

FEDERAL ELECTION COMMISSION

**FISCAL YEAR 2013
CONGRESSIONAL BUDGET JUSTIFICATION**



February 13, 2012

Concurrently submitted to Congress and the Office of Management and Budget

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SUMMARY OF FY 2013 BUDGET REQUEST

The Federal Election Commission (FEC) is an independent regulatory agency responsible for administering, enforcing, defending and interpreting the Federal Election Campaign Act of 1971, as amended (2 U.S.C. §§ 431-55) (the Act/FECA). The Commission is also responsible for overseeing the Federal public funding programs for Presidential campaigns and party conventions. These responsibilities are contained in the Presidential Election Campaign Fund Act (26 U.S.C. §§ 9001-13) and the Presidential Primary Matching Payment Account Act (26 U.S.C. §§ 9031-42).

For the Fiscal Year (FY) 2013 Budget Submission, the FEC is requesting \$66,367,000 to continue supporting the agency's mission. The request provides funding to support the agency's anticipated needs to fulfill its statutory requirements.

Financial activity reported to the Commission has increased dramatically. The receipts and disbursements reported to the Commission in the last three Presidential cycles are shown in the chart below. In light of these changes, it is likely that the trend of increased spending each election cycle will continue.

Total Receipts and Disbursements Reported¹

Presidential Election Cycle	Total Receipts	Total Disbursements
2000	\$4,121,409,498	\$4,021,109,910
2004	\$5,628,652,202	\$5,411,515,163
2008	\$8,242,395,407	\$8,263,036,680

The requested amount for FY 2013 would continue to support information technology advances to ensure that the agency's technology infrastructure can meet increasing demands. The FEC relies on a robust IT infrastructure to fulfill the agency's responsibilities. The IT infrastructure serves not only the FEC staff, but the agency's stakeholders, which includes the regulated community and the public. The agency has maintained its commitment to providing accessible and user-friendly information to the public. Accordingly, the FEC continues to look for opportunities to provide more information as timely as possible and expects to sustain the efforts into FY 2013 and beyond. For example, the FEC is creating a data warehouse framework to facilitate quick and complete access to information stored across a range of systems, so that the public can more readily see a fuller picture of campaign finance activity. The FEC is also implementing an Enterprise Content Management (ECM) system, which is an agency-wide system for sharing and storing documents in a way that fosters collaboration between FEC offices, maximizes efficiency and supports compliance with agency document policies and records management.

¹ These numbers include receipts and disbursements as reported by all federal candidates, party committees, political committees, and all receipts and disbursements reported for nominating conventions. The numbers also include electioneering communications and certain independent expenditures.

OMB Budget Guidance requested agencies address four mechanisms for efficiency increases. As a small, independent regulatory agency, the FEC would not have the ability to affect economic growth. Also, the FEC's mission is unique within the Federal government and does not have any duplication or overlap with other Federal agencies. The agency was not identified in the Government Accountability Office (GAO) report entitled *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue* issued in March 2011.

The FEC is continually reviewing its operations and processes for opportunities to enact cost-saving measures. As discussed later in this request, the agency has modified a number of processes to reduce or eliminate the need for paper copies, saving the agency both paper and printing charges. In FY 2012, the FEC will look to modernize key disclosure applications like FECFILE. The current FECFILE software was developed in a non-web environment and is overdue to be modernized to a web-based architecture to allow for more efficient and user-friendly filing of financial reports. The agency anticipates reducing overall contract support costs related to FECFILE by moving this work in-house. In addition, in 2010 the agency canceled its Employee Express contract because the information available through that contract was also available to all employees through the U.S. Department of Agriculture, National Finance Center, via the Employee Personal Page. In 2011, the Office of General Counsel (OGC) reviewed its use of both Lexis/Nexis and Westlaw and was able to reduce those costs as well. The FEC has also decreased its spending for travel and training, making tough decisions regarding discretionary spending and operating within decreased funding levels. Similarly, over the past two years the Commission has critically analyzed every position vacated through attrition to determine whether the agency could absorb the loss of that position by using existing staff resources. These changes provided permanent, long-term savings to the agency.

As part of the Commission's long-term planning efforts, it has undertaken a Human Capital Plan and the revision of its Strategic Plan. Both of these initiatives will identify opportunities for reducing costs, streamlining procedures and improving efficiency.

MISSION STATEMENT

To prevent corruption in the Federal campaign process by administering, enforcing and formulating policy with respect to Federal campaign finance statutes

Congress created the FEC to administer and enforce the FECA. The Act reflects Congress's efforts to insure that voters are fully informed of the sources of candidates' financial support. Public confidence in the political process depends not only on laws and regulations to ensure transparency, but also on the knowledge that those who disregard the campaign finance laws will face consequences.

The primary objectives of the FEC are: (1) to facilitate transparency through public disclosure of campaign finance activity; (2) to encourage voluntary compliance by providing information and policy guidance to the public, media, political committees and election officials on the FECA and Commission regulations and to enforce the statute through audits, investigations and civil litigation; and (3) to administer and interpret the FECA as well as the Presidential Election Campaign Fund Act and the Presidential Primary Matching Payment Account Act.

Voluntary compliance with the requirements of the Act is a particular focus of the Commission's efforts, and its educational outreach and enforcement programs are both designed to ensure compliance with the Act's limits, prohibitions and disclosure provisions. Because of the large and rising number of political committees and the ever-growing number of financial disclosure reports filed with the FEC, voluntary compliance is essential to enforcing the requirements of the Act. Accordingly, the Commission devotes considerable resources to encouraging voluntary compliance through widespread dissemination of educational materials related to Federal campaign finance laws to the public, the press, political committees and State election officials.

This performance budget is organized in three sections. Section 1 addresses the agency's history and outlines the priorities in FY 2013. Section 2 discusses budgetary increases and decreases. Section 3, the Performance Plan, provides an overview of the agency's three strategic objectives.

Section 1: Purpose and Priorities in FY 2013

1A: Program History and Future Outlook

The FEC (www.fec.gov) is an independent regulatory agency responsible for administering, enforcing, defending and interpreting the FECA. The Commission is also responsible for administering the Federal public funding programs for Presidential campaigns and party conventions. This responsibility includes certifying and auditing all participating candidates and committees and enforcing the public funding laws.

The FEC is directed by six Commissioners, who are appointed by the President with the advice and consent of the Senate. By law, no more than three Commissioners can be members of the same political party. Each member serves a six-year term, and two seats are subject to appointment every two years. The Commission's Chairmanship rotates among the members, with no member serving as Chairman more than once during his or her term. The Commissioners meet regularly to formulate policy and to vote on significant legal and administrative matters. The Act requires at least four Commissioner votes for the Commission to take any official action, thus requiring bipartisan decision making.

As part of its responsibilities, the FEC enforces the Act's requirement that all Federal candidates and Federal political committees file financial disclosure reports and makes the disclosure reports and the data contained in them available to the public through the Commission's Internet-based public disclosure system. The FEC also has exclusive responsibility for civil enforcement of the Act, including the handling of civil litigation arising from any legal actions brought by or against the Commission. Additionally, the Commission promulgates regulations implementing the Act and issues advisory opinions responding to inquiries.

