Federal Election Commission

Annual Report 1986

Federal Election Commission
Washington, D.C. 20463

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 1, 1987

The President of the United States
The U.S. Senate
The U.S. House of Representatives

Dear Sirs:

We submit for your consideration the 12th annual report of the Federal Election Commission, as required by the Federal Election Campaign Act of 1971, as amended. The Annual Report 1986 describes the activities performed by the Commission in carrying out its duties under the Act. It also includes a number of legislative recommendations adopted by the Commission in February 1987.

Respectfully,

Scott E. Thomas
Chairman

Presidential Election Campaign Fund
Tax Checkoff
(as of December 31, 1986)

Calendar Year	Tax Returns Indicating Checkoff [1]	Check-Off Dollars Deposited in Fund	Repayments to Fund	Disbursements from Fund	Year-End Fund Balance [2]
1975	not available	$31,656,525	$0	$2,590,502	$59,551,245 [3]
1976	27.5%	33,731,945	0	69,467,521	23,805,659
1977	28.6%	36,606,008	1,037,029	521,124	60,927,571
1978	25.4%	39,246,689	163,725	6,000	100,331,986
1979	27.4%	35,941,347	23,474	1,050,000	135,246,807
1980	28.7%	38,838,417	1,094,098	101,427,116	73,752,205
1981	27.0%	41,049,052	202,288	630,256	114,373,289
1982	24.2%	39,023,882	58,400	1,070	153,454,501
1983	23.7%	35,631,068	21,899	11,786,486	177,320,982
1984	23.0%	35,036,761	505,807	120,149,768	92,713,782
1985	23.0%	34,712,761	61,840	1,617,842	125,870,541
1986	not available	35,753,837	61,641	5,596	161,680,423

Source: FEC Press Office handout, "Presidential Fund—Income Tax Check-Off Status," based on information provided by the U.S. Department of Treasury and the Internal Revenue Service.

[1]These percentages are based on returns processed during a fiscal year. The percentages, therefore, are not directly comparable to the calendar year figures.

[2]Fund balances for 1975 and 1976 have not been verified.

[3]The fund balance at the end of 1975, the first year money was disbursed, includes dollars checked off in 1973 and 1974. Tax forms in 1973 gave taxpayers the opportunity to check off tax dollars for 1972 and 1973.

Revised Regulations

As in past Presidential election cycles, the Commission began redrafting its public funding rules to resolve issues that had emerged during the previous election. The agency also wanted to make revisions that would improve the efficiency of the matching fund and audit processes and ease the burden of complying with the law. Draft rules, which covered both primary matching funds and general election funding, were published for public comment in the *Federal Register* on August 5, 1986.[2] (The notice of proposed rulemaking also sought comments on bank loans, an area affecting both Presidential and Congressional candidates. For a summary of the agency's work on bank loans, see "Regulations," Chapter 2.)

The notice specifically requested comments on several areas of the public financing provisions:

- Debt settlement and extensions of credit;
- Administration of the matching fund program;
- Statements of net outstanding campaign obligations;
- Administrative costs of seeking media reimbursement;
- Definition of a qualified campaign expense; and
- Repayment issues.

After reviewing comments received on the notice, the agency held a hearing on the proposed public funding rules on December 3, 1986, at which the treasurer of the Reagan-Bush '84 General Election Committee presented testimony. The Commission continued to discuss possible revisions to the regulations during public meetings in December and planned to publish final rules in 1987.

[2]51 *Fed. Reg.* 28154.

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Introduction

During 1986, the Commission oversaw the campaign financing of the 1986 Congressional elections and continued to fulfill its other duties mandated under the law. One major accomplishment was the agency's overhaul of the regulations on contribution limits. Only after careful scrutiny of public comments and months of deliberation did the FEC approve the revisions, which resolve issues that had arisen since the regulations were first prescribed in 1977. The agency intends to announce the effective date of the new rules in spring 1987.

In carrying out its mandated duties, the Commission also began to prepare for the 1988 Presidential public funding program. Plans for administering the program were well under way in 1986.

A number of significant legal issues were addressed during the year as the agency fulfilled its statutory responsibility to issue advisory opinions and to defend and enforce the law. Of particular interest was the landmark decision by the Supreme Court in *FEC v. Massachusetts Citizens for Life,* which ruled on constitutional issues and interpreted certain legal definitions.

The agency had to make major reductions in programs that were not mandated by law when, in January 1986, it was confronted with severe budget cuts. The Gramm-Rudman-Hollings Deficit Reduction Act coupled with a prior cut in personnel funds reduced the FEC's fiscal year 1986 appropriation by $858,000, almost 7 percent. Although the agency froze employment levels, curbed general support services, limited outreach efforts and reduced funding for Clearinghouse projects, these savings measures did not cover the full amount of the budget reductions. The balance of the cuts was achieved by reducing the computerized disclosure program. The Commission decreased the amount of historical data available on line and cut back on the computer entry of itemized information taken from 1986 reports. The agency anticipated, however, that an adequate appropriation for fiscal year 1987 would enable the Commission to begin capturing much of the 1986 data that had not been computerized. And, in-house data processing of some reported information helped offset the cutbacks.

Chapter 1
Presidential Public Funding

This chapter describes the Commission's Presidential activity during 1986, first reporting on the 1984 public funding program, then describing preparations for the 1988 program. The chapter ends with summaries of recent advisory opinions concerning the pre-candidacy activities of possible 1988 Presidential candidates.

1984 Public Funding: Audits and Repayments

The Federal campaign finance law requires the agency to audit all publicly funded Presidential candidates to ensure that Federal funds are spent in compliance with the law. If they are not, the campaign may have to repay public funds to the U.S. Treasury. The Commission determines repayments by using a formula based on the ratio of Federal funds to total funds received by the campaign.

In conducting audits of the 1984 primary candidates, Commission auditors: verified each campaign's total reported receipts and disbursements; examined the required supporting documentation; analyzed campaign debts and obligations; reviewed the campaign's compliance with the contribution and expenditure limits; and applied other audit procedures to ascertain whether repayment of public funds was required. As a result of these audits, the Commission requested the return of $1,070,274 in public funds by the end of 1986.

The first table below summarizes matching fund activity of the 1984 primary campaigns that received public funding. The second table presents information on the status of the Presidential Election Campaign Fund, the source of public funding which consists of dollars voluntarily checked off by taxpayers on their Federal income tax returns.

Matching Fund Activity of Publicly Funded 1984 Presidential Primary Campaigns
(as of December 31, 1986)

Candidate	Gross Matching Funds Received	Total Repayments Made [1]	Net Matching Funds Received
Reubin Askew	$976,179	$5,074	$971,105
Alan Cranston	2,113,736	4,140	2,109,596
John Glenn	3,325,383	0	3,325,383
Gary Hart	5,333,785	1,296	5,332,489
Ernest Hollings	821,600	15,606	805,994
Jesse Jackson	3,053,185	0	3,053,185
Sonia Johnson	193,735	0	193,735
Lyndon LaRouche	494,146	0	494,146
George McGovern	612,735	67,727	545,008
Walter Mondale	9,494,921	29,640	9,465,281
Ronald Reagan	10,100,000	344,893	9,755,107
Totals	**$36,519,405**	**$468,376**	**$36,051,029**

[1]Repayments of primary matching funds are returned to the Presidential Election Campaign Fund. See table below.

Preparations for 1988

During 1986, the Commission laid the groundwork for the 1988 public financing program, the first Presidential election under the public funding provisions in which the incumbent President would not be a candidate. This promised to increase the number of primary candidates requesting matching funds and, as a result, to increase the agency's workload.[1]

Preparation for 1988 involved, in part, resolution of issues that arose during the 1984 elections. Through litigation and regulatory review, the Commission grappled with a number of questions, including bank loans, application of the expenditure limits and the definition of qualified campaign expense.

[1]The number of primary candidates receiving matching funds in previous election years was: 15 in 1976, 10 in 1980 and 11 in 1984. The agency estimates that from 16 to 20 candidates will participate in the 1988 matching fund program.

Publications

In December 1986, the Commission approved a revised edition of the *Guideline for Presentation in Good Order,* a publication that gives a detailed explanation of the matching fund process and provides campaigns with step-by-step instructions on the preparation of matching fund submissions. The new edition incorporates draft revisions to the public funding regulations. Although not prescribed by the end of 1986, these regulatory revisions were approved by the Commission and were expected to be included in the final rules.[3] *Guideline* revisions also reflect the agency's past experience in processing matching fund submissions.

For example, in order to certify funds within four days, the Commission automatically holds back a certain percentage of the amount requested in each submission. This hold back takes into account possible errors and omissions in the request. Because submissions for 1984 matching funds were highly accurate, containing a low percentage of nonmatchable contributions (i.e., a low error rate), the *Guideline* provides that the automatic reduction in the amount of matching funds certified for a campaign's current submission will be based on the error rates of the past three submissions (instead of the past four); alternatively, if the campaign has not yet made three submissions, the automatic hold back will be 10 percent (rather than 15 percent). The Commission will later adjust the certified amount after verifying the submission.

The Commission also worked on updating another publication aid—the *Financial Control and Compliance Manual for Presidential Primary Candidates Receiving Public Funding.* The *Manual* presents one system that helps a campaign comply with the law and, at the same time, enables it to produce management reports for planning campaign strategy. Publication of the new edition is planned for spring 1987.

[3]Certain issues were not resolved in time to be addressed in the new *Guideline.* A later, more comprehensive edition will be released when the new rules are completed.

Staff

Finally, in order to handle the increased workload of a Presidential election cycle, the agency planned to use fiscal year 1987 funds to hire more auditors, who would participate in every phase of the public funding program, and to supplement permanent staff with temporary clerks to help process matching fund submissions. As a way of increasing staff without cost to the agency, the Commission also arranged with the General Accounting Office (GAO) to have auditors detailed to the FEC on a nonreimbursable basis, beginning in spring 1988. This arrangement with GAO proved successful during the 1984 Presidential cycle, when GAO auditors contributed to the smooth operation of the public funding program.

Legal Issues

This section summarizes two 1986 advisory opinions that addressed proposed pre-candidacy activities of two possible contenders for the 1988 Republican Presidential nomination.

PAC Established by Possible Future Candidate

The Fund for America's Future, a PAC (political action committee) founded by Vice President George Bush to support Federal and non-Federal Republican candidates, asked the Commission whether its expenditures for certain 1986 activities in which the Vice President would participate would be allocable to a possible Presidential candidacy of the Vice President in 1988. The Fund noted that Vice President Bush had neither established a testing-the-waters committee nor authorized the Fund to make expenditures on behalf of a potential candidacy.

Specifically, the Fund proposed the following activities: 1) public appearances by the Vice President on behalf of Republican candidates; 2) publications and solicitations which would include references to him; 3) steering committees organized to involve party officials and officeholders in the Fund's activities and to advise them on making

contributions; 4) a program to organize volunteers to aid the Republican Party and Republican candidates; and 5) recruitment and financing of persons for the Michigan precinct delegate election in August 1986.

In AO 1986–6, the Commission concluded that expenditures for the proposed activities would not be allocable as in-kind contributions to the Vice President's possible 1988 candidacy; therefore, they would not be subject to contribution limits. The activities would, however, have to be restricted. There could be no mention or promotion of Vice President Bush's possible 1988 candidacy. Moreover, the opinion's conclusion applied only to activities conducted by Vice President Bush before he qualified as a candidate.

With respect to the fifth activity—the recruitment and financing of individuals to run as Michigan precinct delegates—the Commission said that the Fund's spending would not result in contributions or expenditures on behalf of Vice President Bush because the statute and FEC regulations govern only delegate selection activities related to Presidential national nominating conventions. In this case, individuals seeking election as precinct delegates in 1986 would not necessarily seek positions as national or State convention delegates in 1988. Furthermore, those seeking election as precinct delegates would not be identified on the ballot as supporting any potential Presidential candidate. Finally, elected precinct delegates would not choose national convention delegates. Rather, they would select delegates to a 1988 State party convention which, in turn, would elect the national convention delegates.

Commissioners Thomas E. Harris and John Warren McGarry filed dissents from AO 1986–6. Commissioner Harris believed the Fund's disbursements for the proposed activities (described above) would result in expenditures on behalf of Vice President Bush and would trigger the requirement for him to register as a 1988 Presidential candidate. Both Commissioners stated that the delegate regulations (11 CFR 110.14) would apply to the proposed expenditures for the Michigan precinct delegate election. They contended that, because the rules apply "to all levels of a delegate selection process," the precinct delegate election would be the first step in the Michigan delegate selection process. The two Commissioners, however, differed in their interpretations of the delegate rules. In Commissioner McGarry's view, the Fund's delegate expenditures would not trigger candidate status, as Commissioner Harris contended, but would nevertheless count against the public funding spending limits should the Vice President become a 1988 Presidential candidate and receive matching funds.

Testing-the-Waters Activities

In AO 1985–40 (issued in 1986), the Commission considered several activities planned to help former Senator Howard Baker, Jr. determine whether to run as a 1988 Presidential candidate. The opinion concluded that proposed efforts by the Republican Majority Fund (RMF), a PAC "closely identified" with Mr. Baker, and by his testing-the-waters fund (the Fund) qualified as testing-the-waters activities under FEC regulations rather than as campaign activities that would trigger candidate status. The testing-the-waters exemption permits an individual to raise and spend money to determine whether to run for office without becoming a "candidate" under the law. Funds raised and spent to test the waters are not considered contributions or expenditures, although they are subject to the law's limits and prohibitions. If an individual who is testing the waters later becomes a candidate, funds raised and spent during pre-candidacy must be reported as contributions and expenditures.

Mr. Baker's Fund planned to raise funds through solicitations sent by direct mail to contributors to Mr. Baker's former campaign committees and to RMF contributors. Although direct mail solicitations are usually considered campaign activity rather than testing-the-waters activity, the Commission determined that the Fund's proposal would qualify as testing-the-waters activity because: 1) the solicitations would clearly state that Mr. Baker had not yet determined whether to seek the 1988 Republi-

can Presidential nomination; 2) the funds raised would be used for Mr. Baker's testing-the-waters activities; and 3) the funds would not be raised in amounts that would constitute amassing campaign funds.

The Commission also determined that several activities proposed by RMF to help Mr. Baker test the waters would qualify as testing-the-waters efforts rather than as active campaigning provided they complied with certain restrictions described in the opinion. RMF planned to finance: 1) public appearances by Mr. Baker and his associates at party events; 2) hospitality suites held in conjunction with those appearances; 3) private meetings with Mr. Baker and party officials; 4) steering committees to encourage Mr. Baker to seek nomination; and 5) newsletter issues containing references to Mr. Baker and solicitations to promote his testing-the-waters efforts.

RMF's expenses for these activities would result in "in-kind gifts" to the Fund (as opposed to "in-kind contributions") but would nevertheless be subject to a $5,000 contribution limit. If Mr. Baker were to become a Presidential candidate, his campaign committee would have to report RMF's "in-kind gifts" as "in-kind contributions." They would count against the public funding spending limits should Mr. Baker accept primary matching funds.

In his dissent from AO 1985-40, Commissioner Harris identified several of RMF's proposed activities as campaigning rather than testing-the-waters efforts. He believed that they should count toward the $5,000 threshold that triggers candidate status.

Chapter 2
Administration of the Law

This chapter opens with a description of 1986 changes to the agency's computerized disclosure program and goes on to report on other aspects of the Commission's administration of the law, including a summary of 1986 work on FEC regulations and a discussion of significant legal issues. The chapter ends with a section on the Clearinghouse on Election Administration.

Disclosure[1]

Reductions to Computerized Disclosure

As a result of the Gramm-Rudman-Hollings Deficit Reduction Act and a cut in personnel funds, the Commission sustained a loss of $858,000 from its fiscal year 1986 funding. (These budget cuts are fully explained in Chapter 4, "Fiscal Year 1986.") In revising the budget in January 1986 to reflect this loss of funds, the agency avoided instituting a reduction in force (RIF) because its implementation would have involved considerable out-of-pocket expenses. Instead, the Commission froze employment levels and cut back several programs. The largest cuts ($250,000) were borne by the computerized disclosure program, resulting in a reduction in the amount of campaign finance information accessible through the computer. The agency took this action for three reasons. First, the computerized disclosure program, unlike many other FEC programs, is not specifically mandated under the law. Second, because the agency had not yet hired the staff who, under normal funding, would have handled data entry, it could effect substantial savings by merely freezing the current employment level. Finally, the Commission was hopeful it could restore the program using 1987 funding.

The Commission in fact saved $100,000 by not hiring temporary data staff to process information and saved an additional $150,000 by discontinuing computer-related contracts, including a contract for data entry. These cuts meant that the Commission did not have the resources to enter several categories of itemized transactions from 1986 reports. For example, information on individual contributors was no longer entered into the data base. Because of reduced computer storage and memory, historical data from the 1977–78, 1979–80 and 1981–82 election cycles were taken off line after being microfilmed. The agency also had to cancel the pre-election release of the *Reports on Financial Activity,* statistical studies that give detailed summaries of election activity. The canceled editions were to have covered the first 18 months of the 1985–86 cycle. Another change affected the program providing on-line FEC campaign finance data to State election offices. The Commission had to institute a fee for this computer service which it had previously provided free of charge. States that had participated in the program chose to discontinue it.

Commenting on the budget cuts in a memorandum to the Commissioners, the Staff Director observed:

> Over the past several years, this agency has made great strides in improving the accuracy, timeliness and comprehensiveness of, and access to, our disclosure information. Reversing that trend is a severe step not lightly proposed. Many members of the general public, the press corps, academics and committees themselves have come to rely upon availability of this detailed information. Absent this data capture, the public will be denied the level of detail available in the past.

Campaign finance information remained available in hard copy (the reports themselves), and computerized information from previous election cycles was accessible on microfilm. The negative impact of the reductions to the computerized disclosure program was offset to some extent by certain program enhancements, which are described in the section below. Finally, committed to restoring the program, the agency allocated fiscal year 1987 funds to capture much of the itemized information from 1986 campaign reports and to resume com-

[1]See also "Use of Reported Contributor Information," page 27.

plete data entry with respect to the 1987–88 election cycle.

Enhancements to Computerized Disclosure
Staff of the Data Systems Development Division revised their procedures for processing information taken from 1986 reports in order to salvage certain core information. While coding and entering summary data taken from reports, FEC staff included additional information usually processed at a later stage. As a result, the FEC was able to provide augmented information within 48 hours of the receipt of reports. This change contributed to a series of press releases that not only contained virtually all the information that would have been incorporated in the canceled pre-election *Reports on Financial Activity,* but also provided the data more quickly. Moreover, a press release covering campaign activity through mid-October was issued just before the November 4 election. Enhancements to in-house data processing also enabled the agency to develop two new computer indexes, the K and L Indexes,[2] which provided cumulative summary information on campaigns and committees for the 1985–86 election cycle.

Direct Access Program
Many of the enhancements to the data base described above were also available through the Direct Access Program. Designed for individuals and groups with personal computers, this service provides subscribers with on-line access to certain campaign finance data.

As the program has grown—from 8 subscribers to 44—the Commission has tried to tailor Direct Access to the needs of its clients. Their suggestions for organizing data in useful formats were considered when the agency developed the new K and L Indexes (see above) and added them to the program. The program was also expanded to include a capability that helps users search for the exact names of particular committees (*TEXT*). In response to subscribers' requests, the Commission extended the hours during which the system is available. Users themselves contributed to the quality of the data by quickly identifying errors, helping agency staff to focus on verifying information more quickly. At an October 1986 meeting with FEC staff, subscribers said they were generally satisfied with the program and made further suggestions for refinements. The Commission hopes to implement many of these suggestions under the new computer contract (see Chapter 4), which will reduce the cost to subscribers by 50 percent (from $50 per hour to $25).

Serving the Public
Students constitute one of several segments of the public the Commission has traditionally served by providing campaign finance information and guidance on the law. During 1986, however, the agency responded in a unique way to the needs of students. Staff from the Data Systems Development Division prepared a data file and series of exercises as a learning tool for undergraduate students. In response to a request from the American Political Science Association, FEC staff developed a program that assists students' analysis of FEC campaign finance data and answers questions commonly posed in the field of political science. The user can also create charts to see if any patterns or trends emerge. The American Political Science Association plans to make the teaching program available to colleges and universities in summer 1987.

Also new in 1986 was a publication prepared by the Public Records Office, the *Combined Federal/State Disclosure Directory,* which identifies individuals and organizations on the state and national level who are responsible for disclosing public information on campaign finance.

In addition to issuing press releases, the Press Office briefed a number of foreign press representatives, helping them to understand the Federal campaign finance law. Their interest, as well as the American media's, focused on the 1988 Presidential elections. Local reporters outside the Washington area increasingly contacted the Press Office as

[2]FEC computer indexes are described in Appendix 8.

they became familiar with the office's resources and services.

In February 1986, both the Press Office and the Public Records Office moved to the FEC's new headquarters, which offered improved research facilities to media representatives and the public.

Assistance to Committees and the Public

During 1986, the Commission continued to assist committee staff and the interested public in a variety of ways.

Telephone Assistance

Using the toll-free number (800/424-9530) or local lines, anyone may obtain information about the law from the public affairs specialists, who answer questions and provide research assistance. For help in reporting, committee workers may speak to the analyst who reviews the committee's reports. (See "Review of Reports," below.)

Advisory Opinions

Advisory opinions provide more formal legal guidance. Any person may request an opinion by writing a letter asking the Commission's advice on how the law applies to a specific, factual situation. The opinions are drafted by FEC attorneys and are discussed and voted on by the Commissioners in public meetings. Advisory opinions are also a source of guidance for persons other than the requester since, once issued, opinions may be relied upon by others in very similar situations.

Several of the 42 opinions issued in 1986 are discussed in the "Legal Issues" sections of this chapter and Chapter 1.

1986 Conferences and Speaking Engagements

FEC conferences and public appearances by staff are still another way the Commission tries to respond to the needs of political committees and individuals interested in learning about the law. Additionally, these events give Commissioners and staff an opportunity to hear the concerns of those who must comply with the law.

The Commission had to curtail its 1986 outreach program because of limited travel funds. Of the 70 speaking engagements accepted by Commissioners and staff during 1986, most of them—about 50—took place in the Washington, D.C. area, at minimum expense to the agency. Staff appearances outside Washington were generally limited to those which could be legally funded by the sponsoring organization. (The agency may accept travel reimbursements only from groups qualifying as nonprofit organizations under 26 U.S.C. Section 501(c)(3) of the Internal Revenue Code and from State and local government agencies.)

The Commission further reduced the cost of outreach by sharing the expenses of conferences with State agencies. One-day conferences were cosponsored in Michigan, Ohio and Minnesota during 1986. Participants could select workshops targeted to their area of interest—candidate campaigns, PACs or party committees.

The agency also held conferences in the Washington area. Taking advantage of its new, larger public facilities, the Commission conducted two conferences for Congressional campaign committees, each offering both introductory and advanced workshops. The agency sponsored another local conference in cooperation with George Mason University. This June conference, held on the University's campus, focused exclusively on the needs of corporations and labor organizations.

Publications

FEC publications, reviewed by attorneys and other agency staff, educate political committees on the requirements of the law. The most recent publications were two brochures produced in 1986, *Committee Treasurers* and *Filing a Complaint*. The agency also published two special editions of its newsletter, the *Record*. A February issue presented a series of graphs summarizing campaign finance

activity for the 1983–84 election cycle,[3] while a September issue provided a manual on how to report receipts. During 1986, the agency won its third publication award from the National Association of Government Communicators, this time for *FEC: The First Ten Years,* published in 1985.

Review of Reports

The Commission reviews all campaign finance reports to ensure accurate and complete disclosure of financial activity and to encourage compliance with the law's reporting provisions.

When a reports analyst finds an error on a report, he or she sends the committee a letter requesting additional information—called an RFAI. The committee has an opportunity to amend the report voluntarily. The agency encourages committees who receive RFAIs to call the analyst who signed the letter. Cooperation between a committee and the Commission often results in the settlement of a potential compliance matter without further action. During its deliberations on compliance matters, the Commission considers as a mitigating factor the steps a committee has taken to correct a mistake.

Regulations

During 1986, the Commission continued its efforts to clarify the campaign finance law through revised regulations, focusing on the public funding rules, described in Chapter 1, and the rules governing contributions and bank loans, examined below. This section also reports on an agency determination on a rulemaking petition submitted by Common Cause. (Chapter 4 describes new regulations on standards of conduct for FEC employees.)

Contribution Limits, 11 CFR 110.1 and 110.2

On November 20, 1986, the Commission voted to amend Sections 110.1 and 110.2 of its regulations and send them to Congress in January 1987. These final rules clarify the scope of the contribution limits and resolve several issues that have arisen since the regulations were first prescribed in 1977. Before approving the revisions, the Commission reviewed written comments on numerous possible changes to Sections 110.1 and 110.2 and, in October 1985, held a public hearing. The final rules and their explanation and justification were transmitted to Congress on January 6, 1987, and were published in the *Federal Register* on January 9.[4] They became effective on April 8, 1987.

Major amendments to the new rules are summarized in Appendix 7.

Reports Review Activity

	1982	1983	1984	1985	1986
Number of committees reviewed	**2,807**	**5,510**	**3,906**	**6,454**	**5,062**
Number of reports reviewed	**20,598**	**39,837**	**30,154**	**46,905**	**34,055**
Number of reports receiving RFAIs	**4,633**	**5,319**	**6,292**	**7,414**	**6,554**
Presidential	5	78	246	117	53
Senate	444	392	496	276	528
House	2,106	1,403	2,302	1,374	2,414
Party	399	413	714	858	702
Nonparty (PACs)	1,658	2,989	2,494	4,729	2,841
Other	21	44	40	60	16

Contribution Limits, 11 CFR 110.3 – 110.6

In July 1986, the Commission asked for public comment on possible revisions to Sections 110.3 through 110.6 of its regulations.[5] The proposed revisions to these regulations, like the final revi-

[3]These graphs appear in Chapter 3 of the *Annual Report 1985.*

[4]52 *Fed. Reg.* 760.

