Federal Election Commission

Annual Report 2003

Commissioners

Statutory Officers

June 1, 2004

The President of the United States
Members of The United States Senate
Members of The United States House of Representatives

Dear Mr. President, Senators and Representatives:

We are pleased to submit for your information the 29th Annual Report of the Federal Election Commission, pursuant to 2 U.S.C. §438(a)(9). The *Annual Report 2003* describes the activities performed by the Commission in the last calendar year.

During 2003, the Commission again completed a number of significant rulemakings, including new rules to implement the "Millionaires' Amendment" and reporting procedures under the Bipartisan Campaign Reform Act of 2002 and revised rules on party committee phone banks, multicandidate committee status, leadership PACs, candidate travel and the financing of Presidential candidates and conventions. In addition, the Commission issued 35 Advisory Opinions, doubling the number issued in 2002.

The Commission also initiated a broad review of its enforcement procedures. Commissioners testified on FEC enforcement procedures before the Committee on House Administration and held a public hearing to receive comments on those procedures. In addition, the Commission unveiled a web-based search tool to facilitate public examination of documents regarding closed Matters Under Review.

This report also includes the twelve legislative recommendations the Commission recently adopted and transmitted to the President and the Congress for consideration. We hope that Congress will consider adopt will pn. spo ditwes,sdava il ond o Wan t esparhoadi4c
hope.engress

Table of Contents

Executive Summary 1

Chapter One
Keeping the Public Informed

Chapter Two
Interpreting and Enforcing the Law

Chapter Three
Legal Issues

Chapter Four
Presidential Public Funding

Chapter Five
The Commission

Chapter Six
Legislative Recommendations 41

Chapter Seven
Campaign Finance Statistics 53

Appendices

Table of Charts

Chapter One
Keeping the Public Informed

Chapter Two
Interpreting and Enforcing the Law

Chapter Five
The Commission

Chapter Seven
Campaign Finance Statistics

Executive Summary

McCon-

nell v. FEC

Beaumont v. FEC

Record

Chapter One
Keeping the Public Informed

Public Disclosure

Electronic Filing

[1]

[1]

State Filing Waivers

[2]

Imaging and Processing Data

[2]

CHART 1-1
Size of Detailed Database by Election Cycle

Enforcement Query System

Review of Reports

Disclosure Policy

Educational Outreach

Home Page (www.fec.gov)

Record

Telephone Assistance

Faxline

Reporting Assistance

Record

Roundtables

State Outreach

Conferences

Publications

Contribution Limits, FEC and the Federal Campaign Finance Law Foreign Nationals FAQ on the BCRA and Other New Rules Special Notices on Political Ads and Solicitations