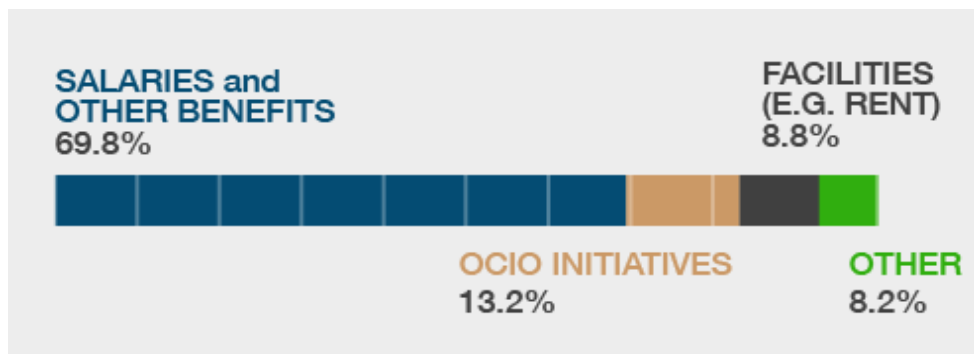
In FY 2012 and 2013, the FEC will revise its strategic plan to allow the agency to implement a strategic management framework. In keeping with the requirements of the Government Performance and Results Act (GPRA) Modernization Act of 2010, the strategic management framework, once complete, will ensure that every employee is involved in activities that support the FEC's strategic goal and objectives and that the effectiveness of these efforts can be regularly measured.

FY 2013 will open during one of the most active periods of the 2012 election cycle. During the last 20 days before the general election, campaign committees must separately report any contributions they receive in excess of \$1,000, and political committees and other persons making independent expenditures and electioneering communications have special, "real time" reporting requirements as well. Additionally, campaign finance reports for quarterly filers are due October 15, reports for monthly filers are due October 20, and pre-general election reports are due October 25, which combines to result in thousand of reports filed in the span of ten days. Campaign committees requesting an advisory opinion from the Commission during the last 60 days before an election can request an answer to that request within 20 days, and the

Commission may determine that any significant, time sensitive request must be answered within 30 days of receipt of the completed request. Because this is the first Presidential election cycle following the *Citizens United* decision, the agency anticipates an increase in the number of transactions to be processed and the amount and type of guidance it will be called upon to provide to the regulated community. The staff-intensive work of reviewing 2012 election cycle disclosure reports for compliance with the Act and undertaking audit and enforcement measures, as necessary, will largely occur in FY 2013.

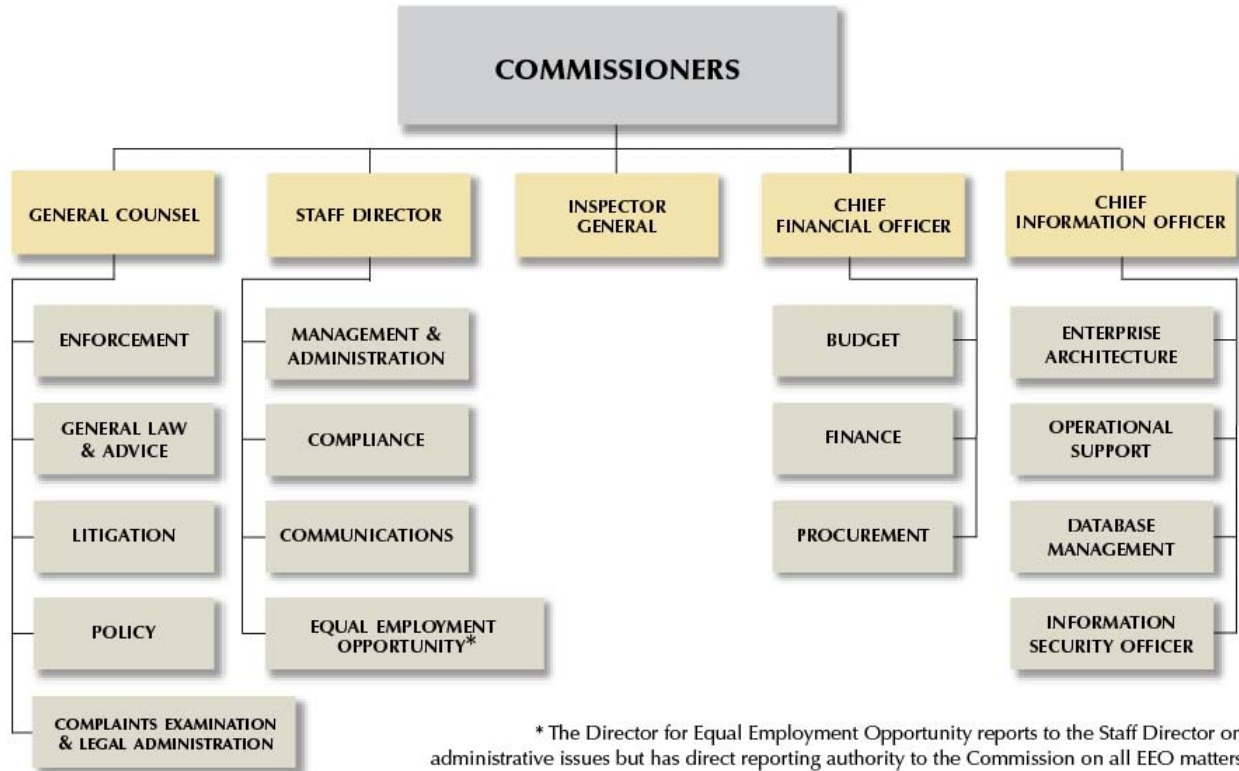
The FEC is funded by a single annual appropriation for salaries and expenses and is authorized to collect fees only to offset the costs of conferences that the agency conducts for its stakeholders. Two categories that make up a large portion of the agency's expenses are salaries and benefits and rent. These two requirements constitute 80% of the agency's budget. Because IT plays such an integral part in the support of the agency's mission, a significant amount is also invested in IT requirements. (See Figure 1).

Figure 1 – FY 2011 Obligations by Major Category



FEC Organizational Chart

The Offices of the Staff Director, General Counsel, Chief Information Officer and the Chief Financial Officer support the agency in accomplishing its mission. The Office of the Inspector General, established within the FEC in 1988 under amendments to the Inspector General Act, is independent and reports to both the Commissioners and the Congress. The specific roles and responsibilities of each office are described in greater detail at <http://www.fec.gov/about.shtml>.



This organization chart reflects changes made in 2011.

1B: FY 2013 Priorities

The FEC will focus on the following five areas to reduce costs and provide savings in FY 2013: 1) reviewing IT contractor support; 2) reviewing procurement contractor support; 3) reducing paper processing; 4) reducing submission of paper reports; and 5) reviewing the agency-wide records management program, including evaluating what records no longer need to be maintained, thus reducing storage costs. The Commission continues to evaluate each of these areas to find new opportunities for cost savings and increased efficiency.