[5]See the Notice of Proposed Rulemaking published in the July 30, 1986, *Federal Register* (51 *Fed. Reg.* 27183).

sions to 110.1 and 110.2, were intended to promote clarity and comprehensiveness. The July notice contained draft rules and raised specific issues for comment. In conjunction with this effort, the agency held a public hearing on September 17 at which three witnesses presented testimony.

The Commission planned to continue work on the draft regulations during 1987, evaluating the comments and making refinements to the draft rules in preparation for final revisions.

Summarized below are some of the issues on which the Commission invited comment.

- *Indicia of Affiliation (110.3(a)).* Affiliated committees share one contribution limit on contributions received and made. The agency sought comments on appropriate criteria for determining affiliation between political committees.
- *Subordinate Party Committee Limits (110.3(b)).* Since a State party committee and its subordinate party committees are presume to be affiliated, they share a single contribution limit unless the subordinate committee can prove its independence from the State committee. The agency asked for comments on what criteria should be used to determine whether a subordinate party committee is independent and thus entitled to a separate limit.
- *Transfers (110.3(c)).* The Commission invited comments on transfers between various types of candidate committees (e.g., previous State to current Federal; inactive to active).
- *Earmarked Contributions (110.6).* Concerning earmarked contributions, the Commission asked whether the term "conduit" should be defined; whether corporate and labor PACs (separate segregated funds) should be permitted to act as conduits of earmarked contributions; and whether the rules should apply to contributions earmarked to noncandidate committees. The Commission also sought comments on the reporting of earmarked contributions, and it invited suggestions to help clarify when a conduit exercises direction or control over an earmarked contribution and thereby becomes a co-contributor, with the contribution counting against both the conduit's and the original contributor's limits.

Bank Loans

Prompted by enforcement cases and litigation, the Commission decided to re-examine its rules on bank loans. Under the statute and FEC regulations, a loan from a bank to a candidate or committee is not considered a contribution if it is made "in the ordinary course of business." One aspect of this standard is that a bank loan must be "made on a basis which assures repayment."

The Commission had to consider when a loan was made on this basis when resolving recent internal enforcement cases. This phrase was also at issue in three court cases concerning the 1984 Presidential primary campaign of John Glenn. In *FEC v. Bank One,* filed in September 1986, the Commission claimed that loans made by four banks to the Glenn campaign constituted prohibited contributions because they were not made on a basis which assured repayment—specifically, the banks did not require sufficient collateral from the campaign to guarantee repayment of the loan. Plaintiffs in *Ameritrust Company National Association v. FEC* and *John Glenn Presidential Committee v. FEC* (both filed in July 1986) contended that the campaign loans were made on a basis which assured repayment. Consolidated in November 1986, the three suits were still unresolved at the year's end.[6]

To help resolve this issue by clarifying its regulations, the Commission published an August 1986 notice of proposed rulemaking asking for public comments on three possible interpretations of the statutory phrase "made on a basis which assures repayment."[7] Fourteen groups responded to the notice, including the Federal Deposit Insurance Corporation (FDIC), the Federal Home Loan Bank Board and several banking institutions and associations. Agency attorneys reviewed these comments

[6]The suits were filed in the U.S. District Court for the Southern District of Ohio, Eastern Division.

[7]The rulemaking notice also sought comments on public funding issues (see Chapter 1). It was published in the *Federal Register* on August 15, 1986 (51 *Fed. Reg.* 28154).

and met with staff from two bank regulatory agencies, the Office of the Comptroller of the Currency and the FDIC.

Based on this work, the Commission decided to explore bank loans further and on January 22, 1987, published a second *Federal Register* notice seeking additional comments.[8]

Rulemaking Petition on "Soft Money"

In April 1986, the Commission denied a petition for rulemaking filed by Common Cause.[9] The petition had requested that the Commission amend its regulations to address the alleged improper use of "soft money" in Federal elections. "Soft money" was defined in the petition as funds ostensibly raised and spent for State and local elections and therefore not reportable under the Federal campaign finance law. Such funds could contain donations that are prohibited or excessive under Federal law and, if ultimately used to influence Federal elections, could result in legal violations.

Before reaching its decision, the agency took several steps to solicit public comments on the use of "soft money" in Federal elections. In January 1985, the agency published a notice soliciting public comment on the Common Cause petition and, in December 1985, again requested comments in a notice raising a broad range of legal and factual questions posed by Common Cause and other interested parties.[10] The agency received several written responses and again provided an opportunity for comment at a public hearing held on January 29, 1986.

After reviewing the public comments and evaluating the implications of the proposed revisions, the Commission concluded, in April 1986, that evidence of improper use of "soft money" in Federal elections was insufficent to justify the stringent rules suggested in the Common Cause petition. In the *Federal Register* notice denying the petition, the agency held that the examples offered to support Common Cause's views did not "constitute concrete evidence" that "soft money" had been misused. To the contrary, the agency found that "other evidence presented during the proceeding indicate[d] that many transfers to the state and local levels were made from federal funds and were reported to the Commission."

On June 30, 1986, Common Cause filed suit against the agency in the U.S. District Court for the District of Columbia. Common Cause asked the court to 1) declare that the Commission's denial of its rulemaking petition was contrary to law and 2) order the Commission to reconsider the petition. The case was still pending at the end of 1986.

Coordination with the Internal Revenue Service

In accordance with 2 U.S.C. §438(f), the Commission seeks comments from the IRS on each rulemaking arising under the Federal Election Campaign Act or the public financing statutes. A copy of each Notice of Proposed Rulemaking or other documents seeking public comment is forwarded to the IRS Chief Counsel for consideration by the Legislation and Regulations Division. The Commission then reviews any comments the IRS makes and responds accordingly. When appropriate, the Commission also researches IRS Revenue Rulings that may be applicable to an FEC rulemaking.

Enforcement

The Enforcement Process

Possible violations of the Federal campaign finance law are brought to the Commission's attention either internally—through its own monitoring procedures (and referrals from other government agencies)—or externally—through formal complaints originating outside the agency. Potential violations become MURs, Matters Under Review, and receive MUR numbers.

The law requires that all phases of the MUR process remain confidential until a case is closed and put on the public record. The respondents

[8] 52 *Fed. Reg.* 2416.
[9] 51 *Fed. Reg.* 15915, April 29, 1986.
[10] See 50 *Fed. Reg.* 477, January 4, 1985, and 50 *Fed. Reg.* 51535, December 18, 1985.

(those alleged to have violated the law) are afforded a reasonable opportunity to demonstrate that no action should be taken against them. The Commission first decides whether there is "reason to believe" a violation of the law has occurred. A "reason to believe" finding means that the agency will investigate the matter. If, after investigation, the Commission believes there is sufficient evidence to show that there is "probable cause to believe" a violation has occurred, the agency must try to resolve the matter informally through a conciliation agreement with the respondent. (Conciliation may also be initiated by the respondent before this stage of the enforcement process.) If unable to reach agreement, the agency may try to enforce the matter through litigation.

In an effort to help all parties understand the enforcement process, the Commission published a new brochure, *Filing a Complaint.*

The table below compares the MUR caseload over the past several calendar years.

Dismissals of Complaints

During 1986, the courts ruled on several suits that challenged the agency's dismissal of complaints in enforcement matters. At issue in three of these cases was the Commission's rejection of the General Counsel's recommendation—either by a four-vote majority of Commissioners or by a deadlocked vote—with the result that the complaint was dismissed.

As a result of one of these suits, *Common Cause v. FEC (I),* the Commission adopted a new policy concerning the dismissal of MURs. On October 23, 1986, the Commission voted to issue a statement of reasons whenever a majority of Commissioners, in dismissing a complaint, reject the recommendation contained in the General Counsel's report. A statement of reasons documents the rationale for the Commission's decision to dismiss a MUR. Guidelines approved on February 5, 1987, direct the Office of General Counsel to submit a draft statement to the Commissioners, who are given an opportunity to review and, if necessary, to amend the draft. The agency will place statements of

Caseload of MURs

	1980	1981	1982	1983	1984	1985	1986
Cases pending at beginning of year	**152**	**214**	**113**	**93**	**78**	**172**	**137**
Cases opened during year	**255**	**66**	**113**	**103**	**283**	**257**	**191**
External	133	24	78	42	163	51	120
Internal	122	42	35	61	120	206	71
Cases closed during year	**193**	**167**	**133**	**118**	**189**	**292**	**185**
External	91	64	67	58	103	97	80
Internal	102	103	66	60	86	195	105
Cases pending at end of year	**214**	**113**	**93**	**78**	**172**	**137**	**143**

reason on the public record within 30 days after the corresponding MURs are closed.

The *Common Cause* suit and the other cases arising from the Commission's determinations in MURs are summarized below.

Orloski v. FEC. On July 11, 1986, the U.S. Court of Appeals for the District of Columbia Circuit affirmed a district court decision that the Commission's dismissal of a complaint was not contrary to law.

In a complaint filed with the agency, Mr. Richard Orloski claimed that a picnic sponsored by a senior citizens group was a political event that influenced the election of his 1982 general election opponent, Congressman Donald Ritter. Because the picnic was an alleged campaign-related event, Mr. Orloski contended that 1) corporate funding for the picnic constituted prohibited contributions to his opponent and 2) sponsorship of the event by the senior citizens group caused the group to become a political committee, subject to the requirements of the Federal Election Campaign Act.

The Commission determined that the picnic was not a political event and was not subject to the prohibitions and requirements of the Act because 1) there was no express advocacy of Congressman Ritter's election and 2) there was no solicitation of contributions to his campaign. Accordingly, the Commission dismissed the complaint.

The appeals court affirmed the Commission's decision as reasonable and, furthermore, rejected Mr. Orloski's challenges to FEC compliance procedures.

Common Cause v. FEC (I). Like the *Orloski* case, this suit also arose from a public appearance by a candidate. A complaint filed by Common Cause concerned a speech President Reagan delivered to the Veterans of Foreign Wars in Chicago two days after he had received the Republican Party's nomination in August 1984. During his speech, President Reagan did not expressly mention his candidacy; nor did he solicit contributions to his campaign. The Reagan administration viewed the Chicago trip as official business and paid the travel costs with government funds. Common Cause alleged that the travel costs were campaign-related and therefore should have been paid for and reported by the Reagan Presidential committee.

In its report to the Commissioners, the FEC's Office of General Counsel recommended that the Commission find "reason to believe" the Reagan campaign had violated the law by failing to report these expenses. The Commission, however, decided by a four-to-two vote to find "no reason to believe" the law had been violated and dismissed the complaint. Consistent with past practice, the Commission did not issue a formal statement of reasons for its decision.

Common Cause challenged this dismissal by filing a suit against the FEC with the U.S. District Court for the District of Columbia in March 1985. In its suit, Common Cause said that the Commission should have considered the "totality of the circumstances" surrounding the Chicago speech rather than have focused solely on whether the speech expressly advocated President Reagan's election and whether contributions had been solicited.

In its opinion of June 25, 1986, the court considered the legal standard which had been applied by the FEC in its dismissal of the complaint (i.e., no express advocacy and no solicitation of contributions). The court found this standard a reasonable interpretation of the statute. Nevertheless, because the Commission, in adopting this standard, did not rely on the reasoning presented in the General Counsel's report, the court stated that "[t]he absence of a contemporaneous statement of the Commission's reasons for dismissing the complaint precludes effective judicial review." The court therefore remanded the case to the FEC for "a statement of reasons demonstrating how the Commission applied such legal standards to the facts before it."

On August 19, 1986, the Commission decided not to appeal this decision but to accept the remand and issue reasons for its decision. Three of the Commissioners who voted to find "no reason to believe" issued statements of reasons. The Commissioner who cast the fourth vote, Frank P.

Reiche, was no longer a member of the Commission.

Common Cause, however, was not satisfied with the Commission's statements, claiming that they "failed to provide any coherent and reasoned explanation of why the Commission dismissed. . . the complaint." As a result, on December 17, 1986, Common Cause again filed suit against the FEC, a case still pending at the end of 1986.

Democratic Congressional Campaign Committee (DCCC) v. FEC. The complaint at issue in this case concerned $10,000 spent by the National Republican Congressional Committee (NRCC) to distribute a series of mailings in the First Congressional District of Rhode Island during 1985. The mailings encouraged readers to petition the House Ethics Committee to investigate certain newspaper charges concerning the personal finances of Congressman Fernand St Germain (D-RI). DCCC's complaint alleged that NRCC had violated the election law by failing to allocate the $10,000 payments as coordinated party expenditures on behalf of Congressman St Germain's Republican opponent. (National party committees may make limited expenditures on behalf of Federal candidates in general elections.)

As in the Common Cause complaint, the General Counsel's report recommended the Commission find "reason to believe" the law had been violated. In this complaint, however, the Commission could not reach agreement, lacking the four affirmative votes necessary to make an official determination. (Three Commissioners voted to find "reason to believe" that NRCC had violated the law, two Commissioners voted against the finding and one Commissioner abstained from voting.) The Commission's dismissal of DCCC's complaint, therefore, resulted from a deadlocked vote.

In July 1986, DCCC filed suit against the Commission with the U.S. District Court for the District of Columbia, claiming that the FEC's dismissal was contrary to law.

In arguing its case, the Commission took the position that the dismissal of a complaint resulting from a lack of four affirmative votes is not reviewable by the courts. In such cases, the FEC contended, the agency's disagreement precludes any action that can be evaluated by the courts.

In its October 3, 1986, decision, the court rejected the FEC's argument that the case should be dismissed, stating that the DCCC still had "the right [under the statute] to seek review of an adverse outcome." The court determined that, because the mailings conveyed an electioneering message, NRCC's payments were subject to the party expenditure limits. Declaring that the FEC's dismissal of the complaint was contrary to law, the court ordered the agency to rectify its decision within 30 days.

The Commission appealed this decision and also asked the court to set aside the October 3 order until the appeals court issued a decision. The court agreed to delay the order on October 30, 1986. In its motion to stay the order, the agency noted that the district court judge had himself observed that the question of whether the courts have the authority to review a dismissal resulting from a deadlocked vote ". . . is such an important one that I believe the Court of Appeals will have to decide that issue." At the end of 1986, the case was still pending.

Common Cause v. FEC (II). In this suit, Common Cause claimed that the FEC had acted contrary to law in dismissing a complaint which alleged that five nonconnected political action committees (i.e., PACs not connected to a corporation or union) had violated two provisions of the law.

One provision prohibits a political committee that has not been authorized by a candidate (such as a PAC) from including "the name of any candidate in its name." 2 U.S.C. §432(e)(4). The PACs had used President Reagan's name in the names of their special fundraising projects. For example, one PAC's solicitation asked recipients to send checks to "Reagan for President in '80." The Commission found no reason to believe that the PACs had vio-

lated the law because the projects did not constitute separate political committees; instead, they were merely subcommittees of their respective PACs. The project names, therefore, were not restricted by the provision.

The U.S. District Court for the District of Columbia, in a December 30, 1986, decision, found that the Commission had acted contrary to law in dismissing this portion of the complaint, stating that "whatever names the committees presented to the public for identification must also constitute a 'name' within the meaning of section 432(e)(4)." The court ordered the agency to conform to this judgment within 30 days.

Common Cause also alleged in its complaint that the PACs had coordinated their expenditures with the Reagan campaign and had thereby made contributions to the campaign, not independent expenditures. According to Common Cause, the alleged coordination of the PAC expenditures resulted in excessive contributions to the Reagan campaign. (See also "Invalid Independent Expenditures" under "Legal Issues" later in this chapter.)

The General Counsel's report recommended that the Commission find reason to believe that all five PACs had made excessive contributions. (The "reason to believe" finding is required before the agency can investigate alleged violations.) The Commission found reason to believe three of the PACs had violated §441a(a). With respect to the other two PACs, however, the Commission voted three-to-three, thus effecting an automatic dismissal of this portion of the complaint against the two committees.

After investigating the possibility of coordination by the first three PACs, the General Counsel reported that, although there were indications that the PAC's expenditures might have involved coordination, there was insufficient evidence to prove that the PACs had directly coordinated their expenditures. Upon the General Counsel's recommendation, the Commission therefore dismissed the complaint.

The district court rejected Common Cause's claims that the Commission had failed to conduct a thorough investigation of the three PACs and that the agency had interpreted "coordination" too narrowly. Stating that the General Counsel's report "sets forth rational reasons for terminating the investigation," the court also found that the Commission's "extensive investigation failed to produce evidence of any *direct* requests or scheming" between the PACs and the Reagan campaign. In ruling that the FEC's interpretation of coordination was not contrary to law, the court said "the opportunity for coordination is a separate question from whether it was utilized."

With respect to the Commission's tie vote which automatically dismissed the portion of the complaint alleging coordination by the other two PACs, the court did not agree with the FEC's argument that such dismissals are beyond judicial review. Because the FEC's action differed from the General Counsel's recommendation, the court ordered the agency to provide a statement of reasons explaining the basis for finding no reason to believe the violation had occurred and for not pursuing an investigation. On January 16, 1987, the Commission filed a notice of appeal from this decision.

Legal Issues

The Supreme Court, in December 1986, ruled that the law's ban on independent expenditures by certain nonprofit corporations was unconstitutional. This section first highlights the major points of that decision and goes on to summarize a variety of other legal issues addressed in 1986 litigation and advisory opinions. See also the section above, which summarizes court cases related to dismissals of MURs, and Chapter 1, which reports on advisory opinions related to Presidential activity.

Independent Expenditures by Nonprofit Corporations

In *FEC v. Massachusetts Citizens for Life, Inc.*, the Supreme Court of the United States decided, by a 5 to 4 vote, that the law's prohibition on corporate expenditures is unconstitutional as applied to

independent expenditures[11] made by a narrowly defined type of nonprofit corporation. The Court's December 15, 1986, decision affirmed an appeals court ruling.

Scope of Ruling. Acknowledging that "the class of organizations affected by our holding today will be small," the Court delineated the type of corporation which would be permitted to make independent expenditures under this ruling. "MCFL has three features essential to our holding that it may not constitutionally be bound by §411b's restriction on independent spending." These three criteria are as follows:

1. The organization must be formed "for the express purpose of promoting political ideas, and cannot engage in business activities. If political fundraising events are expressly denominated as requests for contributions that will be used for political purposes, including direct expenditures, these events cannot be considered business activities."
2. The organization must have "no shareholders or other persons affiliated so as to have a claim on its assets or earnings."
3. The organization must not have been established by a business corporation or a labor union and must adopt a policy "not to accept contributions from such entities."

Background. The suit concerned material published and distributed to the general public by the Massachusetts Citizens for Life (MCFL), a nonprofit, nonstock corporation. The September 1978 publication, called the "Special Election Edition," urged readers to "vote pro-life" and, in listing Massachusetts Federal and non-Federal candidates, identified each as either supporting or opposing MCFL's position on three pro-life issues. The "Special Edition" also featured photographs of candidates who agreed with MCFL on all three issues (and one candidate who was publicly known to hold a pro-life position).

The Commission had argued that the publication constituted a partisan communication and that MCFL, by distributing the material to the general public, had made corporate expenditures in violation of 2 U.S.C. §441b. In a June 1984 decision, the district court held that MCFL's spending did not constitute prohibited expenditures under §441b. Alternatively, the court stated that the provision was unconstitutional, as applied. On July 31, 1985, the appeals court overturned the lower court's decision that MCFL's publication costs were exempt from the prohibition on corporate spending but agreed with the district court on the constitutionality issue, ruling that the provision violated MCFL's First Amendment rights. The appeals court concluded that "application of section 441b to indirect, uncoordinated expenditures by a non-profit ideological corporation expressing its views of political candidates violates the organization's First Amendment rights."

MCFL in Violation of §441b. The Supreme Court unanimously affirmed the appeals court ruling that, as the FEC had argued, MCFL's expenditures were in violation of §441b. In making this determination, the Court rejected MCFL's arguments to the contrary.

MCFL had contended that, in making its expenditures, it had not *provided anything to* a candidate. Because of this, its spending was not within the reach of §441b(b)(2), which defines "expenditure" to include *anything of value provided to* a candidate or political committee. The Court, in holding that §441b's scope is broader than MCFL's interpretation, stated that legislative history "clearly confirms that §441b was meant to proscribe expenditures in connection with an election."

The Court also rejected MCFL's argument that its publication costs did not constitute prohibited expenditures because the material did not "expressly advocate" the election of candidates.

[11] An independent expenditure is an expenditure for a communication that expressly advocates the election or defeat of a clearly identified candidate but that is not made at the request of, or with the prior consent or suggestion of, a candidate or authorized candidate committee. Furthermore, an independent expenditure must be made without any consultation or coordination with a candidate or authorized committee. 2 U.S.C. §431(17).

Citing its opinion in *Buckley v. Valeo,* the Court noted it had previously concluded "that a finding of 'express advocacy' depended upon the use of language such as 'vote for,' 'elect,' 'support,' etc." *Buckley,* 424 U.S. 1, 44, n. 52 (1976). Applying this test to MCFL's publication, the Court stated: "Just such an exhortation appears in the 'Special Edition.' The publication not only urges voters to vote for 'pro-life' candidates, but also identifies and provides photographs of specific candidates fitting that description. The Edition cannot be regarded as a mere discussion of public issues that by their nature raise the names of certain politicians. Rather, it provides in effect an explicit directive: vote for these (named) candidates. The fact that its message is marginally less direct than 'Vote for Smith' does not change its essential nature."

MCFL had also argued that its publication was a "Special Edition" of its regular newsletter and therefore payments for issuing the material were exempt from the definition of expenditure under the statute's exception for news stories, commentaries and editorials distributed through periodical publications and other news media. 2 U.S.C. §431(9)(B)(i). The Court did not need to rule on whether MCFL's newsletter qualified for the press exemption because it considered the "Special Edition" a campaign flyer rather than an issue of the newsletter. "No characteristic of the Edition associated in any way with the normal MCFL publication." The Court emphasized that it was essential to make a distinction between regular publications and campaign flyers "since we cannot accept the notion that the distribution of such flyers by entities that happen to publish newsletters automatically entitles such organizations to the press exemption."

Section 441b's Infringement on Free Speech. In determining whether §441b was unconstitutional as applied to MCFL's independent expenditures, the Court first examined the provision's effect on political speech protected by the First Amendment.

The FEC had argued that, although §441b prohibited MCFL from making expenditures from its corporate treasury funds, the law provided another avenue for MCFL to exercise political speech: It could establish a separate segregated fund (also called a political action committee or PAC) and make contributions and expenditures using money specifically solicited for the fund. The Court maintained that "even to speak through a segregated fund, MCFL must make very significant efforts," and mentioned in particular the recordkeeping and solicitation requirements the law imposes on such funds. In conclusion, the Court stated: "These additional regulations may create a disincentive for such organizations to engage in political speech. . . . The fact that the statute's practical effect may be to discourage protected speech is sufficient to characterize §441b as an infringement on First Amendment activities."

Section 441b Unconstitutional, as Applied. In ruling that §441b is unconstitutional as applied to MCFL's activities in this case, a decision from which four Justices dissented, the Court first explained that "[w]hen a statutory provision burdens First Amendment rights, it must be justified by a compelling state interest." The Court disagreed with the Commission's arguments that §441b's prohibition on MCFL's expenditures was justified.
ment rights, it must be justified by a compelling state interest." The Court disagreed with the Commission's arguments that §441b's prohibition on MCFL's expenditures was justified.

The FEC had noted the long legislative history supporting §441b's prohibitions on corporate activity and argued that the courts have consistently ruled that those restrictions are justified by the governmental interest in protecting the election process from the effects of the accumulation of wealth. After examining the legislative history and past Supreme Court decisions, the Court concluded that this governmental interest is valid with respect to expenditure restrictions applied primarily to profit-making corporations but not to corporations such as MCFL, "formed to disseminate political ideas." The Court, therefore, found no compelling justification for treating business corporations and

MCFL alike "in the regulation of independent spending."

The Court also rejected the FEC's argument that §441b serves to prevent a corporation such as MCFL from spending individuals' money for political purposes that they might not support. The Court pointed out that individuals who contribute to MCFL do so because they support its political aims and expect that the organization will spend the funds "in a manner that best serves the shared political purposes of the organization and the contributor."

In responding to the Commission's argument that a contributor, while supporting the political views of MCFL, may not wish donations to be used to support or oppose particular candidates, the Court said that this problem could be resolved by "simply requiring that contributors be informed that their money may be used for such a purpose."

Finally, the FEC had maintained that, if the §441b prohibition were not applied to expenditures by corporations such as MCFL, then the political process would be in danger of corruption, since business corporations and labor unions could funnel undisclosed treasury funds into a nonprofit organization to be converted to political spending. In rejecting this argument, the Court cited 2 U.S.C. §434(c), which requires groups that are not political committees to report information on their independent expenditures once they exceed $250 in one year. In reporting under this provision, a group must include the identification of persons funding independent expenditures if they contribute an aggregate of over $200 during a year. "These reporting obligations provide precisely the information necessary to monitor MCFL's independent spending activity and its receipt of contributions," the Court stated. Furthermore, the Court pointed out that "should MCFL's independent spending become so extensive that the organization's major purpose may be regarded as campaign activity, the corporation would be classified as a political committee," subject to the restrictions and extensive reporting requirements the law applies to such entities.

In conclusion, the Court ruled that §441b's restriction on independent spending "is unconstitutional as applied to MCFL, for it infringes protected speech without a compelling justification for such infringement." However, the Court did not directly rule on the constitutionality of §441b's restrictions on "commercial enterprises," since that was not at issue in this suit.

Justice William J. Brennan, Jr., who wrote the majority opinion, was joined by Justices Thurgood Marshall, Lewis F. Powell, Jr. and Antonin Scalia and, in part, by Justice Sandra Day O'Connor.

Dissents from Court Ruling on Unconstitutionality. Chief Justice William H. Rehnquist, joined by Justices Byron R. White, Harry A. Blackmun and John Paul Stevens, dissented from "the conclusion that the statutory provisions are unconstitutional as applied to [MCFL]." Chief Justice Rehnquist observed that the differences between business corporations and corporations like MCFL "are 'distinctions in degree' that do not amount to 'differences in kind'. . . . As such, they are more properly drawn by the legislature than the judiciary. . . . Congress expressed its judgment in §441b that the threat posed by corporate political activity warrants a prophylactic measure applicable to all groups that organize in the corporate form. Our previous cases have expressed a reluctance to fine-tune such judgments; I would adhere to that counsel here."

