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NEWS FROM...

FEDERAL ELECTION COMMISSION



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FEC ISSUES 1975 ANNUAL REPORT

WASHINGTON - MARCH 31 - The Federal Election Commission told Congress today that achieving "voluntary compliance" of election laws was its primary goal during its first nine months of existence.

In its first "Annual Report" to Congress and the President, the FEC said that from the time it was formed last April it was aware of "the overriding need to establish its credibility at a time of public skepticism and lack of confidence in the political process in general."

The Report describes the organization of the Commission, analyzes the policies and priorities adopted to implement the law, and details its efforts in specific areas such as public financing and compliance.

In addition, as required by law, the FEC Annual Report contains numerous recommendations for modification of the campaign finance statute. Noting that Congress was working on the 1976 amendments to the law while the FEC Annual Report was being prepared, the Report said, "The Commission has not attempted to arrive at a consensus as to which provisions of the law should be amended, but rather submits [a*] list of possible areas which the Congress may wish to consider for amendment."
(NOTE: A SUMMARY OF THE FEC LEGISLATIVE RECOMMENDATIONS IS ATTACHED).

Excerpts from the FEC Annual Report follow:

---CREDIBILITY: "The Commission recognized that it should make every effort to be evenhanded in all its dealings, in fact as well as in appearance. It further concluded that its best course would be to conduct its affairs in the open, subject to the hard light of public examination and scrutiny, both to promote public understanding of its work, and to insure the credibility of its equally divided bi-partisan membership."

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---PUBLIC FINANCING: "The most novel and immediate responsibility vested in the Commission was to implement the Nation's first experiment with public financing of political candidates. The Commission realized early that if the public were going to accept public financing and the FEC rôle in particular, there must be no hint of partiality, or any intrusion into the dynamics of the electoral decision making process." The Report cited "enormous manpower demands" between December 3, 1975 and February 12, 1976, to meet the public financing deadlines, including 1,120 work-days for the 28 FEC staff personnel involved in the certification process, and 1,650 hours of night and week-end work. In addition, 1,700 man-hours were provided to the FEC by other government agencies.

---VOLUNTARY COMPLIANCE: The Commission worked from "a presumption... that the participants in the political process wanted to comply with the law, and would comply if properly advised of their obligations." This "led directly to the creation of the Office of Information Services as one of three principal operating arms of the Commission, charged primarily with providing the information which candidates and committees alike needed to comply with the their responsibilities under the law." The Commission also combined its audit and investigation functions "in one unit with the primary objective of encouraging and promoting voluntary compliance," and created a "highly visible Public Records Division... for prompt and readily available public access to documents, since the theory underlying disclosure is that public scrutiny invites voluntary compliance." The Report also cites the work of its Office of Information Services and its General Counsel's Office in responding to inquiries "from officeholders, potential candidates and private individuals who needed immediate help in knowing how to plan and structure their 1976 campaigns if they were to be within the requirements of the new law."

---COMPLIANCE: "During the early months of operation, the Commission moved with caution in exercising the enforcement powers granted it by Congress.... Even where there were investigations of evidence of non-compliance, the Commission used conciliation as its primary method of resolving complaints. There has been no occasion to use the civil enforcement powers available to the Commission."

---CONTRIBUTION AND EXPENDITURE LIMITS: The Report described the complexity of applying the contribution and expenditure limits in the law to specific factual situations. It noted that although some limits were struck down by the U.S. Supreme Court, "there will still be need for work in this area, since contribution limits are still intact and spending limits still apply to candidates accepting public financing." In discussing the complexity of applying these limits, the Commission noted "the ingenious ability of humans to invent seemingly endless variations in the method of financing campaigns."

---BUCKLEY v. VALEO: The FEC noted the difficulties involved in establishing a new agency and implementing the new law while both were simultaneously being challenged in court. "The very existence of this challenge, and possible implications for the future of the Commission, were a constant factor during the first year of operation and undoubtedly affected attitudes of the public as well as the expectations and morale of the staff," it said.

---CONGRESS: The Report discusses the Commission's effort to achieve a balanced relationship with Congress, since it "found itself in the anomalous position of being in a potentially adversarial position with the very persons who were to review its regulations and provide its funds."

---STATE RELATIONS: The FEC described its relations with state and local election agencies, and the operations of its national Clearinghouse for Information on the Administration of Elections. It said, "The Commission, by performing this clearinghouse function, feels that it can serve as an effective communication link among Federal, State, and local election agencies. The exchange of information can and has resulted in substantial cost savings as more efficient methods are adopted from the experience of others."