Given that a large part of the agency's expenses are devoted to IT and human capital, the FEC has identified these two areas as priorities in FY 2013 as discussed below.

1B.1: Effective Disclosure Through Improved Information Technology

The Commission has identified investments in the IT infrastructure that were initiated in FY 2011 and FY 2012 and will need to continue in FY 2013 in order to support the increased public use of disclosure information. Critical among these investments are the continued development and enhancement of robust and comprehensive databases of campaign finance information and Commission actions along with the capability to provide this information to increasingly larger audiences as flexibly as possible. The FEC is exploring many alternatives to meet these requirements efficiently, including increasing the use of shared resources (*e.g.*, cloud computing). Consistent with the government-wide initiative to provide "one-stop shopping" for consumers of government data, the FEC is expanding its presence on the data.gov platform. The FEC has also introduced technology that allows many software applications, including the disclosure system, to share servers. As a result, the FEC has significantly reduced the number of servers over the past two fiscal years. The agency will continue this effort in FY 2013 and beyond, using virtualization technology and meeting OMB's goal of a "Virtualized Server Environment." The FEC has additionally reduced the number of locations where the servers reside from three to two during FY 2012, cutting support costs and energy requirements. As funding becomes available to virtualize the remaining server environment, the agency will be able to save dollars on every server that it does not have to buy.

The Commission's efforts to provide timely, complete and interactive campaign finance information are supported by a technology infrastructure that makes possible the electronic submission of data to the Commission, the expeditious and accurate review and analysis of these filings and search and retrieval capabilities. To make the most efficient use of agency resources, the Commission has moved to virtualize the network of computer servers and software that supports this system and its applications. When fully implemented, this new way of doing business will streamline maintenance and licensing requirements, simplify the normal process of backing up data and facilitate disaster recovery if that becomes necessary. This innovative technology has been widely adopted in the public and private sectors for these reasons.

Virtualization is one of the agency's main strategies to meet the targets of the data center consolidation initiative. The FEC anticipates this strategy will provide the greatest chance to increase efficiencies within its data centers by decreasing the amount of hardware, increasing rack space utilization and lowering power consumption and costs. In addition to this effort, the FEC appreciates the potential benefit of cloud computing. Once complete, this project will increase storage within the agency's Storage Area Network, add memory to the current virtualized environment and increase fault tolerance for the virtual systems. The benefits from these enhancements will ensure that the FEC provides reliable systems for disclosure applications that are used on a daily basis by the public.

To support staff in their duties, the FEC is building on previous investments made with its Enterprise Content Management and data warehouse efforts. ECM encompasses the strategies,

methods and tools used to capture, manage, store, preserve and deliver content and documents. ECM serves as the foundation for building a robust portal as an entry point to all related research. ECM also serves as a foundation for the agency's Records Management Program and enterprise search.

Agency-wide Enterprise Search Capability will allow FEC staff and the public to search multiple and disparate content sources with one query. With Enterprise Search, a user can perform searches of multiple data sources and receive results that are sorted and arranged in a useful form. In the FEC's context, this capability would permit a website user, for example, to perform a single topic search to find Commission regulations, advisory opinions, audit reports, and enforcement documents that address a particular topic, instead of requiring separate searches in each of those databases. This project was begun in FY 2011, and the first phase of implementation will begin in FY 2012. This phase focuses on Enterprise Search tool selection and the enhancement of existing website search functionalities. In the future, the agency intends to expand the Enterprise Search infrastructure to search across ECM and FEC e-mail databases as well and expects to complete this project by FY 2015.

A data warehouse is a repository of an organization's electronically stored data, designed to facilitate reporting and analysis. Thus, retrieving and analyzing data, extracting, transforming and loading data and managing the data dictionary are essential components of the data warehousing system. The FEC has developed a prototype data warehouse in prior fiscal years and plans to build on this prototype in FY 2013. Data warehousing will meet the organization's need for reliable, consolidated, unique and integrated reporting and analysis of data at different levels of aggregation. This data aggregation will greatly improve the speed and accuracy of disclosure.

1B.2: Effective Human Capital Management

In FY 2012 and FY 2013, the FEC will continue to undertake a thorough analysis of its human capital programs. The Commission continues to prioritize its hiring activities, conduct trade-off analysis and make risk-based strategic decisions for redistribution of its resources. In order to meet the deadlines established in the GPRM Modernization Act of 2010, the FEC will conduct strategic planning activities, including revising the agency's strategic goal and objectives and its program performance measures. The strategic planning activities will identify opportunities for reducing costs, streamlining procedures and improving efficiency.

The FEC has already begun assessing the knowledge and skills of its workforce. As regulatory and policy matters have become more complex, and as technology has radically altered the way the Federal government conducts business, the types of skills and knowledge needed by FEC staff have changed. Beginning in FY 2012 and continuing through FY 2013, the FEC will address these issues by conducting a workforce analysis, identifying training needs and automating the FEC's human capital processes. The FEC will also make changes to individual performance plans to ensure that each individual is engaged in and evaluated on activities that measurably support the FEC's strategic goal and objectives. These activities are FY 2013 priorities to ensure that human capital programs and initiatives are integrated with the FEC's annual budget process.

Section 2: Budget Increases and Decreases

In this section, pursuant to the Office of Management and Budget (OMB) guidance, budget increases and decreases and any text describing the changes compare FY 2012 appropriated budget to the FY 2013 budget request. The FY 2013 requested budget is identical to the FY2012 appropriated budget. Increases and decreases net to zero.

Table 1 – Changes from FY 2012 to FY 2013

Category	Amount	FTE
FY 2012 Appropriated Budget	\$66,367,000	375
FY 2013 Projected Changes:		
Personnel Compensation and Benefits	\$1,283,287	
Cash Awards & Transit Subsidy	(401,001)	
Subtotal:	\$882,286	
Non-Personnel:		
Rent & Other purchases from Federal Contracts	240,102	
Contracts, Other Services and Supplies and Materials	495,679	
IT Contracts, Hardware and Software Maintenance	1,146,052	
Travel and Printing	(97,516)	
Postage Communications, and Training	(829,910)	
Capitalized and Non Capitalized Equipment	(1,836,693)	
Subtotal:	(882,286)	
FY 2013 Budget Request	\$66,367,000	375

2A: Description of Budget Increases and Decreases

Program increases..... \$2,669,441/ +0 FTE

Personnel and Benefits 1,283,287/ 0 FTE

This increase represents an expected increase in personnel compensation and benefits for the agency. The salary portion is attributed to with-in grades and promotions which are associated with staff career progression. This staffing progression is in line with the agency's mission in that its staff provides the major support for continued administrative operations and the success of initiatives in development that the Commission has approved to provide the public a more viable and substantive reporting. It also allows the Commission to meet required internal controls (fundamental and analytical) and mandates that are necessary government-wide. Benefits are also projected to increase as the FEC's on board composition shifts from more CSRS employees on board to more FERS employees.