In his judgment, "[t]he three part test gratuitously announced in today's dicta. . . adds to a well-defined prohibition a vague and barely adumbrated exception certain to result in confusion and costly litigation."

Other Corporate Activity

In addition to the *MCFL* suit, above, several advisory opinions concerned corporate involvement in Federal elections.

Corporate Sponsored Candidate Appearances. The issue of candidate appearances—whether or not an appearance is campaign-related—arose, not only in the *Orloski* and *Common Cause (I)* suits (discussed

earlier in the "Enforcement" section), but also in two 1986 advisory opinions, both issued to the National Conservative Foundation, a nonprofit corporation.

In its first request for an opinion, the Foundation explained that it planned to hold a public convention no later than July 1987. Certain individuals, some of whom would be qualified or potential 1988 Presidential candidates, would present speeches on conservative issues at the convention.

In AO 1986–26, the Commission said that the Federal Election Campaign Act prohibits the corporate financing of campaign-related appearances by candidates unless the appearances fall within certain exceptions contained in the Act and regulations. The regulations permit corporations to sponsor candidate appearances, but only before restricted audiences, not before the general public, as the Foundation had proposed. Qualified nonprofit, nonpartisan organizations may also stage nonpartisan candidate debates. Neither of these exceptions, the opinion stated, applied to the Foundation's proposed activity.

Candidate appearances that are not related to the campaign, however, may be sponsored by a corporation since nonpolitical appearances are not subject to the law. The Commission was unable to determine whether the proposed candidate appearances were noncampaign-related because the advisory opinion request lacked sufficient facts.

The Foundation again requested the Commission's advice concerning the convention, this time altering its proposal concerning candidate appearances. In its second request, the Foundation proposed holding a "candidate debate," inviting both Democrats and Republicans who were or might be 1988 Presidential candidates. Each individual would appear separately, making a speech and answering audience questions afterwards.

In AO 1986–37, the agency determined that the Foundation's planned format did not qualify as a candidate debate because, instead of candidates participating in the traditional face-to-face debate, each would address the convention separately. Noting that a nonpartisan candidate debate is the only legal way a corporation may sponsor public campaign-related appearances by candidates, the opinion went on to state that the Foundation could not sponsor the event because, as proposed, the candidate's public appearances would be campaign-related: speakers would be invited on the basis of their actual or possible candidacies, and they could address the convention on any topic, including the advocacy of their candidacies.

Broadcast Time Donated by Media Corporation. In AO 1986–35, later vacated, the Commission decided that Congressman Howard Coble could not accept broadcast time donated by WGGT-TV, an incorporated commercial station, for the purpose of airing political ads prepared by the campaign. The station had offered free 30-second spots to all House candidates in the Sixth Congressional District of North Carolina, subject, however, to preemption by paying advertisers. The opinion stated that the incorporated station would be making a prohibited in-kind contribution to the candidates by offering the free time. Although Commission regulations exempt media news stories, commentaries and editorials from the definition of contribution (as long as the facility is not owned or controlled by a candidate or political party), the opinion concluded that the offer of free time to air candidate-prepared ads would not qualify as a legitimate press function.

In an unusual proceeding, the Commission reconsidered and vacated the opinion after receiving a letter from the National Association of Broadcasters, which argued that the opinion contradicted the Federal Communications Commission's (FCC's) interpretation of the Communications Act. FCC regulations indicate that the Communications Act allows broadcasters the option of providing free air time to candidates as long as the stations provide "equal opportunities" to other candidates.

In reconsidering the opinion, the Commission discussed two possible conclusions:

- The donation of a free 30-second spot would result in a prohibited corporate contribution since the activity would not fall under the news

commentary exemption. Furthermore, the FCC's interpretation of the Communications Act would not bind the FEC in the interpretation of the Federal Election Campaign Act.
- The donation of free air time would be a news commentary, exempt from the definition of contribution, provided that the commentary time is not used as a vehicle for the broadcasting station to make contributions or expenditures in connection with the nomination or election of any person to Federal office.

However, the issue remained unresolved because the Commission was unable to approve a new opinion by a four-vote majority.

Employee Contribution Plans

Corporate Program. In its advisory opinion request, Armstrong World Industries, Inc. outlined a plan under which the corporation would encourage its executives to make contribution pledges to selected candidates and committees. Armstrong also planned to act as a conduit for earmarked contributions from employees, transmitting the contributions in one bundle to a selected candidate.

The Commission concluded in AO 1986–4 that Armstrong could carry out its proposed activities only by establishing a political committee (a separate segregated fund or, as it is more commonly called, a PAC). Otherwise, the plan would result in prohibited corporate contributions and expenditures. Although a corporation may make partisan communications to its executives by recommending they support a particular candidate, a corporation may not act as a conduit for earmarked contributions. If earmarked contributions were solicited as planned, then they would count against the contribution limits of both the separate segregated fund and the contributor, since Armstrong planned to exercise direction and control over the contributor's choice of the recipient candidate.

Noncorporate Program. In AO 1986–41, the Commission considered another contribution plan, this one proposed by an unincorporated group, Air Transport Association of America. The Association planned to pay additional compensation to certain employees to enable them to make contributions. The Commission concluded that this plan would violate 2 U.S.C. §441f, which states that "[n]o person shall make a contribution in the name of another person."

Campaign Activity of Unregistered Firms

Two court cases decided in 1986 concerned organizations not registered as political committees whose political activity caused them to incur reporting obligations under the Federal campaign finance law.

FEC v. National Congressional Club and Jefferson Marketing, Inc. In this suit, the Commission claimed that Jefferson Marketing, Inc. (JMI), a corporation providing media services to campaigns, was so closely tied to the National Congressional Club (NCC), a political committee, that the two operated as a single entity. As a result, the FEC contended that NCC violated the law's reporting requirements by failing to disclose JMI's receipts and disbursements. Evidence of the joint operation of the two organizations included JMI's financial dependence on NCC, NCC's control over JMI's voting stock and the involvement of NCC's treasurer in JMI's decisions.

NCC and JMI conceded that they had operated as one committee and, with the FEC, agreed to a consent order issued by the U.S. District Court for the District of North Carolina on May 15, 1986. The order stipulated that the defendants had violated the law by failing to report JMI's activity and imposed a $10,000 civil penalty. Under the consent order, NCC had 90 days to amend its FEC reports to reflect JMI's financial activity. NCC and JMI also agreed to take steps to establish themselves as separate entities.

FEC v. Californians for Democratic Representation (CDR). This case concerned a slate mail program undertaken by CDR, a nonprofit organization. (See

also the summary of an advisory opinion on slate cards under "Exceptions to Contribution Limits," below.) CDR distributed to the general public slate mailings that endorsed Federal candidates as well as non-Federal candidates and ballot measures. Candidates could purchase advertising space at fair market value, but CDR also listed—at no charge—candidates who did not purchase space.

On January 9, 1986, the U.S. District Court for the Central District of California found that the costs incurred by CDR for listing Federal candidates free of charge constituted expenditures on behalf of those candidates. Accordingly, the court ruled that CDR had violated the law by failing to register and report as a political committee when those expenditures exceeded $1,000. The court also found that CDR's mailings did not carry the advertising notice required by law. In response to these violations, the court imposed a $15,000 civil penalty on CDR and denied a later motion by CDR to have the penalty reduced.

Excessive Contributions

The court cases summarized below addressed both the donation and the acceptance of contributions that exceeded the law's limits.

Invalid Independent Expenditures. In a suit decided on May 16, 1986, *FEC v. National Conservative Political Action Committee (NCPAC),* a district court ruled that payments reported by NCPAC as independent expenditures actually constituted excessive in-kind contributions because the "independence" of the expenditures was invalidated by coordination between NCPAC and the candidate benefiting from the expenditures. (See also *Common Cause v. FEC (II),* summarized earlier under "Enforcement.")

In an effort to defeat Senator Daniel Patrick Moynihan (D-NY) in the 1981–82 election cycle, NCPAC spent $73,755, reporting the payments as independent expenditures in opposition to the Senator. In making the expenditures, NCPAC relied heavily on the services of a political consultant. The same consultant was also retained by Bruce Caputo, who was seeking the Republican Party's nomination for Senator Moynihan's seat.

The U.S. District Court for the Southern District of New York found that Senator Moynihan and Mr. Caputo were, "for all practical purposes, opponents" during the primary season. The court further noted that the consultant's role in both "the NCPAC and Caputo efforts was far more significant than that of a vendor of advertising services or a polling company. . . . [The consultant] was NCPAC's key strategist. . . . Simultaneously, he served as the chief architect of Bruce Caputo's campaign." The court concluded that NCPAC, by using the same consultant under these circumstances, had, in fact, coordinated its expenditures with the Caputo campaign and that the "expenditures must [therefore] be deemed contributions to the Caputo campaign" rather than independent expenditures. On June 13, 1986, the court imposed a $15,000 civil penalty on NCPAC and ordered it to file amended reports within 30 days.

Acceptance of Excessive Contributions. In two other 1986 suits concerning excessive contributions, the courts ruled on the responsibility of committee treasurers to exercise "best efforts" in determining the legality of contributions. The courts, however, issued conflicting rulings on this point.

FEC v. Dramesi for Congress Committee and *FEC v. Re-Elect Hollenbeck to Congress Committee* both concerned a $5,000 contribution made by the New Jersey Republican State Committee to each defendant candidate committee for their 1982 primary election campaigns. At the time, the State Committee had not yet qualified as a multicandidate committee and could therefore contribute only $1,000 per election to each candidate instead of $5,000 per election. On learning of the State Committee's excessive contributions, the FEC initiated enforcement proceedings against the State Committee, the two candidate committees and their treasurers. When it failed to reach settlements with the Dramesi and Hollenbeck Committees, the Commission filed suits against them.

In *Dramesi,* the U.S. District Court for the District of New Jersey found that the Dramesi Committee's treasurer had knowingly accepted an excessive contribution from the State Committee and ordered the treasurer to pay a $5,000 civil penalty. (The court had previously entered a $5,000 default judgment against the Dramesi Committee on May 2, 1986.) In its ruling of July 25, 1986, the court observed that, under FEC regulations, the treasurer of a political committee must make "best efforts" to determine the legality of a contribution instead of assuming that a contribution is legal. The court noted that the treasurer could have made this determination by consulting the FEC's Index of Multicandidate Political Committees, "readily available to the defendants."

On the other hand, in the *Hollenbeck* case, the U.S. District Court for the District of Columbia ruled that the Hollenbeck Committee should not be held liable for the State Committee's excessive contribution. In its June 16, 1986, decision, the court said that the contribution "would appear to be legal to any reasonable treasurer. . . ."

Contribution Limits in the General Election

In two 1986 advisory opinions, the Commission applied the law's contribution limits to general election campaigns.

General Election Contributions Spent Before Primary. In AO 1986–17, the Commission permitted a candidate to spend, before the primary election, contributions that had been designated for the general election. This permission, however, was limited to special circumstances. Specifically, the Commission said the Mark Green Committee could, when necessary, make advance payments for services and goods that would be provided to the Committee once Mr. Green became a general election candidate. (For example, primary candidates must sometimes make deposits several months before the general election in order to reserve television time for general election ads. This is particularly true in States holding their primary elections in late summer or early fall.) The opinion cautioned that contributions designated for a prospective general election could not be used for any expenses related to the primary campaign. Furthermore, if Mr. Green were to lose the primary, the Committee would have to refund the general election contributions, even if already spent, since the candidate would have no separate limit for that election.

Commissioner Thomas E. Harris dissented from the decision, stating: "This result contravenes the general scheme of the statute of separate contribution ceilings for each election." He predicted that the opinion would "prove very confusing in application" and that compliance actions would arise from the failure of defeated primary candidates to refund general election funds already spent.

On another issue, the opinion concluded that, because New York State law does not grant State party committees the authority to nominate a candidate, a party convention held to designate a party candidate for nomination is not considered a separate "election" with a separate contribution limit. Instead, the convention is considered part of the primary election process. (By contrast, see summary of AO 1986–21 under "Reporting by Committee of Unopposed Candidate," below.)

Contributions to Candidates Running in Two Simultaneous Elections. AO 1986–31 addressed a unique situation. On November 4, 1986, North Carolina held both a special election to fill the remainder of deceased Senator John East's term (which expired on January 3, 1987) and a regularly scheduled general election for the new term of the same Senate seat. Each major party nominated one candidate to run in both elections. Thus, the two nominated candidates were simultaneously running for different terms of the same Senate seat. The Democratic Senatorial Campaign Committee (DSCC) asked how the law's contribution limits and coordinated party expenditure limits would apply to the Democratic Senatorial nominee for both general elections.

The Commission concluded, in AO 1986–31, that separate contribution limits under 2 U.S.C. §441a(a) applied to the candidate's special and general elec-

tion campaigns; persons could contribute up to the limit for each election. The opinion further concluded that contributions, even if designated for one of the elections, could be used for either. Moreover, the candidate could use the same principal campaign committee for both elections.

The Commission, however, could not reach a majority decision on whether the special $17,500 limit on national party contributions to Senate candidates, provided under 2 U.S.C. §441a(h), applied collectively to the regular and special elections or to each election separately. Similarly, the Commissioners were divided on the question of whether a single coordinated party expenditure limit under 2 U.S.C. §441a(d)(3) applied to each election separately.

In a concurring opinion, Commissioner Thomas J. Josefiak stated that he agreed with the Commission's unanimous decision that the §441a(a) contribution limits should be applied separately but regretted that the Commission could not reach the same conclusion regarding the §441a(h) national party contribution limits and §441a(d) coordinated party expenditure limits.

Commissioners Joan D. Aikens and Lee Ann Elliott filed a concurring opinion in which they agreed with the legal analysis and reasoning in Commissioner Josefiak's concurring opinion.

Exceptions to Contribution Limits

Three advisory opinions issued in 1986 discussed categories of receipts that are not considered contributions and therefore are not subject to the law's limits.

Committee's Slate Card Program. In AO 1986–29, the Commission considered a slate card program proposed by a registered committee, the Pete Stark Re-Election Committee. The Committee planned to develop and circulate a slate card supporting Congressman Stark and one other Federal candidate in addition to several non-Federal candidates. The Committee proposed to pay for the slate card, seeking proportional reimbursement from featured candidates but also listing candidates who did not wish to pay.

The Commission noted that the law exempts from the definitions of contribution and expenditure payments made by a campaign for campaign materials that refer to other candidates ("coattail support"). In order to qualify for this exemption, the Committee would have to distribute the slate card through volunteers or mail the material using lists developed by the Committee or the other candidates involved, but without the assistance of a commercial vendor.

On the other hand, the opinion said that if the Committee used outside lists or used a commercial vendor for the mailing, then the portion of the costs allocable to the other Federal candidate would constitute an in-kind contribution from the Committee to that candidate. Moreover, the slate card would have to bear a proper advertising notice. The Commission also noted that Federal law would not preempt California provisions requiring the Committee to supply certain information on listed State and local—but not Federal—candidates.

Funds Donated for Party Office Facility. Under the statute and FEC regulations, donations to a national or State party committee for the purpose of constructing or purchasing an office facility are not considered contributions or expenditures (provided the facility is not acquired for the purpose of influencing the election of any candidate in any particular election). Furthermore, building fund donations are not subject to the law's limits or prohibitions.

According to FEC regulations, a committee that has qualified as a "political committee" may deposit in its account only those contributions that have been solicited according to certain guidelines. The solicitation must inform contributors that their contributions will be used in Federal elections and are therefore subject to the law's limits and prohibitions. Because solicitations for building fund donations do not meet these conditions, AO 1986–40 said donations would have to be deposited in a separate account. However, because the building

fund account would not meet the definition of "political committee," donations would not have to be reported under Federal law.

In responding to another question raised by the West Virginia Republican State Executive Committee, the opinion stated that Federal law would preempt any West Virginia statute that prohibited the acceptance of corporate donations for a party building fund since the Federal Election Campaign Act clearly permits such donations.

Commissioner Josefiak dissented from AO 1986–40's conclusion that a building fund account "operates within a federal preemption of state election law. . . ." In his view, if Congress had intended the building fund exemption to preempt State laws' jurisidiction in this area, "it would have done so by specific statutory language."

Sale of Campaign Asset. In AO 1986–14, the Commission permitted the Dan Burton for Congress Committee to sell a campaign van at fair market value without the proceeds being considered a contribution from the purchaser to the campaign. The opinion said that the Committee would have to refrain from conveying any political message in connection with the sale and that it could not lease or repurchase the van afterwards.

The Commission distinguished this opinion from several previous advisory opinions in which political committees wanted to sell fundraising items or campaign materials, or to pursue commercial ventures which, over an indefinite period of time, would produce revenue for campaign expenditures. In those cases, the Commission determined that the sales would result in contributions from the purchasers. In the situation presented by the Burton Committee, the Commission considered several points to be significant: The van was a depreciated asset; it was used in previous elections; and it would be sold in a single, isolated transaction.

In a concurring opinion, Commissioner Harris said that, in his view, the Commission has given inconsistent advice in this area. He suggested the agency draft clarifying regulations, listing five factors the Commission could apply in determining when to treat the proceeds of committee sales as contributions.

Reporting by Committee of Unopposed Candidate

In AO 1986–21, the Commission decided that, because the Utah Democratic Party's State convention had authority to nominate a candidate under Utah State law, the convention constituted an "election." (Compare with AO 1986–17 under "General Election Contributions Spent Before Primary," above.) Even though Mr. Owens was unopposed, the opinion said that the Wayne Owens for Congress Committee had to file a pre-election report for the nominating convention.

Use of Reported Contributor Information

During 1986, the Commission and the courts dealt with the law's prohibition on the commercial use of information contained in campaign finance reports filed with the agency. The Federal Election Campaign Act states that "any information copied from reports or statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions. . . ." 2 U.S.C. §438(a)(4).

FEC v. American International Demographic Services, Inc. In this suit, the U.S. District Court for the Eastern District of Virginia found that American International and its Vice President, Ernest Halter, had illegally used FEC information for commercial purposes.

The defendants' violation of the law involved their use of two FEC computer tapes containing individual contributor information that had been disclosed on reports filed by political committees. The tapes had been purchased by Mr. Halter's wife on behalf of a political committee she had established. Mr. Halter transferred the two FEC tapes to a list management company, which used the tapes, along with other tapes, to create four mailing lists that the company marketed to list brokers.

After examining the evidence, the court found that "the defendants willfully violated the Act," enjoined them from using FEC information for commercial purposes and fined them $3,500.

Public Data Access (PDA). In AO 1986–25, the Commission considered the proposed use of FEC contributor information by PDA, a for-profit corporation. PDA used reports filed by 1984 Congressional campaigns to compile 1,135 lists that categorized individual contributors by Congressional district and by employer. The lists included, for each contributor, the name, city and zip code and the amount he or she had contributed. PDA noted that it would include a warning against the commercial use of the information on each page.

In responding to PDA's proposal, the Commission explained that the law's ban on the use of FEC information was enacted to protect individual contributors from being victimized by list brokering. The agency concluded that, since PDA was organized as a for-profit corporation, its sale of the lists would "presumably" be for commercial purposes (a presumption not negated by PDA's statement that it planned to sell the lists at or near cost). Accordingly, PDA's proposed use of FEC information would be prohibited. In reaching this decision, the Commission considered several factors:

- PDA's intended use of contributor information would not be merely incidental to the sale of its lists but would be the primary focus of the activity.
- Although PDA planned to market the lists primarily to researchers and journalists, it would nevertheless sell the lists to "all who wished to buy them."
- The lists, which incorporated nearly all the information on contributors reported by committees, would have a commercial value since PDA's proposed format and content were essentially indistinguishable from lists marketed by list brokers for commercial purposes.

Clearinghouse on Election Administration

Congress charged the Commission with the responsibility to conduct research on the administration of Federal elections. The FEC's National Clearinghouse on Election Administration has assumed this duty, serving as a central exchange point for research and information. This section reports on work completed by the Clearinghouse during 1986. See also Appendix 9, which reports on the status of other publications and research compendia produced by the office.

Voting Accessibility Act

Congress granted the Commission new responsibilities under the Voting Accessibility for the Elderly and Handicapped Act (Public Law 98–435), signed by President Reagan on September 28, 1984. The Act stipulates that voter registration sites and polling places for Federal elections must be accessible to handicapped and elderly individuals.

Under this Act, the Commission must gather certain information on the accessibility of polling places from each State and consolidate the information in periodic reports to Congress. These reports are due the year following each election year from 1986 through 1994. To this end, the Clearinghouse, the FEC office assigned responsibility for this project, developed a survey form to collect data on States' implementation of the Act. In designing a form to be used for all five elections, the Clearinghouse consulted with State officials, several interested organizations and its own Advisory Panel.

In November 1986, the final version of the form was sent to each State's chief election officer for completion. After analyzing the responses, the Clearinghouse will provide a tally of inaccessible polling places and the reasons for their inaccessibility in a report to Congress due April 30, 1987.

Computerizing Election Administration

Because the vast majority of State election offices are either using computers or considering their use,

the Clearinghouse embarked on a three-phase study to guide election officials in applying computer technology to administrative functions.

The office published the core volume of the study in 1986: *Volume II, A General Model.* Representing the culmination of 10 years of research, the publication contains a model system for computerizing every phase of election administration. The design is divided into discrete modules which permit users to adopt separate elements, later expanding the system without restructuring what is already in place. As the publication guides the reader through election-related activities, it gives complete documentation for the computerization of each task. In short, it offers users a practical and efficient way to computerize their election management functions to save time, trouble and expense.

The first study, *Volume I, Current Applications,* was published in 1985. It provides a brief introduction to using computers—the benefits of automation, some pitfalls to avoid and a guide to help define information needs. The last volume in the series, to be published in 1987, will suggest several strategies for implementing an election management system. It will, for example, discuss such options as shared versus in-house computer equipment, data bases and funding alternatives.

Voting System Standards

The Clearinghouse continued to develop voluntary standards for States' assessment of two types of computerized voting systems, punchcard and marksense, in terms of their reliability, security and performance.

The first volume addresses minimum standards for the hardware components of these devices and covers such topics as the speed and accuracy of ballot processing and the maintenance and durability of equipment. Although the hardware standards were completed in 1985, the office made several valuable changes based on preliminary data from actual hardware tests. This document, currently in use by States, will be published in bound form together with a volume on direct electronic voting systems. The publications will reflect an overall reorganization of the project in order to consolidate testing criteria for all voting systems offered in the marketplace.

In 1986, the Clearinghouse concentrated on completing the software standards and held meetings to review draft standards with the contractor, vendors and consultants in the field, the Advisory Panel and the Voting System Standards Committee. The standards are proposed to ensure that the software is reliable, accurate, testable and secure.

Finally, the office began developing management guidelines for the two voting systems. In addition to meeting with the Standards Committee on this project, Clearinghouse staff researched materials on training, election testing and certification procedures for the punchcard and marksense voting systems.

Absentee Voting

The Clearinghouse contracted for a study on absentee voting in 1986 and also held a meeting with an advisory board to discuss research approaches that would be most helpful to election administrators. Board members decided that the project should address several aspects of absentee voting, including the issuance and return of ballots, and the certification and tabulation of voted absentee ballots.

Clearinghouse Panels

On September 22 and 23, 1986, two Clearinghouse panels met in Washington: the Advisory Panel and the Committee on Voting System Standards. Composed of State and local election officials, the panels met in joint sessions to discuss Clearinghouse projects; recent court cases on Federal and State elections; and new election-related legislation, including the Uniform and Overseas Citizens Absentee Voting Act.

FEC Journal of Election Administration

Recording developments in the field of election administration, the *Journal* recently offered articles on the Voting Rights Act, the Federal role in prosecuting voter fraud and the security of election

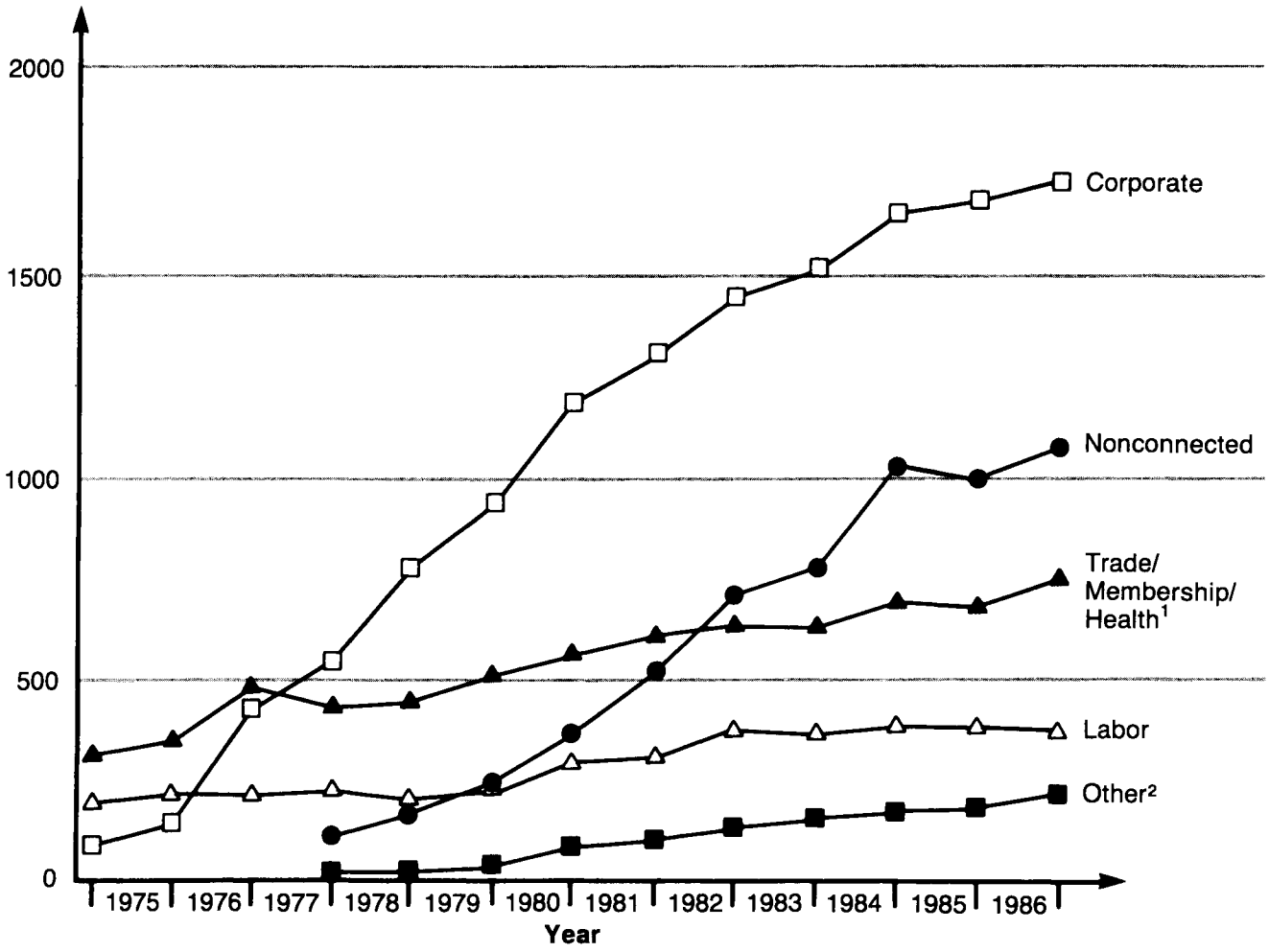
system computers. The periodical, free to the public, also keeps readers abreast of Clearinghouse activities and provides convenient order forms for the Clearinghouse studies summarized in Appendix 9.