Campaign Guide

Record

Tours and Visits

Record

Media Assistance

Combined Federal/State Disclosure Directory 2003

Disclosure Directory

Office of Election Administration

Chapter Two Interpreting and Enforcing the Law

Regulations

Federal Register

Federal Register

Federal Register

Rulemakings Completed in 2003

Other Rulemakings in Process

sua sponte

•

Advisory Opinions

Enforcement

The Enforcement Process

Enforcement Initiatives

CHART 2-1
Conciliation Agreements by Calendar Year

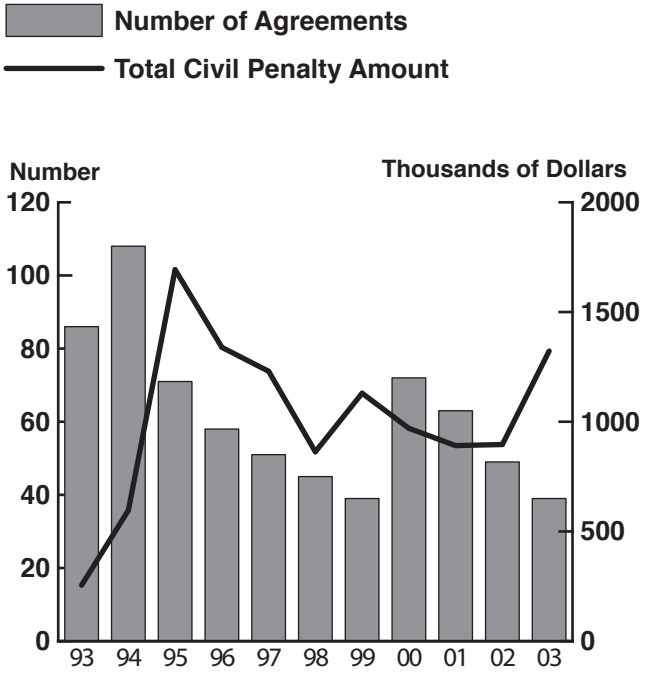


CHART 2-2
Median Civil Penalty by Calendar Year

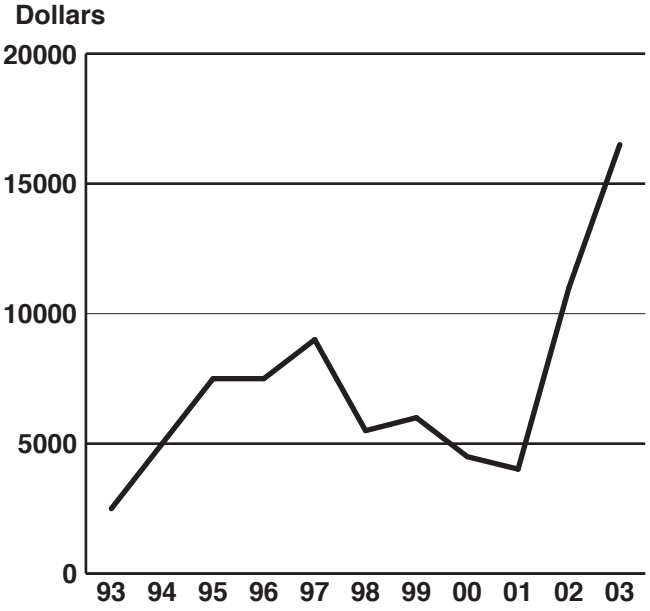


CHART 2-3
Ratio of Active to Inactive Cases by Calendar Year

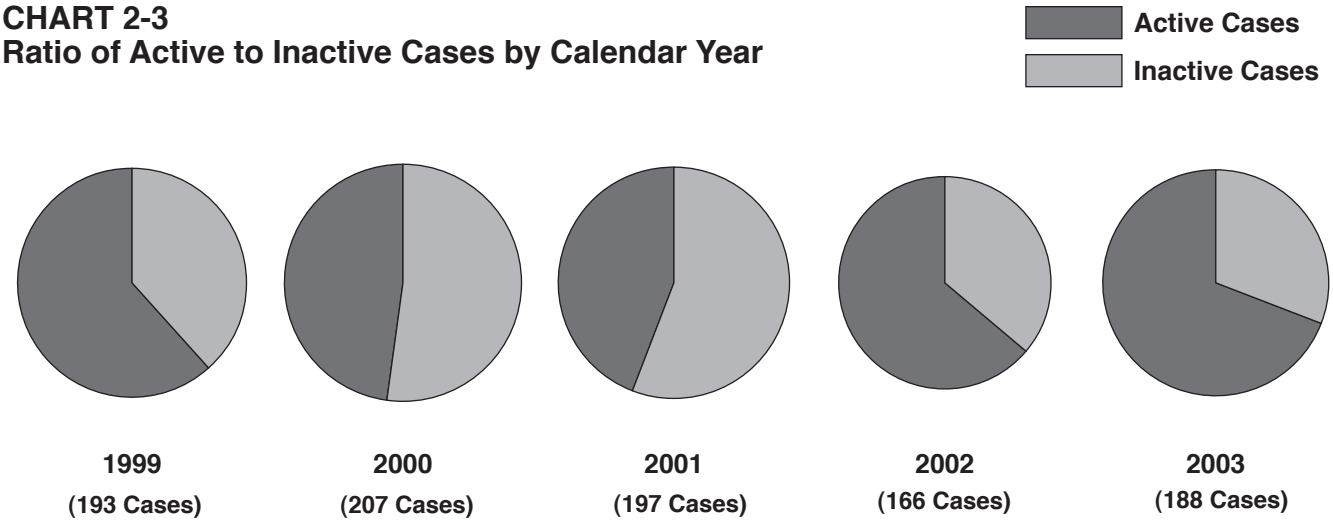


CHART 2-4
Cases Dismissed Under EPS

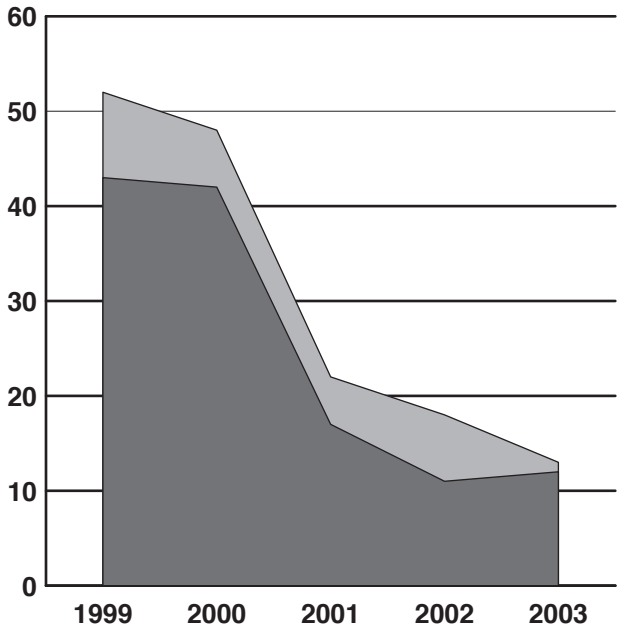


CHART 2-5
Average Number of Respondents and Enforcement Cases by Calendar Year

Administrative Fine Program

[2]

-
-
-

How the Program Works

Calculating Penalties

-
-

-
-

Administrative Fines in 2003

[2] *Lovely v. FEC*

Alternative Dispute Resolution Program

sua sponte

-
-
-
-

Audit

Chapter Three
Legal Issues

-
-
-
-
-
-

1

BCRA Challenges

McConnell v. FEC

Court Case Abstracts

Soft Money

McConnell v. FEC

Solicitation for Nonfederal Elections

Shays and Meehan v. FEC

-
-
-
-
-
-

Advisory Opinions involving Federal Candidates and Officeholders

Federal Officeholder's Appearance in Nonfederal Candidate's Ad

Solicitation for Legal Expenses

Solicitation for Membership Organizations

Solicitation for Scholarship Fund

Advisory Opinions Involving National Party Committees

Affinity Credit Card Program

Lease of Mailing List and Sale of Advertising Space and Trademark License

bona fide

National Party Committee's Sale of Office Equipment

•

•

•

Use of Campaign Funds

Advisory Opinions

Leadership PACs

any

[4]

Regulations

Corporate Contributions

[3]

[3]

[4]

FEC v. Massachusetts Citizens for Life, Inc.

Christine Beaumont, et al. v FEC

[5]

[6]

National Right to Work *MCFL*

Beaumont v. FEC

Enforcement

[6]

MCFL

Advisory Opinion

Trade Associations

Regulations

Sale or Use of Contributor Information

Advisory Opinion

[8]

Campaign Travel

not

[8]

Regulations

- [9]
- *not*
-

[9]

10

11

Earmarking

earmarked

10

Advisory Opinion

11

FEC v. Toledano

Enforcement

AFL-CIO and DNC Services Corp./DNC v. FEC

et al

et al

Procedures and Disclosure Policy

Key Enforcement Cases Closed

[12]

[13]

[14]

[15]

Administrative Fines

[12]

[13]

[14]

[15]

Final Rules on Administrative Fines Regulations

-
-
-

Chapter Four
Presidential Public Funding

Certification of Public Funds

Primary Matching Funds

Shortfall for 2004

Convention Funds

[1]

[2]

[1]

[2]

General Election Grants

Nominating Conventions

Application of the BCRA to convention funding.