HIGHLIGHTS OF COMMISSION ACTIVITIES

(From Federal Election Commission 1975 Annual Report)

- The FEC was established in April, 1975, and assigned the role of a regulatory agency for the basic process by which political power is attained and transferred in modern democratic society.
- The FEC determined to be a "sunshine" agency, holding regular open meetings and providing easy public access to its records and discussions.
- The FEC began a program of public financing for Presidential candidates, and by February, 1976, had directed the Treasury Department to disburse \$9.1 million to 14 Presidential candidates.
- The FEC is responsible for interpreting the law through Advisory Opinions and general regulations. By December, 1975, 76 binding Advisory Opinions and 48 informal Opinions of Counsel had been issued, and nine sets of regulations forwarded to Congress.
- During 1975, the Public Records Office processed 25,000 pages of campaign reports, and inherited nearly a million pages of earlier reports from the previous supervisory officers. These documents were made available to the public in a library-like atmosphere at Commission headquarters.
- The Commission early in its existence decided to put primary emphasis on helping the public comply with the law by providing them with information and guidance. In total, during 1975 FEC mailings to candidates, committees, and the public amounted to 66,000 items.
- During 1975, the audit staff was used primarily for educational purposes, conducting management review audits of the Presidential candidates seeking to qualify for public funds.
- In 1975, the Commission opened 57 compliance actions. Of the 31 cases closed during 1975, only one necessitated referral to the Department of Justice, five were settled through means of conciliation or voluntary compliance, and the remaining 81% were determined to have no basis in fact or to be outside the scope of the Act.

EXCERPTS FROM FEC LEGISLATIVE RECOMMENDATIONS IN 1975 ANNUAL REPORT

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* "DRAFT" MOVEMENTS: require that "write-in" or "draft" efforts on behalf of individuals be covered by contribution limits, even though such individuals are technically not "candidates" under the law.

* MULTI-CANDIDATE COMMITTEES: set a minimum level, such as \$100 per candidate, that a multi-candidate committee must give to each of the 5 candidates that are required to be eligible for contributions of \$5,000 per candidate.

* DUAL CANDIDACIES: clarify reporting requirements and application of limits for candidates running for two federal offices at the same time.

* DELEGATE CANDIDATES: clarify what reporting requirements and campaign limits apply to individuals running as delegates to presidential nominating conventions.

* REVIEW OF REGULATIONS: clarify whether a "legislative day" for a regulation submitted to Congress for review means a day when either House is in session or when both Houses are in session.

* PERSONAL USES: prohibit conversion of campaign funds to personal use.

* STATE FILING: allow a State discretion as to whether federal reports filed with it are filed with the Secretary of State, or some other state official, and also require that such reports be filed at the same time they are filed with Federal officials.

* OTHER ELECTION PROVISIONS: review all election laws not under FEC jurisdiction to determine whether they are adequate or necessary.

* THRESHOLD FOR RECORD-KEEPING: only require committees to keep records of contributions over \$25 or \$50, not \$10 as at present.

* MINOR AND INDEPENDENT PARTIES: give the FEC statutory authority to waive disclosure requirements in certain circumstances for minor and independent parties.

* UNAUTHORIZED ACTIVITIES NOTICE AND REPORTING: conform the law to the Buckley v. Valeo Supreme Court opinion concerning independent expenditures to require notices in independent literature or advertisements that they are not authorized by a candidate, and also to require full reporting of all independent expenditures on behalf of candidates.

* MULTI-CANDIDATE COMMITTEES REPORTING: reduce burdens on multi-candidate committees by eliminating the requirement that they file amended registration statements every time they support a new candidate in addition to their regular disclosure reports. Also clarify that they must only file a single report with the FEC and not multiple reports with each candidate or committee they support.

* PROLIFERATION: provide that political committees under the direction or control of another committee or organization (such as a parent, subsidiary, branch, local, affiliate, etc.) are all grouped together as a single political committee for purposes of contribution limits.

* FEC REGULATORY POWER: give the FEC regulatory authority over spending and contribution limits and criminal provisions of the law in addition to its current regulatory authority over reporting and disclosure provisions.

* FALSE REPORTING OFFENSE: add a specific offense for knowingly submitting false, erroneous or incomplete information to the FEC.

* PENALTIES: revise election violation penalties to make severity of penalties conform to the relative severity of violations.

* POLITICAL PARTIES: insure that the election laws are based on a recognition of the roles and functions in the political process traditionally performed by political parties.

* CONSOLIDATED REPORTS: modify the current requirement that different candidate committees must file their reports with the principle campaign committee on the same day that the principle campaign committee must file a consolidated report.

* LEGAL RESPONSIBILITY: require that the campaign chairman, in addition to the campaign treasurer, be responsible under the law for accurate filing of reports.

* PRESIDENTIAL STATE FILING: require a Presidential committee to file copies of their federal reports with a state only during periods in which there has been an expenditure made in that state.

