

**FEDERAL ELECTION COMMISSION**

**FISCAL YEAR 2014  
CONGRESSIONAL BUDGET  
JUSTIFICATION**



**April 10, 2013**

Concurrently submitted to Congress and the Office of Management and Budget

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## SUMMARY OF FY 2014 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* (“FECA” or “the Act”), as amended.<sup>1</sup> As the foundation of Federal campaign finance regulation, FECA reflects Congress’s efforts to ensure that voters are fully informed about the sources of financial support for Federal candidates, political party committees and other political committees. FECA also imposes amount limitations and source prohibitions on contributions received by certain types of political committees. The Commission is also responsible for overseeing the Federal public funding programs for Presidential campaigns and nominating conventions.<sup>2</sup>

For the fiscal year (FY) 2014 Budget Submission, the FEC requests \$65,791,000 to provide the necessary funding level to continue supporting the agency’s mission. The request reflects a reduction from \$66,773,166, which is the current funding necessary to fulfill the agency’s statutory requirements. Specifically, the requested FY 2014 funding level is \$982,166 less than the agency’s FY 2013 Continuing Resolution level.

The requested amount for FY 2014 would, however, continue to support IT advances to ensure that the agency’s technology infrastructure can meet increasing demands related to the agency’s disclosure programs, which provide the public with access to campaign finance data. The FEC relies on a robust IT infrastructure to fulfill the agency’s responsibilities and this infrastructure serves not only the FEC staff, but also the filing community and the general public. While the demands on the IT infrastructure generally peak leading up to the date of Federal elections, both as a result of an increase in the volume of disclosure filings and an increase by the public in seeking access to the Commission’s data, the demands continue throughout the election cycle, just as the filing schedules continue throughout the election cycle. The agency has maintained its commitment to providing accessible and user-friendly information to the public.

In addition, the FEC continues to seek opportunities to provide access to an ever-increasing volume of information as timely as possible and expects to sustain that effort into FY 2014 and beyond. For example, in FY 2012, the FEC introduced a new campaign finance disclosure portal that simplifies access to the wide range of disclosure data available on the agency’s website. The disclosure portal provides a single point of entry to Federal campaign finance data and features new map-based presentations on national parties and political action committees (PACs). It also offers quick access to data on the most frequently requested categories of committees that file reports with the FEC. In FY 2014 and beyond, the disclosure portal will be updated with new enhancements, which will begin with a portal devoted to candidates’ campaign finance information. Similarly, in FY 2014, the FEC will complete a multi-year project of 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.

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<sup>1</sup> Public Law 92-225, 86 Stat. 3 (1972) (*codified at* 2 U.S.C. §§ 431-55).

<sup>2</sup> The Commission’s responsibilities for the Federal public funding programs are contained in the *Presidential Election Campaign Fund Act*, Public Law 92-178, 85 Stat. 562 (1971) (*codified at* 26 U.S.C. §§ 9001-13) and the *Presidential Primary Matching Payment Account Act*, Public Law 93-443, 88 Stat. 1297 (1974) (*codified at* 26 U.S.C. §§ 9031-42).

The 2012 election cycle generated a nearly unprecedented number of complaints. In fact, the number of pending enforcement cases at the end of 2012 was 30 percent more than the number of complaints pending at the end of 2008. The funds requested for FY 2014 will support the processing of this extensive caseload, which primarily relates to the 2012 elections.

Over the past several fiscal years, the agency has continued to find an increase in the number of transactions to be processed. For example, between FY 2008 and FY 2012, the FEC's Reports Analysis Division saw a 10.7 percent increase in the number of documents to be reviewed. This increase has grown even more rapidly following the *Citizens United v. FEC* decision as a result of which corporations and labor unions are able to make unlimited independent expenditures.<sup>3</sup> The staff-intensive work of reviewing 2012 election cycle disclosure reports for compliance with the *FECA* and undertaking audit and enforcement measures, as necessary, is expected to continue into FY 2014. Finally, the FY 2014 budget will also support the Commission's work arising from the upcoming 2014 elections, in addition to its work related to earlier elections.

The FEC continually reviews its operations and processes for opportunities to enact cost-saving measures. The agency has modified a number of processes to reduce or eliminate the need for paper documents, saving the agency both paper and printing expenses. In FY 2013, the FEC has began the modernization of key disclosure applications like FECFile<sup>4</sup> to streamline processes, which the agency anticipates will reduce overall contract costs in the future. This modernization of applications allows the agency to continue to operate effectively under already tight budgets.<sup>5</sup> Similarly, over the past several years the Commission has implemented a policy to critically analyze positions that became vacant to determine whether the agency could use existing staff resources instead of filling the vacant positions. Since 2009, the FEC reduced its number of employees by almost 4 percent. All of these cost-saving efforts will continue through FY 2014.

The FEC continues to identify opportunities for reducing costs, streamlining procedures and improving efficiency as part of its long-term planning efforts. In particular, the Commission recently adopted a Strategic Human Capital Management Plan and a revised Strategic Plan, which was amended in FY 2012 to include a management excellence component. Both of these initiatives also meet the requirements of the *GPRA Modernization Act of 2010*.

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<sup>3</sup> In *Citizens United v. FEC*, 558 U.S. 310 (2010), the Supreme Court held that corporations (and, by implication, labor unions) may use their general treasury funds to pay for electioneering communications and independent expenditures. Subsequently, the U.S. Court of Appeals for the D.C. Circuit held in *SpeechNow.org v. FEC*, 599 F.3d 686 (D.C.Cir. 2010) (*en banc*), that certain political committees that make only independent expenditures, but do not make any contributions to Federal candidates, may accept funds in unlimited amounts. These committees have come to be known as "super PACs."

