12-2000

The Federal Election Commission: An Analysis of Administrative Behavior

Maurice C. Sheppard
Western Michigan University

Follow this and additional works at: https://scholarworks.wmich.edu/dissertations
Part of the American Politics Commons

Recommended Citation
https://scholarworks.wmich.edu/dissertations/1484

This Dissertation-Open Access is brought to you for free and open access by the Graduate College at ScholarWorks at WMU. It has been accepted for inclusion in Dissertations by an authorized administrator of ScholarWorks at WMU. For more information, please contact maira.bundza@wmich.edu.
THE FEDERAL ELECTION COMMISSION: AN ANALYSIS OF ADMINISTRATIVE BEHAVIOR

by

Maurice C. Sheppard

A Dissertation
Submitted to the
Faculty of The Graduate College
in partial fulfillment of the
requirements for the
Degree of Doctor of Philosophy
Department of Political Science

Western Michigan University
Kalamazoo, Michigan
December 2000
INFORMATION TO USERS

This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.

The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.

In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.

Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps.

Photographs included in the original manuscript have been reproduced xerographically in this copy. Higher quality 6" x 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.

Bell & Howell Information and Learning
300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA
800-521-0600

UMI®

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.
ACKNOWLEDGMENTS

I would like to thank the people who helped with the completion of this research. First, I would like to thank my committee chair and members. To Dr. Chet Rogers, thank you for heading my committee and providing the guidance and leadership necessary to complete the dissertation. To the members of my committee—Dr. Peter Kobrak, Dr. Peter Renstrom, Dr. Neil Pinney, and Dr. Kevin Corder—your scholarly remarks are appreciated.

Second, I would like to thank my family. To my parents John and Kathleen Sheppard, and the entire Sheppard family, thank you for your encouragement, love, and support. To Holly, Isaiah, and Loretta Davis, thank you for your understanding and friendship. The completion of this project is not the result of one individual’s effort, but of all those mentioned above.

Maurice C. Sheppard
TABLE OF CONTENTS

ACKNOWLEDGMENTS............................................................................ ii
LIST OF TABLES......................................................................................... v
LIST OF FIGURES........................................................................................ vi

CHAPTER

I. INTRODUCTION ........................................................................... 1
   Significance of the Research....................................................... 2
   Statement of the Problem ......................................................... 3
   Theoretical Framework.............................................................. 4
   Data and Methodology.............................................................. 5
   Research Definitions and Limitations ....................................... 6
   Plan of this Research .................................................................. 8

II. A BRIEF HISTORY OF CAMPAIGN FINANCE REGULATION .... 9
   Electoral Policy........................................................................... 10
   Classic Issues.............................................................................. 13
   Contemporary Issues ................................................................. 26
   Conclusion.................................................................................. 31

III. THE FEDERAL ELECTION COMMISSION .................................. 33
   The Federal Election Commission ......................................... 34
   FEC Administration and Enforcement of the Law .................. 41
   Conclusion.................................................................................. 57
# Table of Contents—continued

IV. THE POLITICAL-ADMINISTRATIVE RELATIONSHIP .......... 59  
The Analysis of Administrative Behavior ......................... 60  
Political Tools of Influence ........................................... 63  
Conclusion ....................................................................... 67  

V. A THEORETICAL OVERVIEW OF THE FEC .......... 68  
The Nature of Organizations ............................................ 69  
The Organizational Environment of the FEC .................... 79  
Hypotheses ...................................................................... 88  
Conclusion ....................................................................... 91  

VI. METHODOLOGY .......................................................... 92  
Research Design ............................................................ 93  
Data Collection and Analysis .......................................... 105  
Conclusion ....................................................................... 108  

VII. EMPIRICAL ANALYSIS ............................................... 109  
Findings .......................................................................... 109  
Discussion ........................................................................ 120  
Conclusion ....................................................................... 121  

VIII. CONCLUSION ............................................................ 123  
Summary .......................................................................... 124  
Contributions ................................................................... 128
Table of Contents—continued

Prospective Research ................................................................. 130
Conclusion................................................................................. 132

APPENDIX

Protocol Clearance From the Human Subjects Institutional Review Board.................................................................................... 134

BIBLIOGRAPHY .......................................................................................... 136
LIST OF TABLES

2. FEC Database Entries and Staffing, 1986-1998....................................................... 29
4. Appointment of FEC Commissioners, 1976-1999................................................. 100
5. Selected FEC Supreme Court Cases, 1976-1999................................................. 105
6. Political Influence of FEC Enforcement (MURs), 1976-1999............................... 110
7. Summary of Analysis Findings.............................................................................. 126
LIST OF FIGURES

1. Organization Chart of the FEC .......................................................... 37
2. Organization Chart of the Office of General Counsel ....................... 41
3. FEC Enforcement Process ............................................................. 51
5. Intra-Organizational Network of the FEC ........................................ 80
6. Sectors of the FEC's General Environment ..................................... 81
7. Resource Dependence Model of the FEC ....................................... 87
8. FEC Annual Budget Change, 1976-1999....................................... 96
9. Initiation of MURs: Actual and Predicted ...................................... 111
CHAPTER I

INTRODUCTION

While elected officials debate public policy in political campaigns, it is only realized in the actions of administrative agencies. One such agency, the Federal Election Commission (FEC), has the unique regulatory duty of enforcing campaign finance laws that political officials in the legislative, executive, and judicial branches of government may dispute. Thus, there is a contradiction when one considers that FEC enforcement of campaign finance laws in elections may run counter to the desires of political officials within the federal institutions that sustain the agency (Johnson 1992). In an effort to address this paradox, the following research analyzes the relationship between these political officials and the FEC's initiation of enforcement investigations concerning possible violations of campaign finance law from 1976 to 1999.

This analysis is important for two primary reasons. First, this study contributes to our theoretical understanding of factors that determine the administrative behavior of government organizations (Dusire 1978; Epstein and O'Halloran 1994). Second, this analysis advances our empirical
understanding of the political-administrative relationship beyond partisan-based inquiries (Mayhew 1991; Ayres and Braithwaite 1992; Epstein and O'Halloran 1996). Results of this research complement the existing literature by clarifying the complex relationship between Congress, the president, the Supreme Court and FEC's administrative enforcement of federal campaign finance law. This research highlights political factors that may influence the FEC's administrative behavior over time.

Significance of the Research

In political science, numerous studies analyzing the political-administrative relationship have established a causal association between political officials and regulatory agency administrative behavior (Bardach and Kagan 1982; Meier 1987; McCubbins, Noll, and Weingast 1990; Wood and Waterman 1994). Initial studies of the political-administrative relationship focused on whether administrative agencies are responsive to changes in partisanship of elected officials (Moe 1982; Weingast and Moran 1983). Although current studies continue to investigate how political officials influence agency behavior, additional analysis is necessary. Specifically, past studies focus mostly on the partisan nature of the political-administrative relationships (Turman 1959; Ripley 1967; Riker 1980; Crotty 1984; Weingast and Marshall 1988; Kiewiet and McCubbins 1991; Cox and McCubbins 1993).
This research uses a general theory and quantitative analysis to study how the FEC responds to multiple resource-based political influences (Pfeffer and Salancik 1978; Fiorina 1979; Wood and Waterman 1994). The research contends that to understand how political officials influence administrative behavior it is necessary to analyze how these officials use agency resources to achieve desirable bureaucratic outcomes. If this analysis provides statistically evidence that a significant relationship between the manipulation of agency resources by political officials and the FEC's administrative behavior exists, we can conclude that over time this political-administrative relationship is complex.

Statement of the Problem

Studying the FEC's administrative behavior presents an opportunity to analyze political influence on a federal regulatory agency operating at the heart of the political process (Meier 1987; Jackson 1990; Ripley and Franklin 1991). The FEC has the delegated duty of enforcing federal campaign finance laws that might be contradictory to the desires of political officeholders in the legislative, executive, and judicial branches of the United States (Oldaker 1986). Although the FEC is structurally similar to traditional regulatory agencies, such as the Federal Communications Commission or the Federal Trade Commission in regulating an industry and imposing punishment upon
violators, the FEC is nonetheless unique in that it regulates politics. It is this unique and paradoxical political-administrative relationship that leads to the central question of this research: how might political officials in the legislative, executive, and judicial branches of the United States federal government influence the FEC's initiation of enforcement investigations through the manipulation of agency resources over time?

Theoretical Framework

This research uses organization theory to portray the FEC as a politically responsive organization concerning the initiation of investigations when enforcing campaign finance laws. According to scholars, organization theory emphasizes how organizations actually behave, not how they should behave (Williamson 1990; Donaldson 1996; Hatch 1997). Organization theory establishes a framework that maintains in order to understand what and why formal organizations do what they do, it is necessary to examine how bounded rational actors and contextual factors influence the agency's behavior (Stern and Barley 1997). This theoretical perspective therefore serves as a reasonable and workable framework from which to analyze the FEC's administrative behavior. Specifically, this theoretical framework models the FEC's administrative response to political influence concerning regulatory enforcement of the law and facilitates the empirical analysis of the
relationship between the FEC's behavior and political manipulation of critical agency resources. This theoretical framework contributes to classic studies that show that the relationship between political officials and administrative agency behavior is observable and measurable (Bernstein 1955; March and Simon 1958; Downs 1967). Specifically, by using organization theory and a model that depicts the institutional-administrative relationship, the research provides a more realistic explanation of how a government organization responds to political manipulation of agency resources over time.

Data and Methodology

Generalizations about the relative impact of political factors that influence the FEC's administrative behavior are daunting unless approached empirically. To avoid improper comparisons, this research uses statistical analysis that compares past FEC initiation of enforcement investigations with multiple independent variables. The methodology estimates the relative influence of various independent politically determined variables on the FEC's administrative behavior. This type of analysis provides quantitative results as to which variable or variables influence FEC administrative behavior and the extent of the influence.

Data for this research represent the FEC's administrative behavior and agency resources that political officials may use to influence the organization.
The dependent variable representing the FEC's administrative behavior is the annual number of enforcement cases opened. The independent variables representing agency resources are agency annual budget, campaign finance related legislation, initial political appointees to the FEC, and Supreme Court actions in cases concerning campaign finance law. The data are public and collected under the Freedom of Information Act from the FEC located in Washington, D.C. The statistical methodology used in this research is an autoregressive modeling procedure that assesses the longitudinal impact of agency budget, legislation, appointments, and judicial actions on the FEC's behavior. This methodology is common in the political science literature (Hager and Sullivan 1994; Scholz and Gray 1997).

Research Definitions and Limitations

It is necessary to state the precise operational definitions of terms used frequently in the course of the analysis, beginning with general descriptive terms. "Administrative behavior" represents FEC initiation of enforcement cases known as matters-under-review or MURS. Using annual change in the number of MURs initiated by the FEC is a good measure of the agency's administrative behavior for the following reasons. First, initiation of a MUR represents the central enforcement function of the FEC. Second, initiation of a MUR accurately represents the resource-based nature of FEC enforcement
activities. Third, initiation of a MUR is a substantive enforcement activity that entails real punishment for violators. In addition, the term "political officials" represents Congress, the president, and the Supreme Court. Finally, the term "resources" represents those items supplied by political officials that are (a) necessary and sufficient for the operation of the agency and (b) non-replaceable.

Independent variables used in this research also require defining. The budget variable is the annual change in FEC budget from the previous year as determined through annual budgetary processes that provides the agency with the fiscal resources necessary for it to accomplish its regulatory duties. The legislative variable is defined as federal legislation passed by Congress and signed into law by the president that either changes federal campaign finance law or involves the FEC in its administration. The appointment variable is defined as the initial appointment of an FEC Commissioner. The judicial variable is defined as the Supreme Court’s actions concerning consideration or review of campaign finance related cases.

Limitations

There are three primary limitations concerning this research. First, this research is not a deliberate evaluation of the wisdom of electoral policies, but rather focuses on resources-based political factors that may influence the
FEC's administrative behavior. Although the issue of electoral policy and its wisdom is important, this is not the primary focus of the research. Second, this research does not provide an examination of the relationship between the FEC's organizational culture and its behavior. While this relationship is undoubtedly important concerning the agency's overall behavior, analysis of this relationship is beyond the quantitative scope of this research. Third, because the FEC is a relatively young new when compared to similar organizations, what can be said about its behavior needs to be tempered.

Plan of this Research

The following chapters provide an analysis of how political officials influence the FEC's administrative behavior. Chapter Two is a brief historical overview of efforts in the United States to regulate money in federal elections. Chapter Three addresses the FEC and enforcement of federal campaign finance laws. Chapter Four presents a review of the literature concerning the study of the political-administrative relationship. Chapter Five provides a theoretical overview of the FEC and presents testable hypotheses. Chapter Six presents the research methodology and statistical technique used in this research. Chapter Seven provides the empirical results of this analysis and commentary. Chapter Eight summarizes this research and provides some guidance concerning contributions of this analysis and prospective research.
CHAPTER II

A BRIEF HISTORY OF CAMPAIGN FINANCE REGULATION

The issue of money in federal elections increased in intensity as historic events such as Watergate and questions concerning the use of foreign contributions in federal elections propelled this topic to the forefront of contemporary political discourse (Malbin 1984; Sabato and Simpson 1996). Along with this increasing public criticism of the campaign finance system in the United States, additional criticism is directed toward the FEC. Of primary interest concerning regulation of campaign finances in federal elections are questions about if and how the relationship between political officials and the FEC determines the agency's ability to investigate possible violations of the law (Oldaker 1986; Hamilton 1994).

This chapter provides an overview of the historical record concerning efforts to regulate money in politics. First, there is a brief discussion concerning the importance of electoral policy to democratic government. Second, there is a review of historical issues concerning the increased use of money in federal elections and government efforts to control its corrosive effects over time. Third, there is a discussion of contemporary issues
concerning the regulation of campaign finances in federal elections and what these new methods of paying for campaigns may mean for electoral outcomes.

Electoral Policy

Electoral policy is fundamentally political. What is at stake concerning electoral policy in a democracy such as the United States is the distribution of political and policy-making power (Kingdon 1984; Katz 1994). The basic values at issue in competitive elections are the foundation of a free, democratic society. Thus, the ramifications of electoral policy formation and administration extend to all areas of society through the policies implemented by government (Renstrom and Rogers 1989).

However, a serious dilemma concerning the enforcement of campaign finance laws arises when we realize that those who determine these laws are also subject to them. On the one hand, electoral policy is too important for officials who are not politically responsible. On the other hand, it is reasonable to question the assumption that political officials do not create electoral policy that favors particular groups (Danziger and Gottschalk 1995).

As a public policy area, electoral policy has two distinct approaches. First, electoral policy focuses on the central role of democratic elections to provide government with leaders. Although democratic values and
procedures are indispensable to democratic society, leadership is necessary for stable government. Second, electoral policy focuses on the issue of how a particular policy decision may affect other public policies. For instance, amending electoral rules may favor certain candidates or interests in competitive elections. This may therefore lead to the development of electoral policy skewed toward the advantage or disadvantage of a particular political candidate, ideology, or interest (Mayhew 1974). Consequently, while it is important to note the distinctions between policy leadership and policy implementation, their interrelationship is unavoidable.

However, beyond issues concerning policy leadership and implementation, analysis of electoral policy also reveals the conflict between regulation of campaign finances and the principle of free speech (Smolla 1992). Advocates of federally funded elections, such as Common Cause and the Center for Public Integrity, contend that the right to free political speech is meaningless unless one also has the means of disseminating political ideas and opinions among the community. Regardless, advocates of a free-market approach to federal campaign finance policy, such as the Brookings Institution and the American Enterprise Institute, contend that restricting the right to spend money for disseminating political ideas and opinions is effectively restricting free speech. Those opposing this free-market approach counter that unlimited spending in electoral campaigns affords a
disproportionate amount of freedom of speech to those with greater financial resources (Sabato 1989; Austin-Smith 1993; Matthews 1994; Allen and Jensen 1995). At this point, it becomes clear that the cleavage between the regulatory and free-market approaches to federal campaign finance policy is real and significant.

In the United States, federal electoral policy attempts to achieve effective freedom of speech that equalizes access to the means of disseminating political ideas in a manner that does not provide a disproportional advantage to any particular political group. Nonetheless, this type of policy approach raises questions concerning to whom does the limitation apply and what constitutes an expenditure. Also, there is the issue of restricting the source and amount of contributions in electoral contests for federal office (Glantz, Abramowitz, and Burkart 1976; Arneson 1982). The point is that electoral policy is not only a difficult theoretical issue concerning free speech rights, but it also involves difficult practical issues such as policy administration and implementation.

The influence of electoral policy also extends to the FEC and its behavior. Knowing that political officials who determine agency resources oversee their actions, FEC decision-makers must be attentive to the policy desires of these officials. Thus, because electoral policy in part determines electoral outcomes, FEC decision-makers must remain accurately aware of
political officials' actions and intent. However, to properly comment on current electoral policy, it is necessary to understand and appreciate its historical roots. The following sections provide just such an overview.