Chapter 3
Campaign Finance Statistics

This chapter presents selected graphs that depict different aspects of Federal campaign finance activity through several election cycles. (See Chapter 1 for data on publicly funded 1984 Presidential campaigns.)

Political Action Committees

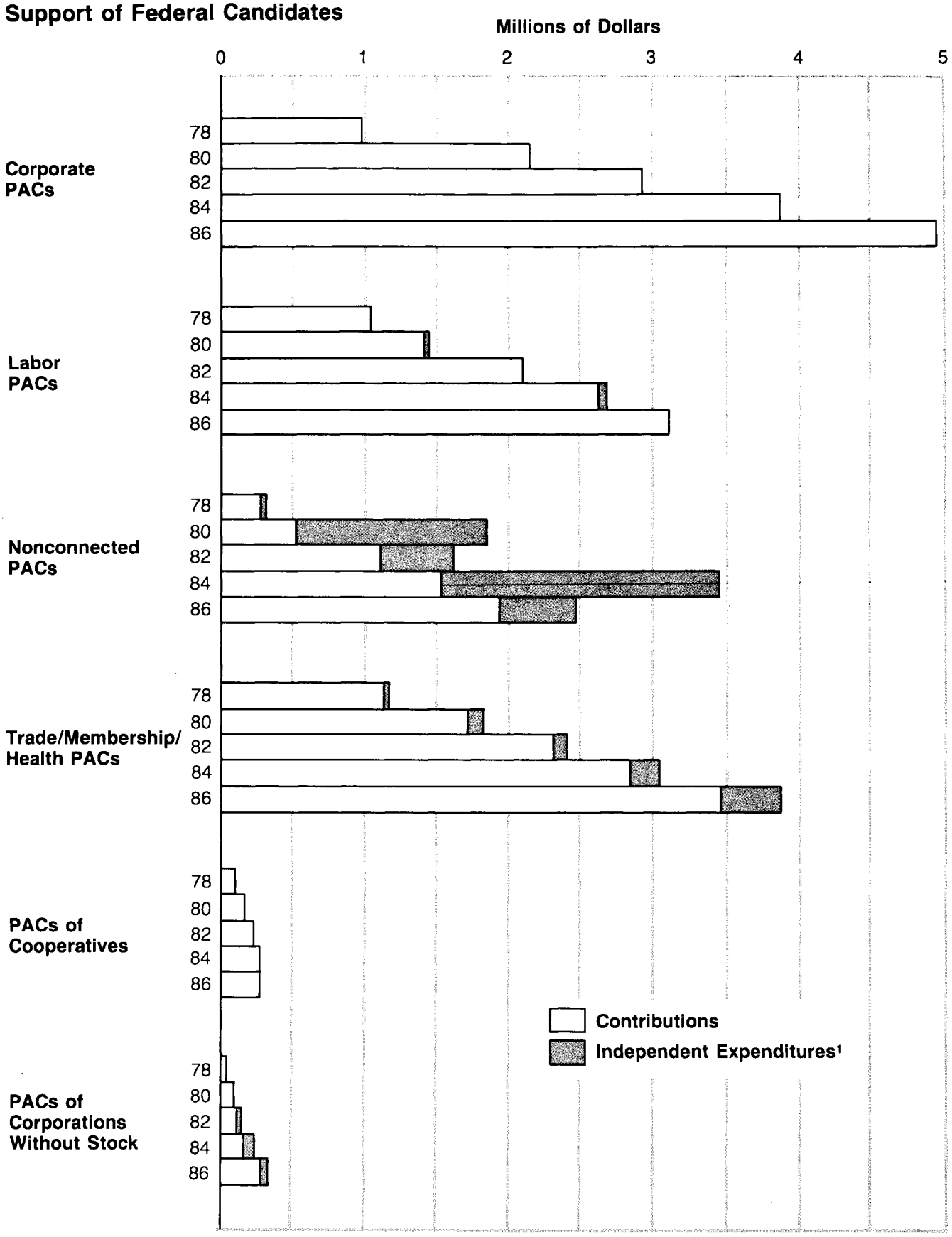
Chart I
Number of PACs



[1]For the years 1974 through 1976, the FEC did not identify subcategories of PACs other than corporate and labor PACs. Therefore, for these years, the category "trade/membership/health" represents all other PACs.

[2]The "other" category includes PACs formed by corporations without capital stock and cooperatives.

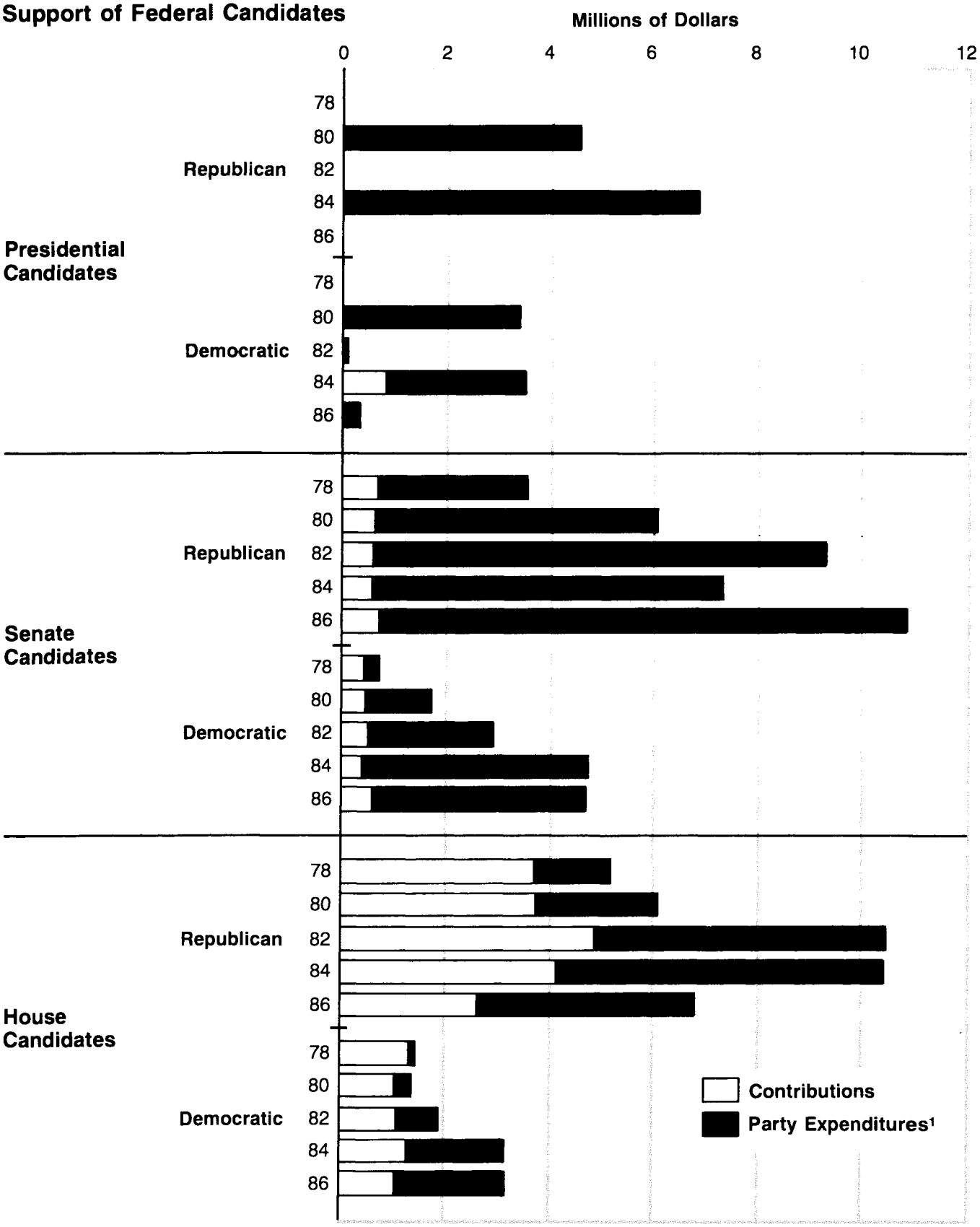
Chart II
Support of Federal Candidates



[1]An independent expenditure is an expenditure for a communication expressly advocating the election or defeat of a clearly identified candidate that is not made with the cooperation or prior consent of, or in consultation with, or at the request or suggestion of, any candidate or his or her authorized committees or agents.

Party Committees

Chart III
Support of Federal Candidates



[1]Party expenditures are special expenditures made by party committees on behalf of Federal candidates in connection with the general election; they are not considered contributions but are subject to limits.

House and Senate Candidates[1]

Chart IV
General Election House Democratic Candidates
Sources of Funding Throughout Campaign

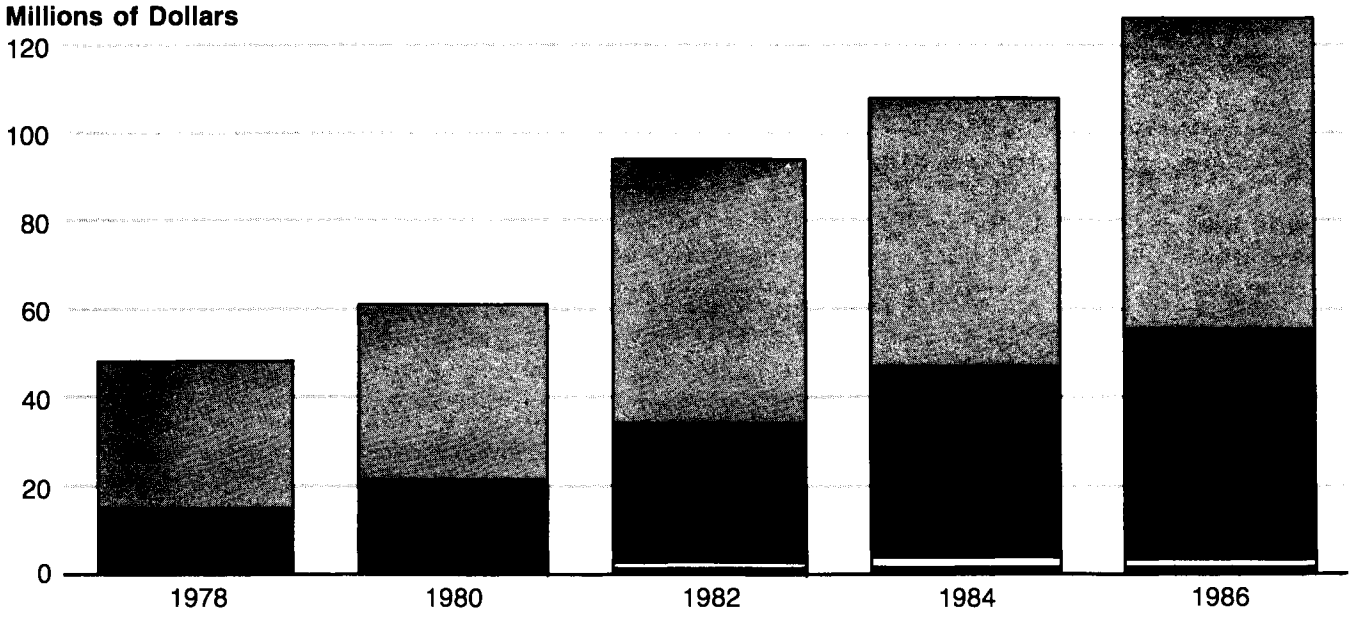
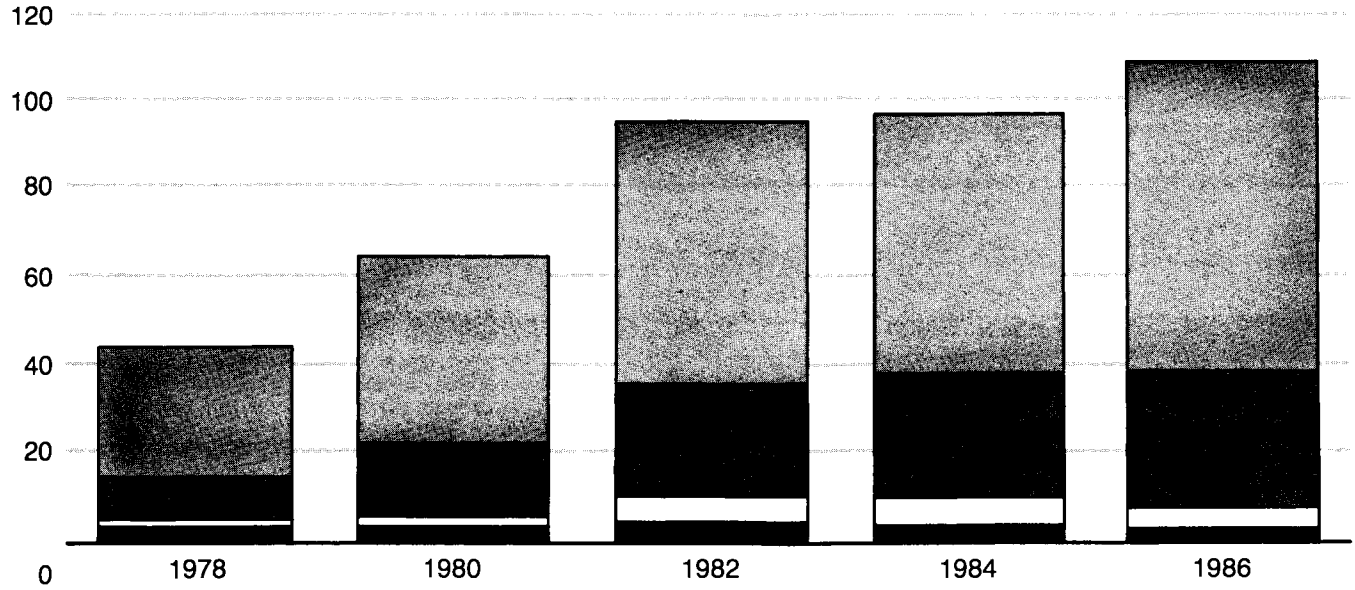


Chart V
General Election House Republican Candidates
Sources of Funding Throughout Campaign



[1]The graphs under this section cover major party House and Senate candidates running in the 1978-1986 general elections but shows their sources of funding for all elections (primary, runoff and general).

[2]This category includes contributions from individuals, groups, and other candidate committees; loans; contributions and loans made by the candidate; rebates and refunds; and interest and dividends.

[3]Party expenditures are special expenditures made by party committees on behalf of Federal candidates in connection with the general election; they are not considered contributions but are subject to limits.

Chart VI
General Election Senate Democratic Candidates
Sources of Funding Throughout Campaign

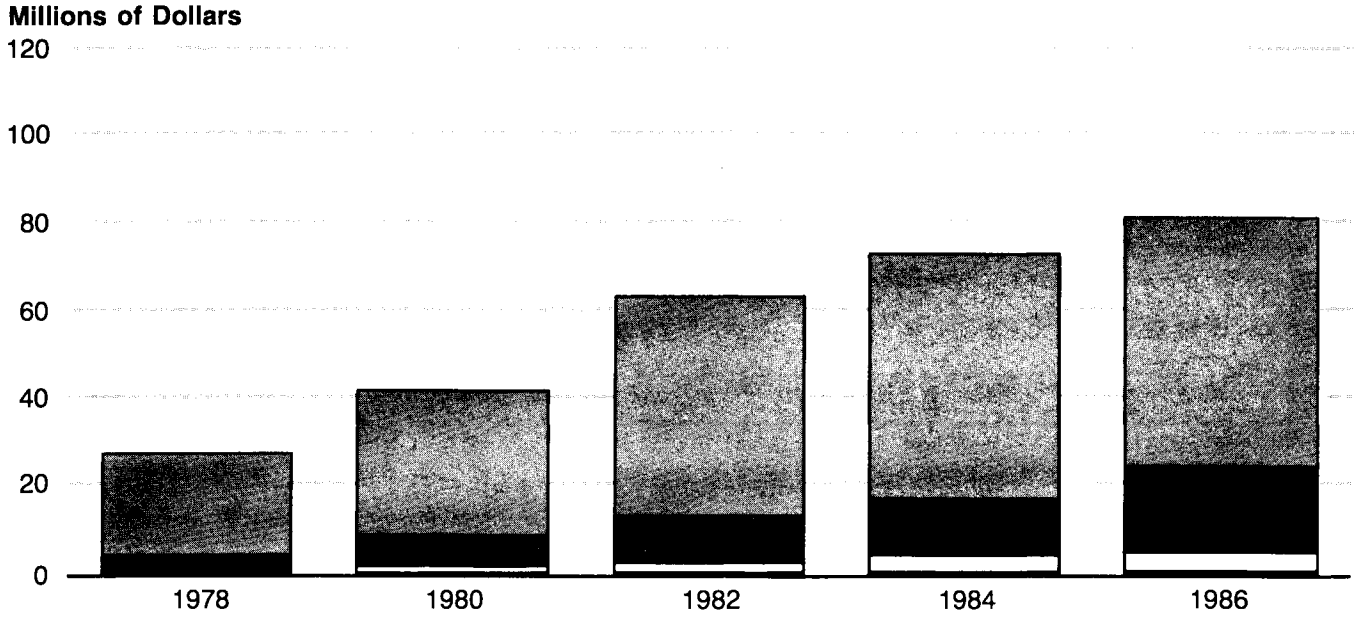
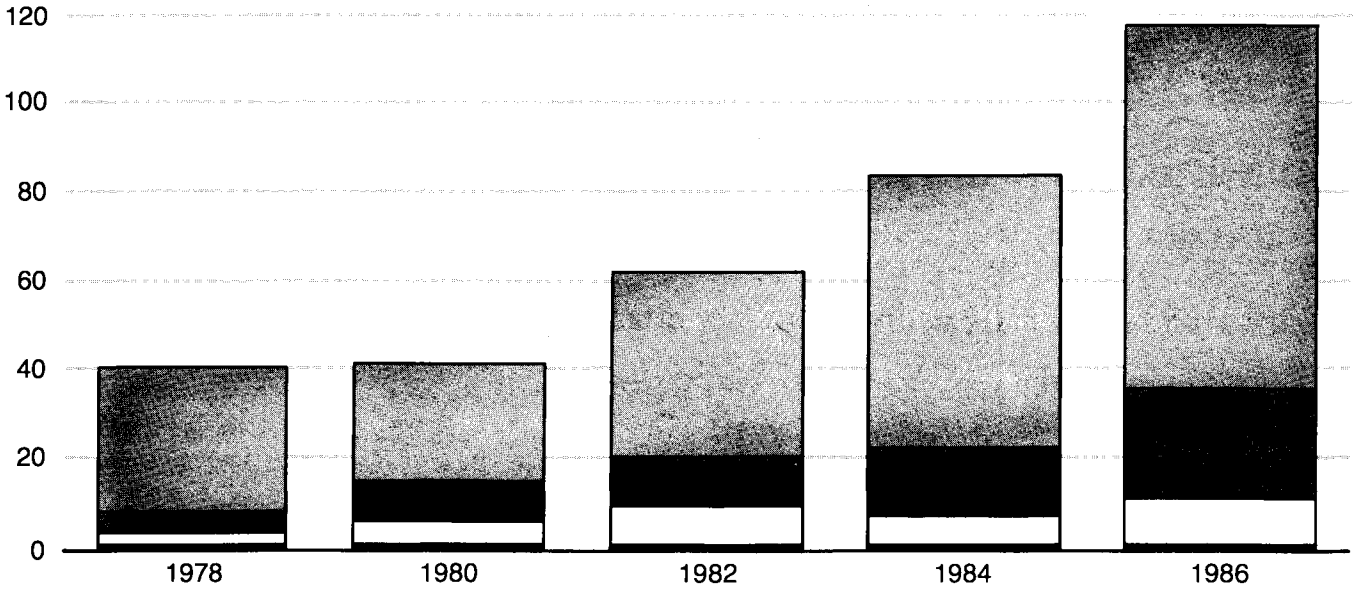


Chart VII
General Election Senate Republican Candidates
Sources of Funding Throughout Campaign

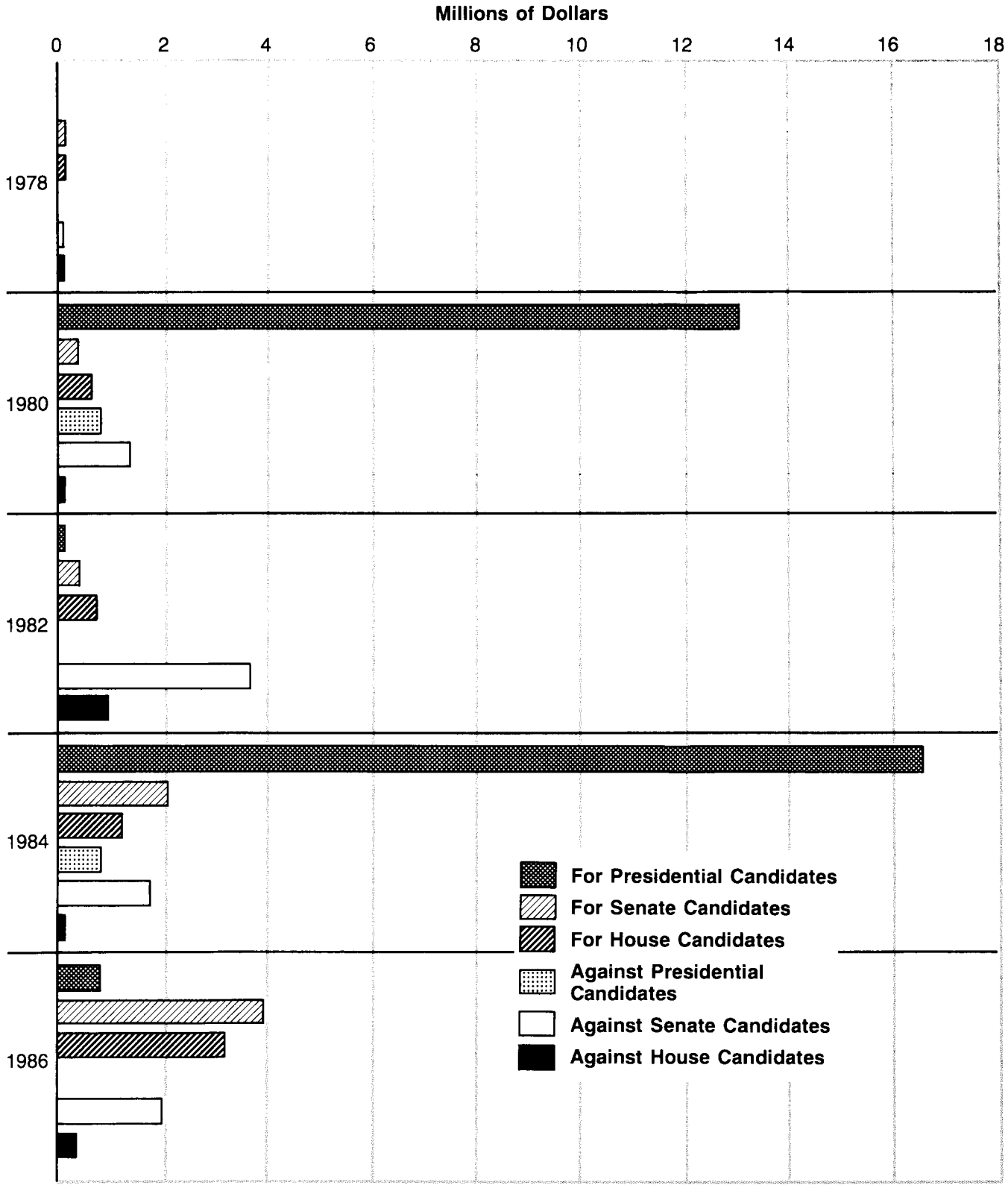


[1]This category includes contributions from individuals, groups and other candidate committees; loans; contributions and loans made by the candidate; rebates and refunds; and interest and dividends.

[2]Party expenditures are special expenditures made by party committees on behalf of Federal candidates in connection with the general election; they are not considered contributions but are subject to limits.

Independent Expenditures[1]

Chart VIII
Spending For and Against Federal Candidates



[1]An independent expenditure is an expenditure for a communication expressly advocating the election or defeat of a clearly identified candidate that is not made with the cooperation or prior consent of, or in consultation with, or at the request or suggestion of, any candidate or his or her authorized committees or agents.