<sup>4</sup> FECFile is the Commission's Windows-based electronic report filing application. This software is available free of charge at [www.fec.gov/electfil/FECFileIntroPage.shtml](http://www.fec.gov/electfil/FECFileIntroPage.shtml). FECFile enables filers to record and track information required for reporting to the Commission and to securely submit this data electronically. The software contains a validation utility to perform checks on certain data fields prior to submission and a high-speed image generator to create a paper rendering of the report among other features.

<sup>5</sup> This is particularly the case in the FY 2013 when the Commission, along with all other Federal agencies, was faced with further reduced budgets as a result of the sequestration.

## 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, enforce, and formulate policy with respect to 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; (3) to administer and interpret the *FECA* as well as the *Presidential Election Campaign Fund Act* and the *Presidential Primary Matching Payment Account Act*; and (4) to manage human capital strategically and effectively.

Voluntary compliance with the requirements of *FECA* 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 budget request is organized in three sections. Section 1 addresses the agency's purpose and priorities in FY 2014. Section 2 provides an overview of budgetary increases and decreases. Section 3, the Annual Performance Plan, provides an overview of the agency's four strategic objectives, (A) transparency, (B) compliance, (C) development of the law and (D) management of human capital.

## Section 1: Purpose and Priorities in FY 2014

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### 1A: Commission Overview and Future Outlook

The FEC is an independent regulatory agency responsible for administering, enforcing, defending and interpreting the *FECA*.<sup>6</sup> The Commission is also responsible for administering the Federal public funding programs for Presidential campaigns and nominating conventions.

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 statutory term. The Commission's Chairmanship rotates for one-year terms among the members. The Commissioners meet regularly to formulate policy and to vote on significant legal and administrative matters. The *Act* requires the affirmative vote of four members of the Commission to approve any official action, thus requiring bipartisan decision making.

As part of its responsibilities, the FEC administers the *Act's* requirement that all Federal candidates and Federal political committees file financial disclosure reports by making 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*. The Commission also has a statutory responsibility to issue advisory opinions responding to inquiries regarding interpretation and application of the *Act* and the Commission's regulations to specific factual situations.

The FEC is revising its Strategic Plan for FY 2014 through FY 2019 and implementing a strategic management framework. In keeping with the requirements of the *Government Performance and Results Act (GPRA)* and the *GPRA Modernization Act of 2010*, the strategic management framework, once complete, will further ensure that every employee continues to discharge his or her duties and responsibilities in support of the FEC's strategic goal and objectives and that the effectiveness of these efforts can be regularly and meaningfully measured.

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<sup>6</sup> The address for the FEC's website is [www.fec.gov](http://www.fec.gov).

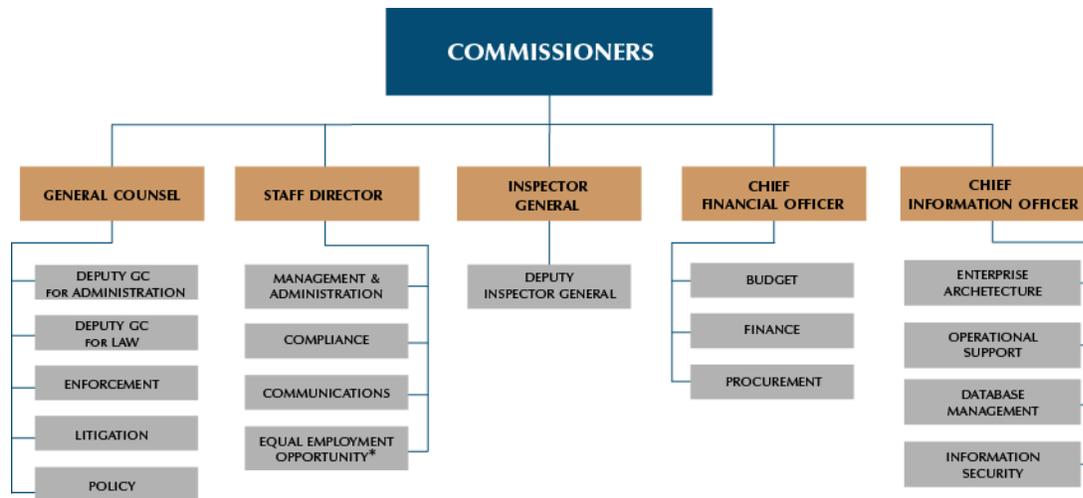
The FEC is funded by a single annual appropriation for salaries and expenses and is authorized to collect fees only to offset the costs of the agency's educational conferences. Two categories that make up a large portion of the agency's expenses are salaries and benefits, and rent. In addition, in FY 2014, IT costs are projected to account for over 13 percent of the agency's total budget. These three requirements constitute approximately 90 percent of the agency's budget. Actual spending for FY 2012 reflects the historical trend. (See Figure 1).

**Figure 1 – FY 2012 Obligations by Major Category  
as of 9/30/12**



## FEC Organizational Chart

The Offices of the Staff Director, General Counsel, Chief Information Officer<sup>7</sup> and 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>.



\* The Director for Equal Employment Opportunity reports to the Staff Director on administrative issues but has direct reporting authority to the Commission on all EEO matters.