Classic Issues

The historical record concerning regulation of campaign financing in the United States is a long and complex tale of government's attempt to prevent campaign corruption and maintain electoral legitimacy (Heidenheimer 1970; Ferguson 1995; Hibbing and Welch 1997). Over the years, the nature and complexity of money in politics has changed. Federal government campaign finance laws during the pre-World War II period sought primarily to address what most individuals commonly refer to as traditional abuses of money in politics, such as bribes and unreported contributions, and graft. However, following this period of traditional campaign finance abuses, the post-World War II period is characterized by more complex and strategic uses of money to gain electoral advantage. This evolutionary development manifests itself today in the form of modern political corruption that deals less with direct cash bribes or payoffs and more with exploitation of elaborate legal loopholes and financial transactions. The following sections provide a brief, but insightful review of the history of campaign finance corruption and government efforts to regulate the use of
money in federal elections in the United States. Please note that the division of this information into pre-World War II and post-World War II periods is for literary convenience and may not precisely represent historical paradigm shifts.

**Pre-World War II Period**

Although popular debate concerning the use of money in political campaigns began in 1791 with disputes over campaign expenditures during Alexander Hamilton's presidential campaign, it was not until 1832 that the topic became a substantive policy issue. President Jackson's threat not to renew the Bank of the United States charter provided Henry Clay, who supported bank charter renewal, a platform from which to solicit large amounts of campaign money. Nonetheless, Jackson won re-election in part by portraying the Bank and its supporters as degrading the integrity of the political process by using excessive contributions to support of Clay (Thayer 1973). Although the actual dollar amount in this case was not the determining factor in Jackson's victory, the issue of money in politics began to filter into the public debate.

The late 1800's provide useful examples of early government efforts to address the problem of money in politics by responding to accounts of government employee involvement in campaign financing activities. First, in
1867 there was a provision in a naval appropriations bill that made it illegal for a naval officer or government employee to request political contributions from workmen in Navy yards. Second, responding to public outrage over the assassination of President Garfield in 1881 by an embittered attorney who sought a government post, Chester Arthur, who succeeded to the Presidency, pushed for the enactment of the Pendleton Act of 1883. The Pendleton Act of 1883 established a bipartisan Civil Service Commission that prevented incumbent officeholders from using the spoils system to their political advantage and prohibited civil service employees from soliciting political contributions (Adamany 1972).

During this Gilded Age not only did great economic gaps between the rich and poor develop, but the use of money to improperly influence politics greatly expanded as allegations of political corruption at all levels of government became increasingly common. At the local level, colorful figures such as Boss Tweed in New York, “Bathhouse John” Coughlin in Chicago, the “Old Regulars” in New Orleans, and A. A. “Doc” Ames in Minneapolis developed political machines to decide electoral fortunes. At the federal level before the Arthur administration, President Ulysses S. Grant’s administration was associated with such infamous scandals such as the Gold Conspiracy, the Whiskey Ring, and the Salary Club. These obvious uses of money to buy
political influence ultimately galvanized public sentiment to advocate substantive reform of the campaign finance system (Thayer 1973).

At the turn of the century, Progressive Era politicians and groups brought about the first coordinated effort to regulate money in politics. By 1900, Progressive reformers reported that the excessive contributions by wealthy business interests had become the primary sources for political fundraising. These Progressive politicians charged that these wealthy donors were corrupting government and the electoral process by gaining special privileges due to their large campaign contributions. Even so, Progressive efforts to establish comprehensive campaign finance reform were unsuccessful until the 1904 presidential controversy.

In 1904, Democratic presidential nominee Judge Alton Parker proclaimed that business interests were purchasing executive influence by contributing large sums of money to President Theodore Roosevelt’s electoral campaign. Although President Roosevelt denied the charge, investigations following the election indicated that several major businesses did make large contributions to the Republican campaign in support of Roosevelt’s reelection campaign. In response to this controversy, Roosevelt’s advocacy for campaign finance reform led to the creation of the National Publicity Law Organization, a citizens group that lobbied for vigorous regulation of campaign contributions. Although the National Publicity Law Organization’s
efforts did not result in the enactment of substantial campaign finance reforms, the group did bring greater political attention to the issue (Corrado, Mann, Ortiz, Potter, and Sorauf 1997).

By 1907, Congress enacted legislation to regulate corporate and banking contributions in federal elections. Congressman Benjamin Tillman (D-SC) led this legislative movement by supporting a bill that restricted corporate contributions in federal elections. Known as the Tillman Act, this law prohibited corporate and banking interests from contributing to federal political campaigns. However, following passage of the Tillman Act, political and social pressure grew to enact additional legislation to prevent the harmful influence of money in politics.

In 1910, the Republican majority in Congress passed legislation that required national political party committees to report any contributions or expenditures made regarding campaigns for the House of Representatives. Known as the Federal Corrupt Practices Act, this law required national party committees operating in two or more states to send post-election reports of the receipts and expenditures to the House of Representatives Clerk for review. However, because this Act only affected the national party committees and their congressional campaign committees, and did not require any disclosure before an election, advocates for campaign finance reform pushed for additional regulation.
This campaign finance reform movement led to the 1911 Federal Corrupt Practices Act Amendments that established detailed disclosure requirements and spending limits for federal campaigns. The 1911 Federal Corrupt Practices Act Amendments also extended disclosure rules by requiring members of Congress to report all financial activities and that campaign committees report their finances both before and after an election. However, following the outbreak of World War I in 1914 and America's subsequent participation in 1917, a political movement developed to undo previous campaign finance reforms.

For example, in 1918 when Republican Truman Newberry defeated Democratic Henry Ford for the U.S. Senate from Michigan, Ford charged that Newberry exceeded the $10,000 limit in primary elections to secure the Republican nomination. Newberry, who was convicted of violating the 1911 Tillman Act Amendments, challenged this decision before the Supreme Court. The Supreme Court implied in Newberry v. United States (1921) that the congressional authority to regulate elections did not extend to the party primaries and nomination activities and questioned the Congress' right to regulate nominations. Although this commonly held finding from Newberry was later overturned in United States v. Classic (1941), it became clear that establishing a strict campaign finance regulatory system would not be easy (Corrado, Mann, Ortiz, Potter, and Sorauf 1997).
The 1925 Federal Corrupt Practices Act Amendments strengthened existing disclosure requirements and increased expenditure limits. These Amendments to the Federal Corrupt Practices Act were similar to earlier legislation in that the amendments did not substantively change federal campaign finance law, but revised disclosure rules to prevent illegal financial activity characteristic of the Teapot Dome scandal. These new amendments required all multi-state political committees to file quarterly reports that included all contributions over $100, even in non-election years (Overacker 1932). Nonetheless, effective campaign finance administration remained nonexistent.

Though the Federal Corrupt Practices Act established clear reporting requirements, it did not provide enforcement mechanisms necessary for meaningful federal campaign regulation and administration. None of the federal laws concerning campaign financing specified who has access to campaign committee reports, their public publication, or reporting format. Further, accessing the information through the Clerk of the House or Secretary of the Senate was made more difficult because after two years these reports could be destroyed (Thayer 1973). Despite widespread knowledge of noncompliance with existing federal campaign finance laws, in the context of government efforts to tackle Depression Era problems, Congress did not
again address campaign finance reform seriously until the establishment of President Franklin Roosevelt's New Deal policies.

Beginning in 1939, opponents of President Roosevelt's liberal public polices become wary of the prospect that an expanding federal work force created by the New Deal might become a permanent Democratic political force. In their attempt to minimize this possibility, Congress passed the Hatch Act of 1939. The Hatch Act also extended prohibitions on federal employees in federal elections first established in the Pendleton Act of 1883. The Hatch Act of 1939, and subsequent amendments, asserted the right of Congress to regulate primary elections and included provisions limiting contributions and expenditures in congressional elections. The Hatch Act also prohibited political activity by federal workers not restricted by the Pendleton Act. In addition, following the United States military efforts in World War II, the Taft-Hartley Act of 1947 was enacted, prohibiting labor and corporate organization expenditures and contributions in federal elections.

Collectively, the Pendleton Act, Tillman Act, Publicity Act, Federal Corrupt Practices Act, Hatch Act, and Taft-Hartley Act (a) limited contributions (b) prevented certain sources of funds (c) controlled campaign spending and (d) required public disclosure of campaign finances. However, while federal reforms had begun to address traditional sources of political corruption by the end of the World War II period, collectively these efforts
failed to establish administrative responsibility for regulating and enforcing
the campaign finance law. Progressive Era campaign finance reforms could
not and did not begin to address the complex political and legal questions
that would come to characterize post-World War II American politics.

Post World War II Period

As industrial, commercial, and social activity increased following
World War II, new concerns regarding the conduct of federal campaigns also
emerged. Essentially, while party organizations remained important sources
of revenue, the way campaigns were being conducted began to focus more on
individual candidates and less on the political parties (Aldrich 1995).
Candidates for federal office in this post-World War II period began
establishing their own committees and raised funds independent of party
organizations. This fragmentation of the campaign system, along with
greater use of media and professional campaign specialists, led to an
increasing need for more money (Alexander 1980). Yet, despite increasing
anxiety about the rising cost of campaigning Congress did not act. The only
serious political gesture toward campaign finance reform between World
War II and the Vietnam War was President John F. Kennedy's decision to
create the Commission on Campaign Costs in 1962 to develop related
legislation. Regardless, the Commission dissolved shortly after Kennedy's
assassination without having any of its policy recommendations enacted (Thayer 1973).

Despite past failures to enact substantive federal campaign finance reform, Congress did move forward. Congress passed a major campaign finance reform bill that reduced the influence of wealthy donors and eased the fundraising demands in presidential campaigns through public subsidies to political parties. Subsidies for this presidential election campaign fund would allow taxpayers to use a federal tax check-off to give a small dollar amount to finance this program. Although Congress passed this income tax check-off bill as part of the Revenue Act of 1971, partisan debate forced a change in its effective date due to concerns regarding the upcoming 1972 Nixon-McGovern presidential campaign. On the one hand, the Democratic Party, which was $9 million in debt following the 1968 presidential election, said the voluntary plan was necessary to counter the influence of wealthy campaign contributors. On the other hand, the Republican Party, which was financially solvent, contended that the public funding plan was a device to rescue the Democratic Party from financial difficulty. President Nixon did ultimately sign this legislation into law but was able to have its effective date changed from 1972 to 1976 (Congressional Quarterly 1982).

Despite these efforts, there remained a failure to address what continued to be a major problem plaguing the American campaign finance
system: effective regulatory administration and enforcement of the campaign finance laws. This shortcoming became more obvious during the 1960's and early 1970's as reporting requirements and spending limits set forth in earlier legislation were not followed according to numerous reports of campaign finance abuses (Adamany and Agree 1975).

Fueling this growing anxiety about money in politics was the escalating costs of campaigns. For instance, from 1952 to 1968, total campaign spending in presidential elections-adjusted for inflation-doubled from approximately $140 million to $300 million (Alexander 1980). Therefore, members of Congress fearing the prospect of having to raise increasing amounts of money enacted legislation to control campaign costs (McCarthy 1972; Alexander 1971, 1972, 1976; Peabody and Berry 1972; Berry and Goldman 1973; Benson 1978).

Congress passed the 1971 Federal Election Campaign Act (FECA) and a new era in campaign financing had began. In general, the FECA curbed the rising costs of campaigns and strengthened reporting and disclosure requirements. The first part of the 1971 FECA established contribution limits on the amount a candidate could give to his or her own campaign and set ceilings on the amount a campaign could spend on media advertising. The second part of the FECA imposed strict public disclosure procedures on federal candidates and political committees (Alexander 1976).
Congressional amendments to the FECA in 1974 responded to public pressure for additional reform in the wake of the Watergate scandal and other reports of campaign finance abuse in the 1972 Nixon re-election effort. Investigations into Nixon's re-election campaign revealed the extensive use of illegal corporate contributions and undisclosed slush funds. Congress extensively amended the FECA in 1974 by not only adopting stricter limits on campaign contributions and expenditures, but also establishing the FEC as the regulatory agency in charge of campaign finance administration (Adamany and Agree 1975). However, while many applauded these reforms, others questioned the constitutionality of these efforts. Challenges to the 1974 FECA Amendments can be summarized in Senator James Buckley (Conservative Party-NY) and Eugene McCarthy's (D-MN) lawsuit against the Secretary of the Senate, Francis Valeo in *Buckley v. Valeo* (1976).

In *Buckley v. Valeo*, the Supreme Court upheld the FECA Amendment's contribution limits because these limits served the government's interest in safeguarding the integrity of elections by preventing the appearance of corruption (Barnum 1985). However, the Court overturned the Amendment's expenditure limits, stating that a fundamental effect of these limitations was to restrict the quantity of campaign speech, and therefore, infringe upon constitutional freedoms (Sorauf 1992). Thus, the Court found the 1974 FECA Amendment's expenditure limits imposed more
severe restrictions on freedoms of political expression and association than did contribution limits (Bauer and Kafka 1984; Gross 1991). The Court however did note that expenditure limits placed on publicly funded candidates were constitutional because candidates for president were not obligated to accept matching funds and affirmed this finding in the *Republican National Committee v. FEC* (1980). In addition, the Court maintained other public funding provisions and upheld disclose and record-keeping requirements. Finally, the Court found that the method of appointing FEC Commissioners violated the constitutional principle of separation of powers, since Congress, not the President, appointed four of the six Commissioners who would exercise executive powers (Sorauf 1992).

In response to the findings in *Buckley v. Valeo*, the 1976 FECA Amendments required that the President appoint all six Commissioners, with confirmation by the Senate. Accordingly, the Commission was reconstituted as President Ford appointed and the Senate confirmed all six Commissioners. In addition, the 1976 Amendments attempted to clarify ambiguous guidelines stated in an earlier FEC Advisory Opinion (AO 1975-23) concerning corporate solicitation of employees and stockholders. In addition, the 1976 FECA Amendments encouraged state and local party activity and increased the public funding grants for Presidential nominating conventions (Bozeman, Reed, and Scott 1992; Brown, Powell, and Wilcox 1995).
Since 1979, Congress has amended the FECA several times. These amendments include simplification of campaign reporting procedures, repeal of the grandfather clause that permitted Congressmen to convert excess campaign funds to personal use, and more funding for national nominating conventions (Alexander and Bauer 1991). In addition, Congress enacted legislation assigning significant new administrative duties to the FEC under the National Voter Registration Act of 1993 and increased the tax check-off for the Presidential Election Campaign Fund (FEC 20 Year Report, April 1995). Despite these legislative efforts to regulate the use of money in federal campaigns, new and more complex issues plague the campaign finance system. The following section provides a brief overview of contemporary issues that leads many citizens to maintain that despite past regulatory efforts, the problem of money in politics remains. These current questions challenge the legitimacy of the campaign process in elections.

Contemporary Issues

While conventional wisdom contends that the current federal campaign finance system prevents traditional forms of political corruption, reform advocates contend modern political corruption occurs in the form of influence peddling and the exploitation of legal loopholes. Contemporary advocates of campaign finance reform assert that these new forms of
corruption are more insidious than outright bribery because these activities appear institutionalized in the election campaign process due to the increasing cost of modern elections. Table 1 provides data that show the extent to which political party fundraising had increased from 1983 to 1996. The data clearly illustrates not only the rise in political fundraising over time, but also underscores the increasing ability of political parties to raise campaign funds.

Table 1

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Democrats</td>
<td>$98.5</td>
<td>$127.9</td>
<td>$177.7</td>
<td>$221.6</td>
</tr>
<tr>
<td>Republicans</td>
<td>$297.9</td>
<td>$263.3</td>
<td>$267.3</td>
<td>$416.5</td>
</tr>
</tbody>
</table>


A primary concern with present efforts to administer and enforce the federal campaign finance laws is that the FEC is unable to keep pace with an increasing regulatory workload. In a recent review of the agency's
operations, the firm of Pricewaterhouse Coopers noted that the FEC suffers from numerous administrative and resource inefficiencies. First, the FEC’s campaign finance reports disclosure and review activities rely on an antiquated paper-based and manual transaction coding, entry, verification and clarification process. Second, the FEC’s organizational units operate in a compartmentalized and autonomous manner that leads to poor communication, collaboration, and lack of innovation. Third, because of limited resources and increasing case complexity, the workload of the FEC exceeds its resource capacity (Pricewaterhouse Coopers, 1999). FEC Commissioners themselves have continually over time stated the agency needs a larger workforce to keep pace with its workload (FEC Annual Report, 1986-1999). In addition, some reform advocates contend Congress handicaps the FEC’s ability to enforce the law by mandating that a pre-determined portion of the agency’s budget goes toward specific projects instead of increasing an already overburdened staff. A number of organizations, such as Common Cause, the Brookings Institution, and the Washington Post, have online sites that provide helpful commentary and data concerning the FEC’s inability to accomplish its regulatory duties in an effective and efficient manner. Table 2 provides general data and information concerning the relationship between FEC staff and a portion of the agency’s overall workload—database entries.
Table 2

FEC Database Entries and Staffing, 1986-1998

<table>
<thead>
<tr>
<th>Year</th>
<th>Database Entries*</th>
<th>Staffing (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>526,000</td>
<td>229</td>
</tr>
<tr>
<td>1988</td>
<td>698,000</td>
<td>252</td>
</tr>
<tr>
<td>1990</td>
<td>767,000</td>
<td>242</td>
</tr>
<tr>
<td>1992</td>
<td>1,400,000</td>
<td>266</td>
</tr>
<tr>
<td>1994</td>
<td>1,364,000</td>
<td>293</td>
</tr>
<tr>
<td>1996</td>
<td>1,887,160</td>
<td>313</td>
</tr>
<tr>
<td>1998</td>
<td>1,652,904</td>
<td>313</td>
</tr>
</tbody>
</table>

*Reflects cumulative total for each two-year cycle.
+Entry limit for individual contributions dropped from $500 to $200 in 1989.
++Nonfederal account data first entered in 1991.


