



Recommendations of the Center for Responsive Politics for Improved Management of Federal Election Commission Data and Disclosure

There are a number of things that can be done to make the important information gathered by the Federal Election Commission (FEC) more meaningful, accessible and accurate, and to convey that the FEC is listening to the public and wants its input. To that end, the Center for Responsive Politics has formulated a list of improvements that the FEC could and should make to the current system of campaign finance disclosure, improvements that we think would be most beneficial for the public, and relatively simple for the Commission to enact. They are as follows:

1. **Add individual donors of \$200 or less to the “master individual donations” file (i.e., ITCONT).** In some respects, this recent presidential campaign has ushered us into a new age – the age of the small and medium donor. The cumulative power of many people of relatively modest means has been proven and we have modern technology to thank. Now, the FEC must update its disclosure system to capture the information that the public expects about the people providing hundreds of millions of dollars (and the winning edge) for political campaigns. The FEC’s current practice of excluding small donations that aggregate to more than \$200 from the public record—even though they are reported by the candidates to the FEC—is outdated, ignoring the need to provide this information, even now that technology makes it simple to do so. These small donations that aggregate to more than \$200 per recipient are reported and should be included in the official individual donor “master file” of the FEC – not just the electronically filed reports as they are now.
2. **Require disclosure of the summary amount from unitemized individuals on FEC Form 3P.** We do have summary “unitemized individual donations” (for individuals giving \$200 or less) as a line item—FEC Form 3, Line 11(a)(ii)—on all candidate campaign reports, *except* for the ones we need most: presidential. This should be changed. The FEC should also consider using a single form for all types of candidates—Congress and presidential—although we understand that the presidential public financing system imposes additional disclosure requirements that may necessitate the continued use of a separate form for presidential candidates.
3. **Provide and require the use of relevant expenditure categories.** How is all this money spent? The source of the money has long been the main focus, out of concerns about corruption, but there is the potential for corruption (and there has been real corruption) on the spending side too. There's too much latitude in how campaigns can describe their spending. To one campaign, flowers are a "fundraising expense." To another, they're "event production." To a third, they're simply "flowers." Presidential candidate John Edwards's \$400 haircuts were described as "consulting/events." A

menu of standardized terms, along with clear guidelines for how to interpret those terms, would allow for easier, more meaningful classification of campaign spending.

4. **Create a “service ticket system” for tracking errors and corrections that both the FEC staff and the public can monitor.** There needs to be a uniform and official method to report and track corrections to the public record. In any given year, CRP reports to the FEC’s Data Systems staff errors that may affect dozens, or hundreds—even thousands—of records. Some of these corrections are made quickly. Most of them are made eventually after some delay (for verification, presumably). However, too many of them disappear into the ether – we never hear back. Maybe the errors get fixed, maybe not, but we’ve had to move on and may not circle back until it comes to our attention again that the data is *still* wrong. There should be a more efficient and effective method to report and track these errors to be certain they are reviewed and corrected. This would be enormously helpful to our organization and, ultimately, to the common goal of providing the public with reliable data.
5. **Add a “Country” field.** Because a substantial and increasing number of campaign donations come from overseas (most legitimate, some not), and many if not most of these are simply designated as being from the “ZZ” state, meaning that they come from abroad, it would be beneficial to add a “Country” field to the forms.
6. **Require information on the *means* by which campaign contributions are raised.** How much of this money is raised over the Internet? Everyone wants to know – it’s a valid new measure of this critical, and newly empowered, group. We should ask federal political campaigns to collect this information by including a new field on the disclosure forms.
7. **Increase frequency of master data updates.** Currently master files are uploaded to the FEC’s FTP site weekly. This has created many inconveniences for CRP and other data users. Is it possible to provide this automatically on a nightly basis?
8. **Investigate whether the FEC needs to impose new restrictions on donor verification.** Surely, in this day and age, given how pervasive Internet fundraising now is, we can and should place restrictions on filers to require donor verification. Systems should not allow donors using clearly false identities like “Doodad Pro” or “Daffy Duck” from making any contributions, much less sizable or excessive contributions. The public should also have confidence that the campaigns are raising this money responsibly and securely, with guaranteed verification (name and address to match the credit card number, etc.) in place to prevent fraud. There should be no doubt about whether the campaign is turning a blind eye to (or even enabling) donors to give excessive contributions through multiple identities. Because, for example, while we assume the fraud among President Obama’s 2008 donors cannot possibly be massive enough to cause concern about corruption, the truth is that no one really knows (except, presumably, the campaign, the vendor and maybe the FBI). Of course, there will still be attempted fraud, and, naturally, the FEC must calibrate how much regulatory burden to put on campaigns. And there could be unfortunate side effects of putting restrictions for how contributions are verified (i.e., if we “freeze technology” according to today’s standards, it will be superseded or hacked). However, there is serious concern and many questions about whether anyone can really tell how much of any candidate’s contributions may be coming from donors using fake or multiple identities.

While offering several suggestions for improving the FEC's data operations, we do also want to commend the FEC on steps it has taken recently to make campaign finance data more transparent and easily accessible. Offering basic data, searchable and downloadable through FEC.gov's graphic "map" interface is a terrific way to "meet people where they sit" and we hope that this is just the beginning of similar new features to come.

Additionally, we would like to commend the FEC for selecting Bob Biersack as Special Assistant to the Staff Director. Bob will be a wonderful "translator" for the FEC, transmitting problems that users are having to the FEC staff and seeking out display and data transfer solutions that meet the needs of the public. Bob is an incredible asset – to the FEC and, especially, to the press, researchers and the public, and it seems that the FEC understands that, too, so we are very pleased.

Submitted February 18, 2009

*Sheila Krumholz
Executive Director
Center for Responsive Politics
1101 14th St. NW, Suite 1030
Washington, DC 20005
(202) 857-0044 x104
skrumholz@crp.org*

ABOUT THE CENTER FOR RESPONSIVE POLITICS

The Center for Responsive Politics is the nation's premier research group tracking money in U.S. politics and its effect on elections and public policy. Nonpartisan, independent and nonprofit, the organization aims to create a more educated voter, an involved citizenry and a more responsive government. In short, CRP's mission is to:

- Inform citizens about how money in politics affects their lives
- Empower voters and activists by providing unbiased information
- Advocate for a transparent and responsive government

We pursue our mission largely through our award-winning website, OpenSecrets.org, which is the most comprehensive resource for campaign contributions, lobbying data and analysis available anywhere. And for other organizations and news media, CRP's exclusive data powers their online features tracking money in politics—counting cash to make change.

CRP relies on financial support from a combination of foundation grants and individual contributions. The Center accepts no contributions from businesses, labor unions or trade associations.