## 1B: FY 2014 Priorities

The FEC expects to focus on two overarching areas in FY 2014 – improved IT and human capital management. These two areas make up 83 percent of the agency’s financial expenditures. The agency must redouble its efforts to ensure that it is able to retain top talent and use the available resources as efficiently as possible. It is also critical for the agency to make human resource plans

<sup>7</sup> The position of the Chief Information Officer normally reports directly to the Staff Director who, in turn, reports to the Commission itself. At present, however, the same individual is serving in both the position of the Staff Director and the position of the Chief Information Officer, pursuant to an authorization by the Commission and based, in part, on an advance Decision from the Comptroller General. Accordingly, the organizational chart below reflects both positions – the Staff Director and the Chief Information Officer – as reporting directly to the Commission. Due to budget constraints, the Accounting Director and Deputy Chief Financial Officer is also currently serving as the acting Chief Financial Officer and presently will be serving as the acting Procurement Director as well. One position on the organizational chart is vacant, and two others are filled on an acting basis. In addition, nine other employees are in temporary positions.

for future years and to build effective succession planning, knowledge management, and leadership development.

The FEC must ensure that it provides the public with useful and accessible campaign finance data as timely as possible to meet the public's expectations for real time access to campaign finance information. The FEC is focused on meeting the demands of both its workforce as well as the public, and this cannot be accomplished without significant investment in the IT infrastructure. Planned IT investments include data warehouse implementation, disclosure portal improvements, improved webpages, increased use of webinars, and increased use of social media (*e.g.*, YouTube, and Twitter) and informational resources such as the Commission's Weekly Digest.<sup>8</sup>

### **1B.1: Effective Disclosure Through Improved Information Technology**

The Commission began a data warehouse initiative in FY 2010. The data warehouse project was initiated to enhance access to reported campaign finance data and to facilitate better reporting and analysis of that data. Retrieving, analyzing, extracting, transforming and loading data are essential components of the data warehousing system. Phase I of the data warehouse project, which consisted of gathering information on the scope of the project and developing a prototype warehouse, was completed during FY 2012.

Phase II of the data warehouse project, the implementation phase, began in FY 2012 and is scheduled to be completed during FY 2014. This FY 2014 budget request includes funding for the final installment of this project. Full funding for the project would ensure that the agency can fulfill its mission of providing reliable, consolidated, and integrated data for robust reporting and analysis.

Completion of an upgrade to the Commission's electronic Case Management System (CMS) is another IT priority for FY 2014. The Commission's CMS was first initiated in 1999, and it continues to be used to manage enforcement, Alternative Dispute Resolution (ADR), and other legal matters within the Office of General Counsel and the Office of Compliance. The CMS is 13 years old and requires an upgrade to a version that is more consistent with the enhanced IT architecture that has been modernized over the years. This essential upgrade will prevent the CMS from becoming obsolete and is a less costly alternative to replacing the CMS. In this request, the Commission seeks funding to complete this three-year project. The CMS upgrade is scheduled to be completed during FY 2014.

### **1B.2: Effective Human Capital Management**

The FEC is currently drafting a new Strategic Plan for FY 2014 through FY 2019 to define its overarching objectives and plans for the future. The current and draft Strategic Plans both include a management excellence component to ensure the FEC's workforce has the knowledge and skills needed to achieve the agency's mission efficiently and effectively.

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<sup>8</sup> The Weekly Digest, which is available at [www.fec.gov/press/FEC\\_Digest.shtml](http://www.fec.gov/press/FEC_Digest.shtml), is a weekly summary of Commission activities published electronically each Friday.

The FEC completed an analysis of its workforce in FY 2012. This workforce analysis was designed to help the agency ensure that FEC staff continues to have the types of knowledge and skills needed to meet the agency's mission efficiently and effectively. The workforce analysis identifies workload trends in several areas—most significantly in the number of reports filed with the Commission and the volume of transactions reported—that suggest the FEC's workload will increase in the future. The workforce analysis further identifies strategies to reduce costly attrition, mitigate the loss of institutional knowledge, plan for leadership succession and spend the agency's limited training funds strategically and effectively. Each of these strategies is intended to avoid increases in the FEC's human capital costs.

At the same time, the FEC has begun the process of revising its performance appraisal system to align individual performance goals with the agency's strategic goals and to ensure that each FEC employee understands how his or her personal workplan relates to the agency's Strategic Plan. In FY 2012, the agency developed a new performance appraisal system based on OPM's newly approved Senior Executive Service (SES) appraisal system. The rollout of this new system will occur in phases throughout FYs 2013 and 2014.

## Section 2: Budget Overview

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### 2A: OMB Budget Guidance Level

In this section, pursuant to the Office of Management and Budget (OMB) guidance, budget increases and decreases and any text describing the changes compares the FY 2013 Continuing Resolution to the FY 2014 budget request. It is important to note that the FY 2013 Continuing Resolution level shown below is not reduced by the 5 percent sequestration amount.