A number of recent developments have emerged concerning the use of soft money and issue advocacy advertising in federal elections, particularly congressional elections. First, soft money—unregulated political funds—is now an essential part of campaign strategies in congressional elections. As soft money grows in importance, so do soft money contributors, because they give political parties the ability to shift millions of dollars into tight regional races. Second, issue advocacy advertising—political advertisements that broadcast a political message without explicitly advocating support for a specific candidate—is increasingly used in competitive congressional elections.
by various interest groups and party organizations. As political stakes increase and campaign resources become more readily available, interest groups and political organizations focus their fight for control of Congress in strategic areas that may overwhelm a candidate's own campaign. Thus, by using soft money and issue advocacy advertisements, non-coordinated groups and organizations may erode candidate credibility and influence the tone of a campaign (Conlon 1987; Gais 1996).

For instance, the 1998 congressional elections were decided partly by the ability of non-party groups and organizations to mobilize grassroots voter identification efforts. Although issue ads on television and radio are important, in low turnout midterm congressional elections, grassroots efforts such as direct mail and telephone banks become more critical. In 1998 Democrats and allied interest groups more effectively mobilized voters in this midterm election than did Republicans. Ultimately, political fortunes in federal elections may increasingly depend upon the use of these unregulated sources of political money (Magleby and Holt 1999).

Moreover, these unregulated and undisclosed campaign activities may lead to further erosion of political efficacy in the United States by frustrating voters and candidates alike. For instance, multiple campaign messages create an atmosphere in which it is difficult to distinguish candidate communications from interest group or party organization communications.
In addition, candidates face the unenviable possibility of being associated with any negative repercussions that may come about from the actions of outsiders, and thus, may cost the candidate the election (Magleby and Holt 1999). Thus, the use of soft money and advocacy spending in federal elections is changing the electoral process by allowing vast amounts of unreported money to determine, in part, the outcome of federal elections. Scholars such as Jacobson (1980), Drew (1983), Etzioni (1984), McFarland (1984), Sabato (1984, 1989), Wright (1985), Hall and Wayman (1990), Sorauf (1992), Sabato and Simpson (1996) and government watchdog organizations such as Common Cause and Center for Responsive Politics monitor these developments. However, it is unlikely that the use of money in federal elections will diminish in the near future.

Conclusion

This chapter presented an overview of the historical record concerning efforts in the United States to regulate campaign finance in federal elections. Overall, the chapter documented the evolution of efforts to regulate the use of money to finance campaigns for federal office starting from the late 1800s to the present in the United States. This historical record indicates that over time the use of money in federal elections has grown to be not only more embedded into the electoral process, but increasingly complex in efforts to
circumvent the law. The following chapter addresses the role of the FEC in contemporary efforts to regulate money in federal campaigns.
CHAPTER III

THE FEDERAL ELECTION COMMISSION

Although an analysis of the political-administrative relationship is important, it is equally important to understand the ramifications of administrative behavior considering the extent to which agency behavior influences public policy outcomes. Although the issue of administrative behavior and public policy is present in the literature, additional work is necessary at the organizational level to enhance our understanding of how political-administrative relationships influence policy. Analyzing the FEC's administrative behavior enhances the study of politics and administration.

The following sections provide an overview of how the FEC administers and enforces federal campaign finance law. To begin, there is a summary of the establishment and structure of the FEC that provides a concise view of the agency, focusing on decision-makers and leadership positions. Following is an examination of the administrative and enforcement processes used by the FEC for maintaining the federal electoral process. This summary of the FEC's administrative and enforcement procedures provide fundamental information critical to this research project.
Because legislation and statutes are not self-executing, Congress designated the FEC to administer and enforce campaign finance law. The FEC's four primary duties are (a) disclosure of campaign finance information; (b) administration of the presidential election public funds; (c) clearinghouse for election related material; and (d) enforcement of federal campaign finance laws (Federal Election Commission: Twenty Year Report, April 1995). This section provides an organizational overview of the FEC and the agency's efforts to enforce the law. First, a brief review of how and why the FEC was established is necessary.

Establishment of the FEC

Although Congress established more strict campaign finance disclosure provisions in 1971 with the FECA (P.L. 92-225) and the Revenue Act (P.L 92-178), it failed to address a primary shortcoming of these and past efforts to regulate campaign financing. Like previous legislation, the 1971 Acts did not provide a single, independent regulatory agency to monitor and enforce campaign finance law. Instead of a single independent regulatory agency, the Clerk of the House, the Secretary of the Senate, and the General Accounting Office monitored campaign material for compliance with the law.
In addition, the Department of Justice was responsible for enforcing and prosecuting violations of the campaign finance law referred by Congressional and General Accounting Office officials. However, following reports of corruption in the 1972 Presidential elections and the Department of Justice failure to prosecute violators, campaign finance reform moved to the forefront of government's policy agenda (Comptroller General of the United States, 1975).

Comprehensive amendments in 1974 to the FECA (P.L. 93-443) established the FEC. Because of the 1974 FECA Amendments, the FEC now serves as the independent regulatory agency that has administration responsibilities previously divided among congressional officers and the General Accounting Office. Also, the FEC assumed some of the enforcement responsibilities previously held solely by the Department of Justice. Thus, the FEC has jurisdiction over campaign finance related civil enforcement matters, authority to write campaign finance regulations, and responsibility for monitoring and enforcing compliance with the FECA. Further, the 1974 FECA Amendments transferred from the General Accounting Office to the FEC the function of serving as the national clearinghouse for information on federal election administration. Thus, the FEC has become the primary organization responsible for the administration and enforcement of federal campaign finance law.
Nonetheless, three other federal agencies share some of the regulatory responsibilities with the FEC concerning campaign finance law. First, the Department of Justice may receive referrals from the FEC to prosecute criminal violations of the FECA and refer matters to the agency when appropriate. Second, the Department of the Treasury disburses public funds to Presidential candidates certified by the FEC as meeting statutory eligibility requirements. Also, the Internal Revenue Service reviews FEC regulations for consistency with U.S. tax codes, interprets which political activities result in taxable income, and determines whether an organization's political activity is consistent with its claimed status under tax laws. Third, the Federal Communications Commission monitors broadcaster compliance with federal guidelines in providing federal candidates reasonable access to purchase broadcast time at the lowest rates possible. Therefore, while the FEC takes the lead in the administration and enforcement of campaign finance law, it operates in unison with other federal agencies and offices.

A review of the FEC's hierarchical structure is necessary to understand how it administers and enforces campaign finance law. Because organizations such as the FEC are too complex to operate through a simple structure, they adopt a functional structure as a means of coping with the increasing demands of differentiation. The FEC's functional structure is advantageous because it groups activities according to similar work activities,
tasks, and goals. This functional structure is also efficient because it limits duplication of effort and tends to maximize economies of scale from specialization. Thus, the FEC's functional structure provides agency decision-makers with hierarchical control over the agency's administrative actions. Figure 1 illustrates the FEC's authoritative hierarchy and division of labor. Nonetheless, this functional structure may not foster an organizational culture that promotes creativity or administrative innovation.

![Organization Chart of the FEC](image)

**Figure 1.** Organization Chart of the FEC.

**Source:** Federal Election Commission: Twenty-Year Report, April 1995.
First, there is the Commission. The Commission is composed of six Commissioners—three Democrats and three Republicans—appointed by the President and confirmed by the Senate. Upon initial appointment, Commissioners serve a six-year term, with the possibility for re-appointment for an additional six-years. Recently though, there have been legislative efforts to limit the number of terms an appointee may serve on the Commission. Commissioners generally meet twice a week, once in closed session to discuss confidential matters and once in an open session to discuss public matters. At these meetings, Commissioners develop policy and vote on significant legal and administrative issues. Commissioners serve full-time and are responsible for administering and enforcing the FECA. In general, individuals appointed to serve on the Commission usually have professional backgrounds in party politics, law, or academia.

Second, there is the Office of Inspector General. The Office of Inspector General focuses its efforts on promoting efficient and effective administrative management and identifying organizational problems. As part of its duties, the Office of Inspector General has the dual reporting responsibility of keeping agency decision-makers and Congress informed concerning FEC operations, administration, and problems. The Office of Inspector General produces Semiannual Reports and Audit Reports that serve the purpose of providing FEC management and Congress with up-to-date
information concerning the agency's activities. Based upon the Office of Inspector General findings and recommendations found in these reports, administrative officials in the FEC may implement new policy and procedural changes that enhance the organization's overall effectiveness and efficiency. Nonetheless, it is important to note that because the Office of Inspector General does not perform a program operating function, the office does not have an adversary relationship with agency administrative officials or Congress. The Office Inspector General develops cooperative relationships with FEC officials and Congress that seek to improve the agency's regulatory functions and performance.

Third, there is the Staff Director's Office. The Staff Director's Office oversees the appointment of personnel to particular positions with the approval of the Commission. The Staff Director, who is selected and serves at the pleasure of the Commissioners, oversees the Commission's public disclosure activities, promotional efforts, reviews and prepares reports for the Commissioners' consideration, the agency's audit program, and general administration of the agency. The Deputy Staff Director is responsible for assisting the Staff Director in the areas of budget, administration, and computer systems supervision. Overall, the Staff Director's Office is responsible for the day-to-day operations of the FEC and for the implementation of many agency long-term administrative plans.
Fourth, there is the Office of General Counsel. The Office of General Counsel, headed by the General Counsel, directs the agency's enforcement activities, represents and advises the Commission in any legal actions brought before it, and serves as Designated Agency Ethics Official. The Office also handles all civil litigation, including Title 26 cases concerning presidential elections that come before the Supreme Court. The office drafts, for the Commission's consideration, Advisory Opinions and regulations that interpret federal campaign finance laws.

The Office of General Counsel has four separate divisions. First there is the Public Financing, Ethics, and Special Projects Division that is responsible for the public funding system, review of audit reports, and special projects. Second there is the Policy Division that is responsible for providing Advisory Opinions, regulatory review, process reconsideration requests, and review of the FECA. Third there is the Litigation Division that is responsible for civil enforcement activities for the FEC, and thus, engages in offensive and defensive litigation processes. Fourth there is the Enforcement Division that has the primary responsible for implementing the FEC's overall enforcement administration that includes efforts at conciliation and determination of specific punishments when authorized by the Commissioners. Figure 2 provides a general overview of the Office of General Counsel.
FEC Administration and Enforcement of the Law

According to the FECA, the FEC has the responsibility of developing and administering a conciliatory enforcement style concerning its regulation of the federal campaign finance system to avoid infringing upon electoral rights and freedoms. FEC actions to encourage voluntary compliance begin early in an election cycle. First, political committees contact the FEC initially by way of the agency's toll-free information line. As questions about filing
the proper paperwork for federal campaigns increase during the election cycle, political committee staffers may use various FEC services to ensure they comply with the law. During the early stages of an election cycle, the Information Office is usually the first FEC unit to interact with political committees.

The FEC's Information Office explains requirements of federal campaign law to political campaign committees, candidates, and other interested groups. In addition, the Information Office sends reminder notices along with the necessary reporting forms to registered campaign committees shortly before reports are due and provides free publications on request. Finally, the FEC's Audit Division assists presidential committees in complying with the special rules for publicly funded campaigns and encourages campaign committee members to attend FEC instructional workshops and conferences.

When a committee files a report with the FEC, the agency's Public Records Office ensures that a copy is available for public inspection within 48 hours of receipt. When political committees submit registration documents the FEC's Data Systems and Development Division assigns each an identification number and enters registration information into the FEC database. Microfilm and paper copies of the registration become part of the
public record, as the political committees are automatically on the FEC's mailing list for official notices and correspondence.

A fundamental responsibility of the FEC is to provide public access to the campaign finance reports the agency maintains. In the Public Records Office the public can review microfilms, paper copies, and the agency's computer database for committee report information. On-line computer access to political committees' financial data is also available to the public at state offices using the FEC's State Access Program, and to individual subscribers linked on-line to the FEC's Direct Access Program. The Direct Access Program provides access to raw financial data organized by categorical indexes. The FEC also provides a variety of other agency resources that include Advisory Opinions, closed enforcement and litigation files, audit reports, and Commission meetings minutes. Finally, media organizations may review committee reports using any of the methods described above and receive assistance from the FEC's Press Office. The Press Office Staff answer reporters' questions, issue press releases summarizing campaign finance data and significant FEC actions, and respond to requests under the Freedom of Information Act. However, despite the FEC's efforts to encourage voluntary compliance through its many outreach programs, none of its efforts would be successful without meaningful and effective enforcement.
Enforcement of Campaign Finance Laws

As valuable as the FEC's efforts are at encouraging voluntary compliance with federal campaign finance laws, these efforts would nonetheless be irrelevant without the threat of punishment. Following Buckley v. Valeo (1976), the House Administration Committee changed the FEC's regulatory procedures and processes to establish a voluntary enforcement model similar to that of the Equal Employment Opportunity Commission (Gormley 1998). The FEC uses general staff lawyers and auditors that conduct much of their investigation from Washington, D.C. via long-distance phone calls and written questions cleared in advance by agency superiors (Jackson 1990).

The first stage of the enforcement process is the receipt and consideration of a complaint. Upon initiation of a regulatory investigation, the FEC enforcement model requires that the agency decide whether it has "cause-to-believe" that the respondent violated the law. Possible violations for the FEC's consideration are either internally generated cases or externally generated cases. Internally generated cases come from either Director 6, the Reports Analysis Division, "sua sponte," or from other government agencies. The majority of internally generated investigations are the result of the FEC's own monitoring system. The Reports Analysis Division reviews each
committee report in order to ensure the accuracy of the information on the public record and to monitor for compliance with the law. If information in a report appears to be incomplete or inaccurate, the Reports Analysis Division sends the committee a "request-for-additional-information." Having received this "request-for-additional-information," the committee may avoid an audit or judicial action by responding promptly to the request. Usually, those receiving a "request-for-additional-information" respond by returning an amended form with the required information. Further, the FEC can also conduct an official audit of a political committee "for cause" when a review of a committee's report indicates a purposeful violation of the campaign finance law. Once an internal source has determined that there is a possible violation of campaign finance law, and the case meets criteria for further investigation, the case is forwarded to the Office of General Counsel's Enforcement Division and assigned a pre-MUR number. Internally generated cases are assigned a formal MUR number once the Commission has found a "reason-to-believe" during the second stage of the enforcement process.

Externally generated cases come from any source outside the FEC or the government. Any person may file a complaint with the FEC if they believe a violation of campaign finance law has occurred or is about to occur. The complaint must be in writing and submitted to the FEC along with three copies. The complaint must provide the full name and address of the person
filing the complaint along with a signed, sworn to, and notarized statement. To consider a complaint complete and proper, it must specifically indicate what the violation is under the FEC's jurisdiction and identify each party that is alleged to have committed the violation with supporting documentation. Further, the complaint must differentiate between statements according to the complainant's personal knowledge and statements based on the belief that identify the source of the information. If the complaint does not meet the criteria for investigation, the Office of General Counsel will reject the compliant and notify the complainant that they may re-submit the matter.

Following the Office of General Counsel's Enforcement Division and Special Assistant review of an alleged violation, the determination can then be made if (a) the complaint is proper and (b) the complaint meets threshold criteria for further investigation. If these criteria are met, the case is forwarded to the Office of General Counsel's Enforcement Division where it is assigned a MUR number. However, if the Office of General Counsel finds that the (a) complaint is not proper or (b) that the complaint does not meet threshold criteria for further investigation, the complainant and respondent are notified of the rejection. If the Office of General Counsel determines that the filing of the case is proper and meets criteria for further investigation, the Enforcement Division places the case on the FEC's Central Enforcement Docket. The case at this point is then given to the Office of General Counsel's
Assistant General Counsel, Associate General Counsel, and the General Counsel for additional consideration concerning if further investigation is necessary. If the Office of General Counsel determines that no further investigation is necessary, then the case and MUR number are closed. The Office of General Counsel then notifies the complainant and respondent why no further investigation is necessary and closes the case. However, if the Office of General Counsel concludes that further investigation is necessary, the General Counsel will prepare a case report for the MUR that is then forwarded to the FEC's six Commissioners for consideration.