Revised Regulations on the Public Financing of Presidential Candidates and Nominating Conventions

Host committees and municipal funds

Winding Down Expenses

-
-

Candidates' use of public funds.

GELAC Funds

Shortfall Bridge on Loan Exemption

[5]

2000 Election

Pre-candidacy Payments by Multicandidate Committees

Advisory Opinions

[6]

Repayment of Public Funds

---

[5]

[6]

Buckley v Valeo

[7]

[7]

Chapter Five
The Commission

Commissioners

Inspector General

Equal Employment Opportunity (EEO)

Ethics

Standards of Ethical Conduct for Employees of the Executive Branch

Outstanding Ethics Program Award

FEC's Budget

Fiscal Year 2003

CHART 5-1
Divisional Allocation of Budget

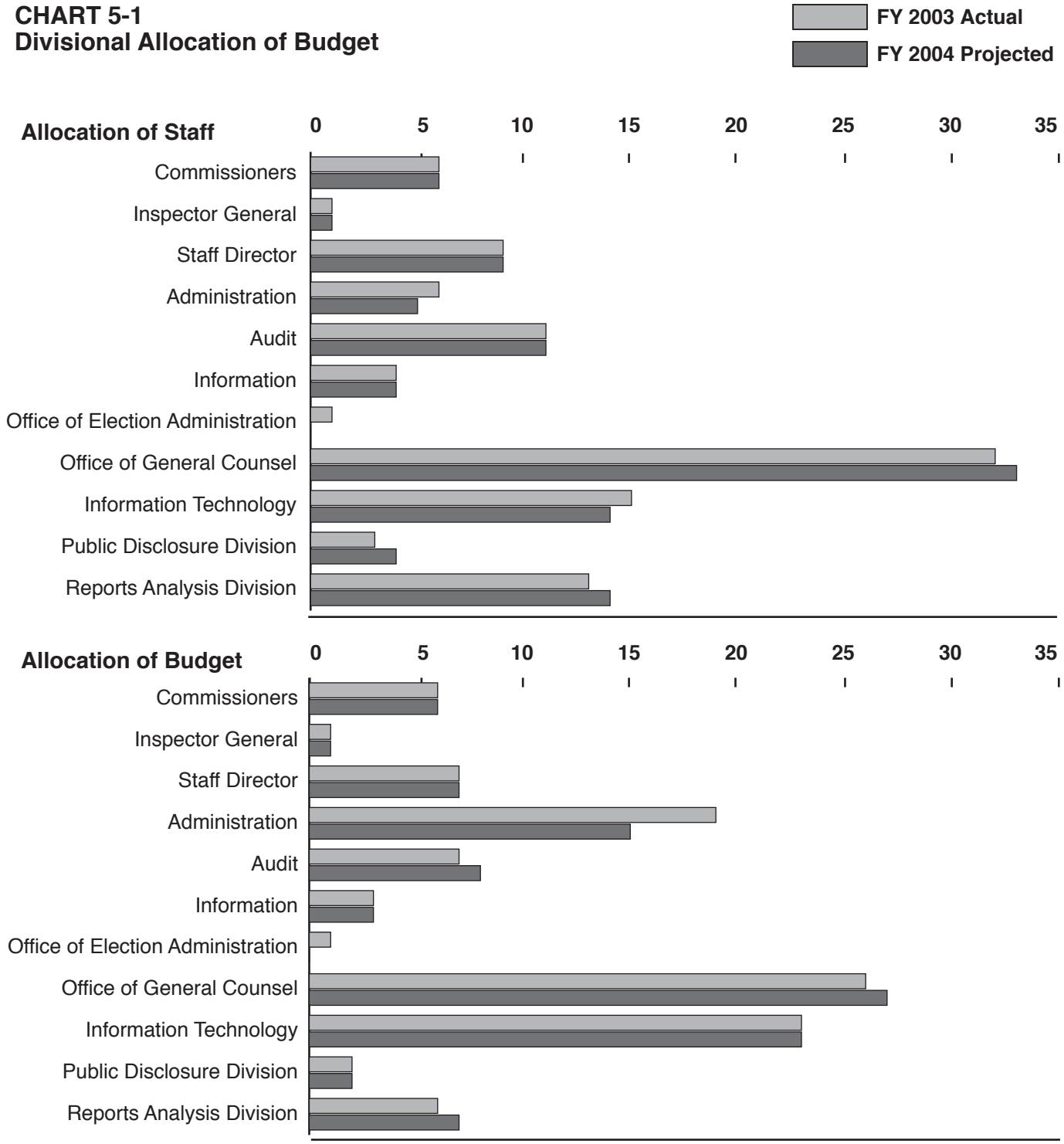


CHART 5-2
Functional Allocation of Budget

	FY 2003	FY 2004
Total	$49,541,871	50,142,404

Chapter 6
Legislative Recommendations

Part I: Priority Recommendations

Contributions/Expenditures

Use of Contributed Amounts For Certain Purposes (2004)
Section:

Recommendation:

See

Explanation:

Legislative Language:

Increasing the Amount That Authorized Committees May Give to Authorized Committees of Other Candidates (2004)
Section:

Recommendation:

Explanation:

Legislative Language:

Compliance

Modifying Terminology of "Reason to Believe" Finding (2004)
Section:

Recommendation:

Explanation:

Disclosure

Electronic Filing of Senate Reports (Revised 2004)
Sections:

Recommendation:

Explanation:

Legislative Language:

Explanation:

Part II: Non-Priority/Substantive or Technical Legislative Recommendations

Contributions/Expenditures

Multicandidate Political Committee Contribution Limitations and Non-multicandidate Political Committee Contribution Limitations (Revised 2004)

Section:

Recommendation:

Legislative Language:

Legislative Language:

Modifying the Definition of Federal Election Activity to Simplify Compliance for State, District and Local Party Committees Where Certain Employees Spend More than 25 Percent of Their Time In Connection with a Federal Election
Section:

Recommendation:

Explanation

Federal Candidates Soliciting, Receiving Or Spending Funds (2004)
Section:

Recommendations:

Explanation:

Legislative Language:

non

Compliance

Fraudulent Misrepresentation of Campaign Authority
Section:

Recommendation:

Legislative Language:

Explanation:

Disclosure

Increasing and Indexing all pre-BCRA Registration and Reporting Thresholds for Inflation
Sections:

Recommendation:

See

Explanation:

Making Permanent the Administrative Fine Program for Reporting Violations (Revised 2004)
Section:

Recommendation:

Explanation:

Public Financing

Stabilizing the Presidential Public Funding Program (Revised 2004)
Sections:

Recommendation:

Explanation:

expected

on hand

[1]

Miscellaneous

Pay Level for the General Counsel and Creation of Senior Executive Service Positions (2004)
Sections:

Recommendation:

Explanation:

less than the highest paid GS-

Legislative Language:

Chapter Seven
Campaign Finance Statistics

CHART 7-1
Number of PACs, 1974-2003

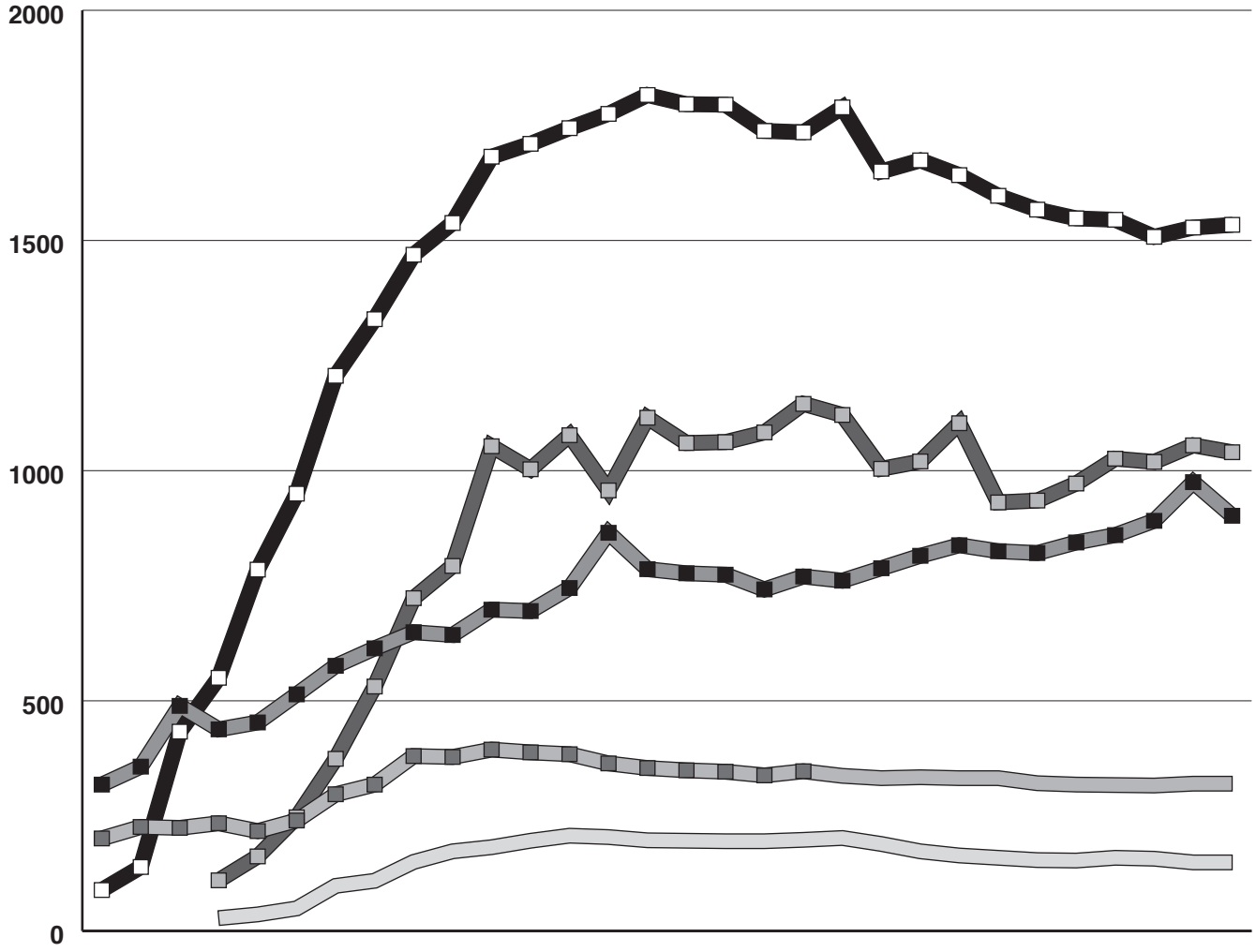


CHART 7-2
PAC Contributions to House and Senate Candidates in Nonelection Years

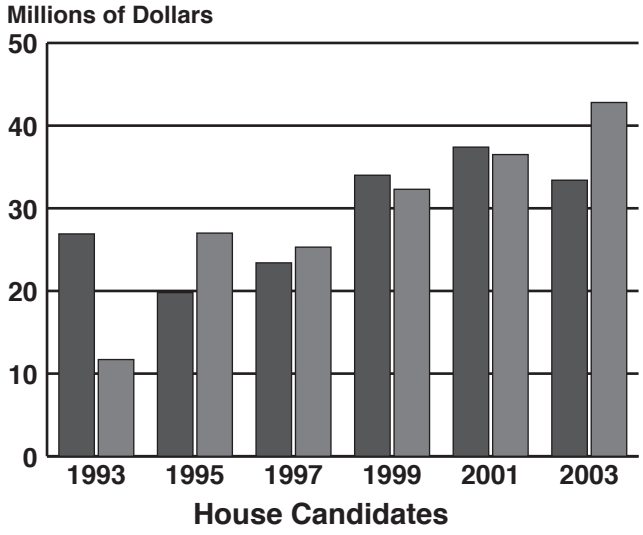


CHART 7-3
House and Senate Campaign Fundraising in Nonelection Years

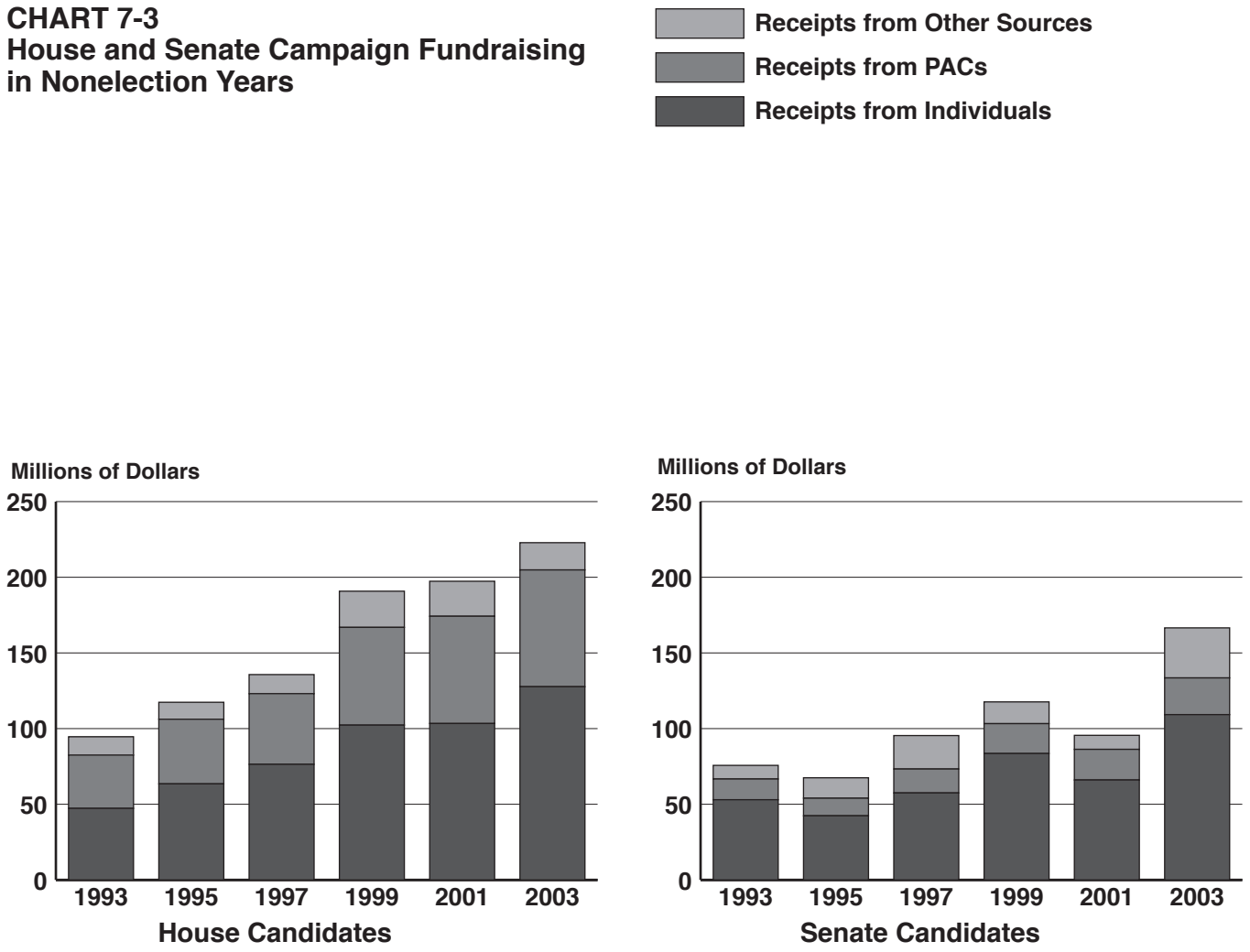


CHART 7-4
Contributions to House and Senate Candidates from Individuals During Off Year of Election Cycle