**Table 1 – Summary of Changes from FY 2013 to FY 2014 Agency Request**

<b>Category</b>	<b>Amount</b>
<b>FY 2013 Continuing Resolution (Sequestration Not included)</b>	<b>\$66,773,166</b>
<b>Personnel Changes</b>	
Personnel Compensation and Benefits	(723,024)
<b>Personnel Changes Subtotal:</b>	<b>(723,024)</b>
<b>Non-Personnel Changes</b>	
IT Contracts	109,928
Building Rent GSA	97,004
Supplies and Materials	(58,273)
Training	(45,671)
Travel	(69,951)
Contracts and Other Services	(214,822)
Capitalized Equipment	(77,357)
<b>Non-Personnel Changes Subtotal:</b>	<b>(259,142)</b>
<b>FY 2014 Budget Request</b>	<b>\$65,791,000</b>

## 2A.1: Description of Budget Increases and Decreases

**Program Increases.....\$206,932/+0 FTE**

**Non-Personnel Increases.....\$206,932/+0 FTE**

*IT Contracts ..... \$109,928/+ 0 FTE*

This estimated increase is to continue funding for two on-going IT projects: continuing the data warehouse project and completing the Case Management System upgrade (CMS). Both the data warehouse project and the CMS upgrade are multiyear projects that in the long term will make FEC operations more efficient and help to keep up with ever changing technology. The data warehouse project will enhance access to reported campaign finance data and facilitate more robust reporting and analysis of that data. Effective disclosure of campaign finance data with tools that are useful to the public to retrieve and analyze that data is a core part of the FEC's mission, and the data warehouse project is vital to meeting those mission requirements. Upgrading CMS, which is less costly than replacing it with a newer system, is a first step toward a goal of developing a system for the public's use to enhance the transparency of the FEC's compliance and enforcement actions.

*Building Rent GSA ..... \$97,004/+0 FTE*

This is the estimated increase in rent for the ten-year lease through GSA. The annual rent payment to GSA is the agency's largest fixed cost and includes annual price escalations.

**Program Decreases.....(\$1,189,098)/+0 FTE**

**Personnel Decreases..... (\$723,024)/+0 FTE**

*Personnel Compensation and Benefits..... (\$723,024)/+0 FTE*

In order to reduce spending the FEC has critically analyzed vacant positions over the past several years, to determine whether the agency could redeploy existing staff resources, instead of filling the vacant positions. Approval at the Commission level is required prior to any hiring. The FEC anticipates limiting hiring to meet its budget level in FY 2013 and FY 2014. This represents the decrease in personnel compensation and the associated benefits. The FEC did not budget for cash awards in FY 2013 and FY 2014. The FEC hopes to remain able to retain highly qualified individuals, given the absence of cash awards as an incentive for exceptional performance.

*Non-Personnel Decreases* ..... (\$466,074)/+0 FTE

*Supplies and Materials* ..... (\$58,273)/+0 FTE

The agency has realized some efficiency by centralizing the ordering of most supply items. Costs in this category also include renewal of subscriptions for professional publications, some printing and reproduction, and the purchase of library materials. The agency has chosen to curtail ordering supplies in order to operate within budget limitations.

*Training* ..... (\$45,671)/+0 FTE

In recent years the agency has decreased the amount available for Training in order to operate within budget limitations. FY 2014 represents proposed significant decrease in Training. The agency has realized some cost saving by utilizing on-line and no-cost training opportunities. However, some training and continuing education classes are needed for certification in certain job classifications.

*Travel*..... (\$69,951)/+0 FTE

In recent years the agency has decreased the amount available for Travel. The agency has realized some cost saving by limiting the number of audits and employees involved in on-site audits, and the agency is moving toward performing more audits remotely. However, this savings comes at a cost to the agency's efficiency and effectiveness. While some audits can be completed remotely, experience has shown that travelling to the audited committees' offices dramatically speeds the audit process.

*Contracts & Other Services*..... (\$214,822)/+0 FTE

This area includes contractor support and other services. The agency made difficult decisions regarding contractor support in FY 2013. It is anticipated that some contracts may be canceled or contract hours decreased in order to realize the needed cost savings in FY 2014.

*Capitalized Equipment* ..... (\$77,357)/+0 FTE

The agency is constantly evaluating the life cycle of IT Capitalized Equipment and the need to stay current with technology. For Capitalized Equipment, the agency decreased spending on IT hardware and personal computer upgrades in FY 2013.

**Table 2**  
**FY 2014 Budget Request Object Class Data**  
**(In dollars)**

<b>Federal Election Commission</b>		<b>FY 2012 Actual</b>	<b>FY 2013 CR Level</b>	<b>FY 2014 Budget Request</b>	<b>% Change FY 2013 To FY 2014</b>
<b>Object Classification:</b>					
11.0	Personnel Compensation	34,989,817	36,221,955	35,630,036	-1.63%
11.52	Cash Awards	377,053	-	-	
12.10	Personnel benefits	9,943,018	10,099,123	9,968,018	-1.30%
12.18	Transit Subsidy	340,000	450,000	450,000	0.00%
	<b>Subtotal, Personnel</b>	<b>45,649,888</b>	<b>46,771,078</b>	<b>46,048,054</b>	<b>-1.55%</b>
21	Travel & transportation of persons	411,132	414,956	345,005	-16.86%
23.1	Building Rent-GSA	5,744,000	5,905,512	6,002,516	1.64%
23.3	Communications, Utilities & Postage	688,734	997,138	997,138	-0.00%
24	Printing & Reproduction	153,075	105,503	105,503	0.00%
25.11	Training, Commercial Fed. & Tuition	402,582	511,127	465,456	-8.94%
25.14	IT Contracts	7,285,488	6,185,218	6,295,146	1.78%
25.2	Contracts & Other Services	1,574,119	1,340,085	1,125,263	-16.03%
25.3	Federal Goods & Services	1,256,964	1,296,174	1,296,174	0.00%
25.72	Research & Development	-	-	-	
26	Supplies and Materials	994,631	1,029,087	970,814	-5.66%
31.01	Non-Capitalized Equipment	841,225	841,225	841,225	0.00%
31.02	Capitalized Equipment	1,028,205	1,376,063	1,298,706	-5.62%
	<b>Subtotal, Non-Personnel</b>	<b>20,380,155</b>	<b>20,002,088</b>	<b>19,742,946</b>	<b>-1.30%</b>
	<b>TOTAL</b>	<b>66,030,043</b>	<b>66,773,166</b>	<b>65,791,000</b>	<b>-1.47%</b>

## **2B: 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, \$65,791,000, of which not to exceed \$5,000 shall be available for reception and representation expenses.*

## 2C: Recommended Legislative Changes

On May 10, 2012, the Commission adopted five Legislative Recommendations, which are available at <http://www.fec.gov/law/legrec2012.pdf>. Of these five Legislative Recommendations, two would have a significant cost-saving budgetary impact and are hereby submitted as priority program reform proposals in accordance with the OMB FY 2014 Budget Guidance. If adopted, these proposals would significantly improve program effectiveness and efficiency and would also generate cost savings. Both of these reform proposals require legislation.