Non-Personnel Increases..... \$1,881,833/ 0 FTE

IT Contracts, Hardware and Software Maintenance..... 1,146,052/ 0 FTE

The Commission is highly dependent on information technology, particularly in order to fulfill the disclosure aspect of its mission. The agency must update and maintain the systems in order to achieve optimum performance. This increase includes incorporating technological advances to provide customers quick and easy access to campaign finance information. This increase is necessary to continue the FEC's strategic IT projects, including its data warehouse project, Enterprise Search project and Enterprise Content Management (ECM) system.

Contracts, Other Services and Supplies..... 495,679/ 0 FTE

The funding is to cover the cost increase for existing contracts' regular price escalations and for new or renewed contracts that are expected to be competed in FY 2012 and FY 2013. It is not uncommon for the agency to experience a cost increase of up to 10% of the total contract value once the agency exercises three or more option years and must re-compete the contract.

Rent and Other Purchases from Federal Contracts 240,102/ 0 FTE

This amount estimates increases in rent and other government contracts including those for the National Finance Center (NFC), payroll processing and General Services Administration (GSA), (Financial Accounting Systems). For the Financial Accounting Systems, GSA implemented a price increase in FY 2012 that is expected to carry over to future years. The annual rent payment to GSA is the agencies largest fixed cost and includes annual price escalations.

Program decreases.....(2,669,441)/ + 0 FTE

Personnel decreases.....(401,001)/ 0 FTE

This estimate does not include any funds specifically set aside for performance awards. In January 2012, the maximum transit subsidy fare was decreased from \$230 a month to \$125 a month and the decrease is expected to remain in effect for 2013.

Non Personnel decreases.....(2,764,119)/ 0 FTE

Capitalized and Non Capitalized Equipment.....(1,836,693) / 0 FTE

This decrease represents a lower than usual obligation rate in FY 2013 because of tight budget constraints. The Agency achieved price concessions and made significant equipment purchases in FY 2011 and anticipates accelerating some major equipment purchases in 2012.

Postage, Communications, and Training.....(829,910)/ 0 FTE

This decrease represents the Agency's decision to decrease postage, communications, and training obligations in order to operate within decreased funding levels.

Travel and Printing.....(97,516)/ 0 FTE

This represents anticipated decreased travel and printing costs as the Agency realizes some cost efficiencies in these areas. To minimize travel, the Audit Division tries to facilitate audits remotely when possible.

Table 2
Summary of Changes from FY 2012 to FY 2013

Federal Election Commission		FY 2011 Actual	FY 2012 Projected	FY 2013 Budget Request	% Change FY 2012 to FY 2013
Object Classification:					
11.0	Personnel Compensation	34,509,570	34,805,730	35,229,696	1.2%
11.52	Cash Awards	694,874	363,000	0	-100.00%
12.10	Personnel Benefits	9,732,647	10,757,783	11,617,104	8.0%
12.18	Transit Subsidy	467,814	375,000	336,999	-10.1%
Subtotal, Personnel		45,404,905	46,301,513	47,183,799	1.9%
21	Travel & Transportation of Persons	259,932	370,948	283,362	-23.6%
23.1	GSA Rent	5,732,526	5,793,996	5,857,305	1.1%
23.3	Communications, Utilities, & Postage	557,539	1,118,396	546,297	-51.2%
24	Printing & Reproduction	110,899	127,450	117,520	-7.8%
25.11	Training, Commercial Fed. & Tuition	398,243	496,340	238,529	-51.9%
25.14	IT Contracts, Hardware & Software Maint	6,239,509	6,153,948	7,300,000	18.6%
25.2	Contracts & Other Services	1,639,591	1,195,595	1,635,996	36.8%
25.3	Federal Goods & Services	1,237,478	1,236,530	1,413,323	14.3%
26	Supplies and Materials	926,275	1,001,300	1,056,578	5.5%
31.2	Capitalized Equipment	564,764	1,400,000	200,000	-82.9%
31.3	Non-Capitalized Equipment	1,999,796	1,170,984	534,291	-61.8%
Subtotal, Non-Personnel		19,666,552	20,065,487	19,183,201	-4.4%
Total		\$65,071,457	\$66,367,000	\$66,367,000	0.00%

2C: Appropriations Language

FEDERAL ELECTION COMMISSION
Federal Funds
Salaries and Expenses

For necessary expenses to carry out the provisions of the Federal Election Campaign Act of 1971, as amended, \$66,367,000 of which not to exceed \$5,000 shall be available for reception and representation expenses.

Section 3: Performance Plan

3A: Strategic Goal and Framework

As reflected in the Commission's FY 2008 – 2013 Strategic Plan, the FEC's mission is supported by a single, overarching strategic goal:

To protect the integrity of the Federal campaign process by providing transparency, enforcing contribution restrictions and fairly administering the FECA and related statutes.

The FEC pursues this strategic goal through three core objectives – transparency, compliance and development of the law– that guide the Commission in accomplishing its mission and planning for future progress.

Objective A: Transparency

Objective B: Compliance

Objective C: Development of the Law – Interpreting and Administering the Act

3A.1: Transparency

Disclosing the sources and amounts of funds used to finance Federal elections is one of the most important duties of the FEC. The FEC provides the public with data concerning where candidates for Federal office derive their financial support. Effective disclosure enables the Commission to fulfill its other responsibilities. The public campaign finance reports are accessible through the FEC’s website at <http://www.fec.gov/disclosure.shtml>. By providing easy online access to disclosure reports, the FEC promotes transparency in campaign finance.

The FEC meets the objective of transparency by:

- Creating and maintaining a state-of-the-art electronic filing system to collect financial disclosure reports from Federal candidates and political committees;
- Making financial disclosure reports available to the public in a timely, efficient and useful manner;
- Reviewing these reports to ensure that they are accurate and complete in accordance with the Act; and
- Encouraging candidates and political committees to correct inaccurate or incomplete reports.

The FEC gauges its effectiveness through the following series of indicators designed to measure performance in areas that promote confidence in the campaign finance process:

Performance Measure	FY 2010 Goal	FY 2010 Actual	FY 2011 Goal	FY 2011 Actual	FY 2012 Goal	FY 2013 Goal
Process reports within 30 days of receipt as measured quarterly.	95%	91%	95%	71%	95%	95%
Meet the statutory requirement to make reports and statements filed on paper with the FEC available to the public within 48 hours of receipt.	100%	100%	100%	100%	100%	100%