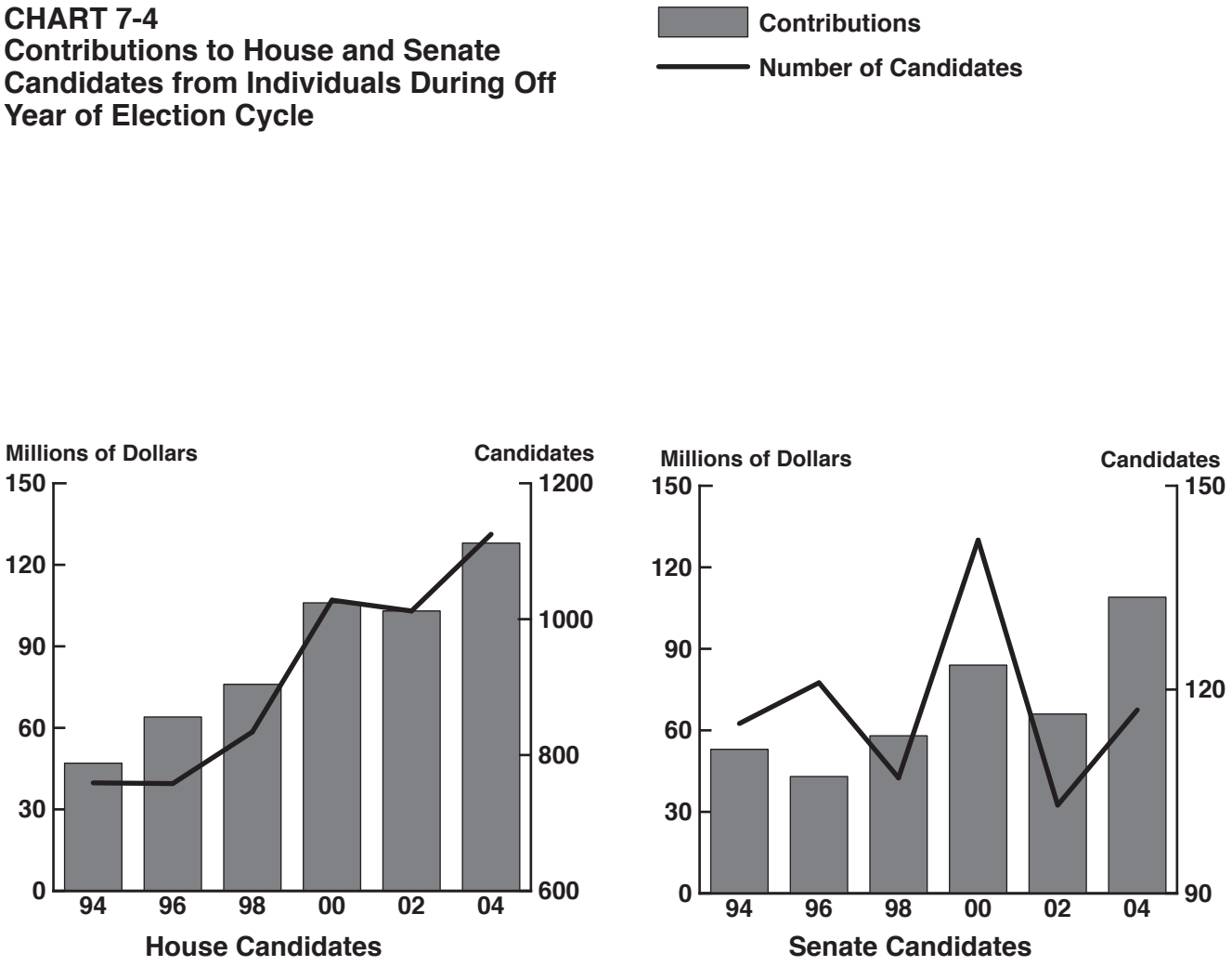
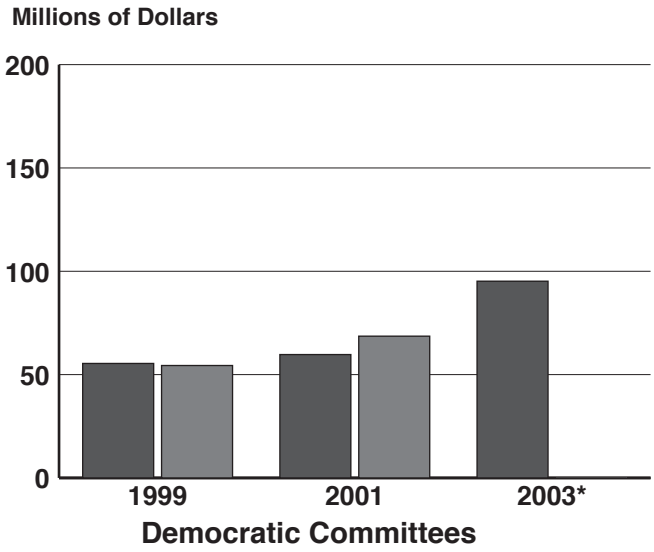