**Electronic Filing of Senate Reports:** The Commission recommends that Congress enact legislation that would require Senate candidates and their authorized committees to file campaign finance reports electronically. The Commission's current electronic filing (e-filing) rules require a committee or other filing entity (other than Senate candidates and their authorized committees) 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. Mandatory electronic filing would create considerable cost savings and would result in easier, more efficient dissemination of data. Reports that are filed electronically are normally available, and may be downloaded, within minutes. In contrast, the time between the receipt of a report filed through the paper filing system and its initial appearance on the Commission's website is 48 hours. Moreover, a Senate campaign filing often consists of thousands of pages, and data from the filings themselves take up to 30 days to be integrated into the Commission's searchable databases. If such reports were electronically filed, the data could be integrated within a few days. The Commission estimates that mandatory electronic filing for Senate candidates and their authorized committees would yield savings of at least \$430,000 per year in costs directly attributable to the current paper filing system.

**Make Permanent the Administrative Fine Program for Reporting Violations:** The Commission recommends that Congress make the Administrative Fine Program permanent. This program is currently set to expire during FY 2014. The Administrative Fine Program has been remarkably successful. Over the course of the program, the number of late and nonfiled reports have dramatically decreased, thus fulfilling the agency's goal of ensuring timely public access to complete disclosure filings. To date, the number of late and nonfiled reports have decreased from an average of 21 percent of reports filed late to less than 10 percent filed late. With fewer late reports and fewer challenges to administrative fines, the Commission has been able to reduce the number of employees who work on this program. Specifically, in July 2010, the Office of Administrative Review, which considers challenges to administrative fines, was reduced by reassignment from three full-time employees to one. In addition, the program has generated approximately \$5 million in fines assessed since its inception in 2000.

## Section 3: Annual Performance Plan

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### 3A: Strategic Goal and Framework

As reflected in the Commission's Strategic Plan for FY 2008 through FY 2013 and its addendum for FY 2012 through FY 2014, 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 goal through four core strategic objectives that guide the Commission in accomplishing its mission and planning for future progress. The first three strategic objectives – transparency, compliance and development of the law – were included in the Commission's Strategic Plan for FY 2008 through FY 2013. In 2011, the Commission adopted an Addendum to its Strategic Plan, which added a new strategic objective to provide a more balanced approach to the plan while meeting the requirements of the *GPRA Modernization Act of 2010*. The fourth strategic objective is managing human capital strategically and effectively.

**Objective A: Transparency**

**Objective B: Compliance**

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

**Objective D: Manage Human Capital  
Strategically and Effectively**

### 3A.1: Transparency

Disclosing the sources and amounts of funds used to finance and influence 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 [www.fec.gov/disclosure.shtml](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:

<b>Performance Measure</b>	<b>FY 2011 Goal</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Goal</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Goal</b>	<b>FY 2014 Goal</b>
Process reports within 30 days of receipt as measured quarterly. <sup>9</sup>	95%	71%	95%	94%	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

<sup>9</sup> Processing reports includes coding and entering data into the Commission’s database for review to assess accuracy and ensure complete disclosure of campaign finance information.

Senate candidate committees (and other persons who support only Senate candidates), which file with the Secretary of the Senate, the Commission has again 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. In addition to the considerable cost savings, mandatory electronic filing would also result in easier, more efficient dissemination of data.

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 manually coded and entered into the FEC's database for review to assess whether disclosed campaign finance information is accurate and complete.

### **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. During FY 2012, the FEC website received approximately 21.6 million web page views.<sup>10</sup>

To make campaign finance data more available to the public, the FEC launched interactive maps for the 2012 Presidential and House and Senate elections, providing users immediate access to contribution information. Through these maps, 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.

In FY 2012, the FEC introduced a new campaign finance disclosure portal that simplifies access to the wide range of disclosure data available in the agency's website. The disclosure portal provides a single point of entry to Federal campaign finance data and features new map-based presentations on national parties and political action committees (PACs). It also offers quick access to data on the most frequently requested categories of committees that file reports with the FEC. The disclosure portal, which was updated with new enhancements throughout the election cycle, is designed to fit closely the needs of members of the media and the public who depend on the Commission's website for timely and accurate information. In FY 2012, The Commission also

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<sup>10</sup> In FY 2012, the FEC began utilizing a web counting software program that measures web page views (instead of previously reported web hits) and provides more detailed information on website usage. This more sophisticated tool allows the agency to tailor its website content and structure to better meet agency disclosure and outreach goals.

updated its Electronic Filing RSS (Really Simple Syndication) feed, which notifies subscribers when a filer has sent a new report or document electronically to the Commission. The Commission offers subscribers six pre-established RSS feeds: new electronic filings, monthly filings, quarterly filings, presidential filings, congressional filings and PAC and party filings. Alternatively, subscribers can customize their feeds by committee identification number, state or district.