Public Disclosure

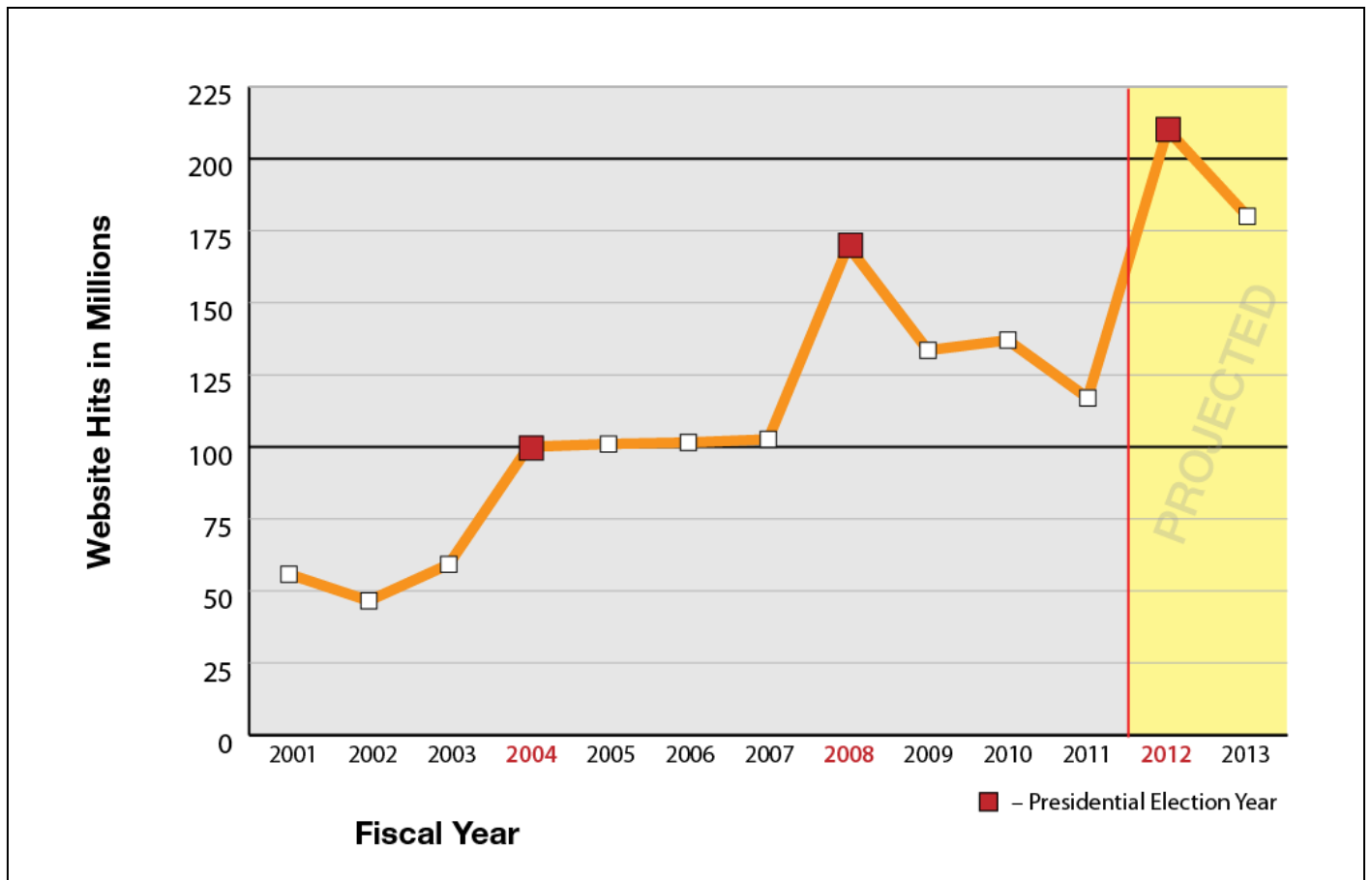
The Commission’s mandatory electronic filing (e-filing) rules require a committee or other filing entity that receives contributions or makes expenditures in excess of \$50,000 in a calendar year, or that has reason to expect to do so, to submit its reports electronically. These mandatory e-filing provisions apply to political committees or other persons required to file reports, statements and/or designations with the FEC. Although these requirements do not currently apply to Senate candidate committees (and other persons who support only Senate candidates), which file with the Secretary of the Senate, the Commission in 2011 submitted a Legislative Recommendation to the President and the Congress that these filers should be required to file

electronically. The Legislative Recommendation estimates the savings to the agency generated by requiring e-filing for Senate committees to be \$430,000 annually.

The primary function of the e-filing system is to act as the point of entry for submission of electronically filed campaign finance reports, providing faster public access to reports and streamlining operations. Specifically, the system provides for public disclosure of electronically filed reports, via the FEC website, within minutes of being filed. When a committee files a financial disclosure report on paper, the information disclosed in the report is scanned and entered into the FEC electronic database. The Commission's Public Disclosure Division ensures that a copy is available for public inspection within 48 hours of receipt, both electronically on the website and at the FEC's headquarters. After the reports are imaged for disclosure purposes, the data is coded and entered into the FEC's database for review to assess accuracy and complete disclosure of campaign finance information.

The FEC Website

The FEC's website is the primary source for disseminating Federal campaign finance information and providing the public access to campaign finance data submitted by candidates and committees. For FY 2011, the FEC website received approximately 117 million hits. Below is a chart reflecting the trend of website hits the FEC forecasts through FY 2013.



To make campaign finance data more available to the public, the FEC launched interactive maps for the 2008 Presidential and House and Senate elections, providing users immediate access to contribution information. Through these maps, now active for the 2012 elections, users can search data by the amount of funds raised, contributions, cash-on-hand and the distribution of contributions by amount. Users can also find lists of contributors by name, city and amounts of contributions. Summary financial data is updated within one day of the FEC's receipt of electronically filed disclosure reports.

Similar approaches that are currently in development for other types of information (financial data from parties and other political committees, for example) will use graphics and other visualization technology to guide users through the wide array of financial information the FEC maintains. These tools are intended to ease navigation, provide important context and add flexibility that will help meet the disclosure needs of the Commission's many audiences.

Assuring Accurate and Complete Reports

In addition to making campaign finance reports available to the public, the FEC works to ensure that the information disclosed is accurate and complete in compliance with the Act. The Office of Compliance's Reports Analysis Division (RAD) reviews all reports to track compliance with the law and to ensure that the public record provides a full and accurate representation of campaign finance activity. If the FEC's review identifies an apparent violation or raises questions about the information disclosed on a report, RAD sends a Request for Additional Information (RFAI) to the committee, affording the committee an opportunity to correct the public record, if necessary. If the committee is able to resolve the FEC's concerns, it may avoid further Commission action. If not, the Commission has several tools available to it, such as the Administrative Fine (AF) program, audits, the Alternative Dispute Resolution (ADR) program and the traditional enforcement program.

As part of a continued effort to increase the transparency of RAD's processes and to assist the filing community with compliance, the Commission recently launched a RAD web page which provides filers with an easy way to find the resources most relevant to their committee or filer type, all in one place. The web page has been organized to enable filers to click on their type of committee (candidate, party, PAC) and find the resources, frequently asked questions and report guidance relevant to them. The web page also serves to provide more transparency of the RAD review process. It includes an overview of the RAD review Process, as well as frequently asked questions on Requests for Additional Information and other RAD processes. Further, RAD continues to offer extended phone coverage on filing due dates in order to ensure timely disclosure of campaign finance activity and has recently implemented a program to send RFAIs via email, to ensure timely notification to committees.