Chapter 4
The Commission

Commissioners

On October 3, 1986, the U.S. Senate confirmed President Reagan's nomination of Thomas J. Josefiak and Scott E. Thomas as FEC Commissioners. Commissioner Josefiak, who succeeded Commissioner Frank P. Reiche, had been a member of the Commission since August 9, 1985. (The President appointed Commissioner Josefiak under the recess appointment clause of the Constitution because Congress had already adjourned for the summer.) Commissioner Josefiak was officially sworn in on October 15. Commissioner Thomas, nominated by the President on September 26, 1986, succeeded Commissioner Thomas E. Harris, whose third term expired in April 1985, although he continued to serve until Commissioner Thomas was appointed. Commissioner Thomas, who was officially sworn in on October 14, had previously served as Executive Assistant to Commissioner Harris.

Commission Chairman Joan D. Aikens and Vice Chairman John Warren McGarry served as officers during 1986. On December 16, 1986, Commissioner Thomas was elected 1987 Chairman and Commissioner Josefiak, 1987 Vice Chairman. Biographies of all Commissioners appear in Appendix 1.

Administrative Activities

Employee Conduct Regulations

On September 29, 1986, the Commission published final rules governing standards of conduct for FEC Commissioners and employees (51 *Fed. Reg.* 34440). The final rules, contained in 11 CFR Part 7, became effective on October 29, 1986.

The intent of the new rules is to "facilitate the proper performance of Commission business and to encourage citizen confidence in the impartiality and integrity of the Commission." The regulations incorporate most of the agency's former Code of Ethics and generally follow model rules developed by the Office of Personnel Management.

The first part of the rules, Subpart A, explains the purpose of the regulations and defines terms. It also sets forth procedures for reporting and handling suspected violations of the Ethics Act and specifies disciplinary and remedial actions that may be taken against violators. Finally, Subpart A describes the process by which employees are to be notified of the standards of conduct.

Subpart B establishes the rules of conduct for Commissioners and staff, giving guidance in specific areas, such as:

- Acceptance of gifts, entertainment and favors;
- Political activity;
- Outside employment or activities;
- Membership in nongovernment organizations;
- Business and financial interests;
- Use of government information and property; and
- Restrictions related to pending FEC enforcement actions—specifically, the confidentiality rule and the ban on ex parte communications.

Subpart B also lists rules affecting the conduct of government employees contained in other statutes, such as the prohibition against the misuse of the government frank on mail.

The rules of conduct for temporary FEC employees are addressed in Subpart C, while Subpart D contains administrative procedures for correcting violations by former employees of the Ethics Act's conflict-of-interest provisions. See 18 U.S.C. §§207(a)-(c).

During November 1986, to comply with the employee notice requirement of Subpart A, the agency briefed all employees on the new rules and distributed both the regulations and explanatory information to the staff.

New Computer Contract

In May 1986, the Commission approved a six-year computer contract with a new firm. The contract will provide the agency with more services at less cost, reducing monthly computer expenses from $50,000 to $42,753. Due to become operational in the early part of 1987, the new system is expected to enhance FEC information services. The Commission will be able to process more requests for campaign finance information on an overnight basis, and an expanded storage capacity will permit the

agency to restore financial information that had been removed due to budget cuts. (See "Disclosure," Chapter 2.)

Because many of the agency's administrative functions are computerized, the new computer system will benefit the agency's internal operations as well.

FEC Budget, Fiscal Year 1986

Although the Administration had recommended an FY 1986 funding level of $12.756 million for the Commission, the agency actually received $11.898 million due to cuts totaling $858,000. First, Congress reduced funding by $323,000 on the assumption that there was to be a government-wide pay cut of 5 percent—a cut that never took place. Second, in January 1986, the FEC budget was decreased by $535,000—a 4.5 percent reduction—as a result of the Deficit Reduction Act of 1985 (the Gramm-Rudman-Hollings Act). Although the President had asked Congress to restore the $323,000 in personnel funds, Congress did not act on that request.

The delay in the agency's relocation from 1325 K Street to 999 E Street saved some money—$237,000—due to the lower rental rate for the former building, but not enough to offset the impact of the two reductions. The agency still had to find ways to save some $621,000. Compounding the problem, a third of the fiscal year had already passed, leaving the Commission only eight months to absorb the loss. The FEC had to take action quickly.

In deciding how to save money, the agency made certain assumptions. Activities not expressly mandated by the law would have to be targeted for more severe cuts than other programs. Moreover, since the FEC is a personnel-intensive agency, cuts would have to be made in personnel (personnel compensation represents about 70 percent of the entire budget). Rather than imposing a reduction in force or furlough, which would entail additional costs, the agency decided to freeze hiring at the then current level of 234 full-time equivalent (FTE) positions, 11 fewer than the 245 FTE ceiling. The agency projected that the hiring freeze would save about $226,000. To further reduce spending, the agency cut some $180,000 in general support costs such as travel, training, printing, postage, supplies and equipment purchases. These cutbacks limited the agency's outreach program (e.g., workshops, out-of-town speaking engagements). The Commission also canceled a contract to update a Clearinghouse publication, *Election Case Law,* and reduced a second Clearinghouse contract for a study on absentee voting, thus saving $62,500.

The balance of the cut, roughly $150,000, was achieved by discontinuing contracts that assisted the computerized disclosure program. Budget cuts to the program actually totaled $250,000, since the agency saved $100,000 by not hiring additional data staff to enter information from 1986 reports. This major budget reduction meant that the agency had to cut back on the amount of computerized information available to the public, a difficult decision for the Commission to reach but, under the circumstances, unavoidable. Because the program was not specifically mandated by law and because the agency had not yet increased computer staffing for 1986 election activity, the decision was fully consistent with the assumptions the agency had adopted in determining which programs to cut. Additionally, the agency believed it could minimize the negative impact of this reduction by using future funding to capture a large part of the data that had not been entered and to restore the program for the 1988 election cycle. Chapter 2 describes the effect of the cutbacks on the disclosure program and the steps taken by staff to alleviate the impact of the reductions.

FEC Budget, Fiscal Year 1987

Unlike FY 1986, the Commission did not have to face the prospect of unanticipated budget cuts in FY 1987. Once Congress approved the agency's $12.8 million appropriation, the agency could plan its expenditures without fear of abrupt changes to its financial situation.

In requesting the FY 1987 appropriation during Congressional hearings held during February, March and April, Vice Chairman John Warren McGarry stated that the budget request "will give [the agency] limited flexibility to build on progress to date." Commissioner McGarry described the pattern in the growth of campaign spending that has emerged over the years. FEC experience has shown that Congressional elections following a Presidential year have cost as much as the prior Congressional and Presidential races combined. "If that pattern holds true," Commissioner McGarry explained, "1986 campaign finance activity will approximate that of 1984" and, in 1988, when there may be over 20 Presidential candidates seeking matching funds, "total spending will surely be astronomical." He pointed out that this increase in campaign finance activity would add to the Commission's workload, affecting all phases of agency operations.

In a June 12, 1986, report recommending $12.8 million in FY 1987 funds for the agency, the Committee on House Administration "note[d] with approval that over the last several years the Commission has made improvements in timeliness, despite an increased workload and relatively stable staffing levels."

The Commission's management plans for FY 1987 allocated funds to restore its computerized disclosure program (see Chapter 2); to increase staff to the 245 FTE ceiling, including the staffing up of the Audit Division to handle 1988 Presidential activity; and to reestablish other programs affected by the FY 1986 cutbacks.

There was some uncertainty as to whether the Commission would receive supplemental funding to cover a portion of the 1987 pay increase of 3 percent and to offset the considerable expenses of the new government retirement program, effective January 1987. The Office of Management and Budget, however, agreed that additional FY 1987 funds were necessary for the agency: $88,000 to cover half of the pay raise and $202,000 for the additional costs of the retirement system, bringing the agency's total proposed funding for the fiscal year to $13.090 million. The Commission was hopeful that Congress would respond to the Administration's request.[1]

Personnel and Labor Relations

Due to the hiring freeze and other FY 1986 budget cuts, the agency curtailed its recruitment efforts and external training program. Emphasizing in-house training instead, the Commission briefed supervisors on the new Labor/Management agreement and also held an orientation for all staff members on the new standards of conduct rules (see section above). Moreover, a pilot program of regular joint staff-management discussions was begun in one division to promote communication between supervisors and staff. If the program proves successful, it may be used throughout the agency. At the end of 1986, the agency planned to resume personnel programs that had been cut, allocating FY 1987 funds for campus recruitment and additional external training.

[1]In March 1987, the Commission reduced the amount of its request for FY 1987 supplemental funds. After a careful and extensive review of its budget requirements, the agency anticipated that a supplemental of $83,000 would cover additional costs.

Chapter 5
Legislative Recommendations

As Congress begins to examine various proposals to modify the election law, it may wish to consider the Commission's 1987 legislative recommendations. The Federal Election Commission submits these suggestions in compliance with 2 U.S.C. Section 438(a)(9), which requires the agency to transmit each year to the President and Congress "any recommendations for any legislative or other action the Commission considers appropriate. . . ." The product of 11 years of experience, these recommendations cover a broad range of areas, including: draft committees, registration and reporting, enforcement, public financing of Presidential elections, contributions and fraudulent misrepresentation.

Definitions

Draft Committees
Section: 2 U.S.C. §§431(8)(A)(i), 431(9)(A)(i), 441a(a)(1) and 441b(b)

Recommendation: Congress should consider the following amendments to the Act in order to prevent a proliferation of "draft" committees and to reaffirm Congressional intent that draft committees are "political committees" subject to the Act's provisions.

1. *Bring Funds Raised and Spent for Undeclared but Clearly Identified Candidates Within the Act's Purview.* Section 431(8)(A)(i) should be amended to include in the definition of "contribution" funds contributed by persons "for the purpose of influencing a clearly identified **individual** to seek nomination for election or election to Federal office. . . ." Section 431(9)(A)(i) should be similarly amended to include within the definition of "expenditure" funds expended by persons on behalf of such a "clearly identified **individual.**"

2. *Restrict Corporate and Labor Organization Support for Undeclared but Clearly Identified Candidates.* Section 441b(b) should be revised to expressly state that corporations, labor organizations and national banks are prohibited from making contributions or expenditures "for the purpose of influencing a clearly identified **individual** to seek nomination for election or election. . ." to Federal office.

3. *Limit Contributions to Draft Committees.* The law should include explicit language stating that no person shall make contributions to any committee (including a draft committee) established to influence the nomination or election of a clearly identified **individual** for any Federal office which, in the aggregate, exceed that person's contribution limit, per candidate, per election.

Explanation: These proposed amendments were prompted by the decisions of the U.S. Court of Appeals for the District of Columbia Circuit in *FEC v. Machinists Non-Partisan Political League* and *FEC v. Citizens for Democratic Alternatives in 1980* and the U.S. Court of Appeals for the Eleventh Circuit in *FEC v. Florida for Kennedy Committee.* The District of Columbia Circuit held that the Act, as amended in 1979, regulated only the **reporting requirements** of draft committees. The Commission sought review of this decision by the Supreme Court, but the Court declined to hear the case. Similarly, the Eleventh Circuit found that "committees organized to 'draft' a person for federal office" are not "political committees" within the Commission's investigative authority. The Commission believes that the appeals court rulings create a serious imbalance in the election law and the political process because a nonauthorized group organized to support someone who has not yet become a candidate may operate completely outside the strictures of the Federal Election Campaign Act. However, any group organized to support someone who has in fact become a candidate is subject to the Act's registration and reporting requirements and contribution limitations. Therefore, the potential exists for funneling large aggregations of money, both corporate and private, into the Federal electoral process through unlimited contributions made to nonauthorized draft committees that support a person who has not yet become a candidate. These recommendations seek to avert that possibility.

Registration and Reporting

Commission as Sole Point of Entry for Disclosure Documents
Section: 2 U.S.C. §432(g)

Recommendation: The Commission recommends that it be the sole point of entry for all disclosure documents filed by Federal candidates and political committees.

Explanation: A single point of entry for all disclosure documents filed by political committees would eliminate any confusion about where candidates and committees are to file their reports. It would assist committee treasurers by having one office where they would file reports, address correspondence and ask questions. At present, conflicts may arise when more than one office sends out materials, makes requests for additional information and answers questions relating to the interpretation of the law. A single point of entry would also reduce the costs to the Federal government of maintaining three different offices, especially in the areas of personnel, equipment and data processing.

The Commission has authority to prepare and publish lists of nonfilers. It is extremely difficult to ascertain who has and who has not filed when reports may have been filed at or are in transit between two different offices. Separate points of entry also make it difficult for the Commission to track responses to compliance notices. Many responses and/or amendments may not be received by the Commission in a timely manner, even though they were sent on time by the candidate or committee. The delay in transmittal between two offices sometimes leads the Commission to believe that candidates and committees are not in compliance. A single point of entry would eliminate this confusion. If the Commission received all documents, it would transmit on a daily basis file copies to the Secretary of the Senate and the Clerk of the House, as appropriate. The Commission notes that the report of the Institute of Politics of the John F. Kennedy School of Government at Harvard University, *An Analysis of the Impact of the Federal Election Campaign Act, 1972-78,* prepared for the House Administration Committee, recommends that all reports be filed directly with the Commission (Committee Print, 96th Cong., 1st Sess., at 122 (1979)).

Insolvency of Political Committees
Section: 2 U.S.C. §433(d)

Recommendation: The Commission requests that Congress clarify its intention as to whether the Commission has a role in the determination of insolvency and liquidation of insolvent political committees. 2 U.S.C. §433(d) was amended in 1980 to read: "Nothing in this subsection may be construed to eliminate or limit the authority of the Commission to establish procedures for—(A) the determination of insolvency with respect to any political committee; (B) the orderly liquidation of an insolvent political committee, and the orderly application of its assets for the reduction of outstanding debts; and (C) the termination of an insolvent political committee after such liquidation and application of assets." The phrasing of this provision ("Nothing . . . may be construed to . . . limit") suggests that the Commission has such authority in some other provision of the Act, but the Act contains no such provision. If Congress intended the Commission to have a role in determining the insolvency of political committees and the liquidation of their assets, Congress should clarify the nature and scope of this authority.

Explanation: Under 2 U.S.C. §433(d)(1), a political committee may terminate only when it certifies in writing that it will no longer receive any contributions or make any disbursements and that the committee has no outstanding debts or obligations. The Act's 1979 Amendments added a provision to the law (2 U.S.C. §433(d)(2)) possibly permitting the Commission to establish procedures for determining

insolvency with respect to political committees, as well as the orderly liquidation and termination of insolvent committees. In 1980, the Commission promulgated the "administrative termination" regulations at 11 CFR 102.4 after enactment of the 1979 Amendments, in response to 2 U.S.C. §433(d)(2). However, these procedures do not concern liquidation or application of assets of insolvent political committees.

Prior to 1980, the Commission adopted "Debt Settlement Procedures" under which the Commission reviews proposed debt settlements in order to determine whether the settlement will result in a potential violation of the Act. If it does not appear that such a violation will occur, the Commission permits the committee to cease reporting that debt once the settlement and payment are reported. The Commission believes this authority derives from 2 U.S.C. §434 and from its authority to correct and prevent violations of the Act, but it does not appear as a grant of authority beyond a review of the specific debt settlement request, to order application of committee assets.

It has been suggested that approval by the Commission of the settlement of debts owed by political committees at less than face value may lead to the circumvention of the limitations on contributions specified by 2 U.S.C. §§441a and 441b. The amounts involved are frequently substantial, and the creditors are often corporate entities. Concern has also been expressed regarding the possibility that committees could incur further debts after settling some, or that a committee could pay off one creditor at less than the dollar value owed and subsequently raise additional funds to pay off a "friendly" creditor at full value.

When clarifying the nature and scope of the Commission's authority to determine the insolvency of political committees, Congress should consider the impact on the Commission's operations. An expanded role in this area might increase the Commission's workload, thus requiring additional staff and funds.

Waiver Authority
Section: 2 U.S.C. §434

Recommendation: Congress should give the Commission authority to grant general waivers or exemptions from the reporting requirements of the Act for classifications and categories of political committees.

Explanation: In cases where reporting requirements are excessive or unnecessary, it would be helpful if the Commission had authority to suspend the reporting requirements of the Act. For example, the Commission has encountered several problems relating to the reporting requirements of authorized committees whose respective candidates were not on the election ballot. The Commission had to consider whether the election-year reporting requirements were fully applicable to candidate committees operating under one of the following circumstances:

- The candidate withdraws from nomination prior to having his or her name placed on the ballot.
- The candidate loses the primary and therefore is not on the general election ballot.
- The candidate is unchallenged and his or her name does not appear on the election ballot.

Moreover, a Presidential primary candidate who has triggered the $100,000 threshold but who is no longer actively seeking nomination should be able to reduce reporting from a monthly to a quarterly schedule.

In some instances, the reporting problems reflect the unique features of certain State election procedures. A waiver authority would enable the Commission to respond flexibly and fairly in these situations.

In the 1979 Amendments to the Act, Congress repealed 2 U.S.C. §436, which had provided the Commission with a limited waiver authority. There remains, however, a need for a waiver authority. It would enable the Commission to reduce needlessly burdensome disclosure requirements.

Campaign-Cycle Reporting
Section: 2 U.S.C. §434

Recommendation: Congress should revise the law to require authorized candidate committees to report on a campaign-to-date basis, rather than a calendar year cycle, as is now required.

Explanation: Under the current law, a reporter or researcher must compile the total figures from several year-end reports in order to determine the true costs of a committee. In the case of Senate campaigns, which may extend over a six-year period, this change would be particularly helpful.

Monthly Reporting for Congressional Candidates
Section: 2 U.S.C. §434(a)(2)

Recommendation: The principal campaign committee of a Congressional candidate should have the option of filing monthly reports in lieu of quarterly reports.

Explanation: Political committees, other than principal campaign committees, may choose under the Act to file either monthly or quarterly reports during an election year. Committees choose this option when they have a high volume of activity. Under those circumstances, accounting and reporting are easier on a monthly basis because fewer transactions have taken place during that time. Consequently, the committee's reports will be more accurate.

Principal campaign committees can also have a large volume of receipts and expenditures. This is particularly true with Senatorial campaigns. These committees should be able to choose a more frequent filing schedule so that their reporting covers less activity and is easier to do.

Monthly Reports
Section: 2 U.S.C. §434(a)(3)(B) and (a)(4)(B)

Recommendation: Congress should consider changing the reporting deadline for monthly filers to some earlier date in the month.

Explanation: Throughout the years, reporters and the public have indicated they would like to see financial data earlier than 20 days after the close of books. In the fast-paced Presidential primary period, in particular, by the time the 20-day report is filed, it is already out of date. In some cases, several primary elections have even passed during this interim. An earlier report would give the public more timely information without unnecessarily burdening the staff of political committees.

Reporting Payments to Persons Providing Goods and Services
Section: 2 U.S.C. §434(b)(5)(A), (6)(A) and (6)(B)

Recommendation: The current statute requires reporting "the name and address of each. . . person to whom an expenditure in an aggregate amount or value in excess of $200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure." Congress should clarify whether this is meant, in all instances, to require reporting committees to disclose only the payments made by the committee or whether, in some instances, 1) the reporting committees must require initial payees to report, to the committees, their payments to secondary payees, and 2) the reporting committees, in turn, must maintain this information and disclose it to the public by amending their reports through memo entries.

Explanation: The Commission has encountered on several occasions the question of just how detailed a committee's reporting of disbursements must be. See, e.g., Advisory Opinion 1983-25, 1 *Fed. Election Camp. Fin. Guide* (CCH), para. 5742 (Dec. 22,

1983) (Presidential candidate's committee not required to disclose the names, addresses, dates or amounts of payments made by a general media consultant retained by the committee); Advisory Opinion 1984-8, 1 *Fed. Election Camp. Fin. Guide* (CCH), para. 5756 (Apr. 20, 1984) (House candidate's committee only required to itemize payments made to the candidate for travel and subsistence, not the payments made by the candidate to the actual providers of services); *Financial Control and Compliance Manual for General Election Candidates Receiving Public Financing,* Federal Election Commission, pp. IV 39-44 (1984) (Distinguishing committee advances or reimbursements to campaign staff for travel and subsistence from other advances or reimbursements to such staff and requiring itemization of payments made by campaign staff only as to the latter). Congressional intent in this area is not expressly stated, and the Commission believes that statutory clarification would be beneficial. In the area of Presidential public financing, where the Commission is responsible for monitoring whether candidate disbursements are for qualified campaign expenses (see 26 U.S.C. §§9004(c) and 9038(b)(2)), guidance would be particularly useful.

Verifying Multicandidate Committee Status
Section: 2 U.S.C. §§438(a)(6)(C), 441a(a)(2) and 441a(a)(4)

Recommendation: Congress should consider modifying those provisions of the Act relating to multicandidate committees in order to reduce the problems encountered by contributor committees in reporting their multicandidate committee status, and by candidate committees and the Commission in verifying the multicandidate committee status of contributor committees. In this regard, Congress might consider requiring political committees to notify the Commission once they have satisfied the three criteria for becoming a multicandidate committee, namely, once a political committee has been registered for not less than 6 months, has received contributions from more than 50 persons and has contributed to at least 5 candidates for Federal office.

Explanation: Under the current statute, political committees may not contribute more than $1,000 to each candidate, per election, until they qualify as a multicandidate committee, at which point they may contribute up to $5,000 per candidate, per election. To qualify for this special status, a committee must meet three standards:

- Support 5 or more Federal candidates;
- Receive contributions from more than 50 contributors; and
- Have been registered as a political committee for at least 6 months.

The Commission is statutorily responsible for maintaining an index of committees that have qualified as multicandidate committees. The index enables recipient candidate committees to determine whether a given contributor has in fact qualified as a multicandidate committee and therefore is entitled to contribute up to the higher limit. The Commission's Multicandidate Index, however, is not current because it depends upon information filed periodically by political committees. Committees inform the Commission that they have qualified as multicandidate committees by checking the appropriate box on their regularly scheduled report. If, however, they qualify shortly after they have filed their report, several months may elapse before they disclose their new status on the next report. With semiannual reporting in a nonelection year, for example, a committee may become a multicandidate committee in August, but the Commission's Index will not reveal this until after the January 31 report has been filed, coded and entered into the Commission's computer.

Because candidate committees cannot totally rely on the Commission's Multicandidate Index for current information, they sometimes ask the contributing committee directly whether the committee is a multicandidate committee. Contributing committees, however, are not always clear as to what it means to be a multicandiate committee. Some committees

erroneously believe that they qualify as a multicandidate committee merely because they have contributed to more than one Federal candidate. They are not aware that they must have contributed to 5 or more Federal candidates and also have more than 50 contributors and have been registered for at least 6 months.

Public Disclosure at State Level
Section: 2 U.S.C. §439

Recommendation: Congress should consider relieving both political committees and State election offices of the burdens inherent in the current requirement that political committees file copies of their reports with the Secretaries of State. One way this could be accomplished is by providing a system whereby the Secretary of State (or equivalent State officer) would tie into the Federal Election Commission's computerized disclosure data base.

Explanation: At the present time, political committees are required to file copies of their reports (or portions thereof) with the Secretary of State in each of the States in which they support a candidate. State election offices carry the burden for storing and maintaining files of these reports. At the same time, political committees are burdened with the responsibility of making multiple copies of their reports and mailing them to the Secretaries of State.

With advances in computer technology, it is now possible to facilitate disclosure at the State level without requiring duplicate filing. Instead, State election offices could tie into the FEC's computer data base. The local press and public could access reports of local political committees through a computer hookup housed in their State election offices. All parties would benefit: Political committees would no longer have to file duplicate reports with State offices; State offices would no longer have to provide storage and maintain files; and the FEC could maximize the cost effectiveness of its existing data base and computer system.

Such a system has already been tested in a pilot program and proven inexpensive and effective.

Enforcement

Modifying "Reason to Believe" Finding
Section: 2 U.S.C. §437g

Recommendation: Congress should consider modifying the language pertaining to "reason to believe," contained in 2 U.S.C. §437g, in order to reduce the confusion sometimes experienced by respondents, the press and the public. One possible approach would be to change the statutory language from "the Commission finds reason to believe a violation of the Act *has* occurred" to "the Commission finds reason to believe a violation of the Act *may have* occurred." Or Congress may wish to use some other less invidious language.

Explanation: Under the present statute, the Commission is required to make a finding that there is "reason to believe a violation has occurred" before it may investigate. Only then may the Commission request specific information from a respondent to determine whether, in fact, a violation has occurred. The statutory phrase "reason to believe" is misleading and does a disservice to both the Commission and the respondent. It implies that the Commission has evaluated the evidence and concluded that the respondent has violated the Act. In fact, however, a "reason to believe" finding simply means that the Commission believes a violation may have occurred if the facts as described in the complaint are true. An investigation permits the Commission to evaluate the validity of the facts as alleged.

If the problem is, in part, one of semantics, it would be helpful to substitute words that sound less accusatory and that more accurately reflect what, in fact, the Commission is doing at this early phase of enforcement.

In order to avoid perpetuating the erroneous conclusion that the Commission believes a respondent has violated the law every time it finds "reason to believe," the statute should be amended.

Seeking Injunctions in Enforcement Cases
Section: 2 U.S.C. §437g(a)(1)

Recommendation:[1] Congress should amend the enforcement procedures set forth in the statute so as to empower the Commission to promptly initiate a civil suit for injunctive relief in order to preserve the status quo when there is clear and convincing evidence that a substantial violation of the Act is about to occur. Under criteria expressly stated, the Commission should be authorized to initiate such civil action in a United States district court without awaiting expiration of the 15 day period for responding to a complaint or the other administrative steps enumerated in the statute. The person against whom the Commission brought the action would enjoy the procedural protections afforded by the courts.