### **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, complete and compliant 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 reported campaign finance activity. Analysts work with assigned political committees to provide guidance and answer any questions committees may have about completing and filing their campaign finance reports. If RAD'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. All RFAIs are publicly available through the Commission's disclosure portal. If a committee is able to resolve the concerns raised in the RFAI, it may avoid further Commission action. In instances in which this process does not result in resolution of the issue, 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, available at [www.fec.gov/rad/index.shtml](http://www.fec.gov/rad/index.shtml), that 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 make the RAD review process more transparent. It includes an overview of the RAD review process, as well as frequently asked questions on disclosure requirements, Requests for Additional Information (RFAI) and other RAD processes. Further, the RAD web page includes a Campaign Finance Analyst look-up feature which provides filers with direct contact information of the assigned analyst for additional assistance. RAD continues to offer extended phone coverage on filing due dates in order to ensure timely disclosure of campaign finance activity and sends RFAIs and non-filer notices 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. Generally, 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 advance an understanding of 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 filers 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:

<b>Performance Measure</b>	<b>FY 2011 Goal</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Goal</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Goal</b>	<b>FY 2014 Goal</b>
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%	100%	100%	100%	100%	100%
Issue press releases containing summaries of campaign finance data quarterly.	100%	75%	100%	75% <sup>11</sup>	100%	100%
Process enforcement cases within an average of 15 months of receipt. <sup>12</sup>	100%	89%	100%	70%	100%	100%
Process cases assigned to Alternative Dispute Resolution within 155 days of a case being assigned.	75%	84%	75%	51%	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%	77%	75%	90%	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%	26%	100%	27% <sup>13</sup>	100%	100%

<sup>11</sup> The FEC now issues press releases summarizing campaign finance data three times per fiscal year, rather than on a quarterly basis. Accordingly, the Commission anticipates revising this performance measure in the Commission's new FY 2014 – FY 2019 Strategic Plan.

<sup>12</sup> The FEC now issues press releases summarizing campaign finance data three times per fiscal year, rather than on a quarterly basis. Accordingly, the Commission anticipates revising this performance measure in the Commission's new FY 2014 – FY 2019 Strategic Plan.

<sup>13</sup> 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.

<b>Performance Measure</b>	<b>FY 2011 Goal</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Goal</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Goal</b>	<b>FY 2014 Goal</b>
Conclude non-Presidential audits with no findings in an average of 90 days from the beginning of fieldwork.	100%	67%	100%	100%	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%	0%	100%	0%	100%	100%

## **Expanding Awareness**

The Commission's website has become the single most important source of instantly accessible information about the *Act* and Commission regulations. The website contains extensive features to track Commission rulemakings, search advisory opinions and closed enforcement and compliance matters, view campaign finance data and reports and find reporting dates. 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. The FEC held two regional conferences in FY 2012 in San Diego, California and Miami, Florida. The agency also hosted a series of one-day seminars and topic-based roundtable workshops at FEC headquarters. For the first time, these programs were available simultaneously as webinars for online attendees. The success of these efforts is evidenced by the evaluation scores and comments received. The overall rating for each event exceeded a 4.0 out of a possible 5.0. In FYs 2013 and 2014, the FEC plans to host three regional conferences in Texas, California and Florida, as well as one-day seminars, workshops and webinars at FEC headquarters.

As part of a broad effort to improve its Internet communications and better serve the educational needs of the public and the filing 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. In addition, RAD is in the process of creating online video tutorials for reporting specific types of activity, which will provide filers with an additional tool for disclosure compliance.

## **Enforcement**

The FEC handles enforcement matters through its Office of General Counsel (OGC) 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 Federal and State government agencies may refer possible violations of the *Act* to the FEC.

The most complex and legally significant enforcement matters are handled by 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 *FECA*. In FY 2012, the Commission closed 77 enforcement cases in an average of 14.2 months, which included \$603,200 in negotiated civil penalties. The Commission closed 54 cases (70 percent) 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. In FY 2012, the ADR Office completed 41 cases, which included \$140,126 in negotiated civil penalties. The Commission’s performance measure for ADR is to close 75 percent of cases within 155 days of a case being assigned. For FY 2012, 51 percent of cases met the 155-day benchmark.

### **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, 2012, the Commission has closed 2,399 AF cases and assessed fines of approximately \$4.27 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 the *FECA*, the Commission audits political committees that, according to pre-existing thresholds 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](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. Previously, only audits from the year 2002 and forward were included. 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 topics 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:

<b>Performance Measure</b>	<b>FY 2011 Goal</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Goal</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Goal</b>	<b>FY 2014 Goal</b>
Complete rulemakings within specific time frames that reflect the importance of the topics addressed, proximity to upcoming elections and externally established deadlines.	100%	N/A	100%	N/A <sup>14</sup>	100%	100%
Issue all advisory opinions within 60- and 20-day statutory deadlines.	100%	100%	100%	100% <sup>15</sup>	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%	100%	100%	50% <sup>16</sup>	100%	100%

<sup>14</sup> There were no internally or externally established rulemaking deadlines requiring rulemakings to be completed by dates in FY 2011 or 2012.

<sup>15</sup> The requestors in three 60-day advisory opinions, and in both 20-day advisory opinions, provided the Commission with an extension of the deadline.

<sup>16</sup> In FY 2012, the Commission received eight requests for expedited advisory opinions. The Commission was able to complete action on four of those requests within 30 days, and three others within 31, 31 and 34 days.