The second stage of the enforcement process is the "reason-to-believe" stage. Following the Office of General Counsel's review, a case report is forwarded to the FEC's Commissioners with a recommendation that additional investigation concerning a particular case is necessary. If the Commission votes to disagree with the Office of General Counsel's recommendation that further investigation is necessary, then a discussion with the General Counsel concerning the case is conducted. However, if the Commission concurs with the Office of General Counsel's recommendation that further investigation is necessary, then the Commission must determine if there is "reason-to-believe" that a violation has occurred, or that there is "no-reason-to-believe" that a violation has occurred. At this point, the Commission can take one of three possible actions: (1) conclude that there is
"no-reason-to-believe" and close the case; (2) conclude that there is "reason-to-believe," but "take-no-further-action" and close the case; or (3) find that there is "reason-to-believe" and continue the investigation. If the Commission finds "reason-to-believe," then the FEC sends a letter notifying the respondent of this finding. The letter requests a written reply to allegations of wrongdoing and may include supplemental questions. In addition, the FEC may issue orders requiring sworn written answers and subpoenas that call for an individual to testify or to produce specific documents. If necessary, the FEC may ask a federal district court to enforce these orders and subpoenas. The investigation may also include less formal procedures, such as interviews involving parties other than the respondent who may have important information concerning the complaint.

The third stage of the enforcement process is the "probable-cause" stage. After an investigation is completed, the Office of General Counsel prepares a brief that explains factual and legal issues of the case and recommends whether the Commission should find there is "probable-cause-to-believe" a violation has occurred or is about to occur. The respondent receives a copy of the brief and has 15 days to file a reply brief explaining the respondent's position. Before the Commission mails the respondent the Office of General Counsel's brief containing "probable-cause-to-believe" recommendations, the respondent may request, in writing, that the matter be
resolved through conciliation negotiations. Pre-probable cause discussions may lead to a conciliation agreement between the respondent and the Commission, thereby resolving the matter. If the matter is resolved at this point, the MUR case is closed.

However, if the conciliation agreement process cannot resolve the matter, the Commission sends the respondent the brief. The respondent has 15 days to submit a reply brief. After reviewing briefs from the Office of General Counsel and the respondent, the Commissioners vote on whether there is "probable-cause-to-believe." If the Commissioners decide there is "no-probable-cause-to-believe," the MUR case is closed and the parties notified. If the Commission by the required four affirmative votes, determines that there is "probable-cause-to-believe" the law has been violated, the MUR case remains open and the Office of General Counsel attempts to correct or prevent the violation through informal conciliation methods. If the Office of General Counsel and the respondent negotiate a conciliation agreement at this point, the written agreement becomes effective following four affirmative votes by the Commissioners and a signed agreement between the respondent and Office of General Counsel. Generally, the agreement includes a description of the facts and the law, admissions of the violations by the respondent, any remedial actions the respondent must take, and a provision for the payment of a civil penalty by
the respondent. The Office of General Counsel sends a copy of the signed agreement to the respondent and complainant when the MUR case is closed.

The fourth and final stage of the enforcement process is conciliation. The agency must attempt to resolve all enforcement matters through conciliation. The FEC routinely proposes conciliation agreements with the stipulation that the accused explicitly admits to the violation that is consistent with the agency's finding of "reason-to-believe" that there is a violation of the law. However, if conciliation fails, the FEC, rather than the Department of Justice, may take a respondent to court. Likewise, when there are challenges concerning FEC legal actions, the regulatory agency conducts its own legal defensive using agency lawyers. Concerning cases that are appealed to the Supreme Court, however, the FEC cannot unilaterally bring cases before it, except those involving the Presidential Public Funding program. Instead, the FEC must ask the Department of Justice either to represent the agency or to grant approval for the FEC to represent itself before the Court. Figure 3 outlines the FEC's four-stage administrative enforcement process. A review of the FEC's enforcement process illustrates a long, complex, and exhaustive practice characterized by numerous internal checkpoints during which agency decision-makers can interrupt the enforcement investigation process. It is this fragility of the FEC's enforcement process that leads to the conventional wisdom that the agency's enforcement efforts are ineffective.
Figure 3. FEC Enforcement Process.
To protect the interests of those involved in a complaint, the FECA requires that any Commission action concerning an enforcement investigation remain confidential until the case is resolved. This provision of confidentiality however does not prevent a complainant or respondent from disclosing the substance of the enforcement investigation to other interests or the media. Nevertheless, information about an official FEC notification of findings or about an enforcement investigation is not disclosed, unless the respondent waives the right to confidentiality in writing. A MUR case is available to the public in the Press Office and the Office of Public Records within 30-days after the case is closed and all relevant parties notified.

It is important to note that during its early years, the FEC did maintain a staff of legal investigators. Originally, this team of investigators would conduct individual interviews and site visits as part of an investigation into possible FECA violations. However, within a year of the FEC starting its regulatory activities, administrative re-structuring and shifts in agency resources effectively disbanded this team. Because of the dissolution of the investigation team, the FEC now conducts enforcement investigations concerning possible violations of campaign finance law almost exclusively through formal interviews, depositions, and audits (Jackson 1990). The absence of an enforcement team to investigation allegations of campaign finance abuses is cited as a major shortcoming of the FEC's ability to prevent
violations of campaign finance laws (Weiser and McAllister 1997). Figure 4 provides an overview of the annual number of MUR opened over time.

![Graph showing the number of Matters-Under-Review (MURS) opened from 1975 to 1999.](image)

Figure 4. Number of Matters-Under-Review (MURS) Opened, 1975-1999.


A review of the data from Figure 4 provides three interesting insights concerning the enforcement behavior of the FEC over time. First, during the early period of the FEC when it had the ability to conduct random audits, the annual number of MURs opened swelled until revocation of this random audit power with the 1979 FECA Amendments. During this period, the FEC had a dedicated staff of enforcement investigators who were later disbanded. Second, during the Reagan presidency of the 1980's, we see a more subdued
and more consistent pattern of opening enforcement investigation. This more subdued enforcement behavior may have been a response to Reagan's mandate to reduce the size of government. Third, as the 1990s begin we see the annual pattern of MURs opened fluctuate greatly, possibly responding to increased special interest activity and the use of new fundraising techniques. It was during this period that new uses of campaign finances in the form of soft money and issue advocacy advertisements began to play a more significant role in determining campaign and electoral success. Thus, the information presented in Figure 4 indicates pronounced periods over time when political and electoral influences by political officials or closely related interests may help determine the pattern of FEC enforcement behavior.

Until recently, the FEC handled every enforcement matter regardless of its significance. However, as the number and complexity of enforcement cases increased, a backlog has developed, jeopardizing the FEC's ability to enforce the law. Given its limited resources, the FEC recognized that it could not enforce the law effectively if it continued to handle every enforcement matter that came before it. Consequently, the FEC now uses an Enforcement Prioritization System to focus on those cases that deserve special attention. Under this system, the FEC ranks enforcement cases according to specific criteria, and assigns only the more significant cases to staff.
In addition, the Enforcement Prioritization System allows the FEC to
dismiss cases that fall into two categories: low-rated cases and stale cases.
Low-rated MURs are those that do not warrant use of the Commission's
resources to pursue because of their lower significance relative to other
pending matters. Stale MURs are those that initially received a higher rating
but have remained unassigned for a significant period due to a lack of staff
resources for effective investigation. Because investigation of an older MUR
usually requires the use of more resources, the FEC finds that the benefit of
starting an investigation diminishes as a case ages, until it reaches a point of
diminished returns. As a MUR reaches this point, the Office of General
Counsel will recommend that the case be dismissed. Nonetheless, although
the enforcement process has been outlined, a better understanding of what a
MUR means in the context of an enforcement investigation is necessary.
Therefore, the following provides general examples of internally and
externally generated MUR cases.

**Internally Generated MUR Case**

In MUR 4320, D.H. Blair & Co. Inc., a New York City brokerage firm,
faced charges that some of its employees used political committee contributor
lists obtained from the FEC for commercial purposes. The list was used to
make "cold calls" to potential clients, in violation of the "sale and use
restriction" of federal law (2 U.S.C. §438(a)(4)). This MUR case was generated internally as a result of a referral from the FEC's Public Records Office. Beginning in late 1994, an employee in the Public Records Office noticed an unusual pattern of requests for lists of individual contributors traceable to D.H. Blair. The Public Records Office referred the matter to the Office of General Counsel and an pre-MUR number was assigned. Based on preliminary information, the Commission found "reason-to-believe" that D.H. Blair knowingly and willfully violated the law. When notified of the Commission's "reason-to-believe" finding, D.H. Blair denied they had knowingly and willfully violated the law. However, prior to the Commission's finding "probable-cause-to-believe" the law had been violated, Blair agreed to enter into a conciliation agreement with the Commission, agreeing to pay a $100,000 civil penalty.

Externally Generated MUR Case

In MURs 4322 and 4650, the Commission found that Enid Greene, Enid Greene '94 and '96 campaign committees, and other persons violated campaign finance law in several ways related to her 1994 and 1996 Congressional campaigns. These violations included: commingling campaign funds with personal funds, making and accepting contributions in the names of another, filing inaccurate reports, and making an accepting excessive
contributions. An external report from Michael H. Chanin, Esq., Counsel for Enid '94 and Enid '96 initiated MUR 4322. The FEC's Reports Analysis Division initiated MUR 4650 based on information generated by MUR4322. Concerning each charged violation of the FECA, the Commission found "reason-to-believe." Later because the Commission found "probable-cause" that the stated violations had occurred, all respondents entered into conciliation agreement with Enid Green, Forest Greene, and the two campaign committees agreeing to pay a $100,000 joint civil penalty. Because of Joseph Waldholtz's incarceration and personal finance problems, resulting from his criminal conviction on 27 counts of bank fraud, his conciliation agreement did not include civil penalty.

Conclusion

This chapter provided an overview of the FEC and the agency's ability to administrate and enforce federal campaign finance law. This brief review of the FEC and its administrative and enforcement procedures establish that staffers must navigate through a labyrinth of enforcement procedures that are not only time consuming, but also places a heavy demand on agency resource. Nonetheless, to understand how political officials may influence the FEC's initiation of MURs requires an analysis of the agency's relationship with political officials. The following chapter provides a review of the
literature concerning political-administrative relationship and what tools are at the disposal of political officials to influence agency behavior.
CHAPTER IV

THE POLITICAL-ADMINISTRATIVE RELATIONSHIP

The issue of money in politics increases in intensity as historic events such as Watergate and questions concerning the use of foreign contributions in federal elections propel this topic to the forefront of contemporary political discourse (Sabato and Simpson 1996). Along with this increasing public criticism of the campaign finance system in the United States, additional criticism is directed toward the FEC. Of primary interest concerning regulation of federal campaign finances are questions about if and how the relationship between political officials and the FEC determines the agency's ability to investigate possible violations of federal campaign finance law (Oldaker 1986; Hamilton 1994). This chapter provides a general review of relevant political and public administrative literature that examines the political-administrative dichotomy and what this relationship may mean concerning administrative behavior. Finally, the chapter concludes with a discussion of what tools political officials may use to influence administrative behavior and presents propositions that lead to the development of testable hypotheses.
Woodrow Wilson (1887) suggested that public agencies operate more business-like in order to enhance government efficiency while also questioning, first, whether politics and administration are separate functions, and second, how to maintain administrative accountability. Since Wilson's comments, the literature studying political-administrative relations has evolved. First, classic studies of public administrative agency behavior that use general observations to analyze the relationship between politicians and administrative organizations include Goodnow (1900), Barnard (1938), Appleby (1949), Downs (1967), and Tullock (1965). These classic studies note that many conflicting environmental forces, which are political in nature-influence administrative agency behavior (Mosher 1976). Second, contemporary scholars that use statistical tools to analyze the causes and consequences of administrative behavior include Stigler (1971), Peltzman (1976), Page (1985), Hamman (1993), Wood and Waterman (1994) Ringquist (1995), Scott (1997) and Corder (1998). This literature notes that administrative agency behavior is influenced by factors such as information asymmetries (Banks and Weingast 1992), monitoring mechanisms (McCubbins, Noll, and Weingast 1985, 1989), structural incentives (Macey 1992), agency design (Goodin 1996), and electoral incentives (Mayhew 1974).
Overall though, it is important to note that much of this literature concerning administrative behavior base their analysis according to a particular explanation of the political-administrative relationship.

The current literature identifies administrative autonomy and political control as the two leading explanations of administrative behavior concerning the political-administrative relationship. The administrative autonomy explanation of administrative behavior contends that politicians are not only uninterested in administration agencies, but also unable to influence policy administration. Essentially the administrative autonomy explanation maintains that elected officials pay little attention to administrative oversight and procedural review due to their preoccupation with re-election efforts (Dodd and Schott 1986). Other scholars contend that government administrative agencies have a great deal of autonomy in relationship to political officials due to the policy expertise and information asymmetries that agencies enjoy over their hierarchical superiors (Niskanen 1971; Banks and Weingast 1992).

The political control explanation of administrative behavior concerning the political-administrative relationship claims that politicians influence administrative behavior to a significant degree. This research generally uses a principal-agent paradigm to show how elected officials influence administrative agencies using monitoring devices and incentive
structures (Pfeffer and Salancik 1978; Moe 1984; Calvert, McCubbins, and Weingast 1989; McCubbins, Noll and Weingast 1990; Wood and Waterman 1994). Early studies based on this principal-agent explanation of the political-administrative relationship assert that strong electoral incentives motivate elected officials to become actively engaged in matters of policy administration to enhance their re-election possibilities (Mayhew 1974; Fiorina 1982). While the principal-agent explanation has proven valuable concerning the analysis of the political-administrative relationship, its use in scholarly inquiries is sometimes questionable (Worsham, Eisner, and Ringquist 1997).

Realistically, however, a proper explanation of administrative behavior in the context of a political-administrative relationship probably resides somewhere in the middle between the administrative autonomy and political control explanations (Barnard 1938; Simon 1957; Williamson 1996). Nonetheless, the practical nature of a political-administrative relationship dictates that this relationship is hierarchical with institutional officials having more power relative to organizational decision-makers concerning agency resources. Therefore, this research contends that to understand the political-administrative relationship, attention should focus on the effect that political manipulation of agency resources has on administrative behavior over time (Mayhew 1974; Weingast 1984; Fisher 1993).
The literature notes agency resources and strategies as important contingency factors when considering administrative response to political influence (Fenno 1966; Wilson 1989; Donaldson 1996; Krause 1996). First, a number of studies contend that presidential and congressional budgetary decisions influence administrative behavior through budgetary measures (Bendor and Moe 1985; Scholz and Wei 1986; Carpenter 1996). Specifically, when a budget sets spending boundaries according to particular purposes, it becomes a tool for political officials in government to influence agency behavior (Wildavsky 1972, 1988). Consequently, agency budget is an independent variable reflecting the joint preferences of the president and Congress concerning administrative behavior. This is of particular importance in the case of the FEC in light of the fact that the agency has a concurrent budget that is given to executive and legislative budgetary officials for review at the same time. Variations in the FEC's annual budget should explain some variations in the agency's initiation of enforcement investigations over time. Thus, it is reasonable to assume that FEC initiation of MURs over time should respond positively to annual increases in agency budgets due to the agency's use of these additional fiscal resources to engage in enforcement activities. Nonetheless, because annual administrative agency
budgets traditionally do not experience significant fluctuations, the relationship between the FEC's annual budgets and its initiation of MURs maybe minimal.

Second, researchers contend strong electoral incentives motivate legislators to introduce or advocate particular public policies that support their electoral or philosophical interests (Ferejohn and Shipan 1990; Krebhhbiel 1991; Horn 1995). Specifically, political officials may introduce legislation to inhibit vigorous enforcement of campaign finance law by the FEC (Fiorina 1982; Mayhew 1974; Weingast 1984). Thus, because Congress and the president have the ability to promulgate and enact legislation that may thicken an agency's administrative processes, it is important to understand the relationship between legislation and the FEC's initiation of MURs (Light 1995). It is then reasonable to assume that FEC initiation of MURs over time should respond negatively to legislative changes concerning federal campaign finance law because policy changes will either restrict enforcement activity or require new administrative processes for implementation. In addition, enactment of campaign finance related legislation that expands FEC duties in such a manner that overloads the agency are important because this places an even great demand on the use of already scarce agency resources.