3A.2: Compliance

The FEC has exclusive jurisdiction over the civil enforcement of the Federal campaign finance laws. Commission enforcement actions originate from a number of sources, including external complaints, referrals from other government agencies and internal referrals from the Audit or Reports Analysis divisions. Instances of non-compliance may lead to an FEC enforcement case

or an audit. In some cases, respondents may be given the option to participate in the Commission’s ADR program, which seeks to resolve matters more swiftly. By law, all these matters must remain confidential until they are closed. Violations involving the late submission of FEC reports or failure to file reports are subject to the AF program.

The Commission has a statutory obligation to help the regulated community understand the requirements of the Act and to promote voluntary compliance. It meets this obligation through:

- Expanding awareness of campaign finance laws by creating and disseminating educational materials, and through instructional conferences and seminars held in Washington, D.C., and other cities across the country;
- Providing assistance to the regulated community in filing disclosure reports by responding to phone inquiries and participating in one-on-one meetings;
- Responding to complaints alleging violations of campaign finance laws;
- Imposing civil penalties for violations of campaign finance laws, including late-filed and non-filed disclosure reports;
- Conducting audits in a timely and efficient manner;
- Coordinating with the Department of Justice in pursuing criminal violations of the Act and global settlements for civil and criminal violations; and,
- Making findings in completed compliance matters available to the public in a timely and useful manner.

The FEC places a significant emphasis on encouraging compliance through its Information Division, Reports Analysis Division, Press Office and Office of Congressional Affairs.

The FEC gauges its effectiveness with respect to compliance through the following performance measures:

Performance Measure	FY 2010 Goal	FY 2010 Actual	FY 2011 Goal	FY 2011 Actual	FY 2012 Goal	FY 2013 Goal
Conduct educational conferences and host roundtable workshops on the campaign finance law each election cycle, achieving a mean satisfaction rating of 4.0 on a 5.0 scale.	100%	100%	100%	100%	100%	100%
Issue press releases summarizing completed compliance matters within two weeks of a matter being made public by the Commission.	100%	98%	100%	100%	100%	100%
Issue press releases containing summaries of campaign finance data quarterly.	100%	75%	100%	75%	100%	100%
Process enforcement cases within an average of 15 months of receipt.	100%	75%	100%	89%	100%	100%

Performance Measure	FY 2010 Goal	FY 2010 Actual	FY 2011 Goal	FY 2011 Actual	FY 2012 Goal	FY 2013 Goal
Process cases assigned to Alternative Dispute Resolution within 155 days of a case being assigned.	75%	64%	75%	84%	75%	75%
Process reason-to-believe recommendations for the Administrative Fine program within 60 days of the original due date of the subject untimely or unfiled report.	75%	100%	75%	100%	75%	75%
Process challenges in the Administrative Fine program within 60 days of a challenge being filed.	75%	100%	75%	77%**	75%	75%
*Conclude non-Presidential audits with findings in an average of 10 months, excluding time delays beyond the Commission's control, such as subpoenas and extension requests.	100%	60%	100%	26%	100%	100%
*Conclude non-Presidential audits with no findings in an average of 90 days from the beginning of fieldwork.	100%	100%	100%	67%	100%	100%
*Conclude Presidential audits in an average of 24 months of the election, excluding time delays beyond the Commission's control, such as subpoenas and extension requests.	100%	100%	100%	0%	100%	100%

*Note that in FY 2009 and 2010 the Commission adopted procedures that provide additional opportunities for audited committees to respond to potential findings, as well as more opportunities for the Commission to review audit reports prior to approval. The performance measures related to audits will be reconsidered when the agency revises its strategic plan.

**Note that this figure has been amended to reflect the actual % of cases processed within 60 days (77%) rather than the fact that the goal to process 75% of cases within 60 days was fully met (i.e. 100%).

Expanding Awareness

As explained in Section 3A.1, the Commission's website has become the single most important source of instantly accessible information about the Act and Commission regulations. Members of the regulated community and the general public can use the website to track Commission rulemakings, search advisory opinions and closed enforcement matters, view campaign finance data and reports and find reporting dates. The Audit Report Search System is a new search tool, which allows users to research issues covered in completed Commission audits. The Commission has made available on the FEC website all audit reports from its inception. Moreover, while the Commission continues to make available printed copies of its educational

brochures and publications, these materials are available and easy to access on the FEC's website along with other instructional information, such as the FEC's "Tips for Treasurers." In addition to its website, the FEC operates a press office and maintains a toll-free line to respond to inquiries regarding campaign finance data.

One way the Commission encourages voluntary compliance is by hosting conferences across the country, where Commissioners and staff explain how the Act applies to candidates, parties and political action committees. These conferences address recent changes in campaign finance laws and focus on fundraising and reporting regulations. During FY 2013 the FEC plans to hold a regional conference in San Francisco, California as well as a series of lower-cost, one-day events at FEC headquarters. The success of these efforts is evidenced by the evaluation scores and comments received. The overall rating for each event has consistently exceeded a 4.0 out of a possible 5.0.

As part of a broad effort to improve its Internet communications and better serve the educational needs of the public and the regulated community, the Commission has added an E-Learning section to its Educational Outreach web page and launched its own YouTube channel, which can be found at <http://www.youtube.com/FECTube>. The E-Learning page offers interactive presentations that allow users to test their knowledge of the information presented and video workshops, which are hosted on YouTube. The curriculum currently includes a variety of presentations about the Commission and the campaign finance law. The FEC plans to continue to expand its E-Learning program with additional content and technical improvements during the coming year. For example, in 2012, the one-day seminars described above will be available simultaneously as live webinars.

Enforcement

The FEC handles enforcement matters through its Office of General Counsel and ADR and AF programs. Under the Commission's traditional enforcement program, the Commission learns of possible election law violations primarily through:

- The Commission's review of a committee's reports or through a Commission audit;
- The complaint process, whereby anyone may file a sworn complaint alleging violations of the Act;
- Voluntary self-reporting by representatives of candidates or political committees who believe they may have violated the Act; and,
- The referral process, whereby other government agencies may refer possible violations of the Act to the FEC.

The most complex and legally significant enforcement matters are handled by the OGC, which:

- Recommends to the Commission whether to find "reason to believe" the FECA has been violated, a finding which formally initiates an investigation;
- Investigates potential violations of the FECA by requesting, subpoenaing and reviewing documents and other information, and interviewing or deposing witnesses;

- Recommends to the Commission whether to find “probable cause to believe” the FECA has been violated;
- Conducts settlement negotiations on behalf of the Commission, culminating in “conciliation agreements” with respondents that may include payment of penalties; and
- Files suit in Federal district court when conciliation is unsuccessful.

Closed enforcement matters are available online through the Commission’s Enforcement Query System at <http://eqs.sdrdc.com/eqs/searcheqs>.

Office of General Counsel

Enforcement matters are handled by the OGC pursuant to the procedures set forth in the FECA. In FY 2011, the Commission closed 145 enforcement cases in an average of 10.1 months, which included \$527,125 in negotiated civil penalties. The Commission closed 129 of the cases (89%) within 15 months.