<b>Performance Measure</b>	<b>FY 2011 Goal</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Goal</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Goal</b>	<b>FY 2014 Goal</b>
Ensure that court filings meet all deadlines and rules imposed by the courts.	100%	98%	100%	97%	100%	100%
Process public funding payments in the correct amounts and within established time frames.	100%	100%	100%	100%	100%	100%

## 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 24 cases in nine district courts, two appellate courts and the Supreme Court. The Commission's court filings in FY 2012 met deadlines and rules imposed by the courts 97 percent 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 corporate 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 independent expenditures and electioneering communications.

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*, 599 F.3d 686 (D.C. Cir. 2010), 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*, 581 F.3d 1 (D.C. Cir. 2009), 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.<sup>17</sup>

These major cases have continued to spawn additional uncertainty in the law and new litigation. For example, *Van Hollen v. FEC* examines the disclosure required by corporations that make electioneering communications.

## Regulations

The Commission updates or adopts new regulations in response to Congressional action, judicial decisions, petitions for rulemaking, Commission initiatives or other developments in campaign finance laws. The Policy Division of 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 [www.regulations.gov](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.

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<sup>17</sup> See *Van Hollen v. FEC*, 851 F.Supp.2d 69 (D.D.C.), *rev'd sub nom Center for Individual Freedom v. Van Hollen*, 694 F.3d 108 (D.C. Cir. 2012), *remand pending*, 1:11-cv-00766-ABJ (D.D.C. stay lifted Mar. 12, 2013).

The Commission has continued to work on a number of significant rulemaking projects during FY 2012. In this regard, the Commission issued a Notice of Proposed Rulemaking to address certain issues raised in *Citizens United*, held a hearing regarding “Independent Expenditures and Electioneering Communications by Corporations and Labor Organizations,” and is now in the process of developing final rules.<sup>18</sup> The Commission continues to work on rulemakings in connection with *SpeechNow*, *EMILY’s List* and *Carey v. FEC*.<sup>19</sup> In addition, the Commission issued an Advance Notice of Proposed Rulemaking regarding disclaimers appearing on Internet ads. Lastly, the Commission, together with the Office of Government Ethics, developed final rules on standards of conduct for FEC employees. The Commission approved these rules in October 2011.

### **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 request for an AO, it has 60 days to respond. For an AO request from candidates in the two months leading up to an election, the time for the Commission to respond to the requests 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 Commission issued several AOs during FY 2012 addressing the implications of the *Citizens United*, *SpeechNow*, and *EMILY’s List* decisions, as well as many dealing with technology such as text messaging, and anticipates it may receive additional requests. During FY 2012, the Commission completed 100 percent of the 39 AOs due within the statutory deadlines. 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 and 32 days for the eight expedited AOs. The Commission also completed work on two 20-day requests during FY 2012, with extensions from the requestors on both.

### **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.

In 2012, the Commission has certified public funding of \$36,496,600 for two convention committees for the 2012 Presidential election. In addition, as of February 28, 2013, the Commission has certified \$1,356,108 for three candidates eligible for public funds for the 2012 Presidential election.

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<sup>18</sup> Documents related to this rulemaking, as well as other Commission rulemakings, are available at [www.fec.gov/fosers](http://www.fec.gov/fosers).

<sup>19</sup> See *Carey v. FEC*, 791 F.Supp.2d 121 (D.D.C. 2011).

### **3A.4: Manage Human Capital Strategically and Effectively**

In accordance with the *GRPA Modernization Act of 2010*, in FY 2012 the FEC published an addendum to its Strategic Plan to include a new strategic objective: Manage Human Capital Strategically and Effectively.

Pursuant to this objective, the FEC fosters a results-oriented organizational culture that supports the agency's mission through three strategic activities:

- Strengthen Performance Management—conduct an agency workforce analysis and align individual's performance plans to the agency's strategic goals and initiatives;
- Improve Labor Management Relations—implement improvements identified by the FEC's Labor Management Forum and maintain a complete labor management agreement (LMA); and
- Improve Leadership and Knowledge Management—retain stability in key leadership positions and develop and implement a succession plan.

The FEC gauges its effectiveness through the following series of indicators designed to measure performance in areas that promote the strategic and effective management of its human capital resources:

- Fill competency gaps;
- Link individuals' performance plans to the Strategic Plan;
- Meet Labor Management Forum performance goals; and
- Fill key leadership positions.

#### **Strengthen Performance Management**

The FEC recognizes the need for consistency in conducting performance evaluations and the importance of making meaningful distinctions in performance management. Accordingly, the FEC has begun a comprehensive evaluation of its performance appraisal system. In FY 2012, the agency formed a design group of senior leaders to create the new performance system, based on OPM's newly approved Senior Executive Service (SES) appraisal system. Under the new system, each FEC employee's performance will be measured based on that employee's work toward meeting the objectives of the FEC's strategic plan, as appropriate to the employee's workgroup and organizational level. The revisions to the FEC's system will proceed in phases, and will track the completion of the new FY 2014 – FY 2019 Strategic Plan. During the first phase, all senior leaders will develop individual performance plans that will identify their own accountability for implementing the Commission's objectives, as articulated in the new strategic plan. Then, in the second and third phases, managers and then employees will align their individual plans to that of their senior leader or manager. The FEC understands that, in order for the new performance appraisal system to be effective, all FEC managers and employees will require training on the new system. The FEC began this process in FY 2012, communicating the strategic activities outlined in the draft strategic plan to all agency staff with the intention of ensuring that every FEC employee understands his or her role in the FEC's mission and how the activities of the employee's workgroup support the agency's overarching plans and objectives.