CHART 7-5
Fundraising by All Committees of National Party



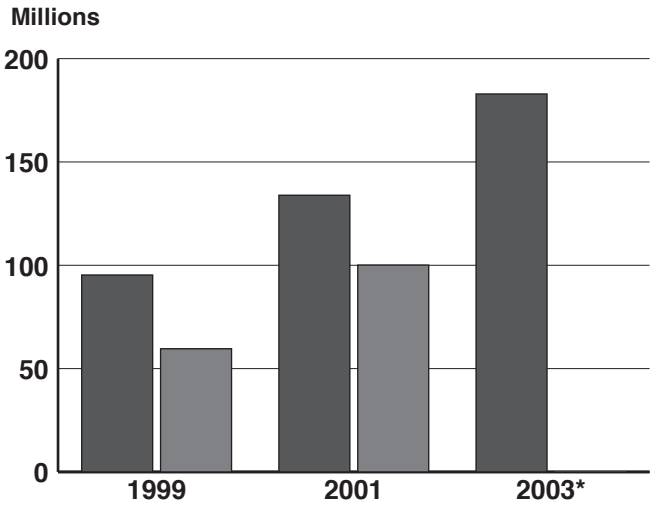
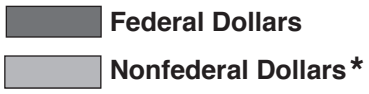
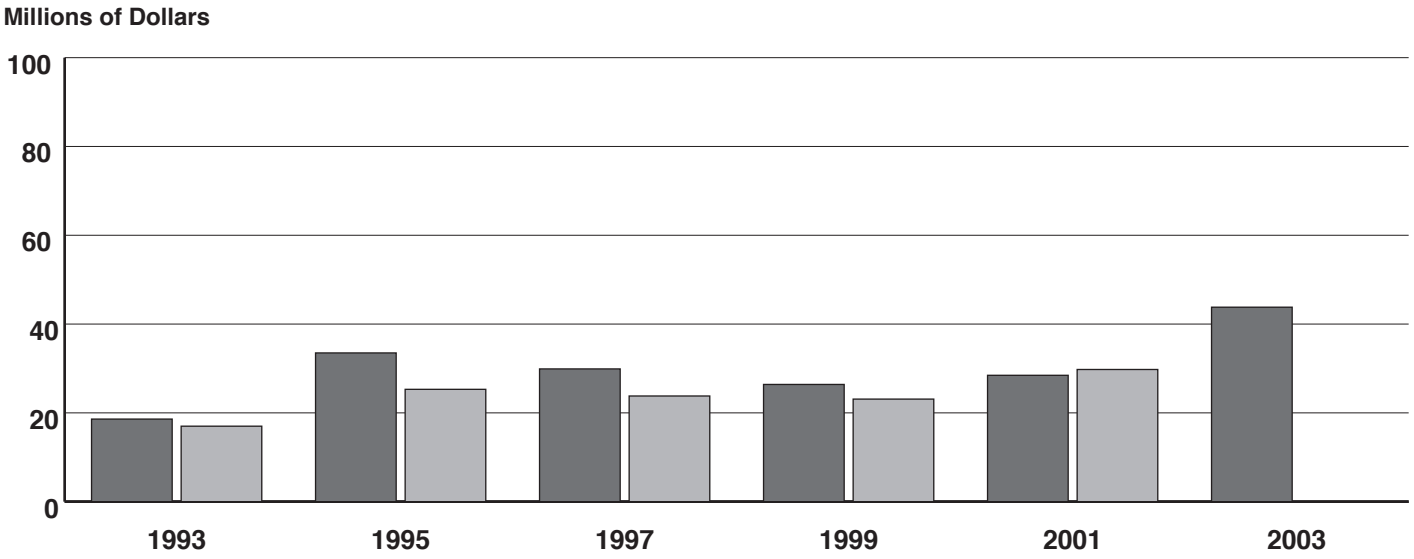
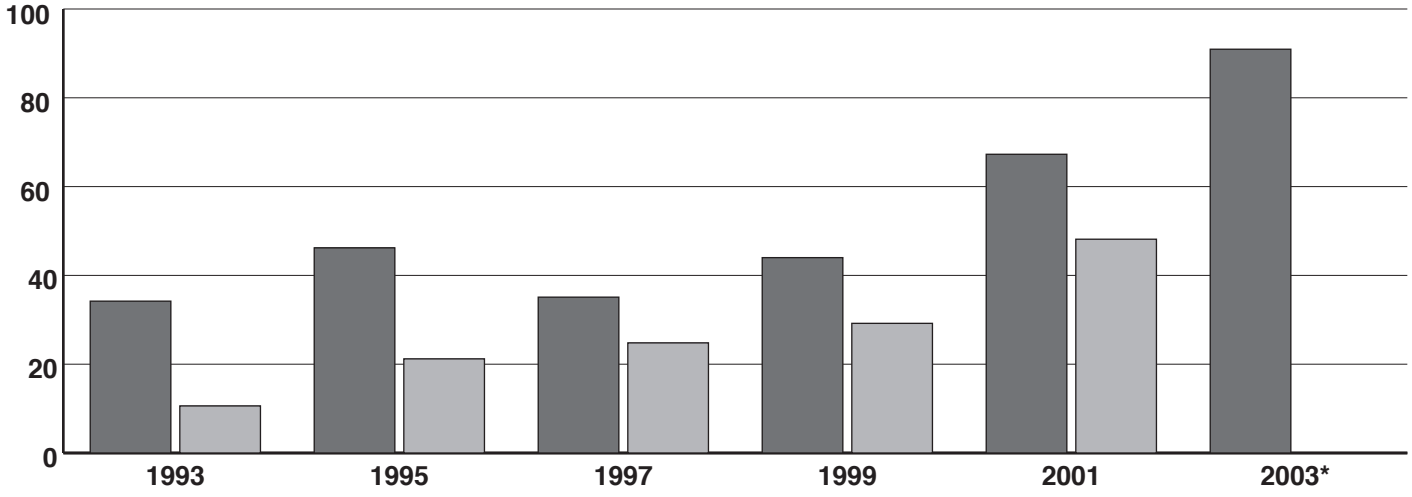


CHART 7-6
Democratic National Committee
Nonelection Year Fundraising






100
80
60
40
20
0
1993
1995
1997
1999
2001
2003*

Appendix 1
Biographies of Commissioners and Officers

Commissioners

Ellen L. Weintraub, Chair
April 30, 2007[1]

cum laude

Bradley A. Smith, Vice Chairman
April 30, 2005

cum laude

David M. Mason, Commissioner
April 30, 2003

[1]