Third, research on political appointments focus on the importance of agency leadership to maintain agency autonomy that is derived from
information asymmetries the agency may have in relation to political officials (Niskanen 1971, 1994; Banks and Weingast 1992). However, regulatory agencies may not enjoy the same information advantage over lawmakers that other administrative agencies may have due to managerial procedures, legislative oversight, and reporting requirements. Other scholars contend that agency behavior is primarily the result of agency leadership expertise and professionalism (Peters 1984; Meier 1987; Wilson 1989; Eisner and Meier 1990; Bawn 1995). Research focusing more closely on the relationship between political appointees and administrative behavior contends that the leadership hierarchy within an organization significantly determines what actions a public agency may or may not undertake (Niskanen 1994; Banks and Weingast 1992). In addition, studies indicate that political appointees reduce administrative effectiveness due to their political ties to officeholders and lack of specialized training for appointed positions (Pfiffner 1987; Koven 1994). It therefore seems necessary to analyze the relationship between the political appointment of FEC Commissioners and the FEC's initiation of MURs over time to determine how new appointments to the Commission may influence the agency's enforcement actions. Therefore, according to previous research when there is a new appointment to the FEC's leadership cadre there may also be a noticeable reduction in the agency's enforcement activity.
Fourth, although the Supreme Court does not have direct authority over the FEC similar to that of Congress or the president, its unique relationship with administrative agencies nonetheless does allow it to influence administrative behavior (James 1996). The literature concludes that while the Court does have unique relationship with the bureaucracy, the judiciary does play an important role in the affairs of administrative agencies (Shapiro 1968; Melnick 1983; Smith 1993). Shapiro's (1968) seminal work on the Supreme Court's relationship with administrative agencies contends that the relationship between the Supreme Court and administrative agencies is political (Katzmann 1980; Johnson and Canon 1984). The Court may express its support or non-support for the FEC's regulatory activities in its actions concerning campaign finance related cases (Waterman and Wood 1994; Spriggs 1996). It therefore seems reasonable to assume that FEC initiation of MURs over time responds to Supreme Court actions in cases concerning campaign finance law (Canon and Johnson 1984). Specifically, actions by the Supreme Court concerning federal election policy, either favoring the FEC or not, force FEC decision-makers to reevaluate the legal implications of the Courts actions. Following the Court's action in cases involving campaign finance law, legal uncertainty is reduced. Thus, the Court's actions should have a positive influence on the FEC's initiate of MURs.
Conclusion

This chapter reviewed the literature concerning the political-administrative relationship. In general, the literary record indicates that a variety of explanations concerning the political-administrative relationship developed over time. While early pioneers of this field examined the relationship using qualitative methodologies, contemporary researchers have attempted to expand the analysis by using more quantitative techniques. Cumulatively then, this literature notes that political officials have at their disposal budgetary, legislative, appointment, and judicial tools to influence administrative behavior. The following chapter builds upon this literature by developing a theoretical framework from which testable hypotheses are formed concerning the FEC’s relationship with political officials.
CHAPTER V

A THEORETICAL OVERVIEW OF THE FEC

Because this research empirically analyzes factors that may influence the FEC's initiation of enforcement investigations, a viable theoretical framework is necessary. Specifically, this chapter describes how using organization theory and a resource dependent approach assists in the analysis of the FEC's relationship with political officials over time. Using an organizational framework allows for the manageable arrangement of complex relationships in such a manner that it facilitates the analysis of how political officials may influence the administrative behavior of the FEC by manipulating agency resources.

This chapter examines the following to understand this political-administrative relationship. First, there is a discussion of particular characteristics and attributes of organizations. Second, there is a presentation of issues concerning organizational perspectives and decision-making. Third, an examination of critical assumptions concerning administrative behavior is undertaken. Fourth, there is an overview of the organizational environment of the FEC. The chapter concludes by presenting testable hypotheses.
However, before this discussion begins, a cautionary warning about the use of organization theory in this research is first necessary. Although the term organization theory suggests a singular account about organizations, there are in fact multiple organization theories based on various research agendas. Talcott Parsons (1956) provides the most concise explanation of these various research agendas by stating organizational theory must be viewed as having three analytic focal points: (1) organizational adaptation—open system; (2) organizational implementation—closed system; and (3) organizational integration—social system. Historically, while Parsons’ preferred an integration agenda, most organizational research has focused primarily on implementation with subsequent research on adaptation (Stem and Barley 1997). The analytical focal point of this research is organizational adaptation.

The Nature of Organizations

Regarding the study of the political-administrative dichotomy, a number of scholars recommend using organization theory to structure the analysis (Katzmann 1980; White and Adams 1994; March 1997). Organization theory is a general, macro-examination of institutional sub-units focusing on the agency-level of analysis to identify what determines a unit’s response to environmental factors. Studies using organization theory typically include
the concepts of incrementalism, inertia, and adaptive learning (March and Simon 1958; Hall and Quinn 1983; March and Olsen 1984; Williamson 1990; Hall 1991; Jenkins-Smith and Sabatier 1993). Organization theory therefore structures the analysis of administrative agencies as two-dimensional with one dimension being contextual and the other being structural (Hatch 1997).

Since the FEC is an organization, it is necessary to begin with a discussion of how to define an organization. First, how are organizations unique from other social groups? Some scholars view organizations as formal collective units created by individuals to pursue some collective goal (Parson 1956; Scott 1975; Donaldson 1985; Desveaux 1995). This goal-oriented view of organizations implies that organizations are the product of a coordinated effort by like-minded individuals to achieve a certain goal that is not achievable through individual action (Pfeffer and Salancik 1978).

However, defining organizations in terms of goal-orientation is problematic for a number of reasons. First, there is the dilemma that many individuals within an organization either may not know or support the organization’s goal. In addition, there is always the likelihood that even when an organization achieves its goal, the organization may develop new goals. This leads to the view that once created, organizations develop a new, more fundamental goal: maintaining and ensuring its continual survival (Tullock 1965; Downs 1967; Blau 1974; Kaufman 1976; Denhardt 1992; Hatch
1997; Pfeffer 1997). Therefore, rather than being strictly goal-oriented, organizations over time tend to focus more on establishing greater support adequate to insure its survival (Pfeffer and Salancik 1978; Diamond 1993). Ultimately though, survival becomes if not the first and primary goal of organizations, it soon becomes at least an increasingly important and significant goal that in someway influences all organizational decision-making processes.

Second, organizations are distinguishable by the nature of their boundaries and their relationship with government. The issue of organizational boundaries concerns the fact that inclusion in an organization is something that an organization grants based upon an individual's desire to help it survive. In addition, the issue of organizational boundaries has to do with the fact that government formally recognizes an organization as a legitimate and autonomous entity. In this sense, public administrative agencies have a particular connection to the government because government confers legitimacy upon the organization and provides it with the necessary resources to survive (Barker 1990; Pfeffer 1997).

Third, to ensure its survival, organizations must induce other environmental actors to support it with essential resources (March and Simon 1958). According to this view, an organization survives only as long as it is able to induce voluntary resource contributions from suppliers necessary to
maintain itself through remuneration. It is plausible then to assume that a government organization's survival is more problematic than the survival of other non-government organizations because the acquisition of essential resources to maintain it can only come from specific government institutions. Because government organizations can only extract resources essential to its survival and legitimacy from specific government institutions, organizational leadership must maintain amenable relations with legislative, executive, and judicial officials (Downs 1967; Pfeffer and Salancik 1978; Brumback 1991).

Therefore, we can say that government organizations are collective units with well-defined boundaries that attempt to accomplish a set of goals and continually seek to insure their existence while maintaining a special relationship with government resource providers. In the end though, all organizations tend to have at least one shared primary goal: survival (Pfeffer 1997). If this is the case then, it is necessary to examine how organizations make decisions that determine their survival. Examining this type of information is critical to enhancing our understanding the nexus between politics and administrative agencies if we are to better understand, specifically, the administrative behavior of government organizations like the FEC that are functional and structurally linked to various political processes and activities.
Organizational Perspectives and Decision-Making

Since there is no universally agreed upon method for measuring administrative response to environmental elements, this research considers both contextual and structural factors (Allison 1971; Blau and Schoenherr 1971; Marshaw 1994; Donaldson 1996; Peters and Savoie 1996). To use an organization theory framework in the analysis of the FEC’s administrative behavioral response to other elements requires consideration of measurable influences to identify important and relevant relationships (Waldo 1978; Donaldson 1996). However, a brief review of different organizational perspectives is necessary before undertaking a specific analysis of the FEC.

Our understanding of organizations and their decision-making processes depends upon the particular perspective that we have of organizations. This is important because it is from a particular perspective of organizations that we develop and reinforce characteristics that we consider important to the operation and existence of organizations. Consideration of various organizational perspectives is also important concerning the appropriate theoretical and methodological approach to use when analyzing organizations. Therefore, it is necessary to determine which organizational perspective is appropriate for analyzing the FEC’s relationship with political officials concerning initiation of MURs.
The evolution of organizational perspectives is present in the literature. First, there is the classical perspective of organizations. This perspective characterizes organizations as machine-like, designed and constructed by management to achieve specific goals. According to this mechanistic organizational perspective, managers are engineers who design, build, and operate the organizational machine. This classic perspective focuses on organizational management and its influence on society. Typically, this perspective uses research methodologies such as observation, historical analysis, and personal reflection on experience to analyze organizations. Past studies using a mechanistic perspective indicate that using these types of methodologies to analyze organizations leads to the development of typologies, theoretical frameworks, and prescriptions for management (Hatch 1997). Classic studies by scholars who base their analysis in general according to this classic perspective of organizations include Adam Smith (1978), Karl Marx (1977), and Max Weber (1947).

Second, there is the modern perspective of organizations. This perspective characterizes organizations as a living system that performs the functions necessary to insure its survival by adapting its structure to fit its hostile environment. According to this organic perspective of organizations, managers are an interdependent part of an adaptive organizational environment. This modern perspective of organizations focuses on the
analysis of organizations by using objective measures. Past studies using the organic perspective, contend that using this type of methodology to analyze organizations leads to the development of descriptive and standardized measures of performance. In addition, this research indicates that using objective methodologies to analyze organizations leads to the development of comparative studies, statistical analysis, and descriptive findings (Hatch 1997). Classic scholars who use this modern perspective of organizations in their analysis include Talcott Parsons (1956), Herbert Simon (1957), and James March (1997). However, from either the mechanistic or the organic view of organizations, one can develop fundamental organizational characteristics that are important to the analysis and understanding of an organization’s decision-making process.

Organizational decision-making refers to the hierarchical processes by which leadership determines an organization’s actions (Bell 1985; Leibenstein 1987; Light 1995). Scholars of seminal studies of organizational decision-making include James March (1958, 1963), Herbert Simon (1958), and Richard Cyert (1963). These scholars emphasize the political aspects of the organizational decision-making process and establish a division between economic and political explanations of organizational decision-making. Economists traditionally explain organizational decision-making based on the assumption of rationality. Simon, March, and Cyert, however, question this
assumption of rationality. Instead, these scholars offer observational
evidence that organizational decision-making processes can only be termed
rational under restrictive conditions. Therefore, contrary to economic
assumptions of rationality in the decision-making process, Simon, March, and
Cyert contend that organizational decision-making is also heavily influenced
by politics.

Thus, competing explanations of the organizational decision-making
process follow from a particular perspective of the organization. According
to the mechanistic view of organizations used by classical scholars, the
decision-making process in organizations is primarily rational and
economical. In comparison, the organic view of organizations contends not
only that the decision-making process in organization is less rational than the
mechanistic view could have one believe, but that the decision-making
process in organizations is primarily political. Note that the comparison of
these two views of organizations does not advocate that one view is better
than the other but only that a particular view may provide more meaningful
results depending upon the analysis. Because of these conflicting
explanations of the decision-making process organizations, a critical analysis
of important theoretical assumptions underpinning both explanations is
necessary.
Critical Theoretical Assumptions

Theoretical assumptions about the nature of the organizational decision-making process found in the political science literature are characteristic of the economic-based rational choice approach (Von Neumann and Morgenstern 1944; Downs 1957; Arrow 1974; North 1990; Ostrom 1991; McLean 1991; Heap, Hollis, Lyons, Sugden, and Weale 1992; Morrow 1994). The traditional rational choice approach assumes self-interested individuals act rationally in pursuit of their own well-being, and in doing so, determine organizational decisions. This self-interest, however, does not imply that individuals do not care for others. Rather, self-interest simply means that individuals put their own interests ahead of others when these interests conflict. The implication of this assumption of self-interested rationality is that we cannot rely solely on good nature to ensure that individuals act in the interests of others. This view assumes that because the rational decision-making process determines the actions of organizations, then it is necessary to develop incentives that alignment of individual interests with organizational objectives (Pfeffer 1997).

However, Simon questions the assumptions of the rational decision-making process on two points. First, Simon contends that in reality, decision-makers often possess incomplete and imperfect information about...
alternatives and consequences. Second, this assumption of strict rationality ignores the internal politics of organizations concerning preference ordering and rules. Therefore, Simon proposes that attempts by decision-makers in organizations to make purely rational decisions are limited due to (a) imperfect and incomplete information, (b) problem complexity, (c) human information processing capacity, (d) time constraints, and (e) conflicting preferences. In the end, Simon contends due to their bounded rationality, decision-makers are not entirely rational when making decisions for an organization.

Two implications of bounded rationality are important concerning the analysis organizations. First, because decision-makers have too little information to meet the demands of the rational decision-making process, difficulties associated with organizational change and environmental complexity produces uncertainty among decision-makers. Second, because of conflicting goals and preferences among decision-makers, the decision-making process may become ambiguous due to multiple, conflicting alternatives. Ultimately, because bounded rationality acknowledges the presence of uncertainty and ambiguity in the decision-making process, it provides a more realistic framework for understanding the decision-making process in a government organization such as the FEC. Nonetheless, it is necessary to examine the causes for the presence of uncertainty.
The Organizational Environment of the FEC

Organization theory conceptualizes the environment of an organization as the area surrounding that affect and interacts with the organization (Mainzer 1973). This environment influences the organization's behavior by imposing constraints and demands on the organization. For its part, the organization learns to adapt to these multiple demands in order to survive (Eavery and Miller 1984; Mazmanian and Sabatier 1989; Lebovic 1995). It is in this hostile environment that the organization must not only adapt to multiple demands, but also depend upon other environmental elements to provide it with necessary resources to sustain itself (Pfeffer and Salancik 1978). Therefore, due to the contentious nature of an organization's relationship with its environment, it becomes necessary to specify exactly what environmental elements may influence its behavior. For the purpose of this research, it is helpful to consider and discuss what environmental elements may influence the FEC's administrative behavior, specifically, the agency's initiation of MURs over time.

To begin, it is necessary to define the FEC's organizational environment. First, there is the FEC's intra-organizational network. The intra-organizational network refers the environmental area around the FEC where elements that are in continuous interact with the agency. On the one
hand, political institutions at are continuously interacting with the FEC supply the agency with essential operational resources. On the other hand, the FEC also provides services these other intra-organizational elements—regulatory and administrative services—necessary to their well being. (Bates and Bianco 1990). This intra-organizational network is therefore a complex web of relationships in which the FEC and political officials are embedded and mutually dependent. Figure 5 highlights the links in the network that represent channels through which resources, services, information, and influence flow (Bendor 1987; Bendor and Mookherjee 1987).

Figure 5. Intra-Organizational Network of the FEC.
Second, there is the FEC's general environment. The general environment of the FEC includes the intra-organizational network and more remote sectors that tend to have a broader influence on the organization. These broader environmental sectors have an effect throughout the environment and upon one another. Therefore, an overview of the FEC's general environment, as presented in Figure 6, is necessary to appreciate the large-scale links between the agency, institutional elements, and broader socioeconomic sectors. Although this research does not analyze these factors extensively, nonetheless, it is important to note their presence.

**Figure 6. Sectors of the FEC's General Environment.**
This overview of the FEC's general environment requires the division of the environment into various sectors. The general environment of the FEC includes social, cultural, legal, political, economic, technological, and physical sectors. The social sector is associated with class structure, demographics, mobility patterns, lifestyles, and traditional social institutions, including educational systems, religious practices, trades, and professions. The cultural sector is associated with issues such as history, traditions, expectations for behavior, and the values of the society. The economic sector is associated with labor, financial, and commercial markets. The technological sector is associated with knowledge and information in the form of scientific developments that the FEC acquires and uses to regulate the FECA. The physical sector is associated with nature and natural resources. The legal sector is associated with the constitution, federal law and legal practice in the United States. The political sector is associated with the distribution and concentration of power and the nature of the American political system (Hatch 1997).

To understand the crosscutting influences of the different contingent environmental elements requires paying special attention to the theoretical framework used in this research. Specifically, it is important to note that this analysis of the various contingency factors is in essence an analysis of the different aspects of a single, diverse, complex, and integrated environment.
As such, the FEC cannot be separated from its environment because it is part and parcel a fundamental part of this environment. The FEC exists within an intra-organizational network that, in turn, exists within a broader, general environment with multiple sectors. The critical point is that the FEC is not simply a member of this environment, but an integral part of its environment. As such, to view the agency's behavior outside the context of its environment would lead to results that are not consistent with reality.