In addition, the FEC conducted a human capital project during FY 2012 designed to create a path to lead the agency successfully through policy and/or personnel changes and maintain a productive work environment to fulfill the FEC's mission. For the first phase of this project, the agency conducted a workforce analysis to determine what the size and skills of its workforce should be, three-to-five years into the future. The analysis incorporated the results of an assessment of the agency's current and projected workforce needs and competency gaps. It also evaluated the status of succession planning and leadership development at the FEC. Having identified competency gaps in FY 2012, the FEC is now well-placed to develop an agency-wide training program to close these gaps during FY 2013 and FY 2014.

For the second phase, the agency is developing a Human Capital Accountability System that addresses OPM's five Human Capital Accountability and Assessment Framework dimensions, including Strategic Alignment, Leadership/Knowledge Management, Results-Oriented Performance Culture, Talent Management and Accountability. The Accountability System allows the FEC and OPM to review and assess the FEC's human capital management programs, policies, goals and objectives against a system of standards and measurable outcomes.

### **Improve Labor Management Relations**

The FEC is committed to building an effective and collaborative relationship with the National Treasury Employees Union (NTEU), which is the exclusive representative of FEC bargaining unit employees. The current labor-management agreement between the FEC and NTEU Local Chapter 204 expired on May 6, 2010. Following negotiations, mediation and arbitration, the parties reached a tentative agreement. The Union ratified the contract on March 27, 2013. The Commission will review the contract, which will be in effect upon Commission approval.

In accordance with Executive Order 13522, *Creating Labor-Management Forums to Improve Delivery of Government Services*, 74 Fed. Reg. 66203 (Dec. 14, 2009), the FEC and the NTEU have established the FEC Labor-Management Forum (Forum). The Forum continues to make progress toward improving the FEC's telework program, employee satisfaction, retention of institutional knowledge and performance appraisal system.

### **Improve Leadership and Knowledge Management**

The agency's FY 2012 workforce analysis supported the development of a Leadership Succession Plan for the agency that outlines the agency's plans to recruit and maintain a diverse workforce and cultivate emerging leaders through mentoring and training programs targeted to each mission critical occupation. In addition, the Leadership Succession Plan will guide the agency in its efforts to ensure that agency expertise is preserved, regardless of changes in staffing. In FY 2014, the FEC plans to develop an agency-wide program to capture, preserve and share staff knowledge and experience.

### **3A.5: Indirect Program Costs**

#### **Office of the Inspector General**

The OIG's mission is to detect and prevent fraud, waste and abuse, and 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.

#### **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. The Accounting Director and Deputy Chief Financial Officer is also the acting Chief Financial Officer and presently will be acting Procurement Director as well.

#### **Office of the Chief Information Officer**

The Office of the Chief Information Officer (OCIO) plans for, 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 OCIO 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.

The position of the Chief Information Officer normally reports to the Staff Director who, in turn, reports directly to the Commission. At present, however, the same individual is serving in both the position of the Staff Director and the Position of the Chief Information Officer, pursuant to an authorization by the Commission and based, in part, on an advance Decision from the Comptroller General. Accordingly, both positions – the Staff Director and the Chief Information Officer – currently report directly to the Commission.

## **Administrative Services Division**

The Administrative Services Division (ASD) has overall responsibility for physical security and safety, facility management and maintenance, property and inventory management, fleet vehicle management, and mail center services. In addition, the ASD provides copy services, facsimile and duplication equipment, courier and transportation services, and furniture and conference room management. The ASD assists the FEC with government travel cards, records management and document reproduction. The ASD is also responsible for maintaining the centralized supply room.

## **Human Resources**

The Office of Human Resources (OHR) is responsible for providing HR programs and systems that must succeed in identifying, attracting, developing, managing and retaining a high-quality and diverse workforce capable of accomplishing the agency's mission. The Office also has the responsibility of advising the Commission on matters relating to human capital management including, but not limited to, policy and program development; recruitment and staffing; classification and position management; compensation and pay administration; benefits administration; employee and labor relations; personnel security; and management consultation services.

In FY 2011 and FY 2012, the OHR took significant steps to become a more strategic organization by working with managers across divisions to analyze the workforce, identify skill gaps, propose renewed policies and establish a framework for a more effective accountability system. In addition, staff completed a project updating OHR processes, converting official personnel files to electronic files, providing employees access to their records and ensuring that employees' security and suitability files are current. In FY 2012, the FEC investigated the option of automating its HR functions with the help of OPM and Human Resources Line of Business ("HRLOB") service providers. Unfortunately, the costs of the HRLOB providers are too high for an agency of the FEC's size, and this project is not viable under the current fiscal conditions. Instead, the OHR has focused on continuing to update and streamline processes and continues to seek other options for improving efficiency.

## **Office of the Commission Secretary**

The Office of the Commission Secretary (OCS) serves as the central repository and official custodian for all Commission documents and as a distribution point for the circulation of materials to the Commission. The OCS prepares certifications for all Commission votes. The OCS handles all administrative matters for Commission meetings and hearings. As such, the OCS coordinates closely with other Commission staff to ensure that material is distributed timely and accurately. The Commission's Secretary and Clerk is also the official Archival and Reference Authority and manager of the FEC's Records Management Program.

## **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 2014 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 2014:

- The aggregate budget request for the operations of the OIG is \$1,110,500;
- The portion of this amount needed for OIG training is \$17,000; and
- The portion of this amount needed to support the CIGIE is an estimated \$2,776.

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 2014.