Explanation: On certain occasions in the heat of the campaign period, the Commission has been provided with information indicating that a violation of the Act is about to occur (or be repeated) and yet, because of the administrative steps set forth in the statute, has been unable to act swiftly and effectively in order to prevent the violation from occurring. In some instances the evidence of a violation has been clearcut and the potential for an impact on a campaign or campaigns has been substantial. The Commission has felt constrained from seeking immediate judicial action by the requirements of the statute which mandate that a person be given 15 days to respond to a complaint, that a General Counsel's brief be issued, that there be an opportunity to respond to such brief, and that conciliation be attempted before court action may be initiated. The courts have indicated that the Commission has little if any discretion to deviate from the administrative procedures of the statute. *In re Carter-Mondale Reelection Committee, Inc.,* 642 F.2d 538 (D.C. Cir. 1980); *Common Cause v. Schmitt,* 512 F. Supp. 489 (D.D.C. 1980), *aff'd by an equally divided court,* 455 U.S. 129 (1982); *Durkin for U.S. Senate v. FEC,* 2 *Fed. Elec. Camp. Fin. Guide* (CCH) para. 9147 (D.N.H. 1980). The Commission suggests that the standards that should govern whether it may seek prompt injunctive relief (which could be set forth in the statute itself) are:

1. There is a substantial likelihood that the facts set forth a potential violation of the Act;
2. Failure of the Commission to act expeditiously will result in irreparable harm to a party affected by the potential violation;
3. Expeditious action will not result in undue harm or prejudice to the interests of other persons; and
4. The public interest would be served by expeditious handling of the matter.

[1]Commissioner Elliott filled the following dissent: The Act presently enables the Commission to seek injunctive relief after the administrative process has been completed and this is more than sufficient. (See 2 U.S.C. §437g(a)(6)(A).)

I am unaware of any complaint filed with the Commission during the last three years which, in my opinion, would meet the four standards set forth in the legislative recommendation. Assuming a case was submitted which met these standards, I believe it would be inappropriate for the Commission to seek injunctive relief prior to a problable cause finding.

First, the very ability of the Commission to seek an injunction, especially during the "heat of the campaign," opens the door to allegations of an arbitrary and politically motivated enforcement action by the Commission. The Commission's decision to seek an injunction in one case while refusing to do so in another could easily be seen by candidates and respondents as politicizing the enforcement process.

Second, the Commission might easily be flooded with requests for injunctive relief for issues such as failure to file an October quarterly or a 12-day pre-general report. Although the Commission would have the discretion to deny all these requests for injunctive relief, in making that decision the Commission would bear the administrative burden of an immediate review of the factual issues.

Third, although the courts would be the final arbiter as to whether or not to grant an injunction, the mere decision by the Commission to proceed to seek an injunction during the final weeks of a campaign would cause a diversion of time and money and adverse publicity for a candidate during the most important period of the campaign.

For these reasons, I disagree with the recommendation to expand the power of the Commission to seek injunctive relief except as presently provided for in the Act.

Public Financing

Fundraising Limitation for Publicly Financed Presidential Primary Campaigns

Section: 2 U.S.C. §§431(9)(A)(vi) and 441a

Recommendation: The Commission recommends that the separate fundraising limitation provided to publicly financed Presidential primary campaigns be combined with the overall limit. Thus, instead of a candidate's having a $10 million (plus COLA[2]) limit for campaign expenditures and a $2 million (plus COLA) limit for fundraising (20 percent of overall limit), each candidate would have $12 million (plus COLA) limit for all campaign expenditures.

Explanation: Campaigns that have sufficient funds to spend up to the overall limit usually allocate some of their expenditures to the fundraising category. These campaigns come close to spending the maximum permitted under both their overall limit and their special fundraising limit. Hence, by combining the two limits, Congress would not substantially alter spending amounts or patterns. For those campaigns which do not spend up to the overall expenditure limit, the separate fundraising limit is meaningless. Many smaller campaigns do not even bother to use it, except in one or two States where the expenditure limit is low, e.g., Iowa and New Hampshire. Assuming that the State limitations are eliminated or appropriately adjusted, this recommendation would have little impact on the election process.

The advantages of the recommendation, however, are substantial. They include a reduction in accounting burdens and a simplification in reporting requirements for campaigns, and a reduction in the Commission's auditing task.

[2]Spending limits are increased by the cost-of-living adjustment (COLA), which the Department of Labor calculates annually.

State Expenditure Limits for Publicly Financed Presidential Primary Campaigns

Section: 2 U.S.C. §441a

Recommendation: The Commission recommends that the State-by-State limitations on expenditures for publicly financed Presidential primary candidates be eliminated.

Explanation: The Commision has now seen three Presidential elections under the State expenditure limitations. Based on our experience, we believe that the limitations could be removed with no material impact on the process.

Our experience has shown that the limitations have little impact on campaign spending in a given State, with the exception of Iowa and New Hampshire. In most other States, campaigns are unable or do not wish to expend an amount equal to the limitation. In effect, then, the administration of the entire program results in limiting disbursements in these two primaries alone.

If the limitations were removed, the level of disbursements in these States would obviously increase. With an increasing number of primaries vying for a campaign's limited resources, however, it would not be possible to spend very large amounts in these early primaries and still have adequate funds available for the later primaries. Thus, the overall national limit would serve as a constraint on State spending, even in the early primaries. At the same time, candidates would have broader discretion in the running of their campaigns.

Our experience has also shown that the limitations have been only partially successful in limiting expenditures in the early primary States. The use of the fundraising limitation, the compliance cost exemption, the volunteer service provisions, the unreimbursed personnel travel expense provisions, the use of a personal residence in volunteer activity exemption, and a complex series of allocation schemes have developed into an art which when skillfully practiced can partially circumvent the State limitations.

Finally, the allocation of expenditures to the States has proven a significant accounting burden for campaigns and an equally difficult audit and enforcement task for the Commission.

Given our experience to date, we believe that this change to the Act would be of substantial benefit to all parties concerned.

Deposit of Repayments
Section: 26 U.S.C. §9007(d)

Recommendation: Congress should revise the law to state that: All payments received by the Secretary of the Treasury under subsection (b) shall be deposited by him or her in the Presidential Election Campaign Fund established by section 9006(a).

Explanation: This change would allow the Fund to recapture monies repaid by convention-related committees of national major and minor parties, as well as by general election grant recipients. Currently the Fund recaptures only repayments made by primary matching fund recipients.

Expenditure Limits

Certification of Voting Age Population Figures and Cost-of-Living Adjustment
Section: 2 U.S.C. §§441a(c) and 441a(e)

Recommendation: Congress should consider removing the requirement that the Secretary of Commerce certify to the Commission the voting age population of each Congressional district. At the same time, Congress should establish a deadline of February 15 for supplying the Commission with the remaining information concerning the voting age population for the nation as a whole and for each State. In addition, the same deadline should apply to the Secretary of Labor, who is required under the Act to provide the Commission with figures on the annual adjustment to the cost-of-living index.

Explanation: In order for the Commission to compute the coordinated party expenditure limits and the State-by-State expenditure limits for Presidential candidates, the Secretary of Commerce certifies the voting age population of the United States and of each State. 2 U.S.C. §441a(e). The certification for each Congressional district, also required under this provision, is not needed.

In addition, under 2 U.S.C. §441a(c), the Secretary of Labor is required to certify the annual adjustment in the cost-of-living index. In both instances, the timely receipt of these figures would enable the Commission to inform political committees of their spending limits early in the campaign cycle. Under present circumstances, where no deadline exists, the Commission has sometimes been unable to release the spending limit figures before June.

Contributions

Election Period Limitations
Section: 2 U.S.C. §441a

Recommendation: The Commission recommends that limits on contributions to candidates be placed on an election-cycle basis, rather than the current per-election basis.

Explanation: The contribution limitations affecting contributions to candidates are structured on a "per-election" basis, thus necessitating dual bookkeeping or the adoption of some other method to distinguish between primary and general election contributions. The Act could be simplified by changing the contribution limitations from a "per-election" basis to an "election-cycle" basis. Thus, multicandidate committees could give up to $10,000 and all other persons could give up to $2,000 to an authorized committee at any point during the election cycle.

Application of Contribution Limitations to Family Members
Section: 2 U.S.C. §441a

Recommendation: The Commission recommends that Congress examine the application of the contribution limitations to immediate family members.

Explanation: Under the current posture of the law, a family member is limited to contributing $1,000 per election to a candidate. This limitation applies to spouses and parents, as well as other immediate family members. (See S. Conf. Rep. No. 93-1237, 93rd Cong., 2nd Sess., 58 (1974) and *Buckley v. Valeo,* 424 U.S. 1, 51 (footnote 57) (1976).) This limitation has caused the Commission substantial problems in attempting to implement and enforce the contribution limitations.[3]

Problems have arisen in enforcing the limitations where a candidate uses assets belonging to a parent. In some cases, a parent has made a substantial gift to his or her candidate-child while cautioning the candidate that this may well decrease the amount which the candidate would otherwise inherit upon the death of the parent.

The Commission recommends that Congress consider the difficulties arising from application of the contribution limitations to immediate family members.

Foreign Nationals
Section: 2 U.S.C. §441e

Recommendation: Congress should examine the §441e prohibition on contributions by foreign nationals in connection with United States elections—Federal, State and local. In particular, Congress should consider three issues:

1. Whether or not an American subsidiary of a foreign corporation should be allowed to make contributions directly (to State and local candidates) or to establish a separate segregated fund (SSF); and, if it does form an SSF, whether the activities of the SSF should be subject to special restrictions;
2. Whether or not the statutory prohibition on contributions by foreign nationals is meant to cover volunteer activity by foreign nationals as well; and
3. Whether or not the Act should continue to prohibit contributions by foreign nationals in connection with State and local elections.

Explanation: These questions have presented problems for the Commission and candidates, particularly since the legislative history is unclear in this area.

Several issues have arisen during the Commission's administration of this provision. First, the law, as interpreted by Commission advisory opinions, permits an American subsidiary of a foreign registered corporation to influence elections either through direct contributions to State and local elections or by forming a separate segregated fund that supports Federal candidates. With regard to SSFs established by American subsidiaries, Commission advisory opinions have stipulated that the foreign corporate parent may not be the direct or indirect source of contributions; nor may it influence the SSF's decisions or exercise any control over the SSF. Further, the opinions have reiterated the law's requirement that only U.S. citizens (and individuals holding green cards) may contribute to the SSF.

In another advisory opinion, the Commission has interpreted the Act to mean that a foreign national may not volunteer his services to a campaign. The standard under Section 441e bars contributions by a foreign national that are "in connection with" (rather than "for the purpose of influencing") a Federal election. It is unclear whether this distinction is intended to create a broader prohibition in the case of foreign nationals than for other activities under the Act.

Finally, the Commission has recognized that it is difficult to enforce this provision with respect to

[3]While the Commission has attempted through regulations to present an equitable solution to some of these problems (see 48 *Fed. Reg.* 19019 (April 27, 1983) as prescribed by the Commission on July 1, 1983), statutory resolution is required in this area.

State and local elections. Since only Federal candidates and committees report to the Commission, it is difficult for a Federal agency to monitor campaign financial activity affecting State and local elections.

Acceptance of Cash Contributions
Section: 2 U.S.C. §441g

Recommendation: Congress may wish to modify the statute to make the treatment of 2 U.S.C. §441g, concerning cash contributions, consistent with other provisions of the Act. As currently drafted, 2 U.S.C. §441g prohibits only the **making** of cash contributions which, in the aggregate, exceed $100 per candidate, per election. It does not address the issue of **accepting** cash contributions. Moreover, the current statutory language does not plainly prohibit cash contributions in excess of $100 to political committees other than authorized committees of a candidate.

Explanation: Currently this provision focuses only on persons making the cash contributions. However, these cases generally come to light when a committee has accepted these funds. Yet the Commission has no recourse with respect to the committee in such cases. This can be a problem, particularly where primary matching funds are received on the basis of such contributions.

While the Commission, in its regulations at 11 CFR 110.4(c)(2), has included a provision requiring a committee receiving such a cash contribution to promptly return the excess over $100, the statute does not explicitly make acceptance of these cash contributions a violation. The other sections of the Act dealing with prohibited contributions (i.e., Sections 441b on corporate and labor union contributions, 441c on contributions by government contractors, 441e on contributions by foreign nationals, and 441f on contributions in the name of another) all prohibit both the making and accepting of such contributions.

Secondly, the statutory text seems to suggest that the prohibition contained in §441g applies only to those contributions given to candidate committees. This language is at apparent odds with the Commission's understanding of the Congressional purpose to prohibit any cash contributions which exceed $100 in Federal elections.

Fraudulent Misrepresentation

Fundraising Projects Operated by Unauthorized Committees
Section: 2 U.S.C. §432(e)(4)

Recommendation:[4] Congress may wish to consider amending the statute, at 2 U.S.C. §432(e)(4), to clarify that a political committee that is not an authorized committee of any candidate may not use the name of a candidate in the name of any "project" or other fundraising activity of such committee.

Explanation: The statute now reads that a political committee that is not an authorized committee "shall not include the name of any candidate *in its name* [emphasis added]." In certain situations

[4]Commissioner Elliott filed the following dissent: I support the policy underlying this legislative recommendation and recognize the seriousness of the problem necessitating such a recommendation. However, the scope of the recommendation is far too broad and inflexible given the traditional fundraising events, especially those held by political parties and some unauthorized political committees. Party committees are not authorized committees and therefore would come under the general prohibitions included in the recommendation, precluding the use of a candidate's name for any activity of a party committee. Oftentimes, however, fundraising events conducted by a party committee incorporate the name of a well-known Member of Congress as a fundraising tool. Typically, the fundraising contributions are made in the form of checks made payable to the name of the event, e.g., "Happy Birthday, Senator Smith"; "Mike's Annual Barbecue"; "Sail With Senator Sanford"; "Roast Roberts." I do not believe Congress intends to preclude the use of the candidates' names in such activities, especially when the candidate is not only aware that his/her name is being used but approves and is actively participating in the event.

I would propose that the candidate be entitled to authorize the use of his or her name for such an event or activity provided the authorization is written. Again, I recognize the seriousness and the need to address this issue; however, Congress should not exclude fundraising tools which have been traditionally used by political committees.

Further, the impact of this recommendation has not been evaluated in the context of our joint fundraising regulations.

presented to the Commission the political committee in question has not included the name of any candidate in its official name as registered with the Commission, but has nonetheless carried out "projects" in support of a particular candidate using the name of the candidate in the letterhead and text of its materials. The likely result has been that recipients of communications from such political committees were led to believe that the committees were in fact authorized by the candidate whose name was used. The requirement that committees include a disclaimer regarding nonauthorization (2 U.S.C. §441d) has not proven adequate under these circumstances.

The Commission believes that the intent behind the current provision is circumvented by the foregoing practice. Accordingly, the statute should be revised to clarify that the use of the name of a candidate in the name of any "project" is also prohibited.

Fraudulent Solicitation of Funds
Section: 2 U.S.C. §441h

Recommendation: The current §441h prohibits fraudulent misrepresentation, such as speaking, writing or acting on behalf of a candidate or committee on a matter which is damaging to such candidate or committee. It does not, however, prohibit persons from fraudulently soliciting contributions. A provision should be added to this section prohibiting persons from fraudulently misrepresenting themselves as representatives of candidates or political parties for the purpose of soliciting contributions which are not forwarded to or used by or on behalf of the candidate or party.

Explanation: The Commission has received a number of complaints charging that substantial amounts of money were raised fraudulently by persons or committees purporting to act on behalf of candidates. Candidates have complained that contributions which people believed were going for the benefit of the candidate were diverted for other purposes. Both the candidates and the contributors were harmed by such diversion. The candidates received less money because people desirous of contributing believed they had already done so, and the contributors' funds had been misused in a manner in which they did not intend. The Commission has been unable to take any action on these matters because the statute gives it no authority in this area.

Honoraria

Technical Amendments
Section: 2 U.S.C. §§431(8)(B)(xiv) and 441i

Recommendation: The Commission offers two suggestions concerning honoraria.

1. Section 441i should be placed under the Ethics in Government Act.
2. As technical amendments, Sections 441i(c) and (d), which pertain to the annual limit on receiving honoraria (now repealed), should be repealed. Additionally, 2 U.S.C §431(8)(B)(xiv), which refers to the definition of honorarium in Section 441i, should be modified to contain the definition itself.

Explanation: Congress eliminated the $25,000 annual limit on the amount of honoraria that could be accepted, but it did not take out these two sections, which only apply to the $25,000 limit. This clarification would eliminate confusion for officeholders and thereby help the Commission in its administration of the Act.

Commission Information Services

Budget Reimbursement Fund
Section: 2 U.S.C. §438

Recommendation:

1. The Commission recommends that Congress establish a reimbursement account for the Commission so that expenses incurred in preparing copies of documents, publications and computer tapes sold to the public are recovered by the Commission. Similarly, costs awarded to the Commission in

litigation (e.g., printing, but not civil penalties) and payments for Commission expenses incurred in responding to Freedom of Information Act requests should be payable to the reimbursement fund. The Commission should be able to use such reimbursements to cover its costs for these services, without fiscal year limitation, and without a reduction in the Commission's appropriation.

2. The Commission recommends that costs be recovered for FEC Clearinghouse seminars, workshops, research materials and other services, and that reimbursements be used to cover some of the costs of these activities, including costs of development, production, overhead and other related expenses.

Explanation: At the present time, copies of reports, microfilm, and computer tapes are sold to the public at the Commission's cost. However, instead of the funds being used to reimburse the Commission for its expenses in producing the materials, they are credited to the U.S. Treasury. The effect on the Commission of selling materials is thus the same as if the materials had been given away. The Commission absorbs the entire cost. In FY 1984, in return for services and materials it offered the public, the FEC collected and transferred $86,984 in miscellaneous receipts to the Treasury. In FY 1985, the amount was $92,018 and during the first three months of FY 1986, $24,232 was transferred to the Treasury. Establishment of a reimbursement fund, into which fees for such materials would be paid, would permit this money to be applied to further dissemination of information. Note, however, that a reimbursement fund would not be applied to the distribution of FEC informational materials to candidates and registered political committees. They would continue to receive free publications that help them comply with the Federal election laws.

There is also the possibility that the Commission could recover costs of FEC Clearinghouse workshops and seminars, research materials, and reports that are now sold by the Government Printing Office and the National Technical Information Service. Approximately $15,000 was collected in FY 1981 by GPO and NTIS on account of sales of Clearinghouse documents.

There should be no restriction on the use of reimbursed funds in a particular year to avoid the possibility of having funds lapse.

Appendix 1 Biographies of Commissioners and Officers

Commissioners

Joan D. Aikens, Chairman
April 30, 1989[1]
Mrs. Aikens was one of the original members of the Federal Election Commission appointed in 1975. Following the *Buckley v. Valeo* decision of the Supreme Court and the subsequent reconstitution of the FEC, President Ford reappointed her to a five-year term. In 1981, Mrs. Aikens continued to serve until President Reagan named her to complete an unexpired term due to a resignation. In 1983, President Reagan again reappointed Mrs. Aikens, this time for a six-year term. She served as Chairman between May 1978 and May 1979 and during 1986.

Prior to her appointment to the Commission, Mrs. Aikens was an executive for a Pennsylvania public relations firm. From 1972 to 1974, she was president of the Pennsylvania Council of Republican Women and served on the board of the National Federal of Republican Women. A native of Delaware County, Pennsylvania, Mrs. Aikens has been active in a variety of volunteer organizations and is currently a member of the Commonwealth Board of the Medical College of Pennsylvania. She is also a member of the board of directors of Ursinus College, Collegeville, Pennsylvania, where she received her B.A. and an honorary Doctor of Laws degree.

John Warren McGarry, Vice Chairman
April 30, 1989
Mr. McGarry, a native of Massachusetts, graduated cum laude from Holy Cross College in 1952 and attended graduate school at Boston University. In 1956, he obtained a J.D. degree from the Georgetown University Law Center. Mr. McGarry was assistant attorney general of Massachusetts, serving as both trial counsel and appellate advocate, from 1959 to 1962. Following his tenure in office, he combined private law practice with service as chief counsel for the Special Committee to Investigate Campaign Expenditures of the U.S. House of Representatives. This committee was created by special resolution every election year through 1972 in order to oversee House elections. From 1973 until President Carter appointed him to the Commission in October 1978, Mr. McGarry served as special counsel on elections to the Committee on House Administration of the U.S. Congress. He was reappointed as Commissioner for a six-year term in 1983. Mr. McGarry served as Chairman of the Commission in 1981 and 1985.

Lee Ann Elliott
April 30, 1987
Before her appointment to the Commission in December 1981, Mrs. Elliott served as vice president of the Washington firm Bishop, Bryant & Associates, Inc. From 1970 to 1979, she was associate executive director of the American Medical Political Action Committee, having served as assistant director from 1961 to 1970. Mrs. Elliottt was on the board of directors of the American Association of Political Consultants and of the Chicago Area Public Affairs Group, of which she is a past president. She was also a member of the Public Affairs Committee of the Chamber of Commerce of the United States. In 1979, she received the Award for Excellence in Serving Corporate Public Affairs from the National Association of Manufacturers. Mrs. Elliott, a native of St. Louis, Missouri, holds a B.A. from the University of Illinois. She also completed the Medical Association Management Executives Program at Northwestern University and is a Certified Association Executive. Mrs. Elliott served as Commission Chairman during 1984.

Thomas E. Harris
April 30, 1985
Before serving on the Commission, Mr. Harris was associate general counsel to the AFL-CIO in Washington from 1955 to 1975. He had held the same position with the CIO from 1948 until it merged with the AFL in 1955. Before that, he was an attorney in private practice and with various government agencies. A native of Little Rock,

[1]Term expiration date.

Arkansas, Mr. Harris is a 1935 graduate of Columbia University Law School. After graduation, he clerked one year for Supreme Court Justice Harlan F. Stone.

Mr. Harris was originally appointed to the Commission for a four-year term and, when the agency was reconstituted in 1976, he received a three-year appointment. In 1979, President Carter reappointed Mr. Harris for a six-year term. He was Commission Chairman from May 1977 to May 1978. Although his term expired in April 1985, he continued to serve as Commissioner until October 1986, when he was succeeded by Commissioner Thomas.

Thomas J. Josefiak
April 30, 1991
Until his appointment as Commissioner in August 1985, Mr. Josefiak served with the Commission as Special Deputy to the Secretary of the Senate. Before assuming that post in 1981, he was legal counsel to the National Republican Congressional Committee. His past experience also includes positions held at the U.S. House of Representatives. He was minority special counsel for Federal election law to the Committee on House Administration and, before that, served as legislative assistant to Congressman Silvio O. Conte. A native of Massachusetts, Commissioner Josefiak holds a B.A. degree from Fairfield University, Connecticut, and a J.D. degree from Georgetown University Law Center. He was elected 1987 Vice Chairman.

Danny L. McDonald
April 30, 1987
Mr. McDonald, as general administrator of the Oklahoma Corporation Commission, was responsible for the management of 10 regulatory divisions from 1979 until his appointment to the Commission in December 1981. He was secretary of the Tulsa County Election Board from 1974 to 1979 and served as chief clerk of the board in 1973. He also served as a member of the Advisory Panel to the FEC's National Clearinghouse on Election Administration. Mr. McDonald, a native of Sand Springs, Oklahoma, holds a B.A. from Oklahoma State University and attended the John F. Kennedy School of Government at Harvard University. He served as Commission Chairman during 1983.

Scott E. Thomas
April 30, 1991
Mr. Thomas, who began serving as Commissioner in October 1986, had been executive assistant to Commissioner Harris and succeeded him as Commissioner. Commissioner Thomas had also served the agency as Assistant General Counsel for Enforcement after joining the FEC as a legal intern in 1975. A native of Wyoming, Commissioner Thomas holds a B.A. degree from Stanford University and a J.D. degree from Georgetown University Law Center. He is a member of the bars for the District of Columbia, the U.S. Court of Appeals for the Ninth Circuit and the U.S. Supreme Court. He was elected 1987 Chairman.

Ex Officio Commissioners[2]

Jo-Anne L. Coe
Ms. Coe was elected Secretary of the Senate on January 3, 1985. Prior to her election, she was Senator Robert Dole's administrative director and also served intermittently as administrative director of the Senate Finance Committee during Senator Dole's chairmanship. In 1980, she was deputy campaign manager for the Dole for President committee and later served as an assistant to Elizabeth Hanford Dole, then director of public liaison for the Reagan for President Committee. From 1976 to 1977, she was administrative assistant to the general counsel of the Commodity Futures Trading Commission. A graduate of William and Mary College in Virginia, Ms. Coe previously worked for Senator Dole from 1967 to 1975.

Scott E. Morgan, attorney, continued to serve at the Commission as Special Deputy to the Secretary of the Senate.

[2]During January and February 1987, Walter J. Stewart became the new Secretary of the Senate and Donnald K. Anderson became the new Clerk of the House of Representatives.

Benjamin J. Guthrie
Mr. Guthrie became Clerk of the House of Representatives in January 1983, after having served as Sergeant at Arms of the House from 1980 to 1982 and as printing clerk and director of the House Legislative Processes Office from 1957 to 1980. He joined the House staff after 11 years with the U.S. Government Printing Office. A World War II veteran, Mr. Guthrie was with the U.S. Signal Corps from 1942 to 1946, after graduating from the Maryland State Teachers College in Salisbury.

Douglas Patton, attorney, continued to serve at the Commission as Special Deputy to the Clerk of the House.

Statutory Officers

John C. Surina, Staff Director
Before joining the Commission in July 1983, Mr. Surina was assistant managing director of the Interstate Commerce Commission (ICC), where he was detailed to the "Reform 88" program at the Office of Management and Budget. In that role, he worked on projects to reform administrative management within the Federal government. From 1973 to 1980, Mr. Surina served the ICC in other capacities. Between 1972 and 1973 he was an expert-consultant to the Office of Control and Operations, EOP-Cost of Living Council-Pay Board. He was previously on the technical staff of the Computer Sciences Corporation. Mr. Surina joined the U.S. Army in 1966, completing his service in 1970 as executive officer of the Special Security Office. In that position, he supported senior U.S. delegates to NATO's civil headquarters in Brussels, Belgium.

A native of Alexandria, Virginia, Mr. Surina holds a B.S. in Foreign Service from Georgetown University. He also attended East Carolina University in Greenville, North Carolina, and American University in Washington, D.C.