Related to the organization-environment relationship is the FEC's decision-making process, specifically, the inability of organizational leadership to agree on a single set of goals. This situation is the result of multiple goals, conflicting views, resource competition, interdependence, and inherent contradictions due to the complex and diverse contingencies radiating from the environment. Thus, individuals within the FEC occupying the most powerful decision-making positions have to decide how the organization interprets and implements policy. Because FEC decision-makers are aware of the tendency not to fully agree on organizational matters and goals, they may act to manage the decision-making process by engaging in politics. Politics may be defined briefly as a process whereby a group of people, whose opinions or interests are initially divergent, reach collective decisions which are generally regarded as binding on the group, and enforced as common policy (Miller 1991).
Nonetheless, in cases that fit the conditions of a coalition model of decision-making, ambiguity is far more problematic than uncertainty. Under these conditions, FEC decision-makers do not focus primarily on a search for problem-solving information, but rather emphasize interest-accommodating alternatives. Although the development of a coalition implies a breakdown of the traditional organization decision-making process, this type of accommodation is a reasonable basis for facilitating organizational decision-making. Power differentials develop due to the ability of an institution to provide scarce, non-replaceable goods to an organization. The balance of power between the two tilts in the favor of the institution because institutional officials can manipulate non-replaceable agency resources, (Crozier 1964; Hatch 1997). Therefore, the institution's ability to determine organizational uncertainty results in a power differential between the two.

Additional research shows that it is not only uncertainty itself that produces various power differentials, but also the organization's ability to cope with uncertainty through the use of prevention, forecasting, and absorption tactics (Hatch 1997). However, coping with uncertainty does not negate the fact that hierarchical dominant institutions control resources that are critical to the existence of the subordinate organization for which there are no substitutes (Hickson, Hinings, Lee, Schneck, and Pennings 1971). Specifically concerning the FEC, this dependence on these non-replaceable
resources determines the power differential between the agency and political officials in legislative, executive, and judicial institutions. Therefore, this perspective provides a meaningful way to look at the FEC's relationship with other intra-organizational elements within its environment.

**A Resource Dependence Approach**

The resource dependence approach explains the linkage between environmental factors such as institutional officials and organizational action via political processes. According to this approach, environmental contingencies, such as scarcity of essential resources, create organizational uncertainties that translate into power differentials. The effect of environmental contingencies upon an organization tends to influence the behavior of organization decision-makers. Accordingly, decision-makers in the organization respond to these contingencies by developing measures that ensure the organization's survival.

There are several basic premises of the resource dependence approach. First, the fundamental unit for understanding this environmental relationship is the organization. Second, the organization is constrained by a network of interdependencies with other elements. Third, this network of interdependencies, coupled with uncertainty, leads to a situation in which the organization's survival becomes questionable. Fourth, the organization
develops measures to manage external interdependencies and uncertainty that may themselves produce new constraints and interdependence. Fifth, these new constraints and dependencies produce intra-organizational power, which in turn may lead to a particular decision-making process that determines administrative behavior. Organizations attempt to deal with these environmental demands (Pfeffer 1982; West 1995).

At the most fundamental level then, the FEC's vulnerability to its environment is due to its ongoing need for agency resources. Political officials in the FEC's environment—the president, Congress, and the Supreme Court—control these resources. Dependence on these resources gives these political officials in the FEC's environment power over agency decision-makers, and thus, influences the agency's administrative behavior (Buchanan, Tollison, and Tullock 1980; Tullock 1989). The complexity of the FEC's resource dependent position is primarily due to its need to develop cooperative relationships with political officials and related interests that exist in the agency's inter-organizational network (Teske 1991). Analysis of the FEC's administrative behavior using a resource dependence approach begins by identifying the environment as outlined in Figure 7 (Kaufman 1973, 1981). Note that this model is used in this analysis to test a political-administrative relationship in a single direction—political influence on administrative behavior—and not the other way around.
Figure 7. Resource Dependence Model of the FEC.

The resource dependence perspective focuses on environmental actors who can influence the FEC's administrative behavior, thereby supporting or interfering with the FEC's initiation of MURs. According to this framework then, FEC initiation of a MUR is, in part, a function of how political officials determine agency resources and thus influence FEC decision-makers to adapt to these external contingencies. There is the expectation that the FEC responses to political manipulation of agency resources by adapting its
administrative behavior—annual initiation of enforcement cases—to fit its environment (Terry 1990, 1995; Moe and Wilson 1994; Donaldson 1996).

Hypotheses

Because the FEC uses resources, such as annual budget, legislation, appointments, and judicial actions to administer and enforce federal campaign finance law, examining how political officials manipulate these resources is important (Sabatier and Mazmanian 1979; Donaldson 1996). Based on the relevant literature and theoretical framework, the presentation of appropriate questions and testable hypotheses is necessary.

First, what is the relationship between agency budget and its administrative behavior? Because the budget is necessary for agency resources ranging from staff to staplers, it is important to understand how might annual fiscal changes influence agency enforcement actions. Annual increases in the FEC's budget should explain some enforcement activities over time. FEC enforcement should respond positively to annual congressional agency appropriations increases since the agency needs these fiscal resources to operate. This leads to the first hypothesis of the research:

Hypothesis 1: There is a positive relationship between changes in agency annual budget and the FEC's initiation of MURs from 1976 to 1999.
Second, since legislation is an administrative resource for the FEC to enforce the law, addressing the question of its relationship to initiation of a MUR is important. Specifically, when there is new or amended legislation that results in a significant change to the agency's existing policy, what ramifications do we see concerning substantive FEC enforcement efforts regardless of the type of legislation? While some legislators may not be concerned with assigning additional duties to an administrative agency that oversees their re-election activities, others may view this as an opportunity to legally and administratively legally restrict or administratively overload the FEC. This leads to the second hypothesis of the research:

Hypothesis 2: There is a negative relationship between congressional enactment of new campaign finance law and the FEC's initiation of MURs from 1976 to 1999.

Third, as noted early in the literature review, questions continue concerning the role of political appointees heading government agencies and their ability to ensure democratic accountability. Specifically, when a resource in the form of a new politically appointed Commissioner to the FEC occurs, do we see a positive or negative influence on substantive agency enforcement efforts? New political appointees to the FEC should have a negative relationship with the annual number of MUR opened. Initial appointment of new commissioners to the FEC should decrease the annual
number of MURs because new appointees may have their own policy agenda that is contradictory to the goals of the FEC. In addition, new political appointees to the Commission may not possess the necessary training to lead effectively, and thus, require additional agency resources to lead effectively. This leads to the third hypothesis of the research:

Hypothesis 3: There is a negative relationship between the Senate’s confirmation of a presidential nominee for FEC Commissioner and the FEC’s initiation of MURs from 1976 to 1999.

Fourth, the question of how actions of the Supreme Court, concerning cases involving campaign finance law, influence the FEC remains unanswered. While acknowledging the special relationship the FEC has with the Court, as compared to that with Congress or the president, the relationship is nonetheless political. Thus, when the Court provides the FEC with a resource in the form of a Court action, does this action influence substantive enforcement efforts by the regulatory agency over time? Due to the complexity of campaign finance cases that come before the Court there is a great deal of uncertainty within the FEC concerning the particular matter prior to the Court’s final action. However once the Court makes its final decision this cloud of uncertainty disperses. Therefore, regardless of the Court’s decision, the FEC can either resume its existing enforcement practices.
Following the Court's action, FEC decision-makers can better use agency resources concerning agency enforcement efforts. This leads to the fourth hypothesis of the research:

Hypothesis 4: There is a positive relationship between Supreme Court decision in cases involving the FEC or federal campaign finance law and FEC initiation of MURs from 1976 to 1999.

Conclusion

This chapter described how using organization theory assists in the analysis of the relationship between political officials and the FEC's administrative behavior over time. This chapter also outlined the use of the resource dependence approach explains how the environment links to organizational behavior via political processes. This approach contends that environmental constraints and contingencies provoke organizational uncertainties that produce opportunities for organization decision-makers to cope with by adapting administrative behavior in a manner that ensures its survival in a hostile environment. However, while this theoretical framework is helps to orient the research, it is now necessary to test the hypotheses presented and assess the FEC's administrative behavior in relationship to political official manipulation of agency resources over time. This statistical analysis will determine if the null hypotheses are accepted or rejected.
CHAPTER VI

METHODOLOGY

Political officials have multiple tools at their disposal for influencing the FEC's administrative behavior as measured by initiation of MURs. However, past efforts to study the relationship between political officials and the FEC's administrative behavior have not analyzed this relationship quantitatively. Typically, past studies used qualitative methodology to examine political official influence on administrative behavior concerning the FEC (Oldaker 1986; Jackson 1990; Gross 1991). Although each of these qualitative studies of the FEC's administrative behavior enriches the political science literature concerning the administrative behavior of government agencies, a gap remains. This research helps to develop an area in the political and public administration literature by conducting a quantitative analysis using regression analysis to test hypotheses to better determine how and the extent to which political officials—Congress, the president, and the Supreme Court—can manipulate agency resources to influence the FEC's administrative behavior, measured as initiation of MURs, over time (Webb and Weick 1979).
Research Design

This research uses statistical methodology to conduct a quantitative analysis of which politically determined resources such as agency budget, legislation, appointments, and judicial actions influence the FEC's initiation of MURs over time. The analysis depicts political influence over the FEC using multiple independent variables concerning legislative, executive, and judicial influence (Waterman and Wood 1994; Krause 1996).

Dependent Variable

Before discussing in detail what is a MUR, it is necessary to clarify its substantive value and delineate it from other symbolic enforcement actions the FEC may take. A MUR is an actual enforcement case opened by the FEC to investigate possible violation of the law. Therefore, initiation of a MUR is a substantive activity by the FEC to promote compliance with the law (Gross and Hong 1998). A MUR corresponds to the expected punishment in deterrence theory. This is the likelihood of being found guilty of violating the law compounded by the expected value of the punishment if found guilty of violating the law (Scholz and Pinney 1995).

The FEC can also use symbolic enforcement activities to promote compliance with the law. Symbolic politics theory states that individuals
engage in symbolic activity rather than substantive activity to manipulate others into perceiving that they are carrying out the public will (Edelman 1971; Hoerrner 1999). Symbolic enforcement activities the FEC may engage in include “conciliation agreements” (agreements between the FEC and those found guilty of violating federal campaign finance law) and “request-for-additional-information” (agency requests to party committee concerning questionable campaign records). “Conciliation agreements” represent after-the-fact enforcement actions and not tactical agency action. “Request-for-additional-information” is not an actual enforcement action, as it does not entail formal punishment (Scholz 1991; Scholz and Pinney 1995). In addition, because departmental auditors or legal staff at the FEC can initiate these symbolic uses of enforcement, their use in this analysis would be inappropriate.

Thus MURs, as opposed to “conciliation agreements” or “requests-for-additional-information,” represent (a) real agency enforcement that (b) requires substantial resource toward its implementation and are (c) substantive punishment for violators. To capture this dynamic, the research uses the difference in annual number of MUR cases opened by the FEC from 1976 through 1999 to measure changes the agency's administrative behavior. MURs data are the change in actual enforcement cases opened by the FEC to investigate possible violations of the law.
Independent Variables

First, annual changes in agency budget—adjusted for inflation—are used to analyze how political officials influence the FEC's initiation of MURs by manipulating fiscal resources. Concerning the budget variable, it is necessary to outline the procedures and reasoning justifying its use in this research. First, the budget data used are the actual amount appropriated by Congress following budget recommendations from the Office of Management and Budget, House Appropriation and Senate Appropriation committee hearings. Second, the data are adjusted for inflation using the CPI Index listed in the Statistical Abstract of the United States (1999). Third, the data used in the analysis reflects annual budgetary data changes because of annual increases or decreases in FEC funding. This creates a budgetary variable that reflects the fiscal changes adjusted for inflationary pressure. Finally, it is important to note that historically Congress has earmarked significant portions of the agency's budget for specific activities such as technological upgrades. The budget data used in this analysis includes these annual amounts due to the theoretical problem of discerning if these budgetary earmark amounts are or are not effectively related to agency enforcement efforts. Figure 8 presents FEC budgetary data for the period of this study to illustrate the changing nature of the agency's budget.
Figure 8. FEC Annual Budget Change, 1976-1999.


Second, I use a four-point ordinal scale to measure how enactment or the amendment of campaign finance related legislation influences the FEC's initiation of MURs, using the following coding criteria and distinctions: 0 = no legislative change; 1 = minor legislative change; 2 = moderate legislative change; and 3 = major legislative change. No legislative change represents no major legislative action has taken by Congress for that year.
Minor legislative change signifies that the FEC's behavior does not shift despite enacted legislation. An example of minor legislative change is the Ethics Reform Act Amendments of 1989 (P.L. 101-194) that made several changes in laws related to federal election that included (a) repeal of the "Grandfather Clause" that permitted retiring Members of Congress to convert excess campaign funds to personal use and (b) new requirements that all incumbent and non-incumbent candidates for Congress file their personal finance reports with the FEC. Overall, this type of legislation either does not impose new administrative duties on the FEC or those newly assigned duties require minor changes to existing processes.

Moderate legislative change signifies that the FEC's behavior shifted substantively due to enacted legislative change. An example of moderate legislative change is the House-Point-of-Entry Act of 1996 (P.L. 104-79) legislation. Before the enactment of this legislation, members of the House of Representatives would file campaign disclosure reports with the Clerk of the House who would make this information available to the public. However, because of the 1996 legislation, the FEC now has complete administrative responsibility for the intake, filing, and public accessibility of this information.

Major legislative change signifies a complete shift in FEC behavior due to the enacted legislation. An example of major legislative change is the
Federal Election Campaign Act Amendments of 1979 (P.L. 96-187). Following the 1976 and 1978 elections, amendments to the FECA (a) simplified reporting requirements (b) encouraged party building efforts (c) increased the public funding for Presidential nominating conventions and (d) repealed the random audit ability of the FEC. Table 3 listed the legislative data.

Table 3

<table>
<thead>
<tr>
<th>Year</th>
<th>Legislation</th>
<th>Public Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>FECA Amendments</td>
<td>(P.L. 94-283)</td>
</tr>
<tr>
<td>1979</td>
<td>FECA Amendments</td>
<td>(P.L. 96-187)</td>
</tr>
<tr>
<td>1981</td>
<td>FEC Authorization (Reorganization)</td>
<td>(P.L. 93-253)</td>
</tr>
<tr>
<td>1989</td>
<td>Ethics Reform Act Amendments</td>
<td>(P.L. 101-194)</td>
</tr>
<tr>
<td>1993</td>
<td>Presidential Fund (Omnibus Budget)</td>
<td>(P.L. 103-66)</td>
</tr>
<tr>
<td>1994</td>
<td>National Voter Registration Act</td>
<td>(P.L. 103-31)</td>
</tr>
<tr>
<td>1996</td>
<td>House Point-of-Entry</td>
<td>(P.L. 104-79)</td>
</tr>
</tbody>
</table>


Third, the appointment variable represents the annual number of initial appointments made to the FEC Commission. Concerning the appointment variable, it is necessary to comment on how to interpret it and
how it is used in this research. Typically, political appointments inform us about the political ideology and motives of the president. For instance, following Ronald Reagan's electoral success during the 1980's, his administrative agenda was to reduce the size and scope of the federal government. In keeping with this agenda, Reagan openly appointed like-minded conservatives to head various agencies and commissions. The importance of this is that usually electoral success leads to the formation of a federal cadre of politically appointees that implement a policy platform validated by voters in open federal elections.