Alternative Dispute Resolution Program

The ADR program was implemented in FY 2001 to facilitate settlements outside of the traditional enforcement or litigation processes. The program’s primary objective is to enhance the agency’s overall effectiveness through more expeditious resolution of enforcement matters with fewer resources. The ADR Office negotiates agreements in which respondents often commit to take concrete steps to enhance their ability to comply with the law. A case is closed when the Commission votes on the recommendation made by the ADR Office as to what final action should be taken. During FY 2011, the ADR Office completed 25 cases, which included \$43,950 in negotiated civil penalties. The Commission exceeded its strategic goal by processing 84% of all cases within 155 days.

Administrative Fine Program

In response to a legislative mandate, an AF program was implemented in July 2000 to address, in a more efficient and effective manner, the untimely filing or non-filing of disclosure reports. This program is administered by the Office of Administrative Review and RAD, which are within the Office of Compliance. Since the AF Program’s inception in July 2000 through September 30, 2011, the Commission has closed 2,350 AF cases and assessed fines of approximately \$4.1 million.

Conducting Audits

The Audit Division’s major responsibilities concern the auditing of various political committees for their compliance with Federal campaign finance requirements. Pursuant to FECA, the Commission audits political committees that, according to pre-existing standards determined by the Commissioners, have not substantially complied with the law.

In FY 2009 and FY 2010, the Commission adopted procedures that provide additional opportunities for audited committees to respond to potential findings, as well as more

opportunities for the Commission to review audit reports prior to approval. The most significant of the changes provides audited committees an opportunity to request a hearing before the Commission prior to final approval of the audit report.

The FEC publishes its findings in audit reports, which can be found at http://www.fec.gov/audits/audit_reports.shtml. The Commission completed two initiatives related to audits that further improve the transparency of the audit function. First, all audit reports dating back to the Commission's inception have been added to the website. Second, an audit search tool has been developed that allows the user to search completed audits by candidate or committee name, by election cycle and by topic(s) covered in the report.

The Audit Division also assists the Commission in administering the public funding programs. The Audit Division evaluates the Presidential primary candidates' applications for matching funds and determines the amount of contributions that may be matched with Federal funds. As required by the public funding statutes, the FEC audits all recipients of public funds.

3A.3: Development of the Law – Interpreting and Administering the Act

The Commission’s statutory obligation is to administer, interpret and enforce the FECA, which serves the compelling governmental interest in deterring corruption and the appearance of corruption in financing elections. In so doing, the Commission must remain mindful of the First Amendment’s guarantees of freedom of speech and association, and the practical implication of its actions on the political process.

The FEC administers and interprets the law by:

- Conducting rulemaking proceedings to promulgate Commission regulations consistent with revisions to the Act and judicial decisions;
- Issuing advisory opinions to provide specific guidance to the regulated community;
- Defending challenges to the Act, Commission regulations or actions; and
- Certifying all Presidential public funding payments in a timely and efficient manner.

The FEC gauges its effectiveness in these areas through the following performance measures:

Performance Measure	FY 2010 Goal	FY 2010 Actual	FY 2011 Goal	FY 2011 Actual	FY 2012 Goal	FY 2013 Goal
*Complete rulemakings within specific time frames that reflect the importance of the topics addressed, proximity to upcoming elections and externally established deadlines.	100%	50%	100%	N/A	100%	100%
Issue all advisory opinions within 60- and 20-day statutory deadlines.	100%	100%	100%	100%	100%	100%
Issue expedited advisory opinions for time-sensitive, highly significant requests within 30 days of receiving a complete request, or a shorter time when warranted.	100%	N/A	100%	100%	100%	100%
Ensure that court filings meet all deadlines and rules imposed by the courts.	100%	100%	100%	98%	100%	100%
Process public funding payments in the correct amounts and within established time frames.	100%	N/A	100%	100%	100%	100%
*During FY 2011, the Commission did not issue any final regulations and there were no internally or externally established rulemaking deadlines.						

Litigation

The Commission represents itself in litigation before the Federal district and circuit courts and before the Supreme Court with respect to cases involving publicly financed Presidential candidates. It also has primary responsibility for defending the Act and Commission regulations against court challenges. In addition, the FECA authorizes the Commission to institute a civil action in enforcement matters that cannot be resolved through voluntary conciliation. The Commission's litigation docket currently includes 18 cases in six district courts and three appellate courts. The Commission's court filings in FY 2011 met deadlines and rules imposed by the courts 98% of the time.

On January 21, 2010, the Supreme Court issued its opinion in *Citizens United v. FEC*, which held that the Act's prohibitions on financing independent expenditures or electioneering communications with corporate general treasury funds were unconstitutional. The Court reasoned that a ban on independent expenditures could not be justified by the government's interest in preventing corruption and, therefore, struck down the prohibition against corporate independent expenditures and electioneering communications. The Court, however, upheld the disclosure requirements for these disbursements.

In addition, two decisions of the U.S. Court of Appeals for the D.C. Circuit have further altered the state of the law: *SpeechNow.org v. FEC*, which concerned whether certain FECA provisions were constitutional as applied to a group that is devoted to running independent advertisements for and against candidates and makes no direct contributions to candidates; and *EMILY's List v. FEC*, which concerned sources of funding for various types of activities and public communications by non-connected committees, and the treatment of funds received in response to solicitations as contributions.

Regulations

The Commission updates or adopts new regulations in response to Congressional action, judicial decisions, petitions for rulemaking, Commissioner initiatives or other developments in campaign finance laws. The Policy Division of the OGC drafts Notices of Proposed Rulemaking (NPRMs) which, once adopted by the Commission, are published in the Federal Register. NPRMs are also made available on the FEC's website and at <http://www.regulations.gov/>. NPRMs provide an opportunity for members of the public and the regulated community to review proposed regulations, submit written comments to the Commission and testify at public hearings, which are conducted at the FEC when appropriate. The Commission considers the comments and testimony before adopting the final regulations. The text of final regulations and the corresponding Explanations and Justification are published in the Federal Register.

The Commission has continued to work on a number of significant rulemaking projects, including rulemakings to comply with the court decisions in *Citizens United*, *SpeechNow.org* and *EMILY's List*. In this regard, the Commission received comments and considered two Notices of Availability of petitions for rulemaking submitted separately by Representative Chris Van Hollen and the James Madison Center for Freedom of Speech. The Commission issued a Notice of Proposed Rulemaking in December entitled *Independent Expenditures by Corporations and*

Labor Organizations. The comment period closed on February 3, 2012. In addition, the Commission issued and received comments on an Advance Notice of Proposed Rulemaking regarding disclaimers appearing on Internet ads. The comment period closed on November 14, 2011. Lastly, on October 20, 2011, together with the Office of Government Ethics, the Commission issued final rules on standards of conduct for FEC employees.

Advisory Opinions

The Commission provides interpretations of the Act through the issuance of advisory opinions (AOs), which are official Commission responses to questions regarding the application of Federal campaign finance laws to specific factual situations. When the Commission receives a request for an AO, it has 60 days to respond. For AO requests from candidates in the two months leading up to an election, the time for the Commission to respond to the request is reduced to 20 days. The Commission has placed special emphasis on expediting its processing and consideration of certain time-sensitive AO requests. Although the Act allows the agency 60 days to respond to most requests, the Commission strives to issue time-sensitive AOs in 30 days.

