on April 12, 2018 for Primary Election Candidates and June 15, 2018 for Independent General Election Candidates.

Note: A fourth quarter 2017 filing is needed for Primary 2018 candidates if they started their campaign prior to December 7, 2017. A second quarter 2018 filing is needed by Independent/Non-Partisan General Election candidates if they started their campaign prior to May 9, 2018.

HOW TO CONTACT ELEC
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