However, political appointments to the FEC are unique when compared to other regulatory agencies for two reasons. First, according to the FECA, the FEC must have a politically balanced commission of three Republicans and three Democrats. Thus, having a politically balanced commission means that neither partisan interest has a voting majority. Second, according to custom, it is not the president who makes the initial selection of a possible appointees, but Republican and Democratic leadership. It is customary that when there is a vacancy on the Commission, party leadership will submit a list of names to the President for consideration. Ultimately, electoral success, presidential or congressional, plays a minor role concerning appointments to the FEC. Table 4 presents data concerning appointments to the FEC.
### Table 4

**Appointment of FEC Commissioners, 1976-1999**

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointment Date</th>
<th>Re-Appointment Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curtis, Thomas (R)</td>
<td>1975</td>
<td>na</td>
</tr>
<tr>
<td>Harris, Thomas (D)</td>
<td>1975*</td>
<td>1976, 1979</td>
</tr>
<tr>
<td>Staebler, Neil (D)</td>
<td>1975*</td>
<td>1976*</td>
</tr>
<tr>
<td>Thomson, Vernon (R)</td>
<td>1975*/81</td>
<td>1976/81</td>
</tr>
<tr>
<td>Tieman, Robert (D)</td>
<td>1976*</td>
<td>1976</td>
</tr>
<tr>
<td>Springer, William (R)</td>
<td>1976</td>
<td>na</td>
</tr>
<tr>
<td>McGarry, John (D)</td>
<td>1978</td>
<td>1983, 1989</td>
</tr>
<tr>
<td>Friedersdorf, Max (R)</td>
<td>1979</td>
<td>na</td>
</tr>
<tr>
<td>Reiche, Frank (R)</td>
<td>1979</td>
<td>na</td>
</tr>
<tr>
<td>Elliott, Lee Ann (R)</td>
<td>1981</td>
<td>1987, 1994</td>
</tr>
<tr>
<td>McDonald, Danny (D)</td>
<td>1981</td>
<td>1987, 1994</td>
</tr>
<tr>
<td>Josefiak, Thomas (R)</td>
<td>1985</td>
<td>na</td>
</tr>
<tr>
<td>Thomas, Scott (D)</td>
<td>1986</td>
<td>1991</td>
</tr>
<tr>
<td>Potter, Trevor (R)</td>
<td>1991</td>
<td>na</td>
</tr>
<tr>
<td>Mason, David (R)</td>
<td>1998</td>
<td>na</td>
</tr>
<tr>
<td>Sandstrom, Karl (D)</td>
<td>1998</td>
<td>na</td>
</tr>
<tr>
<td>Wold, Darryl (R)</td>
<td>1998</td>
<td>na</td>
</tr>
</tbody>
</table>

**Note:** *Initial appointment 1976 used (re-constitution of FEC).*

**Source:** Federal Election Commission Annual Reports (1975-1999).

Fourth, a four-point ordinal scale is used to measure how judicial action by the Supreme Court in cases concerning campaign finance law influences the FEC's initiation of MURs, using the following coding criteria and distinctions: 0 = no judicial change; 1 = minor judicial change; 2 =
moderate judicial change; and 3 = major judicial change. No judicial change represents agency behavior remaining the same when there is no Supreme Court judicial action.

Minor judicial change the Court acts but its impact on the FEC’s enforcement activity is slight at best. This would usually apply to cases in which the Court concurs with the Commission’s position. An example of minor judicial change is the case of Democratic Senatorial Campaign Committee v. FEC (1981). In this case, the DSCC sought a declaration from the Court that the FEC’s “no reason to believe” finding in an earlier case the FEC reviewed violated expenditure provisions of the FECA concerning various Republican Senatorial candidates in 1978 was contrary to the law and ordered the Commission to comply with the declaration within 30 days. The Supreme Court granted the FEC’s petition for a writ of certiorari in this case and the agency prevailed.

Moderate judicial change signifies a substantive change to the FEC’s enforcement policy due to judicial action, usually in cases that the Court does not concur with the agency’s position. An example of moderate judicial change is the case of the FEC v. Political Contributions Data (1994). In this case, following Political Contributions Data victory over the FEC in the Court of Appeals concerning its right to sale contributor lists published by the FEC, the Political Contributions Data applied to the district court for an award of
$55,022 in attorneys' fees and other expense pursuant to the Equal Access to Justice Act. To be considered by a court, an application for attorney's fees must be filed within 30 days of the date the judgment has become final. While the district court said that a judgment is final when the losing party asserts that no further appeal will be take, the U.S. Court of Appeals for the Second Circuit found that Political Contributions Data had filed its application for attorneys' fees within 30 days of the "final judgment" as required under the Equal Access to Justice Act because the date of "final judgment" was the last day the FEC could have applied for a writ of certiorari with the Supreme Court. On February 22, 1994, the Supreme Court denied the FEC's petition to review the appellate court judgment and was required to pay Political Contributions Data's attorneys. The Solicitor General, who filed a friend of the court brief supporting the FEC's petition, said the Court's finding in this case seriously expands the FEC's liability for attorney fees.

Major judicial change signifies a substantive and momentous change to the FEC's enforcement policy due to judicial action, usually in cases that the Court not only disagrees with the agency's position, but also provides judicial opinions that cast doubt upon government efforts to regulate campaign finances. An example of major judicial change is the case of Buckley v. Valeo (1976). In this case, the constitutionality of the 1974 FECA Amendments was challenged. The major finding of this case was that the
Court upheld the 1974 FECA contribution limit provisions but overturned its expenditure limit provisions. Acknowledging that both contribution and spending limits had First Amendment implications, the Court stated that the 1974 FECA Amendments' expenditure limits impose significantly more severe restrictions on protected freedoms of political expression and association than do its limitations on financial contributions. However, the Court contends that expenditure limits placed on publicly funded candidates were constitutional because Presidential candidates were free to disregard the limits if they chose to reject the public financing. Serious debate considering overturning this case and the Court's findings continues. Further, in **FEC v. Colorado Republican Federal Campaign Committee** (1996), various Justices wrote opinions that not only question the findings in **Buckley**, but also the legitimacy of the FEC's regulatory duties.

A brief overview concerning the case selection process used in this analysis requires a brief explanation. First, all cases considered or reviewed by the Supreme Court concerning campaign finance law are included in this research. This research uses cases in which the FEC is a plaintiff—**FEC v. Colorado Republican Federal Campaign Committee** (1996), a defendant—**Buckley v. Valeo** (1976), amicus curiae—**First National Bank of Boston v. Bellotti** (1978), and in some cases, not formally involved in a case at all—**Austin v. Michigan State Chamber of Commerce** (1990). Second, although
this research uses 20 cases either considered or reviewed by the Supreme Court, it is important to note the general judicial subject areas under which the FEC lists them. The majority of these cases fall under the subject headings concerning constitutionality (contribution or expenditure limits) and communications (corporations, labor organizations, and national banks) issues. Other subject headings include advisory opinions, attorney fees and court costs, enforcement, express advocacy, news story exemption, party committees, reporting, and standing. Table 5 lists all cases used in this analysis.

Finally, it is important to underscore the fact that the relationship between the FEC and the Supreme Court, while different from that between the FEC and the other institutions of government—president and Congress—is nonetheless a political relationship. As Martin Shapiro (1968) rightly points out in his extensive review of the implementation of the Miranda laws, while the decisions and actions of the Supreme Court have substantial legal and social meaning, these actions are not self-executing. Shapiro makes clear the point that actions of the Supreme Court, concerning the implementation of the law, requires that administrative agencies not only support the Court's actions, but also see to it that the Court's policy decisions are fairly implemented.
### Table 5

**Selected FEC Supreme Court Cases, 1976-1999**

<table>
<thead>
<tr>
<th>Supreme Court Case</th>
<th>Case Number &amp; Date of Court Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSCC v. FEC</td>
<td>454 U.S. 27(1981)</td>
</tr>
<tr>
<td>FEC v. NCPAC</td>
<td>470 U.S. 480(1985)</td>
</tr>
<tr>
<td>Austin v. MI St. Chamber of Commerce</td>
<td>494 U.S. 652(1990)</td>
</tr>
<tr>
<td>FEC v. NRA Political Victory Fund</td>
<td>115 S. Ct. 537(1994)</td>
</tr>
<tr>
<td>FEC v. Williams</td>
<td>118 S. Ct. 600(1997)</td>
</tr>
<tr>
<td>Maine Right to Life v. FEC</td>
<td>118 S. Ct. 52(1997)</td>
</tr>
<tr>
<td>Clifton v. FEC</td>
<td>118 S. Ct. 1036(1998)</td>
</tr>
</tbody>
</table>


### Data Collection and Analysis

Data for this analysis are gathered from FEC Annual Reports and archival records at the FEC in Washington, DC under the Freedom of...
Information Act. This study uses archival agency data to identify the relationship between the FEC's initiation of MURs and political manipulation of agency resources. The empirical approach of this study allows for an unobtrusive analysis of administrative behavior and thereby, avoids problems concerning improper interaction with subjects (Webb and Weick 1979). The analytical focus of this research is the relationship between the initiation of MURs by the FEC and various politically determined agency resources from 1976 to 1999.

This study differs from previous research on political-administrative relations concerning the FEC in that its purpose is to reveal the scope and specific mechanisms of political influence using quantitative methodology. Regression analysis is used because the relationship between the dependent variable and independent variables is assumed to be approximately linear, and thus, produce parsimonious results. The research uses an autoregressive statistical model (AUTOREG) to assess the longitudinal affect of political manipulation of agency resources on FEC behavior. The AUTOREG model is useful because typically when using time series data in regression analysis, the error term often is not independent through time. Instead, the errors tend to be autocorrelated. If the error term is autocorrelated, the efficiency of ordinary least-squares parameter estimates is adversely affected and standard error estimates are biased. The AUTOREG model corrects for this serial
correlation. The AUTOREG procedure fits autoregressive error models of any order and can fit subset autoregressive models. To diagnose autocorrelation, the AUTOREG procedure produces generalized Durbin-Watson (DW) statistics and their marginal probabilities. Therefore, using an AUTOREG model corrects for autocorrelation and provides for greater efficiency using time series data (SAS Institute 1993; Kennedy 1996). Thus, the research quantitatively assesses how annual changes in agency budget, legislation, appointment, and judicial action influence the FEC's annual initiation of MURs from 1976 through 1999 using the AUTOREG procedure. Note that the modeling procedure does not identify long-term adjustments at the FEC greater than one year since there are no lagged independent variables or lagged dependent variable in the model.

Validity and Reliability

This methodological approach maintains the validity and reliability of the research. First, all data are valid measures of political officials and FEC's actions because they accurately represent what they intend to measure. The dependent variable, MUR, is an actual measure of the FEC efforts to enforcement of the law. The independent variables-budget, legislation, appointment, and judicial action-are the actual measures for the concepts they represent as archival, public data are used. Second, all data are reliable
measures of political officials and FEC actions because of their consistent use as such during the existence of the FEC. These standards for identifying enforcement cases, annual budget, legislation, appointments, and judicial action remain consistent measures over time for internal management and when agency leadership reports annually to various congressional committees.

Conclusion

This chapter presented the methodological approach the research uses to analyze the relationship between the FEC's initiation of MURs, and multiple independent variables such as agency budget, legislation, appointments, and judicial actions from 1976 to 1999. Because this research uses quantitative methodology to analysis the FEC’s administrative behavior, its findings might be of value to the larger study of politics and administration. The following chapter presents the statistical results.
CHAPTER VII

EMPIRICAL ANALYSIS

To address the question of how political influence relates to FEC administrative behavior requires the testing of relevant hypotheses. Hypothesis testing is necessary to evaluate whether political official manipulation of agency resources influenced the FEC’s enforcement of campaign finance laws from 1976 through 1999. This analysis uses quantitative techniques in an effort to develop empirical results that test hypotheses concerning the relationship between political manipulation of agency resources and FEC administrative behavior. Therefore, this chapter presents the results of a statistical analysis that tests the proposed hypotheses and provides summary overviews of the empirical results.

Findings

An examination of AUTOREG analysis data results in Table 7 provides a number of findings. First, because the legislation and judicial variables are not statistically significant, the null hypotheses for these variables are accepted. Second, because the budget and appointment variables are
statistically significant concerning FEC administrative behavior, the null hypotheses are therefore rejected. Figure 9, a plot of the actual changes in the annual initiation of MURs by the FEC on the predicted values, provides additional information concerning the statistical findings.

Table 6

Political Influence of FEC Enforcement (MURs), 1976-1999

<table>
<thead>
<tr>
<th>Variable</th>
<th>Impact on Initiation of Enforcement Investigations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coefficient</td>
</tr>
<tr>
<td>Budget ( ^a ) (in millions)</td>
<td>0.000056</td>
</tr>
<tr>
<td>Legislation</td>
<td>21.791010</td>
</tr>
<tr>
<td>Appointment</td>
<td>-42.305418</td>
</tr>
<tr>
<td>Judicial</td>
<td>4.064922</td>
</tr>
<tr>
<td>Reg Rsq</td>
<td>.524</td>
</tr>
<tr>
<td>Total Rsq</td>
<td>.487</td>
</tr>
<tr>
<td>Durbin-Watson ( ^b )</td>
<td>1.75</td>
</tr>
</tbody>
</table>

Note: Regression coefficients / unconditional least squares estimates (ULS) calculated by PROC AUTOREG in SAS. Results based on 24 cases. 
*Significant < .1; **Significant < .05; ***Significant < .01.


b. Durbin-Watson test for autocorrelation.
Figure 9. Initiation of MURs: Actual and Predicted.

Budgetary Analysis

The analysis finds that there is a statistically significant relationship between agency annual budget and the FEC's initiation of MURs. Table 7 indicates a positive t-test of 4.227 that is significant at the .01 level. However, while the statistical analysis supports the budgetary hypothesis of this research, the substantive effect of the budget on FEC administrative behavior...
is negligible. The coefficient tells us that the discretionary budget of the FEC would have to be enlarged dramatically to increase enforcement output and budget effects given the historical experience of FEC budgets. As a theoretical and statistical matter, the budget proves significant concerning FEC administrative behavior. As a practical matter though, the budget proves to be inconsequential concerning FEC administrative behavior. What additional issues help explain the relationship between budget and FEC administrative behavior?

First, the budgetary process is an annual event that generally does not provide dramatic shifts in agency funding. After adjusting for inflation, the annual budgetary amounts for the FEC rarely deviate from historical funding patterns. Therefore, due to the procedural nature of agency funding and the fact that the FEC must submit a concurrent budget to Congress and the president, the final dollar amount the FEC receives annually fails to influence is administrative behavior substantially.

Second, because of the president's budgetary recommendation and numerous congressional oversight hearings, FEC decision-makers are constantly aware of how political officials view the agency's enforcement activities. During the budgetary process, the FEC must submit its fiscal year budget request to Office of Management and Budget and the Congressional Budget Office for review and comment. Next, the FEC must attend hearings
in Congress before the House's Administration Committee's Subcommittee on Elections, the House's Appropriations' Subcommittee on Treasury, Postal Service & General Government, and the Senate's Committee on Rules & Administration. Ultimately, political officials may use the budgetary process itself, rather than annual budgetary amounts, as a tool to inform FEC decision-makers about their pleasure or displeasure with agency behavior.

Third, a more cynical view of the relationship between the budgetary variable and the FEC's administrative behavior is that the FEC has historically and continues to receive inadequate funds to enforce federal campaign finance laws adequately. What this means is that from its very beginning to the present, funding for the FEC is not adequate to provide for effective and efficient enforcement of campaign finance laws. Further, a possible reason why the budget has no influence on the annual number of MURs opened may have to do with congressional earmarking of funds and internal agency allocation of funds. An example is Congress earmarking 4.0 million dollars of the FEC's 1997 budget for technological upgrades. However, as noted earlier, attempting to adjust the budgetary data according to these earmarked amounts would most likely fail to enhance the accuracy of the analysis. Overall, while the budget findings in this research call for the rejection of the null hypothesis, additional analysis using sophisticated statistical methodology is necessary.
Legislative Analysis

The statistical analysis finds that there is no measurable statistical relationship between the enactment of campaign finance related legislation and the FEC's initiation of MURs. Because Table 7 indicates a t-test of 1.033 for legislation, the legislative hypothesis of this research is rejected and the null hypothesis is accepted. What additional issues help explain why legislation does not have a significant relationship with FEC administrative behavior?

First, the absence of a statically significant relationship between legislation and FEC administrative behavior probably has more to do with the magnitude and scope of the legislation itself. For example, following legislation as the result of Buckley v. Valeo (1976), there have been several other pieces of legislation passed by Congress and signed into law by the president. Only the 1979 Amendments to the FECA abolishing the FEC's authority to conduct random audits seems to have been of significant magnitude and scope to influence the FEC's enforcement actions. Thus, excluding these two legislative efforts, other legislation failed to influence FEC's administrative behavior. In addition, the influence of legislation could be incremental and therefore less pronounced. Therefore, it is reasonable to expect that in some cases, legislation may not have a discernible influence on
the FEC's administrative behavior until possibly several years following its enactment and administrative implementation.

Second, a review of enacted campaign finance legislation leads to the notion that this legislation may indirectly influence on the FEC's administrative behavior and as such, may not be discernable using statistical analysis. This indirect influence of legislation may be seen in the case of the National Voter Registration Act of 1993 (P.L. 103-31) that assigned new administrative duties to the FEC. Due to this new legislation, the FEC's Clearinghouse must conduct research, provide information, and monitor the implementation and effects of the National Voter Registration Act in support of state efforts to increase voter turnout. This legislation forced FEC decision-makers to spread already thin administrative resources even thinner in efforts to implement the policy goals of the legislation. Thus, while the null hypothesis for the legislative variable is accepted, discerning the causal relationship between legislation and FEC administrative behavior may require analysis over a longer period and the use of a different statistical methodology. In particular, qualitative analysis of how the enactment of campaign finance related legislation influences the FEC's administrative behavior might provide important information that simply is not discernible using quantitative data analysis that looks primarily at annual changes in agency behavior.
Appointment Analysis

The analysis finds that there is a statistically significant relationship between the initial appointment of FEC Commissioners and the FEC's initiation of MURs. Table 7 indicates a negative t-test of -2.209 that is significant at the .05 level. The appointment coefficient informs us that the appointment of a new commissioner to the FEC resulted in 42 fewer MURs opened annually. In addition, some appointments occurring between election cycles could have influenced the magnitude of this finding. Nonetheless, this finding supports the appointment hypothesis of this research and allows for the rejection of the null hypothesis. What additional issues help explain the negative relationship between political appointment and FEC administrative behavior?