The number of AO requests that the Commission receives is subject to cycles and is somewhat higher during election years. Additionally, changes to the law, such as those stemming from recent court decisions, generally result in an increase in AO requests. The Commission issued several AOs during FY 2011 addressing the implications of the *Citizens United*, *SpeechNow.org*, and *EMILY's List* decisions, and anticipates it may receive additional requests. During FY 2011, the Commission completed within the statutory deadlines 100% of the 28 AOs considered.² The Commission completed work on two 20-day requests and three expedited requests during FY 2011. The average number of days from receipt of the complete AO request to issuance of AOs was 47 days for 60-day requests that did not have extended deadlines, 19 days for the 20-day AO and 18 days for the other expedited AOs. A summary of AOs can be reviewed at: <http://saos.nictusa.com/saos/searchao>.

Public Funding

In addition to enforcing the FECA, the Commission is responsible for administering the public funding of Presidential elections, as specified in the public funding statutes. The Commission certifies a candidate's eligibility to participate in the program, establishes eligibility for payments and conducts a thorough examination and audit of the qualified campaign expenses of every candidate who receives payments under the program.

Thus far, the Commission has certified public funding of \$35,379,600 for both convention committees for the 2012 Presidential election. One Presidential candidate has also been certified to receive an initial payment of \$100,000 from the Presidential Primary Matching Payment Account for the 2012 Presidential election. Candidates and convention committees seeking to become eligible for public funds for the 2012 Presidential election were able to submit an application beginning January 1, 2011.

² Four 60-day advisory opinions and one 20-day advisory opinion had extended deadlines, and the remainder were completed within the statutory deadlines.

3A.4: Indirect Program Costs

Office of the Chief Information Officer

The OCIO plans, develops and maintains an integrated system of hardware and software. It helps support the Commission's responsibility for providing public disclosure by aiding in the analysis of all campaign finance reports. It maintains the agency's databases and IT systems in direct support of the FEC's transparency objective, other aspects of the FEC mission and non-mission related data.

The Division also secures the Commission's IT infrastructure against the ever-present threats of data misuse, destruction or inappropriate disclosures, while ensuring continuity of operations in the event of a disaster. The Commission continually takes aggressive actions to secure its IT infrastructure, including a mandatory security awareness training program for its employees and contractors. In addition, the FEC must continue to develop strategies and initiatives relating to risk assessments of operations, disaster recovery and continuity of operations in the event of a disaster.

3B: Office of the Inspector General

The OIG mission is to detect and prevent fraud, waste and abuse, violations of law and to promote economy, efficiency and effectiveness in the operations of the FEC. The OIG strives, as an agent of positive change, to promote improvements in the management of FEC programs and operations by independently conducting audits, evaluations and investigations. In addition, the OIG keeps the Commission and Congress informed regarding major developments associated with the Office of Inspector General's work. The OIG's accomplishments are reported semiannually to the Commission and Congress.

3C: Administrative Overhead

Office of the Chief Financial Officer

The Office of the Chief Financial Officer produces timely, accurate and useful financial information, essential for making day-to-day decisions and managing the agency's operations more efficiently and effectively. This office is responsible for fully complying with all financial management laws and standards, and all aspects of budget formulation, execution and procurement.

Human Resources

In FY 2011, with OPM concurrence, the FEC engaged its managers, employees and labor union in developing human capital strategic goals and objectives that will provide a roadmap for managing the Agency's future workforce.

In FY 2012, the FEC amended its strategic plan to include human capital as a priority objective, to both meet the requirement of the GPRA Modernization Act and implement a more balanced approach to the agency's strategic planning activities. The Addendum to the Strategic Plan, which was approved in January 2012, includes strategies to address its human capital management challenges and provided a means to measure progress. The Addendum serves as a tool for communicating to agency managers, employees and stakeholders how human capital management supports the Commission's critical mission. Managing human capital strategically and effectively is now a fourth strategic objective (Objective D) for the FEC. This priority objective is delivered through three strategic activities: 1) strengthen performance management; 2) improve labor management relations; 3) implement leadership and knowledge management.

In FY 2013, FEC will continue the implementation of its strategic activities, as described in the Addendum and its Human Capital Plan. This will include filling potential competency gaps and continuing to ensure divisions are staffed appropriately; aligning individuals' performances to the agency's strategic goals and initiatives; implementing initiatives that are identified in Labor Management Forum for improvements; and keeping key leadership positions filled.

In addition, the FEC will continue to examine the most cost effective way to automate its human resources processes. These strategic activities were under design and development in FY 2011 and FY 2012 and the start of the implementation of the solutions is planned for FY 2013.

Administrative Services Division

The Administrative Services Division is responsible for the FEC's travel program, office space management, telecommunications, building security and maintenance. In addition, the office handles printing, document reproduction and mail services.

Equal Employment Opportunity and Programs

The Office of Equal Employment Opportunity (EEO) promotes the establishment of a workplace environment free from harassment and/or discrimination by monitoring and analyzing the Commission's personnel policies, practices and procedures; identifying barriers to the recruitment and advancement of special emphasis group members; offering EEO Counseling or ADR services, as needed; processing informal and formal allegations of discrimination, as appropriate; and providing staff education and targeted training programs.

Office of Inspector General's Fiscal Year 2013 Budget Request

The Inspector General Reform Act (Pub. L. 110-409) was signed by President Bush on October 14, 2008. Section 6(f)(1) of the Inspector General Act of 1978, 5 U.S.C. § app. 3, was amended to require certain specifications concerning Office of Inspector General (OIG) budget submissions each fiscal year.

Each Inspector General (IG) is required to transmit a budget request to the head of the establishment or designated Federal entity to which the IG reports specifying:

- the aggregate amount of funds requested for the operations of the OIG;
- the portion of this amount requested for OIG training, including a certification from the IG that the amount requested satisfies all OIG training requirements for that fiscal year; and
- the portion of this amount necessary to support the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

The head of each establishment or designated Federal entity, in transmitting a proposed budget to the President for approval, shall include:

- an aggregate request for the OIG;
- the portion of this aggregate request for OIG training;
- the portion of this aggregate request for support of the CIGIE; and
- any comments of the affected IG with respect to the proposal.

The President shall include in each budget of the U.S. Government submitted to Congress:

- a separate statement of the budget estimate submitted by each IG;
- the amount requested by the President for each OIG;
- the amount requested by the President for training of OIGs;
- the amount requested by the President for support of the CIGIE; and
- any comments of the affected IG with respect to the proposal if the IG concludes that the budget submitted by the President would substantially inhibit the IG from performing the duties of the OIG.

Following the requirements as specified above, the OIG of the Federal Election Commission submits the following information relating to the OIG's requested budget for fiscal year 2013:

- the aggregate budget request for the operations of the OIG is \$1,144,237;
- the portion of this amount needed for OIG training is \$15,500; and
- the portion of this amount needed to support the CIGIE is \$3,250.

I, Lynne A. McFarland, certify as the IG of the Federal Election Commission that the amount I have requested for training satisfies all OIG training needs for fiscal year 2013.