Charles N. Steele, General Counsel[3]
Mr. Steele became General Counsel in December 1979, after serving as Acting General Counsel during November of that year and as Associate General Counsel for Enforcement and Litigation between April 1977 and October 1979. He received a B.A. from Harvard College in 1960 and an LL.B. from Harvard Law School in 1965. Before joining the Commission in 1976, Mr. Steele was a staff attorney with the appellate court branch of the National Labor Relations Board.

[3]Mr. Steele resigned from the Commission effective March 1987. On March 10, 1987, Lawrence M. Noble, Deputy General Counsel, was named Acting General Counsel. At the time of publication, the agency had not yet appointed a new General Counsel.

Appendix 2 Chronology of Events, 1986

January

1—Chairman Joan D. Aikens and Vice Chairman John Warren McGarry begin one-year terms as Commission officers.
9—In *FEC v. Californians for Democratic Representation,* U.S. district court rules that defendant, in conducting a slate mail program, violated the law's registration and reporting provisions.
20—Commission releases statistics on number of PACs.
29—Commission holds public hearing on Common Cause's rulemaking petition concerning "soft money." See also April 17.
30—Commission announces cutbacks in computerized campaign finance data and reductions to other programs due to FY 1986 budget cuts.
31—Commission releases 1980-85 summary statistics on 1986 campaigns of Senate incumbents.
—1985 year-end report due.

February

1—Commission publishes new brochure, *Committee Treasurers.*
10—In *FEC v. American International Demographic Services, Inc.,* U.S. district court rules that defendant illegally used FEC campaign finance information for commercial purposes.
18—Commission completes move to new location (begun on November 23, 1985).
20—Commission testifies on FY 1987 budget request before subcommittee of House Administration Committee.
26—Commission cosponsors election law conference in East Lansing, Michigan.

March

11—Commission transmits 1986 legislative recommendations to the President and Congress.
19—Commission testifies on FY 1987 budget request before subcommittee of House Appropriations Committee.
24—Commission cosponsors election law conference in Columbus, Ohio.

April

1—FEC Clearinghouse publishes *Campaign Finance Law 86* and *Designing Effective Voter Information Programs.*
9—Commission testifies on FY 1987 budget request before subcommittee of Senate Appropriations Committee.
15—First quarter report due.
17—Commission votes to deny Common Cause's petition for rulemaking on "soft money" and, on April 29, publishes reasons for decision in *Federal Register* notice.
23—Commission testifies on FY 1987 budget request before Senate Rules Committee.
28—Commission releases audit report on 1984 Republican Presidential nominating convention committee.[1]

May

7—Commission cosponsors election law conference in Roseville, Minnesota.
12—Commission releases statistics on 1986 House and Senate campaigns covering January 1985 through March 1986.

[1]During 1985, the Commission released audit reports on the following 1984 Presidential nominating committees: Dallas Republican host committee (6/20/85); Democratic convention committee (9/5/85); and San Francisco Democratic host committee (9/5/85).

15—In *FEC v. National Congressional Club and Jefferson Marketing, Inc.,* U.S. district court finds that defendants, by operating as one entity, violated the law's reporting provisions.

16—In *FEC v. National Conservative Political Action Committee,* U.S. district court rules that defendant's expenditures were not "independent" and therefore constituted excess contributions to a Federal candidate.

29-30—Commission holds conference for candidates at FEC headquarters in Washington, D.C.

June

1—Commission publishes *Annual Report 1985.*

4—Commission releases statistics on 1984 Presidential primary campaigns based on final *Report on Financial Activity.*

6—Commission holds conference for candidates at FEC headquarters in Washington, D.C.

10—New York holds special general election in 6th Congressional District.

16—In *FEC v. Re-Elect Hollenbeck to Congress,* U.S. district court finds that committee did not knowingly violate the law by accepting excessive contribution from a State party committee.

20—Commission holds conference for corporations and labor organizations at George Mason University in Fairfax, Virginia.

25—In *Common Cause v. FEC (I),* district court orders agency to provide statement of reasons explaining decision to dismiss complaint (see also October 23).

26—Commission releases audit report on 1984 Presidential primary campaign of Gary Hart.[2] See also July 10 and October 28.

July

10—Commission releases audit report on 1984 Presidential primary campaign of President Ronald Reagan.

11—In *Orloski v. FEC,* U.S. court of appeals affirms district court decision that FEC's dismissal of complaint was not contrary to law.

14—Commission releases statistics on number of PACs.

15—Second quarter report due.

25—In *FEC v. Dramesi for Congress Committee,* U.S. district court rules that committee violated the law by knowingly accepting excessive contribution from a State party committee.

30—Commission publishes *Federal Register* notice of proposed rulemaking on regulations governing affiliation and earmarked contributions. See also September 17.

August

5—Commission publishes *Federal Register* notice of proposed rulemaking on regulations governing bank loans and Presidential public funding. See also December 3.

10—Commission releases party committee statistics covering January 1985 through June 1986.

17—Commission releases statistics on 1986 House and Senate campaigns covering January 1985 through June 1986.

[2]The Commission released audit reports on the following matching fund recipients during 1984 and 1985: Reubin Askew (8/2/84); Ernest Hollings (9/10/84); George McGovern (2/11/85); Sonia Johnson (6/25/85); Jesse Jackson (7/19/85); John Glenn (8/19/85); Alan Cranston (8/22/85); and Lyndon LaRouche (10/29/85).

September

1—FEC Clearinghouse publishes *Computerizing Election Administration, Volume II: A General Model.*
7—Commission releases PAC statistics covering January 1985 through June 1986.
17—Commission holds public hearing on proposed rules governing affiliation and earmarked contributions.
20—Hawaii holds special general election in 1st Congressional District.
22-23—FEC Clearinghouse Advisory Panel and Advisory Committee on Voting System Standards meet in Washington, D.C.
29—Commission publishes *Federal Register* notice on final rules governing employee standards of conduct (effective October 29, 1986).

October

1—Commission publishes new brochure, *Filing a Complaint.*
3—U.S. Senate confirms President Reagan's nomination of Thomas J. Josefiak and Scott E. Thomas as Commissioners.
—In *Democratic Congressional Campaign Committee v. FEC,* U.S. district court finds that agency's dismissal of complaint was contrary to law.
15—Third quarter report due.
23—Commission decides to issue statements of reason whenever a majority of Commissioners vote against the General Counsel's recommendation in a complaint.
—Pre-general election report due.
28—Commission releases audit report on 1984 Presidential primary campaign of Walter Mondale.
29—Commission's new rules on employee standards of conduct become effective.
—Commission releases statistics on national party committees covering January 1985 through mid-October 1986.
31—Commission releases statistics on 1986 House and Senate campaigns covering January 1985 through mid-October 1986.

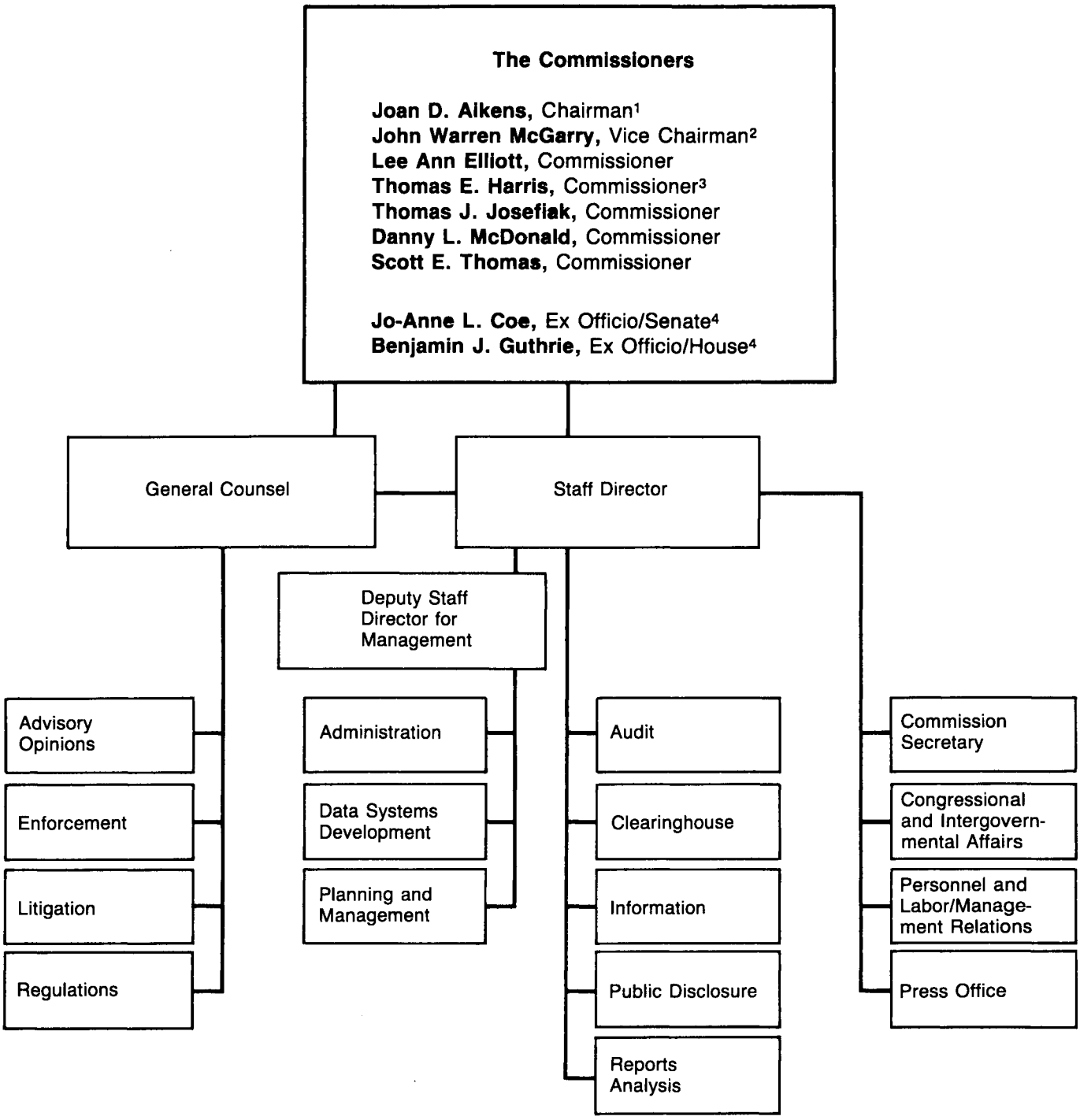
November

4—Election day.
—North Carolina holds special general elections to fill Senate seat and 10th Congressional District seat.
20—Commission approves final rules on contribution limits and decides to transmit them to Congress in January 1987.

December

3—Commission holds public hearing on proposed public funding regulations.
4—Post-general election report due.
15—U.S. Supreme Court, in *FEC v. Massachusetts Citizens for Life, Inc.,* rules that law's prohibition on corporate independent expenditures is unconstitutional as applied to narrowly defined type of nonprofit corporation.
16—Commission elects Scott E. Thomas and Thomas J. Josefiak as 1987 Chairman and Vice Chairman, respectively.
—Commission approves revisions to *Guideline for Presentation in Good Order,* a publication for Presidential primary campaigns receiving matching funds.
30—In *Common Cause v. FEC (II),* U.S. district court rules on agency's dismissal of a complaint.

Appendix 3
FEC Organization Chart



[1]Commissioner Thomas was elected 1987 Chairman.

[2]Commissioner Josefiak was elected 1987 Vice Chairman.

[3]Although his term expired in April 1985, Commissioner Harris continued to serve until succeeded by Commissioner Thomas in October 1986.

[4]During January and February 1987, Walter J. Stewart became the new Secretary of the Senate and Donnald K. Anderson became the new Clerk of the House of Representatives.

Appendix 4
FEC Offices

This appendix briefly describes the offices that make up the Commission. They are listed in alphabetical order. Local telephone numbers are given for offices that have extensive contact with the public. Commission offices can also be reached on the toll-free number, 800/424-9530.

Administration
The Administration Division is the Commission's "housekeeping" unit and is responsible for accounting, procurement and contracting, space management, payroll, travel and supplies. In addition, several support functions are centralized in the office, such as word processing, printing, document reproduction and mail services. The division also handles records management, inventory control and building security and maintenance.

Audit
Many of the Audit Division's responsibilities concern the public funding program. The division evaluates the matching fund submissions of Presidential primary candidates and determines the amount of contributions that may be matched with Federal funds. The division conducts the statutorily mandated audits of all publicly funded candidates and committees.

In addition, the division audits those committees which, according to FEC determinations, have not met the threshold requirements for substantial compliance with the law. Audit Division resources are also used in the Commission's investigations of complaints. Finally, the division conducts internal audits of Commission activities.

Clearinghouse
The National Clearinghouse on Election Administration, located on the seventh floor, assists State and local election officials by responding to inquiries, publishing research and conducting workshops on all matters related to Federal election administration. (For a list of Clearinghouse studies, see Appendix 9.) Additionally, the Clearinghouse answers questions from the public on the electoral process. Local phone: 376-5670.

Commission Secretary
The Secretary to the Commission handles all administrative matters relating to Commission meetings, including agendas, documents, Sunshine Act notices, minutes and certification of Commission votes. The office also circulates and tracks numerous materials not related to meetings and records the Commissioners' tally votes on these matters.

Commissioners
The six Commissioners—three Democrats and three Republicans—are appointed by the President and confirmed by the Senate. Two ex officio Commissioners, the Secretary of the Senate and the Clerk of the House of Representatives, are nonvoting members. They appoint special deputies to represent them at the Commission.

The six voting Commissioners serve full time and are responsible for overseeing administration of the Federal Election Campaign Act. They generally meet twice a week, once in closed session to discuss matters that, by law, must remain confidential, and once in a meeting open to the public. At these meetings, they formulate policy and vote on significant legal and administrative matters.

Congressional, Legislative and Intergovernmental Affairs
This office serves as primary liaison with Congress and Executive Branch agencies. The office is responsible for keeping Members of Congress informed about Commission decisions and, in turn, for informing the agency on legislative developments.

Data Systems Development
This division provides computer support for the entire Commission. Its responsibilities are divided into two general areas.

In the area of campaign finance disclosure, the Data Systems Development Division (DSDD) enters into the computer data base information from all reports filed by political committees and other entities. DSDD is also responsible for the computer programs that sort and organize campaign finance

data into indexes (described in Appendix 8). The indexes permit a detailed analysis of campaign finance activity and, additionally, provide a tool for monitoring contribution limitations. DSDD publishes the *Reports on Financial Activity* series of periodic studies on campaign finance and generates statistics for other publications.

The division also provides computer support for the agency's administrative functions. These include management information and document tracking systems, along with personnel and payroll support.

General Counsel
The General Counsel directs the agency's enforcement activities and represents and advises the Commission in any legal actions brought against it. The Office of General Counsel handles all civil litigation, including several cases which have come before the Supreme Court. The office also drafts, for Commission consideration, regulations and advisory opinions, as well as other legal memoranda interpreting the Federal Election Campaign Act.

Information Services
In an effort to promote voluntary compliance with the law, the Information Division provides technical assistance to candidates and committees and others involved in elections. Staff research and answer questions on the Federal Election Campaign Act and FEC regulations, procedures and advisory opinions; direct workshops on the law; and publish a wide range of materials. Located on the second floor, the division is open to the public. Local phone: 376-3120.

Law Library
The Commission law library, part of the Office of General Counsel, is located on the eighth floor and is open to the public. The collection includes basic legal research tools and materials dealing with political campaign finance, corporate and labor political activity and campaign finance reform. Library staff prepare an *Index to Advisory Opinions* and a *Campaign Finance and Federal Election Law Bibliography,* both available for purchase from the Public Records Office. Local phone: 376-5312.

Personnel and Labor/Management Relations
This office handles employment, position classification, training and employee benefits. It also provides policy guidance on awards and discipline matters and administers a comprehensive labor relations program including contract negotiations and resolution of disputes before third parties.

Planning and Management
This office develops the Commission's budget and, each fiscal year, prepares a management plan determining the allocation and use of resources throughout the agency. Planning and Management monitors adherence to the plan, providing monthly reports measuring the progress of each division in achieving the plan's objectives.

Press Office
Staff of the Press Office are the Commission's official media spokespersons. In addition to publicizing Commission actions and releasing statistics on campaign finance, they respond to all questions from representatives of the print and broadcast media. Located on the first floor, the office also handles requests under the Freedom of Information Act. Local phone: 376-3155.

Public Records
Staff from the Public Records Office answer questions and provide information on the campaign finance activities of political committees and candidates involved in Federal elections. Located on the first floor, the office is a library facility with ample work space and a knowledgeable staff to help locate documents. The FEC encourages the public to review the many documents available, including committee reports, computer indexes (see Appendix 8), closed compliance cases and advisory opinions. Local phone: 376-3140.

Reports Analysis
Reports analysts assist committee officials in complying with reporting requirements and conduct detailed examinations of the campaign finance reports filed by political committees. If an error, omission or prohibited activity (e.g., an excessive contribution) is discovered in the course of reviewing a report, the analyst sends the committee a letter that explains the mistake and asks for clarification. By sending these letters, the Commission seeks to ensure full disclosure and to encourage the committee's voluntary compliance with the law. Analysts also provide frequent telephone assistance to committee officials and encourage them to call the division with reporting questions or compliance problems. Local number: 376-2480.

Staff Director and Deputy Staff Director
The Staff Director carries the responsibilities of appointing staff, with the approval of the Commission, and implementing Commission policy. The Staff Director oversees the Commission's public disclosure activities, outreach efforts, review of reports and the audit program, as well as the administration of the agency.

The Deputy Staff Director has broad responsibility for assisting in this supervision, particularly in the areas of budget, administration and computer systems.

Appendix 5
Statistics on Commission Operations

Summary of Disclosure Files

	Total Filers Existing in 1986	Filers Terminated as of 12/31/86	Continuing Filers as of 12/31/86	Number of Reports and State-ments in 1986	Gross Receipts in 1986	Gross Expenditures in 1986
Presidential	**328**	**14**	**314**	**771**	**$2,366,751**	**$2,834,739**
Candidates	171	2	169			
Committees	157	12	145			
Senate	**926**	**139**	**787**	**4,232**	**$178,456,620**	**$200,118,182**
Candidates	454	92	362			
Committees	472	47	425			
House	**4,393**	**867**	**3,526**	**21,162**	**$205,348,851**	**$209,878,458**
Candidates	2,219	602	1,617			
Committees	2,174	265	1,909			
Party [1]	**490**	**43**	**447**	**3,936**	**$297,976,679**	**$284,216,764**
Delegates	**11**	**7**	**NA**	**20**	**0**	**$62**
Nonparty	**4,591**	**434**	**4,157**	**42,039**	**$206,960,774**	**$234,841,024**
Labor committees	419	35	384			
Corporate committees	1,901	157	1,744			
Membership, trade and other committees	2,271	242	2,029			
Communication cost filers	**15**	**NA**	**NA**	**256**	**NA**	**$1,985,518**
Independent expenditures by persons other than political committees	**7**	**NA**	**NA**	**10**	**NA**	**$622,972**

[1]Party financial figures are inflated by about 40 percent due to double reporting by some national level party committees.

Divisional Statistics for Calendar Year 1986

	Total
Reports Analysis Division	
Documents processed	55,207
Reports reviewed	34,055
Telephone assistance and meetings	5,382
Requests for additional information (RFAIs)	6,221
Second RFAIs	1,974
Names of candidate committees published for failure to file reports	50
Compliance matters referred to the Office of General Counsel or Audit Division	113
Data Systems Development Division	
Documents receiving Pass I coding [1]	52,403
Documents receiving Pass III coding [1]	30,038
Documents receiving Pass I entry	49,061
Documents receiving Pass III entry	28,036
Transactions receiving Pass III entry	127,888
Public Records Office	
Campaign finance material processed (total pages)	1,419,681
Requests for campaign finance reports	5,691
Visitors	9,884
Total people served	15,575
Information phone calls	14,995
Computer printouts provided	50,512
Total income (transmitted to U.S. Treasury)	$82,130
Cumulative total pages of documents available for review	6,888,152
Contacts with State election offices	3,446
Notices of failure to file with State election offices	724
Information Services Division	
Telephone inquiries	63,973
Information letters	89
Distribution of FEC materials	10,572
Prior notices (sent to inform filers of reporting deadlines)	31,603
Other mailings	1,439
Visitors	105
Public appearances by Commissioners and staff	70
State workshops	3
Local workshops	3
Publications	29

	Total
Press Office	
Press releases	156
Telephone inquiries from press	11,295
Visitors to press office	1,654
Freedom of Information Act (FOIA) requests	139
Fees for materials requested under the FOIA (transmitted to U.S. Treasury)	$12,803
Clearinghouse on Election Administration	
Telephone inquiries	2,197
Information letters	227
Visitors	135
State workshops	10
Publications	5
Project conferences	6
Office of General Counsel	
Advisory opinions	
Requests pending at beginning of 1986	6
Requests received	45
Issued, closed or withdrawn [2]	47
Pending at end of year	4
Compliance cases (MURs)	
Cases pending at beginning of 1986	137
Cases opened	191
Cases closed	185
Cases pending at end of year	143
Litigation	
Cases pending at beginning of 1986	51
Cases opened	32
Cases closed	29
Cases pending at end of year	54
Cases won	22
Cases lost	4
Cases voluntarily dismissed	2
Cases dismissed as moot	1
Law Library	
Telephone inquiries	1,934
Visitors served	786

[1]Computer coding and entry of campaign finance information occur in two phases. In the first phase, Pass I, summary information is coded and entered into the computer within 48 hours of the Commission's receipt of the report. During the second phase, Pass III, itemized information is coded and entered.

[2]Forty-two opinions were issued; five opinion requests were withdrawn or closed without issuance of an opinion.

Audits Completed by Audit Division 1975-1986

	Total
Presidential	55
Presidential joint fundraising [1]	6
Senate	12
House	112
Party (national)	42
Party (other)	101
Nonparty (PACs)	64
Total	**392**

[1]Presidential joint fundraising committees are those established by two or more political committees, including at least one Presidential committee, for the purpose of raising funds jointly.

Appendix 6
The FEC's Budget

The Commission received $13.016 million in fiscal year 1985 funds, consisting of an appropriation of $12.9 million plus $116,000 in supplemental funds to cover part of the 1985 pay raise. The Commission returned to the Treasury $340,000, a portion of funds specially earmarked for one-time costs associated with the agency's relocation. The returned funds, slated to cover increased rent at the new facility, were not needed during FY 1985 since the agency moved the following fiscal year.

In FY 1986, however, funding was reduced: the Commission received $11.898 million for the fiscal year. Although the Administration had recommended a funding level of $12.756 million, Congress cut this amount by $858,000: a $323,000 reduction represented a 5 percent pay cut, which, in fact, never materialized; a second reduction of $535,000 was the result of the Deficit Reduction Act of 1985.

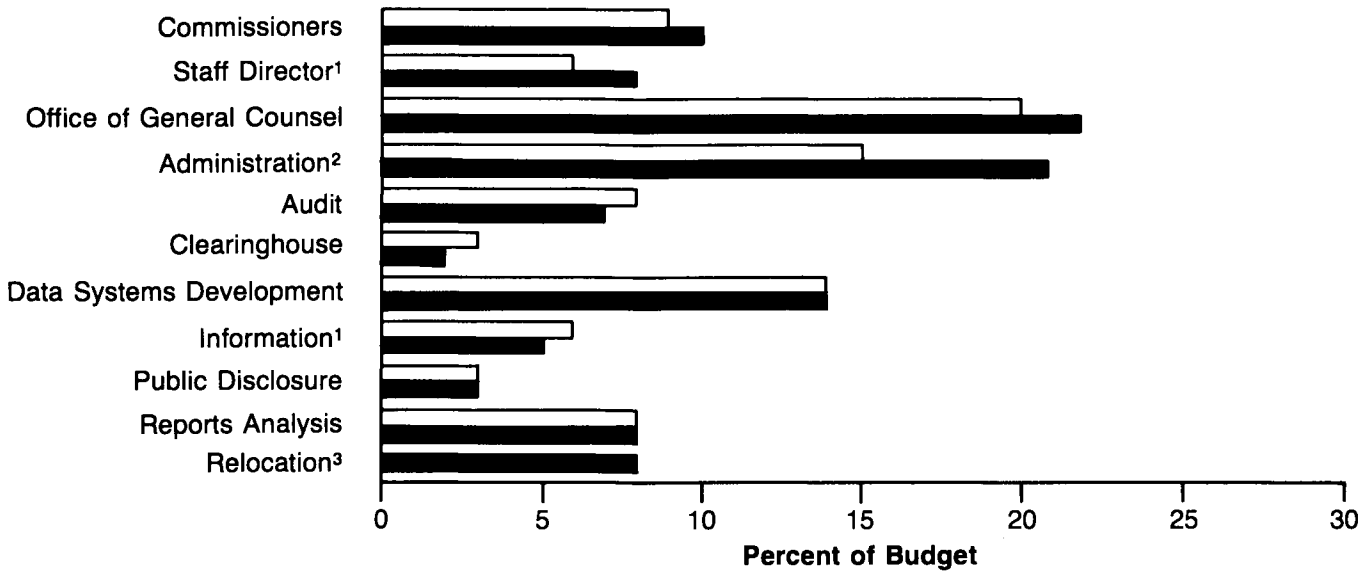
The table below compares functional allocations of budget resources for fiscal years 1985 and 1986. The two graphs that follow compare allocations of budget and staff by division for the fiscal years.