First, appointment of new FEC Commissioners is primarily an exercise to balance political needs. Politically, new appointees may believe that the partisan interests supporting their nomination and confirmation may expect the Commission to avoid imposing any additional burdens upon their campaign efforts. New Commissioners may also realize that because there are numerous other political interests and watchdog groups that monitor the FEC's actions in relation to their appointment, new appointees may choose a conservative approach toward regulatory enforcement. A review of FEC
Commissioners' biographies gives the impression that these individuals are beholden to the political interests, and therefore, may not seek to initiate a costly and possibly embarrassing investigative agenda (Jackson 1990). Further, it may simply not be in the best interest of individual Commissioners to engage in an activism enforcement agenda while serving on the Commission if they intended to seek other politically sensitive positions within or outside government. Therefore, due to the political nature of the appointment process and the Commissioners themselves, appointees simply do not influence the enforcement vigor of the FEC.

Second, because the appointment of Commissioners to the FEC is based primarily on balancing political considerations, these appointees may lack the necessary skills, training, and experience to perform their duties in a manner that is most efficient and effective concerning the use of agency resources. For instance, although some Commissioners have had general political and elective experience before their appointment, compared to other appointees with specialized legal or academic training, these generalists would perform their duties at a lower rate of efficiency than specialists would. This performance gap between the generalist and specialist is primarily due to the generalists need to consume more agency resources, such as time of agency professional staff, in order to reach a level of performance commensurate with specialists.
Third, there is the issue that when an individual is appointed to the Commission, there may simply be a period of learning agency operations, procedures, and culture that negates a new appointee's ability to support enforcement activities. Anecdotal accounts give the impression that while FEC Commissioner may not become more aggressive concerning agency enforcement matters during their latter years of service, political officials may become worried that senior Commissioners may become less predictable. Overall then, when you combine issues of politics, professional training, and a lack of regulatory-administrative experience, we have a situation in which new Commissioners appointed to the FEC have a negative affect on agency administrative behavior.

Judicial Analysis

The statistical analysis finds that there is no measurable relationship between the Supreme Court action concerning campaign finance related cases and the FEC's initiation of MURs. Because Table 7 indicates a t-test of 0.231 for the judicial variable, the judicial hypothesis of this research is rejected and the null hypothesis is accepted. What additional issues help explain the lack of a statistically significant relationship between judicial action and FEC administrative behavior?
First, although resolution of a campaign finance law case by the Supreme Court does reduce uncertainty, it can not remove all agency doubt concerning future Court actions. Supreme Court consideration, review, and decisions are important as these actions dictate how the FEC should use resources related to the agency’s commitment toward addressing long-term programmatic issues as opposed to short-term issues. Therefore, because the FEC has long term interaction with the Court, agency decision-makers care about their relationship with the Justices and develop long term strategies to facilitate favorable relationships as the prospect of frequent interactions with the Court and the possibility of institutional sanctions become more likely.

The data reveal that between 1976 and 1999, the Court regularly reviewed, made decisions, and provided opinions on cases dealing with campaign finance laws. This is important to note because unlike other issues that the Court may review only periodically, issues such as free speech and campaign funding issues are regularly before the Justices. Thus, FEC decision-makers will seek to develop and maintain a positive organizational-institutional relationship with the Court (Cover and Segal 1989; Epstein and George 1992).

Second, not all cases the Supreme Court reviews concerning federal campaign finance laws influence the FEC’s administrative behavior equally. In the case of the **FEC v. NRA Political Victory Fund** (1994), the FEC had to halt all pending enforcement actions so that it could review past enforcement
related decisions. Nonetheless, while the assumption that FEC decision-makers respond symmetrically to actions of the Supreme Court, this may not be the situation concerning all matters. Due to the unique nature of the FEC's relationship with the Supreme Court, agency decision-makers probably use contextual information to respond appropriately to Court actions. Thus, the influence of Supreme Court action on FEC behavior may have such finely tuned ramifications that detecting their influence beyond the capabilities of this quantitative analysis.

Discussion

Beyond the statistical findings, two time-related factors may also help to explain FEC behavior over the period of this research. First, political leadership at the federal level takes on a more decidedly conservative tone. Over the period of this analysis Republicans win control of Congress, the executive office is headed by conservative or moderate-liberal Presidents, and the Supreme Court has continued to shift toward a more conservative majority. The result of this general shift toward more conservative political leadership might be the reigning in of administrative agency actions and regulatory enforcement. Specifically, FEC decision-makers realize that expanding its regulatory abilities would be met with institutional resistance.
Second, the conduct of campaigns and elections during this period might be overloading the administrative and resource capabilities of the FEC. It is during the period of this research that political organizations and special interest groups begin to use advanced technology to spread political messages and new fundraising techniques to support party and campaign building efforts. Thus, the combination of new highly politically active groups and new fundraising techniques is probably overloading the FEC's administrative and enforcement capacity.

Overall, the point is that the FEC's relationship with political officials and the broader campaign and election population changed over time. Characterization of a static relationship between the FEC and political officials fails to account for changing relationships, processes, and technology that influence what and how the agency implements its regulatory duties. As always, time-related factors require consideration concerning the analysis of any political-administrative relationship.

Conclusion

This research provided important findings concerning the relationship between federal political officials in the United States and the FEC’s initiation of enforcement investigations known as MURs. The data indicates a significant relationship between agency budget and appointments and FEC
initiation of new enforcement cases. This finding is important because it provides some support for the theoretical basis of this research concerning the administrative-political relationship. In addition, while other measures of political influence did not prove statistically significant and their null hypotheses accepted, this research does provide guidance for future analysis.
CHAPTER VIII

CONCLUSION

In an attempt to protect the legitimacy of electoral policy, Congress created the FEC to enforce federal campaign finance law as constituted by the FECA. Among its primary responsibilities, the FEC has the duty of administrating disclosure of campaign finance information, managing the public funding of presidential elections, serving as a clearinghouse for information on election administration, and enforcing spending limits. In addition, the FEC protects the integrity of the electoral process by annually recommending legislation to Congress and publishing notes in the Federal Register for the purposes of enhancing agency efforts to regulate the federal campaign finance system. However, while these duties are clear, there is a fundamental paradox when considering the dynamics of FEC initiation of enforcement investigations concerning possible violations of campaign finance laws.

The paradox is that FEC enforcement of campaign finance law usually puts the agency at odds with organized political interest groups and incumbent political officials who determine agency resources. On the one
hand, the FEC must administer and enforce campaign finance laws that serve the legitimate governmental interest of protecting the integrity of the federal electoral process. On the other hand though, the FEC must remain attentive to the Constitutional freedoms of speech and association, and to the practical implications of its actions for political officials that may view the agency’s enforcement efforts as intrusive. Therefore, regulatory enforcement of federal campaign finance laws by the FEC is a politically sensitive activity that shapes the political-administrative relationship between the agency and those political officials who determine the agency’s resources. It is this political-administrative relationship that led to the central question of this research: how might political officials in the legislative, executive, and judicial branches of the United States government influence the FEC’s annual initiation of enforcement investigations through the manipulation of agency resources over time? This research quantitatively tested hypotheses that provide answers to this central research question.

Summary

Overall, this analysis provides a number of interesting insights. First, the research documented government efforts in the United States to regulate the use of money in politics from the late 1800s to the present, noting that over time the use of money in politics has become increasingly complex.
Second, the research provided an overview of the FEC and the agency's ability to administrate and enforce federal campaign finance law. This review establishes that FEC staffers must navigate through a web of enforcement procedures that are not only time consuming, but also places a heavy demand on agency resources. Third, the literary record indicates that while the debate between the administrative autonomy and political control perspectives concerning administrative behavior continue contemporary researchers are increasingly using more sophisticated and rigorous quantitative techniques. This literature notes that political officials have at their disposal budgetary, legislative, appointment, and judicial tools to influence administrative behavior. Fourth, organization theory was used in the analysis to develop a model for understanding the institutional-organizational relationship between political officials and the FEC. This theoretical framework therefore allowed for the analysis of the institutional-organization relationship and the development of testable hypotheses.

Findings

Quantitative methodology was used in the research to analyze the relationship between the FEC's initiation of MURs, and multiple independent variables such as agency budget, legislation, appointments, and judicial actions from 1976 to 1999. This analysis employed linear regression
methodology to analyze time series data to test four hypotheses concerning the political-administrative relationship between political officials and the FEC's administrative behavior over the period of this research. For the statistical analysis, an autoregressive statistical technique (AUTOREG) was used to control for autocorrelation, a problem typical when conducting statistical analysis with time series data. Scholars frequently employ this statistical technique when conducting political science research with time series data. A summary of the hypotheses, analysis, and findings are presented in Table 7.

Table 7

Summary of Analysis Findings

<table>
<thead>
<tr>
<th>Variable</th>
<th>Hypotheses</th>
<th>Findings</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Positive</td>
<td>Statistically Signf. / Positive</td>
<td>p&lt;.01</td>
</tr>
<tr>
<td>Legislation</td>
<td>Negative</td>
<td>Statistically Insignf. / NA</td>
<td>na</td>
</tr>
<tr>
<td>Appointment</td>
<td>Negative</td>
<td>Statistically Signf. / Negative</td>
<td>p&lt;.05</td>
</tr>
<tr>
<td>Judicial</td>
<td>Positive</td>
<td>Statistically Insignf. / NA</td>
<td>na</td>
</tr>
</tbody>
</table>

This research analyzed the relationship between political manipulation of agency resources and the FEC's administrative behavior. First, although
the null hypotheses for the legislation and judicial variables are accepted, the research indicates that qualitative analysis using these variables concerning FEC behavior may prove productive toward a better understanding of how non-quantifiable factors influence administrative behavior. Second, since the budget and appointment variables are statistically significant, their null hypotheses are rejected. Nonetheless, this research notes that additional analysis of these variables and their relationship to FEC behavior would enhance our understanding of the agency's decision-making process. Overall, this analysis supports the theoretical expectations of the research.

Comments

Although this analysis finds evidence supporting the central hypothesis of the research that political officials do influence the FEC's administrative behavior over time by manipulating resources, it also answers two additional questions. Generally, the analysis indicates that evaluation of the political-administrative relationship is necessary to interpret how administrative decision-makers determine what actions to take in the face of multiple constraints. The political-administrative relationship is an integral part of a larger contextual environment that shapes administrative decision-making processes. Therefore, the research concludes that to understand
administrative behavior, it is necessary to examine an organization’s relationship with its institutional superiors.

Specifically, the analysis indicates that the FEC operates in a politically motivated environment that ultimately prevents the organization, in its current form, from achieving the regulatory status originally bestowed upon the agency. A primary lesson of this analysis is that while the FEC was established to provide meaningful regulation of the federal campaign finance system, because it operates under administrative rules and procedures that prevent agency leadership and staffers from conducting effective and efficient enforcement, the organization stands as a contradiction. Thus, regardless of future campaign finance reform, without effective regulatory administration and enforcement, federal efforts to maintain the legitimacy of the campaign finance system will remain hollow so long as the FEC remains feckless.

Contributions

This research not only contributes to our theoretical and empirical understanding of the political-administrative relationship, but also links theoretical modeling and empirical analysis in a way that provides meaningful results. Theoretically, this research contributes to our understanding of administrative agency response to political influence. Specifically, by using organization theory, the research provides a more
realistic explanation of how a government organization behaves in response to political manipulation of agency resources over time. In addition, by using organization theory, this research answers James March's call for scholars to focus on the connection between politics, administration research, and theory (March 1997). Although this research does not advocate the use of organization theory in all cases analyzing the political-administrative relationship, it does demonstrate the value and productivity of using this theoretical framework.

Empirically, this research contributes to our understanding of the political-administrative relationship by applying quantitative methodology to the analysis of a government agency that previously has only undergone qualitative analysis. Although there are numerous examples in the literature of qualitative analysis of the FEC's relationship with political officials, quantitative analysis is lacking. Specifically, this research is a starting point for future quantitative analysis of the FEC. Although the statistical analysis used in this research is commonly found in political science journals, its application to the analysis of the FEC is not, and therefore, enhances the political-administrative literature. In addition, there is the expectation that as FEC time-series data increases over time, new and more sophisticated statistical techniques can be applied to re-test the findings of this research.
Finally, this research contributes to political science in general by empirically analyzing a formal theoretical model. Presently, there is a gap between theoretical and empirical research in political science. On the one hand, formal theoretical modeling continues to develop, in some cases, outpacing empirical testing. On the other hand, empirical techniques have become more complex and widely used as statistical tools are increasingly available. The result of this disjunction between model development and empirical analysis has been an expanding gap between theory and method in political science (Morton 1999). This research attempts to close this gap by empirically evaluating a theoretical model.

Prospective Research

Although this analysis of how political officials influence the administrative behavior of the FEC offers important findings, additional research is necessary to advance the study of the political-administrative relationship. Specifically, such future research can contribute by extending the analysis presented in this project and conducting detailed analysis of the FEC's enforcement database. Undertaking these two research opportunities may not only enhance our understanding of the political-administrative relationship, but also provide the analytical tools necessary for determining if
government efforts to regulate campaign finances are consistent with the
tenets of democratic theory.

Based on the findings presented in this analysis, the following
prospective research is necessary. First, additional study of the relationship
between agency budget and the FEC's enforcement activity could be
advanced using adaptive updating and cascade processing models as
recommended by Carpenter (1996). Second, analyzing the relationship
between the enactment of campaign finance related legislation and reports of
political corruption over an extended period of time could provide valuable
information concerning what triggers new legislation. Third, studying the
relationship between FEC leadership and agency behavior could be advanced
by looking the voting records of these appointees during their tenure of
service on the Commission to uncover possible trends or voting
inconsistencies. Fourth, judicial analysis concerning the FEC's administrative
behavior could be advanced using a case study approach to understand the
unique relationship between specific judicial action and FEC behavior.

In addition, there is the opportunity to analyze the FEC's enforcement
database to see if agency and customer enforcement practices are consistent
with democratic theory. For instance, analyzing the FEC's enforcement
database should provide valuable information concerning who is likely to be
charged with violating the campaign finance law and who is likely to report
possible violations. This type of research should produce important demographic information that will help to determine if the campaign finance regulatory system is consistent with democratic ideas and values concerning free elections. Results based on this type of research could lead to the determination that the enforcement system is (a) biased toward the benefit of particular groups and organizations; (b) biased against traditionally underrepresented groups and organizations; and (c) violates a central principle of democratic government concerning equal participation in the electoral process. Research on the FEC's enforcement database would allow for the quantitative analysis of agency behavior and how political groups and organizations may use the regulatory system to the disadvantage of others involved in the electoral process.

Conclusion

In conclusion, this research increases our knowledge of how political officials influence regulatory agency administrative behavior. Expanding our knowledge about the possible administrative consequences that may arise due to the actions of political officials should make these officeholders more accountable for the actions of government. Such analysis is necessary to understand the link between politics, policy, and administrative behavior. This analysis of the FEC's administrative behavior was not conducted to
promote reform of the campaign finance system. Instead seeks to provide a quantitative analysis of measurable organizational data to improve our understanding of how political official influence the FEC and to highlight the complex nature of political-administrative relationships. In the end, the primary accomplishment of this research has been to reveal how and extents to which political officials influence the administrative behavior of the FEC and suggest future areas of inquiry.
Appendix

Protocol Clearance From the Human Subjects Institutional Review Board
Date: 17 April 2000

To: Chester Rogers, Principal Investigator
Maurice Sheppard, Student Investigator for dissertation

From: Sylvia Culp, Chair

Re: HSIRB Project Number 00-04-06

This letter will serve as confirmation that your research project entitled "The Federal Election Commission: An Analysis of Administrative Behavior" has been approved under the exempt category of review by the Human Subjects Institutional Review Board. The conditions and duration of this approval are specified in the Policies of Western Michigan University. You may now begin to implement the research as described in the application.

Please note that you may only conduct this research exactly in the form it was approved. You must seek specific board approval for any changes in this project. You must also seek reapproval if the project extends beyond the termination date noted below. In addition if there are any unanticipated adverse reactions or unanticipated events associated with the conduct of this research, you should immediately suspend the project and contact the Chair of the HSIRB for consultation.

The Board wishes you success in the pursuit of your research goals.

Approval Termination: 17 April 2001
BIBLIOGRAPHY


FEC v. Williams, 118 S. Ct 52 (1997).