FOR IMMEDIATE RELEASE

MAY 17, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

The President today announced his intention to nominate six persons to be members of the Federal Election Commission. These are new positions established by Public Law 94-283 of May 11, 1976, (Federal Election Campaign Act Amendments of 1976). They are:

Joan D. Aikens, of Swarthmore, Pennsylvania, businesswoman, in women's retailing. She has been a member of the Commission since April 14, 1975.

Thomas Everett Harris, of Alexandria, Virginia, member of the staff of the AFL-CIO since 1955. He has been a member of the Commission since April 14, 1975.

Neil Staebler, Ann Arbor, Michigan, Fellow, Institute of Politics, Harvard University. He has been a member of the Commission since April 11, 1975.

William Springer, of Champaign, Illinois, appointed to the Federal Power Commission on June 4, 1974 and resigned December 1, 1975. This is a new appointment.

Vernon Wallace Thomson, of Richland Center, Wisconsin, former Representative from the Third District of Wisconsin. He has been a member of the Commission since April 14, 1975.

Robert Owens Tiernan, of Warwick, Rhode Island, former Representative from the Second District of Rhode Island. He has been a member of the Commission since April 14, 1975.

The purpose of the Federal Election Commission is to administer, seek to obtain compliance with, and formulate policy with respect to the Federal Election Campaign Amendments of 1976. The Commission shall transmit reports to the President and to each House of Congress. Each report shall contain a detailed statement with respect to the activities of the Commission in carrying out its duties, together with recommendations for such legislative or other actions as the Commission considers appropriate.

The Commission shall elect a chairman and vice chairman from among its members.

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May 11, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

After extensive consultation and review, I have decided that the Federal Campaign Act Amendments of 1976 warrant my signature.

I am therefore signing those amendments into law this afternoon. I will also be submitting to the Senate for its advice and consent the nominations of six persons to serve as members of the reconstituted Commission.

Shortly after the Supreme Court ruled on January 30 that the Federal Election Commission was invalid as then constituted, I made it clear that I favored a simple reconstitution of the Commission because efforts to amend and reform the law could cause massive confusion in election campaigns that had already started.

The Congress, however, was unwilling to accept my straightforward proposal and instead became bogged down in a controversy that has now extended for more than three months.

In the process, efforts were made to add several provisions to the law which I thought were thoroughly objectionable. These suggested provisions would have further tipped the balance of political power to a single party and to a single element within that party. I could not accept those provisions under any circumstance and I so communicated my views to various Members of the Congress.

Since that time, to my gratification, those features of the bill have been modified so as to avoid in large measure the objections I had raised.

Weighing the merits of this legislation, I have found that the amendments as now drafted command widespread, bipartisan support in both Houses of Congress and by the Chairpersons of both the Republican National Committee and the Democratic National Committee.

I still have serious reservations about certain aspects of the present amendments. For one thing, the bill as presently written will require that the Commission take additional time to consider the effects which the present amendments will have on its previously issued opinions and regulations.

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A more fundamental concern is that these amendments jeopardize the independence of the Federal Election Commission by permitting either House of Congress to veto regulations which the Commission, as an Executive agency, issues. This provision not only circumvents the original intent of campaign reform but, in my opinion, violates the Constitution. I have therefore directed the Attorney General to challenge the constitutionality of this provision at the earliest possible opportunity.

Recognizing these weaknesses in the bill, I have nevertheless concluded that it is in the best interest of the Nation that I sign this legislation. Considerable effort has been expended by members of both parties to make this bill as fair and balanced as possible.

Moreover, further delay would undermine the fair and proper conduct of elections this year for seats in the U.S. Senate, the House of Representatives and for the Presidency. Effective regulation of campaign practices depends upon the existence of a Commission with valid rulemaking and enforcement powers. It is critical that we maintain the integrity of our election process for all Federal offices so that all candidates and their respective supporters and contributors are bound by enforceable laws and regulations which are designed to control questionable and unfair campaign practices.

I look to the Commission, as soon as it is reappointed, to do an effective job of administering the campaign laws equitably but forcefully, and in a manner that minimizes the confusion which is caused by the added complexity of the present amendments. In this regard, the Commission will be aided by a newly provided civil enforcement mechanism sufficiently flexible to facilitate voluntary compliance through conciliation agreements and, where necessary, penalize noncompliance through means of civil fines.

In addition, the new legislation refines the provisions intended to control the size of contributions from a single source by avoiding proliferation of political action committees which are under common control. Also, this law strengthens provisions for reporting money spent on campaigns by requiring disclosure of previously unreported costs of partisan communications which are intended to affect the outcome of Federal elections.

Following the 1976 elections, I will submit to the Congress legislation that will correct problems created by the present laws and make additional needed reforms in the election process.

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