Michael E. Toner, Commissioner
April 30, 2007

cum laude

Danny L. McDonald, Commissioner
April 30, 2005

Scott E. Thomas, Commissioner
April 30, 2003

Washington Post Boston Globe Chicago Tribune Washington Times

cum laude

Statutory Officers

James A. Pehrkon, Staff Director

Lawrence H. Norton, General Counsel

Lynne A. McFarland, Inspector General

Appendix 2
Chronology of Events

January

February

March

FEC v. Freedom's Heritage Forum

April

May

McConnell et al. v. FEC

McConnell et al. v. FEC

June

Stevens v. FEC

Christine Beaumont, et al. v. FEC

AFL-CIO and DNC Services Corp. v. FEC

Judicial Watch and Peter F. Paul v. FEC

July

September

August

Luis M. Correa, et al. v. FEC,

FEC v. Freedom's Heritage Forum

October

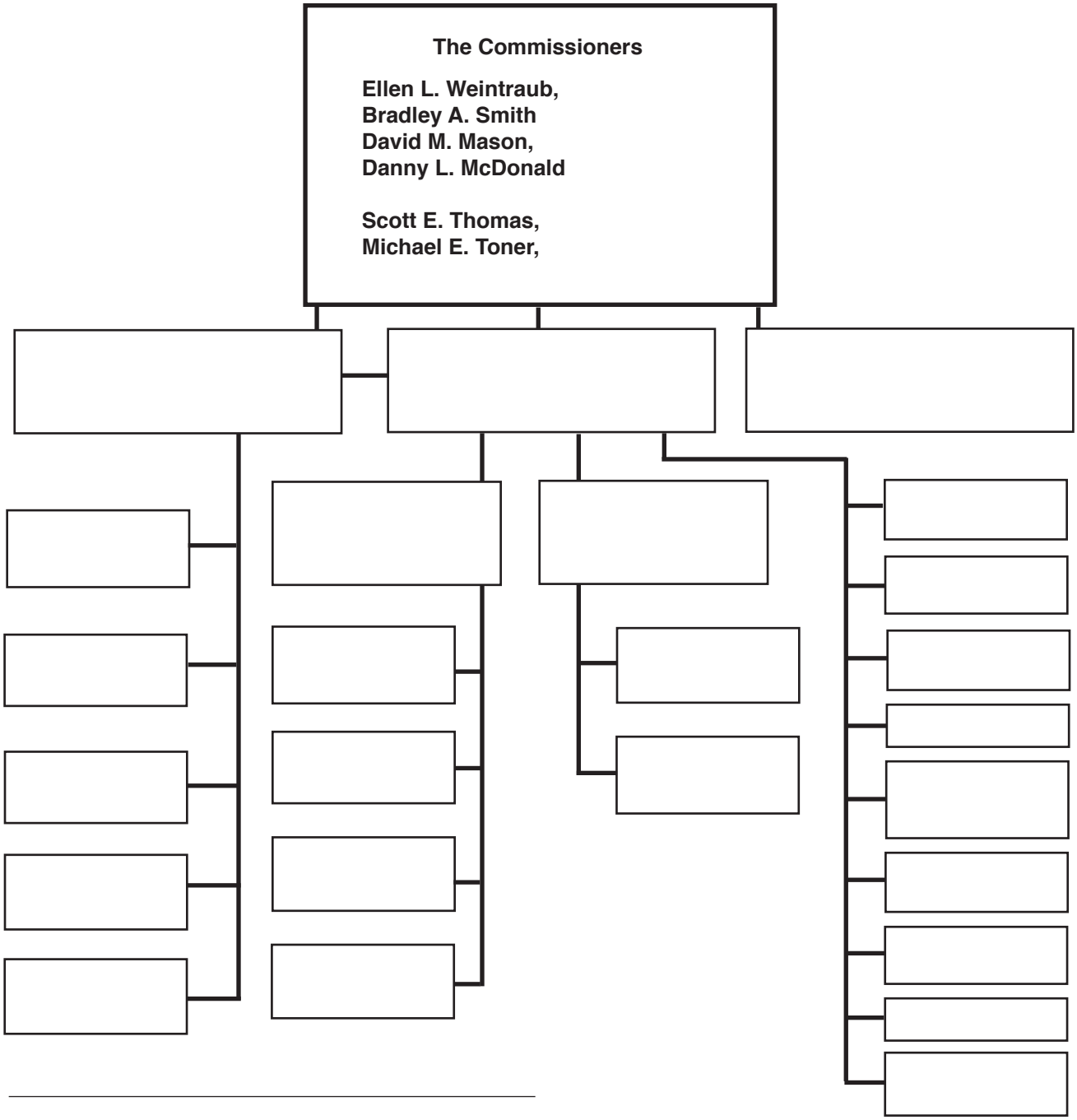
Cannon v. FEC,

November

December

McConnell v. FEC

Appendix 3
FEC Organizational Chart



Appendix 4
FEC Offices

Commissioners

Administration

Audit

Congressional, Legislative and Intergovernmental Affairs

Equal Employment Opportunity (EEO) and Special Programs

Commission Secretary

General Counsel

Information

Information Technology

Reports on Financial Activity

Inspector General

Office of Alternative Dispute Resolution

Law Library

Office of Election Administration

Office of Administrative Review

Office of Personnel and Labor Relations

Planning and Management

Reports Analysis

Press Office

Public Disclosure

Staff Director and Deputy Staff Directors

Appendix 5
Statistics on Commission Operations

Summary of Disclosure Files

	Total Filers Existing in 2003	Filers Terminated as of 12/31/03	Continuing Filers as of 12/31/03	Number of Reports and Statements in 2003	Gross Receipts in 2003 (dollars)	Gross Expenditures in 2003 (dollars)
Presidential Candidate Committees	193	26	167	726	637,186,116	292,672,439
Senate Candidate Committees	470	117	353	2,081	319,500,451	145,811,898
House Candidate Committees	2,147	576	1,571	8,982	397,203,746	228,091,846
Party Committees						
Delegate Committees	1	0	1	5	0	132
Nonparty Committees						
Communication Cost Filers	293	0	293	28	0	2,123,226
Independent Expenditures by Persons Other Than Political Committees	354	13	341	76	1,191,252	912,160

Divisional Statistics for Calendar Year 2003

	Total

	Total

	Total

Audit Reports Publicly Released

Year	Title 2*	Title 26†	Total
Total	516	151	667

Audits for cause:

†Title 26 audits:

Random audits:

Audits Completed by Audit Division, 1975–2003

	Total
Total	667

Status of Audits, 2003

	Pending at Beginning of Year	Opened	Closed	Pending at End of Year
Total	16	37	25	28

Appendix 6
2003 Federal Register Notices

2003-1

2003-2

2003-3

2003-4

2003-5

2003-6

2003-7

2003-8

2003-9

2003-10

2003-11

2003-12

2003-13

2003-14

2003-15

2003-16

2003-17

2003-18

2003-19

2003-20

2003-21

2003-22

2003-23

2003-24

2003-25

Appendix 7
2003 Advisory Opinions

AO 2002-14

AO 2002-15

AO 2003-1

AO 2003-2

AO 2003-3

AO 2003-4

AO 2003-5

AO 2003-6

AO 2003-7

AO 2003-10

AO 2003-11

AO 2003-12

AO 2003-13

AO 2003-14

AO 2003-15

AO 2003-16

AO 2003-17

AO 2003-18

AO 2003-19

AO 2003-20

AO 2003-21

AO 2003-22

AO 2003-23

AO 2003-24

AO 2003-25

AO 2003-26

AO 2003-27

AO 2003-28

AO 2003-29

AO 2003-30

AO 2003-31

AO 2003-32

AO 2003-33

AO 2003-34

AO 2003-35