FEC Budget
Functional Allocation

	FY 1985	FY 1986
Personnel compensation, including benefits	$8,357,724	$8,326,544
Travel	153,961	83,604
Transportation/motor pool	6,324	12,062
Commercial space	14,085	16,558
Equipment rental	201,505	226,774
Printing	272,300	267,055
Contracts	1,031,919	822,482
Administrative expenses	173,589	98,547
Supplies	145,824	157,885
Library materials	80,161	78,609
Telephone, telegraph	374,482	315,110
Postage	103,057	99,998
Space rental	582,646	1,269,500
Equipment purchases	809,030	41,881
Training	28,568	12,911
GSA, services, other	340,352	45,221
Total	**$12,675,527** [1]	**$11,874,741** [1]

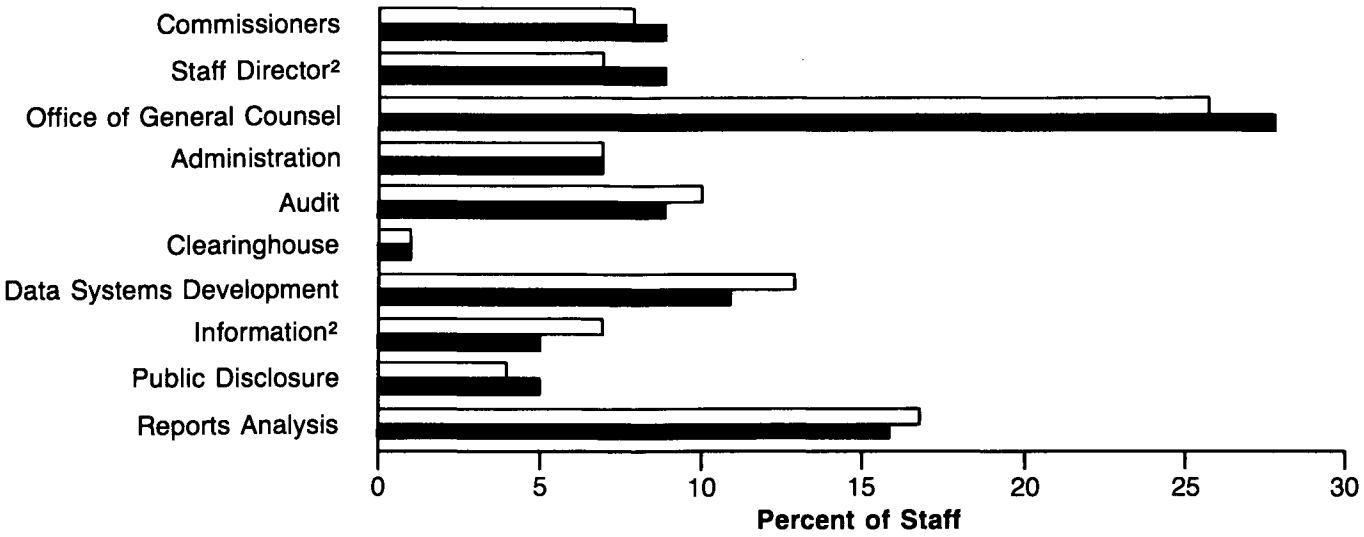
[1]Totals do not include unexpended funds, which were returned to the U.S. Treasury.

Divisional Allocation of Budget



[1]The Press Office, formerly part of the Information Services Division, was transferred to the Staff Director's Office during the second half of FY 1985 (in April 1985).
[2]Administration budget includes rent, supplies, services, etc. for the entire Commission.
[3]This category represents the one-time costs of the agency's relocation.

Divisional Allocation of Staff[1]



[1]The Commission averaged 241.8 full-time equivalent positions (FTE) in FY 1985 and 229.4 in FY 1986.
[2]The Press Office, formerly part of the Information Services Division, was transferred to the Staff Director's Office during the second half of FY 1985 (in April 1985).

Appendix 7
Revised Regulations on Contribution Limits

This appendix summarizes major provisions of amended FEC regulations on contribution limits, which were approved in 1986 and sent to Congress in January 1987. The final rules, along with their explanation and justification, were published in the January 9, 1987 *Federal Register* (52 *Fed. Reg.* 760) and became effective on April 8, 1987.

Contributions by Persons Other Than Multicandidate Committees: 11 CFR 110.1
The revised rules clarify that the contribution limits described in this provision apply only to individuals, partnerships, unincorporated associations and political committees other than multicandidate committees.

Designation of Contributions to Candidates: 11 CFR 110.1(b)(2)
The election law establishes limits for contributions to candidate committees on a per election basis. Under the new regulations, a contribution applies toward the limit for the candidate's next election unless the contributor designates a specific election in writing.

Designated Contributions. The new rules make clear that only the contributor (not the recipient) may designate a contribution for a specific election by writing the designation on the check or by providing a separate statement. Although contributors are not required to designate their contributions, the revised rules encourage them to do so. If a candidate committee solicits contributions for a particular election, the contributor's signature on a form returned with the contribution qualifies as a designation.

Undesignated Contributions. The new rules state that an undesignated contribution counts against the limit for the candidate's next election, even if the next election is in a different election cycle.

Redesignation/Reattribution of Contributions: 11 CFR 110.1(b)(5) and (k)(3)
Two principal changes in the rules specify when and how a contributor may redesignate a contribution for a different election or reattribute a joint contribution.[1]

When to Redesignate and Reattribute Contributions. Candidate committees may seek a redesignation, a reattribution or a combination of both in a single written request to a contributor. The new rules provide that, under the following circumstances, a contributor may:

1. Redesignate and/or reattribute a contribution if the contribution, either by itself or when added to the donor's other contributions, exceeds the limit for a particular election.
2. Redesignate and/or reattribute a contribution which cannot be accepted because it was made after the election for which it was designated and there are no net debts outstanding for that election (see below); or
3. Redesignate an undesignated contribution because the candidate wishes to count it toward a previous election with outstanding debts. (An undesignated contribution would normally count toward the donor's limit for the next election.)

The new rules do not, however, permit the redesignation or reattribution of prohibited contributions (e.g., contributions from corporations and labor organizations).

Finally, the amended rules make clear that a candidate committee does not have to obtain a written redesignation or reattribution when the committee accepts a legal contribution for one election but uses it in another.

[1]The redesignation rules apply only to contributions to candidate committees because their limits on contributions apply on a per-election basis. (Noncandidate committees are subject to calendar year limits on contributions received.) However, the new reattribution rules for joint contributions apply to contributions to any type of committee.

Procedures for Making Redesignations and Reattributions. Like the previous rules, the amended regulations require a committee to deposit or return an illegal-appearing contribution within 10 days. Under the previous rules, a deposited contribution had to be refunded "within a reasonable period of time" if the committee could not determine its legality.[2] The new rules, however, give a committee 60 days from its receipt of a contribution to obtain a redesignation or reattribution of the contribution. During this 60-day period, the committee must:

1. Determine whether the contribution is excessive or violates the net debt rule (see below);
2. Request a redesignation and/or reattribution of the contribution in writing; and
3. Receive the written redesignation and/or reattribution statement from the contributor(s). (In the case of joint contributions, each contributor's signature must be included on the written statement.)

If a written redesignation or reattribution is not received within 60 days, the committee must refund the contribution (or excessive portion thereof). The new rules place two further restrictions on redesignations and reattributions:

1. A contribution may be redesignated for a different election and a joint contribution may be reattributed only if this does not cause a contributor to exceed the limit for that election.
2. A contribution may be redesignated for a previous election only to the extent that net debts outstanding remain for that election.

Finally, the new rules provide guidelines for reporting redesignated and reattributed contributions and maintaining adequate records on them. See "Supporting Evidence" and "Conforming Amendments," below.

[2]Under the new rules, a contribution is "returned" when the written instrument (e.g., the check) is sent back to the contributor instead of being deposited. A contribution is "refunded" when the committee deposits the contribution and later sends the contributor a check drawn on the committee's account.

Net Debts Outstanding:
11 CFR 110.1(b)(3)

The amended rules maintain the longstanding rule that a contribution designated for a particular election, but made after the election, may be accepted by a candidate committee only to the extent that the committee has net debts outstanding for the election. The new rules define "net debts outstanding" to consist of the candidate committee's total unpaid debts and obligations incurred with respect to a particular election minus cash on hand and receivables available to pay those expenses. The committee calculates its net debts outstanding as of the date of the election and readjusts this initial calculation as it receives additional funds for the election or pays its debts.

The revised rules contain new provisions to explain how a candidate committee should handle a contribution designated for, but made after, an election for which the committee had no outstanding debts. Within 10 days of receiving the contribution, the treasurer must either deposit or return the contribution. If the contribution is deposited, the treasurer has 60 days from the receipt of the contribution either to refund it or to obtain a redesignation or reattribution (see procedures above). If a committee receives several contributions on the same date which, together, exceed the amount needed to retire the net debts outstanding, the committee may accept a proportionate amount of each contribution. Alternatively, the committee may accept some contributions in full and return, refund or seek redesignations for the others.

Date a Contribution Is Made:
11 CFR 110.1(b)(6)

The amended rules specify that the "date a contribution is made" is the date the contributor relinquishes control over the contribution, i.e., the date the contribution is delivered to the committee or, if the contribution is mailed, the date of the postmark. A committee wishing to rely on a postmark for evidence of when a contribution is made must retain the envelope or a copy of it. An in-kind contribution is considered "made" on the date that the contrib-

utor provides the goods or services to the recipient committee.

Contributions to Political Party Committees: 11 CFR 110.1(c)
The new rules clarify that if a national party committee acts as the authorized committee of a Presidential nominee in the general election, the committee must keep separate accounts for its own financial activity and that of the Presidential candidate. Separate contribution limits apply to each account.

Contributions by Partnerships: 11 CFR 110.1(e)
The partnership rules preserve the requirement for dual attribution of a partnership contribution to both the contributing partners and the partnership itself. The new rules make clear, however, that: 1) an incorporated partnership may not make contributions to Federal candidates; and 2) a corporate partner's portion of the partnership profits and losses must not be affected by the partnership's contributions. Moreover, under 11 CFR 110.1(k), the revised rules exempt partnership contributions from the requirement that each contributing partner sign the written instrument or accompanying statement. (See "Joint Contributions," below.)

Aggregation of Contributions: 11 CFR 110.1(h)
The new rules continue the Commission's longstanding rule on aggregation—namely, that certain kinds of political committees supporting the same candidate share a single contribution limit. For example, contributions to the candidate's principal campaign committee and to an unauthorized single candidate committee established on the candidate's behalf are subject to a single limit.

Contributions by Spouses: 11 CFR 110.1(i)
The amended rules make clear that the contribution limits apply separately to each spouse, even if only one spouse has an income. (See also "Joint Contributions," below.)

Application of Limits to Particular Elections: 11 CFR 110.1(j)

General Election Limits. When a general election is not held because the candidate is unopposed or the candidate received a majority of votes in the primary, the revised rules state that a separate contribution limit nevertheless applies to the general election.

Primary Election Limits. When a primary election is not held because the candidate was nominated through a convention or caucus, the new rules provide that a separate contribution limit does not apply to the primary. Thus, a candidate committee must refund or seek redesignation of primary contributions which, when added to contributions made for the convention or caucus, cause the contributor to exceed the donor's $1,000 per election limit.

Joint Contributions: 11 CFR 110.1(k)
Incorporating the former language of 11 CFR 104.8(d), this new section requires that joint contributions include the signature of each contributor on the check or on an accompanying statement (although the new rules exempt partnership contributions from this requirement). Additionally, the new rules provide that, if the amount attributable to each contributor is not indicated on the contribution, the recipient committee must attribute the contribution equally among the contributors.

Supporting Evidence: 11 CFR 110.1(l)
The new rules require committees to retain, for three years, written records of designations, redesignations and reattributions.

Contributions by Multicandidate Committees: 11 CFR 110.2
The new rules under this section follow those for contributions by other persons (above) except for the provisions setting forth the different contribution

limits for multicandidate committees. However, the new provisions concerning reattribution of joint contributions are not contained in this section because multicandidate committees do not make joint contributions and do not seek to reattribute their contributions to other political committees.

Conforming Amendments

To make revisions to 11 CFR 110.1 and 110.2 consistent with other sections of the regulations, the agency also amended its rules at 11 CFR 100.7(c), 100.8(c), 102.9, 103.3 and 104.8(d). For example, the amended rules make clear under 11 CFR 102.9(e) that the contributor, not the recipient candidate committee, may designate a contribution for a particular election.

The rules a political committee must follow when receiving contributions of questionable legality have been revised under 11 CFR 103.3(b) to reflect the new procedures for redesignating and reattributing contributions. This revised subsection explains that the treasurer of a political committee is responsible for: 1) examining all contributions received for any evidence of illegality; and 2) aggregating all contributions from the same contributor to determine whether they exceed the donor's contribution limits.

The amended rules at 11 CFR 103.3(b) also describe the procedures that a treasurer must follow in handling: 1) contributions that appear to come from prohibited sources such as corporations and foreign nationals; 2) contributions that are not found to be illegal until after their receipt and deposit; 3) excessive contributions; and 4) contributions received for a particular election by a candidate committee with no debts for that election. These amended regulations prescribe specific time periods within which the treasurer must act.

Under the amended 11 CFR 103.3(b), contributions of questionable legality may not be used for expenditures, and the treasurer must: 1) establish a separate account for such funds; or 2) maintain sufficient permissible funds to cover all potential refunds of contributions.

Finally, new rules at 11 CFR 104.8(d) spell out procedures for reporting redesignated, reattributed, refunded and joint contributions.

Appendix 8
Computer Indexes

The Public Records Office, using the FEC's computer system, produces printouts of the major disclosure indexes described below.

Note that headings followed by an asterisk (*) indicate that the index is also available through the Commission's Direct Access Program.

Committee Names and Addresses
The B Index includes the name and address of each committee, the treasurer's name, the committee ID number, the name of the connected organization (if any) and a notation if the committee is a "qualified" multicandidate committee, permitted to give larger contributions to candidates than other committees. There is a separate list for political action committees (PACs) and party committees. Another list arranges these committees by State.

Candidate Names and Addresses
The A Index is sorted by type of office sought (President, U.S. Senator, U.S. Representative) and alphabetically lists all candidates, including those not currently seeking election, whose committees have filed documents in the current election cycle. The printout lists, in addition to the candidate's name, his or her ID number, address, year of election and party affiliation.

Current Election Candidate Names and Addresses
The 415 Index is similar to the A Index (above) but lists only those candidates who have filed statements of candidacy for the current election cycle.

Candidate Committees
The Report 93 alphabetically lists Presidential, Senate and House candidates and includes, for each candidate, the ID number, address and party designation. Also listed are the name, address, ID number and treasurer's name of the principal campaign committee and of any other committees authorized by the candidate.

Key Word in Committee Name*
The *TEXT* capability permits the computer to search and list all committee titles that include a word or phrase designated by the user.

Treasurer's Name
The computer searches and lists all committee treasurers with the same last name (designated by the user), the names of their committees and the committee ID numbers.

Multicandidate Committee Index
This index lists political committees that have qualified as multicandidate committees and are thus permitted to contribute larger amounts to candidates than are other committees. Arranged in alphabetical order by name of committee, the list includes each committee's ID number, the date it qualified as a multicandidate committee and the name of its connected organization, if any.

Chronology of New Committee Registrations
The 3Y Index lists in chronological order the names of committees that have registered in the current election cycle. The list includes the date of registration and the committee's name, ID number, address and connected organization, if any.

Recently Registered Committees
The *NULIST,* printed weekly, lists the name, ID number, address and connected organization (if any) of committees that have registered during the previous week.

Names of PACs and Their Sponsors
The 35c Committee/Sponsor Index alphabetically lists the names of PACs along with their ID numbers and the names of their sponsoring or connected organizations.

Names of Organizations and Their PACs
The 35o Sponsor/Committee Index alphabetically lists the names of organizations along with the names and ID numbers of their PACs.

Categories of PACs
The Report 140 lists PACs by the category they selected on their registration statements. Categories include: corporation, labor organization, membership organization, trade association, cooperative and corporation without capital stock. The list includes the PAC's name, ID number and connected organization.

Committee Disclosure Documents*
The C Index includes, for each committee, its name and ID number; a list of each document filed (name of report, period receipts, period disbursements, coverage dates, number of pages and microfilm location); and total gross receipts and disbursements.

Committee Ranking by Receipts or Expenditures
The Report 933 provides a list of the names of committees ranked in order of the highest total gross receipts. Because committees' reporting schedules differ, however, totals may represent different time periods.

Candidate Campaign Documents*
The E Index provides the following information on each candidate:[1]

1. Candidate name, State/district, party affiliation and candidate ID number, along with a list of all documents filed by the candidate (statement of candidacy, etc.).
2. List of all documents filed by the principal campaign committee (report type, coverage dates, period receipts and disbursements, number of pages and microfilm locations).
3. List of all documents filed by other authorized committees of the same candidate (if any).
4. List of joint fundraising committees authorized by the campaign.
5. List of all PACs and other nonparty committees (e.g., other candidate committees) contributing to the candidate's campaign and the aggregate total of all such contributions to date. The list includes the name of the connected organization of a contributing PAC. Also listed are committees and individuals making expenditures for or against the candidate (including independent expenditures) and aggregate totals spent to date.
6. List of all party committee contributions to the candidate along with coordinated party expenditures made on the candidate's behalf (2 U.S.C. §441a(d)).
7. List of all persons and committees filing unauthorized delegate reports.
8. List of all corporations and labor organizations reporting communication costs for or against the candidate.
9. List of all unauthorized single candidate committees supporting or opposing the candidate and each committee's receipts and disbursements for the reporting period.

Presidential Candidates
The H Index on Presidential campaigns is similar to the E Index (above) but lists party and PAC contributions as reported by the Presidential candidates' authorized committees.

Summary Data on Noncandidate Committees*
The K Index permits the user to select a group of noncandidate committees using several criteria, such as type of committee (party, nonparty) and type of sponsoring organization (e.g., corporation, labor organization, trade association). For each committee in the group selected, the index lists election cycle totals to date from the summary pages of the committee's reports. The index also

[1]Information in items 1 through 4 comes from reports and statements filed by the candidate and his or her authorized committees, including joint fundraising committees. Items 5 through 9 are based on data from reports filed by noncandidate committees and persons.

includes the closing date and microfilm location of the latest report filed.

Summary Data on Selected Candidates*
The L Index, similar to the K Index (above), allows the user to select a group of candidates based on several criteria (e.g., type of election; incumbent/challenger status; party affiliation; State/district). For each candidate in the group selected, the index lists the election cycle totals to date for selected categories of receipts and disbursements taken from the detailed summary pages of reports filed by all committees authorized by the campaign (with the exception of joint fundraising committees). The index also lists the names of these authorized committees and the closing dates of their last reports.

Itemized Contributions[2]
The G Index identifies contributions of $500 or more received by a committee from individuals, the reports on which the transactions were disclosed and the microfilm locations of the reported entries.

Individual Contributors[2]
The Name Search capability permits a person to request a computer search for a specific last name in the national alphabetical list of contributors. The printout lists all persons with that last name and includes: the person's full name, address and occupation; the date, amount and recipient of the contribution; and the microfilm location of the reported entry. There is a substantial charge for this index, but the national list of contributors, periodically microfilmed, is available for review in the Public Records Office at no charge.

Committee Contributions to Candidates*
The D Index includes, for each committee, its name, ID number, name of connected organization and notation if it has "qualified" as a multicandidate committee. The index also lists all candidates supported or opposed by a committee, together with total aggregate contributions to, or expenditures on behalf of or against, each candidate. In the case of party committees, coordinated party expenditures (Section 441a(d)) are listed in place of independent expenditures.

Dates of Specific Contributions/Expenditures
The Detailed D Index itemizes the information on the D Index (above). It lists in chronological order each contribution and expenditure made on behalf of a candidate, along with the date, amount and microfilm location of the reported entry. The index can also search for specific candidates.

Total Contributions to Candidates by Selected Committees
The Combined D Index permits a person to select a group of committees for research. The computer will add together all of their contributions to candidates and print them in one list identifying the total amount contributed to each candidate by the group of committees.

Other Indexes
In addition to the above indexes, the Commission produces other types of computer indexes on a periodic basis (e.g., an index of corporate/labor communication costs). These periodic indexes are available in the Public Records Office for inspection and copying.

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[2]Due to cutbacks in the computerized disclosure program, this index was incomplete for the 1985-86 election cycle.

Appendix 9
Clearinghouse Studies

The National Clearinghouse on Election Administration released several new research projects in 1986 and continued work on a number of other studies. These projects are described below along with previously released publications still available for purchase. The Clearinghouse also continued publishing its free periodical, *FEC Journal of Election Administration,* which contains forms for ordering Clearinghouse studies.

Reports Completed in 1986

Voting System Standards, Phase I, Standards for the Hardware Elements of Punchcard and Marksense Voting Systems is the first of a multiphase project to develop voluntary standards for computerized voting equipment. States and localities may adopt these standards in approving the use of voting equipment within their jurisdictions. The standards are intended to ensure the proper performance of several voting devices on the market. (See also "Projects Under Way.")

Computerizing Election Administration 2: A General Model is the second volume in the computer application series. It builds on information presented in the first volume (see "Previously Completed Reports," below) and enables readers to design a computerized election management system by selecting modules from a general model. A third volume will complete the series (see section below).

Campaign Finance Law 86 summarizes each State's campaign finance provisions and provides convenient quick-reference charts on major features.

Designing Effective Voter Information Programs, a two-volume set, summarizes pertinent factors in the design of a voter information program, such as choice of media, message content and timetables. The series also discusses education programs for the schools.

Projects Under Way

Voting System Standards for Direct Recording Electronic Systems is a successive phase of the project to provide voluntary standards for voting equipment. This volume provides performance standards and test plans that can be adopted by States and local jurisdictions.

Computerizing Election Administration 3: Implementation Strategies completes this series. (The first volume, published in 1985, is described below; the second volume, released in 1986, is summarized above.) The third volume discusses the implementation of a computerized voter registration system in a variety of environments, addressing capital funding and computer data bases.

Absentee Voting contains information on Federal and State legislation and case law. It also addresses procedural and administrative aspects of absentee voting programs.

Election Directory 87 is an update of the currently available 1985 directory (see below).

Previously Completed Reports

The publications described below remain available.

Computerizing Election Administration 1: Current Applications is the first of a three-volume series to assist local election officials in automating their day-to-day activities. The first volume offers initial guidance by helping readers define their needs and also reports the results of a survey on computer applications conducted in 50 election jurisdictions. The first and second volumes are described in the sections above.

Election Directory 85 lists names, addresses and telephone numbers of Federal and State election officials; identifies Federal and State repositories of Federal campaign finance reports; and lists addresses where voter registration officials should forward cancellations of prior registrations of new residents.

Statewide Registration Systems 1 and 2 is a report on computerized voter registration systems. Volume 1 examines problems involved in implementing a statewide system and offers suggestions for overcoming them. Volume 2 describes in detail the forms, procedures, outputs and variations of a basic computerized system.

Mail Registration Systems discusses problems involved in implementing a mail registration system, describing how such systems operate and offering practical suggestions for overcoming difficulties.

Contested Elections and Recounts, published in 1978, is a three-volume analysis of the laws and procedures governing contested elections and recounts for Federal offices. Volume I examines issues and functions within the Federal government's purview and makes recommendations for improving the handling of contested elections at the Federal level. Volume II presents similar material at the State level, and Volume III summarizes State and Federal laws related to contested elections.

Bilingual Election Services is a three-volume report on providing election services in languages other than English. Volume I summarizes such services since 1975. Volume II is a glossary of common election terms in English along with their Spanish and dialectal equivalents, and Volume III is a manual for local election officials that gives practical advice on identifying language problems and providing bilingual registration and balloting services.

Election Administration, a four-volume set, covers planning, management and financial control concepts in local election administration. Volume I provides an overview of election functions and tasks and introduces the notion of a management cycle. Volume II focuses on planning, provides task/activity checklists and flow diagrams and discusses how tasks can be assigned. Volume III offers an acounting chart and shows how budgets can be prepared and costs monitored by applying the chart to each election function. Finally, Volume IV summarizes State code provisions on administrative and budgeting responsibilities.

Federal Elections 82 and *Federal Elections 84* summarize, by State, office and candidate, the results of the elections for U.S. President (1984 edition), U.S. Senate and U.S. House of Representatives.

The following publications also remain available.

- *Campaign Finance Law* (1984, 1979 and 1978)
- *Election Case Law* (1981, 1979 and 1978)
- *Voting System Vendors* and *Voting System Users* (1981)
- *Reducing Voter Waiting Time* (1976)
- *Analysis of Laws and Procedures Governing Absentee Registration and Absentee Voting in the United States,* Volumes I and II (1975)

Appendix 10
FEC *Federal Register* Notices, 1986

Notice [1]	Title	*Federal Register* Publication Date	Citation
1986-1	Notice of Disposition of Common Cause's Rulemaking Petition on "Soft Money"	4/29/86	51 *Fed. Reg.* 15915
1986-2	Filing Dates for New York Special Election	5/20/86	51 *Fed. Reg.* 18500
1986-3	Filing Dates for Hawaii Special Election	7/31/86	51 *Fed. Reg.* 27457
1986-4	11 CFR Part 110: Contribution and Expenditure Prohibitions and Limits; Notice of Proposed Rulemaking	7/30/86	51 *Fed. Reg.* 27183
1986-5	11 CFR Parts 100, 106, 9001 et al.: Bank Loans and Public Financing of Presidential Primary and General Election Candidates; Notice of Proposed Rulemaking	8/5/86	51 *Fed. Reg.* 28154
1986-6	Filing Dates for North Carolina Special Elections	8/1/86	51 *Fed. Reg.* 27599
1986-7	Clearinghouse on Election Administration; Meeting of Advisory Panel	9/3/86	51 *Fed. Reg.* 31369
1986-8	11 CFR Parts 100, 106, 9001 et al.: Public Financing of Presidential Primary and General Election Candidates; Extension of Comment Period	9/26/86	51 *Fed. Reg.* 34221
1986-9	11 CFR Part 7: Standards of Conduct for Agency Employees; Final Rule	9/29/86	51 *Fed. Reg.* 34440
1986-10	11 CFR Parts 100, 106, 9001 et al.: Public Financing of Presidential Primary and General Election Candidates; Announcement of Hearing Date	11/13/86	51 *Fed. Reg.* 41110

[1]This appendix does not include *Federal Register* notices of Commission meetings published under the Government in the Sunshine Act.